



**ZTBL**  
ZARAI TARAQIATI BANK LIMITED

**ANNUAL  
REPORT  
2024**





**ZTBL**

# Annual Report - 2024



## 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.



**Naeemuddin Khan**  
Chairman Board

## BOARD MEMBERS



**Tahir Yaqoob Bhatti**  
*President/CEO*



**Sahibzada Rafat Raof Ali**  
*Director*



**Ahmed Taimoor Nasir**  
*Director*



**Dr. Ayesha Waqar**  
*Director*



**Dr. Talat Naseer Pasha**  
*Director*



**Tariq Mahmood Talib**  
*Company Secretary*



**Tahir Yaqoob Bhatti**  
PRESIDENT/CEO ZTBL

# MANAGEMENT TEAM



**Asad Ullah Habib**  
Group Head (Operations)



**Muhammad Arif**  
Chief Financial Officer (CFO)



**Zahid Hussain**  
Group Head (Business)



**Shah Miftahul Azim**  
Head (Treasury Division)



**Abdul Mateen Khan**  
Chief Risk Officer



**Muhammad Omer**  
Group Head (SAM)



**Waqas Ahmad**  
Chief Internal Auditor  
(CIA)/Head (Internal Audit  
& Inspection Division)



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



**Bakar Ahmed**  
Group Head (HR)



**Zeeshan Mazhar**  
Chief Digital Officer (CDO)/  
Chief Information Officer (CIO)



**Abdul Jabbar Karimi**  
Group Head (Islamic Banking)



**Muhammad Ahmad Khan**  
Head (People Services Division)



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



**Arshad Hassan Awan**  
Head (Credit Division)



**Safdar Abbas Zaidi**  
Head (Finance & Accounts Division)



**Saeed Ahmad**  
Head (Technology Operations  
& Support Division)

## MANAGEMENT TEAM



**Shoukat Mehboob**

*Head (Human Resource Division)*



**Zubair Qayyum**

*Head (General Services Division)*



**Salman Raza**

*Head (Credit Risk Review & Administration Division)*



**Mehboob Ur Rehman**

*Head (Training & Development Division)*



**Tariq Mahmood**

*Head (Planning, Research & Technology Division)*



**Hassan Rasheed Khan**

*Head (Monitoring & SAM (North) Division)*



**Tariq Mahmood Talib**

*Company Secretary*



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# DIRECTORS' REPORT



ANNUAL REPORT 2024

## DIRECTORS' REPORT

### Performance Review for the Year 2024:

I am pleased to share the Annual Director's Report for Zarai Taraqati Bank Limited, highlighting our financial progress and major accomplishments in 2024. The restructuring and transformation drive, started in 2023 remained vigorously continued during the year 2024, which established the bank as a trusted and growing institution within the community. The Board of Directors extended valuable guidance and all out support in undertaking all initiatives of the management particularly in the areas of restructuring and transformation. This well planned actions turned around the bank in the year 2024 by posting highest ever financial performance. Going forward, the bank is well positioned to deal with future challenges and exhibit sustainable growth in all areas of its operations. Supported by a skilled and committed team, the bank has consistently focused on delivering exceptional banking services and innovative products tailored to meet the varied requirements of our valued customers. The common perception is that ZTBL is solely an agriculture lender, but in reality, the bank offers a wide range of banking services including deposit taking i.e. Current Accounts, Savings Accounts, Women's Accounts, Junior Accounts, Senior Citizen Accounts, and Pension Accounts etc. Additionally, ZTBL also introduced the fastest and most secure digital channels in the industry.

The year 2024, as part of transformation initiative, was marked by a strong emphasis on credit and financial discipline, which played a pivotal role in enhancing the Bank's performance. ZTBL achieved a profit before tax of Rs. 25,892 million and an after-tax profit of Rs. 12,961 million, despite operating in a challenging economic environment. A key driver of this success was the implementation of robust credit management practices, including the introduction of overdue loan bucketing systems. These systems enabled the Bank to track and manage its loan portfolio more effectively, ensuring timely recoveries and reducing the inflow of non-performing loans (NPLs). This disciplined approach not only improved the quality of the loan portfolio but also helped the Bank surpass the milestone of Rs. 100 billion in its regular portfolio. The reduction in overdue loans and the prevention of NPL accumulation underscore ZTBL's commitment to maintaining financial stability and sustainable growth. ZTBL successfully achieved loan recovery of Rs. 9,703 million from charged off during the year 2024.

The Bank successfully increased its current account deposits with launch of new products. The Home Remittance Department continued to facilitate remittance inflows through over-the-counter transactions, and ZTBL is in the process of implementing a robust Home Remittance System that supports diverse payment modes and integrates with RAAST, Pakistan's instant payment system. During the year 2024, Treasury effectively managed liquidity, making a significant contribution to the Bank's profitability. In line with the investment strategy, Treasury maintained a low-duration investment portfolio, primarily focusing on short-maturity and floating-rate instruments, thereby minimizing the portfolio's sensitivity to interest rate fluctuations.

ZTBL made significant advancements in digital banking, launching mobile and internet banking platforms, a farmer's portal, and WhatsApp banking, while introducing features like loan payments and digital onboarding. The Bank issued over 30,000 ATM PayPak Debit cards and upgraded its ATM services to include cash withdrawals, fund transfers, and bill payments, resolving over 13,000 digital transaction disputes. Key infrastructure improvements included network cabling for 195 branches, the migration of the iMIS application to an autonomous database, and the acquisition of new IT equipment. ZTBL also focused on implementing its Core Banking System (CBS), with comprehensive market analysis, vendor engagement, and request for proposal (RFP) completed. Software development efforts included the implementation of new modules for current and saving accounts, Islamic banking features, and internal risk management systems. Additionally, ZTBL procured various IT and cybersecurity solutions, including managed WAN connectivity, privileged access management, and hardware for branches, further strengthening its digital and operational capabilities.

ZTBL made significant strides in providing sustainable rural finance and services to small farmers and low-income households, focusing on food security and poverty reduction. The PM Kissan Package 2022 was a key initiative aimed at advancing the agricultural sector by offering financial aid, technological innovations, and resource management to small and medium-scale farmers. The Prime Minister's Youth Business and Agriculture

Loan Scheme (PMYB&ALS) facilitated access to business loans for young individuals, fostering entrepreneurship and creating job opportunities. Additionally, the Markup Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSFM) improved agricultural productivity by providing access to modern machinery. Moreover, under PM Kissan Package, ZTBL disbursed Rs. 7,600 million approximately in the year 2024.

Employee welfare policies were revised, allowing pensioners to access their Benevolent Fund grants in a lump sum and increasing the Special Conveyance Allowance for DAP (Disabled) employees. Staff Salary revision initiative was implemented effective from April 01, 2024, consolidating two ad hoc relief allowances into the existing pay framework. Additionally, comprehensive Standard Operating Procedures (SOPs) were developed to enhance the legal framework for addressing fraudulent activities.

ZTBL has demonstrated a strong commitment to enhancing service quality and customer satisfaction through various initiatives under its Financial Consumer Protection Framework. The Service Quality & Complaints Management Department conducted periodic Branch Service Quality Assessments and Tele-Mystery Shopping exercises, resulting in a significant improvement in branch rankings, with a 16% reduction in lower-performing branches and a notable increase in high-performing branches. A new Service Quality & Complaints Management Manual 2024 was introduced, alongside the deployment of the Service Quality Management Information System (SQMiS) to streamline reporting and ensure prompt service quality evaluations. Customer feedback mechanisms, including online surveys and annual satisfaction surveys, revealed a 96% satisfaction rate among agricultural credit customers. The Bank also improved its complaint resolution efficiency, resolving 92% of 619 complaints within 15-20 days, achieving a 5% reduction in overall complaints compared to 2023.

The Operations Division made significant strides in efficiency. 23 branches have been relocated to commercial/main market areas. In line with SBP guidelines, the bank has designated 247 ZTBL female employees as "Women's Champions" in addition to their own job assignments, which are 51 % of total female staff strength. Banker's Cheque launched & implemented to replace Payment Orders/Demand Drafts. Arranged Enlistment/approval from AGPR for Direct Credit of Pension/Salary of Govt. and Military Employees. Deposits procured as Rs.348 Million in current account in 4,098 New to Bank (NTBs of Salaried/pensioners) as at 31.12.2024.

On the Human Resources front, the management inducted experienced professionals at top and mid-tier levels, while two batches were inducted at the initial level too. This new induction has resulted in a positive cultural change in the Bank. The effort was synergized with the promotion of 264 employees, underscoring the organization's dedication to fostering talent and supporting financial advancement.

The Training & Development Division (T&DD) successfully trained 4,517 employees across key areas such as operations, credit, compliance, risk management, and Islamic banking, surpassing the target of 3,325 in financial year 2024. Additionally, 416 students participated in various internship programs, including paid and unpaid internships. T&DD facilitated Quranic education for employees' children and organized 320 National Financial Literacy Program (NFLP) sessions, exceeding the target of 310, with 10,414 participants. The division also conducted 54 NFLP sessions for FY 2024-25, with a focus on reaching broader communities. T&DD's efforts extended to the Agriculture Financial Literacy Program (AFLP), with 104 sessions completed by the end of 2024.

Further, observing zero tolerance on disciplinary issues, over 300 Disciplinary cases were decided/disposed-off including reduction in salary, compulsory severance and dismissals. This fostered the culture of ethics, discipline and due diligence in the Bank.

In summary, the year 2024 has been a testament to ZTBL's resilience, innovation, and commitment to excellence. By emphasizing credit and financial discipline, improving recovery mechanisms, and reducing NPLs under effective and constant monitoring at management level, the Bank has strengthened its financial position and enhanced its ability to serve its customers. ZTBL remains steadfast in its mission to support the agricultural sector, promote financial inclusion, and drive sustainable development. As we look ahead, we are confident that our strategic initiatives and unwavering focus on customer satisfaction will continue to propel ZTBL toward greater success.

### Economy Review:

Pakistan's macroeconomic conditions showed notable improvement during FY24, supported by stabilization policies, successful IMF engagement, reduced uncertainty, and easing global commodity prices. Real GDP grew by 2.5%, driven by a strong recovery in agriculture, particularly wheat, rice, and cotton production, while industrial growth remained subdued at 1.1%. The State Bank of Pakistan (SBP) maintained the policy rate at 13% during its review on December 17, 2024. This decision was supported by a significant decline in inflationary pressures, recorded at 12.6% by June 2024. The current account deficit (CAD) narrowed to 0.2% of GDP, supported by higher remittances, improved exports, and controlled imports, while FX reserves (Net Reserves with SBP 2023-2024) increased to \$9.39 billion, and the PKR appreciated by 9.8%. Fiscal consolidation continued, with the primary balance posting a surplus of 0.9% of GDP for the first time in 17 years, reducing the debt-to-GDP ratio to 67.4%. However, structural challenges such as low investment, energy sector inefficiencies, and high inflation expectations persisted. For FY25, real GDP growth is projected at 2.5-3.5%, with inflation expected to remain in the 11.5-13.5% range, while the fiscal deficit is projected to improve to 5.5-6.5% of GDP, and the CAD is expected to stay between 0-1.0% of GDP. Risks include global commodity price volatility and fiscal slippages, underscoring the need for continued reforms, particularly in the energy sector and SOEs, to ensure long-term stability and growth.

### Agriculture sector review:

The agriculture sector was pivotal in driving economic recovery, achieving record outputs in key crops and benefiting from enhanced credit disbursement and government support. However, challenges such as climate change and water stress remain critical concerns. The government aims for ambitious targets in the upcoming Rabi season, emphasizing the need for modernized practices and resilient infrastructure.

The Agriculture Technology Department at ZTBL has remained committed to review the technological advancements in the field of agriculture and seek the possibility of replicating the same in our local environment. They also facilitate the distribution of seed kits and seedlings to encourage home-based vegetable production, successful wheat cultivation, and the introduction of value-added products such as olive pickle, dried fruits, olive tea, and mustard oil. Training workshops on mushroom production and kitchen gardening also conducted, while active participation in field days, seminars, and exhibitions reinforced ZTBL's leadership in agricultural innovation. In line with sustainability goals, the Green Banking Unit revised its policies, transitioned regional offices to renewable energy, and installed a 414 kW solar system at the head office, complemented by new initiatives such as establishing multi-fruit and grape orchards, converting orchards to high-efficiency irrigation systems, launching water conservation activities, and expanding poultry operations, all of which underscore ZTBL's dedication to resource optimization, environmental stewardship, and socio-economic development.

### Agriculture Credit Disbursement:

ZTBL has demonstrated a strong commitment to advancing rural finance and ensuring equitable access to financial services, particularly for women, by disbursing loans totaling Rs. 510 million to 319 female borrowers under the PM Kissan Package in 2024. In a significant policy move, the Board of Directors approved the revision of credit limits for Production Loans, increasing the per borrower/party exposure from Rs. 1.2 million to Rs. 2.50 million, thereby empowering farmers with greater financial flexibility. The adoption of a digitalized land record system across Punjab marked a milestone in enhancing operational efficiency while effectively preventing fraud.

In terms of overall credit disbursement, the Bank achieved to disburse an amount of Rs. 72,023 million among 92,212 borrowers from January to December 2024. Furthermore, the implementation of collection monitoring measures significantly reduced Non-Performing Loans (NPL) by Rs. 7,601 million from Rs. 34,539 million to Rs. 26,939 million in 2024, while the Bank has increase regular outstanding balance by Rs. 16,765 million from Rs. 84,025 million to Rs. 100,790 million.

### 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 2024 (H1CY24). In H2CY24, the banking sector benefited from a strengthening economic recovery, marked by reduced inflationary pressures and a narrowing current account deficit. The State Bank of Pakistan's 450 basis point policy rate cut eased financial conditions, supporting sector growth, which recorded an 11.5% expansion, along with a 0.6% increase in domestic advances and an 11.7% rise in deposits. While persistent government borrowing continues to drive balance sheet growth, high exposure to government debt remains a concern. Asset quality faced some challenges, with the NPL ratio rising to 7.6%, though provisioning coverage improved. Profitability remained steady, with after-tax profits increasing by 1.1% to Rs. 287 billion. Looking ahead, the banking sector is expected to maintain stable growth, driven by increased credit demand, seasonal factors, and the easing of financial conditions.

### ZTBL Islamic Banking performance:

The Islamic Banking Division (IBD) faced significant challenges but achieved notable growth and developments. Core deposits increased by 76%, with current accounts rising from Rs. 223 million in 2023 to Rs. 393 million in 2024. IBD successfully collected 160 Hajj applications and developed four new Shariah-compliant financing products: Dairy, Solar Tubewell, Bio Gas Plant, and Milk Chilling Units. Despite challenges, IBD achieved a portfolio disbursement of Rs. 08 million under these financing modes. The Bank continued its gradual conversion of conventional branches into Islamic Banking branches (IBBs), adhering to SBP guidelines, while also reviewing policies and procedures in line with the Shariah Governance Framework. Public awareness and staff capacity building were prioritized through the AGAHI series and Zarai Baithaks, aiming to improve understanding of Islamic Banking. IBD also focused on developing paperless, digital financing solutions to meet customer needs and address socio-environmental challenges, with plans for ongoing staff training in Islamic Banking.

### Six Years at a Glance:

Particulars	(Rupees in millions)					
	2019	2020	2021	2022	2023	2024
Total Assets	199,899	210,686	254,841	491,092	562,376	577,539
Advances – net	109,688	102,656	91,822	90,452	105,508	109,121
Cash and Bank Balance	32,557	22,107	31,842	15,196	35,587	10,618
Operating Fixed Assets	2,752	2,813	2,514	2,474	2,651	2,874
Share Capital	52,678	52,678	52,678	52,678	52,678	52,678
Deposits	46,002	49,186	43,599	47,333	57,169	56,622
<b>Profit/ (Loss) before Taxation</b>	<b>(26,349)</b>	<b>(3,225)</b>	<b>1,783</b>	<b>7,458</b>	<b>17,606</b>	<b>25,892</b>
Taxation	(8,755)	(757)	3,518	2,335	6,622	12,931
<b>Profit/ (Loss) after Taxation</b>	<b>(17,594)</b>	<b>(2,467)</b>	<b>(1,735)</b>	<b>5,123</b>	<b>10,984</b>	<b>12,961</b>
Un-appropriated Profit / (Loss) brought forward	12,661	(3,437)	(3,969)	(6,037)	(1,204)	10,343
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	-	(5,499)
Profit / (Loss) available for Appropriation	(4,933)	(5,904)	(5,704)	(914)	9,780	17,805
Other comprehensive Income / (Loss)	1,496	1,935	(333)	735	2,760	128
Transferred to Statutory Reserve (20% of after tax profit)	-	-	-	(1,025)	(2,197)	(2,592)
Un-appropriated Profit / (Loss) Carried forward	(3,437)	(3,969)	(6,037)	(1,204)	10,343	15,341
<b>Earnings / (Loss) Per Share</b>	<b>(3.34)</b>	<b>(0.47)</b>	<b>(0.33)</b>	<b>0.97</b>	<b>2.09</b>	<b>2.46</b>

#### ▪ ZTBL's Financial Health:

- Profit before tax recorded at Rs. 25,892 million (2023: Profit of PKR 17,606 million).
- After tax profit reached to Rs. 12,961 million (2023: Profit of Rs. 10,984 million).
- Operating expenses increased by 11% to Rs 16,115 million (2023: Rs. 14,552 million).
- Basic earnings per share are reported at Rs. 2.46 as compared to EPS (2023: Rs. 2.09).

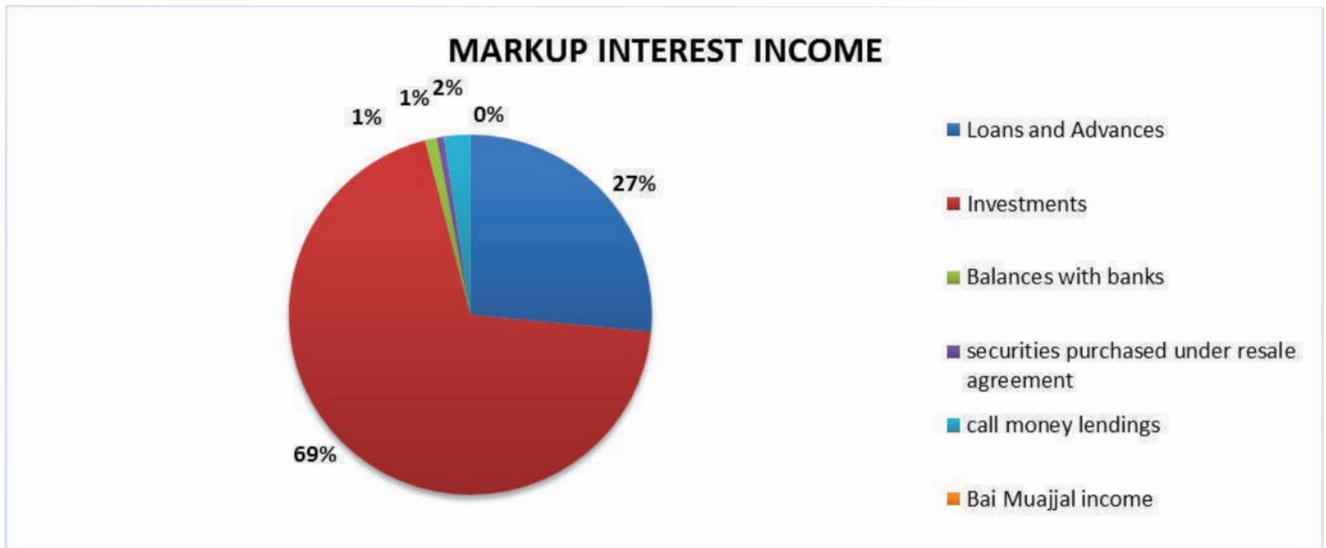
- Liabilities in terms of deposits decreased to Rs. 56,622 million (2023: Rs. 57,169 million).
- Gross advances have increased by 7% to Rs. 128,603 million (2023: PKR 119,982).
- NPLs have decreased by 22% to Rs. 26,939 million (2023: Rs. 34,539 million).
- Investments (net) increased to Rs. 376,274 million (2023: Rs. 372,212 million).
- Total assets increased to Rs. 577,539 million (2023: Rs. 562,376 million).

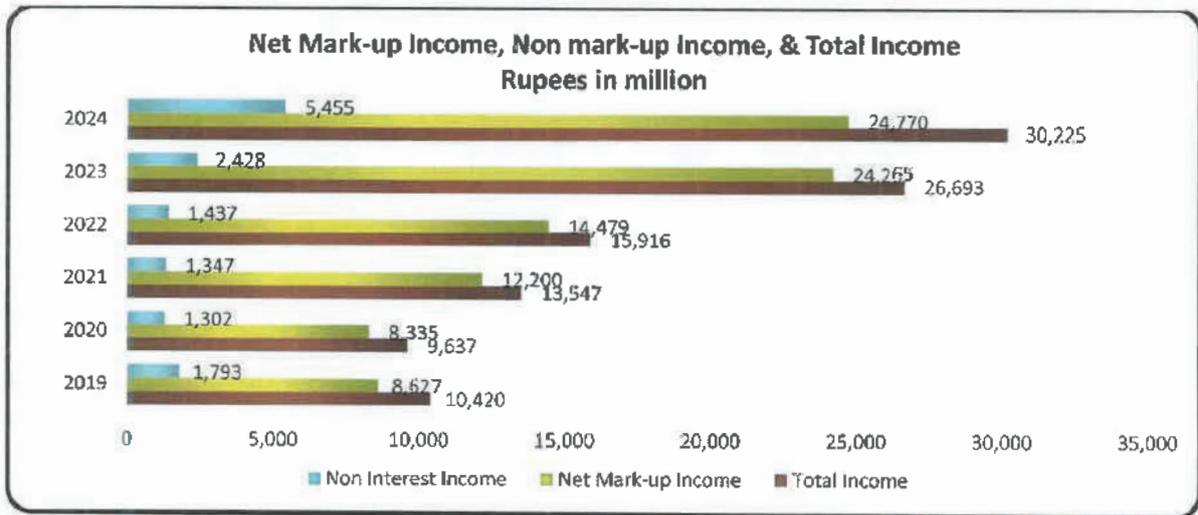
▪ **Implementation of IFRS-9, Financial Instruments:**

As per BPRD Circular Number 3 dated July 05, 2022 followed by BPRD Circular Letter No. 7 dated April 13, 2023, the SBP decided the implementation date of IFRS 9 from January 01, 2024 for all Banks / DFIs. Accordingly, ZTBL has also implemented IFRS-9 and prepared annual financial statements for the year ended December 31, 2024 in compliance of the requirements of IFRS-9. As permitted by the transitional provisions of IFRS-9, the Bank has opted for modified retrospective approach and has not restated comparative figures. Adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings having total financial impact of Rs. 5.499 billion (net of deferred tax) at the beginning of the current year without restating the comparative figures. This additional impact was mainly due to additional credit loss allowance against advances categorized in stage 1 (Rs. 1.335 billion) and stage 2 (Rs. 5.172 billion) where against no credit loss allowance was required as per prevailing prudential regulations for agricultural financing.

▪ **Mark-up / Interest Income:**

The markup earned against advances is Rs. 29,505 million, whereas in 2023 it was Rs. 21,939 million. 27% of the overall income from markup interest is made up of markup income against loans and advances.



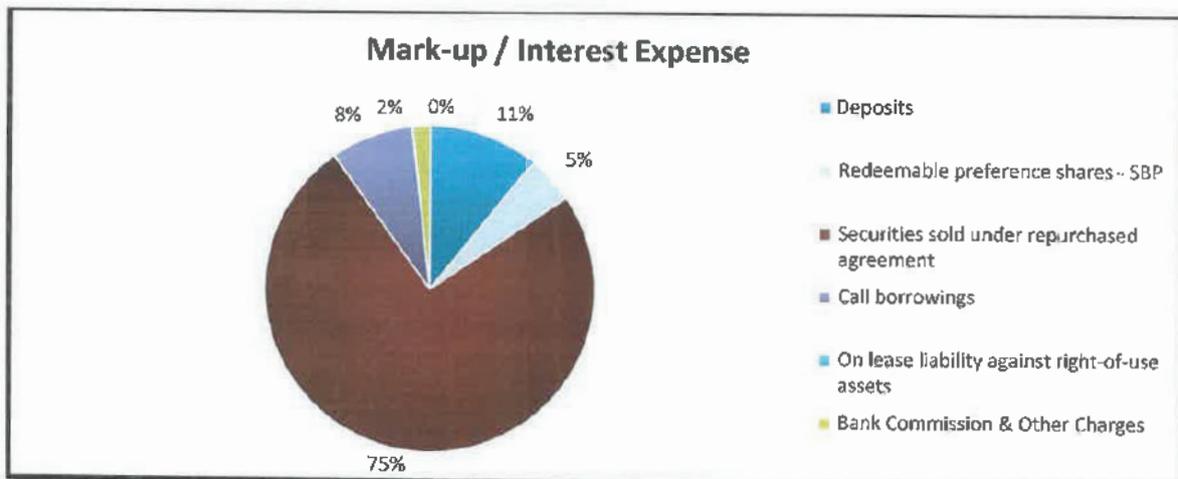


▪ **Markup income on investment:**

ZTBL diversified its Rs. 417,843 million investment portfolio in 2024 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. 81,747 million (2024), as compared to corresponding period of previous year 2023 of Rs. 120,377 million.

▪ **Mark-up / Interest Expense:**

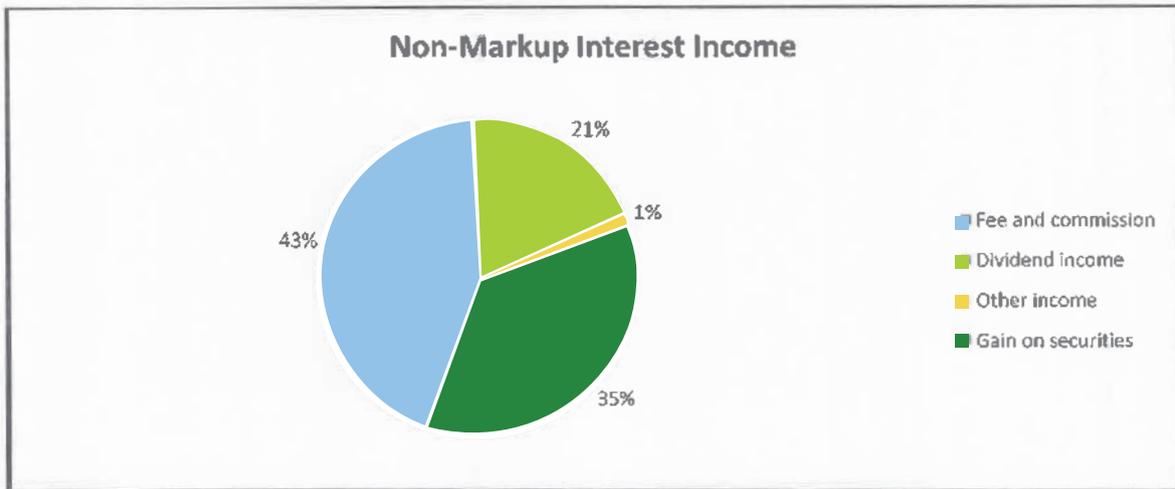
For the call borrowing & repo borrowing, the total markup/interest charge was Rs. 71,529 million, moreover the cost of financing preference shares, which came to Rs. 4,085 million (at 7.5% on SBP Redeemable Preference shares), the cost of deposits Rs. 9,271 million, and other expenditures, which also include Rs. 1,598 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 21%, 1%, 43%, and 35% of total non-markup income, respectively.

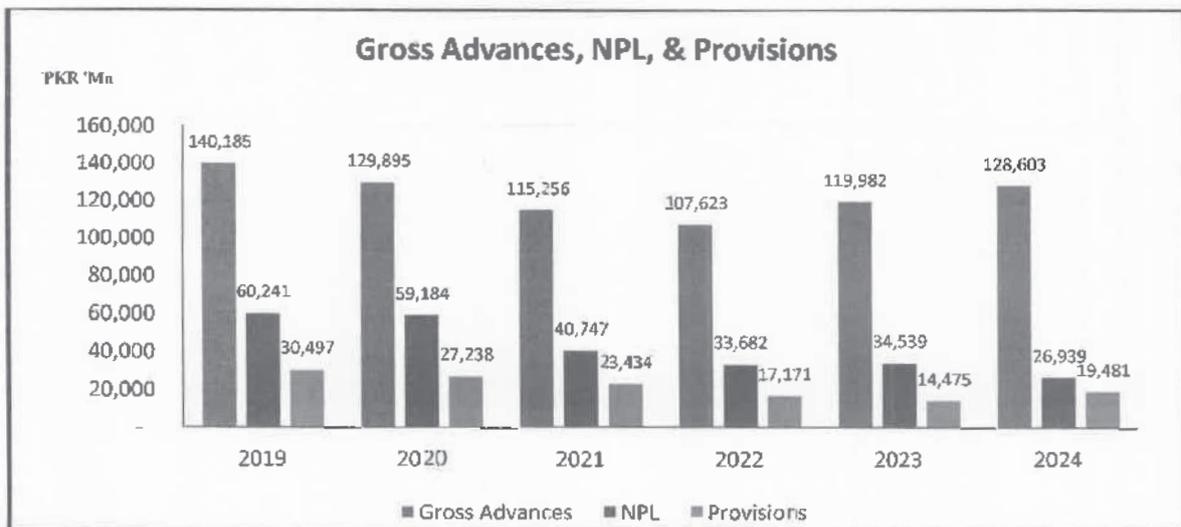
In 2024, the total non-markup income was recorded at Rs. 5,455 million as compared to Rs. 2,428 million in corresponding year 2023.



▪ **Provisions and NPL:**

ZTBL made specific provisions of Rs. 16,481 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. 19,481 million including staff advances as compared to the cumulative provision of Rs. 14,475 million in 2023. Non- performing loans experienced a substantial decline of 7,601 million i.e. from Rs. 34,539 million to Rs. 26,939 million in 2024.

The asset quality indicators showed improvement during the year 2024 as the gross infection ratio decreased to 21% (2023: 29%); total provision coverage is 72% during current financial year 2024 (2023: 42%) and specific provision coverage 61% in current year 2024 (2023: 33%).





▪ **Operating expenses:**

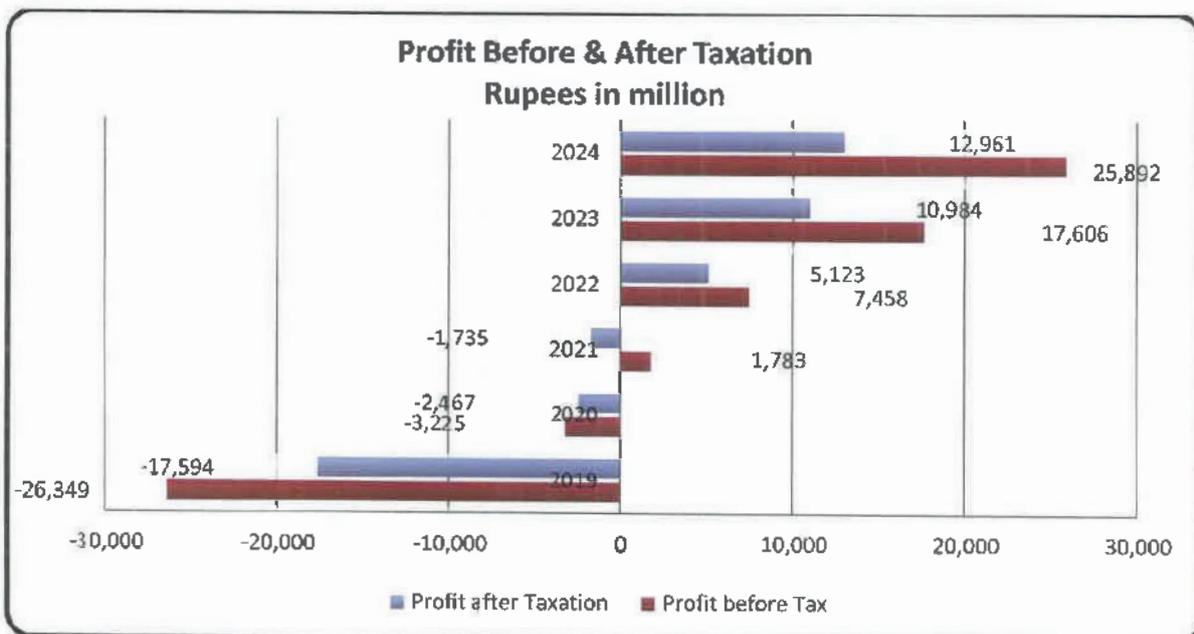
The operating expenses increased by 11% from Rs. 14,552 million (FY 2023) to Rs. 16,115 million (FY 2024) due to inflationary impact.

▪ **Taxes:**

In FY 2024, a tax amount of Rs. 12,931 million was recorded, with a profit before taxation of Rs. 25,892 million and a profit after taxation of Rs. 12,961 million.

▪ **Net profit/(Loss):**

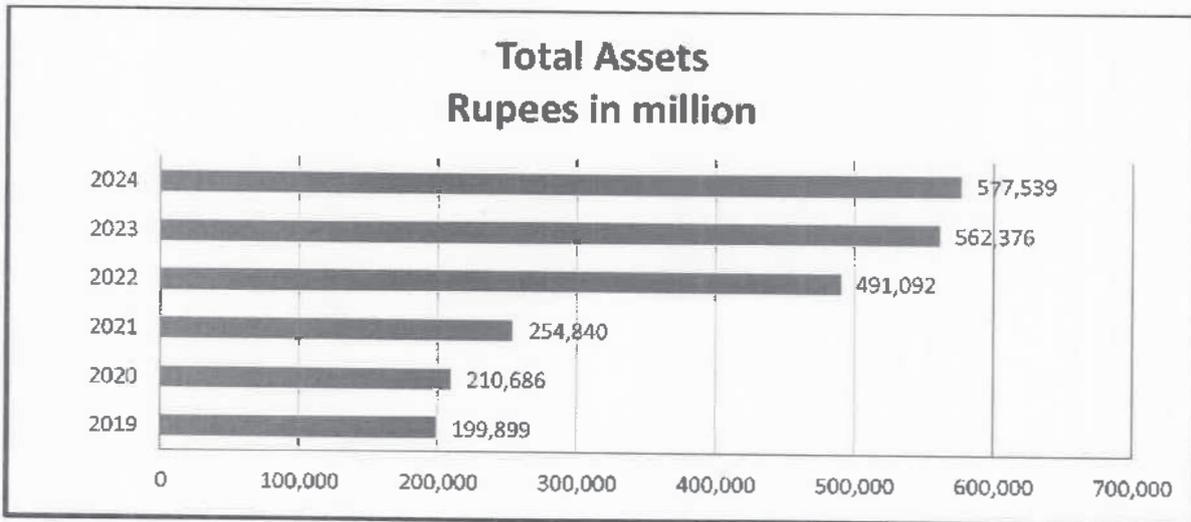
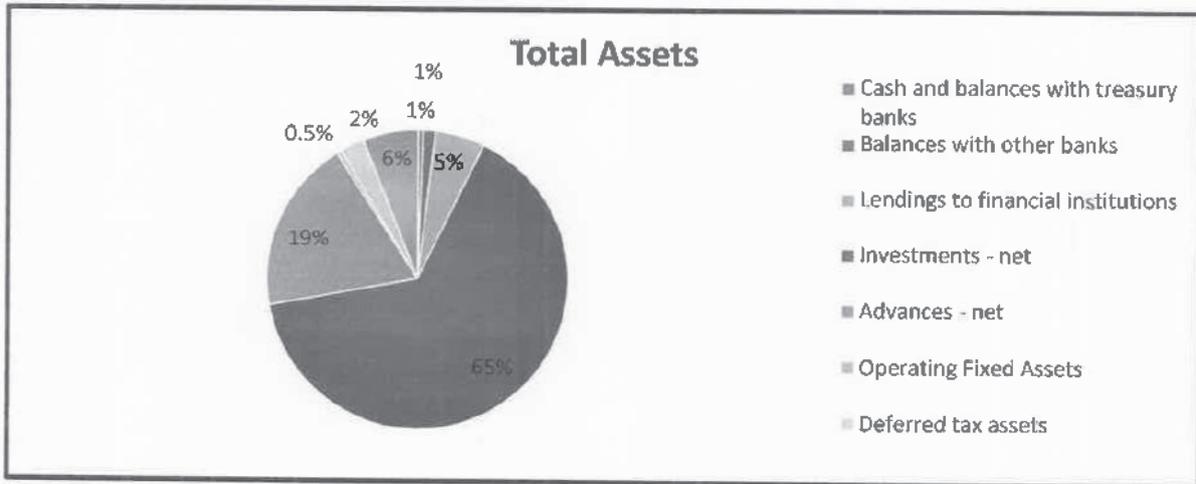
In the year under review, ZTBL reported a profit after taxation of Rs. 12,961 million as compared to corresponding period (2023: Net Profit Rs. 10,984 million).



**Financial Position Review 2024**

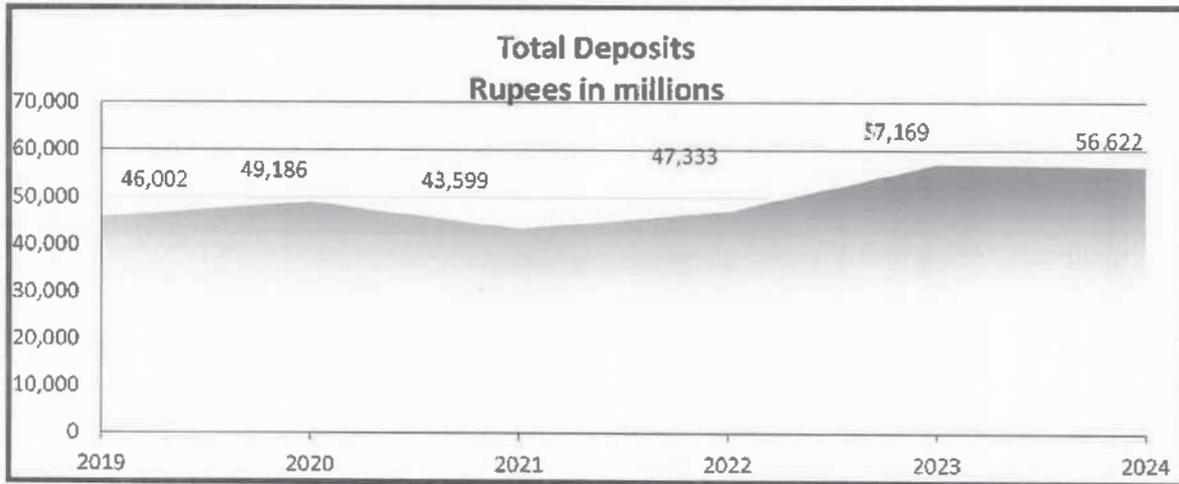
▪ **Total assets:**

65% of ZTBL's total assets are net investments, while 19% are advances. With rise in investment (net), the Bank's asset base expanded by 3% to Rs. 577,539 million in 2024 (2023: Rs. 562,376 million). Net advances for the year 2024 were Rs. 109,121 million, increased by 3% from the previous year's total of Rs. 105,508 million.



▪ **Total Deposits:**

Total deposits of the Bank have decreased by 1% to Rs. 56,622 million in 2024 (2023: Rs 57,169 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 2024 from PKR 66,785 million to PKR 74,684 million, mostly as a result of an increase in un-appropriated profit. In FY 2024, total risk-weighted assets also rose by PKR 32,714 million. The Bank's total capital to RWA ratio in 2024 was 36.01% (compared to 37.69% in FY 2023), significantly higher than the minimal threshold of 12.50% set by the central Bank.

Strong CET-1 capital ratios were again observed in 2024, with 34.10% (FY 2023: 35.85%) compared to the necessary 6%. In 2024, the leverage ratio increased to 12.93% (from 11.87%) in the prior year.

ZTBL has sufficient capital (36.01% 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, 2024, the audited CAR under the BASEL-III statement is 36.01%.

**Corporate Social Responsibility:**

ZTBL is essential to the well-being of society since it shapes the economy and directly affects the wellbeing of people, companies, communities, and agriculture. ZTBL has demonstrated its commitment to Corporate Social Responsibility (CSR) through a number of initiatives; ZTBL contributed to Pakistan Hindu Council Karachi under CSR on celebrating annual mass marriages program of 100 deserving couples. The Bank implemented effective guidelines for field functionaries to enhance performance and made significant contributions to corporate social responsibility (CSR), sponsoring the Inclusive National Anthem for Rs. 250,000 to support financial inclusion for Persons with Disabilities (PWDs) and donating Rs. 200,000 for solar UPS provision in Skardu.

**Credit rating (2023)**

VIS Credit Rating Company Limited (VIS) has reaffirmed entity rating of ZTBL at 'AAA/A-1+' (Triple A/A-One Plus). Outlook on the assigned ratings is Stable.

### Kissan Support Services Limited (KSSL)

Kissan Support Services (Private) Limited (KSSL), established as a subsidiary of Zarai Taraqati Bank Limited (ZTBL), operates with an Authorized Capital of Rs 100 million, fully subscribed and paid. During the year 2024, KSSL remained dedicated to providing support services to ZTBL. The company's board, under the leadership of President ZTBL, efficiently managed its activities, holding regular meetings. The company invested significantly in staff training programs. The company provided ZTBL with 3,297 outsourced clerical and non-clerical staff, including 1,296 security personnel. Throughout the year, KSSL inducted 203 new employees and implemented welfare initiatives such as allowing gratuity to contractual employees, revised medical policies to enhance medical facilities for staff, and disbursement of bonus. Financially, KSSL achieved a profit after taxation of Rs. 218.76 million during the year 2024, with earnings per share rising to Rs. 21.88, reflecting the company's strong performance and dedication to excellence.

S.No.	Particulars	2023	2024
1.	Profit after taxation (Rs. in millions)	166.71	218.76
2.	Earnings per share (Rs.)	16.67	21.88

### Risk Management Framework and Policy:

ZTBL's Enterprise Risk Management (ERM) framework continued to evolve, integrating risk management across all levels of the organization to align with industry best practices and regulatory standards, particularly Basel regulations. The Risk Management Group (RMG) played a pivotal role in strengthening the bank's Credit, Market & Liquidity, Operational, Information Security, and Shariah Non-Compliance Risk functions. The total portfolio reached PKR 128,603 million, with performing loans have crossed the PKR 100 billion, and a decline in Non-Performing Loans (NPLs) and charge-offs by PKR 7,601 million and PKR 4,701 million, respectively, reducing the infection ratio to 21% from 29%. ZTBL maintained a low-risk market strategy, with 99% of investments in government securities and a portfolio duration below 1 year, though funding concentration remains a key challenge. Operational risk, driven by human resource inefficiencies, procedural lapses, and weak customer evaluations, was mitigated through effective risk mitigation strategies/tools. Additionally, eCIB Version-2 was successfully implemented as per State Bank of Pakistan (SBP) regulations. The bank enhanced its cybersecurity posture by conducting continuous security assessments, employee training, and 24/7 monitoring via its Cyber Security Operations Center (SOC). Moving forward, ZTBL's strategic risk focus includes regulatory compliance, digitalization of operational risk tools and tailored risk strategies for the agricultural sector, ensuring long-term financial resilience and sustainable growth.

Throughout the year 2024, Risk Management Group (RMG) played a pivotal role in various functions, such as introducing the ERM concept, active involvement in IFRS-9 implementation and reporting of Expected Credit Loss Models (ECLM), and compliance with regulatory reporting and Basel requirements.

Additionally, ERM conducted a successful risk assessment, monitoring, and reporting of the bank's Market Risk portfolio, reviewed Islamic Banking products and credit policies. Further to strengthening bank's Credit review and Administration function, Borrowers wise cleansing exercise has been performed and credit review & documentation controls have been developed such as transformation of manual redemption to automated redemption, development of SAC/DAC checklists etc.

The internal control system at ZTBL is designed to ensure effective operations and regulatory compliance, with responsibility resting on the Bank's management. This system, approved by the Board of Directors, provides reasonable assurance of operational efficiency and compliance, although it has inherent limitations. The establishment of a robust "three lines of defense" model has ensured comprehensive risk management by clearly defining roles and responsibilities across front office functions, Compliance, Risk Management, and Internal Audit. Key committees, including the Compliance Committee of Management, Internal Risk Management

Committee, and others, oversee compliance and risk management, ensuring adherence to regulations. Internal Audit reports to the Board Audit Committee (BAC), while external auditors conduct annual assessments. Despite challenges, the internal control system has proven effective, with ongoing improvements and technological integration to address evolving business needs.

