



# Edelweiss Financial Services Limited

*Feb 14, 2019*

**We started Edelweiss in 1996..**

A graphic of a spiral-bound calendar. The top of the calendar is a red header with eight silver rings. Below the header is a white page with the year 1996 and three lines of text.

**1996**

**Big Aspirations, Limited Capital!**

**Only INR 10 million net-worth**

**Worked on fund-raising for companies**

# Edelweiss Group today..



Current net worth of ~INR 8,800 cr

Asset Base of ~INR 56,000 crore

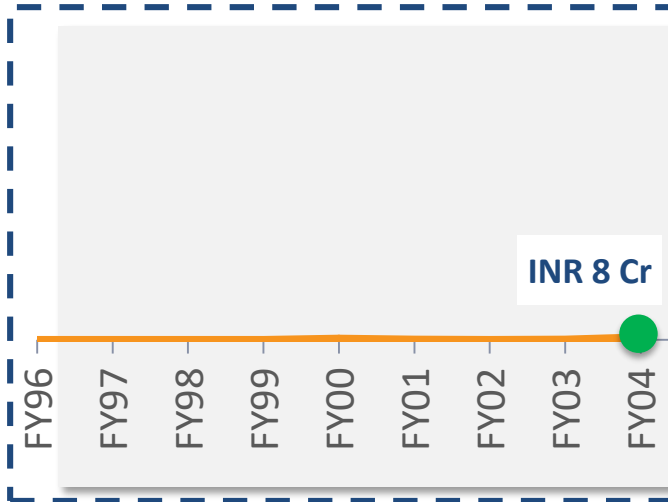
Servicing nearly 12,00,000 clients

Over 11,000 employees spread over 450 offices globally

# Journey So Far: Our First 8 Years



## Profit after Tax



- Foundation of Edelweiss as an Investment bank in 1996 with a capital base of INR 1 Cr and 4 employees
- Expanded into Broking business in 2000
- Grew to a 100-employee company in FY04

# The Next 8 Years: Counter-Cyclical Diversification



## Profit after Tax



## Continued to build businesses with high quality talent

- Seeded and nurtured diversification through
  - Corporate Loans, Home Loans and SME Loans
  - Asset & Wealth Management
  - Life Insurance
- Set up our philanthropic foundation – EdelGive

# The Current 8 years: Steady and Stable growth



## Profit after Tax



- Focus is on scaling up existing businesses in a stable and calibrated manner to achieve scale efficiencies
- Strong governance and risk management structures created to aid expansion
- Capital base of INR 8,800 Cr and more than 11,000 employees

# In our journey, there are a few key things we have focused on..



1

Diversified Bank-like business model

2

Long-term Consistency

3

Capital Lightness

4

Retailisation

5

Strengthening Balance Sheet

6

Risk Management

7

ESG

8

Organization Building

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# We have consciously focused on building 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



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Bank-like business model

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Multiple vectors of growth

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Consistent growth and profitability

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Reduction in volatility

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Growth aligned with market tailwinds

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Career opportunities and retention of management

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# This has helped us build a good mix of Own and Customer Assets



As on 31 <sup>st</sup> Dec'18 (rounded off to nearest 100)	INR Cr	YoY Growth
<b>Balance Sheet Assets</b>	<b>55,800</b>	<b>14%</b>
<b>Customer Assets</b>	<b>1,91,600</b>	<b>19%</b>
<i>Distressed Credit (ARC Assets)</i>	<i>38,200</i>	<i>(1%)</i>
<i>Assets Under Advice (Wealth Management)</i>	<i>1,00,300</i>	<i>18%</i>
<i>Funds under Management (Asset Management)</i>	<i>35,300</i>	<i>36%</i>
<i>Assets under Custody &amp; Clearing</i>	<i>17,800</i>	<i>49%</i>
<b>Total Assets</b>	<b>2,47,400</b>	<b>18%</b>

**ARC assets fall due to resolutions and recoveries**

# As a result, our profit is well-distributed across our businesses



Business Segments	9MFY19 Pre MI PAT (INR Cr)	% Contribution
<b>Credit Business</b>		
<i>Retail Mortgage</i>	73	7%
<i>LAS, SME, Agri and Business Loans</i>	99	10%
<i>Structured Collateralised Credit</i>	179	17%
<i>Wholesale Mortgage</i>	232	22%
<i>Distressed Credit</i>	293	28%
<b>Franchise &amp; Advisory Business</b>		
<i>Wealth Management &amp; Asset Management</i>	177	17%
<i>Capital Markets</i>	55	5%
<b>BMU, Corporate and Others</b>	(68)	(6%)
<b>Total Ex- Insurance</b>	<b>1,040</b>	<b>100%</b>

