

# **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 302.66 crore for the quarter ended Sep, 2013 as compared to Rs 269.53 crore 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 10.92 crore and Rs 12.92 lakh respectively for the quarter ended Sep, 2013 compared to Rs 9.54 crore and Rs 11.54 lakh 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 610.58 crore for the half year ended Sep, 2013 as compared to Rs 515.62 crore 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 10.92 crore and Rs 13.04 lakh respectively for the half year ended Sep, 2013 compared to Rs 9.54 crore and Rs 11.03 lakh 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 crore

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	1649.74	1500.59	9.94%	1649.74	1624.24	1.57%	3273.98	2976.75	9.99%	6136.80
Interest Expended	967.92	947.92	2.11%	967.92	969.35	-0.15%	1937.27	1888.46	2.58%	3820.76
<b>Net Interest Income</b>	<b>681.82</b>	<b>552.67</b>	23.37%	<b>681.82</b>	<b>654.89</b>	4.11%	<b>1336.71</b>	<b>1088.29</b>	22.83%	<b>2316.04</b>
Other Income	99.48	90.92	9.41%	99.48	92.23	7.86%	191.71	184.29	4.03%	483.73
<b>Operating Income</b>	<b>781.30</b>	<b>643.59</b>	21.40%	<b>781.30</b>	<b>747.12</b>	4.57%	<b>1528.42</b>	<b>1272.58</b>	20.10%	<b>2799.77</b>
Operating Expenses	284.82	220.91	28.93%	284.82	266.13	7.02%	550.95	434.73	26.73%	989.01
<b>Operating Profit</b>	<b>496.48</b>	<b>422.68</b>	17.46%	<b>496.48</b>	<b>480.99</b>	3.22%	<b>977.47</b>	<b>837.85</b>	16.66%	<b>1810.76</b>
Provisions & Contingencies	55.68	32.81	69.70%	55.68	36.23	53.68%	91.91	83.18	10.50%	284.17
<b>PBT</b>	<b>440.80</b>	<b>389.87</b>	13.06%	<b>440.80</b>	<b>444.76</b>	-0.89%	<b>885.56</b>	<b>754.67</b>	17.34%	<b>1526.59</b>
Tax Provision	138.14	120.34	14.79%	138.14	136.84	0.95%	274.98	239.05	15.03%	471.49
<b>Net Profit</b>	<b>302.66</b>	<b>269.53</b>	12.29%	<b>302.66</b>	<b>307.92</b>	-1.71%	<b>610.58</b>	<b>515.62</b>	18.42%	<b>1055.10</b>
Share Capital	48.49	48.49	0.00%	48.49	48.49	0.00%	48.49	48.49	0.00%	48.49
<b>EPS in Rs.</b>	<b>62.43</b>	<b>55.60</b>	12.28%	<b>62.43</b>	<b>63.52</b>	-1.72%	<b>125.95</b>	<b>106.36</b>	18.42%	<b>217.65</b>
<b>Net Interest Margins</b>	<b>1.10%</b>	<b>0.99%</b>	-	<b>1.10%</b>	<b>1.05%</b>	-	<b>2.14%</b>	<b>1.94%</b>	-	-
<b>Net Interest Margins (Ann.)</b>	<b>4.33%</b>	<b>3.94%</b>	-	<b>4.33%</b>	<b>4.15%</b>	-	<b>4.25%</b>	<b>3.88%</b>	-	<b>3.97%</b>

**Balance Sheet**

Amount in Rupees crore

Particulars	As on Sep 30, 2013	As on Sep 30, 2012	% Change	As on March 31, 2013
<b>Capital &amp; Liabilities</b>				
Capital	48.49	48.49	0.00%	48.49
Reserves & Surplus *	5426.79	4560.31	19.00%	4816.20
Deposits	61171.15	54926.50	11.37%	64220.62
Borrowings	1345.93	922.44	45.91%	1075.00
Other Liabilities & Provisions	1365.44	1175.97	16.11%	1583.00
<b>Total</b>	<b>69357.80</b>	<b>61633.71</b>	<b>12.53%</b>	<b>71743.31</b>
<b>Assets</b>				
Cash & Bank Balance	2414.54	2555.96	-5.53%	2695.15
Balance with Banks and Money at Call & Short Notice	1822.59	1089.52	67.28%	2709.18
Investments	22316.25	22521.33	-0.91%	25741.06
Advances	41120.81	34272.09	19.98%	39200.41
Fixed Assets	494.51	428.37	15.44%	456.18
Other Assets	1189.10	766.44	55.15%	941.33
<b>Total</b>	<b>69357.80</b>	<b>61633.71</b>	<b>12.53%</b>	<b>71743.31</b>

