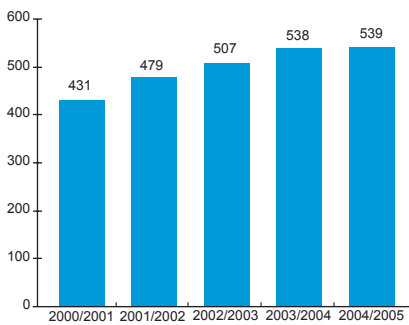


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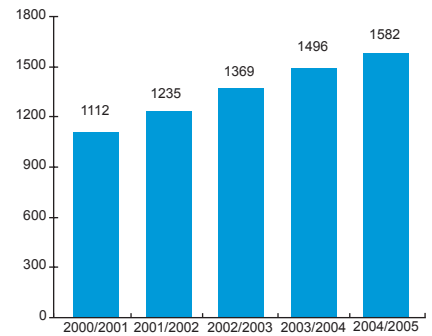
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Financial Highlights

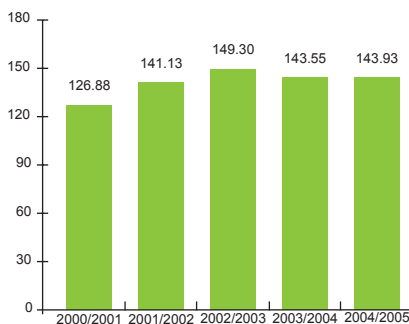
Profit after Tax
NPR Million



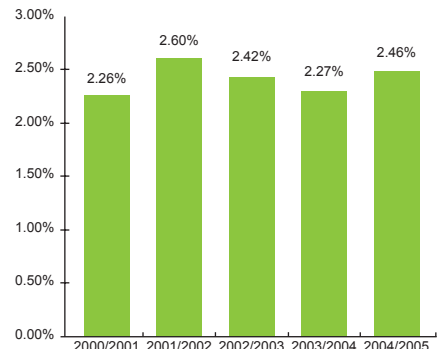
Total Shareholders' Equity
NPR Million



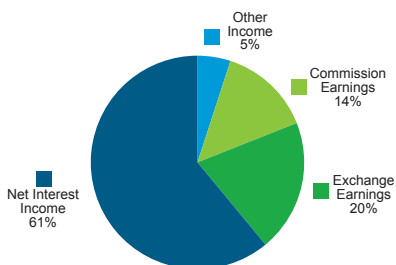
Earning Per Share



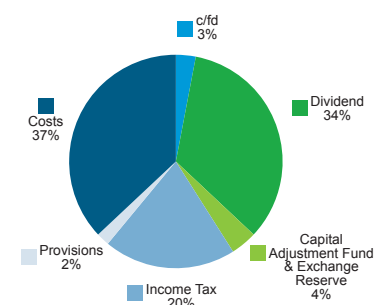
Return on Total Assets



Income by Type



Application of Income



Board of Directors



Mr. Jaspal Singh Bindra (Chairman)
Standard Chartered Bank
General Manager, South Asia



Sujit Mundul (Director)
Standard Chartered Bank
Chief Executive Officer
Standard Chartered Bank Nepal Limited



Shantanu Mitra (Director)
Standard Chartered Bank



Sanjeev Agrawal (Director)
Standard Chartered Bank



Niranjana K. Tibrewala (Director)
Nepalese Public Shareholders

Company Secretary
Mr. Krishna K Bhattarai

Auditor
T.R. Upadhyay
T.R. Upadhyay & Co.
Chartered Accountants

Chairman's Statement

I am delighted to report on another year of successful performance for Standard Chartered Bank Nepal Limited for the financial year ended 15 July 2005. The Bank has done well in terms of revenue growth and continued to maintain the bottom line despite the challenging environment facing the country, which is indeed an achievement in itself.

Risk Assets increased to Rs. 8.1 billion (up by 27%)

Operating Profit (Before provisions and Tax) rose by 4% to Rs. 828.2 million compared to Rs. 797.1 million in the previous year.

Your Bank was able to sustain the growth achieved and was able to deliver on its promise by improving its profit performance. Our commitment to our shareholders to deliver superior returns has been the motivation in driving our performance. It is a testimony of the resilience of our organization in terms of our management, people and business.

Results — A synopsis

A consistent performance

An increase in the net profit after tax of 0.3% over last year to Rs.539.2 million is commendable in the current business environment. Earning per share was Rs.143.93 as compared to Rs.143.55 last year. Return on shareholders' equity stood at 34.07% as compared to 35.96% last year primarily on account of the increase in the capital base.

As a result of the Bank's consistent high performance it has been one of the highest contributors to His Majesty's Government's exchequer and the Bank's tax contribution for this year is Rs.259 million as compared to Rs.236 million in the last year.

In accordance with the statutory requirements, the Board recommends a transfer of Rs. 37,464,040 to Capital Adjustment Fund and Rs. 15,462,941 to Exchange Fluctuation Reserve from current year's profits.



Our Tier 1 and Tier 2 Capital Adequacy Ratios were 13.81% and 2.04% respectively with an overall ratio at 15.85%. Our capital position is more than adequate and exceeds the current Nepal Rastra Bank's capital adequacy requirement of 11.00% and also exceeds the international norms.

A challenging environment

The financial year 2004-2005 continued to be a challenging year from the perspective of security and development, similar to that of financial year 2003-2004. The ongoing unrest has affected the expansion of key sectors viz. infrastructure building, education, health, drinking water etc. It has also affected consumer confidence. Unfavourable weather conditions, slackness in international trade and a slowdown in the tourism and transport sector have resulted in a less than satisfactory improvement in business conditions in FY 2004-2005.

The attempts of His Majesty's Government for successful implementation of past policies,

institutional reforms and development and implementation of additional reform measures like economic reforms, legal reforms etc. proved to be helpful to a certain extent.

Nepalese economy in FY 2004-2005 is estimated to have registered a growth rate of 2.0% against 3.3% achieved in FY 2003-2004. Agriculture and non-agriculture GDP are estimated to have grown by 2.8% and 1.6% as against a growth of 3.9% and 2.9% respectively achieved by these sectors in FY 2003-2004. The reduction in economic growth rate is attributed mainly to both internal and external unfavourable events, inclement weather conditions and deceleration in the construction, trade, hotel and restaurant sub sectors.

The revised estimate of total government expenditure for FY 2004-2005 is Rs. 100.94 billion. This consists of recurrent and capital expenditure of Rs. 63.12 billion and Rs. 25.17 billion respectively in addition to debt servicing of Rs. 12.65 billion.

Chairman's Statement

Such expenditure in the previous FY totalled Rs. 89.44 billion with recurrent and capital expenditures of Rs. 55.55 billion and Rs. 23.10 billion respectively in addition to debt servicing of Rs. 10.79 billion. Out of the total expenditure, development expenditure is estimated to total Rs. 34.67 billion, which is 11.9% higher in comparison with that of FY 2003-2004. Revenue for the government is estimated to have increased by 14.7% to Rs. 71.32 billion in FY 2004-2005.

The average Price Index is expected to increase by 4.3% in FY 2004-2005, which had increased by 4.0% during the last fiscal year.

Performance of the foreign trade sector witnessed a decline from the previous year. Exports during the first ten months of FY 2004-2005 increased by 5.3% as against an increase of 7.2% recorded during the corresponding period of FY 2003-2004. There has, however, been a negative growth of 4% in imports during the first ten months of FY 2004-2005 in comparison to a growth of 7.8% achieved during the same period of FY 2003-2004 indicating growing signs of weakness in the economy.

Total foreign exchange reserve in the banking system is estimated to be Rs. 130.33 billion by the end of FY 2004-2005. The overall reserve is considered sufficient to cover the import of goods for 11.9 months and import of goods and services for 9.7 months.

Through the period of FY 2004-2005, the Nepali Rupee appreciated by 5.12% against the US Dollar, consequent to a similar appreciation in the Indian Rupee (against USD) with which the Nepali Rupee has a fixed parity of 1:1.6

In the recent budget announcement, a macro-economic growth rate of 4.5% is projected for the FY 2005-2006 with an increase of 4% in agriculture and 4.8% in non-agriculture sectors.

Corporate Governance

We are committed to ensuring the integrity of governance, with particular emphasis on controls, management systems and strategy.

As Chairman, one of my most important responsibilities is to ensure proper governance. Good governance is the assurance to our shareholders of a well-run organisation. We believe good governance provides clear accountabilities, ensures strong controls, instills the right behaviours and reinforces good performance.

We strictly adhere to the directions of the local regulatory authorities regarding the strength of our Board and the Group places great importance on the quality of the Directors that are appointed to the Board.

There have been no significant changes in the Board since last year. Standard Chartered Group holds 75% and the Nepalese public holds 25% shares in Standard Chartered Bank Nepal Limited. Currently, Mr. Sujit Mundul, CEO Nepal, Mr. Shantanu Mitra, Mr. Sanjeev Agrawal and myself, Jaspal Bindra, represent the Standard Chartered Group on the Board of Standard Chartered Bank Nepal Limited.

I have been assigned by the Standard Chartered Group to take the responsibility of Director on the Board replacing Mr. Christopher Low, with effect from 17 March 2005. Mr. Low has been assigned with the responsibility of another country outside of this geography. Mr. Niranjana K. Tibrewala continues to represent the public shareholders in the capacity of a Public Director since his election at the 17th Annual General Meeting of the Bank held on 8 January 2004. On behalf of all the Board Members, I would like to thank Mr. Christopher Low for his valuable contribution to the success of the Bank in the capacity of the Chairman of the Bank till 16 March 2005.

In conclusion

Our primary focus is on performance. We have demonstrated that we have the ability to consistently deliver performance in spite of a challenging environment both locally and internationally.

Our success is attributed mainly to the strength of our management and the wealth of talent and dedication that we have amongst our people.

The continuous support and encouragement from our shareholders helps us grow our business. The constant guidance under the high governance level of the Group helps us conduct our business with a firm control on risks. The steps being taken by HMG, Ministry of Finance and the Central Bank to provide a sound financial system in the country is very encouraging. The trust and confidence of our customers has given the Bank a lead position in the country and brought the Group closer to its aspiration to be the World's Best International Bank, Leading the Way in Asia, Africa and the Middle East.

For this, on behalf of the Board I would like to thank all our stakeholders.

This year we have maintained our good performance and we have confidence that this performance will continue, as we focus on our markets, our products, our service and our people.



Jaspal Singh Bindra
Chairman

Directors Report

The Directors present their report together with the Balance Sheet and statement of Profit and Loss for the year ended 15 July 2005. The report is in conformity with the provisions of the Company Act, 1997 and the provisions of the BFI ordinance including the directives issued by the Nepal Rastra Bank.

Financial Results

	In Rs. '000s		% Change
	15 July 2005	15 July 2004	
Operating Profit (Before Provisions and Tax)	828,230	797,109	3.9%
Transfer to General Loan Loss Provision	30,082	23,517	27.9%
Provision for Tax	258,944	235,793	9.8%
Net Profit After Provision and Tax	539,204	537,800	0.3%
Transfer to Statutory Reserves	-	70,183	-
Transfer to Capital Adjustment Fund	37,464	37,464	-
Proposed Dividend	449,568	412,104	9.1%

The Bank is pleased to announce that despite the challenging business environment prevailing in the country during the year, your Bank has registered an impressive growth of 27% on Risk Assets. Net profit registered a growth of 0.26% during the year to 539.20 million from Rs. 537.80 million in the preceding year.

There is a significant increase of 27% in the volume of risk assets as compared to last year (i.e. from 6.4 billion to 8.1 billion). The Bank has been able to manage the credit portfolio better as the loan loss provision has come down from 284 million last year to 277 million this year. The ratio of Non-performing credit to total credit has come down from 3.77% to 2.69%, which is amongst the best in the industry. The provisions made are adequate to cover all the potential credit losses of the Bank as of the balance sheet date.

After appropriation to capital adjustment fund (Rs. 37.46 million), transfer to exchange fluctuation reserve (Rs. 15.46 million) and proposed dividend (Rs. 449.57 million), total retained earnings as at 15 July 2005 stood at Rs. 251.34 million.

Representation

As at 15 July 2005, the Bank maintained 12 points of representation, 8 branches and 4 extension counters. Due to growing security concerns, our performance had to close two of our

branches, one at Arghaun and the other at Duhabi, in this fiscal year. Considering the need of the market and the convenience of our customers, we opened one new branch at Dharan. We have plans to further increase our footprints but these will be entirely dependent on conducive security and economic condition of the country.

To further extend our reach and for the convenience of our customers, we have installed a new ATM at Lalitpur taking our total ATM network in this fiscal year up to 10. Subsequent to the reporting period, we have added one new ATM at Pokhara.

