

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



Earnings Presentation Q3FY14



◆ Q3 & 9MFY'14 Performance

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◆ Business Overview

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9M FY'14 Performance

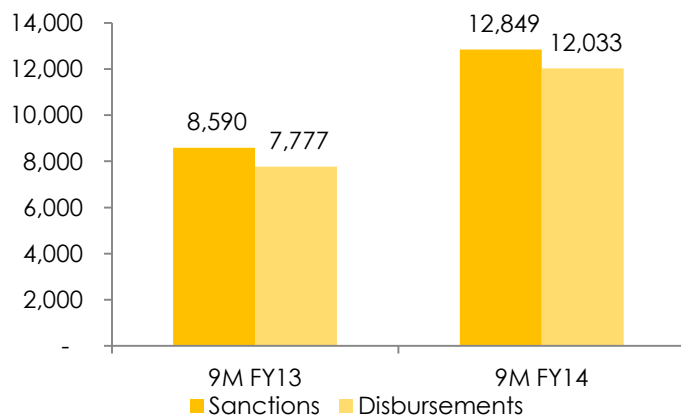
Business summary

◆ Loans outstanding (Dec 31, 2013)	Rs 43,194 million
◆ Cumulative disbursements (Dec 31, 2013)	Rs 60,450 million
◆ Average loan per unit	Rs 1.07 million
◆ Number of live accounts	47,064
◆ Total number of employees	411
◆ Capital adequacy ratio (CAR)	24.95%
◆ Net worth (Dec 31, 2013)	Rs 6967.3 million
◆ Cost to Income ratio	17.63%
◆ Gross NPA (%) (Dec 31, 2013)	2.03%
◆ Net NPA (%) (Dec 31, 2013)	1.28%

