



NIC ASIA

एन आई सी एशिया बैंक लि.

बैंक पनि, साथी पनि

राम्रो पनि, हाम्रो पनि



NIC ASIA CARBON DISCLOSURE REPORT FY 2023/24

For the portfolio of
Business Loan & Project finance
(Corporate Loan)



PCAF

Partnership for
Carbon Accounting
Financials

Overview

The world is experiencing a fundamental transition towards green, with sustainability of utmost importance. Companies across different industries are recognizing the need to act on climate and are prioritizing sustainable practices that are environmentally friendly.

NIC ASIA Bank is deeply dedicated to sustainability and is strongly promoting its agenda in Environmental, Social, and Governance (ESG) practices to minimize its carbon footprint. Leveraging its strength in digital innovation, the Bank has succeeded in bringing a large part of the unbanked population under the financial mainstream. Over 90% of its customer transactions are now occurring through digital channels, making a notable contribution to emission reduction.

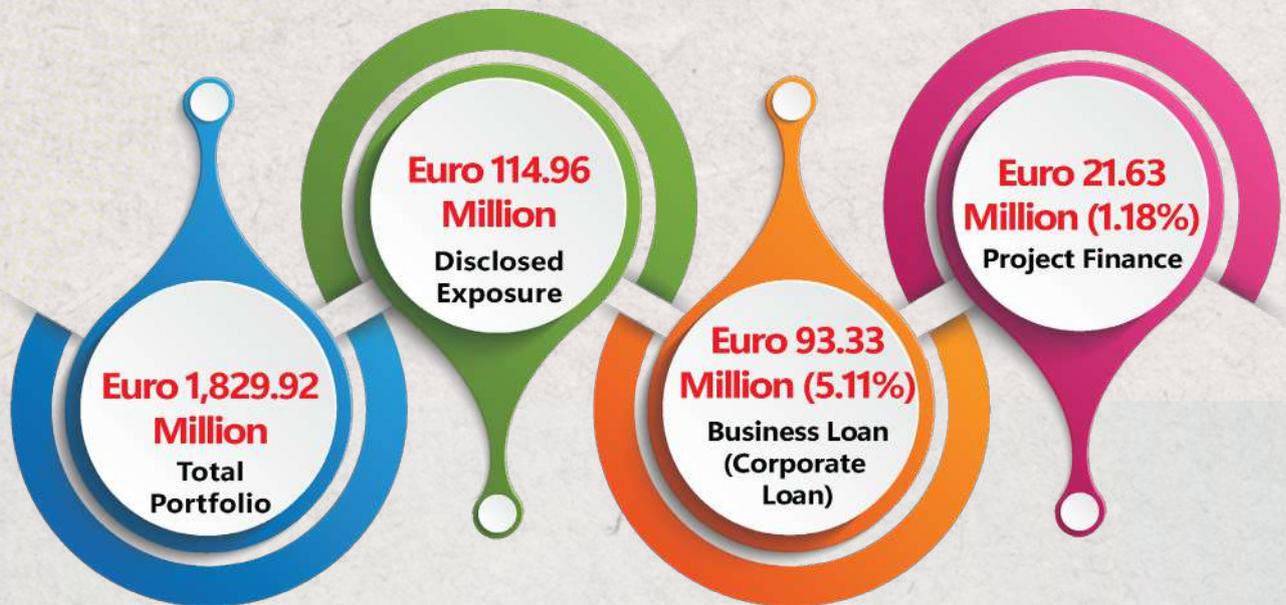
The Bank is still embracing global best practices that are consistent with Environmental, Social, and Governance (ESG) goals and remains determined to make consistent progress towards achieving a sustainable future. It is actively integrating ESG considerations into its strategic framework and will persist in introducing new initiatives intended to further promote sustainability.

Aligned with these objectives, NIC ASIA Bank officially became a signatory to the Partnership for Carbon Accounting Financials (PCAF) in May 2024. In line with this commitment, the Bank is publishing its initial carbon emissions report, covering financed emissions from loans and investments under "Project Finance" and "Business Loan" categories (internally classified as Corporate Loan Portfolio). The report is the Bank's initial effort in quantifying and reporting financed emissions, reflecting its resolve to support Net Zero aspirations, combat climate change, and reduce global warming hazards.



Portfolio Details

The Bank's total loan outstanding amount as of 15th July, 2024 is NPR 285.33 Billion. Out of total loan portfolio, the Corporate Loan stood at NPR 18.23 Billion with NPR 3.67 Billion in Hydropower and NPR 14.56 Billion in other Business Sector respectively.

