

# CEO'S REVIEW

## Aizid Razzaq Gill

Chief Executive Officer

### Global and National Economic Overview

The global economy is on a path of gradual recovery, experiencing moderate growth in 2024. Inflation continues to cool down as most of the world's major central banks have initiated rate-cutting cycles. However, growth remains uneven across different regions, with emerging markets and developing economies generally outpacing advanced economies. The International Monetary Fund (IMF), in its January 2025 World Economic Outlook (WEO), has maintained its global growth estimate at 3.2% for 2024.

In 2024, Pakistan's economy exhibited a modest recovery, with GDP growth estimated at 2.5%. Inflationary pressure has eased significantly after peaking at 38.0% in May 2023, due to tightened fiscal and monetary policies. CPI inflation decreased to 4.1% on a year-on-year basis in December 2024, compared to 29.7% in December 2023.

Pakistan's banking industry demonstrated strong performance, with total assets expanding 16% to Rs. 52,285 billion. This growth was augmented by a 15% increase in net investments and a 30% escalation in gross advances, reflecting enhanced credit deployment. Concurrently, deposits registered a 9% expansion, reaching Rs. 30,283 billion, underscoring liquidity resilience. These financial indicators affirm the sector's stability and sustained growth.

### Allied Bank's Financial Performance

The year 2024 marked another successful period for Allied Bank, showcasing noteworthy performance across key metrics:

- Total assets expanded by 21% to reach Rs. 2,817 billion, demonstrating prudent management and strategic asset allocation
- Gross advances surged by 34%, complemented by a reduction in infection ratio to 1.22%, reflecting a fortified credit portfolio and robust risk management framework.
- Net markup income rose to Rs. 115 billion, driven by optimized fund deployment and a disciplined investment strategy
- Non-markup income witnessed substantial growth, with capital gains up by 308% and fee

- income increased by 32%, while operating expense growth was contained at 18%
- Profit after tax expanded by 6% to Rs. 43 billion, reinforcing the Bank's strong capital positioning

### Digital Transformation and Innovation

Allied Bank continues to drive digital transformation with AI-powered innovations. The Bank's proprietary Large Language Model (LLM) powered by OpenAI's ChatGPT with Retrieval Augmented Generation (RAG) enabled the development of ABL - معاون, 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 2024, the Bank achieved remarkable digital growth:

- myABL registrations surpassed 2 million, reflecting a 28% year-on-year increase
- Key enhancements including Virtual Debit Cards, RAAST P2M QR payments, and biometric authentication boosted security and accessibility
- WhatsApp banking services expanded by 67%, reaching 1.6 million users with enhanced functionalities
- The Bank's social media presence surged 63%, exceeding 3.6 million followers, strengthening digital engagement
- Merchant Acquiring Business grew significantly, with 3,000+ POS machines processing over 2 million transactions
- RAAST payments saw rapid adoption, crossing 23 million transactions
- Allied Phone Banking set a new benchmark, achieving a record 92% service level

A transition to Oracle Siebel Customer Relationship Management (CRM) streamlined complaint management, sales, and service requests, optimizing customer insights. Over 1,000 customer segments were created using behavioural analytics for hyper-personalized engagement. To strengthen business continuity, an annual Disaster Recovery (DR) exercise is conducted to test the Bank's alternate site, ensuring operational resilience. This initiative

strengthens service reliability in critical scenarios.

