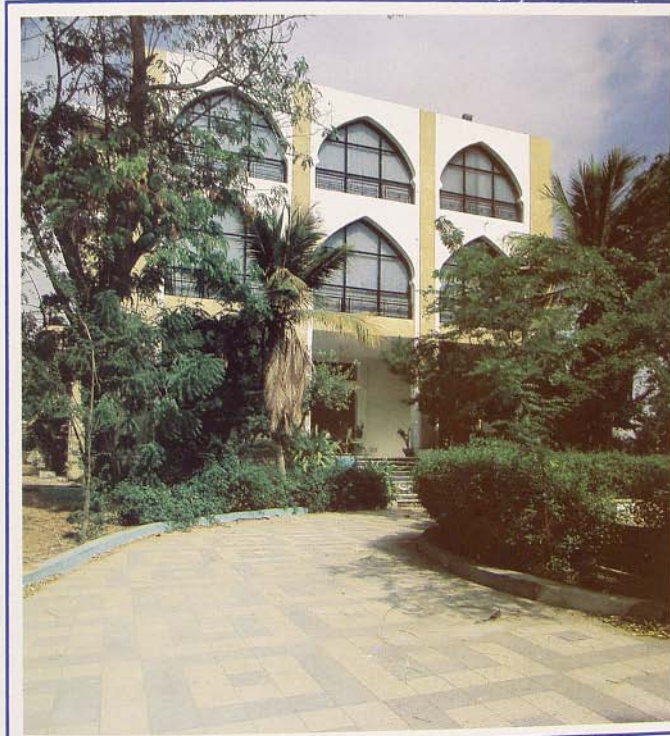




Annual Report year ending November 1980
in English

البنك الأهلي التجاري
THE NATIONAL COMMERCIAL BANK

Annual Report
1400-1980



With the compliments of:

SALIM AHMED BIN MAHFOUZ
General Manager

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H.M. King Khalid Bin Abdul Aziz



H.R.H. Prince Fahad Bin Abdul Aziz

General manager's message



On behalf of the partners, it gives me great pleasure to present The National Commercial Bank Annual Report for the Financial Year 1400 (1980). I would also like to take this opportunity to send greetings to all Arab nations and the World of Islam on the occasion of the start of the new Hegira Century

Over the last year, The National Commercial Bank has witnessed progress and innovation for the better, keeping pace with the Kingdom's Third Five Year Plan. We are now proud to have over one hundred branches and offices throughout Saudi Arabia as well as several branches in key cities abroad. When we started some three decades ago, this was a just dream. This dream has become a reality, and our

aim of providing the best available banking facilities to our customers has established The National Commercial Bank as a leader in Middle East Banking.

Much credit for our steady success is directly attributable to the Government of Saudi Arabia headed by His Majesty King Khaled and His Royal Highness Crown Prince Fahad whose sound financial policies nurture progress and development in the Kingdom. We are sincerely grateful for their guidance and encouragement.

We look forward to another successful year of banking with the aim of setting even higher standards of service.

Salim Ahmed Bin Mahfouz
General Manager

Jeddah, 21st April 1981

The management



Mohammed Bin Salim Bin Mahfouz
Deputy General Manager &
Chairman of Executive Committee



Khalid Bin Salim Bin Mahfouz
Deputy General Manager –
International Relation & Investments



Amin Hassan Jawa
Deputy General Manager –
Public Relations & Central Accounts



Abdulla Ahmed Bagabas
Deputy General Manager –
Inspection & Collection



Abdul Elah Bin Salim Bin Mahfouz
Deputy General Manager –
Regional Management, Riyadh



Mahfouz Bin Salim Bin Mahfouz
Deputy General Manager –
Regional Management, Jeddah

The National Commercial Bank

Status : Partnership
Year of Establishment: 18.1.1954

Founders:
Saleh & Abdulla Mousa Kaaki
Abdul Aziz Mohammed Kaaki
Salim Ahmed Bin Mahfouz



*General Management Building
Baghdadiya*

Developments of the Saudi economy during 1980

The economy during 1980

The year in perspective

The Hegira year 1400 marked the end of the Islamic fourteenth century and heralded in the Kingdom's Third Five-Year Development Plan (1400 - 1405). On the international scene, the year was marked by further economic slowdown, higher inflation and greater political uncertainty. The Kingdom, by contrast, enjoyed another year of economic prosperity: real GDP in the non-oil sector reached about 14 percent while inflation remained within the over two-digit mark.

Money and Banking

In the financial sector, the Kingdom's money supply during the year rose by about 14 percent over the previous year. During the year, rial interest averaged lower than in 1979 and remained lower than its counterpart in the Eurodollar market. Twice during the year the rial was revalued upward against the dollar, each time by 2 halalla, to discourage speculative activities, to further prevent internationalization of the currency and to moderate interest. During the year, the Monetary Agency (SAMA) has reduced the banking system's statutory reserve requirement on deposit accounts from 12 to 7 percent to enhance liquidity temporarily. At the same time, the rial offshore market reached SR. 12 billion against estimated Saudi banking assets and liabilities of SR 62 billion. The year also witnessed the realization of women's banking in the Kingdom and the Saudization of an additional foreign bank, leaving three to be merged and/or Saudized.

Revenues

Saudi crude oil prices during 1400 rose from \$24/barrel to \$30/barrel in two stages. Daily output averaged 9.5 million barrels. Both the rise in prices and the higher output should enhance the anticipated FY 1401 budgetary surplus announced earlier. This budget called for estimated expenditures of SR 245 billion, or about 27 percent more than the previous year's actual expenditures. Anticipated revenues were put at SR 262 billion.

Future trends

At this time it is not expected that the planned increased expenditures will generate undue inflationary pressures, since they are very much in tandem with the Kingdom's absorptive capacity. Consequently, the inflation rate is not expected to exceed the one-digit mark. The budget itself was balanced in that it emphasized the right priorities as they are envisaged by the Kingdom's Third Five Year Development Plan.

Achievements

The year witnessed concrete evidence of efforts to enhance the Kingdom's industrial base by using the hydrocarbon medium, exemplified by the signing of several joint ventures with foreign partners. These were:

- (a) SABIC-EXXON's \$1.3 billion low density polyethylene plant in Jubail.
- (b) SABIC-MOBIL's \$2.6 billion ethylene complex in Yanbu.
- (c) SABIC-SHELL's \$3.0 billion petrochemical complex in Jubail.
- (d) SABIC-MITSUBISHI's \$650 million methanol venture in Jubail.
- (e) SABIC-TAIWAN's \$357 million fertilizer complex in Jubail.
- (f) SABIC's \$1.5 billion steel complex for Jubail.
- (g) PETROMIN-MOBIL'S \$ 1.5 billion 250,000 b/d export refinery in Yanbu
- (h) PETROMIN-SHELL'S \$ 2.0 billion 250,000 b/d export refinery in Jubail

During the year 1400, several development projects were completed, initiated and/or commenced operation. These were in the areas of health, education, public and sewage treatment systems, transportation and communications, gas and petroleum, urban renewal and municipal affairs, vocational training, industrial estates, power generation, food and agriculture, and national defence.