Domestic and international factors affecting business

The country has witnessed another year of political uncertainty and ongoing insurgency. The tragic incidence of beheading of Nepalese workers in Iraq led to a week long curfew paralysing major urban centres. To stop the deteriorating law and order situation in the country, His Majesty declared a state of emergency on 1 Feb 2005, and took personal leadership of the government. The economic blockade that followed presented trying times for businesses. These developments have directly affected the state of the economy resulting in a reduced GDP growth and compression of total imports. The biggest casualty of these developments and reportage in the international media has been tourism,

which plays a critical role in the economy. Tourist arrivals, which had been showing some signs of rebound, sagged again putting further financial strain on hotels and tourism related businesses.

There are other challenges. The impact of surging global oil prices was not felt by the economy in the year under review, as the Government has not passed on the burden by way of price hikes after an initial revision was announced in January this year. Oil and commodity prices are expected to remain high leading to inflationary pressures during 2005-2006.

The rising trend of workers migrating for foreign employment has been a positive economic factor in these trying times. There has been a sustained growth in inward remittances adding to the country's foreign exchange reserves. The consequent build up of surplus liquidity in the banking system has, however, affected the domestic interest rates to move downwards thereby compressing margins for the banking sector.

On the positive side, the remittance flow has lent buoyancy to the disposable income in the hands of a growing middle class, leading to an upsurge in the consumer finance market. This has witnessed a number of new entrants with attractive schemes.

Directors Report

The pressure on interest margins; continuing lack of safe investment opportunities; increasing level of Non Performing Assets in the financial sector; with no growth in trade volumes, has meant a highly competitive environment leading to an adverse impact on profitability of banks. It has been a tough challenge for the Bank's management to maintain the profit growth in this environment.

Corporate & Institutional Business

Owing to the prevailing business environment, this has been a very difficult year for our Corporate & Institutional customers. The focus has been to keep a close watch on the credit quality of our portfolio resulting in an insignificant amount of fresh provisioning even in these difficult times. The successful restructuring of a problem exposure in the hotel industry achieved last year has again run into difficulty under the prevailing circumstances.

The Bank has been able to capitalize on opportunities presented by international trade transactions undertaken by State owned enterprises. Bringing in the expertise of the Standard Chartered Group in international trade, we have been able to provide a structured solution to facilitate the sugar export of 9000 Metric Tonnes to European Union from Nepal, a deal of national importance. An innovative forfaiting transaction has been structured to facilitate import of capital equipments on deferred payment terms in the growing telecom sector. Amongst new products launched in the market, Quick Collections Services, Quick Payment Services, Chequewriter have received a good response owing to their added convenience and efficiency to our corporate customers' banking needs.

Despite a challenging business environment, we have been able to maintain revenues from this segment without a rise in the provisioning

requirement on non-performing assets. The Bank has been successful in nurturing a healthy risk asset portfolio with relentless efforts on maintaining sound credit quality.

Consumer Banking

Consumer Banking is a business on the move, getting more innovative every year. It continues to grow its revenue base on the back of good asset growths, supported by the changing demographic pattern caused by the growing remittances from Non Resident Nepalese.

In the FY 2004-2005, along with an array of challenges we have had some achievements in our Consumer Banking segment. We have delivered on our promise by setting up a branch at Dharan and also installed two new ATMs. Our challenge is to invest at the right pace, at the same time, increase productivity and innovation.

The Xtra Banking introduced in our Kantipath branch through its extended banking hours 365 days a year in 2002, continues to assist in providing service excellence. Owing to its success we had extended this service from our Lalitpur Branch in 2004 and have further extended this service from our Pokhara and Biratnagar Branches in 2005.

Innovative products set us apart from the competition and delight our customers. Under the Credit Card Scheme, we have introduced a new product called InstaBuy and this is gaining momentum. Further, we have revised and repackaged our earlier products i.e. Personal, Auto & Home Loans to make it more attractive to our valued customers.

As we believe that our customer's time is valuable, we have placed information in the hands of our customers before they ask for it! We call this our "SMS Push Service". Our all-new SMS Banking updates our customers with information on their bank account, loan account or credit card account.

With the aim to meet an increasing need of our valued customers, our Priority Banking Unit has expanded its 'home banking' facilities. We have also strengthened our Priority Banking Unit in order to remain focused in our commitment to provide superior service.

Despite the fall in tourist arrivals, our credit card acquiring business has performed satisfactorily owing to the vast spread of our merchant network.

We are committed to provide truly international consumer services to our customers. To this effect, we are constantly reviewing our processes, structure and strategy that is commensurate with the expectation of our customers and market dynamics.

Various initiatives and events were held in order to recognize and pay respect to our customers who have been very supportive to the Bank. On similar lines, events were held to recognize our colleagues from the Bank who have been pivotal in delivering superior customer service.

Awards and achievements

At Standard Chartered we believe human endeavour knows no bounds. It is the spirit of achievement and the constant inspiration we receive from our stakeholders that drives us towards success.

As a result of this, you will appreciate that your Bank has been the recipient of three most prestigious awards in the country in this financial year. With these awards and recognitions we further reinforce our commitment to deliver excellent services to our stakeholders in the days to come.

Nepal Rastra Bank - A citation for outstanding performance

On the occasion of their Golden Jubilee, Nepal Rastra Bank chose to felicitate your Bank from amongst all the other commercial banks for outstanding performance and have presented the Bank with a citation.

Directors Report

FNCCI National Excellence Award 2003-2004

On the occasion of the National Industry and Commerce Day in March 2005, the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) conferred to your Bank the 'National Excellence Award' for the year 2003-2004 (2060-2061) from amongst all the commercial enterprises in the country.

Best Commercial Bank 2003-2004

Annually the Boss Top 10 Excellence Awards recognize passion for business excellence and the spirit of entrepreneurship. For the second consecutive year your Bank was adjudged the 'Best Commercial Bank' for 2003-2004 by the 2nd Boss Top 10 Business Excellence Awards.

Future plans

The economic growth of Nepal has been stagnant and current business sentiment shows no improvement. This with additional international challenges like the rise in the global oil prices can further affect the economic growth of the country. Tourism, a mainstay of the economy could be further affected as a result of continuing adverse publicity.

In spite of such difficult conditions your Bank has been able to maintain its good performance. We will endeavour to continue to maintain our performance and return to our shareholders.

The paradigm of prudent banking under these circumstances dictates us to maintain the strong capital adequacy and liquidity position inherent in your Bank's balance sheet to provide the capacity and flexibility to address potential strains that the economy may undergo in the days ahead. Moreover, the capacity will make your Bank better equipped to take advantage of good credit opportunities when the economy starts reviving.

Our main objective in the near term would be to protect our revenue lines by providing solutions to our customers through value added and structured products at competitive pricing.

In line with our brand promise to be The Right Partner, we believe that service will be a differentiator for us to maintain our competitive edge in an increasingly competitive banking industry. For this to build our service culture and processes we will continue to drive our Outserve initiative in a focused manner

Keeping in mind the changing market conditions and customer preference, we are currently in the process of upgrading our IT platform from the BBS system to eBBS.

Increasing our footprint and ATM network will be determined by the market conditions and customer needs. We will continue to invest in our people, processes and systems so as to improve our quality of service for customer delight. For our communities we will endeavour to make a real difference with longer-term projects in this area. We will consciously drive and maintain our high level of governance. For our shareholders we shall drive to continue providing them with superior returns.

Auditor

T.R. Upadhya & Company, Chartered Accountants, appointed by the 18th Annual General Meeting of the Bank held on 7th January 2005 will retire as Auditors at the ensuing meeting and will be eligible for reappointment in accordance with the Bank and Financial Institutions Ordinance, 2061.

Dividend/Bonus

The Board hereby recommends payment of a cash dividend for the year ended 15 July 2005 at the rate of one hundred and twenty rupees per share. (i.e. 120%)

Awards and Achievements At Standard Chartered we believe human endeavour knows no bounds. It is the spirit of achievement and the constant inspiration we receive from our stakeholders that drives us towards success.

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Our Approach to Corporate Responsibility

Standard Chartered has a strong tradition of supporting the communities in which we operate. We understand we have a direct impact on the community through our operations and indirectly through our business activity and we are committed to treating our employees and customers fairly. Standard Chartered is trusted within our territories and we are dedicated to making a difference.



Inauguration of Dharan Branch by Jaspal Singh Bindra



Launch of new product-InstaBuy



Inauguration of ATM at Lalitpur by Sujit Mundul

Our aim is to ensure that Our Corporate Responsibility aspirations are aligned with our business strategy. We want to:

- Make sure that what we do as a business is closely linked to the needs of communities.
- Understand better how our skills, products and services can be used in the course of normal business to assist communities and economies to develop and to protect the environment.
- Understand how our objectives line up with those of our stakeholders.

Serving our customers

We want to be renowned for excellent customer service across Asia, Africa and the Middle East. In line with our Brand promise to be The Right Partner, we believe that service will be a differentiator for us in an increasingly competitive banking industry.

Keeping this in mind, we began a series of internal initiatives in 2004 to build our service culture and processes. We call these initiatives Outserve and we believe it will have a profound impact on our shareholder value.

Customers trust us to work according to our values and we work hard to offer the right products to the right people.

We are committed to providing banking to development organizations and helping them to work effectively in our operating territories. We are privileged to be providing services to the major aid agencies, development institutions and non-governmental organizations in the country. Our key area of expertise and advantage is the efficient transfer of funds due to the wide global network we have.

Sustainable lending

Our social and environmental risk policy is designed to ensure that these

Our Approach to Corporate Responsibility

issues are evaluated in all decisions our business managers take. For this in 2004, we completed the training to all our relationship managers to help them identify these types of risk.

Working with communities

We are proud to have built strong community programmes at the Bank. Going forward, we want to be more focused about the projects we support. We want them to achieve lasting benefits for the communities they affect, offer a real chance to our employees to become involved, create opportunities for us to form partnerships with appropriate development organizations and to engage our customers. For this purpose, we have established a 'Believing in Life' Committee within the Bank by representation of staff from the various functions of the Bank.

We support projects that address youth, health and education. Making a difference is now almost second nature to our employees, or part of business as usual, and through the partnerships we form whether with NGOs or our customers – we aim to deliver projects that last the course of time.

Our two global community programmes – 'Seeing is Believing' and 'Living with HIV' – underwent important developments in 2004 and they are becoming more focused and ambitious.

Seeing is Believing

More than 45 million people around the world are thought to be blind, the majority living in the developing world. The real tragedy is that some 80% of this blindness is estimated to be avoidable or treatable.

Seeing is Believing started as a relatively small local community project within Standard Chartered and the Group then decided to make it a global programme in 2003 and set a target of raising funds enough to restore the sight of 28,000 people, or one

person for every Standard Chartered employee. In the end we exceeded this and raised enough to restore sight to 56,000 people.

With this success the Group has made this project more ambitious and aims to restore sight to one million people by 2006. All countries are conducting fund raising programmes for this purpose. Seeing is Believing has triggered an amazing response from employees of the bank. Although we have not measured time given up by staff for this project it is estimated that every member of staff has given up at least one day of their time voluntarily.

On World Sight Day in 2004, our Bank took an initiative to bring some joy and light into the lives of blind children. Education and fun material (audio) were bought for 20 schools from an NGO, The Family Volunteer Services and handed over to the Nepal Association for the Welfare of the Blind to be distributed to 20 schools in various parts of Nepal.



Eye camp for cataract operation-Seeing is Believing

On the initiative of our Bank an eye camp was conducted on 24 July 2004, for needy people in villages near Bhairahawa with the local eye hospital there, Shree Rana Ambika Eye Hospital where we sponsored 70 cataract operations and our staff also participated in the camp.

Tilganga Eye Centre organized free eye camps from December 29 to January 4 at 23 villages in Janakpur whereby more than 5,000 needy people received free eye check-ups.

812 patients from these places requiring cataract surgeries were operated at Janaki Eye Hospital in Janakpur. In line with our Seeing is Believing initiative the Bank sponsored 730 intra-ocular lenses for the surgeries. These initiatives were supported by the funds collected through a Walkathon conducted by the staff of the Bank in March 2004. With this contribution, the Bank and the staff are happy to have been instrumental in restoration of eye sight and made a difference to over 1200 people in Nepal.

Living with HIV

Living with HIV is an important project for Standard Chartered. It is mostly a peer-to-peer education project. Its aim is to spread understanding of the HIV virus and the symptoms of AIDS to our employees, their families and the communities in which they live. We want to reduce the stigma attached to HIV and AIDS so that more people can learn about prevention and take advantage of testing and treatment. Living with HIV is borne out of commercial imperative – the need to maintain a healthy and stable workforce.



World Aids Day - Staff selling goods produced at rehabilitation center for PLWHA and Staff conducting Living with HIV workshop for customer

On World AIDS Day in December 2004, as a demonstration of care and support to people living with HIV and

Our Approach to Corporate Responsibility

to spread awareness the Bank and the employees took a few initiatives.

All the staff wore the Red Ribbon and the goods produced by people living with HIV/AIDS at a few rehabilitation centres were brought to the Bank and with an overwhelming response from the staff were sold out immediately. The Bank also donated a TV and a sewing machine to 2 HIV/AIDS rehabilitation centres. Our staff visited these centres and handed over these items.

