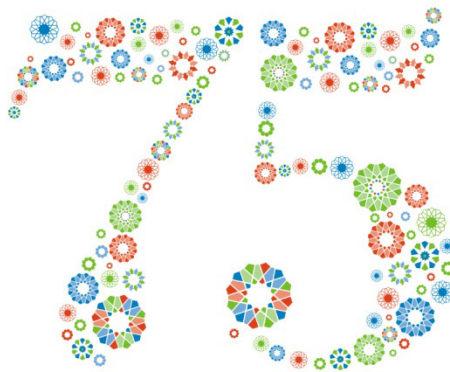




J&K Bank

Celebrating 75 years of Service



Deutsche Bank



DB ACCESS INDIA CONFERENCE 2013

MARCH 04, 2013 – MUMBAI



An Overview





Basic Facts

- Incorporated in 1938

- Listed on the NSE and BSE

- Rated P1+ by S&P: highest degree of safety

- Four decades of uninterrupted profitability and dividends

- Adjudged Best Bank in the Old Private Sector Banks category by Financial Express for FY ended March 2011

- Adjudged “Best Bank” in the “Old Private Sector Bank” category at the CNBC TV18 India Best Bank and Financial Institution Awards for FY 12

2



Notes



One of a Kind

- Private sector bank, despite government's majority holding

- Only private sector bank designated as RBI's agent for banking business

- Conducts banking business of the Central Government:
 - Direct Tax collection
 - Indirect Tax collection
 - Utility payment collection

Facets and Roles

- Commercial Bank

- Development Financing Institution

- Financial Services Provider

Regional **Goliath**

- Dominates a region
 - **555** branches in the state
 - **509** ATMs

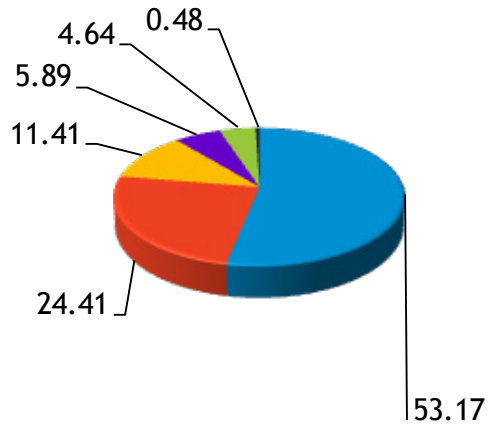
- Controls a geography
 - Branches in **every block** of J&K

- Serving a community
 - **86 lakh**
Adult population
 - **47 lakh**
Account holders of J&K Bank

- Business leadership in J&K

Shareholding Pattern (%) (22.02.2013)

- Government of J&K
- Foreign Inst. Investors
- Resident Individuals
- Bodies Corporates/
Insurance Cos/Clearing
Mem./Banks
- Indian Mutual Funds
- Non-Resident Indians



Best of both Worlds

- Private Bank in terms of earnings, and

- PSU Bank in terms of cost structure

- Public ownership
 - Stability
 - Safety

- Private functioning
 - Efficiency
 - Growth

Subsidiaries and Investments

- J&K Bank Financial Services Ltd
 - Providing Depository Services
 - Offering Stock Broking Services

- Insurance JV with MetLife International

- Distributor of
 - Life Insurance products;
partner: MetLife
 - General Insurance;
partner: Bajaj Allianz

- Shareholder in J&K Gramin Bank

Consistent
Growth &
Stability



Decade of Development - I

(in Rupees Crore)

Particulars	Year ended Mar, 03	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07
Net Worth	1242.00	1593.74	1665.40	1799.47	2008.73
Deposits	14674.9	18661.4	21645.0	23484.6	25194.3
Advances	8011.0	9284.9	11517.1	14483.1	17079.9
Investments	6737.8	8451.1	9089.2	8993.8	7392.2
Total Income	1714.56	1822.95	1631.26	1817.10	2059.54
Net Profit	337.75	406.33	115.07	176.84	274.49
EPS (in Rupees)	69.6	83.8	23.7	36.5	56.6
Book Value (in Rupees)	256.1	328.6	343.5	371.2	414.4
Dividend (%)	60	100	80	80	115
No. of Branches/Offices	454	475	500	517	520
Personnel	7112	7085	6873	6833	6847

Decade of Development - I

(in Rupees Crore)

Particulars	Year ended Mar, 08	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12
Net Worth	2280.82	2622.86	3010.46	3478.68	4093.18
Deposits	28593.3	33004.1	37237.2	44675.9	53346.9
Advances	18882.6	20930.4	23057.2	26193.6	33077.4
Investments	8757.7	10736.3	13956.3	19695.8	21624.3
Total Income	2679.24	3233.17	3473.11	4077.89	5169.70
Net Profit	360.00	409.83	512.38	615.20	803.25
EPS (in Rupees)	74.3	84.5	105.7	126.9	165.7
Book Value (in Rupees)	476.3	541.0	621.0	717.6	844.3
Dividend (%)	155	169	220	260	335
No. of Branches/Offices	556	575	576	595	646
Personnel	7558	7627	7789	7938	9252

Decade of Development - II

(%)

Ratios	Year ended Mar, 03	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07
Net Interest Margins	3.67	3.58	2.90	2.83	2.98
Interest Spread	3.34	3.26	2.61	2.61	2.79
Yield on Advances	10.53	9.50	8.42	8.48	8.58
Yield on Investments	10.01	8.75	7.38	6.23	6.20
Cost of Deposits	6.27	5.26	4.61	4.55	4.50
Return on Assets	2.01	1.92	0.47	0.67	0.96
Return on period end Net Worth	27.19	25.50	6.91	9.83	13.66
Return on Average Net Worth	31.00	28.66	7.06	10.21	14.42
Gross Profit to AWF	3.52	3.31	1.62	1.78	2.02
Net Profit to AWF	2.14	2.14	0.50	0.70	1.00

Decade of Development - II

(%)

Ratios	Year ended Mar, 08	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12
Net Interest Margins	2.94	3.10	3.04	3.69	3.84
Interest Spread	2.64	2.84	2.79	3.46	3.57
Yield on Advances	10.44	11.53	10.65	10.86	12.12
Yield on Investments	6.70	6.79	5.71	6.34	7.29
Cost of Deposits	5.85	6.22	5.24	5.36	6.48
Return on Assets	1.10	1.09	1.20	1.38	1.56
Return on period end Net Worth	15.59	15.63	17.02	17.68	19.62
Return on Average Net Worth	16.68	16.62	18.19	18.96	21.22
Gross Profit to AWF	2.12	2.20	2.39	2.57	2.66
Net Profit to AWF	1.17	1.16	1.28	1.38	1.56