A factory in Jeddah.

The third five year plan

The year 1400 witnessed the unveiling of a considerable body of details about the Kingdom's Third Five Year Development Plan. The Plan's predominant features are that its civilian portion will cost an estimated SR783 billion (\$236 billion); the non-oil sector is targeted to grow at an average rate of 6.2 per-cent annually; and productivity will rise by about 27 percent by 1985. Of course, this last feature should help in overcoming shortages and help keep an anticipated annual inflation rate of 7 per-cent from getting out of line. Additionally, the natural expectation is that the Kingdom's high propensity to import will continue and that crude oil export will maintain its central importance domestically as well as internationally.



Artistic sculpture enhances the view of town throughout the Kingdom

The Third Plan emphasizes the need to stimulate more active development of human and economic resources and to expand the Kingdom's industrial base by orienting the major portions of capital and manpower to productive sectors such as agriculture, industry and mining. Consequently, a boost was given in the allocation for loans to be handled by specified public lending institutions, while allocation for infrastructural development was reduced by as much as 35 per cent. In short, the structure of the Plan, as it stands, provides for the distribution of funds in the following way:

Economic development of water and energy resource, agriculture and industry	SR 262	billion
Human resource development	SR 130	"
Social development	SR 61	"
Modernization of the industrial base	SR 249	"
Administrative expenditures	SR 31	"
Reserve funds	SR 50	"
TOTAL	SR 783	"

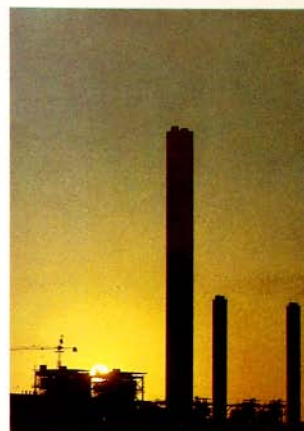
The setting sun dramatically outlines one of the new factories and other new buildings.

The Plan calls for the completion of 18 water desalination plants, of which 14 will be dual-purpose, which in themselves will add to the respective daily capacities 1.4 million cubic meters of water and 2,840 MW of electricity. The daily capacity of electric generation will have risen to 7500 MW and all load centers will be interconnected. Additionally, 37 dams are scheduled for completion and 700 new water wells are to be sunk, not to mention the 450 remodernized water systems.

To improve food production and marketing, farm cooperatives will be established and over 36 thousand hectares of land improved, reclaimed and/or irrigated. An additional 80 thousand hectares will be distributed as well. Three new agricultural training centers will be built and the Agricultural Credit Bank will increase funding while the Kingdom's grain storage facilities are enhanced to a 6-month storage capacity.

The Kingdom's full economic potential in its natural gas resources will be realized when the gas-gathering scheme begins processing some 40 billion cubic meters of wet gas annually. On stream there will also be three large-scale fuel export refineries, as well as two export lube-oil refineries. Domestic refining capacity will rise 640,000 B/D. This should occur at a time when the real value of the crude purchasing power shall remain a primary objective.

The Plan's objective is to encourage an influx of foreign capital and gain the sustenance of industrial financing by the public sector.



Non-oil manufacturing growth will be nurtured through the private sector with help from the SIDF. The manufacturing sector's annual contribution to GDP will rise to 9 per-cent through improvements in efficiency, management and specialization. To help in this endeavor, the financial sector will be expanded to include wider geographical coverage and lending programs.

Human resources and social development

Human Resources Development

In this area, both qualitative improvement and quantitative expansion are targeted. The Plan calls for the enrolment of 1.8 million persons in the Kingdom's education and training system, at which time female participation should reach 2/5 of the total. Post-graduate studies will be expanded by means of training overseas, and a network of pre-vocational and vocational training centers will be completed and utilized. Both the quality and effectiveness of the local teaching programs will be increased, while educational technology and language training centers will be built and improved. The aim is also to enhance upper-level staff training and to expand research and consultancy activities.

Social Development

In this field there will be a three-pronged strategy: expand remedial and development health and social services; continued administration of economic, financial and infrastructural program and the introduction of new planning, administrative procedures and institutions. In short, emphasis on health education, preventive medicine and primary care will be pronounced and medical facilities expanded by 10,000 new hospital beds and 320 health centers and socialized medical units. Benevolent societies are destined to play a major role as social assistance to the needy expands and a new income support scheme is instituted. Youth and sport centers will be multiplied and three new cultural centers established in addition to the construction of 15 new community centers and 50

local co-operatives. Judicial services are destined to increase significantly, and radio and television infrastructure expansion will be completed.

Roads

Particular attention in this area will be given to efforts to improve the quality of existing facilities through greater mechanization. Shortly there will be the construction of 5,000 additional kilometres of primary roads and the completion of 17,000 rural surface and 6,000 kilometres of feeder roads.

Ports

Port development activities will continue. During the 'Plan' years the four-phase Jeddah and Dammam port expansion programme will be completed, likewise in Jizan. In the end, the Kingdom's total number of commercial berths will have risen to 144 capable of handling 47 million dwt. Minor ports will continue to be developed, such as Khobar, Qatif and Darin, and navigational systems installed at all ports.

Civil aviation

Riyadh and Jeddah new International Airports will have become operational and new domestic airports for Hofuf and Baha planned and executed. The Kingdom's air traffic control will be fully co-ordinated and Saudia's fleet greatly expanded to about 80 aircraft. Railroad traffic by the year 1405 is expected to have increased by 18 percent annually as major recommissioning and additions get under way. Some 345 kilometers of track will be replaced while an additional 480 kilometers constructed as well as the acquisition of new rolling stock.

