

PRESS RELEASE

Northern Arc raises US\$50mn in financing from US International Development Finance Corporation

- Funds to be used to support the growth and liquidity needs of its institutional clients as well as lend to small businesses and individuals
- Focus areas include women entrepreneurship & employment and small businesses

Chennai, June 5, 2020: Northern Arc, one of India's leading debt financiers today announced that it has received a commitment of US\$50mn of debt financing from US International Development Finance Corporation (DFC). This is a landmark investment and amongst the first major facilities sanctioned by global development financial institutions to the NBFC sector post the onset of the Covid-19 pandemic and the ensuing lockdown in India. The funds will be used by Northern Arc to support the growth and liquidity needs of its institutional clients as well as lend to small businesses and individuals. It will be deployed to support women entrepreneurship & employment, food security and Water, Sanitation & Hygiene. DFC is America's development bank and one of the world's leading impact investors, partnering with companies across the world to address some of the critical challenges facing the developing world.

Northern Arc is a pan-India debt platform that addresses the credit requirements of the underbanked in India. These include financial institutions, mid-market enterprises, small businesses and individuals. Till date, the company has enabled debt financing of around INR 83,000 crore for its clients across microfinance, small business finance, affordable housing finance, vehicle finance, agriculture finance and corporate finance. Over 140 reputed investors (banks, asset managers, insurance companies, DFIs, private wealth etc.) have invested in transactions structured and arranged by Northern Arc Capital. The latest investment from DFC is a strong vote of confidence in the resilience of Northern Arc's business model and its ability to serve clients through different parts of the economic cycle. It is also a testament to the underwriting capability of Northern Arc, which has been built through deep understanding of its sectors, a large repository of data and proprietary analytics models.

Commenting on the latest debt fund raise, Bama Balakrishnan, CFO of Northern Arc said, "Northern Arc and DFC are natural partners in the effort to serve the underbanked and promote women entrepreneurship. Northern Arc itself has a large representation of women in senior management roles and has actively advocated equal opportunities for women and a greater role in the financial services sector. The transaction will allow us to support small and mid-sized NBFCs which are unable to attract debt funding from investors, especially after the onset of the Covid19 pandemic and the resultant lockdown. These entities operate across India's landscape serving nearly 50 million customers across 580 districts. "

"DFC is proud to extend financing to Northern Arc and looks forward to working together to expand financial services to underbanked communities across India," said **Edward A. Burrier, DFC Executive Vice President, Strategy.** "The role of Northern Arc takes on added importance in the wake of COVID-19, which around the globe is disrupting access to capital that individuals, families, and businesses so desperately need. We are especially proud that our financing will

support loans that empower women, who are often disproportionately impacted by crises like COVID-19, as well as expanded access to water, sanitation, and food, which are central to global health resilience.”

About Northern Arc

Northern Arc Capital Limited (formerly known as IFMR Capital Finance Limited) is a Non-Banking Finance Company that provides access to debt for under-banked individuals and businesses in India. Through a combination of capital, products and partnerships, Northern Arc and its subsidiaries have created a platform that connects millions of borrowers to mainstream debt investors. Since inception, Northern Arc has enabled over USD 11 billion of financing to over 200 partner organizations through 140 reputed domestic and global investors.

About US International Development Finance Corporation

U.S. International Development Finance Corporation (DFC) is America’s development bank. DFC partners with the private sector to finance solutions to the most critical challenges facing the developing world today. We invest across sectors including energy, healthcare, critical infrastructure, and technology. DFC also provides financing for small businesses and women entrepreneurs in order to create jobs in emerging markets. DFC investments adhere to high standards and respect the environment, human rights, and worker rights.