Ratios for FY ended Mar, 11 and Mar, 12 calculated on Fortnightly average basis



Notes

Decade of Development - III

Ratios	Year ended Mar, 03	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07
Cost to Income Ratio (%)	31.94	31.81	47.59	43.32	40.13
CD Ratio (%)	54.59	49.75	53.21	61.67	67.79
CASA Ratio (%)	33.39	30.26	32.00	34.17	37.02
Business per Employee (in Rupees lakh)	319.0	394.4	482.5	555.3	617.4
Net Profit per Employee (in Rupees lakh)	4.8	5.7	1.7	2.6	4.0
Business Per Branch (in Rupees crore)	49.97	67.83	78.21	87.28	93.73
Net Profit per Branch (in Rupees lakh)	74.4	98.6	27.1	40.7	60.9
Gross NPA's (Rupees lakh)	25300	28600	31725	37019	50183
Net NPA's (Rupees lakh)	12700	13800	16293	13387	19357
Gross NPA Ratio (%)	3.11	3.03	2.72	2.51	2.89
Net NPA Ratio (%)	1.58	1.49	1.41	0.92	1.13
NPA Coverage Ratio (%)	49.80	58.51	57.99	70.26	67.10
Gross NPA to Net Worth Ratio (%)	20.37	17.95	19.05	20.57	24.98
Net NPA to Net Worth Ratio (%)	10.23	8.66	9.78	7.44	9.64

Decade of Development - III

Ratios	Year ended Mar, 08	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12
Cost to Income Ratio (%)	38.24	37.81	37.60	39.77	36.92
CD Ratio (%)	66.04	63.42	61.92	58.63	62.00
CASA Ratio (%)	39.16	38.11	40.69	40.48	40.71
Business per Employee (in Rupees lakh)	628.2	707.2	774.1	892.8	934.1
Net Profit per Employee (in Rupees lakh)	4.8	5.4	6.6	7.8	8.7
Business Per Branch (in Rupees crore)	93.46	101.19	112.49	128.39	142.38
Net Profit per Branch (in Rupees lakh)	70.9	76.9	95.6	111.0	132.0
Gross NPA's (Rupees lakh)	48523	55927	46231	51883	51660
Net NPA's (Rupees lakh)	20355	28751	6433	5324	4934
Gross NPA Ratio (%)	2.53	2.64	1.97	1.95	1.54
Net NPA Ratio (%)	1.08	1.37	0.28	0.20	0.15
NPA Coverage Ratio (%)	66.05	60.79	90.13	92.71	93.76
Gross NPA to Net Worth Ratio (%)	21.02	21.32	15.36	15.99	13.65
Net NPA to Net Worth Ratio (%)	8.82	10.96	2.14	1.64	1.30

Ratios for FY ended Mar, 11 and Mar, 12 calculated on Fortnightly average basis



Notes

Decade of Development - IV

(%)

Ratios	Year ended Mar, 03	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07
Operating Expenses to AWF	1.65	1.54	1.41	1.36	1.35
Operating Expenses to Total Income	15.16	16.08	19.62	19.00	18.08
Operating expenses to Other Income	90.49	97.17	336.00	259.00	232.47
Staff Cost to Total Income	9.24	9.24	10.87	10.46	10.69
Interest Earned to AWF	9.06	8.01	6.79	6.71	6.89
Non Interest Income to AWF	1.82	1.59	0.42	0.52	0.58
Capital Adequacy Ratio Basel I	16.48	16.88	15.15	13.52	13.24
Capital Adequacy Ratio Basel II					

Decade of Development - IV

(%)

Ratios	Year ended Mar, 08	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12
Operating Expenses to AWF	1.31	1.34	1.44	1.70	1.56
Operating Expenses to Total Income	15.06	14.56	16.62	18.61	15.52
Operating expenses to Other Income	164.73	192.15	138.71	208.06	240.08
Staff Cost to Total Income	8.43	8.62	10.55	12.84	10.09
Interest Earned to AWF	7.93	8.44	7.62	8.31	9.38
Non Interest Income to AWF	0.80	0.74	1.04	0.82	0.65
Capital Adequacy Ratio Basel I	12.80	13.46	14.81	13.30	12.53
Capital Adequacy Ratio Basel II		14.48	15.89	13.72	13.36

Ratios for FY ended Mar, 11 and Mar, 12 calculated on Fortnightly average basis

Decade of Development - V

Ratios	Year ended Mar, 03	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07
Earning per Share (in Rupees)	69.64	83.78	23.74	36.48	56.62
Net Asset Value / Book Value (in Rupees)	256.08	328.61	343.54	371.20	414.36
Adjusted Book Value (in Rupees)	229.90	300.16	309.93	343.58	374.43
Price to Book Value Ratio	0.44	1.50	1.06	1.21	1.73
Price to Adjusted Book Value Ratio	0.50	1.64	1.17	1.31	1.91
Price Earning Ratio	1.63	5.89	15.29	12.36	12.64
Market Capital to Deposits (%)	3.76	12.82	8.13	9.31	13.77
Dividend Payout Ratio (%)	8.62	11.94	33.70	21.93	20.31
Dividend Yield (%)	5.27	2.03	2.20	1.77	1.61
Economic Value Addition (%)	21.92	23.47	4.71	8.05	12.06
Market Price (in Rupees)	113.85	493.15	363.05	450.80	715.85
No. of Shares (in crores)	4.85	4.85	4.85	4.85	4.85

Decade of Development - V

Ratios	Year ended Mar, 08	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12
Earning per Share (in Rupees)	74.26	84.54	105.69	126.90	165.69
Net Asset Value / Book Value (in Rupees)	476.28	541.04	621.00	717.58	844.34
Adjusted Book Value (in Rupees)	434.30	481.74	607.73	706.60	834.16
Price to Book Value Ratio	1.35	0.91	1.22	1.13	1.00
Price to Adjusted Book Value Ratio	1.48	1.02	1.25	1.15	1.01
Price Earning Ratio	8.65	5.80	7.18	6.38	5.11
Market Capital to Deposits (%)	10.89	7.21	9.88	8.79	7.71
Dividend Payout Ratio (%)	20.87	20.00	20.81	20.49	20.22
Dividend Yield (%)	2.41	3.45	2.90	3.21	3.96
Economic Value Addition (%)	13.18	12.18	14.12	14.47	15.67
Market Price (in Rupees)	642.10	490.65	759.00	765.00	846.00
No. of Shares (in crore)	4.85	4.85	4.85	4.85	4.85

Ratios for FY ended Mar, 11 and Mar, 12 calculated on Fortnightly average basis



Notes



Financial
Results
9 M Dec, 2012



Financial Results - Dec, 2012

(in Rupees Crore)

Financial Results Analysis (Quarter to Quarter and Nine Months ended Dec, 2012)							
Particulars	Q 3 2012-13	Q 3 2011-12	% Change	Q 1 2012-13	Q 2 2012-13	Q 3 2012-13	% Change Q3 over Q2
Interest Earned	1533.24	1266.53	21.06%	1476.16	1500.59	1533.24	2.18%
Interest Expended	939.04	815.74	15.12%	940.54	947.92	939.04	-0.94%
Net Interest Income	594.20	450.79	31.81%	535.62	552.67	594.20	7.51%
Other Income	90.53	73.63	22.96%	93.37	90.92	90.53	-0.43%
Operating Income	684.73	524.42	30.57%	628.99	643.59	684.73	6.39%
Operating Expenses	249.96	200.86	24.45%	213.82	220.91	249.96	13.15%
Operating Profit	434.77	323.56	34.37%	415.17	422.68	434.77	2.86%
Provisions & Contingencies	22.38	18.16	23.24%	50.37	32.81	22.38	-31.79%
PBT	412.39	305.40	35.03%	364.80	389.87	412.39	5.78%
Tax Provision	122.99	92.21	33.38%	118.71	120.34	122.99	2.20%
Net Profit	289.40	213.19	35.75%	246.09	269.53	289.40	7.37%
Share Capital	48.49	48.49	0.00%	48.49	48.49	48.49	0.00%
EPS (in Rupees)	59.70	43.97	35.77%	50.76	55.60	59.70	7.37%
Net Interest Margins (%)	1.02%	0.90%	-	0.96%	0.99%	1.02%	-
Net Interest Margins (Annualized) (%)	4.07%	3.60%	-	3.84%	3.94%	4.07%	-

