

Earnings Update

Reviewed Second Quarter & Half Year Results

September 30, 2013



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on November 09, 2013 took on record the Reviewed Financial Results for the Second Quarter ended September 30, 2013.

Performance Highlights for the quarter ended September 30, 2013:

- Net Profit up 12 % at Rs 3026.6 million for the quarter ended Sep, 2013 as compared to Rs 2695.3 million earned during the quarter ended Sep, 2012.
- EPS for the quarter ended Sep, 2013 at Rs 62.43 up 12 % from Rs 55.60 earned during the corresponding quarter of previous financial year.
- NIMs (Net Interest Margins) Ratio for the quarter ended Sep, 2013 at 4.33 % (annualized) vis-à-vis 3.94 % for the corresponding quarter of previous financial year.
- Post tax Return on Assets at 1.86 % (annualized) for the quarter ended Sep, 2013 compared to 1.79 % for the corresponding period of the previous financial year.
- The Cost of Deposits (Annualized) for the quarter ended Sep, 2013 at 6.59 % compared to 7.00 % recorded for the corresponding quarter of last financial year.
- The Yield on Advances (annualized) for the quarter ended Sep, 2013 stood at 12.35 % as compared to 12.71 % for the quarter ended Sep, 2012.
- Business per Employee and Net profit per Employee (annualized) were at Rs 109.2 million and Rs 1.29 million respectively for the quarter ended Sep, 2013 compared to Rs 95.4 million and Rs 1.15 million pertaining to the quarter ended Sep, 2012.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Sep, 2013 at 1.69 % and 0.19 % respectively compared to 1.59 % and 0.16 % a year ago.
- NPA Coverage Ratio as on Sep, 2013 at 92.06 % well above RBI stipulated norm of 70 %.
- Cost to Income Ratio stood at 36.45 % for the quarter ended Sep, 2013 as compared to 34.32 % for the quarter ended Sep, 2012.
- Capital Adequacy Ratio (Basel III) stood at 13.18 % as on Sep, 2013 well above RBI stipulated norm of 9 %.

The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on November 09, 2013 took on record the Reviewed Financial Results for the Half Year ended September 30, 2013.

Performance Highlights for the half year ended September 30, 2013:

- Net Profit up 18 % at Rs 6105.8 million for the half year ended Sep, 2013 as compared to Rs 5156.2 million earned during the half year ended Sep, 2012.
- EPS for the half year ended Sep, 2013 at Rs 125.95 up 18 % from Rs 106.36 earned during the corresponding half year of previous financial year.
- NIMs (Net Interest Margins) Ratio for the half year ended Sep, 2013 at 4.25 % (annualized) vis-à-vis 3.88 % for the corresponding half year of previous financial year.
- Post tax Return on Assets at 1.87 % (annualized) for the half year ended Sep, 2013 compared to 1.73 % for the corresponding period of the previous financial year
- Post Tax Return on Average Net-Worth (annualized) for the half year ended Sep, 2013 at 23.62 % compared to 23.70 % recorded for the corresponding half year a year ago.
- The Cost of Deposits (Annualized) for the half year ended Sep, 2013 at 6.57 % compared to 7.02 % recorded for the corresponding half year of last financial year.
- The Yield on Advances (annualized) for the half year ended Sep, 2013 stood at 12.26 % as compared to 12.63 % for the half year ended Sep, 2012.
- Business per Employee and Net profit per Employee (annualized) were at Rs 109.2 million and Rs 1.30 million respectively for the half year ended Sep, 2013 compared to Rs 95.4 million and Rs 1.10 million pertaining to the half year ended Sep, 2012.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Sep, 2013 at 1.69 % and 0.19 % respectively compared to 1.59 % and 0.16 % a year ago.
- NPA Coverage Ratio as on Sep, 2013 at 92.06 % well above RBI stipulated norm of 70 %.
- Cost to Income Ratio stood at 36.05 % for the half year ended Sep, 2013 as compared to 34.16 % for the half year ended Sep, 2012.

