

The Pulse

Market Growth, Risks and Outlook

Poush 2082

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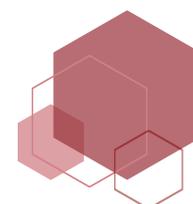
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Himalayan Capital

A Subsidiary of Himalayan Bank Limited



Global Market Overview

€	1.16 \$ (-0.81%)	S&P 500	6,926.59 (1.61%)
£	1.34 \$ (0.44%)	BSE SENSEX	83,382.71 (-2.86%)
₹	90.29* (-0.32%)	NIKKEI 225	54,011.00 (7.94%)
¥	159.18* (2.13%)	FTSE 100	10,219.80 (4.86%)
A\$	0.67 \$ (0.54%)	DAX	25,286.24 (4.36%)
C\$	0.72 \$ (-0.85%)	CAC 40	8,340.40 (2.65%)
		HANG SENG	26,873.20 (4.86%)
		SSE COMPOSITE	4,126.09 (6.67%)

*Values Per 1 \$

	Gold (\$) Per Oz. 4,626.12 (7.45%)		Bitcoin(\$) 96,895.55 (12.08%)
	Brent Crude(\$) Per Barrell 65.38 (8.76%)		Ethereum(\$) 3,576.15 (15.13%)

#All Changes are in MoM basis.

Global Market Trends

Poush showed steady but cautious progress: markets moved ahead, yet with one foot on the brake. Investors were willing to take risks where growth and earnings visibility looked credible, while keeping portfolio protection in place. This explains why major equity indices advanced even as demand for traditional hedges stayed firm, an important mix that signals confidence with insurance rather than outright optimism.

At the core of this move was a moderation in U.S. dollar dominance and a gradual shift in interest-rate expectations. As the perceived gap between U.S. and non-U.S. growth stopped widening, the dollar lost momentum against some major and commodity-linked currencies, even as it held firm elsewhere. That softer, more balanced dollar tone supported risk sentiment and helped equity markets in economies with stronger domestic demand and clearer earnings visibility. The recovery, however, remained uneven rather than synchronized, reminding investors that policy and growth paths still differ by region.

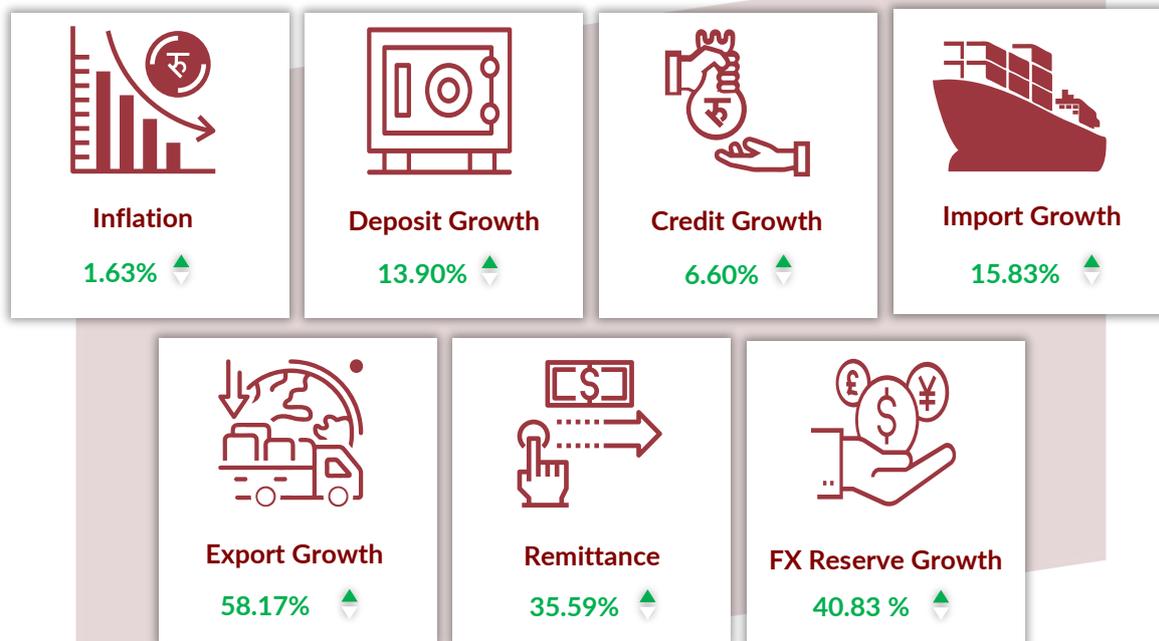
Asia reflected this divide clearly as Japan benefited from resilient earnings and corporate investment themes, while India's underlying demand remained supportive even amid bouts of profit-taking. By contrast, China-related markets improved from earlier lows but continued to face a credibility test as property sector stress and weak consumer confidence kept investors selective. The takeaway is that global capital is no longer treating "Asia" as a single trade; it is being allocated with a sharper focus on policy traction and earnings durability.

