



निर्धन उत्थान बैंक लिमिटेड NIRDHAN UTTHAN BANK LIMITED

('D' Class Financial Institution licensed from Nepal Rastra Bank)



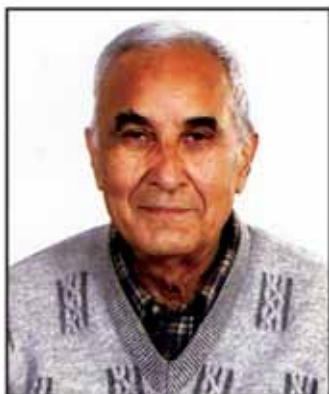
16th Annual Report 2013/14

Central Office Complex of Nirdhan Utthan Bank Ltd. &
Nirdhan NGO at Bhagwati Bahal, Nakshal, Kathmandu

Board of Directors



Ganesh Bahadur Thapa
Chairman
Represents : Nirdhan NGO



Dr. Harihar Dev Pant
Executive Director
Represents : Individual Promoters



Dr. Fatta Bahadur K.C.
Director
Represents : Public Shareholders



Top Bahadur Raymajhi
Director
Represents : Public Shareholders



Sushil Joshi
Director
Represents : Himalayan Bank Ltd.



Gyaneshor Acharya
Director
Represents : Nabil Bank Limited



Ram Bhakta Thapa
Director
Professional Expert/Independent Director

NIRDHAN UTTHAN BANK LTD: At a Glance

Established date: 28th October 1998 (2055/7/12)

Date of License from the Nepal Rastra Bank: 13th April 1999 (2055/12/30)

Central Office

Nirdhan Utthan Bank Ltd
 Central Office “Nirdhan Bhavan”
 Bhagwatibahal, Naxal, Kathmandu
 Phone: 01-4413711, 4423794, 4413840
 Fax: 977-1-4413856
 E-mail info@nirdhan.com
 Web: www.nirdhan.com

Number of offices

Number of offices
 Central Office..... 1
 Regional Offices..... 10
 Branch offices..... 151

Operational districts: Operational districts: Licensese as a national level microfinance institution. Working in 65 districts till now: Rupandehi, Nawalparasi, Kapilvastu, Arghakhanchi, Palpa, Syangja, Chitwan, Kaski, Tanahun, Makawanpur, Parsa, Bara, Rautahat, Sarlahi, Mahottari, Dhanusha, Udayapur, Banke, Dang, Pyuthan, Rolpa, Bardiya, Surkhet, Dailekh, Salyan, Doti, Dadeldhura, Kailali, Kanchanpur, Ilam, Panchthar, Jhapa, Morang, Sunsari, Sankhuwasabha, Taplejung, Tehrathum, Dhankuta, Siraha, Saptari, Dhading, Nuwakot, Kabhrepalanchowk, Sindhuli, Bhojpur, Rukum, Kalikot, Jumla, Parvat, Myagdi, Baglung, Dolpa, Okhaldhunga, Khotang, Achham, Bajura, Baitadi, Jajarkot, Gulmi, Ramechhap, Sindhupalchowk, Dolakha, Kathmandu, Lalitpur and Bhaktapur.

Products and Services:

Microcredit: Without collateral on group guarantee (maximum NRs. 150,000.00) and with collateral (above NRs.1,50,000.00 to maximum NRs. 5,00,000.00).

Micro-Savings: By group members and the general public.

Micro-Insurance: Micro-life and livestock insurance.

Remittance Service: Remittance service inside the country or from abroad in collaboration with different banks and remittance companies

Target Group: (A) Group based loans: Clients having less than 15 Katthas of unirrigated land, having no concrete/cemented buiding and none of the family members have permanent employment.

(b) Microenterprise loans: To graduate group members and individuals who acould offer physical collateral.

Capital: Authorized Capital: Rs.50,00,00,000.00
 Issued Capital: Rs.33,60,00,000.00 (including proposed bonus shares worth Rs.9,60,00,000.00)
 Paid-up Capital: Rs.33,60,00,000.00 (including proposed bonus shares worth Rs.9,60,00,000 in total Rs.33,60,00,000.00)

Share Ownership and Structure of the Board:

Shareholders' particulars	Total number of shares	Percentage	Number of members in the Board	Number of shareholders
Group “A”: Promoters	14,96,615	62.36	4	25
Nirdhan NGO or Grameen Trust, Bangladesh	2,63,051	10.96	1	1 (Institutional)
	85,699	3.57		1 (Institutional)
Nabil Bank Limited Himalayan Bank Limited Everest Bank Limited	3,32,280	13.85	2, on rotation basis	1(Institutional)
	2,69,358	11.22		1(Institutional)
	2,69,358	11.22		1(Institutional)
Individual Promoters	2,76,869	11.54	1	20
Group “B”: General public	9,03,385	37.64	2	* 1,768
From within the list of professional experts approved by the Nepal Rashtra Bank: independent expert			1	
Total	24,00,000	100	7	1,793

According to *up to mid-November, 2014 (the end of Kartik, 2071)



Nirdhan Utthan Bank Limited

(Licensed to operate as a class “D” class institution by the Nepal Rashtra Bank)

Central Office, “Nirdhan Bhavan” Bhagawatibahal, Naxal, Kathmandu

Phone: 977-01-4413711, 4413840, Fax: 977-1-4413856

Notice for the 16th Annual General Meeting

Respected shareholders,

According to the resolution of the 184th meeting of this bank’s Board of Directors on 28th November, 2014 (12th Mangsir, 2071), all honourable shareholders are requested for their participation in the 16th Annual General Meeting of this bank to discuss and decide on the following:

Date, time and venue of the meeting:

Date : 27th December, 2014, Saturday (12th Poush, 2071 accordingly)

Time : 12.00 p.m

Venue : Central Office of the bank, “Nirdhan Bhavan” Bhagawatibahal, Naxal, Kathmandu

Agenda for Discussion:

General Proposals:

The annual general meeting will discuss and pass/resolution on:

1. The annual report of 2013/2014 (2070/71) to be presented by the Chairman on behalf of the Board of Directors.
2. The Balance Sheet including the Audit Report at mid-July, 2014 (the end of Ashadh, 2071), the Profit and Loss Account for the fiscal year 2013/2014 (2070/71), the profit and loss distribution for the same period as well as the financial statements (with appendices) including the cash flow statement.
3. As specified by the article 60 of the Banks and Financial Institutions Related Act, 2006 (2063) and the article 111 of the Company Act, 2006 (2063), the appointment and pay determination of an auditor for the fiscal year 2014/15 (2071/72) on the recommendation of the Audit Committee as per article 165(d) of the Company Act. (The currently employed auditors Messrs. Kumud Tripathi & Company, Chartered Accountants, have already undertaken the job continuously for 3 years.)
4. According to the proposal of the Board of Directors, the distribution of cash dividends worth Rs. 2,40,00,000 at the rate of 10 per cent of the paid-up capital of Rs. 24,00,00,000 existing at mid-July, 2014 (the end of Ashadh, 2071) as well as appropriation of Rs. 63,15,789.47 for tax on cash dividends and bonus shares.

Special Proposals:

1. To issue bonus shares worth Rs. 9,60,00,000.00 at the ratio of 40 % of the paid-up capital as approved by the Board of Directors.
2. To increase the capital.
(For tallying with the impending increase in capital after the issue of the proposed bonus shares)
3. To make necessary amendments and changes to the bank’s Memorandum of Association and Article of Association.
4. To authorize the Board of Directors or its assignee to edit, modify, revise or correct as the need arises, consistent with the regulatory authorities’ instructions on a revision of the proposed amendments to the bank’s memorandum and regulations.

Miscellaneous:

Election:

1. To elect a member of the Board of Directors to represent the individual promoters from the sub-group “C” of group “A” of promoter shareholders.
2. To elect 2 members of the Board of Directors to representing general public under group “B” of shareholders.

Notice about the closure of shareholders' registration book for the purpose of Annual General Meeting (AGM):

The shareholders' registration work will be halted from 10th December, 2014 (24th Mangsir, 2071) to 27th December, 2014 (12th Poush, 2071) for the purpose of 16th AGM and dividend distribution. The shareholders registered in the records on the basis of written applications arriving at the bank's share registrar Ace Capital Ltd. by 17th December, 2014 for the ownership transfer of shares traded at the Nepal Stock Exchange Ltd. till 9th December, 2014 (23rd Mangsir, 2071) are eligible to participate in the meeting and collect the dividend.

General information about the AGM:

1. As specified by the bank's article of association, the election of a member from the sub-group "C" of group "A" of promoters and 2 members from the group "B" representing the general public to the Board of Directors will be held as displayed on the bank's notice-board by the election officer.
2. All shareholders participating in the AGM are requested to arrive with their share certificates or any credentials. If representing an organization, an authorized letter on behalf of the organization is to be submitted.
3. The report of the 16th AGM to be sent to the respective addresses of shareholders by post or courier can also be viewed on the bank's website www.nirdhan.com. The shareholders not getting the report due to certain reasons will be able to collect it from the bank's central office or from the venue on the day of the AGM.
4. The shareholders wishing to appoint proxies for the AGM will have to register the proxy forms at the company's central office at Kathmandu at least 48 hours before the AGM. If another proxy has to be appointed by revoking a previous appointment, a written notice about the same will have to be registered at the bank's central office within the mentioned period. The appointed proxy will have to be a shareholder of the bank as well.
5. If a shareholder that has earlier appointed a proxy decides to attend the AGM and signs the attendance book himself/ herself, the proxy will be dismissed.
6. The persons who have been registered in the book of shareholders' records as the guardians/ patrons of minors or deranged shareholders will be able to attend or appoint proxies for the AGM.
7. The questions, curiosities or statements put by the respected shareholders will be addressed by the chairman or a person commissioned by him, on behalf of the Board of Directors.
8. The attendance book will be laid out for the convenience of honourable shareholders from 10 am onwards on the day of the AGM.
9. For additional information, please contact the bank's central office "Nirdhan Bhavan" at Bhagavatibahal, Naxal of Kathmandu.

With the authority of the Board of Directors,
Company Secretary.

NIRDHAN UTTHAN BANK LTD

Presented in the 16th Annual General Meeting

Annual Report of the Board of Directors

Fiscal Year 2013/14 (2070/71 BS)

Respected shareholders,

I would like to cordially welcome respected shareholders, representatives from different organisations, journalists and invited guests on behalf of the Board of Directors and myself on the occasion of the 16th Annual General Meeting of the Nirdhan Utthan Bank Ltd.

In the year 1991 (2047), with an aim of alleviating poverty in Nepal, a non-governmental organization called “Nirdhan” was established which started micro-financial services under the rural banking model for the first time in Nepal. Having realized that non-governmental organizations could not continue for long, Nirdhan Utthan Bank was incorporated on 28th October, 1998 (12th Kartik, 2055). To realise its prime goal of alleviating poverty by uplifting the living standards of the poor and the needy, the bank is determined from the very day of establishment to offer micro-financial services throughout Nepal. I am glad to inform you that we have reached as many as 2,11,331 households of 1,307 Village Development Committees and Municipalities of 66 districts till mid-November, 2014 (the Kartik end, 2071). In line with the trade policies for strengthening the bank’s business potential, a target of establishing new branches, like in the past, in number not less than 25, has been set for the current fiscal year. This is necessary to move the bank further towards the realization of its long-term goal of reaching all the 75 districts and catering to at least 20 per cent of the populace below poverty line.

On behalf of the Board of Directors, I have presented for your kind approval the bank’s balance sheet at mid-July, 2014 (Ashadh end, 2071), the profit and loss account for the fiscal year 2013/14 (2070/71), the cash flow particulars and several activities of the bank along with this annual report.

Dear shareholders, I would now like to present to this respected assembly, the bank’s achievements and challenges faced in the past fiscal year 2013/14 (2070/71) as well as various topics including the strategies and programs for the current fiscal year 2014/15 (2071/72), on behalf of the Board of directors.

(a) Review of last year’s performance:

Since its establishment period, the bank has been endeavouring to reach the households of as many needy and poverty-stricken women as possible and uplift their living standards through micro-financing programs. By the end of fiscal year 2013/14 (2070/71), the bank has provided simple and convenient micro-financial services to 2,05,126 needy families across 1,259 Village Development Committees/ Municipalities of 54 districts through 9,590 centres under 134 branches, thus continuing its leading role in the micro-financial sector.

I would now like to present the achievements of the fiscal year 2013/14 (2070/71) under the following sub-headings:

1. Increase in capital:

The total paid-up capital of the bank that was Rs. 20,00,00,000 before 15th AGM, stands at Rs. 24,00,00,000 at present after the allotment of Rs. 4,00,00,000 worth of last year’s bonus shares. Distribution of bonus shares at the proposed ratio of 40 per cent (worth Rs. 9,60,00,000) of the existing paid-up capital, subject to approval, will raise the paid-up capital to Rs. 33,60,00,000.

2. Expansion of programs and transactions:

The bank has established 16 new branches in the fiscal year 2013/14 (2070/71), 9 in the additional 7 districts Parvat (2 branches), Baglung (2 branches), Myagdi (1 branch), Dolpa (1 branch), Okhaldhunga (1 branch), Khotang (1 branch) and Bhojpur (1 branch) apart from 7 in the already operational districts Kailali, Kanchanpur, Panchthar and Dhanusha. The overall client base throughout both the newly established and already functional branches has grown up by a number of 20,949 to a total of 2,05,126 clients by the end of the fiscal year 2013/14 (2070/71).

The loan portfolio has also increased based on client growth. The outstanding loans that stood at Rs. 3,63,80,27,000 the previous year end increased by Rs. 1,25,98,38,000 in the review year to Rs. 4,89,78,31,000. The deposits of clients that stood at Rs. 1,31,82,32,000 the previous year has increased by Rs. 54,82,68,000 in the review year to Rs. 1,86,65,01,000.

3. Staff training and career development:

Nirdhan Utthan Bank Ltd. began its operation with only 2 personnel during the establishment period, currently employs a total of 817 staff including 647 full-timers, 36 trainees and 134 part-timers. Success or failure of a company hugely depends on the qualities of service offered by its staff, the bank has been formulating suitable policies for their selection, transfer, promotion and career development, and effectively implementing them.

Having realized the fact that staff are invaluable assets of the bank, the bank has continuously engaged them in capacity building activities through plenty of training opportunities both within and outside the country, in order to gain highest working efficiencies from them. In the fiscal year 2013/14 (2070/71), 442 staff participated in the trainings conducted by the bank itself, 71 took part in the trainings offered by institutions within the country and 143 got the abroad training opportunities.

In view of the fact that career development is closely tied up with the human resource management, altogether 55 staff got their promotions in the review year: 29 assistant level staff to senior assistants, 14 senior assistants to supervisors, 4 supervisors to assistant managers, 3 assistant managers to managers and 5 managers to senior managers. Staff training and promotion will go on in the current fiscal year as well.

4. Corporate Governance:

The Board of Directors and the management are committed to maintaining strong corporate governance. The members of the Board of Directors and the staff have entirely complied with the code of conduct set by the Nepal Rashtira Bank and other regulatory authorities. Good corporate governance has duly played a guiding role in the bank's activities. The bank has actively promoted and manifested strong corporate governance by adopting transparencies in the activities of the Board of Directors and other activities of the bank as well.

5. Client protection and and bearig of social responsibilities:

Being committed to observing the global principles of customer protection and care established in the micro-finance sector, the bank has engaged in preparing and enforcing necessary methodologies as well as informing staff, management and the Board of Directors about the same. In this regard, measures like ensuring commitment of staff to customers, paying attention to customer complaints and resolving them are taken. The provisions in the bank's existing policies, rules and directives are also being constantly reviewed to match up with the global norms of customer care. Having realized that clients are the prime assets of the bank, they are being constantly updated with necessary advice and technical know-how regarding the Small and Micro Enterprises (SME) and the Agriculture Business

Development Service (AgBDS). In the past fiscal year, 43 client members were provided with the SME trainings, 744 with trainings in book-keeping and leadership development while the current fiscal year has seen as many as 377 being trained till the first quarter. There are plans to extensively carry on with this in the coming days as well.

In view of the social responsibilities, a sum of Rs. 2,50,000 has been awarded in the current fiscal year to 100 customers at Rs. 2,500 per person under the “Scholarship to Brilliant Students” scheme, while in the previous fiscal year, the corresponding sum was Rs. 2,00,000 for 80 children. Likewise, a sum of Rs. 6,12,000 has been distributed in the current fiscal year to 1646 households who have been the victims of natural disasters like fire and floods, while in the past fiscal year, the corresponding sum was Rs. 16,293 allocated to 16 households. Moreover, the bank has actively participated in various social and economic activities held at local levels; such participation will continue in the current fiscal year as well as in future.

6. Contribution to national revenue:

In the fiscal year 2013/14 (2070/71), the bank has spent Rs. 8,60,86,562.94 for institutional income tax, Rs. 1,56,433 for tax on interest payments to depositors, Rs. 88,35,980.84 for income tax on staff remuneration, Rs. 14,71,272.80 for tax on rent for its accommodation. The bank has thus contributed a total of Rs. 9,65,79,507.59 to the revenue of the Government of Nepal.

7. Technological advancements:

Having realized that communication technologies act as the major aiding tools for improving the service qualities of the bank, the online based MFIN software has been currently implemented at 52 branch offices after trials. We are working towards gradually implementing the software at all the existing branch offices with an aim to make the modern-day banking services (ABBS, POS, ATM, SMS, Mobile Banking) available to the poor folks inhabiting even the most remote corner of rural Nepal.

8. Building construction:

After having constructed its own building known as “Nirdhan Bhavan” at Bhagavatibal, Naxal of Kathmandu Metropolis – Ward No. 1 in the past fiscal year, the bank has started its operations from own building. Working from the own building has simplified operations as well as it has the increased reputation of the bank.

(b) The effects of national and international affairs on bank’s activities:

Even though international events had no significant effects on banking operations in the fiscal year 2013/2014 (2070/71), they could not be left untouched by national circumstances. In spite of some positive political breakthroughs at recent times, lack of awareness to timely address the problems prevalent in the micro-financial sector is definitely going to create direct or indirect consequences for the programs. Proper identification and safeguarding of client profiles as well as fulfilment of social responsibilities, exchange of information between institutions, promotion of healthy competition, enhancement of institutional potential, control of cost extravagance, operation with minimum cost and resources, use of recent and appropriate technologies, etc. are some of the challenges that lie ahead of us.

For smooth and prolonged operation of micro-financial institutions, the internal generation of investible capital is the must. So many institutions and transactions cannot sustain just by borrowing from the deprived sector lending funds allocated by commercial banks. The mobilization of internal deposit funds is exclusively the final solution. We have been entreating the Nepal Rashtra Bank to allow

the mobilization of deposit funds through all the existing branch offices. Since most of the remote parts of Nepal currently lack any banking mechanisms other than micro-financial institutions, we are optimistic that the Nepal Rashtra Bank will address this issue positively. We are committed to balanced financial growth and stability as well as safety of client deposits. Strict observance of the existent rules and regulations in this regard is the must, which we have followed indeed. If micro-financial banks are allowed to securely collect and mobilize the deposits through all branches without the state of monetary equilibrium being disturbed, all of the rural populace will have access to the banking mechanisms and the micro-financial sector will definitely flourish.

