

REPCO HOME FINANCE LIMITED
(Promoted by REPCO BANK - Govt. of India Enterprise)



Earnings Presentation Q1FY14



◆ Q1FY' 14 Performance

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Q1 FY' 14 Performance

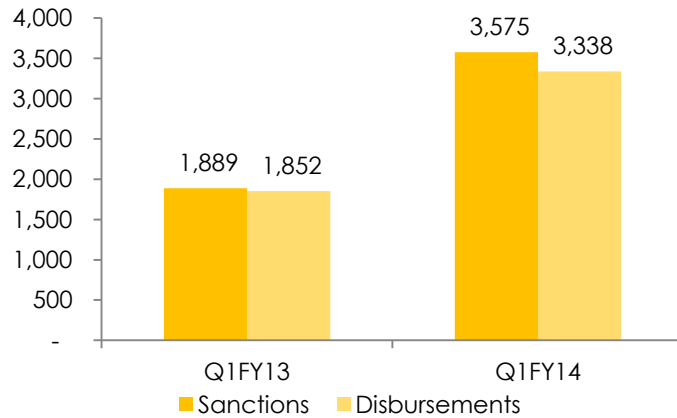
Business summary

◆ Loans outstanding (June 30, 2013)	Rs 37,467 million
◆ Cumulative disbursements (June 30, 2013)	~Rs 52,000 million
◆ Average loan per unit	Rs 1 million
◆ Total number of employees	385
◆ Capital adequacy ratio	24.83%
◆ Networth (June 30, 2013)	Rs 6,422 million
◆ Cost to Income ratio	16.38%
◆ Gross NPA (%) (June 30, 2013)	2.22%
◆ Net NPA (%) (June 30, 2013)	1.52%

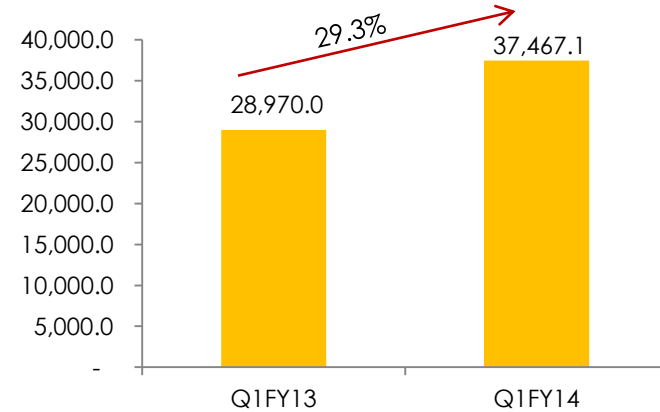
Continues strong loan book growth in Q1FY14

