



Annual Report year ending April 1967
in English

البنك الأهلي التجاري

المقر الرئيسي : جدة

شركة تضامن

THE NATIONAL COMMERCIAL BANK

SAUDI ARABIA



المملكة العربية السعودية

ANNUAL REPORT

FOR THE YEAR 1386 (HIJRA) (1966-1967)



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FOR THE YEAR 1386 (HJRA)

(1966 - 1967)



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 SHEREIF (Jeddah)	DAMMAM	TURAIIF
MECCA	AL- AHSSA	BURAI DAH
MEDINA	BADNA (AR - AR)	HAYIL
RIYADH	JIZAN	BALJORASHI
TAIF	TABOOK	YANBOH
ALKHOBAR	ABHA	

IN SISTER ARAB COUNTRIES

BEIRUT : Republic Of Lebanon

Correspondents In All Parts of the World

AUDITORS : Messrs. ISSA EL- AYOUTI & Co. Accountants & Auditors

Mr. ISMAIL A. EL HABBAK, Accountant & Auditor



REPORT
OF
THE GENERAL MANAGEMENT



FOR THE YEAR
ENDED 30TH ZUL HIJJA 1386
CORRESPONDING 10TH APRIL 1967

THE NATIONAL COMMERCIAL BANK, (Partnership Co.)

JEDDAH, SAUDI ARABIA

ANNUAL REPORT FOR THE YEAR 1386 (1966/67)

ENDED 30th ZULHIJA 1386 (10th APRIL 1967)

It is the pleasure of the Management of the National Commercial Bank to submit its annual report and the balance sheet for the year 1386 (1966/67), revealing briefly the general economic prosperity prevailed in the country which had a favourable effect on the constant growth of the Bank's business.

Before commenting on the balance sheet, we would like to focus the economic and financial development progress that prevailed in the country throughout the year under the wise and able leadership of His Majesty King Faisal.

The year 1386 (1966/67) witnessed tremendous development in the National economy as manifested in the official statistics of the competent Government Departments. The rise in Government expenditure on various development projects, contributing to the economic development of the country, has greatly stimulated the general economic life that ensured prosperity and better living standard. Government's Budget for the fiscal year 1386/87 has again shown a striking upward trend from SR. 1786 million in 1380/81 to SR. 3961 million in 1385/86 and SR. 5025 million in 1386/87, with another increase of 27%.

Oil production, which continues to account for the major part of the country's income, reached 950 million barrels in 1966

against 805 million barrels in 1965; an increase of 18%, thus raising the Kingdom's estimated revenues from this source to SR. 3974 million in 1386/87 (1966/67) compared to SR. 3166 million in the previous year. This significant increase in revenues has made possible a further rise in allocation for projects and principal development departments from SR. 2265 million in 1385/86 (1965/66) to SR. 2627 million in 1386/87 (1966/67), thereby bringing the share of development projects to 52% of the total Budget estimates of expenditure.

Road construction programme continues to be of major importance in the country's economic development and is receiving greater attention from the Government. A network of roads ranging to 11871 k.m. has been planned for construction in the existing programme, of which 4044 k.m. have been completed among which was the Hijaz - Riyadh - Dammam with 1537 k.m. length. The Taif - Abha - Jaizan which is 770 k.m. long ranks among the most important projects under construction.

Agricultural development is equally important and the Ministry of Agriculture and Water Resources, spare no effort to bring new areas into cultivation to increase agricultural production. Agricultural industry has like wise been receiving the Ministry's attention with a view to achieving comprehensive advancement in this field. Several agreements have been signed with Italian, German and Swiss firms for the prospection and utilization of water resources, execution of model settlement scheme, setting up of experimental farms, execution of important irrigation and distribution schemes.

Schemes of significant importance are the Al-Ahsa irrigation and distribution, the construction of wadi Jaizan Dam and the Taif-Jaizan Road related to it, the completion of which, will help increasing agricultural products to satisfy part of the country's needs. Worth mentioning is the setting up of comprehensive programme, in collaboration with FAO, for research and development of water resources. The gigantic sea water desalting project, and power plant, in Jeddah is indeed worth reference. Work has started in this project. Similar desalination plants have also been planned for execution, at Dhiba and Wajh on the Western Coast.

In the field of industrial projects, work is progressing in the construction of Jeddah Oil Refinery and expected to be completed and operated by Petromin early 1968. Other projects and studies are planned by Petromin for the exploitation and development of Petroleum and mineral resources. The Government represented in Petromin - is actively engaged in building up the country's principal industries both by itself and in participation with local and foreign capital. The State's goal is to allow maximum participation of the private sector and Petromin would eventually offer for sale to the public the shares it holds. The Government is making available suitable opportunities for the flourishing and protection of the local growing industries and offering all facilities to benefit from the foreign capital and know-how, in this respect.

