

## Jammu and Kashmir Bank

### Performance Highlights

Particulars (₹ cr)	4QFY11	3QFY11	% chg (qoq)	4QFY10	% chg (yoy)
<b>NII</b>	<b>416</b>	<b>390</b>	<b>6.7</b>	<b>309</b>	<b>34.7</b>
Pre-Prov. Profit	296	281	5.4	235	26.1
<b>PAT</b>	<b>139</b>	<b>168</b>	<b>(17.5)</b>	<b>120</b>	<b>15.4</b>

Source: Company, Angel Research

For 4QFY2011, J&K Bank registered healthy net profit growth of 15.4% yoy (down 17.5% qoq) to ₹139cr, in line with our estimates. Healthy credit growth (after adjusting for repayment of ₹2,300cr by the state government) and marginal improvement in reported NIM were the key highlights of the result.

**We recommend an Accumulate rating on the stock.**

**Healthy credit growth momentum, improving NIM and robust asset quality:** For 4QFY2011, deposit growth was strong at 9.3% qoq, while advances growth was slower at 3.3% qoq. However, the bank closed down the overdraft facility to the J&K government worth ₹2,300cr during the quarter. Adjusted for this change, qoq growth in advances would have been significantly higher at 12.3% (23.6% yoy instead of 13.6% yoy). The bank also managed to grow its CASA deposits by 11.8% qoq (19.4% yoy), leading to a 91bp improvement in CASA ratio to 40.5%. For 4QFY2011, the cost of deposits increased by 24bp to 5.4%. Due to change in asset mix, the yield on investments dipped by 24bp to 6.3%, while yield on advances witnessed an increase of 44bp to 11.2%, leading to reported NIM remaining flat at 3.7%. The bank managed to maintain its asset quality in 4QFY2011 with gross NPAs rising marginally by 3.0% qoq to ₹519cr. Net NPAs, however, jumped five times on a low base from ₹11cr in 3QFY2011 to ₹53cr in 4QFY2011 due to lower NPA coverage ratio of 92.7% for 4QFY2011 compared to 98.4% for 3QFY2011. Operating expenses grew by 28.2% qoq as the bank provided fully for pension and gratuity expenses amounting to ₹91cr during the quarter.

**Outlook and valuation:** The stock is trading at 0.9x FY2013E ABV vis-à-vis its historic range of 0.8–1.4x and five-year median of 1.04x. We maintain a positive view on the stock, considering the bank's strong deposit mix, dominant regional market share and healthy track record in asset quality. We believe this provides sufficient margin of safety from the risks of political disturbances in J&K, especially in light of the bank's steady performance even during past crises. Even taking into account the inherently lower-than-national average growth (in GDP, deposits and credit) in J&K, at just 0.9x FY2013E P/ABV and with sustainable RoEs of at least 16%, the stock is inexpensive. Hence, **we recommend Accumulate on the stock with a target price of ₹885, implying an upside of 10.7% from current levels.**

#### Key Financials

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
<b>NII</b>	<b>1,119</b>	<b>1,544</b>	<b>1,608</b>	<b>1,716</b>
% chg	11.9	37.9	4.1	6.8
<b>Net Profit</b>	<b>512</b>	<b>615</b>	<b>664</b>	<b>688</b>
% chg	25.0	20.1	8.0	3.5
NIM (%)	2.9	3.4	3.1	2.9
<b>EPS (₹)</b>	<b>105.7</b>	<b>126.9</b>	<b>137.0</b>	<b>141.8</b>
P/E (x)	7.7	6.4	5.9	5.7
P/ABV (x)	1.3	1.1	1.0	0.9
RoA (%)	1.3	1.3	1.2	1.1
RoE (%)	18.2	19.0	17.8	16.2

Source: Company, Angel Research

## ACCUMULATE

CMP	₹799
Target Price	₹885

Investment Period	12 Months
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Stock Info	
Sector	Banking
Market Cap (₹ cr)	3,874
Beta	0.6
52 Week High / Low	938/695
Avg. Daily Volume	11,501
Face Value (₹)	10
BSE Sensex	18,022
Nifty	5,428
Reuters Code	JKBK.BO
Bloomberg Code	J&KBK@IN

Shareholding Pattern (%)	
Promoters	53.2
MF / Banks / Indian FIs	4.5
FII / NRIs / OCBs	23.4
Indian Public / Others	18.9

Abs. (%)	3m	1yr	3yr
Sensex	(0.4)	10.6	4.1
J&K Bank	5.2	3.5	8.2

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**Exhibit 1: 4QFY2011 performance**

