

FACADE AND VIEW OF HOTEL AT MEDINA



The magnificent building erected by the Bank, at Medina an illustration of the Bank's role in "CONSTRUCTION PROJECTS" and in providing comforts to pilgrims.

Founders :-

Sheikh Saleh & Abdullah Moussa Al Kaaki

Sheikh Abdul Aziz Mohamed Al Kaaki

Sheikh Salem Ahmed Bin Mahsooz

General Manager :-

Sheikh Salem Ahmed Bin Mahsooz



HEAD OFFICE:

JEDDAH, SAUDI ARABIA
C. R. No. 1558
P. O. Box 104
Teleg. In Saudi Arabia : MOWAFFAK
Abroad : BANKSAUDI

BRANCHES

IN SAUDI ARABIA :-

BAB SHEREIF (Jeddah)
MECCA
MEDINA
RIYADH
TAIF
ALKHOBAR
DAMMAM
AL AHSSA
BADANA "AR-AR"
JIZAN
TABOOK
ABHA
TURAIF
BURAIDAH

IN SISTER ARAB COUNTRIES :-

CAIRO, TWO BRANCHES .
1- Tallat Harb Street.
2- Alazhar Street. } U.A.R
ALEXANDRIA.
DAMASCUS.
BEIRUT "Republic of Lebanon"
HODEIDAH
"The Kingdom of Yemen"

UNDER ESTABLISHMENT

HAYIL. AL-KATEEF In Saudi Arabia
KHARTOUM. ADEN. TAIEZ. MUKALLA In Sister Arab Countries

CORRESPONDENTS IN ALL PARTS OF THE WORLD

AUDITORS :

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

REPORT
OF
THE GENERAL MANAGEMENT

ON THE YEAR
ENDED 29TH ZULHIJJA 1379
CORRESPONDING 24TH JUNE 1960

ANNUAL REPORT FOR THE YEAR 1379 (1959-60)

ENDED THE 30th ZULHIJA 1379 (24/6/1960)

The General Management of the National Commercial Bank, Jeddah, Saudi Arabia, takes pleasure in presenting the Annual Report about the activities of the Bank and the balance sheet for the year ended the 30th Zulhija 1379 (Hijra) corresponding to the 24th June 1960.

*The most striking feature of this year is the abolition of restrictions that were imposed by the authorities, during the last two years, upon the transfer of foreign currency and upon the imports as well. These restrictions constituted a part of the measures taken, at that time, for the economic recovery of this country. In our Annual Report of the last year we have dealt, at length, with some of the aspects of the discreet policy followed by the Government to realize this aim. In consequence of this wise policy there has been a continuous improvement not only in the exchange rate of the Saudi Riyal but also in the foreign currency reserves of the country which ultimately found expression in Royal Decree issued on the 1st of Rajab 1379 (Hijra), corresponding to January 1960, announcing the new parity rate of the Saudi Riyal as 0.197482 grams of fine gold. On this basis, the official exchange rate of the Saudi Riyal is now 4.5, to the U. S. Dollar which was previously, in the free market, more than 6 to the U. S. Dollar. Any how, a firm and unitary exchange rate in the markets rendered it possible to do away with the restrictions on the imports and on the transfer of foreign currency. The marked improvement in foreign currency reserves of the country has provided the note issue with the full backing of gold and of foreign currencies fast convertible into gold. According to the above mentioned Royal Decree, notes cannot be issued except against a full cover to their value. When the Royal Decree was announced, the total reserves of this country, consisting of foreign currency, gold and silver, in the possession of the Saudi Arabian Monetary Agency (The Central Bank), amounted to 186 million dollars.

The new parity rate of the Saudi Riyal, the regulated system of note issue and the lifting of controls as specified above, these are the forces set in motion to create an atmosphere congenial to the monetary stability and to stimulate activities in the field of trade and investment (for productive purposes). The Government of His Majesty the King has set afoot the exploring of the possibilities for the economic development and is drawing up plans, execution of which will spread over a series of years. It has already launched a colossal scheme in the year 1379, to serve the centres of production and distant parts of the country with a network of roads so as to connect them with one another. This project will cost the Government, Saudi Riyals 184 million, during 5 years to come.

