

# Press Release

## VIS Reaffirms Entity Ratings of Zarai Taraqati Bank Limited

Karachi, June 30, 2025: VIS Credit Rating Company Limited (VIS) has reaffirmed the entity ratings of Zarai Taraqati Bank Limited (ZTBL or 'the Bank') at 'AAA/A1+' (Triple A/A One Plus). The medium to long-term rating of 'AAA' denotes highest credit quality; the risk factors are negligible, being only slightly more than for risk-free Government of Pakistan's debt. The short-term rating of 'A1+' denotes the strongest likelihood of timely repayment of short-term obligations with outstanding liquidity factors. Outlook on the assigned ratings is 'Stable'. Previous rating action was announced on June 27, 2024.

The ratings of ZTBL reflect its strong ownership profile and defined institutional mandate. The Bank's majority ownership by the State Bank of Pakistan and the Government of Pakistan provides a foundation of implicit sovereign support, which remains a core credit strength. ZTBL's strategic focus on Islamic banking transformation, ESG integration, and IT modernization is indicative of its commitment to long-term sustainability and alignment with national priorities.

Improvements in asset quality, evidenced by declining non-performing loans and enhanced provisioning coverage, have further reinforced its risk profile. The Bank has adopted the IFRS 9 framework, leading to a more forward-looking risk assessment approach. Despite challenges in the development finance sector, including structural constraints and limited access to capital markets, ZTBL has maintained sound profitability. This is driven by a combination of stable net interest income, increased non-markup revenue, and reversals in provisioning. Efficiency indicators have shown slight moderation, mainly due to inflation-linked cost increases, though operating profitability has remained strong.

The Bank's liquidity profile is sound, supported by a sizable stock of government securities and favorable liquidity and funding ratios. Investments are largely held in low-risk sovereign instruments, mitigating market and credit risk exposure. ZTBL's capital adequacy remains strong, significantly exceeding regulatory requirements.

For further information on this ratings announcement, please contact at 021-35311861-64 or email at [info@vis.com.pk](mailto:info@vis.com.pk).

### Applicable Rating Criteria:

#### Government Supported Entities

<https://docs.vis.com.pk/docs/Meth-GSEs202007.pdf>

#### VIS Issue/Issuer Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

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