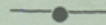


Annual Report  
FOR THE YEAR 1381 (HIJRA)  
(1961 - 1962)







VIEW OF JEDDAH HEAD OFFICE BUILDING





*Founders :-*

Sheikh Saleh & Abdullah Moussa Al Kaaki

Sheikh Abdul Aziz Mohamed Al Kaaki

Sheikh Salem Ahmed Bin Mahfooz



*General Manager :-*

Sheikh Salem Ahmed Bin Mahfooz



HEAD OFFICE :

JEDDAH - SAUDI ARABIA

C. R. No. 1558

P. O. Box 104

Teleg. In Saudi Arabia : MOWAFFAK  
Abroad : BANKSAUDI

BRANCHES :

IN SAUDI ARABIA :-

BAB SHEREIF (Jeddah)

MECCA

MEDINA

RIYADH

TAIF

ALKHOBAR

DAMMAM

AL AHSSA

BADANA ( AR-AR )

JIZAN

TABOOK

ABHA

TURAIIF

BURAIDAH

IN SISTER ARAB COUNTRIES :-

BEIRUT

« Republic of Lebanon »

2 Branches

DAMASCUS

« Republic of Syria »

HODEIDAH.

TAIZ.

SANAA.

« The Kingdom of Yemen »

UNDER ESTABLISHMENT

HAYIL. AL-KATEEF : In Saudi Arabia

KHARTOUM. ADEN. MUKALLA : In Sister Arab Countries

CORRESPONDENTS IN ALL PARTS OF THE WORLD

AUDITORS

Messrs. ISSA EL-AYOUTI & Co.

Accountants & Auditors





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REPORT  
OF  
THE GENERAL MANAGEMENT

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FOR THE YEAR  
ENDED 29TH ZULHIJJA 1381  
CORRESPONDING 2ND JUNE 1962



**ANNUAL REPORT FOR THE YEAR 1381 ( 1961-62 )**

**ENDED THE 29th. ZULHIJA 1381 ( 2nd. JUNE 1962 )**

The Management of the National Commercial Bank, Jeddah, Saudi Arabia, have great pleasure in presenting the Annual Report and the Balance Sheet for the year ended the 29th. Zulhija 1381 ( Higri ) corresponding to 2nd. June 1962.

Before commenting upon the various phases of the Bank's business, we wish to make a brief survey of the economic conditions that prevailed in the Kingdom during the year under review.

With the continued stability and free convertibility of our currency, the economic pattern of the Kingdom remained what it was last year. There has been an increase of 20% in the country's gold reserves and foreign exchange holdings over last year, rendering the Riyal firmer than ever. A portion of these reserves has been allocated to provide full cover for note issue in circulation. Free trade interchange with all parts of the world and free imports have checked the rising tendency of prices in the home market.

Tariff was raised on imports of various commodities, notably cement, to protect home production but duties were reduced on imports of capital goods. This is expected to stimulate development of new industrial projects and help the existing ones.

Government Budget for the year 1381 — 1382 has disclosed an increase of 20% in expenditure amounting to 2166 million Saudi Riyals as against 1786 millions in the previous year. The increase in spending was made possible by enhanced oil royalties. Allocations for project developments aggregated 400 million Riyals compared with 291 millions in the previous budget. This is a measure of His Majesty's Government's solicitude for accelerating the completion of such vital projects as are conducive to the further growth of national economy. Priority has been given to the construction of a network of roads, prospecting for water and the *erection of dams for irrigation to bring vast areas under cultivation.*

The Government have recently announced monthly financial grants to the aged and disabled which fact is a further proof of Government's anxiety for the well-being of the people.



The most important event of the previous year that affected the Bank, was the nationalization of its four branches in the United Arab Republic. One of these branches in Damascus was handed back later, in 1382 as a result of Syria severing its ties with Egypt.

#### **General Balance Sheet.**

Assets have registered on the whole a slight decrease from S. R. 614,246,434 last year to S. R. 607,870,148 owing to the nationalization of the Bank's branches referred to above; assets held by those branches represented 21% of the total in the previous year's figures. It is apparent that but for this fact there has been an appreciable increase in the Bank's other assets resulting from its steadily expanding business. Thanks to the continued confidence of our customers.

