

CORPORATE GOVERNANCE REPORT

Allied Bank Limited (ABL)

REPORT DATE:

November 11, 2024

RATING ANALYSTS

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	Latest Rating	Previous Rating
Rating Category	Corporate Governance	Corporate Governance
Entity	CGR 9++	CGR 9++
Rating Date	Nov 11, 2024	Oct 25, 2023
Rating Action	Reaffirmed	Reaffirmed

COMPANY INFORMATION

Established in 1942	External auditors: EY Ford Rhodes, Chartered Accountants
Listed on Pakistan Stock Exchange	Chairman of the Board: Mr. Mohammad Naeem Mukhtar
Key Shareholders (with stake 5% or more):	Chief Executive Officer: Mr. Aizid Razzaq Gill
Ibrahim Holdings Private Limited – 90.00%	

APPLICABLE METHODOLOGY

Rating Criteria: Corporate Governance Ratings

<https://docs.vis.com.pk/docs/CorporateGovernance-2023.pdf>

VIS Rating Scale

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

Allied Bank Limited

OVERVIEW OF THE INSTITUTION

RATING RATIONALE

Allied Bank Limited (ABL) is a scheduled Bank engaged in commercial Banking and related services. The Bank is listed on Pakistan Stock Exchange (PSX).

Profile of Chairman

Mr. Mohammad Naem Mukhtar has been Chairman of the Board of ABL since 2004. He has done MBA -from Cardiff Business School UK, Post Graduate diploma in Textiles from UK and Chartered Textile Engineer (CText ATT) certification from The Textile Institute in Manchester UK. He has around four decades of experience of finance and industrial manufacturing.

Profile of CEO

Mr. Aizid Razzaq Gill took the charge of CEO effective from January 01, 2021. Prior to his current role, Mr. Aizid held the position of Chief Risk Officer of ABL. He is a seasoned professional banker with over 27 years of experience in Financial Management, Risk Analysis & Research and expertise in Portfolio Management of Corporate and Commercial Banking Obligor. He is a graduate from The University of Engineering and Technology (UET), Lahore and holds Master's degree in Business Administration from California State University, Fullerton (CSUF), USA and Business Economics from University of Manchester Institute of Science & Technology (UMIST), UK.

Ownership Structure: Allied Bank Limited (ABL or the 'Bank'), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. In 2004, the State Bank of Pakistan (SBP) recapitalized the Bank under a reconstruction scheme, leading to its rebranding as Allied Bank Limited in 2005. The Bank's head office is located in Lahore. As of Jun'24, ABL operates 1,491 branches across Pakistan, including 133 Islamic banking branches. Ibrahim Holdings (Private) Limited is the parent company of the Bank, having registered office in Pakistan, controls 90% of the shareholding. The Ibrahim Group have diversified business interests, particularly in the manufacturing of yarn and polyester staple fiber. The group's consistent and committed management approach reflects a strong willingness to sustain and grow the business.

Board of Directors: The Board of Directors (BoD) of the Bank consists of eight members, including three non-executive sponsor directors, one non-executive director, three independent directors, and the CEO. The only executive member on the Board is Mr. Aizid Razzaq Gill, the CEO, who also serves as a non-executive director on the Board of ABL Asset Management Company Limited. The independent directors meet the independence criteria outlined in the Companies Act, 2017, and directives from the SBP. During the rating review period (2023 and 2024), there were no changes in the Board's composition. The Board includes one female director, and no director serves on more than seven listed companies. There were five BoD meetings held during the review period and the attendance at these meetings was satisfactory.

The Bank has established a formal orientation process to familiarize Directors with the Code of Corporate Governance (CoCG), applicable laws, and their responsibilities. Directors are regularly updated on changes in laws, regulations, and significant news affecting the financial sector and economic environment. The Board adheres to the directors' training requirements, with six members, including the CEO, certified by the Pakistan Institute of Corporate Governance. The remaining directors are exempt from this requirement due to their experience and qualifications as per CoCG.

The Bank adheres to SBP's criteria for annual in-house evaluation of the BoD, the Chairman, Board members, Board Committees, and the CEO. The results of the 2023 Board Evaluation Process were reviewed and deemed satisfactory by the Board. An independent external evaluation is also conducted every three years, with the most recent evaluation completed for the year 2021 and the next scheduled for the ongoing year. The Board's Remuneration Policy, aligned with SBP guidelines, was approved by the Bank's shareholders.

