

**Earnings Update**  
Reviewed First Quarter Results  
*June 30, 2013*



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on August 01, 2013 took on record the Reviewed Financial Results for the First Quarter ended June 30, 2013.

**Performance Highlights for the quarter ended June 30, 2013:**

- Net Profit up 25.13 % at Rs 3079.2 million for the quarter ended Jun, 2013 as compared to Rs 2460.9 million earned during the quarter ended Jun, 2012.
- EPS for the quarter ended Jun, 2013 at Rs 63.52 up 25 % from Rs 50.77 earned during the corresponding quarter of previous financial year.
- NIMs (Net Interest Margins) Ratio for the quarter ended Jun, 2013 at 4.15 % (annualized) vis-à-vis 3.84 % for the corresponding quarter of previous financial year.
- Post tax Return on Assets at 1.89 % (annualized) for the quarter ended Jun, 2013 compared to 1.68 % for the corresponding period of the previous financial year
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Jun, 2013 at 24.54 % compared to 23.35 % recorded for the corresponding quarter a year ago.
- The Yield on Advances (annualized) for the quarter ended Jun, 2013 stood at 12.16 % as compared to 12.54 % for the quarter ended Jun, 2012.
- Business per Employee and Net profit per Employee (annualized) were at Rs 103.2 million and Rs 1.30 million respectively for the quarter ended Jun, 2013 compared to Rs 93.4 million and Rs 1.07 million pertaining to the quarter ended Jun, 2012.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Jun, 2013 at 1.67 % and 0.14 % respectively compared to 1.60 % and 0.14 % a year ago.
- NPA Coverage Ratio as on Jun, 2013 at 94.01 % well above RBI stipulated norm of 70 %.
- Cost to Income Ratio stood at 35.62 % for the quarter ended Jun, 2013 as compared to 34.00 % for the quarter ended Jun, 2012.

## Profit & Loss Account

Amount in Rupees million

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	% Change	Year ended Mar, '13
Interest Earned	16242.4	14761.6	10.03%	61368.0
Interest Expended	9693.5	9405.4	3.06%	38207.6
<b>Net Interest Income</b>	<b>6548.9</b>	<b>5356.2</b>	22.27%	<b>23160.4</b>
Other Income	922.3	933.7	-1.22%	4837.3
<b>Operating Income</b>	<b>7471.2</b>	<b>6289.9</b>	18.78%	<b>27997.7</b>
Operating Expenses	2661.3	2138.2	24.46%	9890.1
<b>Operating Profit</b>	<b>4809.9</b>	<b>4151.7</b>	15.85%	<b>18107.6</b>
Provisions & Contingencies	362.3	503.7	-28.07%	2841.7
<b>PBT</b>	<b>4447.6</b>	<b>3648.0</b>	21.92%	<b>15265.9</b>
Tax Provision	1368.4	1187.1	15.27%	4714.9
<b>Net Profit</b>	<b>3079.2</b>	<b>2460.9</b>	25.13%	<b>10551.0</b>
Share Capital	484.9	484.9	0.00%	484.9
<b>EPS in Rs.</b>	<b>63.52</b>	<b>50.77</b>	25.11%	<b>217.65</b>
<b>Net Interest Margins</b>	<b>1.05%</b>	<b>0.96%</b>	-	-
<b>Net Interest Margins (Ann.)</b>	<b>4.15%</b>	<b>3.84%</b>	-	<b>3.97%</b>

**Balance Sheet**

Amount in Rupees million

Particulars	As on Jun 30, 2013	As on Jun 30, 2012	% Change	As on March 31, 2013
<b>Capital &amp; Liabilities</b>				
Capital	484.9	484.9	0.00%	484.9
Reserves & Surplus *	51241.2	42907.8	19.42%	48162.0
Deposits	586010.9	531171.0	10.32%	642206.2
Borrowings	7576.2	11684.9	-35.16%	10750.0
Other Liabilities & Provisions	12160.5	13668.4	-11.03%	15830.0
<b>Total</b>	<b>657473.7</b>	<b>599917.0</b>	<b>9.59%</b>	<b>717433.1</b>
<b>Assets</b>				
Cash & Bank Balance	28711.7	23566.0	21.84%	26951.5
Balance with Banks and Money at Call & Short Notice	3724.2	10368.9	-64.08%	27091.8
Investments	217337.5	220156.1	-1.28%	257410.6
Advances	392822.0	332252.7	18.23%	392004.1
Fixed Assets	4746.5	4241.1	11.92%	4561.8
Other Assets	10131.8	9332.2	8.57%	9413.3
<b>Total</b>	<b>657473.7</b>	<b>599917.0</b>	<b>9.59%</b>	<b>717433.1</b>