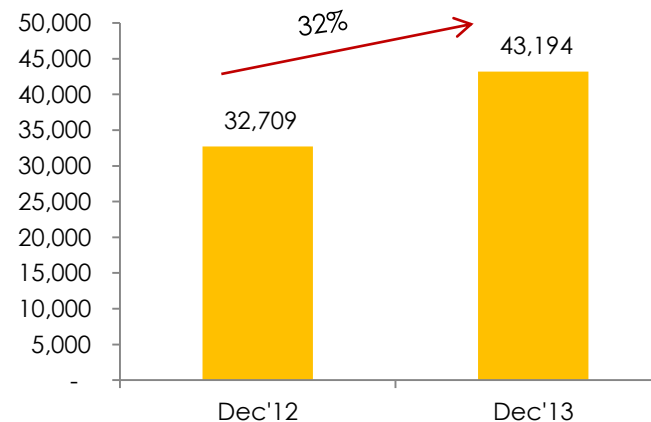
Loan book expands 32% YoY for 9MFY'14

Figures in Rs million

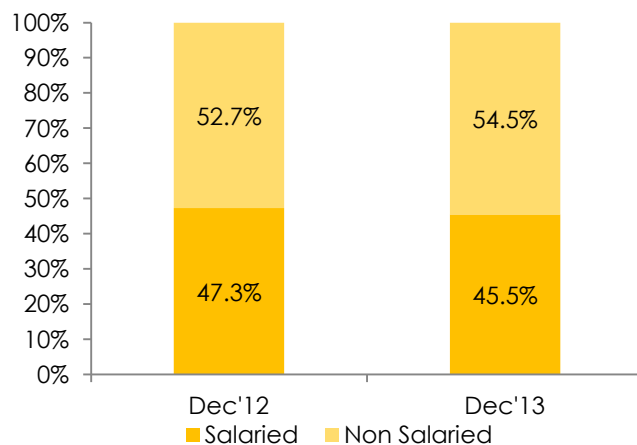
Sanctions and disbursements



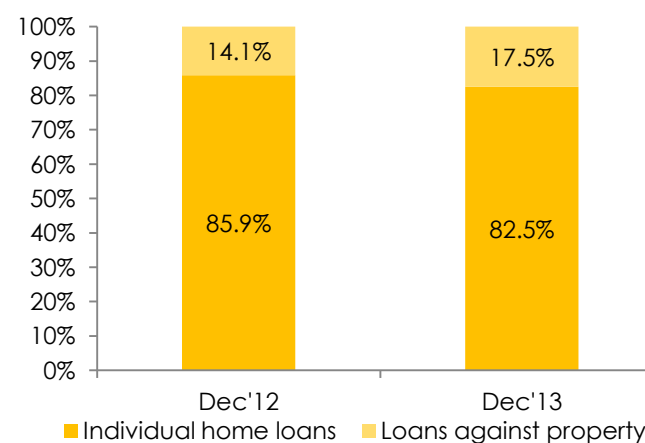
Loan Book



Loan book composition



Mix of loan portfolio

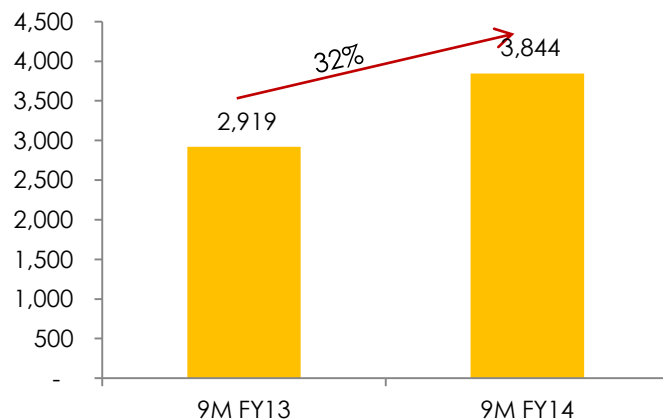


No exposure to developer loans

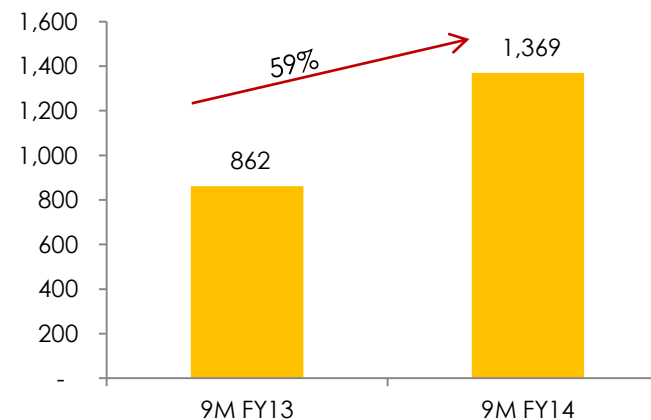
Leading to strong earnings growth – 50% PAT growth

