

Edelweiss Financial Services Limited announces results for Q2FY21
Stronger Balance Sheet. Improved Collections & Recoveries. Growing Customer Assets

Edelweiss Financial Services Limited (EFSL), India's leading diversified financial services company, declared its financial results today for the quarter ended September 30, 2020.

Q2FY21 Key Highlights:

- **P&L highlights – consolidated:** Total Income INR 2,257 Cr and PAT INR (49) Cr (*PAT ex-Insurance INR 7 Cr*)
- **Group Net Worth:** INR 8,093 Cr¹
- **Customer Assets:** ~INR 2,49,100 Cr (*~INR 2,23,000 in Q1FY21*)
- **Continued reduction in Debt Equity Ratio** (*Ex Treasury Assets*) which is currently at 3.1x (*3.2x in Q1FY21*). Borrowings at INR 30,845 Cr² – a reduction of ~40% over H1FY19 levels
- Sequential **improvement in capital adequacy** at key operating entity levels
- **Liquidity remains comfortable** at ~INR 6,600 Cr (*21% of borrowings*)
- Edelweiss Asset Management registered a **strong AUM growth of 105% yoy** and completed the **largest fund raise in the year** in the Indian Private Credit space – a strong validation of capabilities of the platform
 - **Closed ESOF III at \$900 mn (~INR 6,600 Cr)**
 - Generated **strong investor interest** and received **commitments from marquee global institutional investors** which include Ontario Teachers' Pension Plan Board, Florida's State Board of Administration, Swedish Pension Fund - AP4 and a large European insurance company
- **Collection efficiency returning to normalcy.** ECL Finance Ltd., Edelweiss Retail Finance Ltd. and Edelweiss Housing Finance Ltd. reported collection efficiency of 94%, 92% and 91% respectively in Sep 2020
- **Recoveries in Asset Reconstruction were INR 965 Cr** despite current market environment
- Achieved **average fixed cost reduction of 23%** in Q2FY21 against average FY20 fixed costs through enhanced cost discipline

Speaking on the occasion, Mr. Rashesh Shah, Chairman and CEO, Edelweiss Financial Services Limited said:

"Q2 FY21 has been a quarter of continued advancement in line with our stated strategy to emerge fully future-ready to participate in the post Covid economic recovery. In this year of re-set, we have made meaningful progress on our stated near-term priorities in each of our seven businesses.

We have had sustained improvement in our four focus areas across the Group: The balance sheet is stronger with a reduction in Debt to Equity ratio and borrowings, Liquidity has improved to 21% of the borrowings, Asset quality remains under control and we have reduced our average fixed cost base.

¹Including investments of CDPQ, Kora Management and Sanaka Capital in equity convertible instruments

²Borrowings are excluding CBLO, CCDs and accrued interest

Our leadership in Asset management has been reaffirmed with the \$900mn closure of our alternative ESOF III fund. We also successfully closed the second series of Bharat Bond ETF in our Mutual Fund business. Our Customer Assets have been growing well both in Asset Management and Wealth Management. We are seeing a good pick-up in collections with retail collection efficiency crossing 90% levels in September for our lending entities. In ARC also, we have witnessed strong recoveries despite the challenging market environment. Life Insurance and General Insurance remain two of the fastest growing insurers throughout the pandemic.

The EWM demerger process is under way and on plan. We expect to receive regulatory and lender's approvals for the PAG transaction by Q4FY21.

Throughout FY21 we will continue to strengthen our ability to create value in each of our businesses, and progressively unlock value for the benefit of all shareholders."

Business Highlights Q2FY21:

Edelweiss Group's structure is organized under seven business segments – Corporate Credit, Retail Credit, Wealth Management, Asset Management, Asset Reconstruction, Life Insurance and General Insurance.

1. Corporate Credit (ECL Finance Ltd.)

Business performance and updates – Q2FY21:

Particulars	Financials in INR Cr
Net Worth	3,210
Loan Book	10,569
Capital Adequacy	23.5%
PAT	22
NIM %	2.6%
NNPA %	2.3%

- Collections of ~INR 400 Cr in Q2FY21 – Achieved collection efficiency of 94% in Sept'20
- Focused on resource raising to generate liquidity
 - Raised INR 1,900 Cr across PCG and TLTRO schemes and ~INR 400 Cr from banks and other sources in H1FY21
 - Pipeline for H2FY21 includes ~INR 1,000 Cr of fresh borrowings and ~INR 500 Cr through securitization of assets

2. Retail Credit (EHFL & ERFL)

Business performance and updates – Q2FY21:

Particulars	Financials in INR Cr	
	EHFL	ERFL
Net Worth	782	481
Loan Book	3,815	1,362
Capital Adequacy	28.2%	29.5%
PAT	13	8
NIM %	3.6%	5.7%
NNPA %	1.4%	1.7%

