

EW/Sec/2019/327

November 12, 2019

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai - 400 051.

Dear Sirs,

Ref.:- Symbol: EDELWEISS

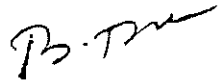
Sub: Investor Presentation

Please find enclosed the Investor Presentation in US Dollar on Earnings Updates for the quarter and half year ended September 30, 2019.

Kindly take the same on record.

Thanking you,

For Edelweiss Financial Services Limited



B.Renganathan
Executive Vice President and Company Secretary

US \$ version



Edelweiss Financial Services Limited

Q2FY20 Earnings Update



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Quarterly Performance Highlights – Q2FY20



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Financial Snapshot – Q2FY20



\$Mn	EOP Equity	Profit after Tax
Total Pre Minority	1,396	10
Credit	829	5
Asset Reconstruction	316	10
Advisory	30	7
Insurance	134	(10)
BMU & Corporate	87	(4)
Minority Interest (MI)	297	2
Total Consolidated Post MI	1,100	7
Total Ex-Insurance Post MI	1,024	13

Q2FY20 Overview



- 1 In line with our stated strategy of focusing on enhancing capital light business model:
 - Signed co-origination agreements with SBI,CBI and PNB in addition to BOB signed last quarter
 - Securitized retail credit book of \$99 Mn during the quarter
- 2 Asset Reconstruction business continues with sustained momentum in recoveries
- 3 Customer Assets grew by 7% YoY despite dampened customer activity in Advisory business
- 4 Closed completion financing fund of \$425 Mn for the real estate sector with Meritz Group
- 5 Sanaka Capital and others will be investing upto \$75 Mn of growth equity in EGIA
- 6 Received first tranche of \$25 Mn from Kora Management out of the \$75 Mn investment commitment in EGIA
- 7 Arthur J. Gallagher acquires minority stake by way of primary equity in our insurance broking arm
- 8 Embedded Value at \$207 Mn as on 30th Sep 2019 in Life Insurance Business; Persistency ratio stood at 78% for H1FY20

Key Actions Taken - Liquidity, Asset Quality and Balance Sheet



Liquidity

- We continue to maintain liquidity at ~17% of balance sheet; No change anticipated in our stated liquidity plan
- Overall Liquidity maintained at \$1,188 Mn including undrawn bank lines of \$141 Mn

Asset Quality

- We have provided \$63 Mn in H1FY20 as against \$65 Mn for entire FY19
- Gross NPA and Net NPA stood at 2.7% and 1.7% as of 30th Sep 2019

Balance Sheet

- We are the only player in the industry to have raised fresh equity twice since the crisis started
- Debt to Equity (Ex-Treasury) progressively reduced to 3.4x

Launch of Completion Financing Platform



- Launched India's first completion financing platform for the real estate sector
- Platform will house funds that will buy out existing real estate loans and provide requisite completion financing; Funds will be managed by Edelweiss' Alternative Asset Management business
- Funds will be managed by Edelweiss' Alternative Asset Management business
- First fund of this platform of \$425 mn is closed with Meritz Group
- The platform is targeting to raise \$1 bn over the next 12 months from similar International Institutional investors

About Meritz Group

- Meritz Group is a South Korean financial conglomerate with a presence in securities & broking, insurance and investment banking
- Has been a pioneer in real estate investing in South Korea & globally
- Renowned for its understanding and deep expertise in real estate investing both in Korea and globally

The funds will combine investor capital with our operational capabilities in project management as well as workouts and recoveries

Fund Raise in EGIA - \$150 Mn Target Raise



- Sanaka Growth SPV I Ltd (part of Sanaka Capital) has committed to invest ~\$44 mn of growth equity in EGIA in the form of compulsorily convertible instrument
- We and Sanaka are in talks with other investors alongside for a further investment of ~\$31 mn in EGIA
- Sanaka is a growth-focused private equity fund founded by Mr. Shankar Narayanan, an industry veteran with over 25 years of experience of private equity investment in India and other Asian countries
- Sanaka targets to achieve capital appreciation from investing in high-quality, growth-oriented, mid-market companies led by entrepreneurial passionate teams
- This is in line with our strategic plan of having separate business groups with distinct entities, ring fenced capital base and independent Board

We Continue to Forge Strong Partnerships



CDPQ



Tokio Marine



Allianz



SANAKA



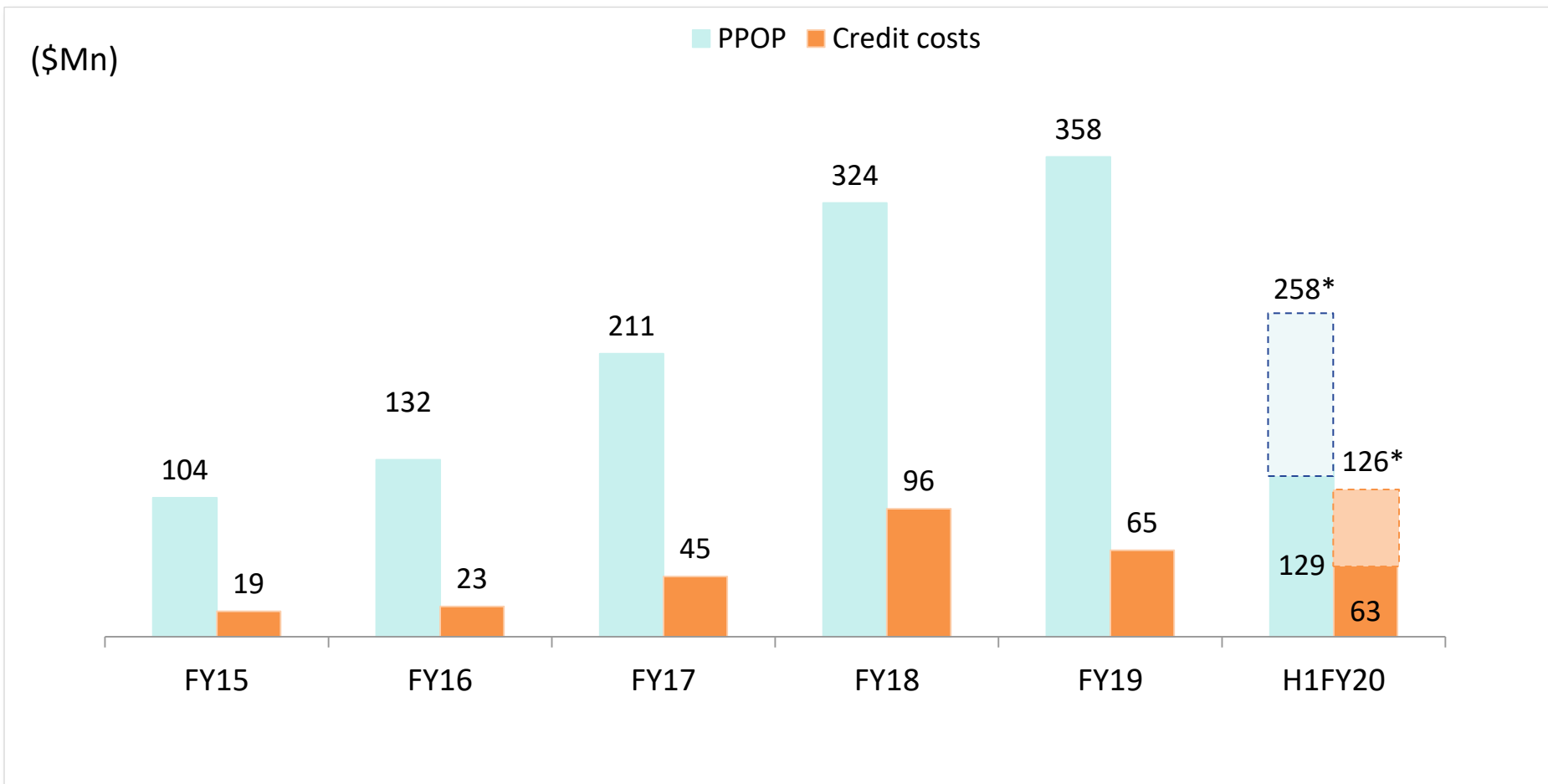
Arthur J. Gallagher



Bank of Singapore

We are proud to have been chosen by partners who embody the highest standards of quality and governance

PPOP Remains Adequate For Enhanced Credit Costs



While the enhanced credit costs will impact P&L for FY20, we do not expect any balance sheet impact on account of asset quality

* Annualized number; Pre Provisioning Operating Profit (PPOP) are Ex-Insurance numbers

PAT Distribution Across Businesses



(\$Mn)	Q2FY19	Q1FY20	Q2FY20
Total Consolidated Post MI PAT	39	19	7
<i>Credit</i>	30	16	5
<i>Asset Reconstruction</i>	5	9	6
<i>Advisory</i>	11	10	7
<i>Insurance</i>	(7)	(7)	(6)
<i>BMU & Corporate</i>	-	(8)	(6)
Total Ex-Insurance Post MI PAT	46	26	13
Balance Sheet	8,408	7,712	7,036

Key Profitability Ratios



Ex-Insurance	Q2FY19	Q1FY20	Q2FY20
PPOP	4.6%	4.0%	2.8%
Credit Costs	0.9%	1.9%	1.5%
RoA	2.5%	1.7%	1.0%
RoE	19.1%	10.2%	5.1%
Cost to Income Ratio	47%	50%	56%
Consolidated	Q2FY19	Q1FY20	Q2FY20
RoA	1.9%	1.0%	0.5%
RoE	14.7%	6.8%	2.6%
Cost to Income Ratio	61%	67%	73%

Ex-Insurance RoA and RoE for H1FY20 are 1.3% and 7.7%

Diversified Business Model...



Business Segments (\$Mn)	Q2FY20 Pre MI PAT	% Contribution
Retail Credit	4	23%
Corporate Credit	1	4%
Asset Reconstruction Business	10	54%
Wealth Management and Capital Markets	5	28%
Asset Management	2	11%
BMU & Corporate	(4)	(20%)
Total Ex- Insurance Pre MI PAT	19	100%
Insurance Pre MI PAT	(10)	-
Total Consolidated Pre MI PAT	10	-

...makes us resilient even in a tough market environment

Steady Growth in Customer Assets



As on 30th September, 2019 (rounded off to nearest 100)

Customer Assets

\$Bn

YoY Growth

28.6

7%

Assets under Advice (Wealth Management)

15.3

10%

Funds under Management (Asset Management)

4.9

2%

Asset Reconstruction (ARC) Assets under Management

5.4

(5%)

Assets under Custody & Clearing

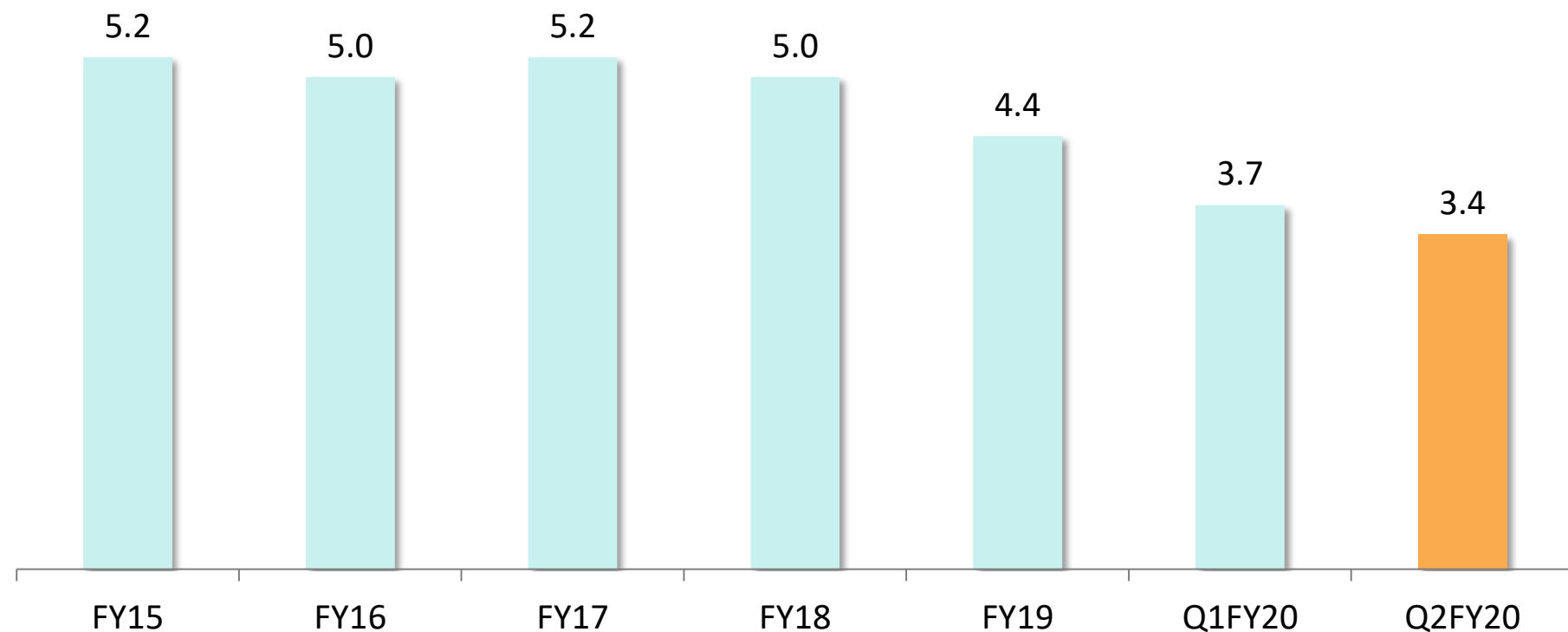
3.0

35%

Debt Equity Ratio declines further to 3.4x



D/E (Excluding Treasury Assets)