Particulars (₹ cr)	4QFY11	3QFY11	% chg (qoq)	4QFY10	% chg (yoy)
<b>Interest earned</b>	<b>1,014</b>	<b>935</b>	<b>8.5</b>	<b>773</b>	<b>31.1</b>
- on Advances / Bills	718	650	10.6	577	24.6
- on investments	290	280	3.5	195	48.8
- on balance with RBI & others	5	5	17.0	2	183.6
<b>Interest Expended</b>	<b>598</b>	<b>545</b>	<b>9.7</b>	<b>465</b>	<b>28.7</b>
<b>Net Interest Income</b>	<b>416</b>	<b>390</b>	<b>6.7</b>	<b>309</b>	<b>34.7</b>
<b>Other income</b>	<b>119</b>	<b>78</b>	<b>53.5</b>	<b>102</b>	<b>17.0</b>
Other income excl. treasury	96	60	61.3	88	9.3
- Fee Income	51	40	27.2	44	16.3
- Treasury Income	23	18	27.1	14	67.4
- Others	45	19	133.0	44	2.2
<b>Operating income</b>	<b>535</b>	<b>467</b>	<b>14.5</b>	<b>410</b>	<b>30.3</b>
<b>Operating expenses</b>	<b>239</b>	<b>186</b>	<b>28.2</b>	<b>176</b>	<b>36.0</b>
- Employee expenses	167	128	31.1	115	45.9
- Other Opex	72	59	22.0	61	17.3
<b>Pre-provision Profit</b>	<b>296</b>	<b>281</b>	<b>5.4</b>	<b>235</b>	<b>26.1</b>
<b>Provisions &amp; Contingencies</b>	<b>76</b>	<b>31</b>	<b>146.8</b>	<b>39</b>	<b>93.8</b>
- Provisions for NPAs	32	15	113.3	40	(20.6)
- Provisions for Investments	20	0	NA	(39)	(150.3)
- Other Provisions	24	15	53.8	38	(37.5)
<b>PBT</b>	<b>220</b>	<b>250</b>	<b>(11.9)</b>	<b>196</b>	<b>12.6</b>
<b>Provision for Tax</b>	<b>82</b>	<b>82</b>	<b>(0.7)</b>	<b>76</b>	<b>8.0</b>
<b>PAT</b>	<b>139</b>	<b>168</b>	<b>(17.5)</b>	<b>120</b>	<b>15.4</b>
Effective Tax Rate (%)	37.1	32.9	421bp	38.7	(155)bp

Source: Company, Angel Research

**Exhibit 2: 4QFY2011 Actual vs. Angel estimates**

Particulars (₹ cr)	Actual	Estimates	Var. (%)
Net interest income	416	381	9.2
Non-interest income	119	79	51.0
<b>Operating income</b>	<b>535</b>	<b>459</b>	<b>16.4</b>
Operating expenses	239	189	26.2
<b>Pre-prov. profit</b>	<b>296</b>	<b>270</b>	<b>9.6</b>
Provisions & cont.	76	64	18.3
PBT	220	206	6.8
Prov. for taxes	82	68	20.0
<b>PAT</b>	<b>139</b>	<b>138</b>	<b>0.4</b>

Source: Company, Angel Research

**Exhibit 3: 4QFY2011 performance**

Particulars (₹ cr)	4QFY11	3QFY11	% chg (qoq)	4QFY10	% chg (yoy)
Advances (₹ cr)	26,194	25,363	3.3	23,057	13.6
Deposits (₹ cr)	44,676	40,877	9.3	37,237	20.0
Credit-to-Deposit Ratio (%)	58.6	62.0	(342)bp	61.9	(329)bp
Current deposits (₹ cr)	5,360	4,415	21.4	4,892	9.6
Saving deposits (₹ cr)	12,727	11,760	8.2	10,261	24.0
CASA deposits (₹ cr)	18,087	16,175	11.8	15,153	19.4
CASA ratio (%)	40.5	39.6	91bp	40.7	(21)bp
CAR (%)	13.7	15.5	(177)bp	15.9	(217)bp
Tier 1 CAR (%)	11.3	12.8	(147)bp	12.8	(146)bp
<b>Profitability Ratios (%)</b>					
Cost of deposits	5.4	5.1	24bp	4.9	45bp
Yield on advances	11.2	10.7	44bp	10.5	63bp
Yield on investments	6.3	6.5	(24)bp	5.4	90bp
Reported NIM	3.7	3.7	2bp	3.3	45bp
Cost-to-income ratio	44.7	39.9	478bp	42.8	186bp
<b>Asset quality</b>					
Gross NPAs (₹ cr)	519	504	3.0	462	12.2
Gross NPAs (%)	2.0	2.0	0bp	2.0	(2)bp
Net NPAs (₹ cr)	53	11	401.8	64	(17.2)
Net NPAs (%)	0.2	0.0	16bp	0.3	(8)bp
Provision Coverage Ratio (%)	92.7	98.4	(571)bp	90.1	258bp
Slippage ratio (%)	2.0	0.6	142bp	1.6	46bp
NPA to avg. assets (%)	0.3	0.1	13bp	0.4	(13)bp