In the first half of 2005, three workshops for about 75 people were conducted by two of our champions. Two were conducted for new staff of the Bank and one for the staff of British Gurkhas Overseas Services (P) Ltd. (BGOS), a registered recruiting company recruiting manpower in Nepal for placements in luxury cruise liners worldwide in the capacity of security personnel and hotel staff. BGOS will now be including contents of this Living with HIV program in the Induction Training for their joining crews. For this the Bank has provided them with the required materials and expertise to assist them set up their own workplace programme and champions network.

Our focus on youth, health and education

In line with the Bank's focus on youth and education, the Bank continued its support to the deserving students of Shree Mahendra Shanti High School in Bhaktapur through VISCOSS – Nepal. These scholarships were given away



Scholarship to students of Shree Mahendra Shanti High school in Bhaktapur.

during the National Children's Day celebration last year by Chris Low, CEO India Region and the then Chairman of the Bank at a function in the school at Bhaktapur. As on going involvement in the community and our focus on health and for needy people in July last year, the Bank donated two wheelchairs to the Spinal Injury Rehabilitation Centre at Jorpati.



Donation of wheel chairs to Spinal Injury Rehabilitation Centre, Jorpati

Learning of the floods that hit many districts of the country, the Believing in Life committee organized a donation drive to collect relief materials in cash or kind. As a result 21 boxes of old clothes and utensils and some cash were collected from which blankets were bought. Staff of the Bank visited Nepal Red Cross Society and handed over these relief materials to them to be further distributed to the flood victims.

Illuminating the darkness with a ray of hope for the Tsunami victims. In response to the unfortunate Tsunami, a sum of NPR 150K was collected as donations from the staff and the Bank for the unfortunate people that suffered the impact in our closest neighbouring countries of India and Sri Lanka, NPR 100K was donated to the victims in India through the Standard Chartered Tsunami Relief Fund in India and NPR 50K donated for the Orphans of Sri Lanka.

Educational tour of the Bank

As an effort to impart education on basic banking, the Bank's branch in Pokhara invited 30 management

students from nearby Management College in the branch for an educational tour in March 2005. This tour gave the young students an insight into the real banking activities and they were also briefed about the products and services dealt by the Bank/branch.



Education tour of the Bank for management students at Pokhara Branch

During our biggest festival Dashain last year, the Bank brought some cheer and happiness into the lives of some elders and children away from their families and home.

In Kathmandu, the Bank distributed some toys, clothes, food and fruits to the children at the Child Protection Center (Bal Samrakshan Griha) at Siphel and food and fruits for about 200 elders at the Old Home (Vridha Ashram) at Pashupati. At Bhairahawa the Bank donated some blankets and food to elders housed at the Om Sai Bridha Ashram. Few staff of the Bank personally visited these homes and handed over these goods to the children and the elders.

Our People

We are committed to attracting and developing talented people, providing the skills and resources necessary to succeed across our diverse markets, and rewarding them with competitive incentives and opportunities to maximize their potential within the Bank.



Honoring Sujit Mandal & Rajib Giri with Long Service Awards



Recognizing and awarding Adarsha Bazgain for "Living the Value"

Loyalty Award to Ujjwal Dixit - Loyalty week

The recognition and awards conferred to the Bank are a testimony to the Bank's apt and committed workforce. It further highlights the Bank's continuous focus and contribution to the development of its people by investing in various learning and developmental programmes.

Our approach to people management is supported by key processes revolving around three themes vis. Know me, Focus me, Care about me. These provide a consistent framework for management practices and policies. The following are amongst the few of our approaches:

- A focus on talent management to identify, reward and retain talented employees.
- Building a strengths-based organization, providing the skills to develop individuals and teams.
- Providing an environment and culture where every employee feels highly engaged and which supports the achievement of our challenging business goals.

Attracting and retaining the best talent

We want to lead by example in building a multi talented, diverse and representative workforce and leadership. The Bank has a robust recruitment process and standards which provides a leading edge method of attracting and recruiting talented graduates. Successful candidates are trained through on-the-job learning and on-going performance coaching and mentoring.

As at 15 July 2005 in Nepal, full time equivalent staff in the Bank totaled 335 as compared to 317 last year, the current ratio of male to female being 61:39.

Helping our people to make a difference - we work alongside our employees to help plan their careers through our

Our People

talent development programme, which includes personal development plans, mentoring, structured learning and career development moves.

Playing on strengths & creating winning teams through engagement

Strengths - based approach lies at the core of Standard Chartered's people development philosophy. We encourage managers to identify and develop individual's strengths, to help themselves and their teams to deliver sustainable performance.



Staff engagement programmes- Living the Russh at Pokhara

We believe that providing employees with the right work environment encourages the application of their individual talents and discretionary effort. Investing in employee engagement is a key element of building the high-performance culture to drive our business forward.

An engagement tool, Living the Russh (LTR) program was successfully rolled out to all our staff in September 2004. At this program, besides various games, presentations, videos, the Strategic Intent and the Bank's Ambition was shared and reiterated to them.

Several in-house training sessions were held amongst staff on a regular basis. Besides these, there were total of 11 external training programmes/ workshops/ short-term placements in Standard Chartered Bank India during 2004-2005. This was equivalent of 137 man-days and was benefited by 22 staff. In total, 1,468 man-days were spent on learning and developmental activities.

Our Organisation Learning function and One Bank curriculum help employees

take responsibility for their own personal and professional development and learn consistently across our markets.

In order to provide exposure to staff in various extra curricular activities, they are provided with the opportunities to participate in various events of interest to them. Amongst others, the Bank has participated in two corporate cricket tournaments, inter-bank volleyball tournament, corporate snooker tournament and Go-Kart Race 2005.

The Bank has always prized its people as the most talented, dedicated and engaged people in the market. The level of engagement of our staff has been shown from the good score obtained in the Gallup Q12 Survey. In addition to employee engagement, the bank is focusing on talent development with the help of 5 tools – Engagement Review, Strengths Finder, Performance Management, Individual Learning & Development Plan and Career Management.

Leadership and executive development

Our leadership model for senior employees involves a range of development and assessment programmes. These include individual leadership plans focusing on personal contribution to our business, developing strengths, identifying learning opportunities and mentoring.

Raising the performance bar

Our performance management system provides an objective view of employee performance. This includes not only an assessment of performance against objectives but also how they were accomplished. The Bank's values form part of the annual objective setting and appraisal process.

Differentiating and recognizing high performance

We are committed to providing compensation and benefits competitively positioned to attract, retain, and motivate talented individuals. Consistent with our values, base salaries, bonus and share

awards are benchmarked against our key competitors, focusing on high performing employees. High performers are recognized and rewarded appropriately as decided by the Bank's Management Committee.

Spot awards and value certificates are awarded on a regular basis to staff making significant contributions and exhibiting exemplary behaviours.

With the aim to recognize the contributions imparted by our long serving staff, a total of 79 long service awards were given away in this fiscal year. 41, 16 and 22 staff members were awarded for having completed 5, 10 and 15 years of service respectively in the Bank. It was an honour for us to have got an opportunity to recognize our CEO, Mr. Sujit Mundul, with a long service award for having completed 30 glorious years with the Standard Chartered Bank.

During the month of May, Loyalty Week- an event to recognize our long-term customers and staff was celebrated. It was an endeavour to recognize both our long services as well as our loyal staff members. 18 staff were presented with an appreciation letter for having completed more than 17 years of service with the Bank whilst six staff were acknowledged with the Loyalty Award. A quiz competition organized by the Bank for its staff members also saw three of its staff walking away with attractive gift hampers.

With all this, we believe we are right on track to be an 'Employer of Choice'.



Staff celebrating Holi at the New Baneswore Branch

Our Approach to Corporate Governance

We believe that good governance and good performance reinforce each other. The Bank's operations are conducted on a very good organizational structure suitable both internally as well as for our customers.



Sujit Mundul receiving a citation from the Governor of NRB Mr. B.N Bhattarai on behalf of the Bank

Management Committee

The Management Committee is formed with the representation of all Business and Function Heads of the Bank. The strategies for the Bank are decided and monitored on a regular basis and all Management decisions are taken jointly by this Committee.

Through its risk management structure the Bank seeks to manage efficiently the core risks: credit, market, country and liquidity risk that arise through the Bank's commercial activities whilst business, regulatory, operational and reputational risk are normal consequences of any business undertaking.

Credit Risk

Credit risk is the risk that a counterparty will not settle its obligations in accordance with agreed terms. Credit exposure includes individual borrowers and connected groups of counterparties and portfolios, on banking and trading books. The Bank has well defined policies on this and has a Credit Risk Management Committee within the Bank which meets at regular frequencies to review and monitor the Bank's Assets Portfolio. All our relationship managers undergo a training to be well versed and equipped on this subject.

Liquidity Risk

The Group defines liquidity risk as the risk that the bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive costs.

It is the policy of the Group to maintain adequate liquidity at all times, in all geographical locations and for all currencies. An Asset/Liability Management Committee meets at regular intervals to review the Deposit/Investment strategy of the Bank and Regulatory compliance.

Operational Risk

Operational Risk is the risk of direct or indirect loss due to an event or action resulting from the failure of technology, processes, infrastructure, personnel, and other risks having an operational impact. To ensure that the key operational risks are managed in a timely and effective manner, a framework of policies, procedures and tools has been established within the Bank to identify, assess, monitor, control and report such risks.

A Central Operational Risk Committee meets on a monthly basis to review and monitor the operational risks. All our employees have undergone an

eLearning course to understand and for increased awareness of these risks.

Reputational Risk

Reputational Risk is the risk of failing to meet the standards of performance or behaviour required or expected by stakeholders in commercial activities or the way in which business is conducted. Reputational Risks arise as a result of problems occurring in one or more of the Primary Banking Risk areas and/or from Social, Ethical or Environmental Risk issues.

We have increased the awareness amongst our staff in the area of Reputational Risk by making each of them undergo an eLearning course on this subject in the first quarter of 2005. A Reputational Risk Committee within the Bank has been established which meets at a regular interval to review and monitor this risk.

Audit Review Committee

An Audit Review Committee under the Chairmanship of a Non-executive Director and consisting of a Director representing the public and other senior managers of the Bank, meet periodically to review the Bank's financial condition, its internal controls, audit programme, and upon detailed discussion on the findings of the internal audit, issue necessary guidelines to the management of the bank.

HR - Compensation and Reward

A Committee comprising of the Members of the Management Committee determine the compensation policy for the Bank and its implementation.

Crisis Management

The Bank has in place a Crisis Management Plan and a Country Crisis Management Team to manage and resolve effectively serious crises that may affect the operations of the Bank. In addition to this the Bank has a detailed Business Continuity Plan to manage disruptions of operations and

Our Approach to Corporate Governance



Members of the Management Committee with the National Excellence Award from FNCCI



Interaction with Regulators

Through its risk management structure the Bank seeks to manage efficiently the core risks: credit, market, country and liquidity risk that arise through the Bank's commercial activities whilst business, regulatory, operational and reputational risk are normal consequences of any business undertaking.

The Bank has in place a Crisis Management Plan and a Country Crisis Management Team to manage and resolve effectively serious crises that may affect the operations of the Bank. In addition to this the Bank has a detailed Business Continuity Plan to take manage disruptions of operations and a Disaster Recovery Plan to manage Technological problems.

a Disaster Recovery Plan to manage Technological problems.

In the past year we continued our efforts with initiatives to combat money laundering through 'Know your Customer' a project which was launched in 2003. Money laundering is the process by which banks are used as vehicles to disguise or "launder" the proceeds of criminal activity. Such activities undermine a bank's integrity, damage its reputation, deter honest customers and expose a bank to severe sanctions.

We have adopted policies and procedures designed to protect ourselves from doing business with customers involved in undesirable activities. Needless to mention that KYC had been a difficult and challenging project, we achieved

excellent results, despite the very low Anti Money Laundering (AML) awareness amongst our customers and lack of AML regulations in our country and are pleased to say that KYC has now become Business as Usual for us.

We believe these actions and tools help to make our brand stand out from our competitors. Ultimately they underpin our business and will help us to grow stronger.

Auditors Report

Auditors Report to The Shareholders of Standard Chartered Bank Nepal Ltd.

Independent Auditor's Report

We have audited the accompanying Balance Sheet of **Standard Chartered Bank Nepal Limited**, as of 15 July 2005 (Corresponding to 31 Ashad, 2062), the related Profit and Loss Account and the Cash Flow Statement for the year then ended. These financial statements are the responsibility of the management of the Bank. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As per the requirement of the Companies Act, 2053 and Bank and Financial Institution Ordinance, 2061 we also report that:

- a) we have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of such books;
- c) in our opinion, the returns received from branches of the Bank were adequate for the purpose of the audit;
- d) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in the format prescribed by Nepal Rastra Bank and are in agreement with the books of account maintained by the Bank;
- e) in our opinion, so far as appeared from our examination of the books, the Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank;
- f) in our opinion, so far as appeared from our examination of the books, the business of the Bank has been conducted satisfactorily;
- g) to the best of our information and according to explanations given to us and from our examination of the books of account of the Bank necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Bank have acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the Bank and violated any directives of Nepal Rastra Bank or acted in a manner to jeopardise the interest and security of the Bank, its depositors and investors.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of 15 July 2005 (Corresponding to 31 Ashad 2062), the results of operations and its cash flows for the year then ended in accordance with Nepal Accounting Standards, generally accepted accounting principles and comply with the provisions of the Companies Act, 2053 and Bank and Financial Institution Ordinance, 2061.

