



*Annual Report 2013*



**NATIONAL** राष्ट्रिय सहकारी बैंक लिमिटेड  
**CO-OPERATIVE BANK LTD.**

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# National Co-operative Bank Ltd.

## Advisory Board



Mr. Keshab Badal



Mr. Dipak Prakash Baskota



Mr. Keshab Nepal



Dr. Harikrishna Upadhaya



Mr. Bishnu Bahadur K.C.



Prof. Dr. Bishowmbar Pyakurel



Mr. Prakash Baskota

### Board of Directors



Chairman

Mr. Ramesh Prasad Pokhrel

(Rep. Star Multiple Co-operative Society Ltd. Birnagar)



Managing Director

Mr. K.B. Upreti

(Rep. Janata Multipurpose Co-operative Ltd. Kim.)

### Account Committee



Coordinator

Mr. Kul Chandra Adhikari

(Rep. District Co-operative Union, Kanchi)



Mr. Ram Bahadur G.C.

(Rep. Res Multipurpose Co-operative Ltd., Baglung)



Mr. Kumar Bhattarai

(Rep. Kalyankam Saving & Credit Co-operative Ltd., Lamjung)

### Board Members



Mr. Rajesh Hari Joshi

(Rep. Melwenpur Saving & Credit Co-operative Ltd. Hetauda)



Dr. Eldur Chalise

(Rep. Stupa Swastha Sewa Co-operative Ltd. Boudha, Kim.)



Mr. Ramseran Shama Chhimre

(Rep. Kamani Saving & Credit Co-operative Ltd. Setebaha, Lalitpur)



Mrs. Sarita Bhattarai

(Rep. Melita Aikyaen Saving & Credit Co-operative Ltd. Bellari, Dhulikhel)



Mr. Harshar Nathi Yogi

(Rep. Janata Saving & Credit Co-operative Ltd., Basantnagar-4, Birtara)



Mr. Mukunda Dehel

(Rep. Jyoti Multipurpose Co-operative Ltd. Kavre)



Mr. Kedar Neupane

(Ex-Officio)  
Registrar Dept. of Co-operative



Mr. Bijaya Raj Chhimre

(Ex-Officio, NCF)



## VISION

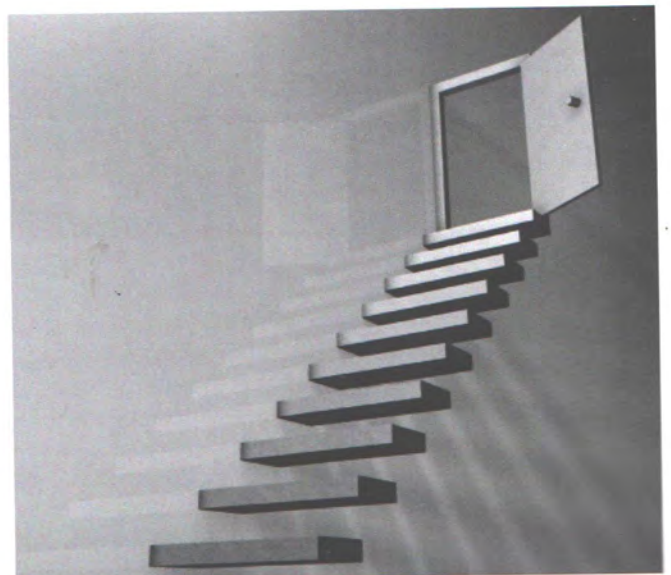
“Provide complete financial services to promote & strengthen cooperatives for the ultimate benefit of the members.”



## Vision & Mission

## MISSION

- Assist to reduce poverty by mobilizing fund through cooperative sector.
- Help cooperative sector to become a professional and sound financial service provider in remote areas of Nepal.
- Meeting the changing needs of members.
- Offer products and services with the continued enhancement through traditional and technological advantages to ensure members satisfaction.
- Create superior value for the members through quality growth, caring, responsiveness and accessibility to decision makers.







(नेपाल राष्ट्र बैंकबाट सीमित बैंकिङ कारोबार गर्न स्वीकृत प्राप्त संस्था)

द.नं. ०१/०५९/०६० (सहकारी बैंक)

# National राष्ट्रिय सहकारी बैंक लिमिटेड **CO-OPERATIVE BANK LTD.**

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**Chairman  
Council of Ministers**

**Kathmandu, Nepal**

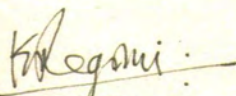
### **Message**

I am pleased to know that **National Cooperative Bank Limited (NCBL)** is publishing its "Annual Report 2013", including the details regarding the financial situation of the Bank.

With the adoption of liberal economy, numerous banks, financial institutions and cooperatives have been established in Nepal. The open market policy of state has encouraged different service industries in Nepal. Among them Cooperatives are providing facilities of saving, lending and other business transactions. Moreover, cooperatives have been effective for promoting economic activities throughout the world.

In this context, it is a matter of satisfaction to know that NCBL was established with the motto of mobilizing the scattered capital, labor, skills of cooperative field in productive area of the society. I am of the belief that NCBL is moving to achieve its goals, and serving to its member cooperatives.

I would like to congratulate NCBL for successful completion of one decade of its establishment. I would like to express my best wishes for the success of NCBL in the days ahead.

  
(Khil Raj Regmi)

September 2013



**National Co-operative  
Federation of Nepal Ltd.**  
G.P.O. Box: 11859  
Kathmandu-10, Nepal

**राष्ट्रिय सहकारी संघ लि. नेपाल**  
पो.ब.नं. ११८५९  
घर नं. ११६, बाणिज्य मार्ग,  
वडा नं. १०, बिजुलीबजार,  
काठमाडौं, नेपाल

Tel: 977-1-4781510, 4781697  
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## Message

It is indeed, our great pleasure to know that the National Cooperative Bank Limited (NCBL) is publishing the annual issue covering its financial status including the progress of achievement. First of all, I, on behalf of the National Cooperative Federation of Nepal, and on my own, would like to congratulate the NCBL, its Board of Directors, Staff and all member cooperatives for their untired effort to bring this bank into the present position.


National Cooperative Bank is the only bank of cooperatives promoted by Nepalese Cooperative Movement with the prime objectives for providing financial services to the cooperatives of all type and level.

As we know that the government of Nepal has recognized the cooperatives as one of the pillars of economic development in equal foot with public and private sector through the Interim Constitution of Nepal 2006. Keeping in mind for fulfilling the constitutional stipulation, we Nepalese cooperative movement, jointly with the partnership of the government of Nepal, national & international agencies and other stakeholders, have jointly endeavored for introducing and revising the conducive policy, legislation, strategy, regulations, producers and so on for strengthening the cooperatives in competitive marketplace.

On this outset, the activities of the NCBL have been significantly contributed for the enhancement of economic activities covering a large number of cooperatives in the country. On this very occasion, may I take this opportunity to wish for the further advancement of the NCBL through the diversified and extended products and services to the targeted sector on sustainable basis for attaining the socio economic goal of the members while preserving the ethical values, norms & cooperative principles.

At last but not least, I, on behalf of the Nepalese Cooperative Movement, sincerely express our warm wishes for the success of National Cooperative Bank and its noble effort for the publication of this report which may be informative to understand the banks' activities to all stakeholders and people.

4, September, 2013  
Kathmandu

  
Keshav Prasad Badal  
Chairman





**Government of Nepal**  
**MINISTRY OF CO-OPERATIVE AND POVERTY ALLEVIATION**

MESSAGE


National Cooperative Bank Limited (NCBL) is the single apex financial institution of Co-operative sector. I am pleased to know that NCBL, on the occasion of its 10 year completion is publishing its Annual Report 2013.

NCBI has been established with a view to support the Co-operative sector by mobilizing the fund in every development effort of the Co-operative movement. I think the bank is successful to achieve its objectives to a greater extent with a wider coverage of its operation geographically and financially.

With the growing role of Co-operative sector in the national development endeavor the role of the bank has also been increasing with bigger responsibility of financial discipline among the members and fulfills social responsibility of the bank.

I hope that the visionary leadership of the board and the management team as well as well trained and experienced staffs of the bank will drive the bank at its destination.

I would like to express my best wishes for future success and congratulate for the successful operation.

  
Lal Mani Joshi  
Secretary

Ministry of Cooperatives and poverty alleviation

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Government of Nepal  
Ministry of Co-operatives and Poverty Alleviation  
Department of Co-Operatives



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E-mail: saharibivag@gmail.com  
Website: www.deoc.gov.np

Naya Baneshwor  
Kathmandu, Nepal

Date :Sep 3, 2013

Ref:-



Message from Registrar

I am very glad to hear that National Cooperative Bank Limited is publishing its "Annual Report 2013". Firstly, I would like to congratulate the bank for the successful completion of 10 years. As I know National Cooperative Bank Limited has delivered a prompt service to its members is consistent to the policies of Department of Cooperatives. The growth of the bank has increased satisfactorily and it continues to make remarkable success.

As being one of the regulating bodies, I found its activities are more focused to uplift the cooperatives of the nation. The members of the bank are increasing in positive trend. No doubt, this is because of the trust that the bank has earned from its members. I feel proud of this bank as it is the only one Cooperative Bank in the country.

Further, I feel that from now onwards, Bank should focus its product and programs to agriculture and production sector so that it would result to increase the employment and contribute to national economic growth. I would put strong view that bank should start new programs and initiative for reduction of poverty in Nepal.

Moreover, the bank has become the member of NEDAC (Network for Development of Agriculture Cooperative for Asia and the Pacific), ICA (International Cooperative Alliance), and ACCU (Association of Asian Confederation of Credit Unions) which I think is the most valuable to bring international exposure and practice in Nepal.

Lastly, I would like to extend my best wishes for the success in all steps to National Cooperative Bank Limited and its members.

(Kedar Neupane)  
Registrar  
Department of Cooperatives





## **CHAIRMAN'S MESSAGE**

The National Cooperative Bank Limited (NCBL), since its establishment in 2003, has been committed to helping the cooperative sector next 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 resource. 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). Further, we are in process of obtaining membership of internationally renowned institutions including Center for International Cooperation and Training in Agricultural Banking (CICTAB).

I take this opportunity to thank all the shareholders for the 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**

**National Co-operative Bank Ltd.**



# COMMITMENT FROM MANAGING DIRECTOR



Looking at the growth for more than 10 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, 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.

For the response to the tough challenges posed

by our stakeholders, we continue our long tradition of encouraging leadership of the employees by motivating them to develop and implement innovative and ingenious solutions. We are committed to strategically choosing to offer the products and services which will best benefit our membership, providing convenience and simplification of the financial experience for next three years.

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 advantage 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.

I would like to mention that as we grow in all areas, we must increase our efforts to ensure that our esteemed member's today and future are bright by providing them with best products, services and every support they require. With National Cooperative Bank Limited, you always have a bright future.