#### **AML/CFT/CPF Compliance:**

ZTBL's AML/CFT/CPF Compliance Departments have significantly enhanced regulatory and internal control frameworks by implementing a broad suite of improvements. Between January 2022 and June 2024, a comprehensive Internal Risk Assessment (IRAR-2024) was conducted as per SBP directives, evaluating risks across customers, products, channels, and geographies, while introducing a High Value Transactions regime and upgrading the "Hawk Eye" monitoring system to red flag suspicious activities in real time. Enhanced screening processes within IMIS now better identify proscribed affiliates, supported by mechanisms for account rejection or closure with real-time alerts, and in this connection, 329 Politically Exposed Person accounts were reviewed and categorized as high risk, prompting digitized enhanced due diligence for higher-risk customers. Further reinforcing these measures, a dedicated Account Monitoring Unit was established, nearly 70,000 investigations and periodic screenings were executed, and updated e-KYC and e-CRP systems were deployed alongside a Data Acquisition Portal for regulatory reporting. Collaborating with KPMG Taseer Hadi & Co., periodic testing of controls and a comprehensive 360-degree gap assessment led to refined policies and procedures. In order to save the Bank's cost, AML department recommended for closure of zero balance non remunerative accounts. The CCM approved for closure of accounts with zero balances since 5 years. As a result, 41,296 accounts have been closed in the first phase. Furthermore, 21 specialized training sessions were held for about 1,090 employees, collectively underscoring ZTBL's commitment to excellence, robust AML controls, and enhanced customer satisfaction. Moreover, Compliance department also collaborate with relevant stakeholders to ensure timely submission of regulatory returns and other time-sensitive report to SBP and various agencies.

#### **Appointment of Auditors:**

M/s Crowe Hussain Chaudhary & Company, Chartered Accountants have been appointed as statutory auditors for a term of three years under PPRA Rules.

#### **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 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. Upon Cabinet Committee and Federal Cabinet approval, the line Ministry will notify appointments and SOE will publish these on its website.

**Profile of each Director (Qualification, Expertise & Experience) as on December 31, 2024.**

S.NO.	NAME OF DIRECTOR	STATUS	QUALIFICATION	PREVIOUS EXPERIENCE	MEMBERSHIP ON THE BOARD OF OTHER COMPANIES
01	Mr. Naemuddin Khan	Chairman Board	<ul style="list-style-type: none"> <li>- Bachelor of Arts</li> <li>- Pace University, U.S.A.</li> </ul>	<p>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 :-</p> <ul style="list-style-type: none"> <li>- President/CEO, The Bank of Punjab</li> <li>- Managing Director &amp; CEO, Pak Libya Holding Company (Pvt.) Ltd.</li> <li>- Member Banking, Corporate &amp; Industrial Restructuring Corporation, Finance Division, GoP</li> <li>- SEVP, United Bank Limited</li> <li>- He also served in Emirates International Bank and ANZ Grindlays Bank PLC</li> </ul>	
02	Mr. Fahir Yaqoob Bhatti	President/CEO	<ul style="list-style-type: none"> <li>- M.B.A.</li> <li>- M.Com</li> <li>- DCMA</li> <li>- DAIBP</li> </ul>	<p>Over thirty-eight 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:</p> <ul style="list-style-type: none"> <li>- President/CEO, Punjab Provincial Cooperative Bank Limited</li> <li>- SEVP/Group Head, Faysal Bank Limited</li> <li>- SEVP/Business Head, JS Bank</li> <li>- Group Chief/Group Head, Commercial &amp; Retail Banking Group, Allied Bank Limited</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman, Kissan Support Services (Pvt.) Limited (A subsidiary of ZTBL)</li> <li>- Member Board, PASSCO (On behalf of ZTBL)</li> </ul>

				<ul style="list-style-type: none"> <li>- Executive Vice President/Country Head, SAM/Regional General Manager, Askari Bank Limited</li> <li>- Senior Vice President &amp; Chief Manager, Saudi Pak Commercial Bank Limited/Platinum Commercial Bank Limited/Gulf Commercial Bank Limited</li> <li>- He also served in National Bank of Pakistan</li> </ul>	
03	Mr. Ahmed Taimoor Nasir	Director	<ul style="list-style-type: none"> <li>- M.Sc. (Computer Science)</li> <li>- M.Sc. (Accounting &amp; Finance)</li> <li>- B.Sc. (Hons.)</li> </ul>	<p>Over thirty years of versatile experience in Finance, Budgeting, Accounts Administration/Management, HRM/Personnel Management, Monitoring &amp; MIS including: -</p> <ul style="list-style-type: none"> <li>- Joint Secretary, Finance Division, GoP (Present)</li> <li>- Joint Secretary, Power Division, Ministry of Energy, GoP</li> <li>- Director General (National Socio-Economics Registry), Benazir Income Support Program</li> <li>- Deputy Military Accountant General, Office of the Military Accountant General</li> <li>- Director General (HRM/Budget &amp; Admin.), Office of the Auditor General of Pakistan</li> <li>- Director Audit (Works), DG Audit Works, Federal</li> <li>- Dy. General Manager (Finance), Pakistan Power Park Management Company Ltd., Ministry of Water &amp; Power, GoP</li> </ul>	-
04	Mr. Sahibzada Rafat Raouf Ali	Director	M.B.A.	<p>More than thirty-five years of financial sector experience in International &amp; local Banks along with the exposure of working in</p>	- Member Board, National Insurance

				<p>International Market covering the areas from business generation to remedial management. He served at various positions including: -</p> <ul style="list-style-type: none"> <li>- Group Head, SAMD, the Bank of Punjab</li> <li>- Advisor/Group Head - Asset Recovery Group, National Bank of Pakistan</li> <li>- Director, National Accountability Bureau Punjab/Sindh</li> <li>- General Manager, Banking Division, Corporate &amp; Industrial Restructuring Corporation</li> <li>- Chief, Special Assets Management Group (North), United Bank Limited</li> <li>- He also served in Citi Bank and BCCI</li> </ul>	<p>Corporation Limited</p> <ul style="list-style-type: none"> <li>- Member Board, P.I.A.C.</li> </ul>
05	Dr. Ayesha Waqar	Director	<ul style="list-style-type: none"> <li>- Research Fellowship</li> <li>- Ph. D (Economics)</li> <li>- M.Phil. (Eco. &amp; Finance)</li> <li>- M.Sc. (Eco.)</li> </ul>	<p>She has more than twenty years of experience of teaching at University level.</p> <ul style="list-style-type: none"> <li>- Professor, Business Administration, Lahore School of Economics (Present)</li> <li>- Advisor, Pakistan Field Research Program (Present)</li> <li>- Project Economist, SAMA^Verte (Present)</li> <li>- Finance Advisor, Government of Ras Al Khaimah, Department of Finance, UAE</li> <li>- Advisor, Government of Punjab</li> </ul>	
06	Dr. Talat Naseer Pasha	Director	<ul style="list-style-type: none"> <li>- Ph.D. (Animal &amp; Food Sciences)</li> <li>- M.Sc. (Hons.) Nutrition</li> </ul>	<p>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: -</p> <ul style="list-style-type: none"> <li>- Director General, Punjab Agriculture Food &amp;</li> </ul>	

				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	
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**Details of Membership on the Board(s) of other Companies**

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	2 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	Ex-Officio Director	- Audit Committee - Human Resource Committee - Risk Management Committee - Information Technology Committee	
4	Mr. Sahibzada Rafat Raof Ali	11.10.2024	Independent Director	- Audit Committee - Human Resource Committee - Risk Management Committee - Procurement Committee	2 1. Member Board, National Insurance Corporation Limited 2. Member Board, P.I.A.C.

5	Dr. Ayesha WAQAR	11.10.2024	Independent Director	<ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Human Resource Committee</li> <li>- Risk Management Committee</li> <li>- Information Technology Committee</li> </ul>	
6	Dr. Talat Naseer Pasha	11.10.2024	Independent Director	<ul style="list-style-type: none"> <li>- Procurement Committee</li> <li>- Information Technology Committee</li> </ul>	
7	Mr. Zaigham Mahmood Rizvi	10.03.2021/ 09.03.2024	Independent Director	<ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Risk Management Committee</li> <li>- Nomination Committee</li> <li>- Business Development &amp; Review Committee</li> </ul>	-
8	Syed Javed	10.03.2021/ 09.03.2024	Independent Director	<ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Human Resource Committee</li> <li>- Procurement Committee</li> <li>- Nomination Committee</li> <li>- Committee on Information Technology</li> <li>- SAM-NPLs/Litigation Committee</li> </ul>	1 1. Chairman Board, Pakistan Revenue Automation Limited
9	Mr. Haaris Mahmood Chaudhary	10.03.2021/ 09.03.2024	Non-Executive Director	<ul style="list-style-type: none"> <li>- Human Resource Committee</li> <li>- Procurement Committee</li> <li>- Information Technology Committee on Information Technology</li> </ul>	-

				- SAM-NPLs/Litigation Committee	
*As defined in prudential regulations for Corporate and Commercial banking)					

### Composition & Membership of Board Committees

#### 1. BOARD AUDIT COMMITTEE

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

#### 4. BOARD PROCUREMENT COMMITTEE

S. No.	NAME OF DIRECTOR	STATUS
01	Dr. Talat Naseer Pasha	Chairman
02	Mr. Sahibzad Rafat Raof 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 2024

Four (04) meetings of the Board were held during the year 2024. Attendance of the members remained as under:

S. No.	Name of Member	Designation	No. of meetings attended
01	Mr. Nacemuddin Khan	Chairman	04
02	Mr. Tahir Yaqoob Bhatti	President/CEO/ Director	04
03	Mr. Ahmed Taimoor Nasir	Director	04
04	Mr. Sahibzada Rafat Raof Ali *	Director	02
05	Dr. Ayesha Waqar *	Director	02
06	Dr. Talat Naseer Pasha *	Director	02
07	Mr. Zaigham Mahmood Rizvi *	Director	02
08	Syed Javed *	Director	02
09	Mr. Haaris Mahmood Chaudhary *	Director	02

\* Two meetings held during their tenure.

**Directors' Participation in Board and Committee meetings**

S. No.	Name of Director	Number of Board meetings attended	Number of Committee meetings attended							
			Board Audit Committee	Board Human Resource Committee	Board Risk Management Committee	Board Procurement Committee	Board Nomination Committee	Board Business Development & Review Committee	Board Information Technology Committee	SAM-NPLs/Litigation Committee
1	Mr. Naeemuddin Khan	04/04	--	01/02	-	-	-	-	-	01/01
2	Mr. Tahir Yaqoob Bhatti	04/04	-	-	01/01	-	--	01/01	01/01	01/01
3	Mr. Abned Taimoor Nasir	04/04	02/02	02/02	01/01	-	--	-	01/01	-
4	Mr. Sahibzada Rafat Raof Ali	02/02	01/01	-	-	-	--	-	-	-
5	Dr. Ayesha Waqar	02/02	01/01	-	-	-	--	-	-	-
6	Dr. Talat Naseer Pasha	02/02	-	-	-	-	-	-	-	-
7	Mr. Zaigham Mahmood Rizvi	02/02	01/01	-	01/01	-	-	01/01	-	-
8	Syed Javed	02/02	01/01	02/02	-	-	-	-	01/01	-
9	Mr. Haaris Mahmood Chaudhary	02/02	-	02/02	-	-	-	-	01/01	01/01

**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 attached to the Financial Statement for the year 2024.
- vi. Based on the results of December 31, 2024 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, 2024 except as disclosed in these financial statements.

#### Disclosures Relating to Remuneration Policy

- i. The Remuneration Policy at ZTBL aims to align compensation practices with international best principles and standards, considering the expanding risk portfolio and direct risk-taking behavior.
- ii. The policy seeks to attract, engage, and retain high-performing employees in a competitive market, offering a competitive and market-aligned remuneration package.
- iii. It emphasizes fixed salaries as a significant component, encouraging employees to create sustainable results for both customers and the Bank.
- iv. The policy also focuses on effective risk management aligned with the Bank's strategy, values, and long-term goals.
- v. It ensures that the total bonus pool does not undermine the Bank's capital base and establishes a stringent governance structure for goal-setting and communication.
- vi. Remuneration components include fixed remuneration, performance-based remuneration (bonus), pension schemes, other benefits in kind, and severance payments where applicable.
- vii. The Board of Directors approves separate salary packages for each category, periodically reviewed with actuarial valuation.
- viii. The Bank identifies Material Risk Takers (MRTs) for products and processes with significant risks, designating appropriate authorities.
- ix. The policy emphasizes that profit maximization alone is not the sole benchmark for determining salaries and bonuses; it also considers the quantum of risk involved in generating profit.

#### Responsibility levels of the key executives in major decisions

1. The Board of Directors at the Bank reviews and assesses various financial and operational aspects, including:
  - Annual business plans
  - Cash flow projections
  - Forecasts
  - Long-term plans
  - Budgets encompassing capital, manpower, and expenditures
  - Variance analysis
2. The Board examines internal and commercial audit reports, observations from SBP Inspection Teams, and management letters from external auditors. Scrutinizing includes:
  - Status and implications of legal proceedings involving the Bank
  - Material payments of government dues
  - Significant accidents and dangerous occurrences
3. Approval of Annual, quarterly or other periodical accounts for circulation among board members.
4. Reports on governance, risk, and compliance issues, as well as periodic reviews of Human Resource Policies, are included in the assessment.
5. Salary structures adhere to: Pay scales, Allowances, Fringe benefits for employees under SSR, 1961, Monetized salaries are provided to those governed under SR-2005.
6. Approval of Performance bonuses, Retirement/severance benefits, Death benefits

7. Bonus and award criteria for CEO, senior executives, and Material Risk Takers (MRTs) are based on factors such as:
- Profit before tax
  - Risk-adjusted return assessment
  - Cost
  - Customer satisfaction
  - Compliance with internal procedures
  - Expected loss
8. The Bank has established a separate monetized salary structure for Treasury cadre employees posted in the Treasury Division, acknowledging their role in performing Risk Control Functions as MRTs.

### 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/- per meeting
2.	Meeting of Board Committees	Rs. 150,000/- per meeting
3.	Traveling	Rs. 50/km if travelled by own car or Return Air Ticket (Business Class)
4.	5 Star Hotel accommodation	At actual

### Future Outlook:

Looking ahead to 2025, ZTBL will concentrate on two strategic priorities to ensure sustainable growth and financial resilience: optimizing liability structures and enhancing deposit mobilization efforts. These initiatives will serve as the cornerstone for strengthening the Bank's financial position and supporting its long-term objectives. While ZTBL remains deeply committed to its agricultural mandate, it will also focus on building a more dynamic and inclusive financial environment, driven by innovation, trust, and a customer-centric approach.

A key priority for ZTBL will be to further enhance its stable deposit base. With recent advancements in digital banking services and products, ZTBL is well-positioned to attract sustainable deposits, particularly from underserved rural communities. This will not only reinforce the Bank's financial position but will also enable ZTBL to offer more tailored services that cater to the diverse needs of its customers.

In the year ahead, ZTBL will focus on deepening relationships with existing customers while actively reaching out to new segments. Understanding and addressing the financial needs and aspirations of rural and urban communities will be crucial in driving growth. ZTBL's innovative liability products will help tap into new opportunities and expand its customer base.

ZTBL's T&DD division aims to train 3,575 employees by 2025, expand its NFLP and AFLP initiatives, and upgrade infrastructure to enhance training delivery. The division is dedicated to integrating modern learning approaches, such as e-learning and hybrid sessions, in alignment with SBP's guidelines. Moreover, as a part of

kitchen gardening activity, seed kits and seedlings of both winter and summer vegetables were prepared for onward dissemination to promote home grown, healthy and hygienic vegetables production and consumption.

ZTBL plans to launch several key IT initiatives, including the RAAST P2P platform in Q1, expansion of USSD services to reach more customers, and the installation of 50 new ATMs. The bank is also progressing with card personalization, set for implementation by Q1 2025, and network passive cabling across branches. A Remote Desktop Application will be introduced, and Agri-Fintech services are being developed, incorporating innovative solutions like weather advisory, crop monitoring, GIS integration, and mobile radio services. In line with commitment to innovation and customer-centric solutions, ZTBL is undertaking significant enhancements to its digital infrastructure. The Bank plans to upgrade its mobile application by integrating third-party platforms such as Bookme for seamless ticket booking services and Oladoc for telemedicine facilities, thereby expanding the range of value-added services offered to our customers.

On the software development front, ZTBL is prioritizing key initiatives to strengthen operational efficiency and risk management. These include enhancements to the Centralized Deposit Management System (CDMS) for improved loan reporting, the implementation of a robust transaction and account rejection mechanism to mitigate risks, and the integration of APIs for Unison CRM to streamline customer relationship management. Additionally, the Bank is progressing with the migration of its conventional and Islamic banking platforms to WebLogic, ensuring a more secure and scalable technological foundation. These initiatives underscore ZTBL's dedication to leveraging cutting-edge technology to deliver superior banking experiences and operational excellence.

With the collective dedication of Team ZTBL, there is strong confidence that the Bank will exceed its targets, particularly in asset growth and deposit mobilization. By remaining committed to excellence, ZTBL will continue to strengthen its role as a pillar of financial stability and contribute significantly to the nation's economic development. Together, ZTBL will create a brighter future for all stakeholders.

This comprehensive report represents the key achievements, financial performance, and strategic initiatives of Zarai Taraqati Bank Limited for the year 2024, reflecting its commitment to sustainable growth and community development.

#### 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 31.12.2024		
S.R#	Name Of Fund	Rs. Million
01	Employees Benefit Fund	162.82
02	Benevolent Fund (Officers)	840.38
03	Benevolent Fund (Staff)	819.51
04	Pension Fund	12,343.32
05	Gratuity Fund	-
06	Employees Provident Fund	182.98
07	General Provident Fund (Officers)	6,044.00
08	General Provident Fund (Staff)	933.93
09	Contributory Provident Fund	875.57
10	Gratuity Fund (under SR-2005)	2,958.86
	<b>Total</b>	<b>25,161.37</b>

**Profit & Loss Appropriation - 2024 (Rupees in '000)**

Profit Before Tax	25,891,939
Taxation:	
Current	9,955,262
Deferred	2,975,975
Profit After Tax	12,960,702
Un-appropriated (loss) brought forward	10,343,276
Impact of adoption of IFRS 9 - net of tax	(5,498,563)
Profit/(Loss) available for appropriation	17,805,415
Other comprehensive income - net of tax	128,222
Transferred to statutory reserve	(2,592,140)
Un-appropriated profit as on Dec 31, 2024.	15,341,497

**SHARE HOLDING (As on 31.12.2024)**

SR. NO.	NAME OF SHARE HOLDER	NUMBER OF SHARES
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**A. ORDINARY SHARE CAPITAL**

01	Government of Pakistan	1,251,189,067
02	State Bank of Pakistan	4,015,599,174
03	Government of Punjab	292,340
04	Government of Sindh	125,545
05	Government of Khyber Pakhtunkhwa	71,740
06	Government of Baluchistan	37,875
07	Government of Erstwhile East Pakistan *	527,500
	Total	5,267,843,241

**B. PREFERRED SHARE CAPITAL \*\***

01	State Bank of Pakistan	5,446,153,632
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\* Share certificates not yet issued.

\*\* Preference shares (Non participatory, Redeemable) were issued to State Bank of Pakistan in March 2017.

**Corporate Information (As on 31.12.2024)**

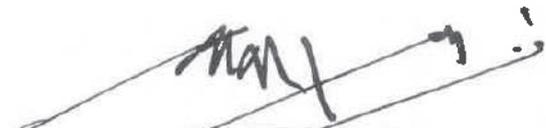
Name:	Zarai Taraqati Bank Limited												
Head Office:	Islamabad												
Legal Status:	A Public Limited Company (By shares)												
Location of Assets:	In Head Office and in Zonal and Branch offices located at various positions across the country												
Authorized Capital:	Rs. 125,000,000,000/- 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/-												
Board of Directors:	<table> <tr> <td>Mr. Naeemuddin Khan</td> <td>Chairman</td> </tr> <tr> <td>Mr. Tahir Yaqoob Bhatti</td> <td>President/CEO</td> </tr> <tr> <td>Mr. Sahibzada Rafat Raoof Ali</td> <td>Director</td> </tr> <tr> <td>Mr. Ahmed Taimoor Nasir</td> <td>Director</td> </tr> <tr> <td>Dr. Ayesha Waqar</td> <td>Director</td> </tr> <tr> <td>Dr. Talat Naseer Pasha</td> <td>Director</td> </tr> </table>	Mr. Naeemuddin Khan	Chairman	Mr. Tahir Yaqoob Bhatti	President/CEO	Mr. Sahibzada Rafat Raoof Ali	Director	Mr. Ahmed Taimoor Nasir	Director	Dr. Ayesha Waqar	Director	Dr. Talat Naseer Pasha	Director
Mr. Naeemuddin Khan	Chairman												
Mr. Tahir Yaqoob Bhatti	President/CEO												
Mr. Sahibzada Rafat Raoof Ali	Director												
Mr. Ahmed Taimoor Nasir	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

ANNUAL REPORT 2024

## Report of Shariah Board (For the Year 2024)

### In the name of Allah, the Beneficent, the Merciful

By the Grace of Almighty Allah, the year under review is the 7<sup>th</sup> year of operations of Islamic Banking Division of Zarai Taraqati 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;

*“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 Division started its operations in the year 2018.

### Review and Approval of New Products & Policies/Manuals/Documents/Agreements:

Documents including Policies/Manuals/Agreements or amendments therein submitted by Islamic Banking Division were reviewed and Shariah approvals were granted. The following Policies/Manuals/Products/Documents/Agreements were reviewed and approved by Shariah Board;

#### Policies, Manuals:

1. Internal Shariah Audit Manual (Amendments)
2. Profit & Loss and Pool Management Framework Policy (Revised Version)
3. Addition of Pre-mature encashment procedure in IB Liability Manual
4. Changes / Additions in IB P&L Distribution and Pool Management policy
5. ZTBL Operation Manual
6. ZTBL Conversion Manual
7. IB Windows Policy (Revised)
8. ZTBL PWD Policy
9. Manuals/Policies/Documents of Compliance Division

#### Products of ZTBL – Islamic Banking:

1. Shariah Process Flow of financing transactions under Zarai Islamic Khushhali Finance product
2. Zarai Islamic Digital Finance.
3. Zarai Islamic Khwateen Rozgar Scheme for Women Empowerment
4. Liability Product “Zarai Islamic Hajj/ Umrah Account
5. Process Flow of Sale & DM Back for Swapping & Conversion
6. Zarai Islamic Agri. Tourist Outlet/Orchard Financing
7. Liability Product Manual (Revised)
8. Bakht Islamic Current and Saving Accounts for women
9. ZTBL Islamic Junior Account for minors
10. ZTBL Islamic Senior Citizen Account for Senior citizens above the age of 60
11. ZTBL Islamic Pension Current Account
12. ZTBL Islamic Pension Saving Account

### Agreements & Documents:

1. Format of Internal Shariah Audit Report
2. Checklists of Internal Shariah Audit
3. Checklists for Internal Shariah Compliance Review of IB Branch Operations, IB Financing and IB Treasury Operations.
4. Internal Shariah Audit Plan for the year 2024
5. Half Yearly Report of Head SCD to SB (Jul-Dec 2023)
6. Six Monthly Review Report on training (Jul-Dec 2023)
7. Half Yearly Status Report of Unresolved Issues for the Period ended June 30, 2024
8. Periodic Status Report of Compliance of Audit Observations
9. Opinion / Guidance regarding Proportional Payment of Zonal Office Expenses by IBBs.
10. Master Musharakah Placement Agreement to be executed with Meezan AMC.
11. Bringing down tangible tradable assets requirements in pools from minimum 20% to 10% for the month of Feb 2024.
12. Banker Accounts of IBBs in Conventional banks
13. Shariah Approval of the Late Disbursement of Profit in to Customers ACs.
14. Formats of Master Musharakah Acceptance Agreement (BAFL Islamic).
15. Exemption Regarding Insurance of the financing assets of Islamic Loader Rickshaw Financing.
16. External Shariah Audit Report 2023.
17. Report to SB on Charity Distribution 2024.
18. List of Charitable Institutions/Organizations Recommended by IBD Management.
19. Contents for Social Media.
20. Adoption of Uniform No. of Year Days for Pool Calculations.
21. Schedule of Charges of Islamic Banking (01.07.2024 to 31.12.2024)
22. Shariah Approval (Post Facto) of the late disbursement of profit in customer's accounts in the month of February 2024.
23. Half Yearly Report of Head SCD to SB (Jan-June 2024)
24. Six Monthly Review Report on training for the period ended June 30, 2024
25. Half Yearly Status Report of Unresolved Issues for the Period ended June 30, 2024
26. Periodic Status Report of Compliance of Audit Observations
27. Conversion Plan - 2025
28. Revised Internal Shariah Compliance Review Plan-2024
29. ZTBL IBD Negative List of Prohibited Business Activities
30. Financing against Alienability Certificate in GB Region
31. Transaction Structure of GOP Sukuk.
32. Shariah Board's Fatwa regarding Tobacco (Amendments in Negative List)
33. Addition of Pre-mature encashment procedure in IB Liability Product Manual
34. Schedule of Charges of Islamic Banking (01.01.2025 to 30.06.2025)
35. Formats of Musharakah Acceptance & Placement Agreements (Secured) with MCB

### Shariah Board Meetings

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

Keeping in view the transformation / conversion of the whole bank in to Islamic banking, for capacity building of the staff, awareness sessions have been conducted along with regular required trainings. An awareness session for the executives (SVPs & above, all GMs, and RBHs) was conducted by Chairman Shariah Board as on August 14, 2024 that was also attended by the key executives included CEO/President of the bank. Further, several weekly awareness sessions (Physical as well as Online) conducted by SB members and other senior staff members of IBD, followed by tests / quizzes are also being organized. 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 IBD. All the reports of the Internal Shariah Audit and Internal Shariah Compliance Review were checked / reviewed.

Based on above and to the best of our knowledge, we are of the view that in the year 2024:

- i. The 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. The 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 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.
- ii. It is recommended to hire Shariah Scholars in Shariah Compliance Department (SCD) to strengthen overall Shariah Compliance of the bank and fulfill regulatory requirements. Further, hiring of Shariah Scholar is also recommended in Internal Shariah Audit Unit and Product Development Department.

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-IBD.



**Mufti Fawad Ali**  
RSBM



**Mufti Uzair Ashraf Usmani**  
Member Shariah Board



**Mufti Wasie Fasih**  
Chairman Shariah Board

Date of Report: 10/01/2025

# شریہ بورڈ رپورٹ

(برائے سال ۱۴۴۵ھ بمطابق 2024ء)

اللہ کے فضل و کرم سے، زیر نظر سال اسلامی بینکاری زرعی ترقیاتی بینک لمیٹڈ کے آپریشن کا ساتواں سال ہے۔ شریہ بورڈ کی اس رپورٹ کو پیش کرنے کا مطمح 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 شریہ گورننس فریم ورک کی ہدایات کے مطابق ایک لازمی امر ہے۔ اس رپورٹ کی ضروریات درج ذیل ہیں:

"شریعت بورڈ، انٹرنل شریہ آڈٹ، ایکسٹرنل شریہ آڈٹ اور شریہ کیمپلائنس ریویو / جائزے کی بنیاد پر اسلامی بینکاری ادارے (IBI) کے شریہ کیمپلائنس 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۔

## نئی پروڈکٹس اور پالیسیاں / مینولز / ڈاکو منٹس / آئیگریمنٹس کی منظوری اور جائزہ:

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

## پالیسیاں، مینولز:

1. انٹرنل شریہ آڈٹ مینول (ترمیم شدہ)
2. پرافٹ اینڈ لاس پول مینجمنٹ پریم ورک پالیسی (نظر ثانی شدہ نسخہ)
3. آئی بی لائسنس مینول میں قبل از وقت کیٹمنٹ کا طریقہ کار شامل کرنا
4. آئی بی منافع و نقصان کی تقسیم اور پول مینجمنٹ پالیسی میں تبدیلیاں / اضافے
5. زیڈ ٹی بی ایل آپریشن مینول
6. زیڈ ٹی بی ایل کنورژن مینول
7. آئی بی ونڈوز پالیسی (نظر ثانی شدہ)
8. زیڈ ٹی بی ایل پی ڈی ویوٹی پالیسی

9. تعمیل ڈویژن کے مینوئلز / پالیسیز / دستاویزات

## زیڈٹی بی ایل - اسلامی بینکنگ کے پراڈکٹس:

1. زرعی اسلامی خوشحالی فنانس پروڈکٹ کے تحت فنانسنگ ٹرانزیکشنز کا شریعہ پر وسیس قلو
2. زرعی اسلامک ڈیجیٹل فنانس
3. خواتین کی خود مختاری کے لیے زرعی اسلامک خواتین روزگار اسکیم
4. لائسنس یافتہ پروڈکٹ: زرعی اسلامک ج / عمرہ اکاؤنٹ
5. تبادلہ (سوپیگ) اور کنورژن کے لیے سیل اینڈ ڈی ایم بیک کا پروسیس قلو
6. زرعی اسلامک ایگریکلچرل ٹورسٹ آؤٹ لیٹ / باغات فنانسنگ
7. لائسنس یافتہ پروڈکٹ مینول (نظر ثانی شدہ)
8. بخت اسلامک کرنٹ اور سیونگ اکاؤنٹس برائے خواتین
9. زیڈٹی بی ایل اسلامک جو نیئر اکاؤنٹ برائے نابالغ افراد
10. زیڈٹی بی ایل اسلامک سینئر سٹیژن اکاؤنٹ (ساتھ سال سے زائد عمر کے افراد کے لیے)
11. زیڈٹی بی ایل اسلامک پنشن کرنٹ اکاؤنٹ
12. زیڈٹی بی ایل اسلامک پنشن سیونگ اکاؤنٹ

## معاهدات اور دستاویزات:

1. انٹرنل شریعہ آڈٹ رپورٹ کا فارمیٹ / نمونہ
2. انٹرنل شریعہ آڈٹ کی چیک لسٹس
3. آئی بی رائج آپریشنز، آئی بی فنانسنگ، اور آئی بی ٹریڈری آپریشنز کے انٹرنل شریعہ کمپلائنس ریویو / جائزے کی چیک لسٹس
4. سال 2024ء کے لیے انٹرنل شریعہ آڈٹ کا پلان / منصوبہ
5. ہیڈ شریعہ کمپلائنس ڈیپارٹمنٹ کی اسٹیٹ بینک کو ششماہی رپورٹ (جولائی - دسمبر 2023ء)
6. ٹریڈنگ پرنسپل ماہی ریویو / جائزہ رپورٹ (جولائی - دسمبر 2023ء)
7. 30 جون 2024ء کو ختم ہونے والے عرصے کے لیے غیر حل شدہ مسائل کی ششماہی اسٹیٹس رپورٹ
8. آڈٹ مشاہدات کی تعمیل کی دورانیہ وار اسٹیٹس رپورٹ
9. ذول آفس کے اخراجات کی تناسبی ادائیگی سے متعلق رائے / رہنمائی برائے آئی بی برانچز
10. میزان اے ایم سی کے ساتھ ماسٹر مشارکہ پلینمنٹ معاہدہ
11. پولز میں قابل تجارت ٹھوس اثاثوں کی کم از کم ضرورت 20% سے کم کر کے 10% کرنا، فروری 2024ء کے لئے
12. اسلامی بینکنگ برانچز کے بینکر اکاؤنٹس کنونشن / روایتی بینکوں میں
13. منافع کی تاخیر سے ادائیگی کے لئے شریعہ پر دوول برائے کسٹمر اکاؤنٹس

14. (BAFL) اسلامک کے ساتھ ماسٹر مشارکہ ایکسچینج ایگریمنٹ / معاہدہ کے فارمیٹس / نمونے
15. اسلامک لوڈز رکشہ فنانسنگ کے مالیاتی اثاثوں کی انشورنس سے متعلق استثنا
16. ایکسٹرنل / بیرونی شریعہ آڈٹ رپورٹ 2023ء
17. سال 2024ء میں تقسیم کی جانے والی چربیٹی کی رپورٹ، شریعہ بورڈ کو پیش کرنا
18. آئی بی ڈی مینجمنٹ کی جانب سے تجویز کردہ فلاحی اداروں / تنظیموں کی فہرست
19. سوشل میڈیا کے لیے مواد
20. پول کیلکولیشن کے لیے یکساں سالانہ دنوں کو اپنانا
21. اسلامی بینکنگ کے چارجز کا شیڈول (01.07.2024 سے 31.12.2024)
22. فروری 2024ء میں منافع کی تاخیر سے ادائیگی پر بعد از وقوع، شریعہ اپروول / منظوری
23. ہیڈ شریعہ کمپلائنس ڈیپارٹمنٹ کی اسٹیٹ بینک کو ششماہی رپورٹ (جنوری-جون 2024ء)
24. 30 جون 2024ء کو ختم ہونے والی مدت کے لیے شش ماہی ٹریڈنگ ریویو / جائزہ رپورٹ
25. 30 جون 2024ء کو ختم ہونے والے عرصے کے لیے غیر حل شدہ مسائل کی ششماہی اسٹیٹس رپورٹ
26. آڈٹ ایگزیریشن / مشاہدات کی تعمیل کی دورانیہ وار اسٹیٹس رپورٹ
27. کنورژن پلان - 2025ء
28. نظر ثانی شدہ انٹرنل شریعہ کمپلائنس ریویو / جائزہ کا پلان 2024ء
29. زیڈ بی ایل - آئی بی ڈی کے لئے ممنوعہ کاروباری سرگرمیوں کی فہرست
30. گلگت بلتستان ریجن میں ایسینسبلٹی سرٹیفکیٹ کے مقابلے میں فنانسنگ
31. جی او پی سکوک کے لین دین کا ڈھانچہ
32. شریعہ بورڈ کا تمباکو سے متعلق فتویٰ (ممنوعہ فہرست میں ترامیم)
33. آئی بی لائسنس ریویو پر ڈاکٹ مینول میں قبل از وقت انکمیشنٹ کا طریقہ کار شامل کرنا
34. اسلامی بینکنگ کے چارجز کا شیڈول (01.01.2025 سے 30.06.2025)
35. ایم سی بی کے ساتھ مشارکہ ایکسچینج اور پلیٹمنٹ معاہدوں (محفوظ شدہ) کے فارمیٹس / نمونے

## شریعیہ بورڈ کی میٹنگز:

دوران سال شریعیہ بورڈ نے ریگولیٹری ضرورت کے مطابق چار مرتبہ اپنی میٹنگز کیں اور اس کے ساتھ ساتھ بورڈ آف ڈائریکٹرز کے ساتھ بھی ایک میٹنگ کی، مزید برآں، شریعیہ 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 شریعیہ بورڈ نے شریعیہ سے متعلق مسائل پر شعبہ اسلامک بینکنگ ڈویژن کی مسلسل نگرانی کی، اور اس حوالے سے ان کو رہنمائی فراہم کی۔

## شریعیہ کمپلائنس اور شریعیہ آڈٹ:

شریہ کمپلائنس زرعی ترقیاتی بینک کے اسلامی بینکاری ڈویژن کی قوت رہا ہے۔ شریہ کمپلائنس نظام مختلف سطحوں پر عمل پیرا ہوتا ہے، جیسا کہ شریہ بورڈ سے پراڈکشن کی منظوری، مخصوص قسم کے پراسس فلوز کی منظوری، معاملات کی عمومی نظر ثانی وغیرہ (ہر عملی اور ترقیاتی مرحلے میں شریہ کمپلائنس نظام کی نگہداشت رکھی جاتی ہے)۔ شریہ کمپلائنس ڈیپارٹمنٹ اور شریہ آڈٹ یونٹ شریہ بورڈ کی رہنمائی میں کام کرتے ہیں۔ شریہ کمپلائنس ڈیپارٹمنٹ نے کل وقتی شریہ بورڈ ممبر کے زیر نگرانی اسلامک بینکنگ کی برانچوں اور اسلامک بینکنگ ڈویژن کے متعلقہ ڈیپارٹمنٹس/کنٹرول ریویو کیا۔ شریعت آڈٹ یونٹ نے بھی اسلامی بینکنگ برانچ کا شریعت آڈٹ کیا۔ شریہ آڈٹ یونٹ نے بھی اسلامک بینکنگ کے برانچوں کا شریہ آڈٹ کیا۔ علاوہ ازیں شریہ 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 شریہ آڈٹ یونٹ بھی سہ ماہی بنیادوں پر اس کا آڈٹ کرتی ہے۔ اسٹیٹ بینک آف پاکستان کے شریہ گورننس فریم ورک کے تحت تمام رپورٹس شریہ بورڈ کو پیش کی جاتی ہے، تاکہ شریہ بورڈ کی تجاویز/درنگی عمل کو حاصل کیا جاسکے۔

شریہ 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 شریہ بورڈ نے منظوری دی تھی۔ شریہ کمپلائنس ڈیپارٹمنٹ نے شریہ بورڈ کے فیصلوں کی تعمیل اور نفاذ کو یقینی بنایا۔

## ٹریڈنگ اور پیشہ ورانہ مہارت / صلاحیت کی تعمیر:

بینک کی مکمل اسلامی بینکنگ میں تبدیلی/کنورژن کو مد نظر رکھتے ہوئے، اسٹاف/عملے کی استعداد کار بڑھانے کے لیے آگاہی سیشنز کے ساتھ ساتھ باقاعدہ ضروری ٹریڈنگ کا بھی انعقاد کیا گیا ہے۔ ایک خصوصی آگاہی سیشن بینک کے سینئر ایگزیکٹوز (ایس وی پیز اور اس سے اوپر، تمام جنرل مینجرز اور ریجنل مینجرز) کے لیے چیئر مین شریعت بورڈ نے 14 اگست 2024 کو منعقد کیا، جس میں بینک کے کلیدی عہدیداران بشمول سی ای او/صدر نے بھی شرکت کی۔ مزید برآں، شریعت بورڈ کے اراکین اور آئی بی ڈی کے دیگر سینئر عملے کی جانب سے کئی ہفتہ وار آگاہی سیشنز (فونیکل اور آن لائن) منعقد کیے گئے، جس کے بعد شرکاء کے ٹیسٹ/کوئیز بھی لے لئے گئے۔ اس کے علاوہ، بینک کے تمام اسٹاف/عملے کے لیے جاری ٹریڈنگ پروگراموں کے تحت ان-ہاؤس کلاس روم ٹریڈنگ سیشنز کو بھی باقاعدہ بنیادوں پر منعقد کیا جا رہا ہے۔

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

## نتیجہ:

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 شریہ بورڈ ممبرز ہماری یہ ذمہ داری ہے کہ ہم زرعی ترقیاتی بینک کے شعبہ اسلامی بینکاری کے مجموعی شریہ کمپلائنس ماحول کے بارے میں رپورٹ دیں۔ ہماری اس رپورٹ کی بنیاد شریہ کمپلائنس ڈیپارٹمنٹ اور شریہ آڈٹ یونٹ کی رپورٹس ہیں۔ انٹرنل شریہ آڈٹ اور انٹرنل شریہ کمپلائنس ریویو کے تمام رپورٹس کو چیک کیا گیا/جائزہ لیا گیا۔

ان تمام صورت حال اور ہماری ذاتی علم کے بنیاد پر سال 2024ء کے بارے میں ہماری رائے یہ ہے کہ؛

1. زرعی ترقیاتی بینک کا شعبہ اسلامی بینکاری شرعی اصولوں اور قواعد و ضوابط اور شریہ 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 ایڈوائزر کی کمیٹی کے فتاویٰ 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 جاسکتی 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 ہدایات ہیں، زرعی ترقیاتی بینک کا اسلامک بینکنگ ڈویژن ان 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 اگاہی کا درجہ قابل اطمینان ہے۔ یہ بات حوصلہ افزا ہے کہ بینک کے ٹریننگ کے شعبہ نے ہماری (شریعی 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 کارفرماہم کئے گئے ہیں۔

## سفارشات:

1. اس بات کی بھی سفارش کی جاتی ہے کہ سود سے پاک معیشت سے متعلق وفاقی شرعی عدالت کی گائیڈ لائنز کو حاصل کرنے کے لئے پورے بینک کو سود سے پاک / اسلامک بینک میں تبدیلی کے عمل کو تیز کیا جائے۔
  2. اس بات کی بھی سفارش کی جاتی ہے کہ شریعہ کمپلائنس ڈیپارٹمنٹ (ایس سی ڈی) میں شریعہ اسکالرز کی خدمات حاصل کی جائے، تاکہ بینک کے مجموعی شریعہ کمپلائنس کو مضبوط کیا جاسکے، نیز ریگولیٹری تقاضوں کو بھی پورا کیا جاسکے۔ مزید برآں، انٹرنل شریعہ آڈٹ یونٹ اور پروڈکٹ ڈویلپمنٹ ڈیپارٹمنٹ میں بھی شریعہ اسکالرز کی تقرری کی سفارش کی جاتی ہے۔
- اور آخر میں ہم اللہ تعالیٰ 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

# OPERATIONAL PERFORMANCE



ANNUAL REPORT 2024



**ZTBL** AAA/A-1+  
ZARAI TARAQIATI BANK LIMITED

IN LINE WITH THE VISION OF



**URAAAN PAKISTAN**  
توشاکیں اپنے پرواز کے کام تیرا

# 2

Glennville Years

## RESTRUCTURING & HISTORICAL ADVANCEMENT OF ZTBL

2023 & 2024



### 37

BILLION RUPEES DISTRIBUTED AMONG FARMERS UNDER "PM KISSAN PACKAGE"

### 43.5

BILLION RUPEES PROFIT BEFORE TAX

### 16.7

BILLION RUPEES TAX CONTRIBUTED TO THE NATIONAL EXCHEQUER

### 600

FRESH GRADUATES OFFERED EMPLOYMENT

### 163

BILLION RUPEES WORTH AGRICULTURAL LOANS DISTRIBUTED NATIONWIDE

### 40,000

NEW FARMERS ADDED

### 600,000+

AGRI LOANS ISSUED TO SMALL FARMERS

### 500+

BRANCHES FOR ENSURING FOOD SECURITY NATIONWIDE INCLUDING GILGIT BALTISTAN & AZAD KASHMIR TO SERVE FARMERS.

WE ARE PAKISTAN'S LARGEST **SUNWAI** ALL-ROUNDER BANK






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www.sunwai.sbp.org.pk

سہولت بینک منگو آئی روٹن ڈیجیٹل انکوائس اور ڈیجیٹل بینکنگ سے متعلق شکایات کو تیل ایپ یا ڈائن کریس

زرعی ترقیاتی بینک لمیٹڈ

AAA/A-1+  
BY VIS - CREDIT RATING COMPANY LTD

# ZTBL



**ZTBL**

## پاکستان کا واحد زرعی آل راؤنڈر بینک

ہر ابھرتے دن کے ساتھ زرعی ترقیاتی بینک کامیابیوں کا نیا سفر شروع کر رہا ہے۔ ہم صارفین کی خدمت میں دن دگنی رات چگنی کے اصول پر عمل پیرا ہیں۔

### 153 ارب روپے کی خطیر رقم سے زرعی قرضہ جات کی فراہمی

ہم اپنی خدمات کی بدولت بنکاری کی دنیا میں سب سے نمایاں ہیں



**ڈیجیٹل چینلز**  
صارفین کیلئے بینکنگ اور نجی آسان اور سہ

- انٹرنیٹ بینکنگ
- ڈیجیٹل کارڈ
- وائس ایپ بینکنگ
- آئی ایم

ڈیجیٹل ایپ

**جنرل بینکنگ سروسز**  
پاکستان کے 485 شہروں میں، 500 برانچز سے زکوٰۃ جمعیتوں تک کے ذریعے

- ٹائمڈ آرہائز آف اکانٹ

**زرعی سہولیات**  
ہر کسان کی خوشحالی کی ضامن

- 2023 کے دوران کسانوں کو 90 ارب روپے کا قرضہ دیا گیا
- ملاوہ ازیں کسانوں کو 31 ارب روپے کے رعایتی قرضوں کی تحسیم

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زرعی قرضہ جات کی فراہمی میں سب سے آگے

زرعی ترقیاتی بینک لمیٹڈ

## OPERATIONAL PERFORMANCE

In line with its mandate, the Bank made significant achievements and carried out various initiatives/steps in the year 2024. Few of them are given below:

### 1. FARMER ENGAGEMENT THROUGH ZTBL ZARAI BAITHAKS

Zarai Baithak, a pioneering initiative of ZTBL, fosters a cooperative environment among farmers offering insights into modern agricultural machinery and techniques. During the year 2024, more than 100 Zarai Baithaks have been organized nationwide. This platform provided agri., advisory services, on-the-spot solutions to farmers' concerns and disseminated information about bank's products and services.



*ZTBL Zarai Baithak on the Dairy Value Chain held at UVAS Ravi Campus, Pattoki.*

### 2. EXPANDING OUTREACH THROUGH ZTBL MOBILE VAN SERVICE

During the period under review, two Mobile Vans of ZTBL have covered more than 100 locations across the country providing financial and agricultural advisory services at doorstep of farmers, ensuring the financial inclusion and enhancing accessibility to rural habitat.



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

During the year 2024, the Bank has signed Memorandum of Understanding with following organizations to promote the development of latest agricultural advancements in the country;

- **University of Veterinary and Animal Sciences (UVAS), Lahore** to promote the livestock development.
- **Land Information Management System (LIMS)**, an affiliate of Green Pakistan Initiatives, for digitization of agricultural services to farmers regarding up-to-date satellite-based crop, soil and weather information of their respective lands.
- **Fatima Fertilizers**, to provide high-quality fertilizers at fair prices and disseminating knowledge to farmers for increased production.
- **Wateen**, for establishing state of the art Security Operations Center (SOC) aimed at safeguarding critical digital infrastructure and protecting data of over half a million ZTBL's customers.