Kathmandu
Date : 29 August 2005 (13 Bhadra 2062)

T.R. Upadhyay

For and on behalf of
T.R. Upadhyay & Co.
Chartered Accountants

Balance Sheet

as at 15 July 2005 (31 Ashad 2062)

CAPITAL AND LIABILITIES	Schedule	This Year Rs.	Previous Year Rs.
1. Share Capital	1	374,640,400	374,640,400
2. Reserve and Funds	2	1,207,775,016	1,121,098,611
3. Loans and Borrowings	3	55,926,267	78,282,731
4. Deposit Accounts	4	19,335,094,726	21,161,441,728
5. Bills Payable	5	56,297,815	59,024,854
6. Other Liabilities	6	863,843,987	847,571,466
Total Liabilities		21,893,578,211	23,642,059,790

Contingent Liabilities	Schedule 14
Directors Declaration	Schedule 23
Capital Adequacy	Schedule 24
Key Indicators	Schedule 25
Cash Flow Statement	Schedule 26
Significant Accounting Policies	Schedule 27
Notes to Accounts	Schedule 28

Schedules 1 to 14, 27 & 28 form integral part of this Balance Sheet.

Sujit Mundul
CEO & Director

P. R. Somasundaram
Director
(Alternate to J. S. Bindra)

Ranjan Ghosh
Director
(Alternate to S. Agrawal)

Date: 29/08/2005
Kathmandu

Balance Sheet

as at 15 July 2005 (31 Ashad 2062)

ASSETS	Schedule	This Year Rs.	Previous Year Rs.
1. Cash Balance	7	195,458,711	187,704,879
2. Balance with Banks	8	915,658,183	1,835,458,770
3. Money at Call and Short Notice	9	2,259,691,000	2,218,599,500
4. Investments	10	9,702,553,250	11,360,328,402
5. Loans, Advances and Bills Purchased	11	8,143,207,783	6,410,242,081
6. Fixed Assets	12	71,412,617	136,234,158
7. Other Assets	13	605,596,667	1,493,492,000
Total Assets		21,893,578,211	23,642,059,790

As per our report of even date

Rakhi Singh
Chief Financial Officer

Niranjan K. Tibrewala
Director

T.R. Upadhyay
for and on behalf of T.R. Upadhyay & Co.
Chartered Accountants

Profit and Loss Account

for the period 16 July 2004 to 15 July 2005 (1 Shrawan 2061 to 31 Ashad 2062)

EXPENSES	Schedule	This Year Rs.	Previous Year Rs.
1. Interest Expenses	15	254,126,645	275,809,176
2. Employees Expenses	16	148,585,972	134,685,130
3. Office Operating Expenses	17	256,648,863	279,693,607
4. Currency Exchange Loss	20	—	—
5. Non-Operating Expenses	21	—	10,755,924
6. Bad Loans and Advances Written Off		—	—
7. Loan Loss Provision		30,081,875	23,516,644
8. Provision for Staff Bonus		88,683,108	85,954,748
9. Provision for Income Tax		258,944,082	235,792,615
10. Net Profit (Carried Down)		539,203,887	537,800,124
Total		1,576,274,432	1,584,007,968

Schedules 15 to 22, 27 & 28 form integral part of this Profit and Loss Account.

Profit and Loss Appropriation Account

for the period 16 July 2004 to 15 July 2005 (1 Shrawan 2061 to 31 Ashad 2062)

EXPENSES	This Year Rs.	Previous Year Rs.
1. Accumulated Loss up to Last Year	—	—
2. This Year's Loss	—	—
3. General Reserve Fund	—	70,183,200
4. Contingent Reserve	—	—
5. Bank Development Fund	—	—
6. Dividend Equalization Fund	—	—
7. Employees Related Funds	—	—
8. Interim and Proposed Dividend	449,568,480	412,104,440
9. Issue of Bonus Share	—	—
10. Special Reserve Fund	—	—
11. Exchange Fluctuation Reserve	15,462,941	16,449,547
12. Income Tax relating to Past Periods	2,959,002	—
13. Capital Adjustment Fund	37,464,040	37,464,040
14. Accumulated Profit	251,335,904	217,586,480
Total	756,790,367	753,787,707

Sujit Mundul
CEO & Director

Date: 29/08/2005
Kathmandu

P. R. Somasundaram
Director
(Alternate to J. S. Bindra)

Ranjan Ghosh
Director
(Alternate to S. Agrawal)

Profit and Loss Account

for the period 16 July 2004 to 15 July 2005 (1 Shrawan 2061 to 31 Ashad 2062)

INCOME	Schedule	This Year Rs.	Previous Year Rs.
1. Interest Income	18	1,058,677,576	1,042,175,628
2. Commission and Discount	19	184,830,433	198,947,574
3. Currency Exchange Gain	20	266,864,869	273,050,040
4. Non-Operating Income	21	2,957,005	–
5. Other Income	22	62,944,549	69,834,726
6. Net Loss (Carried Down)		–	–
Total		1,576,274,432	1,584,007,968

Profit and Loss Appropriation Account

for the period 16 July 2004 to 15 July 2005 (1 Shrawan 2061 to 31 Ashad 2062)

INCOME	This Year Rs.	Previous Year Rs.
1. Accumulated Profit up to Last Year	217,586,480	215,987,583
2. This Year's Profit	539,203,887	537,800,124
3. Accumulated Loss	–	–
Total	756,790,367	753,787,707

As per our report of even date

Rakhi Singh
Chief Financial Officer

Niranjan K. Tibrewala
Director

T.R. Upadhyay
for and on behalf of T.R. Upadhyay & Co.
Chartered Accountants

Schedules to the financial statements

Schedule 1 : Share Capital and Ownership

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Share Capital		
1.1 Authorised Capital	1,000,000,000	1,000,000,000
a) 10,000,000 Ordinary Shares of Rs. 100 each	1,000,000,000	1,000,000,000
1.2 Issued Capital	500,000,000	500,000,000
a) 5,000,000 Ordinary Shares of Rs. 100 each Paid Up	500,000,000	500,000,000
1.3 Paid Up Capital	374,640,400	374,640,400
a) 3,746,404 Ordinary Shares of Rs. 100 each Paid Up	374,640,400	374,640,400

Note: Out of above Paid Up Capital, Rs. 20,000,000 has been capitalised from retained earnings and Rs. 321,740,780 issued as bonus shares.

Share Ownership

PARTICULARS	SHARE CAPITAL			
	%	This Year Rs.	%	Previous Year Rs.
1. Local Ownership	25.00%	93,660,100	50.00%	187,320,200
1.1 His Majesty's Government	–	–	–	–
1.2 Commercial Banks	–	–	33.34%	124,908,900
1.3 Financial Institutions	–	–	–	–
1.4 Organized Institutions	–	–	–	–
1.5 General Public	25.00%	93,660,100	16.66%	62,411,300
1.6 Others	–	–	–	–
2. Foreign Ownership	75.00%	280,980,300	50.00%	187,320,200
a) Standard Chartered Grindlays Ltd. Australia	50.00%	187,320,200	50.00%	187,320,200
b) Standard Chartered Bank, UK	25.00%	93,660,100	–	–
Total	100.00%	374,640,400	100.00%	374,640,400

Note: Under General Public Shareholders category, the following 11 Shareholders individually hold more than 0.5% of the shares of the Bank.

Name of the Shareholders	Amount	% of Total
Panita Sundas Lama	2,000,000	0.53
Pravesh Lama	2,000,000	0.53
Jhan Man Lama	2,000,000	0.53
Usha Devi Sundas	2,000,000	0.53
Zharna Lama	2,000,000	0.53
Priyanka Agrawal	2,000,000	0.53
Avinash Agrawal	2,000,000	0.53
Komal Agrawal	2,000,000	0.53
Shashi Agrawal	2,000,000	0.53
Shanker Lal Agrawal	2,000,000	0.53
Pashupati Soap Industries	2,000,000	0.53

Schedule 2 : Reserve and Funds

PARTICULARS	This Year Rs.	Previous Year Rs.
1. General Reserve Fund	749,280,800	749,280,800
2. Capital Reserve Fund	—	—
3. Share Premium	—	—
4. Other Reserve Fund	207,158,312	154,231,331
a) Contingency Reserve	—	—
b) Bank Development Fund	—	—
c) Dividend Equalization Fund	—	—
d) Exchange Fluctuation Reserve	132,230,232	116,767,291
e) Special Reserve Fund	—	—
f) Assets Revaluation Reserve	—	—
g) Other Free Reserves	—	—
h) Proposed Bonus Share/Capital Adjustment Fund	74,928,080	37,464,040
5. Accumulated Profit/(Loss)	251,335,904	217,586,480
Total	1,207,775,016	1,121,098,611

Schedule 3 : Loans and Borrowings

PARTICULARS	This Year Rs.	Previous Year Rs.
A) Local Banks, Financial and Other Institutions		
1. His Majesty's Government	—	—
1.1 Earthquake Affected Sector Reconstruction	—	—
2. Nepal Rastra Bank	12,215,124	—
2.1 Loan	—	—
2.2 Refinance	—	—
2.3 Deposit for Short Term	12,215,124	—
3. Inter Bank	16,160,000	64,748,100
3.1 Overdraft	—	—
3.2 Loan	—	—
3.3 Deposit for Short Term	16,160,000	64,748,100
4. Other Financial Institutions	—	—
5. Others	—	—
Total (1+2+3+4+5)	28,375,124	64,748,100
B) Foreign Banks, Financial and Other Institutions		
1. Banks	27,551,143	13,534,631
1.1 Overdrafts	—	—
1.2 Nostro & Agency Balance	27,551,143	13,534,631
1.3 Deposit for Short Term	—	—
Total	27,551,143	13,534,631
Total (A+B)	55,926,267	78,282,731

Schedule 4 : Deposit Accounts

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Non-Interest Bearing Accounts		
A) Current Deposits	4,356,337,223	5,816,935,767
1. Local Currency	2,360,625,049	3,720,327,419
1.1 His Majesty's Government	643,487	2,447,181
1.2 Commercial Banks	10,184,234	127,258,216
1.3 Financial Institutions	92,650,036	102,202,172
1.4 Other Institutions	1,773,092,956	3,029,797,088
1.5 Individuals	437,421,527	403,685,951
1.6 Others	46,632,809	54,936,811
2. Foreign Currency	1,995,712,174	2,096,608,348
2.1 His Majesty's Government	–	–
2.2 Commercial Banks	7,591,407	5,563,632
2.3 Financial Institutions	–	–
2.4 Other Institutions	1,674,442,636	1,639,949,145
2.5 Individuals	244,132,329	266,791,636
2.6 Others	69,545,802	184,303,935
B) Margin Deposits	236,579,973	203,185,507
1. Employees Guarantee	–	–
2. Guarantee Margin	59,890,300	56,202,504
3. Letters of Credit Margin	123,163,230	117,056,214
4. Others	53,526,443	29,926,789
C) Others	–	–
1. Local Currency	–	–
2. Foreign Currency	–	–
Total of Non-Interest Bearing Accounts	4,592,917,196	6,020,121,274

Schedule 4 : Deposit Accounts (Continued)

Page 2 of 2

PARTICULARS	This Year Rs.	Previous Year Rs.
2. Interest Bearing Accounts		
A) Saving Deposits	13,030,929,456	12,771,825,999
1. Local Currency	10,736,552,952	10,254,715,903
1.1 Institutions	1,388,682,032	1,356,142,443
1.2 Individuals	9,286,747,015	8,818,614,979
1.3 Others	61,123,905	79,958,481
2. Foreign Currency	2,294,376,504	2,517,110,096
2.1 Institutions	1,148,055,686	1,411,384,598
2.2 Individuals	1,112,812,469	1,072,500,364
2.3 Others	33,508,349	33,225,134
B) Fixed Deposits	1,416,382,754	1,428,495,296
1. Local Currency	631,912,756	560,210,601
1.1 Institutions	293,909,527	224,591,321
1.2 Individuals	330,970,814	326,451,266
1.3 Others	7,032,415	9,168,014
2. Foreign Currency	784,469,998	868,284,695
2.1 Institutions	601,718,705	437,640,850
2.2 Individuals	151,548,993	376,266,601
2.3 Others	31,202,300	54,377,244
C) Call Deposits	294,865,320	940,999,159
1. Local Currency	293,769,023	939,843,846
1.1 Commercial Banks	-	-
1.2 Financial Institutions	-	-
1.3 Other Institutions	293,759,028	939,431,976
1.4 Individuals	-	-
1.5 Others	9,995	411,870
2. Foreign Currency	1,096,297	1,155,313
2.1 Commercial Banks	-	-
2.2 Financial Institutions	-	-
2.3 Other Institutions	-	-
2.4 Individuals	-	-
2.5 Others	1,096,297	1,155,313
D) Certificate of Deposit	-	-
1. Institutions	-	-
2. Individuals	-	-
3. Others	-	-
Total of Interest Bearing Accounts	14,742,177,530	15,141,320,454
Total Deposits (1+2)	19,335,094,726	21,161,441,728

