



Annual Report 2015



National राष्ट्रिय सहकारी बैंक लिमिटेड
CO-OPERATIVE BANK LTD.

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National Co-operative Bank Ltd.

Advisory Board



Mr. Keshav Badal



Mr. Dipak Prakash
Banskota



Dr. Hari Krishna
Upadhyaya



Mr. Bishnu Bdr KC



Prof. Dr. Bishombhar
Pyakurel



Mr. Dharma Dutta
Debkota



Mr. Bhagwot Shrestha

Board of Directors



Chairman
Mr. Ramesh Pd. Pokhrel
Rep: Star M. Coop. Society Ltd, Biratnagar



Managing Director
Mr. K.B. Upreti
Rep: Janata M. Coop. Society Ltd, Kathmandu



Member
Mr. Ramsaran Sharma Ghimire
Rep: Karmasa Saving & Credit Coop.
Society Ltd, Solukhumbu



Member
Mr. Harihar Nath Yogi
Rep: Janabikari Saving & Credit Coop.
Society Ltd, Bheresungar



Member
Mrs. Sarita Bhattarai
Rep: Malika Abhayan Saving & Credit
Coop. Society Ltd, Baitadi



Member
Mr. Ram Bahadur GC
Rep: Unice M. Coop. Society Ltd,
Baglung



Member
Mr. Ram Hari Bajgain
Rep: Prativa Saving and Credit
Coop. Society Ltd, Laligur



Member
Mr. Derraj Parajuli
Rep: Suvajol Saving & Credit Coop.
Society Ltd, Bhaktapur



Member
Mr. Gyan Bahadur Tamang
Rep: Namobuddha M. Coop. Society
Ltd, Kathmandu



Ex-Officio Member
Mr. Kashi Nath Marasini
Registrar Dept. of Cooperative



Ex-Officio Member

National Coop. Federation

Account Committee



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



Mr. Laxmi Prasad Upreli
Member
(Rep. Nepal Sahakari Sanstha
Ltd, Jhapa)



Mr. Sagar Nepal
Member
(Rep. Janauddhar Saving & Credit
Cooperative Society Ltd, Kathmandu)

VISION

“Sustainable cooperative that provides financial inclusion.”

MISSION

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



LONG TERM OBJECTIVES

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

Contents

Financial Highlights	1
Last Five Years at a Glance	2
NCBL Strategy	3
Activity Highlights	5
Core Values and Ethical Principles	8
Training.....	9
Financial Statement.....	11
NCBL Profile	
About NCBL	16
Our Products & Services	17
Poverty Focused Program.....	19
International Relation	19
Current Outreach.....	20



The Prime Minister

KATHMANDU
NEPAL

Message

Let me first congratulate National Cooperative Bank Limited (NCBL) for the completion of 12 year and for the publication of its "Annual Report 2015". NCBL was established with motto of mobilizing the scattered capital, labor, skill of cooperative field in productive area of the society. No one can deny the fact that the cooperative movement has raised the socio economic status of the members of the concern cooperative. And NCBL has contributed a lot to the cooperative movement of Nepal which ultimately helps to put a brick for the nation building process. In my view, the cooperative business enterprises have its unique nature enhancement of the business and the profit of the business is for them. Hence it helps a great for the positive transformation of the nation.

Moreover it is standing with a continuous glory because of its visionary board of directors, well-trained senior management team, staffs and its well-wisher. I think the name and fame of NCBL will increase in future too.

Lastly, I would like to thank everyone for the contribution for making this annual report. I wish the success of NCBL in every step in future too.

K.P. Sharma Oli

19 Kartik, 2072



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

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पूल्चोक, ललितपुर
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Message from Chairman of NCF/N

First of all I would like to congratulate National Cooperative Bank Limited (NCBL) for the successful operation of a decade and for the publication of its "Annual Report 2015". I believe the annual report will incorporate all the necessary financial and non-financial activities which will be more informative to all the concern stakeholders.

As we all know that there is a high expectation from the cooperative movement of Nepal for the socio-economic transformation of the nation, I can proudly state that NCBL is one of them who actively participate in the cooperative movement with a praiseworthy contribution for the betterment of cooperative movement of Nepal.

Lastly, I would like to express my best wishes to NCBL in every endeavor.


Keshav Prasad Badal
Chairman

Date: 29th October, 2015



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



Phone : 4-465362, 4-461177
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E-mail: saharibivag@gmail.com
Website: www.deoc.gov.np

**Naya Baneshwor
Kathmandu, Nepal**

Ref:-



Message from Registrar

National Cooperative Bank Limited (NCBL) is publishing its Annual Report 2015 and I am happy to write few words about NCBL. NCBL is one and only apex financial institution in the nation only for the cooperative organizations. I proudly say that NCBL completed its 12 years with great success. And day by day the quality of its products and services to its member are enhancing.

The reason behind its establishment is to enhance the whole cooperative movement of the nation and I feel that NCBL is contributing a lot. In fact, the increase in branch offices, its members, financial strengths and international relationships are the major achievement of NCBL.