Commodity moves reinforced this mixed signal as Oil prices rose through Poush, adding back some inflation and external-balance pressure for energy-importing economies such as India and Nepal. At the same time, gold prices also climbed, showing investors still want protection against geopolitical and late-cycle risks. In other words, markets are preparing for growth but are not confident enough to abandon safety.

Currency action also fits this interpretation as the U.S. dollar was mixed: firmer versus some majors, softer versus others, as rate differentials narrowed at the margin. The Indian rupee firmed slightly on balance; because the Nepalese rupee is pegged to the Indian rupee at 1 INR = 1.60 NPR, this pass-through nudged NPR modestly stronger, though part of that benefit was offset by higher oil prices. For Nepal, this means the near-term watch points remain the U.S.–India interest-rate gap, the oil path, the Reserve Bank of India's foreign-exchange operations, and overall risk appetite.

Finally, digital assets rebounded alongside the broader risk tone, but they remained more volatile and interest-rate-sensitive than traditional assets. That pattern suggests financial conditions have eased enough to support selective risk-taking, yet investors still prefer quality and cash-flow visibility over pure high-beta exposure. Overall, the Poush snapshot describes a market environment that is constructive but disciplined investors are engaging with growth opportunities, selectively, while keeping protection firmly in place.

Macroeconomic Overview

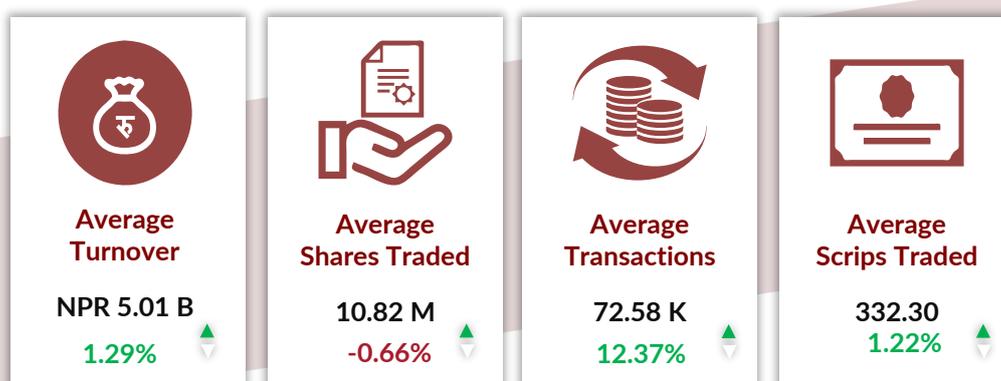


*Growth refers to the change between four-month data of FY 81/82 and FY 82/83,

*Credit refers to claims on the private sector,

*Unless otherwise stated, the numbers are in NPR

Monthly Trading Statistics



*Changes are evaluated against the last three month's average.

This report uses data from Poush 1–30, inclusive, unless specified

Liquidity Overview

A. Major Rates

Description	Value As On					Change		
	Mangsir-81	Kartik-82	Mangsir-82	Magh 1	Magh 8	YOY	MOM	WOW
Wt.Avg 28 Days TB rate (%)	2.81	0.00	1.51	2.20	1.65	-1.30	1.51	-0.55
Wt.Avg 91 Days TB rate (%)	2.85	2.37	2.37	2.36	2.36	-0.48	0.00	0.00
Wt.Avg 364 Days TB rate (%)	2.98	2.58	2.59	2.58	2.58	-0.39	0.01	0.00
Wt. Avg Interbank Rate (%)	3.00	2.75	2.74	2.74	2.74	-0.26	-0.01	0.00
CapEx (In Billion NPR)	40.80	25.31	33.87	49.43	51.57	-6.93	8.56	2.14

B. BFI Statistics

Description	Value As On					Change		
	Mangsir-81	Kartik-82	Mangsir-82	Magh 1	Magh 8	YOY	MOM	WOW
Wt. Avg Deposit Rate (%)	4.78	3.74	3.66	3.66	3.66	-1.12	-0.08	0.00
Wt. Avg Lending Rate (%)	8.90	7.38	7.26	7.26	7.26	-1.64	-0.12	0.00
Base Rate (%)	6.82	5.44	5.38	5.38	5.38	-1.44	-0.06	0.00
CD Ratio (%)	78.54	74.28	74.12	73.97	74.23	-4.42	-0.16	0.26
Fixed Deposits/Total Deposits (%)	52.63	45.36	44.33	44.33	44.33	-8.30	-1.03	0.00
Total Liquid Assets/Total Deposits (%)	26.44	23.41	23.13	23.13	23.13	-3.31	-0.28	0.00

Public Debt Subscription

Category	Issue Date	Offered Amount	Payment By GoN	No. of Participants	No. of Bids	BID Ratio	Allocated Amount	Discount Rate		
								Lowest	Average	Highest
28 Days	Magh 6	1000.00	0.00	22	41	3.15	1000.00	1.47	1.65	1.81
91 Days	Poush 8	1449.20	0.00	28	84	4.85	1449.20	2.18	2.36	2.42
182 Days	Poush 22	500.00	0.00	22	53	7.19	500.00	2.25	2.29	2.35
364 Days	Poush 22	500.00	0.00	20	62	6.24	500.00	2.50	2.58	2.60

