

QATAR NATIONAL BANK

(S. A. Q.)



REPORT OF THE DIRECTORS
AND BALANCE SHEET
For The Year Ended 31st December, 1975.



HIS HIGHNESS SHEIKH KHALIFA BIN HAMAD AL-THANI EMIR OF THE STATE OF QATAR

QATAR NATIONAL BANK

(S. A. Q.)



**REPORT OF THE DIRECTORS
AND BALANCE SHEET
For The Year Ended 31st December, 1975.**

QATAR NATIONAL BANK,

S. A. Q.

ESTABLISHED 1965

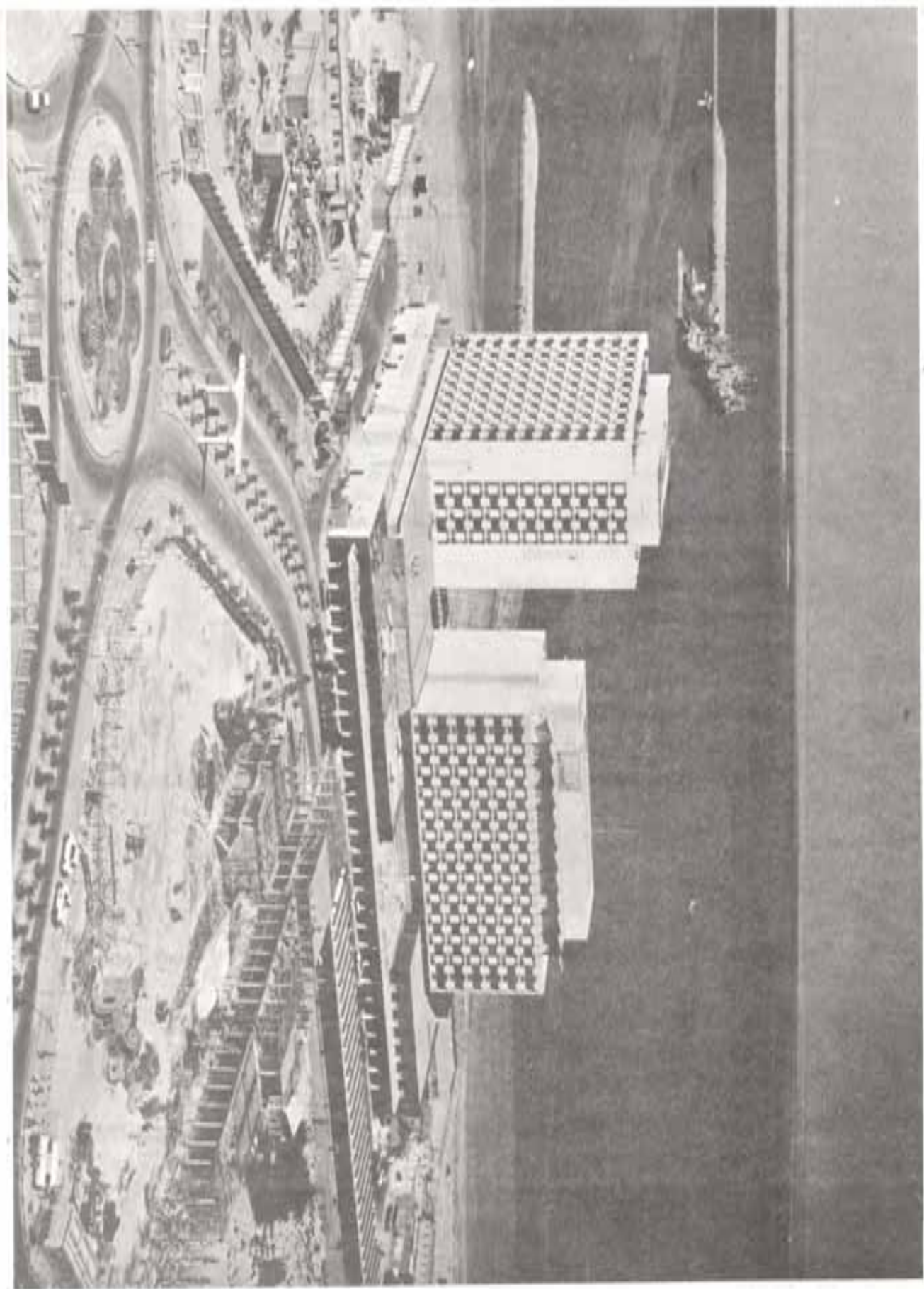
PAID-UP-CAPITAL	...	...	...	...	...	...	...	...	...	...	Q. R.	28,000,000
RESERVE FUND	...	...	...	...	...	...	...	...	...	...	Q. R.	84,725,403