Schedules to the financial statements

Schedule 5 : Bills Payable

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Local Currency	43,758,826	46,501,289
2. Foreign Currency	12,538,989	12,523,565
Total	56,297,815	59,024,854

Schedule 6 : Other Liabilities

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Gratuity Fund (Provision)	60,665,357	60,116,824
2. Employees Provident Fund	—	—
3. Employees Welfare Fund	—	—
4. Provision for Statutory Staff Bonus	88,683,108	85,954,748
5. Unpaid Dividend	11,769,201	10,725,045
6. Provision for Income Tax & Special Fee (Less Advance Tax Paid)	(21,561,377)	(17,583,901)
7. Interest Payable on Deposits	17,173,970	18,621,172
8. Interest Payable on Borrowings	78,385	33,315
9. Unearned Discount and Commission	17,976,504	10,243,892
10. Proposed Dividend	449,568,480	412,104,440
11. Interest Suspense	133,460,066	146,566,546
12. Sundry Creditors	64,116,340	85,586,160
13. Branch Adjustment Account	—	—
14. Others (Provision for Expenses)	41,913,953	35,203,225
Total	863,843,987	847,571,466

Schedule 7 : Cash Balance

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Local Currency (including coins)	162,141,367	154,213,809
2. Foreign Currency	33,317,344	33,491,070
Total	195,458,711	187,704,879

Schedule 8 : Balance with Banks

PARTICULARS	Local Currency Rs.	Foreign Currency			This Year Rs.	Previous Year Rs.
		INR Rs.	Foreign Currency Rs.	Total Rs.		
1. Nepal Rastra Bank	681,012,809	–	11,178,783	11,178,783	692,191,592	1,534,169,857
a) Current Account	681,012,809	–	11,178,783	11,178,783	692,191,592	1,534,169,857
b) Other Account	–	–	–	–	–	–
2. Other Local Banks	15,488,102	–	–	–	15,488,102	21,500,780
a) Current Account	15,488,102	–	–	–	15,488,102	21,500,780
b) Other Account	–	–	–	–	–	–
3. Foreign Banks	–	12,319,335	195,659,154	207,978,489	207,978,489	279,788,133
a) Current Account	–	12,319,335	195,659,154	207,978,489	207,978,489	279,788,133
b) Other Account	–	–	–	–	–	–
Total	696,500,911	12,319,335	206,837,937	219,157,272	915,658,183	1,835,458,770

Note: Balance as per the confirmation and statement received from respective banks is Rs. 1,014,461,618 and the difference amounts are under reconciliation.

Schedule 9 : Money at Call and Short Notice

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Local Currency	–	–
2. Foreign Currency	2,259,691,000	2,218,599,500
Total	2,259,691,000	2,218,599,500

Schedules to the financial statements

Schedule 10 : Investments

PARTICULARS	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1. HMG Securities	–	7,203,066,250	7,203,066,250	7,948,217,402
a) Treasury Bills	–	5,089,367,847	5,089,367,847	6,130,452,978
b) Development Bonds	–	1,982,041,000	1,982,041,000	1,713,041,000
c) National Saving Bond	–	–	–	–
d) Special Bonds	–	131,657,403	131,657,403	104,723,424
2. Foreign Government Securities	–	–	–	–
3. Nepal Rastra Bank Bonds	–	–	–	–
4. Shares, Debentures and Bonds	–	13,348,000	13,348,000	11,195,000
5. Other Investments	–	2,486,139,000	2,486,139,000	3,400,916,000
a) Certificate of Deposits	–	–	–	–
b) Mutual Fund	–	–	–	–
c) Local Banks	–	–	–	–
d) Foreign Banks	–	2,486,139,000	2,486,139,000	3,370,916,000
e) Others	–	–	–	30,000,000
Total Investment	–	9,702,553,250	9,702,553,250	11,360,328,402
Provision	–	–	–	–
Net Investment	–	9,702,553,250	9,702,553,250	11,360,328,402

Schedule 10 (A) : Investment in Shares, Debentures and Bonds

PARTICULARS	This Year		Previous Year Rs.
	Cost Price Rs.	Market Value Rs.	
1. Investment in Shares			
1.1 Eastern Region Rural Development Bank Ltd. 30,000 Ordinary Shares of Rs. 100 each paid up	3,000,000	NA	3,000,000
1.2 Far Western Region Rural Development Bank Ltd. 30,000 Ordinary Shares of Rs. 100 each paid up	3,000,000	NA	3,000,000
1.3 Rural Micro Finance Development Centre Ltd. 69,950 Ordinary Shares of Rs. 100 each paid up	6,995,000	NA	5,195,000
1.4 Credit Information Bureau Ltd. 3,530 Ordinary Shares of Rs. 100 each paid up	353,000	NA	–
2. Investment in Debentures and Bonds	–	–	–
Total Investment	13,348,000	NA	11,195,000
3. Provision for Loss	–	–	–
3.1 Upto Previous Year	–	–	–
3.2 Adjustments this year increased/(decreased)	–	–	–
Total Provision	–	–	–

Note: Out of the above only Rural Micro Finance Development Centre has distributed the dividend in the current year from the date of inception. None of the above shares are listed with the Nepal Stock Exchange Ltd.
NA - Due to non-availability of sufficient information, the market value of the investments has not been shown above.

Schedule 11 : Classification of Loans, Advances and Bills Purchased and Provisioning

PARTICULARS	Advances					Bills Purchased / Discounted					This Year Rs.	Previous Year Rs.
	Domestic			Foreign Rs.	Total Rs.	Domestic			Foreign Rs.	Total Rs.		
	Priority		Other Rs.			Priority		Other Rs.				
	Insured Rs.	Uninsured Rs.		Insured Rs.	Uninsured Rs.							
1. Performing Loan	-	284,075,863	7,595,290,762	464,579	7,879,831,204	-	-	4,132,321	310,596,865	314,729,186	8,194,560,390	6,441,664,201
1.1 Pass and Restructured Loan	-					-	-					
2. Non-Performing Loan	-	3,181,368	7,261,649	-	10,443,017	-	-	-	-	-	10,443,017	-
2.1 Substandard	-	3,181,368	7,261,649	-	10,443,017	-	-	-	-	-	10,443,017	-
2.2 Doubtful	-	100,000,000	4,521,470	-	104,521,470	-	-	-	-	-	104,521,470	130,989,043
2.3 Loss	-	4,080,602	107,263,314	-	111,343,916	-	-	-	-	-	111,343,916	121,209,067
(A) Total Loan	-	391,337,833	7,714,337,195	464,579	8,106,139,607	-	-	4,132,321	310,596,865	314,729,186	8,420,868,793	6,693,862,311
3. Loan Loss Provision	-	2,840,759	75,952,908	4,646	78,798,313	-	-	41,323	3,105,969	3,147,292	81,945,605	64,416,641
3.1 Pass and Restructured Loan	-	2,840,759	75,952,908	4,646	78,798,313	-	-	41,323	3,105,969	3,147,292	81,945,605	64,416,641
3.2 Substandard	-	795,342	1,815,412	-	2,610,754	-	-	-	-	-	2,610,754	-
3.3 Doubtful	-	79,500,000	2,260,735	-	81,760,735	-	-	-	-	-	81,760,735	97,994,522
3.4 Loss	-	4,080,602	107,263,314	-	111,343,916	-	-	-	-	-	111,343,916	121,209,067
(B) Total Provision	-	87,216,703	187,292,369	4,646	274,513,718	-	-	41,323	3,105,969	3,147,292	277,661,010	283,620,230
4. Provision up to Previous Year	-	7,295,021	56,238,894	-	63,533,915	-	-	33,160	849,566	882,726	64,416,641	94,179,857
4.1 Pass and Restructured Loan	-	7,295,021	56,238,894	-	63,533,915	-	-	33,160	849,566	882,726	64,416,641	94,179,857
4.2 Substandard	-	-	-	-	-	-	-	-	-	-	-	1,763,135
4.3 Doubtful	-	97,500,000	494,522	-	97,994,522	-	-	-	-	-	97,994,522	97,500,000
4.4 Bad	-	8,281,028	112,928,039	-	121,209,067	-	-	-	-	-	121,209,067	110,896,126
(C) Total Previous Year Provision	-	113,076,049	169,661,455	-	282,737,504	-	-	33,160	849,566	882,726	283,620,230	304,339,118
(D) Additions This Year	-	(25,859,346)	17,630,914	4,646	(8,223,786)	-	-	8,163	2,256,403	2,264,566	(5,959,220)	(20,718,888)
Net Loan (A-B)	-	304,121,130	7,527,044,826	459,933	7,831,625,889	-	-	4,090,998	307,490,896	311,581,894	8,143,207,783	6,410,242,081

Schedule 12 : Fixed Assets

PARTICULARS	Assets					This Year Rs.	Previous Year Rs.
	Freehold Land and Buildings Rs.	Vehicles Rs.	Machinery Rs.	Office Equipment Rs.	Others (Leasehold) Rs.		
1. At Cost							
a) Previous Year Balance	60,774,485	33,503,864	-	271,910,704	38,298,480	404,487,533	415,216,771
b) Addition This Year	-	4,575,035	-	-	-	4,575,035	10,999,812
c) Revaluation/Written-back this Year	-	-	-	-	-	-	-
d) Sold This Year	(1,079,616)	(4,109,285)	-	(6,725,074)	-	(11,913,975)	(17,912,478)
e) Written-off This Year	(2,383,581)	-	-	(380,297)	-	(2,763,878)	(3,816,572)
Total Cost (a+b+c+d+e)	57,311,288	33,969,614	-	264,805,333	38,298,480	394,384,715	404,487,533
2. Depreciation							
a) Upto Previous Year	7,815,525	26,000,074	-	204,676,997	29,760,779	268,253,375	223,506,130
b) For This Year	794,332	4,206,134	-	57,031,744	3,918,707	65,950,917	66,202,287
c) Depreciation on Revaluation/Written-back	-	-	-	-	-	-	-
d) Depreciation on Assets Sold/Written-off	(634,987)	(4,109,285)	-	(6,487,922)	-	(11,232,194)	(21,455,042)
Total Depreciation (a+b+c+d)	7,974,870	26,096,923	-	255,220,819	33,679,486	322,972,098	268,253,375
3. Book Value (WDV)* (1-2)	49,336,418	7,872,691	-	9,584,514	4,618,994	71,412,617	136,234,158
4. Capital Construction (pending capitalisation)	-	-	-	-	-	-	-
Total (3+4)	49,336,418	7,872,691	-	9,584,514	4,618,994	71,412,617	136,234,158

* Written Down Value

Schedules to the financial statements

Schedule 12 (A) : Securities against Loan, Advances and Bills Purchased

PARTICULARS	This Year Rs.	Previous Year Rs.
A) Secured	8,420,868,793	6,693,862,311
1. Collateral of Movable/Immovable Assets	4,871,960,035	3,935,987,969
2. Guarantee of Local Banks and Financial Institutions	–	–
3. Guarantee of HMG	–	–
4. Guarantee of Internationally Rated Banks	404,191,756	345,381,500
5. Export Documents	–	36,665,168
6. Fixed Deposit Receipts		
a) Own FDR	180,385,091	99,280,420
b) FDR of other Banks	138,446,029	97,939,675
7. Government Bonds	1,133,165,406	1,161,642,357
8. Counter Guarantee	–	–
9. Personal Guarantee	–	–
10. Other Securities	1,692,720,476	1,016,965,222
B) Unsecured	–	–
Total	8,420,868,793	6,693,862,311

Schedule 13 : Other Assets

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Stationery Stock	–	–
2. Income Receivable on Investments	133,169,534	144,159,375
3. Accrued Interest on Loan	133,460,066	146,566,546
4. Commission Receivable	1,578,670	180,929
5. Sundry Debtors & Capital Advances	65,583,778	38,892,257
6. Staff Loan and Advances	107,443,889	90,800,054
7. Prepayments	9,825,507	13,439,790
8. Cash in Transit	–	–
9. Other Transit Items (Including Cheques)	141,503,241	1,036,585,720
10. Drafts Paid without Notice	–	–
11. Expenses Not Written-off	8,319,170	21,962,957
12. Non-Banking Assets	–	–
13. Branch Adjustment Account	–	–
14. Others (Deposits Receivable)	4,712,812	904,372
Total	605,596,667	1,493,492,000

Schedule 13 (A) : Other Assets (Additional Statement)