*MoU signing ceremony between Zarai Taraqati Bank Ltd. (ZTBL) and University of Veterinary and Animal Sciences (UVAS) Lahore.*



*MOU signing ceremony between ZTBL and Land Information Management System (LIMS).*



*Zarai Taraqati Bank Limited (ZTBL) and Fatima Fertilizers entered into a strategic partnership by signing a Memorandum of Understanding.*



*ZTBL launched state-of-the-art Cyber Security Operations Center in collaboration with Wateen.*



*ZTBL and PTCL Group (PTCL & Ufone 4G) signed an agreement for Managed WAN and All-In-One Desktop project for ZTBL nationwide site.*



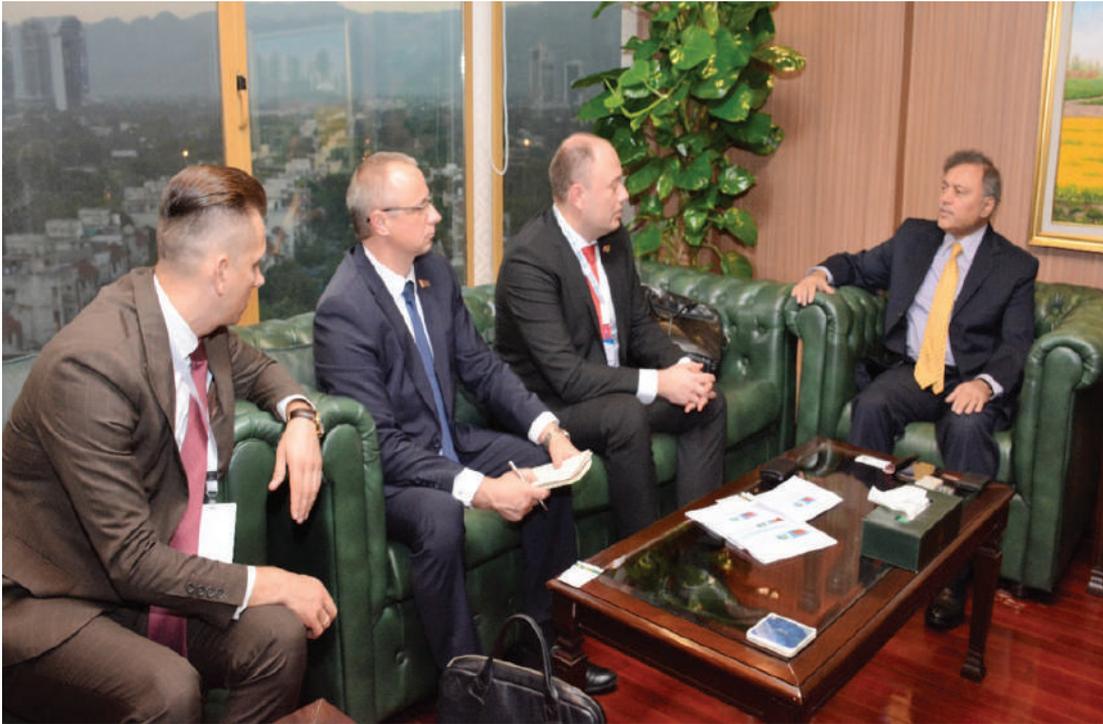
*Zarai Taraqati Bank Limited (ZTBL) hosting a high-level delegation from the Land Information Management System (LIMS) led by Major General (R) Muhammad Ayub Ahsan Bhatti, HI(M) Director General LIMS.*



*A high-level delegation from Pakistan Britain Business Council (PBBC) holding meeting with the President/- CEO ZTBL at ZTBL, Head Office, Islamabad. The delegation included Mr. John Tucknott CMG MBE - Chairman of the Pakistan Britain Business Council, Mr. Rashid Iqbal - Chief Executive/Trade Champion of the Pakistan Britain Business Council and other officials.*



*Governor Gilgit Baltistan Syed Mehdi Shah called on President/CEO ZTBL Mr. Tahir Yaqoob Bhatti. Issues pertaining to uplifting livelihoods of people through boosting agriculture in the region were discussed.*



*A high-level delegation from the Republic of Belarus called on Mr. Tahir Yaqoob Bhatti, President/CEO ZTBL at ZTBL, Head Office, Islamabad. The delegation included Sergei Stolyarchuk, Chairman of the Bank of Development of Belarus and Vadim Shagoiko, Deputy Minister of Agriculture and Food of Belarus.*



*Major General Shahid Nazir, HI(M) Director General Strategic Projects called on President/CEO Zarai Taraqati Bank Ltd (ZTBL) Mr. Tahir Yaqoob Bhatti at Islamabad. The President/CEO ZTBL and DG Strategic Projects pledged to work in close association for the betterment and uplift of agriculture sector of the country.*



*Celebrating Digital Transformation powered by Oracle - ZTBL is the first public sector Bank to adopt PR/DR workloads on Oracle ExaCC technology.*



*Pakistan Independence Day Celebrations at ZTBL, Head Office, Islamabad.*



*President/CEO ZTBL Mr. Tahir Yaqoob Bhatti inaugurates Library at ZTBL Staff College. The library is home to more than 8100 paper books and over 40,000 digital books.*



*President/CEO ZTBL Visiting Regions to Appreciate the Top Performers of 2024.*

## 4. AWARDS AND ACCOLADES



SBP has awarded ZTBL with the "Financial Literacy Champion Bank" award for its outstanding performance in National Financial Literacy Program (NFLP) 2023-2024.



State Bank of Pakistan bestowed ZTBL with "Special Performance Award" during National Financial Literacy Week 2024 in recognition of its financial services.



ZTBL has earned the 'Top Commercial Bank - Incremental Card In Force' award at Paypak Award ceremony in the year 2024.



ZTBL proudly received a Certificate of Recognition from SBP BSC for its active role in the National Financial Literacy Program.



ZTBL received recognition from Golootlo and 1Link in the Special Category, for its efforts in issuing PayPak Debit Cards and promoting customer discounts.

## 5. AGRICULTURAL LOAN DISBURSEMENTS

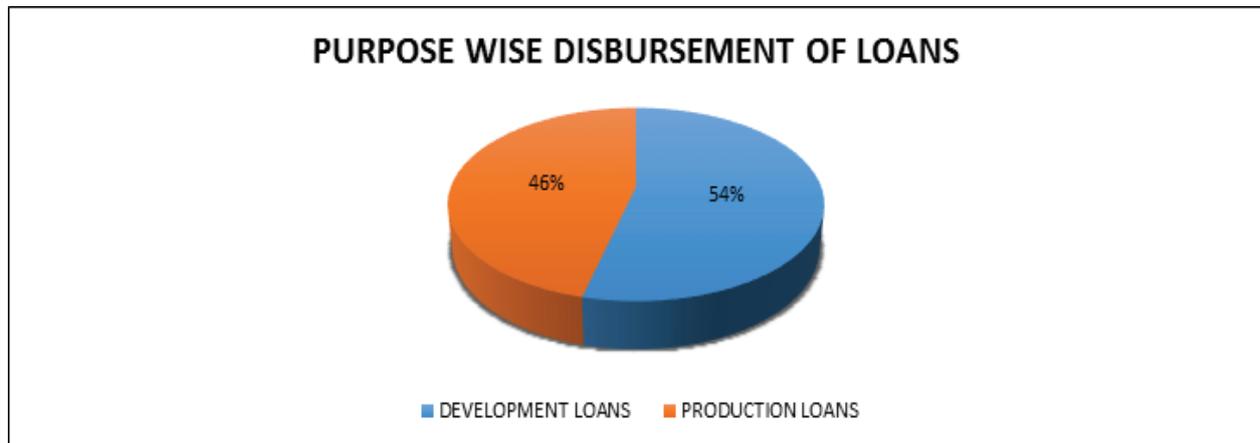
In line with its objective to provide sustainable rural finance and services, particularly targeting small farmers and low-income households, ZTBL disbursed loans totaling Rs. 72,023 million to 118,789 borrowers during the year 2024. The Bank's credit disbursement is divided into two main categories: 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 2024, the Bank disbursed Rs. 33,229 million to 50,212 borrowers under production loans. This represents 46% of the total general credit disbursement.

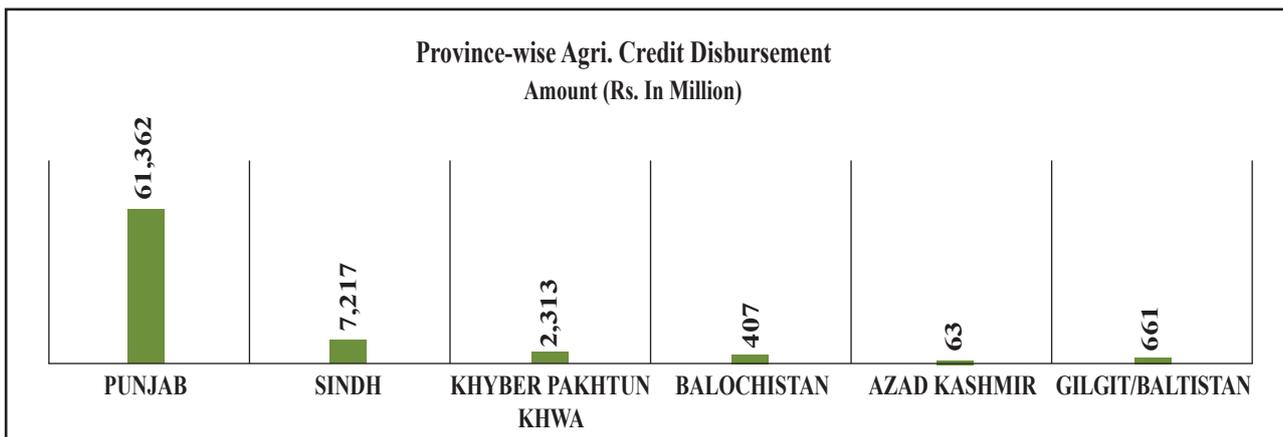
### Development Loans:

Development loans support the establishment of dairy farmhouses, poultry, fisheries, goat farming, and livestock farming. Additionally, they finance irrigation requirements, orchards, nurseries, greenhouses, forestry, and related activities. In 2024, the Bank disbursed Rs. 38,794 million to 68,577 borrowers under development loans, accounting for 54% of the total general credit disbursement.



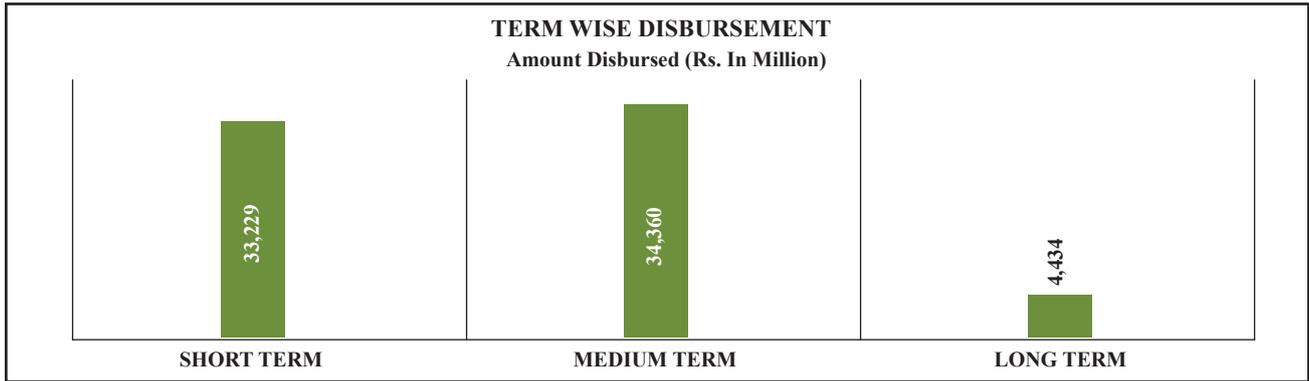
### a. Province-wise Agri. Credit Disbursement

The pattern of disbursement in provinces is almost proportionate to the agriculture potential of respective provinces/areas. The province wise share of disbursement depicts that Punjab has largest share followed by Sindh and Khyber Pakhtunkhwa as shown in graph below:



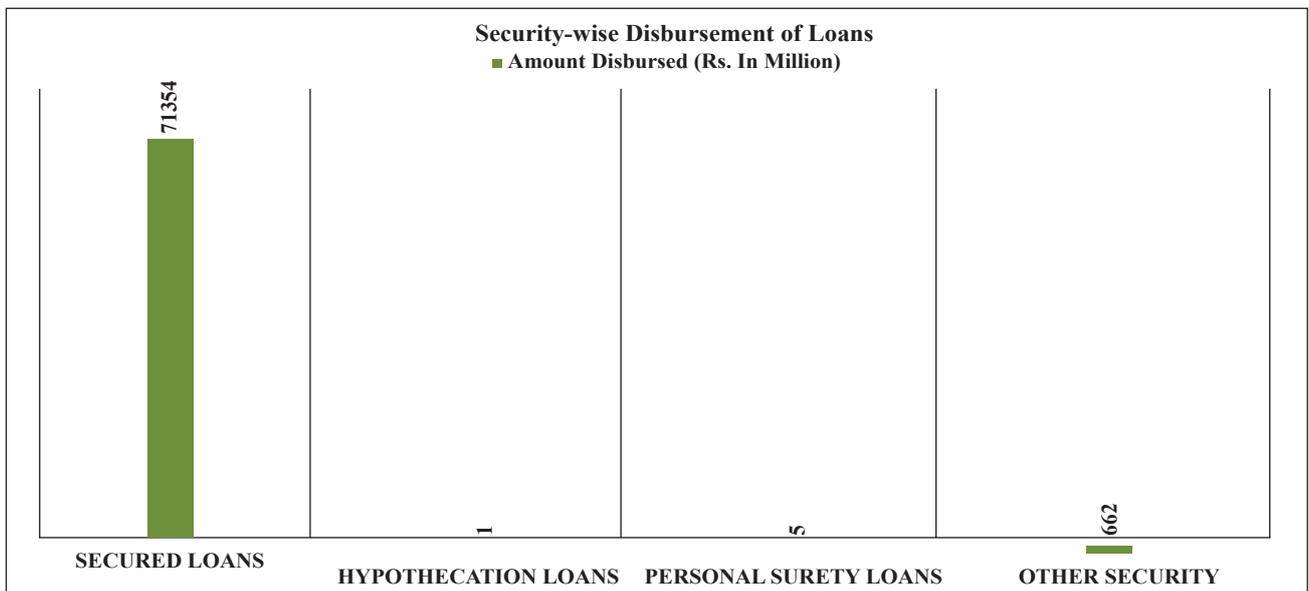
### b. Term-wise Disbursement of Loans

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 2024 is shown below:



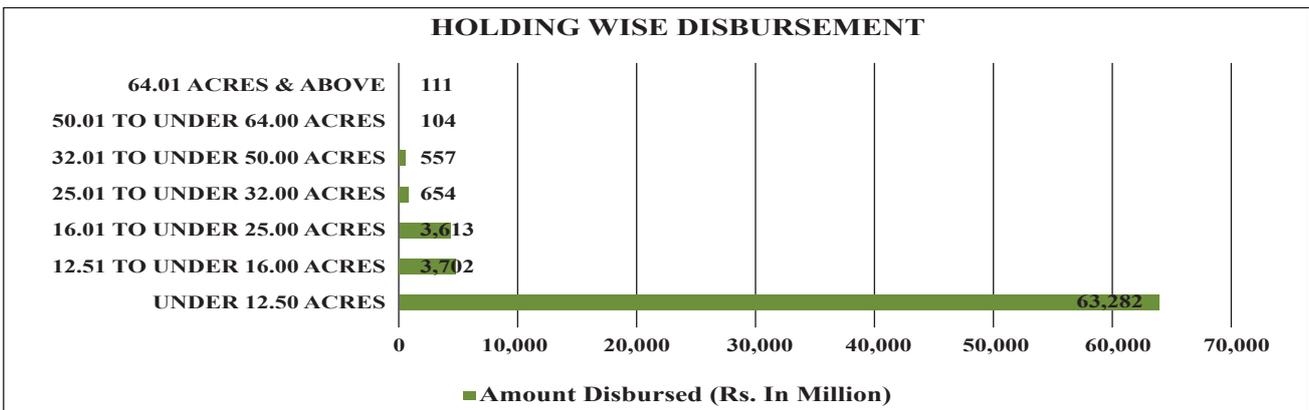
**c. Security-wise Disbursement of Loans**

Security-wise disbursement of loans indicates that 99% of loans were secured against pledge/ mortgage of tangible securities. Moreover, the Bank also disburses credit against personal and hypothecation as given in the chart below.



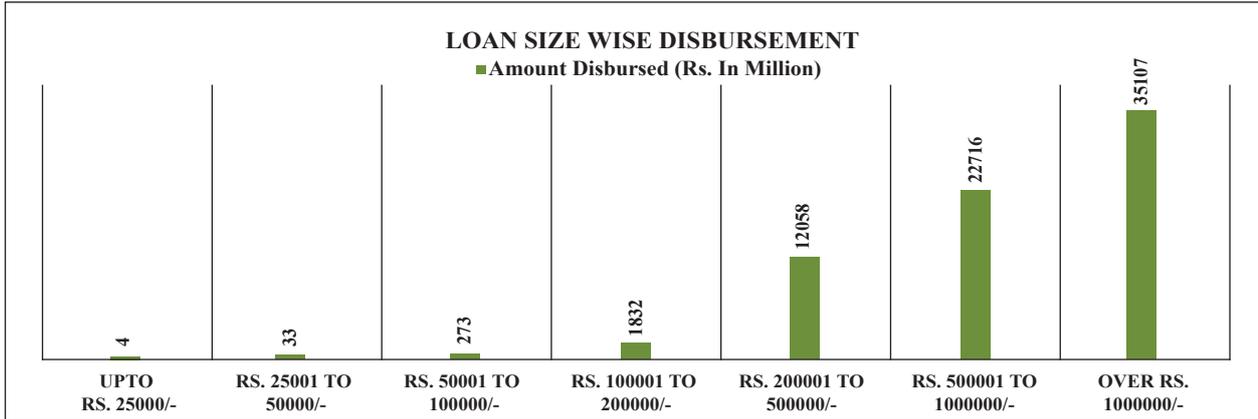
**d. Land holding-wise Disbursement of Loans**

The distribution of loan disbursements based on landholding size is illustrated below. Notably, small farmers owning land up to 12.5 acres received the majority share of loans, amounting to Rs. 63,282.207 million during the year 2024.



**e. Loan Size Wise**

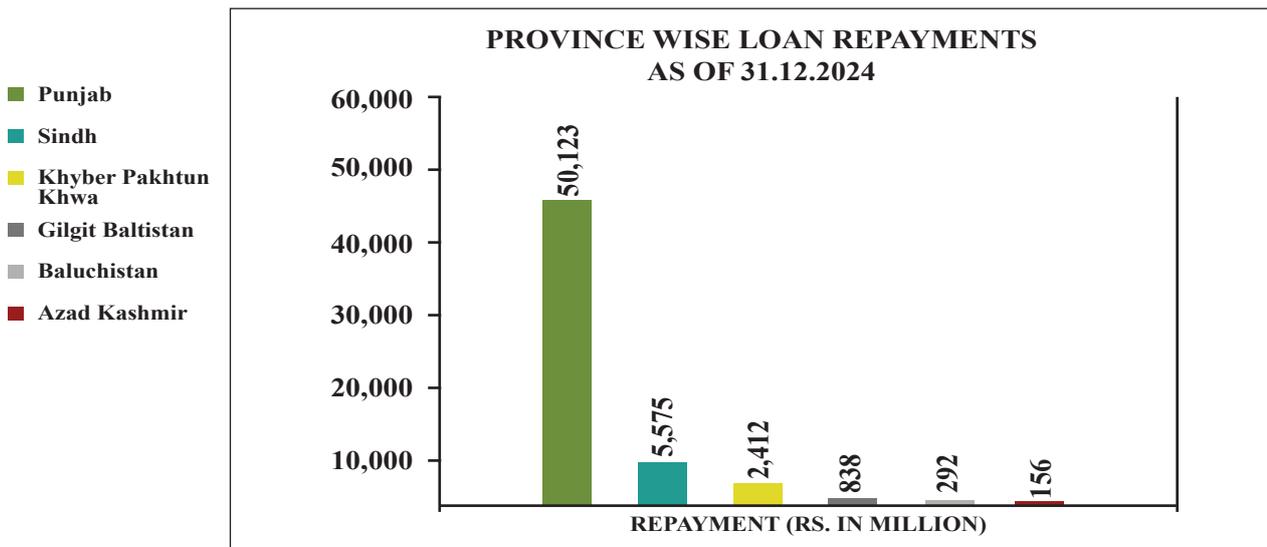
During the year 2024, disbursement pattern reveals a high concentration of loans disbursed in larger ticket sizes, with a clear skew toward the upper end of the loan spectrum. Loans above Rs. 1 million account for 48.7% of the total disbursed amount—nearly half of all lending by value. The next largest bracket, Rs. 500,001 to Rs. 1 million, accounts for an additional 31.5%. Together, these two brackets represent over 80% of the total disbursement. Loans in the Rs. 200,001 to Rs. 500,000 range capture 16.7% of the total disbursement. Disbursements for loans below Rs. 100,000 total just 0.44% of the overall amount.



#### f. Banking on Equality

OUTSTANDING PORTFOLIO OF FEMALE BORROWERS AS OF 31.12.2024	
No. of Borrowers	Outstanding Balance (Rs.in Million)
19,877	7,885

#### g. Province wise Loan Repayments



#### h. Achievement under PM Kissan Package – 2022

The PM Kissan package – 2022, introduced as a pivotal initiative with the aim of advancing the agricultural sector in Pakistan, with a specific focus on improving the welfare of farmers and enhancing agricultural productivity. The agriculture sector serves as a fundamental component of Pakistan's economy, making substantial contributions to the nation's GDP and representing a significant source of employment for a large portion of the population. The PM Kissan package aims to offer comprehensive assistance, encompassing financial aid, technological innovations, and resource management, to small and medium-scale farmers throughout the country.

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. The intended purpose of providing access to improved resources and equipment was to augment agricultural productivity and operational efficiency. More specifically, the Prime Minister's Youth Business and Agriculture Loan Scheme - PMYB&ALS and the Markup Subsidy and Risk Sharing Scheme for Farm Mechanization - MSRSSFm represent notable endeavors geared towards fostering entrepreneurial endeavors and advancing agricultural modernization within Pakistan.

The PMYB&ALS program has fostered entrepreneurialism among young individuals by facilitating access to business loans with advantageous terms and decreased interest rates. This endeavor has yielded outcomes in the form of increased job opportunities and the advancement of creative business enterprises. Similarly, The MSRSSFm program has contributed to the improvement of agricultural productivity through the increased accessibility to modern machinery, resulting in higher crop yields and more efficient resource management.

**PM KISSAN PACKAGE AS OF DECEMBER 31, 2024**

Scheme	No. of Borrowers			Disbursement (Rs. In Million)
	New To Bank	Existing To Bank	Total	
Mark-up Subsidy & Risk Sharing Scheme for Farm Mechanization	2,816	2,881	5,697	12,037
Prime Minister Youth Business & Agriculture Loan Scheme	6,650	4,183	10,833	20,267
GOP Mark-up Subsidy Scheme for Revival of Agriculture/Livestock Sector for Flood Affected Areas	4,102	7,792	11,894	4,851
Interest Free & Risk Sharing Scheme for Landless Farmers in Flood Affected Areas	457	12	469	52
<b>Total</b>	<b>14,025</b>	<b>14,868</b>	<b>28,893</b>	<b>37,207</b>

The importance of gender equality has been consistently acknowledged by ZTBL, and the organization is actively implementing measures to guarantee equitable access to financial services for women. This encompasses the provision of loans, credit facilities, and other financial products customized to the specific requirements of women, particularly those engaged in the agricultural and rural business sectors. In accordance with the PM - Kissan Package - 2022, ZTBL has disbursed loans to 1,235 female borrowers totaling Rs. 1,626 million.

**i. Revision of Maximum per Borrower/Party Credit Limit for Production Loan**

The Board of Directors, in its 118th meeting held on March 04, 2024, in Islamabad, approved the revision of per borrower/party exposure for Production Loans from Rs. 1.200 million to Rs. 2.500 million. Meanwhile, the per borrower/party exposure for Development Loans remains at the already approved limit of Rs. 5.000 million.

**j. Adoption of Digitalized Land Record System for Agri., Financing**

All branches across Punjab Province have been fully equipped with the necessary devices, software installations, and training. Consequently, the Bank has directed all regional offices and branches to fully utilize the Punjab Land Records Authority - Central Land Records Management and Information System (PLRA-CLRMIS). This system is essential for preventing fraud, enhancing operational efficiency, detecting counterfeit documents, reducing loan processing costs, and minimizing errors associated with the manual preparation of revenue documents.

**k. Agri. e-Credit Scheme**

The bank played a vital role in the recovery process under the E-Credit Scheme with the recovery of Rs. 44.98 million during the year 2024. The outstanding balance as of December 31, 2024, stood at Rs. 37.75 million.

**l. Remedial Management Unit**

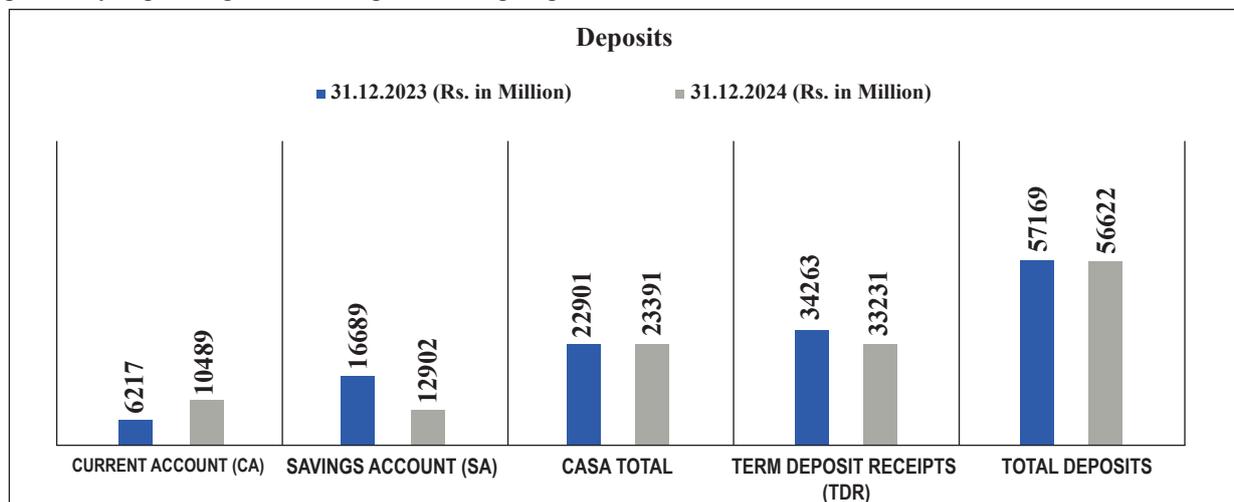
Following the implementation of collection monitoring for (Bucket 1-89 days), the addition to Non-Performing Loans (NPLs) has been significantly reduced. In the year 2024, the NPL addition amounted to Rs. 20,997 million, which is a reduction of Rs. 14,557 million compared to the previous year 2023, when the NPL addition was Rs. 35,554 million.

**m. Regular Outstanding Balance**

The Bank has achieved a significant milestone by reaching a regular outstanding balance of Rs. 100 billion.

**6. DEPOSIT MOBILIZATION**

In 2024, ZTBL faced numerous challenges; however, the organization remained steadfast in its commitment to deposit mobilization, particularly emphasizing small-ticket deposits. The deposit position as of December 31, 2024, is as follows:



ZTBL has made notable progress in building a sustainable deposit base, particularly in current accounts (CA), which grew by approximately 69%. Despite challenges, current account deposits grew substantially due to the successful Current Account (CA) Campaign initiated last year. New products like the Bakht Account, introduced in 2023 to target women, attracted PKR 301 million under CASA. The ZTBL Shandar Mahana Amdani Account, launched to enhance savings accounts (SA), accumulated PKR 3,785 million as of December 31, 2024. In the third quarter, the ZTBL Pension Account was launched to further strengthen CASA, offering special features for current account holders. Efforts focused on attracting new customers, particularly for current accounts, bolstered the deposit base.

ZTBL's focus on innovative products, improved processes, and strategic branch development aims to achieve a sustainable and diversified deposit base, enhancing the Bank's financial stability and market presence.

#### • Home Remittance

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, 2024, ZTBL has processed a total of 16,780 transactions, contributing to an inflow of USD 4.56 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.

## 7. 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 2024 are as under: -

- Hiring of 600 MCOs/ OG-IIIs (2 Batches) mainly to strengthen field operations.
- Induction of 45 experienced professionals both in field as well as head office.
- 264 employees were granted promotions.
- 334 Disciplinary cases were decided/disposed-off.
- Introduction of Mid-Year Performance Appraisal of employees.
- 442 cases of terminal benefits were processed.
- Introduction of Employee Loan and Advances Policy with enhanced limits.
- Structural re-alignment of HR Function.
- Elevation of internal HR staff, to take higher responsibilities.
- Review for updation of HR Policies, in line with the industry.
- Human Resource Information System (HRIS) review with consultant for optimal usage.
- Introducing credit and compliance discipline in staff financing.
- First time placement of MCO/OG-III batch, after completion of initial training.
- The Training & Development Division (T&DD) successfully trained 4,517 employees across key areas such as operations, credit, compliance, risk management, and Islamic banking, surpassing the target of 3,325 in financial year 2024. Additionally, 416 students participated in various internship programs, including paid and unpaid internships. T&DD facilitated Quranic education for employees' children and organized 320 National Financial Literacy Program (NFLP) sessions, exceeding the target of 310, with 10,414 participants.

**List of Management Committees**

- a) Management Committee (ManComm)
- b) Compliance Committee of Management (CCM)
- c) Procurement Committee (PC)
- d) Committee for Islamic Banking Expansion
- e) Assets Liability Committee (ALCO)
- f) Medical Facilitation Committee (MFC)
- g) Employee's Grievances Handling Committee (EGHC)
- h) IT Steering Committee (ITSC)
- i) Internal Risk Management Committee (IRMC)
- j) Head Office Committee on Write off of Losses
- k) IFRS-9 Project Steering Committee
- l) Standing Inquiry Committee (The Protection against Harassment of Women at the Workplace Act, 2010)

**Material Development/Shift in Bank's Policies**

- a) Pensioners prior to 01.01.2023 drawing Benevolent Fund grant on monthly basis, allowed to avail entire outstanding amount on lump sum basis.
- b) Encashment of 365 days LPR to retiring employees allowed @ 12 Basic Pay, subject to availability of leave balance.
- c) Special Conveyance Allowance to Differently Abled Person (DAP) employees enhanced from Rs. 3,000/- to Rs. 4,000/- per month, w.e.f. 01.01.2024.
- d) Job Rotation Policy was reviewed by the Board to the extent that OG-III to SVP in the field offices may not be reposted to their previous office/location within 12 months of transfer.
- e) Introduced Allowance for employees performing official duties, on Saturday in connection with branch operations.
- f) Performance Bonus-2023 granted to employees as per their performance rating.
- g) Effective from 01.04.2024, salaries of employees revised @ 15% while merging two Adhoc reliefs in existing pay.
- h) Medical facilities extended to working/retired spouses of Bank employees and their parents retired from Government/Private Sectors, provided they do not avail treatment from their parent department.
- i) One increment allowed to retiring employees after serving more than 6 months in retiring year, provided, they perform for at least 03 months.
- j) Introduced new Employee Loan and Advances Policy including facility of loan swapping for new appointees.
- k) To ensure criminal/legal action against culprits involved in fraud/forgery and embezzlement cases, detailed comprehensive SOPs for initiation of legal course of action prepared and issued for employees of the bank.
- l) Job description/role & responsibilities of various functionaries of the Bank reviewed and revised, as per business requirement.
- m) To facilitate the business stakeholder for efficient and quick decision making, different management committees were reconstituted to align the emerging business need.
- n) Guidelines for use of social media and observance of Code of Conduct by Bank employees were reviewed and notified for compliance purpose.
- o) Updated handbook containing Field Functionaries' job description was notified.
- p) To bring efficiency in business of various offices, various powers like administrative, disciplinary & financial powers delegated upon various functionaries.
- q) To align the HR Policies with best market practices, almost 10 HR Policies reviewed by the management for approval of the Board.

**Future Outlook:**

- Rationalization of manpower at Head Office and Field Offices through conduct of workload assessment.
- Re-structuring of different offices in line with industry practices.
- Review compensation benefits for employees of the Bank.
- Succession planning of retiring employees through fresh recruitments/promotions.
- Competency assessment and training needs of employees of the Bank.
- Digitization and centralization of pensionary/terminal benefits to employees of the Bank.

## 8. RISK MANAGEMENT

- Reviewed bank wide policies and products to mitigate inherent risks.
- Revision of Enterprise Risk Management Policy (ERM) under approval phase.
- Developed Information/Cyber Security policies, procedures and guidelines.
- Conducted awareness/training sessions on Information/Cyber Security threats.
- Established a Cyber Security Operation Center.
- Developed a new Internal Risk Rating (IRR) model covering Obligor Risk Rating (ORR), Facility Risk Rating (FRR), and Environmental Risk Rating (ERR) aimed at improving portfolio quality (under implementation phase).
- Consolidated e-CIB Standardized operating procedures (SOPs).
- Staff loans have been shifted to CAD to avoid duplicity of functions at HR level and improved collateral management.
- Development of standardized system generated redemption letters to avoid manual redemptions.

### Future Outlook

- Improvement in Infrastructure of CA units (Strong Room/Fireproof Cabinet/Security equipment).
- Implementation of Internal Risk Rating (IRR) Model under digitalization phase.
- Cyber Hygiene Compliance, ISO 27001 Compliance along with Payment Card Industry Data Security Standard (PCI DSS) Certification.
- Procurement of Operational Risk Management system as per industry practice.
- Capacity building for Risk Management professionals.
- In line with regulatory requirements and best industry practices, ZTBL's strategic approach to risk involves compliance and loss mitigation as well as organizational and cultural considerations. The Bank also aspires to come up to the expectations of its stakeholders and serve the agriculture sector in particular and other under-served sectors in general of the country through taking and managing risks in a controlled and transparent manner. The future of risk management in the bank demands a proactive and adaptive approach that integrates technology, environmental sustainability, and a deep understanding of the agricultural sector's unique challenges. By embracing innovative solutions, leveraging data analytics, and collaborating with stakeholders, the bank can not only mitigate risks but also contribute to the long-term resilience and prosperity of the agricultural community in Pakistan.

## 9. INNOVATION & TECHNOLOGY

- Mobile Banking, Internet Banking and WhatsApp Banking already launched.
- Farmer's portal especially designed to meet the need of farmers has been 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.
- ZTBL debit Card Loyalty and Discounts program launched.
- ATM channels including Cash withdrawal, IBFT, funds transfer, Bill payments and 24/7 monitoring of digital transactions etc., are running successfully.
- USSD Project – (Unstructured Supplementary Service Data): -  
Phase 1: Launch (Bill Inq., Mini-Statement, Local funds Transfer, Loan payment, Staff Loan details etc.)
- RAAST Solution for G2P is live.
- ZTBL has issued more than 30,000 ATM PayPak Debit cards to its customers till 2024.

**ZTBL Launches Internet Banking for its Valued Customers**

- Access Your ZTBL Accounts
- Transfer funds(Local & IBFT)
- Pay bills
- Anywhere, Anytime, Any device

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ZARAI TARAQIATI BANK LIMITED

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*ZTBL and 1link discussed new digital initiatives on digital payments for agriculture sector.*



*ZTBL & VRG joined hands to enable USSD Banking Solutions for Non-smart phone customers across the country.*



*Ms. Florence Rolle, FAO Representative in Pakistan visiting ZTBL stall at Agri-Connections 2024 Conference and Expo held at Expo Centre Lahore.*

### Future Outlook

- 50 New ATMs Deployments are in process.
- Digital Agri Advisory Service (Weather Advisory) is in process.
- USSD Project – (Unstructured Supplementary Service Data): - Phase 2: In-Progress (Bill Payment, IBFT and Mobile Top-ups).
- RAAST Solution for P2P is in progress.
- Fintech onboarding in progress for e-ticketing (Bookme) etc.
- Digital on-boarding process on various portals for different banking products.
- Addition of Financial Transaction through WhatsApp.
- Additional features: P2M Payments, Bill Payments, Channels activation, QR Integration, Fintechs/Agri tech, Market Place & Features/User Interface (UI)/User experience (UX) enhancements in mobile & internet banking.
- Re-Design of existing card variants & addition of New Card Variants (Islamic, Bakht & Junior).
- E-commerce.

## 10. SPECIAL ASSET MANAGEMENT (SAM)

During the year 2024, through strenuous efforts, ZTBL achieved significant improvements in managing its non-performing loans (NPLs) and charged-off portfolios:

- NPL Principal Outstanding was reduced by 16%, declining from Rs. 29.9 billion in 2023 to Rs. 25.2 billion in 2024.
- Charged-Off Principal Outstanding decreased by 8%, from Rs. 36.0 billion in 2023 to Rs. 33.2 billion in 2024.
- The total infected portfolio was reduced by 11%, reaching the lowest level recorded in the past six years.
- The NPL ratio improved significantly, falling from 24% to 20% during 2024.

### Recovery performance during 2024:

- Rs. 25.9 billion recovered against NPLs.
- Rs. 9.7 billion recovered against charged-off loans.
- Total recovery from infected portfolio amounted to Rs. 35.6 billion.

### Infected Portfolio Performance – 2024

Metric	2023	2024	Change
NPL Principal Outstanding	Rs 29.9 billion	Rs 25.2 billion	↓ 16%
Charged-off Principal	Rs 36.0 billion	Rs 33.2 billion	↓ 8%
Total Infected Portfolio	Rs 65.9 billion	Rs 58.4 billion	↓ 11%

### Initiative taken by SAM Division

- Meetings of ZTBL Higher Management with Chief Secretary & Board of Revenue officials with regards to Loans for Agricultural, Commercial and Industrial Purposes Act, 1973 (LACIP Act) Implementation support to ZTBL.
- Reorganization of Independent SAM Group.
- NPL Management Strategy was prepared in light of SBP instructions.
- RMR have become independent reporting directly to SAM Division.
- Weekly Zoom meeting conducted by SAM Group with field/ RMR's regarding their allocated Infected Portfolio targets and day to day recovery matters.
- Deployment of Auto Recovery Certificates generation under LACIP Act through CBAS.
- Allocation of Regions to SAM Division Officers for performance monitoring.
- Tractor Repossession and recovery by hiring Repo Agencies.
- Robo/ Outbound Calls to the Defaulted borrowers by SAM Division Officers.
- First RMR Conference is scheduled to be held in 1Q25 to recognize the field performance through certificates distribution by President.

### Future Outlook

Going forward SAM Division is continuing the momentum of 2024, where it achieved the lowest outstanding infected portfolio in last six years and aim to achieve even better performance for which following steps are being taken;

- LACIP 2% Revenue Commission is being automated.
- Incentive Scheme is expected to be implemented in Quarter 1, 2025.
- Settlement Policy is expected to be implemented in Quarter 1, 2025.

## 11. OPERATIONS

- Centralized Processing Department (CPD) is playing an active role in the day-to-day account opening at centralized level for smooth account approval. CPD is fully functional with all branches of the bank for account opening.
- CPD provided training on account opening to all field functionaries via class room and zoom on need basis time to time as arranged by the training department, besides this, CPD is also providing guidelines through e-mails/telephonic calls to field functionaries to resolve their issues for smooth processing of Accounts.
- Branch Operations Department, in collaboration with the General Services Division, is actively relocating ZTBL branches from residential or remote/difficult locations to business hubs to facilitate customers and promote growth in the bank's main and allied businesses. As of December 31, 2024, 12 branches have been successfully relocated.
- For the first time in ZTBL's history, Operations Manual 2024 has been developed, encompassing all rules and regulations of the State Bank of Pakistan, providing a comprehensive operational framework for the bank.

### SBP KPIs: Biometric Verification

- In compliance with State Bank of Pakistan (SBP) Key Performance Indicators (KPIs), ZTBL ensures that every new customer opening an account for depository business or seeking agricultural finance, as well as those renewing existing business relationships, undergo thorough verification of their credentials.
- Field functionaries have proactively contacted borrowers in person and invited them to visit branches for biometric verification. To facilitate verification in remote areas, branches have been equipped with wireless biometric devices, enabling field staff to perform verifications on-site.

The biometric verification progress as of 2024 is as follows:

- Regular Borrowers: 99.8% verification completed.
- Classified Borrowers: 99.2% verification completed.
- High and Medium Priority Depository Accounts: completed.
- Normal Priority Active Depository Accounts: 99.8% verification achieved.

### Business Growth

Focus remained on Hajj Applications, Home Remittances, and Utility Bills Collection & Locker facilities during the year 2024.

#### a) Utility Bills Collection

ZTBL achieved substantial progress in utility bills collection through its nationwide branch network.

Target (No. of Bills)	Achieved	Achievement %
2,900,000	2,378,095	82.0%

### b) Collection of Hajj Applications

During 2024, ZTBL successfully processed 1,106 Hajj applications, collecting a total of Rs. 1,214.880 million, with 1,016 applicants declared successful for Hajj-2024.

### c) Call Deposit Receipts (CDR)

The newly introduced product shall help in increasing the deposit base of the Bank viz-a-viz attract new customers. At the same time handsome free of cost deposit will be added to bank's deposit base and is a good source for enhancing NTBs base of the Branches. Call Deposit Receipt is issued through customers' own account or to walk in customers to be submitted along with Bid/Tender documents as earnest money, which is mandatory requirement by all Government Organizations, autonomous bodies, NGOs etc. Further, CDRs may also be issued in individual's own name. ZTBL have issued 246 CDRs amounting to Rs. 2,035.68 million (01.10.2024 to 31.12.2024) on account of current deposit.

### Support Provided to Field Functionaries

Field Facilitation Department is playing an active role in the day-to-day system operations of the branches, supporting 501 branches with performance of centralized Start / End of the day. Creation/revoking of User ID on daily basis, bifurcation of branch circle, Verisys from NADRA. In addition to the above, this Department also provide prompt support to the field functionaries for the solution of the issues/problem faced by the branches.

## 12. AGRICULTURE TECHNOLOGY DISSEMINATION

- The Agriculture Technology Department of the Bank aims to identify and develop various agri-activities and transfer the same technology through training and practical demonstrations. During the year under review, various activities were carried out at ZTBL Farm and in the field to introduce and disseminate contemporary agricultural techniques and technologies.
- ZTBL Farm, the major center for Agriculture Technology Transfer, has remained the center of major agricultural activities. During the year, different fruits including olives, peach, plum, pear, and citrus were planted at ZTBL Farm. In addition, to facilitate farmers, an Olive Oil Extraction Unit is running successfully. Moreover, poultry farming has also been expanded for training and demonstration purposes. An updated fish farming technology, Biofloc, was also initiated during the year.
- Mushroom activity is successfully being carried out at ZTBL Farm. Students from different universities and agri-institutes have also been trained in mushroom farming. Similarly, honey bee farming activity was also successfully carried out during the year.
- As part of the kitchen gardening activity, seed kits and seedlings of both winter and summer vegetables were prepared for onward dissemination to promote home-grown, healthy, and hygienic vegetable production and consumption.
- Wheat crop has also been cultivated at ZTBL Farm. Moreover, value addition activity of various fruits and vegetables was also initiated at ZTBL Farm. This includes value addition of olive tea, dried chilies, olive pickle, and garlic paste.
- To diversify fruit production, new orchards of grapes and multi-fruit plants were also established. ZTBL Farm olive orchard was successfully rehabilitated.
- Trainings/workshops on mushroom production and kitchen gardening were also carried out in coordination with Islamabad Club and Arid Agriculture University Rawalpindi to create awareness about these highly beneficial and income-generating activities. The department also participated in various field days, seminars, exhibitions, etc., arranged in various parts of the country.
- During the year 2024, around 473 visitors, including students, farmers, and delegates from different institutes, were facilitated at ZTBL Farm. Additionally, 9 students from different universities and agri., institutes were supervised for internships at ZTBL Farm as well. The department also facilitated visits of around 380 ZTBL officials and newly inducted MCOs to agri., institutes and universities.



*ZTBL arranged an awareness session on mushroom farming at the Islamabad Club. Mr. Tahir Yaqoob Bhatti, President/CEO ZTBL, graced the event as the chief guest and briefed on the immense potential of mushroom industry in Pakistan.*



*ZTBL's Agriculture Technology Department (ATD) actively participated in a winter kitchen gardening training workshop organized by the Islamabad Club for its members.*



*A glimpse of activities undertaken by Agriculture Technology Department.*

## Future Outlook

- Being one of the high-demand products, the department plans to expand its honeybee farming activity during the year. In addition, the cultivation of approximately 200 new fruit plants—including plum, apricot, and other varieties—is planned for 2025. The grape orchard will also be converted to a drip irrigation system to enhance water efficiency.
- The cultivation of wheat using a super seeder and the expansion of poultry farming are also scheduled for implementation during the year. Furthermore, the department intends to establish new blocks for floriculture and organic vegetable production. A new initiative in quail farming will also be launched in 2025.
- Rooftop rainwater harvesting system integrated with efficient irrigation, to be further expanded in 2025 to enhance water conservation and reduce dependency on groundwater.
- As part of its regular activities, the department will continue the production and value addition of various fruits and vegetables at ZTBL Farm. Field days will be organized to promote agricultural awareness and practical learning. Additionally, the department will participate in field days, seminars, workshops, and training sessions arranged by external agencies. Visitors to ZTBL Farm will be facilitated and guided regarding various ongoing activities.

