

Earnings Update

Reviewed Third Quarter & Nine Month Results

December 31, 2013



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on February 8, 2014 took on record the Reviewed Financial Results for the Third Quarter ended December 31, 2013.

Performance Highlights for the quarter ended December 31, 2013:

- Net Profit up 11.02 % at Rs 321.29 crore for the quarter ended Dec, 2013 as compared to Rs 289.40 crore earned during the quarter ended Dec, 2012.
- EPS for the quarter ended Dec, 2013 at Rs 66.28 up 11.02 % from Rs 59.70 earned during the corresponding quarter of previous financial year.
- NIMs (Net Interest Margins) Ratio for the quarter ended Dec, 2013 at 3.97 % (annualized) vis-à-vis 4.07 % for the corresponding quarter of previous financial year.
- Post tax Return on Assets at 1.88 % (annualized) for the quarter ended Dec, 2013 compared to 1.87 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Dec, 2013 at 22.80 % compared to 24.35 % recorded for the corresponding quarter of last financial year.
- The Cost of Deposits (Annualized) for the quarter ended Dec, 2013 at 6.94 % compared to 6.74 % recorded for the corresponding quarter of last financial year.
- The Yield on Advances (annualized) for the quarter ended Dec, 2013 stood at 12.24 % as compared to 12.60 % for the quarter ended Dec, 2012.
- Business per Employee and Net profit per Employee (annualized) were at Rs 11.36 crore and Rs 13.71 lakh respectively for the quarter ended Dec, 2013 compared to Rs 9.91 crore and Rs 12.37 lakh pertaining to the quarter ended Dec, 2012.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Dec, 2013 at 1.65 % and 0.22 % respectively compared to 1.61 % and 0.14 % a year ago.
- NPA Coverage Ratio as on Dec, 2013 at 90.24 % well above RBI stipulated norm of 70 %.
- Cost to Income Ratio stood at 39.94 % for the quarter ended Dec, 2013 as compared to 36.50 % for the quarter ended Dec, 2012.
- Capital Adequacy Ratio (Basel III) stood at 13.01 % as on Dec, 2013 well above RBI stipulated norm of 9 %.

The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on February 8, 2014 took on record the Reviewed Financial Results for the Nine Months ended December 31, 2013.

Performance Highlights for the nine months ended December 31, 2013:

- Net Profit up 15.76 % at Rs 931.87 crore for the nine months ended Dec, 2013 as compared to Rs 805.02 crore earned during the nine months ended Dec, 2012.
- EPS for the nine months ended Dec, 2013 at Rs 192.23 up 15.76 % from Rs 166.06 earned during the corresponding nine months of previous financial year.
- NIMs (Net Interest Margins) Ratio for the nine months ended Dec, 2013 at 4.18 % (annualized) vis-à-vis 3.93 % for the corresponding nine months of previous financial year.
- Post tax Return on Assets at 1.88 % (annualized) for the nine months ended Dec, 2013 compared to 1.78 % for the corresponding period of the previous financial year
- Post Tax Return on Average Net-Worth (annualized) for the nine months ended Dec, 2013 at 23.31 % compared to 23.88 % recorded for the corresponding nine months a year ago.
- The Cost of Deposits (Annualized) for the nine months ended Dec, 2013 at 6.70 % compared to 6.92 % recorded for the corresponding nine months of last financial year.
- The Yield on Advances (annualized) for the nine months ended Dec, 2013 stood at 12.25 % as compared to 12.61 % for the nine months ended Dec, 2012.
- Business per Employee and Net profit per Employee (annualized) were at Rs 11.36 crore and Rs 13.25 lakh respectively for the nine months ended Dec, 2013 compared to Rs 9.91 crore and Rs 11.47 lakh pertaining to the nine months ended Dec, 2012.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Dec, 2013 at 1.65 % and 0.22 % respectively compared to 1.61 % and 0.14 % a year ago.
- NPA Coverage Ratio as on Dec, 2013 at 90.24 % well above RBI stipulated norm of 70 %.
- Cost to Income Ratio stood at 37.31 % for the nine months ended Dec, 2013 as compared to 34.98 % for the nine months ended Dec, 2012.

