



Edelweiss Financial Services Limited

2019



Edelweiss – Our Journey

We Started Edelweiss in 1996...

A graphic of a calendar page for the year 1996. The calendar has a red header with eight silver rings. The page is white with a light gray shadow.

1996

Big Aspirations, Limited Capital!

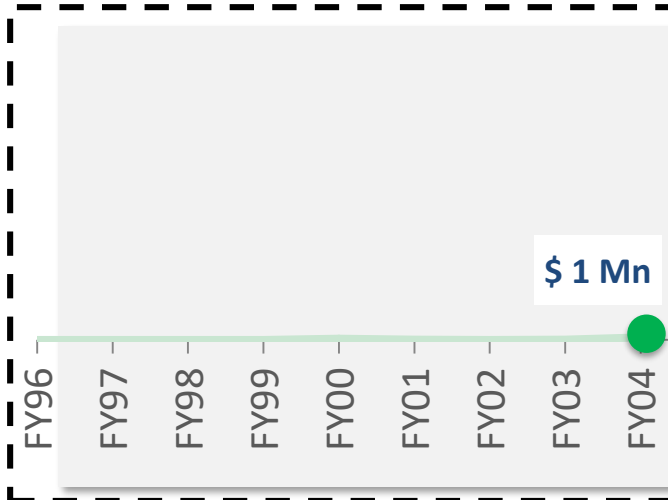
Only \$ 100,000 net-worth

Worked on advisory for high growth companies

Journey So Far: Our First 8 Years



Profit after Tax

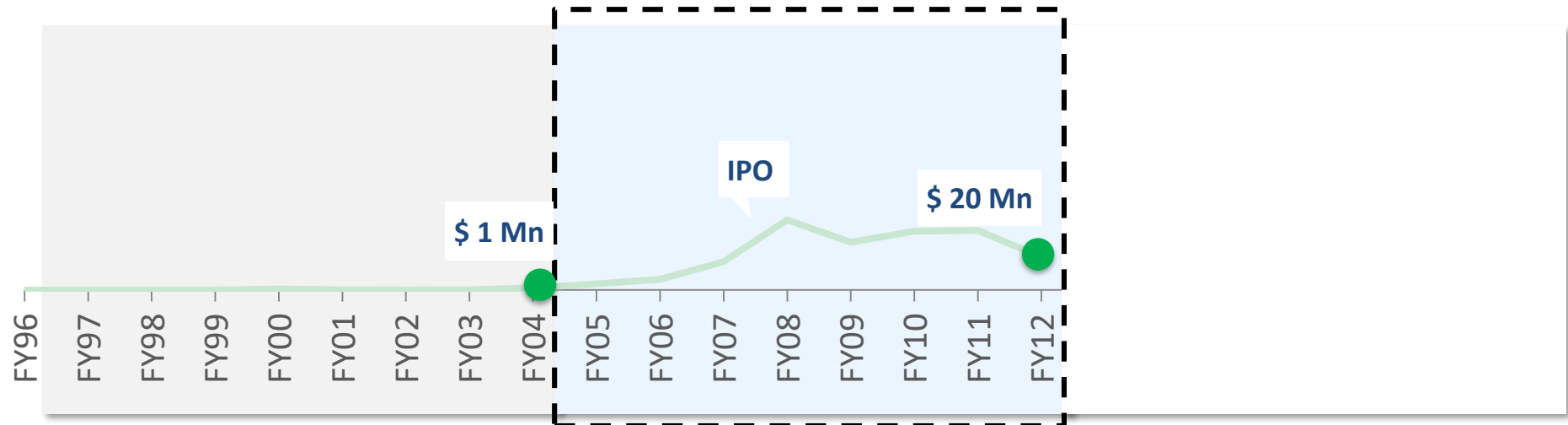


- Foundation of Edelweiss as an Investment bank in 1996 with a capital base of \$ 100,000 & 4 employees
- Expanded into Broking business in 2000
- Grew to a 100-employee company in FY04
- **However it was clear that the significant profit pool in financial services was in credit : strengthening the capital base became key**

The Next 8 Years: Counter-Cyclical Diversification



Profit after Tax



- Continued to build businesses with high quality talent
- Seeded and nurtured diversification through
 - Corporate Loans, Home Loans and SME Loans
 - Distressed Credit
 - Asset & Wealth Management
 - Life Insurance
- Set up our philanthropic foundation – EdelGive

The Current 8 years: Gaining Scale



Profit after Tax



- Focus is on scaling up existing businesses to a size so as to be amongst the top 5 players in each business
- Strong governance and risk management structures created to aid expansion
- Capital base of \$ 1.3 Bn and ~11,500 employees as on Mar 31, FY19