(c) Current year's achievements till the preparation of this report and opinion of the Board of Directors on the future courses of action:

The progress report of the bank at the end of the first four months of the current fiscal year 2014/15 (2071/72) compared with the corresponding data of the last year is as follows:

Particulars	Mid-November, 2014 (Kartik end, 2071)	Mid-November, 2013 (Kartik end, 2070)
No. of districts having currently operating branches	65	49
No. of VDCs/ municipalities having services currently being offered	1,307	1,151
No. of clients	2,11,331	1,88,964
Total deposits	2, 04,10,88,857	1,44,04,81,139
Total outstanding loans	5,20,52,51,356	3,87,77,87,221
Interest income	33,53,11,051	25,37,55,519
Other income	3,18,27,582	2,71,88,515
Interest Expenses	9,32,34,758	8,76,42,990
Operational Expenses	14,25,10,979	11,41,50,829
Expenses for loan loss provision	27,07,157	24,13,375
Profit (Loss)	13,01,71,042	7,67, 36,839

The bank has done its best to cater the needs, concerns and expectations of its main stakeholders in the following ways:

- Providing quality and cost-effective services to clients as per their wishes and requirements,
- Introducing capacity enhancement programs for staff as well as appropriate increase in their remuneration, allowances and facilities,
- Undertaking social responsibilities as much as possible,
- Taking transactions to broader scale and masses and earning maximum profits in order to meet the minimum standards for capital fund adequacy ratio set by the Nepal Rashtra Bank as well as comply with the shareholders' aspirations of getting maximum returns on their investments.

Likewise, while formulating the current year's plans, policies and budget, the bank has adopted a singular approach of "primarily using proper human resources and recent technologies to expand and unfold its programs to all the 75 districts". Based on this strategy, the following targets have been set:

- To offer micro-financial services to the households of 2,30,000 poor families in Nepal,
- To expand its programs by opening at least 25 new branches,
- To raise the outstanding loans to Rs. 6,45,00,00,000,
- To raise client savings and public deposits to a total of Rs. 2,58,00,00,000,

- To achieve a sustainable position by expanding its programs throughout Nepal taking into consideration both the growth factors and the program standards.
- To focus the programs on the real target class.

(d) Industry or professional relations of the company:

This bank enjoys cordial relationships with the regulatory authorities including the Nepal Rashtra Bank, the Securities Board of Nepal (SEBON), the Nepal Stock Exchange Ltd. (NEPSE), the CDS & Clearing Ltd., the Office of the Company Registrar and other agencies. Likewise, the bank has collaborated and is on good relations with external organisations like the World Bank - the CGAP (the Consultative Group to Assist the Poor), the Agrifin, the IFC (International Finance Corporation), the Mercy Corps, the USAID NEAT (Nepal Economic, Agriculture and Trade Activities) Project, the Whole Planet Foundation, the UNDP/UNCDF. In close partnership with the Mercy Corps Scotland and the SAFAL Project of the DFID, branch offices were established last year at Fattepur of Banke district, Chaurjahari of Rukum, Manma of Kalikot and the Jumla district headquarters with a view to offer micro-financial services to at least 3,758 households within 22 months; this year, agreement has been reached on adding 2 more branches to operate at Jajarkot's Khalanga and Baitadi's Dasharath Chand Municipality. Likewise, considerable progress has been made after securing grants from the Whole Planet Foundation with regard to administering the Interest Free On Lending Fund as well as installing solar kits, inverters at 117 branch offices. Likewise, under the Prosperous Hills program of the Blue Berry Hill Charitable Trust and the SAFAL Project of the DFID, 2 branches are being established this year at Mangalsen of Achham and Martadi of Bajura district in addition to the branch offices established last year at Rabi and Yashok of Panchthar district. In collaboration with the Agrifin project of the World Bank, agricultural lending is further being extended to clients after conducting capacity enhancement programs. Likewise, in partnership with the IFC (International Finance Corporation), initiatives have been taken to enhance institutional and micro-insurance potential as well as to develop, examine and extend newer services after detailed market studies and analyses.

(e) Change in the Board of Directors and its causes:

In the review period, there was no change in the Board of Directors.

(f) Major factors affecting the transactions:

The following factors mainly affect this bank's transactions. We are endeavouring to effectively move the bank ahead by mitigating such factors. We look forward to significant suggestions from honourable shareholders in this regard.

- People have a growing tendency to borrow from different institutions simultaneously owing to the emergence of many new micro-financial banks; consequently, doubleness in lending have been observed.
- Risks are likely to arise from any unexpected changes in the country's economic, monetary and financial policies as well as the rules and regulations of the Nepal Rashtra Bank.
- Due to lack of minimal support and facilities to start new branches and operate with recent technologies at remote parts of Nepal, the bank has faced tough operating challenges and incurred greater expenses.
- The institution is prone to adverse outcomes due to indiscipline among staff and members arising from political influences and deviations.
- The operating cost has gone remarkably up due to large price jumps.

The bank's Board of Directors, different sub-committees and the management team are always watching carefully to mitigate any possible loss or harm resulting from the impact of any unfavourable course of events on the bank's transactions.

(g) Audit report and comment of the Board of Directors on the report:

The auditors Messrs Kumud Tripathi and Company, Chartered Accountants, appointed by the past 15th Annual General Meeting, have audited the bank's accounts. The audit report and accounting details appended to this document have revealed the actual pictures of the bank. The audit report makes no adverse claims. The Board of Directors has no comment on the auditor's report either.

(h) Amount recommended for the dividends:

The major goal of this bank is to alleviate poverty; but to ensure the capital availability for an ever-growing number of transactions, a policy of suitably rewarding the shareholders with cash dividends and bonus shares after thoroughly analyzing the capital fund adequacy and the cash flow constraints has been put into practice.

The net profit (after allowing for staff bonus and income tax) of Rs. 20,73,50,000 plus the previous year's surplus of Rs. 2,56,31,000 makes up Rs. 23,29,81,000 which is available for distribution. Out of this amount, Rs. 4,14,70,000 has been transferred to the Ordinary Reserve Fund and an amount of Rs. 20,73,000 each to the Staff Welfare Fund and Customer Welfare Fund.

I am glad to announce that the Board of Directors has proposed 40 per cent or Rs. 9,60,00,000 worth of bonus shares, 10 per cent or Rs. 2,40,00,000 as net cash dividends and Rs. 63,50,000 as taxation on bonus shares and cash dividends; the per cent figures are expressed in terms of the existing paid-up capital of Rs. 24,00,00,000 at the time of closure of the company's shareholders' registration books for the purpose of this AGM.

(i) Company's progress report of the last fiscal year 2013/ 14:

I would like to present the financial progress of the last fiscal year 2013/14 (2070/71) based on analysis of Profit and Loss Account and Balance Sheet.

(i) Profit and Loss Account:

In the fiscal year 2013/14 (2070/71), the biggest expenses were incurred under the heading of staff salaries and allowances which amounted to Rs. 27,36,43,000. The corresponding amount was Rs. 23,87,45,000 the year before. The increased number of staff as well as routine adjustments to their salaries and allowances in the review year can be accounted for this change. The expenses for office operation have gone up from Rs. 4,43,86,000 of the past year to Rs. 6,24,20,000 in the review year.

The interest paid on the borrowings from other banks and financial institutions as well as on clients' deposits has gone up from Rs. 24,06,00,000 of the previous year to Rs. 26,23,38,000 in the review year. This change in interest expenses is due to the ever-growing volumes of deposits and borrowings.

Towards the income side, Rs. 81,08,32,000 has been earned as interest income in the review year. The corresponding amount was Rs. 60,43,27,000 the year before. Rs. 9,59,88,000 has been received as commission and other income in the review year. The corresponding amount was Rs. 6,48,65,000 last year. Income through grant stands at Rs. 1,56,96,000; the corresponding value was Rs. 1,20,95,000 the previous year. Rs. 9,81,000 has been recovered this year from previously written off debts. In this way, the net profit stands at Rs. 20,73,50,000 in the review year. Last year, the corresponding amount was merely Rs. 9,15,74,000.

(ii) Balance Sheet:

The paid-up capital reaches Rs. 33,66,00,000 counting the proposed bonus shares from the profits of the fiscal year 2013/14 (2070/71). No dues are remaining on the shares issued at past times. Till the end of the fiscal year 2013/14 (2070/71), the total deposits stand at Rs. 1,86,65,05,000. The corresponding

amount was Rs. 1,31,82,32,000 last year. As the savings of the deprived class families do not wholly meet the lending requirements, a total of Rs. 3,43,25,23,000 has been borrowed from the Nepal Rashtra Bank and other various banks and financial institutions.

Till the closure of the fiscal year 2013/14 (2070/71), fixed assets worth Rs. 10,69,12,000 (net-of-depreciation) are owned by the bank.

(j) Internal control system:

The bank has adopted various means like administrative and budgetary control measures, computerized recording systems, regular monitoring and internal auditing for its internal control. Having drafted the required manuals, work procedures, policies, directives, rules and regulations including the economic administration rules, the staff administration manual, the financial services manual, the operational manual, the customer monitoring directives, the manual on loan write-offs, the regular operations of the bank are being carried out in line with them.

As per directives of the Nepal Rashtra Bank and the articles 14 and 15 of Banks and Financial Institutions Act, 2006 (2063), the Board of Directors, on its own accountability, has formed an audit committee, a risk management committee, a human resource management committee and assigned respective tasks, duties and authorities to them.

(1) Audit Committee:

The Board of Directors has formed an Audit Committee co-ordinated by the non-executive director Dr. Fatta Bahadur KC. The member secretary of this committee is the head of the Internal Audit Department. The committee provides the bank management necessary advice after a review of its economic shape and comprehensive discourses as well on the internal control, audit results and related activities.

Abiding by the prevailing laws, the committee has the following major responsibilities: (i) to suggest corrective moves to the bank management after reviewing the bank's economic conditions, internal control, audit plans and the points/ remarks in internal and external audit reports, (ii) to discuss the implementation of the points/ remarks in the report prepared after inspection and supervision by the Nepal Rashtra Bank, and to document and inform the Board of Directors about the same, (iii) to help the management to prepare the annual financial details of the bank with precision, (iv) to review whether factors like regularities, thrift, significance or effectiveness have been duly considered in the bank's activities, and to give necessary advice to the Board of Directors, (v) to present a report to the Board of Directors after reviewing the bank's quarterly financial details.

(2) Risk Management Committee:

The Board of Directors has formed a Risk management Committee co-ordinated by the non-executive director Mr. Sushil Joshi. The head of the Operations Department is the member secretary of this committee. The co-ordinator of the audit committee is arranged to be an ex officio member of the risk management committee. There is a provision as well to hold a meeting of the committee at least once in every three months. The tasks, duties and authorities of this committee are assigned as per the Nepal Rashtra Bank's directives.

(3) Human Resource Management Committee:

The Board of Directors has formed a Human Resource Management Committee co-ordinated by the non-executive director Mr. Top Bdr. Rayamajhi. The head of the Accounts Department is a member and the head of the Human Resource Management Department is the member secretary of this committee. The tasks, duties and authorities of this committee are assigned as per the Nepal Rashtra Bank's directives.

(k) Prosperity through micro-finance, wayforward:

From the outcome of our continuous efforts of the past two decades, there is no doubt that micro-finance can contribute to poverty alleviation by income-generation and self-employment. I would like to inform you that our future courses will be directed towards extensive growth and diversification of microenterprises with an aim of building really prosperous societies in terms of economic and social values. Micro-finance services together with financial literacy, entrepreneurship and skill development trainings as well as increasing access to the market of products with the joint effort of our bank, its mother institution “Nirdhan” and other stakeholders are the key elements for this purpose. In order to make this campaign a success, we anticipate valuable suggestions from our honourable shareholders together with appropriate policies, guidance and assistance from the regulatory authorities including the Nepal Rashtra Bank.

(l) Vote of thanks:

On behalf of the Board of Directors, I would like to cordially thank honourable shareholders for their valuable contributions to the prosperity of this bank. I would like to thank the Office of the Company of Registrar, the Nepal Rashtra Bank, the Securities Board of Nepal (SEBON), the Nepal Stock Exchange Ltd., the office-bearers of various other organizations, the journalists who have helped maintain the dignity of the bank and various banks and financial institutions that have extended credit assistance and banking facilities to this bank. I would like to thank all the well-wishers and contributors, and anticipate further co-operation in the days to come.

Likewise, I would like to express hearty thanks on this occasion to all the national/ international partner organizations including the consortium institution of the World Bank – the CGAP (the Consultative Group to Assist the Poorest), the World Bank – Agrifin Project, sister organization of the World Bank – the International Finance Corporation (IFC), the Grameen Trust Bangladesh, the Mercy Corps, the UNDP/UNCDF, the Nepal Economics, Agriculture and Trade Activities (NEAT), the Blue Berry Hill Charitable Trust.

Since the present-day achievements of the bank could not have been possible without the goodwill and co-operation of the afore-mentioned institutions as well as the painstaking efforts of the bank management and its honest and hardworking staff, I would like to express hearty thanks to them as well.

Last but not least, I hope that your valuable advice, suggestions and support for the further progress of this bank will continue in the coming days as well.

Date: 27th December, 2014 (2071/09/12)

On behalf of the Board of Directors,

Ganesh Bahadur Thapa

Chairman

The pointwise list of additional details to appear in a separate report of the Board of Directors as specified by the article 109 of the Company Act, 2006 (2063):

1. If any shares have been confiscated, the exact number and the face value of such shares, the amount collected by the company before confiscation as well as after the trading of such confiscated shares, and the refund, if any:

In the review year, no shares have been confiscated.

2. Information passed on to the company by the fundamental shareholders in the last fiscal year:

The fundamental shareholders or promoters that hold 5% or more shares of this bank are the Nabil Bank Ltd., the Himalayan Bank Ltd., the Everest Bank Ltd., the Nirdhan Sanstha, the International Finance Corporation (IFC) and Dr. Harihar Dev Pant. The members of the Board of Directors, the management and the staff have been motivated by the promoters to discharge the concerned duties.

3. Possession and trading of shares in the last fiscal year by directors and principal office-bearers of the company as informed by them:

At the end of the fiscal year 2013/14 (2070/2071), the directors and the principal office-bearers of the bank have held the following promoter/ ordinary shares:

1. Officials of the Board of Directors:

S.N.	Name, Post	Quantity of shares held
1.	Mr. Ganesh Bahadur Thapa, Chairman	25,597
2.	Dr. Harihar Dev Pant, Executive Director	1,89,443
3.	Dr. Fatta Bahadur KC, Director	5,874
4.	Mr. Top Bahadur Rayamajhi, Director	17,441
5.	Mr. Sushiel Joshi, Director (representative of the Himalayan Bank Ltd.)	Institutional – 2,69,358
6.	Mr. Gyaneshwor Acharya, Director (representative of the Nabil Bank Ltd.)	Institutional – 3,32,280
7.	Mr Ram Bhakta Thapa, Director	

2. Management officials:

S.No.	Name, Post	Quantity of shares held
1.	Dr. Harihar Dev Pant, Executive Director	1,89,443
2.	Mr. Bhoj Raj Bashyal, Deputy General Manager	1,732
3.	Mr. Keshav Kumar Poudel, Assistant General Manager	3,028
4.	Mr. Raj Narayan Das, Assistant General Manager	774

No involvement of the bank's directors and principal office-bearers in share transactions, apart from acquiring the primary and bonus shares issued by the bank or declared by the AGM, has been known.

4. Information regarding the private interest of any member of the Board of Directors and his/ her close relatives in agreements linked with the company during the past fiscal year:

In the last fiscal year, no individual interest on the part of any director and his/ her close relatives in connection with any agreements related to the company has been known.

5. If the company has acquired its own shares, the reason(s) for doing so, the exact number and the face value of such shares and the amount the company has expended for the purpose:

In the review year, the company has not purchased any of its own shares.

6. Details of the total managerial expenses in the last fiscal year:

The total managerial expenses of the bank in the fiscal year 2013/14 (2070/71) stand at Rs. 33,60,63,897.30 as depicted below:

Staff expenses	Rs. 27,36,43,812.61
Operational expenses	Rs. 6,24,20,084.69

7. If a director, the managing director, the chief executive, a promoter shareholder, any of their close relatives or firms, companies, organized institutions associated with them has any dues to pay to the company, the details are:

None of the directors, the managing director, the promoter shareholders of the bank or any of their close relatives or any firms, companies or organized institutions they are involved with, have any dues to pay to this bank. Since the main institutional promoter shareholders, namely the Himalayan Bank Ltd., the Nabil Bank Ltd. and the Everest Bank Ltd., are banking institutions, any settlement pending on the regular banking transactions with them as well as on the borrowing/ lending procedures is disclosed in the included audit report and accounting details.

8. Amount paid to the directors, the managing director, the chief executive and other office-bearers for their remuneration, allowances and facilities:

In the fiscal year 2013/14 (2070/71), total allowances of Rs. 3,42,000 for altogether 13 meetings of the Board of Directors have been paid to the honourable members.

Dr. Harihar Dev Pant has been acting as the Executive Director of this bank. He has been paid Rs. 15,30,867.35 as salary and allowances in the fiscal year 2013/14 (2070/71); the basic salary for him is fixed at the rate of Rs. 1,00,000 a month.

Mr. Bhoj Raj Bashyal has been acting as the Deputy General Manager of this bank. He has received Rs. 14,12,584.38 as remuneration and allowances in the fiscal year 2013/14 (2070/71).

Mr. Keshav Kumar Poudel has been acting as the Assistant General Manager and Company Secretary of this bank. He has received Rs. 11,74,897.36 as remuneration and allowances in the fiscal year 2013/14 (2070/71).

Likewise, Mr. Raj Narayan Dass has been acting as the Assistant General Manager of this bank. He has received Rs. 11,58,138.46 as remuneration and allowances in the fiscal year 2013/14 (2070/71).

9. Dividends remaining to be claimed by shareholders:

Out of the total dividends declared by the past annual general meetings of the bank, Rs. 20,13,488.74 remains to be claimed by honourable shareholders till mid-July, 2014 (the end of Ashadh, 2071).

10. Details of the purchase or sale of assets as per article 141 of the Company Act, 2006 (2063):

The purchase details of assets as per requirements are as mentioned in the appendix 14 of the Balance Sheet.

11. Details of transactions with the concerned companies as per article 175 of the Company Act, 2006 (2063):

No transactions as specified by the article 175 of the Company Act, 2006 (2063), apart from the ones occurring in course of the bank's regular dealings and business, have taken place.

12. Appointment of Auditor:

The Auditing Committee of this bank has appointed Messrs. NBSM & Associates, Chartered Accountants for statutory as well as tax auditing purposes for the fiscal year 2013/14 (2070/71) as per the Company Act, 2006 (2063). They will be paid Rs. 1,69,500 (including the tax) as remuneration.

13. Other information to be divulged by the Board of Directors in their report as per the Company Act, 2006 (2063) and the prevailing laws:

There is nothing to clarify in the report.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NIRDHAN UTTHAN BANK LIMITED

Report on Financial Statements

We have audited the accompanying financial statements of Nirdhan Utthan Bank Limited, which comprise the balance sheet as at Ashadh 32, 2071 (July 16, 2014) and the profit and loss account, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Nirdhan Utthan Bank Limited as of Ashadh 32, 2071 (July 16, 2014) and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards so far as applicable in compliance with the prevailing laws. Also, the financial statements are prepared in accordance with the provisions of Companies Act 2063, Bank and Financial Institutions Act 2063 and the directives issued by Nepal Rastra Bank.

