

T R Upadhy & Co.*Chartered Accountants*

104 Tanka Prasad Marg
Baneswar Height
Post Box No. 4414
Kathmandu, Nepal

Telephone: 977 (1) 4495000, 4472658
Fax: 977 (1) 4474178
E-mail: trunco@ntc.net.np

**THE SHAREHOLDERS OF
STANDARD CHARTERED BANK NEPAL LIMITED**

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying Balance Sheet of **Standard Chartered Bank Nepal Limited**, as of 16 July 2006 (Corresponding to 32 Ashad, 2063), 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 Ordinance, 2062 and Bank and Financial Institution Ordinance, 2062 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 16 July 2006 (Corresponding to 32 Ashad 2063), 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 Ordinance, 2062 and Bank and Financial Institution Ordinance, 2062.

Kathmandu
Date : 14 September 2006 (29 Bhadra 2063)

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

Standard Chartered Bank Nepal Limited

Balance Sheet

as at 16 July 2006 (32 Ashad 2063)

CAPITAL & LIABILITIES		Schedule	This Year Rs.	Previous Year Rs.
1.	Share Capital	4.1	374,640,400	374,640,400
2.	Reserves and Funds	4.2	1,379,498,377	1,207,775,016
3.	Debentures and Bonds	4.3	–	–
4.	Loans and Borrowings	4.4	–	27,551,143
5.	Deposit Liability	4.5	23,061,032,081	19,363,469,850
6.	Bills Payables	4.6	55,750,837	56,297,815
7.	Proposed and Unpaid Dividend		499,979,726	461,337,681
8.	Income Tax Liability		–	–
9.	Other Liabilities	4.7	405,430,899	290,607,617
TOTAL LIABILITIES			25,776,332,320	21,781,679,522

ASSETS		Schedule	This Year Rs.	Previous Year Rs.
1.	Cash Balance	4.8	279,511,285	195,458,711
2.	Balance with Nepal Rastra Bank	4.9	749,740,866	692,191,592
3.	Balance with Banks/Financial Institutions	4.10	246,989,272	223,466,591
4.	Money at Call and Short Notice	4.11	1,977,271,000	2,259,691,000
5.	Investments	4.12	12,847,535,692	9,702,553,250
6.	Loans, Advances and Bills Purchased	4.13	8,935,417,810	8,143,207,783
7.	Fixed Assets	4.14	101,301,932	71,412,617
8.	Non-Banking Assets	4.15	–	–
9.	Other Assets	4.16	638,564,463	493,697,978
TOTAL ASSETS			25,776,332,320	21,781,679,522

Contingent Liabilities	Schedule 4.17
Declaration of Directors	Schedule 4.29
Statement of Capital Fund	Schedule 4.30
Statement of Risk Weighted Assets	Schedule 4.30(A)
Key Indicators	Schedule 4.31
Significant Accounting Policies	Schedule 4.32
Notes to Accounts	Schedule 4.33

Schedules 4.1 to 4.17 form an integral part of the Balance Sheet.

Rakhi Singh
Chief Financial Officer

Niranjan K. Tibrewala
Director

Sujit Mundul
CEO & Director

Sanjeev Agrawal
Director

As per our report of even date

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

Ram B. Aryal
Director

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

Standard Chartered Bank Nepal Limited

Profit and Loss Account

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

PARTICULARS	Schedule	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	1,189,602,957	1,058,677,576
2. Interest Expenses	4.19	303,198,419	254,126,645
Net Interest Income		886,404,538	804,550,931
3. Commission and Discount	4.20	222,928,812	178,651,117
4. Other Operating Incomes	4.21	25,442,174	29,292,717
5. Exchange Fluctuation Income	4.22	283,471,852	273,044,185
Total Operating Income		1,418,247,376	1,285,538,950
6. Staff Expenses	4.23	168,230,682	148,585,972
7. Other Operating Expenses	4.24	221,086,673	256,648,863
8. Exchange Fluctuation Loss	4.22	—	—
Operating Profit Before Provision for Possible Loss		1,028,930,021	880,304,115
9. Provision for Possible Losses	4.25	47,729,780	27,725,795
Operating Profit		981,200,241	852,578,320
10. Non-Operating Income/(Loss)	4.26	1,432,691	2,957,005
11. Provision for Possible Loss Written Back	4.27	53,090,276	33,685,017
Profit from Ordinary Activities		1,035,723,208	889,220,342
12. Income/(Expenses) from Extra Ordinary Activities	4.28	(2,411,224)	(2,389,265)
Net Profit after considering all Activities		1,033,311,984	886,831,077
13. Provision for Staff Bonus		93,937,453	88,683,108
14. Provision for Income Tax		280,618,650	261,903,084
Current Year's		274,504,897	258,944,082
Upto Previous Year		6,113,753	2,959,002
Net Profit/Loss		658,755,881	536,244,885

Schedule 4.18 to 4.28 from integral part of this Profit and Loss Account.

Rakhi Singh
Chief Financial Officer

Niranjan K. Tibrewala
Director

Sujit Mundul
CEO & Director

Sanjeev Agrawal
Director

As per our report of even date

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

Ram B. Aryal
Director

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

Standard Chartered Bank Nepal Limited

Profit and Loss Appropriation Account

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

PARTICULARS	Schedule	This Year Rs.	Previous Year Rs.
Income			
1. Accumulated Profit up to Last Year		251,335,904	217,586,480
2. This Year's Profit		658,755,881	536,244,885
3. Exchange Fluctuation Fund		-	-
Total		910,091,785	753,831,365
Expenses			
1. Accumulated Loss up to Last Year		-	-
2. Current Year's Loss		-	-
3. General Reserve Fund		-	-
4. Contingent Reserve		-	-
5. Institutional Development Fund		-	-
6. Dividend Equalization Fund		-	-
7. Employees Related Reserves		-	-
8. Proposed Dividend		487,032,520	449,568,480
9. Proposed Issue of Bonus Shares		37,464,040	-
10. Special Reserve Fund		-	-
11. Exchange Fluctuation Fund		15,010,547	15,462,941
12. Capital Redemption Reserve Fund		-	-
13. Capital Adjustment Fund		-	37,464,040
Total		539,507,107	502,495,461
Accumulated Profit/(Loss)		370,584,678	251,335,904

Rakhi Singh
Chief Financial Officer

Niranjan K. Tibrewala
Director

Sujit Mundul
CEO & Director

Sanjeev Agrawal
Director

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

Ram B. Aryal
Director

As per our report of even date

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

Standard Chartered Bank Nepal Limited**Cash Flow Statement**

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
(600,036,268)	A) Cash Flow from Operating Activities	(658,562,486)
638,867,841	1. Cash Receipts	714,577,199
156,369,912	1.1 Interest Income	182,302,455
183,432,692	1.2 Commission and Discount Income	220,450,214
266,864,869	1.3 Income from Foreign Exchange Transaction	283,471,852
300,390	1.4 Recovery of Loan Written off	1,576,518
31,899,978	1.5 Other Income	26,776,160
1,238,904,109	2. Cash Payments	1,373,139,685
255,528,777	2.1 Interest Expenses	300,222,265
148,037,439	2.2 Staff Expenses	168,497,496
167,433,658	2.3 Office Operating Expenses	188,079,960
262,503,579	2.4 Income Tax Payment	265,502,934
405,400,656	2.5 Other Expenses	450,837,030
(600,036,268)	Cash Flow before Changes in Working Capital	(658,562,486)
(908,737,567)	Decrease / (Increase) of Current Assets	(610,533,438)
(41,091,500)	1. Decrease / (Increase) in Money at Call and Short Notice	282,420,000
-	2. Decrease / (Increase) in Short Term Investment	-
(1,729,395,745)	3. Decrease / (Increase) in Loan and Bills Purchase	(790,837,272)
861,749,678	4. Decrease / (Increase) in Other Assets	(102,116,166)
(1,975,912,999)	(Decrease) / Increase of Current Liabilities	3,674,730,303
(1,826,347,002)	1. (Decrease) / Increase in Deposits	3,697,562,231
-	2. (Decrease) / Increase in Certificate of Deposits	-
(22,356,464)	3. (Decrease) / Increase in Short Term Borrowing	(28,098,121)
(127,209,533)	4. (Decrease) / Increase in Other Liabilities	5,266,193
2,572,640,079	B) Cash Flow from Investment Activities	(2,240,509,850)
1,657,775,152	1. Decrease / (Increase) in Long Term Investment	(3,144,982,442)
1,518,068	2. Decrease / (Increase) in Fixed Assets	(47,539,177)
913,297,506	3. Interest Income from Long Term Investment	951,913,064
49,353	4. Dividend Income	98,705
-	C) Cash Flow from Financing Activities	-
-	1. Increase / (Decrease) in Long Term Borrowings (Bond, Debenture etc.)	-
-	2. Increase / (Decrease) in Share Capital	-
-	3. Increase / (Decrease) in Other Liability	-
-	4. Increase / (Decrease) in Refinance / Facilities Received From Nepal Rastra Bank	-
-	D) Income / Loss from Change in Exchange Rate in Cash and Bank Balance	-
(912,046,755)	E) Current Year's Cash Flow from all Activities	165,124,529
2,023,163,649	F) Opening Cash and Bank Balance	1,111,116,894
1,111,116,894	G) Closing Cash and Bank Balance	1,276,241,423

Rakhi Singh
Chief Financial Officer

Niranjan K. Tibrewala
Director

Sujit Mundul
CEO & Director

Sanjeev Agrawal
Director

As per our report of even date

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

Ram B. Aryal
Director

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

Standard Chartered Bank Nepal Limited

Statement of Changes in Equity

Fiscal Year 2062 / 2063

PARTICULARS	Share Capital	Accumulated Profit	General Reserve	Capital Reserve Fund	Share Premium	Exchange Fluctuation Reserve	Other Reserve & Funds	Total
Opening Balance at 16 July 2005	374,640,400	251,335,904	749,280,800	-	-	132,230,232	74,928,080	1,582,415,416
Adjustments	-	-	-	-	-	-	-	-
Restated Balance as at 16 July 2005	374,640,400	251,335,904	749,280,800	-	-	132,230,232	74,928,080	1,582,415,416
Surplus/Deficit on Revaluation of Properties	-	-	-	-	-	-	-	-
Surplus/Deficit on Revaluation of Investments	-	-	-	-	-	-	-	-
Net Profit for the Period	-	658,755,881	-	-	-	-	-	658,755,881
Transfer to General Reserve	-	-	-	-	-	-	-	-
Proposed Dividend	-	(487,032,520)	-	-	-	-	-	(487,032,520)
Proposed Issue of Bonus Shares	-	(37,464,040)	-	-	-	-	37,464,040	-
Issue of Share Capital	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	(15,010,547)	-	-	-	15,010,547	-	-
Capital Adjustment Fund	-	-	-	-	-	-	-	-
Closing Balance as at 16 July 2006	374,640,400	370,584,678	749,280,800	-	-	147,240,779	112,392,120	1,754,138,777

Rs.

Standard Chartered Bank Nepal Limited
Share Capital and Ownership
as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
1,000,000,000	1. Share Capital	1,000,000,000
1,000,000,000	1.1 Authorised Capital	1,000,000,000
–	a) 10,000,000 Ordinary Shares of Rs. 100 each	–
–	b) – Non-Redeemable Preference Shares of Rs. – each	–
–	c) – Redeemable Preference Shares of Rs. – each	–
500,000,000	1.2 Issued Capital 500,000,000	500,000,000
500,000,000	a) 5,000,000 Ordinary Shares of Rs. 100 each	500,000,000
–	b) – Non-Redeemable Preference Shares of Rs. – each	–
–	c) – Redeemable Preference Shares of Rs. – each	–
374,640,400	1.3 Paid Up Capital	374,640,400
374,640,400	a) 3,746,404 Ordinary Shares of Rs. 100 each	374,640,400
–	b) – Proposed Bonus Share of Rs. – each	–
–	c) – Non-Redeemable Preference Shares of Rs. – each	–
–	d) – Redeemable Preference Shares of Rs. – each	–

Share Ownership

Share Capital		PARTICULARS	Share Capital	
Previous Year Rs.	%		%	This Year Rs.
93,660,100	25.00	1. Local Ownership	25.00	93,660,100
–	–	1.1 Government of Nepal	–	–
–	–	1.2 "A" Class Licensed Institutions	–	–
–	–	1.3 Other Licensed Institutions	–	–
–	–	1.4 Other Institutions	–	–
93,660,100	25.00	1.5 General Public	25.00	93,660,100
–	–	1.6 Others	–	–
280,980,300	75.00	2. Foreign Ownership	75.00	280,980,300
187,320,200	50.00	1.1 Standard Chartered Grindlays Ltd., Australia	50.00	1,87,320,200
93,660,100	25.00	1.2 Standard Chartered Bank, UK	25.00	93,660,100
374,640,400	100.00	Total	100.00	374,640,400

Details of the Shareholders holding more than 0.5% of the Total Shares :

S.No.	No. of Shares Held	Name of the Shareholders	% of Total Shares	Amount Rs.
1.	20,000	Panita Sundas Lama	0.53	2,000,000
2.	20,000	Pravesh Lama	0.53	2,000,000
3.	20,000	Jhan Man Lama	0.53	2,000,000
4.	20,000	Usha Devi Sundas	0.53	2,000,000
5.	20,000	Zharna Lama	0.53	2,000,000
6.	20,000	Priyanka Agrawal	0.53	2,000,000
7.	20,000	Avinash Agrawal	0.53	2,000,000
8.	20,000	Komal Agrawal	0.53	2,000,000
9.	20,000	Shashi Agrawal	0.53	2,000,000
10.	20,000	Shanker Lal Agrawal	0.53	2,000,000
11.	20,000	Pashupati Soap Industries	0.53	2,000,000
12.	19,855	Nirmal Pradhan	0.53	1,985,500

Standard Chartered Bank Nepal Limited

Reserves and Funds

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
749,280,800	1. General Reserve Fund	749,280,800
–	2. Capital Reserve Fund	–
–	3. Capital Redemption Reserve	–
74,928,080	4. Other Reserves and Funds	112,392,120
–	a) Contingent Reserve	–
–	b) Institutional Development Fund	–
–	c) Dividend Equalization Fund	–
–	d) Special Reserve Fund	–
–	e) Assets Revaluation Reserve	–
74,928,080	f) Other Free Reserves	112,392,120
74,928,080	i) Capital Adjustment Fund	74,928,080
–	ii) Proposed Issue of Bonus Shares	37,464,040
251,335,904	5. Accumulated Profit/(Loss)	370,584,678
132,230,232	6. Exchange Fluctuation Fund	147,240,779
1,207,775,016	Total	1,379,498,377

Schedule 4.3

Standard Chartered Bank Nepal Limited

Debentures and Bonds

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
–	1. Debentures	–
–	2. Bond	–
–	Total (1+2)	–

Schedule 4.4

Standard Chartered Bank Nepal Limited

Loans and Borrowings

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
	A) Local	
	1. Government of Nepal	–
	2. Nepal Rastra Bank	–
	3. Repo Liabilities	–
	4. Inter Bank and Financial Institution	–
	5. Other Institutions	–
	6. Others	–
–	Total A	–
	B) Foreign	
27,551,143	1. Banks	–
–	2. Others	–
27,551,143	Total B	–
27,551,143	Total (A + B)	–

Standard Chartered Bank Nepal Limited**Deposit Accounts**

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
	1. Non-Interest Bearing Accounts	
4,356,337,223	A) Current Deposits	4,681,937,373
2,360,625,049	1. Local Currency	3,071,863,196
643,487	1.1 Government of Nepal	8,802,432
10,184,234	1.2 "A" Class Licensed Institutions	422,491
92,650,036	1.3 Other Licensed Institutions	15,098,969
1,773,092,956	1.4 Other Institutions	1,628,535,257
437,421,527	1.5 Individuals	741,104,484
46,632,809	1.6 Others	677,899,563
1,995,712,174	2. Foreign Currency	1,610,074,177
-	2.1 Government of Nepal	-
7,591,407	2.2 "A" Class Licensed Institutions	-
-	2.3 Other Licensed Institutions	-
1,674,442,636	2.4 Other Institutions	1,118,737,250
244,132,329	2.5 Individuals	330,899,346
69,545,802	2.6 Others	160,437,581
248,795,097	B) Margin Deposits	509,421,950
-	1. Employees Guarantee	-
59,890,300	2. Guarantee Margin	40,887,921
135,378,354	3. Letters of Credit Margin	53,878,031
53,526,443	4. Others	14,655,998
-	C) Others	-
-	1. Local Currency	-
-	1.1 Financial Institutions	-
-	1.2 Other Institutions	-
-	1.3 Individuals	-
-	2. Foreign Currency	-
-	2.1 Financial Institutions	-
-	2.2 Other Institutions	-
-	2.3 Individuals	-
4,605,132,320	Total of Non-Interest Bearing Accounts	5,191,359,323

Standard Chartered Bank Nepal Limited

Deposit Accounts (Contd.)

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
	2. Interest Bearing Accounts	
13,030,929,456	A) Saving Deposits	14,597,674,239
10,736,552,952	1. Local Currency	12,079,030,999
1,388,682,032	1.1 Organisation and Institutions	1,363,941,970
9,286,747,015	1.2 Individuals	10,207,087,157
61,123,905	1.3 Others	508,001,872
2,294,376,504	2. Foreign Currency	2,518,643,240
1,148,055,686	2.1 Organisation and Institutions	1,359,906,752
1,112,812,469	2.2 Individuals	1,111,146,257
33,508,349	2.3 Others	47,590,231
1,416,382,754	B) Fixed Deposits	2,136,307,063
631,912,756	1. Local Currency	386,517,835
293,909,527	1.1 Organisation and Institutions	48,704,913
330,970,814	1.2 Individuals	330,359,752
7,032,415	1.3 Others	7,453,170
784,469,998	2. Foreign Currency	1,749,789,228
601,718,705	2.1 Organisation and Institutions	200,007,749
151,548,993	2.2 Individuals	1,548,788,882
31,202,300	2.3 Others	992,597
311,025,320	C) Call Deposits	1,135,691,456
293,769,023	1. Local Currency	1,111,686,961
–	1.1 "A" Class Licensed Institutions	–
–	1.2 Other Licensed Institutions	–
293,759,028	1.3 Other Organised Institutions	284,563,266
–	1.4 Individuals	62,436,779
9,995	1.5 Others	764,686,916
17,256,297	2. Foreign Currency	24,004,495
16,160,000	2.1 "A" Class Licensed Institutions	10,228,800
–	2.2 Other Licensed Institutions	–
–	2.3 Other Organised Institutions	12,621,158
–	2.4 Individuals	1,154,537
1,096,297	2.5 Others	–
–	D) Certificate of Deposits	–
–	1. Organised Institutions	–
–	2. Individuals	–
–	3. Others	–
14,758,337,530	Total of Interest Bearing Accounts	17,869,672,758
19,363,469,850	Total Deposits (1 + 2)	23,061,032,081

Schedule 4.6

Standard Chartered Bank Nepal Limited**Bills Payable**

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
43,758,826	1. Local Currency	41,204,300
12,538,989	2. Foreign Currency	14,546,537
56,297,815	Total	55,750,837

Schedule 4.7

Standard Chartered Bank Nepal Limited**Other Liabilities**

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
60,665,357	1. Pension / Gratuity Fund	60,500,576
–	2. Employees Provident Fund	–
–	3. Employees Welfare Fund	–
88,683,108	4. Provision for Staff Bonus	93,937,453
17,252,355	5. Interest Payable on Deposits	20,228,509
–	6. Interest Payable on Borrowings	–
17,976,504	7. Unearned Discount and Commission	25,080,517
64,116,340	8. Sundry Creditors	149,681,593
–	9. Branch Adjustment Account	–
41,913,953	10. Others (Provision for Expenses)	56,002,251
395,500	a) Audit Fees Payable 395,500	
41,518,453	b) Others 55,606,751	
290,607,617	Total	405,430,899

Schedule 4.8

Standard Chartered Bank Nepal Limited**Cash Balance**

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
162,141,367	1. Local Currency (including coins)	243,442,057
33,317,344	2. Foreign Currency	36,069,228
195,458,711	Total	279,511,285

Standard Chartered Bank Nepal Limited

Balance with Nepal Rastra Bank

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	Local Currency Rs.	Foreign Currency Rs.			Grand Total Rs.
			INR	Convertible Foreign Currency	Total	
692,191,592	1. Nepal Rastra Bank	731,759,539	-	17,981,327	17,981,327	749,740,866
692,191,592	a) Current Account	731,759,539	-	17,981,327	17,981,327	749,740,866
-	b) Other Account	-	-	-	-	-

Standard Chartered Bank Nepal Limited

Balance with Bank / Financial Institutions

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	Local Currency Rs.	Foreign Currency Rs.			Grand Total Rs.
			INR	Convertible Foreign Currency	Total	
15,488,102	1. Local Licensed Institutions	18,578,714	-	-	-	18,578,714
15,488,102	a) Current Account	18,578,714	-	-	-	18,578,714
-	b) Other Account	-	-	-	-	-
207,978,489	2. Foreign Banks	-	43,472,049	184,938,509	228,410,558	228,410,558
207,978,489	a) Current Account	-	43,472,049	184,938,509	228,410,558	228,410,558
-	b) Other Account	-	-	-	-	-
223,466,591	Total	18,578,714	43,472,049	184,938,509	228,410,558	246,989,272

Note: Balance as per the confirmation and statement received from respective banks is Rs. 254,811,976 and the differences have been reconciled.

Standard Chartered Bank Nepal Limited

Money at Call and Short Notice

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
-	1. Local Currency	-
2,259,691,000	2. Foreign Currency	1,977,271,000
2,259,691,000	Total	1,977,271,000

Standard Chartered Bank Nepal Limited

Investments

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	Purpose		This Year Rs.
		Trading	Other	
5,089,367,847	1. Government of Nepal Treasury Bills	–	7,210,500,501	7,210,500,501
1,982,041,000	2. Government of Nepal Saving Certificates	–	1,296,536,000	1,296,536,000
131,657,403	3. Government of Nepal Other Securities (Special Bond)	–	137,819,191	137,819,191
–	4. Nepal Rastra Bank Bonds	–	–	–
–	5. Foreign Securities	–	–	–
–	6. Local Licensed Institutions	–	–	–
2,486,139,000	7. Foreign Banks	–	4,190,337,000	4,190,337,000
13,348,000	8. Corporate Shares	–	15,343,000	15,343,000
–	9. Corporate Debenture and Bonds	–	–	–
–	10. Other Investments	–	–	–
9,702,553,250	Total Investments	–	12,850,535,692	12,850,535,692
–	Provisions	–	3,000,000	3,000,000
9,702,553,250	Net Investments	–	12,847,535,692	12,847,535,692

Schedule 4.12 (A)

Standard Chartered Bank Nepal Limited

Investment in Shares, Debentures and Bonds

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year		
		Cost Price Rs.	Market Price Rs.	Provision Amount Rs.
13,348,000	1. Investment in Shares	15,343,000	–	3,000,000
3,000,000	1.1 Purwanchal Grameen Bikash Bank Ltd. 30,000 Ordinary Shares of Rs. 100 each paid up	3,000,000	NA (Note 3)	–
3,000,000	1.2 Sudur Paschimanchal Grameen Bikash Bank Ltd. 30,000 Ordinary Shares of Rs. 100 each paid up	3,000,000	NA (Note 3)	3,000,000
6,995,000	1.3 Rural Micro Finance Development Centre Ltd. 89,900 Ordinary Shares of Rs. 100 each paid up	8,990,000	NA (Note 3)	–
353,000	1.4 Credit Information Centre Ltd. 3,530 Ordinary Shares of Rs. 100 each paid up	353,000	NA (Note 3)	–
–	2. Investment in Debentures and Bonds	–	–	–
–	2.1 Company (Pvt. Ltd. / Ltd.) Percent Debentures / Bonds of Rs. – each	–	–	–
13,348,000	Total Investment	15,343,000	–	–
–	3. Provision for Loss	3,000,000		
–	3.1 Upto Previous Year	–		
–	3.2 Increase / Decrease this Year	3,000,000		
–	Total Provisions	3,000,000		
13,348,000	Net Investments	12,343,000		

Note: 1. The following companies have not distributed dividends in the last three years:

- 1.1 Purwanchal Grameen Bikash Bank Ltd.
- 1.2 Sudur Paschimanchal Grameen Bikash Bank Ltd.
- 1.3 Credit Information Centre Ltd.

2. None of the above shares are listed with the Nepal Stock Exchange Ltd. (NEPSE).

3. NA - In the absence of sufficient information and listing in NEPSE, the market value of the investments have not been shown.

Standard Chartered Bank Nepal Limited
Classification of Loans, Advances and Bills Purchased and Provisioning
as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	Loans and Advances					Bills Purchased and Discounted			This Year Rs.
		Domestic			Foreign Rs.	Total Rs.	Domestic Rs.	Foreign Rs.	Total Rs.	
		Priority Sector		Other Rs.						
		Insured Rs.	Uninsured Rs.							
8,194,560,390	1. Performing Loan	-	394,824,610	8,314,358,753	12,435	8,709,195,798	4,493,559	296,658,539	301,152,098	9,010,347,896
8,194,560,390	1.1 Pass	-	394,824,610	8,314,358,753	12,435	8,709,195,798	4,493,559	296,658,539	301,152,098	9,010,347,896
-	1.2 Restructured	-	-	-	-	-	-	-	-	-
226,308,403	2. Non - Performing Loan	-	68,639,400	127,292,915	-	195,932,315	-	-	-	195,932,315
10,443,017	2.1 Substandard	-	1,490,317	15,002,023	-	16,492,340	-	-	-	16,492,340
104,521,470	2.2 Doubtful	-	61,278,680	4,329,597	-	65,608,277	-	-	-	65,608,277
111,343,916	2.3 Loss	-	5,870,403	107,961,295	-	113,831,698	-	-	-	113,831,698
8,420,868,793	A) Total Loans	-	463,464,010	8,441,651,668	12,435	8,905,128,113	4,493,559	296,658,539	301,152,098	9,206,280,211
	3. Loan Loss Provision									
81,945,605	3.1 Pass	-	3,948,246	83,143,588	124	87,091,958	44,936	2,966,585	3,011,521	90,103,479
-	3.2 Restructured	-	-	-	-	-	-	-	-	-
2,610,754	3.3 Substandard	-	372,579	3,750,506	-	4,123,085	-	-	-	4,123,085
81,760,735	3.4 Doubtful	-	60,639,340	2,164,799	-	62,804,139	-	-	-	62,804,139
111,343,916	3.5 Loss	-	5,870,403	107,961,295	-	113,831,698	-	-	-	113,831,698
277,661,010	B) Total Provision	-	70,830,568	197,020,188	124	267,850,880	44,936	2,966,585	3,011,521	270,862,401
	4. Provision upto Previous Year									
64,416,641	4.1 Pass	-	2,840,759	75,952,908	4,646	78,798,313	41,323	3,105,969	3,147,292	81,945,605
-	4.2 Restructured Loan	-	-	-	-	-	-	-	-	-
-	4.3 Substandard	-	795,342	1,815,412	-	2,610,754	-	-	-	2,610,754
97,994,522	4.4 Doubtful	-	79,500,000	2,260,735	-	81,760,735	-	-	-	81,760,735
121,209,067	4.5 Loss	-	4,080,602	107,263,314	-	111,343,916	-	-	-	111,343,916
283,620,230	C) Total Provision upto Previous Year	-	87,216,703	187,292,369	4,646	274,513,718	41,323	3,105,969	3,147,292	277,661,010
33,351,442	D) Provision Written Back During Current Year	-	31,551,707	19,832,780	4,522	51,389,009	-	139,384	139,384	51,528,393
(5,959,220)	Increase / Decrease in Current Year	-	(16,386,135)	9,727,819	(4,522)	(6,662,838)	3,613	(139,384)	(135,771)	(6,798,609)
8,143,207,783	Net Loan (A - B)	-	392,633,442	8,244,631,480	12,311	8,637,277,233	4,448,623	293,691,954	298,140,577	8,935,417,810

Schedule 4.13 (A)

Standard Chartered Bank Nepal Limited
Securities Against Loan, Advance and Bills Purchased
as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
8,420,868,793	A) Secured	9,206,280,211
4,871,960,035	1. Movable/Immovable Assets	5,040,152,164
-	2. Guarantee of Local Licensed Institutions	-
-	3. Government Securities	-
404,191,756	4. Guarantee of Internationally Rated Banks	221,376,890
-	5. Export Documents	-
-	6. Fixed Deposit Receipts	-
180,385,091	a) Own FDR	229,250,401
138,446,029	b) FDR of other Licensed Institutions	212,307,230
1,133,165,406	7. Government Securities / Bonds	610,145,734
-	8. Counter Guarantee	-
-	9. Personal Guarantee	-
1,692,720,476	10. Other Securities	2,893,047,792
-	B) Unsecured	-
8,420,868,793	Total	9,206,280,211

Standard Chartered Bank Nepal Limited**Fixed Assets**

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	Assets					This Year Rs.
		Freehold and Buildings Rs.	Vehicles Rs.	Machinery Rs.	Office Equipment Rs.	Others (Leasehold) Assets Rs.	
	1. At Cost						
385,176,977	a) Balance upto Previous Year	38,000,733	33,969,614	–	264,805,333	38,298,480	375,074,160
4,575,035	b) Addition this Year	–	5,538,995	–	13,948,876	2,364,108	21,851,979
–	c) Revaluation / Written-back this Year	–	–	–	–	–	–
(11,913,975)	d) Sold this Year	–	(885,000)	–	(21,991,156)	–	(22,876,156)
(2,763,878)	e) Written-off this Year	–	–	–	(2,617,557)	–	(2,617,557)
375,074,159	Total Cost (a+b+c+d+e)	38,000,733	38,623,609	–	254,145,496	40,662,588	371,432,426
	2. Depreciation						
268,253,375	a) Upto Previous Year	7,974,870	26,096,923	–	255,220,819	33,679,486	322,972,098
65,950,917	b) For this Year	728,348	5,093,991	–	11,413,612	1,682,461	18,918,412
–	c) Depreciation on Revaluation/Written-back	–	–	–	–	–	–
(11,232,194)	d) Depreciation on Assets Sold/Written-off	–	(885,000)	–	(24,608,714)	–	(25,493,714)
322,972,098	Total Depreciation (a+b+c+d)	8,703,218	30,305,914	–	242,025,717	35,361,947	316,396,796
52,102,061	3. Book Value (WDV)* (1-2)	29,297,515	8,317,695	–	12,119,779	5,300,641	55,035,630
19,310,556	4. Land	19,310,556	–	–	–	–	19,310,556
–	5. Capital Work in Progress (To be Capitalised)	–	–	–	26,955,746	–	26,955,746
–	6. Leasehold Assets	–	–	–	–	–	–
71,412,617	Total (3+4+5+6)	48,608,071	8,317,695	–	39,075,525	5,300,641	101,301,932

* Written Down Value

Standard Chartered Bank Nepal Limited**Non-Banking Assets**

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	Name and Address of Borrower or Party	Date of assuming Non Banking Assets	Total Amount of Non Banking Assets	Provision For Loss		Net Non Banking Assets Rs.
				%	Amount Rs.	
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–

Standard Chartered Bank Nepal Limited

Other Assets

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS		This Year Rs.
	1. Stock of Stationery		–
133,169,534	2. Income Receivable on Investments		188,556,971
133,460,066	3. Accrued Interest on Loan	160,694,438	–
(133,460,066)	Less: Interest Suspense Amount	(160,694,438)	
1,578,670	4. Commission Receivable		4,057,268
65,583,779	5. Sundry Debtors		52,090,689
107,443,889	6. Staff Loan and Advances		122,884,521
9,825,507	7. Prepayments		11,844,510
–	8. Cash in Transit		–
141,503,241	9. Other Transit Items (Including Cheques)		233,004,679
–	10. Drafts Paid without Notice		–
12,896,977	11. Expenses Not Written-off		10,735,109
–	12. Branch Adjustment Account		–
	13. Others		15,390,716
21,561,377	a) Advance Income Tax (Net of Provision)	15,115,716	
135,004	b) Others	275,000	
493,697,978	Total		638,564,463

Schedule 4.16 (A)

Standard Chartered Bank Nepal Limited

Other Assets (Additional Statement)

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year (Rs.)			
		Upto 1 Year	1 to 3 Years	Above 3 Years	Total
133,460,066	1. Accrued Interest on Loans and Advances	61,053,763	37,640,710	61,999,965	160,694,438
–	2. Drafts Paid without Notice	–	–	–	–
–	3. Branch Adjustment Account	–	–	–	–
–	4. Local & Foreign Agency Balances	–	–	–	–

Standard Chartered Bank Nepal Limited

Contingent Liabilities

as at 16 July 2006 (32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
–	1. Claims on Bank but not acknowledged as liabilities by the Bank	–
1,456,761,759	2. Letters of Credit (Full Amount)	1,837,398,481
1,087,349,373	a) Maturity period of less than 6 months	1,669,529,915
369,412,386	b) Maturity period of more than 6 months	167,868,566
–	3. Rediscounted Bills	–
501,658,305	4. Unmatured Guarantees/Bonds	600,141,972
13,238,225	a) Bid Bonds	50,734,064
488,420,080	b) Performance Bonds	549,407,908
–	c) Other Guarantee/Bonds	–
–	5. Unpaid Amount on Investment in Shares	–
66,571,000	6. Outstanding Liabilities of Forward Exchange Contracts	362,646,027
158,078,473	7. Bills for Collection	131,653,164
651,996,604	8. Acceptance and Endorsements	778,783,000
–	9. Underwriting Commitments	–
–	10. Irrevocable Loan Commitments	–
921,157,275	11. Guarantee against Counter Guarantee of Internationally Rated Banks	1,199,541,357
1,450,372	12. Advance Payment Guarantee	21,117,092
106,803,602	13. Financial Guarantee	103,200,620
38,160,654	14. Contingent Liabilities on Income Tax	28,283,334
174,830,000	15. Others	122,061,953
4,077,468,044	Total	5,184,827,000

Standard Chartered Bank Nepal Limited

Interest Income

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
581,664,037	A) On Loan, Advances and Overdraft	596,622,321
508,389,523	1. Loan and Advances	537,977,424
73,274,514	2. Overdrafts	58,644,897
331,633,469	B) On Investment	355,290,743
331,633,469	1. Government of Nepal Securities	355,290,743
218,782,914	a) Treasury Bills	235,714,091
106,228,675	b) Development Bonds	111,698,880
-	c) National Savings Certificates	-
6,621,880	d) Special Bonds	7,877,772
-	2. Foreign Securities	-
-	3. Nepal Rastra Bank Bonds	-
-	4. Debenture and Bonds	-
-	a) Bank / Financial Institutions	-
-	b) Other Institutions	-
2,813,244	C) On Agency Balances	8,172,753
-	1. Local Banks / Financial Institutions	-
2,813,244	2. Foreign Banks	8,172,753
53,300,618	D) On Money at Call and Short Notice	56,477,870
-	1. Local Banks / Financial Institutions	-
53,300,618	2. Foreign Banks	56,477,870
89,266,208	E) On Others	173,039,270
-	1. Certificate of Deposits	-
561,479	2. Inter-Bank / Financial Institutional Loan	1,038,865
88,704,729	3. Others	172,000,405
1,058,677,576	Total	1,189,602,957

Standard Chartered Bank Nepal Limited

Interest Expenses

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
246,529,498	A) On Deposit Liabilities	299,923,711
22,397,578	1. Fixed Deposits	51,697,797
11,976,026	1.1 Local Currency	16,768,474
10,421,552	1.2 Foreign Currency	34,929,323
189,034,989	2. Savings Deposits	217,198,600
171,485,594	2.1 Local Currency	191,707,442
17,549,395	2.2 Foreign Currency	25,491,158
35,096,931	3. Call Deposits	31,027,314
34,660,307	3.1 Local Currency	30,695,900
436,624	3.2 Foreign Currency	331,414
-	4. Certificate of Deposits	-
7,553,293	B) On Borrowings	2,109,422
-	1. Debentures and Bonds	-
2,003,568	2. Loans from Nepal Rastra Bank	-
5,549,725	3. Inter Bank / Financial Institutions Borrowings	2,109,422
-	4. Other Institutions	-
-	5. Other Loans	-
43,854	C) On Others	1,165,286
39,968	1. Premium on Development Bonds	1,165,286
3,886	2. Others (Forwards)	-
254,126,645	Total	303,198,419

Standard Chartered Bank Nepal Limited

Commission and Discount

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
7,003,543	A) Bills Purchased and Discounted	11,423,926
925,042	1. Domestic	625,226
6,078,501	2. Foreign	10,798,700
109,079,748	B) Commission	115,642,505
25,053,203	1. Letters of Credit	22,344,272
25,548,208	2. Guarantees	35,978,317
4,946,466	3. Collection Fees	2,715,172
28,131,212	4. Remittance Fees	28,574,803
24,902,159	5. Credit Cards	25,452,891
-	6. Share Underwriting/Issues	-
-	7. Government Transactions	-
400,000	8. Agency Commission	400,000
98,500	9. Exchange Fees	177,050
62,567,826	C. Others	95,862,381
178,651,117	Total	222,928,812

Standard Chartered Bank Nepal Limited

Other Operating Income

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
1,430,908	1. Rental on Safe Deposit Locker	1,639,736
5,942,219	2. Issue and Renewals of Credit Cards	6,298,454
2,656,684	3. Issue and Renewals of ATM Cards	3,202,602
9,547,948	4. Telex / T.T.	9,593,929
-	5. Service Charges	-
560,000	6. Renewal Fees	397,000
9,154,958	7. Others	4,310,453
29,292,717	Total	25,442,174

Standard Chartered Bank Nepal Limited

Exchange Fluctuation Gain / Loss

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
61,851,763	A) Revaluation Gain	60,042,189
211,192,422	B) Trading Gain (Except Batta)	223,429,663
273,044,185	Total Income (Loss)	283,471,852

Standard Chartered Bank Nepal Limited

Staff Expenses

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
81,061,194	1. Salary	103,053,129
917,783	2. Allowances	1,145,760
5,716,875	3. Contribution to Provident Fund	6,273,376
1,348,249	4. Training Expenses	3,796,764
1,136,382	5. Uniform	207,112
2,810,906	6. Medical	2,362,783
-	7. Insurance	-
13,357,190	8. Pension and Gratuity Provision	18,093,331
42,237,393	9. Others	33,298,427
37,547,773	a) Staff Incentive	28,066,634
4,689,620	b) Others	5,231,793
148,585,972	Total	168,230,682

Standard Chartered Bank Nepal Limited

Other Operating Expenses

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
26,104,661	1. House Rent	28,944,318
8,371,118	2. Light, Electricity and Water	9,138,278
17,997,094	3. Repair and Maintenance	14,779,884
5,863,130	a) Building	5,101,572
886,096	b) Vehicles	1,075,536
11,247,868	c) Others	8,602,776
5,367,034	4. Insurance	6,143,792
27,338,302	5. Postage, Telex, Telephone, Fax	30,318,984
8,313,134	6. Office Equipment Furniture and Repair	19,897,740
6,708,902	a) Office Equipment and Furniture (Non Capitalised Item)	17,662,655
1,604,232	b) Repairs	2,235,085
6,527,599	7. Travelling Allowances and Expenses	10,729,442
11,499,999	8. Stationery and Printing	9,668,868
1,267,221	9. Periodicals and Books	1,174,398
6,024,668	10. Advertisement	5,120,141
1,427,374	11. Legal Expenses	730,622
194,957	12. Donations	215,855
257,216	13. Expenses Relating to Board of Directors	222,767
12,000	a) Meeting Allowance	140,000
245,216	b) Other Expenses	82,767
1,528,116	14. Annual General Meeting Expenses	1,209,894
606,012	15. Expenses Relating to Audit	668,912
395,500	a) Audit Fees	395,500
210,512	b) Other Expenses	273,412
-	16. Commission on Remittances	-
65,950,917	17. Depreciation on Fixed Assets	18,918,412
-	18. Amortization of Pre Operating Expenses	-
-	19. Share Issue Expenses	-
24,595,389	20. Technical Services Fees	25,489,473
1,991,064	21. Entertainment	1,630,745
16,589,213	22. Written-off Expenses	11,541,117
8,335,155	23. Security Expenses	8,158,007
-	24. Credit Guarantee Premium	-
501,117	25. Commission and Discount	614,292
15,861,503	26. Others	15,770,672
9,951,351	a) Charges on Foreign Currency Notes	7,797,640
5,910,152	b) Others	7,973,032
256,648,863	Total	221,086,673

Standard Chartered Bank Nepal Limited

Provision for Possible Losses

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
27,725,795	1. Increase in Loan Loss Provision	44,729,780
–	2. Increase in Provision for Loss on Investments	3,000,000
–	3. Provision for Non-Banking Assets	–
–	4. Provision for Other Assets	–
27,725,795	Total	47,729,780

Standard Chartered Bank Nepal Limited

Non Operating Income / (Loss)

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
–	1. Profit (Loss) on Sale of Investment	–
2,647,444	2. Profit (Loss) on Sale of Assets	1,268,550
49,353	3. Dividend (Net)	98,705
–	4. Subsidies Received from Nepal Rastra Bank	–
–	a) Compensation against Losses of Specified Branches	–
–	b) Interest Indemnity	–
–	c) Exchange Counter	–
260,208	5. Others	65,436
2,957,005	Net Non Operating Income / (Loss)	1,432,691

Standard Chartered Bank Nepal Limited

Provision for Possible Loss Written Back

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
33,685,017	1. Loans and Advances	51,528,393
–	2. Non-Banking Assets	–
–	3. Investment	–
–	4. Other Assets	1,561,883
33,685,017	Total	53,090,276

Standard Chartered Bank Nepal Limited

Income / (Expenses) from Extra-Ordinary Activities

for the period 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

Previous Year Rs.	PARTICULARS	This Year Rs.
300,390	1. Recovery of Loans Written Off	1,576,518
–	2. Voluntary Retirement Scheme Expenses	–
(2,689,655)	3. Unrecoverable Loan Write Off (Schedule 4.28 A)	(3,987,742)
–	4. Other Expenses / Income	–
(2,389,265)	Total	(2,411,224)

Standard Chartered Bank Nepal Limited

Statement of Loans Written Off

Fiscal Year 2062 / 063

S. N.	Types of Loan	Written off Amount Rs.	Type of Security and Amount Rs.	Basis of Valuation of Security	Loan Approving Authority / Designation	Initiation made for Recovery	Remarks
1.	Working Capital Loan	-	-	-	-	-	-
2.	Project Loan	-	-	-	-	-	-
3.	Fixed Capital Loan	-	-	-	-	-	-
4.	Personal Loan	326,490	None	NA	Manager Credit/ Head Consumer Bank	Follow up through phone calls & letters	-
5.	Other Loan	3,661,252					
	a) Credit Card	1,006,922	None	NA	Manager Credit/ Head Consumer Bank	Phone calls & Letters	-
	b) Gramin Prathamik Karja	355,113	None	NA	Manager Credit/ Head Consumer Bank	Phone calls & Letters	-
	c) Auto	971,224	Vehicle (2,045,000)	Valuation Report from Approved Valuators	Manager Credit/ Head Consumer Bank	Phone calls/ Letters / Visits, Vehicle Repossession, Auction Notice. Securities sold by Auction sale.	-
	d) Home	1,327,993	House (1,001,100)	Valuation Report from Approved Valuators	Manager Credit/ Head Consumer Bank	Phone calls/ Letters / Visits, Repossession, Auction Notice. Securities sold by Auction sale.	-
	Total Loan	3,987,742					

Schedule 4.29

Standard Chartered Bank Nepal Limited

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

as at 16 July 2006 (32 Ashad 2063)

The Statement of amount, included under total amount of Bills Purchased and Discounted, Loans, Advances and Overdraft, provided to the Directors, Chief Executive Officer, Promoters, Staff, Shareholders and to the individual members of their undivided family or against the guarantee of such persons or to the organisations or companies in which such individuals are managing agent, are as follows:

Name Of Promoter / Director / Chief Executive Officer	Balance upto Previous Year		Recovery made This Year		Additions during the Year Rs.	Balance as at Ashad end	
	Principal Rs.	Interest Rs.	Principal Rs.	Interest Rs.		Principal Rs.	Interest Rs.
A) Directors	-	-	-	-	-	-	-
B) Chief Executive Officer	-	-	-	-	-	-	-
C) Promoters	-	-	-	-	-	-	-
D) Staff	-	-	-	-	-	-	-
E) Shareholders	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Note: As per clause 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.

Standard Chartered Bank Nepal Limited**Table of Capital Fund**

as at 16 July 2006 (32 Ashad 2063)

Rs. in '000

Previous Year Rs.	PARTICULARS	This Year Rs.
1,450,185	A) Core Capital	1,606,898
374,640	1. Paid Up Capital	374,640
–	2. Share Premium	–
–	3. Non-Redeemable Preference Share	–
749,281	4. General Reserve Fund	749,281
217,586	5. Cumulative Profit/Loss (upto previous FY)	251,336
33,750	6. Current Year Profit/Loss as shown in Balance Sheet	119,249
–	7. Capital Redemption Reserve	–
74,928	8. Capital Adjustment Fund	74,928
–	9. Other Free Reserves (Proposed issue of Bonus Shares)	37,434
–	Less: Goodwill	–
	Investment in excess of Prescribed Limit	
	Fictitious Assets	
	Investment in Securities of Companies with Financial Interest	
214,176	B) Supplementary Capital	237,344
81,946	1. Loan Loss Provision on Pass Loan	90,103
–	2. Assets Revaluation Reserve	–
–	3. Hybrid Capital Instruments	–
–	4. Unsecured Subordinated Term Debt	–
132,230	5. Exchange Equalization Fund	147,241
–	6. Additional Loan Loss Provision	–
–	7. Investment Adjustment Reserve	–
–	8. Provision for Loss on Investment	–
1,664,361	C) Total Capital Fund (A+B)	1,844,242
	D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets	
1,140,048	• Capital Fund (@ 11.0 Percent)	1,360,644
570,024	• Core Capital (@ 5.5 Percent)	680,322
524,313	Capital Fund (Excess/Short) (@ 3.91 Percent)	483,598
880,161	Core Capital (Excess/Short) (@ 7.49 Percent)	926,576

Standard Chartered Bank Nepal Limited**Table of Risk Weighted Assets**

as at 16 July 2006 (32 Ashad 2063)

PARTICULARS	Weightage	Previous Year		This Year	
		Amount Rs.	Risk Weighted Assets Rs.	Amount Rs.	Risk Weighted Assets Rs.
A) On-Balance Sheet Assets					
Cash Balance	0%	195,458,711	–	279,511,285	–
Gold (Tradable)	0%	–	–	–	–
Balance with Nepal Rastra Bank	0%	692,191,592	–	749,740,866	–
Investment in Government Securities	0%	7,203,066,250	–	8,644,855,692	–
Investment in NRB Bonds	0%	–	–	–	–
Fully Secured Loan against own Fixed Deposit Receipt	0%	180,385,091	–	229,250,401	–
Fully Secured Loan against Government Securities	0%	1,133,165,406	–	610,145,734	–
Balance with Domestic Banks and Financial Institutions	20%	15,488,102	3,097,620	18,578,714	3,715,743
Fully Secured FDR Loan against Fixed Deposit Receipt of Other Banks	20%	138,446,029	27,689,206	212,307,230	42,461,446
Balance with Foreign Banks	20%	207,978,489	41,595,698	228,410,558	45,682,112
Money at Call	20%	2,259,691,000	451,938,200	1,977,271,000	395,454,200
Loan against the Guarantee of Internationally Rated Banks	20%	404,191,756	80,838,351	221,376,890	44,275,378
Other Investments with Internationally Rated Banks	20%	2,486,139,000	497,227,800	4,190,337,000	838,067,400
Investment in Shares, Debentures and Bonds	100%	13,348,000	13,348,000	15,343,000	15,343,000
Other Investments	100%	–	–	–	–
Loan, Advances and Bills Purchased/Discounted	100%	6,564,680,511	6,564,680,511	7,933,199,956	7,933,199,956
Fixed Assets	100%	394,384,715	394,384,715	417,698,728	417,698,728
All Other Assets	100%	472,136,601	472,136,601	586,060,350	586,060,350
Total (A)		22,360,751,253	8,546,936,702	26,314,087,404	10,321,958,313
B) Off-Balance Sheet Items					
Bills Collection	0%	158,078,473	–	131,653,164	–
Forward Foreign Exchange Contract	10%	66,571,000	6,657,100	362,646,027	36,264,603
Letters of Credit with Maturity of Less than 6 Months (Full Value)	20%	1,087,349,373	217,469,875	1,669,529,915	333,905,983
Guarantees Issued against Counter Guarantee of Internationally Rated Banks	20%	921,157,275	184,231,455	1,199,541,357	239,908,271
Letters of Credit with Maturity of more than 6 Months (Full Value)	50%	369,412,386	184,706,193	167,868,566	83,934,283
Bid Bonds	50%	13,238,225	6,619,113	50,734,064	25,367,032
Performance Bonds	50%	488,420,080	244,210,040	549,407,908	274,703,954
Advance Payment Guarantee	100%	1,450,372	1,450,372	21,117,092	21,117,092
Financial Guarantee	100%	106,803,602	106,803,602	103,200,620	103,200,620
Other Guarantee	100%	–	–	–	–
Irrevocable Loan Commitment	100%	–	–	–	–
Contingent Liability in Respect of Income Tax	100%	38,160,654	38,160,654	28,283,334	28,283,334
All Other Contingent Liabilities (including Acceptances & Endorsements)	100%	826,826,604	826,826,604	900,844,953	900,844,953
Total (B)		4,077,468,044	1,817,135,008	5,184,827,000	2,047,530,125
Total Risk Weighted Assets		26,438,219,297	10,364,071,710	31,498,914,404	12,369,488,438

Standard Chartered Bank Nepal Limited

Key Indicators

PARTICULARS	Indicators	FY 2001/2002	FY 2002/2003	FY 2003/2004	FY 2004/2005	FY 2005/2006
1. Net Profit/Gross Income	Percent	33.12	33.71	33.95	34.01	37.06
2. Earning Per Share	Rs.	141.13	149.30	143.55	143.14	175.84
3. Market Value Per Share	Rs.	1,575	1,640	1,745	2,345	3,775
4. Price Earning Ratio	Ratio	11.16	10.98	12.16	16.38	21.47
5. Dividend (including bonus) on Share Capital	Percent	100	120	110	120	140
6. Cash Dividend on Share Capital	Percent	100	110	110	120	130
7. Interest Income/Loan & Advances	Percent	10.31	10.11	8.83	7.43	6.23
8. Staff Expenses/Total Operating Expenses	Percent	20.49	18.48	19.51	22.53	24.29
9. Interest Expenses on Total Deposit and Borrowings	Percent	1.82	1.35	1.30	1.31	1.31
10. Exchange Fluctuation Gain/Total Income	Percent	15.77	15.46	17.24	17.32	15.95
11. Staff (Statutory) Bonus/Total Staff Expenses	Percent	36.32	37.22	38.96	37.38	35.83
12. Net Profit/Loan and Advances	Percent	9.13	9.09	8.51	6.85	7.63
13. Net Profit/Total Assets	Percent	2.60	2.42	2.27	2.46	2.56
14. Total Credit/Deposit	Percent	35.97	31.99	31.63	43.49	39.92
15. Total Operating Expenses/Total Assets	Percent	3.35	3.32	2.92	3.03	2.69
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	13.92	12.25	13.76	13.99	12.99
b) Supplementary Capital	Percent	3.46	1.89	1.81	2.07	1.92
c) Total Capital Fund	Percent	17.38	14.14	15.57	16.06	14.91
17. Liquidity (CRR)	Percent	9.87	9.07	9.46	8.77	6.86
18. Non-performing Credit/Total Credit	Percent	4.85	4.13	3.77	2.69	2.13
19. Weighted Average Interest Rate Spread	Percent	4.19	4.11	3.76	3.70	4.10
20. Book Net-worth	Rs. '000	1,235,475	1,368,907	1,495,739	1,582,415	1,754,139
21. Total Shares	No.	3,395,488	3,395,488	3,746,404	3,746,404	3,746,404
22. Total Staff	No.	243	275	263	302	345

Standard Chartered Bank Nepal Limited

Significant Accounting Policies

Fiscal Year 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

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.

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) except interest income, Generally Accepted Accounting Principles, Bank and Financial Institution Ordinance, 2062, presentation requirement of the directives issued by Nepal Rastra Bank (Central Bank) and in conformity with the Company Ordinance, 2062.

iv) Basis of Preparation

The financial statements have been 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 Central 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 at the Balance Sheet date are translated at mid-point exchange rates of the Central Bank after adjustment for effective trading rate.