Snapshot of Edelweiss Today



Balance Sheet

\$ 7.8 Bn

Customer Assets

\$ 28.9 Bn

Group Net Worth

\$ 1.3 Bn

Market Cap

\$ 2.7 Bn

Profit after Tax

\$ 172 Mn

RoA

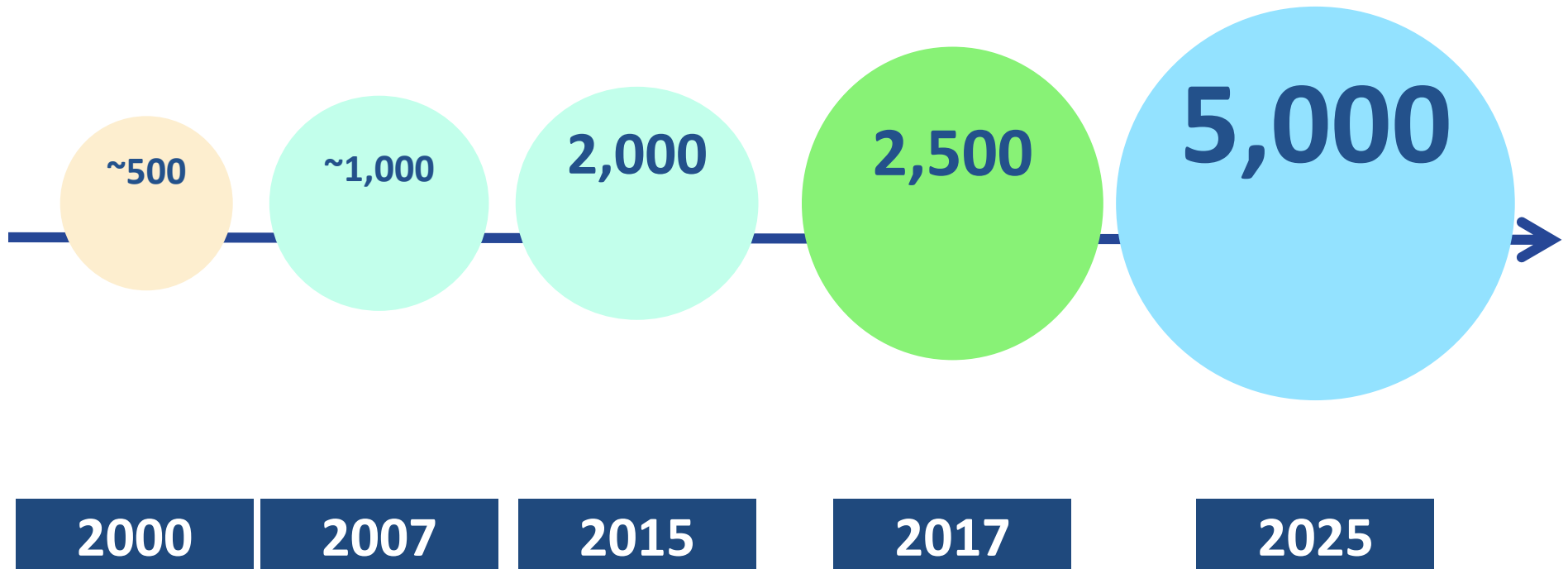
2.4%

India Tailwinds

India's Golden Age of compounding has started



USD Bn



...Will propel India to become the 3rd largest economy by 2025

It is a Great Time to be in India!



Very Robust Macro Indicators



Fiscal deficit under control



Steady GDP growth



Inflation at stable levels



Expansionary monetary and credit policy



Structural reforms have set the base for a new era of growth

5 Irreversible trends of Financial Services



1 Financialization of Savings

2 Democratization of Credit

3 Privatization of Economy

4 Disintermediation of Banking System

5 Localization of Financial services

**These trends are not new –
they have been under way
for nearly**

25 years!

Our business segments to benefit from these trends and significant under penetration in the financial services segments

Key Tenets of Our Business Model

Strong. Steady. Sustainable.