Report as per the requirements of other Legal and Regulatory Authority

Based on our Preliminary Report and the response of the board of directors to our Preliminary Report, we further report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, the bank has kept proper books of accounts as required by the law so far, as appears from our examination of such books.
3. As per the directives of Nepal Rastra Bank, the bank has recognized its interest income on cash basis.
4. The paid up capital of the bank in the previous year was Rs. 240,000,000 and the bank has proposed bonus shares amounting to Rs. 96,000,000 during this year. Hence, the paid up capital disclosed by the bank as at Ashadh 32, 2071 is Rs. 336,000,000 including the bonus shares. After getting approval of the proposed bonus shares from the annual general meeting, the bank needs to amend its Memorandum and Articles of Association accordingly.
5. The Balance Sheet, the Profit and Loss Account and the Cash Flow statement together with the schedules referred to in this report are prepared as per the format prescribed by Nepal Rastra Bank and are in agreement with the books of accounts.
6. During the course of our audit, we did not come across the cases where the board of directors or the representative or the official or any employee of the bank has acted contrary to the legal provisions relating to accounts or committed any misappropriation of funds/properties of bank or caused loss or damage to the bank.
7. In our opinion and as per our verification of accounting records, the bank has maintained adequate capital fund as prescribed by Nepal Rastra Bank and also made sufficient provision for probable loss of assets.
8. Nothing has come to our notice that the bank has not complied with the directives issued by Nepal Rastra Bank, other than those mentioned in our preliminary report.
9. Nothing has come to our notice that the bank has worked against the interest of depositors and investors.
10. The activities carried out by the bank are within its scope of work.
11. The statements received from the branches not audited by us were sufficient for the purpose of our audit.
12. We did not come across any cases of fraudulent activities in the bank with respect to accounts.

Place: Kathmandu
Date: 2071/06/30 (October 16, 2014)

CA. Kumud Tripathy, FCA
For, M/S Kumud Tripathy & Co.
Chartered Accountants



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Balance Sheet

As at 32 Ashadh 2071 (16 July 2014)

Capital & Liabilities	Schedule	Current Year Rs	Previous Year Rs
1. Share Capital	4.1	336,000,000.00	240,000,000.00
2. Reserves and Funds	4.2	210,881,695.22	128,194,798.33
3. Debentures and Bonds	4.3	-	-
4. Loans and Borrowings	4.4	3,432,523,014.39	2,692,980,808.26
5. Deposit Liabilities	4.5	1,866,505,218.21	1,318,232,464.75
7. Proposed Cash Dividend		30,315,789.47	23,157,894.74
8. Income Tax Liabilities		-	
9. Other Liabilities	4.7	277,575,377.03	232,620,116.10
Total Capital & Liabilities		6,153,801,094.32	4,635,186,082.18

Assets	Schedule	Current Year Rs	Previous Year Rs
1. Cash Balance		4,353,460.37	3,499,189.24
2. Balance with Nepal Rastra Bank		37,316,575.29	27,477,375.71
3. Balance with Banks/Financial Institutions	4.7	47,775,636.63	33,799,768.25
4. Money at Call and Short Notice		693,759,791.64	568,188,293.44
5. Investments	4.8	46,858,200.00	177,149,075.30
6. Loans, Advances and Bills Purchased	4.9	4,821,670,215.30	3,570,848,893.13
7. Fixed Assets	4.10	147,384,308.62	106,912,019.91
8. Non-banking Assets	4.11	-	-
9. Other Assets	4.12	354,682,906.46	147,311,467.20
Total Assets		6,153,801,094.32	4,635,186,082.18

Contingent Liabilities	Schedule 4.13
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Schedules 4.1 to 4.13 as well as 4.26 and 4.27 form integral part of Balance Sheet

Gokarna Prasad Upadhyay
Senior Manager (Finance)

Bhoj Raj Basyal
D. General Manager

Dr. Harihar Dev Pant
Executive Director

Ganesh Bahadur Thapa
Chairman

Kumud Tripathy, FCA
Kumud Tripathy & Co.
Chartered Accountants

Dr. Fatta Bahadur K.C.
Director

Top Bahadur Rayamajhi
Director

Ram Bhakta Thapa
Director

Sushil Joshi
Director

Gyaneshwor Acharya
Director

Date: 2071-06-30 (16 October, 2014)

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Profit and Loss Account

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Particulars	Schedule	Current Year Rs	Previous Year Rs
1. Interest Income	4.14	810,832,760.92	604,327,979.30
2. Interest Expenses	4.15	262,338,513.11	240,600,986.17
Net Interest Income		548,494,247.81	363,726,993.13
3. Commission & Other Operating Income	4.16	95,988,152.05	64,865,166.13
5. Exchange Fluctuation Income		27,775.60	846,505.69
Total Operating Income		644,510,175.46	429,438,664.95
6. Staff Expenses	4.17	273,643,812.61	238,745,373.01
7. Other Operating Expenses	4.18	62,420,084.69	44,386,457.06
8. Exchange Fluctuation Loss		-	-
Operating Profit Before Provision for Possible Losses		308,446,278.16	146,306,834.88
9. Provision for Possible Losses	4.19	8,982,528.87	10,653,869.12
Operating Profit		299,463,749.29	135,652,965.76
10. Non - Operating Income/Expense	4.20	16,983,104.32	12,095,581.85
11. Provision for Possible Losses Written Back	4.21		-
Profit from Regular Activities		316,446,853.61	147,748,547.61
12. Income/Expense from Extra-Ordinary Activities	4.22	981,360.96	1,286,153.69
Net Profit After Considering All Activities		317,428,214.57	149,034,701.30
13. Provision for Staff Bonus		28,857,110.42	13,548,600.12
14. Provision for Income Tax		81,220,583.65	43,911,948.69
Current Year's Tax Provision		86,086,562.94	42,115,516.47
Tax Provision up to Previous Year		2,283.00	3,553,055.28
Current Year's Deferred Tax Expense (Income)		(4,868,262.29)	(1,756,623.06)
Net Profit /(Loss)		207,350,520.50	91,574,152.49

Schedules 4.14 to 4.22 form integral part of the Profit and Loss Account

Gokarna Prasad Upadhyay
Senior Manager (Finance)

Bhoj Raj Basyal
D. General Manager

Dr. Harihar Dev Pant
Executive Director

Ganesh Bahadur Thapa
Chairman

Kumud Tripathy, FCA
Kumud Tripathy & Co.
Chartered Accountants

Dr. Fatta Bahadur K.C.
Director

Top Bahadur Rayamajhi
Director

Ram Bhakta Thapa
Director

Sushil Joshi
Director

Gyaneshwor Acharya
Director

Date: 2071-06-30 (16 October, 2014)



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Profit and Loss Appropriation Account

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Particulars	Schedule	Current Year Rs	Previous Year Rs
Income			
1. Accumulated Profit upto Previous Year		25,631,587.73	18,550,055.46
2. Current Year's Net Profit		207,350,520.50	91,574,052.49
3. Exchange Fluctuation Fund of RMDC dividend)		-	-
			(135,850.00)
Total		232,982,108.23	109,988,257.95
Expenses			
1. Accumulated Loss upto Previous Year		-	-
2. Current Year's Loss		-	-
3. General Reserve Fund		41,470,104.00	18,314,810.00
4. Contingent Reserve		-	-
5. Institution Development Fund		-	-
6. Dividend Equalization Fund		-	-
7. Employee Related Reserves		2,073,505.00	915,741.00
8. Proposed Dividend		30,315,789.47	23,157,894.74
9. Proposed Bonus Share		96,000,000.00	40,000,000.00
10. Special Reserve Fund		-	-
11. Exchange Fluctuation Fund		6,943.90	211,601.42
12. Capital Redemption Reserve Fund		-	-
13. Capital Adjustment Fund		-	-
14. Investment Adjustment Fund		10,000.00	
15. Client Service Fund		2,073,505.00	
16. Deferred Tax Reserve		4,868,262.29	1,756,623.06
Total		176,818,109.66	84,356,670.22
17. Accumulated Profit/(Loss)		56,163,998.57	25,631,587.73

Gokarna Prasad Upadhyay
Senior Manager (Finance)

Bhoj Raj Basyal
D. General Manager

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Director

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Director

Sushil Joshi
Director

Gyaneshwor Acharya
Director

Date: 2071-06-30 (16 October, 2014)

Nirdhan Utthan Bank Ltd.
Kathmandu, Nepal
Cash Flow Statement

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
(A) Cash Flow from Operating Activities		
1. Cash Receipts	923,409,568.00	679,791,729.82
1.1 Interest Income	810,743,275.00	602,374,315.22
1.2 Recovery of Loan Written off	981,361.00	4,717,106.42
1.3 Commission and Other Income	111,684,932.00	-
2. Cash Payments	(700,241,000.00)	(574,224,253.75)
2.1 Interest Expenses	(266,375,321.00)	(237,839,085.19)
2.2 Staff Expenses	(289,265,918.00)	(246,042,189.21)
2.3 Office Operating Expenses	(58,510,916.00)	(42,752,467.15)
2.4 Payment of Income Tax	(86,088,846.00)	(46,764,704.89)
2.5 Other Expenses		(825,807.31)
Cash Flow Before Change in Working Capital	223,168,568.00	105,567,476.07
Decrease/(Increase) in Current Assets	(1,587,789,040.00)	(1,012,458,782.46)
1. Decrease/(Increase) in Money at Call and Short Notice	(125,571,498.00)	(19,335,808.06)
2. Decrease/(Increase) in Other Short Term Investments	-	-
3. Decrease/(Increase) in Loans, Advances and Bills Purchased	(1,259,803,851.00)	(977,122,545.36)
4. Decrease/(Increase) in Other Assets	(202,413,691.00)	(16,000,429.04)
Increase/(Decrease) in Current Liabilities	579,882,807.00	419,116,411.36
1. Increase/(Decrease) in Deposit Liabilities	548,272,753.00	360,969,838.43
3. Increase/(Decrease) in Short Term Borrowings	-	-
4. Increase/(Decrease) in Other Liabilities	31,610,053.00	58,146,572.93
Net Cash Flow from Operating Activities	(784,737,666.00)	(487,774,895.03)
(B) Cash Flow from Investing Activities	92,994,918.00	(55,699,131.11)
1. Decrease/(Increase) in Long Term Investments	130,290,875.00	(33,041,166.35)
2. Decrease/(Increase) in Fixed Assets	(38,388,690.00)	(25,220,424.51)
3. Interest Income from Long Term Investments		2,038,309.75
4. Dividend Income	1,092,733.00	660,000.00
5. Others		(135,850.00)
(C) Cash Flow from Financing Activities	716,384,311.00	558,720,927.39
1. Increase/(Decrease) in Long Term Borrowings (Bond, Debentures)	740,243,040.00	582,578,702.86
2. Increase/(Decrease) in Share Capital	-	-
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Facilities/ Refinance from Nepal Rastra Bank	(700,834.00)	(1,013,986.00)
5. Dividend Paid	(23,157,895.00)	(22,843,789.47)
(D) Income/Loss from exchange rate fluctuations of Cash and Bank Balances	27,776.00	846,405.69
(E) Cash Flow from all activities of the Current Year (A+B+C+D)	24,669,339.00	16,093,306.94
(F) Opening Cash and Bank Balances	64,776,333.00	48,683,026.26
(G) Closing Cash and Bank Balances	89,445,672.00	64,776,333.20

Gokarna Prasad Upadhyay
Senior Manager (Finance)

Bhoj Raj Basyal
D. General Manager

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Executive Director

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Director

Ram Bhakta Thapa
Director

Sushil Joshi
Director

Gyaneshwor Acharya
Director

Date: 2071-06-30 (16 October, 2014)



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Statement of Changes in Equity

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax reserve	Other Reserves & Fund	Amount in Rs.	
									Other Reserves & Fund	Total Amount
Opening Balance	240,000,000.00	25,631,587.73	60,372,647.00	25,404,911.35	510,111.20	218,127.37	15,405,167.06	652,246.62		368,194,798.33
Deferred Tax Reserve		(4,868,262.29)					4,868,262.29			-
Adjustment on Opening Balance										
Adjustments:										
This Year's Addition/(Deduction)		207,350,520.50		5,799,175.87						213,149,696.37
General Reserve Fund		(41,470,104.00)	41,470,104.00							-
Proposed Bonus Share	96,000,000.00	(96,000,000.00)								-
Proposed Dividend		(30,315,789.47)								(30,315,789.47)
Employee Related Reserves		(2,073,505.00)								(2,073,505.00)
Exchange Fluctuation Fund		(6,943.90)				6,943.90				
Client Service Fund		(2,073,505.00)								(2,073,505.00)
Investment Adjustment Fund		(10,000.00)						10,000.00		-
Closing Balance	336,000,000.00	56,163,998.57	101,842,751.00	31,204,087.22	510,111.20	225,071.27	20,273,429.34	662,246.62		546,881,695.22

Nirdhan Utthan Bank Ltd.
Kathmandu, Nepal
Share Capital and Ownership
As at 32 Ashadh 2071 (16 July 2014)

Schedule 4.1

Particulars	Current Year Rs	Previous Year Rs
1. Share Capital		
1.1 Authorised Capital	500,000,000.00	500,000,000.00
a) 5,000,000 Ordinary Shares of Rs 100 each	500,000,000.00	500,000,000.00
b).... Non-Redeemable Preference Shares of Rs.... each	-	-
c)..... Redeemable Preference Shares of Rs..... each	-	-
1.2 Issued Capital	240,000,000.00	200,000,000.00
a) 2,400,000 Ordinary Shares of Rs 100 each	240,000,000.00	200,000,000.00
b).....Non-Redeemable Preference Shares of Rs..... each	-	-
c).....Redeemable Preference Shares of Rs.... each	-	-
1.3 Paid Up Capital	240,000,000.00	200,000,000.00
a) 2,400,000 Ordinary Shares of Rs 100 each	240,000,000.00	200,000,000.00
b).....Non-Redeemable Preference Shares of Rs.... each	-	-
c).....Redeemable Preference Shares of Rs.... each	-	-
Total	240,000,000.00	200,000,000.00
1.4 Proposed Bonus Share	96,000,000.00	40,000,000.00
1.5 Calls in Advance	-	-
Total(1.3+1.4+1.5)	336,000,000.00	240,000,000.00

Share Ownership Details	Current Year Rs		Previous Year Rs	
	%	Share Capital	Share Capital	%
A. Local Ownership	88.89	213,325,440.00	177,771,200.00	88.89
1.1 Government of Nepal	-	-	-	-
1.2 "A" Class Licensed Institutions	36.29	87,099,600.00	72,583,000.00	36.29
1.3 Other Licensed Institutions	-	-	-	-
1.4 Other Institutions	20.40	48,965,280.00	40,804,400.00	20.40
1.5 General Public	32.19	77,260,560.00	64,383,800.00	32.19
1.6 Others	-	-	-	-
B. Foreign Ownership	11.11	26,674,560.00	22,228,800.00	11.11
Total	100.00	240,000,000.00	200,000,000.00	100.00

Shareholders Holding 0.5% or more out of Share Capital of Rs. 240,000,000, as at 16 July 2014 (32 Ashadh 2071)

S.N	Shareholders' Type and Name	Amount Rs	No of Shares	%
A	Promoter Shareholders			
1	Nabil Bank Limited	33,228,000.00	332,280	13.85
2	Himalayan Bank Ltd.	26,935,800.00	269,358	11.22
3	Everest Bank Ltd.	26,935,800.00	269,358	11.22
4	Nirdhan Sanstha	26,305,080.00	263,051	10.96
5	Dr. Harihar Dev Panta	18,944,300.00	189,443	7.90
6	Gramin Trust	8,569,920.00	85,699	3.57
7	Ganesh Bahadur Thapa	2,559,720.00	25,597	1.07
8	Janardan Dev Panta	2,249,280.00	22,493	0.94
B	Public Shareholders	-	-	-
1	Nirdhan Sanstha	22,660,200.00	226,602	9.44
2	International Finance Corporation	18,104,640.00	181,046	7.54
3	Top Bahadur Rayamajhi	1,744,080.00	17,441	0.73
4	Keshari Chand Kucheria	1,683,800.00	16,838	0.70
5	Anju Pandey	1,328,600.00	13,286	0.55
6	Indira K.C.	1,519,080.00	15,191	0.63
7	Sanjiv Kumar Dahal	1,449,600.00	14,496	0.60
9	Sudarshan Prasad Adhikari	1,298,280.00	12,983	0.54

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Reserve and Funds

As at 32 Asadh 2071 (16 July 2014)

Schedule 4.2

Particulars	Current Year Rs	Previous Year Rs
1. General/Statutory Reserve Fund	101,842,751.00	60,372,647.00
2. Capital Reserve Fund	31,204,087.22	25,404,911.35
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Reserves and Funds	21,445,787.16	16,567,524.88
5.1. Contingent Reserve	-	-
5.2. Institution Development Fund	152,246.62	152,246.62
5.3. Dividend Equalisation Fund	-	-
5.4. Special Reserve Fund	-	-
5.5. Assets Revaluation Reserve	-	-
5.6. Deferred Tax Reserve	20,273,429.34	15,405,167.06
5.7. Other Free Reserve	-	-
5.8. Other Reserve Fund	-	-
a) Investment Adjustment Reserve	510,000.00	500,000.00
b) Share Premium	510,111.20	510,111.20
6. Accumulated Profit/Loss	56,163,998.57	25,631,587.73
7. Exchange Fluctuation Fund	225,071.27	218,127.37
8. Total	210,881,695.22	128,194,798.33

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Debentures and Bonds

As at 32 Asadh 2071 (16 July 2014)

Schedule 4.3

Particulars	Current Year Rs	Previous Year Rs
1. % Debentures of Rs.... each (Issued on.....with maturity on.....) (Outstanding balance of Redemption Reserve till date Rs.....)	-	-
2. % Bonds of Rs.... each (Issued on.....with maturity on.....) (Outstanding balance of Redemption Reserve till date Rs.....)	-	-
3.	-	-
4. Total (1+2+3)	-	-

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Loans and Borrowings

As at 32 Asadh 2071 (16 July 2014)

Schedule 4.4

Particulars	Current Year Rs	Previous Year Rs
A. Domestic		
1. Government of Nepal	-	-
2. Nepal Rastra Bank	1,401,660.00	2,102,494.00
3. Repo Liabilities	-	
4. Inter-bank and Financial Institutions	3,394,436,302.01	2,663,235,942.01
5. Other Organized Institutions	-	
6. Others	-	-
Total	3,395,837,962.01	2,665,338,436.01
B. Foreign		
1. Banks	-	
2. Others	36,685,052.38	27,642,372.25
Total	36,685,052.38	27,642,372.25
C. Total (A+B)	3,432,523,014.39	2,692,980,808.26

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Deposit Liabilities

As at 32 Ashadh 2071 (16 July 2014)

Schedule 4.5

Particulars	Current Year Rs	Previous Year Rs
1. Non-Interest Bearing Accounts	-	-
1.3 Other Licensed Financial Institutions	-	-
1.4 Other Organized Institutions	-	-
1.5 Individuals	-	-
Total of Non-Interest Bearing Accounts	-	-
2. Interest Bearing Accounts	1,866,505,218.21	1,318,232,464.75
A. Savings Deposits	1,845,104,606.92	1,309,186,419.46
1.1 Institutions	-	-
1.2 Individuals	1,845,104,606.92	1,309,186,419.46
1.3 Others	-	-
B. Fixed Deposits	21,400,611.29	9,046,045.29
1.1 Institutions	-	-
1.2 Individuals	21,400,611.29	9,046,045.29
1.3 Others	-	-
Total of Interest Bearing Accounts	1,866,505,218.21	1,318,232,464.75
Total Deposits (1+2)	1,866,505,218.21	1,318,232,464.75

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Other Liabilities

As at 32 Ashadh 2071 (16 July 2014)

Schedule 4.6

Particulars	Current Year Rs	Previous Year Rs
1. Pension/Gratuity Fund	157,342,842.67	130,290,875.30
2. Provision For Leave	44,263,638.00	41,662,644.00
3. Employees' Provident Fund	-	-
4. Employees' Welfare Fund	4,636,217.12	2,562,712.12
5. Provision for Staff Bonus	28,857,110.42	13,548,600.12
6. Interest Payable on Deposits		30,159.65
7. Interest Payable on Borrowing	787,991.17	4,794,639.23
8. Sundry Creditors	29,443,022.74	29,107,273.51
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability	-	-
11. Bills Payable		
12. Unpaid Dividend	2,013,488.74	2,116,022.95
13. Others		
Provision for Expenses	180,544.78	150,561.66
TDS Payable	152,824.59	188,823.35
Unclaimed Amount	62,733.59	-
Micro Security Fund	7,640,521.21	8,116,969.21
Micro Finance Insurance Fee	120,937.00	50,835.00
Client Service Fund	2,073,505.00	
Total	277,575,377.03	232,620,116.10