Financial Results - Dec, 2012

(in Rupees Crore)

Financial Results Analysis (Quarter to Quarter and Nine Months ended Dec, 2012)				
Particulars	9 M Dec, 2012	9 M Dec, 2011	% Change	Year end Mar, 12
Interest Earned	4510.00	3478.04	29.67%	4835.58
Interest Expended	2827.51	2155.78	31.16%	2997.22
Net Interest Income	1682.49	1322.26	27.24%	1838.36
Other Income	274.82	211.85	29.72%	334.12
Operating Income	1957.31	1534.11	27.59%	2172.48
Operating Expenses	684.69	581.40	17.77%	802.15
Operating Profit	1272.62	952.71	33.58%	1370.33
Provisions & Contingencies	105.56	84.97	24.23%	169.23
PBT	1167.06	867.74	34.49%	1201.10
Tax Provision	362.04	272.61	32.81%	397.85
Net Profit	805.02	595.13	35.27%	803.25
Share Capital	48.49	48.49	0.00%	48.49
EPS (in Rupees)	166.06	122.76	35.27%	165.69
Net Interest Margins (%)	2.94%	2.83%	-	-
Net Interest Margins (Annualized) (%)	3.93%	3.77%	-	3.84%



Notes

Ratio Analysis - I

(%)

Profitability Ratios	Quarter ended Dec, 12	Quarter ended Dec, 11	Quarter ended Jun, 12	Quarter ended Sep, 12	9 M Dec, 2012	9 M Dec, 2011	Year ended Mar, 12
Net Interest Margins	1.02	0.90	0.96	0.99	2.94	2.83	
Annualized	4.07	3.60	3.84	3.94	3.93	3.77	3.84
Interest Spread	0.96	0.85	0.91	0.93	2.79	2.65	
Annualized	3.83	3.39	3.65	3.71	3.72	3.53	3.57
Yield on Advances (Av)	3.15	3.04	3.13	3.18	9.46	8.93	
Annualized	12.60	12.15	12.54	12.71	12.61	11.90	12.12
Yield on Investments (Av)	1.86	1.84	1.92	1.87	5.65	5.41	
Annualized	7.43	7.34	7.67	7.49	7.53	7.22	7.29
Cost of Deposits (Av)	1.69	1.68	1.76	1.75	5.19	4.77	
Annualized	6.74	6.73	7.04	7.00	6.92	6.36	6.48

Ratio Analysis - II

(%)

Profitability Ratios	Quarter ended Dec, 12	Quarter ended Dec, 11	Quarter ended Jun, 12	Quarter ended Sep, 12	9 M Dec, 2012	9 M Dec, 2011	Year ended Mar, 12
Return on Assets	0.45	0.38	0.42	0.45	1.26	1.08	
Annualized	1.87	1.52	1.68	1.79	1.78	1.44	1.56
Return on period end Net Worth	5.91	5.23	5.67	5.85	16.44	14.61	
Annualized	23.63	20.93	22.68	23.39	21.91	19.48	19.62
Return on Average Net Worth	6.18	5.37	5.84	6.02	17.91	15.76	
Annualized	24.70	21.50	23.35	24.10	23.88	21.01	21.22
Gross Profit to AWF	0.70	0.61	0.71	0.70	2.11	1.91	
Annualized	2.80	2.43	2.83	2.80	2.81	2.54	2.66
Net Profit to AWF	0.47	0.40	0.42	0.45	1.33	1.19	
Annualized	1.87	1.60	1.68	1.79	1.78	1.59	1.56

Ratio Analysis - III

Efficiency Ratios	Quarter ended Dec, 12	Quarter ended Dec, 11	Quarter ended Jun, 12	Quarter ended Sep, 12	9 M Dec, 2012	9 M Dec, 2011	Year ended Mar, 12
Cost to Income Ratio (%)	36.50	38.30	34.00	34.32	34.98	37.90	36.92
CD Ratio (%)	62.48	60.98	62.55	62.40	62.48	60.98	62.00
CASA Ratio (%)	39.43	40.19	38.71	38.16	39.43	40.19	40.71
Business per Employee (in Rs. Lakh)	991	846	934	954	991	846	934
Net Profit per Employee (Rs. Lakh)	3.09	2.30	2.66	2.88	8.60	6.42	
Annualized	12.37	9.19	10.65	11.53	11.47	8.56	8.68
Business Per Branch (in Rs. Crore)	139.24	138.68	140.39	141.36	139.24	138.68	142.38
Net Profit per Branch (in Rupees Lakh) (Ann.)	174	151	160	171	161	140	132
Asset Quality Ratios							
Gross NPAs (in Rupees Crore)	581.68	545.02	540.95	551.64	581.68	545.02	516.60
Net NPAs (in Rupees Crore)	49.51	46.93	48.16	55.34	49.51	46.93	49.34
Gross NPA Ratio (%)	1.61	1.80	1.60	1.59	1.61	1.80	1.54
Net NPA Ratio (%)	0.14	0.16	0.14	0.16	0.14	0.16	0.15
NPA Coverage Ratio (%)	94.21	94.07	94.09	93.30	94.21	94.07	93.76
Gross NPA to Net Worth Ratio (%)	12.41	13.74	12.83	12.33	12.94	14.43	13.65
Net NPA to Net Worth Ratio (%)	1.06	1.18	1.14	1.24	1.10	1.24	1.30

Ratio Analysis - IV

(%)

Operating Ratios	Quarter ended Dec, 12	Quarter ended Dec, 11	Quarter ended Jun, 12	Quarter ended Sep, 12	9 M Dec, 2012	9 M Dec, 2011	Year ended Mar, 12
Operating Expenses to AWF (Ann.)	1.61	1.51	1.46	1.46	1.51	1.55	1.56
Operating Expenses to Total Income	15.39	14.99	13.62	13.88	14.31	15.76	15.52
Operating Expenses to Other Income	276.13	272.83	229.01	242.95	249.13	274.44	240.08
Staff Cost to Total Income	10.09	9.76	8.79	8.98	9.29	10.41	10.09
Interest Earned to AWF (Annualized)	9.88	9.51	10.07	9.95	9.96	9.28	9.38
Non Interest Income to AWF (Annualized)	0.58	0.55	0.64	0.60	0.61	0.57	0.65
Capital Adequacy Ratio Basel I	12.97	13.28	12.43	12.66	12.97	13.28	12.53
Tier I	11.08	11.15	10.40	10.69	11.08	11.15	10.43
Tier II	1.89	2.13	2.03	1.97	1.89	2.13	2.10
Capital Adequacy Ratio Basel II	13.82	13.62	13.75	13.73	13.82	13.62	13.36
Tier I	11.80	11.44	11.50	11.59	11.80	11.44	11.12
Tier II	2.02	2.18	2.25	2.14	2.02	2.18	2.24