To ensure effective oversight, the BoD has established five committees: Audit Committee of the Board (ACOB), Board Risk Management Committee (BRMC), Strategic Planning & Monitoring Committee (SPMC), Human Resource & Remuneration Committee (HR&RC), and e-Vision Committee. There were no changes in the composition of these committees during the review period. Terms of Reference (TORs) for each committee, which are set by the Board, are publicly disclosed on the Bank's website and in the annual report. The TORs for e-Vision Committee were further strengthened in 2023. During the review period, there were 5 ACOB meetings, 4 BRMC meetings, 12 SPMC meetings, 4 HR&RC meetings, and 5 e-Vision Committee meetings, with active participation from the members. The minutes of Board and its Committees' meetings were observed to be well drafted and comprehensive.

Executive Management: The Bank's management is led by Mr. Aizid Razzaq Gill, a seasoned banker with over 27 years of experience. The Bank has implemented a well-defined succession planning process, highlighted by the Allied Leadership Talent Pipeline (ALTP) to ensure effective succession at the senior management level. This initiative has been further enhanced by the Allied Leadership Recognition and Investment in Sustaining Employees (ABL RISE) Program, which focuses on identifying and developing future leaders from the Middle Management. The Bank's organogram clearly defines reporting lines, with all groups reporting to the CEO, except for the Audit & Risk Review Group, which functionally report to their respective Board-level Committees to maintain independence and objectivity. During CY23, the Chief Compliance Officer and Chief Digital Officer resigned, and the Chief General Services & Real Estate Officer retired. Two of these positions were filled internally, while one was filled externally, who was also an ex-employee of ABL. The limited turnover in senior management during this time, coupled with a preference for internal promotions, reflects well on the strength of the Bank's corporate governance framework.

The Bank has established several Management Committees. These include Management Committee (MANCO), Assets and Liabilities Committee (ALCO), Risk Management Committee (RMC), Fair Treatment of Customers (FTC) Committee, Compliance Committee (CC), IT Steering Committee (ITSC), Human Resource Committee (HRC), Central Administrative Action Committee (CAAC), Anti-Harassment Committee (AHC), and the

Committee for Facilitation to Persons with Different Abilities (CFPDA). In 2023, ITSC was reconstituted to reflect changes in the organogram, with the Chief Technology & Digital Transformation Officer now serving as its chairman.

Risk Management: The Board has established a comprehensive framework for risk management and governance, taking responsibility for endorsing risk management objectives, strategies, policies, and product programs that well aligns with the Bank's financial stability, risk profile, and risk acceptance criteria. These policies are effectively communicated across all relevant levels to ensure consistent execution of risk management guidelines. Management committees are responsible for authorizing procedural guidelines in accordance with the Board-approved policies. The Board also sets limits on aggregate financing and investment exposures to prevent risk concentration and ensures that adequate capital is maintained against these exposures. Oversight of the entire risk universe is conducted under the guidance of the Board, BRMC, RMC, and ALCO. Dedicated functions in Risk Management include: Corporate and Financial Institutions Risk; Commercial, SME and Consumer Risk; Credit Administration and Monitoring; Technical Appraisal; Information Security & Governance; and Enterprise Risk. These functions operate cohesively to continuously augment the risk monitoring and assessment architecture, ensuring quality of asset portfolio while keeping the aggregate risks well within the Bank's overall risk acceptance criteria.

In line with SBP's directives, the Bank has implemented International Financial Reporting Standards 9 (IFRS 9) in 2024. For effective credit risk management, the Bank has developed an in-house Risk Assessment and Management System (RAMS) for loan processing and monitoring. This system has proven highly effective, as evidenced by the Bank maintaining one of the industry's lowest infection ratios. The Bank continues to upgrade RAMS to further enhance its efficacy. The Bank is also implementing internationally accepted Integrated Framework on Internal Control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), with a view to consolidate and enhance the existing internal control processes. ALCO is responsible for market and liquidity risk management, using standard tools including gap analysis, liquidity ratios, stress testing, contingency funding plans, and Risk Control Limits to identify, assess and mitigate risks. ALCO regularly reviews funding and liquidity strategies, monitoring the Bank's liquidity position. The Bank's satisfactory Capital Adequacy Ratio supports its expansion in credit and investment portfolios while providing a cushion for other associated risks.

