



QATAR NATIONAL BANK

ANNUAL REPORT
1984

QATAR NATIONAL BANK, S.A.Q.

Established 1965

Twentieth Annual Report of the Directors
and Financial Statements for the year
ended 31st December 1984

With the Compliments of
The Chairman and Board of Directors
of

QATAR NATIONAL BANK, S.A.Q.

DOHA-QATAR



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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 Emir Apparent



Board of Directors

Chairman

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

Members

Mr. Ahmad M. Suwaidi
Mr. Abdullah Abdulghani
Mr. Yousuf Jasem Darweesh
Mr. Ahmad Mannai
Mr. Haider S Haider
Mr. Abdulkadir Qadi

General Manager

Mr. Hamdi Alami



Head Office & Branches

Head Office

P.O. Box 1002, Doha
Telegraphic Address Qatarbank
Telex 4636 Qbkgm Dh
4635 Qbkfex Dh
Telephone Number 413511 (10 Lines)

Qatar Branches

Doha

Main Branch
P.O. Box 1000, Doha
Telegraphic Address Qatarbank
Telex 4212 Qatbnk Dh
4357 Qatbnk Dh
4064 Qatbnk Dh
Telephone Number 413511 (10 Lines)

Mushaireb

P.O. Box 1818, Doha
Telegraphic Address Qatarbank
Telex 4845 Qatbnk Dh
Telephone Number 423464, 424077,
423643

Airport Road

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

Al Sadd

P.O. Box 9366, Doha
Telegraphic Address Qatarbank
Telex 5080 Qatbnk Dh
Telephone Number 420450, 420424,
420425

Doha Airport

Telephone Number 425500

Gulf Hotel

Telephone Number 328606

Qatar University

Telephone Number 861633

Sheraton Hotel

Telephone Number 831104

Other Locations

Umm Said

P.O. Box 10050, Umm Said
Telegraphic Address, Qatarbank, Umm Said
Telephone Number 771529, 771791

Al Khor

P.O. Box 20030, Al Khor
Telegraphic Address Qatarbank, Al Khor
Telephone Number 720127

Al Shamal

P.O. Box 130222, Al Shamal
Telegraphic Address Qatarbank, Al Shamal
Telephone Number 731246

Foreign Branches

London - City

135-141 Cannon Street
London EC4N 5AH
Telegraphic Address Qatarbank, London
Telex 889201 Qatbnk G
Telephone Number 01-283 3911

West End

36 Curzon Street
London W1Y 7AF
Telex 298698 Qnbcur G
Telephone Number 01-493 7411

Paris

17 Avenue Matignon
75008 Paris
Telegraphic Address Qatarbank, Paris
Telex 641344 Qatarbk
Telephone Number 359 5812



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Telex 641344 Qatarbk
Telephone Number 359 5812



QATAR NATIONAL BANK



H.E. Sheikh Abdul Aziz Bin Khalifa Al Thani
Chairman, Board of Directors



Chairman's Statement

I am pleased to present to you the bank's Twentieth Annual Report for the year ended December 31, 1984. The Report shows that, despite difficult economic and political conditions surrounding our area, your institution was able to continue to grow and prosper.

It is pertinent here to point to the international economic circumstances and their impact on our area. Economic Growth in 1984 in the oil consuming countries of the West was along the same lines as the preceding year. Low economic growth persisted in Western Europe compared to the high growth rates attained in the U.S. and Japan. Accordingly, oil consumption in 1984 increased only moderately from its 1983 levels. The rising supply combined with relatively stable demand produced slightly lower oil prices in 1984. Lower oil prices resulted in lower revenues for the Arabian Gulf states with the consequent repercussions on their economies.

As indicated above, your bank's operations continued to grow during 1984. Total assets which were QR 6,107.2 million in 1983 rose by 12.6% to QR 6,878.8 million in 1984. Profits increased at a rate of 8.8% to QR 88.2 million in 1984 from QR 81.1 million in 1983. The regular annual dividend of 20% on paid-up capital was distributed.

The bank maintained its leading position in 1984 in providing support to the Qatari economy. Customers' deposits during the year grew by 22.5% to QR 5,102.4 million compared with QR 4,092.1 million in the previous year.

