POWERING PAYMENTS INNOVATION

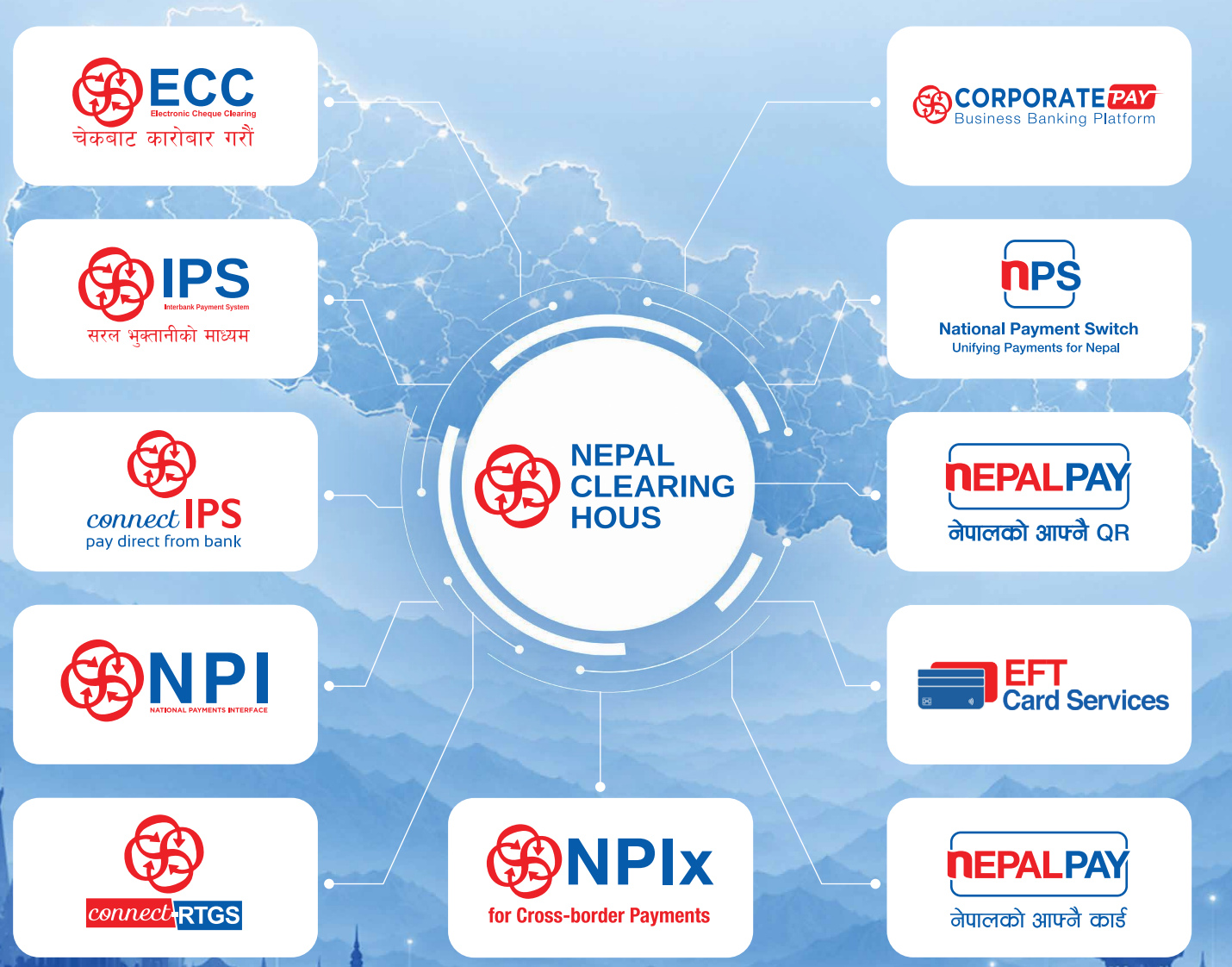
FOR NEPAL & BEYOND





Annual Report
2082/83 (2025/26)

Building Nepal's Digital Payment Infrastructure and Connecting Globally



Annual Report
2082/83 (2025/26)

ABOUT REPORT

This annual report presents a comprehensive overview of NCHL's performance across both financial and non-financial dimensions. It outlines the organization's vision, mission, core values and long-term strategic direction, while also detailing the key activities undertaken during the reporting period and the results achieved. In addition, the report highlights other significant operational aspects that contribute to value creation for NCHL's diverse stakeholders.

The document has been prepared in accordance with all relevant laws, regulations and reporting standards. It also includes supplementary disclosures intended to enhance stakeholder's understanding of the company's operations. The structure and presentation of the report have been designed to remain straightforward and accessible, ensuring clarity and ease of interpretation for all users.

NEPAL CLEARING HOUSE

Annual Report FY 2082/83 contains the annual financial statements along with significant accounting policies and notes to the account. It also comprises the relevant disclosure as required under statutory requirements and other useful information .



TABLE OF CONTENTS

01 OVERVIEW 6
Corporate Profile 7
List of Shareholders 9
Member List 10
Major Milestones 14
Financial Highlights 16
Operational Highlights 18
Message from Chairman 20
Board of Directors 24
CEO's Statement 26
Management Team 30

02 PRODUCTS AND SERVICES 34
Electronic Cheque Clearing (NCHL-ECC) 35
Interbank Payment System (NCHL-IPS) 36
National Payment Switch (NPS) 37
Retail Payment Switch (RPS) 37
National Payments Interface (NPI) 40
Cross-Border NPIx 40
National Card Switch & NEPALPAY Card 40
*connect*RTGS system 40
CORPORATEPAY System 41
National Archive System 41
EFT Card Services 42

03 FINANCIAL REVIEWS 44
Snapshot of last 5 years Performance 45
Horizontal Analysis 45
Vertical Analysis 48
Financial Ratios 52
Value Generation and Distribution 53

04 OPERATIONAL REVIEW 54
GoN Facilitation through NCHL Systems 55
NCHL Members 56
NCHL-ECC System 57
NCHL-IPS System 59
RPS 61
National Payments Interface (NPI) 62
CORPORATEPAY 63
*connect*RTGS 63
EFT Card Services 64
NCHL-Helpdesk 65
Member Trainings, Orientations and 65

05 GOVERNANCE & RISK MANAGEMENT 66
Risk Control & Certification 67
Corporate Governance 68
The Board of Directors 68
Audit Committee 71
Risk Committee 71
HR Committee 72
High Level Tech Committee 72
Meeting Expenses 72
Shareholders Communication 72
Internal Controls 73
Risk Management 75
Business Continuity Plan Activation 76

06 MARKET ANALYSIS 78

07 HUMAN RESOURCES 82
Organizational Structure 83
Key Human Resource Indicators 84
Recruitment Process 84
Remuneration and Benefits 84
Staff Training & Development 85
Staff Welfare Committee 85
Staff Health and Insurance 85

08 SUSTAINABILITY AND ESG REPORT 88
Our Approach And Commitment To Sustainability 89
Pillar 1 90
Pillar 2 91
Pillar 3 92
Pillar 4 93
Pillar 5 94
Contribution To The Sustainable Development Goals (Sdg) 95
Reporting Basis And Boundary 95

09 FINANCIAL AND RELATED INFORMATION 96
Director's Report and Disclosure 97
NRB Approval of the Audited Financials 102
Independent Auditor's Report 103
Audited Financial Statements 107
Notes to Financial Statements 112
Annual General Meeting Notice 141
Proxy Form 143

01

OVERVIEW

Nepal Clearing House Ltd. (NCHL) is a public limited company incorporated on 8th Poush 2065 under the leadership and guidance of Nepal Rastra Bank (The Central Bank of Nepal) with equity participation from Nepal Rastra Bank, commercial banks, development banks and finance companies.

CORPORATE PROFILE

Company Name
Nepal Clearing House Limited

Url
www.nchl.com.np
www.connectips.com

Corporate Office
1st, 2nd & 3rd Floor, DD Plaza, Shanta Marg,
Kamaladi, Kathmandu, Nepal

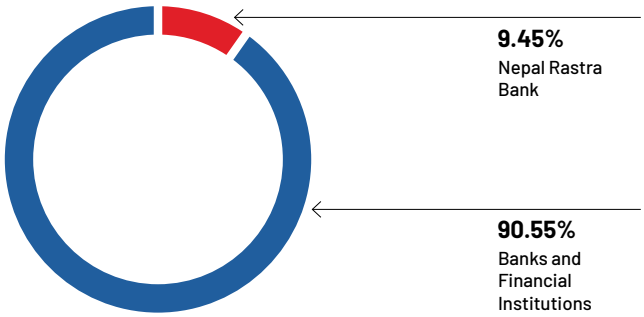
Operations Office
3rd & 4th Floor, Kamaladi Complex,
Kamaladi, Kathmandu, Nepal

Tel: +977-1-5970065/ 5355306
Email: support@nchl.com.np; info@nchl.com.np ;

Legal Form
Incorporated as a Public Limited company under the sub section 1 of Section 5 of Companies Act, 2063 (First Amendment 2074) on 8th Poush 2065 (23rd December 2008).

Licenses/Certifications
- Licensed by Nepal Rastra Bank as Payment System Operator (PSO)
- ISO 27001 certification for NCHL Systems
- PCI-DSS certification for Card Services

Ownership Structure
Nepal Clearing House Limited, established under the leadership and guidance of the Central Bank of Nepal, has holding of 9.45% by Nepal Rastra Bank and 90.55% by various banks and financial institutions. The banks and financial institutions include commercial banks, development banks and finance companies.



External Auditor
J.B. Rajbhandary & DiBins,
Chartered Accountants
Durbarmarg, Kathmandu, Nepal
Tel: +977-01-5347177

Internal Auditor
S&S Associates
Chartered Accountants
Sankhamul, Kathmandu, Nepal
Tel: +977-01-4796303

IS Auditor
Eminence Ways Pvt. Ltd.
Dillibazar, Kathmandu, Nepal
Tel: +977-01-4413535

ISO 27001 Auditor
URS Nepal Pvt. Ltd.
UKAS Management Systems
Lazimpat, Kathmandu, Nepal
Tel: +977-1-4386324

PCI-DSS Assessor
Control Case International Pvt. Ltd.
Mumbai, India
Tel: +91-2266471800

Preamble of the Report
This annual report presents comprehensive position of NCHL from its financial, operational, risk & control and related perspectives, as at the end of FY 2082/83 (2025/26). NCHL has applied NFRS in the preparation of the financial statements, which has been duly audited, approved by the Board of Directors and regulatory approval obtained from Nepal Rastra Bank.

VISION

To be a leading provider of electronic payment and settlement services.

MISSION

- Establish and operate national systems for clearing, payments and settlements;
- Facilitate the development of secure & trusted new payment methods and technologies in Nepal;
- Protect and increase shareholders ' values;
- Establish as an organization of choice for the employees.

CORE VALUES

- Highest standards of ethics, integrity and teamwork.
- Commitment towards the members, shareholders, partners and employees.

STRATEGIC OBJECTIVES

The strategic objective of NCHL is to implement multiple payments, clearing and settlement systems to facilitate digital payments in Nepal. Hence, it has established multiple national payment systems, digital financial instruments and channel platforms to support digital economy. Along with the payments layer of digital public infrastructure (DPI), it has taken initiatives to integrate and build other layers of the DPI thereby leveraging and reinvesting already established infrastructures.

OUR COMMITMENT AND CODE OF CONDUCT PRINCIPLES

NCHL shall conduct its business in a highly professional and transparent manner to ensure that:

1. Every member of NCHL shall deal with professionalism, honesty, integrity and with high moral and ethical standards. Such conduct shall be fair and transparent.

2. NCHL is committed to enhance shareholder's values and comply with all regulations and laws that govern shareholders' rights and conduct its business affairs in accordance with the rules, regulations and the guidelines prescribed by Nepal Rastra Bank (NRB) and other regulatory authorities.

3. NCHL shall market its products and services on their intrinsic merits and shall not make unfair and misleading statements about competitors' products and services.



LIST OF SHAREHOLDERS

AS PER APPROVED SHARE REGISTER

As of Asadh end 2083

S.NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	VALUE IN NPR
Group 'A' Shareholders			
1	Nepal Rastra Bank	1,377,583	137,758,300
Group 'B' Shareholders			
2	Agricultural Development Bank Ltd.	42,322	4,232,200
3	Citizens Bank International Ltd.	372,769	37,276,900
4	Everest Bank Ltd.	229,596	22,959,600
5	Global IME Bank Ltd.	1,692,361	169,236,100
6	Himalayan Bank Ltd.	700,760	70,076,000
7	Kumari Bank Ltd.	953,550	95,355,000
8	Laxmi Sunrise Bank Ltd.	578,819	57,881,900
9	Machhapuchchhre Bank Ltd.	298,569	29,856,900
10	Nabil Bank Ltd.	560,446	56,044,600
11	Nepal Bank Ltd.	229,596	22,959,600
12	Nepal Investment Mega Bank Ltd.	812,611	81,261,100
13	Nepal SBI Bank Ltd.	229,596	22,959,600
14	NIC Asia Bank Ltd.	528,167	52,816,700
15	NMB Bank Ltd.	483,815	48,381,500
16	Prabhu Bank Ltd.	701,852	70,185,200
17	Prime Commercial Bank Ltd.	444,527	44,452,700
18	Rastriya Banijya Bank Ltd.	229,596	22,959,600
19	Sanima Bank Ltd.	211,468	21,146,800
20	Siddhartha Bank Ltd.	1,761,116	176,111,600
21	Standard Chartered Bank Nepal Ltd.	229,596	22,959,600
22	Excel Development Bank Ltd.	9,183	918,300
23	Garima Bikas Bank Ltd.	56,817	5,681,700
24	Jyoti Bikas Bank Ltd.	85,775	8,577,500
25	Kamana Sewa Bikas Bank Ltd.	56,260	5,626,000
26	Lumbini Bikas Bank Ltd.	223,317	22,331,700
27	Mahalaxmi Bikas Bank Ltd.	388,874	38,887,400
28	Miteri Development Bank Ltd.	43,284	4,328,400
29	Muktinath Bikas Bank Ltd.	27,556	2,755,600
30	Shangri-la Development Bank Ltd.	89,549	8,954,900
31	Shine Resunga Development Bank Ltd.	37,895	3,789,500
32	Best Finance Ltd.	185,981	18,598,100
33	Central Finance Ltd.	64,564	6,456,400
34	Crystal Finance Ltd.	9,183	918,300
35	Goodwill Finance Ltd.	176,801	17,680,100
36	Guheshwori Merchant Banking & Finance Ltd.	32,288	3,228,800
37	Gurkhas Finance Ltd.	9,183	918,300
38	Himalaya Finance Ltd.	9,183	918,300
39	ICFC Finance Ltd.	32,289	3,228,900
40	Janaki Finance Co. Ltd.	32,289	3,228,900
41	Multipurpose Finance Co. Ltd.	9,183	918,300
42	Nepal Finance Ltd.	136,194	13,619,400
43	Nepal Share Markets & Finance Ltd.	9,183	918,300
44	Pokhara Finance Ltd.	32,289	3,228,900
45	Progressive Finance Ltd.	9,183	918,300
46	Reliance Finance Ltd.	99,446	9,944,600
47	Samriddhi Finance Co. Ltd.	9,183	918,300
48	Shree Investment & Finance Co. Ltd.	41,468	4,146,800
	GRAND TOTAL	**14,585,115**	**1,458,511,500**

MEMBER LIST

DIRECT MEMBERS

As of Asadh end 2083

S.NO.	MEMBERS	NCHL-ECC	NCHL-IPS	*connect*IPS	*connect*RTGS	NPI	NPS-RPS	CORPORATEPAY	NPIx	NPS-NCS	EFT CARD
1	Nepal Rastra Bank	✓	✓		✓						
2	Nepal Infrastructure Bank Ltd.	✓	✓	✓	✓			*			
3	Agricultural Development Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓		
4	Citizens Bank International Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Everest Bank Ltd.	✓	✓	✓		✓	✓	✓	✓	✓	✓
6	Global IME Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
7	Himalayan Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
8	Kumari Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓		
9	Laxmi Sunrise Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Machhapuchchhre Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11	Nabil Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓		
12	Nepal Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
13	Nepal Investment Mega Bank Ltd.	✓	✓	✓		✓	✓	✓	✓	✓	
14	Nepal SBI Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
15	NIC Asia Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
16	NMB Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
17	Prabhu Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
18	Prime Commercial Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
19	Rastriya Banijya Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
20	Sanima Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
21	Siddhartha Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
22	Standard Chartered Bank Nepal Ltd.	✓	✓	✓		✓	✓	✓		✓	
23	Corporate Development Bank Ltd.	✓	✓	✓			*				
24	Excel Development Bank Ltd.	✓	✓	✓	*	✓	✓	✓	✓	✓	✓
25	Garima Bikas Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
26	Green Development Bank Ltd.	✓	✓	✓		✓	✓	✓	✓	✓	
27	Jyoti Bikash Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
28	Kamana Sewa Bikas Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
29	Karnali Development Bank Ltd.	✓	✓	✓	*						
30	Lumbini Bikas Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
31	Mahalaxmi Bikas Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
32	Miteri Development Bank Ltd.	✓	✓	✓	✓	✓		*			
33	Muktinath Bikas Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
34	Narayani Development Bank Ltd.	✓	✓	✓							
35	Salapa Bikas Bank Ltd.	✓	✓	✓		✓		✓	✓		
36	Saptakoshi Development Bank Ltd.	✓	✓	✓	✓	✓	✓	✓			
37	Shangri-la Development Bank Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
38	Shine Resunga Development Bank Ltd.	✓	✓	✓	✓	✓	✓	✓		✓	
39	Sindhu Bikas Bank Ltd.	✓	✓	✓	✓	✓		✓			
40	Best Finance Company Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
41	Central Finance Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
42	Goodwill Finance Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
43	Guheshwori Merchant Banking & Finance Ltd.	✓	✓	✓	✓	✓	✓	✓		✓	
44	Gurkhas Finance Ltd.	✓	✓	✓	✓	✓	✓	✓	✓		
45	ICFC Finance Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
46	Janaki Finance Company Ltd.	✓	✓	✓		✓	✓	*			
47	Manjushree Finance Ltd.	✓	✓	✓	✓	✓	✓	✓		✓	
48	Multipurpose Finance Company Ltd.	✓	✓	✓		✓	✓	✓		✓	
49	Nepal Finance Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
50	Pokhara Finance Ltd.	✓	✓	✓	✓	✓	✓	✓			
51	Progressive Finance Ltd.	✓	✓	✓	✓	✓	✓	✓		✓	
52	Reliance Finance Ltd.	✓	✓	✓	✓	✓	✓	✓		✓	
53	Shree Investment and Finance Co. Ltd.	✓	✓	✓	✓	✓	*	✓			

INDIRECT/ TECHNICAL MEMBERS

As of Asadh end 2083

S.NO.	MEMBERS	CATEGORY	NPI
1	Financial Comptroller General Office (FCGO)	Government	✓
2	Nepal Insurance Authority (NIA)	Semi-Government	✓
3	Citizen Investment Trust (CIT)	Semi-Government	✓
4	Civil Aviation Authority of Nepal (CAAN)	Semi-Government	✓
5	Council for Technical Education and Vocational Training (CTEVT)	Semi-Government	✓
6	Electricity Regulatory Commission (ERC)	Semi-Government	✓
7	Employee Provident Fund (EPF)	Semi-Government	✓
8	Foreign Employment Board	Semi-Government	✓
9	Health Insurance Board (HIB)	Semi-Government	✓
10	Kathmandu Upatyaka Khanepani Limited (KUKL)	Semi-Government	✓
11	Nepal Electricity Authority	Semi-Government	✓
12	Nepal Oil Corporation	Semi-Government	✓
13	Nepal Stock Exchange Ltd. (NEPSE)	Semi-Government	✓
14	Social Security Fund (SSF)	Semi-Government	✓
15	Tribhuvan University	Semi-Government	✓
16	Cellcom Pvt Ltd. (Cellpay)	PSP	✓
17	CG Pay Nepal Pvt Ltd (CG Pay)	PSP	✓
18	City Wallet Pvt. Ltd. (City Pay)	PSP	✓
19	FocusOne Payment Solution Pvt. Ltd. (MOCO)	PSP	✓
20	Icash Pvt. Ltd. (iCash)	PSP	✓
21	IME Khalti Ltd. (Khalti)	PSP	✓
22	Lenden Sewa Pvt. Ltd. (Hamro Pay)	PSP	✓
23	Nepal Digital Payments Co. Ltd (Namaste Pay)	PSP	✓
24	Nepal Payment Solution Pvt. Ltd. (NPS)	PSO	✓
25	Pay Nep Pvt. Ltd. (MORU)	PSP	✓
26	Smart Card Nepal Pvt. Ltd. (MyPay)	PSP	✓
27	Smartchoice Technology Ltd. (SCT)	PSO	✓
34	Chhimek Laghubitta Bittiya Sanstha Ltd.	Microfinance	✓
35	Infinity Laghubitta Bittiya Sanstha Ltd.	Microfinance	✓
36	Jeewan Bikash Lagubitta Sanstha Ltd.	Microfinance	✓
37	Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd.	Microfinance	✓
38	Sampada Laghubitta Sastha Ltd.	Microfinance	✓
39	Sana Kishan Bikas Laghubitta Bittiya Sanstha Ltd.	Microfinance	✓
40	Swabalamban Laghubitta Bittiya Sanstha Ltd.	Microfinance	✓
45	American Life Insurance Co. Ltd. (Metlife)	Insurance	✓
46	Asian Life Insurance Ltd.	Insurance	✓
47	Citizens Life Insurance Co. Ltd.	Insurance	✓
48	Himalayan Life Insurance Ltd.	Insurance	✓
49	IGI Prudential Insurance Ltd.	Insurance	✓
50	IME Life Insurance Co. Ltd.	Insurance	✓
51	National Life Insurance Company Ltd	Insurance	✓
52	Neco Insurance Limited	Insurance	✓
53	Nepal Insurance Co. Ltd.	Insurance	✓
54	Nepal Life Insurance Co. Ltd.	Insurance	✓
55	NLG Insurance Company Ltd	Insurance	✓
56	Prabhu Mahalaxmi Life Insurance Ltd.	Insurance	✓
57	Rastriya Beema Company Limited	Insurance	✓
58	Rastriya Jeewan Beema Company Limited	Insurance	✓
59	Reliable Nepal Life Insurance Ltd.	Insurance	✓
60	Sanima GIC Insurance Ltd.	Insurance	✓
61	Siddhartha Premier Insurance Ltd.	Insurance	✓
62	Sun Nepal Life Insurance Co. Ltd.	Insurance	✓

INDIRECT/ TECHNICAL MEMBERS

As of Asadh end 2083

S.NO.	MEMBERS	CATEGORY	NPI
63	SuryaJyoti Life Insurance Ltd	Insurance	✓
64	United Ajod Insurance Co. (Nepal) Ltd.	Insurance	✓
66	Crest Micro Life Insurance Ltd.	MicroInsurance	✓
67	Guardian Micro Life Insurance Ltd.	MicroInsurance	✓
68	Liberty Microlife Insurance Ltd.	MicroInsurance	✓
72	Arun Securities Pvt. Ltd.	Share Broker	✓
73	Blue Chip Securities Limited	Share Broker	✓
74	Deevyaa Securities & Stock House Pvt. Ltd	Share Broker	✓
75	Dynamic Money Manager Securities Pvt.Ltd.	Share Broker	✓
76	Garima Securities Ltd.	Share Broker	✓
77	Himalayan Brokerage Company Limited	Share Broker	✓
78	Kalika Securities Pvt. Ltd.	Share Broker	✓
79	NAASA Securities Co. Ltd.	Share Broker	✓
80	Nepal Stock House Pvt. Ltd.	Share Broker	✓
81	NIMB Stock Markets Ltd	Share Broker	✓
82	Opal Securities Investment Pvt. Ltd.	Share Broker	✓
83	Pragyan Securities Ltd.	Share Broker	✓
84	Roadshow Securities Limited	Share Broker	✓
85	Secured Securities Ltd.	Share Broker	✓
86	Sharepro Securities Pvt. Ltd.	Share Broker	✓
87	Sun Securities Pvt. Ltd.	Share Broker	✓
88	SwarnaLaxmi Securities	Share Broker	✓
89	Sweta Securities Pvt. Ltd.	Share Broker	✓
90	Trademow Securities Pvt. Ltd.	Share Broker	✓
91	Trishakti Securities Public Ltd.	Share Broker	✓
92	Vision Securities Pvt. Ltd.	Share Broker	✓
94	ATT Remit Pvt. Ltd.	Remit	✓
95	City Express Money Transfer Pvt. Ltd.	Remit	✓
96	Esewa Money Transfer Pvt. Ltd.	Remit	✓
97	Hamro Patro Remit	Remit	✓
98	Hulas Remittance Pvt. Ltd.	Remit	✓
99	IME Limited	Remit	✓
100	Ipay Remit Pvt. Ltd.	Remit	✓
101	ISEND Money Transfer	Remit	✓
102	MyPay Remit	Remit	✓
103	Neo Money Transfer Pvt. Ltd. (Panos Remit)	Remit	✓
104	Nepal Remit International Pvt. Ltd.	Remit	✓
105	Prabhu Money Transfer Ltd.	Remit	✓
106	Samsara Remit Pvt. Ltd.	Remit	✓
107	Thamel Remit Pvt. Ltd.	Remit	✓
110	Global IME Capital Ltd.	Merchant Bank	✓
111	Kumari Capital Ltd.	Merchant Bank	✓
112	Nabil Investment Banking Ltd	Merchant Bank	✓
113	NMB Capital Ltd.	Merchant Bank	✓
114	Siddhartha Capital Ltd.	Merchant Bank	✓
118	Agni Incorporated Pvt. Ltd.	Corporate	✓
119	Asian Paints	Corporate	✓
120	CG Foods Pvt. Ltd.	Corporate	✓
121	F1Soft International Pvt. Ltd.	Corporate	✓
122	Fasto Nepal Pvt Ltd	Corporate	✓
123	Gyan Enterprise	Corporate	✓
124	Hansraj Hulaschand and Co. Pvt. Ltd.	Corporate	✓

INDIRECT/ TECHNICAL MEMBERS

As of Asadh end 2083

S.NO.	MEMBERS	CATEGORY	NPI
125	Him Electronics	Corporate	✓
126	Hulas Iron Industries Ltd.	Corporate	✓
127	Hulas Steel	Corporate	✓
128	Jagdamba Motors Pvt. Ltd.	Corporate	✓
129	Jasmine Paints Pvt Ltd	Corporate	✓
130	Lumbini Ceramics	Corporate	✓
131	Mercy Corps	Corporate	✓
132	NCELL Axiata Limited	Corporate	✓
133	Nepal Overseas Marketing Co. Pvt. Ltd.	Corporate	✓
134	Panchakanya Plast Pvt. Ltd.	Corporate	✓
135	Sarbottam Steels	Corporate	✓
136	Sasto Tickets Pvt. Ltd.	Corporate	✓
137	Sipradi Trading Pvt. Ltd.	Corporate	✓
138	Surya Nepal Pvt. Ltd.	Corporate	✓
139	Triveni Byapar	Corporate	✓
140	United Distributor Pvt. Ltd.	Corporate	✓
141	Varun Beverages Nepal	Corporate	✓
142	Yarsa Labs Private Limited	Corporate	✓
152	Subisu Cablenet Pvt. Ltd.	ISP	✓
153	Vianet Communication Pvt. Ltd.	ISP	✓
154	Websufer Nepal Communication Pvt. Ltd.	ISP	✓



MAJOR MILESTONE

2008

23 December
Incorporated under Companies Act 2063 of Nepal

2012

3 February
Commencement of Electronic Cheque Clearing System (NCHL-ECC)

2014

9 April
Nationwide rollout of NCHL-ECC completed

2016

17 August
Commencement of Interbank Payment System (NCHL-IPS)

2018

12 October
Official Launch of *connect*IPS e-Payment System

2019

15 December
Rollout of *connect*RTGS for commercial banks

2020

15 March
Go-Live of NPI as a consolidated API

2021

14Nov; 18 Nov
Operations approval for operations of Retail Payment Switch (NPS-RPS) & BFI onboarding

14 January
Official Launch of CORPORATEPAY

2022

6 March
Official Launch of NEPALPAY QR

2024

26 March
Rollout of NPIx as cross border platform

3 June
Joint Operation post acquisition of erstwhile Nepal Electronic Payment Systems (NePS) and operation of EFT Card Services

8 November
Launch of Alipay+ cross-border NEPALPAY QR acceptance

2025

31 March
Official Announcement of Readiness of NPS-National Card Switch & NEPALPAY Card

18 December
Commercial Go-Live of NPS-National Card Switch and launch of NEPALPAY Card as the national card scheme.

2026

12 May
Launch of outbound cross-border payment with Lankapay for LankaQR acceptance in Srilanka

9 June
Launch of UPI-NPI linkage to enable person-to-person (P2P) transfers between India and Nepal

FINANCIAL HIGHLIGHTS

NPR 229
PER SHARE

NET WORTH PER SHARE
A decrease by 1% in comparison to preceding fiscal year due to the increased capital from bonus shares issued.

NPR 28
PER SHARE

EARNING PER SHARE
A decrease by 15% in comparison to preceding fiscal year is due to the increased number of shares resulting from the distribution of bonus shares in the preceding fiscal year.

NPR 1,107
MILLION

OPERATING REVENUE
An increase of 7% in comparison to preceding fiscal year is primarily from NCHL-ECC, NCHL-IPS and RPS.

NPR 126
MILLION

INDIRECT INCOME
Indirect income has decreased by 9% in comparison to preceding fiscal year due to decrease in interest income on investments.

NPR 535
MILLION

OPERATING CASH FLOW
A cash inflow increased by 43% as compared with preceding fiscal year primarily due to favorable changes in working capital.

NPR 410
MILLION

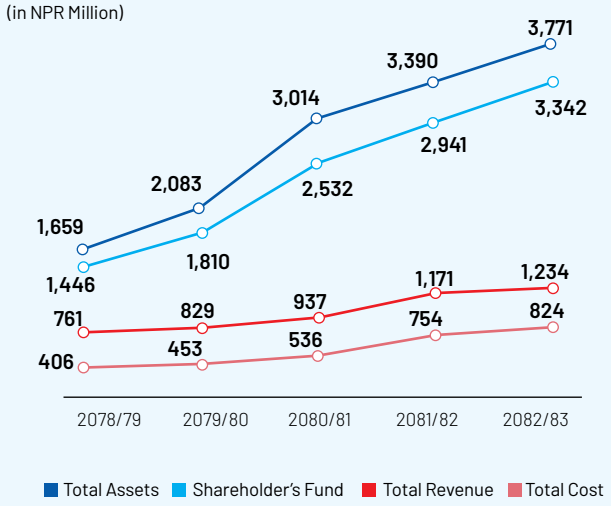
NET PROFIT AFTER TAX
A decrease of 2% in comparison to preceding fiscal year.

NPR 1,883
MILLION

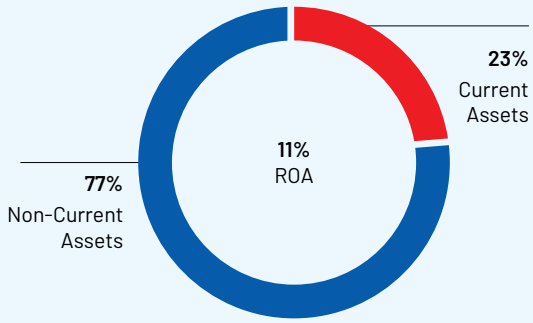
RESERVE & SURPLUS
An increase of 13% in comparison to preceding fiscal year, primarily from the profitability.

FINANCIAL SUMMARY

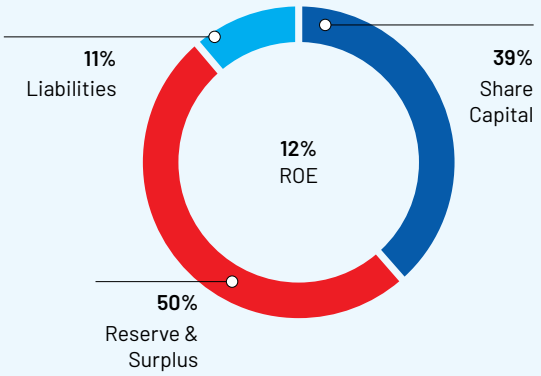
(in NPR Million)



TOTAL ASSETS DISTRIBUTION FY 2082/83

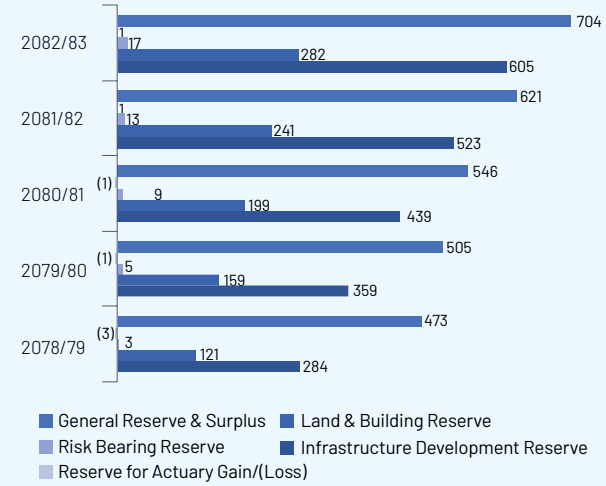


TOTAL EQUITY/LIABILITIES DISTRIBUTION FY 2082/83

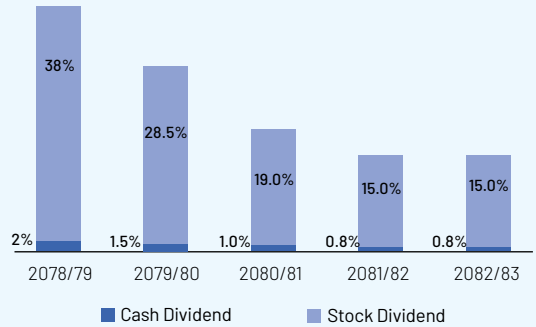


RESERVES

(in NPR Million)



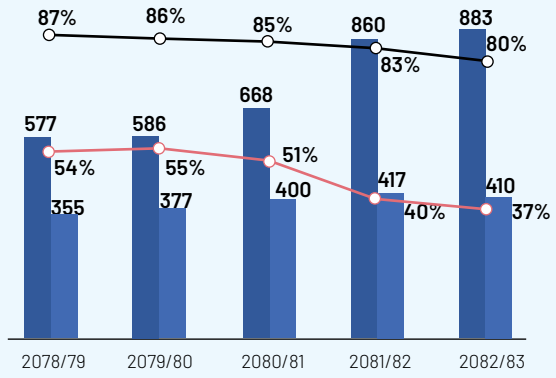
DIVIDEND DISTRIBUTION



* Proposed dividend for FY2082/83 is subject to approval by AGM

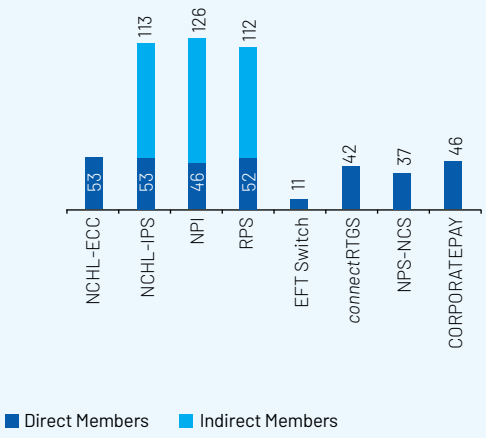
PROFITABILITY ANALYSIS

(in NPR Million)

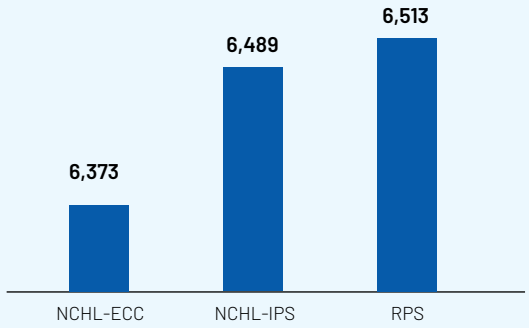


OPERATIONAL HIGHLIGHTS (AS AT ASHAD END, 2083)

NCHL LIVE MEMBERS

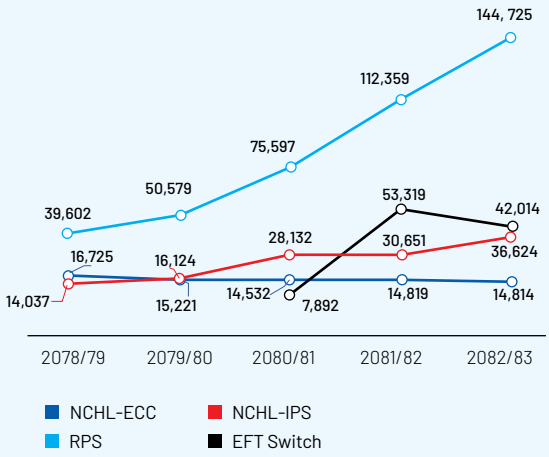


NCHL DIRECT MEMBERS BRANCHES



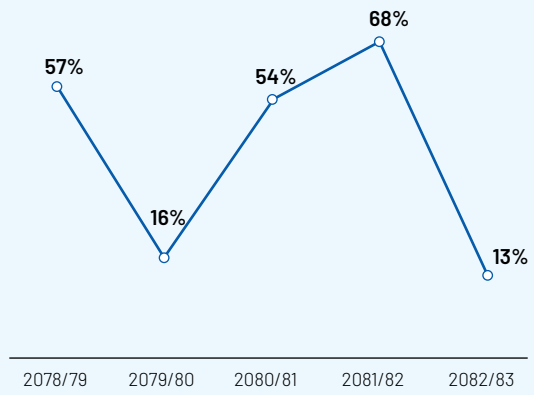
SYSTEM-WISE TRANSACTION COUNT

(in '000)



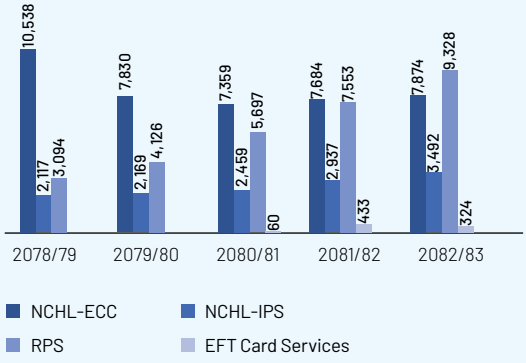
TOTAL TRANSACTION COUNT GROWTH

(in %)



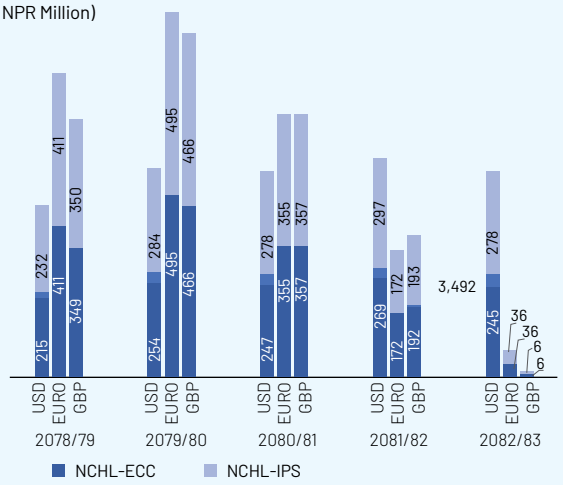
NPR TRANSACTION VALUE

(in NPR Billion)



FCY TRANSACTION VALUE

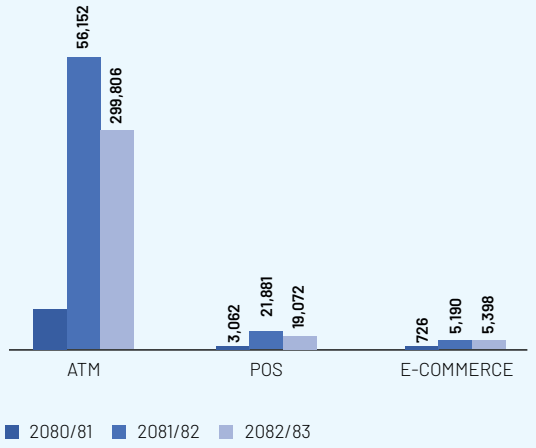
(in NPR Million)



EFT CARDS (AS AT ASADH END, 2083)

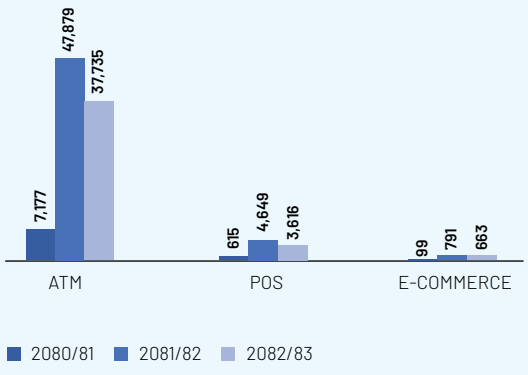
CHANNEL WISE TRANSACTION VALUE

(in NPR Million)



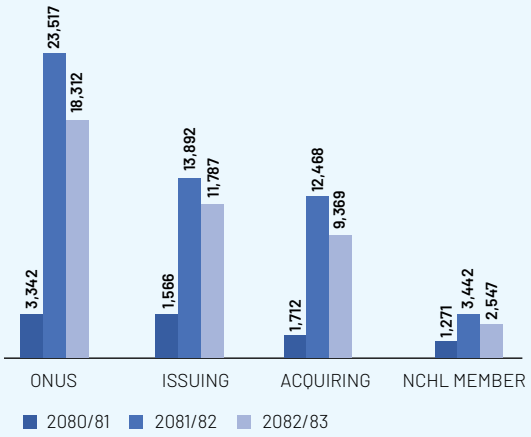
CHANNEL WISE TRANSACTION COUNT

(in '000)



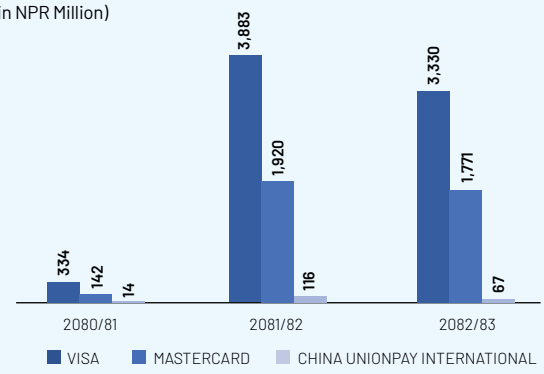
TRANSACTION NATURE WISE COUNT

(in '000)



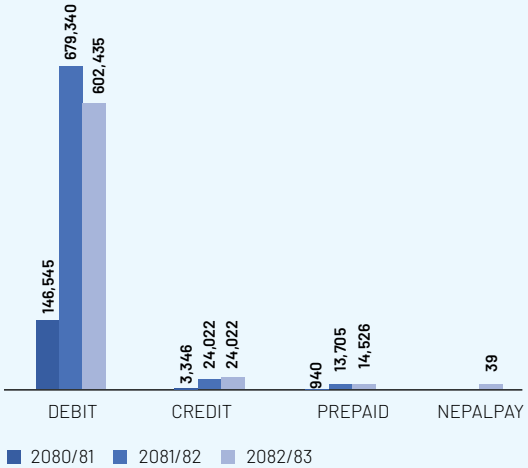
INTERNATIONAL CARD ACQUIRING

(in NPR Million)



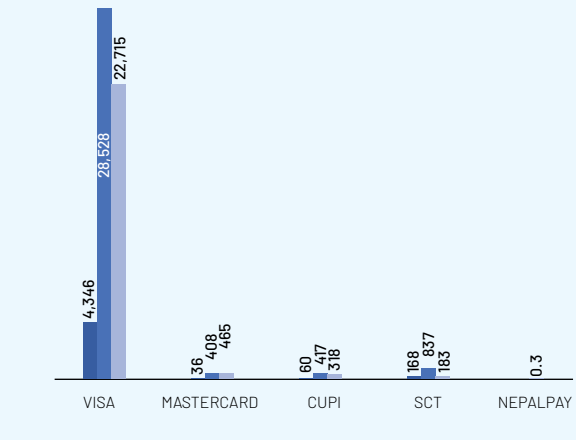
(in Volume)	FY 2080/81	FY 2081/82	FY 2082/83
VISA	29,159	358,251	339,281
Mastercard	12,515	177,724	202,747
China UnionPay International	832	6,843	5,863

CARD ISSUANCE



CARD NETWORKWISE TRANSACTION COUNT

(in '000)



Note: EFT cards services were started from 20th Jestha 2081 (FY2080/81) after acquiring of erstwhile NePS by NCHL. Hence, the yearly data may not be comparable.

BUILDING NEPAL'S ***DIGITAL PAYMENT INFRASTRUCTURE***

MR. HEM PRASAD NEUPANE
Chairman

NCHL not only built upon the foundations laid in previous years but also pushed decisively into new territories, through continued engagement in digital economy, deeper interoperability, wider regional cross border connectivity and initiatives to build new digital banking solutions for the industry.

NPR 238 million
TRANSACTIONS

20
COUNTRIES- FOR CROSS BORDER

NPR 21 trillion
SETTLEMENT VALUE



Dear Esteemed Shareholders,

It is with immense pride that I present to you, on behalf of the Board of Directors of Nepal Clearing House Limited (NCHL), the Annual Report for the fiscal year 2082/83 (2025/26).

The year under review for NCHL has remained one of the years of consolidation and generating momentum for forthcoming years. NCHL not only built upon the foundations laid in previous years but also pushed decisively into new territories, through continued engagement in digital economy, deeper interoperability, wider regional cross border connectivity and initiatives to build new digital banking solutions for the industry. I am pleased to walk you through the milestones we reached this year, speak candidly about the obstacles we encountered, and share our thinking on the road ahead as NCHL continues to entrench itself as a foundational layer of Nepal's digital public infrastructure, beyond payments layer.

Nepal's payments landscape today looks markedly different from what it was even a few years ago, and NCHL has been fortunate to be part of this transformation. Operating in close alignment with the strategic vision set out by Nepal Rastra Bank, we have continued to run our systemically important payment systems (SIPS) on the re-investment principle that has guided this institution since its earliest days. What began nearly two decades ago as a single cheque-clearing entity has, through sustained investment and institutional learning, grown into a constellation of interconnected national payment systems each reinforcing the others, and together forming much of the invisible plumbing through which Nepal's money now moves.

Among the most consequential developments of the fiscal year was our continued progress and completion of the National Payment Switch (NPS), a mandate entrusted to NCHL as one of the Government of Nepal's flagship national digital agendas. Having already established the Retail Payment Switch (RPS) now well into its fifth year of operation and firmly embedded as the backbone for interoperable, non-card retail transactions — our focus for this FY was complete rollout of second phase of the National Payment Switch (NPS) which was successfully completed as one of the most important strategic developments during the year with commercial operation of the National Card Switch (NPS-NCS) and NEPALPAY card scheme representing an important

> CORPORATEPAY, the business platform, has successfully processed more than 9 million transactions valued at NRs. 1.9 Trillion in the FY 2082/83.

milestone for Nepal towards establishment of its own interoperable domestic card ecosystem. The collaboration with Discover network for NEPALPAY has further enabled global acceptance of NEPALPAY cards and international acquiring in Nepal.

This progress reflects a deliberate broadening of NCHL's institutional mandate. Having established ourselves as the backbone of Nepal's non-card and digital payment rails, we have now extended the same leadership in the card-based payments as well. With the completion of NPS mandates, entrusted by Nepal Rastra Bank, I now expect that its adoption and expansion will be enforced by NRB as was envisioned. NCHL's ambition has been to ensure that Nepal's payment rails do not remain as an isolated infrastructure but as active participants in the broader regional and global payments conversation. Our cross-border infrastructure, NPIx also as part of the NPS, continues to be the vehicle through which this ambition is being realized. The person-to-person corridor with India, built on the integration of our own NPI with UPI network in partnership with NPCI, India has created platform for real-time cross border transfer (P2P) between Nepali and Indian. Our partnership with Alipay+ which allows travelers carrying any of a growing roster of international e-wallets to simply scan and pay using NEPALPAY QR or it interoperable QR in Nepal was further expanded this year, with additional banks onboarding merchants to widen acceptance continued to gain traction among more than 1.4 million merchants mainly focused on tourist-heavy sectors. Additionally, launch of cross-border QR payment connectivity with LankaPay of Sri Lanka in the fiscal year has opened a new corridor for Nepali travelers to make digital payment while visiting Sri Lanka by scanning more than 400,000 LankaQR merchants in Srilanka. This is the first of its kind for USD based instrument linked to issuing instrument in Nepal and for P2M outbound payment outside Nepal. NCHL has been in active discussions and few at the final stage of rollout with other international clearing houses, networks and aggregators to continue expanding cross-border payments for Nepal.

