

ANNUAL REPORT
2081/82

POWERING PAYMENTS INNOVATION FOR NEPAL & BEYOND





ANNUAL REPORT 2081/82

Annual Report FY 2081/82 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 .



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.



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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

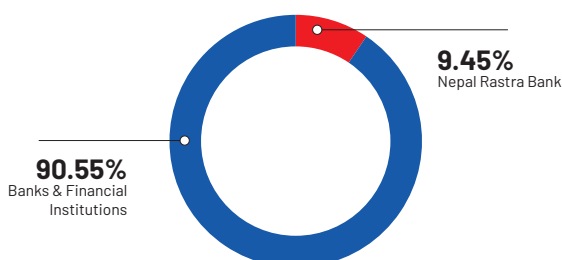
Incorporated as a Public Limited company under the sub section 1 of Section 5 of Companies Act, 2063 (First Amendment 2074) on 8th Poush 2065 (23rd December 2008).

Licenses/Certifications

- Licensed by Nepal Rastra Bank as Payment System Operator (PSO)
- ISO 27001 certification for NCHL Systems
- PCI-DSS certification for EFT 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: +977-1-4413535

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 2081/82 (2024/25). 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.

SECURITY CERTIFICATIONS





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.

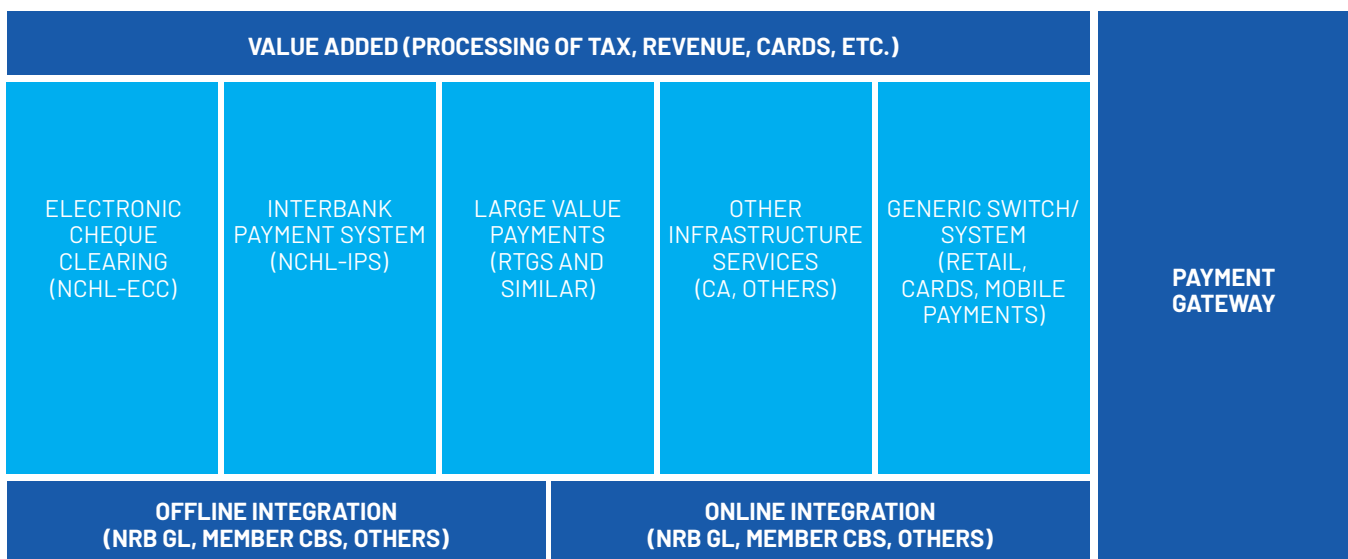
OUR COMMITMENT AND CODE OF CONDUCT PRINCIPLES

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.

STRATEGIC OBJECTIVES

The strategic objective of NCHL is to implement multiple payments, clearing and settlement systems to facilitate digital payments in Nepal. Hence, it intends to establish payment systems and processes for multiple financial instruments and channels thereby leveraging and reinvesting into national payments infrastructures.



NCHL Product and Services Roadmap

LIST OF SHAREHOLDERS

AS PER APPROVED SHARE REGISTER

As at 31 Asoj 2082

S.NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	VOLUME IN NPR
Group 'A' Shareholders			
1	Nepal Rastra Bank	1,197,898	119,789,800
Group 'B' Shareholders			
2	Agricultural Development Bank Ltd.	36,802	3,680,200
3	Citizens Bank International Ltd.	324,147	32,414,700
4	Everest Bank Ltd.	199,649	19,964,900
5	Global IME Bank Ltd.	1,471,618	147,161,800
6	Himalayan Bank Ltd.	609,357	60,935,700
7	Kumari Bank Ltd.	829,174	82,917,400
8	Laxmi Sunrise Bank Ltd.	503,321	50,332,100
9	Machhapuchchhre Bank Ltd.	259,625	25,962,500
10	Nabil Bank Ltd.	487,344	48,734,400
11	Nepal Bank Ltd.	199,649	19,964,900
12	Nepal Investment Mega Bank Ltd.	706,618	70,661,800
13	Nepal SBI Bank Ltd.	199,649	19,964,900
14	NIC Asia Bank Ltd.	459,276	45,927,600
15	NMB Bank Ltd.	420,709	42,070,900
16	Prabhu Bank Ltd.	610,306	61,030,600
17	Prime Commercial Bank Ltd.	386,545	38,654,500
18	Rastriya Banijya Bank Ltd.	199,649	19,964,900
19	Sanima Bank Ltd.	183,885	18,388,500
20	Siddhartha Bank Ltd.	1,531,405	153,140,500
21	Standard Chartered Bank Nepal Ltd.	199,649	19,964,900
22	Excel Development Bank Ltd.	7,985	798,500
23	Garima Bikas Bank Ltd.	49,406	4,940,600
24	Jyoti Bikas Bank Ltd.	74,587	7,458,700
25	Kamana Sewa Bikas Bank Ltd.	48,922	4,892,200
26	Lumbini Bikas Bank Ltd.	194,189	19,418,900
27	Mahalaxmi Bikas Bank Ltd.	338,151	33,815,100
28	Miteri Development Bank Ltd.	37,638	3,763,800
29	Muktinath Bikas Bank Ltd.	23,962	2,396,200
30	Shangri-la Development Bank Ltd.	77,869	7,786,900
31	Shine Resunga Development Bank Ltd.	32,952	3,295,200
32	Best Finance Ltd.	161,723	16,172,300
33	Central Finance Ltd.	56,143	5,614,300
34	Crystal Finance Ltd.	7,985	798,500
35	Goodwill Finance Ltd.	153,740	15,374,000
36	Guheshwori Merchant Banking & Finance Ltd.	28,077	2,807,700
37	Gurkhas Finance Ltd.	7,985	798,500
38	Himalaya Finance Ltd.	7,985	798,500
39	ICFC Finance Ltd.	28,077	2,807,700
40	Janaki Finance Co. Ltd.	28,077	2,807,700
41	Multipurpose Finance Co. Ltd.	7,985	798,500
42	Nepal Finance Ltd.	118,430	11,843,000
43	Nepal Share Markets & Finance Ltd.	7,985	798,500
44	Pokhara Finance Ltd.	28,077	2,807,700
45	Progressive Finance Ltd.	7,985	798,500
46	Reliance Finance Ltd.	86,475	8,647,500
47	Samriddhi Finance Co. Ltd.	7,985	798,500
48	Shree Investment & Finance Co. Ltd.	36,059	3,605,900
GRAND TOTAL		12,682,709	1,268,270,900

MEMBER LIST

DIRECT MEMBERS

As at Kartik End 2082

S.NO.	MEMBERS	NCHL-ECC	NCHL-IPS	connectIPS	connectRTGS	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	Samriddhi Finance Company Ltd.	✓	✓	✓	✓	✓	✓	✓			
54	Shree Investment and Finance Co. Ltd.	✓	✓	✓	✓		*	✓			

INDIRECT/TECHNICAL MEMBERS

As at Kartik End 2082

S.NO.	MEMBERS	CATEGORY	NPI
1	Financial Comptroller General Office (FCGO)	Government	✓
2	Health Insurance Board	Government	*
3	Nepal Insurance Authority	Government	✓
4	Nepal Stock Exchange Limited (NEPSE)	Government	✓
5	Citizen Investment Trust (CIT)	Semi-Government	✓
6	Civil Aviation Authority of Nepal (CAAN)	Semi-Government	✓
7	Council for Technical Education and Vocational Training (CTEVT)	Semi-Government	✓
8	Employee Provident Fund (EPF)	Semi-Government	✓
9	Foreign Employment Board	Semi-Government	✓
10	Kathmandu Upatyaka Khanepani Limited (KUKL)	Semi-Government	*
11	Nepal Electricity Authority	Semi-Government	✓
12	Nepal Oil Corporation	Semi-Government	✓
13	Rastriya Beema Sansthan	Semi-Government	✓
14	Social Security Fund (SSF)	Semi-Government	✓
15	Nepal Payment Solution Private Limited (NPS)	PSO	✓
16	Smartchoice Technology Limited (SCT)	PSO	✓
17	Chhito Paisa Private Limited	PSP	*
18	Cellcom Private Limited (Cellpay)	PSP	✓
19	CG Pay Nepal Private Limited (CG Pay)	PSP	✓
20	City Wallet Private Limited (City Pay)	PSP	✓
21	Digi Pay Private Limited (DigiPay)	PSP	✓
22	FocusOne Payment Solution Private Limited (MOCO)	PSP	✓
23	Goldmine Business Group Private Limited (Dpaisa)	PSP	✓
24	I Pay Private Limited (iPay)	PSP	✓
25	Icash Private Limited (iCash)	PSP	✓
26	IME Khalti Limited (Khalti by IME)	PSP	✓
27	Lenden Sewa Private Limited (Hamro Pay)	PSP	✓
28	Nepal Digital Payments Company Limited (Namaste Pay)	PSP	✓
29	Nepal E. Biz. Management Private Limited (Mobalet)	PSP	✓
30	Pay Nep Private Limited (MORU)	PSP	✓
31	Que Pay Private Limited (QPay)	PSP	✓
32	Smart Card Nepal Private Limited (MyPay)	PSP	✓
33	Sulav Pay Private Limited (Ncash)	PSP	✓
34	We Pay Private Limited	PSP	*
35	Chhimek Laghubitta Bittiya Sanstha Limited	Microfinance	✓
36	Infinity Laghubitta Bittiya Sanstha Limited	Microfinance	✓
37	Jeewan Bikash Lagubitta Sanstha Limited	Microfinance	*
38	National Laghubitta Bittiya Sanstha Limited	Microfinance	*
39	NIC Asia Laghubitta Bittiya Sanstha Limited	Microfinance	*
40	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	Microfinance	✓
41	Sampada Lagubitta Sastha Limited	Microfinance	*
42	Sana Kishan Bikas Laghubitta Bittiya Sanstha Limited	Microfinance	✓
43	Swabalamban Laghubitta Bittiya Sanstha Limited	Microfinance	✓
44	Swarojgar Laghubitta Bittiya Sanstha Limited	Microfinance	*
45	Vijaya Laghubitta Bittiya Sanstha Limited	Microfinance	*
46	American Life Insurance Company Limited	Insurance	✓
47	Asian Life Insurance Limited	Insurance	✓
48	Citizens Life Insurance Company Limited	Insurance	✓
49	Himalayanlife Insurance Limited	Insurance	✓
50	IGI Prudential Insurance Limited	Insurance	*
51	IME Life Insurance Company Limited	Insurance	✓
52	National Life Insurance Company Limited	Insurance	✓
53	Nepal Insurance Company Limited	Insurance	✓
54	Nepal Life Insurance Company Limited	Insurance	✓

S.NO.	MEMBERS	CATEGORY	NPI
55	Prabhu Mahalaxmi Life Insurance Limited	Insurance	✓
56	Rastriya Beema Company Limited	Insurance	*
57	Reliable Nepal Life Insurance Limited	Insurance	✓
58	Sanima GIC Insurance Limited	Insurance	✓
59	Sanima Life Insurance Limited	Insurance	*
60	Siddhartha Premier Insurance Limited	Insurance	✓
61	Sun Nepal Life Insurance Company Limited	Insurance	✓
62	SuryaJyoti Life Insurance Limited	Insurance	✓
63	United Ajod Insurance Co. (Nepal) Limited	Insurance	✓
64	Crest Micro Life Insurance Limited	MicroInsurance	✓
65	Guardian Micro Life Insurance Limited	MicroInsurance	✓
66	Liberty Microlife Insurance Limited	MicroInsurance	✓
67	Nepal Micro Insurance Company Limited	MicroInsurance	*
68	Protective Micro Insurance Limited	MicroInsurance	*
69	Trust Micro Insurance Limited	MicroInsurance	*
70	Arun Securities Private Limited	Share Broker	✓
71	Dynamic Money Manager Securities Private Limited	Share Broker	✓
72	Garima Securities Limited	Share Broker	✓
73	Himalayan Brokerage Company Limited	Share Broker	✓
74	Kalika Securities Private Limited	Share Broker	*
75	NAASA Securities Company Limited	Share Broker	✓
76	Nepal Stock House Private Limited	Share Broker	✓
77	NIMB Stock Markets Limited	Share Broker	✓
78	Opal Securities Investment Private Limited	Share Broker	✓
79	Pragyan Securities Limited	Share Broker	✓
80	Roadshow Securities Limited	Share Broker	✓
81	Secured Securities Limited	Share Broker	✓
82	Sun Securities Private Limited	Share Broker	*
83	SwarnaLaxmi Securities Private Limited	Share Broker	*
84	Sweta Securities Private Limited	Share Broker	✓
85	Trademow Securities Private Limited	Share Broker	✓
86	Trishakti Securities Public Limited	Share Broker	✓
87	ATT Remit Private Limited	Remit	✓
88	City Express Money Transfer Private Limited	Remit	✓
89	Easylink Remittance Private Limited	Remit	✓
90	Esewa Money Transfer Private Limited	Remit	✓
91	Hamro Patro Remit Private Limited	Remit	✓
92	Hulas Remittance Private Limited	Remit	✓
93	IME Limited	Remit	✓
94	Ipay Remit Private Limited	Remit	✓
95	Isend Money Transfer Private Limited	Remit	✓
96	Mypay Money Transfer Private Limited	Remit	✓
97	Neo Money Transfer Private Limited	Remit	✓
98	Nepal Remit International Private Limited	Remit	✓
99	Prabhu Money Transfer Limited	Remit	✓
100	Remit To Nepal Private Limited	Remit	*
101	Samsara Remit Private Limited	Remit	✓
102	Thamel Remit Private Limited	Remit	✓
103	Global IME Capital Limited	Merchant Bank	✓
104	Kumari Capital Limited	Merchant Bank	✓
105	Laxmi Sunrise Capital Limited	Merchant Bank	*
106	Nabil Investment Banking Limited	Merchant Bank	✓
107	NIBL Ace Capital Limited	Merchant Bank	*
108	NMB Capital Limited	Merchant Bank	✓
109	Siddhartha Capital Limited	Merchant Bank	✓
110	Subisu Cablenet Private Limited	ISP	✓
111	Vianet Communication Private Limited	ISP	✓
112	Websufer Nepal Communication Private Limited	ISP	✓

S.NO.	MEMBERS	CATEGORY	NPI
113	Nepal Federation of Savings And Credit Cooperative Unions Limited	Aggregator	*
114	Agni Incorporated Private Limited	Corporate	✓
115	Arju Rice Mills Private Limited	Corporate	*
116	Asian Paints Limited	Corporate	✓
117	CG Foods Private Limited	Corporate	✓
118	F1Soft International Private Limited	Corporate	✓
119	Flight Booking Center Private Limited	Corporate	*
120	Gyan Enterprises (KL Dugar Group)	Corporate	✓
121	Hansraj Hulaschand and Co. Private Limited	Corporate	✓
122	Him Electronics Private Limited	Corporate	✓
123	Hulas Iron Industries Limited	Corporate	✓
124	Hulas Steel Industries Limited	Corporate	✓
125	Jagdamba Motors Private Limited	Corporate	✓
126	Lumbini Ceramics Limited	Corporate	✓
127	Mercy Corps Nepal	Corporate	✓
128	NCELL Axiata Limited	Corporate	*
129	Nepal Overseas Marketing Co. Private Limited	Corporate	✓
130	Panchakanya Plast Private Limited	Corporate	✓
131	Sarbottam Steels	Corporate	✓
132	Sasto Tickets Private Limited	Corporate	✓
133	Sipradi Trading Private Limited	Corporate	✓
134	SMC Global Private Limited	Corporate	*
135	Surya Nepal Private Limited	Corporate	✓
136	Syakar Trading Company Private Limited	Corporate	✓
137	Triveni Byapar Company Private Limited	Corporate	*
138	Unilever Nepal	Corporate	✓
139	United Distributor Private Limited	Corporate	✓
140	Varun Beverages Nepal Private Limited	Corporate	✓
141	Yeti Airlines Private Limited	Corporate	✓
142	Yeti Distillery Private Limited	Corporate	✓

Indirect/Technical Members are onboarding in NPI through which they have access to NCHL -IPS , NCHL-RPS and connectIPS.

✓ Live

* Subscribed

एक्सप्रेस चेक क्लियरिङ्ग मार्फत
अब २ घण्टाभित्रै चेकको भुक्तानी
सिधै खातामा प्राप्त गर्नुहोस् ।

MAJOR MILESTONES



2008

23rd December

Incorporated under Companies Act 2063 of Nepal



2012

3rd February

Commencement of Electronic Cheque Clearing System (NCHL-ECC)



2014

9th April

Nationwide rollout of NCHL-ECC completed



2016

17th August

Commencement of Interbank Payment System (NCHL-IPS)



2018

12th October

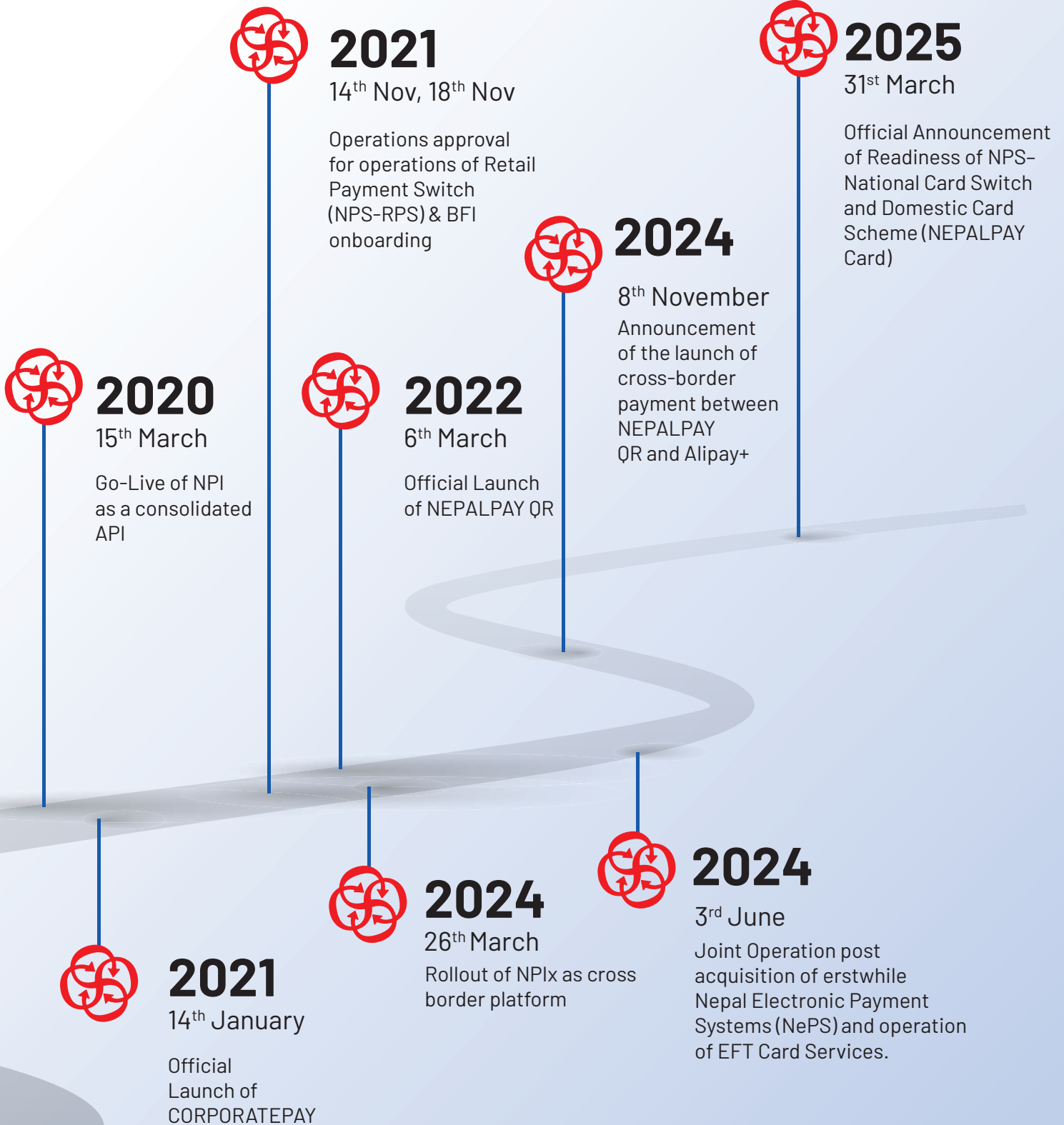
Official Launch of *connectIPS* e-Payment System



2019

15th December

Rollout of *connectRTGS* for commercial banks



NPR 1,673

MILLION

RESERVE & SURPLUS

An increase of 14% in comparison to preceding fiscal year. Major increments are due to the increased profitability. Reserves are established to support re-investment into payment infrastructures, technology enhancements, land & building and to cover unforeseen risks.

NPR 232

PER SHARE

NET WORTH PER SHARE

An decrease by 3% in comparison to preceding fiscal year due to the increased capital from bonus shared issued.

NPR 33

PER SHARE

EARNING PER SHARE

A decrease by 13% in comparison to preceding fiscal year is due to the increased number of shares due to Bonus shares distribution and also partly due to limited Net Profit increment by 4% as compared to preceding fiscal year.

NPR 417

MILLION

NET PROFIT AFTER TAX

An increase of 4% in comparison to preceding fiscal year.

FINANCIAL HIGHLIGHTS**NPR 1,032**

MILLION

OPERATING REVENUE

An increase of 32% in comparison to preceding fiscal year is primarily from NCHL-IPS, RPS incomes and addition of income from EFT card services.

NPR 416

MILLION

INVESTING CASH FLOW

A cash outflow decreased by 53% as compared with preceding fiscal year primarily due to increase in capital expenditures.

NPR 139

MILLION

INDIRECT INCOME

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

NPR 373

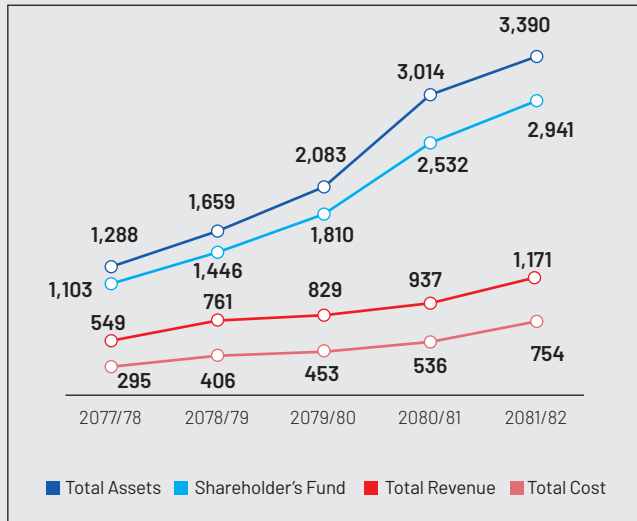
MILLION

OPERATING CASH FLOW

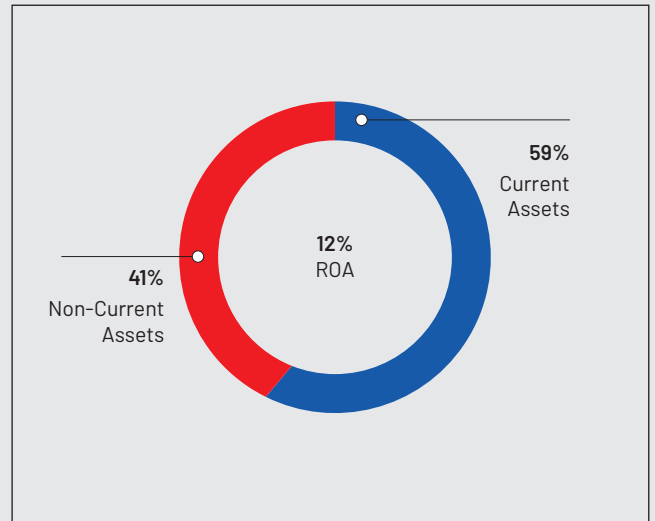
A cash inflow decreased by 58% as compared with preceding fiscal year primarily due to increased business costs.