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  
National Co-operative Bank Ltd.**



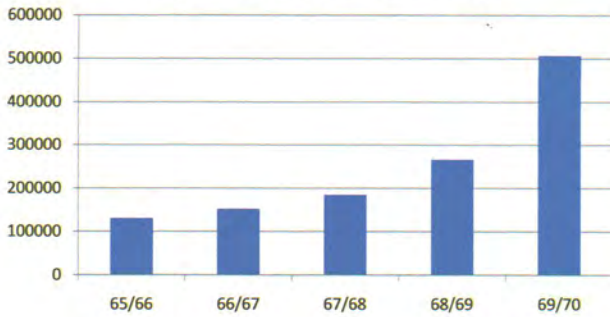
# FINANCIAL HIGHLIGHTS (as on 15th July 2013)

Amount in Thousand

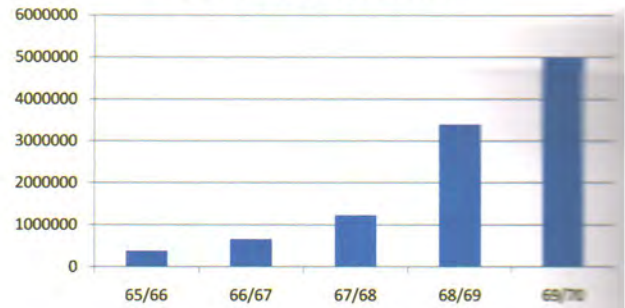
SN	Particulars	Last Year	Current Year	Growth in NPR	Growth in %
1	Share Capital	266,235	507,510	241,275	91%
2	Reserves and Surplus	42,932	144,307	101,375	236%
3	Borrowings	131,143	401,958	270,815	207%
4	Deposit Liabilities	3,395,693	4,994,077	1,598,384	47%
5	Cash & Bank Balance	1,744,624	2,118,761	374,137	21%
6	Investment	430,070	729,605	299,535	70%
7	Loans, Advances and Bills Purchase	1,670,776	3,216,166	1,545,390	92%
8	Fixed Assets	18,278	25,859	7,581	41%
9	Non-Banking Assets	0	0	0	0%
10	Other Assets	17,728	37,382	19,654	111%
11	Interest Income	303,842	503,702	199,860	66%
12	Interest Expenses	206,070	308,612	102,542	50%
13	Total Operating Income.	115,654	228,192	112,538	97%
14	Operating Profit	58,367	142,167	83,800	144%
15	Net Profit/Loss	42,681	103,394	60,713	142%
16	Percentage of Net Profit / Gross Income	20.98%	13.12%		
17	Earnings Per Share Adequacy of Capital Fund on Risk weighted	156.25	158.75	2.5	1.60%
18	Assets				
	a. Core capital	19.5	12.41		
	b. supplementary capital	0.88	0.67		
	c. total capital fund	20.38	13.08		
19	Book Net worth	1156	1159	3	0.26%

# LAST FIVE YEARS AT A GLANCE

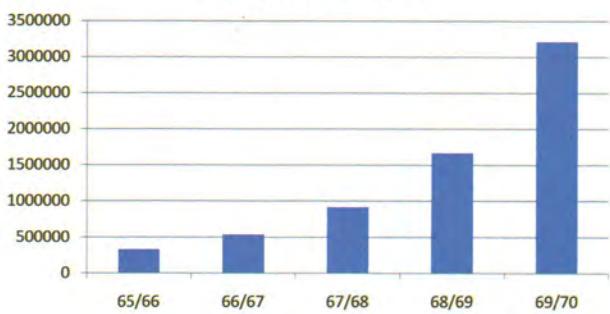
**Share Capital (in thousand)**



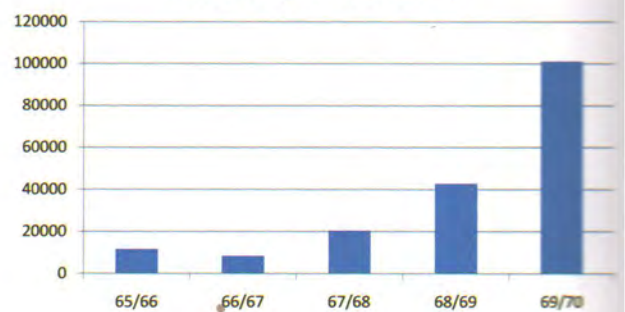
**Deposit (in thousand)**



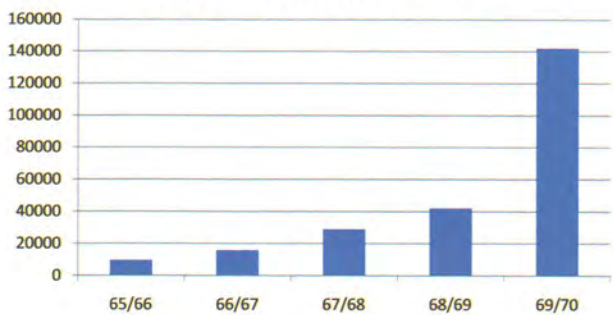
**Loan (in thousand)**



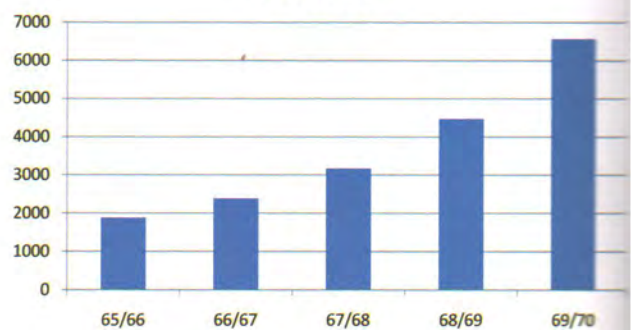
**Reserve (in thousand)**



**Net Profit (in thousand)**



**Members**





# NCBL STRATEGY

NCBL strategy for the period up to 2018 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 the Nepal, and it wants to continue to do so based on its cooperative identity and principles. The Strategic Framework for 2013-2018 is in a process of finalization into policy

## a. A more distinctive identity

NCBL puts the interests of members first. Many members are currently experiencing tough time to run with cooperative values and principles. In keeping with this 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 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. Standardisation 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 on 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 Programme was launched with the aim of formulating the details of NCBL's strategy on sustainability for the next five years, in order to facilitate the implementation of the updated strategic framework. The member 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 member promises were used as a basis for defining three specific centrathemes:

- 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

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.

e. **Financial frameworks**



# RISK MANAGEMENT STATEMENT

NCBL pursues a prudent risk policy aimed at maintaining a moderate risk profile. This is reflected, for instance, in our comfortable liquidity position, our robust capital position. Despite this strong position, NCBL is susceptible to the effects of the Global financial & Nepalese real state crisis. The economic developments led to a worsening of the risk profile of NCBL loan portfolio in particular.

## Operational Risk

Operational risk is the risk of loss resulting from inadequate internal processes, people, and systems, or from external events. Operational risk itself is not a new concept, and well run banks have been addressing it in their internal controls and corporate governance structures. However, applying an explicit regulatory capital charge against operational risk is a relatively new and evolving idea. Basel II requires banks to hold capital against the risk of unexpected loss that could arise from the failure of operational systems.

The most important types of operational risk involve breakdowns in internal controls and corporate governance. Such breakdowns can lead to financial losses through error, fraud, or failure to perform in a timely manner or cause the interests of the bank to be compromised in some other way, for example, by its dealers, lending officers or other staff exceeding their authority or conducting business in an unethical or risky manner.

Other aspects of operational risk include major failure of information technology systems or events such as major fires or other disasters. The failure to properly manage operational risk can result in a misstatement of an institution's risk/return profile and expose the institution to significant losses. Gross income, used in the Basic Indicator Approach is only a proxy for the scale of operational risk exposure of a bank and can in some cases underestimate the need for capital.

Therefore NCBL has developed a framework for managing operational risk and evaluating the adequacy of capital covering the bank's appetite and tolerance for operational risk, as specified through the policies for managing this risk, including the extent and

manner in which operational risk is transferred outside the bank. It also includes policies outlining the bank's approach to identifying, assessing, monitoring and controlling/mitigating the risk.

## Credit risk

Credit risk is the major risk that banks are exposed to during the normal course of lending and credit underwriting. Within Basel II, there are two approaches for credit risk measurement: the standardized approach and the internal ratings based (IRB) approach. Due to various inherent constraints within the Nepalese banking system, the standardized approach in its simplified form, Simplified Standardized Approach (SSA), has been prescribed in the initial phase. Credit risk is the probability that a Bank's borrower or counter party will fail to meet its payment obligations in accordance with the terms of approval of the credit. This includes non-repayment of capital and/or interest within the agreed time frame, at the agreed rate of interest and in the agreed currency. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organization.

For most banks, loans are the largest and most obvious source of credit risk; however, other sources of credit risk exist throughout the activities of a bank, including in the banking book and the trading book, and both on and off the balance sheet. Banks increasingly face credit risk in various financial instruments other than loans, including acceptances, trade financing, and in the extension of commitments and guarantees and the settlement of transactions. NCBL has developed methodologies to assess the credit risk involved in exposures to individual borrowers or counterparties. The credit review assessment of capital adequacy, at a minimum, covers risk rating systems, portfolio analysis/aggregation, large exposures and risk concentrations. Internal risk ratings are an important tool in monitoring credit risk and supporting the identification and measurement of risk from all credit exposures, and are integrated into our overall analysis of credit risk and capital adequacy. The ratings system provides detailed ratings for all assets, not only for problem assets.



Our various branches are the business units of our bank. Each branch forwards business proposals to the head of credit division, Head Office. The credit division critically analyzes the proposal from different perspectives in line with statutory, regulatory and internal guidelines. Thereafter, if the business proposal is found to be credit worthy, it is placed in the credit committee. The Credit Committee is comprised of seasoned bankers who evaluate credit proposals. The committee analyzes in depth financial as well as non-financial information regarding the borrower such as business history, market situation, and future prospects of the market, managerial capabilities, cash flow and then declines or recommends approval of the designated credit authorities. To ensure proper and adequate risk analysis and timely member service, our credit policy and procedures guide (CPPG) provides various layers in the credit approval process.

Adoption of international standards via our in-house Credit Policy and Procedures Guide, formation of Credit Quality Control (CQC) unit for monitoring the quality of credit, both at the account level and portfolio level.

- Regular review of the credit portfolio by the senior Management with periodic reporting to the Board of Directors.
- Separate independent audit and inspection of borrowers by internal auditors in addition to audit and inspection by statutory auditors.
- Strict adherence to the prudential guidelines of the Central Bank on Loan Classification, Interest Recognition, Asset Classification, Single Obligor Limit, etc.
- Establishing suitable exposure limits for borrowers and sectors and monitoring the limits on a regular basis.
- Risk mitigation steps with a special emphasis on collateral.
- Setting counterparty limits based on

their financial strength.

- Training of lending and legal officers on documentation and professional valuations. Developing skills and expertise of lending officers to scientifically assess project viability and member integrity.
- Identifying Early Warning Signals (EWS) and taking prompt action thereon.
- Field visited by concerned staff before approving credit facility.

### Liquidity risk

Liquidity is crucial to the ongoing viability of any financial institution. The capital positions can have a telling effect on institution's ability to obtain liquidity, especially in a crisis. NCBL has adequate systems for measuring, monitoring and controlling liquidity risk. We evaluate the adequacy of capital given their own liquidity profile and the liquidity of the markets in which they operate. The objective of liquidity management is to ensure that bank has sufficient funds to meet its contractual and regulatory financial obligations at all times. Liquidity risk is the probability of loss arising from a situation where (1) there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, (2) sale of illiquid assets will yield less than their fair value, or (3) illiquid assets will not be sold at the desired time due to lack of buyers. Liquidity risk relates to the ability of the Bank to maintain sufficient liquid assets at reasonable cost to meet its financial obligations as and when they fall due. Liquidity risk arises from situations in which a party interested in trading an asset cannot do it because nobody in the market wants to trade that asset. Liquidity risk becomes particularly important to parties who are about to hold or currently hold an asset, since it affects their ability to trade.

The bank's liquidity policy is to ensure that all contractual commitments can be met by readily available sources of funding. In addition, liquid assets are maintained in relation to cash flows to provide further sources of funding in the event of a crisis. The



bank also has excellent access to financial markets to ensure the availability of funds. The bank has established an adequate system for monitoring and reporting risk exposures and assessing how the bank's changing risk profile affects the need for capital. The bank's senior management or board of directors receives on a regular basis reports on the bank's risk profile and capital needs.

These reports allow senior management to:

- Evaluate the level and trend of material risks and their effect on capital levels;

- Evaluate the sensitivity and reasonableness of key assumptions used in the capital assessment measurement system;
- Determine that the bank holds sufficient capital against the various risks and is in compliance with established capital adequacy goals; and
- Assess its future capital requirements based on the bank's reported risk profile and make necessary adjustments to the bank's strategic plan accordingly.