Build a Strong, Steady and Sustainable Business



1

Fortress Balance Sheet

2

Steady Earnings Through Diversification

3

Internal Ownership and Good Governance

4

Strong Global Partnerships

5

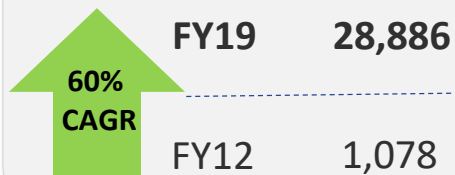
EdelGive Foundation

1 Fortress Balance Sheet

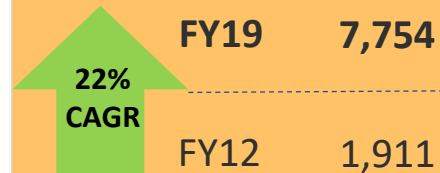


\$ Mn

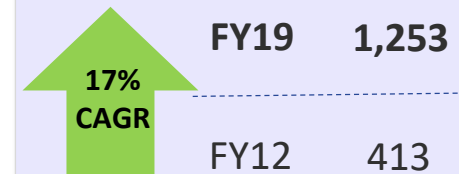
Customer Assets



Balance Sheet Assets



Net Worth

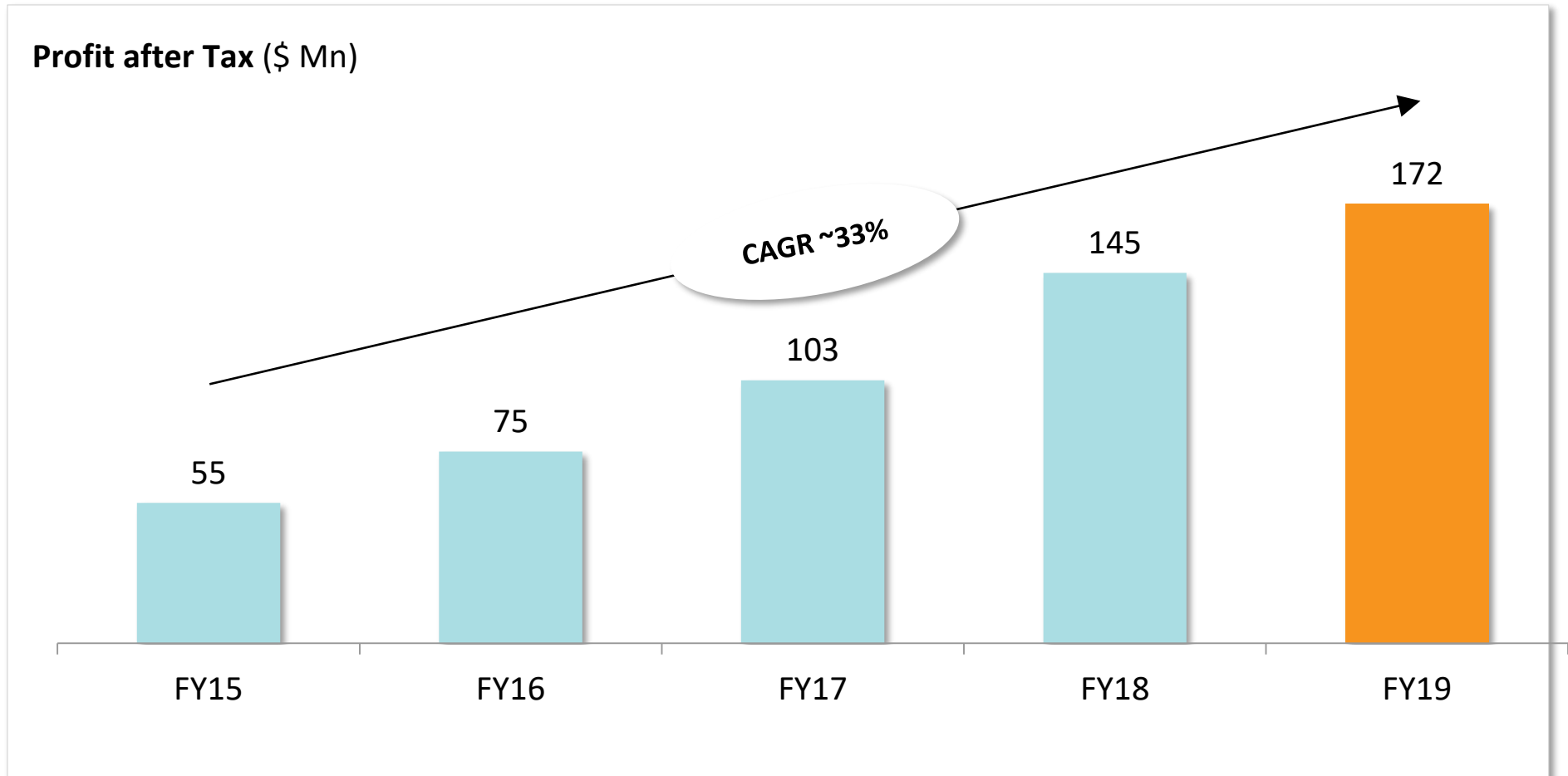


Diversified Liability profile; Long Term Borrowings at 61% of total

D/E (Ex Treasury Assets) maintained conservatively at 4.4x

Voluntary Liquidity Cushion at 12% of our Borrowings

2 Steady profit growth trend ...



Our balance sheet only grew 19% in this period



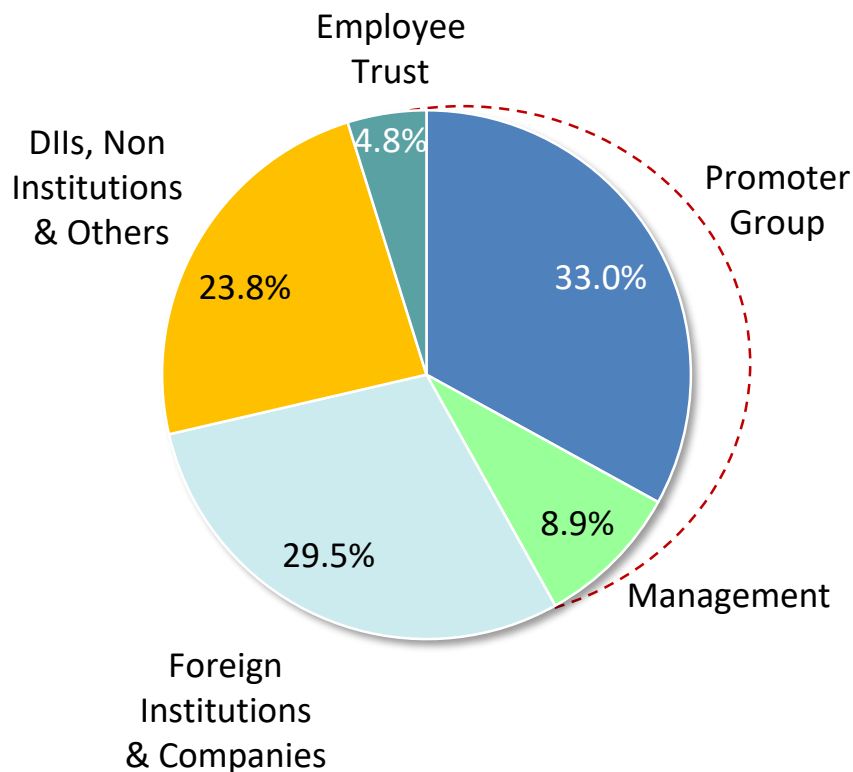
2 ... sustained through diversification

Business Segments (\$ Mn)	% Contribution to FY19 PAT
Retail Mortgage	7%
SME, ESOP and Other Business Loans	9%
Structured Collateralised Credit	16%
Wholesale Mortgage	23%
Distressed Credit Business	30%
Wealth Management and Asset Management	16%
Capital Markets	5%
BMU, Corporate and Others	(6%)
Total Ex- Insurance Pre MI PAT	100%