Business Performance Highlights

CREDIT

Retail Credit – Corporate Credit



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Credit Business Mix



As on 30 th September, 2019	Capital Employed (\$Mn)	%	
Retail Credit	2,138	48%	
Retail Mortgage	1,142	26%	Blend of loans to home owners and home buyers
SME & Business Loans	541	12%	Under-served and highly scalable market, key focus area
ESOP and Margin Financing	416	9%	Catering to customers in Wealth Mgmt and Capital Markets
Agri and Rural Finance	39	1%	Under-served market with low competitive intensity
Corporate Credit	2,289	52%	
Structured Collateralised Credit	728	17%	Customized credit solutions with robust risk management systems
Wholesale Mortgage	1,561	35%	Developer financing for primarily residential properties
Total Credit Book	4,427	100%	

Credit Business at a Glance



Credit Business (\$Mn)	Q1FY20	Q2FY20
Capital Employed	4,806	4,427
Average Interest Yield	15.9%	14.6%
Average Cost of Borrowing	10.3%	10.5%
Net Interest Margin	7.0%	5.6%
Net Interest Income	88	65
Cost to Income	41%	49%
Pre Provisioning Operating Profit	52	34
Credit Costs	31	26
PAT (Pre MI)	16	5
RoA	1.2%	0.4%
RoE	9.3%	3.2%

Credit Business Performance Snapshot



Q2FY20 (\$Mn)	Total	Retail	Corporate
EOP Capital Employed	4,427	2,138	2,289
EOP Equity	829	354	475
Net Interest Income	65	31	34
PAT	5	4	1
Net Interest Margin	5.6%	5.6%	5.7%
Cost to Income	49%	48%	49%
RoA	0.4%	0.8%	0.1%
RoE	3.2%	6.9%	0.8%

Asset Quality at a Glance

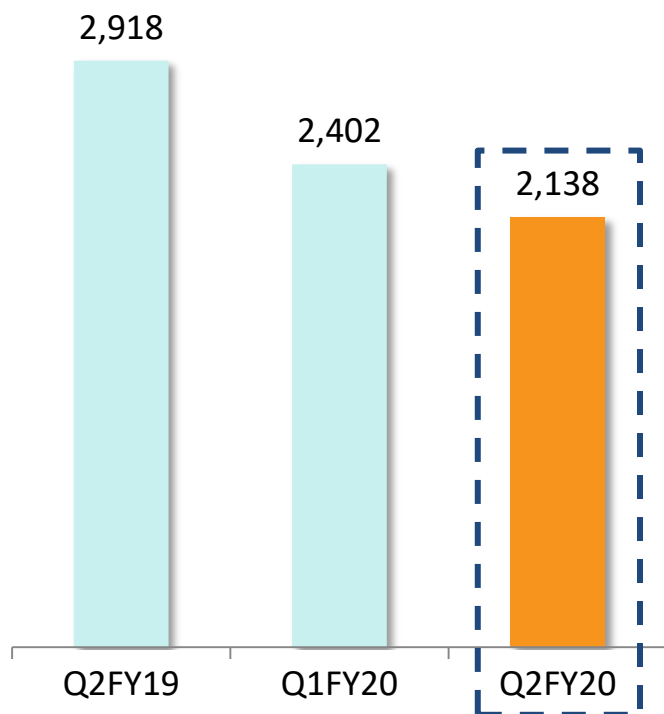


As on 30 th September,19 (\$Mn)	Q1FY20	Q2FY20
Credit Book	4574	4,205
<i>Of which Stage 3</i>	106	115
ECL Provision	118	114
<i>Of which Stage 3</i>	50	45
Specific Provision Cover	47%	39%
Total Provision Cover	111%	99%
Gross NPA	2.33%	2.73%
Net NPA	1.24%	1.66%

Retail Credit

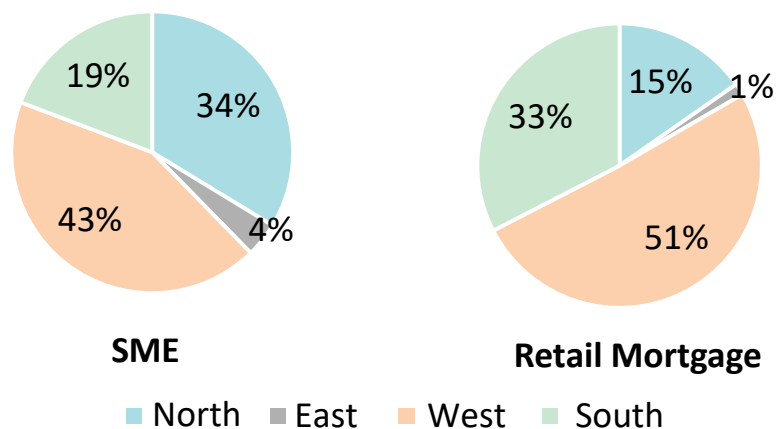


Capital Employed
(\$Mn)



	SME		Retail Mortgage	
	Secured	Unsecured	HL	LAP
Average Yields %	14%	23%	11%	13%
Median Ticket Size (\$Mn)	~0.14	0.01	0.02	0.03
Average LTV	~75% -85%		~50%-60%	
Locations (#)	108		100	

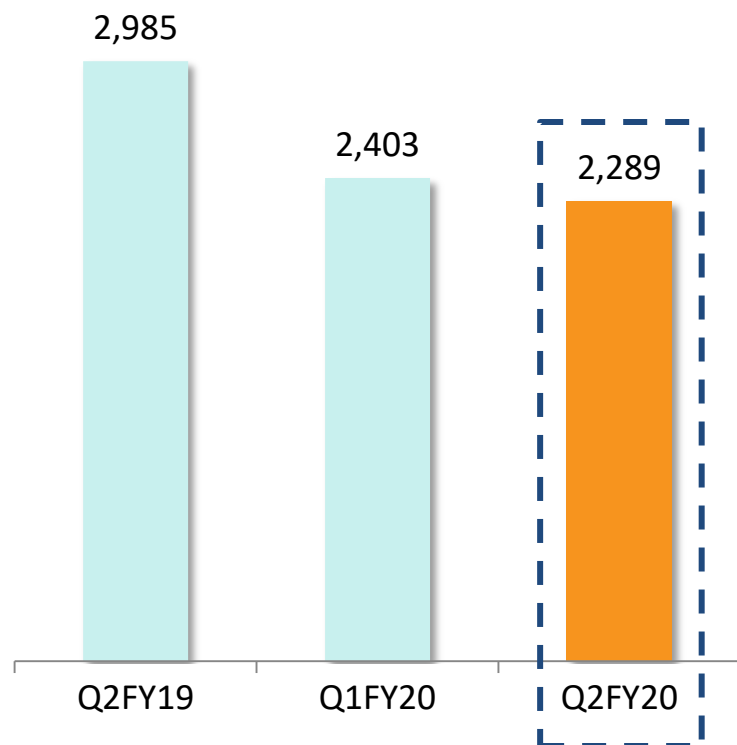
Loan Book - Geographical Split



Corporate Credit

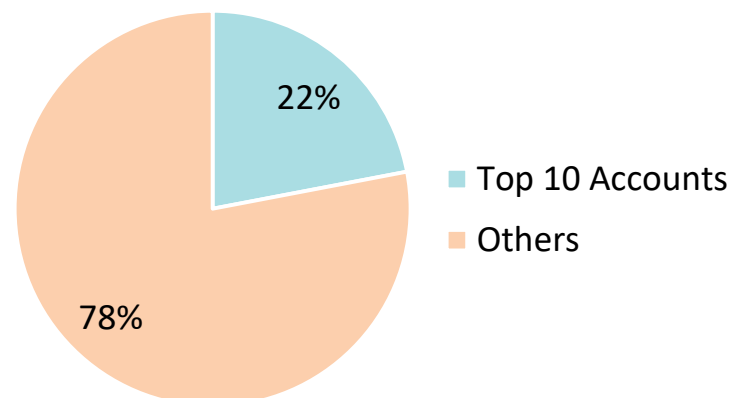


Capital Employed
(\$Mn)



	Structured Collateralised Credit	Wholesale Mortgage
Average Yields %	15% - 17%	17% - 19%
Portfolio Granularity	67 accounts	162 projects
Typical Ticket size	\$14-18 Mn	

Exposure in Top 10 Accounts





Business Performance Highlights

ADVISORY

Wealth Management – Asset Management – Capital Markets



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Advisory Business Performance Snapshot



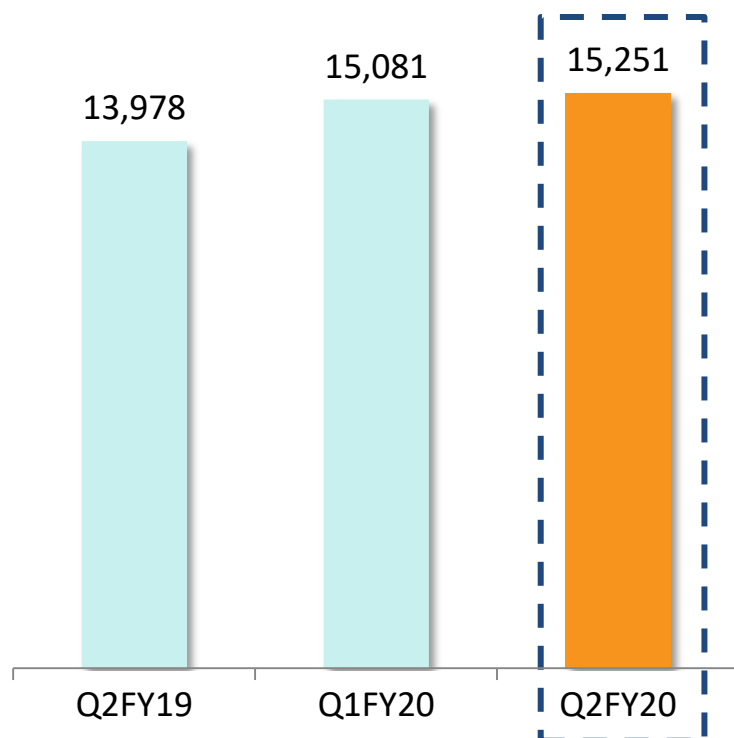
Q2FY20 (\$Mn)	Total	Wealth Management	Asset Management	Capital Markets
Net Revenue	36	18	9	10
PAT	7	5	2	1
Cost to Income	71%	64%	66%	88%
PAT Yield	-	13 bps	16 bps	-

Customer Assets (\$Bn)	Assets under Advice	Assets under Management	Assets under Custody and Clearing
	15.3	5.1	3.0

Wealth Management

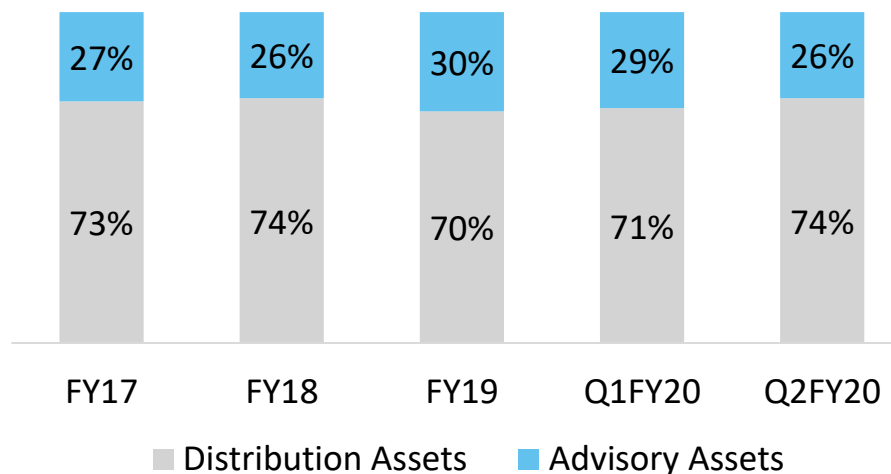


Assets Under Advice (\$Mn)



As on 30 th Sept'19	Number of Clients	AUA (\$Mn)	Number of RMs
Ultra High Net Worth Individuals	~2,410	11,813	161
Affluent Investors	~525,300	3,438	781