\* Includes Retained Earnings

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

Amount in Rupees million

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	% Change	Year Ended Mar, 2013
On Loans & Advances	11843.9	10281.2	15.20%	43175.8
Investments	4229.1	4217.9	0.27%	17225.8
Inter Bank Funds	169.4	262.5	-35.47%	966.4
<b>Total</b>	<b>16242.4</b>	<b>14761.6</b>	<b>10.03%</b>	<b>61368.0</b>

**2. Interest Expended**

Amount in Rupees million

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	% Change	Year Ended Mar, 2013
Deposits	9449.5	9213.2	2.56%	37410.4
Borrowings	109.0	57.2	90.56%	257.2
Others (Subordinated Debt)	135.0	135.0	0.00%	540.0
<b>Total</b>	<b>9693.5</b>	<b>9405.4</b>	<b>3.06%</b>	<b>38207.6</b>

**3. Other Income**

Amount in Rupees million

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	% Change	Year Ended Mar, 2013
Commission / Exchange	409.3	436.2	-6.17%	1695.5
Insurance Commission	82.2	74.5	10.34%	374.1
Treasury / Trading Income	194.6	201.8	-3.59%	1493.1
Miscellaneous Income	236.3	221.2	6.81%	1274.6
<b>Total</b>	<b>922.3</b>	<b>933.7</b>	<b>-1.22%</b>	<b>4837.3</b>

**4. Operating Expenses**

Amount in Rupees million

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	% Change	Year Ended Mar, 2013
Payment for Employees	1756.4	1378.9	27.38%	6522.6
Rent, Taxes and Lightning	137.8	121.9	13.04%	503.1
Printing & Stationery	20.7	24.5	-15.51%	86.2
Advertisement & Publicity	17.9	21.7	-17.51%	102.6
Depreciation in Bank's Property	107.8	99.6	8.23%	497.3
Directors' Fees, Allowances & Expenses	1.6	1.0	60.00%	6.5
Auditors' Fees & Expenses	38.6	22.5	71.56%	93.5
Law Charges	4.5	2.3	95.65%	20.4
Postage, Telegrams, Telephones etc	10.9	20.0	-45.50%	66.8
Repairs & Maintenance	31.9	24.2	31.82%	116.6
Insurance	119.5	96.4	23.96%	408.6
Other Expenditure	413.7	325.2	27.21%	1466.0
<b>Total</b>	<b>2661.3</b>	<b>2138.2</b>	<b>24.46%</b>	<b>9890.1</b>

**Break-up:****5. Provisions & Contingencies**

Amount in Rupees million

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	% Change	Year Ended Mar, 2013
Provision for Tax	1368.4	1187.1	15.27%	4714.9
Provision for Bad & Doubtful Debts	125.3	260.0	-51.81%	1583.0
Provision for Standard Advances	43.0			300.0
Provision for Depreciation on Investments				149.2
Provision for Non Performing Investments	125.0			310.5
Provision for Frauds/ Embezzlements	8.3	1.2	591.67%	2.4
Contingencies		239.1		356.6
Provision for diminution in fair value of Restructured / Rescheduled advances	60.7	3.5	1654.34%	128.4
Provision for Contingent Liabilities				11.7
<b>Total</b>	<b>1730.7</b>	<b>1690.8</b>	<b>2.36%</b>	<b>7556.6</b>

