

The logo for NABIL INVEST is displayed within a dark green rectangular box. The word "NABIL" is in white, with a red triangle pointing upwards as part of the letter 'A'. A registered trademark symbol (®) is positioned to the upper right of "NABIL". The word "INVEST" is also in white, following "NABIL".

NABIL[®] INVEST

To be a leading Investment Bank in Nepal

About Nabil Invest (NI)

Licensed by Securities Board of Nepal (SEBON) as Securities Businessperson (Merchant Banker)

NI provides financial solutions and advice to retail and corporate clients of capital market.

The operational structure of comprises of three business divisions:

- Merchant Banking
- Corporate Advisory
- Investment Banking
- Mutual Fund

About Nabil Bank (NB)

Licensed by Nepal Rastra Bank as 'A' class Commercial Bank and the first private bank in Nepal

NB provide financial solutions and advice to retail and corporate clients in commercial banking.

The operational structure of comprises of three business divisions:

- Retail and Institutional Liabilities (Deposits)
- Retail and Corporate Assets (Credit)
- Remittance

Tourism Sector Overview

| Sector Overview | |
|---|---|
| Sector Contribution to GDP* | 3.6% (NPR 132.1 Billion) |
| Sector Contribution to Employment* | 5.5% of total employment |
| Key Business Sectors | Airlines, Hotels, Tourist Vehicle, Restaurant, Trekking, Travel & Tours |
| Credit disbursal as per Business Continuity Credit Flow Procedure** | NPR ~ 200 million |

Sources

*World Travel and Tourism Council

**Economic Survey 2020/21, Ministry of Finance, Nepal

Demand for Formal Credit in Tourism (amount in billion NPR billion)

| Sector | Province | | | | | | | Total | % |
|---------|----------|-------|-------|------|------|---|---|--------|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | |
| Tourism | 15.78 | 34.78 | 26.92 | 0.64 | 70.2 | 0 | 0 | 148.32 | 14 |

Source: Sakchyam: Access to Finance, Demand Study on MSME Financing, 2018

BFI and MSME

| BFI | As of mid-July 2020 |
|---------------------------------|---------------------|
| Commercial Banks | 27 |
| Development Banks | 20 |
| Finance Companies | 22 |
| Microfinance Institutions | 85 |
| Infrastructure Development Bank | 1 |