FINANCIAL SUMMARY

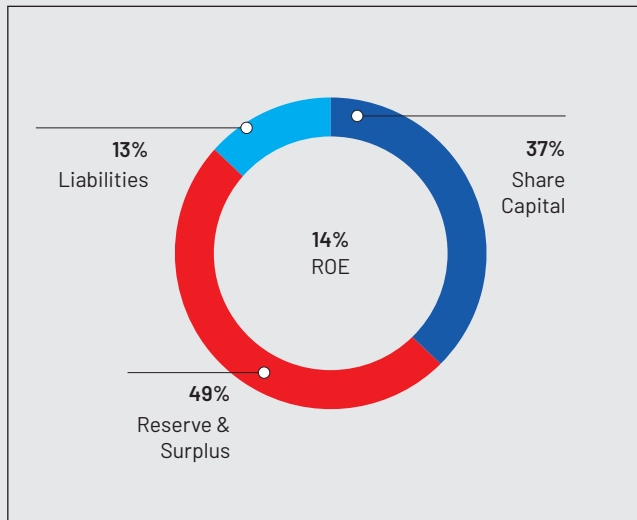
(in NPR Million)



TOTAL ASSETS DISTRIBUTION FY 2081/82

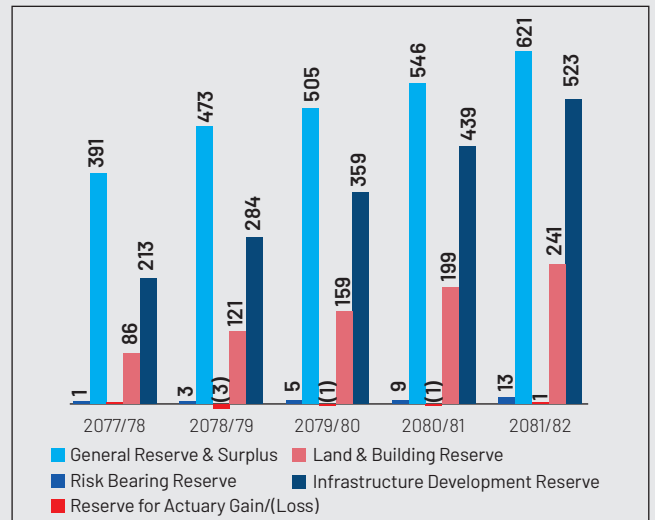


TOTAL EQUITY/LIABILITIES DISTRIBUTION FY 2081/82

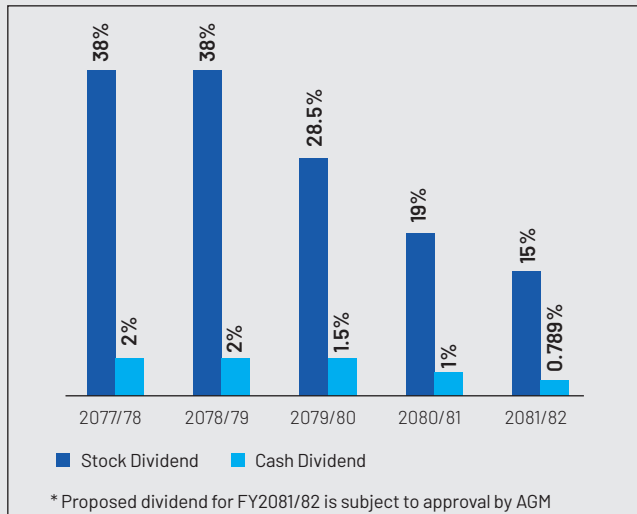


RESERVES

(in NPR Million)

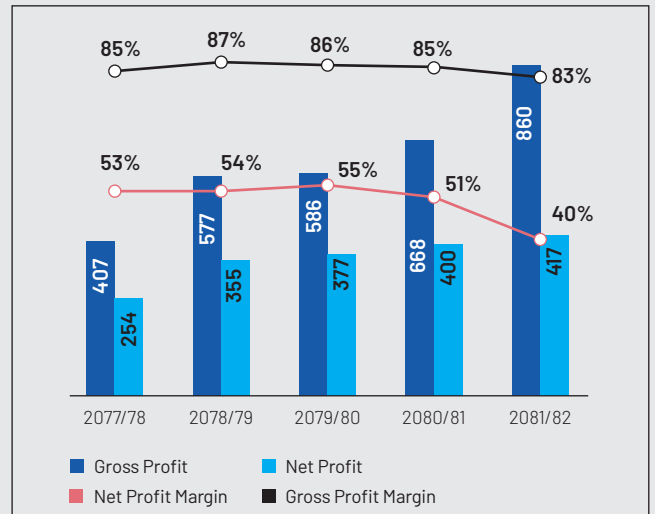


DIVIDEND DISTRIBUTION



PROFITABILITY ANALYSIS

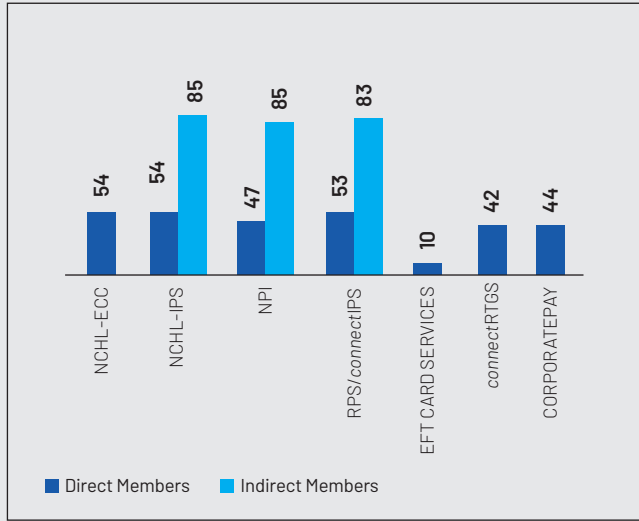
(in NPR Million)



OPERATIONAL HIGHLIGHTS

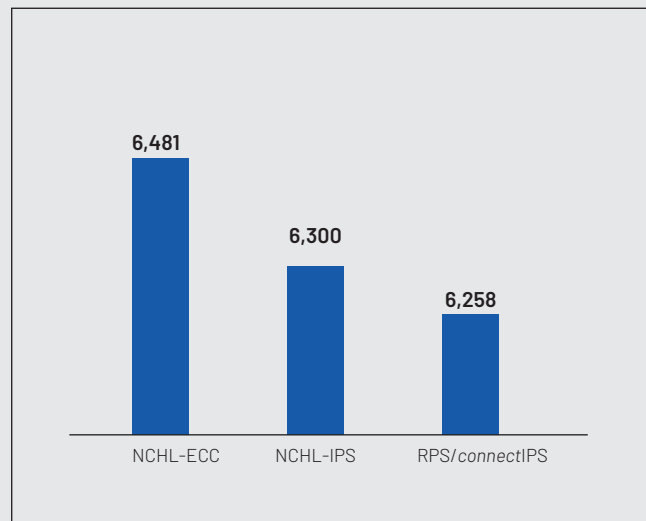
NCHL LIVE MEMBERS

As at Ashad end, 2082



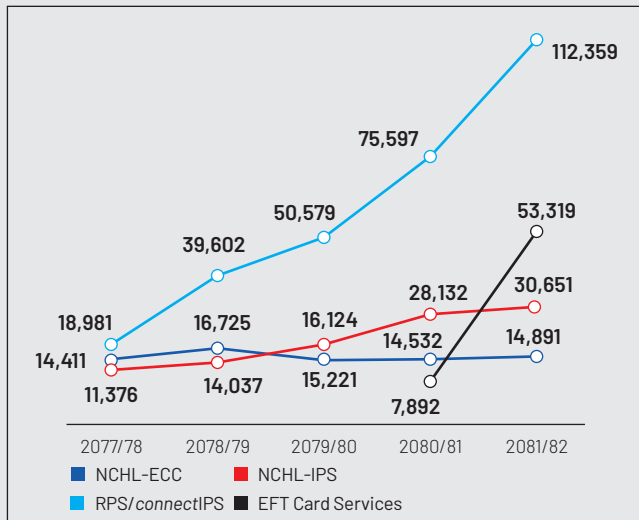
NCHL DIRECT MEMBERS BRANCHES

As at Ashad end, 2082



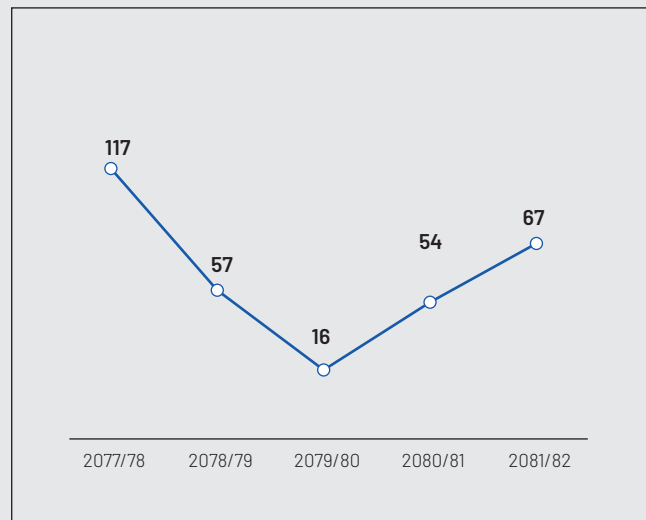
SYSTEM-WISE TRANSACTION COUNT

(in 000)



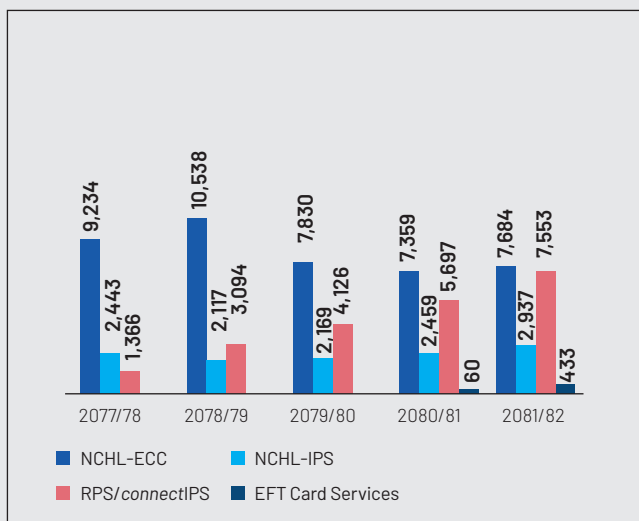
TOTAL TRANSACTION COUNT GROWTH

(in %)



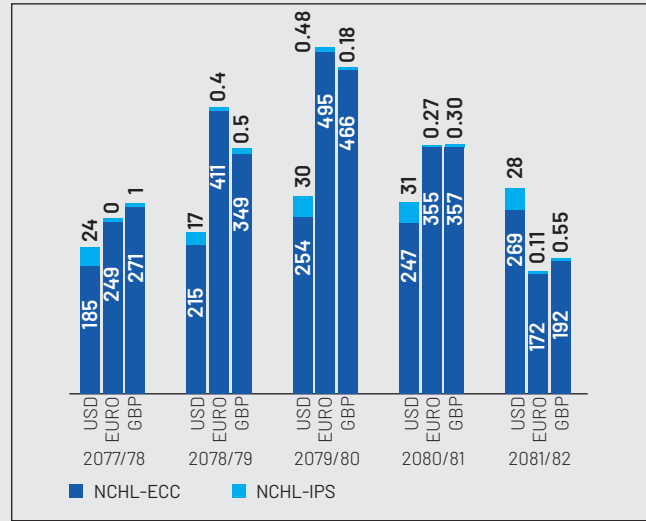
NPR TRANSACTION VALUE

(in NPR Billion)



FCY TRANSACTION VALUE

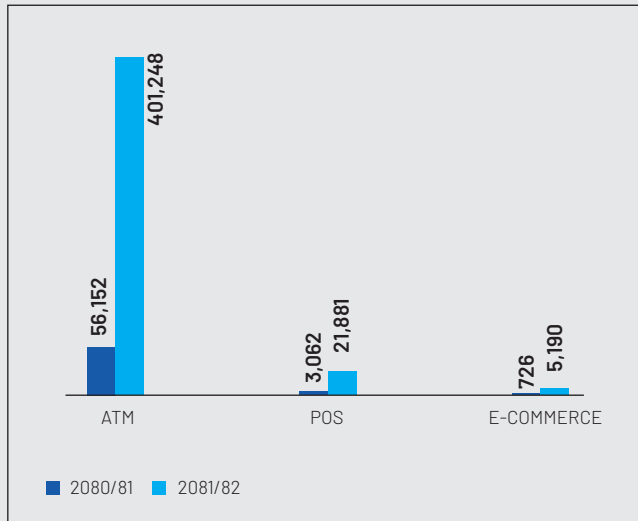
(in NPR Million)



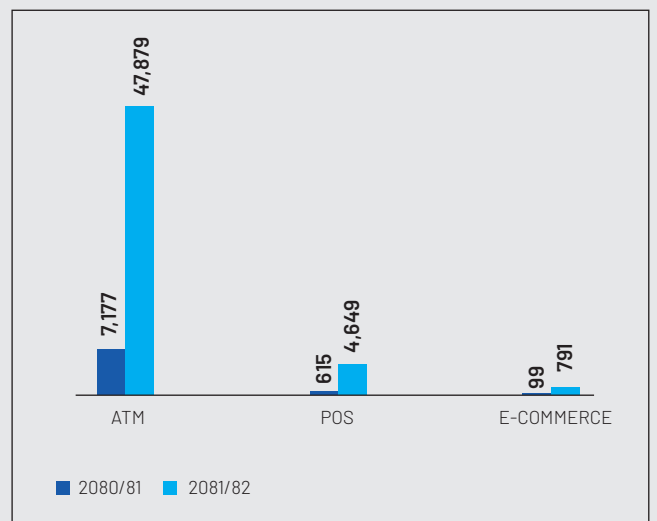
EFT CARDS

As at Ashad end, 2082

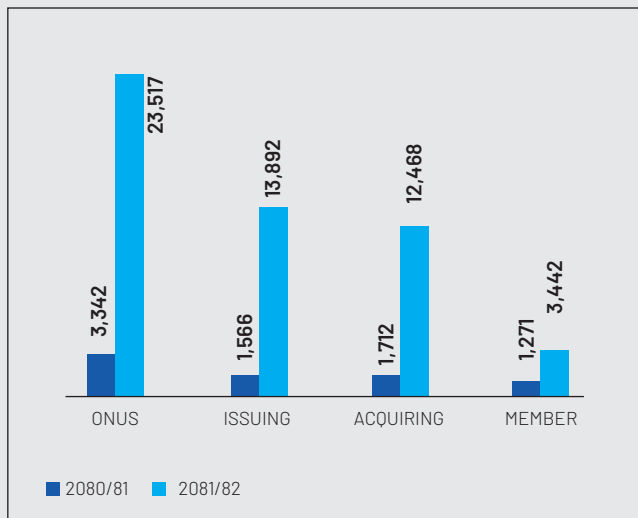
CHANNEL WISE TRANSACTION VALUE (in NPR Million)



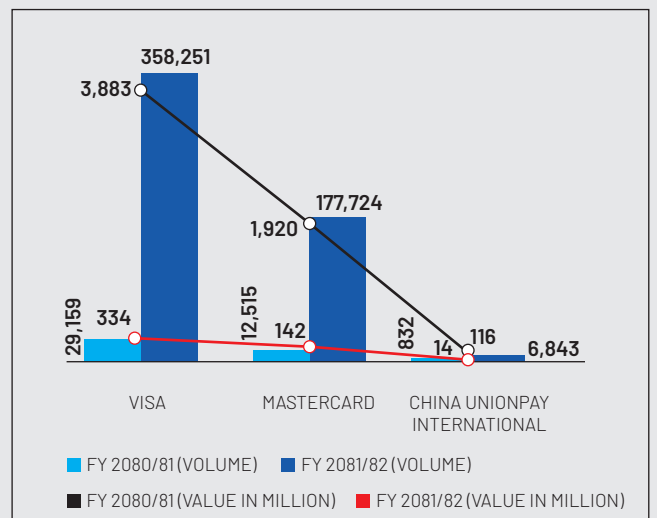
CHANNEL WISE TRANSACTION COUNT (in 000)



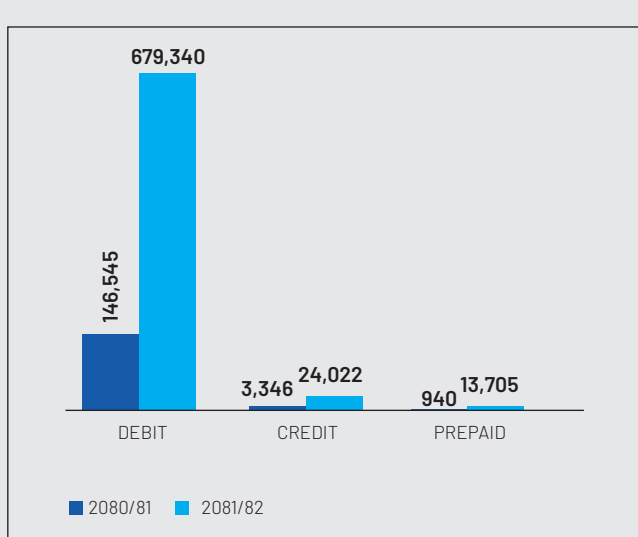
TRANSACTION NATURE WISE COUNT (in 000)



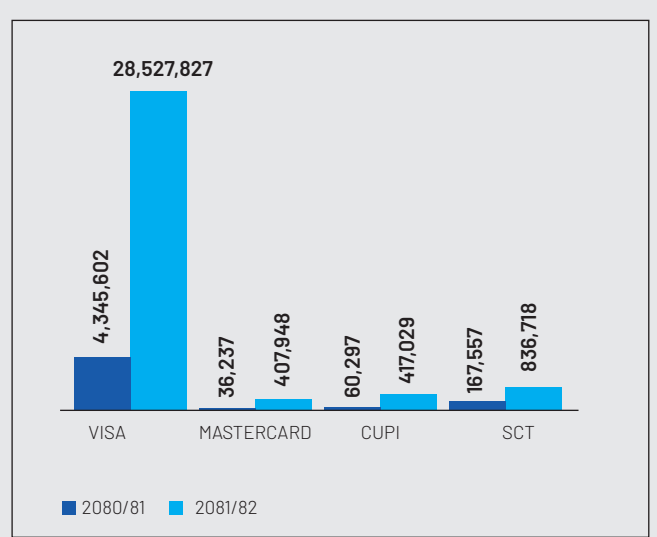
INTERNATIONAL CARD ACQUIRING



CARD ISSUANCE



CARD NETWORKWISE TRANSACTION COUNT



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



CHET PRASAD UPRETY
Chairman

MESSAGE FROM CHAIRMAN

DRIVING NEPAL'S DIGITAL PAYMENT FUTURE

IN LINE WITH THE NEPAL RASTRA BANK'S STRATEGIC PLAN, NCHL HAS BEEN OPERATING MULTIPLE SYSTEMICALLY IMPORTANT PAYMENT SYSTEMS (SIPS) UNDER THE RE-INVESTMENT PRINCIPLE. NCHL HAS BEEN ESTABLISHING AND OPERATING VARIOUS NATIONAL PAYMENT INFRASTRUCTURES THAT HAS FACILITATED DIGITAL PAYMENTS WITHIN NEPAL AS WELL AS BRIDGING THESE PAYMENT SYSTEMS WITH VARIOUS INTERNATIONAL CORRIDORS.

Dear Esteemed Shareholders,

On behalf of the Board of Directors of Nepal Clearing House Limited (NCHL), it is my privilege to present the Annual Report for the fiscal year 2081/82 (2024/25). This past year has been a period of substantive progress, meaningful innovation and strategic positioning for NCHL as we strive to be at the center of digital economy of Nepal. As we confronted a number of challenges inherent in our dynamic payments and fintech sector, I would like to take this opportunity to present the summary of our key achievements, significant milestones, reflect candidly on the challenges and outline our future outlook to establish NCHL as part of the Nepal's digital public infrastructure.

In line with the Nepal Rastra Bank's strategic plan, NCHL has been operating multiple systemically important payment systems (SIPS) under the re-investment principle. NCHL has been establishing and operating various national payment infrastructures that has facilitated digital payments within Nepal as well as bridging these payment systems with various international corridors. NCHL has always considered the robust

and evolving technological infrastructure to be at its core to surge ahead, ensuring that we not only meet the demands of today but are also prepared for the financial challenges and opportunities for tomorrow. Since its establishment in 2065 BS under the leadership and guidance of Nepal Rastra Bank and NCHL-ECC as its first payment system for digitizing the manual cheque clearing in 2068 BS, it has introduced multiple national digital payment systems and has advanced in multiple fronts including consolidation of infrastructures, strengthening digital payment services and deepening its role in Nepal's national payments ecosystem.

With the critical responsibility conferred to NCHL of implementing National Payment Switch (NPS) as one of the national agendas of the Government of Nepal and Nepal Rastra Bank, NCHL has been successful in implementation of the first phase of NPS as Retail Payment Switch (RPS), which is in operation since November 2021, that includes switching of majority of non-card based retail transactions and instruments including interoperability. NCHL has been able to achieve a major milestone in this fiscal year with

official announcement about the infrastructure readiness of second phase of the NPS for the implementation of National Card Switch (NCS) for card interoperability and national domestic card scheme in March 2025 with expected commercial rollout in this fiscal year with ongoing readiness of the BFIs.

As per the policy direction of NRB for consolidation of PSPs/PSOs and also to support the roll out of NPS, NCHL has successfully integrated and consolidated the operations of Nepal Electronic Payment Systems Ltd. (NePS) that was acquired towards end of the last FY 2080/81. It has helped and prepared ourselves to expand our domain beyond non-card based payments and towards card processing services of international card schemes, related auxiliary services and to prepare ourselves for driving National Card Switch and NEPALPAY card as national domestic card scheme.

With the view of bridging the national payment systems of Nepal with global payment systems, NCHL has established NPLx to enable P2P and P2M cross-border payments in various corridors. It has already enabled such cross border transactions with India for P2P by integrating NPI of NCHL with UPI of NPCI. Inward cross border P2M with Alipay+ has also been enabled that allows customers using 17 wallets from over 14 countries to scan and pay with NEPALPAY & interoperable QR in Nepal. It has also integrated outbound P2M with Lankapay of Sri Lanka and is ready to go-live. Similarly, it is currently working with nine different clearing houses, networks and aggregators to enable cross border retail and business transactions.

Our existing products and services including NCHL-ECC, NCHL-IPS, Retail Payment Switch (RPS), *connectIPS*, CORPORATEPAY, *connectRTGS* and NEPALPAY QR continued to evolve, as we saw significant transaction volumes across the platforms, reflecting increasing adoption of digital

payments in Nepal. By the end of the fiscal year 2081/82 (2024/25), there were 54,179,176 and 10 members in NCHL-ECC, NCHL-IPS, RPS and EFT respectively. There are 54 and 53 direct members (BFIs) under NCHL-IPS and RPS respectively, while there are 125 indirect/ technical members. Besides, 6,481 bank branches are included within the network of NCHL-ECC and NCHL-IPS, while 1.4 million customers of the BFIs including 2.4 million bank accounts were linked within *connectIPS* system until the end of FY 2081/82. Total of 3 million cards are issued by the members of EFT Card Service as of Ashad end 2082 out of which 793 thousand cards are issued in the FY 2081/82.

During the fiscal year, the company managed to achieve over 211.2 million transactions with settlement value of over NPR 18.6 trillion (for NPR transactions only) from its various systems, which is an increment of 67% in terms of volume and increase of 19% in terms of value.

The company expects that the cheque transaction will continue to decline or stagnate, however, growth in the digital payments in NCHL-IPS and RPS particularly through NPI, CORPORATEPAY, fund transfer and NEPALPAY QR are expected to grow in the coming years. Despite the lower growth rate of card transactions, NCHL expects its decent growth with possible increase of additional members in EFT services and also from NEPALPAY Card.

NCHL will continue to play a major role in driving digital payments ecosystem in Nepal in digitizing critical sectors including Government of Nepal, local level governments and similar. Government of Nepal's Social Security Benefit distribution directly to the beneficiary bank accounts was rolled out in the FY2080/81, processing more than 24 million disbursement transactions during FY 2081/82. Additionally, NCHL has been facilitating the GoN's revenue payment via various platforms and gateways. Dynamic NEPALPAY QR has been

enabled across all SUTRA revenue counters at 753 Local Level Government / Municipalities with a total local Government transaction in FY2081/82 of more than 3.4 million transactions. We will continue to support GoN in its policy direction to adopt digital payments, by means of processing GoN digital transactions.

During the fiscal year, the Operating Profit and Net Profit has remained at NRs 723 million (increased by 9 percent) and NRs 417 million (increase by 4 percent) respectively. We have also strengthened our equity base, which now stands at NPR 2,940 million and proposed to raise the paid-up capital by issuing 15 percent of bonus share and 0.789 percent of cash dividend (including that for tax purpose). This financial foundation provides us with the necessary capital to support our strategic initiatives of national payment systems, introduce additional systems, security controls and further promote and enhance the digital payments. The existing provision of appropriating 20 percent, 10 percent, and 1 percent of the net profit towards Infrastructure Development Reserve (earlier Technology Enhancement Reserve), Land & Building Reserve, and Risk Bearing Reserve (earlier Cyber Risk Reserve) respectively have been continued.

In view of the maturing digital payment ecosystem in Nepal, the focus of the market is shifting from basic payment enablement to value added services, interoperability and cross border payments. Hence, scaling of the infrastructure, service quality improvement, innovation of additional products & services and enhancing risk/fraud management and security controls will continue to be the key considerations for NCHL. The major investment in the coming years shall focus on enhancing and scaling up its infrastructures and risk management. In order to improve trust on our digital payment systems and to mitigate possible risks arising from cyber security, NCHL is committed to further improve its resilience

and invest on risk management, security management and promote digital financial literacy and awareness.

We acknowledge the challenges ahead, but we are equally confident in our strategic direction and the role we are playing in shaping Nepal's payments ecosystem. The road ahead is challenging and ambitious yet the opportunities are significant. By maintaining our focus on resilience, innovation and security, NCHL will continue to deliver value to our members, contribute meaningfully to the national payments infrastructure, and provide returns to our shareholders. Our journey as team NCHL has been instrumental in delivering and maintaining NCHL's vision and I am confident that we will continue to push forward, creating and achieving more milestones in days ahead.

I would like to extend my heartfelt gratitude to the Government of Nepal, leadership of Nepal Rastra Bank for support and cooperation. I would also like to thank the members of the Board of Directors, CEO and the management team for their continuous commitment which has driven our excellent performance in the past years.

Once again, I would like to thank you for your presence and extend my warm welcome in the 14th Annual General Meeting of the Company.

CHET PRASAD UPRETY

Chairman



NEELESH MAN SINGH PRADHAN
Chief Executive Officer

CEO'S STATEMENT

A YEAR OF MILESTONES AND GRATITUDE

NCHL ACHIEVED SIGNIFICANT MILESTONES DURING THE FISCAL YEAR, INCLUDING MAJOR GROWTH IN DIGITAL TRANSACTIONS, READINESS OF THE NATIONAL PAYMENT SWITCH AND NEPALPAY CARD, EXPANSION OF CROSS-BORDER PAYMENT CAPABILITIES, AND CONTINUED INVESTMENT IN INFRASTRUCTURE, SECURITY, AND INDUSTRY COLLABORATION.

As we continue to strive, the fiscal year 2081/82 (2024/25) has been one of remarkable years for NCHL as we reached close to realizing National Payment Switch along with national domestic card scheme and expanding the usage of payment systems for cross border payments. Our continued efforts jointly with Nepal Rastra Bank and Banks & Financial Institutions and other industry stakeholders made it possible to achieve significant advances in Nepal's financial ecosystem. We present herewith the key achievements during the year, industry overview and our future outlook.

Key Achievements during the year

1. Growth of Digital Payment Transactions

NCHL always believed in building robust infrastructure as per the policy direction of Nepal Rastra Bank and backed by innovation to drive digital payment industry of Nepal. During the fiscal year, NCHL processed over 75% of digital retail transactions in terms of settlement value in Nepal. The company managed to achieve over 211.2 Million transactions with settlement value of over NPR 18.6 Trillion (for NPR transactions only) from its various systems namely NCHL-ECC, NCHL-IPS, RPS and EFT Switch. This is an increment of 67% in terms

of transaction volume and increase of 19% in terms of value. Over 71% of such digital transactions in NCHL-IPS and RPS are routed through National Payment Interface (NPI), which is one of the significant part of National Payment Switch (NPS).

The average monthly transactions in volume and value for NCHL-ECC, NCHL-IPS, RPS and EFT have increased during the fiscal year as against the previous year. We have seen major transactions growth from NEPALPAY QR, fund transfer, alternate channels of BFIs including mobile banking and remittance. The initiators of such transactions are Government of Nepal, other members and business entities. Digital transaction is expected to grow further in RPS, particularly with the growing usage of real time payment for fund transfer by individuals, business and Government. Major sectoral transaction growth are expected from NEPALPAY QR, indirect & technical member transactions, EFT transactions and commercial roll-out of NEPALPAY Card.

2. Readiness for National Card Switch (NPS-NCS) and NEPALPAY Card

Phase II of the NPS project related to national card switch & national domestic card scheme (NEPALPAY Card) has been completed during the

fiscal year with infrastructure and applications been installed and ready for usage and testing by the participating member BFIs, corresponding to which an official announcement of infrastructure readiness of NPS-NCS and NEPALPAY Card was done in March 2025. The card processing switches of the BFIs, including NCHL's EFT Switch, are being integrated and under testing to make the system and member BFIs ready for issuance and acquiring of NEPALPAY card and for domestic interoperability of card transactions. 31 Member BFIs have been onboarded within NPS-NCS and NEPALPAY, with others under preparation for onboarding. As the assurance certification and integration with member BFI's switches are at the final stage of completion, the commercial roll out of NCS and NEPALPAY are expected during this fiscal year. With the successful consolidation of Nepal Electronic Payment System Ltd. (NePS) within NCHL during the fiscal year, we are on track to derive synergy during the rollout and operations of NEPALPAY card.