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Balance with Banks/Financial Institutions

As at 32 Ashadh 2071 (16 July 2014)

Schedule 4.7

Particulars	Local Currency	Foreign Currency in Rs			Current Year Rs	Previous Year Rs
		INR	Convertible Foreign Currency	Total		
1. Local Licensed Institutions	47,775,636.63	-			47,775,636.63	33,799,768.25
a. Current Account	47,775,636.63	-			47,775,636.63	33,799,768.25
b. Other Account	-	-	-	-	-	-
Total	47,775,636.63	-			47,775,636.63	33,799,768.25

Note: Total balance, as per the confirmations received from respective licensed institution is Rs. 47,775,636.63

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Investments

As at 32 Asadh 2071 (16 July 2014)

Schedule 4.8

Particulars	Purpose		Current Year Rs	Previous Year Rs
	Trading	Others		
1. Nepal Government's Treasury Bills	-	-	-	-
2. Nepal Government's Savings Bonds	-	-	-	-
3. Nepal Government's Other Bonds	-	38,725,000.00	38,725,000.00	38,725,000.00
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Bonds	-	-	-	-
6. Local Licenced Institutions	-	-	-	-
7. Foreign Banks	-	-	-	-
8. Corporate Shares	-	8,133,200.00	8,133,200.00	8,133,200.00
9. Corporate Bonds and Debentures	-	-	-	-
10. Other Investments (Gratuity Fund)	-			130,290,875.30
Total Investment	-	46,858,200.00	46,858,200.00	177,149,075.30
Provision	-	-	-	-
Net Investment	-	46,858,200.00	46,858,200.00	177,149,075.30



Nirdhan Utthan Bank Ltd.
Kathmandu, Nepal
Investments in Shares, Debentures and Bonds
As at 32 Asadh 2071 (16 July 2014)

Schedule 4.8 (Ka)

Particulars	Cost Price Rs	Market Price Rs	Provision Rs	Current Year Rs	Previous Year Rs
1. Investment in Shares	8,133,200.00		-	8,133,200.00	8,133,200.00
1.1 Pashchimanchal Gramin Bikash Bank. 66,000 Ordinary Shares (Including 6000 Bonus Shares) of Rs. 108.72 each fully paid up	6,523,200.00		-	6,523,200.00	6,523,200.00
1.2 Rural Micro Finance Development Centre Ltd. 11,000 Ordinary Shares of Rs. 100 each fully paid up	1,100,000.00		-	1,100,000.00	1,100,000.00
1.3 Growmore Merchant Banker Ltd. 5,000 Ordinary Shares of Rs. 100 each fully paid up	500,000.00		-	500,000.00	500,000.00
1.4 Centre for Micro Finance Nepal 100 Promoter Shares of Rs. 100 each fully paid up	10,000.00		-	10,000.00	10,000.00
2. Investment in Debentures and Bonds	38,725,000.00		-	38,725,000.00	38,725,000.00
2.1 Development Bond 2076	38,725,000.00		-	38,725,000.00	38,725,000.00
2.2	-		-	-	-
2.3	-		-	-	-
Total Investment	46,858,200.00	-	-	46,858,200.00	46,858,200.00
3. Provision for Loss	-		-	-	-
3.1 Upto Previous Year	-		-	-	-
3.2 Change This Year	-		-	-	-
Total Provision	-			-	-
Net Investment	46,858,200.00			46,858,200.00	46,858,200.00

Nirdhan Utthan Bank Ltd.
Kathmandu, Nepal
Classification of Loans, Advances and Bills Purchase & Provision
As at 32 Ashadh 2071 (16 July 2014)

Schedule 4.9

Particulars	Loans and Advances			Previous Year (Rs.)
	Domestic		Current Year (Rs.)	
	Deprived Sector			
	Insured	UnInsured		
1. Performing Loan	-	4,869,219,205.61	4,869,219,205.61	3,604,214,702.15
Pass loans	-	4,869,219,205.61	4,869,219,205.61	3,604,214,702.15
2. Non Performing Loan		28,612,087.42	28,612,087.42	33,812,739.84
2.2 Sub Standard	-	709,469.00	709,469.00	1,683,386.00
2.3 Doubtful	-	1,222,200.00	1,222,200.00	2,827,597.00
2.4 Loss	-	26,680,418.42	26,680,418.42	29,301,756.84
3. Total Loans	-	4,897,831,293.03	4,897,831,293.03	3,638,027,441.99
4. Loan Loss Provision	-	76,161,077.73	76,161,077.73	67,178,548.86
4.1 Pass Loans	-	48,692,192.06	48,692,192.06	36,042,147.02
4.2 Sub Standard	-	177,367.25	177,367.25	420,846.50
4.3 Doubtful	-	611,100.00	611,100.00	1,413,798.50
4.4 Loss	-	26,680,418.42	26,680,418.42	29,301,756.84
4.5 Additional for Third Party Collateral Based Loan Disbursed	-			
B. Total Provisions	-	76,161,077.73	76,161,077.73	67,178,548.86
4. Provision upto Previous year	-	67,178,548.86	67,178,548.86	56,524,679.74
5.1 Pass Loans	-	36,042,147.02	36,042,147.02	26,241,803.85
5.2 Sub Standard	-	420,846.50	420,846.50	1,109,502.25
5.3 Doubtful	-	1,413,798.50	1,413,798.50	3,113,129.00
5.4 Loss	-	29,301,756.84	29,301,756.84	26,060,244.64
5.5 Additional for Third Party Collateral Based Loan Disbursed	-			
6. Written Back Provision in This Year	-			
7. Additional Provision in This Year	-	8,982,528.87	8,982,528.87	10,653,869.12
8. Net Change in This Year	-		-	
9. Total Loan Loss Provision		76,161,077.73	76,161,077.73	67,178,548.86
Net Loan (A-B)	-	4,821,670,215.30	4,821,670,215.30	3,570,848,893.13



Nirdhan Utthan Bank Ltd.
Kathmandu, Nepal
Fixed Assets
As at 32 Ashad 2071(16 July 2014)

Schedule 4.10

Particulars	Assets					Current Year Rs	Previous Year Rs
	Building	Vehicles	Machinery	Office Equipment	Leasehold Assets	Others	
1. Cost Price							
a. Previous year's balance	23,859,164.91	1,411,262.25	-	15,362,884.13	-	8,510.00	30,266,249.75
b. Additions this year	-	8,004,181.00	-	14,998,796.36	-	-	10,419,206.10
c. Revaluation/Written back this year	-	-	-	-	-	-	-
d. This year sold	-	(5,332.25)	-	(721,847.42)	-	(727,179.67)	(43,634.56)
e. This year written off	-	-	-	-	-	-	-
Total Cost (a+b+c+d+e)	23,859,164.91	9,410,111.00	-	29,639,833.07	-	8,510.00	40,641,821.29
2. Depreciation							
a. Upto previous year	8,281,238.83	155,393.93	-	3,534,020.11	-	3,752.56	10,376,642.25
b. For this year	781,030.27	848,983.68	-	2,278,721.96	-	433.26	1,633,989.91
c. Depreciation Revaluation	-	-	-	-	-	-	-
d. Disposal This Year	-	(4,963.78)	-	(640,543.07)	-	-	(645,506.85)
e. Written Off This Year	-	-	-	-	-	-	-
f. Depreciation Adjustment/Written Back	-	-	-	-	-	-	-
Total Depreciation	9,062,269.10	999,413.83	-	5,172,199.00	-	4,185.82	11,974,405.43
3. Written Down Value (1-2)	14,796,895.81	8,410,697.17	-	24,467,634.07	-	4,324.18	28,667,415.86
4. Land	19,064,841.00	-	-	-	-	-	19,064,841.00
5. Capital Work In Progress (To be capitalised)	49,435,829.18	-	-	-	-	-	33,774,851.70
Total (3+4+5)	83,297,565.99	8,410,697.17	-	24,467,634.07	-	4,324.18	81,507,108.56



Particulars	Assets					Current Year Rs	Previous Year Rs
	Building	Vehicles	Machinery	Office Equipment	Others		
1. Cost Price							
a. Previous year's balance	-	13,232,128.01	-	36,034,102.35	1,413,567.40	50,679,797.76	50,000,528.76
b. Additions this year	-	679,600.00	-	10,512,800.62	-	11,192,400.62	1,000,963.00
c. Revaluation/Written back this year	-	-	-	17,460.00	(17,460.00)	-	-
d. This year sold	-	(633,652.00)	-	(5,136,670.61)	-	(5,770,322.61)	(321,694.00)
e. This year written off	-	-	-	-	-	-	-
Total Cost (a+b+c+d+e)	-	13,278,076.01	-	41,427,692.36	1,396,107.40	56,101,875.77	50,679,797.76
2. Depreciation							
a. Upto previous year	-	5,330,405.06	-	18,981,844.67	962,636.68	25,274,886.41	20,618,907.07
b. For this year	-	1,183,369.48	-	3,145,520.13	83,279.09	4,412,168.70	4,877,221.31
c. Depreciation Revaluation	-	(447,715.44)	-	(4,341,551.12)	-	(4,789,266.56)	(221,241.97)
d. Disposal This Year	-	-	-	-	-	-	-
e. Written Off This Year	-	-	-	-	-	-	-
f. Depreciation adjustment/Written Back	-	-	-	-	-	-	-
Total Depreciation	-	6,066,059.10	-	17,785,813.68	1,045,915.77	24,897,788.55	25,274,886.41
3. Written Down Value (1-2)	-	7,212,016.91	-	23,641,878.68	350,191.63	31,204,087.22	25,404,911.35
4. Land	-	-	-	-	-	-	-
5. Capital Work In Progress (To be capitalised)	-	-	-	-	-	-	-
Total (3+4+5)	-	7,212,016.91	-	23,641,878.68	350,191.63	31,204,087.22	25,404,911.35

Particulars	Assets					Current Year Rs	Previous Year Rs
	Building	Vehicles	Machinery	Office Equipment	Others		
1. Cost Price							
a. Previous year's balance	23,859,164.91	14,643,390.26	-	51,396,986.48	1,422,077.40	91,321,619.05	80,266,778.51
b. Additions this year	-	8,683,781.00	-	25,511,596.98	-	34,195,377.98	11,420,169.10
c. Revaluation/Written back this year	-	-	-	17,460.00	(17,460.00)	-	-
d. This year sold	-	(638,984.25)	-	(5,858,518.03)	-	(6,497,502.28)	(365,328.56)
e. This year written off	-	-	-	-	-	-	-
Total Cost (a+b+c+d+e)	23,859,164.91	22,688,187.01	-	71,067,525.43	1,404,617.40	119,019,494.75	91,321,619.05
2. Depreciation							
a. Upto previous year	8,281,238.83	5,485,798.99	-	22,515,864.79	966,389.24	37,249,291.85	30,995,549.32
b. For this year	781,030.27	2,032,353.16	-	5,424,242.09	83,712.35	8,321,337.87	6,511,211.23
c. Depreciation Revaluation	-	(447,715.44)	-	(4,341,551.12)	-	(4,789,266.56)	(221,241.97)
d. Disposal This Year	-	(4,963.78)	-	(640,543.07)	-	(645,506.85)	(36,226.73)
e. Written Off This Year	-	-	-	-	-	-	-
f. Depreciation adjustment/Written Back	-	-	-	-	-	-	-
Total Depreciation	9,062,269.10	7,065,472.93	-	22,958,012.69	1,050,101.59	40,135,856.31	37,249,291.85
3. Written Down Value (1-2)	14,796,895.81	15,622,714.08	-	48,109,512.74	354,515.81	78,883,638.44	54,072,327.21
4. Land	19,064,841.00	-	-	-	-	19,064,841.00	19,064,841.00
5. Capital Work In Progress (To be capitalised)	49,435,829.18	-	-	-	-	49,435,829.18	33,774,851.70
Total (3+4+5)	83,297,565.99	15,622,714.08	-	48,109,512.74	354,515.81	147,384,308.62	106,912,019.91



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Non Banking Assets

As at 32 Ashad 2071 (16 July 2014)

Schedule 4.11

Name & Address of Borrower	Date of Assuming Non Banking Assets	Gross Non Banking Assets Rs	Loss Provisions		Net Non Banking Assets NPR	Previous Year Rs
			%	Rs		
				-	-	-
				-	-	-
Total		-		-	-	-

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Other Assets

As at 32 Ashadh 2071 (16 July 2014)

Schedule 4.12

Particulars	Current Year Rs	Previous Year Rs
1. Stock of Stationery	5,288,645.49	4,477,627.72
2. Income Receivable on Investments	172,240.64	82,754.84
3. Accrued Interest Receivable on Loans	71,085,563.00	52,733,163.00
Less: Interest Suspense Amount	(71,085,563.00)	(52,733,163.00)
4. Commission Receivable	-	-
5. Sundry Debtors	7,468,008.93	3,496,632.44
6. Staff Loans and Advances	151,750,984.82	115,253,792.66
7. Prepayments	4,914,413.46	3,502,854.58
8. Cash-in-Transit	-	-
9. Other Transit Items (including cheques)	-	-
10. Drafts Paid Without Notice	-	-
11. Expenses not Written off	-	-
12. Branch Adjustment Accounts	-	-
13. Deferred Tax Asset	20,273,429.34	15,405,167.06
14. Investment In Gratuity Fund	157,342,842.67	
14. Others	-	-
a. Security Deposits (Dharauti)	3,505,535.42	3,496,535.42
b. Advance Income Tax	3,966,805.69	1,596,102.48
Total	354,682,906.46	147,311,467.20



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Other Assets (Additional Details)

As at 32 Ashadh 2071 (16 July 2014)

Schedule 4.12 (Ka)

Particulars	This Year Rs				Previous Year Rs
	Upto 1 year	1 to 3 years	Above 3 years	Total	
1. Accrued Interest Receivable on Loans	51,542,980.00	1,465,511.00	18,077,072.00	71,085,563.00	52,733,163.00
3. Branch Reconciliation Account	-	-	-	-	-
4. Agency Account	-	-	-	-	-

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Contingent Liabilities

As at 32 Ashadh 2071 (16 July 2014)

Schedule 4.13

Particulars	Current Year Rs	Previous Year Rs
1. Guarantees		
2. Irrevocable Loan Commitments		
3. Contingent Liabilities on Income Tax	6,689,931.32	6,689,931.32
4. Acceptance with all other Contingent Liabilities		
5. Unpaid Shares Investment	-	-
6. Payment on Claimed Guarantees	-	-
7. Claims Lodged on Bank but not Accepted by the Bank		
Total	6,689,931.32	6,689,931.32

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Interest Income

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Schedule 4.14

Particulars	Current Year Rs	Previous Year
A. On Loans, Advances and Overdrafts	782,468,210.02	572,380,640.04
B. On Investment	2,045,205.98	2,038,309.75
1. Nepal Government Securities	2,045,205.98	2,038,309.75
3. Nepal Rastra Bank Bonds	-	-
4. Debentures and Bonds	-	-
5. Interest on Interbank Investments	-	-
C. On Agency Balances	-	-
D. On Money at Call and Short Notice	26,319,344.92	29,909,029.51
E. On Others	-	-
1	-	-
2	-	-
Total	810,832,760.92	604,327,979.30



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Interest Expenses

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Schedule 4.15

Particulars	Current Year Rs	Previous Year Rs
A. On Deposit Liabilities	110,978,461.23	77,130,010.69
1. Client Saving	91,896,371.55	66,697,081.94
2. Public Deposit	19,082,089.68	10,432,928.75
B. On Borrowings	151,360,051.88	163,470,975.48
1. Debentures & Bonds	-	-
2. Loan from Nepal Rastra Bank	77,091.42	114,519.18
3. Inter Bank/Financial Institutions Borrowings	151,282,960.46	163,356,456.30
4. Other Organized Institutions	-	-
5. Other Loans	-	-
C. On Others	-	-
1.	-	-
2.	-	-
Total	262,338,513.11	240,600,986.17

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Commission and Other Operating Income

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Schedule 4.16

Particulars	Current Year Rs	Previous Year Rs
1. Service Charges	76,330,270.00	56,094,832.00
2. Renewal Fees	-	-
3. Agency Commission	4,884,260.48	3,598,597.96
4. Exchange Fee		
5. Remittance Fee	1,180,511.16	1,118,508.46
6. Others	-	-
a. Account Closing Fee	1,068,782.72	797,406.26
b. Penal Interest	179,476.63	239,416.99
c. Others	12,344,851.06	3,016,404.46
Total	95,988,152.05	64,865,166.13



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Staff Expenses

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Schedule 4.17

Particulars	Current Year Rs	Previous Year Rs
1. Salary	135,864,962.48	118,648,304.48
2. Allowances	49,214,083.87	38,471,254.42
3. Contribution to Provident Fund	12,758,914.94	11,469,123.11
4. Training Expenses	11,340,316.72	5,124,161.98
5. Uniform Expenses	2,590,000.00	2,307,500.00
6. Medical Expenses	47,618.00	9,417,091.65
7. Insurance Expenses	7,822,637.71	-
8. Leave Encashment	16,056,012.49	13,891,370.85
9. Pension and Gratuity Provision	26,608,379.40	29,578,050.44
10. Others		
a. Wages	7,319,407.00	4,973,971.50
b. Employee Refreshment Expenses	4,021,480.00	3,896,580.00
c. Employee Encouragement Expenses		967,964.58
Total	273,643,812.61	238,745,373.01



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Other Operating Expenses

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Schedule 4.18

Particulars	Current Year Rs	Previous Year Rs
1. House Rent	14,651,554.00	11,174,478.00
2. Electricity and Water	2,106,079.04	1,572,520.25
3. Repairs and Maintenance		
a. Building	-	-
b. Vehicles	1,604,457.00	516,494.32
c. Others	549,811.41	412,077.95
4. Insurance	2,899,431.36	3,290,868.39
5. Postage, Telex, Telephone, Fax	4,126,074.49	3,324,090.38
6. Office Equipment, Furniture & Repairs	92,037.00	99,980.00
7. Travelling Allowance and Expenses	7,685,697.04	6,436,122.42
8. Printing and Stationery	6,354,547.96	5,006,072.53
9. Books and Periodicals	540,144.10	583,145.00
10. Advertisements	368,276.12	472,228.20
11. Legal Fees	2,418,435.00	329,629.69
12. Donations	-	-
13. Expenses Relating to Board of Directors		
a. Meeting Allowances	442,015.52	453,000.00
b. Other Expenses	488,200.00	496,693.65
14. Annual General Meeting Expenses	298,417.25	287,923.34
15. Expenses Relating to Audit		
a. Audit Fees	169,500.00	169,500.00
b. Other Expenses	291,808.12	276,059.00
16. Fund Transfer Commission	119,718.88	125,976.26
17. Depreciation on Fixed Assets	3,909,169.17	1,633,989.91
18. Amortization of Pre-operating Expenses	-	-
19. Share Issue Expenses	-	-
20. Technical Service Reimbursement	-	-
21. Entertainment Expenses	-	-
22. Written off Expenses	-	-
23. Security Expenses	71,419.84	-
24. Credit Guarantee Premium	-	-
25. Commission and Discount	2,105.27	38,950.00
26. Others		
Fuel Expenses	975,707.15	938,302.46
Client Training		
Guest Expenses	2,212,751.07	1,550,107.15
Business Promotion Expenses	124,794.00	243,075.00
Prizes	40,008.00	55,011.00
Computer Supplies	278,705.00	-
Low Cost Items	798,493.99	416,748.94
Fees & Commission	544,168.40	383,745.32
Office Cleaning & Other Expenses	112,034.80	36,774.00
Closing Expenses	821,142.60	561,831.21
Software Repair Expenses	999,362.00	10,170.00
Miscellaneous Expenses	1,817,996.66	1,536,627.97
Looted Amount Written Off		52,634.00
Transfer and Placement	1,368,815.25	1,184,099.00
Employee Recruitment Expenses	2,767,701.77	381,439.51
Calculator Maintenance Expenses	111,005.43	
Umbrella and Shoes Expenses	258,500.00	255,000.00
Curtain & Carpet Expenses		81,092.21
Total	62,420,084.69	44,386,457.06



