

Chairman's Message



Dear Shareholders,

The management control of Allied Bank was handed over to the new Board of Directors in August 2004 by the State Bank of Pakistan after completing the process of re-construction and re-capitalization of the Bank. The new Board of Directors laid down its strategic priorities to achieve global banking standards in Allied Bank.

I am delighted to share with you the strategic priorities, plans and vision set out by the new Board.

- **Team Building:** To form a team of qualified and dedicated professionals having relevant qualifications and expertise was a challenge for us. The induction of expertise required at most of the management positions has already been completed. The results of the year 2005 speak for the achievements and synergies achieved by the team.
- **Technology Infrastructure:** One of the foremost goals is to deploy technology based systems and standards across the Bank so that the customers can conveniently transact with the Bank at any time from any place. All the branches of Allied Bank have the online connectivity to provide real time online services to its customers. Also, the internet banking facility has been launched to enable the customers to do banking at their own convenience. A best of the breed global core banking solution is planned to be deployed for unique customer experience.
- **Organization Structure:** In order to have a flat, fast and agile corporate structure, the operating model of the Bank was restructured in line with internationally acceptable banking standards. A number of policies and procedures including the prudent risk management have been put in place. The Bank is committed to invest required resources for timely implementation of Basel II guidelines.
- **Productivity and Efficiency:** From the very beginning, the new Board focused on cost efficiency and optimal utilization of the Bank's resources. The loan/deposit ratio has improved substantially to 74% from 39% as of August, 2004, while the NPLs to Gross Loans ratio has been reduced to 11% from 35%. The revenue to cost ratio significantly improved to 2.3% from 1.6% in 2004.
- **New products:** The introduction of new products for consumer and retail customers is one of the top priority of the new Board. A new hybrid ATM/Debit card having a variety of innovative features has been launched. The Bank is in the process of building the requisite team and infrastructure for launching a number of unique and innovative consumer banking products.
- **Corporate Governance:** There has been a great emphasis from the regulators on good governance over the last three years. The Board is committed to ensure implementation of good governance and best practices across the Bank.

Future outlook

The Bank's future growth strategy and all of its business activities will be driven by our core values - Integrity, Excellence in Service, High Performance, Innovation and Growth. Based on the strong financial health, largest online branch network in the country, professional and motivated workforce, and enabling work environment, the Bank is well positioned to become a world class financial institution and achieve sustainable growth.

Acknowledgment

I have full confidence in the Bank's management team and congratulate them on their achievements and appreciate the dedication and efforts being put in by them to implement the strategic priorities and policies as laid down by the Board. I am optimistic about the Bank's future and expect that the management will keep on improving its customer services and will build value for all the stakeholders.

Mohammad Naeem Mukhtar
Chairman

