

Earnings Update

Reviewed Third Quarter & Nine Month Results

December 31, 2014



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on February 07, 2015 took on record the Reviewed Financial Results for the Third Quarter ended December 31, 2014.

Performance Highlights for the quarter ended December 31, 2014:

- Net Profit at Rs 104.64 crore for the quarter ended Dec, 2014 down by 67 % as compared to Rs 321.29 crore earned during the quarter ended Dec, 2013.
- EPS for the quarter ended Dec, 2014 at Rs 2.16 down 67 % from Rs 6.63 (recast due to share split) earned during the corresponding quarter of previous financial year.
- NIMs for the quarter ended Dec, 2014 at 3.66 % (annualized) vis-à-vis 3.97 % for the corresponding quarter of previous financial year.
- Post tax Return on Assets at 0.57 % (annualized) for the quarter ended Dec, 2014 compared to 1.88 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Dec, 2014 at 6.89 % compared to 22.80 % recorded for the corresponding quarter of last financial year.
- The Cost of Deposits (Annualized) for the quarter ended Dec, 2014 at 6.71 % compared to 6.94 % recorded for the corresponding quarter of last financial year.
- The Yield on Advances (annualized) for the quarter ended Dec, 2014 stood at 11.29 % as compared to 12.24 % for the quarter ended Dec, 2013.
- Business per Employee and Net profit per Employee (annualized) were at Rs 11.63 crore and Rs 4.50 lakh respectively for the quarter ended Dec, 2014 compared to Rs 11.36 crore and Rs 13.71 lakh pertaining to the quarter ended Dec, 2013.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Dec, 2014 at 5.81 % and 3.22 % respectively compared to 1.65 % and 0.22 % a year ago.
- NPA Coverage Ratio as on Dec, 2014 at 51.00 %.
- Cost to Income Ratio stood at 48.47 % for the quarter ended Dec, 2014 as compared to 39.94 % for the quarter ended Dec, 2013.
- Capital Adequacy Ratio (Basel III) stood at 12.78 % as on Dec, 2014 against RBI stipulated norm of 9 %.

The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on February 07, 2015 took on record the Reviewed Financial Results for the Nine Months ended December 31, 2014.

Performance Highlights for the nine months ended December 31, 2014:

- Net Profit at Rs 406.99 crore for the nine months ended Dec, 2014 down by 56 % as compared to Rs 931.87 crore earned during the nine months ended Dec, 2013.
- EPS for the nine months year ended Dec, 2014 at Rs 8.40 down 56 % from Rs 19.22 (recast due to share split) earned during the corresponding nine months of previous financial year.
- NIMs (Net Interest Margins) Ratio for the nine months ended Dec, 2014 at 3.77 % (annualized) vis-à-vis 4.18 % for the corresponding nine months of previous financial year.
- Post tax Return on Assets at 0.75 % (annualized) for the nine months ended Dec, 2014 compared to 1.88 % for the corresponding period of the previous financial year
- Post Tax Return on Average Net-Worth (annualized) for the nine months ended Dec, 2014 at 9.16 % compared to 23.31 % recorded for the corresponding nine months of previous financial year.
- The Cost of Deposits (Annualized) for the nine months ended Dec, 2014 at 6.79 % compared to 6.70 % recorded for the corresponding nine months of last financial year.
- The Yield on Advances (annualized) for the nine months ended Dec, 2014 stood at 11.58 % as compared to 12.25 % for the nine months ended Dec, 2013.
- Business per Employee and Net profit per Employee (annualized) were at Rs 11.63 crore and Rs 5.83 lakh respectively for the nine months ended Dec, 2014 compared to Rs 11.36 crore and Rs 13.25 lakh pertaining to the nine months ended Dec, 2013.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Dec, 2014 at 5.81 % and 3.22 % respectively compared to 1.65 % and 0.22 % a year ago.
- NPA Coverage Ratio as on Dec, 2014 at 51.00 %
- Cost to Income Ratio stood at 44.81 % for the nine months ended Dec, 2014 as compared to 37.31 % for the nine months ended Dec, 2013.