Figures in Rs million

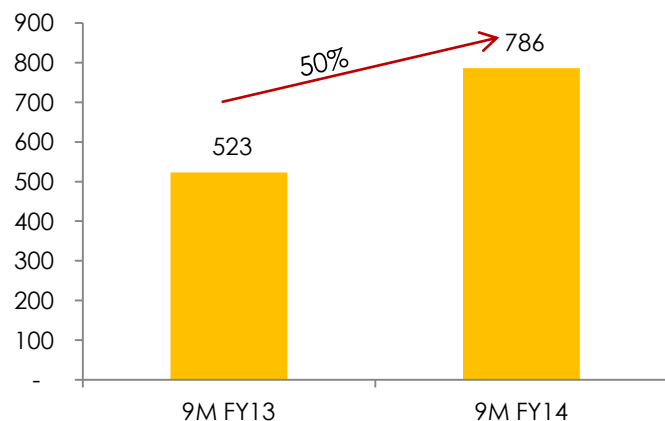
Income from operations



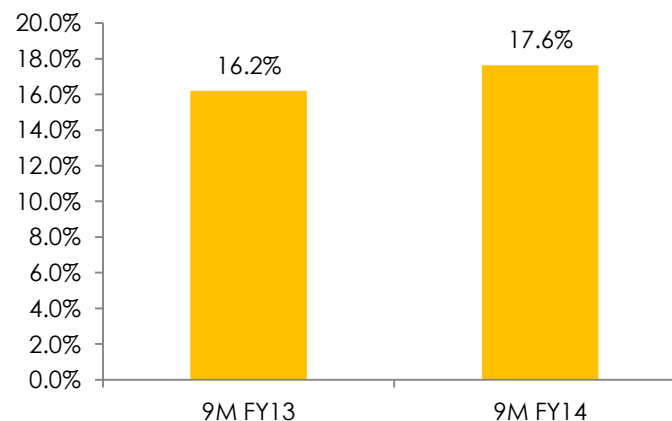
Net interest income



Net profit

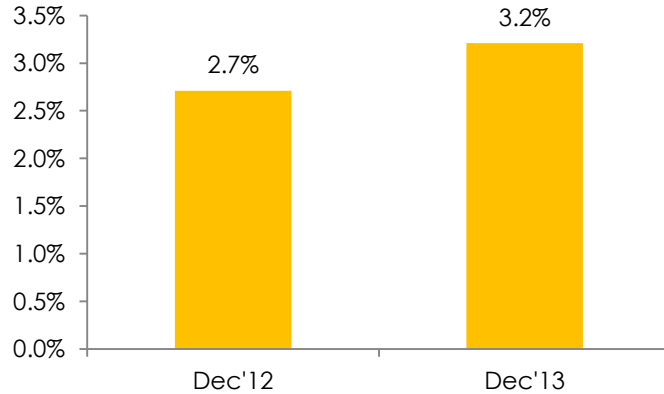


Cost to income ratio

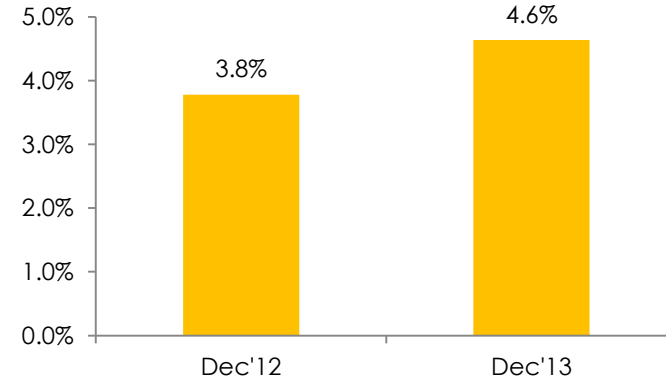


And healthy margins and returns ratios