Figures in Rs million

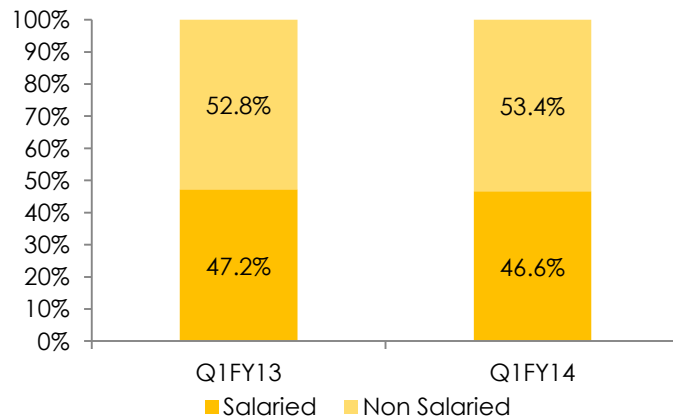
Sanctions and disbursements



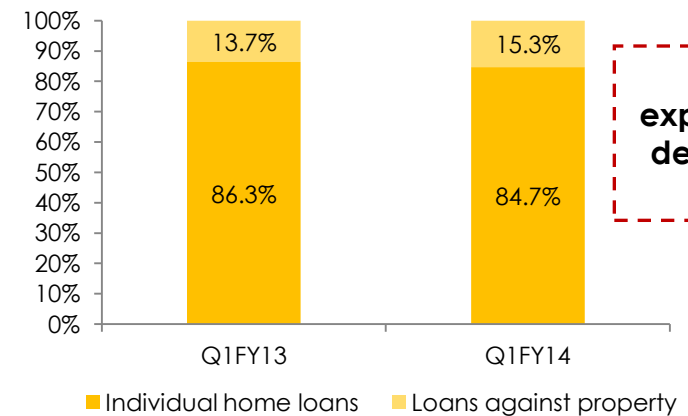
Loan Book



Loan book composition



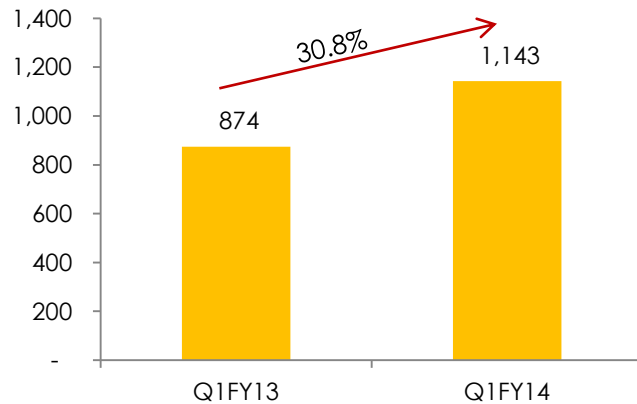
Mix of loan portfolio



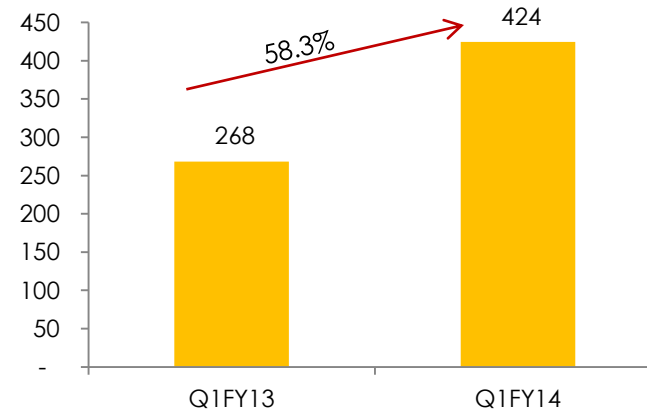
Driving income and profit growth