## 13. MANAGEMENT DISCUSSION AND ANALYSIS

During 2024, the Green Banking Unit revised its Green Banking Policy, aligning it with the State Bank of Pakistan's Environmental & Social Risk Implementation Manual 2022. A Green Banking Strategy was also developed and integrated into the revised policy. As part of capacity-building efforts, 13 awareness sessions were organized, providing training to 530 ZTBL employees on Green Banking practices. Furthermore, four ZTBL Regional Offices and their associated branches—in Islamabad, Multan, Vehari, and Gujranwala—were transitioned to renewable energy sources under the "Own Impact Reduction" initiative. At the ZTBL Head Office, a 309-kW solar energy system was installed across multiple facilities contributing significantly to sustainable energy utilization. A 189 kW solar energy system has been installed at the ZTBL Farm to promote clean energy. An amount of Rs. 2,637.68 million was disbursed under Green Banking products during the year 2024.

### New Initiatives

Projects related to water conservation activities, such as rooftop rainwater harvesting and the catchment of rainwater runoff through the construction of a water pond, were successfully completed at the ZTBL Farm under the Green Banking Initiatives. Additionally, orchard of multiple fruit plants at ZTBL Farm was successfully converted to a high-efficiency irrigation system. Awareness sessions on Green Banking were also conducted for ZTBL officials at ZTBL Staff College.

### Future Outlook

The Green Banking Unit (GBU) will continue its Green Banking capacity-building program in 2025. It will also collect and consolidate information on Green Banking activities and initiatives for quarterly reporting to the State Bank of Pakistan. An Environmental and Social Risk Management Procedural Manual will be developed in collaboration with ZTBL's Risk Management Department and other relevant stakeholders to ensure effective implementation, compliance, and integration into the credit and loan system. Furthermore, the Green Banking Unit plans to develop and publish additional Green Advisory Services for both employees and clients in 2025.

## 14. ISLAMIC BANKING

The year 2024 has been a remarkable period for the Islamic Banking Division (IBD). A major breakthrough was the initiation of financing activities, with disbursements starting for Three-Wheeler Loader Rickshaw and Tractor Financing under a prudent approach. In line with the industry-wide transformation from conventional to Islamic banking, as pilot project, ZTBL Islamic Banking Division successfully swapped two cases of tractor financing that were previously migrated from conventional to Islamic Banking Branches (IBBs) at Kot Addu Branch (Muzaffargarh Region). During this period, IBD successfully developed and launched several new financing and liability products while also making significant advancements in system development. Additionally, the Division remains focused on ZTBL's conversion into an Islamic bank, in alignment with the State Bank of Pakistan's (SBP) Islamic banking transformation guidelines issued on June 28, 2024. Considering ZTBL's operational limitations, the Conversion Plan was submitted to SBP after obtaining approval from the Board of Directors (BoD) with a conservative approach. Below is a summary of key achievements and developments in 2024:

### Islamic Banking Products

#### Financing Products Launched

- ZTBL Islamic Loader Rickshaw Financing – Facilitating small entrepreneurs and farmers in transporting agricultural goods.
- Tractor and Agri Machinery Financing – Providing financing for mechanized farming through tractors and other agricultural machinery.
- Islamic Solar and Biogas Financing – Supporting renewable energy adoption for agricultural use.
- Zarai Islamic Financing Scheme for Milk Chilling Units – Enabling dairy farmers to preserve milk quality and reduce wastage.
- Zarai Islamic Dairy Value Chain Financing – Offering comprehensive financing for dairy farming, including livestock acquisition and farm development.

- vi. ZTBL Islamic Rice Transplanter Financing – Supporting modern rice transplantation machinery to enhance efficiency.
- vii. Zarai Islamic Trout Fish Financing – Providing financing in Gilgit Baltistan for trout fish breeding and commercial sale.

### **Financing Products in Process**

- i. Jaggery Machine Financing – Supporting the agricultural community engaged in the Gur-making business.
- ii. Zarai Digital Financing – A production financing product aimed at digitizing financing channels for enhanced efficiency.
- iii. Zarai Islamic Yak Financing – Supporting Yak farming in Gilgit Baltistan to enhance livelihoods.
- iv. Kissan Zindagi Khushhal Scheme – Providing financing against lien on salaries for agricultural workers engaged in farming.
- v. Zarai Islamic Financing of Oil Expeller Unit – Facilitating the edible oil business for farmers.
- vi. Zarai Islamic Agri Tourist Financing – Supporting landowners in establishing agri-tourism outlets and improving existing orchards.
- vii. Zarai Islamic Tahafuz-e-Ajnas Financing – Providing godown financing to secure agricultural produce.
- viii. Zarai Islamic Khawateen Rozgar Scheme – Empowering women engaged in non-farm businesses such as dairy farming, cattle farming, poultry farming, Ajrak making, stitching machines, and cane & bamboo furniture.

### **Deposit Products**

#### **Current Account Products**

- i. Islamic Current Account
- ii. Assan Islamic Current Account
- iii. Bakht Islamic Current Account – Developed in 2024
- iv. ZTBL Islamic Pension Current Account – Developed in 2024
- v. Basic Islamic Banking Account

#### **Savings Account Products**

- i. Islamic Savings Account
- ii. Assan Islamic Savings Account
- iii. Bakht Islamic Savings Account – Developed in 2024
- iv. ZTBL Islamic Pension Savings Account – Developed in 2024
- v. Junior Account – Developed in 2024
- vi. Islamic Business Deposit Accounts
- vii. Senior Citizen Account

#### **Term Deposit Products**

- i. Islamic Term Deposit Certificates
- ii. Special Islamic Term Deposit Certificates
- iii. Zarai Amadani Certificate

#### **Deposit Products in Progress**

- Zarai Hajj and Umrah Ziarat Account

### **IT Developments**

#### **Completed**

- Islamic Financing Recovery Module
- IT modules for Islamic Financing Products (Solar Energy, Biogas Plants, Oil Expeller Unit, Jaggery Machine, Milk Chilling Units)
- Digital Advice Printing
- SECP Module for Islamic Banking Division
- Full ATM Functionality & Internet Banking (Mobile App)

#### **In Progress**

- Pool Management Software
- Islamic Banking Window Module
- Virtual Cost Centre Module
- PMY Financing Scheme in Islamic Mode
- Digital Account Opening Forms
- Digital Call Report System for efficient business follow-ups

**Product and Policy Review**

- Risk Management Framework updated to include Shariah Non-Compliance Risk, per SBP guidelines.
- Profit & Loss Policy Framework aligned with industry best practices and approved by Shariah Board (awaiting BoD approval).
- Service Level Agreements & Transfer Pricing Mechanism developed and approved by the Shariah Board.
- Conversion Manual outlining the transformation of conventional to Islamic banking and the products gap analysis.
- Shariah Review of Bank Documents is underway to assess product compatibility with Islamic principles.
- Products Gap Analysis completed for Islamic financing and deposit products.

**Staff Hiring & Capacity Building****Key Hiring**

- Shariah Scholar (Mandatory Role)
- IT Manager (Islamic Banking Division)

**Training & Awareness Programs**

- Senior Management Awareness Session (Aug 2024)
- Five-Day Training for Islamic Banking Staff (Aug 2024)
- 21 Weekly Awareness Sessions for Staff (Available on Internal Portal)

**Public Awareness Campaigns:**

- Conducted five “Zarai Baithak” sessions in rural villages.
- Social media awareness via banners & videos on bank website and social media platforms.

**Future Outlook****Annual Branch Expansion Plan**

- SBP approved the conversion of 10 conventional branches & establishment of 30 Islamic Banking Windows at conventional branches.
- Upon implementation, IBD will operate 65 outlets (35 Islamic Banking Branches & 30 Windows).

**ZTBL's Conversion Plan (2027)**

- ZTBL's agricultural loan portfolio requires a nuanced approach due to classification, going beyond the typical NPL and Charged Off categories. Henceforth, ZTBL-IBD (Islamic Banking Division) has embarked the Conversion Plan to 25% of Islamic Banking Network till CY-2027.

**Key Focus Areas year 2025**

- Strengthening deposit mobilization & financing operations in Islamic branches.
- Developing IT modules for all liability & financing products.
- Human Resource Development.



# ZARAI TARAQIATI BANK LIMITED

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

## CORPORATE AFFAIRS DEPARTMENT

No. CAD/1(4)/AGM/19/2025/21-29

Dated: April 04, 2025

### NOTICE OF 19<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of Zarai Taraqati Bank Limited will be held on Monday April 28, 2025 at 11:30 A.M. at ZTBL, Head Office, Islamabad, to transact the following business:

#### Ordinary Business:

1. To confirm minutes of 18<sup>TH</sup> Annual General Meeting held on March 27, 2024
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, 2024 together with Auditors' and Directors' Reports thereon.
3. To appoint Auditors of the Bank for the year ending December 31, 2025 and fix their remuneration.

#### Special Business:

4. Approval of Key Performance Indicators (KPIs) of President/CEO, ZTBL (Statement under Section 134 of Companies Act, 2017 in respect of Special Business is attached.)

#### Any other Business:

To consider any other business with the permission of the Chair

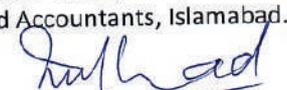
By order of the Board

( TARIQ MAHMOOD TALIB )

Company Secretary

(051-9253087)

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

  
Company Secretary

Technology for Agriculture

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



**ANNUAL REPORT 2024**



Crowe Hussain Chaudhury & Co.  
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8-F Main Market, Gulberg II,  
Lahore-54660, Pakistan  
Main +92-42-3575 9223-5  
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**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 Taraqati Bank Limited** for the year ended December 31, 2024.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. 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 Company'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 Company's personnel and review of various documents prepared by the Company 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 Company's corporate governance procedures and risks.

The Rules requires the Company 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 Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended December 31, 2024.

Lahore

Dated: March 25, 2025

UDIN: CR202410169WQ9ka4rE1



**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 Taraqati Bank Limited  
**Name of the line ministry** Finance Division, GoP  
**For the year ended** December 31, 2024

- 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:

S. No.	Provision of the Rules	Rule No.	Y	N																		
			Tick the relevant box																			
1	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	√																			
2	The Board has at least one-third of its total numbers as independent directors. At present the Board includes: <table border="1" style="width: 100%; margin-top: 5px;"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Independent Directors</td> <td>1. Mr. Naeemuddin Khan</td> <td>24.08.2023</td> </tr> <tr> <td>2. Mr.Sahibzada Rafat Raof Ali</td> <td>11.10.2024</td> </tr> <tr> <td>3. Dr.Ayesha Waqar</td> <td>11.10.2024</td> </tr> <tr> <td>4. Dr.Talat Naseer Pasha</td> <td>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> </tbody> </table>	Category	Names	Date of appointment	Independent Directors	1. Mr. Naeemuddin Khan	24.08.2023	2. Mr.Sahibzada Rafat Raof Ali	11.10.2024	3. Dr.Ayesha Waqar	11.10.2024	4. Dr.Talat Naseer Pasha	11.10.2024	Executive Directors	1. Mr. Tahir Yaqoob Bhatti	31.08.2023	Non-Executive Directors	1. Mr. Ahmed Taimoor Nasir	05.05.2023	3(2)	√	
Category	Names	Date of appointment																				
Independent Directors	1. Mr. Naeemuddin Khan	24.08.2023																				
	2. Mr.Sahibzada Rafat Raof Ali	11.10.2024																				
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Executive Directors	1. Mr. Tahir Yaqoob Bhatti	31.08.2023																				
Non-Executive Directors	1. Mr. Ahmed Taimoor Nasir	05.05.2023																				
3	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.	3(5)	√																			
4	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.	3(7)	√																			
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.	6(1)		√
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	√	
	(c) The minutes of the meetings were appropriately recorded and circulated.	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 yearly accounts and undertaken limited scope review by the auditors.	10	√	

	(c)The Board has placed the annual financial statements on the Bank's website		√																			
22	All the Board members underwent an orientation course arranged by the Bank to apprise them of the material developments and information as specified in the Rules.	11	√																			
23	<p>(a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>(d) The Committees were chaired by the following non-executive directors:</p> <table border="1" data-bbox="391 896 1005 1366"> <thead> <tr> <th>Committee</th> <th>Number of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>03</td> <td>Syed Javed</td> </tr> <tr> <td>Risk Management Committee</td> <td>03</td> <td>Mr. Zaigham Mahmood Rizvi</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>Mr. Haaris Mahmood Chaudhary</td> </tr> <tr> <td>Nomination Committee</td> <td>04</td> <td>Mr.Ahmed Taimoor Nasir</td> </tr> </tbody> </table>	Committee	Number of Members	Name of Chair	Audit Committee	03	Syed Javed	Risk Management Committee	03	Mr. Zaigham Mahmood Rizvi	Human Resource Committee	04	Mr.Naeemuddin Khan	Procurement Committee	03	Mr. Haaris Mahmood Chaudhary	Nomination Committee	04	Mr.Ahmed Taimoor Nasir	12	√ √ √ √	
Committee	Number of Members	Name of Chair																				
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Human Resource Committee	04	Mr.Naeemuddin Khan																				
Procurement Committee	03	Mr. Haaris Mahmood Chaudhary																				
Nomination Committee	04	Mr.Ahmed Taimoor Nasir																				
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment.	13	√																			
25	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	√																			
26	The Bank has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act	16	√																			
27	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.	17	√																			

28	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.	18	√													
29	(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.	19	√													
30	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.	20	√													
31	The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members:	21 (1) and 21 (2)	√													
<table border="1"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional background</th> </tr> </thead> <tbody> <tr> <td>Mr.Sahibzada Rafat Raof Ali</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> </tbody> </table>		Name of Member	Category	Professional background	Mr.Sahibzada Rafat Raof Ali	Independent	Business/Banking	Dr.Ayesha Waqar	Independent	Economics/ Business	Mr.Ahmed Taimoor Nasir	Non-Executive	Finance/Accounts/ Computer Science		√	
Name of Member	Category	Professional background														
Mr.Sahibzada Rafat Raof Ali	Independent	Business/Banking														
Dr.Ayesha Waqar	Independent	Economics/ Business														
Mr.Ahmed Taimoor Nasir	Non-Executive	Finance/Accounts/ Computer Science														
The Chief Executive and Chairman of the Board are not members of the Audit Committee.																
32	(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.	21(3)	√  √  √													
33	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee.	22	√													

	(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)	√	



PRESIDENT/CEO  
TAHIR YAQOOB BHATTI



CHAIRMAN BOARD  
NAEEMUDDIN KHAN

## SCHEDULE II

### Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

S. No.	Rule/ sub-rule No.	Reasons for non-compliance	Future course of action
1	6(1)	Although four meetings of the Board were held during the year 2024, however in 2 <sup>nd</sup> and 3 <sup>rd</sup> quarters, Board meetings could not be held as three Directors retired in March 2024 on completion of their three years term. Owing to the reason, the Board fell below its minimum requirement.	Three Directors have been appointed on the Board in October 2024 in place of retiring ones. It will be ensured that meetings are held as per regulatory requirements.



PRESIDENT/CEO  
TAHIR YAQOOB BHATTI



CHAIRMAN BOARD  
NAEEMUDDIN KHAN

# UNCONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT 2024



Crowe Hussain Chaudhury & Co.  
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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, 2024, 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 sixty eight (168) 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, 2024 and of the profit, the other 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 Matters

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.





Following is the key audit matter:

Key Audit Matter	How the Matter was Addressed in our Report
<b>1. Adoption of IFRS-09 and recognition of expected credit loss against financial assets</b>	
<p>Refer to the note 4.1.2 to the annexed unconsolidated financial statements.</p> <p>As of December 31, 2024, the Bank's financial assets, including advances, represent a significant portion of its total assets. The Bank adopted IFRS 9 'Financial Instruments' from January 1, 2024, in accordance with SBP's BPRD Circular letter No. 7 of 2023. The Standard introduces a new impairment model based on Expected Credit Losses (ECL) on the financial assets, replacing the previous 'incurred credit losses' approach. The Bank applied the modified retrospective approach, without restating comparatives for 2023.</p> <p>The adoption of IFRS 9 led to a transition adjustment of Rs. 5,498.565 million to retained earnings as of January 1, 2024. The details of impact if this adoption are provided in Note 4.1.2 to the unconsolidated financial statements.</p> <p>The estimation of Expected Credit Loss (ECL) involves significant management judgements and estimates, particularly in areas such as the selection of risk parameters (PD, LGD, EAD), the classification of advances into stages, and the use of forward-looking economic data. Additionally, the Bank must assess recoveries for non-performing loans and ensure compliance with SBP's provisioning requirements for Stage 3 advances. Due to these complexities, we identified the adequacy and completeness of ECL as a key audit matter.</p>	<p>Our key audit procedures relating to adoption of IFRS-09 and recognition of expected credit loss against financial assets included:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Bank's methodology for estimating ECL on all financial assets, including its accounting policies and key assumptions applied in the adoption of IFRS 9.</li> <li>• Evaluated the design and implementation of controls over the ECL estimation process, including model validation procedures and compliance with SBP's IFRS 9 instructions.</li> <li>• 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).</li> <li>• 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.</li> <li>• 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.</li> <li>• Performed independent recalculations of ECL on selected loan exposures to validate the mathematical accuracy of the model.</li> <li>• Considered the adequacy of the related disclosures and assessed whether these are in accordance with the applicable financial reporting framework.</li> </ul>



**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.

**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 unconsolidated 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 unconsolidated 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.

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 unconsolidated 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 cash flow 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.

### Other Matter

The unconsolidated financial statements of the Bank for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on March 04, 2024.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.

Lahore  
Dated: March 25, 2025  
UDIN: AR202410169xVBprKs4L



**CROWE HUSSAIN CHAUDHURY & CO.**  
Chartered Accountants  
cme



Crowe Hussain Chaudhury & Co.  
Chartered Accountants  
7<sup>th</sup> Floor, Gulmohar Trade Center,  
8-F, Main Market, Gulberg II,  
Lahore - 54000  
Pakistan



## ZARAI TARAQIATI BANK LIMITED

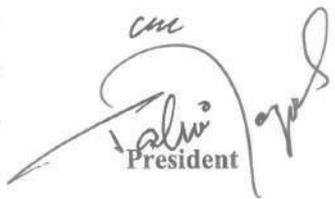
# UNCONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended  
December 31, 2024

**ZARAI TARAQIATI BANK LIMITED**  
**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**

	Note	2024 ..... Rupees in '000 .....	2023
<b>ASSETS</b>			
Cash and balances with treasury banks	5	3,125,812	3,661,179
Balances with other banks	6	7,492,526	31,925,573
Lendings to financial institutions	7	30,950,072	6,560,700
Investments	8	376,274,453	372,212,120
Advances	9	109,121,210	105,507,660
Property and equipment	10	1,844,619	1,538,612
Right-of-use assets	11	857,055	856,939
Intangible assets	12	172,425	255,925
Deferred tax assets	13	13,272,502	12,730,814
Other assets	14	34,428,323	27,126,949
		<u>577,538,997</u>	<u>562,376,471</u>
<b>LIABILITIES</b>			
Bills payable	16	451,707	2,605,372
Borrowings	17	408,066,969	399,877,699
Deposits and other accounts	18	56,621,831	57,169,073
Lease liabilities	19	997,225	983,391
Subordinated loan		-	-
Deferred tax liabilities		-	-
Other liabilities	20	29,023,447	27,576,255
		<u>495,161,179</u>	<u>488,211,790</u>
<b>NET ASSETS</b>		<u><u>82,377,818</u></u>	<u><u>74,164,681</u></u>
<b>REPRESENTED BY</b>			
Share capital	21	52,678,432	52,678,432
Reserves		12,113,062	9,520,922
Surplus on revaluation of assets	22	2,244,829	1,622,051
Un-appropriated profit		15,341,495	10,343,276
		<u><u>82,377,818</u></u>	<u><u>74,164,681</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	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, 2024**

	Note	2024 ..... Rupees in '000 .....	2023
Mark-up / return / interest earned	24	111,252,316	142,316,092
Mark-up / return / interest expensed	25	86,482,397	118,051,429
Net mark-up / interest income		24,769,919	24,264,663
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	26	1,139,924	1,312,045
Dividend income		66,735	135,730
Foreign exchange income		-	-
Income from derivatives		-	-
Gain on securities	27	2,339,449	266,525
Net gains/(losses) on derecognition of financial assets measured at amortised cost		-	-
Other income	28	1,909,285	714,181
Total non-mark-up / interest income		5,455,393	2,428,481
Total income		30,225,312	26,693,144
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	29	16,115,478	14,552,349
Workers welfare fund		-	-
Other charges	30	1,881	39,804
Total non mark-up / interest expenses		16,117,359	14,592,153
Profit before credit loss allowance		14,107,953	12,100,991
Credit loss allowance and write offs - net	31	(11,783,986)	(5,505,176)
<b>PROFIT BEFORE TAXATION</b>		25,891,939	17,606,167
Taxation	32	12,931,237	6,622,033
<b>PROFIT AFTER TAXATION</b>		12,960,702	10,984,134
		..... Rupees .....	
Basic earnings per share	33	2.46	2.09
Diluted earnings per share	33	2.46	2.09

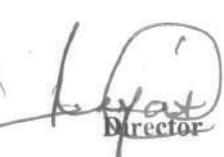
The annexed notes 1 to 48 and annexures I & II form an integral part of these financial statements.

  
 President

  
 Chief Financial Officer

  
 Director

  
 Director

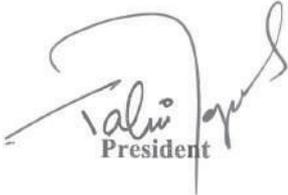
  
 Director

**ZARAI TARAQIATI BANK LIMITED  
 UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2024**

	2024	2023
	... Rupees in '000 ...	
<b>Profit after taxation for the year</b>	12,960,702	10,984,134
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Effect of translation of net investment in foreign branches	-	-
Movement in surplus on revaluation of investments - net of tax	622,778	708,223
	622,778	708,223
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement gain on defined benefit obligations - net of tax	128,222	2,759,751
Movement in surplus on revaluation of property and equipment - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	128,222	2,759,751
<b>Total comprehensive income</b>	<u>13,711,702</u>	<u>14,452,108</u>

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

*cm*

 President
  Chief Financial Officer
  Director
  Director
  Director

**ZARAI TARAQIATI BANK LIMITED**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

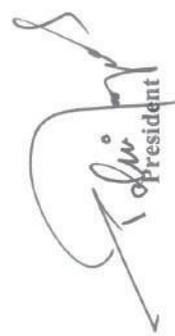
	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Un-appropriated profit / (loss)	Total
..... Rupees in '000 .....						
<b>Balance as at December 31, 2022</b>	52,678,432	7,264,095	60,000	913,828	(1,203,782)	59,712,573
Profit after taxation for the year	-	-	-	-	10,984,134	10,984,134
Other comprehensive income - net of tax	-	-	-	708,223	2,759,751	3,467,974
Total comprehensive income for the year	-	-	-	708,223	13,743,885	14,452,108
Transferred to statutory reserve	-	2,196,827	-	-	(2,196,827)	-
<b>Balance as at December 31, 2023</b>	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 (Note 4.1.2.1)	-	-	-	-	(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)	-
<b>Balance as at December 31, 2024</b>	52,678,432	12,053,062	60,000	2,244,829	15,341,495	82,377,818

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.

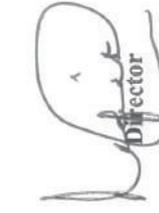
The annexed notes I to 48 and annexures I & II form an integral part of these financial statements.

*cm*

  
 President

  
 Chief Financial Officer

  
 Director

  
 Director

**ZARAI TARAQIATI BANK LIMITED  
 UNCONSOLIDATED CASH FLOW STATEMENT  
 FOR THE YEAR ENDED DECEMBER 31, 2024**

	Note	2024 ..... Rupees in '000 .....	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating (loss) / profit before working capital changes	37	(1,457,038)	736,637
(Increase) / decrease in operating assets:			
Lendings to financial institutions		(24,394,000)	33,062,442
Securities classified as FVPL		(3,404,062)	-
Advances		(11,166,186)	(19,482,766)
Other assets (excluding advance taxation)		(1,692,601)	(392,606)
		(40,656,849)	13,187,070
Increase / (decrease) in operating liabilities:			
Bills payable		(2,153,665)	2,024,867
Borrowings from financial institutions		8,189,270	44,978,986
Deposits and other accounts		(547,242)	9,836,379
Other liabilities (excluding current tax)		1,133,517	60,809
		6,621,880	56,901,041
Interest received		103,963,074	136,619,933
Interest paid		(87,798,173)	(115,474,523)
Employees' benefits paid		(1,122,943)	(984,900)
Income tax paid		(9,732,090)	(7,019,096)
Net cash flow (used in) / generated from operating activities		(30,182,139)	83,966,162
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net Investments in securities classified as FVOCI		6,097,291	(62,992,840)
Dividend received		66,735	135,730
Investments in property and equipment		(586,321)	(463,114)
Proceeds from sale of property and equipment		25,899	90,987
Net cash flow generated from / (used in) investing activities		5,603,604	(63,229,237)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets		(388,395)	(345,951)
Net cash flow used in financing activities		(388,395)	(345,951)
(Decrease) / Increase in cash and cash equivalents		(24,966,930)	20,390,974
Cash and cash equivalents at beginning of the year	34	35,586,752	15,195,778
Cash and cash equivalents at end of the year	34	10,619,822	35,586,752

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



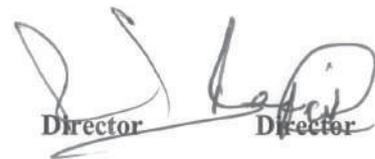
President



Chief Financial Officer



Director



Director

**ZARAI TARAQIATI BANK LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**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 Taraqati 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 Taraqati 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 (2023: 501) branches including 25 (2023: 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 Taraqati 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.

*CMC*

## 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:

- International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board 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 and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP).

In case requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962, or the provisions of and directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Companies Act, 2017, Banking Companies Ordinance, 1962, and the said directives shall prevail.

- 2.4.1** The disclosures made in these financial statements have been based on a format prescribed by SBP vide BPRD Circular No. 2 dated February 9, 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024 dated July 1, 2024 and accounting and financial reporting standards as applicable in Pakistan.
- 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** As per BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, unlisted equity securities are currently carried at the lower of cost or breakup value as per the exemption granted by SBP. Effective from January 1, 2025, as per the requirement of IFRS 9, these will be measured at fair value under IFRS 13.
- 2.4.4** The Bank received an extension from SBP up to December 31, 2025 for application of EIR in general for all financial assets and liabilities, however as financial assets other than advances and financial liabilities were already effectively carried at EIR before the implementation of IFRS 9 hence said extension has only been applied on advances. Therefore, advances are now carried at cost, excluding staff loans which are carried at amortized cost, net of expected credit loss allowances.

Further, SBP through BPRD Circular Letter No. 1 of 2025 dated January 22, 2025 has clarified the followings:

- Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard.
- The treatment of charity should be in line with the existing practices as defined in SBP instructions issued via IBD Circular No. 02 of 2008 and should not be recognized as income.

*CM*

**2.4.5** 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 4.4.2, 4.14.2 these financial statements, respectively. Other than the products disclosed in the aforementioned notes, all remaining Islamic products are accounted for under IFRS 9.

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

As directed by SBP via BPRD Circular Letter No. 7 of 2023 dated April 13, 2023, IFRS 9, (Financial Instruments) is effective in Pakistan for period beginning on or after January 1, 2024. In addition, due to the application of IFRS 9, SBP vide BPRD Circular No.2 dated February 9, 2023, has also amended the format of the annual financial statements. Details regarding the aforementioned adoption and amendment, including the impact thereof, are discussed in more detail in note 4.1 to these financial statements.

Except for the above, certain other amendments to standards, interpretations and improvements to accounting standards became effective, however, these do not have any material effect on the financial statements of the Bank and, therefore, are not disclosed.

**2.4.7 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:

	<b>Effective date (annual periods beginning on or after)</b>
- IAS 21 - Lack of exchangeability - (Amendments)	January 01, 2025
- IFRS 17 - Insurance Contracts	January 01, 2026
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

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

**2.4.8 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 unconsolidated financial statements or where judgement was exercised in the application of accounting policies are as follows:

	<b>Note</b>
Valuation and impairment of financial instruments	4.9 & 4.16
Classification of investment in subsidiaries and associates	4.5
Valuation and depreciation of property and equipment	4.6
Valuation and depreciation of right-of-use assets and related lease	4.8
Valuation of non-banking assets acquired in satisfaction of claims	4.10
Valuation of defined benefit plan	4.2
Taxation	4.11

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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

##### 4.1.1 Revised format of financial statements

SBP through its BPRD Circular No. 2 dated February 9, 2023, has amended the format of annual financial statements of banks. All banks are required to prepare their annual financial statements on the revised format effective from accounting year starting from January 1, 2024. Accordingly, the Bank has prepared these financial statements on the new format prescribed by SBP. The adoption of the new format contains additional disclosures and certain changes in the financial statements' presentation, primarily due to the implementation of IFRS 9 as applicable in Pakistan. However, the corresponding figures continue to be classified and disclosed in accordance with the previous financial accounting and reporting framework.

Adoption of revised financial statements format has also resulted in following material changes (due to which the corresponding presentations have also been changed):

- Right-of-use-assets (note 11) amounting to Rs. 857.055 million (2023: Rs. 856.939 million) which were previously shown as part of property and equipment are now shown separately on the statement of financial position.
- Lease liabilities (note 19) amounting to Rs. 997.225 million (2023: Rs. 983.391 million) which were previously shown as part of other liabilities are now shown separately on the statement of financial position.

##### 4.1.2 IFRS 9 - 'Financial Instruments'

During the year, as directed by SBP vide its BPRD Circular No. 7 of 2023 dated April 13, 2023, IFRS 9 'Financial Instruments' (the Standard) became applicable to the Bank.

BPRD Circular No. 3 of 2022 dated July 5, 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks.

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The Standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The Standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period. Any adjustments to the carrying amounts of financial assets and liabilities resulting from the adoption of IFRS 9 were recognised in the retained earnings as at January 1, 2024 without restating the comparative figures as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP through its BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, has amended and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from October 1, 2024, and have been applied retrospectively from January 1, 2024. SBP through its BPRD Circular Letter No. 1 of 2025 dated January 22, 2025, SBP further clarifies that modification accounting to be applied to loans modified on or after January 1, 2020.

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**4.1.2.1 Impact on the statement of financial position**

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

	Carrying amount as on December 31, 2023	Remeasurement under IFRS 9	Adjustments / reversal of provisions held	Expected Credit Loss (ECL) - charge	Gross Impact	Tax Impact	Net Impact	Balance as on January 1, 2024		Measurement category
								Before IFRS 9	After IFRS 9	
..... Rupees in '000 .....										
<b>ASSETS</b>										
Cash and balances with treasury banks	3,661,179	-	-	-	(5,175)	-	-	3,661,179	Loans and receivables	Amortised cost
Balances with other banks	31,920,398	-	-	(5,175)	(490)	-	(5,175)	31,920,398	Loans and receivables	Amortised cost
Lendings to financial institutions	6,560,700	-	-	(490)	-	-	(490)	6,560,210	Loans and receivables	Amortised cost
Investments										
Available for sale										
Federal Government securities	366,131,111	-	-	-	-	-	-	366,131,111	Available for sale	FVOCI
Non government debt securities	2,449,199	-	-	(377)	-	-	(377)	2,448,822	Available for sale	FVOCI
Shares	3,531,810	-	-	-	-	-	-	3,531,810	Available for sale	FVOCI - without recycling
Subsidiary	100,000	-	-	-	-	-	-	100,000	Outside the scope of IFRS 9	
<b>Advances</b>										
Advances other than staff loans	104,130,553	-	11,434,334	(20,893,956)	(9,459,622)	-	(9,459,622)	94,670,931	Loans and receivables	At cost
Staff loans	1,377,107	(653,460)	-	(370)	(653,830)	-	(653,830)	723,277	Loans and receivables	Amortised cost
Property and equipment	1,538,612	-	-	-	-	-	-	1,538,612	Outside the scope of IFRS 9	
Right-of-use assets	856,939	-	-	-	-	-	-	856,939	Outside the scope of IFRS 9	
Intangible assets	255,925	-	-	-	-	-	-	255,925	Outside the scope of IFRS 9	
Deferred tax assets	12,730,814	-	-	-	-	4,635,214	4,635,214	17,366,028	Outside the scope of IFRS 9	
Other assets	23,922,227	(14,285)	-	-	(14,285)	-	(14,285)	23,907,942	Loans and receivables	Amortised cost
Financial assets	3,204,722	-	-	-	-	-	-	3,204,722	Outside the scope of IFRS 9	
Non financial assets	562,376,471	(667,745)	11,434,334	(20,900,368)	(10,133,779)	4,635,214	(5,498,565)	556,877,906		
<b>LIABILITIES</b>										
Bills payable	2,605,372	-	-	-	-	-	-	2,605,372	Historical cost	Amortised cost
Borrowings	399,877,699	-	-	-	-	-	-	399,877,699	Historical cost	Amortised cost
Deposits and other accounts	57,169,073	-	-	-	-	-	-	57,169,073	Historical cost	Amortised cost
Lease liabilities	983,391	-	-	-	-	-	-	983,391	Outside the scope of IFRS 9	
Subordinated loan	-	-	-	-	-	-	-	-	Historical cost	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9	
Other liabilities	26,278,339	-	-	-	-	-	-	26,278,339	Historical cost	Amortised cost
Financial liabilities	1,297,916	-	-	-	-	-	-	1,297,916	Outside the scope of IFRS 9	
Non financial liabilities	488,211,790	(667,745)	-	-	-	-	-	488,211,790		
<b>NET ASSETS</b>	741,664,681	(667,745)	11,434,334	(20,900,368)	(10,133,779)	4,635,214	(5,498,565)	685,666,116		
<b>REPRESENTED BY</b>										
Share capital	52,678,432	-	-	-	-	-	-	52,678,432	Outside the scope of IFRS 9	
Reserves	9,520,922	-	-	-	-	-	-	9,520,922	Outside the scope of IFRS 9	
Surplus on revaluation of assets	1,622,051	-	-	-	-	-	-	1,622,051	Outside the scope of IFRS 9	
Accumulated profit	10,343,276	(667,745)	11,434,334	(20,900,368)	(10,133,779)	4,635,214	(5,498,565)	4,844,711	Outside the scope of IFRS 9	
	74,164,681	(667,745)	11,434,334	(20,900,368)	(10,133,779)	4,635,214	(5,498,565)	68,666,116		



**4.1.2.1.1** As per paragraph 3.2 of the Application Instructions, Government securities in local currency are exempted from the application of ECL framework, details are mentioned in note 4.1.2.10 to these financial statements.

**4.1.2.1.2** Certain debt securities are held by the Bank in separate portfolios to meet everyday liquidity needs. The Bank seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Bank considers that under IFRS 9 these securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

**4.1.2.1.3** The Bank previously classified certain equity investments as Available-for-Sale (AFS). Upon implementing IFRS 9, the Bank designated these equity investments as strategic and made an irrevocable election to classify them at FVOCI.

#### **4.1.2.2 Impact on regulatory capital**

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the Application Instructions issued by SBP has detailed the transitional arrangement.

The transitional arrangement applies only to provisions for Stage 1 and Stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e., added back) to CET1 capital over the "transition period" of five years.

Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure A of BPRD Circular no 16 of 2024 dated July 29, 2024.

Had IFRS 9 not been applied then CAR would have been higher by 2.02 bps from 36.01 % to 38.03%.

#### **4.1.2.3 Classification and measurement**

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit and loss (FVPL) regardless of the business model in which they are held.

##### **Recognition and initial measurement**

Debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

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A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price. The fair value of a financial asset on initial recognition is generally its transaction price. If the Bank determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out. Advances other than staff loans are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

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.

### Classification

#### Financial assets

On initial recognition, a financial asset other than advances except for staff loans is classified as measured at: amortised cost, FVOCI or FVPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, which are measured at amortized cost.

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### Financial liabilities

Financial liabilities are either classified as fair value through profit and loss account (FVPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVPL are measured at fair value and all the fair value changes are recognized in statement of profit and loss account. Financial liabilities classified at amortized cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in statement of profit and loss account. Any gain or loss on derecognition is also recognised in statement of profit and loss account.

#### 4.1.2.4 Business model assessment

A financial asset is classified as either Held to collect, Held to collect and sale and Others based on Business model assessment. The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, business manager's compensation and historical sales information.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### 4.1.2.5 Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

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#### 4.1.2.6 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in statement of profit and loss account.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method in case of investments, lendings to financial institutions, cash and balances with treasury banks, balances with other banks, staff loans and other financial assets. The amortised cost is reduced by impairment losses. Markup and impairment are recognised in statement of profit and loss account.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss account.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.
<b>Advances at cost</b>	Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, which are measured at amortized cost, net of expected credit loss allowances.

#### 4.1.2.7 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount for investments and lendings to financial institution. For financial assets, adjusted for any expected credit loss allowance or impairment allowance before January 1, 2024.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

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#### 4.1.2.8 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 except for staff loans 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.

#### 4.1.2.9 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - i. substantially all of the risks and rewards of ownership of the financial asset are transferred;
  - ii. the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in the statement of profit and loss account, except that in case of the derecognition of equity securities held at FVOCI, cumulative gains or losses are transferred to unappropriated profit.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

#### 4.1.2.10 Impairment

The impairment requirements apply to financial assets measured at amortized cost, and FVOCI (other than equity instruments), advances at cost and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

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### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts

### Non-Performing financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost, at cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'non-performing' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a agri loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under 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. The Bank is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

The Bank calculates the ECL against agriculture portfolios as higher of PR and ECL under IFRS 9 at borrower / facility level as instructed under Annexure A of BPRD Circular no 16 of 2024 dated July 29, 2024.

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Based on the requirements of IFRS 9 Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12- month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using external rating issued by the rating agencies. The Bank has used Transition Matrix issued by rating agencies for the estimation of PD. The Bank has used roll-rate method using the days past due (DPD) criteria to estimated PD for its agri portfolio. PD are then adjusted with forward looking information for calculation of ECL.
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Bank estimates EAD for financial assets carried at an amortised cost and carried at cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate or contractual interest rate for advances other than staff loans for which effective interest rate is used.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

#### **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.

#### **4.1.2.11 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.

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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 Annexure-C of BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. Bank align its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

#### 4.1.2.12 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.

#### 4.1.2.13 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.

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#### 4.2 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'.

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#### 4.3 Cash and cash equivalents

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

#### 4.4 Advances

##### 4.4.1 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.

##### 4.4.2 Islamic Financing and Related Assets

###### 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.

#### 4.5 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.

#### 4.6 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 amortized and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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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.

#### 4.7 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.

#### 4.8 Right-of-use assets and their related lease liability

##### 4.8.1 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.

##### 4.8.2 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.

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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.

#### 4.9 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.

#### 4.10 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.

#### 4.11 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.

#### 4.12 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.

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#### 4.13 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.

#### 4.14 Revenue recognition

- 4.14.1 - Mark-up / interest on advances (other than Islamic financing which is disclosed in Note 4.14.2) and returns on investments are recognized on a time proportion basis using the effective interest 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 through the profit and loss account over the remaining period of maturity.
- 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.

#### 4.14.2 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.

#### 4.15 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.

#### 4.16 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.

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**4.17 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.

**4.18 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, 2024 are disclosed in note 40.

**4.19 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.

**4.20 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.

**4.21 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.

**4.22 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.

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**4.23 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.

**4.24 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.

**4.25 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.

**4.26 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.

**4.27 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.

**4.28 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.

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	Note	2024	2023
		Rupees in '000	
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		1,133,799	911,540
With State Bank of Pakistan in:			
Local currency current account	5.1	1,621,700	1,834,020
With National Bank of Pakistan in:			
Local currency current account		180,216	393,638
Local currency deposit account	5.2	188,231	520,283
		368,447	913,921
Prize bonds		1,866	1,698
		3,125,812	3,661,179
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		<u>3,125,812</u>	<u>3,661,179</u>

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 13.50% to 22.20% (2023: 14.5% to 20.50%) per annum.

	Note	2024	2023
		Rupees in '000	
<b>6 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In current accounts		111,847	99,618
In deposit accounts	6.1	7,382,163	31,825,955
		7,494,010	31,925,573
Less: Credit loss allowance held against balances with other banks		(1,484)	-
Balances with other banks - net of credit loss allowance		<u>7,492,526</u>	<u>31,925,573</u>

6.1 These carry mark-up at rates ranging from 6.75% to 24% (2023: 14.50% to 24.50%) per annum.

	Note	2024	2023
		Rupees in '000	
<b>7 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings	7.2	14,500,000	3,000,000
Musharakah lending	7.3	13,650,000	600,000
Repurchase agreement lendings (reverse repo)	7.4	2,804,700	2,960,700
		30,954,700	6,560,700
Less: Credit loss allowance held against lending to financial institutions		(4,628)	-
Lending to financial institutions - net of credit loss allowance		<u>30,950,072</u>	<u>6,560,700</u>
<b>7.1 Particulars of lendings</b>			
In local currency		30,954,700	6,560,700
In foreign currencies		-	-
		<u>30,954,700</u>	<u>6,560,700</u>

7.2 This carries mark-up at rates 13.85% to 13.90% (2023: 22% to 22.75%) per annum having maturity during January 2025.

7.3 This carries mark-up at rates 12% to 12.75% (2023: 22%) per annum having maturity during January 2025.

7.4 This carries mark-up at rates 13.28% (2023: 22.3%) per annum having maturity during January 2025.

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**7.5 Securities held as collateral against lendings to financial institutions**

	2024			2023		
	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	2,960,700	-	2,960,700

**7.6 Lending to financial institutions - Particulars of credit loss allowance**

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

	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 purchased	4,628	-	-	4,628
Financial assets that have been derecognised	(490)	-	-	(490)
	4,138	-	-	4,138
Closing balance	4,628	-	-	4,628

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**8 INVESTMENTS**  
**8.1 Investments by types**

Note	2024				2023			
	Cost / amortised cost	Credit Loss Allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
..... Rupees in '000 .....								
<b>- Debt Instruments</b>								
<b>Classified / measured at FVOCI</b>								
Federal Government securities	365,532,619	-	1,661,390	367,194,009	-	-	-	-
Non Government debt securities	2,356,271	(354)	(3,467)	2,352,450	-	-	-	-
	367,888,890	(354)	1,657,923	369,546,459	-	-	-	-
<b>Classified / measured at FVPL</b>								
Federal Government securities	3,404,062	-	16,327	3,420,389	-	-	-	-
	3,404,062	-	16,327	3,420,389	-	-	-	-
<b>- Equity instruments</b>								
<b>Classified / Measured at FVOCI (Non-Reclassifiable)</b>								
<b>Shares:</b>								
Listed Companies	89,296	-	3,118,309	3,207,605	-	-	-	-
Unlisted Companies	10,523	(10,523)	-	-	-	-	-	-
	99,819	(10,523)	3,118,309	3,207,605	-	-	-	-
<b>Available-for-sale securities</b>								
Federal Government securities	-	-	-	-	366,386,675	-	(255,564)	366,131,111
Shares	-	-	-	-	99,819	(10,523)	3,442,514	3,531,810
Corporate sukuk	-	-	-	-	456,681	-	1,919	458,600
Term Finance Certificates	-	-	-	-	1,998,975	-	(8,376)	1,990,599
	-	-	-	-	368,942,150	(10,523)	3,180,493	372,112,120
<b>Subsidiary</b>								
Kissan Support Services (Private) Limited	100,000	-	-	100,000	100,000	-	-	100,000
<b>Total investments</b>	371,492,771	(10,877)	4,792,559	376,274,453	369,042,150	(10,523)	3,180,493	372,212,120



	2024			2023				
	Cost / amortised cost	Credit Loss Allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
<b>8.2 Investments by segments</b>								
<b>Federal Government Securities</b>								
Market Treasury Bills	95,249,487	-	750,024	95,999,511	231,281,101	-	87,229	231,368,330
Pakistan Investment Bonds	271,528,193	-	910,390	272,438,583	131,183,410	-	(291,576)	130,891,834
Government of Pakistan Ijarah sukuk	2,159,001	-	17,303	2,176,304	3,922,164	-	(51,217)	3,870,947
	368,936,681	-	1,677,717	370,614,398	366,386,675	-	(255,564)	366,131,111
<b>Shares:</b>								
Listed Companies	89,296	-	3,118,309	3,207,605	89,296	-	3,442,514	3,531,810
Unlisted Companies	10,523	(10,523)	-	-	10,523	(10,523)	-	-
	99,819	(10,523)	3,118,309	3,207,605	99,819	(10,523)	3,442,514	3,531,810
<b>Non Government Debt Securities</b>								
Listed	2,091,021	(293)	(3,467)	2,087,261	2,126,906	-	(6,457)	2,120,449
Unlisted	265,250	(61)	-	265,189	328,750	-	-	328,750
	2,356,271	(354)	(3,467)	2,352,450	2,455,656	-	(6,457)	2,449,199
<b>Subsidiary</b>								
Kissan Support Services (Private) Limited	100,000	-	-	100,000	100,000	-	-	100,000
<b>Total investments</b>	371,492,771	(10,877)	4,792,559	376,274,453	369,042,150	(10,523)	3,180,493	372,212,120

2024      2023  
Rupees in '000

### 8.2.1 Investments given as collateral

Market Treasury Bills	65,012,242	213,753,317
Pakistan Investment Bonds	199,571,000	130,584,346
	264,583,242	344,337,663

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**8.3 Particulars of credit loss allowance**
**8.3.1 Investments - exposure**

	2024		
	Stage 1	Stage 2	Stage 3
..... Rupees in '000 .....			
Opening Balances	-	-	10,523
Impact of adoption of IFRS 9	368,580,310	-	-
New investments	142,699,495	-	-
Investments derecognised or repaid	(138,312,603)	-	-
Transfer to stage 1	-	-	-
Transfer to stage 2	-	-	-
Transfer to stage 3	-	-	-
	4,386,892	-	-
Amounts charged off	-	-	-
Closing balance	372,967,202	-	10,523

**8.3.2 Investments - Particulars of credit loss allowance**

	2024		
	Stage 1	Stage 2	Stage 3
..... Rupees in '000 .....			
Opening Balances	-	-	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)	(23)	-	-
Closing balance	354	-	10,523

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**8.3.3 Particulars of credit loss allowance against debt securities**

		2024	
		Outstanding amount	Credit loss allowance held
		..... Rupees in '000 .....	
<b>Domestic</b>			
	Stage 1	372,967,202	354
	Stage 2	-	-
	Stage 3	-	-
Performing			
Under performing			
Non-Performing			
Substandard			
Doubtful			
Loss			
	<b>Total</b>	<b>372,967,202</b>	<b>354</b>

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.