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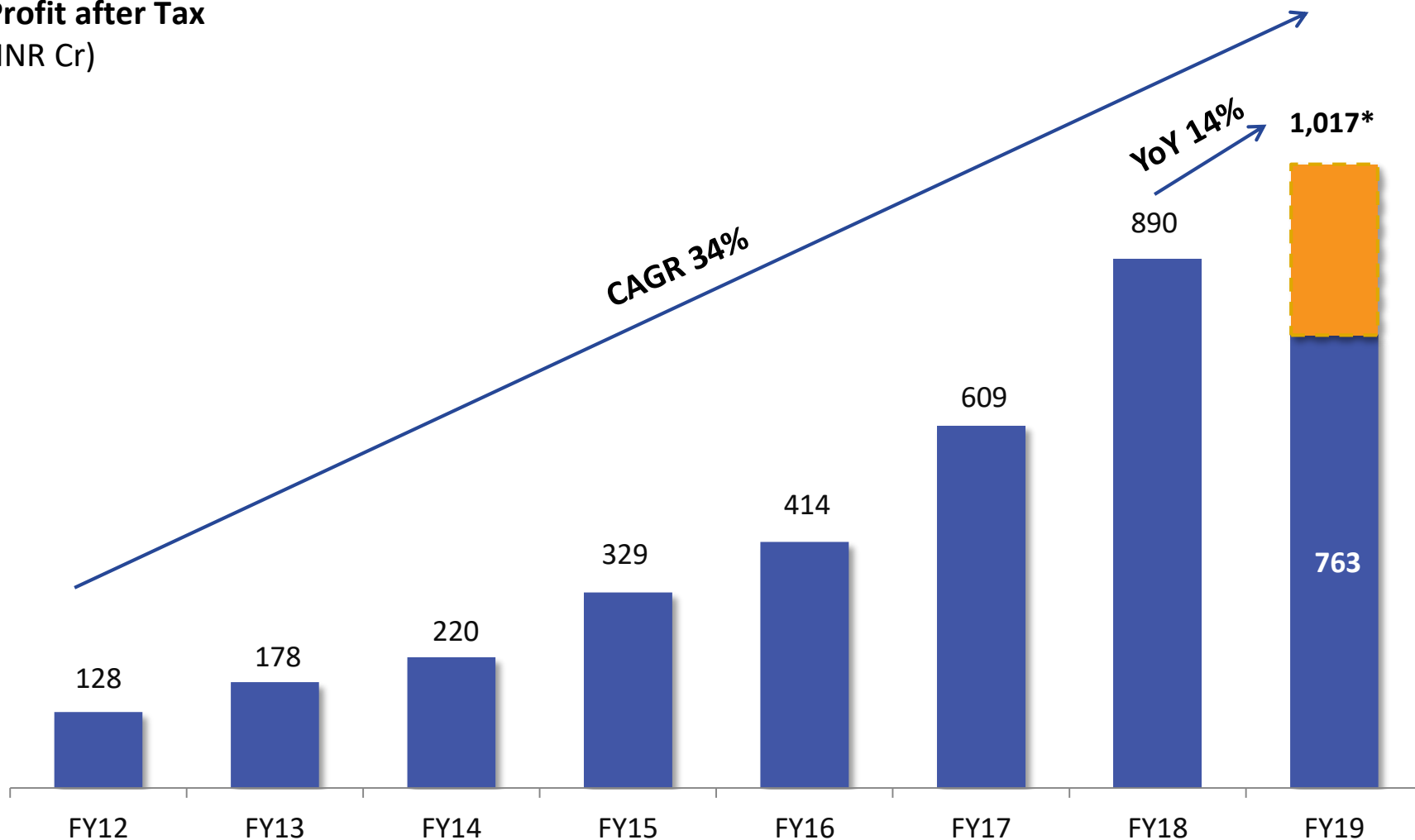
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Organization Building

## We have focused on long-term growth stability despite any short-term volatility



Profit after Tax  
(INR Cr)



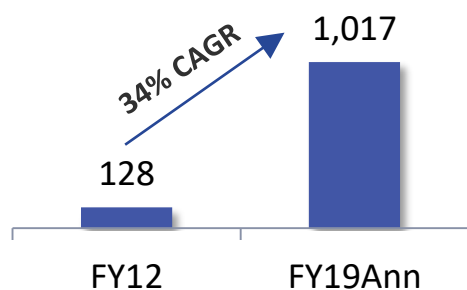
\*Annualised; Numbers for FY19 are as per IndAS and for prior periods as per IGAAP

# This has helped us build a strong, capital-efficient franchise over the last few years

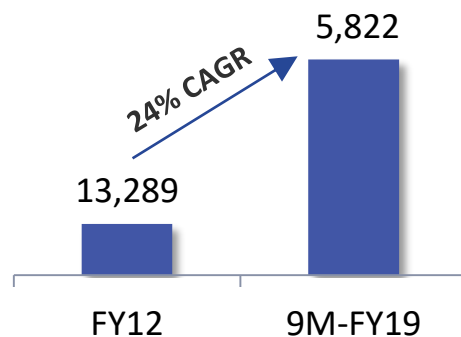


INR Cr

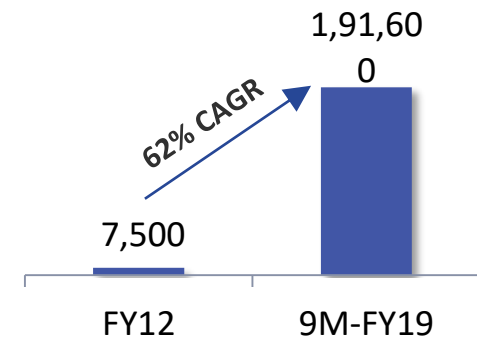
## PAT Consolidated



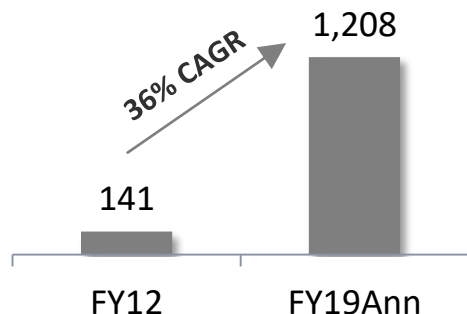
## Balance Sheet Assets



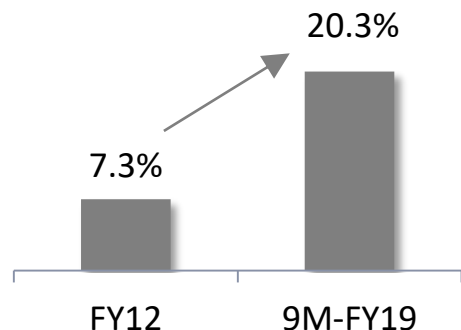
## Customer Assets



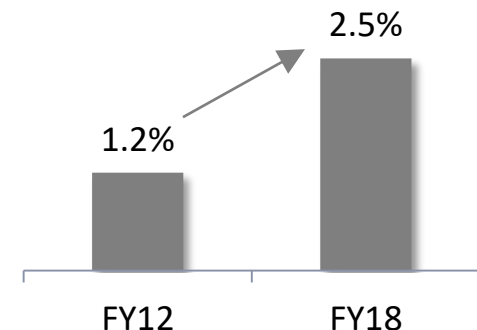
## PAT Ex-Insurance



## RoE Ex-Insurance %



## RoA Ex-Insurance



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## We have focused on establishing dominance in capital-light businesses