Moreover it is standing with a continuous glory because of its visionary board of directors, well-trained senior management team, staffs and its well-wisher. I think the name and fame of NCBL will increase in future too

Lastly, I would like to express my best wishes for the never ending success of NCBL.

(Kashinath Marashini)
Registrar

November 1, 2015



CHAIRMAN'S MESSAGE

On behalf of the Board of Directors of NCBL, I am extremely proud and privileged to present the Annual reports for the year 2015. The National Cooperative Bank Limited (NCBL) started its banking operations in the year 2003. It has been committed in helping the cooperative sector next its economic aspirations. It was established with the motto to develop and uplift all the cooperatives inside the nation. It has become a large and strong financial institution for the cooperative society. We have continued our strategy of growth and development. Since its inception, the bank has been able to deliver maximum returns to its shareholders. Along with the financial activities our bank is providing trainings on “Institutional Development”, “Cooperative Management” and “Good Governance” to our members and I am sure that these trainings will definitely uplift the cooperative which ultimately results in the development of the local society and the nation.

Moreover, we are member of Network for Development of Agriculture Cooperative for Asia and the Pacific (NEDAC), International Cooperative Alliance (ICA), Association of Asian Confederation of Credit Unions (ACCU), Asia-Pacific Rural and Agricultural Credit Association (APRACA). We continually focus on accomplishing/attaining our vision and mission. We aim to exceed our members' expectations and continue to grow our bank in all aspects.

In fact, the upcoming years will be challenging in context of changing scenario of the country-recovering from devastating earthquake. We will have to respond to these challenges appropriately and diligently to protect our member's interests. So, I want to ensure all of our members that we will be there in your service with best plans and policies.

Last but not the least, our respected shareholder Member suggestions, advice, and support have been valuable to the Bank's progress and improvement. I would like to express gratitude and thanks to all those who have been providing their continuous support, directly or indirectly, from their different sectors, thus enabling this Bank to reach its present position, I would like to convey my appreciation to the collaborative effort of our energetic and hardworking staffs and efficient management team, all members' cooperatives and the entire NCBL family, as well as all our well-wishers hoping similar co-operation and co-ordination in days to come.

Ramesh Prasad Pokhrel

Chairman

MESSAGE FROM MANAGING DIRECTOR



Looking at the growth for more than 12 years since our inception, NCBL has been responsible and active cooperative bank to promote cooperative principles & values.

National Cooperative Bank Limited is playing a leading role. It was established to raise the economical level of its members. In spite of having limited resources, our bank is continuously progressing. By adopting the cooperative principles, it is working for the cooperative and it is marked as a distinct bank in the nation. We have continued to build infrastructure, invest in technology and in human capital to support business growth, extend our reach and deepen existing customer relationships.

We will continue our approach of prudence and consolidation while addressing opportunities, revenue growth, managing costs, increasing profit. As we know, the financial sectors now-a-days have become competitive but whatever the situation is we have good reasons to be the best in the capability, ability of our brand name to face challenges, take risks and take advantages of profitable opportunities and in fact improvement and achievements year-on-year. With the strength of our senior management team with broad market knowledge and true professionalism combined with excellent performance in every aspects, there are enough reasons for optimism, prominent amongst which is management's and staff's rare disposition that constantly demands improvement over previous achievement.

We confidently embrace the future with potential challenges and work towards exploring new business opportunities and diversifying into new sectors, we will continue to focus on being more accessible to our member cooperative by practicing further innovation in product development, smart technology adaptation and overall customer satisfaction. I remain very optimistic about the future of the Bank and strongly believe that the hard work of our staffs, leadership of the management, and guidance of the Board of Directors will ensure achievements of the Bank goals in all aspects.

We will continue to focus on being more accessible to our members by practicing further innovation in product development, delivery channels, smart technology adaptation and overall our member satisfaction. I would like to express thanks to all our well-wishers and stakeholders, including Ministry of Cooperatives and Poverty Alleviation, Department of Cooperatives, NRB and other concerned government bodies, our respected members & all our past and present staffs for supporting us.

Thank you.

