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EW/Sec/2018/43

January 30, 2018

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

Dear Sirs,

Ref.:- Symbol – EDELWEISS

Sub: Investor Meet(s) / Conference(s)

This is to inform you that the Company is participating in Investor Meet(s) / Conference(s) in the month of January, 2018 and February, 2018.

A copy of the presentation is enclosed.

Kindly take the same on record.

Thanking you,
For Edelweiss Financial Services Limited

B. Renganathan
Executive Vice President & Company Secretary

Encl: a/a

Edelweiss Financial Services Limited

Q3FY18 Earnings Update

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Safe Harbour

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For more information, please visit www.edelweissfin.com or drop us an e-mail on ir@edelweissfin.com.

NOTES:

Slide 8: Insurance includes General Insurance loss of INR 8 Cr in Q3FY18; BMU, Corp & Others includes profits from discontinued businesses for past periods

Slide 11,19: Balance Sheet numbers are on net basis

Slide 13: Distressed Credit (ARC assets) are net of Edelweiss contribution

Slide 21,22: Capital employed includes Distressed Credit Assets

Slide 23: Gross and Net NPAs do not include Distressed Credit and Episodic book

Slide 35: CAGR Growth is calculated on a trailing 12 month basis

Slide 36: Net Worth Includes unrealised gains on equity and mutual fund investments per IRDA norms

Slide 41: Others includes Provident Fund, Insurance & Corporates

Slide 44: Key institutional shareholders: Holding of known affiliates have been clubbed together for the purpose of this information

Contents

1 Quarterly Performance Highlights

2 Business Approach

3 Business Update

4 ESG at Edelweiss

Quarterly Performance Highlights – Q3FY18

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Q3FY18 Performance Highlights

1 **Consolidated PAT growth 52% YoY**

- Balance Sheet growth 31% YoY
- Sustained non-linear growth

2 **Q3 Consolidated PAT at INR 236 Cr; 38% CAGR over 27 quarters**

3 **Profitability across businesses**

- Credit business grew 42% YoY
- Franchise & Advisory business grew 55% YoY

4 **Continued improvement in key performance ratios**

- Consolidated RoE 17.4%; Ex-Insurance RoE 22.5%
- Consolidated RoA 2.0%; Ex-Insurance RoA 2.6%
- Consolidated C/I ratio 59%; Ex-Insurance C/I ratio 46%

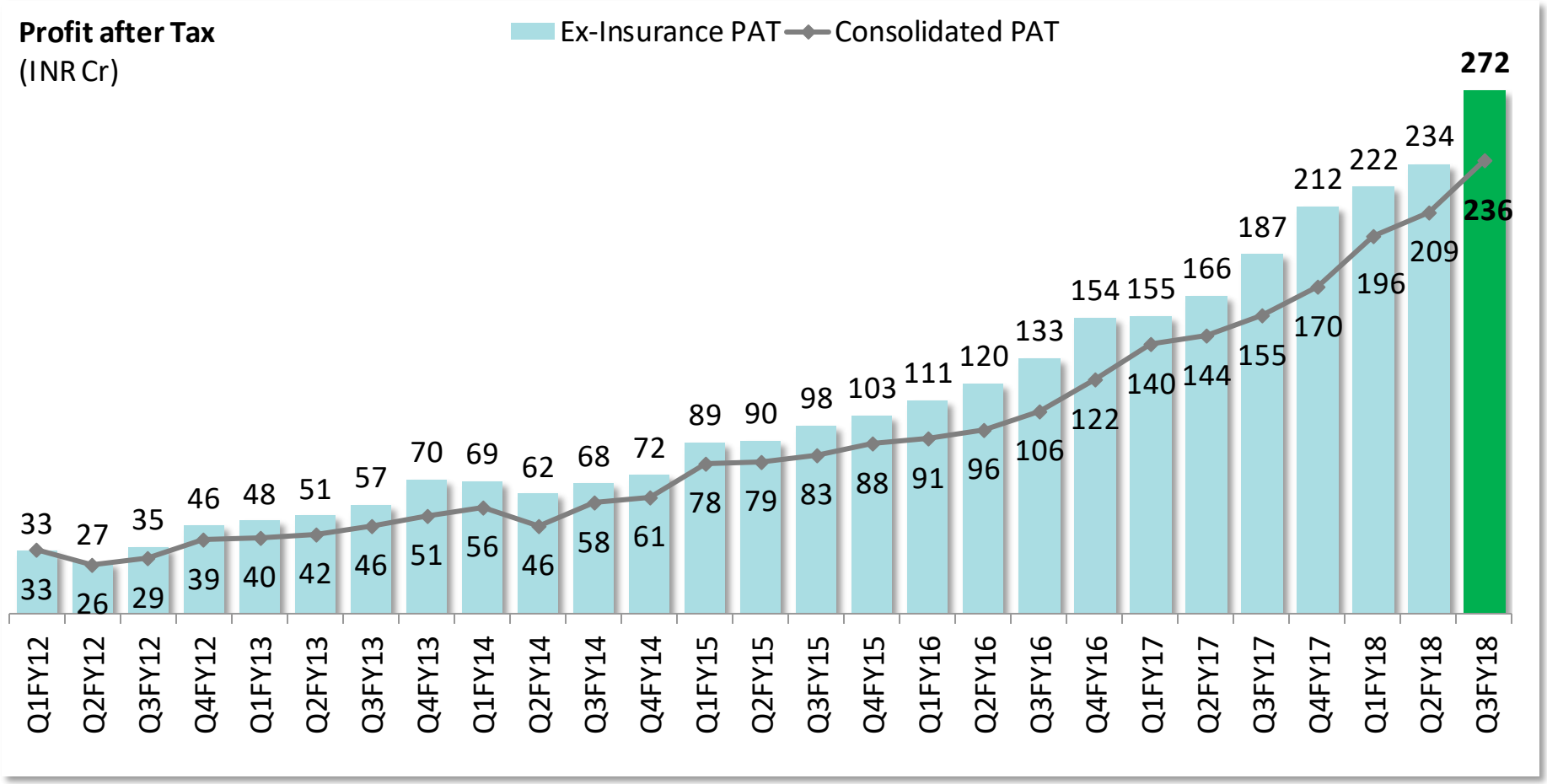
5 **Proposed acquisition of Religare's Securities business to expand Wealth Management client base, footprint**

6 **Raised INR 1,528 Cr through QIP; participation of new investors - CDPQ, HDFC Mutual Fund and Kotak Funds**

1 Consolidated PAT Growth of 52%

(INR Cr)	Q3FY17	Q2FY18	Q3FY18	Y-o-Y Growth
PAT Consolidated	155	209	236	52%
PAT Ex-Insurance	187	234	272	46%
Balance Sheet	37,245	47,819	48,796	31%

2 Sustained PAT Growth Trajectory



Consolidated PAT CAGR of 38% over last 27 quarters

Compounded Annual Growth Rate (CAGR) on trailing twelve month basis

3 Profit Growth Across Businesses

(INR Cr)	Q3FY17	Q2FY18	Q3FY18	*Y-o-Y Growth*	FY17	FY16	*3 Year CAGR*
PAT	**155**	**209**	**236**	***52%***	**609**	**414**	***39%***
Credit	*117*	*149*	*167*	*42%*	*447*	*337*	*40%*
Franchise & Advisory	*51*	*66*	*79*	*55%*	*193*	*72*	*81%*
Insurance	*(31)*	*(24)*	*(35)*	-	*(110)*	*(104)*	-
BMU, Corp & Others	*18*	*18*	*25*	-	*79*	*110*	-

4 Improving Key Performance Parameters

Key Ratios

Consolidated	Q3FY17	Q2FY18	Q3FY18	FY17	FY16
RoE	15.4%	18.3%	17.4%	15.5%	12.9%
RoA	1.7%	2.0%	2.0%	1.7%	1.3%
Cost to Income Ratio	65%	58%	59%	67%	71%

Ex-Insurance	Q3FY17	Q2FY18	Q3FY18	FY17	FY16
RoE	20.9%	22.2%	22.5%	20.7%	18.6%
RoA	2.5%	2.5%	2.6%	2.4%	1.8%
Cost to Income Ratio	53%	47%	46%	54%	60%