3. Going global with cross border payments

In order to bridge the domestic payment systems of Nepal with global payment systems and networks, NCHL during the FY 2080/81 has developed an additional layer, (cross border national payments interface – NPIx), to support cross border payments. NPIx, as a part of the NPS, remains as an intermediary platform for connecting Nepal's payment system, particularly RPS and other domestic networks, with international clearing house, networks, aggregators or similar payment systems to enable inbound and outbound cross border payments. The system has been tested and gone live with Alipay+ for interoperable QR based P2M payments in September 2024. It is also live under closed user group with UPI of India for P2P transfer and is ready for rollout with Srilanka. We anticipate additional corridors being added and cross border transaction uptake as we continue to work with multiple clearing houses and networks.

4. System upgrades and investment in technology & security:

NCHL has invested significantly in modernizing its infrastructure including payment systems, database and servers & network equipment, and continues to focus in scaling up its infra. Majority of the infrastructures have been moved to hyperconvergence platform to support horizontal

scale-up. We have upgraded security appliances & services to further enhance the robustness and resilience of our platforms. We will continue to invest heavily on infrastructure and risk management controls.

5. Continuation of Reinvestment Policy

NCHL has continued the principle of re-investment in shared payments infrastructure such that the revenue and cash flow generated from operating systems are re-invested in forthcoming innovative technology and use cases. Majority of the core infrastructures and services are cross-subsidized to the members, Government of Nepal and general public to enhance digital ecosystem and facilitate related stakeholders. One of the largest commitments for re-investment is going to be realized through full implementation of National Payment Switch, of which RPS has already been rolled out and NCS with NEPALPAY card at the final stage of commercial rollout. We intend to further invest in upgrading and scaling existing systems, implementing innovative systems and solutions and enhancing risk management to create NCHL as the core pillar of Nepal's DPI.

6. Financial sustainability to drive growth and innovation

Although transactions growth during the FY 2081/82 compared to the previous year was 67%, the net profit growth has remained at 4%, which is primarily due to thoughtful strategy to downward revise the fees and charges for the members, Government of Nepal and general public. As we continue to cross subsidize the forthcoming payment systems, we are conscious of our commitment to drive the ecosystem and yet balance the business sustainability. The operating profit of the company remained at NPR 723,556,443 as against NPR 660,154,219 in the previous year, with net profit at NPR 417,338,004 as against NPR 400,399,015 in the previous year. The shareholders fund has increased to NPR 2,941,123,675 with book value per share at NPR 232. Our target ROCE remains at around 20%, corresponding to which we have achieved 19% during the fiscal year. Though the pricing of our products and services has always remained under pressure, we are optimistic to maintain the financials position of the company in the coming fiscal year in anticipation of increased digital transactions, addition of members in various systems and rollout of NEPALPAY card.

Industry Collaborations

Although being one of the licensed payment system operators, it has established itself as one of its kind institutions to drive national payment systems and related infrastructures. The very core objective of NCHL being established under public private partnership was to change the very landscape of digital payments in Nepal, fuel digital payment innovation and provide equitable access to shared infrastructure. Hence, collaboration with the BFIs, other licensed PSPs & PSOs, Government of Nepal and various other stakeholders has remained as the unique proposition of NCHL. As we see major growth in digital payments in Nepal processed by BFIs, PSPs, PSOs and other entities, NCHL will continue to collaborate with all the stakeholders to allow using our payment infrastructure and facilitating them to build needed systems and integrations for domestic and cross border payments.

As digital transactions continue to grow, regulatory frameworks evolve and industry starts to consolidate, NCHL will remain instrumental in supporting policy alignment, adhering to national and global standards and innovation, foster ecosystem development by being one of the stakeholders of DPI and interoperability.

Looking Ahead & Future Outlook

The adoption and acceptance of digital payments in Nepal have been growing significantly, largely driven by NRB's policy direction to leverage both BFIs and non-bank entities with support from Government of Nepal by being one of the early adopter of such digital payments. As the payments industry in Nepal starts to mature, we will see the payments layer as the basic DPI service to drive overlaying financial services and digital economy. Open banking/ finance, interoperability across payment systems, instruments or use cases with cross industry integration for enabling services is expected to drive the industry. As we are positioned strategically, NCHL is set to further strengthen its core systems and infrastructure including NPI to support such open API and aggregation frameworks, interoperability and to drive the digital economy of Nepal.

As we have seen major growth in the consumer based retail transactions in the last five years, next phase

of digital payment transaction growth is expected to continue from individual retail payments, business entities related B2B transactions, Government related expense and revenue collections and cross border payments. With a clear commitment to developing innovative and resilient payment systems and instruments, NCHL will continue investing in technologies and infrastructures that support digital platforms for individuals, institutions and the government by aligning its strategic direction with NRB's policies and fostering collaboration with the industry stakeholders.

Final Note

With the closure of another challenging yet successful year, I would like to extend my heartfelt thanks to our valued member BFIs and other members for the trust and support towards NCHL and our products/ services. While the journey ahead presents both challenges and exciting opportunities, we are confident that continued collaboration will further strengthen our position as a leading force in Nepal's digital payment ecosystem.

I extend my heartfelt gratitude to Nepal Rastra Bank, Chairman, and the Board Members for their steadfast guidance and support. I also deeply appreciate the remarkable efforts of our team for staying focused and resilient and contributing towards shaping the payment ecosystem in Nepal and beyond.

NEELES MAN SINGH PRADHAN

Chief Executive Officer

BOARD OF DIRECTORS



CHET PRASAD UPRETY
Chairman

Mr. Uprety is the Executive Director at Nepal Rastra Bank and has been working at the central bank since 2054 BS. He has a rich experience at various functions and departments of the central bank for over 27 years. He holds Masters in Business Administration from Tribhuvan University. He is a member of the Board of NCHL representing Nepal Rastra Bank since 1st Jestha 2082.



UJJAL RAJBHANDARY
Director

Mr. Rajbhandary is the Deputy Chief Executive Officer at Himalayan Bank Ltd. He has over 32 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).



MAHESH SHARMA DHAKAL
Director

Mr. Dhakal is the Senior Deputy Chief Executive Officer at Nepal Investment Mega Bank Ltd. He has over 24 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).



SRIJAN KRISHNA MALLA
Director

Mr. Malla is the Chief Technology Officer at Siddhartha Bank Ltd. He has over 22 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).



TIL BAHADUR GURUNG
Director

Mr. Gurung is the Assistant Deputy Chief Executive Officer of Muktinath Bikas Bank Ltd. He has over 23 years of professional experience in the field of Banking. He holds Master's Degree from Tribhuvan University. He is a member of the Board of NCHL representing development bank shareholders since 28th Poush, 2078 (elected by 10th AGM).



AMIT SHRESTHA
Director

Mr. Shrestha is the Deputy Chief Executive Officer of ICFC Finance Ltd. He has over 23 years of experience in the field of Banking. He holds Bachelor in Commerce degree from Delhi University, India and a Masters' degree from Kathmandu University, Nepal. He is a member of the Board of NCHL representing finance company shareholders since 17th Bhadra 2080.



JAGADISH DAHAL
Independent 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.

MANAGEMENT TEAM



NEELES MAN SINGH PRADHAN
Chief Executive Officer

Mr. Pradhan has experience of over 24 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).



NEERAJ MAN SAINJU
Deputy Chief Executive Officer

Mr. Sainju has rich experience of over 21 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.



MUNNI RAJBHANDARI
Chief Operating Officer/
Information Officer

Ms. Rajbhandari has experience of over 21 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.



DILLI MAN SHAKYA
Chief Technology Officer

Mr. Shakya has experience of over 22 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.



BIKASH SARAN
Chief Product Development Officer

Mr. Saran has experience of over 19 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.



VIVEK GIRI
Chief Business Officer

Mr. Giri has experience of over 16 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.



CHHABI LAL SAPKOTA
Head - Payment Systems

Mr. Sapkota has experience of over 17 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.



PRABIN ACHARYA
Head-Card Operations

Mr. Acharya has experience of over 15 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 as Chief Operating Officer. Prior to NePS, Mr. Acharya worked at Nepal SBI Bank Ltd. between 2010-2021 leading Alternate Banking Channel and Management Information Systems Department. He holds MBA in MIS from Pokhara University.



PRAJANA KAYASTHA
Head - Risk & Compliance

Ms. Kayastha 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. 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.



ANANDA MARASINI
Head-Finance/
Accounts & Strategy

Mr. Marasini is a qualified Chartered Accountant from the Institute of Chartered Accountants of India (ICAI) with over 9 years of experience in the field of Auditing, Accounting and Fintech. He is associated with NCHL since November 15, 2022. Prior to joining NCHL, he was associated with NIC Asia Bank in digital business department. He was also associated with NBSM & Associates, Chartered Accountants as audit officer. He completed his articleship in March, 2017. He also holds a MBS degree from Tribhuvan University, Nepal.

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:

CHEQUE CLEARING CUT-OFF TIMES

	REGULAR (SUN-THU)	REGULAR (FRI)	1ST EXPRESS (SUN-FRI)	2ND EXPRESS (SUN-FRI)	3RD EXPRESS (SUN-FRI)	4TH EXPRESS (SUN-THU)	1ST HIGH VALUE (SUN-FRI)	2ND HIGH VALUE (SUN-THU)
Presentment Start	15:00 (T-1)	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)	12:00 (T)	11:00 (T)	12:00 (T)	13:00 (T)	16:00 (T)	12:00 (T)	15:00 (T)
Reply End	17:00 (T)*	13:30 (T)	11:30 (T)	12:30 (T)	13:30 (T)	16:30 (T)	13:00 (T)	16:00 (T)
Settlement Starts	17:15 (T)*	13:45 (T)	11:45 (T)	12:45 (T)	13:45 (T)	16:45 (T)	13:15 (T)	16:15 (T)

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

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

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 and 3rd express sessions are available from Sunday to Friday for NPR and from Monday to Friday for FCY (USD, GBP and EUR). 4th express session is earmarked from Sunday to Thursday for NPR and from Monday to Thursday for FCY (USD, GBP and EUR).

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. 1st high value session is available from Sunday to Friday and 2nd high value session is available from Sunday to Thursday. High value sessions for NPR are available in from Sunday and for FCY (USD, GBP and EUR) from Monday.

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 28 direct credit and 6 debit category purposes availed in the system.



SN	CODE	CATEGORY PURPOSES	DIRECT CREDIT	DIRECT DEBIT
1	CUST	Customer Transfer	✓	
2	TREA	Treasury Payment	✓	
3	GOVT	Government Payment	✓	
4	REMI	Remittance Payment	✓	
5	REMD	Domestic Remittance Payment	✓	
6	DIVI	Dividend Payment	✓	
7	IPOR	IPO Refund Payment	✓	
8	SALA	Salary Payment	✓	
9	SALC	Salary Payment Corporate	✓	
10	INSU	Insurance Payment	✓	✓
11	INSM	Installment Payment	✓	✓
12	CCRD	Credit Card Payment	✓	✓
13	FEEO	Fees Payment	✓	✓
14	SUPP	Supplier Party Payment	✓	
15	COLL	Collection Payment	✓	✓

Cont...

SN	CODE	CATEGORY PURPOSES	DIRECT CREDIT	DIRECT DEBIT
16	SSBE	Social Security Payment	✓	
17	PENS	Pension Payment	✓	
18	INVS	Investment & Securities	✓	
19	PFSA	PF Savings	✓	
20	PFDS	PF Disbursement	✓	
21	G2GP	Government to Government Payment	✓	
22	SSFC	SSF Collection Payment	✓	
23	GREV	Government Revenue Related Payment	✓	
24	COMC	Commercial Payment	✓	✓
25	GTAX	Government Tax	✓	
26	SSBE	Social Security Benefits Payment	✓	
27	STLM	Settlement Payment	✓	

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 SETTLEMENT	BUSINESS DAY
	START	END	START	END	START	END		
Exchange 0	16:00 (T-1)	10:00 (T)	10:00 (T)	10:30 (T)	10:30 (T)	11:00 (T)	11:30	Sun - Fri (NPR) Mon - Fri (FCY)
Exchange 1-0	10:00 (T)	13:00 (T)	13:00 (T)	13:30 (T)	13:30 (T)	14:00 (T)	14:30	Sun - Thu (NPR) Mon - Thu (FCY)
Exchange 1-1	13:00 (T)	16:00 (T)	16:00 (T)	16:15 (T)	16:15 (T)	16:30 (T)	17:00	Sun - Thu (NPR) Mon - Thu (FCY)
Exchange 1- Friday	10:00 (T)	13:00 (T)	13:00 (T)	13:15 (T)	13:15 (T)	13:30 (T)	14:00	Fri (NPR/FCY)
Exchange 2	09:00 (T)	10:00 (T)	10:00 (T)	10:15 (T)	10:15 (T)	10:30 (T)	10:45	Sun - Fri (NPR)
Exchange 3	10:00 (T)	11:00 (T)	11:00 (T)	11:15 (T)	11:15 (T)	11:30 (T)	12:00	Sun - Fri (NPR)
Exchange 4	11:00 (T)	12:00 (T)	12:00 (T)	12:15 (T)	12:15 (T)	12:30 (T)	13:00	Sun - Fri (NPR)
Exchange 5	12:00 (T)	13:00 (T)	13:00 (T)	13:15 (T)	13:15 (T)	13:30 (T)	14:00	Sun - Fri (NPR)
Exchange 6	13:00 (T)	14:00 (T)	14:00 (T)	14:15 (T)	14:15 (T)	14:30 (T)	15:00	Sun - Thu (NPR)
Exchange 7	14:00 (T)	15:00 (T)	15:00 (T)	15:15 (T)	15:15 (T)	15:30 (T)	16:00	Sun - Thu (NPR)
Exchange 8	15:00 (T)	16:00 (T)	16:00 (T)	16:15 (T)	16:15 (T)	16:30 (T)	17:00	Sun - Thu (NPR)
Exchange 9 *	16:00 (T)	17:00 (T)	17:00 (T)	17:15 (T)	17:15 (T)	17:30 (T)	17:45	Sun - Thu (NPR) Mon-Thu (FCY)
Exchange 10 (Funding)**	17:00 (T)	17:30 (T)	-	-	17:30 (T)	17:45 (T)	18:00	Sun - Thu (NPR) Mon-Thu (FCY)

Note:

* 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.

NPR Exchange Sessions are available from Sunday to Thursday and FCY Exchange Sessions are available from Monday to Thursday with presentment up to 17:00 and last settlement on 18:00. However, foreign currency sessions are not available on Sunday. Similarly, Exchange Sessions 10 (funding) are available from Sunday to Thursday for both NPR and FCY except that FCY sessions are not available on Sunday. Exchange Session for both NPR and FCY for Friday are available with presentment up to 13:00 and last settlement at 14:00. 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 (IN NPR)

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
Unifying Payments for Nepal

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/ domestic card scheme (NEPALPAY) is currently at the final stage of rollout under NPS.

RETAIL PAYMENT SWITCH (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 *connectIPS* e-payment system that was provided to the BFIs as faster payment system has also been scaled-up and disintegrated to create it as *connectIPS* retail platform and integrated with RPS for transaction processing settlement.

connectIPS E-PAYMENT

connectIPS 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 *connectIPS* 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 *connectIPS* 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 1,441,471 customers of the BFIs were registered with 2,393,026 linked bank accounts in *connectIPS* by the end of the FY 2081/82.

RPS/*connectIPS* TRANSACTION FEE (IN NPR)

The transaction fee in RPS/*connectIPS* system is on revenue sharing basis between NCHL, ODFI and RDFI. 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, <i>connectIPS</i> 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 10,000	> 10,000
1	Government Payment	2	5



Capital Market का भुक्तानीहरू
connectIPS माफत सजिलै गर्नुहोस् ।



Collateral Load



Broker Payment



DMAT/Meroshare Renewal



Bonus Tax Payment



Dividend Payment



SIP Payment



NEPALPAY INSTANT

NEPALPAY Instant is a Direct Credit instruments (Push Transactions) where sender initiates a fund transfer transaction 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 *connectIPS* 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 Million merchants within NEPALPAY QR and also has access to over 250,000 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 receivers 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, *connectIPS*). The service is currently available for requesting payment from *connectIPS* to *connectIPS* 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 some of 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 the PSO 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.

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 number of 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 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, etc. There are currently 7 number of billers that have been onboarded within Biller Gateway.

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, which is implemented in a concept of open APIs to facilitate financial and non-financial message standards, interoperability of various payment



systems and to extend overlaying services. NPI supports seamless routing of transactions to NCHL's underlying payment systems. It also supports integration to the payment systems hosted by NCHL, for real-time instant payment through RPS/*connectIPS* and for deferred payments through NCHL-IPS System. It has been extended 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.

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 by integrating NPI with UPI of NPCI, India has also been operationalized under closed user group. Similar engagements and integrations are underway with various other international networks, clearing houses and aggregators, which are at various stages of such engagements.

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 readiness announcement was made on March 2025, with current engagement of NCHL with the respective member BFIs for their readiness to issue and acquire NEPALPAY cards. 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 2081/82. It has already been enrolled by 31 banks and financial institutions as principle members of NEPALPAY and undergoing final readiness for commercial rollout.

connectRTGS SYSTEM

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



connectRTGS

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/*connectIPS* 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.

NATIONAL ARCHIVE SYSTEM

National archive system 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 Million cards in circulation, 1,100+ ATMs and 10,000+ POS machines operated by 10 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 signed agreement with 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.

FINANCIAL REVIEWS

This chapter presents NCHL's financial performance together with key financial ratios, supported by a comparative analysis of data from up to the past five years.





REPORTING PRONOUNCEMENTS

NCHL has prepared its financials for fiscal year 2081/82 (2024/25) as per the Nepal Financial Reporting Standard (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 2081/82 (2024/25) in comparison with last four fiscal years are presented in the following table.

Amount in NPR '000

PARTICULARS	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)	GROWTH RATE (CAGR)*
Paid up capital	1,268,271	1,065,774	783,376	567,664	411,350	25%
Reserve & Surplus	1,672,853	1,466,358	1,026,682	878,532	691,716	19%
Investment and Placements	2,054,484	1,819,640	1,482,953	1,073,104	842,104	20%
Non-Current Assets	1,400,012	1,232,848	1,053,820	517,109	340,082	33%
Current Assets	1,990,185	1,781,453	1,029,163	1,142,077	947,527	16%
Operating Income	1,032,142	783,420	681,134	661,873	479,616	17%
Operating Expenses	172,400	115,779	95,535	84,896	73,116	19%
Gross Profit	859,742	667,641	585,599	576,977	406,500	16%
Interest/ Other Income	139,084	153,197	148,234	98,764	69,716	15%
Administrative Expenses	108,868	60,169	41,670	51,742	21,737	38%
Human Resource Expenses	157,477	92,196	75,698	60,980	39,691	32%
Finance Cost (Actuarial & Lease Liability)	8,413	7,555	5,806	-	-	8%
Operating Profit	723,556	660,154	610,659	563,019	414,789	12%
Depreciation/Amortization	95,645	66,417	54,179	39,581	37,773	20%
Net Profit /(Loss) for the year	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.

EQUITY AND SHAREHOLDER'S FUND

Total equity fund of NCHL has increased to NPR 2,941,124 thousand as against NPR 2,532,132 thousand in the previous year. The increase is mainly due to adjustment of Bonus Share Capital of 19% on Paid-up Capital approved for FY 2080/81 (2023/24), additional profit transferred to Reserve and Surplus from attributable profit of FY 2081/82 (2024/25).

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 has proposed 15% of Bonus Shares (equivalent to 1,902,406 units of shares rounded for the decimal figure) and cash dividend of 0.789% equivalent to NPR 10,006,657 including tax from the profit of fiscal year 2081/82 (2024/25), 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 2,054,484 thousand in FY 2081/82 (2024/25) as against NPR 1,819,640 thousand in the previous year. The interest income has declined to NPR 127,470 thousand as against NPR 152,132 thousand with decline of 16%. The interest income includes income from investments and call deposits.

Amount in NPR '000

PARTICULARS	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	GROWTH	
			VOLUME	%
Fixed Deposits & Debentures	2,054,484	1,819,640	234,844	13%
Investments and Placements	2,054,484	1,819,640	234,844	13%
Interest Income*	127,470	152,132	(24,662)	(16)%

*Including interest income from call deposits.

OPERATING INCOME

Total operating income for the FY 2081/82 (2024/25) has increased to NPR 1,032,142 thousand as against NPR 783,421 thousand in the previous year.

Amount in NPR '000

PARTICULARS	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	GROWTH	
			VOLUME	%
Operating Income from NCHL-ECC	369,800	362,456	7,344	2%
Operating Income from NCHL-IPS/NPI	171,945	156,761	15,184	10%
Operating Income from RPS/connectIPS	230,281	203,583	26,698	13%
EFT Card Income	215,814	13,604	202,210	1,486%
Operating Income from connectRTGS	4,000	4,100	(100)	(2)%
Login ID Fee	30,555	33,747	(3,192)	(9)%
Network Connectivity & Management Fee	9,747	9,170	577	6%
Total Operating Income	1,032,142	783,421	248,721	32%

OTHER INCOME

Total Other Income of NPR 11,614 thousand has been reported in the FY 2081/82 (2024/25) against NPR 1,065 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 49% to NPR 172,400 thousand as against NPR 115,780 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 software and EFT Switch & 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 2081/82 (2024/25)	FY 2080/81 (2023/24)	GROWTH	
			VOLUME	%
ECC Software AMC - BFIs & NCHL	47,694	49,797	(2,103)	(4)%
IPS Software AMC	4,828	5,239	(411)	(8)%
Oracle Software AMC	14,210	12,180	2,030	17%
Network Connectivity	6,033	2,887	3,146	109%
Other AMC & expenses	62,584	40,939	21,645	53%
EFT-Direct Expenses	37,052	4,738	32,314	682%
Total Operating Expenses	172,400	115,780	56,620	49%



ADMINISTRATIVE EXPENSES

Total administrative expense has increased to NPR 108,868 thousand as against NPR 60,169 thousand in the previous year, equivalent to increase of about 81%. This is mainly due to increase in business promotion expenses, loss on disposal of assets of erstwhile NePS booked in this FY and increase of indirect expenses related to employee and other expenses.

HUMAN RESOURCE EXPENSES

Total human resource expense has increased to NPR 215,120 thousand as against NPR 134,039 thousand in the previous year, equivalent to increase of 60%. This is mainly due to increase in number of employee with acquisition of erstwhile NePS, new recruitment and revision of employee salary as per the policy. The net human resource expenses are presented after deductions of capitalization of NPR 57,644 thousand related to the in-house product and software development, which is an increase of 38% compared to the previous year.

Amount in NPR '000

PARTICULARS	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	GROWTH	
			VOLUME	%
Human Resource Expenses	215,120	134,039	81,081	60%
Less: Capitalization - Product Development	(57,644)	(41,843)	(15,801)	38%
Total Human Resource Expenses	157,476	92,196	65,280	71%



PROFITS AND CORPORATE TAX

During the period, NCHL has generated net profit of NPR 417,338 thousand as against the net profit of NPR 400,399 thousand in the previous year thereby registering increase of 4%. Increase in profit is mainly due to the increase in revenue income from EFT service as contribution in revenue from EFT service in last FY was only for 43 days. The income tax provision has consequently increased to NPR 143,276 thousand as against NPR 134,283 thousand in the previous year.

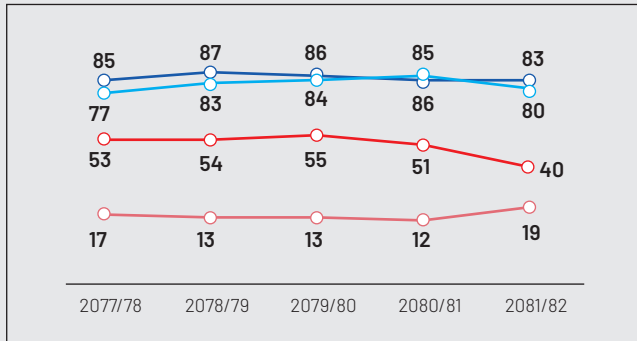
Amount in NPR '000

PARTICULARS	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	GROWTH	
			VOLUME	%
Gross Profit	859,742	667,641	192,101	29%
Operating Profit	723,556	660,154	63,402	10%
Income Tax Provision	143,276	134,283	8,993	7%
Net Profit After Tax	417,338	400,399	16,939	4%

FINANCIAL RATIOS

REVENUE INDICATORS

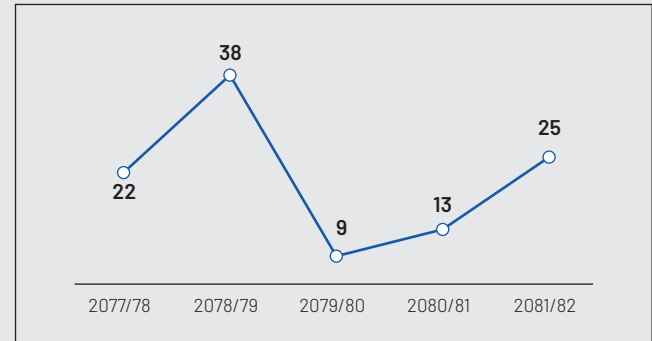
(in %)



- 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 %)

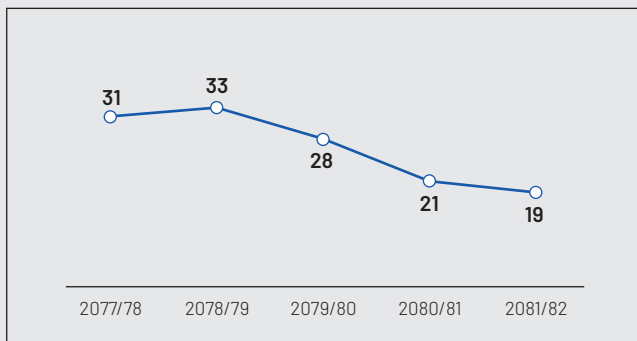


Revenue growth rate represents the percentage of increment in total revenue (operating and non-operating income) in comparison with previous year's total revenue.

Revenue has increased by 25% in the current fiscal year compared to the last fiscal year. This is mainly due to 67% growth in transaction volume.

RETURN ON CAPITAL EMPLOYED

(in %)

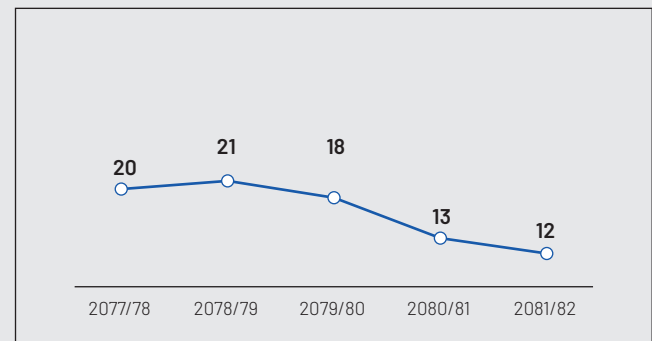


Return on Capital Employed (ROCE) measures how efficiently a company is using the capital (equity and accumulated reserves) to generate profit before tax and interests.

The ROCE has decreased to 19%. The decrease in ROCE is mainly due to increase in share capital and reserves and the decreased rate of increment of Net Profit after Tax.

