

Earnings Update

Reviewed Second Quarter & Half Year Results

September 30, 2014



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on November 12, 2014 took on record the Reviewed Financial Results for the Second Quarter ended September 30, 2014.

Performance Highlights for the quarter ended September 30, 2014:

- Net Profit at Rs 1723.0 million for the quarter ended Sep, 2014 down by 43 % as compared to Rs 3026.6 million earned during the quarter ended Sep, 2013.
- EPS for the quarter ended Sep, 2014 at Rs 3.55 down 43 % from Rs 6.24 (recast due to share split) earned during the corresponding quarter of previous financial year.
- NIMs for the quarter ended Sep, 2014 at 4.01 % (annualized) vis-à-vis 4.33 % for the corresponding quarter of previous financial year.
- Post tax Return on Assets at 0.96 % (annualized) for the quarter ended Sep, 2014 compared to 1.86 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Sep, 2014 at 11.60 % compared to 22.74 % recorded for the corresponding quarter of last financial year.
- The Cost of Deposits (Annualized) for the quarter ended Sep, 2014 at 6.80 % compared to 6.59 % recorded for the corresponding quarter of last financial year.
- The Yield on Advances (annualized) for the quarter ended Sep, 2014 stood at 11.91 % as compared to 12.35 % for the quarter ended Sep, 2013.
- Business per Employee and Net profit per Employee (annualized) were at Rs 115.9 million and Rs 0.67 million respectively for the quarter ended Sep, 2014 compared to Rs 109.2 million and Rs 1.29 million pertaining to the quarter ended Sep, 2013.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Sep, 2014 at 4.73 % and 2.46 % respectively compared to 1.69 % and 0.19 % a year ago.
- NPA Coverage Ratio as on Sep, 2014 at 54.85 %.
- Cost to Income Ratio stood at 44.33 % for the quarter ended Sep, 2014 as compared to 36.45 % for the quarter ended Sep, 2013.
- Capital Adequacy Ratio (Basel III) stood at 12.66 % as on Sep, 2014 well above RBI stipulated norm of 9 %.

The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on November 12, 2014 took on record the Reviewed Financial Results for the Half Year ended September 30, 2014.

Performance Highlights for the half year ended September 30, 2014:

- Net Profit at Rs 3023.5 million for the half year ended Sep, 2014 down by 50 % as compared to Rs 6105.8 million earned during the half year ended Sep, 2013.
- EPS for the half year ended Sep, 2014 at Rs 6.24 down 50 % from Rs 12.60 (recast due to share split) earned during the corresponding half year of previous financial year.
- NIMs (Net Interest Margins) Ratio for the half year ended Sep, 2014 at 3.83 % (annualized) vis-à-vis 4.25 % for the corresponding half year of previous financial year.
- Post tax Return on Assets at 0.84 % (annualized) for the half year ended Sep, 2014 compared to 1.87 % for the corresponding period of the previous financial year
- Post Tax Return on Average Net-Worth (annualized) for the half year ended Sep, 2014 at 10.29 % compared to 23.62 % recorded for the corresponding half year of previous financial year.
- The Cost of Deposits (Annualized) for the half year ended Sep, 2014 at 6.84 % compared to 6.57 % recorded for the corresponding half year of last financial year.
- The Yield on Advances (annualized) for the half year ended Sep, 2014 stood at 11.72 % as compared to 12.26 % for the half year ended Sep, 2013.
- Business per Employee and Net profit per Employee (annualized) were at Rs 115.9 million and Rs 0.58 million respectively for the half year ended Sep, 2014 compared to Rs 109.2 million and Rs 1.30 million pertaining to the half year ended Sep, 2013.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Sep, 2014 at 4.73 % and 2.46 % respectively compared to 1.69 % and 0.19 % a year ago.
- NPA Coverage Ratio as on Sep, 2014 at 54.85 %
- Cost to Income Ratio stood at 43.06 % for the half year ended Sep, 2014 as compared to 36.05 % for the half year ended Sep, 2013.