\* Includes Retained Earnings

## Break-up:

### 1. Interest Earned

Amount in Rupees crore

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	1243.96	1060.87	17.26%	2428.35	2088.99	16.25%	4317.58
Investments	396.09	416.96	-5.01%	819.00	838.75	-2.35%	1722.58
Inter Bank Funds	9.69	22.76	-57.43%	26.63	49.01	-45.66%	96.64
<b>Total</b>	<b>1649.74</b>	<b>1500.59</b>	<b>9.94%</b>	<b>3273.98</b>	<b>2976.75</b>	<b>9.99%</b>	<b>6136.80</b>

### 2. Interest Expended

Amount in Rupees crore

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	940.85	925.31	1.68%	1885.80	1846.63	2.12%	3741.04
Borrowings	13.57	9.11	48.96%	24.47	14.83	65.00%	25.72
Others (Subordinated Debt)	13.50	13.50	0.00%	27.00	27.00	0.00%	54.00
<b>Total</b>	<b>967.92</b>	<b>947.92</b>	<b>2.11%</b>	<b>1937.27</b>	<b>1888.46</b>	<b>2.58%</b>	<b>3820.76</b>

### 3. Other Income

Amount in Rupees crore

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	40.81	38.65	5.59%	81.74	82.27	-0.64%	169.55
Insurance Commission	6.64	7.39	-10.15%	14.86	14.84	0.13%	37.41
Treasury / Trading Income	9.34	26.14	-64.27%	28.80	46.32	-37.82%	149.31
Miscellaneous Income	42.69	18.74	127.80%	66.31	40.86	62.29%	127.46
<b>Total</b>	<b>99.48</b>	<b>90.92</b>	<b>9.41%</b>	<b>191.71</b>	<b>184.29</b>	<b>4.03%</b>	<b>483.73</b>

### 4. Operating Expenses

Amount in Rupees crore

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	176.76	142.99	23.62%	352.40	280.88	25.46%	652.26
Rent, Taxes and Lightning	13.51	12.36	9.30%	27.29	24.55	11.16%	50.31
Printing & Stationery	2.10	2.55	-17.65%	4.17	5.00	-16.60%	8.62
Advertisement & Publicity	2.11	1.39	51.80%	3.90	3.56	9.55%	10.26
Depreciation in Bank's Property	22.21	11.60	91.47%	32.99	21.56	53.01%	49.73
Directors' Fees, Allowances & Expenses	0.20	0.16	25.00%	0.36	0.26	38.46%	0.65
Auditors' Fees & Expenses	2.79	2.26	23.45%	6.65	4.51	47.45%	9.35
Law Charges	0.15	0.69	-78.26%	0.60	0.92	-34.78%	2.04
Postage, Telegrams, Telephones etc	1.52	1.17	29.91%	2.61	3.17	-17.67%	6.68
Repairs & Maintenance	2.85	2.56	11.33%	6.04	4.98	21.29%	11.66
Insurance	11.93	9.60	24.27%	23.88	19.24	24.12%	40.86
Other Expenditure	48.69	33.58	45.00%	90.06	66.10	36.25%	146.60
<b>Total</b>	<b>284.82</b>	<b>220.91</b>	<b>28.93%</b>	<b>550.95</b>	<b>434.73</b>	<b>26.73%</b>	<b>989.01</b>

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

Amount in Rupees crore

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	138.14	120.34	14.79%	274.98	239.05	15.03%	471.49
Provision for Bad & Doubtful Debts	33.01	9.00	266.78%	45.54	35.00	30.11%	158.30
Provision for Standard Advances	8.50			12.80			30.00
Provision for Depreciation on Investments	6.30	0.57	1005.3%	6.30	0.57	1005.3%	14.92
Provision for Non Performing Investments	2.83	13.83	-79.54%	15.33	13.83	10.85%	31.05
Provision for Frauds/ Embezzlements	0.26	0.27	-3.70%	1.09	0.39	179.49%	0.24
Contingencies		5.09			29.00		35.66
Provision for diminution in fair value of Restructured / Rescheduled advances	4.78	4.05	18.02%	10.85	4.39	147.15%	12.84
Provision for Contingent Liabilities							1.17
<b>Total</b>	<b>193.82</b>	<b>153.15</b>	<b>26.56%</b>	<b>366.89</b>	<b>322.23</b>	<b>13.86%</b>	<b>755.66</b>