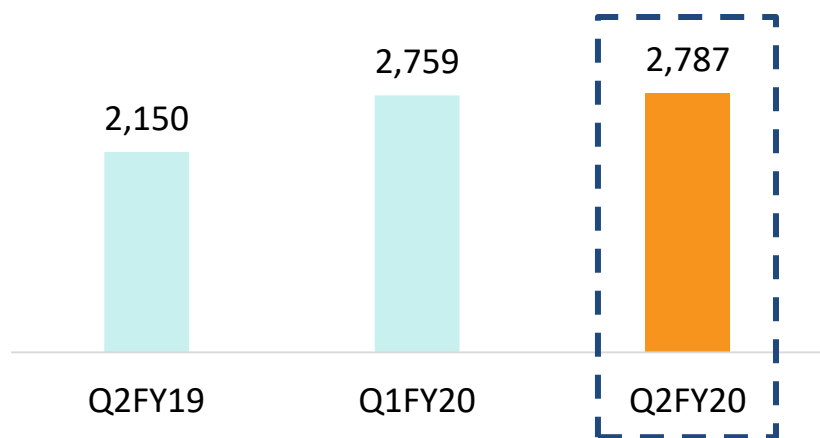
Wealth AUA Breakup



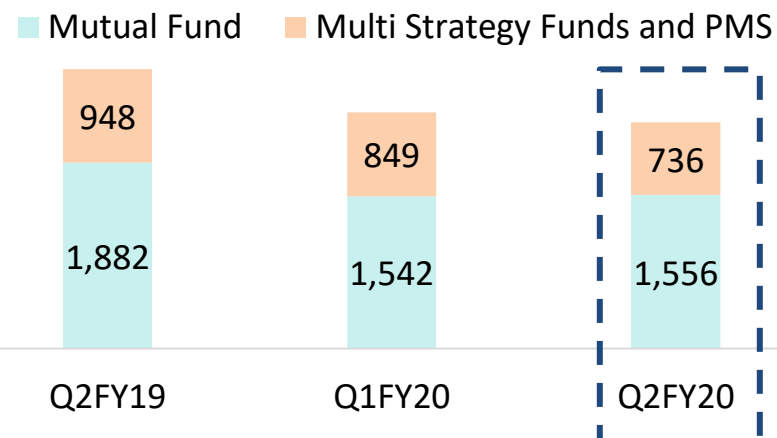
Asset Management



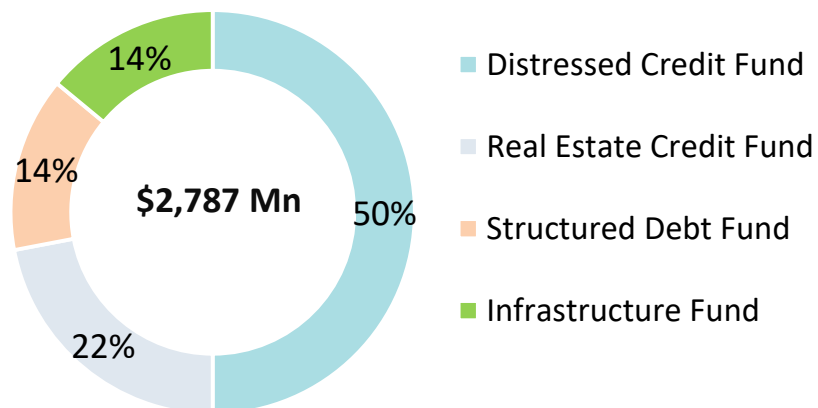
Alternative Assets – Private Credit (\$Mn)



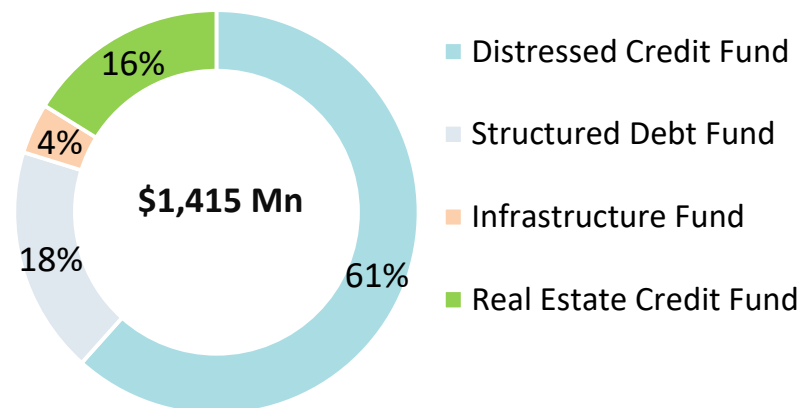
Public Markets (\$Mn)



Alternative Assets AUM as on 30th Sep 19



Deployment in Alternative Assets till Date

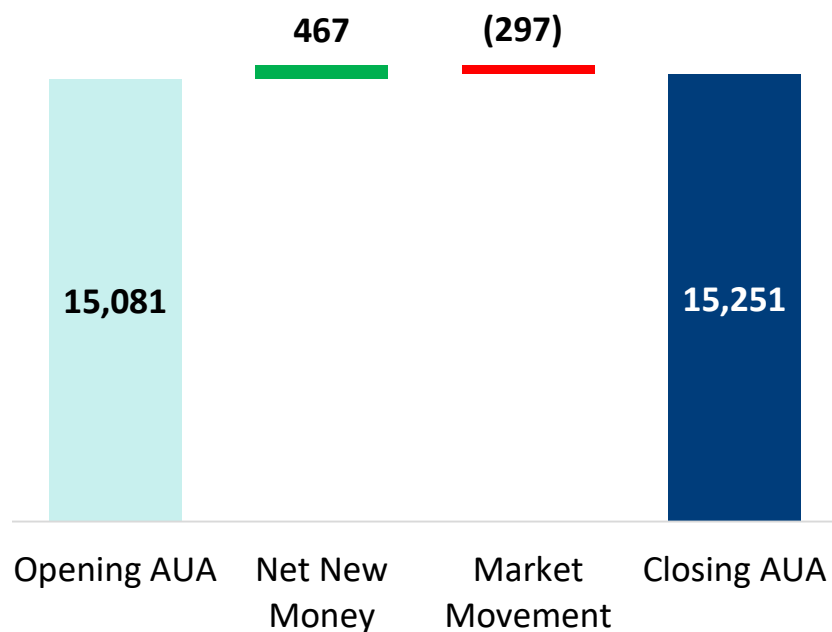


Net New Flows in Wealth and Asset Management



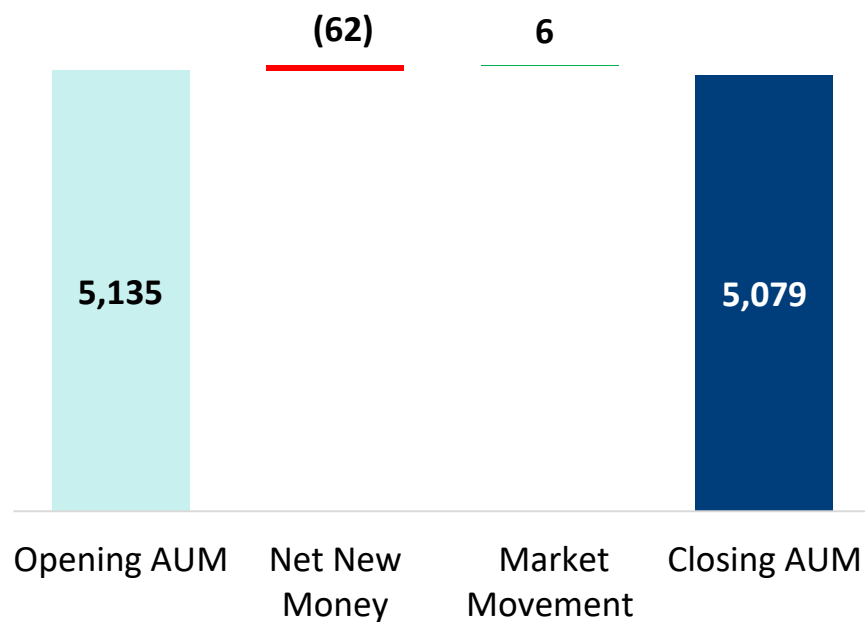
Wealth Management AUA Movement in Q2FY20

(\$Mn)



Asset Management AUM Movement in Q2FY20

(\$Mn)



Capital Markets



Key Equity Capital Market & Advisory Transactions

Capital Small Finance Bank

Private Equity Placement
July 2019
Sole Financial Advisor



Initial Public Offering
July 2019
BRLM



Buyback
September 2019
Sole Manager

Key Debt Capital Market Transactions



Public Issue
August 2019
Lead Manager



Public Issue
September 2019
Lead Manager



Public Issue
September 2019
Lead Manager



Public Issue
September 2019
Lead Manager



Business Performance Highlights

Asset Reconstruction



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Asset Reconstruction Business Performance Snapshot



(\$Mn)	Q1FY20	Q2FY20
AUM	6,715	6,653
EOP Capital Employed	1,221	1,240
EOP Equity	305	316
Net Interest Income	29	25
Credit Costs	4	2
PAT	15	10
Net Interest Margin	11.2%	8.3%
Cost to Income	22%	28%
RoA	5.8%	3.4%
RoE	22.3%	13.1%

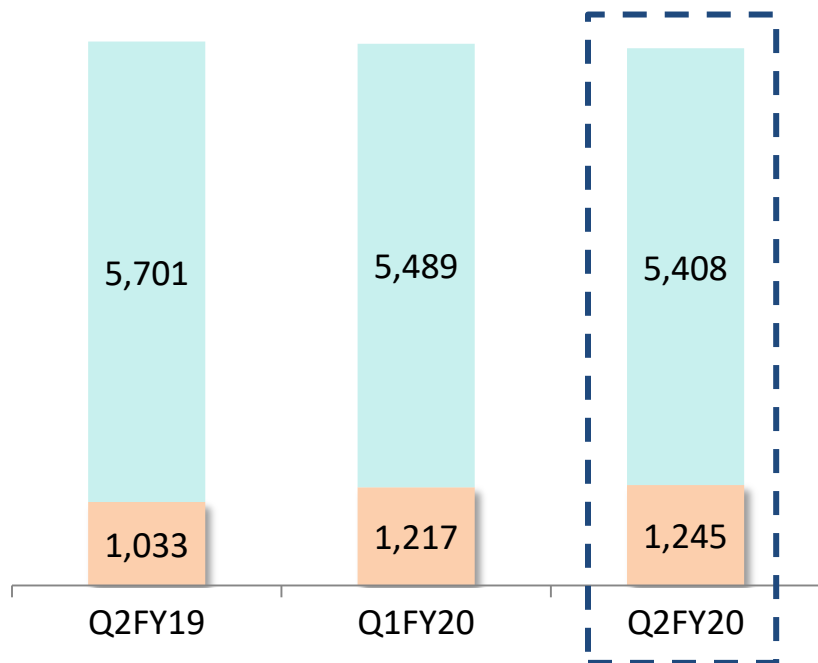
Asset Reconstruction Overview



AUM

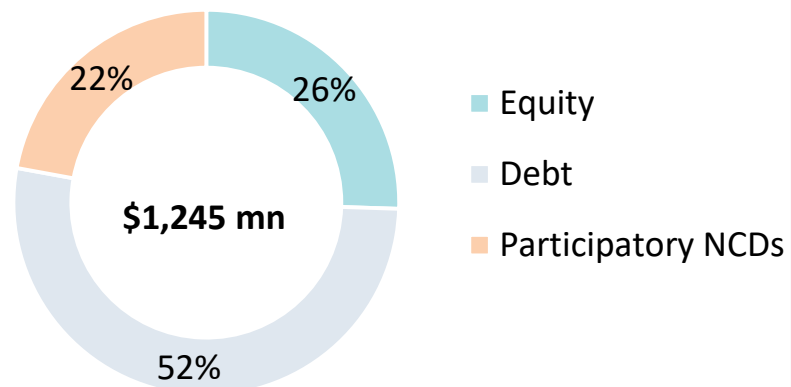
(\$Mn)

Edelweiss Contribution Investors Contribution



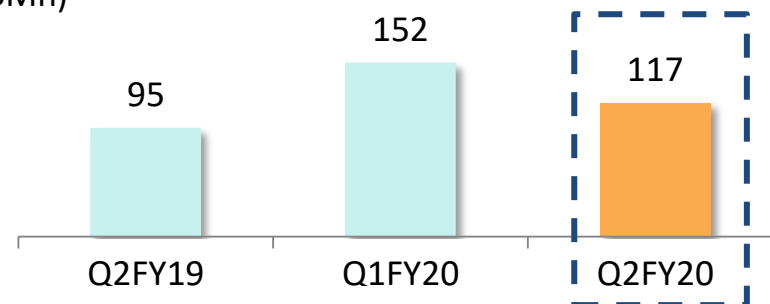
Funding profile of Edelweiss's Contribution in ARC

(\$Mn)



ARC Recoveries

(\$Mn)

