

GuarantCo and Axis Bank collaborates with Northern Arc to drive financial inclusion in India

- ***GuarantCo together with Axis Bank will provide Northern Arc with INR 325 crore to further financial inclusion in India***
- ***The collaboration will enable fund deployment across sectors like microfinance, small business enterprises, commercial vehicle financing, affordable housing and education***
- ***Over a period of five years, around 200,000 Indians from low-income and rural regions are expected to benefit from this collaboration with more than 50 percent of beneficiaries expected to be women***

Chennai, March 14, 2023: GuarantCo, part of the Private Infrastructure Development Group (PIDG), along with Axis Bank, India's third largest private sector bank has announced a collaboration with **Northern Arc Capital**, the leading technology and data powered diversified financial services company and a pioneer in impact investing in India; to drive funding into the Indian financial inclusion space.

As a part of the collaboration, GuarantCo and Axis Bank will partner with Northern Arc to deploy ~INR 325 crore across sectors like microfinance, small business enterprises, commercial vehicle financing, affordable housing and education. Over a period of five years, around 200,000 Indians from low-income and rural regions are expected to benefit from this collaboration through improved access to affordable loans. Given Northern Arc's track record of providing finance to MFIs that promotes women entrepreneurship and employment, 50 percent of beneficiaries are expected to be women. Additionally, a large number of small and medium-size enterprises will benefit through an increased access to finance via small business loans.

Over the last decade, Northern Arc has positively impacted the lives of over 6.6 crore underserved and unbanked customers. The company uses proprietary technology and data analytics platforms to enable access to credit to under-served households and businesses and has cumulatively raised over INR 1.1 lakh crores in funds for its clients since the inception of its platform in 2009. It has also facilitated over 80 lakh loans to retail customers - individuals, households, and small businesses so far and over 400 reputed investors (banks, asset managers, insurance companies, DFIs, private wealth etc.) have invested in transactions structured and arranged by Northern Arc Capital.

Ashish Mehrotra, CEO & MD, Northern Arc Capital, said: "Over the years, leading global DFIs like USDFC, ADB, CDC Group, FMO, JICA and Proparco have reposed their faith in Northern Arc's stellar track record of creating innovative credit solutions, powered by our time-tested underwriting framework and robust risk models. We are now happy to partner with GuarantCo, a leading local currency credit

solutions provider, and Axis Bank to further the cause of financial inclusion. The collaboration further underscores our ability to work with leading international finance organisations to expand access to credit to underserved households and businesses in India. Thousands of underserved borrowers stand to benefit by way of entrepreneurship and employment through the funds deployed as a part of this collaboration; especially women.”

Layth Al-Falaki, CEO of GuarantCo, said: “We are happy to partner with Northern Arc and, together with Axis Bank, have provided this innovative financing solution to enable grow Northern Arc’s loan portfolio. The easier access to finance and longer terms offered to borrowers will not only benefit the local economy but also improve the lives of an estimated 200,000 people in India. The transaction will make a direct contribution to SDG 8.10: strengthen the capacity of domestic financial institutions to expand access to banking and SDG 5.5: financial services with a focus on providing women equal opportunities.”



*Layth Al-Falaki, CEO GuarantCo and Ashish Mehrotra,
CEO & MD, Northern Arc Capital*

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About Northern Arc Capital

Northern Arc is a diversified financial services platform that provides credit to MSMEs, households, financial institutions and emerging businesses. Through technology and data, it provides a diverse set of solutions to cater to the credit requirements of emerging segments and small businesses. Its business model is diversified across offerings, sectors, products, geographies, and borrower segments.

By leveraging its deep data insights & scorecards, Northern Arc has cumulatively raised over INR 1.1 lakh crores in funds for its clients since inception of its platform in 2009. It is backed by marquee equity investors like Sumitomo Mitsui Banking Corporation (the world's fourteenth largest bank), LeapFrog, IIFL, Accion, Augusta Investments (known as Affirma Capital), Dvara Trust and Eight Roads (proprietary arm of Fidelity).

Along with its asset management subsidiary that manages seven AIFs, the company manages a total AUM of over INR 10,000 crore. It has disbursed a total of over 80 lakh loans to retail customers across individuals, households, and small businesses. Through the Altifi platform, it offers fixed income investments to affluent and retail investors. Its exposure is spread across 657 districts in 28 states and 7 Union Territories in India.

About GuarantCo

GuarantCo mobilises private sector local currency investment for infrastructure projects and supports the development of financial markets in lower income countries across Africa and Asia. GuarantCo is part of the Private Infrastructure Development Group (PIDG) and is funded by the governments of the United Kingdom, Switzerland, Australia and Sweden, through the PIDG Trust, the Netherlands, through FMO and the PIDG Trust, France through a stand-by facility and Global Affairs Canada through a repayable facility. GuarantCo is rated AA- by Fitch and A1 by Moody's. GuarantCo's activities are managed by GuarantCo Management Company which is part of Cardano Development www.guarantco.com

About PIDG

The Private Infrastructure Development Group (PIDG) is an innovative infrastructure project developer and investor which mobilises private investment in sustainable and inclusive infrastructure in sub-Saharan Africa and south and south-east Asia. PIDG investments promote socio-economic development within a just transition to net zero emissions, combat poverty and contribute to the Sustainable Development Goals (SDGs). PIDG delivers its ambition in line with its values of opportunity, accountability, safety, integrity and impact. Since 2002, PIDG has supported 190 infrastructure projects to financial close which provided an estimated 220 million people with access to new or improved infrastructure. PIDG is funded by the governments of the United Kingdom, the Netherlands, Switzerland, Australia, Sweden, Germany and the IFC www.pidg.org

About Axis Bank

Axis Bank is the third largest private sector bank in India. Axis Bank offers the entire spectrum of services to customer segments covering Large and Mid-Corporates, SME, Agriculture and Retail Businesses. With its 4,849 domestic branches (including extension counters) and 15,674 ATMs across the country as on 31st December 2022, the network of Axis Bank spreads across 2,734 cities and towns, enabling the Bank to reach out to a large cross-section of customers with an array of products and services. The Axis Group includes Axis Mutual Fund, Axis Securities Ltd., Axis Finance, Axis Trustee, Axis Capital, A.TReDS Ltd., Freecharge and Axis Bank Foundation.

For further information on Axis Bank, please refer to the website: <https://www.axisbank.com>