*Figures are in 10 Millions NPR

Sectoral Movement

Index	Mangsir 29, 2082	Poush 30, 2082	Change
NEPSE	2,601.61	2,641.43	1.53%
Manufacturing And Processing	8,233.85	8,821.31	7.13%
Finance Index	2,289.77	2,423.26	5.83%
Development Bank Index	5,345.99	5,577.85	4.34%
Mutual Fund	20.18	20.72	2.68%
Hotels And Tourism	6,892.28	7,044.37	2.21%
Banking SubIndex	1,346.68	1,369.44	1.69%
Others Index	2,319.71	2,357.74	1.64%
Non Life Insurance	10,776.29	10,949.02	1.60%
HydroPower Index	3,332.07	3,382.09	1.50%
Trading Index	3,782.91	3,810.00	0.72%
Microfinance Index	4,878.29	4,888.18	0.20%
Investment	102.18	102.09	-0.09%
Life Insurance	13,180.32	12,867.38	-2.37%

Major Movers

SYPNL	196.00%	 GAIN  LOSS	WNLB	-22.26%
NABBC	32.25%		SGHC	-13.28%
SAIL	31.88%		SMHL	-13.17%
SANVI	28.91%		MCHL	-10.94%
TSHL	25.70%		KDL	-8.68%

Sectoral Divergence-Turnover

Sectors	Last Three Month's avg	Monthly Avg	Divergence
NEPSE	4.94 B	5.01 B	1.29%
Finance	0.19 B	0.30 B	59.00%
Manufacturing And Processing	0.45 B	0.66 B	46.17%
Mutual Fund	0.01 B	0.01 B	35.05%
Hotels And Tourism	0.13 B	0.15 B	20.12%
Development Banks	0.27 B	0.31 B	15.91%
Tradings	0.01 B	0.01 B	9.08%
Commercial Banks	0.34 B	0.34 B	1.12%
Hydro Power	2.09 B	2.06 B	-1.40%
Others	0.31 B	0.30 B	-3.01%
Microfinance	0.32 B	0.31 B	-4.17%
Non Life Insurance	0.09 B	0.08 B	-8.48%
Life Insurance	0.30 B	0.27 B	-12.29%
Investment	0.29 B	0.16 B	-44.11%
Bond and Debenture	0.03 B	0.01 B	-78.69%

Highest Turnover



Highest Volume



NEPSE Outlook

Current Overview



- In the latest trading day, the NEPSE index closed at 2,714.61, gaining 9.23 points (+0.34%), as the market extended its recovery and moved firmly above the 2,700 mark. After several weeks of consolidation around the mid-2,600 zone, the index is now showing clearer upside intent, reflecting improving sentiment and stronger follow-through from buyers.
- Market participation strengthened, with total turnover rising to around NPR 9.07 billion, which is noticeably higher than recent weeks. The increase in volume alongside rising prices suggests broader participation and adds credibility to the ongoing upward movement.
- The price has moved above the Fibonacci 0.382 level around 2,685 and is now trading within the 0.382 - 0.5 retracement band, with the next key Fibonacci resistance seen near 2,751. Holding above the 2,685 area would keep the short-term structure constructive, while any pullback toward this zone would be watched as a potential support test.
- RSI (Relative Strength Index), which tracks the speed and strength of price moves to gauge buying versus selling pressure, is currently at 69.11, indicating strong bullish momentum and approaching the overbought zone. While this reflects aggressive buying interest, it also suggests that short-term consolidation or mild profit-taking cannot be ruled out.
- MACD, derived from two moving averages and interpreted through the MACD line, signal line, and histogram, shows the MACD line clearly above the signal line and well above the zero level, with a rising positive histogram. This configuration confirms strengthening upside momentum and supports the case for trend continuation, provided momentum does not roll over sharply.

- Looking ahead, the NEPSE index's immediate support levels are identified as (S1) 2,685 and (S2) 2,603, while immediate resistance levels are seen at (R1) 2,751 and (R2) 2,817, based on Fibonacci retracement levels. Sustaining above 2,685 would keep the bullish bias intact, whereas failure to hold this level could bring the index back into a consolidation phase.

Long-Term Overview



- On a long-term (weekly) chart, NEPSE is trading around 2,750 and remains in a broad sideways range, rather than a confirmed long-term uptrend. The market continues to find strong buying interest in the 2,400 - 2,500 demand (support) zone, while upside attempts have repeatedly faced selling pressure in the 2,900–3,000 supply (resistance) zone. The recent rebound and the continued hold above a rising weekly support trendline indicate that buyers are still defending the market on declines, keeping the overall range structure intact.
- The previous major rise was supported by improved liquidity and better sentiment, allowing the index to recover from its cycle low and reclaim important mid-range levels. However, the rally lost momentum near the upper resistance zone, suggesting the move is still best viewed as a recovery within a range, rather than the start of a strong and sustained bull market. In simple terms, the market has improved, but it has not yet shown the strength needed to break and hold above long-term resistance.
- Momentum indicators reinforce this view. The weekly RSI (14) is currently around 58, which reflects improving momentum but not the kind of strong buying pressure usually seen during a confirmed breakout. At the same time, the MACD remains close to the zero line, signaling that long-term momentum is still in a rebuilding phase rather than in a clearly bullish expansion.