Figures in Rs million

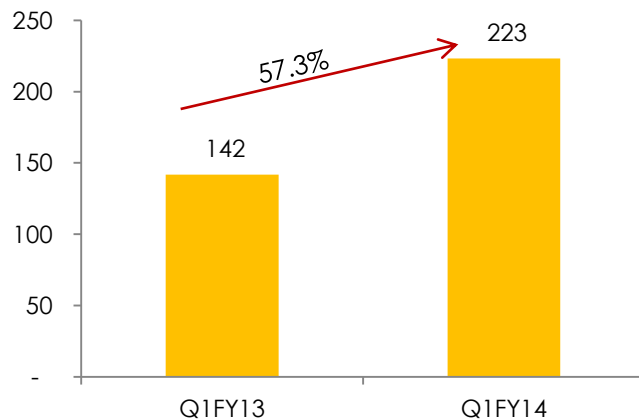
Income from operations



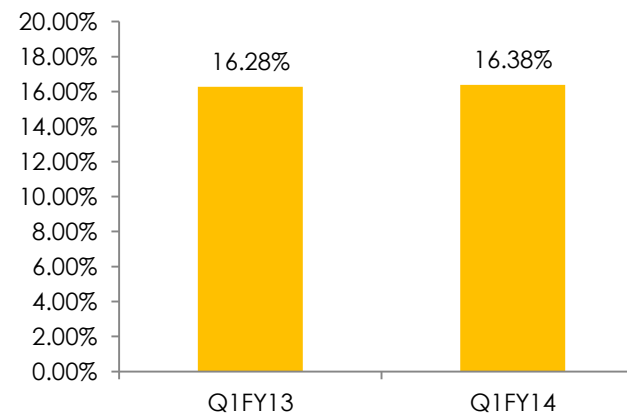
Net interest income



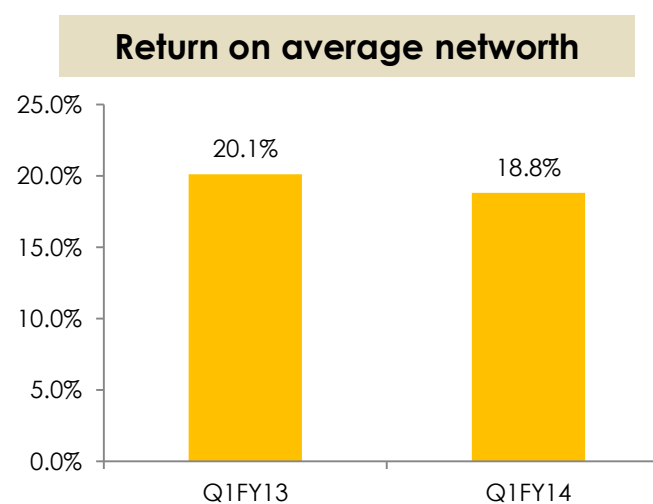
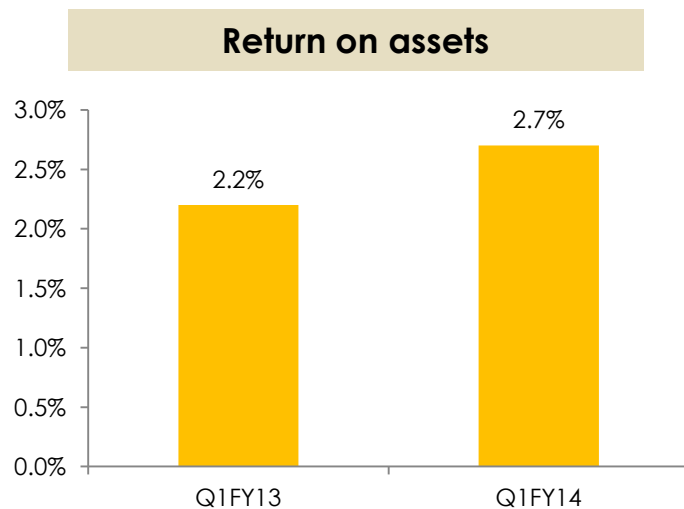
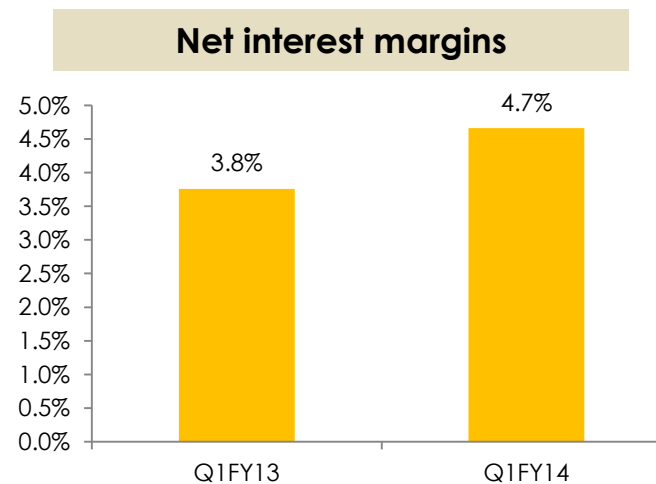
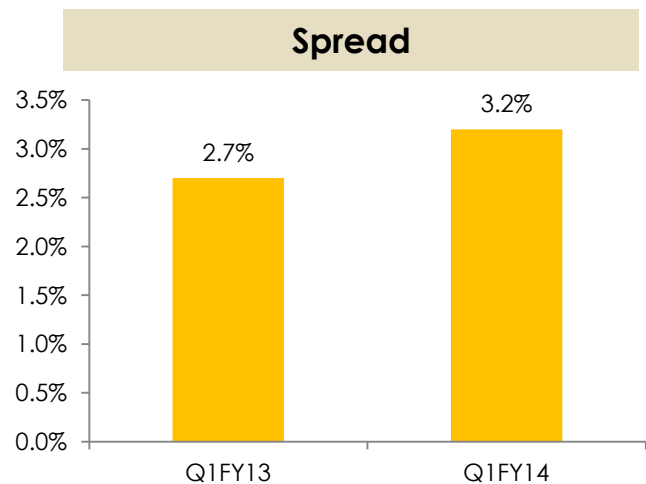
Net profit



