



Annual Report year ending October 1981  
in English

ANNUAL REPORT 1401H-1981





H.M. KING KHALID BIN ABDUL AZIZ



H.R.H. CROWN PRINCE FAHAD BIN ABDUL AZIZ

#### GENERAL MANAGER'S MESSAGE



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

On behalf of the partners of The National Commercial Bank, I take great pleasure in presenting the Annual Report for the Financial Year 1401H (1981)

Once again, the Bank is able to look back with pride upon the great advances made during the last twelve months. During this period the Bank added further developments to the already excellent services offered to the Kingdom and its people in accordance with guidelines laid down by the Government under the leadership of His Majesty King Khaled Bin Abdul Aziz and His Royal Highness Crown Prince Fahad.

Recent administrative developments included the computerisation of accounting systems at several branches. And we are striving to cover all branches in the near future. With a growing national network of more than 120 branches and major representation in many key cities worldwide, The National Commercial Bank is now firmly established at the very forefront of its field — a position which reflects the efforts of its management and personnel.

In closing, all that remains for me to say is that I am proud of the Bank's humble contribution to the overall progress of the country, and wish our people continued progress and growth under the leadership of our wise Government.

Salim Ahmed Bin Mahfouz  
General Manager

Jeddah, 24th April 1982.

## 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

### THE FOUNDERS

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

*Regional Management Office, Riyadh.*



DEVELOPMENTS OF THE  
SAUDI ECONOMY DURING 1981





#### **The Year in Perspective**

In retrospect, 1401H was a year that saw the Saudi economy expand strongly without overheating. It was a year that marked the true coming of age of the national economy. With the absorptive capacity continuing to improve at a healthy pace and inflation successfully contained below the two digit mark, the real growth in gross domestic product (GDP) in the non-oil sector once more exceeded ten percent.

Briefly, the performance of the Kingdom's economy throughout the year was a vivid reminder of, and an extension to, the balanced and vigorous achievements of the earlier year. Viewed internationally, it was in stark contrast to the general malperformance of the world economy where, yet again, countries had to endure chronic disruptive and recessionary pressures such as growing unemployment, increasing inflation, downward trends in growth below average capacity utilization, balance of payments, trade deficits and credit restrictions.

#### **The Fiscal Budget**

During the first half of the year the budget for the Fiscal Year 1401/02H (1981/82) was announced. It projected revenues and expenditures of SR340 billion and SR298 billion respectively, with an ensuing surplus of SR42 billion. The projected level of expenditure was 40 percent in excess of that spent in the previous year and 12 percent more than actually earmarked and spent later on during the same year. The anticipated surplus could easily be exceeded due to higher oil production levels and consequently increased revenues.

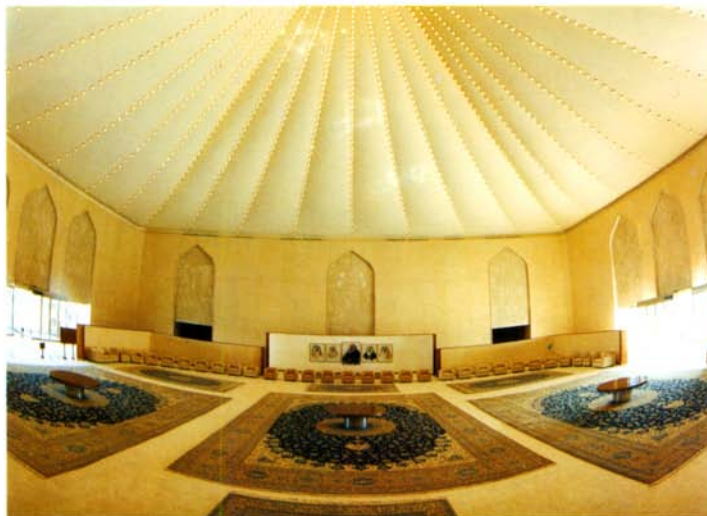
The new budget placed particular emphasis on the productive sectors, including industry, agriculture, water and electricity and also on health and municipal services. Of the total expenditures, SR136 billion, or 46 percent, was allocated to new projects. Increments in remunerations to the Civil Service, ranging between 35 – 40 percent, were also planned for.

Meanwhile, formation of productive national capital and housing programmes were strengthened with an addition of SR29 billion to the Real Estate, Industries and Agricultural Development Funds. The expenditure on the military and security sectors, both on a year-to-year basis and as a percentage of the total, were the highest. Allocations to local subsidies were increased significantly by 78 percent to SR9.1 billion – a crucial factor in keeping the inflation rate under control.

#### **Money and Banking**

Throughout the year, the money supply was kept within rational limits in order to check any undue increase in inflation. As a result, inflation remained below the ten percent level, a trend that can easily be continued into 1402H.

In order to avoid dependence on the Foreign Exchange markets, and to minimise pressures for internationalisation, the Riyal was devalued earlier during the year. However high Riyal interest rates persisted and rose to as high as 20 percent for overnight, thus reflecting the dominant trends in the international capital markets. By the end of the year, rates had fallen to as low as eight percent.



According to SAMA figures, Saudi Commercial banks more than doubled their interbank lending to foreign banks. At the same time, domestic lending rose less than half as fast, indicating rapid increase in the flow of funds abroad.

The Year also marked the culmination of SAMA's six years to complete the Saudization process of foreign banks operating in the Kingdom. Preparations were finalised for the merger of the three remaining banks into one bank operating in partnership with the half SAMA-owned Saudi International Bank. The new Bank will be owned jointly by the four banks and the Saudi public, and will have an initial working capital of SR250 million.

Finally, SAMA agreed to extend loans to the International Monetary Fund (IMF) and the World Bank to boost their fundings and to match the Kingdom's monetary strength. As a result the Kingdom will provide the

IMF with SDR4,000 million (\$4,700 million) annually for each of the next two years. At the same time, the Kingdom's IMF quota was increased to SDR2,100 million, placing it in the sixth rank in the IMF hierarchy. In the course of the last five years, Saudi Arabia's lending to other countries averaged \$4,000 million annually.

#### **Economic Developments and Achievements**

1401H was yet another banner year for Saudi Arabia's continuing economic development, demonstrating more clearly than ever before, the Kingdom's ability to envisage, finance and absorb massive public programmes and private sector participation in its endeavours. The momentum increased to allot more business to local establishments while foreign companies with Saudi affiliation maintained the upper hand in winning implementation contracts.

