



J&K Bank

Celebrating 75 years of Service



CLSA

16TH CLSA INDIA FORUM
NOVEMBER 20, 2013
GURGAON



An Overview





Basic Facts

- Incorporated in 1938
- Listed on NSE & 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 Bank” category by Financial Express for FY ended Mar, 2011
- Adjudged “Best Bank” in the “Old Private Sector Bank” category at the CNBC TV 18 India Best Bank and Financial Institution Awards for FY 12
- Ranked No. 1 in the FE India’s Best Banks Award - 2012 in the category of “Best Old Private Sector Bank” in India
- Awarded “Best Enterprise” by Europe Business Assembly London



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
 - **639** branches in the state
 - **656** ATMs

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

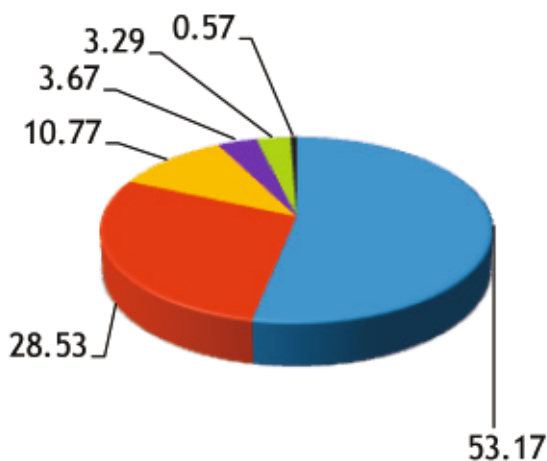
- Serving a community
 - **8.6 million**
Adult population
 - **7.5 million**
Account holders of J&K Bank

- Business leadership in J&K



Shareholding Pattern (%) (08.11.2013)

- 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 Billion)

Particulars	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07	Year ended Mar, 08
Net Worth	15.94	16.65	17.99	20.09	22.81
Deposits	186.61	216.45	234.85	251.94	285.93
Advances	92.85	115.17	144.83	170.80	188.83
Investments	84.51	90.89	89.94	73.92	87.58
Total Income	18.23	16.32	18.17	20.60	26.79
Net Profit	4.06	1.15	1.77	2.74	3.60
EPS (in Rupees)	83.8	23.7	36.5	56.6	74.3
Book Value (in Rupees)	328.6	343.5	371.2	414.4	476.3
Dividend (%)	100	80	80	115	155
No. of Branches/Offices	475	500	517	520	556
Personnel	7085	6873	6833	6847	7558

Decade of Development - I

(in Rupees Billion)

Particulars	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12	Year ended Mar, 13
Net Worth	26.23	30.10	34.79	40.93	48.65
Deposits	330.04	372.37	446.76	533.47	642.21
Advances	209.30	230.57	261.94	330.77	392.00
Investments	107.36	139.56	196.96	216.24	257.41
Total Income	32.33	34.73	40.78	51.70	66.21
Net Profit	4.10	5.12	6.15	8.03	10.55
EPS (in Rupees)	84.5	105.7	126.9	165.7	217.7
Book Value (in Rupees)	541.0	621.0	717.6	844.3	1003.5
Dividend (%)	169	220	260	335	500
No. of Branches/Offices	575	576	595	646	725
Personnel	7627	7789	7938	9252	9400

Decade of Development - II

(%)

Ratios	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07	Year ended Mar, 08
Net Interest Margins	3.58	2.90	2.83	2.98	2.94
Interest Spread	3.26	2.61	2.61	2.79	2.64
Yield on Advances	9.50	8.42	8.48	8.58	10.44
Yield on Investments	8.75	7.38	6.23	6.20	6.70
Cost of Deposits	5.26	4.61	4.55	4.50	5.85
Return on Assets	1.92	0.47	0.67	0.96	1.10
Return on period end Net Worth	25.50	6.91	9.83	13.66	15.59
Return on Average Net Worth	28.66	7.06	10.21	14.42	16.68
Gross Profit to AWF	3.31	1.62	1.78	2.02	2.12
Net Profit to AWF	2.14	0.50	0.70	1.00	1.17

Decade of Development - II

(%)

Ratios	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12	Year ended Mar, 13
Net Interest Margins	3.10	3.04	3.69	3.84	3.97
Interest Spread	2.84	2.79	3.46	3.57	3.74
Yield on Advances	11.53	10.65	10.86	12.12	12.59
Yield on Investments	6.79	5.71	6.34	7.29	7.56
Cost of Deposits	6.22	5.24	5.36	6.48	6.87
Return on Assets	1.09	1.20	1.38	1.56	1.70
Return on period end Net Worth	15.63	17.02	17.68	19.62	21.69
Return on Average Net Worth	16.62	18.19	18.96	21.22	23.56
Gross Profit to AWF	2.20	2.39	2.57	2.66	2.92
Net Profit to AWF	1.16	1.28	1.38	1.56	1.70

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

Decade of Development - III

Ratios	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07	Year ended Mar, 08
Cost to Income Ratio (%)	31.81	47.59	43.32	40.13	38.24
CD Ratio (%)	49.75	53.21	61.67	67.79	66.04
CASA Ratio (%)	30.26	32.00	34.17	37.02	39.16
Business per Employee (in Rupees billion)	0.04	0.05	0.06	0.06	0.06
Net Profit per Employee (in Rupees million)	0.57	0.17	0.26	0.40	0.48
Business Per Branch (in Rupees billion)	0.68	0.78	0.87	0.94	0.93
Net Profit per Branch (in Rupees million)	9.86	2.71	4.07	6.09	7.09
Gross NPA's (Rupees billion)	2.86	3.17	3.70	5.02	4.85
Net NPA's (Rupees billion)	1.38	1.63	1.34	1.94	2.04
Gross NPA Ratio (%)	3.03	2.72	2.51	2.89	2.53
Net NPA Ratio (%)	1.49	1.41	0.92	1.13	1.08
NPA Coverage Ratio (%)	58.51	57.99	70.26	67.10	66.05
Gross NPA to Net Worth Ratio (%)	17.95	19.05	20.57	24.98	21.02
Net NPA to Net Worth Ratio (%)	8.66	9.78	7.44	9.64	8.82

