Edelweiss Financial Services Limited

Q1FY18 Earnings Update

Edelweiss
Ideas create, values protect

Safe Harbour

DISCLAIMERS:

This presentation and the discussion may contain certain words or phrases that are forward - looking statements, which are tentative, based on current expectations of the management of Edelweiss Financial Services Ltd. or any of its subsidiaries and associate companies ("Edelweiss"). Actual results may vary significantly from the forward-looking statements contained in this presentations due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of Edelweiss as well as the ability to implement its strategy. The information contained herein is as of the date referenced and Edelweiss does not undertake any obligation to update these statements. Edelweiss has obtained all market data and other information from sources believed to be reliable or are its internal estimates unless otherwise stated, although its accuracy or completeness can not be guaranteed. The presentation relating to business wise financial performance, ex-insurance numbers, balance sheet, asset books of Edelweiss and industry data herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data. The numbers have also been rounded off in the interest of easier understanding. Numbers have been re-casted, wherever required. PAT ex-ins is excluding Minority Interest. Prior period figures have been regrouped/reclassified wherever necessary. All information in this presentation has been prepared solely by the company and has not been independently verified by anyone else.

This presentation is for information purposes only and does not constitute an offer or recommendation to buy or sell any securities of Edelweiss. This presentation also does not constitute an offer or recommendation to buy or sell any financial products offered by Edelweiss. Any action taken by you on the basis of the information contained herein is your responsibility alone and Edelweiss or its directors or employees will not be liable in any manner for the consequences of such action taken by you. Edelweiss and/or its directors and/or its employees may have interests or positions, financial or otherwise, in the securities mentioned in this presentation.

Edelweiss Financial Services Limited Corporate Identity Number: L99999MH1995PLC094641
For more information, please visit www.edelweissfin.com or drop us an e-mail on ir@edelweissfin.com.

NOTES:

Slide 8, 16: Insurance includes General Insurance loss of INR 4 Cr in Q1FY18
Slide 9,40: Distressed Credit (ARC assets) are net of Edelweiss contribution
Slide 19, 25: EARC is now a subsidiary and consequently capital employed includes Distressed Credit in EARC and excludes episodic
Slide 20,21: Gross and Net NPAs do not include Distressed Credit and Episodic book
Slide 25: Distressed Credit capital employed recasted for Q1FY17 for a like to like comparison of EARC becoming an EFSL subsidiary
Slide 34: Net Worth Includes unrealised gains on equity and mutual fund investments per IRDA norms
Slide 43: Others includes Provident Fund, Insurance & Corporate
Slide 48: Top institutional shareholders: Holding of known affiliates have been clubbed together for the purpose of this information

Contents

Overview & Business Approach

Edelweiss
Ideas create, values protect

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

Multiple vectors of growth

Delivers consistent growth and profitability

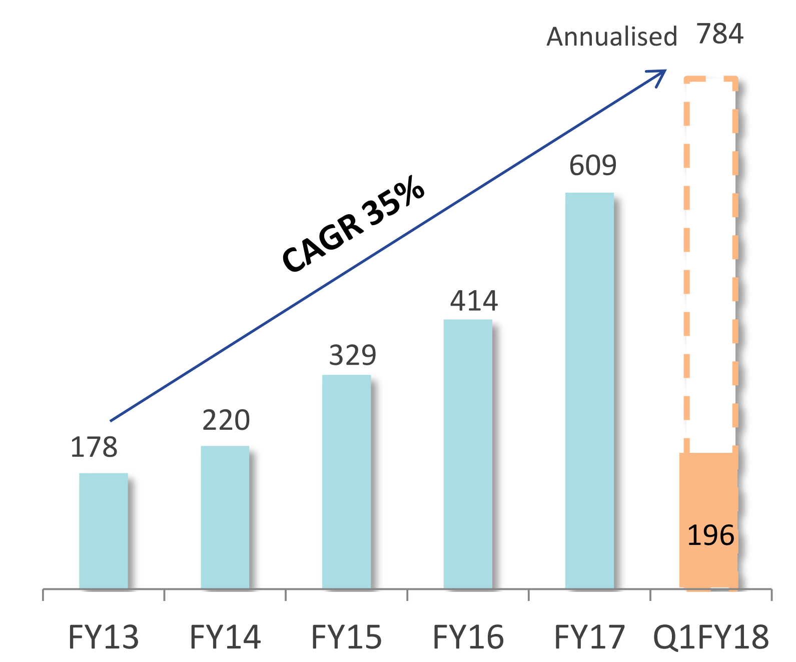
Helps manage short term volatility in the business cycle

Ability to calibrate growth in line with favourable market conditions

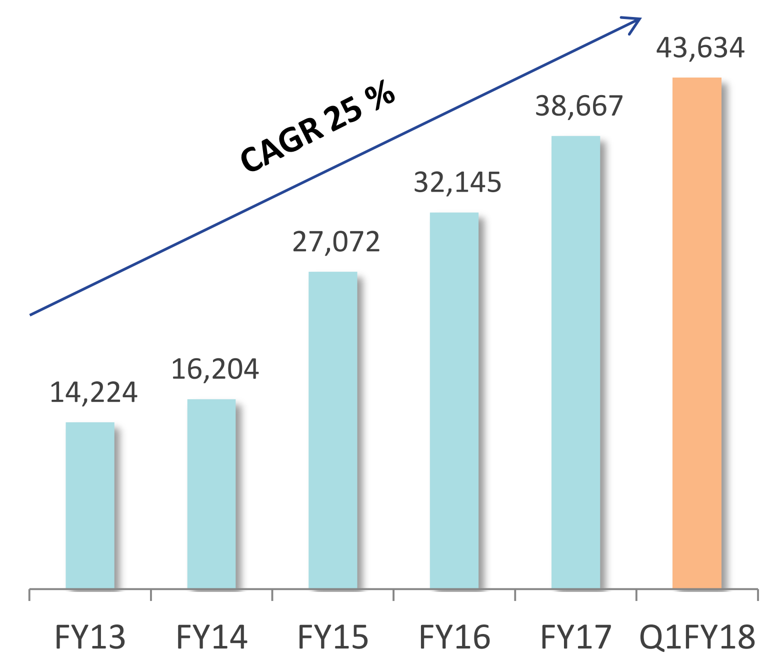
Provides avenues of growth for human capital

..With Consistent Growth Over the Years...

PAT (INR Cr)

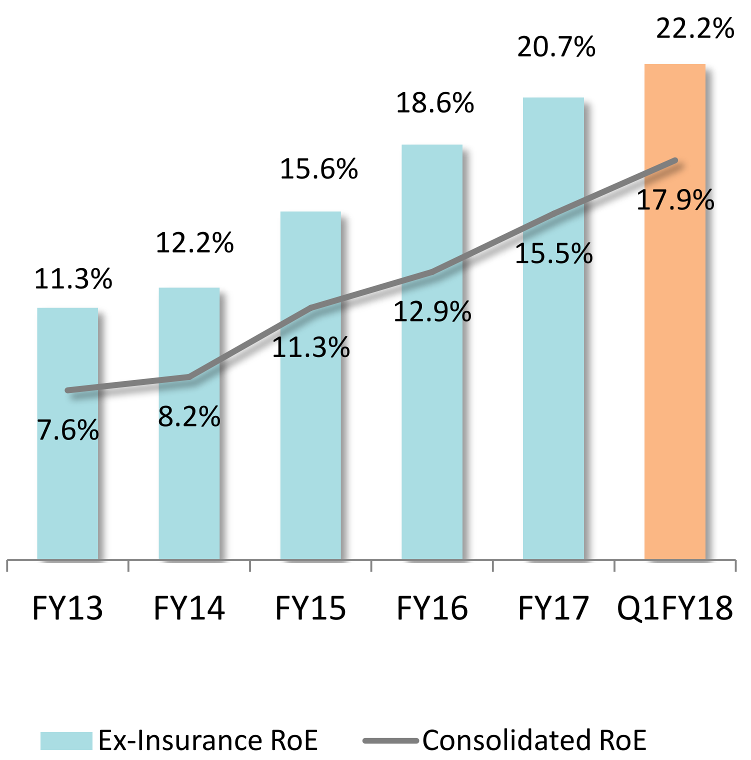


Balance Sheet (INR Cr)

