

Where the mind is without fear,
And the head is held high.



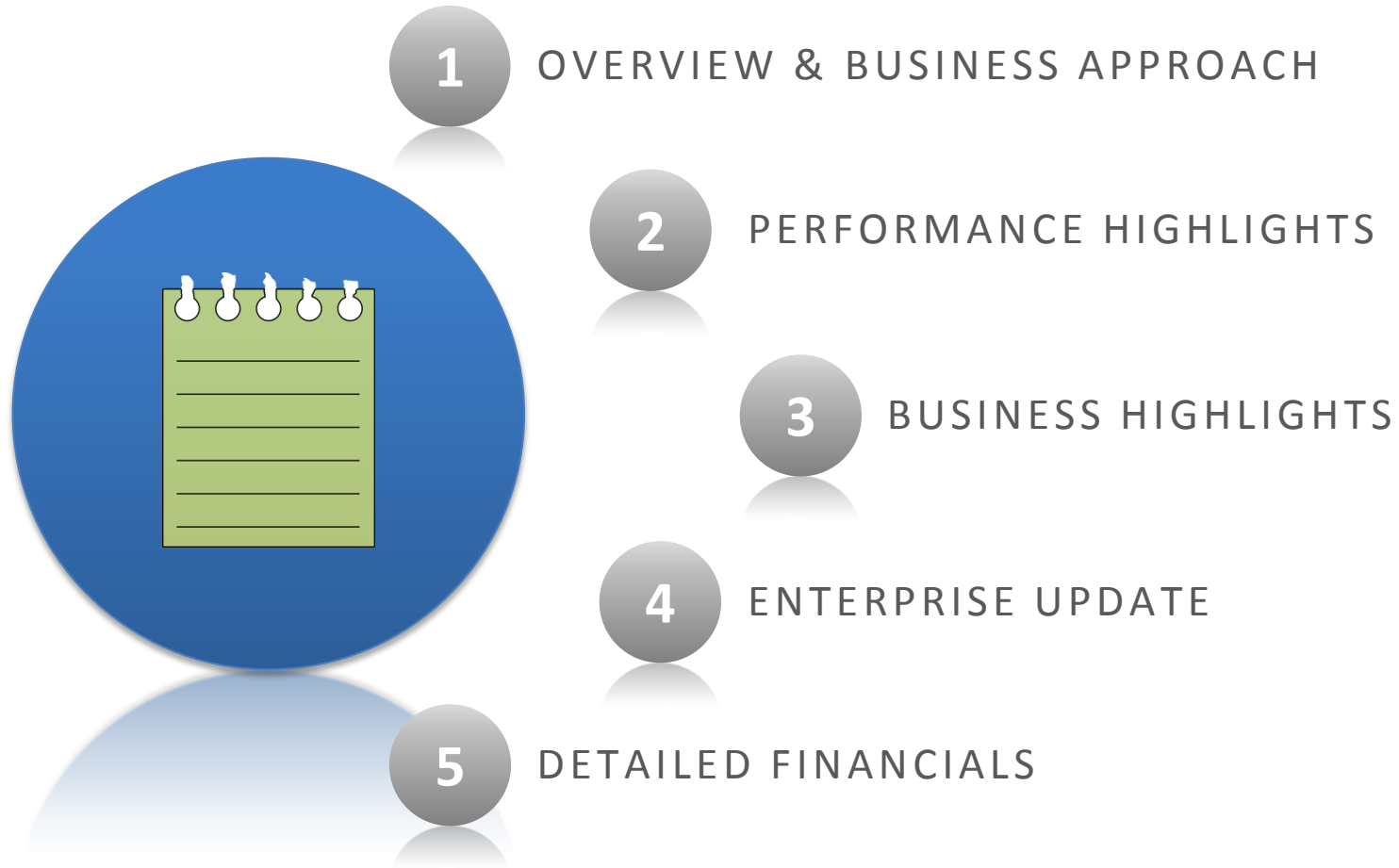
Edelweiss Financial Services Limited

Q2FY17 Investor Presentation

 **Edelweiss**
PROUD SPONSOR
2016 INDIAN OLYMPIC TEAM



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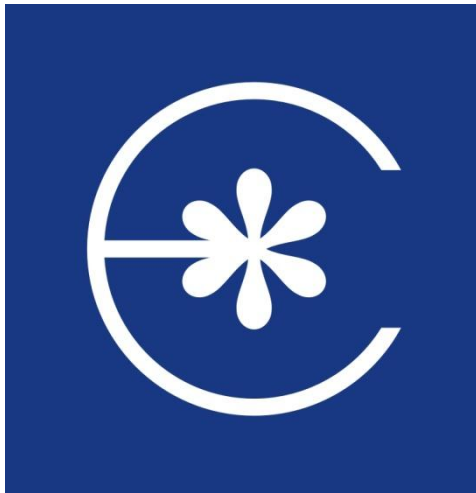




OVERVIEW & BUSINESS APPROACH

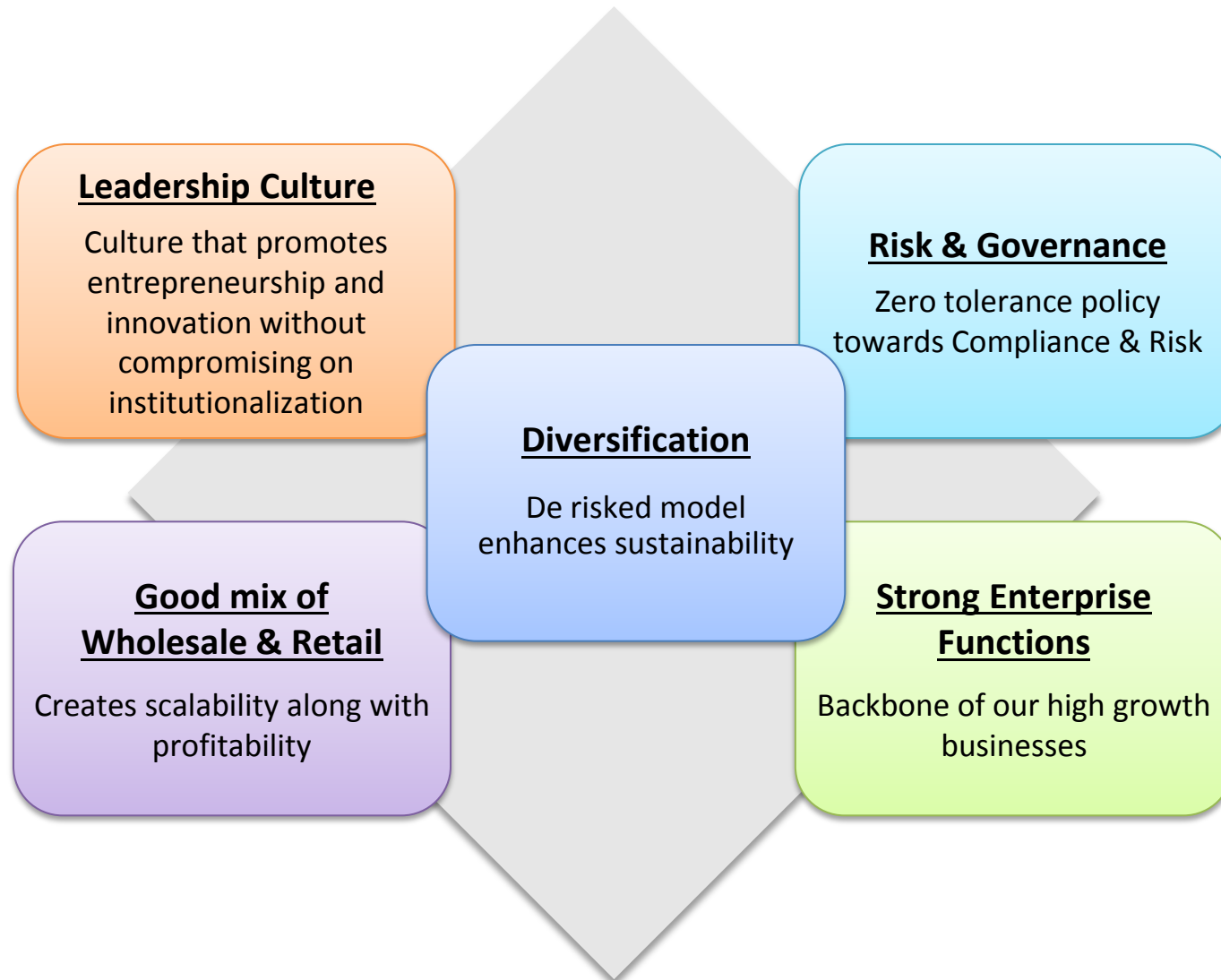
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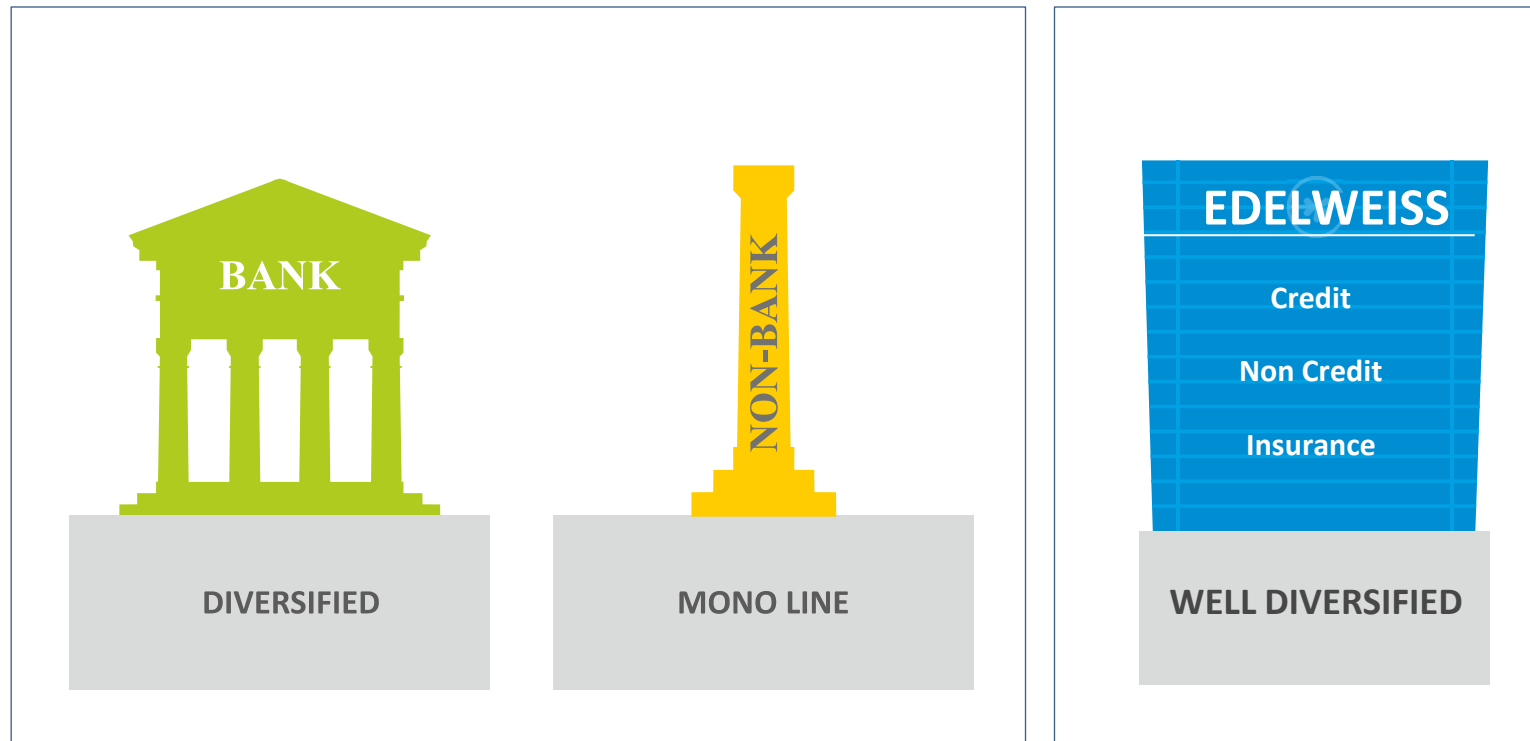


“To be a Respected Financial Services firm with a Portfolio of High Quality Growth Businesses”

Our Business Approach



Diversification Strategy Led to a Unique Business Model...



Unique Model that is “Scalable, Stable and Profitable”

One of the Leading Diversified Financial Services Firms



CREDIT BUSINESSES

Present across the spectrum of

Wholesale

- Structured Collateralized Credit
- Distressed Assets
- Wholesale Mortgage

Retail

- Retail Mortgage
- Agri & Rural Finance
- Loan Against Shares
- SME & Others

NON CREDIT BUSINESSES

Strong product franchise serving diverse client needs

- Wealth Management
- Asset Management
- Capital Markets
- Agri Services & Others
- Balance sheet Management
- Unit & Liquidity Management

INSURANCE

One of the fastest growing Life Insurance companies

One of the top 5 Diversified Financial Services Firms

(INR Cr)

On Balance Sheet Assets ~ 35,800Cr

Assets under Management ~ 38,000 Cr

Assets under Advice ~44,200 Cr

of clients 10,00,000+

of employees 6,437


of offices 238


Crossed Milestone of 10 Lakh Customers & INR 1,00,000 Cr Assets

As we stated in the FY16 investor presentation, over the next four years..