Q3FY18 RoE has dropped due to equity capital infusion

Business Approach

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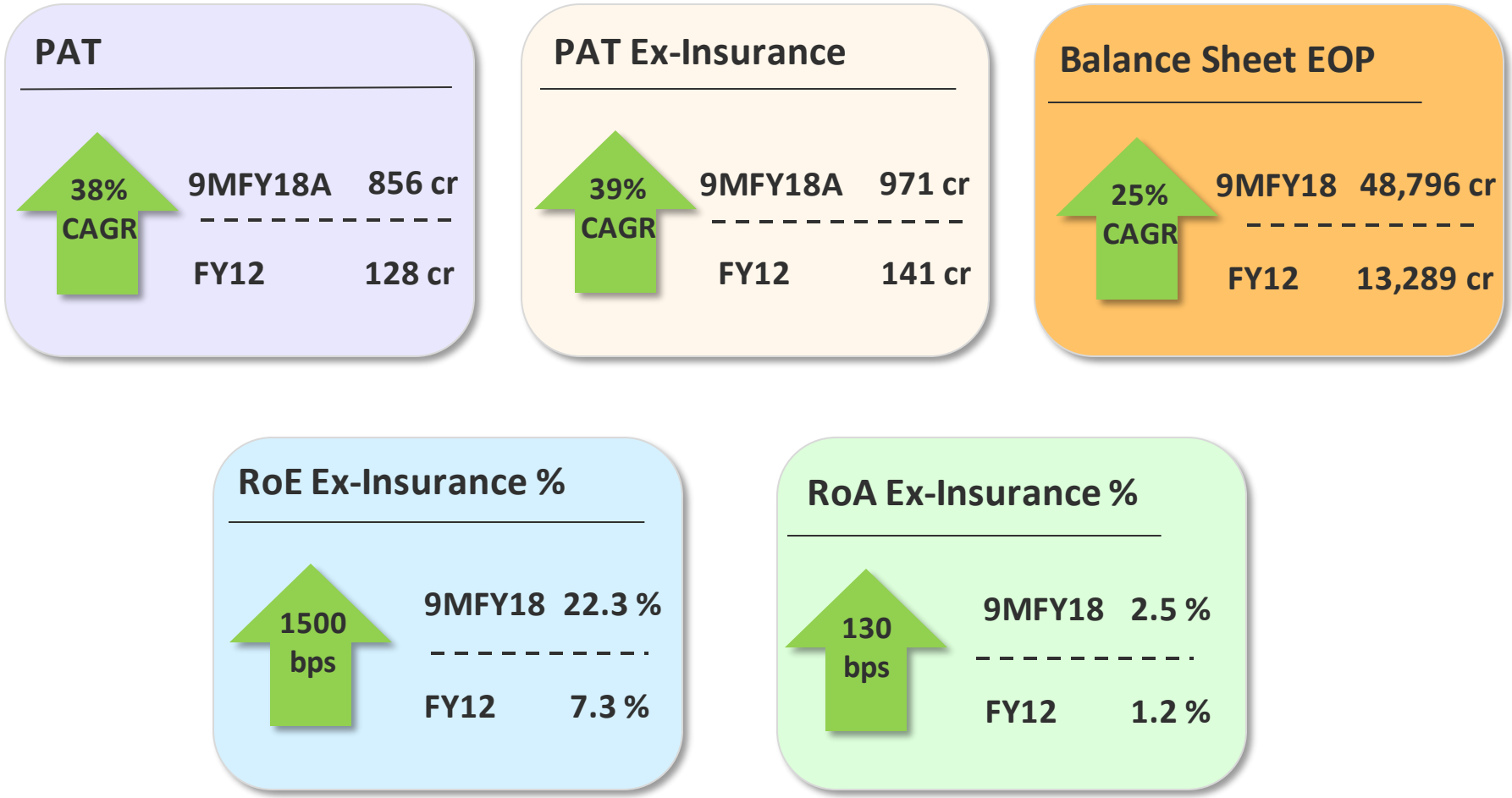
Edelweiss at a Glance

INR cr



9MFY18A – 9M FY18 Annualised numbers

PAT compounded annual growth rate (CAGR) on trailing twelve month basis

We are a Diversified Financial Services Company

Credit

- Retail Credit
- Corporate Credit
- Distressed Credit

Franchise & Advisory

- Wealth Management
- Asset Management
- Capital Markets

Insurance

- Life Insurance
- General Insurance

Bank-like business model

Multiple vectors of growth

Consistent growth and profitability

Reduction in volatility

Growth aligned with market tailwinds

Career opportunities and retention of management

Our Asset Base is a Mix of Own and Customer Related Assets

As on 31st Dec'17 (rounded off to nearest 100)	INR Cr	YoY Growth
Balance Sheet Assets	**48,800**	**31%**
Assets under Management and Advice	**1,61,200**	**61%**
Distressed Credit (ARC Assets)	*38,600*	*38%*
Assets Under Advice (Wealth Management)	*84,700*	*58%*
Funds under Management (Asset Management)	*26,000*	*51%*
Assets under Custody & Clearing	*11,900*	*737%*
Total Assets	**2,10,000**	**53%**

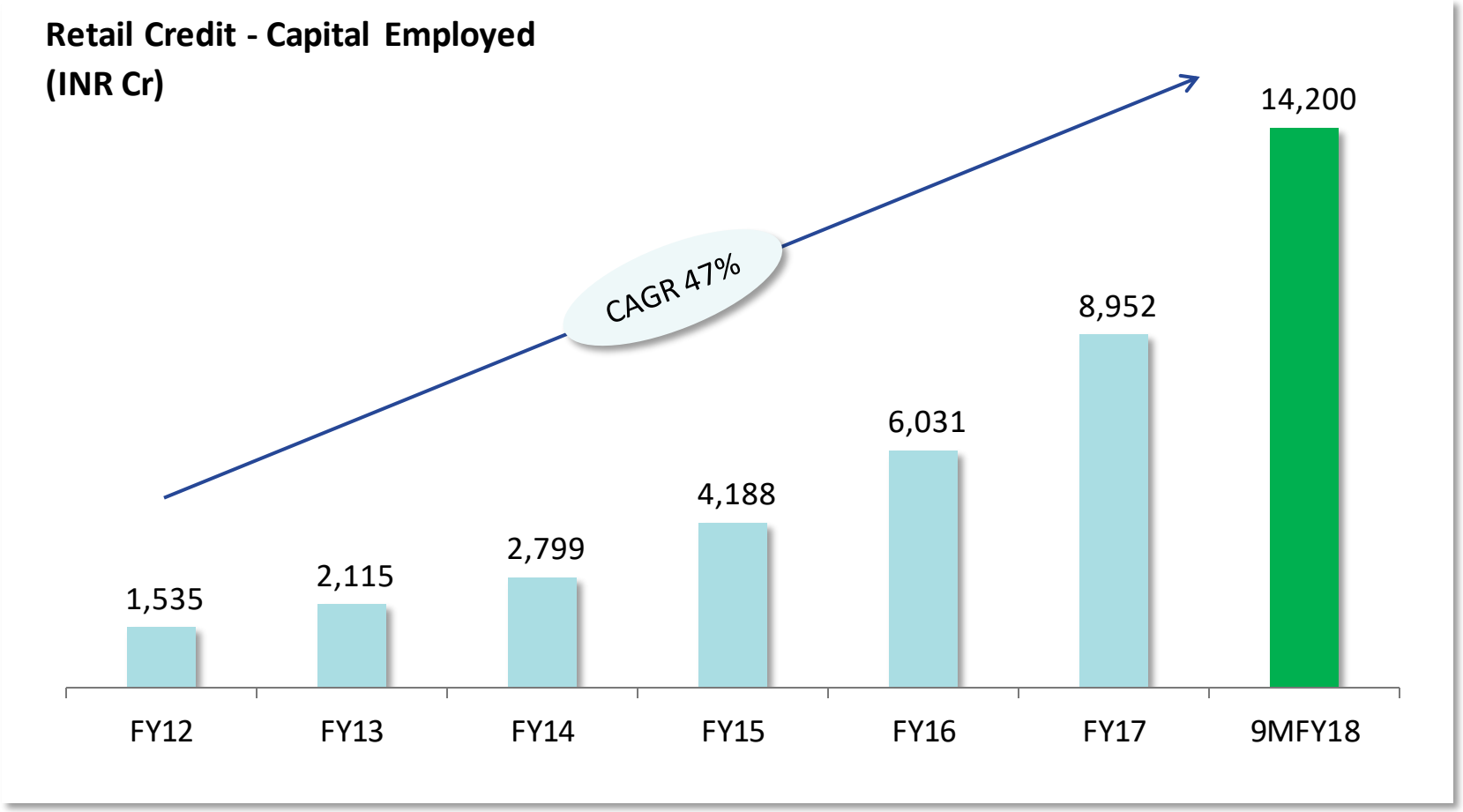
Clients
~11.4 lacs

Offices
433

Employees
9,565

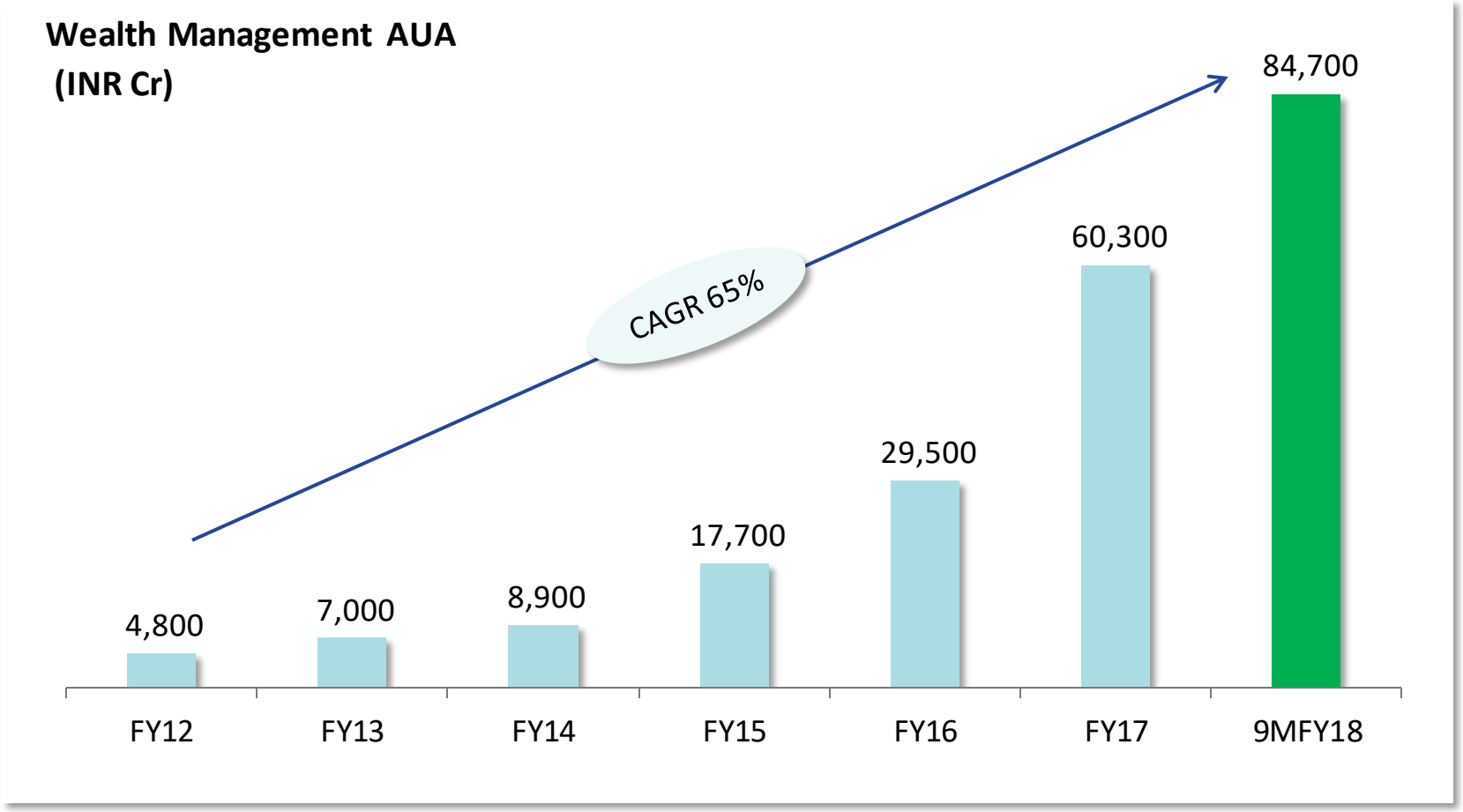
Diversified assets generate both spread and fee income