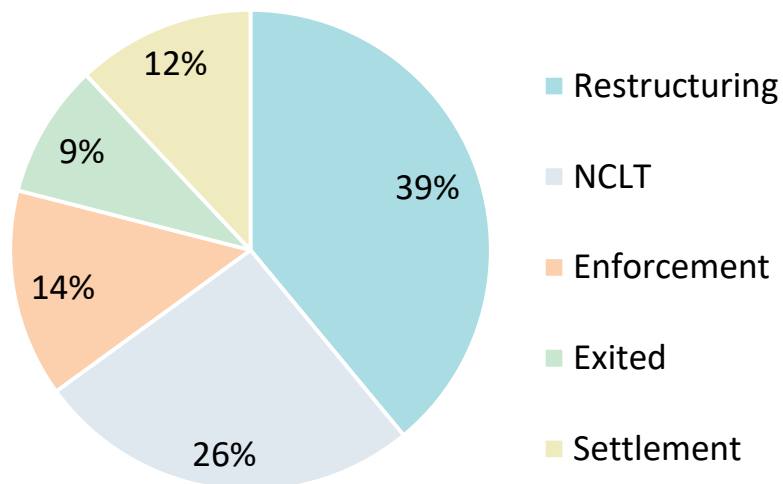


**ARC pipeline remains robust;
Settlement financing and Retail recoveries are emerging opportunities**

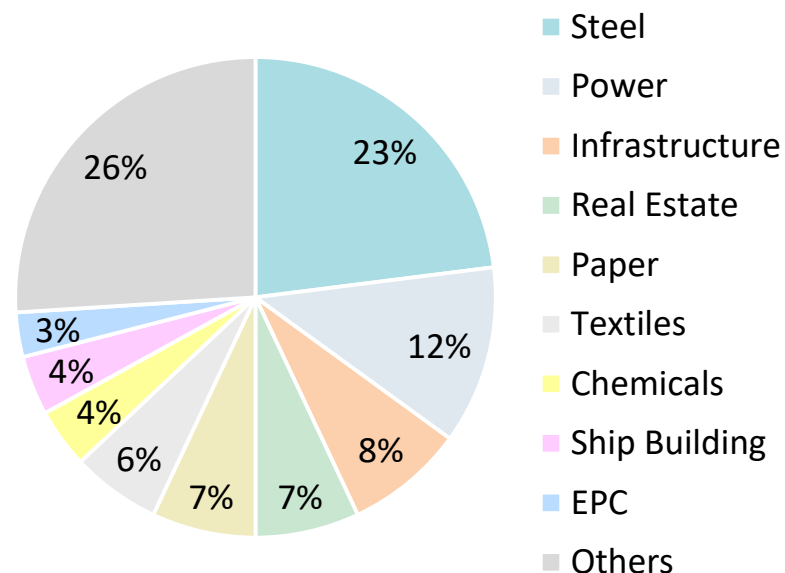
Resolution Strategy and Top Industry Exposures



SRs Issued : Resolution Strategy wise Break-up



SRs outstanding : Top 10 industry exposure %

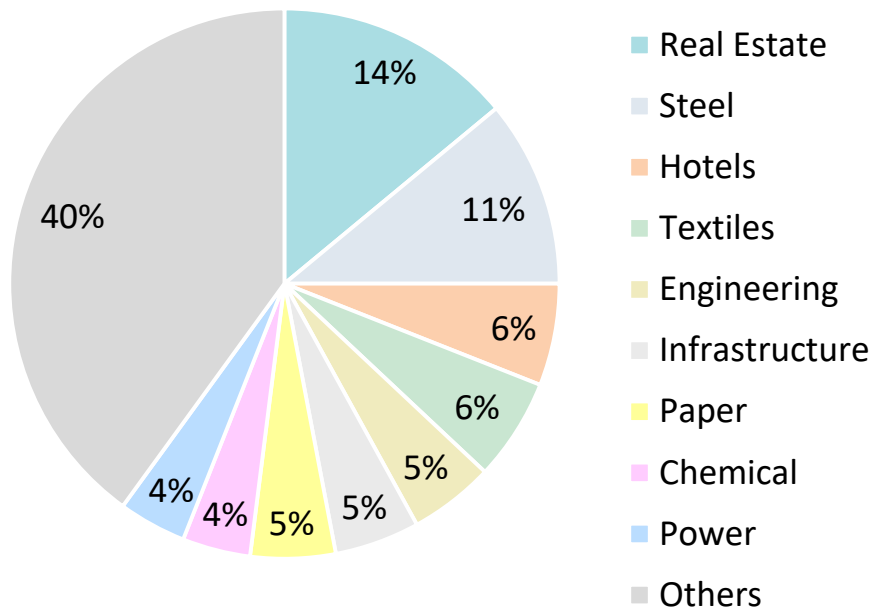


NAV of these assets are calculated bi-annually

Strong Sourcing Ability and a Robust Pipeline



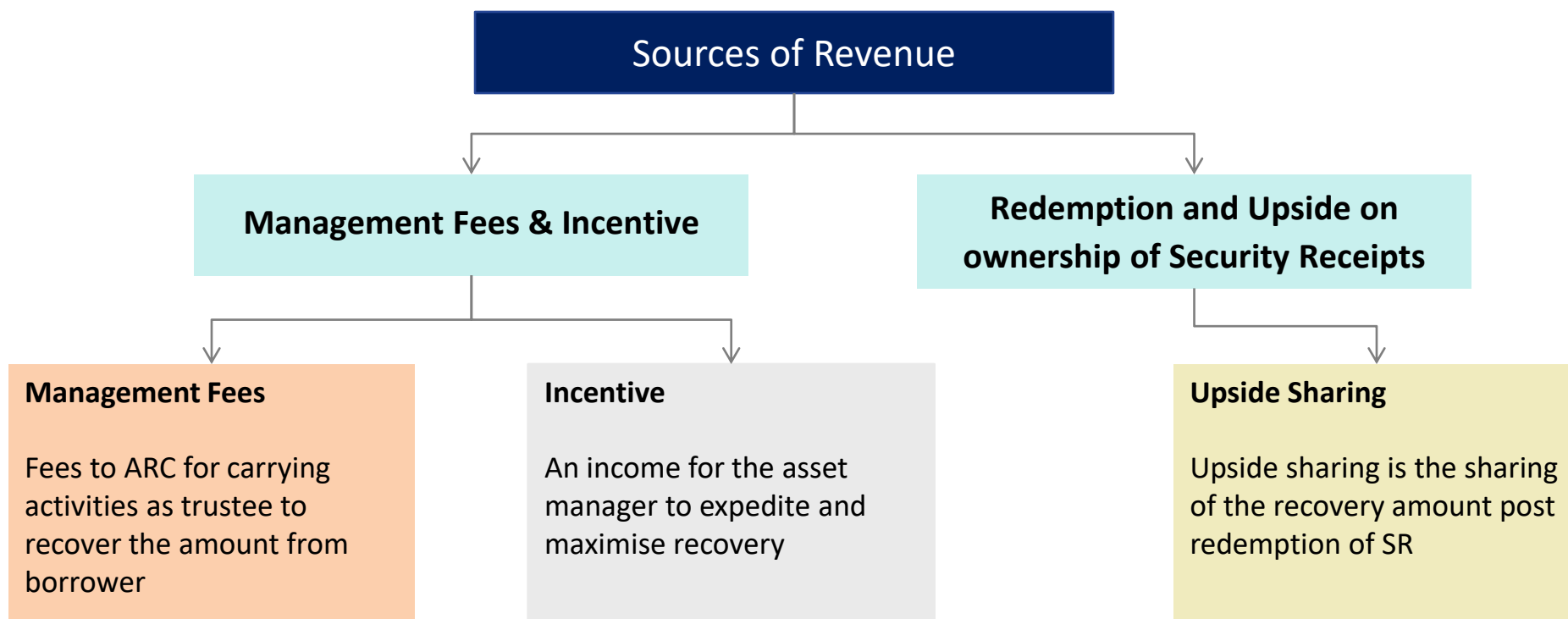
Deals in pipeline spread across sectors



Deep Banking Relationships

- Our Asset Reconstruction business has acquired assets from over 65 banks/FIs since inception
- Knowledge of the portfolios of banks
- Currently have access to information on over 100 stressed assets in system with potential deal size of more than \$2,122 Mn
- Database of over 2,000 stressed assets created over last 5 years from auctions/bilateral discussions

Model on Revenue Stream



**Recurring revenue from Management Fees & Incentive generate yields of 15-17% p.a.;
Upside from carry income in successful cases can add around 4-6%**

How do ARC Economics work?



Assuming asset with book value \$200 is sold to ARC at \$100 - Bank contributes \$85 and ARC \$15

Assuming a time period of 5 years	Case 1	Case 2	Case 3
Recovery Assumption (A)	100	125	150
Management Fee @ 2% p.a. (B)	10	10	10
Recovery Incentive @ 1.5% of recovery ($C = 1.5\% * A$)	1.5	1.9	2.3
Return of Capital/ Upside to ARC ($D = (A - B - C) * 15\%$)	13.3	17.0	20.7
Total Earning for ARC = B + C + D	24.8	28.8	32.9

**Banks get a return over and above their invested capital without any incremental effort in this model;
Average IRR of ~18-20% is earned on the investment by the ARC**

Snapshot of ARC Economics for H1FY20



\$Mn	H1FY20
Nominal Value of debt acquired	16,160
Price paid @ avg. 50% discount	7,897
Capital Employed	1,240
Net Interest Income	54
PAT	25

NII of 9.6% on average capital employed and RoA 4.5% and RoE of 17.3% for H1FY20



Business Performance Highlights

INSURANCE

Life Insurance – General Insurance



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Life Insurance Performance Snapshot



(\$Mn)	Q2FY19	Q2FY20	Y-o-Y Growth
Net Premium Income	25	31	21%
Investment Income & Other Income	2	6	185%
Total Business	28	37	34%
Profit After Tax	(11)	(8)	-
Minority	(5)	(4)	-
Edelweiss' Share in PAT	(5)	(4)	-
Net Worth	139	118	

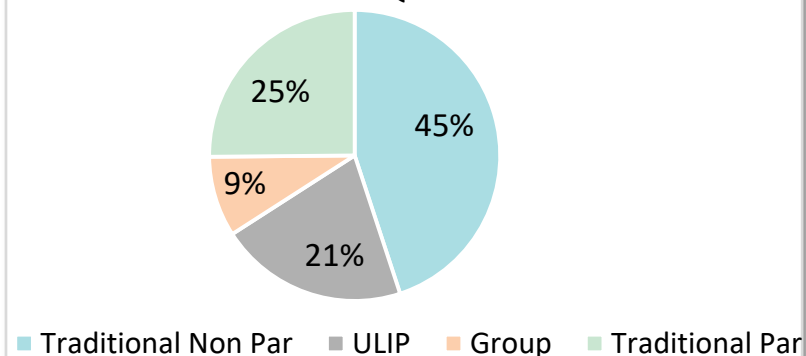
121 branches and 46,306 PFAs across 93 locations in India

Life Insurance – Long Term Value Creation

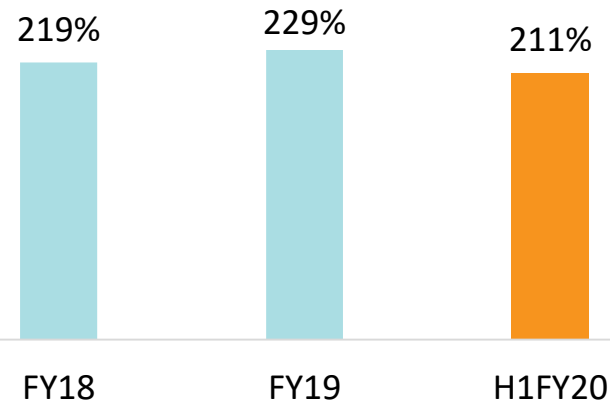


Product Mix

New Business Premium Q2FY20

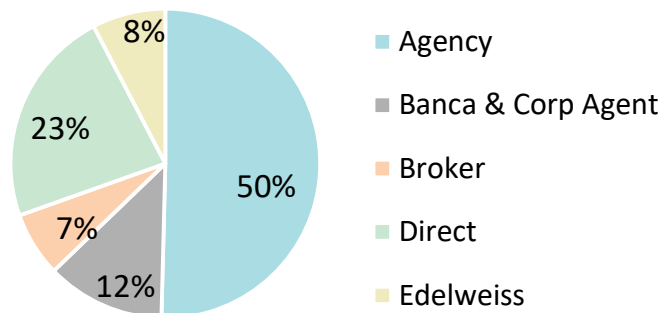


Solvency Ratio

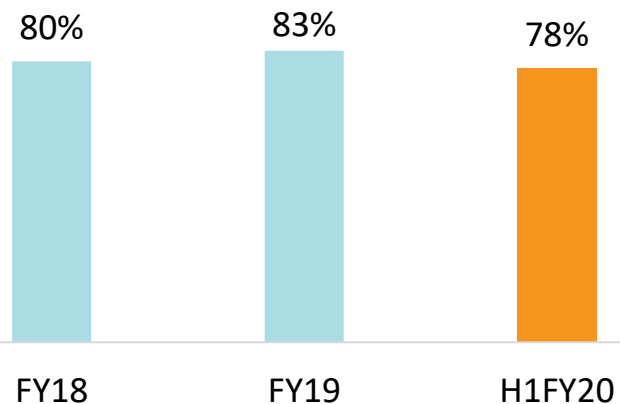


Channel Mix

New Business Premium Q2FY20



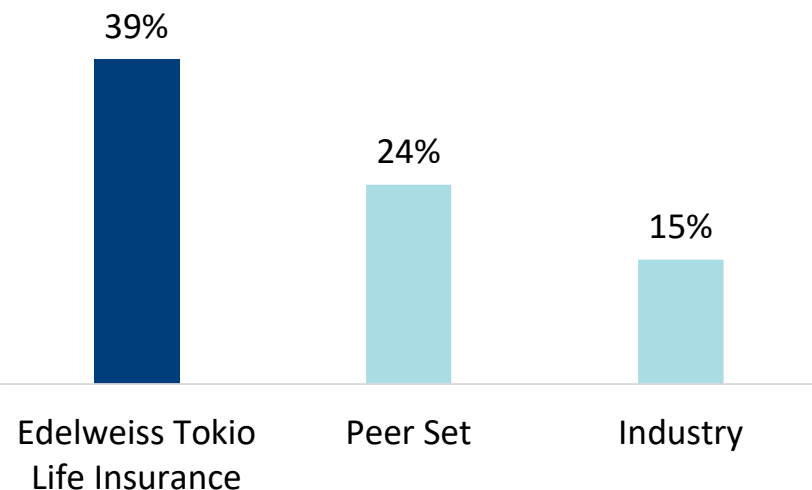
13th Month Overall Rate Persistency



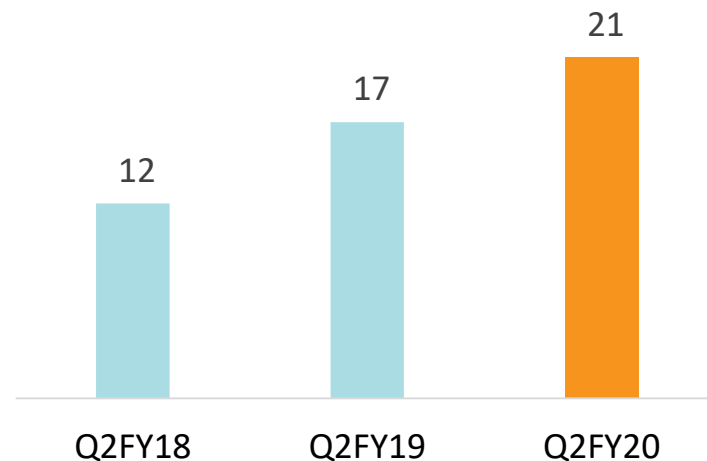
Life Insurance Scaling Rapidly



Collected Individual Annual Premium Equivalent
CAGR growth since FY17



Number of Policies Issued (Individual business)
(in 000)