PARTICULARS	This Year (Rs.)				Previous Year Rs.
	Upto 1 Year	1 to 3 Years	Above 3 Years	Total	
1. Accrued Interest on Loans and Advances	27,633,828	101,963,772	3,862,466	133,460,066	146,566,546
2. Drafts Paid without Notice	–	–	–	–	–
3. Branch Adjustment A/C	–	–	–	–	–
Total	27,633,828	101,963,772	3,862,466	133,460,066	146,566,546

Schedule 14 : Contingent Liabilities

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Claims on Bank but not acknowledged as liabilities by the Bank	–	–
2. Letters of Credit (Full Amount)	1,456,761,759	1,669,866,715
a) Maturity period of less than 6 months	1,087,349,373	1,438,844,674
b) Maturity period of more than 6 months	369,412,386	231,022,041
3. Rediscounted Bills	–	–
4. Unexpired Guarantees/Bonds	501,658,305	499,456,280
a) Bid Bonds	13,238,225	8,414,785
b) Performance Bonds	488,420,080	491,041,495
5. Uncalled Amount on Investment in Shares	–	–
6. Forward Exchange Contract Liabilities	66,571,000	163,441,353
7. Bills for Collection	158,078,473	148,428,012
8. Acceptance and Endorsements	651,996,604	630,478,934
9. Underwriting Commitments	–	–
10. Irrevocable Loan Commitments	–	2,091,000
11. Guarantee against Counter Guarantee of Internationally Rated Banks	921,157,275	865,433,013
12. Advance Payment Guarantee	1,450,372	20,723,120
13. Financial Guarantee	106,803,602	289,788,668
14. Income Tax	38,160,654	9,877,320
15. Others	174,830,000	32,071,684
Total	4,077,468,044	4,331,656,099

Schedules to the financial statements

Schedule 15 : Interest Expenses

PARTICULARS	This Year Rs.	Previous Year Rs.
A) On Deposit Liabilities	246,529,498	256,706,269
1. Fixed Deposits	22,397,578	28,259,828
1.1 Local Currency	11,976,026	18,200,761
1.2 Foreign Currency	10,421,552	10,059,067
2. Savings Deposits	189,034,989	208,369,142
2.1 Local Currency	171,485,594	196,977,911
2.2 Foreign Currency	17,549,395	11,391,231
3. Call Deposits	35,096,931	20,077,299
3.1 Local Currency	34,660,307	20,068,739
3.2 Foreign Currency	436,624	8,560
4. Certificate of Deposits	–	–
B) On Borrowings	7,553,293	15,533,433
1. Overdrafts	–	–
2. Loans from Nepal Rastra Bank	2,003,568	2,572,573
3. Inter Bank Borrowings/Short Term Deposits	5,549,725	12,960,860
4. Other Loan and Refinances	–	–
C) On Others	43,854	3,569,474
1. Premium on Development Bonds	39,968	25,000
2. Others (Forwards)	3,886	3,544,474
Total	254,126,645	275,809,176

Schedule 16 : Employees Expenses

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Salary	81,061,194	87,684,427
2. Allowances	917,783	1,004,972
3. Contribution to Provident Fund	5,716,875	5,274,829
4. Training Expenses	1,348,249	1,948,380
5. Uniform	1,136,382	1,091,197
6. Medical	2,810,906	2,398,086
7. Insurance	–	–
8. Provision for Gratuity	13,357,190	9,076,896
9. Other Personnel Expenses	4,689,620	7,972,872
10. Employees Incentive	37,547,773	18,233,471
Total	148,585,972	134,685,130

Schedule 17 : Office Operating Expenses

PARTICULARS	This Year Rs.	Previous Year Rs.
1. House Rent and Office Rent	26,104,661	23,150,703
2. Electricity and Water	8,371,118	7,905,290
3. Repair and Maintenance	17,997,094	16,165,759
a) Building	5,863,130	4,195,328
b) Vehicles	886,096	1,035,319
c) Others	<u>11,247,868</u>	10,935,112
4. Insurance	5,367,034	5,808,922
5. Postage, Telex, Telephone, Fax	27,338,302	33,771,168
6. Repair on Office Equipment and Furniture	1,604,232	1,708,348
7. Travelling Allowances and Expenses	6,527,599	9,618,806
8. Stationery and Printing	11,499,999	11,749,594
9. Periodicals and Books	1,267,221	992,686
10. Advertisement	6,024,668	5,458,709
11. Legal and Professional Expenses	1,427,374	1,271,593
12. Donations	194,957	362,327
13. Expenses Relating to Board of Directors	257,216	160,095
a) Meeting Fees	12,000	58,000
b) Others	<u>245,216</u>	102,095
14. Annual General Meeting Expenses	1,528,116	2,498,160
15. Expenses Relating to Audit	606,012	521,398
a) Audit Fees	395,500	385,000
b) Others	<u>210,512</u>	136,398
16. Commission on Remittances	–	–
17. Depreciation on Fixed Assets	65,950,917	66,202,286
18. Amortization of Preliminary & Other Expenses	16,553,557	15,223,116
19. Share Issue Expenses	–	–
20. Technical Services Fees	16,691,765	17,588,235
21. Entertainment	1,991,064	1,746,565
22. Written-off Expenses	35,656	6,663,307
23. Security Expenses	8,335,155	7,103,891
24. Credit Guarantee Premium	–	–
25. Commission and Discount	501,117	903,845
26. Charges on Foreign Currency Notes	9,951,351	14,356,367
27. Office Equipment and Furniture (non Capitalised Items)	6,708,902	11,872,909
28. Others (Sundries)	5,910,152	6,109,838
29. IT Support Cost (including Licence Fees)	7,903,624	10,779,690
Total	256,648,863	279,693,607

Schedules to the financial statements

Schedule 18 : Interest Income

PARTICULARS	This Year Rs.	Previous Year Rs.
A) On Loan, Advances and Overdraft	581,664,037	558,006,372
1. Loan and Advances	508,389,523	488,378,563
2. Overdrafts	73,274,514	69,627,809
B) On Investment	331,633,469	380,441,660
1. HMG Securities	331,633,469	380,441,660
a) Treasury Bills	218,782,914	254,784,127
b) Development Bonds	106,228,675	120,628,771
c) National Savings Certificates	–	–
d) Special Bonds	6,621,880	5,028,762
2. Foreign Securities	–	–
3. Nepal Rastra Bank Bonds	–	–
4. Debenture and Bonds	–	–
a) Financial Institutions	–	–
b) Other Institutions	–	–
C) On Agency Balances	2,813,244	1,112,777
1. Local Banks	–	–
2. Foreign Banks	2,813,244	1,112,777
D) On Money at Call and Short Notice	53,300,618	35,312,571
1. Local Currency	–	–
2. Foreign Currency	53,300,618	35,312,571
E) On Others	89,266,208	67,302,248
1. Certificate of Deposits	–	–
2. Inter-Bank Loan	561,479	15,022,252
3. Others	88,704,729	52,279,996
Total	1,058,677,576	1,042,175,628

Schedule 19 : Commission and Discount

PARTICULARS	This Year Rs.	Previous Year Rs.
A) Bills Purchased and Discounted	7,003,543	7,030,263
1. Local	925,042	212,000
2. Foreign	6,078,501	6,818,263
B) Commission	115,160,564	130,716,261
1. Letters of Credit	25,053,203	28,075,345
2. Guarantees	25,548,208	28,492,644
3. Collection Fees	4,946,466	5,110,658
4. Remittance Fees	28,131,212	32,023,527
5. Credit Cards	24,902,159	32,071,268
6. Share Underwriting/Issues	–	–
7. Government Transactions	–	–
8. Agency Commission	400,000	700,000
9. Exchange Fees	6,179,316	4,242,819
C. Others	62,666,326	61,201,050
Total	184,830,433	198,947,574

Schedule 20 : Currency Exchange Gain / Loss

PARTICULARS	This Year Rs.	Previous Year Rs.
A) Revaluation Gain	61,851,763	65,798,188
B) Trading Gain (except Exchange Fees)	205,013,106	207,251,852
Total Income (Loss)	266,864,869	273,050,040

Schedule 21 : Non-Operating Income / Loss

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Profit (Loss) on Sale of Investment	–	–
2. Profit (Loss) on Sale of Assets	2,647,444	1,213,244
3. Dividend	49,353	–
a) Commercial Banks	–	–
b) Rural Development Banks	–	–
c) Financial Institutions	49,353	–
d) Other Institutions	–	–
1) Subsidiary Companies	–	–
2) Others	–	–
4. Subsidies Received from Nepal Rastra Bank	–	–
a) Reimbursement of Losses of Specified Branches	–	–
b) Interest Subsidy	–	–
c) Exchange Counter	–	–
5. Others	260,208	(11,969,168)
a) Special Fee	–	(11,969,168)
b) Others	260,208	–
Total Non Operating Income (Loss)	2,957,005	(10,755,924)

Note: (-) indicates debit balance.

Schedule 22 : Other Income

PARTICULARS	This Year Rs.	Previous Year Rs.
1. Rental on Safe Deposit Lockers	1,430,908	1,230,980
2. Issue and Renewals of Credit Cards	5,942,219	5,494,716
3. Issue and Renewals of ATM Cards	2,656,684	2,403,610
4. Telex / T.T.	9,547,948	10,655,504
5. Service Charges	–	–
6. Renewal Fees	560,000	1,083,000
7. Loan Loss Provision Written Back	33,651,832	43,303,846
8. Others	9,154,958	5,663,070
Total	62,944,549	69,834,726

Schedules to the financial statements

Schedule 23 : Statement of Loans & Advances Extended to Directors / Chief Executive/ Promoter / Employees and Shareholders holding more than 1 percent shares

as at 15 July 2005 (31 Ashad 2062)

The Statement of amount, included under total amount of Bills Purchased and Discounted, Loans, Advances and Overdraft, provided to the Directors, Chief Executive, Promoters, Employees, Shareholders holding more than 1 percent shares and to the individual members of their undivided family OR against the guarantee of such persons OR to the organizations or companies in which such individuals are managing agent, are as follows:

NAME OF PROMOTER / DIRECTOR / CHIEF EXECUTIVE	Last Year's Balance		This Year Recovery		This Year Additions	Balance as of Ashad end	
	Principal Rs.	Interest Rs.	Principal Rs.	Interest Rs.		Principal Rs.	Interest Rs.
A) Directors	-	-	-	-	-	-	-
B) Chief Executive	22,320	-	(22,320)	-	38,520	38,520	-
1. Sujit Mundul	22,320	-	(22,320)	-	38,520	38,520	-
C) Promoters	-	-	-	-	-	-	-
D) Employees	-	-	-	-	-	-	-
E) Shareholders holding more than 1% Shares	-	-	-	-	-	-	-
Total	22,320	-	(22,320)	-	38,520	38,520	-

Note: As per clause 6.3 of the Nepal Rastra Bank (The Central Bank of Nepal) Directive No. 6, loans given to executive officers and employees are as per the bank staff rules and hence not disclosed above.

Schedule 24 : Capital Adequacy

as at 15 July 2005 (31 Ashad 2062)

Page 1 of 2

PARTICULARS	This Year Rs.	Previous Year Rs.
A) Core Capital	1,450,185,184	1,378,971,720
1. Paid Up Capital	374,640,400	374,640,400
2. Share Premium	-	-
3. Non-Redeemable Preference Share	-	-
4. General Reserve Fund	749,280,800	749,280,800
5. Accumulated Profit/Loss (upto previous FY)	217,586,480	215,987,583
6. Current Year Profit/Loss as per Balance Sheet	33,749,424	1,598,897
7. Capital Adjustment Fund/Proposed Bonus Share Capital	74,928,080	37,464,040
B) Supplementary Capital	214,175,837	181,183,932
1. Loan Loss Provision	81,945,605	64,416,641
2. Exchange Equalization Reserve	132,230,232	116,767,291
3. Assets Revaluation Reserve	-	-
4. Hybrid Capital Instruments	-	-
5. Unsecured Subordinated Term Debt	-	-
6. Interest Rate Fluctuation Fund	-	-
7. Other Free Reserves	-	-
8. Investment Adjustment Reserve	-	-
C) Total Capital Fund (A+B)	1,664,361,021	1,560,155,652
D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets		
• Capital Fund (@ 11.0 Percent)	1,154,728,495	1,102,539,633
• Core Capital (@ 5.5 Percent)	577,364,248	551,269,816
• Total Capital Adequacy Ratio	15.85%	15.57%
Capital Fund (Excess/Short)	(@ 4.85 Percent Excess) 509,632,525	457,616,019
Core Capital (Excess/Short)	(@ 8.31 Percent Excess) 872,820,937	827,701,904

Schedule 24 : Table of Risk Weighted Assets Statement

as at 15 July 2005 (31 Ashad 2062)