Turning to our domestic product suite, I am pleased to report that NCHL-ECC, NCHL-IPS, RPS, *connect*IPS, CORPORATEPAY, *connect*RTGS and NEPALPAY QR continued their trajectories of healthy growth, each reflecting the deepening comfort that Nepali consumers and businesses now have with digital transactions. By the end of the fiscal year 2082/83 (2025/26), there were 53, 166, 164 and 11 members in NCHL-ECC, NCHL-IPS, RPS and EFT respectively. There are 53 and 52 direct members (BFIs) under NCHL-IPS and RPS respectively, while there are 113 indirect/ technical members. Besides, 6,373 and 6,489 bank branches are included within the network of NCHL-ECC and NCHL-IPS respectively, while *connect*IPS, our flagship consumer-facing platform, surpassed 1.6 million customers of the BFIs including 2.6 million linked bank accounts by the close of the fiscal year. Total of 3.2 million cards are issued by the members of EFT Card Service as of Ashad end 2083 out of which 793 thousand cards are issued in the FY 2082/83. In similar way, CORPORATEPAY, the business platform, has successfully processed more than 9 million transactions valued at NRs. 1.9 Trillion in the FY 2082/83. NEPALPAY QR had a strong year: the platform processed in excess of 36 million transactions worth more than NPR 263 billion over the twelve-month period, as additional banks, payment service providers and wide merchant networks continued to plug into the network. On the EFT card services front, we have been able to achieve a major milestone with streamlining the EFT switch with smooth operations after migration to new version and onboarding one of the largest commercial banks as our member, besides adding new banks in other auxiliary services of EFT.

During the fiscal year, NCHL processed over 238 million transactions with a combined settlement value exceeding NPR 21 trillion during the fiscal year, representing continued growth of roughly 13 percent in both volume and value over the prior year, nonetheless reflects an ecosystem scaling from an increasingly large base. We anticipate further growth across all payment systems operated by NCHL, expect for NCHL-ECC, which has started to stagnate.

I would also like to reiterate the continuing role of NCHL in digitization of public sector payments, an area I consider central to our institutional purpose. Dynamic NEPALPAY QR remains active at RMIS and SUTRA revenue counters across major Government revenue collecting entities and all 753 Local Level Governments and Municipalities across Nepal, easing the burden on citizens who might otherwise have had to queue with cash to pay their taxes and service fees. We also continued our support to the Government of Nepal's Social Security Benefit disbursement program, disbursing more than 13.97 million transactions via NCHL channels and ensuring payments reach beneficiaries' bank accounts directly, reliably and without any delays or leakages. During the fiscal year, NCHL processed total of

36,517 thousands Government of Nepal transaction equivalent of NPR 2,750 Billion. NCHL stands ready to continue its support in GoN's drive toward digital transformation.

With regards to the financial performance, NCHL recorded Gross Revenue of NRs 1,107 Million (increase of 7 percent), Operating Profit of NRs 717 million, a decrease of 0.91 percent over the previous fiscal year, while Net Profit remained at NRs 410 million, a decrease by 1.6 percent. Our equity base has grown correspondingly and now stands at NPR 3,342 million, and the Board is pleased to propose 15 percent of bonus shares equivalent to 2,187,767 units of shares rounded for the decimal figure and 0.789474 percent of cash dividend for tax purpose from the Profit of the FY 2082/83. This continued strengthening of our balance sheet ensures that NCHL retains the financial flexibility needed to fund the next generation of national payment infrastructure, invest in the security and resilience of our existing systems, and respond nimbly as new opportunities present themselves. In keeping with past practice, NCHL has continued to appropriate 20 percent, 10 percent and 1 percent of net profit toward the Infrastructure Development Reserve, the Land & Building Reserve and the Risk Bearing Reserve respectively, a discipline that has served us well.

Looking ahead, Nepal's digital payments market has entered a new phase of maturity. The conversation is no longer primarily about building infrastructure only or whether digital payments will be adopted, but this is now about what comes after adoption: overlaying value-added and embedded services on top of the existing rails, deeper interoperability between providers and an ever-widening set of cross-border corridors that let Nepali payment instruments function as naturally abroad as they do at home or vis-a-versa. NCHL's strategic priorities for the coming years flow directly from this observation. We will continue to scale our core infrastructure to handle rising transaction volumes without compromise to reliability; refine the quality of service our member institutions and their end customers experience; innovate new products that respond to emerging use cases; and, invest heavily on control systems in view of the rising digital threats and risk management.

As Nepal moves towards digital ecosystem and digital economy, the need to build and connect with core of Digital Public Infrastructures (DPI) will be more relevant and required. In order to drive the overlaying, embedded services and interoperability across the sectors, I believe that NCHL's current strategic direction from driving payments layer of DPI will gradually extend towards building or facilitating other layers of DPI as well.

None of these are to suggest that the path ahead for NCHL is free of challenges. We remain clear about the challenges that accompany with rapid digitization, complexity of our core infrastructures & systems, high level of expectation from NCHL with extreme pressure on pricing, multiple overlapping of providers in the market, and evolving nature of cybersecurity threats. By staying disciplined on the core objectives of NCHL to drive resilient national infrastructures, deliberations on innovation, and uncompromising strategy about security, I am confident that NCHL will continue to generate meaningful value for the industry. I remain genuinely confident in the direction we have chosen for NCHL and to drive digital ecosystem of Nepal exactly in line with what NRB has envisioned. The collective effort of everyone at NCHL — Team NCHL, as we like to call ourselves has been the driving force behind everything this institution has achieved to date, and we intend to carry the same spirit for new milestones in the years ahead.

I would like to sincerely appreciate the Government of Nepal and to the leadership of Nepal Rastra Bank for their guidance, cooperation and confidence they have consistently extended to us. I am equally grateful to my fellow members of the Board of Directors, to our Chief Executive Officer, and to the entire management team, whose steady commitment and diligence have been instrumental in delivering the strong performance we report to you today.

Finally, and most importantly, I wish to express my deepest appreciation to our shareholders, our employees, our partners and our members, whose enduring trust and close collaboration remain the true foundation upon which every achievement described in this report has been built.

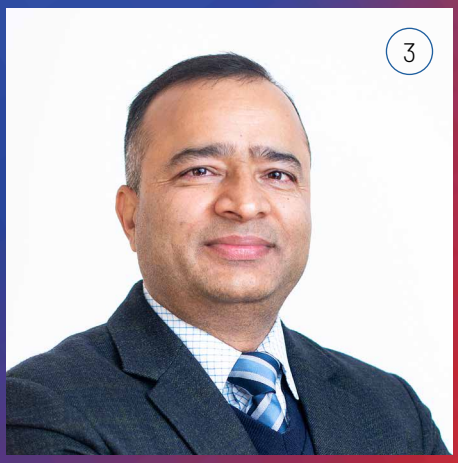
Once again, thank you for being here with us today, and it is my utmost pleasure to extend a warm welcome to each one of you at the 15th Annual General Meeting of the Company.

Mr. Hem Prasad Neupane
Chairman

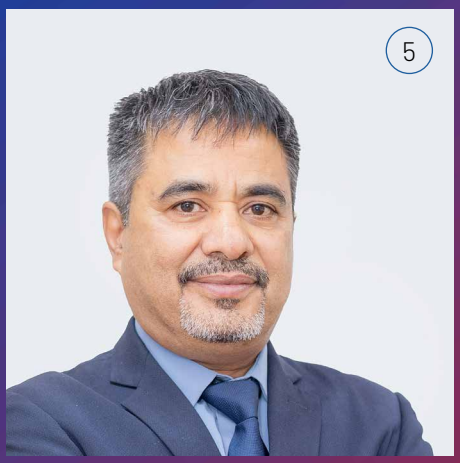
BOARD OF DIRECTORS















1 Hem Prasad Neupane

Chairman

Mr. Neupane is the Executive Director at Nepal Rastra Bank and has been working at the central bank since 2059 BS. He has a rich experience at various functions and departments of the central bank for over 25 years. He holds Masters in Economics and Public Administration degrees and M. Phil in Public Administration. He is a member of the Board of NCHL representing Nepal Rastra Bank since 1st Baisakh 2083.

2 Ujjal Rajbhandary

Director

Mr. Rajbhandary is the Deputy Chief Executive Officer at Himalayan Bank Ltd. He has over 33 years of experience in banking sector. He holds Bachelor of Business Administration in Finance and Master of Business Administration. He is a member of the Board of NCHL representing commercial bank shareholders since 6th Ashwin, 2074 (elected for 3rd term by 13th AGM on 28th Poush, 2081).

3 Mahesh Sharma Dhakal

Director

Mr. Dhakal is the Senior Deputy Chief Executive Officer at Nepal Investment Mega Bank Ltd. He has over 25 years of experience in banking sector and has worked at various banks including Global IME Bank Ltd., Mega Bank Ltd., Nepal Bank Ltd., among others. He holds a Master's Degree in Economics from Tribhuvan University and is a Fellow Chartered Accountant (FCA). He is a past council member of the Institute of Chartered Accountants of Nepal (ICAN). He is a member of the Board of NCHL representing commercial bank shareholders since 5th Jestha, 2078. (elected for 2nd term by 13th AGM on 28th Poush, 2081)

4 Srijan Krishna Malla

Director

Mr. Malla is the Chief Technology Officer at Siddhartha Bank Ltd. He has over 23 years of experience in banking sector and has worked at various banks including Nabil Bank Ltd. and Siddhartha Bank Ltd. He holds an Engineering Degree in Computer Science from B.I.T., India. He is a member of the Board of NCHL representing commercial bank shareholders since 5th Jestha, 2078 (elected for 2nd term by 13th AGM on 28th Poush, 2081).

5 Umesh Singh Bhandari

Director

Mr. Bhandari is the Deputy Chief Executive Officer of Shangri-La Development Bank Ltd. He has over 29 years of professional experience in the field of Banking. He holds Master's Degree in Business Administration from Kathmandu University. He is a member of the Board of NCHL representing development bank shareholders since 3rd Poush 2082 (elected by 14th AGM).

6 Lachhaman Prasad Jaisi

Director

Mr. Jaisi is the Deputy General Manager of ICFC Finance Ltd. He has over 22 years of experience in the field of Banking. He holds Bachelor in Commerce with honors and Bachelor of Law degrees from Sambalpur University, India. He is a member of the Board of NCHL representing finance company shareholders since 3rd Poush 2082 (elected by 14th AGM).

7 Jagadish Dahal

Director

Mr. Dahal is an Advocate and a member of the Supreme Court Bar Association, who has more than two decades of experience as legal advisor and legal consultant in the fields of corporate, banking, taxation, labor and others. He holds a Post Graduate degree from Tribhuvan University, Nepal. He is a member of the Board of NCHL since 26th Chaitra 2079.

BALANCING ECOSYSTEM DEVELOPMENT ***WITH FINANCIAL SUSTAINABILITY***

NEELESH MAN SINGH PRADHAN
Chief Executive Officer

As digital payments become increasingly critical to the functioning of the economy, maintaining trust, reliability and availability of national payment infrastructure remains one of our highest priorities.



The fiscal year 2082/83 has been another significant year in the journey of our company, marked by continued growth in digital payments, increasing adoption of interoperable payment infrastructure and further strengthening of Nepal's national payment ecosystem. As Nepal continues its transition towards digital and less cash-dependent economy, NCHL remains committed to its strategic role of developing and operating secure, reliable, interoperable and inclusive payment infrastructure.

Established under a public-private partnership model with the guidance and leadership of Nepal Rastra Bank and participation of Banks and Financial Institutions, NCHL was founded with the strategic objective of implementing and operating national payment systems, clearing and settlement infrastructure encompassing both card and non-card payment systems. Over the years, NCHL has progressively evolved from a clearing infrastructure provider into a comprehensive national payment infrastructure institution and towards orchestrator of digital public infrastructure, supporting a wide range of stakeholders including BFIs, Payment Service Providers and Operators, Government and semi-government entities, businesses, remittance companies, capital market and insurance sector participants.

Strengthening National Payment Infrastructure

During the year, NCHL continued to focus on strengthening and scaling its core payment infrastructure and expanding its use across the ecosystems. The infrastructures comprising NCHL-ECC, NCHL-IPS, Real-time Retail Payment Switch (RPS), *connect*IPS, National Payment Interface (NPI), National Payment Switch (NPS), CORPORATEPAY, *connect*RTGS, NEPALPAY QR and EFT Card Switch, collectively provides the foundation for a broad range of digital payment use cases. NCHL was able to achieve over 238 Million transactions with settlement value of over NPR 21 Trillion (for NPR transactions only) from its various systems. This is an increment of 13% in terms of transaction volume and value. Over 75% of such digital transactions in NCHL-IPS and RPS are routed through National Payment Interface (NPI), which is one of the significant components of National Payment Switch (NPS).

A significant milestone during the year was the Real-time Retail Payment Switch (RPS) crossing NPR 1.3 trillion in monthly transaction value with total annual transaction of NPR 9.3 trillion, which is for the first time greater than annual cheque transaction value. This achievement reflects the growing adoption of real-time payments in Nepal and demonstrates the scale, resilience and relevance of the shared national retail payment infrastructure. RPS has continued to support diverse use cases including person-to-person, person-to-merchant, business-to-business, government payments, biller payments, payment gateway transactions and other emerging digital payment use cases.

The continued expansion of RPS has been supported by the member BFIs, PSPs and PSOs, which have extended its instruments and use cases to their customers through multiple channels. The ecosystem now reaches approximately 30 million mobile banking customers, 2.7 million bank accounts linked through *connect*IPS, and 17 million wallet users. Similarly, CORPORATEPAY has enabled digital payment services for approximately 32,000 corporate and institutional users, while around 4,000 billers connected to facilitate digital bill payments. The interoperable QR ecosystem has also expanded significantly, with approximately 1.45 million interoperable QR merchants, further contributing to the accessibility and acceptance of digital payments across Nepal.

These figures demonstrate the growing network effect of NCHL's shared infrastructure and the increasing role of interoperable payment systems in supporting the everyday financial needs of individuals, businesses and Government.

Advancing Interoperability and National Payment Switch

Interoperability remains at the core of NCHL's strategy for developing an efficient and inclusive digital payment ecosystem. During the year, NCHL continued to strengthen the National Payment Switch and its associated infrastructure, including the national domestic card scheme, NEPALPAY Card, while further expanding the reach and use of NEPALPAY QR as a national interoperable QR payment scheme.

National Card Scheme (NPS-NCS) is established as a central payment infrastructure to ensure interoperability in routing and settlement of domestic card transactions, reduce the cost of card transaction, implement data localization and support innovation in digital ecosystem.

NEPALPAY card, launched under the National Payment Switch (NPS) with its global acceptance through collaboration with international Discover Network, allows the participating BFIs, PSPs and PSOs to issue NEPALPAY Cards that are accepted at POS and ATM terminals across Nepal and globally. It also allows the international Discover cards including RUPAY card to be accepted in Nepal.

Connecting Nepal with the Global Payment Ecosystem

As Nepal's domestic payment ecosystem matures, cross-border connectivity has become an increasingly important strategic priority. NCHL has therefore continued to develop and strengthen NPIx as an intermediary layer for connecting Nepal's domestic payment infrastructure with international clearing houses, payment networks and aggregators. NPIx has also been developed as part of the NPS.

Through these integrations, NCHL's infrastructure is now extending beyond the domestic ecosystem and enabled to a significant global users and merchant base. The integration with Alipay+ provides connectivity with 16+ international wallets across more than 12 countries, representing more than 2 billion users to be able to scan and pay in Nepal with interoperable NEPALPAY QR. Connectivity with LankaQR provides access for Nepali customers to more than 400,000 merchants in Srilanka. Similarly, cross-border P2P fund transfer enabled between Nepal and India's UPI has started to show impact for low value account to account transfers between Nepal and India.

These linkages represent an important milestone in connecting Nepal's payment infrastructure with regional and global payment ecosystems. They have the potential to facilitate greater convenience for consumers, businesses and international visitors, while supporting tourism, remittance flows, trade and broader participation of Nepal

The ecosystem now reaches approximately 30 million mobile banking customers, 2.7 million bank accounts linked through *connect*IPS, and 17 million wallet users.

in the global digital economy. We see significant opportunities for further expansion of cross-border payment corridors and use cases, and NCHL will continue to collaborate with international payment networks, clearing houses and aggregators to strengthen Nepal's connectivity with the global payment ecosystem.

Technology, Resilience and Sustainability

The rapid growth of digital transactions places greater responsibility on NCHL to ensure that its infrastructure remains secure, resilient, scalable and future-ready. During the year, we continued to invest in technology, infrastructure, security and operational capabilities to support increasing transaction volumes and the expanding range of payment use cases.

Our focus remains on strengthening system resilience, enhancing cybersecurity and risk management controls, scaling infrastructure and ensuring business continuity. As digital payments become increasingly critical to the functioning of the economy, maintaining trust, reliability and availability of national payment infrastructure remains one of our highest priorities.

At the same time, we remain conscious of the need to balance ecosystem development with financial sustainability. NCHL's shared infrastructure is designed to create efficiencies and equitable access for the wider ecosystem, and our commitment to reinvestment remains central to our strategy. We will continue to invest in strengthening existing platforms, implementing innovative solutions and developing infrastructure that can support the next phase of Nepal's digital economy. NCHL intends to continue with its reinvestment led strategy, whereby revenues generated from existing systems are reinvested into new technologies, infrastructure, payment instruments and use cases.

Looking Ahead

Nepal's digital payment ecosystem is entering a new phase of maturity, with expectation to extend beyond consumer-led retail payments and towards greater adoption of business-to-business transactions, embedded finance, open API-based services and cross-border payments.

Interoperability across payment systems, instruments and use cases will remain a key driver of this evolution. Similarly, greater overlapping between financial and non-financial services, open banking and finance will require close integration with multiple layers of DPI. NCHL is strategically positioned to support this evolution to move beyond payment towards orchestrating with identity and exchange layers of DPI, thereby scaling up of secure and resilient technologies for creating new opportunities for innovation and digital economy.

Going forward, we will continue to strengthen and scale our core systems and infrastructures, expand interoperability, develop innovative payment use cases, deepen domestic and international connectivity and invest in technology, security and resilience. Our objective is to ensure that NCHL's infrastructure remains accessible, efficient and future-ready, serving as a core pillar of Nepal's Digital Public Infrastructure.

Final Notes

The progress achieved during FY 2082/83 has been possible through the collective efforts and continued collaboration with the major stakeholders of the industry.

I extend my gratitude to our valued member Banks and Financial Institutions, Payment Service Providers and Operators, Government entities, business partners, international payment networks and other stakeholders for their continued trust, support and collaboration. Their participation and commitment remain instrumental in expanding the reach and impact of Nepal's digital payment infrastructure.

I would like to express my sincere appreciation to Nepal Rastra Bank for its continued guidance and support, and to our Chairman and Board of Directors for their strategic direction and leadership. Finally, I would like to recognize and appreciate the dedication and commitment of the NCHL team for their continued focus on innovation, operational excellence, resilience and service that has been fundamental to the progress achieved during the year.

As we move towards the next fiscal year, we remain confident that continued collaboration, innovation and responsible investment will enable NCHL to further strengthen Nepal's position and contribute towards a connected, inclusive and digitally empowered economy.

Neelesh Man Singh Pradhan
Chief Executive Officer



MANAGEMENT TEAM

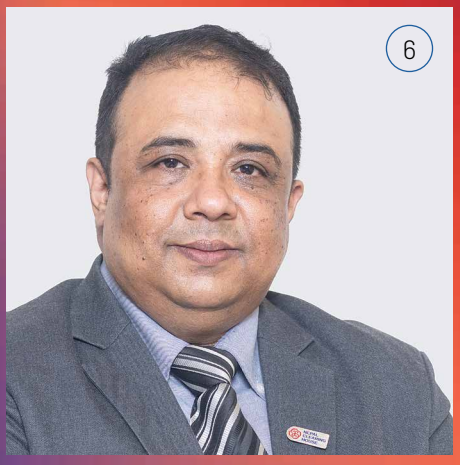




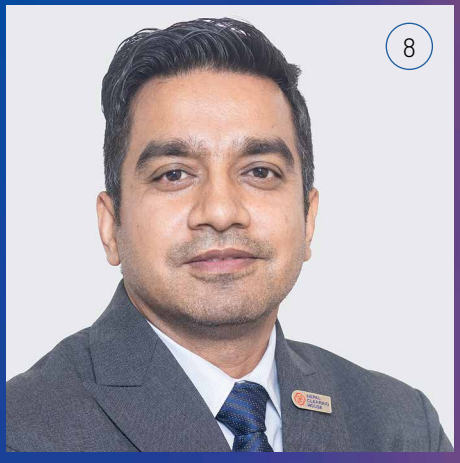
















1

Neelesh Man Singh Pradhan

Chief Executive Officer

Mr. Pradhan has experience of over 25 years in the field of banking and financial technology with an expertise in financial systems & technologies design, operation and management. He was earlier working with TAIB Bank, Bahrain in the capacity of Assistant Vice President prior to which he was associated with Tata Consultancy Services Ltd. in India and Netherlands. He has also worked at Kathmandu University. He holds Engineering degree from Kathmandu University, Nepal and MBA from Indian Institute of Technology, India, with rank holder in both Engineering and Masters. He is also a Project Management Professional (PMP).

2

Neeraj Man Sainju

Deputy Chief Executive Officer

Mr. Sainju has rich experience of over 22 years in the field of banking, financial, capital market and remittance at leadership roles with expertise in investment management, liquidity management, foreign exchange management and treasury operations. He is associated with NCHL since December 1, 2024. He was earlier working with City Express Money Transfer Ltd. in the capacity of Chief Executive Officer, prior to which he was engaged at Machhapuchhre Bank, Laxmi Bank and Standard Chartered Bank Nepal at various positions. He holds dual Master's degree of MBS from Tribhuvan University and MBA from Pokhara University, Nepal.

3

Munni Rajbhandari

Chief Business Officer/Information Officer

Ms. Rajbhandari has experience of over 22 years in the field of banking, operations and management and is associated with NCHL since February 13, 2014. She was earlier working with Citizens Bank International Ltd. in the capacity of Executive Operating Officer heading various departments under operations prior to joining NCHL. She has also worked with NIC Bank Ltd. (NIC Asia Bank Ltd. now) as Officer-Finance. She holds MBA degree with specialization in Finance from The Department of Management Science (PUMBA), University of Pune, India.

4

Dilli Man Shakya

Chief Technology Officer

Mr. Shakya has experience of over 23 years in the field of IT infrastructure operations and is associated with NCHL since March 28, 2011. He was earlier working with Social Development Bank Ltd. as Head of IT prior to joining NCHL. He was also associated with Rastriya Banijya Bank Ltd. as Data Center In-charge and with Serving Minds P. Ltd. as Manager Technology. He holds an MBA degree from Tribhuvan University and MSc-IT from Sikkim Manipal University. He is also a Certified ISO 27001 Lead Auditor, Certified Data Center Professional (CDCP), ITIL Foundation Certified and Microsoft Certified Technology Specialist.

5

Bikash Saran

Chief Strategy Officer

Mr. Saran has experience of over 20 years in the field of IT Management & Operations and is associated with NCHL since October 23, 2019. He was earlier working with IME Digital Solution Ltd. as Chief Technology Officer (CTO) and Finaccess Pvt. Ltd. in the capacity of CTO. Mr. Saran has comprehensively been involved in designing, developing & implementing FinTech based solutions. He holds the Bachelor of Information Management from Tribhuvan University.

6

Vivek Giri

Chief Operating Officer

Mr. Giri has experience of over 17 years in the field of sales/ marketing and is associated with NCHL since June 15, 2016. He was working with Ncell Pvt. Ltd. as Senior Specialist prior to joining NCHL. He has also worked with Chaudhary Group, Fuji Films India P. Ltd and HCL Infosystem Ltd. India. He holds MBA in International Business from Banaras Hindu University.

7

Chhabi Lal Sapkota

Chief Product and Development Officer

Mr. Sapkota has experience of over 18 years in information & financial technology industry and is associated with NCHL since September 18, 2015. He was earlier working with United Telecom Limited (UTL) in the capacity of Sr. Network & System Engineer and later worked as System Integrator and Business Development Manager in Everest Tech & Solutions Pvt. Ltd. prior to joining NCHL. He holds BE in Computer Engineering degree from IOE Tribhuvan University, Nepal.

8

Prabin Acharya
Head-Card Operations

Mr. Acharya has experience of over 16 years in the field of Information Technology and Card Operations and is associated with NCHL since June 2, 2024 post acquisition of Nepal Electronic Payment Systems Ltd. (NePS), where he was associated since November 8, 2021. At NePS, he held the position of Chief Operating Officer and was managing EFT Switching system as well as leading the technology and information security verticals. Prior to NePS, Mr. Acharya worked at Nepal SBI Bank Ltd. between 2010-2021 leading Alternate Banking Channel and Management Information Systems Department. Mr. Acharya holds MBA in MIS from Pokhara University.

9

Prajana Kayastha
Head - Risk & Compliance

Ms. Kayastha is a qualified Chartered Accountant from the Institute of Chartered Accountants of Nepal (ICAN) with over 12 years of experience in the field of Auditing and Accounting. She is associated with NCHL since April 15, 2018. Prior to joining NCHL, she was associated with Rigo Technologies (P) Ltd. as System Analyst & Software Implementation Officer. During her articleship, she was associated with RajMS & Co., Chartered Accountants. She also holds a MBS degree from Tribhuvan University, Nepal.

10

Kshitiz Adhikari
Finance Manager

Mr. Adhikari is a Qualified Chartered Accountant from the Institute of Chartered Accountants of Nepal (ICAN) with over 11 years of experience in the field of Auditing and Accounting. He is associated with NCHL since March 17, 2026. Prior to Joining NCHL, he was associated with Lumbini General Insurance Company Limited (LGIC) as Head of Compliance Department and Internal controller. Previously, he has worked with Gurkhas Finance Limited as Head of Compliance & Risk Department. During his articleship, he was associated with Gopal Shrestha & Co., Chartered Accountants. He also holds Bachelor degree in Management from Tribhuvan University, Nepal.





LEADERSHIP WITH PURPOSE, PROGRESS WITH IMPACT

02

PRODUCTS AND SERVICES

This Chapter presents NCHL's major products and services, along with detailed explanations of the features of each product.

NCHL ELECTRONIC CHEQUE CLEARING (NCHL-ECC)

NCHL-ECC system is an image-based cheque processing solution where original paper cheque is converted into an image for electronic processing and is transferred through a secured medium between participating member Banks and Financial Institutions. The physical movement of the cheques are truncated or stopped at the level of the presenting bank branch. The physical cheque does not require to travel to the clearing house or to the paying bank resulting in a faster and easier processing of the cheque transactions.

NCHL-ECC currently supports cheques clearing of four currencies NPR, USD, GBP and EUR with presentment cut-off time at 15:00, paying bank response cut-off time at 17:00 and final settlement at 17:15 for standard (MICR encoded) cheques. The response cut-off time for Winter is 16:45. Express Clearings and High Value Clearing are also available, which are of shorter durations.

Various clearing services in the NCHL-ECC system and their features are as follows:

Regular Cheque Clearing

This is an electronic cheque clearing service for NPR, USD, GBP and EUR denominated cheques. Participating members need to have settlement account in respective currency at Nepal Rastra Bank to avail this service. Regular NPR electronic cheque clearing supports clearing of cheques of up to NPR 200 million. Regular FCY electronic cheque clearing supports clearing of cheques of up to 2 million for USD, GBP and EUR cheques.

Express Cheque Clearing

Express cheque clearing service is a special short duration arrangement for cheque presentment, response and settlement. It has 2 hours window for presentment to final settlement, thus allowing the BFIs and their customers to present and realize cheques faster. Currently, there are four express clearing sessions for four currencies NPR, USD, GBP and EUR. 1st, 2nd, 3rd and 4th express sessions are available from Monday to Friday.

High Value Cheque Clearing

This is a special clearing session for processing of high value cheques with cheques of above NPR 200 Million & up to NPR 300 Million for NPR cheques and; above 2 Million & up to 3 Million for USD, GBP and EUR cheques. Currently, there are two high value cheque clearing sessions available from Monday to Friday.

CHEQUE CLEARING CUT-OFF TIMES

	Regular	1st Express	2nd Express	3rd Express	4th Express	1st High Value	2nd High Value
Presentment Start	15:00 (T-1)	10:00 (T)	11:00 (T)	12:00 (T)	15:00 (T)	10:00 (T)	12:00 (T)
Presentment End	15:00 (T)	11:00 (T)	12:00 (T)	13:00 (T)	16:00 (T)	12:00 (T)	15:00 (T)
Reply End	17:00 (T)*	11:30 (T)	12:30 (T)	13:30 (T)	16:30 (T)	13:00 (T)	16:00 (T)
Settlement Starts	17:15 (T)*	11:45 (T)	12:45 (T)	13:45 (T)	16:45 (T)	13:15 (T)	16:15 (T)

Business Day: Monday to Friday

** will be reduced by 15 minutes in Winter Season (16th Kartik till 15th Magh).*

Note:

1. The presentment cut-off timings set by the member BFIs could be different depending on their internal operational arrangements for NCHL-ECC system.

2. Special Holiday Sessions are operational as prescribed in the annual list of holidays published by NRB.

NCHL-ECC TRANSACTION FEE (CHARGED TO PRESENTING MEMBER IN NPR)

S.No.	Details	Transaction Amount Based Slab			
		Up to 500	>500-50,000	>50,000-200,000	>200,000
1	Regular Clearing (NPR)	-	5	10	15
2	Regular Clearing (FCY)		15		
3	Express Clearing		100		
4	High Value Clearing		100		

15% discount on transaction fee is provided to the BFIs who have fully implemented MICR cheques in order to incentivize the BFIs for issuing MICR cheques.

INTERBANK PAYMENT SYSTEM (NCHL-IPS)

NCHL-IPS is a system for clearing of bulk transactions that provides a mechanism for the participating members to safely and efficiently transfer funds from one account to other account held at any of the participating member banks & financial institutions (BFIs) on behalf of their customers and for their own purposes. It supports account to account payments (direct credit) and collection (direct debit) related transactions on deferred net settlement basis. Such transactions could be one-to-one, recurring or bulk (up to 10,000 transactions) in a single batch. The underlying transaction could be for various purposes defined as products. Exchange sessions are mapped to the NCHL-IPS products (purposes) and are automatically presented to the earliest available exchange session.

NCHL-IPS currently supports transaction in four currencies NPR, USD, GBP and EUR. NCHL-IPS operates under (T+0) settlement with transactions processed up to the cut-off time of 17:00, reply cut-off time of 17:30 are settled on the same day. Currently, there are 27 direct credit and 6 debit category purposes availed in the system.

NCHL-IPS CUT-OFF TIMES

Cut-off times for transactions through NCHL-IPS are as follows:

NCHL-IPS Exchange Type	Exchange Period		Cancellation Period		Rejection Period		NCP
	Start	End	Start	End	Start	End	Settlement
Exchange 0	16:00 (T-1)	10:00 (T)	10:00 (T)	10:30 (T)	10:30 (T)	11:00 (T)	11:30
Exchange 1-0	10:00 (T)	13:00 (T)	13:00 (T)	13:30 (T)	13:30 (T)	14:00 (T)	14:30
Exchange 1-1	13:00 (T)	16:00 (T)	16:00 (T)	16:30 (T)	16:30 (T)	17:00 (T)	17:30
Exchange 2	09:00 (T)	10:00 (T)	10:00 (T)	10:15 (T)	10:15 (T)	10:30 (T)	10:45
Exchange 3	10:00 (T)	11:00 (T)	11:00 (T)	11:15 (T)	11:15 (T)	11:30 (T)	12:00
Exchange 4	11:00 (T)	12:00 (T)	12:00 (T)	12:15 (T)	12:15 (T)	12:30 (T)	13:00
Exchange 5	12:00 (T)	13:00 (T)	13:00 (T)	13:15 (T)	13:15(T)	13:30(T)	14:00
Exchange 6	13:00 (T)	14:00 (T)	14:00 (T)	14:15 (T)	14:15 (T)	14:30 (T)	15:00
Exchange 7	14:00 (T)	15:00 (T)	15:00 (T)	15:15 (T)	15:15 (T)	15:30 (T)	16:00
Exchange 8	15:00 (T)	16:00 (T)	16:00 (T)	16:15 (T)	16:15 (T)	16:30 (T)	17:00
Exchange 9 *	16:00 (T)	17:00 (T)	17:00 (T)	17:15 (T)	17:15 (T)	17:30 (T)	18:00
Exchange 10 (Funding) **	17:00 (T)	17:30 (T)	NA	NA	17:30 (T)	17:45 (T)	18:00

Business Day: Monday to Friday

** Exchange 9 will be disabled in winter season (16th Kartik till 15th Magh).*

***Session timings for Exchange 10 will be shifted by 1 hour earlier during winter season.*

Note: *Special Holiday Sessions are operational as prescribed in the annual list of holidays published by NRB.*

NPR Exchange Sessions for all currencies are available from Monday to Friday with presentment up to 17:30 and last settlement on 18:00. Similarly, Exchange Sessions 10 (funding) are available from Monday to Friday for all the currencies. The transaction sessions of shorter durations are also available for specific products (purposes) that provides near-real time settlements of the transactions. The cut-off timings set by the member BFIs could be different depending on their internal operational arrangements for NCHL-IPS system.

NCHL-IPS TRANSACTION FEE

S.No.	Price Scheme	Transaction Amount Based Slab		
		Up to 500	>500-50,000	>50,000
1	NPR Transactions	2	5	10
2	NPR Transactions (Fee in NPR) PFDS and PFSA		10	
3	FCY Transactions (Fee in NPR)		10	

** Transaction fee are waived for Dividend and IPO Refund payments transaction amount up to NPR 100.*

***Liability of transaction fees is either on sender or receiver side depending on type of the product.*

NATIONAL PAYMENT SWITCH (NPS)

National Payment Switch (NPS) is the core switch to support routing and settlement of transactions ensuring interoperability of all card and non-card-based payment transaction within Nepal. The objectives of NPS are for switching and routing of the retail payments in Nepal to ensure interoperability of card transactions; rollout domestic card scheme for Nepal; and scale-up of the existing payment systems/platforms to enable non-card-based interoperability. The Retail Payment Switch (RPS) for non-card-based interoperability and instruments have been implemented and operational under the brand of NEPALPAY instruments and NEPALPAY QR since November 2021. National Card Switch (NPS-NCS) and National card scheme (NEPALPAY card) is commercially Live since December 2025. NPIx as part of the NPS for enabling inbound and outbound cross border payments has also gone Live with few networks and corridors.

RETAIL PAYMENT SWITCH (NPS-RPS)

Retail Payment Switch (RPS) is part of the National Payment Switch (NPS) which is a core retail switch to process non-card-based retail transactions initiated from any channels and any acquiring instruments. All the instruments and services of RPS are provided to the members and/or related stakeholders through National Payments Interface (NPI). The payments infrastructure primarily establishes the interoperability for retail transactions, which includes account based or stored value transactions and QR transactions. The transactions processed in RPS are on real-time basis such that the finality of payment is on instant basis with debtor and creditor accounts reflected on real-time. However, the Nostro banks are settled on deferred basis, corresponding to which the settlement risk is backed by Settlement Guarantee Fund (SGF).

NEPALPAY QR within RPS has been rolled out as the implementing infrastructure of NRB's NepalQR standard including independent QR scheme, issuing app level interoperability, merchant level interoperability and network level interoperability, corresponding to which all the cases are currently in operation with necessary interoperability and other APIs exposed to participating BFIs, PSPs and PSOs to use. The NEPALPAY QR system has provided additional services of dynamic QR, POS terminals integrations, QR based payment gateway, customer presented QR and voice notification as well.

RPS has also established additional retail instruments and use cases which includes, Virtual Payment address (VPA) based payments; PSP interoperability; PSO & Related entity net settlements; Request to Pay (R2P) as a debit instrument and Service payment interoperability. The *connect*IPS e-payment system that was provided to the BFIs as faster payment system has also been scaled-up and disintegrated to create it as *connect*IPS retail platform and integrated with RPS for transaction processing settlement.



*connect*IPS e-Payment

*connect*IPS e-Payment System is a faster payment system implemented as a standardized single payment platform for real-time retail payments. It provides multiple channels of web portal, mobile app, payment gateway and open APIs for initiating and processing real-time transactions by the customers of the BFIs. The system has also been extended in a branch assisted model for payment initiation from bank branches through Bank Central Module, whereby the bank branches can initiate such transactions based on the instruction received from its customers.

The system allows to link multiple bank accounts for a user, for which such user needs to enroll, link its bank accounts with one-time verification (manual from bank or as self-verification) from the respective banks. It is available at www.connectips.com and also on Android and iOS mobile app. The transaction limit in *connect*IPS e-Payment is up to NPR 2,000,000 through web channel and NPR 200,000 through mobile app. The platform is used for fund transfers and service payments. The payment gateway of *connect*IPS is integrated with majority of the e-commerce portals including government and semi-government payments, capital market, insurance, corporates and many businesses. A total of 1,610,326 customers of the BFIs were registered with 2,700,322 linked bank accounts in *connect*IPS by the end of the FY 2082/83.

RPS Transaction Fee

The transaction fee in RPS is on revenue sharing basis between NCHL, originating bank and receiving bank. Portion of the transaction fee is further contributed toward Settlement Guarantee Fund (SGF) by NCHL.

Following is the transaction fee structure for retail customers corresponding to which charge liability is on end customer. For other service payments there are no charge to the customers.

S.No.	Particulars	Transaction Amount Based Slab		
		Up to 500	>500-5,000	>5,000
1	Fund Transfer (mobile banking, *connect*IPS APP/Web/Wallet Cash In/Out)	-	4	8
2	Fund Transfer (Other channels & use cases)	2	4	8
3	Special Creditors/Merchants	2	4	8

GoN PAYMENT TRANSACTION FEE

S. No.	Particulars	Up to 10K	> 10K
1	Government Payment	2	5

NEPALPAY Instant

NEPALPAY Instant is a Direct Credit instruments (Push Transactions) where sender initiates a fund transfer based on a unique proxy identifier or any other identifier (currently Mobile Number of account holder is used as proxy identifier) such that the account details are not required for transfers. The current arrangement allows the customers to initiate fund transfer based on such identifier and to bank account, wallet users and to any *connect*IPS users.

NEPALPAY QR

NEPALPAY QR is implemented as the central infrastructure for implementation as per the Nepal QR standard of NRB. It facilitates QR interoperability at issuing app level, merchant level and Inter-network level for processing and settlement of QR transactions, corresponding to which all of the cases are currently in operation with necessary interoperable & other APIs exposed for the participating member BFIs, PSPs and PSOs to use. It has also established a domestic QR scheme for its participating members BFIs and PSPs as the issuer and acquirer for NEPALPAYQR scheme. The NEPALPAY QR system has provided additional services of dynamic QR, POS terminal integrations, QR based payment gateway, customer presented QR and voice notification as well. Member BFIs and PSPs have onboarded over 1.2 Million merchants within NEPALPAY QR and also has access to over 160,000 merchants from SMARTQR through interoperability arrangement of NEPALPAY.

NEPALPAY Request

NEPALPAY Request is a Direct Debit Instrument (Pull transactions) whereby a receiver requests for payment and upon confirmation by the Payer, the transaction is processed for credit to the receiver's account. NEPALPAY Request allows event-based Request-to-Pay (R2P) for Person-To-Person transfer where an individual can initiate a request from any of its digital payment channel (Mobile Banking, Internet Banking, Digital Wallets, *connect*IPS). The service is currently available for requesting payment from *connect*IPS to *connect*IPS user, which is being extended to other instruments also. It can also facilitate the recurring payments using e-Mandate R2P that allows to pull a payment by specified service provider and can also be used for Account Tokenization. eMandate R2P is currently being used by the service providers for recurring payment collection and PSP for account tokenization in wallets.

PSO & Net Settlement

Different PSOs and other entities, requiring multi-lateral settlement at the BFIs, can avail PSO settlement through NCHL. It allows PSOs to push its settlement transactions of its member BFIs to NCHL for necessary settlement at RTGS, such that a separate funding is not required for the BFIs for each PSOs. Smart Choice Technologies, as a PSO, is currently using this service for their net settlement.

PSP Interoperability

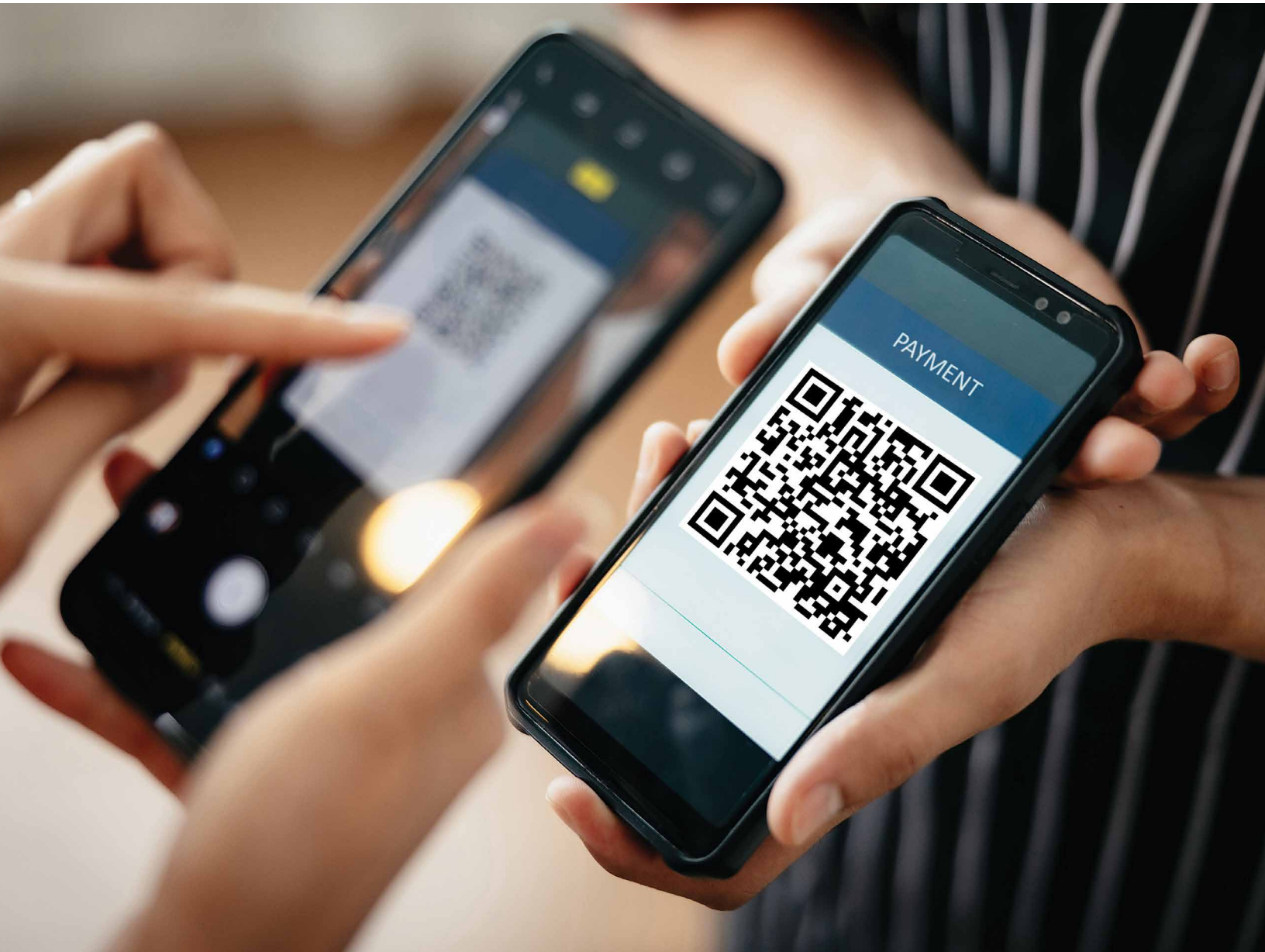
PSP Interoperability enables interoperability between the Wallets (PSPs) where fund from one wallet can be transferred to another. Additionally, all PSP services can be accessed from any of platforms without requirement of multiple integrations. This feature also allows to transfer the remittance, social security or any other receivable directly into beneficiary's wallet. Currently there are 3 PSPs which have been onboarded for PSP interoperability.

Service Interoperability (Biller Gateway)

This is an aggregated service, where a single integration on digital channels will provide access to all the biller services. Such services are bundled in APIs or as UI based gateway to integrate in different platforms and channels as Biller Gateway. BFIs and PSPs have integrated it with their alternate delivery channels and wallets to extend the services to its customers. Such services could include payment to Government, Semi-Government institutions, broker payment, credit card bill payments, and all other biller etc.

Bank Central Module

The services of NCHL have also been extended in branch assisted model for payment initiation through bank/branches through Bank Central Module. The bank branch users can initiate fund transfer or service payment related transactions based on the instruction received from its customers. The transactions can be processed for real time and near-real time using the underlying system of RPS and NCHL-IPS respectively. Banks can also process transaction of RTGS through this module.



NATIONAL PAYMENTS INTERFACE (NPI)

National Payments Interface (NPI) is a consolidated APIs of multiple payment systems of NCHL to provide financial and non-financial message standards, interoperability of various payment systems and to extend overlaying services. It supports integration to the payment systems hosted by NCHL, for real-time instant payment through RPS and for deferred payments through NCHL-IPS System. It is used to extend to the alternate channels of the member BFIs (internet banking, mobile banking, remittance channels, etc.), PSPs/PSOs; and enrolled commercial & non-commercial billers as overlaying services.

The non-bank institutions are on-boarded within NPI as Indirect/ Technical Members with direct member BFIs as its settlement bank. Some of the institutions like Government institutions, large fund managers (Employee Provident Fund, Social Security Fund, Citizen Investment Trust, etc.), Nepal Stock Exchange Ltd., PSPs/PSOs, remittance companies, insurance companies, multinational and large companies and different channels of the BFIs have been integrated through NPI.

NATIONAL CARD SWITCH & NEPALPAY Card

National Card Switch (NPS-NCS) and NEPALPAY Card are part of the National Payment Switch (NPS) to support routing, clearing and settlement of transactions ensuring interoperability of all card-based networks and payments within Nepal. It also has national card scheme (NEPALPAY) of Nepal for domestic and international card transactions. NCS is capable to route domestic card transactions of any international card schemes and that of NEPALPAY as national card scheme. The infrastructure of NCS and NEPALPAY has been implemented and commercially launched on December 2025. Necessary PCI DSS, PCI PIN certifications of NCS, necessary due diligence from international network partner Discover (DFS) has already been obtained during the fiscal year. It has already been subscribed by 37 BFIs as principle members and 1 as TPP member of NEPALPAY. It is currently live for debit, credit and pre-paid card for contact, contactless and e-com transactions.

With the rollout of NPS-NCS and NEPALPAY card scheme, NCHL has completed it's responsibility of all the pillars, including RPS, NCS/ NEPALPAY and NPIx of National Payment Switch (NPS) mandated by NRB.

CROSS-BORDER NPIx

NPIx is a cross-border engine within NPI for handling, validating, routing and processing cross border transactions. NCHL members can access NPIx for cross border transactions through a secured communication link directly and use for transaction initiation from the channels provided by NCHL or through any of their own channels. The debtor member needs to have at least one designated direct member of NCHL as its settlement bank and creditor member (beneficiary member or payment service providers) shall be the respective members itself.