NCBL conducts periodic reviews of its risk management process to ensure its integrity, accuracy, and reasonableness. Key areas that are reviewed include:

- Appropriateness of the bank's capital assessment process given the nature, scope and complexity of its activities;
- Identification of large exposures and risk concentrations;
- Accuracy and completeness of data inputs into the bank's assessment process;
- Reasonableness and validity of scenarios used in the assessment process; and

Market risk is defined as the risk of losses in on balance sheet and off-balance sheet positions arising from adverse movements in market prices.

Market risk is also the uncertainty in the future value of the bank's on-balance sheet and off-balance sheet financial items resulting from interest rates, foreign currency, equity, and commodity risks. The Asset Liability Management Committee (ALCO) serves as the primary oversight and decision making body that provides strategic directions for the bank's management of market risk. The key elements in the market risk management framework are principles and policies, risk limits and risk measures. The prescribed approach for the computation of capital charge for market risk is very simple and thus may not be directly aligned with the magnitude of risk. Likewise, the approach only incorporates risks arising out of adverse movements in exchange rates while ignoring other forms of risks like interest rate risk and equity risks. NCBL has taken measures to address these various forms of risk.

An important Risk Management measure of the bank to address Market Risk includes:

- Conduction of gap analysis, timely re-pricing of products and hedging of exposures.
- Daily monitoring of Credit to Deposit (CD) ration.
- Maintaining the Liquid Assets Ratio with a contingency buffer.
- Regular monitoring of competitor behavior and building competitor intelligence.
- Maintaining strong relationship with correspondent banks.
- Enhancing fee based income to reduce dependence on fund based income.
- Non-engagement in large scale transactions on a speculative basis.

## Market risk



# ACTIVITY HIGHLIGHTS

As you are acknowledged that the co-operative 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 A.D. as the *International year of Co-operatives* by UN in 2009 A.D., UNO has hoisted its flag with a theme, "*Co-operative Enterprises Build a Better World*" and thereby underscored the necessity and significance of co-operatives. The co-operative 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.

You 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 no 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.

## 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 33 branches 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 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 co-operative is grew now to 6575. The share capital too has been increased accordingly.

## 3) Increase in Services-Facilities

The following additional service facilities were provided to its member

- i. Deprived Sector loan
- ii. Youth self-Employment loan
- iii. Remittance
- iv. Utility Payment
- a. Mobile Recharge
- b. TV cable recharge
- v. Bank Guarantee

## 4) Restructuring in Communication System

The bank has provided information service to its member *vis-à-vis* co-operatives such as:

- Co-operatives Bulletin
- website and notice board information,
- documentary with coverage of various activities of the bank

## 5) Monitoring and Inspection :

- a) The Central Office of the bank was visited by the honorable Minister Mr. Ek Nath Dhakal of newlyconstituted Ministry of Co-operatives and Poverty Reduction on June 06, 2012 A.D. and inaugural training program designed for assistant level employees was opened.
- b) Regular Field monitoring and inspection visits were held on June 26, 2012 A.D. by Nepal Rastra Bank (NRB), and reforms by the bank have been made complying with directives and acknowledgement of which been already furnished.



- c) The newly appointed Registrar Mr. Kedar Neupane of Co-operative Department observed the bank and was welcome to attend the meeting of the Board of Directors (BoD) as an ex-officio Director of the bank.

6) **Strengthening Internal Control System**

To strengthen internal control system, an internal audit department have 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.

7) **Financial Resources Collection**

Apart from deposits collected by its members, the bank has borrowed Rs. 70,000,000/- million from Youth and Small Business Self-Employment Fund, Government of Nepal (GoN), and been successful to provide loans to over 600 small entrepreneurs through over 60 member enterprises/associations and is going to conclude another additional agreement with the Government for more subscription– to which the process is on progress.

The bank has decided to perform following programs, subject to the budget as produced:

- a) One national level seminar of newly issued Cooperative policies was conducted for creating awareness to members of NCBL
- b) In a bid to accelerate the 'capital increase scheme' as per the directives of Nepal Rastra Bank (NRB), 10 interaction Programme was conducted to its member which results in increased share capital by 42%.
- c) With a view to expanding bank

networks in all 75 districts, 12 district level meetings were held at different places the country in order that almost all the districts could be connected with, intending to open 7 more branches of the bank. As of now, NCBL open 4 new branches with the approval to the concerning authority– the Department of Co-operatives and the Nepal Rastra bank (NRB).

- d) In this year , NCBL recruited 40 new staff with and customized training were provided to them. Further, additional 4 training were provided to existing staffs.
- e) With a view to obtaining lending information of co-operative sector, NCBL has started a process to established a separate Co-operative Credit Information Center in its leadership.
- f) New act for cooperative sector is in a process of drafting, NCBL is advocating for a separate section for cooperative bank in that proposed new Act.

In line with its approved annual programs, the following program would completed in this fiscal year:

A provision shall be initiated to the agencies concerned so that all types of amounts to be obtained in the co-operative sector from the national budget shall be mobilized through this bank.

An initiative shall be done in order that public funds such as rural self-reliance, foreign employment, poverty reduction, micro finance, among others, targeted to the indigent groups by the government, shall be mobilized through this bank. Bank employees and member co-operative associations shall be made more capable and competitive by providing vocational and technical assistance through the medium of education and training

- packages.
- Microfinance program shall be initiated along with continuing the youth self-employment program.
- Additional initiatives shall be made for making the government purchase additional shares of this bank, in addition to making more contribution and investment in the co-operative sector.
- Plans or programs of cooperation shall be prepared between the bank and national co-operative federations.
- In the capacity building process of Board of Director (BoD), Account Committee, other sub-Committees and bank employees as well as member Cooperative, provisions of participating in observation trips, education and trainings shall be provided to them.
- Bank's Five Years' Strategic Plan shall be framed and implemented. (it is in process of formulation)
- Upon fulfilling basic requirements, approval of Branchless Banking service-program shall be taken from Nepal Rastra Bank (NRB) (under Process)

We are very delighted to hear that political parties from the meeting of the High Level Taskforce have been agreed to encompass a national policy in the new constitution on the development and participation of co-operatives, public and private sector (3 pillars economy) in the national economy. In the present context, we have been advocating since long that the national economy cannot be strong without the participation of co-operatives which have been developed as a backbone of national economy. On behalf of co-operative sector we express our commitment once again that we are entirely ready to work for the economic prosperity of total people.



# AUDITED FINANCIAL STATEMENT

## National राष्ट्रीय सहकारी बैंक लिमिटेड CO-OPERATIVE BANK LTD.

Balance Sheet as at Ashad 31, 2069 (15 July, 2012)

CAPITAL & LIABILITIES	SCHEDULE	Current Year (in NPR)	Previous Year (in NPR)
1. Share Capital	4.1	266,235,000	185,157,300
2. Reserves and Surplus	4.2	42,932,039	20,375,415
3. Debentures & Bonds	4.3	-	-
4. Borrowings	4.4	131,143,475	30,000,000
5. Deposit Liabilities	4.5	3,395,693,236	1,232,861,186
6. Bills Payable		-	-
7. Proposed Dividend Payable		19,600,000	17,000,000
8. Income Tax Liabilities		43,492	525,694
9. Other Liabilities	4.7	25,829,233	15,083,555
<b>Total Capital and Liabilities</b>	<b>4.7</b>	<b>3,881,476,475</b>	<b>1,501,003,150</b>

ASSETS		Current Year (in NPR)	Previous Year (in NPR)
1. Cash Balance	4.8	53,945,483	9,455,683
2. Balance with Nepal Rastra Bank	4.9	18,500,103	7,000,000
3. Balance with Banks/Financial Institution	4.10	1,672,178,853	550,502,744
4. Money at Call and Short Notice	4.11	-	-
5. Investment	4.12	430,070,294	105,000
6. Loans, Advances and Bills Purchase	4.13	1,670,775,864	915,061,724
7. Fixed Assets	4.14	18,277,567	10,446,660
8. Non Banking Assets	4.15	-	-
9. Other Assets	4.16	17,728,311	8,431,339
<b>Total Assets</b>		<b>3,881,476,475</b>	<b>1,501,003,150</b>

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Statement of Capital Fund	Schedule 30A1
Statement of Risk Weighted Assets	Schedule 30B
Principal Indicators	Schedule 31
Principal Accounting Policies	Schedule 32
Notes to Accounts	Schedule 33

Schedules 1 to 17, 32 and 33 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

# National राष्ट्रीय सहकारी बक लिमिटेड CO-OPERATIVE BANK LTD.

## Profit and Loss Account

For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)

Particulars	Schedule	Current Year (in NPR)	Previous Year (in NPR)
1. Interest Income	4.18	303,841,564	128,205,043
2. Interest Expenses	4.19	206,069,822	71,709,078
<b>Net Interest Income</b>		<b>97,771,742</b>	<b>56,495,965</b>
3. Commission and Discount	4.20		
4. Other Operating Income	4.21	17,881,911	9,622,488
5. Exchange Fluctuation Income	4.22		
<b>Total Operating Income.</b>		<b>17,881,911</b>	<b>9,622,488</b>
6. Staff Expenses	4.23	23,004,281	10,259,141
7. Other Operating Expenses	4.24	22,450,394	13,646,629
8. Exchange Fluctuation Loss	4.22	-	
<b>Operating Profit before provision for Possible Loss</b>		<b>70,198,978</b>	<b>42,212,683</b>
9. Provision for Possible Losses	4.25	11,832,905	4,341,882
<b>Operating Profit</b>		<b>58,366,073</b>	<b>37,870,801</b>
10. Non Operating Income /(Loss)	4.26	(49,896)	
11. Provision For Possible Loss Written Back	4.27	370,373	71,113
<b>Profit from Regular Operations</b>			
12. Profit/(Loss) from Extra-Ordinary Activities	4.28		
<b>Net Profit after Considering all Activities</b>		<b>58,686,550</b>	<b>37,941,914</b>
13. Provision for Staff Bonus		5,335,141	1,800,000
14. Provision for Income Tax		11,194,786	7,228,383
- Current Year's		10,670,282	
- Up to Previous Year		572,911	
- Deferred Tax:			
Current Year		48,407	
Previous Year			
<b>Net Profit/Loss</b>		<b>42,156,623</b>	<b>28,913,531</b>

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

As per our Attached Report of even

**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



# National राष्ट्रीय सहकारी बँक लिमिटेड CO-OPERATIVE BANK LTD.

## Profit and Loss Appropriation Account For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)

Particulars	Schedule	This Year (in NPR)	Previous Year (in NPR)
<b>INCOME</b>			
1. Accumulated Profit up to Previous Year		4,600,883.00	20,979.00
Add: Transferred from Dividend Payable		-	-
2. Current Year's Profit		42,156,623.25	28,913,532.00
3. Exchange Fluctuation Fund		-	-
4. Transfer from Share Premium		-	-
<b>Total</b>		<b>46,757,506.25</b>	<b>28,934,511.00</b>
<b>EXPENSES</b>			
1. Accumulated Loss up to Previous Year		-	-
2. This Year's Loss		-	-
3. General Reserve*		11,689,376.56	7,233,628.00
4. Contingent Reserve		-	-
5. Institutional Development Fund		100,000.00	100,000.00
6. Dividend Equalization Fund		-	-
7. Staff Related Reserves		-	-
8. Proposed Dividend		19,600,000.00	17,000,000.00
9. Proposed Bonus Shares		-	-
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		48,407	-
16. Debenture Redemption Reserve		-	-
<b>Total</b>		<b>31,437,783.56</b>	<b>24,333,628.00</b>
17. Accumulated Profit/(Loss)		<b>15,319,723</b>	<b>4,600,883</b>

**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

Statement of Changes in Equity  
As at Ashad 31, 2069 (Jul 15, 2012)