- Steady improvement in overall collections with September collection efficiency at ~91% – similar to March 2020 levels
- Raised ~INR 350 Cr across PCG and TLTRO schemes, banks & other sources in H1FY21
- Achieved branch network optimization by consolidating geographical footprint
- Assigned mortgages loans portfolio of INR 560 Cr during the Q2FY21

3. Wealth Management (ESL & Others)

Business performance and updates – Q2FY21:

Particulars	Financials in INR Cr
Net Worth	1,348
Net Revenues	256
PBT	101
PAT	83
AUA	~1,33,200

- Business momentum back to pre-Covid levels
- Enhanced client engagement cutting across all segments – affluent to mega institutions
- Continue to see strong traction
 - AUA growth of 24% YoY
 - Net New Money of ~INR 1,530 Cr in Q2FY21 and ~INR 2,800 Cr in H1FY21
- Closed marquee transactions across ECM, DCM and M&A in a challenging environment

4. Asset Management (EAMC, EAAA and Others)

Business performance and updates – Q2FY21:

Particulars	Financials in INR Cr	
	EAMC (MF)	EAAA & Others (Alts)
Net Worth	160	21
Net Revenues	27	35
PBT	1	2
PAT	1	2
AUM	~44,000	~29,500

Alternative Asset Management:

- Closed ESOF III, our flagship performing credit fund at ~INR 6,600 Cr (\$ 900 mn)
 - Received investment commitment of ~INR 2,650 Cr (\$ 350 mn) from Canada's largest pension plan – Ontario Teachers in Q2FY21

Mutual Fund

- Equity YTD Inflows of ~INR 600 Cr against industry outflows of ~INR 9,000 Cr
- Launched an equity passive fund in partnership with MSCI, the world's largest index provider

5. Asset Reconstruction (EARC)

Business performance and updates – Q2FY21:

Particulars	Financials in INR Cr
Net Worth	2,123
Net Revenues	84
PBT	63
PAT (pre MI)	46
AUM	~42,400

- Strong recoveries despite current market environment
 - Recoveries at INR 965 Cr in Q2FY21 against INR 827 Cr in Q2FY20
 - Minimal impact of non-operational NCLT as restructuring accounts formed 36% of the resolution strategy mix
- Comfortable liquidity position of ~INR 670 Cr as on Sept'20
- Well matched ALM across all durations

6. Life Insurance (ETLI)

Business updates:

- Amongst only 2 companies to have registered Individual APE growth every month in H1FY21
- Dominant share of Traditional Par and Non-Par at ~84%
- Strong channel mix: 75% is contributed by channels like agency, direct to client and Edelweiss entities
- Launched new product “Active Income Plan” in Q2FY21
- Focused efforts have resulted in healthy claims settlement at 90% in H1FY21
- Edelweiss Tokio Life Wealth Secure Plus:
 - Ranked No. 1 in CRISIL Online ULIP rankings
 - Product Innovation Company of the Year by India Insurance Summit 2020
- Embedded Value as on 30th Sept'20 at INR 1,253 Cr

6. General Insurance (EGIC)

Business updates:

- Fastest growing player in the industry in H1FY21
- Serviced 59% motor claims through the BOLT app in H1FY21
- First Insurer to open its stack to partners and developers realizing aspiration of Open API gateway
- Enhanced focus on building technology capabilities
- Development of innovative products through Sandbox 2.0
- Accelerated pace of buildout of digital motor and health platforms

EdelGive Foundation:

EdelGive Foundation, set up in 2008, is the philanthropic arm of the Edelweiss Group. Over the last 12 years of its existence, EdelGive has evolved into a grant-making organisation, with the mission to build and expand philanthropy in India by funding and supporting the growth of high-caliber small to mid-sized NGOs. With the belief that an inclusive society is built on the foundation of educated children, empowered women, and resilient communities, EdelGive supports organisations working towards these goals, through targeted, community-driven, and high impact interventions. EdelGive has so far supported over **150 NGOs** and influenced over **INR 385 Cr** towards commitments to them.

About Edelweiss Financial Services

The Edelweiss Group is one of India's leading diversified financial services companies, 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.

The group's research driven approach and proven history of innovation has enabled it to foster strong relationships across all client segments. The group has sizeable presence in the large retail segment, through its businesses such as Life Insurance, General Insurance, Housing & SME Finance, Mutual Fund and Retail Financial Markets. Together with strong network of Sub-Brokers and Authorized Persons, Edelweiss group has presence across all major cities in India.

Edelweiss Financial Services trades under the symbols NSE: EDELWEISS, BSE: 532922, Reuters: EDEL.NS and EDEL.BO and Bloomberg: EDEL IS and EDEL IB. Edelweiss stock is covered by sell side research analysts of Morgan Stanley, Citi Research, SBI Cap Securities, ICI Security, Maybank Kim Eng Securities, Haitong International, Credit Suisse Securities and Emkay Global Financial Services.

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

Edelweiss Financial Services Limited **Corporate Identity Number:** L99999MH1995PLC094641

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