The transactions initiated by a participating NCHL member shall be routed by NPIx towards underlying core systems for clearing and settlement of financial transactions and towards beneficiary member or PSPs. NPIx is already integrated with Alipay+ such that their mobile payment partners can scan and pay NEPALPAY QR at any merchant location of Nepal. Cross border P2P between Nepal and India was possible with the linkage between NPI with UPI of NPCI enabling real time cross border transfer between India and Nepal. Cross border QR payment connectivity between NPI and LankaQR of Lankapay, SriLanka, have enabled Nepali travelers visiting Srilanka to make digital payments using their domestic payment applications including mobile banking apps and *connect*IPS. Similar engagements and integrations are underway with various other international networks, clearing houses and aggregators, which are at various stages of such engagements.

*connect*RTGS SYSTEM

*connect*RTGS is a bank's module for transaction initiation, processing and integration with its core banking system for RTGS transactions. RTGS system is hosted and operated by NRB for processing of large value and urgent payments, whereas *connect*RTGS provides a means for the BFIs to initiate outgoing transactions and to process incoming transactions from RTGS system. RTGS system supports transactions in NPR, USD, EUR, GBP and JPY.

CORPORATEPAY SYSTEM

CORPORATEPAY is a business payments platform for the business and corporate customers of the member BFIs for initiating and processing their payments to various underlying payment systems namely, RPS and NCHL-IPS. This is a multi-bank, multi-account platform for business and corporate users to manage and monitor their payment transactions. The platform is being provided to the member BFIs by NCHL on a hosted infrastructure, corresponding to which the BFIs provide the channel to their corporate customers.

The corporate customer enrollment, account linking and their control setups (including signatory) are done by the respective BFIs on the request of its customers. The system provides facility to transfer funds and service payments with controls for multi-authentication for system login and multi-authorizations for transaction processing.

It allows the institutions to initiate fund transfer, biller payment, salary payments, government tax payment, etc. with additional banking features of account statement and receivable & liquidity management.

CORPORTEPAY 2.0 was introduced during the fiscal year, as a white labelled business banking platform for the BFIs, that allows the banks to host and provide institutional banking services to its customers for both payments and banking services. CORPORATEPAY is currently subscribed by over 49 BFIs who have onboarded over 50,658 institutions.

NATIONAL ARCHIVE SYSTEMS

National archive systems are additional services provided to the members for accessing older and archived transactions.

National Cheque Archive

National cheque archive is an additional service provided to the member BFIs of NCHL-ECC system to have an access to the historical cheques and transaction details. All the cheques transactions older than three months are moved from NCHL-ECC System to National Cheque Archive system to store the cheques for up to 7 years and are made available to the member BFIs on request.

National NCHL-IPS Archive

NCHL-IPS archive is an additional service provided to the members of NCHL-IPS system to have an access to the historical transaction details. All transactions older than three months are moved from the NCHL-IPS System to National NCHL-IPS Archive system to store the transaction details for up to 7 years and are made available to the members on request.



EFT CARD SERVICES

EFT Card Services is the centralized switching solution, offered to member BFIs for processing of card transactions including card issuance and acquiring of various national and international payment networks. The service facilitates routing of card transactions across channels such as ATM, POS and e-commerce. Currently, there are over 3.2 Million cards in circulation, 1,200+ ATMs and 11,000+ POS machines operated by 11 member BFIs. During the FY 2081/82, the EFT switch has been fully upgraded to new generation switch with additional enhancements to support NEPALPAY card, which is currently being rollout by the member BFIs. NCHL have recently onboarded Everest Bank Ltd. as one of the largest commercial bank for the EFT card services.

Card Issuance and Acquiring

EFT Card Solution provides end-to-end card issuance and acquiring services to member BFIs for various card types including Debit, Credit and Prepaid cards. Currently issuance is done for VISA cards and acquiring for 3 major international networks (VISA, Mastercard and Union Pay) in local and foreign currency. The system supports both contact and contactless transactions. It has also been enabled to support NEPALPAY card issuance and acquiring.

Card Personalization

Card Personalization solution streamlines the process of inputting the personal information of cardholder into chip card, including cardholder name, card number, CVV, and expiry date. Member BFIs can securely access card data files and print cards at their own premises. Both Contact as well as Contactless Card (Dual Interface) personalization is supported.

Terminal Management

ATM and POS terminals of member BFIs are set up, configured and monitored to ensure smooth operation. The system comprises of end-to-end processing of transactions through various terminals. Necessary efforts have been made during the fiscal year to enable L2 terminal certification of few ATM and POS models for NEPALPAY.

3D Secure ACS

3D Secure ACS (Access Control Server) is a security protocol used to add an additional layer of authentication in the online payment process. This protocol helps ensure security of ecommerce transactions via card, by allowing cardholders to confirm their identity using authentication methods such as PIN, Password or OTP.

E-Commerce Payment Gateway

An e-commerce payment gateway is a service that authorizes and process payments for online purchases. This service facilitates member BFIs to acquire online merchants and enables them to accept online card payments from their customers.

Other Use Cases

Various innovative use cases like Green PIN, Cardless Withdrawal, WebService APIs are provided as additional services to the member BFIs. Similarly, the use cases from international card networks like Visa Scan & Pay and Visa Direct have also been enabled and available for the BFIs.

DIGITAL BANKING SOLUTION (DBS)

The Digital Banking Solution (DBS) is NCHL's integrated digital banking platform built to enable BFIs with a robust and scalable platform for delivering seamless banking experiences to their customers. It has core mobile and web banking capabilities while retaining complete control over service integration, presentation, prioritization, and transaction orchestration by the respective BFIs. DBS is currently under implementation at multiple banks including commercial and development banks.

CARD CENTRAL SYSTEM (CCS)

CCS is a platform for the BFIs to manage complete card lifecycle of any scheme with end-to-end integration with Card Management System (CMS) of a card switch and CBS of the bank. CCS has been implemented by one of the commercial banks and is under implementation at multiple banks including commercial banks, development banks and finance companies.

NEPALPAY

नेपालको आफ्नै QR

विदेशी पर्यटकहरुबाट Alipay+ मार्फत NEPALPAY QR मा भुक्तानी प्राप्त गर्नुहोस्।



03

FINANCIAL REVIEWS

NCHL has prepared its financial statements for fiscal year 2082/83 (2025/26) as per the Nepal Financial Reporting Standards (NFRS).

SNAPSHOT OF LAST 5 YEARS PERFORMANCES

Past five fiscal years of NCHL has ensured operational and financial stability, business growth and has steered the company's direction for future. Summary of the financial positions of the company for the fiscal year 2082/83 (2025/26) in comparison with last five fiscal years are presented in the following table.

Amount in NPR '000

Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	FY 2079/80 (2022/23)	FY 2078/79 (2021/22)	FY 2077/78 (2020/21)	CAGR*
Paid up capital	1,458,512	1,268,271	1,065,774	783,376	567,664	411,350	29%
Reserve & Surplus	1,883,097	1,672,853	1,466,358	1,026,682	878,532	691,716	22%
Investment and Placements	2,271,401	2,054,484	1,819,640	1,482,953	1,073,104	842,104	22%
Non-Current Assets	2,916,192	1,400,012	1,232,848	1,053,820	517,109	340,082	54%
Current Assets	855,389	1,990,185	1,781,453	1,029,163	1,142,077	947,527	(2)%
Operating Income	1,107,334	1,032,142	783,420	681,134	661,873	479,616	18%
Operating Expenses	224,437	172,400	115,779	95,535	84,896	73,116	25%
Gross Profit	882,897	859,742	667,641	585,599	576,977	406,500	17%
Interest/ Other Income	126,270	139,084	153,197	148,234	98,764	69,716	13%
Administrative Expenses	99,134	108,868	60,169	41,670	51,742	21,737	35%
Human Resource Expenses	178,346	157,477	92,196	75,698	60,980	39,691	35%
Finance Cost (Actuarial & Lease Liability)	8,197	8,413	7,555	5,806	-	-	9%
Operating Profit	716,998	723,556	660,154	610,659	563,019	414,789	12%
Depreciation/Amortization	107,616	95,645	66,417	54,179	39,581	37,773	23%
Net Profit /(Loss)	410,122	417,338	400,399	376,796	354,624	254,463	10%

**Compounded Annual Growth Rate*

PERFORMANCE OF CURRENT YEAR

In this section, a review of current year's performance with that of the previous year in terms of equity, uses of funds and other performances under operating lines are presented.

HORIZONTAL ANALYSIS

Horizontal Analysis evaluates changes in financial statement items over successive periods by comparing the current year's figures with those of previous years, generally in terms of amount and percentage change. It helps identify growth patterns, trends, unusual movements, changes in financial structure and improvements or deterioration in profitability and financial position.

The horizontal analysis shows an overall strengthening of the company's financial position. Total assets increased by 11% in 2026, mainly due to substantial growth in non-current investments and other long-term assets. At the same time, total equity increased by 14%, while total liabilities declined by 4%, indicating stronger capitalization and reduced reliance on liabilities.

On the performance side, revenue increased by 7%, demonstrating continued business growth. However, operating expenses increased significantly by 30%, resulting in slight pressure on profitability. Consequently, profit before tax declined by 3% and net profit decreased by 2%.

Statement of Financial Position

Amount in NPR '000

Particulars	Ashad 32, 2083 (16 July 2026)	2026 Vs.2025	Ashad 32, 2082 (16 July 2025)	2025 Vs.2024	Ashad 31, 2081 (15 July 2024)
ASSETS					
NON-CURRENT ASSETS					
Goodwill	5,604	0%	5,604	0%	5,604
Property, Plant and Equipment	285,260	89%	150,586	(3)%	154,520
Intangible Assets	323,988	21%	266,835	17%	227,828
Right of Use-Asset	36,047	(21)%	45,772	135%	77,087
WIP Projects	400,284	4%	385,676	27%	303,642
Financial Assets					
Investment and Placements	1,679,672	359%	366,244	27%	288,204
Settlement Guarantee Fund Deposits	180,608	6%	170,761	5%	162,153
Deferred Tax Assets	4,729	(45)%	8,535	(38)%	13,812
TOTAL NON-CURRENT ASSETS	**2,916,192**	**108%**	**1,400,012**	**14%**	**1,232,848**
CURRENT ASSETS					
Inventories	178	53%	116	49%	78
Current Tax Assets	16,548	332%	3,828	(41)%	6,436
Financial Assets					
Cash and Bank Balances	17,325	30%	13,368	(80)%	67,537
Investment and Placements	591,729	(65)%	1,688,240	10%	1,531,436
Other Assets	229,609	(19)%	284,631	62%	175,967
TOTAL CURRENT ASSETS	**855,389**	**(57)%**	**1,990,185**	**12%**	**1,781,453**
TOTAL ASSETS	**3,771,581**	**11%**	**3,390,197**	**12%**	**3,014,302**
LIABILITIES					
NON-CURRENT LIABILITIES					
Provisions	54,280	6%	51,086	20%	42,516
Lease Liability	33,052	(35)%	50,949	(34)%	76,918
Financial Liabilities					
Settlement Guarantee Fund Liabilities	60,000	-	60,000	-	60,000
TOTAL NON-CURRENT LIABILITIES	**147,332**	**(9)%**	**162,035**	**(10)%**	**179,433**
CURRENT LIABILITIES					
Provisions	60,938	(3)%	62,791	0.45%	62,507
Lease Liability	14,062	144%	5,762	(58)%	13,777
Financial Liabilities					
Other Liabilities	207,641	(5)%	218,485	(4)%	226,452
TOTAL CURRENT LIABILITIES	**282,641**	**(2)%**	**287,038**	**(5)%**	**302,736**
TOTAL LIABILITIES	**429,973**	**(4)%**	**449,073**	**(7)%**	**482,170**
EQUITY					
Share Capital	1,458,512	15%	1,268,271	19%	1,065,774
Reserves & Surplus	1,883,097	13%	1,672,853	14%	1,466,358
Total Equity	**3,341,608**	**14%**	**2,941,124**	**16%**	**2,532,132**
Total Liabilities and Equity	**3,771,581**	**11%**	**3,390,197**	**12%**	**3,014,302**

Statement of Profit or Loss

Amount in NPR '000

Particulars	Ashad 32, 2083 (16 July 2026)	2026 Vs.2025	Ashad 32, 2082 (16 July 2025)	2025 Vs.2024	Ashad 31, 2081 (15 July 2024)
OPERATING INCOME					
Revenue	1,107,334	7%	1,032,142	32%	783,287
Software License - Members	-	-	-	(100)%	133
Operating Expenses					
Operating Expenses	224,437	30%	172,400	49%	115,779
Gross Profit	**882,897**	**3%**	**859,742**	**29%**	**667,641**
Add: Interest Income	105,519	(17)%	127,470	(16)%	152,132
Add: Other Income	20,751	79%	11,614	991%	1,065
Less: Administrative Expenses	99,134	(9)%	108,868	81%	60,169
Less: Human Resources Expenses	178,346	13%	157,477	71%	92,196
Less: Finance Cost (Actuarial and Lease Liability)	8,197	(3)%	8,413	11%	7,555
Less: Foreign Exchange Loss	6,492	1171%	511	(33)%	763
Operating Profit	**716,998**	**(1)%**	**723,556**	**10%**	**660,154**
Depreciation Expenses	57,896	5%	55,353	29%	42,886
Amortization Expenses	49,720	23%	40,292	71%	23,532
Staff Bonus Provision	60,938	(3)%	62,791	6%	59,374
Profit before Tax	**548,444**	**(3)%**	**565,120**	**6%**	**534,363**
Provision for Income Tax	134,639	(6)%	143,276	7%	134,283
Deferred Tax Expenses (Income)	3,683	(18)%	4,506	(1513)%	(319)
Profit for the period	**410,122**	**(2)%**	**417,338**	**4%**	**400,399**



VERTICAL ANALYSIS

Vertical Analysis, also known as common-size analysis, evaluates each financial statement item as a percentage of a common base, such as total assets for the Statement of Financial Position and revenue for the Statement of Profit or Loss. It helps assess the company's asset composition, financing structure, cost structure and profitability.

The vertical analysis reflects a strong financial position, with 77% of assets invested in non-current assets and 89% of total assets financed through equity, indicating low financial leverage. Profitability also remains strong, with operating profit at 65% and net profit at 37% of revenue. Overall, the vertical analysis reflects a well-capitalized company with low dependence on liabilities, substantial long-term asset deployment and strong profitability relative to revenue.

Statement of Financial Position

Amount in NPR '000

Particulars	Ashad 32, 2083 (16 July 2026)	%	Ashad 32, 2082 (16 July 2025)	%	Ashad 31, 2081 (15 July 2024)	%
ASSETS						
NON-CURRENT ASSETS						
Goodwill	5,604	0.15%	5,604	0.17%	5,604	0.19%
Property, Plant and Equipment	285,260	8%	150,586	4%	154,520	5%
Intangible Assets	323,988	9%	266,835	8%	227,828	8%
Right of Use-Asset	36,047	1%	45,772	1%	77,087	3%
WIP Projects	400,284	11%	385,676	11%	303,642	10%
Financial Assets						
Investment and Placements	1,679,672	45%	366,244	11%	288,204	10%
Settlement Guarantee Fund Deposits	180,608	5%	170,761	5%	162,153	5%
Deferred Tax Assets	4,729	0.12%	8,535	0.25%	13,812	0.46%
TOTAL NON-CURRENT ASSETS	**2,916,192**	**77%**	**1,400,012**	**41%**	**1,232,848**	**41%**
CURRENT ASSETS						
Inventories	178	0%	116	0%	78	0%
Current Tax Assets	16,548	0.44%	3,828	0.11%	6,436	0.21%
FINANCIAL ASSETS						
Cash and Bank Balances	17,325	0.46%	13,368	0.39%	67,537	2%
Investment and Placements	591,729	16%	1,688,240	50%	1,531,436	51%
Other Assets	229,609	6%	284,631	8%	175,967	6%
TOTAL CURRENT ASSETS	**855,389**	**23%**	**1,990,185**	**59%**	**1,781,453**	**59%**
TOTAL ASSETS	**3,771,581**	**100%**	**3,390,197**	**100%**	**3,014,302**	**100%**
LIABILITIES						
NON-CURRENT LIABILITIES						
Provisions	54,280	1%	51,086	2%	42,516	1%
Lease Liability	33,052	1%	50,949	2%	76,918	3%
FINANCIAL LIABILITIES						
Settlement Guarantee Fund Liabilities	60,000	2%	60,000	2%	60,000	2%
TOTAL NON-CURRENT LIABILITIES	**147,332**	**4%**	**162,035**	**5%**	**179,433**	**6%**
CURRENT LIABILITIES						
Provisions	60,938	2%	62,791	2%	62,507	2%
Lease Liability	14,062	0.37%	5,762	0.17%	13,777	0.46%
FINANCIAL LIABILITIES						
Other Liabilities	207,641	6%	218,485	6%	226,452	8%
TOTAL CURRENT LIABILITIES	**282,641**	**7%**	**287,038**	**8%**	**302,736**	**10%**
TOTAL LIABILITIES	**429,973**	**11%**	**449,073**	**13%**	**482,170**	**16%**
EQUITY						
Share Capital	1,458,512	39%	1,268,271	37%	1,065,774	35%
Reserves & Surplus	1,883,097	50%	1,672,853	49%	1,466,358	49%
Total Equity	**3,341,608**	**89%**	**2,941,124**	**87%**	**2,532,132**	**84%**
Total Liabilities and Equity	**3,771,581**	**100%**	**3,390,197**	**100%**	**3,014,302**	**100%**

Statement of Profit or Loss

Amount in NPR '000

Particulars	Ashad 32, 2083 (16 July 2026)	%	Ashad 32, 2082 (16 July 2025)	%	Ashad 31, 2081 (15 July 2024)	%
OPERATING INCOME						
Revenue	1,107,334	100%	1,032,142	100%	783,287	100%
Software License - Members	-	0%	-	0%	133	0.02%
Operating Expenses						
Operating Expenses	224,437	20%	172,400	17%	115,779	15%
Gross Profit	**882,897**	**80%**	**859,742**	**83%**	**667,641**	**85%**
Add: Interest Income	105,519	10%	127,470	12%	152,132	19%
Add: Other Income	20,751	2%	11,614	1%	1,065	0%
Less: Administrative Expenses	99,134	9%	108,868	11%	60,169	8%
Less: Human Resources Expenses	178,346	16%	157,477	15%	92,196	12%
Less: Finance Cost (Actuarial and Lease Liability)	8,197	1%	8,413	1%	7,555	1%
Less: Foreign Exchange Loss	6,492	1%	511	0%	763	0%
Operating Profit	**716,998**	**65%**	**723,556**	**70%**	**660,154**	**84%**
Depreciation Expenses	57,896	5%	55,353	5%	42,886	5%
Amortization Expenses	49,720	4%	40,292	4%	23,532	3%
Staff Bonus Provision	60,938	6%	62,791	6%	59,374	8%
Profit before Tax	**548,444**	**50%**	**565,120**	**55%**	**534,363**	**68%**
Provision for Income Tax	134,639	12%	143,276	14%	134,283	17%
Deferred Tax Expenses (Income)	3,683	0.33%	4,506	0.44%	(319)	(0.04)%
Profit for the period	**410,122**	**37%**	**417,338**	**40%**	**400,399**	**51%**

Equity and Shareholder's Fund

Total equity fund of NCHL has increased to NPR 3,341,608 thousand as against NPR 2,941,124 thousand in the previous year. The increase is mainly due to adjustment of Bonus Share Capital of 15% on Paid-up Capital approved for FY 2081/82 (2024/25), additional profit transferred to Reserve and Surplus from attributable profit of FY 2082/83 (2025/26).

NCHL has implemented a policy to set aside 20% of the net profit of the year to Infrastructure Development Reserve with an objective to create fund for the major enhancement/ upgrade of existing system(s) and/or for funding requirement of new payment and settlement systems in future. 1% of the net profit of the year is set aside to Risk Bearing Reserve to cover possible liability of cyber risks in payment systems in the absence of cyber risk insurance. Additionally, 10% of the net profit of the year is set aside to Land & Building Reserve with an objective for acquiring own office premise (Land & Building). A reserve for actuarial gain/loss has been created due to impact of adoption of full NFRS on account of actuarial valuation of superannuation and leave benefits.

The Board of Directors have proposed 15% of Bonus Shares (equivalent to 2,187,767 units of shares rounded for the decimal figure) and cash dividend of 0.789474% equivalent to NPR 11,514,569 including tax from the profit of fiscal year 2082/83 (2025/26), subject to final approval in the Annual General Meeting.

Investment and Interest Income

The investments are made as per NCHL Investment Policy as approved by the Board. The investment decisions are made with due considerations of the liquidity position, anticipated cash flows, returns and concentration risk. The year-end cash surplus has been parked in interest bearing call deposits and the cash surplus during the period is intermittently placed in short, medium- and long-term investments, particularly fixed deposits and debentures at various banks and financial institutions.

Total investment and placements (long, short and cash equivalent) of NCHL has increased to NPR 2,271,401 thousand in FY 2082/83 (2025/26) as against NPR 2,054,484 thousand in the previous year. The interest income has declined to NPR 105,519 thousand as against NPR 127,470 thousand with decline of 17%. The interest income includes income from investments and call deposits.

Amount in NPR '000

Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	Growth Volume	Growth %
Fixed Deposits & Debentures	**2,271,401**	**2,054,484**	**216,917**	**11%**
Investments and Placements	2,271,401	2,054,484	216,917	11%
Interest Income*	105,519	127,470	(21,951)	(17)%

**Including interest income from call deposits.*

Operating Income

Total operating income for the FY 2082/83 (2025/26) has increased to NPR 1,107,334 thousand as against NPR 1,032,142 thousand in the previous year.

Amount in NPR '000

Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	Growth Volume	Growth %
Operating Income from NCHL-ECC	404,885	369,800	35,085	9%
Operating Income from NCHL-IPS/NPI	194,490	171,945	22,545	13%
Operating Income from RPS/*connect*IPS	264,143	230,281	33,862	15%
EFT Card Income	196,180	215,814	(19,634)	(9)%
Operating Income from *connect*RTGS	5,400	4,000	1,400	35%
Login ID Fee	31,259	30,555	704	2%
Network Connectivity & Management Fee	10,891	9,747	1,144	12%
NPS-NCS Income	58	-	-	-
NPIx - Cross border Transaction Income	28	-	-	-
Total Operating Income	**1,107,334**	**1,032,142**	**75,192**	**7%**

Other Income

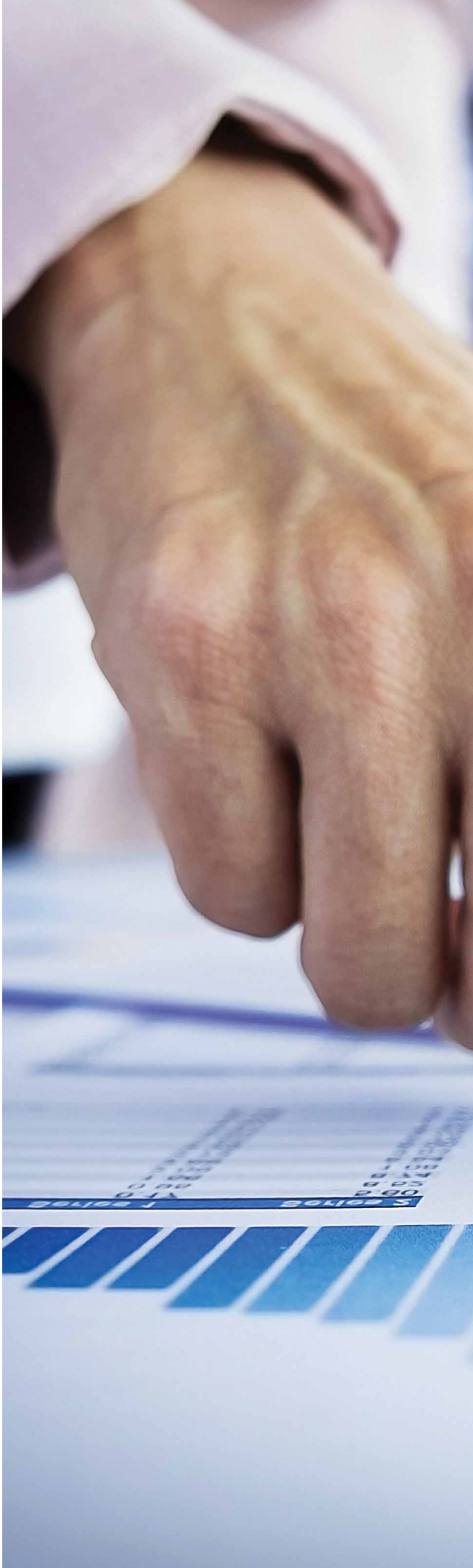
Total Other Income of NPR 20,751 thousand has been reported in the FY 2082/83 (2025/26) against NPR 11,614 thousand in the previous year. Other income comprises of income related to interest income on employee loan, and other miscellaneous income.

Operating Expenses

Total operating expenses have increased by 30% to NPR 224,437 thousand as against NPR 172,400 thousand in the previous year. The major increment is due to the increase in AMC expenses related to EFT services, direct expenses in SMS & bulk email, Data Center & Disaster Recovery Site expenses and addition of direct expenses of EFT card. The NCHL-ECC, NCHL-IPS, EFT Switch and NPS-NCS & related software and services are sourced from international vendors payable in US Dollars. Operating expenses related to AMC of hardware, software and others have also contributed to increase in the operating expenses.

Amount in NPR '000

Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	Growth Volume	Growth %
ECC Software AMC - BFIs & NCHL	60,322	47,694	12,628	26%
IPS Software AMC	6,301	4,828	1,473	31%
Oracle Software AMC	13,431	14,210	(779)	(5)%
Network Connectivity	6,020	6,033	(13)	0%
Other AMC & expenses	82,656	62,584	20,072	32%
EFT-Direct Expenses	55,708	37,052	18,656	50%
Total Operating Expenses	**224,437**	**172,400**	**52,037**	**30%**





Administrative Expenses

Total administrative expense has decreased to NPR 99,134 thousand as against NPR 108,868 thousand in the previous year, equivalent to decrease of about 9%. This is mainly due to decrease in business promotion expenses and loss on disposal of assets in this FY.

Human Resource Expenses

Total human resource expense has increased to NPR 255,485 thousand as against NPR 215,120 thousand in the previous year, equivalent to increase of 19%. This is mainly due to new recruitment and revision of employee salary as per the policy. The net human resource expenses are presented after deductions of capitalization of NPR 77,139 thousand related to the in-house product and software development.

Amount in NPR '000

Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	Growth	
			Volume	%
Human Resource Expenses	255,485	215,120	40,365	19%
Less: Capitalization - Product Development	(77,139)	(57,644)	(19,496)	34%
Total Human Resource Expenses	**178,346**	**157,476**	**20,869**	**13%**

Profits and Corporate Tax

During the period, NCHL has generated net profit of NPR 410,122 thousand as against the net profit of NPR 417,338 thousand in the previous year thereby registering decrease of 2%. Decrease in profit is mainly due to the increase in operating expenses and decrease in interest income. The income tax provision has consequently decreased to NPR 134,639 thousand as against NPR 143,276 thousand in the previous year.

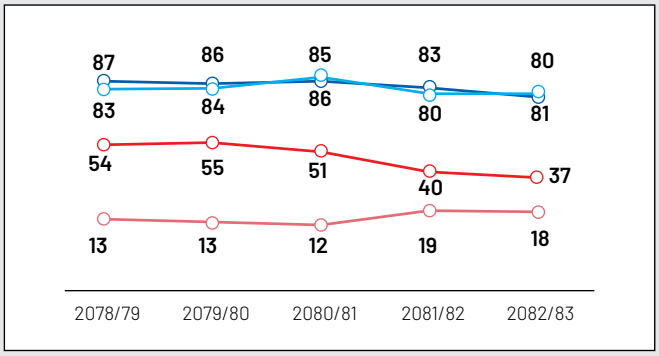
Amount in NPR '000

Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	Growth	
			Volume	%
Gross Profit	882,897	859,742	23,155	3%
Operating Profit	716,998	723,556	(6,558)	(1)%
Income Tax Provision	134,639	143,276	(8,637)	(6)%
Net Profit After Tax	410,122	417,338	(7,216)	(2)%

FINANCIAL RATIOS

REVENUE INDICATORS

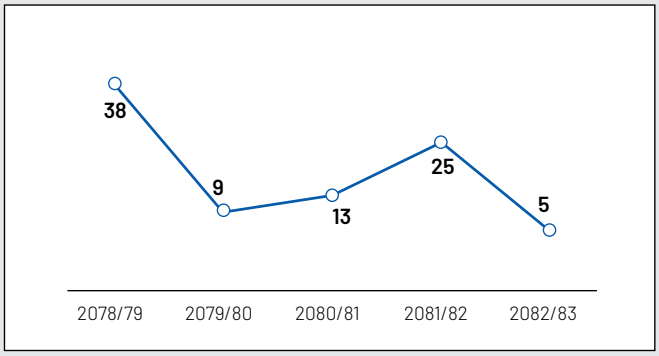
(in %)



- Net Profit/Total Operating Revenue
- Gross Profit/Total Operating Revenue
- Txn Fees Income/Total Operating Revenue
- Annual Fees & Charges /Total Operating Revenue

REVENUE GROWTH RATE

(in %)

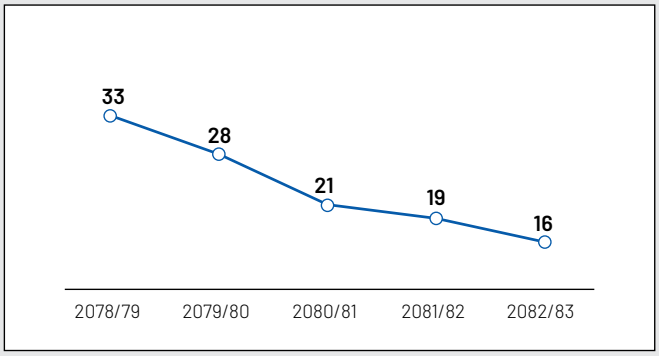


Revenue growth rate represents the percentage of increment in total revenue (operating and non-operating income) in comparison with previous year's total revenue.

Revenue has increased by 5% in the current fiscal year compared to the last fiscal year. This is mainly due to 13% growth in transaction volume.

RETURN ON CAPITAL EMPLOYED

(in %)

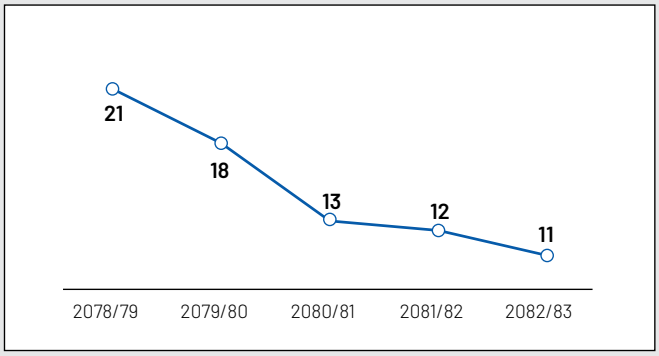


Return on Capital Employed (ROCE) measures how efficiently a company is using the capital (equity and accumulated reserves) to generate profit before tax and interests.

The ROCE has decreased to 16%. The decrease in ROCE is mainly due to increase in share capital and reserves and the decreased rate of increment of Earning Before Interest and Tax.

RETURN ON TOTAL ASSETS

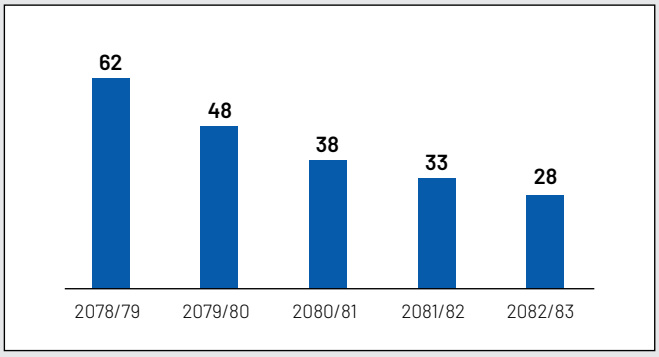
(in %)



Return on Total Assets measures a company's net profit relative to its total assets.

The Return on Total Assets has decreased to 11% compared to the previous year. The decrease is mainly due to increase in total assets and decrease of Net Profit after Tax.

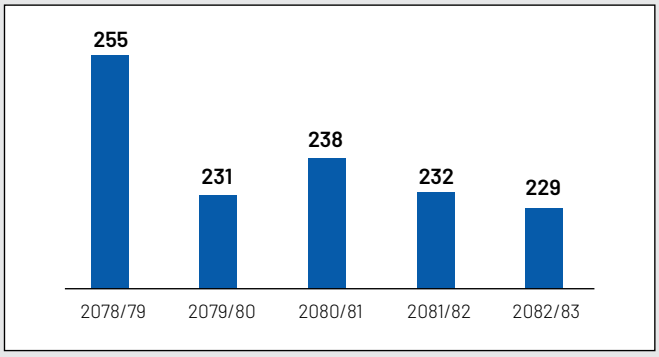
EARNINGS PER SHARE



Earnings per Share represents a company's profit allocated to each unit of equity share. It also represents the net earnings available to the shareholders.

The addition of the bonus shares within the share capital by 15% in last FY has decreased the EPS to NPR 28 per share as against NPR 33 per share in the preceding year.

NET WORTH PER SHARE

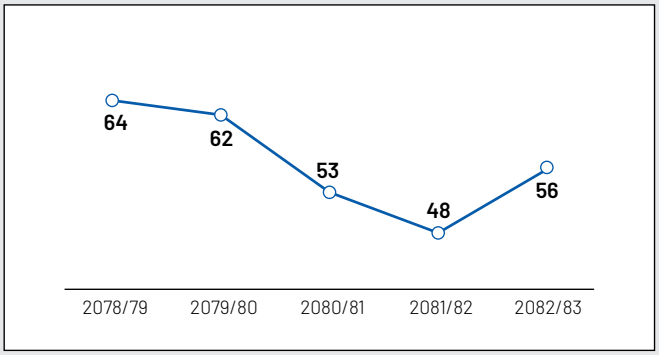


Net Worth represents company's total value of assets available to the equity shareholders after covering third party liabilities and the net worth per share is the net worth per equity share.

The Net Worth per share has slightly decreased to NPR 229 per share at the end of the year. This is mainly due to the increase in paid-up capital after issuance of bonus shares in last FY.

DIVIDEND PAYOUT RATIO

(in %)



Dividend Payout Ratio measures proportion of dividend paid to the shareholders as compared to the net income generated by the company.

The Dividend Payout Ratio has increased to 56% as compared to the previous year due to decrease in profit after tax and proposed dividend percentage of 15.789474% for the FYs 2082/83 (2025/26), subject to approval by the AGM.

VALUE GENERATION AND DISTRIBUTION

VALUE GENERATION

Total value addition of a company during a fiscal year indicates profit earned by the company over its total income without considering the expenses incurred to or on behalf of the stakeholders. The stakeholders of the company include Government, Employee, Directors, Shareholders and the Entity itself. Therefore, value addition of the company reflects how much money the service contributed toward meeting the company's fixed costs and potentially created a bottom-line profit without distribution to stakeholders. Total value addition of NCHL has increased to NPR 911,433 thousand as against NPR 891,298 thousand in the previous year.

Amount in NPR '000

PARTICULARS	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	GROWTH	
			VOLUME	%
Direct income	1,107,334	1,032,142	75,192	7%
Indirect income	126,270	139,084	(12,814)	(9)%
Less: Operating expenses	224,437	172,400	52,037	30%
Less: Administrative Expenses (Excluding expenses incurred for stakeholders)	97,734	107,528	(9,794)	(9)%
Total Value Addition	**911,433**	**891,298**	**20,135**	**2%**

APPLICATION OF VALUE GENERATION

This indicates how the value generated by the company is applied in the interests of the stakeholders. The distribution of the value generated during the fiscal year is as follows:

Amount in NPR '000

Applied to Stakeholders	FY 2082/83 (2025/26)	%	FY 2081/82 (2024/25)	%	GROWTH	
					VOLUME	%
Government	134,639	15%	143,276	16%	(8,637)	(6)%
Employee	239,284	26%	220,268	25%	19,016	9%
Directors	1,400	0%	1,340	0%	60	4%
Shareholders	230,291	25%	200,247	22%	30,044	15%
Entity:						
Reserves	194,520	21%	226,015	25%	(31,495)	(14)%
Deferred Tax Depreciation & Amortization	3,683	0%	4,506	1%	(823)	(18)%
	107,616	12%	95,645	11%	11,971	13%
Total Value Addition	**911,433**	**100%**	**891,298**	**100%**	**20,135**	**2%**

** Including proposed dividend and bonus share for FY 2082/83, which is subject to approval by the Annual General Meeting.*

04

OPERATIONAL REVIEW

Operational reviews at NCHL are conducted at various levels including Board, Audit Committee, HR Committee, Risk Committee and Management to continuously evaluate its processes and capacity to enhance its efficiency and effectiveness to ensure operational stability.

NCHL continued its journey of innovation and excellence during the FY 2082/83 maintaining its position as a key enabler in the digital payments eco-system in Nepal covering card and non-card payments and extending access to cross border transactions. Through strategic initiatives and operational enhancements, NCHL has been successful in expanding the digital ecosystem delivering seamless payment and clearing services to its members and their end users.

Managing overall technical and business operations to support growth in transaction of over 13% has been major challenge for NCHL's operations. Additional infrastructures that went live during the fiscal year including cross border NPIx and NPS-NCS / NEPALPAY are the major operational achievements.

Operational reviews at NCHL are conducted at various levels including Board, Audit Committee, HR Committee, Risk Committee and Management to continuously evaluate its processes and capacity to enhance its efficiency and effectiveness to ensure operational stability. NCHL performs on annual basis a compliance self-assessment and cross functional audit against all policies and procedures by the function head and cross department heads. NCHL reviews the infrastructure capacity enhancements and necessary upgrade plans on regular basis. This is required to support increased transaction volume, business cases in various systems and also to ensure that the infrastructures or part of them are upgraded before they reach end of life or support.

The overall transaction volume and value of the various systems during the fiscal year is as follows:

Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	Growth	
			Volume	%
Total Transactions Count (in '000)	238,215	211,321	26,894	13%
Total Transaction Value (NPR in Million)	21,018,584	18,602,885	2,415,699	13%
Total Transaction Value (USD in Million)	383	297	86	29%
Total Transaction Value (EUR in Million)	36	172	(136)	(79)%
Total Transaction Value (GBP in Million)	6	193	(187)	(97)%
Average Monthly Transaction Count (in '000)	19,851	17,610	2,241	13%
Average Monthly Transaction Value (in 'Million)	1,751,549	1,550,240	201,308	13%

NCHL has been operating multiple national clearing and settlement systems including NCHL-ECC, NCHL-IPS, RPS, NPS-NCS (as part of NPS) and EFT Card services. Additionally, it has been facilitating the industry with its channel platforms and instruments including *connect*IPS, National Payments Interface (NPI), Cross Border (NPIx), CORPORATEPAY, *connect*RTGS, NEPALPAY QR, NEPALPAY card and more recently digital banking solutions. The transaction value and volume from the payment systems operated by NCHL has increased by 13%. The average daily transaction value and volume both has increased by 13% in comparison to last fiscal year. The annualized growth in transaction value and volume from the payment systems operated by NCHL since 2068/69 (2011/12) till date has reached over 55% in volume and 38% in value.

GoN FACILITATION THROUGH NCHL SYSTEMS

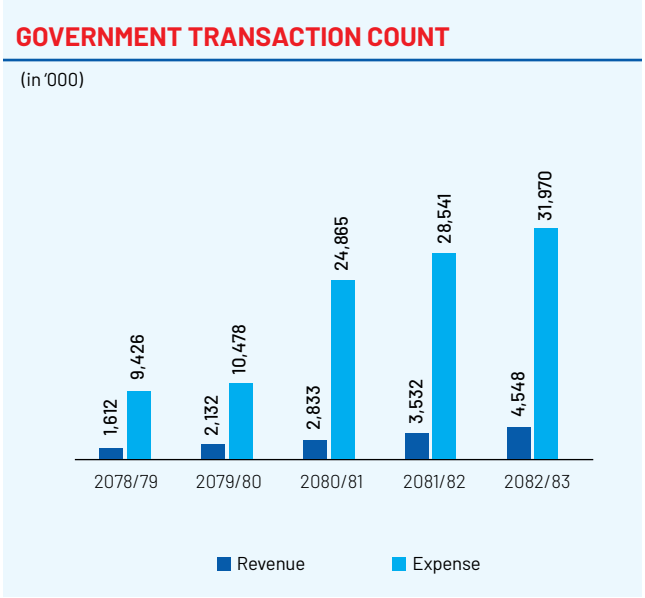
NCHL has been continuously supporting and facilitating Government of Nepal (GoN) and its various Ministries and agencies in driving digital transformation. Integration of NPI with FCGO's Integrated Public Financial Management Services (IPFMS) have given them an access to both NCHL-IPS and RPS for automating their expenses such that the payouts are transferred directly into the bank account of beneficiary. Integration with Sub-national Treasury Regulatory Application (SuTRA) system has enabled all 753 Local levels for initiating digital payout transactions. GoN uses NCHL systems for processing their payout transactions related to salary, social security benefits, vendor & party payments, pension, G2G, Tax etc.

Similarly, FCGO's revenue collecting system (RMIS and Sutra Revenue) is centrally integrated with NCHL's *connect*IPS payment gateway and APIs (through NPI) to enable online e-payment of revenue by general public and institutions. FCGO has extended the payment gateway to its revenue collecting departments/ divisions and alternatively can use revenue.fcgo.gov.np or sutrarevenue.fcgo.gov.np for revenue payments. NCHL has also extended such revenue payment service to its member BFIs (mobile, internet banking), PSPs (wallets) and also in NCHL's channel platforms (*connect*IPS, Bank Central, CORPORATEPAY and Others).

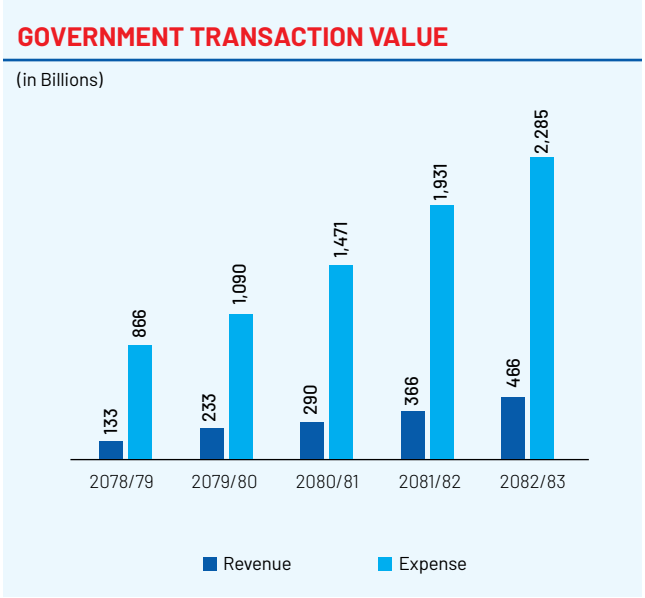
During the fiscal year, NCHL processed total of 36.52 Million GoN's transactions (excluding cheques) equivalent to NPR 2,285 Billion as expense transactions and NPR 466 Billion as revenue transactions. An estimated 40% of revenue collection and 99% of expense of GoN, in terms of value, were processed through NCHL systems in FY 2082/83. The major contributor in the GoN transaction being Department of National ID and Civil Registration (DONIDCR) which piloted its social security distribution related transactions in the last FY 2079/80, with 13.97 million transactions processed in the FY 2082/83. Current arrangement for GoN revenue collection allows to initiate payment using domestic issuing instruments which are either through bank account or stored value instruments with amounts credited directly into the revenue collecting bank account. Also, NCHL has enabled international card gateway within its *connect*IPS gateway for enabling foreigners to pay against GoN services (at TIA Immigration/ Department of immigration) before arrival to Nepal via RMIS.

Some of the Government and Semi-Government entities that are enabled for digital payments include Financial Comptroller General Office, Inland Revenue Department, Office of Company Registrar, Department of Passports, Department of Customs, Public Service Commission, Plant & Quarantine, Teachers Service Commission, Consular Service Department, Department of Transport, Department of Immigration, Employee Provident Fund, Citizens Investment Trust, Social Security Fund, Nepal Stock Exchange, Department of Foreign Employment, Nepal Oil Corporation, Metropolitan Traffic Police Office, Survey Department, Tribhuvan University, Civil Aviation Authority Nepal (CAAN), Health Insurance Board, Nepal Tourism Board, etc.

GOVERNMENT TRANSACTION COUNT



GOVERNMENT TRANSACTION VALUE



NCHL MEMBERS

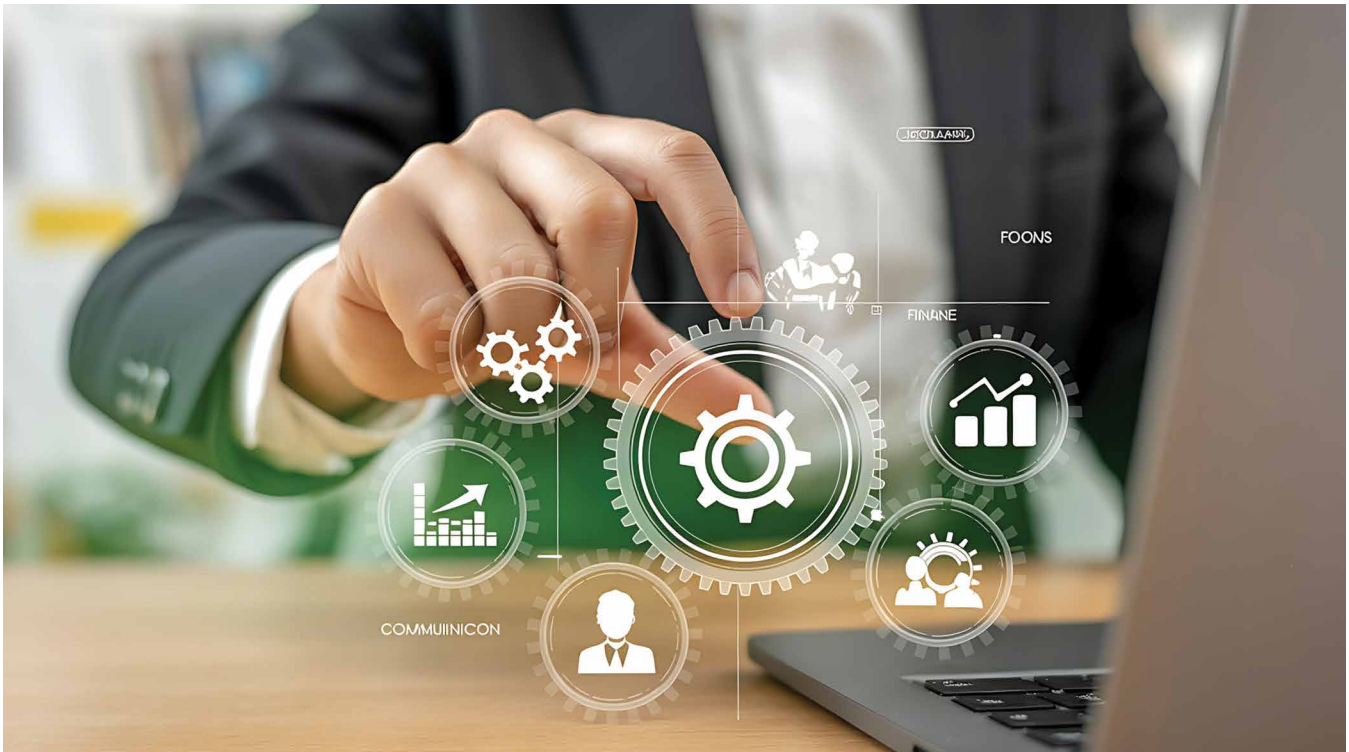
NCHL-ECC, NCHL-IPS and RPS members from BFIs have almost reached its maturity with 53 members in NCHL-ECC and NCHL-IPS and 53 members in RPS by the end of the FY 2082/83 (2025/26). NCHL-IPS and RPS have been extended to Direct and Indirect/ Technical members through National Payments Interface (NPI). Out of the 125 Indirect/Technical members, 85 indirect/technical members were Live in NCHL-IPS and 83 were Live in RPS at the end of the fiscal year.