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 3 '14-15	Q 3 '13-14	% Change	9 Mth '14-15	9 Mth '13-14	% Change	Year ended Mar, '14
Interest Earned	1749.62	1715.52	1.99%	5316.16	4989.50	6.55%	6767.00
Interest Expended	1110.92	1068.93	3.93%	3347.82	3006.20	11.36%	4082.52
Net Interest Income	638.70	646.59	-1.22%	1968.34	1983.30	-0.75%	2684.48
Other Income	99.82	87.45	14.15%	315.44	279.16	13.00%	390.26
Operating Income	738.52	734.04	0.61%	2283.78	2262.46	0.94%	3074.74
Operating Expenses	357.99	293.20	22.10%	1023.41	844.15	21.24%	1174.99
Operating Profit	380.53	440.84	-13.68%	1260.37	1418.31	-11.14%	1899.75
Provisions & Contingencies	220.39	-4.60	4891.1%	634.76	87.31	627.02%	147.88
PBT	160.14	445.44	-64.05%	625.61	1331.00	-53.00%	1751.87
Tax Provision	55.50	124.15	-55.30%	218.62	399.13	-45.23%	569.40
Net Profit	104.64	321.29	-67.43%	406.99	931.87	-56.33%	1182.47
Share Capital	48.49	48.49	0.00%	48.49	48.49	0.00%	48.49
EPS in Rs. *	2.16	6.63	-67.42%	8.40	19.22	-56.30%	24.39
Net Interest Margins	0.92%	0.99%	-	2.83%	3.13%	-	-
Net Interest Margins (Ann.)	3.66%	3.97%	-	3.77%	4.18%	-	4.16%

* EPS for periods upto quarter ended June, 2014 has been recast consequent upon split of Bank's share during quarter ended Sep, 2014

Balance Sheet

Amount in Rupees crore

Particulars	As on Dec 31, 2014	As on Dec 31, 2013	% Change	As on March 31, 2014
Capital & Liabilities				
Capital	48.49	48.49	0.00%	48.49
Reserves & Surplus *	6082.11	5748.08	5.81%	5675.12
Deposits	63906.34	63157.11	1.19%	69335.86
Borrowings	2680.00	1150.00	133.04%	1765.00
Other Liabilities & Provisions	1660.88	1266.70	31.12%	1795.26
Total	74377.82	71370.38	4.21%	78619.73
Assets				
Cash & Bank Balance	2756.34	2526.35	9.10%	3045.59
Balance with Banks and Money at Call & Short Notice	679.78	914.01	-25.63%	1168.31
Investments	24616.32	22713.51	8.38%	26195.07
Advances	44360.84	43317.84	2.41%	46384.60
Fixed Assets	553.37	510.04	8.50%	533.81
Other Assets	1411.17	1388.63	1.62%	1292.35
Total	74377.82	71370.38	4.21%	78619.73

* Includes Retained Earnings

Break-up:

1. Interest Earned

Amount in Rupees crore

Particulars	Q 3 '14-15	Q 3 '13-14	% Change	9 Mth FY '14-15	9 Mth FY '13-14	% Change	Year Ended Mar, 2014
On Loans & Advances	1263.51	1265.56	-0.16%	3882.29	3693.91	5.10%	5021.26
Investments	462.79	434.44	6.53%	1385.54	1253.44	10.54%	1685.56
Inter Bank Funds	23.32	15.52	50.26%	48.33	42.15	14.66%	60.18
Total	1749.62	1715.52	1.99%	5316.16	4989.50	6.55%	6767.00

2. Interest Expended

Amount in Rupees crore

Particulars	Q 3 '14-15	Q 3 '13-14	% Change	9 Mth FY '14-15	9 Mth FY '13-14	% Change	Year Ended Mar, 2014
Deposits	1050.57	1045.20	0.51%	3200.93	2931.00	9.21%	3978.37
Borrowings	46.85	10.23	357.97%	106.39	34.70	206.60%	50.15
Others (Subordinated Debt)	13.50	13.50	0.00%	40.50	40.50	0.00%	54.00
Total	1110.92	1068.93	3.93%	3347.82	3006.20	11.36%	4082.52