Great hopes have been entertained by the Management of this Bank about the future prospects as the stability has been restored to the economy of this country. It is, of course, expected that this will attract a major portion of the savings to be invested profitably in exploiting the natural resources of this country which, in its turn, will provide an incentive to the commercial activities in the market, and as a consequence the banks will have to play more important part in extending required facilities to the eagerly awaited expansion of business.

SERVICES RENDERED BY THE BANK IN THE FIELD OF FOREIGN TRADE

The stabilized exchange rate of the Saudi Riyal combined with the elimination of restrictions on the imports, in the month of Rajab 1379 (corresponding to the month of January 1960), has contributed a great deal to the expansion of our activities in foreign trade. Greater has been the interest evinced by the merchants in importing the merchandise during the second half of the year 1379 (corresponding to January-June 1960) compared with that of the first half of the year when the exchange rate, in the free market, was constantly unfavourable to the importers who had to cut short their imports due to the straitened circumstances in that period. It is worth mentioning, at this juncture, that the prices of the imported essential goods are not, at all, enhanced on account of the fixity in exchange rate of the Saudi Riyal, because the Government is, at present, allowing subsidy to the extent of 20% of the C.I.F. value of such commodity to those who import it. In this way the prices of the essential goods have remained unchanged.

A matter of particular satisfaction, to which we refer, is the active and appropriate role of this Bank in foreign trade as it has provided its clients with various facilities which resulted in increased business activities and greater volume of trade. Equally active have been its branches, in the sister Arab countries in respect of trade interchange between this country and the countries in which they are situated.

The total of the documentary credits, in the year 1379 (corresponding to the 24th June 1960), issued by this Bank and by its branches within this country amounts to Saudi Riyals 205,947,000 and also the total of the bills for collection drawn on our clients and settled through the intermediary of this Bank, in the same year, amounts to Saudi Riyals 50,588,000.

NEW BRANCHES

The Management of this Bank is persistent in the efforts to create general awakening and consciousness with regard to banking in this country. It has always been the aim of the Management to facilitate the interchange of trade and banking operations. To achieve this end, the Management is contemplating to open a series of branches within this country. A new branch in Buraidah has lately been added to the already existing number of the branches, thus making an aggregate of 13 branches within the domain of this kingdom. With a view to catering for the needs of the business men belonging to different grades of trade and industry, this Bank is seriously thinking of opening further branches in other countries of commercial importance and has actively started deliberations as regards implementation of this plan.

So far as sister Arab countries are concerned, the authorities have been approached to achieve the object, hence a further branch has been established in Alexandria, the southern part of the United Arab Republic.

STAFF TRAINING IN FOREIGN COUNTRIES & THE TRAINING CENTRE FOR BANKING.

In view of the growing demand for the Saudi employees trained in Banking, the Management of the Bank has continued sending selected batches of Saudi youths to the foreign banks for further studies and practical training. In addition to this, an agreement has been arrived at between the Ministry of Education and the Management of the Bank to depute 8 students to join the Universities of England for specialization in Commerce, Economics and Banking. Within the state, there exists a Training Centre in Jeddah to impart education to such youths of the country as are interested in banking. The first batch has successfully come out of this centre and a majority of them has been absorbed in the Bank.

THE ANNUAL MEETING

The annual meeting of the Managers of the Bank and its branches was held under the presidentship of the General Manager. The activities of the Bank were brought under

review and, at the same time, views were exchanged as regards the general policy of the Bank concerning its branches within and outside the State. Finally, resolutions were passed stressing the need for endeavours to be made to draw a comprehensive plan, to promote the common good, highlighting the part played by the Bank in the economic development of the country.