Source: Company, Angel Research

### Strong sequential deposit growth; CASA ratio also improves

For 4QFY2011, deposit growth was sequentially strong at 9.3% qoq (3.0% in 3QFY2011), while advances growth was slower at 3.3% qoq (9.4% in 3QFY2011). Due to the moderate pace in advances witnessed in 4QFY2011, the incremental CD ratio stood at 21.9%. Consequently, the outstanding CD ratio fell from 62.0% in 3QFY2011 to 58.6% in 4QFY2011.

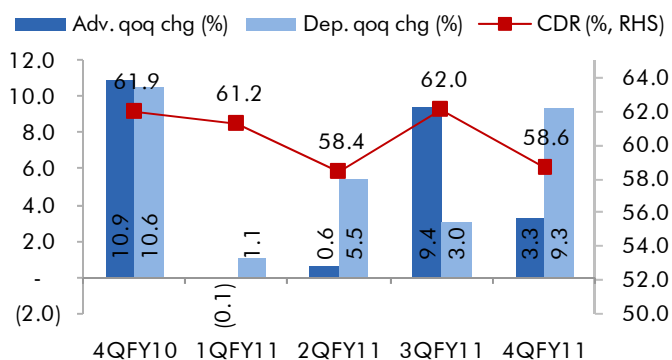
The bank closed down the overdraft facility to the J&K government worth ₹2,300cr during the quarter. Adjusted for this change, qoq growth in advances would have been significantly higher at 12.3% (23.6% yoy instead of 13.6% yoy).

The bank also managed to grow its CASA deposits by 11.8% qoq (19.4% yoy), leading to a 91bp improvement in CASA ratio to 40.5%. Saving account deposits growth was strong at 8.2% qoq and 24.0% yoy.

The bank has 548 branches as of 4QFY2011 and plans to take this number beyond 600 in FY2012. With addition of these branches, the bank plans to raise its CD ratio over 65% for FY2012 and FY2013. Also, management has indicated for 25% growth in advances for FY2012.

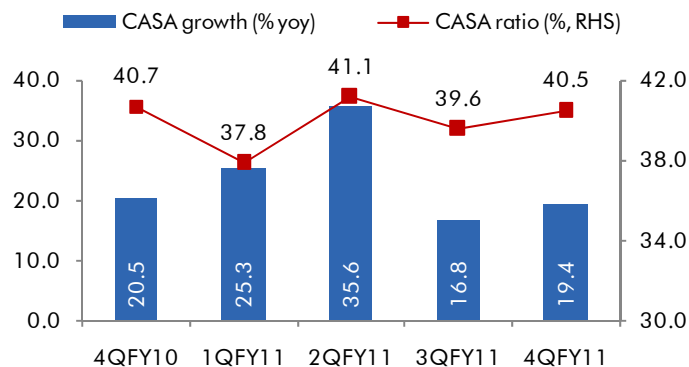
The bank's outstanding loan book concentration within the J&K state is ~40%, while that outside the state is ~60%. As margins are higher within the state due to lower cost of deposits on account of higher proportion of CASA deposits, management would like ~45% of loan portfolio concentrated within the J&K state by the end of FY2012.

**Exhibit 4: Momentum in business was strong for 4QFY11**



Source: Company, Angel Research

**Exhibit 5: CASA ratio improved by 91bp during 4QFY11**



Source: Company, Angel Research

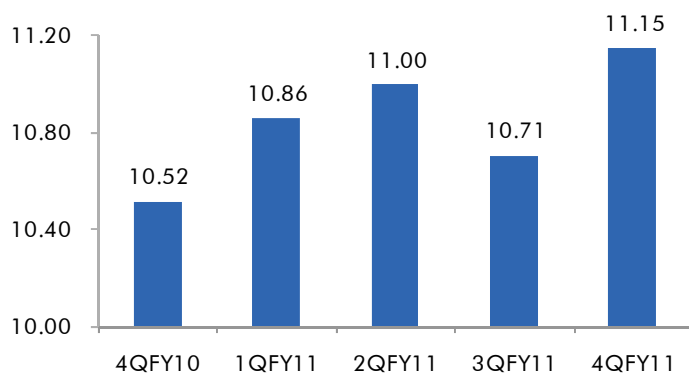
Out of the total deposits, ~65% is contributed by the state of J&K. Of this 65%, ~55% of the deposits comprise CASA deposits. The pace of CASA deposits accretion in the state of J&K is expected to remain healthy, with the bank planning to further strengthen its presence by opening 60–70 branches in the state in FY2012.