Our aim is to grow our diversified business model to achieve...

- 
- Grow PAT consistently at 25%
 - Consolidated RoE to 16-18%
 - Ex Insurance RoE to 19-20%
 - Ex Insurance RoA to 2.3-2.5%
 - Ex Insurance Cost to Income ratio to 50%

- 
- GNPA below 2%
 - Capital Adequacy Ratio >16%
 - Enhance long term credit rating to AAA



Q2FY17 PERFORMANCE HIGHLIGHTS

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2016 INDIAN OLYMPIC TEAM



Key Financial Highlights – Q2 FY17



Consolidated PAT growth of 51%; Ex Insurance PAT growth of 38%

Ex Insurance PAT CAGR of 36% for last 4 years

Consolidated RoE improved to 15.2%; Ex Insurance RoE improved to 19.9%

Book Value/ Share: INR 48

Consolidated Q2 PAT Growth of 51% & Ex Insurance PAT Growth of 38%



| <u>(INR Cr)</u> | <u>Q2FY17</u> | <u>Q2FY16</u> | <u>YoY Growth</u> | <u>FY16</u> | <u>FY15</u> |
|-------------------------|---------------|---------------|-----------------------|-------------|-------------|
| PAT Consolidated | 144 | 96 | 51% | 414 | 329 |
| PAT Ex Insurance | 166 | 120 | 38% | 519 | 381 |

..... With 22% growth in Assets

| | | | | | |
|----------------------|--------|--------|-----|--------|--------|
| Balance Sheet | 35,822 | 29,445 | 22% | 32,145 | 27,072 |
|----------------------|--------|--------|-----|--------|--------|

Non Linear growth in Profitability

Key Performance Parameters (Ex Insurance)



| (INR Cr) | Q2FY17 | Q1FY17 | FY16 | FY15 | FY14 |
|-----------------------------|--------|--------|-------|-------|-------|
| PAT | 166 | 155 | 519 | 381 | 272 |
| Net Revenue/ Average Assets | 9.3% | 8.6% | 7.8% | 8.5% | 7.2% |
| RoE | 19.9% | 19.4% | 18.6% | 15.6% | 12.2% |
| RoA | 2.2% | 2.0% | 1.8% | 1.9% | 1.9% |
| Cost to Income Ratio | 57% | 57% | 60% | 60% | 59% |
| Gross NPA | 1.46% | 1.4% | 1.4% | 1.3% | 0.9% |
| Net NPA | 0.47% | 0.5% | 0.5% | 0.4% | 0.2% |

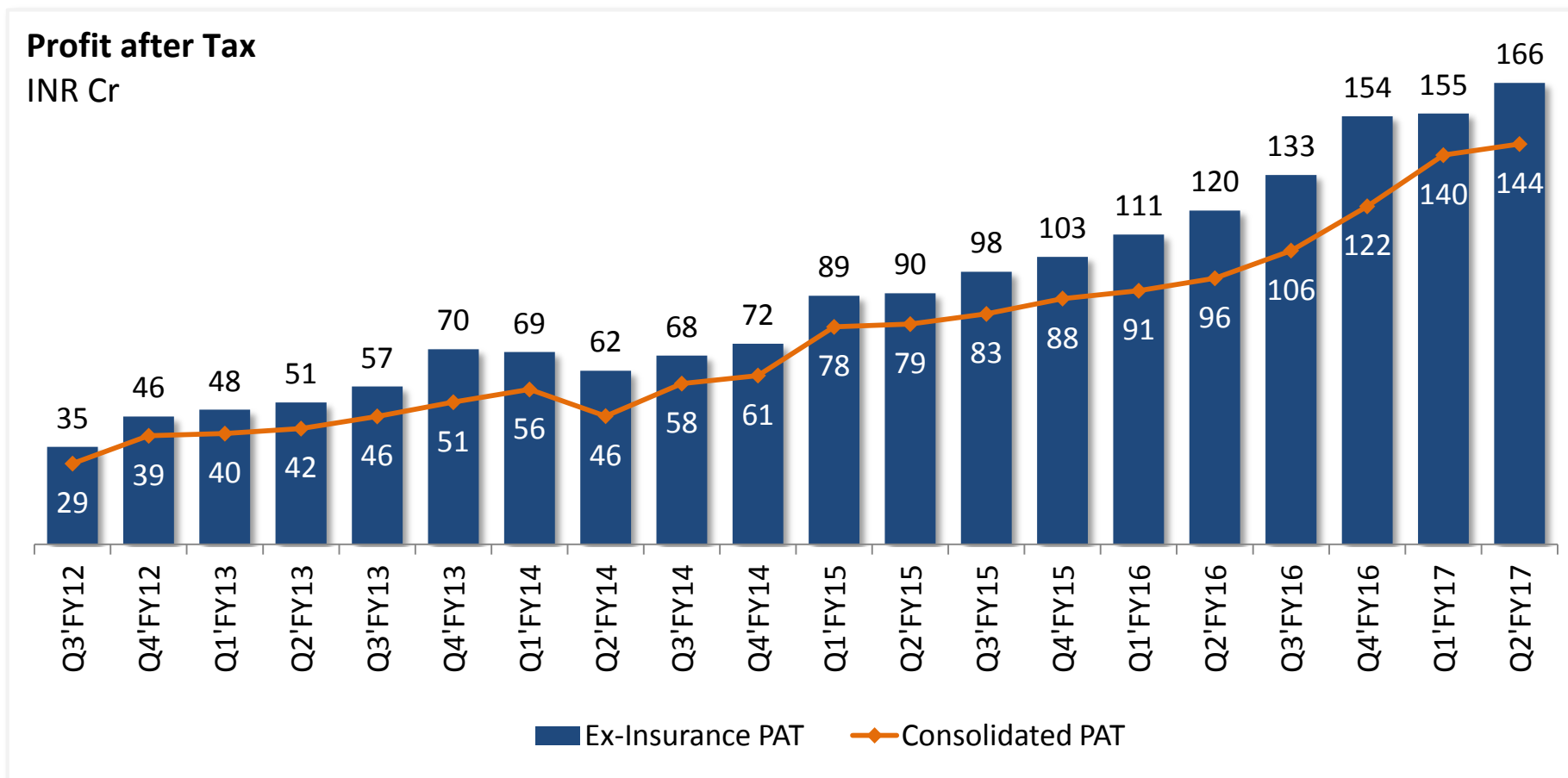
Key Performance Parameters



| For Q2FY17 | Edelweiss (Ex Insurance) | Private Banks | NBFC/ DFS | |
|-----------------------------|-----------------------------|---------------|-----------|---|
| PAT growth (YoY) | 38% | 23% | 19% | ● |
| Credit Book Growth (YoY) | 23%* | 18% | 19% | ● |
| Net Revenue/ Average Assets | 9.3% | 5.7% | 10.1% | ● |
| RoA | 2.2% | 1.8% | 2.2% | ● |
| RoE | 19.9% | 15.0% | 15.6% | ● |
| Cost to Income Ratio | 57% | 45% | 39% | ● |
| Gross NPA | 1.46% | 1.60% | 2.71% | ● |
| Net NPA | 0.47% | 0.71% | 0.93% | ● |
| Collateral Cover | 2.2x | 1 - 1.25X | 1.5 – 2X | ● |

*Credit Book excludes Distressed Assets; Competition numbers based on published results and management analysis (List included at the end)

PAT growth trajectory



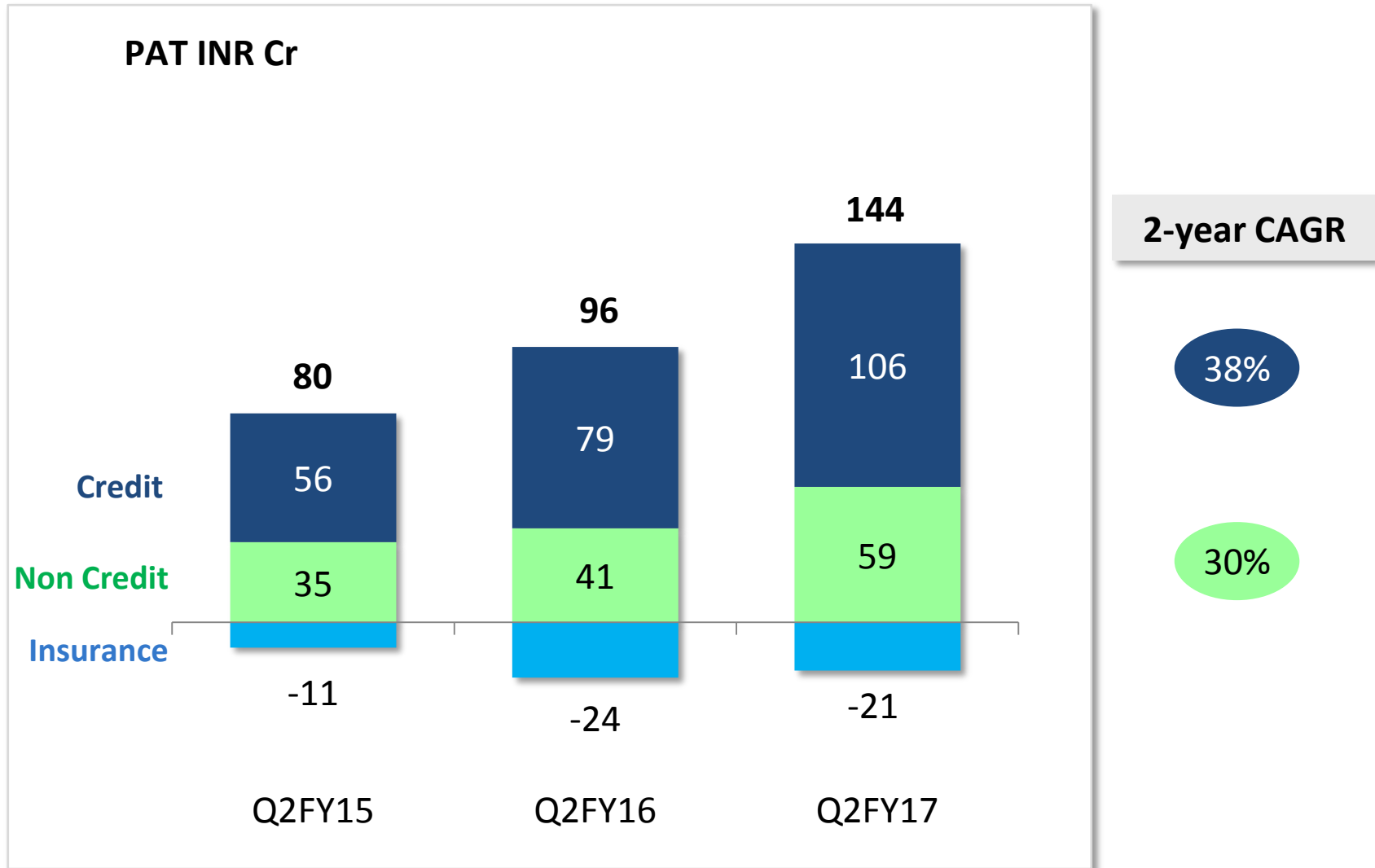
Ex Insurance PAT CAGR of 36% for last 4 years

RoA Attribution (Ex Insurance)



| | Q2FY17 | FY16 | FY15 |
|-----------------------------|--------------|--------------|--------------|
| Net Interest Income | 5.8% | 5.1% | 5.5% |
| Interest | 12.4% | 12.8% | 12.0% |
| Treasury | 2.0% | 1.2% | 2.2% |
| Interest Cost | -8.6% | -8.8% | -8.6% |
| Non-interest income | 3.5% | 2.7% | 2.9% |
| Fee & commission | 2.9% | 2.4% | 2.7% |
| Other income | 0.6% | 0.3% | 0.2% |
| Expenses | -5.9% | -5.2% | -5.7% |
| Employee cost | -2.9% | -2.5% | -2.9% |
| Depreciation & amortization | -0.3% | -0.3% | -0.3% |
| Operating expenses | -2.0% | -1.7% | -1.8% |
| Provisions | -0.7% | -0.6% | -0.6% |
| PBT | 3.4% | 2.6% | 2.8% |
| Tax | -1.2% | -0.8% | -1.0% |
| PAT | 2.2% | 1.8% | 1.9% |

Both credit and non-credit PAT witnessing steady growth





BUSINESS HIGHLIGHTS – H1 FY17

 **Edelweiss**
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Diversified Mix of Businesses



CREDIT



Present across :

Wholesale

- Structured Collateralized Credit
- Distressed Assets
- Wholesale Mortgage

Retail

- Retail Mortgage
- Agri & Rural Finance
- Loan Against Shares
- SME & Others

NON CREDIT



Strong product franchise serving diverse client needs:

- Wealth Management
- Asset Management
- Capital Markets
- Agri Services & Others
- Balance sheet Management Unit & Liquidity Management

INSURANCE



One of the fastest growing life insurance companies

Financial Snapshot



| (INR Cr) | EoP Equity | Profit After Tax | RoE |
|----------------------|------------|---------------------|-------|
| Credit Business | 2,903 | 203 | 18.0% |
| Non Credit | 987 | 118 | 23.2% |
| Total (Ex Insurance) | 3,890 | 321 | 19.6% |
| Insurance | 873 | -37 | - |
| Consolidated | 4,763 | 284 | 15.1% |