Retail Credit Book is now 39% of Total Credit Book



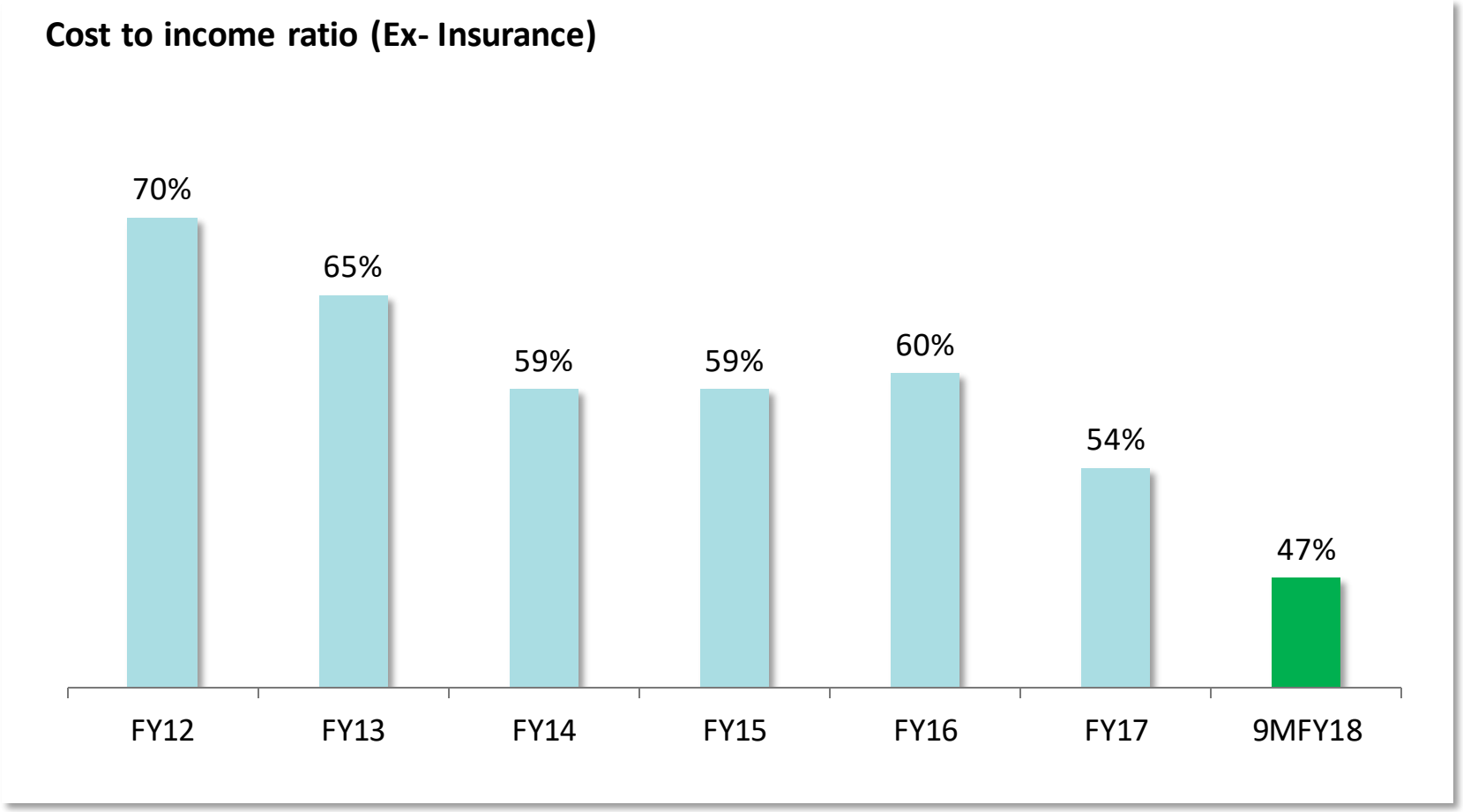
Key vectors for our growth will be SME Loans and Retail Mortgages

AUAs Continue to Scale Up - ~INR 85,000 Crores



We cater to UHNI as well as the fast-growing Affluent segments

Scale Benefits Leading to Operating Efficiencies…



...Aided by Technology Initiatives across Businesses

Retail Credit

- Scorecard based objective underwriting
- Cognitive Tools to further enhance customer service levels
- Automation & Process simplification

Wealth Management

- Digital client on-boarding
- Client centricity management
- Digital Advice Delivery - Robo Advisory
- Advanced Analytics & Insights
- Phase 1 of business transformation project with IBM now live

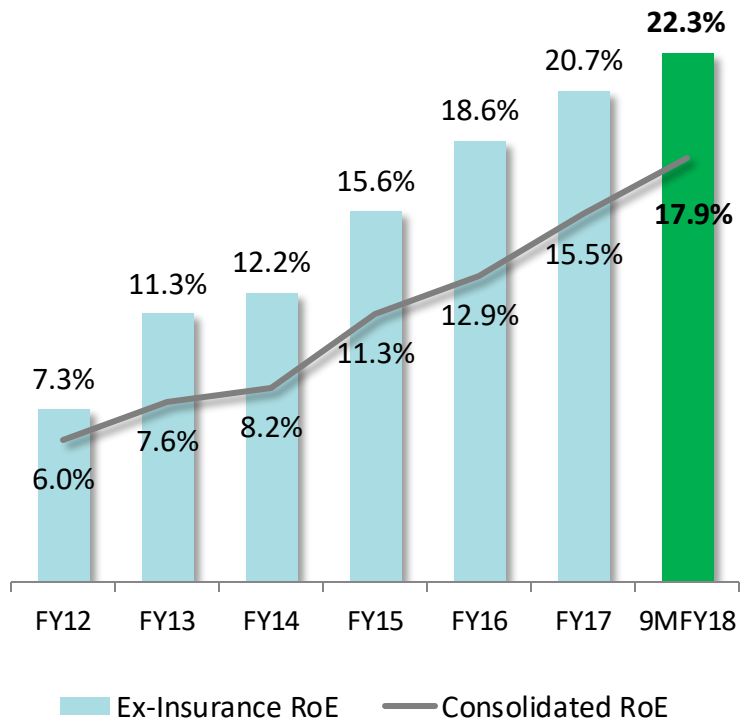
Life Insurance

- Leveraging analytics and machine learning for customer acquisition and underwriting
- Focusing on tablet assisted sales
- Phase 1 of business transformation project with IBM now live

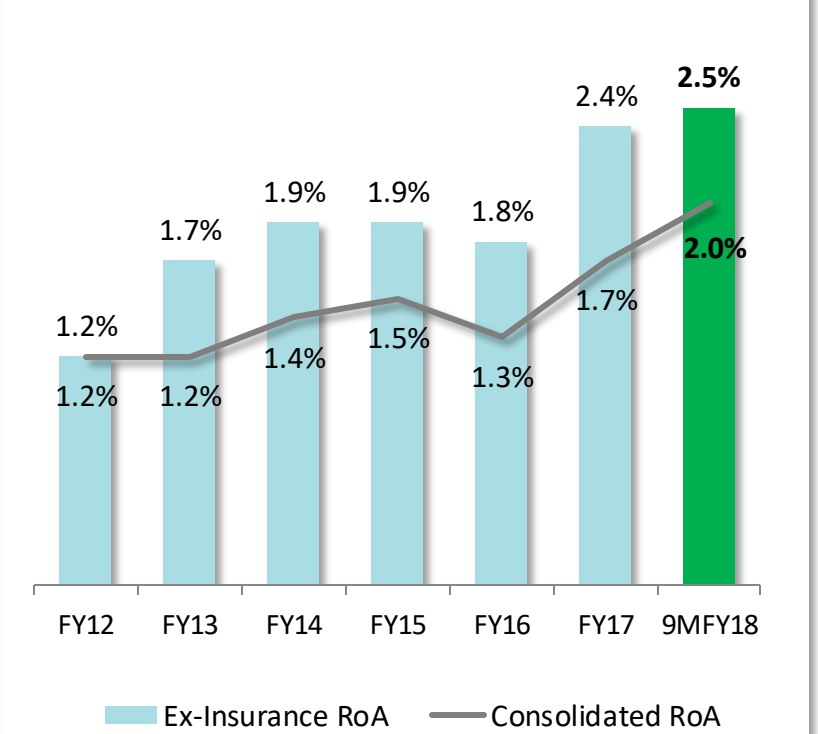
We use technology to drive costs down and also to enhance customer experience