Internal Control and Audit: The Board has taken proactive steps to establish a robust internal audit function, along with implementation of procedures for managing risk, overseeing the internal control framework, and defining the scope of acceptable principal risks, all aligned with the Bank's risk acceptance criteria. The Board conducts assessments of the Bank's internal control system, at least once a year. The outcomes of these assessments are documented and included in the annual report. The internal control system serves the purpose of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets, and compliance with regulatory requirements. Additionally, any irregularities uncovered during various audits and inspections are duly reported to the Audit Committee of the Board of Director (ACOB) to maintain transparency and adherence to compliance standards. Audit & Risk Review Group (ARR) works under direct supervision of the ACOB. The ACOB entirely comprised of independent directors, as per corporate governance best practices. ABL has completed all the stages of Internal Control over Financial Reporting as specified by the SBP which has granted exemption from the requirement of preparation of Long Form Report by the External Auditors. As a result, ARR is preparing "Annual Assessment Report on Efficacy of Bank's Internal Controls over Financial Reporting (ICFR)" under ICFR framework which is approved by the ACOB.

During the review period, ARR Group undertook several initiatives to strengthen its internal controls, streamline operations, and align with regulatory and industry standards. These enhancements, including revisions, technological advancements, and process automation, aim to increase efficiency, improve data accuracy, and support regulatory compliance. These include:

- Revision of the Charter of the Audit & Risk Review Group: This revision aims to meet regulatory requirements and standardize processes across ARR.
- Development of Power BI Dashboards: In-house teams developed and implemented multiple Power BI-based dashboards to provide comprehensive insights, enable real-time monitoring of audit assignments, and enhance analytical capabilities.
- Automation of Routine Audit Processes: Utilizing Robotic Process Automation (RPA), ARR Group has streamlined manual audit processes, improving efficiency. This includes the execution and reporting of audit tests and the extraction of Management Information System (MIS) data from the eAudit system to update the Power BI dashboards.
- Automated Auditee Feedback Mechanism: To enhance the efficiency and effectiveness of the feedback process, ARR Group replaced manually received auditee feedback via emails with an automated system.
- Implementation of an Issue Log Mechanism: This new system manages changes to user roles and rights in the eAudit system through an Issue Logging System, which previously relied on email communication.

- AI-Based Machine Learning Model: ARR Group has implemented a machine learning model to detect and analyze unusual transaction patterns in customer accounts, enhancing oversight and risk management.
- Training on Global Internal Audit Standards 2024: Audit staff received training on the revised Global Internal Audit Standards issued by the Institute of Internal Auditors (IIA) in Jan'24. This training prepares the team for the implementation of these standards starting in Jan'25.

Information Technology (IT): The Board has established IT governance framework, policies and procedures, ensuring compliance with statutory and regulatory requirements, alignment of significant IT investments with the long-term objectives of the Bank as well as ensuring conformity with industry's best practices. IT governance framework has clearly defined roles and responsibilities of all stakeholders for smooth delivery of business requirements and services. e-Vision Committee of the Board supervises the IT Governance in the Bank and provides strategic direction for adoption or upgradation of evolving technologies in order to provide new customer centric products and services and to improve internal control environment.

The Bank has implemented advanced technologies such as a centralized Data Lake for Big Data analytics, Robotic Process Automation (RPA) for operational efficiency, and a cutting-edge CRM system for personalized customer engagement. In the realm of AI, ABL is pioneer in development of a Large Language Model (LLM) using the proprietary OpenAI's ChatGPT platform, incorporating Retrieval Augmented Generation (RAG). This initiative focuses on enhancing operational efficiency and customer service through innovative AI applications. Under this initiative the Bank has developed initial models, facilitating employees, to provide precise answers to queries related to HR policies and to deliver accurate and current compliance information by leveraging training on the Bank's documents, circulars, policies and procedures. Another model developed to assist branch staff and call center agents for providing customers with information and guidance on bank products. To further enhance customer experience, ABL deployed the Genesys telephony solution. Continuous upgrades to the Core Banking System, OBDX Digital Banking platform and investment in Oracle Exadata ensure performance and security across operations.