Cost to income ratio

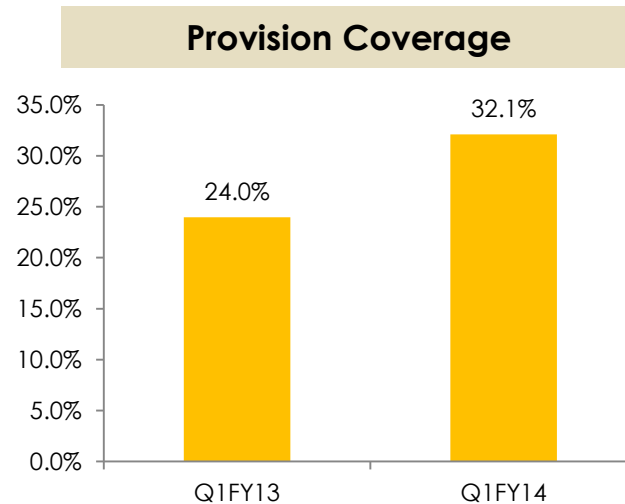
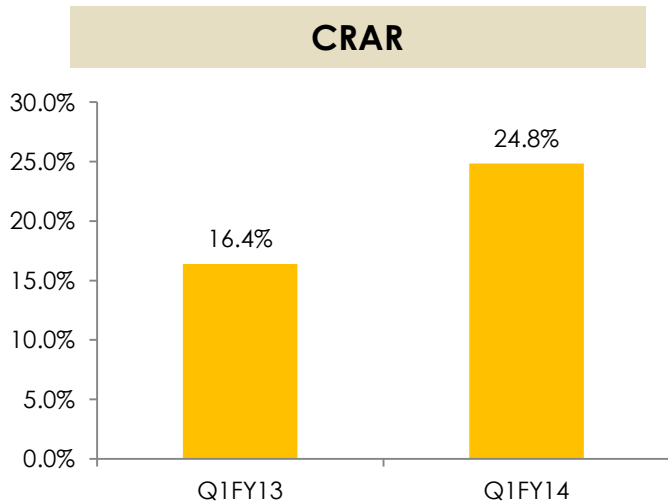
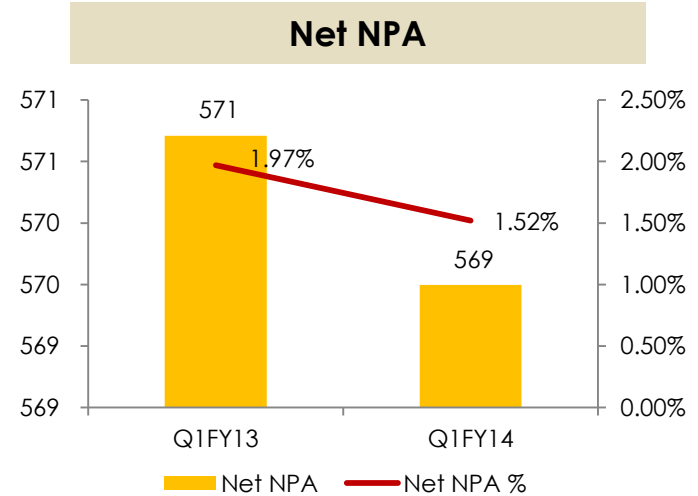
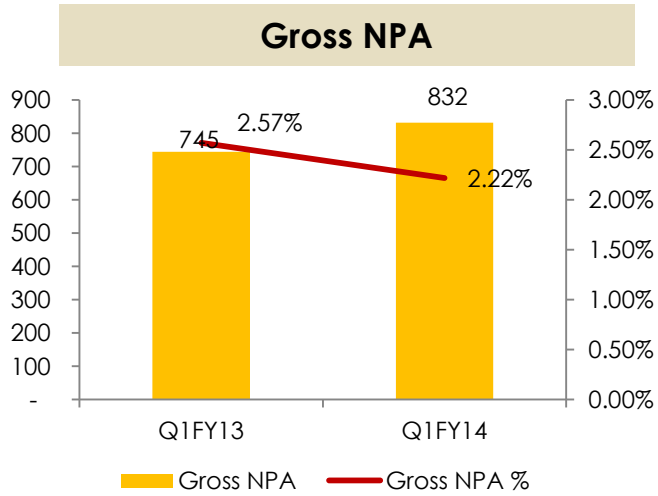


