



QATAR NATIONAL BANK

(S. A. Q.)

1980
Annual Report
and
Accounts

QATAR NATIONAL BANK, S.A.Q.

Established 1965

*Sixteenth Annual Report of the Directors
and Balance Sheet for the year ended
31st December 1980*

With the Compliments of
The Chairman and Board of Directors
of

Qatar National Bank, S.A.Q.

DOHA - QATAR



H. H. Sheikh Khalifa Bin Hamad al-Thani, Emir of the State of Qatar.



H. H. Sheikh Hamad Bin Khalifa al-Thani, Heir Apparent, Minister of Defence.



QATAR NATIONAL BANK, S.A.O.

DOHA - QATAR

BOARD OF DIRECTORS

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

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

Mr. Hamdi Alami

General Manager



QATAR NATIONAL BANK. S.A.Q.

DOHA - QATAR

HEAD OFFICE AND BRANCHES

HEAD OFFICE

P. O. Box 1002, Doha
Telegraphic Address QATARBANK
Telex 4636 QBKGM DH.
4635 QBKFEX DH.
Telephone Number 321055-64

MAIN BRANCH

P. O. Box 1000, Doha
Telegraphic Address QATARBANK
Telex 4212 QATBNK DH.
4357 QATBNK DH.
4064 QATBNK DH.
Telephone Number 321055-64

MUSHAIREB

P. O. Box 1818, Doha
Telegraphic Address QATARBANK
Telex 4845 QATBNK DH.
Telephone Number 23464

AIRPORT ROAD

P. O. Box 3252, Doha
Telegraphic Address QATARBANK
Telephone Number 328868

UMM-SAID

P. O. Box 10050, Umm Said
Telegraphic Address QATARBANK, UMM SAID
Telephone Number 771529



QATAR NATIONAL BANK. S.A.Q.

DOHA - QATAR

AL KHOR

Telegraphic Address

P. O. Box 20030, Al Khor
QATARBANK, AL KHOR

Telephone Number

720127

AL SHAMAL

Telephone Number

731246

AIRPORT

Telephone Number

25500

GULF HOTEL

Telephone Number

328606

FOREIGN BRANCHES :

LONDON - CITY

131-145 Cannon Street,
London EC4N 5AH,

Telephone Number

01-283 3911

Telex

889203 QATBNK G

- WEST END

36, Curzon Street,
London W1Y 7AF.

Telephone Number

01-493 7411

Telex

298698 QNBCUR

PARIS

17, Avenue Matignon
75008 Paris.

Telephone Number

3595812

Telex

641344 QATARBK



QATAR NATIONAL BANK, S.A.O.

DOHA - QATAR

ANNUAL REPORT

For the Year Ended 31st December 1980

CHAIRMAN'S STATEMENT :

I have pleasure in presenting to you the Annual Report for the year ended 31st December, 1980.

It is particularly pleasing to be able to report another successful year in the history of the Bank with profits up by 10%, and substantial increases in shareholders' equity, and in allocations to reserves.

I look forward with interest to the year ahead confident that the Bank is well placed to take advantage of the business opportunities that exist, and to contribute to the development and progress of the State. The Bank can confidently look to the future from a position of strength and stability.

My thanks are due to the Directors for their continued interest and support throughout the year. I would also like to record my appreciation for the hard work, loyalty, and efficiency of the entire staff of the Bank.

ABDUL AZIZ BIN KHALIFA AL-THANI

Chairman of the Board of Directors



REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting the Sixteenth Annual Report of the Bank together with the Balance Sheet and Profit and Loss account for the year ended 31st December, 1980.

It is very satisfying to report that the Bank enjoyed another successful year and at QR. 63,730,670 recorded a profit 10% higher than last year with all sectors of the Bank contributing to this increase. Statutory and General Reserves were increased by QR. 52,700,000 to QR. 291,200,000.

The share capital was strengthened to QR. 56,000,000 from QR. 42,000,000, and the total increase in shareholders' equity for the year amounted to QR. 66,530,670.

In terms of volumes the Bank's business grew more modestly than in recent years with the demand for credit on a reduced scale, and total deposits down from last year. Prepayment of certain large industrial loans contributed to the decrease in advances while a change in the pattern of trade financing saw a very substantial increase in letters of credit and letters of guarantee business which more than offset the decrease in direct lendings. The number and value of letters of credit opened during the year increased by 20% and 35% respectively.