Decade of Development - III

Ratios	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12	Year ended Mar, 13
Cost to Income Ratio (%)	37.81	37.60	39.77	36.92	35.33
CD Ratio (%)	63.42	61.92	58.63	62.00	61.09
CASA Ratio (%)	38.11	40.69	40.48	40.71	39.23
Business per Employee (in Rupees billion)	0.07	0.08	0.09	0.09	0.11
Net Profit per Employee (in Rupees million)	0.54	0.66	0.78	0.87	1.12
Business Per Branch (in Rupees billion)	1.01	1.12	1.28	1.42	1.50
Net Profit per Branch (in Rupees million)	7.69	9.56	11.10	13.20	15.31
Gross NPA's (Rupees billion)	5.59	4.62	5.19	5.17	6.44
Net NPA's (Rupees billion)	2.88	0.64	0.53	0.49	0.55
Gross NPA Ratio (%)	2.64	1.97	1.95	1.54	1.62
Net NPA Ratio (%)	1.37	0.28	0.20	0.15	0.14
NPA Coverage Ratio (%)	60.79	90.13	92.71	93.76	94.01
Gross NPA to Net Worth Ratio (%)	21.32	15.36	15.99	13.65	14.37
Net NPA to Net Worth Ratio (%)	10.96	2.14	1.64	1.30	1.23

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

Decade of Development - IV

(%)

Ratios	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07	Year ended Mar, 08
Operating Expenses to AWF	1.54	1.41	1.36	1.35	1.31
Operating Expenses to Total Income	16.08	19.62	19.00	18.08	15.06
Operating expenses to Other Income	97.17	336.00	259.00	232.47	164.73
Staff Cost to Total Income	9.24	10.87	10.46	10.69	8.43
Interest Earned to AWF	8.01	6.79	6.71	6.89	7.93
Non Interest Income to AWF	1.59	0.42	0.52	0.58	0.80
Capital Adequacy Ratio Basel I	16.88	15.15	13.52	13.24	12.80
Capital Adequacy Ratio Basel II					

Decade of Development - IV

(%)

Ratios	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12	Year ended Mar, 13
Operating Expenses to AWF	1.34	1.44	1.70	1.56	1.60
Operating Expenses to Total Income	14.56	16.62	18.61	15.52	14.94
Operating expenses to Other Income	192.15	138.71	208.06	240.08	204.46
Staff Cost to Total Income	8.62	10.55	12.84	10.09	9.85
Interest Earned to AWF	8.44	7.62	8.31	9.38	9.90
Non Interest Income to AWF	0.74	1.04	0.82	0.65	0.78
Capital Adequacy Ratio Basel I	13.46	14.81	13.30	12.53	12.34
Capital Adequacy Ratio Basel II	14.48	15.89	13.72	13.36	12.83

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

Decade of Development - V

Ratios	Year ended Mar, 04	Year ended Mar, 05	Year ended Mar, 06	Year ended Mar, 07	Year ended Mar, 08
Earning per Share (in Rupees)	83.78	23.74	36.48	56.62	74.26
Net Asset Value / Book Value (in Rupees)	328.61	343.54	371.20	414.36	476.28
Adjusted Book Value (in Rupees)	300.16	309.93	343.58	374.43	434.30
Price to Book Value Ratio	1.50	1.06	1.21	1.73	1.35
Price to Adjusted Book Value Ratio	1.64	1.17	1.31	1.91	1.48
Price Earning Ratio	5.89	15.29	12.36	12.64	8.65
Market Capital to Deposits (%)	12.82	8.13	9.31	13.77	10.89
Dividend Payout Ratio (%)	11.94	33.70	21.93	20.31	20.87
Dividend Yield (%)	2.03	2.20	1.77	1.61	2.41
Economic Value Addition (%)	23.47	4.71	8.05	12.06	13.18
Market Price (in Rupees)	493.15	363.05	450.80	715.85	642.10
No. of Shares (in billion)	0.05	0.05	0.05	0.05	0.05

Decade of Development - V

Ratios	Year ended Mar, 09	Year ended Mar, 10	Year ended Mar, 11	Year ended Mar, 12	Year ended Mar, 13
Earning per Share (in Rupees)	84.54	105.69	126.90	165.69	217.64
Net Asset Value / Book Value (in Rupees)	541.04	621.00	717.58	844.34	1003.49
Adjusted Book Value (in Rupees)	481.74	607.73	706.60	834.16	992.09
Price to Book Value Ratio	0.91	1.22	1.13	1.00	1.33
Price to Adjusted Book Value Ratio	1.02	1.25	1.15	1.01	1.34
Price Earning Ratio	5.80	7.18	6.38	5.11	6.13
Market Capital to Deposits (%)	7.21	9.88	8.79	7.69	10.07
Dividend Payout Ratio (%)	20.00	20.81	20.49	20.22	22.97
Dividend Yield (%)	3.45	2.90	3.21	3.96	3.75
Economic Value Addition (%)	12.18	14.12	14.48	15.66	17.94
Market Price (in Rupees)	490.65	759.00	810.00	846.00	1334.10
No. of Shares (in billion)	0.05	0.05	0.05	0.05	0.05

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



Financial
Results
H 1 Sep, 2013



Financial Results - Sep, 2013

(in Rupees Billion)

Financial Results Analysis (Quarter to Quarter and Half Year ended Sep, 2013)						
Particulars	Q 2 2013-14	Q 2 2012-13	% Change	Q 2 2013-14	Q 1 2013-14	% Change
Interest Earned	16.50	15.01	9.94%	16.50	16.24	1.57%
Interest Expended	9.68	9.48	2.11%	9.68	9.69	-0.15%
Net Interest Income	6.82	5.53	23.37%	6.82	6.55	4.11%
Other Income	0.99	0.91	9.41%	0.99	0.92	7.86%
Operating Income	7.81	6.44	21.40%	7.81	7.47	4.57%
Operating Expenses	2.85	2.21	28.93%	2.85	2.66	7.02%
Operating Profit	4.96	4.23	17.46%	4.96	4.81	3.22%
Provisions & Contingencies	0.56	0.33	69.70%	0.56	0.36	53.68%
PBT	4.41	3.90	13.06%	4.41	4.45	-0.89%
Tax Provision	1.38	1.20	14.79%	1.38	1.37	0.95%
Net Profit	3.03	2.70	12.29%	3.03	3.08	-1.71%
Share Capital	0.48	0.48	0.00%	0.48	0.48	0.00%
EPS (in Rupees)	62.43	55.60	12.28%	62.43	63.52	-1.72%
Net Interest Margins (%)	1.10%	0.99%	-	1.10%	1.05%	-
Net Interest Margins (Annualized) (%)	4.33%	3.94%	-	4.33%	4.15%	-