In recent years, the Bank has achieved several milestones by leveraging its technological capabilities. By Jun'24, the Bank improved its digital versus counter transaction mix to 83%, and its myABL Digital Banking platform reached 1.9 mn users. WhatsApp banking also attracted 1.1 mn users. The launch of a Digital Lending platform and enhancements to the myABL app, including Tap & Pay NFC functionality, underscore ABL's commitment to innovation. ABL has also created first-of-its-kind enterprise loyalty programme called "myABL Coins", offering an international redemption facility to over 3 million cardholders.

Digital Banking: ABL has been continuously enhancing its technology platforms and digital solutions. This ongoing effort aims to elevate the customer experience, drive innovation and streamline operational efficiencies. In order to ensure a seamless customer experience and facilitate customers to meet their day-to-day banking requirements, there is a significant focus on enhancing the digital banking platform. This platform is divided into three distinct areas: myABL Mobile & Internet Banking; myABL Business; and WhatsApp Banking. In 2023, ABL made significant strides in digital transformation by reorganizing its Digital Banking Group, integrating Digital Operations and Customer Experience to provide a seamless, secure, and user-friendly banking experience. With over 1.9 mn registered users on the myABL platform, the Bank expanded its digital services, including allowing customers to update their CNIC expiry via the app and inviting Afghan nationals with Proof of Registration (POR) cards to register with myABL. The introduction of credit card management within the myABL Mobile App and a highly utilized WhatsApp Banking service, which features transaction capabilities and account inquiries, further enhanced customer convenience. ABL achieved success with its RAAST payment system, processing 16 mn transactions worth Rs. 11.5 bn. The Bank also extended its Payday Advance Salary loan program to over 100 companies, resulting in 20,000 loans disbursed, amounting over Rs. 400 mn. Additionally, the myABL Digital Banking Application won the 'App & Web-Enabled Market' Award at the Pakistan Digital Awards 2023.

The expansion of ABL's digital presence included establishing 14 digital lounges and lobbies and plans to extend more in major cities, equipped with advanced technology for efficient, 24/7 banking. In terms of effective social media management, ABL became the first bank in Pakistan to adopt Sprinklr, utilizing AI to monitor customer sentiments across platforms like Facebook, Instagram, and Twitter. The Bank also integrated dEngage for multi-channel campaign management, improving customer engagement through Email, SMS, Web Push, and App Push. Advancements in ABL's card and acquiring services included the launch of a Point-of-Sale (POS) acquiring business, production of over 1.6 mn debit cards using new UV Cured Graphic Printing Technology, and the introduction of foreign currency debit cards for Roshan Digital account holders and IT exporters. ABL's debit card portfolio grew to over 3 mn, including 15,000 premium Visa Signature cards.

The implementation of the 'Customer 360' Enterprise CRM solution improved customer relationship management, streamlined complaint handling, and optimized sales strategies. ABL also embraced advanced analytics and business intelligence tools for predictive and real-time customer insights, helping to deliver tailored

solutions and enhance satisfaction. ABL's ATM services saw key upgrades, including the introduction of Vynamic View for monitoring, the Talking ATM feature for visually impaired customers, and sustained ATM uptime of over 96%. Moving into 2024, ABL aims to further enhance customer experiences, integrate generative AI, and collaborate with industry leaders to drive innovation in digital payments and streamline operations with automated dispute resolution solutions.

Human Resource: The Human Resource Group (HRG) played a critical role in driving business growth and organizational productivity, particularly during challenging times. HRG's efforts focused on recruitment, development, employee engagement, and retention. In 2023, Allied Bank made over 3,100 offers for both contractual and permanent roles, including 561 Management Trainee Officers (MTOs) and 100 MTOs focused on Trade and Credit. Additionally, 748 existing MTOs received biannual increments. The Bank promoted career growth through 554 cadre changes and 1,153 grade promotions. The CARE department within HRG assessed and developed talent through MTO induction tests, psychometric assessments, and promotions, evaluating 5,184 candidates to ensure transparent succession planning for leadership roles. The retention rate of ABL was at 88% as of Dec'23.