Profit & Loss Account

Amount in Rupees million

Particulars	Q 2 '14-15	Q 2 '13-14	% Change	Q 2 '14-15	Q 1 '14-15	% Change	H 1 '14-15	H 1 '13-14	% Change	Year ended Mar, '14
Interest Earned	17985.3	16497.4	9.02%	17985.3	17680.1	1.73%	35665.4	32739.8	8.94%	67670.0
Interest Expended	11065.9	9679.2	14.33%	11065.9	11303.1	-2.10%	22369.0	19372.7	15.47%	40825.2
Net Interest Income	6919.4	6818.2	1.48%	6919.4	6377.0	8.51%	13296.4	13367.1	-0.53%	26844.8
Other Income	846.3	994.8	-14.93%	846.3	1309.9	-35.39%	2156.2	1917.1	12.47%	3902.6
Operating Income	7765.7	7813.0	-0.61%	7765.7	7686.9	1.03%	15452.6	15284.2	1.10%	30747.4
Operating Expenses	3442.5	2848.2	20.87%	3442.5	3211.7	7.19%	6654.2	5509.5	20.78%	11749.9
Operating Profit	4323.2	4964.8	-12.92%	4323.2	4475.2	-3.40%	8798.4	9774.7	-9.99%	18997.5
Provisions & Contingencies	1676.0	556.8	201.01%	1676.0	2467.7	-32.08%	4143.7	919.1	350.84%	1478.8
PBT	2647.2	4408.0	-39.95%	2647.2	2007.5	31.87%	4654.7	8855.6	-47.44%	17518.7
Tax Provision	924.2	1381.4	-33.10%	924.2	707.0	30.72%	1631.2	2749.8	-40.68%	5694.0
Net Profit	1723.0	3026.6	-43.07%	1723.0	1300.5	32.49%	3023.5	6105.8	-50.48%	11824.7
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. *	3.55	6.24	-43.11%	3.55	2.68	32.46%	6.24	12.60	-50.48%	24.39
Net Interest Margins	1.00%	1.10%	-	1.00%	0.91%	-	1.92%	2.14%	-	-
Net Interest Margins (Ann.)	4.01%	4.33%	-	4.01%	3.63%	-	3.83%	4.25%	-	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 million

Particulars	As on Sep 30, 2014	As on Sep 30, 2013	% Change	As on March 31, 2014
Capital & Liabilities				
Capital	484.9	484.9	0.00%	484.9
Reserves & Surplus *	59774.7	54267.9	10.15%	56751.2
Deposits	629723.5	611711.5	2.94%	693358.6
Borrowings	29142.1	13459.3	116.52%	17650.0
Other Liabilities & Provisions	16573.7	13654.4	21.38%	17952.6
Total	735698.9	693578.0	6.07%	786197.3
Assets				
Cash & Bank Balance	25797.1	24145.4	6.84%	30455.9
Balance with Banks and Money at Call & Short Notice	1761.9	18225.9	-90.33%	11683.1
Investments	236261.6	223162.5	5.87%	261950.7
Advances	450723.7	411208.1	9.61%	463846.0
Fixed Assets	5434.5	4945.1	9.90%	5338.1
Other Assets	15720.1	11891.0	32.20%	12923.5
Total	735698.9	693578.0	6.07%	786197.3

* Includes Retained Earnings

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

Amount in Rupees million

Particulars	Q 2 '14-15	Q 2 '13-14	% Change	HY 1 FY '14-15	HY 1 FY '13-14	% Change	Year Ended Mar, 2014
On Loans & Advances	13390.4	12439.6	7.64%	26187.8	24283.5	7.84%	50212.6
Investments	4554.8	3960.9	14.99%	9227.5	8190.0	12.67%	16855.6
Inter Bank Funds	40.1	96.9	-58.62%	250.1	266.3	-6.08%	601.8
Total	17985.3	16497.4	9.02%	35665.4	32739.8	8.94%	67670.0

2. Interest Expended

Amount in Rupees million

Particulars	Q 2 '14-15	Q 2 '13-14	% Change	HY 1 FY '14-15	HY 1 FY '13-14	% Change	Year Ended Mar, 2014
Deposits	10505.7	9408.5	11.66%	21503.6	18858.0	14.03%	39783.7
Borrowings	425.2	135.7	213.34%	595.4	244.7	143.32%	501.5
Others (Subordinated Debt)	135.0	135.0	0.00%	270.0	270.0	0.00%	540.0
Total	11065.9	9679.2	14.33%	22369.0	19372.7	15.47%	40825.2