(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	185,157,300	4,600,883	15,474,532	-	-	-	-	-	-	300,000	205,532,715
Deffered Tax											
Transferred from Dividend Payable											
Restated Balance	185,157,300	4,600,883	15,474,532	-	-	-	-	-	-	300,000	205,532,715
Surplus on revaluation of property											
Net gain /loss not recognized in the income statement											
Net profit for the period		42,156,623									42,156,623
<b>Adjustments</b>											
Transfer to General Reserve Fund		(11,689,377)	11,689,377								
Declaration of Dividend		(19,600,000.00)									(19,600,000)
Share Capital Issue	81,077,700	(48,407.00)						48,407			81,077,700
Transfer to Deffered Tax Reserve		(100,000.00)								100,000	
Co-operative Development Reserve											
<b>Closing Balance as at Ashad End 2069</b>	<b>266,235,000.00</b>	<b>15,319,722.00</b>	<b>27,163,909</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,407</b>	<b>-</b>	<b>400,000</b>	<b>309,167,038</b>

**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



# National राष्ट्रीय सहकारी बैंक लिमिटेड CO-OPERATIVE BANK LTD.

## Cash Flow Statement For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>(a) Cash Flow from Operating Activities</b>	<b>1,120,805,012</b>	<b>263,333,698</b>
<b>1. Cash Received</b>	<b>321,723,475</b>	<b>137,827,531</b>
1.1 Interest Income	303,841,564	128,205,043
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange transaction	-	-
1.4 Recovery of Loan Written off	-	-
1.5 Other Incomes	17,881,911	9,622,488
<b>2. Cash Payment</b>	<b>266,080,048</b>	<b>101,142,622</b>
2.1 Interest Expenses	208,516,589	71,709,078
2.2 Staff Expenses	22,999,746	10,159,141
2.3 Office Overhead Expenses	21,713,609	11,775,194
2.4 Income Tax Paid	11,725,395	6,951,405
2.5 Other Expenses	1,124,709	547,804
<b>Cash Flow before changes in Working Capital</b>	<b>55,643,427</b>	<b>36,684,909</b>
<b>Increase / (Decrease) of Current Assets</b>	<b>(1,207,310,750)</b>	<b>(297,046,354)</b>
1. (Increase)/Decrease in Money at Call and Short Notice	-	-
2. (Increase)/Decrease in Short Term Investment	(429,965,294)	23,262,389
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(767,176,672)	(381,286,844)
4. (Increase)/Decrease in Other Assets	(10,168,784)	60,978,101
<b>Increase / (Decrease) of Current Liabilities</b>	<b>2,272,472,335</b>	<b>523,695,143</b>
1. Increase/(Decrease) in Deposits	2,162,832,050	576,314,886
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	101,143,475	11,000,000
4. Increase/(Decrease) in Other Liabilities	8,496,810	(63,619,743)
<b>(b) Cash Flow from Investment Activities</b>	<b>(7,697,368)</b>	<b>(5,632,806)</b>
1. (Increase)/Decrease in Long-term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	(7,697,368)	(5,632,806)
3. Interest income from Long term Investment	-	-
4. Dividend Income	-	-
<b>(c) Cash Flow from Financing Activities</b>	<b>64,558,369</b>	<b>20,250,000</b>
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	-	-
2. Increase/(Decrease) in Share Capital	81,077,700	32,150,000
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Refinance/facilities received from NRB	-	-
5. Payment of Dividend	(16,519,331)	(11,900,000)
<b>(d) Income/Loss from change in exchange rate in Cash &amp; Bank Balances</b>	<b>-</b>	<b>-</b>
<b>(e) Current Year's Cash Flow from All Activities</b>	<b>1,177,666,013</b>	<b>277,950,892</b>
<b>(f) Opening Balance of Cash and Bank Balances</b>	<b>566,958,427</b>	<b>289,007,535</b>
<b>(g) Closing Balance of Cash and Bank Balances</b>	<b>1,744,624,440</b>	<b>566,958,427</b>

**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



# National साप्व्य सहकारी बक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.1

## SHARE CAPITAL AND OWNERSHIP As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>I. Share Capital</b>		
<b>I.1 Authorized Capital</b>	640,000,000	640,000,000
a) 640000 Ordinary Shares of NPR 1000 each	640,000,000	640,000,000
b) ....Non-redeemable Preference Shares of NPR....each		
c) ....Redeemable Preference Shares of NPR....each		
<b>I.2 Issued Capital</b>	320,000,000	320,000,000
a) 320000 Ordinary Shares of NPR 1000 each	320,000,000	320,000,000
b) ....Non-redeemable Preference Shares of NPR....each		
c) ....Redeemable Preference Shares of NPR....each		
<b>I.3 Paid Up Capital</b>	266,235,000	185,157,300
a) 266235 Ordinary Shares of NPR 1000 each	266,235,000	185,157,300
b) ....Proposed Bonus Shares of NPR....each		
c) ....Non-redeemable Preference Shares of NPR....each		
d) ....Redeemable Preference Shares of NPR....each		
<b>I.4 Proposed Bonus Share</b>		
<b>I.5 Calls In Advance</b>		
<b>I.6 Total Amount (I.3+I.4+I.5)</b>	<b>266,235,000</b>	<b>185,157,300</b>

## SHARE CAPITAL AND OWNERSHIP As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	%	This Year (in NPR)	%	Previous Year (in NPR)
<b>I. Local Ownership</b>	<b>100.00</b>	<b>266,235,000</b>	<b>100.00</b>	<b>185,157,300</b>
1.1 Cooperative Organization	96.24%	256,235,000	94.29%	174,581,000
1.2 Government of Nepal	3.76%	10,000,000	5.40%	10,000,000
1.3 Other Liscensed Institutions		-		-
1.4 Other Entities		-	0.31%	576,300
1.5 General Public		-		-
1.6 Others (Individual Promotors)		-		-
<b>2. Foreign Ownership</b>		-		-
<b>Total</b>	<b>100%</b>	<b>266,235,000</b>	<b>100%</b>	<b>185,157,300</b>

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  
Date -  
Place - Kathmandu

Badri Kumar Guragain  
Deputy General Manager



**National साङ्ख्य सहकारी बक लिमिटेड**  
**CO-OPERATIVE BANK LTD.**

**Schedule 4.2**

**RESERVES FUNDS**

As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>1. General Reserve Fund</b>	27,163,909	15,474,532
<b>2. Capital Reserve Fund</b>		
<b>3. Capital Redemption Reserve</b>		
<b>4. Capital Adjustment Fund</b>		
<b>5. Other Reserves &amp; Funds</b>	448,407	300,000
5.1. Contingent Reserve		
5.2. Institutional Development Fund	400,000	300,000
5.3. Dividend Equalization Fund		
5.4. Special Reserve Fund		
5.5. Assets Revaluation Reserve		
5.6. Deferred Tax Reserve	48,407	
5.7. Other Free Reserves		
5.8. Other Reserve Fund		
5.8.1. Investment Adjustment Reserve		
5.8.2 Share Premium		
5.8.3 Debenture Redemption Reserve		
<b>7. Accumulated Profit/Loss</b>	15,319,722	4,600,883
<b>8. Exchange Fluctuation Fund</b>		
<b>Total</b>	<b>42,932,038</b>	<b>20,375,415</b>

**K.B. Upreti**  
Managing Director

**Ramesh Prasad Pokhrel**  
Chairman

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Deputy General Manager

# National राष्ट्रीय सहकारी बँक लिमिटेड CO-OPERATIVE BANK LTD.

## SHARE CAPITAL & OWNERSHIP LIST OF SHAREHOLDERS HOLDING MORE THAN 0.5% OF SHARE CAPITAL

S. No.	NAME	Address	THIS YEAR		PREVIOUS YEAR	
			AMOUNT (Rs.)	%	AMOUNT (Rs.)	%
1	Ministry of Co-operative & poverty alleviation	Kathmandu	10,000,000	3.76%	10,000,000	5.40%
2	Namobuddha Multipurpose Cooperative Ltd	Kathmandu	5,611,000	2.11%	3,001,000	1.62%
3	Sitapaila Multipurpose Cooperative Ltd	Kathmandu	5,600,000	2.10%	5,600,000	3.02%
4	Birat Saving & Credit Co-operative Ltd	Kathmandu	5,550,000	2.08%	10,000	0.01%
5	Sagarmatha Coperative Society Ltd	Lalitpur	5,505,000	2.07%	5,505,000	2.97%
6	Jyoti Multipurpose Co-operative Ltd	Kavre	5,505,000	2.07%	5,505,000	2.97%
7	Chandeshwori Saving & Credit Co-operative Ltd	Kavre	5,505,000	2.07%	5,505,000	2.97%
8	Shubhashree Coperative Society ltd	Kathmandu	5,501,000	2.07%	5,501,000	2.97%
9	Janata Multipurpose Cooperative Ltd	Kathmandu	3,085,000	1.16%	3,085,000	1.67%
10	Milan Multipurpose Cooperative Ltd	Kathmandu	3,030,000	1.14%	3,030,000	1.64%
11	Manakamana Cooperative Society Ltd	Kathmandu	3,005,000	1.13%	3,005,000	1.62%
12	Stupa Health Care Cooperative Ltd	Kathmandu	3,001,000	1.13%	3,001,000	1.62%
13	Upakar Saving & Credit Co-operative Ltd	Syangja	3,001,000	1.13%	3,001,000	1.62%
14	Sahara Nepal Saving & Credit Co-operative Ltd	Jhapa	2,000,000	0.75%	200,000	0.11%
15	Lumbini Saving & Credit Co-operative Ltd	Rupandehi	1,510,000	0.57%	1,010,000	0.55%
16	Baglung Multipurpose Cooperative Ltd	Baglung	1,500,000	0.56%	1,500,000	0.81%
17	Samuhik Bikas Saving & Credit Co-operative Ltd	Rupandehi	1,500,000	0.56%	910,000	0.49%

**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



# National राष्ट्रीय सहकारी बैंक लिमिटेड CO-OPERATIVE BANK LTD.

## Schedule 4.3

### DEBENTURES AND BONDS As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. ....% Bond/Debentures of Rs.....each Issued on ..... and matured on ..... (Outstanding balance of Redemption Reserve Rs...)	-	-
2. ....% Bond/Debentures of Rs.....each Issued on ..... and matured on ..... (Outstanding balance of Redemption Reserve Rs...)	-	-
<b>Total (1+2)</b>		

## Schedule 4.4

### BORROWINGS As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>A. Local</b>	-	-
1. Government of Nepal	55,643,475	15,000,000
2. Nepal Rastra Bank	-	-
3. Repo Obligations	-	-
4. Inter Bank and Financial Institutions	75,500,000	15,000,000
5. Other Organized Institutions	-	-
6. Others	-	-
<b>Total</b>	<b>131,143,475</b>	<b>30,000,000</b>
<b>B. Foreign</b>	-	-
1. Banks	-	-
2. Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>131,143,475</b>	<b>30,000,000</b>

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# National राष्ट्रीय सहकारी बक लिमिटेड CO-OPERATIVE BANK LTD.