- Key technical levels remain clear. On the downside, a decisive weekly break below 2,400 would weaken the current structure, invalidate the rising support trendline, and increase the risk of a deeper pullback toward earlier base areas. On the upside, a more durable bullish shift would require a clear weekly close above 3,000, followed by the ability to hold above that level with stronger volume and improving momentum ideally with RSI moving into the 60–65 range, which would signal a transition from range-bound recovery to a stronger uptrend.
- Looking ahead, NEPSE's direction will largely depend on liquidity conditions, earnings visibility, and overall domestic stability. If conditions remain supportive, the index may gradually move back toward the 2,900–3,000 resistance zone. If conditions tighten or sentiment weakens, a pullback toward the 2,400–2,500 demand zone remains likely, where buyers have repeatedly emerged in this cycle. For long-term investors, the current setup favors a patient, risk-managed approach, treating the market as range-bound until a confirmed breakout above 3,000 signals a clear shift to a bullish long-term trend.

SCRIP ANALYSIS

Vijaya Laghubitta Bittiya Sanstha Limited

A. About the Company

Vijaya Laghubitta Bittiya Sanstha Limited (VLBS) was incorporated in 2012 and commenced its commercial operations in 2013. The company is a Nepal-based microfinance institution with its registered and corporate office located in Dhulikhel, Kavre. Over the years, VLBS has established a broad operational footprint, with 135 branches operating as of mid-October 2025, spread across 44 districts. The organization serves a member base of approximately 143,585 and a borrower base of 56,815. The company focuses on providing micro-credit and related financial services to underserved segments of the population. Its major promoters include Goodwill Finance, which holds around an 11% stake, and Kumari Bank Limited, which holds about 7%, among others. VLBS completed a merger with Naya Sarathi Laghubitta Bittiya Sanstha Limited on July 16, 2023, at a share swap ratio of 1:1, following which public shareholding declined to around 26%. To comply with the regulatory requirement of maintaining at least 30% public shareholding, the company is proposing a further public offering (FPO). As of mid-October 2025, VLBS had a total asset base of approximately NPR 11.3 billion and a credit portfolio of about NPR 9.7 billion, supported by deposits of around NPR 2.1 billion. During Q1 FY2026, the company reported a net profit of NPR 32 million, while its financial profile reflected elevated asset-quality stress with gross NPLs of 13.6% and a capital adequacy ratio of 9.6%, marginally above the regulatory minimum.

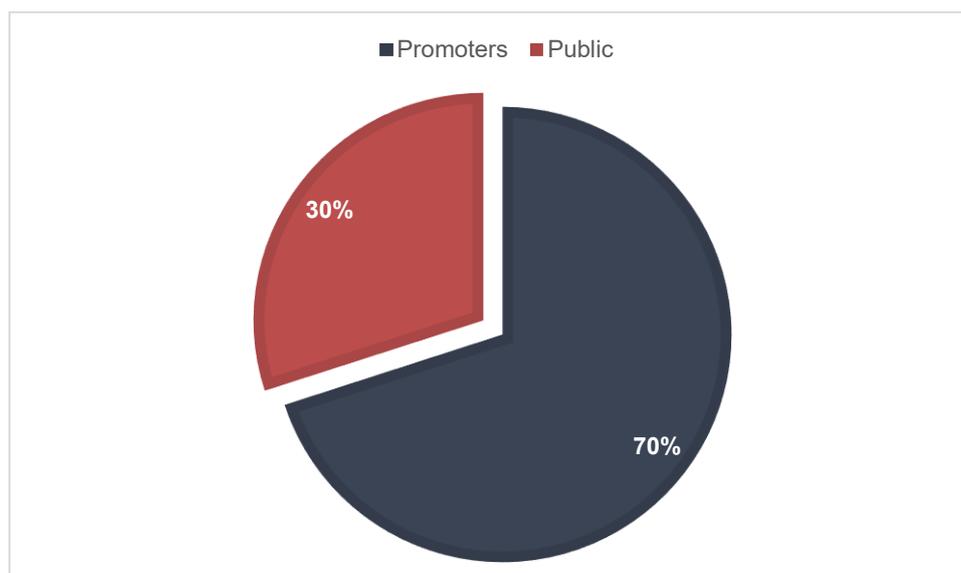


Figure: Shareholding pattern of the Vijaya Laghubitta Bittiya Sanstha Limited post FPO.