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Provision for Possible Losses

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Schedule 4.19

Particulars	Current Year Rs	Previous Year Rs
1. Increase in Loan Loss Provision	8,982,528.87	10,653,869.12
2. Increase in Provision for Loss on Investment	-	-
3. Provision for Non Banking Assets	-	-
4. Provision for Other Assets	-	-
Total	8,982,528.87	10,653,869.12

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Non-operating Income/Loss

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Schedule 4.20

Particulars	Current Year Rs	Previous Year Rs
1. Profit (Loss) on Sale of Investments	-	-
2. Profit (Loss) on Sale of Assets	193,592.17	141,887.07
3. Dividend	1,092,732.50	660,000.00
4. Others	15,696,779.65	11,293,694.78
Net Non-operating Income/(Loss)	16,983,104.32	12,095,581.85



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Provision for Possible Losses Written Back

Fiscal Year 2070/071(2013/014)

Schedule 4.21

Particulars	Current Year Rs	Previous Year Rs
1. Loan Loss Provision Written Back	-	-
2. Provision for Non Banking Assets Written Back	-	-
3. Provision for Investment Written Back	-	-
4. Provision for Other Assets Written Back	-	-
Total	-	-

Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Income/(Loss) from Extraordinary Activities

For the period from 1st Shrawan 2070 to 32 Ashad 2071 (16 July 2013 to 16 July 2014)

Schedule 4.22

Particulars	Current Year Rs	Previous Year Rs
1. Recovery of Loan Written off	981,360.96	1,286,153.69
2. Voluntary Retirement Expenses	-	-
3. Unrecoverable Loan Written Off (4.28 Ka)	-	-
4. Other Expense/Income	-	-
Total	981,360.96	1,286,153.69



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Details of Loan Written off

Fiscal Year 2070/071 (2013/014)

Schedule 4.22 (Ka)

S. N	Types of Loan	Amount Written Off	Type of Security & Amount	Basis of Collateral Valuation	Loan Approving Authority/Level	Initiations made for Loan Recovery	Remark
1	Working Capital Loan	-	-	-	-	-	-
2	Project Loan	-	-	-	-	-	-
3	Fixed Capital Loan	-	-	-	-	-	-
4	Personal Loan	-	-	-	-	-	-
5	Other Loan	-	-	-	-	-	-
	Total	-	-	-	-	-	-



Nirdhan Utthan Bank Ltd.
Kathmandu, Nepal

Statement of Loans and Advances Extended to Directors/Chief Executive/Promoters/Employees and Shareholders

As at 32 Ashadh 2071 (16 July 2014)

The Statement of amount, included under total amount of Bills purchased & Discounted, Loans, Advances and Overdraft, provided to Directors, Chief Executive, Promoters, Employees, Shareholders and to the individual members of their undivided family or against the guarantee of such persons or to the Organisation or Companies in which such individuals are managing agent, are as follows

Schedule 4.23

Name of Promoter/Director/Chief Executive	Balance up to Pervious Year		Recovered in Current Year		Additional Lending in Current Year	Balance as at 31 Ashad 2070	
	Principal	Interest	Principal	Interest		Principal	Interest
(A) Directors	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(B) Chief Executive	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(C) Promoters	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(D) Employees	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(E) Shareholders	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Table of Capital Fund

As at 32 Ashadh 2071 (16 July 2014)

Schedule 4.24

(Rs in '000')

Particulars	Current Year Rs	Previous Year Rs
A. Core Capital	545,995	367,477
1 Paid up Capital (Equity Share)	240,000	200,000
2 Proposed Bonus Shares	96,000	40,000
3 Share Premium	510	510
4 Irredeemable Preference shares	-	-
5 General Reserve Fund	101,843	60,373
6 Accumulated Profit/Loss	25,632	18,550
7 Current Year Profit Shown in Balance Sheet	30,532	7,082
8 Capital Redemption Reserve		
9 Capital Adjustment Reserve		
10 Calls in Advance		
11 Other Free Reserves	51,478	40,962
Less:		
Goodwill		
Investments in Shares & Securities in Excess of Prescribed Limit		
Investments in Securites of Company with Financial Interest		
Fictitious Assets		
Land & Building purchased for the purpose of own use without Complying NRB Directives		
Amount Invested for Construction of Resedential Building and Land Development in Excess of prescribed Limit		
Underwritten Shares not Disposed within precreibed time limit		
Loans and Facilities provided to persons/groups prohibited under existing Acts and Laws		
B. Supplementary Capital	49,427	36,760
1 Pass Loan Loss Provision	48,692	36,042
2 Additional Loan Loss Provision		
3 Hybrid Capital Instruments		
4 Unsecured Subordinated Term Debt		
5 Exchange Equalization Reserve	225	218
6 Assets Revaluation Reserve		
7 Investment Adjustment Reserve	510	500
C Total Capital Fund (A+B)	595,422	404,237
D Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets:		
Capital Fund (8 Percent)	444,725	332,493
Core Capital (4 Percent)	222,363	166,247
Capital Fund (Excess/Short) (2.71 Percent)	150,697	71,744
Core Capital (Excess/Short) (5.82 Percent)	323,632	201,230

Nirdhan Utthan Bank Ltd.
Kathmandu, Nepal
Table of Risk Weighted Assets
As at 32 Ashadh 2071 (16 July 2014)

Schedule 4.24(Ka)

(Rs in '000')

Description	Weight (%)	Current Year Rs		Previous Year Rs	
		Amount	RWA	Amount	RWA
(A) On-Balance-Sheet Assets					
Cash Balance	0	4,353	-	3,499	-
Balance with Nepal Rastra Bank	0	37,317	-	27,477	-
Investment in Securities of Government of Nepal	0	38,725	-	38,725	-
Investment in NRB Bond	0	-	-	-	-
Fully Secured Loan against Own Fixed Deposit Receipt	0	-	-	-	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued interests on Saving Bonds	0	-	-	-	-
Amount Deposited by "B" & "C" Class Licensed Institutions in Youth and Small Entrepreneurs Self-employment Fund Eligible for Consideration as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks/Financial Institutions/Claims Against Fixed Deposit Receipts	20	47,776	9,555	33,800	6,760
Balance with Foreign Banks	20	-	-	-	-
Money at call	20	693,760	138,752	568,188	113,638
Inter-Bank Lending	20	-	-	-	-
Investment in Shares, Debentures & Bonds	100	8,133	8,133	8,133	8,133
Other investments	100	-	-	130,291	130,291
Loans, Advances & Bills Purchased/Discounted (Total Amount)	100	4,897,831	4,897,831	3,638,027	3,638,027
Fixed assets	100	147,384	147,384	106,912	106,912
Other net interest receivables	100	172	172	83	83
All Other Assets (Except Net Advance Tax Deposits)	100	350,544	350,544	145,633	145,633
Real estate/Residential Home Loans exceeding the limits	150	-	-	-	-
Total (A)		6,225,995	5,552,372	4,700,769	4,149,477
(B) Off-Balance-Sheet Items					
Bills collection	0	-	-	-	-
Forward foreign exchange contract	10	-	-	-	-
L/C with maturity less than six months (Full Amount)	20	-	-	-	-
Guarantee provided against counter guarantee of Internationally Rated Licensed Institutions	20	-	-	-	-
L/C with maturity more than six months (Full Amount)	50	-	-	-	-
Bid bond, Performance bond and Underwriting commitments	50	-	-	-	-
Sale of Credit with condition of Repurchase	50	-	-	-	-
Advance payment guarantee	100	-	-	-	-
Financial and other guarantee	100	-	-	-	-
Irrevocable loan commitment	100	-	-	-	-
Contingent Liabilities in respect of income tax	100	6,690	6,690	6,690	6,690
All Other Contingent Liabilities including acceptance	100	-	-	-	-
Rediscounted Bills	100	-	-	-	-
Unpaid amount on Share Investment	100	-	-	-	-
Unpaid guarantee claims	200	-	-	-	-
Contingent Liabilities in respect of claim lodged against the institution but not accepted by the institution	200	-	-	-	-
Total (B)		6,690	6,690	6,690	6,690
Total Risk Weighted Assets (A) + (B)		6,232,685	5,559,063	4,707,458	4,156,167



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Principal Indicators

Since previous Five Years

Schedule 4.25

S.N	Particulars	Indicators	F/ Y - 2009/10 (2066/ 067)	F/ Y - 2010/11 (2067/ 068)	F/ Y - 2011/12 (2068/069)	F/ Y - 2012/ 13 (2069/070)	F/ Y - 2013/ 14 (2070/071)
1	Net Profit/ Gross Income	Percent	13.90	10.22	8.04	13.40	22.42
2	Earnings Per Share	Rs.	36.53	23.92	22.20	45.79	61.71
3	Market Price Per Share	Rs.	325.00	235.00	164.00	280.00	13.50
4	Price Earning Ratio	Ratio	8.90	9.82	7.39	6.12	21.88
5	Dividend (including bonus) on Share Capital	Percent	22.00	13.68	10.92	31.58	52.63
6	Cash Dividend Paid on Share Capital	Percent	10.00	5.68	7.00	11.58	12.63
7	Interest Income/ Loans and Advances	Percent	18.25	19.03	18.43	18.18	18.33
8	Staff Expenses/ Total Operating Expenses	Percent	80.86	85.13	84.39	85.04	82.89
9	Interest Expenses on Total Deposits and Borrowings	Percent	5.86	7.56	8.61	6.80	5.64
10	Exchange Fluctuation Income/ Total Income	Percent	-	-	0.003	0.12	
11	Staff Bonus/ Total Staff Expenses	Percent	4.88	3.39	3.27	5.37	9.54
12	Net Profit/ Loans and advances	Percent	3.09	2.44	1.83	2.91	4.94
13	Net Profit/ Total Assets	Ratio	2.04	1.64	1.39	2.23	3.84
14	Total Credit/ Deposits	Percent	339.65	317.28	277.97	275.98	262.41
15	Total Operating Expenses/ Total Assets	Percent	7.24	7.99	6.61	7.24	6.73
16	Adequacy of Capital Fund On Risk Weighted Assets						
	a. Core Capital	Percent	10.65	11.23	8.84	8.84	9.82
	b. Supplementary Capital	Percent	1.26	1.19	0.88	0.88	0.89
	c. Total Capital Fund	Percent	11.91	12.42	9.73	9.73	10.71
17	Liquidity (CRR)	Percent	0.58	0.55	0.64	2.42	2.34
18	Non-Performing Loan/ Total Loans	Percent	2.60	1.71	1.38	0.93	0.58
19	Weighted Average Interest Rate Spread	Percent	12.39	11.47	9.82	11.38	12.70
20	Book Net Worth	Rs.'000'	196,517.08	282,350.14	305,632.75	368,194.80	546,881.70
21	Total Shares	Nos.	1,100,000	1,782,000	1,924,560	2,000,000	3,360,000.00
22	Total Staff	Nos.	427	465	518	537	671
23	Others						

Note:

1. For indicators 7, 12 and 9; the average of opening and closing balance of Loan, Advances and Deposits is considered respectively.
2. For indicators 13 and 15; the average of opening and closing balances of total assets is considered
3. Total Income = Interest Income + Other Income
4. Total Operating Expenses = Employee Expenses + Employee Bouns + Other Operating Expenses
5. Employee Expenses = Employee Expenses + Employee Bonus

Nirdhan Utthan Bank Limited

Kathmandu

FY 2070/71 (2013/14)

Significant Accounting Policies

Schedule 4.26

1. Brief Introduction of the Institution

Nirdhan Utthan Bank Limited was established on Kartik 12, 2055 under the then Development Bank Act, 2052 with the approval of Nepal Rastra Bank. Now, operating under Bank and Financial Institutions Act, 2063, this bank is “D” class financial institution approved by Nepal Rastra Bank. The promoters of this institution are Nirdhan Institution, Nabil Bank Limited, Himalayan Bank Limited, Everest Bank Limited, well known personalities and Grameen Trust of Bangladesh. This institution had issued its shares to general public during fiscal year 2059/60.

The main function of this institution is micro finance transactions and accordingly has been providing loans to the members of the group against group guarantee without any collateral. On top of that, it has also been providing collateral loans to the customers for operating cottage industries. It also provides micro insurance and remittance services. Its main financial sources are deposits from general public, group saving deposits, borrowings from financial institutions and shareholders’ fund.

The central office of this institution is located at Naxal Bhagwati Bahal, ward no. 1, Kathmandu Metropolitan City, Kathmandu District, Bagmati Zone. As of Ashadh end 2071, it has been operating through 134 branches located at different places of 54 Districts.

2. Significant Accounting Policies

(a) Accounting Convention:

Financial Statements are prepared under the historical cost convention and on accrual basis of accounting unless specified otherwise and are in conformity with prevailing Nepal Accounting Standards, Companies Act 2063, Bank and Financial Institutions Act 2063 and are presented in the format prescribed under the directives issued by Nepal Rastra Bank.

(b) Fixed Assets and Depreciation:

Fixed Assets are accounted for on historical cost basis.

Fixed assets, other than land, are accounted for on historical cost convention and the expenses incurred to put the assets in use for the first time are capitalized. The depreciation has been charged on Diminishing Balance Method at the rates mentioned below:

<u>Assets</u>	<u>Depreciation Rate</u>
Building	5 %
Wooden Furniture	15 %
Steel Furniture	10 %
Office Equipment	15 %
Computer	20 %
Vehicle	15 %

The depreciation on assets purchased and put to use during the year is charged from the next months of such purchase and use at the specified rates.

(c) Fixed Assets Received in Grant:

The assets received in grant are booked under respective assets creating capital reserve. These assets are depreciated annually at the specified rates and the depreciation amount is charged to the capital reserve. Thus, the balance amount of capital reserve represents depreciated value (WDV) of the assets received in grant.

(d) Depreciation for Tax Purpose:

For the purpose of Income Tax, depreciation has been calculated separately as per the prevailing Income Tax Act, 2058 and Income Tax Regulations, 2059 and the difference between this amount and the amount of depreciation charged in financial statement is adjusted in the income/expenses for tax purpose.

(e) Investment:

Investments in Nepal Government's bonds with the intent to hold till maturity, bank deposits and shares of unlisted companies are accounted for on cost price. Shares purchased on premium are recorded at discounted price. As per the directives of Nepal Rastra Bank, policy for creating Investment Adjustment Reserve to the extent of investment in the shares of unlisted companies is adopted.

(f) Exchange Fluctuation Adjustment:

The bank has not made purchase and sale transaction of foreign currency. The balance in foreign currency account is disclosed after translating at the buying rate published by Nepal Rastra Bank. At the end of every year, the foreign currency balance is translated at buying rate and the gain/loss is accounted for as revaluation gain/loss. Separate record is being maintained for such gain/loss. The bank has adopted the policy to charge revaluation loss, if any, to Profit and Loss Account and recognize revaluation gain as income in the Profit and Loss Account and transfer 25% of such gain to Exchange Fluctuation Fund through Profit and Loss Appropriation Account.

(g) Loan Loss Provision:

Loans and Advances have been classified as per the prevailing directives of Nepal Rastra Bank and necessary provision for loan loss has been made. Loans and Advances are disclosed net of loan loss provisions in the Balance Sheet.

(h) Recovery of Principal and Interest:

The amount recovered from the borrowers is first adjusted against the accrued interest and the remaining amount is adjusted in the principal balance amount.

(i) Assets not being capitalized:

Assets of unit value upto Rs.1,000 and/or having useful life of less than one year and/or assets whose useful life can not be determined are expensed off in the year of purchase. Non performing loans and advances (assets) are being written off in accordance with the approved Loan Write-off Bye Law 2062. Non performing assets falling under the criteria for write-off are being written off, maintaining the right to recover, by the decision of board of directors.

(j) Recognition of Interest Income and Expense:

Interest payable on deposits and receivable on loans and advances as well as investment are calculated considering 365 days in a year. Interest accrued on loans and advances are accounted for on cash basis. Interest accrued on investment is accounted for on accrual basis. Interest payable on deposits and borrowings are accounted for on accrual basis. Accrued interest of loans and advances to the extent

not recovered are shown as Interest Receivable giving respective credit to Interest Suspense Account.

(k) Operating Grant Income:

The expenses incurred pertaining to grant received from different institutions for meeting operating expenses are nullified by recognizing income of the same amount.

(l) Stationery and Stock:

Out of the stationery and printing materials purchased by the bank, the remaining stock balance at the year end is valued on the basis of FIFO Method and shown under other assets.

(m) Deferred Expenses Written-off:

The Bank has adopted the policy to charge the expenses incurred for issuance of shares in the same year. There is no deferred expenses to be written off during the current year.

(n) Retirement Payment:

Provident Fund contribution of every month is charged to the profit and loss account and deposited with the approved Retirement Fund. Provision for gratuity has been made on accrual basis and deposited in the approved gratuity fund account. Gratuity amount of the staff retiring from bank's service is being paid from this fund.

(o) Leave Encashment:

Provision for liability against accumulated leave of the employees at the year end has been made as per the staff rule and deposited in the staff accumulated leave encashment fund account. Payment against accumulated leave of the staff retiring from bank's service is being made from this account.

(p) Provision for Tax:

Provision for income tax has been made on the basis of tax audit and in accordance with the Income Tax Act.

(q) General Reserve Fund:

The bank has been transferring 20% of the net profit every year to the general reserve fund as per the requirement of Bank and Financial Institutions Act 2063.

Nirdhan Utthan Bank Limited

Kathmandu
FY 2070/701(2013/14)
Notes to Accounts

Schedule 4.27

1. Loans and Advances:

The loans and advances at the end of Ashadh 2071 are as follows:

Opening Balance	Payment	Recovery	Written off	Closing Balance
3,638,027,442.00	7,174,662,778.00	5,914,858,927.00	-	4,897,831,293.00

2. Deposit Liability:

Deposit liabilities at the end of Ashadh 2071 are as follows:

S.N.	Description of Deposit	Balance as on 2070 Ashadh end	Balance as on 2071 Ashadh end	Increase/(Decrease) in FY 2070/71
1	Mandatory Deposit	651,001,057.94	859,170,672.94	208,169,615.00
2	Individual Deposit	318,601,163.86	453,386,291.49	134,785,127.63
3	Central Fund Deposit	182,200,396.48	263,481,166.48	81,280,770.29
4	Public Deposit	166,429,846.47	290,467,087.30	124,037,240.83
Total		1,318,232,464.75	1,866,505,218.21	548,272,753.46

3. Weighted Average Interest Rate Spread of Deposits and Loans:

Average interest rate earned on Loans and Advances	18.33%
Average interest rate paid on borrowings and deposits	5.64%
Weighted Average Interest Rate Spread of Deposits and Loans	12.70%

4. Expenses to be written off:

None

5. Amortization of Leasehold Property:

None.

6. Statement of concentration of transactions relating to assets, liabilities and off balance sheet items with individual, firm, company or organized institution and concentration in any sector beyond the specified limit:

None.

7. Statement of classification of assets and liabilities on the basis of maturity period as per the directives of Nepal Rastra Bank for minimizing liquidity risk:

Not prepared.

8. Statement of amount taken against the collateral of own assets:

The bank has not taken any loan against the collateral of its own assets. However, for providing group guarantee loans, the bank has borrowed Rs. 3,432,523,014.39 from bank and financial institutions.

9. Statement of Non-banking Assets (Up to last year, acquired in the current year, disposed off and net amount):

None.