Financial Results - Sep, 2013

(in Rupees Billion)

Financial Results Analysis (Quarter to Quarter and Half Year ended Sep, 2013)				
Particulars	H 1 2013-14	H 1 2012-13	% change	Year end Mar, 13
Interest Earned	32.74	29.77	9.99%	61.37
Interest Expended	19.37	18.88	2.58%	38.21
Net Interest Income	13.37	10.88	22.83%	23.16
Other Income	1.92	1.84	4.03%	4.84
Operating Income	15.28	12.73	20.10%	28.00
Operating Expenses	5.51	4.35	26.73%	9.89
Operating Profit	9.77	8.38	16.66%	18.11
Provisions & Contingencies	0.92	0.83	10.50%	2.84
PBT	8.86	7.55	17.34%	15.27
Tax Provision	2.75	2.39	15.03%	4.71
Net Profit	6.11	5.16	18.42%	10.55
Share Capital	0.48	0.48	0.00%	0.48
EPS (in Rupees)	125.95	106.36	18.42%	217.65
Net Interest Margins (%)	2.14%	1.94%	-	-
Net Interest Margins (Annualized) (%)	4.25%	3.88%	-	3.97%

Ratio Analysis - I

(%)

Profitability Ratios	Quarter ended Sep, 13	Quarter ended Sep, 12	Quarter ended Jun, 13	Half Year ended Sep, 13	Half Year ended Sep, 12	Year ended Mar, 13
Net Interest Margins	1.10	0.99	1.05	2.14	1.94	
Annualized	4.33	3.94	4.15	4.25	3.88	3.97
Interest Spread	1.05	0.93	1.00	2.05	1.84	
Annualized	4.18	3.71	4.02	4.10	3.68	3.74
Yield on Advances	3.09	3.18	3.04	6.13	6.32	
Annualized	12.35	12.71	12.16	12.26	12.63	12.59
Yield on Investments	1.84	1.87	1.84	3.68	3.79	
Annualized	7.36	7.49	7.36	7.36	7.58	7.56
Cost of Deposits	1.65	1.75	1.64	3.28	3.51	
Annualized	6.59	7.00	6.55	6.57	7.02	6.87

Ratio Analysis - II

(%)

Profitability Ratios	Quarter ended Sep, 13	Quarter ended Sep, 12	Quarter ended Jun, 13	Half Year ended Sep, 13	Half Year ended Sep, 12	Year ended Mar, 13
Return on Assets	0.46	0.45	0.47	0.94	0.87	
Annualized	1.86	1.79	1.89	1.87	1.73	1.70
Return on period end Net Worth	5.53	5.85	5.95	11.15	11.19	
Annualized	22.11	23.39	23.81	22.30	22.38	21.69
Return on Average Net Worth	5.68	6.02	6.14	11.81	11.85	
Annualized	22.74	24.10	24.54	23.62	23.70	23.56
Gross Profit to AWF	0.76	0.70	0.74	1.50	1.41	
Annualized	3.05	2.80	2.95	3.00	2.82	2.92
Net Profit to AWF	0.46	0.45	0.47	0.94	0.87	
Annualized	1.86	1.79	1.89	1.87	1.73	1.70

Ratio Analysis - III

Efficiency Ratios	Quarter ended Sep, 13	Quarter ended Sep, 12	Quarter ended Jun, 13	Half Year ended Sep, 13	Half Year ended Sep, 12	Year ended Mar, 13
Cost to Income Ratio (%)	36.45	34.32	35.62	36.05	34.16	35.33
CD Ratio (%)	67.22	62.40	67.03	67.22	62.40	61.09
CASA Ratio (%)	38.50	38.16	40.24	38.50	38.16	39.23
Business per Employee (in Rs. billion)	0.11	0.10	0.10	0.11	0.10	0.11
Net Profit per Employee (Rs. million)	0.32	0.29	0.33	0.66	0.56	
Annualized	1.29	1.15	1.30	1.30	1.10	1.12
Business Per Branch (in Rs. billion)	1.36	1.41	1.41	1.36	1.41	1.50
Net Profit per Branch (in Rupees million) (Ann.)	16.1	17.1	17.7	16.2	16.3	15.3
Asset Quality Ratios						
Gross NPAs (in Rupees billion)	7.09	5.52	6.65	7.09	5.52	6.44
Net NPAs (in Rupees billion)	0.78	0.55	0.56	0.78	0.55	0.55
Gross NPA Ratio (%)	1.69	1.59	1.67	1.69	1.59	1.62
Net NPA Ratio (%)	0.19	0.16	0.14	0.19	0.16	0.14
NPA Coverage Ratio (%)	92.06	93.30	94.01	92.06	93.30	94.01
Gross NPA to Net Worth Ratio (%)	13.32	12.33	13.26	13.71	12.68	14.37
Net NPA to Net Worth Ratio (%)	1.46	1.24	1.12	1.50	1.27	1.23

Ratio Analysis - IV

(%)

Operating Ratios	Quarter ended Sep, 13	Quarter ended Sep, 12	Quarter ended Jun, 13	Half Year ended Sep, 13	Half Year ended Sep, 12	Year ended Mar, 13
Operating Expenses to AWF (Ann.)	1.75	1.46	1.63	1.69	1.46	1.60
Operating Expenses to Total Income	16.28	13.88	15.50	15.90	13.75	14.94
Operating Expenses to Other Income	286.33	242.95	288.53	287.39	235.89	204.46
Staff Cost to Total Income	10.10	8.98	10.23	10.17	8.89	9.85
Interest Earned to AWF (Annualized)	10.13	9.95	9.97	10.05	10.01	9.90
Non Interest Income to AWF (Annualized)	0.61	0.60	0.57	0.59	0.62	0.78
Capital Adequacy Ratio Basel I		12.66			12.66	12.34
Tier I		10.69			10.69	10.44
Tier II		1.97			1.97	1.90
Capital Adequacy Ratio Basel II	13.54	13.73	13.85	13.54	13.73	12.83
Tier I	11.70	11.59	11.82	11.70	11.59	10.86
Tier II	1.84	2.14	2.03	1.84	2.14	1.97
Capital Adequacy Ratio Basel III	13.18		13.59	13.18		
Tier I	11.42		11.67	11.42		
Tier II	1.76		1.92	1.76		