#### **Petrochemicals and Oil**

The Kingdom continued to emphasize the need to diversify and broaden its economic base by moving away from its traditional dependence on oil production and export and into more downstream industries. Consequently, the Saudi Arabian Basic Industries Corporation (SABIC) concluded its latest three joint venture petrochemical projects worth SR17.5 billion. An agreement to erect two steel rolling mills at a cost of SR750 million was also finalised and it is estimated that SABIC's projects will yield a total income of SR8.3 billion by 1407H (1987).

Petromin's 1200 km East-West pipeline commenced pumping crude oil to Yanbu during the year. It is expected to reach its full capacity level of 1.85 million barrels a day by mid-1402H. Plans to increase the Kingdom's oil refining capacity for both domestic and export consumption were also taken one stage further following the approval of Petromin's participation in the construction of four new refineries and two lube oil plants at Jubail, Rabegh and Yanbu.

The end result was an enhancement of Petromin's stature, with budgetary allocations to the company exceeding SR3.9 billion — an elevenfold increase over the previous years.

#### **Private Industry**

In the private sector, 1401H will be remembered as the year when the Kingdom's number of industrial plants surpassed the crucial one thousand mark. The achievement was largely due to the continued support of the Saudi Industrial Development Fund through which 35% of the private ventures benefited through the provision of 50% of the plants' capital. During the first half of the year alone, more than 1200 industrial venture applications were

received and sites were allocated in Riyadh, Jeddah, Mecca, Dammam, Hassa and Qassim. Collectively, the new industries will employ around 120,000 people and will use advanced technology.

#### **Agriculture**

In this sector further steps were taken towards developing farming into a viable field, whilst the Agricultural Development Fund continued to expedite its lending activities. The earlier part of the year saw the opening of what is expected to be the Middle East's largest dairy farm and there are firm plans to stock it with more than 15,000 dairy cattle by the end of 1402H. Another important event was the formation of the National Agricultural Development Company. With a working capital of SR400 million, including a 20% government holding, this new body will encourage introduction of modern farming methods and is bound to give this key sector the vital boost it needs.

#### **Housing**

One of the impressive achievements during the year was the number of housing loans extended by the Real Estate Development Fund. The number of loans exceeded 150,000 with a combined value of SR30 billion. Additionally, housing schemes related to defence and security were also contracted out. The 510 units special security force project for example, was worth SR400 million, whilst the King Abdul Aziz Military Academy's 703 units cost SR678 million. Other major projects included the Central Province National Guard's 1,144 units scheme, worth SR3.3 billion, and the first phase of the National Guard's 5,720 units scheme for Jeddah, Dammam, Hassa, and Taif, worth SR4.3 billion. The Public Works and Housing Ministry also decided to initiate a 8,700 units construction plan for Riyadh, Medina, Mecca, Buraida, Khafji, Qatif and



Hassa. The Southern Province will also benefit from a SR8 billion scheme for the military.

#### **Education**

Education related developments during 1401H were typified by a spurt of new projects. These included the University of Petroleum's SR360 million third and fourth section of its phase IV expansion plan and the start of Mohamed Bin Saud University's SR500 million dormitory programme. The year also saw Riyadh University sign a SR5.7 billion contract for the construction of eight faculty service and faculty buildings and the signing of a SR500 million contract for three vocational training centres at Riyadh, Abha and Hassa.

#### **Health and Medical Services**

Development work in this vital field continued at a rapid rate throughout the year. The foundation stone for the SR1.6 billion Eastern Province Medical Centre was laid and the project is due for completion in 1405H. During the first half of the year, some fifty three

health projects were awarded by the Health Ministry. These included twenty medium sized hospitals with 200 beds each, as well as three 500 beds hospitals and additional 350 and 150 beds hospitals.

#### **Transportation and Communications**

This was a crucial area in which major developments occurred regularly during the year. Saudia, the national airline, took delivery of four new TriStars and placed orders for eleven Airbus and ten Boeing 747s, delivery of which has already commenced, bringing fleet strength to eighty-three planes. The year also witnessed the opening of Jeddah's magnificent, new SR15 billion King Abdul Aziz International Airport and the continued development of Dhahran International Airport.

Amongst the major contracts awarded for construction of highways were the following:—

- SR2 billion Saudi-Bahrain causeway.
- SR1.8 billion Riyadh-Dammam expressway, covering 382 km.



*New Headquarters building  
under construction at Jeddah.  
Inset, architect's model.*



## THE BANK'S ACTIVITIES

### Introduction.

The National Commercial Bank continued throughout the year to expand on all fronts, adding many new activities and innovations to the overall organizational structure. Over twenty new branches were opened and intensive efforts continued to simplify and speed up services to optimise efficiency and customer satisfaction.

To achieve a more systematic structure, the General Management at Jeddah was shifted to its independent premises in the Baghdadiya area; the Regional Management offices for the Eastern and Western regions were also established, the former being administratively related to the Central Regional Management; the Foreign Relations Department was moved to its new premises in the Khalideya area of Jeddah.

The following pages cover briefly the activities of the various divisions of the Bank during 1401H.

### International Activities

1401H proved to be an outstandingly successful year for the Bank on the international scene.

It was a year when The National Commercial Bank made its presence felt as an active participant in several major international transactions. The Bank's two overseas offices in Bahrain and the four representative offices in London, Frankfurt, Singapore and Seoul continued on-the-spot representation in areas where it was vital to maintain a visible presence in order to develop new business

opportunities. To further enhance its close links with the Japanese markets for example, the Bank has recently established a liaison office in Tokyo. To date, correspondent banking relations have been established with 703 banks worldwide. To optimise the utilization of resources, computerised cash systems were introduced, thus improving the Bank's cash management with several prime banks in the USA. Loan and guarantee syndications were two of the year's major areas of activity. The Bank also participated in financing and providing guarantee and other requirements for projects in the Kingdom.

Besides Saudi Arabia, the Gulf region in particular and the Middle East in general, continued to be the Bank's most important markets. The Bank also continued to tap international opportunities involving other areas. 'Sovereign Risk' Loans (i.e. loans where repayment is made or guaranteed by a government or a government-owned entity) continued to provide a stable outlet.

The total volume of syndicated deals in which the Bank was involved amounted to \$5.27 billion (SR18.02 billion).