3. Other Income

Amount in Rupees million

Particulars	Q 2 '14-15	Q 2 '13-14	% Change	HY 1 FY '14-15	HY 1 FY '13-14	% Change	Year Ended Mar, 2014
Commission / Exchange	381.9	408.1	-6.42%	760.7	817.4	-6.94%	1664.6
Insurance Commission	63.9	66.4	-3.77%	143.9	148.6	-3.16%	313.1
Treasury / Trading Income	184.9	93.4	97.97%	464.8	288.0	61.39%	636.3
Miscellaneous Income	215.6	426.9	-49.50%	786.8	663.1	18.65%	1288.7
Total	846.3	994.8	-14.93%	2156.2	1917.1	12.47%	3902.6

4. Operating Expenses

Amount in Rupees million

Particulars	Q 2 '14-15	Q 2 '13-14	% Change	HY 1 FY '14-15	HY 1 FY '13-14	% Change	Year Ended Mar, 2014
Payment for Employees	2277.7	1767.6	28.86%	4337.3	3524.0	23.08%	7439.1
Rent, Taxes and Lightning	166.7	135.1	23.39%	321.1	272.9	17.66%	595.4
Printing & Stationery	24.6	21.0	17.14%	46.5	41.7	11.51%	84.8
Advertisement & Publicity	11.2	21.1	-46.92%	21.4	39.0	-45.13%	121.8
Depreciation in Bank's Property	181.8	222.1	-18.14%	354.4	329.9	7.43%	778.6
Directors' Fees, Allowances & Expenses	2.3	2.0	15.00%	3.7	3.6	2.78%	7.3
Auditors' Fees & Expenses	34.0	27.9	21.86%	68.0	66.5	2.26%	134.5
Law Charges	3.8	1.5	153.33%	8.2	6.0	36.67%	16.3
Postage, Telegrams, Telephones etc	18.4	15.2	21.05%	34.0	26.1	30.27%	59.7
Repairs & Maintenance	24.6	28.5	-13.68%	47.9	60.4	-20.70%	121.6
Insurance	142.1	119.3	19.11%	284.3	238.8	19.05%	458.1
Other Expenditure	555.3	486.9	14.05%	1127.4	900.6	25.18%	1932.7
Total	3442.5	2848.2	20.87%	6654.2	5509.5	20.78%	11749.9

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

Amount in Rupees million

Particulars	Q 2 '14-15	Q 2 '13-14	% Change	HY 1 FY '14-15	HY 1 FY '13-14	% Change	Year Ended Mar, 2014
Provision for Tax	924.2	1381.4	-33.10%	1631.2	2749.8	-40.68%	5694.0
Provision for Bad & Doubtful Debts	1570.0	330.1	375.61%	3910.0	455.4	758.59%	680.2
Provision for Standard Advances		85.0			128.0		518.5
Provision for Depreciation on Investments	12.5	63.0	-80.16%	12.5	63.0	-80.16%	
Provision for Non Performing Investments	28.3	28.3	0.00%	155.8	153.3	1.63%	173.3
Provision for Frauds/ Embezzlements	2.1	2.6	-19.23%	2.3	10.9	-78.90%	20.8
Provision for diminution in fair value of Restructured / Rescheduled advances	63.1	47.8	32.01%	63.1	108.5	-41.84%	75.4
Provision for Contingent Liabilities							10.7
Total	2600.2	1938.2	34.16%	5774.9	3668.9	57.40%	7172.8

6. Deposits

Amount in Rupees million

Particulars	As on Sep 30, 2014	As on Sep 30, 2013	% Change	As on Mar 31, 2014
Demand Deposits	56908.4	51739.4	9.99%	68398.2
Saving Deposits	193047.3	183781.8	5.04%	202434.4
Term Deposits	379767.8	376190.3	0.95%	422526.0
Total	629723.5	611711.5	2.94%	693358.6