### Rising yield on advances ensures NIM remains flat

For 4QFY2011, the cost of deposits for the bank increased by 24bp to 5.4%. Due to change in asset mix, the yield on investments dipped by 24bp to 6.3%, while yield on advances witnessed an increase of 44bp to 11.2%, leading to reported NIM remaining flat at 3.7%.

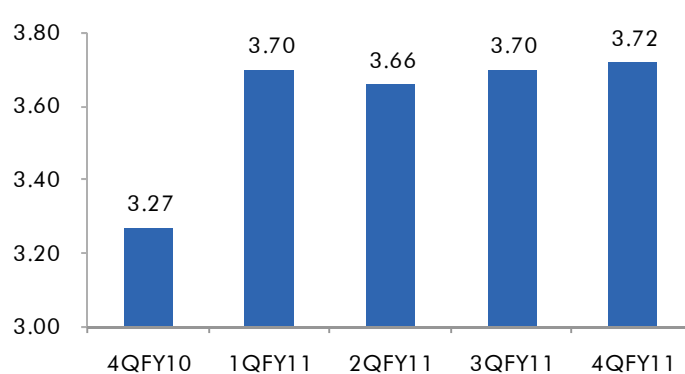
Going forward, the bank's yield on advances is likely to improve on account of utilisation of ~₹2,300cr of proposed loan repayment by the J&K government for higher yielding advances. Management is aiming to achieve NIM of 4% for FY2012, which we feel could be challenging given the high interest rate scenario and margin contraction that has been evidently visible across the sector in 4QFY2011. That said, with a strong CASA ratio and low CD ratio, the bank is better placed than other smaller banks to withstand NIM pressures in our view.

**Exhibit 6: Sharp rise in yield on advances for 4QFY11...**



Source: Company, Angel Research

**Exhibit 7: ...leads to marginal improvement in NIM**



Source: Company, Angel Research

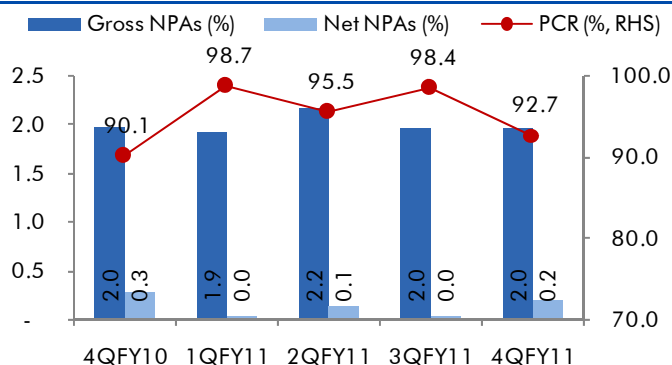
### Strong performance sequentially on other income front

During the quarter, fee income managed to grow by 27.2% qoq (16.3% yoy), while treasury income grew by 27.1% qoq (67.4% yoy). Revenue from insurance commission declined by 36.2% yoy to ₹8cr. Other income excluding treasury stood at 0.6% of average assets in FY2011 and going forward we expect similar performance on the fee income front (factored in 0.6% of average assets for both FY2012 and FY2013).

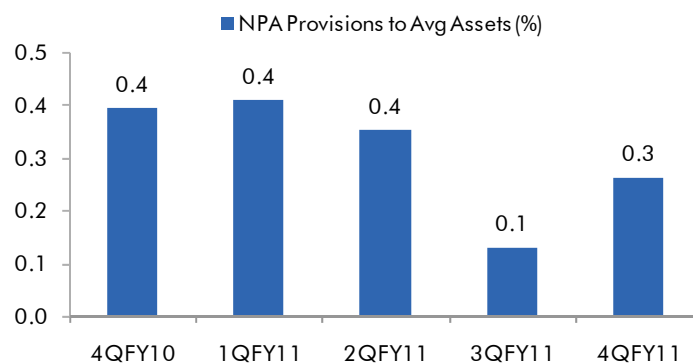
### Asset quality remains stable

For 4QFY2011, the bank managed to maintain its asset quality with gross NPAs rising marginally by 3.0% qoq to 519cr. Net NPAs, however, jumped five times on a low base from ₹11cr in 3QFY2011 to 53cr in 4QFY2011 due to a lower NPA coverage ratio of 92.7% for 4QFY2011 compared to 98.4% for 3QFY2011.