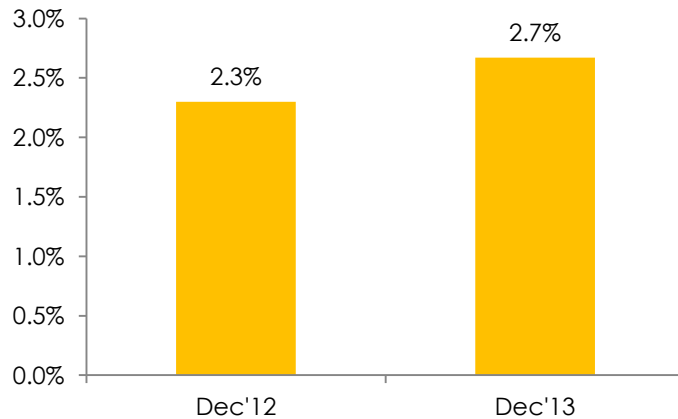
Spread



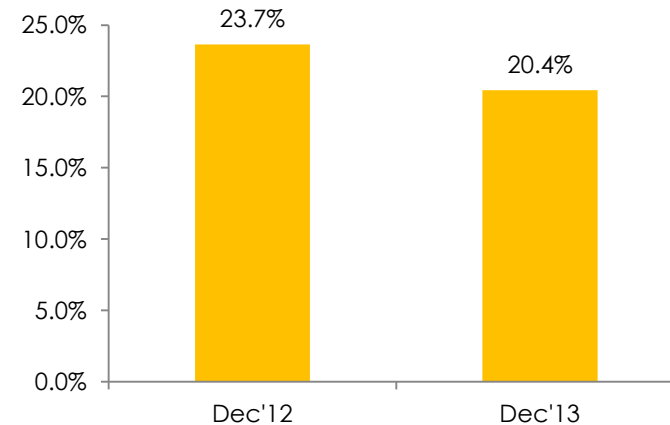
Net interest margins



Return on assets

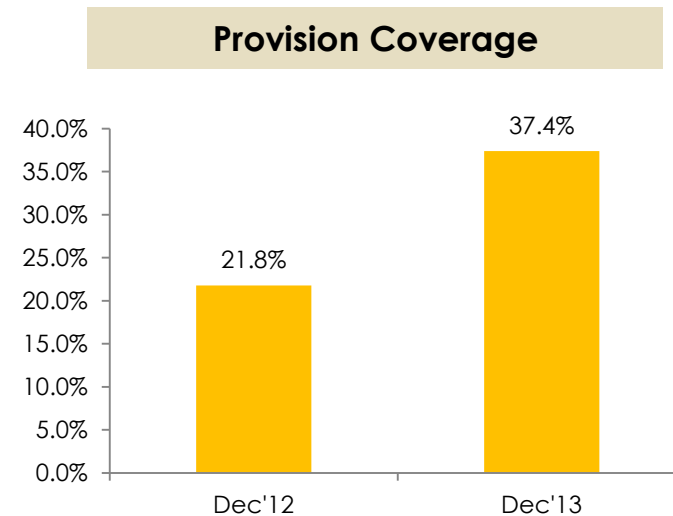
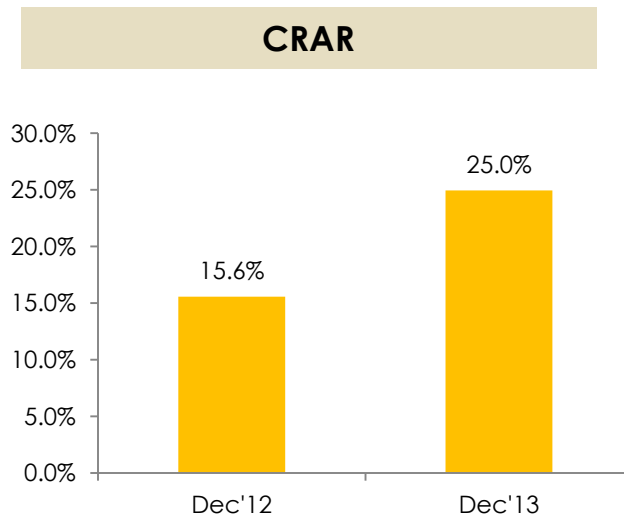
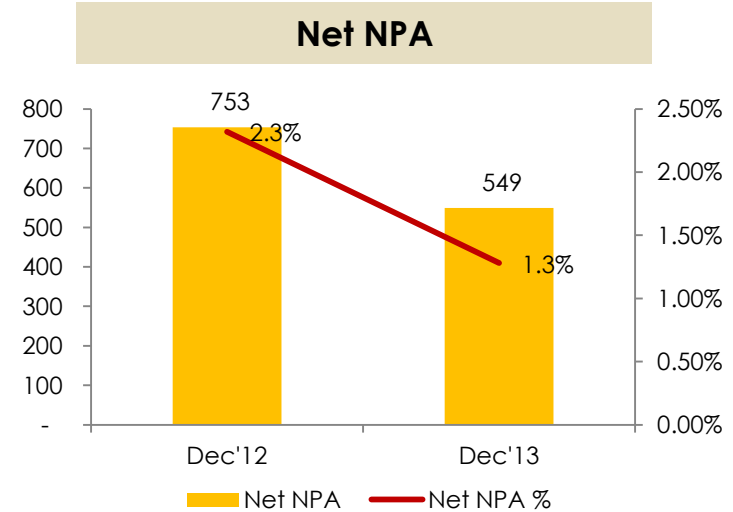
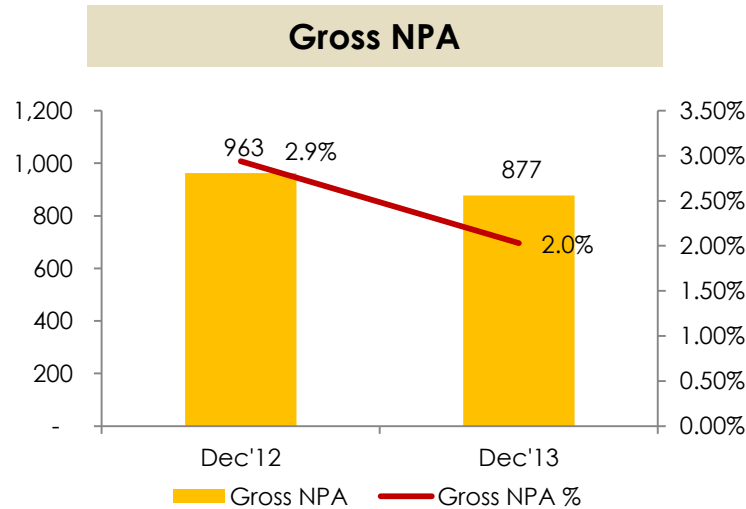