MERGER/TERMINATION OF MEMBERS

During the review period of FY 2082/83 (2025/26), the membership of 4 PSP have been terminated. With the additional recent merger policy of the PSOs and PSPs and continued merger policy of the BFIs and insurance companies with some of the merger approval already in progress, it is anticipated that the members will continue to merge in the coming fiscal year too and are expected to decrease.

Following is the summary of the Live members as of Asadh end 2083.

NCHL Members	NCHL-ECC	NCHL-IPS	NPI	RPS	*connect*RTGS	CORPORATEPAY	NPIx	EFT Cards	NPS-NCS
Total Members (Live + Subscribed)	53	200	194	199	44	49	29	11	37
Total Subscribed Members	-	34	21	35	2	3	-	-	-



NCHL-ECC SYSTEM

NCHL-ECC system is the core system for electronic cheque clearing. Its operation and maintenance have been given utmost priority to ensure the expected performance and support. The average monthly cheque transaction volume for the FY 2082/83 (2025/26) is 1,235 thousand. Total of 14,814,097 cheques were presented during the review period out of which 12,756,537 cheques were cleared/accepted.

The overall transaction volume and value in the NCHL-ECC system during the fiscal year is as follows:

Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	Growth	
			Volume	%
Total Transactions Count (in '000)	14,814	14,891	(77)	(1)%
Total Transaction Value (NPR in Million)	7,873,509	7,683,808	189,701	2%
Total Transaction Value (USD in Million)	245	269	(24)	(6)%
Total Transaction Value (EUR in Million)	36	172	(136)	(82)%
Total Transaction Value (GBP in Million)	6	192	(186)	(98)%
Average Monthly Transaction Count (in '000)	1,235	1,241	(6)	(1)%
Average Monthly Transaction Value (in Million)	656,126	640,317	15,808	2%

6,373 branches of the member BFIs across the country are listed in NCHL-ECC system, which means cheques issued from these branches can be processed through NCHL-ECC. NCHL will continue to assist the member for branch wise rollout of NCHL-ECC. The transaction volume in NCHL-ECC has decreased by 1%. Cheques presented for Express clearing constitutes 18% of the total transaction volume against 15% in the previous year.

Following is the product wise transaction volume in NCHL-ECC:

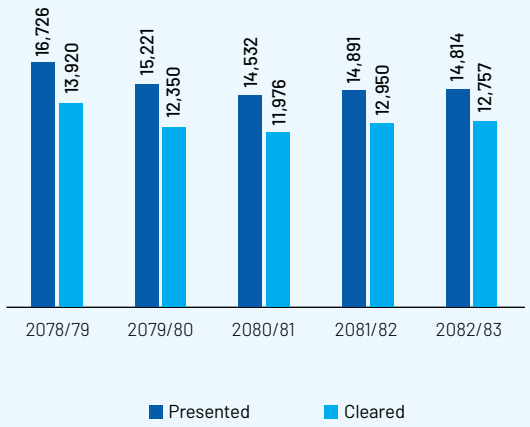
Sessions	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	FY 2079/80 (2022/23)	FY 2078/79 (2021/22)
High Value	323	323	320	255	260
Express	2,700,568	2,291,110	2,195,984	2,187,219	2,031,094
Regular	12,113,206	12,599,157	12,335,285	13,033,981	14,694,309
Total	**14,814,097**	**14,890,590**	**14,531,589**	**15,221,455**	**16,725,663**

As per the direction of NRB for mandatory implementation of full MICR, NCHL has supported the BFIs by providing discount of 15% on the total transaction fee collected against full MICR cheques presentment in the system. Implementation of full MICR cheques is expected to help the member BFIs to reduce operational risks by reducing cheque rejections due to manual errors and also to support implementation of alternate channels for cheque deposits/ collections.

Snapshots of NCHL-ECC Transactions

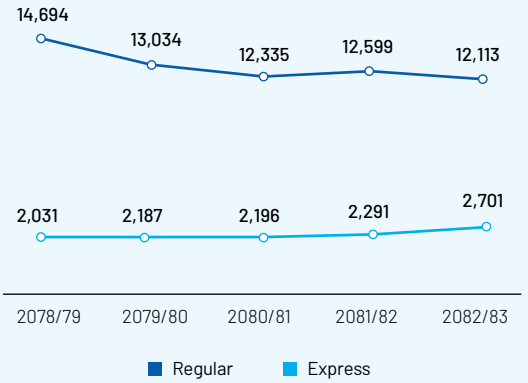
TRANSACTION COUNT

(in 000)



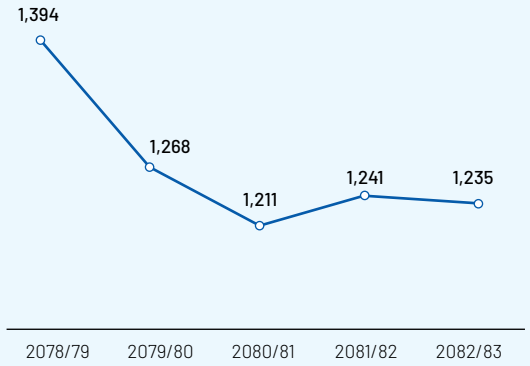
REGULAR & EXPRESS TRANSACTION COUNT

(in 000)



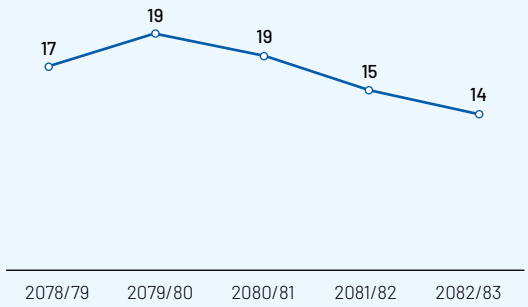
AVERAGE MONTHLY CHEQUE COUNT

(in 000)



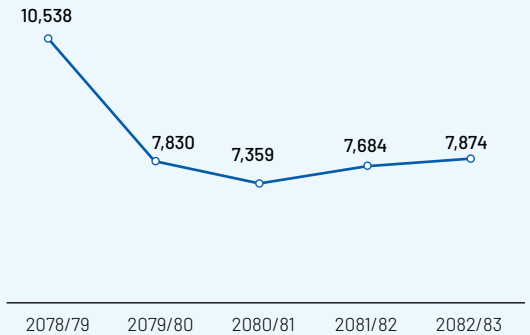
AVERAGE CHEQUE RETURN

(in %)



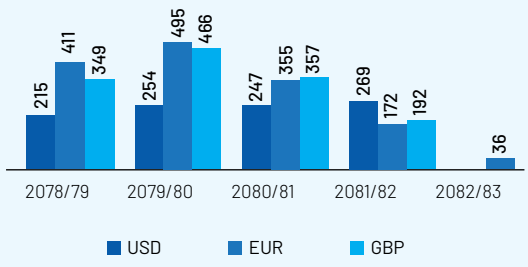
NPR TRANSACTION VALUE

(in NPR Billion)



FCY TRANSACTION VALUE

(in NPR Million)



NCHL-IPS SYSTEM

There has been an increase in the total transaction volume of NCHL-IPS system by 19% and the total value of transaction has also increased by 19% as compared to last year's increment of 9%. The primary focus of NCHL during the year, for NCHL-IPS system, was to support Government of Nepal and to extend the service to large corporates/ institutions to facilitate their bulk transactions by means of automating their internal systems through NPI. The system reached its daily peak financial transactions of 889,834 in terms of volume and NPR 73,014 Million in term of value since its inception. Out of 36,624 thousand transactions processed through NCHL-IPS, the transactions processed through NPI comprise of 72% during the review period and is expected to increase in the coming years with the integration of the system with the systems of NPI members.

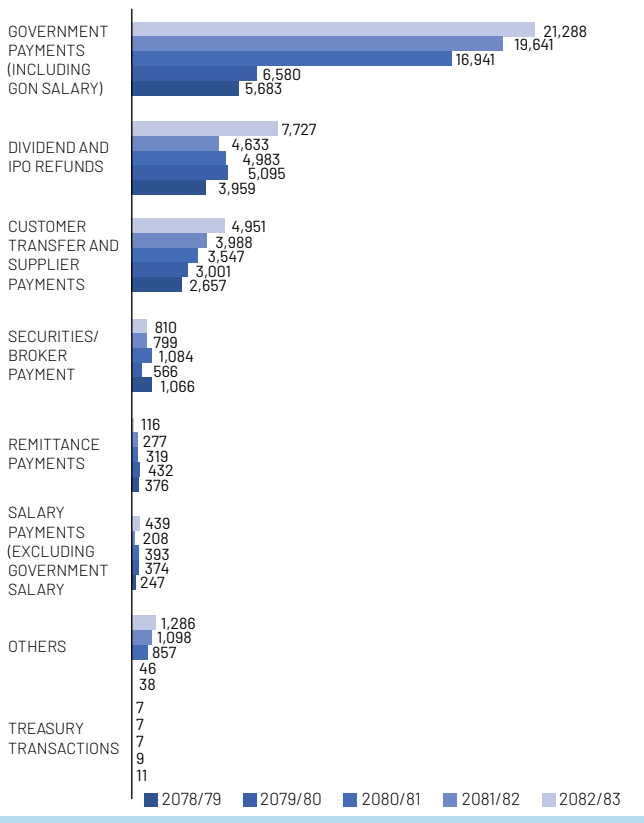
The overall transaction volume and value in the NCHL-IPS system during the fiscal year is as follows:

Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	Growth	
			Volume	%
Total Transactions Count (in '000)	36,624	30,651	5,973	19%
Total Transaction Value (NPR in Million)	3,492,456	2,936,819	555,637	19%
Total Transaction Value (USD in Million)	33	28	5	17%
Total Transaction Value (EUR in Million)	0.05	0.12	(0.07)	(58)%
Total Transaction Value (GBP in Million)	0.58	0.56	0.02	4%
Average Monthly Transaction Count (in '000)	3,052	2,554	498	19%
Average Monthly Transaction Value (in Million)	291,038	244,735	46,303	19%

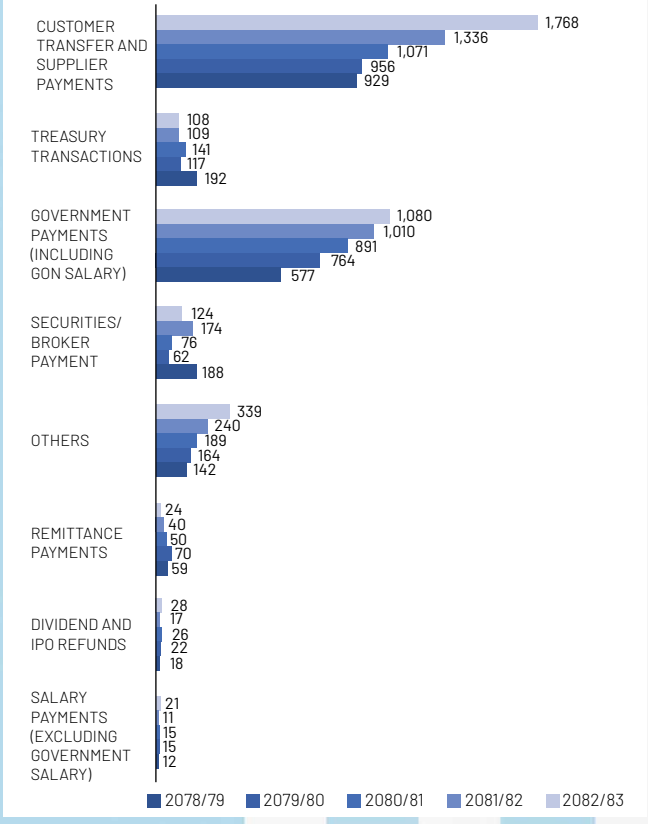
NCHL-IPS was extended to 6,489 branches across the country. Providing necessary trainings and awareness to the members and facilitating various institutions including Government, Semi-Government institutions and other larger corporates were the primary focus for NCHL during the year.

Following is the transaction volume and value of the major categories in NCHL-IPS system:

CATEGORY WISE TRANSACTION VOLUME (IN '000)



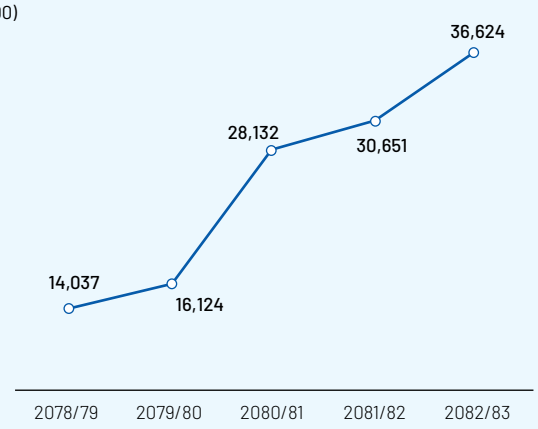
CATEGORY WISE NPR TRANSACTION VALUE (IN BILLIONS)



Snapshots of NCHL-IPS Transactions

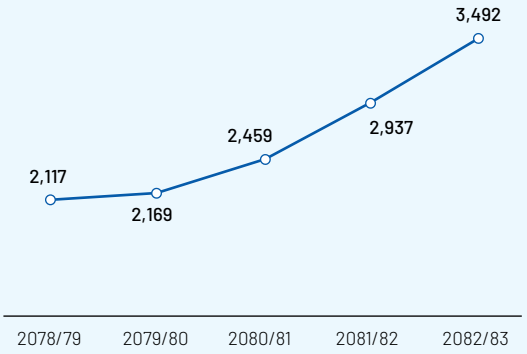
TRANSACTION COUNT

(in '000)



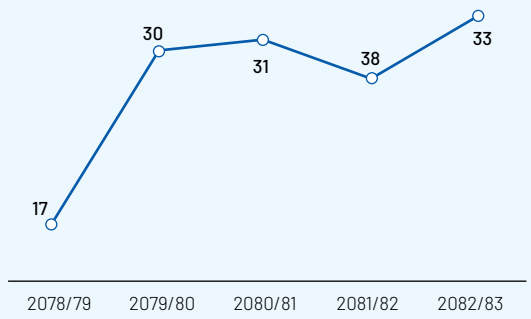
NPR TRANSACTION VALUE

(in NPR Billion)



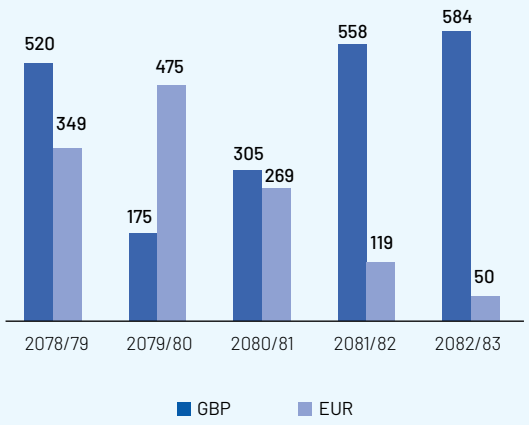
USD TRANSACTION VALUE

(in NPR Million)



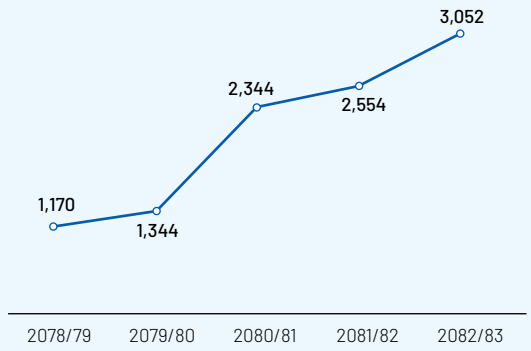
GBP & EUR TRANSACTION VALUE

('000)

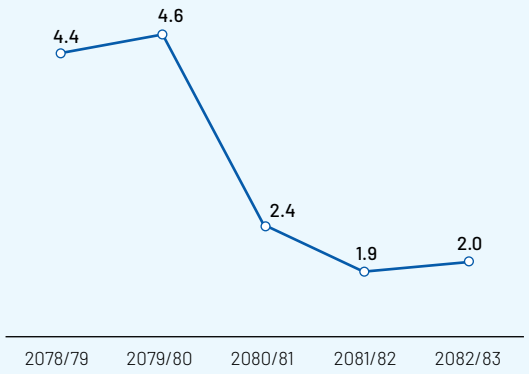


AVERAGE MONTHLY TRANSACTION VOLUME

(in '000)



AVERAGE TRANSACTION RETURN %



RPS

Retail Payment Switch (RPS), which is part of the National Payment Switch (NPS), has been processing non-card-based retail transactions on real time basis initiated from any of the channels and any acquiring instruments. RPS is extended to the members through National Payment Interface (NPI). Preference and wide acceptability of the faster payments through RPS is reflected with the increase in the total transaction volume, which has increased by 29% as compared to the previous year. The system reached its daily peak financial transactions of 959,530 in terms of volume and NPR 1,200,228 in term of value since its inception. The primary focus of NCHL for RPS has been to extend interoperability and the additional instruments of RPS by opening the infrastructure to all stakeholders within payment ecosystem.

RPS is interconnected with alternate channels of all BFIs which mainly includes Mobile Banking, Internet Banking and Remittance channels for fund transfer and service payments. Similarly, it is also connected with the channels of 15 PSPs/ PSOs for both Cash-in/out and service payments. The APIs for transfer and service payments are extended to the members through NPI. 39 BFIs were Live for receiving fund transfer through NEPALPAY Instant using proxy id of beneficiary. NEPALPAY Request is available for P2P transfers for the *connect*IPS users.

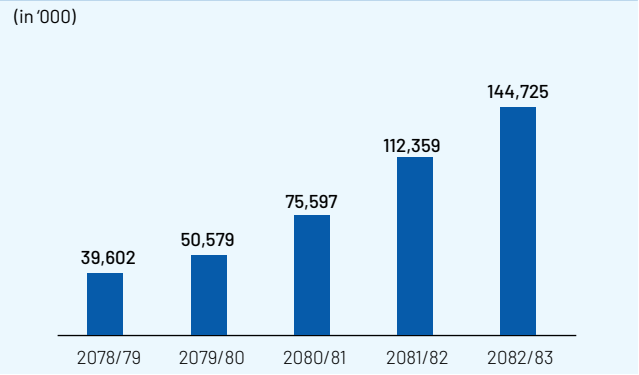
NEPALPAY QR was implemented as the infrastructure to support the cases of interoperability as per NRB's NepalQR standardization framework guidelines with open APIs available for issuing and acquiring by the members. The network level interoperability between the NEPALPAY QR and Smart QR remain operational in this FY also. NEPALPAY QR are acquired by 45 BFIs, 5 PSP and 1 PSO during this FY with current number of 1,200,000 NEPALPAY QR merchants and estimated 160,000 merchant of Smart QR which is interoperable with NEPALPAY. NEPALPAY QR can be scanned with mobile banking of all commercial banks and most of the development banks including majority of the PSP wallets.

The overall transaction volume and value through RPS during the fiscal year is as follows:

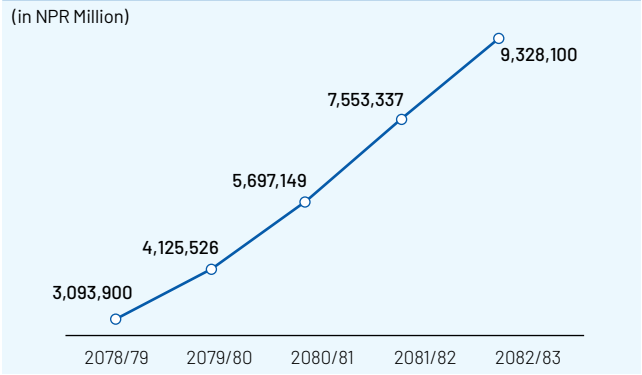
Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	Growth	
			Volume	%
Total Transactions Count (in '000)	144,725	112,359	32,366	29%
Total Transaction Value (NPR in Million)	9,328,100	7,553,337	1,774,763	23%
Average Monthly Transaction Count (in '000)	12,060	9,363	2,697	29%
Average Monthly Transaction Value (NPR in Million)	777,342	629,445	147,897	23%

Snapshots of RPS Transaction

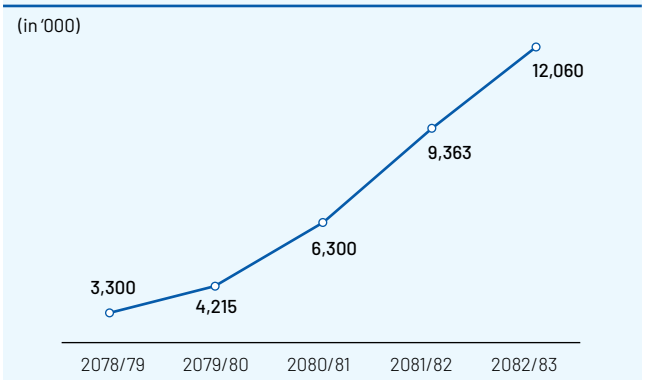
YEARLY TRANSACTION COUNT



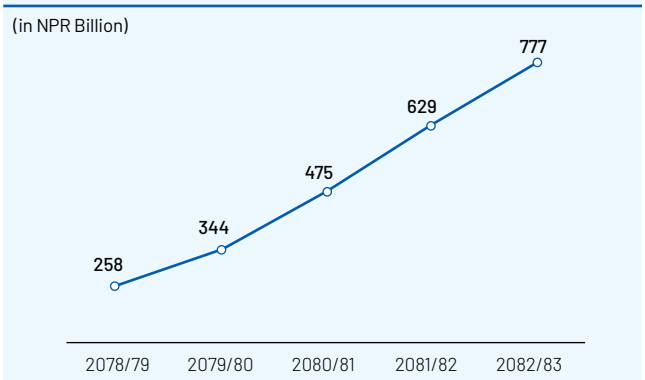
YEARLY TRANSACTION VALUE



AVERAGE MONTHLY TRANSACTION VOLUME



AVERAGE MONTHLY TRANSACTION VALUE



NATIONAL PAYMENTS INTERFACE (NPI)

National Payments Interface (NPI) connects multiple underlying core systems and services for routing of financial and non-financial messages and for interfacing with the participating members. It provides the members (BFIs as Direct and Others as Indirect/ Technical) to extend transfer and service payments to its alternate channels or to integrate with its back-office systems. NCHL's channel platforms including *connect*IPS, Bank Central and CORPORATEPAY are also connected with the core systems through NPI. 14 remittance companies, 11 PSPs, 2 PSOs, 19 Insurance Companies, 3 Micro-insurance Companies, 3 ISPs, Social Security Fund (SSF), Employee Provident Fund (EPF), Citizens Investment Trust (CIT), Nepal Stock Exchange (NEPSE - TMS), Department of Foreign Employment (DOFE), Department of Customs, Health Insurance Board, Financial Comptroller General Office (FCGO-IPFMS/SUTRA) were live through NPI by the end of the review period. Similarly, mobile banking of 48 BFIs, internet banking of 24 BFIs, corporate channels of 6 BFIs and 15 remittance channels of the BFIs were live through NPI by the end of the fiscal year. NPI, as part of NPS, has also been used to extend all other retail instruments of RPS including NEPALPAY QR.

With establishment of various use cases in NPI, the transactions processed through NPI has reached 80% of the total digital transactions being processed through NCHL. During the review period, a total of 135,501,897 transactions were processed through the NPI system in the underlying platforms of NCHL-IPS and RPS. Composition of the transactions processed through NPI is as follows:

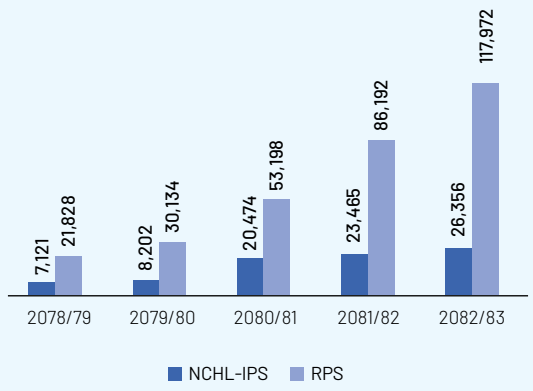
Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	Growth Volume	Growth %
NPI MB/IB	34,194,133	33,643,978	550,155	2%
NPI Bank Remit	7,028,615	5,214,236	1,814,379	35%
NPI Other Remit	6,695,368	3,730,116	2,965,252	79%
NPI PSPs/PSOs	3,001,475	2,619,654	381,821	15%
NPI GoN	31,969,804	28,540,778	3,429,026	12%
NPI Semi-Govt.	559,183	492,793	66,390	13%
NPI Capital Market	1,240,308	942,071	298,237	32%
Others	50,813,011	30,256,566	20,556,445	68%
Total	**135,501,897**	**105,440,192**	**30,061,705**	**29%**

NPI has also been extended as a cross-border engine, as NPIx, for handling, validating, routing and processing cross border transactions. NCHL has collaborated with various other clearing houses, network and aggregators as international payment partner (IPP) across other territories and integrating with their systems or interface for cross border transactions (P2P and P2M).

Snapshots of Transactions Processed Through NPI

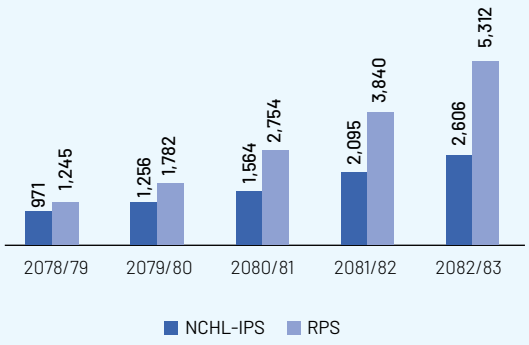
TRANSACTION VOLUME PROCESSED

(in '000)



TRANSACTION VALUE PROCESSED

(in NPR Billion)



CORPORATEPAY

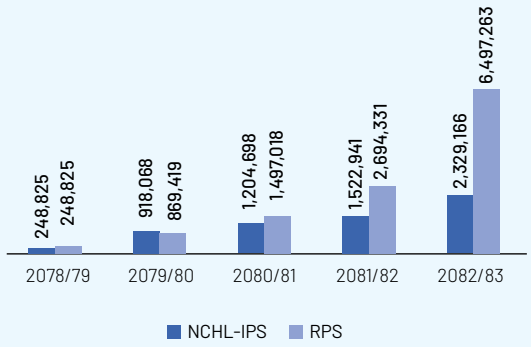
The acceptance of the CORPORATEPAY system has considerably increased during the review period with a more than 31,967 small and mid-size institutional customers of 46-member BFIs using the system for their business payments. CORPORATEPAY is being used for various payments including fund transfer, salary payments, vendor payments, GoN taxes including payment to DoC, NoC, SSF, CIT, EPF, etc. The system has needed controls for hierarchy based multi authorization. It processes real time transaction up to NPR 20 Lakh per transaction for different banks (Off-Us) and up to NPR 1 Crore for same bank (On-Us). The non-real time transaction up to NPR 20 Crore and GoN transaction up to NPR 30 crore per transaction can also be processed through the system. A total of 8,826,429 transaction equivalent to NPR 1.87 Trillion have been processed through CORPORATEPAY during the review period.

*connect*RTGS

*connect*RTGS has been subscribed by 44 BFIs including NRB out of which 42 BFIs are live such that they can initiate and process RTGS transactions. It is used as a converter and for interconnection between RTGS system and member's core system. A total of 331,692 transactions equivalent to NPR 9,054,307 Million were processed through *connect*RTGS during the review period.

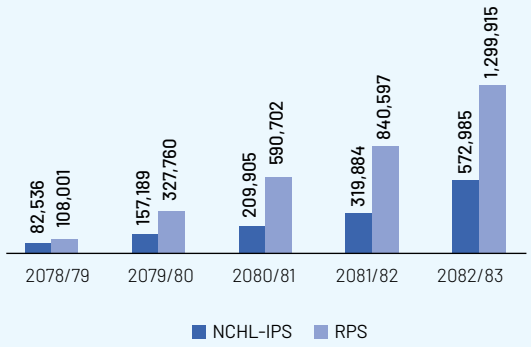
Snapshots of Transactions Processed Through CORPORATEPAY

TRANSACTION VOLUME PROCESSED



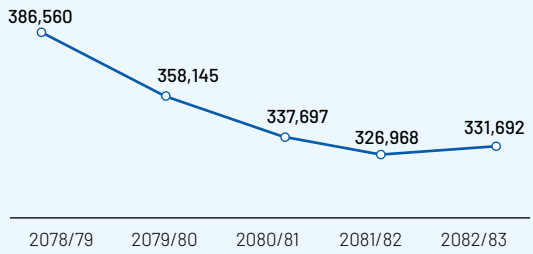
TRANSACTION VALUE PROCESSED

(in NPR Million)



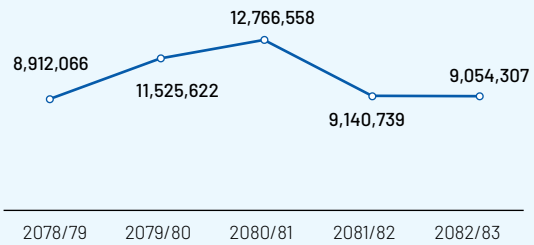
Snapshots of Transactions Processed Through *connect*RTGS

TRANSACTION VOLUME PROCESSED



TRANSACTION VALUE PROCESSED

(in NPR Million)

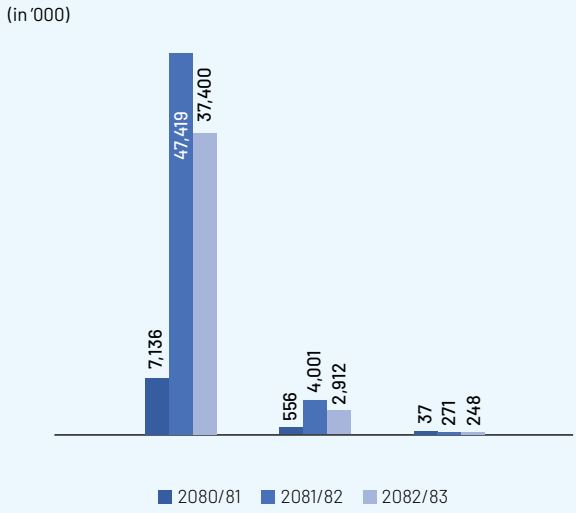


EFT CARD SERVICES

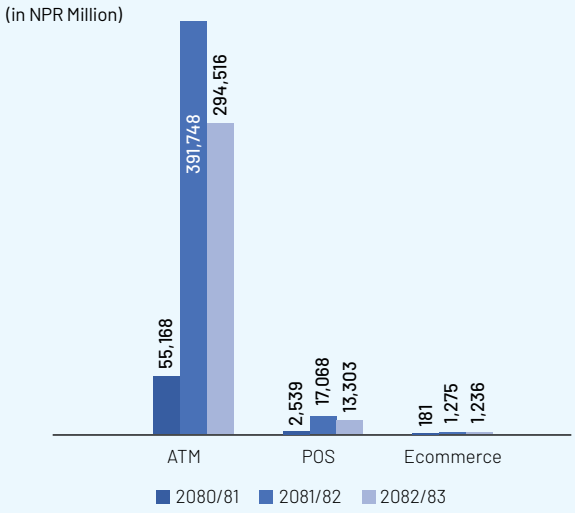
EFT Card Services is in operations with over 11 BFIs as its switch members. Total of 6 BFIs are using various other services of EFT Card, including Ecom. During the fiscal year 2082/83, NCHL has successfully processed total of 42,014,243 transactions equivalent to NPR 324,275 Million.

Snapshots of Transactions processed through EFT Card services

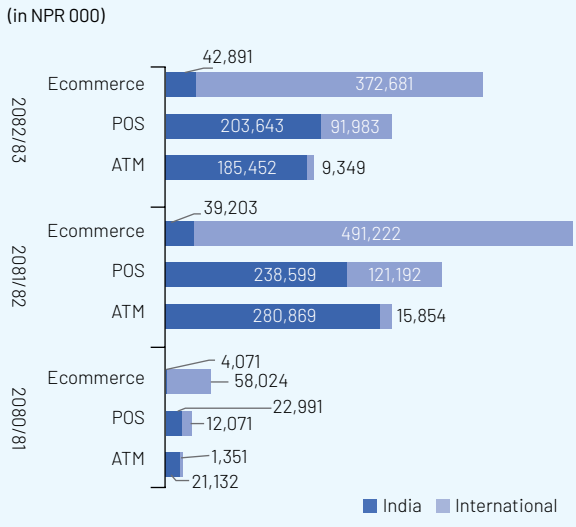
DOMESTIC CARD TRANSACTIONS - VOLUME



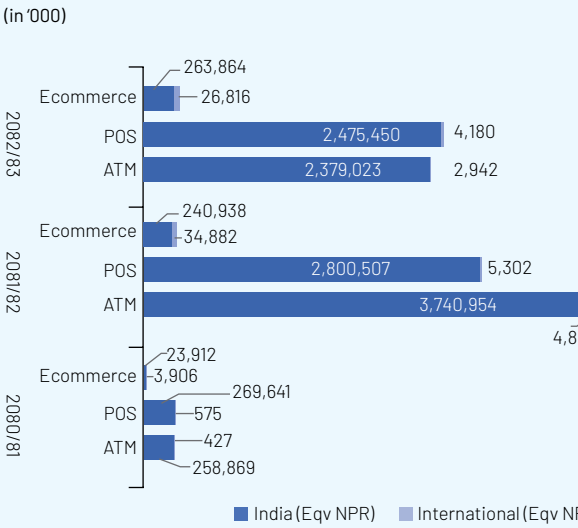
DOMESTIC CARD TRANSACTIONS



INTERNATIONAL TRANSACTION ISSUING VOLUME



INTERNATIONAL TRANSACTION ISSUING VALUE



NCHL-HELPDESK

NCHL-Helpdesk is an arrangement for providing first level support for its members. They provide necessary information and handle the issues and queries of the users of such members. NCHL-Helpdesk function is backed by the resources having both technical and operational expertise, which is available 24x7x365 days. Member BFIs are provided access to NCHL's helpdesk system for logging and follow up of the support tickets. A separate section is available in NCHL's website (nchl.com.np) to handle grievances related to NCHL. The registered grievances and feedback are handled by dedicated team within the helpdesk. The Helpdesk team can also be contacted through phone, mobile, Toll Free number or an email. It has also been supporting the end users and creditors/merchant on-boarded by the member BFIs for any technical issues. However, support related to transactions are done by the onboarding BFIs with needed support and coordination from NCHL.

MEMBER TRAININGS, ORIENTATIONS AND PUBLIC AWARENESS

NCHL provides multiple trainings and orientations to the users of the members including BFIs and other institutions. The training schedules are normally published in advance to all members such that they can nominate and send their participants for the trainings. NCHL has also shared its resources with the members for conducting their in-house trainings. NCHL had focused on awareness and orientations for BFI users for enhancing their capabilities on onboarding customers for digital platforms and for processing transactions. The orientation and trainings during the review period mainly focused on National Payment Switch including NEPALPAY Card, EFT services, CORPORATEPAY systems, Bank Central, *connect*IPS and NEPALPAY QR.

Details of various trainings and orientations conducted during the FY 2082/83 (2025/26) are as follows:

Training/Orientation	Count	Participants
NCHL-ECC & NCHL-IPS	11	558
CORPORATEPAY	30	685
NCHL Bank Central and its components	17	644
NCHL NPS-NCS Back-Office System	10	38
NCHL-EFT Training	1	5
NPS-NCS & NEPALPAY Backoffice operations	1	4
Total	**70**	**1,934**



05

GOVERNANCE & RISK MANAGEMENT

This chapter presents NCHL's corporate governance structure, functioning of Board of Directors and the comprehensive Risk Management Framework that are in place for managing the business, operational and systematic risks.

SECURITY CERTIFICATIONS



Certificate of Registration

This certificate has been awarded to

Nepal Clearing House Ltd. (NCHL)

Kamaladi Complex (3rd and 4th Floor) and DD Plaza (1st, 2nd and 3rd Floor), Kamaladi, Kathmandu, Nepal

In recognition of the organisation's Information Security Management System which complies with

ISO/IEC 27001:2022

The scope of activities covered by the certificate is defined below

Please refer to the Appendix



PCI DSS LEVEL-1

ControlCase

CERTIFICATE OF COMPLIANCE

Nepal Clearing House Limited

Kamaladi Complex, 3rd floor, Kamaladi Rd, Kathmandu 44605, Nepal

has been certified by ControlCase and found to be in compliance with requirements of **Payment Card Industry Data Security Standard (PCI DSS) Version 4.0.1** as per Report on Compliance issued on **December 31, 2025.**

ControlCase is a Qualified Security Assessor (QSA) certified by the PCI Security Standards Council

Please note that this certificate does not constitute or imply any particular status for any entity and should not be relied upon by any third parties for any purpose. Validity is subject to the entity's continued compliance with the applicable PCI DSS requirements and successful completion of annual assessments. For clarification regarding the scope of this certificate and the applicability of its supporting documents, please refer to the Report on Compliance or contact ControlCase.

REFERENCE NO: 121125085STEMCHL | ENRTIRNTNE DATE: December 31, 2025 | ASSESSED BY: ControlCase



PCI PIN

ControlCase

CERTIFICATE OF COMPLIANCE

Nepal Clearing House Limited

3rd &9th Floor Kamaladi Complex, Kathmandu, Bagmati, Nepal 977

has been certified by ControlCase and found to be in compliance with requirements of **Payment Card Industry (PCI) PIN Security Version 3.x** as per Report on Compliance issued on **September 26, 2025.**

ControlCase is a Qualified PIN Assessor (QPA) certified by the PIN Security Standards Council

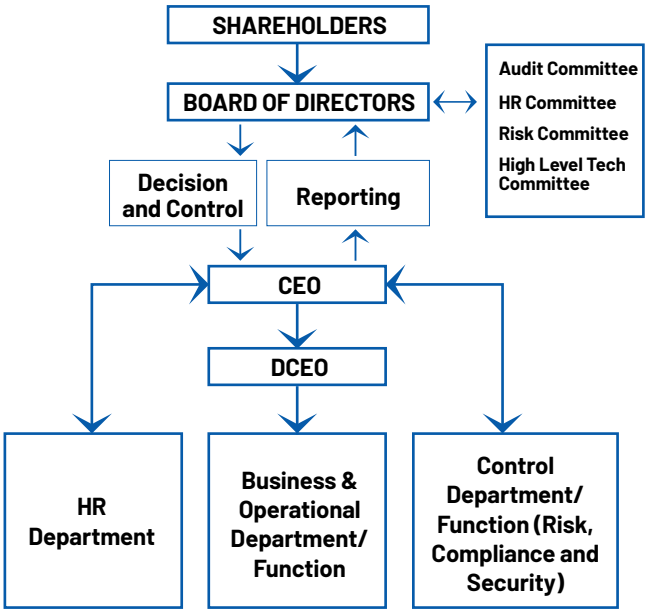
Please note that this certificate does not constitute or imply any particular status for any entity and should not be relied upon by any third parties for any purpose. Validity is subject to the entity's continued compliance with the applicable PCI PIN requirements and successful completion of annual assessments. For clarification regarding the scope of this certificate and the applicability of its supporting documents, please refer to the Report on Compliance or contact ControlCase.

REFERENCE NO: 083122326T0N4GHL | ASSIGNED BY: ControlCase

CORPORATE GOVERNANCE

NCHL has implemented a culture of robust corporate governance to achieve its objectives for the development of national payment infrastructures. A good corporate governance structure is the foundation for enabling prudent as well as effective management that ensures clear alignment of the stakeholders' interests, ensures accountability and transparency.

NCHL is committed towards the highest level of ethics, integrity, transparency, professionalism, and compliance. The Board of Directors, being primarily responsible for the corporate governance of NCHL, is committed to ensure the integrity, effective oversight, leadership, and control by directing and supervising the business affairs at the strategic level to adhere to the applicable regulations and to maintain the highest standards of business best practices in order to deliver long-term value to the stakeholders.



NCHL is guided by its Memorandum of Association (MOA) and Articles of Association (AOA). It is licensed by Nepal Rastra Bank under the Payment and Settlement Act, 2075 as a Payment System Operator (PSO). It has also fulfilled additional license requirement of Foreign Exchange Regulation Act, 2019 and business registration requirement of Local Self-Governance Act, 2055. Various laws and regulations which govern NCHL are as follows:

1. Companies Act, 2063 (First Amendment, 2074) and Company Directive, 2072 (Second Amendment, 2079)
2. Negotiable Instrument Act, 2034
3. Electronic Transactions Act, 2063
4. Payment and Settlement Act, 2075
5. Payment and Settlement Bylaw, 2077 (First Amendment, 2080)
6. Licensing Policy for Institution/Mechanism for Operating Payment Related Activities, 2073 (First Amendment, 2080)
7. Asset (Money) Laundering Prevention Act, 2064 and Asset (Money) Laundering Prevention Rules, 2073
8. Privacy Act, 2075 (2018)
9. Nepal ECC Rule Book and Nepal ECC Operating Rule
10. NCHL-IPS Operating Rules
11. NPS-Retail Payment Switch Operating Rules
12. Operating Procedure for Settlement Guarantee Fund
13. NPS-NPI Operating Rules
14. NPS-NEPALPAY QR Operating Rules
15. NPIx Cross Border Payment Operating Rules
16. NPS-NCS & NEPALPAY Card Operating Rules
17. NPS and NEPALPAY-Brand Guidelines
18. PCI DSS Version 4.0 Standard
19. PCI PIN Security Standard
20. ISO 27001 Standard
21. Rules of International Card Networks (for EFT Card Services)
22. Cyber Resilience Guidelines issued by Nepal Rastra Bank
23. Framework for Identifying Systemically Important Payment Systems (SIPS)
24. Directives and circulars issued by Nepal Rastra Bank from time to time

THE BOARD OF DIRECTORS

The Board of Directors is a body of elected or appointed members by the shareholders, who jointly oversee the activities of the company and are responsible for the company's strategy, structure, and performance including the assessment and management of risk related activities. The Board is accountable and responsible for ensuring that adequate systems and controls are in place; strategic decision making and financial performance of company.

As specified in the Articles of Association of the company, NCHL's Board comprises of 7 non-executive directors including Chairperson, who is elected from among the Directors. The Board is constituted by the institutional representatives from the shareholder groups and an independent director.

Shareholder composition and the board representation is as shown in the following table:

Shareholder composition and the board representation is as shown in the following table:

GROUP	SHAREHOLDERS	HOLDING	NUMBER OF BOARD REPRESENTATION
A	Nepal Rastra Bank	9.45%	1
B-1	Commercial Banks	90.55%	3
B-2	Development Banks		1
B-3	Finance Companies		1
	Independent Director		1

Following are the current members of the Board of Directors:

NAME OF DIRECTOR	INSTITUTIONS REPRESENTED
Mr. Hem Prasad Neupane, Chairperson	Executive Director, Nepal Rastra Bank
Mr. Ujjal Rajbhandary, Director	Deputy CEO, Himalayan Bank Ltd.
Mr. Mahesh Sharma Dhakal, Director	Sr. Deputy CEO, Nepal Investment Mega Bank Ltd.
Mr. Srijan Krishna Malla, Director	Chief Technology Officer, Siddhartha Bank Ltd.
Mr. Umesh Singh Bhandari, Director	Deputy CEO, Shangri-La Development Bank Ltd.
Mr. Lachhaman Prasad Jaisi, Director	Deputy General Manager, ICFC Finance Ltd.
Mr. Jagadish Dahal, Director	Advocate, Independent Director

Governance Framework

The roles and responsibilities of the Board of Directors are governed by the applicable laws, regulations, bylaws, directives and regulatory requirements as follows, including the Company's AOA:

- Section 95 of Companies Act, 2063 (First Amendment, 2074)
- Section 18 of Payment and Settlement Act, 2075
- Unified PSD Directive No. 11/082 Point no. 1 & 2
- Internal Policies viz. NCHL Code of Conduct, NCHL AML & CFT Policy, NCHL Information Security Management System Policy and NCHL Fraud Risk Management Policy.

Roles and Responsibilities of Board

CHAIRMAN: The Chairperson provides leadership and guidance to the Board, ensures effective and constructive discussions and promotes good governance, accountability and transparency.

DIRECTORS: Directors contribute to strategic direction of NCHL and oversee its overall performance and operations. They exercise sound judgment and ensure that NCHL maintains effective risk management, internal controls, regulatory compliance and financial discipline.

INDEPENDENT DIRECTOR: Independent Director brings objective and impartial perspective to Board discussions ensuring that decisions are made fairly and in the best interests of NCHL and its stakeholders.

Board Oversight and Effectiveness

The Board regularly observes its overall functioning and effectiveness through Board meetings, constructive deliberations and ongoing oversight of NCHL's strategic, operational, financial, risk management, compliance and governance related matters. The Board considers quality of discussions, participation and contribution of its Members, implementation of its decisions and the effectiveness of its oversight in guiding NCHL towards its strategic objectives. Through regular engagement with Management and review of relevant reports and updates, it ensures the key matters are appropriately considered and addressed in timely manner. The Board remains committed to continuously enhancing its effectiveness, accountability and governance practices through regular review and open discussion.

Appointment and Induction of Directors

Directors are appointed and/ or elected as per procedure prescribed by AOA of the company. Following their appointment, Directors are introduced to NCHL's governance structure, company's mission and vision, payment systems, clearing and settlement systems being operated by NCHL, strategic priorities, key business activities and relevant policies and procedures. This provides an opportunity to the Directors to gain an understanding of NCHL's operations and their roles and responsibilities as Board members. Directors are also informed of key business developments, regulatory updates and other matters necessary for them to discharge their responsibilities properly.

Report on the Major Activities of Board of Directors:

Followings were the major activities conducted by the Board of Directors in the FY 2082/83 (2025/26):

1. Discussion and approval of NCHL's Annual Business Objectives, Annual Plan and Budget.
2. Review and approval of cross border payment arrangements under the LankaPay corridor and cross border card to QR payments.
3. Review of the impact of the Gen Z Protest on NCHL's systems and its operations.
4. Review and approval of various new policies, including the NCHL Dividend Distribution Policy and NCHL Know Your Employee Policy, as well as review of existing policies.
5. Review and discussion of the Audited Financial Statements, Statutory Audit Report and Annual Report for FY 2081/82.
6. Review of matters relating to the conduct of the 14th Annual General Meeting.
7. Procedural arrangement of appointment of new Directors including prescribed oath taking process.
8. Review and discussion on tax audit and tax return filling.
9. Discussion on matters relating to the commercial rollout of NEPALPAY Card.
10. Review and discussion of the Quarterly Internal Audit Reports.
11. Review of the activities undertaken by the Board level sub-committees during the year.
12. Discussion on preparation and matters pertaining to regulatory inspection, lobbying and reporting.
13. Review of AML & CFT compliance, activity report and institutional risk assessment.
14. Review and approval of the participation of Directors and CEO in various conferences, seminars and training programs.

Board Participation in Professional and Strategic Programs

As part of commitment to strengthening corporate governance, strategic alignment and stakeholder representation, the Board of Directors were engaged in various event, training programs, seminars focused on payment systems, digital transformation, international card scheme (for NPS-NCS & NEPALPAY Card and Cross border payments), cyber security, risk management and corporate governance in financial infrastructure. The total expenditure related

to the training and official travel of Board Members amounted to NPR 2,107,529, inclusive of registration and participation fees, travel and accommodation, and travel & daily allowances. These expenditures have been carried out in accordance with the AOA and the policies.

Board Corporate Governance Compliance Statement

The Board of Directors of NCHL is committed to maintaining sound corporate governance practices and ensuring effective oversight of NCHL's functioning. The Board carries out its responsibilities in accordance with the applicable laws and regulatory requirements, including the Companies Act, 2063, Payment and Settlement Act, 2075, Payment and Settlement Bylaw, 2077, directives issued by Nepal Rastra Bank and NCHL's MoA and AoA.

During the year, the Board provided strategic direction and oversight on NCHL's business operations, financial performance, risk management, internal controls, regulatory compliance and other matters. The Board also reviewed and approved relevant policies, procedures, budgets and key business and operational matters. The Board is supported by relevant Board level committees and management in discharging its oversight responsibilities. NCHL maintains appropriate processes for Board meetings, decision making, and monitoring of compliance with applicable legal and regulatory requirements. Further, the Board is committed to continuously strengthening its governance practices, promoting transparency and accountability and ensuring that NCHL operates in the best interests of its shareholders.