However the Bank's actual share would, in fact, amount to \$688 million (\$R2.86 billion) if the following deals were to be taken into account:

- a) Deals in which the Bank acted as sole Lead Manager.
- b) The Bank's share in deals where it acted as Co-Lead Manager, after equal distribution of amounts with other Co-Lead Managers.
- c) The underwriting amounts relating





*Signing of a deal by the Manager, Airport Road Branch, Riyadh and an international client.*

to deals where the Bank acted as Manager, Co-Manager and Participant.

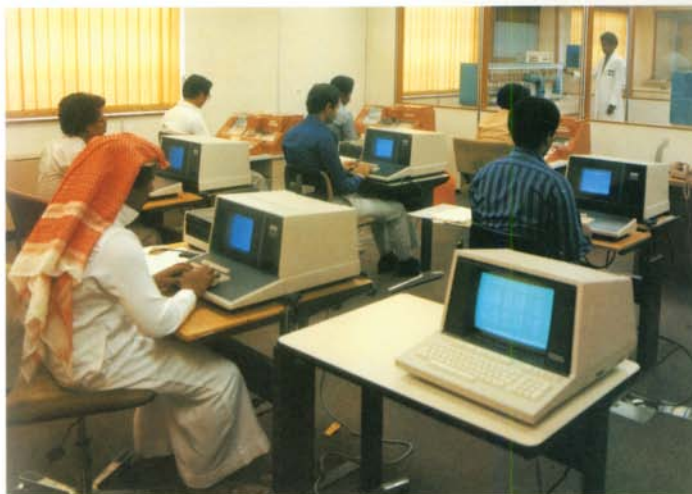
The Bank also catered to domestic companies and joint ventures between domestic and foreign companies, providing package facilities tailor-made to suit their various requirements, like guarantee, etc. The Bank also acted as an advisory bank for guarantees issued by foreign banks in favour of local beneficiaries.

The Bank was again active in the Eurobond market, participating in the management and underwriting of several significant bond issues. During the year the Bank also act as manager in almost 70% of Japanese convertible issues, such as Sumitomo Metal, Fuji Electronic, Nippon Kokan, Mitsubishi Electronic, Victor Company of Japan, Asahi Glass and Hitachi. In addition to trading mainly for the Bank's own

accounts, The National Commercial Bank also benefited many of its clients through its well developed capabilities in this key market.

Foreign exchange, bullion and money market operations have been greatly improved and the Bank is steadily building up a strong presence on the international scene. With newly installed communications systems and the introduction of shift work of dealers, the Bank is now geared to offer its clients full coverage of trading activities at all of the world's major financial centres. Meanwhile in the Kingdom itself, foreign exchange services have been extended to major branches in order to develop exchange and money market business with both corporate and individual clients.

With the shifting of the International



*Computer Centre, Jeddah*

Division to its new premises at Khalidiya during mid-year, the Division is now co-ordinating its efforts with those of the Khalidiya Branch to expand the range of corporate services currently offered.

#### **Human Resources**

The last year witnessed further improvements in the efforts and productivity in customer service. Significant progress has been made towards eventual Bank-wide automation. Recruitment activities also continued to maintain similar selective success. The positive policy of attracting highly capable employees and, in particular, Saudi youths, has been rewarded by a cadre of keen, intelligent and adaptable individuals.

All such candidates underwent intensive training towards the ultimate development of their careers into supervisory and managerial positions within the Bank, a step seen by the Bank's Management as a vital investment for the future. This is also an ideal way of ensuring the continuity of the Bank's commitment of human resources to further develop customer service.

In the interest of matching expansion with expenditure, it is worth noting that The National Commercial Bank's branch expansion activities during 1401H increased by 26% — a significant increase on the 17% level achieved in the previous year. At the same time, the growth in human resources reached 34%, again comparing favourably with the 1400H figure of 30%. And it is envisaged that yet more improvement may be made

on these figures with no impairment to customer services.

#### Personnel

The computerisation of the Bank's personnel records is continuing on a Bank-wide basis. The immediate results are very encouraging. Distribution of salaries and computation of other emoluments are already more streamlined. Final computerisation of the records will also provide fast and effective information retrieval and management information services.

Additionally, the changeover from Annual Staff Appraisal to Anniversary Appraisal has now been completed successfully and has resulted in a more even distribution of Appraisal Preparation and more objective and relevant Performance Appraisals.

#### New Headquarters

In evidence of The National Commercial Bank's total commitment to customer satisfaction, is the construction of the new twenty-seven storey headquarters at Jeddah.

Fully airconditioned, the building will eventually incorporate all the latest technological advances, including fully modern banking facilities, extensive parking space and complete communications, emergency and safety systems.

Work is continuing at a phenomenal pace and the colossal superstructure already stands out as a dominant feature on the city skyline.

Viewed architecturally, the project is a major achievement which has met with much international acclaim. Its unique triangular design reflects the age-old Islamic idea of closed



courts, allowing breathtaking views of old Jeddah and the Red Sea. Clad in timeless travertine marble, this superb, ultra modern building is certain to become one of Jeddah's most visually and aesthetically pleasing landmarks for many years to come.

#### Computer Systems

During the course of the last twelve months the Bank continued its progress in computerisation plans, installing automated systems in its branches and departments Kingdomwide. In Riyadh and Jeddah, for example, distributed processing systems have been installed and now each branch has its own computer with capability of obtaining immediate details of customer and general ledger accounts. This has enabled the

branches to provide customer service of higher standards by making available instant information to branch personnel. Plans are already under way to increase these facilities in branches through the use of counter terminals and data communications.

Staff payrolls at Jeddah and Riyadh were automated during 1401H and during the coming year, this system will be expanded to cover personnel data. In addition to assisting the management in obtaining information relating to an individual employee's progress, this development will help in staff training and manning levels and ratios.

Investigative studies to ascertain the type of software package and equipment best suited to the automation needs of the International Division are now under way. With the ever-increasing number of transactions



*Dealing Room, International Division, Jeddah*



in the field, it is realised that an automatic system will greatly enhance operations within the Division.

1401H also saw the computer centre in Riyadh become fully operational and branches in the area are now being automated. Similarly equipped as the Jeddah centre, the new Riyadh facility will provide identical operations throughout the Bank, ensuring back-up facilities in the event of any malfunction at Jeddah. This is one more step towards continuing the high level of services already being offered to customers Kingdomwide.

#### The Training Centre

Activities at the Training Centre were intensive throughout the year. Twenty-two vital courses were conducted for about three hundred employees as per the following breakdown:

- Two courses for new employees, attended by 21 employees.
- Seven courses for Cashiers, attended by 161 employees.
- Seven courses on letters of documentary credit, collection and guarantees, attended by 92 employees.
- Five English language courses, attended by 13 employees.
- One course for managers, attended by 13 employees.