Profit & Loss Account

Amount in Rupees million

Particulars	Q 2 '13-14	Q 2 '12-13	% Change	Q 2 '13-14	Q 1 '13-14	% Change	H 1 '13-14	H 1 '12-13	% Change	Year ended Mar, '13
Interest Earned	16497.4	15005.9	9.94%	16497.4	16242.4	1.57%	32739.8	29767.5	9.99%	61368.0
Interest Expended	9679.2	9479.2	2.11%	9679.2	9693.5	-0.15%	19372.7	18884.6	2.58%	38207.6
Net Interest Income	6818.2	5526.7	23.37%	6818.2	6548.9	4.11%	13367.1	10882.9	22.83%	23160.4
Other Income	994.8	909.2	9.41%	994.8	922.3	7.86%	1917.1	1842.9	4.03%	4837.3
Operating Income	7813.0	6435.9	21.40%	7813.0	7471.2	4.57%	15284.2	12725.8	20.10%	27997.7
Operating Expenses	2848.2	2209.1	28.93%	2848.2	2661.3	7.02%	5509.5	4347.3	26.73%	9890.1
Operating Profit	4964.8	4226.8	17.46%	4964.8	4809.9	3.22%	9774.7	8378.5	16.66%	18107.6
Provisions & Contingencies	556.8	328.1	69.70%	556.8	362.3	53.68%	919.1	831.8	10.50%	2841.7
PBT	4408.0	3898.7	13.06%	4408.0	4447.6	-0.89%	8855.6	7546.7	17.34%	15265.9
Tax Provision	1381.4	1203.4	14.79%	1381.4	1368.4	0.95%	2749.8	2390.5	15.03%	4714.9
Net Profit	3026.6	2695.3	12.29%	3026.6	3079.2	-1.71%	6105.8	5156.2	18.42%	10551.0
Share Capital	484.9	484.9	0.00%	484.9	484.9	0.00%	484.9	484.9	0.00%	484.9
EPS in Rs.	62.43	55.60	12.28%	62.43	63.52	-1.72%	125.95	106.36	18.42%	217.65
Net Interest Margins	1.10%	0.99%	-	1.10%	1.05%	-	2.14%	1.94%	-	-
Net Interest Margins (Ann.)	4.33%	3.94%	-	4.33%	4.15%	-	4.25%	3.88%	-	3.97%

Balance Sheet

Amount in Rupees million

Particulars	As on Sep 30, 2013	As on Sep 30, 2012	% Change	As on March 31, 2013
Capital & Liabilities				
Capital	484.9	484.9	0.00%	484.9
Reserves & Surplus *	54267.9	45603.1	19.00%	48162.0
Deposits	611711.5	549265.0	11.37%	642206.2
Borrowings	13459.3	9224.4	45.91%	10750.0
Other Liabilities & Provisions	13654.4	11759.7	16.11%	15830.0
Total	693578.0	616337.1	12.53%	717433.1
Assets				
Cash & Bank Balance	24145.4	25559.6	-5.53%	26951.5
Balance with Banks and Money at Call & Short Notice	18225.9	10895.2	67.28%	27091.8
Investments	223162.5	225213.3	-0.91%	257410.6
Advances	411208.1	342720.9	19.98%	392004.1
Fixed Assets	4945.1	4283.7	15.44%	4561.8
Other Assets	11891.0	7664.4	55.15%	9413.3
Total	693578.0	616337.1	12.53%	717433.1

* Includes Retained Earnings

Break-up:**1. Interest Earned**

Amount in Rupees million

Particulars	Q 2 '13-14	Q 2 '12-13	% Change	HY 1 FY '13-14	HY 1 FY '12-13	% Change	Year Ended Mar, 2013
On Loans & Advances	12439.6	10608.7	17.26%	24283.5	20889.9	16.25%	43175.8
Investments	3960.9	4169.6	-5.01%	8190.0	8387.5	-2.35%	17225.8
Inter Bank Funds	96.9	227.6	-57.43%	266.3	490.1	-45.66%	966.4
Total	16497.4	15005.9	9.94%	32739.8	29767.5	9.99%	61368.0

2. Interest Expended

Amount in Rupees million

Particulars	Q 2 '13-14	Q 2 '12-13	% Change	HY 1 FY '13-14	HY 1 FY '12-13	% Change	Year Ended Mar, 2013
Deposits	9408.5	9253.1	1.68%	18858.0	18466.3	2.12%	37410.4
Borrowings	135.7	91.1	48.96%	244.7	148.3	65.00%	257.2
Others (Subordinated Debt)	135.0	135.0	0.00%	270.0	270.0	0.00%	540.0
Total	9679.2	9479.2	2.11%	19372.7	18884.6	2.58%	38207.6

3. Other Income

Amount in Rupees million

Particulars	Q 2 '13-14	Q 2 '12-13	% Change	HY 1 FY '13-14	HY 1 FY '12-13	% Change	Year Ended Mar, 2013
Commission / Exchange	408.1	386.5	5.59%	817.4	822.7	-0.64%	1695.5
Insurance Commission	66.4	73.9	-10.15%	148.6	148.4	0.13%	374.1
Treasury / Trading Income	93.4	261.4	-64.27%	288.0	463.2	-37.82%	1493.1
Miscellaneous Income	426.9	187.4	127.80%	663.1	408.6	62.29%	1274.6
Total	994.8	909.2	9.41%	1917.1	1842.9	4.03%	4837.3