BUSINESS HIGHLIGHTS – CREDIT

 **Edelweiss**
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2016 INDIAN OLYMPIC TEAM



Credit Business at a glance



| Credit Business | INR (Cr) |
|---------------------|----------|
| Capital Employed | 24,860 |
| Net Interest Margin | 6.9% |
| Net Interest Income | 750 |
| Cost to Income | 41% |
| Provisions | 101 |
| PAT | 203 |
| Gross NPA | 1.46% |
| Net NPA | 0.47% |
| RoE | 18.0% |
| RoA | 2.1% |

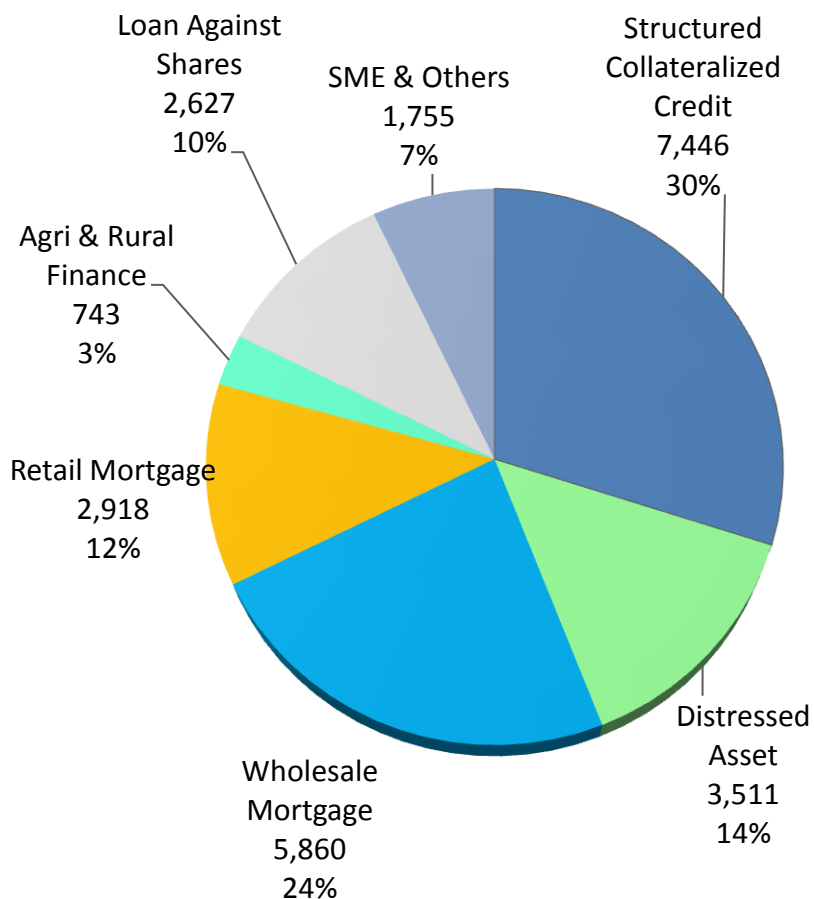
Credit

Non Credit

Insurance

Balance Sheet

Credit business is a mix of differentiated and scalable assets...



Structured Collateralized Credit

- Customized credit solutions, with high collateral cover

Distressed Assets

- Largest Asset Reconstruction Company in India, with more than 7 years of history in distressed assets space

Wholesale & Retail Mortgage

- Caters to wide a range of residential developers
- Catering to retail home buyers and business owners

Agri & Rural Financing

- \$10 bn unorganized market; Highly scalable, unoccupied by institutional players. Includes Micro Finance solutions to clients in Tier III/IV cities and rural areas

Loan Against Shares

- Caters to retail customers in Capital Market

SME & Others

- Highly scalable, focus area for future growth

Credit

Non Credit

Insurance

Balance Sheet

Present across Retail, SME and Wholesale segments



Wholesale Credit

- Comprises of
 - Collateralized Lending to Corporate
 - Distressed Assets
 - Wholesale Mortgage
- Began credit operations in 2007
- A robust risk management approach tested over 2 downturns
- Wholesale credit around INR 16,800 cr

Retail & SME Credit

- Comprises of
 - Retail Mortgage
 - Agri & Rural Financing
 - Loan Against Shares
 - SME & Others
- Commenced operations in 2011
- Small Ticket Housing Loans launched in FY13; Rural Finance in FY14
- Retail credit around INR 8,000 cr
- Controlled growth, focus on credit quality
- Operations in 50 cities

Profitable, scalable multi-line credit business

Credit

Non Credit

Insurance

Balance Sheet

Business Strengths



Client Centric Solutions

- Ability to understand client needs and structure products to suit their needs
- Strong client relations

Proactive Risk Management

- Three tier risk management approach – Business risk team supplemented by Global risk team & Global Risk Committee
- Robust underwriting and credit appraisal processes

Good Asset Quality

- NPAs in check even in tough market conditions
- Comfortable asset cover

Credit

Non Credit

Insurance

Balance Sheet

Credit – Improving Parameters



| At the end of | H1FY17 | H1FY16 | FY16 | FY15 |
|---------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------------|
| Average Interest Yield | 16.2% | 16.0% | 16.2% | 15.8% |
| Average Cost of Borrowing | 10.5% | 10.8% | 10.7% | 10.9% |
| Interest Spread | 5.7% | 5.3% | 5.5% | 4.9% |
| Net Interest Margin | 6.9% | 6.6% | 6.8% | 6.7% |
| Retail Credit Presence* | 50 cities & 3,100 villages | 44 cities & 1,800 villages | 45 cities & 3,400 villages | 36 cities & 750 villages |

**Retail Finance Spreading Footprint Through
Small-ticket Home Loans, SME & Rural Finance**

Credit

Non Credit

Insurance

Balance Sheet

Credit – Robust Asset Quality



| At the end of (INR Cr) | H1FY17 | H1FY16 | FY16 | FY15 | | |
|--|---------|--------|--------|--------|-------------------|--------------|
| Credit Book | 21,349* | 17,321 | 20,014 | 15,036 | | |
| Gross NPA | 312 | 250 | 281 | 196 | Pvt. Banks | NBFCs |
| Gross NPA % | 1.46% | 1.45% | 1.40% | 1.31% | 1.60% | 2.71% |
| Net NPA % | 0.47% | 0.44% | 0.47% | 0.38% | 0.71% | 0.93% |
| Total Provision Held | 289 | 233 | 247 | 184 | | |
| Total Provision Cover | 92% | 93% | 88% | 94% | | |
| Average Collateral cover on Wholesale book | 2.2x | 2.1x | 2.1x | 2.3x | 1 -1.25X | 1.5-2X |
| Average Loan-To-Value on Retail book | ~47% | ~51% | ~50% | ~52% | | |

Average LTV of LAP portfolio at 44% vs 65 % of the industry
Median ticket size at 36 Lacs vs 1.2 cr in the industry

Credit

Non Credit

Insurance

Balance Sheet

Wholesale Credit – Evaluation Approach



| Counter Party | Collateral | Cash Flows |
|---|--|---|
| <ul style="list-style-type: none">• Promoter Pedigree• Group Relationship• Execution Capability | <ul style="list-style-type: none">• Hybrid Collateral Pool• Ring fenced Structure• Ease of enforcement | <ul style="list-style-type: none">• Fundamentals<ul style="list-style-type: none">• Business Performance• Underlying Asset |
| <ul style="list-style-type: none">• Group Financial Standing<ul style="list-style-type: none">• Asset Liability Profile• Cash Flow & Liquidity | <ul style="list-style-type: none">• Valuation based on<ul style="list-style-type: none">• Liquidity• Economic Value | <ul style="list-style-type: none">• Stress testing<ul style="list-style-type: none">• Periodic• Event Based |
| <ul style="list-style-type: none">• Credit History• Regulatory Checks | <ul style="list-style-type: none">• Real time monitoring• Environment Scan | <ul style="list-style-type: none">• Escrow - Ring Fenced Control |

Robust underwriting framework with multilevel approval process...

Credit

Non Credit

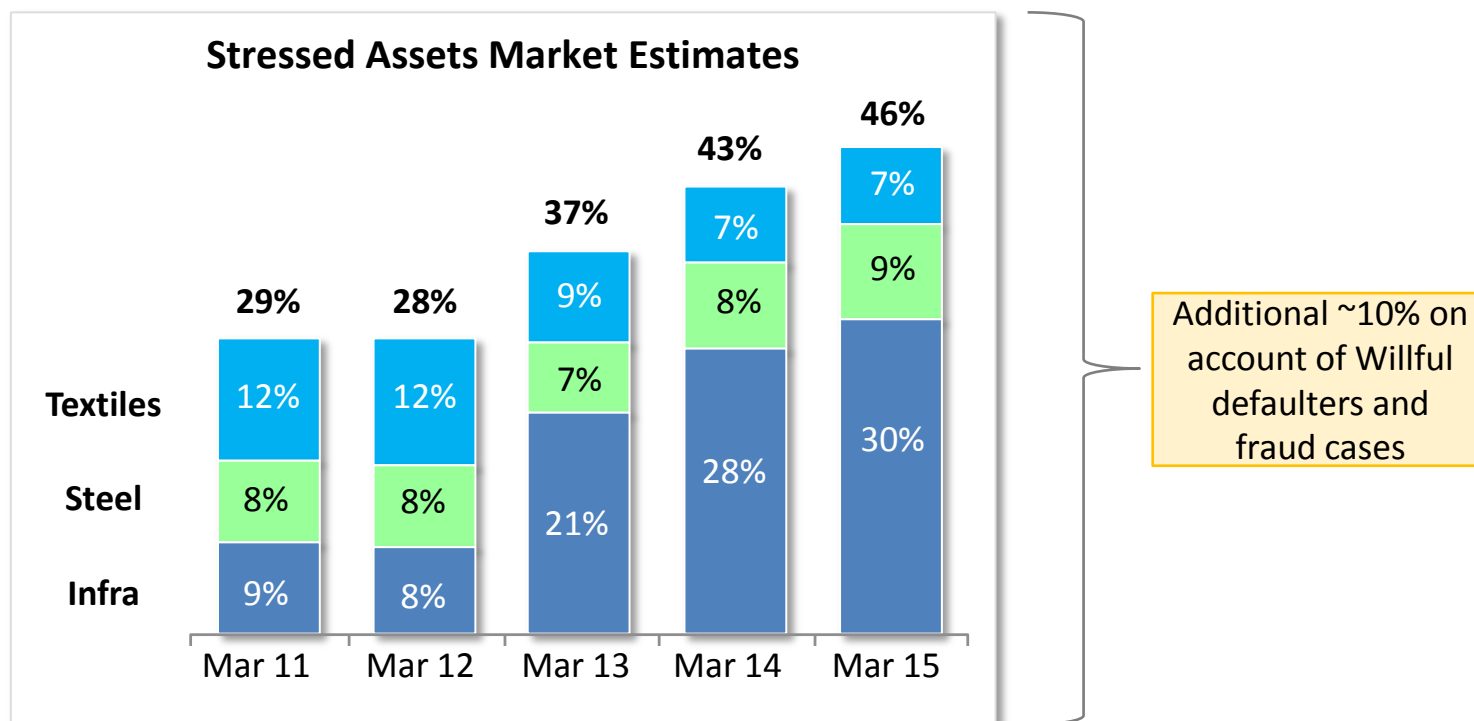
Insurance

Balance Sheet

Overview of Distressed Assets in India



- Total outstanding Loans as of March 16 are US\$ 1.1 Tn
- Estimated total stressed assets of US\$130 bn (12%)
- Largest stressed assets comprise infrastructure, steel, textiles and construction



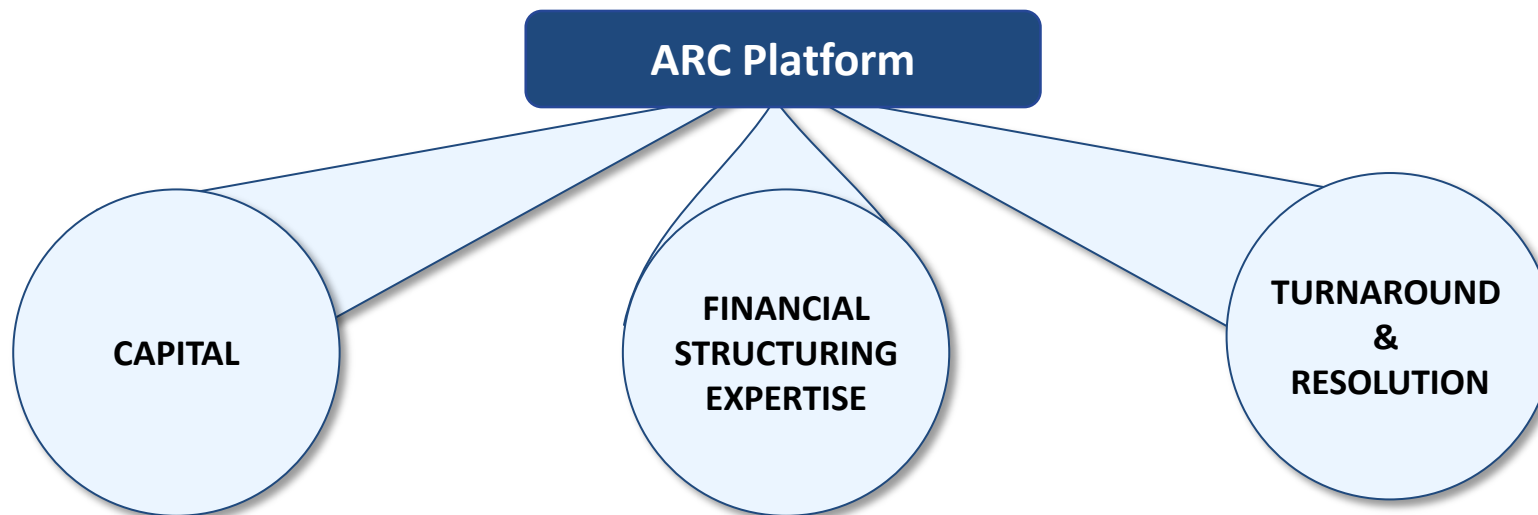
Credit

Non Credit

Insurance

Balance Sheet

Key Success Factors for Asset Reconstruction Business



- Domain knowledge and expertise to create Platform
- Capital for debt purchase and last mile funding
- Ability to financially and operationally turnaround stressed assets
- Ability to find strategic buyers & sell businesses partly / fully to unlock value
- Extensive coverage & being first port of call for Banks and Turnaround assets
- Robust risk management practices

