



Annual Report

2014



National राष्ट्रिय सहकारी बैंक लिमिटेड
CO-OPERATIVE BANK LTD.

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National Co-operative Bank Ltd.

Advisory Board



Hon. Mr. Keshav Badal



Mr. Deepak Prakash Baskota



Dr. Hari Krishna Upadhyay



Mr. Bishnu Bahadur KC



Prof. Dr. Biswambar Pyakurel



Mr. Dharmadutta Debkota



Mr. Bhagawat Shrestha

Board of Directors



Chairman
Mr. Ramesh Prasad Pokhrel
(Rep. Star Multiple Co-operative Society Ltd., Biratnagar)



Managing Director
Mr. K. B. Upreti
(Rep. Jirsa Mulapurpose Co-operative Ltd., Karamara)



Member
Mr. Rameshwar Sharma
(Rep. Karmara Saving & Credit Co-operative Society Ltd., Birtokara)



Member
Mr. Harihar Nath Yogi
(Rep. Jirsa Bari Saving & Credit Co-operative Society Ltd., Biratnagar)



Member
Mrs. Sarita Bhattarai
(Rep. Jirsa Shikhan Saving & Credit Co-operative Society Ltd., Birtokara)



Member
Mr. Ram Bahadur GC
(Rep. Jirsa Mulapurpose Co-operative Society Ltd., Birtokara)



Member
Mr. Rani Hari Bajgain
(Rep. Prava Saving & Credit Co-operative Society Ltd., Lalitpur)



Member
Mr. Devraj Parajuli
(Rep. Suvajyoti Saving & Credit Co-operative Society Ltd., Bhaktapur)



Member
Mr. Gyan Bahadur Tamang
(Rep. Naivara Multiple Purpose Co-operative Society Ltd., Kathmandu)



Ex-Officio Member
Mr. Bishnuhari Pandel
(Registrar-Deputy of Co-operative)



Ex-Officio Member
National Co-operative Bank Ltd. (Kathmandu)

Account Committee



Co-ordinator
Mr. Kul Chandra Adhikari
(Rep. Kavre Saving & Credit Co-operative Society Ltd., Kavre)



Member
Mr. Laxmi Prasad Upreti
(Rep. Nepal Sahakari Samithi Ltd., Jhapa)



Member
Mr. Sagar Nepal
(Rep. Jammaudhar Saving & Credit Co-operative Society Ltd., Kathmandu)

VISION

“Sustainable cooperative that provides financial inclusion.”

Vision & Mission



MISSION

“Provide competitive banking and financial services enabling cooperatives to build capacity, good governance and apply latest technology”

LONG TERM OBJECTIVES



- ⦿ Provide quality service to member using modern tools and technology
- ⦿ Provide training, education and workshop to increased the capacity of member
- ⦿ Advocate for timely updating of cooperative friendly rules and regulations
- ⦿ Enhance the cooperation with national and international agency
- ⦿ Increase employment by mobilizing capital in production sector through cooperatives
- ⦿ Provide membership to all kinds of cooperatives
- ⦿ Assist to reduce poverty by mobilizing fund through cooperative sector.
- ⦿ Meet the changing needs of members.
- ⦿ Help cooperative sector to become a professional and sound financial service provider in Nepal.

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**National Co-operative
Federation of Nepal Ltd.**
Pulchok, Lalitpur, Nepal
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Message from Chairman of NCF

I feel very happy to know that the National Cooperative Bank Limited (NCB) is going to publish its "Annual Report 2014" covering its activities as usual. On this occasion I, on behalf of the Nepalese Cooperative Movement, National Cooperative Federation of Nepal and on my own, would like to congratulate the NCB Team for bringing out this report in public.

I would also like to congratulate NCB for making 7000 membership of 73 districts in the country, and providing them banking facilities through 34 branches. This achievement is significant important in spite of having its limited resources. The promotional activities as training for its member and other facilities provided by the bank are the worth mentioning. I must thank its entire financial works that have contributed to make all the cooperatives operating in the country. I sincerely believe that the coming years, NCB will play a vital role for the transformation of socio-economic status of the entire members of all the cooperatives.

I believe that the publication will help cooperatives at all levels, concerned national and international development agencies to understand the NCB and its activities.

Last but not the least, I would like to extend our good wishes for its great success and future prosperity.

With cooperative greetings!

Keshav Prasad Badal

Chairman



Government of Nepal
MINISTRY OF CO-OPERATIVE AND POVERTY ALLEVIATION



September 9, 2014

FOREWORD

It gives me an immense pleasure to know that National Co-operative Bank Limited (NCBL) is going to publish its "Annual Report 2014". NCBL was established with the objective of mobilizing the scattered capital, labor and skill of cooperative sector in the productive area of the society. I appreciate the fact that the cooperative movement of Nepal has raised the socio-economic status of the members of the respective cooperatives. To this end, contribution of the cooperative movement of Nepal is praiseworthy.

Moreover, in accordance with the seven principles of cooperative, NCBL is moving to achieve its goals, with its best products and services by serving its member cooperatives. The member cooperatives, in turn, serve the members of the society. In my view, the cooperative business enterprises have its unique nature because it is controlled by the members. So they are more liable to the enhancement of the member business. Hence, it helps a great for the positive transformation of the action. I believe NCBL is playing a vital role from cooperative movement for the action.

Lastly, I would like to congratulate NCBL for the successful completion of one decade of service to the nation. I would like to thank everyone involved for the contribution in realizing its objective. I wish NCBL would play the leading role to follow cooperative values, norms, principles and succeed in every step on coming days ahead.

Shreedhar Gautam
Secretary

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Naya Baneshwor
Kathmandu, Nepal

Ref-



MESSAGE FROM THE REGISTRAR

I am very happy to know that the National Cooperative Bank Ltd. is publishing its "Annual Report 2014" incorporating its one year's accomplishment. I hope this publication will be more informative to its member organizations, concerned institutions and individuals. Department of Cooperatives always appreciates its good jobs and would like to congratulate for the innovative steps like team work, accountability, integrity, innovation, excellence, motivation, dedication and punctuality.