Early identification of niches of low competitive intensity

Special focus on on capital-light businesses which thrive on people and platform

Investment in initial years now return asymmetric payoffs



# We are now market leaders in most of these businesses



**Market Leader in  
Distressed Credit**



**Market Leaders in  
Private Debt**

ALTERNATIVE ASSET ADVISORS

**Third largest wealth  
manager in the country**



**Leading domestic  
brokerage**

INVESTMENT & ADVISORY

CAPITAL MARKETS

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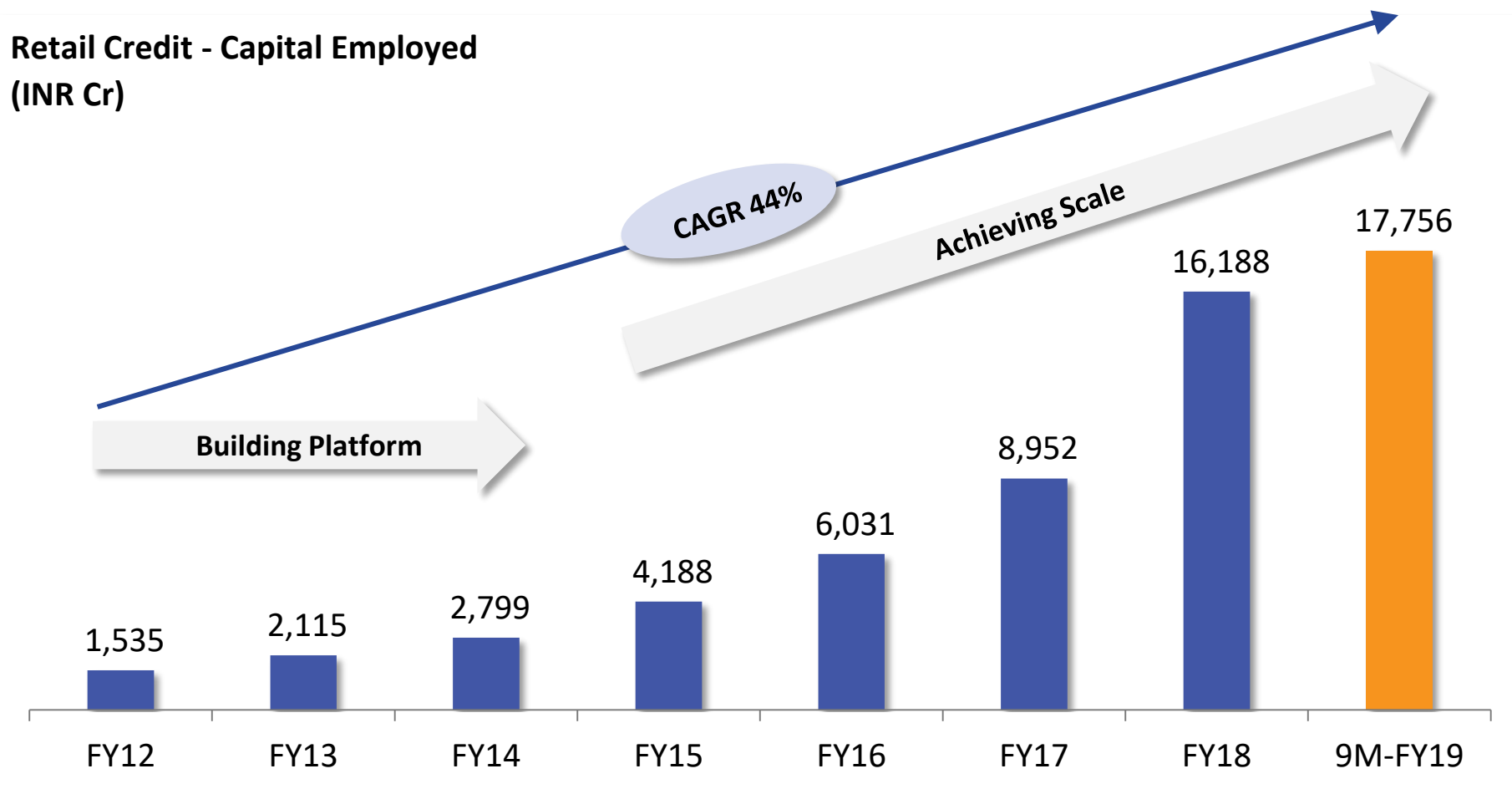
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# Our Assets are becoming increasingly retail on the Credit side..

