

Edelweiss Group, Central Bank of India partner to Co-lend to MSMEs

- Second Co-Origination MoU for Edelweiss & maiden Co-origination alliance for Central Bank of India
- Business loans from INR 3 lacs to INR 2 crore specially for the MSME sector in over 100 Indian cities

Mumbai, September 1st 2019 – ECL Finance Limited, a subsidiary of Edelweiss Financial Services Limited and Central Bank of India (CBI), one of India's largest commercial banks, signed an agreement for Priority Sector Lending to Micro, Small and Medium Enterprise (MSME) customers. The partnership comes after the Reserve Bank of India announced the progressive Co-Origination Policy in September 2018, allowing banks and NBFCs to co-lend to a wider set of enterprise owners. This is the first such Co-Origination partnership of Central Bank of India with an NBFC.

With this alliance, Edelweiss and Central Bank of India, aim to create a conducive lending environment and democratise access to credit. For Central Bank of India, this partnership significantly raises its lending profile in the priority sector, through efficient risk mitigation. Edelweiss, on the other hand, brings its expertise in the credit business, to underserved customers in hard-to-reach markets in tier II and tier III cities. The partnership, hence, combines the strengths of Central Bank of India and Edelweiss, creating a win-win situation for both with maximum benefit being transmitted to the customer.

The partnership aims to facilitate speedy disbursement of credit across a bouquet of products, including machinery and business loans. Enabled by technology, the alliance will ensure robust underwriting for originations, positively impacting the creditworthiness of MSMEs, in over 100 cities in India. Many MSMEs face challenges of high interest rates or are excluded from access to banking services, given geographical inaccessibility. Through this innovative model of lending, MSMEs will now enjoy a blended lower rate of interest, translating into a lower cost of funds, helping them deploy capital more effectively in their business.

Speaking on the development, **Rashesh Shah, Chairman & CEO of Edelweiss Group** said, "RBI's guidelines on Co-Origination are commendable. This is also in line with our strategy to partner-public sector enterprises to increase financial penetration and provide easier access to credit products to MSMEs, who form the backbone of the Indian economy. We are delighted to work with the Central Bank of India, to leverage our joint strengths and our large network of clients across India."

Speaking on the occasion, Shri. Pallav Mohapatra, MD & CEO, Central Bank of India, said "The Hon'ble Finance Minister announced slew of growth oriented measures last Friday and had asked Banks to implement Co-Origination platforms to extend financial support to MSMEs, who are the major contributor to exports, GDP and also generate large scale employment. We believe that the Co-Origination model will enable easier access to credit under Priority Sector lending for the MSME segment. This partnership shall enable us to collaborate and harness technology, bring in the best practices in credit underwriting finer pricing and render a far superior experience in terms of turn-around time to customers."

Deepak Mittal, MD & CEO, ECL Finance added, “We are excited to work with an esteemed national bank such as Central Bank of India and further extend our dual reach to MSMEs. Our proven ability in origination, credit assessment and monitoring of asset quality, especially amongst this important and growing sector, will help to enhance our portfolio as we step up lending to a credit starved economy.”

Last month, the Edelweiss group signed an agreement with Bank of Baroda for a strategic Co-Origination partnership. The partnership with Central Bank of India, comes in quick succession, at a time when access to credit is a crucial catalyst for the continued growth of the MSME segment.

Edelweiss Group has built a significant competitive position across businesses, including the Credit segment. The Credit business has been a significant growth engine for the Edelweiss Group with the retail credit segment having grown to 50% of the total book at over INR 18,000 crore at the end of FY19. The business has both size and scalability with a growing presence pan India. The overall Credit business has remained resilient amidst tough market conditions, due to the sheer strength of the Group’s diversified business model, robust risk mitigation and credit assessment, as well as superior asset quality and low NPA levels.

In recent years, the Edelweiss Group has cemented several partnerships with leading global institutions including Caisse de depot et placement du Quebec (One of North America’s largest pension funds), Allianz Investment Management (Part of the Allianz Group, one of the world’s largest insurers), Bank of Singapore and Arthur J Gallagher across market leading platforms, in ECL Finance, Private Debt, Wealth Management and Insurance Broking businesses respectively. Most recently, Edelweiss announced an investment of US\$ 75 million (~INR 525 crores), by US-based major Kora Management in Edelweiss Global Investment Advisors (EGIA), subject to structuring-related milestones.

About Edelweiss Group

The Edelweiss Group is one of India's leading diversified financial services company providing a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions and individuals. Edelweiss's products and services span multiple asset classes and consumer segments across domestic and global geographies. Its businesses are broadly divided into **Credit Business** (**Retail Credit** comprises of **Retail Mortgages, SME and Business Loans, ESOP and Margin Financing, Agri and Rural Finance, Corporate Credit** comprises of **Structured Collateralised Credit** to Corporates and **Wholesale Mortgages, and Distressed Credit**), **Advisory Business** (**Wealth Management, Asset Management and Capital Markets**) and **Insurance** (**Life and General Insurance**). Edelweiss has a Balance Sheet of INR 53,932 cr, as of 31st March, 2019. The Group had a revenue of INR 10,886 cr and PAT of INR 995 cr for FY19.

To learn more about the Edelweiss Group, please visit www.edelweissfin.com.

About Central Bank of India



Established in 1911, Central Bank of India was the first Indian commercial bank which was wholly owned and managed by Indians. The establishment of the Bank was the ultimate realisation of the dream of Sir Sorabji Pochkhanawala, founder of the Bank. Sir Pherozesha Mehta was the first Chairman of a truly 'Swadeshi Bank'. During the past 106 years of history the Bank has weathered many storms and faced many challenges. The Bank could successfully transform every threat into business opportunity and excelled over its peers in the Banking industry.

Central Bank has been playing an increasingly active role in promoting the key thrust areas of agriculture, small scale industries as also medium and large industries. The Bank also introduced several Self Employment Schemes to promote employment among the educated youth. Central Bank of India holds a very prominent place among the Public Sector Banks on account of its network of 4659 Branches, 1, along with 10 Satellite Offices (as on February 2019) at various centres throughout the length and breadth of the country.

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