Our lending was more than adequately funded by customer funds, and our portfolio well balanced in terms of market sectors. Special attention was focused on those industries which reflect the aims and objectives of the State and we remained very much involved in local business activity. We strengthened our participation in the industrial development of Qatar through financing of extensions to existing major projects, and encouraging of ancillary and supporting industries.

Customers' current, savings and fixed account balances reflected a satisfactory increase. But, due to narrower interest margins there was a marked decline in market operations which resulted in an overall decrease in deposits. Although on closing date actual deposit totals were lower than a year ago, the average deposit figure throughout 1980 was considerably higher than in 1979.



QATAR NATIONAL BANK, S.A.Q.

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During the year considerable emphasis was placed on reorganisation within the Bank. The management structure was improved and strengthened by the creation of a number of senior posts thereby ensuring that the Bank will maintain and improve its competitive position. Greater attention was paid to career plans for staff to ensure the best utilisation of available skills, and to provide job satisfaction. In the face of increasing competition both in domestic and overseas markets, steps were taken to widen the range of our services and to improve the quality of customer services.

To accommodate the needs of customers and staff, and to provide for the continued expansion of business, the Bank extended its activities to cover four floors of its building in Doha instead of three as before.

Foreign exchange trading reached higher volumes than ever before, and despite the erratic and volatile markets, made a growing contribution to profits. In order to provide customers with up-to-date technology a Reuter Monitoring screen was installed early in the year thereby enabling us to provide a rapid service in foreign exchange, interest rates, gold, securities, and bond prices. We actively participated in trading in over thirty five currencies worldwide, thus contributing to the flow of business and trade between countries.

The Bank maintains close relations with all the leading banks in every financial centre of the world, and has worldwide correspondent relationships with over three hundred banks.

Our branches in London and Paris continue to broaden the base of their activities both in their respective centres, and on the wider international front. All three branches made a positive contribution to profits.

In common with all foreign banks operating in U.K., it was necessary for London branches to obtain authorised status under the 1979 Banking Act, and appropriate classification under the Act was duly received.

Towards the end of the year arrangements were finalised by our London branches for the issuing of cheque cards, and these have now been introduced. The scheme has received the support of most leading stores, and this will provide another useful service to Qatari customers visiting London.



QATAR NATIONAL BANK. S.A.O.

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On the international scene, our London main branch participated in a number of loan syndications and by the end of 1980 had loans and guarantees outstanding and commitments to State organisations and companies operating in more than twenty developing countries throughout the world. The business is thus well spread where the return is acceptable in terms of both the risk involved and return on capital.

Early in 1981 our main London branch moved to a new, larger and more prestigious building on Cannon street only a short distance from the present location. This office gives the branch a presence at ground floor level and will prove more convenient to customers.

Based on the satisfactory results of 1980 a dividend of 20% has been approved for payment.

Following the sound performance of 1980, we look forward to 1981 confident that further progress will be accomplished, and that we will be able to contribute to the development of the economy of the State. We will continue to expand our business and to seek out opportunities for profitable growth.

The Board wishes to record its appreciation for the interest and support displayed in the activities of the Bank by His Highness **The Emir Sheikh Khalifa Bin Hamad Al-Thani** and His Highness **The Heir Apparent Sheikh Hamad Bin Khalifa Al-Thani** and for their continued wise leadership in guiding the progress and development of the State.

The results reflect great credit to the staff, and the Board wishes to thank them for their hard work and loyalty throughout the year.



QATAR NATIONAL BANK, S.A.Q.

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BALANCE SHEET AS AT

ASSETS	1980	1979
	Q. Riyal	Q. Riyal
Cash, current accounts and deposits with banks	2,630,621,049	3,220,487,849
Marketable securities	200,640,869	197,951,894
Investments in associated companies and others - at cost	17,106,499	10,584,975
Bills discounted	65,179,116	41,023,475
Advances (Net) and other debit balances	715,938,848	1,036,432,509
Interest receivable and prepaid expenses	45,165,898	45,846,691
Long term loans	549,836,650	540,063,867
Fixed assets - at cost, net of accumulated depreciation	30,924,303	28,627,628
TOTAL ASSETS	4,255,413,232	5,121,018,888
Customers' liabilities on confirmed credits, acceptances and guarantees	2,045,419,465	1,528,408,461
TOTAL	6,300,832,697	6,649,427,349

HAMDY ALAMI

General Manager

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT



QATAR NATIONAL BANK, S.A.O.