4. Operating Expenses

Amount in Rupees million

Particulars	Q 2 '13-14	Q 2 '12-13	% Change	HY 1 FY '13-14	HY 1 FY '12-13	% Change	Year Ended Mar, 2013
Payment for Employees	1767.6	1429.9	23.62%	3524.0	2808.8	25.46%	6522.6
Rent, Taxes and Lightning	135.1	123.6	9.30%	272.9	245.5	11.16%	503.1
Printing & Stationery	21.0	25.5	-17.65%	41.7	50.0	-16.60%	86.2
Advertisement & Publicity	21.1	13.9	51.80%	39.0	35.6	9.55%	102.6
Depreciation in Bank's Property	222.1	116.0	91.47%	329.9	215.6	53.01%	497.3
Directors' Fees, Allowances & Expenses	2.0	1.6	25.00%	3.6	2.6	38.46%	6.5
Auditors' Fees & Expenses	27.9	22.6	23.45%	66.5	45.1	47.45%	93.5
Law Charges	1.5	6.9	-78.26%	6.0	9.2	-34.78%	20.4
Postage, Telegrams, Telephones etc	15.2	11.7	29.91%	26.1	31.7	-17.67%	66.8
Repairs & Maintenance	28.5	25.6	11.33%	60.4	49.8	21.29%	116.6
Insurance	119.3	96.0	24.27%	238.8	192.4	24.12%	408.6
Other Expenditure	486.9	335.8	45.00%	900.6	661.0	36.25%	1466.0
Total	2848.2	2209.1	28.93%	5509.5	4347.3	26.73%	9890.1

Break-up:

5. Provisions & Contingencies

Amount in Rupees million

Particulars	Q 2 '13-14	Q 2 '12-13	% Change	HY 1 FY '13-14	HY 1 FY '12-13	% Change	Year Ended Mar, 2013
Provision for Tax	1381.4	1203.4	14.79%	2749.8	2390.5	15.03%	4714.9
Provision for Bad & Doubtful Debts	330.1	90.0	266.78%	455.4	350.0	30.11%	1583.0
Provision for Standard Advances	85.0			128.0			300.0
Provision for Depreciation on Investments	63.0	5.7	1005.3%	63.0	5.7	1005.3%	149.2
Provision for Non Performing Investments	28.3	138.3	-79.54%	153.3	138.3	10.85%	310.5
Provision for Frauds/ Embezzlements	2.6	2.7	-3.70%	10.9	3.9	179.49%	2.4
Contingencies		50.9			290.0		356.6
Provision for diminution in fair value of Restructured / Rescheduled advances	47.8	40.5	18.02%	108.5	43.9	147.15%	128.4
Provision for Contingent Liabilities							11.7
Total	1938.2	1531.5	26.56%	3668.9	3222.3	13.86%	7556.6

6. Deposits

Amount in Rupees million

Particulars	As on Sep 30, 2013	As on Sep 30, 2012	% Change	As on Mar 31, 2013
Demand Deposits	51739.4	45516.8	13.67%	64015.0
Saving Deposits	183781.8	164079.9	12.01%	187895.0
Term Deposits	376190.3	339668.3	10.75%	390296.2
Total	611711.5	549265.0	11.37%	642206.2

Movement in Gross NPA's

Amount in Rupees million

Particulars	H 1 ended Sep 30, 2013	H 1 ended Sep 30, 2012	FY ended Mar 31, 2013
Balance at the start of the period	6437.7	5166.0	5166.0
Additions during the period	1961.9	1841.1	4550.0
Reductions			
Up gradations during the period	654.1	727.0	1047.0
Write off	46.7	30.1	870.3
Recoveries during the period	609.5	733.6	1361.0
Balance at the close of the period	7089.3	5516.4	6437.7

Movement in Restructured Assets

Amount in Rupees million

Particulars	H 1 ended Sep 30, 2013	H 1 ended Sep 30, 2012	FY ended Mar 31, 2013
Balance at the start of the period	14904.8	13657.5	13657.5
Additions during the period	2866.5	2626.9	10610.1
Repayments/Reductions/Reclassification during the period	2816.7	1271.5	9362.8
Balance at the close of the period	14954.6	15012.9	14904.8