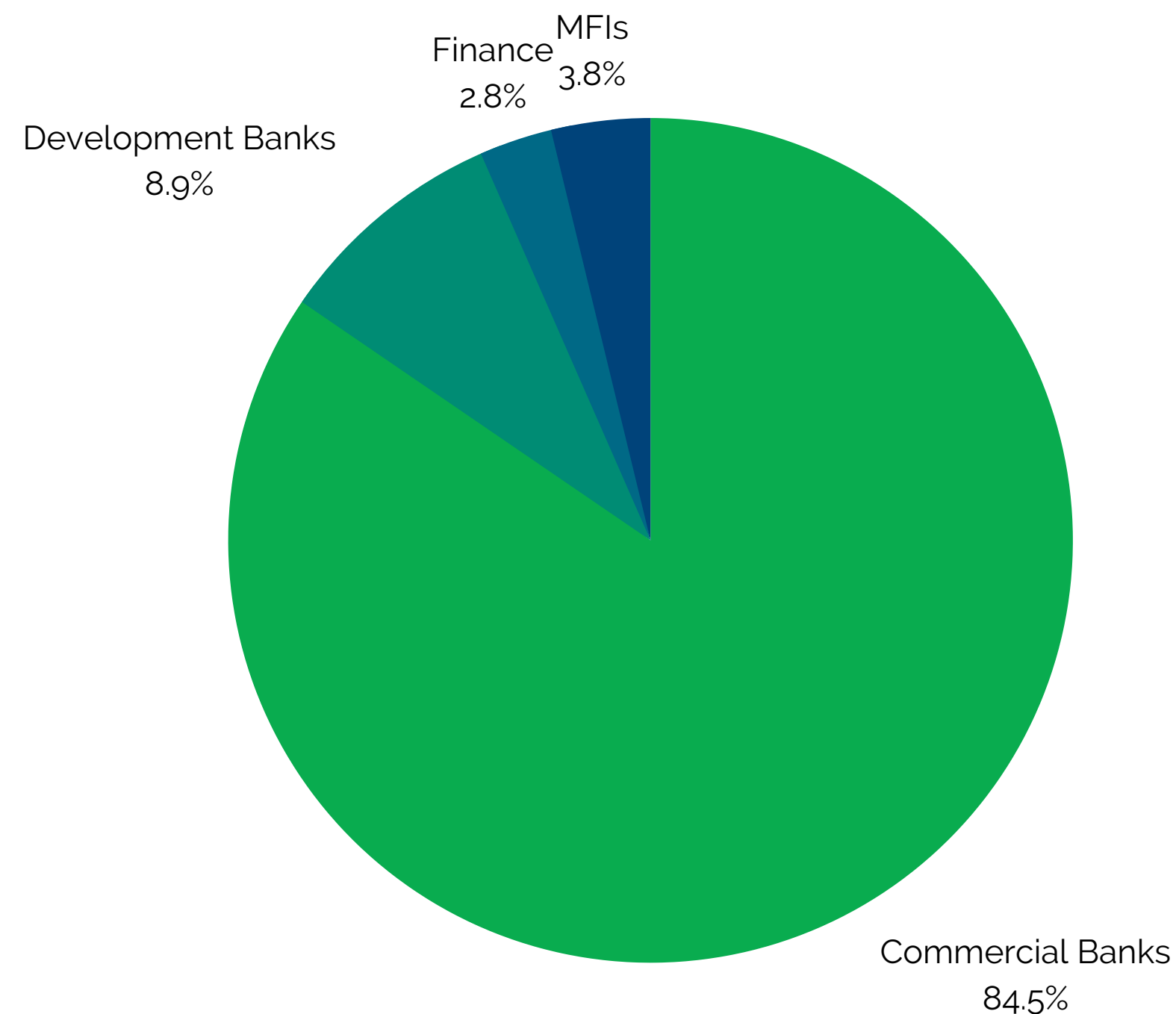
Source Nepal Rastra Bank

Total credit extended by commercial banks to tourism sector as of mid June 2020

NPR 129.70 billion (4.8 percent of total credit)

