

Quincy National Bank

S.A.Q.



Annual Report
1988

QATAR NATIONAL BANK (S.A.Q.)

Established 1965

Twenty Fourth Annual Report of the Board of Directors
and Financial Statements
for the year ended December 31, 1988



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QATAR NATIONAL BANK

Head Office & Branches

Head Office

P.O. BOX 1002, DOHA
Telegraphic Address Qatarbank
Telex 4064/4212/4357/ Qatbnk Dh
Dealing Room 4635 Qbkfex Dh
Telephone Number 413511 (16 Lines)
Dealing Room 413790, 430324, 430325

Qatar Branches

Doha Branches

Main Branch

P.O. Box 1000, Doha
Telegraphic Address: Qatarbank
Telex: 4212 Qatbnk Dh
Fax: 413753
Telephone Number: 413511 (16 Lines)
Dealing Room: 413790, 430324, 430325

Mushaireb

P.O. Box 1818, Doha
Telex: 4845 Qatbnk Dh
Telephone Number: 423643, 423464
424077, 424122

Airport Road

P.O.Box 3252, Doha
Telegraphic Address: Qatarbank
Telephone Number: 328125, 328868
328869, 435274

Al Sadd

P.O.Box 9366, Doha
Telex: 5080 Qatbnk Dh
Telephone Number: 420424, 420425
420450, 441822

Doha Airport Office

Telephone Number: 425500

Gulf Hotel Office

Telephone Number: 328606

Sheraton Hotel Office

Telephone Number: 831104

Qatar University Office/Male

Telephone Number: 892619, 892633

Qatar University Office/Female

Telephone Number: 892586

Hamad General Hospital Office

Telephone Number: 421517, 421917

Airforce Base Office

Telephone Number: 426724

Other Locations

Umm Said

P.O. Box 10050, Umm Said
Telephone Number: 771529, 771791

Al Khor

P.O. Box 20030, Al Khor
Telephone Number: 720127, 721585

Al Shamal

P.O.Box 130222, Al Shamal
Telephone Number: 731246

Foreign Branches

London-City

135-141 Cannon Street
London EC4N 5AH
Telegraphic Address: Qatarbank, London
Telex: 889201 Qatbnk G
Fax: 283-1635
Telephone Number: 283-3911
Dealing Room:
Telephone Number: 283-3732

West End

36 Curzon Street
London W1Y 7AF
Telex: 298698 Qnbcur G
Telephone Number: 493-7411

Paris

17 Avenue Malignon
75008 Paris
Telegraphic Address: Qatarbank, Paris
Telex: 641344 Qatarbk
Fax: 4289-1858
Telephone Number: 4359-5812

Dealing Room:

Telephone Number: 2436-4225



QATAR NATIONAL BANK



H.H. Sheikh Khalifa Bin Hamad Al Thani
The Emir of Qatar



QATAR NATIONAL BANK



H.H. Sheikh Hamad Bin Khalifa Al Thani
The Heir Apparent



QATAR NATIONAL BANK



H.E. Sheikh Abdul Aziz Bin Khalifa Al Thani
Minister of Finance and Petroleum



Chairman's Statement

It gives me great pleasure to present to you the Twenty Fourth Annual Report and the results of your Bank for the year ended December 31, 1988.

Domestically 1988 was a year of rationalization of public finance, whereby The State has carried out a consolidation process to put the economy on a more sustainable growth without undermining general performance. In general the economic situation was relatively stable. Internationally, the major Western economies enjoyed healthy growth rates, although interest rates have been moving up lately. Oil prices were relatively stable by the year end.

During the year, Qatar National Bank has enjoyed another outstanding year. Profits rose by 5% to QR. 201.1 million in 1988 from QR. 191.4 million in 1987. Total expenses decreased, and the return on average assets and return on average Shareholder's equity were 1.8% and 20% respectively. Total assets in 1988 reached QR. 10,809 million compared with QR. 11,080 million in 1987, a decrease of 2.4%. The decrease is due to netting out certain deposits with overdraft accounts and the sale of some sovereign loans.