B. Key Financial Highlights

Particulars	2078/79	2079/80	2080/81	2081/82
Net-worth per Share (Rs.)	141.05	159.21	160.98	165.62
EPS	26.26	5.24	1.12	12.99
ROE	18.62%	3.29%	0.70%	7.84%
ROA	2.03%	0.41%	0.08%	0.88%
Capital Fund to RWA (Capital Adequacy)	11.67%	12.51%	8.95%	10.71%
Non-Performing Loan (NPL) to Total Loan	4.08%	4.71%	7.74%	9.60%
Total Loan Loss Provision to Total NPL	89.06%	59.74%	30.29%	39.92%
Cost of Fund	10.03%	11.33%	9.44%	7.34%
Net profit '000	100,836.53	39,017.51	8,366.10	96,778.15
Provision for possible losses per share	6.11	2.48	(5.02)	13.50

C. Swot Analysis

The SWOT analysis of Vijaya Laghubitta Bittiya Sanstha Limited (VLBS) offers a clear snapshot of where the company stands today by weighing its internal strengths against its key pressure points, while also considering the broader operating and regulatory environment for Nepal's microfinance sector. On the positive side, VLBS benefits from a wide and diversified branch footprint, an established customer base, improved core margins as funding costs eased, and a highly insured loan portfolio that can help limit long-run credit losses. However, the investment case remains heavily influenced by asset-quality stress reflected in elevated NPLs and delinquency, which continues to constrain growth and makes earnings recovery more dependent on collections and recoveries than on margin management alone. Looking ahead, improved capital capacity following recapitalization and a more predictable sector pricing framework could support gradual stabilization if recoveries gain traction, but risks remain from delayed insurance claim realization, potential regulatory shifts affecting funding and

profitability, and persistent borrower over-indebtedness in a competitive lending landscape.

Strengths

- **Established franchise with meaningful geographic diversification:** VLBS operates a diversified branch network of 135 branches across 44 districts, which meaningfully reduces district-level concentration risk and provides operational resilience compared to smaller, mono-region MFIs. Its large member base (143,585 borrowers) supports relatively stable underlying demand, as microfinance credit tends to be need-driven rather than discretionary. This scale also strengthens recovery capability and creates localized entry barriers in semi-urban and rural markets where relationship-based lending remains critical.
- **Demonstrated ability to restore margins amid funding volatility:** Despite a stressed operating environment, VLBS has shown an ability to restore core margins, with NIMs improving from 3.8% in FY2024 to 6.3% in Q1 FY2026. This recovery has been driven primarily by the repricing of liabilities and improved borrowing terms rather than aggressive asset repricing, indicating that the underlying intermediation model remains viable when funding pressures ease. However, this strength is conditional on a stable funding environment and does not, by itself, resolve asset quality stress.
- **Experienced board and management with sector familiarity:** VLBS benefits from an experienced board and senior management team with long operating exposure to Nepal's microfinance sector. Such experience is particularly valuable during stress cycles, where managing collections, borrower engagement, restructurings, and insurer coordination requires operational judgment rather than purely rule-based responses. Promoter backing from established financial institutions also provides reputational and institutional support.
- **High insurance coverage limits ultimate loss severity:** Approximately 98% of the credit portfolio is insured, providing structural protection against ultimate credit losses. While this does not eliminate near-term earnings volatility or liquidity pressure, it meaningfully caps long-term erosion of net worth if claims are realized as expected. In a sector facing widespread asset quality stress, this level of insurance coverage differentiates VLBS from peers with materially higher uninsured exposure.

Weaknesses

- **Asset quality stress remains deep-rooted and structural:** Despite improved capitalization, asset quality remains the most significant weakness. Gross NPLs of 13.6% and delinquency (0+ DPD) of approximately 33% indicate widespread stress across both early and late-stage buckets. The pattern suggests borrower over-leveraging, repayment fatigue, and potential credit dilution from prior growth phases, rather than a short-term cyclical disruption. These levels remain well above sector comfort thresholds and continue to constrain operational and strategic flexibility.
- **Capital strength remains sensitive to recovery outcomes:** Although the FPO has strengthened capital buffers, a substantial portion of net worth remains exposed to stressed assets, as reflected in high net NPL to net worth levels.

Capital adequacy has improved, but its sustainability remains contingent on stabilization in asset quality and realization of recoveries. Prolonged stress or weaker-than-expected recoveries could gradually erode the benefits of recent capitalization.

- **Earnings recovery driven by funding costs, not credit normalization:** Recent improvements in ROA and ROE have been driven primarily by lower borrowing costs rather than by improved collection efficiency or reduced credit costs. As a result, earnings quality remains vulnerable. Any reversal in funding conditions or increase in provisioning requirements due to further slippages could quickly pressure profitability.
- **Portfolio rationalization and underwriting recalibration:** The recent reduction in borrower count alongside higher average ticket sizes indicates early steps toward portfolio rationalization. If accompanied by tighter underwriting standards, improved borrower screening, and stricter exposure limits, this recalibration could gradually improve portfolio quality and reduce future volatility.