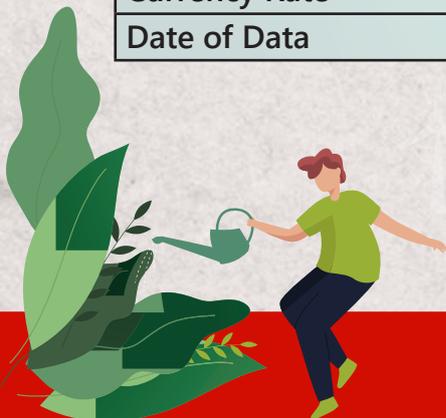


Methodology



The disclosure and the calculation are based on the following assumption and methodology as prescribed by PCAF – Global GHG Accounting and Reporting Standard.

Classification Type	Exiobase Sector Classification
Emission Options	Economic Activity Based/ Physical Activity Based
Activity Variable	Revenue/ Assets
Region / Country	<ul style="list-style-type: none"> • Emerging Economies/Regional Average • For Avoided Emission - Grid emission factor for Nepal.
Emission Factor Source/ Year	PCAF Database 2024
Currency Rate	1 Euro/156 NPR
Date of Data	17 th July 2023 to 15 th July, 2024



Emission Details

The Bank has prepared its emission report which includes Scope 1 and Scope 2 emissions of its Business Loan (Corporate Loan). In FY 2023/24, absolute emissions have been reported at 21,697.78 tons of CO₂ equivalent in Scope 1 and 8,101.81 tons of CO₂ equivalent in Scope 2.

Moreover, through an investment in Project Finance (Hydropower), a renewable source of energy, the Bank has made an avoidance of 200.73 tons of CO₂ equivalent emissions in the respective fiscal year.

Data Quality Score

Business Loan (Corporate Loan) portfolio data quality score has been computed by using the weighted average approach, under options "3a" and "3b" methodology.

For the Project Finance, the Bank has used methodology option "2b", with a data quality score of 3.

NIC ASIA Bank is dedicated to improving the quality and integrity of its emissions data by continually recording and monitoring relevant data, and aims to increase its Data Quality Score progressively over time.

Disclosure Result

Sector	Exposure (Euro Million)	Scope 1 tCO ₂ e	Scope 2 tCO ₂ e	Total Emission (tCO ₂ e)	Emission Intensity (tCO ₂ e/M.Euro)
Business Loan (Corporate Loan)	93.33	21,697.78	8,101.81	29,799.59	319.31
Total	93.33	21,697.78	8,101.81	29,799.59	319.31



Sector Wise Absolute Emission:

Sector		Scope 1 tCO ₂ e	Scope 2 tCO ₂ e	Total Absolute Emission tCO ₂ e (Scope 1+Scope2)	Weighted Data Quality Score
	Agriculture	7,992.90	1,947.78	9,940.68	4.44
	Construction	238.36	57.11	295.47	4.42
	Educational Services	5.76	5.40	11.15	4.29
	Electrical & machinery	16.18	36.31	52.49	4.62
	Financial Services	9.85	4.84	14.69	5.00
	Food Production	3,132.36	1,475.08	4,607.44	4.34
	Health Sector, Hospitals	48.76	34.00	82.76	4.44
	Hotels and Restaurants	106.41	71.01	177.42	4.58
	Manufacturing	1,935.71	292.01	2,227.72	4.63
	Metal & steel products	1,038.72	78.23	1,116.95	4.00
	Publication	57.67	57.68	115.35	4.70
	Real Estate	6.31	4.46	10.77	5
	Telecommunication	8.53	18.08	26.61	4
	Travel and tourism	164.43	51.64	216.07	4
	Wholesaler and Retailer	6,935.84	3,968.18	10,904.02	4.29
Grand Total		21,697.78	8,101.81	29,799.59	



