

Media Release

Kotak Mahindra Bank Limited Acquires BSS Microfinance Private Limited

Mumbai, September 30, 2016: Kotak Mahindra Bank Limited (Kotak), today announced that it has executed binding share purchase agreement to acquire 99.49% of equity shares of BSS Microfinance Private Limited (BSS), a Non-Banking Finance Company, classified as a NBFC-MFI, from existing shareholders subject to regulatory and other approvals, including Reserve Bank of India. The acquisition has been approved by the Board of Directors of Kotak Mahindra Bank and is for an aggregate all-cash consideration of Rs. 139.2 crore. As of June 30, 2016, BSS has a networth of approximately Rs. 73 crore and microfinance loans of Rs. 483 crore in its books. It will be a subsidiary of Kotak after receiving regulatory and other approvals.

Strategic rationale and benefits

BSS has a commercially established model in the microfinance segment. This acquisition gives Kotak access to BSS's growing customer base which currently stands at over 2,17,000 and network of 78 branches (as of June 30, 2016).

This acquisition offers Kotak a deeper reach in the low income segment, and also increases the access of BSS's customer base to Kotak's wide array of products and services. Further, BSS's loan book also qualifies for Priority Sector Lending (PSL). Kotak and the BSS team will leverage their combined experience to scale up the existing platform.

Narayan SA, President – Commercial Banking, Kotak Mahindra Bank, said “Financial inclusion is one of the imperatives of our country, and this acquisition is a testimony of our commitment to cater to the needs of weaker sections of society in a commercially viable manner. The capabilities and processes required for this customer segment are unique, and cannot be created easily or organically in a short span. BSS is of the right size, culturally compatible with Kotak, and has proven its processes and value systems over a decade.”

“We will leverage BSS's deep presence in the segment and related experience to ensure that customers' needs are served best and consistent with the past culture” added Narayan.

Dr. Ramesh Bellamkonda, Promoter, Chairman & MD, BSS Microfinance Pvt. Ltd. said, “Our institution has an excellent team, with good systems and processes. Until now, we have been hobbled with constraints of equity capital. The deal not only helps us overcome this constraint but also allows us to offer savings products in conjunction with Kotak Mahindra Bank, once the deal is consummated. We will now be able to expand, and provide better products and services to both existing and new clients

across the country. I am excited about the prospect that we can now play a more meaningful role to alleviate poverty in our country, much better than we have done so far.”

Kotak is renowned for its employee orientation and retention of talent. It appreciates the culture of BSS and capabilities of its 728 employees, which will be leveraged for the next phase of growth.

For Kotak - Deloitte Touche Tohmatsu India LLP and M2i Consulting undertook the financial and business due diligence review, Cyril Amarchand Mangaldas was the legal advisor, and Kotak Mahindra Capital Company was the investment banker.

About BSS Microfinance Pvt. Ltd.

BSS Trust was founded in 1997 by Dr. Ramesh Bellamkonda, formerly a practicing medical specialist in the US. He quit his private medical practice in the US to be involved in poverty alleviation in a financially sustainable manner in India, using the methods developed by Prof. Muhammad Yunus and Grameen Bank of Bangladesh. The business was taken over by BSS Microfinance Private Limited in 2008, which is now classified by RBI as a NBFC MFI (Non-Banking Finance Company Micro Finance Institution). As on June 30, 2016, BSS had microfinance loans of Rs. 483 crore. BSS has a strong senior management team with vast experience in the field of microfinance and banking.

About Kotak Mahindra Bank Limited

Established in 1985, Kotak Mahindra Group is one of India's leading financial services conglomerates. In February 2003, Kotak Mahindra Finance Ltd., the Group's flagship company, received banking license from the Reserve Bank of India, becoming the first non-banking finance company in India to convert into a bank - Kotak Mahindra Bank Ltd.

Effective April 1, 2015, ING Vysya Bank Ltd. merged with Kotak Mahindra Bank Ltd. As on June 30, 2016, Kotak Mahindra Bank Ltd. has a significant national footprint of 1,333 branches and 2,034 ATMs spread across 674 locations.

The Bank has four Strategic Business Units – Consumer Banking, Corporate Banking, Commercial Banking and Treasury, which cater to retail and corporate customers across urban and rural India.

For more information, please visit the company's website at <http://www.kotak.com/>

For further information, please contact

Rohit Rao
Kotak Mahindra Bank
Phone: +91-22-6166-0001
rohit.rao@kotak.com

Jaydeep Raval
Kotak Mahindra Bank
Phone: +91-22-6166-0001
jaydeep.raval@kotak.com

Karan Datt
Genesis Burson-Marsteller
Mobile: +91-99206-05308
karan.datt@bm.com