

【NEWS RELEASE】

December 16, 2019

Sumitomo Mitsui Banking Corporation

Capital Investment into Northern Arc Capital Limited
(formerly known as IFMR Capital Limited)

TOKYO, December 16, 2019 --- Sumitomo Mitsui Banking Corporation (SMBC, President and CEO: Mr. Makoto Takashima) announced today that it completed an acquisition of 7,004,364 ordinary shares (representing 5.4 per cent equity interest) of Northern Arc Capital (“Northern Arc Capital” - <http://www.northernarc.com/>).

Northern Arc Capital - is a systemically important Non-Banking Finance Company (“NBFC”) that through a combination of capital, structured products and partnerships, helps other mid-to-small sized NBFCs and Micro-Finance Institutions (“MFIs”) -operating in the underbanked space in India, including priority sectors such as agriculture and MSMEs – to gain access to debt funding from mainstream domestic and international investors/lenders.

Northern Arc Capital often identifies such NBFCs and MFIs (called "partner-originators") in their nascency, and helps to incubate, mentor, nurture, and grow them by providing initial funding support, improving their internal risk management, control framework, and corporate governance structure until they reach a matured, and advanced stage of operations.

SMBC signed a Memorandum of Understanding (“MOU”) with Northern Arc Capital Limited (“Northern Arc Capital”) on August 26, 2019, by reviewing an existing MOU signed on February 16, 2017. Under this comprehensive collaboration framework, SMBC intends to further strengthen its capability to extend financial solutions to inclusive sectors like agriculture and Micro, Small, and Medium Enterprises (“MSMEs”) etc., in the Republic of India (“India”).

Through this investment, SMBC intends to further deepen its relationship with Northern Arc Capital and continue to positively contribute towards financial inclusion and consequentially furthering SDGs of the country, which is also the Bank’s long term vision and business goal.

(Reference: Overview of Northern Arc capital)

Name: Northern Arc Capital Limited

Establishment: 2008

Location of Head Office: Chennai, Republic of India

Listed: Unlisted

Outline of Business:

NBFC extends financing, through lending and investment, to other NBFCs and MFIs that provide funding to Priority Sectors in India. It also acts an arranger of securitized assets and the direct assignment/outright purchase of assets originated by these NBFCs and MFIs.

(Notes) PSL guidelines in India are established by the Reserve Bank of India, which mandates banks to extend a specified portion of their lending asset to certain sectors, such as agriculture, and MSMEs.