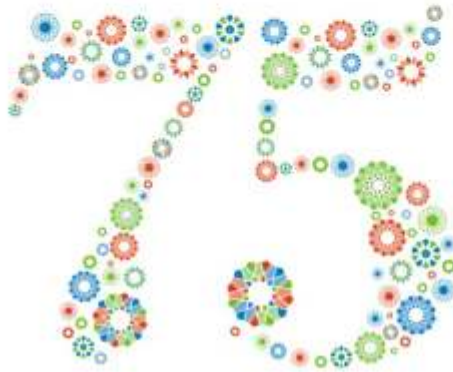




J&K Bank
Celebrating 75 years of Service



CREDIT SUISSE



Road Show – Singapore

Feb 19 & 20, 2013

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



One of a **K**ind

- 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
 - **8.6 million**
Adult population
 - **4.7 million**
Account holders of J&K Bank

- Business leadership in J&K



Shareholding Pattern (%) (01.02.2013)

■ Government of J&K

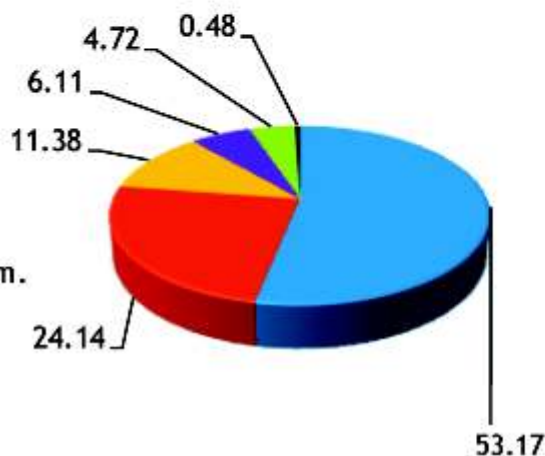
■ Foreign Inst. Investors

■ Resident Individuals

■ Bodies Corporates/
Insurance Cos/Clearing Mem.

■ 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 Million)

Particulars	Year ended Mar, 03	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07
Net Worth	12420.0	15937.4	16654.0	17994.7	20087.3
Deposits	146749	186614	216450	234846	251943
Advances	80110	92849	115171	144831	170799
Investments	67378	84511	90892	89938	73922
Total Income	17145.6	18229.5	16312.6	18171.0	20595.4
Net Profit	3377.5	4063.3	1150.7	1768.4	2744.9
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 Million)

Particulars	Year ended Mar, 08	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12
Net Worth	22808.2	26228.6	30104.6	34786.8	40931.8
Deposits	285933	330041	372372	446759	533469
Advances	188826	209304	230572	261936	330774
Investments	87577	107363	139563	196958	216243
Total Income	26792.4	32331.7	34731.1	40778.9	51697.0
Net Profit	3600.0	4098.3	5123.8	6152.0	8032.5
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 million)	31.90	39.44	48.25	55.53	61.74
Net Profit per Employee (in Rupees million)	0.48	0.57	0.17	0.26	0.40
Business Per Branch (in Rupees million)	499.7	678.3	782.1	872.8	937.3
Net Profit per Branch (in Rupees million)	7.44	9.86	2.71	4.07	6.09
Gross NPA's (Rupees million)	2530.0	2860.0	3172.5	3701.9	5018.3
Net NPA's (Rupees million)	1270.0	1380.0	1629.3	1338.7	1935.7
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 million)	62.82	70.72	77.41	89.28	93.41
Net Profit per Employee (in Rupees million)	0.48	0.54	0.66	0.78	0.87
Business Per Branch (in Rupees million)	934.6	1011.9	1124.9	1283.9	1423.8
Net Profit per Branch (in Rupees million)	7.09	7.69	9.56	11.10	13.20
Gross NPA's (Rupees million)	4852.3	5592.7	4623.1	5188.3	5166.0
Net NPA's (Rupees million)	2035.5	2875.1	643.3	532.4	493.4
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

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 millions)	48.5	48.5	48.5	48.5	48.5

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	846
No. of Shares (in millions)	48.5	48.5	48.5	48.5	48.5

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 Million)

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	15332.4	12665.3	21.06%	14761.6	15005.9	15332.4	2.18%
Interest Expended	9390.4	8157.4	15.12%	9405.4	9479.2	9390.4	-0.94%
Net Interest Income	5942.0	4507.9	31.81%	5356.2	5526.7	5942.0	7.51%
Other Income	905.3	736.3	22.96%	933.7	909.2	905.3	-0.43%
Operating Income	6847.3	5244.2	30.57%	6289.9	6435.9	6847.3	6.39%
Operating Expenses	2499.6	2008.6	24.45%	2138.2	2209.1	2499.6	13.15%
Operating Profit	4347.7	3235.6	34.37%	4151.7	4226.8	4347.7	2.86%
Provisions & Contingencies	223.8	181.6	23.24%	503.7	328.1	223.8	-31.79%
PBT	4123.9	3054.0	35.03%	3648.0	3898.7	4123.9	5.78%
Tax Provision	1229.9	922.1	33.38%	1187.1	1203.4	1229.9	2.20%
Net Profit	2894.0	2131.9	35.75%	2460.9	2695.3	2894.0	7.37%
Share Capital	484.9	484.9	0.00%	484.9	484.9	484.9	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 Million)

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	45100.0	34780.4	29.67%	48355.8
Interest Expended	28275.1	21557.8	31.16%	29972.2
Net Interest Income	16824.9	13222.6	27.24%	18383.6
Other Income	2748.2	2118.5	29.72%	3341.2
Operating Income	19573.1	15341.1	27.59%	21724.8
Operating Expenses	6846.9	5814.0	17.77%	8021.5
Operating Profit	12726.2	9527.1	33.58%	13703.3
Provisions & Contingencies	1055.6	849.7	24.23%	1692.3
PBT	11670.6	8677.4	34.49%	12011.0
Tax Provision	3620.4	2726.1	32.81%	3978.5
Net Profit	8050.2	5951.3	35.27%	8032.5
Share Capital	484.9	484.9	0.00%	484.9
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%

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. Million)	99.10	84.60	93.40	95.40	99.10	84.60	93.40
Net Profit per Employee (Rs. Million)	0.31	0.23	0.30	0.29	0.86	0.64	
Annualized	1.24	0.92	1.10	1.16	1.15	0.86	0.87
Business Per Branch (in Rs. Million)	1392.40	1386.80	1403.90	1413.60	1392.40	1386.80	1423.80
Net Profit per Branch (in Rupees Million) (Ann.)	17.40	15.10	16.00	17.10	16.10	14.00	13.20
Asset Quality Ratios							
Gross NPAs (in Rupees Million)	5816.80	5450.20	5409.50	5516.40	5816.80	5450.20	5166.00
Net NPAs (in Rupees Million)	495.10	469.30	481.60	553.40	495.10	469.30	493.40
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 (in Million)	48.48	48.48	48.48	48.48	48.48	48.48	48.48

Geographical Break-up

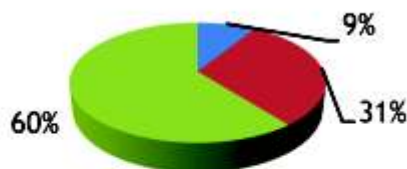
(in Rupees million)

		As on Dec 31, 2012			
S. No.	Particulars	From J&K State		From Rest of India	
		Amount	% age	Amount	% age
1	Deposits	372462	65 %	198284	35 %
2	CASA Ratio	-	55 %	-	10 %
3	Gross Advances	149317	41 %	212581	59 %
4	Gross Profit	8997.2	71 %	3728.9	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)

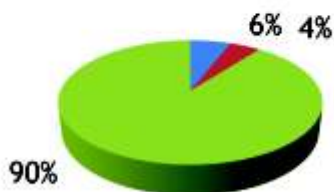
Bank as Whole (%)

- Current
- Saving
- Term



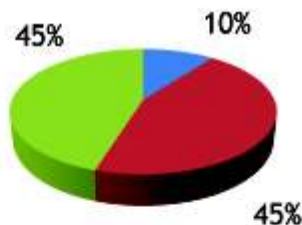
In Rest of India (%)

- Current
- Saving
- Term



Within J&K (%)

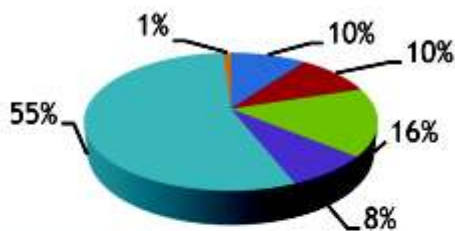
- Current
- Saving
- Term



Advances - Sector-wise (Dec 12)

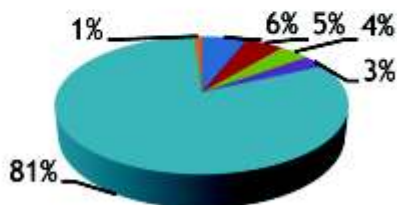
Bank as Whole (%)

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



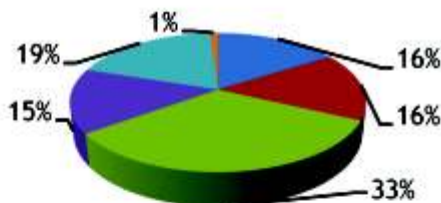
In Rest of India (%)

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



Within J&K (%)

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



Restructuring (Dec 12) - I

(in Rupees Million)

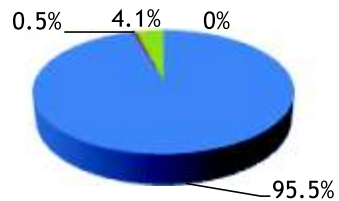
S. No.	Particulars			
		For Quarter ended Dec, 2012	For 9 M ended Dec, 2012	For Financial Year ended March 31, '12
1	Balance at the start of the period	15012.9	13657.5	15451.0
	Additions during the period	7283.2	9910.2	5704.0
	Repayments / Recoveries / Up gradations during the period	2519.2	3790.7	7497.5
	Balance at the close of the period	19776.9	19776.9	13657.5
2	NPA's from Outstanding Restructured Advances	899.0	899.0	1102.0
3	Provisions held against NPA's	790.2	790.2	756.8

Restructuring (Dec 12) - II

- Outstanding Restructured portfolio well distributed among 10 sectors and 2422 accounts
- Total Outstanding NPA's from Outstanding Restructured Portfolio Rs 899.0 million (4.5 %), for which provision of Rs 790.2 million available

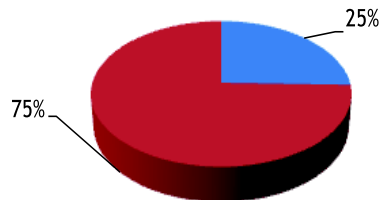
Classification of Outstanding Restructured Portfolio

- Standard
- Sub- Standard
- Doubtful
- Loss



Distribution of Outstanding Restructured Portfolio

- J&K State
- Outside State

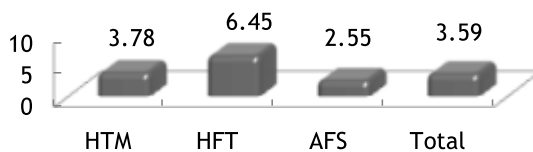


Investments, (Dec 12) - I

(in Rs million)

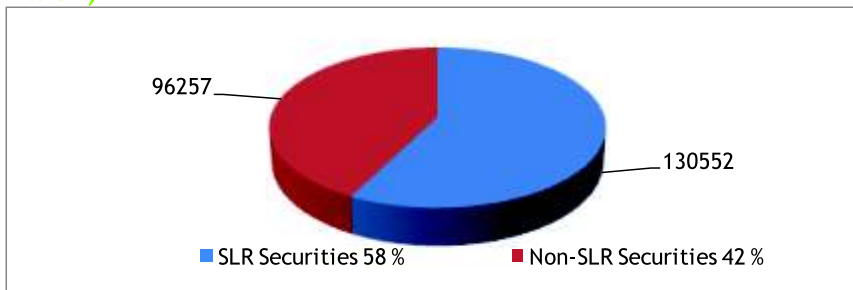


Duration

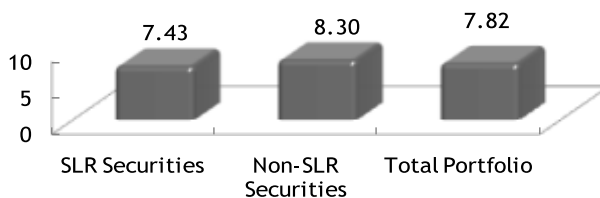


Investments, (Dec 12) - II

(in Rs. million)



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



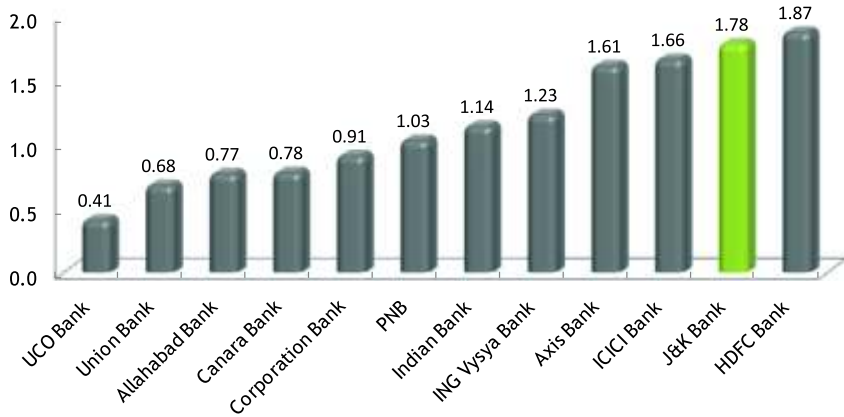


Industry Review



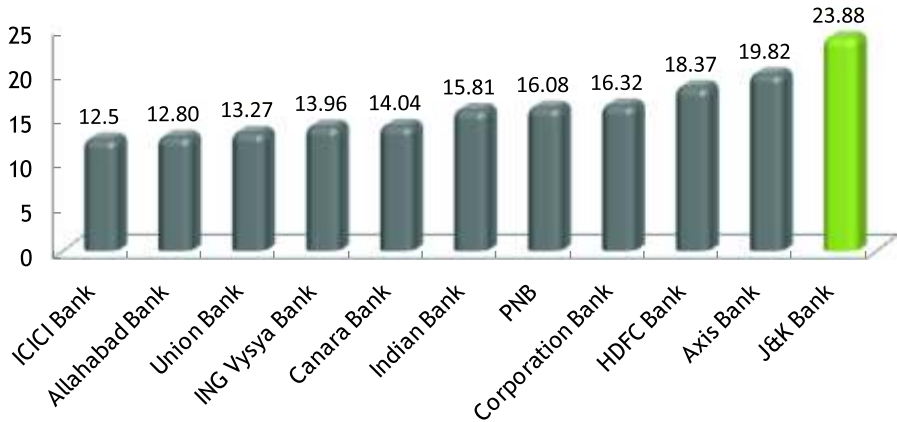
Return on Assets (%)

For 9 M ended Dec, 2012



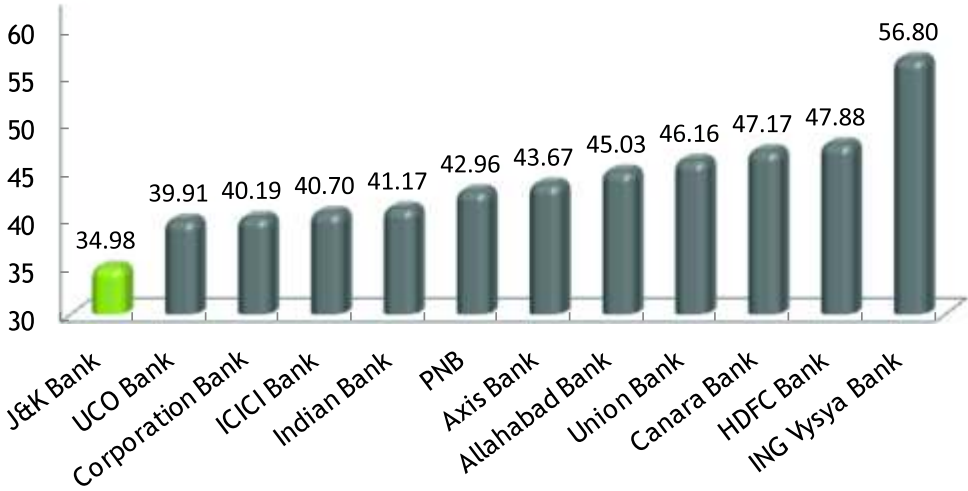
Return on Equity (%)

For 9 M ended Dec, 2012



Cost to Income (%)

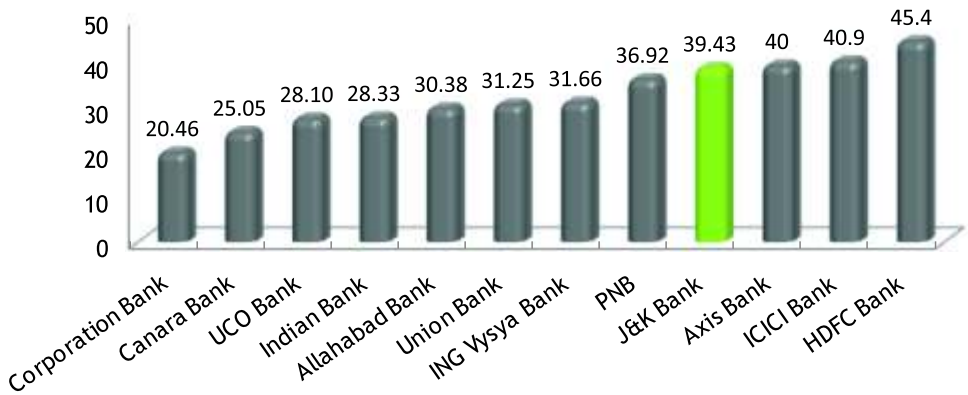
For 9 M ended Dec, 2012



Notes

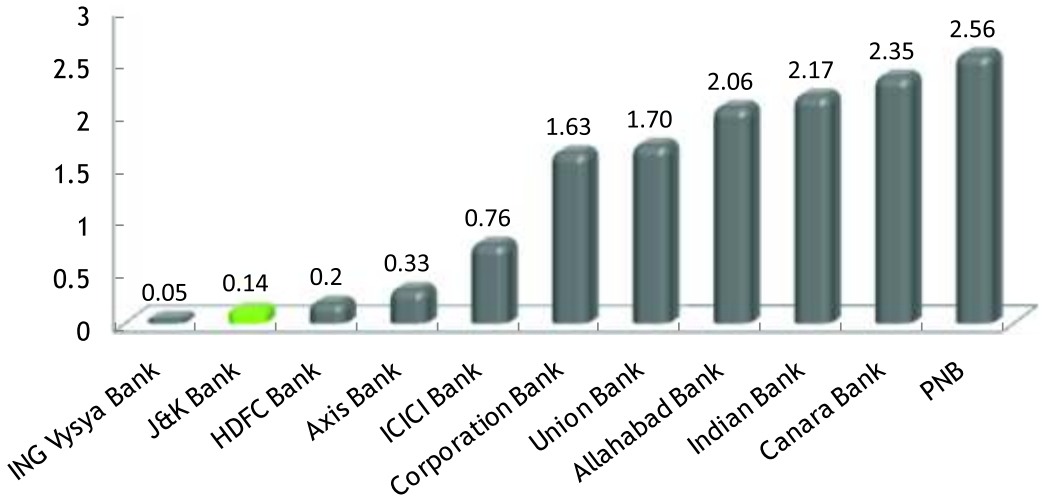
CASA Ratio (%)

As on Dec, 2012



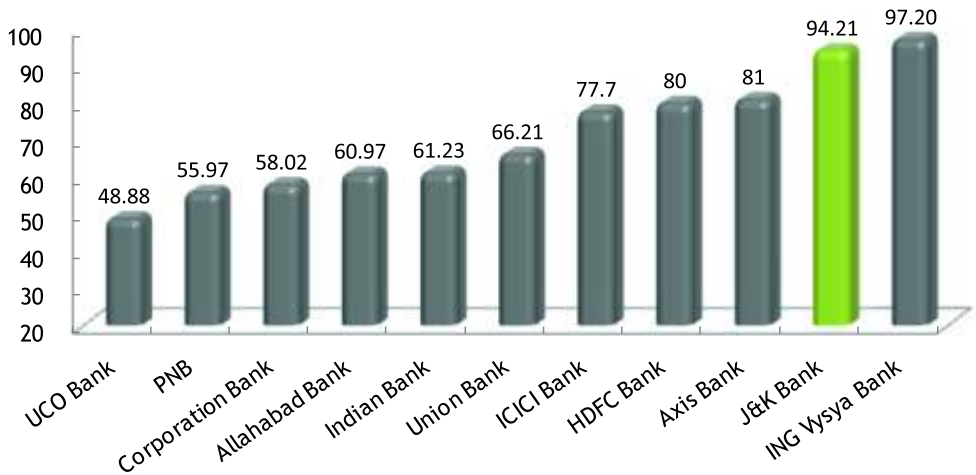
Net Impaired Loans (%)

As on Dec, 2012



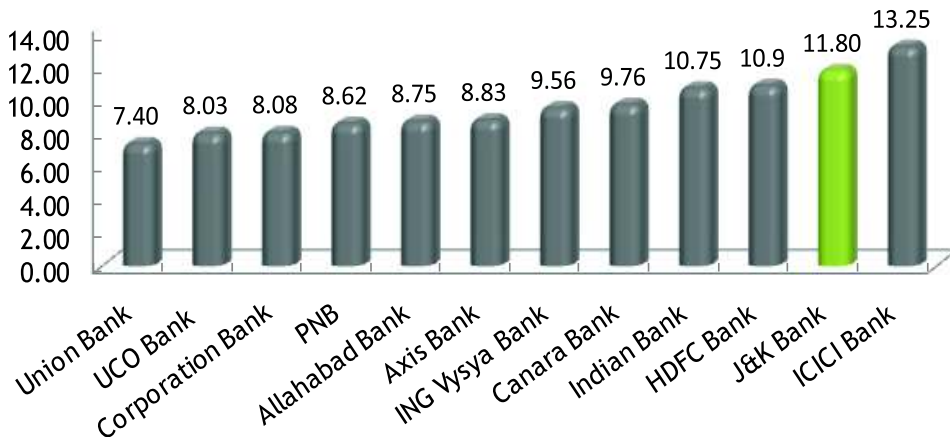
Coverage Ratio (%): Among Highest in India

As on Dec, 2012



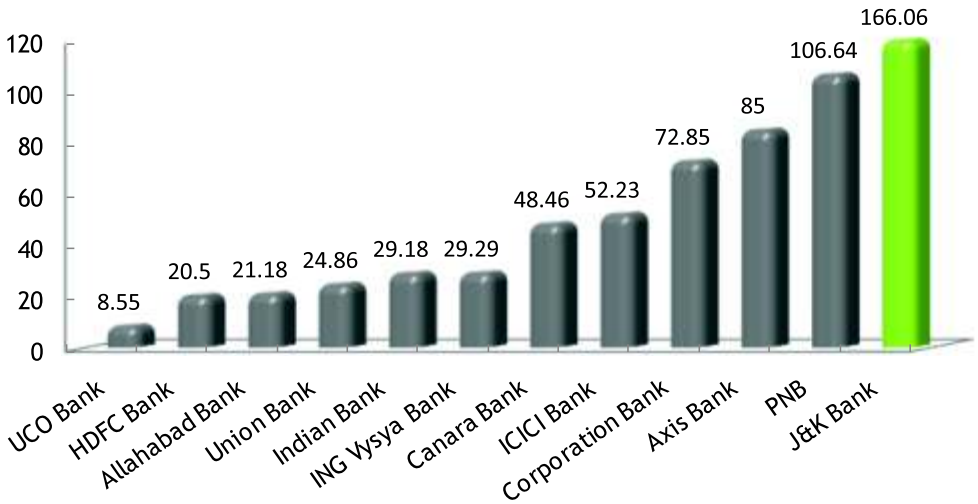
Tier I Capital (%) (Basel II)

As on Dec, 2012



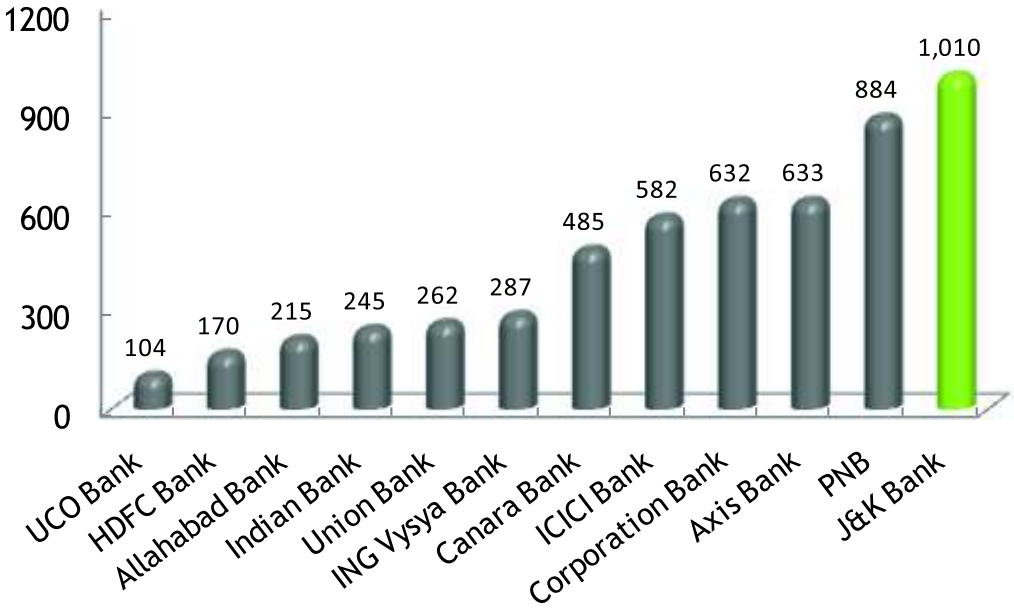
Earnings per Share (Rs.)

For 9 M ended Dec, 2012



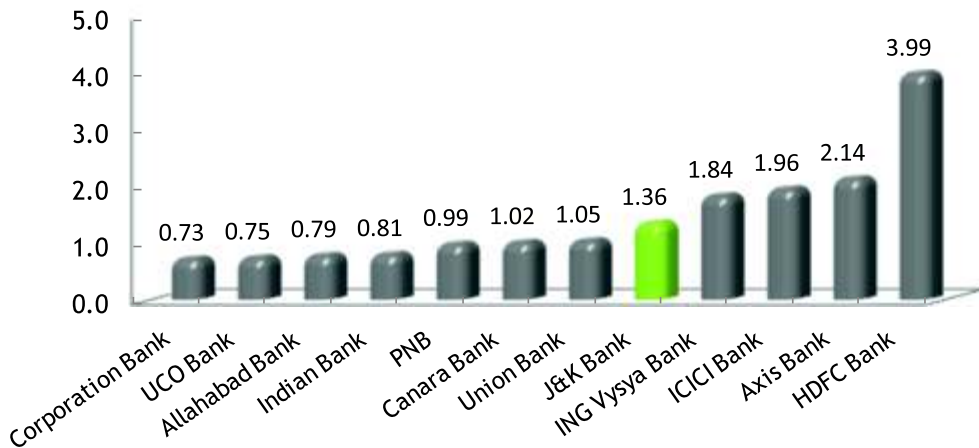
Book Value (Rs.)