Our fee based businesses now account for 50% of our profits

3 Culture of internal ownership and good governance

~47% owned by Edelweiss Management



High Corporate Governance Standards

13 member Board

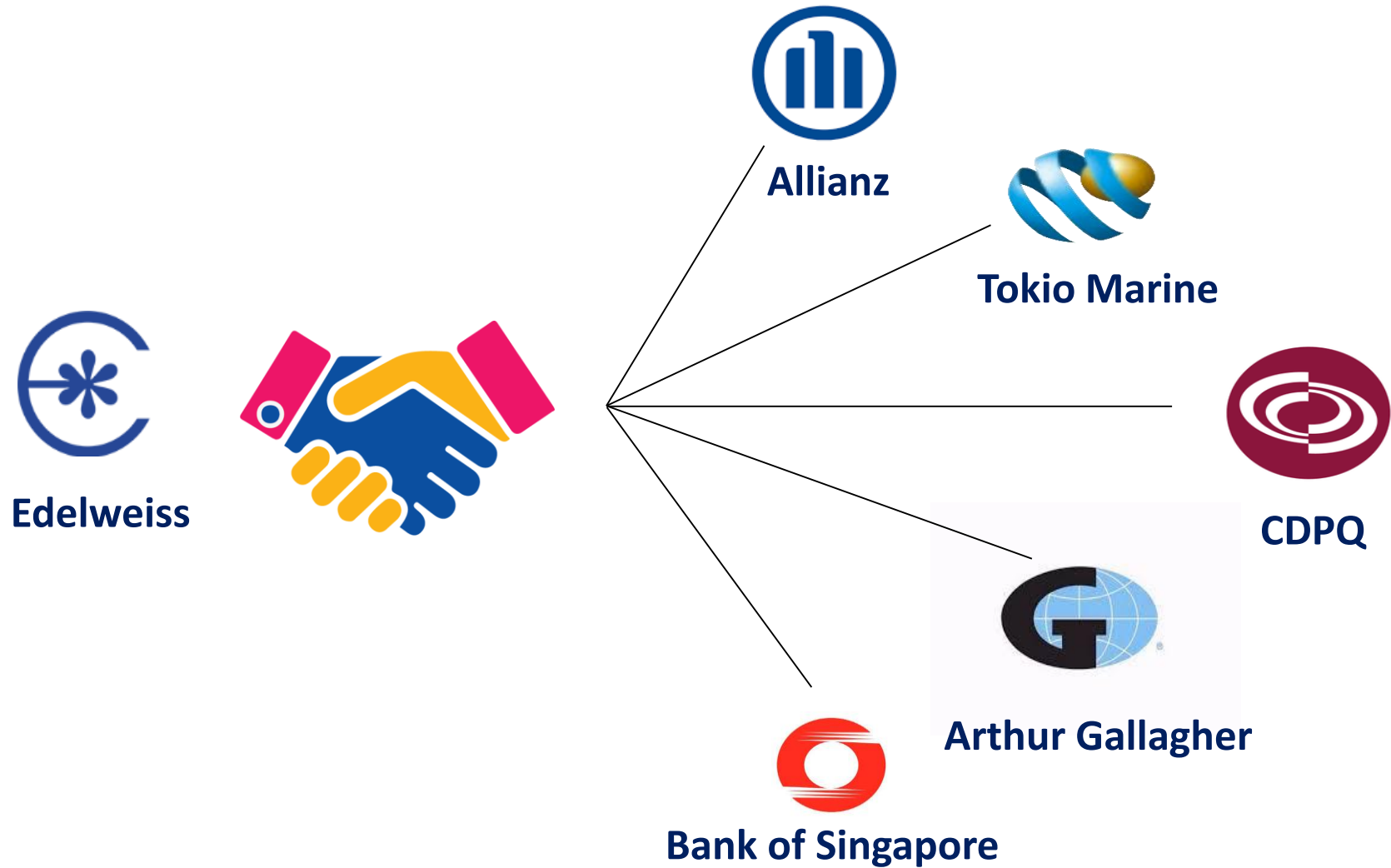
Majority Independent Director's

Key board committees like audit and remuneration consist almost entirely of Independent Directors

Collective work experience across multiple fields of more than ~350 years

Promoting corporate fairness, transparency, accountability and management

4 Backed by Strong Global Partnerships



5 Edelgive Foundation – Investing Back in our Community



Education

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



Quality education for under-privileged children



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



Protection of Women from Domestic Violence



60% of our workforce have volunteered 32,500 man hours for Foundation projects

Our Businesses

The background features a large, dark blue trapezoidal shape on the left side. To its right is a white area. At the bottom, there is a horizontal orange bar that appears to be a ribbon or a thick line, extending from the left towards the right. The overall design is minimalist and modern.

We serve both borrowers and investors



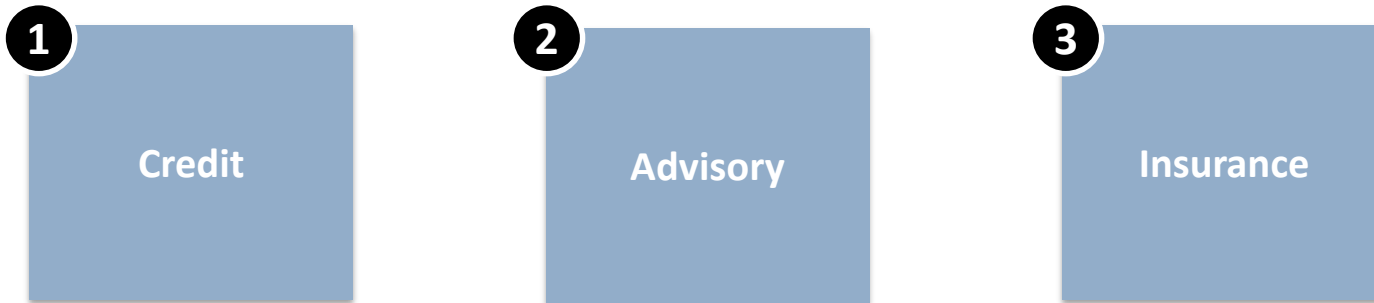
We provide Borrowers with
loans and access to capital markets