On the occasion of our celebration of the twentieth anniversary of the establishment of your institution, I want to express my deep gratitude to the Emir, His Highness Sheikh Khalifa Bin Hamad Al Thani for embracing the notion of setting-up this bank and for his personal overview of the steps needed to bring that notion into existence. May I also thank His Highness the Emir and the Heir Apparent, His Highness Sheikh Hamad Bin Khalifa Al Thani for their continued support to your bank.

I want also to extend my thanks to the members of the Board of Directors for their valuable contributions in determining the bank's policies and its success.

My thanks should also be expressed to the Bank's management and its staff for conducting their responsibilities with the required loyalty and efficiency.

Abdul Aziz Bin Khalifa Al Thani
Chairman, Board of Directors



The Board of Directors



Mr. Ahmad M. Suwaidi



Mr. Abdullah Abdulghani



Mr. Yousuf Jasem Darwesh



Mr. Ahmad Mannai



Mr. Haider S. Haider



Mr. Abdulkadir Qadi



Mr. Hamdi Alami General Manager



Report of the Board of Directors

The Board of Directors is pleased to present to you the Bank's Twentieth Annual Report including the Balance Sheet, the Profit and Loss Statement and the Statement of Changes in Financial Position for the year ended December 31, 1984.

Continued slow economic growth in Western Europe during 1984 resulted in supplies exceeding demand in the international oil markets which helped to marginally reduce prices. The Organization of the Petroleum Exporting Countries responded by lowering in October, 1984 the production ceiling for its members from 17.5 to 16.0 million barrels per day.

The decline in the demand for crude oil reduced the earnings of the oil producing countries and has reflected upon their economic activities. The State of Qatar shared in this process.

Your bank was however able to increase its total assets and profits in 1984. Whereas profits were QR 81.1 million in 1983, they rose by 8.8% to QR 88.2 million in 1984. It has therefore been decided to pay shareholders the regular annual dividend of 20% on paid-up capital.

Total assets expanded in 1984 by 12.6% to QR 6,878.8 million compared with QR 6,107.2 million in the preceding year. This growth went mainly to inter-bank deposits and balances with correspondent banks. Those deposits grew by 60.2% to QR 3,814.2 million in 1984 as against QR 2,381.4 million in 1983. Liquid assets therefore jumped to 55.4% of total assets in 1984 while they accounted for 39.0% in 1983.

Nonetheless, lower economic activity in the State affected some of the bank's balance sheet figures. Short-term credit facilities went down to QR 2,443.7 million in 1984 from QR 2,945.9 million in 1983, a decrease of 17.0%. Long-term credit declined by 27.0% to QR 415.4 million in 1984 as against QR 569.0 million in 1983.

In view of the uncertain economic picture and in order to secure the desired liquidity to meet market needs, it was decided to limit the bank's participation in the international capital markets. This resulted in reducing the bank's total participation in these markets in 1984 by 50.8% to QR 54.1 million compared with QR 109.9 million in 1983.

The liabilities side of the balance sheet portrays a considerable growth in the size of the bank's customer deposits in 1984. These rose to QR 5,012.4 million from QR 4,092.1 million in 1983, an increase of 22.5%. Banks deposits with your institution fell in 1984 by 23.2% to QR 1,047.2 million compared with QR 1,362.8 million in 1983.

Shareholders equity in 1984 went up to QR 610.2 million against QR 538.8 million in 1983, an increase of 13.3%. This places the bank in a sound financial position to meet expansion potential in Qatar and abroad.

On the occasion of the twentieth anniversary of the establishment of your institution, the Board of Directors wishes to extend to the Emir, His Highness Sheikh Khalifa Bin Hamad Al Thani who brought your bank into existence its deep gratitude and appreciation. The Board would also like to express its sincere thanks to H.H. the Emir and the Heir Apparent, His Highness Sheikh Hamad Bin Khalifa Al Thani for the support your bank receives from them which has contributed in no small part to its growth and success.

The Board wishes also to thank the bank's management and its staff for the dedication and efficiency with which they perform their duties, a matter which is reflected in the bank's performance.

The Board of Directors would like to take this opportunity to thank the bank's clients in Qatar and abroad for their confidence in your institution, which strives to provide them with the most efficient service.

