

ALLIED BANK LIMITED

Analysts:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating	Previous Rating
	Corporate Governance	Corporate Governance
CORPORATE GOVERNANCE RATINGS	CGR 9++	CGR 9++
RATING ACTION	Reaffirmed	Reaffirmed
RATING DATE	November 18, 2025	November 11, 2024

Shareholding (5% or More)

Ibrahim Holdings Private Limited – 90.00%

Other Information

Incorporated in 1942

Public Limited Company (listed)

Chief Executive: Mr. Aizid Razzaq Gill

External Auditor: KPMG Taseer Hadi & Co. Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporate Governance Ratings

<https://docs.vis.com.pk/Methodologies-2025/Corporate-Governance-Apr-25.pdf>

Rating Scale

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

Rating Rationale

Corporate Governance Rating (CGR) of Allied Bank Limited ('ABL' or the 'Bank'), reflects a very high level of governance standards. The rating incorporates experienced Board and management team, and well-established governance and compliance frameworks that align with regulatory and international best practices.

The Board of Directors demonstrates effective oversight, supported by well-structured committees with clearly defined Terms of Reference. Regular evaluations, both internal and independent, reinforce accountability, while orientation and training programs ensure that directors remain abreast of regulatory developments. The management structure is stable, featuring clear reporting lines and effective succession planning initiatives such as the Allied Leadership Talent Pipeline (ALTP) and ABL RISE programs, ensuring leadership continuity.

The Bank's internal control environment remains robust, underpinned by comprehensive audit functions and automation initiatives. Internal Audit operations have been enhanced through robotic process automation (RPA) and Python-based tools, aligning with Global Internal Audit Standards (2024) issued by the Institute of Internal Auditors. Risk management remains a key strength, supported by the in-house Risk Assessment and Management System (RAMS), which facilitates proactive monitoring and mitigation of credit and operational risks.

ABL continues to demonstrate industry leadership in digital transformation, integrating Artificial Intelligence (AI) through proprietary Large Language Models (LLMs) and partnerships with Kore.ai to strengthen operational efficiency and customer engagement. The Bank's cybersecurity framework, IT governance, and data protection measures further reinforce resilience. The Compliance Group has also advanced automation and AI integration in AML/CFT processes, demonstrating proactive regulatory adherence.

Shariah governance is well-structured, ensuring full compliance with Islamic banking principles, while sustainability initiatives—including financing in green projects, carbon footprint reduction, and social responsibility programs—reflect ABL's strong ESG orientation.

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 2025 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Company Profile

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 2005, the State Bank of Pakistan (SBP) recapitalized the Bank under a reconstruction scheme in 2004, leading to its rebranding as Allied Bank Limited from Allied Bank of Pakistan limited in 2005. The Bank's head office is located in Lahore. As at end-June'25, ABL operates 1,512 branches across Pakistan, including 198 Islamic banking branches and one branch each at EPZ and Bahrain.

Sponsor Profile

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.

Management and Governance

Board of Directors:

Elections for the Bank's Board of Directors (BoD) were held in August 2024. Two members were replaced, while the remaining members were re-elected. The new Board was constituted for a three-year term. BoD consists of eight members, including three non-executive sponsor directors, one non-executive director, three independent directors, and the CEO. The independent directors meet the independence criteria outlined in the Companies Act, 2017, and directives from the SBP. During the rating review period (2025), there was one change in the Board's composition. Sheikh Mukhtar Ahmad, the founder of Ibrahim Group, Non-executive sponsor director of ABL, passed away on October 10, 2025. Casual vacancy will be filled in due course of time. 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 from Securities and Exchange Commission of Pakistan's approved institutions. One director is exempted from this requirement under the Code of Corporate Governance owing to his experience and qualifications.

The Bank adheres to SBP's criteria for annual in-house evaluation of the BoD, the Chairman, Board members, Board Committees, and the CEO. An independent external evaluation is also conducted every three years, with the most recent evaluation completed during the review period. In 2024, Yousaf Adil, Chartered Accountants was engaged as an independent evaluator to issue a formal report covering different aspects of corporate governance. The independent evaluation report was placed before Board of Directors for review and consideration in its 273rd meeting held in February 2025. The Board of Directors noted the contents of External Consultant's Evaluation Report for the year 2024 along with external evaluator's recommendations and expressed its satisfaction on the results. The Board's Remuneration Policy, aligned with SBP guidelines, was approved by the Bank's shareholders.