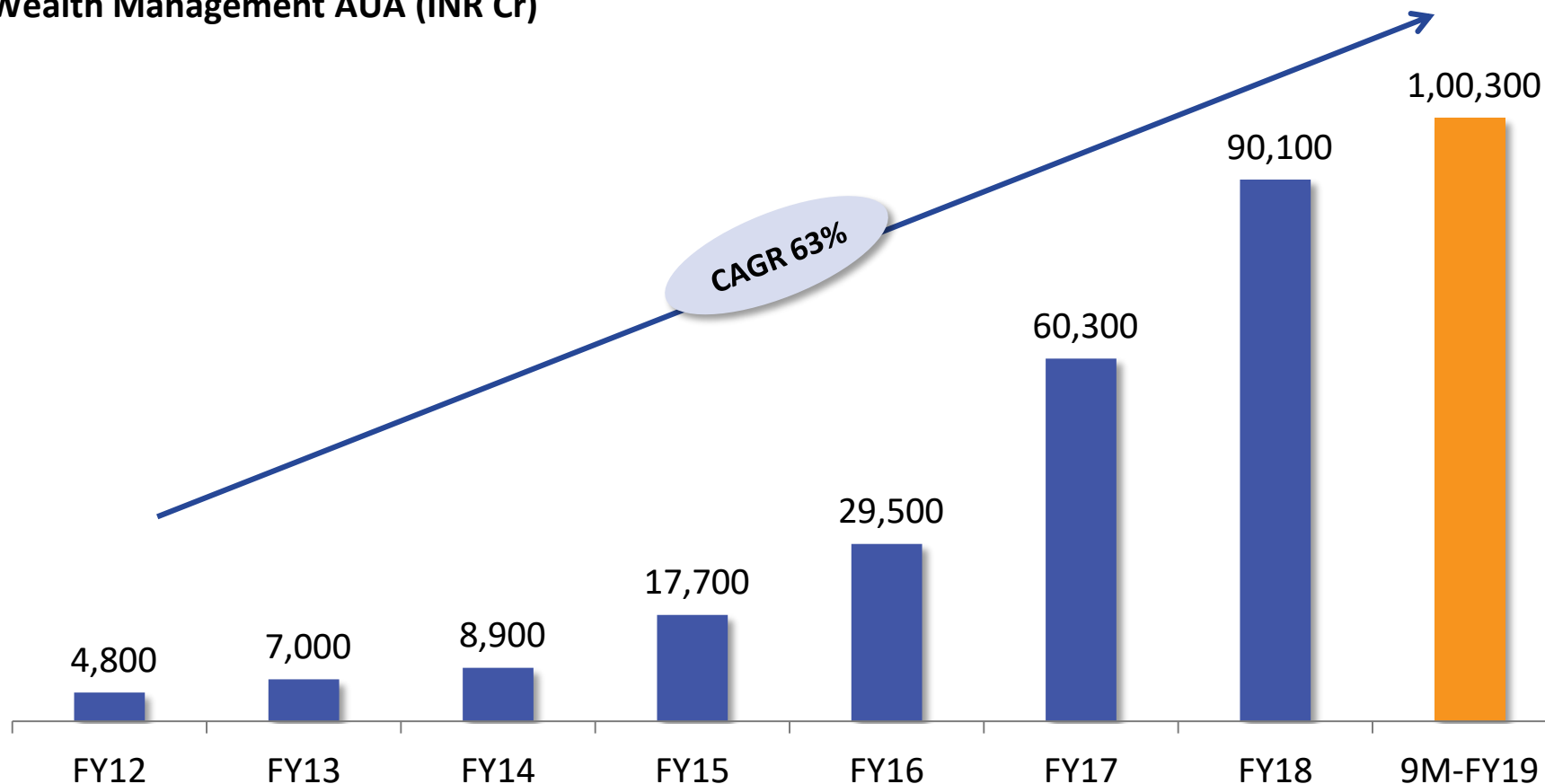


**Retail credit is now 43% of the total credit book**  
**Key vectors for our growth will be SME Loans and Retail Mortgages**

## .. And on the Wealth Management Side



Wealth Management AUA (INR Cr)

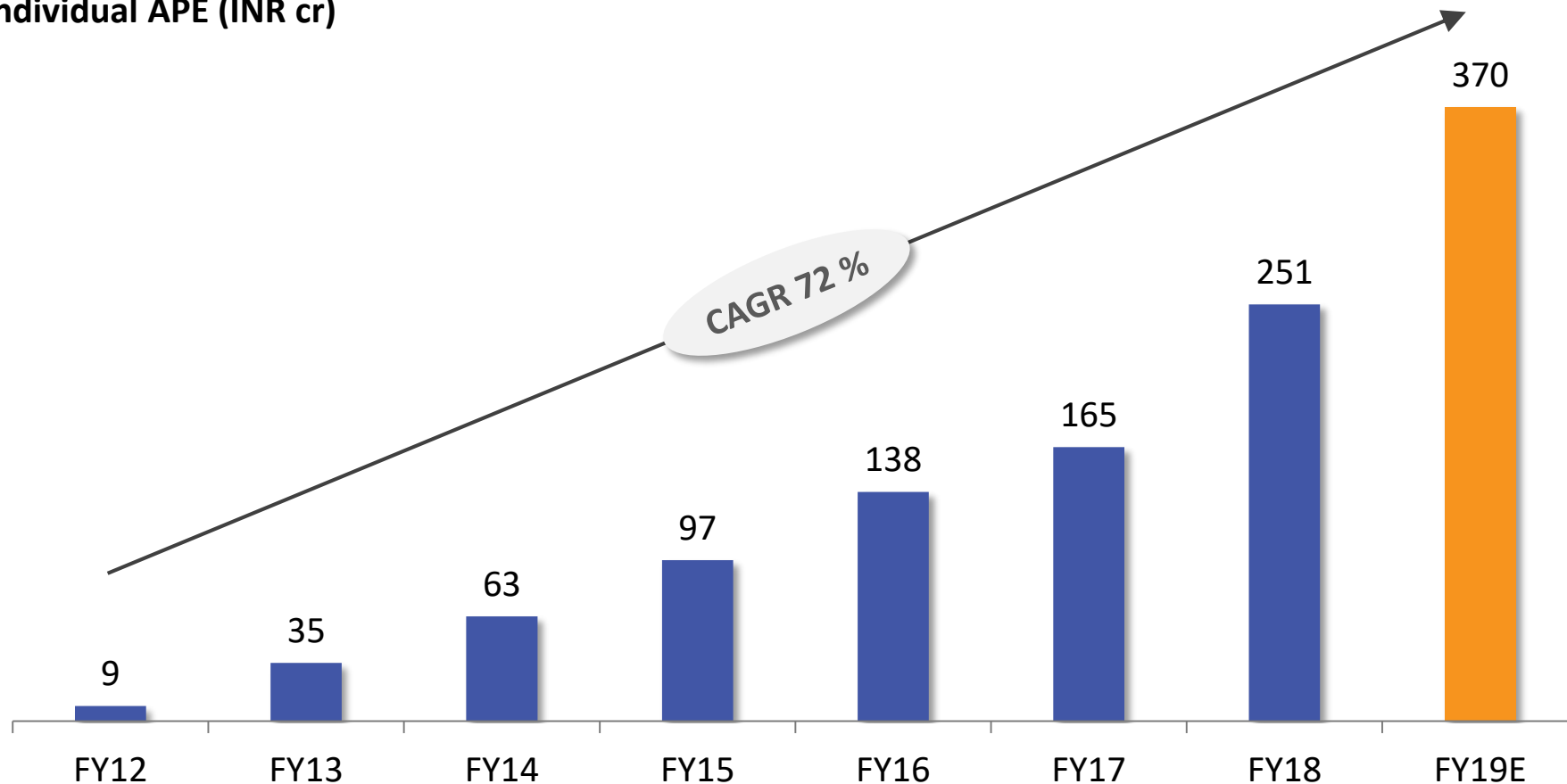


**We cater to UHNI as well as the fast-growing Affluent segments**

# We are one of the fastest growing Life Insurance companies



Individual APE (INR cr)