3. Other Income

Amount in Rupees crore

Particulars	Q 3 '14-15	Q 3 '13-14	% Change	9 Mth FY '14-15	9 Mth FY '13-14	% Change	Year Ended Mar, 2014
Commission / Exchange	45.55	41.89	8.74%	121.62	123.63	-1.63%	166.46
Insurance Commission	6.96	7.42	-6.20%	21.35	22.28	-4.17%	31.31
Treasury / Trading Income	15.27	13.86	10.17%	61.75	42.66	44.75%	63.63
Miscellaneous Income	32.04	24.28	31.96%	110.72	90.59	22.22%	128.87
Total	99.82	87.45	14.15%	315.44	279.16	13.00%	390.26

4. Operating Expenses

Amount in Rupees crore

Particulars	Q 3 '14-15	Q 3 '13-14	% Change	9 Mth FY '14-15	9 Mth FY '13-14	% Change	Year Ended Mar, 2014
Payment for Employees	231.47	187.81	23.25%	665.20	540.21	23.14%	743.91
Rent, Taxes and Lightning	16.09	15.37	4.68%	48.20	42.66	12.99%	59.54
Printing & Stationery	2.42	2.17	11.52%	7.07	6.34	11.51%	8.48
Advertisement & Publicity	1.70	2.99	-43.14%	3.84	6.89	-44.27%	12.18
Depreciation in Bank's Property	21.14	19.18	10.22%	56.58	52.17	8.45%	77.86
Directors' Fees, Allowances & Expenses	0.20	0.15	33.33%	0.57	0.51	11.76%	0.73
Auditors' Fees & Expenses	3.40	2.50	36.00%	10.20	9.15	11.48%	13.45
Law Charges	0.63	0.49	28.57%	1.45	1.09	33.03%	1.63
Postage, Telegrams, Telephones etc	0.95	1.83	-48.09%	4.35	4.44	-2.03%	5.97
Repairs & Maintenance	3.29	3.15	4.44%	8.08	9.19	-12.08%	12.16
Insurance	13.20	10.95	20.55%	41.63	34.83	19.52%	45.81
Other Expenditure	63.50	46.61	36.24%	176.24	136.67	28.95%	193.27
Total	357.99	293.20	22.10%	1023.41	844.15	21.24%	1174.99

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

Amount in Rupees crore

Particulars	Q 3 '14-15	Q 3 '13-14	% Change	9 Mth FY '14-15	9 Mth FY '13-14	% Change	Year Ended Mar, 2014
Provision for Tax	55.50	124.15	-55.30%	218.62	399.13	-45.23%	569.40
Provision for Bad & Doubtful Debts	138.56	-12.83	1180.0%	529.56	32.71	1519.0%	68.02
Provision for Standard Advances	17.51	17.29	1.27%	17.51	30.09	-41.81%	51.85
Provision for Depreciation on Investments	-1.25	-4.98	74.90%		1.32		
Provision for Non Performing Investments		2.00		15.58	17.33	-10.12%	17.33
Provision for Frauds/ Embezzlements		0.76		0.23	1.85	-87.59%	2.08
Provision for diminution in fair value of Restructured / Rescheduled advances	65.57	-6.85	1057.2%	71.88	4.00	1697.0%	7.54
Provision for Contingent Liabilities							1.07
Total	275.89	119.55	130.78%	853.38	486.44	75.43%	717.28

6. Deposits

Amount in Rupees crore

Particulars	As on Dec 31, 2014	As on Dec 31, 2013	% Change	As on Mar 31, 2014
Demand Deposits	5893.95	5298.25	11.24%	6839.82
Saving Deposits	20605.08	19192.55	7.36%	20243.44
Term Deposits	37407.30	38666.31	-3.26%	42252.60
Total	63906.33	63157.11	1.19%	69335.86