The bank's outstanding restructured book stands at ~₹2,000cr (~₹600cr added during FY2011), from which ~₹50cr has slipped into NPAs.

**Exhibit 8: Best-in-class asset quality**


Source: Company, Angel Research

**Exhibit 9: Trend in NPA provisions**


Source: Company, Angel Research

### Pension and gratuity costs fully provided in 4QFY2011

The bank provided fully for pension and gratuity expenses amounting to ₹91cr (₹121cr including transitional liability) during 4QFY2011. The RBI had allowed banks to amortise gratuity costs and pension costs relating to serving employees over five years; however, as the amount to be provided by the bank was quite small, management decided to provide fully in 4QFY2011 as against other PSU banks that have chosen to amortise these costs over five years. Considering that the bank will not have to provide any pension and gratuity costs hereon, we estimate staff expenses to remain flat for FY2012.

### Investment arguments

#### Well-protected loan book

Structurally, the bank's credit mix has only a small portion directly exposed to credit risks from political disturbances in J&K state. For instance, 59.0% of the bank's loan book as of 4QFY2011 is outside the state of J&K, of which 57.5% is to corporates. The state government repaid ₹2,300cr during 4QFY2011, which is likely to be deployed in high-rated corporates outside J&K. Only ~17% of the total loans are in the relatively sensitive Kashmir valley region, large portion of which is to the healthy horticulture and trade sectors, which see minimal disruption even during strikes due to essential linkages with rest of the country.

#### Robust asset quality

Over the years, the bank has maintained robust asset quality, with the best-in-industry provision coverage ratio (92.7% as of 4QFY2011). Slippages, though relatively higher at 2.0% for 4QFY2011 compared to 0.6% for 3QFY2011, are lower compared to most other PSU banks. We expect asset quality to sustain at these levels and see slippages at 1.2% and 1.3% for FY2012 and FY2013, respectively.

### Strong branch network and legacy – Dominant market share

The bank has ~400 branches in J&K. Due to its strong branch network and legacy of banking relationships, the bank has a dominant 70% market share in deposits in J&K. CASA deposits constituted strong 47.8% of incremental deposits growth from FY2004–11. This strong base of low-cost deposits is expected to sustain relatively higher NIM of 2.9–3.1% among mid-size banks.

### Outlook and valuation

The stock is trading at 0.9x FY2013E ABV vis-à-vis its historic range of 0.8–1.4x and five-year median of 1.04x. We maintain our positive view on the stock considering the bank's strong deposit mix, dominant regional market share and healthy track record in asset quality. We believe this provides sufficient margin of safety from the risks of political disturbances in J&K, especially in light of the bank's steady performance even during past crises.

Even taking into account the inherently lower-than-national average growth (in GDP, deposits and credit) in J&K, at just 0.9x FY2013E P/ABV and with sustainable RoEs of at least 16%, the stock is still inexpensive. Moreover, immediate levers in the form of increased CD ratio from the current low 58.6% as well as re-deployment of state government loans worth ₹2,300cr repaid during 4QFY2011 into higher yielding advances are likely to provide near-term higher momentum to NII growth for the bank relative to other mid-size banks. Further, with 40.5% CASA ratio, the bank is more favourably placed than its peers to handle NIM pressures from rising deposit rates. **Hence, we recommend an Accumulate rating on the stock with a target price of ₹885, implying an upside of 10.7% from current levels.**

### Exhibit 10: Key assumptions

Particulars (%)	Earlier estimates		Revised estimates	
	FY2012	FY2013	FY2012	FY2013
Credit growth	23.0	22.0	19.0	19.0
Deposit growth	13.0	13.0	13.0	13.0
CASA ratio	40.8	40.0	39.7	38.9
NIMs	3.2	3.1	3.1	2.9
Other income growth	14.2	15.2	(0.4)	13.5
Growth in staff expenses	14.0	14.0	-	15.0
Growth in other expenses	14.0	14.0	17.0	15.0
Slippages	1.0	1.0	1.2	1.3
Coverage ratio	91.3	89.7	92.5	87.0
Treasury gain/(loss) (% of investments)	0.3	0.3	0.3	0.3