RETURN ON TOTAL ASSETS

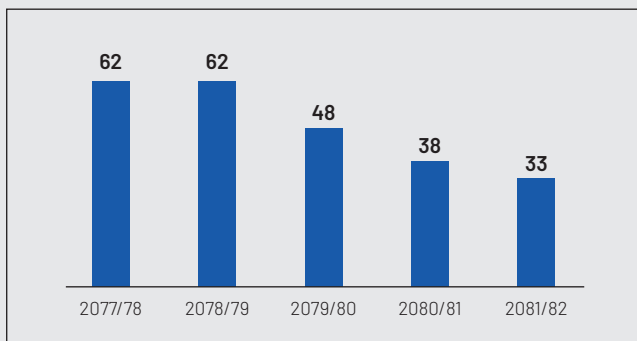
(in %)



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

The Return on Total Assets has decreased to 12% compared to the previous year. The decrease is mainly due to increase in total assets and decreased rate of increment of Net Profit after Tax.

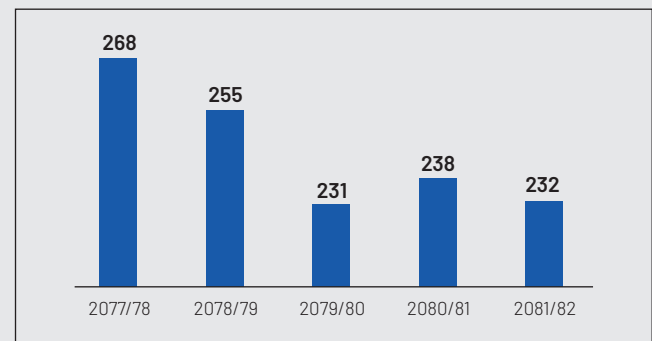
EARNINGS PER SHARE



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 19% in last FY has decreased the EPS to NPR 33 per share as against NPR 38 per share in the preceding year.

NET WORTH PER SHARE

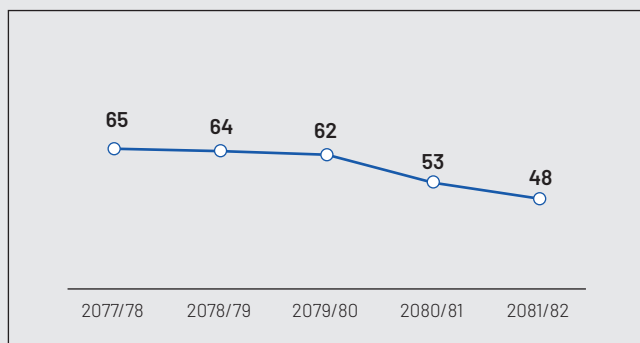


Net Worth represents company's total value of assets available to the equity shareholders after covering third party liabilities and the net worth per share is the net worth per equity share.

The Net Worth per share has slightly decreased to NPR 232 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 decreased to 48% as compared to the previous year due to the decrease in dividend percentage from 20% to 15.789% for the FY 2081/82 (2024/25). However, the dividend for FY 2081/82 is 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 891,286 thousand as against NPR 763,387 thousand in the previous year.

Amount in NPR '000

PARTICULARS	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	GROWTH	
			VOLUME	%
Direct income	1,032,142	783,420	248,722	32%
Indirect income	139,084	153,197	(14,125)	(9)%
Less: Operating expenses	172,400	115,779	56,621	49%
Less: Administrative Expenses (Excluding expenses incurred for stakeholders)	107,528	57,451	50,077	87%
Total Value Addition	891,298	763,387	127,911	17%

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 2081/82 (2024/25)	%	FY 2080/81 (2023/24)	%	GROWTH	
					VOLUME	%
Government	143,276	16%	134,283	18%	8,993	7%
Employee	220,268	25%	151,570	20%	68,698	45%
Directors	1,340	0%	2,418	0%	(1,078)	(45)%
Shareholders	200,247	22%	213,155	28%	(12,907)	(6)%
Entity:						
Reserves	226,015	25%	195,864	26%	30,151	15%
Deferred Tax	4,506	1%	(319)	0%	4,825	(1513)%
Depreciation & Amortization	95,645	11%	66,417	9%	29,228	44%
Total Value Addition	891,298	100%	763,387	100%	127,911	17%

* Including proposed dividend and bonus share for FY 2081/82, which is subject to approval by the Annual General Meeting.

OPERATIONAL REVIEW

This chapter provides an overview of Nepal Clearing House Limited's operational performance and a comparative analysis of its major products and services over the past five fiscal years.





NCHL continued its journey of innovation and excellence during the FY 2081/82 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 also. 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 major growth in transaction of over 67% has been major challenge for NCHL's operations. Additional infrastructures that went live during the fiscal year including cross border NPlx and initial arrangements for readiness of NPS-NCS and 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 2081/82 (2024/25)	FY 2080/81 (2023/24)	GROWTH	
			CHANGE	%
Total Transactions Count (in '000)	211,219	126,153	85,066	67%
Total Transaction Value (NPR in Million)	18,602,285	15,575,440	3,026,845	19%
Total Transaction Value (USD in Million)	297	278	19	7%
Total Transaction Value (EUR in Million)	172	355	(183)	(52)%
Total Transaction Value (GBP in Million)	193	357	(164)	(46)%
Average Monthly Transaction Count (in '000)	17,602	10,513	7,089	67%
Average Monthly Transaction Value (in '000)	1,550,190	1,297,953	252,237	19%

NCHL has been operating multiple national clearing and settlement systems including NCHL-ECC, NCHL-IPS, RPS (as part of NPS), EFT Card services. Additionally, it has been facilitating the industry with its channel platforms including *connectIPS*, National Payments Interface (NPI), Cross Border (NPlx), CORPORATEPAY and *connectRTGS*. The transaction value from the payment systems operated by NCHL has increased by 19% whereas the transaction volume has increased by 67%. 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 59% in volume and 40% in value.



GoN FACILITATION THROUGH NCHL SYSTEMS

NCHL has been continuously supporting and facilitating Government of Nepal GoN and its various Ministries and institutions in driving digital transformation. The centralized integration of FCGO's EFT system gives them an access to both NCHL-IPS and RPS/connectIPS systems for automating their expenses such that the payouts are transferred directly into the bank account of beneficiary. Integration with SUTRA system has enabled all 753 Local Government bodies 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 connectIPS 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 (connectIPS, Bank Central, CORPORATEPAY and Others).

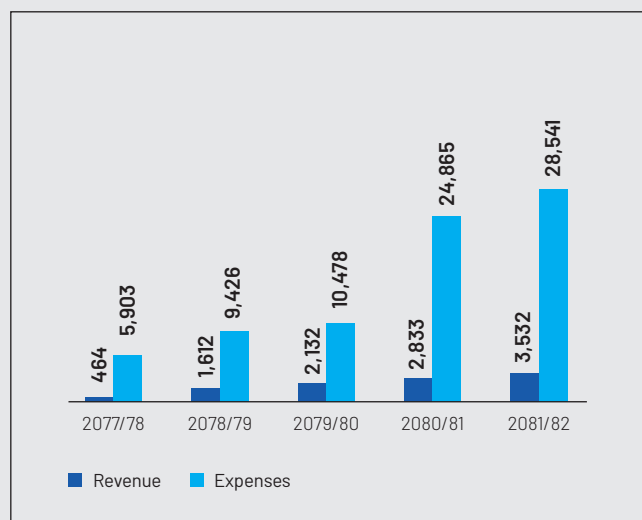
During the fiscal year, NCHL processed total of 32.07 Million GoN's transactions (excluding cheques) equivalent to NPR 1,931 Billion as expense transactions and NPR 366 Billion as

revenue transactions. An estimated 35% of revenue collection and 95% of expense of GoN, in terms of value, were processed through NCHL systems in FY 2081/82. 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 14.16 million transactions processed in the FY 2081/82. 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's account.

Some of the Government and Semi-Government entities that are enabled for digital payments include Inland Revenue Department, Office of Company Registrar, Department of Passport, 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, Rastriya Beema Sansthan, Metropolitan Traffic Police Office, Survey Department, Institute of Engineering (IOE), Kathmandu Metropolitan City Office, Lalitpur Metropolitan City Office, Civil Aviation Authority Nepal (CAAN), Medical Education Commission, Nepal Tourism Board, etc. Full rollout of Social Security Benefits (SSBE) disbursements directly into the bank account of the beneficiaries through NCHL systems was continued during the review period.

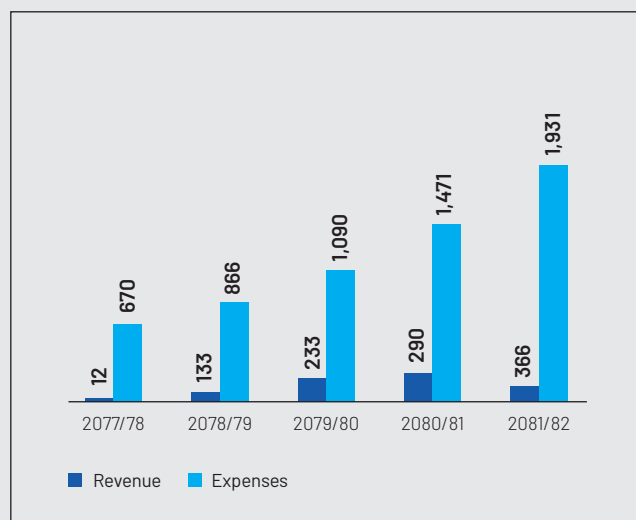
GOVERNMENT TRANSACTION COUNT

(in 000)



GOVERNMENT TRANSACTION VALUE

(in NPR Billion)



NCHL MEMBERS

NCHL-ECC, NCHL-IPS and RPS/*connect*IPS members from BFIs have almost reached its maturity with 54 members in NCHL-ECC and NCHL-IPS and 53 members in RPS/*connect*IPS by the end of the FY 2081/82 (2024/25). NCHL-IPS and RPS/*connect*IPS systems 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/*connect*IPS at the end of the fiscal year.

Following is the summary of the Live members as of Ashad end 2082.

NCHL MEMBERS	NCHL-ECC	NCHL-IPS	RPS/ <i>connect</i> IPS	<i>connect</i> RTGS	NPI	CORPORATEPAY	EFT CARDS
Total Members	54	179	178	44	170	47	10
Nepal Rastra Bank	1	1		1			
Nepal Infrastructure Bank	1	1	1	1			
Commercial Banks	20	20	20	17	20	20	6
Development Banks	17	17	17	11	12	11	4
Finance Companies	15	15	15	12	13	14	
Indirect/Technical		86	84		86		
Subscribed*							
NIFRA							1
BFIs				2			1
Indirect/Technical		39	41		39		

*Members who have subscribed but are yet to be live.

MERGER/TERMINATION OF MEMBERS

During the review period of FY 2081/82 (2024/25), the membership of 3 PSPs has 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.

One Platform for all your Payment Needs.



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 daily cheque transaction volume for the FY 2081/82 (2024/25) is 48,850. Total of 14,890,590 cheques were presented during the review period out of which 12,589,669 cheques were cleared/accepted.

THE OVERALL TRANSACTION VOLUME AND VALUE IN THE NCHL-ECC SYSTEM DURING THE FISCAL YEAR IS AS FOLLOWS:

PARTICULARS	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	GROWTH	
			CHANGE	%
Total Transactions Count (in '000)	14,891	14,532	359	2%
Total Transaction Value (NPR in Million)	7,683,808	7,358,867	324,941	4%
Total Transaction Value (USD in Million)	269	247	22	9%
Total Transaction Value (EUR in Million)	172	355	(183)	(52)%
Total Transaction Value (GBP in Million)	192	357	(165)	(46)%
Average Monthly Transaction Count (in '000)	1,241	1,211	30	2%
Average Monthly Transaction Value (in '000)	640,317	613,239	27,078	4%

6,425 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 increased by 2%. And Express clearing constitutes 15.4% of the total transaction volume against 15.1% in the previous year.

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

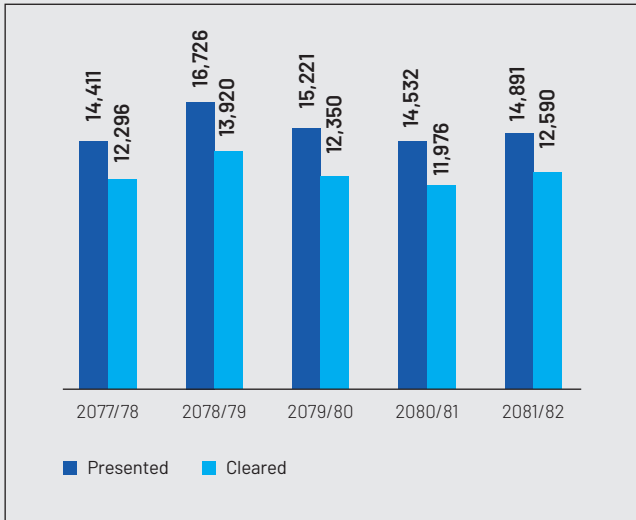
SESSIONS	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	FY 2079/80 (2022/23)	FY 2078/79 (2021/22)	FY 2077/78 (2020/21)
High Value	323	320	255	260	608
Express	2,291,110	2,195,984	2,187,219	2,031,094	1,004,817
Regular	12,599,157	12,335,285	13,033,981	14,694,309	13,405,996
Total	14,890,590	14,531,589	15,221,455	16,725,663	14,411,421

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

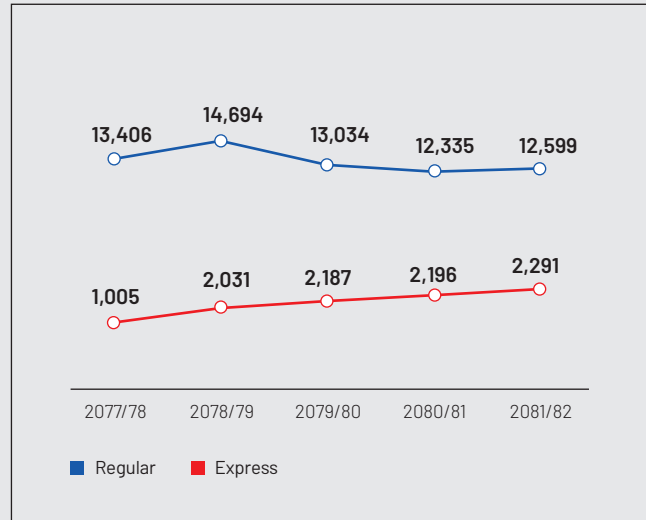
TRANSACTION COUNT

(in 000)



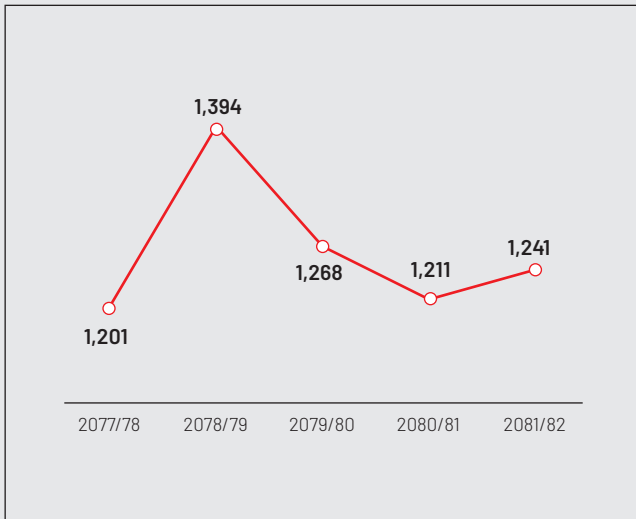
REGULAR & EXPRESS TRANSACTION COUNT

(in 000)



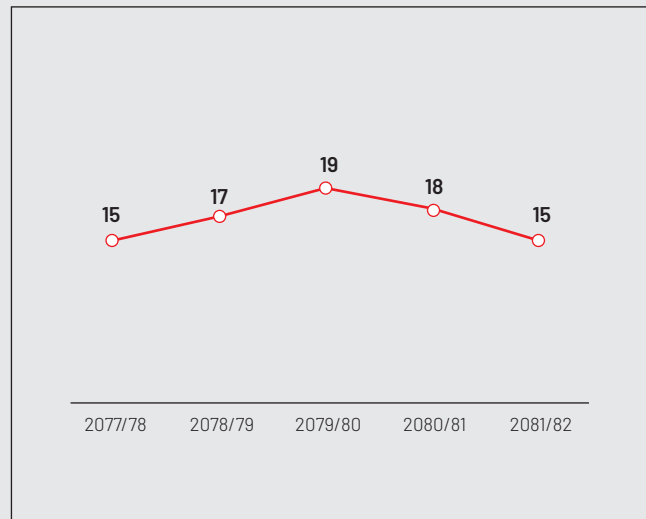
AVERAGE MONTHLY CHEQUE COUNT

(in 000)



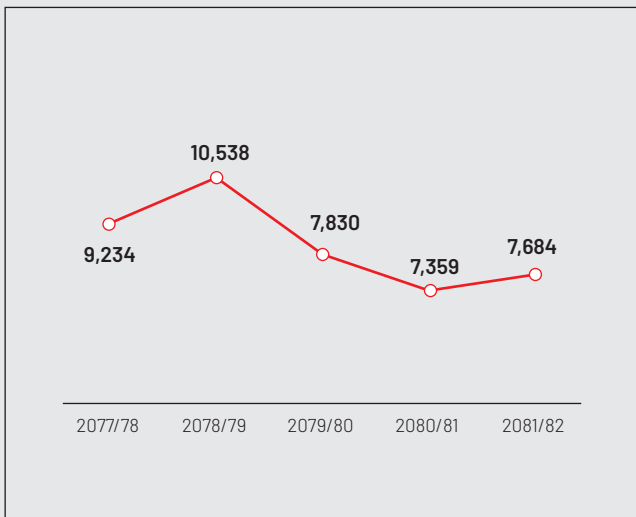
AVERAGE CHEQUE RETURN

(in %)



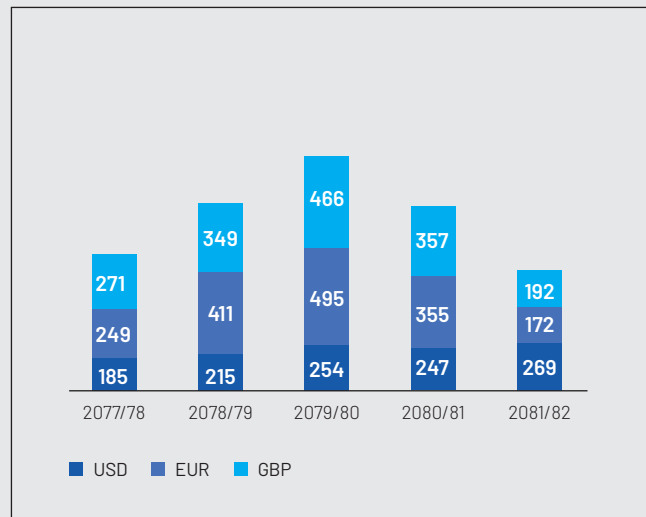
NPR TRANSACTION VALUE

(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 9% and the total value of transaction has increased by 19% as compared to last year. The primary focus of NCHL during the year, for NCHL-IPS system, was to support Government of Nepal for full rollout of Social Security Benefits directly to the beneficiary's bank account 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 527,025 since its inception. Out of 30,651 thousand transactions processed through NCHL-IPS, the transactions processed through NPI comprise of 77% 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:

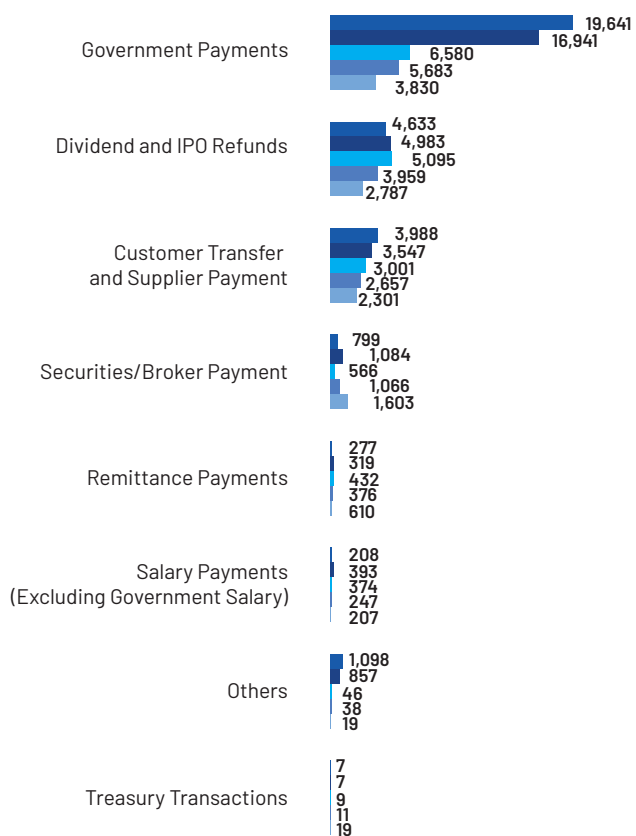
(in 000)

PARTICULARS	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	GROWTH	
			CHANGE	%
Total Transactions Count (in '000)	30,651	28,132	2,519	9%
Total Transaction Value (NPR in Million)	2,936,819	2,459,485	477,334	19%
Total Transaction Value (USD in Million)	28	31	(3)	(10)%
Total Transaction Value (EUR in Million)	0.12	0.27	(0.15)	(56)%
Total Transaction Value (GBP in Million)	0.56	0.30	0.26	87%
Average Monthly Transaction Count (in '000)	2,554	2,344	210	9%
Average Monthly Transaction Value (in '000)	244,735	204,957	39,778	19%

NCHL-IPS was extended to 6,300 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.

CATEGORY WISE TRANSACTION COUNT

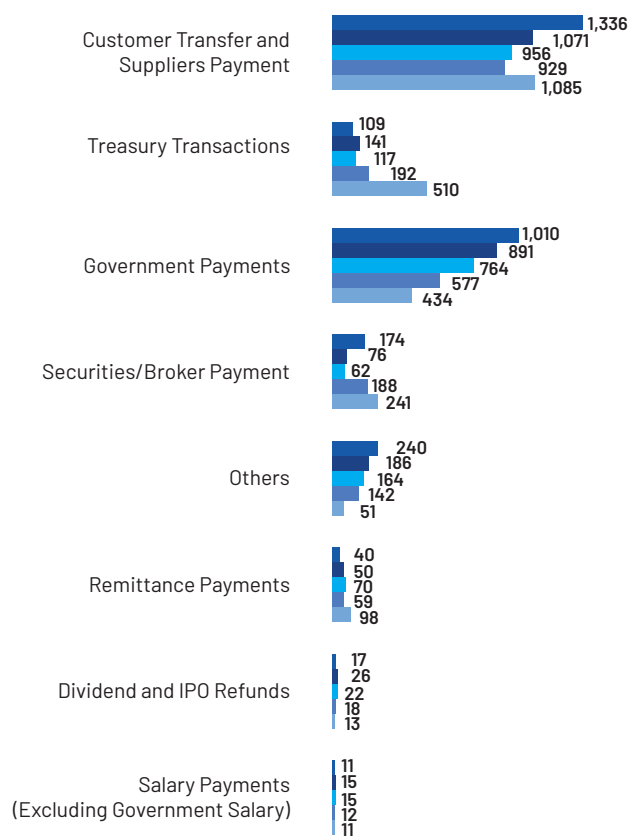
(in '000)



■ 2081/82 ■ 2080/81 ■ 2079/80 ■ 2078/79 ■ 2077/78

CATEGORY WISE NPR TRANSACTION VALUE

(in NPR Billion)

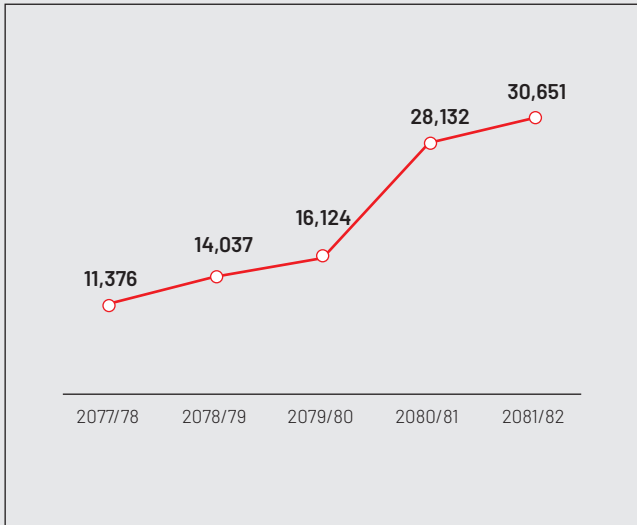


■ 2081/82 ■ 2080/81 ■ 2079/80 ■ 2078/79 ■ 2077/78

SNAPSHOTS OF NCHL-IPS TRANSACTIONS

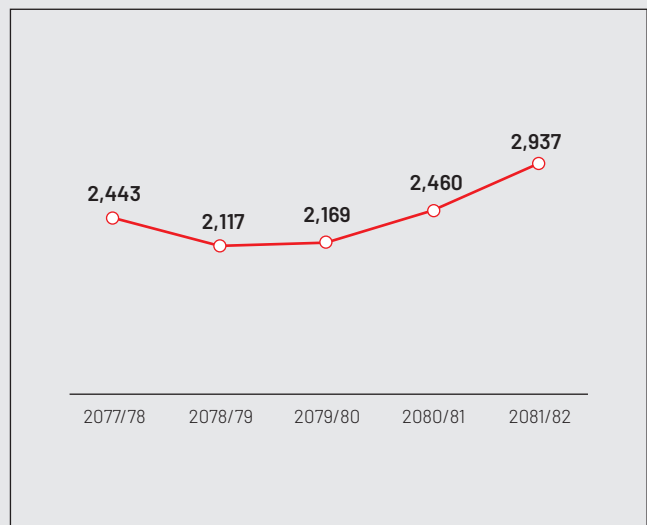
TRANSACTION COUNT

(in 000)



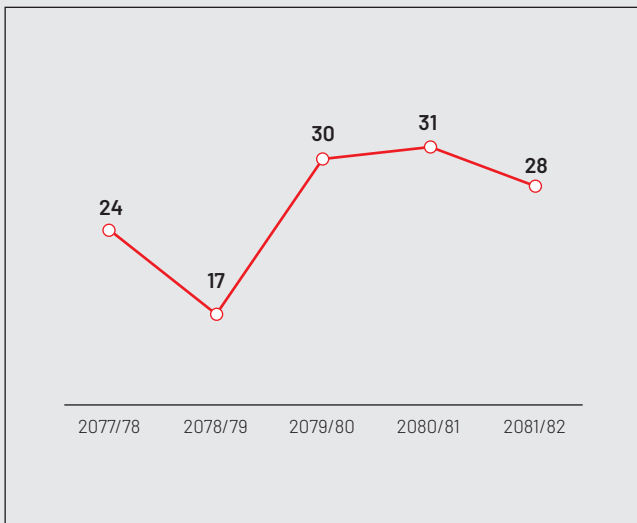
NPR TRANSACTION VALUE

(in NPR Billion)



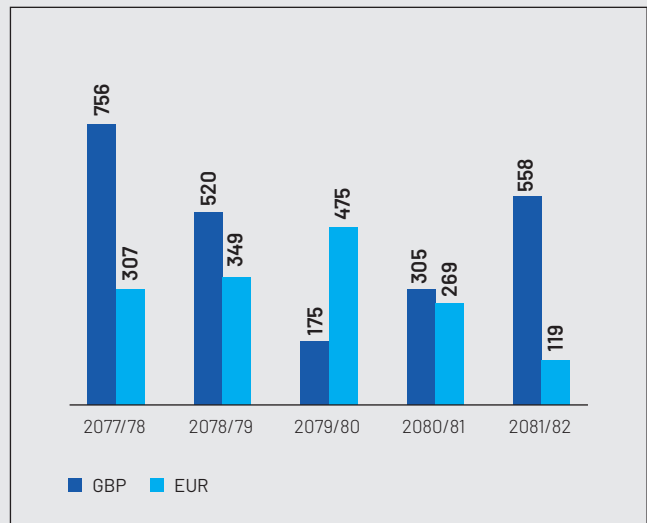
USD TRANSACTION VALUE

(in Million)



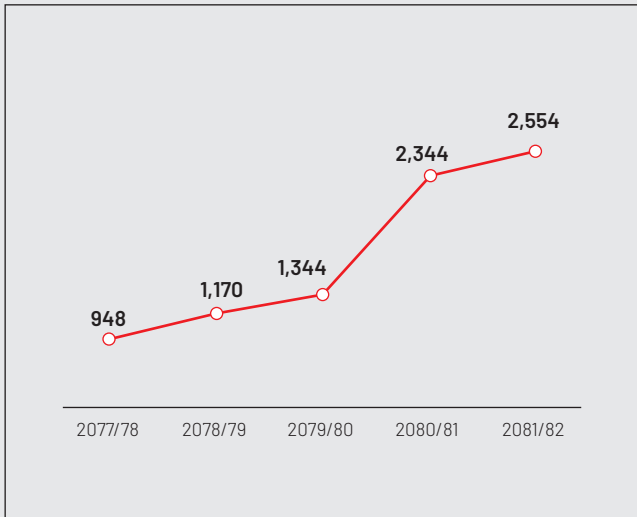
GBP & EUR TRANSACTION VALUE

(in 000)



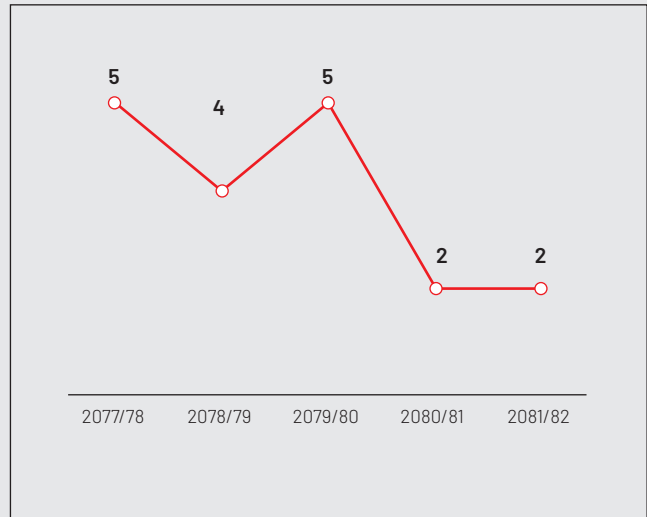
AVERAGE MONTHLY TRANSACTION COUNT

(in 000)



AVERAGE TRANSACTION RETURN

(in %)



RPS/connectIPS

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/connectIPS is reflected with the increase in the total transaction volume, which has increased by 49% as compared to the previous year. The system reached its daily peak financial transactions of 548,547 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 the stakeholders within payment ecosystem.

