

PRESS RELEASE

Northern Arc mobilizes INR 500 crore of Debt for Asirvad Microfinance since the lockdown; helps secure Euro 25mn funding commitment from Invest In Visions

Northern arc is very happy to announce that it has, along with **Agents for Impact GmbH (“Afi”)**, a German impact-focused investment manager, concluded External Commercial Borrowing (ECB) loan transaction aggregating to EUR 25 million between **Asirvad Microfinance Ltd. (“Asirvad”)**, the highest rated Microfinance Institution in the country and German Impact investor, IIV IMPACT INVESTING FUNDS, FCP-RAIF - DKM MIKROFINANZFONDS A, which is managed by **Invest in Visions GmbH**, a pioneer in microfinance investments in Germany. The ECB loan will be disbursed to Asirvad in three stages up to October 2020, of which EUR 5 million has already been disbursed.

Invest in Visions GmbH was advised on this ECB transaction by **Agents for Impact GmbH**, an impact-focused investment manager, with a mission to facilitate funding to sustainable and environmentally responsible investment opportunities in developing countries. Agents for Impact played the critical role of structuring this ECB loan, conducting due diligence on Asirvad and managing all aspects of the transaction from start to finish.

Northern Arc played the instrumental role of advisor to Asirvad on this ECB transaction and assisted Asirvad throughout the transaction. In this current financial year, Northern Arc has advised Asirvad on 500 crore of its funding transactions.

As one of the forerunners in the microfinance space, Asirvad is a stellar AA rated MFI which has, till date, disbursed over INR 20,000 crores to over 1.5 crore customers from low income segments of India. The funds from this transaction will be utilised by Asirvad for on-lending towards women borrowers in the Microfinance sector under the Joint Liability Group Model. As India continues to weather the unprecedented COVID-19 pandemic, Asirvad’s immediate focus is to address capital and liquidity shortage faced by women the low-income households, essential for the economy’s revival. Asirvad has been able to diversify its borrowing profile and raise significant liabilities over the last 5 months, under various schemes (TLTRO, PCG etc) announced by the Ministry of Finance. This is a result of the established credibility of Asirvad as a leader in the MFI financing segment, and also a strong testament of their work in attracting further lending from impact-driven investors around the world.

Regarding this landmark deal, **Mr. Raja Vaidyanathan, MD and CEO of Asirvad MFI** said, *“We are grateful for the support we have received from Invest in Visions and Northern Arc on this transaction. These funds will help Asirvad in furthering our mission of creating an inclusive India, by extending credit to the micro-borrowers.”*

When commenting on the ECB transaction, **Mr. Andrij Fetsun, Chief Executive Officer of Agents for Impact** said, *“From the get go, we were confident in recommending this funding to Invest in Visions, having analysed and researched on Asirvad and finding that they have the key competitive advantage of being an AA rated MFI in India, with a sound track record in microfinance and a strong and diversified portfolio. The evaluation of Asirvad using our the sustainability rating tool - ‘AFISAR®’ has furthermore confirmed Asirvad’ s alignment with the UN SDGs, the MFI performed particularly well with respect to SDG 13 (Climate Action), SDG 9 (Industry, Innovation & Infrastructure), SDG 11 (Sustainable Cities & Communities) and SDG 16 (Peace, Justice & Strong Institutions). We are extremely happy to have facilitated this transaction between Invest in Visions and Asirvad and look forward to seeing the positive impact this funding will have on the under-served and low income women borrowers in India, which are in most need of financial assistance during these turbulent times”*

Dr Kshama Fernandes, Chief Executive Officer of Northern Arc Capital, said: *“This transaction is a testament to Northern Arc’s ability to add value to clients even during the toughest of times. Some of the largest financial institutions in the country benefit from our product structuring expertise and wide investor network. We have been working extensively with Asirvad during the crisis and this deal is the cherry on the cake, providing longer term reputational and access benefits apart from liquidity.”*

Northern Arc has played a critical role during these turbulent times in helping microfinance entities raise much-needed liquidity from reputed DFIs from across the world. Its pioneering ability to structure customized product solutions that cater to unique client and investor requirements has been a critical factor in the execution of these transactions. Northern Arc has also been instrumental in syndicating funds for MFIs from domestic financial institutions under various regulatory schemes like TLTRO, PCG etc. and other special liquidity and refinancing schemes.