Page 2 of 2

PARTICULARS	Weightage	This Year		Previous Year	
		Amount Rs.	Risk Weighted Assets Rs.	Amount Rs.	Risk Weighted Assets Rs.
A) On-Balance Sheet Assets					
1. Cash Balance	0%	195,458,711	–	187,704,879	–
2. Gold (Tradable)	0%	–	–	–	–
3. Balance with Nepal Rastra Bank	0%	692,191,592	–	1,534,169,857	–
4. Investment in Government Securities	0%	7,203,066,250	–	7,948,217,402	–
5. Investment in NRB Bonds	0%	–	–	–	–
6. Fully Secured Loan against own Fixed Deposit Receipt	0%	180,385,091	–	99,280,420	–
7. Fully Secured Loan against Government Securities	0%	1,133,165,406	–	1,161,642,357	–
8. Balance with Domestic Banks and Financial Institutions	20%	15,488,102	3,097,620	21,500,780	4,300,156
9. Fully Secured FDR Loan against Fixed Deposit Receipt of Other Banks	20%	138,446,029	27,689,206	97,939,675	19,587,935
10. Balance with Foreign Banks	20%	207,978,489	41,595,698	279,788,133	55,957,627
11. Money at Call	20%	2,259,691,000	451,938,200	2,218,599,500	443,719,900
12. Loan against the Guarantee of Internationally Rated Banks	20%	404,191,756	80,838,351	345,381,500	69,076,300
13. Other Investments with Internationally Rated Banks	20%	2,486,139,000	497,227,800	3,370,916,000	674,183,200
14. Investment in Shares, Debentures and Bonds	100%	13,348,000	13,348,000	11,195,000	11,195,000
15. Other Investment	100%	–	–	30,000,000	30,000,000
16. Loan, Advances and Bills Purchased/Discounted	100%	6,564,680,511	6,564,680,511	4,989,618,358	4,989,618,358
17. Fixed Assets	100%	394,384,715	394,384,715	404,487,533	404,487,533
18. All Other Assets	100%	605,596,667	605,596,667	1,493,492,000	1,493,492,000
Total (A)		22,494,211,319	8,680,396,768	24,193,933,394	8,195,618,009
B) Off-Balance Sheet Items					
1. Bills Collection	0%	158,078,473	–	148,428,012	–
2. Forward Foreign Exchange Contract	10%	66,571,000	6,657,100	163,441,353	16,344,135
3. Letters of Credit with Maturity of Less than 6 Months (Full Value)	20%	1,087,349,373	217,469,875	1,438,844,674	287,768,935
4. Guarantees Provided against Counter Guarantee of Internationally Rated Foreign Banks	20%	921,157,275	184,231,455	865,433,013	173,086,603
5. Letters of Credit with Maturity of more than 6 Months (Full Value)	50%	369,412,386	184,706,193	231,022,041	115,511,021
6. Bid Bonds	50%	13,238,225	6,619,113	8,414,785	4,207,393
7. Performance Bonds	50%	488,420,080	244,210,040	491,041,495	245,520,747
8. Advance Payment Guarantee	100%	1,450,372	1,450,372	20,723,120	20,723,120
9. Financial Guarantee	100%	106,803,602	106,803,602	289,788,668	289,788,668
10. Other Guarantee	100%	–	–	–	–
11. Irrevocable Loan Commitment	100%	–	–	2,091,000	2,091,000
12. Contingent Liability in Respect of Income Tax	100%	38,160,654	38,160,654	9,877,320	9,877,320
13. All Other Contingent Liabilities (including Acceptances & Endorsements)	100%	826,826,604	826,826,604	662,550,618	662,550,618
Total (B)		4,077,468,044	1,817,135,008	4,331,656,099	1,827,469,560
Total Risk Weighted Assets (A+B)		26,571,679,364	10,497,531,776	28,525,589,493	10,023,087,569

Schedules to the financial statements

Schedule 25 : Key Indicators

PARTICULARS	Indicators	FY 2000/2001	FY 2001/2002	FY 2002/2003	FY 2003/2004	FY 2004/2005
1. Percent of Net Profit/Gross Income	Percent	25.92	33.12	33.71	33.95	34.21
2. Earning Per Share	Rs.	126.88	141.13	149.30	143.55	143.93
3. Market Value Per Share	Rs.	2,144	1,575	1,640	1,745	2,345
4. Price Earning Ratio	Ratio	16.90	11.16	10.98	12.16	16.29
5. Dividend (including bonus) on Share Capital	Percent	100	100	120	110	120
6. Cash Dividend on Share Capital	Percent	100	100	110	110	120
7. Interest Income/Loan & Advances	Percent	10.22	10.31	10.11	8.83	7.43
8. Staff Expenses/Total Operating Expenses	Percent	12.74	20.49	18.48	19.51	22.53
9. Interest Expenses on Total Deposit and Borrowings	Percent	2.77	1.82	1.35	1.30	1.31
10. Exchange Gain/Total Income	Percent	12.92	15.77	15.46	17.24	16.93
11. Staff (Statutory) Bonus/Total Staff Expenses	Percent	45.56	36.32	37.22	38.96	37.38
12. Net Profit/Loan and Advances	Percent	8.12	9.13	9.09	8.51	6.88
13. Net Profit/Total Assets	Percent	2.26	2.60	2.42	2.27	2.46
14. Total Credit/Deposit	Percent	36.82	35.97	31.99	31.63	43.55
15. Total Operating Expenses/Total Assets	Percent	4.20	3.35	3.32	2.92	3.01
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	11.61	13.92	12.25	13.76	13.81
b) Supplementary Capital	Percent	2.39	3.46	1.89	1.81	2.04
c) Total Capital Fund	Percent	14.00	17.38	14.14	15.57	15.85
17. Liquidity (CRR)	Percent	10.76	9.87	9.07	9.46	8.77
18. Non-performing Credit/Total Credit	Ratio	5.23	4.84	4.13	3.77	2.69
19. Weighted Average Interest Rate Spread	Percent	4.65	4.19	4.11	3.76	3.70
20. Book Net-worth	Rs. '000	1,112,020	1,235,475	1,368,907	1,495,739	1,582,415
21. Total Shares	No.	3,395,488	3,395,488	3,395,488	3,746,404	3,746,404
22. Total Staff	No.	256	243	275	263	302
23. Return on Shareholders' Equity	Percent	38.74	38.79	37.03	35.96	34.07
24. Book Value Per Share	Rs.	327.50	363.86	403.15	399.25	422.38
25. Return on Net Fixed Assets	Percent	353.70	474.15	264.43	394.76	755.05
26. Total Interest Earnings to External Assets	Percent	6.98	6.07	5.70	5.21	5.27
27. Total Costs to Net Interest Income & Other Income	Percent	34.72	35.57	42.53	39.07	37.36

Key Indicators (Definitions)

ITEMS	DEFINITIONS
Net Profit (NPAT)	Net Profit After Tax
Gross Income / Total Income (both are considered same)	Total of Income side of the Profit & Loss Account
Earnings Per Share (EPS)	NPAT / No. of Shares at the year end before Bonus proposed, if any
Price Earning Ratio (PE ratio)	Market Value of Share at end of the year / EPS
Interest Income	Interest Income on Loans & Advances in Schedule 18
Loans and Advances	Net Loans & Advances (excluding Bills) as per Schedule 11
Staff Expenses	Employees Expenses as per Schedule 16
Total Staff Expenses	Employees Expenses as per Schedule 16 + Staff Bonus
Total Operating Expenses	Interest Expenses + Employee Expenses + Office Operating Expenses + Exchange Loss
Interest Expenses	Interest Expenses as per Schedule 15
Total Deposit & Borrowings	Loans + Borrowings + Deposits as per Schedule 3 & 4
Total Assets	Total of Asset side of the Balance Sheet
Total Credit	Gross Loans & Advances + Bills as per Schedule 11
Total Deposits	Deposits as per Schedule 4
Cash Reserve Ratio (CRR)	Ratio as per NRB Directives, calculated & intimated to NRB as on 15.07.2005
Non Performing Credit	Gross Value of the Credit which fall in the categories Substandard + Doubtful + Loss Loans
Weighted Average Interest Rate Spread	As calculated under Schedule 28 (8)
Book Net Worth / Shareholders' Equity	Share Capital & Reserves as per Schedule 1 & 2
Book Value Per Share	Shareholders Equity / No. of Shares as at year end excluding Proposed Bonus, if any
Total Costs	Total Operating Expenses excluding Interest Expenses + Non Operating Expenses + Staff Bonus
External Assets	Money at Call & Investments + Loans & Advances & Bills Less provisions if any against the same

Schedules to the financial statements

Schedule 26 : Cash Flow Statement

Fiscal Year 16 July 2004 to 15 July 2005 (1 Shrawan 2061 to 31 Ashad 2062)

PARTICULARS	This Year Rs.	Previous Year Rs.
A) Cash Flow from Operations	305,604,012	264,606,107
1. Cash Receipts	1,552,214,700	1,501,666,525
1.1 Interest Income	1,069,667,418	1,002,799,892
1.2 Commission and Discount Income	183,432,692	199,285,716
1.3 Currency Exchange Gain	266,864,869	273,050,040
1.4 Non-Operating Income	2,957,005	–
1.5 Other Income	29,292,716	26,530,877
2. Cash Payments	1,246,610,688	1,237,060,418
2.1 Interest Expenses	255,528,777	283,154,201
2.2 Staff Expenses	148,037,439	136,776,601
2.3 Office Overhead Expenses	167,433,658	197,000,871
2.4 Currency Exchange Loss	–	–
2.5 Non-Operating Expenses	2,647,444	11,969,168
2.6 Other Expenses	672,963,370	608,159,577
B) Cash Flow From Investment Activity	1,670,356,239	(2,763,527,365)
1. Changes in Balance with Banks	919,800,587	(521,908,848)
2. Changes in Money at Call and Short Notice	(41,091,500)	(560,689,750)
3. Changes in Investments	1,657,775,152	(1,144,129,395)
4. Changes in Loans, Advances and Bills Purchased	(1,729,395,745)	(694,631,358)
5. Changes in Fixed Assets	1,518,068	(9,512,559)
6. Changes in Other Assets	861,749,677	167,344,545
C) Cash Flow From Financing Activities	(1,968,206,419)	2,487,871,023
1. Changes in Borrowings	(22,356,464)	(880,753)
2. Changes in Deposits	(1,826,347,002)	2,405,806,895
3. Changes in Bills Payable	(2,727,039)	4,183,179
4. Changes in Other Liabilities	(116,775,914)	78,761,702
D) Net Cash Flow for the Year	7,753,832	(11,050,235)
E) Opening Cash Balance	187,704,879	198,755,114
F) Closing Cash Balance	195,458,711	187,704,879

Schedules 1 to 22, 27 & 28 form integral part of this Cash Flow Statement.

As per our report of even date

Sujit Mundul
CEO & Director

P. R. Somasundaram
Director
(Alternate to J. S. Bindra)

Ranjan Ghosh
Director
(Alternate to S. Agrawal)

Niranjan K. Tibrewala
Director

Rakhi Singh
Chief Financial Officer

T.R. Upadhyay
for and on behalf of
T.R. Upadhyay & Co.
Chartered Accountants

Date: 29/08/2005
Kathmandu

Schedule 27 : Significant Accounting Policies

Fiscal Year 16 July 2004 to 15 July 2005 (1 Shrawan 2061 to 31 Ashad 2062)

i) General Information

Standard Chartered Bank Nepal Ltd (the "Bank") is a limited liability company domiciled in Nepal. The address of its registered office is G.P.O. Box 3990, Naya Baneshwar, Kathmandu, Nepal. The Bank has a primary listing on the Nepal Stock Exchange Limited. The Bank is a subsidiary company of Standard Chartered Bank PLC, London.

The Bank carries out commercial banking activities in Nepal. The financial statements were approved by the Board of Directors on 29 August 2005.

ii) Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

iii) Statement of Compliance

The financial statements have been prepared in accordance with Nepal Accounting Standards (NAS) issued by the Nepal Accounting Standards Board (NASB), Generally Accepted Accounting Principles, Bank and Financial Institution Ordinance, 2061, presentation requirement of the directives issued by Nepal Rastra Bank (Central Bank) and in conformity with the Company Act, 2053.

iv) Basis of Preparation

The financial statements are prepared on the historical cost basis. The preparation of the financial statements in conformity with NAS and generally accepted accounting principles, requires the use of certain critical accounting estimates. It also requires the management to exercise judgement in the process of applying the Bank's accounting policies.

v) Interest Income

Interest income on loans and advances is recognised on cash basis as per the directive issued by Nepal Rastra Bank, which is not in accordance with Nepal Accounting Standards.

Interest income on Investments is recognised on accrual basis.

vi) Commission Income

Income from usance export bills is accounted for on accrual basis whereas earnings from sight bills is accounted upfront under Commission income.

Commission income exceeding Rs. 100,000 earned on guarantees covering more than a year is accounted for on accrual basis over the period of the guarantee.

vii) Foreign Exchange Transactions

Assets and liabilities denominated in foreign currencies are translated at mid-point exchange rates ruling at the Balance Sheet date.