The bank has been established under the Cooperative Act, 2048 as a central bank of cooperative societies/unions. Various types of cooperative societies and unions are the members of the National Cooperative Bank. The members are increasing day by day because of its trustworthiness. Owing to absence of a separate Cooperative Bank Act, some regulatory problems have been felt in the whole system to maintain good governance, fair financial competition and democratic control of the members.

Cooperative Act, 1992 has not been amended to address the change in cooperative sector. Department of Cooperatives is intending to bring a separate Cooperative Bank Act to implement the new national cooperative policy guideline as well as day to day regulatory problems. I appreciate NCBL efforts, innovation and thoughts for promoting good governance and disciplined financial system in cooperative sector.

We would like to request NCBL and its member organizations for remarkable contribution to saving mobilization and financial stability. I am sure that bank will be successful in its goals and to protect the members. It is still a great challenge to NCBL to bring all cooperative societies within its umbrella.

I extend my best wishes to NCBL and praise the chairperson, directors and staff for contributing to this valuable achievement.

Bishnu Hari Paudel
Registrar

CHAIRMAN'S MESSAGE



The National Cooperative Bank Limited (NCBL), since its establishment in 2003, has been committed to help the cooperative sector to achieve its economic aspirations. As, the cooperative sector has been playing distinct and significant role in the process of socio-economic development of the country, NCBL is committed to maintain the highest standards of excellence in financial services based on sustainable growth and development providing timely, quick and best banking services to its members from all segments with the help of modern technology and dedicated human resources. We also aim at adopting best responsibility towards all the stake holders. We see ourselves as a family of honest, loyal and committed professionals, employing technology innovation and human touch to achieve high degree member's satisfaction and good will. The prosperity of our members is the ultimate aim to our success.

With an objective to bring international cooperative best practices and technologies to Nepal and sharing Nepal's best practices to international forum, NCBL become the member of International Cooperative Alliance (ICA), Network for the Development of Agricultural Cooperative for Asia and the Pacific (NEDAC), Association of Asian Confederation of Credit Unions (ACCU).

I take this opportunity to thank all the shareholders for their confidence, positive response towards us and in supporting us to achieve greater heights in our performance. Therefore, I express my sincere gratitude on behalf of NCBL, the members of board and on my own behalf towards shareholders and all the concerned agencies for their significant contributions.

Thank you

Ramesh Prasad Pokhrel

Chairman.

COMMITMENT FROM MANAGING DIRECTOR



Looking at the growth for more than 11 years since our inception, NCBL believes in being responsible Cooperative Bank to promote cooperative principle & values.

In this continually evolving marketplace, NCBL will continue to take its roles seriously as a responsible Cooperative Bank and gradually encourage its members, employees, and other stakeholders to work for its permanence. It will only be able to face the challenges of sustainability with a comprehensive understanding and full commitment and coordination of each entity. It offers great products like different kinds of savings, microfinance, deprived sector loan, technical assistance, training, and Bank Guarantee, Remittance and Utility payments.

It is our pleasure to share that we increased the access to NCBL services by establishing 33 branches from almost all parts of Nepal. NCBL still needs to expand its services to its members and as a Managing Director, I would like to commit to all members that the services of NCBL will be made more accessible in days to come.

As we know, the financial services industries now-a-days have become competitive. But whatever the situation is we have good reason to be the best in the capability, ability of our brand name to face challenges, take the risks and take advantages of profitable opportunities and in fact improvement and achievements year-on-year. With the strength of our senior management team, detail and broad market knowledge and true professionalism combined with excellent performance in every aspects, there is enough reasons for optimism, prominent amongst which is management's and staff's rare disposition that constantly demands improvement over previous achievement.

All of these accomplishments would not be possible without the hard work of our employees and the support of our board of directors. Their dedication and commitment to our members is what drives NCBL's success.

Accept my endless gratitude. I appreciate all your support.

Thank you

K.B. Upreti

Managing Director

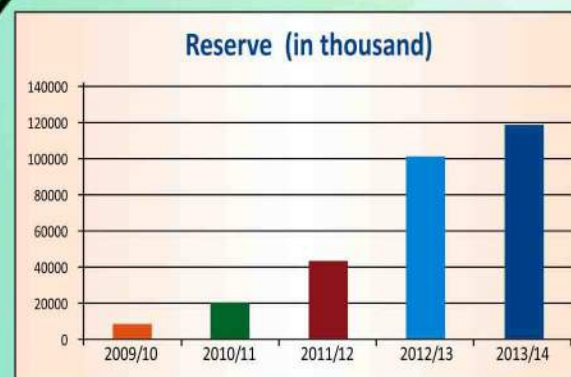
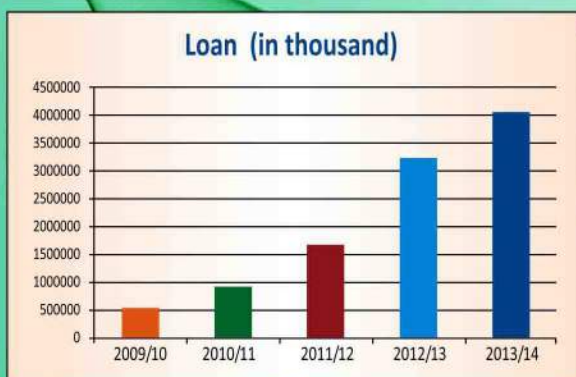
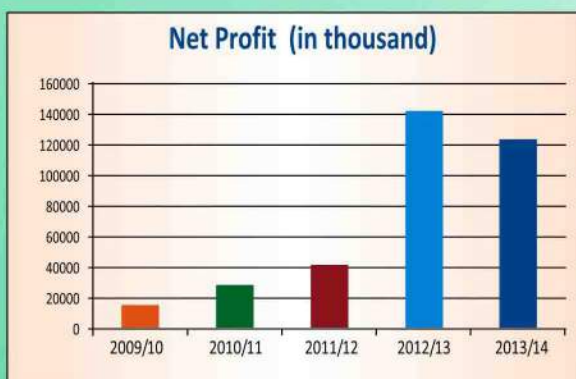
FINANCIAL HIGHLIGHTS

Financial Highlights (as on 16th July 2014)

