

EW/Sec/2018/384

November 5, 2018

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

Dear Sirs,

Ref.:- Symbol - EDELWEISS

Sub: General Announcement - Update on Liquidity Management in USD

Enclosed is an Update on Liquidity Management in USD for your information and record.

Thanking you,

Yours faithfully,
For Edelweiss Financial Services Limited


B. Renganathan
Executive Vice President & Company Secretary

Encl: a/a

EW/Sec/2018/385

November 5, 2018

BSE Limited
P J Towers, Dalal Street,
Fort, Mumbai – 400 001.

Dear Sirs,

Ref.:- Scrip Code:- 532922


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Update on Liquidity Management

Oct 01, 2018

Liquidity and Growth Outlook (1/2)



Liquidity

- Maintained a Liquidity Cushion of ~9-10% of balance sheet at all points of time
 - Current Liquidity Cushion at ~ \$ 750 Mn
- Medium and long term sources of funds are upwards of 68% of total balance sheet
- Adequate Liquidity Cushion currently positions us to meet all contractual liabilities over next 6 months even without roll-overs (slide 7)

Growth

- Short-term funding is seeing tightness, expected to improve in coming months
- Demand for credit is steady, however, growth may taper down by around 10 -12 percentage points for the market; NIMs likely to see an expansion
- In 2017, we communicated about Aspirations for 2020 in terms of asset quality, ROA and ROE. Based on current conditions, we do not see any reason to revise our Aspirations

Liquidity and Growth Outlook (2/2)



Profitability & Outlook

- Reduction in low-yielding High Quality Liquid Assets (HQLA) will have positive impact on RoA
- High RoA business is primarily long-term in nature and is expected to pick up in some time
- Our diversified model will help us navigate through the short-term challenges
 - 45% of the PAT contribution came from Distressed Assets, Wealth and Asset Management and Capital Markets business in FY18
- Tail-wind of ARC resolutions will help PAT growth
- We are currently not experiencing any deterioration in asset quality

Short-term assets are primarily low RoA in nature



| Assets (\$ Mn) | Sep 27, 2018 | Typical RoA range | Majorly funded by | Asset Behavioral Tenor | | |
|---|--------------|-------------------|-------------------|------------------------|-----|------|
| | | | | ST | MT | LT |
| Liquid Treasury Assets (A) | 1,080 | 0.60% - 1.00% | CP & ST Debt | 100% | 0% | 0% |
| Liquid Credit Book (LAS, Others) (B) | 1,020 | 0.75% - 1.25% | CP | 100% | 0% | 0% |
| High Quality Liquid Assets (A+B) | 2,100 | | | | | |
| Retail Mortgages | 1,160 | 1.00% - 1.50% | Debt | 15% | 30% | 55% |
| SME and Business Loans | 570 | 1.50% - 2.00% | Debt | 10% | 50% | 40% |
| Corporate Credit | 1,320 | 1.75% - 2.25% | Debt and TL | 20% | 40% | 40% |
| Wholesale Mortgage | 1,590 | 2.50% - 3.00% | Debt and TL | 20% | 40% | 40% |
| Distressed Credit | 1,020 | 4.00% - 4.50% | Debt, TL & Equity | 10% | 30% | 60% |
| Corporate Assets incl. Insurance | 360 | 0% | Equity & Tier-2 | 0% | 0% | 100% |
| Total | 8,120 | | | | | |

High Quality Liquid Assets constitute ~26% of Total Assets

Unaudited provisional numbers as on Sep 27, 2018 rounded off to nearest 10s

Liquid Treasury Assets include On Balance Sheet Liquidity Cushion

ST – Maturity less than one year, MT –Maturity between 1 and 3 years, LT – Maturity more than 3 years

Assets are funded by liabilities across tenors..



| Assets (\$ Mn) | Sep 27, 2018 | Funded by.. | | | | | |
|-------------------------------------|--------------|-------------|--------------|--------------|------------|--------------|-----------------|
| | | Repo | CP | Debt | Bank CC | TL | Tier 2 & Equity |
| Liquid Treasury Assets | 1,080 | 70 | 400 | 360 | 30 | 150 | 70 |
| Liquid Credit Book (LAS, Others) | 1,020 | | 870 | 40 | | | 110 |
| Retail Mortgages | 1,160 | | | 750 | 100 | 170 | 150 |
| SME and Business Loans | 570 | | | 340 | 40 | 100 | 80 |
| Corporate Credit | 1,320 | | | 440 | 80 | 540 | 260 |
| Wholesale Mortgage | 1,590 | | | 460 | 110 | 720 | 300 |
| Distressed Credit | 1,020 | | | 280 | 70 | 410 | 260 |
| Corporate Assets & Insurance Equity | 360 | | | 140 | | | 220 |
| Total | 8,120 | 70 | 1,270 | 2,810 | 430 | 2,090 | 1,450 |

Short-term money largely funds liquid treasury assets and liquid credit book

Unaudited provisional numbers as on Sep 27, 2018 rounded off to nearest 10s

Liquid Treasury Assets include On Balance Sheet Liquidity Cushion

.. With assets in each tenor range adequately covering the liabilities



| (\$ Mn) | Assets | Liabilities | Gap |
|-------------|--------|-------------|-----|
| Short-Term | 3,010 | 2,590 | 420 |
| Medium-Term | 2,100 | 1,770 | 330 |
| Long-Term | 2,650 | 2,280 | 370 |

Unaudited provisional numbers as on Sep 27, 2018, rounded off to nearest 10s

Above table does not include Corporate and Insurance on the assets side and Tier-2 capital and Net worth on the liabilities side