Movement in Gross NPA's

Amount in Rupees crore

Particulars	Q 3 '14-15	Q 3 '13-14	% Change	9 Mth FY '14-15	9 Mth FY '13-14	% Change	Year Ended Mar, 2014
Balance at the start of the period	2186.94	708.93	208.5 %	783.42	643.77	21.69 %	643.77
Additions during the period	576.48	147.59	290.6 %	2114.58	343.78	515.1 %	410.60
Reductions							
Up gradations during the period	49.50	68.84	-28.09 %	109.02	134.26	-18.80 %	117.70
Write off	4.86	7.22	-32.69 %	16.94	11.88	42.59 %	7.09
Recoveries during the period	51.18	55.39	-7.60 %	114.16	116.34	-1.87 %	146.16
Balance at the close of the period	2657.88	725.07	266.6 %	2657.88	725.07	266.6 %	783.42

Movement in Restructured Assets

Amount in Rupees crore

Particulars	Q 3 '14-15	Q 3 '13-14	% Change	9 Mth FY '14-15	9 Mth FY '13-14	% Change	Year Ended Mar, 2014
Balance at the start of the period	1269.30	1495.46	-15.12%	1575.97	1490.48	5.74%	1490.48
Additions during the period	502.88	137.39	266.0 %	639.37	424.04	50.78%	663.71
Repayments / Reductions / Reclassification / Upgradations, etc, Net off Additional Disbursements during the period	32.14(+)	217.09(-)	-114.8%	411.02(-)	498.76(-)	-17.59%	578.22(-)
Balance at the close of the period	1804.32	1415.76	27.45%	1804.32	1415.76	27.45%	1575.97

Incremental Growth in Deposits and Advances

Amount in Rupees crore

Particulars		As on Dec 31, 2014	As on Dec 31, 2013	Increment	% Change
Deposits	In J&K State	46787.52	41893.43	4894.09	12%
	In Rest of India	17118.82	21263.68	-4144.86	-19%
	Whole Bank	63906.34	63157.11	749.23	1%
Gross Advances	In J&K State	21899.81	18680.79	3219.02	17%
	In Rest of India	24086.89	25601.14	-1514.25	-6%
	Whole Bank	45986.70	44281.94	1704.76	4%

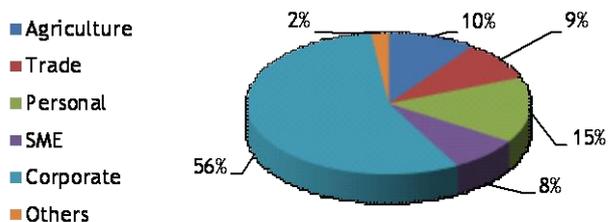
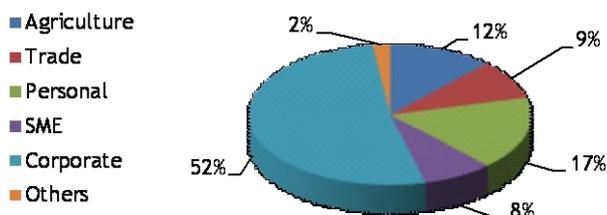
**Gross Advances –
Sector-wise (Dec 14)**

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

Bank as Whole

Gross Advances – Rs 45987 cr

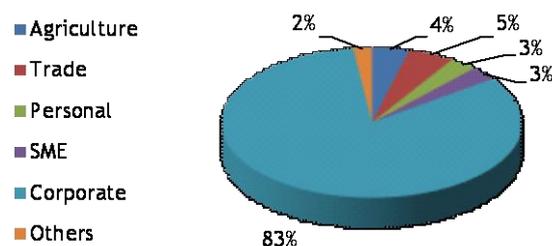
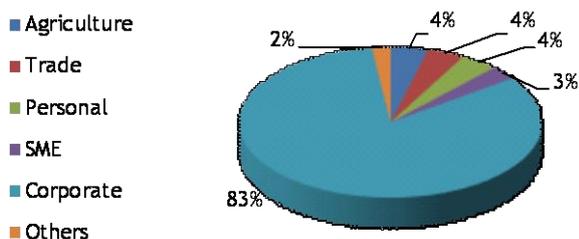
Gross Advances – Rs 44282 cr