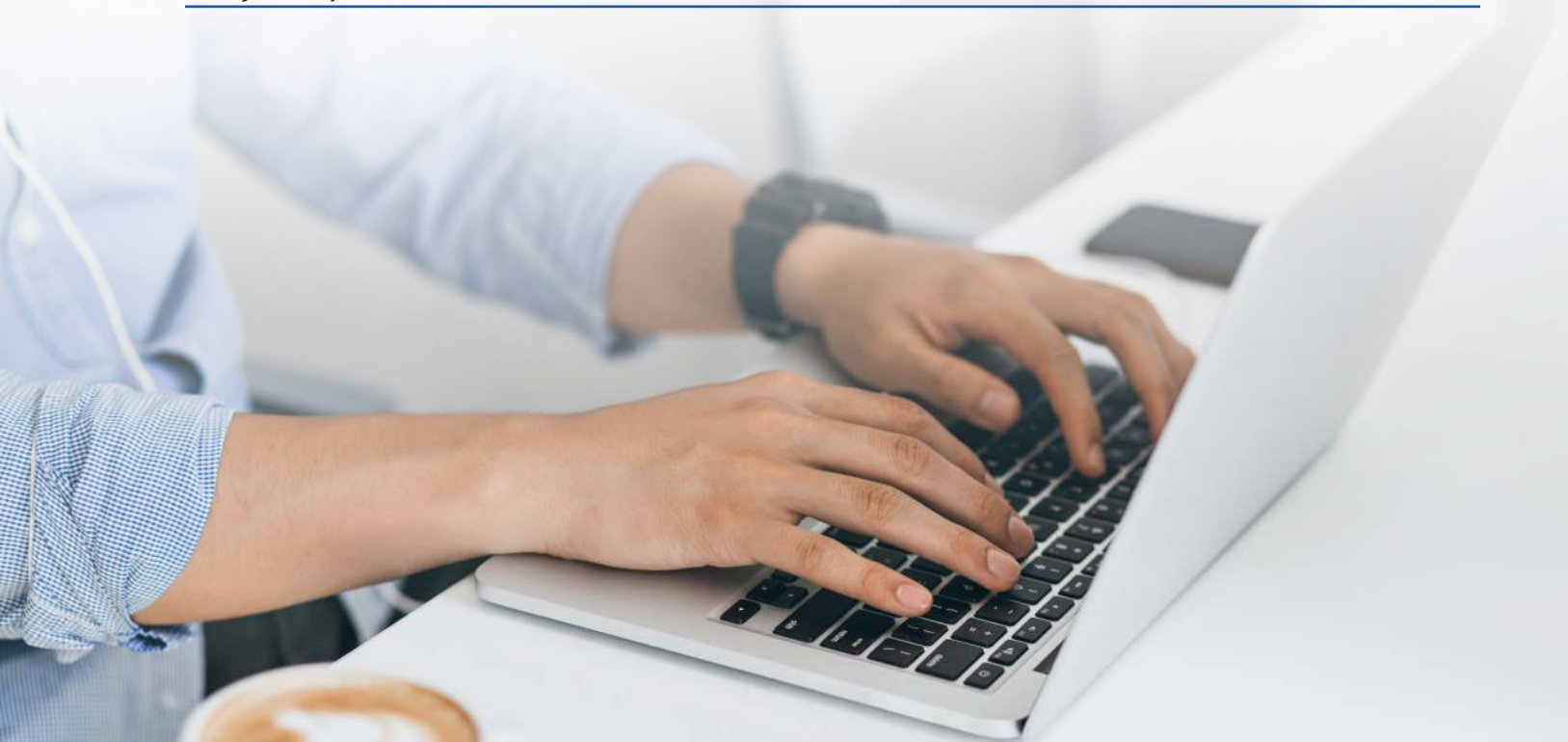
RPS is interconnected with alternate channels of 48 member BFIs which mainly includes Mobile Banking, Internet Banking and Remittance channels for fund transfer and service payments. Similarly, it is also connected with the channels of 15 PSPs/ PSOs for both Cash-in/out and service payments.

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 connectIPS 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 PSPs and 1 PSO during this FY with current number of 1,040,000 NEPALPAY QR merchants and estimated 160,000 merchant of Smart QR which is interoperable with accessibility of estimated 1,200,000 merchants in the interoperable NEPALPAY QR network till the end of FY 2081/82. 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/connectIPS DURING THE FISCAL YEAR IS AS FOLLOWS:

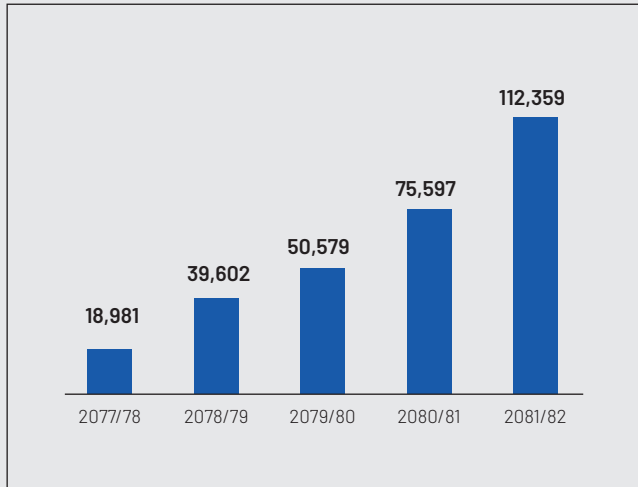
PARTICULARS	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	GROWTH	
			CHANGE	%
Total Transactions Count (in '000)	112,359	75,597	36,762	49%
Total Transaction Value (NPR in Million)	7,553,337	5,697,149	1,856,188	33%
Average Monthly Transaction Count (in '000)	9,363	6,300	3,064	49%
Average Monthly Transaction Value (NPR in '000)	629,445	474,762	154,682	33%



SNAPSHOTS OF RPS/connectIPS E-PAYMENT TRANSACTIONS

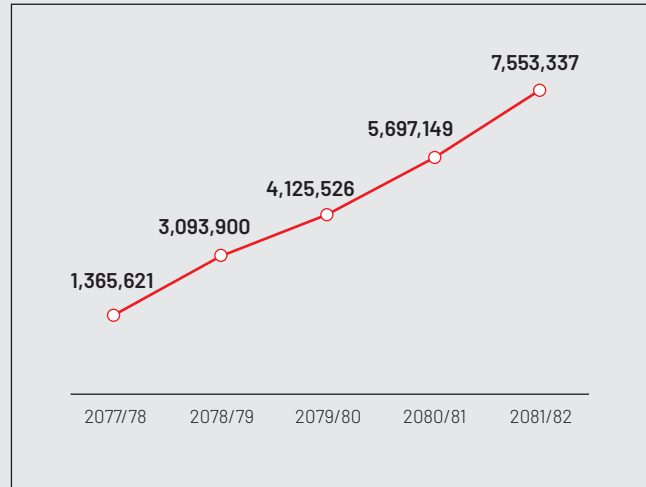
YEARLY TRANSACTION COUNT

(in 000)



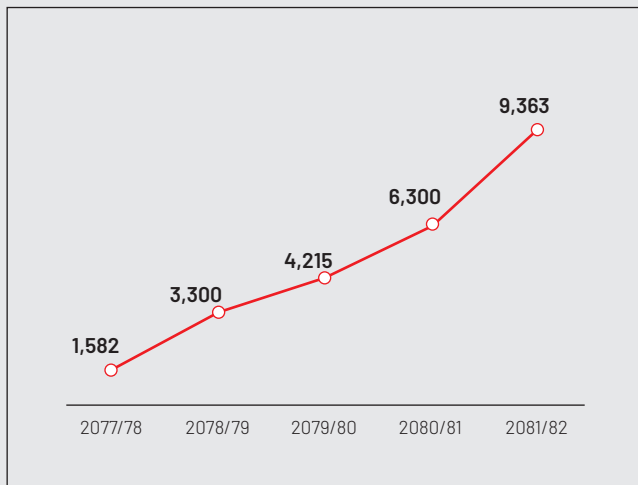
YEARLY TRANSACTION VALUE

(in NPR Million)



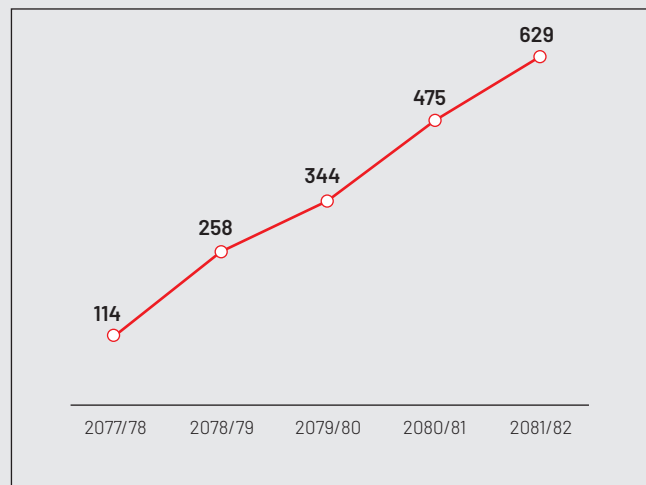
AVERAGE MONTHLY TRANSACTION COUNT

(in 000)



AVERAGE MONTHLY TRANSACTION VALUE

(in NPR Billion)



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 connectIPS, Bank Central and CORPORATEPAY are also connected with the core systems through NPI. 14 remittance companies, 13 PSPs, 2 PSOs, 9 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 14 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 77% of the total digital transactions being processed through NCHL. During the review period, a total of 105,440,192 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:

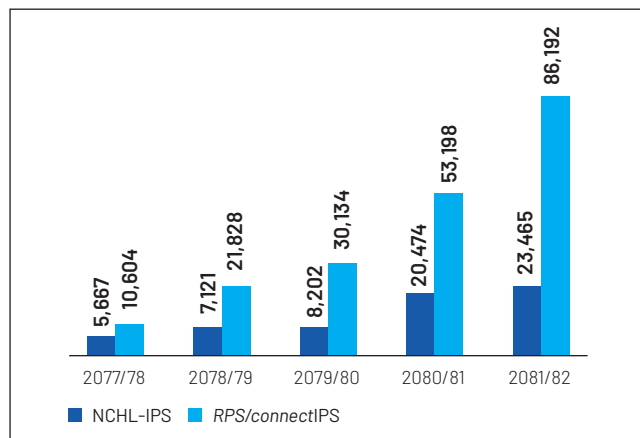
CHANNELS	VALUE	%
NPI MB/IB	33,643,978	32%
NPI Bank Remit	5,214,236	5%
NPI Other Remit	3,730,116	4%
NPI PSPs/PSOs	2,619,654	2%
NPI Government	28,540,778	27%
NPI Semi-Government	492,793	0%
NPI Capital Market	942,071	1%
Others	30,256,566	29%
Total	105,440,192	100%

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

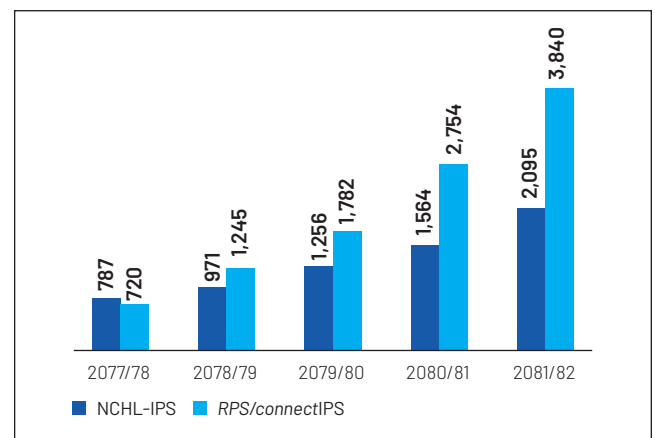
TRANSACTION COUNT PROCESSED

(in 000)



TRANSACTION VALUE PROCESSED

(in NPR Billion)

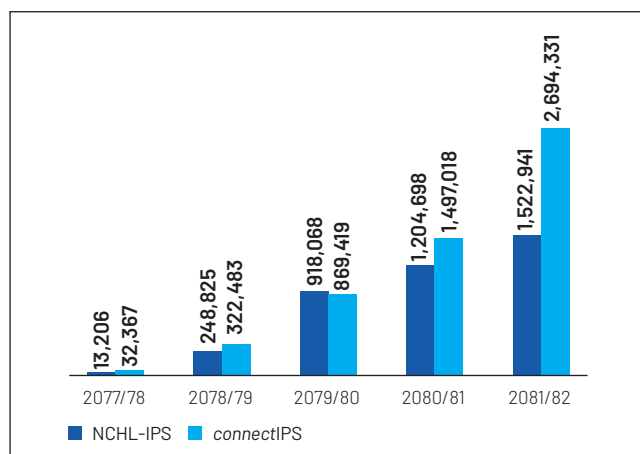


CORPORATEPAY

The acceptance of the CORPORATEPAY system has considerably increased during the review period with a more than 23,000 small and mid-size institutional customers of 47-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 5 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 4,217,272 transaction equivalent to NPR 1.2 Trillion have been processed through COPRPORATEPAY during the review period.

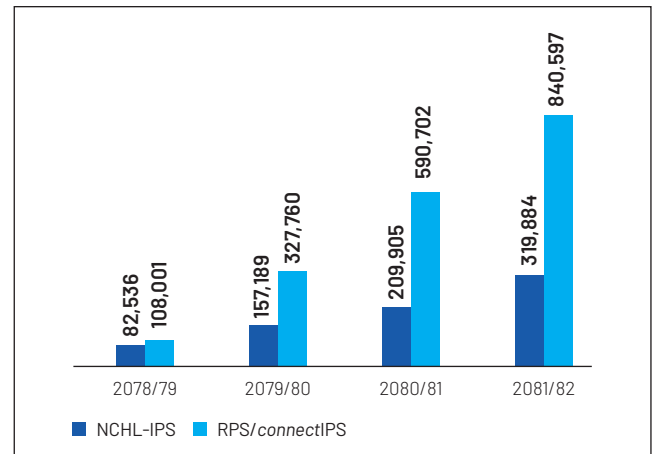
SNAPSHOTS OF TRANSACTIONS PROCESSED THROUGH CORPORATEPAY

TRANSACTION COUNT PROCESSED



TRANSACTION VALUE PROCESSED

(in NPR Millions)

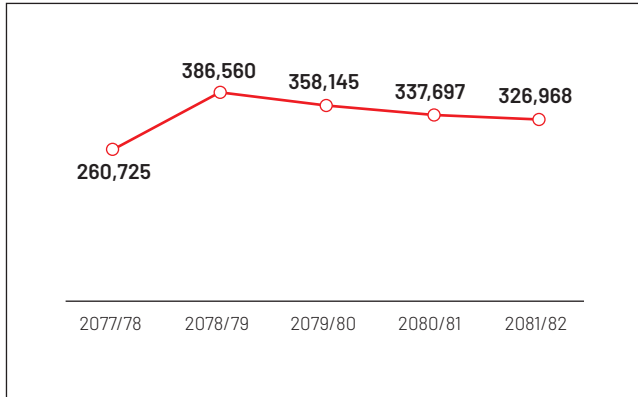


connectRTGS

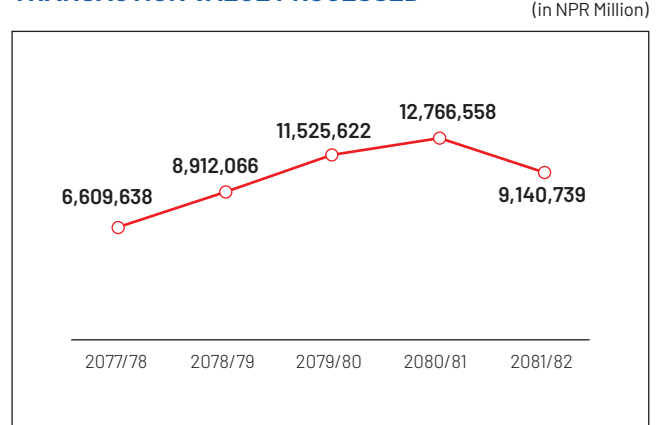
connectRTGS has been subscribed by 46 BFIs including NRB out of which 44 BFIs are live such that they can initiate and process RTGS transactions. It is used as a converter and for interconnection between RTGS system and member’s core system. A total of 326,968 transactions were processed through connectRTGS during the review period.

SNAPSHOTS OF TRANSACTIONS PROCESSED THROUGH CONNECTRTGS

TRANSACTION COUNT PROCESSED



TRANSACTION VALUE PROCESSED

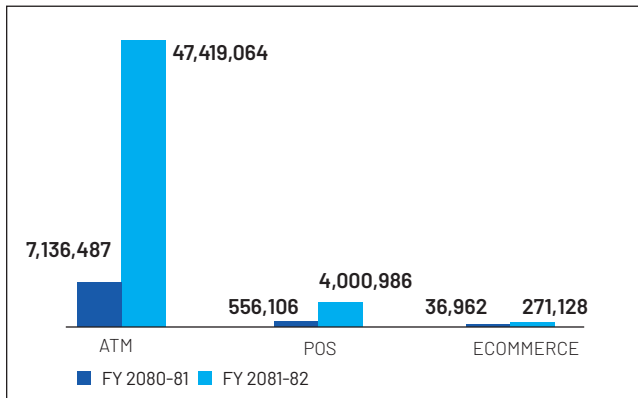


EFT CARD SERVICES

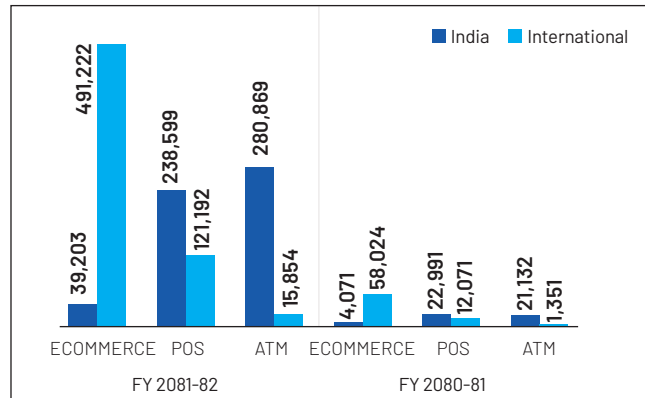
After the acquisition of erstwhile NEPS, all its services being rendered previously are continued as-is under the product/ service name of EFT Card Services. During the fiscal year 2081/82, NCHL has successfully processed total of 53,318,719 transactions equivalent to NPR 428,319 Million.

SNAPSHOTS OF TRANSACTIONS PROCESSED THROUGH EFT CARD SERVICES

DOMESTIC CARD TRANSACTIONS - COUNT

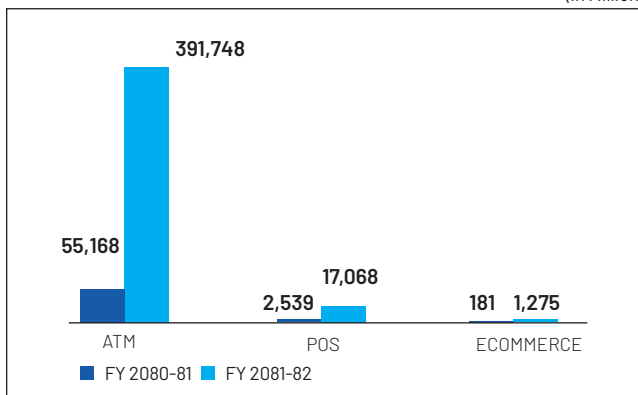


INTERNATIONAL TXN ISSUING COUNT



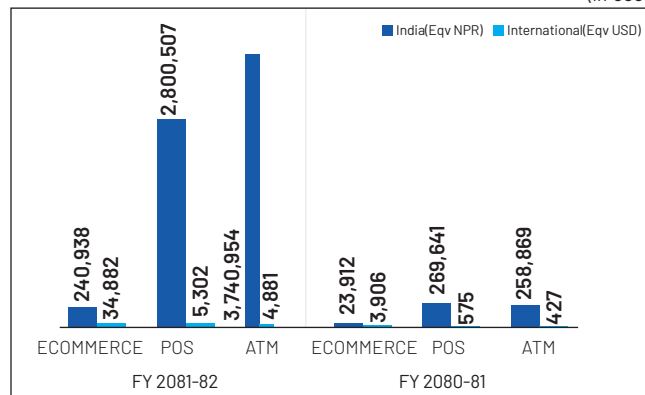
DOMESTIC CARD TRANSACTIONS - VALUE

(in Million)



INTERNATIONAL TXN ISSUING VALUE

(in '000)





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 CORPORATEPAY systems, Bank Central, connectIPS and NEPALPAY QR.

Details of various trainings and orientations conducted during the FY 2081/82 (2024/25) are as follows:

TRAINING/ORIENTATION	COUNT	PARTICIPANTS
NCHL-ECC & NCHL-IPS	11	558
CORPORATEPAY	30	685
NCHL Bank Central and its components	17	644
Total	58	1,887



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 systemic risks.



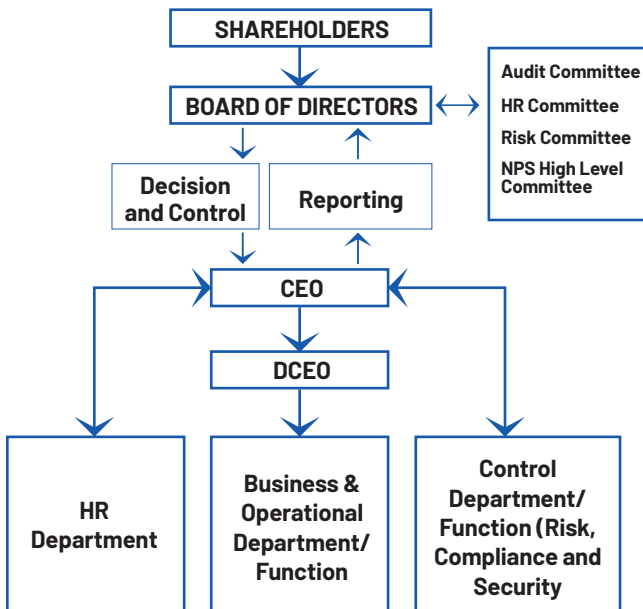


CORPORATE GOVERNANCE

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 Corporate Governance Structure



NCHL is guided by its Memorandum of Association (MOA) and Articles of Association (AOA). It is licensed by Nepal Rastra Bank as a Payment System Operator (PSO). Various laws and regulations which govern NCHL are as follows:

1. Companies Act, 2063 (First Amendment, 2074)
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. Nepal ECC Rule Book and Nepal ECC Operating Rule
8. NCHL-IPS Operating Rules
9. NPS-Retail Payment Switch Operating Rules
10. Operating Procedure for Settlement Guarantee Fund
11. NPS-NPI Operating Rules
12. NPS-NEPALPAY QR Operating Rules
13. NPIx Cross Border Payment Operating Rules
14. NPS-NCS & NEPALPAY Card Operating Rules
15. NPS and NEPALPAY-Brand Guidelines
16. PCI DSS Version 4.0 Standard
17. PCI PIN Security Standard
18. ISO 27001 Standard
19. Rules of International Card Networks (for EFT Card Services)
20. Cyber Resilience Guidelines issued by Nepal Rastra Bank
21. 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 Chairman, who is elected from among the Directors. The Board is constituted by the institutional representatives from the shareholder groups.

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		3
B-2	Development Banks	90.55%	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. Chet Prasad Uprety, Chairman	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. Til Bahadur Gurung, Director	Assistant DCEO, Muktinath Bikas Bank Ltd.
Mr. Amit Shrestha, Director	Deputy CEO, ICFC Finance Ltd.
Mr. Jagadish Dahal, Director	Advocate, Independent Director

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.

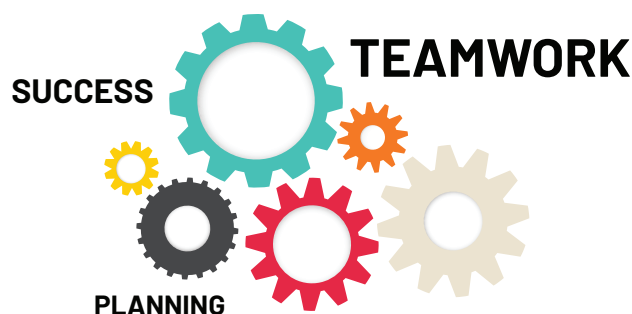
Changes in the Board of Directors

There have been few changes in the representations in the Board in the FY 2081/82 (2024/25).