We provide Investors with advice
to Deploy & Grow capital

Balance Sheet of a Institution/Individual

LIABILITIES	ASSETS
<ul style="list-style-type: none">• Retail Credit• Corporate Credit• Capital Markets	<ul style="list-style-type: none">• Wealth Management• Asset Management• Distressed Credit• Insurance

Our Business Segments



1. Credit Business

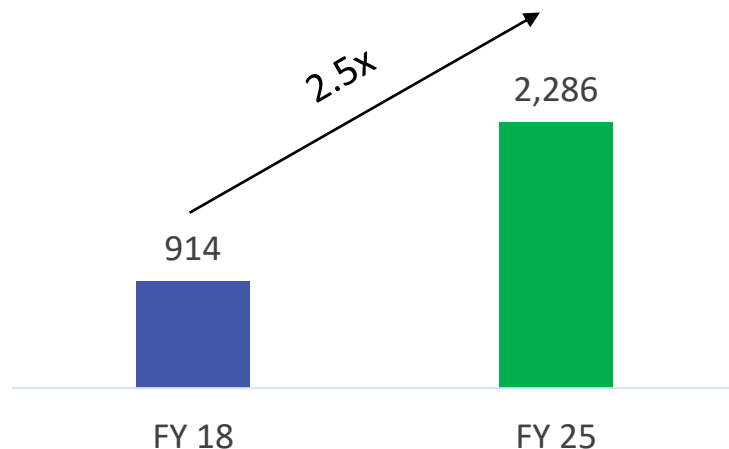
India Credit growth helped by expanding GDP & Increasing Credit Penetration...



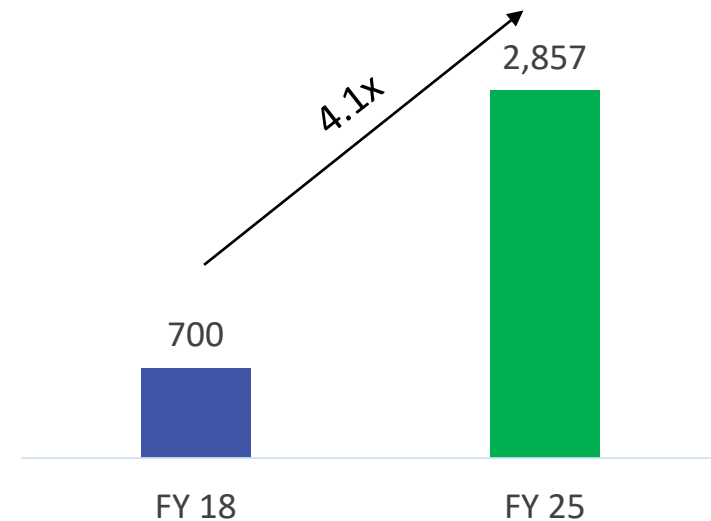
	2018	2025E
GDP	~\$ 2,500 Bn	~2.0x (multiple of 2018)
Credit	~\$ 1,750 Bn	~2.6-3.0x (multiple of 2018)
Credit penetration	~68%	~85%

Retail Credit expected to grow faster than Corporate Credit

Corporate Credit (\$ Bn)



Retail Credit (\$ Bn)