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31st DECEMBER 1980

LIABILITIES	1980	1979
	Q. Riyal	Q. Riyal
LIABILITIES :		
Current, savings, deposits and other accounts (including provision for contingencies)	3,139,459,585	3,659,904,861
Due to banks	712,837,300	1,139,622,632
Proposed dividends	11,200,000	8,400,000
Provisions and accrued expenses	44,401,462	32,107,180
Total liabilities	3,907,898,347	4,840,034,673
SHAREHOLDERS' EQUITY :		
Capital: 560,000 authorized, issued and fully paid shares of QR. 100 each	56,000,000	42,000,000
Statutory reserve	53,200,000	42,000,000
Special reserve	238,000,000	196,500,000
Profits after appropriations	314,885	484,215
Shareholders' equity	347,514,885	280,984,215
Total Liabilities and Shareholders' Equity	4,255,413,232	5,121,018,888
Liabilities on confirmed credits, acceptances and guarantees	2,045,419,465	1,528,408,461
TOTAL	6,300,832,697	6,649,427,349

ABDUL AZIZ BIN KHALIFA AL-THANI

Chairman, Board of Directors



QATAR NATIONAL BANK, S.A.Q.

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Statement of Profit and Loss and Appropriation for the Year Ended 31st December 1980

PARTICULARS	1980	1979
	Q. Riyal	Q. Riyal
INCOME :		
Interest earned, commission received, profit on exchange, and other income	576,018,258	465,871,969
EXPENSES :		
Interest paid, general and administrative expenses, provisions, other expenses and losses on investments	512,287,588	407,970,408
Net profit for the year	63,730,670	57,901,561
Balance of profit - January 1, 1980	484,215	24,044
Provisions no longer required	14,000,000	—
TOTAL	78,214,885	57,925,605
Bonus shares distributed during the year 1980	14,000,000	—
Profit available for appropriation as of December 31, 1980	64,214,885	57,925,605
Profit Appropriated as follows :		
Transfer to statutory reserve	11,200,000	3,541,390
Transfer to special reserve	41,500,000	45,500,000
Proposed dividends	11,200,000	8,400,000
Total appropriations	63,900,000	57,441,390
Profits after appropriation	314,885	484,215

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

**NOTES TO FINANCIAL STATEMENTS****ACCOUNTING PRINCIPLES AND PRINCIPLES OF CONSOLIDATION****A - Buildings, furniture, fixtures and vehicles :**

Depreciation is computed using the straight-line method based on the estimated useful lives of the individual units comprising depreciable assets at the following annual rates of depreciation :

Buildings	10%
Furniture and fixtures	25%
Vehicles	33 $\frac{1}{3}$ %

B - Foreign currencies :

Foreign currency exchange rates in each currency were taken at the lower of buying and selling rates at the year end. Gains or losses resulting from changes in exchange rates during the year are credited or charged to current income.

C - Investments in associated companies and others :

The investments in associated companies and others are stated at cost. The equity of certain investments were disregarded.

D - Inter-Bank balances and transactions :

All material inter-bank profits, transactions and balances have been eliminated.

E - Marketable securities :

The marketable securities amounting to QR. 200,640,869 as of December 31, 1980, have been valued as follows :

Marketable securities at the lower	<u>Q. Riyal</u>
of cost or market	59,931,762
Marketable securities at cost	140,709,107
Total	<u>200,640,869</u>



QATAR NATIONAL BANK, S.A.Q.

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F - Local and foreign branches :

The accompanying financial statements incorporate the assets, liabilities and the results of operations of all the branches of the bank in Qatar as well as in the United Kingdom and France.

2. INCOME TAX EXEMPTION

The bank has been exempted from income tax in Qatar for the five years commencing March 23, 1976 in accordance with the Cabinet decision No. 4 of May 23, 1976.

3. CONTINGENCIES AND COMMITMENTS

The following contingencies and commitments were outstanding as at December 31, 1980.

PARTICULARS	1980	1979
	Q. Riyal	Q. Riyal
Bills held for collection	39,965,142	57,533,657
Forward exchange contracts	135,226,329	69,020,003

4. LAND AND BUILDINGS

The Bank's central office and branches buildings are built on land granted to the Bank by the Government of Qatar free of charge.

