

Public Information Summary

Host Country	India
Name of Guaranteed Party	Kotak Mahindra Bank Limited
Project Description	A 50% loan portfolio guaranty mobilizing \$200 million to non-bank financial companies (NBFCs) and microfinance institutions (MFIs) (together, the “Borrowers”) for on-lending to borrowers of NBFCs and MFIs, including women, 2X-qualifying micro-, small, and medium-sized enterprises (MSMEs) and new-to-credit borrowers (the “Sub-Borrowers”), especially in rural areas. At least 75% of on-lending will be to women and 2X-qualifying MSMEs, and at least 10% will be to new-to-credit borrowers.
Proposed DFC Guaranty	\$100 million DFC exposure
All-Source Funding Total	\$200 million
Policy Review	
Developmental Objectives	The Project is expected to have a positive development impact in India by helping to address the country’s micro, small and medium enterprise (“MSME”) financing gap for women, which is estimated to be approximately \$20 billion. More specifically, the Project will seek to address this financing gap by expanding its footprint throughout the country through lending to non-bank financial companies (“NBFCs”) and microfinance institutions (“MFIs”) that on-lend at least 75% of Project proceeds to 2X eligible MSMEs, with an emphasis in micro and small enterprises and including individual women entrepreneurs. Additionally, the Project will seek to improve access to finance to India’s unbanked population by working with its NBFC and MFI partners to on-lend at least 10% of the Project proceeds financing to new-to-credit low-income borrowers.
Environment and Social Assessment	The Project has been reviewed against the DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC loans to financial institutions for the expansion of lending to Non-Bank Financial Companies (“NBFCs”), which service micro- small- and medium-enterprises (“MSMEs”) and microfinance institutions (“MFIs”) are screened as a Financial Intermediary C (FI-C) for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as low risk and further review and consent is not required for these investments. To ensure that the Guaranteed Party’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan will be

subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards.

Under the DFC’s ESPP, the Guaranteed Party is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation’s Performance Standard (“PS”) 1 and 2. A desk-review based due diligence assessment indicates that because the Project will use DFC support to finance the expansion of its lending to Non-Bank Financial Companies and Microfinance Institutions in India, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Guaranteed Party does utilize private security and therefore, relevant aspects of PS 4, Community Health, Safety and Security are triggered.

The Guaranteed Party has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy and that currently meet the expectations listed in the DFC’s 2020 Environmental Policy and Procedures.