Role of Board and Management

The responsibility for day to day management of the company is delegated to the management team. The reporting line between the Board and Management team has been clearly defined ensuring effective monitoring of the senior management by the Board. The management team consists of professionals coming from diverse range of professional backgrounds including banking, information technology, chartered accountancy, law and marketing. The management team is led by the Chief Executive Officer, who is duly accountable to the Board. The Board is mainly involved in formulating strategic and annual plans, approving annual budget, formulating internal policies and procedures including risk management framework. All the key policies, procedures and governance aspects are regularly reviewed by the Board.

Review of Management Performance by the Board

The Board of Directors conducts quarterly review of the business objectives of the company and the performance of the management including operational, business and financial indicators.

In the FY 2082/83, there has been change in the representation from Nepal Rastra Bank (Group A) and consecutive change in the Board's chair. Mr. Chet Prasad Neupane held Board's chair from Jestha 4, 2082 till Chaitra 30, 2082, thereafter Mr. Hem Prasad Neupane has been representing NRB and leading the Board. Further, following the election in the 14th AGM held on 2082/09/03, Mr. Mr. Umesh Singh Bhandari, Deputy CEO from Shangri-La Development Bank Ltd., Mr. Lachhaman Prasad Jaisi, Deputy General Manager from ICFC Finance Ltd. have been appointed as Directors from Group B-2 and Group B-3 representing development banks and finance companies respectively in the NCHL's Board.

Board Meetings

The Board has appointed the Chief Executive Officer and given additional responsibility as Company Secretary also, who helps to convene the Board meetings and prepare agendas for discussion in the meeting, ensure implementation of decisions made by the Board and/or address the matters raised by the regulatory authorities. The Minutes of the board meeting are retained by the Company Secretary.

During the review period, a total of 17 board meetings were conducted and a summary of the attendance of the Directors in the Board meeting is as shown in the following table.

BOARD MEMBER	TOTAL MEETING ALLOWANCE	MEETINGS ATTENDED/ MEETINGS HELD
Mr. Hem Prasad Neupane**		5/5
Mr. Chet Prasad Uprety*		12/12
Mr. Ujjal Rajbhandary		10/17
Mr. Mahesh Sharma Dhakal		17/17
Mr. Srijan Krishna Malla		16/17
Mr. Til Bahadur Gurung*	1,020,000	5/8
Mr. Umesh Singh Bhandari**		6/9
Mr. Amit Shrestha*		7/8
Mr. Lachhaman Prasad Jaisi**		9/9
Mr. Jagadish Dahal		15/17

** Outgone; ** Joined during FY 2082/83*

BOARD LEVEL COMMITTEES

NCHL has four Board level committees including Audit Committee, Risk Committee, HR Committee and High Level Technology Committee. The Audit Committee and Risk Committee have a designated Secretary, who is responsible for convening the meeting on a timely manner and communicating decision of the Committee to the other concerned departments. The necessary coordination and communication of HR Committee and High Level Technology

OUTGONE BOARD MEMBER		INCOMING BOARD MEMBER	
NAME	INSTITUTIONS REPRESENTED	NAME	INSTITUTIONS REPRESENTED
Mr. Chet Prasad Uprety	Nepal Rastra Bank	Mr. Hem Prasad Neupane	Nepal Rastra Bank
Mr. Til Bahadur Gurung	Muktinath Bikas Bank Ltd.	Mr. Umesh Singh Bhandari	Shangri-La Development Bank Ltd.
Mr. Amit Shrestha	ICFC Finance Ltd.	Mr. Lachhaman Prasad Jaisi	ICFC Finance Ltd.

Committee are managed by the CEO. For effective discussions of agendas, other concerned staff from the Management team are also invited as per requirements. Further, meeting agendas are circulated to the Board Members in advance of meetings to ensure that they have timely and adequate information to participate in the meetings.

I. AUDIT COMMITTEE

Audit Committee is formed pursuant to Section 164 of Companies Act, 2063 and functions as per the provisions of Section 165 of the same Act. It comprises of three Directors from the Board as its Members and Head – Finance/Accounts and Strategy acting as its Secretary. The Committee reports directly to the Board on the matters concerning financial reporting, internal control and auditing as per the revised Terms of Reference (TOR) approved by the Board.

The committee regularly reviews the internal control system, related to financial and operational matters. It also conducts periodic review of financial statements, review of findings reported in the internal audit, statutory audit and ISO audit with appropriate recommendations to the Board for necessary policy changes as a result of the audit/ reviews. The Audit Committee periodically updates the Board on the major decisions of the Committee.

Audit Committee Composition and Attendance

A total of 5 meetings were held during the review period. The attendance details of the Audit Committee's members in the meeting are as follows:

NAME OF MEMBER	ROLE	MEETINGS ATTENDED/ MEETINGS HELD
Mr. Mahesh Sharma Dhakal, Director	Chairperson	5/5
Mr. Amit Shrestha, Director*	Member	3/3
Mr. Lachhaman Prasad Jaisi, Director**	Member	2/2
Mr. Jagadish Dahal, Independent Director	Member	4/5
Mr. Ananda Marasini, Head – Finance/Accounts and Strategy	Secretary	5/5

** Outgone; ** Joined during FY 2082/83*

Report on the Major Activities of Audit Committee:

The Audit Committee conducted the functions as mandated by Section165 of the Companies Act, 2063. Accordingly, followings were the major activities conducted by the Audit Committee in the FY 2082/83 (2025/26):

1. Reviewed financial statement of the FY 2081/82 (2024/25) and recommended to the Board for approval.
2. Discussed over matters concerning appointment of Statutory Auditor for the FY 2082/83 (2025/26) and recommended the name to be proposed in the 14th AGM through the Board.
3. Discussed over matters concerning appointment of Internal Auditor including scope of work for the FY 2082/83 (2025/26) and recommended to the Board of Directors.
4. Reviewed the findings, recommendations and management responses of the quarterly Internal Audit Reports.
5. Reviewed the Financial Statements and Budget Variance Report of the company reported by the Management on quarterly basis.

II. RISK COMMITTEE

The responsibilities pertaining to review of the risk management were performed by the Audit Committee. In order to ensure more effective and focused oversight of risk-related matters, NCHL Risk Committee comprising Board-level members had been constituted as per the resolution of the 263rd Board Meeting held on 28th February 2025. The Committee is responsible for assisting the Board in discharging its oversight responsibilities relating to the identification, assessment, monitoring and management of risks across the organization as well as compliance oversight. It comprises of three Directors from the Board as its Members and the Head-Risk & Compliance as its Secretary. The Committee reports directly to the Board on the matters concerning risk management as per the Terms of Reference (TOR) approved by the Board.

The Risk Committee assists the Board to oversee important financial, operational, technological, compliance and strategic risks. The Committee reviews the organization's risks, checks that policies and controls are effective and ensures compliance with laws and regulations. It also monitors key risks, advises on new or emerging risks, promotes a strong risk-aware culture, and reports regularly to the Board with updates and recommendations to support decision-making. It also reviews and recommends necessary changes and/ or amendments in the policies and procedures of the company for further considerations by the Board.

Risk Committee Composition and Attendance

The Risk Committee member composition was changed in the FY 2082/83, following the joining of new directors' post company's 14th AGM. A total of 3 meetings were held during the review period. The attendance details of the Risk Committee's members in the meeting are as follows:

NAME OF MEMBER	ROLE	MEETINGS ATTENDED/ MEETINGS HELD
Mr. Srijan Krishna Malla, Director	Chairperson	2/2
Mr. Mahesh Sharma Dhakal, Director	Member	3/3
Mr. Amit Shrestha, Director* Member		2/2
Mr. Jagadish Dahal, Independent Director	Chairperson (Previous)	1/3
Mr. Lachhaman Prasad Jaisi, Director**	Member	1/1
Ms. Prajana Kayastha, Head – Risk & Compliance	Secretary	3/3

** Outgone Member; **Joined during FY 2082/83*

Report on the Major Activities of Risk Committee:

Followings were the major activities conducted by the Risk Committee in the FY 2082/83 (2025/26):

1. Discussed on AML & CFT Activity Report and Institutional Risk Assessment Report of FY 2081/82.
2. Reviewed the results of Risk Register, Assessment & Treatment Plan for FY 2081/82 - Q3 and for FY 2082/83 - Q1 and Q2.
3. Reviewed Asset Based Risk Assessment for FY 2082/83.
4. Reviewed Compliance Self-Assessment & Cross Functional Assessment of FY 2082/83.
5. Discussed on the status of ongoing Court Cases and operational issues.

III. HR COMMITTEE

HR Committee of NCHL currently comprises of three members from the Board of Directors with an objective to formulate needed human resource polices and plans in order to develop and retain necessary human resource at the company.

All the policies related to employee recruitment, salary and benefits, performance appraisal and other related issues are overseen by the Committee. HR Committee provides necessary recommendations to the Board for changes in human resource policies.

The HR Committee member composition was changed in the FY 2082/83, following the joining of new directors' post company's 14th AGM. A total of 2 meetings of the HR Committee were held during the review period. The attendance details of the HR committee's members in the meeting are as follows:

NAME OF MEMBER	ROLE	MEETINGS ATTENDED/ MEETINGS HELD
Mr. Ujjal Rajbhandary, Director	Chairperson	2/2
Mr. Til Bahadur Gurung, Director*	Member	1/1
Mr. Umesh Singh Bhandari, Director**	Member	1/1
Mr. Jagadish Dahal, Independent Director***	Member	2/2

** Outgone Member;*
***Joined during FY 2082/83;*
**** New Member post re-composition of the Committee Members*

Report on the Activities of HR Committee:

All the matters related to NCHL's staff salary and benefits are overseen through HR Committee that reviews relevant salary and benefits matters in accordance with defined roles and responsibilities. The Committee supports the Board in ensuring that remuneration practices are fair, consistent, transparent and aligned with NCHL's organizational objectives. The HR Committee conducted following functions in the FY 2082/83 (2025/26) exercising powers conferred by NCHL's Board.

1. Reviewed the NCHL Know Your Employee Policy.

2. Reviewed and recommended necessary restructuring for fulfilling HR requirement.

IV. High Level Technology Committee

A Board Level Committee was formed as per 170th Board Meeting held on 24th March 2021 to recommend, review and monitor the execution of the NPS project. The Committee was previously referred as "NPS High Level Committee" and has been currently renamed as "High Level Technology Committee" for oversight and discussion on the technical matters concerning NCHL's operations and strategic direction. A total of 3 meetings of the High Level Committee were held during the review period to support the Management in the oversight for the execution of the Phase 2 of NPS related to National Card Switch and domestic card scheme for Nepal.

The members of the High Level Committee and their attendance details of the during the review period are as follows:

NAME OF MEMBER	ROLE	MEETINGS ATTENDED/ MEETINGS HELD
Mr. Ujjal Rajbhandary, Director	Chairperson	3/3
Mr. Srijan Krishna Malla, Director	Member	3/3
Mr. Til Bahadur Gurung, Director*	Member	3/3
Mr. Umesh Singh Bhandari, Director**	Member	-

** Outgone Member; **Joined during FY 2082/83*

Report on the Activities of High Level Committee:

Followings were the major activities conducted by the High-Level Committee in the FY 2082/83 (2025/26):

1. Obtained periodic update of NPS-NCS and NEPALPAY Card project from the management and provided necessary guidance to the management for expedition of the project implementation during the review period.
2. Discussed on the progress of other strategic projects.

MEETING EXPENSES

The members of Board, Audit Committee, Risk Committee, HR Committee and NPS High Level Committee are provided NPR 10,000 as the meeting allowance per sitting. In the review period, the company incurred the total meeting expenses of NPR 2,055,517, with NPR 1,400,000 incurred for meeting allowance and NPR 655,517 incurred for other meeting expenses. The details of the meeting expenses are disclosed in notes to the accounts.

SHAREHOLDERS AND STAKEHOLDERS COMMUNICATION

NCHL is committed to maintaining clear, timely and transparent communication with its shareholders and stakeholders. NCHL communicates through various channels including Annual General Meetings, its website, official notices, reports, social media and

through other appropriate channels. These channels provide stakeholders with access to relevant information on NCHL's performance, activities, key developments and other related matters. NCHL continues to strengthen its communication practices to promote transparency, accessibility and stakeholder's engagement.

The Board encourages and facilitates the active participation of shareholder at Annual General Meetings. Annual General Meeting is a forum for shareholders to exchange their opinions and views, participate in discussion, seek clarification on matters presented and express their views on NCHL's performance and other key matters. Therefore, NCHL maintains transparent discussion with its shareholders ensuring that their views and feedback are appropriately considered. Further, all necessary information as per the prevailing Company Act is incorporated in the Annual Report. It covers all the necessary financials and disclosures required to provide detailed information to the shareholders. Mentioned information is also uploaded at NCHL's website (www.nchl.com.np). As per the Nepal Rastra Bank's Payment Systems Department Unified Directive (Directive No. 11/082 Clause No. 5), NCHL has been publishing its unaudited semi-annual financials as well as annual report on its website for its shareholders and public consumption. Any other information that requires to be communicated to the shareholders are shared and communicated on regular basis through various mediums and in various platforms.

INTERNAL CONTROLS

Internal control system of an organization ensures effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulation. NCHL recognizes the significance of internal control system and hence, the devised internal controls are duly implemented and reviewed to obtain reasonable assurance of such controls. NCHL has incorporated following elements as a part of its internal control system:

Policies and Procedures

NCHL's Board has formulated and approved set of internal policies and procedures, which are implemented by the Management in its day to day operations. The policies and procedures are regularly reviewed and updated by the Board. The current prevailing major policies and procedures of NCHL are as follows:

S.No.	Name of the Policy/Procedure	Policy Statement
1	Code of Conduct	Establishes principles and standards for all employees to uphold ethical conduct, integrity, professionalism, accountability and confidentiality in all actions and activities undertaken at NCHL.
2	Financial Rules and Regulations	Establishes framework for sound financial management, budgeting, expenditure, accounting and procurement, ensuring transparency, accountability and effective utilization of financial resources
3	Risk Management Framework	Forms the basis of the company's other policies and provides process for identifying, assessing, mitigating, monitoring, and reporting risks, supporting informed decision-making and effective risk oversight.
4	Investment Policy	Forms the basis for management of surplus funds for generating income and capital growth. Provides guidelines for the management and investment of surplus funds with focus on security, liquidity, risk management and returns
5	Discount/Waiver Policy	States approval authority, procedure and criteria for granting discounts and waivers in transparent manner to NCHL's Members/other Parties.
6	IT Security Policy	Establishes risk-based approach to IT and cyber resilience, covering key areas such as physical security, access control, network and endpoint protection, cryptography and key management, data protection, incident response, vendor risk management and security awareness.
7	Disaster Recovery and Business Continuity Plan	Establishes measures to maintain continuity of critical operations and ensure timely recovery of systems and services in the event of disruptions, incidents or disasters.
8	Information Security Management System Policies	Provides framework for managing information security risks and safeguarding the confidentiality, integrity and availability of NCHL's information assets.
9	Employee's Service Rules	Prescribes terms and conditions of employment, employee rights and responsibilities, conduct, benefits, leave, disciplinary matters, and other employment related matters.
10	Human Resource Plan	Provides procedure for workforce planning, succession planning, capacity building and alignment of human resources with NCHL's strategic objectives.
11	Employee Performance Objectives and Appraisal Procedures	Ensures that performance objectives and goals of all staffs at NCHL are planned, mutually agreed upon and measured in alignment with the organization's overall objectives. Provides an open platform for employees and management to discuss achievements and provide feedback on areas for improvement.

S.No.	Name of the Policy/Procedure	Policy Statement
12	Travel & Daily Allowance Policy	Establishes guidelines and control for official travel, travel related expenses, daily allowances, approvals and reimbursement to ensure consistency and transparency.
13	Standard Operational Procedures	Defines key processes, responsibilities, approvals and controls, which is periodically reviewed to align with operational and regulatory requirements. Ensures consistent, efficient and execution of operational activities.
14	AML CFT Policy	Establishes framework for identifying, assessing and mitigating money laundering and terrorist financing risks including member due diligence, transaction monitoring, sanctions screening, reporting and regulatory compliance.
15	Assets Disposal Policy	Provides transparent and controlled procedures for the approval, valuation, disposal and accounting of obsolete and surplus assets.
16	Fraud Risk Management Policy	Provides framework for preventing, detecting, assessing, investigating, reporting and responding to fraud risks and incidents with the objective of strengthening NCHL's internal control environment.
17	Know Your Employee Policy	Establishes framework for conducting appropriate due diligence on employees and prospective employees to promote integrity, transparency and accountability.

Internal Audit

The Internal Audit reviews the effectiveness of internal control procedures and compliance with policies and procedures across all system and operational departments. The objectivity of the internal audit engagement is to support NCHL's management in effective discharge of their responsibility. The quarterly Internal Audit was conducted by M/s S&S Associates, Chartered Accountants for the FY 2082/83 (2025/26).

Quarterly internal audits were carried out during the review period under the supervision of the Audit Committee. S&S Associates, Chartered Accountants was paid NPR 282,500 including VAT with additional internal audit expenses of NPR 43,049 on actual basis for the fiscal year.

RISK CONTROL AND CERTIFICATION

ISO Certification

ISO 27001:2022 certification assures organization's confidentiality, integrity and availability of the information assets. Information security and its management has always been the priority at NCHL. Hence, as a part of ISO 27001:2022 certification, ISO surveillance audit is carried out every year by the ISO 27001 certified auditors with requirement of complete re-certification every three years.

ISO 27001:2013 certification was obtained by NCHL on 16th April 2015 from URS Certification India, which is an accredited certification body of United Kingdom Accreditation Service (UKAS). NCHL successfully completed the transition audit from ISO 27001:2013 to ISO 27001:2022, which was awarded on 19th February 2025. In addition, the last annual surveillance audit was conducted on 25th May 2026.

The scope of ISO 27001:2022 includes management, operation and maintenance of information security management system covering information systems, assets and associated processes related to company's business activities for payment processing, clearing and settlement in Nepal.

PCI-DCC and PCI-PIN Certification

NCHL has maintained full compliance with international payment security standards namely PCI DSS Version 4.0.1 and PCI PIN Security Version 3.1 showcasing its strong commitment to protecting cardholder data and PIN information. The scope of the PCI DSS certification covers card issuance, acquiring services, personalization, ATM/POS operations, Green PIN, 3D Secure and transaction management. NCHL has also achieved compliance with the PCI PIN Security Standard Version 3.1, reaffirming its ability to protect PIN data through stringent physical, logical, and procedural controls. The compliance assessment covers key lifecycle management, secure processing and transmission of PIN data, and the implementation of strong monitoring and governance mechanisms. PCI PIN compliance certificate was received on 26th September, 2025 and PCI DSS Certificate of Compliance was received on 31st December 2025. Together, these certifications demonstrate NCHL's comprehensive and ongoing commitment to maintaining the highest levels of security across its national payment infrastructure.

Risk Assessment

As a part of internal control, NCHL's Board and Risk Committee has devised Risk Management Framework based upon which the potential risks are identified, measured, controls implemented and monitored as Risk Assessment. The individual functional heads are responsible for the risks and their controls. A Risk Register, Assessment and Treatment Plan is updated on quarterly basis, which remains under the custody of the Head - Risk & Compliance and is reviewed by the Risk Committee with key items forwarded to the Board for necessary considerations. The risk management practice adopted by NCHL is detailed in the Risk Management section.

Compliance Self-assessment and Cross-functional Review

In order to ensure compliance to all the policies, procedures and regulatory requirements, NCHL has adopted a practice of Compliance Self-assessment and Cross-functional Review, whereby compliance self-assessment of all the relevant policies, procedures and regulatory requirements are carried out by individual functional

heads. A cross-functional assessment is carried out by cross-functional heads.

The primary objective is to ensure adherence to the internal policies and regulatory requirements and to identify areas of further improvements/amendments as part of the annual review of such policies/procedures. The annual assessment also includes review of access rights, log review, review of supplier's services and confirmation from critical vendors ascertaining compliance to information security, confidentiality, operational and financial conditions. The assessment is conducted on annual basis and the results are reported to the Risk Committee for necessary considerations.

The annual compliance self-assessment and cross functional review have been conducted in FY 2082/83 (2025/26). The review also included NRB Payment and Settlement Act, 2075, NRB Payment and Settlement Bylaw, 2077 (with First Amendment, 2080) and Unified Directive, 2082 issued by NRB Payment Systems Department and Labor Audit mandated by Rule 56 (2) of Labor Rules, 2075 for the assessment.

IS Audit and Vulnerability Assessment & Penetration Testing (VAPT)

In order to obtain acceptable level of assurance of the security controls implemented on the systems of NCHL, IS audit including Vulnerability Assessment and Penetration Testing (VAPT) were conducted during the FY 2082/83. The scope of IS audit and VAPT included review of IT infrastructures of the organization focusing on network, network policies, web applications, mobile applications, consolidated APIs, source code review and planned phishing/social engineering test to assess security awareness amongst staffs. The IS audit also assessed the compliance to regulatory policies, directive and guideline in terms of security, cyber resilience as well as adherence to the international best practices. Such assessments were performed by M/s Eminence Ways Pvt. Ltd. in the review period. Also, internal vulnerability assessment exercises were conducted by the internal IS team prior to release of new modules and/or major changes in the existing modules.

Accountability

The organizational structure ensures separation of duties and clearly defined responsibilities. Such organizational structure and responsibilities are clearly defined by the Board under Human Resource Plan. Each employee is assigned with individual annual performance objectives in line with the overall organizational business objectives and budget approved by the Board. This creates accountability of each employee towards the company and also aligns individual objectives with that of the company for the particular year.

External Audit

The independent audit function is discharged by the External Auditor. M/s J.B. Rajbhandary & DiBins, Chartered Accountants has been appointed as the external statutory auditor for the review period by the 14th AGM of the company. The external auditor is responsible for obtaining reasonable assurance that the financial statements are free of material misstatement whether caused by error or fraud. The scope of the external audit includes statutory and tax audit. Total fee of NPR 282,500 including VAT with additional external audit expenses of NPR 80,898 on actual basis was paid to the external auditor for the fiscal year.

The details of the audited financials for the fiscal year 2082/83 (2025/26) and Independent Auditor's Report are incorporated in the Financial Information Section of this report.

RISK MANAGEMENT

While NCHL remains committed to increasing value to the stakeholders, NCHL understands the importance of operating Systemically Important Payment Systems (SIPS) that have potential to cascade large scale systemic risks to the entire industry. Hence, it has taken into consideration effective risk management from SIPS perspectives along with it business and operational risks. NCHL has formulated and implemented a comprehensive Risk Management Framework for identifying and managing various risks. NCHL's Risk Management Framework is based on the Principles for Financial Market Infrastructures (recommended by Committee on Payment & Settlement Systems - CPSS), ISO 27001 standards related to Information Security Management System and its Policy, PCI Data Security Standard (PCI DSS) as well as other national and international best practices and guidelines (like NRB's Cyber Resilience Guidelines, National Cyber Security Policy) in the context/ relevancy of NCHL.

Risk Management Process

The risk management process involves risk identification, risk analysis, risk evaluation, risk treatment and review. The risks identified and assessed within the domains referred in the framework are compiled by the respective risk owners under detailed Risk Register and periodically reviewed by the Management and the Risk Committee.

The risk items that are identified are quantified based on their likelihood and impact. Likelihood represents the probability of occurrence of the risk, which is quantified in the range of 1 to 5, with 1 being Very Unlikely and 5 being Frequent. Impact represents the severity or implication that such risk may cause in case the risk is triggered, which is quantified in the ranges from 1 to 5, with 1 being Very Low and 5 being Very High. Risk Profile/ Matrix is the product of the risk likelihood and its impact. Based on the risk profile, priorities for the risks are set for risk treatment in terms of urgency, and budgets. Appropriate risk treatments including controls, transfers or acceptance are implemented. The risks including their risk profile and the controls are recorded in the Risk Register, Assessment and Treatment Plan, which is reviewed quarterly.

Risk Register, Assessment and Treatment Plan

Principles for Financial Market Infrastructures identifies 24 key areas for risk management of the systemically important payment

systems. Based on the applicability of the key areas for NCHL (payment systems only), NCHL has grouped the key risk areas under 9 domains. Accordingly, the risk identification, assessments and mitigation controls are applied, which are recorded and reviewed in a Risk Register. While conducting risk assessment, the controls are mapped as per ISO 27001 standard related to Information Security Management System (ISMS), PCI Data Security Standard (PCI DSS) and general internal controls in order to keep risk items under control check and provide assurance of risk management. Appropriate risk treatments including mitigation, controls or transfers are implemented. Also considering the ISO 27001 framework, an Asset based Risk Assessment is also conducted on an annual basis. Both the risk assessment and their method including key domains are as specified in the Risk Management Framework Policy of NCHL.

BUSINESS CONTINUITY PLAN ACTIVATION

NCHL has in place Business Continuity Plan & Disaster Recovery Plan (BCP & DR Plan) approved by the Board. The BCP & DR Plan has been prepared based upon IT Security Policy of NCHL to ensure that business continuity plan, backup and disaster recovery procedures are documented, implemented and tested periodically. The BCP & DR Plan is reviewed annually during Compliance Self-Assessment and Cross-Functional Audit for any changes. Periodic disaster recovery drill is also conducted based upon it to ensure readiness of the primary and secondary DR site. The implementation and effectiveness of BCP & DR Plan was tested in the true essence during the GenZ revolution and the aftermath following it during the fiscal year. Despite the arson in the collocated site, the affected infrastructures were timely relocated in another site without affecting the system uptime.

ETHICS AND COMPLIANCE

NCHL promotes culture of integrity, ethical conduct, accountability and compliance primarily through its NCHL Code of Conduct, Employee Service Rules, Know your Employee (KYE) policy and Fraud Risk Management Policy, among other relevant policies/ procedures. Policies are communicated and briefed to Directors and employees to ensure awareness of their responsibilities and expected standards of behavior. NCHL also maintains mechanism for identifying, reporting and addressing potential fraud, misconduct and compliance concerns in accordance with its Policies and Procedures.

Acknowledgement and Attestation Process

The Code of Conduct Policy are communicated to Directors and employees at the time of induction for awareness. Directors and employees are expected to comply with applicable provisions and maintain the highest standards of integrity and professional conduct.

Whistleblower Mechanism

As specified in Code of Conduct Policy and Fraud Risk Management Policy, NCHL encourages Directors and employees to report suspected fraud, misconduct, unethical practices or other concerns through the designated reporting process. Reported issues are handled in accordance with NCHL's Policies with confidentiality.

ENVIRONMENTAL AND SOCIAL OBLIGATIONS

Being one of the national critical payment infrastructure providers, NCHL is committed to conducting its operations in environmentally responsible, socially inclusive, ethical and sustainable manner. NCHL promotes responsible use of resources and seeks to minimize the environmental impact of its operations through digitalization, reduction in paper based processes and efficient use of resources. Further, NCHL is committed to maintaining safe, inclusive, respectful and non-discriminatory workplace, while promoting employee's professional development, equal opportunities and ethical conduct. NCHL also supports initiatives that contribute to financial inclusion, digital payment adoption and wider access to secure and efficient payment services. NCHL will continue to strengthen its environmental and social practices and integrate relevant environmental, social and sustainability considerations into its business operations, risk management and stakeholder engagement, as appropriate.

During the year, NCHL undertook and continued the following activities:

a. Promotion of the adoption of digital payment services through various offers, campaigns and other initiatives.

b. Supported various campaigns, offers, promotional activities and initiatives aimed at increasing women's participation in digital payments, particularly by encouraging the adoption of digital payment services among women merchants. These initiatives contribute to greater economic participation and access to digital financial services.

c. Promoted healthy and supportive workplace by creating awareness and providing facilities and initiatives aimed at employee well-being. NCHL remains committed to maintaining workplace where employees can perform their responsibilities in safe, respectful and conducive environment.

d. Conducted various awareness sessions and initiatives to promote the adoption of digital payment services and raise awareness of digital fraud risks in collaboration with educational institutions.

As provider of critical payment infrastructure, NCHL recognizes the importance of maintaining secure, reliable and resilient systems. NCHL continues to strengthen information security, operational resilience, risk management and related controls to ensure responsible delivery of digital payment services.

AWARDS AND RECOGNITIONS

National BPA Award 2025

NCHL was recognized with the Best Presented Annual Report 2025 award in Communication and IT sector by the Institute of Chartered Accountants of Nepal (ICAN). The award recognizes NCHL's commitment to excellence in corporate reporting, transparency, accountability and effective communication of its financial and operational performance.

Top 30 in Asia Fintech Alliance Award

NCHL was recognized and short listed under top 30 in the AFA Awards 2026, organized by Asia Fintech Alliance under the category of Fastest Growth Award. [Url: https://awards.asiafintechalliance.com/winners]. This represents NCHL's presence and recognition in the regional level as well.

NEPALPAY

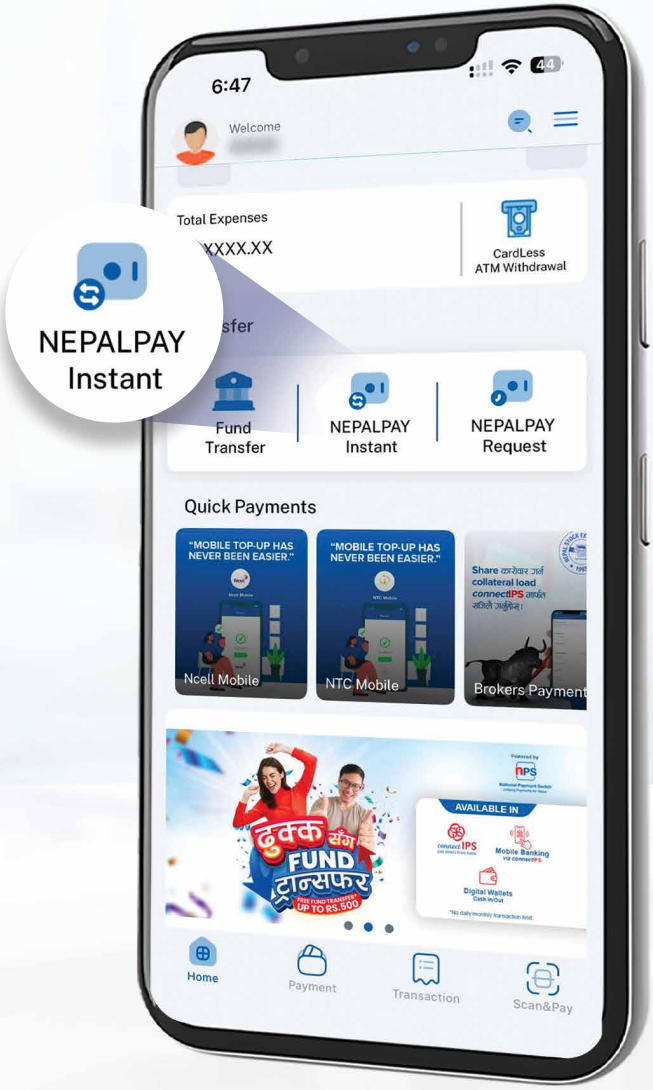
NEPALPAY Instant

अब Fund Transfer गर्न Mobile Number भए पुग्छ।

मोबाइल नम्बर
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तत्काले पैसा
पठाउन मिल्ने

सुरक्षित भरपर्दो
र सजिलो



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National Payment Switch
Unifying Payments for Nepal

06

MARKET ANALYSIS

NCHL continued to play a pivotal role in Nepal's digital transformation, with its payment infrastructure enabling sustained growth in retail transactions, cross-border payments, interoperability, and the development of domestic payment solutions.

Digital transactions in Nepal during FY 2082/83 has increased by 27% in terms of transaction volume and 41% in terms of transaction value including RTGS transactions against the transactions in FY 2081/82, as per the payment indicator published by NRB. Retail transaction (excluding RTGS) has increased by 27% and 17% in terms of transaction volume and value respectively during the same period. The last fiscal year had transaction volume growth of 33% and value growth (excluding RTGS) of 24%. The drop in the growth rate of digital transactions in FY 2082/83 may be attributed to the digital ecosystem establishing and also partly due to the economic slowdown triggered by the aftermath of the Gen Z protest. However, , the persistent growth in digital transactions underscores the momentum of the country's shift toward digitized payments and the digital economy.

Following the rapid conclusion of elections and the establishment of a new majority government in Chaitra 2082, the administration's strategic focus on economic digitization signals a robustly positive outlook for digital payments in the next fiscal year as well.

The major indicators for financial access in Nepal are as follows:

S No.	Particulars	FY 2082/83	FY 2081/82	% Change
1	No. of Banks & Financial Institutions (A, B & C)	53	54	(2) %
2	No. Payment System Operators (PSO)	8	9	(11) %
3	No. of Payment Service Providers (PSP)	19	23	(17) %
4	No. of BFIs Branches	6,347	6,522	(3) %
5	No. of Branchless Banking Centers	681	822	(17) %
6	No. of PSP Agents	345,394	427,787	(19) %
7	No. of ATMs	5,115	5,263	(3) %
8	No. of Mobile Banking Customers	30,100,555	27,741,284	9%
9	No. of Internet Banking Customers	2,499,020	2,219,341	13%
10	No. of Wallet Users	27,698,918	26,765,660	3%
11	*connect*IPS users	1,596,490	1,441,471	11%
12	No. of Cards (Debit/Credit/Prepaid Cards)	14,325,415	14,234,915	1%

Source: NRB website data of Ashad end 2083

In FY 2082/83, Nepal's digital payment landscape continued to expand, with mobile banking, internet banking, digital wallets and *connect*IPS registered user growth of 9%, 13%, 3% and 11% respectively, compared to FY 2081/82.

However, it's noteworthy that the growth rate has actually continued to subside compared to previous fiscal years, as mobile banking, internet banking, digital wallets, and *connect*IPS had recorded user growth rates of 13%, 16%, 14% and 13% respectively in FY 2082/83, which were also a drop from the growth rates in FY 2081/82. In case of number of cards, the growth rate has dropped significantly from 7% in FY 2081/82 to 1% in FY 2082/83. The decline in user's growth rate has been most prominent in case of wallet as the growth dropped from 14% in FY 2081/82 to just 3% in FY 2082/83.

Nepal's mobile banking user base has surged to 30 million+ in FY 2082/83, officially surpassing the country's 2021 census population of 29.1 million. Though its encouraging, the figure also reveals the prevalent market overlap, driven by tech-savvy consumers adopting multiple mobile banking apps and digital wallets whereas a portion of the population remains un-digitized. This underscores the need for more inclusive digital payment strategies and initiatives across the country

These trends indicate that Nepal's digital payments sector is moving past its era of hyper-growth into a stage of market maturity. For ecosystem players, this shift serves as a strategic nudge to prioritize value-driven product innovation, expansion towards underserved segments and need for close integration of such payment system with digital economy.



The major indicators for financial access in Nepal are as follows:

Particulars	Volume			Value (In Millions)		
	FY 2082/83	FY 2081/82	% Change	FY 2082/83	FY 2081/82	% Change
RTGS	823,637	842,122	(2)%	110,778,473	74,901,757	48%
NCHL-ECC	12,756,537	12,589,669	1%	6,624,714	6,289,358	5%
NCHL-IPS	35,973,213	30,080,372	20%	3,465,041	2,911,233	19%
RPS (*connect*IPS)*	110,325,856	90,390,469	22%	9,081,381	7,457,313	22%
Total Cards	129,249,372	144,654,355	(11)%	1,019,026	1,174,242	(13)%
Internet Banking	6,992,713	4,961,383	41%	278,544	233,800	19%
Mobile Banking	823,557,945	614,133,910	34%	6,636,840	5,018,334	32%
Branchless Banking	818,236	890,878	(8)%	18,637	19,436	(4)%
Wallet	529,135,010	400,929,083	32%	588,171	506,314	16%
Cross border QR Acquiring	2,848,799	993,582	187%	7,714	2,865	169%
Total Digital Transactions	1,652,531,318	1,300,465,823	27%	138,498,541	98,514,653	41%
Total Transactions (excluding RTGS)	1,651,657,681	1,299,623,701	27%	27,720,068	23,612,896	17%

Data Source: Payment Systems Indicators

In FY 2082/83, Nepal's payment sector continued on its advancements, driven by a mix of digital payment adoption, regulatory policy direction, and technological innovations. Key trends and milestones are outlined below, reflecting the continued evolution of Nepal's digital payment ecosystem.

Mobile-Based Transactions:

Continuing with the growth trend in past years, the major growth in FY 2082/83 transactions is in retail transactions driven by surge in the transactions from internet banking, mobile banking and wallets, with volume growth of 41%, 34% and 32% respectively. The growth rate here as well has decreased from 42%,46% and 36% respectively in FY 2081/82.

However, QR based payments has continued its strong growth trajectory with 81% volume growth from 324 million transactions in FY 2081/82 to 587 million in FY 2082/83. Likewise, cross border QR acquiring has also shown the grown from 0.9 million transactions in FY 2081/82 to 2.8 million in FY 2082/83. Growth in retail transactions are primarily driven by mobile banking, wallets, retail payment instruments (*connect*IPS). The QR based merchant payments is driving the acquiring transactions and still has strong growth potential with respect to other digital payment instruments.

Card-Based Payments:

In FY 2082/83, there has been a significant shift in case of card-based payments. The declining growth rate of card payments in last few years, have ultimately turned negative in FY 2082/83, showing 11% decline in transaction volume and 13% decline in transaction value compared to FY 2081/82.

ATM withdrawals, which constitute over 90% of all card-based transactions, dropped 10% from 129 million in FY 2081/82 to 117 million in FY 2082/83. Card POS volumes saw an even sharper decline of 27%, falling from 12.6 million to 9.3 million over the same period. While this downturn was triggered by cannibalization of such merchant payments by non-card based instruments including QR. This may be partly due to the physical disruptions, namely the destruction of ATMs and the closure of multiple superstore outlets following the Bhadra 24th incident (GenZ Protest). Card payments may be losing ground to mobile-based alternatives across primary use cases. However, after the commercial rollout of NEPALPAY Card as national card scheme, followed by aggressive interventions of all major international card schemes, it is expected that card issuance and transactions in card is expected to revive in in the upcoming fiscal years.

Government Payments:

Digitization of government payments and revenue collection continued its momentum in FY 2082/83 as well, with enablement of almost all government entities for their payout and revenue. All 753 local level Government entities have been enabled for digital payments and revenue collection. Effort will be required to further improve digital revenue collection for central Government and Local Government in the following fiscal years.

RTGS Transactions:

Real-Time Gross Settlement (RTGS) transactions saw a 48% increase in value, rising from NPR 74 trillion in FY 2081/82 to NPR 110 trillion in FY 2082/83. This surge reflects RTGS's growing adoption for high-value transactions and settlements. This is expected to further grow in terms of value, and in view of the implementation of PSO Settlement instrument of NPS, which allows other PSOs to process their net settlement in RTGS through NPS.

Cross-Border Payments:

In FY 2082/83, the cross border digital payments enablement by multiple PSOs has supported connecting Nepal's payment system with international networks and payment systems. Specifically, the UPI cross border payment of P2M and P2M with India and Alipay+ for inbound QR acquiring in Nepal have surged with cumulative cross border transactions.

NCHL became the first entity to enable outbound digital cross border transactions, with the go live of outbound P2M transactions in LankaPay QR of Sri Lanka, marking a key achievement. The long-awaited peer-to-peer (P2P) payment integration between India's Unified Payments Interface (UPI) and NCHL's National Payments Interface (NPI) has also commercially rolled out, enabling seamless cross border digital transaction between India and Nepal.

National Payment Switch (NPS)-
National Card Switch (NCS) and NEPALPAY Card:

NCHL announced commercial go live of the National Card Switch (NCS) and the domestic NEPALPAY card scheme, on 18th December 2025. By the end of Fiscal Year 2082/83, 36 BFIs have signed the membership agreement, with 11 BFIs gone live for issuing and/or acquiring and other BFIs undergoing technical readiness. Introduction of NPS-NCS and NEPALPAY is expected to support GoN and NRB's major initiative to drive domestic card scheme, data localization of financial transactions and reduce digital transaction cost. NCHL plans to make NEPALPAY Card available to the masses and introduce new card-based use cases to boost the card-based transactions in the market.

Regulatory and Policy Developments:

Nepal Rastra Bank (NRB) continues to regulate the payment ecosystem through the Payment & Settlement Act 2075 and Payment and Settlement Bylaw (First Amended, 2080), 2077 which provides the legal basis for the payment systems operated in Nepal. Like in previous fiscal years, in FY 2082/83 too, NRB issued the Payment System Related Unified Directive, 2082, which introduced provisions for RFID chip-based prepaid tags/cards for toll fee collection, revised downward the cash withdrawal limits applicable to Debit Cards, and revised the restriction on issuance of multiple cards from a single account by limiting the restriction to cards of the same nature (Debit/Credit/Prepaid) while providing an exception for cards issued under a Domestic Card Scheme.

NRB also emphasized the full operationalization of the National Payment Switch (NPS), including the National Card Switch (NPS-NCS) to facilitate domestic routing and settlement of card transactions. The NPS-NCS framework provides for routing card transactions acquired by Nepalese merchants through NPS-NCS, while same-bank transactions may be settled internally with transaction reporting to NPS-NCS for centralized reporting. As the NPS has fully implemented, it is expected that NRB will fully enforce its mandate in the next fiscal year related to interoperability and integration through NPS in the next fiscal year, which are already issued in it's regulatory directives.

Further, NRB also issued the Framework for Identifying Systemically Important Payment Systems (SIPS) by establishing criteria and an enhanced oversight framework for payment systems whose disruption could have significant implications for the financial system. Similarly, to promote regulatory innovation and enable the controlled testing of new payment technologies, NRB subsequently issued the Guidelines on the Regulatory Sandbox providing a controlled framework for testing innovative financial and payment products and technologies.



07

HUMAN RESOURCES

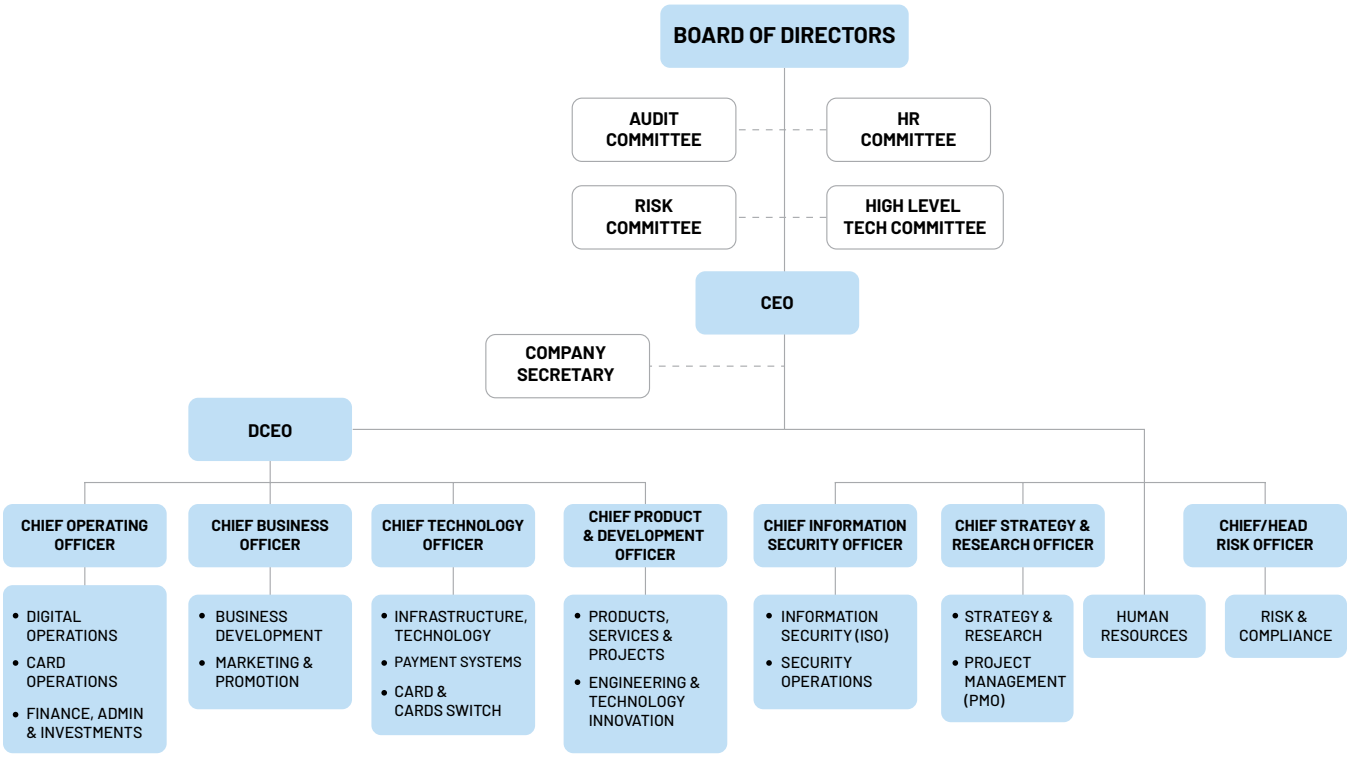
NCHL recognizes its employees as one of the key pillars in achieving its strategic objectives and deeply values their dedication, commitment, and continued contributions

Ensuring alignment of the organizational goals with the interests of both employees and the employer is regarded as one of the key drivers for sustainable growth of a company. With this mindset, NCHL remains committed to attracting and retaining its best talent and resources, fostering them continuous knowledge enhancement and advancing skill developments and creating opportunities for their career growth. Human Resources function at NCHL is governed by the well define policies including NCHL Code of Conduct, Employee Service Rules, HR Plan and Employee Performance Objectives & Appraisal Procedures, which are approved by the Board. These policies are fully aligned with the prevailing Labor Acts and Bylaws. Clear responsibilities and job description for each of the positions are defined through the HR Plan and employee performance is monitored through structured and periodic performance review.

Through these initiatives, NCHL endeavors to nurture a dynamic, ethical and growth-oriented workplace that not only supports organizational excellency but also empowers individual development and career progression.

NCHL has highly productive workforce with total of 165 employees at the end of the FY 2082/83 (2025/26), as compared to 151 in the previous year. It directly supports more than 18,000 bank users of 53-member BFIs equivalent to supporting 120 average users per employee. They also support close to 110+ live Indirect/technical members. Integration with the core systems and alternate channels of BFIs and the members for various systems of NCHL-IPS, RPS, NPS-NCS, RTGS, NPI, CORPORATEPAY and others are also developed, operated and monitored by these resources. NCHL support team has also been providing 2nd line support for the member BFIs in handling their *connect*IPS users, for enrollment of their creditor, merchants and corporate clients, handlings users of *connect*IPS, CORPORATEPAY and EFT card services.

ORGANIZATIONAL STRUCTURE



KEY HUMAN RESOURCE INDICATORS

EMPLOYEE MIX BY GENDER

GENDER	COUNT	PERCENT
Female	45	27%
Male	120	73%
Total	**165**	**100%**

The non-core office support related functions are outsourced from local personnel service providers.

EMPLOYEE PRODUCTIVITY INDICATORS

PARTICULARS	2082/83 (2025/2026)	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	FY 2079/80 (2022/23)	FY 2078/79 (2021/22)	FY 2077/78 (2020/21)
Number of Staff	165	151	130	72	59	34
Staff Turnover	7%	16%	7%	17%	20%	3%
Human Resource Expenses (in NPR '000) *	255,447	215,120	134,039	109,425	74,343	47,471
Average Expense per Staff (in NPR '000) *	1,548	1,425	1,031	1,520	1,260	1,396
Staff Expense to Total Operating Expenses *	114%	125%	116%	115%	88%	65%
Operating Income per Staff (in NPR '000)	6,711	6,835	6,026	9,460	11,218	14,106
Net Profit After Tax per Employee (in NPR '000)	2,491	2,764	3,080	5,233	6,011	7,484
Total Staff Bonus (in NPR '000)	60,967	62,791	59,374	55,648	52,344	37,702

** Figures prior to capitalization of HR Expense towards product or solution development*

EMPLOYEE PROMOTION RATE

Career progression of the employee within the company is important to ensure that there are continuous knowledge enhancement and opportunities created for their growth. Following is the promotion rate of the employee during the FY 2082/83.