Notes

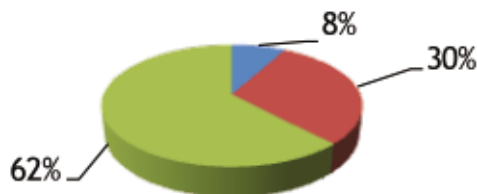
Ratio Analysis - V

Valuation Ratios	Quarter ended Sep, 13	Quarter ended Sep, 12	Quarter ended Jun, 13	Half Year ended Sep, 13	Half Year ended Sep, 12	Year ended Mar, 13
Earnings per Share (in Rs)	62.43	55.60	63.52	125.95	106.36	
Annualized	249.73	222.41	254.07	251.90	212.72	217.65
Net Asset Value (in Rupees)	1129.44	950.71	1067.01	1129.44	950.70	1003.49
Adjusted Book Value (in Rupees)	1113.44	939.29	1055.43	1113.44	939.29	992.09
Price to book value ratio	1.13	1.23	1.03	1.13	1.23	1.33
Price to adjusted book value ratio	1.15	1.25	1.04	1.15	1.25	1.34
Price Earning Ratio (On Annualized EPS)	5.12	5.26	4.33	5.07	5.50	6.13
Market Capital To Deposits (%)	10.13	10.33	9.11	10.13	10.33	10.07
Dividend Payout Ratio (%)	-	-	-	-	-	22.97
Dividend Yield (%)	-	-	-	-	-	3.75
Economic Value Addition (%)	-	-	-	-	-	17.94
Market price (in Rupees)	1278.00	1170.00	1101.00	1278.00	1170.00	1334.10
Number of Shares	48477802	48477802	48477802	48477802	48477802	48477802

Deposits - Compositional Break-up (Sep 13)

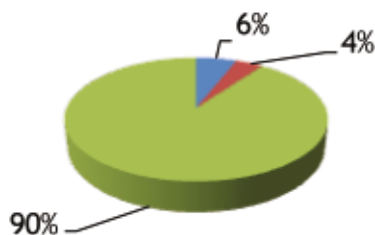
Bank as Whole (%)

- Current
- Saving
- Term



In Rest of India (%)

- Current
- Saving
- Term



Within J&K State (%)

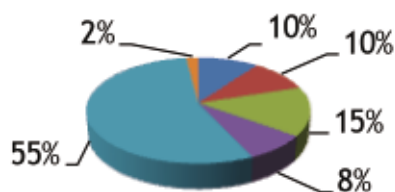
- Current
- Saving
- Term



Bank as Whole (%)

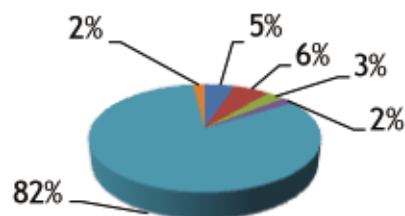
Advances - Sector-wise (Sep 13)

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



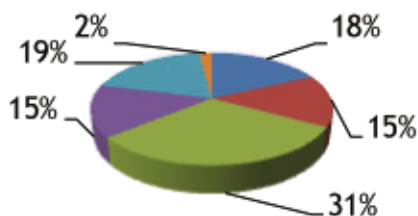
In Rest of India (%)

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



Within J&K State (%)

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



Restructuring (Sep 13) - I

(in Rupees billion)

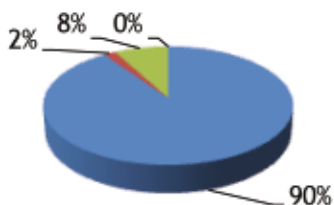
S. No.	Particulars		
		For Half Year ended Sep 30, '13	For Financial Year ended Mar 31, '13
1	Balance at the start of the period	14.90	13.66
	Additions during the period	2.87	10.61
	Repayments/ Reductions/ Reclassification during the period	2.82	9.36
	Balance at the close of the period	14.95	14.90
2	NPA's from Outstanding Restructured Advances	1.44	1.75
3	Provisions held against NPA's	1.19	1.15

Restructuring (Sep 13) - II

- Outstanding Restructured portfolio well distributed among nine sectors
- Total Outstanding NPA's from Outstanding Restructured Portfolio Rs 1.44 billion (10.31 %), for which provision of Rs 1.19 billion available

Classification of Outstanding Restructured Portfolio

- Standard
- Sub- Standard
- Doubtful
- Loss



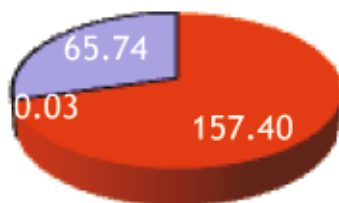
Distribution of Outstanding Restructured Portfolio

- J&K State
- Outside State



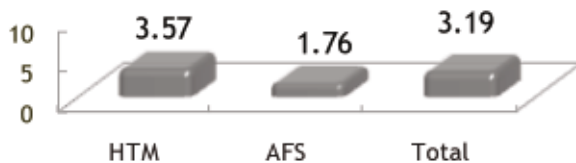
Investments, (Sep 13) - I

(in Rs billion)



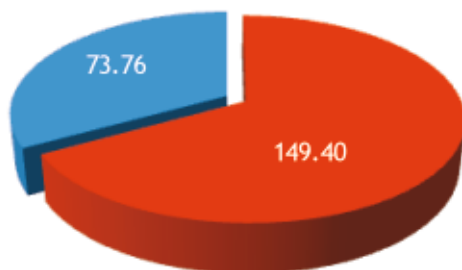
■ Held to Maturity 71 % ■ Held for Trading 0.01 % ■ Available for Sale 29 %

Duration



Investments, (Sep 13) - II

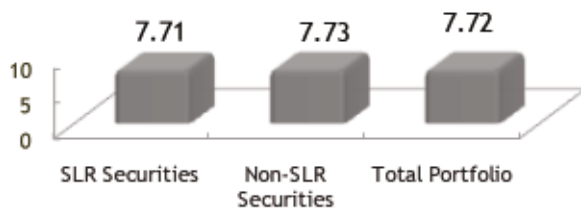
(in Rs. billion)