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*An artist's impression of
the interior of the new HQ
of the bank, currently under
construction.*

The bank's activities

Introduction

With the advent of the fifteenth Hegira century, the NCB's branches have become one hundred in number located throughout the Kingdom. They form a comprehensive network of a wide range of banking services made available to the Saudi citizen. Since its establishment 30 years ago, the Bank has always been a symbol of high standard banking service. The distribution of its branches all over the Kingdom had a very great effect in propagating banking awareness among citizens during a period characterized by a high rate of economic growth and the demanding requirements for banking services which accompanied such unprecedented growth. The Bank's management has always been keen to develop its services in the manner becoming to its international and local reputation, and to make available for its clients the best banking services. The main branch of the Bank in

Jeddah has been expanded with a view to the increasing demand on its wide range of banking services. Resulting from this expansion the Management was moved to Al-Baghdadiya, and the international division is expected to move to Al-Khalidiya.

The Management and other sections in the Bank have concentrated their efforts to offer the best possible banking services to the best of their capabilities in order to meet the standards expected. The most outstanding of these sections and departments are the Personnel Department, Operations, Training Centre, Computer Services and Ladies' Branches.

It is our pleasure to throw some light on the aspects of these sections in the following pages.

The NCB, in all its endeavor to offer banking services, is always keen to act as a prominent landmark in the Saudi national economy.

*Alkhaledeya New Branch,
Soon housing the international
division, and accounts.*



Human resources and training

Human Resources

The continuing provision of first rate service to our customers is both exacting and complex. The Bank appreciates that we must exploit the strengths of our branch network, take full advantage of our plans for automation of operations and, of course, develop our human resources. We are aware that our human capital is most resourceful when its abilities to adapt, innovate and act are realised. Consequently, we intend to continue being responsive to the needs and aspirations of our personnel at this time when change and adaptation will require additional effort on their part.

Since competence is the main principle upon which our recruitment and promotion policy is based, we are committed to enhancing and improving our training and staff benefit programs, in order to further develop and encourage all members of staff.

Training

In line with the active expansion of training facilities, courses and seminars within the Kingdom, the Bank is pursuing a positive programme of improving and expanding its own training and development opportunities for employees.

With the opening of the new NCB Training Centre in June, 1980, programmes have been run for Tellers, involving some 41 employees, also in the specialities of Documentary Letter of Credit, Collections and Guarantees which were attended by 35 employees.

A Banking seminar for Branch Managers was also conducted and will be available for both appointed and potential Branch Managers and is

designed to reinforce their knowledge of Banking procedures.

English language tuition is also being conducted with the aid of the NCB language laboratory and all employees who require to improve their linguistic skills will be eligible to attend this program.

In order to facilitate the entry of new employees to NCB an induction course has been devised to provide all the necessary information and instruction to ensure their smooth transition into the Bank's operation. In conjunction with this course a new Employee Handbook will be produced containing details of the Executive Officers, the Bank history, its organisation, conditions of employment and other relevant details to provide useful information for the new employee. Also scheduled for the current year is a Supervisor's Training Programme for potential and existing supervisors, to improve their



A class-room in the computer centre.

supervisory skills and prepare them for more responsible positions. Additionally, a Credit training program is being formulated to train employees in Credit Analysis and Review and at the same time to provide a cadre of trained analysts available for development to fulfil future requirements of Accounts Officers.

Graduate Training

In line with the Bank's current recruitment drive for Saudi Graduates, the Graduate Training Programme is now well established. Graduate Trainees participate in a 3 year training program which provides education and experience both within and outside the Kingdom in all areas of Banking and Finance. The intention is that recruits to this programme should be able to fill junior Management or supervisory positions at the completion of their program



a) Bank's language lab.



b) A classroom in the training centre.

Personnel and management

Personnel

By the third quarter of 1981 all personnel records and payroll will be fully computerised. This will facilitate speedier and more accurate handling of salary, overtime, social insurance and savings computations for all employees. In addition, this will enable statistics to be extracted on all aspects of personnel training, staffing ratios and individual data in accordance with General Management requirements.

Employee Benefits

A further improvement in employee benefits was made by the award of Housing Allowances to the majority of employees.

The terms of the award are that all Saudi employees will receive 3 months housing allowance per annum upon completion of their probationary period. All non-Saudi employees will receive pro-rata housing allowance payments based on year's of service with the Bank.

Management Development

Following the success of the Management Conferences held in previous years, a further conference is to be convened in 1981. This will provide the opportunity for Branch Managers to discuss policies, strategy and plans with the General Management in a free and relaxed atmosphere.

Additionally, a new Management Development Seminar is being devised to improve Management performance of existing Managers and to develop future Managers prior to their appointment. The programme will concentrate on Management techniques (i.e. Communication, Leadership, Motivation, Interviewing skills and Delegation etc.).



One of the Bank's new branches, opened this year.

Innovation and expansion

Computer System

Progress on the automated Branch Accounting System has been maintained through the development of new facilities which provide immediate access to account data for branch personnel, resulting in a higher standard of service to our Customers and potential for further future developments.

This will require the installation of local computing facilities in our large branches allowing a high degree of independent operation. Installation of these facilities will be on-going task throughout the current year and comprehensive training programs for branch staff have been initiated at Jeddah and Riyadh.

For this reason an implementation team of experienced staff has been created to supervise the training and implementation of the system in the branches. This will increase the opportunities for career progression for branch staff, one of the main goals of NCB management through the automation plan.

The main Computer Centres in Jeddah and Riyadh will continue to be responsible for production of Customer Statements, Ledgers and Consolidated Management Reports. Customer Accounts are in process of renumbering to provide complete identification of the customer, his Account Type and number of account held.

Other application areas under development include a Personnel and Payroll system scheduled for implementation in 1981 and further automation of Central Accounts Department and International Banking Operations.

International Activities

In view of the expanding international business activities of the NCB, management during the year decided to open a representative office in Seoul, South Korea. This came as an addition to the bank's already functioning representative offices in Frankfurt, London and Singapore,



Dealing Room in Bahrain Branch

as well as the bank's two branches in Beirut and Bahrain. During the year also, the bank remained active in loan syndication activities as managers & co-managers. It participated also in bond underwriting and trading. The bank in addition continued to render advisory services to its clients in their efforts to be active participants in the international financial markets.

New headquarters

The new building, presently under construction, is scheduled to be the main premises of the bank. When completed, the new building will become one of the most important architectural features of Jeddah in both its technical and aesthetic aspects. Through its advanced technological facilities, it is expected to offer clients the best banking services befitting the bank's local and international reputation.

This great achievement and the bank's other branches and buildings all over the country clearly reflect the effective role played by the bank in the constructional upsurge taking place in the Kingdom.

Branch offices at Tabuk, Khalidiya, Jeddah Islamic Seaport and Jeddah Branch for Ladies, have all been completed and inaugurated last year. Further branch offices are presently under construction at Abha, Yanbu, Medina and Baljurashi.

