

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 3212.9 million for the quarter ended Dec, 2013 as compared to Rs 2894.0 million 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 113.6 million and Rs 1.37 million respectively for the quarter ended Dec, 2013 compared to Rs 99.1 million and Rs 1.24 million 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 9318.7 million for the nine months ended Dec, 2013 as compared to Rs 8050.2 million 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 113.6 million and Rs 1.33 million respectively for the nine months ended Dec, 2013 compared to Rs 99.1 million and Rs 1.15 million 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 million

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	17155.2	15332.4	11.89%	49895.0	45100.0	10.63%	61368.0
Interest Expended	10689.3	9390.4	13.83%	30062.0	28275.1	6.32%	38207.6
Net Interest Income	6465.9	5942.0	8.82%	19833.0	16824.9	17.88%	23160.4
Other Income	874.5	905.3	-3.40%	2791.6	2748.2	1.58%	4837.3
Operating Income	7340.4	6847.3	7.20%	22624.6	19573.1	15.59%	27997.7
Operating Expenses	2932.0	2499.6	17.30%	8441.5	6846.9	23.29%	9890.1
Operating Profit	4408.4	4347.7	1.40%	14183.1	12726.2	11.45%	18107.6
Provisions & Contingencies	-46.0	223.8	-	873.1	1055.6	-17.29%	2841.7
PBT	4454.4	4123.9	8.01%	13310.0	11670.6	14.05%	15265.9
Tax Provision	1241.5	1229.9	0.94%	3991.3	3620.4	10.24%	4714.9
Net Profit	3212.9	2894.0	11.02%	9318.7	8050.2	15.76%	10551.0
Share Capital	484.9	484.9	0.00%	484.9	484.9	0.00%	484.9
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 million

Particulars	As on Dec 31, 2013	As on Dec 31, 2012	% Change	As on March 31, 2013
Capital & Liabilities				
Capital	484.9	484.9	0.00%	484.9
Reserves & Surplus *	57480.8	48497.1	18.52%	48162.0
Deposits	631571.1	570745.5	10.66%	642206.2
Borrowings	11500.0	8008.7	43.59%	10750.0
Other Liabilities & Provisions	12667.0	10223.8	23.90%	15830.0
Total	713703.8	637960.0	11.87%	717433.1
Assets				
Cash & Bank Balance	25263.5	23827.5	6.03%	26951.5
Balance with Banks and Money at Call & Short Notice	9140.1	15295.6	-40.24%	27091.8
Investments	227135.1	226809.2	0.14%	257410.6
Advances	433178.4	356577.0	21.48%	392004.1
Fixed Assets	5100.4	4408.3	15.70%	4561.8
Other Assets	13886.3	11042.4	25.75%	9413.3
Total	713703.8	637960.0	11.87%	717433.1

* Includes Retained Earnings

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

Amount in Rupees million

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	12655.6	10895.0	16.16%	36939.1	31785.0	16.22%	43175.8
Investments	4344.4	4211.1	3.17%	12534.4	12598.6	-0.51%	17225.8
Inter Bank Funds	155.2	226.3	-31.42%	421.5	716.4	-41.16%	966.4
Total	17155.2	15332.4	11.89%	49895.0	45100.0	10.63%	61368.0

2. Interest Expended

Amount in Rupees million

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	10452.0	9181.1	13.84%	29310.0	27647.4	6.01%	37410.4
Borrowings	102.3	74.4	37.57%	347.0	222.7	55.81%	257.2
Others (Subordinated Debt)	135.0	135.0	0.00%	405.0	405.0	0.00%	540.0
Total	10689.3	9390.4	13.83%	30062.0	28275.1	6.32%	38207.6

3. Other Income

Amount in Rupees million

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	418.9	436.9	-4.12%	1236.3	1259.6	-1.85%	1695.5
Insurance Commission	74.2	64.5	15.04%	222.8	212.9	4.65%	374.1
Treasury / Trading Income	138.6	187.4	-26.04%	426.6	650.6	-34.43%	1493.1
Miscellaneous Income	242.8	216.5	12.15%	905.9	625.1	44.92%	1274.6
Total	874.5	905.3	-3.40%	2791.6	2748.2	1.58%	4837.3

4. Operating Expenses

Amount in Rupees million

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	1878.1	1638.0	14.66%	5402.1	4446.9	21.48%	6522.6
Rent, Taxes and Lightning	153.7	128.4	19.70%	426.6	373.9	14.09%	503.1
Printing & Stationery	21.7	19.8	9.60%	63.4	69.8	-9.17%	86.2
Advertisement & Publicity	29.9	20.0	49.50%	68.9	55.6	23.92%	102.6
Depreciation in Bank's Property	191.8	130.2	47.31%	521.7	345.8	50.87%	497.3
Directors' Fees, Allowances & Expenses	1.5	1.7	-11.76%	5.1	4.3	18.60%	6.5
Auditors' Fees & Expenses	25.0	22.4	11.61%	91.5	67.5	35.56%	93.5
Law Charges	4.9	7.7	-36.36%	10.9	16.9	-35.50%	20.4
Postage, Telegrams, Telephones etc	18.3	19.9	-8.04%	44.4	51.6	-13.95%	66.8
Repairs & Maintenance	31.5	29.5	6.78%	91.9	79.3	15.89%	116.6
Insurance	109.5	104.0	5.25%	348.3	296.4	17.51%	408.6
Other Expenditure	466.1	377.9	23.33%	1366.7	1038.9	31.55%	1466.0
Total	2932.0	2499.6	17.30%	8441.5	6846.9	23.29%	9890.1