OUTGONE BOARD MEMBER	
NAME	INSTITUTIONS REPRESENTED
Mr. Vishrut Thapa	Nepal Rastra Bank

INCOMING BOARD MEMBER	
NAME	INSTITUTIONS REPRESENTED
Mr. Chet Prasad Uprety	Nepal Rastra Bank

In the FY 2081/82, there has been change in the representation from Nepal Rastra Bank (Group A) and consecutive change in the Board's chairmanship. Mr. Vishrut Thapa held Board's chairmanship from Jestha 25, 2081 till Baisakh 31, 2082, thereafter Mr. Chet Prasad Uprety has been representing NRB and leading the Board. Further, following the election in the 13th AGM, Mr. Ujjal Rajbhandary, Deputy CEO from Himalayan Bank Ltd., Mr. Mahesh Sharma Dhakal, Sr. Deputy CEO from Nepal Investment Mega Bank Ltd. and Mr. Srijan Krishna Malla, Chief Technology Officer from Siddhartha Bank Ltd. have been reappointed as Directors from Group B-1 representing commercial banks in the NCHL's Board.



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 has 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.

A total of 2 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. Jagadish Dahal, Independent Director	Chairperson	2/2
Mr. Mahesh Sharma Dhakal, Director	Member	2/2
Mr. Amit Shrestha, Director	Member	2/2
Ms. Prajana Kayastha, Head - Risk & Compliance	Secretary	2/2

Report on the Major Activities of Risk Committee:

Followings were the major activities conducted by the Risk Committee in the FY 2081/82 (2024/25):

1. Discussed on amendment of risk related internal policies [NCHL Risk Management Framework and NCHL Information Security Management System Policies (Public & Internal)].
2. Reviewed the results of Risk Register, Assessment & Treatment Plan for FY 2081/82 - Q1 and Q2.
3. Reviewed Compliance Self-Assessment & Cross Functional Assessment of FY 2081/82 and Asset Based Risk Assessment.
4. Discussed on amendment of internal policies (IT Security Policy and DR & BCP Plan).

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.

A total of 11 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	10/11
Mr. Srijan Krishna Malla, Director	Member	11/11
Mr. Til Bahadur Gurung, Director	Member	10/11

Report on the Activities of HR Committee:

The HR Committee conducted following functions in the FY 2081/82 (2024/25) exercising powers conferred by NCHL's Board.

1. Reviewed the NCHL Employee Service Rules and NCHL Human Resource Plan for the NPS-NCS NEPALPAY operations and acquisition of NePS.
2. Reviewed staffs' salary and benefits and recommended to the Board for necessary approval and considerations.
3. Reviewed and recommended necessary restructuring for fulfilling HR requirement.
4. Recruitment of DCEO.

NPS HIGH LEVEL 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. A total of 3 meetings of the NPS 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 NPS 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	2/3

Report on the Activities of NPS High Level Committee:

The NPS High Level Committee 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.

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. The meeting allowance was increased from NPR 7,500 to NPR 10,000 from 13th Chaitra 2081, after necessary approval from the last AGM and Nepal Rastra Bank. In the review period, the company incurred the total meeting expenses of NPR 2,649,890; with NPR 1,340,000 incurred for meeting allowance and NPR 1,309,890 incurred for other meeting expenses. The details of the meeting expenses are disclosed in notes to the accounts.

SHAREHOLDERS COMMUNICATION

Annual General Meeting is a forum for shareholders to exchange their opinions and views. 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. 11/081 Clause No. 5), NCHL has been publishing its unaudited semi-annual financials 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 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 by the Board. The current prevailing major policies and procedures of NCHL are as follows:

1. Code of Conduct
2. Financial Rules and Regulations
3. Risk Management Framework
4. NCHL Investment Policy
5. Discount/Waiver Policy
6. IT Security Policy
7. Disaster Recovery and Business Continuity Plan
8. Information Security Management System Policies
9. Employee's Service Rules
10. Human Resource Plan
11. Employee Performance Objectives and Appraisal Procedures
12. Travel & Daily Allowance Policy
13. NCHL Standard Operational Procedures
14. NCHL AML CFT Policy
15. NCHL Assets Disposal Policy
16. NCHL Fraud Risk Management Policy
17. Other relevant policies and procedures as applicable

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 2081/82 (2024/25).

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 201,000 excluding VAT with additional internal audit expenses on actual basis of NPR 11,175 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). After the completion of second three-year cycle, the recertification process was conducted on September 26-27, 2024. 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 June 11-12, 2025.

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-DSS 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 DSS certifications including a Report on Compliance was received in December 2024 and a Certificate of Compliance in August 2025 and the PCI PIN compliance certificate was received on September 26, 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 function 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 of 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 2081/82 (2024/25). The review also included NRB Payment and Settlement Act, 2075, NRB Payment and Settlement Bylaw, 2077 (with First Amendment, 2080) and Unified Directive 2081 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 2081/82. 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. Such assessments were performed by M/s Eminence Ways Pvt. Ltd.. Also, internal vulnerability assessment exercises were conducted by 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 13th 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 250,000 excluding VAT with additional external audit expenses on actual basis of NPR 54,739 was paid to the external auditor for the fiscal year.

The details of the audited financials for the fiscal year 2081/82 (2024/25) 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 its 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 (DR and BCP Plan) approved by the Board. The policy 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 policy 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.

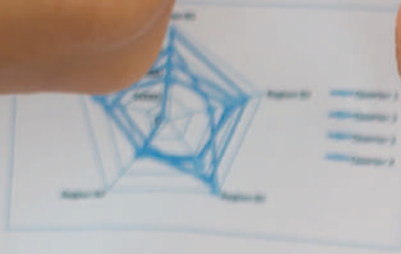
MARKET ANALYSIS

The digital transaction has continued to grow during FY 2081/82, primarily due to major adoption by the customers, businesses and government.





1. *Caratteristiche generali del settore*
2. *Analisi del mercato*
3. *Strategia di marketing*
4. *Struttura organizzativa*
5. *Processi di produzione*
6. *Strategie di distribuzione*
7. *Strategie di prezzo*
8. *Strategie di promozione*
9. *Strategie di ricerca e sviluppo*
10. *Strategie di finanziamento*
11. *Strategie di gestione del rischio*
12. *Strategie di gestione delle risorse umane*
13. *Strategie di gestione della tecnologia*
14. *Strategie di gestione della qualità*
15. *Strategie di gestione dell'ambiente*
16. *Strategie di gestione della sicurezza*
17. *Strategie di gestione della privacy*
18. *Strategie di gestione della compliance*
19. *Strategie di gestione della reputazione*
20. *Strategie di gestione della crisi*



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Digital transactions in Nepal during FY 2081/82 has increased by 33% in terms of transaction volume and by 71% in terms of transaction value including RTGS transactions against the transactions in FY 2080/81, as per the payment indicator published by NRB. Retail transaction (excluding RTGS) has increased by 33% and 24% in terms of transaction volume and value respectively during the same period.

Amid the recent political turmoil and uncertainty, it has created, the outlook for the coming fiscal year will largely depend on the policies introduced by the interim government. These policies are expected to positively impact the market with an emphasis on transparency supported by digitization across industries. At the same time, market players will need to strengthen risk management, consumer protection and

dispute resolution mechanisms, while also ensuring scalability and security to maintain reliability of their systems.

In FY 2081/82, Nepal's digital payment landscape continued to expand, with mobile banking, digital wallets, and connectIPS registered user growth of 13%, 14%, and 13%, respectively, compared to FY 2080/81. The user base for mobile banking and digital wallets each surpassed 26 million, representing approximately 80% of the country's population. However, there is an overlap due to users adopting multiple mobile banking applications and wallets, indicating potential for further adoption by new users.

Card usage grew steadily, with a 7% increase in new card issuance, aligning closely with the 5% growth observed in FY 2080/81.

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

SNO.	PARTICULARS	FY 2081/82	FY 2080/81	% CHANGE
1.	No. of Banks & Financial Institutions (A, B & C)	54	54	-
2.	No. Payment System Operators (PSO)	9	9	-
3.	No. of Payment Service Providers (PSP)	23	26	-
4.	No. of BFIs Branches	6,522	6,479	1%
5.	No. of Branchless Banking Centers	822	1,129	(27)%
6.	No. of PSP Agents	427,787	17,563	2,336%
7.	No. of ATMs	5,263	5,193	1%
8.	No. of Mobile Banking Customers	27,741,284	24,648,846	13%
9.	No. of Internet Banking Customers	2,219,341	1,919,322	16%
10.	No. of Wallet Users	26,765,660	23,461,107	14%
11.	connectIPS users	1,441,471	1,276,886	13%
12.	No. of Cards (Debit/Credit/Prepaid Cards)	14,234,915	13,364,491	7%

Source: NRB website data of Ashad end 2082



These trends reflect the growing adoption of digital payment channels and highlight opportunities for further market penetration and innovation in Nepal's financial ecosystem.

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

PARTICULARS	VOLUME			VALUE (IN MILLION)		
	FY 2081/82	FY 2080/81	% CHANGE	FY 2081/82	FY 2080/81	%CHANGE
RTGS	842,122	809,769	4%	74,901,757	38,520,229	94%
NCHL-ECC	12,589,669	11,976,235	5%	6,289,357	5,899,068	7%
NCHL-IPS	30,080,372	27,458,863	10%	2,911,233	2,435,924	20%
RPS (<i>connectIPS</i>)	90,390,469	70,501,884	28%	7,457,313	5,665,121	32%
Total Cards	144,654,355	144,206,800	0.3%	1,174,244	1,129,676	4%
Internet Banking	4,961,383	3,483,825	42%	233,800	167,837	39%
Mobile Banking	614,133,910	420,899,877	46%	5,018,234	3,452,781	45%
Branchless Banking	890,878	873,608	2%	19,436	18,578	5%
Wallet	400,104,273	293,707,065	36%	506,314	295,849	71%
Total Digital Transactions	1,298,647,431	973,917,926	33%	98,511,688	57,585,063	71%
Total Transactions (excluding RTGS)	1,297,805,309	973,108,157	33%	23,609,931	19,064,834	24%

Data Source: Payment systems Indicators

In FY 2081/82, Nepal's payment sector exhibited significant 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.

Retail Transactions: Continuing with trend of recent years, the major growth in transactions is in retail transactions driven by surge in the transactions from mobile banking and wallets, with volume growth of 46% and 36% respectively in FY 2081/82. QR based payments has continued its phenomenal growth trajectory with 93% volume growth from 169 million transactions in FY 2080/81 to 326 million in FY 2081/82. Growth in retail transactions are primarily driven by mobile banking, wallets, retail payment switch (*connectIPS*). QR based merchant payments is driving acquiring transactions.

Card-Based Payments: With significant rise in mobile phone-based payments, the card-based payments have slowed down significantly with nominal growth rate of 0.3% in FY 2081/82, which was already eminent in FY 2080/81 with just 7% growth rate. The number of ATM withdrawals, which contribute to more than 90% of card-based transactions, have actually declined by 0.5% in FY 2081/82. This signals a diminishing role

for card payments in the current use cases and transaction types, overshadowed primarily by mobile-based alternatives. In above context, the future of card payment in Nepal is likely to be determined by introduction of new use case for card-based payments. NEPALPAY card processed through National Payment Switch (NPS) is expected to drive card growth in next few years.

Government Payments: Digitization of government payments and revenue collection gained momentum, with enablement of almost all government entities for their payout and revenue. All 753 local level Government entities have also been enabled for digital payments and revenue collection/. Effort will be required to further improve digital revenue collection in the following fiscal years.

RTGS Transactions: Real-Time Gross Settlement (RTGS) transactions saw a remarkable 94% increase in value, rising from NPR 38 trillion in FY 2080/81 to NPR 74 trillion in FY 2081/82. This surge reflects RTGS's growing adoption for high-value transactions and settlements. This is expected to further grow in terms of value.

Cross-Border Payments: As the payment systems in Nepal has grown further and as it matures, it has made significant

strides in cross-border payments, reflecting strong adoption of cross-border digital payments. NCHL successfully enabled transactions with Alipay+, 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) is technically rolled out in closed user group. Additionally, UPI Person-to-Merchant (P2M) inbound transactions, has also been launched by one of the PSO.

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 2077 (Amended 2080), which provides the legal basis for the payment systems operated in Nepal. In FY 2080/81, NRB made the first amendment in Payment and Settlement Bylaw 2077 to amend the provisions of merger and acquisition of licensed institutions, which supported the

acquisition of NePS by NCHL and recent merger of IME Pay and Khalti. In FY 2081/82 NRB, initiated efforts to establish a framework for identifying Systemically Important Payment Systems (SIPS), with the framework expected to be released in FY 2082/83.

National Card Switch (NCS) and NEPALPAY Card: The Nepal Clearing House Limited (NCHL) announced the technical readiness of the National Card Switch (NCS) and the domestic NEPALPAY card scheme, on 31st March 2025. As the member BFIs are getting ready for the integration and introduction of NEPALPAY, NCHL is now preparing for the commercial rollout of NEPALPAY. 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.



सरकारी राजस्व भुक्तानीको सीमा ।

भुक्तानी गर्ने माध्यम र तिनिहरुको प्रति कारोवार लिमिट:



Upto Rs. 1 Crore
(Same Bank)
Upto Rs. 20 Lakh
(Different Bank)



Mobile Banking
Upto Rs. 3 Lakh



connect IPS
pay direct from bank

Upto Rs. 2 Lakh
(connectIPS App)
Upto Rs. 20 Lakh
(Web/Gateway)



Internet Banking
Upto Rs. 20 Lakh



Bank Branches
Upto Rs. 5 Crore
(Same Bank)
Upto Rs. 20 Lakh
(Different Bank)



नेपालको आफ्नै QR

Upto Rs. 2 Lakh



Digital Wallet
Upto
Rs. 50 Thousand

The limit might subject to vary depending on the issuer.
Contact your bank for details.

For your Business Payment Needs.



Fund Transfer



Salary Payment



Government Payment



Vendor Payment



Other Payments

FOR ONLINE
REGISTRATION



CORPORATEPAY मा enroll हुन आफ्नो
नजिकको बैंक वित्तीय संस्थामा सम्पर्क गर्नुहोस् ।

HUMAN RESOURCES

NCHL considers its employees as one of the key pillars to drive the strategic objectives and truly values the dedication and commitment that they have delivered.





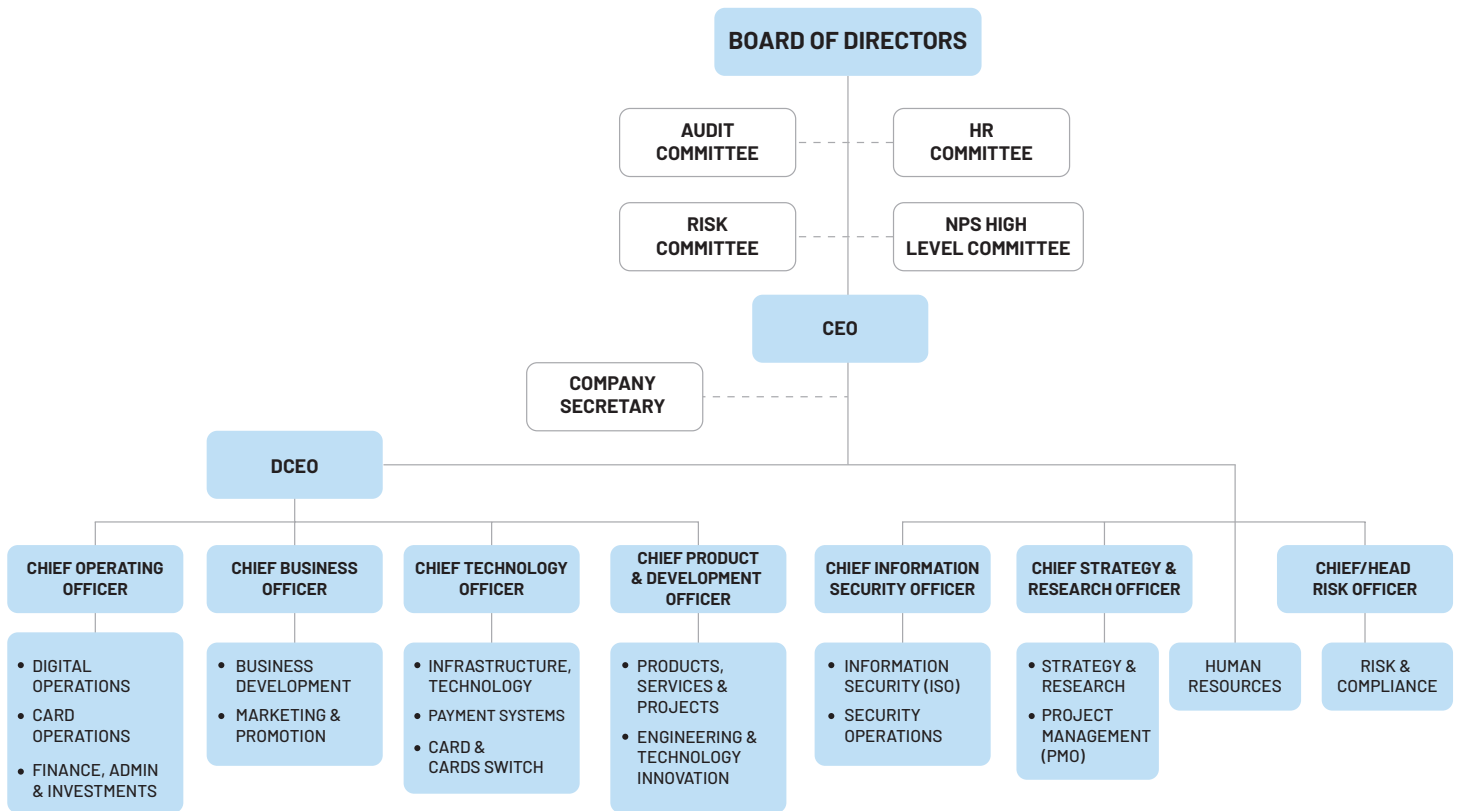
Ensuring the alignment of the organisational goals with the interests of both employees and the employer is therefore regarded as the key driver of sustainable growth. With this mindset, NCHL remains committed to attracting and retaining its best talent and resources, fostering them continuous knowledge enhancement and advancing skill developments and creating opportunities for the career growth. The Human Resources function at NCHL is governed by the well-defined policies including NCHL Code of Conduct, Employee Service Rules, HR Plan and Employee Performance Objectives & Appraisal Procedures, all of 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 151 employees at the end of the FY 2081/82 (2024/25), as compared to 130 in the previous year. It directly supports more than 18,000 bank users of 54-member BFIs equivalent to supporting 120 average users per employee. They also support 100 live Indirect/technical members. Integration with the core systems and alternate channels of BFIs and the members for various systems of NCHL-IPS, RPS/*connectIPS*, 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 *connectIPS* users, for enrollment of their creditor, merchants and corporate clients, handlings users of CORPORATEPAY and EFT card services.

ORGANIZATIONAL STRUCTURE



KEY HUMAN RESOURCE INDICATORS

EMPLOYEE MIX BY GENDER

GENDER	COUNT	PERCENT
Female	43	28%
Male	108	72%
Total	151	100%

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

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

PARTICULARS	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	151	130	72	59	34
Staff Turnover	16%	7%	17%	20%	3%
Human Resource Expenses (in NPR '000)*	215,120	134,039	109,425	74,343	47,471
Average Expense per Staff (in NPR '000)*	1,425	1,031	1,520	1,260	1,396
Staff Expense to Total Operating Expenses*	125%	116%	115%	88%	65%
Operating Income per Staff (in NPR '000)	6,835	6,026	9,460	11,218	14,106
Net Profit After Tax per Employee (in NPR '000)	2,764	3,080	5,233	6,011	7,484
Total Staff Bonus (in NPR '000)	62,791	59,374	55,648	52,344	37,702

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

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 2081/82 (2024/25), 45 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.

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.

PARTICULARS	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)
Staff Training Expenses (in '000)	2,708	1,942	752	284	201
Training Expense / Staff Expenses	1.26%	1.5%	1%	0.4%	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 LEAVE

Apart from the working days and number of leaves mandated by the Labor Act and Bylaw, NCHL during the fiscal year has implemented 5 work day with Flexi weekend policy, 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.

GLIMPSES OF HR ACTIVITIES

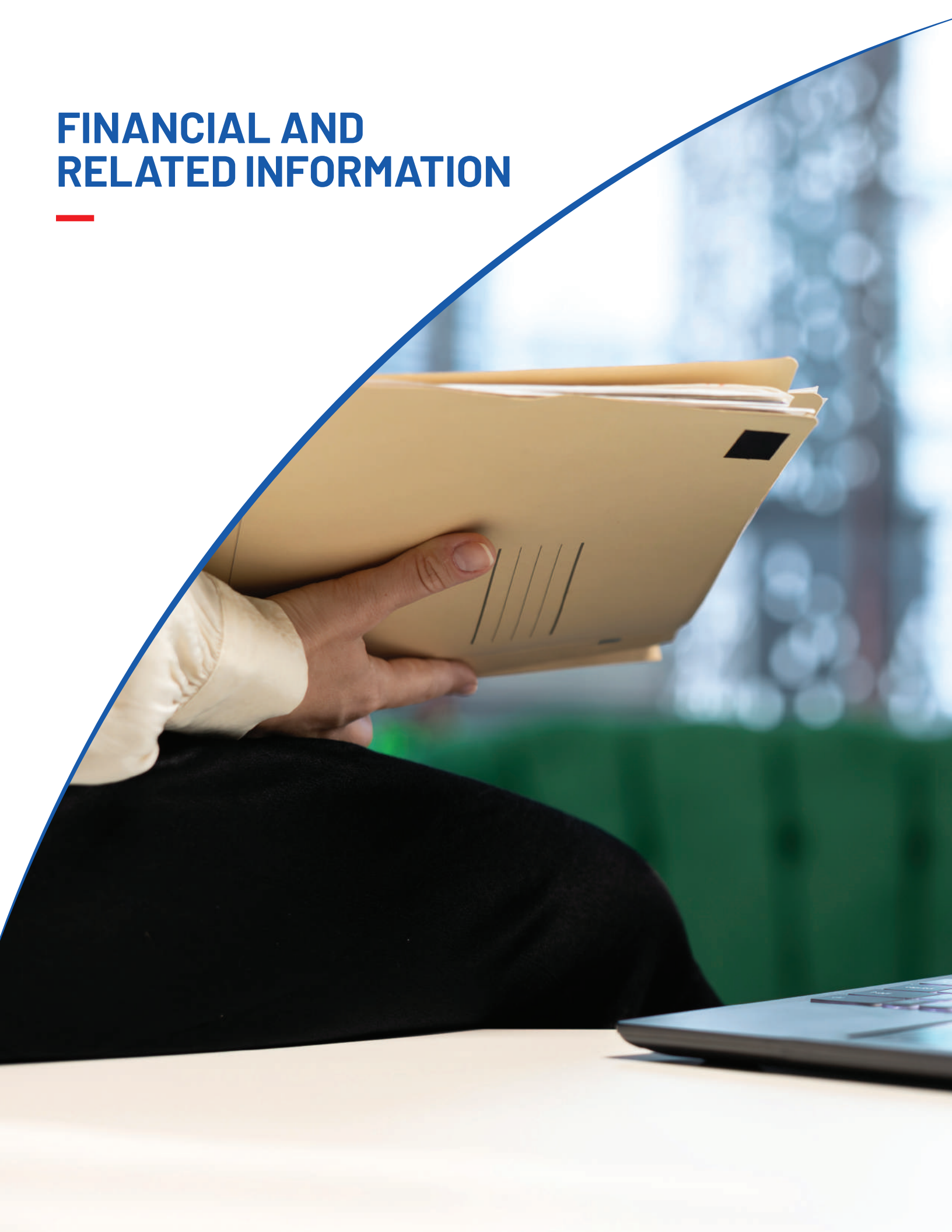


NCHL's 16th Anniversary Celebration



Teej Program 2081

FINANCIAL AND RELATED INFORMATION





File Edit Select Settings Configuration View Window Help

Sales Report



\$98,347.82
Marketing
\$48,893.00
Shipping
\$50,563.00
Profit

Annual Analysis

Category	Value
Product A	120,000
Product B	80,000
Product C	150,000
Product D	90,000
Product E	110,000
Product F	70,000
Product G	130,000
Product H	60,000
Product I	140,000
Product J	50,000
Product K	160,000
Product L	40,000
Product M	170,000
Product N	30,000
Product O	180,000
Product P	20,000
Product Q	190,000
Product R	10,000
Product S	200,000
Product T	5,000
Product U	210,000
Product V	0

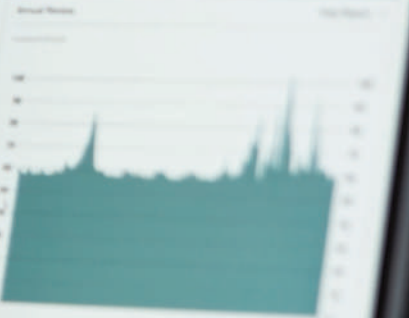
Percentage Calculator



Profit Calculator



Annual Review



DIRECTOR'S REPORT AND DISCLOSURE

As per Section 109 of Company 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 2081/82 (2024/25) along with the company's performance, achievements, challenges, business review along with the audited reports of the financials for the fiscal year ending 2081/82 (2024/25).

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 2024/25 continued to navigate a challenging environment marked by geopolitical tensions, inflationary pressures, and evolving financial dynamics. The prolonged Russia-Ukraine conflict, emerging 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 impacting overall transaction of the financial sector. This has further aggravated due to the recent political uncertainty due to GenZ movement and planned election.

The direct impact of this slowdown was seen in prevailing market interest rates resulting in decline in company's interest income by 16% 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

67% for NCHL in the FY 2081/82, mainly driving by NCHL-IPS, RPS (*connectIPS*) and through incremental transactional growth through EFT services. However, the total operating income has increased only by 32% 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 has also increased. As NCHL systems are already linked with all BFIs and PSOs/ PSPs and it 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 achieved major milestones in the implementation of National Payment Switch (NPS) with the official announcement of infrastructure readiness for the Phase II, introducing the National Card Switch (NCS) and NEPALPAY Card scheme, in close coordination and support of NRB, BFIs and PSPs/ PSOs. It is now doing final preparation for bank integration and commercial rollout. 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.

With 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 departments was one of the major challenges that NCHL faced during the 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 all 3 representatives from the commercial banks were reappointed by the 13th AGM, there was change for only one Board of Director representing Nepal Rastra Bank during the review period. 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. 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 (*connectIPS*), 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, *connectIPS* 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. This has potential risk on sustainability for some of the use cases.
- 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 operations and sustainability could be challenging in the absence of possible regulatory mandate for the participants. However, NCHL has been collaborating and coordinating with all the stakeholders for its acceptability and rollout of RPS, which has been very encouraging. Similar approach is being followed for the NPS-National Card Switch and NEPALPAY Card with official announcement of infrastructure readiness already made. NCHL is now at the final stage of commercial rollout of NPS-NCS and NEPALPAY card, corresponding to which it is supporting BFI/ TPP for integration of NPS-NCS with their switches and commercial rollout.
- The licensed PSOs/PSPs have increased innovation and supported in expanding digital ecosystem in Nepal. However, due to the number of such licensed entities, competition has also increased with overlapping in multiple systems and services, with direct negative impact on

pricing. NCHL has taken a strategic direction to collaborate with all such stakeholders.

