

CEO'S REVIEW

Aizid Razzaq Gill

Chief Executive Officer

Economy Review

In 2025, the global economy sustained a moderate growth trajectory despite ongoing geopolitical tensions and fiscal pressures. International Monetary Fund (IMF) in its latest World Economic Outlook (WEO) projected global growth of around 3.3% in 2026, supported by easing inflation and stable economic activity across major regions. Globally, price pressures continued to ease as demand softened and energy costs moderated, contributing to a projected inflation rate of 3.8% for 2026.

Pakistan's economy maintained moderate momentum in 2025, underpinned by improved macroeconomic stability, softening inflationary pressures, and strengthening external buffers. Domestic price trends remained contained, with CPI reported to be within the medium-term target range, while the SBP's in its recent monetary policy meeting signaled supportive conditions for growth. The combination of global stabilization and domestic policy adjustments has contributed to a cautiously optimistic economic landscape for Pakistan into 2026.

The IMF has projected Pakistan's GDP growth at 3.2% for 2026, whereas, the State Bank of Pakistan anticipates stronger momentum, forecasting growth in the range of 3.75% to 4.75% in its recent Monetary Policy Statement.

In 2025, Pakistan's banking sector demonstrated notable resilience and balance sheet expansion despite a sharp decline in the policy rate from 22% in June 2024 to 10.5% by December 2025. The industry's total assets crossed Rs. 60 trillion, reaching Rs. 60,315 billion, while investments grew by 29% to Rs. 37,893 billion, indicating active capital deployment. Overall, the sector preserved strong liquidity and financial soundness, effectively adapting to a declining interest rate environment while sustaining growth momentum.

Allied Bank's Financial Performance

The year 2025 represented another year of solid performance for Allied Bank, underscoring its resilience, measured expansion, and prudent risk oversight.

- Total assets grew by 20% to Rs. 3,370 billion, reflecting disciplined capital deployment and operational efficiency.
- Gross advances stood at Rs. 802 billion, with a low infection ratio of 1.42%, highlighting strong asset quality.
- Net markup and interest income reached Rs. 105 billion, supported by prudent fund management amid a lower policy rate environment.
- Non-markup income remained resilient at Rs. 28.6 billion, driven by 17% growth in fee income.
- Operating expenses stood at Rs. 66.99 billion with growth contained at 16%.
- Profit after tax amounted to Rs. 35.2 billion, supported

by 16% deposit growth to Rs. 2,346 billion and an 89% rise in investments to Rs. 2,137 billion.

- Return on Assets and Return on Equity Tier 1 stood at 1.1% and 18.7%, respectively, with the Capital Adequacy Ratio strengthening to 27.74%, well above regulatory requirements.

Digital and Technological Development

To harness the full benefits of emerging technological advancements, Allied Bank is strategically integrating advanced digital capabilities across its operational landscape. The Bank has deployed agentic AI and intelligent automation, underpinned by enterprise-grade large language model infrastructure built on OpenAI's ChatGPT with Retrieval Augmented Generation (RAG), calibrated to the Bank's internal frameworks, policies, and product architecture. Building on AI-driven implementations within HR and Compliance functions, the Bank has further elevated its innovation agenda through the introduction of "Pepper," Pakistan's first humanoid robot in the banking sector. Seamlessly connected to the Bank's proprietary AI ecosystem, Pepper enhances the customer interface by providing structured, real-time guidance on products and digital services within a secure and governed environment.

During 2025, the Bank recorded substantial progress across its digital platforms, reflecting accelerated adoption and expanded technological outreach.

- myABL digital banking App registrations surpassed 2.6 million, reflecting a 25% year-on-year increase.
- WhatsApp banking services expanded by 29%, reaching 2.1 million users with enhanced functionalities.
- The Bank's social media presence has exceeded the 7.5 million followers, strengthening digital engagement, across the various media channels.
- Merchant Acquiring Business grew significantly, with 9,800+ POS machines processing over 12.5 million transactions.
- ATM and Branch connectivity uptime recorded at 96% and 99%+, respectively.
- To strengthen its digital banking ecosystem, the Bank deployed 265 Cash Deposit Machines and 180 Cash Recycler Machines, enhancing ATMs for seamless e-banking, instant deposits, and automated cash management.