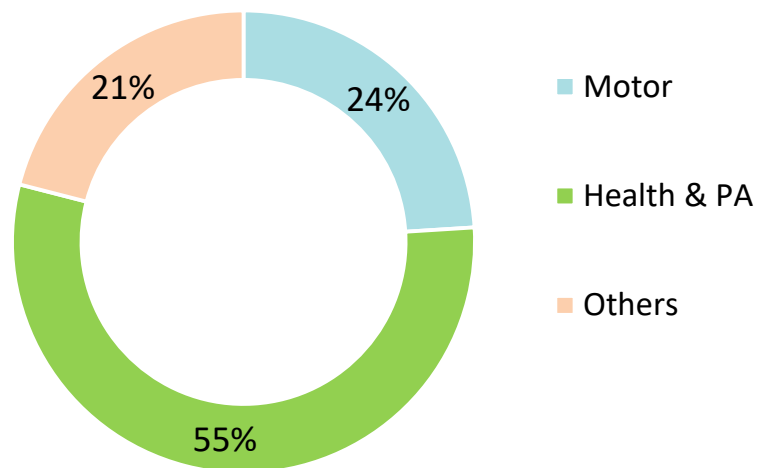


- Collected Individual Annual Premium Equivalent (APE) for Q2FY20 stood at \$12 Mn
- Gross premium at \$32 Mn growth of 23% YoY
- Embedded Value at \$207 Mn as on 30th September 2019

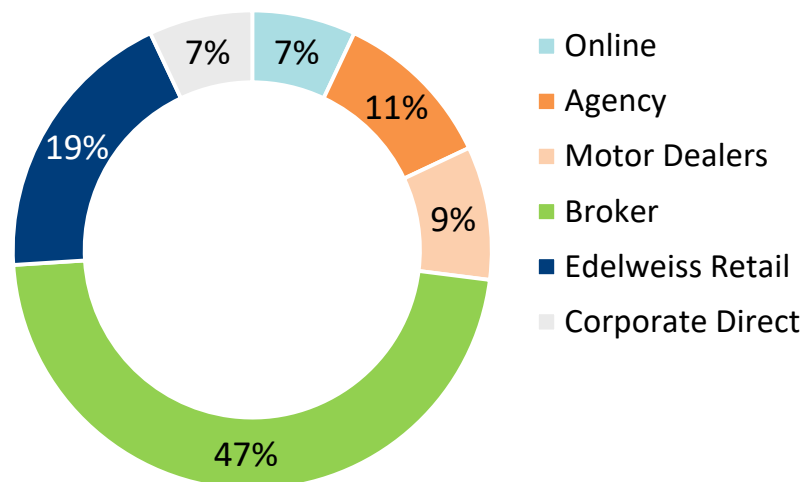
General Insurance



Product Mix - Q2FY20



Channel Mix – Q2FY20



- Gross Written Premium at \$8 Mn - growth of 67% YoY
- Contribution of profitable Motor Own Damage line is 63% - highest in the industry
- 1,500+ partners created in Retail
- Youngest insurer but not the smallest – ahead of 8 General Insurance players



Liquidity Management

Maintained Sufficient Liquidity



\$Mn	FY 16	FY 17	FY 18	FY 19	H1FY20
Available Liquidity	566	821	1,500	1,429	1,188
Balance Sheet Size*	3,876	5,220	7,328	7,342	6,876
Liquidity %	15%	16%	20%	19%	17%

* Excludes Asset Specific Borrowings (ASB)

Cash Flow Plan



Particulars (\$Mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Opening Available Liquidity (A)	1,188	1,132	1,245	1,203
Inflows				
Asset EMIs and Repayments	283	396	255	212
Securitization	141	141	141	-
Fresh Borrowings	354	297	241	354
Total Inflows (B)	778	835	637	566
Outflows				
Total Borrowings Repayments	622	439	396	325
Fresh disbursements	212	283	283	283
Total Outflows (C)	835	722	679	608
Closing Available Liquidity (A+B-C)	1,132	1,245	1,203	1,160

Assets in each Period Adequately Covering the Liabilities



(\$Mn)	Assets	Liabilities	Gap
Upto 1 year	2,165	1,995	170
1-3 years	2,348	2,179	170
3 years+	2,363	1,302	1,061

Total gap represents our equity base

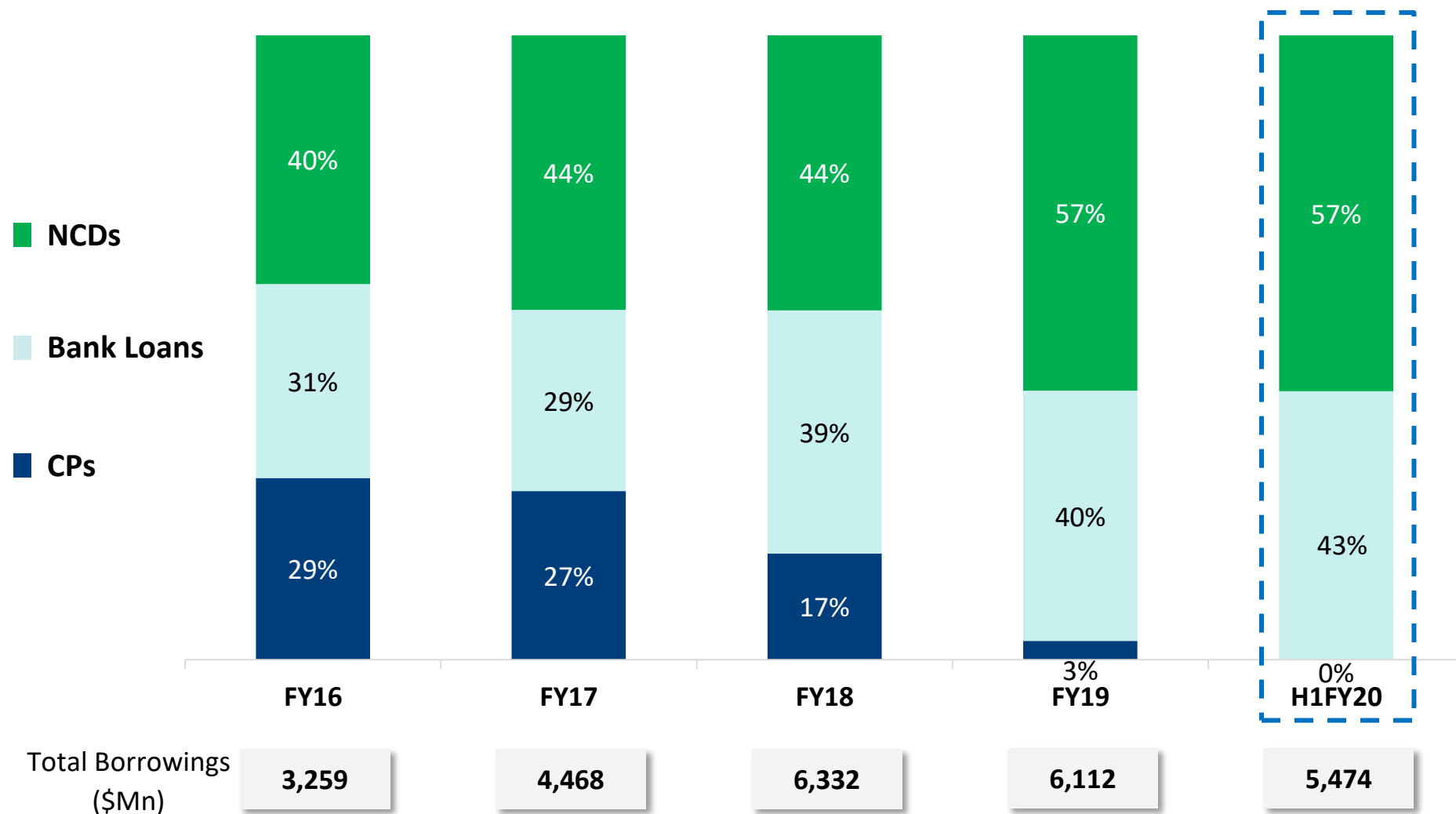


Balance Sheet Highlights



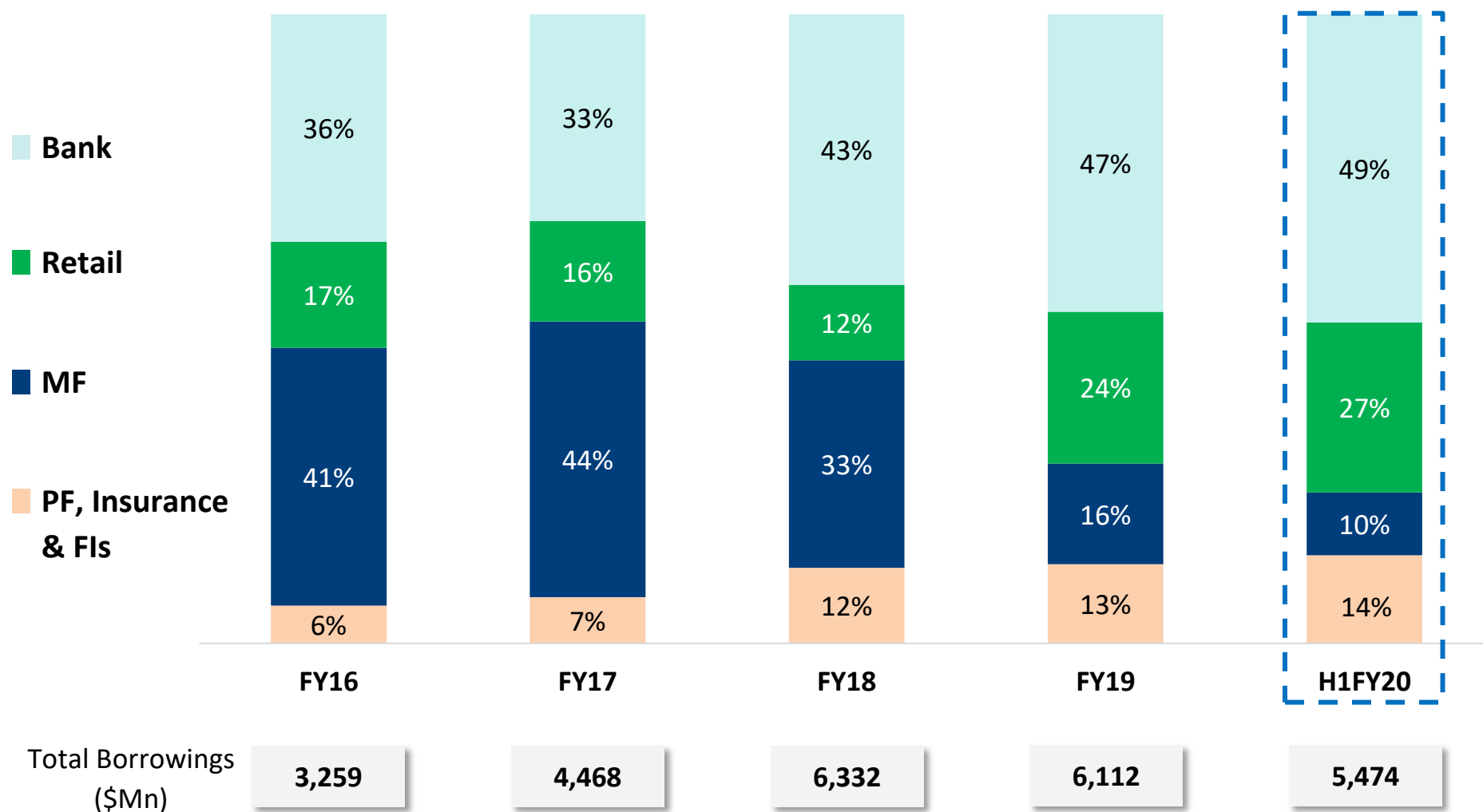
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Diversified Borrowing Profile By Instruments...