Ratio Analysis - V

Valuation Ratios	Quarter ended Dec, 12	Quarter ended Dec, 11	Quarter ended Jun, 12	Quarter ended Sep, 12	9 M Dec, 2012	9 M Dec, 2011	Year ended Mar, 12
Earnings per Share (in Rs)	59.70	43.97	50.76	55.60	166.06	122.76	
Annualized	238.80	175.89	203.05	222.41	221.42	163.68	165.69
Net Asset Value (in Rupees)	1010.41	840.34	895.10	950.71	1010.41	840.34	844.34
Adjusted Book Value (in Rupees)	1000.19	830.66	885.17	939.29	1000.19	830.66	834.16
Price to book value ratio	1.36	0.93	1.03	1.23	1.36	0.93	1.00
Price to adjusted book value ratio	1.37	0.94	1.04	1.25	1.37	0.94	1.01
Price Earning Ratio (On Annualized EPS)	5.74	4.43	4.55	5.26	6.19	4.77	5.11
Market Capital To Deposits (%)	11.64	7.75	8.44	10.33	11.64	7.75	7.69
Dividend Payout Ratio (%)	-	-	-	-	-	-	20.22
Dividend Yield (%)	-	-	-	-	-	-	3.96
Economic Value Addition (%)	-	-	-	-	-	-	15.67
Market price (in Rupees) on NSE	1370	780	924.35	1170	1370	780	846
Number of Shares	48477802	48477802	48477802	48477802	48477802	48477802	48477802

Geographical Break-up

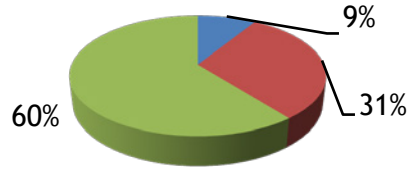
(in Rupees Crore)

		As on Dec 31, 2012			
S. No.	Particulars	From J&K State		From Rest of India	
		Amount	% age	Amount	% age
1	Deposits	37246	65 %	19828	35 %
2	CASA Ratio	-	55	-	10
3	Gross Advances	14932	41 %	21258	59 %
4	Gross Profit	899.72	71 %	372.89	29 %
5	Net Interest Margin	-	6.14 %	-	2.58 %
6	Number of Branches	555	84 %	107	16 %
7	Number of ATM's	509	88 %	69	12 %

Deposits - Compositional Break-up (Dec 12)

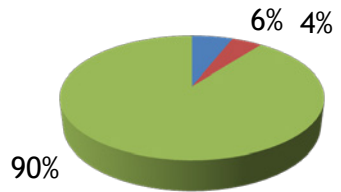
Bank as Whole (%)

- Current
- Saving
- Term



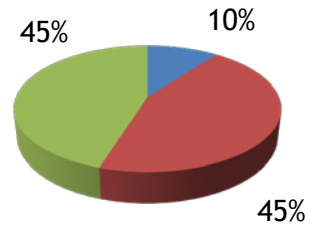
In Rest of India (%)

- Current
- Saving
- Term



Within J&K (%)

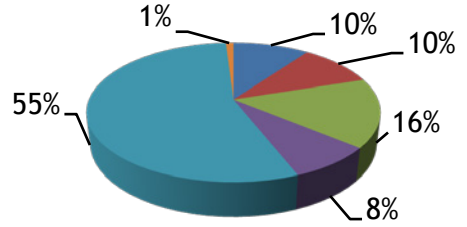
- Current
- Saving
- Term



Advances - Sector-wise (Dec 12)

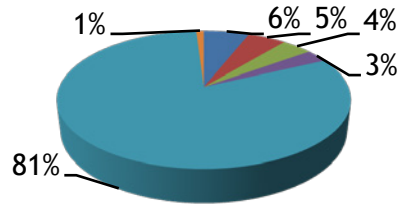
Bank as Whole (%)

- Agriculture
- Trade
- Personal
- SME
- Corporate
- Others



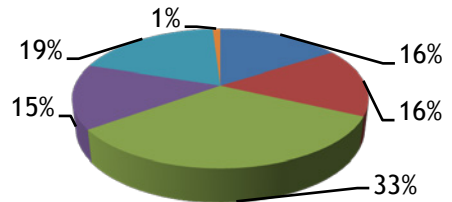
In Rest of India (%)

- Agriculture
- Trade
- Personal
- SME
- Corporate
- Others



Within J&K (%)

- Agriculture
- Trade
- Personal
- SME
- Corporate
- Others



Restructuring (Dec 12) - I

(in Rupees Crore)

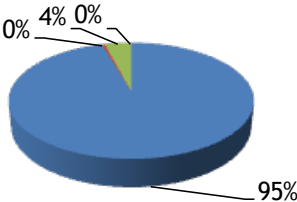
S. No.	Particulars			
		For Quarter ended Dec, 2012	For 9 M ended Dec, 2012	For Financial Year ended March 31, '12
1	Balance at the start of the period	1501.29	1365.75	1545.10
	Additions during the period	728.32	991.02	570.40
	Repayments during the period	251.92	379.07	749.75
	Balance at the close of the period	1977.69	1977.69	1365.75
2	NPA's from Outstanding Restructured Advances	89.90	89.90	110.20
3	Provisions held against NPA's	79.02	79.02	75.68

Restructuring (Dec 12) - II

- Outstanding Restructured portfolio well distributed among 10 sectors and 2422 accounts
- Total Outstanding NPA's from Outstanding Restructured Portfolio Rs 89.90 crore (4.5 %), for which provision of Rs 79.02 crore available

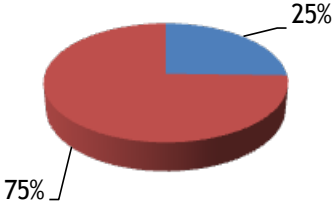
Classification of Outstanding Restructured Portfolio

- Standard
- Sub- Standard
- Doubtful
- Loss



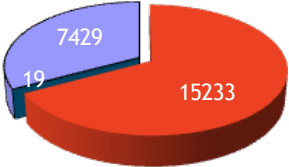
Distribution of Outstanding Restructured Portfolio

- J&K State
- Outside State



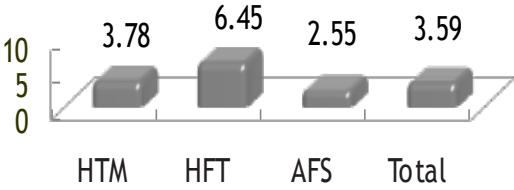
Investments, (Dec 12) - I

(in Rs crore)