We have Significantly Improved Balance Sheet Efficiency…

RoE



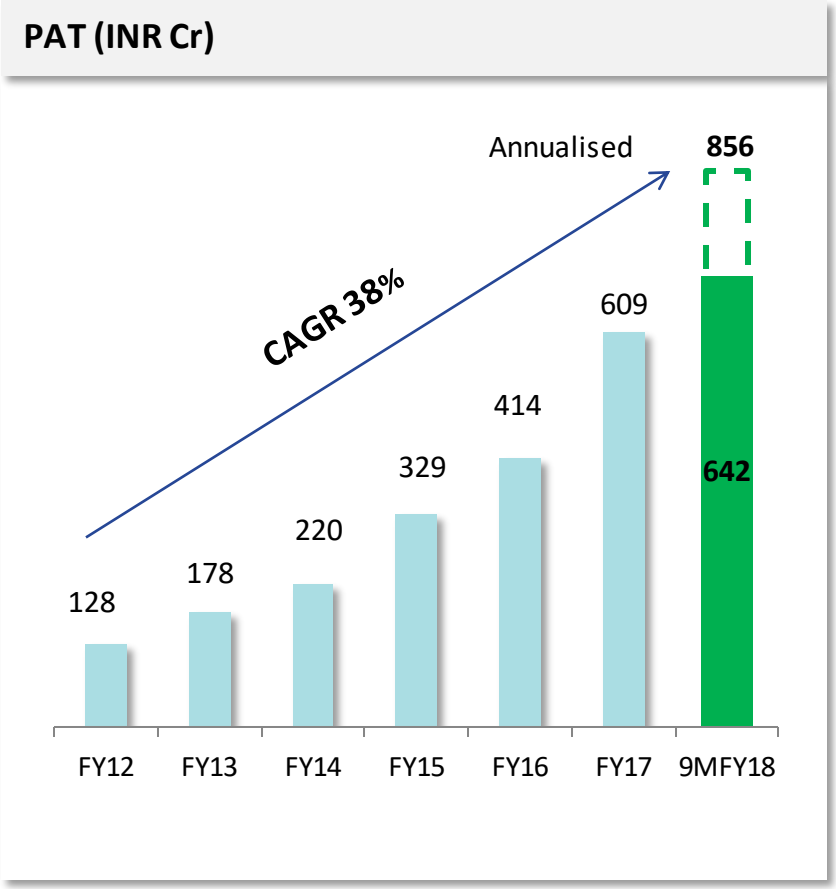
RoA



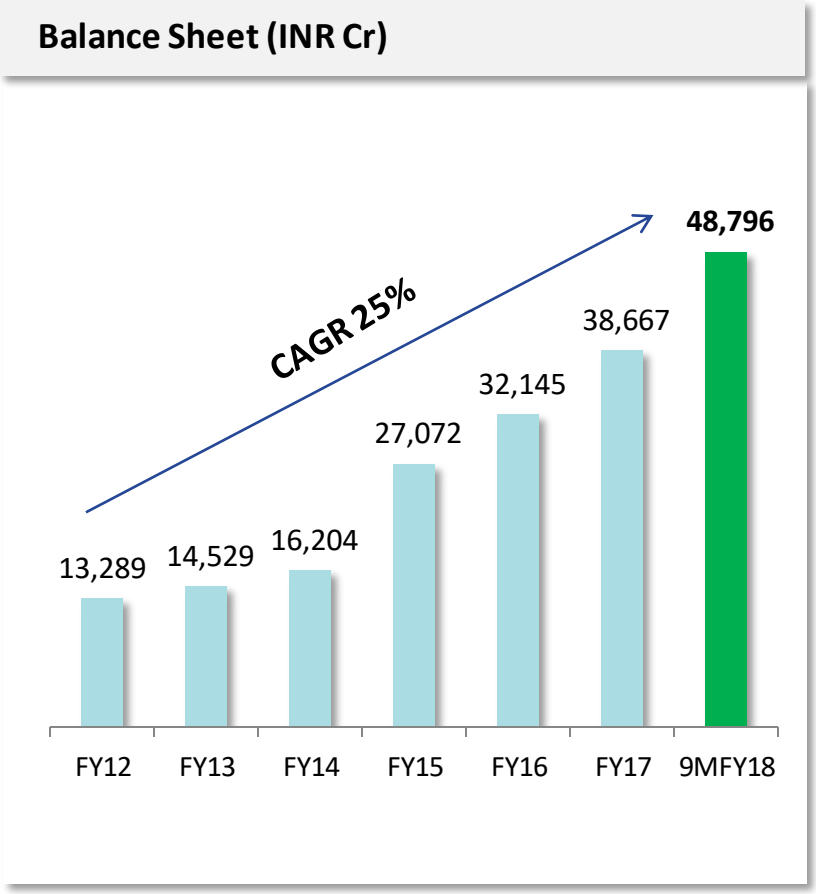
Continued improvement in profitability ratios across business cycles

...Ensuring Our Diversified Model Delivers Consistent Growth

PAT (INR Cr)



Balance Sheet (INR Cr)



25% growth in balance sheet assets supported a 38% growth in profits

PAT compounded annual growth rate (CAGR) on trailing twelve month basis

Business Update

CREDIT

Retail Credit – Corporate Credit – Distressed Credit

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Credit Business is a Mix of Diversified and Scalable Assets

As on 31st Dec'17	Capital Employed (INR Cr)	% Share	
Retail Credit	**14,200**	**39%**	
Retail Mortgage	5,532	15%	Blend of loans to home owners and home buyers
SME & Business Loans	3,189	9%	Underserved and highly scalable, focus area for future
Loan against Securities	4,262	12%	Catering to Retail & Wealth Mgmt customers in Capital Markets
Agri and Rural Finance	1,217	3%	Large scalable opportunity with low competitive intensity
Corporate Credit	**16,372**	**46%**	
Structured Collateralised Credit	8,518	24%	Customized credit solutions with robust risk management systems
Wholesale Mortgage	7,854	22%	Developer financing for primarily residential properties
Distressed Credit	**5,543**	**15%**	Leading Asset Reconstruction Company in India
Total Credit Book	**36,115**	**100%**	

Credit Business at a Glance

Credit Business (INR Cr)	9MFY18	FY17
Capital Employed	36,115	27,608
Average Interest Yield	16.1%	16.2%
Average Cost of Borrowing	9.9%	10.3%
Net Interest Margin	7.5%	7.2%
Net Revenue	1,786	1,695
Cost to Income	35%	36%
Provisions & Write Offs	351	319
PAT (post MI)	453	447
RoE (post MI)	18.4%	18.2%
RoA	2.2%	2.1%

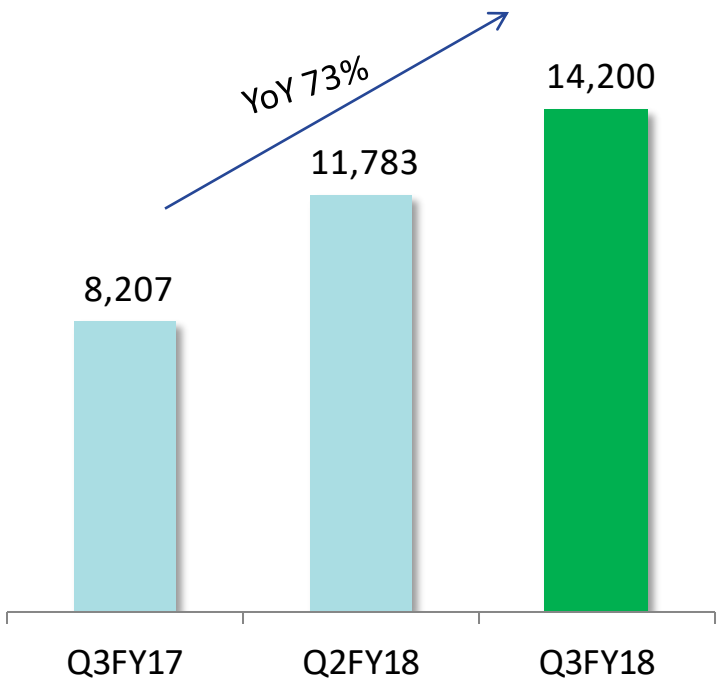
Asset Quality at a Glance

At the end of	9MFY18	FY17
Gross NPA (INR Cr)	533	362
Gross NPA %	1.74%	1.59%
Net NPA %	0.68%	0.60%
Outstanding Provision Held	439	314
Total Provision Cover	82%	87%
Average Collateral cover on Corporate book	2.2X	2.3X
Average Loan-To-Value on Retail book	~45%	~45%

Outstanding Provision Held and Total Provision Cover includes Standard Asset Provisioning

Retail Credit Expanding Footprint

Capital Employed
(INR Cr)



Business Highlights

SME

- Originations up 156% on Y-o-Y basis in Q3FY18
- Expanding SME credit distribution capabilities; now present in 69 locations from 44 locations in Q2FY18
- Launched new product "Salary Advance" for salaried employees of SMEs to capture opportunities in Personal Credit