10. Share Capital:

There is no advance received for share capital, no calls in arrears and no share has been forfeited. The paid up capital of the bank in the previous year was Rs. 240,000,000 and the bank has proposed bonus shares at the rate of 40% during this year, which amounts to Rs. 96,000,000. Hence, the paid up capital of the bank has increased to Rs. 336,000,000 including the bonus shares.

11. Dividend and Bonus Share:

This year the bank has proposed cash dividend of 12.63% (including tax payable on cash dividend and bonus shares), which amounts to Rs. 30,315,789 and proposed net 40% bonus shares, which amounts to Rs. 96,000,000 for the approval of annual general meeting.

12. Loan Loss Provision and Loan Write off:

Total Loan Loss Provision up to last year	67,178,548.86
Additional Provision of this year	8,982,528.87
Total Loan Loss Provision	76,161,077.73
Recovery of written off loan	981,360.96

13. Deferred Tax Assets:

Temporary difference between assets/liabilities as per financial statement and tax base is considered for deferred tax calculation. Accordingly, Rs. 4,868,262.29 is recognized as deferred tax income in the profit and loss account and the net balance amount of deferred tax assets amounting to Rs. 20,273,429.34 is shown under other assets in schedule 4.12. The same amount is shown as deferred tax reserve under schedule 4.2.

Relation between Tax Expense and Profit as per Financial Statement

S.N.	Particulars	Amount
1.	Profit/(Loss) after staff bonus	288,571,104.16
	Add:	
	1. Inadmissible repairs and maintenance expense	941,737.23
	2. Additional provision for staff leave encashment	2,600,994.00
	3. Depreciation as per financial statement	3,909,169.17
	4. Looted amount written off	
2.	Total:- (1+2+3+4)	7,451,900.47
	Less:	
	1. Dividend received after Tax Deducted at Source	1,092,732.50
	2. Amount received from sale of fixed assets	193,592.17
	3. Depreciation calculated as per Sec. 19 of Income Tax Act 2058	7,305,022.08
	4. Expenses From Micro Security Fund	476,448.00
3.	Total: -(1+2+3+4)	9,067,794.75
	Taxable Income:- (1+2-3)	286,955,209.80
	Income Tax Rate (percentage)	30%
	Tax Amount (Rupees)	86,086,562.94



Deferred Tax:

Particulars	Amount as per Financial Statement	Tax Base	Difference
Loan Loss Provision	76,161,078.00	65,961,515.00	10,199,563.00
Provision for Leave Encashment	44,263,638.00	-	44,263,638.00
Fixed Assets	66,744,392.00	79,859,289.00	13,114,897.00
Total:			67,578,098.00
Deferred Tax Rate (Percentage)			30%
Deferred Tax Assets up to This Year			20,273,429.35
Deferred Tax Assets up to Last Year			15,405,167.06
Deferred Tax Income This Year			4,868,262.29

14. Grant Income:

Grant received from various domestic and foreign institutions are as follows:

(Rs. '000)

S. N.	Name of Institution	Grant received for purchase of goods	Grant received for office operation, training and various expenses	Total Amount
1	Mercy Crops	1769	311	2,080
2	Sambridha Pahad	1297	655	1952
3	Whole Planet Foundation	8126		8126
4	IFC		14731	14,731
Total		11,192	15,697	26,889

As per above mentioned details, grant of Rs. 11,192 thousand received for purchase of goods is recorded as grant assets and the same amount is accounted for under capital reserve.

Expenses incurred for various operating activities amounting to Rs. 15,697 thousand only has been recognized as grant income.

15. Capital Reserve:

The bank has adopted the policy to creat capital reserve fund against the assets received in grant from diferrent demestic and foreign institutions and charge the depreciation amount of these assets in this capital reserve fund itself. Accordingly, the balance in capital reserve fund has come down to Rs. 31,204 thousand at the end of this fiscal year as follows:

(Rs. '000)

Particulars	Amount
Balance at the end of Ashadh 2070	25,405
Used from Mercy Crops Fund for purchase of Fixed Assets.	1,769
Used from Sambridha Pahad for purchase of Fixed Assets.	1,297
Used from Whole Planet Foundation for purchase of Fixed Assets	8,126
Total	36,597
Depreciation on Grant Assets This Year	(4,412)
Value of Assets written off This Year (WDV)	(981)
Total Balance	31,204

16. Refinancing Loan from Nepal Rastra Bank:

The balance of refinancing loan received from Nepal Rastra Bank for western Tarai poverty alleviation project amounting to Rs. 1,401,660.00 has been shown under loans and borrowings in the balance sheet.

17. General Reserve Fund:

In accordance with bank and financial institutions act 2063, the bank has transferred 20% of the net profit of this year i.e. Rs. 41,470,104.00 to the General Reserve Fund and the balance in General Reserve Fund at the year end amounts to Rs. 101,842,751.00.

18. Micro Security Fund:

The balance in Micro Security Fund, created for the welfare of the members as per the direction of Nepal Rastra Bank was Rs. 8,116,969.21 at the end Ashadh 2070. During this F/Y 2070/071, Rs. 476,448 has been spent for welfare and training & skill development of the members, leaving the balance of Rs. 7,640,521.21 at the end of Ashadh 2071.

19. Gratuity Fund:

The balance in the gratuity fund at the end of last year was Rs. 130,290,875.30. An addition of Rs. 26,608,379.40 has been made during this year and the interest earned on this fund amounts to Rs. 5,642,758.33. During this year, Rs. 5,199,170.36 has been paid from this fund to employees, who have taken retirement from the bank. Thus, the net balance in the gratuity fund amounts to Rs. 157,342,842.67, which is shown under other liabilities.

20. Staff Bonus:

Provision for staff bonus has been made at the rate of 10% of net profit after bonus, which amounts to Rs. 28,857,110.42.

21. Staff Housing Fund:

In line with policy followed by other financial institutions and as the bank has been providing housing loan facilities to the staff, a separate housing fund has not been created in accordance with Labour Act, 2048.

22. Client Service Fund:

In Fiscal Year 2070/71 the Client Service fund has been created in which 1% of net profit, amounting Rs. 2,073,505 has been transferred. Such amount will be used for the welfare and development of micro enterprising activities of client.

23. Reclassification:

Previous year's figures have been regrouped and reclassified, if required.



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Statement of Loans and Advances taken by Promotor/Group of promoters from other Banks and Financial Institutions by pledging the Share held under their ownership

As at 32 Ashadh 2071 (16 July 2014)

Schedule - 4.28

S.No.	Name of Promoters/Shareholders Under Promoters' Group	Shares Under the Ownership of Promoter		Loan Details			Remarks
		Total No. of Shares	% of Total Paid-up Capital	Name of Other Bank/Financial institution form which Loan has been taken	Loan amount (Rs)	No. of Shares Pledged	
1	Nirdhan Sanstha	263,051	10.96	.....	...	...
2	Gramin Trust, Bangladesh	85,699	3.57	.....	...	...
3	Nabil Bank Ltd.	332,280	13.84	.....	...	...
4	Himalayan Bank Ltd.	269,358	11.22	.....	...	...
5	Everest Bank Ltd.	269,358	11.22	.....	...	...
6	Dr. Harihar Dev Panta	189,442	7.90	.....	...	...
7	Ganesh Bahadur Thapa	25,597	1.07	.....	...	...
8	Arpana Laxmi Pradhan	1,020	0.04	.....	...	...
9	Dr. Mohan Man Sainju	10,202	0.43	.....	...	...
10	Hari Krishna Panta	1,914	0.08	.....	...	...
11	Janardan Dev Panta	22,493	0.94	.....	...	...
12	Yadav Raj Pandey	654	0.03	.....	...	...
13	Bimala Pandey	258	0.01	.....	...	...
14	Mina Panta	139	0.01	.....	...	...
15	Jagannath Chalise	654	0.03	.....	...	...
16	Devendra Bahadur Raut	1,027	0.04	.....	...	...
17	Raj Narayan Dash	258	0.01	.....	...	...
18	Keshav Kumar Paudel	139	0.01	.....	...	...
19	Krishna Raj Chaudhari	119	0.00	.....	...	...
20	Dilip Gautam	34	0.00	.....	...	...
21	Binda Singh	139	0.01	.....	...	...
22	Gangapal Chaudhary	143	0.01	.....	...	...
23	Bhoj Raj Ghimire	517	0.02	.....	...	...
24	Merry Pandey	11,059	0.46	.....	...	...
25	Alina Panth	11,059	0.46	.....	...	...
Total		1,496,614	62.36	.....	...	...

Nirdhan Utthan Bank Limited

Kathmandu, Nepal

Comparison of Unaudited and Audited Financial Statement as of Fiscal Year 2070/2071

Schedule - 4.29

Rs in '000

S. N.	Particulars	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
				In Amount	In %	
1	Total Capital and Liabilities (1.1 to 1.7)	6,234,981	5,975,114	(259,867)		
1.1	Paid up Capital	240,000	240,000	-	0.00%	Due to proposed Bonus share
1.2	Reserve and surplus	335,951	128,195	(207,756)	-61.84%	Due to Calculation of deferred tax reserve & appropriation of Net Profit.
1.3	Debenture & Bond	-	-	-		
1.4	Borrowings	3,432,523	3,432,523	==	0.00%	
1.5	Deposits (a+b)	1,866,505	1,866,505			
	a. Domestic Currency	1,866,505	1,866,505	-	0.00%	
	b. Foreign Currency	-	-	-		
1.6	Income Tax Liability	86,574	-	(86,574)	0.00%	Due to Income Tax Calculation
1.7	Other Liabilities	273,428	307,891	34,463	12.60%	Due to adjustment in Sundry Creditors
2	Total Assets (2.1 to 2.7)	6,234,981	6,153,801	(81,180)		
2.1	Cash and Bank Balance	89,446	89,446	-	0.00%	
2.2	Money at Call and Short Notice	693,760	693,760	-		
2.3	Investments	46,858	46,858	-	0.00%	
2.4	Net Loan and Advances	4,821,670	4,821,670	-	0.00%	
2.5	Fixed Assets	147,346	147,384	38	0.03%	Recalculation of Depreciation
2.6	Non Banking Assets	-	-	-		
2.7	Other Assets	435,901	354,683	(81,218)	-18.63%	Due to tax adjustment
3	Profit and Loss Account					
3.1	Interest Income	811,012	810,833	(179)	-0.02%	Due to adjustment penal interest & dividend income
3.2	Interest Expenses	262,339	262,339	-	0.00%	
	A. Net Interest Income (3.1 - 3.2)	548,673	548,494	(179)		
3.3	Fees, Commission and Discount	6,065	6,065	-	0.00%	
3.4	Other Operating Income	89,743	89,923	180	0.20%	Due to adjustment
3.5	Foreign Exchange Gain/Loss (Net)	28	28	(0)	-0.79%	Due to adjustment
	B. Total Operating Income (A+3.3+3.4+3.5)	644,510	644,510	1		
3.6	Staff Expenses	273,664	273,644	(20)	-0.01%	Due to adjustment in Account Head
3.7	Other Operating Expenses	62,470	62,420	(50)	-0.08%	Recalculation of Depreciation and adjustment of other expenses
	C. Operating Profit Before Provision (B -3.6 - 3.7)	308,376	308,446	71		
3.8	Provision for Possible Losses	8,983	8,983	-	0.00%	
	D. Operating Profit (C -3.8)	299,394	299,463	72		
3.9	Non Operating Income/ Expenses (Net)	17,053	16,983	(70)	-0.41%	Due to adjustment
3.10	Write Back of Provision for Possible Loss	-	-	-		
	E. Profit From Regular Activities (D+3.9+3.10)	316,447	316,447	2		
3.11	Extraordinary Income/ Expenses (Net)	981	981	-	0.00%	
	F. Profit before Bonus and Taxes (E +3.11)	317,428	317,428	2		
3.12	Provision for Staff Bonus	28,857	28,857	-	0.00%	
3.13	Provision for Tax	86,574	81,221	(5,353)	-6.18%	Due to Deferred Tax calculation and Computation of Actual tax Liability
	G. Net Profit/ Loss (F - 3.12 - 3.13)	201,997	207,351	5,356		



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

P&L Accounts as of FY ended in the last 5 Fiscal Years

Particulars	2009/10	2010/11	2011/12	2012/13	2013/14
Interest Income	267,770,396	348,946,206	473,642,776	604,327,979	810,832,761
Interest from Loan	254,028,882	332,170,286	430,622,372	572,380,640	782,468,210
Interest from Investment	2,038,310	2,038,310	2,038,310	2,038,310	2,045,206
Interest from CD & FD	11,703,204	14,737,610	40,982,094	29,909,029	26,319,345
Interest Expenses	84,880,401	146,113,580	226,905,766	240,600,986	262,338,513
Interest on Borrowings	63,228,434	111,640,408	173,117,765	163,470,975	151,360,052
Interest on Savings, Deposits	21,651,967	34,473,172	53,788,001	77,130,011	110,978,461
Net Interest Income	182,889,995	202,832,626	246,737,010	363,726,993	548,494,248
Other Operating Income	2,209,116	42,306,588	46,480,145	65,711,572	96,015,928
Total Operating Income	185,099,111	245,139,214	293,217,155	429,438,565	644,510,175
Operating Expenses	137,108,508	202,079,090	228,981,434	283,131,830	336,063,897
Staff Salary and Benefits	106,854,146	167,263,036	187,327,731	233,621,211	262,303,496
Office Operating Expenses	27,324,091	30,946,379	36,765,232	44,386,457	62,420,085
Training Expenses	2,930,271	3,869,675	4,888,471	5,124,162	11,340,317
Operating Profit	47,990,603	43,060,124	64,235,721	146,306,735	308,446,278
Provision for Loan Losses	5,280,145	5,580,001	4,236,815	10,653,869	8,982,529
Net Operating Profit	42,710,458	37,480,123	59,998,906	135,652,866	299,463,749
Non Operating Income(loss)		26,538,284	8,870,602	12,095,582	16,983,104
Add back from Loan Loss Provisioning	17,365,941	2,505,564			-
Income(Loss) from Regular Activities	60,076,399	66,523,971	68,869,508	147,748,448	316,446,854
Income / (Loss) from extra ordinary Activities	1,839,016	(457,328)	2,570,102	1,286,153	981,361
Net Profit after all activities	61,915,415	66,066,643	71,439,610	149,034,601	317,428,215
Provision for Staff Bonus	5,628,674	6,006,058	6,494,509	13,548,600	28,857,110
Provision for Tax & Fees	16,101,291	17,427,411	22,212,789	43,911,949	81,220,584
Net Profit after Tax	40,185,450	42,633,174	42,732,312	91,574,052	207,350,521

P & L Appropriation Accounts					
Profit available for Appropriation	43,296,878	42,704,004	43,187,302	109,988,257	232,982,108
General Reserves	8,037,090	8,526,635	8,546,462	18,314,810	41,470,104
Proposed Dividend	11,000,000	10,129,263	13,464,842	23,157,895	30,315,789
Proposed Bonus Shares	13,200,000	14,256,000	7,544,000	40,000,000	96,000,000
Employees welfare fund	401,854	426,332	427,323	915,741	2,073,505
Other reserves and funds	10,587,104	500,000	(7,619,236)	211,601	16,944
Client Service Fund	-	-	-	-	2,073,505
Deferred Tax Reserve	-	8,410,784	2,273,856	1,756,623	4,868,262
Retained Profit	70,830	454,990	18,550,055	25,631,587	56,163,998



Nirdhan Utthan Bank Ltd.

Kathmandu, Nepal

Last 5 years' Balance Sheet as at FY ended Mid- July.

Particulars	2010	2011	2012	2013	2014
Capital & Liabilities					
Capital	196,517,079	282,350,135	305,632,749	368,194,798	546,881,695
Paid-up Capital	123,200,000	192,456,000	200,000,000	240,000,000	336,000,000
Paid-up Capital	110,000,000	178,200,000	192,456,000	200,000,000	240,000,000
Proposed Bonus Shares	13,200,000	14,256,000	7,544,000	40,000,000	96,000,000
Reserves and Funds	73,317,079	89,894,135	105,632,749	128,194,798	210,881,695
General Reserves	24,984,740	33,511,375	42,057,837	60,372,647	101,842,751
Capital Reserves	15,788,856	20,548,305	29,381,622	25,404,911	31,204,087
Other Reserves	10,589,666	20,010,561	14,665,181	16,633,405	21,670,858
Institutional Development Fund	21,882,987	15,368,904	978,054	152,247	
Retained profit (Loss)	70,830	454,990	18,550,055	25,631,588	56,163,999
Liabilities					
Savings, Deposits	435,247,751	634,210,981	957,262,626	1,318,232,465	1,866,505,218
Other Current Liabilities	77,514,965	130,220,985	188,511,641	255,778,011	307,891,167
Borrowings	1,263,168,365	1,557,740,760	2,111,416,091	2,692,980,808	3,432,523,014
Total Liabilities	1,775,931,081	2,322,172,726	3,257,190,358	4,266,991,284	5,606,919,399
Total Capital & Liabilities	1,972,448,160	2,604,522,861	3,562,823,107	4,635,186,082	6,153,801,094
Assets					
Cash & Bank Balance	25,156,061	24,776,200	48,683,026	64,776,333	89,445,672
Cash	1,768,088	1,759,438	2,839,356	3,499,189	4,353,460
Bank Balance	23,387,973	23,016,762	45,843,670	61,277,144	85,092,212
Call Deposits	210,785,928	304,215,649	548,852,485	568,188,293	693,759,792
Investments	161,275,136	132,623,552	144,107,909	177,149,075	46,858,200
Investment on Govt Bonds	38,725,000	38,725,000	38,725,000	38,725,000	38,725,000
Investment on Shares	8,123,200	8,123,200	8,133,200	8,133,200	8,133,200
Approved Retirement Fund	54,426,936	70,775,352	97,249,709	130,290,875	
Fixed Deposit	60,000,000	15,000,000	-		==
Loans and Advances	1,478,311,910	2,012,211,303	2,660,904,897	3,638,027,442	4,897,831,293
Non- Collateralized loan to Group Members	1,367,691,661	1,890,792,605	2,389,217,703	3,224,588,635	4,251,686,774
Collateralized loans	110,620,249	121,418,698	271,687,194	413,438,807	646,144,519
Loan Loss Reserves	(49,213,428)	(52,287,865)	(56,524,680)	(67,178,549)	(76,161,078)
Net Loans and Advances	1,429,098,482	1,959,923,438	2,604,380,217	3,570,848,893	4,821,670,215
Loans and Advances to Staff	65,159,347	83,537,435	94,954,657	115,253,792	151,750,985
Other Assets	20,483,437	35,605,894	30,881,791	28,554,821	198,017,508
Receivables	18,923,466	33,220,951	28,022,381	24,077,193	192,728,863
Stationery & Other inventory	1,559,971	2,384,943	2,859,410	4,477,628	5,288,645
Fixed Assets	78,550,548	84,738,808	118,155,958	144,161,312	187,520,165
Fixed Assets at Cost	78,550,548	84,738,808	118,155,958	144,161,312	187,520,165
Depreciation Reserves	(22,870,474)	(25,239,018)	(30,995,549)	(37,249,292)	(40,135,856)
Net Fixed Assets	55,680,074	59,499,790	87,160,409	106,912,020	147,384,309
Expenses to be Written-off	4,809,695	4,340,903	3,802,613	3,502,855	4,914,413
Premium on Govt Bonds	4,633,251	4,259,941	3,802,613	3,502,855	4,914,413
Share issue Expenses	176,444	80,962			==
Total Assets	1,972,448,160	2,604,522,861	3,562,823,107	4,635,186,082	6,153,801,094



Nirdhan Utthan Bank Ltd

Kathmandu, Nepal

Performance as of Last 5 Years (As at Mid- July)