Credit

Non Credit

Insurance

Balance Sheet

Asset Reconstruction Business - Journey so far



- Asset Reconstruction business started in 2008
- Till 2013, kept building the team and processes, buying few assets and invested in understanding the space
- Created a team with diversified skill sets and experience across all major asset classes
- Good understanding of this business coupled with deep Banking relationships
- Platform has significant experience in stressed assets investing and turnaround capabilities
- Ability to identify distressed assets, pick at appropriate valuation and potential of resolution
- When the opportunity came in 2013-14, we scaled up since infrastructure was already present

Credit

Non Credit

Insurance

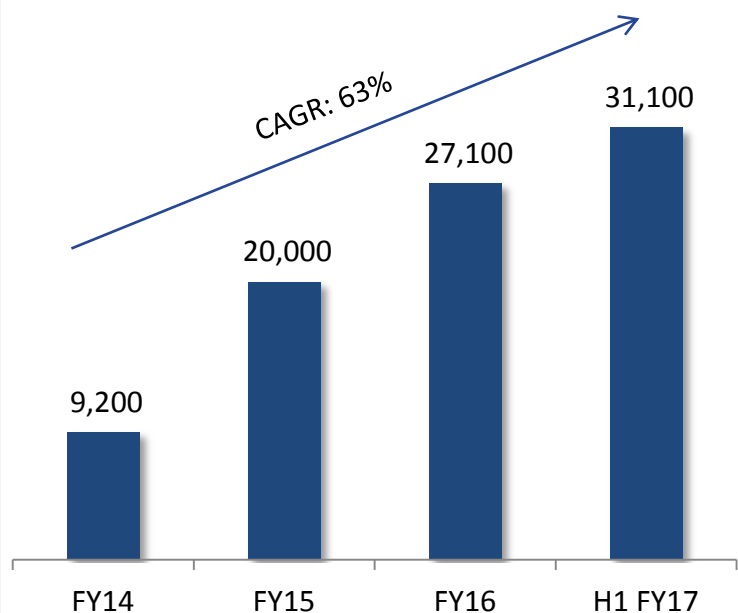
Balance Sheet

Expanding Asset Reconstruction Business



Asset Reconstruction Company

Assets Under Management (INR Cr)



- Currently EARC is the largest asset reconstruction company in India, managing assets of **INR 31,000 cr.**, acquired from **51 banks**
- Focused on delivering a long term risk adjusted returns akin to LP GP model (Limited Partner & General Partner)
- Team size of 75 people across investments, resolution, legal & platform
- Capital deployed more than 3,500 cr.
- Expecting to add 1,000-1,200 cr every year for next 3-4 years
- Building capability on operational turnaround
- Team in place to provide value added services
- Creating an advisory board and a network of senior industry experts

Credit

Non Credit

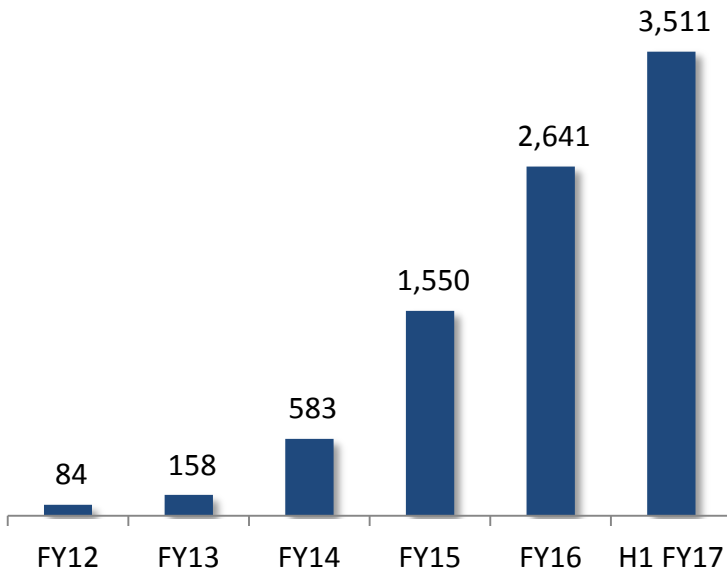
Insurance

Balance Sheet

Partnership with CDPQ – One of North America's largest Pension Fund Managers



Distressed Asset Capital Investment
(INR cr)



- CDPQ to target an investment of close to INR 5,000 cr over four years in India's Stressed Assets and Specialised Credit sector, along with EARC
- This partnership aims to channel between INR 12,000-14,000 cr (including CDPQ's INR 5000 cr and investments from Edelweiss Group and other institutional investors)
- CDPQ to invest upto INR 500 cr over 4 years for 20% stake in Edelweiss Asset Reconstruction Company
- Funds will be funnelled towards restructuring, reviving and resolving of stressed assets

Credit

Non Credit

Insurance

Balance Sheet



BUSINESS HIGHLIGHTS – NON CREDIT

 **Edelweiss**
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Non Credit Business at a glance



| Non Credit | INR (Cr) |
|------------------|----------|
| Capital Employed | 10,090 |
| Net Revenue | 697 |
| Cost to Income | 74% |
| PBT | 184 |
| PAT | 118 |
| RoE | 23.2% |
| RoA | 2.2% |

Credit

Non Credit

Insurance

Balance Sheet

Non Credit Business Mix



Wealth Management

- Multi asset class platform offering structured customized solutions
- Focus on OPDO (Owner, Promoter, Director, Officer) segment
- Present in Ultra High Net worth/ High Net worth/ Mass Affluent segment
- Total AuA (INR Crs): 44,200 (UHNI: 26,300/HNI 6,900/Mass Affluent: 11,000)

Asset Management

- Equity focus: 2 segments Mutual Fund and Alternatives
- Total AUM of INR 6,900 cr
- Credit focus: Asset Reconstruction Company, Special Opportunities fund

Capital Markets

- Entire spectrum of corporate advisory services - Fixed Income Advisory, Mergers & Acquisitions, Equity Capital Markets, Private Equity Syndication
- Leader in Debt Capital Markets & domestic institutional broking

Agri Services

- Warehousing, procurement services and other Agri services

Balance sheet Management Unit & Liquidity Management

- Liquidity Management
- Asset Liability Management

Credit

Non Credit

Insurance

Balance Sheet

Wealth Management – Growth Opportunity



- Rising wealth in India is creating immense opportunity in wealth management space
- Owner, Promoter, Director, Officer (OPDO) market is the new emerging client segment
- Edelweiss wealth has unique business model that straddles all client segments across multiple product lines with focus on suitability, portfolio and operational risk management
- Edelweiss Wealth offers financial planning for family offices, Real Estate offering, Estate planning and offshore advisory, enabling stronger penetration into this market
- Edelweiss has emerged as one of the largest wealth manager in India
- Average yield on AuA of ~0.8% - 1.0%
- 80+ Offices
- 800+ Relationship Managers

| No. of clients | Sep '16 |
|----------------|----------|
| UHNI | 300+ |
| HNIs | 5,500+ |
| Mass Affluent | 370,000+ |

Credit

Non Credit

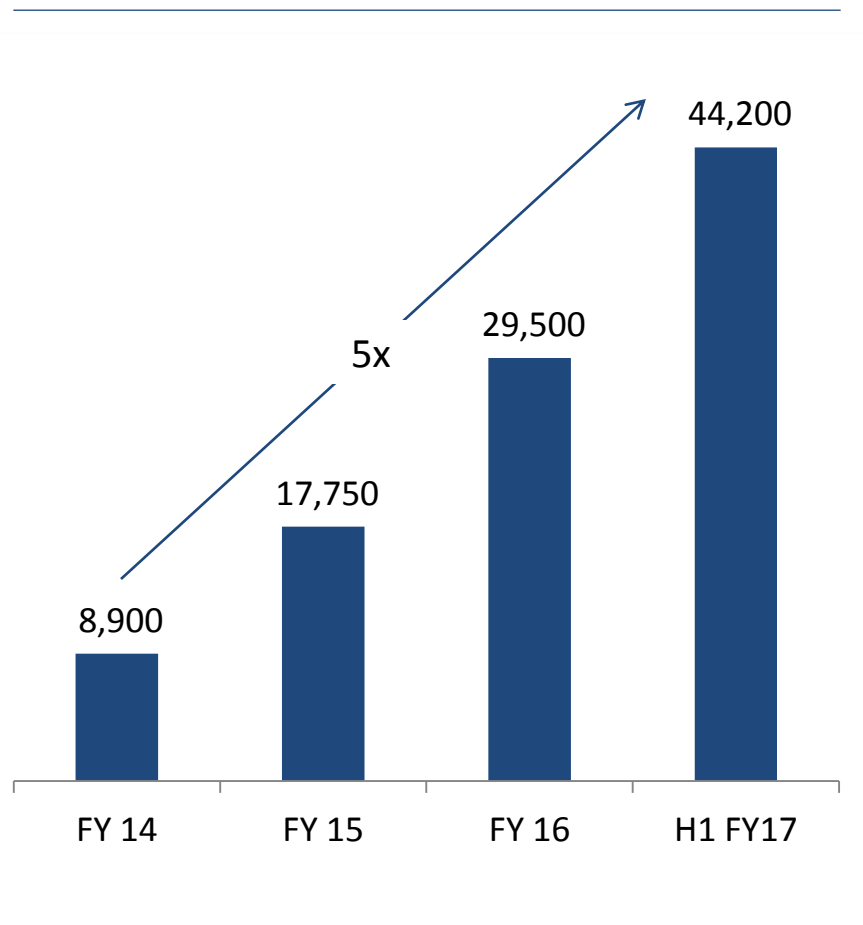
Insurance

Balance Sheet

Wealth Management AUA increased 5x in 3 years



(INR Cr)



Edelweiss Wealth Gaining significant traction across client segments

- Good mix of product and advisory solutions for customized needs
- Differentiated Client experience – hybrid model with expert financial advisors and digital platform
- Best Private Banking Solution at Asia-Pacific Structured Products & Derivatives Awards 2015
- Best Equity Broking House (mid-size) at 'BSE – Dun & Bradstreet Equity Broking Award 2015'

UHNI Clients by AUA Segment (Nos.)

| AUA Segment | Sep '16 |
|--------------|---------|
| 100cr+ | 30+ |
| 25cr – 100cr | ~ 90 |

Credit

Non Credit

Insurance

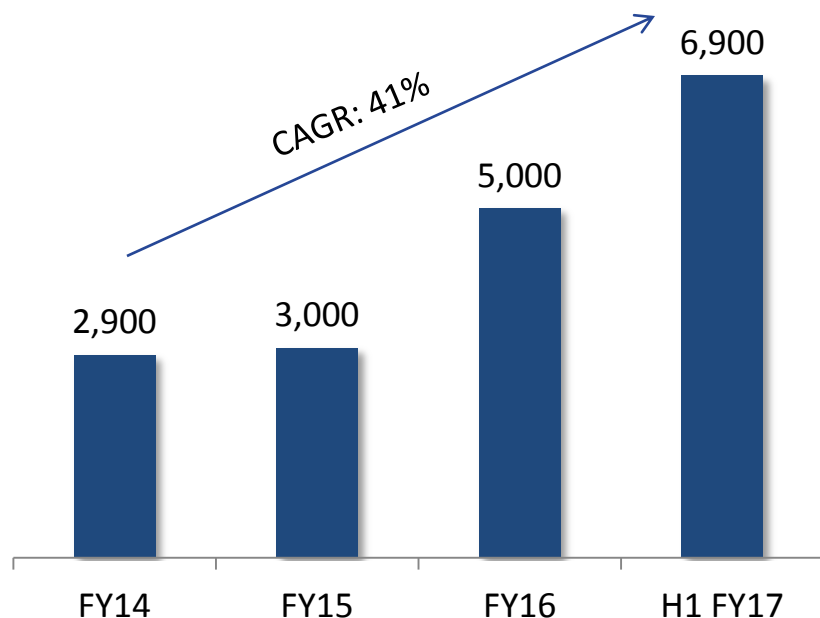
Balance Sheet

Asset Management – Gaining scale



Asset Management

Assets Under Management (INR Cr)