Service Excellence

Allied Bank is committed to elevating customer experience by continuously strengthening service standards and fostering a culture focused on responsiveness and care. Its Service Quality and Complaint Management (SQ&CM) framework supports this objective by ensuring structured, timely, and transparent resolution mechanisms. Guided by principles of integrity, performance excellence and innovation, the Bank delivers every interaction with professionalism and respect. To provide exceptional service

at all touchpoints, ABL have implemented several key initiatives including:

- **Efficient Service Delivery:** Technology-driven processes enable swift and seamless transaction handling.
- **Dedicated Support Presence:** Customer Support Officers deployed at high-traffic branches for consistent service quality.
- **Queue Management System:** Structured and comfortable service flow implemented across major branches.
- **Self-Service Kiosks:** Enable account services, card activation, updates, and e-statement enrolment conveniently.
- **myABL Digital Banking:** Comprehensive anytime-anywhere banking platform for seamless daily transactions.
- **WhatsApp Banking:** Convenient access to key services including transfers, certificates, and account support.
- **Skilled Workforce:** Well-trained staff with strong product knowledge ensure prompt and effective customer support and branches foster a welcoming atmosphere to enhance overall service experience.

As a result of these focused initiatives, the Bank attained an overall complaint resolution rate of 98%, underscoring robust service responsiveness and effective governance controls. The average turnaround time improved to 8.0 working days, highlighting strengthened operational efficiency within the complaint management framework.

Financial Literacy and Inclusion

The Bank continues to extend its value proposition beyond conventional banking by offering advisory and non-financial support services, including financial planning guidance, economic insights and business intelligence to more than 5,000 customers, facilitating the onboarding of over 650 new borrowers. The Bank also organized 480+ SME finance awareness sessions, benefiting more than 4,000 participants and strengthening entrepreneurial capacity.

Furthermore, as the Lead Bank under the National Financial Literacy Program across 41 districts, Allied Bank delivered structured financial literacy sessions to over 130,000 individuals, reinforcing its commitment to inclusive and informed financial participation.

Human Resources and Workplace Excellence

In 2025, Allied Bank's Human Resources function continued to drive organizational growth, digital transformation, and workforce development, supporting a total workforce of over 13,000 employees (permanent and contractual) as of December 31, 2025. Training initiatives covered 95% of employees, with more than 12,300 staff participating through classroom, digital, and blended learning programs, leveraging in-house faculty, strategic partnerships, and cost-effective delivery models.

Employee development was further reinforced with 11,000+ employees completing Islamic Banking training, enhancing institutional readiness for this strategic transformation. The Bank also advanced its diversity and inclusion agenda, with female representation rising to 25.16% of the workforce.

Corporate Social Responsibility

Allied Bank embeds Corporate Social Responsibility into its long-term strategy, championing merit, inclusion, and a progressive workplace while delivering sustainable, environmentally responsible, high-impact initiatives.

Strengthening its environmental commitment, the Bank undertook a cleanliness expedition at Khunjerab Pass - Pakistan's highest border alongside awareness sessions and community outreach across key northern destinations, led by a dedicated women team. A preservation drive was also carried out at Mohenjo-daro to promote heritage conservation and responsible tourism. Further advancing its sustainability agenda, the Allied Bank Marathon 2025, "Run for a Greener Tomorrow," was hosted in Lahore, Islamabad, and Multan, reflecting the Bank's steadfast focus on environmental responsibility and community engagement.

The Bank reaffirms its commitment to fostering sustainable growth in Pakistan's trade and exports by extending an additional relief of 3% on markup/profit rates for borrowers and exporters utilizing the export finance schemes. Consequently, the effective interest rate on these facilities has been revised down from 7.5% to 4.5%.

Risk Management

ABL Risk Management function continues to reinforce the Bank's resilience through a robust governance framework, advanced risk models, and technology-enabled monitoring systems designed to safeguard capital strength and optimize stakeholder value.

Key highlights during 2025 include:

- Strengthening of the indigenously developed Risk Assessment and Management System (RAMS), enhancing credit evaluation and contributing to one of the lowest infection ratios in the industry.
- The Bank launched the "Allied Bank NextGen Leaders Program" in 2025, Pakistan's first of its kind initiative for emerging business leaders to equip next-generation obligors with advanced business, financial, and technical insights. The program emphasized governance excellence, ESG integration, human capital evolution and digital transformation to foster agile, responsible leadership for sustainable growth.
- Advanced security assessments encompassing Vulnerability Assessment (VA) and Penetration Testing (PT), alongside achieving PCI DSS certification for the 7th consecutive year and compliance with the SWIFT Customer Security Program.
- Expansion and technological uplift of the Security Operations Center (SOC), integrating SIEM, Threat Intelligence, SOAR, EDR, and Data Loss Prevention capabilities for proactive cyber defense.
- Engagement of a globally reputed cybersecurity firm for 24/7 Managed Detection and Response services to reinforce cyber resilience.
- Attainment of ISO 27001:2022 certification and continued enhancement of the Information Security Risk Management Program aligned with international standards and best practices.