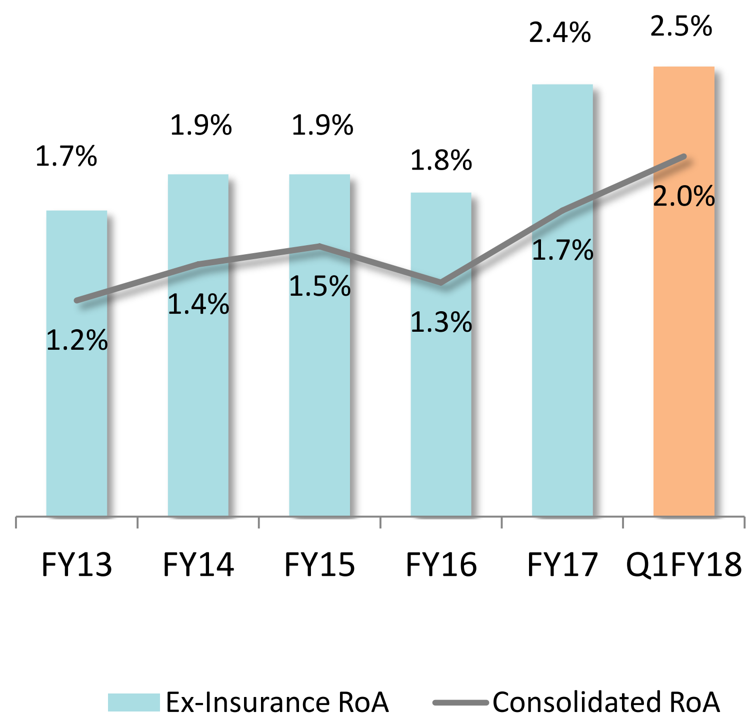


...Across Key Performance Parameters

RoE



RoA



Continued improvement in profitability ratios

Profit Growth of 41% in Q1FY18

(INR Cr)	Q1FY17	Q4FY17	Q1FY18	YoY Growth
PAT Consolidated	140	170	196	**41%**
Credit	*96*	*128*	*137*	***42%***
Franchise & Advisory	*34*	*78*	*64*	***87%***
Insurance	*(16)*	*(42)*	*(26)*	**-**
BMU, Corp & Others	*26*	*6*	*21*	***(19%)***
PAT Ex-Insurance	155	212	222	**43%**

BMU, Corp & Others – Balance Sheet Management Unit, Corporate Assets & Others includes discontinued business

...With Significant Scale and Growth in Assets

As on 30th June'17 (rounded off to nearest 100)	INR Cr	YoY Growth
On Balance Sheet Assets	43,600	32%
Off Balance Sheet Assets	127,800	95%
Distressed Credit (ARC Assets)	*36,600*	*33%*
Assets Under Advice (Wealth Management)	*65,900*	*112%*
Funds under Management (Asset Management)	*19,700*	*239%*
Assets under Custody	*5,600*	*300%*
Total Assets	**1,71,400**	**73%**

Clients
~11,00,000

Employees
7,341

Growth in Franchise & Advisory businesses to provide RoE fillip

Our Business Approach

Cost

We focus on costs without compromising on the quality of our offerings

Risk and Governance

Prudent risk management and relentless focus on governance is central to all our businesses

People

Our culture promotes leadership development and partnership

Customer Focus

We strive to make customer experience outstanding at all times

Product Innovation

We aim to innovate products and processes in order to help our clients meet their needs

Our Aim Over the Next 3 Years is to...

1. Consistently grow our PAT at 25% - 35% annually
2. Reach a Consolidated RoE of 18%
3. Reach an Ex-Insurance RoE of 22%
4. Bring down Ex-Insurance Cost to Income Ratio below 50%
5. Increase Retail Credit Book to 50% of Total Credit Book
6. Maintain our asset quality with GNPA below 2%
7. Enhance long term credit rating to AAA

Quarterly Performance Highlights – Q1FY18

Edelweiss
Ideas create, values protect

Q1FY18 Results Highlights

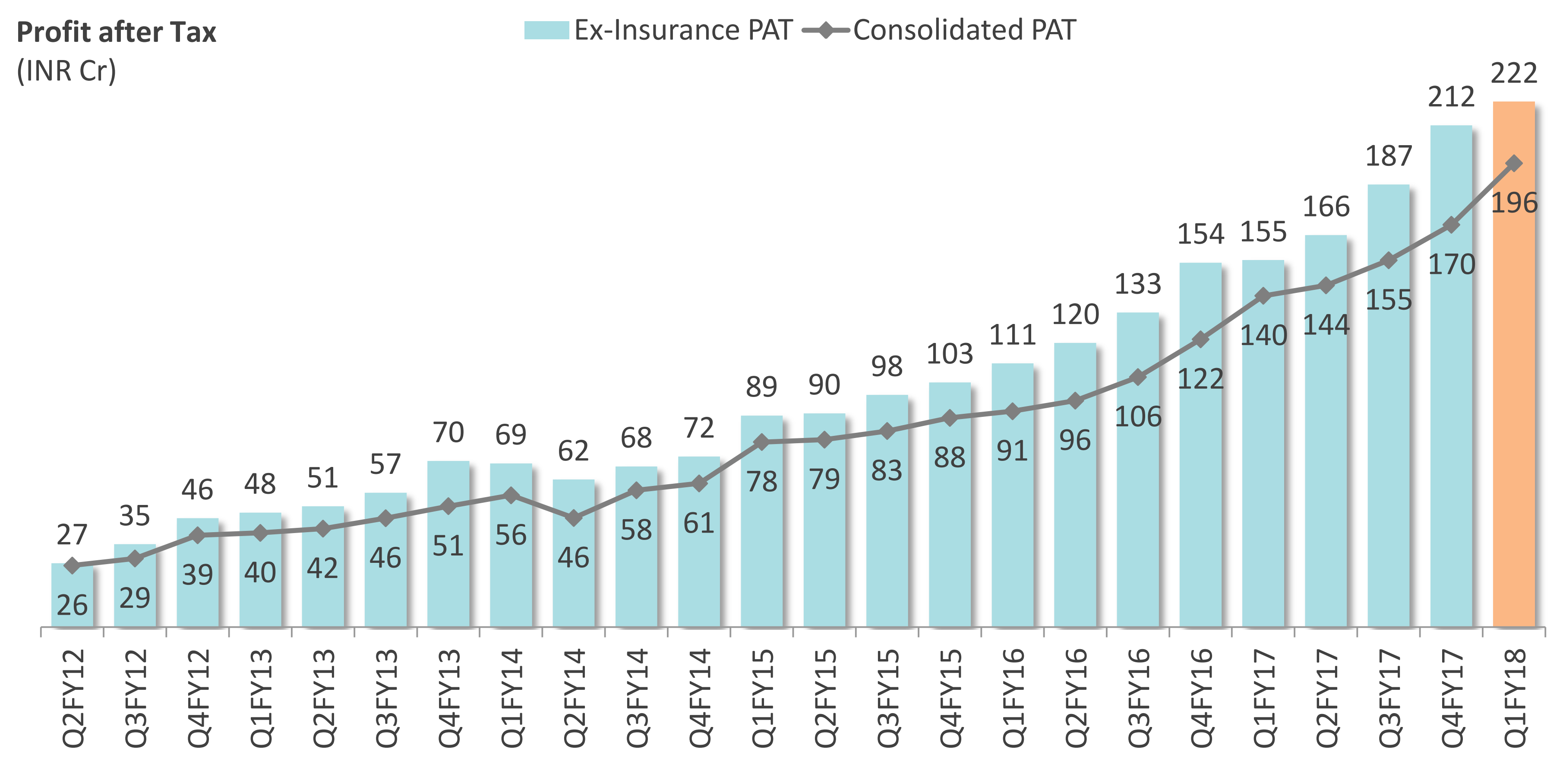
1. **Q1 Consolidated PAT at INR 196 Cr; 38% CAGR over 24 quarters**