These constructional achievements undertaken by the bank, represent only a part of the bank's plans for expansion and effective contribution to the economic infrastructure of the country and to give the best banking services for its clients all over the Kingdom.



*Yanbu Branch Manager
signing a contract for the
opening of new branch
in the Royal Commission Area*

Ladies' branches

In its continuous efforts to serve the Saudi community even better, the NCB pioneered banking service facilities for Saudi women, who represent half the total of our society. This year, the Bank has opened a new branch in Riyadh exclusively for women. This is in addition to the existing Ladies' Branch in Jeddah. In compliance with the Islamic faith and the Sharia code, both branches are staffed entirely by female personnel. They are also equipped with all the necessary modern banking technology as well as having the expertise expected of an NCB branch. It is worth mentioning at this point that the Bank, standing by its belief in the role of women in society, has included in its future program plans to establish more ladies' branches wherever the need arises.

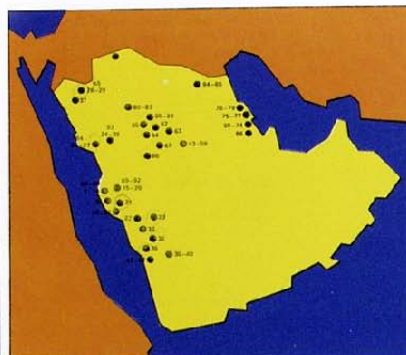


*Ladies Branch, Riyadh,
opened this year.*

Affiliates of the NCB

- | | |
|--|---|
| <p>1. European Arab Holding S.A.
76 Avenue de la Liberté
Luxembourg - Ville
Grand Duché de Luxembourg
Tele: 484 521 Telex 2443</p> <p>2. Banque Arabe Internationale
D'Investissement,
12 Place Vendôme
75001 Paris
Telex: 680330 F
Cable: ABINTER - PARIS
Phone: 260 34 01</p> <p>3. S. I. B. L.
Saudi International Bank
99 Bishopgate, London EC2M3TB
Tel: 01 - 638 2323 Telex: 8812261/2/9</p> <p>4. Saudi Investment Banking Corporation
P.O. Box 3533
Riyadh, Saudi Arabia
Tel:</p> <p>5. Arab Jordan Investment Bank
P.O. Box 8797
Amman, Jordan</p> | <p>6. Arab Malaysian Development Bank
Bangunan Dato Zainal
P.O. Box 233
Kuala Lumpur 01-02
Malaysia
Telephone 985322
Telex: MA 31167 and 31169 ABMAL</p> <p>7. Arab Latinamerica Bank
Huallaga 320
Lima 1, Peru
Tel. 286038/9 Telex: 25138</p> <p>8. Banco Saudi-Spanol S.A.
Calle Recoletos No. 22
Madrid 1, Spain</p> <p>9. Banco Bozano, Simonsen de Investimento S.A.
A V Rio Branco 138
Rio de Janeiro, Brazil
Tel. 242 0972 Telex: 212921</p> <p>10. Societe d' Investissement Arabe de Tunisie
63 Avenue Habib Bourguiba
Tunis
Tele: 245 600 Telex: 12382</p> |
|--|---|

Branches of The National Commercial Bank



General Management

The National Commercial Bank
Tel: 6445455/8, 6448393
Telex: 401102
Cable: BANKSAUDI
P.O. Box 3555, Jeddah

Regional Management – Riyadh
Rathah Street
Tel: 6424100, 6425094, 6431152
6441302 (Ten lines)
Telex: 200296, 201099
P.O. Box 34, Riyadh

Regional Management – Jeddah
Tel: 6441541, 6449149, 6449249
Telex: 401102, Cable: SAUDI BANK
P.O. Box 3555, Jeddah

Foreign Relations
Tel: 6422764, 6441541,
6445631, 6443883
Telex: 401102, Cable: BANKSAUDI
P.O. Box 3555, Jeddah

COMPUTER CENTER

Mecca Road
Tel: 6879240, Telex: 401102
P.O. Box 3555, Jeddah

BRANCHES & OFFICES

1. Jeddah Main

King Abdul Aziz Street
Tel: 6433580/4, 6436220
Telex: 401102, 401036
P.O. Box 104, Jeddah

2. Bab Sharief

King Abdul Aziz Street
Tel: 6426352, 6426353,
6434946, 6443838
Telex: 400180
P.O. Box 710, Jeddah

3. Al Hindawia

Port Street
Tel: 6448624, 6445661
P.O. Box 8041, Jeddah

4. Al Sharafiya

Orman Bin Aflon Street
Tel: 6447653, 6444764, 6456791
Telex: 402162, P.O. Box 8038
Jeddah

5. Jeddah International Airport

Gate No. 2
Tel: 6442711, 6445388, Jeddah

6. Jeddah Islamic Seaport

Gate No. 2
Tel: 6442711, 6445388, Jeddah

7. Mecca Road – Kilo 3

Al Rahi Building
Tel: 6439656, 6439957, 6439856
Telex: 401329, P.O. Box 3436
Jeddah