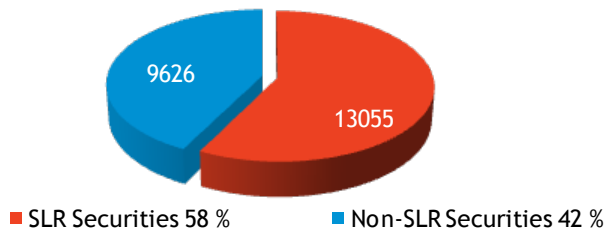


■ Held to Maturity 67 % ■ Held for Trading 0.1 % ■ Available for Sale 33 %

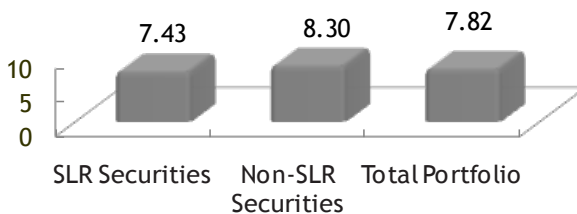
Duration



Investments, (Dec 12) - II (in Rs. crore)



Yield (on daily average balances for 9 M ended Dec 2012)



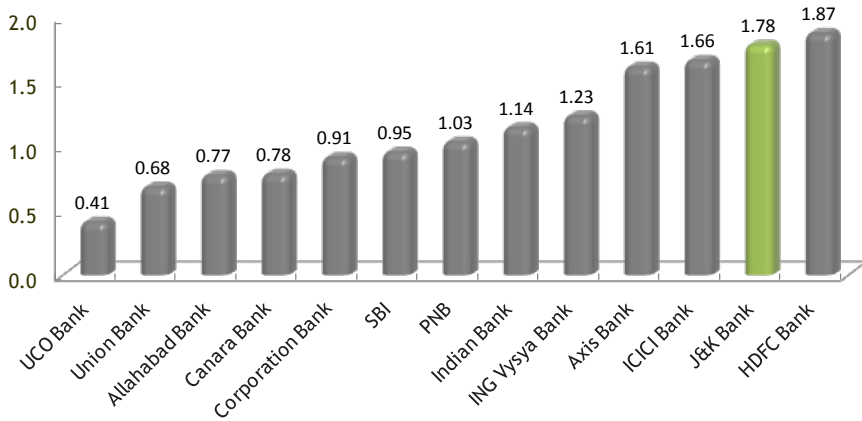


Industry Review



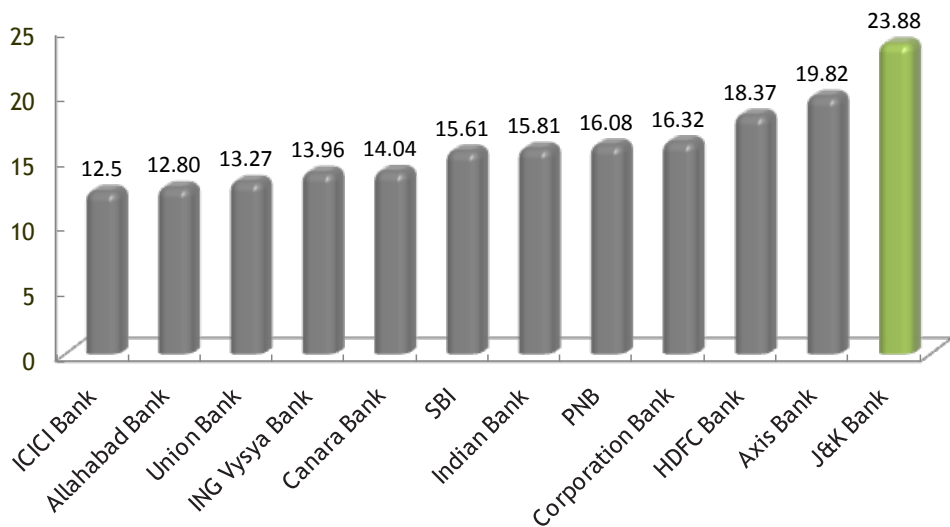
Return on Assets (%)

For 9 M ended Dec, 2012



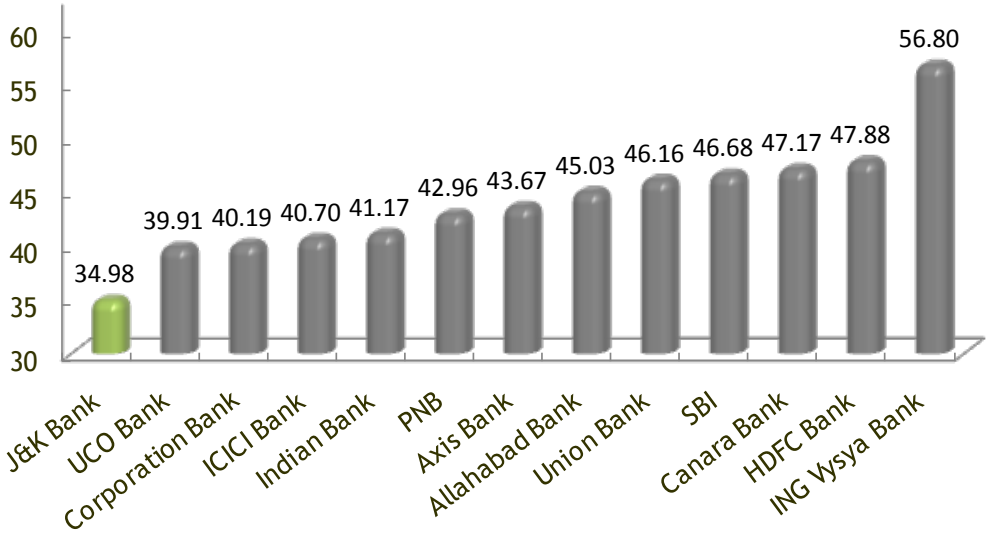
Return on Equity (%)

For 9 M ended Dec, 2012



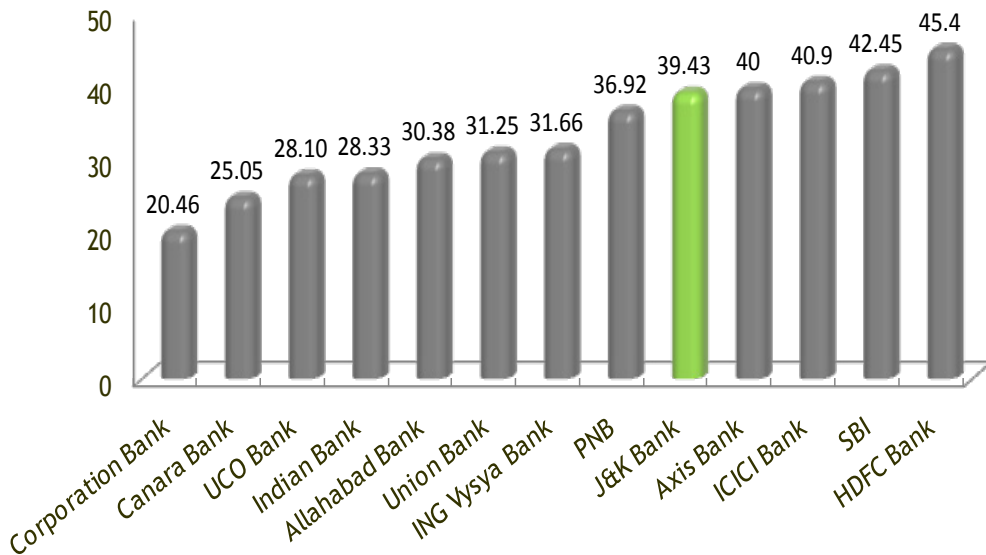
Cost to Income (%)