Steady expansion in margins and returns



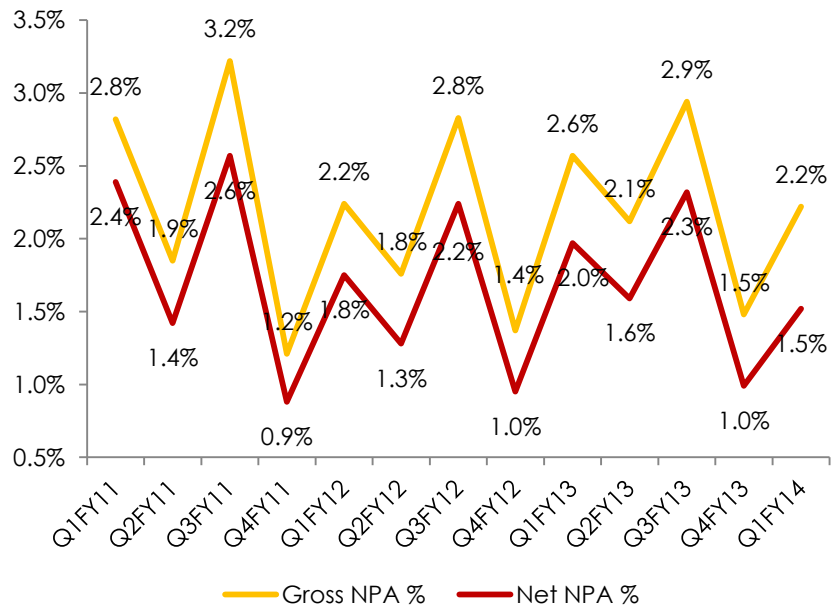
Improving asset quality

Figures in Rs million

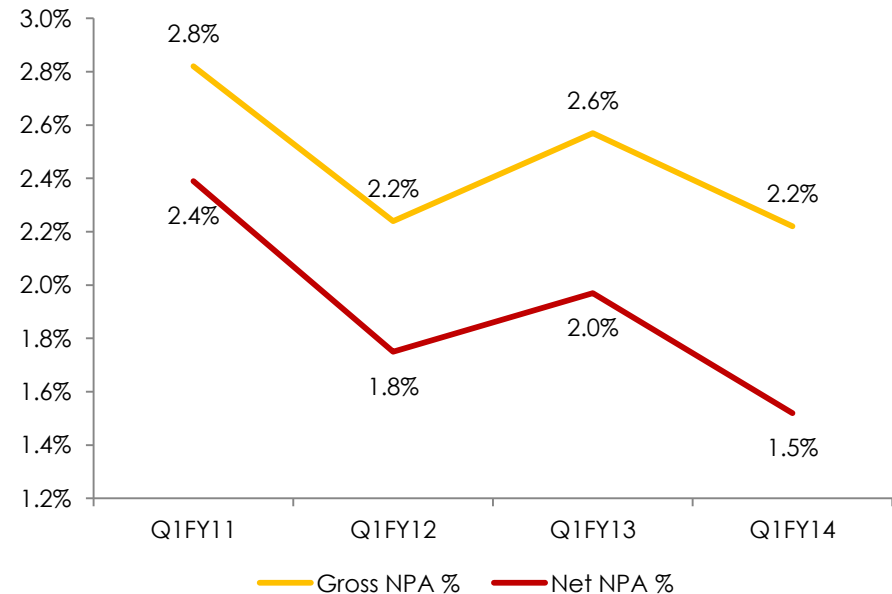


Business model lends itself to seasonal variation in NPA

Quarter on quarter movement in NPA



Q1 NPA movement

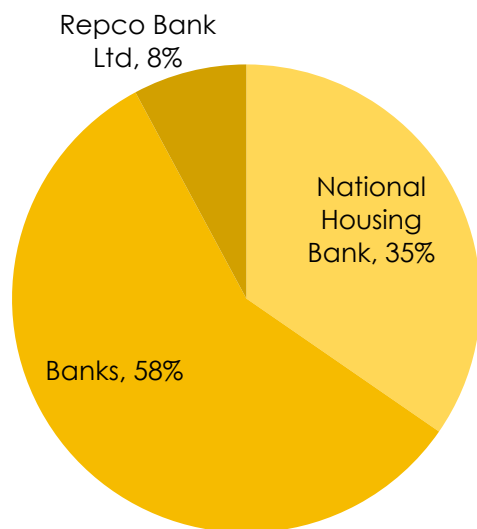


- ◆ Significant variability in NPA profile quarter to quarter due to lumpy income profile of the non-salaried segment, so NPAs look high in some quarters. Variability in NPA profile not representative of asset quality given conservative underwriting policies of the Company
- ◆ However, a comparison of the first quarter (Q1) NPAs for the last 4 years shows the same is trending down

Borrowing profile

Figures in Rs million

Sources of borrowing



Sources (as on 30 June '13)

Amount

Banks	17,587
National Housing Bank	10,582
Repco Bank Ltd	2,401
Total	30,570

We are pleased with our performance in the quarter. We expanded our loan book by 29% during the quarter, on the back of strong 80% year on year growth in disbursements. Our net interest income grew by 58% with PAT growth of 57% YoY.

We continue to focus on strong risk management policies. Our gross NPAs as on 30th June, 2013, amounted to Rs 832 mn, 2.22% of total loans outstanding. However, write-offs on cumulative disbursements have been 0.07%. We have also improved our provision coverage to 32%.