### Service Excellence

Allied Bank prioritizes service quality as a core strategic pillar, ensuring customer satisfaction, loyalty, and operational efficiency. We continuously enhance customer experience through technology-driven solutions and personalized services. Key initiatives include:

- **Highly Skilled Workforce:** Trained staff with in-depth product knowledge for swift and effective customer support.
- **Efficient & Seamless Service:** Investments in technology to enhance transaction processing and reduce wait times
- **Customer Support Officers:** Deployed in high-traffic branches to ensure consistent service excellence.
- **Queue Management & Self-Service Kiosks:** Optimized branch operations with faster and more convenient service.
- **Digital Banking Leadership:** myABL Digital Banking and WhatsApp Banking offer 24/7 accessibility.
- **Customer-Centric Enhancements:** Feedback-driven improvements through mystery shopping and satisfaction surveys.
- **Commitment to Continuous Growth:** Service Quality & Complaint Management (SQ&CM) framework ensures ongoing enhancements

### Financial Literacy and Inclusion

Throughout 2024, Allied Bank conducted nationwide awareness programs, including Farmer Financial Literacy and SME Finance Sessions, educating thousands on financial services. The Bank also provided advisory services to over 5,844 customers, generating 824 new borrowers. Additionally, capacity-building initiatives under the National Financial Literacy Program have impacted 122,201 individuals across 41 remote districts to date

### Human Resources and Workplace Excellence

Allied Bank's Human Resource function played a transformative role in fostering innovation, talent acquisition, employee well-being, and leadership development. A strong emphasis was placed on career progression, with 779 employees elevated to leadership roles. Learning & Development remained a priority, achieving 92% training coverage, including 8,000 employees trained in Islamic banking.

Digital transformation was accelerated through:

- AI-driven HR tools
- Online medical workflows
- Fintech-driven hiring

Employee welfare initiatives expanded, offering personal loan rate reductions, gym facilities, and

daycare centers. Gender diversity and inclusion efforts increased female representation to 24.59%, alongside tailored training for Persons with Different Abilities. Leadership programs, succession planning, and strategic partnerships with top universities ensured a robust talent pipeline. Employee happiness surveys, psychometric assessments, and well-being initiatives further strengthened engagement. Through these multifaceted efforts, Allied Bank reinforced its commitment to creating a progressive, inclusive, and dynamic workplace.

### Corporate Social Responsibility

Allied Bank remains committed to Corporate Social Responsibility as a cornerstone of its long-term strategic vision. Upholding principles of meritocracy and inclusivity, the Bank fosters a progressive work environment while advancing sustainable and socially responsible initiatives.

Demonstrating environmental stewardship, we integrate eco-conscious operational frameworks, drive large-scale tree plantation campaigns, and promote sustainability awareness. Under our "Green Initiatives" campaign, the Bank launched a nationwide cleanliness drive, "Mil Kay Lagaen Gay Jaan – To Hoga Saaf Pakistan." Notably, Team ABL executed a Cleanliness Drive at K2 Base Camp (5,200 meters above sea level) in collaboration with Central Karakoram National Park (CKNP).

### Risk Management

Allied Bank's Risk Management function remains committed to fortifying resilience through a dynamic risk framework, integrating robust assessment models, automated monitoring systems, and a structured governance approach. Key risk functions—including Corporate and Financial Institutions Risk, SME and Consumer Risk, Credit Administration, and Enterprise Risk—operate in unison to uphold superior asset quality and optimize capital efficiency. The Bank has developed an advanced Risk Assessment and Management System (RAMS) to streamline credit risk evaluation and ensure one of the industry's lowest infection ratios. Cybersecurity remained a priority, with significant investments in:

- Security Operations Center (SOC) upgrades
- Compliance with PCI DSS and Swift CSP
- Implementation of ISO 27001:2022 standards standards

We strengthened fraud prevention mechanisms, conducted extensive vulnerability assessments, and deployed behaviour-based threat detection tools to safeguard information assets.

### Subsidiaries' Performance

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. The Company commenced operations on May 24, 2024, engaging in foreign exchange business. As of December 31, 2024, ABL Exchange (Private) Limited has established a network of 21 booths across the country. ABL Asset Management Company Limited (ABL Funds) continues to be one of the fastest-growing Asset Management Companies in Pakistan. ABL Funds holds the distinction of the highest Asset Manager Rating of AM1, reaffirmed by PACRA. In 2024, ABL Funds achieved historic growth with total Assets Under Management reaching Rs. 367 billion as of December 31, 2024.

