



Nepal Infrastructure Bank Limited

Post-Issuance Review — Green Bond Allocation and Impact Report (2025–2026)

Summary Components

Allocations		Disclosure and Assessment	Aligned	Use of proceeds (UoP) allocated in line with the issuance framework
Impact		Disclosure and Estimation	Available	Impact reporting in line with the ICMA Harmonised Framework for Impact Reporting Estimation of avoided emissions
UN SDGs		Contribution	Direct contribution	Assessment of contribution to UN Sustainable Development Goals (SDGs)

Scope of Work

On 1 June 2025, Nepal Infrastructure Bank Limited (NIFRA) issued a green bond under its green bond framework (issuance framework) published in March 2025.

In August 2026, the entity engaged Sustainable Fitch to provide a Post-Issuance Review focusing on:

- disclosure of the allocations for the green instrument;
- alignment of allocations with the issuance framework for the green instrument;
- disclosure of impact reporting metrics for the green instrument;
- estimation of the renewable energy UoP category's impact for the green instrument;
- alignment of impact reporting metrics with the ICMA Harmonised Framework for Impact Reporting for the green instrument;
- UN SDG contributions.

The current Post-Issuance Review is not a limited (or reasonable) assurance.

This review provides our assessment of the UoP allocation performed against the criteria outlined in the issuance framework.

Our assessment is based on the information provided by the entity and presented in its allocation and impact report. The entity is responsible for the preparation of the report, including the application of methods and internal control procedures designed to ensure that the information is free from material misstatement. We rely on, and have not verified independently, any information included in the entity's report.

NIFRA's reporting of impact includes our estimate of the renewable energy UoP category's environmental benefits from the investments of the net proceeds in the category as of mid-July 2026, which amounted to NPR1,938.12 million (USD12.7 million). This assessment is based on information provided by NIFRA. Specifically, our estimation of the avoided emissions is based on emissions factors from the Avoided Emissions Platform, an independent and external harmonised, science-based platform to calculate and compare avoided emissions.

Our assessment does not consider any information other than the information disclosed in the entity's report and obtained by NIFRA itself.

Bond Information
Framework
Green Bond Framework
Instrument(s)
ISIN NPE369A11011 6% NPR5bn due June 2032

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Allocations - Disclosure and Assessment Versus the Issuance Framework

UoP – Disclosure

The following table shows the allocations of the net proceeds, equal to NPR1,938.12 million, to the renewable energy UoP category as of mid-July 2026, following the issuance of the bond transaction (ISIN: NPE369A11011).



Where feasible, we show the amount allocated to the sub-categories financed within each UoP.

UoP	Projects			Amount allocated			% of financing versus refinancing
	Sub-category	Location	% of project financed	CCY	Amount (millions)	% of total proceeds	
Renewable energy	Hydropower project A	Nepal	12.6%	NPR	250	5%	100%
	Solar energy project E	Nepal	7.1%	NPR	257.67	5.2%	100%
	Solar energy project F	Nepal	15.7%	NPR	281.07	5.6%	100%
	Solar energy project G	Nepal	24.5%	NPR	512.97	10.3%	100%
	Solar energy project H	Nepal	3.8%	NPR	39.24	0.78%	100%
	Solar energy project I	Nepal	26.2%	NPR	310.90	6.2%	100%
	Solar energy project J	Nepal	24.2%	NPR	286.27	5.7%	100%
	Unallocated			NPR	3,061.88	61%	
Total				NPR	5,000	100%	

Source: NIFRA green bond allocation and impact report (2025–2026)

NIFRA is a financial institution listed on the Nepal Stock Exchange and is focused on infrastructure project financing in Nepal. NIFRA's key business activities involve banking services related to infrastructure development, including project financing and syndicated lending.