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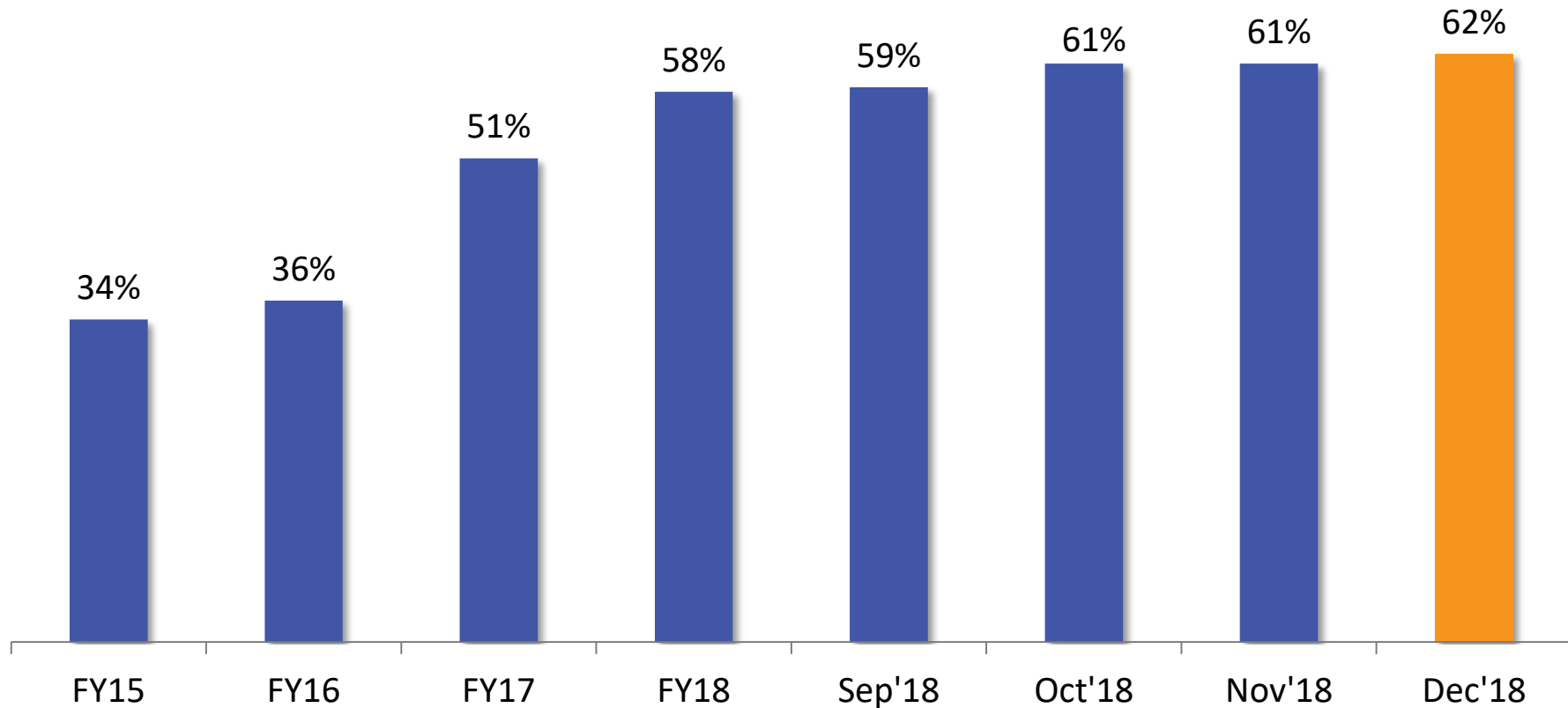
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Organization Building

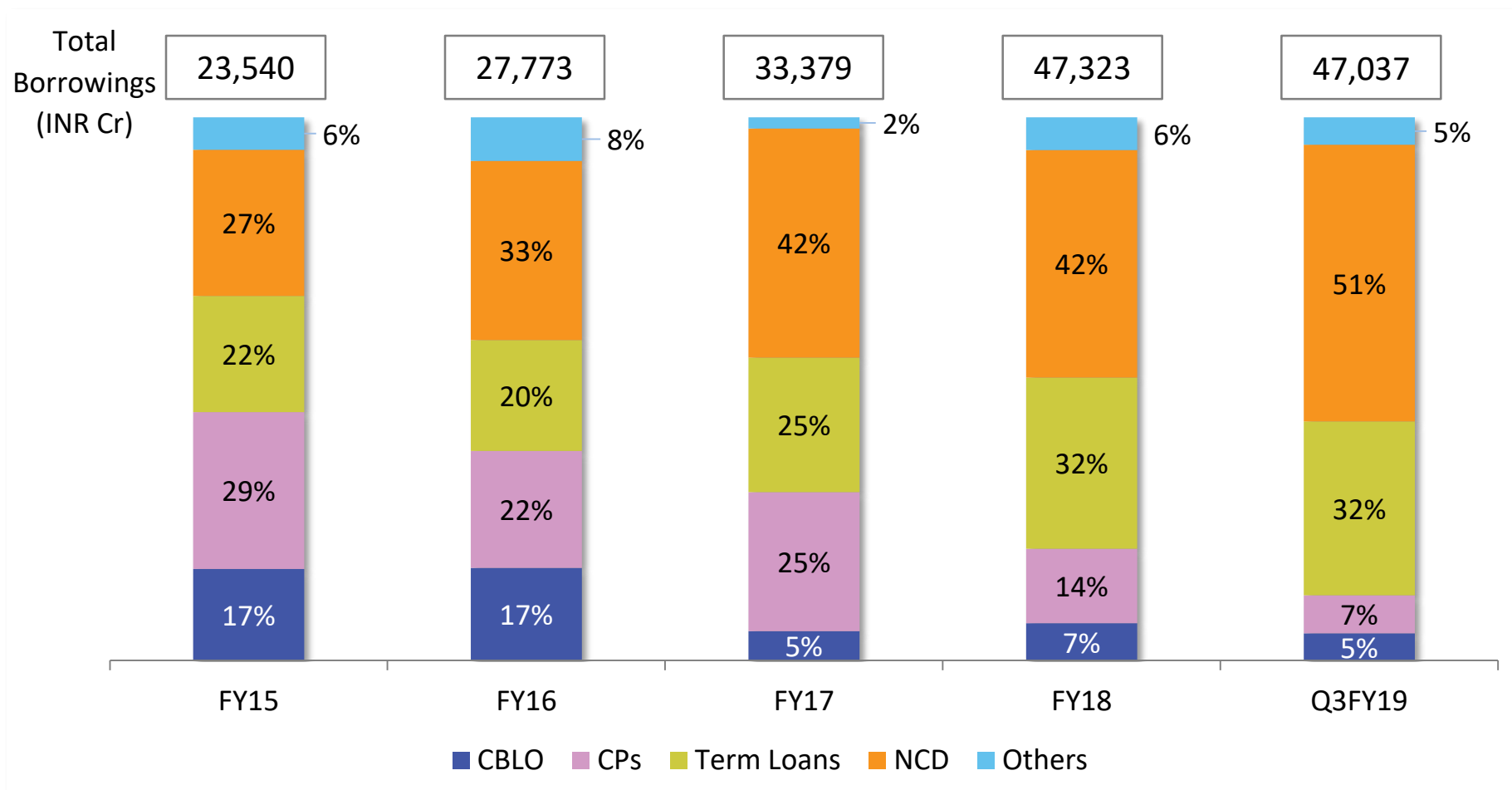
## We have focused on enhancing the share of long-term borrowings..