- 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 downward 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 skilled resources continues to be one of the major factors affecting NCHL operations. Despite the continuous recruitment for needed positions, the company is still in shortage of resources and it could aggravate if it is not handled appropriately. 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.
- Recent political unrest in Nepal has posed challenges to country's economic and fiscal stability. Since the situation is still fragile, it has temporarily disrupted business activities and reduced consumer and business confidence that can have long term economic impact. NCHL also remains vulnerable to risk posed by such situation with all operation dependent on physical data centers hosted in shared co-located data centers and payment transactions directly linked to businesses.

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 190,240,600 (rounded for the decimal share) has been proposed as bonus shares and 0.789% on paid-up capital amounting NPR 10,006,657 has been proposed as cash dividend for tax purpose from the profit of the fiscal year 2081/82 (2024/25), 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 2081/82. 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.

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 2082/83 (2025/26) include:

- Work towards achieving NCHL's digital transaction growth of 45-50% with such growth expected in RPS through new and innovative use cases and NEPALPAY QR, while NCHL-IPS and CORPORATEPAY will continue to contribute for high-value transactions from businesses and Government.

- Commercial rollout of National Card Switch (NPS-NCS) and NEPALPAY Card as national/ domestic card scheme.
- Continue focus on rollout and expansion of the key strategic initiatives of cross-border payment integration with various clearing houses, networks and aggregators.
- Upgrade and strengthen existing infrastructures of NCHL-ECC, NCHL-IPS, RPS (connectIPS), EFT card services and associated systems. Major investments in EFT Card services (infrastructure inherited from erstwhile NePS) being planned to increase number of EFT members, transaction and to rollout issuance and acquiring of NEPALPAY card.
- Coordinate and facilitate GoN for disbursements and revenue collection, including that of local Government and additional budgetary units.
- Collaborate with BFIs to build innovative digital banking solution, platform and use cases.
- Upgrade and strengthen risk management, fraud and security controls across all payment systems and their operations.
- Continue providing training and orientation programs to the members and other institutions.
- Establish separate technology/ software development company as subsidiary/ associate company to streamline product and solution development activities of NCHL, BFIs and the financial sector.
- Initiate for acquiring NCHL's own property.

DETAIL OF MANAGEMENT EXPENSES INCURRED DURING THE YEAR

The details of the management expenses are as follows

Amount in NPR '000

SESSIONS	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)
Staff Expenses	157,476,641	92,196,401	75,697,727	60,980,075	39,690,567
Other Admin Expenses	108,868,423	60,169,355	41,670,349	51,741,743	21,736,760
Total	266,345,065	152,365,756	117,368,076	112,721,818	61,427,327



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. Amit Shrestha– Member
3. Mr. Jagdish 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. The meeting allowance was increased from NPR 7,500 to NPR 10,000 from 13th Chaitra 2081, after necessary approval from the last AGM and Nepal Rastra Bank.

Total of NPR 102,500 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. The meeting allowance was increased from NPR 7,500 to NPR 10,000 from 13th Chaitra 2081, after necessary approval from the last AGM and Nepal Rastra Bank. Applicable tax was deducted prior to the payment in all such payments.

Amount in NPR

BOARD MEMBER	TOTAL MEETING ALLOWANCE	MEETINGS ATTENDED/MEETINGS HELD				
		BOARD	AUDIT COMMITTEE	HR COMMITTEE	NPS HIGH LEVEL COMMITTEE	RISK COMMITTEE
Mr. Chet Prasad Uprety**		3/3				
Mr. Vishrut Thapa*		14/14				
Mr. Ujjal Rajbhandary***		11/17		10/11	3/3	
Mr. Mahesh Sharma Dhakal***		16/17	5/5			2/2
Mr. Srijan Krishna Malla***	1,340,000	15/17		11/11	3/3	
Mr. Til Bahadur Gurung		16/17		10/11	2/3	
Mr. Amit Shrestha		15/17	4/5			2/2
Mr. Jagdish Dahal		16/17	3/5			2/2

* Outgone, ** Joined during FY 2081/82*** Re-appointed by 13th AGM



The Chief Executive Officer during the year under review was paid salary of NPR 7,700,000 as salary and allowances, NPR 1,358,305 as other benefits including provident fund contribution, leave fare allowance and other benefits. Staff statutory & welfare bonus was paid as per the law. He was also provided with office vehicle with a driver with fuel expense of up to 150 liters per month on actual 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 190,240,600 (rounded for the decimal share) and Cash Dividend of 0.789% amounting NPR 10,006,657 have been proposed from the profit earned from the FY 2081/82 (2024/25), subject to the approval of the Board. There exists no any outstanding dividend payable from FY 2080/81 (2023/24).

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

CHET PRASAD UPRETY

Chairman

AUDITED FINANCIAL STATEMENTS
NRB APPROVAL OF THE AUDITED FINANCIALS



नेपाल राष्ट्र बैंक

भुक्तानी प्रणाली विभाग

पत्रसंख्या : भु.प्र.वि./ गै. नि/०८२/८३

चलानी नं.: २५२

श्री नेपाल क्लियरिङ हाउस लिमिटेड,
कमलादी, काठमाडौं ।



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

मिति : २०८२/०८/०९

विषय: बोनस शेयर वितरण तथा वार्षिक वित्तीय विवरण प्रकाशन गर्न स्वीकृति प्रदान गरिएको
सम्बन्धमा ।

महाशय,

भुक्तानी तथा फस्यौट 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 २०८१/८२ को वित्तीय विवरणहरु प्रस्तुत/सार्वजनिक गर्ने तथा बोनस 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.१९,०२,४०,६३५।- बराबरको बोनस शेयर र कर प्रयोजनको लागि ०.७८९ प्रतिशतले हुन आउने रकम रु.१,००,०६,६५७।- बराबरको नगद लाभांशको रुपमा वितरण गर्न स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध छ ।

निर्देशनहरु:

- वाह्य लेखापरीक्षकको प्रतिवेदनमा औल्याइएका कैफियतहरु सुधार गर्नुहुन ।
- उपरोक्तानुसारका निर्देशनहरु शेयरधनीको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशन गर्नुहुन ।

भवदीय,

(सुधा श्रेष्ठ)
उप निर्देशक

INDEPENDENT AUDITOR'S REPORT

J. B. Rajbhandary & DiBins

CHARTERED ACCOUNTANTS

2nd Floor, H.No.181, Jagannath Marg
Kumaripati, Ward No.5, Lalitpur, Nepal.
Tel: (01) 5347177, (01) 5344971
E-mail : info@jbrdibins.com.np
Web: www.jbrdibins.com.np

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 2082 (16th July 2025) 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 2082 (16th July 2025), its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

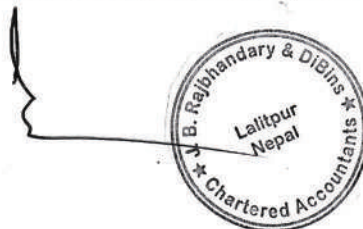
Basis for Opinion

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.	<p>Valuation of investments at amortized cost</p> <p>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.</p> <p>The classification of the investments is based</p>	<p>Our audit approach included:</p> <ol style="list-style-type: none">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



	<p>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.</p>	<p>nature of cash flows and management intention of holding the investments.</p> <p>3. For the valuation of investments at amortized cost, we reviewed the Accrued Interest yet to be collected.</p> <p>Our Results: We considered the valuation of investments at amortized cost and measured at fair value to be acceptable.</p>
2.	<p>Information Technology</p> <p>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.</p> <p>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.</p>	<p>Our audit approach included:</p> <ol style="list-style-type: none"> 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. <p>Our Results: We considered the controls in information technology to be acceptable.</p>

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.



Auditor's Responsibilities for the Audit of the Financial Statements

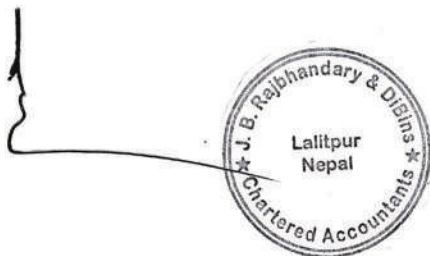
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee 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.

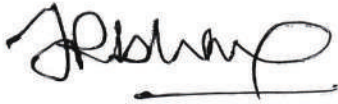
We also provide those charged with governance with a statement that we have complied with the relevant ethical requirement regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related 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: 17th Kartik 2082 (3rd November 2025)

UDIN: 251103CA00014UTQdS



AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT ASHAD 32, 2082 (16 JULY 2025)

PARTICULARS	NOTES	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
ASSETS			
NON-CURRENT ASSETS			
Goodwill		5,603,558	5,603,558
Property, Plant and Equipment	4.8	150,585,630	154,519,638
Intangible Assets	4.8	266,834,714	227,827,650
Right of Use-Asset	4.8	45,772,173	77,087,241
WIP Projects	4.8	385,676,437	303,641,794
Financial Assets			
Investment and Placements	4.4	366,244,000	288,204,000
Settlement Guarantee Fund Deposits	4.6	170,760,817	162,152,537
Deferred Tax Assets	4.7	8,535,054	13,811,639
TOTAL NON-CURRENT ASSETS		1,400,012,383	1,232,848,056
CURRENT ASSETS			
Inventories	4.2	116,500	78,048
Current Tax Assets	4.5	3,828,363	6,435,995
Financial Assets			
Cash and Bank Balances	4.1	13,368,436	67,537,082
Investment and Placements	4.4	1,688,240,000	1,531,435,786
Other Assets	4.3	284,631,220	175,966,554
TOTAL CURRENT ASSETS		1,990,184,519	1,781,453,464
TOTAL ASSETS		3,390,196,902	3,014,301,520
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	4.9	51,086,297	42,515,525
Lease Liability	4.11	50,948,817	76,917,745
Financial Liabilities			
Settlement Guarantee Fund Liabilities	4.6.1	60,000,000	60,000,000
TOTAL NON-CURRENT LIABILITIES		162,035,114	179,433,270
CURRENT LIABILITIES			
Provisions	4.9	62,791,123	62,507,218
Lease Liability	4.11	5,761,564	13,776,778
Financial Liabilities			
Other Liabilities	4.10	218,485,425	226,452,402
TOTAL CURRENT LIABILITIES		287,038,112	302,736,398
TOTAL LIABILITIES		449,073,226	482,169,667
Equity			
Share Capital	4.12	1,268,270,900	1,065,773,900
Reserves & Surplus	4.13	1,672,852,775	1,466,357,953
Total Equity		2,941,123,675	2,532,131,853
TOTAL LIABILITIES AND EQUITY		3,390,196,902	3,014,301,520

Significant Accounting Policies and Notes to Accounts

1-5

As per our report of even date

Neelesh Man Singh Pradhan
Chief Executive Officer

Chet Prasad Uprety
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

Til Bahadur Gurung
Director

Amit Shrestha
Director

Jagadish Dahal
Director

Date: 3rd November 2025

Place: Kamaladi, Kathmandu, Nepal

STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDING ASADH 32, 2082
(CORRESPONDING TO 16 JULY 2024 TO 16 JULY 2025)

PARTICULARS	NOTES	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Operating Income:			
Revenue	4.14	1,032,141,872	783,287,400
Software License - Members		-	133,000
Operating Expenses:			
Operating Expenses	4.15	172,400,332	115,779,293
Gross Profit		859,741,540	667,641,107
Add: Interest Income		127,470,102	152,132,467
Add: Other Income		11,613,919	1,064,781
Less: Administrative Expenses	4.16	108,868,423	60,169,355
Less: Human Resources Expenses	4.17	157,476,641	92,196,401
Less: Finance Cost (Actuarial and Lease Liability)	4.18	8,413,477	7,555,099
Less: Foreign Exchange Loss		510,577	763,281
Operating Profit		723,556,443	660,154,219
Depreciation Expenses	4.8	55,352,881	42,885,743
Amortization Expenses	4.8	40,292,330	23,531,505
Staff Bonus Provision		62,791,123	59,373,697
Profit before Tax		565,120,109	534,363,274
Income Tax Liability		143,276,040	134,283,191
Deferred Tax Expenses (Income)		4,506,066	(318,932)
Profit for the period		417,338,004	400,399,015
Basic/Diluted Earnings Per Share (EPS)		32.91	37.57

Neelesh Man Singh Pradhan
Chief Executive Officer

Chet Prasad Uprety
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

Til Bahadur Gurung
Director

Amit Shrestha
Director

Jagdish Dahal
Director

Date: 3rd November 2025
Place: Kamaladi, Kathmandu, Nepal

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDING ASADH 32, 2082
(CORRESPONDING TO 16 JULY 2024 TO 16 JULY 2025)

PARTICULARS	NOTES	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Profit for the period		417,338,004	400,399,015
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		3,082,077	1,378
Deferred Tax Income/(Expenses)		(770,519)	(345)
Net Other Comprehensive Income that will not be reclassified to profit or loss		2,311,558	1,034
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		419,649,561	400,400,048

Neelesh Man Singh Pradhan
Chief Executive Officer

Chet Prasad Uprety
Chairman

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Senior Partner
For J. B. Rajbhandary & DiBins
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Srijan Krishna Malla
Director

Til Bahadur Gurung
Director

Amit Shrestha
Director

Jagadish Dahal
Director

Date: 3rd November 2025
Place: Kamaladi, Kathmandu, Nepal

STATEMENT OF CHANGES IN EQUITY

AS AT ASAD 32, 2082 (16 JULY 2025)

PARTICULARS	SHARE CAPITAL	SHARE PREMIUM	REVALUATION RESERVE	INFRASTRUCTURE DEVELOPMENT RESERVE	LAND AND BUILDING RESERVE	RISK BEARING RESERVE	RESERVE FOR ACTUARY GAIN/(LOSS)	ACCUMULATED PROFIT/(LOSS)	OTHER COMPONENTS OF EQUITY	TOTAL
Balance at 16 July 2023 (Ashad 31, 2080)	783,375,800	-	-	359,286,998	159,022,805	4,929,413	(1,293,577)	504,736,412	-	1,810,057,852
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-
Restated Balance	783,375,800	-	-	359,286,998	159,022,805	4,929,413	(1,293,577)	504,736,412	-	1,810,057,852
Surplus on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-
Deficit on Revaluation of Investment	-	-	-	-	-	-	-	-	-	-
Current Translation Difference	-	-	-	-	-	-	-	-	-	-
Net Profit for Period	-	-	-	-	-	-	-	400,399,015	-	400,399,015
Bonus Share Capital FY 2079/80	223,262,100	-	-	-	-	-	-	(223,262,100)	-	-
Cash Dividend FY 2079/80	-	-	-	-	-	-	-	(11,750,637)	-	(11,750,637)
Transfer to Infrastructure Development Reserve	-	-	-	80,079,803	-	-	-	(80,079,803)	-	-
Transfer to Risk Bearing Reserve	-	-	-	-	4,003,990	-	-	(4,003,990)	-	-
Transfer to Land & Building Reserve	-	-	-	-	40,039,901	-	-	(40,039,901)	-	-
Reserve for Actuarial Gain/(Loss)	-	-	-	-	-	-	1,034	-	-	1,034
Issue of Share Capital	-	-	-	-	-	-	-	-	-	-
Share Capital on Acquisition	59,136,000	-	-	-	-	-	-	-	-	59,136,000
Other Components of Equity	-	-	-	-	-	-	-	-	274,288,590	274,288,590
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	-	-	-	-	-	-	-	-	-	-
Other Components of Equity	-	-	-	-	-	-	-	-	-	-
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

Neelesh Man Singh Pradhan Chief Executive Officer **Chet Prasad Uprety** Chairman **Ujjal R. Rajbhandary** Director **Mahesh Sharma Dhakal** Director **Srijan Krishna Malla** Director **CA. Jitendra Bahadur Rajbhandary** Senior Partner
For J. B. Rajbhandary & DIBins
Chartered Accountants

Date: 3rd November 2025
Place: Kamaladi, Kathmandu, Nepal

Til Bahadur Gurung Director **Amit Shrestha** Director

Jagadish Dahal Director

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDING ASADH 32, 2082

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Net Profit/(Loss) Before Tax	565,120,109	534,363,274
Preliminary & Pre-operating (Expenses)/Surplus		
Add/(Less) : Adjustment		
Adjustment from Business Combination		
Adjustment of Business Combination - Profit and Loss from NePS	-	274,288,590
Adjustment of Business Combination - Provision	-	16,001,646
Adjustment of Business Combination - Deferred Tax Assets	-	(4,975,228)
Other Adjustments		
Depreciation Expenses	55,352,881	42,885,743
Amortization Expenses	40,292,330	23,531,505
Superannuation/Gratuity Provision (incl. Actuarial Gain/Loss)	11,325,522	4,743,761
Leave Provision	721,335	5,834,550
Staff Bonus Provision	62,791,123	62,507,218
Bonus Paid	(62,507,218)	(55,648,024)
Cash Flow from Operation Before Working Capital	673,096,083	903,533,034
Increase(Decrease) in Current Tax & Other Liabilities	(41,951,119)	176,446,700
Decrease (Increase) in Inventories, Current Tax, Other Assets	(106,489,493)	(57,622,909)
Decrease (Increase) in Settlement Guarantee Fund	(8,608,281)	(7,634,354)
Less: Tax Provision	(143,276,040)	(134,283,191)
Cash Flow From Operating Activities	372,771,150	880,439,280
Purchase of Fixed Assets	(132,613,541)	(361,287,279)
Sale or disposal of Fixed Assets/Capitalization of WIP Assets	62,010,168	-
Project WIP	(110,834,470)	(185,374,919)
Investment in FD/Debenture	(234,844,215)	(336,686,786)
Cash Flow From Investing Activities	(416,282,058)	(883,348,984)
Share Capital	-	59,136,000
Dividend Paid	(10,657,739)	(11,750,637)
Goodwill from Acquisition	-	(5,603,558)
Cash Flow From Financing Activities	(10,657,739)	41,781,805
Net Increase(Decrease) in Cash & Cash Equivalents	(54,168,647)	38,872,101
Cash & Cash Equivalents at the Beginning of the Year	67,537,082	28,664,981
Cash & Cash Equivalents at the end of the Year	13,368,436	67,537,082

Neelesh Man Singh Pradhan
Chief Executive Officer

Chet Prasad Uprety
Chairman

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

Til Bahadur Gurung
Director

Amit Shrestha
Director

Jagadish Dahal
Director

Date: 3rd November 2025
Place: Kamaladi, Kathmandu, Nepal

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 32ND
ASHAD, 2082 (16TH JULY 2025)

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 *connectIPS* e-Payment System for processing of payments through alternate channels and was commenced from 12th Baisakh 2075. NCHL rolled out *connectRTGS* on 29th Mangsir 2076 and launched National Payments Interface (NPI) on 2nd Chaitra 2076. *connectRTGS* system is a customized extension of *connectIPS* 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.

NCHL also obtained principle approval from NRB on 12th Mangsir 2077 for implementation and operation of National Payment Switch (NPS), to achieve implement interoperability of card and non-card retail transactions in Nepal. Phase I of the 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 and Nepal's own domestic card scheme, NEPALPAY card, is at the final stage of commercial rollout with readiness of the infrastructure announced on 18th Chaitra, 2081.

In the Financial Ordinance of FY 082/83 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 Ashad 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), Retail Payment Switch (RPS), *connectIPS* system, CORPORATEPAY, *connectRTGS*, NEPALPAY QR, National Payment Interface (NPI) and EFT Card Services.

NCHL entered into agreement for NCHL-ECC with 159 members, out of which, 54 members (Nepal Rastra Bank, Nepal Infrastructure Bank Ltd., 20 commercial banks, 17 development banks and 15 finance companies) are now in operation till Ashad end 2082.

Similarly, for NCHL-IPS System, NCHL entered into agreement with 219 members, out of which, 139 members (Nepal Rastra Bank, Nepal Infrastructure Bank Ltd., 20 commercial banks, 17 development banks, 15 finance companies and 85 Indirect/Technical members) are in operation till Ashad end 2082. 7 new Indirect/Technical members were added for the system. Whereas, membership for 2 Indirect/Technical Members were terminated during the fiscal year 2081/82. Out of the total members 40 Indirect/Technical members who have subscribed for the service are yet to come into operation.

For RPS/*connectIPS*, 136 members are live (20 commercial banks, 17 development banks, 15 finance companies, NIFRA and 82 Indirect/Technical members) till Ashad end 2082. Membership of 2 Indirect/Technical Members were terminated during the fiscal year 2081/82. 40 Indirect/Technical members

who have subscribed for the service are yet to come into operation. NCHL has also facilitated its 53-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 177 members, out of which, 20 commercial banks, 17 development banks, 15 finance companies and 85 indirect/technical members are live till Ashad end 2082. 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 connectRTGS, Nepal Infrastructure Bank Ltd., 17 commercial banks, 11 development banks and 12 finance companies have gone live. 2 BFIs who have entered into agreement for connectRTGS 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) for RPS, 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 RPS till the end of fiscal year 2081/82.

After acquisition of Nepal Electronics Payment System (NePS), the agreement with 10 members for EFT Card service (6 commercial banks and 4 development banks) are currently in operation till Ashad end 2082, 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 Ashad 2082 is as follows:

PARTICULARS	NO. OF SHARES	VALUE IN NPR	SHAREHOLDING %
Nepal Rastra Bank	1,197,898	119,789,800	9.45%
Commercial Banks	9,818,377	981,837,700	
Development Banks	885,661	88,566,100	90.55%
Finance Companies	780,733	78,077,300	
Total	1,2682,709	1,268,270,900	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 2081 (16th July 2024) to 32nd Ashad 2082 (16th July 2025). 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 31st Ashad 2081 (15th July, 2024).

Accompanied financial statements are prepared under the responsibility of the management and adopted by the Board of Directors on its meeting held on 3rd November 2025 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. The estimated useful life of self-generated intangible assets has been revised to up to 7 years from up to 5 years.

After the consolidation of financials of erstwhile NePS and NCHL with joint operation from Jestha 21, 2081, the financial figures of FY 2080/81 including income and expenses of 43 days vis-à-vis of 365 days for FY 2081/82. Hence, some of the line items presented in the financials may not be directly comparable with the previous year.

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 is 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
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3.21	Basic Earnings	-
3.22	Weighted average number of Ordinary Shares outstanding during the reporting period	-
3.23	Basic Earnings per Share	-
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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 BFs and investment on debentures issued by BFs.

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 2081/82, bank guarantee of equivalent to total of NPR 4,690,000,000 has been issued for the SGF purpose.

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.

- 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.
- VAT of NPR 15,430,950 paid on the transfer of assets acquired from erstwhile NePS at the time of acquisition has been capitalized under the respective classes of assets, in line with NAS 16.

3.9. Intangible Assets

- 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.
- 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.

- 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.

- NCHL has trademark for company logo "NCHL" and system logos of "ECC", "IPS", "connectIPS", "NPI", "NPS", "NEPALPAY", "connectRTGS", "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

- Revenue expenditure on research is expensed under respective heads of account in the period in which it is incurred.
- Development expenditure on new products is capitalized as intangible asset, if all the following conditions are duly fulfilled:
 - The technical feasibility of completing the intangible asset so that it will be available for use or sale.
 - The entity has intention to complete the intangible asset and use or sell it.
 - The entity has ability to use or sell the intangible asset.
 - The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible.
 - The asset or intangible asset itself or if it is to be used internally, the usefulness of intangible Assets.
 - The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
 - 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 *connectIPS/ Retail Payment Switch (RPS), NEPALPAY, National Payments Interface (NPI), connectRTGS and CORPORATEPAY* 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 its 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 its 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. The Company offsets, on a year on 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.
2. 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.

NCHL transitioned into NFRS 16 in accordance with the modified retrospective approach, therefore previous year comparative figures are not restated. Additionally, the definition of a lease under NAS 17 and its related interpretation has been retained.

NCHL has applied incremental borrowing rate of 7.5% (rounded) based on the judgements and assumptions on historical experience, internal and external data points. The incremental borrowing rate is based on the average rate of Treasury bills issued by Government of Nepal.

During the current financial year, the lease agreement of the erstwhile NePS has been discontinued. Accordingly, the related Right-of-Use asset and lease liability have been derecognized, and the financial impact has been recognized in the Statement of Profit or Loss in accordance with NFRS 16. NCHL has no finance lease arrangements as of the reporting date.

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 1,268,270,900. 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 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, 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 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 18,612,646 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.

Similarly, full tax audit of NCHL for the FY 2077/78 was conducted by the tax authority during the FY 2081/82 and accordingly full audit was closed with no major observations. Due to delay in reporting of the tax during one of the months, a nominal fine of NPR 34,876 was levied to NCHL, which has been adjusted against the Advance Income Tax.

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 in Nepal for member BFIs like NCHL-ECC, NCHL-IPS, EFT Card services and Retail Payment Switch/connectIPS and payment channels or interfaces like National Payments Interface (NPI), connectIPS Web/App/ Gateway, CORPORATEPAY, connectRTGS, 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 card services are added after acquisition of NePS and continuity of the business as EFT Card services since 21st Jestha 2081.
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 connectIPS 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 connectIPS 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 to 5.
8. *connectRTGS* integration component have been provide at no additional cost by NCHL to the member BFIs who have subscribed for *connectIPS* Integration and *connectIPS* e-Payment systems. The annual support fee for the *connectRTGS* integration component has been levied from 2nd year of go-live to the member BFIs at uniform rate.
9. EFT card services are added after acquisition of NePS and continuity of the business as is. 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. Revenue from EFT card services for FY 2081/82 is recognized for the full year, compared to only 40 days in the prior year following NCHL's acquisition of NePS.
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 9.3.

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 and gains arising from the derecognition of lease liabilities w.r.t to discontinuation of office space of erstwhile NePS in accordance with NFRS 16.