8. Palestine Square

Medina Road
Tel: 6574974, 6604755, 6675213
Telex: 400651, P.O. Box 7161
Jeddah

9. Bughdadiya

Abdul Wahab Street
Tel: 6440492, P.O. Box 8039
Jeddah

10. Ladiei' Branch

Palestine Road, Tel: 6603535
Telex: 401102, Jeddah

11. Bab Mecca

Bughhor Building
Tel: 6442035, 6445563
Telex: 402029, P.O. Box 4152
Jeddah

12. Industrial Zone etc.

Tel: 6420433, 6420174, 6420176
Jeddah

13. Mahjar Road

Tel: 6440827, P.O. Box 8040
Jeddah

14. King Khalid Street

Airport Road, Tel: 6425749
P.O. Box 8042, Jeddah

15. Mecca Main

Machhal Shaab Ali
Tel: 5745523, 5745513
Telex: 440005, P.O. Box 228
Mecca

16. Al Azizia

Tel: 5566441, P.O. Box 228,

17. Al Shubbacca

Tel: 5741177, P.O. Box 228,
Mecca

18. Al Gimmeiza

Tel: 5740646, P.O. Box 228
Mecca

19. Al Atasbiyah

Tel: 5734708, P.O. Box 2339
Mecca

20. Al Gazzah

Tel: 5741405, 5741404
P.O. Box 2287, Mecca

21. Taif

Tel: 7321021, 7322022/3/4
Telex: 450006, P.O. Box 10
Taif

22. Balqurshi

P.O. Box 3, Balqurshi

23. Al Bahra

Tel: 077251671/7725/1972
P.O. Box 127, Al Bahra

24. Medina

Tel: 8225344/5/6, 8229340
Telex: 470010, P.O. Box 26,
Medina

25. Kohaa

Tel: 8232952
P.O. Box 2494, Medina

26. Yanbu

Tel: 3221551, Telex: 461008
P.O. Box 5, Yanbu

27. Royal Commission Branch

Tel: 3211288, P.O. Box 5
Yanbu

28. Tabuk

Tel: 4226952/6
Telex: 821014, P.O. Box 10,
Tabuk

29. Military City

Ext. 530, Tabuk

30. Al Qurrayat

Tel: 6421011, Al Qurrayat

31. Turaiif

P.O. Box 10, Turaiif

32. Al Hadithah

Al Qurrayat

33. Rafha

P.O. Box 8, Rafha

34. Arar

Tel: 0622536, 062, 1104
P.O. Box 105, Arar

35. Abha

Tel: 2240563, 2240545, 22466
Telex: 501009, P.O. Box 12
Abha

36. Khamis Mushayt

Tel: 072237323
Khamis Mushayt

37. Sharurah

Sharurah

38. Najran

Tel: 075420832, 075420812
P.O. Box 1, Najran

39. Al Faisalia

Tel: 75221152, 5221157
P.O. Box 1, Najran

40. Dhran Al Janoub

P.O. Box 14, Najran

41. Jizan

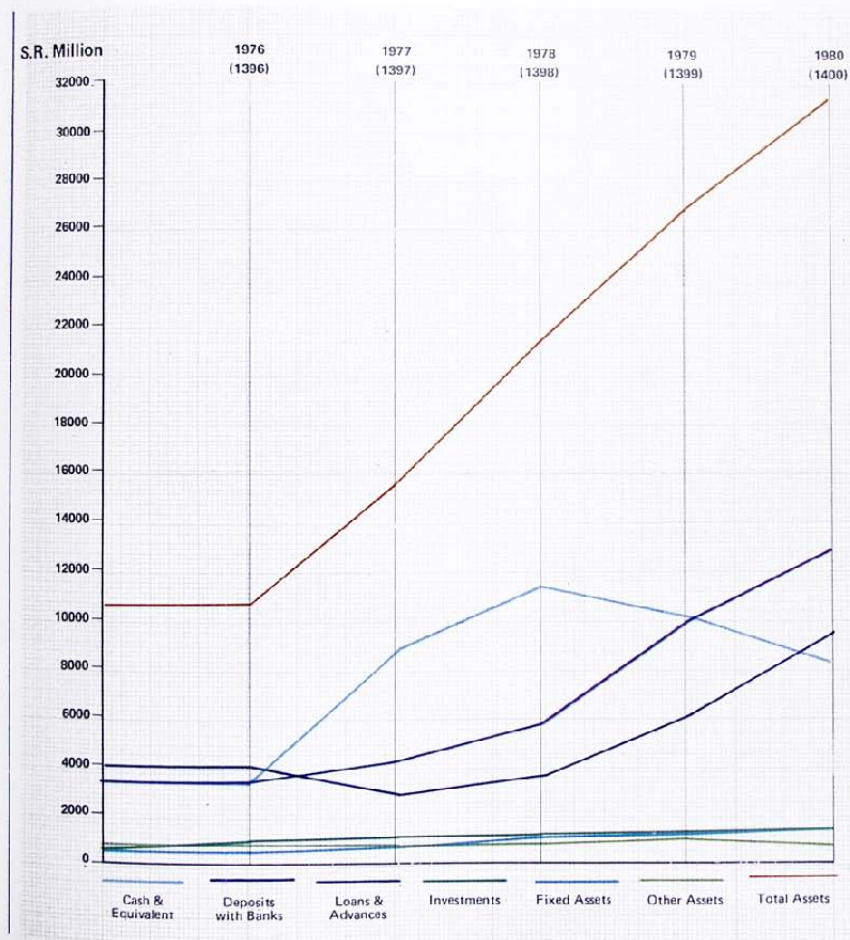
Tel: 3221363, 1364, 1365
Telex: 811025, P.O. Box 48
Jizan