• Two business segments:

- Mutual fund AUM: INR 2,450 cr
- Alternative Assets AUM: INR 4,450 cr
- Received approvals for acquisition of JP Morgan schemes, from Securities and Exchange Board of India (SEBI)
- Acquired Ambit AIF, subject to requisite approvals.
- AUMs likely to touch ~INR 15,000 cr post completion of above acquisitions
- High quality diversified asset base
 - Asset base: Equity (67%) & Fixed Income (33%)
- Strong distribution network
- 99% of our AMC assets are outperforming the benchmarks over a 3 year cycle (Source: Value Research)

Credit

Non Credit

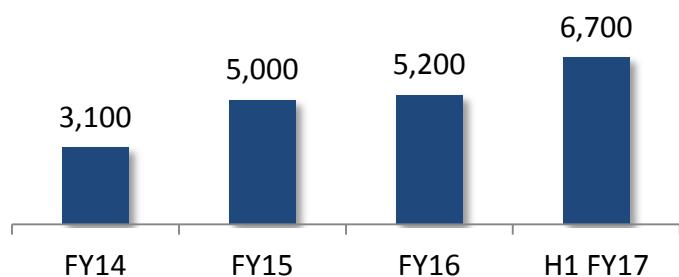
Insurance

Balance Sheet

Capital Markets: Leadership position in the market



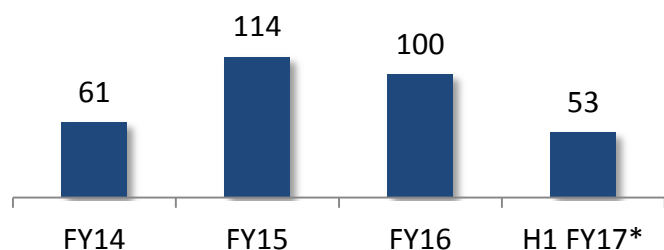
Broking Average Daily Volume (INR Cr)



- One of the largest domestic institutional broking company
- Robust fundamental research covering ~227 stocks among 27 sectors representing ~77% of total market cap
- Rated Best Brokerage in India for Roadshows and company visits
- Bull of the Year Award by Zee Business Market Analyst Awards
- Best Equity Broking House (mid-size) Award
- Significant investment in technology in new business lines



**Investment Banking & Advisory
(Number of deals)**



- Ranked 1st in Initial Public Offering (IPO) in Retail & HNI category
- Edelweiss Fixed Income Advisory strengthened its position at the top of the public issuance league tables with total issuance volume of INR 218bn. – Lead arrangers to 5 out of the 6 Debt issues in the 2nd quarter including DHFL/ India Bulls
- Edelweiss ranked first with a ~ 30% market share, in Q2 FY 17. Managed IPOs like ICICI Prudential Life Insurance Company Limited, Equitas Holdings Ltd. *et al*

Sole financial advisor



Stake sale to Premji Invest
INR 1,990mm



Advisor to the Board of ING Vysya Bank on its merger with



INR 150,331mm

Equitas Holdings Limited



Book Running Lead Manager
IPO
INR 21,766.8mm

ICICI Prudential Life Insurance



Book Running Lead Manager
IPO
INR 60,567.9 mm

Credit

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Insurance

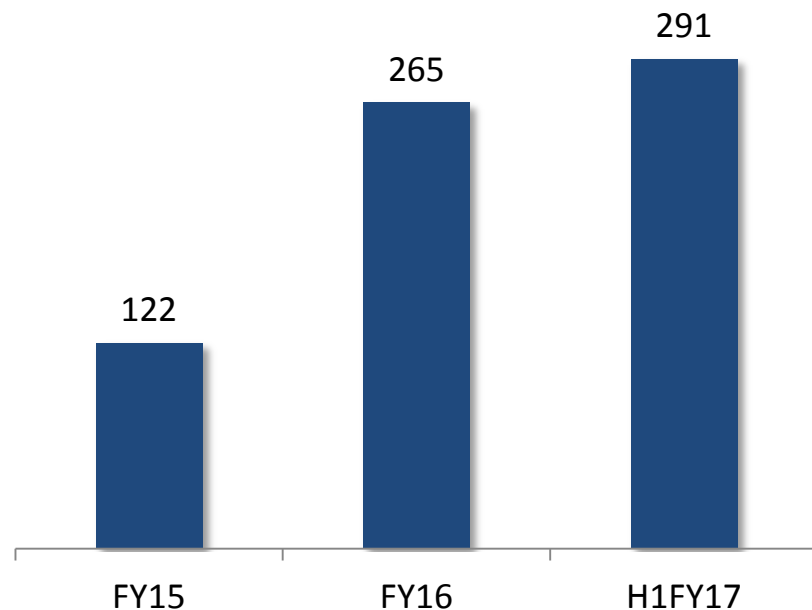
Balance Sheet

Expanding Agri Services business



Agri Services

Number of warehouses



- One of the few organised players providing end to end business solutions in the Agri value chain
- 291 warehouses under management with capacity of over 11 lacs MT
- Warehousing Development and Regulatory Authority (WDRA) accreditations received for 3 warehouses - likely to create strong differentiation in market
- Received National Accreditation Board for Testing and Calibration Laboratories (NABL) Accreditation for our state-of-the-art laboratory at Vashi
- ISO 9001-2008

Credit

Non Credit

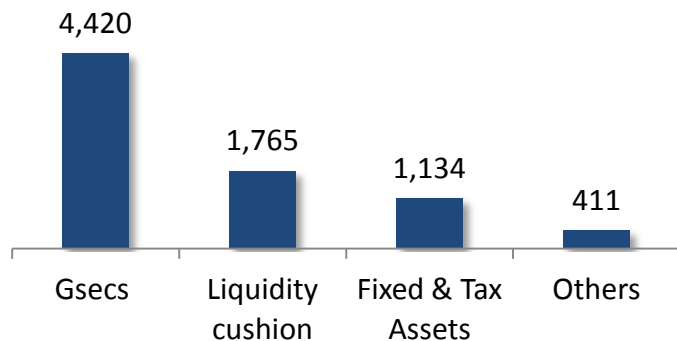
Insurance

Balance Sheet

Balance Sheet Management Unit



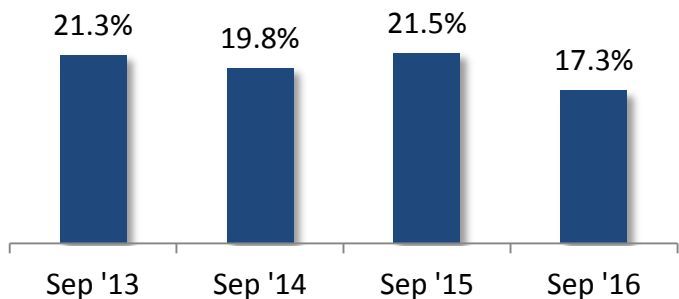
Balance Sheet Management Unit (INR Cr)



Key Objectives

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

Balance Sheet Management Assets as % of Total Assets



- Balance Sheet Management Assets as a percentage of Total Assets has been decreasing consistently over years
- Focus on increasing Liquidity cushion in line with Balance Sheet growth

Credit

Non Credit

Insurance

Balance Sheet

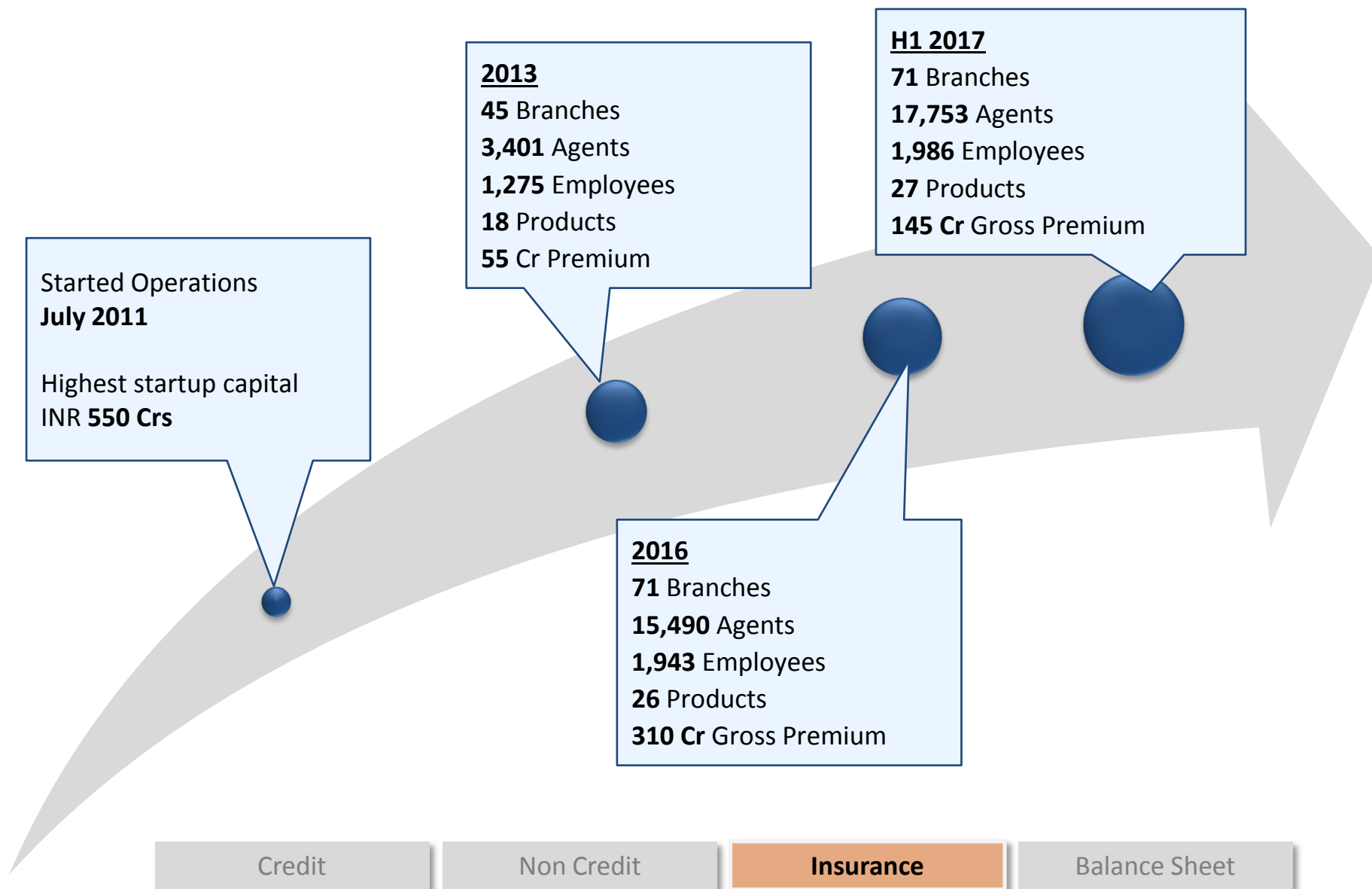


BUSINESS HIGHLIGHTS – INSURANCE

 **Edelweiss**
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Key Milestones



Insurance Strategy defined by



| | |
|---------------------|---|
| Products | <ul style="list-style-type: none">• Focused on new product development & launch of Total Secure + |
| Distribution | <ul style="list-style-type: none">• Continued focus on Need Based Selling (Brand: Vijaypath)• Agency-led multi-channel distribution approach with emphasis on productivity• Focus on building direct capability specifically online• Aim to be industry leader on sales productivity |
| Investments | <ul style="list-style-type: none">• Providing superior returns through top performing funds |
| Technology | <ul style="list-style-type: none">• Provide unique and enhanced customer experience across all touch points• Generate operating efficiencies across the organization |
| Efficient | <ul style="list-style-type: none">• Strong focus on being cost-efficient |