BALANCE SHEET COMMENTS

Total assets as disclosed by the Balance Sheet recorded a

further increase of SR. 53 million, to SR. 1292,257,786 - as against SR. 1 239,959,434 in 1385 (1965/66). The most significant reflection of the Balance Sheet, however, was the 25% increase of SR. 107 million in loans and advances over the previous year's figure. This clearly indicates the Bank's role in financing the constant growth in all sectors of the national economy in the Kingdom, especially those development projects to which His Majesty's Government gave keen attention, and for which a major portion of the Budget has been allocated to speed up completion.

Among the big projects under construction in the private sector, receiving financing by the Bank, are the extension of Jeddah Cement Factory to double its capacity, the extensions of Jeddah and Dhahran Power Stations to triple their output and Khulais Water Supply scheme undertaken by Aziziah Water Supply Establishment aiming at increased water supply to the city of Jeddah. Other various development projects have also been given proper accommodations.

Deposits have also increased to SR. 703,193,795 as against SR. 668,682,113 in 1385 (1965/66) inspite of diversification in the local investment scope in shares, lands and buildings to which a major part of public savings has continued to divert. Cash balance in hand and at banks at the close of 1386 amounted to SR. 195 million giving a ratio of 25% in relation to the total deposits and other accounts. Despite the increase in loans and advances, the ratio of cash to deposit has not been affected except within a narrow limit.

In foreign trade, the year under review was again a good year.

and the Bank, has as usual, been active throughout the year. The volume of letters of credit and bills for collection handled, amounted to SR. 719 million as compared with SR. 678 million for the same period in 1385 (1965/66).

It is gratifying to record here the constructive efforts of the Saudi Arabian Monetary Agency with the direction of His Excellency the Governor and Deputy Governor in bringing the Clearing House into existence to play an important role in facilitating clearing of payment instruments between the banks operating in Jeddah - a significant step aiming at improving the standard of banking system in the country.

EMPLOYMENT OPPORTUNITIES FOR CITIZENS AND STAFF WELFARE

A number of youths of Saudi Nationality whom the Bank had deputed to the Universities of Europe and United States have recently returned after attaining their higher qualifications, and joined the staff of the Bank to shoulder their responsibilities in serving the country.

The General Management, motivated by its desire to bring welfare, security, and stability to all members of the staff and their dependants, had formed a committee of high ranking officers to finally approve a number of rules and regulations governing employees affairs including in particular schemes of savings and provident funds, all of which, are aimed to lay down solid foundation for encouragement and welfare to all employees, citizens in particular.

CONCLUSION

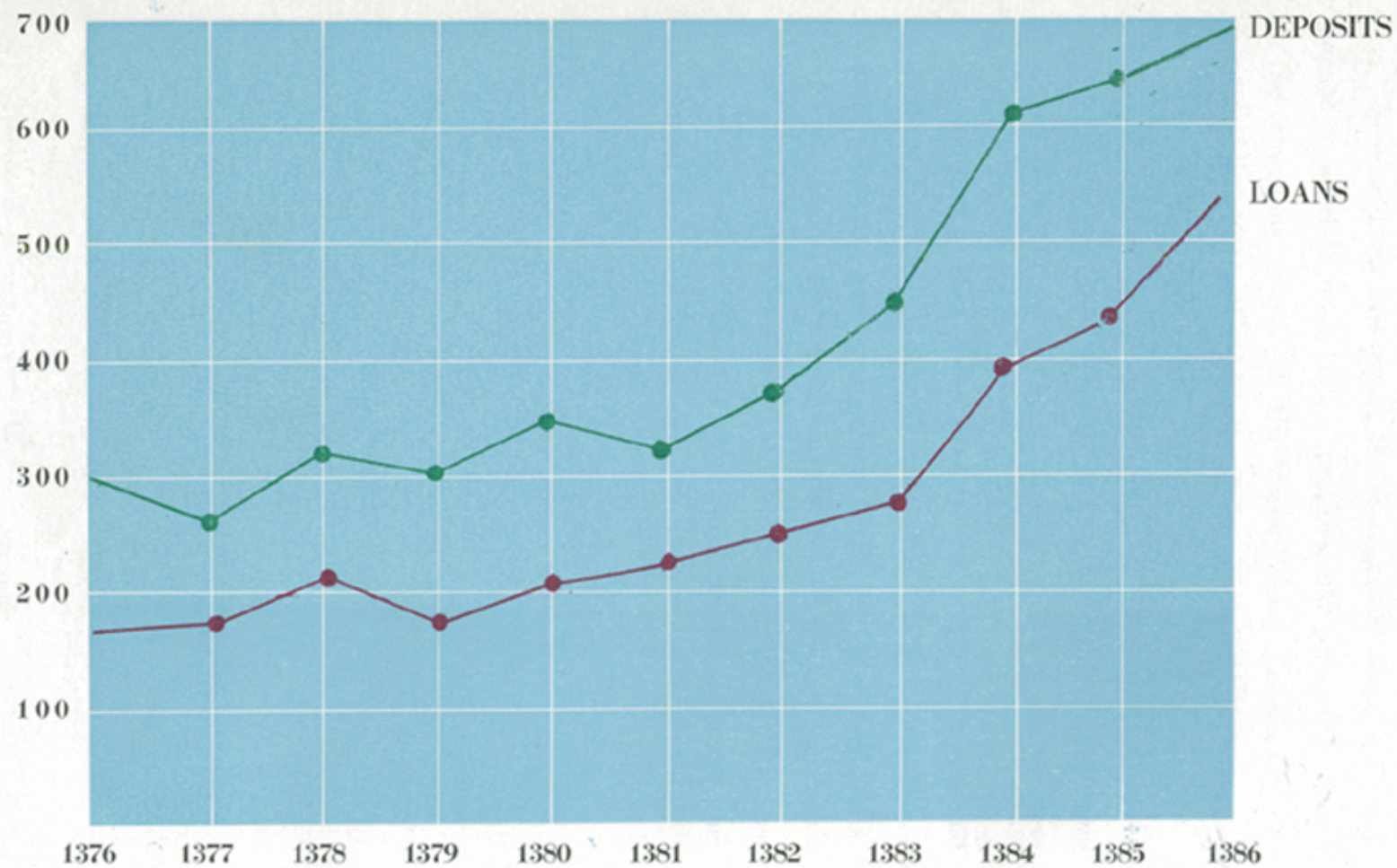
In concluding this report, the management looks with confidence to a bright future full of progress and prosperity, thanks to the strenuous efforts of His Majesty King Faisal's Government for the good and prosperity of the people of Saudi Arabia.