Short Term Liabilities include Repo, CPs, Bank CC lines and ST debt with residual tenor less than one year

Medium Term Liabilities include Debt with residual tenor between one to three years

Long Term Liabilities includes all other Debt

Estimated Liquidity Cushion till March 2019

| Particulars (\$ Mn) | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Opening Liquidity Cushion (A) | 750 | 1,000 | 1,100 | 1,120 | 1,090 | 1,090 |
| A) Inflows: | | | | | | |
| 1. Reduction in High Quality Liquid Assets | 630 | 510 | 80 | - | - | - |
| 2. Asset EMI and Repayments | 150 | 120 | 230 | 100 | 100 | 280 |
| Total Inflows (B) | 780 | 630 | 310 | 100 | 100 | 280 |
| B) Outflows : | | | | | | |
| 1. Total Borrowings Repayments | (470) | (520) | (260) | (100) | (70) | (300) |
| 2. Expenses & Other Payment | (60) | (10) | (30) | (30) | (30) | (30) |
| Total Outflows (C) | (530) | (530) | (290) | (130) | (100) | (330) |
| Closing Liquidity Cushion (A+B-C) | 1,000 | 1,100 | 1,120 | 1,090 | 1,090 | 1,040 |

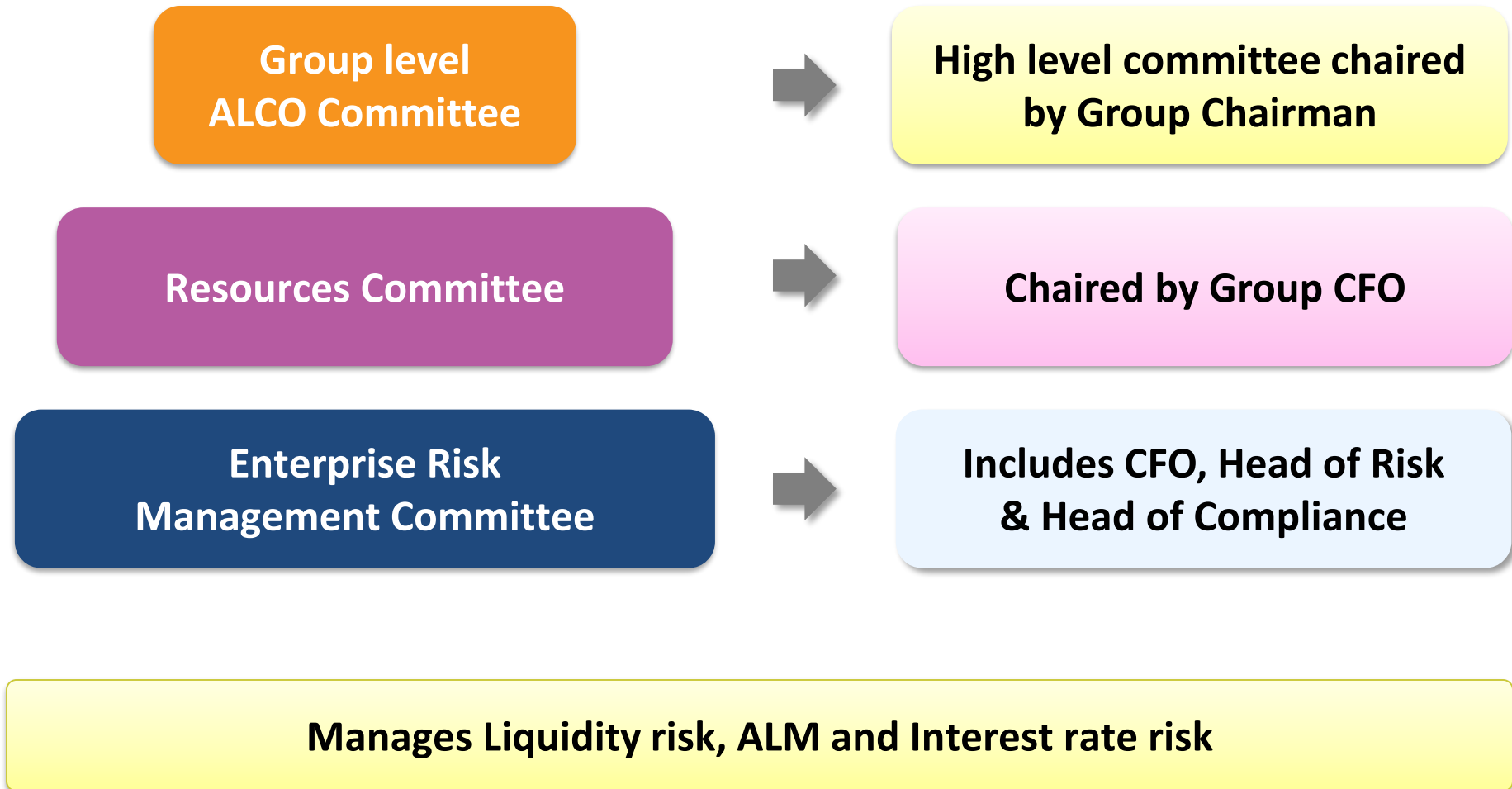
Even without fresh borrowings, existing cash flows will ensure adequate liquidity

Liquidity Cushion as on Sep 27, 2018 was ~\$660 Mn

Liquidity Cushion includes committed but undrawn banking sanction lines

Numbers are rounded off to nearest 10s

Asset Liability Management – Governance Structure



Safe Harbour



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