Amount in thousand

S.N.	Particulars	Last Year	Current Year	Growth in NPR	Growth in %
1	Share Capital	507510	612393	104883	20.67
2	Reserves and Surplus	98715	118523	19808	20.07
3	Borrowings	401958	684481	282523	70.29
4	Deposit Liabilities	4994077	7690742	2696665	54.00
5	Cash and Bank Balance	2118761	4435228	2316467	109.33
6	Investment	729605	822605	93000	12.75
7	Loans, Advances and Bills Purchase	3216166	3963727	747561	23.24
8	Fixed Assets	25841	29119	3278	12.69
9	Other Assets	37382	56861	19479	52.11
10	Interest Income	503702	690651	186949	37.12
11	Interest Expenses	308612	417796	109184	35.38
12	Total Operating Income	228192	304870	76678	33.60
13	Operating Profit	142167	123813	(18354)	(12.91)
14	Net Profit/Loss	103394	90046	(13348)	(12.91)
15	Percentage of Net Profit/ Gross Income	43.83%	29.54%		
16	Adequacy of capital fund on risk weighted assets				
	a. Core Capital	13.81	12.75		
	b. Supplementary Capital	0.74	0.70		
	c. Total Capital Fund	14.55	13.45		

LAST FIVE YEARS AT A GLANCE



NCBL STRATEGY

NCBL strategy for the period up to 2019 is outlined in the new Strategic Framework. NCBL wants to be close to its members, be at the heart of society and focus on sustainable development. Products should be as simple as possible and, needless to say, they should meet the actual needs of members. Employees have a key part to play in this. NCBL engages in universal relationship banking in Nepal and it wants to continue to do so based on its cooperative identity and principles. The Strategic Framework for 2013-2016 is in process of finalization into policy

a. A more distinctive identity

NCBL puts the interests of members first. Many members are currently experiencing tough times. In keeping with its cooperative principles, NCBL endeavors to help its members through this difficult period where possible and appropriate. The cooperative identity counts even more with a view to maintaining its distinctive edge. The aim is to ensure that the cooperative principles are tangible, perceptible and visible to members of NCBL. All employees are to play a crucial role in this. In addition, initiatives are being developed to give members greater influence and involve them more, since they are the people who keep the bank focused. NCBL will be more vigorous in seeking interaction with members in the form of advisory councils or member panels.

b. Catering to the Nepalese market

With regard to the Nepal, NCBL has the ambition of becoming the market leader. Market leadership is not an end in itself. Rather, it puts NCBL in a strong position to offer members appropriate products. Sufficient scale is needed in order to innovate and develop products, and be able to operate efficiently. NCBL is increasing its hold in the savings and mortgage markets, the SME sector and the wholesale segment. It wants to hold on to these leading positions and also strengthen its position in selected areas where

it is still falling short of its ambitions. As a socially committed bank, NCBL continues to take the lead in major political and social debates. NCBL would eventually like to have a model in which treating members fairly is combined with cost levels that are in line with the rest of the market. In keeping with the cooperative principle of restraint in business operations, attempts are also being made to reduce costs on a structural basis at the Nepalese wholesale banking business. Besides cost considerations, changing member needs in particular are forcing NCBL to evaluate critically the branch location policy and the entire service chain, which extends from the local NCBLs to NCBL Head Office.

The NCBLs' commitment to, and physical presence in, local communities where members and members reside should not be allowed to suffer, and this will require all employees to make great efforts once again. Standardization and virtualization should ultimately lead to better member service at lower costs, which, in turn, will lead to a lower headcount. Furthermore, the NCBLs will make the most of opportunities to introduce a greater focus in the use of cooperative dividend.

c. People unite the bank

The social landscape and banking climate are undergoing rapid change. NCBL employees will need to adapt to these developments since they are the face of the bank and can make a difference. NCBL needs, and has, employees who endorse the distinctive cooperative identity and apply it in practice, who feel a sense of commitment to members and who continue to work on their professional as well as their personal development. It goes without saying that employees are expected to act with integrity. NCBL needs to develop a more modest pay-and-benefits package that shows greater restraint in some areas, is more in keeping with other sectors and can count on the support of members, members and the community.

d. Sustainability

Sustainable banking is the standard in the policy pursued by NCBL. A focus on the long term and sustainable economic development, which strikes a balance between prosperity and well-being, is appropriate for this. Society is demanding greater transparency and accountability. During the year under review, a program was launched with the aim of formulating the details of NCBL's strategy on sustainability for the next few years, in order to facilitate the implementation of the updated strategic framework. The members promises are:

- i. all of NCBL's products and services make a transparent contribution to sustainable development;
- ii. NCBL gives priority to sustainable initiatives put forward by members
- iii. when providing access to capital, and rewards such initiatives with material financial incentives;
- iv. NCBL makes cutting-edge strategic knowledge of sustainability available to members; NCBL forms networks with members with the aim of building long-term relationships and accelerating the pace of sustainable development.

These members promises were used as a basis for defining three specific central themes:

- i. accelerate the transition towards sustainable food & agriculture;
- ii. promoting a circular economy;
- iii. strengthen vibrant communities

These themes were selected on the basis of NCBL market position, knowledge, ambitions and cooperative roots. They are consistent with the most important local and global environmental, social and economic challenges facing NCBL and its stakeholders. NCBL uses these themes as a basis on which it can build a leading position in the area of sustainability. NCBL will flesh out these starting points with a large number of internal and external stakeholders in 2013 to arrive at specific targets for the next few years

e. Financial frameworks

Adequate capital and liquidity buffers are the determinants of financial robustness. They are therefore prerequisites and are vital for retaining a high credit rating and good access to professional funding. Although NCBL does not seek to maximize profit, healthy profit growth is important for ensuring continuity, certainty and further growth. Earnings will be under pressure in the next few years owing to low asset growth, fierce competition in the savings market, increased legislation and regulations. A group-wide focus on restraint and cost reduction is necessary to achieve the desired profit growth. Demand for loans will be limited in the Nepal owing to the state of the economy and the housing market. Elsewhere, opportunities for growth will be utilized on a selective basis.