The duration of courses was extended in most cases, the courses for cashiers and on Letters of Credit collection and guarantee, now last two weeks; the English language course and the course for new employees are spread over a period of one month.

The influx of much needed modern equipment during the year assured that employees derived greater benefits from their studies, cashiers in particular, were able to use their theoretical training in practical situations.

The training programmes included impartment of intensive information

on all aspects of the Bank's activities as well as practical training in the use of the different systems being utilised.

Other courses offered at the centre included courses for Supervisors, Assistant Supervisors and Auditors; and courses on Credit Facilities familiarising employees with methods of special checking procedures for analysing financial statements, etc. In order to develop the already high standards of the English language course, the Bank entered into a contract with a specialised firm. By taking into consideration the positions and functions of employees, it was established which of them required special English language training. Individual teaching aids available now include specially prepared educational films, closed circuit television and cinematographs for employees assessment.

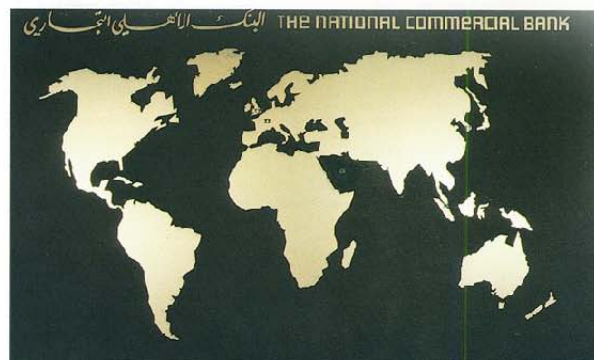
#### Ladies Branches

1981 saw significant improvements in the services offered at the Bank's Ladies' branches at Jeddah and Riyadh. Although operations at the Jeddah branch were initially limited, rapidly increasing customer demand has led to addition of several new services such as Loans, Letters of Credit collection, Time Deposits and lease of Safe Boxes.

At Riyadh too, management was quick to respond to the growing needs of its lady customers, setting up new Loans, Funds and Letters of Credit collection and guarantee sections, and Time Deposit services. At both branches, the growth in the operations has been matched by an equivalent increase in personnel.

In order to ensure optimum efficiency, management have also implemented a comprehensive range of intensive and advanced courses, thus enabling female employees to provide the respected ladies of the Kingdom with the best possible banking services.

## DIRECTORY



### GENERAL MANAGEMENT

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### MANAGEMENT - FOREIGN RELATIONS

Tel: 6825935, 6825883/4  
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P.O. Box 9358, Jeddah.

### REGIONAL MANAGEMENT - RIYADH

Batna Street  
Tel: 434100, 4013407, 4044191  
Telex: 200296, 201009  
P.O. Box 34, Riyadh.

### REGIONAL MANAGEMENT - WESTERN REGION

Tel: 6603485/6  
Telex: 401086  
Cable: BANKSAUDI  
P.O. Box 3555, Jeddah.

### REGIONAL MANAGEMENT - EASTERN REGION

Tel: 8645134, 8645916, 8644039  
Telex: 670548, 670549  
P.O. Box 5558, Al-Khobar.

### COMPUTER CENTER

Makkah Road  
Tel: 6879491, 6886694  
Telex: 401102  
P.O. Box 3555, Jeddah.

### TRAINING CENTER

Tel: 6679410  
Telex: 401102  
P.O. Box 3555, Jeddah.

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Telex: 401086  
P.O. Box 104, Jeddah.

2. Bab Sharief  
Tel: 6426353, 6443833, 6443411  
Telex: 400180  
P.O. Box 170, Jeddah.

3. Makkah Road  
Al Rajhi Building  
Tel: 6317052, 6316069  
Telex: 401329  
P.O. Box 3436, Jeddah.

4. Palestine Square  
Medina Road  
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Telex: 400051  
P.O. Box 7161  
Jeddah.

5. Al Sharafiya  
Osman Bin Affan Street  
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Telex: 402162  
P.O. Box 8038  
Jeddah.