NO. OF EMPLOYEES	PROMOTION	PERCENT
165	23	14%

RECRUITMENT PROCESS

NCHL believes in recruiting employees on the best-fit basis for any available job/ position based on competencies, skills, qualification, experience and aptitude. NCHL follows fair and competitive recruitment process providing an equal opportunity to all the deserving candidates. The HR function is executed by the Human Resource Department.

The recruitment is done through public notice of vacancy announcement and the applicants go through a series of screening steps. Appropriate controls are put in place from initial screening till finalization of the candidates. In order to make new recruits accustomed with the work culture of the company, induction session is organized. The job specification for each position is clearly indicated in its Human Resource plan.

In the FY 2082/83 (2025/26), 25 new employees were recruited.

REMUNERATION AND BENEFITS

NCHL has defined job level for its employees from L10 – L100, with L10 being the lowest level and L100 being the highest level. This is other than CEO's and DCEO's position. All the regular employees have job level with additional functional title. Remunerations and benefits are tied-up with the level and are defined in the Human Resource Plan and Employee Service Rules.

The minimum and maximum salary scale is defined for each level. All benefits and appraisal-based increments are computed based on basic salary. Salary scale is reviewed in every two-year based upon the company's financial position, inflation and prevailing market condition. Annual salary increments and Performance Based Variable Incentive (PBVI) is directly linked with performance of the staff, which is appraised as per the Employee Performance Objectives and Appraisal Procedure.

In case of other benefits, they are at par and in many cases above the mandates of the Labor Act, 2074 and Labor Bylaw, 2075. The Staff Bonus is distributed to all regular staff under statutory bonus and welfare bonus as per the Bonus Act 2030 based on the share of the profit contribution.

All salaries, benefits, allowances and payments made to the employee by the Company are made after necessary tax deductions as per prevailing Income Tax laws. Human Resource Expenses are disclosed in Notes to Account in detail.

STAFF TRAINING & DEVELOPMENT

NCHL promotes learning culture with regular internal knowledge sharing sessions as well as external trainings, courses, certifications, seminars and self-studies. The training requirements and expected skill sets for the company are identified as part of the annual work plan of NCHL and then they are mapped with the resources. These training and development activities are also part of the performance objectives of each employee.

Particulars	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	FY 2079/80 (2022/23)	FY 2078/79 (2021/22)
Staff Training Expenses (in '000)	2,809	2,708	1,942	752	284
Training Expense / Staff Expenses	1.1%	2%	1.5%	1%	0.4%

STAFF WELFARE COMMITTEE

A committee was constituted in FY 2071/72 (2014/15) as 'Staff Welfare Committee' as per the Clause 47 of NCHL Employee Service Rule that has the following responsibilities.

1. To hold consultation to improve working environment;
2. To handle grievances of the employees;
3. To address employee's Health and Safety in the company;
4. To decide on utilization and operation of Staff Welfare Fund in the interests of the employees;
5. To co-ordinate for various activities/functions for the welfare of the employee including team building HR activities, staff canteen, and similar.

STAFF HEALTH AND INSURANCE

The Company believes that the health of employees and support for expense coverage for any medical requirements are very critical and important for both the company and its employees. Company purchases a standard group medical insurance to cover employees and their immediate family's medical expenses up to total of NPR 500,000 per annum and group personal accidental insurance up to NPR 1,000,000 to cover risks of loss due to accident.

STAFF LEAVE

Apart from the working days and number of leaves mandated by the Labor Act and Bylaw, NCHL have been implementing 5 working days with Flexi weekend policy since Bhadra 2079, as it believes that it promotes good physical and mental health in the workplace and improves people's work-life balance reducing stress and unscheduled days off. NCHL encourages its employee to take planned block annual leaves, which has also helped the company to plan and evaluate contingencies of critical resources.





Staff Conclave 2026



NCHL 17th Anniversary Celebration

साना उद्यमी देखि ठूला व्यवसायी, सबैको रोजाइ

NEPALPAY

नेपालको आफ्नै QR



NEPALPAY QR लिन आजै आफ्नो बैंक तथा वित्तीय संस्था वा वालेटलाई सम्पर्क गर्नुहोस् र डिजिटल भुक्तानीको सुरुवात गर्नुहोस्।

08

SUSTAINABILITY AND ESG REPORT

Building a Secure, Inclusive and Sustainable Digital Payment Ecosystem

Sustainability is closely connected with our role as a national payment infrastructure provider. We recognize that the long-term sustainability of a payment system operator extends beyond financial performance and encompasses financial inclusion, accessibility of digital financial services, cybersecurity & data protection, operational resilience, responsible innovation, human capital development, environmental responsibility, sound corporate governance and the creation of long-term value for the wider financial ecosystem. NCHL plays a central role in Nepal's transition toward a cashless, digitally connected and financially inclusive economy. Promoted by Nepal Rastra Bank and banks and financial institutions, NCHL develops and operates shared national payment infrastructure that enables individuals, businesses, government agencies and financial institutions to transact electronically. NCHL's continued investment in shared public digital payment infrastructure has promoted an efficient, sustainable and environmentally responsible approach to the development of Nepal's payment ecosystem.

NCHL operates more than ten national-level payment systems and platforms, including NCHL-ECC, NCHL-IPS, EFT Switch, Retail Payment Switch (RPS), National Payment Interface (NPI), National Payment Switch (NPS), NPIx for cross-border integrations, *connect*IPS, CORPORATEPAY, *connect*RTGS, NEPALPAY QR and NEPALPAY Card. These platforms provide interoperable infrastructure for real-time payments, bulk and institutional payments, electronic collections, government transactions, merchant payments and cross-border connectivity.
The adoption of shared and interoperable payment infrastructure helps minimize duplication and redundancy across the financial ecosystem reducing the overall operational cost for the industry, thereby contributing to efficient use of technological and resources by means of reducing reliance on paper-based processes and physical transactions. These efficiencies can contribute to lower resource and energy consumption and help reduce the potential environmental footprints.

SUSTAINABILITY AT A GLANCE: FY 2082/83

Sustainability KPIs	Achievements
Banks and Financial Institutions participating	53
Indirect/Technical Members (NPI)	125
Total Employees	165 including 45 Female staffs
Total digital transactions processed	238 million digital transactions
Total settlement value (NPR)	NPR. 21. 02 trillion
Estimated Net CO_2e Saving per Transaction	0.35 grams
Equivalent Carbon Saving	83,300 Kg (Eq. 83.3 Tons)

BASIS OF ESTIMATION

Digital payments contribute to a lower-carbon financial ecosystem by reducing dependence on cash, paper instruments, physical movement, cash handling and associated banking infrastructure. On the basis of a conservative estimation benchmark ***(https://worldline.com/content/dam/worldline/global/documents/press-releases/2024/notes-for-editors-worldline-belgium-based-study-confirms-digital-transactions-are-greener-than-cash-en.pdf),*** *the CO2e emissions of a cash transaction is estimated to be 2.8g as against the estimated 2.45g of an in-store digital payment transaction, with savings of 0.35g. This is without considering CO2e emissions from mobility for cash transaction.*

OUR APPROACH AND COMMITMENT TO SUSTAINABILITY

NCHL views sustainability as an integral part of its strategy and long-term commitment to building a secure, resilient, inclusive and responsible digital payment ecosystem in Nepal. As a national payment infrastructure provider, NCHL's approach to sustainability extends beyond environmental responsibility and focuses on creating sustainable economic and social value through reliable and interoperable payment infrastructure, financial inclusion, digitalization of payments, innovation, cybersecurity and data protection, operational resilience, responsible governance and human capital development. Through its payment systems and platforms, NCHL continues to facilitate the transition towards a more accessible, efficient and digitally connected financial ecosystem. NCHL seeks to embed these sustainability considerations into its governance, strategy, risk management and decision-making processes while progressively strengthening its sustainability disclosures in line with emerging NFRS S1 and NFRS S2 requirements and relevant United Nations Sustainable Development Goals (SDGs), with the broader objective of creating long-term value for its shareholders, participants, employees, customers, regulators, communities and the wider economy.



Our sustainability philosophy is therefore built around five interconnected pillars:

Pillar 1: Financial Access & Digital Inclusion

S. N	Current Scenarios	Our Commitment
1	NCHL's principal sustainability contribution arises through the development and operation of digital payment infrastructure. Through its clearing, payment and settlement systems, NCHL contributes towards reducing dependence on manual and paper-based payment processes and facilitates efficient movement of funds among individuals, businesses, financial institutions and Government entities. In order to encourage digital transactions even for smaller-value payments, NCHL has implemented tiered pricing structure, such that the fees for customers and merchants are almost Nil or near Zero fees.	NCHL remains committed to advancing financial access and digital inclusion by strengthening secure, reliable and interoperable digital payment infrastructure and expanding domestic and cross-border payment connectivity. We will continue supporting the digitalization of Government collections and disbursements, promoting wider adoption of efficient and cashless payment services, and enhancing financial and digital literacy with a focus on cybersecurity, responsible usage and safe digital transactions. Through continuous innovation and collaboration, NCHL aims to contribute towards a more inclusive, connected and digitally empowered financial ecosystem in Nepal.
2	NCHL's infrastructure underpins the growth of digital, interoperable payments in Nepal & Cross-border for the small, mid and large business enterprises thereby connecting banks, financial institutions, payment service providers and institutions such that transactions can move seamlessly.	
3	NCHL's rails support government revenue collection and disbursement, enabling more efficient movement of public funds and reducing reliance on cash for the Government of Nepal.	
4	NCHL has been continuously conducting public awareness initiatives to educate its members, customers and general public about digital payment products and services, which are in alignment with the strategic pillars of Nepal Rastra Bank (NRB) and the Digital Literacy Framework 2019. In FY 2082/83, NCHL conducted 58 training/orientation programs involving 1,887 participants, for various payments systems and its components, along with multiple awareness drives through its digital channels and engagements with other stakeholders. These initiatives focus on promoting awareness, understanding and responsible use of digital financial services, particularly among youth, by providing practical knowledge on digital payments, their benefits and safe usage.	



Pillar 2: Security, Trust & Data Privacy

S. N	Current Scenarios	Our Commitment
1	NCHL is committed to maintaining secure, reliable, and resilient payment infrastructure. Its ISO/IEC 27001, PCI DSS, and PCI PIN certifications reflect its adherence to internationally recognized information and payment security standards. NCHL also maintains a Business Continuity Plan to ensure operational preparedness, system recovery, and continuity of critical payment services during disruptions, supporting a safe and trusted national payment ecosystem.	NCHL remains committed to maintaining a secure, resilient and trusted digital payment ecosystem by continuously strengthening its cybersecurity governance, information-security controls, business continuity and data-protection practices in line with applicable regulatory requirements and recognized international standards. Through continuous improvement, periodic assessments and audits, technology upgrades and organization-wide security awareness, NCHL aims to effectively respond to evolving cyber risks while maintaining the security, reliability and trust of its stakeholders in NCHL's payment infrastructure and services.
2	NCHL maintains a structured cyber security governance framework to protect its systems, information and infrastructure from evolving cyber threats and protecting the confidentiality of personal and transaction related information. Its approach includes established risk management framework, security policies and controls, regular security assessments and audits with periodic vulnerability and penetration testing for identifying, responding and managing cybersecurity threats. NCHL continuously strengthens its cybersecurity practices in line with applicable regulatory requirements and recognized industry standards, while promoting security awareness and responsible practices across the organization.	



Pillar 3: Environmental Responsibility & Sustainable Operations

S. N	Current Scenarios	Our Commitment
1	NCHL strengthens Nepal's digital payment ecosystem through shared and interoperable infrastructure connecting financial institutions, government, businesses, payment service providers and users. Its platforms enable secure and efficient digital transactions across retail, institutional, government and cross-border use cases, while reducing duplication, improving resource efficiency and supporting a more inclusive and sustainable digital financial ecosystem, thereby supporting efficient use of resources and contributes to the gradual reduction of paper-intensive payment processes.	NCHL remains committed to reducing its environmental footprint and embedding sustainable practices across its operations by expanding digital and paperless processes, improving energy and resource efficiency, and optimizing the use of shared infrastructure and data-center resources. NCHL will continue to promote responsible consumption, reduction of single-use materials, cleaner transportation including the use of EVs where feasible, and practical measures to reduce energy consumption and waste. NCHL will also progressively strengthen the measurement, monitoring and management of its GHG emissions, supporting a more resource-efficient, low-carbon and environmentally sustainable digital financial ecosystem.
2	NCHL is committed to improving energy and resource efficiency across its operations. Its data centers are collocated within professional data center facilities, enabling shared use of space, power, cooling and other supporting resources, thereby reducing duplication and improving overall operational efficiency.	
3	NCHL also promotes environmentally responsible practices in its offices by utilizing re-usage consumables like hand dryers, glass bottles, etc. The organization encourages the use of electric vehicles (EVs) for official travel and staff commuting where feasible, supporting the transition toward cleaner transportation. NCHL continues to explore practical measures to reduce energy consumption, resource usage and its overall environmental footprint, while progressively supporting the measurement of its GHG emissions	



Pillar 4: Our People & Talent

S. N	Current Scenarios	Our Commitment
1	NCHL is strengthening its human capital strategy through measurable commitments across inclusions, capability development, employee wellbeing and future-ready workforce. The workforce ESG framework establishes clear performance benchmark, including 47 learning and development initiatives, with approximately 32% focused on technical capability building, including certification programs, and 65% employee participation. Through structured leadership development, merit-based career progression, scholars and employee engagement initiatives, NCHL aims to build a skilled, resilient, and future-ready workforce aligned with the evolving digital payment ecosystem. NCHL promotes a professional and inclusive workplace that values diversity, equal opportunity, collaboration and merit. The organization continues to strengthen its workforce with the skills and expertise required to support the evolving needs of Nepal's digital payment ecosystem.	NCHL remains committed to building a skilled, diverse, inclusive and future-ready workforce by fostering equal opportunity, merit, collaboration and continuous professional growth. NCHL will continue to invest in employee learning and capacity building across technical, functional, cybersecurity, compliance and leadership areas, while supporting employees in their academic and professional development. NCHL will also strengthen employee wellbeing, engagement and open communication, creating a supportive, respectful and motivating workplace where employees can grow, contribute and thrive alongside the evolving digital payment ecosystem.
2	NCHL is committed to maintaining a healthy, supportive and engaging work environment. The organization promotes employee wellbeing through appropriate workplace practices, employee-focused initiatives, open communication and opportunities for engagement, while encouraging a culture of collaboration, respect and professional growth.	
3	NCHL encourages work-life balance and provides various facilities to help employees manage their work and personal responsibilities. The following are initiatives adopted by the Bank to encourage work-life balance: ■ NCHL provides all employees with 25 days of Annual Leave (including 10 days paid casual leave) & 12 days of Sick Leaves. ■ Employees are encouraged to utilize at least 10 days from their Annual Leaves and avail the LFA facility. ■ In order to ensure that employees enjoy a healthy balance between work and rejuvenation while promoting health, NCHL organizes various sporting and HR related activities. ■ Arrangement of working in shifts to manage the workload and provide better work-life balance to employees. ■ Social Loan facilities to staff to meet the personal requirement. ■ Medical and accidental insurance coverage to meet the medical expenses of staff and family members.	

Pillar 5: Governance & Ethical Business Conduct

S. N	Current Scenarios	Our Commitment
1	NCHL's governance framework is guided by its Board of Directors, management, relevant committees and established policies and internal controls. The organization follows appropriate governance, oversight, reporting and accountability practices in line with applicable laws, regulations and regulatory requirements. Further details are presented in the Corporate Governance section of the Annual Report.	NCHL remains committed to strengthening governance, integrity, transparency and accountability in the operation of Nepal's critical payment, clearing and settlement infrastructure. NCHL will continue to strengthen its Governance structure, internal controls, enterprise risk management, regulatory compliance and ethical business practices in line with applicable laws, NRB directives and evolving payment-system standards. As NCHL expands its domestic and cross-border payment platforms, products, partnerships and technology infrastructure, greater emphasis will be placed on responsible decision-making, management of operational and third-party risks, prevention of conflicts of interest, regulatory compliance and clear accountability across the organization.
2	NCHL promotes a culture of integrity, ethical conduct, transparency and accountability. Employees are expected to comply with applicable policies, procedures, and standards of professional conduct, with appropriate mechanisms in place to support responsible decision-making, address concerns and manage potential conflicts of interest and unethical practices.	
3	As a regulated payment system operator, NCHL operates under the oversight of Nepal Rastra Bank and complies with applicable laws, regulations, directives and standards governing payment systems and financial infrastructure. NCHL maintains appropriate compliance and risk management practices to support safe, transparent and responsible operation of its payment systems.	

MATERIALITY AND STAKEHOLDER ENGAGEMENT

NCHL's sustainability priorities are guided by the expectations of its stakeholders and the economic, technological and social importance of national payment infrastructure. Key stakeholders include Nepal Rastra Bank, shareholders and participating BFIs, PSPs and PSOs, government and semi-government institutions, merchants and businesses, end users, employees, technology partners and other participants in Nepal's digital financial ecosystem.

Based on stakeholder expectations and NCHL's business activities, key material matters include cybersecurity and information security, payment-system resilience and availability, data privacy, financial inclusion and accessibility, regulatory compliance, business continuity, corporate governance, responsible innovation, human capital development, fraud prevention and customer/member satisfaction. Emerging areas of focus include environment related impacts, energy consumption, greenhouse gas (GHG) emissions, e-waste, responsible AI, sustainable data-center infrastructure and supplier ESG practices.



CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG)

NCHL's activities contribute to several United Nations Sustainable Development Goals (SDGs) through its role in developing secure, inclusive and interoperable digital payment infrastructure.

S. N	Sustainable development Goals (SDG)	Remarks
1	SDG 5 – Gender Equality across the workforce.	NCHL promotes equal opportunities and greater participation of 27% women
2	SDG 8 - Decent Work and Economic Growth	Enabling digital payments that support businesses, commerce and the formal economy with more than 230 million digital transactions processed through NCHL's infrastructure which is equivalent to Rs. 21 trillion (3.2 times GDP).
3	SDG 9 - Industry, Innovation and Infrastructure	NCHL already has multiple stacks of resilient national payment infrastructure, interoperable platforms, payment switches and innovative digital solutions used by the Government of Nepal, 54 Banks and financial Institutions, Remittance companies, Insurance companies, capital market entities, PSPs (wallets)/PSOs.
4	SDG 10 - Reduced Inequalities	Expanding accessible and interoperable digital payment channels to facilitate digital financial inclusion.
5	SDG 12 - Responsible Consumption and Production	Promoting paper reduction, responsible resource use, procurement and e-waste management.
6	SDG 13 - Climate Action	Improving energy efficiency and progressively measuring and managing the environmental footprint of operations.
7	SDG 16 - Peace, Justice and Strong Institutions	Supporting transparent payments, strong governance, cybersecurity, compliance, and accountability.
8	SDG 17 - Partnerships for the Goals	Working with NRB, BFIs, Government, PSPs, PSOs, technology partners, and other stakeholders to strengthen Nepal's digital financial ecosystem.

REPORTING BASIS AND BOUNDARY

This Sustainability and ESG section cover NCHL's activities and initiatives for FY 2082/83, considering its role as a national payment infrastructure provider and payment system operator. Financial information is aligned with the audited financial statements where applicable, while operational and ESG information is based on data provided by relevant internal systems and departments. As some sustainability indicators are being introduced or strengthened, historical or complete data may not be available for all indicators. NCHL will continue to improve its data collection, controls, methodologies, verification, and reporting practices.

09

FINANCIAL AND RELATED INFORMATION

This chapter shows NCHL's directors' report, approval from the Central Bank and the Independent Auditor's Report.

DIRECTOR'S REPORT AND DISCLOSURE

As per Section 109 of Companies Act 2063

Dear Shareholders,

It is with an honor and a privilege on the behalf of the Board of Directors of Nepal Clearing House Ltd. (NCHL) to present our journey we have undertaken in the last fiscal year 2082/83 (2025/26) along with the company's performance, achievements, challenges, business review along with the audited reports of the financials for the fiscal year ending 2082/83 (2025/26).

Performance review of last year:

This has been disclosed under sections Financial Review and Operational Review of this report.

Effect on business of the company due to national and international situation:

The global economy in FY 2025/26 continued to navigate a challenging environment marked by geopolitical tensions, inflationary pressures, and evolving financial dynamics. The prolonged Russia-Ukraine conflict ongoing tensions in the middle east alongside evolving trade measures among major global economies, such as tariffs, export controls, and supply-chain diversification policies continued to disrupt global supply chains, particularly in energy and agricultural commodities, driving volatility in international markets. Inflation remained a persistent challenge, albeit with signs of moderation in some regions. Central banks worldwide adopted cautious and accommodative monetary policies, balancing efforts to contain inflation with support for economic growth. The effects of these global economic disruptions in Nepal, were felt in higher import costs for essential commodities, putting pressure on Nepal's trade deficit leading to slowed economic activity including decline in credit demand impacting decline in overall transaction of the financial sector.

Further the accumulated substantial foreign exchange reserves and strong BOP position driven particularly by remittances have resulted in excess liquidity in the market with the direct impact seen as declining prevailing market interest rates resulting in decline in company's interest income by 17% compared to last FY. In spite of all the global setbacks and its domestic impacts, consumers adoption of digital platforms for retail financial transactions has led towards an increase in overall transaction volume by 13% for NCHL in the FY 2082/83, mainly driving by NCHL-IPS and RPS (*connect*IPS) supported by NEPALPAY QR. However, the total operating income has increased only by 7% compared to last FY due to transaction growth in low revenue generating segment and decrease in transactional fee in some retail segment.

Encouragement and adoption of electronic payments by the Government of Nepal has increased opportunities, yet competition in the market. With NCHL systems already linked with all BFIs and PSOs/ PSPs as Indirect/Technical members, with being one of the key stakeholders in driving digital payment use cases, it is expected to improve NCHL's position within the digital payments ecosystem of Nepal.

As mandated by Nepal Rastra Bank, NCHL successfully completed the bank integration and commercial rollout of the phase II of National Payment Switch (NPS), comprising of the National Card Switch (NCS) and NEPALPAY Card scheme was announced on 18th December 2025, in close coordination and support of NRB, BFIs and PSPs/ PSOs. The Phase I of NPS, related to Retail Payment Switch (RPS) went into operation since November 2021 with engagement of majority of the BFIs and the transaction growth in RPS is very encouraging. Also, as part of the third pillar of NPS, the Cross-Border Payment Infrastructure (NPIx) has been commercially rolled out through engagements with international payment networks. The platform's first engagement was with Alipay Connect Pte. Ltd. (Alipay+) which was launched for NEPALPAYQR acceptance on 8th November 2024. NCHL has also entered into Network-to-Network agreements with NPCI International for Nepal-India cross-border P2P transactions with launch of UPI-NPI linkage announced on 9th June, 2026 and with LankaPay Private Limited (LankaPay) for cross-border payment with LankaQR acceptance in Srilanka launched on 12th May, 2026. Further arrangements with other corridors and payment networks are ongoing and are at various stages of implementation.

With the uncertainty in the geo-political conditions, It is expected that the upside exchange rate fluctuation will continue, which has not remained in favor of NCHL. All the software adopted by NCHL (for NCHL-ECC, NCHL-IPS, Oracle, EFT Switch and other services) are payable in USD with its technical partners. With addition of the NPS infrastructure, where most of the cost of infrastructure and systems are also linked with USD, the appreciation of USD against NPR will increase the service cost. Such exchange rate fluctuation has directly increased the operating expense of NCHL.

Difficulty in finding and recruiting qualified and experienced human resources with increased employee turnover in few of the department was one of the major challenges that NCHL faced in the last year. This high turnover is associated with high demand of technical and industry experts in the market. Hence, with the increasing products and services and increased business lines, NCHL has given utmost priority to increase skill and competency of its existing man power and to attract additional resources to support existing and new projects.

Human Resource:

As disclosed under section Human Resource of this report.

Industrial and Professional Relationships:

NCHL has maintained cordial relationship with all the major stakeholders including various department of the Government of Nepal, Nepal Rastra Bank, Banks and Financial institutions, their associations, non-bank institutions, payment service providers/ payment system operators (PSPs/ PSOs), and various other business groups. And due to the continuous support and confidence shown by all the parties, it has been able to establish and operate various national payment system infrastructures and bring the institution up to this level. NCHL has also maintained a balanced relationship with the national and international technology partners and service providers. Further, with the objective of bridging Nepal's national payment systems with global payment infrastructures, NCHL has established its NPIx platform to enable cross border payments across multiple corridors facilitating faster, safer, and cost-effective P2P and P2M transactions. NCHL will continue to gain the trust and confidence from different sectors and will collaborate with all such partners.

Change in Board of Director:

As two representatives each from the development bank and finance company were appointed respectively by the 14th AGM and there had been changes in only one Board of Director during the review for the representative of Nepal Rastra Bank. Details of the changes are explained in Chapter 5 of this report.

Main factors affecting the business:

Following are some of the major factors that may adversely affect NCHL's business in the coming fiscal year.

- Following the merger policies of the NRB for licensed PSOs/ PSPs, mergers among the indirect/technical members is expected to continue. With such mergers and reduction in number of the entities, the focus of NCHL on increasing its Indirect and Technical members is expected to be impacted with reduction in potential and existing members, which will directly impact the annual membership fee-based income for NCHL. However, due to the increased usage of the digital platforms and the customer base, the transaction volumes in NCHL-IPS and RPS are expected to increase.
- Increase in the adoption of digital payments by general public has supported to increase transaction in RPS (*connect*IPS), CORPORATEPAY and NPI, which are expected to further grow in the coming years. To further promote this traction of adoption of digital payments, NCHL has downward revised the transaction fee to Zero for Fund Transfer up to Rs. 500 from Mobile Banking, *connect*IPS and wallet cash in/out. However, the continuous pressure to decrease the transaction fee and other fees still persists which is directly impacting the increase in revenue despite augmented efforts in the transaction growth.
- NPS is a one of the flagship national payments infrastructure for introducing multiple retail instruments and to establishing interoperability. Since the project is being funded completely by NCHL, the sustainability of operations will be challenging. Hence, NCHL has been strategically collaborating and coordinating with all the stakeholders for the acceptability and rollout of RPS, which has been very encouraging. Phase II of NPS (National Card Switch and NEPALPAY Card) is now commercially live and NEPALPAY Card has entered its first full year of commercial operation. Completion of integration of NPS-NCS with switches of the BFIs/ TPP and wider issuance, acceptance and adoption of NEPLAPAY Card along with its acceptance will largely define the future roadmap of NCHL for next 5 years. Competition from international card schemes and their promotional and incentive support to BFIs may also affect the issuance and transaction growth of NEPALPAY Card.
- Although the licensed PSOs/PSPs have increased innovation and supported in expanding digital ecosystem in Nepal, due to the number of such entities, competition has also increased with overlapping in multiple systems and services. NCHL has taken a strategic direction to collaborate with all such stakeholders.
- Dependency on other PSOs/PSPs and their network access and technical arrangements may also affect the rollout of certain products and integrations with BFIs, which may require necessary coordination and intervention with relevant stakeholders and regulators.
- Technology based inherent risks could also adversely affect the operations of NCHL thereby causing impact in its business. Cyber security and fraud related risk will remain one of the primary challenges for NCHL and the industry. Increasing cyber frauds may result into possible legal cases and liabilities being created towards NCHL. NCHL has implemented comprehensive risk management framework to monitor and control such risks. However, it will continue to invest on upgrading its operational and security related infrastructures.
- Limited secured investment opportunities and the prevailing decreasing interest rate in Nepal will have a direct impact on the company's interest income. Fluctuation in the exchange rate of USD against NPR amid the existing geo-political condition will have major impact in the operating expenses of the company with many services and AMCs tied up with payment in USD.
- Given the current market situation of extreme demand of skilled resources having expertise on both technology and banking retaining the skilled resources continue to be one of the major factors affecting NCHL operations. Despite the continuous recruitment for needed positions, the company is still in shortage of the resources Sufficient resources as per the HR Plan, ensuring redundancies in the key positions, skill enhancements are continuously required to be considered to reduce the impact.
- The capacity enhancement of resources both from the infrastructure and HR perspective is a major concern for NCHL being dependent on the leased property for its operation. Hence, owning its own property for the required control, business expansion and scalability have become crucial.

- Following the political unrest and subsequent transition in the previous fiscal year, Nepal has moved towards greater political stability with the formation of a new government following the March 2026 general elections. The improved political environment is expected to support business confidence, economic activities and investment. However, the changes in government policies, laws, regulations and regulatory requirements, as well as their implementation, may continue to affect NCHL's operations and business environment.
- The rollout of major strategic projects and capitalization of corresponding project investments are expected to increase operating, depreciation and amortization costs, while the realization of corresponding revenues and financial benefits are yet to be fully realized, which may affect profitability in the transition period.

Remarks and observation from Independent Auditor's Report:

Auditor has not expressed major or critical observations in the Audit Report. The complete audit report is attached in the later section of this report.

Amount recommended for Dividend and Bonus:

15% of the paid-up capital amounting to NPR 218,776,700 (rounded for the decimal share) has been proposed as bonus shares and 0.789474% on paid-up capital amounting NPR 11,514,569 has been proposed as cash dividend for tax purpose from the profit of the fiscal year 2082/83 (2025/26), subject to the approval of the AGM. However, they have not been accounted in the financials.

Detail of share forfeited

No share has been forfeited.

Any information given to Company by its principal shareholder (who holds 1% or more shares of the company) during financial year:

Not applicable.

Company and its subsidiary company's transaction and review of situations at the end of the fiscal year:

NCHL does not have subsidiary till the closure of FY 2082/83. As per the resolution approved by the 13th AGM of NCHL to establish a technology company, it is under progress for finalization of the establishment process including operation, financial and registration modality, corresponding to which further considerations and authorization to the Board has been requested in this AGM.

Information regarding personal interest of any of the directors or their relatives regarding the agreement related to the company:

There is no record of such event/ transaction.

Purchase of its own share:

Not applicable.

Information regarding existing internal control

This has been disclosed under sub-section Internal Control of section Governance of this report.

Plan of the company for the coming fiscal year:

Some of the major activities of NCHL that are planned for the FY 2083/84 (2026/27) include:

- The fiscal year 2083/84 is pivotal year for NCHL, with continued focus on rollout and expansion of key strategic initiatives of cross-border payment integration with various clearing houses, networks and aggregators. This is also important from the perspective of with acceptance of National Payment Switch (NPS) with commercial rollout of National Card Switch (NPS-NCS) and Nepal's own national/ domestic card scheme, NEPALPAY Card.
- Upgrade and strengthen the existing infrastructures to support members in the operations of NCHL-ECC, NCHL-IPS, RPS (*connect*IPS), EFT card services and associated systems. The engagement to increase usage and utility of shared infrastructures related to channel platforms and integration components will be continued. Major investments in EFT Card services (infrastructure inherited from erstwhile NePS) have been planned to increase number of EFT member BFIs and to rollout issuance and acquiring of NEPALPAY card.
- Transaction growth is expected to be led by RPS through new and innovative use cases and NEPALPAY QR, while NCHL-IPS and CORPORATEPAY will be focused to continue contributing for high-value transactions from businesses and Government. NCHL will also drive increased use of EFT Cards along with the focus on integration with NPS, issuance and acquiring for the NEPALPAY Card scheme.
- Focus on increasing Indirect/ Technical members through NPI and Direct members under EFT card services & NPS-NCS / NEPALPAY Card
- Coordinate and facilitate GoN for disbursements and revenue collection, including addition of Government sectors currently being handled manually or through cheques.
- Increase engagement and coordination with other clearing houses and international network operators for cross border payments. Increase in transactions in the established corridors, with rollout of new corridors and necessary NPIx integration and customizations will be given utmost priority.
- Enhance and extend features to cover various business use cases of bank branch assisted, online and mobile channel-based payment services.
- Rollout of additional digital channels and upgrade of existing channels (*connect*IPS, CORPORATEPAY) to introduce innovative solutions and increase transaction volume and value.
- Upgrade and stabilize existing infrastructures and strengthen risk management, fraud and security controls across all payment systems and their operations including enhanced fraud risk management, cybersecurity, disaster recovery and compliance capabilities.

- Continue providing training and orientation programs to the members and other institutions.
- Establish a separate technology/ software development company as subsidiary/ associate company to streamline product and solution development activities of NCHL, BFIs and the financial sector.
- Initiate acquisition of land and building for NCHL.
- Initiate AI and data-driven.
- Strengthen foreign exchange risk management to support growing cross-border payment and settlement activities and manage associated foreign currency exposure.

Detail of management expenses incurred during the year

The details of the management expenses are as follows:

PARTICULARS	FY 2082/83 (2025/26)	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	FY 2079/80 (2022/23)	FY 2078/79 (2021/22)
Staff Expenses	178,345,995	157,476,641	92,196,401	75,697,727	60,980,075
Other Admin Expenses	99,134,078	108,868,423	60,169,355	41,670,349	51,741,743
Total	**277,480,073**	**266,345,065**	**152,365,756**	**117,368,076**	**112,721,818**

Member of Audit Committee, their remunerations & benefits and details of their activities performed along with recommendations:

Members of the Audit Committee are:

1. Mr. Mahesh Sharma Dhakal - Chairperson
2. Mr. Lachhaman Prasad Jaisi– Member
3. Mr. Jagadish Dahal – Member
4. Mr. Ananda Marasini - Secretary

There was no provision for remunerations to any of the members of the Audit Committee. As a meeting allowance, NPR 10,000 for each member is provided per sitting except for the Secretary. Total of NPR 140,000 was disbursed as meeting allowance to the Audit Committee members. Applicable tax was deducted prior to the payment in all such payments. Five audit committee meetings were held in the fiscal year.

Details of remunerations, allowances and other benefits paid to Directors, Managing Director and Chief Executive:

There was no provision for remunerations to any of the Directors. The members of Board are provided NPR 10,000 as the meeting allowance per sitting. Applicable tax was deducted prior to the payment in all such payments.

		MEETINGS ATTENDED/MEETINGS HELD				
BOARD MEMBER	TOTAL MEETING ALLOWANCE	BOARD	AUDIT COMMITTEE	HR COMMITTEE	HIGH LEVEL TECH. COMMITTEE	RISK COMMITTEE
Mr. Hem Prasad Neupane**		5/5				
Mr. Chet Prasad Uprety *		12/12				
Mr. Ujjal Rajbhandary		10/17		2/2	3/3	
Mr. Mahesh Sharma Dhakal		17/17	5/5			3/3
Mr. Srijan Krishna Malla	14,00,000	16/17			3/3	2/2
Mr. Til Bahadur Gurung*		5/8		1/1	3/3	
Mr. Umesh Singh Bhandari***		6/9		1/1		
Mr. Amit Shrestha*		7/8	3/3			2/2
Mr. Lachhaman Prasad Jaisi***		9/9	2/2			1/1
Mr. Jagadish Dahal		15/17	4/5	2/2		1/1

** Outgone Board Members, ** Joined during FY 2082/83, *** Appointed by 14th AGM*

The Chief Executive Officer during the year under review was paid salary of NPR 8,100,000 as salary and allowances, NPR 1,442,466 as other benefits including provident fund contribution, leave fare allowance and other benefits. Additional Staff statutory bonus was paid as per the law. He was also provided with office vehicle with a driver and mobile expense of up to NPR 2,000 per month on actual basis.

Details of Dividend, Bonus and Dividend Payable:

Bonus Share, Capital of 15% amounting to NPR 218,776,700 (rounded for the decimal share) and Cash Dividend of 0.789474% amounting NPR 11,514,569 have been proposed from the profit earned from the FY 2082/83 (2025/26), subject to the approval of the Board. There exists no any outstanding dividend payable from FY 2081/82 (2024/25).

Information disclosure as per Section 141 regarding purchase or sale of assets:

Not Applicable.

Details of related party transaction as per the section 175 (transaction between associated companies):

Not Applicable.

Any other details to be disclosed:

Disclosed in appropriate part of this report and financial statements.

Finally, on the behalf of the Board of Directors, we would like to thank Nepal Rastra Bank, Banks & Financial Institutions, other regulatory bodies and other stakeholders for placing their trust and confidence in NCHL. Sincere thanks to the management team and other staff whose commitment and hard work has brought the company up to this stage. We look forward towards continued support and suggestions from all the stakeholders to establish NCHL as a leading service provider of national payment and settlement systems.

On behalf of Board of Directors

Hem Prasad Neupane
Chairman



नेपाल राष्ट्र बैंक
भुक्तानी प्रणाली विभाग

केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोनः ०१ ५७१९६४१, ५७१९६४२
E-mail : psdept@nrb.org.np,
psdos@nrb.org.np
Web :www.nrb.org.np
Ext . 1346

पत्रसंख्या : भु.प्र.वि./गै.नि/०८३/८४
चलानी नं.:

मिति : २०८३/०६/०७

श्री नेपाल क्लियरिङ्ग हाउस लिमिटेड,
कमलादी, काठमाडौं ।

विषयः बोनश शेयर वितरण तथा वार्षिक वित्तीय विवरण प्रकाशन गर्न स्वीकृति प्रदान गरिएको सम्बन्धमा ।

महाशय,

भुक्तानी तथा फर्स्यौट ऐन, २०७५ को दफा २५ को उपदफा ३ बमोजिम बाह्य लेखापरीक्षक श्री J.B. Rajbhandary & DiBins Chartered Accountants बाट लेखापरीक्षण सम्पन्न गराई तयार गरिएको त्यस संस्थाको आर्थिक वर्ष २०८२/८३ को वित्तीय विवरणहरु प्रस्तुत/सार्वजनिक गर्ने तथा बोनश शेयर वितरण गर्ने अनुमतिका लागि अनुरोध भई आएको सम्बन्धमा देहाय बमोजिमका निर्देशनहरु पालना गर्नेगरी वित्तीय विवरणहरु प्रकाशन गर्न र चुक्ता पुँजीको १५ प्रतिशतले हुन आउने रकम रु. रु.२१,८७,७६,७००।- बराबरको बोनस शेयर र कर प्रयोजनको लागि ०.७८९ प्रतिशतले हुन आउने रकम रु. १,१५,१४,५६९।- बराबरको नगद लाभांशको रुपमा वितरण गर्न स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध छ ।

निर्देशनहरु:

(क) वाह्य लेखापरीक्षकको प्रतिवेदनमा औंल्याइएका कैफियतहरु सुधार गर्नुहुन ।
(ख) उपरोक्तानुसारका निर्देशनहरु शेयरधनीको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशन गर्नुहुन ।

भवदीय,

(निश्चल अधिकारी)
कार्यकारी निर्देशक

J. B. Rajbhandary & DiBins

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NEPAL CLEARING HOUSE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Nepal Clearing House Limited (hereinafter referred to as "NCHL" or "Company"), which comprise of the Statement of Financial Position as at 32nd Ashad 2083 (16th July 2026) and the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of Significant Accounting Policies.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the NCHL as at 32nd Ashad 2083 (16th July 2026), its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standard on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our audit report. We are independent in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Description of Key Audit Matters	How the matter was addressed in our audit
1.	**Valuation of investments at amortized cost** Investment of the NCHL comprises of investment in debentures and Fixed Deposits. Valuation of the aforesaid securities has been done in accordance with NAS 39. The investment in the debentures and fixed deposits is recognized at Amortized cost. The classification of the investments is based	Our audit approach included: 1. Review of investments of NCHL and its valuation in accordance with related NFRS. 2. Assessment of the business model adopted by the management and the nature of expected cash flow of the investments on the basis of available evidences / circumstances and ensured that classification of investment commensurate with

J. B. Rajbhandary & DiBins ★ Lalitpur Nepal ★ Chartered Accountants

	on business model adopted by the management, nature of cash flows, complexity of calculations and significance of amount involved in such investments. Thus, we have considered it as a Key Audit Matter in our audit.	nature of cash flows and management intention of holding the investments. 3. For the valuation of investments at amortized cost, we reviewed the Accrued Interest yet to be collected. **Our Results:** We considered the valuation of investments at amortized cost and measured at fair value to be acceptable.
2.	**Information Technology** IT controls include recording of transactions, generating reports as required for reporting. Hence, the NCHL's financial and reporting processes are highly dependent on the effective working of various software. We have considered this as a key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in incorrect reporting to the management, shareholders, regulators and stakeholders.	Our audit approach included: 1. Understanding the process of feeding data in the system and conducting a walkthrough of the extraction of the financial information and statements from the IT systems existing in NCHL. 2. Reviewing the reports generated by the system on sample basis. 3. Reviewing of IS and VAPT audit Report. **Our Results:** We considered the controls in information technology to be acceptable.

Information other than the Financial Statements and Auditor's Report Thereon

NCHL's management is responsible for the presentation of the other information. The other information comprises the information included in the Company's Annual Report, including Report of Board of Directors/Chairman's Statement but does not include the financial statements and our auditor's report thereon. We have not received the Annual Report prior to the date of this Auditor's Report but is expected to be received for review after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Annual Report and if we conclude that there is a material misstatement therein, we are required to communicate the matter with those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Nepal Financial Reporting Standard (NFRS), and for such internal control as management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NCHL's financial reporting process.

J. B. Rajbhandary & Digins ★ Lalitpur Nepal ★ Chartered Accountants

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

i. Identify and assess the risks of material misstatement of the Financial Statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.

ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NCHL's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NCHL's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within NCHL to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirement regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Report on Other Legal and Regulatory Requirements

To the best of our knowledge and according to explanations given to us and from our examination of the books of account of NCHL, necessary for the purpose of our audit to the extent for the scope of our audit:

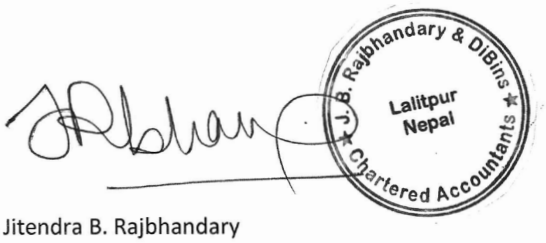
a. We have obtained all the information and explanations along with replies to our queries, which to the best of our knowledge and understanding, were necessary for the purpose of the audit.

b. In our opinion, books of accounts, records, books and ledgers have been maintained accurately in accordance with prevailing laws.

c. In our opinion, the financial statements comprising of Statements of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash flows, and Notes to the Financial Statements, including a summary of Significant Accounting Policies prepared in accordance with the requirements of Company Act, 2063,

d. To the best of our information and according to the explanations provided to us and as so far appeared from the examination of the books of accounts, we have not come across cases where board of directors or any official has committed any act contrary to the prevailing laws or committed any irregularity or caused any loss or damage to the company and/or violated or acted in a manner to jeopardize the interest and security of the company, its clients and investors,

e. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of accounts.