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 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, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Cash & Bank Balances		
Nepal Rastra Bank	5,000	5,000
Global IME Bank Ltd.	1,178,217	240,449
Goodwill Finance Ltd.	9,227	9,160
Guheshwori Merchant Banking & Finance Ltd.	10,204	19,494
Himalayan Bank Ltd.	25,394	16,071
ICFC Finance Ltd.	11,909	8,443
Jyoti Bikas Bank Ltd.	13,978	169,474
Kumari Bank Ltd.	393,756	2,147,840
Laxmi Sunrise Bank Ltd.	480,723	26,319,104
Machhapuchchhre Bank Ltd.	891,946	1,866,438
Muktinath Bikas Bank Ltd.	9,628	9,569
Nabil Bank Ltd.	1,229,571	899,178
Nepal Investment Mega Bank Ltd.	7,563	606,362
NIC Asia Bank Ltd.	2,049,213	5,446,638
NMB Bank Ltd.	2,105,649	1,984,841
Prabhu Bank Ltd.	1,320,256	489,891
Prime Commercial Bank Ltd.	896,587	1,154,489
Sanima Bank Ltd.	1,473,977	24,908,526
Shangrila Development Bank Ltd.	427,368	8,288
Siddhartha Bank Ltd.	61,222	1,163,143
Citizens Bank International Ltd	616,640	64,683
Standard Chartered Bank	150,409	-
Total	13,368,436	67,537,082

4.2. Inventories

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Fuel Storage	106,780	68,328
Printing Asset -Envelop	9,720	9,720
Total	116,500	78,048

4.3. Other Assets

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Current Assets		
Member Receivables (Direct and Indirect)	120,523,917	117,627,292
Less: Provision for Doubtful Debt	(2,611,000)	(2,672,000)
Net Receivables	117,912,917	114,955,292
Deferred Other Benefits	933,858	240,721
Interest Receivable	19,608,472	20,879,857
Prepaid Expenses	20,849,217	30,478,751
Deposits	4,257,017	5,802,334
Staff Advances	8,105,802	2,130,825
Other Advances	564,838	442,580
VAT Receivables/Reverse VAT Receivables	21,640	1,036,194
Other Receivables	377,460	-
Advance-Debenture Investment	112,000,000	-
Total	284,631,220	175,966,554

4.4. Investments

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Investments measured at amortized cost		
Opening Balance	1,819,639,786	1,482,953,000
Addition/disposal during the year	234,844,215	336,686,786
Total	2,054,484,000	1,819,639,786
Non-Current Assets	366,244,000	288,204,000
Current Assets	1,688,240,000	1,531,435,786

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	5,000	-	-	-	5,000	0%
Commercial Banks	12,881,123	356,000,000	905,240,000	327,771,000	1,601,892,123	77.47%
Development Banks	450,973	155,000,000	142,000,000	38,473,000	335,923,973	16.25%
Finance Companies	31,340	-	130,000,000	-	130,031,340	6.29%
Total	13,368,436	511,000,000	1,177,240,000	366,244,000	2,067,852,436	100%

4.4.2. Details of Investments

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Details of Investments measured at cost value	266,244,000	173,204,000
Debenture-Agriculture Development Bank Ltd.	6,275,000	6,275,000
Debenture-Everest Bank Ltd.	39,609,000	31,320,000
Debenture-Global IME Bank Ltd.	61,407,000	61,407,000
Debenture-Nepal Investment Bank Ltd.	19,316,000	19,316,000
Debenture-NIC Asia Bank Ltd.	34,520,000	10,000,000
Debenture-Rastriya Banijya Bank Ltd.	29,043,000	7,285,000
Debenture-Siddhartha Bank Ltd.	9,754,000	9,754,000
Debenture-Standard Chartered Bank Nepal Ltd.	7,622,000	7,622,000
Debenture-Nepal Infrastructure Bank Ltd.	38,473,000	-
Debenture-Nabil Bank Ltd.	20,225,000	20,225,000
Details of Investments in Fixed Deposits	1,788,240,800	1,646,435,786
FD - Citizens Bank International Ltd.	61,000,000	31,000,000
FD - Garima Bikash Bank Ltd.	70,000,000	50,000,000
FD - Jyoti Bikash Bank Ltd.	-	50,000,000
FD - Kamana Sewa Bikas Bank Ltd.	150,000,000	95,000,000
FD - Kumari Bank Ltd.	35,000,000	30,000,000
FD - Lumbini Bikas Bank Ltd.	-	95,000,000
FD - Laxmi Sunrise Bank Ltd.	-	20,000,000
FD - Machhapuchchhre Bank Ltd.	90,000,000	75,000,000
FD - Nabil Bank Ltd.	130,000,000	156,435,786
FD - NIC Asia Bank Ltd.	43,000,000	262,000,000
FD - NMB Bank Ltd.	122,000,000	152,000,000
FD - Sanima Bank Ltd.	177,000,000	257,000,000
FD - Shangrila Development Bank Ltd.	37,000,000	40,000,000
FD - Shine Resunga Development Bank Ltd.	35,000,000	65,000,000
FD - Prime Commercial Bank Ltd.	90,000,000	55,000,000
FD - Nepal Investment Mega Bank Ltd.	-	20,000,000
FD - Rastriya Banijya Bank Ltd.	-	85,000,000
FD - Everest Bank Ltd.	134,000,000	-
FD - Global IME Bank Ltd.	107,500,000	63,000,000
FD - Prabhu Bank Ltd.	85,000,000	-
FD - Nepal SBI Bank Ltd.	284,000,000	45,000,000
FD - Manjushree Finance Ltd.	90,000,000	-
FD - Shree Investment & Finance Ltd.	40,000,000	-
FD - Mahalaxmi Bikas Bank Ltd.	5,000,000	-
FD - Standard Chartered Bank (USD)	2,740,000	-
Total	2,054,484,000	1,819,639,786

4.5. Current Tax Assets

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Advance Income Tax	147,104,403	146,814,270
Provision for Income Tax	(143,276,040)	(140,378,274)
Current Tax Assets/(Liabilities)	3,828,363	6,435,995

4.6. Settlement Guarantee Fund Deposits

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Settlement Guarantee Fund Deposits(NCHL)	170,760,817	162,152,537
Settlement Guarantee Fund Account		
Opening Balance	2,108,852,537	2,374,518,183
Add: Contribution during the period (NCHL)	8,608,281	7,634,354
Add: Contribution during the period (Members)	725,000,000	160,000,000
Less: Deduction during the period (Members)	(415,000,000)	(433,300,000)
Closing Balance	2,427,460,817	2,108,852,537
Less: Settlement Guarantee Fund Liability (NCHL)	(170,760,817)	(162,152,537)
Less: Settlement Guarantee Fund Liability (Members)	(2,256,700,000)	(1,946,700,000)
Total	170,760,817	162,152,537

4.6.1 Settlement Guarantee Fund Liabilities

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
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	417,420,343	378,438,523	38,981,820	(9,745,455)
Right of Use Assets	45,772,173	-	45,772,173	(11,443,043)
Provision for Superannuation Benefits	29,166,543	-	29,166,543	7,291,636
Provision for Leave	15,477,999	-	15,477,999	3,869,500
Provision for Doubtful Debts	2,611,000	-	2,611,000	652,750
Provision for Claim	16,001,646	-	16,001,646	4,000,412
Lease Liability	56,710,381	-	56,710,381	14,177,595
Foreign Currency Revaluation	285,328	-	285,328	71,332
Closing Deferred Tax Assets/(Liabilities)				8,874,726
Opening Deferred Tax Assets/(Liabilities)				13,380,792
Deferred Tax expense/(income) through Statement of Profit or Loss				4,506,066
Deferred Tax through SOCI items				
Actuarial Gain/(Loss)	3,082,077	-	3,082,077	770,519
Opening Deferred Tax Assets/(Liabilities)				770,519
Closing Deferred Tax Assets/(Liabilities)				430,848
Deferred Tax Expense/(Income) through Statement of Other Comprehensive Income				(339,672)
Total Deferred Tax expenses/(income) for this year				5,276,585
Total Deferred Tax Assets/(Liabilities) for this year				8,535,054

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

PARTICULARS	DATA		OFFICE EQUIPMENT	VEHICLE	OTHER FIXED ASSETS	TOTAL TANGIBLE ASSETS		INTANGIBLE ASSETS	RIGHT TO USE ASSET	TOTAL ASSETS	PROJECT WIP
	CENTRE ASSETS	ASSETS									
Cost Price											
Opening Balance	249,464,139	85,873,004	8,130,621	50,912	34,351,867	373,474,236	94,729,828	811,722,741	303,641,794		
Addition during the Period	23,889,633	21,413,418	8,011,095	-	53,314,147	79,299,394	(21,590,220)	132,613,541	110,834,470		
Deletion during the Period/ Capitalization of WIP Project		(16,783,704)			(16,783,704)			(38,373,924)	(28,799,826)		
Total	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		
Accumulated Depreciation											
Opening Balance	153,884,471	28,031,182	7,032,474	50,912	188,999,038	145,646,587	17,642,588	352,288,212	-		
For the Period	28,194,724	15,716,431	467,925	-	44,379,080	40,292,330	10,973,801	95,645,211	-		
Reversal of Accumulated Depreciation (Deletion during the Period)		(3,914,629)			(3,914,629)		(1,248,952)	(5,163,581)	-		
Total Accumulated Depreciation	182,079,195	39,832,984	7,500,398	50,912	229,463,489	185,938,917	27,367,436	442,769,842	-		
WDV as on 32 Ashad 2082	91,274,578	50,669,734	8,641,318	-	150,585,630	266,834,714	45,772,173	463,192,516	385,676,437		
WDV as on 31 Ashad 2081	95,579,668	57,841,822	1,098,147	-	154,519,638	227,827,650	77,087,241	459,434,528	303,641,794		

4.9. Provisions

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Non-Current Liabilities		
Provision for Superannuation Benefits	29,166,543	20,923,098
Less: Superannuation Investment Fund	(9,559,891)	(9,165,884)
	19,606,652	11,757,214
Provision for Leave Accumulation	15,477,999	14,756,664
Provision for Claims (EFT)	16,001,646	16,001,646
	51,086,297	42,515,525
Current Liabilities		
Provision for gratuity	21,845	21,845
Less: Gratuity Investment Fund	(21,845)	(21,845)
	-	-
Provision for Staff Bonus	62,791,123	62,507,218
	62,791,123	62,507,218
Total	113,877,421	105,022,742

4.10. Other Liabilities

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Accounts Payable	81,864,974	112,158,999
Dividend Payable	-	2,310,389
TDS Payable	5,801,203	5,393,269
Sundry Creditors	47,444,007	38,899,966
VAT Payable	15,682,210	542,538
Advance Incomes	67,693,032	67,147,241
Total	218,485,425	226,452,402

4.10.1. Details of the Advance Incomes

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Login Id Fee	21,657,500	20,446,388
Network and Connectivity Management	4,339,609	4,159,813
Membership Renewal Fee	3,476,563	3,500,000
Software AMC Fee	4,658,021	4,664,271
NCHL-IPS/NPI Subscription Fee	11,632,838	11,516,457
connectRTGS Annual Fee	2,229,167	2,229,167
EFT Web Services	249,315	-
Card Management Fee	19,450,020	20,631,147
Total	67,693,032	67,147,241

4.11. Lease Liability

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Non-Current Liabilities	50,948,817	76,917,745
Current Liabilities	5,761,564	13,776,778
Total	56,710,381	90,694,523

4.12. Share Capital

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Authorized Capital		
22,500,000 Ordinary Shares of NPR100/- each	2,250,000,000	2,000,000,000
Issued Capital		
12,682,709 Ordinary Shares of NPR100/- each	1,268,270,900	1,065,773,900
Subscribed Capital		
12,682,709 Ordinary Shares of NPR100/- each	1,268,270,900	1,065,773,900
Paid up Capital		
12,682,709 Ordinary Shares of NPR100/- each	1,268,270,900	1,065,773,900
Total	1,268,270,900	1,065,773,900

4.13. Reserve & Surplus

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Infrastructure Development Reserve	522,834,402	439,366,801
Opening Balance	439,366,801	359,286,998
Transfer During the Period	83,467,601	80,079,803
Risk Bearing Reserve	13,106,783	8,933,403
Opening Balances	8,933,403	4,929,413
Transfer during the Period	4,173,380	4,003,990
Land & Building Reserve	240,796,507	199,062,707
Opening Balances	199,062,707	159,022,805
Transfer during the Period	41,733,800	40,039,901
Reserve for Actuary Gain/(Loss)	1,019,015	(1,292,543)
Opening Balances	(1,292,543)	(1,293,577)
Transfer during the Period	2,311,558	1,034
General Reserve & Surplus	620,807,479	545,998,995
Opening Balances	545,998,995	504,736,412
Less: Bonus Share capital	(202,497,000)	(223,262,100)
Less: Cash Dividend	(10,657,739)	(11,750,637)
Transfer during the Period	287,963,222	276,275,320
Other Components of Equity	274,288,590	274,288,590
Total	1,672,852,775	1,466,357,953

4.14. Operating Income

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
ECC Transaction Fee	345,164,350	332,022,295
ECC Other Fees & Charges	9,652,525	14,982,726
IPS Transaction Fee	145,811,596	131,595,885
IPS Other Fees & Charges	10,200	43,100
Retail Payment System (RPS)/connectIPS Income	459,108,300	407,165,528
Less: Revenue Sharing	(228,827,777)	(203,582,766)
Net Retail Payment System (RPS)/connectIPS Income	230,280,523	203,582,763
connectRTGS Annual Fee	4,000,000	4,100,000
Membership Fee	-	937,500
Membership Renewal Fee	6,710,938	5,947,917
Software AMC Fee	8,272,500	8,432,917
NCHL IPS/NPI Subscription Fee	26,123,619	25,122,119
Login ID Fee	30,554,638	33,746,862
Network Connectivity & Management Fee	9,746,831	9,169,518
EFT Cards Transaction Fee - Issuing	69,206,472	5,753,367
EFT Cards Transaction Fee - Acquiring	36,203,723	4,165,754
EFT Cards - Management Fee	76,289,666	890,850
EFT Cards - Personalization Fee	5,380,759	552,295
EFT Cards - Implementation	5,953,905	634,462
EFT Cards - Subscription & Service Fee	2,035,448	-
EFT Cards - Green Pin/ Paper PIN	2,825,293	390,379
EFT Cards - Support Fee	8,811,308	1,216,693
EFT - Visa Gateway Fee	9,107,580	-
Total	1,032,141,872	783,287,400

4.15. Operating Expenses

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
AMC for ECC Software - NCHL	9,969,166	10,134,470
AMC for ECC Software - BFIs	37,724,394	39,662,396
AMC for IPS Software	4,827,668	5,238,558
AMC for Oracle	14,209,532	12,180,139
AMC & Renewal - Network/Firewall	6,033,345	2,886,961
AMC Expenses - EFT Card Switch	12,796,564	1,531,873
AMC Expenses - Perso System	2,485,253	295,456
AMC - HSM (NPS)	1,041,380	-
Network & Data Connectivity Charges	6,320,974	6,550,138
AMC Expenses - Hardware	11,033,053	8,690,816
AMC Expenses - Internal S/w & H/w	7,904,489	4,325,228
Direct Expenses (SMS & Email)	19,245,310	13,502,001
DR/DC Expenses	12,954,489	5,568,925
Member Training/Orientation Expenses	1,599,135	2,006,404
EFT - 3D Secure Charge	1,057,137	-
EFT - Cybersource Acquirer Service Support	6,441,897	-
EFT - Mastercard Simulator Charges	2,534,768	-
EFT - Visa Card Connectivity Expenses	10,515,121	-
EFT - Other Direct Expenses	3,706,659	3,205,927
Total	172,400,332	115,779,293

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, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Advertisement & Public Notice	513,450	538,509
AGM Expenses	715,705	1,009,516
Audit Expenses	2,616,303	1,705,724
AMC Expenses-HRMIS	185,292	-
Bank Commission	158,436	64,723
Books and Subscription Expenses	33,560	31,550
Business Promotion Expenses	61,523,428	27,174,052
Common Area & Parking Expenses	4,057,417	2,151,519
Consultancy Fee	82,200	173,998
Courier Expenses	69,598	66,107
Electricity Expenses	2,560,562	2,264,130
Fuel Expenses	496,528	497,398
Insurance Expenses	4,285,699	2,969,408
Legal Fee	661,377	782,302
Local Conveyance	15,805	57,239
Loss on Disposal of Assets	9,538,872	-
Meeting Allowance & Expenses	2,649,890	2,718,201
Office Expenses	3,422,357	3,522,125
Other Expenses	4,398,177	953,326
Support Service Expenses	7,951,133	7,334,892
Printing & Stationery	302,426	364,276
Registration & Renewal	219,515	104,752
Repair & Maintenance	350,685	518,307
Telephone Expenses	518,922	496,666
Travel Expenses	1,481,973	2,068,634
Website Development / Hosting Expenses	59,115	2,001
Total	108,868,423	60,169,355

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)	1,398,005.18	2087/08/30	5% p.a	180 days
Rent - Kamaladi Complex (Block II)	2,257,674.14	2089/02/32	5% p.a	180 days
Rent - DD Plaza	6,250,160.37	2084/06/16	8% p.a	90 days
Kamaladi Complex-4th Floor	2,666,666.64	2090/04/30	10% every two years	90 days
EFT Card Office-Naxal	1,442,864.14	2085/06/16	10% every two years	90 days
Total	14,015,370.47			

4.16.2. Audit Expenses

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Actuarial Valuation Fee	45,200	40,000
Due Diligence Audit Fee & Expenses	-	788,277
Internal Audit Fee & Expenses	225,559	236,794
IS Audit/Assessment Fee & Expenses	360,018	405,020
ISO Certification & Implementation Expenses	319,500	-
PCI DSS Audit Fee	226,492	-
PCI PIN Security Fee	175,378	-
Statutory Audit Fee & Expenses	337,239	235,632
VAPT Expenses	926,917	-
Total	2,616,303	1,705,724

4.17. Human Resources Expenses

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Staff - Salary & Allowance Expenses	142,697,966	88,298,701
Staff - Provident Fund Contribution	9,066,377	5,839,794
Staff - Performance Based Variable Incentives	6,721,142	4,323,783
Staff - Tech Allowance	5,286,105	3,154,304
Staff - Dashain Allowance	6,800,565	4,304,173
Staff - Gratuity/Superannuation Benefit	12,071,751	8,245,222
Staff - Leave	6,828,538	1,717,610
Staff - Leave Fare Allowance	3,727,689	1,741,383
Staff - Other Benefits	17,107,187	12,518,474
Staff - Training Expenses	2,708,437	1,941,762
Staff - HR activity	1,675,345	1,726,512
Staff - Fellowship Allowance	429,304	227,500
Less: Capitalization - Product Development	(57,643,765)	(41,842,818)
Total	157,476,641	92,196,401

4.18. Finance Cost (Actuarial and Lease Liability)

PARTICULARS	ASHAD 32, 2082 (16 JULY 2025)	ASHAD 31, 2081 (15 JULY 2024)
Finance Cost-Lease	5,286,865	5,300,211
Finance Cost-Superannuation	1,883,079	1,456,264
Finance Cost-Lease	1,243,533	798,624
Total	8,413,477	7,555,099

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)

- 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 Ashad 2082 are NPR 2,427,460,817 and NPR 5,000 respectively.
- 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 Ashad 2082 is NPR 61,222. The company has debenture amounting NPR 9,754,000 in the bank. The debenture matures on 26th Asoj 2084 (12th October 2027).
- 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 Ashad 2082 is NPR1,178,217. The company has following debentures as on Ashad end 2082 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 107,500,000	
Total		NPR 168,907,000	

5.1.2. Transaction with the banks represented on the Board

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

- Following are the members of the Board of Directors as on 32nd Ashad 2082:
 - Mr. Chet Prasad Uprety, Chairman - Nepal Rastra Bank

- Mr. Ujjal Rajbhandary, Director - Himalayan Bank Ltd.
- Mr. Mahesh Sharma Dhakal, Director - Nepal Investment Mega Bank Ltd.
- Mr. Srijan Krishna Malla, Director - Siddhartha Bank Ltd.
- Mr. Til Bahadur Gurung, Director - Muktinath Bikas Bank Ltd.
- Mr. Amit Shrestha, Director - ICFC Finance Ltd.
- 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. The meeting allowance was increased from NPR 7,500 to NPR 10,000 from 13th Chaitra 2081, after necessary approval from the last AGM and Nepal Rastra Bank. During the fiscal year, the company incurred total meeting allowances expense of NPR 1,340,000. The details of the Meeting allowances are given below:

S.NO.	MEETING	MEETING ALLOWANCE
1.	Board Meeting	870,000
2.	Audit Committee Meeting	102,500
3.	HR Committee Meeting	240,000
4.	NPS High Level Committee Meeting	67,500
5	Risk Committee	60,000
Total		1,340,000

- The Chief Executive Officer during the fiscal year has been paid NPR 7,700,000 as salary and allowances, NPR 1,358,305 as other benefits including provident fund contribution, leave fare allowance and festive allowance. Staff bonus has been paid as per the law. He was also provided with office vehicle with a driver, total reimbursement of fuel expenses of NPR 236,883 and mobile expenses of NPR 24,000 during the fiscal year.

- 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. Following are the members of Management Committee as on 32nd Ashad 2082:

- Mr. Neelesh Man Singh Pradhan, Chief Executive Officer
- Mr. Neeraj Man Sainju, Deputy Chief Executive Officer
- Mrs. Munni Rajbhandari, Chief Operating Officer
- Mr. Dilliman Singh Shakya, Chief Technology Officer
- Mr. Bikash Saran, Chief Product Development Officer
- Mr. Vivek Giri, Chief Business Officer
- Mr. Chhabi Sapkota, Head - Payment Systems
- Mr. Prabin Acharya, Head - Card Operations

- 9) Mrs. Prajana Kayastha, Head - Risk & Compliance
 10) Mr. Ananda Marasini, Head - Finance/Accounts & Strategy

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. 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 connectIPS/ 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	1,032,141,872	4,114,421
Less: Direct Expenses	172,400,332	4,847,558
Gross Profit	859,741,540	(733,137)
Indirect Income	139,084,022	-
Less: Indirect Expenses	108,868,423	51,622,187
Less: HR Expenses	157,476,641	30,289,539
Less: Finance Cost (Lease+ Superannuation+ Leave)	8,413,477	1,514,426
Less: Foreign Exchange Loss	510,577	91,904
Operating Profit	723,556,443	(84,251,193)
Less: Depreciation/Amortization	95,645,211	24,859,350
Less: Staff Bonus Provision	62,791,123	-
Product PBIT	565,120,109	(109,110,543)

NPS Reporting - Financial Position

PARTICULARS	TOTAL	NPS PROJECT
Assets		
Fixed Assets & WIP Projects	848,868,953	513,400,648
Cash & Bank Balance (with FDs)	1,801,608,436	-
Settlement Guarantee Fund Deposits	170,760,817	170,760,817
Other Assets	568,958,696	-
Total	3,390,196,902	684,161,465
Liabilities		
Total Liabilities	449,072,006	60,000,000
Total Liabilities	449,072,006	60,000,000
Net Worth	2,941,124,897	624,161,465
Accumulated Reserve		(109,110,543)
Total Investment	2,941,124,897	515,050,923

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. *connectIPS* e-Payment, *connectIPS* Integration components, National Payments Interface (NPI) *connectRTGS*, 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 forms 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 improve 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.

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/ connectIPS 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. Pressure on pricing on various systems of NCHL 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 1 related to RPS is already in operations. NPS is expected to be one of the major projects and the system for NCHL, requiring sizeable investments from its reserves. The project is currently at the final stage of commercial rollout for Phase 2. 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. 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 risk of not able to increase number of members and inability to upgrade/ enhance its switching and associations systems/ infrastructures. Hence, primary effort is being invested to upgrade the core EFT Switch to new version and then implement necessary enhancements of NEPALPAY card and other scheme related changes.

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.

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 NPR 190,240,635) and 0.789% of Cash Dividend for tax purpose (amounting to NPR 10,006,657) from the Profit of the FY 2081/82, 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.

ANNUAL GENERAL MEETING NOTICE

चौधौं वार्षिक साधारण सभा सम्बन्धी सूचना (पहिलो पटक प्रकाशित हुने मिति २०८२/०८/११)

श्री शेयरधनी महानुभावहरू,

यस कम्पनीको सञ्चालक समितिको मिति २०८२/०८/१० मा बसेको २७५ औं बैठकको निर्णय बमोजिम यस कम्पनीको चौधौं वार्षिक साधारण सभा देहाय बमोजिमका मिति, स्थान र समयमा निम्न विषयहरूमा छलफल तथा निर्णय गर्न बस्ने भएको हुँदा कम्पनी ऐन, २०६३ को दफा ६७ (२) अनुसार सबै शेयरधनी महानुभावहरूको जानकारीको लागि यो सूचना प्रकाशित गरिएको छ ।

सभा हुने मिति, स्थान र समय :-

मिति : २०८२ साल पौष महिना ३, बिहिबार (तदनुसार 18th December 2025, Thursday)

स्थान : काठमाडौं म्यारियट होटल, नक्साल, काठमाडौं ।

समय : बिहान ११:४५ बजे ।

छलफल गर्ने विषयहरू :-

क. साधारण प्रस्ताव:

- सञ्चालक समितिको आ.व. २०८१/८२ को प्रतिवेदन पारित गर्ने ।
- लेखापरीक्षण प्रतिवेदन सहितको २०८२ आषाढ मसान्तसम्मको वासलात तथा सोही मितिमा समाप्त आ.व. २०८१/८२ को नाफा नोक्सान हिसाब तथा नगद-प्रवाह विवरण स्वीकृत गर्ने ।
- सञ्चालक समितिले प्रस्ताव गरे बमोजिम ०.७८९ प्रतिशत नगद लाभांश (रु. १,००,०६,६५७) बोनस शेयर वापतको कर प्रयोजनका लागि स्वीकृत गर्ने ।
- आ.व. २०८२/८३ को लागि वाह्य लेखापरीक्षकको नियुक्ति तथा निजको पारिश्रमिक निर्धारण गर्ने ।
(वर्तमान लेखापरीक्षक श्री जे.बि.राजभण्डारी एण्ड डिभिन्स पुनः नियुक्त हुन योग्य रहनु भएकोले लेखा परीक्षण समितिबाट पुनः नियुक्तिको निमित्त सिफारिस भएको ।)
- कम्पनीको नियमावली अनुसार समुह "ख-२" र "ख-३" का शेयरधनीको तर्फबाट सञ्चालक समितिमा प्रतिनिधित्व गर्ने एक एक जना सञ्चालकको निर्वाचन गर्ने ।

ख. विशेष प्रस्ताव:

- सञ्चालक समितिले प्रस्ताव गरे बमोजिम १५ प्रतिशत बोनस शेयर (दशमलबलाई राउन्ड गर्दा हुन आउने १९,०२,४०६ कित्ता) स्वीकृत गर्ने ।
- बोनस शेयर बराबर चुक्ता पुँजी वृद्धि गर्न प्रबन्धपत्रको संशोधन स्वीकृत गर्ने ।
- प्रस्तावित संशोधनमा नियमनकारी निकायहरूबाट कुनै फेरबदल वा सुझाव प्राप्त हुन आएमा आवश्यक फेरबदल गर्न कम्पनीको सञ्चालक समिति वा सञ्चालक समितिले तोकेको कुनै पदाधिकारीलाई अधिकार प्रत्यायोजन गर्ने अख्तियारी दिने ।

ग. विविध ।

सञ्चालक समितिको आज्ञाले
कम्पनी सचिव

साधारण सभा सम्बन्धी अन्य जानकारी

- (१) शेयरधनीज्यूहरूको ठेगानामा हुलाक/कुरियरबाट पठाइने वार्षिक साधारण सभाको प्रतिवेदन यस कम्पनीको वेबसाइट www.nchl.com.np मा पनि हेर्न सकिनेछ। कुनै कारणले प्रतिवेदन प्राप्त नगर्नु हुने शेयरधनीज्यूहरूले यस कम्पनीको रजिष्टर्ड 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 कागजातहरू कम्पनीको रजिष्टर्ड 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 मुर्कर गर्न भएमा सोको लिखित सूचना सोही अर्वाधिभित्र कम्पनीको केन्द्रीय कार्यालयमा दर्ता गरिसक्नुपर्नेछ।
- (५) शेयरधनीज्यूहरूको सुविधाको लागि हाजिरी पुस्तिका सभास्थलमा सभा हुने दिन बिहान ११:३० बजे देखि सभा चालु रहेसम्म खुल्ला रहनेछ।
- (६) अन्य कुनै जानकारीका लागि कम्पनीको रजिष्टर्ड कार्यालय, कमलादी, काठमाडौंमा सम्पर्क गर्नु हुन अनुरोध छ।



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पो.ब.नं. २१४००, फोन नं. ०१-५९७००६५
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प्रोक्सी फाराम

श्री सञ्चालक समिति,
नेपाल क्लियरिङ 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 २०८२ साल पैष महिना ३ गते बिहिबारका
दिन हुने चौधौं वार्षिक साधारणसभामा म स्वयंम उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग
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धनी श्रीशेयर पमाणपत्र नं. लाई मेरो/हाम्रो प्रतिनिधि
मनोनित गरी पठाएको छु/छौं ।

निवेदक :-

दस्तखत:-

नाम:-

ठेगाना:-

शेयरधनी परिचय नं:-

शेयर प्रमाणपत्र नं:-

कि.नं. देखि सम्म

मिति:-

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



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