The Bank continued to enhance its position as the premier bank in Qatar. New organization structure was established and new systems and procedures were developed. Considerable attention was also paid to marketing, treasury activities and computerization. The bank also diversified its source of income by participating in syndications (e.g. North Field Gas Project) and by introducing new private banking products.

As the leading Bank in the Country, Qatar National Bank continues to provide the largest and most comprehensive banking network throughout Qatar. In 1989, we plan to open more branches and to introduce new services.

It is noteworthy to state here that, since my last report, six new directors have been appointed to the Board of Qatar National Bank. There have also been some senior management appointments.

I would like to express here our deep gratitude and sincere thanks to the Emir, His Highness Sheikh Khalifa Bin Hamad Al Thani and to the Heir Apparent, His Highness Sheikh Hamad Bin Khalifa Al Thani for their continued support.

I would like also to thank the members of the Board of Directors for their efforts and the Bank's management and staff for carrying out their duties efficiently.

Abdul Aziz Bin Khalifa Al Thani
Chairman
Board of Directors



Board of Directors

Chairman

His Excellency Sheikh Abdul Aziz Bin Khalifa Al Thani
Minister of Finance & Petroleum

Members

Mr. Saleh Abo Dawood Al Muhanadi

Mr. Nasser Al Hajri

Mr. Dr. Jaber Al Marri

Mr. Yousef Kamal

Mr. Yousef Qassem Darwish

Mr. Ahmed Al Mannai

Mr. Mohamed Marzouq Al Shamian

Mr. Abdul Aziz Salat

Mr. Haider Suleiman Haider

General Manager

Mr. Abdulla Khalid Al-Attiya



Report of the Board of Directors

The Board of Directors presents the Annual Report of the Bank for the year ended December 31, 1988. This report includes the Statement of Income and Retained Earnings, the Balance Sheet and the Changes in Financial Position and Changes in Shareholders' Equity.

1988 was a year in which the economy tended to adjust itself to an acceptable equilibrium and the situation was more or less stable. As to the Bank, it was a year in which the changes in the operating systems provided the infrastructure on which to build future businesses.

The profit for 1988 was QR. 201.1 million and as a result of that, the Board recommends a dividend of 25% to the shareholders. In the meantime, QR. 170 million from 1988 profits and the previous year's retained earning were transferred to general reserves.

It is noteworthy to state that, since our last report, we have appointed Peat Marwick Mitchell & Co. as our new external auditors.

The Board of Directors welcomes this opportunity to extend its sincere gratitude and appreciation to the Emir, His Highness Sheikh Khalifa Bin Hamad Al Thani, and to the Heir Apparent, His Highness Sheikh Hamad Bin Khalifa Al Thani for their continued support.

We also would like to express our thanks to the management and the staff of the Bank for their efforts.

Board of Directors



QATAR NATIONAL BANK



Qatar National Bank & Ministry of Finance & Petroleum



Computer Operation Room in Qatar National Bank



QATAR NATIONAL BANK

Balance Sheet

as at 31st December 1988

ASSETS	Note	1988	1987
		QR'000	QR'000
Cash and due from banks	3	5,607,217	5,227,475
Trading securities		40,197	63,577
Loans, advances and overdrafts	4	4,912,682	5,551,160
Accrued interest and other assets	5	158,614	137,649
Investment securities	6	62,114	72,306
Fixed assets	7	28,247	28,152
TOTAL ASSETS		10,809,071	11,080,319
LIABILITIES			
Customer accounts and provisions for contingencies		7,796,040	7,939,350
Due to banks		1,678,813	1,763,544
Proposed dividend		31,500	25,200
Accrued interest and other liabilities	8	214,418	433,572
TOTAL LIABILITIES		9,720,771	10,161,666
SHAREHOLDERS' EQUITY			
Share capital	9	126,000	126,000
Statutory reserve	10	126,000	126,000
General reserve	11	830,000	660,000
Retained earnings		6,300	6,653
Total Shareholders' Equity		1,088,300	918,653
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,809,071	11,080,319

The notes on pages 14 to 18 form part of these financial statements.

These financial statements were approved by the Board of Directors on 26th March 1989.