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 3 '13-14	Q 3 '12-13	% Change	9 Mth '13-14	9 Mth '12-13	% Change	Year ended Mar, '13
Interest Earned	1715.52	1533.24	11.89%	4989.50	4510.00	10.63%	6136.80
Interest Expended	1068.93	939.04	13.83%	3006.20	2827.51	6.32%	3820.76
Net Interest Income	646.59	594.20	8.82%	1983.30	1682.49	17.88%	2316.04
Other Income	87.45	90.53	-3.40%	279.16	274.82	1.58%	483.73
Operating Income	734.04	684.73	7.20%	2262.46	1957.31	15.59%	2799.77
Operating Expenses	293.20	249.96	17.30%	844.15	684.69	23.29%	989.01
Operating Profit	440.84	434.77	1.40%	1418.31	1272.62	11.45%	1810.76
Provisions & Contingencies	-4.60	22.38	-120.5%	87.31	105.56	-17.29%	284.17
PBT	445.44	412.39	8.01%	1331.00	1167.06	14.05%	1526.59
Tax Provision	124.15	122.99	0.94%	399.13	362.04	10.24%	471.49
Net Profit	321.29	289.40	11.02%	931.87	805.02	15.76%	1055.10
Share Capital	48.49	48.49	0.00%	48.49	48.49	0.00%	48.49
EPS in Rs.	66.28	59.70	11.02%	192.23	166.06	15.76%	217.65
Net Interest Margins	0.99%	1.02%	-	3.13%	2.94%	-	-
Net Interest Margins (Ann.)	3.97%	4.07%	-	4.18%	3.93%	-	3.97%

Balance Sheet

Amount in Rupees crore

Particulars	As on Dec 31, 2013	As on Dec 31, 2012	% Change	As on March 31, 2013
Capital & Liabilities				
Capital	48.49	48.49	0.00%	48.49
Reserves & Surplus *	5748.08	4849.71	18.52%	4816.20
Deposits	63157.11	57074.55	10.66%	64220.62
Borrowings	1150.00	800.87	43.59%	1075.00
Other Liabilities & Provisions	1266.70	1022.38	23.90%	1583.00
Total	71370.38	63796.00	11.87%	71743.31
Assets				
Cash & Bank Balance	2526.35	2382.75	6.03%	2695.15
Balance with Banks and Money at Call & Short Notice	914.01	1529.56	-40.24%	2709.18
Investments	22713.51	22680.92	0.14%	25741.06
Advances	43317.84	35657.70	21.48%	39200.41
Fixed Assets	510.04	440.83	15.70%	456.18
Other Assets	1388.63	1104.24	25.75%	941.33
Total	71370.38	63796.00	11.87%	71743.31

* Includes Retained Earnings

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

Amount in Rupees crore

Particulars	Q 3 '13-14	Q 3 '12-13	% Change	9 Mth FY '13-14	9 Mth FY '12-13	% Change	Year Ended Mar, 2013
On Loans & Advances	1265.56	1089.50	16.16%	3693.91	3178.50	16.22%	4317.58
Investments	434.44	421.11	3.17%	1253.44	1259.86	-0.51%	1722.58
Inter Bank Funds	15.52	22.63	-31.42%	42.15	71.64	-41.16%	96.64
Total	1715.52	1533.24	11.89%	4989.50	4510.00	10.63%	6136.80

2. Interest Expended

Amount in Rupees crore

Particulars	Q 3 '13-14	Q 3 '12-13	% Change	9 Mth FY '13-14	9 Mth FY '12-13	% Change	Year Ended Mar, 2013
Deposits	1045.20	918.11	13.84%	2931.00	2764.74	6.01%	3741.04
Borrowings	10.23	7.44	37.57%	34.70	22.27	55.81%	25.72
Others (Subordinated Debt)	13.50	13.50	0.00%	40.50	40.50	0.00%	54.00
Total	1068.93	939.04	13.83%	3006.20	2827.51	6.32%	3820.76