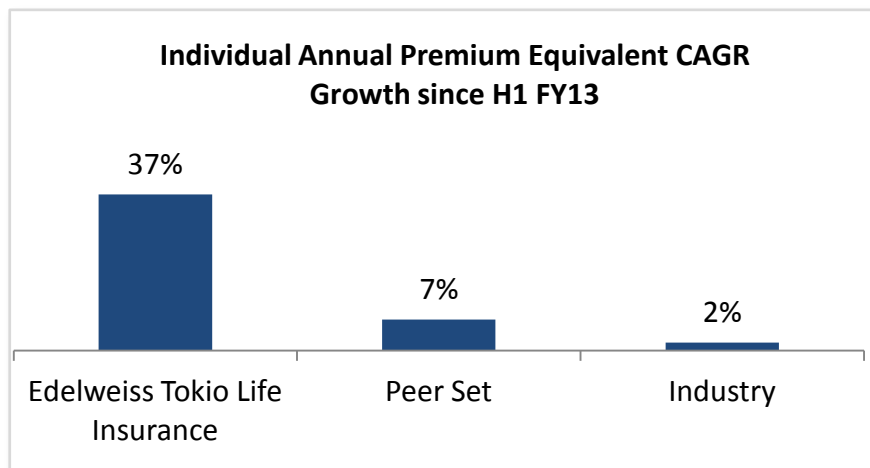
Credit

Non Credit

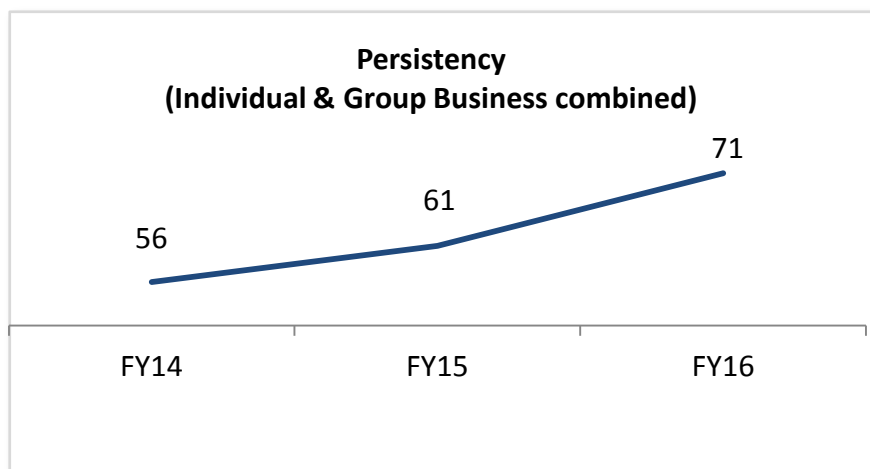
Insurance

Balance Sheet

Fastest Growing Individual Annual Premium Equivalent



- Individual Annual Premium Equivalent - INR 50 Crs for H1 FY17



- For Q2 FY17 13th month persistency stands at 62%
- 9th Rank amongst all the private insurers in FY16 as against 16th rank in FY15 (*Source: IRDAI public disclosures*)

Credit

Non Credit

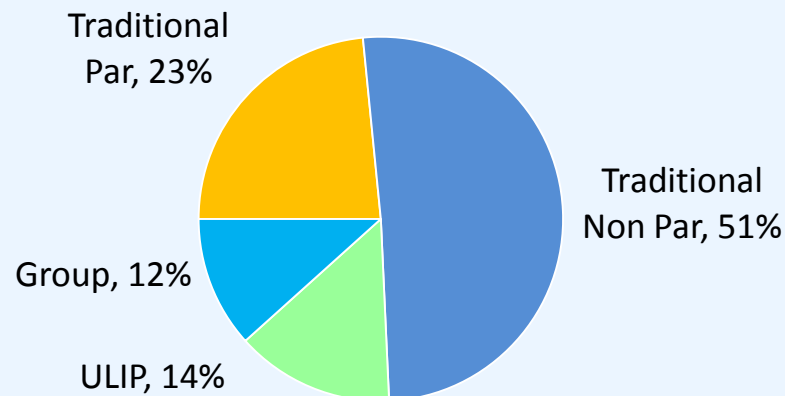
Insurance

Balance Sheet

Customer Centric Approach – Wide Variety of Products



Product Mix



Customer centric approach

- Unique need based selling approach
- Strong investment performance to provide superior returns to customers
 - Edelweiss Tokio Funds have been rated top performers by Morningstar with all Individual Unit Linked Insurance Plan Funds rated in top decile as on Sep'16
- Provide enhanced customer experience through investment in processes and technology

Credit

Non Credit

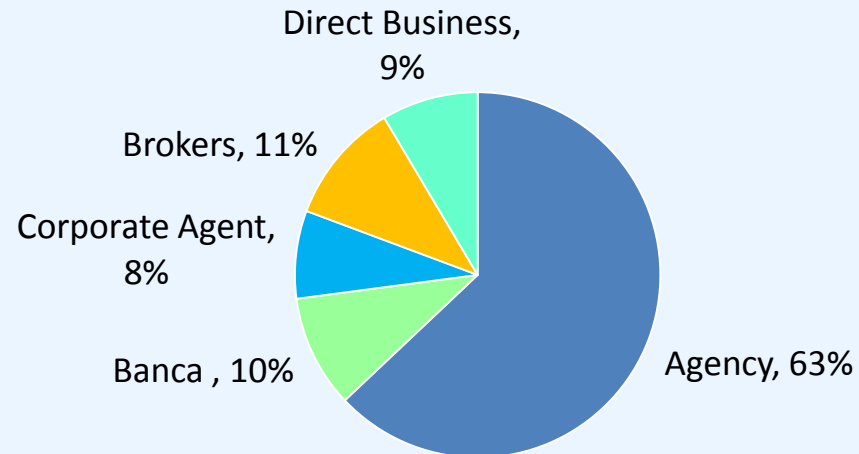
Insurance

Balance Sheet

Rapidly Growing & Stable Platform



Balanced channel mix with focus on agency



A Responsible brand

- Winner, Agency Efficiency award at India Insurance Awards, 2016
- Winner, “Top 100 Infosec Maestros Awards” in 2015
- “Yamraj to the Rescue”, won the National Gold in the public service category at the Outdoor Advertising Awards, 2015



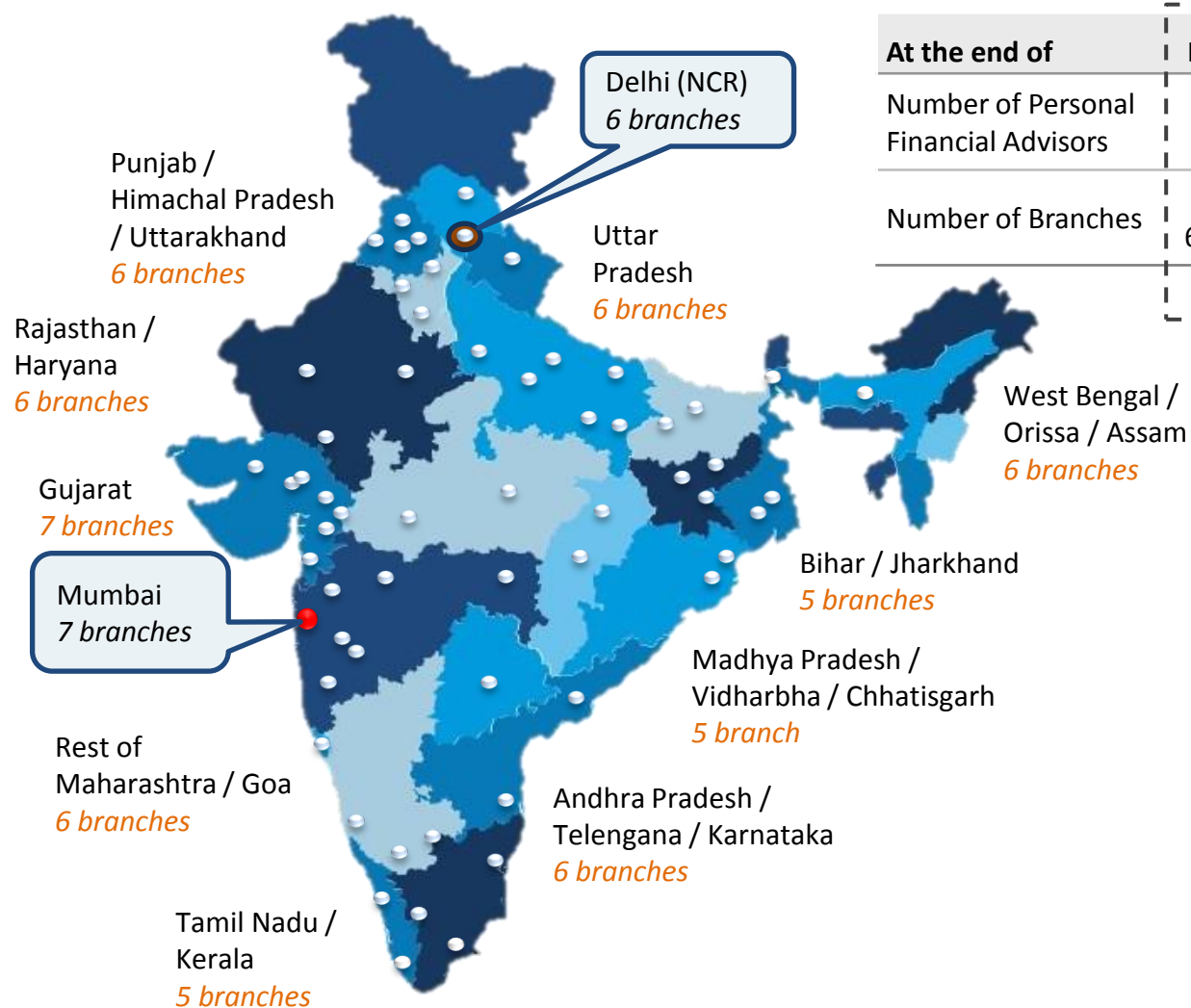
Credit

Non Credit

Insurance

Balance Sheet

Pan India Presence



| At the end of | H1FY17 | FY16 | FY15 | FY14 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Number of Personal Financial Advisors | 17,753 | 15,490 | 10,421 | 7,255 |
| Number of Branches | 71 in 61 cities | 71 in 61 cities | 59 in 49 cities | 58 in 48 cities |

Credit

Non Credit

Insurance

Balance Sheet

Insurance



Edelweiss Tokio Life Insurance Company Limited Standalone (ETLI)

| (INR Cr) | H1FY17 | H1FY16 | FY16 | FY15 |
|----------------------------------|------------|------------|-------------|------------|
| Gross Premium Income | 145 | 92 | 310 | 193 |
| Investment Income & Other Income | 88 | 45 | 87 | 97 |
| Total Income | 233 | 137 | 397 | 290 |
| Total Expenses | 305 | 197 | 552 | 361 |
| Profit Before Tax | -72 | -60 | -155 | -71 |
| Profit After Tax | -72 | -60 | -155 | -71 |
| Edelweiss' Share in PAT | -37 | -45 | -104 | -53 |
| Net Worth* | 873 | 504 | 939 | 569 |

Tokio Marine has infused INR 527 Cr in FY16 for 23% stake

Credit

Non Credit

Insurance

Balance Sheet

* Includes unrealised gains on equity and mutual fund investments per IRDA norms



BALANCE SHEET

Key Highlights – Balance Sheet



Balance Sheet

- 1** On-Balance Sheet: INR~35,800 Cr; Total assets managed: INR ~118,000 Cr
- 2** ALM maintained
- 3** Comfortable capital adequacy ratio at 18.1%
- 4** Diversified Liability mix
- 5** Stable business model reflected in credit ratings

Credit

Non Credit

Insurance

Balance Sheet

1 ~ \$18.0 billion of Assets



| As on 30 Sep 2016 | INR Cr | USD bn |
|---|-----------------|-------------|
| Assets on Balance Sheet | 35,800 | 5.4 |
| Distressed Assets Book (ARC Assets) | 31,100 | 4.7 |
| Funds under Management (Asset Management) | 6,900 | 1.0 |
| Assets Under Advice (Wealth Management) | 44,200 | 6.7 |
| Total Assets | 1,18,000 | 17.8 |

Credit

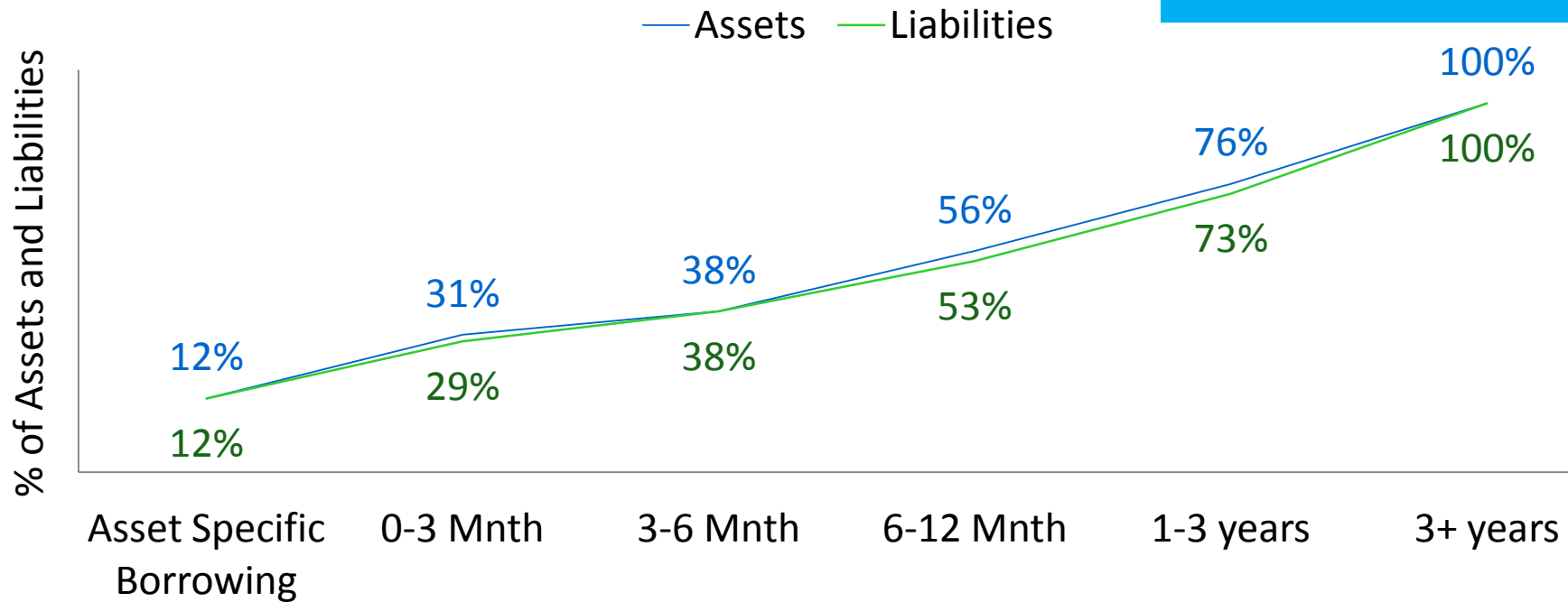
Non Credit

Insurance

Balance Sheet



Sep'16: INR 35,822 Cr



- Positive asset-liability matching across durations
- Asset Liability Committee manages and monitors ALM, Interest Rate Risk and Liquidity