Retail Mortgage

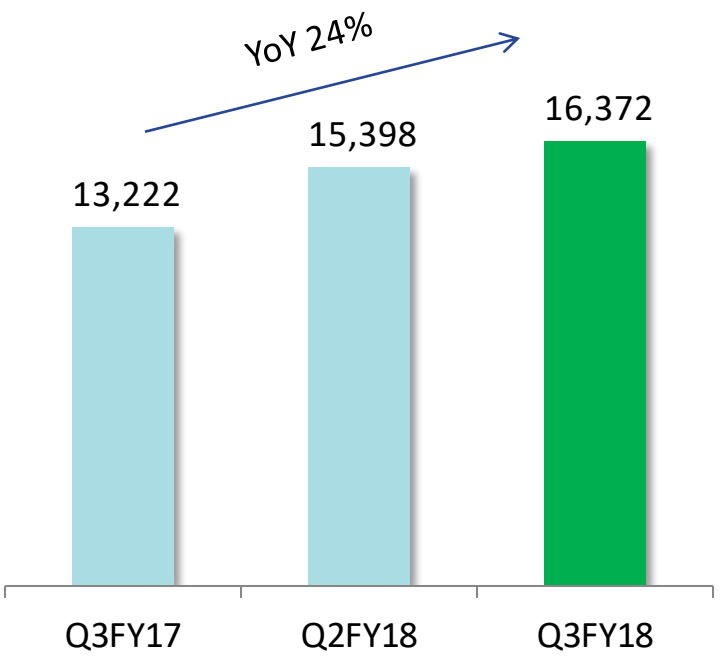
- Strong Q3FY18 with originations up 247% on Y-o-Y basis
- Under-construction financing product in association with select developers has gained traction

Loan Against Securities

- Proposed acquisition of Religare's business will further strengthen our portfolio finance offering for wealth clients

Calibrated Growth in Corporate Credit

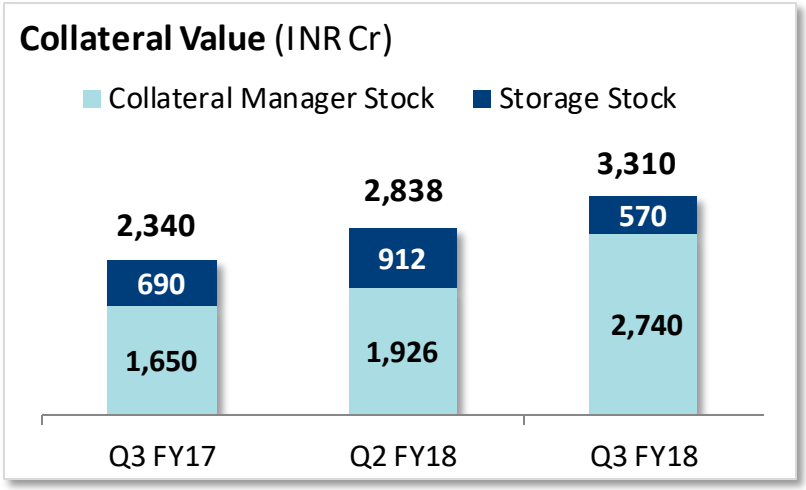
Capital Employed
(INR Cr)

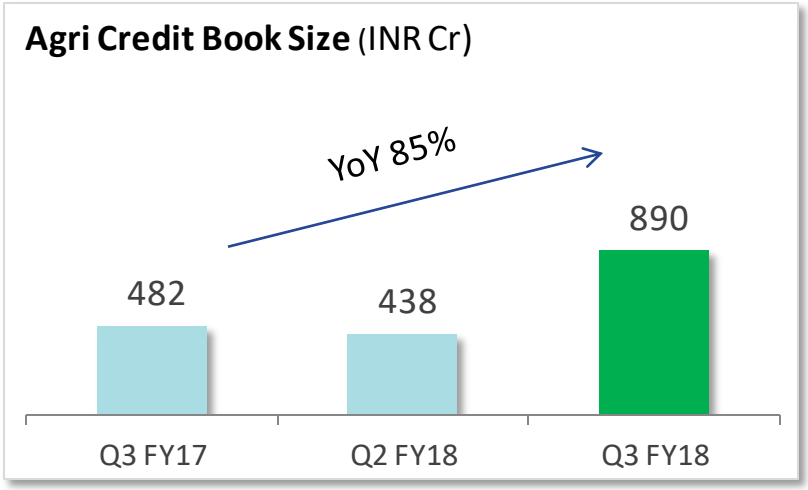


Business Highlights

- Risk-management centered approach to collateralized lending
- In house team of experts for carrying out detailed evaluations
  - Counterparty, Collateral and Cash flows
- Ring fenced structures and hybrid collateral pool ensures lower loss given defaults
- Exploring opportunities in mid market space for Structured Collateralised Credit
- Incremental growth to largely come through the fund structure going forward

Agri Credit Expected to Scale Up





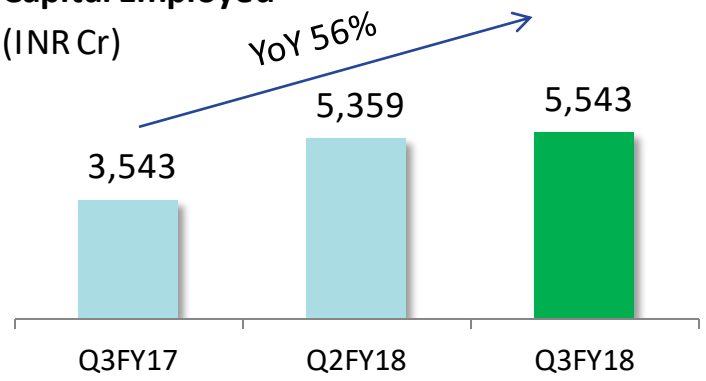
Business Highlights

- One of the few organized players providing end to end business solutions in the Agri value chain
- Leveraging the large opportunity size of the Agri financing industry
- Continued focus on increasing the credit book; disbursements grew by 82% on a YoY basis
- Network of 506 warehouses across 17 states in India; investments in risk management capabilities
- Empanelled with 22 banks for Collateral Management Services

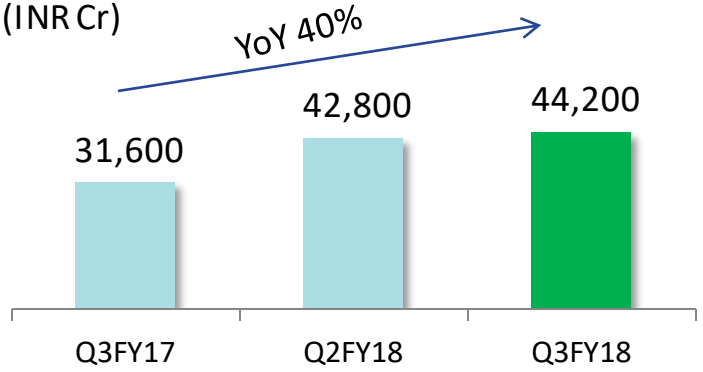
Credit | Franchise & Advisory | Life Insurance

Distressed Credit Performance on Track

Capital Employed
(INR Cr)



AUM
(INR Cr)



Business Highlights

- Focus on large operating and EBITDA earning assets that need financial restructuring
- Strong focus on resolutions aided by changes in Insolvency and Bankruptcy Code norms
- Actively targeting opportunities in the second round of NCLT cases
- Developing new long-term partnerships and co-investor network as industry moves towards large deal sizes

Business Update

FRANCHISE & ADVISORY

Wealth Management – Asset Management – Capital Markets

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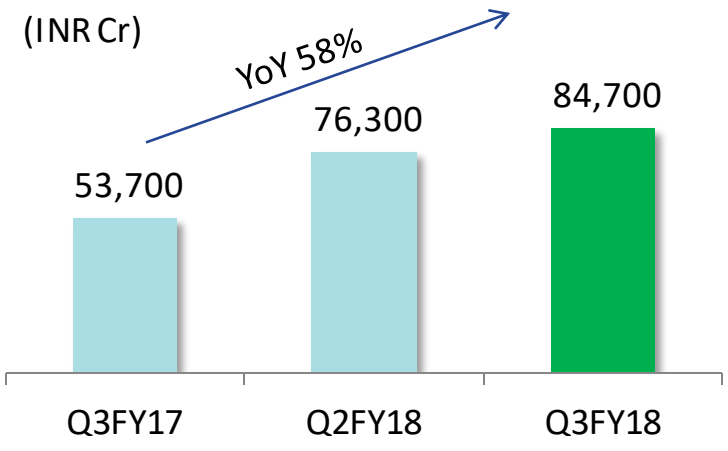
Franchise & Advisory Business at a Glance

Franchise & Advisory (INR Cr)	9MFY18	FY17
Net Revenue	932	1,060
Cost to Income	66%	73%
PAT	209	193

Wealth Management AUA Continues to Scale Up

Assets Under Advice

(INR Cr)



As on 31st Dec'17	No. of Clients	AUA (INR Cr)
Ultra High Net Worth Individuals	~1,200	64,300
Affluent	~ 4,31,000	20,400