Movement in Gross NPA's

Amount in Rupees million

Particulars	Q 2 '14-15	Q 2 '13-14	% Change	HY 1 FY '14-15	HY 1 FY '13-14	% Change	Year Ended Mar, 2014
Balance at the start of the period	18879.9	6654.3	184%	7834.2	6437.7	22%	6437.7
Additions during the period	3773.8	1134.9	233%	15381.0	1961.9	684%	4106.0
Reductions							
Up gradations during the period	419.1	359.4	17%	595.2	654.1	-9%	1177.0
Write off	64.8	33.7	92%	120.9	46.7	159%	70.9
Recoveries during the period	300.4	306.8	-2%	629.7	609.5	3%	1461.6
Balance at the close of the period	21869.4	7089.3	208%	21869.4	7089.3	208%	7834.2

Movement in Restructured Assets

Amount in Rupees million

Particulars	Q 2 '14-15	Q 2 '13-14	% Change	HY 1 FY '14-15	HY 1 FY '13-14	% Change	Year Ended Mar, 2014
Balance at the start of the period	13904.2	16878.3	-17.62%	15759.7	14904.8	5.74%	14904.8
Additions during the period	1302.1	654.4	98.98%	1364.9	2866.5	-52.38%	6637.1
Repayments / Reductions / Reclassification / Upgradations, etc during the period	2513.3	2578.1	-2.51%	4431.6	2816.7	57.33%	5782.2
Balance at the close of the period	12693.0	14954.6	-15.12%	12693.0	14954.6	-15.12%	15759.7

Incremental Growth in Deposits and Advances

Amount in Rupees million

Particulars		As on Sep 30, 2014	As on Sep 30, 2013	Increment	% Change
Deposits	In J&K State	441564.4	406265.1	35299.3	9%
	In Rest of India	188159.1	205446.3	-17287.2	-8%
	Whole Bank	629723.5	611711.4	18012.1	3%
Gross Advances	In J&K State	214983.4	179924.0	35059.4	19%
	In Rest of India	249942.5	241033.0	8909.5	4%
	Whole Bank	464925.9	420957.0	43968.9	10%

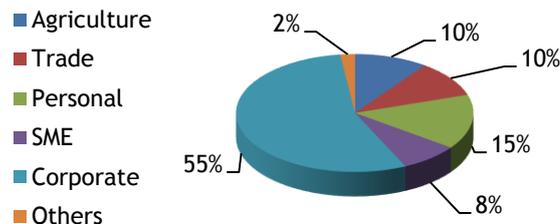
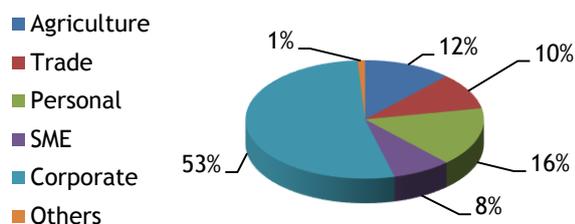
**Gross Advances –
Sector-wise (Sep 14)**

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

Bank as Whole

Gross Advances – Rs 464926 mn

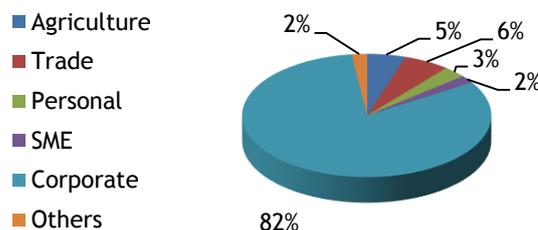
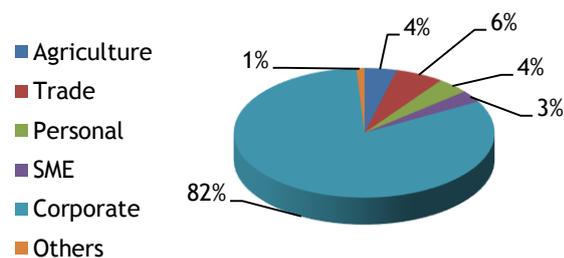
Gross Advances – Rs 420957 mn