Income realised from the difference between buying and selling rates of foreign currencies is accounted for as trading gains.

Net translation differences arising from the translation of foreign currency assets and liabilities is accounted for as revaluation gain. In conformity with the Directives of the Central Bank, 25% of the total revaluation gain amounting to Rs. 15,462,941 is transferred to Exchange Fluctuation Reserve by debit to Profit and Loss Appropriation Account.

viii) Interest Expense

Interest on deposit liabilities and borrowing from other banks are accounted for on accrual basis.

ix) Loans and Advances, Overdraft and Bills Purchased

Loans and advances, overdrafts and bills purchased include direct finance provided to the customers such as bank overdrafts, credit card, term loans, hire purchase finance and loans given to priority and deprived sectors. All loans

Schedules to the financial statements

are subject to regular review and are graded according to the level of credit risk and classified as per the Central Bank's Directives. Loans and advances, overdraft and bills purchased are net of loan loss provisions.

x) Staff Loans

Loans and advances to staff granted in accordance with the staff loan scheme are reflected under Other Assets.

xi) Loan Loss Provision

Provision for possible losses has been made to cover doubtful loans and advances, overdraft and bills purchased. The level of loan loss provision is determined from 1% to 100% on the basis of classification of loans and advances, overdraft and bills purchased in accordance with the directives of the Central Bank. Further, additional provisions for possible losses have been made as per the directives issued by Central Bank for the blacklisted / restructured customers.

xii) Investments

Investment in Treasury Bills, HMG Development Bonds and Special Bonds are those, which the Bank has purchased with the positive intent and ability to hold until maturity. Such securities are recorded at cost or at cost adjusted for amortisation of premiums or discounts.

Certain investments in Shares are held for strategic purpose and are stated at cost and no mark up/down is made for any change in their values. Dividend is recognised as income when the right to receive the payment is established.

Premiums and discounts are capitalised and amortised from the date of purchase to maturity.

All investments are subject to regular review according to the Directives of the Central Bank.

xiii) Fixed Assets

Premises, equipment, furniture and fixtures and vehicles are carried at cost less depreciation.

xiv) Non Capitalised Assets

Vehicles, equipment, furniture and fixtures with a unit value of Rs. 400,000 or less and software costs with a unit value of Rs. 40,000,000 or less are expensed off in the year of purchase.

xv) Depreciation

Assets other than freehold land are depreciated at rates based upon their expected useful lives, using the straight-line method. Costs on improvements and renovation of leasehold premises are depreciated over the remaining period of the lease.

xvi) Software Costs

Software applications purchased by the Bank, costing greater than Rs. 40,000,000, are amortised over a period of thirty-six months from the month of purchase.

xvii) Retirement Benefits

The Bank has schemes of retirement benefits namely Gratuity and Provident Fund. Provision for Gratuity and Provident Fund is made on accrual basis. Contributions to Approved Retirement Fund are made on a regular basis as per the Retirement Fund rules and regulations.

xviii) Stationery

Stationery purchased for internal consumption is expensed at the time of purchase.

xix) Provision for Taxation

Provision for taxation has been made based on the prevailing Income Tax Act, 2058 and amendments thereto from time to time.

xx) Rounding off / previous year figures

The financial statements are presented in Nepalese Rupees, rounded off to the nearest rupee. Where necessary, amounts shown for the previous year have been reclassified to facilitate comparison.

Schedule 28 : Notes to Accounts

Fiscal Year 16 July 2004 to 15 July 2005 (1 Shrawan 2061 to 31 Ashad 2062)

1. Provision for Bonus

Provision for bonus has been calculated and provided for at 10% of net profits after making adjustments for loan loss provision.

2. Staff Housing Fund

As the terms of service of the staff has a provision for extending housing loans to the eligible staff, a separate housing fund has not been created as prescribed by the Labour Act 2048.

3. Tax Settlement Outstanding / Contingent Liability

Inland Revenue Office has completed the assessments of returns for the Fiscal-Year 2000-01 and 2001-02 filed by the Bank under the self-assessment. Additional demand aggregating to Rs. 38,160,654 (Previous Year Rs. 9,877,320) raised by the Tax authorities has been disputed by the Bank and referred to Revenue Tribunal, and review of the office of Director General of Inland Revenue Department as appropriate. Pending final decision, the additional demand has not been provided for in the books during the year.

4. Provision for Gratuity

During the year, the Bank has provided Rs. 13,357,190 (Previous Year Rs. 9,076,896) on account of gratuity. Out of the amount provided, Rs. 10,143,130 has been funded and Rs. 2,665,527 (previous year Rs. 11,168,367) has been paid to the staff at the time of separation.

5. Reconciliation Status

Figures in Rs.

PARTICULARS	Total Amount	< 3 Months	>3<9 Months	> 9 Months
Branch Adjustments Accounts	–	–	–	–
Agency Accounts	275,207,286	274,416,352	790,935	–

The reasons for differences are fully identified and are being addressed in regular course of business.

6. Summary of Loans and Advances disbursed, recovered and Principal and Interest Written-off

Rs. in '000

PARTICULARS	Amount
Loans Disbursed	14,386,874
Loans Recovered	12,893,089
Loans Written-off	2,690
Interest Written-off	14,781

7. Summary of Changes in Deposits Liabilities

Figures in Rs.

PARTICULARS	Current Year	Last Year	Changes
Current and Margin Accounts	4,592,917,196	6,020,121,274	(1,427,204,078)
Saving Account	13,030,929,456	12,771,825,999	259,103,456
Call Deposits	294,865,320	940,999,159	(646,133,839)
Fixed Deposits	1,416,382,754	1,428,495,296	(12,112,542)
Inter-Bank Deposits	55,926,267	78,282,731	(22,356,464)

Schedules to the financial statements

8. Weighted Average Interest Spread

PARTICULARS	Rate %
Average Rate of Credit and Investments	4.96
Average Rate on Deposits	1.26
Net Spread	3.70

9. Particulars of Amortised Expenses yet to be Expensed-off

Rs. in '000

PARTICULARS	Amount
Software Costs	6,986
Licence Fees	1,333
Total	8,319

10. Summary of Concentration of Exposure

Figures in Rs.

PARTICULARS	Loans & Advances and Bills	Deposits & Borrowings	Contingent
Total Amount as on 15 July 2005	8,420,868,793	19,391,020,993	4,077,468,044
Highest exposure to single unit	518,425,646	1,088,324,282	357,785,800
Highest % of exposure to single unit	6.16	5.61	8.77

11. Classification of Assets and Liabilities based on Maturity

Figures in Million Rs.

PARTICULARS	1-90 Days	91-180 Days	181-270 Days	271 Days – 1 Year	Over 1 Year	Total
a) Assets						
1. Cash Balance	196	–	–	–	–	196
2. Balance with Banks	916	–	–	–	–	916
3. Investment in Foreign Banks	3,913	149	295	388	–	4,745
4. HMG Securities	1,404	1,007	751	1,927	–	5,089
5. Nepal Rastra Bank Bonds	–	–	368	418	1,328	2,114
6. Inter Bank Lending	–	–	–	–	–	–
7. Loans, Advances & Bills Purchased	1,950	1,094	1,749	716	2,634	8,143
8. Other Assets	492	–	–	–	200	692
Total Assets	8,871	2,250	3,163	3,449	4,162	21,895
b) Liabilities						
1. Borrowings	56	–	–	–	–	56
2. Current Deposits	1,403	–	–	–	3,485	4,888
3. Saving Deposits	2,606	–	–	–	10,425	13,031
4. Fixed Deposits	407	137	–	790	82	1,416
5. Debentures	–	–	–	–	–	–
6. Other Liabilities, Capital & Reserve	471	–	–	–	2,032	2,503
Total Liabilities	4,943	137	–	790	16,024	21,894
Net Financial Assets	3,928	2,113	3,163	2,659	(11,862)	
Cumulative Net Financial Assets	3,928	6,041	9,204	11,863	0	

12. Borrowing by Bank against the collateral of own assets is nil.

Statement of Changes in Equity

Fiscal Year 16 July 2004 to 15 July 2005 (1 Shrawan 2061 to 31 Ashad 2062)

PARTICULARS	Share Capital Rs.	Share Premium Rs.	General Reserve Rs.	Capital Adjustment Fund Rs.	Exchange Fluctuation Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance at 16 July 2004	374,640,400	–	749,280,800	37,464,040	116,767,291	217,586,480	1,495,739,011
Changes in Accounting Policy	–	–	–	–	–	–	–
Restated Balance	374,640,400	–	749,280,800	37,464,040	116,767,291	217,586,480	1,495,739,011
Surplus on Revaluation of Properties	–	–	–	–	–	–	–
Deficit on Revaluation of Investments	–	–	–	–	–	–	–
Currency Translation Differences	–	–	–	–	–	–	–
Net Gains & Losses Not Recognised in the Income Statement	–	–	–	–	–	–	–
Net Profit for the Period	–	–	–	–	–	539,203,887	539,203,887
Transfer to General Reserve	–	–	–	–	–	–	–
Declaration of Dividend	–	–	–	–	–	(449,568,480)	(449,568,480)
Issue of Share Capital	–	–	–	–	–	–	–
Deficit on Revaluation of Properties	–	–	–	–	–	–	–
Surplus on Revaluation of Investments	–	–	–	–	–	–	–
Currency Translation Differences	–	–	–	–	15,462,941	(15,462,941)	–
Capital Adjustment Fund	–	–	–	37,464,040	–	(37,464,040)	–
Tax Related Movement	–	–	–	–	–	(2,959,002)	–
Balance at 15 July 2005	374,640,400	–	749,280,800	74,928,080	132,230,232	251,335,904	1,582,415,416

Nepal Rastra Bank's Approval and Direction

The direction given by Nepal Rastra Bank vide the letter No. Bai. Su. Bi. / Offsite / AGM 03/062/063 dated 2062/6/11 (27 September 2005) in the course of providing approval for publishing the Financial Statements of the fiscal year 2061/62 are as follows:

- a)** Schedule 10 (A) of the Financial Statements is not in line with the statutory format prescribed by the Nepal Rastra Bank and therefore should be revised and published.
- b)** Non-performing assets should be calculated and published as per the loan classification.

Standard Chartered Bank Nepal Limited: Action and Response

The above two observations have been fully complied with while publishing this report and the same has been duly notified to the Nepal Rastra Bank.

Management Committee

Sujit Mundul

Chief Executive Officer

Aniruddha Bose

Head - Client Relationship (CR)

Rakhi Singh

Chief Financial Officer

Madhu Sudan Agrawal

Senior Manager - Credit

Anju Sharma

Head - Consumer Bank

Sudesh Khaling

Head - Service Delivery, IT & SS & CRES

Krishna K Bhattarai

Head - Legal and Compliance

Diwakar Poudel

Head - Global Markets

Manindra Shrestha

Head - Human Resources

Bina Rana

Head - Corporate Affairs

Client Relationships (CR)

Aniruddha Bose

Head - Client Relationship

Deepak Rajbhandary

Head - Sales

Rajesh Khanal

Relationship Manager

Gorakh Rana

Senior Relationship Manager

Arun Devkota

Relationship Manager

Rajib Giri

Senior Relationship Manager

Anil K Shrestha

Relationship Manager - Development Organizations

Sunil KC

Relationship Manager

Gopi Bhandary

Relationship Manager & CEO'S Representative - Biratnagar

Consumer Banking (CB)

Anju Sharma

Head - Consumer Bank

Keepa Khaling

Head - Secured Lending

Sudhir Sharma

Head - Cards Services & Personal Loans

Pushpa Rana

Head - Priority Banking

Neelam Sharma

Branch Manager - Kantipath

Sanjeev Mishra

Branch Manager - Biratnagar

Probin Acharya

Branch Manager - Bhairahawa

Raman Pant

Branch Manager - N Baneshwor

Deepak KC

Branch Manager Pokhara & Cluster Head & CEO's Representative, Western Region

Pankaj Acharya

Branch Manager - Dharan

Vishnu Manandhar

Branch Manager - Lalitpur

Deepak Shrestha

Branch Manager - Hetauda

Dhan Thapa

Branch Manager - Butwal

Kishoree Manandhar

Manager Credit - Consumer Bank

Resha Pradhan

Manager - UN Counter

Operations

Sudesh Khaling

Head - Service Delivery, IT and SS & CRES

Rabi Gorkhali

Manager - Trade Operations

Sujit Shrestha

Manager - IT

Shabnam Limbu

Manager - Operational Risks

Pramod Bohara

Manager - Central Operations

Pradip Shrestha

Manager - Card Operations

Keshav Tuladhar

Manager - Global Market Risks

Mahesh Bajracharya

Manager - Global Market Operations

Suvas Kansakar

Manager - Credit Risk Control

Milan Dahal

Manager - SS & CRES

Legal & Compliance

Krishna K Bhattarai

Head - Legal and Compliance

Shobha B Rana

Senior Manager - Audit & Compliance

Bidya K Adhikari

Officer - Legal

Ujjwal Dixit

Officer - Share Operation

Note: