Standard Chartered Bank Nepal Limited

Unaudited Interim Financial Statements

As on 30 Poush 2082 (14 January 2026)

Standard Chartered Bank Nepal Limited

Unaudited Interim Financial statements

As on 30 Poush 2082

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Condensed Consolidated Statement of Financial Position
As on Quarter ended 30 Poush 2082 (14 Jan 2026)

NPR '000

	This quarter Ending	Immediate Previous Year Ending
Assets		
Cash and cash equivalent	49,413,264	43,661,578
Due from Nepal Rastra Bank	4,609,033	4,429,937
Placement with Bank and Financial Institutions	2,905,165	3,651,997
Derivative financial instruments	-	5,452
Other trading assets	-	-
Loan and advances to B/FIs	14,759,022	14,813,832
Loans and advances to customers	68,542,328	72,893,086
Investment securities	26,005,852	13,578,328
Current tax assets	280,319	354,859
Investment in subsidiaries	-	-
Investment in associates	-	-
Investment property	-	-
Property and equipment	330,956	378,217
Goodwill and Intangible assets	-	-
Deferred tax assets	101,720	106,554
Other assets	1,407,677	2,005,563
Total Assets	**168,355,336**	**155,879,403**
Liabilities		
Due to Bank and Financial Institutions	2,860,606	2,068,769
Due to Nepal Rastra Bank	-	-
Derivative financial instruments	11,825	15,829
Deposits from customers	137,427,348	125,338,847
Borrowing	-	700,000
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	4,346,026	3,559,997
Debt securities issued	2,523,261	2,524,616
Subordinated Liabilities		
Total liabilities	**147,169,067**	**134,208,058**
Equity		
Share capital	10,042,368	10,042,368
Share premium		-
Retained earnings	912,547	1,996,365
Reserves	10,231,354	9,632,612
Total equity attributable to equity holders	**21,186,269**	**21,671,345**
Non-controlling interest	-	-
Total equity	**21,186,269**	**21,671,345**
Total liabilities and equity	**168,355,336**	**155,879,403**

Standard Chartered Bank Nepal Limited
Condensed Consolidated Statement of Profit or Loss
For the Quarter ended 30 Poush 2082 (14 Jan 2026)

NPR '000

Particulars	Current Year This Quarter	Current Year Up to This Quarter (YTD)	Previous Year Corresponding This Quarter	Previous Year Corresponding Up to This Quarter (YTD)
Interest income	1,749,633	3,727,076	1,944,361	4,141,986
Interest expense	847,867	1,752,860	940,904	1,969,517
Net interest income	**901,766**	**1,974,216**	**1,003,457**	**2,172,469**
Fee and commission income	468,170	952,585	384,133	882,214
Fee and commission expense	108,801	176,861	93,785	186,738
Net fee and commission income	**359,369**	**775,724**	**290,348**	**695,476**
Net interest, fee, and commission income	**1,261,135**	**2,749,940**	**1,293,805**	**2,867,945**
Net trading income	178,683	370,185	167,749	329,887
Other operating income	5,607	6,957	12,169	21,024
Total operating income	**1,445,424**	**3,127,082**	**1,473,723**	**3,218,855**
Impairment charge/(reversal) for loans and other losses	(132,249)	46,368	(193,583)	(250,781)
Net operating income	**1,577,674**	**3,080,714**	**1,667,306**	**3,469,636**
Operating expense				
Personnel expenses	391,399	740,220	382,944	803,441
Other operating expenses	176,354	307,057	134,599	248,882
Depreciation & Amortisation	32,863	67,003	34,342	70,410
Operating Profit	**977,057**	**1,966,434**	**1,115,421**	**2,346,902**
Non-operating income	3,015	6,491	2,350	4,525
Non-operating expense	6,993	11,033	5,730	7,670
Profit before income tax	**973,079**	**1,961,892**	**1,112,041**	**2,343,756**
Income tax expense	**291,924**	**588,568**	**333,612**	**703,127**
Current Tax	291,924	588,568	333,612	703,127
Deferred Tax	-	-	-	-
Profit/ (Loss) for the period	**681,155**	**1,373,324**	**778,429**	**1,640,630**

Condensed Consolidated Statement of Other Comprehensive income

Profit/(loss) for the period	681,155	1,373,324	778,429	1,640,630
Other Comprehensive income	47,825	49,650	19,915	15,296
Total Comprehensive income	**728,980**	**1,422,974**	**798,344**	**1,655,926**
Basic earnings per share		27.35		32.67
Diluted earnings per share		27.35		32.67

Profit attributable to:

Equity holders of the Bank	728,980	1,422,974	798,344	1,655,926
Non-controlling interest	-	-	-	-
Total	**728,980**	**1,422,974**	**798,344**	**1,655,926**

Standard Chartered Bank Nepal Limited
Condensed Consolidated Statement of Other Comprehensive Income
For the Quarter ended 30 Poush 2082 (14 Jan 2026)

NPR'000

	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Profit for the year	681,155	1,373,324	778,429	1,640,630
Other comprehensive income				
a) Items that will not be reclassified to profit or loss				
Gain/(losses) from investments in equity instruments measured at fair value	68,321	70,928	28,450	21,852
Gains/(losses) on revaluation	-		-	
Actuarial gains/(losses) on defined benefit plans	-	-	-	-
Income tax relating to above items	(20,496)	(21,278)	(8,535)	(6,556)
Net other comprehensive income that will not be reclassified to profit or loss	47,825	49,650	19,915	15,296
b) Items that are or may be reclassified to profit or loss				
Gains/(losses) on cash flow hedge	-	-	-	
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	
Income tax relating to above items	-	-	-	
Net other comprehensive income that are or may be reclassified to profit or loss	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equity method				
Other comprehensive income for the period, net of income tax	47,825	49,650	19,915	15,296
Total comprehensive income for the period	728,980	1,422,974	798,344	1,655,926
Profit attributable to:				
Equity holders of the Bank	728,980	1,422,974	798,344	1,655,926
Non-controlling interest	-	-	-	-
Total	728,980	1,422,974	798,344	1,655,926
Earnings per share				
Basic earnings per share		13.68		16.34
Annualized Basic Earnings Per Share		27.35		32.67
Diluted earnings per share		27.35		32.67

Ratios as per NRB Directive

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Up to This Quarter (YTD)	This Quarter	Up to This Quarter (YTD)
Capital Fund to RWA		17.72%		16.94%
Tier 1 Capital to RWA		15.88%		14.61%
CET 1 Capital to RWA		15.88%		14.61%
Non-Performing Loan (NPL) to Total Loans		1.88%		1.71%
Total Loan Loss Provision to Total NPL		135.19%		143.55%
Cost of Funds		2.71%		3.38%
Credit to Deposit (CD) Ratio		59.99%		70.80%
Base Rate		4.76%		5.13%
Interest Rate Spread		3.35%		4.00%
Return on Equity		12.61%		16.04%
Return on Assets		1.66%		2.24%

Standard Chartered Bank Nepal Limited
Condensed Consolidated Statement of Changes in Equity
For the Quarter ended 30 Poush 2082 (14 Jan 2026)

NPR '000

	Attributable to equity holders of the Bank											Non-controlling interest	Total equity
	Share Capital	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair value reserve	Debenture Redemption reserve	CSR Reserve	Retained earning	Other reserve	Total Equity		
Balance at Shrawan 1, 2081	9,429,454	-	6,583,312	542,010	523,046	164,016	960,000	32,753	2,461,563	(177,331)	**20,518,823**	-	**20,518,823**
Adjustment/Restatement									-		-	-	-
Profit for the year									**3,012,563**		**3,012,563**		**3,012,563**
Other comprehensive income, net of tax						30,939			-	(99,383)	(68,445)		(68,445)
Total comprehensive income	-	-	-	-	-	**30,939**	-	-	**3,012,563**	**(99,383)**	**2,944,119**	-	**2,944,119**
Transfer to reserve during the year			**602,513**	**5,339**	-	-	**480,000**	**39,723**	**(1,127,575)**	-	-		-
Transfer from reserve during the year					**(21,571)**		-	**(32,753)**	**54,324**	-	-		-
Contributions from and distributions to owners													
Share issued													
Share based payments													
Dividends to equity holders													
Bonus shares issued	612,915								(612,915)		-		-
Cash dividend paid									(1,791,596)		(1,791,596)		(1,791,596)
Others													
Total contributions by and distributions	**612,915**	-	-	-	-	-	-		**(2,404,511)**	-	**(1,791,596)**	-	**(1,791,596)**
Balance at Asadh end 2082	**10,042,368**	-	**7,185,825**	**547,349**	**501,474**	**194,955**	**1,440,000**	**39,723**	**1,996,365**	**(276,715)**	**21,671,345**	-	**21,671,345**
Balance at Shrawan 1, 2082	10,042,368	-	7,185,825	547,349	501,474	194,955	1,440,000	39,723	1,996,365	(276,715)	21,671,345	-	21,671,345
Adjustment/Restatement									-				-
Profit for the year									**1,373,324**		**1,373,324**		**1,373,324**
Other comprehensive income					-	49,650			-	-	49,650		49,650
Total comprehensive income	-	-	-	-	-	**49,650**	-	-	**1,373,324**	-	**1,422,974**		**1,422,974**
Transfer to reserve during the year			**274,665**	**358**	**20,336**		**240,000**	**13,733**	**(549,092)**	-	-		-
Transfer from reserve during the year					-				-	-	-		-
Contributions from and distributions to owners													
Share issued													
Share based payments													
Dividends to equity holders													
Bonus shares issued	-								-		-		-
Cash dividend paid									(1,908,050)		(1,908,050)		(1,908,050)
Others											-		-
Total contributions by and distributions	-	-	-	-	-	-	-		**(1,908,050)**	-	(1,908,050)		(1,908,050)
Balance at Poush end 2082	**10,042,368**	-	**7,460,490**	**547,708**	**521,810**	**244,605**	**1,680,000**	**53,456**	**912,547**	**(276,715)**	**21,186,269**	-	**21,186,269**

Standard Chartered Bank Nepal Limited
Condensed Consolidated Statement of cash flows
For the Quarter ended 30 Poush 2082 (14 Jan 2026)

NPR '000

	Up to This Quarter	Corresponding Previous Year Up to This Quarter
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	3,817,037	4,287,560
Fees and other income received	695,712	506,576
Divided received	-	
Receipts from other operating activities	382,200	334,411
Interest paid	(1,785,378)	(2,013,313)
Commission and fees paid	(39,194)	(609,633)
Cash payment to employees	(1,015,506)	(1,054,040)
Other expense paid	(307,057)	(248,882)
Operating cash flows before changes in operating assets and liabilities	**1,747,813**	**1,202,680**
(Increase)/Decrease in operating assets	**5,688,420**	**(54,292)**
Due from Nepal Rastra Bank	(179,097)	(460,593)
Placement with bank and financial institutions	746,832	(1,424,585)
Other trading assets	-	-
Loan and advances to bank and financial institutions	54,810	(1,846,349)
Loans and advances to customers	4,135,951	3,042,820
Other assets	929,923	634,415
Increase/(Decrease) in operating liabilities	**11,821,468**	**10,134,438**
Due to bank and financial institutions	791,837	374,472
Due to Nepal Rastra Bank	-	-
Deposit from customers	12,088,501	9,681,320
Borrowings	(700,000)	-
Other liabilities	(358,870)	78,646
Net cash flow from operating activities before tax paid	**19,257,700**	**11,282,827**
Income taxes paid	(514,028)	(714,923)
Net cash flow from operating activities	**18,743,672**	**10,567,903**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(12,299,308)	-
Receipts from sale of investment securities	-	6,769,729
Purchase of property and equipment	(19,742)	(49,476)
Receipt from the sale of property and equipment		
Purchase of intangible assets		
Receipt from the sale of intangible assets		
Purchase of investment properties		
Receipt from the sale of investment properties		
Interest received		
Dividend received	-	-
Net cash used in investing activities	**(12,319,050)**	**6,720,253**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities		
Receipt from issue of subordinated liabilities		
Repayment of subordinated liabilities		
Receipt from issue of shares		
Dividends paid	(549,754)	(525,713)
Interest paid	(124,616)	(123,939)
Other receipt/payment		
Net cash from financing activities	**(674,370)**	**(649,651)**
Net increase (decrease) in cash and cash equivalents	**5,750,252**	**16,638,505**
Cash and cash equivalents at Shrawan 1	43,661,578	28,499,220
Effect of exchange rate fluctuations on cash and cash equivalents held	1,433	21,024
Cash and cash equivalents at Quarter End	**49,413,264**	**45,158,749**

Statement of Distributable Profit or Loss

For the Quarter ended 30 Poush 2082 (14 Jan 2026)

(As per NRB Regulation)

NPR '000

	Current Year Up to this Quarter YTD	Previous Year Corresponding Quarter YTD
Net profit or (loss) as per statement of profit or loss	**1,373,324**	**1,640,630**
Appropriations		
a. General reserve	*(274,665)*	*(328,126)*
b. Foreign exchange fluctuation fund	*(358)*	*(5,256)*
c. Debenture redemption reserve	*(240,000)*	*(240,000)*
d. Corporate social responsibility fund	*(13,733)*	*(16,406)*
e. Employees' training fund		
f. Other		
Profit or (loss) before regulatory adjustment	**844,568**	**1,050,841**
Regulatory adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	*(20,336)*	*31,165*
b. Short loan loss provision in accounts (-)/reversal (+)		
c. Short provision for possible losses on investment (-)/reversal (+)		
d. Short loan loss provision on Non-Banking Assets (-)/reversal (+)		
e. Deferred tax assets recognised (-)/ reversal (+)	-	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognised (-)/reversal (+)		
h. Actuarial loss recognised (-)/reversal (+)	-	-
i. Other		
Net Profit for the quarter ended on 30 Poush 2082 available for distribution	**824,232**	**1,082,007**
Opening Retained Earning as on **Shrawan 1, 2082**	**1,996,365**	**2,461,563**
Adjustment (+/-)	**-**	-
Distribution:		
Bonus shares issued	-	(612,915)
Cash Dividend Paid	(1,908,050)	(1,791,596)
Total Distributable profit or (loss) as on quarter end date	**912,547**	**1,139,059**
Annualised Distributable Profit/Loss per share	17.29	23.55

Standard Chartered Bank Nepal Limited

Notes to the Interim Financial Statements
For the period ended Poush, 2082

1. Basis of Preparation

The financial statements have been prepared on a going concern basis and in accordance with Nepal Financial Reporting Standards (NFRS) published by Accounting Standards Board, Nepal (ASB Nepal) and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and in the format prescribed by Directive 4 of NRB Directives, 2082 issued by Nepal Rastra Bank (Central Bank). The financial statements comprise of Statement of Financial Position, Statement of Profit or Loss (including Other Comprehensive Income), Statement of Change in Equity, Cash flow Statement, Significant Accounting Policies, and other explanatory notes.

2. Statement of Compliance with NFRSs

The financial statements have been prepared under historical cost convention except where the standards require treatment otherwise. The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) with allowed carveouts as published by the Accounting Standards Board, Nepal (ASB Nepal) and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

3. Use of Estimates, Assumptions and Judgments

The management of the Bank, makes accounting judgements, estimates and assumptions which have an impact on the reported amounts of assets, liabilities, income, and expenses on the financial statements. NFRS requires the Bank to exercise judgement in making accounting estimates. The management believes that these estimates and assumptions are reasonable and prudent. These estimates and assumptions are reviewed on an ongoing basis. The significant accounting policies that relate to the financial statements along with the judgements made are described herein.

Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. Description of such estimates has been given in the relevant sections wherever they have been applied.

4. Changes in Accounting Policies

The Bank applies its accounting policies consistently from year to year, changes required by accounting standards, if any, have been explicitly disclosed. The Bank is following the provisions of NFRS 9 except Recognition of expected credit losses- General approach after taking due approval from Nepal Rastra Bank for development and implementation of country specific ECL model till FY 2083/84 (2026/27) and for which the carveouts are pronounced by ICAN till FY 2082-83 and has recognised the interest income as per the ‘Guidance Note on Interest Income Recognition, 2025’ issued by Nepal Rastra Bank (NRB).

5. Significant Accounting Policies

5.1 Basis of Measurement

Financial Statements of the Bank have been prepared on historical cost convention, modified where required to includes fair valuation as required by NFRS and relevant accounting policies.

5.2 Cash and Cash Equivalent

Cash & cash equivalent includes cash-in-hand balances with other Banks and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date, with an insignificant risk of changes in their fair value.

5.3 Financial Assets and Financial Liabilities

Recognition

All financial instruments are initially recognised at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets which are not subsequently measured at fair value through profit or loss. Purchases and sales of financial assets and liabilities held at fair value through profit or loss, and debt securities classified as financial assets held at fair value through other comprehensive income are initially recognised on the trade date (the date on which the Bank commits to purchase or sell the asset). Loans and advances and other financial assets held at amortised cost are recognised on the settlement date (the date on which cash is advanced to the borrowers).

Classification & Measurement

The Bank classifies its financial assets as per NFRS 9 into the following categories: amortised cost; fair value through other comprehensive income (FVOCI); and fair value through profit or loss (FVTPL). Financial liabilities are classified as held at amortised cost or held at fair value through profit or loss. Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

Financial assets held at amortised cost and fair value through other comprehensive income

Debt instruments held at amortised cost or held at FVOCI have contractual terms that give rise to cashflows that are solely payments of principal and interest (SPPI) characteristics. Principal is the fair value of the financial asset at initial recognition, but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value of money, for the Credit Risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin. In assessing whether the contractual cashflows have SPPI characteristics, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition.

Equity instruments designated as held at FVOCI

Non-trading equity instruments acquired for strategic purposes rather than capital gain may be irrevocably designated at initial recognition as held at FVOCI on an instrument-by-instrument basis. Dividends received are recognised in profit or loss. Gains and losses arising from changes in the fair value of these instruments, are recognised directly in equity and are never reclassified to profit or loss, even on derecognition.

Financial assets and liabilities held at fair value through profit or loss

Financial assets which are not held at amortised cost or that are not held at FVOCI are held at fair value through profit or loss. Financial assets and liabilities held at fair value through profit or loss are either mandatorily classified fair value through profit or loss or irrevocably designated at fair value through profit or loss at initial recognition.

Designated at fair value through profit or loss

Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis ('accounting mismatch').

Financial liabilities held at amortised cost

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at fair value through profit or loss are classified as financial liabilities held at amortised cost.

Subsequent measurement

Financial assets and financial liabilities held at amortised cost

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest method. Foreign exchange gains and losses are recognised in the income statement.

Financial assets held at FVOCI

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in a separate component of equity.

Equity investments designated at FVOCI are subsequently carried at fair value with all unrealised gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in a separate component of equity. On derecognition, the cumulative reserve is transferred to retained earnings and is not recycled to profit or loss.

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities mandatorily held at fair value through profit or loss and financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value, including contractual interest income or expense, recorded in the net trading income line in the profit or loss unless the instrument is part of a cashflow hedging relationship.

Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss are held at fair value, with changes in fair value recognized in the net trading income line in the profit or loss, other than that attributable to changes in Credit Risk. Fair value changes attributable to Credit Risk are recognised in other comprehensive income and recorded in a separate category of reserves, unless this is expected to create or enlarge an accounting mismatch, in which case the entire change in fair value of the financial liability designated at fair value through profit or loss is recognised in profit or loss.

De-recognition

Financial assets are derecognised when the right to receive cash flows from the assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Bank has retained control, the assets continue to be recognised to the extent of the Bank's continuing involvement.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss, except for equity instruments elected FVOCI.

Financial liabilities are derecognised when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled, or expired and this is evaluated both qualitatively and quantitatively.

Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market to which the Bank has access at the date. The fair value of a liability includes the risk that the bank will not be able to honour its obligations.

Valuation hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Bank recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Impairment

NFRS 9 Financial instruments mandates an impairment model that requires the recognition of Expected Credit Losses (ECL) on all financial assets held at amortised cost, Fair Value through Other Comprehensive Income (FVOCI), undrawn loan commitments and financial guarantees.

Staging of financial instruments

Stage 1 refers to the relevant financial assets classified as 'Stage 1' as per ECL guidelines issued by Nepal Rastra Bank. This refers to the assets classified as 'pass' category as per Unified Directives.

Stage 2 refers to the relevant financial assets classified as 'Stage 2' as per ECL guidelines issued by Nepal Rastra Bank. This refers to the assets classified as 'watchlist' category and 'restructured/rescheduled but performing' category as per Unified Directives.

Stage 3 refers to the relevant financial assets classified as 'Stage 3' as per ECL guidelines issued by Nepal Rastra Bank. This refers to the assets classified as 'non-performing' category and 'restructured/rescheduled but non-performing' category as per Unified Directives.

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month expected credit loss provision is recognised. Instruments will remain in stage 1 until they are repaid, unless they experience significant increase in credit risk since initial recognition (stage 2) or they become credit-impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision is recognised when there has been a significant change in the Credit Risk compared to what was expected at origination.

The framework used to determine a significant increase in credit risk is set out below.

Stage 1	Stage 2	Stage 3
• 12 months ECL • Performing	• Lifetime expected credit loss • Performing but has exhibited significant increase in Credit Risk (SICR)	• Credit Impaired • Lifetime expected credit loss • Non-Performing

Indicators of significant increase in credit risk (SICR):

Assessment of significant increase in credit risk since initial recognition is required for determining whether the lifetime or the 12-month expected credit loss is to be recognized. NRB's guidelines regarding Expected credit Loss has given the following conditions which are deemed as indicators of significant increase in credit risk.

i. More than 30 days past due
ii. Absolute lifetime PD is 5% or more
iii. Relative lifetime PD is increased by 100% or more
iv. Risk rating (internal or external) downgraded by 2 notches since initial recognition
v. Risk rating downgraded to non-investment grade by external credit rating agency (BB+ or below) or by bank's internal credit rating system
vi. Deterioration of relevant determinants of credit risk (e.g. future cash flows) for an individual obligor (or pool of obligors)
vii. Expectation of forbearance or restructuring due to financial difficulties
viii. Deterioration of prospects for sector or industries within which a borrower operates
ix. Borrowers affected by macroeconomic conditions based on reasonable and supportable forecasts.
x. Modification of terms resulting in restructuring/rescheduling
xi. Credit Quality Indicators determined as per internal credit assessment of performing loans which are subject to individual monitoring and review, are weaker than that in the initial recognition
xii. Management decision to strengthen collateral and/or covenant requirements for credit exposures because of changes in the credit risk of those exposures since initial recognition.

Both qualitative and quantitative factors are encouraged to be considered while assessing whether there have been significant increases in credit risk. Accurate identification of drivers of credit risk and reliable demonstration of linkage between those drivers and level of credit risk is also critical.

The Bank recognises impairment on credit exposures as the higher of total group ECL model adopted in line with NFRS-9 and existing regulatory provisions in Unified Directives issued by NRB as mandated by the Expected Credit Loss Related Guidelines, 2024, and amendments thereto. For the current quarter ending, impairment on loans has been considered as per NRB Directive 2 since such amount is higher.

The Bank is following the provisions of NFRS 9 except Recognition of expected credit losses- General approach after taking due approval from NRB for development and implementation of country specific ECL model till FY 2083/84 (2026/27) and for which the carveouts are pronounced by ICAN till FY 2082-83.

Financial Assets

Cash and Cash Equivalent

Cash and cash equivalent comprise of the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the licensed institution in the management of its short-term commitments. Cash at vault is adequately insured for physical and financial risks.

Due from Nepal Rastra Bank

Balance with the central bank is principally maintained as a part of the regulatory cash reserve ratio required by the central bank. Statutory balances held with Nepal Rastra Bank for compulsory cash reserve, securities purchased from Nepal Rastra Bank under resale agreement and other deposits with and receivables from Nepal Rastra Bank are presented under this account head.

Placement with bank and financial institutions

Placement with banks and financial institutions include interbank lending & placement to group/foreign companies and domestic BFIs having original maturities of more than 90 days.

Derivative financial instrument

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. Accordingly, it has been measured at fair value through profit or loss.

Loans & Advances

It includes loans & advances to BFIs, customers, and staffs. The fair value of loans & advances is the carrying amount using effective interest rate method. Impairment on loans & advances is calculated at the higher of NRB directive 2 and Expected Credit Loss impairment model adopted as per NFRS 9. Loans & advances is calculated as the summation of loan outstanding and accrued interest on these loans less unamortized fee and unamortized deferred benefits if any.

Treasury bills & Government bonds

Treasury bills & Government bonds have been classified as financial assets measured at amortized cost. These instruments have been considered as risk free instruments. These are highly liquid instruments.

Equity Investments

These include equity investments in four different companies. None of these investments result in control or significant influence over the invested entities. These investments have been designated at fair value through other comprehensive income (FVTOCI) as the bank makes irrevocable election to measure it at FVTOCI with only dividend income recognized in profit or loss and are not designated at fair value through profit or loss (FVTPL). The movement in fair value of these instruments have been adjusted through other comprehensive income.

Fair Value Movement in Equity Securities

Investment in quoted equity shares is valued as per level 1 inputs of valuation hierarchy, basis observable quoted price. Investment in unquoted equity is valued at NAV as per level 3 input of valuation hierarchy.

Investment in Agricultural Bond & Green Energy Bond

Investment in Agricultural bond issued by Agricultural Development Bank Limited and Green Energy Bond issued by Nepal Infrastructure Bank Limited have been classified as financial assets measured at amortized cost.

Other Assets

Other assets include financial assets like trade receivables, debtors etc and excludes assets which are not financial instrument like prepaid expenses, deferred revenue and assets which are not contractual in nature. The other assets that fall under the classification of financial instruments are carried at amortised costs. These instruments are regularly monitored for impairment.

Financial Liabilities

All the financial liabilities falling under the definition of financial instruments have been measured at amortized cost. Financial liabilities include deposits from banks, customers, trade payables, creditors and other accruals. Financial liabilities do not include liabilities that are not contractual in nature and that do not involve transfer of a financial assets.

5.4 Trading Assets

Trading assets are those assets that the bank principally for the purpose of selling in the near term or holds as part of a portfolio that is managed together for short-term profit. It includes non-derivative financial assets, Government bonds, NRB Bonds, Domestic Corporate bonds, Treasury bills, Equities etc held primarily for the trading purpose.

5.5 Derivative Assets and Derivative Liabilities

Derivative assets and liabilities (herein referred to as instrument) is a contract whose value changes to the change in agreed-upon underlying financial asset/liability which requires no initial net investment and is settled at future date. Derivative instruments include transactions like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re- measured at each reporting date to fair value through profit or loss (FVTPL).

5.6 Property & Equipment

Land and buildings comprise branches and offices. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated although it is subject to impairment testing. Depreciation on other assets is calculated using the straight- line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	up to 50 years
Machineries	up to 3 years
Leasehold improvements	life of the lease period
Furniture and Fixtures	up to 3 years
Computers and Office Equipment	up to 3 years
Motor Vehicles	up to 6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The value of the assets fully depreciated but continued to be in use is considered not material.

At each reporting date, assets are also assessed for indicators of impairment. If an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately to the recoverable amount.

Tangible Assets (excluding Computers) with costs less than NPR 600K are charged off on purchase as revenue expenditure. Gains and losses on disposals are included in the Statement of Profit or Loss.

5.7 Goodwill & Intangible Assets

Goodwill represents the residual of the cost of acquisition over the fair value of the identifiable net assets and contingents acquired. Goodwill represents those intangibles that are not identifiable. Goodwill is allocated to a cash-generating unit (CGU), which may be larger than the entity acquired, and is not amortised. It is assessed for impairment on an annual basis by comparing the present value of the expected cash flows generated by the CGU to the carrying value of the net assets of that CGU (including the goodwill). To the extent impairment is identified, this is charged to the income statement at that time.

Acquired Intangible Assets

Intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the Bank and are amortised on the basis of their expected useful lives.

Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalised where it is probable that it will generate future economic benefits more than its cost. Computer software costs are amortised based on expected useful life (max 10 years). Costs associated with maintaining software are recognised as an expense as incurred.

At each reporting date, these assets are assessed for indicators of impairment. If an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately.

5.8 Investment Property

An investment property is defined as property held by the bank to earn rentals or for capital appreciation or both, rather than own-occupied. It will not be held for consumption in the business operations and disposal would not affect the operations of the bank. However, Bank recognizes properties as investment property for such land or land & building acquired by the Bank as non-banking assets during recovery of loans and advances from defaulters.

Investment properties are initially measured at cost, including transaction costs. Subsequently all investment properties (without exception) are reported at fair value with any gains or losses in fair value reported in the income statement as they arise. The fair value used is that which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction and should reflect market conditions at the balance sheet date.

5.9 Income Tax

Current Tax

The accounting for taxes on income is as per NAS 12. Provision for current income tax is made in accordance with the provisions of the prevailing Income Tax Act, 2058 and Rules including amendments thereon. The prevailing income tax rate (i.e. 30%) is used for the determination of current tax payable (or recoverable) which is based on the taxable profit for the year and is recognized as expense in the same period. Taxable profit differs from the profit reported in the statement of profit or loss, given different treatment of expense and income as per Income Tax laws.

Current tax assets and liabilities have been shown separately on the face of statement of financial position. Banks have a legally enforceable right to set off a current tax asset against a current tax liability as it relates to income taxes levied by the same taxation authority and the taxation authority permits the Bank to make or receive a single net payment.

Deferred Tax

Deferred tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using prevailing tax rate (i.e., 30%) applicable to the Bank as at the reporting date, which is expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Current and deferred tax relating to items which are charged or credited directly to equity is subsequently recognised in the statement of profit or loss together with the current or deferred gain or loss.

5.10 Deposits, Debt Securities Issued and Subordinated Liabilities

The estimated fair value of deposits with no stated maturity period is the amount repayable on demand. The estimated fair value of borrowings without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with a similar credit risk and remaining maturity period.

Deposits by banks

Deposits by banks comprise amounts owed to other domestic or foreign banks.

Customer accounts

Customer accounts comprise amounts owed to creditors that are not banks. However, liabilities in the form of debt securities and any liabilities for which transferable certificates have been issued are excluded (as they form part of debt securities in issue).

Deposits by banks & customers are financial liabilities – as there is an obligation to deliver cash or financial assets back to the depositing bank or customer – and are initially recognised at fair value, plus for those financial liabilities not at fair value through profit and loss, transaction costs directly attributable to the acquisition. Fair value is usually the transaction price.

The bank borrows money by issuing debt securities and subordinated debt. The borrowing is acknowledged or evidenced by issue of a negotiable instrument. The negotiable instrument can be certificate of deposit, commercial paper or debt note.

Debt securities issued by the Bank
The bank has issued "10.30% Standard Chartered Bank Nepal Limited debenture" on 1 March 2023 with the original maturity of 5 years. This is classified as financial liabilities measured at amortised cost.

Subordinated debt is issued to meet the capital requirements at country level, reported under supplementary capital (Tier II) and is listed on Nepal Stock Exchange.

5.11 Provisions

Provisions are recognised when the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. A provision is a recognised obligation, which is relatively imminent, and is a reasonable estimate of that obligation at that time. The distinction between an accrual and a provision is that an accrual can be calculated exactly, whereas a provision is the best estimate of the obligation.

5.12 Revenue Recognition

Interest Income
Interest income for financial assets held at either fair value through other comprehensive income or amortised cost, and interest expense on all financial liabilities held at amortised cost is recognised in profit or loss using the effective interest method.

After implementation of NFRS in Banks and financial institutions, the basis of accounting of interest income has been changed from cash basis to effective interest method. The effective interest method is a method of allocating the interest income over the relevant period of the loans.

NRB has made a provision to allocate the differential interest income between two bases of accounting to Regulatory Reserve and retain it until the accrued interest is received.

Interest suspension
The Bank is suspending interest income basis Expected Credit Loss Related Guidelines, 2024 and Guidance Note on Interest Income Recognition, 2025 issued by NRB and the Bank's internal policy.

Fee and Commission Income
Fees and commissions are generally recognised on an accrual basis when the service has been provided or significant act performed. Loan origination fees or other yield enhancing fees are integral part of the effective interest of Loans & Advances if the expected term of contract is more than one year.

Dividend Income
Dividend income received from equity shares is recognized in the books when the bank's right to receive the dividend is established.

Net Trading Income
Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are recorded in net trading income in the period in which they arise. Gain or loss on trading instruments are recognised in the income statement on a mark-to-market basis and not on a cash basis.

Net Income from Other Financial Instrument at Fair Value Through Profit or Loss

At initial recognition, the bank may choose to designate certain financial assets and liabilities as being held at fair value through profit or loss (the fair value option). Realised and unrealised gains and losses on these instruments are reported through net trading income.

Other operating income

The Bank presents income other than those presented under interest income, fees and commission income and trading income under this heading. Income recognized here includes items such as foreign exchange revaluation gain or loss; dividend on equity investments that are measured at FVOCI; gain or loss on disposal of property and equipment.

Non-operating Income/Expenses

The Bank includes income/expenses that are not directly related to core operational activities under this heading. The income/expense covered under this account head includes loan written off, recovery of loan, redundancy provision, expense of restructuring, statutory levies, and similar non-operating charges.

5.13 Interest Expense

Interest expense on all financial liabilities is recognised in the statement of profit or loss using the effective interest method. Interest expense is determined in a similar way to interest income, with interest expense incorporating contractual interest due, premiums or discounts and any capitalizable fees and transaction costs such as origination fees or costs.

5.14 Employee Benefits

Employee benefits includes all forms of consideration given by an entity in exchange of service rendered by employees during the term of employment. The Bank's remuneration package includes both short term and long-term benefits and comprise of items such as salary, allowances, paid leave, accumulated leave, gratuity, provident fund and annual statutory bonus.

The Bank provides home loan, Auto loan & Personal loan to the staff as per staff by-laws. Staff loan is measured at amortized cost using effective interest rate method and presented in loans and advances to customers under schedule 4.7. Benefits on loans advanced to employees at below-market interest rate are amortized over the full period of the loan. Unamortized staff benefit is the difference between the value of loan at carrying amount and present value of staff loan discounted at market rate and presented in deferred employee expenditure under schedule 4.16. Statutory Staff Bonus is provided at 10% of Net Profit before such bonus as per Bonus Act 2031 and taxed as per Income Tax Act 2058.

5.15 Leases

Where the Bank is a lessee and the lease is deemed in scope, it recognises a liability equal to the present value of lease payments over the lease term, discounted using the incremental borrowing rate applicable in the economic environment of the lease as estimated by the Group managed vendor system. The liability is recognised in 'Other liabilities'. A corresponding right-of-use asset equal to the liability, adjusted for any lease payments made at or before the commencement date, is recognised in 'Property, plant and equipment'. The lease term includes any extension options contained in the contract that the Bank is reasonably certain it will exercise.

The Bank subsequently depreciates the right-of-use asset using the straight-line method over the lease term and measures the lease liability using the effective interest method. Depreciation on the asset is recognised in 'Depreciation and amortisation', and interest on the lease liability is recognised in 'Interest expense'.

5.16 Foreign Currency Translation

Foreign currency transactions are those conducted in a currency other than the functional currency of an entity. The functional currency is the currency of the primary economic environment in which an entity operates. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss.

5.17 Financial Guarantee and Loan Commitment

Financial guarantee contracts are contracts that require the Bank to reimburse the holder for a loss that it incurs if a specified debtor fails to make payment on a debt instrument. A loan commitment is a firm commitment to provide credit under pre-specified terms and conditions in the future.

5.18 Share Capital and Reserves

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets, or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds.

Dividends on ordinary shares and preference shares classified as equity are recognised in equity when declared by AGM.

Reserves

Reserves include retained earnings, and other statutory reserves such as general reserve, exchange fluctuation reserve, regulatory reserve, and others.

5.19 Earnings Per Share including Diluted

The Bank measures earning per share based on the earning attributable to the equity shareholders for the period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33 Earnings per Share.

6. Segmental Information

The Bank is organised for management and reporting purposes into segments such as: Corporate & Investment Banking (CIB), Wealth & Retail Banking (WRB) and Others. The products offered to these client segments are summarised under 'Income by product' below. The focus is on broadening and deepening the relationship with clients, rather than maximising a particular product line. Hence the Bank evaluates segmental performance based on overall profit or loss before taxation (excluding corporate items not allocated) and not individual product profitability. Product revenue information is used as a way of assessing client needs and trends in the marketplace. The strategies adopted by the client segments is adapted to local market and regulatory requirements.

Segment Description

The Bank runs its operations under the following segments:

Segment Definition	Activity
Wealth & Retail Banking (WRB)	Wealth and Retail Banking serves small businesses and individuals, from Mass Retail clients to affluent and high-net-worth individuals through the branch network and other delivery channels. This segment raises deposits from customers and makes loans and provides other services to such customers. This segment also includes activities relating to credit cards, debit cards, mortgage loans and SME segments. Exposures are classified under WRB considering the orientation, product, granularity and individual exposure criteria.
Corporate & Investment Banking (CIB)	Local corporate financing, advances to partnership firms, companies, and statutory bodies, which are not included under Retail Banking segments, Treasury including foreign exchange, fixed income & money market, and derivative transactions are reported under CIB.
Others	Others include Treasury Markets, Corporate Real Estate Services, other items not apportionable in the aforementioned segments.

A. Information about reportable segments

NPR'000

Particulars	WRB		CIB		Others		Total	
	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter	Current Quarter	Corresponding Previous Year Quarter
Revenues from external customers	1,182,374	1,217,074	1,675,314	1,724,481	269,393	277,299	3,127,082	3,218,855
Intersegment revenues	556,285	572,611	(79,388)	(81,717)	(476,897)	(490,893)	-	-
Segment operating profit /(loss) before tax	578,082	689,930	1,142,578	1,363,645	245,775	293,327	1,966,434	2,346,902
Segment assets	49,631,016	44,713,560	43,229,855	38,946,628	75,494,465	68,014,450	168,355,336	151,674,638
Segment liabilities	87,803,244	78,330,444	47,386,658	42,274,269	11,979,165	10,686,772	147,169,067	131,291,485

B. Reconciliations of reportable segment profit or loss

NPR '000

Particulars	Current Quarter	Corresponding Previous Year Quarter
Total operating profit before tax for reportable segments	1,966,434	2,346,902
Profit before tax for other segments	-	-
Elimination of inter-segment profits	-	-
Elimination of discontinued operation	-	-
Unallocated amounts:	-	-
- Other corporate expenses	-	-
Operating Profit before tax	1,966,434	2,346,902

7. Concentration of Borrowings, Credits and Deposits

A. Concentration of Borrowings

Particulars (NPR' 000)	Current Year	Previous Year
Borrowings from 10 largest lenders*	1,799,204	1,799,036
Percentage of borrowings from ten largest lenders to total depositors	1.28%	1.44%

**excluding interbank borrowings*

B. Concentration of Credit exposures

Particulars (NPR' 000)	Current Year	Previous Year
Total exposures to twenty largest borrowers		
a. As per group (related party)	25,358,248	35,101,021
b. As per individual customer	19,807,089	29,295,913
Percentage of exposures to twenty largest borrowers to Total Loans and Advances		
a. As per group (related party)	30.13%	39.70%
b. As per individual customer	23.54%	33.14%

C. Concentration of Deposits

Particulars (NPR' 000)	Current Year	Previous Year
Total deposits from twenty largest depositors		
a. Group-wise	32,863,970	31,049,107
b. As per individual customer	4,799,057	3,258,218
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group-wise	23.43%	24.86%
b. As per individual customer	3.42%	2.61%

**Previous Year in the section of concentration report denotes 'Previous Year Corresponding period'*

8. Related parties' disclosures

The Bank identifies the following as the related parties under the requirements of NAS 24.

i) Ultimate parent company as a result of the Bank's major shareholders and companies within definition of the Group of the ultimate parent company

ii) Post-employment benefit plan for the benefit of the employees

iii) Directors of the Bank and their close family members, if any

iv) Key Managerial Personnel and their close family members, if any

Explanatory Notes

Ultimate Parent and the Group

i) Ultimate Parent Company : Standard Chartered Plc., London, UK

ii) Major Shareholders

(a) Standard Chartered Grindlays Pty Ltd, Australia: Holding 46.81% of shares

(b) Standard Chartered Bank, UK: Holding 23.40% of shares

Related parties:

1 STANDARD CHARTERED BANK USA

2 STANDARD CHARTERED BANK UK

3 STANDARD CHARTERED BANK (SINGAPORE)

4	STANDARD CHARTERED BANK INDIA
5	STANDARD CHARTERED BANK AG
6	STANDARD CHARTERED BANK DUBAI
7	STANDARD CHARTERED BANK BANGLADESH
8	STANDARD CHARTERED BANK QATAR
9	STANDARD CHARTERED BANK CHINA
10	STANDARD CHARTERED BANK HONGKONG
11	STANDARD CHARTERED BANK MAURITIUS
12	STANDARD CHARTERED BANK VIETNAM
13	STANDARD CHARTERED BANK SRI LANKA
14	STANDARD CHARTERED BANK JAPAN
15	STANDARD CHARTERED BANK THAILAND

The Bank being a subsidiary of an international bank avails of support services from its global support functions governed by approved agreements. FCY funds have mainly been placed with Standard Chartered Bank (SCB) network points. These funds are all under the management of Standard Chartered Group with high governance levels and acceptable country risks and returns.

Post Employee benefit plan for the benefit of bank's employees
The Bank operates an approved retirement benefit plan for the benefit of its employees. The contributions made to such plan and payments made to the Bank's employees is as per the Bank's staff rules/bylaws.

Directors of the bank and key management personnel
The Bank defines its executive committee members as the key management personnel other than its directors. One of executive committee members was the director of the Bank. Benefits are paid as per the Staff service byelaws. Statutory bonus is paid in accordance with Bonus Act. Performance bonus is paid in accordance with the performance assessment procedures practiced within the Bank. Vehicle allowance is as per the Bank's Rules. There have been no transactions with the close family member of the directors and key managerial personnel except in the normal course of banking business.

9. Dividends paid (aggregate or per share) separately for ordinary shares and other shares
Dividends paid during the reporting period is NPR 549.7 million.

10. Issues, repurchases and repayments of debt and equity securities
The bank has issued "10.30% Standard Chartered Bank Nepal Limited Debenture" on 1 March 2023 with 5 years maturity. There are no issues, repurchases and repayments of equity securities during the reporting period.

11. Events after interim period
All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

12. Effect of changes in the composition of the entity during the interim period including mergers and acquisition
There is not any change in the composition of the bank during the interim period including merger and acquisitions deals.

Disclosure as per Securities Registration and Issuance Regulation, 2073
(Related to sub-Rule (1) of Rule 26)

1. **Financial Statements: published as part of this report**

a. Related Party Disclosures

The Bank being a subsidiary of an international bank avails of support services from its global support functions governed by approved agreements. Foreign currency funds have mainly been placed with Standard Chartered Bank (SCB) network points. These funds are all under the management of Standard Chartered Group with high governance levels and acceptable country risks and returns.

Transaction during the period (NPR in '000)	1 Shrawan 2082 to 30 Poush 2082
Interest on placements	388,761
Shared Service Center Costs	68,865

Period end Balance (NPR in '000)	30 Poush 2082
Placements	29,992,897
Nostro Balances	418,198
Interest Receivable	107,465
Trade Contingents	26,391,121
Fee Income Receivables	86,440

Transactions with and payments to directors of the bank
Following payments have been made to the directors of the bank

Particulars (NPR in '000)	1 Shrawan 2082 to 30 Poush 2082
Directors' sitting fees	357
Directors' travel and meeting expenses	172
Remuneration and bonus of the executive director	6,082
Other benefits of the executive director	9,583

(b) Key Financial Indicators

Earnings per share (Annualised) (NPR)	27.35
P/E Ratio	23.1
Net Worth per Share (NPR)	211
Total Assets to No. of Shares (NPR)	1,676.5
Liquid Assets to Total Deposits (%)	55.61

2. Management Analysis

(a) Bank's capital and liquidity position continues to be strong.

(b) Income momentum for the current period over corresponding period of last year has declined owing to muted credit momentum, declining yields, and Stage 3 Assets interest income recognition. Bank has continued its effort to optimize balance sheet and returns. Quality of Balance sheet remains robust.

(c) The liquidity supply in the system has been abundant during the quarter. There is ample lendable headroom in the market at the prevailing level of CD ratio while deposit rates are decreasing. Overall lending rates are gradually decreasing in line with reduced Base Rate of the Bank. ALCO has been actively managing liquidity and interest rate risks in the Balance Sheet.

(d) The Bank follows prudent approach in its business plans to protect all stakeholders' value and ensure consistent sustainable performance.

3. Details related to legal proceedings

(a) Case filed by or filed against the Bank in the quarter:
Except for the lawsuits in normal course of banking business there are no material cases filed by or against the Bank.

(b) Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the Promoter or Director of Organized Institution.
No such information has been received.

(c) Case relating to commission of financial crime filed against any Promoter or Director.
No such information has been received.

4. Analysis of share transaction and progress of Organized Institution

(a) Management view on share transaction happened at Securities Market.
Since price and transactions of the Bank's shares are being determined by the open share market operations through a duly established Stock Exchange, management view on this is neutral.

(b) Maximum, minimum, and closing share price including total number of shares traded and transacted days during this quarter:

Maximum- NPR 699	Minimum- NPR 614	Closing- NPR 631.4
Total number of shares traded - 1,408,942		Transacted days – 55

5. PROBLEMS AND CHALLENGES:

INTERNAL

1. For the better management of return metrics, focus on the growth of non-interest income
2. Stringent underwriting criteria & limited opportunities for credit growth despite ample headroom
3. For better management of Loan Impairment, continued focus on robust risk management
4. Management of excess liquidity

EXTERNAL

1. Net Interest Spread
2. Surplus liquidity in the industry and limited deployment opportunities

STRATEGY

1. Continued focus on Risk Management with a focus on deploying funding to productive sectors namely Specified Sector Lending (SSL)
2. Innovative practices around Risk Participation
3. Prudent management of balance sheet with a focus on low-cost funding sources
4. Continue to enhance and innovate products and services, introduce new digital offerings

5. Continue to build an inclusive culture, focus on employee wellbeing and provide platforms for the development opportunities of human resource

6. CORPORATE GOVERNANCE

- The Board of Standard Chartered Bank Nepal Limited is responsible and accountable to the shareholders and ensures that proper corporate governance standards are maintained.
- The Audit Committee meets quarterly to review the internal and external inspection reports, control and compliance issues and provides feedback to the Board as appropriate.
- The EXCO (Executive Committee) represented by all Segments, Products and Functions Heads is the apex body managing the day-to-day operations of the Bank.
- Responsibility of Risk Management rests with the Board supported by Risk Committee, Audit Committee, AML Committee, EXCO, Asset Liability Committee and Executive Risk Committee.
- We adopt Standard Chartered Code of Conduct, which builds on our values and our brand promise, guiding us to the standards required to help us prove that we are Here for good.

7. Declaration of Chief Executive on truthfulness and correctness

I, as at the date, hereby individually accept responsibility for the accuracy of the information and details contained in the report. I also hereby declare that to the best of my knowledge and belief the information contained in this report is true, accurate and complete and there are no other matters concealed, the omission of which shall adversely affect informed investment decision by the investors.

CHIEF EXECUTIVE OFFICER

-END OF DOCUMENT-