About Asirvad Microfinance Limited

Asirvad Microfinance is (CRISIL AA- rated) large microfinance institution (NBFC-MFI) that offers micro-credit loans to women from low income households under the Joint Liability Group model. As an NBFC-MFI, Asirvad aims at providing Microfinance loans to women in rural India’s thriving and underserved sector. The company leverages technology in its delivery model and currently operates through a branch network of 1,030 spread across 329 districts in 22 states of India. Asirvad is backed by Mannapuram Finance. In February 2015, Manappuram Finance acquired a majority stake in Asirvad. Manappuram is one of India’s leading gold loan NBFCs. Manappuram group has total AUM of over NR 252 Billion. Manappuram finance has thus far infused more than INR 5.7 billion in Asirvad.

About Invest in Visions GmbH

Invest in Visions GmbH, specialists for impact investments, was founded by Edda Schröder in 2006 in Germany, with the vision of offering institutional and retail investors access to impact investments - that is, investments that offer investors both financial and social returns. In 2011, Invest in Visions achieved an important milestone with the launch of IIV Mikrofinanzfonds, the first fund of this asset class in Germany for retail and institutional investors.

In addition to microfinance, Invest in Visions specialises in investments in sustainable agriculture, social enterprises and social impact lending (social bonds, for example, in the areas of healthcare, education, social housing). Thanks to their long-term experience and an extensive network of specialists, Invest in Visions has been able to draw on considerable expertise when selecting and evaluating sustainable and social investment products.

About Agents for Impact GmbH & Co. GK

Agents for Impact GmbH & Co. KG is a German research agency with three major focus pillars: 1) to enable sustainable investments (“**Risk**”); 2) to render impact measurable and comparable through their unique rating tool – AFISAR[®] (“**Rating**”); and 3) to make financial inclusion structurally and legally possible for investors around the world (“**Research**”).

Agents for Impact offers its impact measurement services to investors and microfinance institutions worldwide through its Agents for Impact Sustainability Assessment Rating (AFISAR[®]) tool. The AFISAR[®] tool provides valuable insights into a company’s sustainability performance based on the Sustainable Development Goals of the United Nations (“UN SDGs”). The AFISAR[®] tool helps investees to demonstrate their sustainability performance and attract impact capital, since sustainability performance is an increasingly important selection criterion for investment decision, particularly for impact investors.

About Northern Arc Capital

Northern Arc Capital (formerly IFMR Capital Finance Limited) is a leading debt platform that addresses the credit requirements of the underbanked in India. These include financial institutions, mid-market enterprises, small businesses and individuals. Through its deep credit-insights, proprietary risk-models, structuring capability and an agile technology, Northern Arc offers suitable debt products that meet the requirements of borrowers and lenders. Northern Arc acts as a critical bridge between emerging sectors and reputed investors, covering the entire gamut of credit opportunities through innovative products and structures. It has pioneered several innovative structures in the Indian market including the Multi-Originator Securitisation (Mosec[™]), the Covered Bond, the Pooled Loan/Bond Issuance and the Single Issuer Partially Credit Enhanced (SPiCE[™]) Bond.

Since inception, Northern Arc has enabled over USD 11 billion of financing and structured over 750 rated transactions - across 200+ high quality partner institutions through 140 reputed domestic and global investors. Northern Arcs exposure is spread across 580 districts in 28 states and 6 union territories in India. It is currently instrumental in positively impacting the lives of over 57 Mn people in India. It is backed by marquee private equity players like Leapfrog, IIFL, Accion, Affirma Capital (erstwhile Standard Chartered Private Equity), Dvara Trust and Sumitomo Mitsui Banking Corporation.