

Chairman's Message

I am pleased to present to you the annual review of your Bank. After taking up the management control of Allied Bank, we have come a long way from a balance sheet footing of Rs. 155 billion in 2004 to a closing balance sheet footing of Rs. 320 billion in 2007. All this was possible because of a visionary and robust strategy implementation by the Board of Directors, Management and Employees of your Bank who displayed perseverance, dedication and commitment.



2007 was an exciting year full of new initiatives on various fronts such as induction of fresh and quality human resources; new methods in creating an enabling and conducive working environment for all; acquisition and process implementation of state-of-the-art technology; development of model branches and further expansion of ATM network; and our first steps towards introducing Consumer Banking at Allied Bank.

Based on its robust business prospects emanating from its extensive outreach, sound capital structure and ongoing restructuring of its systems and resources – human and technology infrastructure, your Bank was assigned a long-term rating of AA and short-term rating of A1+ by the premier credit rating agency PACRA.

In recognition of your Bank's high level of corporate governance, JCR-VIS Credit Rating Company assigned CGR-8 rating to Allied Bank, which is only two notches away from the highest level of Corporate Governance Rating.

People

Realizing the importance of quality human resource, the Bank has been recruiting the best in class individuals from the industry. As part of our strategy to mix youth with experience, we have started inducting Management Trainee Officers (MTOs) from leading business schools from across the country. We recruited 835 young individuals having sound academic background during the year 2007 – some 435 of them have already been trained and inducted into various functions of the Bank while 400 have started training in January 2008.

Our thrust is upon following competency based recruitment process with equal opportunities for all. Our Human Resource policy is to ensure implementation of clearly defined performance management system, effective career development process, comprehensive succession plans and alignment of meritocracy.

Technology

In order to have a world class technological base, your Bank achieved a number of milestones in 2007. We are in the process of implementing T-24, a banking software solution which we had acquired from TEMENOS, a reputable Swiss Company. This system would improve our service capability, achieve customer centricity, enhance efficiency and create capacity.

We are in the process of signing an agreement with First Data International to acquire another system called VisionPlus for credit card services such as data hosting, authorization of transactions, monthly bills generations and collections.

Your Bank also acquired a state-of-the-art customer contact center solution – an interactive voice response system from Teradata International, for convenient self banking services.

Another initiative in the pipeline is deploying SAS, an analytical tool for risk management, customer segmentation and behavioral scoring.

Branch Renovations and Re-branding

Providing international standard services to Allied Bank customers is our top most strategic priority. As part of this

strategy and keeping in mind the Consumer feedback, we renovated a large number of branches nationwide. Other important measures such as re-branding of some of the branches and environmental improvement around them were also carried out in order to improve customer perception and visibility of those branches. These renovated and re-branded branches were equipped with modern infrastructure and facilities and Customer Relationship Officers, regardless of size and location. Improved ambience, facilities and personalized services at these branches will result in a greater Customer Experience. Moving forward, our strategic intent is to bring all our branches at par with that of any international bank operating in the Country.

Allied Bank's ATM network continues to grow by the day. We now proudly lead the way by having the largest number of ATMs in the country.

Emergence of Consumer Banking

Exciting yet challenging times await us in 2008 when we move one step closer to establishing our Consumer Banking portfolio, an integral part of our future business plans. Treading into this area would complete our product suite and consumer product portfolio by offering Credit Cards, Auto Finance, Personal Loans and Mortgages.

Business Mix

In corporate, investment and retail banking, the growth momentum continues and it remains the bed rock of our loan portfolio. We are strengthening our relationships and

building new ones. Value added initiatives are translating into profitable relationships.

Focus on SME and agriculture portfolio resulted in 26 percent growth while on retail banking side, CASA registered a growth of 13 percent. A phenomenal growth of 28 percent was registered in liabilities.

I would like to thank our valued customers for their continued support and trust in Allied Bank and would like to assure them, on behalf of the management and the board, of our continuous efforts to provide better service and value.

My appreciation and thanks to the entire management team and employees of Allied Bank for their commitment, dedication and hard work. I would also like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and Allied Bank's Board of Directors for their support, trust and valuable contributions.

Mohammad Naeem Mukhtar
Chairman