K.B. Upreti

Managing Director

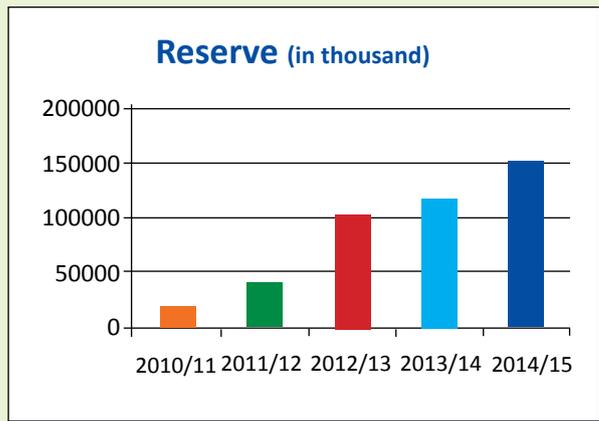
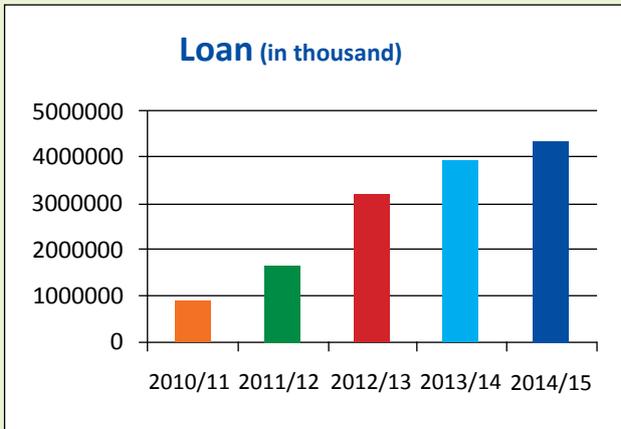
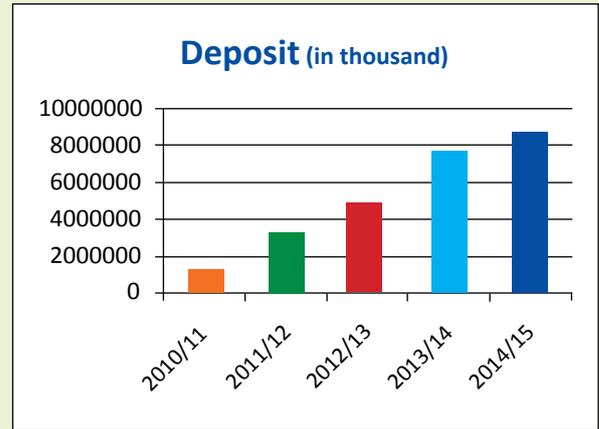
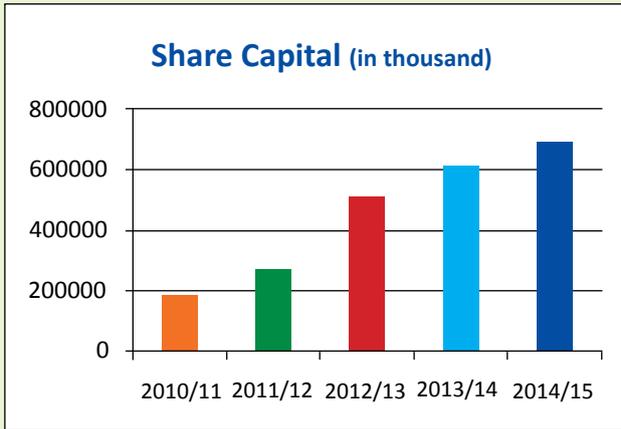
FINANCIAL HIGHLIGHTS

(as on 16th July 2015)

(Amount in thousand)

S. N.	Particulars	Last year	Current Year	Growth in NPR	Growth in %
1	Share Capital	612,393	690,433	78,040	12.74
2	Reserves and Surplus	116,180	158,654	42,474	36.56
3	Borrowings	684,481	511,109	(173,372)	-25.33
4	Deposit Liabilities	7,690,742	8,618,150	927,408	12.06
5	Cash and Bank Balance	4,435,228	4,155,895	(279,333)	-6.30
6	Investment	822,605	1,635,105	812,500	98.77
7	Loans, Advance And Bills Purchase	3,963,727	4,324,707	360,980	9.11
8	Fixed Assets	29,119	29,225	106	0.36
9	Other Assets	35,475	45,250	9,775	27.55
10	Interest Income	690,651	726,481	35,830	5.19
11	Interest Expenses	417,796	434,932	17,136	4.10
12	Total Operating Income	304,872	324,182	19,310	6.33
13	Operating Profit	(430,138)	9,340	439,478	102.17
14	Net Profit/Loss	89,931	128,356	38,425	42.73
15	Percentage of Net Profit/Gross Income	29.50	39.59		
16	Adequacy of capital fund on risk weighted assets				
	a. Core Capital	12.55	12.15		
	b. Supplementary Capital	0.69	0.62		
	c. Total Capital fund	13.24	12.77		

LAST FIVE YEARS AT A GLANCE



NCBL STRATEGY

NCBL strategy for the period up to 2020 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 play a key role on meeting the needs of members. NCBL engages in universal relationship banking in Nepal, and it wants to continue to do so base on its cooperative identity and principles.