*% of total borrowings (excl. CBLO)*



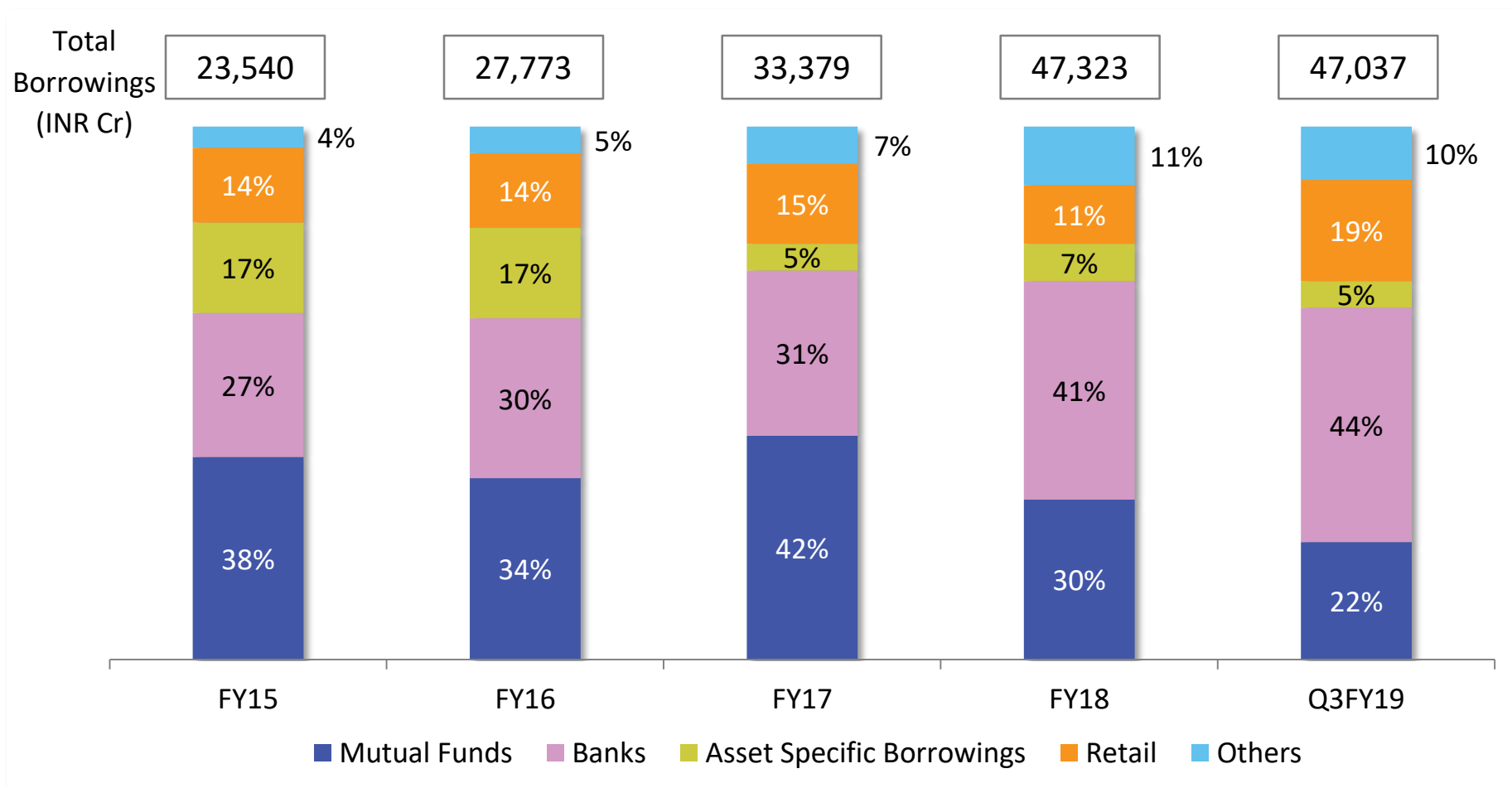
## .. While diversifying the mix across instruments..



**CPs are down to 7% of total borrowings**



## .. As well as Sources

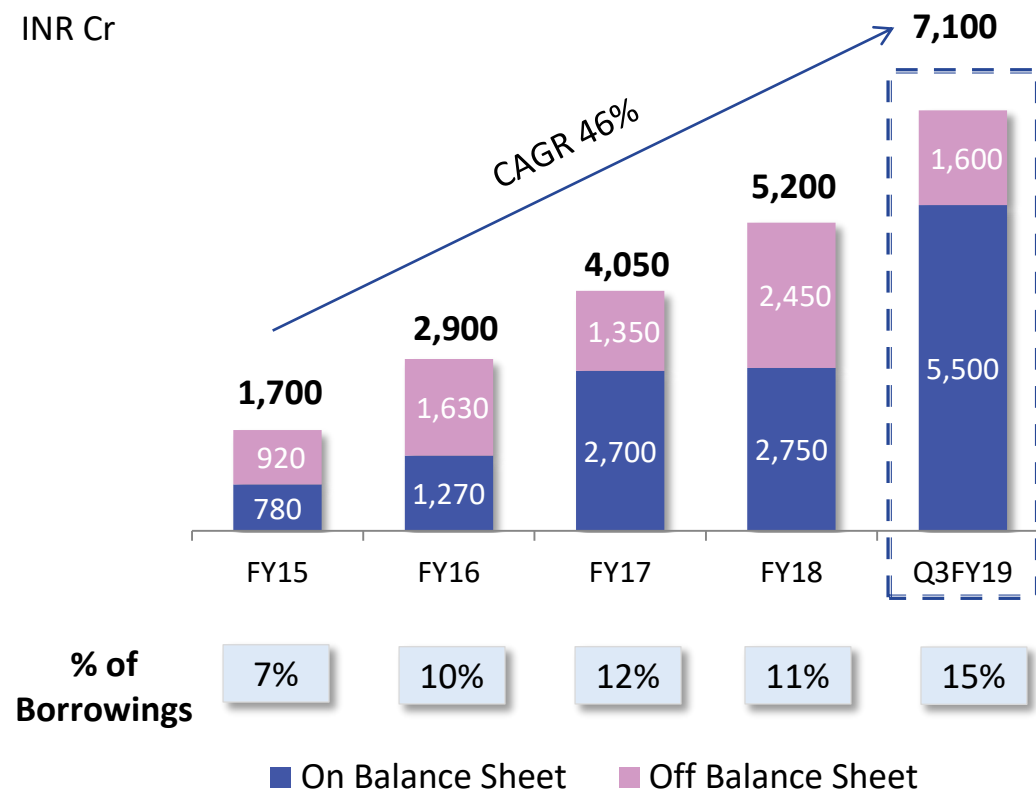


**Mutual Funds are now 22% of total borrowings**

# We have also continued to maintain a significant Liquidity Cushion..

## Liquidity Cushion

INR Cr



- Increase in on-book liquidity
- Government Securities, Mutual Funds etc.: INR 4,800 Cr
- Fixed Deposits and bank balance: INR 700 Cr
- Banking Lines: INR 1,600 Cr
- Validated the continuing emphasis on carrying excess liquidity this quarter