2. **Sustained growth in profitability**
   - Consolidated PAT growth 41% YoY; Ex-Insurance PAT growth 43% YoY
   - Balance Sheet growth 32% YoY

3. **Profit growth across businesses**
   - Credit business grew 42% YoY
   - Franchise & Advisory business grew 87% YoY

4. **Continued improvement in key performance ratios**
   - Consolidated RoE 17.9%; Ex-Insurance RoE 22.2%
   - Consolidated RoA 2.0%; Ex-Insurance RoA 2.5%
   - Consolidated C/I ratio 59%; Ex- Insurance C/I ratio 49%

1 PAT Trajectory Continues to Trend Upwards



Consolidated PAT CAGR of 38% over last 24 quarters

PAT CAGR calculated on rolling quarterly basis

2

Consolidated Q1 PAT Growth of 41%

(INR Cr)	Q1FY17	Q4FY17	Q1FY18	YoY Growth
PAT Consolidated	140	170	196	41%
PAT Ex-Insurance	155	212	222	43%
Balance Sheet	33,092	38,667	43,634	32%

3 Profit Growth Across Businesses

(INR Cr)	Q1FY17	Q4FY17	Q1FY18	FY16	FY17
PAT	**140**	**170**	**196**	**414**	**609**
Credit	*96*	*128*	*137*	*337*	*447*
Franchise & Advisory	*34*	*78*	*64*	*72*	*193*
Insurance	*(16)*	*(42)*	*(26)*	*(104)*	*(110)*
BMU, Corp & Others	*26*	*6*	*21*	*109*	*79*

4 # Improving Key Performance Parameters

Key Ratios

Consolidated	Q1FY17	Q4FY17	Q1FY18	FY16	FY17
Cost to Income Ratio	66%	67%	59%	71%	67%
RoE	15.1%	16.1%	17.9%	12.9%	15.5%
RoA	1.6%	1.7%	2.0%	1.3%	1.7%

Ex-Insurance	Q1FY17	Q4FY17	Q1FY18	FY16	FY17
Cost to Income Ratio	57%	51%	49%	60%	54%
RoE	19.4%	22.2%	22.2%	18.6%	20.7%
RoA	2.0%	2.7%	2.5%	1.8%	2.4%

Business Performance Highlights – Q1FY18

Edelweiss
Ideas create, values protect

CREDIT

Retail Credit – Corporate Credit – Distressed Credit

Credit Business is a Mix of Diversified and Scalable Assets

As on 30th June'2017	Book Size (INR Cr)	% Share	
Retail Credit	**10,245**	**34%**	
Retail Mortgage	*4,032*	*13%*	Blend of loans to home owners and home buyers
SME & Business Loans	*2,327*	*8%*	Highly scalable, focus area for future
Loan against shares	*3,007*	*10%*	Catering to Retail and Wealth Management customers in Capital Markets
Agri and Rural Finance	*879*	*3%*	Large scalable opportunity with low competitive intensity
Corporate Credit	**14,491**	**49%**	
Structured Collateralised Credit	*6,926*	*24%*	Customized credit solutions with robust risk management systems
Wholesale Mortgage	*7,565*	*25%*	Developer financing for primarily residential properties
Distressed Credit	**5,133**	**17%**	Largest Asset Reconstruction Company in India
Total Credit Book	**29,869**	**100%**	

Credit Business at a Glance

Credit Business (INR Cr)	Q1FY18	FY17
Capital Employed	29,869	27,608
Net Revenue	565	1,695
Net Interest Margin	7.6%	7.2%
Cost to Income	35%	36%
Provisions	115	319
PAT (post MI)	137	447
Gross NPA	1.71%	1.59%
Net NPA	0.61%	0.60%
RoE (post MI)	18.7%	18.2%
RoA	2.2%	2.1%

Improving NIMs and Robust Asset Quality

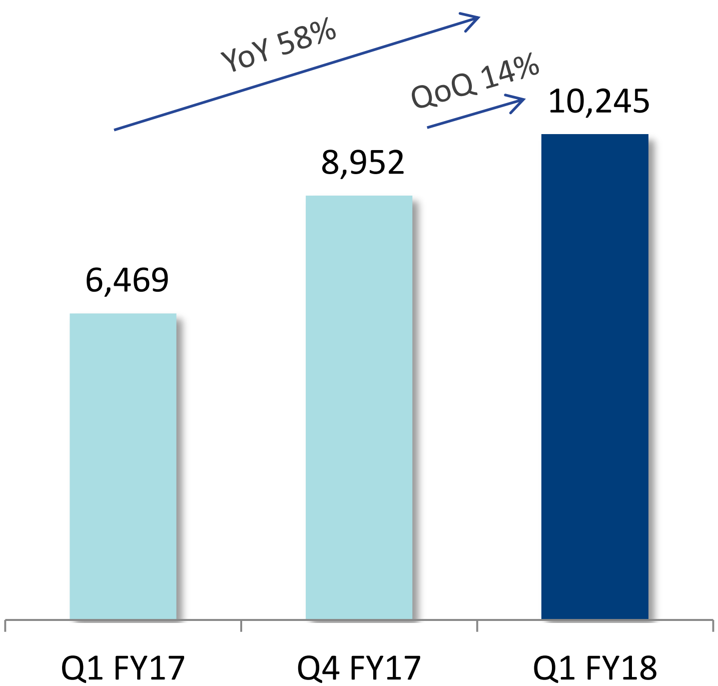
Key Parameters	Q1FY18
Average Interest Yield	16.4%
Average Cost of Borrowing	9.9%
Net Interest Margin	7.6%

At the end of	Q1FY18
Gross NPA	422
Gross NPA %	1.71%
Net NPA %	0.61%
Total Provision Held	375
Total Provision Cover	89%
Average Collateral cover on Corporate book	2.2X
Average Loan-To-Value on Retail book	~45%

Total Provision Held and Total Provision Cover includes Standard Asset Provisioning

Retail Credit Expanding Footprint

Capital Employed
(INR Cr)



Q1FY18 Performance Highlights

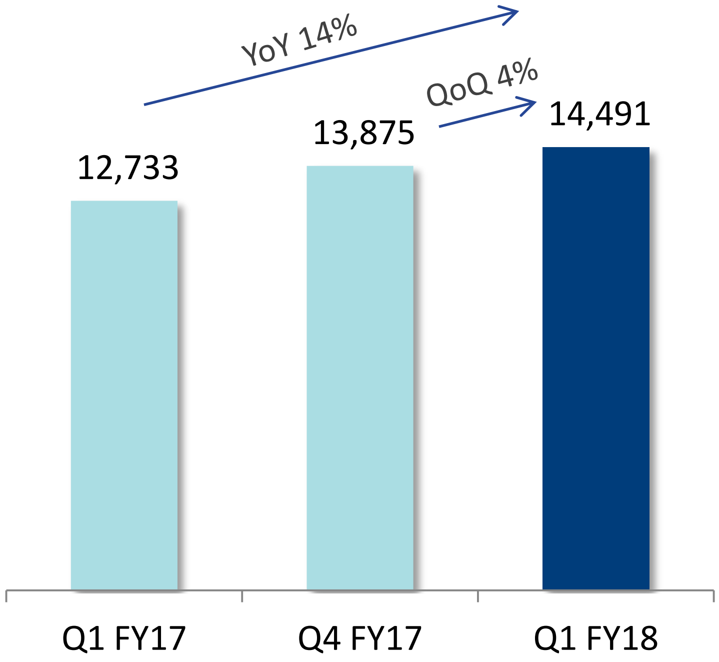
- Strong Q1 with originations up 28% on Y-o-Y basis
- Focus on home loans through developer tie-ups, and participation in Affordable Housing programs
- Building SME credit distribution capabilities; going forward aim to target 100 smart cities in India
- Location footprint increased 3X in 3 years to 60 for Retail Mortgage and SME business
- Digital initiatives to drive operational efficiency underway