ABDULLA KHALID AL-ATTIYA
General Manager

ABDUL AZIZ BIN KHALIFA AL THANI
Chairman,
Board of Directors



QATAR NATIONAL BANK

Statement of Income, Expenses and Appropriation

for the year ended 31st December 1988

INCOME	Note	1988	1987
		QR'000	QR'000
Interest earned		875,884	850,964
Interest expense		627,464	611,425
Net interest income		248,420	239,539
Other income	13	67,734	70,943
Net Interest and other income		316,154	310,482
OTHER OPERATING EXPENSES			
General and administration expenses	14	112,254	116,757
Depreciation		2,753	2,283
		115,007	119,040
Net income		201,147	191,442
Retained earnings brought forward		6,653	10,411
Available for appropriation		207,800	201,853
APPROPRIATION			
Proposed dividend		31,500	25,200
Transfer to general reserve		170,000	170,000
Retained earnings		6,300	6,653
		207,800	201,853

The notes on pages 14 to 18 form part of these financial statements.



QATAR NATIONAL BANK

Statement of Changes in Financial Position

for the year ended 31st December 1988

SOURCE OF FUNDS	1988	1987
	QR'000	QR'000
Net income	201,147	191,442
Items not involving the movement of funds:		
Depreciation	2,753	2,283
Provision for loan losses	29,296	49,400
Funds generated from operations	233,196	243,125
APPLICATION OF FUNDS		
Dividends paid	25,200	25,200
Net increase in banking assets	207,996	217,925
	233,196	243,125
INCREASE/(DECREASE) IN NET BANKING ASSETS		
Cash and due from banks	379,742	1,369,521
Trading and investment securities	(33,572)	40,648
Loans, advances and overdrafts	(638,478)	623,878
Fixed and other assets	21,060	45,257
	(271,248)	2,079,304
Customer accounts and provisions	143,310	(1,273,069)
Due to banks	84,731	(574,237)
Accrued interest and other liabilities	251,203	(14,073)
	207,996	217,925

The notes on pages 14 to 18 form part of these financial statements.



QATAR NATIONAL BANK

Notes to the Financial Statements

for the year ended 31st December 1988

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Qatar National Bank - S.A.Q ("the Bank") was incorporated in Qatar as a share company under Amiri Decree no. 7 issued in 1964 and is engaged in commercial banking activities. The Bank operates through its branches in Qatar, United Kingdom and France.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting and reporting policies of the bank conform with generally accepted accounting practice within the banking industry.

(a) Accounting convention

The financial statements are prepared under the historical cost accounting rules.

(b) Income and expenses

Income and expenses are generally recognised on an accrual basis.

(c) Provision for loan losses

The determination of the specific element of the provision for possible loan losses is based on a detailed appraisal of the loan portfolio and is considered adequate to provide for identified potential loan losses.

In addition, a non specific provision is also made to cover risks which, although not specifically identified, are inherent in the portfolio of advances. In the opinion of Management, this provision is considered adequate to also cover any potential loss that may arise as a result of unforeseen circumstances. This non-specific provision is included in "Customer accounts and provisions for contingencies".

(d) Foreign currencies

Assets and liabilities in foreign currencies are translated into Qatar Riyals at rates of exchange ruling at the balance sheet date and the resulting gains and losses are included in the determination of income for the year.

Forward exchange contracts outstanding at the year end date are valued at spot rates of exchange at the year end date and the resulting profit or losses are included in the determination of income for the year.



QATAR NATIONAL BANK

Notes to the Financial Statements

for the year ended 31st December 1988

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Depreciation

Fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

	Years
Land	not applicable
Buildings	25
Furniture and equipment	4 to 7
Motor vehicles	4

(f) Securities

Trading securities are valued at the market rate at the year end date; the arising gains and losses are included in "Other Income". Investment securities are stated at cost less any provision which, in the opinion of the Management, is necessary to recognise any impairment, other than temporary, to the value of these securities. Investment in the equity of an associate company is accounted for using the equity method.

(g) Termination benefits

The Bank makes a provision for all leaving indemnities payable to employees in accordance with the Bank's regulations and calculated on the basis of the individual's period of service at the year end date. The bank's regulations provide for an amount greater than the minimum required by the Qatar Labour Law. The provision is included in "Accrued interest and other liabilities".