42. Sabiya Tel: 073221663 P.O. Box 48, Jizan	55. Al Amir Abdullah Main Al Amir Abdullah Bin Abdul Aziz Street, Tel: 4777962/3 Riyadh	70. Camp ARAMCO Tel: 0387/44435, 0387/43838 P.O. Box 1, Dhahran Al Khobar	86. Hail Main Tel: 0653/20840, 22562, 21564 Telex: 811009 P.O. Box 25, Hail
RIYADH AREA			
43. Riyadh Main Uthman Street Tel: 4034100, 4013200 401152 Ten Lines Telex: 201009, P.O. Box 34 Riyadh	56. Al-Rayl Al-Rayl Street Tel: 4025433, Telex: 200859 Riyadh	71. Thagbah Tel: 0385/48876 Telex: 671476 P.O. Box 1, Al Khobar	SEASONAL BRANCHES
44. Al Dirah Ahmed Bin Harbal Street Tel: 404525, 4041090 Telex: 201685, P.O. Box 41363 Riyadh	57. Manfoohah Manfoohah Street Tel: 4460003, P.O. Box 34 Riyadh	72. King Abdul Aziz Street Tel: 0386/45432 Telex: 071477 P.O. Box 1, Al Khobar	87. Sea Pilgrims City Jeddah
45. Mallaz Sitten Road Tel: 4753208, 4780454 Telex: 201687, P.O. Box 34, Riyadh	58. Halak Bin Deyl Hazz Street Tel: 4571487, 4572414 Telex: 201800, P.O. Box 34 Riyadh	73. Dhahran Airport Tel: 0386/49673, 3879, 2990 P.O. Box 1, Al Khobar	88. Airport Pilgrims City Jeddah
46. Al Shirwesi Central Hospital Roundabout Tel: 4355723, 4357057 Telex: 200184, P.O. Box 2837 Riyadh	59. Ledesi' Branch Al Nassirya Street Tel: 4010568, 4041729 P.O. Box 34, Riyadh	74. Dammam Main Tel: 0383/21556, 0383/21717 Telex: 601116 P.O. Box 1, Al Khobar	89. Al-Fateh King Faisal Street Mecca
47. Al Nassiriah Saudia Hotel Tel: 4005504, 4030500 Telex: 201657, P.O. Box 34 Riyadh	KASSIM AREA	75. Industrial Zone Tel: 0383/72351 P.O. Box 13, Dammam	90. Mena Mecca
48. Airport Airport Passenger Lounge Tel: 4763320/4768243 P.O. Box 34, Riyadh	60. Buraidah Tel: 0632/6976, 1608, 6323 Telex: 801017, P.O. Box 33, Buraidah	76. Western Quarter P.O. Box 13, Dammam	91. Ajrad Mecca Mecca
49. Industrial Zone Al Kharj Square Tel: 4786441, 4780436 Telex: 200185, P.O. Box 34 Riyadh	61. Al Jarda Tel: 3234140 P.O. Box 1617 Buraidah	77. King Faisal University Tel: 0293/8647009, 0293/8645318 P.O. Box 13, Dammam	92. Rayah Kudayr Mecca
50. Airport Road Tel: 4772281 - Ten Lines Telex: 201732, 202072 P.O. Box 2830, Riyadh	62. One'zah Tel: 63643101, 63641034 Telex: 801125, P.O. Box 145 One'zah	78. Al Jubail Main Tel: 033-612104 Telex: 361922 P.O. Box 59, Al Jubail	OVERSEAS BRANCHES & REPRESENTATIVES OFFICES
51. Al Kharj Tel: 059449964, 055445888 Telex: 211021, P.O. Box 502, Riyadh	63. Al Magmas Tel: 1588, 6432 P.O. Box 22, Al Magmas	79. Industrial City Tel: 0334/6463 Al Jubail	93. Bank Building Medina Munawara Medina
52. Diriyah Aun Street Tel: 4890453, P.O. Box 34 Riyadh	64. Al Fass Tel: 633/30464, Telex: 801114 Al Fass	80. Al Ahsa Tel: 0358/21442, 21441 Telex: 661025 P.O. Box 10, Al-Ahsa	94. Halat Ammar Tabuk
53. Military Hospital Tel: 469222, Riyadh	65. Al Bakeriyah Tel: 633/58958, 633/58165 Al Bakeriyah	81. Khamis Square Tel: 5825718, 5820314 P.O. Box 1060, Al Ahsa	95. Sea Pilgrims City Yanbu
54. Al Khazan Al Khazan Street Tel: 4044274, 4044275 Telex: 202610, P.O. Box 34, Riyadh	66. Alif Tel: 057271458 P.O. Box 11, Alif	82. Shadgun Tel: 0358/74629 Telex: 661025 P.O. Box 1, Al-Ahsa	BEIRUT Tel: 240508 P.O. Box 2355, Beirut, Lebanon.
	67. Al-Dawadmy Tel: 05642/1968/1953 P.O. Box 3, Al Dawadmy	83. Mabraz Tel: 0358/23518, 74629 Telex: 661025, P.O. Box 1 Al Ahsa	BAHRAIN Tel: 231136 or 231182 Telex: 9299/9298 P.O. Box 20363, Manama, Bahrain
	68. Kaysouma	84. Hafr Al Baten P.O. Box 16, Hafr Al Baten	LONDON Tel: 01-638-4477 Telex: 8952594 99 Rishons Gate London EC2, England
	69. Al Khobar Main King Khaled Street Tel: 0386/46266, 0386/46489, 0386/46686, 0386/46474 Telex: 670023, 671343 P.O. Box 1, Al Khobar	85. Military City Hafr Al Baten	FRANKFURT Tel: 611235631 Telex: 416507 Wilhelm Leuschner Strasse 7 600 Frankfurt 1, West Germany
			SINGAPORE Tel: 437833 Telex: RS 27136 NCBSIN 0104 Suite 2701 - 27th Floor Clifford Centre Singapore
			SEOUL Tel: 7640018/9 Telex: 25148 P.O. Box 4948 Seoul, Korea

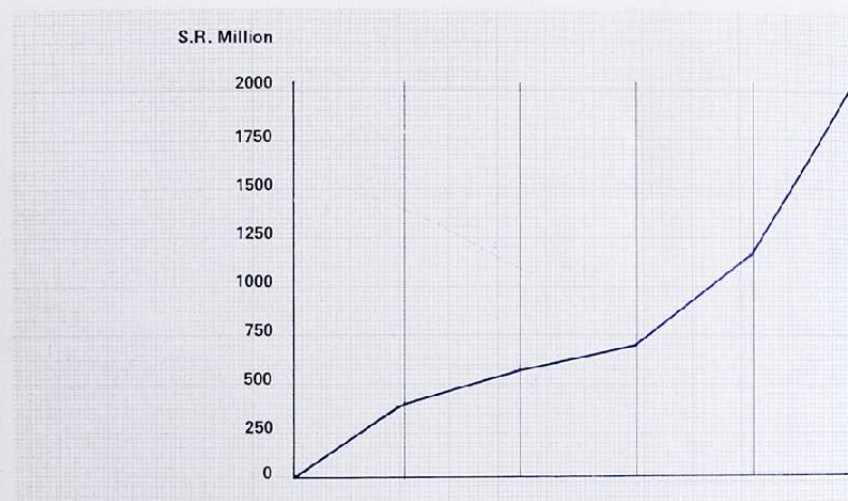
Five year balance sheet history

S.R. Million						
	1976 (1396)	1977 (1397)	1978 (1398)	1979 (1399)	1980 (1400)	Average Annual Growth Rate 1976-1980 (1396-1400)
Cash and Equivalent	3,004.58	8,287.81	10,930.79	9,968.08	7,846.55	45%
Deposits with Banks	3,483.60	2,228.57	3,122.22	5,788.09	9,010.89	37%
Loans and Advances	3,038.43	3,842.49	5,676.72	8,707.69	12,245.62	43%
Investments	284.69	475.77	558.90	827.87	885.67	36%
Fixed Assets	101.35	232.65	351.47	364.26	499.87	56%
Other Assets	474.47	311.25	354.69	644.91	541.49	12%
Total Assets	10,387.12	15,378.54	20,994.79	26,300.91	31,030.01	33%
Deposits	9,273.77	13,976.41	19,151.57	24,300.69	26,966.55	31%
Borrowings	243.05	365.76	---	---	---	---
Other Liabilities	317.84	299.81	1,056.06	839.36	2,404.77	104%
Profit & Loss Account	152.46	258.59	89.19	82.88	80.80	-1%
Capital & Reserves	400.00	477.97	697.97	1,177.97	1,577.97	43%
Total Liabilities & Net Worth	10,387.12	15,378.54	20,994.79	26,300.91	31,030.09	33%
Contra Accounts	8,905.58	10,922.16	12,453.36	17,849.97	18,476.98	22%
Balance Sheet Footings	19,192.70	26,300.70	33,448.15	44,150.87	49,507.07	28%

Above figures represent balance after deducting allocations, adding up reserves and before distribution of profits.