In 2023, Allied Bank's HRG expanded its Learning & Development initiatives, reaching over 11,000 employees. Key programs included the Allied Leadership Talent Pipeline (ALTP) and the RISE Program, covering more than 1,200 employees. Collaborations with institutions like LUMS and Coursera enhanced leadership development and upskilling in AI and customer service. A product knowledge competition saw 99.17% participation, encouraging self-learning. The establishment of new Management Development Centers (MDC) in major cities (Lahore, Karachi, Islamabad Multan), including a sub-office in Faisalabad, provided modern facilities for training and development. Despite economic challenges, the Bank maintained a strong talent acquisition strategy, partnering with academic institutions across Pakistan and participating in job fairs to engage graduates and bridge the gap between academia and industry. This reflects the Bank's commitment to continuous learning and organizational growth.

The Bank introduced several employee benefit initiatives, including enhanced loan limits for car and motorcycle financing, improved travel entitlements, and expanded medical benefits. A "Pink Scooty Loan" was launched for female employees, promoting sustainable travel options. Awareness programs for breast and prostate cancer were also organized. To address employee well-being, the Bank introduced wellness programs focused on stress management, work-life balance, and mental health. Gym facilities for male and female employees, as well as daycare facilities, were established to support employee fitness and work-life integration. HRG continued to advance gender equality, with women comprising 22% of the workforce by the end of 2023. Efforts included hiring female employees for leadership roles and launching initiatives to narrow the gender gap. A focus on inclusive hiring practices extended to differently-abled persons, with a tailored internship program leading to permanent employment for some.

Shariah Governance: Shariah governance serves as a framework in Islamic banking that ensures compliance with Shariah principles in financial transactions and operations. The Shariah Board supervises and advises the management of the Bank on Shariah compliance. The Shariah Board is responsible for developing a compliance framework that guides the Bank's operations according to Shariah law. Additionally, it approves policies, procedures, and contracts related to Islamic banking to ensure they align with Shariah principles. The Shariah Board also suggests/prescribes necessary remedial actions on Shariah compliance reviews, internal and external Shariah audits reports and, alongside inspections by the State Bank of Pakistan (SBP).

ABL has 3 Shariah Board members, appointed based on recommendations from BHR&RC, duly endorsed by the SBP. They possess relevant qualifications and experience, ensuring a dedicated focus on Shariah compliance without any conflicting commitments. None of the members of Shariah Board of the Bank are member of Shariah Board of any other financial institution. During the review period, four Shariah Board meetings were held, with all members attending each meeting.

The Shariah Board's annual report for CY23 outlines the Bank's adherence to Shariah principles and includes an evaluation of compliance, establishing an operational framework for Shariah governance. The report highlights the implementation of an Internal Shariah Audit Function (ISAF) and a Shariah Compliance Department (SCD) to monitor compliance across operations. It also indicates growth in the Bank's financing portfolio, assets, and deposits, driven by Shariah-compliant products such as Business Musharakah and Diminishing Musharakah. Additionally, the Bank has effectively managed charity funds, granting amounts to approved charitable institutions.

For ongoing improvement, the Shariah Board identifies several key areas of focus. Increasing public awareness of Islamic banking through seminars and outreach programs is essential. The Shariah Board emphasizes the importance of ongoing training and development of staff to enhance their understanding of Islamic banking principles. Furthermore, promoting financing initiatives that support small and medium enterprises and agricultural projects is recommended. The transition from conventional insurance to Takaful is suggested to ensure

full compliance with Shariah principles. Lastly, establishing a team of Islamic banking trainers may address the growing training needs of the Bank.