#### Awards and Recognition

Allied Bank's commitment to providing global standard uninterrupted services to customers with ease and convenience has been acknowledged at international and domestic forums. During the period, the Bank received several recognitions, including:

- **FinanceAsia awards in the following categories:**
  - ✓ Best Domestic Bank
  - ✓ Best Bank for Financial Inclusion
  - ✓ Best Sustainable Bank
  - ✓ Most DEI Progressive Bank
  - ✓ Most Innovative Technology
- **Pakistan's Best Digital Bank 2024** - Euromoney Awards for Excellence
- **Pakistan's Best Domestic Islamic Bank 2024** - Euromoney Islamic Finance Awards
- **Employer of Choice Award** - Gender Diversity & Inclusion by The Pakistan Business Council along with the World Bank Group's International Finance Corporation (IFC)
- **Global Diversity & Inclusion Benchmarks:**
  - ✓ 'Best Practice in Industry Bank' in RECRUITMENT category
  - ✓ 'Best Practice in Industry Bank' in DEI LEARNING AND DEVELOPMENT category

#### Credit Ratings

Allied Bank's strong and resilient financial position, adept at navigating economic cycles and mitigating unforeseen shocks, has consistently delivered stable results. This financial strength led the Pakistan Credit Rating Agency Limited (PACRA) to reaffirm the Bank's highest long-term and short-term entity credit ratings of AAA (Triple A) and A1+ (A One Plus), underscoring the organization's exceptional credit quality and financial stability. To uphold the highest governance standards, the Bank undergoes an annual independent evaluation of its corporate governance practices. VIS Credit Rating Company Limited has reaffirmed the Bank's Corporate Governance Rating at 'CGR-9++,' signifying a high

level of corporate governance. This rating reflects the Board and management's strong commitment to maintaining a robust governance framework.

Moody's Investors Service upgraded Allied Bank's deposit rating from Caa3 to Caa2 (Domestic and Foreign) in 2024, with a positive outlook in line with the sovereign rating. This reflects the Bank's stable local currency funding and liquidity and resilient earnings-generating capacity that partly mitigate macro and sovereign-driven risks.

#### FUTURE OUTLOOK

The IMF projects global economic growth to stabilize despite persistent inflation, geopolitical uncertainties, and monetary policy adjustments. Global GDP growth is forecasted at 3.3% for both 2025 and 2026. Domestically, Pakistan's GDP growth is projected at 3.0% for 2025, revised down from 3.2%, while the 2026 forecast remains at 4.0%. The SBP's Monetary Policy Committee anticipates GDP growth between 2.5% and 3.5% for FY'25, with inflation averaging between 5.5% and 7.5%.

Looking ahead, Allied Bank remains committed to driving sustainable growth, strengthening financial resilience, and enhancing digital transformation to meet evolving market dynamics. With a strategic focus on innovation, risk management, and customer-centric solutions, we aim to expand our market presence while maintaining operational excellence. By fostering strategic partnerships and embracing technological advancements, Allied Bank is well-positioned to capitalize on emerging opportunities and create lasting value for stakeholders.

#### Acknowledgments

I would like to convey my profound appreciation to the esteemed Board of Directors for their exemplary leadership and strategic foresight. I also acknowledge that the expertise, unwavering dedication, and professionalism of our team members serve as the cornerstone of our collective success in realizing our Bank's vision. My sincere gratitude extends to our highly valued customers for their continued trust and confidence in our products and services. Furthermore, I extend my deepest appreciation to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, and other regulatory authorities for their invaluable guidance and unwavering support.

**Aizid Razzaq Gill**  
Chief Executive Officer

February 04, 2025

## K2 EXPEDITION 2024

### MIL KAR LAGYEN GAY JAAN, TO HOGA SAAF PAKISTAN