NIFRA allocated 38.8% of the total net proceeds to the renewable energy UoP, to six solar energy technologies and one hydropower project in Nepal. As of mid-July 2026, NIFRA had allocated NPR250 million to the hydropower project and NPR1,688 million to solar energy projects. The total net proceeds are not yet fully allocated, but NIFRA has confirmed that it has approved financing commitments exceeding 100% of the bond amount, indicating a pipeline of eligible projects. The approved projects comprise three other hydropower projects, in addition to the allocated projects indicated in the table above.

The issuer has confirmed that all proceeds were allocated to the financing of new projects, specifically financing the construction and development of new solar and hydropower plants. As such, proceeds have been fully directed towards capex.

UoP – Assessment Versus Issuance Framework

The following table shows our assessment of the alignment of the projects financed within each UoP with the issuance framework.

UoP	Type	ICMA Category	Eligibility Criteria from issuance framework	Aligned with issuance framework	Comments
Renewable energy	E	Renewable Energy	Eligible solar energy projects include the development, construction and operation of solar energy generation projects, including solar PV facilities, solar home systems and mini grids. Solar PV components must meet the performance and durability requirements of the Nepal Green Finance Taxonomy. Eligible hydroelectricity generation projects include run-of-river hydroelectricity plants with a capacity of up to 25MW and no artificial reservoirs, provided they comply with the taxonomy's criteria and use professional installation and maintenance services. Projects must align with the Nepal Green Finance Taxonomy.	✓	We consider the selected projects to meet the eligibility criteria outlined in the issuance framework. Solar energy and hydroelectricity projects are included as eligible sub-categories under the renewable energy UoP category of the issuance framework. We consider the allocated renewable energy projects to have clear environmental benefits, as these renewable energy sources contribute to reducing GHG emissions compared with fossil fuel-based energy generation. The issuance framework allows for a variety of solar energy projects to be financed. The issuer has confirmed that the solar projects financed are small solar PV plants with capacities of up to 50MW, and meet the Nepal Green Finance Taxonomy requirements for solar PV power generation facilities, in line with the issuance framework's eligibility criteria. The approved hydropower projects have capacities of 25MW or below, which aligns with the eligibility thresholds set out in the issuance framework. The projects are also aligned with the Nepal Green Finance Taxonomy, which requires projects to be run-of-river facilities without artificial reservoirs.

Source: Sustainable Fitch, NIFRA green bond allocation and impact report (2025–2026)

Note: E – Environmental.

Based on the information provided by NIFRA, we consider the financed solar and hydropower projects to comply with the eligibility criteria of the issuance framework. We view the allocated projects to support climate change mitigation by increasing the supply of clean energy, decreasing reliance on fossil fuels. The projects are consistent with the issuance framework's exclusion list, which excludes fossil fuel-related activities and hydropower projects with capacities above 25MW.

Project Evaluation and Selection – Assessment Versus Issuance Framework

We view NIFRA's project evaluation and selection process as aligned with the issuance framework. NIFRA confirmed that its sustainable committee oversaw the identification, assessment and approval of eligible projects. The committee comprises representatives from the sustainability, treasury, risk and compliance, and infrastructure investment functions.

The committee follows a structured process that includes initial screening against the ICMA Green Bond Principles and the Nepal Green Finance Taxonomy, eligibility assessment and due diligence, pipeline development, regulatory compliance review, stakeholder engagement, and final approval. NIFRA also indicated that funded projects are subject to ongoing impact monitoring and reporting to ensure continued eligibility.





Management of Proceeds – Assessment Versus Issuance Framework

We view NIFRA's management of proceeds process as aligned with the issuance framework. The allocation and impact report states that proceeds are managed through an internal tracking system that ringfences proceeds in a dedicated green account, in line with the issuance framework's commitments.

NIFRA manages the unallocated proceeds in accordance with its liquidity management policy and in line with the issuance framework; these were temporarily invested in low-risk, highly liquid instruments. NIFRA confirmed that the proceeds were not allocated to activities covered by the issuance framework's exclusion criteria.