In Rest of India

Gross Advances – Rs 24087 cr

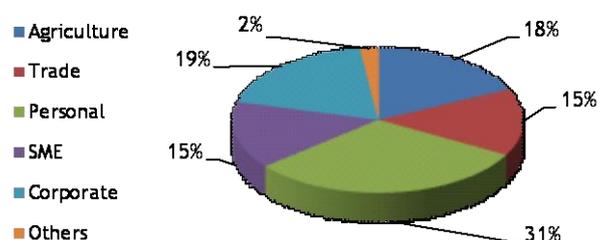
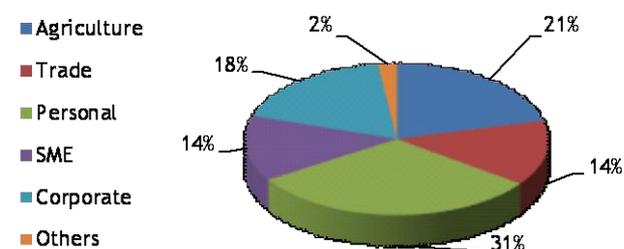
Gross Advances – Rs 25601 cr



Within J&K State

Gross Advances – Rs 21900 cr

Gross Advances – Rs 18681 cr



Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Dec 31, 2014	As on Dec 31, 2013	% Change	As on Mar 31, 2014
Held to Maturity (HTM)				
☐ Government & Other Approved Securities	13631.19	13831.80	-1.45%	14251.70
☐ Shares				
☐ Debentures & Bonds	23.62	108.72	-78.27%	47.82
☐ Subsidiaries & Joint Ventures	20.00	10.00	100.00%	44.01
☐ Others	2262.73	2109.02	7.29%	2179.36
Sub-Total	15937.54	16059.54	-0.76%	16522.89
<i>Percentage of HTM to Total Investments</i>	<i>64.74%</i>	<i>70.70%</i>		<i>63.08%</i>
Held for Trading (HFT)				
☐ Government & Other Approved Securities				
☐ Shares	1.17	2.14	-45.33%	1.24
☐ Debentures & Bonds				
☐ Subsidiaries & Joint Ventures				
☐ Others				
Sub-Total	1.17	2.14	-45.33%	1.24
<i>Percentage of HFT to Total Investments</i>	<i>0.005%</i>	<i>0.009%</i>		<i>0.00%</i>
Available for Sale (AFS)				
☐ Government & Other Approved Securities	736.53	361.58	103.70%	703.24
☐ Shares	218.61	217.01	0.74%	215.35
☐ Debentures & Bonds	1828.76	1953.10	-6.37%	1984.48
☐ Subsidiaries & Joint Ventures				
☐ Others	5893.71	4120.14	43.05%	6767.87
☐ Debt / Money Market related MF's				
Sub-Total	8677.61	6651.83	30.45%	9670.94
<i>Percentage of AFS to Total Investments</i>	<i>35.25%</i>	<i>29.29%</i>		<i>36.92%</i>
Total Investment	24616.32	22713.51	8.38%	26195.07

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Dec 31, 2014	As on Dec 31, 2013	% Change	As on Mar 31, 2014
SLR Securities	14367.72	14193.38	1.23%	14954.95
Non SLR Securities	10248.60	8520.13	20.29%	11240.12
Total Investment	24616.32	22713.51	8.38%	26195.07
SLR Securities as % age to total Investments	58.37%	62.49%	-	57.09%
Non SLR Securities as % age to total Investments	41.63%	37.51%	-	42.91%

Previous period figures wherever necessary have been recast

Analytical Ratios:

Particulars	Q 3 FY '14-15	Q 3 FY '13-14	9 Mth FY '14-15	9 Mth FY '13-14	Year Ended Mar 2014
Net Interest Margins (%) *	0.92	0.99	2.83	3.13	
Annualized	3.66	3.97	3.77	4.18	4.16
Yield on Advances (%) *	2.82	3.06	8.68	9.19	
Annualized	11.29	12.24	11.58	12.25	12.23
Yield on Investments (%) *	1.92	1.88	5.75	5.56	
Annualized	7.67	7.52	7.67	7.41	7.39
Cost of Deposits (%) *	1.68	1.73	5.10	5.02	
Annualized	6.71	6.94	6.79	6.70	6.70
Post Tax Return on Assets (%)	0.14	0.45	0.55	1.31	
Annualized	0.57	1.88	0.75	1.88	1.74
Post Tax Return on Average Networth (%)*	1.72	5.70	6.87	17.48	
Annualized	6.89	22.80	9.16	23.31	22.34
Cost to Income Ratio (%)	48.47	39.94	44.81	37.31	38.21
Credit / Deposit (CD) Ratio (%)	69.42	68.59	69.42	68.59	66.90
CASA Ratio (%)	41.47	38.78	41.47	38.78	39.06
Business per Employee (In Rupees crore)	11.63	11.36	11.63	11.36	12.35
Net Profit per Employee (In Rupees lakh)	1.12	3.43	4.37	9.94	
Annualized	4.50	13.71	5.83	13.25	12.62
Number of Employees	9309	9375	9309	9375	9371
Business Per Branch (In Rupees crore)	134.66	139.73	134.66	139.73	148.17
Net Profit per Branch (In Rs cr) Ann.	0.52	1.69	0.67	1.63	1.51
Branches – Excluding Extension Counters, Controlling Offices & RCC's	804	762	804	762	781
Gross NPAs (In Rupees crore)	2657.88	725.07	2657.88	725.07	783.42
Net NPAs (In Rupees crore)	1428.19	96.90	1428.19	96.90	101.99
Gross NPA Ratio (%)	5.81	1.65	5.81	1.65	1.66
Net NPA Ratio (%)	3.22	0.22	3.22	0.22	0.22
NPA Coverage Ratio (%)	51.00	90.24	51.00	90.24	90.30
Capital Adequacy Ratio (%) Basel II	13.14	13.44	13.14	13.44	12.91
i. Tier I	11.77	11.70	11.77	11.70	11.24
ii. Tier II	1.37	1.74	1.37	1.74	1.67
Capital Adequacy Ratio (%) Basel III	12.78	13.01	12.78	13.01	12.69
i. Tier I	11.37	11.35	11.37	11.35	11.22
ii. Tier II	1.41	1.66	1.41	1.66	1.47
Earning per Share ** (In Rupees)	2.16	6.63	8.40	19.22	
Annualized	8.63	26.51	11.19	25.63	24.39
Net Asset Value ** (In Rupees)	126.46	119.57	126.46	119.57	118.07
Adjusted Book Value ** (In Rupees)	97.00	117.57	97.00	117.57	115.96
Dividend Payout Ratio (%)	-	-	-	-	20.50
Dividend Yield (%)	-	-	-	-	2.65

* Ratios calculated on Fortnightly average balances

** Ratio for previous periods upto quarter ended June, 2014 has been recast consequent upon split of Bank's share during quarter ended Sep, 2014

Shareholding Pattern as on January 30, 2015 vis-à-vis January 31 2014:

S No.	PARTICULARS	Number of Shares Held as on Jan 30, 2015	% to Capital	Number of Shares Held as on Jan 31, 2014	% to Capital
1.	GOVERNMENT OF J&K	257752660	53.17%	25775266	53.17%
2.	INDIAN MUTUAL FUNDS	10706133	2.21%	1935795	3.99%
3.	INSURANCE COMPANIES	9516633	1.96%	215608	0.44%
4.	BANKS	50569	0.01%	27836	0.06%
5.	NON RESIDENT INDIANS	4210439	0.87%	256956	0.53%
6.	FOREIGN INST. INVESTORS	142821105	29.46%	13658923	28.18%
7.	BODIES CORPORATES	8009654	1.65%	1578953	3.26%
8.	RESIDENT INDIVIDUALS	51524796	10.63%	4961385	10.23%
9.	CLEARING MEMBERS	186031	0.04%	67080	0.14%
	TOTAL	484778020	100.00%	48477802	100.00%

* Face value split – From Rs 10 per share to Re 1 per share during quarter ended Sep, 2014

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