## Schedule 4.3

### DEBENTURES AND BONDS As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. ....% Bond/Debentures of Rs.....each Issued on ..... and matured on ..... (Outstanding balance of Redemption Reserve Rs...)	-	-
2. ....% Bond/Debentures of Rs.....each Issued on ..... and matured on ..... (Outstanding balance of Redemption Reserve Rs...)	-	-
<b>Total (1+2)</b>		

## Schedule 4.4

### BORROWINGS As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>A. Local</b>	-	-
1. Government of Nepal	55,643,475	15,000,000
2. Nepal Rastra Bank		-
3. Repo Obligations		
4. Inter Bank and Financial Institutions	75,500,000	15,000,000
5. Other Organized Institutions	-	-
6. Others	-	-
<b>Total</b>	<b>131,143,475</b>	<b>30,000,000</b>
<b>B. Foreign</b>	-	-
1. Banks		
2. Others	-	-
<b>Total</b>	-	-
<b>Total (A+B)</b>	<b>131,143,475</b>	<b>30,000,000</b>

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Deputy General Manager



# National राष्ट्रीय सहकारी बक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.5

## DEPOSIT LIABILITY As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>1. Non-Interest bearing accounts</b>		
<b>A. Current Deposits</b>	-	
<b>1. Local Currency</b>	-	
1.1 Government of Nepal		
1.2 "A" Class Licensed Institutions		
1.3 Other Licensed Institutions		
1.4 Other Organized Institutions		
1.5 Individuals		
1.6 Others		
<b>2. Foreign Currency</b>	-	
2.1 Government of Nepal		
2.2 "A" Class Licensed Institutions		
2.3 Other Licensed Financial Institutions		
2.4 Other Organized Institutions		
2.5 Individuals		
2.6 Others		
<b>B. Margin Deposits</b>	-	
1. Employees Guarantee		
2. Guarantee Margin		
3. Margin on Letter of Credit		
3. Others		
<b>C. Others</b>	-	
1. Local Currency	-	
1.1 Financial Institutions	-	
1.2 Other Organized Institutions		
1.3 Individual		
2. Foreign Currency	-	
2.1 Financial Institutions	-	
2.2 Other Organized Institutions	-	
2.3 Individual	-	
<b>Total of Non-Interest Bearing Accounts</b>	-	

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**Harikrishna Sapkota**  
Manager

**Badri Kumar Guragain**  
Deputy General Manager

# National संयुक्त सहकारी बँक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.5 A

## DEPOSIT LIABILITY

As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>2. Interest Bearing Accounts</b>		
<b>A. Saving Deposits</b>	3,272,583,236	1,205,051,162
<b>1. Local Currency</b>	3,272,583,236	1,205,051,162
1.1 Organizations/ Institutions	3,272,583,236	1,205,051,162
1.2 Individual		
1.3 Others		
<b>2. Foreign Currency</b>	-	
2.1 Organizations/ Institutions		
2.2 Individual		
2.3 Others	-	-
<b>B. Fixed Deposits</b>	123,110,000	27,810,024
<b>1. Local Currency</b>	123,110,000	27,810,024
1.1 Organizations/ Institutions	123,110,000	27,810,024
1.2 Individual		
1.3 Others		
<b>2. Foreign Currency</b>	-	
2.1 Organizations/ Institutions		
2.2 Individual		
2.3 Others		
<b>C. Call Deposits</b>	-	
<b>1. Local Currency</b>	-	
1.1 "A" Class Licensed Institutions		
1.2 Other Licensed Financial Institutions		
1.3 Other Organized Institutions		
1.4 Individual		
1.5 Others		
<b>2. Foreign Currency</b>	-	
2.1 "A" Class Licensed Institutions		
2.2 Other Licensed Institutions		
2.3 Other Organized Institutions		
2.4 Individual		
2.5 Others	-	-
<b>D. Certificate of Deposit</b>	-	-
1. Organized Institution	-	-
2. Individual	-	-
3. Others	-	-
<b>Total of Interest Bearing Accounts</b>	3,395,693,236	1,232,861,186
<b>Total Deposit (1+2)</b>	3,395,693,236	1,232,861,186



**National सहकारी बँक लिमिटेड**  
**CO-OPERATIVE BANK LTD.**

**Schedule 4.6**

**BILLS PAYABLE**  
As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Local Currency		
2. Foreign Currency	-	-
<b>Total</b>	-	-

**Schedule 4.7**

**OTHER LIABILITIES**  
As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Pension/Gratuity Fund	242,035	237,500
2. Employees Provident Fund	-	-
3. Employees Welfare Fund		-
4. Provision for Staff Bonus	6,034,628	1,824,196
5. Interest Payable on Deposits	2,410,092	4,856,859
6. Interest Payable on Borrowings		
7. Unearned Discount and Commission		
8. Sundry Creditors	15,261,220	6,764,410
9. Branch Account	-	-
10. Deffered Tax Liabilities	-	-
11. Unpaid Dividend	<b>1,881,259</b>	1,400,590
a. F.Y. 2066/67, F.Y. 2067/68	1,881,259	1,400,590
12. Others		
(a) Audit Fee Payable		
(b) Provision for Leave Encashment		
(c) Others	-	-
	<b>25,829,234</b>	<b>15,083,555</b>

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Managing Director

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**Badri Kumar Guragain**  
Deputy General Manager

# National ~~राष्ट्रिय सहकारी~~ बक लिमिटेड CO-OPERATIVE BANK LTD.

## Schedule 4.8

### CASH BALANCE As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Local Currency (Including Coins)	53,945,483	9,455,683
2. Foreign Currency		
<b>Total</b>	<b>53,945,483</b>	<b>9,455,683</b>

### BALANCE WITH NEPAL RASTRA BANK As at Ashad 31, 2069 (Jul 15, 2012)

#### Schedule 4.9

Particulars	Local Currency	Foreign Currency (in NPR)			This Year (in NPR)	Previous Year (in NPR)
		INR	Convertible FCY	Total		
<b>1. Nepal Rastra Bank</b>	-	-	-	-	18,500,103	7,000,000
a. Current Account					18,500,103	7,000,000
b. Other Account					-	-

### BALANCE WITH BANKS/FINANCIAL INSTITUTIONS As at Ashad 31, 2069 (Jul 15, 2012)

#### Schedule 4.10

Particulars	Local Currency	Foreign Currency (in NPR)			This Year (in NPR)	Previous Year (in NPR)
		INR	Convertible FCY	Total		
<b>1. Local Licensed Institutions</b>	1,672,178,853	-	-	-	1,672,178,853	550,502,744
a. Current Account	1,672,178,853				1,672,178,853	550,502,744
b. Other Account	-				-	-
<b>2. Foreign Banks</b>	-	-	-	-	-	-
a. Current Account	-				-	-
b. Other Account	-				-	-
<b>Total</b>	<b>1,672,178,853</b>	-	-	-	<b>1,672,178,853</b>	<b>550,502,744</b>

### MONEY AT CALL AND SHORT NOTICE As at Ashad 31, 2069 (Jul 15, 2012)

#### Schedule 4.11

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Local Currency		-
2. Foreign Currency		-
<b>TOTAL</b>	-	-

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Deputy General Manager



**INVESTMENTS**

As at Ashad 31, 2069 (Jul 15, 2012)

Schedule 4.12

Particulars	Purpose		This Year (in NPR)	Previous Year (in NPR)
	Trading	Other		
1. Government of Nepal Treasury Bills				
2. Government of Nepal Saving Bonds				
3. Government of Nepal Other securities				
4. Nepal Rastra Bank Bonds				
5. Foreign Securities				
6. Local Licensed Institution				
7. Foreign Bank Placement			105,000	105,000
8. Shares of Organized Institutions				
9. Bonds and Debentures of Organized Institutions			429,965,294	-
10. Other Investments			<b>430,070,294</b>	<b>105,000</b>
<b>Total Investment</b>	-	-	-	-
<b>Provision</b>	-	-	-	-
<b>Net Investment</b>	-	-	<b>430,070,294</b>	<b>105,000</b>

**K.B. Upreti**  
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 Chairman

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# National राष्ट्रीय सहकारी बँक लिमिटेड CO-OPERATIVE BANK LTD.

## INVESTMENT IN SHARES, DEBENTURES AND BONDS As at Ashad 31, 2069 (Jul 15, 2012)

Schedule 4.12 (A)

Particulars	This Year (in NPR)			Previous Year (in NPR)
	Cost Price	Market Price	Provision	
<b>1. Investment in Shares</b>	-			
1.1 .....Company Pvt Ltd. .....ordinary shares paid at the price of Rs...per Share				
1.2.....				
1.3.....				
<b>2. Investment in Debentures and Bonds</b>				
2.1 .....Company pvt ltd.....percentage of debenture/bond at the rate of Rs..... Per debenture/bond				
2.2.....				
2.3.....				
<b>Total Investment</b>				
<b>3. Provision for Loss</b>				
3.1 Up to previous year				-
3.2 Increase/Decrease this year				-
<b>Total Provision</b>	-	-	-	-
<b>Net Investment</b>	-	-	-	-

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# National राष्ट्रिय सहकारी बैंक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.12.1

### Investment Categorized as Held For Trading As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	Cost Price	Market price of Previous Period (A)	Current Market Price (B)	Current year income/ (Loss) (B-A)	Previous year's income/ (Loss)	Remarks
1. Government of Nepal Treasury Bills	-	-	-	-	-	
2. Government of Nepal Saving Bonds	-	-	-	-	-	
3. Government of Nepal Other securities	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Local Licensed Institution's Share	-	-	-	-	-	
7. Local Licensed Institution's Debenture and Bonds	-	-	-	-	-	
8. Share, Bonds and Debentures of Local Organized Institutions	-	-	-	-	-	
9. Foreign Bank Placement	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investments	-	-	-	-	-	
<b>Total Investment</b>	-	-	-	-	-	-

Schedule 4.12.2

### Investment Categorized as Held To Maturity As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	Cost Price (A)	Loss upto Current Period (B)	Loss of the Current Period (C)	Current year income/ (Loss) (A-B-C)	Previous year's income/ (Loss)	Remarks
1. Government of Nepal Treasury Bills	-	-	-	-	-	
2. Government of Nepal Saving Bonds	-	-	-	-	-	
3. Government of Nepal Other securities	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Local Licensed Institution's Share	-	-	-	-	-	
7. Local Licensed Institution's Debenture and Bonds	-	-	-	-	-	
8. Share, Bonds and Debentures of Local Organized Institutions	-	-	-	-	-	
9. Foreign Bank Placement	-	-	-	-	-	
10. Other Investments	-	-	-	-	-	Local Bank Placement
<b>Total Investment</b>	-	-	-	-	-	-

Schedule 4.12.3

### Investment Categorized as Available For Sale As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	Cost Price	Market price of Previous Period (A)	Current Market Price (B)	Current Years Fund Adjustm ent (B-A)	Previous year's income/ (Loss)	Remarks
1. Government of Nepal Treasury Bills	-	-	-	-	-	
2. Government of Nepal Saving Bonds	-	-	-	-	-	
3. Government of Nepal Other securities	-	-	-	-	-	
4. Nepal Rastra Bank Bonds	-	-	-	-	-	
5. Foreign Securities	-	-	-	-	-	
6. Local Licensed Institution's Share	-	-	-	-	-	
7. Local Licensed Institution's Debenture and Bonds	-	-	-	-	-	
8. Share, Bonds and Debentures of Local Organized Institutions	-	-	-	-	-	
9. Foreign Bank Placement	-	-	-	-	-	
10. Other Investments	-	-	-	-	-	
<b>Total Investment</b>	-	-	-	-	-	-



**National** राष्ट्रिय सहकारी बँक लिमिटेड  
**CO-OPERATIVE BANK LTD.**

**Schedule 13**

**CLASSIFICATION OF LOANS, ADVANCES AND BILLS PURCHASED & PROVISIONING**  
**As at Ashad 31, 2069 (Jul 15, 2012)**

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>1. Performing Loan</b>	<b>1,682,994,774</b>	<b>923,800,964</b>
1.1 Pass	1,682,994,774	923,800,964
<b>2. Non-Performing Loan</b>	<b>8,980,413</b>	<b>997,550</b>
2.1 Restructured/Rescheduled	3,299,513	
2.2 Sub-Standard	1,085,246	
2.3 Doubtful	2,312,500	997,550
2.4 Bad	2,283,154	
<b>A. Total Loan</b>	<b>1,691,975,187</b>	<b>924,798,514</b>
<b>3. Loan Loss Provision</b>		
3.1 Pass	16,829,948	9,238,015
3.2 Restructured	412,439	
3.3 Sub-Standard	271,311	
3.4 Doubtful	1,156,250	498,775
3.5 Bad	2,283,154	
3.6 Additional Provision	246,220	
<b>B. Total Provisioning</b>	<b>21,199,322</b>	<b>9,736,790</b>
<b>4. Provisioning up to Previous Year</b>		
4.1 Pass	9,238,015	
4.2 Restructured		
4.3 Sub-Standard		
4.4 Doubtful	498,775	
4.5 Bad		
D. Written Back from Last year	9,736,790	5,466,021
E. Written Back from this year provision	370,373	71,113
F. Additional Provision for this year	11,832,905	4,341,882
<b>Net Loan (A-B)</b>	<b>1,670,775,865</b>	<b>915,061,724</b>