Reporting – Assessment Versus Issuance Framework

We view NIFRA's reporting process as aligned with the issuance framework. NIFRA published its first allocation and impact report in September 2026, covering the bond's allocation and impact until mid-July 2026. NIFRA has committed to publishing a report annually until the bond's maturity. The allocation and impact report includes the disclosure of the methodology used for estimating the expected impact and has identified the specific grid emissions factors used.



Source: Sustainable Fitch, NIFRA green bond allocation and impact report (2025–2026)



Estimate of the Environmental Impact of the Allocated Proceeds

Impact Metrics – Disclosure

The following table shows our estimate of the impact achieved from the investment of NPR1,938.12 million of the net proceeds in the renewable energy UoP as of mid-July 2026, following the issuance of the bond transaction (ISIN: NPE369A11011). As of mid-July 2026, 38.8% of proceeds were allocated.

Summary

Category	Metric	Value	Period
	GHG emissions avoided	23,580tCO ₂ e	Annual

Source: Sustainable Fitch, NIFRA green bond allocation and impact report (2025–2026), additional information provided by NIFRA

Detailed

The following table shows the estimated emission related information for the net proceeds.

UoP	Project	CCY	Amount Allocated		Project Cost (million)	Share of Financing (%)	Annual Energy Generation (MWh)	Project Emissions Avoided (tCO ₂ e)	Financed Emissions Avoided (tCO ₂ e)
			Amount (million)						
Hydropower	Project A	NPR	250.00		1,980.00	12.63%	61,027.38	27,523.35	3,475.17
Solar	Project E	NPR	257.67		3,625.28	7.11%	99,996.04	43,898.26	3,120.11
Solar	Project F	NPR	281.07		1,787.65	15.72%	49,729.59	21,831.29	3,432.51
Solar	Project G	NPR	512.97		2,094.23	24.49%	59,922.98	26,306.19	6,443.55
Solar	Project H	NPR	39.24		1,025.07	3.83%	29,839.80	13,099.67	501.46
Solar	Project I	NPR	310.90		1,184.76	26.24%	29,863.66	13,110.15	3,440.31
Solar	Project J	NPR	286.27		1,184.76	24.16%	29,856.58	13,107.04	3,167.01
Total		NPR	1,938.12					158,875.95	23,580.13

Note: Minor discrepancies can occur due to rounding.

Source: Sustainable Fitch, NIFRA allocation and impact report (2025–2026), additional information provided by NIFRA (energy generation, share of financing)

For all projects, NIFRA has reported the impacts as expected (ex-ante) and are pro-rated to its financed share.

Impact Metrics – Methodology

The calculation applies the avoided emission factors from the Avoided Emissions Platform to estimate the emissions avoided by renewable energy using its harmonised methodology, specifically for hydro power and solar power.

We have received additional information from NIFRA for a more granular input for this assessment, including energy generated, share of financing, and the type of renewable energy such as solar and hydro power.



Impact Metrics – Assessment Versus ICMA’s Harmonised Framework for Impact Reporting for Green Bonds

As shown in the following table, NIFRA is following the majority of the recommendations included in the ICMA Harmonised Framework for Impact Reporting.