Business Approach

- Products tailored for target segments that are large, growing, underpenetrated and profitable
- Established and optimized business infrastructure and platform

Steady Growth in Corporate Credit

Capital Employed
(INR Cr)



Q1FY18 Performance Highlights

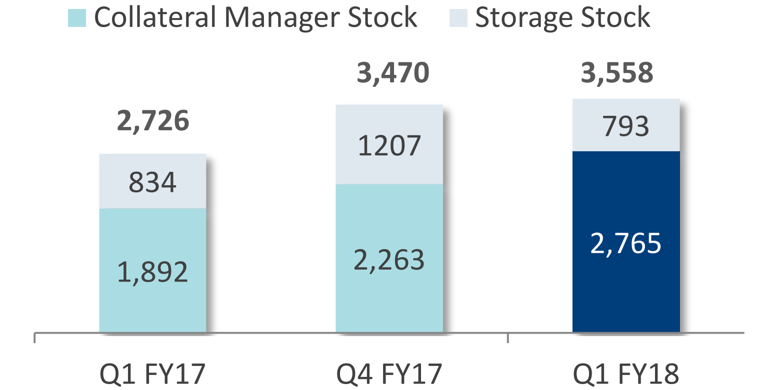
- Amongst the top 5 players in the Structured Collateralised Credit space in India
- Recent regulations like RERA will be beneficial for both lenders and home buyers
- Maintained high collateral cover, average of 2.2X as on Q1FY18 on Corporate book

Business Approach

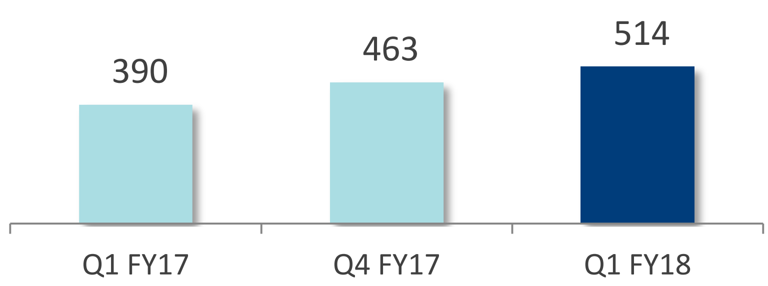
- In house team of experts for carrying out detailed evaluations
  - Counterparty, Collateral and Cash flows
- Ring fenced structures and hybrid collateral pool ensures negligible loss given defaults
- Incremental growth in Corporate Credit will largely come through the fund structure going forward

Agri Credit Expected to Scale Up

Collateral Value (INR Cr)



Agri Credit Book Size (INR Cr)

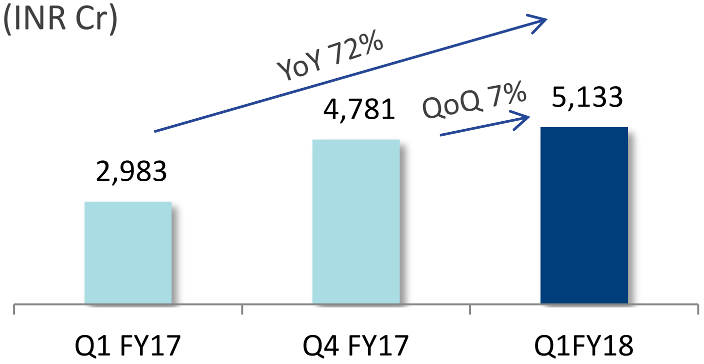


Business Approach

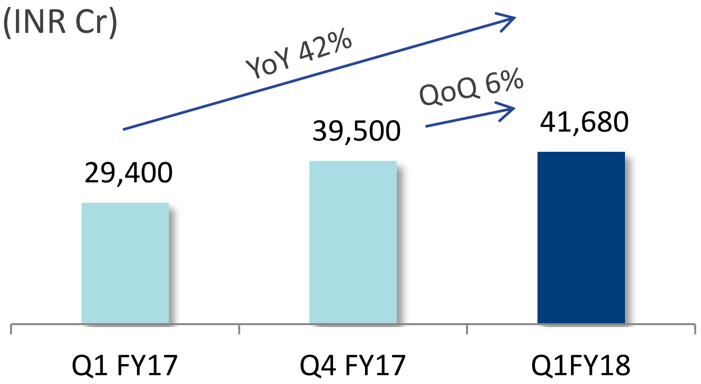
- One of the few organized players providing end to end business solutions in the Agri value chain
- Leverage the large opportunity size of the Agri financing industry estimated to be ~INR 1 lac Cr
- Continue to refine the business model with a focus on increasing the credit book
- Network of 476 warehouses across 17 states in India; investments in risk management capabilities
- Empanelled with 19 banks for Collateral Management Services

Distressed Credit – Performance on Track

Capital Employed
(INR Cr)



AUM
(INR Cr)



Q1FY18 Performance Highlights

- 2nd tranche of equity infusion by CDPQ in ARC – INR 64 Cr in June'17
- Continued focus on resolutions and recovery
- Strategic recovery plan for few large cases underway
- Developing new long-term partnerships and co-investor network as industry moves towards large deal sizes

Business Approach

- Extensive coverage & being first port of call for Banks
- Focus on large operating and EBITDA earning assets but financially broken
- Delivering long term risk adjusted returns akin to LP GP model (Limited Partner & General Partner)

Business Performance Highlights – Q1FY18

Edelweiss
Ideas create, values protect

FRANCHISE & ADVISORY

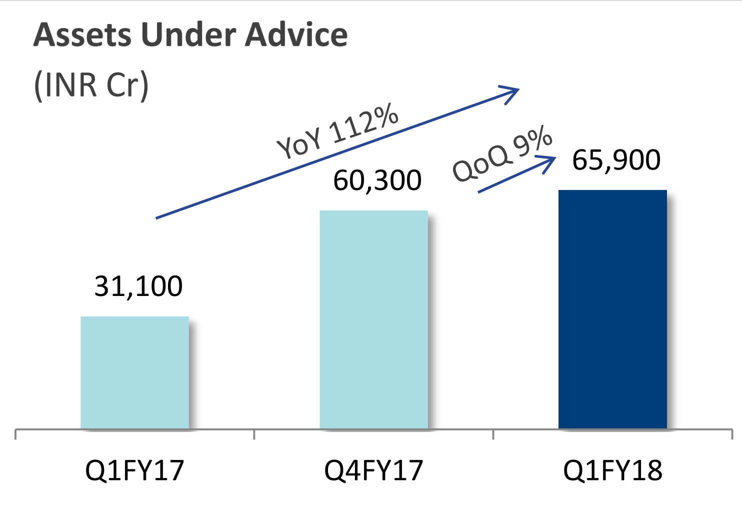
Wealth Management – Asset Management – Capital Markets

Franchise & Advisory Business at a Glance

Franchise & Advisory (INR Cr)	Q1FY18	FY17
Net Revenue	315	1,060
Cost to Income	69%	73%
PAT	64	193

Credit | **Franchise & Advisory** | Life Insurance

Wealth Management AUA Continues to Scale Up



As on June'17	No. of Clients	AUA (INR Cr)
Ultra High Net Worth Individuals	~1,000	51,100
Affluent	~404,000	14,800

Q1FY18 Performance Highlights

- Amongst the top 3 Wealth Management players in India with consistent increase in AUA
- Differentiated value proposition delivered through Specialist Financial Advisors (FAs) and Digital platform
- Cost to income ratio improved to 73% for the quarter from 78% in Q4FY17