a. A more distinctive identity

NCBL puts the interests of members first. Many members are currently experiencing tough times. Relying with its cooperative principles, NCBL endeavors to help its members in difficult period where possible and appropriate. The cooperative identity counts even more with a view to maintain its distinctive edge. The aim is to ensure that the cooperative principles are tangible, perceptible and visible to members of NCBL. All employees play a crucial role in this. In addition, initiatives are 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 Nepal, NCBL has the ambition of becoming the market leader. Market leadership is not an end in itself. Rather, it puts NCBL in a strong position to offer members appropriate products. Sufficient scale is needed in order to innovate and develop products, and be able to operate efficiently. NCBL is increasing its hold in the savings and mortgage markets, the SME sector and the wholesale segment. It wants to hold on to these leading positions and also strengthen its position in selected areas where it is still falling short of its ambitions. As a socially committed bank, NCBL continues to take the lead in major political and social debates. NCBL would eventually like to have a model in which treating members fairly is combined with cost levels that are in line with the rest of the market. In keeping with the cooperative principle of restraint in business operations,

attempts are also being made to reduce costs on a structural basis at the Nepalese wholesale banking business. Besides cost considerations, changing member needs in particular are forcing NCBL to evaluate critically the branch location policy and the entire service chain, which extends from the local NCBLs to NCBL Head Office.

In order to serve its members more effectively, NCBL is committed to and have physical presence in local communities where its member reside and this will require all employees to make great efforts once again. Standardization and virtualization ultimately leads to better member service at lower costs, which, in turn, will lead to a lower headcount. Furthermore, the NCBL will make the most of its opportunities to introduce a greater focus in the use of cooperative dividend.

c. Employees Unity

The social landscape and banking climate is 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 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, 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 few years, in order to facilitate the implementation of the updated



Finance Minister awarding NCBL as the highest tax payers in Co-operative sector as Declared by Inland Revenue Department

strategic framework. The promises towards members are:

All of NCBL's products and services make a transparent contribution to sustainable development;

NCBL gives priority to sustainable initiatives put forward by members when providing access to capital, and rewards such initiatives with material financial incentives;

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

Accelerate the transition towards sustainable food & agriculture, Promote a circular economy, 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 environment, social and economic challenges faced by NCBL and its stakeholders. NCBL uses these themes as a basis on which it can build a leading position in the area of sustainability.

e. Financial frameworks

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

ACTIVITY HIGHLIGHTS

We are well aware that the country could not have bailed out of political impasse. As a result, the situation of economic transition still exists in the country. Even though agricultural growth is mentioned in the public document; however, there is 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. 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 AD as the International year of cooperative by UN in 2009 AD, UNO has hoisted its flag with a theme, "Cooperative enterprises build a better world" and thereby underscored the necessity and significance of cooperative. The cooperative sector now involving 1.2 billion out of the 7 billion population of the world is found to have spread on par with others in all countries including advanced and developing ones upon giving equal attachment to it. NCBL overall business has been almost doubled then its previous year financial indicators. Despite the fact that all of financial sector institutions are facing tough situation, NCBL and overall cooperative sector institutions in Nepal are serving their members and expanding their business.

1) Expansion of Branches

With a view of assisting transactions of its member enterprises/associations and to increase its transactions, the bank has been successful to expand 37 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 capable of earning profit from this year. Also they are given directives to run economically in line with concept of austerity.

2) Expansion of Membership

As the number of affiliated member of co-operative has grown now to 7529, the share capital too has increased accordingly. We are trying to attract non-members and the cooperative sector as a whole to switch to our financial services.

3) Services-Facilities

The following additional service facilities are provided to our members:-

- 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 enterprises/associations **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) New Branches:

The Bank plans to open few new branches and deploy more in the coming year.

6) Strengthening Internal Control System:

To strengthen internal control system,



Newly Elected President of ICA Mrs Monique Leroux receiving Token of Love from Chairman of NCBL

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) Deprived Sector Lending:

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

There are still many people who are below the poverty line in Nepal. People are looking for jobs and due to lack of proper and sufficient jobs; they are compelled to go outside the country. Taking all these into

account, NCBL has started deprived sector lending for needy people.

Deprived sector lending has 7 to 9 percent interest rate and tenure will be 3 years. NCBL does not take any collateral for this loan. Till the end of last fiscal year more than 150 cooperative societies were given NRs more than 600 million as loan and more than NRs 10 million was already recovered. More than 17 thousand people directly benefitted by this loan from various district of Nepal like Kathmandu, Bhaktapur, Lalitpur, Sindhupalchowk, Kavrepalanchowk, Banke, Makawanpur, Dolokha, Syangja, Morang, Jhapa, Nuwakot, Bara, Tanahu. Likewise NCBL has succeeded to help the member cooperatives which are situated at remote districts of Nepal like Solukhumbu, Dailekh, Darchula and they are at NCBL's top priority list. NCBL is planning to promote its member cooperatives operated by women and those member cooperatives which are situated in such a place where no other banks and financial institutions are present.