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Manager

**Badri Kumar Guragain**  
Deputy General Manager



# National Sahakar Bank Ltd CO-OPERATIVE BANK LTD.

Schedule 14

**FIXED ASSETS**  
As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	ASSETS						This Year (in NPR)	Previous Year (in NPR)
	Building	Vehicles	Machinery	Office Equipment	Others			
<b>1. Cost Price</b>								
a. Previous Year balance		2,709,200		12,841,734			14,750,934	9,118,128
b. Addition during the year		1,100,000		6,648,647			7,748,647	5,632,806
c. Revaluation/Written Back this year		-		-			-	-
d. Sold during the year		(101,175)		-			(101,175)	-
e. Written off during the year		-		-			-	-
<b>Total Cost (a+b+c-d-e)</b>		<b>3,708,025</b>		<b>19,490,381</b>			<b>22,398,406</b>	<b>14,750,934</b>
<b>2. Depreciation</b>								
a. Up to previous year		904,967		4,199,306			5,104,273	2,648,356
b. For this year		524,498		3,847,378			4,371,877	1,655,918
c. Depreciation on revaluation/Written Back		-		-			-	-
d. Depreciation on Sold Assets		-		-			-	-
<b>Total Depreciation</b>		<b>1,429,465</b>		<b>8,046,684</b>			<b>9,476,150</b>	<b>4,304,274</b>
<b>3. Book Value (WDV*) (1-2)</b>		<b>2,278,560</b>		<b>11,443,697</b>			<b>13,722,257</b>	<b>10,446,660</b>
<b>4. Land</b>								
<b>5. Capital Construction (pending Capitalization)</b>								
<b>6. Leaschold Assets</b>								
<b>Total (3+4+5+6)</b>		<b>2,278,560</b>		<b>15,999,007</b>			<b>18,277,567</b>	<b>10,446,660</b>

**K.B. Upreti**  
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Manager

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Deputy General Manager

**NON BANKING ASSETS**  
 As at Ashad 31, 2069 (Jul 15, 2012)

Name & Address of Borrower or Party	Date of assuming Non Banking Assets	Total Non Banking Assets (in NPR)		Loss Provision in NPR		Net Non Banking Assets (in NPR)	Previous Year (in NPR)
		Banking Assets (in NPR)	%	%	in NPR		
						-	-
						-	-
						-	-
<b>Grand Total</b>		-				-	-

**K.B. Upreti**  
 Managing Director

**Ramesh Prasad Pokhrel**  
 Chairman

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# National राष्ट्रीय सहकारी बैंक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.1

## SHARE CAPITAL AND OWNERSHIP As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>1. Share Capital</b>		
<b>1.1 Authorized Capital</b>	<b>640,000,000</b>	<b>640,000,000</b>
a) 640000 Ordinary Shares of NPR 1000 each	640,000,000	640,000,000
b) ....Non-redeemable Preference Shares of NPR....each		
c) ....Redeemable Preference Shares of NPR....each		
<b>1.2 Issued Capital</b>	<b>320,000,000</b>	<b>320,000,000</b>
a) 320000 Ordinary Shares of NPR 1000 each	320,000,000	320,000,000
b) ....Non-redeemable Preference Shares of NPR....each		
c) ....Redeemable Preference Shares of NPR....each		
<b>1.3 Paid Up Capital</b>	<b>266,235,000</b>	<b>185,157,300</b>
a) 266235 Ordinary Shares of NPR 1000 each	266,235,000	185,157,300
b) ....Proposed Bonus Shares of NPR....each		
c) ....Non-redeemable Preference Shares of NPR....each		
d) ....Redeemable Preference Shares of NPR....each		
<b>1.4 Proposed Bonus Share</b>		
<b>1.5 Calls In Advance</b>		
<b>1.6 Total Amount (1.3+1.4+1.5)</b>	<b>266,235,000</b>	<b>185,157,300</b>

## SHARE CAPITAL AND OWNERSHIP As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	%	This Year (in NPR)	%	Previous Year (in NPR)
<b>1. Local Ownership</b>	<b>100.00</b>	<b>266,235,000</b>	<b>100.00</b>	<b>185,157,300</b>
1.1 Cooperative Organization	96.24%	256,235,000	94.29%	174,581,000
1.2 Government of Nepal	3.76%	10,000,000	5.40%	10,000,000
1.3 Other Liscensed Institutions		-		-
1.4 Other Entities		-	0.31%	576,300
1.5 General Public		-		-
1.6 Others (Individual Promotors)		-		-
<b>2. Foreign Ownership</b>				-
<b>Total</b>	<b>100%</b>	<b>266,235,000</b>	<b>100%</b>	<b>185,157,300</b>

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  
Date -  
Place - Kathmandu

Badri Kumar Guragain  
Deputy General Manager

# National राष्ट्रीय सहकारी बँक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.17

## CONTINGENT LIABILITIES As at Ashad 31, 2069 (Jul 15, 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Claims on institution not accepted by the Institution		
<b>2. Letter of Credit (Full Amount)</b>	-	-
a. Less than 6 months maturity		
b. More than 6 months maturity		
3. Rediscounted Bills	-	-
<b>4. Unmatured Guarantees/Bonds</b>	-	-
a. Bid Bonds		
b. Performance Bonds		
c. Other Guarantee/Bonds		
5. Unpaid Shares in Investment	-	-
6. Outstanding Liabilities on Forward Exchange Contract		
7. Bills under Collection		
8. Acceptance & Endorsement		
9. Underwriting Commitment		
10. Irrevocable Loan Commitment		
11. Guarantees issued against Counter Guarantee of Internationally Rated Banks		
12. Advance Payment Guarantee		
13. Financial Guarantee	-	-
14. Contingent Liabilities on Income Tax		-
15. Others (sale of loan)	-	-
<b>Total</b>	-	-

**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



**INTEREST INCOME**

For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>A. On Loans, Advances and Overdraft</b>	<b>201,387,611</b>	<b>109,026,527</b>
1. Loans & Advances	201,387,611	109,026,527
2. Overdraft		
<b>B. On Investment</b>	<b>13,628,836</b>	
1. Government of Nepal Securities		
a. Treasury Bills		
b. Development Bonds		
c. National Saving Certificates	-	-
2. Foreign Securities	-	-
a. ....	-	-
b. ....	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debentures & Bonds		
a. Financial Institutions	-	-
b. Other Institutions		
5. Interbank Investment	13,628,836	
a. Bank/Financial Institutions	13,628,836	
b. Other Institutions		
<b>C. On Agency Balances</b>	-	-
1. Local Banks / Financial Institutions		
2. Foreign Banks	-	-
<b>D. On Money at Call and Short Notice</b>	-	-
1. Local Banks/Financial Institutions		
2. Foreign Banks	-	-
<b>E. On Others</b>	<b>88,825,117</b>	<b>19,178,516</b>
1. Certificate of Deposits	-	-
2. Inter-Bank / Financial Institutional Loan	88,825,117	19,178,516
<b>3. Others</b>	-	-
a. FCY placements		
b. Staff Loan		
<b>Total</b>	<b>303,841,564</b>	<b>128,205,043</b>

**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

# National राष्ट्रीय सहकारी बँक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.19

## INTEREST EXPENSES

For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>A. ON DEPOSIT LIABILITIES</b>	<b>199,844,136</b>	<b>69,820,243</b>
<b>1. Fixed Deposits</b>	<b>7,920,890</b>	<b>4,880,393</b>
1.1 Local Currency	7,920,890	4,880,393
1.2 Foreign Currency		
<b>2. Saving Deposits</b>	<b>191,923,246</b>	<b>64,939,850</b>
2.1 Local Currency	191,923,246	64,939,850
2.2 Foreign Currency		
<b>3. Call Deposits</b>	-	
3.1 Local Currency		
3.2 Foreign Currency		
<b>4. Certificate of Deposits</b>	-	-
<b>B. ON BORROWINGS</b>	<b>6,225,685</b>	<b>1,888,835</b>
1. Debentures & Bonds		-
2. Loan from Nepal Rastra Bank		
3. Inter Bank /Financial Institutions Borrowing	6,225,685	1,888,835
4. Other Organized Institutions	-	-
5. Other Loans	-	-
<b>C. ON OTHERS</b>	-	-
1.	-	-
2.	-	-
<b>Total</b>	<b>206,069,821</b>	<b>71,709,078</b>

**K.B. Upreti**  
Managing Director

**Ramesh Prasad Pokhrel**  
Chairman

**CA Jayanarayan Pratihasta**  
J.N. Pratihast & Associates  
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**Harikrishna Sapkota**  
Manager

**Badri Kumar Guragain**  
Deputy General Manager



# National राष्ट्रीय सहकारी बँक लिमिटेड CO-OPERATIVE BANK LTD.

## Schedule 4.20

### COMMISSION AND DISCOUNT INCOME

For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
<b>A. Bills Purchased &amp; Discount</b>	-	-
1. Local		
2. Foreign	-	-
<b>B. Commission</b>	-	-
1. Letters of Credit		
2. Guarantees		
3. Collection Fees		
4. Remittance Fees		
5. Credit Card		
6. Share Underwriting/Issue	-	-
7. Government Transactions	-	-
8. E.Pra. Commission		
9. Exchange Fee	-	-
<b>C. Others</b>		
<b>Total</b>	-	-

## Schedule 4.21

### OTHER OPERATING INCOME

For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Safe Deposit Lockers Rental		
2. Issue & Renewals of Credit Cards		
3. Issue & Renewals of ATM Cards		
4. Telex / T. T.		
5. Service Charges (Loan Processing Fees)	15,816,972	8,189,802.00
6. Renewal Fees		
7. Others		102,665
7.1 Application Fee	647,400	393,000
7.2 Loan Repayment Fee		
7.3 Others	1,417,539	937,021
<b>Total</b>	<b>17,881,911</b>	<b>9,622,488</b>

**K.B. Upreti**  
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Chairman

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J.N. Pratihast & Associates  
Chartered Accountants

**Harikrishna Sapkota**  
Manager

**Badri Kumar Guragain**  
Deputy General Manager

**National राष्ट्रीय सहकारी बक लिमिटेड  
CO-OPERATIVE BANK LTD.**

**Schedule 4.22**

**EXCHANGE GAIN/LOSS**

**For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)**

Particulars	This Year (in NPR)	Previous Year (in NPR)
a. Revaluation Gain (Loss)		
b. Trading Gain (except Exchange Fees)		
<b>Total Income (Loss)</b>	-	-

**Schedule 4.23**

**EMPLOYEES EXPENSES**

**For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)**

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Salary	14,551,272	7,681,335
2. Allowances	916,126	848,891
3. Contribution to Provident Fund	122,171	83,310
4. Training Expenses	116,863	32,560
5. Uniform	830,000	585,000
6. Medical Expenses	1,218,377	
7. Insurance		
7.1 Staff medical Insurance		
7.2 Staff Accidental Insurance		
7.3 Other Insurance		
8. Pension and Gratuity	4,535	100,000
9. Overtime Expenses	1,847,512	476,561
10. Festival Allowances(Dashain)	879,652	331,279
11. Remote Allowances	27,983	
12. Acting Allowances	923	
13. Leave Expenses	2,488,866	120,205
14. Others		
<b>Total</b>	<b>23,004,280</b>	<b>10,259,141</b>