Incremental Growth in Deposits and Advances

Amount in Rupees million

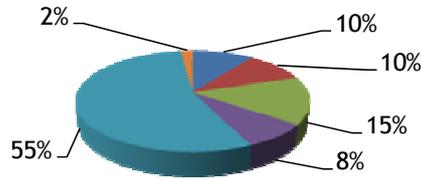
Particulars		As on Sep 30, 2013	As on Sep 30, 2012	Increment	% Change
Deposits	In J&K State	406265.1	358926.6	47338.5	13 %
	In Rest of India	205446.3	190338.3	15108.0	8 %
	Whole Bank	611711.4	549264.9	62446.5	11 %
Gross Advances	In J&K State	179924.0	142997.7	36926.3	26 %
	In Rest of India	241033.0	208230.9	32802.1	16 %
	Whole Bank	420957.0	351228.6	69728.4	20 %

Advances – Sector-wise (Sep 13)

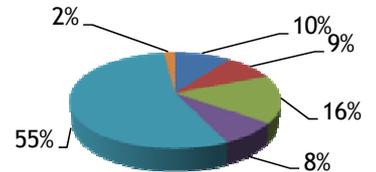
Advances – Sector-wise (Sep 12)

Bank as Whole

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

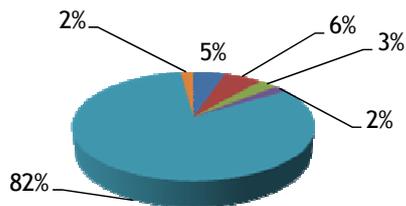


- Agriculture
- Trade
- Personal
- SME
- Corporate
- Others

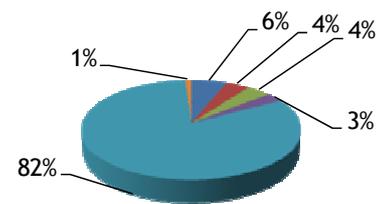


In Rest of India

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

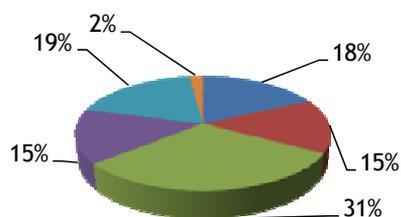


- Agriculture
- Trade
- Personal
- SME
- Corporate
- Others

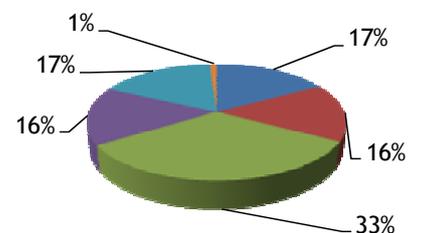


Within J&K State

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



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



Categorization of Investments (I)

Amount in Rupees million

Particulars	As on Sep 30, 2013	As on Sep 30, 2012	% Change	As on Mar 31, 2013
Held to Maturity (HTM)				
□ Government & other approved Securities	133582.6	123372.5	8.28%	131643.2
□ Shares				206.3
□ Debentures & Bonds	1084.8	2054.2	-47.19%	1667.9
□ Subsidiaries & Joint Ventures	440.1	321.1	37.06%	321.1
□ Others	22288.4	22969.2	-2.96%	23411.5
Sub-Total	157395.9	148717.0	5.84%	157250.0
<i>Percentage of HTM to Total Investments</i>	<i>70.53%</i>	<i>66.03%</i>		<i>61.09%</i>
Held for Trading (HFT)				
□ Government & other approved Securities				341.5
□ Shares	25.6	0.6	4166.67%	4.8
□ Debentures & Bonds				646.4
□ Subsidiaries & Joint ventures				
□ Others				
Sub-Total	25.6	0.6	4166.67%	992.7
<i>Percentage of HFT to Total Investments</i>	<i>0.01%</i>	<i>0.00%</i>		<i>0.39%</i>
Available for Sale (AFS)				
□ Government & other approved Securities	15816.8	2439.1	548.47%	8685.9
□ Shares	2055.7	2515.2	-18.27%	1857.1
□ Debentures & Bonds	19866.0	20016.1	-0.75%	21321.1
□ Subsidiaries & Joint ventures				
□ Others	28002.5	51525.3	-45.65%	67303.8
□ Debt / Money Market related MFs				
Sub Total	65741.0	76495.7	-14.06%	99167.9
<i>Percentage of AFS to Total Investments</i>	<i>29.46%</i>	<i>33.97%</i>		<i>38.53%</i>
Total Investment	223162.5	225213.3	-0.91%	257410.6

Categorization of Investments (II)