Sustainability: ABL's commitment to sustainability and its pillars i.e., Environmental, Social, and Governance (ESG) is woven into the fabric of its daily operations. The Bank has integrated Green Banking into its long-term strategy, emphasizing environmentally responsible financing. In CY23, the Bank financed Rs. 880 mn in green projects, with a total outstanding Green Financing of Rs. 11.54 bn, focused on wind, solar, hydel power, and solid waste management. This initiative is overseen by the Green Banking Office (GBO) and monitored through the Environmental and Social Risk Management System (ESRM). The Bank is reducing the carbon footprint from its operations through multiple ways including decrease in consumption of electricity, fuel, and paper, installation of solar power system in branches and other buildings, introduction of energy conservation initiatives, adopting sustainable IT operations practices, use of paper from sustainable sources, obtaining Green Building Certifications (including LEED and EDGE), regular tree plantation campaigns and cleanliness drives at national heritage sites. The Bank installed solar power systems at 67 locations of the Bank, throughout the country, having total power capacity of 622 KW up to end-Dec'23. The Bank planted more than 100,000 trees and saplings in the same period. Furthermore, administrative initiatives have yielded a notable 4% decrease in electricity consumption, 17% decrease in generator's fuel and 3% decrease in paper consumption in CY23. The Bank trained 819 staff members on Green Banking during the year.

The Bank ensures that it is socially responsible to its stakeholders; employees, customers and the community. The Bank adheres to all the regulatory requirements and best practices including Diversity, Equity and Inclusion (DEI), Gender Equality, Fair Recruitment and Career Development, Zero Tolerance to Workplace Violence, Anti-Harassment Policy, Grievance Handling Mechanism, Restriction on Child & Forced Labor, continuous Training & Development (T&D), dedicated programs for Persons with Different Abilities (PWD), establishing policies, procedures and activities for Employee's Wellness and Occupational Health and Safety. ABL's overall female employee ratio is 22% and Senior and Executive-level positions ratio is 23%. For customer services and facilitation, the Bank has implemented a state-of-the-art Customer Relationship Management (CRM) System. In CY23, the Bank spent Rs. 1,528 mn towards deposit protection insurance for protection of small depositors. The Bank achieved customer complaint resolution ratio of 98% in CY23. The Bank supports local communities by providing access to education, healthcare, and financial literacy programs. The Bank carries community service activities through a Corporate Social Responsibility (CSR) Policy. The Bank donated Rs. 140 mn in CY23 with a focus on providing facilities to the underprivileged sections of the society.

Strong governance and ethical practices are the basis of ABL's integrity and trustworthiness. The Bank adheres to the highest standards of corporate governance, ensuring transparency, accountability, and fairness in all operations. The governance framework is designed to safeguard the interests of all the stakeholders, mitigate the risks, and compliance to the regulatory requirements.

Regulatory Compliance: The Compliance Group serves as a key component of the Bank's second line of defense, responsible for managing regulatory compliance, as well as risks related to money laundering and terrorism financing. Its primary role is to ensure the Bank's adherence to all relevant laws and regulations by implementing the necessary controls within internal policies and procedures. The Bank's leadership is dedicated to cultivating a robust compliance culture by collaborating with all stakeholders, effectively integrating regulatory guidance, and persistently enhancing a comprehensive risk mitigation framework. The Compliance Committee (CC), tasked with fostering a strong culture of compliance by overseeing the execution of the Compliance Program, operates within MANCO (Management Committee) in compliance with SBP regulations. This includes conducting regular assessments of initiatives related to Anti-Money Laundering (AML)/ Combating Financing Terrorism (CFT), Trade Base Money Laundering (TBML), Customer Due Diligence (CDD), and Know Your Customer (KYC), and subsequently reporting to the Board.

The Bank has further improved its monitoring of Trade-Based Money Laundering (TBML) and harmonized e-KYC (Know Your Customer) methods. This enhancement includes incorporation of crucial trade due diligence criteria and the creation of a Trade Customer Risk Profiling Model. These measures are aimed at mitigating the risks associated with trade-based money laundering, particularly in cases involving the dual use of goods and vessel tracking. The Bank has also reorganized e-KYC functionality, which has been harmonized with the core banking system. In order to access, identify and evaluate the inherent AML, CFT (Countering Proliferation Financing), CPF and TBML risks at the entity level, the Bank also updates its Entity Level Internal Risk Assessment (IRA) in accordance with the regulatory requirements and the National Risk Assessment (NRA) of Pakistan on biannual basis. During the review period, the CG has undertaken several regulatory compliance reviews of material and high-risk activities to verify adherence to the required standards. They also arranged updating of Bank's through Gap Analysis of all new and revised instruction, disseminating these to the relevant stakeholders through a system to ensure compliance. To strengthen their control environment and ensure compliance with regulatory requirements, they have collaborated across all functions to implement significant

control enhancements. They have automated their compliance processes using a leading, globally recognized system and continuously assess their needs to maintain a robust and up-to-date compliance framework.