Return on average networth (TTM)



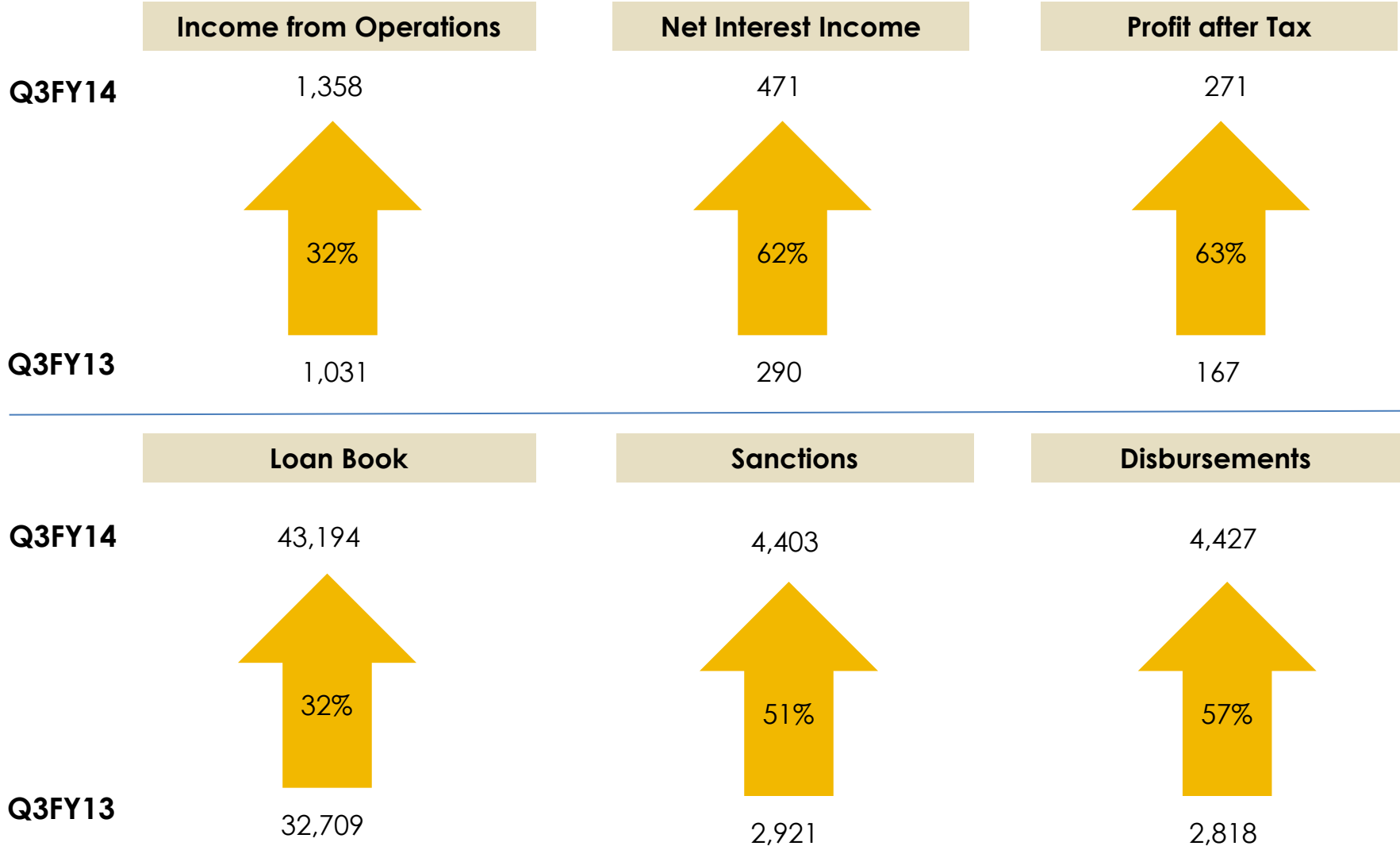
Asset quality and provision coverage improves further