Recommendations		Comment(s)
Reporting at least on annual basis	✓	NIFRA is committed to publishing annual allocation and impact reports until bond maturity. NIFRA has published its allocation and impact report slightly over one calendar year after issuance for the green bond issued in June 2025.
Process and timeframe defined and disclosed	✓	NIFRA has defined the project selection and evaluation process for eligible projects in its allocation and impact report. The process is overseen by a sustainable committee comprising representatives from the sustainability, treasury, risk and compliance, and infrastructure investment functions; there are clearly defined roles and responsibilities for project screening, assessment and approval.
Signed versus eligible amount	✓	NIFRA disclosed its proportionate share of financing for each project, alongside the total project financing amount, the approved loan amount, and the amount disbursed as of the reporting date.
Formal internal process for allocation and reporting	✓	NIFRA has established an internal process to track and report the allocation of bond proceeds to eligible projects. The allocation report clearly discloses the approved, allocated and disbursed amounts for each project, providing transparency on the deployment of proceeds and the progress of project financing.
Reporting at portfolio or bond level	✓	Reporting is provided at both the bond and UoP category levels, with clear disclosure of the amounts allocated to the solar energy and hydroelectricity generation sub-categories.
Identify approach to impact reporting	✓	NIFRA reports impact information at portfolio level, at UoP category and sub-category levels.
Environmental and/or social impacts	✓	NIFRA has disclosed an estimate of impact at sub-category level for the bond issued and has estimated the potential impact achieved by the investments in the allocated projects on an annual and ex-ante basis.
Timeframe for impact reporting	✓	NIFRA is committed to disclose impact information on an annual basis until maturity, and has reported in line with this commitment, shortly after the first year of issuance. There is no disclosure of estimated lifetime results and/or the projects’ economic life, but we acknowledge that the projects are all in the construction phase.
Ex-post assessments	–	The impact information reported is calculated on an ex-ante basis for the bond’s proceeds, as all financed projects remain under construction and operational performance data are not yet available.
Referring to core indicators	✓	NIFRA reports impact information from the investment of the net proceeds referring to identified core indicators. For the financed renewable energy projects, it reports avoided GHG emissions (tCO ₂ e/kWh).
Transparency on calculation methodology and assumptions	✓	NIFRA discloses the methodology, key assumptions and data sources used to calculate the reported impact metrics. This includes the grid emissions factor, attribution factor and estimated annual energy generation used to estimate avoided GHG emissions, as well as the underlying environmental baselines applied in the calculations.
Transparency on projects (ie description)	✓	NIFRA discloses information for the financed projects, including the location, technologies and allocation breakdown. All financed projects are located in Nepal and NIFRA uses a consistent impact methodology and assumptions across the portfolio.
Conversion to core units reported	✓	NIFRA disclosed the conversion factors used to calculate impact, including the grid emissions factor in the calculation of GHG emissions avoided.
Disclosure on partial eligibility	✓	The allocation and impact report discloses the project evaluation and selection process for bond proceeds. NIFRA confirmed that all financed projects are fully aligned with the eligibility criteria set out in the issuance framework, and no proceeds were allocated to partially eligible projects.
Importance of qualitative and quantitative reporting	–	NIFRA reports quantitative allocation and impact metrics, providing measurable information on the financed portfolio and its expected environmental benefits.



		Qualitative information on individual projects, such as project descriptions, development status or key project characteristics, are available though limited.
Disclose apportionment of different components (when in different categories)	✓	All proceeds were allocated to the renewable energy UoP only and do not relate to other UoP categories.
Transparency on currency used for cash flows	✓	All cash flows are reported in the same currency (Nepalese rupee).
Reference to reporting templates	–	NIFRA's allocation and impact report aligns to a majority of the ICMA's summary table reporting templates. The allocation and impact report covers key indicators, including allocated amounts and impact metrics. However, there is no disclosure of the project lifetime and qualitative description of financed projects as recommended in the reporting template of the ICMA Harmonised Framework for Impact Reporting.

Source: Sustainable Fitch, NIFRA green bond allocation and impact report (2025–2026)

NIFRA reports broadly in line with the ICMA Harmonised Framework for Impact Reporting. It has provided an allocation and impact report, uses a formal process for project selection and evaluation, and discloses project-level allocation and impact information. We consider its reporting to support transparency on the expected environmental contributions of allocated projects.

Contribution to UN SDGs – Assessment

In the following table Sustainable Fitch shows the UN SDGs each UoP is directly contributing towards.

UoP	Type	UN SDG contribution
Renewable energy	Green	SDG 7 (affordable and clean energy)

Source: Sustainable Fitch, NIFRA green bond allocation and impact report (2025–2026)



SOLICITATION STATUS

The Post-Issuance Review was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.

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