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

Amount in Rupees million

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	1241.5	1229.9	0.94%	3991.3	3620.4	10.24%	4714.9
Provision for Bad & Doubtful Debts	-128.3	170.0	-175.5%	327.1	520.0	-37.10%	1583.0
Provision for Standard Advances	172.9			300.9			300.0
Provision for Depreciation on Investments	-49.8	1.0	-5080%	13.2	6.7	97.01%	149.2
Provision for Non Performing Investments	20.0			173.3	138.3	25.34%	310.5
Provision for Frauds/ Embezzlements	7.6	2.9	162.07%	18.5	6.8	172.06%	2.4
Contingencies		10.0			300.0		356.6
Provision for diminution in fair value of Restructured / Rescheduled advances	-68.5	39.8	-272%	40.0	83.8	-52.22%	128.4
Provision for Contingent Liabilities							11.7
Total	1195.5	1453.6	-17.76%	4864.4	4676.0	4.03%	7556.6

6. Deposits

Amount in Rupees million

Particulars	As on Dec 31, 2013	As on Dec 31, 2012	% Change	As on Mar 31, 2013
Demand Deposits	52982.5	50270.9	5.39%	64015.0
Saving Deposits	191925.5	174790.5	9.80%	187895.0
Term Deposits	386663.1	345684.1	11.85%	390296.2
Total	631571.1	570745.5	10.66%	642206.2

Movement in Gross NPA's

Amount in Rupees million

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	7089.3	5516.4	6437.7	5166.0	5166.0
Additions during the period	1475.9	1134.2	3437.8	2975.3	4550.0
Reductions					
Upgradations during the period	688.4	389.6	1342.6	1116.6	1047.0
Write off	72.2	23.6	118.8	53.7	870.3
Recoveries during the period	553.9	420.6	1163.4	1154.2	1361.0
Balance at the close of the period	7250.7	5816.8	7250.7	5816.8	6437.7

Movement in Restructured Assets

Amount in Rupees million

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	14954.6	15012.9	14904.8	13657.5	13657.5
Additions during the period	1373.9	7283.2	4240.4	9910.2	10610.1
Repayments / Reductions / Reclassification / Up gradations during the period	2170.9	2519.2	4987.6	3790.7	9362.8
Balance at the close of the period	14157.6	19776.9	14157.6	19776.9	14904.8

Incremental Growth in Deposits and Advances

Amount in Rupees million

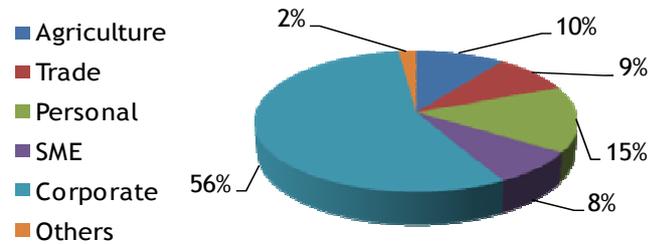
Particulars		As on Dec 31, 2013	As on Dec 31, 2012	Increment	% Change
Deposits	In J&K State	418934.3	372461.9	46472.4	12%
	In Rest of India	212636.8	198283.6	14353.2	7%
	Whole Bank	631571.1	570745.5	60825.6	11%
Gross Advances	In J&K State	186808.0	149985.8	36822.2	25%
	In Rest of India	256011.4	215484.6	40526.8	19%
	Whole Bank	442819.4	365470.4	77349.0	21%

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

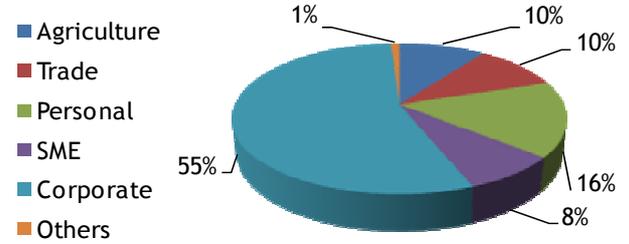
**Gross Advances –
Sector-wise (Dec 12)**

