

**Earnings Update**  
Reviewed First Quarter Results  
*June 30, 2014*



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on August 13, 2014 took on record the Reviewed Financial Results for the First Quarter ended June 30, 2014.

**Performance Highlights for the quarter ended June 30, 2014:**

- Net Profit at Rs 130.05 crore for the quarter ended Jun, 2014 down by 57.77 % as compared to Rs 307.92 crore earned during the quarter ended Jun, 2013.
- EPS for the quarter ended Jun, 2014 at Rs 26.82 down 57.78 % from Rs 63.52 earned during the corresponding quarter of previous financial year.
- NIMs for the quarter ended Jun, 2014 at 3.63 % (annualized) vis-à-vis 4.20 % for the corresponding quarter of previous financial year.
- Post tax Return on Assets at 0.72 % (annualized) for the quarter ended Jun, 2014 compared to 1.89 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Jun, 2014 at 8.99 % compared to 24.54 % recorded for the corresponding quarter of last financial year.
- The Cost of Deposits (Annualized) for the quarter ended Jun, 2014 at 6.89 % compared to 6.55 % recorded for the corresponding quarter of last financial year.
- The Yield on Advances (annualized) for the quarter ended Jun, 2014 stood at 11.51 % as compared to 12.16 % for the quarter ended Jun, 2013.
- Business per Employee and Net profit per Employee (annualized) were at Rs 11.57 crore and Rs 5.57 lakh respectively for the quarter ended Jun, 2014 compared to Rs 10.32 crore and Rs 12.99 lakh pertaining to the quarter ended Jun, 2013.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Jun, 2014 at 4.16 % and 2.18 % respectively compared to 1.67 % and 0.14 % a year ago.
- NPA Coverage Ratio as on Jun, 2014 at 55.08 %.
- Cost to Income Ratio stood at 41.78 % for the quarter ended Jun, 2014 as compared to 35.62 % for the quarter ended Jun, 2013.
- Capital Adequacy Ratio (Basel III) stood at 12.93 % as on Jun, 2014 well above RBI stipulated norm of 9 %.

## Profit & Loss Account

Amount in Rupees crore

Particulars	Q 1 FY'14-15	Q 1 FY'13-14	% Change	Year ended Mar, '14
Interest Earned	1768.01	1624.24	8.85%	6767.00
Interest Expended	1130.31	969.35	16.60%	4082.52
<b>Net Interest Income</b>	<b>637.70</b>	<b>654.89</b>	-2.62%	<b>2684.48</b>
Other Income	130.99	92.23	42.03%	390.26
<b>Operating Income</b>	<b>768.69</b>	<b>747.12</b>	2.89%	<b>3074.74</b>
Operating Expenses	321.17	266.13	20.68%	1174.99
<b>Operating Profit</b>	<b>447.52</b>	<b>480.99</b>	-6.96%	<b>1899.75</b>
Provisions & Contingencies	246.77	36.23	581.12%	147.88
<b>PBT</b>	<b>200.75</b>	<b>444.76</b>	-54.86%	<b>1751.87</b>
Tax Provision	70.70	136.84	-48.33%	569.40
<b>Net Profit</b>	<b>130.05</b>	<b>307.92</b>	-57.77%	<b>1182.47</b>
Share Capital	48.49	48.49	0.00%	48.49
<b>EPS in Rs.</b>	<b>26.82</b>	<b>63.52</b>	-57.78%	<b>243.92</b>
<b>Net Interest Margins</b>	<b>0.91%</b>	<b>1.05%</b>	-	-
<b>Net Interest Margins (Ann.)</b>	<b>3.63%</b>	<b>4.20%</b>	-	<b>4.16%</b>