BALANCE SHEET

A pointed reference has already been made to the steps and measures taken by the Government of His Majesty the King, during the preceding two years, to stabilize the rate of the Saudi Riyal. The austerity policy adopted by the Government was, therefore, followed by the drastic curtailment of expenditure and an ever tightening control over bank credit. As a natural consequence, the impact of this policy, in relation to the comparatively larger activities of this Bank, is more distinct in its Balance Sheet, since the total of the Balance Sheet at the end of the year 1379 (corresponding to the 24th June 1960), has amounted to Saudi Riyals 512,428,821 as compared with 538,301,461 in the last year. Here below are presented some of the important aspects of the Balance Sheet.

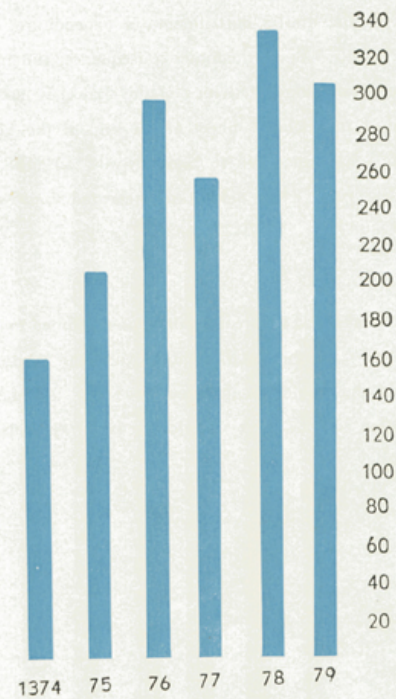
CASH

Cash in hand, at banks and with correspondents amounted to Saudi Riyals 86,526,812, to the proportion of 28% of the total deposits and the current accounts. This ratio shows the adequacy of the liquid assets especially when the above mentioned monetary policy and the ambition of the Bank to provide facilities to its clients are taken into consideration.

DEPOSITS

It is but natural that, as a result of the policy specified above, the deposits of the Bank have been affected, but, thanks to God, in a very narrow limit. Hence the deposits and the current accounts amounted to Saudi Riyals 276,294,659 i. e., a decline of 7% compared with that of the preceding year.

DEPOSITS
In Million of S. Riyals
1374-1379 Hijra Year



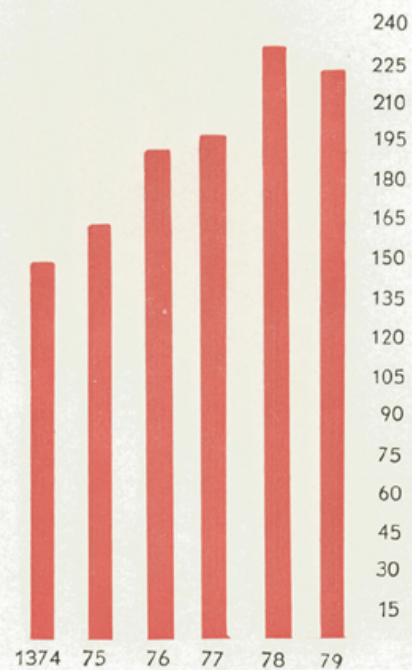
LOANS

Loans and advances to our customers amounted to Saudi Riyals 214,652,579 as against Saudi Riyals 225,541,324 i. e., a decrease of 5%. This decrease has resulted owing to the eagerness of the Bank to maintain a sufficient cash reserve against deposit liabilities.

The total value of the Bills discounted amounted to Saudi Riyals 9,970,116 compared with Saudi Riyals 7,428,273 in the previous year.

