

DIRECTORS' REPORT FOR THE PERIOD ENDED MARCH 31, 2017

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present consolidated and unconsolidated condensed, un-audited interim financial results of Zarai Taraqati Bank Limited for the period ended March 31, 2017.

During 2016-2017, performance of the agriculture sector remained up to the mark and achieved growth of 3.46 percent close to the target of 3.5 percent. This was possible by better harvesting of important crops through greater availability of agriculture inputs like water, agriculture credit and intensive fertilizers off take.

During 2016-2017, cotton production was estimated at 10.671 million bales registering 7.6 percent increase over the production of 9.917 million bales in the year 2015-2016. During 2016-2017, sugarcane production was 73,607 thousand tonnes as compared to 65,482 thousand tonnes in the last year showing a positive growth of 12.4 percent. Maize production remained 6,130 thousand tonnes during 2016-2017 as compared to 5,271 thousand tonnes last year showing growth of 16.3 percent. Wheat production was estimated at 25,750 thousand tonnes registering 0.5 percent increase over the production of 25,633 thousand tonnes last year. (*Pakistan Economic Survey 2016-2017*)

Bank's assets & net advances have shown an increasing trend however the net profit and earnings per share declined as compared to corresponding period last year. Bank's total assets stood at Rs.220.370 billion while the same for the Group were at Rs.220.753 billion during the period January to March, 2017. Net advances of the Bank remained at Rs.136.171 billion. The Bank posted a net profit of Rs. 129.516 million and earnings per share remained at Rs. 0.02 during the reporting period. The Group declared net profit of Rs. 154.214 million and earnings per share of Rs. 0.03 as compared to 0.61 in the corresponding period last year.

The Bank disbursed an amount of Rs. 28.154 billion during first quarter as against annual lending target of Rs. 100.947 billion for the year 2017 with a pace of 28 percent. Whereas, overall disbursement showed a growth of 1% as compared to Rs. 27.851 billion disbursed during corresponding period of last year. The number of borrowers served during the period January-March for the year 2017 was 96,610 as compared to 91,229 borrowers served during corresponding period of last year. ZTBL has launched a new scheme to provide financing for "Hay Packing" during the reporting period.

During the period January-March, 2017 agricultural loans amounting to Rs. 29.577 billion have been recovered as compared to Rs. 28.434 billion recovered during the same period last year with a growth of 4.0 percent. Recovery rate remained 30.7 percent against total recoverable

amount of Rs. 96.391 billion. In addition to this, an amount of Rs. 0.244 billion was recovered out of SAM loans.

Deposit and other accounts of the Bank rose to Rs. 64.852 billion as on 31.03.2017 and the same of Group remained Rs. 64.679 billion. The Bank has achieved collection of 301,384 number of utility bills during the period under review against an annual target of 2,000,000 bills for the year 2017. For inward remittances through western union, 3,849 transactions have been carried out during the period January–March, 2017. During the 1st Quarter of the year 960 lockers of the Bank have been occupied. Quality Assurance Department has been created under Operations Division with an essence to provide best quality services to customer and to achieve highest level of customer satisfaction.

Acknowledgement

In the end, on behalf of the Board of Directors, I extend my sincerest thanks to our valued customers especially to the farming community for their patronage, to our employees for working as a devoted team, to our shareholders for their support, trust and confidence and State Bank of Pakistan and other regulatory bodies for their continued guidance.

On behalf of the Board of Directors

(Syed Yawar Ali)

Chairman Board, ZTBL