Figures in Rs million

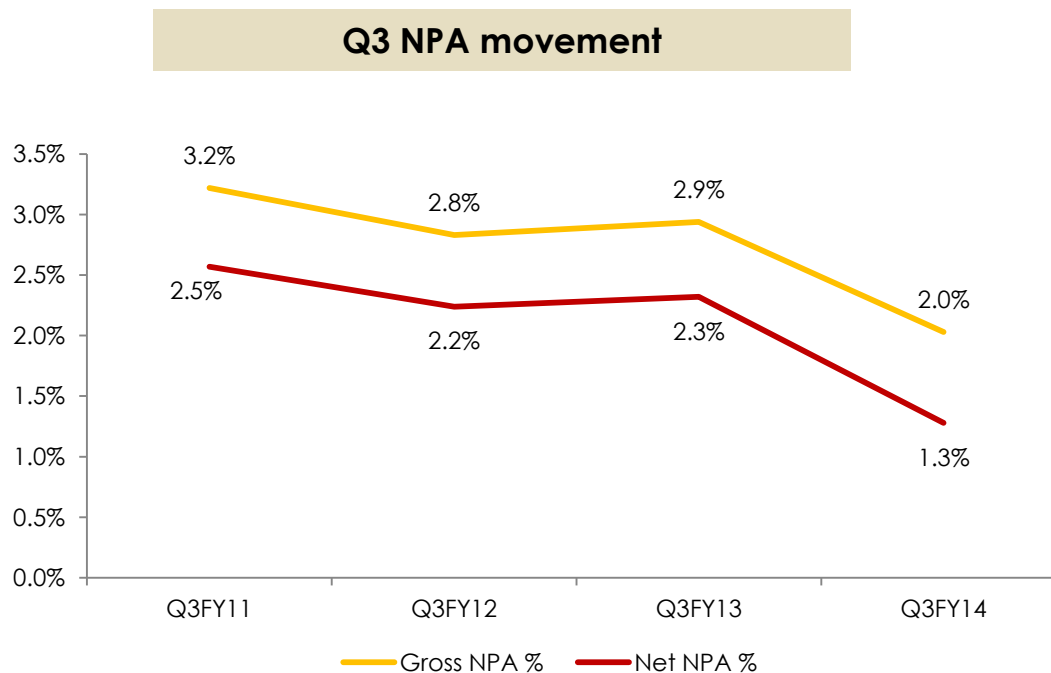


Q3FY14 Performance - Robust YoY growth

Figures in Rs million



Significant improvement in asset quality

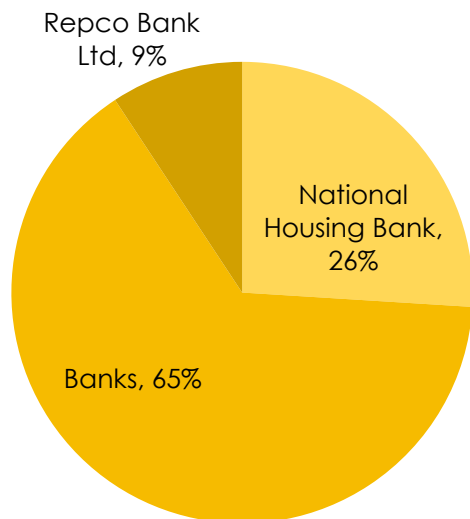


- ◆ With strong focus on recoveries, there has been a continuous improvement in the asset quality over quarters. For Q3FY14 Gross NPA was 2.0% compared to 2.9% in the same quarter last year, down from 3.2% in Q3FY11.

Diversified source of funding

Figures in Rs million

Sources of borrowing



Sources (as on 31 Dec'13)	Amount
Banks	23,304
National Housing Bank	9,359
Repco Bank Ltd	3,342
Total	36,005

Business Overview

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% and 54% 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
- ◆ 102 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