**6. Deposits**

Amount in Rupees crore

Particulars	As on Sep 30, 2013	As on Sep 30, 2012	% Change	As on Mar 31, 2013
Demand Deposits	5173.94	4551.68	13.67%	6401.50
Saving Deposits	18378.18	16407.99	12.01%	18789.50
Term Deposits	37619.03	33966.83	10.75%	39029.62
<b>Total</b>	<b>61171.15</b>	<b>54926.50</b>	<b>11.37%</b>	<b>64220.62</b>

### Movement in Gross NPA's

Amount in Rupees crore

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	643.77	516.60	516.60
Additions during the period	196.19	184.11	455.00
<b>Reductions</b>			
Up gradations during the period	65.41	72.70	104.70
Write off	4.67	3.01	87.03
Recoveries during the period	60.95	73.36	136.10
Balance at the close of the period	708.93	551.64	643.77

### Movement in Restructured Assets

Amount in Rupees crore

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	1490.48	1365.75	1365.75
Additions during the period	286.65	262.69	1061.01
Repayments/Reductions/Reclassification during the period	281.67	127.15	936.28
Balance at the close of the period	1495.46	1501.29	1490.48

### Incremental Growth in Deposits and Advances

Amount in Rupees crore

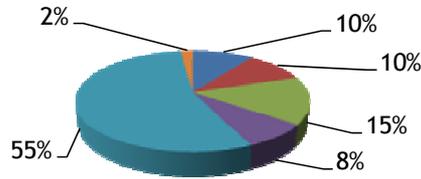
Particulars		As on Sep 30, 2013	As on Sep 30, 2012	Increment	% Change
Deposits	In J&K State	40626.51	35892.66	4733.85	13 %
	In Rest of India	20544.63	19033.83	1510.80	8 %
	Whole Bank	61171.14	54926.49	6244.65	11 %
Gross Advances	In J&K State	17992.40	14299.77	3692.63	26 %
	In Rest of India	24103.30	20823.09	3280.21	16 %
	Whole Bank	42095.70	35122.86	6972.84	20 %