3. CASH AND DUE FROM BANKS

This item includes an interest free statutory reserve deposit with the Qatar Monetary Agency of QR. 132,415,000 (1987: QR. 159,824,000)

4. LOANS, ADVANCES AND OVERDRAFTS

Loans, advances and overdrafts are stated net of the specific provision referred to in note 2(c) above.



QATAR NATIONAL BANK

Notes to the Financial Statements

for the year ended 31st December 1988

5. ACCRUED INTEREST AND OTHER ASSETS	1988	1987
	QR'000	QR'000
Accrued interest receivable	108,308	87,270
Bullion accounts with banks	25,242	26,605
Prepayments and other accounts	17,143	23,774
Properties acquired during the year*	7,921	—
	<u>158,614</u>	<u>137,649</u>

* These represent acquisitions made during the year in settlement of debts and stated at Management's valuation on a fair market basis.

6. INVESTMENT SECURITIES	1988	1987
	QR'000	QR'000
Marketable securities	19,023	42,038
Equities	43,091	30,268
	<u>62,114</u>	<u>72,306</u>

Investment in equities includes an amount of QR. 9,824,366 (1987: QR. 11,282,645) invested in Gulf and Occidental Investment Company S.A., a company incorporated in Geneva in which the Bank holds one third of the paid up shares and is represented on its Board of Directors. The principal activity of the Company is to manage investment portfolios for institutional and private clients.

7. FIXED ASSETS	Land	Buildings	Furn. & Eqpt.	M/Vehicle	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Cost	20,881	35,209	18,249	952	75,291
Accum depreciation	—	33,751	12,899	394	47,044
Net Book Value					
31 December 1988	<u>20,881</u>	<u>1,458</u>	<u>5,350</u>	<u>558</u>	<u>28,247</u>
Net Book Value					
31 December 1987	<u>20,881</u>	<u>1,231</u>	<u>5,802</u>	<u>238</u>	<u>28,152</u>



QATAR NATIONAL BANK

Notes to the Financial Statements

for the year ended 31st December 1988

8. ACCURED INTEREST AND OTHER LIABILITIES

	1988	1987
	<u>QR'000</u>	<u>QR'000</u>
Accrued interest payable	68,036	45,012
Customers' bullion accounts	25,242	26,605
Other liabilities and provisions	121,140	361,955
	<u>214,418</u>	<u>445,899</u>

9. SHARE CAPITAL

	1988	1987
	<u>QR'000</u>	<u>QR'000</u>
Issued and paid up: 1,260,000 ordinary shares of QR. 100 each (including 1,120,000 shares issued as bonus shares)	<u>126,000</u>	<u>126,000</u>

The Government of Qatar holds 50% of the ordinary shares of the Bank with the other 50% held by the public.

10. STATUTORY RESERVE

	1988	1987
	<u>QR'000</u>	<u>QR'000</u>
Balance	<u>126,000</u>	<u>126,000</u>

In accordance with the Qatar Monetary Agency requirements, a non distributable statutory reserve has been created in an amount equal to the share capital.

11. GENERAL RESERVE

	1988	1987
	<u>QR'000</u>	<u>QR'000</u>
Balance at 1st January	660,000	490,000
Transferred during the year	170,000	170,000
	<u>830,000</u>	<u>660,000</u>



QATAR NATIONAL BANK

Notes to the Financial Statements

for the year ended 31st December 1988

12. CONTRA ACCOUNTS, COMMITMENTS AND CONTINGENTS

	1988	1987
	QR'000	QR'000
Letters of credit	745,491	1,357,611
Guarantees and acceptances	766,070	699,438
Other items	21,972	15,091
	<u>1,533,533</u>	<u>2,072,140</u>

In addition to the above, the Bank had commitments in the normal course of business under forward contracts at the balance sheet date as follows:

	1988	1987
	QR'000	QR'000
Forward purchase of foreign currencies and bullion	664,102	1,939,915
Forward sales of foreign currencies and bullion	664,384	1,972,509

13. OTHER INCOME

	1988	1987
	QR'000	QR'000
Foreign exchange profit	30,472	36,447
Commission	23,189	17,117
Investment income	9,325	4,867
Other income	4,748	12,512
	<u>67,734</u>	<u>70,943</u>

14. GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses include QR. 500,000 (1987: QR. 290,000) as remuneration for the Board of Directors.