Business Approach

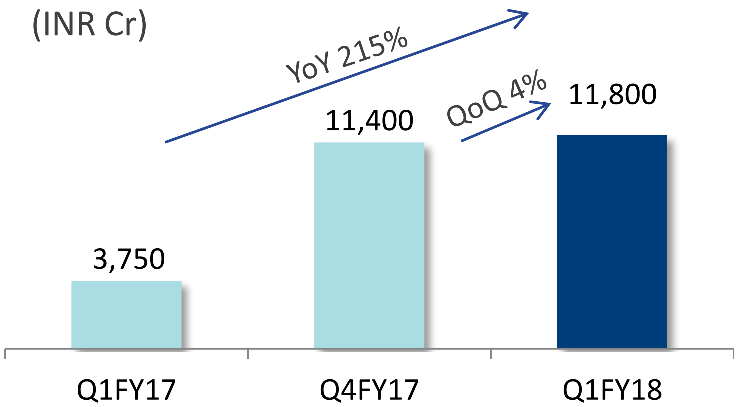
- Large market opportunity
  - UHNI segment: INR 35 lac Cr AUM
  - HNI & Mass Affluent: INR 30 lac Cr AUM
- Multi asset class platform offering structured customized solutions
- Yields of 70 - 80 bps on AUA

Market opportunity source Mckinsey Report March 2017; Top 3 Wealth Managers in India source Citi initiation report 2017

Asset Management – Building a Sustainable Franchise

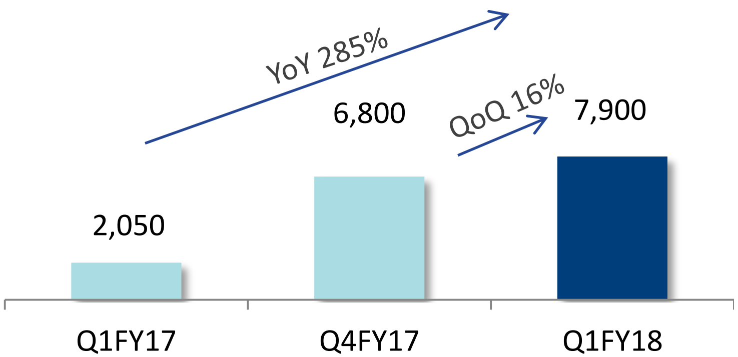
Alternative Assets

(INR Cr)



Mutual Fund

Assets Under Management (INR Cr)



Q1FY18 Performance Highlights

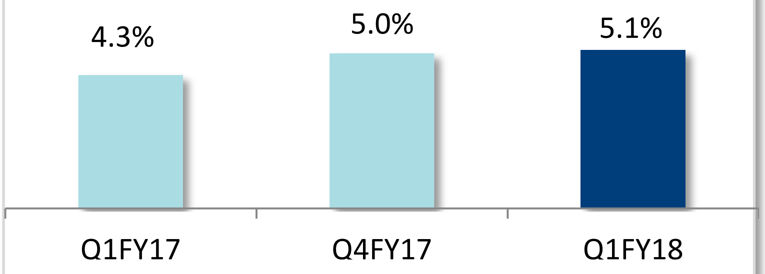
- Completed first closure of Edelweiss Credit Opportunities fund (ECOF) of INR 260 Cr
- Raised INR 575 Cr in Multi Strategy Funds PMS and Alternative Investments Funds
- Widening distribution partnership in newer cities for Mutual Funds and Alternative Investments Funds

Business Approach

- Leading player in the Private Debt space across real estate credit, distressed assets credit and special opportunities
- Designed to offer the best opportunity for investment growth in Indian asset classes
- Focus on risk and capital preservation

Capital Markets - Pioneer and Market Leaders

Institutional Equities Revenue Market Share



Q1FY18 Performance Highlights

- Successfully closed 23 deals in equity and debt capital markets in Q1FY18
- Featured as top public issue arranger and in top 15 rankings in private placement league tables for bonds issuances
- Ranked number 1 with a 20% + market share in placements of commercial paper

Key Capital Market Deals

NALCO – National Aluminium Company Limited
IndiGrid
CDSL – Your Depository
Power Grid Corporation of India
POWER FINANCE CORPORATION LIMITED
National Highway Authority of India

Business Approach

- Present across the spectrum of Capital Markets with long standing industry relations
  - Equity Capital Markets, Debt Capital Markets, Mergers & Acquisitions, Advisory
  - Team strength of 500+ across businesses
- Largest domestic institutional brokerage house in India
- Leadership position in Public Issuances & CPs

Ranking and market share for bond issuances and placements of commercial paper as per Prime Database

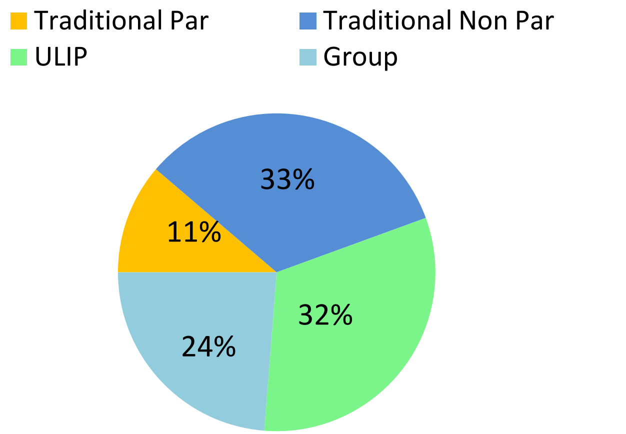
Business Performance Highlights – Q1FY18

Life Insurance

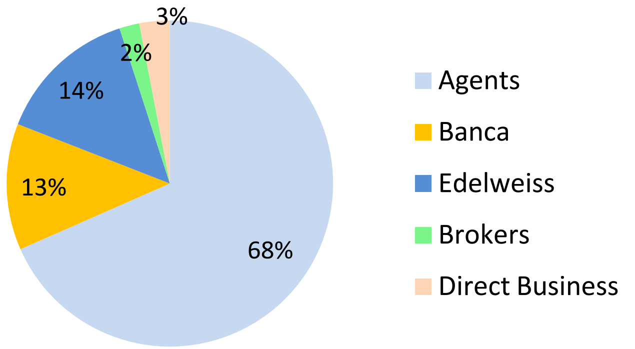
Edelweiss
Ideas create, values protect

Life Insurance – An Additional Value Creator

Products



Channel Mix



Distribution

- Agency-led multi-channel distribution approach with emphasis on productivity
- Focus on building direct capability
- ~23,000 PFAs across 66 cities in India

Investments Capability

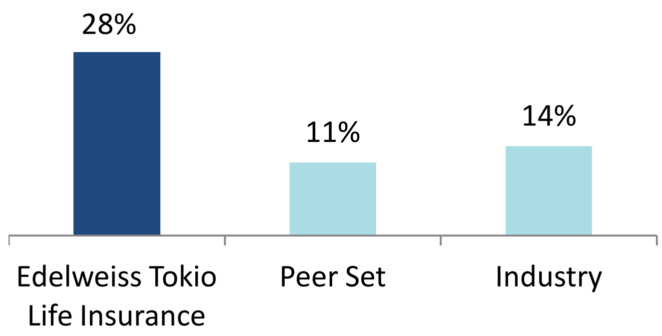
- Providing superior returns through top performing funds

Technology

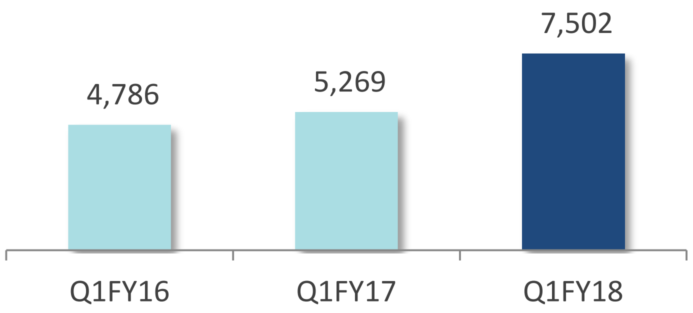
- Leverage technology across sales and operating functions
- Generate operating efficiencies across the organization

Fastest Growing Individual Annual Premium Equivalent

Individual Annual Premium Equivalent
CAGR growth since FY15



Number of Policies Issued
(Individual & Group Business)



Q1FY18 Performance Highlights

- Indian Embedded Value (IEV) at INR 1,034 cr as on Q1FY18
- Individual Annual Premium Equivalent - INR 25 Cr for the quarter – growth of 31% YoY
- India's first point of sale product "Saral Nivesh" launched in May'17
- Pan India presence
    - 91 branches in 66 cities