**6. Deposits**

Amount in Rupees million

Particulars	As on Jun 30, 2013	As on Jun 30, 2012	% Change	As on Mar 31, 2013
Demand Deposits	51337.6	44799.0	14.60%	64015.0
Saving Deposits	184450.9	160805.3	14.70%	187895.0
Term Deposits	350222.4	325566.7	7.57%	390296.2
<b>Total</b>	<b>586010.9</b>	<b>531171.0</b>	<b>10.32%</b>	<b>642206.2</b>

**Movement in Gross NPA's**

Amount in Rupees million

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	For FY ended Mar 31, 2013
Balance at the start of the period	6437.7	5166.0	5166.0
Additions during the period	827.0	856.7	4550.0
<b>Recoveries</b>			
Up gradations during the period	294.8	241.0	1047.0
Write off	12.9	10.8	870.3
Recoveries during the period	302.7	361.4	1361.0
Balance at the close of the period	6654.3	5409.5	6437.7

**Movement in Restructured Assets**

Amount in Rupees million

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	For FY ended Mar 31, 2013
Balance at the start of the period	14904.8	13657.5	13657.5
Additions during the period	2212.1	307.1	10610.1
Repayments during the period	238.6	293.8	9362.8
Balance at the close of the period	16878.3	13670.8	14904.8

### Geographical Break-up as on June, 2013

S. No.	Particulars	Amount in Rupees million			
		From J&K State		From Rest of India	
		Amount	% age	Amount	% age
1	Deposits	396806	68 %	189205	32 %
2	Gross Advances	169400	42 %	232938	58 %
3	Gross Profit	3617.7	75 %	1192.3	25 %
4	Net Interest Margin	-	6.32 %	-	2.62 %
5	Number of Branches	582	84 %	113	16 %
6	Number of ATM's	592	89 %	70	11 %

### Geographical Break-up as on June, 2012

S. No.	Particulars	Amount in Rupees million			
		From J&K State		From Rest of India	
		Amount	% age	Amount	% age
1	Deposits	349202	66 %	181969	34 %
2	Gross Advances	135246	40 %	205439	60 %
3	Gross Profit	2890.6	70 %	1261.0	30 %
4	Net Interest Margin	-	6.00	-	2.50
5	Number of Branches	506	82 %	109	18 %
6	Number of ATM's	473	87 %	69	13 %

### Incremental Growth in Deposits and Advances

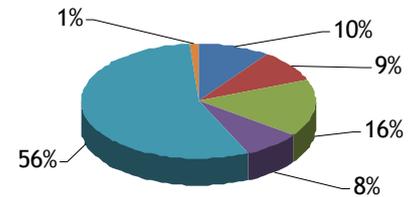
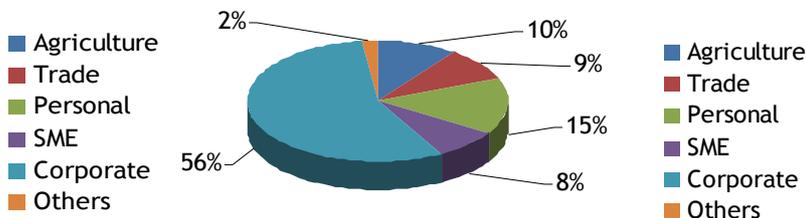
Amount in Rupees million

Particulars		As on June 30, 2013	As on June 30, 2012	Increment	% Change
Deposits	In J&K State	396806	349202	47604	14 %
	In Rest of India	189205	181969	7236	4 %
	Whole Bank	586011	531171	54840	10 %
Gross Advances	In J&K State	169400	135246	34154	25 %
	In Rest of India	232938	205439	27499	13 %
	Whole Bank	402338	340685	61653	18 %

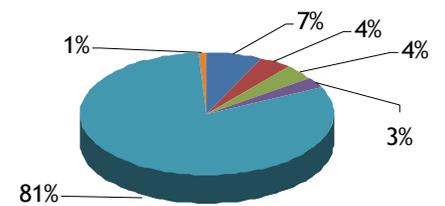
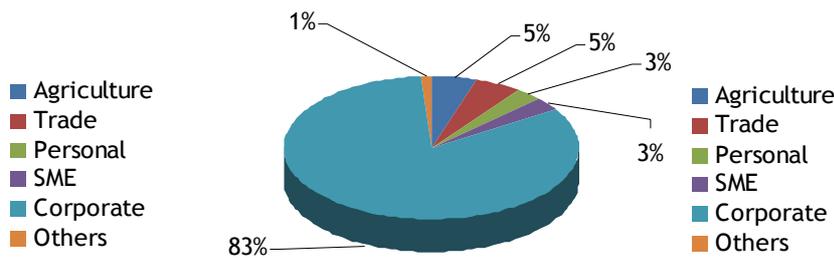
**Advances – Sector-wise (Jun 13)**

**Advances – Sector-wise (Jun 12)**

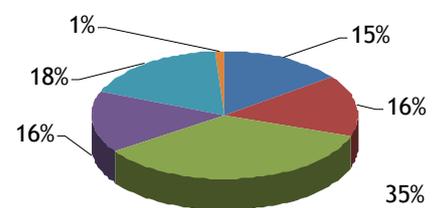
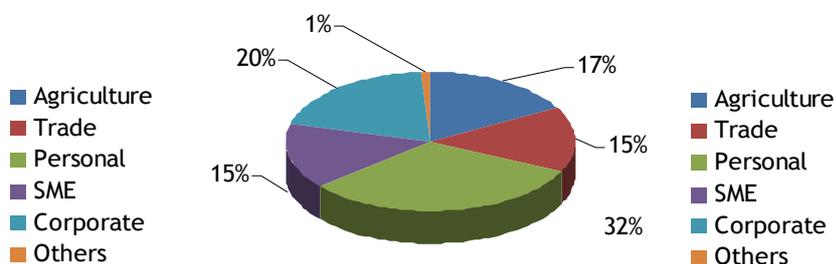
**Bank as Whole**



**In Rest of India**



**Within J&K State**



### Categorization of Investments (I)

Amount in Rupees million

Particulars	As on Jun 30, 2013	As on Jun 30, 2012	% Change	As on Mar 31, 2013
<b>Held to Maturity (HTM)</b>				
□ Government & other approved Securities	135261.0	117959.3	14.67%	131643.2
□ Shares				206.3
□ Debentures & Bonds	1421.1	2102.0	-32.39%	1667.9
□ Subsidiaries & Joint Ventures	321.1	271.1	18.44%	321.1
□ Others	20000.5	22789.5	-12.24%	23411.5
<b>Sub-Total</b>	<b>157003.7</b>	<b>143121.9</b>	<b>9.70%</b>	<b>157250.0</b>
<i>Percentage of HTM to Total Investments</i>	<i>72.24%</i>	<i>65.01%</i>		<i>61.09%</i>
<b>Held for Trading (HFT)</b>				
□ Government & other approved Securities				341.5
□ Shares	8.1			4.8
□ Debentures & Bonds				646.4
□ Subsidiaries & Joint ventures				
□ Others				
<b>Sub-Total</b>	<b>8.1</b>	<b>0.0</b>		<b>992.7</b>
<i>Percentage of HFT to Total Investments</i>	<i>0.004%</i>	<i>0.00%</i>		<i>0.39%</i>
<b>Available for Sale (AFS)</b>				
□ Government & other approved Securities	2825.5	3680.1	-23.22%	8685.9
□ Shares	2068.8	3100.4	-33.27%	1857.1
□ Debentures & Bonds	20205.4	18774.1	7.62%	21321.1
□ Subsidiaries & Joint ventures				
□ Others	35226.0	51479.6	-31.57%	67303.8
□ Debt / Money Market related MFs				
<b>Sub Total</b>	<b>60325.7</b>	<b>77034.2</b>	<b>-21.69%</b>	<b>99167.9</b>
<i>Percentage of AFS to Total Investments</i>	<i>27.76%</i>	<i>34.99%</i>		<i>38.53%</i>
<b>Total Investment</b>	<b>217337.5</b>	<b>220156.1</b>	<b>-1.28%</b>	<b>257410.6</b>