Opportunities

- **Margin stability under revised regulatory pricing framework:** The transition to a lending rate framework based on the average quarterly base rate plus a capped premium offers improved predictability of spreads across interest-rate cycles. For VLBS, this framework can help stabilize margins without incentivizing excessive risk-taking, provided underwriting discipline and portfolio quality are maintained.
- **Recovery-led normalization potential over the medium term:** Given the already elevated level of recognized delinquency, incremental deterioration may moderate if economic conditions stabilize and recovery initiatives gain traction. Even partial success in recoveries, particularly from insured exposures, could materially improve reported NPL ratios, provisioning coverage, and capital metrics over the medium term.

Threats

- **Execution risk in asset quality normalization:** Despite improved capital buffers, VLBS remains exposed to execution risk in stabilizing asset quality. If collections do not improve or if recoveries, especially from insured portfolios, are delayed or disputed, prolonged stress could erode earnings and gradually weaken capital adequacy.
- **Insurance claim realization risk:** While insurance coverage is high, uncertainty around claim documentation, processing timelines, and settlement, particularly with a public-sector insurer, poses liquidity and confidence risks. Delays in claim realization could widen the gap between provisioning recognition and cash recovery.
- **Regulatory and policy uncertainty:** The microfinance sector remains exposed to evolving regulations, including caps on wholesale lending spreads and changes in prudential norms. Sudden regulatory tightening could adversely affect funding availability, cost structures, and profitability, particularly for institutions with weaker deposit franchises.

- **Persistent borrower over-indebtedness and competitive pressure:** High fragmentation across MFIs and cooperatives increases the risk of multiple borrowing. In the absence of fully effective credit information sharing across all lenders, borrower over-leveraging may continue to undermine repayment behavior, prolonging sector-wide stress and limiting the pace of normalization.

D. Technical Analysis



Based on the weekly chart (long-term view), Vijaya Laghubitta Bittiya Sanstha Limited (VLBS) is currently trading in a structural consolidation phase within a broader long-term uptrend. Despite extended volatility, the stock continues to respect a rising multi-year trendline originating from the 2019–2020 lows, indicating that the primary long-term trend remains intact.

Recent weekly closes around Rs. 770–780 place the stock just above this key trendline support, suggesting that long-term buyers are still defending the demand zone. The Rs. 740–750 support range remains critical from a structural perspective; sustained holding above this level preserves the long-term trend, while a decisive weekly breakdown could weaken the structure and expose downside risk toward the next major support near Rs. 550–560.

On the upside, the chart highlights clear overhead supply zones, reflecting repeated distribution at higher levels. The immediate resistance band around Rs. 950–1,000 has acted as a strong rejection zone in prior rallies. A sustained breakout and weekly close above this range would improve medium-to-long-term momentum and could open the path toward Rs. 1,150–1,160, while the Rs. 1,340–1,355 zone represents a major long-term supply area from the previous cycle high and would likely require broader market support to be tested again.

Overall, from a long-term investor's technical perspective, VLBS appears to be in a base-building and range-bound phase, with downside risk defined near long-term support and upside potential contingent on a decisive breakout above the Rs. 950–1,000 resistance zone. Until such confirmation emerges, the stock is likely to remain range-bound with a mildly positive long-term bias, favoring patient

investors focused on structural trend support rather than short-term price movements.

E. Key Assumptions used for Valuation

Specifics	Value	Remarks
Adjusted Beta (β)	0.99	Calculated by adjusting the Unadjusted beta, which is calculated by using the monthly return of the Macro-finance and NEPSE indices.
Market Return (Rm)	11.04%	CAGR of closing prices of NEPSE from 2001/02 end, to Dec 1, 2025.
Risk Free Rate (Rf)	2.77%	Latest Development Bond Rate adjusted for tax rate of 6%
Cost of Equity (Ke)	10.84%	As per the CAPM Model
Tax Rate	30%	As per the Income Tax Act

F. Other Assumptions

- Interest income has been projected based on the six-year compound annual growth rate (CAGR) of 23.54%.
- Interest expense has been projected at 53.75% of interest income, reflecting the average ratio observed over the last five years.
- Other operating expenses and provision for possible losses are estimated at 10.63% and 4.84% of interest income, in line with the seven-year historical average.

G. Stock Valuation

We have valued Vijaya Laghubitta Bittiya Sanstha Limited using the Residual Income (RI) method. This approach estimates the company's intrinsic value by projecting future residual income, the profit generated above the required return on equity, and discounting these residual incomes back to the present, then adding them to the current book value of equity. The RI method is well-suited for financial institutions because it is anchored on profitability and book value, making it less dependent on near-term market movements.

That said, the RI method is inherently sensitive to assumptions on ROE, cost of equity, growth in book value, and the chosen terminal value framework, which can materially shift results. However, it remains useful especially for financial institutions because it values returns generated above the required equity return, incorporates the time value of money through discounting, and makes the key value drivers (profitability versus required return) transparent.