Industry data from Life Insurance Council and public disclosures

Life Insurance – Key Financials

Edelweiss Tokio Life Insurance Company Limited (ETLI)

(INR Cr)	Q1FY18	FY17
Net Premium Income	64	426
Investment Income & Other Income	42	151
Total Income	**106**	**577**
Operating Expenses	77	324
Change in Policy Liabilities and Benefits paid	73	469
Total Expenses	**150**	**793**
Profit After Tax	**(44)**	**(216)**
Minority	(22)	(106)
Edelweiss' Share in PAT	**(22)**	**(110)**
Net Worth	**688**	**733**

Credit | Franchise & Advisory | **Life Insurance**

Balance Sheet Management Unit – Q1FY18

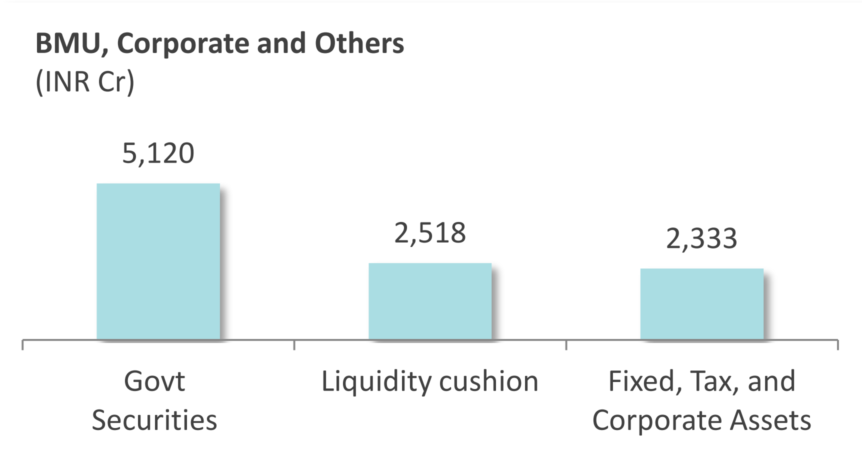
BMU, Corporate and Others

Edelweiss
Ideas create, values protect

Balance Sheet Management Unit at a Glance

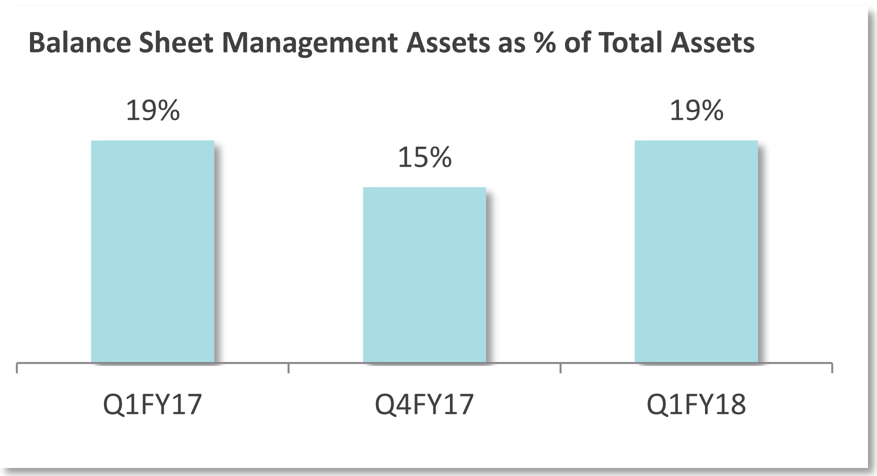
BMU, Corporate & Others (INR Cr)	Q1FY18	FY17
Capital Employed	9,971	7,380
Net Revenue	102	492
Cost to Income	68%	76%
PAT	21	79

Balance Sheet Management Unit



Key Objectives

- Create liquidity cushion through investment in High Quality Liquid Assets
- Asset Liability Management
- Manage Treasury assets and Investments



- Consistently maintained Balance Sheet Management Assets as a percentage of Total Assets in the range of 15% -20%

Balance Sheet

Edelweiss
Ideas create, values protect

Key Highlights – Balance Sheet

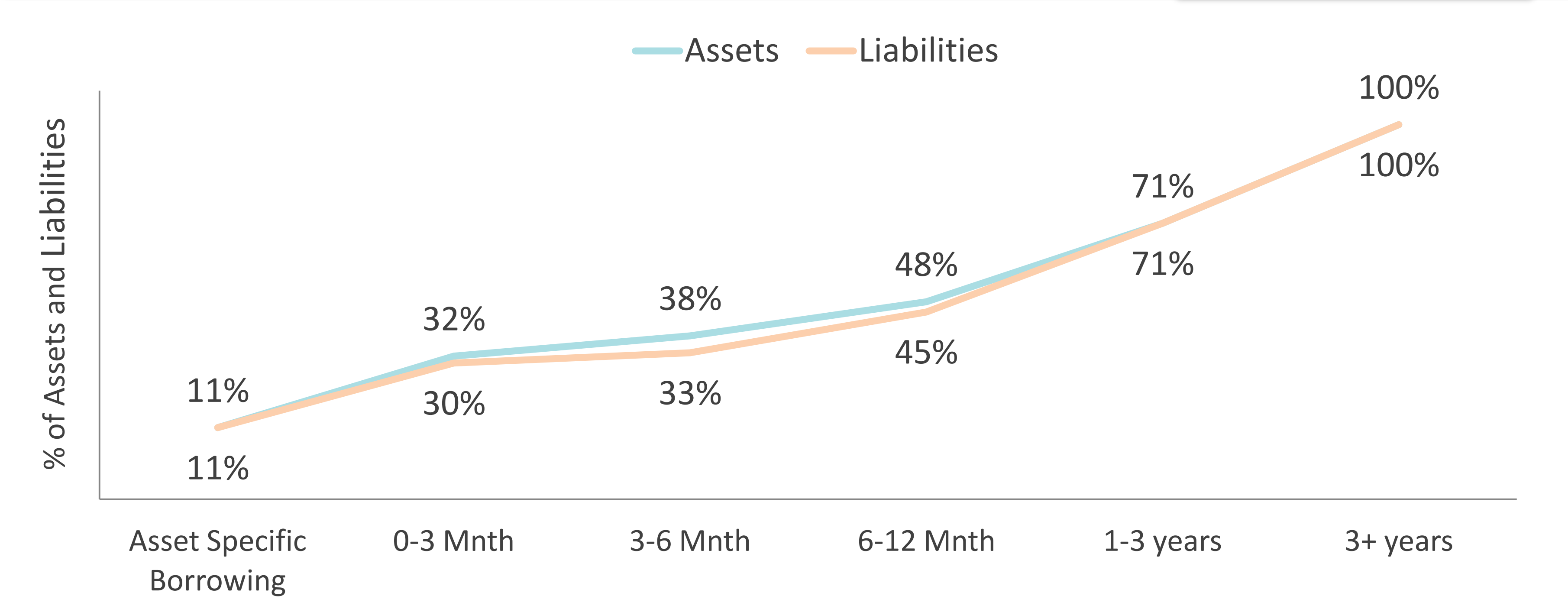
1. Over $26 billion of Assets – On and Off Balance Sheet
2. Matched ALM
3. Comfortable capital adequacy ratio at 17.05%
4. Diversified Liability mix
5. Increased quantum of long term liabilities
6. Liquidity cushion at 10.3% of Balance Sheet
7. Stable business model reflected in credit ratings

1 Over $26 billion of Assets – On and Off Balance Sheet

As on 30th June'17 (rounded off to nearest 100)	INR Cr	USD bn
On Balance Sheet Assets	43,600	6.7
Off Balance Sheet Assets	127,800	19.8
Distressed Credit (ARC Assets)	*36,600*	*5.7*
Assets Under Advice (Wealth Management)	*65,900*	*10.2*
Funds under Management (Asset Management)	*19,700*	*3.0*
Assets under Custody	*5,600*	*0.9*
Total Assets	**1,71,400**	**26.5**