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#### 8.4 Quality of securities

8.4.1 Details regarding quality of FVPL securities are as follows:

	2024	2023
	Cost	
	Rupees in '000	
<b>Federal Government Securities - Government guaranteed</b>		
Pakistan Investment Bonds	3,404,062	-

8.4.2 Details regarding quality of FVOCI securities are as follows:

<b>Federal Government Securities - Government guaranteed</b>		
Market Treasury Bills	95,249,487	231,281,101
Pakistan Investment Bonds	268,124,131	131,183,410
Ijarah Sukuks	2,159,001	3,922,164
	<u>365,532,619</u>	<u>366,386,675</u>

#### Shares

##### Listed companies

Food and personal care products - cost	89,296	89,296
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	2024		2023	
	Cost	Breakup value	Cost	Breakup value
	Rupees in '000			
<b>Unlisted companies</b>				
Pakistan Mercantile Exchange Limited	10,523	17,327	10,523	8,873
Pakistan Agricultural Storage and Services Corporation Limited	-	1,557,625	-	1,629,500
	<u>10,523</u>	<u>1,574,952</u>	<u>10,523</u>	<u>1,638,373</u>

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.

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	2024	2023
	Cost	
	Rupees in '000	
<b>Non Government debt securities</b>		
<b>Listed</b>		
- AAA	-	-
- AA+, AA, AA-	1,977,271	2,126,906
- A+, A, A-	113,750	-
	<u>2,091,021</u>	<u>2,126,906</u>
<b>Unlisted</b>		
- AAA	-	-
- AA+, AA, AA-	-	-
- A+, A, A-	265,250	328,750
	<u>265,250</u>	<u>328,750</u>

**8.5 Information related to subsidiary company**

	Pakistan	
	2024	2023
	Rupees in '000	
Country of incorporation	Pakistan	
Percentage of Holding (%)	100	100
Assets	<u>2,040,747</u>	<u>1,727,771</u>
Liabilities	<u>561,829</u>	<u>519,214</u>
Revenue	<u>220,919</u>	<u>196,868</u>
Profit after tax	<u>218,767</u>	<u>166,714</u>
Total comprehensive income	<u>270,362</u>	<u>196,336</u>

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**9 ADVANCES**

	Performing		Non Performing		Total	
	2024	2023	2024	2023	2024	2023
Loans, cash credits, running finance, etc. Islamic financing and related assets	101,613,315	85,398,098	26,981,173	34,584,173	128,594,488	119,982,271
Advances - gross	8,032	-	-	-	8,032	-
	101,621,347	85,398,098	26,981,173	34,584,173	128,602,520	119,982,271
Credit loss allowance against advances:						
- Against agriculture advance	581,916	-	-	-	581,916	-
- Stage 1	2,588,742	-	-	-	2,588,742	-
- Stage 2	-	-	13,270,932	11,434,335	13,270,932	11,434,335
- Stage 3	387	-	39,333	40,276	39,720	40,276
- Against staff advances	3,000,000	3,000,000	-	-	3,000,000	3,000,000
- General	6,171,045	3,000,000	13,310,265	11,474,611	19,481,310	14,474,611
Advances - net of credit loss allowance	95,450,302	82,398,098	13,670,908	23,109,562	109,121,210	105,507,660
<b>9.1 Particulars of advances (gross)</b>						
In local currency					128,602,520	119,982,271
<b>9.1.1 Advances to women, women-owned and managed enterprises</b>						
Women					7,304,072	6,286,809
Women Owned and Managed Enterprises					182,791	202,455
					7,486,863	6,489,264

9.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the year amounts to Rs. 3,871.434 million (2023: Rs. 4,661.796 million)

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	2024		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000 .....		
<b>9.2 Particulars of credit loss allowance</b>			
<b>9.2.1 Advances - Exposure</b>			
Opening Balances	85,440,415	14,386,463	18,738,010
Impact of adoption of IFRS 9			
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
<b>9.2.2 Advances - Particulars of credit loss allowance</b>			
Opening Balances			
Impact of adoption of IFRS 9			
New advances	1,335,082	5,171,698	14,387,176
Advances derecognised or repaid	402,982	2,672,162	4,510,399
Transfer to stage 1	(1,325,822)	(1,758,826)	(4,601,396)
Transfer to stage 2	1,057,090	(617,645)	(439,445)
Transfer to stage 3	(86,326)	131,154	(44,828)
	(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 - Category of classification**

	2024	
	Outstanding amount	Credit loss allowance held
<b>Domestic</b>		..... Rupees in '000 .....
Performing	100,590,077	581,916
Under performing	7,853,106	2,588,742
Non-Performing		
Stage 1		
Stage 2		
Stage 3		
Substandard	12,265,726	7,958,480
Doubtful	4,419,491	2,717,418
Loss	2,599,964	2,595,034
	19,285,181	13,270,932
<b>Total</b>	<b>127,728,364</b>	<b>16,441,590</b>

9.3 Advances include Rs. 26,938,645 million (2023: Rs. 34,539,382 million) relating to agricultural financing which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in Stage 3	2024		2023	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
		..... Rupees in '000 .....		
<b>Domestic</b>				
Other assets especially mentioned	7,653,464	-	15,801,372	-
Substandard	12,265,726	7,958,480	6,965,643	1,393,129
Doubtful	4,419,491	2,717,418	3,462,327	1,731,165
Loss	2,599,964	2,595,034	8,310,040	8,310,040
	26,938,645	13,270,932	34,539,382	11,434,334

**9.4 Particulars of credit loss allowance against advances**

	2024					2023		
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General
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	14,126,561	3,000,000
Charge for the year	6,179,931	2,509,747	506,641	-	-	9,196,319	7,586,093	-
Reversals	(5,403,697)	(5,092,703)	(1,259,807)	-	-	(11,756,207)	(3,154,764)	-
	776,234	(2,582,956)	(753,166)	-	-	(2,559,888)	4,431,329	-
Amounts charged off	(1,892,478)	-	-	-	-	(1,892,478)	(7,123,556)	-
Closing balance	13,270,932	2,588,742	581,916	-	3,000,000	19,441,590	11,434,334	3,000,000







## 10.2 Property and equipment

Description	January 1, 2024				Year ended December 31, 2024				December 31, 2024		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	
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%
<i>One</i>	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	

Description	January 1, 2023				Year ended December 31, 2023				December 31, 2023		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	
Land - Freehold	105,919	-	105,919	105,919	-	-	105,919	105,919	-	105,919	-
Land - Leasehold	10,742	6,039	4,703	4,703	-	217	4,486	10,742	6,256	4,486	Lease terms for 30 to 99 years
Buildings on freehold land	713,633	245,633	468,000	468,000	12,336	23,904	456,432	725,969	269,537	456,432	5%
Buildings on leasehold land	553,677	318,774	234,903	234,903	6,520	11,933	229,490	560,197	330,707	229,490	5%
Buildings on leasehold land - ADB	21,224	11,187	10,037	10,037	-	502	9,535	21,224	11,689	9,535	5%
Furniture and fixtures	542,430	297,017	245,413	245,413	9,458	25,018	229,853	551,888	322,035	229,853	10% / 20%
Computer, office and other equipment	1,525,782	1,239,923	285,859	285,859	133,440	108,745	310,554	1,656,599	1,346,045	310,554	20% / 33%
Computer, office and other equipment - ADB	212,289	212,287	2	2	(2,623)	(2,623)	-	205,038	205,036	2	20% / 33%
Vehicles	1,300,301	1,120,630	179,671	179,671	24,040	46,343	123,015	1,146,035	1,023,020	123,015	20%
					(178,306)	(143,953)					
<i>Call</i>	4,985,997	3,451,490	1,534,507	1,534,507	185,794	216,662	1,469,286	4,983,611	3,514,325	1,469,286	
					(188,180)	(153,827)					

	2024	2023
	Rupees in '000	
	58,382	58,411
	3,220	3,220
	478,579	452,725
	205,039	205,039
	914,278	940,665
	1,601,116	1,601,649

10.3 Carrying amount of temporarily idle property

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
Computer, office and other equipment	478,579
Computer, office and other equipment - ADB	205,039
Vehicles	914,278
	1,601,116

10.5 The title documents of freehold land having cost of Rs. 1.86 million (2023: Rs. 1.86 million) and leasehold land having book value of Rs. nil (2023: Rs. nil) are still in the name of Agricultural Development Bank of Pakistan.

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**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
Toyota Corolla Altis 1.6 - EJ-496	1,788	1	-	As per entitlement	Sheikh Amanullah, SEVP
Toyota Altis APJ-372	1,763	206	540	As per entitlement	Mustansar Billah, EVP
Honda BRV AZH-520	3,813	2,524	-	As per entitlement	Qasim Mahmood Chisti, SEVP
Dell Latitude 3500	136	1	50	As per entitlement	Qasim Mahmood Chisti, SEVP

**11** RIGHT-OF-USE ASSETS

	2024		2023	
	Buildings	Others	Total	Total
At January 01				
Cost	1,450,311	-	1,450,311	1,321,953
Accumulated Depreciation	593,372	-	593,372	510,875
Net opening carrying amount at January 01	856,939	-	856,939	811,078
Additions during the year	324,882	-	324,882	324,023
Deletions during the year	49,311	-	49,311	21,193
Depreciation charge for the year	275,455	-	275,455	256,969
Net closing carrying amount at December 31	857,055	-	857,055	856,939

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**12 INTANGIBLE ASSETS**

Description	Year ended December 31, 2024					Year ended December 31, 2023						
	January 1, 2024	Accumulated amortisation	Net book value	Opening net book value	Amortisation charge	Closing net book value	Cost	Accumulated amortisation	Net book value	Rate of amortization	Useful life	
Computer software	462,014	206,089	255,925	255,925	30,817	114,317	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	574,912	402,487	172,425			
	..... Rupees in '000 .....											
	January 1, 2024					December 31, 2023						
	..... Rupees in '000 .....											
	January 1, 2023					December 31, 2023						
	..... Rupees in '000 .....											
Computer software	220,990	147,831	73,159	73,159	241,024	58,258	255,925	206,089	255,925	33.33%	3 years	
Computer software - ADB	82,081	82,081	-	-	-	-	82,081	82,081	-	33.33%	3 years	
	303,071	229,912	73,159	73,159	241,024	58,258	255,925	288,170	255,925			

12.1 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 293,654 million (2023: Rs. 180,845 million).

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	Note	2024	2023
		Rupees in '000	
<b>14 OTHER ASSETS</b>			
Income / mark-up accrued in local currency on :			
- advances	14.1	13,421,515	11,235,916
- securities		12,218,003	6,702,050
- deposits		34,316	446,626
Amount recoverable from Federal Government	14.2	2,887,888	2,853,635
Tax recoverable	14.3	422,652	422,652
Branch adjustment account		1,625,809	1,626,582
Taxation (payments less provision)	14.4	1,453,883	1,677,055
Receivable from defined benefit plans:	38.6.1		
gratuity scheme - SR - 2005		1,184,271	1,140,994
Non banking assets acquired in satisfaction of claims	14.5	407,301	420,731
Due from Islamic Banking		3,655	-
Stationery and stamps in hand		163,445	147,042
Stock of farm machinery		11,237	11,237
Advances against salary and expenses		60,882	60,339
Security deposits		7,899	7,199
Advances and other prepayments	14.6	1,656,453	644,944
Clearing and settlement		57,706	589,903
Others		276,481	128,713
		<u>35,893,396</u>	<u>28,115,618</u>
Credit loss allowance held against other assets	14.7	<u>(1,465,073)</u>	<u>(988,669)</u>
Other assets - net of credit allowance		<u>34,428,323</u>	<u>27,126,949</u>

**14.1** This does not include Rs. 12,290.111 million (2023: Rs. 11,055.675 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. 2,802.541 million (2023: Rs. 2,697.820 million), small livestock farmers premium amounting to Rs. 80.486 million (2023: Rs. 150.95 million) and animal tagging charges amounting to Rs. 4.86 million (2023: Rs. 4.86 million).

**14.3** This includes tax recoverable of Rs. 309.359 million (2023: Rs. 309.359 million) for assessment years 1991-92 to 2013-14 as disclosed in Note 15.

	Note	2024	2023
		Rupees in '000	
<b>14.4 Taxation - net</b>			
Opening receivable		1,677,055	2,495,135
Charge during the year	32	(9,955,262)	(7,837,176)
Advance income tax / withholding tax		<u>9,732,090</u>	<u>7,019,096</u>
Closing receivable		<u>1,453,883</u>	<u>1,677,055</u>
<b>14.5 Market value of non-banking assets acquired in satisfaction of claims</b>		<u>829,904</u>	<u>818,343</u>

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	2024	2023
	Rupees in '000	
<b>14.5.1 Non banking assets acquired in satisfaction of claims</b>		
Opening Balance	420,731	423,709
Additions	2,221	361
Disposals	(15,651)	(3,339)
Closing Balance	<u>407,301</u>	<u>420,731</u>
<b>14.5.2 Gain on Disposal of Non-banking assets acquired in satisfaction of claims</b>		
Disposal Proceeds	55,897	12,194
less : Cost	(15,651)	(3,189)
Gain	<u>40,246</u>	<u>9,005</u>
<b>14.6 This includes accretion of premium income of Rs. 1,480.992 million (2023: Rs. 430.860 million)</b>		
	2024	2023
	Rupees in '000	
<b>14.7 Credit loss allowance held against other assets</b>		
Tax recoverable	422,652	422,652
Non banking assets acquired in satisfaction of claims	407,301	420,731
Amount recoverable from Federal Government	551,140	66,234
Stock of farm machinery	11,237	11,237
Accrued interest on advances of ex-employees	16,070	15,595
Amount deposited with courts / legal charges recoverable	56,673	52,220
	<u>1,465,073</u>	<u>988,669</u>
<b>14.7.1 Movement in credit loss allowance held against other assets</b>		
Opening balance	988,669	939,492
Charge for the year	521,703	99,530
Reversals	(45,299)	(50,353)
	476,404	49,177
Closing balance	<u>1,465,073</u>	<u>988,669</u>
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**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.

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	Note	2024 Rupees in '000	2023
<b>16</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	<u>451,707</u>	<u>2,605,372</u>
<b>17</b>	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowing from State Bank of Pakistan (SBP)		
	Redeemable preference shares	17.2 54,461,536	54,461,536
	Repurchase agreement borrowings	17.3 251,568,896	330,098,427
	Repurchase agreement borrowings - others	17.4 13,014,346	14,239,236
	Borrowings From Other Banks	17.5 19,385,015	-
	<b>Total secured</b>	<u>338,429,793</u>	<u>398,799,199</u>
	<b>Unsecured</b>		
	Call borrowings	17.6 69,637,176	1,078,500
		<u>408,066,969</u>	<u>399,877,699</u>
<b>17.1</b>	<b>Particulars of borrowings with respect to currencies</b>		
	In local currency	<u>408,066,969</u>	<u>399,877,699</u>
<b>17.2</b>	Redeemable preference shares have been issued to SBP carrying mark-up of 7.5% (2023: 7.5%) per annum, redeemable on March 7, 2027. The principal of the preference shares and return thereon is guaranteed by the Federal Government of Pakistan.		
<b>17.3</b>	These carry markup at the rate of 13.07% (2023: 22.04% to 23% ) per annum and is secured against Market Treasury Bills having face value amounting to Rs. 54,000 million (2023: Rs.249,000 million) and Pakistan Investment Bonds amounting to Rs.203,000 million (2023: Rs.125,000 million). These are repayable by January 2025 (2023: January 2024).		
<b>17.4</b>	These carry markup at the rate of 12.75% to 13.30% (2023: 22% to 22.85%) per annum and are secured against Market Treasury Bills having face value amounting to Rs. 13,996 million (2023: Market Treasury Bills having face value amounting Rs.10,000 million and Pakistan Investment Bonds having face value amounting Rs 6,071 million). These are repayable by January 2025 (2023: January 2024).		
<b>17.5</b>	These carry markup at the rate of 15.00% (2023: NIL) per annum. These are repayable by January 2025 (2023: NIL).		
<b>17.6</b>	These carry markup at the rate of 11.00% to 15% (2023: 20.80% to 21.00%) per annum. These are repayable by January to May 2025 (2023: January 2024).		

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	2024	2023
	Rupees in '000	
<b>18 DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers - local currency</b>		
Current deposits	10,175,082	6,104,401
Saving deposits	11,950,511	13,078,871
Term deposits	33,230,903	34,268,326
Others	187,903	37,255
	<u>55,544,399</u>	<u>53,488,853</u>
<b>Financial Institutions - local currency</b>		
Current deposits	126,063	75,364
Saving deposits	951,369	3,604,856
Term deposits	-	-
	<u>1,077,432</u>	<u>3,680,220</u>
	<u><u>56,621,831</u></u>	<u><u>57,169,073</u></u>
<b>18.1 Composition of deposits</b>		
- Individuals	7,205,077	4,839,217
- Government (Federal and Provincial)	6,684,568	5,426,031
- Public sector entities	11,087,913	16,887,956
- Banking companies	2,434	-
- Non-Banking Financial Institutions	1,074,998	3,680,220
- Private sector	30,566,841	26,335,649
	<u>56,621,831</u>	<u>57,169,073</u>
<b>18.2</b>	These include deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 18,803.058 million (2023: Rs. 12,735.989 million).	
<b>19 LEASE LIABILITIES</b>	2024	2023
	Rupees in '000	
Outstanding amount at the start of the year	983,391	907,653
Additions during the year	270,098	296,173
Lease payments including interest	(336,217)	(304,542)
Interest expense	126,658	118,859
Remeasurement	(46,705)	(34,752)
Outstanding amount at the end of the year	<u>997,225</u>	<u>983,391</u>
<b>19.1 Contactual maturity of lease liabilities</b>		
Short-term lease liabilities - within one year	82,572	51,066
Long-term lease liabilities		
- 1 to 5 years	425,336	369,874
- 5 to 10 years	429,234	507,960
- More than 10 years	60,083	54,491
	<u>914,653</u>	<u>932,325</u>
Total lease liabilities	<u>997,225</u>	<u>983,391</u>

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	Note	2024	2023
		Rupees in '000	
<b>20 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency on:			
- borrowings		3,407,005	5,050,416
- deposits and other accounts		2,647,689	2,446,712
Accrued expenses		1,746,765	1,162,422
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		6,344,733	5,845,680
- employees' post retirement medical benefits		10,439,311	9,409,455
- employees' compensated absences		2,153,930	1,926,253
Payable to subsidiary company	43	162,044	154,910
Due to Islamic Banking		-	114,491
Security deposits		21,559	38,182
Deferred income	20.3	9,058	9,535
Others	20.4	1,923,164	1,250,010
		<u>29,023,447</u>	<u>27,576,255</u>
<b>20.1 Net liabilities relating to Bangladesh</b>			
Liabilities		2,012,286	1,982,916
Assets		(2,012,097)	(1,982,727)
	20.1.1	<u>189</u>	<u>189</u>

**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	2024	2023
		Rupees in '000	
<b>20.3 Deferred income</b>			
Opening balance		9,535	10,038
Amortization during the year	28	(477)	(503)
Closing balance		<u>9,058</u>	<u>9,535</u>

**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.

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**21 SHARE CAPITAL**
**21.1 Authorized capital**

2024	2023		2024	2023
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**

2024	2023		2024	2023
Number of shares				
1,186,961,201	1,186,961,201	Ordinary shares of Rupees 10 each		
65,282,866	65,282,866	- fully paid in cash	11,869,612	11,869,612
4,015,599,174	4,015,599,174	- Issued as bonus shares	652,828	652,828
5,267,843,241	5,267,843,241	- Issued against loan from SBP	40,155,992	40,155,992
			52,678,432	52,678,432

**21.3**

Shareholder	No. of ordinary shares	Paid-up value per share	2024	2023
State Bank of Pakistan	4,015,599,174	10	40,155,992	40,155,992
Government of Pakistan	1,251,189,067	10	12,511,891	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
<i>etc</i>	5,267,843,241		52,678,432	52,678,432

	Note	2024 Rupees in '000	2023
<b>22</b>	<b>SURPLUS ON REVALUATION OF ASSETS</b>		
	Surplus on revaluation of securities measured at FVOCI:		
	Quoted investments	3,118,309	3,442,514
	Other securities	1,657,923	(262,021)
	Surplus on revaluation of securities measured at FVOCI:	4,776,232	3,180,493
	Deferred tax on surplus on revaluation of securities measured at FVOCI:	(2,531,403)	(1,558,442)
		<u>2,244,829</u>	<u>1,622,051</u>

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingent liabilities

In respect of cases filed against the Bank:

23.1.1	by borrowers; 402 (2023: 606) cases	338,547	402,962
23.1.2	by employees; 417 (2023: 468) cases	276,281	271,387

23.1.2.1 This includes 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. 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. 92,794.558 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 Honorable Islamabad High Court, and the Honorable Supreme Court of Pakistan. Key cases include Rs. 669.768 million u/s 161/205 for tax years 2009-2012, Rs. 19.528 million u/s 155 for tax years 2014-2015, Rs. 74,054.835 million u/s 122(5A) for tax years 2010-2024, Rs. 0.412 million u/s 153(1)(b) for tax year 2015, Rs. 170.675 million u/s 149 for tax years 2015-2016, Rs. 87.532 million u/s 151 for tax years 2015-2016 and Rs. 1,565.379 million u/s 122(1) for tax year 2018 alongside Rs. 1,392.216 million u/s 4(b) for tax year 2022. Other cases include a demand of Rs. 712 million for tax year 2015/-2016, Rs. 29.121 million for tax year 2019, and Rs. 9,917.854 million from disputes covering assessment years 2002-2003 and tax years 2003-2009. In the opinion of the legal advisor favorable outcomes of these contingencies are expected, hence, no provision is incorporated in these financial statements.

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**23.2.2 Federal Excise Duties / Sales tax**

For the tax years 2008-2016, the Bank is facing total contingent liabilities amounting to Rs. 1,951.757 million related to Federal Excise Duties and Sales Tax matters. These cases are currently under litigation at various forums, including the Honorable Islamabad High Court, the Appellate Tribunal Inland Revenue, and other relevant tribunals and authorities. For the years 2008-2012, contingent liabilities amounting to Rs. 825.121 million were contested, with Rs. 343 million decided in favor of the Bank, leaving Rs. 482.121 million still under dispute. For the periods January 2013 to December 2014, demands of Rs. 738.892 million and Rs. 681.109 million were raised for Federal Excise Duties, and Rs. 4.470 million and Rs. 13.295 million for Sales Tax. For December 2016, a demand of Rs. 10.06 million by the Punjab Revenue Authority was partially contested. The Sindh Revenue Board raised demands for July 2011 to December 2011 and January 2015 to December 2016, totaling Rs. 21.57 million. In the opinion of the legal advisor favorable outcomes of these contingencies are expected, hence, no provision is incorporated in these financial statements.

	2024	2023
	Rupees in '000	
<b>23.3 Commitments against</b>		
Capital expenditure	1,253,127	417,926
Consultancy expenditure	7,770	5,628
<b>24 MARK-UP / RETURN / INTEREST EARNED</b>		
Loans and advances	29,505,256	21,938,959
Investments	77,267,075	114,378,666
Securities purchased under resale agreement	684,157	1,707,104
Call money lendings	2,622,172	2,001,900
Balances with banks	1,173,656	2,287,499
Bai Muajjal income	-	1,964
	<u>111,252,316</u>	<u>142,316,092</u>
<b>24.1 Interest income recognised on:</b>		<b>2024</b>
		Rupees in '000
Financial assets measured at amortised cost		4,755,059
Financial assets measured at FVOCI		71,456,357
		<u>76,211,416</u>
<b>24.2 Interest income recognised on:</b>		
Financial assets measured at FVPL		5,810,718
Financial assets measured at cost		29,230,182
<i>CMC</i>		<u>35,040,900</u>

	Note	2024 Rupees in '000	2023
<b>25</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits		9,270,798	8,063,057
Redeemable preference shares - SBP		4,084,615	4,084,615
Securities sold under repurchased agreement		64,534,343	104,147,978
Call borrowings		6,994,176	1,621,298
Other borrowings		1,443,348	-
On lease liability against right-of-use assets		126,658	118,859
Bank commission and other charges		28,459	15,622
		<u>86,482,397</u>	<u>118,051,429</u>
<b>26</b>	<b>FEE AND COMMISSION INCOME</b>		
Branch banking customer fees		62,495	62,776
Credit related fees		1,073,667	1,245,576
Commission / exchange gain on remittances including home remittances		3,762	3,693
		<u>1,139,924</u>	<u>1,312,045</u>
<b>27</b>	<b>GAIN ON SECURITIES</b>		
Realised	27.1	2,323,122	266,525
Unrealised - Measured at FVPL		16,327	-
		<u>2,339,449</u>	<u>266,525</u>
<b>27.1</b>	Realised gain on: Federal Government Securities	<u>2,323,122</u>	<u>266,525</u>
<b>28</b>	<b>OTHER INCOME</b>		
Rent on property - KSSL - subsidiary company		5,176	6,584
Rent on property - others		37,939	33,347
		<u>43,115</u>	<u>39,931</u>
Gain on sale of property and equipment - net		12,571	35,441
Gain on sale of non banking assets acquired in satisfaction of claims - net	14.5.2	40,246	9,005
Deferred income amortization	20.3	477	503
Discount income		1,770,596	525,786
Others	28.1	42,280	103,515
		<u>1,909,285</u>	<u>714,181</u>
<b>28.1</b>	Other includes sale of scrap, sale of tender forms, recoveries against penalties imposed by SBP and private use of vehicles etc.		

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	Note	2024	2023
		Rupees in '000	
<b>29 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	29.1	10,208,805	9,857,029
<b>Property expense</b>			
Rent & taxes		15,286	11,737
Insurance		23,431	15,872
Utilities cost		477,951	346,211
Repair and maintenance (including janitorial charges)		338,386	211,210
Depreciation - right of use assets		275,455	256,969
Depreciation	10.2	36,311	36,556
		1,166,820	878,555
<b>Information technology expenses</b>			
Software maintenance		262,177	76,084
Hardware maintenance		107,834	84,972
Depreciation	10.2	74,944	58,726
Amortisation	12	114,315	58,258
Network charges		167,391	131,772
		726,661	409,812
<b>Other operating expenses</b>			
Directors' fees and allowances		11,168	17,481
Fees and allowances to Shariah Board		7,230	6,168
Legal and professional charges		200,718	201,740
Outsourced services costs (refer note 35.1)		2,285,063	1,818,570
Travelling and conveyance		105,195	120,882
NIFT clearing charges		20,793	22,974
Depreciation	10.2	122,386	121,380
Training and development		64,380	40,144
Postage and courier charges		34,152	31,471
Communication		28,175	29,213
Stationery and printing		99,846	80,429
Marketing, advertisement and publicity		30,810	40,268
Donations	29.2	450	-
Auditors Remuneration	29.3	6,893	6,960
Motor vehicle expenses		740,429	706,374
Others		255,504	162,899
<i>CM</i>		16,115,478	14,552,349

	Note	2024	2023
		Rupees in '000	
<b>29.1 Total compensation expense</b>			
Salaries		4,764,078	4,316,721
Cash bonus / awards etc.		1,097,424	1,008,984
Charge / (reversal) for defined benefit plans:			
- Pension scheme	38.6.5	1,113,869	1,370,721
- Benevolent scheme - officers / executives		35,951	211,396
- Benevolent scheme - clerical / non-clerical		(107,883)	(31,692)
- Gratuity scheme - staff regulation 2005		(14,468)	(25,681)
- Employees' compensated absences		513,721	100,739
		1,541,190	1,625,483
Contribution to defined contribution plan	38.1.7	40,398	44,425
Rent and house maintenance		477,413	459,103
Utilities		90,378	90,781
Medical	29.1.1	1,861,467	1,970,584
Conveyance		336,457	340,948
Grand Total		<u>10,208,805</u>	<u>9,857,029</u>
<b>29.1.1</b>	This includes post retirement medical benefit amounting to Rs. 1,567.873 million (2023: Rs. 1,733.045 million).		
<b>29.2 Donations</b>			
Ripple Concepts		250	-
Karwan-E-Alhuda Skardu		200	-
		<u>450</u>	<u>-</u>
<b>29.3 Auditors' remuneration</b>			
Audit fee		1,897	1,897
Fee for half year review		431	431
Other statutory certifications		2,254	2,310
Sales tax		733	742
Out of pocket expenses		1,578	1,580
		<u>6,893</u>	<u>6,960</u>
<b>30 OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		1,881	39,804
<i>mc</i>			

	Note	2024 Rupees in '000	2023
<b>31 CREDIT LOSS ALLOWANCE AND WRITE-OFFS - NET</b>			
Credit loss allowance against balances with other banks	6	(3,691)	-
Credit loss allowance against lending to financial institutions	7.6	4,138	-
Credit loss allowance for diminution in value of investments	8.3.2	(23)	-
Credit loss allowance against loans & advances	9.4	(2,560,815)	4,427,486
Fixed assets charged-off		2,524	1,043
Reversal of credit loss allowance against other assets	14.7.1	476,403	49,177
Recovery of written off/ charged off bad debts		<u>(9,702,522)</u>	<u>(9,982,882)</u>
		<u>(11,783,986)</u>	<u>(5,505,176)</u>
<b>32 TAXATION</b>			
Current		9,469,365	7,837,176
Prior year	32.2	485,897	-
Deferred		<u>2,975,975</u>	<u>(1,215,143)</u>
	32.1	<u>12,931,237</u>	<u>6,622,033</u>
<b>32.1 Relationship between income tax expense and accounting profit</b>			
		<b>2024</b>	<b>2023</b>
		<b>Rupees in '000</b>	
Accounting profit for the year		<u>25,891,939</u>	<u>17,606,167</u>
Tax rate		<u>54%</u>	<u>49%</u>
Tax on accounting income		13,981,647	8,627,022
Tax effect of permanent differences			
Penalties imposed by SBP		1,016	13,931
Repair allowance and rent collection allowance allowed against rental income		(5,588)	(4,696)
		(4,572)	9,235
Tax effect of prior years		485,897	-
Others		(1,531,735)	(2,014,224)
Tax charge for the year		<u>12,931,237</u>	<u>6,622,033</u>

32.1.1 The effective tax rate for the year is 49.94% (2023: 37.61%)

32.1.2 By the virtue of the Income Tax (Amendment) Ordinance, 2024, the Federal Government has raised the corporate tax rate for the banking companies to 44%. The current year overall tax rate is 54% which includes 10% super tax.

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	2024	2023
	Rupees in '000	
<b>33 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit after tax for the year - Rupees in '000	<u>12,960,702</u>	<u>10,984,134</u>
Weighted average number of ordinary shares	<u>5,267,843,241</u>	<u>5,267,843,241</u>
Earnings per share - basic and diluted (Rupees)	<u>2.46</u>	<u>2.09</u>

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

	Note	2024	2023
		Rupees in '000	
<b>34 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	5	3,125,812	3,661,179
Balances with other banks	6	7,494,010	31,925,573
		<u>10,619,822</u>	<u>35,586,752</u>

	2024	2023
	Number	
<b>35 STAFF STRENGTH</b>		
Permanent	3,916	3,803
Contractual	16	9
Total staff strength	<u>3,932</u>	<u>3,812</u>

35.1 In addition to the above, 3,297 (2023: 3,268) 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 27, 2024 has reaffirmed credit rating of the Bank at AAA (2023: AAA) with stable outlook and short-term credit rating of A-1+ (2023: A-1+).

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## 37 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2024	2023
		Rupees in '000	
Profit before taxation		25,891,939	17,606,167
Less: Dividend income		(66,735)	(135,730)
		<u>25,825,204</u>	<u>17,470,437</u>
Adjustments:			
Net mark-up / interest income		(24,769,919)	(24,264,663)
Depreciation	10.2	233,647	216,662
Depreciation on right-of-use assets	29	275,455	256,969
Amortization	12	114,315	58,258
Amortization of deferred income	20.3	(477)	(503)
Credit loss allowance and write-offs	31	(2,081,464)	4,477,706
Provision for employees post retirement medical benefits	38.6.5	1,567,873	1,733,045
Charge for defined benefit plans - net	29.1	1,541,190	1,625,483
Gain on sale of non banking assets acquired in satisfaction of claims - net	28.0	(40,246)	(9,005)
Discount income	28	(1,770,596)	(525,786)
Gain on securities	27	(2,339,449)	(266,525)
Gain on sale of operating fixed assets	28	(12,571)	(35,441)
		<u>(27,282,242)</u>	<u>(16,733,800)</u>
<i>CMC</i>		<u>(1,457,038)</u>	<u>736,637</u>

**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.

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### 38.1.7 Defined contribution plan

The Bank operates an approved non-contributory provident fund (General Provident Fund) through an independent trust for 1378 (2023: 1,630) 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 2538 (2023: 2,127) 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. 40.398 million (2023: Rs.44.425 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. 8,041.89 million (2023: Rs. 6,721.05 million). As intimated by the Trustees, the cost of the investments made at year end amounts to Rs. 7,752.68 million (2023: Rs.6,489.05 million) which is equal to 96.41% (2023: 96.55%) of the total fund size. The fair values of the investments amount to Rs. 8,041.89 million (2023: Rs. 6,721.05 million) at that date. The category wise break up of investment is given below:

	2024	2023
	Rupees in '000	
Term Deposit Receipts	4,325,000	5,434,300
Government securities	3,427,681	1,054,753
	<u>7,752,681</u>	<u>6,489,053</u>

### 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.

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#### 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, 2024. The actuarial valuations were made using the Projected Unit Credit (PUC) method based on the following significant assumptions:

	2024	2023
	..... % .....	
Valuation discount rate - pension & medical scheme under SSR-1961	12.25	15.50
Valuation discount rate - all other schemes	12.25	15.50
Expected rate of increase in salary	10.25	13.50
Expected rate of return on plan assets - pension fund	12.25	15.50
Expected rate of return on plan assets - other funds	12.25	15.50
Expected rate of increase in pension	8.00	11.25
Expected rate of medical inflation - allowances	8.00	15.50
Expected rate of medical inflation - hospitalization	12.25	13.50

### 38.5 Number of employees under the scheme

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

	2024	2023
	Number	
- Pension Scheme - funded	5,004	4,915
- Benevolent Scheme (officers) - funded	3,477	3,439
- Benevolent Scheme (staff) - funded	400	318
- Gratuity under Staff Regulations - 2005 (SR-2005)	2,538	2,127
- Post Retirement Medical Benefits - unfunded	6,343	7,036
- Employees Compensated Absences - unfunded	4,965	3,757

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## 38.6 Defined benefit plans

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

	2024					
	Pension	Benevolent scheme		Gratuity SR-2005	Post retirement medical	Employees compensated absences
		Officers	Staff			
Note						
38.6.2 Present value of benefit obligation	19,708,758	719,098	140,914	1,885,606	10,439,311	2,153,930
38.6.3 Fair value of plan assets	(13,364,025)	(1,002,665)	(905,496)	(3,069,877)	-	-
38.6.4 Unrecognized due to impact of asset ceiling	6,344,733	(283,567)	(764,582)	(1,184,271)	10,439,311	2,153,930
Net liability / (asset)	6,344,733	-	-	(1,184,271)	10,439,311	2,153,930
	2023					
Pension	Benevolent scheme		Gratuity SR-2005	Post retirement medical	Employees compensated absences	
	Officers	Staff				Rs. in '000
18,827,410	896,883	123,702	1,638,864	9,409,455	1,926,253	
(12,981,730)	(1,249,176)	(833,511)	(2,779,858)	-	-	
5,845,680	(352,293)	(709,809)	(1,140,994)	9,409,455	1,926,253	
5,845,680	-	-	(1,140,994)	9,409,455	1,926,253	

Present value of defined benefit obligation

Fair value of plan assets

Unrecognized due to impact of asset ceiling

Net liability / (asset)

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

		2024				
Note	Pension	Benevolent scheme		Gratuity		Employees compensated absences
		Officers	Staff	SR-2005	Post retirement medical	
Rs. in '000						
	5,845,680	-	-	(1,140,994)	9,409,455	1,926,252
38.6.5.1	1,113,869	35,952	(107,883)	(14,468)	1,567,873	513,721
38.6.5.2	(447,857)	(28,280)	108,997	147,590	(53,262)	-
	(166,959)	(7,672)	(1,114)	(176,399)	(484,755)	(286,044)
	-	-	-	-	-	-
	6,344,733	-	-	(1,184,271)	10,439,311	2,153,929
2023						
	Pension	Benevolent scheme		Gratuity		Employees compensated absences
		Officers	Staff	SR-2005	Post retirement medical	
Rs. in '000						
	7,633,256	-	-	(705,747)	10,063,017	2,087,516
	1,370,721	211,396	(31,692)	(25,681)	1,733,045	100,739
38.6.5.2	(2,982,125)	(203,368)	32,982	(241,816)	(2,016,950)	-
	(176,172)	(8,028)	(1,290)	(167,750)	(369,657)	(262,003)
	-	-	-	-	-	-
	5,845,680	-	-	(1,140,994)	9,409,455	1,926,252

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38.6.5 Charge / (reversal) for defined benefit plans  
 38.6.5.1 Cost recognised in profit and loss

	2024					
	Benevolent scheme		Gratuity	Post retirement medical		Employees compensated absences
	Officers	Staff	SR-2005			
	Rs. in '000					
Pension						
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
Contributions - employees	-	(7,672)	(1,114)	-	-	-
	1,113,869	35,951	(107,883)	(14,468)	1,567,873	513,721
	2023					
	Benevolent scheme		Gratuity	Post retirement medical		Employees compensated absences
	Officers	Staff	SR-2005			
	Rs. in '000					
Pension						
Current service cost	276,671	37,932	2,409	162,504	321,764	48,951
Net interest on defined benefit asset / liability	1,094,050	(81,288)	(89,611)	(188,185)	1,411,281	215,850
Actuarial (Gain) / Losses	-	-	-	-	-	(164,062)
Past service cost	-	262,780	56,800	-	-	-
Contributions - employees	-	(8,028)	(1,290)	-	-	-
	1,370,721	211,396	(31,692)	(25,681)	1,733,045	100,739

**38.6.5.2 Re-measurements recognised in OCI during the year**

	2024					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SR-2005	SR-2005		
Pension	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)	-
	2023					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SR-2005	SR-2005		
Pension	Rs. in '000					

Loss / (gain) on obligation :						
- experience adjustment	(2,454,504)	99,784	(18,466)	(23,184)	(2,016,950)	-
Return on plan assets over interest income	(527,621)	(78,778)	(39,708)	(218,632)	-	-
Asset ceiling adjustment	-	(224,374)	91,156	-	-	-
Total re-measurement recognised in OCI	(2,982,125)	(203,368)	32,982	(241,816)	(2,016,950)	-

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## 38.6.6 Components of plan assets

	2024					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SR-2005	SR-2005		
Pension						
	..... 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	-	-	-	-	-	-
	<u>13,364,025</u>	<u>1,002,665</u>	<u>905,496</u>	<u>3,069,877</u>	<u>-</u>	<u>-</u>
	.....					
	2023					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SR-2005	SR-2005		

Pension						
	..... Rs. in '000 .....					
Cash and cash equivalents - net	11,423,074	793,866	595,382	1,703,421	-	-
Government securities	1,891,474	523,744	250,506	1,092,426	-	-
Debtors and creditors	-	-	-	-	-	-
	<u>13,314,548</u>	<u>1,317,610</u>	<u>845,888</u>	<u>2,795,847</u>	<u>-</u>	<u>-</u>
	.....					

**38.6.7 Sensitivity analysis**

	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SR-2005			
	Rs. in '000					
Pension						
Current liability	19,708,758	140,914	1,885,606	10,439,311		2,153,930
+1% discount rate	17,989,945	137,176	1,733,373	9,669,890		1,977,920
-1% discount rate	21,747,554	144,909	2,066,500	11,330,477		2,363,280
+1% salary increase	-	-	2,077,634	10,524,076		2,360,660
-1% salary increase	-	-	1,721,683	10,363,819		1,964,750
+1% pension increase / medical inflation rate	20,042,167	-	-	10,335,060		-
-1% pension increase / medical inflation rate	19,393,556	-	-	9,102,405		-
+10% withdrawal rates	-	-	1,888,032	-		-
-10% withdrawal rates	-	-	1,883,154	-		-
1 year mortality age set back	-	-	1,887,035	-		-
1 year mortality age set forward	-	-	1,884,168	-		-
<b>38.6.8 Maturity profile</b>						
Weighted average duration of obligation (in years)	9.53	2.81	2.74	8.83	9.18 for SSR-1961 8.77 for SR-2005	8.94

**38.6.9 Expected charge / (reversal) for next year**

	949,423	13,335	(90,879)	(7,582)	1,328,108	251,567
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**38.6.10 Expected contribution for next year**

	169,668	8,344	960	445,967	-	-
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**39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL**
**39.1 Total Compensation Expense**

Items	Directors		Members Shariah Board	President / CEO		Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives					
	1,380	6,400	-	-	-	-	-
Fees and Allowances etc.	-	-	-	-	-	-	-
Managerial Remuneration:	-	-	6,430	32,837	169,409	106,083	
Salaries	-	-	800	-	15,650	15,488	
Cash bonus / awards etc.	-	-	-	-	4,283	6,986	
Charge for defined benefit plan	-	-	-	-	843	1,030	
Contribution to defined contribution plan	-	-	-	17,828	42,551	1,538	
Rent & house maintenance	-	-	-	830	5,494	-	
Utilities	-	-	-	62	8,241	372	
Medical	-	-	-	3,331	10,985	15,031	
Conveyance	-	-	-	6,720	1,220	-	
Leave Encashment & Fare Assistance	-	-	-	22	-	-	
Club Facility	-	-	-	2,045	-	-	
Drivers & Servants Salary	-	-	-	63,675	258,676	146,528	
<b>Total</b>	<b>1,380</b>	<b>6,400</b>	<b>7,230</b>	<b>63,675</b>	<b>258,676</b>	<b>146,528</b>	
Number of Persons	1	7	3	1	23	53	

Items	Directors		Members Shariah Board	President / CEO		Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives					
	810	12,050	565	-	-	-	-
Fees and Allowances etc.	-	-	-	-	-	-	-
Managerial Remuneration:	-	-	5,077	10,915	101,531	96,117	
Salaries	-	-	526	-	12,954	16,942	
Cash bonus / awards etc.	-	-	-	-	4,701	7,005	
Charge for defined benefit plan	-	-	-	-	940	1,443	
Contribution to defined contribution plan	-	-	-	7,555	10,435	1,941	
Rent & house maintenance	-	-	-	549	2,299	452	
Utilities	-	-	-	12	3,469	407	
Medical	-	-	-	17,885	6,141	7,860	
Conveyance	-	-	-	1,810	-	-	
Club Facility	-	-	-	485	-	-	
Drivers & Servants Salary	-	-	-	39,211	142,470	132,167	
<b>Total</b>	<b>810</b>	<b>12,050</b>	<b>6,168</b>	<b>39,211</b>	<b>142,470</b>	<b>132,167</b>	
Number of Persons	1	6	3	1	16	38	

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

Sr. No.	Name of Director	Meeting Fees and Allowances Paid											
		For Board Meetings		For Annual General Meeting		For Board Committees						SAM - NPLs / Litigation	Total Amount Paid
		For Board Meetings	For Annual General Meeting	Audit	Business Development & Review	Information Technology	Nomination	Human Resource Management	Procurement	Risk			
				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	-	400	-	150	-	300	-	-	-	-	1,000
5	Mr. Ahmed Taimoor	800	200	300	-	150	-	300	-	-	-	150	1,900
6	Sahibzada Rafat Raouf Ali	400	-	150	-	-	-	-	-	-	-	-	550
7	Dr. Ayesha Waqar	400	-	150	-	-	-	-	-	-	-	-	550
8	Dr. Talat Naseer Pasha	400	-	-	-	-	-	-	-	-	-	-	400
	<b>Total</b>	4,160	440	900	150	450	-	1,080	-	300	-	300	7,780

Sr. No.	Name of Director	Meeting Fees and Allowances Paid											
		For Board Meetings		For Annual General Meeting		For Board Committees						Total Amount Paid	
		For Board Meetings	For Annual General Meeting	Audit	Product Development & Marketing	Information Technology & Agriculture Technology	Human Resource Management	Procurement	Risk				
				Rupees in '000									
1	Mr. Naeemuddin Khan	440	160	-	60	-	150	-	-	-	-	-	810
2	Syed Javed	840	320	300	170	180	930	60	295	-	-	295	3,095
3	Mr. Zaigham Mahmood Rizvi	840	320	300	230	-	930	120	295	-	-	295	3,035
4	Mr. Haaris Mahmood Chaudhary	680	320	240	-	180	810	120	-	-	-	-	2,350
5	Mr. Ahmed Taimoor	600	160	240	-	60	630	120	270	-	-	-	2,080
6	Muhammad Aslam Ghauri	240	160	60	-	-	240	-	25	-	-	-	725
7	Mr. Zafar Hassan	400	160	-	85	120	-	-	-	-	-	-	765
	<b>Total</b>	4,040	1,600	1,140	545	540	3,690	420	885	-	-	-	12,860

## 39.4 Remuneration paid to Shariah Board Members

Items	2024			2023		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
Meeting Fees and Allowances	-	-	-	243	140	182
Contractual salary	2,109	2,215	2,106	1,875	1,969	1,233
Cash bonus	250	300	250	207	131	188
<b>Total</b>	<b>2,359</b>	<b>2,515</b>	<b>2,356</b>	<b>2,325</b>	<b>2,240</b>	<b>1,603</b>
<b>Total Number of Persons</b>	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

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:

	2024			
	Level 1	Level 2	Level 3	Total
	..... Rupees in '000 .....			
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
Investments				
- Federal Government Securities	-	370,614,398	-	370,614,398
- Shares	3,207,605	-	-	3,207,605
- Debt securities (TFCs, Sukuk)	2,352,450	-	-	2,352,450
	5,560,055	370,614,398	-	376,174,453
<b>Financial assets not measured at fair value</b>				
- Subsidiary company	-	100,000	-	100,000
	5,560,055	370,714,398	-	376,274,453

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	2023			
	Level 1	Level 2	Level 3	Total
	..... Rupees in '000 .....			
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
Investments				
- Federal Government Securities	-	366,131,111	-	366,131,111
- Shares	3,531,810	-	-	3,531,810
- Debt securities (TFCs, Sukuk)	2,449,199	-	-	2,449,199
	<u>5,981,009</u>	<u>366,131,111</u>	<u>-</u>	<u>372,112,120</u>
<b>Financial assets not measured at fair value</b>				
- Subsidiary company	-	100,000	-	100,000
	<u>5,981,009</u>	<u>366,231,111</u>	<u>-</u>	<u>372,212,120</u>

#### 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 and other unlisted securities 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.