The final valuation of Vijaya Laghubitta Bittiya Sanstha Limited based on the RI Approach has been computed and tabulated below.

Method	Valuation Per Share in NPR
Residual Income	324.83

H. Conclusion and Recommendation

Vijaya Laghubitta Bittiya Sanstha Limited (VLBS) operates as a well-established microfinance institution with a wide geographic footprint, a sizable borrower base, and deep operating experience in Nepal's microfinance sector. The company's long-term franchise strength is supported by its diversified branch network, experienced management, and high insurance coverage across its loan portfolio, which structurally limits ultimate credit loss severity over time.

However, the near- to medium-term investment profile remains constrained by elevated asset quality stress, as reflected in high gross NPLs and delinquency levels. While recent improvements in profitability have been supported by easing funding costs, earnings recovery remains more dependent on collections and recoveries than on organic credit growth or margin expansion. The sustainability of improved returns is therefore closely linked to the pace of asset-quality normalization and timely realization of insurance claims.

From a valuation perspective, our Residual Income (RI) analysis estimates an intrinsic value of NPR 324.83 per share, which is meaningfully below the current market price of around NPR 777. The prevailing market valuation appears to factor in a relatively optimistic scenario around recovery-led normalization, sustained margin stability, and gradual improvement in capital metrics. While such outcomes are possible over the medium term, they remain subject to execution risk, regulatory developments, and broader sector dynamics.

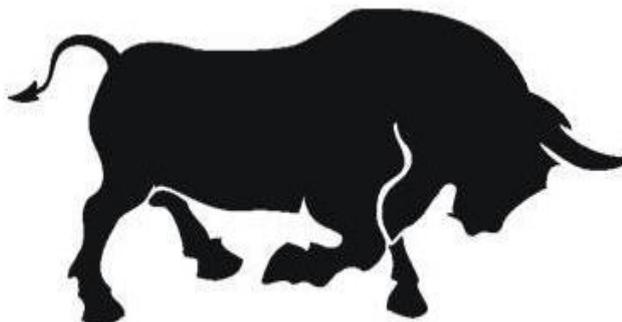
Overall, VLBS presents a mixed risk–reward profile: long-term franchise strengths and improved capitalization are counterbalanced by persistent asset quality challenges and valuation levels that leave a limited margin of safety at current prices. Accordingly, a neutral stance is appropriate at this stage. Investors may consider closely monitoring trends in collections efficiency, insurance claim realization, and sustained improvement in asset quality indicators before reassessing the investment outlook.

ISSUE OF THE MONTH

A. What is a Bull Market?

Introduction

A bull market, also known as a bull run, is a long, extended period in the market when stock prices are on the rise. There is no single stat or metric that defines when we are in a bull market, but the most common definition is when stock/asset prices increase at least 20% from their most recent low, with signs that they will continue to grow. This is most commonly applied to stock market Indices (NEPSE Index in the case of Nepal), which measure the overall position and movement of stocks in the Nepal Stock Exchange.



A bull market is the reverse of a bear market, which happens when stock prices are falling. Bulls, when excited, charge rapidly and are known for running at great speeds, while bears tend to hibernate and are associated more with defense and thus are used as symbols for markets/assets with similar moods.

B. What happens in Bull Markets?

As the bull markets are a sign of increasing investor confidence, the actions performed by investors in such markets are also indicative of the same, which include:

1. Investors buy more stock: Since stock prices are in an upward trajectory in a bull market, investors become convinced they'll keep doing so, so they keep on buying, which raises prices even higher, as the supply cannot keep up with demand.
2. Companies go on an expansion spree: Owing to consumer buying, companies tend to make more investments due to the confidence shown by investors, which usually means companies hire more workers and pay existing employees more money.
3. Consumer Spending Increase: As stock prices keep on going up, so do investor earnings, which tends to drive people to spend more money as they are confident their assets will generate even higher returns.
4. This leads to higher inflation as: More consumer spending increases the money supply, which ultimately increases the prices of everything as the value of money decreases.

C. How long do bull markets last?

As per standard convention, a bull market is considered over when stocks start a period of steady decline, falling at least 20% from their peak. However, this does not necessarily mean that the market will be declining henceforth. It is just that the bull run of that particular phase of the market is over. This ties into the view of looking at market movements in specific small phases rather than the whole as is the case in trading.

Bull Markets generally tend to end when markets change fundamentally or when the impetus that drove the market forward ends, when prices have risen too high or too fast, or when some other event forces investors to feel pessimistic about the future such as with the recent COVID-19 scare that affected both Global and Nepali Markets.