Source: Nepal Rastra Bank, Monetary Policy 2020/21

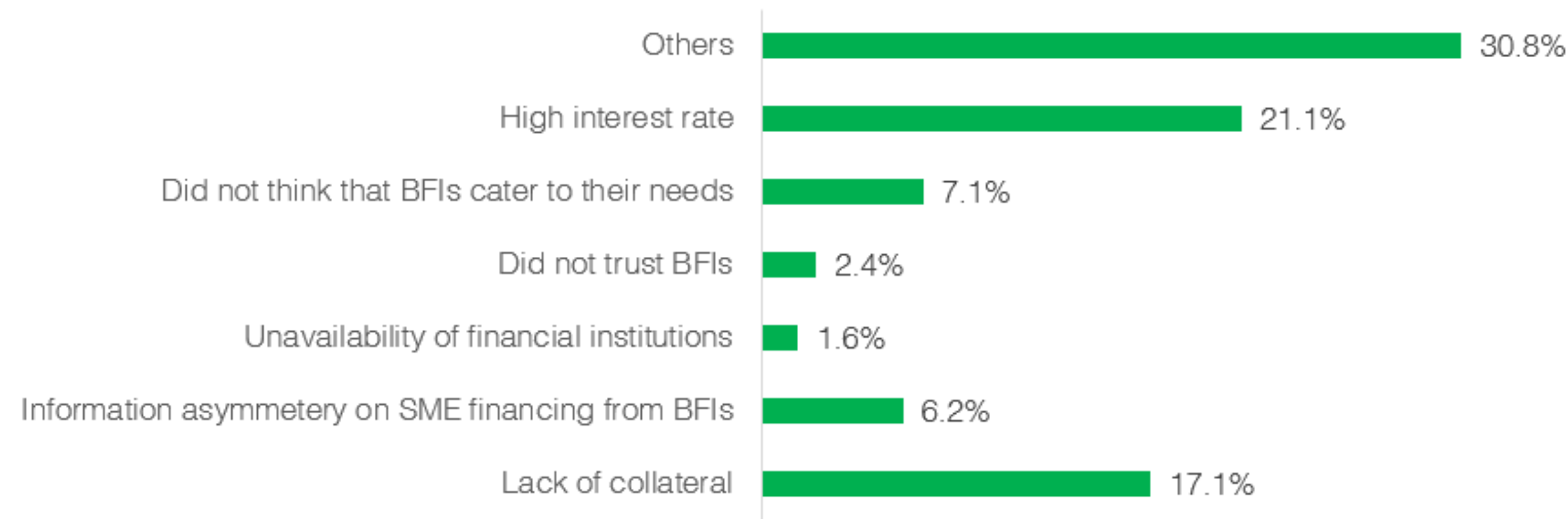
SME Financing



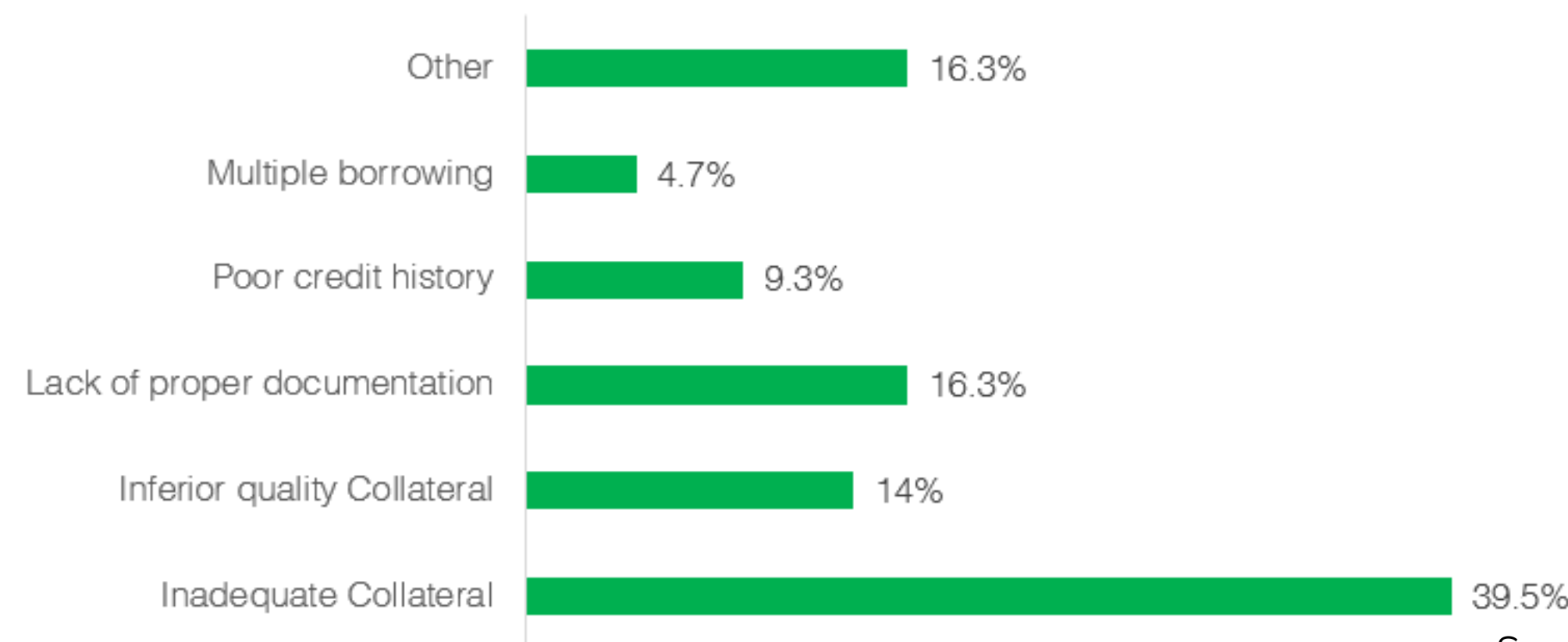
Source: Nepal Rastra Bank, SME Financing Study Report, 2019