#### **Cash.**

Cash balances have decreased by about 8% from S. Riyals 125,401,291 in the previous year's Balance Sheet to S. Riyals 115,463,303 because of the nationalization, and yet constitute 31.5% of the total deposits.

#### **Loans.**

Loans and advances including bills discounted have been well maintained at S. R. 229,335,154 as compared with S. R. 226,883,685 inspite of the nationalization, largely because of the increased demand for bank finance in the industrial and public utility sectors.

#### **Real Estate.**

There has been practically no change under this head, save for the usual depreciation. Real Estate accounts for 85% of the total capital and reserves. For lack of scope in the Kingdom for short term investment, spare funds had to be employed, otherwise and not allowed to remain idle to the detriment of the Bank's interests. Investment in real estate has always been profitable in the Kingdom.

#### **Reserves.**

Reserves aggregated S. R. 35,671,000 while the General Reserve remains unchanged at last year's level, the special reserve has been drawn upon to the extent of two millions to meet contingencies arising from the nationalization of the U.A.R. branches.



**Deposits.**

Deposits at S. R. 345,102,807 as against S. R. 348,750,279 in the previous year show only a very slight decrease despite the loss of large funds which had been lodged with the nationalized branches. Deposits of Banks and Correspondents accounted for S. R. 17,726,317 as against S. R. 15,713,973 last year. These facts are an unmistakable measure of the public confidence in us which the Management cherish with pride.

**Activities in Foreign Trade.**

It is gratifying to be able to record appreciable progress in the Bank's various activities, specially in financing imports which were handled by the bank to the extent of S. Riyals 266,174,000 by way of Letters of Credits during the year under review against S. Riyals 212,225,000 in the previous year ( i. e. 25% in excess) and S. R. 56,735,000 by way of bills for collection against S. R. 46,800,000 last year.

**Conclusion.**

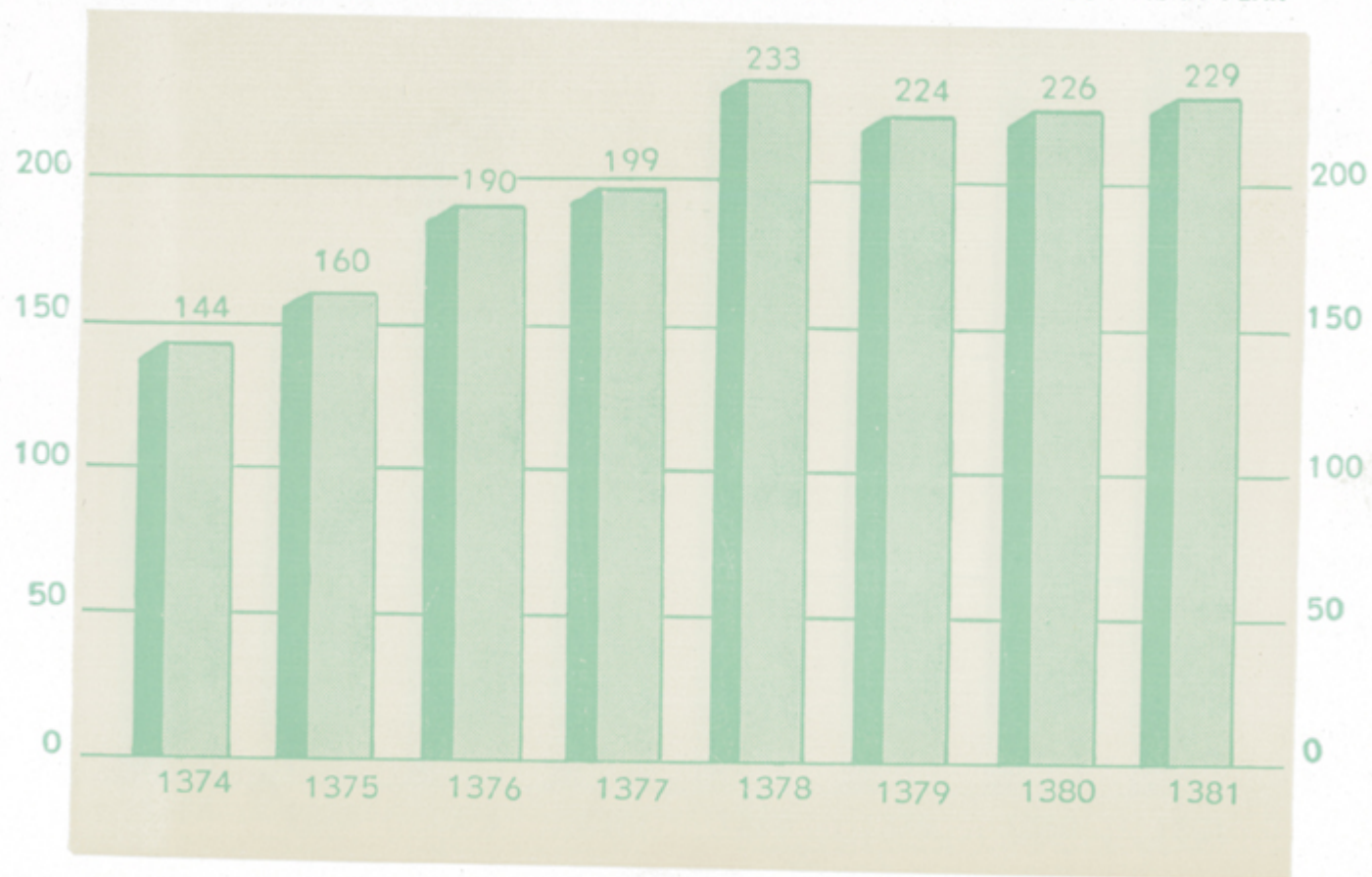
The expected implementation of Government plans in industrial, agricultural and public utility fields on a steadily increasing scale in future has not only widened the scope for the Bank's activities; but has also diversified its services. With unbounded faith in God and relying, as we have always done, on Government's help and encouragement, we feel fully equipped to meet the steadily developing activities and conclude this report with a heartfelt prayer for the long-life and health of His Majesty King Saud and HRH Prince Faisal and the continued prosperity of the kingdom.