D. Investing in a Bull Market

Investing in bull markets is risky but also offers great rewards, the key to investing in the markets is understand how the markets move and recognize entry and exit points. In this regard, a smart investor would invest as follows:

1. Invest in a diversified portfolio: It becomes very tempting to invest in a stock that has grown rapidly and looks like it will keep on doing so for some time. However, sometimes stock tend to get overpriced and the momentum they carried can evaporate in an instant. An investor who only buys specific stocks is always at risk of loss if a stock reverses its course. Maintaining a diversified portfolio shields an investor from booking huge losses. This also means the investors can get good returns even if certain sectors grow much better than others
2. Stick to your strategy: It is during bull-markets that even weak companies look like they will grow substantially. However, these companies stock price growths are driven purely by investor sentiments rather than their own fundamentals. They can easily turn around and follow a downward trajectory similar to how they had moved up. Relying on market news and speculation and investing on companies is not a very sound strategy. While it may result in profits in the short run, they can become traps for investors that may not understand all the dynamics of the market. It is better to stick to own strategy on investing in stocks which are fundamentally well and will not fall down a cliff if things go bad quickly.
3. Know Your Levels: The interesting thing about the markets is that the nature and mood of a market can only be truly ascertained after the fact or in hindsight. Even the savviest of investors/traders do not manage to get it right every time. It is therefore very difficult to time the markets. It is much simpler to just set your levels and buy and sell according to those benchmarks and not get caught up in the hype as market grow and fall similarly. However, one thing is for certain, that despite some falls, the markets always move upwards over an extended period of time. Therefore, establishing defined levels for buying and selling and acting accordingly will always yields good returns in the long run.

HISTORICAL RETURNS

TOP PERFORMING NEPSE STOCKS

PAST 1 YEAR			PAST 3 YEARS		
TICKER	TOTAL RETURN		TICKER	CAGR	
 Radhi Bidyut Company Limited राधी बिद्युत कम्पनी लिमिटेड	RADHI	131.79%	 Bottlers Nepal Limited	BNL	91.10%
 नारायणी डेभलपमेन्ट बैंक लि. Narayani Development Bank Ltd.	NABBC	129.17%	 Corporate Development Bank Ltd.	CORBL	73.33%
 BPCL	BPCL	100.33%	 नारायणी डेभलपमेन्ट बैंक लि. Narayani Development Bank Ltd.	NABBC	70.01%
 UMHL	UMHL	75.87%	 GREEN DEVELOPMENT BANK LTD.	GRDBL	67.57%
 NEPAL REINSURANCE COMPANY LIMITED	NRIC	72.50%	 ANBN	NRN	61.18%
PAST 5 YEARS			PAST 10		
TICKER	CAGR		TICKER	CAGR	
 Bottlers Nepal Limited	BNL	53.33%	 Salt Trading Corporation Limited	STC	61.38%
 Corporate Development Bank Ltd.	CORBL	53.08%	 HDL	HDL	38.58%
 GREEN DEVELOPMENT BANK LTD.	GRDBL	52.53%	 JSLBB	JSLBB	34.06%
 नारायणी डेभलपमेन्ट बैंक लि. Narayani Development Bank Ltd.	NABBC	46.03%	 GILB	GILB	31.75%
 Radhi Bidyut Company Limited राधी बिद्युत कम्पनी लिमिटेड	RADHI	44.70%	 Corporate Development Bank Ltd.	CORBL	31.11%

Key Dates

Scrip	Issue Type	Quantity	From	To	Issue Manager
RSM	IPO- General Public	924,768	2025/12/22 AD 2082/09/07 BS	2025/12/26 AD 2082/09/11 BS	Global IME Capital Limited
SALAPA	IPO- General Public	1,439,179	2025/12/31 AD 2082/09/16 BS	2026/01/04 AD 2082/09/20 BS	Muktinath Capital Limited
VLBS	FPO- General Public	466,817	2026/01/05 AD 2082/09/21 BS	2026/01/08 AD 2082/09/24 BS	NMB Capital Limited
SHPL	IPO- General Public	8,200,000	2026/01/13 AD 2082/09/29 BS	2026/01/18 AD 2082/10/04 BS	Nabil Investment Banking Ltd and Himalayan Capital Ltd.
CSTY	MF- General Public	100,000,000	2025/12/19 AD 2082/09/04 BS	2026/01/02 AD 2082/09/18 BS	Citizens Capital Limited
BJHL	IPO-Local	1,000,000	2025/12/18 AD 2082/09/03 BS	2026/01/01 AD 2082/09/17 BS	Kumari Capital Limited
SKHCL	IPO-Local	689,675	2025/12/24 AD 2082/09/09 BS	2026/01/07 AD 2082/09/23 BS	Kumari Capital Limited
RIDGE	IPO-Local	1,185,000	2025/12/28 AD 2082/09/13 BS	2026/01/12 AD 2082/09/28 BS	Prabhu Capital Limited
SKHL	IPO-Local	1,550,000	2026/01/06 AD 2082/09/22 BS	2026/01/22 AD 2082/10/08 BS	Global IME Capital Limited
PCIPL	IPO-Local	1,875,000	2026/01/09 AD 2082/09/25 BS	2026/01/25 AD 2082/10/11 BS	Nabil Investment Banking limited

Disclaimer: Investment in equity shares has its own risks. The information contained herein is based on analysis and on sources that we consider reliable. This

This report uses data from Poush 1–30, inclusive, unless specified

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