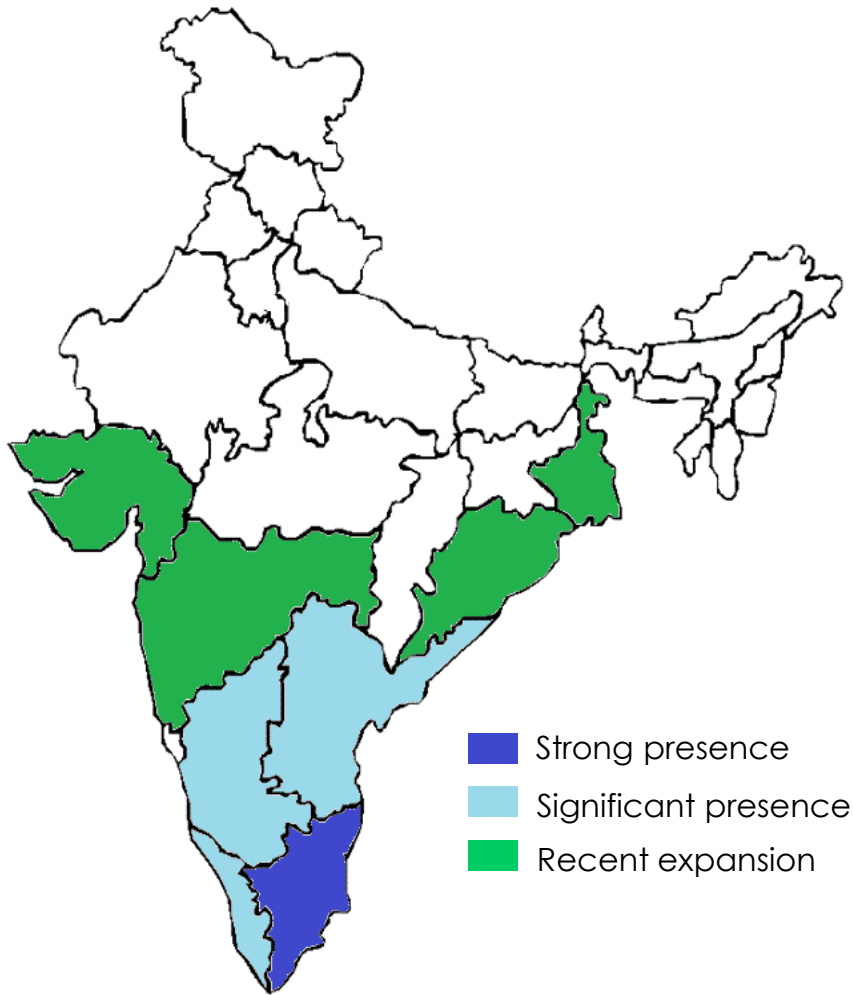
- ◆ Direct marketing and customer contact ensuring greater transparency, ownership and efficiency
- ◆ Low cost of operations: lean branch model, centralized loan process, no DSA sourcing
- ◆ Robust risk management processes and checks at every step of loan process ensuring good asset quality

Experienced board and management team

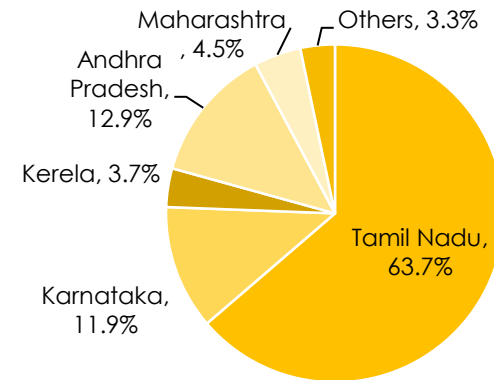
- ◆ T S Krishna Murthy, Chairman: Over 50 years' experience, served as Chief Election Commissioner of India, Chief Commissioner of Income Tax, sits on the boards of Shriram Life, Edelweiss ARC, DSP Blackrock Trustee and RRB Energy
- ◆ R Varadarajan, Managing Director: Over 35 years' experience in banking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

Strong base in South India; expanding footprint

- ◆ 82 branches and 21 satellite centres
- ◆ Focus on under penetrated markets with two third branches in tier-II & tier-III cities



Region-wise loan book (31st Dec '13)



State-wise retail network	Dec'13
Tamil Nadu	53
Karnataka	16
Andhra Pradesh	15
Kerela	7
Maharashtra	8
Gujarat	2
West Bengal	1
Odisha	1
Total	103

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
- ◆ Low administrative costs due to centralized credit approval mechanism
- ◆ Direct business sourcing, no commission expenses