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Manager

**Badri Kumar Guragain**  
Deputy General Manager



# National राष्ट्रीय सहकारी बँक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.24

## OTHER OPERATING EXPENSES

For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. House Rent	4,220,992	2,709,530
2. Light, Electricity & Water	461,214	219,352
3. Repair & Maintenance	<b>931,696</b>	<b>157,275</b>
a. Building	-	
b. Vehicles	289,011	157,275
c. Software	642,685	
d. Others	-	
4. Insurance	513,199	358,795
5. Postage, Telex, Telephone & Fax	936,228	589,411
6. Office Equipment, Furniture and Repair	194,075	110,690
7. Travelling Allowances & Expenses	1,030,275	595,208
8. Printing & Stationery	1,105,848	569,861
9. Books & Periodicals	100,954	87,946
10. Advertisements	460,769	370,896
11. Legal Expenses	-	-
12. Donations	-	-
13. Expenses relating to Board of Directors	<b>1,524,586</b>	<b>1,163,543</b>
a. Meeting Fees	246,000	313,200
b. Other Expenses	1,278,586	850,343
14. Annual General Meeting Expenses	1,800,713	879,174
15. Expenses relating to Audit	<b>100,000</b>	<b>45,200</b>
a. Audit Fees	100,000	45,200
b. Other Expenses	-	-
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	4,371,877	2,455,917
18. Amortization of Pre-operating Expenses	-	224,742
19. Share Issue Expenses	-	-
20. Technical Services Fee Reimbursement	-	-
21. Entertainment Expenses	516,176	357,587
22. Written Off Expenses	603,151	-
23. Security Expenses	1,063,236	307,397
24. Credit Guarantee Premium	-	-
25. Commission & Discount	-	-
26. Others	<b>2,515,407</b>	<b>2,444,105</b>
(a) Branch- Sub branch Committee Expenses	677,799	451,599
(b) Fuel Expenses	257,853	182,067
(c) Perishable Goods Expenses	414,891	351,169
(d) Office Expenses	-	285,497
(e) Sanitary Expenses	57,971	14,250
(f) Leasehold written off Expenses	-	81,036
(g) Others Miscellaneous	348,221	609,924
(h) Training Expenses	109,560	-
(i) Program Expenses	649,112	468,563
<b>Total</b>	<b>22,450,396</b>	<b>13,646,629</b>

K.B. Upreti  
Managing Director

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CA Jayanarayan Pratihasta  
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Manager

Badri Kumar Guragain  
Deputy General Manager



# National राष्ट्रीय सहकारी बैंक लिमिटेड CO-OPERATIVE BANK LTD.

## Schedule 4.25

### PROVISION FOR POSSIBLE LOSSES

For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Increase in Loan Loss Provision	11,832,905	4,341,882
2. Increase in Provision for Loss on Investment		
3. Provision Against Non-Banking Assets		
4. Provision Against Other Assets		-
4.1 Provision Against Bank Balance	-	
<b>Total</b>	<b>11,832,905</b>	<b>4,341,882</b>

## Schedule 4.26

### NON-OPERATING INCOME / (LOSS)

For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)

Particulars	This Year (in NPR)	Previous Year (in NPR)
1. Profit (Loss) on Sale of Investments	-	-
2. Profit (Loss) on Sale of Assets	(49,896)	-
3. Dividend	-	-
<b>4. Subsidies received from Nepal Rastra Bank</b>	-	-
a. Reimbursement of losses of specified branches	-	-
b. Interest Compensation	-	-
c. Exchange Counter	-	-
<b>5. Others</b>	-	-
a.		
b.	-	-
c.	-	-
<b>Total Non-Operating Income (Loss)</b>	<b>(49,896)</b>	<b>-</b>

**K.B. Upreti**  
Managing Director

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Chartered Accountants

**Harikrishna Sapkota**  
Manager

**Badri Kumar Guragain**  
Deputy General Manager



Schedule 4.27

**PROVISION FOR POSSIBLE LOSS WRITTEN BACK**

**Fiscal Year 2067/68**

<b>Particulars</b>	<b>This Year (in NPR)</b>	<b>Previous Year (in NPR)</b>
1. Loan Loss Provision Written Back	370,373	71,113
2. Provision against Non Banking Assets Written Back	-	-
3. Investment Provision Written Back	-	-
4. Provision against other Assets Written Back	-	-
<b>Total</b>	<b>370,373</b>	<b>71,113</b>

Schedule 4.28

**PROFIT/LOSS FROM EXTRA - ORDINARY ACTIVITIES**

**For the period 1 Shrawan 2068 to 31 Ashad 2069 (17 July 2011 to 15 July 2012)**

<b>Particulars</b>	<b>This Year (in NPR)</b>	<b>Previous Year (in NPR)</b>
1. Recovery of Written off Loans	-	-
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write -Offs {4.28 (a)}	-	-
4. Other Expenses/Income	-	-
5. Accounts Receivable Write Off	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**K.B. Upreti**  
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**Harikrishna Sapkota**  
Manager

**Badri Kumar Guragain**  
Deputy General Manager





# National Cooperative Bank Ltd.

## CO-OPERATIVE BANK LTD.

### STATEMENT OF LOANS AND ADVANCES TO DIRECTORS/CHIEF EXECUTIVE /PROMOTERS/EMPLOYEES AND SHAREHOLDERS

Schedule 4.29

As at Ashad 31, 2069 (Jul 15, 2012)

(in NPR)

Name of Promoter/Director/ Chief Executive	Outstanding up to Last Year		Recovered in Current Year		Additional Lending		Outstanding as of Ashad end 2069	
	Principal	Interest	Principal	Interest	in this year		Principal	Interest
<u>A. Directors</u>	-	-	-	-	-	-	-	-
1. ....	-	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-	-
3. ....	-	-	-	-	-	-	-	-
<u>B. Chief Executive</u>	-	-	-	-	-	-	-	-
1. ....	-	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-	-
<u>C. Promoters</u>	-	-	-	-	-	-	-	-
1. ....	-	-	-	-	-	-	-	-
2. ....	-	-	-	-	-	-	-	-
3. ....	-	-	-	-	-	-	-	-
<u>D. Employees</u>	-	-	-	-	-	-	-	-
<u>E. Shareholders</u>	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

**K.B. Upreti**  
Managing Director

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Deputy General Manager

# National राष्ट्रीय सहकारी बँक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.30 (A1)

## CAPITAL ADEQUACY TABLE FOR THE PERIOD ENDED ON ASHAD END 2069 (15TH JULY, 2012)

Rs.in '000

1.2 CAPITAL		Current period (Rs.)	Current Year (Rs.)
<b>Core Capital (Tier 1)</b>		<b>309,167</b>	<b>205,532</b>
a	Paid up Equity Share Capital*	266,235	185,157
b	Irredeemable Non-cumulative preference shares		
c	Share Premium	-	
d	Proposed Bonus Equity Shares	-	-
e	Statutory General Reserves	27,164	15,475
f	Retained Earnings	15,320	4,600
g	Un-audited current year cumulative profit		-
h	Capital Redemption Reserve	-	
i	Capital Adjustment Reserve	-	
j	Dividend Equalization Reserves		
k	Debenture Redemption Reseve	-	
l	Other Free Reserve	448	300
m	Less: Goodwill		
n	Less: Miscellaneous Expendiature not Written Off		
o	Less: Investment in equity in licensed Financial Institutions		
p	Less: Investment in equity of institutions with Financial Interest		
q	Less: Investment in equity of institutions in excess of limits		
r	Less: Investments arising out of underwriting commitments		
s	Less: Reciprocal crossholdings		
t	Less: Other Deductions		
	Adjustments under Pillar II		
	Less: Shortfall in Provision (6.4 a 1)		
	Less: Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)		
	<b>Supplementary Capital (Tier 2)</b>	<b>16,830</b>	<b>9,238</b>
a	Cumulative and/or Redeemable Preference Share		
b	Subordinated Term Debt		
c	Hybrid Capital Instruments		
d	General loan loss provision	16,830	9,238
e	Exchange Equaliazation Reserve		
f	Investment Adjustment Reserve	-	-
g	Assets Revaluation Reserve		
h	Other Reserves		
i	Less: Supervisory Adjustments		
	a. Provision for Restructured Loan		
	b. GLLP over 1.25% over Total RWE		
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>325,997</b>	<b>214,770</b>

**K.B. Upreti**  
Managing Director

**Ramesh Prasad Pokhrel**  
Chairman

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Deputy General Manager



# National राष्ट्रीय सहकारी बक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.30 (A1)

## CAPITAL ADEQUACY TABLE FOR THE PERIOD ENDED ON ASHAD END 2069 (15TH JULY, 2012)

Rs.in '000

1.2 CAPITAL	Current period (Rs.)	Current Year (Rs.)
<b>Core Capital (Tier 1)</b>	<b>309,167</b>	<b>205,531</b>
a Paid up Equity Share Capital*	266,235	185,111
b Irredeemable Non-cumulative preference shares		
c Share Premium	-	
d Proposed Bonus Equity Shares	-	-
e Statutory General Reserves	27,164	15,475
f Retained Earnings	15,320	4,600
g Un-audited current year cumulative profit		-
h Capital Redemption Reserve	-	
i Capital Adjustment Reserve	-	
j Dividend Equalization Reserves		
k Debenture Redemption Reseve	-	
l Other Free Reserve	448	300
m Less: Goodwill		
n Less: Miscellaneous Expenditure not Written Off		
o Less: Investment in equity in licensed Financial Institutions		
p Less: Investment in equity of institutions with Financial Interest		
q Less: Investment in equity of institutions in excess of limits		
r Less: Investments arising out of underwriting commitments		
s Less: Reciprocal crossholdings		
t Less: Other Deductions		
Adjustments under Pillar II		
Less: Shortfall in Provision (6.4 a 1)		
Less: Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)		
<b>Supplementary Capital (Tier 2)</b>	<b>16,830</b>	<b>9,238</b>
a Cumulative and/or Redeemable Preference Share		
b Subordinated Term Debt		
c Hybrid Capital Instruments		
d General loan loss provision	16,830	9,238
e Exchange Equaliazation Reserve		
f Investment Adjustment Reserve	-	-
g Assets Revaluation Reserve		
h Other Reserves		
i Less: Supervisory Adjustments		
a. Provision for Restructured Loan		
b. GLLP over 1.25% over Total RWE		
<b>Total Capital Fund (Tier I and Tier II)</b>	<b>325,997</b>	<b>214,770</b>

**K.B. Upreti**  
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# National राष्ट्रीय सहकारी बँक लिमिटेड CO-OPERATIVE BANK LTD.

Schedule 4.30 (A1)

## CAPITAL ADEQUACY TABLE FOR THE PERIOD ENDED ON ASHAD END 2069 (15TH JULY, 2012)

Rs.in '000

1.2 CAPITAL		Current period (Rs.)	Current Year (Rs.)
<b>Core Capital (Tier 1)</b>		<b>309,167</b>	<b>205,532</b>
a	Paid up Equity Share Capital*	266,235	185,157
b	Irredeemable Non-cumulative preference shares		
c	Share Premium	-	-
d	Proposed Bonus Equity Shares	-	-
e	Statutory General Reserves	27,164	15,475
f	Retained Earnings	15,320	4,600
g	Un-audited current year cumulative profit	-	-
h	Capital Redemption Reserve	-	-
i	Capital Adjustment Reserve	-	-
j	Dividend Equalization Reserves		
k	Debenture Redemption Reseve	-	-
l	Other Free Reserve	448	300
m	Less: Goodwill		
n	Less: Miscellaneous Expenditure not Written Off		
o	Less: Investment in equity in licensed Financial Institutions		
p	Less: Investment in equity of institutions with Financial Interest		
q	Less: Investment in equity of institutions in excess of limits		
r	Less: Investments arising out of underwriting commitments		
s	Less: Reciprocal crossholdings		
t	Less: Other Deductions		
Adjustments under Pillar II			
Less: Shortfall in Provision (6.4 a 1)			
Less: Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)			
<b>Supplementary Capital (Tier 2)</b>		<b>16,830</b>	<b>9,238</b>
a	Cumulative and/or Redeemable Preference Share		
b	Subordinated Term Debt		
c	Hybrid Capital Instruments		
d	General loan loss provision	16,830	9,238
e	Exchange Equaliazation Reserve		
f	Investment Adjustment Reserve	-	-
g	Assets Revaluation Reserve		
h	Other Reserves		
i	Less: Supervisory Adjustments		
a. Provision for Restructured Loan			
b. GLLP over 1.25% over Total RWE			
<b>Total Capital Fund (Tier I and Tier II)</b>		<b>325,997</b>	<b>214,770</b>

**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



# NCBL PROFILE



# CORE VALUES AND ETHICAL PRINCIPLES



Our core values tell us, our members and the communities we serve, who we really are; what we are about; and the principles by which we pledge to conduct business. In essence, we believe that success can only be achieved by being true to our core values and principles.