Board Committees:

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. During the review period, there

were 5 ACOB meetings, 4 BRMC meetings, 13 SPMC meetings, 4 HR&RC meetings, and 4 e-Vision Committee meetings, with active participation from the members.

Executive Management:

The Bank's management is led by Mr. Aizid Razzaq Gill, CEO, a seasoned banker with over 28 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 ACOB to maintain independence and objectivity.

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), Sustainability Committee, Human Resource Committee (HRC), Central Administrative Action Committee (CAAC), and Anti-Harassment Committee (AHC).

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.

During the review period, the Bank reinforced its risk management framework through enhanced technology integration, stakeholder engagement, and a focus on cybersecurity resilience. A key component of the framework is the Risk Assessment and Management System (RAMS), an in-house platform used for credit evaluation, approval, and monitoring. The system has been instrumental in maintaining one of the lowest infection ratios in industry. Continuous upgrades are being made to expand its analytical capabilities and integration across business lines. Cybersecurity remained a priority throughout the year. The Bank conducted multiple Vulnerability Assessments (VA) and Penetration Tests (PT) on critical systems and achieved PCI DSS certification for the sixth consecutive year, along with ongoing compliance under the SWIFT Customer Security Program (CSP). A cloud-based e-learning platform was introduced to strengthen employee awareness of emerging threats. The Security Operations Center (SOC) was upgraded with advanced systems such as Security Information and Event Management (SIEM), Threat Intelligence and Digital Risk Protection, Security Orchestration Automation and Response (SOAR), Endpoint Detection and Response (EDR), and Data Loss Prevention (DLP). These technologies enable rapid threat identification and automated incident escalation, ensuring proactive protection of sensitive information assets. The Bank also achieved certification under ISO 27001:2022 confirming implementation of Information Security Management System Program in line with global standards.

Market and liquidity risks are managed by ALCO, using gap analysis, liquidity ratios, stress testing, and contingency funding plans to maintain a stable liquidity position. The Bank's Capital Adequacy Ratio remains well above regulatory requirements. Enterprise risk management is guided by the COSO Internal Control Framework and supported through automation using Oracle Financial Services Analytical Applications (OFSA) and Risk Nucleus modules. Looking ahead, ABL plans to extend its Digital Lending Platform to SMEs, incorporating AI and ML based credit scoring and predictive analytics in collaboration with FinTech partners. Continued investment in technology, data security, and staff capability development will ensure a resilient, forward-looking risk management architecture across the institution.

Internal Control and Audit:

The Board of Directors has established a comprehensive internal control and audit framework to ensure strong risk management, effective oversight, and adherence to regulatory standards. The system of internal controls provides reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets, and compliance with applicable laws and regulations. The Bank's Control Review and Testing Framework (CRTF), approved by the Board, defines the control objectives, structure, and approach for implementing and testing the Internal Control System. Under this framework, controls are regularly reviewed, enhanced, and tested to mitigate

risks inherent in banking operations. Continuous monitoring is undertaken by the Compliance Group, complemented by independent reviews conducted by the Audit & Risk Review Group (A&RRG).

The A&RRG operates under the direct supervision of the Audit Committee of the Board (ACOB), which comprises entirely independent directors in line with corporate governance best practices. The Committee oversees the adequacy and effectiveness of internal controls and ensures that irregularities or audit findings are promptly addressed. The Board conducts annual assessments of the Internal Control System, and the outcomes are documented in the Annual Report. To further strengthen financial governance, the Bank has completed all stages of Internal Control over Financial Reporting (ICFR) as prescribed by the State Bank of Pakistan. Consequently, SBP has granted exemption from the requirement of preparing a Long Form Report by external auditors. The A&RRG now prepares the Annual Assessment Report on the Efficacy of Internal Controls over Financial Reporting, which is reviewed and approved by the ACOB.