■ SLR Securities 67 %

■ Non-SLR Securities 33 %

Yield (on daily average balances)

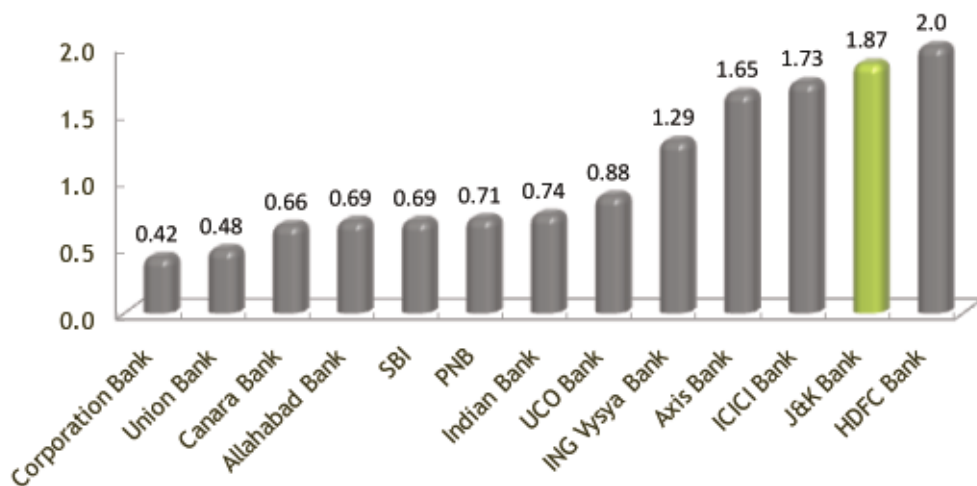


Industry Review



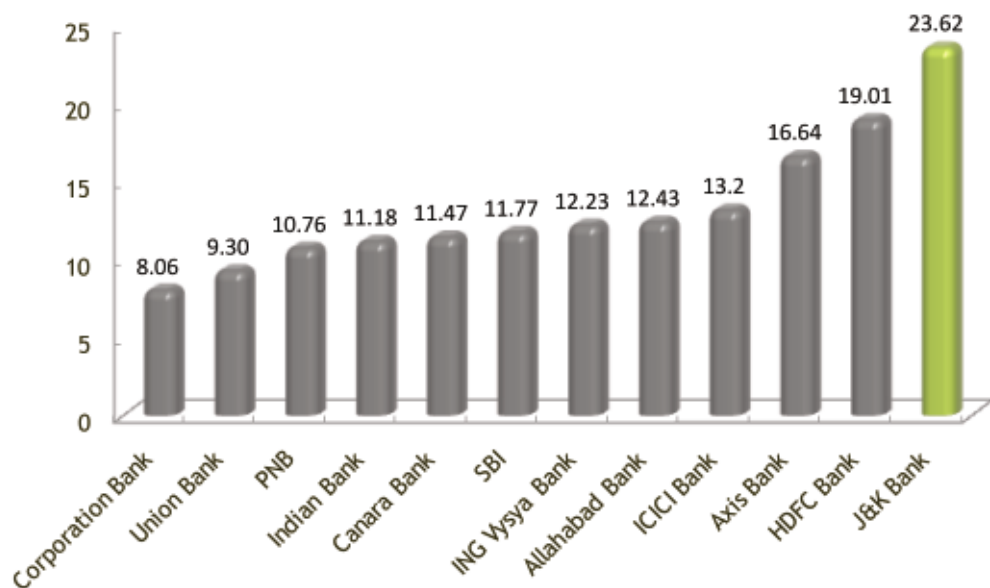
Return on Assets (%)

For HY ended Sep, 2013



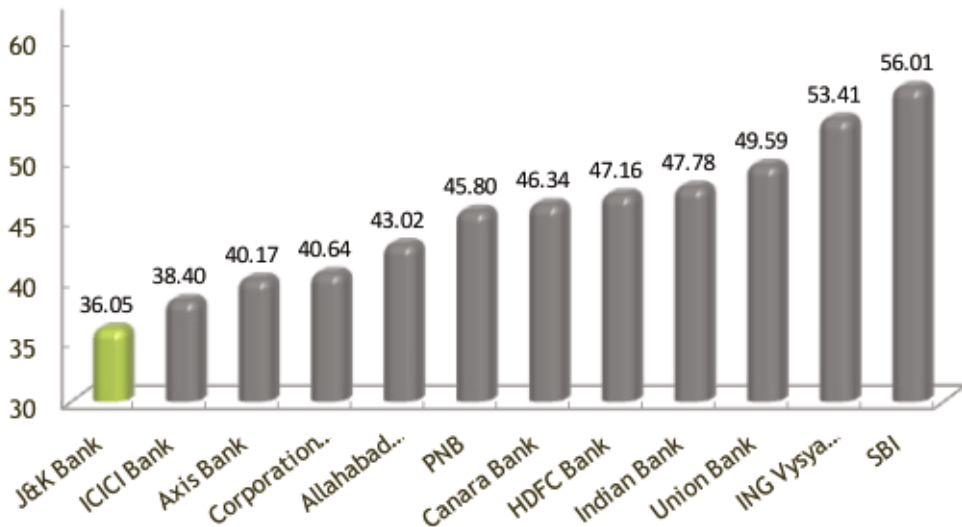
Return on Equity (%)