...Democratization of Credit is driven by several factors



Enabling Reforms like Jan Dhan and Mudra and GST



Creation of relevant infrastructure like Aadhaar, RuPay and BHIM



Improved Credit Underwriting mechanisms

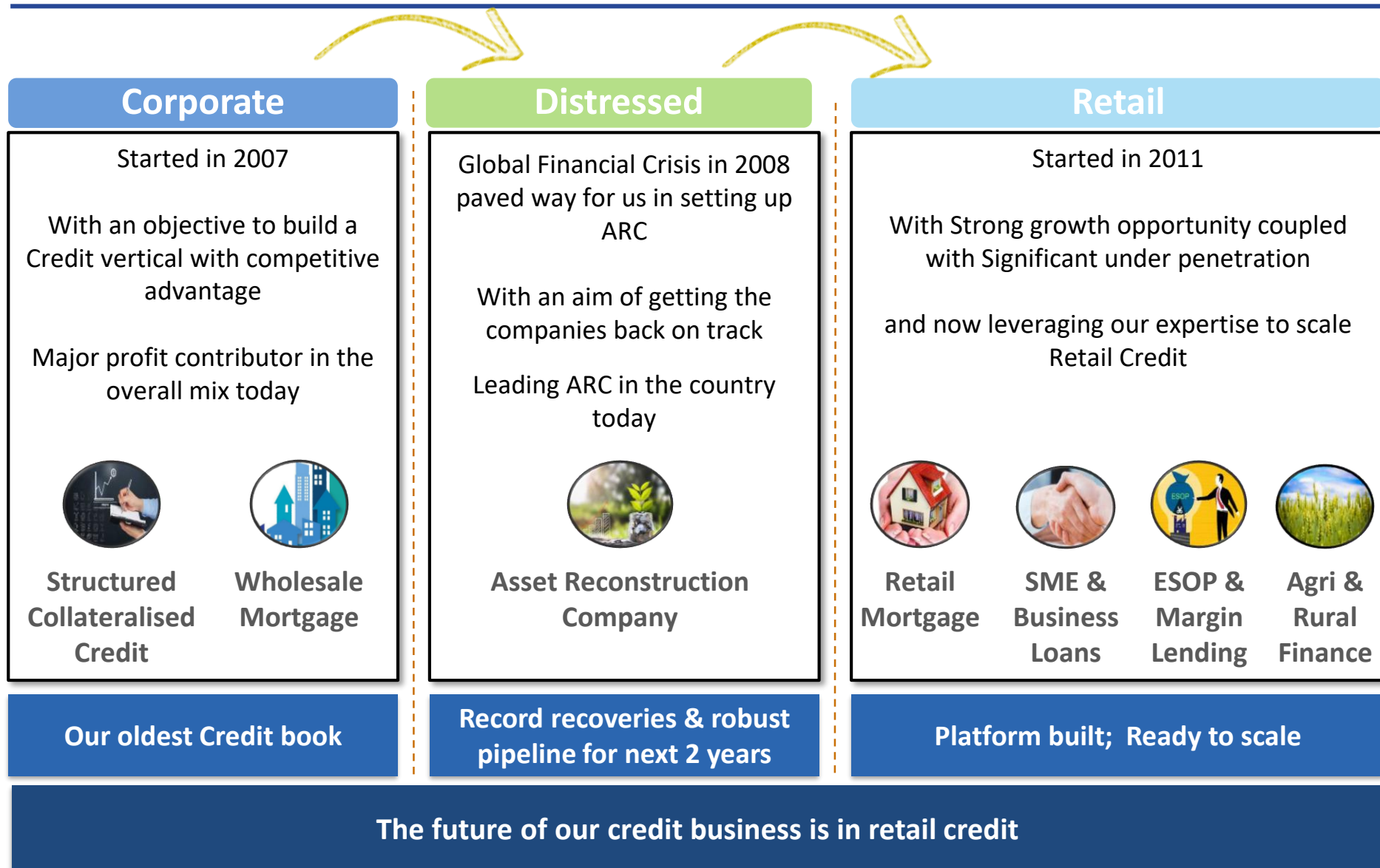


Better borrower data access through agencies like CIBIL



Digitisation of collateral

Our Journey in Credit so far..



2. Advisory Business

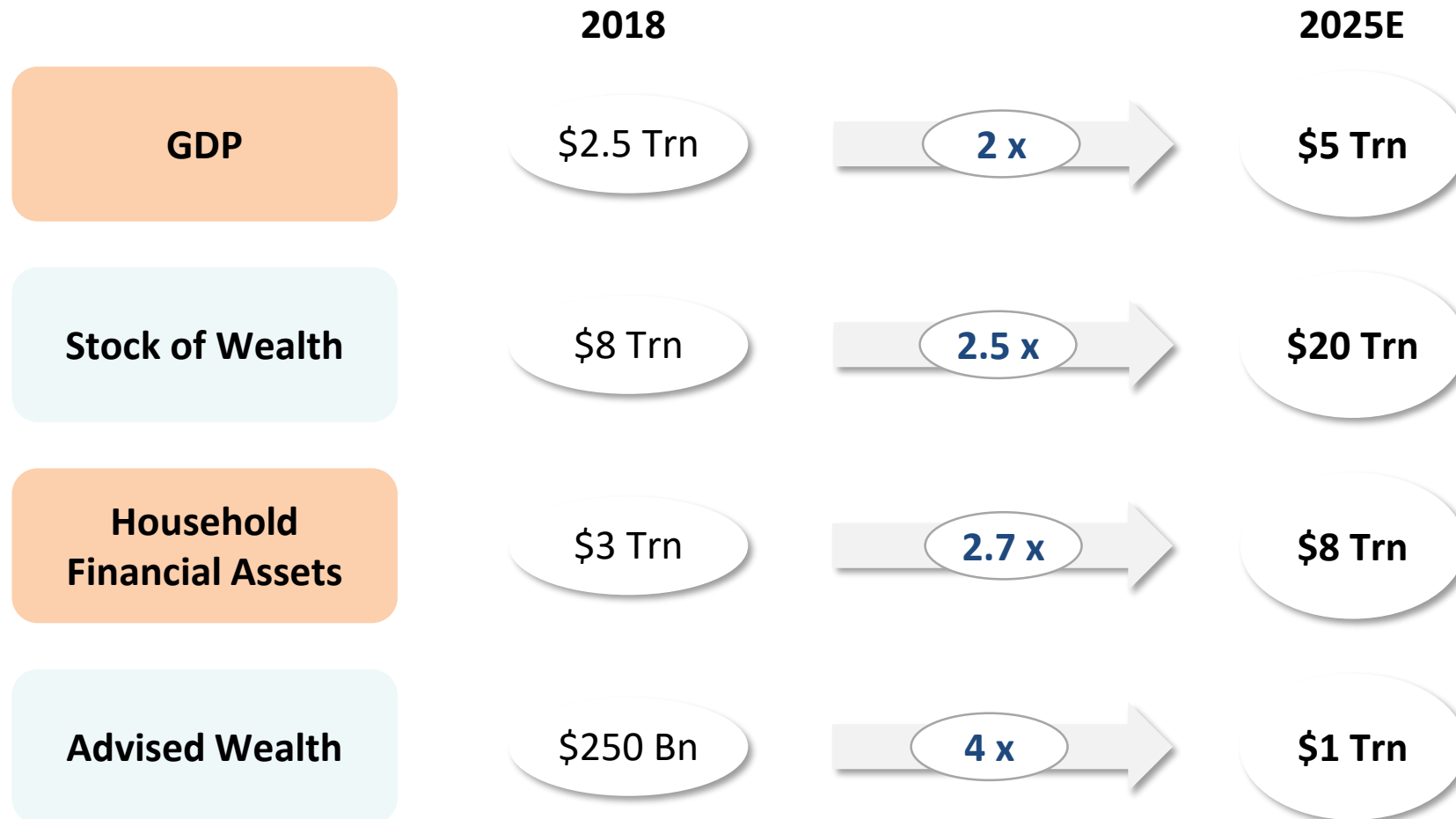
Indian savings shifting to financial assets...