8) Youth Self Employment Loan:

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

NCBL provides this loan to its member in 9.5 % interest rate and the tenure will be 2 years. The members can provide this loan to their members for maximum 12 % interest rate. If any member regularly pays the interest then YSEF will refund the 60 % of the interest. Till date NCBL provided this loan to 67 member and total 724 persons were already benefitted by this loan. The members are situated at Kathmandu, Lalitpur, Darchula, Sindhupalchowk, Surkhet, jhapa, Kavrepalanchowk, Morang, Syangja, Bhaktapur, Solukhumbu, Dailekh, Dhading, and Makawanpur etc.

9) New Products & Services:

We will be rolling out new products and services to penetrate the market that widely remains un-served or under-served. Efforts shall be made to provide financial solutions for mass consumers by providing maximum convenience through the use of technology and innovative payment mechanisms.

10) Online ABBS Service:

NCBL is always member oriented. Its deep interest is to enhance services to its members. So, the quality of member services is another critical factor to take into account as poor quality can break down the relationship with members. And also no one can deny the fact that without proper IT service, a bank can't survive in this

competitive world. So, NCBL has extended its services for members through online any branch banking services. This service provides our members who have account with NCBL with reliable and flexible banking services from any branches within the country. Almost all our members can be benefited by these services.

11) Increase in Remittance Business:

In this financial year, bank recently signed an agreement with various remittance companies and now customers can receive money from the bank. The Bank has achieved significant growth in supplementary capital. We are trying to expand remittance network in remote areas. The bank shall continue this in the event of favorable market condition. We are in the process of joining hands with other various remittance companies.

12) Monitoring and Inspection of NCBL by Renowned Persons:

Recently world's renowned cooperators have visited NCBL. During the visit, NCBL got opportunity to make them aware about NCBL's Vision, Mission and Goals. The international delegates shared their views, ideas and observed the NCBL head office and interacted with staffs. The suggestions and experiences shared by them will be highly fruitful to us in coming future. Following are the delegates who visited NCBL:-

- a) Ms. Elenita V San Roque CEO ACCU
- b) Brian Benette CEO, Encompass, Australia
- c) Marks Worthington CEO, Select Credit Union, Australia
- d) Nabindra Liniarachi CEO, Sanasa Federation, Srilanka
- e) Dr. Daman Prakash Directors RURAL DEVELOPMENT AND MANAGEMENT CENTRE INDIA
- f) The newly appointed Registrar Mr. Kashinath Marasini of Co-operative Department who becomes the Board of Directors (BOD) as an ex-officio Director of the bank, observed the bank.

CORE VALUES AND ETHICAL PRINCIPLES



NCBL Bod members with government's high officials

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 be perfect in or to reach perfection in member service. Members are our first priority and driving force. We wish to gain member confidence and be their trusted partner.

- **Quality:**

We believe that 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.

TRAINING



Participants of co-operative directors' competency course conducted by NCBL with technical support of ACCU

NCBL is the member based bank so it has unique identity and responsibility towards its member. At current situation most of the members have asked NCBL to set up separate training department and conduct extensive training program. Based on the resolution passed by AGM, NCBL board has established training department at its head office along with training subcommittee for conducting regular training programs to its member. To bring international experiences and technologies, NCBL has approached various international institutions and also become member of following organization:

- International Cooperative Alliance(ICA)
- The Association of Asian Confederation of Credit Unions(ACCU)
- Regional Network for the Development of Agricultural Cooperative in Asia and Pacific (NEDAC)

- Asia-Pacific Rural and Agricultural Credit Association (APRACA)

NCBL is committed for making members professional through its training and education activities. Recently according to our plan of providing training to our member, NCBL conducted 18 training on 12 districts via 19 branches. The training conducted on Credit Management, Micro-Credit Management, Cooperative Management and Account Management. Total participants on the conducted training were 501 of 561 cooperative out of which 266 were saving and credit cooperative society. The feedbacks from the participants were very much positive and we are so much motivated to conduct the training for rest of our member of another district. The detail of the training can be seen in the following table:

Training Detail

S.N.	District	Branch Name	Participant Member Society			Number of Participants			Training Title
			Saving & Credit	Others	Total	Female	Male	Total	
1	Jhapa	Birtamode	13	15	28	5	25	30	Credit Management
2		Damak	15	6	21	7	22	29	Credit Management
3	Morang	Urlabari	19	12	31	8	23	31	Credit Management
4		Biratnagar	18	17	35	8	27	35	Credit Management
5	Sunsari	Itahari	12	18	30	7	23	30	Credit Management
6		Dharan	27	0	27	7	20	27	Credit Management
7	Tanahu	Tanahu	20	16	36	17	38	55	Micro Finance Credit Management
8	Baglung	Baglung	12	13	25	9	16	25	Cooperative Management
9	Nuwakot	Nuwakot	12	18	30	5	25	30	Credit Management
10	Ilam	Ilam	10	27	37	12	26	38	Credit Management
11	Saptari	Rajbiraj	10	19	29	5	36	41	Account Management
12	Banke	Kholapur	9	24	33	14	19	33	Credit Management
13	Surkhet	Surkhet	17	14	31	10	21	31	Credit Management
14	Sindhuli	Sindhuli	16	17	33	9	24	33	Credit Management
15	Kathmandu	Gongabu	12	5	17	1	19	20	Credit Management
16		Kalanki/Newroad	17	6	23	9	22	31	Credit Management
17		New Baneshwor/ chabahil	27	8	35	8	34	42	Credit Management
Total			266	235	501	141	420	561	

Also we are planning for undertaking following listed training program from this fiscal year.