ACTIVITY HIGHLIGHTS

We are well aware that the country could not have bailed out of political impasse. As a result, the situation of economic transition still exists in the country. Even though agricultural growth is mentioned in the public document; however, there is very low actual growth in agriculture. There is no predictable improvement on the pressure of the balance of payment (BoP). Actually, anticipated returns could not have been attained from the poverty reduction programs. So, for Nepal with low economic growth rate, there is urgent need of using co-operatives in job- oriented business or entrepreneurship for the development of her economic prosperity. In the present context, if emphasis is given on agriculture, tourism and industrial sector. There could be possibility of a significant achievement for the reduction of poverty through the medium of cooperativeness. As you are acknowledged that the cooperative campaign which was initiated from England in 1844 has been now spread across the world up to the present day. Upon declaring the year 2012 AD as the International year of cooperatives by UN in 2009 AD, UNO has hoisted its flag with a theme, "Cooperative Enterprises build a better world" and thereby underscored the necessity and significance of cooperatives. The cooperatives sector now involving 1.2 billion out of the 7 billion population of the world is found to have been spread on par with others in all countries including advanced and developing ones upon giving equal attachment to it.

1) Expansion of Branches

With a view to assisting transactions of its member enterprises/ associations and to increase its transactions, the bank has been successful to expand 34 branches including head office by the end of the current fiscal year. In addition, there has been feasibility study and deliberation meetings of bank expansion drive in other feasible places-for which application has been lodged for 3 more branches at Lahan, Chadranigahpur, Dhangadhi to the regulatory body for approval. Though some branches had gone

deficit last year, they have been now capable of earning profit from this year, and so they are given directives to run economical in line with concept of austerity.

2) Expansion of Membership

As the numbers of affiliated member of cooperative is grew now to 7000. The share capital too has been increased accordingly.

3) Restructuring in communication system

The bank has provided information service to its member cooperatives via

- cooperative bulletin
- website and notice board information
- documentary with coverage of various activities of the bank

4) Strengthening Internal Control System

To strengthen internal control system, an internal audit department has been constituted for initiating the audit of branch offices through which the transaction and internal control system could be made efficient and updated, whereas internal and external training programs have been managed as for human resource development so that capacity building of bank employees could be maintained.

5) Deprived Sector Lending

Deprived sector lending is mostly focused on those people who have very low financial status and almost have no income. The motto of this lending is to motivate people for saving by forming small groups and to help them by giving loan. Deprived sector lending helps to involve the targeted people in such a work which generates money. This will certainly help them to uplift their financial condition.

There are still many people who are below the poverty line in Nepal. People are looking for jobs and due to lack of proper and sufficient jobs, they are compelled to go outside the country. Taking all these things into rate and tenure will be 3 years. NCBL does not take

account NCBL has started deprived sector lending for needy people.

Deprived sector lending has 8 to 9 percent interest rate and tenure will be 3 years. NCBL does not take any collateral for this loan. Till the end of last fiscal year more than 150 cooperative societies were given NRs more than 400 million as loan and more than NRs 5 million was already recovered. More than 15 thousand people directly benefitted by this loan from various districts of Nepal like Kathmandu, Bhaktapur, Lalitpur, Sindhupalchowk, Kavrepalnchowk, Banke, Makawanpur, Dolakha, Syangja, Morang, Sindhuli, Nuwakot, Jhapa, Bara, Tanahu. Likewise NCBL has succeeded to help the member cooperatives which are situated at remote districts of Nepal like Solukhumbu, Dailekh, Darchula and they are at NCBL's top priority list. NCBL is planning to promote its member cooperatives operated by women and those member cooperatives which are situated in such a place where no other banks and financial institutions are present

6) Youth Self Employment Loan

Youth self-employment loan is a service to member with collaboration with Youth and Small Entrepreneur Self-Employment Fund (YSEF) which was established by the Government of Nepal in 2009 with the aim of carrying out self-employment programs, and providing orientation, vocational and skills development trainings to the unemployed youths across the country. NCBL helps provide the educated and uneducated unemployed youths with necessary collateral-free loans from its member cooperatives at a low interest rate in order to give them self-employment opportunity, thus speed up the development of the country through the use of local resources, optimum utilization of the productive labor and entrepreneurship development.

NCBL provides this loan to its member in 9.5% interest rate and the tenure will be 2 years. The members can provide this loan to their members for maximum 12 % interest rate. If any member regularly pays the interest then YSEF will refund the 60% of the interest. Till date NCBL provided this loan to 67 member and total 724 persons were already benefitted by this loan. The members are situated

at Lalitpur, Darchula, Sindhupalchowk, Surkhet, Kathmandu, Jhapa, Kavrepalnchowk, Morang, Syangja, Bhaktapur, Solukhumbhu, Dailekh, Dhading, Makawanpur etc.

7) Inspection of NCBL by Renowned Persons

Recently world's renowned cooperators have visited NCBL. During the visit NCBL got opportunity to make them aware about NCBL's vision, mission and goal. The international delegates were highly impressed by the services of NCBL. The delegates shared their views, ideas and observed the NCBL head office and interacted with staffs. The suggestions, experiences shared by them will be highly fruitful in coming future to us. Followings are the delegates who visited NCBL.

- a. Ms. Dame Pauline Green President ICA
- b. Mr. Simon Parera President ACCU
- c. Sylvain Barrette, Developement international Desjardins
- d. Emma CEO, PFCCO, Philippines
- e. Dr. Daman Prakash Advisor, ICA-AP

8) Online ABBS Service

NCBL is always member oriented. Its deep interest is to enhance services to its members. So, the quality of member services is another critical factor to take into account as poor quality can break down the relationship with members. And also no one can deny the fact that without proper IT services, a bank can't survive in this competitive world. So, NCBL has extended its services for members by online any branch banking service. This ABBS provides our members who have account with NCBL with a reliable and flexible banking services from any branches within the country. Almost all our members can be benefitted by this service.

NCBL HOSTED ACCU FORUM 2013



ACCU FORUM 2013 was successfully held in Nepal. There were total 336 delegates from 25 countries at the annual gathering of credit co-operators held from September 12 to 14, 2013 in Kathmandu. ACCU 2013 was organized by the Association of Asian Confederation of Credit Union and hosted by National Co-operative Bank Ltd of Nepal and Nepal Federation of Savings and Credit Co-operative Unions Ltd.