Negligible CP exposure as on 30th September, 2019

...And By Source

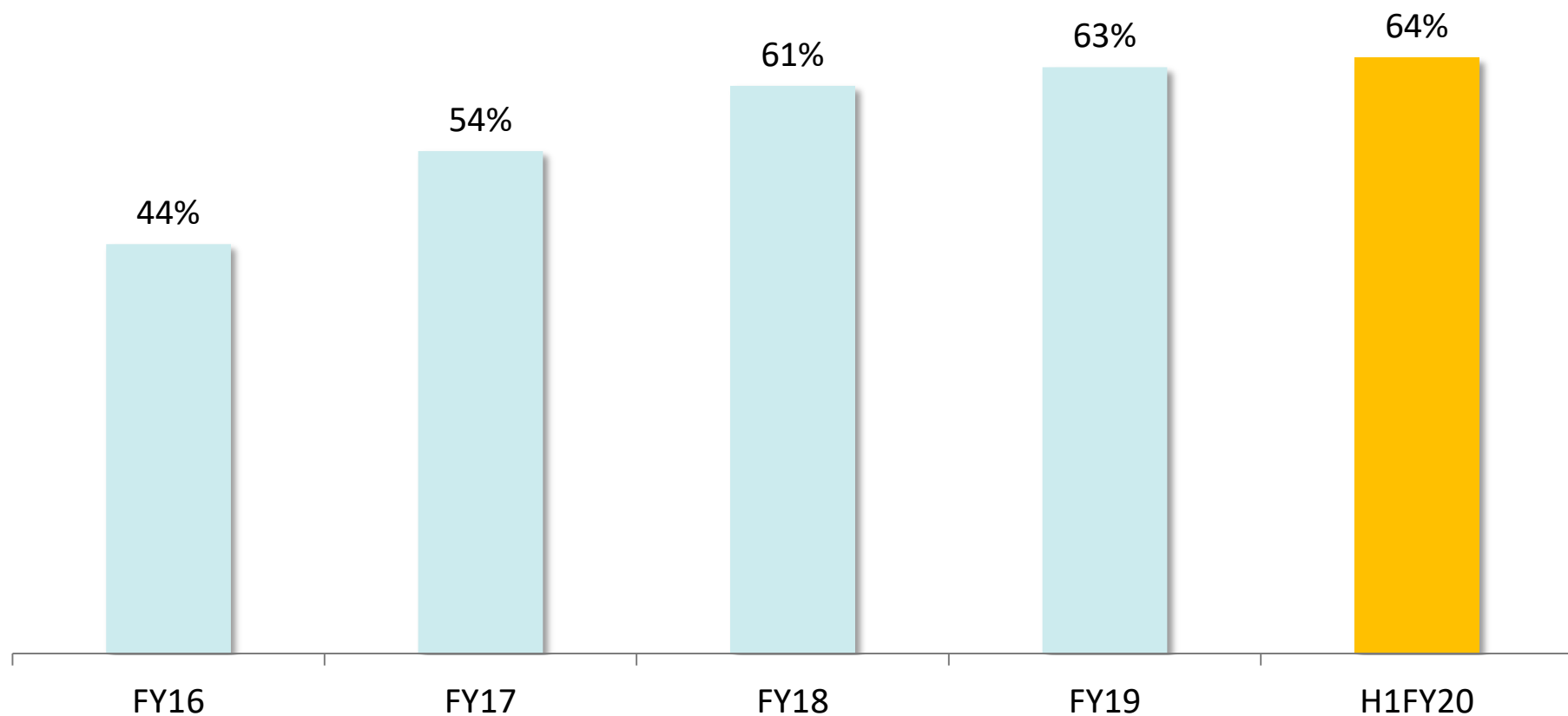


Increasing focus on retail borrowings in the total liability mix

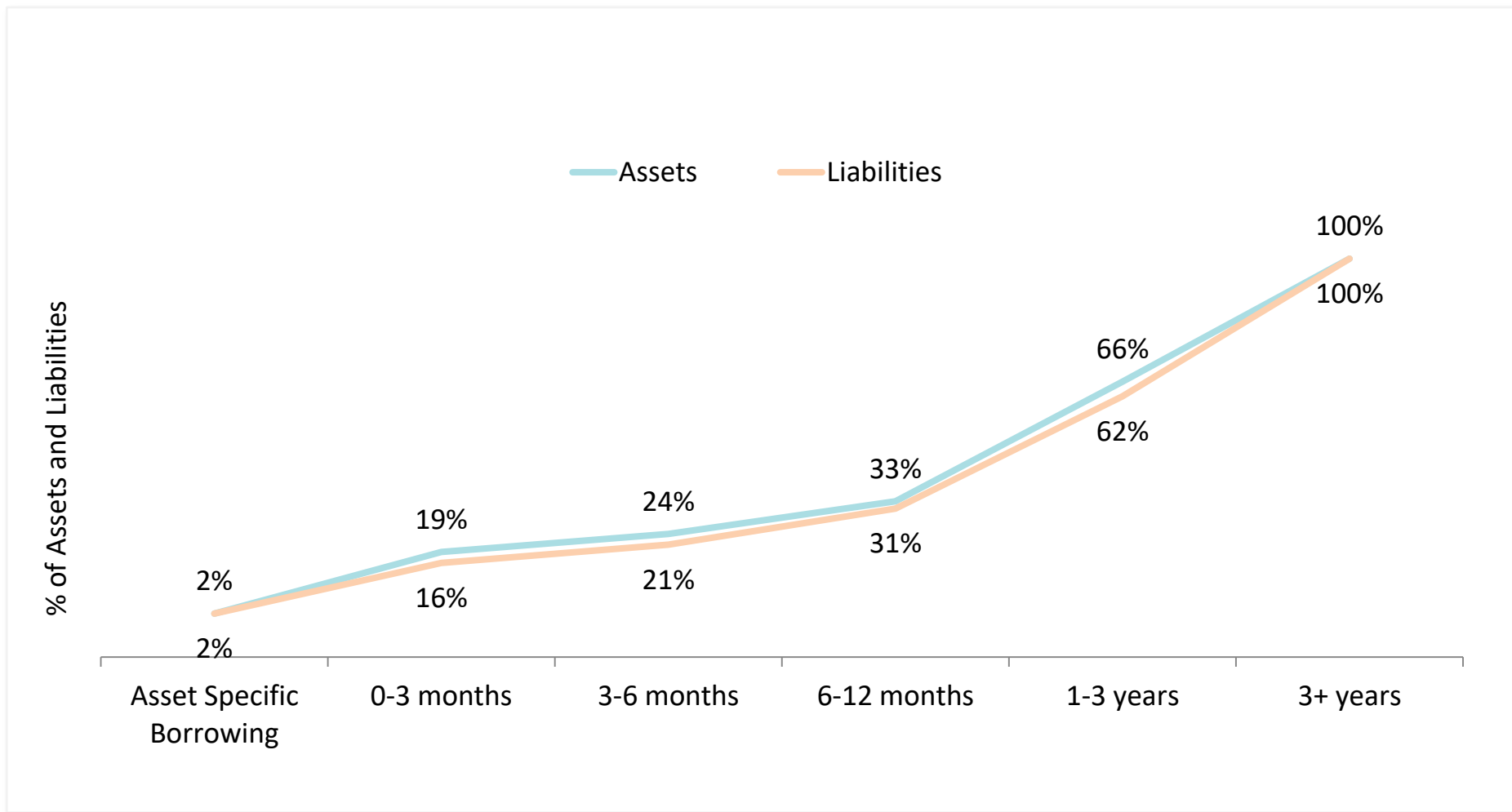
Increasing Percentage of Long Term Borrowings



% of Total Borrowings (excl ASB)



Positive ALM Across Durations



- BMU manages ALM under the aegis of Asset Liability Committee

Comfortable Capital Adequacy Ratio



Capital Structure as on 30th Sept, 2019 (\$Mn)

Core Equity Tier I	1,176	15.6%
Additional Tier I	49	0.6%
Tier II	366	4.9%
Total Capital	1,591	

Capital Adequacy Ratio

21.1%

Debt to Equity Ratio Reduced Further



Capital Structure as on 30th Sept, 2019 (\$Mn)

Total Debt		5,474
Less:	Treasury Assets	659
Net Debt (Ex-Treasury Assets)		4,815
Equity		1,396
D/E ratio (Ex- Treasury Assets)		3.4x

Our Risk Governance Structure...



Oversight by Board Risk Committee

Global Risk Committee

Business Risk

- Implementation of risk framework for specific businesses
- Defining risk policies & limits for various products
- Continuous monitoring of risks and ensure adherence to policies

Group Risk & Assurance

- Risk aggregation and monitoring
- Risk culture
- Will have an oversight over all 11 risk vectors & provide assurance on financial & business parameters

Enterprise Risk Management Council

- Define Organization risk framework & appetite
- Review “High Impact” risk events
- Risk aggregation and interplay assessment

...Ensures Prudent Risk Management and Responsible Growth



Business Risk

Credit Risk

Liquidity Risk

Market Risk

**Regulatory
Risk**

**Reputational
Risk**

**Physical
Infrastructure
Risk**

**Technology
Risk**

People Risk

**Operational &
Process Risk**

Fraud Risk

Enterprise risk management approach: 11 Risk Framework

13 Member Board Comprises Majority of Independent Directors



Mr. K Chinniah
Independent Director

- Served as Managing Director & Global Head Infrastructure, Portfolio, Strategy & Risk Group with GIC Special Investments



Mr. Biswamohan Mahapatra
Independent Director

- Former RBI Executive Director, chaired various committees of RBI
- Handled varied areas of banking regulations, policy and supervision



Mr. P N Venkatachalam
Independent Director

- Banking sector expert and former member of the Interim Pension Fund Regulatory Authority of India
- Former MD, State Bank of India



Mr. Ashok Kini
Independent Director

- Former Managing Director (National Banking Group) State Bank of India
- Served as an advisor to the Thorat Committee on Financial Inclusion at RBI
- 35 years of banking experience



Mr. Navtej S. Nandra
Independent Director

- Served as President of E*TRADE Financial Corporation.
- Prior to this he served as CEO for Morgan Stanley Investment Mgmt Inc. and COO for Wealth Management at Merrill Lynch



Dr. Ashima Goyal
Independent Director

- Professor at Indira Gandhi Institute of Development Research
- Specialist in open economy macroeconomics, international finance, institutional and development economics
- Serves as a Part-time member of Economic Advisory Council to the Prime Minister



Mr. Berjis Desai
Independent Director

- An independent legal counsel engaged in private client practice.
- Retired as Managing Partner at J. Sagar & Associates



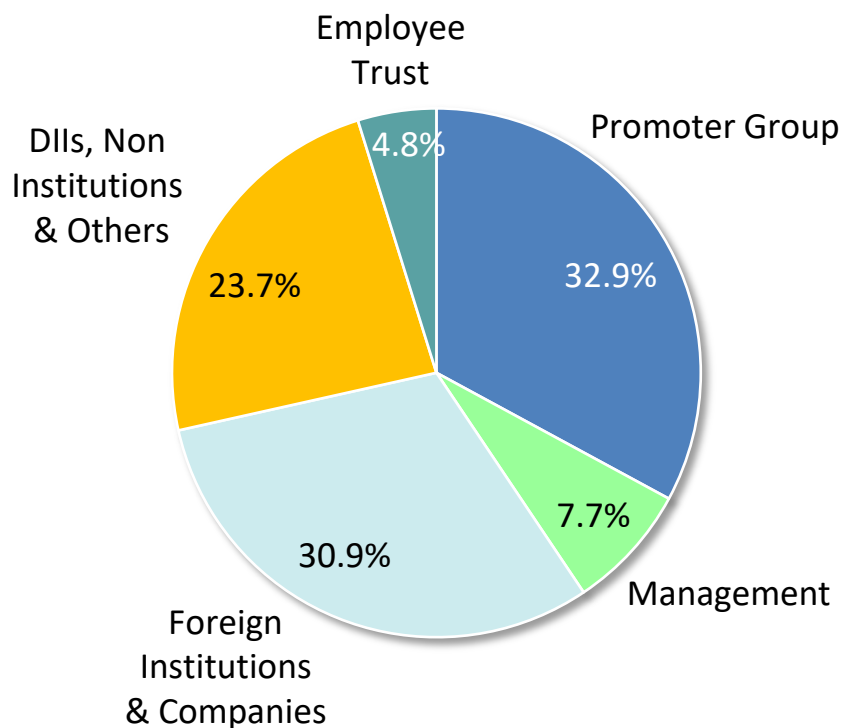
Ms. Anita M George
Non- Executive Director

- Executive Vice President, Strategic Partnership- Growth Markets, CDPQ India
- Prior to CDPQ, was Senior Director of the World Bank's Energy and Extractive Industries Global Practice

Significant Institutional Ownership



Shareholding Pattern as on 30th September, 2019



Key Shareholders above 1%		Percent
1	BIH SA	4.3%
2	Pabrai Investment Funds	3.6%
3	Wellington Management	2.6%
4	LIC	2.1%
5	HDFC Mutual fund	2.0%
6	Vanguard Group	1.6%
7	Caisse de dépôt et placement du Québec (CDPQ)	1.5%
8	Flowering Tree Investment Management	1.3%
9	Baron Asset Management	1.3%
10	Kotak Mutual Fund	1.2%
11	Goldman Sachs Funds	1.2%
12	Rakesh Jhunjunwala	1.1%
13	Fidelity Management & Research	1.0%