**Balance Sheet**

Amount in Rupees crore

Particulars	As on Jun 30, 2014	As on Jun 30, 2013	% Change	As on March 31, 2014
<b>Capital &amp; Liabilities</b>				
Capital	48.49	48.49	0.00%	48.49
Reserves & Surplus *	5805.17	5124.12	13.29%	5675.12
Deposits	63651.94	58601.09	8.62%	69335.86
Borrowings	1836.33	757.62	142.38%	1765.00
Other Liabilities & Provisions	1813.69	1216.05	49.15%	1795.26
<b>Total</b>	<b>73155.62</b>	<b>65747.37</b>	<b>11.27%</b>	<b>78619.73</b>
<b>Assets</b>				
Cash & Bank Balance	2689.14	2871.17	-6.34%	3045.59
Balance with Banks and Money at Call & Short Notice	1523.72	372.42	309.14%	1168.31
Investments	22747.68	21733.75	4.67%	26195.07
Advances	44430.73	39282.20	13.11%	46384.60
Fixed Assets	538.34	474.65	13.42%	533.81
Other Assets	1226.01	1013.18	21.01%	1292.35
<b>Total</b>	<b>73155.62</b>	<b>65747.37</b>	<b>11.27%</b>	<b>78619.73</b>

\* Includes Retained Earnings

## Break-up:

### 1. Interest Earned

Amount in Rupees crore

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	Year Ended Mar, 2014
On Loans & Advances	1279.74	1184.39	8.05%	5021.26
Investments	467.27	422.91	10.49%	1685.56
Inter Bank Funds	21.00	16.94	23.97%	60.18
<b>Total</b>	<b>1768.01</b>	<b>1624.24</b>	<b>8.85%</b>	<b>6767.00</b>

### 2. Interest Expended

Amount in Rupees crore

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	Year Ended Mar, 2014
Deposits	1099.79	944.95	16.39%	3978.37
Borrowings	17.02	10.90	56.15%	50.15
Others (Subordinated Debt)	13.50	13.50	0.00%	54.00
<b>Total</b>	<b>1130.31</b>	<b>969.35</b>	<b>16.60%</b>	<b>4082.52</b>

### 3. Other Income

Amount in Rupees crore

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	Year Ended Mar, 2014
Commission / Exchange	37.88	40.93	-7.45%	166.46
Insurance Commission	8.00	8.22	-2.68%	31.31
Treasury / Trading Income	27.99	19.46	43.83%	63.63
Miscellaneous Income	57.12	23.62	141.83%	128.87
<b>Total</b>	<b>130.99</b>	<b>92.23</b>	<b>42.03%</b>	<b>390.26</b>

### 4. Operating Expenses

Amount in Rupees crore

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	Year Ended Mar, 2014
Payment for Employees	205.96	175.64	17.26%	743.91
Rent, Taxes and Lightning	15.44	13.78	12.05%	59.54
Printing & Stationery	2.19	2.07	5.80%	8.48
Advertisement & Publicity	1.02	1.79	-43.02%	12.18
Depreciation in Bank's Property	17.26	10.78	60.11%	77.86
Directors' Fees, Allowances & Expenses	0.14	0.16	-12.50%	0.73
Auditors' Fees & Expenses	3.40	3.86	-11.92%	13.45
Law Charges	0.44	0.45	-2.22%	1.63
Postage, Telegrams, Telephones etc	1.56	1.09	43.12%	5.97
Repairs & Maintenance	2.33	3.19	-26.96%	12.16
Insurance	14.22	11.95	19.00%	45.81
Other Expenditure	57.21	41.37	38.29%	193.27
<b>Total</b>	<b>321.17</b>	<b>266.13</b>	<b>20.68%</b>	<b>1174.99</b>

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

Amount in Rupees crore

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	Year Ended Mar, 2014
Provision for Tax	70.70	136.84	-48.33%	569.40
Provision for Bad & Doubtful Debts	234.00	12.53	1767.52%	68.02
Provision for Standard Advances		4.30		51.85
Provision for Depreciation on Investments				
Provision for Non Performing Investments	12.75	12.50	2.00%	17.33
Provision for Frauds/ Embezzlements	0.02	0.83	-97.59%	2.08
Contingencies				
Provision for diminution in fair value of Restructured / Rescheduled advances		6.07		7.54
Provision for Contingent Liabilities				1.07
<b>Total</b>	<b>317.47</b>	<b>173.07</b>	<b>83.43%</b>	<b>717.28</b>