The program comprised Credit Union Visits to Credit Co-ops in Nepal. Credit Co-operative leaders and subject matter experts shared their experiences and views on a wide spectrum of topics in these 3 tracks: Leadership, Organization and Market (members).

A particular topic which struck a chord with delegates was “Winning Youth Marketing Strategies Appropriate for your Credit Union”. It gave insights on how Generation Y thinks and behaves, how credit co-operatives may be endorsed by the Gen Y peers and how Credit Co-ops may reach out to the already technology savvy Generation Y of the society by being truthful and real. Another topic which grabbed everyone’s attention was “Delinquency Revealed: Taking tough verdict to control loan delinquency in Credit Unions”. This topic explored why delinquency is a critical issue in credit unions and how credit co-operatives need to manage it to stay sustainable.

NCBL CO-ORGANIZES THE 1ST NATIONAL COOPERATIVE CONGRESS



The First National Cooperative Congress was held with a theme-"Sustainable Economic Development and Social Justice through Cooperatives" in Kathmandu from 25-27 March, 2014.

The congress was organized by the National Cooperative Federation of Nepal (NCF/N) and the Government of Nepal in collaboration with GIZ/INCLUDE, Nepal Rastra Bank, National Cooperative Bank Limited (NCBL), Sustainable Access to Financial and Livelihood (SAFAL), Mercy Corps, Youth and Small Entrepreneur Self Employment Fund, Habitat for Humanity, Nepal Federation of Savings and Credit Central Cooperative Union (NEFSCUN), SAHARA Nepal SACCO), ParbhuCooperatives, Civil SACCOS and so on.

The opening ceremony of the congress took place at the National Stadium in Kathmandu amid the thousand of cooperators of various level of cooperatives coming from different parts of the country in the presence of Right Hon'ble President Dr. RambaranYadav, other Ministers, Members of the Constituent Assembly, International Cooperation Agencies, Secretaries of the Nepal Government, national and international cooperative delegates representing from India, China, Thailand, Bangladesh, Bhutan, Malaysia including president of the International Cooperative Alliance (ICA) Dame Pauline Green as a special guest of honour of the Congress.

At the end of the closing ceremony the 11 point declaration was announced.

TRAINING



NCBL is the member based bank so it has unique identity and responsibility towards its member. At current situation most of members has asked NCBL to set up separate training department and conduct extensive training program. Based on the resolution passed by AGM, NCBL board has established training department at its head office along with training subcommittee for regular conducting training programs to its member.

To bring international experiences and technologies, NCBL has approached various international institutions and also become member of following organization:

- International Cooperative Alliance
- The Association of Asian Confederation of Credit Unions
- Regional Network for the Development of Agricultural Cooperatives in Asia and Pacific (NEDAC)
- Center for International Cooperation and Training in Agricultural Banking (CICTAB) (applied)

NCBL is committed for making members professional through its training and education activities.

Recently according to our plan of providing training to our members, NCBL conducted 11 trainings on 8 districts via 11 branches. The training conducted on Credit Management, Micro-credit Management, Cooperative Management, and Account Management. Total participants on the conducted trainings were 371 of

329 member cooperatives out of which 168 saving and credit cooperative society. The feedback from the participants were very much positive and we are so much motivated to conduct the training for rest of our members of another districts. The details of the training can be seen in the following table:

Detail of trainings

S.N.	District	Branch Name	Participant Society		Member Total	Number of participants			Training Title
			Saving & Credit	Others		Female	Male	Total	
1	Jhapa	Birtamod	13	15	28	5	25	30	Credit Management
		Damak	15	6	21	7	22	29	Credit Management
2	Morang	Urlabari	19	12	31	8	23	31	Credit Management
		Biratnagar	18	17	35	8	27	35	Credit Management
3	Sunsari	Itahari	12	18	30	7	23	30	Credit Management
		Dharan	27	0	27	7	20	27	Credit Management
4	Tanahu	Tanahu	20	16	36	17	38	55	Micro-Credit Management
5	Baglung	Baglung	12	13	25	9	16	25	Cooperative Management
6	Nuwakot	Nuwakot	12	18	30	5	25	30	Credit Management
7	Ilam	Ilam	10	27	37	12	26	38	Credit Management
8	Saptari	Rajbiraj	10	19	29	5	36	41	Account Management
Total			168	161	329	90	281	371	



FINANCIAL STATEMENT

Balance Sheet as on Ashad 32, 2071 (16 July, 2014)

CAPITAL & LIABILITIES	SCHEDULE	Current Year (in NPR)	Previous Year (in NPR)
1. Share Capital	4.1	612,393,000	507,510,000
2. Reserves and Surplus	4.2	118,522,636	98,965,022
3. Debentures & Bonds	4.3	-	-
4. Borrowings	4.4	684,481,273	401,957,759
5. Deposit Liabilities	4.5	7,690,742,313	4,994,076,678
6. Bills Payable	4.6	-	-
7. Proposed Dividend Payable		69,900,000	42,400,000
8. Income Tax Liabilities		22,511,433	7,249,738
9. Other Liabilities	4.7	115,323,306	53,662,497
Total Capital and Liabilities		9,313,873,961	6,105,821,694

ASSETS	SCHEDULE	Current Year (in NPR)	Previous Year (in NPR)
1. Cash Balance	4.8	161,718,468	94,984,257
2. Balance with Nepal Rastra Bank	4.9	37,720,103	24,220,103
3. Balance with Banks/Financial Institution	4.1	4,235,789,909	2,000,113,706
4. Money at Call and Short Notice	4.11	-	-
5. Investment	4.12	822,605,000	729,605,000
6. Loans, Advances and Bills Purchase	4.13	3,963,726,552	3,211,126,599
7. Fixed Assets	4.14	29,118,620	25,841,641
8. Non Banking Assets	4.15	6,334,638	-
9. Other Assets	4.16	56,860,671	19,930,388
Total Assets		9,313,873,961	6,105,821,694

Principal Accounting Policies	Schedule 4.32
Notes to Accounts	Schedule 4.33

Schedules 4.1 to 4.16 are integral part of the Balance Sheet.

