

Annual Report

for The Bear 1378 (Hegera) 1958-1959



A SCENE OF THE NEWLY CONSTRUCTED BUILDING FOR THE HEAD OFFICE OF THE NATIONAL COMMERCIAL BANK IN JEDDAH.

The Royal words written by His Majesty, Saud the First, King of Saudi Arabia, on the inauguration occasion of the new Head Office building of The National Commercial Bank, Jeddah.

الدُّلِيْ الْحُولِ الْمُعَالِينِ الْمُعَالِمِينِ

انا از نفتنج هذا المن الحرير المناع عرفاً قولاً والماري عرفاً قولاً والماري عرفاً قولاً والماري عرفاً والماري والمعالم المراحل المراحل

While Inaugurating this new building of The National Commercial Bank, We reinforce the edifice of Sound National economy and pray to God Almighty for success. Jeddah, 5 Rabiul Awal 1379

SAUD AL SAUD (Royal Signature)



Founders : -

Sheikh Saleh & Abdullah Moussa Al Kaaki Sheikh Abdul Aziz Mohamed Al Kaaki Sheikh Salem Ahmed Bin Mahlooz

General Manager:-

Sheikh Salem Ahmed Bin Mahlooz



Head Office :

JEDDAH, SAUDI ARABIA

C. RECORD 1558

P. O. BOX 104

Teleg, In Saudi Arabia: MOWAFFAK

Abroad : BANK SAUDI

BRANCHES

IN SAUDI ARABIA: -

MECCA

MEDINA

RIYADH

TAIF

ALKHOBAR

DAMMAM

AL AHSSA

BADANA «AR - AR.

JIZAN

TABOOK

ABHA

TURAIF

IN SISTER ARAB COUNTRIES:-CAIRO, TOW BRANCHES:

1- TALAAT HARB STREET.

2- ALAZHAR STREET.

U.A.R

ALEXANDRIA.

DAMASCUS.

BEIRUT

· Republic of Lebanon ».

HODEIDAH . The Kingdom of Yemen.

UNDER ESTABLISHMENT

HAYIL BURAIDAH

AL-KATEEF

UNDER ESTABLISHMENT

KHARTOOM.

ADEN

CORRESPONDENTS IN ALL PARTS OF THE WORLD

AUDITORS:

Messrs. ISSA EL-AYOUTI & Co,

Accountants & Auditors



REPORT OF THE GENERAL MANAGEMENT

ON THE YEAR
Ended 29th ZUL HIJJA 1378
Corresponding 6th July, 1959

ANNUAL REPORT FOR THE YEAR ENDED 29TH ZULHIJA 1378 (6TH JULY 1959)

The General Management of the National Commercial Bank, Jeddah, Saudi Arabia, takes pleasure in presenting the annual report about the activities of the Bank, for the year ended the 29th Zulhija 1378, corresponding to the 6th July 1959.

It is with pride and gratification that we make a pointed reference to the favour, which His Majesty the King was graciously pleased to confer upon the Management of the Bank, in consenting to perform the opening ceremony of the newly constructed building of the Bank for its Head Office in Jeddah, and by the grace of Almighty God it was performed on the 5th Rabiul Awwal 1379, corresponding to 8th September 1959.

We take the opportunity to offer His Majesty our respectful and grateful thanks for the help and encouragement afforded to the Bank to play its vital role in the economic development of our beloved country.

A matter of particular satisfaction, to which we refer, is the success of the wise policy devised by His Majesty's Government to provide adequate foreign exchange and stabilize the local currency which has resulted in a perceptible fall in prices of commodities in the market. The measures taken by the Government to materialise this policy are given, in brief, as below:—

1. Cuts in the Expenditure.

These cuts in the expenditure have appeared in the budget for 1378 to 1379, in the form of a large saving amounting to Saudi Riyals 130,000,000 to be utilized for the liquidation of the debts.

2. Statutory Deposits.

Under the revised Charter (as promulgated by Royal Decree No, 23 dated 23.5.1377) of the Saudi Arabian Monetary Agency (which has assumed the functions of a Central Bank) all the Banks operating within this country are required to maintain certain statutory deposits with the said Agency as a reserve, extent of which being 15% of the deposit liabilities of the Banks at the end of the year 1378.

This measure, no doubt, has gone a long way towards restraining credit facilities of the banks and in keeping with the economic policy of the government.

3. Special Rules and Regulations.

These have been framed to control the imports and the foreign exchange transfers to keep the balance of payments. Royal Decree No. 40 dated the 7th Zulhija 1377 was issued with a view to modifying the exchange control regulations. It provides for the allocation of foreign exchange at the official rate for the following:—

- a) The goods and commodities which fall under essential requirements as food stuffs, clothing, medicines and other goods needed by the country for which import licenses are issued.
- b) The salaries of non-Saudi Government employees and officials which can be transferred abroad in accordance with regulations in effect
- c) Government (Money) transfers abroad which are authorized in the items of the budget.