5. BONUS SHARES

In accordance with the decision of the Board of Directors during 1980, the capital has been increased by issuing 140,000 bonus shares at QR. 100 each.



QATAR NATIONAL BANK, S.A.Q.

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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 December 31, 1980 and the related statement of Profit and Loss and Appropriation 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, 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 financial statements present fairly the financial position of Qatar National Bank, S.A.Q., Doha - Qatar, as at December 31, 1980 and the results of its operations 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 By-Laws. We are also of the opinion that proper books of account were kept by the bank and that the stock-taking 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 By-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,
5, April 1981.

SABA & Co.
External Auditors



QATAR NATIONAL BANK, S.A.O.

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THE BANKING SYSTEM

At the beginning of 1980 Qatar Monetary Agency assumed further powers to regulate and control banking activities in the State when they took over the responsibility of deciding interest rates. This ended the Inter-Bank Agreement on internal interest rates that had been in existence for many years.

The Agency also introduced important local regulations relating to the issuance of post-dated cheques, and to the validity period of cheques.

High interest rates during 1980 in U.S. and U.K. proved attractive to investors. But although there was talk of increasing deposit rates and introducing rediscount and "swap" facilities for banks, such measures were not introduced.

The number of banks operating in Qatar remained at thirteen, of which three are locally incorporated.

As at the end of December 1980 deposits of all the commercial banks totalled QR. 3,848 million compared with QR. 3,371 million at the end of the previous year. During this same period the level of advances rose to QR. 3,693 million from QR. 3,278 million.

The following table shows the growth in private sector deposits with the commercial banks over a three year period :-

PARTICULARS	1980	1979	1978
	QR. Million		
Sight Deposits	1,813	1,776	1,733
Time & Saving Deposits	2,035	1,595	1,548
TOTAL	3,848	3,371	3,281



QATAR NATIONAL BANK, S.A.O.

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The following table gives a breakdown of advances by sector for the national economy over the past three years :-

SECTORS	1980	1979	1978
	QR. (000's)		
Government and Government Agencies	320,484	—	—
General Trading-Merchandise	1,820,026	1,389,282	1,268,905
Industry	145,093	483,379	180,164
Agriculture	248	4,401	5,354
Housing and Construction	470,642	534,791	527,277
Land	138,874	55,377	36,328
Banks and Financial	17,020	—	—
Transportation	115,067	45,455	49,101
Personal	511,690	521,274	199,870
Other	154,075	244,515	622,242
TOTAL	3,693,219	3,278,474	2,889,241





Drafting Room, London Branch



QATAR NATIONAL BANK, S.A.O.

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THE ECONOMY OF QATAR

Qatar has achieved outstanding economic and social progress over the past nine years, and the more relaxed spending policy during the previous two years enabled the economy to keep moving forward positively and purposely in 1980.

Oil exports which averaged about 500,000 barrels per day account for 90% of the country's revenue, and adequately provide for the financing of domestic development. With prices continuing to rise, oil revenue has increased considerably in recent years. It is predicted that Qatar will have a current account surplus of US \$ 3,600 million for 1980, more than double that of the previous year.

For a number of years Qatar has generously contributed to International Development Agencies for the benefit of Third World countries, and the State's net disbursements make it one of the largest OPEC donors to these countries. In addition, the State is actively involved in the planning and implementation of aid projects. With a per capita income approaching US \$ 14,000, Qataris now enjoy one of the highest standards of living in the world.

According to information released by Qatar General Petroleum Corporation a survey carried out over the past two years has revealed that Qatar has reasonable additional supplies of crude oil. This, combined with the massive reserves of off-shore natural gas, ensures the economic future of Qatar for many years beyond the earlier forecasts.

The well diversified industrial complex at Umm Said had another successful year with all units showing highly satisfactory results. Qatar Fertiliser Company produced over 100,000 tons of ammonia and 627,000 tons of urea in 1980 which represents 86 per cent and 95 per cent respectively of full capacity. Qatar Steel Company produced over 450,000 tons of construction bars of which 90% were exported, the principal markets being Saudi Arabia and United Arab Emirates.



QATAR NATIONAL BANK. S.A.O.

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A major achievement in the further industrial expansion of Qatar occurred early this year with the inauguration of the Petrochemical Complex and Natural Gas Liquids Plants at Umm Said, built at a combined cost of approximately US \$ 1,300 million. They are the first of their kind in the Gulf. The petrochemical unit is designed to produce 280,000 tonnes of ethylene and 150,000 tonnes of low density polyethylene a year, and there is also a unit with a capacity of 50,000 tonnes per annum for the production of sulphur as a by-product.