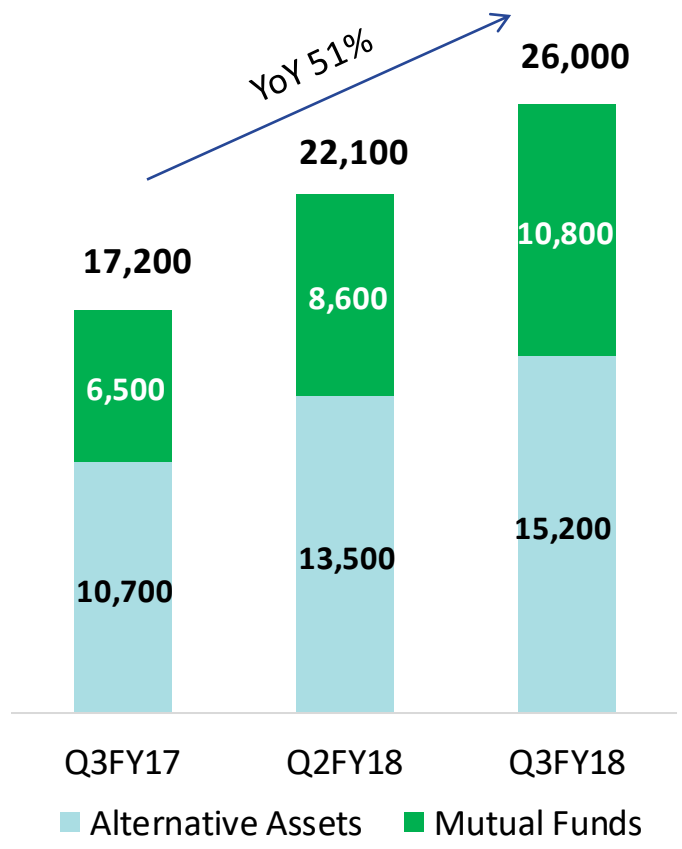
Business Highlights

- Proposed acquisition of Religare's Securities broking business to add significant distribution reach
  - Will increase client base by 3X
  - Increase our distribution reach, adding ~1,250 points of presence including 90 branches
- Capacity ramp-up in UHNI on track –144 RMs as on December 2017 with 35 hires during the year
- Yield of 70-80 bps on AUA
- Scale and aggressive use of technology has helped further drive down cost to income ratio to 66% for the quarter
- For more information on the Religare's Securities business acquisition visit our website – www.edelweissfin.com

Asset Management has Healthy Growth in AUM

Asset Management AUM

(INR Cr)



Business Highlights

Alternative Assets

- Leading player in the Private Debt space across special opportunities, real estate credit and distressed assets credit
- Raised INR 1,750 Cr in a new CAT II Fund – Edelweiss Crossover Opportunities Fund (Pre IPO fund)
- Deployed ~ INR 950 Cr across Alternative funds in Q3 FY18
- Received regulatory approval for Edelweiss Infrastructure Yield Fund – targeting first close in March 2018

Mutual Funds

- Mutual Fund AUM hits new high – crossed INR 10,000 Cr
- Prioritizing and widening distribution partnership with large organized distributors at new locations

Capital Markets Strong Performance Continues

Key Equity Capital Market Transactions

HDFC Life	Union Bank of India	Reliance Nippon Life Asset Management Ltd
IPO INR 8,695 Cr	QIP INR 2,000 Cr	IPO of INR 1,542 Cr
BRLM	BRLM	BRLM

Key Debt Capital Market Transactions

आर ई सी REC	Andhra Bank	Corporation Bank
Rural Electrification Corporation	**Andhra Bank**	**Corporation Bank**
INR 3,533 Cr	INR 1,000 Cr	INR 500 Cr
Arranger	Arranger	Arranger

Business Highlights

Equity Capital Markets

- Closed eight capital market transactions and one advisory transaction during the quarter
- Continue to build market share in blocks with share of over 5% in Q3FY18
- Won the Best Research Analyst (Organization) - ASSOCHAM Capital Markets Intermediaries Excellence Awards 2017

Debt Capital Markets

- Ranked 1st in placements of commercial paper with 23% share in Q3 FY18
- Market share of 12% in private placement of debt

Ranking and market share for bond issuances and placements of commercial paper as per Prime Database as on 16th Jan 2018

Business Update

Life Insurance

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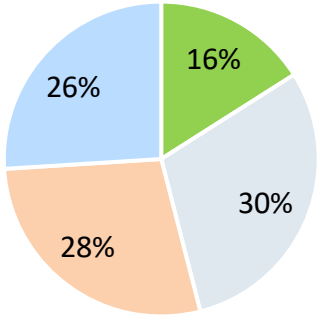
Life Insurance – Long Term Value Creation

Products Mix

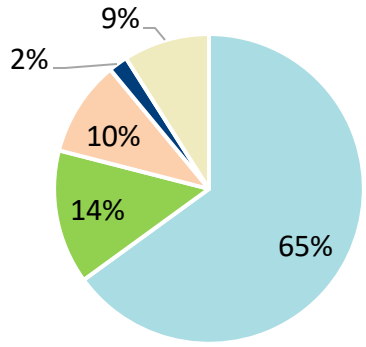
New Business Premium 9MFY18



Traditional Par | Traditional Non Par | ULIP | Group

Channel Mix

Individual New Business Premium 9MFY18



Agents | Banca | Edelweiss | Brokers | Direct Business

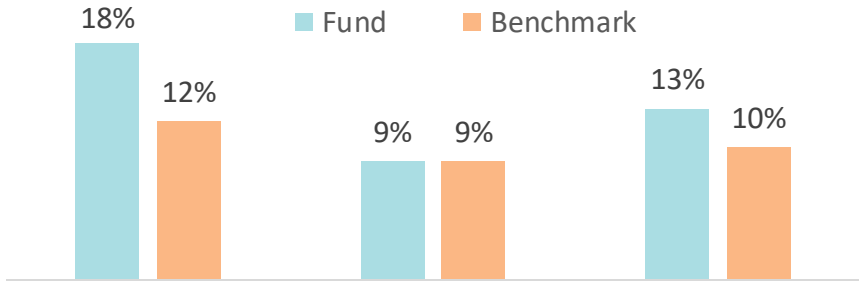
Distribution

- Agency-led multi-channel distribution approach with emphasis on productivity
- 121 branches and 27,485 PFAs across 94 cities in India

Investments Capability

Morningstar has rated all our ULIP funds 4 or 5 star on overall basis

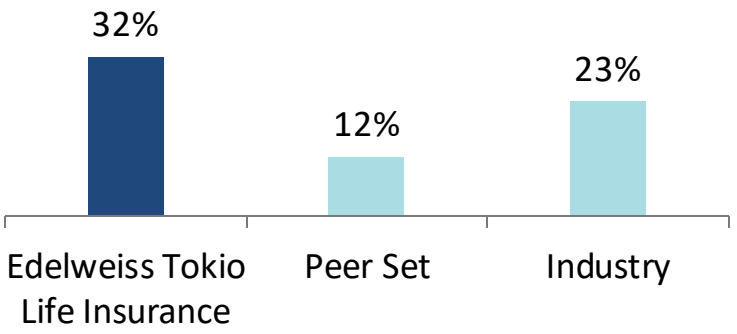
5 Year CAGR%



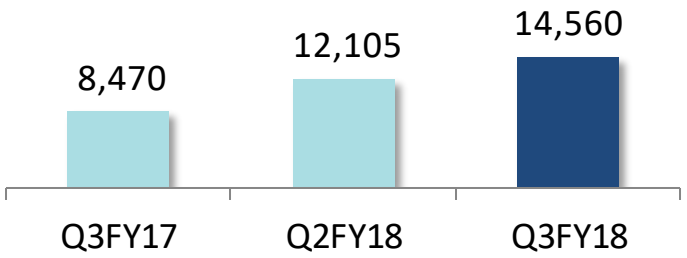
Returns Data source: NSE, Crisil, Morningstar

One of the Fastest Growing in Individual Annual Premium Equivalent

Individual Annual Premium Equivalent
CAGR growth since 9MFY15



Number of Policies Issued
(Individual Business)



Business Highlights

- Capital Infusion of INR 670 Cr between Edelweiss and Tokio Marine to aid growth
- Indian Embedded Value (IEV) at INR 1,669 Cr as on 31st Dec'17
- Individual Annual Premium Equivalent (APE) - INR 54 Cr for the quarter, growth of 68% YoY
- Leveraging technology
  - Agency Sales via digital medium rose to ~55% in Dec'17
  - ~83% of sales through direct front line sales channel contributed via digital medium during the year
- Launched new products, "Wealth Plus" (Online ULIP) and "Wealth Builder" (Non-Par) in Dec'17

Industry data from Life Insurance Council and public disclosures of insurers

Life Insurance – Key Financials

Edelweiss Tokio Life Insurance Company Limited (ETLI)

(INR Cr)	9MFY18	FY17
Net Premium Income	314	426
Investment Income & Other Income	142	151
Total Income	**456**	**577**
Profit After Tax	**(136)**	**(216)**
Minority	(67)	(106)
Edelweiss' Share in PAT	**(69)**	**(110)**
Net Worth	**1,258**	**732**