During the review period, the A&RRG undertook multiple initiatives to strengthen internal controls, streamline audit operations, and align with evolving regulatory and industry standards. These measures focused on automation, data integration, and adherence to international best practices, aimed at improving efficiency, accuracy, and oversight across audit functions. Key developments include:

- **Revision of Internal Audit Framework:** The Internal Audit Policy, Charter of A&RRG, and Internal Audit Procedures Manual were revised to ensure full alignment with the Global Internal Audit Standards (2024) issued by the Institute of Internal Auditors (IIA).
- **Automation of Shari'ah Audit Tests:** Selected Shari'ah Audit Tests were automated in the T24 core banking system, with exceptions directly reported in the eAudit platform through Robotic Process Automation (RPA – Power Automate).
- **Python-Based Exception Identification:** An automated mechanism using Python was introduced for the identification of branch-level audit exceptions and control instances, enhancing real-time exception tracking and reporting accuracy.
- **Automated Audit Checklist Updates:** The Branch Audit Checklist in the eAudit system was updated automatically through Python scripts, using data extracted from Excel files to incorporate amended and new audit tests and related exceptions.
- **Automation of Branch Conversion Review:** The review process for conversion of conventional branches to Islamic operations was automated using RPA (Power Automate) and Excel-based Power Queries, improving standardization and reducing manual intervention.
- **Implementation of Issue Log Mechanism:** A new Issue Logging System was implemented to manage changes in user roles and rights within the eAudit System, replacing the earlier manual, email-based process and ensuring traceability and control over system access rights.

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 amongst the 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. Other state of art technological platform includes Temenos T24 core banking software, oracle-based ERP and analytical applications.

In recent years, the Bank has achieved several milestones by leveraging its technological capabilities. By Oct'25, the Bank improved its digital versus counter transaction mix to 90%, and its myABL Digital Banking platform reached 2.25 mn+ users. WhatsApp, with enriched features banking also attracted 2.0 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 3.8 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.

The Bank's proprietary Large Language Model powered by OpenAI's ChatGPT with Retrieval Augmented Generation enabled the development of ABL – Maawan, which enhances operational efficiency by providing instant policy-based responses. Additionally, an AI-driven Compliance Model was implemented to ensure regulatory adherence, reinforcing governance standards. In 2025, the Bank achieved considerable digital growth: myABL registrations surpassed 2.5 mn; key enhancements including Virtual Debit Cards, RAAST P2M QR payments, and biometric authentication boosted security and accessibility; WhatsApp banking expanded by 21% to 2 mn users with enhanced functionalities; the bank's social media presence surged to 6.6 mn followers, strengthening digital engagement; merchant acquiring business grew significantly, with 8,000+ POS machines processing over 7.7 mn transactions and Allied Phone Banking sets a new benchmark, achieving a record 92% service level. Payday loan feature (Advance Salary) has been extended to over 132 companies during the year ended December 2025. Additionally, ABL was awarded the Best Digital Bank by Euromoney.

The Bank has partnered with Kore.ai, one of the world's leading AI technology development companies, to integrate AI support throughout its branch operations, risk management, compliance, human resource, marketing, business banking and product lending. The digital banking group has also developed a team dedicated to work on long-term goals of digital innovation and sustainable banking, that will help the Bank further complement its position in the digital banking arena.

The expansion of ABL's digital presence included establishing 18 digital lounges, biometrically enabled network of 1,925 ATMs, CDMs and Cash Recyclers, rolling out of mobile tap & pay contactless payments functionality for UPI & PayPak debit cards, enhancement in transaction limits of myABL and debit cards to cater to customer needs, hackathon for engagement of FinTech's startups conducted with 2,600 applications from FinTech community and storage area network is upgraded with more advanced storage called "EMC Power-Store 5200T" which has more advanced features for efficient storage management. The mobile network units, digital touchpoints and digital self-service branches has reached 5, 23 and 18 respectively.

ABL has completed installation of additional 10 Digital Signage Machines reaching it to 1,462. Furthermore, it has one of the highest ATM transactions as acquirer with 96% of ATM uptime. Looking ahead, ABL remains committed to drive sustainable growth, strengthening financial resilience, and enhancing digital transformation to meet evolving market dynamics.