Financial Transparency and Stakeholders Relations: The Bank maintains adequate levels of communication with its stakeholders through Annual Report, quarterly and half yearly published financial statements, quarterly investor calls, annual investor presentations, disclosures on Pakistan Stock Exchange and its website. All the financial results and any other material developments within the Bank are communicated through these channels. The financial and qualitative disclosures in the public domain are considered comprehensive and in line with the industry practices.

Annual Report is fairly descriptive and contains adequate disclosures related to corporate governance, statement of compliance with code of corporate governance, statement on internal controls, information technology governance, investor grievance, remuneration report, report of Shariah Board, corporate social responsibility policy, corporate sustainability report, and whistle blowing policy. Other disclosures include company information, corporate structure, products and services, Chairman's message and CEO's review, Group reviews, comparison of performance vis-a-vis KPI's, and stakeholder engagement process, commitment to sustainable development goals, profile of the Board members, performance evaluation criteria of the Board, TORs and composition of all Board level Committees along with frequency of meetings and attendance records. Moreover, a comprehensive SWOT (Strength, Weaknesses, Opportunities and Threats) and PESTEL (Political, Economic, Social, Technological, and Environmental) analysis are also presented for stakeholders. The Annual Report adheres to the International Integrated Reporting Framework and meets the Best Corporate Report criteria, with cross-references available on the Bank's website.

Regulatory reporting is complimented by Investors calls and Investors Presentations, which are conducted on quarterly and yearly frequency respectively to discuss and present the Bank's latest reported financial performance. Investor presentations are also uploaded on 'Investor Relations' section of Bank's website. Corporate Briefing Sessions are also conducted, as required by the PSX. The Bank has won various awards and recognitions by multiple national and international prestigious institutions on account of robust regulatory compliance of local and international requirements, sound business strategy, strong technological infrastructure and digital services excellence.

Voting rights are provided to all common shareholders. The Bank is committed to the equitable treatment of all shareholders, including minority shareholders, and facilitates their participation in General Meetings. Measures include sending notices and Annual Reports well in advance, providing options for electronic voting, and enabling attendance via video link. Quality and flow of information to shareholders is considered at par with industry standards.

REGULATORY DISCLOSURES				Appendix I		
Name of Rated Entity	Allied Bank Limited (ABL)					
Sector	Commercial Bank					
Type of Relationship	Solicited					
Purpose of Rating	Corporate Governance Rating					
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action	
	<u>RATING TYPE: ENTITY</u>					
	11-Nov-24	CGR 9++	-	-	Reaffirmed	
	25-Oct-23	CGR 9++	-	-	Reaffirmed	
	25-Nov-22	CGR 9++	-	-	Reaffirmed	
	17-Dec-21	CGR 9++	-	-	Upgrade	
	21-Dec-20	CGR 9+	-	-	Reaffirmed	
	11-Feb-19	CGR 9+	-	-	Reaffirmed	
	11-Jan-18	CGR 9+	-	-	Reaffirmed	
	9-Nov-16	CGR 9+	-	-	Upgrade	
	4-Dec-15	CGR 9	-	-	Reaffirmed	
	28-Nov-14	CGR 9	-	-	Reaffirmed	
22-Oct-13	CGR 9	-	-	Upgrade		
1-Oct-12	CGR 8++	-	-	Upgrade		
Instrument Structure	N/A					
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating Committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.					
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.					
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2024 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.					
Due Diligence Meetings Conducted	Name	Designation	Meeting Date			
	Mr. Khurram Ali Syed	Group Head HR	30 th September 2024			
	Mr. Shahid Amir	Chief Islamic Banking	30 th September 2024			
	Mr. Tariq Mehmood Shahid	Chief Compliance	30 th September 2024			
	Mr. Mohsin Mithani	Chief Digital Officer	30 th September 2024			
	Mr. Atif Mirza	Chief Financial Officer	30 th September 2024			
	Mr. Adeel Javaid	Company Secretary & Chief Corporate Affairs	01 st October 2024			
	Mr. Moin Khalid	Chief Risk Management	01 st October 2024			