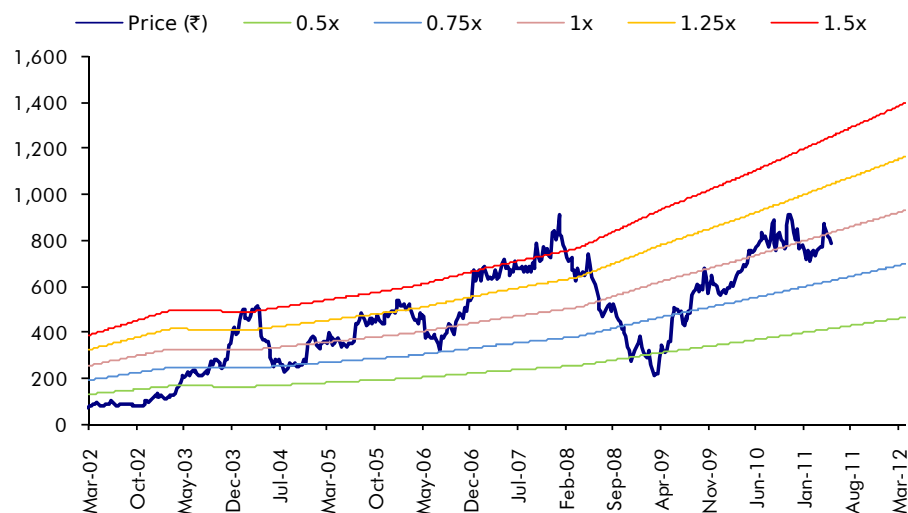
Source: Angel Research

**Exhibit 11: Change in estimates**

Particulars (₹ cr)	FY2012			FY2013		
	Earlier estimates	Revised estimates	Var. (%)	Earlier estimates	Revised estimates	Var. (%)
NII	1,605	1,608	0.2	1,714	1,716	0.1
Non-interest income	371	363	(2.0)	427	412	(3.5)
<b>Operating income</b>	<b>1,975</b>	<b>1,971</b>	<b>(0.2)</b>	<b>2,141</b>	<b>2,129</b>	<b>(0.6)</b>
Operating expenses	809	799	(1.2)	922	919	(0.3)
<b>Pre-prov. profit</b>	<b>1,167</b>	<b>1,172</b>	<b>0.5</b>	<b>1,219</b>	<b>1,210</b>	<b>(0.8)</b>
Provisions & cont.	182	189	3.7	207	192	(7.3)
PBT	985	984	(0.1)	1,012	1,018	0.6
Prov. for taxes	320	319	(0.1)	328	330	0.6
<b>PAT</b>	<b>665</b>	<b>664</b>	<b>(0.1)</b>	<b>684</b>	<b>688</b>	<b>0.6</b>

Source: Angel Research

**Exhibit 12: P/ABV band**



Source: Company, Bloomberg, Angel Research



**Exhibit 13: Recommendation summary**

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2013E P/ABV (x)	FY2013E Tgt P/ABV (x)	FY2013E P/E (x)	FY2011E-13E EPS CAGR (%)	FY2013E RoA (%)	FY2013E RoE (%)
AxisBk	Buy	1,213	1,653	36.3	1.9	2.7	9.9	21.7	1.5	21.2
FedBk	Neutral	435	-	-	1.2	-	8.7	20.6	1.3	14.1
HDFCBk	Accumulate	2,271	2,582	13.7	3.1	3.5	16.0	29.5	1.7	20.7
ICICIBk*	Buy	1,031	1,355	31.5	1.9	2.5	15.0	24.0	1.5	15.6
SIB	Accumulate	23	25	6.5	1.2	1.3	7.2	11.7	0.9	17.3
YesBk	Buy	280	334	19.2	1.8	2.2	9.9	16.0	1.2	19.7
AllBk	Buy	186	227	22.1	0.9	1.1	5.4	7.8	0.9	17.4
AndhBk	Accumulate	137	152	11.0	0.9	1.0	5.7	3.0	1.0	16.8
BOB	Buy	835	1,053	26.2	1.1	1.5	6.4	10.2	1.1	19.4
BOI	Buy	404	488	20.9	1.1	1.3	6.2	20.0	0.8	18.2
CanBk	Accumulate	519	584	12.5	1.0	1.1	5.8	(0.6)	0.9	17.6
CentBk	Accumulate	119	129	8.1	0.8	0.9	5.4	(10.8)	0.5	14.9
CorpBk	Buy	541	670	24.0	0.8	1.1	5.0	6.5	0.9	18.0
DenaBk	Buy	88	109	24.0	0.6	0.8	4.3	6.1	0.8	16.1
IDBI#	Neutral	132	-	-	0.8	-	6.0	14.3	0.7	14.5
IndBk	Accumulate	220	248	12.5	0.9	1.0	4.7	9.7	1.4	20.2
IOB	Buy	146	171	16.4	0.9	1.1	5.8	16.7	0.7	16.0
<b>J&amp;KBk</b>	<b>Accumulate</b>	<b>799</b>	<b>885</b>	<b>10.7</b>	<b>0.9</b>	<b>1.0</b>	<b>5.6</b>	<b>5.7</b>	<b>1.1</b>	<b>16.2</b>
OBC	Buy	334	402	20.3	0.7	0.9	5.2	11.2	0.9	15.1
PNB	Buy	1,034	1,326	28.2	1.2	1.5	5.9	11.5	1.1	21.2
SBI*	Buy	2,328	2,842	22.1	1.7	2.1	8.6	44.1	1.1	22.6
SynBk	Buy	111	142	28.8	0.7	1.0	4.6	14.5	0.7	17.0
UcoBk	Accumulate	93	98	5.1	0.9	1.0	5.3	22.2	0.6	19.2
UnionBk	Accumulate	322	356	10.7	1.2	1.3	6.7	10.3	0.8	18.3
UtdBk	Accumulate	99	111	12.2	0.8	0.9	5.8	13.5	0.6	13.9
VijBk	Neutral	69	-	-	0.9	-	6.8	8.5	0.5	12.7