Advanced level training

- Manager's Competency Course (MCC)
- Director's Competency Course (DCC)
- Loan Officer's Competency Course (LCC)
- Institutional Development Training (IDT)
- Business/ Strategic Planning Training
- Financial Counseling Training

Medium level training

- PEARLS Monitoring System Training
- Loan Management Training
- Policy Formulation Training
- Annual Planning & Budgeting Training

Basic level training

- Cooperative Management (Two Days)
- Credit Management (Three Days)
- Marketing Management (One Days)
- Micro Finance Lending (One Days)
- Organization Management (Behavioral science) (Four Days)
- Risk Management (One Days)
- PEARLS Rating (Two Days)
- Branch Management Training (Five Days)
- Accounting Training (Three Days)
- Monitoring module for Account committee (Two Days)

FINANCIAL STATEMENT

National Cooperative Bank Ltd

Central Office Kupandole
As on 31 Ashad 2072 (16 July 2015)

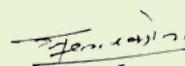
Balance Sheet

CAPITAL & LIABILITIES	SCHEDULE	Current Year (in NPR)	Previous Year (in NPR)
1. Share Capital	4.1	690433000	612393000
2. Reserve and Surplus	4.2	158654279	116179815
3. Debentures & Bonds	4.3	-	-
4. Borrowings	4.4	511,109,423	684,481,273
5. Deposit Liabilities	4.5	8,618,149,824	7,690,742,313
6. Bills Payable	4.6	-	-
7. Proposed Dividend Payable		85,881,200	72,714,915
8. Income Tax Liabilities		-	-
9. Other Liabilities	4.7	125,955,223	109,642,027
Total Capital & Liabilities		10,190,182,949	9,286,153,343

Assets	SCHEDULE	Current Year (in NPR)	Previous Year (in NPR)
1. Cash Balance	4.8	163,565,229	161,718,468
2. Balance with Nepal Rastra Bank	4.9	41,544,395	37,720,103
3. Balance with Banks/Financial Institution	4.1	3,950,785,528	4,235,789,909
4. Money at Call and Short Notice	4.11	-	-
5. Investment	4.12	1,635,105,000	822,605,000
6. Loans, Advances and Bills Purchase	4.13	4,324,707,470	3,963,726,552
7. Fixed Assets	4.14	29,224,960	29,118,620
8. Non Banking Assets	4.15	-	-
9. Other Assets	4.16	45,250,367	35,474,691
Total Assets		10,190,182,949	9,286,153,343



K.B. Upreti
Managing Director



Hari Krishna Sapkota
Assistant General Manager



Ramesh Prasad Pokhrel
Chairman



CA Gopal Kumar Shrestha
Gopal Shrestha & Company
Chartered Accountants

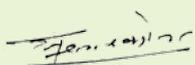
National Cooperative Bank Ltd
Central Office Kupandole
For the period of 31 Ashad 2072 (16 July 2015)

Profit & Loss Statement

Particulars	SCHEDULE	Current Year (in NPR)	Previous Year (in NPR)
1. Interest Income	4.18	726,481,082	690,650,712
2. Interest Expenses	4.19	434,931,569	417,796,326
Net Interest Income		291,549,513	272,854,386
3. Commission and Discount	4.2	665,544	469,919
4. Other Operating Income	4.21	31,966,892	31,547,799
5. Exchange Fluctuation Income	4.22		-
Total Operating Income		324,181,948	304,872,104
6. Staff Expenses	4.23	69,736,811	58,224,231
7. Other Operating Expenses	4.24	52,900,139	43,458,469
8. Exchange Fluctuation Loss	4.22		-
Operating Profit before Provision for Possible Loss		201,544,999	203,189,405
9. Provision for Possible losses	4.25	192,205,291	633,327,487
Operating Profit		9,339,707	(430,138,082)
10. Non Operating Income/Loss	4.26	5,130	(86,456)
11. Provision for Possible Loss Written Back	4.27	169,270,272	553,321,541
Profit from Regular Operations		178,615,110	123,097,002
12. Profit/Loss from Extra-Ordinary Activities	4.28	409,892	-
Net Profit after Considering all activities		179,025,002	123,097,002
13. Provision for Staff Bonus		16,275,000	11,190,637
14. Provision for Income Tax		34,394,339	21,975,018
– Current Year's		33,499,693	22,381,273
– Up to Previous Year		12,261,753	586,481
– Deferred Tax :		11,367,107	992,736
Current Year			-
Previous Year			-
Net Profit/Loss		128,355,663	89,931,348