The Management wish to express their gratitude for the support and encouragement given to the Bank by HRH Crown Prince Faisal and other members of the Government. Our appreciation is also due to the continued confidence and cooperation extended by customers, officials in Sister Arab Countries and our correspondents abroad.

Last but not least, our warmest thanks go to all members of our staff for the sincere performance of their duties with intelligent dedication.

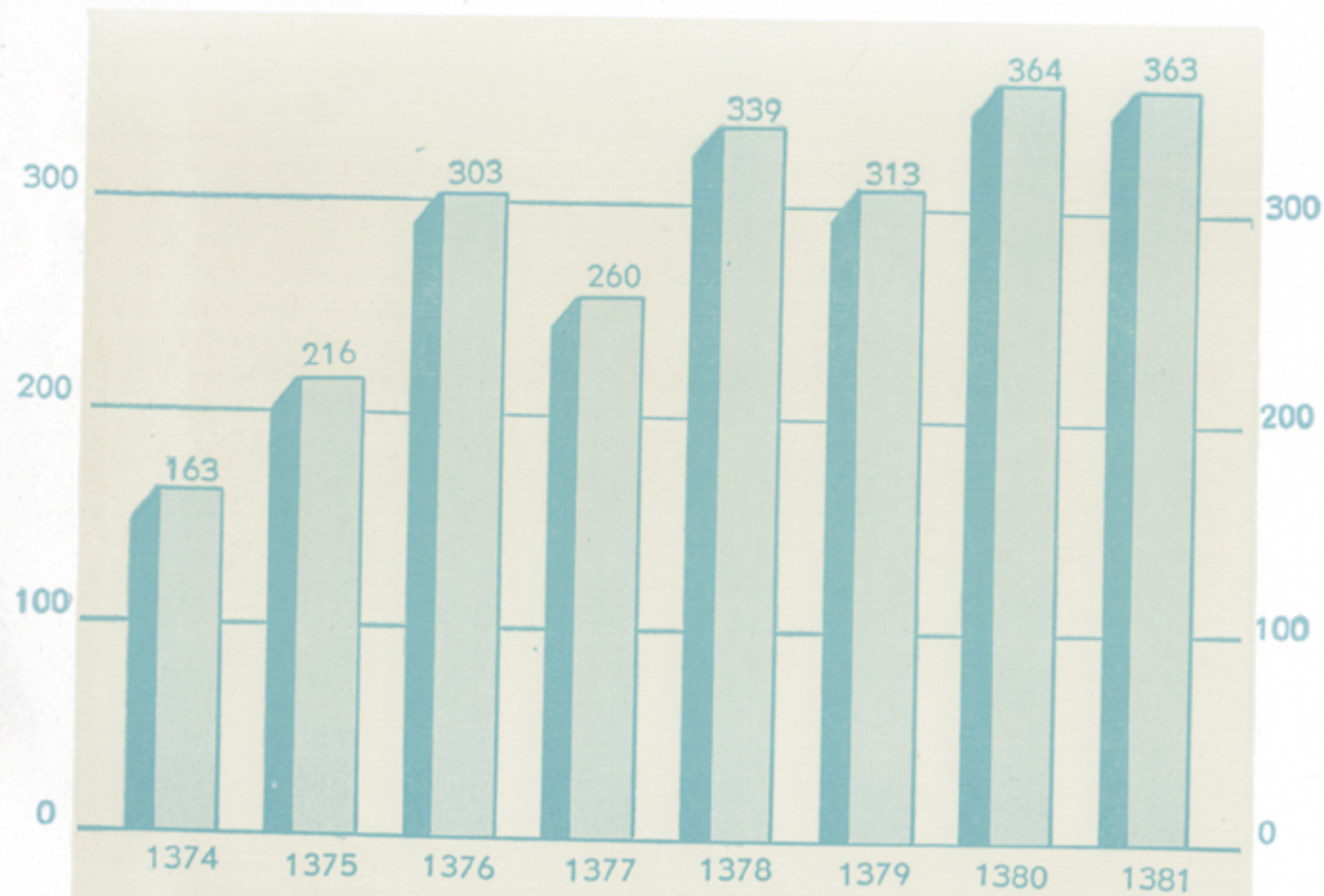


LOANS AND CURRENT ACCOUNTS IN MILLION OF S. RIAYLS 1374 - 1381 HIRA YEAR



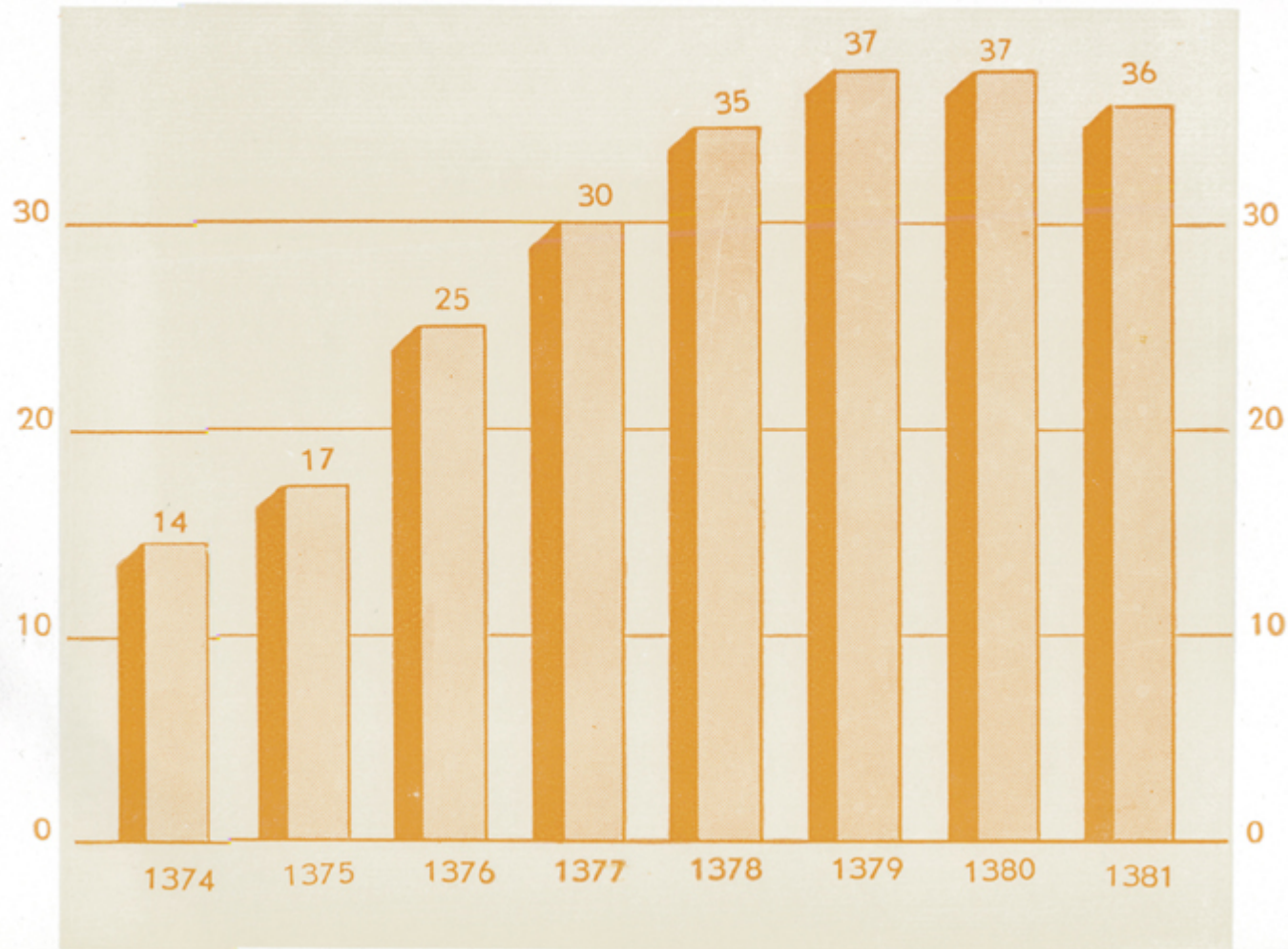


DEPOSITS IN MILLION OF S. RIAYLS 1374 - 1381 HIJRA YEAR





RESERVES IN MILLION OF S. RIAYLS 1374 - 1381 HJRA YEAR





BALANCE SHEET AS AT 29Th. ZULHIJA 1381

| 1380<br>S. RIYALS | LIABILITIES   | 1381<br>S. RIYALS | 1380<br>S. RIYALS | ASSETS   | 1381<br>S. RIYALS |
|-------------------|---|-------------------|-------------------|--|-------------------|