2 Comfortable Asset - Liability Profile

Jun'17: INR 43,634 Cr



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

3 Comfortable Capital Adequacy Ratio

Liability Structure, Jun'17
(INR Cr)

Tier I	5,697
Tier II	1,087
Total Capital	6,784
Risk Weighted Assets	39,794

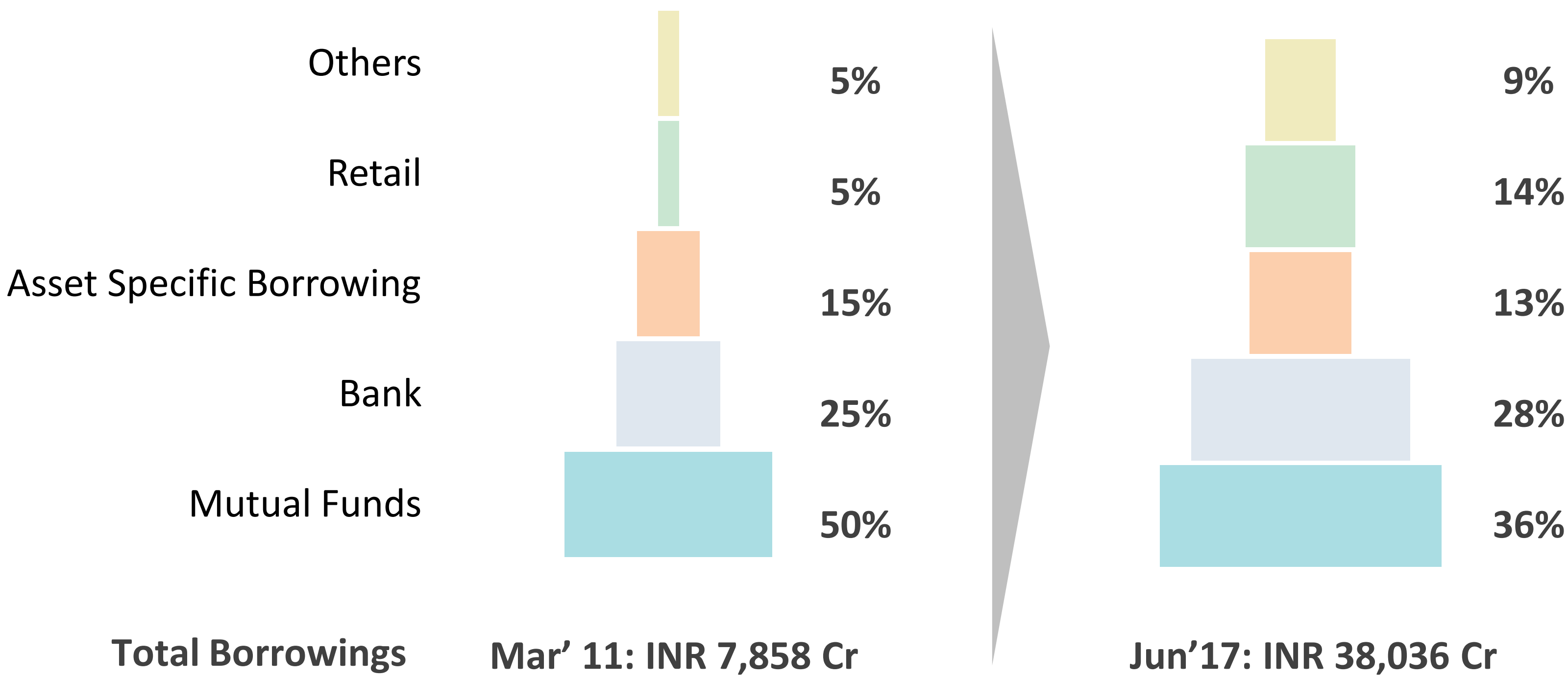
80% of gross assets

Capital Adequacy Ratio

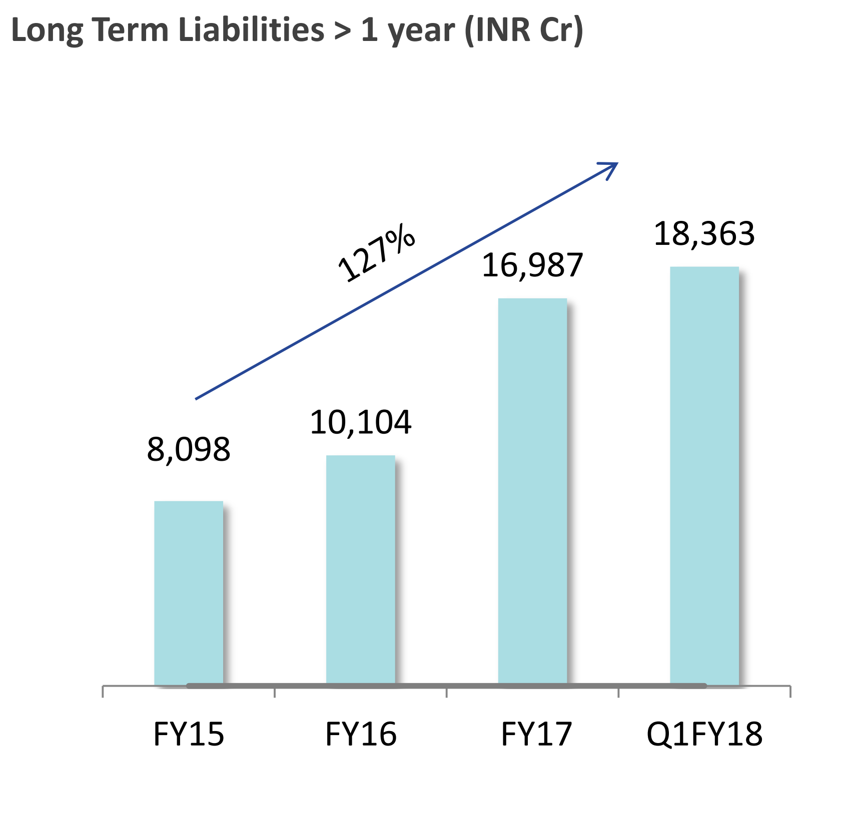
17.05%

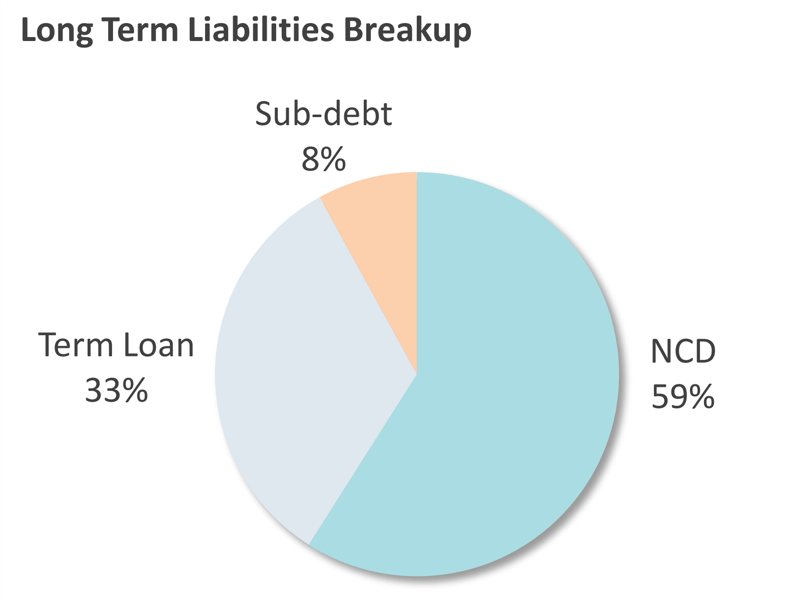
Debt/Equity : 5.3
(excluding Treasury assets)