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**41 SEGMENT INFORMATION**
**41.1 Segment Details with respect to Business Activities:**

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

	2024			
	Branch banking & agri financing	Treasury	Islamic banking	Total
	..... Rupees in '000 .....			
<b>Profit and Loss</b>				
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
<b>Total Income</b>	<b>22,717,551</b>	<b>7,232,353</b>	<b>275,408</b>	<b>30,225,312</b>
Segment direct expenses	15,813,956	68,997	234,406	16,117,359
Inter segment expense allocation	-	-	-	-
<b>Total expenses</b>	<b>15,813,956</b>	<b>68,997</b>	<b>234,406</b>	<b>16,117,359</b>
Credit loss allowance	(11,783,986)	-	-	(11,783,986)
<b>Profit before tax</b>	<b>18,687,581</b>	<b>7,163,356</b>	<b>41,002</b>	<b>25,891,939</b>
<b>Statement of Financial Position</b>				
Cash and Bank balances	3,800,292	6,550,505	267,541	10,618,338
Investments	-	374,617,656	1,656,797	376,274,453
Net inter segment lendings	68,566,097	-	-	68,566,097
Lendings to financial institutions	-	17,300,072	13,650,000	30,950,072
Advances - performing	101,613,315	-	8,032	101,613,315
- non-performing (net of provision)	7,499,863	-	-	7,499,863
Others	35,496,738	13,737,680	1,340,506	50,574,924
<b>Total Assets</b>	<b>216,976,305</b>	<b>412,205,913</b>	<b>16,922,876</b>	<b>646,105,094</b>
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	-	68,066,097	500,000	68,566,097
Others	27,188,518	2,094,536	1,189,325	30,472,379
<b>Total Liabilities</b>	<b>136,916,919</b>	<b>409,966,066</b>	<b>16,844,291</b>	<b>563,727,276</b>
Equity	80,054,404	2,244,829	78,585	82,377,818
<b>Total Equity &amp; Liabilities</b>	<b>216,971,323</b>	<b>412,210,895</b>	<b>16,922,876</b>	<b>646,105,094</b>
<b>Contingencies &amp; Commitments</b>	<b>96,622,040</b>	<b>-</b>	<b>-</b>	<b>96,622,040</b>

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	2023			
	Branch banking & agri financing	Treasury	Islamic banking	Total
	..... Rupees in '000 .....			
<b>Profit and Loss</b>				
Net mark-up/return/profit	9,936,225	14,111,056	217,382	24,264,663
Inter segment revenue - net	2,587,856	(2,587,856)	-	-
Non mark-up / return / interest income	2,159,969	266,525	1,987	2,428,481
<b>Total Income</b>	<b>14,684,050</b>	<b>11,789,725</b>	<b>219,369</b>	<b>26,693,144</b>
Segment direct expenses	14,393,032	58,246	140,875	14,592,153
Inter segment expense allocation	-	-	-	-
<b>Total expenses</b>	<b>14,393,032</b>	<b>58,246</b>	<b>140,875</b>	<b>14,592,153</b>
Credit loss allowance	(5,505,176)	-	-	(5,505,176)
<b>Profit before tax</b>	<b>5,796,194</b>	<b>11,731,479</b>	<b>78,494</b>	<b>17,606,167</b>
<b>Statement of Financial Position</b>				
Cash and Bank balances	3,555,250	27,925,739	4,105,763	35,586,752
Investments	-	370,022,133	2,189,987	372,212,120
Net inter segment lending	62,218,616	-	-	62,218,616
Lendings to financial institutions	-	5,960,700	600,000	6,560,700
Advances - performing	85,398,098	-	-	85,398,098
- non-performing (net of provision)	20,109,562	-	-	20,109,562
Others	34,772,201	7,500,019	237,019	42,509,239
<b>Total Assets</b>	<b>206,053,727</b>	<b>411,408,591</b>	<b>7,132,769</b>	<b>624,595,087</b>
Borrowings	54,461,536	344,337,663	1,078,500	399,877,699
Subordinated debt	-	-	-	-
Deposits & other accounts	52,062,200	-	5,106,873	57,169,073
Net inter segment borrowing	-	61,718,616	500,000	62,218,616
Others	27,012,524	3,730,261	422,233	31,165,018
<b>Total Liabilities</b>	<b>133,536,260</b>	<b>409,786,540</b>	<b>7,107,606</b>	<b>550,430,406</b>
Equity	72,517,467	1,622,051	25,163	74,164,681
<b>Total Equity &amp; Liabilities</b>	<b>206,053,727</b>	<b>411,408,591</b>	<b>7,132,769</b>	<b>624,595,087</b>
<b>Contingencies &amp; Commitments</b>	<b>71,735,770</b>	<b>-</b>	<b>-</b>	<b>71,735,770</b>

#### 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.

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#### 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	
	2024	2023	2024	2023	2024	2023	2024	2023
	..... Rupees in '000 .....							
<b>Investments</b>	100,000	100,000	-	-	-	-	-	-
<b>Advances</b>								
Opening balance	-	-	54,997	34,458	-	-	-	-
Addition	-	-	74,572	78,570	-	-	-	-
Repaid	-	-	(31,019)	(58,031)	-	-	-	-
Closing balance	-	-	98,550	54,997	-	-	-	-
<b>Other assets</b>								
Interest / mark-up accrued	-	-	11,266	10,608	-	-	-	-
Receivable at the end of the year	-	-	-	-	1,184,271	1,140,994	-	-
<b>Deposits and other accounts</b>								
Opening balance	1,305,899	1,117,394	2,085	2,687	12,001,475	9,126,458	274,290	236,986
Received during the year	6,271,581	7,287,632	232,219	219,470	16,795,203	35,825,178	590,448	483,205
Withdrawn during the year	(6,043,880)	(7,099,127)	(224,809)	(220,072)	(16,806,008)	(32,950,161)	(530,140)	(445,901)
Closing balance	1,533,600	1,305,899	9,495	2,085	11,990,670	12,001,475	334,598	274,290

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	Subsidiary company		Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	2024	2023	2024	2023	2024	2023	2024	2023
	..... Rupees in '000' .....							
<b>Other liabilities</b>								
Interest / mark-up payable	132,001	109,644	-	-	288,217	430,719	11,090	14,979
Payable at the end of the year	162,044	154,910	-	-	18,937,974	17,181,388	-	-
<b>Income</b>								
Mark-up / interest earned	-	-	4,890	2,302	-	-	-	-
Rental income	5,176	6,584	-	-	-	-	-	-
<b>Expense</b>								
Mark-up / interest paid	281,232	230,426	-	-	2,437,466	1,708,385	60,306	38,150
Compensation	-	-	253,550	164,577	-	-	-	-
Post retirement benefit	-	-	4,283	5,880	-	-	-	-
Contribution to defined benefit plan	-	-	843	1,221	-	-	-	-
Cost of services rendered	2,285,063	1,818,570	-	-	-	-	-	-

#### 43.1 Transactions with Government related entities

The Federal Government through SBP 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.

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**44 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	2024	2023
	... Rupees in '000 ...	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	52,678,432	52,678,432
<b>Capital Adequacy Ratio:</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	74,684,118	66,784,561
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	74,684,118	66,784,561
Eligible Tier 2 Capital	4,174,704	3,425,817
Total Eligible Capital (Tier 1 + Tier 2)	78,858,822	70,210,378
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	154,389,975	144,301,307
Market Risk	20,718,775	7,063,625
Operational Risk	43,898,575	34,927,413
Total	219,007,325	186,292,345
Common Equity Tier 1 Capital Adequacy Ratio	34.10%	35.85%
Tier 1 Capital Adequacy Ratio	34.10%	35.85%
Total Capital Adequacy Ratio	36.01%	37.69%

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, 2024 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% (2023: 11.50%) of the risk weighted exposure. The Bank's CAR as at December 31, 2024 is 36.01% (2023: 37.69%) of its risk weighted exposure.

	2024	2023
	... Rupees in '000 ...	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	74,684,118	66,784,561
Total exposures	577,770,414	562,544,100
Leverage ratio	12.93%	11.87%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	75,177,791	43,825,505
Total Net Cash Outflow	32,376,518	5,314,602
Liquidity Coverage Ratio	232%	825%
<b>Net Stable Funding Ratio (NSFR)</b>		
Total Available Stable Funding	200,257,341	189,685,484
Total Required Stable Funding	162,878,163	156,982,972
Net Stable Funding Ratio	123%	121%

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>.

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## 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:

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#### 45.1.4 Contingencies and Commitments

##### Credit risk by industry sector

	2024	2023
	Rupees in '000	
Agriculture, Forestry, Hunting and Fishing Individuals	96,345,759	71,464,383
	276,281	271,387
	<u>96,622,040</u>	<u>71,735,770</u>
<b>Credit risk by public / private sector</b>		
Public / Government	94,746,315	70,637,867
Private	1,875,725	1,097,903
	<u>96,622,040</u>	<u>71,735,770</u>

#### 45.1.5 Concentration of Advances

The Bank's maximum credit limit to a single borrower amounts to Rs. 5 million (2023: 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

Province / Region	Disbursements	Utilization					AJK including Gilgit-Baltistan
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
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
<b>Total</b>	<b>72,022,688</b>	<b>61,362,142</b>	<b>7,217,265</b>	<b>2,312,504</b>	<b>406,674</b>	<b>-</b>	<b>724,103</b>

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Province / Region	Utilization					AJK including Gilgit-Baltistan
	Disbursements	Punjab	Sindh	KPK including FATA	Islamabad	
Punjab	75,166,646	-	-	-	-	-
Sindh	10,395,537	-	10,395,537	-	-	-
KPK including FATA	3,512,979	-	-	3,512,979	-	-
Balochistan	488,207	-	-	488,207	-	-
Islamabad	-	-	-	-	-	-
AJK including Gilgit-Baltistan	1,414,939	-	-	-	-	1,414,939
Total	90,978,308	75,166,646	10,395,537	3,512,979	488,207	1,414,939

#### 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.

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**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.

	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
2024												
Rupees in '000												
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
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	140,909,721	50,887,711	8,037,303	92,990,211	24,312,507	4,737,130	-	-	-
Advances - net	24.03%	109,121,210	974,819	3,634,727	18,274,341	18,967,761	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	69,162,032	72,774,661	123,630,961	37,126,846	4,783,324	-	33,789,502
<b>Liabilities</b>												
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	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
<b>On-balance sheet gap</b>		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)
<b>Net non-financial assets</b>		18,141,306	-	-	-	-	-	-	-	-	-	-
<b>Total net assets</b>		82,377,818	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>												
<b>Total yield / interest risk sensitivity gap</b>		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)
<b>Cumulative yield / interest risk sensitivity gap</b>		(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	493,207,209
Add non-financial assets:		
Investment in subsidiary company	100,000	1,953,970
Operating fixed assets and intangible	2,874,099	495,161,179
Deferred tax assets	13,272,502	-
Other assets	3,848,675	-
<b>Total assets as per statement of financial position</b>	<b>577,538,997</b>	
Total financial liabilities		
Add non-financial liabilities:		
Other liabilities		
<b>Total liability as per statement of financial position</b>		





### 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.

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

2024

	Rupees in '000												
	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
<b>Assets</b>													
Cash and balances with treasury banks	3,125,812	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	7,492,526	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	30,950,072	18,100,000	-	-	-	-	-	-	-	-	-	-	-
Investments - net	376,274,453	-	-	-	-	-	-	-	-	-	-	-	-
Advances - net	109,121,210	443	-	3,327,891	2,471,973	500,000	144,687,000	27,275,000	9,207,629	64,225,750	8,403,316	96,700,000	25,275,758
Property and equipment	1,844,619	-	-	477,540	-	6,377	3,399,685	9,637,031	10,289,374	20,723,964	16,518,321	28,666,455	12,234,453
Right-of-use assets	857,055	-	-	-	-	-	9,528	-	217,098	108,421	339,426	190,092	496,137
Intangible assets	172,425	-	-	1	-	-	-	-	24,332	4,648	40,175	53,430	734,470
Deferred tax assets - net	13,272,502	-	-	-	-	-	-	-	2,670	147,995	21,759	-	-
Other assets	34,428,323	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	-	13,380,872	5,025,474	3,241,070	150,775,714	38,506,284	60,179,180	85,781,979	2,553,422	125,918,827	39,282,503
<b>Liabilities</b>													
Bills payable	451,707	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	408,066,969	-	-	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	160,806,856	10,180,232	144,500	156,330	90,561	12,457,630	1,023,000	-	16,904,971	2,420,342	-	-
Lease liabilities against ROU	997,225	-	-	-	-	-	-	-	-	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	52,734	191,977	139,335	259,105	489,316
	495,161,179	23,876,204	10,180,232	169,548,323	7,689,839	2,411,801	16,819,105	2,314,148	24,063,623	17,099,949	2,601,360	54,771,183	1,338,581
<b>Net assets</b>	82,377,818	(12,084,065)	(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	-	-	-	-	-	-	-	-	-	-	-	-
	<u>82,377,818</u>	-	-	-	-	-	-	-	-	-	-	-	-

2023

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
<b>Assets</b>													
Cash and balances with treasury banks													
3,661,179	3,661,179	-	-	-	-	-	-	-	-	-	-	-	-
31,925,573	31,925,573	-	-	-	-	-	-	-	-	-	-	-	-
6,560,700	6,560,700	-	-	-	-	-	-	-	-	-	-	-	-
372,212,120	-	-	-	-	-	-	-	-	-	-	-	-	-
105,507,660	1,755,765	164,639	266,226	3,779,604	2,131,591	594,813	4,496,000	32,905,900	233,582,761	17,710,000	50,615,750	26,677,751	6,223,958
1,338,612	-	-	-	385,234	-	7,708	18,914	7,843,390	19,397,555	11,477,771	13,562,975	24,728,393	13,808,005
856,939	-	-	-	12,814	-	3,194	10,110	-	39,514	71,333	151,746	250,227	613,936
255,925	-	-	-	-	-	-	-	-	41,874	50,927	54,586	200,990	482,444
12,730,814	-	-	-	-	-	-	-	-	255,925	-	-	-	-
27,126,949	439,447	31,601	59,096	8,031,654	2,067,443	1,295,350	817,428	2,522,752	12,730,814	471,733	141,300	95,043	94,460
562,376,471	37,781,964	6,756,940	325,322	12,209,306	4,199,034	1,901,065	11,339,385	43,272,042	277,108,085	29,781,764	64,526,357	51,952,404	21,222,803
<b>Liabilities</b>													
Bills payable													
2,605,372	2,605,372	-	-	-	-	-	-	-	-	-	-	-	-
399,877,699	-	201,916,163	143,500,000	-	-	-	-	-	-	-	-	-	-
57,169,073	23,056,422	-	-	4,367,500	150,427	177,388	7,895,060	991,135	19,793,271	82,430	4,240	51,200	600,000
28,559,646	-	-	-	6,820,605	-	2,248,491	950,704	-	(1,759,841)	2,391,838	2,383,191	4,936,427	10,588,231
488,211,790	25,661,794	201,916,163	143,500,000	11,188,105	150,427	2,425,879	8,845,764	991,135	18,033,430	2,474,268	2,387,431	59,449,163	11,188,231
74,164,681	12,120,170	(195,159,223)	(143,174,678)	1,021,201	4,048,607	(524,814)	2,493,621	42,280,907	259,074,655	27,307,496	62,138,926	(7,496,759)	10,034,572
Share capital													
-	52,678,432	-	-	-	-	-	-	-	-	-	-	-	-
-	9,520,922	-	-	-	-	-	-	-	-	-	-	-	-
-	10,343,276	-	-	-	-	-	-	-	-	-	-	-	-
-	1,622,051	-	-	-	-	-	-	-	-	-	-	-	-
-	74,164,681	-	-	-	-	-	-	-	-	-	-	-	-

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**46 CORRESPONDING FIGURES**

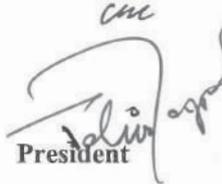
Corresponding figures have been rearranged, reclassified or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation.

**47 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 25 MAR 2025 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.

*me*  
  
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, 2024

1 Sr. No.	2 Name and address of the borrower	3 Name of individual / partners / directors	4 CNIC number	5 Father's / husband's name	6 Outstanding liabilities at beginning of the year			9 Total	10 Principal written off	11 Interest/ markup written-off / waived	12 Other financial relief provided	13 Total (10+11+12)
					7 Principal	8 Interest / markup	Others					
0												
0												
<b>Nil</b>												
Rupees in '000 .....												
-												
-												
-												

CM

## Annexure - II

**ISLAMIC BANKING BUSINESS**

The bank is operating 25 (2023: 25) Islamic banking branches and 0 (2023: 10) Islamic branches windows at the end of the year.

	Note	2024	2023
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		141,150	282,787
Balances with other banks		126,391	3,822,976
Due from financial institutions	1	13,650,000	600,000
Investments	2	1,656,797	2,189,987
Islamic financing and related assets - net		8,032	-
Fixed assets		120,687	121,463
Intangible assets		-	-
Due from Head Office		-	-
Other assets		1,219,819	115,556
<b>Total Assets</b>		<b>16,922,876</b>	<b>7,132,769</b>
<b>LIABILITIES</b>			
Bills payable		4,435	1,367
Due to financial institutions		13,800,000	1,078,500
Deposits and other accounts	3	1,354,966	5,106,873
Due to Head Office	4	963,273	338,996
Subordinated debt		-	-
Other liabilities		221,617	81,870
		16,344,291	6,607,606
<b>NET ASSETS</b>		<b>578,585</b>	<b>525,163</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus / (deficit) on revaluation of assets		11,953	(23,039)
Accumulated profit	5	66,632	48,202
		<b>578,585</b>	<b>525,163</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<i>CM</i>			

## Annexure - II

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

	Note	2024 Rupees in '000	2023
Profit / return earned	7	2,196,093	1,299,771
Profit / return expensed	8	1,928,978	1,082,389
Net Profit / return		267,115	217,382
<b>Other income</b>			
Fee and Commission Income		2,578	1,966
Dividend Income		-	-
Foreign Exchange Income		-	-
Income / (loss) from derivatives		-	-
Gain on securities		3,667	21
Other Income		2,048	-
Total other income		8,293	1,987
Total Income		275,408	219,369
<b>Other expenses</b>			
Operating expenses		234,406	140,875
Workers Welfare Fund		-	-
Other charges		-	-
Total other expenses		234,406	140,875
Profit before provisions		41,002	78,494
Provisions and write offs - net		-	-
<b>Profit before taxation</b>		41,002	78,494
Taxation		22,572	37,445
<b>Profit after taxation</b>		18,430	41,049

*CMC*

## Annexure - II

	2024			2023	
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies
	Rupees in '000				
	13,650,000	-	13,650,000	600,000	-
	13,650,000	-	13,650,000	600,000	-

**1 Due from Financial Institutions**  
 Musharakah / Mudarabah

**2 Investments**

	2024					2023						
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	Rupees in '000											
<b>Federal Government securities</b>												
Ijarah sukuk	1,287,277	-	8,343	1,295,620	1,756,345	-	(24,958)	1,731,387				
<b>Non Government Securities</b>												
Listed securities	357,566	-	3,611	361,177	456,681	-	1,919	458,600				
<b>Total investments</b>	1,644,843	-	11,954	1,656,797	2,213,026	-	(23,039)	2,189,987				

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## Annexure - II

		2024	2023
		Rupees in '000	
<b>3</b>	<b>Deposits</b>		
	<b>Customers - local currency</b>		
	Current deposits	392,796	223,294
	Savings deposits	719,767	4,723,567
	Term deposits receipts	242,165	155,397
	Others	238	4,615
		1,354,966	5,106,873
	<b>Financial Institutions</b>		
	Term deposits receipts	-	-
		<u>1,354,966</u>	<u>5,106,873</u>
<b>3.1</b>	<b>Composition of deposits</b>		
	- Individuals	1,023,657	899,046
	- Non-Banking Financial Institutions	-	2,905,801
	- Private Sector	131,309	1,162,869
	-Govt./Public Sector Entities	200,000	139,157
		<u>1,354,966</u>	<u>5,106,873</u>
<b>3.2</b>	This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 1,026.551 million (2023: Rs. 899.576 million).		
<b>4</b>	Due to head office represents inter branch transactions between Islamic and Conventional.		
		<b>2024</b>	<b>2023</b>
		Rupees in '000	
<b>5</b>	<b>Islamic Banking Business Unappropriated Profit</b>		
	Opening Balance	48,202	7,153
	Add: Islamic Banking for the year	41,002	78,494
	Less: Taxation	22,572	37,445
	Closing Balance	<u>66,632</u>	<u>48,202</u>
<b>6</b>	There are no contingencies and commitments related to the Islamic business as at reporting date. (2023: Nil)		
<b>7</b>	<b>Profit / return earned of financing, investments and placement</b>		
		<b>2024</b>	<b>2023</b>
		Rupees in '000	
	Profit earned on:		
	Financing	515	-
	Investments	342,024	413,986
	Placements	1,853,554	885,785
	Total	<u>2,196,093</u>	<u>1,299,771</u>
	<i>CMC</i>		

## Annexure - II

	2024	2023
	Rupees in '000	
<b>8 Profit on deposits and other dues expensed</b>		
Deposits and other accounts	261,484	449,096
Commission and other charges	3,520	1,493
Call borrowings/ Funds acceptances	1,663,974	631,800
	1,928,978	1,082,389

**9 Pool Management**

Currently, ZTBL Islamic Banking Division (ZTBL - IBD) is maintaining five pools for profit declaration and distribution i.e., general pool, special pool 3, 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.

*CM*

**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:**

	2024	2023
	Rupees in '000	
Investments	1,656,797	2,189,987
Due from financial institutions	13,650,000	600,000
Balances with other banks	126,391	3,822,976

*CMC*

## 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.

	2024	2023
	Rupees in '000	
<b>Credit loss allowances</b>	-	-

**Mudarib share (in amount and percentage of distributable income)**

		2024	2023
		Rupees in '000	
Rabbul Mal	73%	251,311	414,840
Mudarib	27%	91,305	90,179
		<u>342,616</u>	<u>505,019</u>

**Amount & percentage of mudarib share transferred to depositors through Hiba**

	2024	2023
Mudarib share	91,305	90,179
Hiba	20,228	40,321
Hiba percentage of mudarib share	22.15%	44.71%

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**

	2024	2023
Profit rate earned	18.03% p.a.	19.66% p.a.
Profit rates distributed to depositors	13.07% p.a.	13.45% p.a.

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# CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT 2024



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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, 2024, 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, 2024, 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 Matters

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.





Following is the key audit matter:

Key Audit Matter	How the Matter was Addressed in our Report
<b>1. Adoption of IFRS-09 and recognition of expected credit loss against financial assets</b>	
<p>Refer to the note 4.1.2 to the annexed consolidated financial statements.</p> <p>As of December 31, 2024, the Group's financial assets, including advances, represent a significant portion of its total assets. The Group adopted IFRS 9 'Financial Instruments' from January 1, 2024, in accordance with SBP's BPRD Circular letter No. 7 of 2023. The Standard introduces a new impairment model based on Expected Credit Losses (ECL) on the financial assets, replacing the previous 'incurred credit losses' approach. The Group applied the modified retrospective approach, without restating comparatives for 2023.</p> <p>The adoption of IFRS 9 led to a transition adjustment of Rs. 5,498.565 million to retained earnings as of January 1, 2024. The details of impact if this adoption are provided in Note 4.1.2 to the consolidated financial statements.</p> <p>The estimation of Expected Credit Loss (ECL) involves significant management judgements and estimates, particularly in areas such as the selection of risk parameters (PD, LGD, EAD), the classification of advances into stages, and the use of forward-looking economic data. Additionally, the Group must assess recoveries for non-performing loans and ensure compliance with SBP's provisioning requirements for Stage 3 advances. Due to these complexities, we identified the adequacy and completeness of ECL as a key audit matter.</p>	<p>Our key audit procedures relating to adoption of IFRS-09 and recognition of expected credit loss against financial assets included:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's methodology for estimating ECL on all financial assets, including its accounting policies and key assumptions applied in the adoption of IFRS 9.</li> <li>• Evaluated the design and implementation of controls over the ECL estimation process, including model validation procedures and compliance with SBP's IFRS 9 instructions.</li> <li>• 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).</li> <li>• 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.</li> <li>• 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.</li> <li>• Performed independent recalculations of ECL on selected loan exposures to validate the mathematical accuracy of the model.</li> <li>• Considered the adequacy of the related disclosures and assessed whether these are in accordance with the applicable financial reporting framework.</li> </ul>





**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.

**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.

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### 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.

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.

Chap

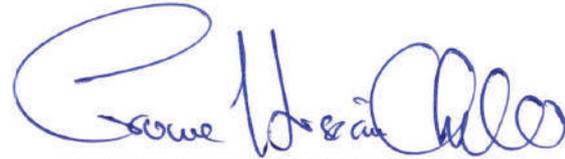


From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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.

**Other Matter**

The consolidated financial statements of the Group for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on March 04, 2024.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.



**CROWE HUSSAIN CHAUDHURY & CO.**  
*Chartered Accountants*

Lahore  
Dated: March 25, 2025  
UDIN: AR202410169rSFqJ1BY6



Crowe Hussain Chaudhury & Co.  
Chartered Accountants  
7<sup>th</sup> Floor, Gulmohar Trade Center,  
8-F, Main Market, Gulberg II,  
Lahore - 54000  
Pakistan



## ZARAI TARAQIATI BANK LIMITED

### CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended  
December 31, 2024

**ZARAI TARAQIATI BANK LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**

	Note	2024 ..... Rupees in '000 .....	2023
<b>ASSETS</b>			
Cash and balances with treasury banks	5	3,125,812	3,661,179
Balances with other banks	6	7,492,564	31,925,611
Lendings to financial institutions	7	30,950,072	6,560,700
Investments	8	376,174,453	372,112,120
Advances	9	109,121,210	105,507,660
Property and equipment	10	1,852,427	1,547,972
Right-of-use assets	11	857,055	856,939
Intangible assets	12	172,427	255,925
Deferred tax assets	13	13,475,947	12,875,669
Other assets	14	34,429,584	27,121,746
		<u>577,651,551</u>	<u>562,425,521</u>
<b>LIABILITIES</b>			
Bills payable	16	451,707	2,605,372
Borrowings	17	408,066,969	399,877,699
Deposits and other accounts	18	55,088,529	55,863,297
Lease liabilities	19	997,225	983,391
Subordinated loan		-	-
Deferred tax liabilities		-	-
Other liabilities	20	29,290,386	27,822,525
		<u>493,894,816</u>	<u>487,152,284</u>
<b>NET ASSETS</b>		<u><u>83,756,735</u></u>	<u><u>75,273,237</u></u>
<b>REPRESENTED BY</b>			
Share capital	21	52,678,432	52,678,432
Reserves		12,113,062	9,520,922
Surplus on revaluation of assets	22	2,244,829	1,622,051
Un-appropriated profit		16,720,412	11,451,832
		<u>83,756,735</u>	<u>75,273,237</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	23		

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

*CMC*  
  
 President

  
 Chief Financial Officer

  
 Director

  
 Director

  
 Director

**ZARAI TARAQIATI BANK LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Note	2024 ..... Rupees in '000 .....	2023 ..... Rupees in '000 .....
Mark-up / return / interest earned	24	111,252,316	142,316,092
Mark-up / return / interest expensed	25	86,200,979	117,820,473
Net mark-up / interest income		25,051,337	24,495,619
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	26	1,139,924	1,312,045
Dividend income		66,735	135,730
Foreign exchange income		-	-
Income from derivatives		-	-
Gain on securities	27	2,339,449	266,525
Net gains/(losses) on derecognition of financial assets measured at amortised cost		-	-
Other income	28	1,873,341	847,689
Total non-mark-up / interest income		5,419,449	2,561,989
Total income		30,470,786	27,057,608
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	29	16,060,571	14,675,692
Workers welfare fund		-	-
Other charges	30	1,881	39,804
Total non mark-up / interest expenses		16,062,452	14,715,496
Profit before credit loss allowance		14,408,334	12,342,112
Credit loss allowance and write offs - net	31	(11,783,986)	(5,505,176)
<b>PROFIT BEFORE TAXATION</b>		26,192,320	17,847,288
Taxation	32	13,012,852	6,696,439
<b>PROFIT AFTER TAXATION</b>		13,179,468	11,150,849
<b>..... Rupees .....</b>			
Basic earnings per share	33	2.50	2.12
Diluted earnings per share	33	2.50	2.12

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

*CMC*  
  
 President

  
 Chief Financial Officer

  
 Director

  
 Director

**ZARAI TARAQIATI BANK LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

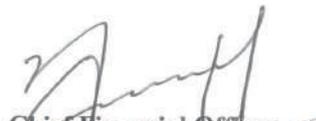
	2024	2023
	... Rupees in '000 ...	
<b>Profit after taxation for the year</b>	13,179,468	11,150,849
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Effect of translation of net investment in foreign branches	-	-
Movement in surplus on revaluation of investments - net of tax	622,778	708,223
	622,778	708,223
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement gain on defined benefit obligations - net of tax	179,817	2,789,373
Movement in surplus on revaluation of property and equipment - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	179,817	2,789,373
<b>Total comprehensive income</b>	<u>13,982,063</u>	<u>14,648,445</u>

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

*cm*



President



Chief Financial Officer



Director



Director



Director

**ZARAI TARAQIATI BANK LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Un-appropriated profit / (loss)	Total
	..... Rupees in '000 .....					
<b>Balance as at December 31, 2022</b>	52,678,432	7,264,095	60,000	913,828	(291,563)	60,624,792
Profit after taxation for the year	-	-	-	-	11,150,849	11,150,849
Other comprehensive income - net of tax	-	-	-	708,223	2,789,373	3,497,596
Total comprehensive income for the year	-	-	-	708,223	13,940,222	14,648,445
Transferred to statutory reserve	-	2,196,827	-	-	(2,196,827)	-
<b>Balance as at December 31, 2023</b>	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 (Note 4.1.2.1)	-	-	-	-	(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)	-
<b>Balance as at December 31, 2024</b>	52,678,432	12,053,062	60,000	2,244,829	16,720,412	83,756,735

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.

*CM*

  
 President

  
 Chief Financial Officer

  
 Director

  
 Director

**ZARAI TARAQIATI BANK LIMITED  
 CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE YEAR ENDED DECEMBER 31, 2024**

	Note	2024 ..... Rupees in '000 .....	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating (loss) / profit before working capital changes	37	(1,297,346)	846,938
(Increase) / decrease in operating assets:			
Lendings to financial institutions		(24,394,000)	33,062,442
Securities classified as FVPL		(3,404,062)	-
Advances		(11,166,186)	(19,482,766)
Other assets (excluding advance taxation)		(1,691,866)	(390,298)
		(40,656,114)	13,189,378
Increase / (decrease) in operating liabilities:			
Bills payable		(2,153,665)	2,024,867
Borrowings from financial institutions		8,189,270	44,978,986
Deposits and other accounts		(774,768)	9,735,996
Other liabilities (excluding current tax)		1,096,607	39,338
		6,357,444	56,779,187
Interest received		103,963,074	136,619,933
Interest paid		(87,538,768)	(115,353,741)
Employees' benefits paid		(1,119,125)	(1,040,883)
Income tax paid		(9,890,591)	(7,069,556)
Net cash flow (used in) / generated from operating activities		(30,181,426)	83,971,256
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net Investments in securities classified as FVOCI		6,097,291	(62,992,840)
Dividend received		66,735	135,730
Investments in property and equipment		(587,220)	(470,658)
Proceeds from sale of property and equipment		26,085	93,437
Net cash flow generated from / (used in) investing activities		5,602,891	(63,234,331)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets		(388,395)	(345,951)
Net cash flow used in financing activities		(388,395)	(345,951)
(Decrease) / Increase in cash and cash equivalents		(24,966,930)	20,390,974
Cash and cash equivalents at beginning of the year	34	35,586,790	15,195,816
Cash and cash equivalents at end of the year	34	10,619,860	35,586,790

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 CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**1. THE GROUP AND ITS OPERATIONS**

The "Group" consists of:

**Holding company**

- Zarai Taraqati 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 Taraqati 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 Taraqati 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 (2023: 501) branches including 25 (2023: 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.

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## 1.2 Kissan Support Services (Private) Limited ("the Company")

Kissan Support Services (Private) Limited 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 Taraqati 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 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 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 financial statements continue to be prepared on the going concern basis.
- 2.5 **Statement of compliance**

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

- International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board 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 and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP).

In case requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962, or the provisions of and directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Companies Act, 2017, Banking Companies Ordinance, 1962, and the said directives shall prevail.

- 2.5.1 The disclosures made in these financial statements have been based on a format prescribed by SBP vide BPRD Circular No. 2 dated February 9, 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024 dated July 1, 2024 and accounting and financial reporting standards as applicable in Pakistan.

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**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 financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

**2.5.3** As per BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, unlisted equity securities are currently carried at the lower of cost or breakup value as per the exemption granted by SBP. Effective from January 1, 2025, as per the requirement of IFRS 9, these will be measured at fair value under IFRS 13.

**2.5.4** The Bank received an extension from SBP up to December 31, 2025 for application of EIR in general for all financial assets and liabilities, however as financial assets other than advances and financial liabilities were already effectively carried at EIR before the implementation of IFRS 9 hence said extension has only been applied on advances. Therefore, advances are now carried at cost, excluding staff loans which are carried at amortized cost, net of expected credit loss allowances.

Further, SBP through BPRD Circular Letter No. 1 of 2025 dated January 22, 2025 has clarified the followings:

- Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard.
- The treatment of charity should be in line with the existing practices as defined in SBP instructions issued via IBD Circular No. 02 of 2008 and should not be recognized as income.

**2.5.5** 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 4.4.2, 4.14.2 these financial statements, respectively. Other than the products disclosed in the aforementioned notes, all remaining Islamic products are accounted for under IFRS 9.

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

As directed by SBP via BPRD Circular Letter No. 7 of 2023 dated April 13, 2023, IFRS 9, (Financial Instruments) is effective in Pakistan for period beginning on or after January 1, 2024. In addition, due to the application of IFRS 9, SBP vide BPRD Circular No.2 dated February 9, 2023, has also amended the format of the annual financial statements. Details regarding the aforementioned adoption and amendment, including the impact thereof, are discussed in more detail in note 4.1 to these financial statements.

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Except for the above, certain other amendments to standards, interpretations and improvements to accounting standards became effective, however, these do not have any material effect on the financial statements of the Group and, therefore, are not disclosed.

#### 2.5.7 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:

	<b>Effective date (annual periods beginning on or after)</b>
- IAS 21 - Lack of exchangeability - (Amendments)	January 01, 2025
- IFRS 17 - Insurance Contracts	January 01, 2026
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

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

#### 2.5.8 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 consolidated financial statements or where judgement was exercised in the application of accounting policies are as follows:

	<b>Note</b>
Valuation and impairment of financial instruments	4.9 & 4.16
Classification of investment in subsidiaries and associates	4.5
Valuation and depreciation of property and equipment	4.6
Valuation and depreciation of right-of-use assets and related lease	4.8
Valuation of non-banking assets acquired in satisfaction of claims	4.10
Valuation of defined benefit plan	4.2
Taxation	4.11

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 Group's functional and presentation currency. The amounts are rounded to the nearest thousand rupees.

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#### 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

###### 4.1.1 Revised format of financial statements

SBP through its BPRD Circular No. 2 dated February 9, 2023, has amended the format of annual financial statements of banks. All banks are required to prepare their annual financial statements on the revised format effective from accounting year starting from January 1, 2024. Accordingly, the Group has prepared these financial statements on the new format prescribed by SBP. The adoption of the new format contains additional disclosures and certain changes in the financial statements' presentation, primarily due to the implementation of IFRS 9 as applicable in Pakistan. However, the corresponding figures continue to be classified and disclosed in accordance with the previous financial accounting and reporting framework.

Adoption of revised financial statements format has also resulted in following material changes (due to which the corresponding presentations have also been changed):

- Right-of-use-assets (note 11) amounting to Rs. 857.055 million (2023: Rs. 856.939 million) which were previously shown as part of property and equipment are now shown separately on the statement of financial position.
- Lease liabilities (note 19) amounting to Rs. 997.225 million (2023: Rs. 983.391 million) which were previously shown as part of other liabilities are now shown separately on the statement of financial position.

###### 4.1.2 IFRS 9 - 'Financial Instruments'

During the year, as directed by SBP vide its BPRD Circular No. 7 of 2023 dated April 13, 2023, IFRS 9 'Financial Instruments' (the Standard) became applicable to the Bank.

BPRD Circular No. 3 of 2022 dated July 5, 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks.

The Standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The Standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Group which are exposed to credit risk.

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The Group has adopted IFRS 9 in accordance with the Application Instructions from January 1, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period. Any adjustments to the carrying amounts of financial assets and liabilities resulting from the adoption of IFRS 9 were recognised in the retained earnings as at January 1, 2024 without restating the comparative figures as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP through its BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, has amended and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from October 1, 2024, and have been applied retrospectively from January 1, 2024. SBP through its BPRD Circular Letter No. 1 of 2025 dated January 22, 2025, SBP further clarifies that modification accounting to be applied to loans modified on or after January 1, 2020.

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4.1.2.1 Impact on the statement of financial position  
The effect of this change in accounting policy is as follows:

	Carrying amount as on December 31, 2023	Remeasurement under IFRS 9	Adjustments / reversal of provisions held	Expected Credit Loss (ECL) - charge	Gross Impact	Tax Impact	Net Impact	Balance as on January 1, 2024		Measurement category
								Before IFRS 9	After IFRS 9	
..... Rupees in '000 .....										
<b>ASSETS</b>										
Cash and balances with treasury banks	3,661,179	-	-	(5,175)	-	-	-	3,661,179	Loans and receivables	Amortised cost
Balances with other banks	31,925,611	-	-	(490)	-	-	(5,175)	31,920,436	Loans and receivables	Amortised cost
Lendings to financial institutions	6,560,700	-	-	-	(490)	-	(490)	6,560,210	Loans and receivables	Amortised cost
Investments										
Available for sale										
Federal Government securities	366,131,111	-	-	-	-	-	-	366,131,111	Available for sale	FVOCI
Non government debt securities	2,449,199	-	-	(377)	-	-	(377)	2,448,822	Available for sale	FVOCI
Shares	3,531,810	-	-	-	-	-	-	3,531,810	Available for sale	FVOCI - without recycling
Advances										
Advances other than staff loans	104,130,553	-	11,434,334	(20,893,956)	(9,459,622)	-	(9,459,622)	94,670,931	Loans and receivables	At cost
Staff loans	1,377,107	(653,460)	-	(370)	(653,830)	-	(653,830)	723,277	Loans and receivables	Amortised cost
Property and equipment	1,547,972	-	-	-	-	-	-	1,547,972	Outside the scope of IFRS 9	
Right-of-use assets	856,939	-	-	-	-	-	-	856,939	Outside the scope of IFRS 9	
Intangible assets	255,925	-	-	-	-	-	-	255,925	Outside the scope of IFRS 9	
Deferred tax assets	12,875,669	-	-	-	-	4,635,214	4,635,214	17,510,883	Outside the scope of IFRS 9	
Other assets										
Financial assets	23,914,566	(14,285)	-	-	(14,285)	-	(14,285)	23,900,281	Loans and receivables	Amortised cost
Non financial assets	3,207,380	-	-	-	-	-	-	3,207,380	Outside the scope of IFRS 9	
	562,425,521	(667,745)	11,434,334	(20,900,368)	(10,133,779)	4,635,214	(5,498,565)	556,926,936		
<b>LIABILITIES</b>										
Bills payable	2,605,372	-	-	-	-	-	-	2,605,372	Historical cost	Amortised cost
Borrowings	399,877,699	-	-	-	-	-	-	399,877,699	Historical cost	Amortised cost
Deposit and other accounts	55,863,297	-	-	-	-	-	-	55,863,297	Historical cost	Amortised cost
Lease liabilities	983,391	-	-	-	-	-	-	983,391	Outside the scope of IFRS 9	
Subordinated loan	-	-	-	-	-	-	-	-	Historical cost	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9	
Other liabilities										
Financial liabilities	26,386,066	-	-	-	-	-	-	26,386,066	Historical cost	Amortised cost
Non financial liabilities	1,436,459	-	-	-	-	-	-	1,436,459	Outside the scope of IFRS 9	
	487,152,284	-	-	-	-	-	-	487,152,284		
<b>NET ASSETS</b>	75,273,237	(667,745)	11,434,334	(20,900,368)	(10,133,779)	4,635,214	(5,498,565)	69,774,672		
<b>REPRESENTED BY</b>										
Share capital	52,678,432	-	-	-	-	-	-	52,678,432	Outside the scope of IFRS 9	
Reserves	9,520,922	-	-	-	-	-	-	9,520,922	Outside the scope of IFRS 9	
Surplus on revaluation of assets	1,622,051	-	-	-	-	-	-	1,622,051	Outside the scope of IFRS 9	
Accumulated profit	11,451,832	(667,745)	11,434,334	(20,900,368)	(10,133,779)	4,635,214	(5,498,565)	5,953,267	Outside the scope of IFRS 9	
	75,273,237	(667,745)	11,434,334	(20,900,368)	(10,133,779)	4,635,214	(5,498,565)	69,774,672		

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**4.1.2.1.1** As per paragraph 3.2 of the Application Instructions, Government securities in local currency are exempted from the application of ECL framework, details are mentioned in note 4.1.2.10 to these financial statements.

**4.1.2.1.2** Certain debt securities are held by the Group in separate portfolios to meet everyday liquidity needs. The Group seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Group considers that under IFRS 9 these securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

**4.1.2.1.3** The Group previously classified certain equity investments as Available-for-Sale (AFS). Upon implementing IFRS 9, the Group designated these equity investments as strategic and made an irrevocable election to classify them at FVOCI.