- Member Focus: At NCBL, our prime focus is to perfect our member service. Members are our first priority and driving force. We wish to gain member confidence and be their trusted partner.
- Quality: We believe a quality service experience is paramount to our members and we are strongly committed to fulfilling this ideal.
- Honesty and Integrity: We ensure the highest level of integrity to our members by creating an ongoing relationship of trust and confidence. We treat our members with honesty, fairness and respect.
- Belief in our people: We recognize that employees are our most valuable asset and our competitive strength. We respect the worth and dignity of individual employees who devote their careers for the progress of the Bank.

Teamwork: We are a firm believer in teamwork and feel that loyal and motivated teams can produce extraordinary results. We are driven by a performance culture where recognition and rewards are based on individual merit and demonstrated track record.

Good Corporate Governance: Effective corporate governance procedures are essential towards achieving and maintaining public trust and confidence in any company, more so in a bank. At NCBL, we are committed to following practices which result in Good Corporate Governance.

Corporate Social Responsibility: As a responsible cooperative Bank, we consider it important to act in a responsible manner towards the environment and society. Our commitment has always been to behave ethically and contribute towards the improvement of the quality of life of our people, the community and society at large, of which we are an integral part.



## ABOUT NCBL



National Cooperative Bank Limited (NCBL) has been established in 2003, as the only one 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 NPR 10 million as equity participation in the fiscal year 2000 /2001. It has been successfully carrying out cooperative banking business since ten 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 address the country's major socio-economic deprivations, poverty, unemployment and inequality etc. At present, the bank with about 6575 member cooperatives situated at 71 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 going to 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 basis.
- Loan up to 90% by paying additional 1.5 % Interest.
- Interest rate 10-11 % based on maturity Period.
- 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 rate 7% for 6 month deposit & 8 % for 1 year deposit
- Interest Capitalization on quarterly basis.
- Free ABBS facility

### General Saving Deposit:

- Minimum Balance RS 1,000 to open account.
- Amount should be withdrawn through cheque.
- Interest Capitalization on quarterly basis.
- Interest rate 5%.
- 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 withdrawn through Cheque.
- Interest Capitalization on quarterly basis.
- Interest rate 6.5%.
- 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



### A. Monthly Installment Loan

- Time period 3 months to 5 years.
- Interest rate 11.5%-14.5% based on time period



- Application fee Rs 1000 & processing fee 1%
- 10% penalty charged for irregular installment & loan amount

#### B. Working Capital (Like Overdraft) Loan

- Period up to 1 year
- It is revolving facility Loan
- Interest rate 15%.
- Application fee Rs 1000 & processing fee 1%
- 10% penalty charged for irregular loan amount
- Interest calculated on daily balance method.
- It is renewable nature loan if it is regular.

#### C. Vehicle Loan

- Vehicle Loan for cooperative societies and their member on recommendation
- Loan provided on security on new vehicles.
- 30-50 % self-invests for vehicles by borrower.
- Time period 3 months to 5 years.
- Interest rate 10.5%-13.5% based on time period
- Application fee Rs 1000 & processing fee 1%
- 10% penalty 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.

#### D. Microfinance Loan



- Invested to microfinance member group through member cooperative.
- It is installment basis loan.
- Interest rate 12%
- Application fee Rs 1000 & processing fee 1%
- 10% penalty charged for irregular loan amount
- Interest rate 1% & .5 % on processing fee deduction facilities provided to member cooperative who involved in share scheme programme.
- It non collateral loan but personal & institutional guarantee of more 50% directors should be required.

#### E. Staff Loan:

- Provided to staff for purchasing vehicles.
- Vehicle should be Register in bank name.
- Interest rate 6%
- Time period 5 years or 60 monthly installment.
- Vehicles must be insured.

## F. Youth Self Employment Loan

- Government program
- Provides skill and capital
- Interest subsidy of 60% of fund regularly

## G. Mini Hydro Generation Loan

- up to 10 lacs NPR
- for rural electrification

### 3. Non funded Business

#### 3.1 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.
- Fulfillment of contracts with counterparties, based on the guarantee terms.

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

#### I. Bid Bond (tender bond)

Its purpose is to secure any claims by the party inviting the tender on the tenderer in the event of withdrawal of the bid before its expiry date or if the bid is modified unilaterally. It is also used if the tenderer, upon being awarded the contract, refuses to sign the contract or provide further guarantees on request.

#### II. Performance Bond Guarantee

As the name implies, performance bonds are a means of guaranteeing the performance of a company to live up to what it is promising to do. This also applies to

any subcontractors or material suppliers that company may employ. All parties must adhere to certain cost, time, and quality criteria based on what they've been contracted to produce.

This guarantee is asked for by the beneficiary once it has elected a party to perform a certain task. In case the terms and conditions are violated by the member, the beneficiary will invoke the guarantee and will obtain compensation for his loss.

#### III. Advance Payment Guarantees

Some contracts require that some percentage of Advance payment be made against the contract awarded. In such cases the Buyer or the employer may seek an advance payment guarantee from the bank with an undertaking to pay the guaranteed sum to the buyer if the contractor has failed to comply with the terms and conditions of the contract.

#### IV. Counter Guarantee

For foreign bidders, who intend to participate in tenders or intend to enter into a contract in a project of Nepal must submit a guarantee acceptable to the beneficiary. In that case, the foreign party obtains a guarantee from the bank (acceptable to NCBL) in favor of NCBL, which in turn will issue a guarantee on behalf of the foreign party.

Such guarantees issued on the backing or against the security of a foreign bank acceptable to local banks are called Counter Guarantee. A counter guarantee may either be a Bid Bond, Performance bond or an Advance Payment Guarantee.

#### V. Deferred Payment /Supplier Credit Guarantee

Generally this type of guarantee is used in import of merchandise or purchases on credit. By issuing the guarantee, NCBL agrees to pay the beneficiary up to the amount of the guarantee, in full or installment due, which otherwise was not paid by the buyer under the purchase agreement guaranteed by the bank.

### 3.2 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, National Cooperative Bank Limited provides remittance service from different part of world for inward and outward remittance.

#### Our partners for the services are:

- o NCBL Remittance (Domestic, only)



from our branches)

- o Western Union Money Transfer
- o I.M.E
- o Reliable Remit
- o Hulas Remit
- o Himal Remit
- o Prabhu Money Transfer

### 3.3 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 play 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 play toward the creation of an efficient financial system. Benefits of information sharing include 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 the 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 on

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 (Blacklist borrowers) not repaying the loan on time or misusing the loan to the CICL.

. 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.

#### *Benefits of CICL*

. **The Borrowers** will have faster and easier access to credit and are entitled for reduced cost of borrowing in case of demonstrated credit performance .

. **Cooperatives** are benefited in terms of increased market penetration, increased operating efficiencies, shift to information based lending, comprehensive risk review of members and setting up differential pricing based on payment behavior.


. **For Regulator**, it helps reduce non-performing loans and default probability levels in the economy, provides credit risk monitoring mechanism and facilitates credit expansion without increasing risk.

### 3.4 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 convenience 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 payments:-

- 
1. Payment by Cash (for all members)
  2. *Payment by Account Transfer (for NCBL account holders)*
  3. 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.



# POVERTY FOCUSED PROGRAM



Economic growth will not reduce poverty, improve equality and produce jobs unless it is inclusive. Inclusive growth is also essential for the achievement of the Millennium Development Goals (MDGs). The globalization process, when properly managed, becomes an important ingredient for inclusive growth. In this context, NCBL works to make real improvements in people's lives, opening up their choices and opportunities.

Product:

1. **Youth Self Employment Loan**
2. **Deprived Sector Loan**
3. **Micro Finance Loan**
4. **Agriculture Sector Loan**

Achievement:

SN	Name of Product	No of Direct Employment Credited	Indirect Employment
1	Youth Self Employment Loan	724 Persons	2100 Persons
2	Deprived Sector Loan	2257 Persons	Around 9000 Persons
3	Micro Finance Loan	964 Persons	Around 3000 Persons
4	Agriculture Sector Loan	1300 Persons	Around 3900 Persons



# 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 Programme. 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 programmers to its member.

To bring international experience and technology, 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)
- Centre for International Co-operation and Training in Agricultural Banking(CICTAB) (applied)

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

We are planning to following listed training Programme from this fiscal year.

- **Advanced**
  - o Manager's Competency Course (MCC)
  - o Director's Competency Course (DCC)
  - o Loan Officer's Competency Course (LCC)
  - o Institutional Development Training (ID)
  - o Business/ Strategic Planning Training
  - o Financial Counseling Training
- **Medium**
  - o PEARLS Monitoring System Training
  - o Loan Management Training
  - o Policy Formulation Training
  - o Annual Planning and Budgeting Training Basic
- **Basic**
  - o Account Management Training
  - o Leadership Development Training



# INTERNATIONAL RELATION



NCBL is in a process of obtaining the membership of international organization. The main objective of becoming members of that organization is to bring the best practices and technology to Nepal and distribute them to our members along with the following:

- Develop business relationships and partnerships with International members Access to network.
- Connection to the global development network.
- Gain access to ICA as a resource for co-operative expertise, in particular co-operative statistics, information and intelligence
- Participate in capacity building/training programmers.
- Exchange of information and technical documents.
- Receive and access information on co-

operatives including regular publications.

- Participate in the governance of the international Organization.

With the following objective, NCBL is the member of following International Organization

1. International Cooperative Alliance (ICA)
2. The Association of Asian Confederation of Credit Unions (ACCU)
3. Regional Network for the Development of Agricultural Cooperatives in Asia and Pacific (NEDAC)
4. Centre for International Co-operation and Training in Agricultural Banking(CICTAB) (applied)

# MANAGEMENT TEAM



S.N.	Name	Designation	Office	Email	Phone
1	K.B. Upreti	Managing Director	Head Office, Kupandol	<a href="mailto:kbupreti@coopbank.com.np">kbupreti@coopbank.com.np</a>	9851084609
2	Badri Kumar Guragain	Deputy General Manager	Head Office, Kupandol	<a href="mailto:badri@coopbank.com.np">badri@coopbank.com.np</a>	9851102999
3	Navaraj Upadhyaya	Manager	Head Office, Kupandol	<a href="mailto:navaraj@coopbank.com.np">navaraj@coopbank.com.np</a>	9851162296
4	Hari Krishna Sapkota	Manager	Head Office, Kupandol	<a href="mailto:hari@coopbank.com.np">hari@coopbank.com.np</a>	9851030693
5	Mohan Karki	Officer	Head Office, Kupandol	<a href="mailto:mohan@coopbank.com.np">mohan@coopbank.com.np</a>	9851038515
6	Nabin Kumar Karki	Officer	Head Office, Kupandol	<a href="mailto:nabin@coopbank.com.np">nabin@coopbank.com.np</a>	9841427010





Chairman of NCBL at 9th AGM



NCBL's 10th Annual Day



Managing Director of NCBL at Asian Credit Union Forum



Members at 9th AGM



BoD Members and Guests at 9th AGM



Members Registration at 9th AGM



