



Annual Report year ending April 1965  
in English



# ANNUAL REPORT

FOR THE YEAR 1384 (HIJRA)

( 1964 - 1965 )



THE NATIONAL COMMERCIAL BANK  
RIYADH BRANCH





FOUNDERS

Sheikh SALEH & ABDULLAH MOUSSA AL KAAKI

Sheikh ABDUL AZIZ MOHAMED AL KAAKI

Sheikh SALEM AHMED BIN MAHFOUZ

GENERAL MANAGER

Sheikh SALEM AHMED BIN MAHFOUZ





Head Office : JEDDAH  
C. R. No. 1588 • P. O. Box 104  
Teleg. In Saudi Arabia : MOWAFFAK  
Abroad : BANKSAUDI

### BRANCHES

#### In Saudi Arabia

BAB SHERIEF (Jeddah)  
MECCA  
MEDINA  
RIYADH  
TAIF  
ALKHOBAR  
DAMMAM  
AL-AHSSA  
BADNA (AR-AR)  
JIZAN  
TABOOK  
ABHA  
TURAIF  
BURAIDAH  
HAYIL  
BALJORASHI  
YANBOH

#### In Sister Arab Countries

BEIRUT

2 Branches .

MAARAD

RENAULT

Republic of Lebanon

### UNDER ESTABLISHMENT

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

## LOCATIONS OF THE BANK'S BRANCHES IN SAUDI ARABIA AND ABROAD





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REPORT  
OF  
THE GENERAL MANAGEMENT

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FOR THE YEAR  
ENDED 29TH ZULHIJJA 1384  
CORRESPONDING 30TH APRIL 1965



# THE NATIONAL COMMERCIAL BANK

JEDDAH, SAUDI ARABIA

## ANNUAL REPORT FOR THE YEAR 1384 (1964-1965) — ENDED THE 29TH ZULHIJA 1384 (30TH APRIL, 1965)

It is with great pleasure that the Management of The National Commercial Bank submit their report for the year 1384 A.H. (Corresponding to 1964-65) analysing briefly the various aspects of development and progress that have characterised the financial, economic and commercial fields in Saudi Arabia in the previous year, and describing in facts and figures the enormous expansion in the Bank's activities in conformity with and in response to the comprehensive development planned and wisely pursued by our Government.

A feature of the Saudi economy, to which we have already referred in our previous reports, is the direct relationship between economic activity and the volume of Government spending. Government expenditure is still the primary determinant of the financial and economic activity in the Kingdom. Hence, our Government have always aimed at an increase in spending on the various sectors to ensure sustained progress and a rise in the standard of living. The Government is especially devoting serious attention to expenditure on projects for the development and further diversification of the economy.

Estimated expenditure as revealed in the 1384-1385 Government Budget reached S.Rs. 3112 million plus additional amounts of S.Rs. 443 million allocated for development projects. Thus total spending is estimated at about S.Rs. 3555 million compared to revised figure of S.Rs. 2836 million in the previous year.

It is worth mentioning that most of the estimated increase in Government expenditure has been earmarked for development projects that would lead to the exploitation of the country's natural resources. Allocations for these projects have been estimated at about S.Rs. 1205 million or 35% of total expenditure as compared to S.Rs. 701 million in the previous year.

Among the important projects that are being carried out at present by the Government, is the construction of a network of roads covering 5000 km. destined for completion in 1388/89 and a series of water and mineral surveys which would contribute to the expansion in agricultural products.



Several preliminary studies on industrial projects have already been concluded. A Petroleum Refinery Plant would be constructed in Jeddah and a factory for Ammonia and chemical fertilizers would be established in Dhahran. The construction of a steel re-rolling mill has begun, as a first step towards the establishment of a steel and iron factory.

Side by side with this notable increase in spending on economic development projects, there has been an increase in expenditure on social services such as education and health which, are both freely supplied by the Government.

The increase in Government expenditure referred to above, has been positively related to the rise in its revenues, chief among which are receipts from oil. Oil production in the Kingdom in 1964 reached 694 million barrels compared to 651 million barrels in the previous year. Recently, a concession agreement has been concluded with the French State-owned Auxiliaire de la Regie Autonome des Petroles for the exploration of oil in the Red Sea area. This is a further step towards the economic exploitation of the country's natural resources and the increase in national income. At this new stage in the Kingdom's economic and social development initiated and encouraged by His Majesty King Faisal, who has been unanimously elected and enthroned as Sovereign of the country, The General Management of the National Commercial Bank feel duty bound to stress their determination to continue to support the Government's policy in the course

of the noble aims of a policy which is pursued with wisdom and sagacity as to ensure Saudi Arabia of a very bright future.