#### **4.1.2.2 Impact on regulatory capital**

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the Application Instructions issued by SBP has detailed the transitional arrangement.

The transitional arrangement applies only to provisions for Stage 1 and Stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the “transitional adjustment amount”) must be partially included (i.e., added back) to CET1 capital over the “transition period” of five years.

Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure A of BPRD Circular no 16 of 2024 dated July 29, 2024.

Had IFRS 9 not been applied then CAR would have been higher by 2.02 bps from 36.01 % to 38.03%.

#### **4.1.2.3 Classification and measurement**

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit and loss (FVPL) regardless of the business model in which they are held.

##### **Recognition and initial measurement**

Debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price. The fair value of a financial asset on initial recognition is generally its transaction price. If the Group determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out. Advances other than staff loans are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

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.

#### Classification

##### Financial assets

On initial recognition, a financial asset other than advances except for staff loans is classified as measured at: amortised cost, FVOCI or FVPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, which are measured at amortized cost.

##### Financial liabilities

Financial liabilities are either classified as fair value through profit and loss account (FVPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVPL are measured at fair value and all the fair value changes are recognized in statement of profit and loss account. Financial liabilities classified at amortized cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in statement of profit and loss account. Any gain or loss on derecognition is also recognised in statement of profit and loss account.

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#### 4.1.2.4 Business model assessment

A financial asset is classified as either Held to collect, Held to collect and sale and Others based on Business model assessment. The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, business manager's compensation and historical sales information.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### 4.1.2.5 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

#### 4.1.2.6 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in statement of profit and loss account.
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<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method in case of investments, lendings to financial institutions, cash and balances with treasury banks, balances with other banks, staff loans and other financial assets. The amortised cost is reduced by impairment losses. Markup and impairment are recognised in statement of profit and loss account.
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<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss account.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.
<b>Advances at cost</b>	Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, which are measured at amortized cost, net of expected credit loss allowances.

#### 4.1.2.7 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount for investments and lendings to financial institution. For financial assets, adjusted for any expected credit loss allowance or impairment allowance before January 1, 2024.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

#### 4.1.2.8 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 except for staff loans 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.

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#### 4.1.2.9 Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - i. substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - ii. the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in the statement of profit and loss account, except that in case of the derecognition of equity securities held at FVOCI, cumulative gains or losses are transferred to unappropriated profit.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

#### 4.1.2.10 Impairment

The impairment requirements apply to financial assets measured at amortized cost, and FVOCI (other than equity instruments), advances at cost and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

##### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

##### Non-Performing financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost, at cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'non-performing' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a agri loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under 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. The Bank is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

The Group calculates the ECL against agriculture portfolios as higher of PR and ECL under IFRS 9 at borrower / facility level as instructed under Annexure A of BPRD Circular no 16 of 2024 dated July 29, 2024.

Based on the requirements of IFRS 9 Application Instructions, the Group has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12- month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using external rating issued by the rating agencies. The Group has used Transition Matrix issued by rating agencies for the estimation of PD. The Group has used roll-rate method using the days past due (DPD) criteria to estimated PD for its agri portfolio. PD are then adjusted with forward looking information for calculation of ECL
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Group estimates EAD for financial assets carried at an amortised cost and carried at cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate or contractual interest rate for advances other than staff loans for which effective interest rate is used.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Group expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

#### **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.

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- 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.

#### 4.1.2.11 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 Annexure-C of BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. Bank align its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

#### 4.1.2.12 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.

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

#### 4.2 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.

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**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'.

**- 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 actuarial 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.

**4.3 Cash and cash equivalents**

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

**4.4 Advances**

**4.4.1 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.

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#### 4.4.2 Islamic Financing and Related Assets

##### 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.

#### 4.5 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.

#### 4.6 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 amortized 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

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#### 4.7 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.

#### 4.8 Right-of-use assets and their related lease liability

##### 4.8.1 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.

##### 4.8.2 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.

#### 4.9 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.

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**4.10 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.

**4.11 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.

**4.12 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.

**4.13 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.

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#### 4.14 Revenue recognition

4.14.1 - Mark-up / interest on advances (other than Islamic financing which is disclosed in Note 4.14.2) and returns on investments are recognized on a time proportion basis using the effective interest 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 through the profit and loss account over the remaining period of maturity.

- 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.

#### 4.14.2 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.

#### 4.15 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.

#### 4.16 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.

#### 4.17 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 Group intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

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**4.18 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 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, 2024 are disclosed in note 40.

**4.19 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.

**4.20 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.

**4.21 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 Bank is engaged in providing agri-financing and branch banking, islamic banking and treasury operations and operates only in Pakistan.

**4.22 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.

**4.23 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.

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**4.24 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.

**4.25 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.

**4.26 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.

**4.27 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.

**4.28 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.

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	Note	2024 Rupees in '000	2023
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		1,133,799	911,540
With State Bank of Pakistan in:			
Local currency current account	5.1	1,621,700	1,834,020
With National Bank of Pakistan in:			
Local currency current account		180,216	393,638
Local currency deposit account	5.2	188,231	520,283
		368,447	913,921
Prize bonds		1,866	1,698
		<u>3,125,812</u>	<u>3,661,179</u>
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		<u>3,125,812</u>	<u>3,661,179</u>

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 13.50% to 22.20% (2023: 14.5% to 20.50%) per annum.

	Note	2024 Rupees in '000	2023
<b>6 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In current accounts		111,847	99,618
In deposit accounts	6.1	7,382,201	31,825,993
		7,494,048	31,925,611
Less: Credit loss allowance held against balances with other banks		(1,484)	-
Balances with other banks - net of credit loss allowance		<u>7,492,564</u>	<u>31,925,611</u>

6.1 These carry mark-up at rates ranging from 6.75% to 24% (2023: 14.50% to 24.50%) per annum.

	Note	2024 Rupees in '000	2023
<b>7 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings	7.2	14,500,000	3,000,000
Musharakah lending	7.3	13,650,000	600,000
Repurchase agreement lendings (reverse repo)	7.4	2,804,700	2,960,700
		30,954,700	6,560,700
Less: Credit loss allowance held against lending to financial institutions		(4,628)	-
Lending to financial institutions - net of credit loss allowance		<u>30,950,072</u>	<u>6,560,700</u>

**7.1 Particulars of lendings**

	2024	2023
In local currency	30,954,700	6,560,700
In foreign currencies	-	-
	<u>30,954,700</u>	<u>6,560,700</u>

7.2 This carries mark-up at rates 13.85% to 13.90% (2023: 22% to 22.75% ) per annum having maturity during January 2025.

7.3 This carries mark-up at rates 12% to 12.75% (2023: 22% ) per annum having maturity during January 2025.

7.4 This carries mark-up at rates 13.28% (2023: 22.3% ) per annum having maturity during January 2025.

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**7.5 Securities held as collateral against lendings to financial institutions**

	2024			2023		
	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	2,960,700	-	2,960,700

**7.6 Lending to financial institutions - Particulars of credit loss allowance**

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

	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 purchased	4,628	-	-	4,628
Financial assets that have been derecognised	(490)	-	-	(490)
Closing balance	4,138	-	-	4,138
	4,628	-	-	4,628

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8 INVESTMENTS  
 8.1 Investments by types

Note	2024				2023			
	Cost / amortised cost	Credit Loss Allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	..... Rupees in '000 .....							
- Debt Instruments								
Classified / measured at FVOCI								
Federal Government securities	365,532,619	-	1,661,390	367,194,009	-	-	-	-
Non Government debt securities	2,356,271	(354)	(3,467)	2,352,450	-	-	-	-
	367,888,890	(354)	1,657,923	369,546,459	-	-	-	-
Classified / measured at FVPL								
Federal Government securities	3,404,062	-	16,327	3,420,389	-	-	-	-
	3,404,062	-	16,327	3,420,389	-	-	-	-
- Equity instruments								
Classified / Measured at FVOCI (Non-Reclassifiable)								
Shares:								
Listed Companies	89,296	-	3,118,309	3,207,605	-	-	-	-
Unlisted Companies	10,523	(10,523)	-	-	-	-	-	-
	99,819	(10,523)	3,118,309	3,207,605	-	-	-	-
Available-for-sale securities								
Federal Government securities	-	-	-	-	366,386,675	-	(255,564)	366,131,111
Shares	-	-	-	-	99,819	(10,523)	3,442,514	3,531,810
Corporate sukuk	-	-	-	-	456,681	-	1,919	458,600
Term Finance Certificates	-	-	-	-	1,998,975	-	(8,376)	1,990,599
	-	-	-	-	368,942,150	(10,523)	3,180,493	372,112,120
Total investments	371,392,771	(10,877)	4,792,559	376,174,453	368,942,150	(10,523)	3,180,493	372,112,120

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**8.3.2 Investments - Particulars of credit loss allowance**

	2024		
	Stage 1	Stage 2	Stage 3
Opening Balances	-	-	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)	(23)	-	-
Closing balance	354	-	10,523

**8.3.3 Particulars of credit loss allowance against debt securities**

	2024		
	Outstanding amount	Credit loss allowance held	
Domestic			
Performing	372,967,202	354	
Under performing	-	-	
Non-Performing			
Substandard			
Doubtful			
Loss			
Total	372,967,202	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.

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#### 8.4 Quality of securities

8.4.1 Details regarding quality of FVPL securities are as follows:

	2024	2023
	Cost	
	Rupees in '000	
<b>Federal Government Securities - Government guaranteed</b>		
Pakistan Investment Bonds	3,404,062	-

8.4.2 Details regarding quality of FVOCI securities are as follows:

<b>Federal Government Securities - Government guaranteed</b>			
Market Treasury Bills	95,249,487	231,281,101	
Pakistan Investment Bonds	268,124,131	131,183,410	
Ijarah Sukuks	2,159,001	3,922,164	
	<u>365,532,619</u>	<u>366,386,675</u>	
<b>Shares</b>			
<b>Listed companies</b>			
Food and personal care products - cost	89,296	89,296	

	2024		2023	
	Cost	Breakup value	Cost	Breakup value
	Rupees in '000			
<b>Unlisted companies</b>				
Pakistan Mercantile Exchange Limited	10,523	17,327	10,523	8,873
Pakistan Agricultural Storage and Services Corporation Limited	-	1,557,625	-	1,629,500
	<u>10,523</u>	<u>1,574,952</u>	<u>10,523</u>	<u>1,638,373</u>

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.

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	2024	2023
	Cost	
	Rupees in '000	
<b>Non Government debt securities</b>		
<b>Listed</b>		
- AAA	-	-
- AA+, AA, AA-	1,977,271	2,126,906
- A+, A, A-	113,750	-
	<u>2,091,021</u>	<u>2,126,906</u>
<b>Unlisted</b>		
- AAA	-	-
- AA+, AA, AA-	-	-
- A+, A, A-	265,250	328,750
<i>CMC</i>	<u>265,250</u>	<u>328,750</u>

**9 ADVANCES**

	Performing		Non Performing		Total	
	2024	2023	2024	2023	2024	2023
Loans, cash credits, running finance, etc.	101,613,315	85,398,098	26,981,173	34,584,173	128,594,488	119,982,271
Islamic financing and related assets	8,032	-	-	-	8,032	-
Advances - gross	101,621,347	85,398,098	26,981,173	34,584,173	128,602,520	119,982,271
Credit loss allowance against advances:						
- Against agriculture advance						
- Stage 1	581,916	-	-	-	581,916	-
- Stage 2	2,588,742	-	-	-	2,588,742	-
- Stage 3	-	-	13,270,932	11,434,335	13,270,932	11,434,335
- Against staff advances	387	-	39,333	40,276	39,720	40,276
- General	3,000,000	3,000,000	-	-	3,000,000	3,000,000
Advances - net of credit loss allowance	6,171,045	3,000,000	13,310,265	11,474,611	19,481,310	14,474,611
Particulars of advances (gross)	95,450,302	82,398,098	13,670,908	23,109,562	109,121,210	105,507,660
In local currency					128,602,520	119,982,271
Advances to women, women-owned and managed enterprises					7,304,072	6,286,809
Women Owned and Managed Enterprises					182,791	202,455
					7,486,863	6,489,264

**9.1 Particulars of advances (gross)**

In local currency

**9.1.1 Advances to women, women-owned and managed enterprises**

Women

Women Owned and Managed Enterprises

**9.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the year amounts to Rs. 3,871,434 million (2023; Rs. 4,661,796 million)**
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**9.2 Particulars of credit loss allowance**
**9.2.1 Advances - Exposure**

	2024		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000 .....		
Opening Balances	85,440,415	14,386,463	18,738,010
Impact of adoption of IFRS 9			
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 - Particulars of credit loss allowance**

	2024		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000 .....		
Opening Balances	1,335,082	5,171,698	14,387,176
Impact of adoption of IFRS 9			
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 - Category of classification**

	2024	
	Outstanding amount	Credit loss allowance held
<b>Domestic</b>		
	..... Rupees in '000 .....	
Performing	100,590,077	581,916
Under performing	7,853,106	2,588,742
Non-Performing		
Stage 1		
Stage 2		
Stage 3		
Substandard	12,265,726	7,958,480
Doubtful	4,419,491	2,717,418
Loss	2,599,964	2,595,034
	19,285,181	13,270,932
<b>Total</b>	<b>127,728,364</b>	<b>16,441,590</b>

9.3 Advances include Rs. 26,938.645 million (2023: Rs. 34,539.382 million) relating to agricultural financing which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in Stage 3	2024		2023	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	..... Rupees in '000 .....			
<b>Domestic</b>				
Other assets especially mentioned	7,653,464	-	15,801,372	-
Substandard	12,265,726	7,958,480	6,965,643	1,393,129
Doubtful	4,419,491	2,717,418	3,462,327	1,731,165
Loss	2,599,964	2,595,034	8,310,040	8,310,040
	26,938,645	13,270,932	34,539,382	11,434,334

**9.4 Particulars of credit loss allowance against advances**

	2024			2023		
	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 charged off	(1,892,478)	-	-	-	-	(1,892,478)
Closing balance	13,270,932	2,588,742	581,916	11,434,334	3,000,000	19,441,590
						3,000,000
						14,434,334

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## 9.4.1 Particulars of credit loss allowance / provision against advances

	2024			2023		
	Stage 3	Stage 2	Stage 1	Specific	General	Total
In local currency	13,270,932	2,588,742	581,916	-	3,000,000	19,441,590
						11,434,334
						3,000,000
						14,434,334

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. 1,899,185 million (2023: Rs.4,603.142 million) and further de-graded the category of classified loans and advances amounting to Rs. 4,088.474 million (2023: Rs. 5,366.175 million) on the basis of credit worthiness of the borrowers in accordance with the subjective criteria of the Prudential Regulations for Agriculture Financing.

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	Note	2024 Rupees in '000	2023
<b>9.5 Particulars of write offs:</b>			
9.5.1 Against credit loss allowance / provisions Directly charged to profit and loss account		- - - <u>-</u>	- - - <u>-</u>
9.5.2 Write offs of Rupees 500,000 and above Write offs of below Rupees 500,000	9.6	- - - <u>-</u>	- - - <u>-</u>

#### 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 NIL.

#### 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, 2024 amounts to Rs. 53,081.05 million (2023: Rs. 56,976.83 million) with an addition of Rs. 1,892.48 million (2023: Rs. 7,123.56 million) as charge off loans during the year.

	Note	2024 Rupees in '000	2023
<b>10 PROPERTY AND EQUIPMENT</b>			
Capital work-in-progress	10.1	181,928	69,326
Property and equipment	10.2	1,670,499 <u>1,852,427</u>	1,478,646 <u>1,547,972</u>
<b>10.1 Capital work-in-progress</b>			
Civil works		55,146	61,385
Equipment		116,566	-
Consultancy charges		9,801	7,618
Others	10.1.1	415 <u>181,928</u>	323 <u>69,326</u>

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

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## 10.2 Property and equipment

Description	January 1, 2024				Year ended December 31, 2024				December 31, 2024			
	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	Rate of Depreciation	
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	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	23,981	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	(1,495)	(1,444)	558,021	2,045,181	1,487,160	558,021	20% / 33%	
Computer, office and other equipment - ADB	205,038	205,036	2	2	(1,357)	(1,321)	2	205,038	205,036	2	20% / 33%	
Vehicles	1,164,553	1,036,159	128,394	128,394	26,804	40,000	101,923	1,131,065	1,029,142	101,923	20%	
					(60,292)	(47,017)						
	5,014,402	3,535,756	1,478,646	1,478,646	441,201	235,986	1,670,499	5,392,459	3,721,960	1,670,499		
					(63,144)	(49,782)						

Description	January 1, 2023				Year ended December 31, 2023				December 31, 2023			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		
Land - Freehold	105,919	-	105,919	105,919	-	-	105,919	105,919	-	105,919	-	-
Land - Leasehold	10,742	6,039	4,703	4,703		217	4,486	10,742	6,256	4,486	4,486	Lease terms for 30 to 99 years
Buildings on freehold land	713,633	245,633	468,000	468,000	12,336	23,904	456,432	725,969	269,537	456,432	456,432	5%
Buildings on leasehold land	553,676	318,773	234,903	234,903	6,520	11,933	229,490	560,196	330,706	229,490	229,490	5%
Buildings on leasehold land - ADB	21,224	11,187	10,037	10,037		502	9,535	21,224	11,689	9,535	9,535	5%
Furniture and fixtures	546,237	298,312	247,925	247,925	9,594	25,277	232,242	555,831	323,589	232,242	232,242	10% / 20%
Computer, office and other equipment	1,533,888	1,246,135	287,753	287,753	133,665	109,272	312,146	1,664,930	1,352,784	312,146	312,146	20% / 33%
Computer, office and other equipment - ADB	212,289	212,287	2	2	(2,623)	(2,623)			205,036	2	2	20% / 33%
Vehicles	1,314,086	1,132,124	181,962	181,962	31,223	47,988	128,394	1,164,553	1,036,159	128,394	128,394	20%
					(180,756)	(143,953)						
	5,011,694	3,470,490	1,541,204	1,541,204	193,338	219,093	1,478,646	5,014,402	3,535,756	1,478,646	1,478,646	
					(190,630)	(153,827)						

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	2024	2023
	Rupees in '000	
	58,382	58,411

10.3 Carrying amount of temporarily idle property

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	478,579	452,725
Computer, office and other equipment - ADB	205,039	205,039
Vehicles	914,278	940,665
	<u>1,601,116</u>	<u>1,601,649</u>

10.5 The title documents of freehold land having cost of Rs. 1.86 million (2023: Rs. 1.86 million) and leasehold land having book value of Rs. nil (2023: Rs. nil) are still in the name of Agricultural Development Bank of Pakistan.

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## 11 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 .....				
Toyota Corolla Altis 1.6 - EJ-496	1,788	1	-	As per entitlement	Sheikh Amanullah, SEVP
Toyota Altis API-372	1,763	206	540	As per entitlement	Mustansar Billah, EVP
Honda BRV AZH-520	3,813	2,524	-	As per entitlement	Qasim Mahmood Chisti, SEVP
Dell Latitude 3500	136	1	50	As per entitlement	Qasim Mahmood Chisti, SEVP

## 11 RIGHT-OF-USE ASSETS

	2024		2023	
	Buildings	Others	Buildings	Others
	..... Rupees in '000 .....			
At January 01	1,450,311	-	1,450,311	-
Cost	593,372	-	593,372	-
Accumulated Depreciation	856,939	-	856,939	-
Net opening carrying amount at January 01	324,882	-	324,882	-
Additions during the year	49,311	-	49,311	-
Deletions during the year	275,455	-	275,455	-
Depreciation charge for the year	857,055	-	857,055	-
Net closing carrying amount at December 31	857,055	-	857,055	-



**12 INTANGIBLE ASSETS**

Description	Year ended December 31, 2024				Year ended December 31, 2023				Rate of amortization	Useful life		
	January 1, 2024	Accumulated amortisation	Net book value	Opening net book value	Amortisation charge	Closing net book value	Cost	Accumulated amortisation			Net book value	
Computer software	462,014	206,089	255,925	255,925	30,817	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	172,427	574,912	402,485	172,427			
	..... Rupees in '000 .....											
	Year ended December 31, 2024				Year ended December 31, 2023							
	January 1, 2023	Accumulated amortisation	Net book value	Opening net book value	Amortisation charge	Closing net book value	Cost	Accumulated amortisation	Net book value	Rate of amortization	Useful life	
Computer software	220,990	147,831	73,159	73,159	241,024	58,258	255,925	206,089	255,925	33.33%	3 years	
Computer software - ADB	82,081	82,081	-	-	-	-	82,081	82,081	-	33.33%	3 years	
	303,071	229,912	73,159	73,159	241,024	58,258	255,925	288,170	255,925			
	..... Rupees in '000 .....											

12.1 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 293.654 million (2023: Rs. 180.845 million).

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**13 DEFERRED TAX ASSETS**

	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 .....			
<b>Deductible temporary differences on:</b>	16,874,015	4,635,214	(2,767,084)	-	18,742,145
Provision against non-performing loans and advances					
<b>Taxable temporary differences on:</b>					
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	(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

Note

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	At January 1, 2023	Recognised in P&L A/C	Recognised in OCI	At December 31, 2023
		..... Rupees in '000 .....		
<b>Deductible temporary differences on:</b>	270,521	20,289	(2,663,624)	(2,372,814)
Defined benefit plans	15,584,584	1,289,431	-	16,874,015
Provision against non-performing loans and advances	15,855,105	1,309,720	(2,663,624)	14,501,201
<b>Taxable temporary differences on:</b>				
Accelerated tax depreciation and amortization	7,292	(74,382)	-	(67,090)
Surplus on revaluation of investments	(689,380)	-	(869,062)	(1,558,442)
	(682,088)	(74,382)	(869,062)	(1,625,532)
	15,173,017	1,235,338	(3,532,686)	12,875,669

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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	2024	2023
		Rupees in '000	
<b>14 OTHER ASSETS</b>			
Income / mark-up accrued in local currency on :			
- advances	14.1	13,421,515	11,235,916
- securities		12,218,003	6,702,050
- deposits		34,316	446,626
Amount recoverable from Federal Government	14.2	2,887,888	2,853,635
Tax recoverable	14.3	422,652	422,652
Branch adjustment account		1,625,809	1,626,582
Taxation (payments less provision)	14.4	1,453,221	1,669,194
Receivable from defined benefit plans:	38.6.1		
gratuity scheme - SR - 2005		1,184,271	1,140,994
Non banking assets acquired in satisfaction of claims	14.5	407,301	420,731
Due from Islamic Banking		3,655	-
Stationery and stamps in hand		163,445	147,042
Stock of farm machinery		11,237	11,237
Advances against salary and expenses		60,882	60,339
Security deposits		7,899	7,199
Advances and other prepayments	14.6	1,658,376	647,602
Clearing and settlement		57,706	589,903
Others		276,481	128,713
		<u>35,894,657</u>	<u>28,110,415</u>
Credit loss allowance held against other assets	14.7	<u>(1,465,073)</u>	<u>(988,669)</u>
Other assets - net of credit allowance		<u>34,429,584</u>	<u>27,121,746</u>

**14.1** This does not include Rs. 12,290.111 million (2023: Rs. 11,055.675 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. 2,802.541 million (2023: Rs. 2,697.820 million), small livestock farmers premium amounting to Rs. 80.486 million (2023: Rs. 150.95 million) and animal tagging charges amounting to Rs. 4.86 million (2023: Rs. 4.86 million).

**14.3** This includes tax recoverable of Rs. 309.359 million (2023: Rs. 309.359 million) for assessment years 1991-92 to 2013-14 as disclosed in Note 15.

	Note	2024	2023
		Rupees in '000	
<b>14.4 Taxation - net</b>			
Opening receivable		1,669,194	2,531,417
Charge during the year	32	(10,106,564)	(7,931,779)
Advance income tax / withholding tax		9,890,591	7,069,556
Closing receivable		<u>1,453,221</u>	<u>1,669,194</u>
<b>14.5 Market value of non-banking assets acquired in satisfaction of claims</b>		<u>829,904</u>	<u>818,343</u>

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	2024	2023
	Rupees in '000	
<b>14.5.1 Non banking assets acquired in satisfaction of claims</b>		
Opening Balance	420,731	423,709
Additions	2,221	361
Disposals	<u>(15,651)</u>	<u>(3,339)</u>
Closing Balance	<u>407,301</u>	<u>420,731</u>
<b>14.5.2 Gain on Disposal of Non-banking assets acquired in satisfaction of claims</b>		
Disposal Proceeds	55,897	12,194
less : Cost	<u>(15,651)</u>	<u>(3,189)</u>
Gain	<u>40,246</u>	<u>9,005</u>
<b>14.6</b> This includes accretion of premium income of Rs. 1,480.992 million (2023: Rs. 430.860 million)		
	2024	2023
	Rupees in '000	
<b>14.7 Credit loss allowance held against other assets</b>		
Tax recoverable	422,652	422,652
Non banking assets acquired in satisfaction of claims	407,301	420,731
Amount recoverable from Federal Government	551,140	66,234
Stock of farm machinery	11,237	11,237
Accrued interest on advances of ex-employees	16,070	15,595
Amount deposited with courts / legal charges recoverable	<u>56,673</u>	<u>52,220</u>
	<u>1,465,073</u>	<u>988,669</u>
<b>14.7.1 Movement in credit loss allowance held against other assets</b>		
Opening balance	988,669	939,492
Charge for the year	<u>521,703</u>	<u>99,530</u>
Reversals	<u>(45,299)</u>	<u>(50,353)</u>
	476,404	49,177
Closing balance	<u>1,465,073</u>	<u>988,669</u>
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**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.

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	Note	2024	2023
		Rupees in '000	
<b>16</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	<u>451,707</u>	<u>2,605,372</u>
<b>17</b>	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowing from State Bank of Pakistan (SBP)		
	Redeemable preference shares	17.2 54,461,536	54,461,536
	Repurchase agreement borrowings	17.3 251,568,896	330,098,427
	Repurchase agreement borrowings - others	17.4 13,014,346	14,239,236
	Borrowings From Other Banks	17.5 <u>19,385,015</u>	-
	<b>Total secured</b>	<u>338,429,793</u>	<u>398,799,199</u>
	<b>Unsecured</b>		
	Call borrowings	17.6 <u>69,637,176</u>	<u>1,078,500</u>
		<u>408,066,969</u>	<u>399,877,699</u>
<b>17.1</b>	<b>Particulars of borrowings with respect to currencies</b>		
	In local currency	<u>408,066,969</u>	<u>399,877,699</u>
<b>17.2</b>	Redeemable preference shares have been issued to SBP carrying mark-up of 7.5% (2023: 7.5%) per annum, redeemable on March 7, 2027. The principal of the preference shares and return thereon is guaranteed by the Federal Government of Pakistan.		
<b>17.3</b>	These carry markup at the rate of 13.07% (2023: 22.04% to 23% ) per annum and is secured against Market Treasury Bills having face value amounting to Rs. 54,000 million (2023: Rs.249,000 million) and Pakistan Investment Bonds amounting to Rs.203,000 million (2023: Rs.125,000 million). These are repayable by January 2025 (2023: January 2024).		
<b>17.4</b>	These carry markup at the rate of 12.75% to 13.30% (2023: 22% to 22.85%) per annum and are secured against Market Treasury Bills having face value amounting to Rs. 13,996 million (2023: Market Treasury Bills having face value amounting Rs.10,000 million and Pakistan Investment Bonds having face value amounting Rs 6,071 million). These are repayable by January 2025 (2023: January 2024).		
<b>17.5</b>	These carry markup at the rate of 15.00% (2023: NIL) per annum. These are repayable by January 2025 (2023: NIL).		
<b>17.6</b>	These carry markup at the rate of 11.00% to 15% (2023: 20.80% to 21.00%) per annum. These are repayable by January to May 2025 (2023: January 2024).		

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	2024	2023
	Rupees in '000	
<b>18 DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers - local currency</b>		
Current deposits	10,175,082	6,104,401
Saving deposits	11,935,409	13,064,116
Term deposits	31,712,703	32,977,305
Others	187,903	37,255
	<u>54,011,097</u>	<u>52,183,077</u>
<b>Financial Institutions - local currency</b>		
Current deposits	126,063	75,364
Saving deposits	951,369	3,604,856
Term deposits	-	-
	<u>1,077,432</u>	<u>3,680,220</u>
	<u><u>55,088,529</u></u>	<u><u>55,863,297</u></u>
<b>18.1 Composition of deposits</b>		
- Individuals	5,671,775	3,533,441
- Government (Federal and Provincial)	6,684,568	5,426,031
- Public sector entities	11,087,913	16,887,956
- Banking companies	2,434	-
- Non-Banking Financial Institutions	1,074,998	3,680,220
- Private sector	30,566,841	26,335,649
	<u><u>55,088,529</u></u>	<u><u>55,863,297</u></u>
<b>18.2</b>	These include deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 18,803.058 million (2023: Rs. 12,735.989 million).	
<b>19 LEASE LIABILITIES</b>	2024	2023
	Rupees in '000	
Outstanding amount at the start of the year	983,391	907,653
Additions during the year	270,098	296,173
Lease payments including interest	(336,217)	(304,542)
Interest expense	126,658	118,859
Remeasurement	(46,705)	(34,752)
Outstanding amount at the end of the year	<u>997,225</u>	<u>983,391</u>
<b>19.1 Contactual maturity of lease liabilities</b>		
Short-term lease liabilities - within one year	82,572	51,066
Long-term lease liabilities		
- 1 to 5 years	425,336	369,874
- 5 to 10 years	429,234	507,960
- More than 10 years	60,083	54,491
	<u>914,653</u>	<u>932,325</u>
Total lease liabilities	<u><u>997,225</u></u>	<u><u>983,391</u></u>

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	Note	2024	2023
		Rupees in '000	
<b>20 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency on:			
- borrowings		3,407,005	5,050,416
- deposits and other accounts		2,515,502	2,336,538
Accrued expenses		1,746,765	1,162,422
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		6,344,733	5,845,680
- employees' post retirement medical benefits		10,439,311	9,409,455
- employees' compensated absences		2,153,930	1,926,253
- gratuity scheme of the company		420,541	372,811
Due to Islamic Banking		-	114,491
Security deposits		23,010	38,997
Deferred income	20.3	9,058	9,535
Others	20.4	2,062,342	1,387,738
		<u>29,290,386</u>	<u>27,822,525</u>

**20.1 Net liabilities relating to Bangladesh**

Liabilities		2,012,286	1,982,916
Assets		(2,012,097)	(1,982,727)
	20.1.1	<u>189</u>	<u>189</u>

**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	2024	2023
		Rupees in '000	
<b>20.3 Deferred income</b>			
Opening balance		9,535	10,038
Amortization during the year	28	(477)	(503)
Closing balance		<u>9,058</u>	<u>9,535</u>

**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.

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**21 SHARE CAPITAL**
**21.1 Authorized capital**

2024		2023	
Number of shares		Rupees in '000	
12,500,000,000	12,500,000,000	125,000,000	125,000,000
Ordinary and Preference shares of Rupees 10 each			

**21.2 Issued, subscribed and paid up capital**

2024		2023	
Number of shares			
1,186,961,201	1,186,961,201	- fully paid in cash	11,869,612
65,282,866	65,282,866	- Issued as bonus shares	652,828
4,015,599,174	4,015,599,174	- Issued against loan from SBP	40,155,992
5,267,843,241	5,267,843,241		52,678,432

**21.3**

Shareholder	No. of ordinary shares	Paid-up value per share		
State Bank of Pakistan	4,015,599,174	10	40,155,992	40,155,992
Government of Pakistan	1,251,189,067	10	12,511,891	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
<i>CMC</i>	5,267,843,241		52,678,432	52,678,432

	Note	2024	2023
		Rupees in '000	
<b>22 SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus on revaluation of securities measured at FVOCI:			
Quoted investments		3,118,309	3,442,514
Other securities		1,657,923	(262,021)
Surplus on revaluation of securities measured at FVOCI:		<u>4,776,232</u>	<u>3,180,493</u>
Deferred tax on surplus on revaluation of securities measured at FVOCI:		<u>(2,531,403)</u>	<u>(1,558,442)</u>
		<u>2,244,829</u>	<u>1,622,051</u>
<b>23 CONTINGENCIES AND COMMITMENTS</b>			
<b>23.1 Contingent liabilities</b>			
In respect of cases filed against the Bank:			
23.1.1 by borrowers; 402 (2023: 606) cases		<u>338,547</u>	<u>402,962</u>
23.1.2 by employees; 417 (2023: 468) cases	<b>23.1.2.1</b>	<u>276,281</u>	<u>271,387</u>
23.1.2.1 This includes 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. In the opinion of the legal advisor favorable outcomes of these contingencies is expected, hence, no provision is incorporated in these financial statements.			
<b>23.2 Tax related contingencies</b>			
- Zarai Taraqiati Bank Limited			
<b>23.2.1 Income Tax</b>			
The Bank faces cumulative contingent liabilities amounting to Rs. 92,794.558 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 Honorable Islamabad High Court, and the Honorable Supreme Court of Pakistan. Key cases include Rs. 669.768 million u/s 161/205 for tax years 2009-2012, Rs. 19.528 million u/s 155 for tax years 2014-2015, Rs. 74,054.835 million u/s 122(5A) for tax years 2010-2024, Rs. 0.412 million u/s 153(1)(b) for tax year 2015, Rs. 170.675 million u/s 149 for tax years 2015-2016, Rs. 87.532 million u/s 151 for tax years 2015-2016 and Rs. 1,565.379 million u/s 122(1) for tax year 2018 alongside Rs. 1,392.216 million u/s 4(b) for tax year 2022. Other cases include a demand of Rs. 712 million for tax year 2015/-2016, Rs. 29.121 million for tax year 2019, and Rs. 9,917.854 million from disputes covering assessment years 2002-2003 and tax years 2003-2009. In the opinion of the legal advisor favorable outcomes of these contingencies are expected, hence, no provision is incorporated in these financial statements.			
<b>23.2.2 Federal Excise Duties / Sales tax</b>			
For the tax years 2008-2016, the Bank is facing total contingent liabilities amounting to Rs. 1,951.757 million related to Federal Excise Duties and Sales Tax matters. These cases are currently under litigation at various forums, including the Honorable Islamabad High Court, the Appellate Tribunal Inland Revenue, and other relevant tribunals and authorities. For the years 2008-2012, contingent liabilities amounting to Rs. 825.121 million were contested, with Rs. 343 million decided in favor of the Bank, leaving Rs. 482.121 million still under dispute. For the periods January 2013 to December 2014, demands of Rs. 738.892 million and Rs. 681.109 million were raised for Federal Excise Duties, and Rs. 4.470 million and Rs. 13.295 million for			

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Sales Tax. For December 2016, a demand of Rs. 10.06 million by the Punjab Revenue Authority was partially contested. The Sindh Revenue Board raised demands for July 2011 to December 2011 and January 2015 to December 2016, totaling Rs. 21.57 million. 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 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 accounts at Rs. 1,289,021,407 (this is inclusive of Reimbursable Expenses) for the tax period 2018, whereas, declared sales in Sales Tax Return for the corresponding tax period stand at Rs. 138,652,569 (Service Charges value only) therefore sales tax amounting to Rs. 184,059,014 is recoverable from Company u/s 11(2) of STA 1990 read with ICT (tax on services) ordinance 2001. Moreover, ST Dept claims ST recoverable Rs.732,442/- due to disposal of vehicles and purchase of Fixed Assets thus, total claim of the Dept is Rs.184,791,456/-. Management submitted reply on dated 10 Apr 2023 through tax consultant and an hearing was conducted on 2 May 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 Sales Tax Dept. 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 accounts at Rs. 1,137,504,591 (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. 121,633,402 (this is only Service Charges) therefore sales tax amounting to Rs. 162,539,390 is recoverable from Company along with default surcharges and penalty amounting to Rs. 39,610,488 and Rs. 8,252,185 respectively. An appeal was filed before Commissioner Inland Revenue (Appeal-IV) on 2 Feb 2023 and an hearing was conducted on 6 Jul 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 decision will be decided in favour of the Company.
- 23.2.5** An order was passed by tax department u/s 122(5A) dated June 11, 2022 vide which Department raised tax demand amounting to Rs. 8,683,554 against erroneous refund adjustment made by Company for the Tax year 2016. An appeal was filed before Commissioner Inland Revenue (Appeal-IV) who has annulled this unjustified demand vide order dated December 02,2022. However, department has filed 2nd 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.32M. The Company submitted detail reply in Jun 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 promotion, 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 (2023: same as mentioned).

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	2024	2023
	Rupees in '000	
<b>23.3</b>		
Commitments against		
Capital expenditure	1,253,127	417,926
Consultancy expenditure	7,770	5,628
<b>24</b>		
<b>MARK-UP / RETURN / INTEREST EARNED</b>		
Loans and advances	29,505,256	21,938,959
Investments	77,267,075	114,378,666
Securities purchased under resale agreement	684,157	1,707,104
Call money lendings	2,622,172	2,001,900
Balances with banks	1,173,656	2,287,499
Bai Muajjal income	-	1,964
	<u>111,252,316</u>	<u>142,316,092</u>
<b>24.1</b>		
<b>Interest income recognised on:</b>		2024
		Rupees in '000
Financial assets measured at amortised cost		4,755,059
Financial assets measured at FVOCI		71,456,357
		<u>76,211,416</u>
<b>24.2</b>		
<b>Interest income recognised on:</b>		
Financial assets measured at FVPL		5,810,718
Financial assets measured at cost		29,230,182
		<u>35,040,900</u>
	2024	2023
	Rupees in '000	
<b>25</b>		
<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	8,989,380	7,832,101
Redeemable preference shares - SBP	4,084,615	4,084,615
Securities sold under repurchased agreement	64,534,343	104,147,978
Call borrowings	6,994,176	1,621,298
Other borrowings	1,443,348	-
On lease liability against right-of-use assets	126,658	118,859
Bank commission and other charges	28,459	15,622
	<u>86,200,979</u>	<u>117,820,473</u>
<b>26</b>		
<b>FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	62,495	62,776
Credit related fees	1,073,667	1,245,576
Commission / exchange gain on remittances including home remittances	3,762	3,693
<i>CM</i>	<u>1,139,924</u>	<u>1,312,045</u>

	Note	2024	2023
		Rupees in '000	
<b>27 GAIN ON SECURITIES</b>			
Realised	27.1	2,323,122	266,525
Unrealised - Measured at FVPL		16,327	-
		<u>2,339,449</u>	<u>266,525</u>
<b>27.1 Realised gain on:</b>			
Federal Government Securities		<u>2,323,122</u>	<u>266,525</u>
<b>28 OTHER INCOME</b>			
Rent on property		37,939	33,347
Gain on sale of property and equipment - net		12,571	35,441
Gain on sale of non banking assets			
acquired in satisfaction of claims - net	14.5.2	40,246	9,005
Deferred income amortization	20.3	477	503
Discount income		1,770,596	525,786
Others	28.1	11,512	243,607
		<u>1,873,341</u>	<u>847,689</u>
<b>28.1</b>	Other includes sale of scrap, sale of tender forms, recoveries against penalties imposed by SBP and private use of vehicles etc.		
	<i>CM</i>		

	Note	2024	2023
		Rupees in '000	
<b>29 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	29.1	12,419,569	11,773,764
<b>Property expense</b>			
Rent & taxes		15,286	18,513
Insurance		23,673	16,212
Utilities cost		477,951	346,211
Repair and maintenance (including janitorial charges)		341,695	216,796
Depreciation - right of use assets		275,455	256,969
Depreciation	10.2	36,311	36,556
		1,170,371	891,257
<b>Information technology expenses</b>			
Software maintenance		262,177	76,084
Hardware maintenance		107,834	84,972
Depreciation	10.2	74,971	58,864
Amortisation	12	114,315	58,258
Network charges		167,391	131,772
		726,688	409,950
<b>Other operating expenses</b>			
Directors' fees and allowances		12,624	19,277
Fees and allowances to Shariah Board		7,230	6,168
Legal and professional charges		202,863	205,392
Travelling and conveyance		106,939	121,584
NIFT clearing charges		20,793	22,974
Depreciation	10.2	124,704	123,673
Training and development		64,536	40,144
Postage and courier charges		34,554	31,776
Communication		28,175	29,213
Stationery and printing		101,451	81,396
Marketing, advertisement and publicity		30,810	40,268
Donations	29.2	450	-
Auditors Remuneration	29.3	7,423	7,535
Motor vehicle expenses		741,361	707,352
Others		260,030	163,969
<i>CM</i>		16,060,571	14,675,692

	Note	2024	2023
		Rupees in '000	
<b>29.1 Total compensation expense</b>			
Salaries		6,852,307	6,151,555
Cash bonus / awards etc.		1,097,424	1,008,984
Charge / (reversal) for defined benefit plans:	38.6.5		
- Pension scheme		1,113,869	1,370,721
- Benevolent scheme - officers / executives		35,951	211,396
- Benevolent scheme - clerical / non-clerical		(107,883)	(31,692)
- Gratuity scheme - staff regulation 2005		(14,468)	(25,681)
- Gratuity scheme of the Company		122,535	81,901
- Employees' compensated absences		513,721	100,739
		1,663,725	1,707,384
Contribution to defined contribution plan	38.1.8	40,398	44,425
Rent and house maintenance		477,413	459,103
Utilities		90,378	90,781
Medical	29.1.1	1,861,467	1,970,584
Conveyance		336,457	340,948
Grand Total		<u>12,419,569</u>	<u>11,773,764</u>
29.1.1 This includes post retirement medical benefit amounting to Rs. 1,567.873 million (2023: Rs. 1,733.045 million).			
<b>29.2 Donations</b>			
Ripple Concepts		250	-
Karwan-E-Alhuda Skardu		200	-
		<u>450</u>	<u>-</u>
<b>29.3 Auditors' remuneration</b>			
Audit fee		2,154	2,242
Fee for half year review		631	582
Other statutory certifications		2,254	2,310
Sales tax		806	821
Out of pocket expenses		1,578	1,580
		<u>7,423</u>	<u>7,535</u>
<b>30 OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		1,881	39,804
<i>CMC</i>			

	Note	2024	2023
		Rupees in '000	
<b>31</b>	<b>CREDIT LOSS ALLOWANCE AND WRITE-OFFS - NET</b>		
Credit loss allowance against balances with other banks	6	(3,691)	-
Credit loss allowance against lending to financial institutions	7.6	4,138	-
Credit loss allowance for diminution in value of investments	8.3.2	(23)	-
Credit loss allowance against loans & advances	9.4	(2,560,815)	4,427,486
Fixed assets charged-off		2,524	1,043
Reversal of credit loss allowance against other assets	14.7.1	476,403	49,177
Recovery of written off / charged off bad debts		(9,702,522)	(9,982,882)
		<u>(11,783,986)</u>	<u>(5,505,176)</u>

<b>32</b>	<b>TAXATION</b>		
Current		9,620,667	7,939,826
Prior year	32.2	485,897	(8,047)
Deferred		2,906,288	(1,235,340)
	32.1	<u>13,012,852</u>	<u>6,696,439</u>

**32.1 Relationship between income tax expense and accounting profit**

	2024	2023
	Rupees in '000	
Accounting profit for the year	<u>26,192,320</u>	<u>17,847,288</u>
Tax rate	<u>54%</u>	<u>49%</u>
Tax on accounting income	14,143,853	8,745,171
Tax effect of permanent differences		
Penalties imposed by SBP	1,016	13,931
Repair allowance and rent collection allowance	(4,917)	(3,921)
	(3,901)	10,010
Tax effect of prior years	485,897	(8,047)
Others	(1,612,997)	(2,050,695)
Tax charge for the year	<u>13,012,852</u>	<u>6,696,439</u>

32.1.1 The effective tax rate for the year is 49.68% (2023: 37.52%)

32.1.2 By the virtue of the Income Tax (Amendment) Ordinance, 2024, the Federal Government has raised the corporate tax rate for the banking companies to 44%. The current year overall tax rate is 54% which includes 10% super tax.

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		2024	2023
		Rupees in '000	
<b>33</b>	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>		
	Profit after tax for the year - Rupees in '000	13,179,468	11,150,849
	Weighted average number of ordinary shares	5,267,843,241	5,267,843,241
	Earnings per share - basic and diluted (Rupees)	2.50	2.12

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

		2024	2023
		Rupees in '000	
<b>34</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and balances with treasury banks	5 3,125,812	3,661,179
	Balances with other banks	6 7,494,048	31,925,611
		10,619,860	35,586,790

		2024	2023
		Number	
<b>35</b>	<b>STAFF STRENGTH</b>		
	Permanent	3,916	3,803
	Contractual	3,356	3,327
	Total staff strength	7,272	7,130

**36 CREDIT RATING**

VIS Credit Rating Company Limited in its report dated June 27, 2024 has reaffirmed credit rating of the Bank at AAA (2023: AAA) with stable outlook and short-term credit rating of A-1+ (2023: A-1+).