6. Al Hindawia  
Port Street  
Tel: 6443624, 6445561, 6440655  
P.O. Box 8041  
Jeddah.

7. Bab Makkah  
Tel: 6442055, 6445563  
Telex: 402029  
P.O. Box 4153  
Jeddah.

8. Industrial Area  
Tel: 6420433, 6420174, 6444201  
P.O. Box 3555  
Jeddah.

9. King Khalid Street  
Airport Road  
Tel: 6435749, 64314475, 6314876  
P.O. Box 8042  
Jeddah.

10. Majbar Road  
Tel: 6440827, 6446511, 6363041  
P.O. Box 8040  
Jeddah.

11. Bughdadiya  
Abdul Wahab Street  
Tel: 6440492  
Telex: 401925  
P.O. Box 8039  
Jeddah.

12. Airport Terminal  
Tel: 6855543, 6855548, 6854080  
P.O. Box 3555  
Jeddah.

13. Ladies Branch  
Palestine Road  
Tel: 6603536, 6602223  
Telex: 403249  
P.O. Box 3555  
Jeddah.

14. Khaladiya Branch  
Tel: 6823506, 6824810, 6825884  
Telex: 403249  
P.O. Box 9358  
Jeddah.

15. Jeddah Islamic Seaport  
Gate No. 2  
Tel: 6442711, 6445388  
P.O. Box 3555  
Jeddah.

16. University Street  
Tel: 6836310  
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Jeddah.

17. Mecca Main  
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18. Ali Azizia  
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Makkah.
19. Al Gimmeiza  
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P.O. Box 228  
Makkah.
20. Sitten Street  
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P.O. Box 228  
Makkah.
21. Al Atebiyah  
Tel: 5734708  
P.O. Box 2338  
Makkah.
22. Al Gazzah  
Tel: 5741405, 5741404  
Telex: 440005  
P.O. Box 228  
Makkah.
23. Taif  
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Telex: 450006  
P.O. Box 19  
Taif.
24. Balqurshi  
Tel: 7220268, 2020528  
Telex: 455008  
P.O. Box 3  
Balqurshi.
25. Al Bahah  
Tel: 7251971, 7251972 (07)  
Telex: 431026  
P.O. Box 127  
Al Bahah
26. Madinah  
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Telex: 470010  
P.O. Box 26  
Madinah.
27. Kohaa  
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Telex: 470010  
P.O. Box 2494  
Madinah.
28. Yanbu  
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Telex: 461008  
P.O. Box 5  
Yanbu.
29. Royal Commission Branch  
Tel: 3211298, 3211304  
Telex: 430304  
P.O. Box 168  
Yanbu.
30. Wajh  
Tel: 4421340, 4421339  
Telex: 873010  
P.O. Box 15  
Wajh.
31. Dabab  
Tel: 4321487, 4321478  
Telex: 872008  
P.O. Box 11  
Dabab.
32. Haql  
Tel: 4222496  
Telex: 600012  
P.O. Box  
Haql.
33. Tabuk  
Tel: 4226952, 4227208, 4226956  
Telex: 621014  
P.O. Box 10  
Tabuk.
34. Military City  
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Telex: 621160  
P.O. Box 10  
Tabuk.
35. Madinah Road  
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Telex: 601131  
P.O. Box  
Tabuk.
36. Tina  
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P.O. Box 2  
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37. Al Qurrayat  
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Telex: 837012  
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Al Qurrayat.
38. Turaiif  
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Telex: 864007  
P.O. Box 10  
Turaiif.
39. Hadithah  
Qurrayat.
40. Rafiah  
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Rafiah.
41. Araar  
Tel: 6620560, 621104, 6611021  
Telex: 862013  
P.O. Box 105  
Araar.
42. Sakaka  
Tel: 6422288, 6422748, 6421727  
Telex: 831031  
P.O. Box 259  
Al Jouf.
43. Abha  
Tel: 2246583, 2246545, 2240712  
Telex: 901009  
P.O. Box 12  
Abha.
44. Khamis Mushayt  
Tel: 2237323, 2231759, 2230590  
Telex: 901639  
P.O. Box 82  
Khamis Mushayt.
45. Military Base  
Tel: 2239410  
P.O. Box 82  
Khamis Mushayt.
46. Sharurah  
Tel: 5321044, 5321043, 5321042  
P.O. Box 28  
Sharurah.
47. Bisha  
Tel: 6225568, 6225548,  
Telex: 933023  
P.O. Box 194  
Bisha.
48. Mahayel  
Telex: 811066  
P.O. Box 23  
Mahayel Assir.
49. Nammias  
P.O. Box 63  
Nammias.
50. Rufaidah  
Rufaidah.
51. Tancumrah  
Tancumrah.
52. Najran  
Tel: 5420832, 5421852, 5422964  
P.O. Box 1  
Najran.
53. Faisalla  
Tel: 5221152, 5221155  
P.O. Box 1  
Najran.
54. Dhahran Al-Janoub  
P.O. Box 1  
Dhahran Al-Janoub.
55. Jizan  
Tel: 3221360, 3221362, 3221363  
Telex: 911025  
P.O. Box 48  
Jizan.
56. Sabiya  
Tel: 3260556, 3261056, 3260824  
P.O. Box 48  
Jizan.
57. Abouareesh  
Tel: 3250544, 3250848  
Abouareesh.
58. Samata  
Tel: 3320450, 3320446  
Samata.
59. Oludod Rufaidah  
P.O. Box 15  
Oludod Rufaidah.
60. Rabigh  
Tel: 4220104, 4220112  
Telex: 412003  
Rabi.



101. Air Base  
Tel: 8334131  
P.O. Box 16  
Hafr Al Baten.
102. Qayssouma  
Tel: 8336788  
P.O. Box 31  
Qayssouma.
103. Qatref Branch  
Tel: 8552245, 8550980  
Qatref Post Office.
104. Al Naureya Branch  
P.O. Box 3  
Naureya.
- QASSIM BRANCHES:
105. Buraidah Branch  
Tel: 3231508, 3231608, 3236976 (06)  
Telex: 801017  
P.O. Box 23,  
Buraidah.
106. Oneiza Branch.  
Tel: 3643101, 3641034, 3641035  
Telex: 803125  
P.O. Box 145,  
Oneza.
107. Majmaa Branch  
Tel: 4325188  
P.O. Box 22,  
Majmaa.
108. Russ Branch  
Tel: 3331464, 3330464  
P.O. Box 133,  
Russ.
109. Bakceireya Branch  
Tel: 3356953, 3338165  
P.O. Box 22,  
Bakceireya.
110. Afif Branch  
Tel: 7221460 (05)  
P.O. Box 11,  
Afif.
111. Dawadmi Branch  
Tel: 6421953, 6421968  
Telex: 265002  
P.O. Box 2,  
Dawadmi.
112. Al-Jarda Branch  
Tel: 063234140, 06334384  
P.O. Box 1067  
Buraidah.
113. Hail Branch  
Tel: 5321564, 5322562, 5321121  
Telex: 811009  
P.O. Box 85  
Hail.
114. Barzan Hail Branch  
Tel: 5323419, 5324622, 5324290  
Telex: 811066  
P.O. Box 138,  
Barzan.

#### SEASONAL BRANCHES

Sea Haji Terminal Office, Jeddah.  
Air Haji Terminal Office, Jeddah.  
Fath Office, King Faisal Street, Makkah.  
Mina Office.  
Ajyad Office, Makkah.  
Ree-Kadi Office, Makkah.  
Bank Premises Office, Medina.  
Halat Amar Office, Tabuk.  
Haji Terminal Office, Yanbu.

#### OVERSEAS BRANCHES & REPRESENTATIVE OFFICES

Lebanon  
Tel: 240508  
P.O. Box 2355  
Beirut.  
Bahrain  
Tel: 231136, 231182  
Telex: 9298/9299  
P.O. Box 20363,  
Manama.  
London  
Tel: 6384477  
Telex: 8952594  
99, Bishop Gate  
London E.C.2.  
Frankfurt  
Tel: 611236631  
Telex: 416507  
Stras 600  
Frankfurt.  
Singapore  
Tel: 437833  
Telex: 27196  
0/04, Suite 2701  
Clifford Street,  
Seoul  
Tel: 97640016  
Telex: 25148  
P.O. Box 4943  
Seoul.