Board of Directors



Financial Section

Statement of Income and Retained Earnings

Balance Sheet

Statement of Changes in Financial Position

Notes to Financial Statements



Statement of Income and Retained Earnings

for the year ended December 31, 1984

	1984	1983
INCOME:		
Interest earned, commission received, profit on exchange and other income	QR. 767,388,145	QR. 596,626,100
EXPENSES:		
Interest paid, general and administrative expenses, provisions and other expenses	679,152,067	515,552,200
Net income for the year	QR. 88,236,078	QR. 81,073,900
Retained earnings at January 1	770,726	496,826
Net income available for appropriation	QR. 89,006,804	QR. 81,570,726
Transfer to statutory reserve	QR. —	QR. 28,000,000
Proposed cash dividends	16,800,000	16,800,000
Transfer to general reserve	30,000,000	36,000,000
Total proposed appropriations	QR. 46,800,000	QR. 80,800,000
Retained earnings at December 31	QR. 42,206,804	QR. 770,726

The accompanying Notes are an integral part of this Statement.



Balance Sheet

as at December 31, 1984

ASSETS	1984	1983
Cash, current accounts and deposits with banks	QR. 3,814,212,214	QR. 2,381,402,447
Marketable securities (Net) (Note 1b)	54,079,527	109,852,461
Bills discounted	96,997,071	99,386,970
Advances (Net) and other debit balances	2,346,671,909	2,846,548,480
Interest receivable and prepaid expenses	95,265,910	47,572,069
Long-term loans (over one year)	415,359,538	568,952,795
Investments in related companies and others (Note 1c)	30,247,299	35,349,306
Property, plant and equipment (at cost net of accumulated depreciation) (Notes 1a & 4)	25,941,128	18,122,555
TOTAL ASSETS	QR. 6,878,774,596	QR. 6,107,187,083
Customers' liabilities on letters of guarantee, letters of credit, acceptances and forward currency contracts—contra	QR. 1,900,244,502	QR. 1,572,662,519

The accompanying Notes are an integral part of this Statement.

Hamdi Alami
General Manager



Balance Sheet

as at December 31, 1984

LIABILITIES AND SHAREHOLDERS' EQUITY	1984	1983
LIABILITIES:		
Current, savings, deposits and other accounts (including provision for contingencies)	QR. 5,012,395,974	QR. 4,092,050,858
Due to banks	1,047,176,624	1,362,767,109
Inter branch items in transit	9,036,691	9,228,576
Proposed cash dividends	16,800,000	16,800,000
Provisions and accrued expenses	183,158,503	87,569,814
Total liabilities	QR. 6,268,567,792	QR. 5,568,416,357
SHAREHOLDERS' EQUITY:		
Capital (840,000 common shares QR. 100 par value)	QR. 84,000,000	QR. 84,000,000
Statutory reserve	84,000,000	84,000,000
General reserve	400,000,000	370,000,000
Retained earnings	42,206,804	770,726
Shareholders' equity	QR. 610,206,804	QR. 538,770,726
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	QR. 6,878,774,596	QR. 6,107,187,083
Liabilities on letters of guarantee, letters of credit, acceptances and forward currency contracts—contra	QR. 1,900,244,502	QR. 1,572,662,519

The accompanying Notes are an integral part of this Statement.