Robust risk management systems and processes

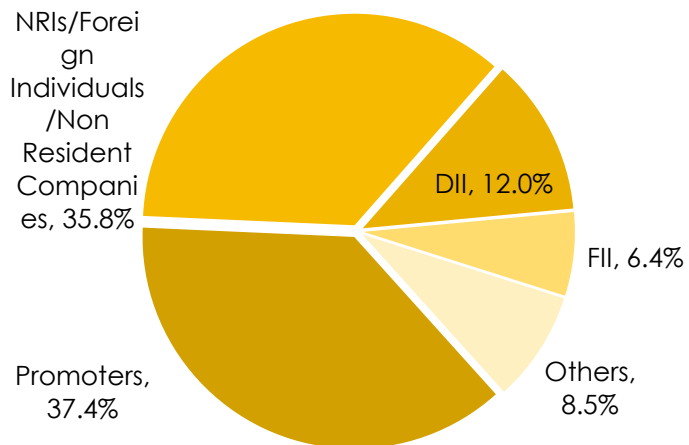
- ◆ Risk management systems at every step of loan process: personal interview, property site & business premises visit, valuation and legal opinion from independent experts, linking interest rates to credit score, etc.
- ◆ Same person involved in origination, appraisal, monitoring and recovery
- ◆ Conservative lending metrics: LTV 65% and IRR 50%
- ◆ 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 Dec 31, 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	3.09
Nomura India Investment Fund	1.84
Bengal Finance & Investment	1.29
Reliance Capital	1.22
Citigroup Global Markets	1.09

9M and Q3 FY' 14 Results

P&L (Rs million)	Q3 FY'14	Q3 FY'13	Q2 FY'14	% Chg YoY	% Chg QoQ	9M FY'14	9M FY'13	% Chg YoY
Income from Operations	1,358.2	1,031.0	1,299.0	31.7%	4.6%	3843.8	2919.0	31.7%
Interest Income	1,320.8	992.9	1,243.9	33.0%	6.2%	3708.1	2818.0	31.6%
Interest Expenses	849.1	702.3	770.8	20.9%	10.2%	2338.9	1956.3	19.6%
Net Interest Income	471.6	290.5	473.1	62.3%	-0.3%	1369.2	861.7	58.9%
Non-interest Income	41.9	38.2	55.7	9.5%	-24.8%	146.2	101.5	44.1%
Operating Expenses	110.3	58.3	79.4	89.1%	38.9%	267.2	156.0	71.2%
Provision for Contingencies	11.6	5.8	13.2	98.2%	-12.4%	32.1	16.9	89.3%
Provision for NPAs	23.5	43.7	36.8	-46.4%	-36.2%	150.8	91.7	64.3%
Bad Debt Written Off	-	-	2.8	-	-100.0%	2.8	0.0	-
PBT	368.2	220.9	396.6	66.7%	-7.2%	1062.5	698.5	52.1%
Tax Expense	96.8	54.1	105.0	78.8%	-7.9%	276.4	175.5	57.4%
PAT	271.4*	166.8	291.6	62.7%	-6.9%	786.1	522.9	50.3%

Operating expenses for Q3FY14 include certain items:

- Advertisement expenses of Rs 14mn (including onetime expense on TV commercial)
- One time renewal insurance premium paid on home loans to the tune of Rs 21mn
- An amount of Rs 9.6mn is recognized as employee expense for grant of ESOP

Key ratios

Key Ratios	Dec'13	Dec'12	Sept'13
Yield	12.6%	12.4%	12.6%
Cost of Debt	9.4%	9.7%	9.3%
Spread	3.2%	2.7%	3.3%
NIM	4.6%	3.8%	4.7%
Cost to Income (Net Interest Income)	17.6%	16.2%	15.7%
Return on Assets	2.7%	2.3%	2.7%
Return on Equity	20.4%	23.7%	20.6%
Gross NPA	2.0%	2.9%	1.7%
Net NPA	1.3%	2.3%	0.9%
Provision Coverage	37.4%	21.8%	45.3%
CAR	25.0%	15.6%	25.6%
Outstanding loan book (% break-up)			
- Non Salaried	54.5%	52.7%	54.0%
- Salaried	45.5%	47.3%	46.0%
- Individual Home Loans	82.5%	85.9%	83.7%
- Loans against Property	17.5%	14.1%	16.3%

For any Investor Relations queries, please contact:

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