**BALANCE SHEET AS AT 29th DHUL-HIJJAH 1401 H  
(27th OCTOBER 1981)**

1400 H S.R.	PROPERTY & ASSETS	S.R.	S.R.
	<b>CASH FUNDS</b>		
2,380,256,725	1 Cash in hand	3,133,678,186	
	2 Statutory deposits with Saudi Arabian Monetary Agency	1,370,641,215	
2,869,960,816	3 Other deposits with Saudi Arabian Monetary Agency	2,887,826,816	
2,590,259,403			7,392,146,217
7,846,546,947			
	<b>DEPOSITS WITH BANKS</b>		
43,101,216	1 In Saudi Arabia	162,676,914	
8,967,792,275	2 Abroad	15,494,190,912	
9,010,893,491			15,656,867,826
	<b>INVESTMENTS:</b> (Not exceeding lowest of cost or market value)		
	1 Shares and securities of establishments:		
229,065,650	a) In Saudi Arabia	260,066,381	
656,602,871	b) Abroad	752,864,125	
885,672,551	2 Other investments		1,012,930,507
	<b>LOANS, ADVANCES, etc.</b> (Less provision for bad and doubtful debts)		
	1 To:		
10,945,759,746	a) Private sector	14,854,794,032	
472,123,747	bi Banks	935,194,749	
538,463,687	c) Others	72,306,109	
239,223,786	2 Bills purchased and discounted	271,839,924	
12,245,615,965			16,144,134,814
	<b>FIXED ASSETS</b>		
	1 Bank premises and other real estate (at cost or revaluation)	550,606,205	
444,317,459	2 Furniture, fixtures and equipment (less depreciation)	65,939,581	
55,557,357			616,545,886
499,874,816			
	<b>OTHER ASSETS</b>		
124,045,418	1 Customers' liabilities for outstanding acceptances	138,588,028	
417,443,840	2 Other assets	603,716,952	
541,490,258			742,304,980
31,030,094,028	<b>Sub-Total</b>		41,564,930,230
	<b>CONTRA ACCOUNTS</b> Customers' liabilities under guarantees, letters of credit and other obligations		
18,476,876,229			18,794,592,454
49,507,072,257	<b>Grand-Total</b>		61,359,522,684

1400 H S.R.	CAPITAL & LIABILITIES	S.R.	S.R.
	<b>CAPITAL RESERVES</b>		30,225,133
30,225,133	Statutory Reserve	32,774,867	
32,774,867	Other Revenue Reserves	1,859,027,254	
1,437,000,000	Surplus on revaluation of properties	45,095,605	
46,065,605	Surplus on revaluation of investments	31,877,141	
3,877,171			1,969,774,667
1,847,747,613	<b>Total Capital and Reserves</b>		2,000,000,000
1,577,972,746	<b>DEPOSITS</b>		
	1 Customers' deposits (Note: Cover total current, time and saving deposits)	23,315,475,838	
21,705,297,499	2 Deposits from Banks:		
	a) In Saudi Arabia	895,741,145	
529,055,632	b) Abroad	5,527,121,654	
2,694,908,345	3 Sundry Deposits: (Note: Includes margins for letters of credit, guarantees, drafts and other transfers)	2,953,910,532	
			32,695,249,739
1,687,293,588	<b>BORROWINGS</b>		
26,966,555,114	1 From Banks:		
	a) In Saudi Arabia		
	b) Abroad		
	2 From Others		
	<b>PROFIT &amp; LOSS ACCOUNT</b>		
	Balance brought forward from last year	796,534	
2,879,562	Add: Net Profit for the year 1401 after transfer to Reserve	143,344,621	
77,916,972			150,141,155
80,796,534			
	<b>OTHER LIABILITIES</b>		
	1 Acceptances outstanding on behalf of customers	138,588,028	
124,016,418	2 Other liabilities	6,560,951,305	
3,280,723,216			6,719,539,336
2,404,769,634	<b>Sub-Total</b>		41,564,930,230
31,030,094,028	<b>CONTRA ACCOUNTS</b> Guarantees, letters of credit and other obligations		
			18,794,592,454
18,476,976,229	<b>Grand-Total</b>		61,359,522,684
49,507,072,257			



# AUDITORS' REPORT

We have examined the Balance Sheet and 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 29th Dhul-Hijjah 1401 (27th October, 1981) and the profit of the year ended on that date in accordance with generally accepted accounting principles and as shown by the books.

JEDDAH: 17 Rabi Al-Thani 1402 (11th February 1982)

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

ISMAIL A. EL HABBAK (15)  
ACCOUNTANT AND AUDITOR

## PROFIT & LOSS ACCOUNT AS AT 29th DHUL-HIJJAH 1401 (27th OCTOBER 1981)

1400 H S.R.	EXPENSES	S.R.	S.R.
278,529,781	Salaries and other staff expenses		412,029,875
1,157,354,628	Directors' Fees, Remunerations . . . etc		2,117,790,651
	Service charges		
	Provisions for depreciation . . . etc		
12,407,364	a) Depreciation on	17,551,498	
50,000,300	Buildings, furniture . . . etc	72,000,000	
	b) Other provisions		89,561,498
62,457,964			
95,753,142	Other expenses		142,228,027
477,916,375	NET PROFIT FOR THE YEAR		571,371,875
	Of which		
	a) Transfer to Reserve	422,027,254	
	b) Balance carried to	149,344,621	
	Balance Sheet		3,332,971,926
2,072,022,467			

1400 H S.R.	INCOME	S.R.	S.R.
2,045,205,301	Net income from foreign exchange transactions and other services	3,300,868,677	
26,816,366	Net income from investments and real estate	32,103,249	
2,072,022,467	TOTAL INCOME		3,332,971,926
2,072,022,467			3,332,971,926

## NOTES TO FINANCIAL STATEMENTS

### 1. Investment and Real Estate

Particulars of shares in Companies in the Kingdom, owned by the Bank as at 29th Dhul-Hijjah 1401H (Corresponding to 27th October 1981)

Name of the 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	463,125
Medina Electric Company	Medina	108,750
The Saudi Islamic Preaching Society	Jeddah	30,000
Jeddah Electric Company	Jeddah	21,813,870
The Saudi Arabian Cement Company/Jeddah	Jeddah	68,161,200
The Arabian Fertilizer Co. (SAFCO)	Dammam	6,32,000.50
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	21,00,000
The Saudi Hotel Services Company	Jeddah	12,500,000
The Saudi Investment Banking Corporation.	Riyadh.	7,134,000
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	2,505,400
Saudi Consolidated Electric Co.	Dammam	29,537,550
Total		261,566,380.50