BOARD OF DIRECTORS

His Excellency Sheikh Abdul Aziz Bin Khalifa Al-Thani	Chairman
Es-Sayyed Ahmad M. Suwaidi	Member
Es-Sayyed Abdullah Abdulghani	"
Es-Sayyed Yousuf Jasem Darweesh	"
Es-Sayyed Ahmad Mannai	"
Es-Sayyed Mohammad I. Jaidah	"
Es-Sayyed Marzook Shamlan	"
Es-Sayyed Haidar S. Lari	"
Es-Sayyed Abdulkadir Qadi	Executive Director

Mr. A. A. Norrie, O. B. E., A. S. D. K., A. I. B. (Scot)	General Manager
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AUDITORS
MESSRS SABA & COMPANY



Gulf Hotel - Doha

QATAR NATIONAL BANK, S. A. Q.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

For the Year ended 31st December, 1975

The Directors have pleasure in presenting the Balance Sheet of the Bank at 31st December 1975 together with the Profit and Loss Account for the year ended at that date.

The Profit, after providing for all contingencies and making transfers to the credit of inner reserves, amounts to Q. R. 35,118,938

To this must be added the undistributed profit brought forward from the previous year Q. R. 97,122
Leaving a balance available for distribution of Q. R. 35,216,060

This balance has been allocated as follows :

Dividend payable to Shareholders at 15%	Q. R.	4,200,000	
Transfer to Statutory Reserve	Q. R.	7,023,788	
Transfer to Special Reserve	Q. R.	<u>23,900,000</u>	Q. R. <u>35,123,788</u>

Leaving a balance to be carried forward to next year of Q. R. 92,272

The above appropriations have been incorporated in the accounts

BALANCE SHEET : Despite the difficult world economic situation and tight international money market environment which obtained throughout 1975, our Bank experienced its most successful year since its inauguration eleven years ago. The exceptional growth in our balance sheet figures is borne out by the substantial increases achieved under all headings.

The combined balance sheet total as at 31st December 1975 amounted to Q. R. 2,487,536,113 as against Q. R. 1,414,468,290 for 1974, while total Assets, excluding contra accounts, amounted to Q. R. 1,100,855,025 compared with Q. R. 612,062,064 a year ago.

After making transfers and provisions, including allowance made for exchange fluctuations, the Bank's profit was Q. R. 35,118,938 compared with Q. R. 26,508,076 for 1974, an increase of 32.48%. The Dividend of 15% is maintained, but on the increased Capital, it amounts to Q.R. 4,200,000 as compared with Q. R. 2,100,000 for 1974, which results from our having doubled our Capital last year by the issue to shareholders of one free share for every share held.

RESERVES : Our Bank continues its cautious policy of building up its Reserves and the figure for Published Reserves now totals Q. R. 84,725,403 while Inner Reserves have also been substantially increased. Our financial position thus remains exceedingly strong.