For HY ended Sep, 2013



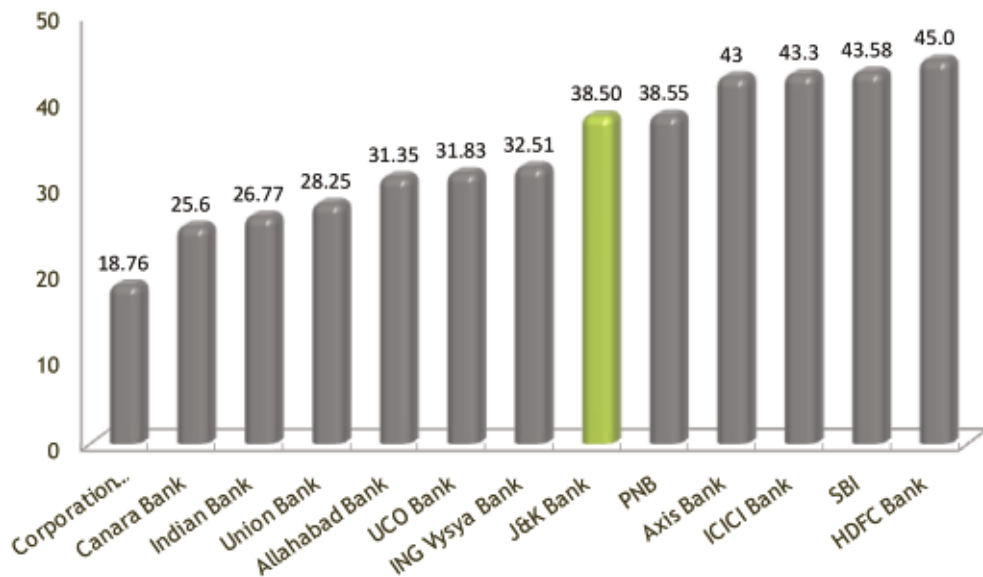
Cost to Income (%)

For HY ended Sep, 2013



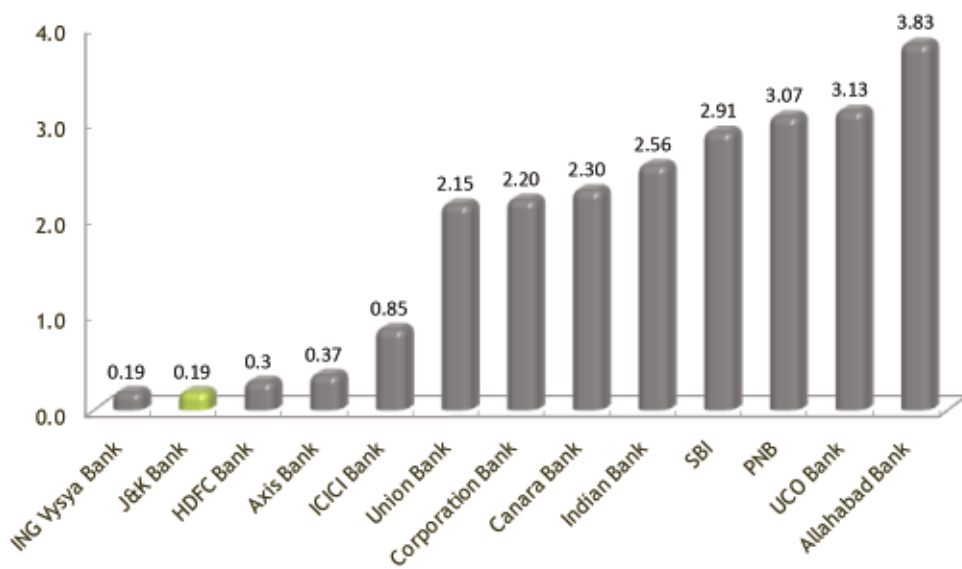
CASA Ratio (%)

As on Sep, 2013



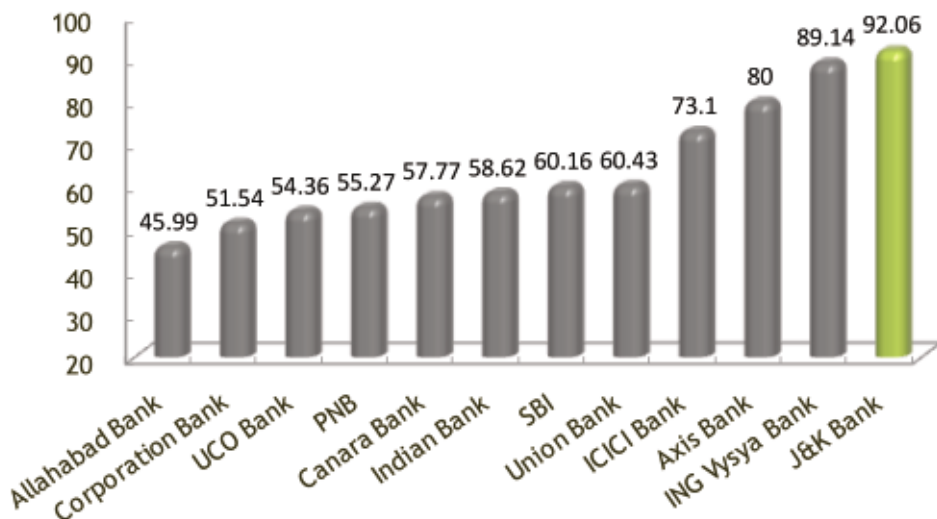
Net Impaired Loans (%)

As on Sep, 2013



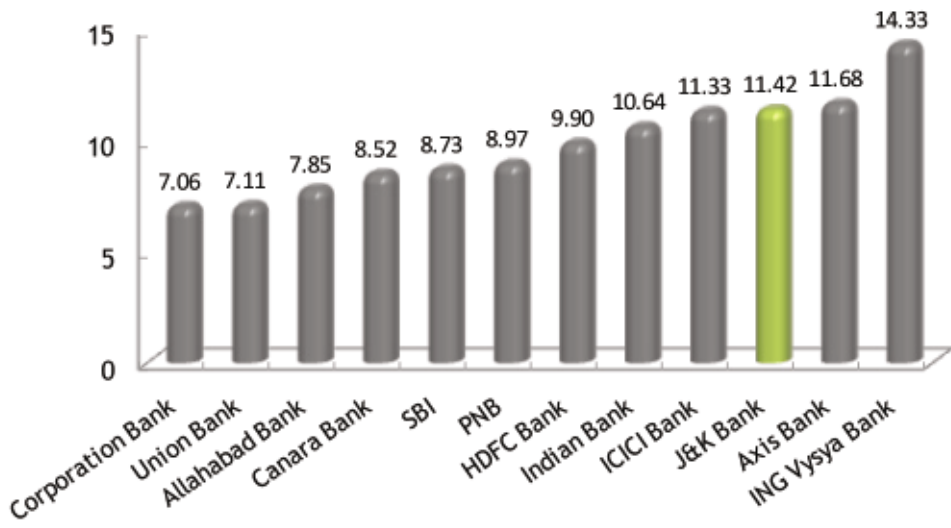
Coverage Ratio (%): Among Highest in India