| 30,225,133        | Capital   | 30,225,133        | 125,401,291       | Cash in Hand, at Banks & with correspondents.                              | 115,463,303       |
| 32,671,000        | General Reserve   | 32,671,000        | 8,108,003         | Bills Discounted   | 1,584,557         |
| 5,000,000         | Special Reserve   | 3,000,000         | 18,773,211        | Investments ( at cost )  | 20,216,011        |
| 348,750,279       | Deposits, Current accounts and others                           | 345,102,807       | 218,775,682       | Advances & Loans   | 227,750,597       |
| 15,713,972        | Banks & Correspondents Accounts                                 | 17,726,317        | 6,660,349         | Sundry Debit Balances  | 9,896,959         |
| 2,767,458         | Acceptances   | 3,083,941         | 55,475,261        | Bank Premises, Lands & Buildings ( Less Depreciation )                     | 55,391,769        |
|                   |   |                   | 1,934,045         | Furniture & Cars ( Less Depreciation)                                      | 1,506,002         |
| 144,065,578       | Documentary credits & Guarantees ( per contra )                 | 151,773,126       | 144,065,578       | Customers' Liabilities for Documentary Credits & Guarantees ( per contra ) | 151,773,126       |
| 35,053,014        | Endorsers of Bills for Collection & In Guarantee ( per contra ) | 24,287,824        | 35,053,014        | Bills for Collection & in Guarantee ( per contra )                         | 24,287,824        |
| 614,246,434       |   | 607,870,148       | 614,246,434       |  | 607,870,148       |

SALEM AHMED BIN MAHFOOZ  
General Manager

MOHAMED AHMED BAGABAS  
Deputy General Manager

AUDITORS' 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. ZULHIJA, 1381 (2nd. June 1962) according to the best of our information and explanations given to us, and as shown by the books of the Bank.

JEDDAH, 7TH GOMADTHANI, 1382  
4th. November, 1962

ISSA EL-AYOUTI & CO.  
Accountants & Auditors