**We aim to maintain a liquidity cushion of 11%-13% of Borrowings**

## .. In addition to Other Liquid Assets, which helped us manage the recent market dislocation



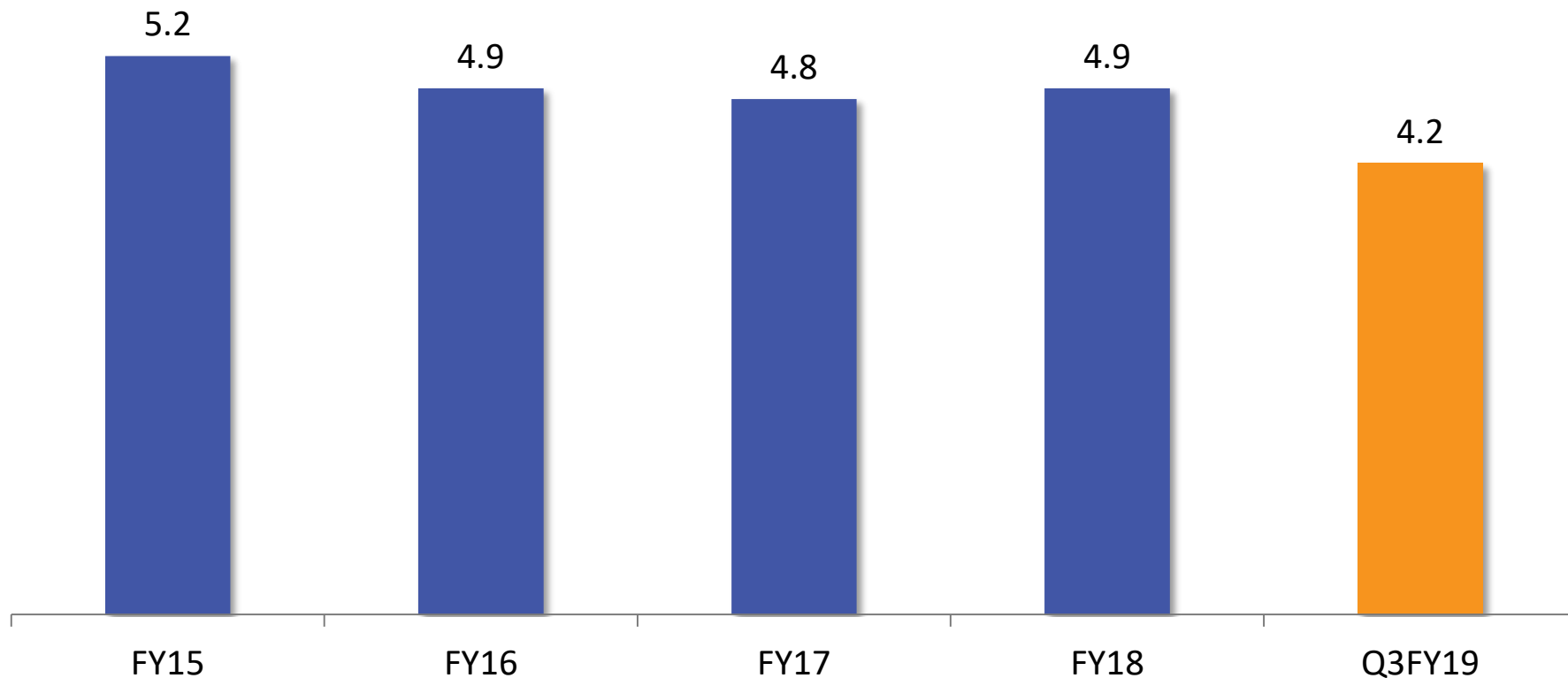
- Total balance sheet liquidity of INR 14,000 Cr, including INR 7,100 cr of Liquidity Cushion which can be converted into cash within 24-48 hours
- Other Liquid Assets (OLA) of INR 6,900 Cr, which includes our highly liquid treasury assets plus liquid credit assets; can be converted into cash within 30-45 days
- ~25% of the balance sheet can be converted to cash in 30-45 days

**Our balance sheet has significant inherent liquidity, from both the liquidity cushion and OLA**

## Our Balance Sheet agility also helped us quickly bring down the DE in the current quarter



*D/E ( Ex BMU assets and episodic)*



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# Our Risk Principle...

## Can we afford it? AND Is it worth it?



Oversight by Board Risk Committee

Global Risk Committee

Business

### Business Risk

- Implementation of risk framework
- Continuous monitoring of risks
- First line of defense

### Group Risk

- Define Organisation risk framework
- Risk aggregation and monitoring
- Risk culture
- Second line of defense

### Enterprise Risk Management Council

- Review “High Impact & Low Probability” risk events
- Risk aggregation and interplay assessment

Corporate Controller & audit

# This ensures prudent risk management and responsible growth



**Enterprise risk management approach : 11 Risk Framework**

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# 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