Source: Company, Angel Research; Note: \*Target multiples=SOTP Target Price/ABV (including subsidiaries), #Without adjusting for SASF

**Income statement**

Y/E March (₹ cr)	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
<b>Net Interest Income</b>	<b>768</b>	<b>810</b>	<b>1,000</b>	<b>1,119</b>	<b>1,544</b>	<b>1,608</b>	<b>1,716</b>
- YoY Growth (%)	15.7	5.5	23.4	11.9	37.9	4.1	6.8
<b>Other Income</b>	<b>183</b>	<b>263</b>	<b>261</b>	<b>416</b>	<b>365</b>	<b>363</b>	<b>412</b>
- YoY Growth (%)	64.8	44.1	(0.7)	59.2	(12.4)	(0.4)	13.5
<b>Operating Income</b>	<b>951</b>	<b>1,074</b>	<b>1,262</b>	<b>1,536</b>	<b>1,908</b>	<b>1,971</b>	<b>2,129</b>
- YoY Growth (%)	22.7	13.0	17.5	21.7	24.3	3.3	8.0
<b>Operating Expenses</b>	<b>372</b>	<b>404</b>	<b>471</b>	<b>577</b>	<b>759</b>	<b>799</b>	<b>919</b>
- YoY Growth (%)	7.9	8.4	16.7	22.6	31.4	5.3	15.0
<b>Pre - Provision Profit</b>	<b>578</b>	<b>670</b>	<b>791</b>	<b>958</b>	<b>1,149</b>	<b>1,172</b>	<b>1,210</b>
- YoY Growth (%)	34.7	15.9	18.0	21.2	20.0	2.0	3.2
<b>Prov. &amp; Cont.</b>	<b>163</b>	<b>94</b>	<b>159</b>	<b>167</b>	<b>215</b>	<b>189</b>	<b>192</b>
- YoY Growth (%)	(3.1)	(42.2)	69.3	4.6	29.0	(12.3)	1.8
<b>Profit Before Tax</b>	<b>415</b>	<b>576</b>	<b>631</b>	<b>792</b>	<b>934</b>	<b>984</b>	<b>1,018</b>
- YoY Growth (%)	59.0	38.7	9.6	25.3	18.0	5.3	3.5
<b>Prov. for Taxation</b>	<b>141</b>	<b>216</b>	<b>222</b>	<b>279</b>	<b>319</b>	<b>319</b>	<b>330</b>
- as a % of PBT	33.9	37.5	35.1	35.3	34.2	32.4	32.4
<b>PAT</b>	<b>274</b>	<b>360</b>	<b>410</b>	<b>512</b>	<b>615</b>	<b>664</b>	<b>688</b>
- YoY Growth (%)	55.2	31.2	13.8	25.0	20.1	8.0	3.5