Credit

Non Credit

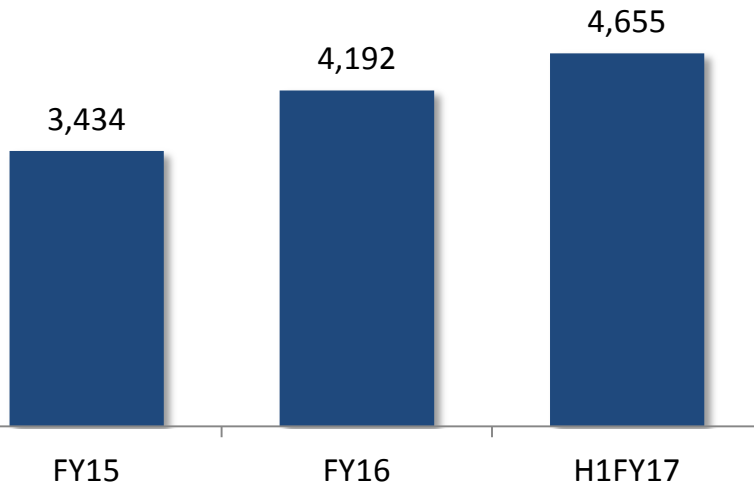
Insurance

Balance Sheet

3 Strong capital position



Tier I Networth (INR Cr)



- Steady growth in Net worth over the last several years
- Sub Debt issued to improve Tier II Capital
- D/E (Excluding Treasury Assets): 5.1
- Consolidated Risk Weighted Assets (As a % of Gross Assets): 78%

Liability Structure, Sep'16 (INR Cr)

| | |
|----------------------|--------|
| Tier I | 4,655 |
| Tier II | 1,159 |
| Total Capital | 5,814 |
| Risk Weighted Assets | 32,161 |

Consolidated Capital Adequacy

18.1%

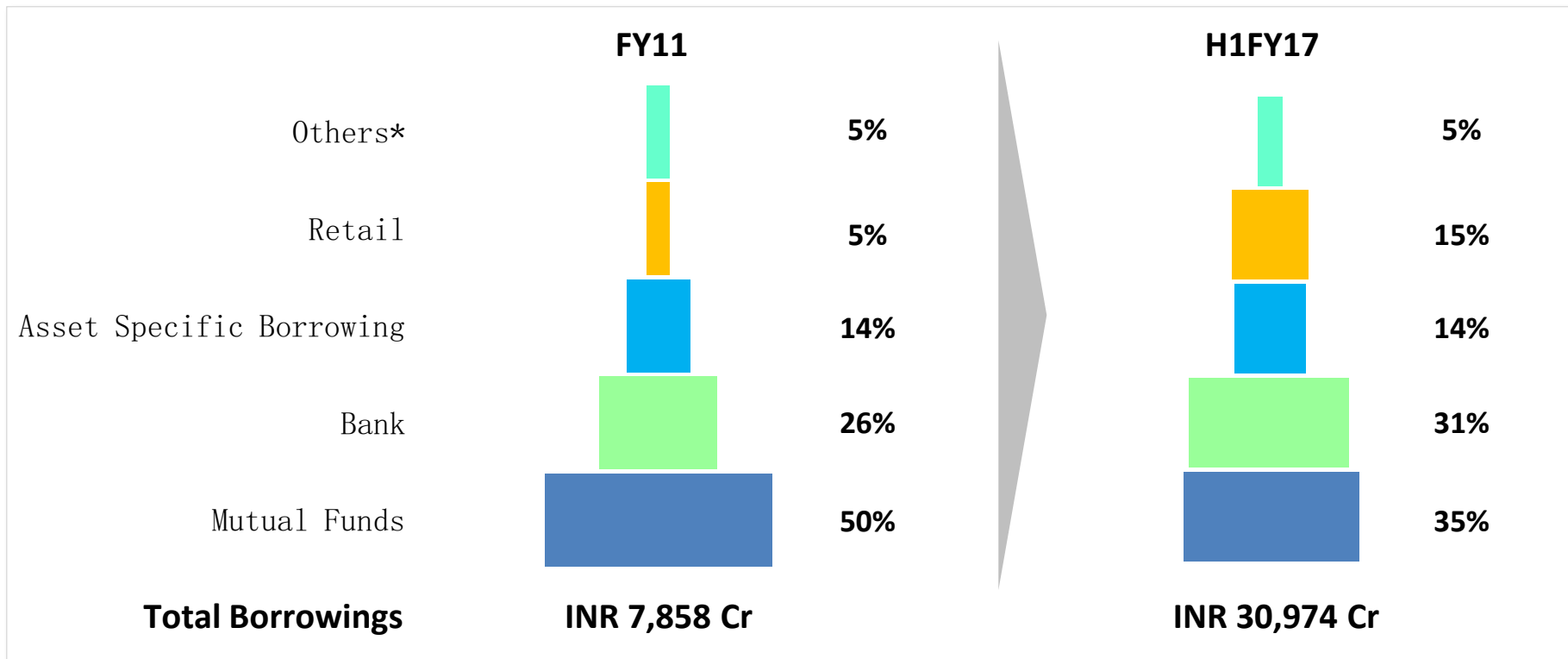
Credit

Non Credit

Insurance

Balance Sheet

4 Diversified Sources of Borrowings



- Steady diversification in sources of borrowings
- Lower dependence on debt market borrowings
- Exploring alternative sources of Liabilities

Credit

Non Credit

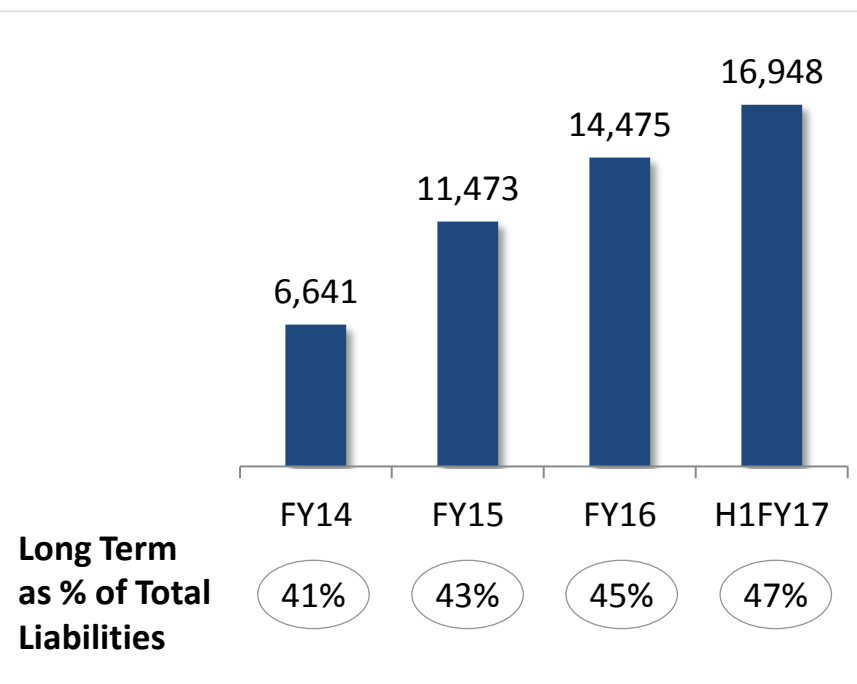
Insurance

Balance Sheet

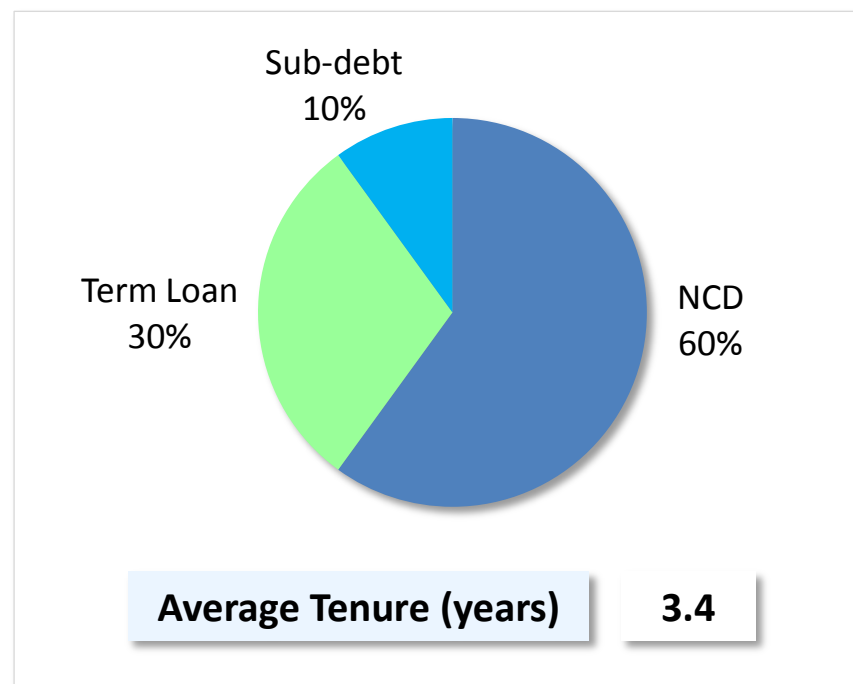
Share of Long Term funds increasing



Long Term Liabilities INR (Cr)



Long Term Liabilities Breakup



- Long Term Liabilities growing in line with Asset Profile
- Contracted Long Term Liabilities with Insurance Companies, Banks & Mutual Funds
- Edelweiss Housing Finance Non Convertible Debenture Subscribed on Day 1 - ~ 80% demand for 10 year
- Raised INR 502 cr from International Markets, through “Masala” Bonds in current quarter

Credit

Non Credit

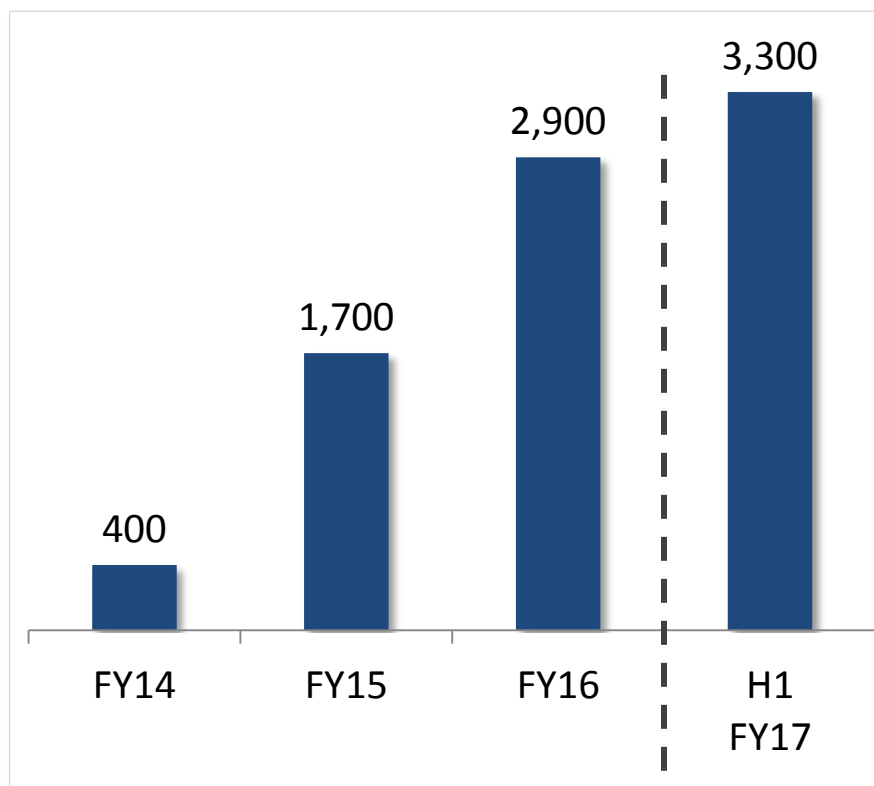
Insurance

Balance Sheet

Liquidity Cushion at ~INR 3300 Cr is 9% of Balance Sheet



Including off Balance sheet lines INR (Cr)



- 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







Credit

Non Credit

Insurance

Balance Sheet



| Rating agency | Purpose (debt programme) | Rating |
|--|--------------------------|------------|
|  A STANDARD & POOR'S COMPANY | Short term | CRISIL A1+ |
|  Professional Risk Opinion | Short term | CARE A1+ |
|  ICRA | Short term | [ICRA] A1+ |
|  | Long term | BWR AA+ |
|  Professional Risk Opinion | Long term | CARE AA |
|  ICRA | Long term | [ICRA] AA |