## BALANCE SHEET

Total assets recorded a sharp rise in the year under review, at S.Rs. 1,156,303,000 compared with S.Rs. 860,503,000 in the previous year, an increase of approximately 34%. This evidences the remarkable expansion in the Bank's activities in all fields of business, and reflects a rapidly growing confidence in our Bank which, we cherish with pride, and responsibly dispose of in making available a wider banking services to all sectors of the economy.

The following table reveals the increase in the various items in the Balance Sheet, under review, compared with those in the previous year:

	1384 (1964-65)	1383 (1963-64)	%
Cash in hand at Banks	253,136,000	206,992,000	22
Loans and discounts	396,937,000	292,254,000	30
Deposits and current a/cs.	635,539,000	485,056,000	30
Doc. Letters of Credits and Guarantees	372,291,000	231,215,000	60

## DEPOSITS

Deposits and current accounts have remarkably increased by S.Rs. 150 million as shown in the above table. When compared

with 1381 (1961/62) figures, this item recorded an increase of 75%. This is a sign of public confidence and of the growing banking consciousness in the country.

## LOANS

The rise in government spending, especially on development projects had a significant stimulus on all phases of business activity. As a result, demand for Bank Credit for the financing of imports, industry and building activities has also increased. Our loans and advances including bills discounted stood at S.Rs. 395.9 million with an increase of S.Rs. 104.7 million. It is worth mentioning that about two thirds of the increase in deposits for the year under review has been utilized to increase the volume of credit to various fields of economic activity. Banking facilities in the form of guarantees and documentary credits have also risen by 60% to stand at S.Rs. 372.2 as against S.Rs. 231.2 in the previous year.

## CASH

Cash in hand and at Banks stood S.Rs. 253.1. Despite the considerable increase in the volume of loans and advances in the year under review, the Bank's liquidity has been maintained at 7% of the total deposits, accounts due to Banks and correspondents and acceptances which stood at S.Rs. 678 million.

## THE BANK'S ROLE IN FOREIGN TRADE

Import bills under documentary credits and bills for collection handled by the Bank in the year under review, at S.Rs. 522 million, has recorded a further expansion in the bank's services.

## NEW BRANCHES

In fulfilment of the Bank's aims to provide Banking services to the community in all towns of the Kingdom, three Branches have been established during the year 1384 in Baljurshi, Hael and Yanbo'a, and thereby bringing the number of branches in Saudi Arabia upto 18.

Before concluding this report, the Management would like to refer with pride to the Bank's prudent and successful role over the past years and its unlimited endeavours to assist the business community and to contribute to the economic development of the country for the welfare of the nation. With its experienced staff, the Bank has been able to offer extensive banking services for the promotion of trade between the Kingdom of Saudi Arabia and all parts of the world. In the Kingdom, it has expanded its network of Branches in major towns to facilitate commercial links and to help development in all parts of the country, notwithstanding any extra expenditure or any possible loss it may sustain, in some of them, for the cause of the national interest.

Although the Bank's activities in some sister countries of Uthmaniyah

Arab World were subject to restrictions due to political circumstances despite its contribution, over the recent past, with all means then, at its disposal to those countries' economic development, the management still cherishes hope of further opportunities and improved circumstances which would render it possible for the Bank to reparticipate in these countries' economic development and in rendering every support to their trade activities with the rising Saudi Arabia Kingdom. The Bank will spare no effort in contributing to the standard of living of the Arab and Islamic countries.

The Management would like to express their appreciation for the wise direction and patronage extended by H.M. Government which greatly contributed to the Bank's success. We would not omit