Balance Sheet

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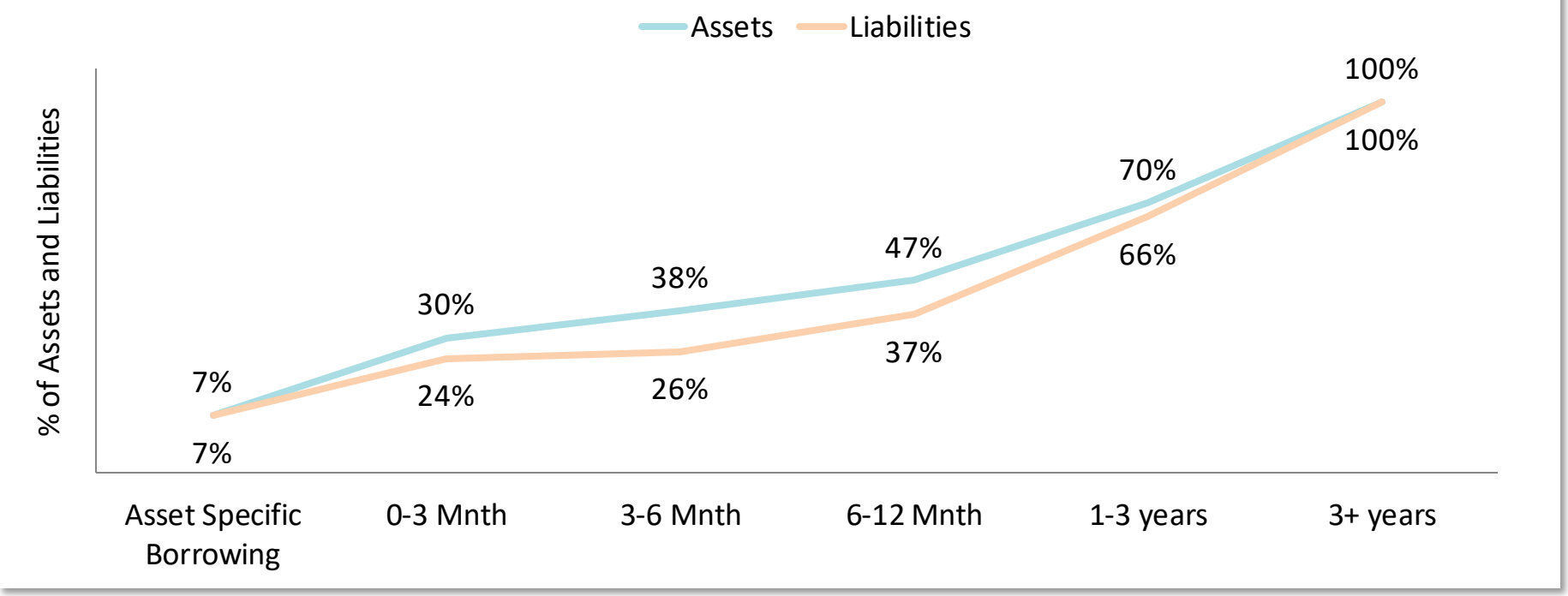
Key Highlights – Balance Sheet

1. Matched Asset-Liability profile
2. Improved capital adequacy ratio at 19.2%
3. Diversified borrowings mix
4. Liquidity cushion at 10% of Balance Sheet
5. Stable business model reflected in credit ratings

1 Matched Asset - Liability Profile

As on 31st Dec'17: INR 48,796 Cr



- Positive asset-liability matching across durations
- BMU manages ALM under the aegis of Asset Liability Committee

2 Comfortable Capital Adequacy Ratio

Capital Structure as on 31st Dec'17
(INR Cr)

Tier I	7,840
Tier II	1,559
Total Capital	9,399
Risk Weighted Assets	49,038

87% of gross assets

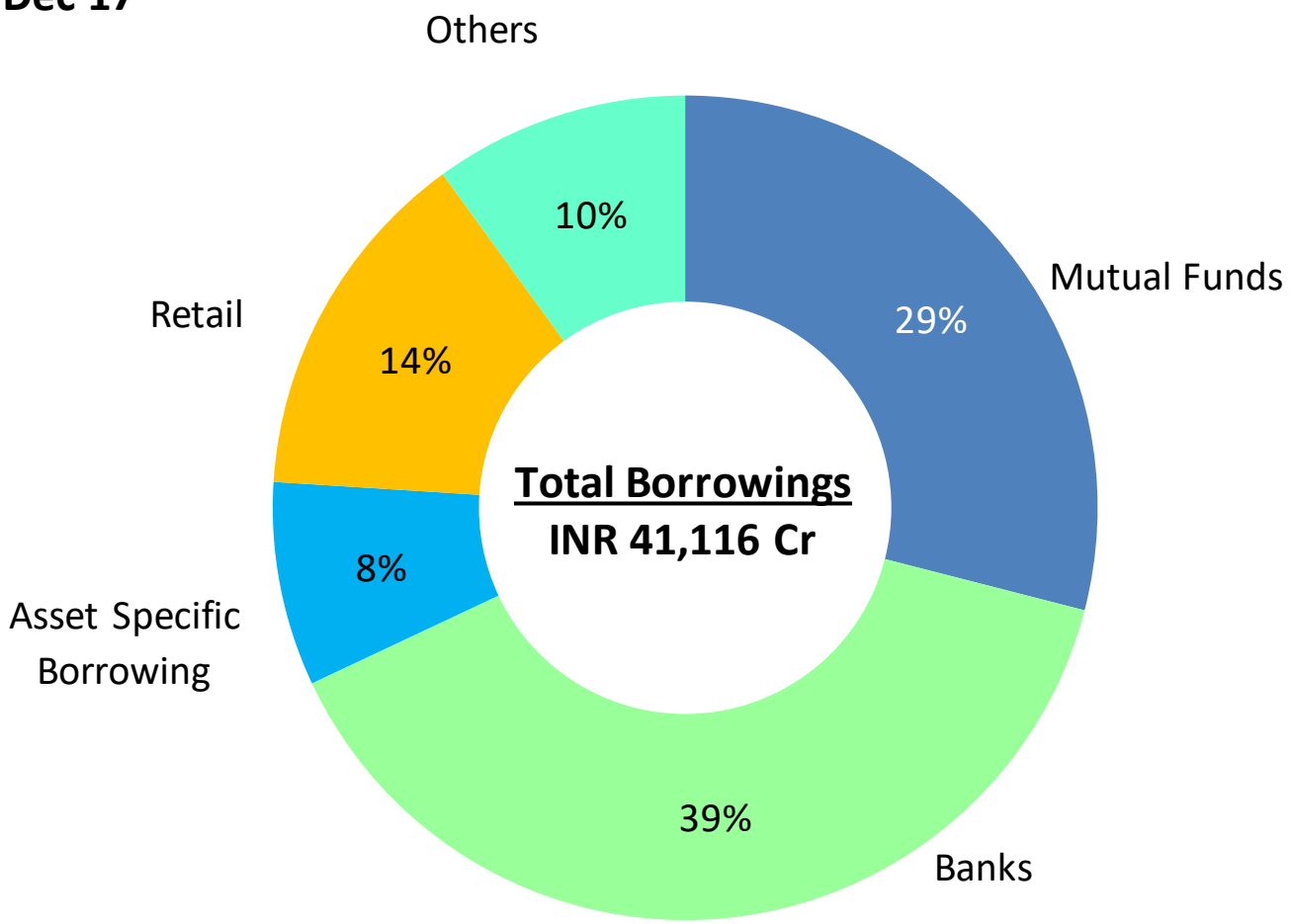
Capital Adequacy Ratio

19.2%

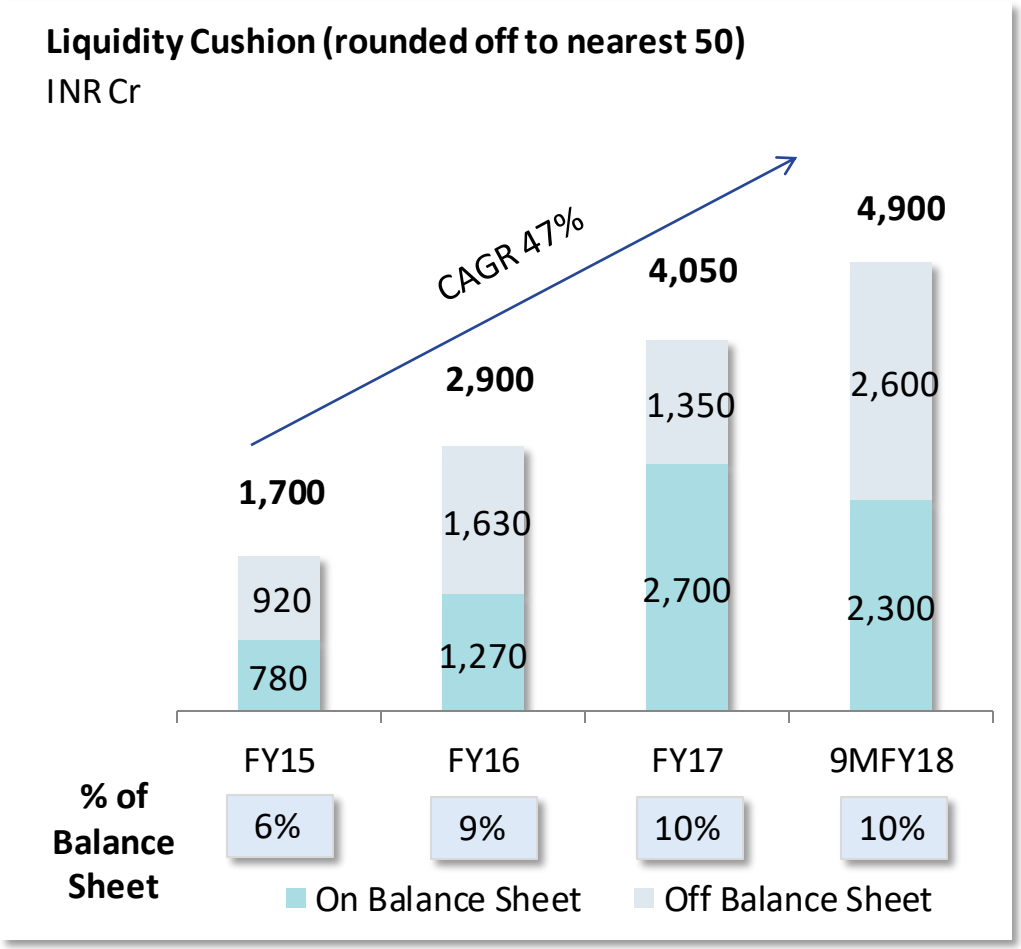
Debt/Equity : 4.3
(excluding Treasury assets)