With the help of God and due to the endeavours made by His Majesty's Government presided over by H. R. H. the Crown Prince and Prime Minister, Amir Faissal, the aims of the discreet policy have been realised and it has yielded tangible results. The free market value of Saudi Riyal has now improved to the extent af 23% as compared with the last year and at the same time there has been a considerable fall in the prices of various goods. It appears that the continuation of this well conceived financial and economic policy would manifest itself in the continued improvement in the purchasing power of Saudi Riyal.

It would be remiss of us not to allude to the funds provided for the economic development schemes with particular reference to roads and communications which are embodied in the Government Budget for the year 1378 to 1379. In addition to this, it is anticipated that, in the budgets of the coming years, large amounts shall be allocated for similar schemes and projects as has been outlined in the Government report on the Budget. It is a happy augury that an official committee has been set up to study these schemes.

All these rules and regulations have created an atmosphere congenial to the development of the national production and enabled the citizens to launch industrial, agricultural and constructional schemes in many parts of the country. This, in its turn, has served as a great stimulus to the increased activities of the Bank and expansion in banking operations. We take pride in annuoncing that our Bank has played an appropriate partin this field, which is evident from its ever-increasing activities and the facilities that it has extended to its clients in all parts of the country. Besides this, our Bank stands

for financing the essential projects that bring prosperity to the country and welfare to the nation.

OUR BANK AND FOREIGN TRADE

The preceding year is noteworthy, as we have referred to in our previous report, for its enoromous activities, calculated to import large quantities of merchandise to hoard against eventualities. It was due, in fact, to the prevailing conditions at that time, fluctuations in the foreign exchange and the events that took place in the Middle East. But the steps taken by the Government, during this year, for the stabilization of the national currency, have inspired confidence in the business community as a result of which hoarding has ceased and import is confined to essential requirements

Despite these factors, our Bank has played a significant part in the field of foreign trade. The documentary credits opened by the Bank during the year 1378, for its clients in Saudi Arabia, amounted to Saudi Riyals 218637315 and the total value of the bills for collection received from abroad and settled through the Bank has been Saudi Riyals 61,559,010.

NEW BRANCHES

In view of the growing economy and consistent with the policy of His Majesty's Government, the Bank has opened new branches to cater for the needs and requirements of the remote areas as Tabook, Tarif, Abha and one additional branch in Riyadh. It is also planned to open other branches at Kateef, Buraidah and Hayil.

STAFF TRAINING

The Bank has made it a point to afford opportunities to Saudi youths, for training abroad in modern banking. The selected batches of the employees of the Bank are now under training in the leading banks of England.

TRAINING CENTRE IN JEDDAH

A reference was made in the last year's report to the decision taken by the Management to establish a training centre for Banking in Jeddah under he auspices of the Bank. With the help of God it was opened in the beginning of this year and the success that has attended our efforts is reflected in the large number of youths who are seeking admission in it. The number of trainees at present is 60 and the Bank has provided them with qualified teachers.

THE ANNUAL MEETING

The annual meeting of the Managers of the Bank and its branches was held under the presidentship of the General Manager. The activities of

the Bank were brought under review and at the same time views were exchanged with regard to the general policy of the Bank in the light of what had already been discussed and reviewed. Finally, resolutions were passed stressing upon the need for coordination of efforts between the branches and the Head Office so as to contribute largely to the economic development of the country and strengthen still further the existing commercial relations between our country and the sister Arab countries.

BALANCE SHEET

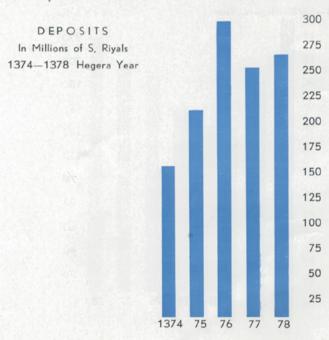
Total assets amounted to Saudi Riyals 538, 301, 461 as on 29th Zulhija 1378 (1958—59) against Saudi Riyals 583, 583 801 last year. The diffdrence is, mainly, due to the fall in customers' liabilities for documentary credits and guarantees.

CASH

Cash in hand, at banks and with correspondents amounted to Saudi Riyals 99,230,813 as against Saudi Riyals 85,659,232 last year i.e. an increase of Saudi Riyals 13,571,581. The proportion of cash to the deposits according to the balance sheet is 31-1/20/o.

DEPOSITS

Deposits (including those of the Banks and correspondents) and current accounts amounted to Saudi Riyals 317, 259, 007 as against Saudi Riyals 274, 111, 131 last year. The increase of Saudi Riyals 43, 147, 876 in deposits for this year is due to the expansion in the sphere of activities of all the branches and the great confidence they have gained of the clients and correspondents as well.

