



Nabil Bank

Carbon Disclosure



Report 2025



Carbon Disclosure Report

As part of its commitment under the Partnership for Carbon Accounting Financials (PCAF), Nabil Bank has disclosed greenhouse gas (GHG) emissions of its loans and investments (i.e., Scope 3 Category 15) for the year 2025, following its earlier reports from 2023 and 2024. The 2025 disclosure continues to account for Scope 1, Scope 2, and select Scope 3 emissions from one of its key SBU, the Infrastructure and Project Financing (IPF) portfolio. This is the third year in row that bank is publishing data related to its carbon footprint under the financed portfolio of IPF division. The IPF portfolio, which is being covered under this reporting, represented 10.31% of bank's total LDO as of FY 2023/24 closing , i.e., 15th July 2024 and the portfolio comprises exposure to business sectors like energy, cement, airlines & telecommunication services that come under the asset class of "Project Finance" as per the PCAF Standard. This report provides an in-depth analysis of the 2025 disclosure.



Attribution to Emissions

For attribution, the total equity and debt of borrowing entities are referred from their latest audited financial statements of FY 2023/24 closing. Consequently, the productions and revenue of these entities for FY 2023/24 has been considered to derive absolute emissions based on PCAF based emission factor.



References to Calculation Methodology

The disclosure here is based on the following

Classification Type	Exiobase Sector Classification
Emission Factor Type	Emissions Generated for other sectors and Avoided Emissions for renewable sectors
Emission Factor Options	Physical Activity Based, i.e., Option 2 (Energy produced annually in Mega Watt hour in FY 2023/24) Economic Activity Based, i.e., Option 3 (Company Revenue in the financials of FY 2023/24)
Country	Emerging Economies Emission Factors (EF) data as Nepal specific data are not available
Source	PCAF Database 2019
References	The Global GHG Accounting & Reporting Standard (PART A) PCAF Database User Briefing (February 2024) Further Information on Exiobase data (Database Methodology) January 2023
Currency Conversion	Exchange rate of USD/134 NPR of the reporting date (15 th July 2024) considered. For emission factors expressed in Euro, the cross exchange rate for conversion is based on Euro/146.14 NPR prevailing on the reporting date.

Baseline Recalculation/Emission Restatement Policy

Bank will consider recalculating its baseline or restating prior periods emission disclosures in circumstances where there occurs a material significant change requiring bank to take into account the cumulative effect on its base year financed/avoided emissions. This may be a result of structural changes in bank like merger/acquisition, changes in calculation methodology or improvements in the accuracy of emission factors or activity data that result in a significant impact on the base year emissions data, and findings of errors that are collectively significant etc.

The trigger event for significant change necessitating recalculation will be determined for a change threshold of 10% of base year emissions for practical reasons however, we may further consider the circumstance and overall context to guide our assessment for recalculation.

DISCLOSURE RESULTS

ABSOLUTE EMISSIONS FROM LOANS AND INVESTMENTS OF IPF PORTFOLIO (other than Energy)

S.N.	NACE/ Exiobase Code	Industry Classification (NACE 2 Description)	Absolute Emission tCO ₂ e		Total Absolute Emission tCO ₂ e (Scope 1 & 2)	Bank's Exposure in USD Million	Data Quality Score
			Scope 1 tCO ₂ e	Scope 2 tCO ₂ e			
1	23.51/ p26.d	Manufacturing (Cement)	168,514.81	6,844.67	175,359.48	56.09	Score 4, Option 3 (3a)
2	51.1/ p62	Air Transport	4,863.44	176.33	5,039.77	14.69	Score 4, Option 3 (3a)
3	61/S15	Telecommunications	277.56	174.35	451.91	19.96	Score 2, Option 1 (1b)
		Total	173,655.81	7,195.35	180,851.16	90.75	

Note: Weighted data quality score for above calculation is 3.56 where score of 1 indicates high data quality and score of 5 indicates low data quality

Total Absolute Emissions (Scope 1 & 2) = 180,851.16 tCO₂e from total loan exposure of USD 90.75 million

Emission Intensity (tCO₂e/\$ Million Loaned) = 1,992.87 tCO₂e per million \$ loaned

The 2025 disclosure results for Nabil Bank's IPF portfolio (excluding energy) reflect a 1.1% increase in absolute emissions compared to the previous year despite a loan de-growth of 4.74% in the above sectors. The emission intensity also increased by 6.17% from 2024 disclosure report to 1992.87 tCO₂e per million USD loaned. As the bank's exposure in the sectors have rather declined, the nominal rise in both absolute emissions and emission intensity based on option 3(3a) EF is attributable to increased revenue activity and the currency exchange rate only. Telecommunications emissions has been reported the same as previous year in absence of updated sustainability data from the concerned borrower and decline in its revenue activity compared to previous data.



Scope 3 Emissions

NACE /Exiobase Code	Industry Classification (NACE 2 Description)	Scope 3 tCO ₂ e
23.51/p26.d	Manufacturing (Cement)	32,403.73

The 2025 disclosure of Scope 3 emissions for Nabil Bank's IPF portfolio under cement-manufacturing sector reflects a slight increase of 2% from 33,266.54 tCO₂e in 2024 report to 33,933.14 tCO₂e in this report. This is again attributable to increased revenue activity and the currency exchange.

AVOIDED EMISSIONS FROM LOANS AND INVESTMENTS IN ENERGY & RENEWABLES (OPERATIONAL PROJECTS)

S.N.	NACE Code/ (Exiobase Code)	Industry Classification	Emission tCO ₂ e (Avoided)	Bank's Exposure in USD Million	Data Quality Score
1	35.11/S11	Renewable Electricity (Hydropower)	10,988.31	119.42	Score 3, Option 2 (2b)
2	35.11/S11	Renewable Electricity (Solar)	183.72	4.62	Score 3, Option 2 (2b)
		Total	11,172.03	124.04	

The disclosure of avoided emissions is based on the energy production and physical activity based avoided emission factor from PCAF database which had been considered for base year disclosure report of 2023. The 2025 disclosure of avoided emissions from loans and investments in operational renewable energy projects shows an increase in total avoided emissions from 10,176.60 tCO₂e in 2024 report to 11,172.03 tCO₂e. This increase is due to more thrust on financing renewable energy sector and further commissioning of new under construction projects in FY 2023/24. The bank's increased exposure to the renewable energy sector, totaling USD 124.04 million published in this report (up from USD 92.85 million in 2024 report), underscores its commitment to financing green and renewable energy projects in line with Nepal's directed lending requirements and the country's broader net-zero aspirations. The portfolio majorly comprises Run-of-River hydropower projects and few Grid Solar projects.

Conclusion

Nabil Bank's 2025 PCAF disclosure highlights its continued commitment to sustainable financing and climate action, showcasing progress in avoided emissions from renewable energy projects and an increased portfolio in the sector. While challenges persist in improving data quality and obtaining reliable physical activity data, the bank remains focused on addressing these gaps through borrower engagement and consultant collaboration. The disclosure has only covered 10% of bank portfolio from its IPF Portfolio that fall under asset class of Project Finance due to limitation of data and resource. However, bank is striving to extend its disclosure coverage to include more sectors and asset classes aligning with broader sustainable development goals. Under the current context where bank regulator has now further introduced Green Taxonomy, the disclosure initiatives reaffirm Nabil Bank's commitment in Carbon Accounting and its pivotal role in supporting Nepal's journey toward a net-zero economy.

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