As on Dec, 2012



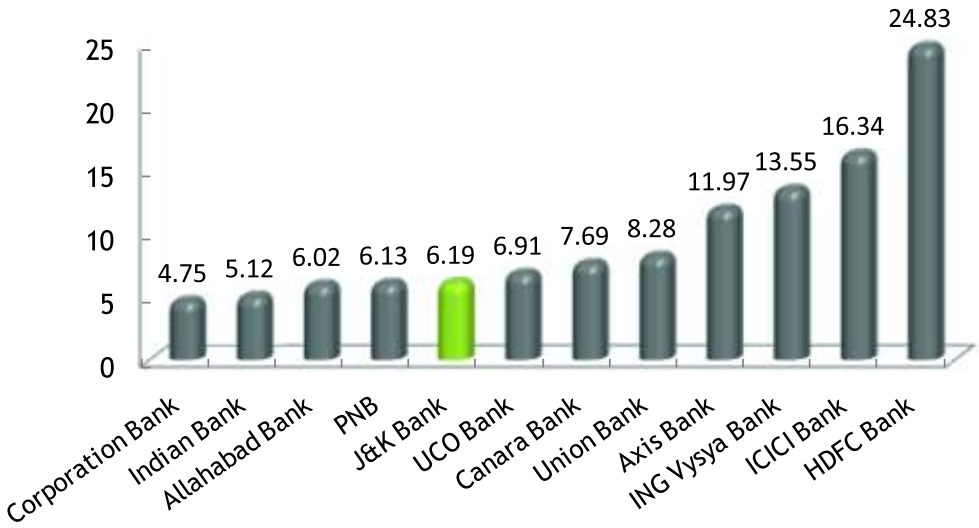
Price to Book Value

As on Dec, 2012



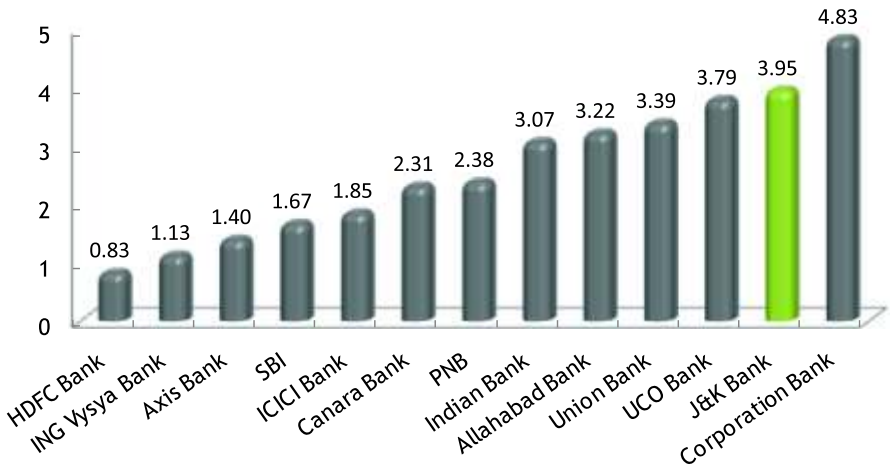
PE Ratio

As on Dec, 2012



Dividend Yield (%)

For FY ended Mar, 2012





J&K State - Potential for Growth



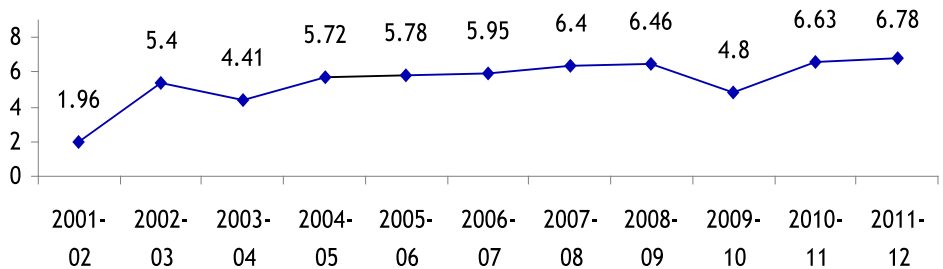
J&K State's Economy - Basic Indicators

S. No.	Particulars	J&K State	All India / National Average
1	Total Population (in million)	12.5	1210.2
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 million		
	2009-10	2010-11	2011-12
Size of GDP	363290	387390	413670
Contribution by Primary Sector	77960 (22%)	79760 (21%)	82070 (20%)
Contribution by Secondary Sector	98710 (27%)	102890 (26%)	107270 (26%)
Contribution by Tertiary Sector	186620 (51%)	204740 (53%)	224340 (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 16 % of J&K Bank's lending is to this sector. Horticultural production contributes about 45 % to Agricultural production and involves 3 million 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 105.00 billion more
-
- At an advance of Rs 0.3 million per acre, a total Working Capital of about Rs 100.00 billion is needed for 0.33 million 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 27600 million, which has to be invested in RIDF/MSME Bonds/RHF @ 3 to 5 % for 3-7 years.
-
- Assuming yield on incremental Agricultural Advances at Base Rate of 10.50 %, the incremental yield (10.50 % - 4 %) would generate an incremental revenue of about Rs 1790 million per year on lending Rs 27600 million to agricultural sector
-
- 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 improving the Bank's flow of credit to agricultural sector particularly in J&K State
-
- Agricultural Advances will be for a much shorter duration compared to RIDF/MSME Bonds/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 40 billion 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. 10 billion profit** and **Rs. 1000 billion 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



www.jkbank.net