Savings Distribution (\$ Bn)	FY 12	FY 18	CAGR
Currency	15.2	67.6	28%
Deposits	77.8	71.9	(1%)
Claims on government	(3.2)	11.8	NA
Insurance funds	28.2	47.0	9%
Shares and debentures	2.4	21.7	44%
Provident and pension funds	13.8	50.3	24%
Total	134.2	270.3	12%

Driven by demographics and increasing sophistication in investment choices

... Creating a sizable business opportunity



Demand is NOT a constraint!

Our Advisory Business today

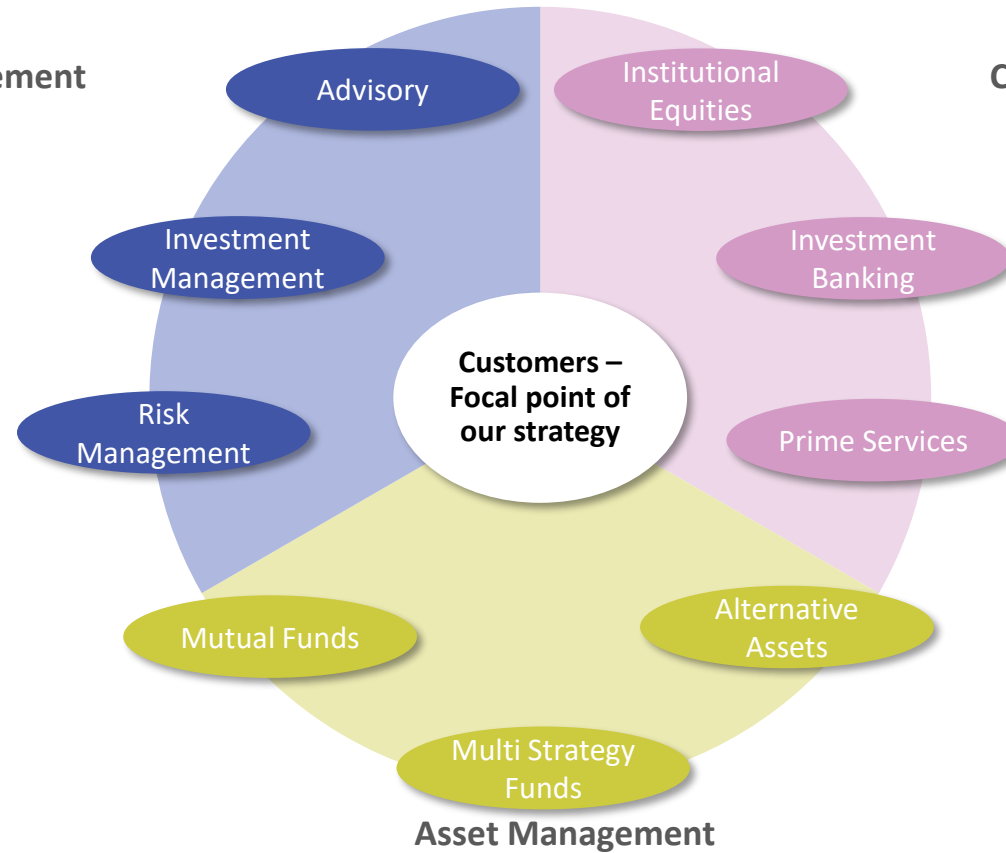


Private Clients

Institutional Clients

Wealth Management

Capital Markets



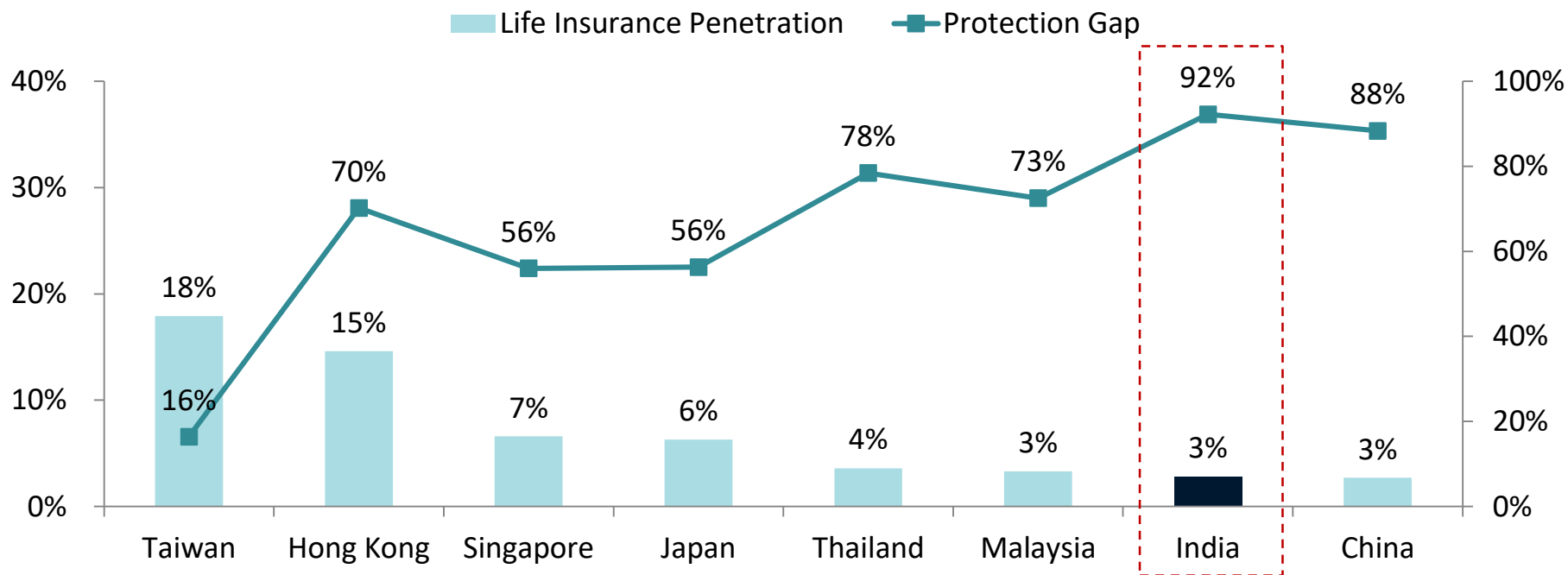
While we started with Capital Markets, current focus is on Asset & Wealth Management