### Bank's Participation in other banks.

Saudi International Bank Ltd.  
 Compagnie Arab et Internationale d'Investment  
 The Arab Jordan Investment Bank  
 Arab Malaysian Development Bank Berhad  
 Arab Latin America Bank  
 Saudi-Spanish Bank  
 Banco Bozano, Simonsen de Investimento  
 The Arab Tunis Bank Investment  
 Arab Investment Company  
 Arab-Tunis Investment Company  
 Arab International Investment Bank  
 And other Banks

## 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 1980 (1400)	Cost (S.Rls)	Accumulated Depreciation (S. Rls)	Net (S. Rls)
1. Bank Premise	137,166,748	4,918,198	132,248,550
2. Buildings	92,268,327	4,500,704	87,767,623
3. Land	224,301,286	—	224,301,286
4. Furniture, fixture & equipment	59,899,380	4,342,023	55,555,357
	513,635,741	13,760,925	499,857,816

Fixed Assets 1981 (1401)	Cost (S. Rls)	Accumulated Depreciation (S. Rls)	Net (S. Rls)
1. Bank Premise	180,485,408	9,254,526	171,230,882
2. Buildings	105,145,304	6,986,674	98,158,630
3. Land	281,216,692	—	281,216,692
4. Furniture fixtures & equipment	73,591,715	7,652,034	65,939,681
	640,439,119	23,893,234	616,545,885

## 3. Provision for Doubtful Debts.

Thorough checking is conducted continuously and a suitable amount is provided for to cover losses resulting from loans. Such amount is fixed by the Administrative Committee on the basis of studies and information available to them.

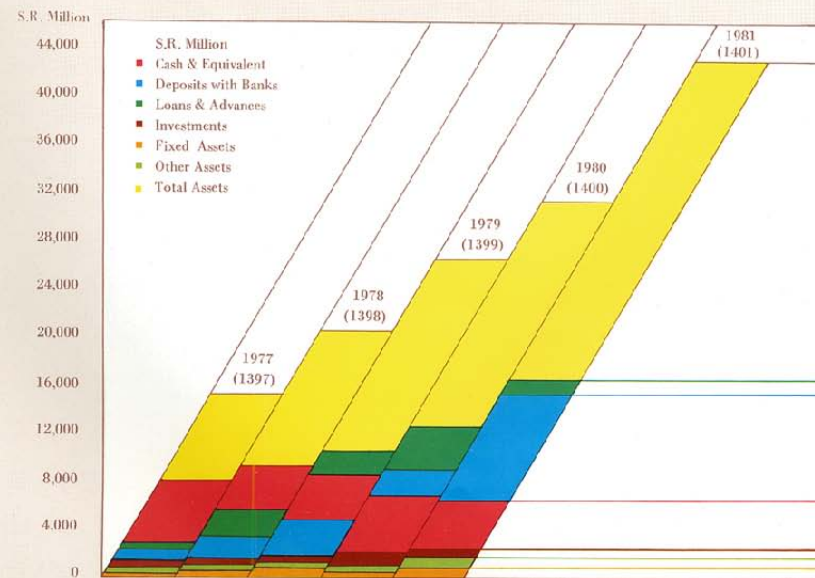
## 4. Taxation

Zakat taxation at a rate 1.25% is payable on net profits.



# FIVE YEAR BALANCE SHEET HISTORY

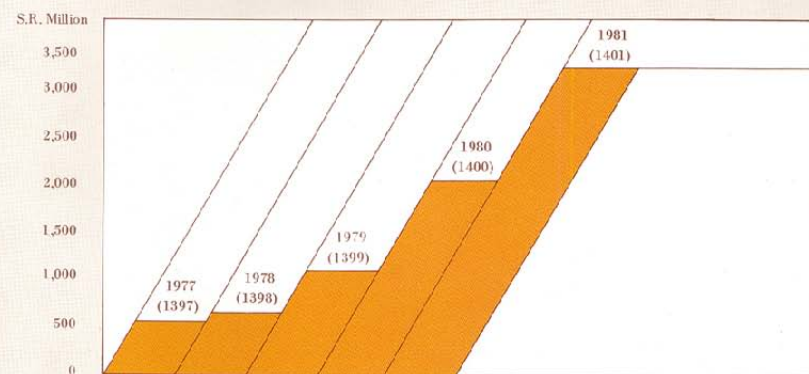
	1977 (1397)	1978 (1398)	1979 (1399)	1980 (1400)	1981 (1401)	Average Annual Growth Rate, 1977-1981 (1397-1401)
Cash and Equivalent	8,287.81	10,930.79	9,968.08	7,846.55	7,392.15	- 1%
Deposits with Banks	2,228.57	3,122.22	5,788.09	9,010.89	15,656.87	64%
Loans and Advances	3,842.49	6,676.72	8,707.69	12,245.62	16,144.13	43%
Investments	475.77	558.90	827.87	885.67	1,012.92	37%
Fixed Assets	323.65	351.47	364.26	499.87	616.55	37%
Other Assets	311.25	354.69	644.91	541.49	742.30	-
<b>Total Assets</b>	<b>15,378.54</b>	<b>20,994.79</b>	<b>26,300.91</b>	<b>31,030.01</b>	<b>41,564.92</b>	<b>28%</b>
Deposits	13,976.41	19,151.57	24,300.69	31,030.01	41,564.93	28%
Borrowings	365.76	-	-	-	-	-
Other Liabilities	399.81	1,056.06	839.36	2,404.77	6,719.54	149%
Profit & Loss Account	258.59	89.19	82.88	80.80	150.14	3%
Capital & Reserve	477.97	697.97	1,177.97	1,577.97	2,000.00	44%
<b>Total Liabilities &amp; Net Worth</b>	<b>15,378.54</b>	<b>20,994.79</b>	<b>26,300.91</b>	<b>31,030.09</b>	<b>41,564.93</b>	<b>28%</b>
Contra Accounts	10,922.16	12,453.36	17,849.97	18,476.98	19,794.59	17%
Balance Sheet Footings	26,300.70	33,448.15	44,150.87	49,507.07	61,359.52	24%