Subsidiaries' Performance

ABL Asset Management Company Limited (ABL Funds) continued to rank among the fastest-growing asset management companies in Pakistan, maintaining the highest Asset Manager Rating of AM1, reaffirmed by Pakistan Credit Rating Agency. As of December 31, 2025, ABL Funds reported Assets Under Management of Rs. 349 billion, reflecting sustained growth and strong investor confidence.

ABL Exchange (Private) Limited, a wholly owned subsidiary of Allied Bank, was incorporated in Pakistan on December 15, 2023, with a paid-up capital of Rs. 1 billion and

commenced commercial operations on May 24, 2024, undertaking foreign currency exchange business. During 2025, Allied Bank further strengthened the subsidiary's operational capacity through an additional capital injection of Rs. 500 million, facilitating the expansion of its exchange booth network from 21 to 51 locations nationwide.

Awards and Recognition

Allied Bank has earned recognition at both international and domestic platforms for its unwavering commitment to delivering uninterrupted services with ease and convenience. Throughout the reporting period, the Bank was honored with several prestigious awards and distinctions, reflecting its continued excellence in customer service and operational innovation.

- FinanceAsia awards the Bank in following categories:
 - ◊ Best Domestic Bank
 - ◊ Best Bank for Financial Inclusion
 - ◊ Best Sustainable Bank
 - ◊ Best Bank in Most DEI Progressive Bank
 - ◊ Best Bank in Most Innovative Use of Technology
 - ◊ Best Commercial Bank – SMEs
- Euromoney Awards for Excellence recognized the Bank as "Pakistan's Best Digital Bank for Large Corporations."
- Euromoney Islamic Finance Awards honored Allied Bank as "Pakistan's Best Islamic Digital Bank"
- Employers' Federation of Pakistan awards the Bank "Women Empowerment and Gender Equality Awards - Diamond Recognition Award 2025"
- State Bank of Pakistan honored the Bank "NFLP Performance Recognition Award - Most Compliant Bank - FY'24-25"
- National Forum for Environment & Health (NFEH) recognized the ABL in following categories:
 - ◊ CSR Report Research and Publications
 - ◊ Green Energy Initiatives
 - ◊ Inclusivity
 - ◊ Women Welfare, Empowerment and Development

Credit Ratings

Allied Bank continues to demonstrate a strong and resilient financial profile, enabling it to effectively navigate economic cycles and absorb external shocks while maintaining stable performance. In recognition of this strength, the Pakistan Credit Rating Agency reaffirmed the Bank's highest long-term and short-term entity ratings of AAA and A1+, reflecting exceptional credit quality and sound financial fundamentals.

To reinforce governance excellence, the Bank undergoes an annual independent assessment of its corporate governance framework, with VIS Credit Rating Company Limited reaffirming its Corporate Governance Rating at 'CGR-9++,' indicating a high standard of oversight and board effectiveness.

Furthermore, Moody's Investors Service upgraded Allied Bank's deposit ratings from Caa2 to Caa1 (domestic and foreign) with a stable outlook aligned to the sovereign, acknowledging the Bank's stable funding base, strong liquidity position, and resilient earnings capacity.

FUTURE OUTLOOK

The IMF projects the global economy to grow by 3.2% in 2027, slightly lower than the 3.3% expected in 2026, as moderate expansion continues amid a mix of technological progress, resilient private sector activity, and persistent geopolitical and policy challenges.

Pakistan's economy is expected to strengthen, with GDP growth projected at 4.1% in FY'27, up from 3.2% in FY'26. This anticipated improvement reflects a recovery in domestic demand, relative macroeconomic stabilization, and the positive impact of ongoing structural and policy adjustment.

As the Bank moves forward, Allied Bank remains firmly committed to strengthening its core franchise, enhancing financial resilience, and advancing its technology-led transformation in line with shifting market realities. Anchored in disciplined risk practices, continuous innovation, and a strong customer focus, the Bank aims to expand its footprint while maintaining rigorous standards of performance and governance. By leveraging strategic partnerships and next-generation digital capabilities, Allied Bank is positioned to capture emerging opportunities and create enduring value for all stakeholders.

Acknowledgment

I extend my sincere appreciation to the Board of Directors for their prudent guidance and strategic direction. The commitment, expertise, and professionalism of our employees continue to be the foundation of our progress and achievements. I am equally grateful to our valued customers for their enduring trust and confidence, and to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, and other regulatory institutions for their continued support and constructive oversight.

Aizid Razzaq Gill
Chief Executive Officer

Lahore
February 17, 2026

HONORING

THE ROOTS



REACHING FOR THE STARS