4 Diversified Sources of Borrowing



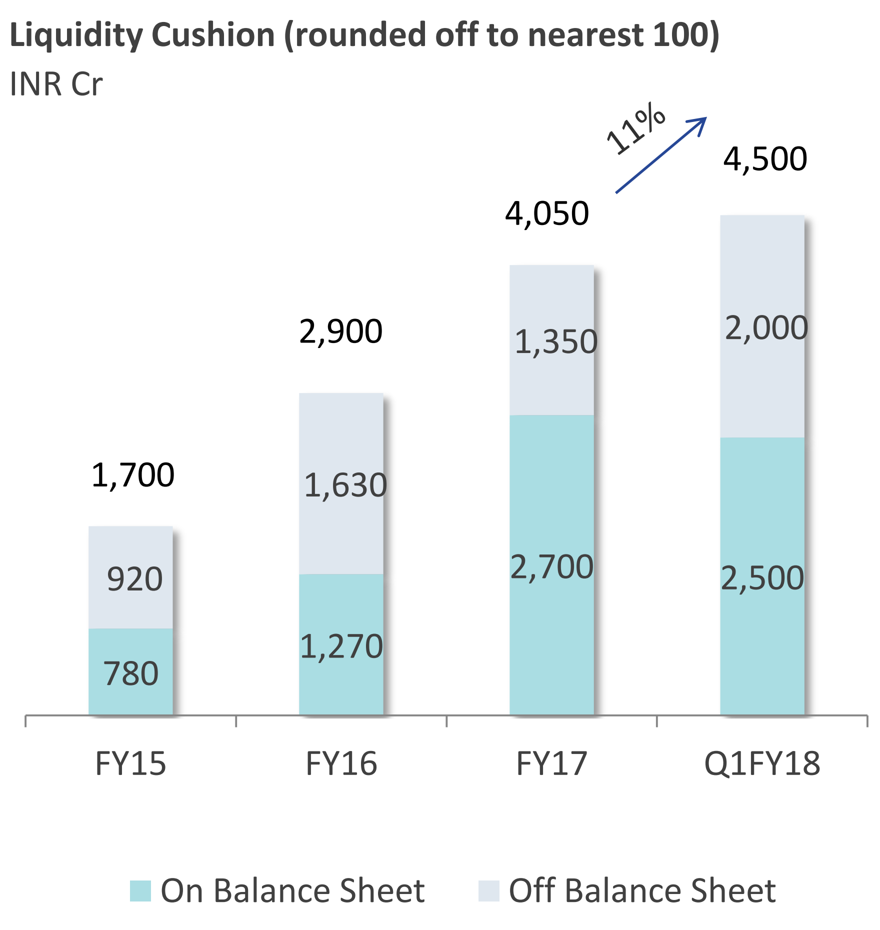
5 Increased Quantum of Long Term Liabilities





Average Tenure (years)	3.79

6 Liquidity Cushion at 10.3% of Balance Sheet



- A well diversified liquidity cushion comprising of:
  - 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

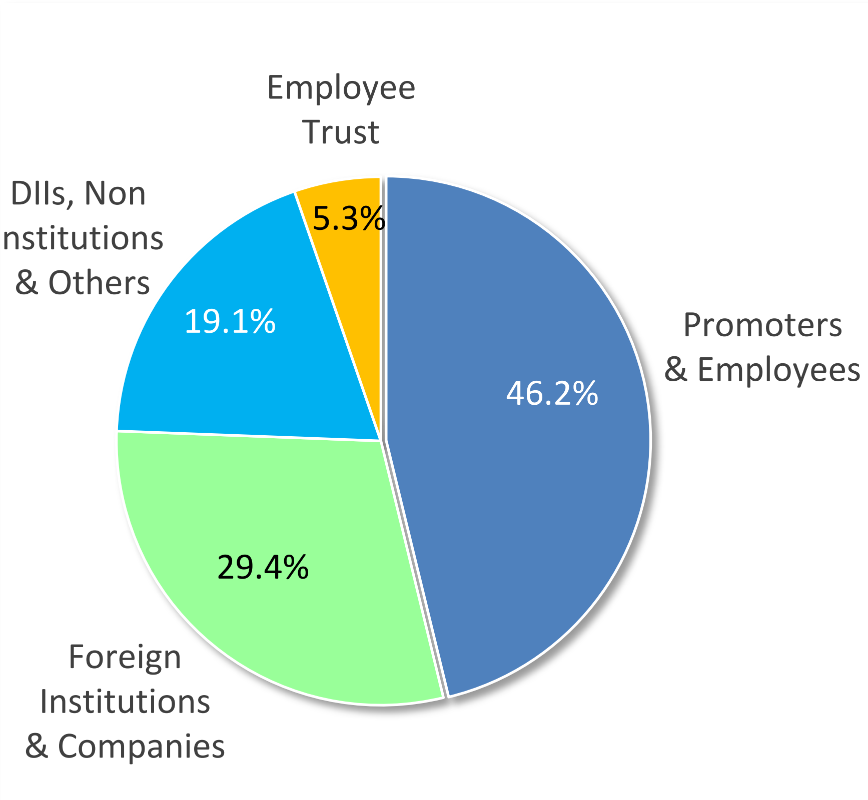
7 Stable Business Model Reflected in Credit Ratings

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+

Enterprise Update

Significant Institutional Ownership

Shareholding Pattern



Top 10 Institutional Shareholders

As on 30th June 2017

	Name	Percent
1	BIH SA	4.8%
2	Fidelity	1.9%
3	Goldman Sachs	1.7%
4	Morgan Stanley	1.5%
5	Amansa	1.4%
6	DSP Blackrock	1.3%
7	Government Pension Fund Global	1.3%
8	SAIF Advisors	1.2%
9	Vanguard	1.2%
10	Jupiter	1.1%

Our Risk Governance Structure

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

Risk Council

- Identify key current and potential risks
- Develop mitigation plan
- Precursor to ERM

Corporate Controller & audit

Comprehensive eight risk framework

Future Proofing through Leadership Development

~10% of our employees engaged in leadership groups at various levels

- Focused endeavour towards shaping up next rung of leaders through significant time and resource investments
- Competency enabling and enhancing programmes
    - Entry level inductions, E-learning modules across business/ compliance
    - Higher education opportunities

Committed towards creating a continuous talent and leadership pipeline

EdelGive Foundation

Education

Empowering children through holistic learning approach, life skill & research and advocacy

Quality education for under-privileged children in schools

Livelihood

Water and soil conservation, skill development, financial inclusion livelihood generation for communities

Financial inclusion for women

Women Empowerment

Promoting safety, gender justice, and economic empowerment of women and girls

The Protection of Women from Domestic Violence

- **Edelweiss employees, families and clients have given 22,000 hours in volunteering**
- **Impacted over 455,000 lives in 14 states**
- **Supported over 130 Non-Governmental Organizations**
- **Brought INR 94 Cr into philanthropy**

Awards and Recognition

Edelweiss featured in India Forbes Super 50 Companies

Best Broker Award
FinanceAsia Country Awards 2017

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

Best Distributor - South and Southeast Asia;
Best Performance - Asia-Pacific;
Best Distributor - India;
Best Performance - India
SRP Asia Pacific Awards 2017

Awarded Silver for Best Integrated Media Campaign – Corporate
Indian Digital Media Awards 2017
for the #IAmTeamIndia campaign

Awarded Gold for Best Social Media BFSI Brand
Social Samosa Best Social Media Brands 2017

Board Comprises Majority of Independent Directors

As on 30th June'17

Mr. K Chinniah

- Served as Global Head - Portfolio, Strategy & Risk Group with GIC Special Investment, the private equity arm of the Govt. of Singapore Invst Corp ("GIC")

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.
- Practiced transactional and dispute resolution laws for the last 37 years.
- Former Managing Partner at J. Sagar & Assoc.

Mr. Navtej S. Nandra

- Served as President of E*TRADE Financial Corporation.
- Prior to this he served as CEO for Morgan Stanley Investment Management Inc

Mr. Sunil Mitra

- Rich and varied experience in public administration and general management
- Held diverse positions in Government of India - Disinvestment Secretary, Revenue Secretary & Finance Secretary

Mr. Biswamohan Mahapatra

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

7 out of 12 Board members are Independent Directors