Bank as Whole

Gross Advances – Rs 442819 mn

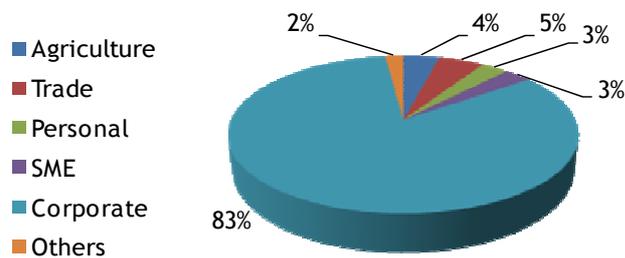


Gross Advances – Rs 365470 mn

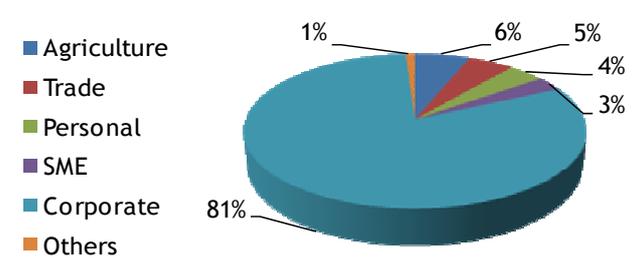


In Rest of India

Gross Advances – Rs 256011 mn

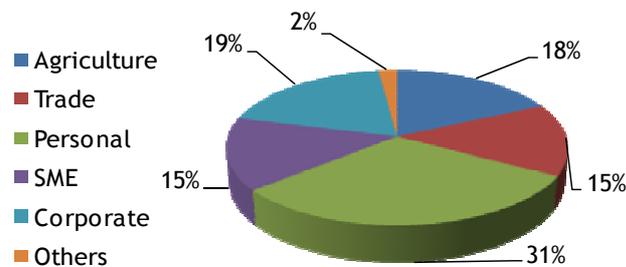


Gross Advances – Rs 215485 mn

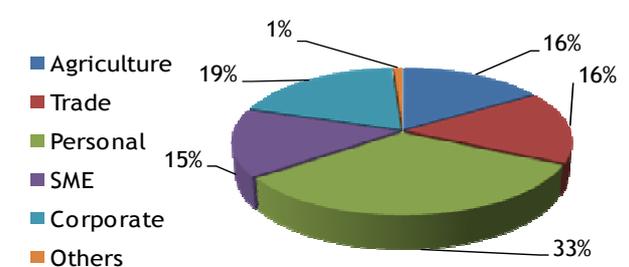


Within J&K State

Gross Advances – Rs 186808 mn



Gross Advances – Rs 149986 mn



Categorization of Investments (I)

Amount in Rupees million

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	138318.0	126723.5	9.15%	131643.2
□ Shares				206.3
□ Debentures & Bonds	1087.2	1686.4	-35.53%	1667.9
□ Subsidiaries & Joint Ventures	440.1	321.1	37.06%	321.1
□ Others	20750.1	23601.5	-12.08%	23411.5
Sub-Total	160595.4	152332.5	5.42%	157250.0
<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				341.5
□ Shares	21.4	36.8	-41.85%	4.8
□ Debentures & Bonds		153.6		646.4
□ Subsidiaries & Joint Ventures				
□ Others				
Sub-Total	21.4	190.4	-88.76%	992.7
<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	3615.8	3828.6	-5.56%	8685.9
□ Shares	2170.1	3163.9	-31.41%	1857.1
□ Debentures & Bonds	19531.0	20972.9	-6.88%	21321.1
□ Subsidiaries & Joint Ventures				
□ Others	41201.4	46320.9	-11.05%	67303.8
□ Debt / Money Market related MF's				
Sub-Total	66518.3	74286.3	-10.46%	99167.9
<i>Percentage of AFS to Total Investments</i>	<i>29.29%</i>	<i>32.75%</i>		<i>38.53%</i>
Total Investment	227135.1	226809.2	0.14%	257410.6

Categorization of Investments (II)

Amount in Rupees million

Particulars	As on Dec 31, 2013	As on Dec 31, 2012	% Change	As on Mar 31, 2013
SLR Securities	141933.8	130552.0	8.72%	140670.6
Non SLR Securities	85201.3	96257.2	-11.49%	116740.0
Total Investment	227135.1	226809.2	0.14%	257410.6
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 million)	113.6	99.1	113.6	99.1	110.1
Net Profit per Employee (In Rupees million)	0.34	0.31	0.99	0.86	
Annualized	1.37	1.24	1.33	1.15	1.12
Number of Employees	9375	9361	9375	9361	9400
Business Per Branch (In Rupees million)	1397.3	1392.4	1397.3	1392.4	1501.5
Net Profit per Branch (In Rs million) Ann.	16.9	17.4	16.3	16.1	15.3
Branches – Excluding Extension Counters, Controlling Offices & RCC's	762	666	762	666	689
Gross NPAs (In Rupees million)	7250.7	5816.8	7250.7	5816.8	6437.7
Net NPAs (In Rupees million)	969.0	495.1	969.0	495.1	552.7
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%

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