Amount in Rupees million

Particulars	As on Sep 30, 2013	As on Sep 30, 2012	% Change	As on Mar 31, 2013
SLR Securities	149399.4	125811.6	18.75%	140670.6
Non SLR Securities	73763.1	99401.7	-25.79%	116740.0
Total Investment	223162.5	225213.3	-0.91%	257410.6
SLR Securities as % age to total Investments	66.95%	55.86%	-	54.65%
Non SLR Securities as % age to total Investments	33.05%	44.14%	-	45.35%

Analytical Ratios:

Particulars	Q 2 FY '13-14	Q 2 FY '12-13	H 1 FY '13-14	H 1 FY '12-13	Year Ended Mar 2013
Net Interest Margins (%) *	1.10	0.99	2.14	1.94	
Annualized	4.33	3.94	4.25	3.88	3.97
Yield on Advances (%) *	3.09	3.18	6.13	6.32	
Annualized	12.35	12.71	12.26	12.63	12.59
Yield on Investments (%) *	1.84	1.87	3.68	3.79	
Annualized	7.36	7.49	7.36	7.58	7.56
Cost of Deposits (%) *	1.65	1.75	3.28	3.51	
Annualized	6.59	7.00	6.57	7.02	6.87
Post Tax Return on Assets (%)	0.46	0.45	0.94	0.87	
Annualized	1.86	1.79	1.87	1.73	1.70
Post Tax Return on Average Networth (%)*	5.68	6.02	11.81	11.85	
Annualized	22.74	24.10	23.62	23.70	23.56
Cost to Income Ratio (%)	36.45	34.32	36.05	34.16	35.33
Credit / Deposit (CD) Ratio (%)	67.22	62.40	67.22	62.40	61.09
CASA Ratio (%)	38.50	38.16	38.50	38.16	39.23
Business per Employee (In Rupees million)	109.2	95.4	109.2	95.4	110.1
Net Profit per Employee (In Rupees million)	0.32	0.29	0.65	0.55	
Annualized	1.29	1.15	1.30	1.10	1.12
Number of Employees	9367	9346	9367	9346	9400
Business Per Branch (In Rupees million)	1356.7	1413.6	1356.7	1413.6	1501.5
Net Profit per Branch (In Rs mill) Ann.	16.1	17.1	16.2	16.3	15.3
Branches – Excluding Extension Counters, Controlling Offices & RCC's	754	631	754	631	689
Gross NPAs (In Rupees million)	7089.3	5516.4	7089.3	5516.4	6437.7
Net NPAs (In Rupees million)	775.8	553.4	775.8	553.4	552.7
Gross NPA Ratio (%)	1.69	1.59	1.69	1.59	1.62
Net NPA Ratio (%)	0.19	0.16	0.19	0.16	0.14
NPA Coverage Ratio (%)	92.06	93.30	92.06	93.30	94.01
Capital Adequacy Ratio (%) Basel II	13.54	13.73	13.54	13.73	12.83
i. Tier I	11.70	11.59	11.70	11.59	10.86
ii. Tier II	1.84	2.14	1.84	2.14	1.97
Capital Adequacy Ratio (%) Basel III	13.18		13.18		
i. Tier I	11.42		11.42		
ii. Tier II	1.76		1.76		
Earning per Share (In Rupees)	62.43	55.60	125.95	106.36	
Annualized	249.73	222.41	251.90	212.72	217.65
Net Asset Value (In Rupees)	1129.44	950.71	1129.44	950.71	1003.49
Adjusted Book Value (In Rupees)	1113.44	939.29	1113.44	939.29	992.09
Dividend Payout Ratio (%)	-	-	-	-	22.97
Dividend Yield (%)	-	-	-	-	3.75

* Ratios calculated on Fortnightly average balances

Shareholding Pattern (as on November 01, 2013):

S No.	PARTICULARS	NUMBER OF SHARES HELD	% TO CAPITAL
1.	GOVERNMENT OF J&K	25775266	53.17%
2.	INDIAN MUTUAL FUNDS	1607305	3.32%
3.	INSURANCE COMPANIES	215608	0.44%
4.	BANKS	26398	0.05%
5.	NON RESIDENT INDIANS	275260	0.57%
6.	FOREIGN INST. INVESTORS	13770244	28.41%
7.	BODIES CORPORATES	1511438	3.12%
8.	RESIDENT INDIVIDUALS	5224547	10.78%
9.	CLEARING MEMBERS	71736	0.15%
	TOTAL	48477802	100.00%

For more information, contact:

Parvez Ahmad,
 Executive President,
 J & K Bank Ltd., Corporate Headquarters,
 M.A.Road, Srinagar, 190 001.
 Email: parvez.ahd@gmail.com