As per our Attached Report
of even date

K.B. Upreti
Managing Director

Ramesh Prasad Pokhrel
Chairman

CA Jayanarayan Pratihasta
J.N. Pratihast & Associates
Chartered Accountants

Harikrishna Sapkota
Manager

Badri Kumar Guragain
Deputy General Manager

Date -
Place - Kathmandu

Profit and Loss Account
For the period 1 Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Particulars	Schedule	Current Year (in NPR)	Previous Year (in NPR)
1. Interest Income	4.18	690,650,712	504,254,112
2. Interest Expenses	4.19	417,796,326	308,611,823
Net Interest Income		272,854,386	195,642,289
3. Commission and Discount	4.20	467,362	
4. Other Operating Income	4.21	31,547,799	33,062,130
5. Exchange Fluctuation Income	4.22		
Total Operating Income.		304,869,547	228,704,419
6. Staff Expenses	4.23	57,505,792	29,684,837
7. Other Operating Expenses	4.24	43,458,469	33,106,213
8. Exchange Fluctuation Loss	4.22	-	
Operating Profit before provision for Possible Loss		203,905,286	165,913,369
9. Provision for Possible Losses	4.25	633,327,487	122,329,160
Operating Profit		(429,422,201)	43,584,209
10. Non Operating Income /(Loss)	4.26	(86,456)	(21,513)
11. Provision For Possible Loss Written Back	4.27	553,321,541	94,149,886
Profit from Regular Operations			
12. Profit/(Loss) from Extra-Ordinary Activities	4.28		
Net Profit after Considering all Activities		123,812,884	137,712,582
13. Provision for Staff Bonus		11,255,717	12,519,326
14. Provision for Income Tax		22,511,433	24,960,273
- Current Year's		22,511,433	25,038,651
- Up to Previous Year			170,471
- Deferred Tax:			
Current Year			248,849
Previous Year			
Net Profit/Loss		90,045,734	100,232,983

Schedules 4.18 to 4.28 are integral part of the Profit & Loss Account.

As per our Attached Report
of even date

K.B. Upreti
Managing Director

Ramesh Prasad Pokhrel
Chairman

CA Jayanarayan Pratihasta
J.N. Pratihast & Associates
Chartered Accountants

Harikrishna Sapkota
Manager

Badri Kumar Guragain
Deputy General Manager

Date -
Place - Kathmandu

Profit and Loss Appropriation Account
For the period 1 Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Particulars	Schedule	This Year (in NPR)	Previous Year (in NPR)
INCOME			
1. Accumulated Profit up to Previous Year		45,357,491.00	13,519,723.00
Add: Transferred from Dividend Payable		-	-
2. Current Year's Profit		90,045,734.00	100,232,983.00
3. Exchange Fluctuation Fund		-	-
4. Transfer from Share Premium			
6. Transfer from Accumulated Profit of IMEFIL			
7. Transfer from Accumulated Profit of LBFL			
8. Transferred from Capital Reserve (Share swap balance on merger)			
Total		135,403,225.00	113,752,706.00
EXPENSES			
1. Accumulated Loss up to Previous Year		-	-
2. This Year's Loss		-	-
3. General Reserve*		22,511,433.00	25,058,246.00
4. Contingent Reserve		-	-
5. Institutional Development Fund		100,000.00	100,000.00
6. Dividend Equalization Fund		-	-
7. Staff Related Reserves		-	-
8. Proposed Cash Dividend @ 10%		69,900,000.00	42,400,000.00
9. Proposed Bonus Shares @ 3%			
10. Special Reserve Fund			
11. Exchange Fluctuation Fund			
12. Capital Redemption Reserve Fund		-	-
13. Capital Adjustment Fund		-	-
14. Investment Adjustment Reserve			
15. Deferred Tax Reserve		-	248,849
16. Debenture Redemption Reserve			-
Total		92,511,433.00	67,807,095.00
Previous Fiscal year Adjustment			588,120.00
17. Accumulated Profit/(Loss)		42,891,792	45,357,491

* General Reserve created only for the current year profit of National Co-operative Bank Ltd. only.

As per our Attached Report
of even date

K.B. Upreti
Managing Director

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Chairman

CA Jayanarayan Pratihasta
J.N. Pratihast & Associates
Chartered Accountants

Harikrishna Sapkota
Manager

Badri Kumar Guragain
Deputy General Manager

Date -
Place - Kathmandu

Statement of Changes in Equity
As at Asadh 32, 2071 (16 July, 2014)

(In NPR)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve	Capital Reserve Fund	Proposed Bonus Share	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Investment reserve fund	Other Reserve & Fund	Total Amount
Opening Balance	507,510,000	45,357,491	52,222,155	-	-	-	-	297,256	-	500,000	605,886,902
Deferred Tax											
Transferred from Dividend Payable											
Revised Balance	507,510,000	45,357,491	52,222,155	-	-	-	-	297,256	-	500,000	605,886,902
Surplus on revaluation of property											
Currency Translation Difference											
Net gain/loss not recognized in the income statement											
Net profit for the period		90,045,734									90,045,734
Adjustments											
Transfer to General Reserve											
Investment Adjustment Reserve											
Capital Adjustment Fund											
Capital Redemption Reserve Fund											
Debiture Redemption Reserve											
Transfer from Share Premium											
Declaration of Dividend											
a. Cash		(69,900,000)									(69,900,000)
b. Bonus											
c. Fraction Share Capitalization											
Share Capital Issue	104,883,000										104,883,000
Exchange Fluctuation Fund											
Right Issue (Renounced & Auctioned)											
Transfer to Deferred Tax Reserve											
Co-operative Development Reserve		(100,000,000)									(100,000)
General Reserve Fund		(22,511,433,000)	22,511,433								
Closing Balance as at Asadh End 2069	612,393,000,000	42,891,792,000	74,733,589	-	-	-	-	297,256	-	600,000	730,915,636

As per our Attached Report
of even date

K.B. Upreti
Managing Director

Ramesh Prasad Pokhrel
Chairman

CA Jayanarayan Pratihasta
J.N. Pratihast & Associates
Chartered Accountants

Harikrishna Sapkota
Manager

Badri Kumar Guragain
Deputy General Manager

Date -
Place - Kathmandu

The logo of the National Cooperative Bank Limited (NCBL) is a circular emblem. It features a central map of India with two crossed flags (the Indian national flag and the Ashoka Lion Capital flag) superimposed on it. The emblem is surrounded by a decorative border. The text 'सहकारी बँक लिमिटेड' is written in Devanagari script at the top, and 'COOPERATIVE BANK LIMITED' is written in English at the bottom. The year '२०५१' is also visible.