Abdul Aziz Bin Khalifa Al Thani
Chairman, Board of Directors



Statement of Changes in Financial Position

for the year ended December 31, 1984

	1984	1983
FUNDS PROVIDED BY:		
Net income for the year	QR. 88,236,078	QR. 81,073,900
Items not requiring outlay of fund:		
Depreciation and amortization	4,434,147	5,425,640
Total provided from operations	<u>QR. 92,670,225</u>	<u>QR. 86,499,540</u>
Other sources:		
Decrease in long term loans	153,593,257	—
Decrease in investments in related companies and others	5,102,007	—
Total funds provided	<u>QR. 251,365,489</u>	<u>QR. 86,499,540</u>
FUNDS USED FOR:		
Net additions to property, plant and equipment	QR. 12,252,720	QR. 574,389
Dividends paid	16,250,250	11,082,610
Increase in investments in related companies and others	—	2,627,762
Increase in long term loans	—	83,513,443
Total funds used	<u>QR. 28,502,970</u>	<u>QR. 97,798,204</u>
NET INCREASE (DECREASE) IN WORKING CAPITAL	<u>QR. 222,862,519</u>	<u>QR. (11,298,664)</u>
ANALYSIS OF CHANGES IN WORKING CAPITAL:		
Cash, current accounts and deposits with banks	QR. 1,432,809,767	QR. 242,330,220
Marketable securities	(55,772,934)	(13,128,716)
Inter branch items in transit	191,885	(29,612,371)
Bills discounted	(2,389,899)	(13,903,120)
Advances and other debit balances	(499,876,571)	154,140,630
Interest receivable and prepaid expenses	47,693,841	(16,693,905)
Current, savings, deposits and other accounts	(919,795,366)	(30,199,098)
Due to banks	315,590,485	(297,836,155)
Provisions and accrued expenses	(95,588,689)	(6,396,149)
NET INCREASE (DECREASE) IN WORKING CAPITAL	<u>QR. 222,862,519</u>	<u>QR. (11,298,664)</u>

The accompanying Notes are an integral part of this Statement.



Notes to Financial Statements

for the year ended December 31, 1984

1. Significant Accounting Policies:

- a. Property, plant and equipment are stated at cost less accumulated depreciation computed on the straight-line method over their estimated useful lives.
- b. Investments in marketable securities are stated at the lower of aggregate cost or market.
- c. Investments in related companies are stated at equity, other investments are stated at cost.
- d. Assets and liabilities in foreign currencies at the year end are translated into Qatari Riyals at the lowest exchange rates for those currencies at that date. Gains and losses arising thereon are taken to current income.

2. The Financial Statements:

- a. The accompanying combined financial statements include all the assets, liabilities and results of operations of all the Bank branches in Qatar, United Kingdom and France.
- b. All material inter branch profits, transactions and balances are eliminated.

3. Income Tax Exemption:

The bank has been exempted from income tax in Qatar, for the five years commencing March 23, 1981 in accordance with the cabinet decision No. 2 of 1982.

4. Property, Plant and Equipment:

The cost of property, plant and equipment does not include the value of lands on which the central office and certain branches buildings are erected. Those lands were granted to the Bank by the Government of Qatar free of charge.

5. Bills for Collection:

Bills for collection amounted to QR, 43,756,630 as at December 31, 1984.

6. Comparative Financial Statements:

For comparability purposes, certain items of the financial statements for 1983 were reclassified to correspond with the presentation followed in the current year.



The Auditor's 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 December 31, 1984 and the related statement of income and retained earnings and statement of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. 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 financial statements referred to above present fairly the financial position of Qatar National Bank - S.A.Q., Doha - Qatar, as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles as adapted by banking practices in Qatar, applied on a basis consistent with that of the preceding year, and give all the information required by the Law and the Bank's Bye-Laws. We are also of the opinion that proper books of account were kept by the bank and that the stocktaking was carried out in accordance with recognised principles. To the best of our knowledge and belief, and according to the information given to us, no contraventions of the Law or the Bank's Bye-Laws were committed during the financial year which materially affect the Bank's activities or its financial position.

Doha - Qatar
March 10, 1985.

SABA & CO.
External Auditors



Profits and Shareholders' Equity

(Millions of
Qatar Riyals)
600

500

400

300

200

100



1980

1981

1982

1983

1984

SHAREHOLDERS' EQUITY

PROFITS

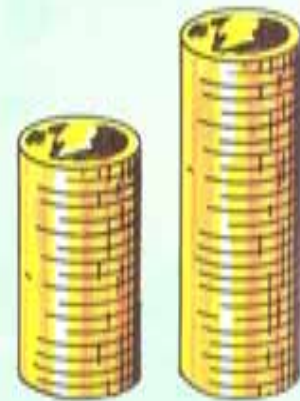


QATAR NATIONAL BANK

(Millions of Qatar Riyals)
7000



6000
5000
4000
3000
2000
1000



1980/1981 1981/1982 1982/1983 1983/1984 1984/1985

1980/1981 1981/1982

Total Assets مجمل الموجودات

Total Advar