S.No.	Particulars	2010	2011	2012	2013	2014
A	Outreach Information					
	No. of Districts	27	37	40	49	54
	No. of VDCs, Municipalitys served	717	813	979	1100	1259
	No. of Branch Offices	77	92	105	118	134
	No. of Field Assistants	203	246	282	269	244
	Total Staff	385	465	518	545	531
	Active Clients	126,787	147,845	169,222	184,177	205,126
	Loan Clients	85,323	98,965	111,804	127,122	139,418
B	Saving, Deposits (in '000 Rs)					
	Group Fund Saving	301,874	414,239	502,995	651,001	859,170
	Personal Voluntary Saving	107,252	161,138	245,992	318,601	428,773
	Other Savings	26,122	31,129	101,062	182,200	288,091
	Public Deposits	-	27,705	107,214	166,430	290,466
	Total Savings, Deposits	435,248	634,211	957,263	1,318,232	1,866,500
	Saving, Deposit Growth rate	29.22%	45.71%	50.94%	37.71%	41.59%
C	Loans and Advances (in '000 Rs)					
	Annual Loan Disbursement	2,256,190	3,057,403	7,040,967	9,644,872	12,835,971
	Loan Disbursement, cumulative	9,175,604	12,233,007	16,216,571	21,877,879	29,052,542
	Annual loan recovery	1,896,517	2,523,503	5,858,374	8,019,057	10,599,044
	Loan Recovery, cumulative	7,697,292	10,220,795	13,555,666	18,239,852	24,154,710
	Total Loan Outstanding	1,478,312	2,012,212	2,660,905	3,638,027	4,897,832
	Loan Outstanding, growth rate	32.15%	36.12%	32.24%	36.72%	34.63%
D	Profitability					
	Return to Shareholders (incl. Bonus Shares)	22.00%	13.68%	10.92%	31.58%	52.63%
	Operating Self-Sufficiency	118.79%	110.59%	113.50%	125.62%	149.69%
E	ALM					
	Yield on Loan Portfolio	19.56%	19.19%	18.44%	18.18%	18.33%
F	Portfolio Quality					
	NPL	2.60%	1.71%	1.38%	0.93%	0.58%
G	Productivity					
	No. of Clients per Field Assts.	625	601	600	685	841
	No. of Clients per staff	329	318	327	338	386
	Loan Outstanding per Borrower (in '000 Rs)	17.33	20.33	23.80	28.62	35.13
	Loan Outstanding per staff	3,840	4,327	5,137	6,675	9,224
	Loan Outstanding per Field Asst.	7,282	8,180	9,436	13,524	20,073
	Operating Cost per unit of money disbursement	0.06	0.07	0.03	0.03	0.03
H	Other Ratios					
	Savings to Total Assets	22.07%	24.35%	26.87%	28.44%	30.33%
	Loan Portfolio to Total Assets	74.95%	77.26%	74.69%	78.49%	79.59%
	Deposit to Credit Ratio	29.44%	31.52%	35.98%	36.23%	38.11%

Proposal for the amendments of memorandum:

Current Settings	Proposed amendments	Reasons for amendments
Article 5: Capital structure of the company: The capital structure of the company will be as follows: (b)The company's issued capital will be Rs. 24,00,00,000 (24 crore rupees only). (c) The company's current paid-up capital stands at Rs. 24,00,00,000 (24 crore rupees only).	Article 5: Capital structure of the company: The capital structure of the company will be as follows: (b)The company's issued capital will be Rs. 33,60,00,000 (33 crore 60 lakh rupees only). (c) The company's current paid-up capital stands at Rs. 33,60,00,000 (33 crore 60 lakh rupees only).	Due to increase in the company's issued and paid-up capital

Proposal for modifications to the Article of Association:

Current Settings	Proposed changes	Reasons for amendments																								
8: The number of members in the Board of Directors and their tenure: The structure of the company's Board of Directors will be as follows: (2) There will be 8 members in the company's Board of Directors, among whom one will be an independent expert. The formation of the Board of Directors and its groupwise representation will be as follows: (a) The group "A" promoter shareholders are classified into three sub-groups and 4 members in total will be elected from these sub-groups:	8: The number of members in the Board of Directors and their tenure: The structure of the company's Board of Directors will be as follows: (2)There will be 7 members in the company's Board of Directors, among whom one will be an independent expert. The formation of the Board of Directors and its groupwise representation will be as follows: (a) The group "A" promoter shareholders are classified into three sub-groups and 4 members in total will be elected from these sub-groups:	Due to the failure on the part of the International Finance Corporation to send a representative to the Board of Directors.																								
<table border="1"> <thead> <tr> <th>Sub-groups of group "A"</th><th>Electing Body</th><th>No.</th></tr> </thead> <tbody> <tr> <td>Sub-group "A"</td><td>Nirdhan NGO or Grameen Trust, Bangladesh</td><td>1</td></tr> <tr> <td>Sub-group "B"</td><td>Nabil Bank Ltd., Himalayan Bank Ltd., Everest Bank Ltd. in turn</td><td>2</td></tr> <tr> <td>Sub-group "C"</td><td>Individual Promoters</td><td>1</td></tr> </tbody> </table>	Sub-groups of group "A"	Electing Body	No.	Sub-group "A"	Nirdhan NGO or Grameen Trust, Bangladesh	1	Sub-group "B"	Nabil Bank Ltd., Himalayan Bank Ltd., Everest Bank Ltd. in turn	2	Sub-group "C"	Individual Promoters	1	<table border="1"> <thead> <tr> <th>Sub-groups of group "A"</th><th>Electing Body</th><th>No.</th></tr> </thead> <tbody> <tr> <td>Sub-group "A"</td><td>Nirdhan NGO</td><td>1</td></tr> <tr> <td>Sub-group "B"</td><td>Nabil Bank Ltd., Himalayan Bank Ltd., Everest Bank Ltd., in turn</td><td>2</td></tr> <tr> <td>Sub-group "C"</td><td>Individual Promoters</td><td>1</td></tr> </tbody> </table>	Sub-groups of group "A"	Electing Body	No.	Sub-group "A"	Nirdhan NGO	1	Sub-group "B"	Nabil Bank Ltd., Himalayan Bank Ltd., Everest Bank Ltd., in turn	2	Sub-group "C"	Individual Promoters	1	
Sub-groups of group "A"	Electing Body	No.																								
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Sub-group "C"	Individual Promoters	1																								
(2) (b) 3 members in total will be elected by the AGM to represent the shareholders of group "B": (i) 1 member appointed by the International Finance Corporation. (ii) 2 members elected by the AGM to represent other public shareholders.	(2)(b) 2 members in total will be elected or appointed by the AGM to represent the general public from group "B" of shareholders:																									



<p>Rule 31. Arrangements for remuneration, allowances and facilities of directors:</p> <p>(1) The remuneration, meeting and daily allowances as well as other facilities of the directors will be as follows:</p> <p>(b) 1.</p> <p>(d) If the bank appoints an executive director / a managing director, he / she will be entitled to a monthly salary of Rs. 1,00,000 plus a provident fund of 10 per cent of the salary. He / She will be provided with communication expenses to cover the monthly bills of the telephone and the internet, automobile facilities together with a collective accidental insurance policy and expenses for the driver and fuel. Like other staff, he/ she will also be entitled to the Dashain expenses, bonuses (according to the Bonus Act), as well as medical treatment expenses.</p>	<p>Rule 31. Arrangements for remuneration, allowances and facilities of directors:</p> <p>(1) The remuneration, meeting and daily allowances as well as other facilities of the directors will be as follows:</p> <p>(b) 1. Members from outside the Kathmandu Valley, participating in the meeting of the Board of Directors, will each be provided with the lodging cost, a daily allowance of Rs. 2,000 as well as the transportation cost.</p> <p>(d) If the bank appoints an executive director / a managing director, he / she will be entitled to a monthly salary of Rs. 1,28,204 plus a provident fund of 10 per cent of the salary. He / She will be provided with communication expenses to cover the monthly bills of the telephone, newspapers and the internet, automobile facilities together with a collective accidental insurance policy and expenses for the driver and fuel. Like other staff, he/ she will also be entitled to the Dashain expenses, bonuses (according to the Bonus Act), medical treatment expenses as well as holidays as stated by the Personnel Manual, 2004 (2061).</p>	<p>Due to a need in the Article of Association to mention the members participating in the meeting of the Board of Directors from outside the valley.</p> <p>Because of a need to upgrade the facilities of the executive director/ the managing director with the passage of time.</p>
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Management Team & Office

A. Central Office

S.N.	Name	Designation	Phone No.	Mobile No.
1	Mr. Dr. Harihar dev Pant	Executive Director	01 4413711,4413794,4413840	9851043151
2	Mr. Bhoj Raj Bashyal	Deputy General Manager	01 4413711,4413794,4413840	9857021451
3	Mr. Keshab Kumar Paudel	Assistant General Manager / company Secretary	01 4413711,4413794,4413840	9851186846
4	Mr. Raj Narayan Das	Assistant General Manager	01 4413711,4413794,4413840	9851197523

Department

S.N.	Department	Employee Name	Designation	Phone No.
1	Human Resource Management & General Administration Department	Mr. Krishna Raj Chaudhary	Chief Manager	01 4413711,4413794,4413840
		Ms. Binda Singh Karki	Senior Manager	01 4413711,4413794,4413840
		Mr.Narayan Prasad Kharal	Asst. Manager	01 4413711,4413794,4413840
2	Internal Audit Department	Mr. Ram Bahadur Chaudhary	Chief Manager	01 4413711,4413794,4413840
		Mr. Narayan Prasad Panthi	Senior Manager	01 4413711,4413794,4413840
		Mr. Shyam Bahadur Thapa	Manager	01 4413711,4413794,4413840
		Ms. Sudha Rani Srivastava	Manager	01 4413711,4413794,4413840
		Mr. Subhashchandra Devkota	Manager	01 4413711,4413794,4413840
		Mr. Jagat Bhattarai	Manager	01 4413711,4413794,4413840
		Mr.Krishna Prasad Aryal	Manager	01 4413711,4413794,4413840
		Mr. Kashiram Bhattarai	Asst. Manager	01 4413711,4413794,4413840
3	Training & Development Department	Mr. Pawan Kumar Shrestha	Senior Manager	01 4413711,4413794,4413840
		Ms. Kalpana Gautam	Manager	01 4413711,4413794,4413840
		Ms. Sita Pandye (Neupane)	Asst. Manager	01 4413711,4413794,4413840

4	Operation Department	Mr. Laxmipati Kafle	Senior Manager	01 4413711,4413794, 4413840
		Mr. Raj Kumar Pokhrel	Manager	01 4413711,4413794, 4413840
		Mr. Bikash Bhattra	Manager	01 4413711,4413794, 4413840
		Mr. Rabindra Timal	Asst. Manager	01 4413711,4413794, 4413840
5	Planning, Monitoring & Research Department	Mr. Manoj Kumar Yadav	Manager	01 4413711,4413794, 4413840
		Mr. Ishwar Atreya	Manager	01 4413711,4413794, 4413840
6	Account & Fund Management Department	Mr. Gokarna Prasad Upadhyay	Senior Manager	01 4413711,4413794, 4413840
		Mr. Mukul Panthi	C.A	01 4413711,4413794, 4413840
		Mr. Gangapal Chaudhary	Assistant Manager	01 4413711,4413794, 4413840
7	Information & Technology Department	Mr. Narayan Bahadur Karki	Senior Manager	01 4413711,4413794, 4413840
		Mr. Bishnu Maharjan	Manager	01 4413711,4413794, 4413840
8	General Service Department	Mr. Narayan Prasad Neupane	Senior Manager	01 4413711,4413794, 4413840
		Mr. Raju Tamang	Assistant Manager	01 4413711,4413794, 4413840
9	Company Secretarial Department	Mr. Govind Prasad Koirala	Manager	01 4413711,4413794, 4413840

B. Regional Offices:

Office	Managerial Employee Name	Designation	Phone No.
Regional Office Birganj, Parsa	Mr. Mukesh Dahal	Senior Manager	051 529651, 529652, 9848032060
	Mr. Hareram Rauta	Manager	051 529651, 529652,
	Mr. Ajimulla Darji	Assistant Manager	051 529651, 529652,
Regional Office Bhairahawa, Rupandehi	Mr. Bishnu Prasad Parajuli	Senior Manager	071 527664,
	Mr. Radheshyam Sahani	Assistant Manager	071 527664,
	Mr. Dhurba Raj Koirala	Assistant Manager	071 527664,
Regional Office Kohalpur, Baki	Mr. Ananda Gautam	Senior Manager	081 541799,
	Mr. Puskar Subedi	Assistant Manager	081 541798
	Sr. Lal bahadur Rawal	Assistant Manager	081 541798
Regional Office Bharatpur	Mr. Shambhu Neupane	Senior Manager	056 525256,



	Mr. Buddhi Prakash Ghimire	Assistant manager	056 525256,
Regional Office Birtamod ,Jhapa	Mr. Lekhanath Neupane	Senior Manager	023 543252,
	Mr. Kalyan Babu Karki	Assistant manager	023 545105
	Mr. Anil Kumar Misra	Assistant manager	023 545105
Regional Office Bardibas, Mahottari	Mr. Parmeshor Chaudhary	Senior Manager	044 550484,
	Mr. Bimal Khanal	Assistant manager	044 550485
	Mr. Sitaram Pandit	Assistant manager	044 550485
Regional Office Attariya, Kailali	Mr.Purna Bahadur Khadka	Manager	091 551260,
	Mr.Bishnu Bahadur Kunwar	Manager	091 551260
Regional Office Pokhara, Kaski	Mr.Shankar Pd. Neupane	Manager	061 541380
	Mr.Jagye Pant	Manager	061 541380
Regional Office Birendranagar, Surkhet	Mr.Bijaye Ghimire	Manager	083 523746
	Mr.Min Bahadur Hamal	Assistant manager	083 523746
Regional Office Kathmandu, Kathmandu	Mr.Shivaraj Rawal	Senior Manager	01 4415249
	Ms. Rita Regmi	Assistant manager	01 4415249

C. Branch Office:

S.N.	Office	Name of Branch Manager	Phone No.
Regional Office Birgunj, Parsa			
1	Birgunj Branch, Parsa	Mr. Madhab Prasad Gautam , Supervisor	051 531097
2	Kalaiya Branch, Bara	Mr.Buddhilala Sherstha, Assistant Manager	053 551012
3	Parsauni Branch, Bara	Mr.Nandunath Kanwar Yogi , Supervisor	9755001256
4	Simraungadha Branch,Bara	Mr.Dipendra Kumar Yadav, Assistant Manager	053 620453
5	Shreepur Branch, Parsa	Mr. Shivaraj Kafle, Supervisor	051 691480
6	Telkuwa Branch, Bara	Mr. Punyatma Prasad Sukla, Assistant Manager	053 620143
7	Parwanipur Branch, Bara	Mr.Santosha Kumar Datta, Supervisor	9755001103
8	Kolhabi Branch, Bara	Mr. Raj Kumar Chaudhary, Supervisor	053 691604
9	Bindawasini Branch, Parsa	Mr.Hasmudin Miya, Assistant Manager	051 621181
10	Ganjabhawanipur Branch, Bara	Mr. Purnawasi Chaudhary, Supervisor	053 401043
11	Chandranighapur Branch, Rautahat	Mr.Ramji Prasad Bhattra, Supervisor	055 540341
12	Gaur Branch, Rautahat	Mr.Hajrat Ali, Supervisor	055 521179
13	Biruwaguthi Branch, Parsa	Mr.Bhojendra Thakur Lohar, Senior Assistant	053 692452
14	Hetauda Branch, Makawanpur	Mr.Ramchandra Bhattra, Supervisor	057 526541
15	Simara Branch, Bara	Mr. Hari Prasad Acharya, Supervisor	053 521823
16	Pokhariya Branch,Parsa	Mr. Ramugra Chaudhary,Supervisor	9755001208
17	Garuda Branch, Rautahat	Mr.Birjamohan Gupta, Senior Assistant	055 565119
18	Basantapatti Branch, Rautahat	Mr.Hari Narayan Yadav, Senior Assistant	055 690478



Regional Office Bhairahawa, Rupandehi

1	Sitalnagar Branch, Rupandehi	Mr. Pitamber Paudel, Supervisor	071 577095
2	Parasi Branch, Nawalparasi	Mr.NandaLal Pal , Supervisor	078 520297
3	Belatari Branch, Nawalparasi	Mr. Surendra Prasad Chaudhary , Supervisor	078 620614
4	Bhairahawa Branch, Rupandehi	Mr. Krishna Bahadur Thapa, Supervisor	071 527439
5	Butwal Branch, Rupandehi	Mr.Niraj Singh Kunwar, Supervisor	071 546852
6	Dhakdhai Branch, Rupandehi	Mr. Yamuna Chaudhary, Supervisor	071 691755
7	Majhagawa Branch, Rupandehi	Mr.Krishnakaniya Chaudhary, Supervisor	071 691282
8	Ramapur Branch, Rupandehi	Mr. Santa Bahadur Gurung , Supervisor	071 440167
9	Mahajidiya Branch, Rupandehi	Mr. Gopal Paudel, Supervisor	071 404003
10	Bastari Branch, Palpa	Mr. Yubaraj Timalena, Supervisor	071 696976
11	Aryabhanjeng Branch, Palpa	Mr. Kamal Prasad Gaynwali, Supervisor	075 402064
12	Kotihawa Branch, Rupandehi	Mr.Jibraj Poudel , Supervisor	071 561928
13	Sandhikharak Branch, Arghakhachi	Mr. Top Bahadur Raskoti, Supervisor	077 420793
14	Haraiya Branch, Rupandehi	Mr.Udaya Raj Pokharel, Supervisor	071 691788
15	Farsatkar Branch, Rupandehi	Ms. Partichhya Gaynwali , Senior Assistant	071 696978
16	Odari Branch, Kapilbastu	Mr. Misrilal Kumhal, Supervisor	076 691020
17	Imiliya Branch, Kapilbastu	Mr. Arjun Prasad Sharma, Supervisor	071 691558
18	Chhahara Branch, Palpa	Mr. Lekh Bahadur Chhetri , Supervisor	071 694351
19	Juhang Branch, Gulmi	Mr. Yamraj Budhathoki, Supervisor	9847092632
20	Khaliban Branch, Palpa	Mr. Shusil Gautam, Senior Assistant	9847088402

Regional Office Kohalpur, Banke

1	Tulsipur Branch, Dang	Mr.Harikrishna Sharma , Assistant Manager	082 522240
2	Rajha Branch , Banke	Mr. Niraj Acharya , Assistant Manager	081 565317
3	Udayapur Branch , Banke	Mr. Baburam Kandel , Assistant Manager	081 526941
4	Kohalpur Branch , Banke	Mr. Navaraj Joshi , Assistant Manager	081 540652
5	Ghorahi Branch , Dang	MS. Tulasa Pande , Assistant Manager	082 563333
6	Gadhawa Branch, Dang	Mr.Saroj Kumar Yadav , Assistant Manager	082 691198
7	Shisahaniya Branch, Dang	Mr.Bishnu Bahadur Chaudhary	082 402042
8	Sulichaur Branch , Rolpa	Mr. Madhab Prasad Sharma , Senior Assistant	086 401067
9	Parspur Branch , Banke	Mr.Puspa Kumari Subedi, Assistant Manager	081 521562
10	Gulariya Branch , Bardiya	Mr. Om Prakash Yadav , Senior Assistant	084 421147
11	Basgadhi Branch , Bardiya	Mr. Ramesh Panthi , Supervisor	084 400051
12	Khajura Branch, Banke	Mr.Laxman Bhattra, Assistant Manager	081 560373
13	Bhuriganu Branch, Bardiya	Mr. Tikaram Giri , Senior Assistant	084 403031
14	Rajapur Branch , Bardiya	Mr.Maniram Tharu, Senior Assistant	084 460102
15	Bijuwar Branch, Puthayan	Mr. Narayan Prasad Upadhye, Senior Assistant	086 460446
16	Bhingri Branch, Puthayan	Mr. Kedar Prasad Khanal , Senior Assistant	086 400014
17	Fattepur Branch, Banke	Mr. Krishna Bahadur Darji, Senior Assistant	081 621256