**6. Deposits**

Amount in Rupees crore

Particulars	As on Jun 30, 2014	As on Jun 30, 2013	% Change	As on Mar 31, 2014
Demand Deposits	6075.08	5133.76	18.34%	6839.82
Saving Deposits	19994.24	18445.09	8.40%	20243.44
Term Deposits	37582.62	35022.24	7.31%	42252.60
<b>Total</b>	<b>63651.94</b>	<b>58601.09</b>	<b>8.62%</b>	<b>69335.86</b>

### Movement in Gross NPA's

Amount in Rupees crore

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	FY ended Mar, 2014
Balance at the start of the period	783.42	643.77	21.69 %	643.77
Additions during the period	1160.72	82.70	1303.5 %	410.60
<b>Reductions</b>				
Up gradations during the period	17.61	29.48	-40.26 %	117.70
Write off	5.60	1.29	334.11 %	7.09
Recoveries during the period	32.94	30.27	8.82 %	146.16
Balance at the close of the period	1887.99	665.43	183.72 %	783.42

### Movement in Restructured Assets

Amount in Rupees crore

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	% Change	FY ended Mar, 2014
Balance at the start of the period	1575.97	1490.48	6 %	1490.48
Additions during the period	6.28	221.21	-97 %	663.71
Repayments / Reductions / Reclassification / Upgradations during the period, etc	191.83	23.86	703.98 %	578.22
Balance at the close of the period	1390.42	1687.83	-17.62 %	1575.97

### Incremental Growth in Deposits and Advances

Amount in Rupees crore

Particulars		As on Jun 30, 2014	As on Jun 30, 2013	Increment	% Change
Deposits	In J&K State	43981.32	39680.63	4300.69	11%
	In Rest of India	19670.63	18920.48	750.15	4%
	Whole Bank	63651.95	58601.11	5050.84	9%
Gross Advances	In J&K State	20404.25	16939.96	3464.29	20%
	In Rest of India	25281.48	23293.84	1987.64	9%
	Whole Bank	45685.73	40233.80	5451.93	14%

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

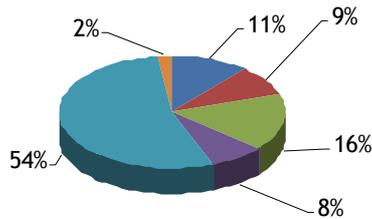
**Gross Advances –  
Sector-wise (Jun 13)**