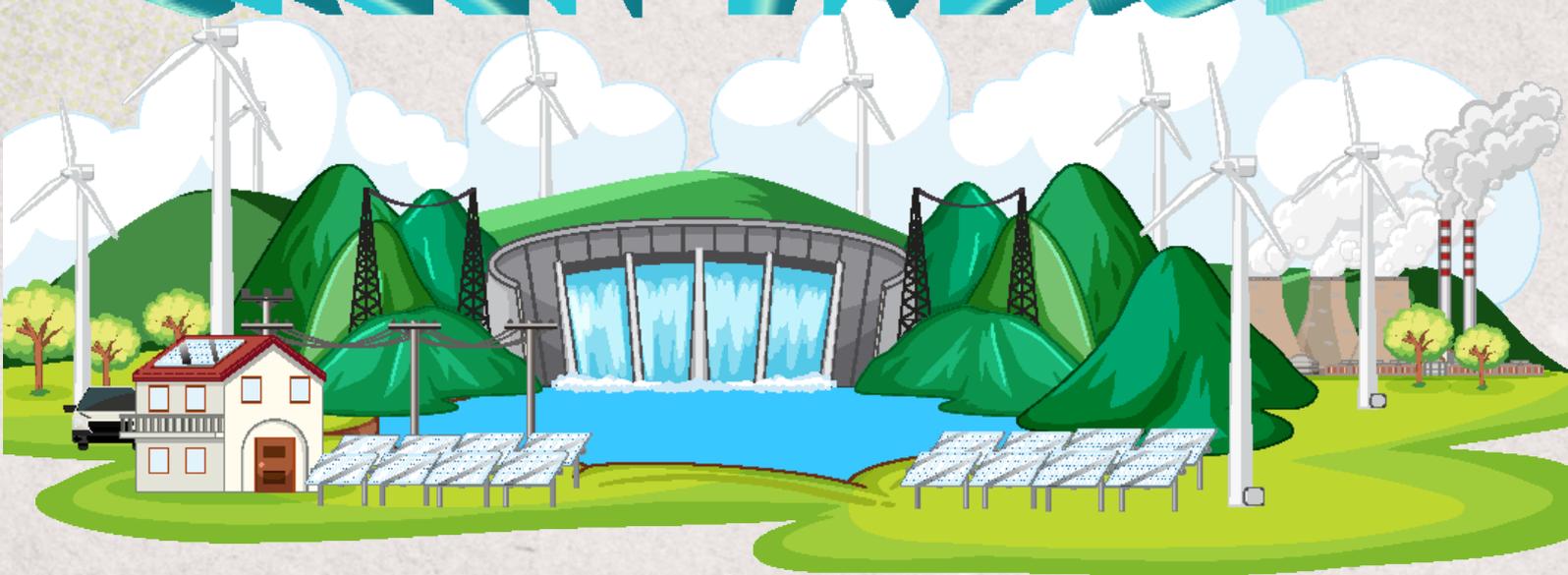
Avoided Emissions:

The Project Finance investments by the Bank is on Hydropower projects, which constitute a clean and renewable source of energy and thus a significant component in limiting carbon emissions.

The exposure of the NIC ASIA Bank to the hydropower portfolio reflects its dedication to sustainable lending, and the corresponding avoided emission figures are as follows:

Sector	Bank's Exposure (€ in Million)	Avoided Emission (tCO ₂ e)	Data Quality Score
Renewable Energy (Hydropower)	21.63	200.73	Score 3 Option 2b

GREEN ENERGY





Scope 3 Emission:

Consistent with PCAF methodology and international GHG accounting and reporting standards, Scope 3 emissions are required to be reported distinctly from absolute emissions.

The Bank has disclosed Scope 3 emissions for certain key sectors and emissions from other sectors under Scope 3 will be phased in future disclosures.

Sector	Scope 3 tCO ₂ e	Weighted Data Quality Score
Agriculture	12,986.13	4.44
Construction	5,640.60	4.42
Food Production	36,607.33	4.34
Manufacturing	3,312.00	4.63
Metal & steel products	1,277.86	4
Grand Total	59,823.92	

Conclusion

This report is NIC ASIA Bank's initial public disclosure of financed emissions, covering the Business Loan and Project Finance segment (internally classified as Corporate Loans) with exposure reported at EUR 114.96 million which is 6.29% of the total loan portfolio.

In relation to the fact that a large proportion of the Bank's lending is to Small and Medium Enterprises (SMEs) and the Retail segment, future reports will progressively include emissions pertaining to these portfolios.

NIC ASIA Bank acknowledges its responsibility to contribute to a low-carbon, sustainable economy and is dedicated to manage climate risks, promoting clean sources of energy and encouraging environmentally sound practices.

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Reference: PCAF (2022) The Global GHG Accounting and Reporting Standard for the Financial Industry. Second Edition

PCAF Database, September 2024