As on Sep, 2013



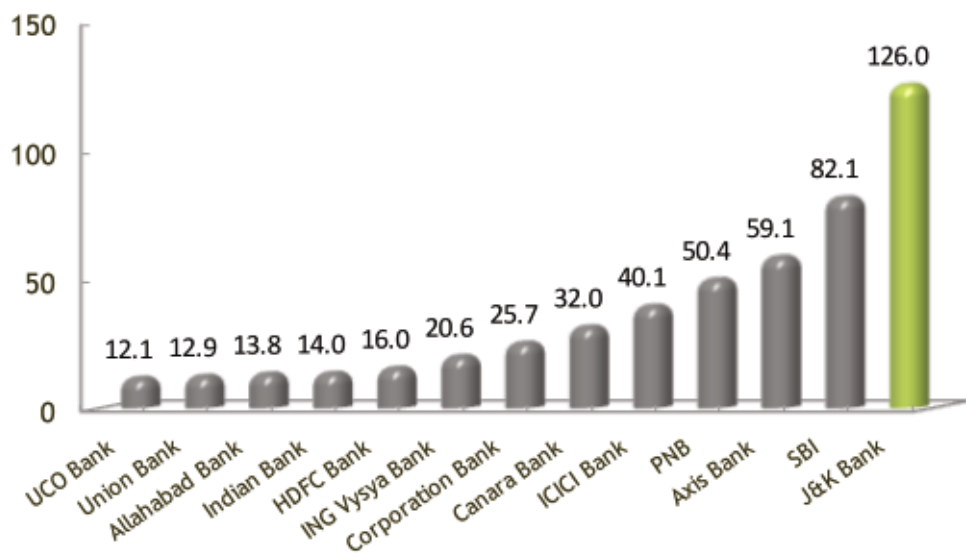
Tier I Capital (%) (Basel III)

As on Sep, 2013



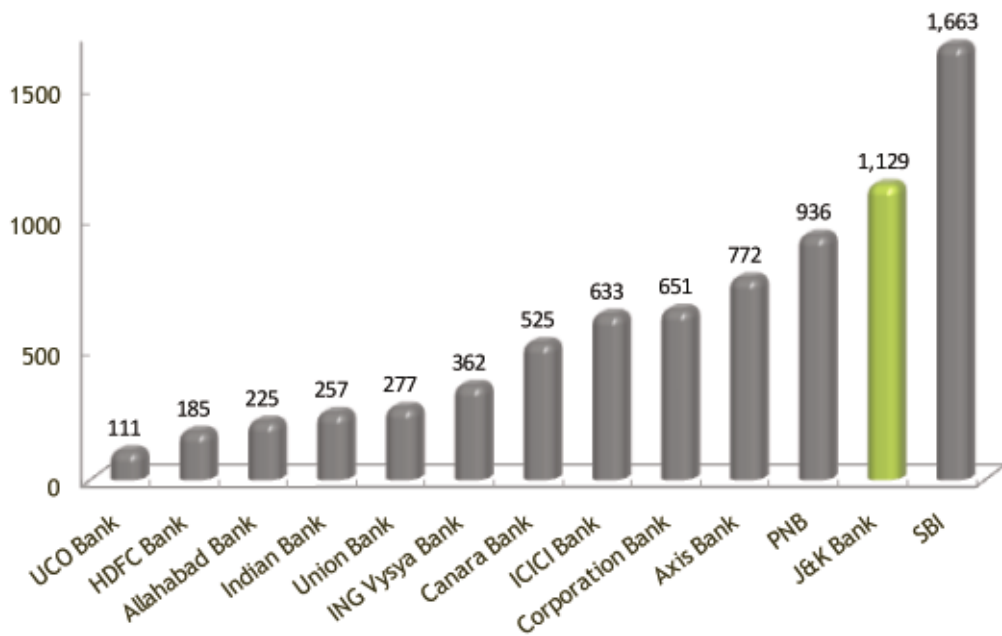
Earnings per Share (Rs.)

For HY ended Sep, 2013



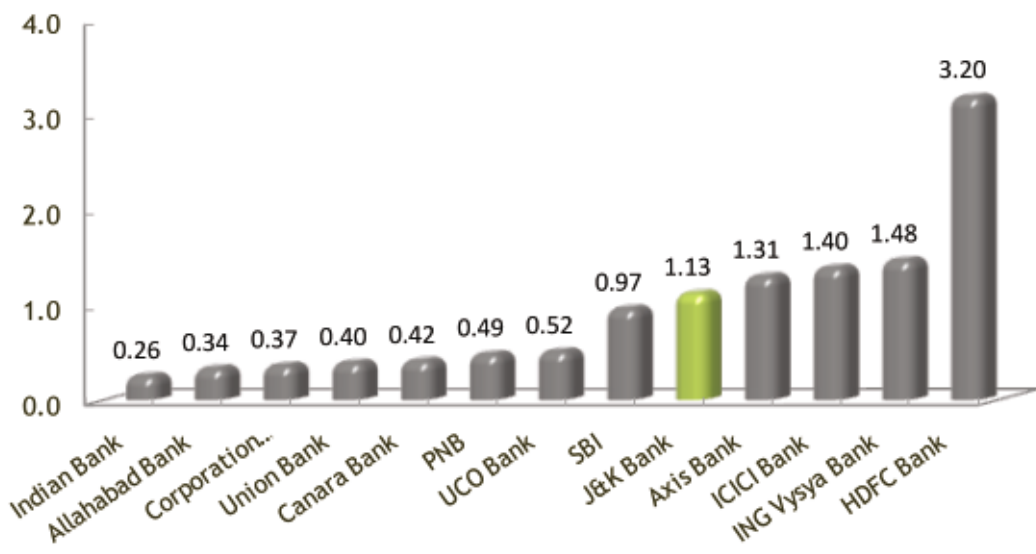
Book Value (Rs.)