3 Diversified Sources of Borrowing

As on 31st Dec'17



4 Liquidity Cushion at 10% of Balance Sheet



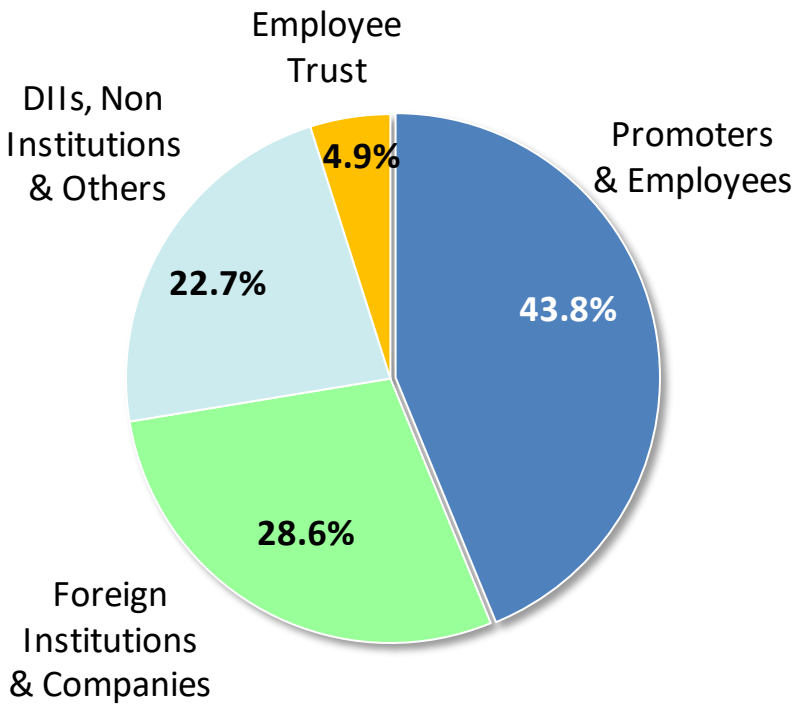
- A well diversified liquidity cushion comprising:
  - Banking Lines
  - Fixed Deposits
  - Government Securities, Mutual Funds etc
- Steady growth in liquidity cushion to provide for any liquidity event
- Continually evaluate the composition through various instruments to ensure immediacy, relevance and cost efficiency

5 Stable Business Model Reflected in Credit Ratings

Purpose (Debt Programme)	Rating agency	Rating
Short term	CRISIL A STANDARD & POOR'S COMPANY	CRISIL A1+
Short term	CARE Ratings Professional Risk Opinion	CARE A1+
Short term	ICRA	ICRA A1+
Long term	Brickwork Ratings	BWR AA+
Long term	CARE Ratings Professional Risk Opinion	CARE AA
Long term	CRISIL A STANDARD & POOR'S COMPANY	CRISIL AA
Long term	ICRA	ICRA AA
Long term	SMERA SMERA RATINGS LIMITED	SMERA AA+

Significant Institutional Ownership

Shareholding Pattern



Key Shareholders above 1% (As on 31st Dec'17)

	Name	Percent
1	BIH SA	4.22%
2	HDFC Mutual Fund	2.30%
3	Goldman Sachs Funds	1.85%
4	Caisse de dépôt et placement du Québec (CDPQ)	1.54%
5	Vanguard	1.33%
6	Grantham Mayo Van Otterloo	1.27%
7	Baron Funds	1.25%
8	DSP Blackrock	1.24%
9	Amansa Capital	1.21%
10	Government Pension Fund Global	1.20%
11	Steadview Capital Management	1.16%
12	Blackrock Fund Advisors	1.14%
13	Rakesh Jhunjhunwala	1.10%
14	Fidelity International	1.03%

ESG at Edelweiss

Edelweiss
Ideas create, values protect

Creating Continuous Talent and Leadership Pipeline

- Our leadership programmes are focused towards identifying and grooming leaders at every level
- Leadership development is an integral part of our business and growth strategy
- Development endeavors at Edelweiss are structured, framework driven and continuous
- Our top management is a healthy mix of home grown leaders and lateral hires
- Institutionalized the ethos that leaders are created at the workplace – leaders create leaders

Board Comprises Majority of Independent Directors

6 out of 11 directors are independent

Mr. K Chinniah

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

Mr. P N Venkatachalam

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

Mr. Sanjiv Misra

- President of Phoenix Advisers Pte. Ltd, a boutique advisory firm.
- Worked with Goldman Sachs, Citigroup

Mr. Berjis Desai

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

Mr. Navtej S. Nandra

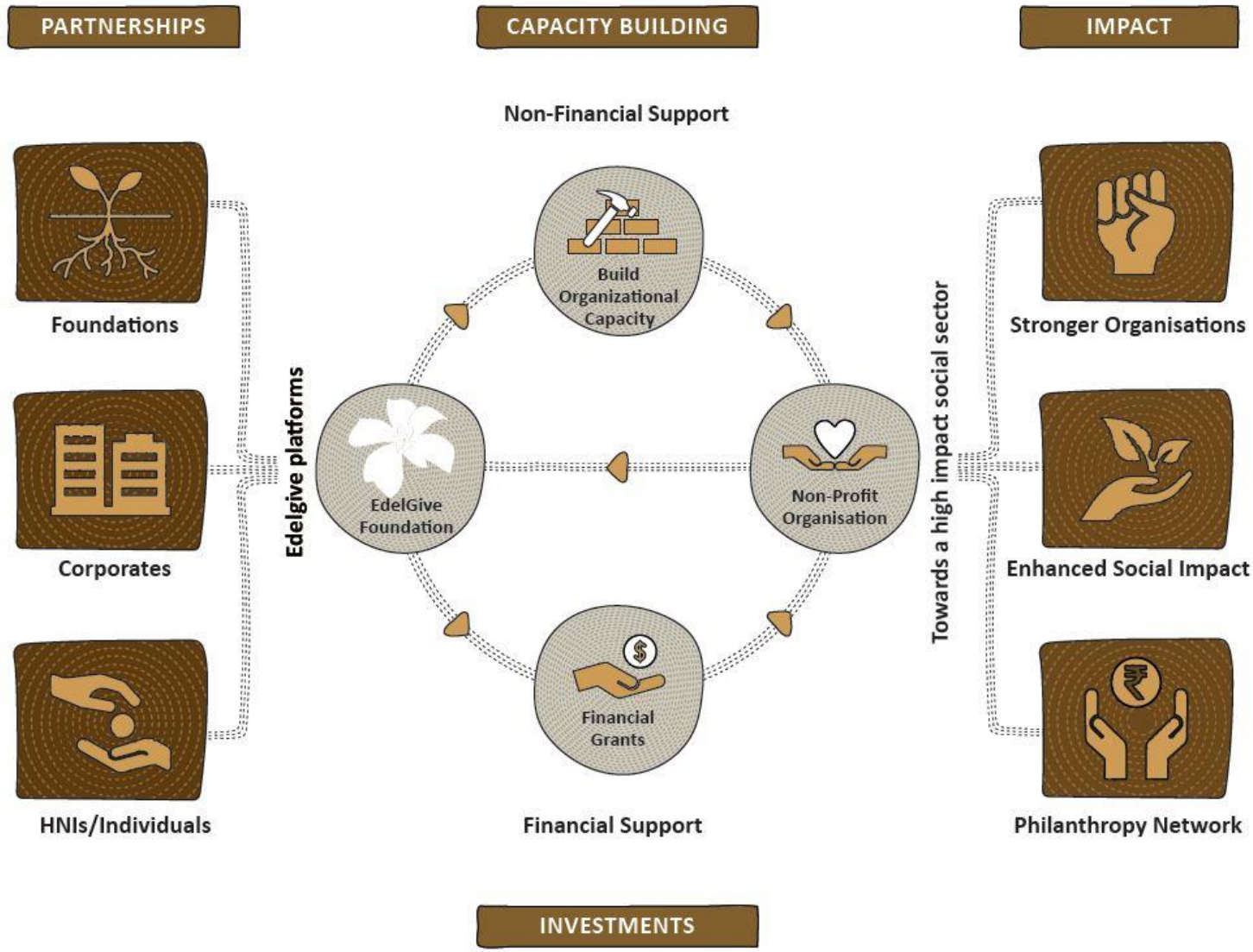
- Served as President of E*TRADE Financial Corporation.
- Prior to this he served as CEO for Morgan Stanley Investment Mgmt Inc. and
- COO for Wealth Management at Merrill Lynch

Mr. Biswamohan Mahapatra

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

- A diverse board with rich experience: 300 + years of collective work experience across multiple fields
- Key board committees like audit and remuneration consist almost entirely of Independent Directors
- Recipient of “Best Corporate Governance India” award 2016 from London based Capital Finance International Jury

EdelGive Foundation – Unique Philanthropic Platform



Focuses on Education, Livelihood and Women's Empowerment

EdelGive Foundation - Key Metrics

Employee Engagement	
Employee Engagement %	More than 70% engaged in financial and non financial giving
Man Hours spent till date	25,000 hrs
Field Visits till date	78

Capacity Building – Non financial support

Employees provided skills and time pro bono in over 60 projects till date

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

Grants and Funding	Cumulative till date
Grantees	More than 83 NGOs
Funds Committed	> INR 108 Cr
Presence in Indian States	14 States
Funding Partners	108

Awards and Recognition

Best Research Analyst (organization) Award
ASSOCHAM Capital Markets Intermediaries Excellence Awards 2017

Best Performing Institutional Member
NSE Market Achievers Award 2017

Ranked as one of the leading custodians in India
Global Custodian Indian Domestic Survey 2017

Best Product Innovation – Edelweiss Tokio Life Insurance
Fintelekt Insurance Awards 2017

Leader in Employee Volunteering
iVolunteer Awards 2017

Best Wealth Manager - Rising Star, India
The Asset, Hong Kong