~45% owned by Edelweiss management and employees



ESG at Edelweiss

Our Framework is based on the United Nations Sustainable Development Goals



People Focused Goals



No Poverty, Zero Hunger & Economic Growth



Quality Education



Gender Equality

Planet Focused Goals



Affordable & Clean Energy

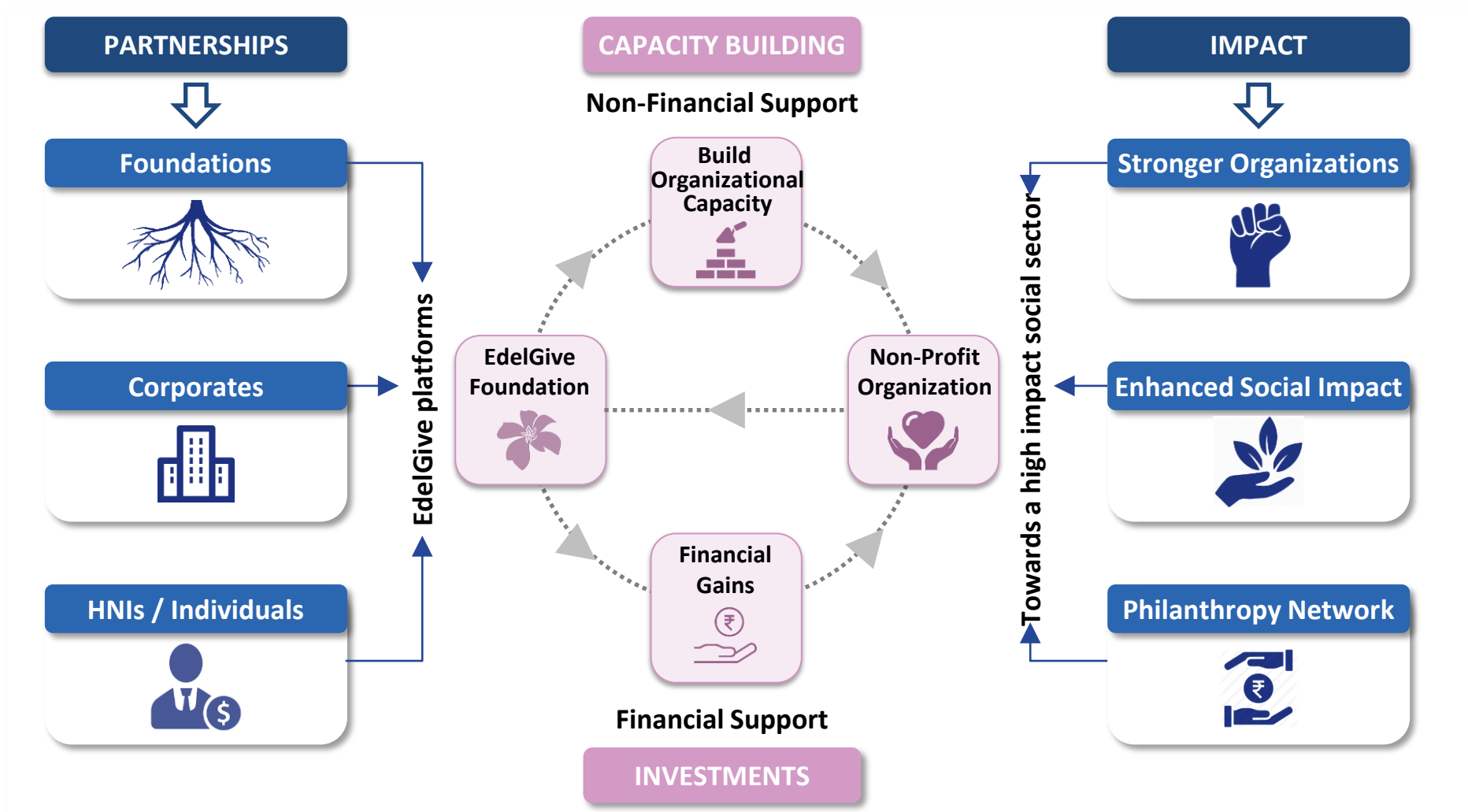


Responsible Consumption



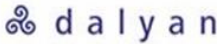
Climate Support

EdelGive Foundation - Unique Philanthropic Platform



Focuses on Education, Livelihood and Women Empowerment

EdelGive Funding Partners

 BILL & MELINDA GATES foundation	 TATA TRUSTS	 BRITISH ASIAN TRUST TRANSFORMING LIVES TOGETHER	 GREAT EASTERN CSR FOUNDATION	 Asian Venture Philanthropy Network	 CHILDREN'S INVESTMENT FUND FOUNDATION
 HT Parekh FOUNDATION Be HERE tomorrow	 dalyan	 CHANDRA FOUNDATION	 CDPQ	 BURGUNDY® ASSET MANAGEMENT LTD.	 GENERAL ATLANTIC
 genpact Transformation Happens Here	 Swiss Re Foundation	 Indian Institute of Technology Bombay	 IEFG International Education Funders Group	 atDta	 BOROSIL®
 VOLKART FOUNDATION	 NPCI NATIONAL PAYMENTS CORPORATION OF INDIA	 SVP SOCIAL VENTURE PARTNERS	 International Innovation Corps	 SAR	 allcargo logistics Ltd.
 UnLtd India	 PORTICUS	 EMpower Enriching young lives in emerging markets	 SAVANNAH WISDOM	 RARE ENTERPRISES Insight Intellect Integrity	 THE GLOBAL FUND FOR Children

We have partnered with some of the largest foundations, Corporates and HNIs through our innovative models focused on collaboration

EdelGive is supported by Funding Partners of Four Categories



International Foundations

Bill and Melinda Gates Foundation	Savannah Wisdom	Children's Investment Fund Foundation
Ford Foundation	Dalyan Foundation	British Asian Trust

International Funders

Burgundy Asset Management	atDta	General Atlantic
CPDQ	First Data	Genpact

Indian Foundations

Tata Trusts	Volkart Foundation	H.T. Parekh Foundation
SDMC		Great Eastern Shipping Foundation

Indian Corporates

Borosil	Allcargo Logistics	Lucky Securities
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EdelGive NGO Partners



Education



Working to improve Student Learning Outcomes by leveraging Government systems



Women Empowerment



Working to enable economic and social empowerment of women



Livelihoods



Working to improve livelihoods in agrarian communities through water related interventions

EdelGive Foundation - Key Metrics



Employee Engagement

Employee Engagement %	More than 70% engaged in financial and nonfinancial giving
Man Hours spent till date	33,170 hrs
Field Visits till date	168+

Capacity Building – Non financial support

Employees provided skills and time pro bono in over 100+ projects till date

- Strategy and leadership
- Systems, processes and technology
- Financial planning
- Human resources

Grants and Funding

Cumulative till date

Grantees	More than 95 NGOs
Funds Committed	> \$33 Mn
Presence in Indian States	14 States
Funding Partners	116

Edelweiss wins National CSR Award



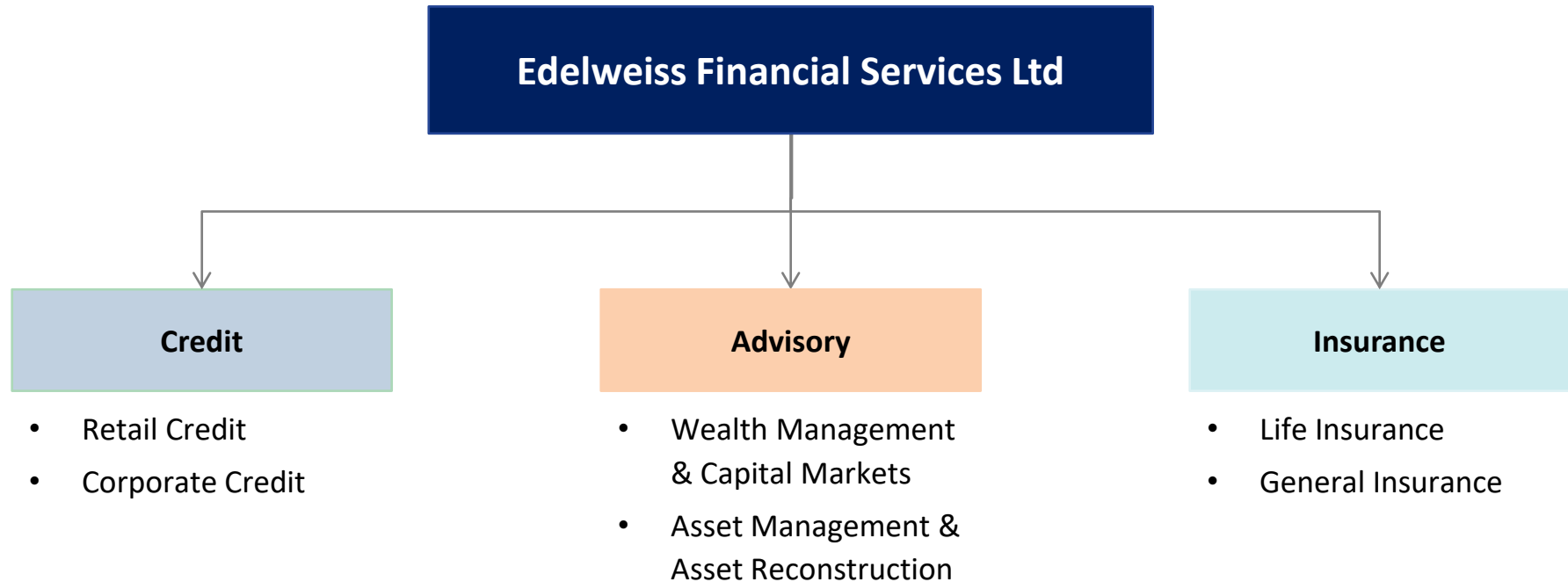
Addendum to Q2FY20 Earnings Update

Business Strategy Going Forward



Edelweiss
Ideas create, values protect

Edelweiss Business Group Structure



Six businesses across three ring fenced verticals

- Our Retail Credit, Life and General Insurance businesses are in growth phase
- Our Advisory businesses are market dominant and scaling steadily
- Our Corporate Credit business is being transitioned to the Asset Management model

Edelweiss Strategy FY20-23



Line of Business	Strategy	Benefits
Retail Credit	<ul style="list-style-type: none"> Will work largely in partnership with banks for Co-origination 	<ul style="list-style-type: none"> Equity Release: Equity in the Corporate Credit will be released as we wind down the book
Corporate Credit	<ul style="list-style-type: none"> Showcase our workout capabilities especially in real estate and structured credit transactions Deliberate move to fund structure 	<ul style="list-style-type: none"> Financing : Gradual rundown of the Corporate Credit will generate liquidity which will finance Retail Credit growth ALM: Costs of maintaining liquidity will reduce as the book becomes more granular Asset Quality: Credit risk will be more granular since the book will be predominantly retail credit Quality of Earnings: Earnings will be a blend of fee and spread, leading to healthy RoAs
Wealth Management & Capital Markets	<ul style="list-style-type: none"> Maintain dominance in each of the segments 	<ul style="list-style-type: none"> Favourable landscape for synergistic expansion Low competitive intensity Superior economics
Asset Management & Asset Reconstruction	<ul style="list-style-type: none"> Alternatives will be a big growth area To build platform for Retail ARC 	
Life Insurance	<ul style="list-style-type: none"> Continue as per plan towards breakeven 	<ul style="list-style-type: none"> Building source of long - term annuity income
General Insurance	<ul style="list-style-type: none"> Focus on cross-sell and digital delivery model 	

New phase in our journey of building sustainable diversified institution

Retail Credit



Key Metrics

H1FY20	\$Mn
Capital Employed	2,138
Equity	354
PAT	11

Business Strategy

- Continue our focus on growing in niche segments especially in SME and Affordable Housing Loans in partnership with banks
- Move from Tech-enabled to Tech-first approach – revamp of customer outreach and delivery model
- Business is still in growth investment phase
- Growth in book will result in efficiency in scale, reduce C/I thereby improving RoA
- Steady state RoA target of ~2-2.5% in next 2-3 years from current levels

Retail Credit will constitute 75% of the book by FY23

Corporate Credit



Key Metrics

H1FY20	\$Mn
Capital Employed	2,289
Equity	475
PAT	10

Business Strategy

- Book is going through a down cycle and is expected to reverse in next 3-4 quarters
- Asset Management vehicles have proved to be a better source of long term stable and flexible capital for non-granular, high yield credit opportunities in the longer term
- This will come from global investors and domestic HNIs looking for duration and yielding assets
- We are hence accelerating the move of Corporate Credit from NBFC to fund form
- Current drag on profitability is due to higher credit costs which will continue to impact profits for next 3-4 quarters

We expect the corporate book to come down by ~50-60% in the next 2 years

Asset Management & Asset Reconstruction Business



Key Metrics

H1FY20	\$Mn
AUM	11,728
Equity	326
PAT	29

Business Strategy

- We manage ~\$11,730 Mn of combined customer assets with our capital contribution of ~\$1,415 Mn
- Continue to maintain dominance in Asset Reconstruction business with the opportunity in mid market /retail NPAs with NBFC and banks
- Will consolidate our market leadership in alternatives – as we intend to raise and deploy \$1 Bn every year
- With the establishment of our performance track record, sponsor commitments will progressively reduce to 5%
- Investments will happen for next 3-4 years in Mutual Fund business to scale it further

Our key differentiator is our investment expertise and our large operating team capability

Wealth Management and Capital Markets



Key Metrics

H1FY20	\$Mn
AUA	15,251
AUC	3,042
Equity	20
PAT	13

Business Strategy

- Achieved leadership position especially in affluent segment which is one of the fastest growing segments
- Strong technology platform and product capabilities already built
- Ability to scale up credit book for WM clients as well as focus on advisory and distribution products
- Significant synergies with Capital Markets business especially in HNI client coverage and delivery of full suite of capabilities

We see significant opportunity in using technology to lower the cost of delivery of our services

Insurance



Life Insurance

H1FY20	\$Mn
Equity	118
PAT	(18)
Embedded Value	207

Life Insurance Business Strategy

- Increase Protection and Non Par products share to boost margins
- Multi-channel distribution strategy while ramping up proprietary channels like Direct and Agency
- Our 51% JV with Tokio Marine ensures both growth capital and specialist knowledge
- We plan to achieve EV breakeven by 2022 in Life insurance business

General Insurance

H1FY20	\$Mn
Equity	16
PAT	(4)

General Insurance Business Strategy

- Started operations in February 2018 to strengthen the retail offering
- Our current distribution strategy focuses on using our platform for cross-sell and upsell
- People- light approach to operations while leveraging technology prowess
- We plan to breakeven in another 6-7 years



Addendum to Q2FY20 Earnings Update

Indian Real Estate Snapshot

There Is Significant Pessimism Around Real Estate..