K.B. Upreti
Managing Director



Hari Krishna Sapkota
Assistant General Manager



Ramesh Prasad Pokhrel
Chairman



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National Cooperative Bank Ltd
Central Office Kupandole
For the period of 31 Ashad 2072 (16 July 2015)

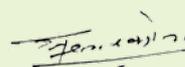
Profit & Loss Appropriation Account

Particulars	SCHEDULE	Current Year (in NPR)	Previous Year (in NPR)
INCOME			
1. Accumulated Profit up to Previous Year		39584831	45943971
Add: Transferred from Dividend Payable		-	-
2. Current Year's Profit		128355663	89931348
3. Exchange Fluctuation Fund		-	-
4. Transfer from Share Premium			
5. Transfer from Accumulated Profit of IMEFIL			
7. Transfer from Accumulated Profit of LBFL			
8. Transferred from Capital Reserve (Share Swap balance on merger)			
Total		167,940,494	135,875,319
EXPENSES			
1. Accumulated Loss up to Preview Year		-	-
2. This Year's Loss		-	-
3. General Reserve*		32088916	22,482,837
4. Contingent Reserve		-	-
5. Institutional Development Fund		100000	100,000
6. Dividend Equalization Fund		-	-
7. Staff Related Reserves		-	-
8. Proposed Cash Dividend @13%		85881200	72,714,915
9. Proposed Bonous shares		-	-
10. Special Reserve Fund		-	-
11. Exchange Fluctuation Fund		-	-
12. Capital Redemption Reserve Fund		-	-
13. Capital Adjustment Fund		-	-
14. Investment Adjustment Reserve		-	-
15. Deffered Tax Reserve		11367107	992,736
16. Debenture Redemption Reserve		-	-
Total		129,437,223	96,290,488
Previous Fiscal Year Adjustment		-	-
Accumulated Profit/(Loss)		38,503,272	39,584,831

* General Reserve created only for the current year of National Coopearative Bank Limited Only.



K.B. Upreti
Managing Director



Hari Krishna Sapkota
Assistant General Manager



Ramesh Prasad Pokhrel
Chairman



CA Gopal Kumar Shrestha
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National Cooperative Bank Ltd
Central Office Kupandole
As on 31 Ashad 2072 (16 July 2015)

Statement of Change in Equity

(In NPR)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve	Capital Reserve Fund	Proposed Bonus Share	Share Premium	Exchange Fluctuation Fund	Deffered Tax Reserve	Investment Reserve Fund	Other Reserve & Fund	Total Amount
Opening Balance	612393000	39584831	74704992					1289992		600000	727282823
Deffered Tax											-
Transferred from Dividend Payable											-
Restated Balance	612,393,000	39,584,831	74,704,992					1,289,992		600,000	727,282,823
Surplus on revaluation of property											-
Currency Translation Difference											-
Net Gain/loss not recognized in the income statement											-
Net profit for the period		128355663									128355663
Adjustments											
Transfer fo General Reserve											-
Investment Adjustment Reserve											-
Capital Adjustment fund											-
Capital Redemption Reserve Fund											-
Debenture Redemption Reserve											-
Transfer from Share Premium											-
Declaration of Dividend											-
a. Cash		85881200									-85881200
b. Bonus											-
c. Fraction Share Capitalization											-
Share Capital Issue	78,040,000										78,040,000
Exchange Fluctuation Fund											-
Right Issue (Renounced & Auctioned)											-
Transfer to Deffered Tax Reserve		-11367107						11367107			-
Co-operative Development Reserve		-100000								100000	-
General Reserve Fund		-32088916	32088916								-
Closing Balance as at Ashad End 2072	690,433,000	38,503,272	106,793,908					12,657,099		700,000	849,087,279


K.B. Upreti
Managing Director


Hari Krishna Sapkota
Assistant General Manager


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Chairman


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NCBL Profile





ABOUT NCBL

National Cooperative Bank Limited (NCBL) established in 2003, as the only one bank in the cooperative movement of Nepal at national level exercising 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 12 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 Bank is committed for good corporate governance practices and banking activities with Judicious banking culture. It has been offering various products and services for its members with competitive rate in market. 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 major socio-economic deprivations, poverty, unemployment and inequality etc. At present, the bank with 7526 member cooperatives covering all 75 districts and with rapidly growing number day by day, has already extended its network in 37 different places nationwide with various urban and semi urban part of the country, and to more places in the current fiscal year to better serve the member cooperatives.

Our Product & Services

A. Saving Product

- Fixed Deposit
- Recurring Saving
- Regular Saving
- General Saving Deposit
- Special Saving Deposit
- Super Saving Deposit

B. Loan Facility & Product

- Monthly Installment Loan
- Working Capital Loan
- Vehicle Loan
- Microfinance Loan
- Staff Loan
- Youth Self Employment loan
- Mini Hydro Generation loan
- Deprived sector Loan
- Housing/Real Estate Loan

C. Non Funded Business

Bank Guarantee

Bank 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. This is one of the non-funded businesses of the bank. This is useful for the supplier, contractor and for custom purpose. Those member cooperatives who need to deposit cash for buying products may use this bank guarantee. Letters of Guarantee can be in the form of Bank Guarantees, Performance Bonds, Bid Bonds, Shipping Guarantees, Advance Payment Guarantees, Counter guarantees etc.