3. Other Income

Amount in Rupees crore

Particulars	Q 3 '13-14	Q 3 '12-13	% Change	9 Mth FY '13-14	9 Mth FY '12-13	% Change	Year Ended Mar, 2013
Commission / Exchange	41.89	43.69	-4.12%	123.63	125.96	-1.85%	169.55
Insurance Commission	7.42	6.45	15.04%	22.28	21.29	4.65%	37.41
Treasury / Trading Income	13.86	18.74	-26.04%	42.66	65.06	-34.43%	149.31
Miscellaneous Income	24.28	21.65	12.15%	90.59	62.51	44.92%	127.46
Total	87.45	90.53	-3.40%	279.16	274.82	1.58%	483.73

4. Operating Expenses

Amount in Rupees crore

Particulars	Q 3 '13-14	Q 3 '12-13	% Change	9 Mth FY '13-14	9 Mth FY '12-13	% Change	Year Ended Mar, 2013
Payment for Employees	187.81	163.80	14.66%	540.21	444.69	21.48%	652.26
Rent, Taxes and Lightning	15.37	12.84	19.70%	42.66	37.39	14.09%	50.31
Printing & Stationery	2.17	1.98	9.60%	6.34	6.98	-9.17%	8.62
Advertisement & Publicity	2.99	2.00	49.50%	6.89	5.56	23.92%	10.26
Depreciation in Bank's Property	19.18	13.02	47.31%	52.17	34.58	50.87%	49.73
Directors' Fees, Allowances & Expenses	0.15	0.17	-11.76%	0.51	0.43	18.60%	0.65
Auditors' Fees & Expenses	2.50	2.24	11.61%	9.15	6.75	35.56%	9.35
Law Charges	0.49	0.77	-36.36%	1.09	1.69	-35.50%	2.04
Postage, Telegrams, Telephones etc	1.83	1.99	-8.04%	4.44	5.16	-13.95%	6.68
Repairs & Maintenance	3.15	2.95	6.78%	9.19	7.93	15.89%	11.66
Insurance	10.95	10.40	5.25%	34.83	29.64	17.51%	40.86
Other Expenditure	46.61	37.79	23.33%	136.67	103.89	31.55%	146.60
Total	293.20	249.96	17.30%	844.15	684.69	23.29%	989.01

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

Amount in Rupees crore

Particulars	Q 3 '13-14	Q 3 '12-13	% Change	9 Mth FY '13-14	9 Mth FY '12-13	% Change	Year Ended Mar, 2013
Provision for Tax	124.15	122.99	0.94%	399.13	362.04	10.24%	471.49
Provision for Bad & Doubtful Debts	-12.83	17.00	-175.5%	32.71	52.00	-37.10%	158.30
Provision for Standard Advances	17.29			30.09			30.00
Provision for Depreciation on Investments	-4.98	0.10	-5080%	1.32	0.67	97.01%	14.92
Provision for Non Performing Investments	2.00			17.33	13.83	25.34%	31.05
Provision for Frauds/ Embezzlements	0.76	0.29	162.07%	1.85	0.68	172.06%	0.24
Contingencies		1.00			30.00		35.66
Provision for diminution in fair value of Restructured / Rescheduled advances	-6.85	3.98	-272%	4.00	8.38	-52.22%	12.84
Provision for Contingent Liabilities							1.17
Total	119.55	145.36	-17.76%	486.44	467.60	4.03%	755.66

6. Deposits

Amount in Rupees crore

Particulars	As on Dec 31, 2013	As on Dec 31, 2012	% Change	As on Mar 31, 2013
Demand Deposits	5298.25	5027.09	5.39%	6401.50
Saving Deposits	19192.55	17479.05	9.80%	18789.50
Term Deposits	38666.31	34568.41	11.85%	39029.62
Total	63157.11	57074.55	10.66%	64220.62