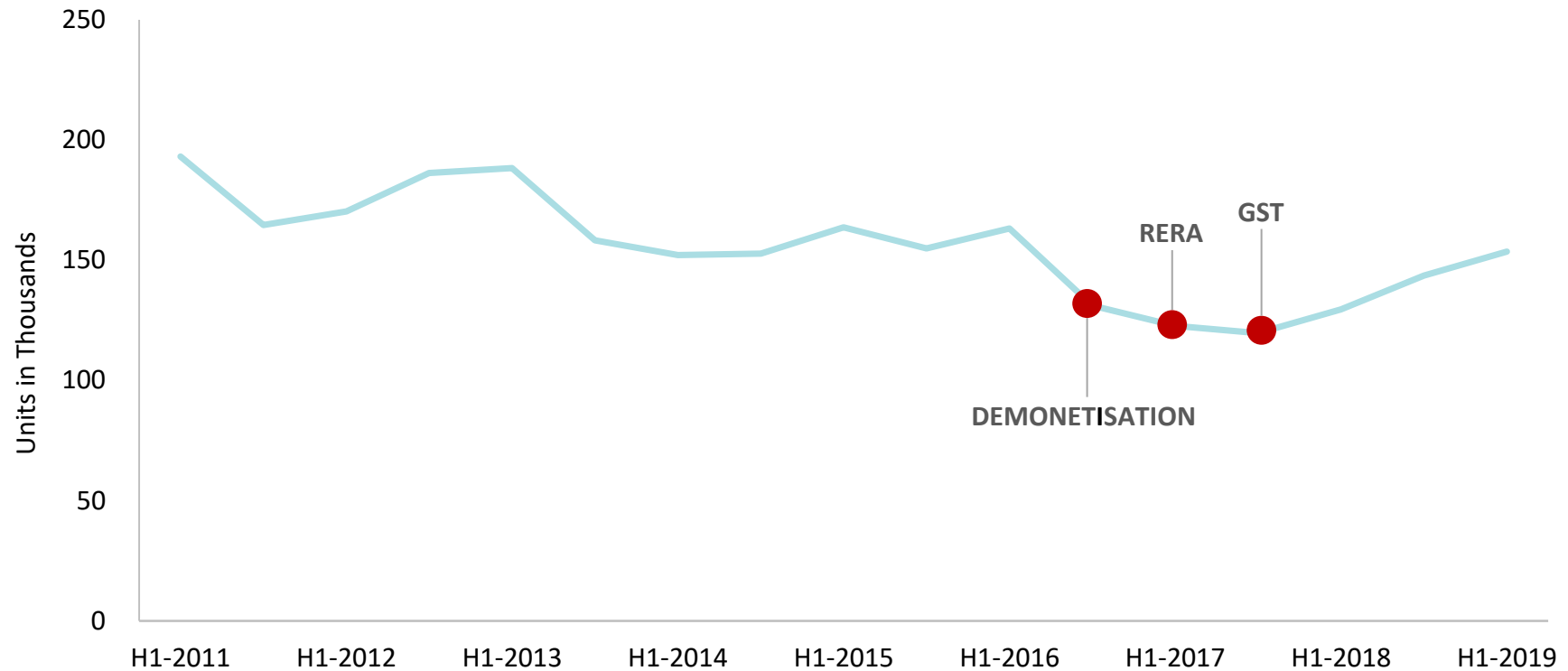
- 1 Liquidity squeeze has created a severe cash crunch for most developers
- 2 Many projects are stuck for lack of last-mile financing
- 3 Undelivered homes, along with one or two cases of fraud, have created a very negative perception in the market
- 4 General view is that the sector is under severe stress

.. but data shows that things are actually improving

Reform-Led Revival in Sales Volumes...



Sales Trend



-7% CAGR

Sales from 2011 to 2017

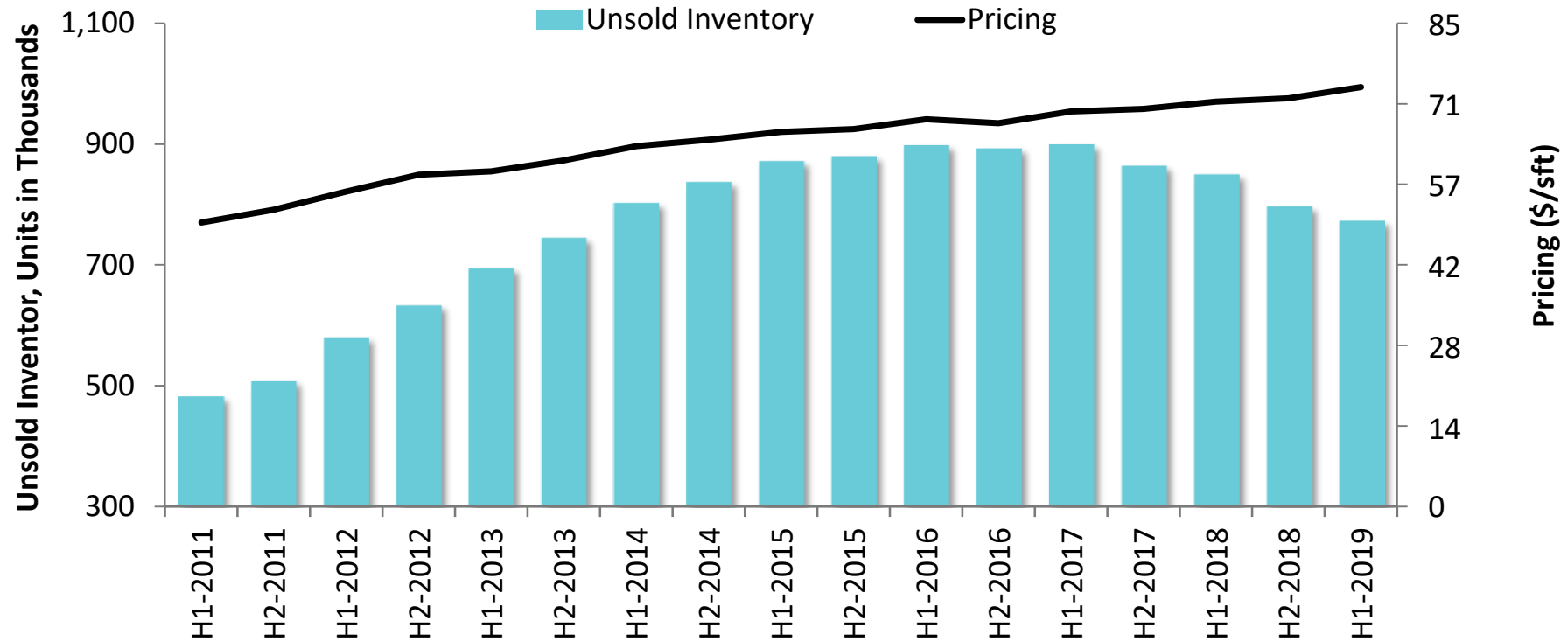
+11% CAGR

Last 2 years

...has Rationalised Inventory Levels, Helped by Flat Pricing Trends



Selling Price and inventory levels



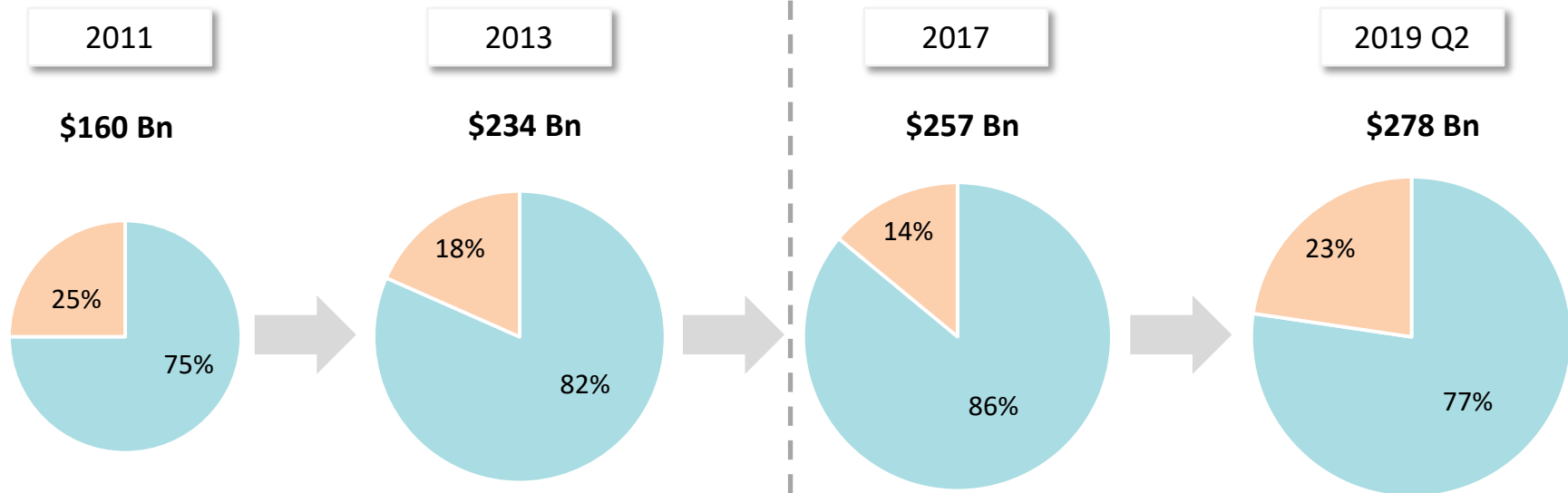
- Inflation-adjusted prices have remained flat, leading to improved affordability
- 15% decline in piled up inventory since beginning of reforms

Balance Restored in Residential vs Commercial RE Asset Class Mix



Value of Assets Under Construction

Residential Commercial



2011 - 2013

- Rapid growth in Residential RE, led largely by institutional funding
- Mix between Commercial and Residential changed from 1:3 (2011) to 1:4 (2013)

2017 - Present

- Investment in Commercial RE has caught up in light of economic activity – low vacancy levels
- Restoration of a mix of 1:3 between Commercial and Residential RE

Assets under watch is only ~2x of current stressed debt



Developer Financing (Total Book)	\$Bn
Banks	46.7
NBFCs	28.3
Total	75.0

- Estimated stress of ~15% translates to a book of \$11.3 Bn
- \$11.3 Bn of total stressed debt would need ~40% of completion financing - ~\$4.5 Bn
- Government and other private funds should be able to bridge this gap



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Currency Conversion: Conversion rate of 1 USD equal to 70.69 INR has been used. Due to rounding off, numbers presented in this presentation may not add up to the totals provided and/or correlate with the growth and contribution percentages provided. Data provided in the INR version of the Investor Presentation shall prevail in case of disparity

NOTES:

- | | |
|---------------------|---|
| Slide 5, 40 : | Embedded value (EV) is calculated on market consistent basis |
| Slide 11 : | Balance sheet is on net basis. General insurance loss of \$2.0 Mn in Q2FY20 |
| Slide 12,18,19 : | RoE is calculated excluding equity convertible instrument of CDPQ of \$147 Mn |
| Slide 6,20 : | GNPA is as per RBI prudential norms; Stage 3 Credit Book and ECL Provision correspond to GNPA and specific provision taken respectively |
| Slide 19,24,30,38 : | Business wise financial performance numbers are on fully loaded cost basis with allocation of Group Enterprise costs |
| Slide 51 : | Risk weighted assets is 88.7% of Gross Assets of \$7,091 Mn |
| Slide 56 : | Key institutional shareholders: Holding of known affiliates have been clubbed together for the purpose of this information |