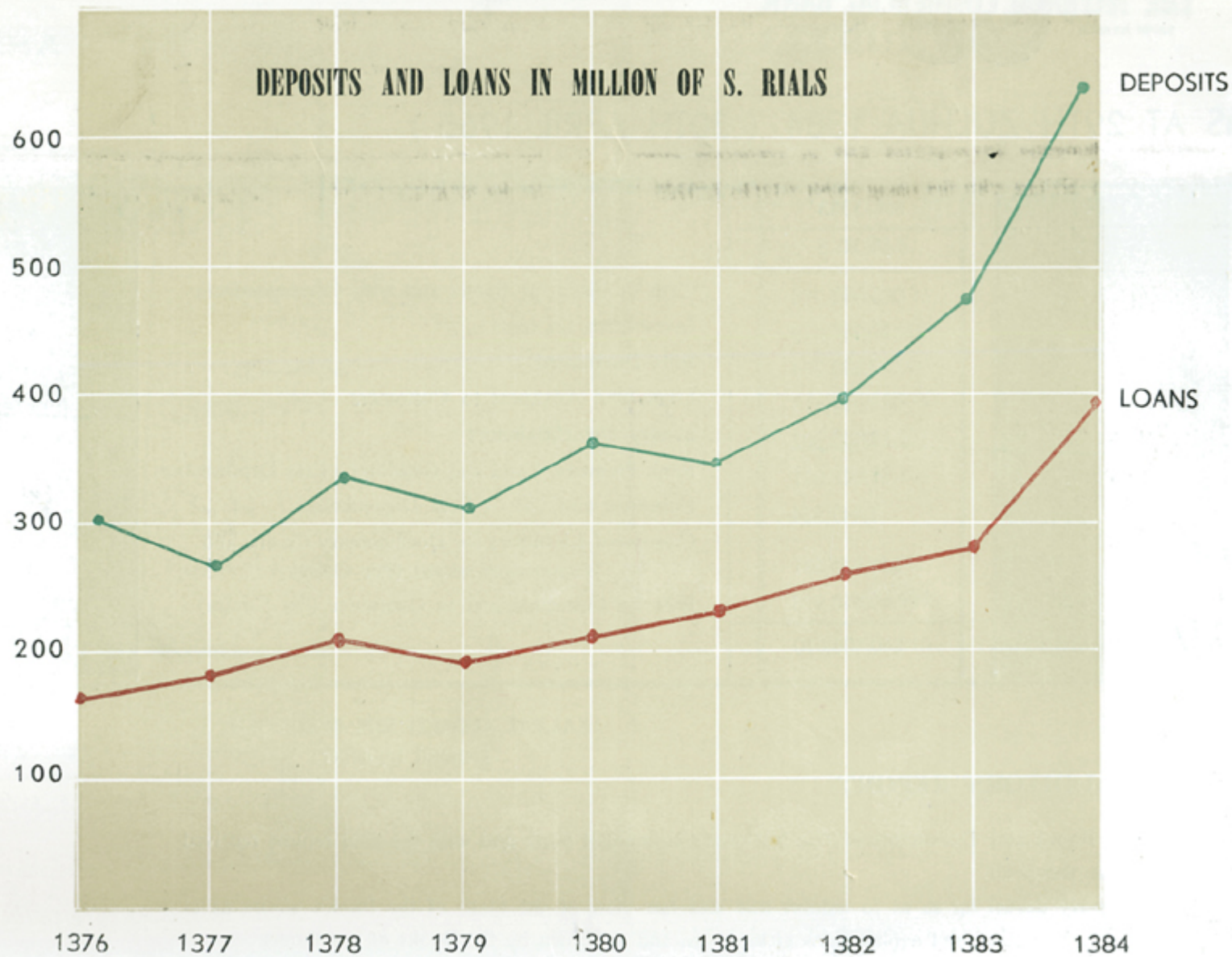
to mention here the confidence and continued support extended to our Bank by Government Officials, customers and correspondents both inside and outside the country, on which we rely in the course of our march towards the realization of our country's prosperity and welfare. References should be made to the continuous efforts rendered by the Saudi Arabian Monetary Agency, lead by its able governor to the maintenance of a sound banking system in the country.

In conclusion, the management would like to record their sincere thanks and appreciation for the untiring endeavours of the Bank's Officers and members of staff at Head Office and Branches on whose efforts and sincerity their Bank depends in achieving its continuous progress.

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# DEPOSITS AND LOANS IN MILLION OF S. RIALS



LIABILITIES

ASSETS

BALANCE SHEET AS-AT 29TH ZULHIJA 1384 ( 30TH APRIL 1965 )

1383		1384		1383		1384
S. RLS		S. RLS		S. RLS		S. RLS
30,225,133	Capital	30,225,133		206,992,388	Cash in Hand, at Banks and with Correspondents	253,136,568
32,671,000	General Reserve	32,671,000		20,775,679	Investments (at cost)	20,912,385
3,000,000	Special Reserve	3,000,000		8,333,389	Bills Discounted	5,078,817
485,056,934	Deposits, Current Accounts & Others	635,539,232		283,931,618	Loans and Advances to Customers	391,858,481
30,481,221	Banks and Correspondents Accounts	38,161,256		8,122,302	Sundry Debit Balances	17,684,357
5,197,103	Acceptances	4,295,275		57,028,091	Bank Premises, Land and Buildings - Less Depdeciation	53,489,325
				1,447,924	Furniture and Cars - Less Depreciation	1,731,962
231,215,681	Documentary Credits & Guarantees issued (Per Contra)	372,291,923		231,215,681	Customers' Liabilities for Documentary Credits and Guarantees issued (Per Contra)	372,291,923
42,655,938	Endorsers of Bills for Collection and in Guarantee (Per Contra)	40,119,783		42,655,938	Bills for Collection and in Guarantee (Per Contra)	40,119,783
860,503,010		1,156,303,602		860,503,010		1,156,303,602

MOHAMED AHMED BAGABAS  
Deputy General Manager

SALEM AHMED BIN MAHFOUZ  
General Manager

AUDITORS' REPORT

We have examined the above Balance Sheet with the Books and Documents of The National Commercial Bank and with the final returns received from some branches not visited by us 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 1384 (30th April 1965) according to the best of our information and explanations given to us, and as shown by the Books of the Banks.

ISSA EL-AYOUTY & Co.