NCBL PROFILE

ABOUT NCBL



National Cooperative Bank Limited (NCBL) was established in 2003, as the only bank in the cooperative movement of Nepal at national level, in exercise of the power conferred by the sub-section 4 of section 26 under the Cooperative Act, 1992 (first amendment, 2000) and from the recommendation of Nepal Rastra bank (Central bank of Nepal) as an umbrella institution to provide banking and financial services to all its member cooperatives following the long and continuous demand and efforts of cooperators. Assessing the importance of setting up a separate bank to exclusively support the cooperatives in the country, Nepal Government had amended the Cooperative Act, 1992 and released NPR10 million as equity participation in the fiscal year 2000 /2001. It has been successfully carrying out cooperative banking business since seven years. NCBL is primarily established with the objective to meet the financial needs and launch different

promotional activities to support its member cooperatives to be more professional and competitive. The establishment of NCBL, therefore, has a special implication for the development of cooperative movement of Nepal since the promotion and strengthening the cooperatives addresses the country's major socio-economic deprivations, poverty, unemployment and inequality etc. At present, the bank with about 7000 member cooperatives situated at 73 districts out of 75 districts and with rapidly growing number day by day, has already extended its network in 34 different places nationwide and will be expanded to 40 places in the current fiscal year to better serve the member cooperatives.

SERVICES

1) Savings



Fixed Deposit

- account will be opened with minimum balance RS 10,000 & above
- maturity period will be 6 months to 1 year.
- interest capitalization on quarterly/maturity basis.
- loan up to 90% by paying additional 1.5 % interest.
- free ABBS facility

Recurring Saving

- has fixed period
- deposit in regular interval
- interest capitalization on quarterly basis
- free ABBS facility

Regular Saving

- maturity period should be 6 months or 1 year
- pre scheduling amount should be deposited on regular basis.
- amount will be refunded with interest after maturity.
- interest capitalization on quarterly basis.
- free ABBS facility

General Saving Deposit:

- minimum balance RS 1,000 to open account.
- amount should be withdraw through cheque.
- interest capitalization on quarterly basis.
- free ABBS facility
- dividend & other payable amount deposit in this account by bank.

Special Saving Deposit

- minimum balance RS 10,000 to open account .
- amount should be withdraw through cheque.
- interest capitalization on quarterly basis.
- free ABBS facility.

Super Saving Deposit

- it is more beneficial for those cooperative who have large volume of transactions.
- interest provided on ladder basis for minimum balance .
- free ABBS facility.

2) Loan Facility & Products



Monthly Installment Loan

- time period 3 months to 5 years .
- application fee Rs 1000 & processing fee 1%
- penalty will be charged for irregular installment & loan amount

Working Capital (Like Overdraft) Loan

- period up to 1 years
- it is revolving facility loan
- application fee Rs. 1000 & processing fee 1%
- penalty will be charged for irregular loan amount
- interest calculated on daily balance method.
- it is renewable nature loan if it is regular.

Vehicle Loan

- vehicle loan for cooperative societies and their members on recommendation
- loan provided on security on new vehicles.
- 30-50 % self-invest for vehicles by borrower.
- time period 3 months to 5 years .
- application fee Rs. 1000 & processing fee 1%
- penalty will be charged for irregular installment & loan amount
- it is installment basis Loan.
- they can make full payment if they desire before maturity without any extra charges.

Microfinance Loan



- invested to microfinance member group through member cooperative.
- it is installment basis Loan.
- application fee Rs. 1000 & processing fee 1%
- 10% penalty charged for irregular loan amount
- interest rate 1% & 0.5 % on processing fee deduction facilities provided to member cooperative who involved in share scheme program.
- it is non-collateral loan but personal & institutional guarantee of more 50% directors should be required.

Staff Loan

- provided to staff for purchasing vehicles.
- vehicle should be register in bank's name.
- time period 5 years or 60 monthly Installment.
- vehicles must be insured.

Youth Self Employment Loan

- government program
- provides skills and capital
- interest subsidy of 60% of fund regularly

Mini Hydro Generation Loan

- up to 10 lacs NPR
- for rural electrification

3) Non funded Business

a. Bank Guarantee

Banks guarantees are written obligations of the issuing bank (NCBL) to pay a sum on to a beneficiary on behalf of its members in

the event that the members themselves do not pay the beneficiary. Through such guarantee letters, NCBL undertakes responsibilities to provide fund (guarantee amount), following a default by you of your contractual or other obligations.

Letters of guarantee can be in the form of Bank Guarantees, Performance Bonds, Bid Bonds, Shipping Guarantees, Advance Payment Guarantees, Counter Guarantees etc.

Features and Benefits

- secure members entering into bids, sales contracts and tenders.
- fulfilment of contracts with counter parties based on the guarantee terms.

We issue every type of guarantees as per your requirements. The most commonly used guarantees are as under:

- **Bid Bond (Tender Bond)**
- **Performance Bond Guarantee**
- **Advance Payment Guarantees**
- **Deferred Payment / Supplier Credit Guarantee**

b. Remittance

Remittance is being very essential product for the bank and in the context of Nepal, it is playing vital role to sustain the economy. Considering the needs of bank facilitating the member's service, NCBL provides remittance service from different parts of world for inward and outward remittance.

Our partners for the services are:

- NCBL Remittance (Domestic, only from our branches)
- Western Union Money Transfer
- IME
- Himal Remit

- Prabhu Money Transfer

c. Cooperative Credit information Center

The increased unhealthy competition in cooperative sector usually leads to a number of unforeseen difficulties and increased problems of borrowers over-indebtedness, reduced loan repayment incentives and growing arrears of cooperative sector. Weakening performance of cooperative in a competitive market is due in part to the absence of information sharing in these markets because growing numbers of cooperatives increase the level of unequal information between lenders. Cooperative Credit Information Center plays a crucial role toward improving credit market performance and acts as the information brokers that increase the transparency of credit markets. Motivated by cooperative survival amidst increasing competition, a wide array of lending cooperatives are becoming increasingly aware of the essential role that credit information center plays towards the creation of an efficient financial system. Benefits of information sharing includes an improved pool of borrowers, reduced default rates, lower interest rates and the increased access of the credit to the poor borrowers.