LOANS AND CURRENT ACCOUNTS

In Million of S. Riyals
1374-1379 Hijra Year

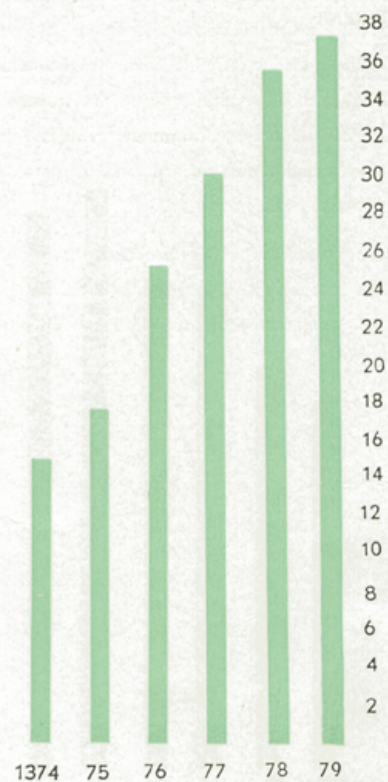


CAPITAL AND RESERVES

In pursuance of the policy of the Management of the Bank and to build up its reserves, a sum of Saudi Riyals 2,000,000 was added to the reserves this year. Thus the total of the Capital and Reserves of the Bank amounted to Saudi Riyals 67,896,133.

The proportion of the Capital and Reserves of the Bank invested in buildings, land and estates is 66% of the Capital and Reserves, as in the previous year.

RESERVES
In Million of S. Riyals
1374-1379 Hijra Year



CONCLUSION

It gives great pleasure to the Management of the Bank to welcome the new year that holds out bright prospects. An account has been presented of the Balance Sheet for the year 1379 (corresponding to the 24th June 1960) and the activities of the Bank which have always been on their forward march towards progress and success. We take the opportunity to offer our respectful thanks and profess our allegiance to His Majesty the King whose favour we beseech and for whom we pray to God Almighty that He may preserve him as the pride of Arabs and Islam. Also we admit and acknowledge, on this occasion, what the Bank has received and has been receiving of the immense help and support from H. R. H. the Crown Prince and Prime Minister Amir Faisal and from all the nobility and the men at the helm of affairs of the Administration for which we express our deep gratitude. It will be remiss of us, not to mention our heartfelt thanks for the trust and confidence which the Governments and the people of the sister Arab countries, our correspondents and clients have reposed in us as it has won for the Bank the appreciation of the whole world.

While referring to the vast field of our activities, we feel proud of the officials and staff of the Bank and its branches who, through their sincerity and faithfulness, did their best to strengthen their institution and have, thus, set an example for others in this country.

BALANCE SHEET AS AT 30th Zulhija 1379 (24th June 1960)

1378 S. Riyals	LIABILITIES	S. Riyals	1378 S. Riyals	ASSETS	S. Riyals
30.225.133	Capital	30.225.133	99.230.813	Cash in hand, at Banks and with Correspondents	86.526.812
30.671.000	General Reserve	32.671.000	7.428.273	Bills Discounted	9.970.116
5.000.000	Special Reserve	5.000.000	16.459.511	Investments at cost	17.237.511
295.943.298	Deposits, Current & Other Accounts	276.294.659	225.541.324	Loans and Advances to Customers	214.652.579
42.444.990	Banks & Correspondents' Accounts	35.314.672	13.256.785	Sundry Debit Balances	5.247.088
1.504.249	Acceptances	1.291.592	42.648.161	Bank Premises, Lands & Buildings - Less Depreciation	45,292.414
94.742.312	Documentary Credits & Guarantees (Per Contra)	100.587.324	1.223.803	Furniture & Cars - Less Depreciation	1.870.536
37.770.479	Endorsers of Bills for Collection and in Guarantee (Per Contra)	31.044.441	94.742.312	Customers Liabilities for Documentary Credits and Guarantees (Per Contra)	100.587.324
			37.770.479	Bills for Collection and in Guarantee (Per Contra)	31.044.441
538.301.461		512.428.821	538.301.461		512.428.821

SALEM AHMED BIN MAHFOOZ
General Manager

MOHAMED AHMED BAGABAS
Deputy General Manager

AUDITORS' REPORT

We have examined the above Balance Sheet with the Books and Documents of the Head Office and with the final returns received from the branches, and certify it to be in accordance therewith.

In our opinion, the Balance Sheet, set above, is properly drawn up so as to exhibit true and fair view of the State of the Bank's affairs as at 30th Zul Hija 1379 (24th June 1960) according to the best of our information and explanations given to us, and as shown by the Books of the Bank.

JEDDAH, 28th RABIE THANI 1380
19th OCTOBER, 1960

ISSA EL-AYOUTI & Co.
Accountants & Auditors