For 9 M ended Dec, 2012



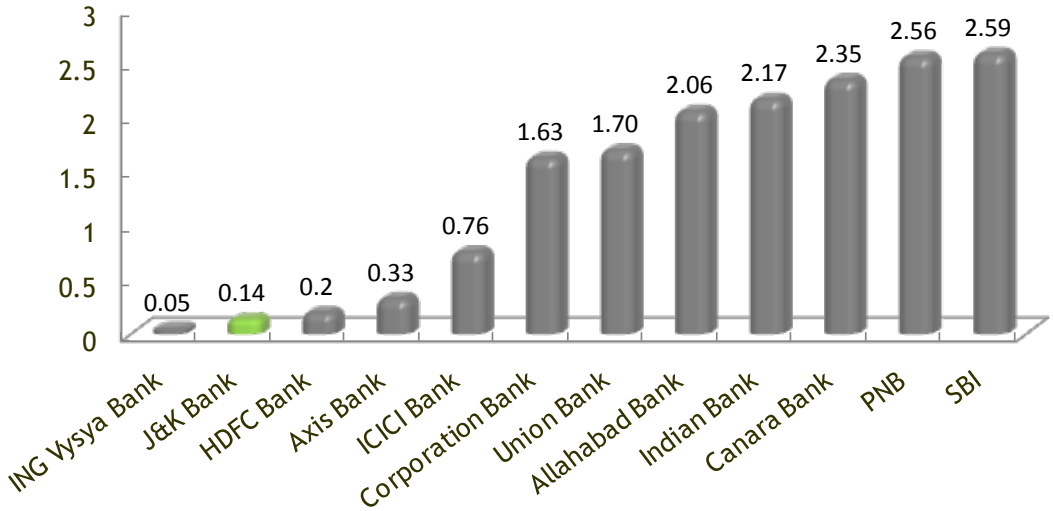
CASA Ratio (%)

As on Dec, 2012



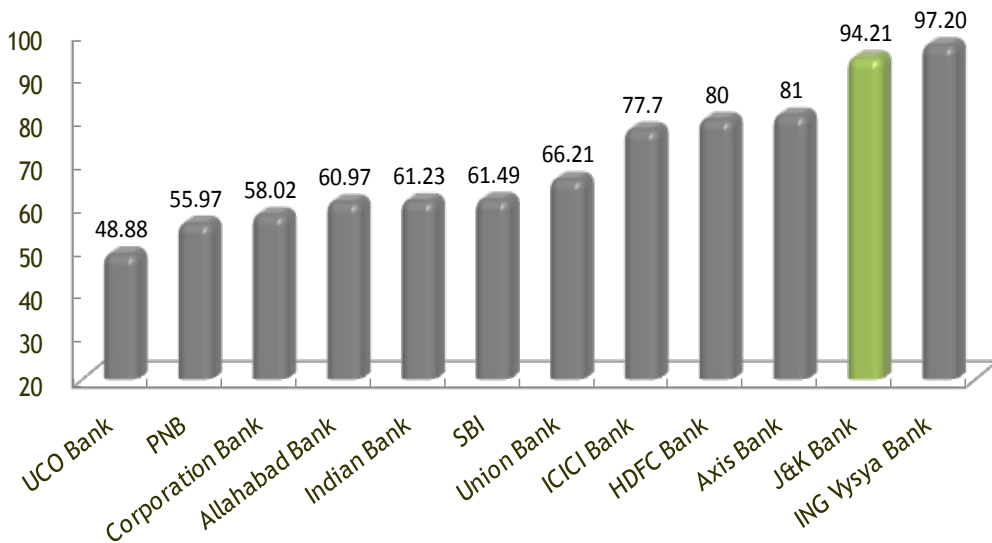
Net Impaired Loans (%)

As on Dec, 2012



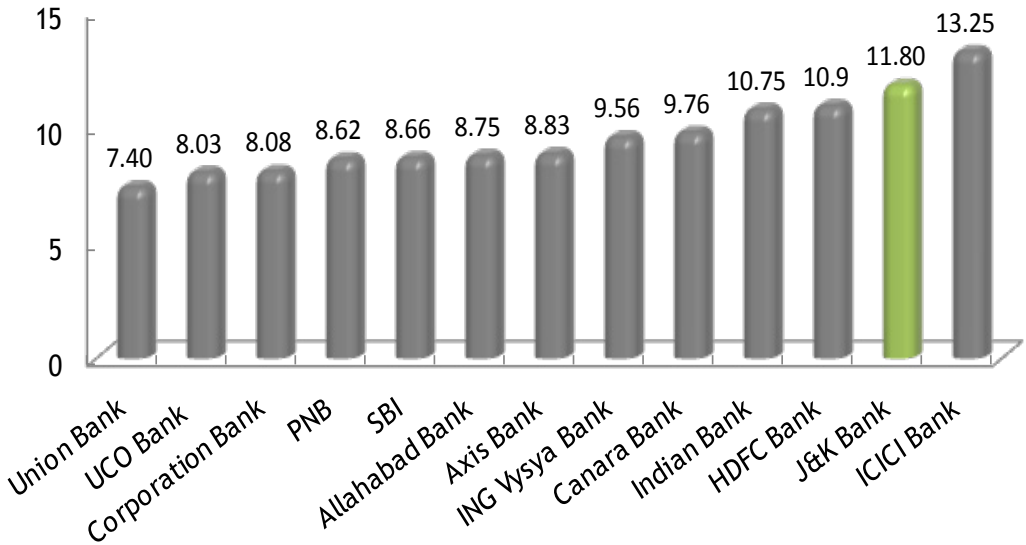
Coverage Ratio (%): Among Highest in India

As on Dec, 2012



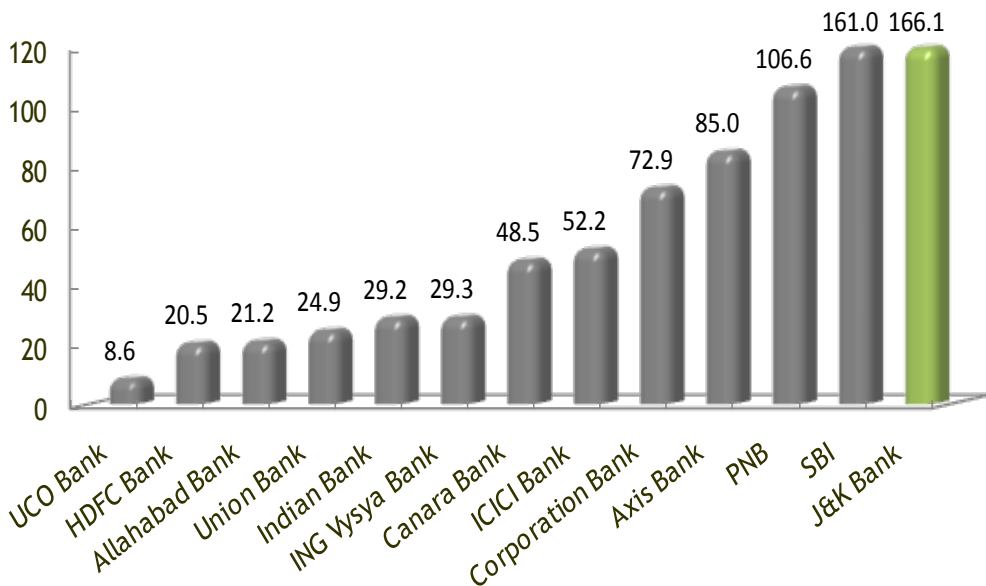
Tier I Capital (%) (Basel II)

As on Dec, 2012



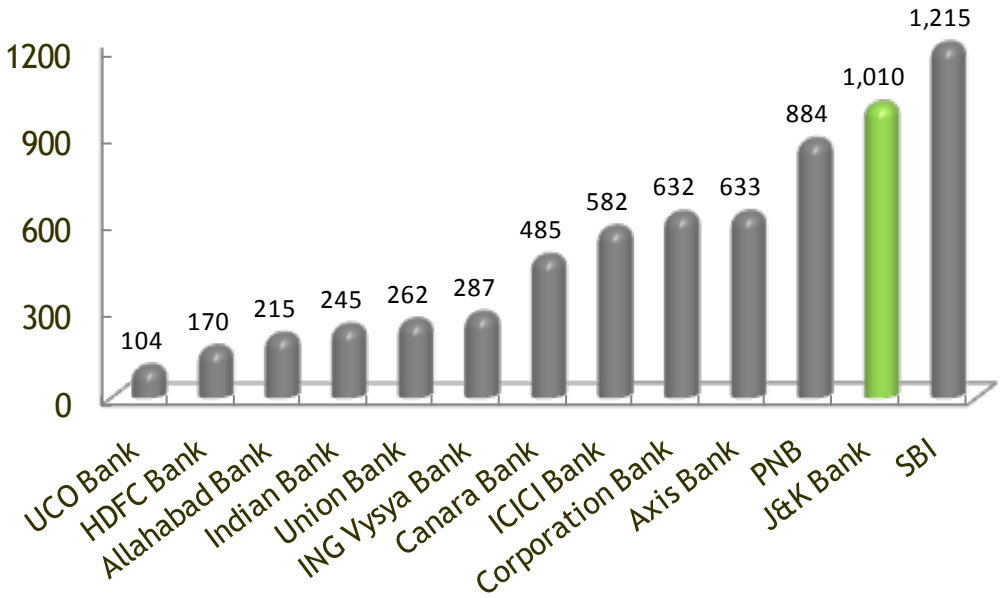
Earnings per Share (Rs.)

For 9 M ended Dec, 2012



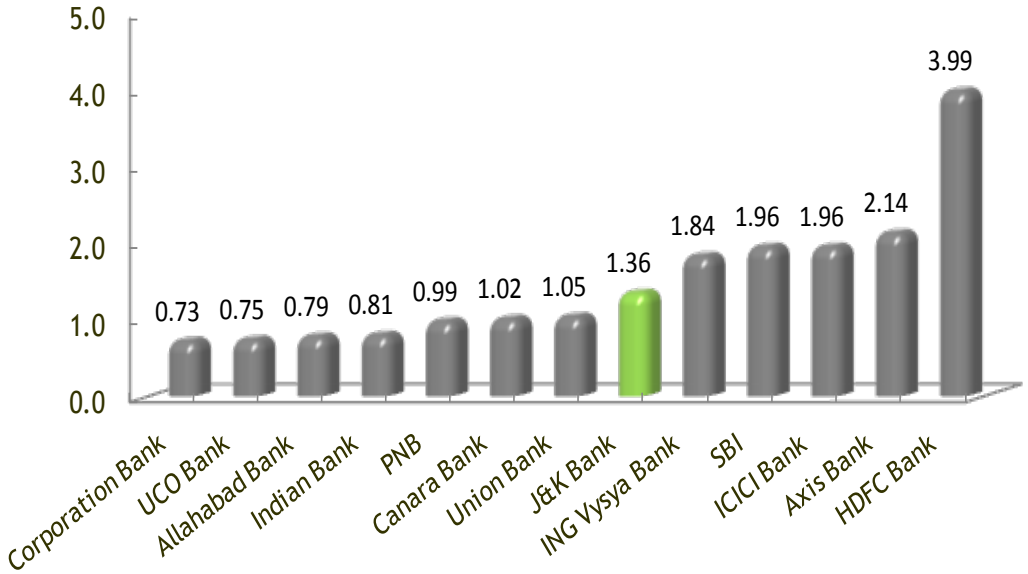
Book Value (Rs.)