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**37 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES**

	Note	2024 Rupees in '000	2023
Profit before taxation		26,192,320	17,847,288
Less: Dividend income		(66,735)	(135,730)
		<u>26,125,585</u>	<u>17,711,558</u>
Adjustments:			
Net mark-up / interest income		(25,051,337)	(24,495,619)
Depreciation	10.2	235,986	219,093
Depreciation on right-of-use assets	29	275,455	256,969
Amortization	12	114,315	58,258
Amortization of deferred income	20.3	(477)	(503)
Credit loss allowance and write-offs	31	(2,081,464)	4,477,706
Provision for employees post retirement medical benefits	38.6.5	1,567,873	1,733,045
Provision for medical fund of the Company		15,931	15,804
Charge for defined benefit plans - net	29.1	1,663,725	1,707,384
Gain on sale of non banking assets acquired in satisfaction of claims - net	28	(40,246)	(9,005)
Discount income	28	(1,770,596)	(525,786)
Gain on securities	27	(2,339,449)	(266,525)
Gain on sale of operating fixed assets	28	(12,647)	(35,441)
<i>CMC</i>		<u>(27,422,931)</u>	<u>(16,864,620)</u>
		<u>(1,297,346)</u>	<u>846,938</u>

### 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 entitled to gratuity on the basis set out in the Company's staff regulations.

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### 38.1.8 Defined contribution plan

The Bank operates an approved non-contributory provident fund (General Provident Fund) through an independent trust for 1378 (2023: 1,630) 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 2538 (2023: 2,127) 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. 40.398 million (2023: Rs.44.425 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. 8,041.89 million (2023: Rs. 6,721.05 million). As intimated by the Trustees, the cost of the investments made at year end amounts to Rs. 7,752.68 million (2023: Rs.6,489.05 million) which is equal to 96.41% (2023: 96.55%) of the total fund size. The fair values of the investments amount to Rs. 8,041.89 million (2023: Rs. 6,721.05 million) at that date. The category wise break up of investment is given below:

	2024	2023
	Rupees in '000	
Term Deposit Receipts	4,325,000	5,434,300
Government securities	3,427,681	1,054,753
	<u>7,752,681</u>	<u>6,489,053</u>

### 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.

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#### 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, 2024. The actuarial valuations were made using the Projected Unit Credit (PUC) method based on the following significant assumptions:

	2024	2023
	..... % .....	
Valuation discount rate - pension & medical scheme under SSR-1961	12.25	15.50
Valuation discount rate - all other schemes	12.25	15.50
Expected rate of increase in salary	10.25	13.50
Expected rate of return on plan assets - pension fund	12.25	15.50
Expected rate of return on plan assets - other funds	12.25	15.50
Expected rate of increase in pension	8.00	11.25
Expected rate of medical inflation - allowances	8.00	15.50
Expected rate of medical inflation - hospitalization	12.25	13.50

### 38.5 Number of employees under the scheme

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

	2024	2023
	Number	
- Pension Scheme - funded	5,004	4,915
- Benevolent Scheme (officers) - funded	3,477	3,439
- Benevolent Scheme (staff) - funded	400	318
- Gratuity under Staff Regulations - 2005 (SR-2005)	2,538	2,127
- Post Retirement Medical Benefits - unfunded	6,343	7,036
- Employees Compensated Absences - unfunded	4,965	3,757
- Gratuity scheme of the Company	3,334	1,457

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## 38.6.2 Movement in defined benefit obligations

	2024					
	Benevolent scheme		Gratuity	Post	Employees	Gratuity
	Officers	Staff	SR-2005	retirement medical	compensated absences	scheme of the Company
Pension						
	Rs. in '000					
Obligations at the beginning of the year	18,827,410	123,702	1,638,864	9,409,455	1,926,253	372,811
Current service cost	220,728	3,337	176,057	176,262	89,710	66,981
Interest cost	2,767,913	15,302	226,920	1,391,611	276,401	55,554
Benefits paid	(1,939,815)	(406,894)	(349,726)	(484,755)	(286,044)	(12,113)
Contribution - employees	-	(7,672)	-	-	-	-
Re-measurement loss / (gain)	(167,478)	32,259	193,491	(53,262)	147,610	(62,692)
Obligations at the end of the year	19,708,758	719,098	1,885,606	10,439,311	2,153,930	420,541
	2023					
	Rs. in '000					
Obligations at the beginning of the year	19,771,309	105,587	1,588,063	10,063,017	2,087,516	345,523
Current service cost	276,671	2,409	162,504	321,764	48,952	33,778
Interest cost	2,756,457	76,587	140,011	1,411,281	215,850	48,124
Past service cost	-	262,780	-	-	-	-
Benefits paid	(1,522,523)	(200,712)	(228,530)	(369,657)	(262,003)	(12,893)
Contribution - employees	-	(8,028)	-	-	-	-
Re-measurement loss / (gain)	(2,454,504)	99,784	(23,184)	(2,016,950)	(164,062)	(41,721)
Obligations at the end of the year	18,827,410	896,883	1,638,864	9,409,455	1,926,253	372,811

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**38.6.3 Movement in fair value of plan assets**

	2024					
	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SR-2005			
	Rs. in '000					
<b>Pension</b>						
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	-	-	-
Transferred from gratuity to pension	-	-	-	-	-	-
Re-measurements: Net return on plan assets over interest income gain / (loss)	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	-	-

Note

	2023					
	Benevolent scheme		Gratuity	Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SR-2005			
	Rs. in '000					
<b>Pension</b>						
Fair value at the beginning of the year	12,138,053	1,197,179	722,950	2,293,810	-	-
Interest income on plan assets	1,662,407	157,875	102,444	328,196	-	-
Benefits paid	(1,522,523)	(200,712)	(34,171)	(228,530)	-	-
Contributions - employer	176,172	8,028	1,290	167,750	-	-
Contributions - employees	-	8,028	1,290	-	-	-
Transferred from gratuity to pension	-	-	-	-	-	-
Re-measurements: Net return on plan assets over interest income gain / (loss)	527,621	78,778	39,708	218,632	-	-
Fair value at the end of the year	12,981,730	1,249,176	833,511	2,779,858	-	-

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**38.6.5 Charge / (reversal) for defined benefit plans**  
**38.6.5.1 Cost recognised in profit and loss**

	2024						
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SR-2005	Rs. in '000			
<b>Pension</b>							
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)	-	-	-	-
	<b>1,113,869</b>	<b>35,951</b>	<b>(107,883)</b>	<b>(14,468)</b>	<b>1,567,873</b>	<b>513,721</b>	<b>122,535</b>
	2023						
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SR-2005	Rs. in '000			
	<b>Pension</b>						
Current service cost	276,671	37,932	2,409	162,504	321,764	48,951	33,777
Net interest on defined benefit asset / liability	1,094,050	(81,288)	(89,611)	(188,185)	1,411,281	215,850	48,124
Actuarial (Gain) / Losses	-	-	-	-	-	(164,062)	-
Past service cost	-	262,780	56,800	-	-	-	-
Contributions - employees	-	(8,028)	(1,290)	-	-	-	-
	<b>1,370,721</b>	<b>211,396</b>	<b>(31,692)</b>	<b>(25,681)</b>	<b>1,733,045</b>	<b>100,739</b>	<b>81,901</b>

## 38.6.5.2 Re-measurements recognised in OCI during the year

	2024					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SR-2005	Company		
Pension	Rs. in '000					
Loss / (gain) on obligation :						
- experience adjustment	(167,478)	49,650	193,491	(53,262)	-	(62,692)
Return on plan assets over interest income	(280,379)	5,688	(45,901)	-	-	-
Asset ceiling adjustment	-	(76,399)	53,659	-	-	-
Total re-measurement recognised in OCI	(447,857)	108,997	147,590	(53,262)	-	(62,692)
2023						
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SR-2005	Company		
	Pension	Rs. in '000				
Loss / (gain) on obligation :						
- experience adjustment	(2,454,504)	(18,466)	(23,184)	(2,016,950)	-	(41,721)
Return on plan assets over interest income	(527,621)	(39,708)	(218,632)	-	-	-
Asset ceiling adjustment	-	91,156	-	-	-	-
Total re-measurement recognised in OCI	(2,982,125)	32,982	(241,816)	(2,016,950)	-	(41,721)

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**38.6.7 Sensitivity analysis**

	Pension		Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences	Gratuity scheme of the Company
	Officers	Staff	SR-2005	SR-2005	retirement medical	Company			
	Rs. in '000								
Current liability	19,708,758	140,914	1,885,606	10,439,311	2,153,930	420,541			
+1% discount rate	17,989,945	137,176	1,733,373	9,669,890	1,977,920	389,117			
-1% discount rate	21,747,554	144,909	2,066,500	11,330,477	2,363,280	456,486			
+1% salary increase	-	-	2,077,634	10,524,076	2,360,660	458,968			
-1% salary increase	-	-	1,721,683	10,363,819	1,964,750	386,494			
+1% pension increase / medical inflation rate	20,042,167	-	-	10,335,060	-	-			
-1% pension increase / medical inflation rate	19,393,556	-	-	9,102,405	-	-			
+10% withdrawal rates	-	-	1,888,032	-	-	422,713			
-10% withdrawal rates	-	-	1,883,154	-	-	418,274			
1 year mortality age set back	-	-	1,887,035	-	-	420,295			
1 year mortality age set forward	-	-	1,884,168	-	-	420,786			

**38.6.8 Maturity profile**

Weighted average duration of obligation (in years)	9.53	2.81	2.74	8.83	9.18 for SSR-1961 8.77 for SR-2005	8.94	8.20
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**38.6.9 Expected charge / (reversal) for next year**

	949,423	13,335	(90,879)	(7,582)	1,328,108	251,567	116,504
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**38.6.10 Expected contribution for next year**

	169,668	8,344	960	445,967	-	-	-
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## 39.3 Remuneration paid to Directors for participation in Board and Committee Meetings

Sr. No.	Name of Director	Meeting Fees and Allowances Paid										Total Amount Paid
		For Board Committees										
		For Annual General Meeting	Audit	Business Development & Review	Information Technology	Nomination	Human Resource Management	Procurement	Risk	SAM - NPLs / Litigation		
		Rupees in '000										
1	Mr. Naeemuddin Khan	960	240	-	-	-	180	-	-	-	-	1,280
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	-	-	-	-	-	-	-	-	-	1,000
5	Mr. Ahmed Taimoor	800	200	300	-	-	300	-	-	150	-	1,900
6	Sahibzadeh Rafiq Raouf Ali	400	-	150	-	-	-	-	-	-	-	550
7	Dr. Ayesha Waqar	400	-	150	-	-	-	-	-	-	-	550
8	Dr. Talat Naseer Pashia	400	-	-	-	-	-	-	-	-	-	400
	<b>Total</b>	4,160	440	900	150	450	1,080	-	300	-	300	7,780

Sr. No.	Name of Director	Meeting Fees and Allowances Paid										Total Amount Paid
		For Board Committees										
		For Annual General Meeting	Audit	Product Development & Marketing	Information Technology & Agriculture Technology	Human Resource Management	Procurement	Risk				
		Rupees in '000										
1	Mr. Naeemuddin Khan	440	160	60	-	150	-	-	-	-	-	810
2	Syed Javed	840	320	170	180	930	60	60	295	-	-	3,095
3	Mr. Zaigham Mahmood Rizvi	840	320	230	-	930	120	120	295	-	-	3,035
4	Mr. Haaris Mahmood Chaudhary	680	320	240	180	810	120	120	-	-	-	2,350
5	Mr. Ahmed Taimoor	600	160	240	60	630	120	120	270	-	-	2,080
6	Muhammad Aslam Ghauri	240	160	60	-	240	-	-	25	-	-	725
7	Mr. Zafar Hasan	400	160	85	120	-	-	-	-	-	-	765
	<b>Total</b>	4,040	1,600	1,140	540	3,690	420	420	885	-	-	12,860

## 39.4 Remuneration paid to Shariah Board Members

Items	2024			2023		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
Meeting Fees and Allowances	-	-	-	-	-	-
Contractual salary	2,109	2,215	2,106	243	140	182
Cash bonus	250	300	250	1,875	1,969	1,233
<b>Total</b>	2,359	2,515	2,356	2,077	2,240	1,888
<b>Total Number of Persons</b>	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

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:

	2024			Total
	Level 1	Level 2	Level 3	
	..... Rupees in '000 .....			
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
Investments				
- Federal Government Securities	-	370,614,398	-	370,614,398
- Shares	3,207,605	-	-	3,207,605
- Debt securities (TFCs, Sukuk)	2,352,450	-	-	2,352,450
<i>CMC</i>	5,560,055	370,614,398	-	376,174,453

	2023			
	Level 1	Level 2	Level 3	Total
	..... Rupees in '000 .....			
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
Investments				
- Federal Government Securities	-	366,131,111	-	366,131,111
- Shares	3,531,810	-	-	3,531,810
- Debt securities (TFCs, Sukuk)	2,449,199	-	-	2,449,199
	<u>5,981,009</u>	<u>366,131,111</u>	<u>-</u>	<u>372,112,120</u>

#### 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. Investments in non Government debt securities are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP).

Investment in subsidiary and other unlisted securities 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.

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**41 SEGMENT INFORMATION**
**41.1 Segment Details with respect to Business Activities:**

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

	2024				Total
	Branch banking & agri financing	Treasury	Islamic banking	Kissan Support Services Limited	
..... Rupees in '000 .....					
<b>Profit and Loss</b>					
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
<b>Total Income</b>	<b>22,460,429</b>	<b>7,232,353</b>	<b>275,408</b>	<b>502,596</b>	<b>30,470,786</b>
Segment direct expenses	15,676,702	68,997	234,406	82,347	16,062,452
Inter segment expense allocation	(119,867)	-	-	119,867	-
<b>Total expenses</b>	<b>15,556,835</b>	<b>68,997</b>	<b>234,406</b>	<b>202,214</b>	<b>16,062,452</b>
Credit loss allowance	(11,783,986)	-	-	-	(11,783,986)
<b>Profit before tax</b>	<b>18,687,580</b>	<b>7,163,356</b>	<b>41,002</b>	<b>300,382</b>	<b>26,192,320</b>
<b>Statement of Financial Position</b>					
Cash and Bank balances	3,785,190	6,550,505	267,541	15,140	10,618,376
Investments	-	374,517,656	1,656,797	-	376,174,453
Net inter segment lendings	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	-	101,613,315
- non-performing (net of provision)	7,499,863	-	-	-	7,499,863
Others	35,496,078	13,737,680	1,340,506	213,176	50,787,440
<b>Total Assets</b>	<b>217,060,543</b>	<b>412,105,913</b>	<b>16,922,876</b>	<b>2,040,747</b>	<b>648,130,079</b>
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
<b>Total Liabilities</b>	<b>136,901,159</b>	<b>409,966,066</b>	<b>16,844,291</b>	<b>661,828</b>	<b>564,373,344</b>
Equity	80,054,402	2,244,829	78,585	1,378,919	83,756,735
<b>Total Equity &amp; Liabilities</b>	<b>216,955,561</b>	<b>412,210,895</b>	<b>16,922,876</b>	<b>2,040,747</b>	<b>648,130,079</b>
Contingencies & Commitments	96,622,040	-	-	435,876	97,057,916

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	2023				Total
	Branch banking & agri financing	Treasury	Islamic banking	Kissan Support Services Limited	
..... Rupees in '000 .....					
<b>Profit and Loss</b>					
Net mark-up/return/profit	10,166,772	14,111,056	217,382	409	24,495,619
Inter segment revenue - net	2,356,901	(2,587,856)	-	230,955	-
Non mark-up / return / interest income	2,096,201	266,525	1,987	197,276	2,561,989
<b>Total Income</b>	<b>14,619,874</b>	<b>11,789,725</b>	<b>219,369</b>	<b>428,640</b>	<b>27,057,608</b>
Segment direct expenses	14,437,025	58,246	140,875	79,350	14,715,496
Inter segment expense allocation	(107,762)	-	-	107,762	-
<b>Total expenses</b>	<b>14,329,263</b>	<b>58,246</b>	<b>140,875</b>	<b>187,112</b>	<b>14,715,496</b>
Credit loss allowance	(5,505,176)	-	-	-	(5,505,176)
<b>Profit before tax</b>	<b>5,795,787</b>	<b>11,731,479</b>	<b>78,494</b>	<b>241,528</b>	<b>17,847,288</b>
<b>Statement of Financial Position</b>					
Cash and Bank balances	3,540,495	27,925,739	4,105,763	14,793	35,586,790
Investments	-	369,922,133	2,189,987	-	372,112,120
Net inter segment lending	31,122,666	-	-	1,556,105	32,678,771
Lendings to financial institutions	-	5,960,700	600,000	-	6,560,700
Advances - performing	85,398,098	-	-	-	85,398,098
- non-performing (net of provision)	20,109,562	-	-	-	20,109,562
Others	34,764,340	7,500,019	237,019	156,873	42,658,251
<b>Total Assets</b>	<b>174,935,161</b>	<b>411,308,591</b>	<b>7,132,769</b>	<b>1,727,771</b>	<b>595,104,292</b>
Borrowings	54,461,536	344,337,663	1,078,500	-	399,877,699
Subordinated debt	-	-	-	-	-
Deposits & other accounts	50,756,424	-	5,106,873	-	55,863,297
Net inter segment borrowing	1,556,105	30,522,666	500,000	100,000	32,678,771
Others	27,078,576	3,730,261	83,237	519,214	31,411,288
<b>Total Liabilities</b>	<b>133,852,641</b>	<b>378,590,590</b>	<b>6,768,610</b>	<b>619,214</b>	<b>519,831,055</b>
Equity	72,517,466	1,622,051	25,163	1,108,557	75,273,237
<b>Total Equity &amp; Liabilities</b>	<b>206,370,107</b>	<b>380,212,641</b>	<b>6,793,773</b>	<b>1,727,771</b>	<b>595,104,292</b>
<b>Contingencies &amp; Commitments</b>	<b>71,735,770</b>	<b>-</b>	<b>-</b>	<b>278,007</b>	<b>72,013,777</b>

#### 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.

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**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	
	2024	2023	2024	2023	2024	2023
..... Rupees in '000' .....						
<b>Advances</b>						
Opening balance	54,997	34,458	-	-	-	-
Addition	74,572	78,570	-	-	-	-
Repaid	(31,019)	(58,031)	-	-	-	-
Closing balance	98,550	54,997	-	-	-	-
<b>Other assets</b>						
Interest / mark-up accrued	11,266	10,608	-	-	-	-
Receivable at the end of the year	-	-	1,184,271	1,140,994	-	-
<b>Deposits and other accounts</b>						
Opening balance	2,085	2,687	12,001,475	9,126,458	274,290	236,986
Received during the year	232,219	219,470	16,795,203	35,825,178	590,448	483,205
Withdrawn during the year	(224,809)	(220,072)	(16,806,008)	(32,950,161)	(530,140)	(445,901)
Closing balance	9,495	2,085	11,990,670	12,001,475	334,598	274,290
..... Rupees in '000' .....						
<b>Other liabilities</b>						
Interest / mark-up payable	-	-	288,217	430,719	11,090	14,979
Payable at the end of the year	-	-	18,937,974	17,181,388	-	-
<b>Income</b>						
Mark-up / interest earned	4,890	2,302	-	-	-	-
<b>Expense</b>						
Mark-up / interest paid	-	-	2,437,466	1,708,385	60,306	38,150
Compensation	253,550	164,577	-	-	-	-
Post retirement benefit	4,283	5,880	-	-	-	-
Contribution to defined benefit plan	843	1,221	-	-	-	-

**43.1 Transactions with Government related entities**

The Federal Government through SBP 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.

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**44 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	2024	2023
	... Rupees in '000 ...	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	52,678,432	52,678,432
<b>Capital Adequacy Ratio:</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	74,684,118	66,784,561
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	74,684,118	66,784,561
Eligible Tier 2 Capital	4,174,704	3,425,817
Total Eligible Capital (Tier 1 + Tier 2)	78,858,822	70,210,378
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	154,389,975	144,301,307
Market Risk	20,718,775	7,063,625
Operational Risk	43,898,575	34,927,413
Total	219,007,325	186,292,345
Common Equity Tier 1 Capital Adequacy Ratio	34.10%	35.85%
Tier 1 Capital Adequacy Ratio	34.10%	35.85%
Total Capital Adequacy Ratio	36.01%	37.69%

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, 2024 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% (2023: 11.50%) of the risk weighted exposure. The Bank's CAR as at December 31, 2024 is 36.01% (2023: 37.69%) of its risk weighted exposure.

	2024	2023
	... Rupees in '000 ...	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	74,684,118	66,784,561
Total exposures	577,770,414	562,544,100
Leverage ratio	12.93%	11.87%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	75,177,791	43,825,505
Total Net Cash Outflow	32,376,518	5,314,602
Liquidity Coverage Ratio	232%	825%
<b>Net Stable Funding</b>		
Total Available Stable Funding	200,257,341	189,685,484
Total Required Stable Funding	162,878,163	156,982,972
Net Stable Funding Ratio	123%	121%

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>.

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## 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:

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**45.1.4 Contingencies and Commitments**
**Credit risk by industry sector**

	2024	2023
	Rupees in '000	
Agriculture, Forestry, Hunting and Fishing	96,781,635	71,742,390
Individuals	276,281	271,387
	<u>97,057,916</u>	<u>72,013,777</u>
<b>Credit risk by public / private sector</b>		
Public / Government	95,182,191	70,915,874
Private	1,875,725	1,097,903
	<u>97,057,916</u>	<u>72,013,777</u>

**45.1.5 Concentration of Advances**

The Bank's maximum credit limit to a single borrower amounts to Rs. 5 million (2023: 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**

Province / Region	Disbursements	2024 Utilization					AJK including Gilgit-Baltistan
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
		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
<b>Total</b>	<b>72,022,688</b>	<b>61,362,142</b>	<b>7,217,265</b>	<b>2,312,504</b>	<b>406,674</b>	<b>-</b>	<b>724,103</b>
<i>CMC</i>							

2023 Utilization

Province / Region	Disbursements	Utilization					AJK including Gilgit-Baltistan
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
Punjab	75,166,646	75,166,646	-	-	-	-	-
Sindh	10,395,537	-	10,395,537	-	-	-	-
KPK including FATA	3,512,979	-	-	3,512,979	-	-	-
Balochistan	488,207	-	-	-	488,207	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	1,414,939	-	-	-	-	-	1,414,939
<b>Total</b>	<b>90,978,308</b>	<b>75,166,646</b>	<b>10,395,537</b>	<b>3,512,979</b>	<b>488,207</b>	<b>-</b>	<b>1,414,939</b>

..... Rupees in '000 .....

#### 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.

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**45.2.1 Balance sheet split by trading and banking books**

	2024		2023			
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	..... Rupees in '000 .....					
Cash and balances with treasury banks	3,125,812	-	3,125,812	3,661,179	-	3,661,179
Balances with other banks	7,492,564	-	7,492,564	31,925,611	-	31,925,611
Lendings to financial institutions	30,950,072	-	30,950,072	6,560,700	-	6,560,700
Investments	372,754,064	3,420,389	376,174,453	372,112,120	-	372,112,120
Advances	109,121,210	-	109,121,210	105,507,660	-	105,507,660
Property and equipment	1,852,427	-	1,852,427	1,547,972	-	1,547,972
Right-of-use assets	857,055	-	857,055	856,939	-	856,939
Intangible assets	172,427	-	172,427	255,925	-	255,925
Deferred tax assets	13,475,947	-	13,475,947	12,875,669	-	12,875,669
Other assets	34,429,584	-	34,429,584	27,121,746	-	27,121,746
	<b>574,231,162</b>	<b>3,420,389</b>	<b>577,651,551</b>	<b>562,425,521</b>	<b>-</b>	<b>562,425,521</b>

**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 held under AFS category which is marked to market periodically to reflect associated price risk and further risk is being gauged through stress testing scenario quarterly.

Impact of 5% change in equity prices on:

	2024	2023
- Profit and loss account	-	-
- Other comprehensive income	71,721	87,784

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#### 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.

	2024	2023
<b>Banking Book Trading Book Banking Book Trading Book</b>		
..... Rupees in '000 .....		
	-	-
	26,729	1,312
	328,699	582,019
	-	-

Impact of 1% change in interest rates on:

- Profit and loss account  
 - Other comprehensive income

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**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.

Effective Yield / Interest rate	Total	2024 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 .....													
<b>On-balance sheet financial instruments</b>													
<b>Assets</b>													
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	30,950,072	-	-	-	-	-	-	-	-	-	-	-
Investments - net	376,174,453	30,314	140,909,721	50,887,711	8,037,303	92,990,211	24,312,507	4,737,130	-	-	-	-	-
Advances - net	109,121,210	974,819	3,489,574	18,274,341	18,967,761	20,194,663	30,640,750	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	123,630,961	4,783,324	-	-	-	-	33,789,502
<b>Liabilities</b>													
Bills payable	451,707	-	-	-	-	-	-	-	-	-	-	-	451,707
Borrowings	408,066,969	297,768,257	55,837,176	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	56,621,831	13,079,744	247,061	12,457,660	17,925,954	2,070	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	-	-	27,069,477
Other liabilities	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
<b>On-balance sheet gap</b>	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)
<b>Net non-financial assets</b>	18,141,306	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total net assets</b>	82,377,818	-	-	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total yield/ interest risk sensitivity gap</b>	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)
<b>Cumulative yield / interest risk sensitivity gap</b>	(271,400,270)	(271,400,270)	(323,394,387)	(191,458,545)	(140,291,964)	(67,571,827)	#####	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	557,443,721
Add non-financial assets:		
Investment in subsidiary company	100,000	1,953,970
Operating fixed assets and intangible	2,874,099	493,207,209
Deferred tax assets	13,272,502	-
Other assets	3,848,675	495,161,179
Total assets as per statement of financial position	577,538,997	577,538,997
Total financial liabilities		
Add non-financial liabilities:		
Other liabilities		
Total liability as per statement of financial position		





### 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.

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

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
<b>Assets</b>														
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	-	-	-	-	-	-	-	-	9,207,629	-	-	-	-
Advances - net	109,121,210	827,394	443	3,327,891	3,327,891	2,471,973	500,000	144,687,000	27,275,000	10,289,374	64,225,750	8,403,316	96,700,000	25,275,758
Property and equipment	1,844,619	-	-	477,540	477,540	-	1,024,226	3,399,685	9,637,031	217,098	108,421	339,426	190,092	12,234,453
Right-of-use assets	857,055	-	-	-	-	-	6,377	9,528	-	24,332	4,648	40,175	53,430	496,137
Intangible assets	172,425	-	-	-	1	-	-	-	-	2,670	147,995	21,759	-	734,470
Deferred tax assets - net	13,272,502	-	-	-	-	-	-	-	-	13,272,502	-	-	-	-
Other assets	34,428,323	346,407	90	9,575,440	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	
<b>Liabilities</b>														
Bills payable	451,707	451,707	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	408,066,969	-	160,806,856	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	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	
<b>Net assets</b>	82,377,818	(12,084,065)	(142,706,323)	(10,180,232)	(156,167,451)	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												
		<u>82,377,818</u>												

2023

Assets	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
<b>Assets</b>														
Cash and balances with treasury banks	3,661,179	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	31,925,573	6,560,700	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	372,212,120	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments - net	105,507,660	1,755,765	164,639	266,226	3,779,604	2,131,591	594,813	4,496,000	32,905,900	233,582,761	17,710,000	50,615,750	26,677,751	6,223,958
Advances - net	1,538,612	-	-	-	385,234	-	7,708	5,996,933	7,843,390	19,397,555	11,477,771	13,562,975	24,728,393	13,808,005
Property and equipment	856,939	-	-	-	12,814	-	3,194	18,914	-	39,514	71,333	151,746	250,227	613,936
Right-of-use assets	255,925	-	-	-	-	-	-	10,110	-	41,874	50,927	54,586	200,990	482,444
Intangible assets	12,730,814	-	-	-	-	-	-	-	-	255,925	-	-	-	-
Deferred tax assets - net	27,126,949	439,447	31,601	59,096	8,031,654	2,067,443	1,295,350	817,428	2,522,752	11,059,642	471,733	141,300	95,043	94,460
Other assets	562,376,471	37,781,964	6,756,940	325,322	12,209,306	4,199,034	1,901,065	11,339,385	43,272,042	277,108,085	29,781,764	64,526,357	51,952,404	21,222,803
<b>Liabilities</b>														
Bills payable	2,605,372	2,605,372	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	399,877,659	-	201,916,163	143,500,000	4,367,500	150,427	177,388	7,895,060	991,135	19,793,271	82,430	4,240	54,461,536	-
Deposits and other accounts	57,169,073	23,056,422	-	-	6,820,605	-	2,248,491	950,704	-	(1,759,841)	2,391,838	2,383,191	4,936,427	600,000
Other liabilities	28,559,646	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	488,211,790	25,661,794	201,916,163	143,500,000	11,188,105	150,427	2,425,879	8,845,764	991,135	18,033,430	2,474,268	2,387,431	59,449,163	11,188,231
Share capital	74,164,681	12,120,170	(195,159,223)	(143,174,678)	1,021,201	4,048,607	(524,814)	2,493,621	42,280,907	259,074,655	27,307,496	62,138,926	(7,496,759)	10,034,572
Reserves		52,678,432												
Unappropriated profit		9,520,922												
Surplus on revaluation of assets		10,343,276												
		1,622,051												
		74,164,681												



**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 25 MAR 2025 by the Board of Directors of the Group.

**48 GENERAL**

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

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President

  
Chief Financial Officer

  
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, 2024**

1	2	3	4	5	6			9	10	11	12	13
					Principal	Interest / markup	Others					
Outstanding liabilities at beginning of the year												
Rupees in '000 .....												
0												
0												
<b>NIL</b>												
<i>Nil</i>												

## Annexure - II

**ISLAMIC BANKING BUSINESS**

The bank is operating 25 (2023: 25) Islamic banking branches and 0 (2023: 10) Islamic branches windows at the end of the year.

	Note	2024 Rupees in '000	2023
<b>ASSETS</b>			
Cash and balances with treasury banks		141,150	282,787
Balances with other banks		126,391	3,822,976
Due from financial institutions	1	13,650,000	600,000
Investments	2	1,656,797	2,189,987
Islamic financing and related assets - net		8,032	-
Fixed assets		120,687	121,463
Intangible assets		-	-
Due from Head Office		-	-
Other assets		1,219,819	115,556
<b>Total Assets</b>		<b>16,922,876</b>	<b>7,132,769</b>
<b>LIABILITIES</b>			
Bills payable		4,435	1,367
Due to financial institutions		13,800,000	1,078,500
Deposits and other accounts	3	1,354,966	5,106,873
Due to Head Office	4	963,273	338,996
Subordinated debt		-	-
Other liabilities		221,617	81,870
		16,344,291	6,607,606
<b>NET ASSETS</b>		<b>578,585</b>	<b>525,163</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus / (deficit) on revaluation of assets		11,953	(23,039)
Accumulated profit	5	66,632	48,202
		578,585	525,163
<b>CONTINGENCIES AND COMMITMENTS</b>	6		

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## Annexure - II

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

	Note	2024 Rupees in '000	2023
Profit / return earned	7	2,196,093	1,299,771
Profit / return expensed	8	1,928,978	1,082,389
Net Profit / return		<u>267,115</u>	<u>217,382</u>
<b>Other income</b>			
Fee and Commission Income		2,578	1,966
Dividend Income		-	-
Foreign Exchange Income		-	-
Income / (loss) from derivatives		-	-
Gain on securities		3,667	21
Other Income		2,048	-
Total other income		<u>8,293</u>	<u>1,987</u>
Total Income		<u>275,408</u>	<u>219,369</u>
<b>Other expenses</b>			
Operating expenses		234,406	140,875
Workers Welfare Fund		-	-
Other charges		-	-
Total other expenses		<u>234,406</u>	<u>140,875</u>
Profit before provisions		<u>41,002</u>	<u>78,494</u>
Provisions and write offs - net		-	-
Profit before taxation		<u>41,002</u>	<u>78,494</u>
Taxation		<u>22,572</u>	<u>37,445</u>
Profit after taxation		<u>18,430</u>	<u>41,049</u>

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## Annexure - II

	2024		2023		Total
	In Local Currency	In Foreign currencies	In Local Currency	In Foreign currencies	
..... Rupees in '000 .....					
1	13,650,000	-	600,000	-	600,000
	13,650,000	-	600,000	-	600,000

**1 Due from Financial Institutions**  
 Musharakah / Mudarabah

**2 Investments**

	2024		2023		Carrying value	Surplus / (deficit)	Credit loss allowance	Cost / amortised cost	Carrying value	Surplus / (deficit)	Credit loss allowance	Carrying value
	Cost / amortised cost	Surplus / (deficit)	Cost / amortised cost	Surplus / (deficit)								
..... Rupees in '000 .....												
Federal Government securities	1,287,277	-	8,343	1,295,620	1,756,345	-	-	1,287,277	1,295,620	(24,958)	-	1,731,387
Ijarah sukuk												
Non Government Securities	357,566	-	3,611	361,177	456,681	-	-	357,566	361,177	1,919	-	458,600
Listed securities												
<b>Total investments</b>	<b>1,644,843</b>	<b>-</b>	<b>11,954</b>	<b>1,656,797</b>	<b>2,213,026</b>	<b>-</b>	<b>-</b>	<b>1,644,843</b>	<b>1,656,797</b>	<b>(23,039)</b>	<b>-</b>	<b>2,189,987</b>

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## Annexure - II

	2024	2023
	Rupees in '000	
<b>3 Deposits</b>		
<b>Customers - local currency</b>		
Current deposits	392,796	223,294
Savings deposits	719,767	4,723,567
Term deposits receipts	242,165	155,397
Others	238	4,615
	1,354,966	5,106,873
<b>Financial Institutions</b>		
Term deposits receipts	-	-
	1,354,966	5,106,873
<b>3.1 Composition of deposits</b>		
- Individuals	1,023,657	899,046
- Non-Banking Financial Institutions	-	2,905,801
- Private Sector	131,309	1,162,869
-Govt./Public Sector Entities	200,000	139,157
	1,354,966	5,106,873
<b>3.2</b>		
This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 1,026.551 million (2023: Rs. 899.576 million).		
<b>4</b>		
Due to head office represents inter branch transactions between Islamic and Conventional.		
	2024	2023
	Rupees in '000	
<b>5 Islamic Banking Business Unappropriated Profit</b>		
Opening Balance	48,202	7,153
Add: Islamic Banking for the year	41,002	78,494
Less: Taxation	22,572	37,445
Closing Balance	66,632	48,202
<b>6</b>		
There are no contingencies and commitments related to the Islamic business as at reporting date. (2023: Nil)		
<b>7 Profit / return earned of financing, investments and placement</b>		
	2024	2023
	Rupees in '000	
Profit earned on:		
Financing	515	-
Investments	342,024	413,986
Placements	1,853,554	885,785
Total	2,196,093	1,299,771
<i>CMC</i>		

## Annexure - II

	2024	2023
	Rupees in '000	
<b>8 Profit on deposits and other dues expensed</b>		
Deposits and other accounts	261,484	449,096
Commission and other charges	3,520	1,493
Call borrowings/ Funds acceptances	1,663,974	631,800
	<u>1,928,978</u>	<u>1,082,389</u>

**9 Pool Management**

Currently, ZTBL Islamic Banking Division (ZTBL - IBD) is maintaining five pools for profit declaration and distribution i.e., general pool, special pool 3, 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.

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## 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:**

	2024	2023
	Rupees in '000	
Investments	1,656,797	2,189,987
Due from financial institutions	13,650,000	600,000
Balances with other banks	126,391	3,822,976
<i>CM</i>		

## 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.

	2024	2023
	Rupees in '000	
<b>Credit loss allowances</b>	-	-

**Mudarib share (in amount and percentage of distributable income)**

		2024	2023
		Rupees in '000	
Rabbul Mal	73%	251,311	414,840
Mudarib	27%	91,305	90,179
		<u>342,616</u>	<u>505,019</u>

**Amount & percentage of mudarib share transferred to depositors through Hiba**

	2024	2023
Mudarib share	91,305	90,179
Hiba	20,228	40,321
Hiba percentage of mudarib share	22.15%	44.71%

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**

	2024	2023
Profit rate earned	18.03% p.a.	19.66% p.a.
Profit rates distributed to depositors	13.07% p.a.	13.45% p.a.

*CM*

# STATISTICAL ANNEX



ANNUAL REPORT 2024

**SELECTED STATISTICAL INDICATORS**

(Rupees in Millions)

Sr. No.	Description	2020	2021	2022	2023	2024
<b>During the Year</b>						
1	Agricultural Credit Disbursed	62,070	69,162	69,631	90,978	72,022
2	Loans to Subsistence Farmers	50,950	58,806	60,067	80,386	64,663
3	2 as %age of 1	82%	85%	86%	88%	90%
4	Loans to Small Farmers (Upto 25.0 Acres)	60,019	66,979	67,689	88,933	70,597
5	4 as %age of 1	97%	97%	97%	98%	98%
6	Financing of Tractors					
	- Number	1,084	1,356	698	4,872	895
	- Amount	938	1,258	740	10,082	2,001
7	Financing of Tubewells					
	- Number	171	69	35	208	280
	- Amount	25.329	11.184	8.628	384.138	553
8	7 as %age of 1	0.0%	0.0%	0.0%	0.4%	0.8%
9	Agri. Credit Recovery	79,216	83,677	79,750	91,080	85,309
<b>At the End of the Year</b>						
1	Agri. Loan Portfolio	145,635	127,864	121,871	137,349	148,765
2	Number of Zonal Offices	31	31	31	31	31
3	Number of Branches	501	501	501	501	501
4	Number of MCO's	1,258	1,138	1,166	1,041	1,046
5	Number of Regular Employees	5,088	4,539	4,163	3,803	3,916

**LOANS DISBURSED SINCE INCEPTION: AREA-WISE  
 UPTO 31.12.2024**

(Rupees in Millions)

Sr. No.	Province/Area	Amount Disbursed	Share (%)
1	Punjab	1,437,249	80.3
2	Sindh	237,001	13.2
3	Khyber Pakhtunkhwa	86,629	4.8
4	Balochistan	12,937	0.7
5	Azad Kashmir	6,708	0.4
6	Gilgit/Baltistan	9,585	0.5
	<b>Total</b>	<b>1,790,108.355</b>	<b>100</b>

### LOANS DISBURSED: AREA-WISE DURING 01-01-2024 TO 31-12-2024

(Rupees in Millions)

Sr. No.	Province/Area	Number of Borrowers	Amount Disbursed	Share (%)
1	Punjab	102,412	61,362	85.20
2	Sindh	11,579	7,217	10.02
3	Khyber Pakhtunkhwa	3,437	2,313	3.21
4	Balochistan	469	407	0.56
5	Azad Kashmir	99	63	0.09
6	Gilgit/Baltistan	793	661	0.92
	<b>Total</b>	<b>118,789*</b>	<b>72,023</b>	<b>100</b>

*\*Purpose-wise Number of Borrowers*

**TERM-WISE COMPOSITION OF LOANS DISBURSED  
 DURING 01-01-2024 TO 31-12-2024**

(Rupees in Millions)

Sr. No.	Province/Area	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	44,091	29,223.63	51,039	28,002.07	7282	4,136.443	102,412	61,362.14
2	Sindh	5,029	3,142.92	6,532	4,041.71	18	32.638	11,579	7,217.26
3	Khyber Pakhtunkhwa	690	529.33	2,494	1,555.85	253	227.319	3,437	2,312.50
4	Balochistan	401	332.26	44	40.47	24	33.941	469	406.67
5	Azad Kashmir	1	0.50	97	62.47	1	0.400	99	63.37
6	Gilgit/Baltistan	0	0.00	791	657.45	2	3.285	793	660.74
	<b>Total</b>	<b>50,212</b>	<b>33,228.64</b>	<b>60,997</b>	<b>34,360.02</b>	<b>7,580</b>	<b>4,434.03</b>	<b>118,789</b>	<b>72,022.69</b>

**LOANS DISBURSED: SECURITY – WISE  
 DURING 01.01.2024 TO 31.12.2024**

(Rupees In Millions)

Sr. No.	Particulars	Number of Cases	Amount Disbursed	Share (%)
1	Secured Loans	114,104	71,354.3	99.1
2	Hypothecation Loans	2	1.0	0.0
3	Personal Surety Loans	5	5.3	0.0
4	Other Security	997	662.1	0.9
	<b>Total</b>	<b>115,108*</b>	<b>72,022.686</b>	<b>100</b>

*\*Security-wise Number of Loan Cases*

**ANNUAL CREDIT DISBURSEMENT, TRACTORS & TUBEWELLS FINANCED  
 SINCE INCEPTION UPTO 31-12-2024**

(Rs. In Millions)

Year	Annual Credit	Tractors Financed		Tubewells Financed	
	Disbursed	Number	Amount	Number	Amount
Since Inception upto 31-12-2015	1,077,357.137	579,814	131,115.265	156,857	18,015.638
2016	92,847.397	4,654	3,004.209	365	69.528
2017	97,128.722	4,765	3,064.079	465	71.199
2018	76,262.233	3,616	2,802.867	618	91.895
2019	82,649.136	1,747	1,429.004	622	82.393
2020	62,069.647	1,084	937.555	171	25.329
2021	69,161.814	1,356	1,258.305	69	11.184
2022	69,631.277	698	739.824	35	8.628
2023	90,978.308	4,872	10,082.000	208	384.138
2024	72,022.686	895	2,000.598	280	553
<b>Total</b>	<b>1,790,108.357</b>	<b>603,501</b>	<b>156,434</b>	<b>159,690</b>	<b>19,313</b>

**AGRICULTURAL CREDIT DISBURSED BY MAJOR PURPOSES  
 DURING 01-01-2024 TO 31-12-2024**

(Rupees in Millions)

Purposes		No. of Borrowers	Amount Disbursed	Share (%)
<b>I. Development Loans</b>		<b>68,577</b>	<b>38,794</b>	<b>54</b>
1	Tractors	895	2,001	3
2	Dairy Farming	46,484	27,040	38
3	Farm Equipment	610	981	1
4	Tubewells/Turbines	280	553	1
5	Livestock	8,641	2,947	4
6	Poultry Farming	18	13	0
7	Orchards	77	51,263	0
8	Land Development	17	4,300	0
9	Godown/ Cold Storage	2,472	1,379.018	2
10	Others	9,083	3,824	5
<b>II. Production Loans</b>		<b>50,212</b>	<b>33,228.641</b>	<b>46</b>
<b>Total Agri. Credit Disbursement</b>		<b>118,789</b>	<b>72,022.686</b>	<b>100</b>

**AGRICULTURAL CREDIT DISBURSED BY SIZE OF LOAN  
 DURING 01-01-2024 TO 31-12-2024**

(Rs. in Millions)

Size of loan	*No. of Borrowers	Share (%)	Amount Disbursed	Share (%)
Upto Rs. 25000/-	498	0.5	4.22	0.01
Rs. 25001 to 50000/-	762	0.8	32.51	0.0
Rs. 50001 to 100000/-	3,244	3.2	273.41	0.4
Rs. 100001 to 200000/-	11,500	11.4	1,831.52	2.5
Rs. 200001 to 500000/-	34,243	34.0	12,058.22	16.7
Rs. 500001 to 1000000/-	31,510	31.3	22,715.96	31.5
Over Rs. 1000000/-	18,845	18.7	35,106.85	48.7
<b>TOTAL</b>	<b>100,602</b>	<b>100.0</b>	<b>72,022.69</b>	<b>100.0</b>

\*Borrowers are CNIC Wise

### AGRICULTURAL CREDIT DISBURSED BY SIZE OF HOLDING DURING 01-01-2024 TO 31-12-2024

(Rupees in Millions)

Size of Holding	No. of Cases	Share (%)	Amount Disbursed	Share (%)
A. Landless	0	0%	0.000	0%
B. Owners				
<i>Under 5.1 Hectares (under 12.50 Acres)</i>	105,051	91%	63,282.207	88%
<i>5.1 to under 6.5 Hectares (12.51 to under 16.00 Acres)</i>	4,461	4%	3,702.076	5%
<i>6.5 to under 10.1 Hectares (16.01 to under 25.00 Acres)</i>	3,955	3%	3,612.811	5%
<i>10.1 to under 13 Hectares (25.01 to under 32.00 Acres)</i>	754	1%	653.642	1%
<i>13 to under 20.2 Hectares (32.01 to under 50.00 Acres)</i>	646	1%	556.659	1%
<i>20.2 to under 26 Hectares (50.01 to under 64.00 Acres)</i>	111	0%	104.332	0%
<i>26 Hectares &amp; Above (64.01 Acres &amp; Above)</i>	130	0.1%	110.967	0.2%
<b>Total</b>	<b>115,108</b>	<b>100%</b>	<b>72,022.694</b>	<b>100.0</b>

**PROVINCE/AREA WISE LOAN RECOVERY  
DURING 01-01-2024 TO 31-12-2024**

(Rupees in Millions)

Sr. No.	Province/Area	Recovery
1	Punjab	71,969.54
2	Sindh	8,410.22
3	Khyber Pakhtunkhwa	3,034.85
4	Balochistan	432.61
5	Azad Kashmir	243.04
6	Gilgit/Baltistan	1,219.12
	<b>Total</b>	<b>85,309.38</b>

<b>STAFF POSITION (REGULAR EMPLOYEES)</b>				
(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
<i>* Including MCOs</i>				

<b>NETWORK OF FIELD OFFICES AS ON 31.12.2024</b>			
			(Numbers)
<b>Sr. No.</b>	<b>Provinces</b>	<b>Zonal</b>	<b>Branches</b>
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
	<b>Total</b>	<b>31</b>	<b>501</b>
<i>* Including Islamabad</i>			