# FIVE YEAR INCOME HISTORY

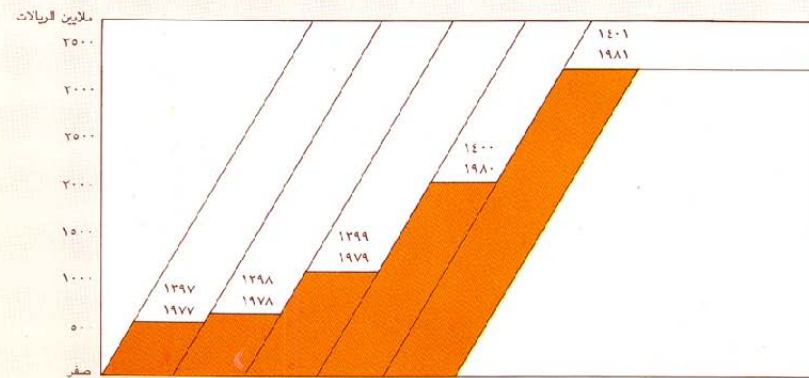
S.R. Million	1977 (1397)	1978 (1398)	1979 (1399)	1980 (1400)	1981 (1401)
Net income from Foreign Exchange transactions and other services	546.3	658.7	1,144.6	2,045.2	2300.9
Net income from Investment and Real Estate,	11.9	13.4	25.5	26.8	32.1
Profit on sales of Real Estate	.1	—	8.3	—	—
Gross Income	558.3	672.1	1,794.4	2,072.00	3333.0
Expenses	235.7	371.5	624.7	1,594.1	2761.6
Net profit	322.6	300.6	553.7	477.9	571.4



## مقارنة للدخل

خلال الخمس سنوات الأخيرة (بملايين الريالات)

البيان	١٣٩٧ ( ١٩٧٧ )	١٣٩٨ ( ١٩٧٨ )	١٣٩٩ ( ١٩٧٩ )	١٤٠٠ ( ١٩٨٠ )	١٤٠١ م ( ١٩٨١ )
صافي الدخل المتحقق من بيع عملات أجنبية وخدمات أخرى .	٥٤٦ / ٣	٦٤٨ / ٧	١١٤٤ / ٦	٣٠٤٥ / ٣	٢٢٠٠ / ٩
صافي الدخل من الاستثمار والمقارنات أرباح بيع العقارات	١١ / ٩ - / ١	١٣ / ٤ -	٢٥ / ٥ ٨ / ٣	٣٦ / ٨ -	٢٢ / ١ -
إجمالي الدخل المصروفات	٥٥٨ / ٣ ٢٣٥ / ٧	٦٧٢ / ١ ٣٧١ / ٥	١١٧٨ / ٤ ٦٢٤ / ٧	٣٠٧٢ ١٥٩٤ / ١	٢٢٢٢ ١٧٦١ / ٦
صافي الأرباح	٣٢٢ / ١	٣٠٠ / ٦	٥٥٣ / ٧	٤٧٧ / ٩	٥٧١ / ٤



## مقارنة للميزانيات

تتمثل في الفترة من سنوات الألفية (مليون ريال)

البيان	١٣٩٧ هـ (١٩٧٧)	١٣٩٨ هـ (١٩٧٨)	١٣٩٩ هـ (١٩٧٩)	١٤٠٠ هـ (١٩٨٠)	١٤٠١ هـ (١٩٨١)	معدل النمو السنوي
التقديرات وما يورثها	٨,٢٨٧ / ٨١	١٠,٩٣٠ / ٧٩	٩,١٦٨ / ٠٨	٧,٨٤٦ / ٥٥	٧,٢٩٢ / ١٥	٪ ١ -
الإيداعات لدى البنوك	٢,٢٢٨ / ٥٧	٣,١٢٢ / ٢٢	٥,٧٨٨ / ٠٩	٩,٠١٠ / ٨٩	١٥,٦٥٦ / ٨٧	٪ ٦٤
القروض والسلف	٣,٨٤٣ / ٤٩	٥,٦٧٦ / ٧٢	٨,٧٠٧ / ٦٩	١٤,٣٤٥ / ٦٢	١٦,١٤٤ / ١٣	٪ ٤٢
الاستثمارات	٤٧٥ / ٧٧	٥٥٨ / ٩٠	٨٢٧ / ٨٧	٨٨٥ / ٦٧	٩٣ / ٩٣	٪ ٣٧
الأصول الثابتة	٢٢٣ / ٦٥	٣٥٩ / ٤٧	٣٦٤ / ٢٦	٤٩٩ / ٨٧	٦١٦ / ٥٥	٪ ٣٧
الأصول الأخرى	٣١١ / ٣٥	٣٥٤ / ٦٩	٦٤٤ / ٩١	٥٤٦ / ٤٩	٧٤٣ / ٣٠	
إجمالي الموجودات	١٥,٣٧٨ / ٥٤	٣٠,٩٩٤ / ٧٩	٢٦,٣٠٠ / ٩١	٣١,٠٣٠ / ٠٩	٤١,٥٦٤ / ٩٣	٪ ٢٨
الإيداعات	١٣,٩٧٦ / ٤١	١٩,١٥١ / ٥٧	٢٤,٣٠٠ / ٦٩	٢١,٩٦٦ / ٥٥	٢٢,٦٩٥ / ٢٥	٪ ٢٤
القروض	٣٦٥ / ٧٦	-	-	-	-	-
المطلوبات الأخرى	٢١١ / ٨١	١,٠٥٦ / ٠٦	٨٢٩ / ٣٦	٢,٤٠٤ / ٧٧	٦,٧١٩ / ٥٤	٪ ١٤٩
حساب الأرباح والخسائر	٢٥٨ / ٥٩	٨٩ / ١٩	٨٩ / ٨٨	٨٠ / ٨٠	١٥٠ / ١٤	٪ ٢
رأس المال والاحتياطي	٤٧٧ / ٩٧	٦٩٧ / ٩٧	١,١٧٧ / ٩٧	١,٥٧٧ / ٩٧	٢,٠٠٠ / ٠٠	٪ ٤٤
إجمالي المطلوبات	١٥,٣٧٨ / ٥٤	٣٠,٩٩٤ / ٧٩	٢٦,٣٠٠ / ٩١	٣١,٠٣٠ / ٠٩	٤١,٥٦٤ / ٩٣	٪ ٢٨
الحسابات النظامية	١٠,١٢٣ / ١٦	١٢,٤٥٣ / ٢٦	١٧,٨٤٩ / ٩٧	١٨,٤٧٦ / ٩٨	١٩,٧٩٤ / ٥٩	٪ ١٧
إجمالي الميزانية	٢٦,٣٠٠ / ٧٠	٣٣,٤٤٨ / ١٥	٤٤,١٥٠ / ٨٧	٤٩,٥٠٧ / ٠٧	٦١,٣٥٩ / ٥٣	٪ ٢٤

ملايين الريالات