15. COMPARATIVE FIGURES

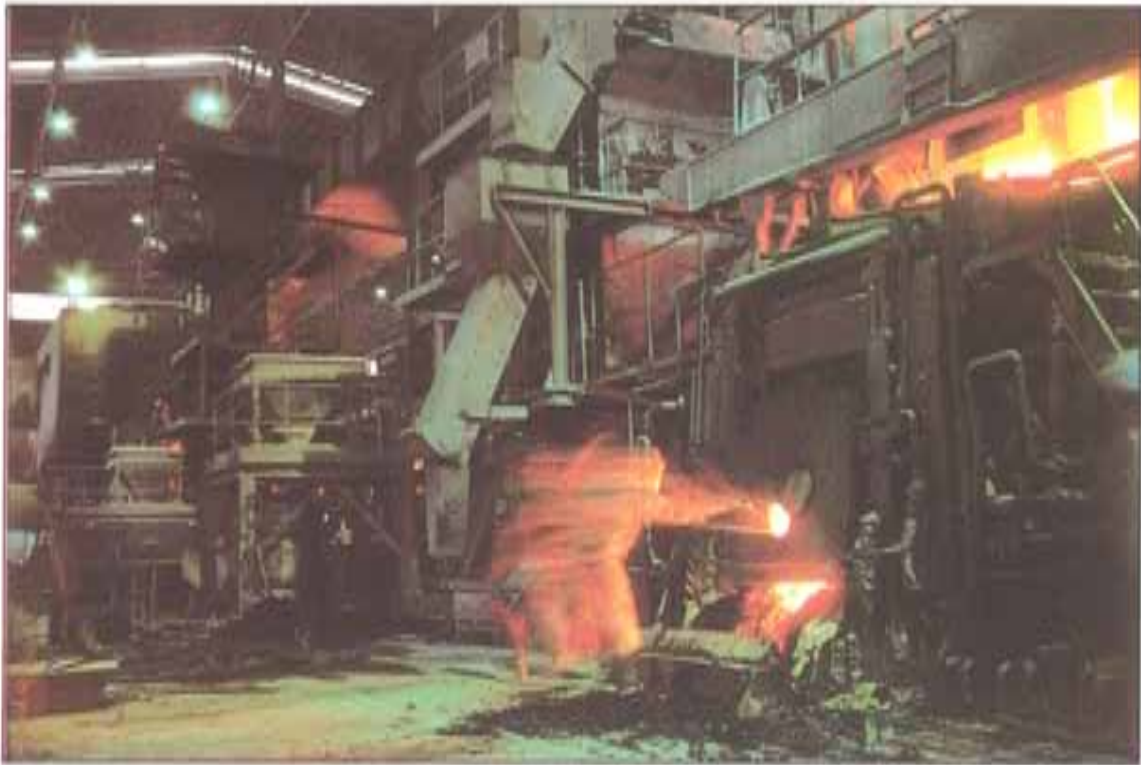
Certain comparative figures have been reclassified to conform with the presentation adopted in these financial statements. Such reclassification has not affected net assets, net equity or net profit.



QATAR NATIONAL BANK



Qatar Sports Club - Suhaim Bin Hamad Stadium



Qatar Steel Factory in Umm Said



The Auditors' Report

The Shareholders
Qatar National Bank S.A.Q
Doha - Qatar

We have audited the Balance Sheet of Qatar National Bank - S.A.Q at 31st December 1988 and the related Statement of Income, Expenses and Appropriation and the Statement of Changes in Financial Position, for the year then ended as set out on pages 11 to 18 in accordance with International Auditing Guidelines. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. We also confirm that the Bank has maintained proper books and records during the year.

In our opinion, the aforementioned financial statements, which have been prepared on the basis of the accounting policies set out on pages 14 and 15, present fairly the statement of condition of the Bank at 31st December 1988 and the results of its operations and changes in financial position for the year then ended.