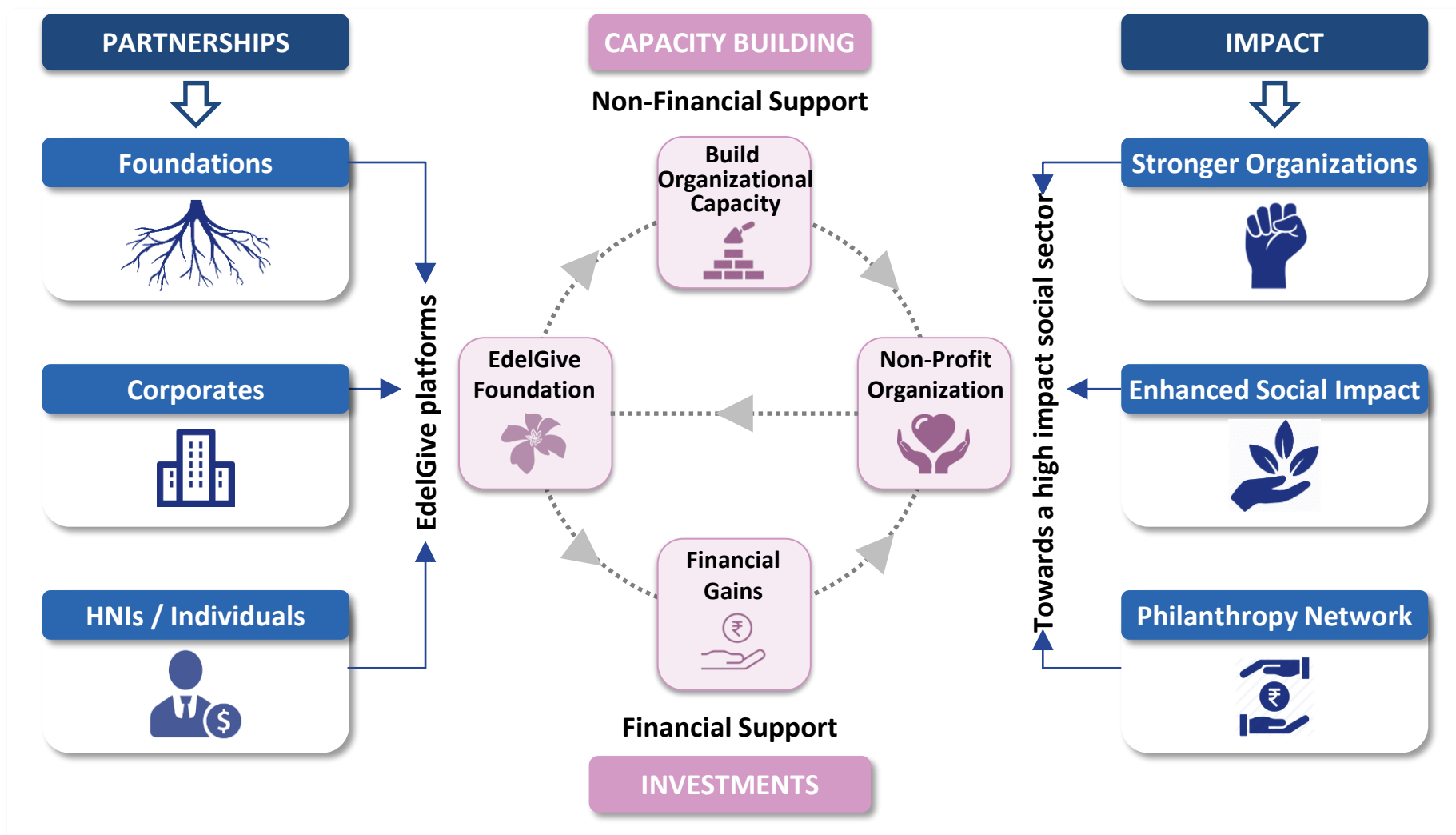


Responsible Consumption



Climate Support

# EdelGive Foundation - Unique Philanthropic Platform



**Focuses on Education, Livelihood and Women's Empowerment**

# EdelGive Partners



BILL & MELINDA  
GATES foundation



FORD  
FOUNDATION

TATA TRUSTS



ENTERPRISES  
Insight | Intellect | Integrity

**BOROSIL®**



GREAT EASTERN  
CSR FOUNDATION



SDMC Trust

CREDIT SUISSE



atDta

dalyan



VOLKART FOUNDATION  
INDIAN TRUST



genpact

# EdelGive Foundation - Key Metrics



## Employee Engagement

Employee Engagement %	More than 60% engaged in financial and non financial giving
Man Hours spent till date	30,500 hrs
Field Visits till date	107

## Capacity Building – Non financial support

Employees provided skills and time pro bono in over 90 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	> INR 180 Cr
Presence in Indian States	14 States
Funding Partners	114

# Strong and Diverse Board of Directors with Rich Experience



**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. 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. Berjis Desai**

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



**Mr. Biswamohan Mahapatra**

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



**Mr. Ashok Kini\***

- 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

- 300 + years of collective work experience across multiple fields
- Key board committees like audit and remuneration consist almost entirely of Independent Directors

\*Appointed with effect from 1<sup>st</sup> April 2019

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# Underlying all of this is our constant endeavour to build a High Quality Organization



1

Human Resources & Leadership Development

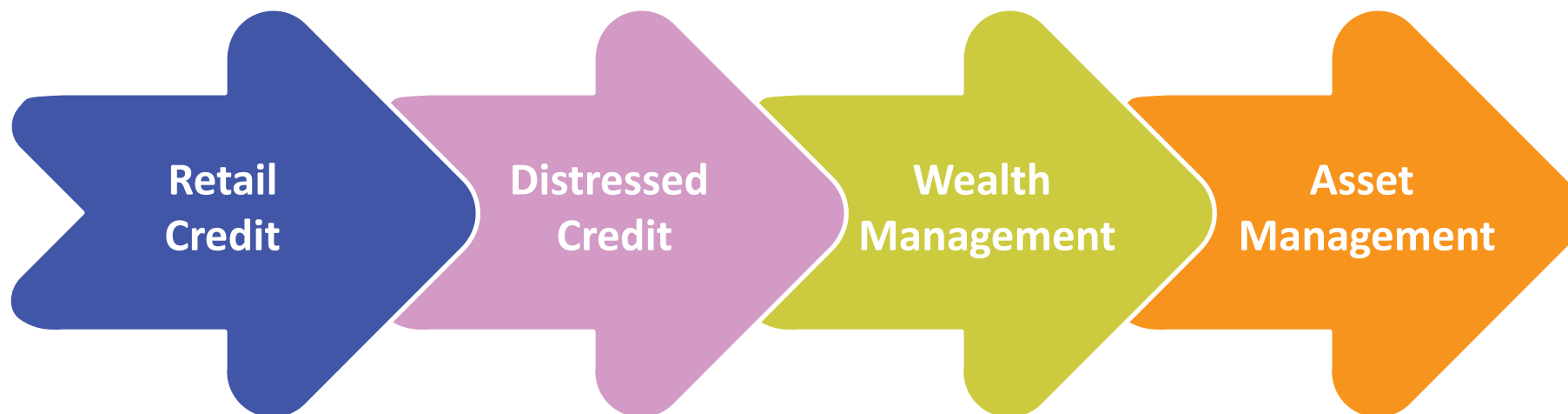
2

Culture of Ownership

3

Entrepreneurial Mindset

# Going forward, our growth engines will be..



**All of our businesses are benefiting from India tailwinds  
Our business model is a play on India's structural growth and not cyclical**