The Natural Gas Liquids Plants will have a combined installed capacity to produce 2,400 tonnes of propane, 1,750 tonnes of butane, 1,500 tonnes of condensate, 9,000 cubic feet of methane-rich gas and 2,500 cubic feet of ethane-rich gas, a day. These plants will utilise all the associated gas which was previously flared in Qatar.

A second earth satellite is planned to relieve pressure on the existing station and improve communications with the rest of the world. Also planned is a microwave project to provide direct telephone and television links with Saudi Arabia. Some 960 circuits are envisaged and they should commence functioning in 1982.

An experimental project for the utilisation of solar energy is also planned at an estimated cost of QR. 10 million.

At QR. 8.95bn, the current year's budget shows a rise of 21% over last year. The distribution of expenditure is as follows :-

PARTICULARS	Current Year	Last Year
	(Millions of Qatar Riyals)	
Industry and agriculture	2,971	2,713
Housing and public building	972	1,058
Public services	391	230
Education	679	527
Health	243	167
Electricity, water, and drainage	1,726	1,292
Transport, communications, and roads	802	490
Other activities	1,171	887
TOTAL	8,955	7,364



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Expenditure is being concentrated on improving existing amenities and providing new ones with particular emphasis being placed on health, education and agriculture. When completed later this year Hamad Hospital will be one of the most modern hospitals in the world with equipment of the latest and most sophisticated design. There are a number of smaller equally well equipped hospitals in the State.

A major plan has been entered into for the development of water resources, and intensive studies are being conducted with the aim of utilising more land for agricultural purposes, whilst substantial expenditure will be incurred this year in the construction of a power station to keep pace with the ever increasing demand for electricity.

This year's budget again shows increased expenditure on education, with plans to build a large number of new schools, and improve facilities at others. There are now 141 schools with 40,000 students compared with 89 schools and 21,000 students nine years ago. In the same period the number of students studying overseas increased to 3,800 from 400. Work on the new university continues to make satisfactory progress.

The expansion and improvement of the city of Doha received a major boost in 1980 with the commencement of the development of the West Bay area. Built on largely reclaimed land, this area will be an integral part of the existing city and will house many government and administrative offices as well as providing residential accommodation. Another feature will be the inter-linked shopping centres and large open space parks and playgrounds, while a special area has been earmarked for the building of embassies and associated residences.

The total value of imports in 1980 was fractionally lower than in 1979. Japan was again the main supplier closely followed by the United Kingdom.



QATAR NATIONAL BANK, S.A.O.

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Imports for the period 1977-1980 by country of origin were as follows:

Country	1980	1980	1979	1978	1977
	%	(Qatar Riyal - Million)			
Japan	18.33	964,852	998,869	906,473	1,293,864
U.K.	17.74	934,093	832,455	721,270	915,338
U.S.A.	11.31	595,570	465,783	460,879	463,816
W. Germany	6.14	323,042	903,496	851,364	334,138
France	5.38	283,343	535,815	333,831	277,462
Italy	5.27	277,301	309,631	213,326	135,490
Holland	2.93	154,134	130,312	188,392	167,223
U.A.E.	2.92	153,917	84,364	59,471	224,551
Australia	2.19	115,549	106,170	54,372	39,660
India	2.08	109,372	91,264	98,980	106,709
Brazil	1.89	99,752	32,977	8,948	8,203
Norway	1.77	93,380	7,697	9,418	5,974
China	1.54	81,174	71,595	57,846	55,880
Denmark	1.51	79,572	54,205	31,940	18,329
Greece	1.41	74,323	36,754	37,784	13,741
Singapore	1.35	70,873	41,057	33,726	40,122
Switzerland	1.11	58,618	40,899	48,204	156,264
Belgium	1.07	56,597	54,065	23,695	18,573
Taiwan	1.05	55,040	17,747	11,073	12,849
Kuwait	1.04	54,738	38,827	44,369	102,760
Others	11.97	629,824	523,718	394,362	459,149
TOTAL	100.00	5,265,064	5,377,700	4,589,723	4,850,095



منظر داخلي - فرع باريس

Internal View, Our Paris Branch



فرع الحديدي والصلب القطرية

Qatar Steel Company Ltd.