3. Insurance Business

India Insurance Opportunity



Significant under penetration and protection gap in Indian Life Insurance Segment



- Key Demographic drivers: Increasing Life expectancy and higher proportion of young population
- Policy support: Tax incentives and regulatory policy framework
- Increasing affluence and burgeoning middle class

Note: Life insurance Penetration = Premiums as % of GDP. Penetration data is for 2017 and protection gap data points as of 2014

Source: Swiss Re and MOSPI

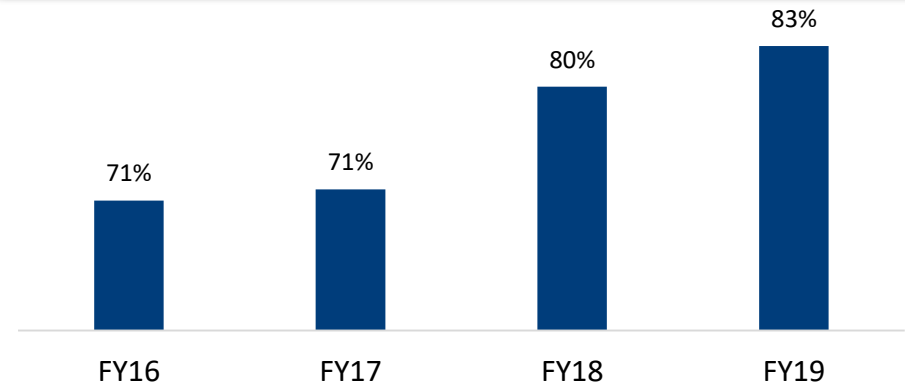
We have protected over 300,000 lives



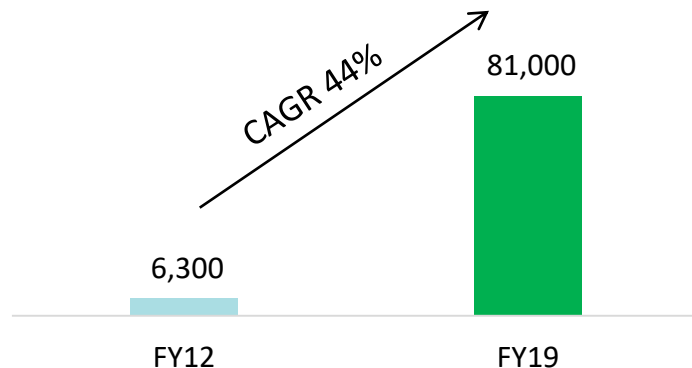
Business Overview

- Fastest growing life insurance company in India - Long Term Value Creator
- Expanded the reach to 90+ locations in India
- Our 51% JV with Tokio Marine ensures both growth capital and specialist knowledge

13th Month Overall Renewal Rate Persistency

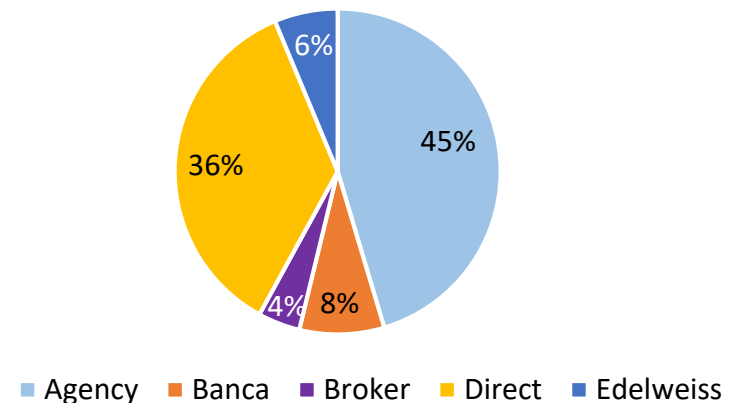


No of Policies in force



Channel Mix

Individual New Business Premium FY19



Way Forward

Our Key Growth Vectors Will be...



Retail Credit

Wealth
Management

Asset Management

Insurance

Our AIM is to...



Consistently grow our Consolidated PAT by 20% - 25% annually

Increase the share of retail credit assets to 2/3rd on our balance sheet

Maintain leadership in all our Advisory businesses

Achieve break-even in Life Insurance business by 2022

Become an exemplar for corporate governance in India