ENTERPRISE UPDATE

 **Edelweiss**
PROUD SPONSOR
2016 INDIAN OLYMPIC TEAM



Awards

Marketing campaign of the Year 2016 - CMO Asia
#iAmTeamIndia Olympics campaign wins Marketing campaign of the year 2016



Best Corporate Governance - India
At CFI.co Corporate Governance Awards 2016



Best Equity Capital Markets House and Best Broker
Award at the Finance Asia Country Awards 2016

Special Jury Award for serving MSMEs 2015
(Edelweiss Retail Finance Limited)
At MSME Banking Excellence Awards



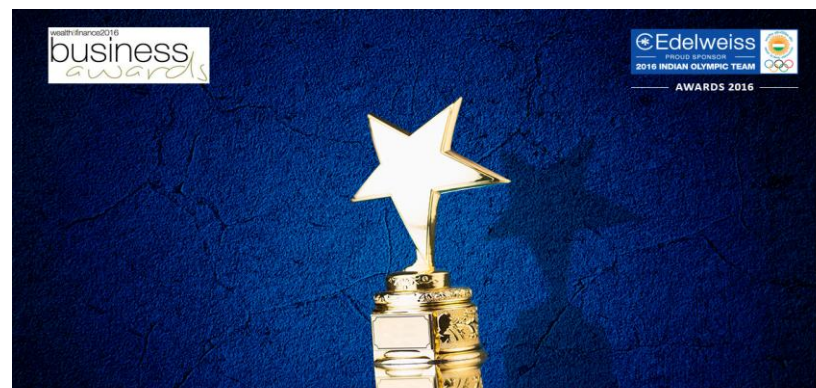
Ranked Amongst India's Best Corporate Brands
2016 in the The Economic Times Consumer Survey



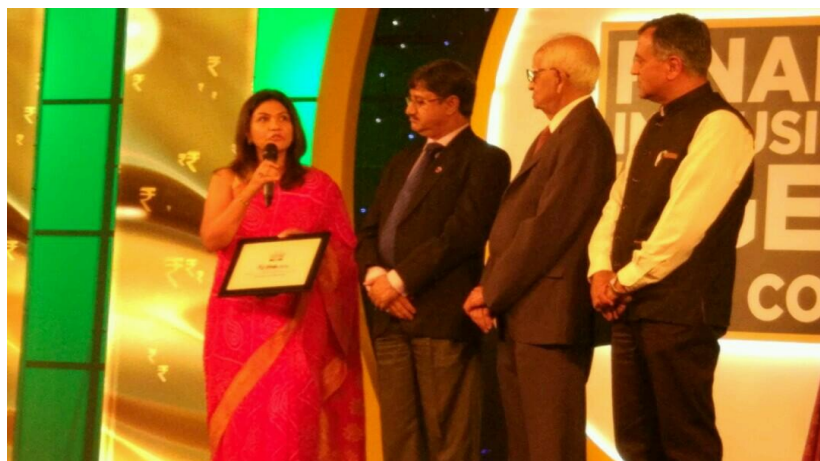
Awards and Recognition



Edelweiss Structured Products awarded the India House of the Year Award at the Asia Risk Awards 2016, Singapore



Edelweiss Financial Services awarded Best Leading Diversified Financial Services – India at the Wealth&Finance 2016 Business Awards.



Edelgive Foundation awarded best Financial Inclusion Awards for Institutions & Philanthropic Trusts for Advancing Financial Inclusion By Channelizing CSR Budgets into Financial Aids by CNBC – TV 18



Winner at Indian Brand Convention, BAM Award 2016 for Best CSR Campaign; Gold at Asia Pacific Customer Engagement Award 2015-16 for Successful use of CSR

Edelweiss Social Media Campaigns:



#YourKnowledgeQuotient

Edelweiss
PROUD SPONSOR
2016 INDIAN OLYMPIC TEAM

#YourKnowledgeQuotient

What is repo rate?

a Used by monetary authorities to control inflation

b Used by monetary authorities to control deflation

c Used by monetary authorities to control both

d None

Lucky winners stand a chance to win Shopping Vouchers worth Rs. 500!

T&C: Entries after 7p.m. today will not be accepted.

Edelweiss
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2016 INDIAN OLYMPIC TEAM

Deepa Malik
Shot-put F53
Silver medallist at Paralympics '16!

#DebunkFinanceMyth

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#DebunkFinanceMyth

Medicare will cover all health expenses

Truth
Medicare doesn't cover all health related expenses. There are many costs which are not covered under medical insurance and the burden of these costs fall directly on the person.

WishingtheParalympics2016

What does the bear and the bull stand for?

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A. Bear means stocks are falling & the Bull means stocks are rising.
B. The Stock Market is opened and closed.
C. Bear means stocks are rising & Bull means stocks are falling.

#ScoringSunday

TRADE MATE

Edelweiss

Refer & Win

Edelweiss Tokio Life
TotalSecure+

A protection plan that gives you the dual benefit of lifelong security and critical illness protection

“AB LIFE KO MILEGA +”

EdelGive Foundation - Key Highlights



Impacted over 300,000 lives in 13 states
Supported 85 Non-Governmental Organizations.
Brought INR 67 cr into philanthropy

Education

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



Quality education for underprivileged 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

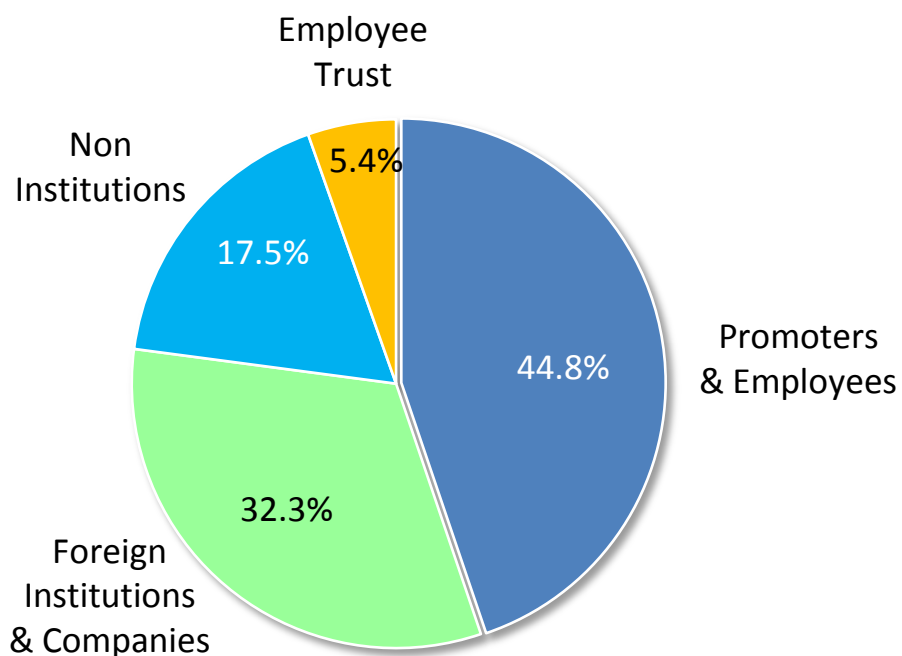


The Protection of Women from Domestic Violence



Edelweiss employees, families and clients have given 15,500+ hours in volunteering

Shareholding Pattern



TOP INSTITUTIONAL SHAREHOLDERS ABOVE 1%* (AS ON SEP 30, 2016)

| | Name | Percent |
|---|--------------------|---------|
| 1 | Carlyle | 8.2% |
| 2 | BIH SA | 5.3% |
| 3 | Fidelity | 4.9% |
| 4 | SAIF Advisors | 3.1% |
| 5 | Amansa Investments | 1.4% |
| 6 | Ashoka PTE | 1.1% |

Significant Institutional Ownership

* Holding of known affiliates have been clubbed together for the purpose of this information



DETAILED FINANCIALS

Consolidated Results



| (INR Cr) | FY17 | FY17 | FY16 | FY17 | FY16 | FY16 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q2 | Q1 | Q2 | H1 | H1 | Annual |
| Fee and Commission Income | 240 | 171 | 148 | 411 | 311 | 697 |
| Fund based Income | 1,232 | 1,221 | 1,026 | 2,453 | 1,982 | 4,218 |
| Premium from Life Insurance Business | 85 | 53 | 57 | 138 | 88 | 300 |
| Other Operating Income | 40 | 27 | 16 | 67 | 30 | 87 |
| Other Income | 4 | 7 | 1 | 11 | 5 | 14 |
| Total Revenue | 1,601 | 1,479 | 1,248 | 3,080 | 2,416 | 5,316 |
| Employee Benefits Expense | 276 | 248 | 213 | 524 | 425 | 882 |
| Financial Costs | 709 | 699 | 638 | 1,408 | 1,243 | 2,620 |
| Depreciation & Amortization | 23 | 23 | 21 | 46 | 41 | 90 |
| Change in life ins. policy liability – actuarial | 87 | 55 | 49 | 142 | 72 | 256 |
| Other Expenses | 269 | 240 | 188 | 509 | 359 | 849 |
| Total Expenses | 1,364 | 1,265 | 1,109 | 2,629 | 2,140 | 4,697 |
| Profit Before Tax | 237 | 214 | 139 | 451 | 276 | 619 |
| Tax Expenses | 97 | 83 | 48 | 180 | 95 | 236 |
| Profit After Tax | 140 | 131 | 91 | 271 | 181 | 383 |
| Share of Minority Interests in Profits | -4 | -9 | -5 | -13 | -6 | -31 |
| Profit After Tax and Minority Interest | 144 | 140 | 96 | 284 | 187 | 414 |
| Diluted EPS ⁶ (in INR) (FV INR 1) | 1.65 | 1.63 | 1.11 | 3.26 | 2.18 | 4.85 |
| Book Value per Share (in INR) (FV INR 1) | 48 | 47 | 42 | 48 | 42 | 45 |

Consolidated Results ex-Insurance



| INR in million | FY17 | FY17 | FY16 | FY17 | FY16 | FY16 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q2 | Q1 | Q2 | H1 | H1 | Annual |
| Fee and Commission Income | 240 | 171 | 148 | 411 | 311 | 697 |
| Fund based Income | 1,185 | 1,180 | 1,008 | 2,365 | 1,939 | 4,132 |
| Other Operating Income | 40 | 27 | 16 | 67 | 30 | 86 |
| Other Income | 4 | 7 | - | 11 | 4 | 13 |
| Total Revenue | 1,469 | 1,385 | 1,172 | 2,854 | 2,284 | 4,928 |
| Employee Benefits Expense | 236 | 214 | 184 | 450 | 367 | 754 |
| Financial Costs | 708 | 699 | 637 | 1,407 | 1,243 | 2,619 |
| Depreciation & Amortization | 21 | 21 | 19 | 42 | 37 | 83 |
| Other Expenses | 224 | 207 | 160 | 431 | 300 | 698 |
| Total Expenses | 1,189 | 1,141 | 1,000 | 2,330 | 1,947 | 4,154 |
| Profit Before Tax | 280 | 244 | 172 | 524 | 337 | 774 |
| Tax Expenses | 97 | 83 | 48 | 180 | 95 | 236 |
| Profit After Tax | 183 | 161 | 124 | 344 | 242 | 538 |
| Share of Minority Interests in Profits | -17 | -6 | -4 | -23 | -9 | -19 |
| Profit After Tax and Minority Interest | 166 | 155 | 120 | 321 | 231 | 519 |
| Diluted EPS ⁶ (in INR) (FV INR 1) | 1.89 | 1.85 | 1.4 | 3.69 | 2.71 | 6.22 |

Consolidated Financials – Balance Sheet



| (INR Cr) | Sep 16 | Mar 16 | Sep 15 | Mar 15 |
|---|---------------|---------------|---------------|---------------|
| Equity and Liabilities | | | | |
| Shareholders' Funds | 4,093 | 3,760 | 3,391 | 3,246 |
| Equity | 4,008 | 3,675 | 3,306 | 3,161 |
| Preference | 85 | 85 | 85 | 85 |
| Minority Interest | 755 | 612 | 365 | 286 |
| Borrowings | 30,974 | 27,773 | 25,688 | 23,540 |
| Total | 35,822 | 32,145 | 29,445 | 27,072 |
| Assets | | | | |
| Credit Book Assets | 24,860 | 20,014 | 17,321 | 15,036 |
| Fixed Deposits and Cash & Bank Balances | 2,858 | 3,116 | 1,288 | 3,356 |
| Government Bonds | 4,420 | 4,866 | 4,950 | 4,323 |
| Other Assets | 3,684 | 4,149 | 5,885 | 4,357 |
| Total | 35,822 | 32,145 | 29,445 | 27,072 |



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For purpose of comparison, following Banks & NBFCs/DFS are considered

Private Banks: HDFC, Kotak, Axis, Yes, IndusInd, ICICI Bank

NBFCs/DFS : Bajaj Finserv, L&T Finance, Mahindra Finance, IIFL; Shriram Transport Finance, Shriram City Union, Reliance Capital, JM Financial, Motilal

Edelweiss Financial Services Limited Corporate Identity Number: L99999MH1995PLC094641

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