**Balance sheet**

Y/E March (₹ cr)	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Share Capital	48	48	48	48	48	48	48
Reserves & Surplus	1,960	2,260	2,574	2,962	3,430	3,940	4,467
Deposits	25,194	28,593	33,004	37,237	44,676	50,484	57,047
- Growth (%)	7.3	13.5	15.4	12.8	20.0	13.0	13.0
Borrowings	620	752	997	500	385	435	491
Tier 2 Capital	-	-	-	600	720	813	919
Other Liab. & Prov.	823	1,102	1,070	1,199	1,249	1,354	1,521
<b>Total Liabilities</b>	<b>28,647</b>	<b>32,756</b>	<b>37,693</b>	<b>42,547</b>	<b>50,508</b>	<b>57,074</b>	<b>64,494</b>
Cash Balances	1,855	3,220	2,303	2,745	2,975	3,281	3,708
Bank Balances	1,759	1,217	2,972	1,870	574	1,427	1,612
Investments	7,392	8,758	10,736	13,956	19,696	20,000	20,744
Advances	17,080	18,883	20,930	23,057	26,194	31,170	37,093
- Growth (%)	17.9	10.6	10.8	10.2	13.6	19.0	19.0
Fixed Assets	183	192	199	204	394	432	473
Other Assets	377	486	552	715	676	764	863
<b>Total Assets</b>	<b>28,647</b>	<b>32,756</b>	<b>37,693</b>	<b>42,547</b>	<b>50,508</b>	<b>57,074</b>	<b>64,494</b>
- Growth (%)	8.3	14.3	15.1	12.9	18.7	13.0	13.0

**Ratio analysis**

Y/E March	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
<b>Profitability ratios (%)</b>							
NIMs	2.9	2.7	2.9	2.9	3.4	3.1	2.9
Cost to Income Ratio	39.2	37.6	37.3	37.6	39.8	40.5	43.2
RoA	1.0	1.2	1.2	1.3	1.3	1.2	1.1
RoE	15.2	18.2	17.4	18.2	19.0	17.8	16.2
<b>B/S ratios (%)</b>							
CASA Ratio	37.0	39.2	38.1	40.7	40.5	39.7	38.9
Credit/Deposit Ratio	67.8	66.0	63.4	61.9	58.6	61.7	65.0
CAR	13.2	12.8	14.5	15.9	13.7	14.0	14.1
- Tier I	12.6	12.1	13.8	12.8	11.0	11.3	11.3
<b>Asset quality (%)</b>							
Gross NPAs	2.9	2.5	2.6	2.0	1.9	2.2	2.4
Net NPAs	1.1	1.1	1.4	0.3	0.2	0.2	0.4
Slippages	1.9	1.3	2.1	0.9	1.2	1.2	1.3
NPA Prov./Avg. Assets	0.3	0.1	0.2	0.4	0.3	0.3	0.2
Provision Coverage	61.4	58.0	48.6	86.1	92.7	92.5	87.0
<b>Per Share Data (₹)</b>							
EPS	56.6	74.2	84.5	105.7	126.9	137.0	141.8
ABVPS	400.2	459.2	510.4	620.8	717.4	822.5	931.2
DPS	11.5	15.5	16.9	22.0	26.0	27.5	28.5
<b>Valuation Ratios</b>							
PER (x)	14.3	10.9	9.6	7.7	6.4	5.9	5.7
P/ABVPS (x)	2.0	1.8	1.6	1.3	1.1	1.0	0.9
Dividend Yield	1.4	1.9	2.1	2.7	3.2	3.4	3.5
<b>DuPont Analysis (%)</b>							
NII	2.8	2.7	2.9	2.8	3.3	3.0	2.8
(-) Prov. Exp.	0.6	0.3	0.5	0.4	0.5	0.4	0.3
Adj. NII	2.2	2.3	2.4	2.4	2.9	2.6	2.5
Treasury	0.1	0.3	0.2	0.4	0.2	0.1	0.1
Int. Sens. Inc.	2.3	2.6	2.6	2.8	3.1	2.7	2.6
Other Inc.	0.5	0.6	0.5	0.6	0.6	0.6	0.6
Op. Inc.	2.9	3.2	3.2	3.4	3.6	3.3	3.2
Opex	1.4	1.3	1.3	1.4	1.6	1.5	1.5
PBT	1.5	1.9	1.8	2.0	2.0	1.8	1.7
Taxes	0.5	0.7	0.6	0.7	0.7	0.6	0.5
<b>RoA</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>
Leverage (x)	15.2	15.4	14.9	14.2	14.3	14.4	14.3
<b>RoE</b>	<b>15.2</b>	<b>18.2</b>	<b>17.4</b>	<b>18.2</b>	<b>19.0</b>	<b>17.8</b>	<b>16.2</b>

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1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

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<b>Ratings (Returns):</b>	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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