In Rest of India

Gross Advances – Rs 249943 mn

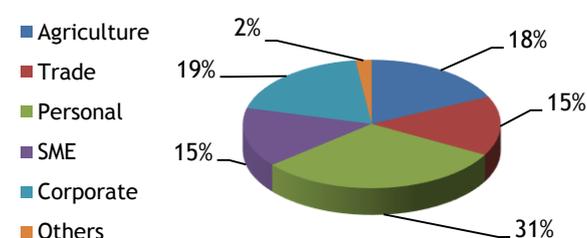
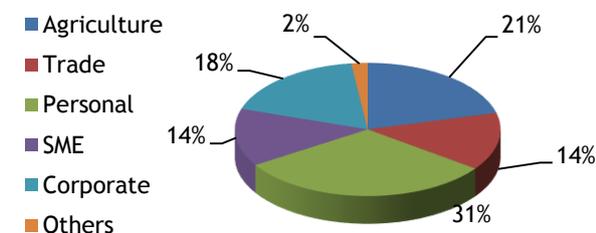
Gross Advances – Rs 241033 mn



Within J&K State

Gross Advances – Rs 214983 mn

Gross Advances – Rs 179924 mn



Categorization of Investments (I)

Amount in Rupees million

Particulars	As on Sep 30, 2014	As on Sep 30, 2013	% Change	As on Mar 31, 2014
Held to Maturity (HTM)				
<input type="checkbox"/> Government & Other Approved Securities	136561.7	133582.6	2.23%	142517.0
<input type="checkbox"/> Shares				
<input type="checkbox"/> Debentures & Bonds	233.7	1084.8	-78.46%	478.2
<input type="checkbox"/> Subsidiaries & Joint Ventures	200.0	100.0	100.00%	440.1
<input type="checkbox"/> Others	20704.2	22628.5	-8.50%	21793.6
Sub-Total	157699.6	157395.9	0.19%	165228.9
<i>Percentage of HTM to Total Investments</i>	<i>66.75%</i>	<i>70.42%</i>		<i>63.08%</i>
Held for Trading (HFT)				
<input type="checkbox"/> Government & Other Approved Securities				
<input type="checkbox"/> Shares	16.7	25.6	-34.77%	12.4
<input type="checkbox"/> Debentures & Bonds				
<input type="checkbox"/> Subsidiaries & Joint Ventures				
<input type="checkbox"/> Others				
Sub-Total	16.7	25.6	-34.77%	12.4
<i>Percentage of HFT to Total Investments</i>	<i>0.01%</i>	<i>0.011%</i>		<i>0.00%</i>
Available for Sale (AFS)				
<input type="checkbox"/> Government & Other Approved Securities	1443.5	15816.8	-90.87%	7032.4
<input type="checkbox"/> Shares	2157.3	2055.7	4.94%	2153.5
<input type="checkbox"/> Debentures & Bonds	19230.9	19866.0	-3.20%	19844.8
<input type="checkbox"/> Subsidiaries & Joint Ventures				
<input type="checkbox"/> Others	55713.6	28002.5	98.96%	67678.7
<input type="checkbox"/> Debt / Money Market related MF's				
Sub-Total	78545.3	65741.0	19.48%	96709.4
<i>Percentage of AFS to Total Investments</i>	<i>33.25%</i>	<i>29.46%</i>		<i>36.92%</i>
Total Investment	236261.6	223162.5	5.87%	261950.7

Categorization of Investments (II)

Amount in Rupees million

Particulars	As on Sep 30, 2014	As on Sep 30, 2013	% Change	As on Mar 31, 2014
SLR Securities	138005.3	149399.4	-7.63%	149549.5
Non SLR Securities	98256.3	73763.1	33.21%	112401.2
Total Investment	236261.6	223162.5	5.87%	261950.7
SLR Securities as % age to total Investments	58.41%	66.95%	-	57.09%
Non SLR Securities as % age to total Investments	41.59%	33.05%	-	42.91%

Previous period figures wherever necessary have been recast

Analytical Ratios:

Particulars	Q 2 FY '14-15	Q 2 FY '13-14	H 1 FY '14-15	H 1 FY '13-14	Year Ended Mar 2014
Net Interest Margins (%) *	1.00	1.10	1.92	2.14	
Annualized	4.01	4.33	3.83	4.25	4.16
Yield on Advances (%) *	2.98	3.09	5.86	6.13	
Annualized	11.91	12.35	11.72	12.26	12.23
Yield on Investments (%) *	1.92	1.84	3.84	3.68	
Annualized	7.66	7.36	7.68	7.36	7.39
Cost of Deposits (%) *	1.70	1.65	3.42	3.28	
Annualized	6.80	6.59	6.84	6.57	6.70
Post Tax Return on Assets (%)	0.24	0.46	0.42	0.94	
Annualized	0.96	1.86	0.84	1.87	1.74
Post Tax Return on Average Networth (%)*	2.90	5.68	5.15	11.81	
Annualized	11.60	22.74	10.29	23.62	22.34
Cost to Income Ratio (%)	44.33	36.45	43.06	36.05	38.21
Credit / Deposit (CD) Ratio (%)	71.57	67.22	71.57	67.22	66.90
CASA Ratio (%)	39.69	38.50	39.69	38.50	39.06
Business per Employee (In Rupees million)	115.9	109.2	115.9	109.2	123.5
Net Profit per Employee (In Rupees million)	0.17	0.32	0.29	0.65	
Annualized	0.67	1.29	0.58	1.30	1.26
Number of Employees	9324	9367	9324	9367	9371
Business Per Branch (In Rupees million)	1347.1	1356.7	1347.1	1356.7	1481.7
Net Profit per Branch (In Rs million) Ann.	8.6	16.1	7.5	16.2	15.1
Branches – Excluding Extension Counters, Controlling Offices & RCC's	802	754	802	754	781
Gross NPAs (In Rupees million)	21869.4	7089.3	21869.4	7089.3	7834.2
Net NPAs (In Rupees million)	11085.3	775.8	11085.3	775.8	1019.9
Gross NPA Ratio (%)	4.73	1.69	4.73	1.69	1.66
Net NPA Ratio (%)	2.46	0.19	2.46	0.19	0.22
NPA Coverage Ratio (%)	54.85	92.06	54.85	92.06	90.30
Capital Adequacy Ratio (%) Basel II	13.09	13.54	13.09	13.54	12.91
i. Tier I	11.52	11.70	11.52	11.70	11.24
ii. Tier II	1.57	1.84	1.57	1.84	1.67
Capital Adequacy Ratio (%) Basel III	12.66	13.18	12.66	13.18	12.69
i. Tier I	11.27	11.42	11.27	11.42	11.22
ii. Tier II	1.39	1.76	1.39	1.76	1.47
Earning per Share ** (In Rupees)	3.55	6.24	6.24	12.60	
Annualized	14.22	24.97	12.47	25.19	24.39
Net Asset Value ** (In Rupees)	124.30	112.94	124.30	112.94	118.07
Adjusted Book Value ** (In Rupees)	101.44	111.34	101.44	111.34	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 November 07, 2014 vis-à-vis November 08, 2013:

S No.	PARTICULARS	Number of Shares Held as on Nov 7, 2014	% to Capital	Number of Shares Held as on Nov 8, 2013	% to Capital
1.	GOVERNMENT OF J&K	257752660	53.17%	25775266	53.17%
2.	INDIAN MUTUAL FUNDS	9274652	1.91%	1595430	3.29%
3.	INSURANCE COMPANIES	5855781	1.21%	215608	0.44%
4.	BANKS	68690	0.01%	21318	0.04%
5.	NON RESIDENT INDIANS	5405861	1.12%	274165	0.57%
6.	FOREIGN INST. INVESTORS	143919365	29.69%	13831392	28.53%
7.	FOREIGN PORTFOLIO INVESTORS	96144	0.02%	0	0.00%
8.	BODIES CORPORATES	8645995	1.78%	1522616	3.14%
9.	RESIDENT INDIVIDUALS	52623944	10.86%	5222047	10.77%
10.	CLEARING MEMBERS	1134928	0.23%	19960	0.04%
	TOTAL	484778020 *	100.00%	48477802	100.00%

* Face value split – From Rs 10 per share to Re 1 per share during this quarter

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