As on Sep, 2013



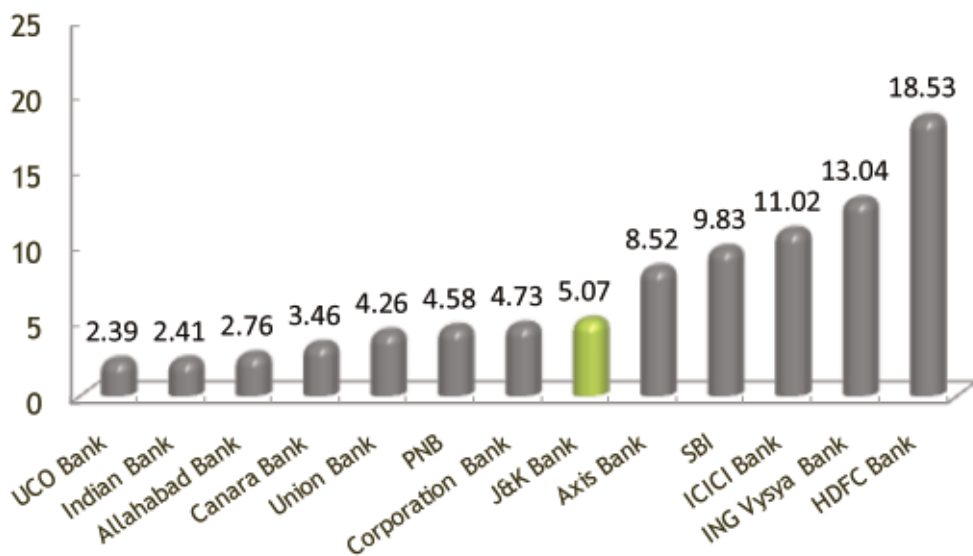
Price to Book Value

As on Sep, 2013



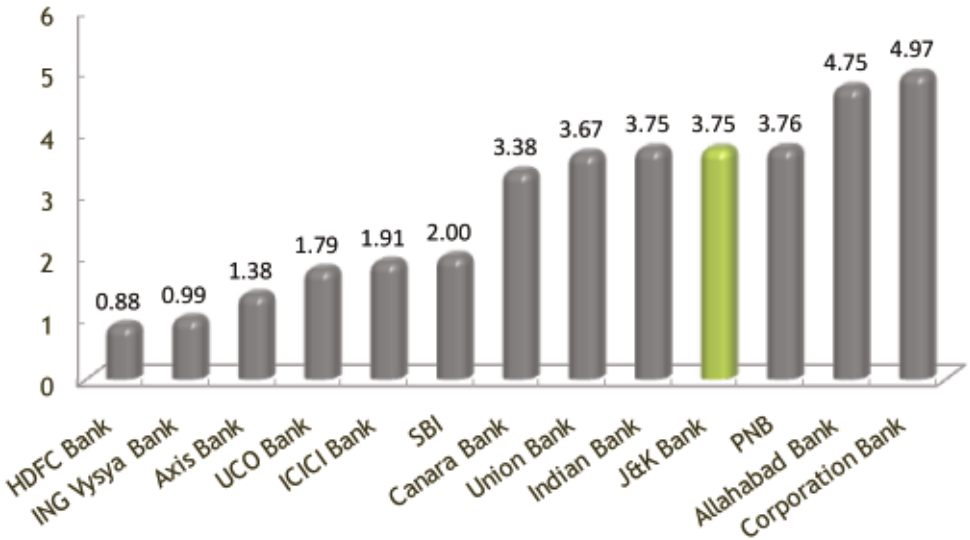
PE Ratio

As on Sep, 2013



Dividend Yield (%)

For FY ended Mar, 2013





J&K State -
Potential for
Growth



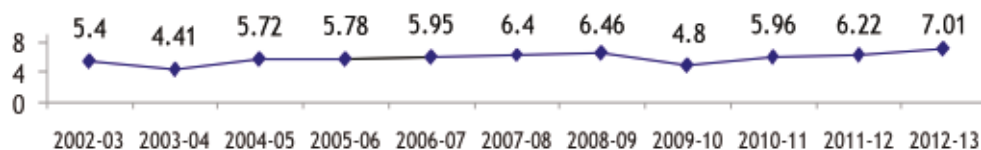
J&K State's Economy - Basic Indicators

S. No.	Particulars	J&K State	All India / National Average
1	Total Population (in billions)	0.01	1.21
2	Area (in Sq Kms)	222236	3287240
3	Density (persons / Sq Km)	124	382
4	Per capita Income (in Rupees)	30889	39143
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

Amount in Rs billion				
Particulars	2009-10	2010-11	2011-12	2012-13
Size of GDP	363.29	383.84	407.71	436.28
Contribution by Primary Sector	77.96 (22%)	80.61 (21%)	81.54 (20%)	89.70 (21%)
Contribution by Secondary Sector	98.71 (27%)	99.80 (26%)	106.00 (26%)	107.11 (24%)
Contribution by Tertiary Sector	186.62 (51%)	203.44 (53%)	220.16 (54%)	239.47 (55%)

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 18 % 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 around 300,000 apple growers in the State, Bank's finance has been extended to about 84,000 growers so far. Tapping the remaining growers will generate credit of about Rs 50 to 60 billion more
-
- Majority of the Apple growers get their financing from traders and are unaware that its effective interest cost works out to 30 % - 40 %, 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. 26.29 billion, which has to be invested in RIDF (Rural Infrastructure Development Fund)/MSME (Micro Small & Medium Enterprises) Bonds/RHF (Rural Housing Fund) @ 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 1.6 billion per year on lending Rs. 26.29 billion to agricultural sector

- Increasing agricultural advances will improve core advances portfolio helping in financial inclusion, widening customer base and enhancing outreach in remote rural areas

Road Ahead



J&K Bank - Ground work done for growth

- Capital Adequacy at 13.18 % (Basel III), Tier I 11.42 % & Tier II 1.76 %. No constraints for raising Additional Tier I capital. Headroom of about Rs 45 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 83 branches and 102 ATM's in J&K State in FY ended Mar, 13. More than 300 new branches to be opened up to March, 2015 along with a massive ATM network expansion

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

Business Targets - March 2014

Targets

- CASA around **40 %**
- NIMs around **4 %**
- ROA around **1.75 %**
- ROE around **24 %**
- Advances **22 % - 25 % growth**
- Deposits **17 % - 18 % growth**
- Cost/Income **36 % - 38 %**
- Loan/Deposit **65 % - 67 %**
- PCR **Above 90%**

Notes







www.jkbank.net