FOREIGN TRADE IMPORTS : Imports for 1975 amounted to approximately, Q. R. 1609 million, an increase of some Q. R. 540 million over the figure for the same period last year. Countries among Qatar's leading suppliers include Japan, United Kingdom, U. S. A., Lebanon and Germany, and the principal items imported consisted of manufactured goods, foodstuffs, plant machinery, construction materials, cement, and automobiles.

EXPORTS

- : Crude oil continues to be the main export from Qatar and the total amount exported during 1975 is expected to be in the region of 20 million tons, most of which went to Europe and the U.S.A. Negotiations in connection with Government's intention to take over the whole of Qatar's oil industry still continue and are expected to be concluded at an early date.

With the completion of the new Natural Liquid Gas Plant at Umm Said early in the year, exports of natural gas have commenced which will considerably add to the State's income. The Qatar Fertiliser Company have experienced another successful year and exports of both ammonia and urea have been well maintained, so much so that plans are in hand to double the plant's capacity.

Shrimp exports by the Qatar National Fishing Company continue to play a prominent part in Qatar's exports.

- BUDGET 1976/77** : The budget for 1976/77 is yet again the largest in the State's history, and clearly establishes the Government's commitment towards strengthening the national economy and achieving prosperity. Income is estimated at QR. 8,200 million, an increase of QR. 300 million over the 1975/76 estimates.

Expenditure is estimated at QR. 5,786 million and covers various aspects of the economy.

Industry is to receive QR. 1,495 million compared with QR. 305 million in 1975 and covers the following :-

- Iron & Steel Project** : Production is expected to start in the second half of 1977 and aims at producing 400,000 tons of steel reinforcing bars in the first stage.

- Petro-chemical Project:** Production is expected to start by the beginning of 1979 and the aim is to produce 300,000 tons of ethylene.

N. G. L. Plant : A company, the Qatar Gas Co., has been formed to carry out this project. Work has commenced and active production will begin in 1978, when it is expected to produce 900 tons per day Propane and 900 tons per day Fuel.

Cement Factory Extension : Production capacity of the factory is expected to be doubled by 1978.

Qatar Fertiliser Co. : This project aims at doubling the capacity of the factory from 900 tons per day to 1800 tons per day for ammonia and from 1000 tons per day to 2000 tons per day for urea. Work has started and it is expected production will start later in 1978.

In addition to these projects other projects for light industries are under study, such as plastic products, paints, cleansing materials, paper and tanning. Large amounts have also been provided for Public Services, including electricity, water and housing, and Economic Services covering roads, ports, power stations, pipe-lines etc.

Allocations have also been made for civil aviation allowing for the extension of the existing Doha Airport and for the commencement of work on a new International Airport, while projects in the fields of Education and Health have also been provided for.

INVESTMENTS : During the year, the Bank increased its holding in Compagnie Arab International d'Investissement, Luxembourg, while we also participated in the Capital of a new Tunisian bank, the Lilbank. These investments appear in the Balance Sheet under Investments of Q. R. 5,296,619.18

BANK PREMISES : During the year under review, new branches of the Bank were established in Airport Road, Doha and at The Gulf Hotel. Construction of our new Head Office building in Doha also commenced and it is hoped that it will be ready for occupation by the end of 1976.

The move to our new building will greatly strengthen our total organisational system and facilitate our overseas business transactions.

New modern branch buildings at Al-Khor and Ruwais are in course of erection and plans are in existence for further branch expansion, both in Doha and else-where throughout Qatar. At the present time of writing, the Bank functions at five offices in Doha and two outside, at Umm Said and Al-Khor.

We are also pleased to announce that first class premises have been obtained by the Bank in London, and it is hoped to open a fully operative branch of the Qatar National Bank at an early date in what is generally accepted as the financial centre of the world.

STAFF

- : The year under review has been one of the most intensive and at the same time, most productive in the short history of the Qatar National Bank and has presented a challenge to our officers and employees, all of whom have earned the gratitude of our shareholders, directors, and management. The great increase in our business, together with the difficulty experienced in the recruitment of suitable staff, has necessitated our staff having to work long hours after the close of business each day and for their untiring efforts, thanks are due.