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 2024, ABL made over 4,272 offers for both contractual and permanent roles, including 377 Management Trainee Officers (MTOs) and 3 batches of tellers, consisting of 709 candidates. Also, a khanum teller batch of 190 candidates, with special emphasis on female inclusion, was mobilized during the year. Additionally, 1,309 existing MTOs received biannual increments. The Bank promoted career growth through 284 cadre changes and 1,306 grade promotions. The CARE department within HRG assessed and developed talent through MTO induction tests, psychometric assessments, and promotions, evaluating 6,328 candidates to ensure transparent succession planning for leadership roles. The retention rate of ABL was at 86% as of Aug'25. To cater to growing needs of talent in digital banking and IT functions, the Bank has also been hiring fresh/recent graduates under its MTO IT program for last three years.

In 2024, ABL demonstrated its commitment to excellence and innovation, achieving an impressive 92% overall training coverage and positively impacting 12,000+ employees while 8,000+ employees has successfully completed specialized training in Islamic banking. In addition, 9500+ employees received training in diversity, equality and inclusion. Also, 2900+ employees have gone through a series of highly specialized programs. Highlights included a three-day exclusive program on developing and leading a customer-centric culture, conducted in partnership with LUMS. Moreover, middle management benefited from the globally acclaimed Legendary Service Program by Blanchard. To sustain this impact, six resources were trained as Training of Trainers (TOT) and have conducted 61 sessions across the country. Notable initiatives included the Leadership in the Age of AI program, delivered by a distinguished professor from Cambridge University to Group Heads and an exclusive session on Generative AI for senior executives, including the CEO and Group Chiefs, which highlighted the Bank's readiness to embrace emerging technologies and drive innovation. Furthermore, through a strategic partnership with Coursera, over 450 employees accessed courses in Data Science, Computer Science, Leadership and Management, offered by globally renowned institutions and organizations. Employee well-being continued to be a key priority, with over 595 participants taking part in programs dedicated to health and lifestyle. The Bank engaged foreign trainers to lead impactful sessions, including the health 360 program and an exclusive employee well-being masterclass. To support these endeavors, advanced training infrastructure was expanded with the establishment of new purpose-built facilities at Management Development Centers in Lahore and Multan.

The Bank introduced several employee benefit initiatives, including electric bike and scooty finance facility, reduced mark-up rate on employee personal finance and improved medical coverage through expansion Bank Panel of hospitals. Awareness programs for breast cancer and blood donation drives were 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 24.8% of the workforce as of August 2025. 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. In addition to these, the Bank plans to introduce integrated AI support to reduce paperwork and manual work load for talent acquisition, need assessment and operational matters.

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 that they are aligned with Shariah principles. The Shariah Board also guide / advise appropriate 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 of BHR&RC, duly endorsed by the SBP. The Shariah Board members 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 CY24 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 Government Ijarah Sukuk, Corporate Sukuks and Islamic Naya Pakistan Certificate. 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. The Shariah Board advised transition from conventional insurance to Takaful to ensure full compliance with Shariah principles. Lastly, establishing a team of Islamic banking trainers may address the growing training needs of the Bank. By end-CY25, the management expects that the Bank will be operating 300 Islamic branches and the target for end-CY26 is 584 branches.

Sustainability:

ABL's commitment to sustainability and its pillars i.e., Environmental, Social, and Governance (ESG) is given utmost importance. The Bank has integrated Green Banking into its long-term strategy, emphasizing environmentally responsible financing. In CY24, the Bank financed Rs. 1.55 bn in green projects, with a total outstanding Green Finance portfolio of Rs. 11.61 bn, focused on wind, solar, hydel power, waste heat recovery plant and effluent treatment plant. 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 decreasing consumption of electricity, fuel, and paper, installing solar power system in branches and other buildings, introducing energy conservation initiatives, adopting sustainable IT operations practices, using paper from sustainable sources, obtaining Green Building Certifications (including LEED and EDGE), regular tree planting campaigns and cleanliness drives at national heritage sites. The Bank installed solar power systems at 147 locations of the Bank, throughout the country, having total power capacity of 2,242 KW up to end-Dec'24. The Bank planted more than 100,000 trees and saplings in the same period. The Bank trained 8,953 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 (PWDs), establishing policies, procedures and activities for Employee's Wellness and Occupational Health and Safety. ABL's overall female employee ratio is 25% whereas 24% of Senior and Executive-level positions are held by females. For customer services and facilitation, the Bank has implemented a state-of-the-art Customer Relationship Management (CRM) System. In CY24, the Bank spent Rs. 1,822 mn towards deposit protection insurance for protection of small depositors. The Bank achieved customer complaint resolution ratio of 97% in CY24. The Bank supports local communities by providing access to education, healthcare, General Welfare, Sports and financial literacy programs. The Bank carries community service activities through a Corporate Social Responsibility (CSR) Policy. In CY2024, the Bank's overall CSR contribution was Rs. 186 mn.

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 as sub-committee of MANCO (Management Committee) in compliance with SBP regulations. The Compliance Committee is responsible for recommending and overseeing the implementation of the Board-approved Compliance Program. The Committee reports to the Board on the effectiveness of compliance risk management, reviews AML, CFT, CPF, TBML, CDD and KYC initiatives and provides recommendations on the Entity-Level TBML Risk Rating and the Internal Risk Assessment Report (IRAR) for Board approval.

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. CG 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, CG has collaborated across all functions to implement significant control enhancements. The Compliance Group (CG) pursues and monitors the rectification of Regulatory, Internal, and External audit observations, as well as ICFR assessments. It oversees regulatory and statutory compliance across domestic and international branches, and manages FATCA/CRS compliance and reporting. CG maintains strong liaison with regulatory authorities, fostering robust compliance practices and ensuring seamless coordination for external audits and regulatory reporting. To assist its employees, CG is actively working with IT and other functions to enhance AI support for AML/CDD analysts. CG has automated its compliance processes and continuously assess its needs to maintain a robust and up-to-date compliance framework. The management has also reached out to external consultants to further improve automated compliance checks.

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, annual corporate briefing session 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, Environmental and Legal) 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. The Annual Report has been recognized among best presented Reports and has secured 3rd position in Best Corporate Reports Awards Award 2024 for Banking Sector.

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 Session is 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
	RATING TYPE: CORPORATE GOVERNANCE RATINGS				
	11/18/2025	CGR9++			Reaffirmed
	11/11/2024	CGR 9++			Reaffirmed
	10/25/2023	CGR 9++			Reaffirmed
	11/25/2022	CGR 9++			Reaffirmed
	12/17/2021	CGR 9++			Upgrade
	12/21/2020	CGR 9+			Reaffirmed
	04/02/2020	CGR 9+			Reaffirmed
	02/11/2019	CGR 9+			Reaffirmed
	01/11/2018	CGR 9+			Reaffirmed
	11/09/2016	CGR 9+			Upgrade
	12/04/2015	CGR 9			Reaffirmed
	11/28/2014	CGR 9			Reaffirmed
	10/22/2013	CGR 9			Upgrade
	10/01/2012	CGR 8++			Upgrade
	10/17/2011	CGR 8+			Reaffirmed
	12/02/2010	CGR 8+			Upgrade
	09/15/2010	CGR-8			Harmonised
	04/30/2009	CGR-8			Reaffirmed
	12/03/2007	CGR-8			Initial
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. Copyright 2025 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		Date
	Mr. Muhammad Atif Mirza		Chief Financial Officer		October 17th, 2025
	Mr. Mohsin Mithani		Chief Digital Officer		
	Mr. Tariq Mehmood Shahid		Chief Compliance		
	Mr. Shahid Amir		Chief Islamic Banking		
	Mr. Khurram Ali Syed		Group Head Strategic HR and Talent Acquisition		
	Mr. Moin Khalid		Chief Risk Management		
	Mr. Shaffa Hussain		Chief Audit & Risk Review		October 20th, 2025



Credit Rating Company Limited

RATING REPORT