We are strongly focused on serving the underpenetrated markets of tier 2 and tier 3 cities and non salaried segments which offer long term growth opportunities. Our competitive strengths would help us deepen our presence in existing markets and expand to new geographies, with attractive returns to shareholders and investors.

Mr. R. Varadarajan
Managing Director
Repco Home Finance Ltd

Business Overview

Niche housing finance company

Focus on under penetrated markets & segments

- ◆ Significant focus on providing loans to segments underserved by larger HFCs & banks
 - ▶ Target segment comprises of self employed professionals and self employed non-professionals
 - ▶ Loans to salaried and non-salaried borrowers constitute 46.6% and 53.4% of loan book
 - ▶ Tap customers in tier 2 & 3 cities and peripheries of tier 1 cities

Strong base and brand in Southern India

- ◆ Promoter, Repco Bank, is operating in Southern India since 1969
- ◆ 93 branches and satellite centres, with ~90% located in Southern India
- ◆ Expanding footprint by selectively setting-up new branches in the states of Maharashtra, Gujarat, Odisha and West Bengal

Robust business model with control on cost and risk

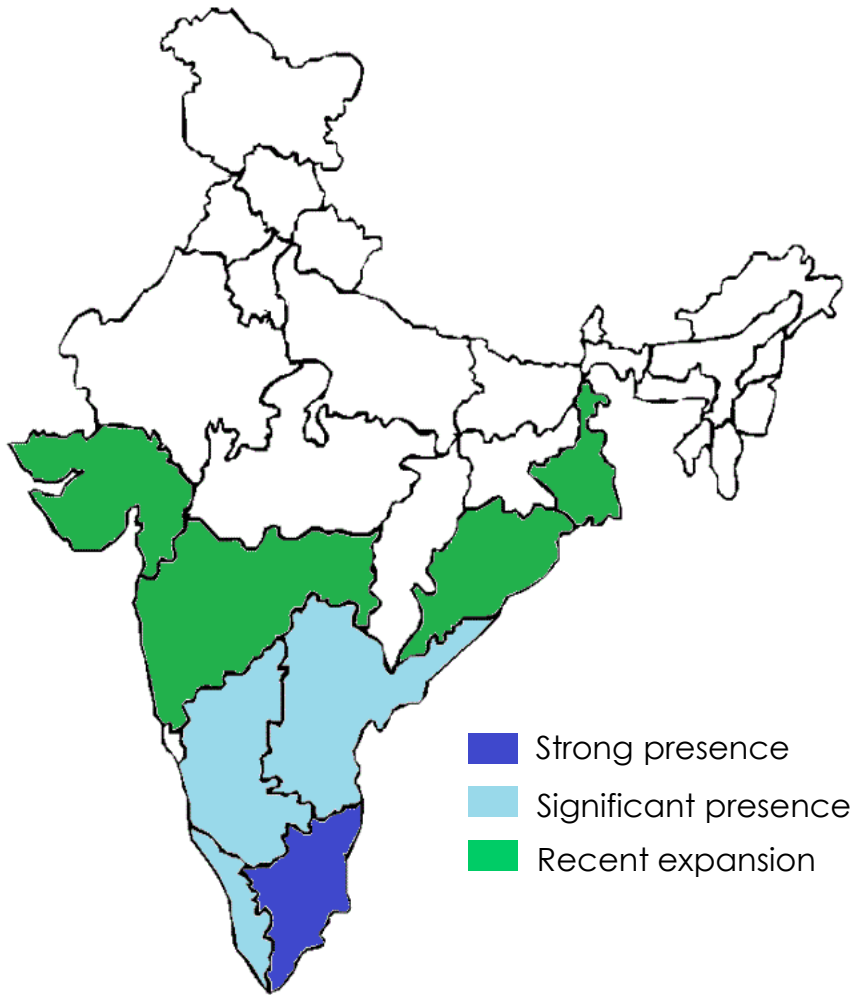
- ◆ Direct marketing and customer contact ensuring greater transparency, ownership and efficiency
- ◆ Low cost of operations: lean branch model, centralized loan process, no DSA sourcing
- ◆ Robust risk management processes and checks at every step of loan process ensuring good asset quality