**Advances – Sector-wise (Sep 13)**

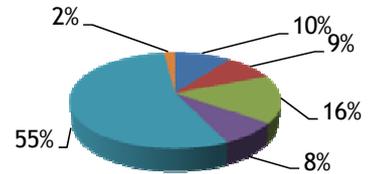
**Advances – Sector-wise (Sep 12)**

**Bank as Whole**

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

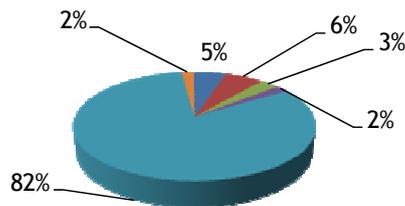


- Agriculture
- Trade
- Personal
- SME
- Corporate
- Others

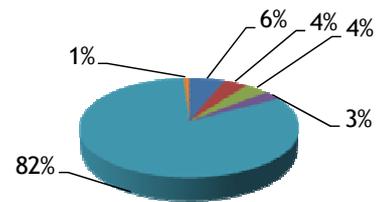


**In Rest of India**

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

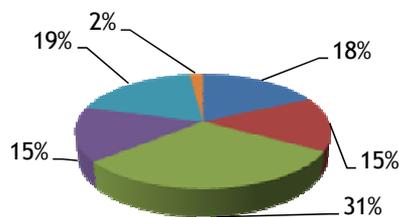


- Agriculture
- Trade
- Personal
- SME
- Corporate
- Others

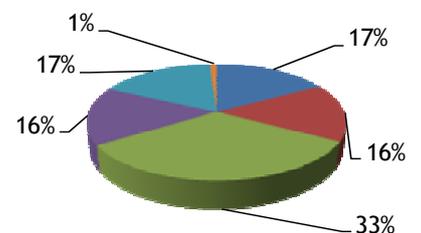


**Within J&K State**

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



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



### Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Sep 30, 2013	As on Sep 30, 2012	% Change	As on Mar 31, 2013
<b>Held to Maturity (HTM)</b>				
□ Government & other approved Securities	13358.26	12337.25	8.28%	13164.32
□ Shares				20.63
□ Debentures & Bonds	108.48	205.42	-47.19%	166.79
□ Subsidiaries & Joint Ventures	44.01	32.11	37.06%	32.11
□ Others	2228.84	2296.92	-2.96%	2341.15
<b>Sub-Total</b>	<b>15739.59</b>	<b>14871.70</b>	<b>5.84%</b>	<b>15725.00</b>
<i>Percentage of HTM to Total Investments</i>	<i>70.53%</i>	<i>66.03%</i>		<i>61.09%</i>
<b>Held for Trading (HFT)</b>				
□ Government & other approved Securities				34.15
□ Shares	2.56	0.06	4166.67%	0.48
□ Debentures & Bonds				64.64
□ Subsidiaries & Joint ventures				
□ Others				
<b>Sub-Total</b>	<b>2.56</b>	<b>0.06</b>	<b>4166.67%</b>	<b>99.27</b>
<i>Percentage of HFT to Total Investments</i>	<i>0.01%</i>	<i>0.00%</i>		<i>0.39%</i>
<b>Available for Sale (AFS)</b>				
□ Government & other approved Securities	1581.68	243.91	548.47%	868.59
□ Shares	205.57	251.52	-18.27%	185.71
□ Debentures & Bonds	1986.60	2001.61	-0.75%	2132.11
□ Subsidiaries & Joint ventures				
□ Others	2800.25	5152.53	-45.65%	6730.38
□ Debt / Money Market related MFs				
<b>Sub Total</b>	<b>6574.10</b>	<b>7649.57</b>	<b>-14.06%</b>	<b>9916.79</b>
<i>Percentage of AFS to Total Investments</i>	<i>29.46%</i>	<i>33.97%</i>		<i>38.53%</i>
<b>Total Investment</b>	<b>22316.25</b>	<b>22521.33</b>	<b>-0.91%</b>	<b>25741.06</b>

### Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Sep 30, 2013	As on Sep 30, 2012	% Change	As on Mar 31, 2013
SLR Securities	14939.94	12581.16	18.75%	14067.06
Non SLR Securities	7376.31	9940.17	-25.79%	11674.00
<b>Total Investment</b>	<b>22316.25</b>	<b>22521.33</b>	<b>-0.91%</b>	<b>25741.06</b>
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	
<b>Annualized</b>	<b>4.33</b>	<b>3.94</b>	<b>4.25</b>	<b>3.88</b>	<b>3.97</b>
Yield on Advances (%) *	3.09	3.18	6.13	6.32	
<b>Annualized</b>	<b>12.35</b>	<b>12.71</b>	<b>12.26</b>	<b>12.63</b>	<b>12.59</b>
Yield on Investments (%) *	1.84	1.87	3.68	3.79	
<b>Annualized</b>	<b>7.36</b>	<b>7.49</b>	<b>7.36</b>	<b>7.58</b>	<b>7.56</b>
Cost of Deposits (%) *	1.65	1.75	3.28	3.51	
<b>Annualized</b>	<b>6.59</b>	<b>7.00</b>	<b>6.57</b>	<b>7.02</b>	<b>6.87</b>
Post Tax Return on Assets (%)	0.46	0.45	0.94	0.87	
<b>Annualized</b>	<b>1.86</b>	<b>1.79</b>	<b>1.87</b>	<b>1.73</b>	<b>1.70</b>
Post Tax Return on Average Networth (%)*	5.68	6.02	11.81	11.85	
<b>Annualized</b>	<b>22.74</b>	<b>24.10</b>	<b>23.62</b>	<b>23.70</b>	<b>23.56</b>
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 crore)	10.92	9.54	10.92	9.54	11.01
Net Profit per Employee (In Rupees lakh)	3.23	2.88	6.52	5.52	
<b>Annualized</b>	<b>12.92</b>	<b>11.54</b>	<b>13.04</b>	<b>11.03</b>	<b>11.22</b>
Number of Employees	9367	9346	9367	9346	9400
Business Per Branch (In Rupees crore)	135.67	141.36	135.67	141.36	150.15
Net Profit per Branch (In Rs cr) <b>Ann.</b>	<b>1.61</b>	<b>1.71</b>	<b>1.62</b>	<b>1.63</b>	<b>1.53</b>
Branches – Excluding Extension Counters, Controlling Offices & RCC's	754	631	754	631	689
Gross NPAs (In Rupees crore)	708.93	551.64	708.93	551.64	643.77
Net NPAs (In Rupees crore)	77.58	55.34	77.58	55.34	55.27
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	<b>13.54</b>	<b>13.73</b>	<b>13.54</b>	<b>13.73</b>	<b>12.83</b>
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	<b>13.18</b>		<b>13.18</b>		
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	
<b>Annualized</b>	<b>249.73</b>	<b>222.41</b>	<b>251.90</b>	<b>212.72</b>	<b>217.65</b>
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):**

<b>S No.</b>	<b>PARTICULARS</b>	<b>NUMBER OF SHARES HELD</b>	<b>% TO CAPITAL</b>
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%
	<b>TOTAL</b>	<b>48477802</b>	<b>100.00%</b>

For more information, contact:

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