CA Jitendra B. Rajbhandary
Senior Partner
COP: 25
Date: 31st Bhadra 2083 (16th September 2026)
UDIN: 260916CA000147JGJ4

Statement of Financial Position

As at Ashad 32, 2083 (16 July 2026)

Particulars	Notes	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
ASSETS			
NON-CURRENT ASSETS			
Goodwill		5,603,558	5,603,558
Property, Plant and Equipment	4.8	285,260,143	150,585,630
Intangible Assets	4.8	323,987,755	266,834,714
Right of Use-Asset	4.8	36,047,324	45,772,173
WIP Projects	4.8	400,283,780	385,676,437
Financial Assets			
Investment and Placements	4.4	1,679,672,423	366,244,000
Settlement Guarantee Fund Deposits	4.6	180,607,986	170,760,817
Deferred Tax Assets	4.7	4,729,191	8,535,054
TOTAL NON-CURRENT ASSETS		**2,916,192,161**	**1,400,012,383**
CURRENT ASSETS			
Inventories	4.2	177,735	116,500
Current Tax Assets	4.5	16,547,933	3,828,363
Financial Assets			
Cash and Bank Balances	4.1	17,325,370	13,368,436
Investment and Placements	4.4	591,728,807	1,688,240,000
Other Assets	4.3	229,609,098	284,631,220
TOTAL CURRENT ASSETS		**855,388,943**	**1,990,184,519**
TOTAL ASSETS		**3,771,581,104**	**3,390,196,902**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	4.9	54,279,524	51,086,297
Lease Liability	4.11	33,052,370	50,948,817
Financial Liabilities			
Settlement Guarantee Fund Liabilities	4.6.1	60,000,000	60,000,000
TOTAL NON-CURRENT LIABILITIES		**147,331,894**	**162,035,114**
CURRENT LIABILITIES			
Provisions	4.9	60,938,226	62,791,123
Lease Liability	4.11	14,061,984	5,761,564
Financial Liabilities			
Other Liabilities	4.10	207,640,554	218,485,425
TOTAL CURRENT LIABILITIES		**282,640,764**	**287,038,112**
TOTAL LIABILITIES		**429,972,658**	**449,073,226**
Equity			
Share Capital	4.12	1,458,511,500	1,268,270,900
Reserves & Surplus	4.13	1,883,096,946	1,672,852,775
Total Equity		**3,341,608,446**	**2,941,123,675**
TOTAL LIABILITIES AND EQUITY		**3,771,581,104**	**3,390,196,902**
Significant Accounting Policies and Notes to Accounts	1-5		

As per our report of even date

Neelesh Man Singh Pradhan
Chief Executive Officer

Hem Prasad Neupane
Chairman

CA. Jitendra Bahadur Rajbhandary
Senior Partner
For J. B. Rajbhandary & DiBins
Chartered Accountants

Ujjal R. Rajbhandary
Director

Mahesh Sharma Dhakal
Director

Srijan Krishna Malla
Director

Umesh Singh Bhandari
Director

Lachhaman Prasad Jaisi
Director

Jagadish Dahal
Director

Date: 16th September 2026
Place: Kamaladi, Kathmandu, Nepal

Statement of Profit or Loss

For the Period Ending Ashad 32, 2083

(Corresponding to 17 July 2025 to 16 July 2026)

Particulars	Notes	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Operating Income :			
Revenue	4.14	1,107,333,674	1,032,141,872
Software License - Members		-	-
Operating Expenses :			
Operating Expenses	4.15	224,436,816	172,400,332
Gross Profit		**882,896,857**	**859,741,540**
Add: Interest Income		105,518,756	127,470,102
Add: Other Income		20,751,378	11,613,919
Less: Administrative Expenses	4.16	99,134,078	108,868,423
Less: Human Resources Expenses	4.17	178,345,995	157,476,641
Less: Finance Cost (Actuarial and Lease Liability)	4.18	8,197,027	8,413,477
Less: Foreign Exchange Loss		6,491,838	510,577
Operating Profit		**716,998,053**	**723,556,443**
Depreciation Expenses	4.8	57,896,123	55,352,881
Amortization Expenses	4.8	49,719,669	40,292,330
Staff Bonus Provision		60,938,226	62,791,123
Profit before Tax		**548,444,035**	**565,120,109**
Income Tax Liability		134,639,205	143,276,040
Deferred Tax Expenses (Income)		3,682,748	4,506,066
Profit for the period		**410,122,083**	**417,338,004**
Basic/Diluted Earning Per Share (EPS)		28.12	32.91

As per our report of even date

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Srijan Krishna Malla
Director

Umesh Singh Bhandari
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Lachhaman Prasad Jaisi
Director

Jagadish Dahal
Director

Date: 16th September 2026
Place: Kamaladi, Kathmandu, Nepal

Statement of Comprehensive Income

For the Period Ending Ashad 32, 2083

(Corresponding to 17 July 2025 to 16 July 2026)

Particulars	Notes	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Profit for the period		**410,122,083**	**417,338,004**
Other Comprehensive Income (net of income tax)			
a) Items that will not be reclassified to profit or loss			
Actuarial Gain/(loss) on Defined Benefit Plan		492,460	3,082,077
Deferred Tax Income/(Expenses)		(123,115)	(770,519)
Net Other Comprehensive Income that will not be reclassified to profit or loss		**369,345**	**2,311,558**
b) Items 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 year (net of income tax)		-	-
Net Profit		**410,491,428**	**419,649,561**

As per our report of even date

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Jagadish Dahal
Director

Date: 16th September 2026
Place: Kamaladi, Kathmandu, Nepal

Statement of Cash Flows

For the Period Ending Ashad 32, 2083

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Net Profit/(Loss) Before Tax	**548,444,035**	**565,120,109**
Preliminary & Pre-operating (Expenses)/Surplus		
Add/(Less) : Adjustment		
Other Adjustments		
Depreciation Expenses	57,896,123	55,352,881
Amortization Expenses	49,719,669	40,292,330
Superannuation/Gratuity Provision (incl. Actuarial Gain/Loss)	9,110,784	11,325,522
Leave Provision	2,186,472	721,335
Staff Bonus Provision	60,938,226	62,791,123
Bonus Paid	(62,791,123)	(62,507,218)
Cash Flow from Operation Before Working Capital	**665,504,185**	**673,096,083**
Increase(Decrease) in Current Tax & Other Liabilities	(20,440,898)	(41,951,119)
Decrease (Increase) in Inventories, Current Tax, Other Assets	34,629,748	(106,489,493)
Decrease (Increase) in Settlement Guarantee Fund	(9,847,169)	(8,608,281)
Less: Tax Provision	(134,639,205)	(143,276,040)
Cash Flow From Operating Activities	**535,206,662**	**372,771,150**
Purchase of Fixed Assets	(289,752,214)	(132,613,541)
Sale or disposal of Fixed Assets/Capitalization of WIP Assets	225,691,988	62,010,168
Project WIP	(240,265,616)	(110,834,470)
Investment in FD/Debenture	(216,917,230)	(234,844,215)
Cash Flow From Investing Activities	**(521,243,072)**	**(416,282,058)**
Dividend Paid	(10,006,657)	(10,657,739)
Cash Flow From Financing Activities	**(10,006,657)**	**(10,657,739)**
Net Increase(Decrease) in Cash & Cash Equivalents	3,956,933	(54,168,647)
Cash & Cash Equivalents at the Beginning of the Year	13,368,436	67,537,082
Cash & Cash Equivalents at the end of the Year	**17,325,370**	**13,368,436**

As per our report of even date

Neelesh Man Singh Pradhan
Chief Executive Officer

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Jagadish Dahal
Director

Date: 16th September 2026
Place: Kamaladi, Kathmandu, Nepal

Statement of Changes in Equity

As at Ashad 32, 2083 (16 July 2026)

Particulars	Share Capital	Share Premium	Revaluation Reserve	Technology Enhancement Reserve	Land and Building Reserve	Cyber Risk Reserve	Reserve for Actuary Gain/(Loss)	Accumulated Profit/(Loss)	Other Components of Equity	Total
Balance as at 15 July 2024 (Ashad 31, 2081)	**1,065,773,900**	**-**	**-**	**439,366,801**	**199,062,707**	**8,933,403**	**(1,292,543)**	**545,998,995**	**274,288,590**	**2,532,131,853**
Adjustment/Restatement	-	-	-	-	-	-				-
Restated Balance	**1,065,773,900**	**-**	**-**	**439,366,801**	**199,062,707**	**8,933,403**	**(1,292,543)**	**545,998,995**	**274,288,590**	**2,532,131,853**
Surplus on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-
Deficit on Revaluation of Investment	-	-	-	-	-	-	-	-	-	-
Current Translation Difference	-	-	-	-	-	-	-	-	-	-
Net Profit for Period	-	-	-	-	-	-	-	417,338,004	-	417,338,004
Bonus Share Capital FY 2080/81	202,497,000	-	-	-	-	-	-	(202,497,000)	-	-
Cash Dividend FY 2080/81	-	-	-	-	-	-	-	(10,657,739)	-	(10,657,739)
Transfer to Infrastructure Development Reserve	-	-	-	83,467,601	-	-	-	(83,467,601)	-	-
Transfer to Risk Bearing Reserve	-	-	-	-		4,173,380	-	(4,173,380)	-	-
Transfer to Land & Building Reserve	-	-	-	-	41,733,800	-	-	(41,733,800)	-	-
Reserve for Actuarial Gain/(Loss)	-	-	-	-	-	-	2,311,558	-	-	2,311,558
Issue of Share Capital	-	-	-	-	-	-	-	-	-	-
Balance as at 16 July 2025 (Ashad 32, 2082)	**1,268,270,900**	**-**	**-**	**522,834,402**	**240,796,507**	**13,106,783**	**1,019,015**	**620,807,479**	**274,288,590**	**2,941,123,675**
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-
Restated Balance	**1,268,270,900**	**-**	**-**	**522,834,402**	**240,796,507**	**13,106,783**	**1,019,015**	**620,807,479**	**-**	**2,941,123,675**
Surplus on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-
Deficit on Revaluation of Investment	-	-	-	-	-	-	-	-	-	-
Current Translation Difference	-	-	-	-	-	-	-	-	-	-
Net Profit for Period	-	-	-	-	-	-	-	410,122,083	-	410,122,083
Bonus Share Capital FY 2081/82	190,240,600	-	-	-	-	-	-	(190,240,600)	-	-
Cash Dividend FY 2081/82	-	-	-	-	-	-	-	(10,006,657)	-	(10,006,657)
Transfer to Infrastructure Development Reserve	-	-	-	82,024,417	-	-	-	(82,024,417)	-	-
Transfer to Cyber Risk Reserve	-	-	-	-		4,101,221	-	(4,101,221)	-	-
Transfer to Land & Building Reserve	-	-	-	-	41,012,208	-	-	(41,012,208)	-	-
Reserve for Actuarial Gain/(Loss)	-	-	-	-	-	-	369,345	-	-	369,345
Issue of Share Capital	-	-	-	-	-	-	-	-	-	-
Balance as at 16 July 2026 (Ashad 32, 2083)	**1,458,511,500**	**-**	**-**	**604,858,819**	**281,808,715**	**17,208,004**	**1,388,360**	**703,544,459**	**274,288,590**	**3,341,608,446**

As per our report of even date

Neelesh Man Singh Pradhan
Chief Executive Officer

Hem Prasad Neupane
Chairman

CA. Jitendra Bahadur Rajbhandary
Senior Partner
For J. B. Rajbhandary & DiBins
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Director

Jagadish Dahal
Director

Date: 16th September 2026
Place: Kamaladi, Kathmandu, Nepal

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the Period ended 32nd Ashadh, 2083 (16th July 2026)

1. General Information

1.1. Legal and Domicile Form

Nepal Clearing House Ltd. (hereinafter referred to as "NCHL" or "company") is a public limited company registered with Company Registrar Office on 8th Poush 2065 (corresponding to 23rd December 2008) with registered address at Kamaladi, Kathmandu. The principal objective of the company is to implement and operate national payment and settlement systems in Nepal. It obtained the letter of commencement of business from Company Registrar Office effective from 31st Jestha 2068. NCHL obtained approval from Nepal Rastra Bank (NRB) for operation of Electronic Cheque Clearing (NCHL-ECC) system for foreign currency cheques clearance effective from 7th Poush 2068 and obtained approval for conducting the cheque clearing in Nepalese currency effective from 16th Chaitra 2068. NCHL obtained approval from NRB for operation of Interbank Payment System (NCHL-IPS) from 4th Mangsir 2071 and effectively commenced NCHL-IPS transaction from 1st Bhadra 2073. NCHL obtained approval from NRB on 19th Chaitra 2074 for operation of IPS e-Payment System for processing of payments through alternate channels and was commenced from 12th Baisakh 2075. NCHL rolled out *connect*RTGS on 29th Mangshir 2076 and launched National Payments Interface (NPI) on 2nd Chaitra 2076. *connect*RTGS system is a customized extension of *connect*IPS Integration System for member banks and financial institutions to process inward and outward transactions in the Real-Time Gross Settlement (RTGS) system owned and operated by NRB. Whereas, NPI is a consolidated Application Programming Interfaces (APIs) of multiple payment systems hosted by NCHL or any other institutions, which is built in Open API concept. NCHL obtained approval from NRB on 29th Bhadra 2077 for the operation of CORPORATEPAY system and effectively commenced the transaction from 11th Mangsir 2077. The system was officially launched on 1st Magh 2077. After the acquisition of Nepal Electronic Payment Systems Ltd. (NePS) and joint operations from 21st Jestha 2081, card processing of international card schemes (ICS) is being operated as EFT Card Services.

As part of the National Payment Switch (NPS), the Phase I of NPS, as Retail Payment Switch (RPS), was officially launched on 11th Chaitra 2078, which has enabled interoperability of non-card-based transactions along with the establishment of NEPALPAY QR scheme, whereas the Phase II of NPS related to National Card Switch was announced as readiness of its technical readiness on 18th Chaitra,2081 (31st March 2025) and later commercially went live on 3rd Poush 2082.

Also, as part of the third pillar of NPS, the cross border payment infrastructure (NPIx) was commercially rolled out as the first engement with Alipay Connect Pte. Ltd (Alipay+) on 31st Oct, 2024. It then entered into signed Network to Network agreements with NPCI International (for Nepal-India) cross border P2P on 2nd April 2024, with Lankapay Private Limited (Lankapay) for cross border P2M on 27th January, 2026. There are other ongoing arrangements with few other corridors and networks and are currently at various status of implementations.

In the Financial Ordinance of FY 2082/83 issued by Nepal Government on 15th Jestha 2082, exemption on clearing and settlement services have been reinstated under the VAT exemption list (Schedule 1 of VAT Act), 2052, corresponding to which NCHL was de-registered from VAT on 19th Ashadh 2082.

1.2. Objectives, Products and Members

NCHL, as per its strategic objectives to establish multiple payments, clearing and settlement systems in Nepal, is currently operating Electronic Cheque Clearing (NCHL-ECC), Interbank Payment System (NCHL-IPS), *connect*IPS system, CORPORATEPAY, *connect*RTGS, NEPALPAY QR, National Payment Interface (NPI) and EFT Card Services. NCHL as per the mandate of NRB is operating the core infrastructure for routing and settlement of transactions in Nepal as National Payment Switch (NPS) which includes National Card Switch (NPS-NCS), Retail Payment Switch (NPS-RPS) , Nepal's National Card Scheme, NEPALPAY Card, CPAY2.0, Digital Mobile Banking Solution (DMBS) and Card Central System (CCS)

NCHL entered into agreement for NCHL-ECC with 159 members, out of which, 53 members (Nepal Rastra Bank, Nepal Infrastructure Bank Ltd., 20 commercial banks, 17 development banks and 14 finance companies) are now in operation.

Similarly, for NCHL-IPS System, NCHL entered into agreement with 219 members, out of which, 166 members (Nepal Rastra Bank, Nepal Infrastructure Bank Ltd., 20 commercial banks,17 development banks, 14 finance companies and 113 Indirect/Technical members) are in operation. 29 new Indirect/Technical members were added for the system, whereas, membership for 2 Indirect/Technical Members were terminated during the fiscal year 2082/83. Out of the total members 40 indirect/technical members who have subscribed for the service are yet to come into operation.

For RPS, 164 members are live (20 commercial banks, 17 development banks, 15 finance companies, NIFRA and 112 Indirect/Technical members) till Ashadh end 2083. Membership of 2 Indirect/Technical Members were terminated during the fiscal year 2082/83. 40 Indirect/ Technical members who have subscribed for the service are yet to come into operation. NCHL has also facilitated its 52-member BFIs for needed integrations of their core banking system (CBS) with various payment systems as NPI Banks integration.

NCHL has entered into agreement for NPI with 178 members, out of which, 20 commercial banks, 17 development banks, 15 finance companies and 126 indirect/technical members are live . Out of the total indirect/technical members 40 have subscribed but are yet to go live. Out of the 44 BFIs that have entered into integration partnership agreement with NCHL for *connect*RTGS, Nepal Infrastructure Bank Ltd., 17commercial banks, 11 development banks and 12 finance companies have gone live. 2 BFIs who have entered into agreement for *connect*RTGS are yet to go live. NCHL has entered into agreement for CORPORATEPAY with 46 BFIs, out of which, 20 commercial banks, 11 development banks and 14 finance companies have gone live. 2 BFIs who have also entered into agreement for CORPORATEPAY but are yet to go live.

Under National Payment Switch (NPS), 70 members (20 commercial banks, 17 development banks 15 finance companies and 19 indirect/technical members) have entered into agreement with 59 members are live with at least one of the instruments or use case of Retail Payment Switch (RPS). Similarly, 36 BFIs have signed agreement for National Card Switch and NEPALPAY Card.

The agreement with 11 members for EFT Card service (7 commercial banks and 4 development banks) are currently in operation, where 1 member was terminated during the fiscal year.

1.3. Details of Share Ownership

NCHL is promoted by Nepal Rastra Bank and major banks & financial institutions of Nepal. The details of the share ownership as on 32nd Ashadh 2083 is as follows:

Particulars	No. of Shares	Value in NPR	Shareholding %
Nepal Rastra Bank	1,377,583	137,758,300	9.45%
Commercial Banks	11,291,132	1,129,113,200	90.55%
Development Banks	1,018,510	101,851,000	
Finance Companies	897,890	89,789,000	
Total	**14,585,115**	**1,458,511,500**	**100%**

2. Basis of Preparation of Financial Statements

2.1. Statement of Compliance

The accompanying Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRSs), pronounced for implementation by The Institute of Chartered Accountants of Nepal. The Financial Statements comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, and Notes to the Financial Statements, comprising significant Accounting Policies and other explanatory information. The significant accounting policies applied in the preparation of financial statements are set out below and are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2.2. Reporting Period and Authorization for Issue of Financial Statement

The reporting period of NCHL covers a twelve-month period from 1st Shrawan 2082 (17th July 2025) to 32nd Ashadh 2083 (16th July 2026). The comparative figures in Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows, and Statement of Changes in Equity are presented for the year ended 32nd Ashadh 2083 (16th July, 2026).

Accompanied financial statements are prepared under the responsibility of the management and adopted by the Board of Directors on its meeting held on 16th September 2026 with necessary recommendation for approval by the shareholders in the upcoming Annual General Meeting.

2.3. Operating Cycle

Based on the nature of its activities, NCHL has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liabilities as current and non- current.

2.4. Functional and Presentation Currency

The Financial Statements of NCHL are presented in Nepalese Rupees (NPR), which is the NCHL's functional currency. All the financial information presented in Nepalese Rupees have been rounded to the nearest rupee, except otherwise indicated.

2.5. Use of Estimates, Assumptions and Judgements

For the preparation of Financial Statements, management has made critical accounting judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable but actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis with historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.6. Going Concern

The Financial Statements have been prepared on going concern basis, as the management is satisfied that NCHL has, at the time of authorization of financial statement, have adequate resources to continue its operation for the foreseeable future and the management is not aware of any material uncertainties that may cast significant doubt upon NCHL's ability to continue as a going concern.

2.7. Classification and Order of Financial Statements

Assets and liabilities are presented in the order of liquidity in the Statement of Financial Position. Income and expenses are classified 'by nature' in the Statement of Profit or Loss. Cash Flow from Operating Activities are derived using indirect method in the Statement of Cash Flows.

2.8. Statement of Cash Flows

The Statement of Cash Flows, as per Nepal Accounting Standard (NAS 7), is a financial statement that provides a summary of an organization's cash inflows and outflows during a specific reporting period. Statement of Cash flows is prepared segregating the cash flows from operating, investing and financing activities. NCHL has presented Cash flow from operating activities using indirect method.

2.9. Materiality and Aggregation

For the preparation of Financial Statement, the materiality and aggregation are based upon "NAS 1 - Presentation of Financial Statements". Accordingly, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions are presented separately unless they are immaterial.

2.10. Previous Year Figure

Previous year's figures have been grouped or regrouped wherever necessary to facilitate comparison of figures in financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the company. The accounting policies adopted by the company are included in the relevant notes for each line items of the financial statement. The effect and nature of the changes in accounting policy, if any, are also disclosed.

Index of significant accounting policies is presented below for easy reference.

Principal Note	Particulars	Explanatory Notes
3.1	Inventories	4.2
3.2	Financial Assets	-
3.2.1	Cash & Bank Balances	4.1
3.2.2	Receivables, Pre-paid Expenses, Other Advance Payments and Deposits	4.3
3.2.3	Staff Loan	4.3
3.2.4	Investments	4.4
3.2.5	Settlement Guarantee Fund Deposits	4.6
3.3	Financial Liabilities	-
3.3.1	Other Liabilities	4.10
3.3.2	Settlement Guarantee Fund Liabilities	4.6.1
3.4	Impairment of Financial Assets	-
3.5	De-recognition of Financial Instruments	-
3.6	Off-setting of Financial Instruments	-
3.7	Fair Value measurement of Financial Instrument	-
3.8, 3.9	Property, Plant and Equipment (PPE), Intangible Assets	4.8
3.9.1	Research and Development Expenditure	-
3.10	Impairment of Assets	-
3.11	Foreign Currency Transactions	-
3.12	Goodwill	-
3.13	Current Tax	4.5
3.14	Deferred Tax	4.7
3.15	Defined Contribution Plans	-
3.16	Defined Benefit Plans	-
3.17	Leases	-
3.18	Share Capital	4.12
3.19	Reserve & Surplus	4.13
3.20	Proposed Dividend/Bonus Shares	-
3.21	Basic Earnings	-
3.22	Weighted average number of Ordinary Shares outstanding during the reporting period	-
3.23	Basic Earnings per Share	-
3.24	Diluted Earnings per Share	-
3.25	Provisions, Contingent Assets & Liabilities	4.9
3.26	Operating Income	4.14
3.27	Other Income	-
3.28	Operating Expenses	4.15
3.29	Administrative Expenses	4.16
3.30	Human Resources Expenses	4.17
3.31	Subsequent Events	4.5, 4.7

3.1. Inventories

Inventories are valued at cost, being weighted average cost, or net realizable value whichever is lower as per "NAS-2. Inventory" in the form of fuel stock for operating generator and printing asset envelope is only maintained. Other recurring inventory having minor purchase value are expensed off as and when purchased.

FINANCIAL INSTRUMENTS

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when NCHL becomes a party to the contract embodying the related financial instruments.

All financial assets and financial liabilities are initially measured at transaction cost, and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of a financial asset or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are immediately recognized in the statement of profit or loss.

3.2. Financial Assets

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit or Loss, transaction costs that are attributable to the acquisition of the financial asset.

For subsequent measurement at each reporting date, financial assets are classified in three categories:

- Financial assets at fair value through Profit or Loss
- Financial assets at fair value through Other Comprehensive Income
- Financial assets at amortized cost.

NCHL currently holds only financial assets subsequently measured at amortized cost mainly comprising receivables, Staff advances, cash and cash equivalents, term deposits with BFIs and investment on debentures issued by BFIs.

3.2.1. Cash and Bank Balance

Cash & Bank Balances are short term and liquid placements in banks and financial institutions that are readily available and which are subject to insignificant risk of changes in value.

3.2.2. Receivables, Pre-paid Expenses, Other Advances and Deposits

- Receivables from the Members (Direct and Indirect/ Technical) relate to the due amount from regular operations and the Interest Receivables are interest already earned from investments but not credited in the bank account. Trade and other receivables are initially measured at their carrying value which is approximate to their fair value due to short term maturity and subsequently measured at amortized cost.

- Prepaid Expenses are initially recognized at fair value and subsequently carried at amortized cost. Their carrying amount is considered as approximate fair value for instrument with short term maturity.

- Advance payment disbursed to the vendors as per the contractual obligations are categorized under 'Other Assets' as Other Advances. Their carrying amount is considered as approximate fair value due to their short-term maturity.

- Deposits are initially recognized at fair value and subsequently carried at amortized cost. Deposits include refundable deposits; however, since the tenure of deposit is neither fixed nor cancellable, its fair value is considered to be carrying amount.

3.2.3. Staff Loan

NCHL provides Staff loan to employee as per NCHL Human Resource Plan and are measured at fair value, which is calculated by discounting the future cash flows by using the Effective Interest Rate (EIR) which is the weighted average interest rate of the investments of NCHL applicable at the issuance of the loan and with respect to the maturities of such advances.

The fair value loss which is the difference between the present value of cash flows and the actual transaction amount is recognized as deferred other benefits. Total fair value loss is divided into number of advance periods and the current year portion is recognized as expense under Staff-Other Benefits, whereas remaining expense is deferred to remaining advance period and are recognized as expense in subsequent periods proportionately.

3.2.4. Investments

The investments of NCHL are related to the investments in Fixed Deposits & Debentures. These investments are initially recognized and measured at their fair value. Subsequently, these Investment are measured at amortized cost, as the business model of NCHL is to hold these financial assets till maturity to collect contractual cash flows and the

contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of interest on the investment and return of principal amount invested on the maturity of investment period. The amortized cost is computed by using Effective Interest Rate (EIR), which is the same interest rate of each investment. The Fixed Deposits & Debentures bear no transaction fee in between and the rates provided are also the market rates. Hence, their carrying values are considered to be their amortized amount.

Investments are managed as per NCHL-Investment Policy Ver 3.0 (May 2025). Extract of the prevailing Investment Policy is as follows:

1. Investment asset allocation

Assets Category	Strategic Allocation	Lower Limit	Upper Limit
Fixed Deposits	40%	0%	100%
Government Securities	20%	0%	50%
Debentures/Bonds	25%	0%	30%
Mutual Fund	10%	0%	20%
Cash Equivalents	5%	0%	100%

2. Investment counterparties include Government/ Nepal Rastra Bank (NRB), Banks & Financial Institutions, Listed Companies and Mutual Funds. Following criteria are used for identifying eligible counterparties other than for Government/ NRB.

i. Counterparty shall be in operations for at least three years. For mutual fund investment, it shall be the years in operation for the issuer.
ii. Counterparty shall be in profit for at least last two years with positive net worth.
iii. For investments in banks and financial institutions, their Capital Adequacy Ratio (CAR) shall be as prescribed by NRB for at least latest two quarters. However, necessary comprehensive risk analysis of other criteria shall also be duly considered.
iv. Investment allocation in banks and financial institutions shall be as follows.

- Commercial Banks: Up to 100%
- Development Banks: Up to 25%
- Finance Companies: Up to 20%

3. Single counterparty (other than Government/NRB) exposure shall not exceed 15% of the investible fund. For the computation of counterparty exposure, investments in all asset categories shall be considered. However, if the limit exceeds due to the market revaluation or cash movements, it shall be rebalanced in the next review period or at the time of the maturity of the investment.

3.2.5. Settlement Guarantee Fund Deposits

1. Settlement Guarantee Fund (SGF) is established to guarantee the settlement between the participating members in order to mitigate the possible settlement risks that may arise due to the deferred net settlement arrangement for real time or immediate credit products. The main objective of establishing the SGF is to utilize the fund as the last resort after having exhausted all available opportunities for the members that are unable to settle its obligation for the transactions backed by SGF at the time of settlement.

2. A separate non-interest-bearing account at Nepal Rastra Bank (NRB) is maintained and operated by NCHL, whereby the contribution to the fund is made by NCHL, other sources and contribution from the participating members. Initially the committed contribution from the transaction fees was 5% for the first 2 years and 2.5% for next 3 years (net of corporate tax) with last contribution up to Ashad end 2080. NCHL further extended such additional contribution of 2.5% from the transaction fees for the next 5 years (net of corporate tax) from 1st Shrawan 2080 onwards. NRB has approved the Operating Procedure for Settlement Guarantee Fund on 21st Falgun 2076 and additional SGF Operating Process has been issued in 4th Jestha 2080 for the member BFIs to make additional guarantee (bank guarantee) and cash contribution in SGF as per the member bank's business requirement. Such bank guarantee is allowed up to the 75% of the total requirement, subject to the availability of the total fund. As of the end of FY 2082/83, bank guarantee of equivalent to total of NPR 3,390,000,000 has been issued by the participating BFIs for the SGF purpose.

3. For the transactions related to Cross Border via Nepal Pay QR, a separate Settlement Guarantee Fund (SGF) and Market Development Fund (MDF) is established with 5% and 10% of MDR respectively as contribution from each cross-border transaction. It is accounted as payable in books of account until the dedicated bank account for its deposit and maintenance is implemented.

3.3. Financial Liabilities:

Financial liabilities of NCHL are initially recognized at fair value and subsequently measured and classified at amortized cost.

3.3.1. Other Liabilities

Other Liabilities include Payables and Advance Incomes which are initially recognized at fair value and subsequently carried at amortized cost. Their carrying amount is considered as approximate fair value due to their short-term maturity.

3.3.2. Settlement Guarantee Fund Liabilities

Settlement Guarantee Fund Liabilities represents the SGF contribution funded by Sakchyam Challenge Fund through Grant project (during period 2076/01/18 to 2078/04/16). As per the terms of the project agreement, the contribution from the project is subject to refund if the SGF is defunct. Hence, the contributed amount from the grant project has been presented as a Liability in the Statement of Financial Position.

3.4. Impairment of Financial Assets

NCHL currently holds only financial assets subsequently measured at amortized cost. Impairment testing and impairment calculation of financial assets have been done in accordance with Carve-Out issued by ICAN on "NFRS 9-Financial Instrument" that is applicable until FY 2082/83. NCHL assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition) amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in Statement of profit or loss. During the reporting period, there were no any situations and indications regarding Impairment loss. Hence, no impairment loss is recognized for any financial assets.

3.5. De-recognition of Financial Instruments

NCHL derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset, and the transfer qualifies for de-recognition under NFRS 9. On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of derecognition and the consideration received is recognized in a Statement of Profit or Loss. Similarly, financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference in the respective carrying amounts and consideration paid is recognized in the Statement of Profit or Loss. During the period, there has not been any de-recognition of financial assets and/or financial liabilities.

3.6. Off-setting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.7. Fair Value measurement of Financial Instrument

As per "NFRS 13 - 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 in the principal (or most advantageous) market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. NCHL uses the fair value hierarchy with the highest priority to Level 1 inputs and the lower priority to Level 3 inputs.

PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS AND WIP PROJECTS

3.8. Property, Plant and Equipment (PPE)

1. PPE is recognized as per "NAS 16 Property, Plant and Equipment", when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the asset can be measured reliably. PPE is stated at original cost, net of tax/duty credits availed, if any on the initial recognition. NCHL follows cost model for the initial recognition of PPE and on subsequent measurement, accumulated depreciation and any accumulated impairment losses are deducted. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use as estimated by the management. Any trade discounts and rebates are deducted in arriving at the purchase price.

2. Subsequent expenditures relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost 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.

3. An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the property, plant and equipment is de-recognized. In case of disposal of assets during the year, depreciation is charged up to the previous month of disposal and disposed amount accounted as per the written down value.

4. Tangible Assets are depreciated on Straight Line Method (SLM) on the basis of useful economic life of the assets

decided by the Board. Accordingly, assets are depreciated on the basis of completed month applying the following rates based on approved class of assets. However, depreciation for the assets procured during the fiscal year are applied on pro-rata basis from next month of the procurement of the fixed assets.

Class of Assets	Effective useful life	Depreciation Rate
Tangible Assets:		
Building	20 years	5%
Data Center Assets	5 years	20%
Office Equipment	5 years	20%
Vehicle	6.67 years	15%
Other Fixed Assets	6.67 years	15%

Depreciation is calculated as per the rate and procedures defined in Income Tax Act, 2058 (Amended) for income tax purpose.

5. Asset value of NPR 5,000 or less are expensed off in the same year of purchase during the fiscal year. However, items like phones and labelling machines which are non-durable are expensed off during the fiscal year.

3.9. Intangible Assets

1. Intangible Assets are recognized as per "NAS-38 Intangible Assets", when it is probable that the future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably. Intangible Assets are stated at original cost net of tax/duty credits availed, if any, on the initial recognition. NCHL follows cost model for the initial recognition of intangible assets and on subsequent measurement, accumulated amortization and cumulative impairment losses are deducted. The cost includes directly attributable cost necessary to create, develop, produce and/or prepare the intangible assets that are incurred in development phases. Directly attributable cost in generating such intangible assets includes cost of materials and services used or consumed, benefits to the employee involved in development (excluding specific benefits like bonus, retirement payments or similar), fees/ charges to register a legal rights or similar cost that could be directly attributed to the intangible asset.
2. Subsequent costs are included in the intangible asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.
3. Intangible Assets are amortized on Straight Line Method (SLM) on the basis of useful economic life of the assets decided by the Board. Accordingly, assets are amortized on the basis of completed month applying the following rates based on approved class of assets. However, amortization for the assets procured during the fiscal year are applied on pro-rata basis from next month of the procurement of the fixed assets.

Class of Assets	Effective useful life	Depreciation Rate
Intangible Assets:		
Software	5 years	20%

Amortization is calculated as per the rate and procedures defined in Income Tax Act, 2058 (Amended) for income tax purpose.

4. NCHL has trademark for company logo "NCHL" and system logos of "ECC", "IPS", "*connect*IPS", "NPI", "NPS", "NEPALPAY", "*connect*RTGS", "NEPALPAY QR" and "NEPALPAY Card" which are registered under Department of Industry. These carry intangible brand value but have not been accounted and presented under financials.

3.9.1. Research and Development Expenditure

1. Revenue expenditure on research is expensed under respective heads of account in the period in which it is incurred.
2. Development expenditure on new products is capitalized as intangible asset, if all the following conditions are duly fulfilled:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale.
ii. The entity has intention to complete the intangible asset and use or sell it.
iii. The entity has ability to use or sell the intangible asset.
iv. The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible.
v. The asset or intangible asset itself or if it is to be used internally, the usefulness of intangible Assets.
vi. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
vii. The entity has ability to measure the expenditure attributable to the intangible asset during its development reliably.

3. Development expenditure that does not meet the criteria listed above is expensed in the period in which it is incurred.
4. The expenditures that are made during development and implementation of a Project/Intangible assets but not commercially rolled out are identified as Project Work-in-Progress and are presented separately under the Project WIP. They will be capitalized from the month they are brought into commercial use.
5. The *connect*IPS/ Retail Payment Switch (RPS), NEPALPAY QR, National Payments Interface (NPI) including NPIx, *connect*RTGS, CORPORATEPAY, DMBS and CCS systems and/or payment interfaces are developed internally at

NCHL by the System and Product & Engineering team. Hence, they are classified as intangible assets with capitalization of the employee cost incurred for the staff directly involved in development activities and directly attributable costs for its development (e.g. outsourced development and third-party testing, etc.). Such capitalized expense is kept under Project WIP, until they are brought into commercial use.

6. National Card Switch (NPS-NCS) and NEPALPAY Card related software, equipment, etc. under NPS project and that is under implementation are also kept under Project WIP.

3.10. Impairment of Assets

An asset (Tangible and Intangible) is impaired when it's carrying value exceeds its recoverable amount as per "NAS 36 Impairment of Assets". At the end of each reporting period, NCHL reviews the carrying value of all assets recognized and assesses whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, NCHL makes an estimate of the recoverable amount of the asset. The carrying value of the asset is reduced to its recoverable amount if the recoverable amount is less than it's carrying amount with associated impairment losses recognized in the statement of profit and loss. During the period, there were no any situations and indications regarding impairment loss. Hence, no impairment loss is recognized for any of the assets classified under PPE.

3.11. Foreign Currency Transactions

Foreign Currency related transactions are recorded, reported and presented as per the provisions envisaged by NAS 21" The Effect of changes in Foreign Exchange rates". The functional currency of the Company is Nepalese rupee. Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction i.e. spot rate. At each reporting date, foreign currency monetary items are reported using the closing rate. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each reporting date at the closing rate are recognized in Statement of Profit and Loss in the period in which they arise.

3.12. Goodwill

In accordance with NAS 36: "Impairment of Assets" Goodwill is tested for impairment annually or whenever there are indications of impairment. Based on management's assessment for the current reporting period, no indications of impairment were identified and the Goodwill recognized during the acquisition of NePS is expected to continue to provide future economic benefits. Hence, Goodwill is not amortized but the impairment indicators will continue to be monitored on an ongoing basis.

INCOME TAX

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current and deferred taxes. Income tax is recognized as per "NAS 12 Income Taxes".

3.13. Current Tax

1. Current Tax is measured as the amount expected to be paid to the Tax Authorities in accordance with the provision of Income Tax Act, 2058.
2. The Company offsets, on a yearon year basis, the current tax Assets and Liabilities, where it has a legally enforceable right and where it intends to settle such Assets and liabilities on a net basis. It is measured using tax rates enacted, or substantively enacted, at the reporting date.
3. The company has provided for income tax provision considering inadmissible expenses as per Income Tax Act, 2058 which is presented under 'Provisions' after adjusting Advance Income Tax of the current year in the Statement of Financial Position. The Net Current Tax Assets is taken as Advance Income Tax for the upcoming fiscal year.

3.14. Deferred Tax

1. Deferred Tax is recognized at the reporting date in respect of temporary differences between the carrying amounts of assets or liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e. tax base).

2. Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and carried forward unused tax losses (if any), to the extent that it is probable that future taxable profits will be available against which they can be claimed. Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

3. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they will be reversed, using tax rates enacted, or substantively enacted, at the reporting date.

4. Deferred tax income or expense relating to items recognized directly in equity or items not classified in the Statement of Profit or Loss is recognized in the Statement of Other Comprehensive Income.

EMPLOYEE BENEFITS

Short term employee benefits obligations like Statutory Staff Bonus are measured on an undiscounted basis and are expensed as the related service and is computed as per Bonus Act, 2030, at 10% of the profit before staff bonus.

Similarly, Provident fund, Gratuity, Leave and Superannuation are the Post-employee benefit schemes as per the NCHL Employee's Service Rules and as per the prevailing Labor Act 2074 which are accounted as per the "NAS 19 Employee Benefits". There are two types of post-employment benefits i.e. Defined Contribution Plans and Defined Benefit Plans.

3.15. Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognized as employee benefit expenses in Statement of Profit or Loss in the period during which the related service is rendered by the employees. Contribution to Employee Provident Fund (EPF) and Citizen Investment Trust (CIT) in which employer and employee both contribute 10% of basic salary to an Approved Retirement Fund and contribution to gratuity at the rate of 8.33% of basic salary as per Labor Act 2074 are accounted as Defined Contribution Plans according to NAS 19. From the FY 2079/80, the accumulated amount set aside and any upcoming amount as per gratuity of 8.33% of basic salary of all employees are deposited in Citizen Investment Trust (CIT) by opening individual accounts of the employees, to be disbursed to the respective employee at the time of retirement.

3.16. Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. This plan includes Superannuation and Leave facility. The defined benefit is calculated by an independent actuary using Projected Unit Credit (PUC) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates denominated in Nepalese Rupees with maturity terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, future salary increment rate, mortality rates, etc. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date by the actuary. Accordingly, the employee benefit liability is based on the actuarial valuation as at end of reporting period. NCHL's accounting policy for Superannuation and Leave benefits is to recognize actuarial gains and losses in the period in which they occur in full in the Statement of Other Comprehensive Income.

Interest is calculated by applying the discount rate to the defined benefit obligation. NCHL recognizes the following changes in the defined benefit obligations to the Statement of Profit or Loss

- Service costs comprising current service costs and past service costs
- Interest expenses

Any changes in the liabilities over the year due to changes in assumptions or experience within the scheme are recognized in Statement of Other Comprehensive Income in the period in which they arise.

The Superannuation Benefit is provided as per NCHL Employee's Service Rules based on number of years of service. Eligibility requires at least three years of continuous service in NCHL from the date of confirmation of employment. The provision for leave accumulation is provided for the accumulated paid leaves as per the NCHL Employee's Service Rules. Both the superannuation benefit and leave accumulation are measured through the third-party actuary valuation. The eligible fund of superannuation benefit is deposited in Approved Retirement Fund (ARF).

3.17. LEASES

NCHL determines whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. As per "NFRS-16 -Leases", NCHL does not have any arrangement related to Finance Lease and NCHL is on the role of Lessee under Operating Lease. Assets taken on a lease are recognized as right-of-use (ROU) Assets and a lease liability at the commencement date.

From FY 2079/80, NCHL has transitioned from NAS-17 to NFRS-16 for accounting of leases. All previously classified operating leases are now recognized as right-of-use assets with corresponding lease liabilities. NCHL applies depreciation requirements of NAS-16, Property, Plant and Equipment, in depreciating the right-of-use asset and the lease term mentioned in the contract is taken as useful life for calculating the depreciation. ROU assets are depreciated using straight-line method from the commencement date to end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date discounted using the NCHL's incremental borrowing rate. Subsequently, lease liability is remeasured increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

SHARE CAPITAL AND RESERVES

Share capital and reserves are different classes of equity claims, which are claims on the residual interest in the assets of the entity after deducting all its liabilities. Changes in equity during the reporting period comprise income and expenses recognized in the statement of financial performance; plus, contributions from holders of equity claims, minus distributions to holders of equity claims.

3.18. Share Capital

The Authorized share capital of NCHL is NPR 2,250,000,000. Up to the end of reporting period, the Issued, Subscribed and Paid-up capital are NPR 1,458,511,500. The Share Capital in the company is recognized at the par value of NPR 100 per share. The holders of shares are entitled to one vote per share at the general meeting and are entitled to receive the annual dividend payments, if any. The company does not have any other forms of share capital other than ordinary shares.

3.19. Reserve & Surplus

There are different reserves as explained below.

3.19.1. Infrastructure Development Reserve

The company has historically set aside 20% of the Profit After Tax of the period for each fiscal year before dividend/bonus share and other reserves as Technology Enhancement Reserve. The objective of the reserve is to set out separate fund for major enhancement/upgrade of the existing system(s) and/or for funding of new payment and settlement system projects in future. As per the Dividend Distribution Guidelines 2082 issued by NRB, the reserve has been renamed and reported in the financial statements as 'Infrastructure Development Reserve'. The reserve has not been ear-marked in the assets and has been invested as per the prevailing NCHL Investment Policy.

3.19.2. Risk Bearing Reserve

The company has historically set aside 1% of the Profit After Tax of the period for each fiscal year before Dividend/ bonus share, Land & Building Reserve and General Reserve & Surplus as Cyber Risk Reserve. The objective of this reserve is to set out separate fund to cover possible liability of cyber risks in payment systems operated by the company and has been established as a contingent arrangement in the absence of cyber risk insurance from FY 2077/78. As per the Dividend Distribution Guidelines 2082 issued by NRB, the reserve has been renamed and reported in the financial statements as 'Risk Bearing Reserve'. The reserve has not been ear-marked in the assets and has been invested as per the prevailing NCHL Investment Policy.

3.19.3. Land & Building Reserve

The company sets aside 10% of the Profit After Tax of the period for each fiscal year before dividend/bonus share and General Reserve & Surplus as Land & Building Reserve. The objective of this reserve is to set out separate fund for acquiring NCHL's own premise (Land & Building) in future. The reserve has not been ear-marked in the assets and has been invested as per the prevailing NCHL Investment Policy.

3.19.4. Reserve for Actuarial Gain/(Loss)

The Reserve for Actuarial Gain/ (Loss) has been created due to the application of accounting policy for employee benefits as per "NAS 19 - Employee Benefits" for the presentation of actuarial gain or loss resulting from the change in actuarial assumptions used to value defined benefit obligations. Any change in this reserve is recognized through Statement of Other Comprehensive Income and is not a distributable profit.

3.19.5. General Reserve & Surplus

Surplus profit after the appropriation of the specific reserves is transferred to General Reserve & Surplus.

The proposed dividend and bonus, if any, will be adjusted from General Reserve & Surplus in the next fiscal year and as per the approval from the next Annual General Meeting.

3.20. Proposed Dividend/Bonus Shares

"NAS 1 Presentation of Financial Statements", requires the dividend/bonus shares proposed after the reporting period are authorized for issue, be disclosed in the Notes to the financial statement. Accordingly, NCHL has disclosed the amount of proposed Dividend/Bonus Shares in Notes, subject to approval of the forthcoming annual General Meeting (AGM).

EARNINGS PER SHARE (EPS)

NCHL calculates Earnings Per Share (EPS) in accordance with "NAS 33 Earnings Per Share", which has been shown on the face of Statement of Profit or Loss.

3.21. Basic Earnings

This represents earnings for the period attributable to ordinary shareholders. As there was no preference dividend, minority or extra ordinary items, the profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

3.22. Weighted average number of Ordinary Shares outstanding during the reporting period

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the reporting period multiplied by a time-weighting factor. The time-weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the period.

3.23. Basic Earnings per Share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the period.

3.24. Diluted Earnings per Share

No diluted EPS is required to be calculated for the period, as there was no scope for dilution during the reporting period under review.

3.25. Provisions, Contingent Assets & Liabilities

As per "NAS-37– Provisions, Contingent Liabilities and Contingent Assets", Provision is recognized when an entity has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value unless the effect of time value of money is not affecting materially and are determined based on a best estimate required to settle the obligation at the Reporting date. Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

The provisions for total amount of NPR 19,121,876 regarding doubtful recovery of receivables and probable future cash out of withdrawals of money using ATM cards of EFT Card member banks in ATM terminals of various banks in Nepal and India through VISA network during the fiscal year 2076/77 has been carried forward from NePS financials during business combination. The provision has been made for possible liability relating to those withdrawals, however, legal case of the event is still under consideration.

Similarly, contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the Company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably. NCHL does not recognize contingent liability and contingent asset but discloses the existence of contingent liability in the financial statements if any.

While the erstwhile NePS after its acquisition by NCHL has been formally closed at the Office of Company Registrar and in process for PAN closure at Tax Office, the tax authority has initiated full tax audit of NePS for the FY 2077/78. The matter is currently under review, and no liability has been recognized in the financial statements as the outcome is uncertain.

REVENUE RECOGNITION

Revenue recognition is applied as per NFRS-15 (Revenue from Contract with Customers) to the extent of its significance on the basis of the nature of NCHL's business. NCHL has recognized the Revenue from contracts with customers when control of services is transferred to the customer at an amount that reflects the consideration entitled in exchange for those services. Revenue is measured at the amount of consideration which NCHL expects to be entitled in exchange for transferring distinct services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the Government of Nepal).

3.26. Operating Income

1. NCHL derives revenue primarily from operating various payment systems for member BFIs like NCHL-ECC, NCHL-IPS, EFT Card services, Retail Payment Switch (RPS) and National Card Switch (NCS) and payment channels or interfaces like National Payments Interface (NPI), *connect*IPS, CORPORATEPAY, *connect*RTGS, NEPALPAY QR. Revenue from such products and services are transaction based and is accounted for all transactions routed during the reporting period. NEPALPAY QR is in operation from FY 2079/80 but merchant discount rate (MDR) has not been fully made effective, with selected merchant categories carrying MDR. Revenue from NPS and its components including NEPALPAY Card are added after Go-Live date 3rd Poush 2082.

2. Other Annual charges, Network connectivity and membership/subscription fees (non-refundable) collected from customers/members using NCHL's product and services are recognized as income in the reporting period under accrual basis.

3. A contract liability (Advance Income) is presented in the statement of financial position where a member has paid an amount of consideration prior to NCHL performing by transferring the related service to the customer. Similarly, where NCHL has performed by transferring a service to its member and the member has not paid the related consideration up to the end of reporting period, a contract asset (member receivable) is presented in the statement of financial position, depending on the nature of NCHL's right to consideration. Contract assets (receivables) has been accounted for in accordance

with NFRS-9. Any impairment relating to contracts with customers should be measured, presented and disclosed in accordance with NFRS 9, however there were no any indicators of impairment at the end of reporting period.

4. While segregating the first billed amount between the current year's Income and Advance Income on pro-rata basis, the first day of the month is considered rather than the effective date. Such computation is automated through NCHL-CRM & Billing System. The revenue of *connect*IPS e-Payment after revenue sharing with the members includes 2.5 % contribution towards SGF which is deposited in SGF account maintained at NRB.

5. The transaction fees and annual membership/ subscription fees in NCHL-ECC and NCHL-IPS are waived for Nepal Rastra Bank (NRB) as per the renewal of the membership agreement, since 14th Bhadra, 2073 in lieu of the settlement arrangements that is in place between NCHL and NRB for deferred settlement of all the systems of NCHL. However, NRB is charged for annual software AMC, network connectivity and login id fee that are related to the direct cost for NCHL.

6. National Payments Interface (NPI) and other integration systems/ services have been provided to the member BFIs as facilitation to such members for digital payment ecosystem development. Hence, subscription to such systems/services are provided for free to the members with all cost of their development and operations have been absorbed by NCHL.

7. Membership on all the systems for specific Government and Semi-Government institutions (including Government of Nepal, Employee Provident Fund, Social Security Fund, Citizen Investment Trust, Nepal Stock Exchange Ltd. and similar institutions) have also been provided without any initial and annual fees & charges. For the case of GoN, the transaction fees in NCHL-IPS and RPS have also been subsidized for specific cases with On-Us payout transactions through NPI being fully waived and the transaction fee in the remaining payout transactions are fully absorbed by the respective GoN expense handling BFIs. The GoN payment transactions including tax revenue collection for Inland Revenue Department are subsidized and is set at NPR 2 & 5.

8. *connect*RTGS integration component have been provide at no additional cost by NCHL to the member BFIs who have subscribed for *connect*IPS..

9. Total revenue from EFT card services are based on transaction fee, management fee and other monthly/ annual fees collected from each member. For specific card schemes, slab-based fee with maximum ceiling is applicable for EFT Card Services. During the last quarter of current FY 2082/83, Everest Bank was enrolled in the NCHL-EFT Card services.

10. Retail Payment Switch as the Phase 1 of National Payment Switch (NPS) has also been provided to the member BFIs and other Indirect/ Technical Members (including PSPs/ PSOs and Others) at no additional cost by NCHL for those who have subscribed NPI. The entire cost of development, hosting and operations of RPS including its instruments has been subsidized by NCHL, with segmental reporting of NPS presented separately under notes 5.3.

11. National Card Switch and NEPALPAY Card, as the Phase 2 of National Payment Switch (NPS), has also been provided to the member BFIs which includes agreement sign-off with 38 members including one PSO (Smart choice technologies Ltd), out of which7 members are live with acquiring and issuing of NEPALPAY.

3.27. Other Income

1. In case of other Income, revenue is recognized during the reporting period in which the services are rendered.

2. Interest income on call account in BFIs and Investment in Fixed Deposit and Debentures is recognized on a time proportion basis, considering the amount outstanding and at an effective interest rate, as applicable which is the same interest rate of each investment.

3. Other income primarily comprises bid fees attributable to tender process of various procurements.

3.28. Operating Expenses

Expenses that are directly related to service delivery are classified as Operating Expenses. The expenses are recognized on accrual basis.

3.29. Administrative Expenses

Administrative expenses include office administration/ operation expenses and those expenses that are not directly tied to a specific function and recognized on accrual basis.

3.30. Human Resources Expenses

Human Resources Expenses are the remuneration and benefits availed to staff as per NCHL Employee's Service Rules (Ver 7.0 July 2022) and NCHL Human Resource Plan (Ver 7.0 January 2025) and prevailing Labor Act/Bylaw.

3.30.1. Remuneration and Benefits

Remuneration and Benefits for the employee are guided by NCHL Employee's Service Rules and NCHL Human Resource Plan.

3.30.2. Provident Fund

Provident Fund contributory scheme are accounted on monthly basis to the approved retirement fund equal to 10% of the basic salary of eligible employee. Such expenses are charged directly to the Statement of Profit or Loss. This includes provisions as per the Labor Act 2074 and Labor Bylaw 2075. The provident fund is deposited at Citizen Investment Trust (CIT) and Employee Provident fund (EPF) on monthly basis. Provident Fund is the defined contribution plan. Hence, the company does not hold any future obligations once the contributions have been made.

3.30.3. Gratuity/Superannuation Benefit and Leave

Gratuity Expenses are accounted for 8.33% of basic salary of all the employee. The scheme is a defined contribution plan. Therefore, the company does not hold any future obligations once the contributions have been paid. Whereas, expenses recognized for Superannuation Benefit and accumulated leave are due to the defined benefit plans, where the future obligations of the company are not certain. The superannuation benefit and leave expenses are accounted as per the actuarial valuation of the benefits.

3.30.4. Other Benefits

Other Benefits, including mobile expense reimbursement, fuel expense reimbursement, shift allowance, holiday allowance, vehicle facility option (VFO), leave fare allowance, festive allowance and Performance based variable incentive (PBVI), are recognized in the books of accounts as per NCHL Employee's Service Rules, NCHL Human Resource Plan and employment contract. Adjustment Allowance is recognized in the books of account for the employee from erstwhile NePS to adjust difference in allowance and benefits that were not there at NCHL. Other Benefits also include the current period cost of fair value loss computed for Staff Advances (loan to employee) using Effective Interest Rate (EIR) as weighted average fixed deposit interest rate of NCHL applicable at the time of staff advance issuance. Remaining fair value loss is deferred to be recognized as an expense in the respective periods

3.31. Subsequent Events

Adjusting event are adjusted and non-adjusting events, if any, are disclosed in the financial as per the requirement of "NAS 10 Events after the Reporting Period". There are no any occurrences after the reporting date considered as adjusting event requiring provisioning. Previous year's figures are regrouped or rearranged wherever necessary.