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

Net differences arising from the conversion 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. 15,010,547 is transferred to Exchange Fluctuation Fund 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, personal loans, term loans, hire purchase finance and loans given to priority and deprived sectors. All loans 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) Loan & Advances Write off

Unrecoverable loans and advances are written off in accordance with the bylaws of the Bank. The bylaws have been duly approved by the Central Bank.

xiii) Investments

Investment in Treasury Bills, Government of Nepal 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 lower of cost or market value after making adequate provisions in diminution in value, based on prudential norms. 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.

xiv) Fixed Assets

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

xv) 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.

xvi) 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.

xvii) Amortisation

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.

Licence fees paid by the Bank are amortised over the period of the licence.

xviii) 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.

xix) Stationery

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

xx) Provision for Taxation

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

xxi) 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.

Standard Chartered Bank Nepal Limited**Notes to Accounts**

Fiscal Year 16 July 2005 to 16 July 2006 (1 Shrawan 2062 to 32 Ashad 2063)

1. Provision for Bonus

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

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 assessment of tax return for the Fiscal Year 2001-02 filed by the Bank under the self-assessment. Additional demand aggregating to Rs. 28,283,334 (Previous Year Rs. 38,160,654) raised by the tax authorities has been disputed by the Bank and referred to Revenue Tribunal. Pending final decision, the additional demand has not been provided for in the books during the year.

During the year, disputes relating to the year 2000-01 amounting to Rs. 9,877,320 have been settled by paying an amount of Rs. 6,113,753 under amnesty scheme in the finance ordinance.

4. Provision for Gratuity

During the year, the Bank has provided Rs. 18,195,364 (Previous Year Rs. 13,357,190) on account of gratuity. Out of the amount provided, Rs. 13,482,920 has been funded and Rs. 4,877,225 (previous year Rs. 2,665,527) has been paid to the staff at the time of separation.

5. Issue of Bonus Shares

The Board has recommended to increase the share capital by issue of bonus share at the rate of one share for each ten shares. The statutory transfer into Capital Adjustment Fund has been alternatively done into proposed issue of Bonus Shares.

6. Reconciliation Status

Rs. in '000

PARTICULARS	Total Amount	< 3 Months	>3<9 Months	> 9 Months
Branch Adjustments Accounts	–	–	–	–
Agency Accounts	246,989	245,742	1,248	–

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

7. Summary of Loans and Advances Disbursed, Recovered and Principal and Interest Written-off during the Year

Rs. in '000

PARTICULARS	Amount
Loans Disbursed	1,999,586
Loans Recovered	530,967
Loans Written-off	3,988
Interest Written-off	–

8. Summary of Changes in Deposits Liabilities

Rs. in '000

PARTICULARS	Balance as at 17/07/2005	Received/ (Withdrawn)	Balance as at 16/07/2006
Current and Margin Accounts	4,605,132	586,227	5,191,359
Saving Account	13,030,929	1,566,745	14,597,674
Call Deposits	311,025	824,667	1,135,692
Fixed Deposits	1,416,383	719,924	2,136,307
Total	19,363,469	3,697,563	23,061,032

9. Weighted Average Interest Spread

PARTICULARS	Rate %
Average Rate of Credit and Investments	5.57
Average Rate on Deposits	1.47
Net Spread	4.10

10. Particulars of Amortised Expenses yet to be Expensed Off

Rs. in '000

PARTICULARS	Amount
Software Costs	–
Licence Fees	1,265
Premium on Development Bonds	9,470
Total	10,735

11. Summary of Concentration of Exposure

Rs. in '000

PARTICULARS	Loans & Advances and Bills	Deposits & Borrowings	Contingent
Total Amount as on 16 July 2006	9,206,280	23,061,032	5,184,827
Highest exposure to single unit	593,685	1,564,366	408,023
Highest % of exposure to single unit	6.45	6.78	7.87

12. 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	279	–	–	–	–	279
2. Balance with Banks	997	–	–	–	–	997
3. Investment in Foreign Banks	4006	541	764	855	–	6,166
4. Government of Nepal Securities	2,230	1,300	1,345	2,336	–	7,211
5. Nepal Rastra Bank Bonds	–	–	37	377	1,021	1,435
6. Inter Bank Lending	–	–	–	–	–	–
7. Loans, Advances & Bills Purchased	2,780	676	750	713	4,016	8,935
8. Other Assets	638	–	–	–	115	753
Total Assets	10,930	2,517	2,896	4,281	5,152	25,776
b) Liabilities						
1. Loans and Borrowings	–	–	–	–	–	–
2. Current Deposits	5,191	–	–	–	–	5,191
3. Saving Deposits	14,598	–	–	–	–	14,598
4. Fixed Deposits	1,982	186	152	803	149	3,272
5. Debentures	–	–	–	–	–	–
6. Other Liabilities, Capital & Reserves	961	–	–	–	1,754	2,715
Total Liabilities	22,732	186	152	803	1,903	25,776
Net Financial Assets	(11,802)	2,331	2,744	3,478	3,249	
Cumulative Net Financial Assets	(11,802)	(9,471)	(6,727)	(3,249)	0	

13. Borrowing by Bank against the collateral of own assets is Nil.

Nepal Rastra Bank has granted permission to publish the Financial Statements of the Bank for the Fiscal Year 2062/063 along with the following directions vide their Letter No. Bai. Su. Bi. / Offsite/AGM 09/063/064 dated 2063/06/30:

1. Nepal Rastra Bank has received the Final Audit Report of Standard Chartered Bank Nepal Ltd. after making adjustments of the following instructions issued to it in the course of review of the Preliminary Audit Report and the Financial Statements, for the F.Y. 062/063

Instructions

- a) To rectify the format errors in Financial Statements.

Management Committee

Sujit Mundul

Chief Executive Officer

Aniruddha Bose

Head - Client Relationship

Anju Sharma

Head - Consumer Banking

Sunil KC

Head - Global Markets

Rakhi Singh

Chief Financial Officer

Sudesh Khaling

Head - Service Delivery, IT & SS & CRES

Bina Rana

Head - Human Resources

Krishna K Bhattarai

Head - Legal and Compliance & Company Secretary

Diwakar Poudel

Head - Corporate Affairs

Client Relationships (CR)

Gorakh Rana

Senior Relationship Manager

Rajib Giri

Senior Relationship Manager

Anil K Shrestha

Senior Relationship Manager
Development Organizations

Resta Jha

Senior Relationship Manager
Banks

Arun Devkota

Relationship Manager

Suresh Lamsal

Relationship Manager

Sudesh Upadhyaya

Business Development Manager
Transaction Banking

Gopi Bhandari

Acting Senior Manager
Credit

Consumer Banking (CB)

Keepa Khanling

Head - Secured Lending

Sudhir Sharma

Head - Cards Services &
Personal Loans

Pushpa Rana

Head - Priority Banking

Kishoree Manandhar

Manager Credit

Dambar Saru

Branch Manager -
Lazimpat

Raman Pant

Branch Manager -
Naya Baneshwor

Sangeeta Shrestha

Branch Manager -
Lalitpur

Resha Pradhan

Manager - UN Counter

Sanjeev Mishra

Branch Manager -
Biratnagar

Deepak KC

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

Vishnu Manandhar

Branch Manager -
Hetauda

Probin Acharya

Branch Manager -
Bhairahawa

Pankaj Acharya

Branch Manager -
Dharan

Dhan Thapa

Branch Manager -
Butwal

Netra Subedi

Branch Manager -
Nepalgunj

Legal & Compliance

Shobha B Rana

Senior Manager - Internal Audit & Compliance

Bidya K Adhikari

Officer - Legal

Ujjwal Dixit

Senior Officer - Share Operation