GENERAL

- : The most significant and encouraging aspect of 1975 was that, despite our banking operations having to be conducted against an international back-ground of political and economic uncertainties, new records were achieved.

Our correspondent relationship with overseas banks has steadily increased and we now have relations with some 150 banks throughout the world, which greatly facilitates our foreign exchange transactions and helps to promote our international business.

Qatar's main income is derived from the sale of oil, the price of which was formerly calculated in U. S. Dollars. In March of 1975, however, the Qatari Riyal became pegged to the S. D. R. (Special Drawing Rights) instead of the U. S. Dollar which in effect resulted in a revaluation of the Riyal. Another slight revaluation took place in September.

Despite our large holding of foreign currencies, however, we are pleased to record that no severe losses were incurred by us, as a result of our taking timely action to protect our exchange position.

During the past two years, there has been a noticeable and profound shift in world creditor and debtor positions and whereas those of the industrialised countries formerly dominated, those of the oil producing countries, of which Qatar is one, are now in the ascendancy.

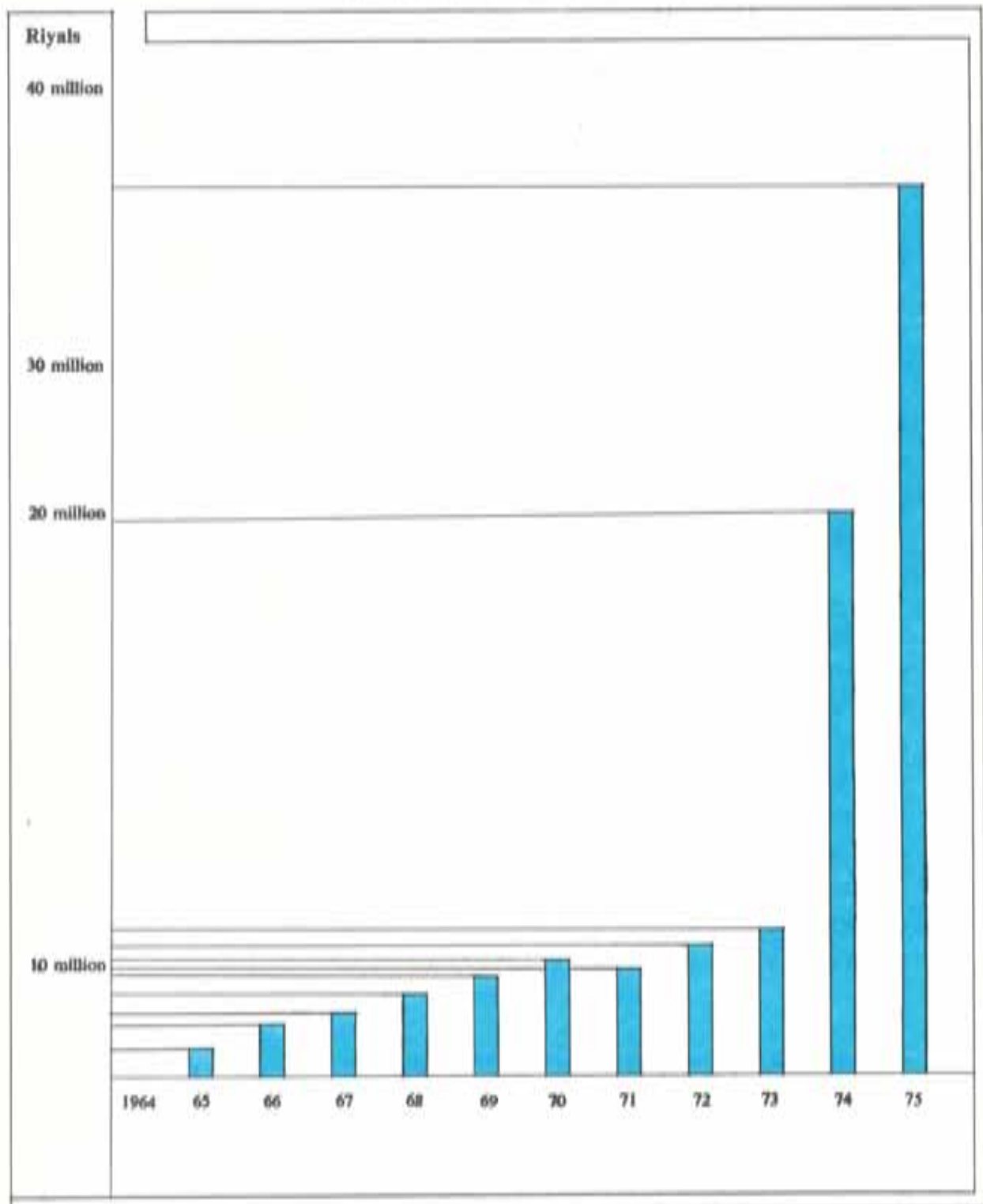
Nevertheless, Qatar has not remained free from world inflation and domestic prices have risen considerably as a result of the rapid increase in prices of raw materials and commodities which have to be imported into the Country. With the general up-turn in economic and industrial activity, foreign interest in Qatar has greatly increased, which, in turn, has led to an increase in the number of foreign experts involved in local projects. As a result, the building industry has been greatly stimulated, both regarding the construction of office buildings and houses and flats, but a chronic shortage still prevails, resulting in the present high cost of rented accommodation.

With regard to the future, we take a cautiously optimistic view for business prospects over the coming year and whereas the exceptional growth in our turnover and profits cannot be expected to be maintained, nevertheless we can expect to share in the

continued development and economic expansion of Qatar. In this regard, our Bank will continue to spare no effort in fulfilling its national duties and in playing a role of primary importance in the economic sector.

In conclusion, the Board wish to express their grateful thanks to the Emir, H. H. Sheikh Khalifa Bin Hamad Al-Thani for his continued support and interest. Under his dynamic leadership rapid progress has been made, and continues to be made, in the fields of social and economic development.

Graph Showing increase in Profits since the commencement of Qatar National Bank



QATAR NATIONAL BANK

S. A. Q.

DOHA - QATAR

BALANCE SHEET

as at 31st December 1975

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STATEMENT OF PROFIT & LOSS

for the year ending 31st December

1975

together with

THE AUDITOR'S REPORT

THE AUDITORS' REPORT

The Shareholders,
Qatar National Bank, S. A. Q.,
Doha — Qatar.

We have examined the Balance Sheet of Qatar National Bank, S.A.Q., Doha - Qatar as at 31st December 1975 and the related Profit and Loss and Appropriation Statements for the year then ended. Our examination was made in accordance with generally auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, and we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our examination.

In our opinion, the accompanying Balance Sheet and Profit and Loss and Appropriation Statements present fairly the financial position of Qatar National Bank, S. A. Q., Doha - Qatar, at 31st December 1975 and the results of its operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a consistent basis, giving all the information required by Law and the Bank's bye-laws. We are also of the opinion that proper books of account were kept by the Bank, that the stocktaking was carried out in accordance with recognized principles and that the information given in the Board of Directors' Report in so far as they are related to accounts are in agreement with the books. To the best of our knowledge and belief, and according to the information given to us, no contraventions of the Laws or the Bank's bye-laws were committed during the financial year in such a way so as to affect materially the Bank's activities or its financial position.

Doha — Qatar,
2nd February, 1976.

SABA & Co.
Associated Accountants

QATAR NATIONAL

DOHA

BALANCE SHEET AS AT

A S S E T S

	1975 Q. Riyal	1974 Q. Riyal
Cash and due from Banks (Note 1)	816,548,641	436,965,808
Advances and bills discounted (After deducting provision for bad and doubtful debts)	266,340,606	167,603,043
Interest receivable and prepaid expenses	3,410,129	5,618,774
TOTAL	1,086,299,376	610,187,625
Unquoted investments (At cost)	5,296,618	790,300
Fixed assets (At cost) net of Depreciation	9,259,031	1,084,139
Customers liability on guarantees and credits (per contra)	1,386,681,088	802,406,226
TOTAL ASSETS	2,487,536,113	1,414,468,290

THE NOTES ON PAGE 21 CONSTITUTE AN INTEGRAL PART

A. A. NORRIE
General Manager

BANK, S. A. Q.
QATAR

31st DECEMBER 1975

LIABILITIES AND SHAREHOLDERS' EQUITY

	1975	1974
	Q. Riyal	Q. Riyal
Current, savings, time and Fixed deposits and other accounts (including contingency accounts) (Note 2)	981,503,861	526,118,503
Dividend payable	4,200,000	2,100,000
Provisions and accrued expenses	2,333,489	1,944,824
Total Current Liabilities	988,037,350	530,163,327
Shareholders' Equity :		
Authorized and paid-up capital (280,000 ordinary nominal shares of QR. 100 each)	28,000,000	14,000,000
Increase of capital from Reserves		14,000,000
Statutory reserve	19,325,403	12,301,615
Special reserve	65,400,000	41,500,000
Accumulated profits	92,272	97,122
Total Shareholders' Equity	112,817,675	81,898,737
Guarantees and credits (per contra) (Note 6)	1,386,681,088	802,406,226
TOTAL LIABILITIES AND SHARE-HOLDERS' EQUITY	2,487,536,113	1,414,468,290

OF THIS STATEMENT AND MUST BE READ HEREWITH.

ABDUL AZIZ BEN KHALIFA AL-THANI
Chairman, Board of Directors.

QATAR NATIONAL BANK

S. A. Q.
DOHA - QATAR

Consolidated Statement of Profit and Loss for the Year Ended 31st December 1975

	1975 Q. Riyal	1974 Q. Riyal
Income : Interest earned and other income	102,262,202	82,597,934
Expenditure : Interest paid, salaries, rent and other expenses	67,143,264	56,089,858
Profit for the Year	35,118,938	26,508,076

Appropriation Statement for the year ended 31st Dec, 1975

	1975 Q. Riyal	1974 Q. Riyal
Balance 1st January, 1975	97,122	140,661
Add : Net Profit for the year	35,118,938	26,508,076
TOTAL PROFIT	35,216,060	26,648,737
Less : Transfer to special reserve	23,900,000	5,150,000
Transfer to statutory reserve	7,023,788	5,301,615
Transfer to capital from reserves	—	14,000,000
Proposed dividend	4,200,000	2,100,000
	92,272	97,122