Movement in Gross NPA's

Amount in Rupees crore

Particulars	Q 3 '13-14	Q 3 '12-13	9 Mth FY '13-14	9 Mth FY '12-13	Year Ended Mar, 2013
Balance at the start of the period	708.93	551.64	643.77	516.60	516.60
Additions during the period	147.59	113.42	343.78	297.53	455.00
Reductions					
Upgradations during the period	68.84	38.96	134.26	111.66	104.70
Write off	7.22	2.36	11.88	5.37	87.03
Recoveries during the period	55.39	42.06	116.34	115.42	136.10
Balance at the close of the period	725.07	581.68	725.07	581.68	643.77

Movement in Restructured Assets

Amount in Rupees crore

Particulars	Q 3 '13-14	Q 3 '12-13	9 Mth FY '13-14	9 Mth FY '12-13	Year Ended Mar, 2013
Balance at the start of the period	1495.46	1501.29	1490.48	1365.75	1365.75
Additions during the period	137.39	728.32	424.04	991.02	1061.01
Repayments / Reductions / Reclassification / Up gradations during the period	217.09	251.92	498.76	379.07	936.28
Balance at the close of the period	1415.76	1977.69	1415.76	1977.69	1490.48

Incremental Growth in Deposits and Advances

Amount in Rupees crore

Particulars		As on Dec 31, 2013	As on Dec 31, 2012	Increment	% Change
Deposits	In J&K State	41893.43	37246.19	4647.24	12%
	In Rest of India	21263.68	19828.36	1435.32	7%
	Whole Bank	63157.11	57074.55	6082.56	11%
Gross Advances	In J&K State	18680.80	14998.58	3682.22	25%
	In Rest of India	25601.14	21548.46	4052.68	19%
	Whole Bank	44281.94	36547.04	7734.90	21%

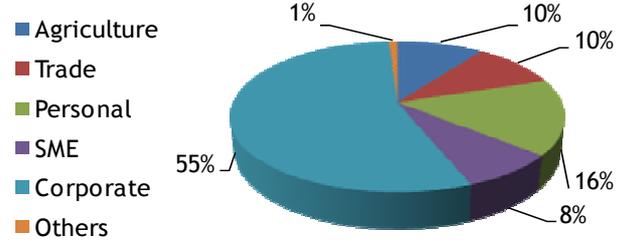
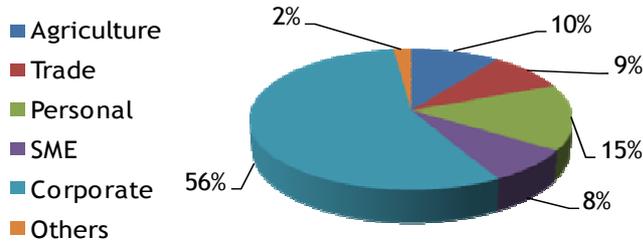
**Gross Advances –
Sector-wise (Dec 13)**

**Gross Advances –
Sector-wise (Dec 12)**

Bank as Whole

Gross Advances – Rs 44282 cr

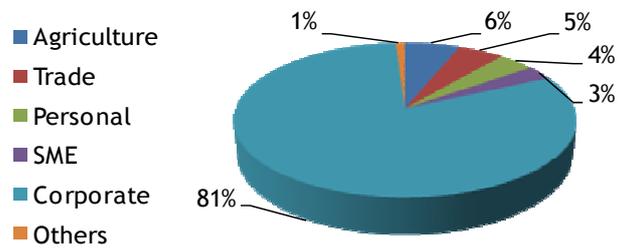
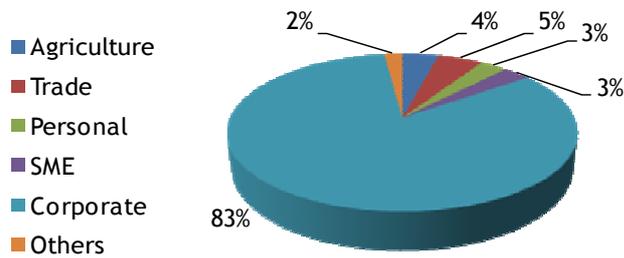
Gross Advances – Rs 36547 cr