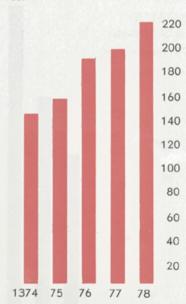


LOANS

Loans and Current accounts amounted to Saudi Riyals 225, 541, 324 as against 199,253,761 last year, with an increase of Saudi Riyals 26,287,563 over the preceding year, which has resulted from the more active part the Bank has played in financing and promoting the growth of economy and trade in Saudi Arabia and sister Arab countries. In addition to this, the total value of bills discounted amounted to Saudi Riyals 7,428,273 compared with Saudi Riyals 4,574.425 in the provious year.

LOANS AND CURRENT ACCOUNTS

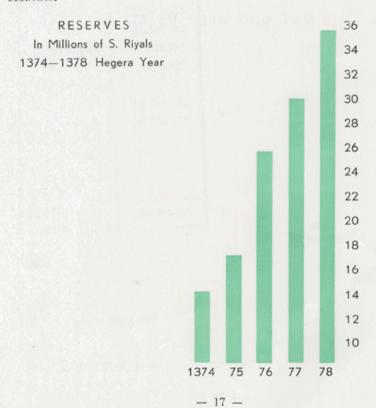
In Millions of S. Riyals 1374-1378 Hegera Year



CAPITAL AND RESERVES

It has been the practice of the Management of the Bank to add, every year, a great part of the profits to the reserves with a view to strengthening the financial position of the Bank and also to safeguard the interests of the depositors and clients inside the country and abroad. So was added a sum of Saudi Riyals 5,700,000 to the reserves this year and thus the total of the capital and reserves amounted to Saudi Riyals 65,896,133 as against 60,196,133 last year.

It is worth mentioning, at this juncture, that it has been observed by the Management that the part of the capital and reserves invested in fixed assets such as buildings and land has added a great deal, to the trust and confidence which the depositors repose in our Bank. The proportion of the Capital and reserves of the Bank invested in buildings, land and estates is 66 °/o as the cost of these according to the balance sheet, is Saudi Riyals 42,648,161 which includes the cost of premises occupied by the Head Office and the branches.



CONCLUSION

While giving an account of the Balance Sheet and the activities of the Bank during the year, we, the Management, at the end, profess our allegiance to His Majesty and pray to God Almighty to preserve our beloved Sovereign as the pride of Arabs and Islam and express our deep gratitude to His Majesty's Government and H. R. H. the Crown Prince and Prime Minister, Amir Faissal. Our sincere thanks are due to the governments of the sister Arab countries, their people, clients of the Bank and its correspondents for their help and assistance, which have always served as a great impetus to the progress of the Bank at every stage.

We also place on record our thanks and appreciation to the Managers and employees of the Bank and its branches for their sustained efforts and sincerity, in the service of their institution, which have enabled us to proceed forward on the path of continuous glory and success.

MAY GOD HELP US ALL



BALANCE SHEET AS AT 29TH ZUL HIJA 1378 (6TH JULY 1959)

1377 s. riyals	LIABILITIES	S. RIYALS	1377 s. RIYALS	ASSETS	S. RIYALS
30,225,133	Capital	30,225.133	85,659.232	Cash in hand, at Banks and with Correspondents	99.230.813
25,671,000	General Reserve	30,671.000	4 574.425	Bills Discounted	7,428.273
4,300.000	Special Reserve	5.000.000	15.562 011	Investments at cost	16.459.511
260,785.408	Deposits & Current Accounts	274,814,017	199.253.761	Loans and Advances to Customers	225,541,324
13.325.723	Banks & Correspondents' Accounts	42,444,990	11,011.604	Sundry Debit Balances	13,256,785
1.231.409	Bills Payable	1,504,249	34.130.193	Bank Premises, Lands & Building-less depreciation	42-648.161
15.965,269	Other Liabilities	21,129 281	1.312.716	Furniture & Cars — Less Depreciation	1,223.803
175.516.093	Documentary Credits & Guarantees (Per Contra)	94,742.312	175.516 093	Customers Liabilities for Documentary Credits and	
				Guarantees (per contra)	94,742.312
56.563.766	Endorsers of Bills for Collection and in Guarantee — per contra	37.770 479	56,563,766	Bills for Collection and in Guarantee (per contra)	37.770,479
	MOHAMED AHMED BAGABAS Sub. General Manager			SALEM AHMED BIN MAHFOOZ General Manager	
583,583,801		538.301.461	583.583.801		538.301.461

AUDITOR'S REPORT

We have examined the above Balance Sheet with the Books and Documents of the Head Office and with the final returns received from the branches, and certify it to be in accordance therewith.

In our opinion, the Balance Sheet, set above, is properly drawn up so as to exhibit true and fair view of the State of the Bank's affairs as at 29th Zul Hija 1378 (6th July 1959) according to the best of our information and explanations given to us, and as shown by the Books of the Bank.

JEDDAH: 22nd. RABIE SANI, 1379

24 th. OCTOBER, 1959

ISSA EL-AYOUTY & Co.
Accountants & Auditors