Regional Office Bharatpur, Chitwan

1	Tandi Branch, Chitwan	Mr. Damodar Pathak , Supervisor	056 561674
2	Bhandara Branch, Chitwan	Mr. Krishna Prasad Poudel , Supervisor	056 550111
3	Bharatpur Branch, Chitwan	Mr. Mahendra Bahadur Kunwar, Assistant Manager	056 527709
4	Daldale Branch, Nawalparasi	Ms. Jamuna Kandel, Supervisor	078 575066
5	Mugling Branch , Chitwan	Mr. Hemlal Bashyal , Supervisor	056 540171
6	Chanauli Branch , Chitwan	Ms.Hari Paudel , Supervisor	056 592427
7	Madi Branch , Chitwan	Mr.Bidur Sapkota , Senior Assistant	056 692171

Regional Office Birtamod, Jhapa

1	Fikkal Branch , Ilam	Mr. Sashidhar Parajuli , Assistant Manager	027 540457
2	Hile Branch , Dhankutta	Mr. Dhurba raj Joshi , Assistant Manager	026 540493
3	Surunga Branch , Jhapa	Mr. Badri Prasad Adhikari ,Assistant Manager	023 550837
4	Damak Branch , Jhapa	Mr. Shambhu Aslami ,Assistant Manager	023 580824
5	Dhulabari Branch, Jhapa	Mr.Shekhar Bahadur Karki , Supervisor	023 560556
6	Ilam Branch , Ilam	Mr. Ganesh Adhikari, Assistant Manager	027 521718
7	Fidim Branch , Panchthar	Ms. Ritamaya Tamang, Senior Assistant	024 520503
8	Funling Branch , Taplejung	Mr. Debendra Prasad Sangarula, Senior Assistant	024 460629
9	Chandragadhi Branch, Jhapa	Mr.Bir Bahadur Lama , Senior Assistant	023 456895
10	Biratchock Branch , Morang	Mr. Hareram Mahato , Supervisor	021 545783
11	Tankisinuwari Branch, Morang	Mr. Baburam Bhusal. , Assistant Manager	021 421207
12	Gauradaha Branch , Jhapa	Mr. Shankarkant Neupane, Senior Assistant	023 480324
13	Chainpur Branch, Shankhuwasabha	Mr.Rabindra Barai, Assistant Manager	029 570370
14	Jhumka Branch , Sunsari	Ms. Samita Niraula, Assistant Manager	025 562339
15	Khandabari Branch, Shankhuwasabha	Mr.Agni Paudel, Supervisor	029 560954
16	Biratnagar Branch , Morang	Mr.Nabakanta Shaha, Supervisor	021 463041
17	Mayanglung Branch, Teherthum	Mr. Yagya Bista , Supervisor	026 460724
18	Rabi Branch, Panchthar	Mr.Sunil Kumar Singh, Assistant Manager	024 691131
19	Yashoka Branch, Panchthar	Mr. Matrika Prasad Bhandari, Senior Assistant	024 691134
20	Bhojpur Branch, Bhojpur	Mr.Reshamlal Tiwari, Senior Assistant	9847143895

Regional Office Bardibas, Mahottari

1	Janakpur Branch , Dhanusha	Mr. Ishor Chandra chaudhary , Supervisor	041 528578
2	Gaushala Branch, Mahottari	Mr. Kamlesh Kumar Mandal , Supervisor	9754204246
3	Barhathawa Branch , Sarlahi	Mr.Kamalkant Chaudhary , Supervisor	046 540040
4	Kanchanpur Branch ,Saptari	Mr. Hirdayenarayan Yadav , Supervisor	031 560054
5	Lahan Branch, Siraha	Mr.Shambhu Kumar Misra, Senior Assistant	033 561573
6	Jaleshor Branch, Mahottari	Mr.Anirudra Kumar Yadav, Senior Assistant	044 520479



7	Mahendranagar Branch , Dhanusha	Mr. Govind Timalseena, Senior Assistant	041 540510
8	Nawalpur Branch , Sarlahi	Mr. Binod Ram , Senior Assistant	046 570374
9	Sukhipur Branch, Siraha	Mr. Mahanda Das , Senior Assistant	033 693825
10	Beltar Branch , Udayepur	Mr. Dipak Bhattarai , Senior Assistant	035 440346
11	Murkuchi Branch, Udayepur	Mr. Bhimlal Pokharel, Supervisor	035 691257
12	Aurahi Branch, Mahottari	Mr. Ramkishor Chaudhary, Supervisor	044 692154
13	Dhanushadham Branch, Dhanusha	Mr. Deepak Prasad Gupta (Teli), Senior Assistant	041 693800
14	Godaita Branch, sarlahi	Mr. Sanjaye Kumar Chaudhary, Supervisor	046 691995
15	Kathauna Branch, Saptari	Mr. Nepal Chaudhary, Senior Assistant	031 410018
16	Khurkot Branch, Sindhuli	Mr. Prithivi Narayan Chaudhary, Senior Assistant	047 691567
17	Yedukaha Branch, Dhanusha	Mr. Churamani Majhi, Supervisor	9816276971
18	Okhaldhunga, Branch, Okhaldhunga	Mr. Binod Adhikari, Senior Assistant	9844964118
19	Diktal Branch, Khotang	Mr. Madhav Layaho, Senior Assistant	036 420688
20	Saghutar Branch, Ramechhap	Mr. Deepak Bahadur G.C. Senior Assistant	98478828770
Regional Office Attariya , Kailali			
1	Mahendranagar Branch, Kanchanpur	Mr. Shusil Sharma , Supervisor	099 520570
2	Tikapur Branch , Kailali	Mr. Harichandra Poudel , Assistant Manager	091 560105
3	Attariya Branch , Kailali	Mr. Deepak Bhattarai , Senior Assistant	091 550471
4	Lamki Branch, Kailali	Mr. Narayan Datta Sapkota , Supervisor	091 540321
5	Amargadhi Branch, Dadeldhura	Mr. Nim Bahadur Gharti Mangar , Senior Assistant	096 420269
6	Silgadhi Branch , Doti	Mr. Debiram Parajuli , Senior Assistant	094 420520
7	Jogbudha Branch, Dadeldhura	Mr. Birendra Prasad Acharya, Senior Assistant	9759502272
8	Sukkhada Branch ,Kailali	Mr. Shambhu Kandel , Senior Assistant	091 403042
9	Belaury Branch, Kanchanpur	Mr. Dhurba Prasad Paudel, Senior Assistant	099 580043
10	Jhalari Branch , Kanchanpur	Mr. Ramagya Ram , Senior Assistant	099 540201
11	Joshiपुर Branch, Kailali	Mr. Sureshamani Tripathi, Supervisor	091 401081
12	Mashuriya Branch, Kailali	Mr. Mankaji Chaudhary, Senior Assistant	9868028931
13	Sawasthechauki Bazar Branch, Kanchanpur	Mr. Nawaratna Yadav, Supervisor	099 400026
14	Fulbari Branch, Kailali	Mr. Dharmaraj Bashyal, Supervisor	9847052593
15	Dasharatha Branch, Baitadi	Mr. Umanatha Timalseena, Senior Assistant	9848090303
16	Mangalsen Branch, Achham	Mr. Romharsa Bhandari, Senior Assistant	9868015152
17	Martadi Branch, Bajura	Mr. Kalakraj Ban, Senior Assistant	9848052880
Regional Office Pokhara , Kaski			
1	Galayang Branch, Sayanja	Ms. Niru Karki, Assistant Manager	063 460287
2	Waling Branch, Sayanja	Mr. Lekhanath Kafle, Supervisor	063 440514

3	Putalibazar Branch, Sayanja	Mr.Choma Bahadur B.K., Supervisor	063 420922
4	Pokhara Branch, Kaski	Mr. Krishnakant Adhikari , Supervisor	061 533243
5	Dulegauda Branch ,Tanahu	Mr. Prem Prasad Subedi , Assistant Manager	065 570860
6	Patichaur Branch, Parbat	Mr. Joytiraj Regmi, Senior Assistant	067 690583
7	Galkot Branch, Baglung	Mr. Prem Prasad Jaisi, Senior Assistant	068 690754
8	Babiyachaur Branch, Maygdi	Ms. Shanti Sapkota , Supervisor	068 690755
9	Rahale Branch, Parbat	Mr. Surya Bahadur Basnet, Senior Assistant	067 690589
10	Burtibang Branch, Baglung	Mr. Laxman Gaynwali , Supervisor	068 410023

Regional Office Birendranagar , Surkhet

1	Narayan Branch, Dailekha	Mr.Sailendra Kumar Pandey , Senior Assistant	089 420457
2	Jahare Branch, Surkheta	Mr. Dil bahadur Rawal , Senior Assistant	9758002930
3	Birendranagar Branch, Surkhet	Mr. Surye Bharati , Assistant Manager	083 523342
4	Sallibazar Branch, Salyan	Mr. Prem Prasad Sharma chapagai Senior Assistant	081 621283
5	Chaurjhari Branch, Rukum	Mr. Upendra Gautam, Senior Assistant	088 401052
6	Jumla Branch, Jumla	Mr.Chulainath Kanwar Senior Assistant	087 520488
7	Manma Branch, Kalikot	Mr. Tek Bahadur Chhetri, Senior Assistant	087 440259
8	Dolpa Branch, Dolpa	Mr.Parmod Rijal, Senior Assistant	087 550118
9	Khalanga Branch, Jajarkot	Mr. Narayan Prasad Bhurtel, Senior Assistant	9857024212

Regional Office Kathmandu , Kathmandu

1	Galchhi Branch, Dhading	Mr. Suryemani Koirala, Senior Assistant	010 403017
2	Chhatrebajha Branch, Kabhrepalanchok	Mr. Ramchandralal Sherstha, Supervisor	011 685823
3	Dhikure Branch, Nuwakot	Mr. Gayan Bahadur Darlami, Supervisor	010 681339
4	Ramkot Branch, Kathmandu	Ms. Anjuli Kunwar, Assistant Manager	9847592230
5	Gagalphedi Branch, Kathmandu	Mr. Mohadatta Kafle, Supervisor	9845253623
6	Dachhinkali Branch, Kathmandu	Mr. Rishi Acharya Senior Assistant	9846197247
7	Thecho Branch, Lalitpur	Mr. Ananda Regmi Supervisor	9818146291
8	Tikathali Branch, Lalitpur	Ms. Bandana Gaynwali , Assistant Manager	9847029530
9	Chhaling Branch, Bhaktapur	Mr. Arjun Prasad Khanal, Supervisor	9847143602
10	Namdu Branch, Dolakha	Mr. Pitamber Nath Kanwar, Supervisor	9847079664
11	Nawalpur Branch, Sindhupalchok	Mr. Dhurba Ghimire, Senior Assistant	9845566023
12	Jethal Branch, Sindhupalchok	Mr. Hiralal B.K. , Senior Assistant	9844603684
13	Tripureshor Branch, Dhading	Mr. Babur Hamal Thakuri, Senior Assistant	9847040850



Central Office
Baluwatar, Kathmandu
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Nepal Rastra Bank

Microfinance Promotion and Surveillance Department

Letter No. La. Vi. Pra. Su. Vi. Gairsthalgat 6/1/071/72

Date: 2071/08/05

To,
Nirdhan Utthan Bank Limited,
Naxal, Kathmandu

Subject: **Approval for the publication of annual financial statements**

Messrs,

On conducting the non-field supervision based on that institution's audited Balance Sheet, Profit & Loss account, the appendixes related to both, the independent auditor's report as well as the long form audit report for the fiscal year 2013/14 (2070/71), the following directives have been issued to this bank:

1. To immediately put into action this bank's directives issued at the time of approving the publication of the annual reports of that bank for the fiscal year 2012/13 (2069/70), especially to conduct the quarterly GAP Analysis, to compulsorily collect credit information from local banks and financial institutions while providing loans of more than Rs. 50,000, to inspect proper utilization of loans and unavoidably include the report of the same in the respected file, and to publish the interest rates on lending/ deposits in the national level dailies.
2. To take into account an earlier instruction issued for the fiscal year 2012/13 (2069/70) which required the arrangements to reduce the average spread between the rates of interest on lending and deposits from a value of 11.38%. This fiscal year, the average value of the interest rate spread has increased even further to stand at 12.70% due to the bank's average rate of return and cost of fund being 18.33% and 5.64% respectively. It is required to adjust the same.
3. To only offer credit up to a value of 80% of the total enterprise cost in case of enterprise loans against the collateral as specified by the Article 4.2 of the bank's Credit Policies, 2013 (2069).
4. To arrange for the formation of the Board of Directors strictly according to the bank's Article of Association.
5. To clearly assert the appointment ratio and percentage criteria for selecting the staff through open contest, internal contest and work evaluation in the bank's Staff Service Guidelines.
6. While estimating its authentic liquidity as per the proviso no. 13.3 of this bank's "Directives for 'D' Class Micro-finance Institutions – 2014 (2071)", not to include the deposits made at other banks and financial institutions in arrangements to withdraw on demand.
7. To arrange for regular audits at all the branch offices as per the proviso no. 6.2 of the same directive issued by this bank.
8. To follow the instructions in the field inspection report – 2014 (2071).
9. To rectify the flaws pointed out by the auditor.

I would like to inform that approval for publishing the financial details of the fiscal year 2013/14 (2070/71) for the purpose of the AGM, subject to the condition that the above-stated instructions are mentioned on a separate page of the annual report, has been granted. Approval has also been granted for the distribution of bonus shares worth Rs. 9,60,00,000 or 40 per cent of the paid-up capital of Rs. 24,00,00,000 existing at mid-July 2014 (the end of Asar, 2071), cash dividends worth Rs. 2,40,00,000 or 10 per cent of the paid-up capital as well as taxation of Rs. 63,15,789.47 on bonus shares and cash dividends after the amendments to the institution's memorandum and manual for increasing the capital.

CC:
Nepal Rashtra Bank
Banks and Financial Institutions Regulation Department

Yours sincerely,
(Kamal Prasad Gyawali)
Deputy Director

Application Forum to appoint Proxy in General Meeting

To,
The Board of Directors,
Nirdhan Utthan Bank Ltd.,
Central Office, “Nirdhan Bhavan”, Bhagawatibahal, Naxal, Kathmandu

Subject: **About the appointment of proxy**

Messrs.,

Since I/ We, the resident/s of district
.....municipality/ VDC, ward no. myself/ ourselves is/ are unable to attend the 16th
Annual General Meeting to be held on 27th December, 2014 (12th Poush, 2071) and participate in the
discussion and decision-making processes in my/ our capacity as a/ shareholder/s of that company, I/
we have hereby appointed as proxy Mr/ Mrs/ Miss.....,
the resident of districtmunicipality/ VDC, ward no. with the shareholder
identity no. of that company to participate and vote in the meeting on my/ our behalf.

Applicant,

Signature:

Name:

Address:

Shareholder Identity No.

Date:

(PS: A proxy has to be a shareholder of this bank and not otherwise. This application has to be registered at the company's central office at Bhagawatibahal, Naxal of Kathmandu at least 48 hours before the Annual General Meeting kicks off)

Notes :

Unofficial translation, original in Nepali



Start of Center Meeting – Lahan Branch Office



Commercial Cow Farming- Client of Janakpur Branch Office



Client at Own Orange Farm- Galyang Branch Office



Clients Operating their Project- Waling Branch Office

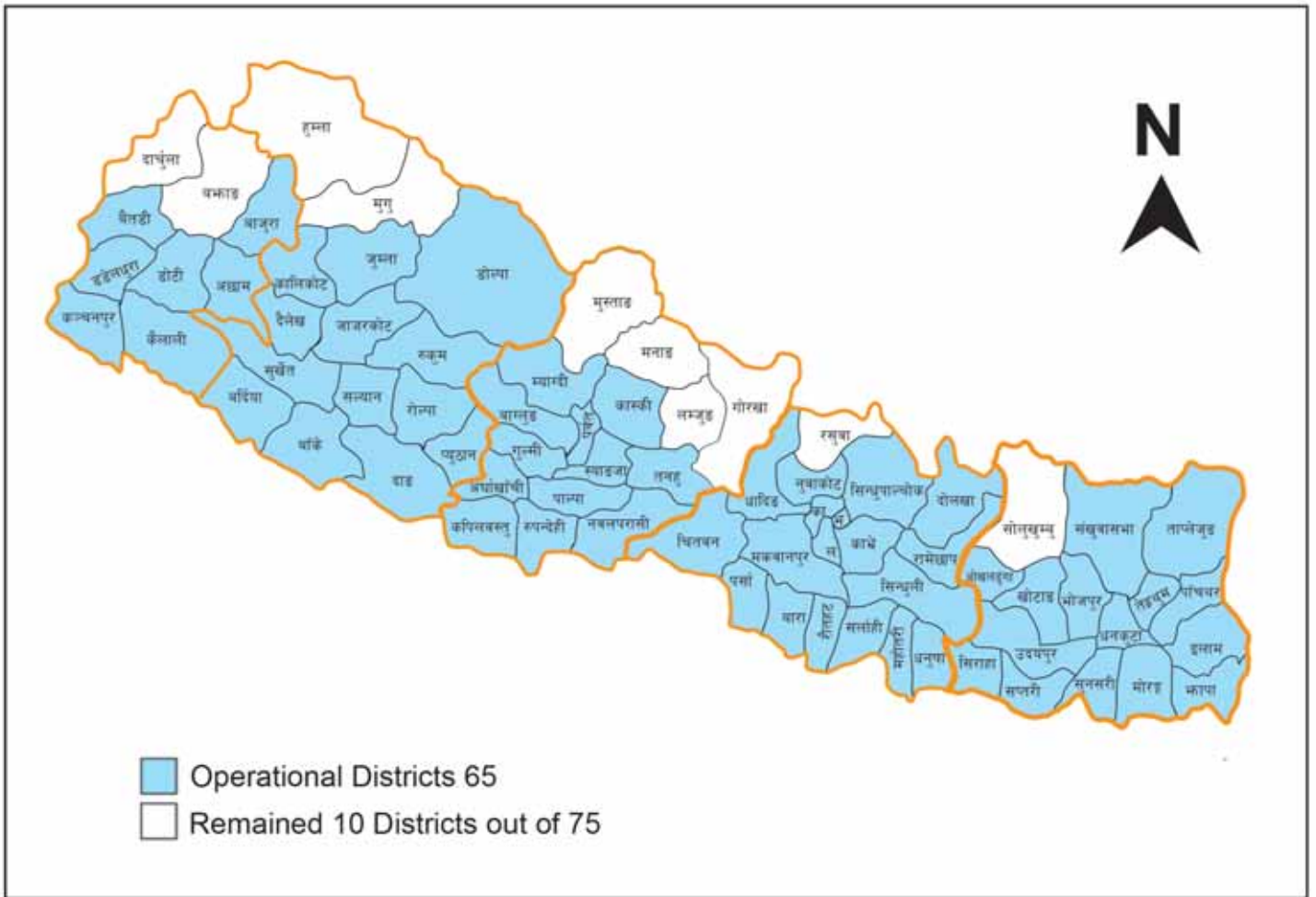


Commercial Vegetable Farming- Clients of Barahathawa Branch Office



Closing of Center Meeting- Dolpa Branch Office

Working Area of NUBL



निर्धन उत्थान बैंक लिमिटेड
NIRDHAN UTTHAN BANK LIMITED

('D' Class Financial Institution Licensed by Nepal Restr Bank)

Central Office, Kathmandu

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