**Bank as Whole**

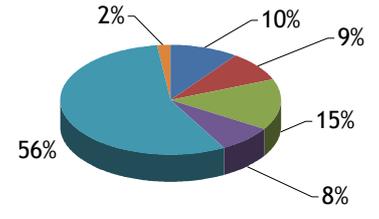
**Gross Advances – Rs 45686 cr**

**Gross Advances – Rs 40234 cr**

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



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

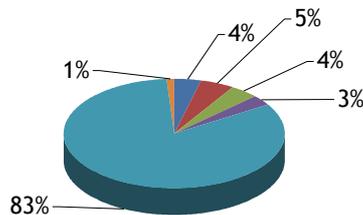


**In Rest of India**

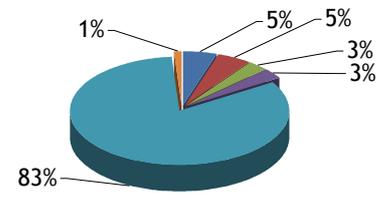
**Gross Advances – Rs 25281 cr**

**Gross Advances – Rs 23294 cr**

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



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

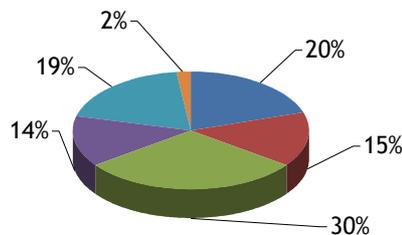


**Within J&K State**

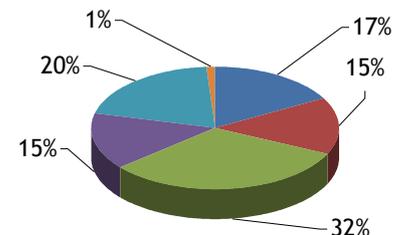
**Gross Advances – Rs 20404 cr**

**Gross Advances – Rs 16940 cr**

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



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



### Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Jun 30, 2014	As on Jun 30, 2013	% Change	As on Mar 31, 2014
<b>Held to Maturity (HTM)</b>				
<input type="checkbox"/> Government & Other Approved Securities	14292.86	13526.10	5.67%	14251.70
<input type="checkbox"/> Shares				
<input type="checkbox"/> Debentures & Bonds	28.11	142.11	-80.22%	47.82
<input type="checkbox"/> Subsidiaries & Joint Ventures	20.00	10.00	100.00%	44.01
<input type="checkbox"/> Others	2143.63	2022.16	6.01%	2179.36
<b>Sub-Total</b>	<b>16484.60</b>	<b>15700.37</b>	<b>4.99%</b>	<b>16522.89</b>
<i>Percentage of HTM to Total Investments</i>	<i>72.47%</i>	<i>72.24%</i>		<i>63.08%</i>
<b>Held for Trading (HFT)</b>				
<input type="checkbox"/> Government & Other Approved Securities				
<input type="checkbox"/> Shares	0.83	0.73	13.70%	1.24
<input type="checkbox"/> Debentures & Bonds				
<input type="checkbox"/> Subsidiaries & Joint Ventures				
<input type="checkbox"/> Others				
<b>Sub-Total</b>	<b>0.83</b>	<b>0.73</b>	<b>13.70%</b>	<b>1.24</b>
<i>Percentage of HFT to Total Investments</i>	<i>0.00%</i>	<i>0.003%</i>		<i>0.00%</i>
<b>Available for Sale (AFS)</b>				
<input type="checkbox"/> Government & Other Approved Securities	361.48	282.55	27.93%	703.24
<input type="checkbox"/> Shares	214.89	206.95	3.84%	215.35
<input type="checkbox"/> Debentures & Bonds	1864.45	2020.54	-7.73%	1984.48
<input type="checkbox"/> Subsidiaries & Joint Ventures				
<input type="checkbox"/> Others	3821.43	3522.61	8.48%	6767.87
<input type="checkbox"/> Debt / Money Market related MF's				
<b>Sub-Total</b>	<b>6262.25</b>	<b>6032.65</b>	<b>3.81%</b>	<b>9670.94</b>
<i>Percentage of AFS to Total Investments</i>	<i>27.53%</i>	<i>27.76%</i>		<i>36.92%</i>
<b>Total Investment</b>	<b>22747.68</b>	<b>21733.75</b>	<b>4.67%</b>	<b>26195.07</b>

### Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Jun 30, 2014	As on Jun 30, 2013	% Change	As on Mar 31, 2014
SLR Securities	14654.34	13808.65	6.12%	14954.95
Non SLR Securities	8093.34	7925.10	2.12%	11240.12
<b>Total Investment</b>	<b>22747.68</b>	<b>21733.75</b>	<b>4.67%</b>	<b>26195.07</b>
SLR Securities as % age to total Investments	64.42%	63.54%	-	57.09%
Non SLR Securities as % age to total Investments	35.58%	36.46%	-	42.91%