Five year income history



SR. Million	1976 (1396)	1977 (1397)	1978 (1398)	1979 (1399)	1980 (1400)
Net income from Foreign Exchange transactions and other services	425.7	546.3	658.7	1,144.6	2,045.2
Net income from Investment and Real Estate.	14.3	11.9	13.4	25.5	26.8
Profit on sales of Real Estate	9.4	.1	---	8.3	---
Gross Income	449.4	558.3	672.1	1,784.4	2,072.0
Expenses	225.0	235.7	371.5	624.7	1,594.1
Net profit	224.4	322.6	300.6	553.7	477.9

Financial statements

**Balance sheet as at
30th. Dhul-Hijjah 1400
(8th. November 1980)**

1399 S.R.	PROPERTY & ASSETS	S.R.	S.R.
1,135,643,818	CASH FUNDS	2,380,286,728	
	1 Cash in hand		
6,097,347,491	2 Statutory deposits with Saudi Arabian Monetary Agency	2,869,960,816	
2,735,090,572	3 Other deposits with Saudi Arabian Monetary Agency	2,596,299,403	
9,968,081,881			7,946,546,947
	DEPOSITS WITH BANKS		
77,063,862	1 In Saudi Arabia	43,101,216	
5,711,026,642	2 Abroad	8,967,782,275	
5,788,090,504			9,010,883,491
	INVESTMENTS:		
	(Not exceeding lowest of cost or market value)		
	1 Shares and securities of establishments:-		
227,185,331	a) In Saudi Arabia	229,069,680	
600,586,906	b) Abroad	656,602,871	
827,872,237	2 Other investments		885,672,551
	LOANS, ADVANCES ...etc		
	(Less provision for bad and doubtful debts)		
	1 To:		
7,664,743,070	a) Private sector	10,945,759,746	
150,756,475	b) Banks	472,143,747	
629,300,545	c) Others	588,468,687	
262,886,414	2 Bills purchased and discounted	238,243,785	
8,707,686,504			12,245,615,965
	FIXED ASSETS		
	1 Bank premises and other real estate (at cost or revaluation)	444,317,459	
321,060,309	2 Furniture, fixtures and equipment (less depreciation)	55,557,357	
43,203,524			499,874,816
364,263,833			
	OTHER ASSETS		
	1 Customers' liabilities for outstanding acceptances	124,046,418	
107,741,372	2 Other assets	417,443,840	
537,189,546			541,490,258
644,910,917			
26,300,905,876	Sub-Total		31,030,094,028
	CONTRA ACCOUNTS		
	Customers' liabilities under guarantees, letters of credit and other obligations		18,476,978,229
17,849,968,802			
44,150,874,678	Grand-Total		49,507,072,267

1399 S.R.	CAPITAL & LIABILITIES	S.R.	S.R.
30,225,133	CAPITAL		30,225,133
32,774,867	Statutory Reserve	32,774,867	
1,037,000,000	Other Revenue Reserves	1,437,000,000	
46,095,605	Surplus on revaluation of properties	46,095,605	
31,877,141	Surplus on revaluation of investments	31,877,141	
1,147,747,613			1,547,747,613
1,177,972,746	Total Capital and Reserves		1,577,972,746
	DEPOSITS		
	1 Customers deposits (Note: Cover total current, time and saving deposits)	21,785,297,499	
18,495,531,608	2 Deposits from Banks		
490,829,560	a) In Saudi Arabia	529,055,682	
3,310,732,506	b) Abroad	2,664,908,346	
	3 Sundry Deposits: (Note: Include margins for letters of credit, guarantees, drafts and other transfers)	1,687,293,588	
1,900,600,352			26,966,555,114
24,200,694,026			
	BORROWINGS		
	1 From Banks		
	a) In Saudi Arabia		
	b) Abroad		
	2 From Others		
	PROFITS & LOSS ACCOUNT		
	Balance brought forward from last year	2,879,562	
9,190,265	Add: Net Profit for the year 1400 after transfer to Reserve	77,915,972	
73,680,297			80,796,534
82,879,562			
	OTHER LIABILITIES		
	1 Acceptances outstanding on behalf of customers	124,046,418	
107,741,372	2 Other liabilities	2,280,723,216	
731,618,170			2,404,769,634
839,359,542	Sub-Total		31,030,064,028
26,300,905,876			
	CONTRA ACCOUNTS		
	Guarantees, letters of credit and other obligations		18,476,978,229
17,849,968,802			
44,150,874,678	Grand-Total		49,507,072,267

Auditors' report

We have examined the Balance Sheet and the annexed Profit and Loss Account with the books and documents relating thereto of the Head Office and Branches of The National Commercial Bank (Partnership Company) visited by us, and with the returns submitted by the Managers of the other Branches, and certify to be in accordance therewith.

We have obtained the information and explanations which we considered necessary for the purpose of our audit. In our opinion, the Balance Sheet and Profit and Loss Account represent fairly the financial position of The National Commercial Bank at 30th Dhul-Hijjah 1400 (8th November 1980) and the profit of the year ended on that date in accordance with generally accepted accounting principles and as shown by the books.

JEDDAH: 27th Rabi Al-Thani 1401 (3rd March 1981)

ISSA EL AYOUTY & CO., (36)
ACCOUNTANTS & AUDITORS

ISMAIL A. EL HABBAB (15)
ACCOUNTANT

Profit and loss account for the year ended 30th. Dhul-Hijjah 1400 (8th. November 1980)

1399 S.R.	EXPENSES	S.R.	S.R.
186,338,285	EXPENSES		278,529,761
---	Salaries and other staff expenses		---
261,715,417	Directors Fees, Remunerations ... etc		1,157,354,628
	Service charges		
	Provisions for depreciation ... etc		
	a) Depreciation on		
7,710,314	building, furniture ... etc	12,467,964	
86,000,000	b) Other provisions	50,000,000	
93,710,314			62,467,964
72,966,167	Other expenses		95,753,142
	Donation for AFGHANISTAN		
10,000,000	MOGAHIDIN		
553,689,297	NET PROFIT FOR THE YEAR		477,916,972
	Of which		
	a) Transfer to Reserve	400,000,000	
	b) Balance carried to		
	Balance Sheet	77,916,972	
1,178,419,480			2,072,022,467
=====			=====

1399 S.R.	INCOME	S.R.	S.R.
	INCOME		
1,144,629,598	Net income from foreign		
	exchange transactions and	2,045,205,801	
25,500,570	other services		
8,289,112	Net income from investments	26,816,666	
	and real estate		
1,178,419,480	Profit on sales of real estate		2,072,022,467
	TOTAL INCOME		
1,178,419,480			2,072,022,467
=====			=====

Notes to financial statements

1. Investment and Real Estate

The following is the list of domestic investments owned or partially owned by the bank.