MSMEs Financing Constraints

Reasons for lack of use of financial services for initial investment.



Reasons for denial of credit to MSMEs



Source: Sakycham: Access to Finance,
Demand Study on MSME Financing 2018

MSME Banking Products



Branchless Banking (BLB) Initiatives

***As of mid June 2020,
1632 BLB of
were established**

****BLB Agents undertake:**

- A/c opening
- Deposit Collection
- KYC Updates
- Solicitation of Loans
- Disbursement/Repayment & Recovery of Loans
- Remittance

Source: *Nepal Rastra Bank, Monetary Policy 2020/21

**Sakyacham: Access to Finance, A Brief on Branchless Banking (BLB) Initiative

Provisions for MSMEs in Monetary Policy 2020/21

| Sector Overview | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-----------------|---------|---------|---------|---------|
| Agriculture | 11% | 13% | 15% | |
| Energy | 6% | 7% | 9% | 10% |
| MSME | 11% | 12% | 9% | 15% |

Source Nepal Rastra Bank

- Extension of at least 15 percent of total loans to micro, small and medium enterprises (MSMEs) in tourism with loan limit up to Rs. 10 million by mid-July 2024.
- Extension of at least 500 concession loans or minimum 10 loans per branch, whichever is higher
- MSME refinance to be provided at 2 percent with lumpsum refinance maximum limit per borrower to be NPR 1.5 million
- Provision for additional time to repay interests and instalments for tourism sector that was hart hit by COVID-19

Provisions for Tourism Sector in Financial Ordinance 2021/22

Total Budget for
Ministry of
Cultutre, Tourism
and Civil Aviation
NPR 28.27 Billion

Total Budget
NPR 1.647 Trillion

Free visas to
tourists for a
month in a bid to
promote tourism

Launch of
Integrated
Tourism Promotion
Program

Provisions for Industries in Financial Ordinance 2021/22

Total Budget Allocation for Ministry of Industry, Commerce and Supplies :
NPR 13.58 billion

**Income Tax
Exemption on the
basis of annual
turnover**

Turnover < NPR 2 million
90% tax exemption

Turnover between NPR 2 -5
million : 75% tax exemption

Turnover > NPR 5 million :
50% tax exemption

Way forward

- ▲ Mandate commercial banks to increase their lending to tourism sector in line with the 15 percent allocation as set by Nepal Rastra Bank
- ▲ Develop innovative tourism and tourism related banking products and market it effectively
- ▲ Ease collateral requirements for mountain tourism entrepreneurs
- ▲ Streamline the definition of MSMEs and bring uniformity to ease credit extension
- ▲ Alternative investments in the form of PE/VC can help spurt investments in innovative tourism offerings

Nabil Invest's Future Commitment towards Sustainable Tourism



Developing a robust pipeline of MSMEs in tourism for provision of either Technical Assistance or equity investments via our Private Equity Fund



Assist MSMEs in tourism to prepare financial documents for debt raising from BFIs



Ensure a healthy mix of tourism and tourism related businesses in our PE portfolio



Train NI staff on ESG with the aim to help MSMEs in tourism better manage their risks



Nabil Investment Banking Ltd
(A Subsidiary of Nabil Bank Ltd)