### Analytical Ratios:

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	Year Ended Mar 2014
Net Interest Margins (%) *	0.91	1.05	
<b>Annualized</b>	<b>3.63</b>	<b>4.20</b>	<b>4.16</b>
Yield on Advances (%) *	2.88	3.04	
<b>Annualized</b>	<b>11.51</b>	<b>12.16</b>	<b>12.23</b>
Yield on Investments (%) *	1.92	1.84	
<b>Annualized</b>	<b>7.70</b>	<b>7.36</b>	<b>7.39</b>
Cost of Deposits (%) *	1.72	1.64	
<b>Annualized</b>	<b>6.89</b>	<b>6.55</b>	<b>6.70</b>
Post Tax Return on Assets (%)	0.18	0.47	
<b>Annualized</b>	<b>0.72</b>	<b>1.89</b>	<b>1.74</b>
Post Tax Return on Average Networth (%)*	2.25	6.14	
<b>Annualized</b>	<b>8.99</b>	<b>24.54</b>	<b>22.34</b>
Cost to Income Ratio (%)	41.78	35.62	38.21
Credit / Deposit (CD) Ratio (%)	69.80	67.03	66.90
CASA Ratio (%)	40.96	40.24	39.06
Business per Employee (In Rupees crore)	11.57	10.32	12.35
Net Profit per Employee (In Rupees lakh)	1.39	3.25	
<b>Annualized</b>	<b>5.57</b>	<b>12.99</b>	<b>12.62</b>
Number of Employees	9342	9384	9371
Business Per Branch (In Rupees crore)	135.27	140.84	148.17
Net Profit per Branch (In Rs cr)	<b>Annualized</b>	<b>0.65</b>	<b>1.77</b>
Branches – Excluding Extension Counters, Controlling Offices & RCC's	799	695	781
Gross NPAs (In Rupees crore)	1887.99	665.43	783.42
Net NPAs (In Rupees crore)	968.49	56.12	101.99
Gross NPA Ratio (%)	4.16	1.67	1.66
Net NPA Ratio (%)	2.18	0.14	0.22
NPA Coverage Ratio (%)	55.08	94.01	90.30
Capital Adequacy Ratio (%) Basel II	<b>13.28</b>	<b>13.85</b>	<b>12.91</b>
i. Tier I	11.65	11.82	11.24
ii. Tier II	1.63	2.03	1.67
Capital Adequacy Ratio (%) Basel III	<b>12.93</b>	<b>13.59</b>	<b>12.69</b>
i. Tier I	11.49	11.67	11.22
ii. Tier II	1.44	1.92	1.47
Earning per Share (In Rupees)	26.82	63.52	
<b>Annualized</b>	<b>107.30</b>	<b>254.07</b>	<b>243.92</b>
Net Asset Value (In Rupees)	1207.49	1067.01	1180.67
Adjusted Book Value (In Rupees)	1007.71	1055.43	1159.63
Dividend Payout Ratio (%)	-	-	20.50
Dividend Yield (%)	-	-	2.65

\* Ratios calculated on Fortnightly average balances

### Shareholding Pattern as on August 08, 2014 vis-à-vis August 09, 2013:

S No.	PARTICULARS	Number of Shares Held as on Aug 8, 2014	% to Capital	Number of Shares Held as on Aug 9, 2013	% to Capital
1.	GOVERNMENT OF J&K	25775266	53.17%	25775266	53.17%
2.	INDIAN MUTUAL FUNDS	1131724	2.33%	2055121	4.24%
3.	INSURANCE COMPANIES	215608	0.44%	215608	0.44%
4.	BANKS	14695	0.03%	9215	0.02%
5.	NON RESIDENT INDIANS	291592	0.60%	273489	0.56%
6.	FOREIGN INST. INVESTORS	14546722	30.01%	12797892	26.40%
7.	BODIES CORPORATES	1289138	2.66%	1897580	3.91%
8.	RESIDENT INDIVIDUALS	5095569	10.51%	5397586	11.13%
9.	CLEARING MEMBERS	117488	0.24%	56045	0.12%
	<b>TOTAL</b>	<b>48477802</b>	<b>100.00%</b>	<b>48477802</b>	<b>100.00%</b>

For more information, contact:

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