Name of Company	Location	Value in SR
Badana Electric & Water Company	Arar	210,000
The National Gas & Manufacturing Co.	Riyadh	15,785,489
The Electric Company of Riyadh	Riyadh	26,579,725
Yemama Cement Company	Riyadh	23,078,550
Saudi Provisions Company	Riyadh	1
The National Gypsum Company	Riyadh	
Medina Electric Company	Medina	108,750
The Saudi Preching Press Establishment	Jeddah	30,000
Jeddah Electric Company	Jeddah	21,813,870
The Arabian Fertilizer Co. (SAFCO)	Dammam	632,000
The Arabian Cement Company/Jeddah	Jeddah	42,277,200
The Electric Company of Mecca	Taif	355,220
Tabuk Electric Company	Tabuk	286,500
Balgurshi Electric Company	Balgurshi	25,000
Red Sea Insurance Company	Jeddah	500,000
The Saudi Hotel Services Company	Jeddah	10,000,000
The Saudi Real Estate Company	Jeddah	40,000,000
Yanbu Cement Company	Yanbu	5,250,000
Southern Cement Company	Jizan	3,750,000
Saudi National Marine Transport Co.	Riyadh	1,252,700
Saudi Consolidated Electric Co.	Dammam	29,537,550
Total		221,472,555

Bank participations

	Investment (Millions)
Saudi International Bank Ltd.	£. 1.25
European Arab Holding S.A.	Lux. Fr. 18.48
Compagnie Arab et International d'Investment	US\$ 3.60
The Arab Jordan Investment Bank	J.D. 0.25
Saudi Investment Banking Corporation	SR. 7.134
Arab Malaysian Development Bank Berhad	M.S. 3.300
Arab Latin America Bank	US\$ 2.497
*Saudi-Spanish Bank	Peseta Spanish. 262.500
**Banco Bozano, Simonsen de Investimento	US\$ 10.163
The Arab Tunis Bank Investment	D.T. 0.01
Tunis Arab International Bank	D.T. 0.24
Arab Investment Company	B.F. 27.72
Arab International Investment Bank	Lux. F. 41.20
Other Banks (various currencies — Riyal equivalent)	SR. 32.26

2. Fixed Assets and Depreciation

Fixed assets are stated at cost. Depreciation of fixed assets is calculated using the straight line method over the estimated useful lives of the assets

Equipment and automobiles	30% per year
Furniture and Fixtures	20% per year
Buildings	2½% per year

Fixed Assets 1979 (1399)	Cost (S.Rls)	Accumulated Depreciation (S.Rls)	Net (S.Rls)
1. Bank Premise	49,855,310	3,374,979	46,480,331
2. Investments			
— Buildings	58,672,761	2,806,138	55,866,623
— Land (Saudi Arabia)	216,492,346	—	216,492,346
3. Furniture, fixtures & equipment	48,522,916	5,319,392	43,203,524
	375,764,342	11,500,509	364,263,833

Fixed Assets 1980 (1400)	Cost (S.Rls)	Accumulated Depreciation (S.Rls)	Net (S.Rls)
1. Bank Premise	124,100,014	4,918,198	119,181,817
2. Investments			
Buildings	92,268,326	4,500,703	87,767,622
— Land (Saudi Arabia)	222,254,473	—	222,254,473
— Land (Lebanon)	2,221,009	—	2,221,009
3. Furniture fixtures & equipment	48,522,916	5,319,392	43,203,524
	487,145,729	14,738,294	472,407,436

3. Foreign Exchange Conversions

Transactions originating in foreign currencies are converted to Saudi Riyals at the rate of exchange prevailing on the transaction date.

Assets and liabilities in foreign currencies are converted into Saudi Riyals at the rate prevailing at the statement date.

4. Loan Loss Reserves

A thorough review of all loans is continuously conducted by the Bank. The account includes a provision for loan losses which is set by senior management and is considered adequate to offset any foreseeable losses.

5. Taxation

Zakat taxation at a rate of 2.5% is payable on net profits.

6. Profit & Loss Account

This account represents the amount distributable to the partners of the Bank.

7. Contingent Liabilities

The contingent liabilities are composed as follows:

Customers' Liabilities	18,024,537,529
Branches Liabilities	452,440,700
	<hr/>
	18,476,978,229

8. Service charges

Includes overdrawn foreign accounts and domestic account customer interest.

9. Other provisions

Includes Zakat provisions, employee retirement benefit, compensation and a further general provision for contingencies.

Financial summary for the year 1400 (1980)

(SR. in millions)	Year	Year	
	1400	1399	Percentage
Total income	2,072.0	1,178.4	75.8%
Expenses	1,594.1	624.7	155.2%
Net Profit	447.9	553.7	80.9%
Capital & Reserve	1,577.9	1,171.0	34.8%
Deposits	26,966.5	24,200.7	11.4%
Cash Balance & Deposits	16,857.4	15,756.2	7.0%
Investments	885.6	827.9	7.0%
Loans & Credits	12,245.6	8,707.7	40.6%
Total Balance Sheet Footings*	49,507.0	44,150.9	12.1%

* Includes 18,476 million Saudi Riyals being Contra Accounts

Synopsis

It is worth mentioning here that when comparing the figures for the current year (1400H) with those for the year 1399H, it can be seen that the total income for this year exceeds that of the previous one. It is also evident that the total expenditure for this year has also increased compared to the previous year.

This change reflects the impact of the implementation of the new tariff for banking services issued by the Saudi Arabian Monetary Agency, which resulted in the decrease of Bank's revenue from commissions. It also reflects the NCB's participation in the economic growth of the Kingdom. In spite of the increase in deposit charges as a result of the increase in international charges for banking services, the charges collected by the NCB for loans and credits to clients, have not increased at a similar rate. A study of the local market has revealed that the NCB is collecting the lowest rate of charges for banking services regarding loans and credits as compared to those collected by other banks in the Kingdom.

The NCB, in its endeavour to increase banking awareness and offering the best services to the largest possible number of citizens, has included in its programmes the opening of a large number of branches in selected townships in remote areas of the country (about 30 branches were opened in the year 1400H), despite the fact that most of those new branches resulted in initial outlay losses which affected the total profit of the year.

As previously indicated in this report, the general increase in salaries and benefits resulted in a considerable increase in personnel costs — compared to the previous year. This also had its impact on the total expenditure at a higher rate than the increase which took place in total income.