### Categorization of Investments (II)

Amount in Rupees million

Particulars	As on Jun 30, 2013	As on Jun 30, 2012	% Change	As on Mar 31, 2013
SLR Securities	138086.5	121639.4	13.52%	140670.6
Non SLR Securities	79251.0	98516.7	-19.56%	116740.0
<b>Total Investment</b>	<b>217337.5</b>	<b>220156.1</b>	<b>-1.28%</b>	<b>257410.6</b>
SLR Securities as % age to total Investments	63.54%	55.25%	-	54.65%
Non SLR Securities as % age to total Investments	36.46%	44.75%	-	45.35%

### Analytical Ratios:

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	Year Ended Mar 2013
Net Interest Margins (%) *	1.05	0.96	
<b>Annualized</b>	<b>4.15</b>	<b>3.84</b>	<b>3.97</b>
Yield on Advances (%) *	3.04	3.13	
<b>Annualized</b>	<b>12.16</b>	<b>12.54</b>	<b>12.59</b>
Yield on Investments (%) *	1.84	1.92	
<b>Annualized</b>	<b>7.36</b>	<b>7.67</b>	<b>7.56</b>
Cost of Deposits (%) *	1.64	1.76	
<b>Annualized</b>	<b>6.55</b>	<b>7.04</b>	<b>6.87</b>
Post Tax Return on Assets (%)	0.47	0.42	
<b>Annualized</b>	<b>1.89</b>	<b>1.68</b>	<b>1.70</b>
Post Tax Return on Average Networth (%)*	6.14	5.84	
<b>Annualized</b>	<b>24.54</b>	<b>23.35</b>	<b>23.56</b>
Cost to Income Ratio (%)	35.62	34.00	35.33
Credit / Deposit (CD) Ratio (%)	67.03	62.55	61.09
CASA Ratio (%)	40.24	38.71	39.23
Business per Employee (In Rupees million)	103.22	93.44	110.05
Net Profit per Employee (In Rupees million)	0.33	0.27	
<b>Annualized</b>	<b>1.30</b>	<b>1.07</b>	<b>1.12</b>
Number of Employees	9384	9240	9400
Business Per Branch (In Rupees million)	1408.4	1403.9	1501.5
Net Profit per Branch (In Rs million) <b>Annualized</b>	<b>17.72</b>	<b>16.01</b>	<b>15.31</b>
Branches – Excluding Extension Counters, Controlling Offices & RCC's	695	615	689
Gross NPAs (In Rupees million)	6654.3	5409.5	6437.7
Net NPAs (In Rupees million)	561.2	481.6	552.7
Gross NPA Ratio (%)	1.67	1.60	1.62
Net NPA Ratio (%)	0.14	0.14	0.14
NPA Coverage Ratio (%)	94.01	94.09	94.01
Capital Adequacy Ratio (%) Basel II	<b>13.85</b>	<b>13.75</b>	<b>12.83</b>
i. Tier I	11.82	11.50	10.86
ii. Tier II	2.03	2.25	1.97
Capital Adequacy Ratio (%) Basel III	<b>13.59</b>		
i. Tier I	11.67		
ii. Tier II	1.92		
Earning per Share (In Rupees)	63.52	50.77	
<b>Annualized</b>	<b>254.07</b>	<b>203.08</b>	<b>217.65</b>
Net Asset Value (In Rupees)	1067.01	895.10	1003.49
Adjusted Book Value (In Rupees)	1054.25	885.17	992.09
Dividend Payout Ratio (%)	-	-	22.97
Dividend Yield (%)	-	-	3.75

\* Ratios calculated on Fortnightly average balances

**Shareholding Pattern (as on July 26, 2013):**

S No.	PARTICULARS	NUMBER OF SHARES HELD	% TO CAPITAL
1.	GOVERNMENT OF J&K	25775266	53.17
2.	INDIAN MUTUAL FUNDS	2077939	4.29
3.	INSURANCE COMPANIES	215608	0.44
4.	BANKS	10827	0.02
5.	NON RESIDENT INDIANS	273772	0.56
6.	FOREIGN INST. INVESTORS	12784470	26.37
7.	BODIES CORPORATES	1892287	3.90
8.	RESIDENT INDIVIDUALS	5395718	11.13
9.	CLEARING MEMBERS	51915	0.11
	<b>TOTAL</b>	<b>48477802</b>	<b>100.00</b>

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