Experienced board and management team

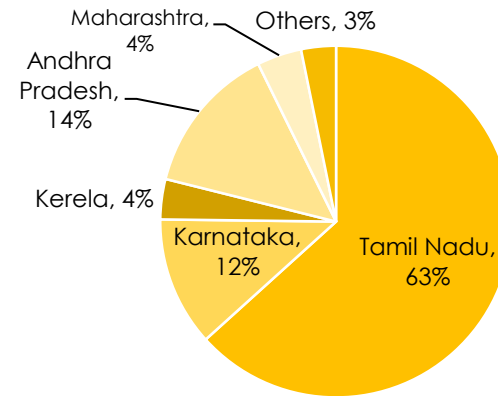
- ◆ T S Krishna Murthy, Chairman: Over 50 years' experience, served as Chief Election Commissioner of India, Chief Commissioner of Income Tax, sits on the boards of Shriram Life, Edelweiss ARC, DSP Blackrock Trustee and RRB Energy
- ◆ R Varadarajan, Managing Director: Over 35 years' experience in banking & financial services

Strong base in South India; expanding footprint

- ◆ 80 branches and 13 satellite centres
- ◆ Focus on under penetrated markets with two third branches in tier-II & tier-III cities
- ◆ Opened a new branch and converted 6 satellite centres into branches during the quarter



Region-wise loan book (30th June '13)



State-wise retail network	No.
Tamil Nadu	48
Karnataka	15
Andhra Pradesh	14
Kerala	07
Maharashtra	05
Gujarat	02
West Bangal	01
Odisha	01

Differentiated business model

Direct marketing and customer contact

- ◆ Reaching out to customer through direct & localized advertising, loan camps & word of mouth referrals
- ◆ Branch offices serve as a single point of contact for customers
- ◆ Loan origination system with real time transmission & review of loan applications
- ◆ Centralized credit appraisal team
- ◆ Greater transparency, reduced incidence of fraud and speedy operations

Low cost operations

- ◆ Lean branch model with 3-4 employees per branch with local knowledge
- ◆ Lower rentals in tier 2/3 and peripheries of tier 1
- ◆ Limited technology requirements at the branch level
- ◆ Low administrative costs due to centralized credit approval mechanism
- ◆ Direct business sourcing, negligible commission expenses