- to collect the credit information of the borrowers from all types of cooperative in line with government provision, streamline and restructure the information collected in a particular format and disseminate the information back to them upon request in the form of credit information report.
- to require the cooperatives to obtain in compulsory basis: the credit information report from the cooperative credit information center prior to advancing loan of an amount equal to or above the limit prescribed by the government of Nepal.
- to require the cooperatives to send the name list of the serious defaulters (blacklisted borrowers) who are not repaying the loan on time or misusing the loan to the cooperative credit information center.

- to submit reports to government of Nepal on the exchange of credit information among all types of cooperatives and verify those information on the basis of inspection, supervision and regular monitoring.

d) Utility payment

NCBL utility payment service is the easiest and smartest way to manage and pay your utility bills through bank's counter, anywhere without standing in queues. Make all your bill payments from the convenient branch of your home or office. NCBL has tied up with major organizations across

the country to facilitate payment of bills for utilities. This service is available from all of our branches. Customers can now pay by following modes of payment:

- i) Payment by cash (for all members)
- ii) Payment by account transfer (for NCBL account holders)
- iii) Standing instruction (for monthly payments)

NCBL account holders may instruct the bank to debit their account on monthly basis to pay their bills. Members need to maintain sufficient balance in their account to carry out such payments.



President of ICA Mrs. Dame Pauline Green receiving Token of Love from Chairman of NCBL at NCBL's Head Office.

MANAGEMENT TEAM



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CA. Badri Kumar Guragain

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Mohan Karki

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Nabin Kumar Karki

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NCBL's 11th Annual Day



President of ICA and other International Delegates During Inspection of NCBL.



NCBL's 10th AGM



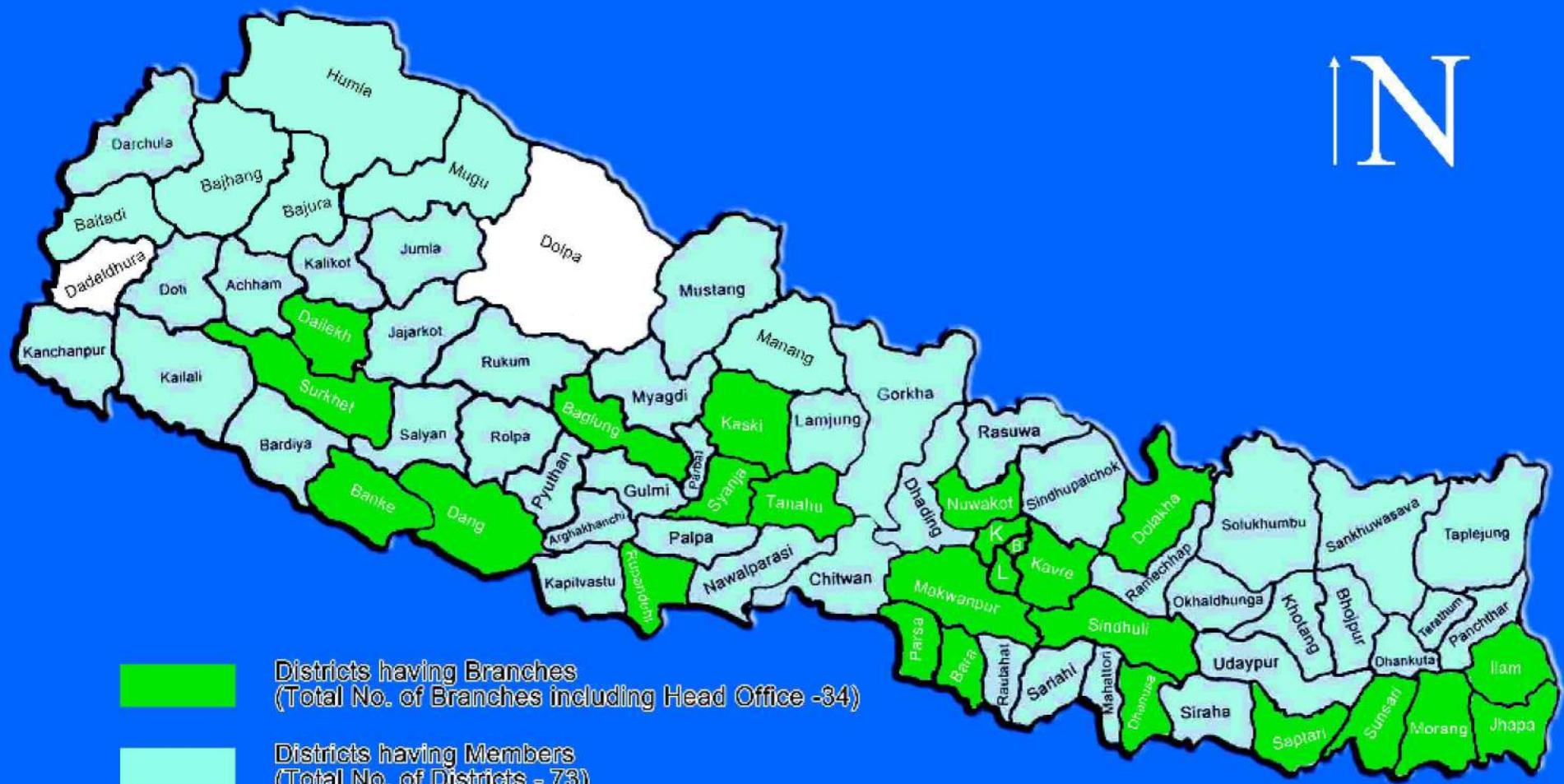
NCBL's BOD and Staffs with International Delegates



A Representative from a member co-operative on 10th AGM



NCBL's Training Program



-  Districts having Branches
(Total No. of Branches including Head Office - 34)
-  Districts having Members
(Total No. of Districts - 73)
-  Districts having No Members
(Total No. of Districts - 2)