Features and Benefits

- Secure members entering into bids, sales contracts and tenders.
- Fulfilment of contracts with contracting parties based on the guarantee terms.

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 remittance services are:

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

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 house and office bill payments convenient through our utility payment service.

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.

- Inter cooperative payment slip clearance (Future Plan)
- Cooperative Credit Information Center (Future Plan)



Former President of ICA Mrs. Dame Pauline Green Receiving Token of Love from Chairman of NCBL

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 Cooperative Credit Information Center

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

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.

In this fiscal year NCBL has started various products specially focusing to reduce the poverty and increased employment, production through our member cooperatives.

Product:

- Youth Self Employment Loan
- Deprived Sector Loan & Micro finance Loan

Our Achievement:

S. N.	Name of Product	Amount of Credit Exposure	No of Direct Employment Credited	Indirect Employment
1	Youth Self Employment Loan	NPR 85,000,000	724 person	2100 person
2	Micro Finance & Deprived Sector Loan	NPR 650,000,000	40,000 persons	Around 88,000 persons
3	Agriculture Sector Loan	NPR 260,000,000		

INTERNATIONAL RELATION

NCBL has and is in process of obtaining the membership of different international organizations. The main objective of becoming member of these organization is to bring the best practices and technology to Nepal and distribute them to our members along with the following other objectives:

- Develop business relationships and partnerships with International organizations
- Access to the 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 program
- Exchange of information and technical documents
- Receive and access information on co-operatives including regular publications

- Participate in the governance of the international Organization

Currently NCBL is member of following International Organizations:

1. International Cooperative Alliance (ICA)
2. Association of Asian Confederation of Credit Unions (ACCU)
3. Regional Network for the Development of Agricultural Cooperatives in Asia and Pacific (NEDAC)
4. Asia-Pacific Rural and Agricultural Credit Association (APRACA)

Also NCBL is in process of being membership of following International Organizations:

1. Centre for International Co-operation and Training in Agricultural Banking (CICTAB)

CURRENT OUTREACH

- 7526 members from all over the country.
- Coverage in all the 75 districts of the country.
- Serves from 37 locations.

Our Branch Network

Inside Kathmandu Valley		Outside Kathmandu Valley	
Branch Address	TelephoneNo.	Branch Address	Telephone No.
Kupandole ,Lalitpur	5011782	Nuwakot	010 560966
Thimi ,Bhaktapur	5093018	Itahari, Sunsari	025 587767
Gongabu, Kathmandu	4364634	Birtamod, Jhapa	023 540633
NewRoad,Kathmandu	4216022	Birendranagar,Surkhet	083 525229
Baneshwor,Kathmandu	4461907	Ghorahi, Daang	082 561997
Lagankhel, Lalitpur	5529879	Ilam	027 521924
Chabahil, Kathmandu	4475475	Dolakha, Charikot	049 421873
Kalanki, Kathmandu	4284399	Biratnagar, Morang	021 470898
Chapagaun, Lalitpur	5574584	Sindhuli	047 520645
		Kohalpur, Nepalgunj	081 541902
		Saptari, Rajbiraj	031 523699
		Butwal, Rupandehi	071 540804
		Dailekh	089 420577
		Waling, Syaangja	063 440633
		Urlabari, Morang	021 541865
		Baglung	068 522529
		Hetauda, Makwanpur	057 526955
		Dhanusa, Janakpur	041 530209
		Pokhara, Kaski	061 539404
		Bara, Simara	053 521038
		Banepa, Kavre	011 661063
		Dharan, Sunsari	025 525479
		Damak, Jhapa	023 585431
		Tanahu, Damauli	065 562252
		Birjung, Parsa	051 521119
		Rautahat	9862936695
		Dhangadhi	9848437810
		Lahan	

Management Team



K.B. Upreti
Managing Director



Hari Krishna Sapkota
Assistant General Manager



Navaraj Upadhyay
Manager

Department Chief



Saroj Joshi
Manager
(International Relation, Project, Planning & Research)



Mohan Karki
Assistant Manager
(Admin & Recovery)



Bharat Kumar Chimariya
Assistant Manager
(Internal Audit)



Pramod Kumar Ghimire
Assistant Manager
(Credit & Microfinance)



Nabin Kumar Karki
Officer
(IT & Publication)



NCBL 11th AGM



NCBL Staffs Celebrating 58th Co-operative Day



NCBL BOD with Newly Appointed NRB Governors



NCBL BOD and Staffs with International Delegates



Membership Certificate - ACCU



Membership Certificate - APRACA