Robust risk management systems and processes

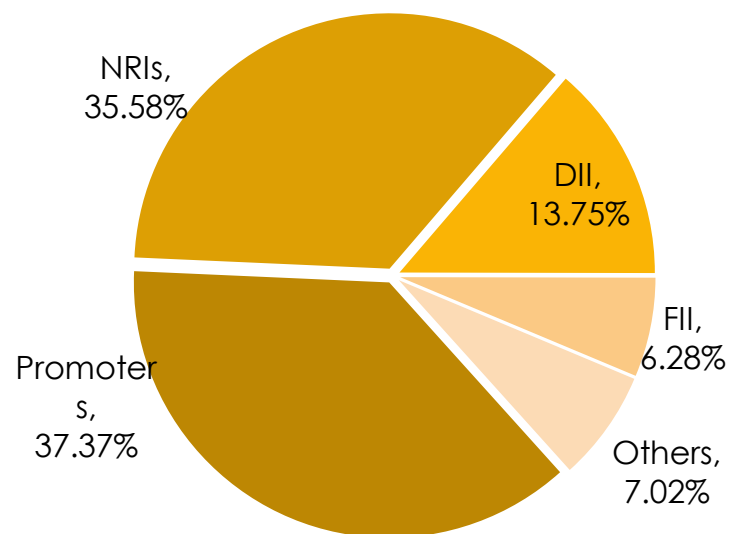
- ◆ Risk management systems at every step of loan process: personal interview, property site & business premises visit, valuation and legal opinion from independent experts, linking interest rates to credit score, etc.
- ◆ Same person involved in origination, appraisal, monitoring and recovery
- ◆ Conservative lending metrics: LTV 65% and IRR 50% in FY13
- ◆ Total loans written off since inception: 0.07% of total cumulative disbursements

RHFL has developed a low cost operating model and a robust asset quality control mechanism translating into strong growth

Annexure

Shareholding pattern

As on June 30, 2013
Outstanding shares – 62.16 million



Major Non-Promoter Shareholders	% shareholding
Carlyle (First Carlyle Growth VI)	17.74
WCP Holdings III	9.96
Creador I, LLC	7.46
SBI Emerging Business Fund	3.70
Nomura India Investment Fund	2.00
Bangal Finance & Investment	1.22
Reliance Capital	1.22
SBI Magnum Balanced Fund	1.13
Citigroup Global Markets	1.09

Q1 FY' 14 Results

P&L (Rs million)	Q1FY14	Q1FY13	YoY (%)	Q4FY13	QoQ	FY13
Interest Income	1,143	874	1,094	30.8%	4.5%	3,912
Interest Expenses	719	606	700	18.6%	2.7%	2,656
Net Interest Income	424	268	394	58.3%	7.7%	1,256
Non-interest Income	49	22	46	121.5%	5.1%	148
Operating Expenses	78	47	87	64.2%	-11.2%	243
Provision for Contingencies	7	1	14	488.5%	-49.0%	31
Provision for NPAs	91	60	(33)	49.9%	-374.7%	59
Bad Debt Written Off	-	-	2	-	-	2
PBT	298	181	370	64.4%	-19.5%	1,127
Tax Expense	75	39	92	90.0%	-19.1%	268
PAT	223	142	277	57.3%	-19.6%	859

Key Metrics (Rs million)	Q1FY14	Q1FY13	YoY (%)	Q4FY13	QoQ	FY13
Sanctions	3,575	1,889	4,258	89.3%	-16.0%	12,848
Disbursements	3,338	1,852	3,897	80.2%	-14.3%	11,674
Outstanding loan book	37,467	28,970	35,447	29.3%	5.7%	35,447
- Non Salaried	20,007	15,290	18,819	30.9%	6.3%	18,819
- Salaried	17,460	13,680	16,628	27.6%	5.0%	16,628
- Individual Home Loans	31,719	25,009	30,165	26.8%	5.2%	30,165
- Loans against Property	5,748	3,961	5,282	45.1%	8.8%	5,282

Q1 FY' 14 key ratios

	Q1FY14	Q1FY13	Q4FY13	FY13
Yield	12.55%	12.27%	12.32%	12.32%
Cost of Debt	9.40%	9.60%	9.57%	9.57%
Spread	3.15%	2.67%	2.75%	2.75%
NIM	4.66%	3.76%	4.63%	3.95%
Cost to Income)	16.38%	16.28%	17.32%	17.32%
Return on Assets	2.69%	2.22%	2.52%	2.52%
Return on Equity	18.80%	20.14%	24.00%	24.00%
Gross NPA	2.22%	2.57%	1.48%	1.48%
Net NPA	1.52%	1.97%	0.99%	0.99%
Provision Coverage	32.09%	23.97%	33.67%	33.67%
CAR	24.83%	16.40%	25.50%	25.50%

For any Investor Relations queries, please contact:

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