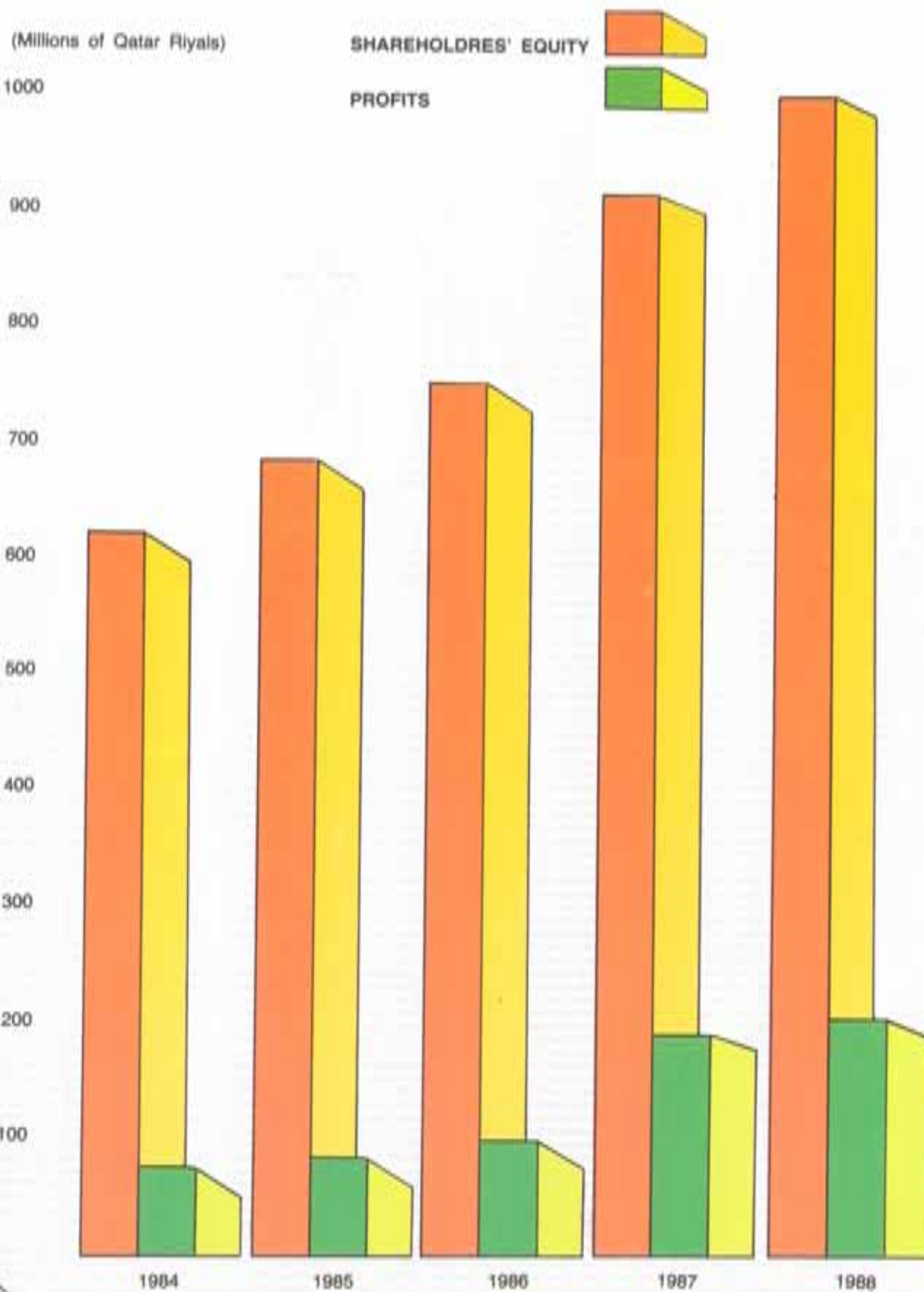
We confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Bank and that we have not become aware of any contravention by the Bank of its Articles of Association or of the Qatar Commercial Companies Law during the financial year that would materially affect its activities or its financial position.

Doha - Qatar
26th March 1989

M.J. Dajani
Peat Marwick Mitchell & Co.
Qatar Auditors Registry No. 52



Profits and Shareholders' Equity





QATAR NATIONAL BANK