A. A. NORRIE
General Manager

ABDUL AZIZ BEN KHALIFA AL-THANI
Chairman Board of Directors

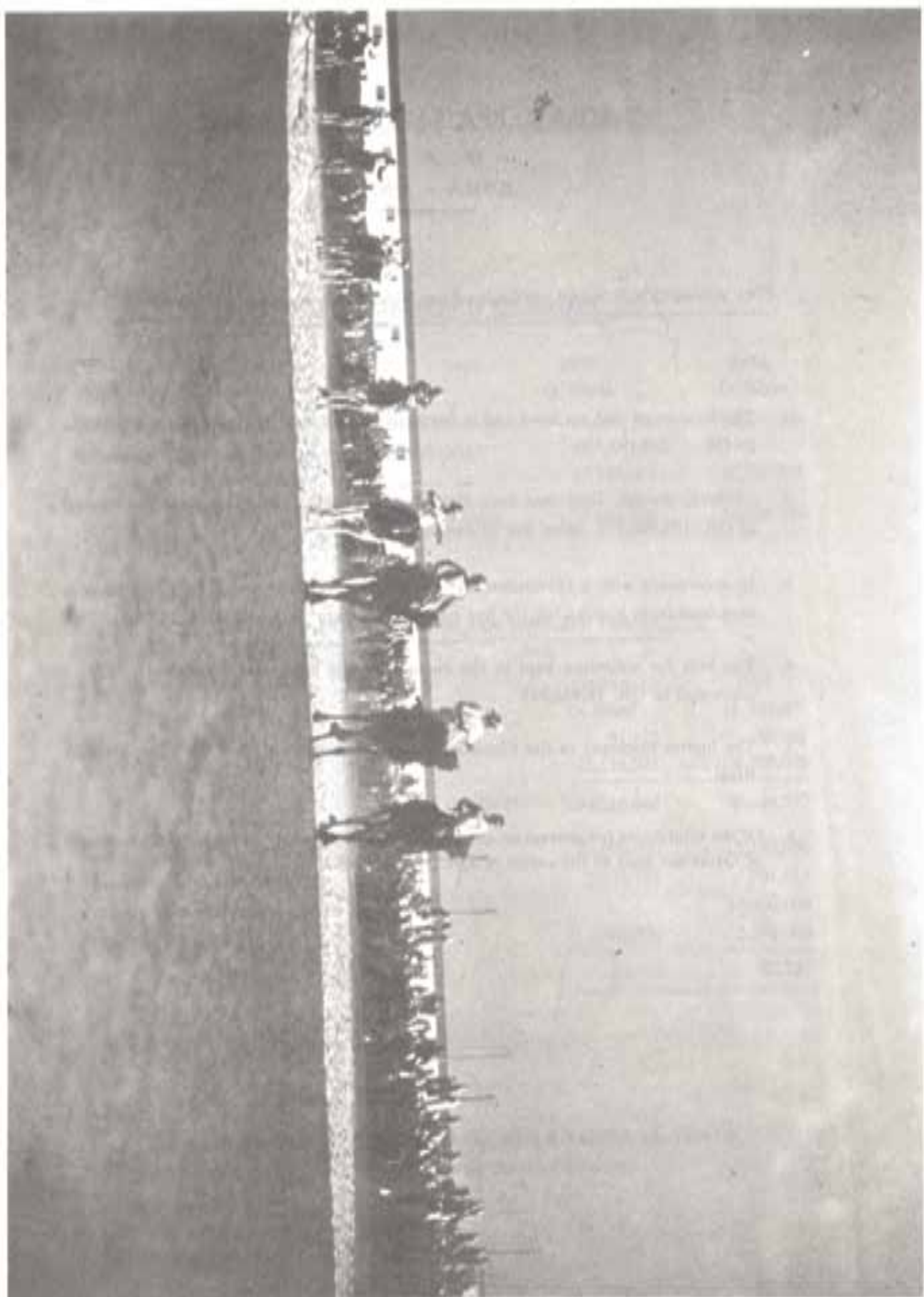
QATAR NATIONAL BANK

S. A. Q.

DOHA - QATAR

NOTES TO FINANCIAL STATEMENTS

1. The balance of cash on hand and in banks includes fixed deposits at banks amounting to QR. 203,193,750.
2. Current, savings, time and fixed deposits and sundry accounts include the amount of QR. 109,586,755 being due to banks on demand.
3. In accordance with a Governmental Decree issued on August 28, 1971, the Bank is exempted from income tax for five consecutive years starting March 24, 1971.
4. The bills for collection kept in the custody of the bank at December 31, 1975, amounted to QR. 18,935,895.
5. The figures disclosed in the Financial Statements are rounded to the nearest Qatar Riyal.
6. Of the total figure for guarantees and credits, counter-guarantees from the Government of Qatar are held to the extent of QR. 1,148,299,649.



Camel Racing at Doha Race - Course