4. SCHEDULES OF EXPLANATORY INFORMATION TO FINANCIAL STATEMENTS

Following explanatory information relating to figures presented in the Statement of Financial Position and Statement of Profit or Loss are presented in this section.

4.1. Cash & Bank Balances

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Cash & Bank Balances		
Nepal Rastra Bank	32,604	5,000
Citizens Bank International Ltd	123,949	616,640
Everest Bank Ltd.	855,424	-
Global IME Bank Ltd.	3,243,956	1,178,217
Goodwill Finance Ltd.	9,262	9,227
Guheshwori Merchant Banking & Finance Ltd.	9,996	10,204
Himalayan Bank Ltd.	1,501,580	25,394
ICFC Finance Ltd.	9,802	11,909
Jyoti Bikas Bank Ltd.	13,808	13,978
Kumari Bank Ltd.	8,270	393,756
Laxmi Sunrise Bank Ltd.	813,475	480,723
Machhapuchchhre Bank Ltd.	9,716	891,946
Muktinath Bikas Bank Ltd.	9,681	9,628
Nabil Bank Ltd.	673,183	1,229,571
Nepal Investment Mega Bank Ltd.	7,603	7,563
NIC Asia Bank Ltd.	1,529,460	2,049,213
NMB Bank Ltd.	3,201,861	2,105,649
Prabhu Bank Ltd.	105,973	1,320,256
Prime Commercial Bank Ltd.	167,020	896,587
Rastriya Banijya Bank Ltd.	2,533,518	-
Sanima Bank Ltd.	22,373	1,473,977
Shangrila Development Bank Ltd.	15,640	427,368
Shree Investment and Finance Co. Ltd.	224,760	-
Siddhartha Bank Ltd.	57,551	61,222
Standard Chartered Bank	2,144,905	150,409
Total	**17,325,370**	**13,368,436**

4.2. Inventories

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Fuel Storage	168,015	106,780
Printing Asset -Envelop	9,720	9,720
Total	**177,735**	**116,500**

4.3. Other Assets

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Current Assets		
Member Receivables (Direct and Indirect)	138,268,248	120,523,917
Less: Provision for Doubtful Debt	(3,120,230)	(2,611,000)
Net Receivables	135,148,018	117,912,917
Deferred Other Benefits	520,860	933,858
Interest Receivable	18,867,392	19,608,472
Prepaid Expenses	43,582,474	20,849,217
Deposits	18,678,181	4,257,017
Staff Advances	12,536,889	8,105,802
Other Advances	80,741	564,838
VAT Receivables/Reverse VAT Receivables	21,640	21,640
Other Receivables	172,904	377,460
Advance-Debenture Investment	-	112,000,000
Total	**229,609,098**	**284,631,220**

4.4. Investments

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Investments measured at amortized cost		
Opening Balance	2,054,484,000	1,819,639,786
Addition/disposal during the year	216,917,230	234,844,215
Total	2,271,401,230	2,054,484,000
Non-Current Assets	1,679,672,423	366,244,000
Current Assets	591,728,807	1,688,240,000

4.4.1. Investment Concentration as per Investment Policy

Concentration exposure towards counterparties and maturity profile is as follows:

Particulars	Cash & Bank Balances	Cash Equivalents (<=3 Mths)	Short Term Investment (3-12 Mths)	Long Term Investment (> 12 Mths)	Total	%
Nepal Rastra Bank	32,604	-	-	-	32,604	0.00%
Commercial Banks	16,999,817	420,000,000	21,728,807	1,330,642,423	1,789,371,047	78.18%
Development Banks	39,129	-	-	304,030,000	304,069,129	13.29%
Finance Companies	253,820	100,000,000	50,000,000	45,000,000	195,253,820	8.53%
Total	**17,325,370**	**520,000,000**	**71,728,807**	**1,679,672,423**	**2,288,726,600**	**100%**

4.4.2. Details of Investments

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Details of Investments measured at cost value	**411,693,335**	**266,244,000**
Debenture-Agriculture Development Bank Ltd.	6,275,000	6,275,000
Debenture-Everest Bank Ltd.	40,243,356	39,609,000
Debenture-Global IME Bank Ltd.	61,407,000	61,407,000
Debenture-Nabil Bank Ltd.	66,326,372	20,225,000
Debenture-Nepal SBI Bank Ltd.	18,418,166	-
Debenture-Nepal Investment Mega Ltd.	19,316,000	19,316,000
Debenture-Nepal Infrastructure Bank Ltd.	38,473,000	38,473,000
Debenture-NIC Asia Bank Ltd.	34,520,000	34,520,000
Debenture-Prime Bank Ltd.	74,764,000	-
Debenture-Rastriya Banijya Bank Ltd.	30,544,441	29,043,000
Debenture-Shine Resunga Development Bank Ltd.	4,030,000	-
Debenture-Siddhartha Bank Ltd.	9,754,000	9,754,000
Debenture-Standard Chartered Bank Nepal Ltd.	7,622,000	7,622,000
Details of Investments in Fixed Deposits	**1,859,707,895**	**1,788,240,000**
FD - Citizens Bank International Ltd	154,237,000	61,000,000
FD - Everest Bank Ltd.	221,000,000	134,000,000
FD - Garima Bikash Bank Ltd	185,000,000	70,000,000
FD - Global IME Bank Ltd.	255,000,000	107,500,000
FD - Kamana Sewa Bikas Bank Ltd.	115,000,000	150,000,000
FD - Kumari Bank Ltd.	-	35,000,000
FD - Machhapuchchhre Bank Ltd.	-	90,000,000
FD - Mahalaxmi Bikas Bank Ltd.	-	5,000,000
FD - Manjushree Finance Ltd.	130,000,000	90,000,000
FD - Nabil Bank Ltd.	-	130,000,000
FD - Nepal SBI Bank Ltd.	80,000,000	284,000,000
FD - NIC Asia Bank Ltd.	-	43,000,000
FD - NMB Bank Ltd.	327,000,000	122,000,000
FD - Prabhu Bank Ltd.	-	85,000,000
FD - Prime Commercial Bank Ltd.	-	90,000,000
FD - Rastriya Banijya Bank Ltd.	322,000,000	-
FD - Sanima Bank Ltd.	-	177,000,000
FD - Shangrila Development Bank Ltd.	-	37,000,000
FD - Shine Resunga Development Bank Ltd.	-	35,000,000
FD - Shree Investment & Finance Ltd.	65,000,000	40,000,000
FD - Standard Chartered Bank (USD)	5,470,895	2,740,000
Total	**2,271,401,230**	**2,054,484,000**

4.5. Current Tax Assets

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Advance Income Tax	151,187,138	147,104,403
Provision for Income Tax	(134,639,205)	(143,276,040)
Current Tax Assets/(Liabilities)	**16,547,933**	**3,828,363**

4.6. Settlement Guarantee Fund Deposits

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Settlement Guarantee Fund Deposits (NCHL)	180,607,986	170,760,817
Settlement Guarantee Fund Account		
Opening Balance	2,427,460,817	2,108,852,537
Add: Contribution during the period (NCHL)	9,847,169	8,608,281
Add: Contribution during the period (Members)	1,780,000,000	725,000,000
Less: Deduction during the period (Members)	(1380,000,000)	(415,000,000)
Closing Balance	**2,837,307,986**	**2,427,460,817**
Less: Settlement Guarantee Fund Liability (NCHL)	(180,607,986)	(170,760,817)
Less: Settlement Guarantee Fund Liability (Members)	(2,656,700,000)	(2,256,700,000)
Total	**180,607,986**	**170,760,817**

4.6.1 Settlement Guarantee Fund Liabilities

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Settlement Guarantee Fund - Grant SCF	60,000,000	60,000,000
Total	**60,000,000**	**60,000,000**

4.7. Deferred Tax

4.7.1. Details of Deferred Tax

Particulars	Accounting Base	Tax Base	Temporary Difference	Deferred Tax Assets/(Liabilities)
Deferred Tax through SOPL items				
Fixed Assets	609,247,898	539,144,038	70,103,860	(17,525,965)
Right of Use Assets	36,047,324	-	36,047,324	(9,011,831)
Provision for Superannuation Benefits	37,784,867	-	37,784,867	9,446,217
Provision for Leave	17,664,471	-	17,664,471	4,416,118
Provision for Doubtful Debts	3,120,230	-	3,120,230	780,058
Provision for Claim	16,001,646	-	16,001,646	4,000,412
Lease Liability	47,114,354	-	47,114,354	11,778,588
Foreign Currency Revaluation	5,233,530	-	5,233,530	1,308,382
Closing Deferred Tax Assets/(Liabilities)				**5,191,978**
Opening Deferred Tax Assets/(Liabilities)				**8,874,726**
Deferred Tax expense/(income) through Statement of Profit or Loss				**3,682,748**
Deferred Tax through SOCI items				
Actuarial Gain/(Loss)	492,460	-	492,460	123,115
Deferred Tax expenses/(income) through SOCI				**123,115**
Opening Deferred Tax Assets/(Liabilities)				**(339,672)**
Closing Deferred Tax Assets/(Liabilities)				**(462,787)**
Total Deferred Tax expenses/(income) for this year				**3,805,863**
Total Deferred Tax Assets/(Liabilities) for this year				**4,729,191**

4.8. Property, Plant & Equipment, Intangible Assets and Project WIP

Particulars	DC Assets	Office Equipment	Vehicle	Others	Total Tangible Assets	Intangible Assets (Software)	Right to Use Asset	Total Assets	WIP Project
Cost Price									
Opening Balance	**273,353,772**	**90,502,718**	**16,141,717**	**50,912**	**380,049,119**	**452,773,630**	**73,139,609**	**905,962,358**	**385,676,437**
Rearrangement	(6,082,688)	6,082,688	-	-	-	-	-	-	-
Addition during the Period	151,478,524	26,387,908	4,955,000	58,071	182,879,503	106,872,711	-	289,752,214	240,265,616
Deletion during the Period/Capitalization of WIP Project	-	(342,282)	-	-	(342,282)	-	-	(342,282)	(225,658,272)
TOTAL	**418,749,609**	**122,631,031**	**21,096,717**	**108,983**	**562,586,340**	**559,646,342**	**73,139,609**	**1,195,372,290**	**400,283,780**
Accumulated Depreciation								-	
Opening Balance	**182,079,195**	**39,832,984**	**7,500,398**	**50,912**	**229,463,489**	**185,938,917**	**27,367,436**	**442,769,842**	**-**
Rearrangement	(3,267,883)	3,267,882							
For the Period	28,418,428	17,984,579	1,766,815	1,452	48,171,274	49,719,669	9,724,849	107,615,792	-
Reversal of Accumulated Depreciation (Deletion during the Period)	-	(308,566)	-	-	(308,566)	-	-	(308,566)	-
Total Accumulated Depreciation	**207,229,740**	**60,776,879**	**9,267,213**	**52,364**	**277,326,197**	**235,658,586**	**37,092,285**	**550,077,068**	**-**
WDV as on 16 July 2026	**211,519,869**	**61,854,152**	**11,829,503**	**56,619**	**285,260,143**	**323,987,755**	**36,047,324**	**645,295,222**	**400,283,780**
WDV as on 16 July 2025	**91,274,578**	**50,669,734**	**8,641,318**	**-**	**150,585,630**	**266,834,714**	**45,772,173**	**463,192,516**	**385,676,437**

4.9. Provisions

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Non-Current Liabilities		
Provision for Superannuation Benefits	37,784,867	29,166,543
Less: Superannuation Investment Fund	(17,171,460)	(9,559,891)
	20,613,407	**19,606,652**
Provision for Leave Accumulation	17,664,471	15,477,999
Provision for Claims (EFT)	16,001,646	16,001,646
	54,279,524	**51,086,297**
Current Liabilities		
Provision for gratuity	21,845	21,845
Less: Gratuity Investment Fund	(21,845)	(21,845)
	-	-
Provision for Staff Bonus	60,938,226	62,791,123
	60,938,226	**62,791,123**
Total	**115,217,750**	**113,877,421**

4.10. Other Liabilities

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Accounts Payable	49,875,478	81,864,974
TDS Payable	5,091,413	5,801,203
Sundry Creditors	83,151,803	47,444,007
VAT Payable	34,813	15,682,210
Advance Incomes	69,487,047	67,693,032
Total	**207,640,554**	**218,485,425**

4.10.1. Details of the Advance Incomes

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Login Id Fee	21,498,250	21,657,500
Network and Connectivity Management	5,001,908	4,339,609
Membership Renewal Fee	3,476,563	3,476,563
Software AMC Fee	4,658,021	4,658,021
NCHL-IPS/NPI Subscription Fee	12,387,454	11,632,838
*connect*RTGS Annual Fee	3,079,167	2,229,167
EFT Web Services	12,493	249,315
Card Management Fee	19,373,191	19,450,020
Total	**69,487,047**	**67,693,032**

4.11. Lease Liability

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Non-Current Liabilities	33,052,370	50,948,817
Current Liabilities	14,061,984	5,761,564
Total	**47,114,354**	**56,710,381**

4.12. Share Capital

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Authorized Capital		
22,500,000 Ordinary Shares of NPR100/- each	2,250,000,000	2,250,000,000
Issued Capital		
14,585,115 Ordinary Shares of NPR100/- each	1,458,511,500	1,268,270,900
Subscribed Capital		
14,585,115 Ordinary Shares of NPR100/- each	1,458,511,500	1,268,270,900
Paid up Capital		
14,585,115 Ordinary Shares of NPR100/- each	1,458,511,500	1,268,270,900
Total	**1,458,511,500**	**1,268,270,900**

4.13. Reserve & Surplus

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Infrastructure Development Reserve	**604,858,819**	**522,834,402**
Opening Balance	522,834,402	439,366,801
Transfer During the Period	82,024,417	83,467,601
Risk Bearing Reserve	**17,208,004**	**13,106,783**
Opening Balances	13,106,783	8,933,403
Transfer during the Period	4,101,221	4,173,380
Land & Building Reserve	**281,808,715**	**240,796,507**
Opening Balances	240,796,507	199,062,707
Transfer during the Period	41,012,208	41,733,800
Reserve for Actuary Gain/(Loss)	**1,388,360**	**1,019,015**
Opening Balances	1,019,015	(1,292,543)
Transfer during the Period	369,345	2,311,558
General Reserve & Surplus	**703,544,459**	**620,807,479**
Opening Balances	620,807,479	545,998,995
Less: Bonus Share capital	(190,240,600)	(202,497,000)
Less: Cash Dividend	(10,006,657)	(10,657,739)
Transfer during the Period	282,984,237	287,963,222
Other Components of Equity	274,288,590	274,288,590
Total	**1,883,096,946**	**1,672,852,775**

4.14. Operating Income

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
ECC Transaction Fee	381,057,680	345,164,350
ECC Other Fees & Charges	8,873,198	9,652,525
IPS Transaction Fee	166,742,163	145,811,596
IPS Other Fees & Charges	24,700	10,200
Retail Payment System (RPS)/*connect*IPS Income	525,182,328	459,108,300
Less: Revenue Sharing	(261,039,365)	(228,827,777)
Net Retail Payment System (RPS)/*connect*IPS Income	264,142,963	230,280,523
*connect*RTGS Annual Support Fee	5,400,000	4,000,000
Membership Renewal Fee	6,687,500	6,710,938
Software AMC Fee	8,266,250	8,272,500
NCHL IPS/NPI Subscription Fee	27,722,884	26,123,619
Login ID Fee	31,259,000	30,554,638
Network Connectivity & Management Fee	10,891,130	9,746,831
EFT Cards Txn Fee - Issuing	56,903,971	69,206,472
EFT Cards Txn Fee - Acquiring	29,271,088	36,203,723
EFT Cards - Management Fee	57,253,088	76,289,666
EFT Cards - Personalization Fee	3,865,793	5,380,759
EFT Cards - Subscription & Service Fee	7,635,810	5,953,905
EFT Cards - Implementation	2,250,000	2,035,448
EFT Cards - Green Pin/ Paper Pin.	2,272,592	2,825,293
EFT Cards - Support Fee	9,493,107	8,811,308
EFT Cards - Visa Gateway Fee	27,234,604	9,107,580
NPS/NCS Transaction Fee-Domestic	30,677	-
NPS/NCS Transaction Fee—International	1,399	-
NPS/NCS-Other Charges	25,550	-
NPIx - Cross border Transaction Income	28,526	-
Total	**1,107,333,674**	**1,032,141,872**

4.15. Operating Expenses

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
AMC for ECC Software - NCHL	12,608,811	9,969,166
AMC for ECC Software - BFIs	47,713,107	37,724,394
AMC for IPS Software	6,300,582	4,827,668
AMC for Oracle	13,430,559	14,209,532
AMC & Renewal - Network/Firewall	6,019,693	6,033,345
AMC Expenses - EFT Card Switch	17,392,596	12,796,564
AMC Expenses - Perso System	3,622,738	2,485,253
AMC Expenses - Hardware	13,429,102	11,033,053
AMC Expenses - Internal S/w & H/w	8,831,668	7,904,489
AMC Expenses - NEPALPAY Customization	4,996,112	-
Direct Expenses (SMS & Email)	27,176,061	19,245,310
DR/DC Expenses	17,063,377	12,954,489
Network & Data Connectivity Charges	6,564,795	6,320,974
Member Training/Orientation Expenses	972,390	1,599,135
EFT - 3D Secure Charge	4,610,140	1,057,137
EFT - Cybersource Acquirer Service Support	8,193,735	6,441,897
EFT - Mastercard Simulator Charges	3,884,876	2,534,768
EFT - Visa Card Connectivity Expenses	13,320,170	10,515,121
EFT - Other Direct Expenses	8,306,305	4,748,039
Total	**224,436,816**	**172,400,332**

Note: AMC for ECC Software, IPS Software, Oracle, EFT Card Switch, Perso and EFT related fees are payable in US Dollar to the software or solution vendor corresponding to which reverse charging of VAT and TDS are grossed up.

4.16. Administrative Expenses

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Advertisement & Public Notice	324,597	513,450
AGM Expenses	822,291	715,705
Audit Expenses	1,975,085	2,616,303
AMC Expenses-HRMIS	197,750	185,292
Bank Commission	363,127	158,436
Books and Subscription Expenses	38,700	33,560
Business Promotion Expenses	54,687,860	61,523,428
Common Area & Parking Expenses	5,219,787	4,057,417
Consultancy Fee	107,350	82,200
Courier Expenses	146,082	69,598
Doubtful Debt	1,181,230	-
Electricity Expenses	2,146,980	2,560,562
Fuel Expenses	238,463	496,528
Insurance Expenses	9,682,081	4,285,699
Legal Fee	716,510	661,377
Local Conveyance	6,570	15,805
Loss on Disposal of Assets	30,716	9,538,872
Meeting Allowance & Expenses	2,055,517	2,649,890
Office Expenses	4,564,302	3,422,357
Other Expenses	988,882	4,398,177
Support Service Expenses	9,969,271	7,951,133
Printing & Stationery	393,345	302,426
Registration & Renewal	203,000	219,515
Repair & Maintenance	611,399	350,685
Telephone Expenses	423,275	518,922
Travel Expenses	2,037,647	1,481,973
Website Development / Hosting Expenses	2,264	59,115
Total	**99,134,078**	**108,868,423**

4.16.1. Lease Expenses

Lease Category	Lease Rental Expenses	Lease End Date (B.S.)	Inflationary Incremental Rate	Cancellation Notice Period
Rent – Kamaladi Complex (Block I)	1,467,905	2087/08/30	5% p.a	180 days
Rent – Kamaladi Complex (Block II)	6,750,173	2089/02/32	5% p.a	180 days
Rent – DD Plaza	2,370,558	2084/06/16	8% p.a	90 days
Kamaladi Complex-4th Floor	2,911,111	2090/04/30	10% every two years	90 days
Total	**13,499,748**			

4.16.2. Audit Expenses

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Actuarial Valuation Fee	45,200	45,200
Internal Audit Fee & Expenses	325,549	225,559
IS Audit/Assessment Fee &Expenses	135,007	360,018
ISO Certification & Implementation Expenses	113,000	319,500
PCI DSS Audit Fees	-	226,492
PCI PIN Security Fee	542,909	175,378
Statutory Audit Fee & Expenses	363,398	337,239
VAPT Expenses	450,023	926,917
Total	**1,975,085**	**2,616,303**

4.17. Human Resources Expenses

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Staff - Salary & Allowance Expenses	170,128,660	142,697,966
Staff - Provident Fund Contribution	10,933,513	9,066,377
Staff - Performance Based Variable Incentives	6,763,983	6,721,142
Staff - Tech Allowance	6,523,841	5,286,105
Staff - Dashain Allowance	7,927,532	6,800,565
Staff - Gratuity/Superannuation Benefit	15,880,930	12,071,751
Staff - Leave	6,759,838	6,828,538
Staff - Leave Fare Allowance	4,413,049	3,727,689
Staff - Other Benefits	20,316,597	17,107,187
Staff - Training Expenses	2,809,349	2,708,437
Staff - HR activity	2,244,900	1,675,345
Staff - Fellowship Allowance	783,105	429,304
Less: Capitalization - Product Development	(77,139,302)	(57,643,765)
Total	**178,345,995**	**157,476,641**

4.18. Finance Cost (Actuarial and Lease Liability)

Particulars	Ashad 32, 2083 (16 July 2026)	Ashad 32, 2082 (16 July 2025)
Finance Cost-Lease	3,903,720	5,286,865
Finance Cost-Superannuation	2,911,836	1,883,079
Finance Cost-Leave	1,381,471	1,243,533
Total	**8,197,027**	**8,413,477**

5. DISCLOSURE AND ADDITIONAL INFORMATION

5.1. Related Party Disclosure

Following are the related party transactions.

5.1.1. Transaction with entity with significant influence (having more than 5% equity)

1. The company has operated current account with Nepal Rastra Bank (having 9.45% of equity) which was opened for the purpose of settlement of fees and charges. NCHL Settlement Guarantee Fund (SGF) account is also held at Nepal Rastra Bank. NCHL SGF account and current account balance at Nepal Rastra Bank as of the end of Ashadh 2083 are NPR 2,83,73,07,986 and NPR 32,604 respectively.

2. The company has current account with Siddhartha Bank Ltd. (having 12.07% of equity) which was opened for NCHL's normal business operations. The current account balance as of the end of Ashadh 2082 is NPR 57,551. The company has debenture amounting NPR 97,54,000 in the bank. The debenture matures on 26th Asoj 2084 (12th October 2027).

3. The company has current account with Global IME Bank Ltd. (having 11.60% of equity), which was opened for NCHL's normal business operations. The current account balance as of the end of Ashadh 2083 is NPR 3,243,956. The company has following debentures as on Ashad end 2083 in the bank.

S.No.	Particulars	Amount	Maturity Date
1	Debenture	NPR 47,026,000	30th August, 2029 (2084 Bhadra 14)
2	Debenture	NPR 14,381,000	24th February, 2028 (2084 Falgun 12)
3	Fixed Deposit	NPR 255,000,000	
	Total	**NPR 316,407,000**	

5.1.2. Transaction with the banks represented on the Board

1. No transaction was entered with the banks represented on NCHL's Board except for fee and charges related to the normal business.

2. However, the investment in the form of fixed deposit and debenture in the banks having representation on the current Board (i.e. Siddhartha Bank Ltd.) were made prior to their representation in the Board.

5.1.3. Transaction with Board Members and Key Employee

1. Following are the members of the Board of Directors as on 32nd Ashadh 2083:

i. Mr. Hem Prasad Neupane, Chairman - Nepal Rastra Bank
ii. Mr. Ujjal Rajbhandary, Director - Himalayan Bank Ltd.
iii. Mr. Mahesh Sharma Dhakal, Director - Nepal Investment Mega Bank Ltd.
iv. Mr. Srijan Krishna Malla, Director - Siddhartha Bank Ltd.
v. Mr. Umesh Singh Bhandari, Director – Shangri-La Development Bank Ltd.
vi. Mr. Lachhaman Prasad Jaisi, Director - ICFC Finance Ltd.
vii. Mr. Jagadish Dahal - Independent Director

2. The members of Board, Audit Committee, HR Committee, NPS High Level Committee and Risk Committee are provided NPR 10,000 as the meeting allowance per sitting. During the fiscal year, the company incurred total meeting allowances expense of NPR 1,400,000. The details of the Meeting allowances are given below:

S.No.	Meeting	Meeting Allowance
1.	Board Meeting	1,020,000
2.	Audit Committee Meeting	140,000
3.	HR Committee Meeting	60,000
4.	NPS High Level Committee Meeting	90,000
5	Risk Committee	90,000
	Total	**1,400,000**

3. The Chief Executive Officer during the fiscal year has been paid NPR 8,100,000 as salary and allowances, NPR 1,442,466 as other benefits including provident fund contribution, leave fare allowance and festive allowance. Additional staff bonus has been paid as per the law. He was also provided with office vehicle with a driver and total reimbursement of mobile expenses of NPR 24,000 during the fiscal year.

4. There were no transactions with the employees except as allowed by the NCHL Employee's Service Rules and NCHL Human Resource Plan.

5.2. Management Committee and Staff Welfare Committee

1. 1.Following are the members of Management Committee as on 32nd Ashadh 2083:

    1. Mr. Neelesh Man Singh Pradhan, Chief Executive Officer
    2. Mr. Neeraj Man Sainju, Deputy Chief Executive Officer
    3. Mrs. Munni Rajbhandari, Chief Operating Officer
    4. Mr. Dilliman Singh Shakya, Chief Technology Officer
    5. Mr. Bikash Saran, Chief Product Development Officer
    6. Mr. Vivek Giri, Chief Business Officer
    7. Mr. Chhabi Sapkota, Chief Product & Development Officer
    8. Mr. Prabin Acharya, Head - Card Operations
    9. Mrs. Prajana Kayastha, Head - Risk & Compliance
    10. Mr. Kshitiz Adhikari - Finance Manager

2. A Staff Welfare Committee was constituted in FY 2071/72 (2014/15) as per the Clause No. 47 of NCHL Employee Service Rules by the Management and is active during the current fiscal year that has the responsibility to improve working environment, handle grievances, address employee's health & safety, utilization & operation of staff welfare fund and to coordinate various HR related activities & functions. The Committee comprises of the following members:

1) Mrs. Munni Rajbhandari,
Chief Operating Officer, Chairman

2) Mr. Ananda Marasini,
Head - Finance/Accounts & Strategy, Secretary

3) Ms. Swosti Ranabhat,
In-charge, Card Operations, Member

5.3. National Payment Switch (NPS) Project

NCHL has prepared a separate reporting schedule of the National Payment Switch (NPS) project based on the project's utilization of the company's resources and reserves. The schedule includes income generated through NEPALPAY QR, NEPALPAY Instant, NEPALPAY Request, Biller Gateway and directly engaged or used resources as expenses excluding the RPS Revenue generated through Web, App & gateway and Txn Revenue from NPS-NCS. The common resources which are shared and cannot be allocated to specific product are allocated based on the ratio of NCHL settlement systems (ECC, IPS and *connect*IPS/ RPS) and the number of transactions in Retail Payment Switch (RPS) through National Payments Interface (NPI) channel.

NPS Reporting - P&L Statement

Particulars	Total	NPS Project
Direct Income	1,107,276,048	187,722,693
Direct Income NPS-NCS	57,626	57,626
Less: Direct Expenses	224,436,816	36,682,291
Gross Profit	**882,896,857**	**151,098,028**
Indirect Income	126,270,133	-
Less: Indirect Expenses	99,134,078	53,667,612
Less: HR Expenses	178,345,995	40,110,740
Less: Finance Cost	8,197,027	3,278,811
Less: Foreign Exchange Loss	6,491,838	2,596,735
Operating Profit	**716,998,053**	**51,444,129**
Less: Depreciation/Amortization	107,615,792	51,524,078
Less: Staff Bonus Provision	60,938,226	24,375,290
Product PBIT	**548,444,035**	**(24,455,239)**

NPS Reporting - Financial Position

Particulars	Total	NPS Project
Assets		
Fixed Assets & WIP Projects	1,045,579,002	782,105,939
Cash & Bank Balance (with FDs)	2,288,726,600	-
Settlement Guarantee Fund Deposits	180,607,986	180,607,986
Other Assets	256,667,515	-
Total	**3,771,581,104**	**962,713,925**
Liabilities		
Total Liabilities	429,972,658	60,000,000
Total Liabilities	**429,972,658**	**60,000,000**
Net Worth	3,341,608,446	902,713,925
Accumulated Reserve		(24,455,239)
Total Investment	**3,341,608,446**	**878,258,686**

The project reporting is not required to be applied through NFRS 8 Operating Segments and the schedule does not comply with the scope of the NFRS's segmental reporting guidelines.

5.4. Risk Management and Controls

NCHL's Board has laid down Risk Management Framework policy (Ver 3.0 May 2025) based on the Principles for Financial Market Infrastructures (recommended by Committee on Payment & Settlement Systems - CPSS) , ISO 27001 standards related to Information Security Management System & its Policy, PCI Data Security Standard and other national as well as international best practices and guidelines for effective risk management of the company. The risks identified as per the provisions are monitored and controls implemented by the Management. The risks with their quantified likelihood and impact are recorded by the function heads in a detailed Risk Register, which is periodically assessed by the Management, reviewed by the Risk Committee (previously by the Audit Committee, till the formation of new Board level Risk Committee) and necessary considerations made by the Board.

The key risk areas for NCHL are as follows:

5.4.1. Information Security Risk

1. Information Security risk concerns the risk, arising from the possible system failure including manual or technical errors, system unavailability/outage, insufficient resource or capacity, information loss/leakage and delay in system processing All the processes being executed and the systems being run are periodically reviewed for the possible information security risk. The company's infrastructures and resources are safeguarded from possible casualties with adequate insurance coverage except for the incidents of cyber security risk. Any incident having potential impact to the operations is recorded and casualty analysis is done to ensure identification as well as implementation of preventive controls. Any potential risks arising from the participants of the payments and settlement systems operated by NCHL are also identified and are appropriately managed by NCHL or at least informed to the concerned entities.
2. ISO 27001 standard relates to Information Security Management System which is implemented by NCHL to safeguard from information security risks, concerning confidentiality, integrity and availability of information. NCHL has obtained ISO 27001 certification in the fiscal year 2071/72 and an annual surveillance audit is carried out by the ISO 27001 certified auditor every year with requirement of re-certification every three years, with recent certification obtained for ISO 27001:2022.
3. *connect*IPS e-Payment, *connect*IPS Integration components, National Payments Interface (NPI) *connect*RTGS, CORPORATEPAY and NEPALPAY QR are in-house developed by NCHL, which may carry additional software development related risks. Hence, information security audit and vulnerability assessment and penetration testing (VAPT) are annually performed from 3rd party service providers along with internal VAPT for major developments and/or changes as well as scheduled periodic assessments (both internally and externally) to meet requirements of PCI DSS.
4. PCI DSS certification for EFT card business is also continued along with PCI DSS certification for NPS-NCS and NEPALPAY Card project as a part of the mandatory prerequisite for operation of card business.

5.4.2. Operational Risk

1. Operational risk concerns the risk of potential loss or service delay due to inadequate internal controls, human errors and external events to NCHL. The coverage of operational risk includes governance aspect, process/ functional aspect and human aspect, including associated third-party risks. In absence of proper risk mitigation, the operational risk may trigger systemic risk.
2. Governance aspect form the core of operational risk management, wherein the good corporate governance, culture of periodic management review as well as risk assessment and management are prioritized. Concurrent review of NCHL policies and procedures are conducted to improvise the process and controls. Human aspects are also given high priority for the right placement of resources in the right position, training and skill enhancement, good working environment and proper arrangement of outsourced resources for non-critical services.

5.4.3. Disaster Recovery and Business Continuity Plan

1. NCHL has set up a fully functional primary Disaster Recovery Site, which is equipped with redundancy, load balancing and high availability of critical systems in order to mitigate the risk of data center failure. Secondary backup site is built in different seismic zone to maintain cold backup. Necessary resource and capacity enhancements at the secondary backup site are carried out for the alternate arrangement of disaster recovery and business continuity in case of site failure of primary DR site.
2. Periodic disaster recovery drills are conducted to test the readiness of the primary DR site. These drills have demonstrated their effectiveness in ensuring business continuity, as NCHL was able to successfully operate all its services from the DR site following the disruption at primary site during the Gen-Z protests.
3. Continuity of Business (COB) site is also set up at NCHL's premise to provide system access to the members in case they have a technical failure at their bank/branch. An alternate arrangement for accessing NCHL's COB site through internet is also available for the members outside Kathmandu valley.

5.4.4. General Business Risk

1. General business risk refers to any potential impairment of NCHL's financial position due to declining revenue or increment in expenses. Such impairment may occur as a result of poor execution of business strategy, Government or regulatory policy changes, ineffective response to competition, losses in other business lines, etc.
2. NCHL maintains its business projections by analyzing past trend and future prospect of the market. Accordingly, it has developed long term strategy and plans for sustainability of its business. It also assesses interest rate volatility of the investments and transaction specific foreign exchange risk.
3. Business risk on NCHL-ECC and NCHL-IPS is relatively low but due to the overlapping business line of Retail Payment Switch/ *connect*IPS with other PSPs/PSOs licensed by NRB, there are possibilities of high business risk. Also, cannibalization of NCHL-IPS transactions towards retail payment systems is also seen as one of the reasons for limited growth in NCHL-IPS transactions. With almost all Government of Nepal disbursement transactions being processed directly into the beneficiary account through NCHL's systems and the transactions fee already subsidized and absorbed partly by the transaction processing banks and NCHL. Additional pressure on pricing on various systems of NCHL including the GoN transaction fee still exist, in spite of it being the lowest amongst other providers. It is one of the major business risks for its sustainability in long run.
4. NCHL has been taking a policy to establish multiple payment systems by reinvesting into national payment infrastructures with the revenue or cash flow generated from already implemented systems and in anticipation of business growth of the existing systems. With the transaction fee being the main source of revenue for NCHL and due to recent downward revision, any further revision may largely increase the risk for NCHL, causing inability to upgrade infrastructure, risk management and to support other new payment systems.
5. NCHL has obtained an approval from NRB to establish and operate National Payment Switch (NPS), corresponding to which the Phase I related to RPS is already in operations. NPS is expected to be one of the major projects and the system for NCHL, with sizeable investments from its reserves. Phase II of NPS related to National Card Switch was commercially rolled out on 3rd Poush 2082. Possibility of not being able to realize cost benefit from the NPS project, whatsoever the reason may be, it may heavily increase NCHL's business and financial risk. So, NPS project is being executed closely with NRB, BFIs and other stakeholders to ensure that not only its objectives are met but is business justified and self-sustaining also.
6. Under the current changing dynamics of the market, there is always a business or market risk for NCHL. As NCHL venture towards a more cashless society, services like the existing payment systems, channels and instruments under retail, institution and government sectors will be the major revenue generators. More innovation and R&D for new products, will be made so as to maintain its competitiveness. The major R&D are being made in the area of AI based Fraud & Risk Management, creating synergy between card and non-card payment rails, cross border initiatives, etc. Value addition on the existing products will be carried out so as to maintain its leadership in the market. As per our existing risk management framework, NCHL evaluates its Strategic, Compliance, Financial, Operational risks so as to maintain its effectiveness in delivery.
7. The current business and operational risks in EFT Card Services, inherited after acquisition of NePS, carries significant business risk due to the business model of such card business and difficulty of not able to increase significant number of members.. The primary effort was made during the fiscal year to upgrade the core EFT Switch to new version, then implement necessary enhancements of NEPALPAY card and other scheme related changes. Major hardware and infrastructures of EFT has also been upgraded with further enhancement plans in successive fiscal years.

5.4.5. Liquidity and Settlement Risk

1. Liquidity risk concerns the risk that member BFIs will not be able to fulfill their financial obligations on the settlement time/date of NCHL-ECC, NCHL-IPS and Retail Payment Switch systems, which in turn, can create systemic problems on the systems that NCHL operates. In order to manage this risk, the settlement accounts of the member BFIs maintained at NRB is used for final settlements. And the members are provided with facility to monitor their settlement positions in the system.
2. As a last resort to cover the liquidity and settlement risk in NCHL-ECC and NCHL-IPS systems, there are provisions of transaction unwinding before the settlement, in which certain transactions are cancelled equal to the amount of the settlement shortfall for a particular member. The finality of payments in NCHL-ECC and NCHL-IPS are defined after the settlement.
3. For Retail Payment Switch (RPS) is a real time retail payment system for processing of instant payments. It allows a creditor bank to credit its beneficiary account prior to the Nostro settlement. So, an additional arrangement of Settlement Guarantee Fund (SGF) is established to avoid settlement risk due to insufficiency of fund of the participating BFIs at the time of settlement of RPS. The cash contribution in the SGF made by

NCHL and the participating banks are held at NCHL SGF Account at Nepal Rastra Bank. As an alternate guarantee mechanism, BFIs can also provide bank guarantee to NCHL as alternate contribution to SGF.

4. A potential liquidity risk that NCHL may face is insufficiency of liquid funds to meet its financial obligations for its normal business operations and infrastructural enhancements. Regular monitoring and analysis of cash flow and financial position is conducted by the management and forwarded to the Board for necessary considerations. The liquid assets are managed as per NCHL's Investment Policy.

5.4.6. Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Since NCHL has exposure to regulated entities like BFIs, the credit risk is limited. For Indirect/Technical Members, all transactional fees and charges are settled through the respective settlement bank(s) except for the transactional fee of EFT card services which along with the annual fees are recovered from the members. Possible credit risk on such periodic fees is mitigated by timely monitoring of receivables. NCHL has robust accounts receivable collection mechanism which has ensured insignificant level of credit risk since inception. The investments of NCHL is in high grade investment categories reducing the credit risk exposure to near minimal.

5.4.7. Legal and Compliance Risk

Legal and Compliance risks are posed due to non-compliance and ambiguity of legislations and regulations. NCHL has ensured compliance of relevant Acts and Bylaws, NRB Directives, Operating Rules, and internal policies, corresponding to which compliance self-assessment and cross-functional assessment are intermittently conducted in addition to quarterly internal audits and statutory audits.

5.4.8. Systemic Risk

Systemic risk is the risk arising due to interdependencies and possibility of transmitting disruptions beyond NCHL from one or more participants. The inability of any participant to perform as expected can result into disruption with cascading effects to other participants. It may also arise from the possibility of any undue event occurring at NCHL. NCHL, being an operator of systemically important payment systems (SIPS) in Nepal, any short-term decisions imposed or indecisiveness thereof may trigger systemic risk with severe repercussion on the payments eco-system. NCHL has been working closely with Nepal Rastra Bank and with the participating member BFIs to avoid likelihood of any events that may result into systemic risk.

5.4.9. Internal Control

NCHL is committed to strengthen its internal controls through a set of well-established organizational structure, comprehensive policies and procedures. Such policies and procedures are formulated by the Board and the Management is responsible for their implementation. The effectiveness of internal control is assessed by the Internal Audit conducted on quarterly basis, internal Annual Compliance Self & Cross Functional Assessments and Annual Statutory Audit, which are reviewed by the Audit Committee and forwarded to the Board for necessary considerations.

5.5. Legal Case

A court case dated 9th Jestha 2080 was filed at Supreme Court of Nepal against Government of Nepal, with erstwhile NePS as one of the defendants, related to the withdrawals of money using ATM cards of NePS's member banks in ATM terminals of various banks in Nepal and India through VISA network during the FY 2076/77. The case is still active and under consideration of the Supreme court of Nepal.

An Administrative Review application was filed at Inland Revenue Department regarding the tax assessment of erstwhile Nepal Payment System Ltd. (NePS) for FY 2077/78, with deposit of 25% of the disputed assessed tax, which is under review by concerned tax office, corresponding to which IRD has already forward the case back to the tax office for further considerations. This is related to the full tax audit of the acquired entity (NePS) without given any opportunity to submit related financial information.

5.6. Profit Appropriation

5.6.1. Appropriation of Profit

Appropriation of Profit for Infrastructure Development Reserve, Risk Bearing Reserve, Land & Building Reserve and General Reserve & Surplus are defined under 4.13 Reserve & Surplus.

5.6.2. Proposed Dividend and Bonus Share

1. The Board of Directors have proposed 15% of Bonus Shares (equivalent to 2,187,767 units of shares rounded for the decimal figure) and 0.789474% of Cash Dividend for tax purpose (amounting to NPR 11,514,569) from the Profit of the FY 2082/83, subject to final approval in the forthcoming Annual General Meeting. Proposed Bonus shares equivalent are not adjusted in the financial statements.
2. The increase in paid-up capital is intended to support investments in the infrastructures and risk managements of existing and additional national payment & settlement systems.

पन्ध्रौं वार्षिक साधारण सभा सम्बन्धी सूचना

(पहिलो पटक कम्पनीको वेबसाइटमा प्रकाशित मितिः २०८३/०६/०७)

श्री शेयरधनी महानुभावहरू,

यस कम्पनीको सञ्चालक समितिको मिति २०८३/०६/०७ मा बसेको २९० औं बैठकको निर्णय बमोजिम यस कम्पनीको पन्ध्रौं वार्षिक साधारण सभा देहाय बमोजिमका मिति, स्थान र समयमा निम्न विषयहरुमा छलफल तथा निर्णय गर्न बस्ने भएको हुँदा कम्पनी ऐन, २०६३ को दफा ६७ (२) अनुसार सबै शेयरधनी महानुभावहरुको जानकारीको लागि यो सूचना प्रकाशित गरिएको छ।

सभा हुने मिति, स्थान र समय :-

मिति : २०८३ साल असोज महिना २८, बुधबार (तदनुसार 14th October 2026, Wednesday)
स्थान : होटल याक एण्ड यति, दरबार मार्ग, काठमाडौं।
समय : बिहान १०:३० बजे

छलफल गर्ने विषयहरु :-

क. साधारण प्रस्तावः

१. सञ्चालक समितिको आ.व. २०८२/८३ को प्रतिवेदन पारित गर्ने।
२. लेखापरीक्षण प्रतिवेदन सहितको २०८३ आषाढ मसान्त सम्मको वासलात तथा सोही मितिमा समाप्त आ.व. २०८२/८३ को नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण स्वीकृत गर्ने।
३. आ.व. २०८३/८४ को लागि बाह्य लेखापरीक्षकको नियुक्ति तथा निजको पारिश्रमिक निर्धारण गर्ने।
४. सञ्चालक समितिले प्रस्ताव गरे बमोजिम ०.७८९४७४ प्रतिशत नगद लाभांश (रु. १,१५,१४,५६९।-) बोनस शेयर बापतको कर प्रयोजनका लागि स्वीकृत गर्ने।

ख. विशेष प्रस्तावः

१. सञ्चालक समितिले प्रस्ताव गरे बमोजिम १५ प्रतिशत बोनस शेयर (दशमलबलाई राउन्ड गर्दा हुन आउने २१,८७,७६७ कित्ता) स्वीकृत गर्ने।
२. कम्पनीको मुख्य उद्धेश्य थप गर्न र बोनस शेयर बराबर चुक्ता पुँजी वृद्धि गर्न प्रबन्धपत्रको संशोधन स्वीकृत गर्ने।
३. प्रस्तावित संशोधनमा नियमनकारी निकायहरुबाट कुनै फेरबदल वा सुझाव आएमा आवश्यक फेरबदल गर्न कम्पनीको सञ्चालक समिति वा सञ्चालक समितिले तोकेको कुनै पदाधिकारीलाई अधिकार प्रत्यायोजन गर्ने अख्तियारी दिने।
४. बैंकिङ्ग/वित्तीय तथा भुक्तानी लगायतका प्रविधिहरुमा अनुसन्धान, प्रणाली र सफ्टवेयर विकास, जडान एवं सो सम्बन्धि आवश्यक कार्य गर्ने उद्देश्यसहित कम्पनीको सहायक/ सम्बद्ध कम्पनीको रुपमा छुट्टै पब्लिक लिमिटेड कम्पनी स्थापना गर्न आवश्यक स्वीकृति तथा प्रक्रिया अघि बढाउन सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने।

ग. विविध।

सञ्चालक समितिको आज्ञाले
कम्पनी सचिव

साधारण सभा सम्बन्धी अन्य जानकारी

(१) शेयरधनीज्यूहरुको ठेगानामा हुलाक/कुरियरबाट पठाइने वार्षिक साधारण सभाको प्रतिवेदन यस कम्पनीको वेभसाइट www.nchl.com.np मा पनि हेर्न सकिनेछ। कुनै कारणले प्रतिवेदन प्राप्त नगर्नु हुने शेयरधनीज्यूहरूले यस कम्पनीको रजिष्ट्रर्ड कार्यालयमा शेयरधनी प्रमाण-पत्र प्रस्तुत गरी सो प्राप्त गर्न सक्नु हुनेछ।

(२) लेखापरिक्षकको प्रतिवेदन सहित कम्पनीको वार्षिक आर्थिक विवरण, सञ्चालक समितिको प्रतिवेदन, कम्पनी ऐन, २०६३ को दफा ७८ बमोजिमको प्रतिवेदन समेतका कागजातहरु कम्पनीको रजिष्ट्रर्ड कार्यालय, कमलादी काठमाडौंमा कार्यालय समय भित्र निरीक्षण गर्न तथा त्यसको प्रतिलिपी माग गरेमा प्रतिलिपी दिने व्यवस्था मिलाईएको छ।

(३) सभामा उपस्थित हुने शेयरधनी कम्पनीको प्रतिनिधित्व गर्ने आधिकारिक पत्र साथमा लिई आउनुहुन अनुरोध छ। कथम कदाचित् सो सम्भव नभए शेयरधनी प्रमाण-पत्र साथमा लिई आउनुहुन अनुरोध छ, अन्यथा सभाकक्ष भित्र प्रवेश गर्न पाइने छैन।

(४) सभामा भाग लिन प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीज्यूहरूले सभा सुरु हुने समय भन्दा कम्तीमा ४८ घण्टा अगावै यस कम्पनीको केन्द्रीय कार्यालयमा प्रोक्सी फारम दर्ता गरिसक्नु पर्नेछ। सभामा भाग लिनका लागि प्रतिनिधि नियुक्त गरिसकेपछि उक्त प्रतिनिधि बदर गरी अर्को मुकर्रर गर्ने भएमा सोको लिखित सूचना सोही अवधिभित्र कम्पनीको केन्द्रीय कार्यालयमा दर्ता गरिसक्नुपर्नेछ।

(५) शेयरधनीज्यूहरुको सुविधाको लागि हाजिरी पुस्तिका सभास्थलमा सभा हुने दिन बिहान १०:०० बजे देखि सभा चालु रहेसम्म खुल्ला रहनेछ।

(६) अन्य कुनै जानकारीका लागि कम्पनीको रजिष्टर्ड कार्यालय, कमलादी, काठमाडौंमा सम्पर्क गर्नु हुन अनुरोध छ।

नेपाल क्लियरिङ्ग हाउस लिमिटेड
डि. डि. प्लाजा, कमलादी, काठमाडौं
पो.ब.नं. २१४००, फोन नं. ०१-५९७००६५
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प्रोक्सी फाराम

श्री सञ्चालक समिति,
नेपाल क्लियरिङ्ग हाउस लिमिटेड
तेश्रो तल्ला, डि. डि. प्लाजा
कमलादी, काठमाण्डौं ।

विषय : प्रतिनिधि नियुक्ति गरेको बारे ।

महाशय,

.....जिल्ला.....न.पा./गाँउपालिका वडा नं. .....बस्ने म/हामी ....ले त्यस कम्पनीको शेयरधनीको हैसियतले २०८३ साल असोज महिना २८ गते बुधबारका दिन हुने पन्ध्रौं वार्षिक साधारणसभामा म स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नका लागि ..... न.पा./गाँउपालिका वडा नं. .....बस्ने त्यस कम्पनीका शेयर धनी श्री .....शेयर पमाणपत्र नं. ..... लाई मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

निवेदक :-
दस्तखतः-
नामः-
ठेगानाः-
शेयरधनी परिचय नंः-
शेयर प्रमाणपत्र नंः-
कि.नं. ..... देखि ..... सम्म
मितिः-

द्रष्टव्यः यो निवेदन साधारणसभा हुनुभन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालयमा पेश गरिसक्नु पर्नेछ ।

NOTES

NOTES

मेरो गौरव

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