As on Dec, 2012



Price to Book Value

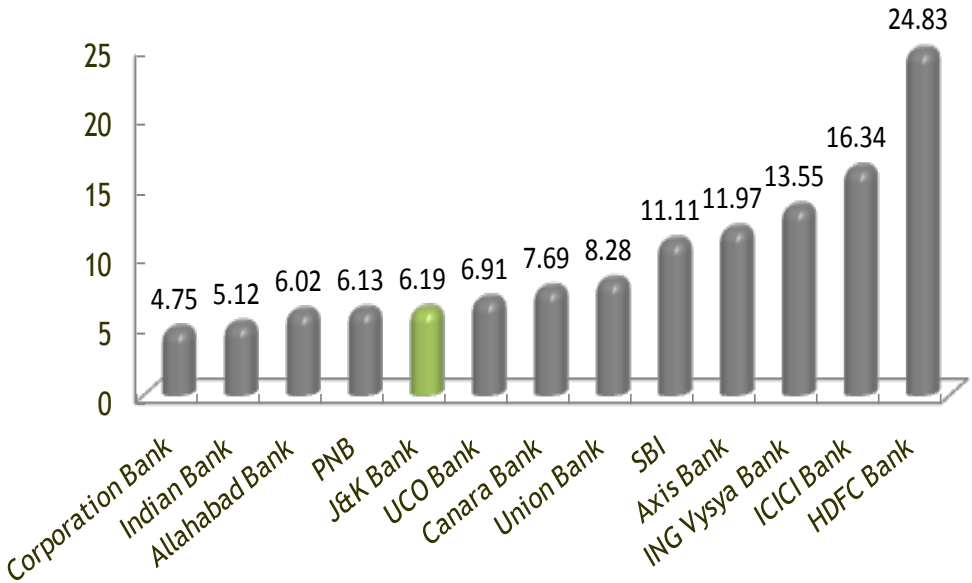
As on Dec, 2012



Notes

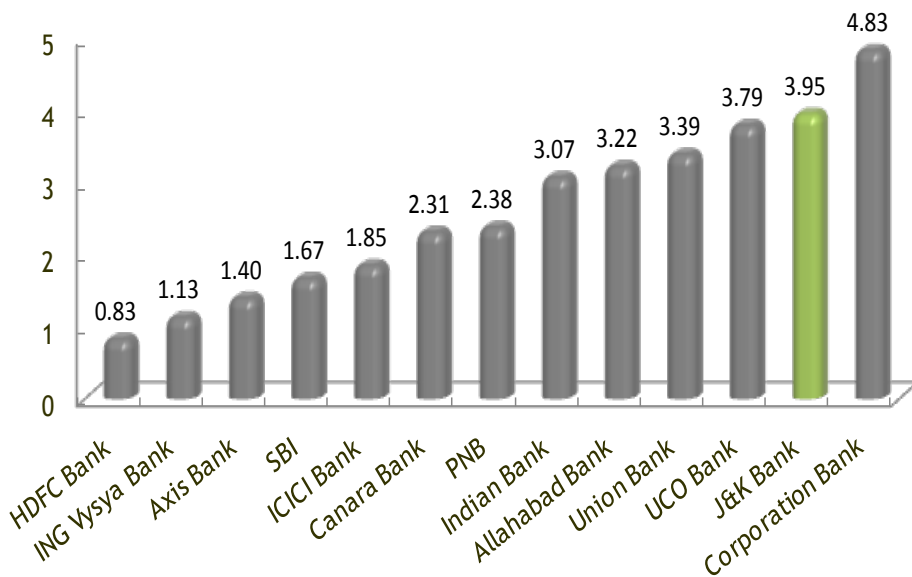
PE Ratio

As on Dec, 2012



Dividend Yield (%)

For FY ended Mar, 2012





J&K State - Potential for Growth



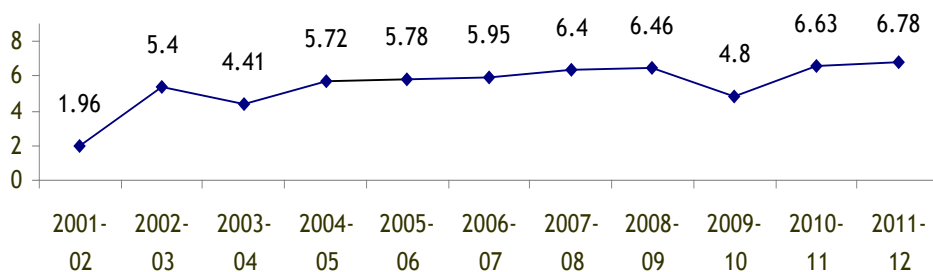
J&K State's Economy - Basic Indicators

S. No.	Particulars	J&K State	All India / National Average
1	Total Population (in crores)	1.25	121.02
2	Area (in Sq Kms)	222236	3287240
3	Density (persons / Sq Km)	124	382
4	Per capita Income (in Rupees)	28932	38005
5	Population BPL (%)	21.63 %	27.5 %
6	Literacy	68.74 %	74.04 %
7	Unemployment Rate	4.9 %	9.4 %

J&K State Economy - GDP Size and Growth

Particulars	Amount in Rs.crore		
	2009-10	2010-11	2011-12
Size of GDP	36329	38739	41367
Contribution by Primary Sector	7796 (22%)	7976 (21%)	8207 (20%)
Contribution by Secondary Sector	9871 (27%)	10289 (26%)	10727 (26%)
Contribution by Tertiary Sector	18662 (51%)	20474 (53%)	22434 (54%)

GDP Growth Rate



J&K State Economy - Economic Reconstruction and its Impact

- GDP / economy in J&K State accelerating and is poised for further growth in future. Government spending and Private Investment on the rise
-
- Record tourist inflow during last two years, more expected this year. Increased investment in tourist infrastructure pushing up credit demand
-
- Demand for financing private sector projects, SME's and ancillaries on the rise
-
- Trickle down impact of all this will lead to increase in per capita income and savings, increasing capacity for servicing personal loans

J&K State - Credit Gap

- J&K accounts for 0.6% of India's GDP, and yet absorbs only 0.30% of total national credit
-
- J&K accounts for 1% of India's population and yet accounts for only 0.2% of India's personal credit
-
- Credit in J&K needs to increase five-fold and Personal Credit in J&K has to triple to catch up with the national average

J&K State - Potential for Horticultural Lending - I

- Agriculture involves about 70 % of the population and contributes 23 % to the GDP, yet only 13 % of J&K Bank's lending is to this sector. Horticultural production contributes about 45 % to Agricultural production and involves 30 lac people
-
- Apples account for 86 % by value of the State's Horticultural output. J&K State produces 77 % of India's total apple output and controls 49 % of land dedicated to apple cultivation

J&K State - Potential for Horticultural Lending - II

- Out of a total of 283000 apple growers in the State, Bank's finance has been extended to about 7200 growers. Tapping the remaining growers will generate credit of about Rs.10500 crore more
-
- At an advance of Rs.3 lac per acre, a total Working Capital of about Rs.10000 crore is needed for 3.3 lac acres of land under apple cultivation
-
- 75 % of Apple growers get their financing from traders and are unaware that its effective interest cost works out to 36% - 54%, against the Bank's interest ranging from 4-11%

J&K State - Impact of Horticultural Lending on Profitability

- Current shortfall in Agriculture Sector Lending is Rs. 2760 crore, which has to be invested in RIDF/MSME Bonds/RHF @ 3 to 5 % for 3-7 years
-
- Interest Subvention Scheme extended to J&K Bank recently providing a level playing field vis-à-vis Public Sector Banks in terms of pricing of agricultural loans and improve the flow of credit to agricultural sector particularly in J&K State
-
- Assuming yield on incremental Agricultural Advances at Base Rate of 10.25 %, the incremental yield (10.25 - 4 %) would generate an incremental revenue of about Rs. 173 crore per year on lending Rs. 2760 crore to agricultural sector
-
- The Agricultural Advances will be for a much shorter duration compared to RIDF/MSME/RHF Investment

Road Ahead



J&K Bank - Ground work done for growth

- Capital Adequacy at 13.82%, Tier I 11.80% & Tier II 2.02% – No constraints for raising additional Tier I capital. Headroom of about Rs. 4000 crore more available to raise Tier II capital
-
- Made liabilities the driver
-
- Insulated earnings from external volatility by:
 - Linking assets to local needs
 - Linking liabilities to local sources
-
- Increased reach by adding 55 branches in J&K State and 148 ATM's overall in FY ended Mar, 12. 100 new branches and 150 new ATM's to be opened during current fiscal, of which 75 branches to be opened in J&K State

J&K State - Business Strategy

- Increasing lending in J&K, which is high margin, low volume
- Leveraging our core competence of domain and geographical expertise.
- Bridging Credit Gap in J&K with focus on potential and under-serviced sectors

Outside State - Business Strategy

Nationally focus on

- Rebuilding Corporate Loan Book

- Improving WC to TL Ratio

- Impetus on SME / Retail sector lending in smaller cities

Road Ahead - March 2013

- To achieve Rs. 1000 crore profit and Rs. 100000 crore business by FY ended March, 2013

Targets

- CASA 40% to 45%
- NIMs 3.5% to 4%+
- ROA 1.3% to 1.5%+
- ROE 19% to 22%
- Advances 25% CAGR
- Deposits 20% CAGR
- Cost/Income 35-40%
- Loan/Deposit 60% to 65%
- PCR Above 90%

Notes







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