In Rest of India

Gross Advances – Rs 25601 cr

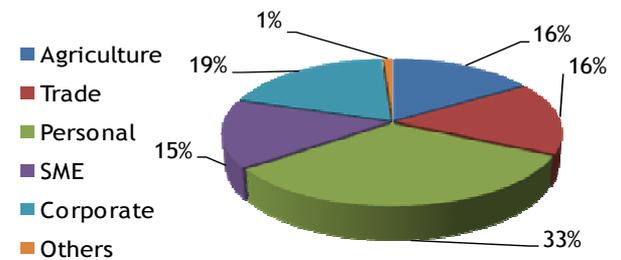
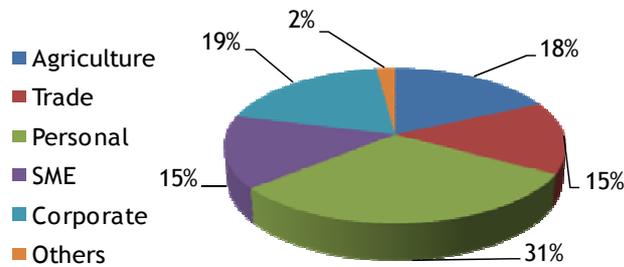
Gross Advances – Rs 21548 cr



Within J&K State

Gross Advances – Rs 18681 cr

Gross Advances – Rs 14999 cr



Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Dec 31, 2013	As on Dec 31, 2012	% Change	As on Mar 31, 2013
Held to Maturity (HTM)				
□ Government & Other Approved Securities	13831.80	12672.35	9.15%	13164.32
□ Shares				20.63
□ Debentures & Bonds	108.72	168.64	-35.53%	166.79
□ Subsidiaries & Joint Ventures	44.01	32.11	37.06%	32.11
□ Others	2075.01	2360.15	-12.08%	2341.15
Sub-Total	16059.54	15233.25	5.42%	15725.00
<i>Percentage of HTM to Total Investments</i>	<i>70.70%</i>	<i>67.16%</i>		<i>61.09%</i>
Held for Trading (HFT)				
□ Government & Other Approved Securities				34.15
□ Shares	2.14	3.68	-41.85%	0.48
□ Debentures & Bonds		15.36		64.64
□ Subsidiaries & Joint Ventures				
□ Others				
Sub-Total	2.14	19.04	-88.76%	99.27
<i>Percentage of HFT to Total Investments</i>	<i>0.01%</i>	<i>0.08%</i>		<i>0.39%</i>
Available for Sale (AFS)				
□ Government & Other Approved Securities	361.58	382.86	-5.56%	868.59
□ Shares	217.01	316.39	-31.41%	185.71
□ Debentures & Bonds	1953.10	2097.29	-6.88%	2132.11
□ Subsidiaries & Joint Ventures				
□ Others	4120.14	4632.09	-11.05%	6730.38
□ Debt / Money Market related MF's				
Sub-Total	6651.83	7428.63	-10.46%	9916.79
<i>Percentage of AFS to Total Investments</i>	<i>29.29%</i>	<i>32.75%</i>		<i>38.53%</i>
Total Investment	22713.51	22680.92	0.14%	25741.06

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Dec 31, 2013	As on Dec 31, 2012	% Change	As on Mar 31, 2013
SLR Securities	14193.38	13055.20	8.72%	14067.06
Non SLR Securities	8520.13	9625.72	-11.49%	11674.00
Total Investment	22713.51	22680.92	0.14%	25741.06
SLR Securities as % age to total Investments	62.49%	57.56%	-	54.65%
Non SLR Securities as % age to total Investments	37.51%	42.44%	-	45.35%

Analytical Ratios:

Particulars	Q 3 FY '13-14	Q 3 FY '12-13	9 Mth FY '13-14	9 Mth FY '12-13	Year Ended Mar 2013
Net Interest Margins (%) *	0.99	1.02	3.13	2.94	
Annualized	3.97	4.07	4.18	3.93	3.97
Yield on Advances (%) *	3.06	3.15	9.19	9.46	
Annualized	12.24	12.60	12.25	12.61	12.59
Yield on Investments (%) *	1.88	1.86	5.56	5.65	
Annualized	7.52	7.43	7.41	7.53	7.56
Cost of Deposits (%) *	1.73	1.69	5.02	5.19	
Annualized	6.94	6.74	6.70	6.92	6.87
Post Tax Return on Assets (%)	0.45	0.45	1.31	1.26	
Annualized	1.88	1.87	1.88	1.78	1.70
Post Tax Return on Average Networth (%)*	5.70	6.09	17.48	17.91	
Annualized	22.80	24.35	23.31	23.88	23.56
Cost to Income Ratio (%)	39.94	36.50	37.31	34.98	35.33
Credit / Deposit (CD) Ratio (%)	68.59	62.48	68.59	62.48	61.09
CASA Ratio (%)	38.78	39.43	38.78	39.43	39.23
Business per Employee (In Rupees crore)	11.36	9.91	11.36	9.91	11.01
Net Profit per Employee (In Rupees lakh)	3.43	3.09	9.94	8.60	
Annualized	13.71	12.37	13.25	11.47	11.22
Number of Employees	9375	9361	9375	9361	9400
Business Per Branch (In Rupees crore)	139.73	139.24	139.73	139.24	150.15
Net Profit per Branch (In Rs cr) Ann.	1.69	1.74	1.63	1.61	1.53
Branches – Excluding Extension Counters, Controlling Offices & RCC's	762	666	762	666	689
Gross NPAs (In Rupees crore)	725.07	581.68	725.07	581.68	643.77
Net NPAs (In Rupees crore)	96.90	49.51	96.90	49.51	55.27
Gross NPA Ratio (%)	1.65	1.61	1.65	1.61	1.62
Net NPA Ratio (%)	0.22	0.14	0.22	0.14	0.14
NPA Coverage Ratio (%)	90.24	94.21	90.24	94.21	94.01
Capital Adequacy Ratio (%) Basel II	13.44	13.82	13.44	13.82	12.83
i. Tier I	11.70	11.80	11.70	11.80	10.86
ii. Tier II	1.74	2.02	1.74	2.02	1.97
Capital Adequacy Ratio (%) Basel III	13.01		13.01		
i. Tier I	11.35		11.35		
ii. Tier II	1.66		1.66		
Earning per Share (In Rupees)	66.28	59.70	192.23	166.06	
Annualized	265.10	238.80	256.30	221.42	217.65
Net Asset Value (In Rupees)	1195.72	1010.41	1195.72	1010.41	1003.49
Adjusted Book Value (In Rupees)	1175.73	1000.19	1175.73	1000.19	992.09
Dividend Payout Ratio (%)	-	-	-	-	22.97
Dividend Yield (%)	-	-	-	-	3.75

* Ratios calculated on Fortnightly average balances

Shareholding Pattern as on January 31, 2014 vis-à-vis February 01, 2013:

S No.	PARTICULARS	Number of Shares Held as on Jan 31, 2014	% to Capital	Number of Shares Held as on Feb 01, 2013	% to Capital
1.	GOVERNMENT OF J&K	25775266	53.17%	25775266	53.17%
2.	INDIAN MUTUAL FUNDS	1935795	3.99%	2288307	4.72%
3.	INSURANCE COMPANIES	215608	0.44%	215608	0.44%
4.	BANKS	27836	0.06%	336	0.00%
5.	NON RESIDENT INDIANS	256956	0.53%	233265	0.48%
6.	FOREIGN INST. INVESTORS	13658923	28.18%	11700884	24.14%
7.	BODIES CORPORATES	1578953	3.26%	2696368	5.56%
8.	RESIDENT INDIVIDUALS	4961385	10.23%	5518642	11.38%
9.	CLEARING MEMBERS	67080	0.14%	49126	0.10%
	TOTAL	48477802	100.00%	48477802	100.00%

For more information, contact:

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