The Bank shall continue sparing no endeavours to make available ever increasing banking services to cope with the rapid development of our country.

The Management of the Bank express sincere thanks and gratitude to His Majesty The King and HRH The Crown Prince for their patronage and wise guidance. We record our appreciation for the sincere support and confidence of our customers and correspondents all over the world. Our thanks and appreciation are also due to our staff for their loyal efforts in performing their duties.



DEPOSITS AND LOANS IN MILLION OF S. RIALS



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 30TH ZUL HIJJA 1386 (10TH APRIL 1967)

EXPENDITURE

RECEIPTS

	S. RLS.		S. RLS.
Staff Payments, General & Administrative Expenses and Depreciation of Property	14, 946, 702	Income After Charging Interest Paid and making Transfers to Provide for Doubtful Debts and Contingencies	19, 953, 657
Net Profit - Carried to Partners' Account	6, 340, 955	Profit on Sale of Real Estate	1, 334, 000
	21, 287, 657		21, 287, 657

BALANCE SHEET AS AT 30th ZUL HIJJA 1386 (10th APRIL 1967)

LIABILITIES

ASSETS

1385 S. RIYALS		1386 S. RIYALS		1385 S. RIYALS		1386 S. RIYALS
30,225,133	Capital	30,225,133		225,849,694	Cash in hand, at Banks and with Correspondents	195,010,493
32,671,000	General Reserve	32,671,000		22,391,319	Investments (at cost)	23,404,165
3,000,000	Special Reserve	3,000,000		7,670,669	Bills Discounted	8,719,366
668,682,113	Deposits and Current Accounts, Provisions for debts and Contingencies, etc.	703,193,795		435,674,107	Loans and Advances	542,822,708
46,777,078	Banks and Correspondents	64,927,067		40,972,224	Sundry Debit Balances	17,381,163
8,757,976	Drafts and Acceptances	9,589,702		55,822,549	Bank premises, Land and Buildings (less depreciation)	54,419,046
375,885,024	Documentary Credits, Guarantees & Acceptances (per contra)	359,544,368		1,732,738	Furniture and motor Cars (Less Depreciation)	1,849,756
73,961,110	Endorsers of Bills for Collection Collateral Bills, etc. (per contra)	89,106,821		375,885,024	Customers' Liabilities for Documentary Credits, Guarantees and Acceptances (per contra)	359,544,368
1,239,959,434		1,292,257,886		73,961,110	Bills for Collection, Collateral Bills, etc. (per contra)	89,106,821
				1,239,959,434		1,292,257,886

AHMAD SAID BAHAMDAN
Deputy General Manager

SALEM AHMAD BIN MAHFOUZ
General Manager

AUDITORS' REPORT

We have examined the above Balance Sheet and the annexed Profit & Loss Account with the books and documents relating thereto of the Head Office and of the Branches visited by us, and with the returns submitted by the Managers of the other Branches, and certify it 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 set above and the annexed Profit & Loss Account give a true and fair view of the state of the Bank's affairs as at 30th Zul Hijja 1386 (10th April 1967) and the Profit for the year ending on that date, according to the best of our information and explanations given to us, and as shown by the books of the Bank.

29th Jamad Thani 1387
Jeddah, 3rd October 1967

ISSA EL AYOUTI & CO.
Accountants & Auditors

ISMAIL A. EL HABBAK
Accountant & Auditor