

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 1300.5 million for the quarter ended Jun, 2014 down by 57.77 % as compared to Rs 3079.2 million 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 115.7 million and Rs 0.56 million respectively for the quarter ended Jun, 2014 compared to Rs 103.2 million and Rs 1.30 million 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 million

Particulars	Q 1 FY'14-15	Q 1 FY'13-14	% Change	Year ended Mar, '14
Interest Earned	17680.1	16242.4	8.85%	67670.0
Interest Expended	11303.1	9693.5	16.60%	40825.2
Net Interest Income	6377.0	6548.9	-2.62%	26844.8
Other Income	1309.9	922.3	42.03%	3902.6
Operating Income	7686.9	7471.2	2.89%	30747.4
Operating Expenses	3211.7	2661.3	20.68%	11749.9
Operating Profit	4475.2	4809.9	-6.96%	18997.5
Provisions & Contingencies	2467.7	362.3	581.12%	1478.8
PBT	2007.5	4447.6	-54.86%	17518.7
Tax Provision	707.0	1368.4	-48.33%	5694.0
Net Profit	1300.5	3079.2	-57.77%	11824.7
Share Capital	484.9	484.9	0.00%	484.9
EPS in Rs.	26.82	63.52	-57.78%	243.92
Net Interest Margins	0.91%	1.05%	-	-
Net Interest Margins (Ann.)	3.63%	4.20%	-	4.16%

Balance Sheet

Amount in Rupees million

Particulars	As on Jun 30, 2014	As on Jun 30, 2013	% Change	As on March 31, 2014
Capital & Liabilities				
Capital	484.9	484.9	0.00%	484.9
Reserves & Surplus *	58051.7	51241.2	13.29%	56751.2
Deposits	636519.4	586010.9	8.62%	693358.6
Borrowings	18363.3	7576.2	142.38%	17650.0
Other Liabilities & Provisions	18136.9	12160.5	49.15%	17952.6
Total	731556.2	657473.7	11.27%	786197.3
Assets				
Cash & Bank Balance	26891.4	28711.7	-6.34%	30455.9
Balance with Banks and Money at Call & Short Notice	15237.2	3724.2	309.14%	11683.1
Investments	227476.8	217337.5	4.67%	261950.7
Advances	444307.3	392822.0	13.11%	463846.0
Fixed Assets	5383.4	4746.5	13.42%	5338.1
Other Assets	12260.1	10131.8	21.01%	12923.5
Total	731556.2	657473.7	11.27%	786197.3

* Includes Retained Earnings

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

Amount in Rupees million

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	Year Ended Mar, 2014
On Loans & Advances	12797.4	11843.9	8.05%	50212.6
Investments	4672.7	4229.1	10.49%	16855.6
Inter Bank Funds	210.0	169.4	23.97%	601.8
Total	17680.1	16242.4	8.85%	67670.0

2. Interest Expended

Amount in Rupees million

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	Year Ended Mar, 2014
Deposits	10997.9	9449.5	16.39%	39783.7
Borrowings	170.2	109.0	56.15%	501.5
Others (Subordinated Debt)	135.0	135.0	0.00%	540.0
Total	11303.1	9693.5	16.60%	40825.2

3. Other Income

Amount in Rupees million

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	Year Ended Mar, 2014
Commission / Exchange	378.8	409.3	-7.45%	1664.6
Insurance Commission	80.0	82.2	-2.68%	313.1
Treasury / Trading Income	279.9	194.6	43.83%	636.3
Miscellaneous Income	571.2	236.2	141.83%	1288.7
Total	1309.9	922.3	42.03%	3902.6

4. Operating Expenses

Amount in Rupees million

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	Year Ended Mar, 2014
Payment for Employees	2059.6	1756.4	17.26%	7439.1
Rent, Taxes and Lightning	154.4	137.8	12.05%	595.4
Printing & Stationery	21.9	20.7	5.80%	84.8
Advertisement & Publicity	10.2	17.9	-43.02%	121.8
Depreciation in Bank's Property	172.6	107.8	60.11%	778.6
Directors' Fees, Allowances & Expenses	1.4	1.6	-12.50%	7.3
Auditors' Fees & Expenses	34.0	38.6	-11.92%	134.5
Law Charges	4.4	4.5	-2.22%	16.3
Postage, Telegrams, Telephones etc	15.6	10.9	43.12%	59.7
Repairs & Maintenance	23.3	31.9	-26.96%	121.6
Insurance	142.2	119.5	19.00%	458.1
Other Expenditure	572.1	413.7	38.29%	1932.7
Total	3211.7	2661.3	20.68%	11749.9

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

Amount in Rupees million

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	Year Ended Mar, 2014
Provision for Tax	707.0	1368.4	-48.33%	5694.0
Provision for Bad & Doubtful Debts	2340.0	125.3	1767.52%	680.2
Provision for Standard Advances		43.0		518.5
Provision for Non Performing Investments	127.5	125.0	2.00%	173.3
Provision for Frauds/ Embezzlements	0.2	8.3	-97.59%	20.8
Contingencies				
Provision for diminution in fair value of Restructured / Rescheduled advances		60.7		75.4
Provision for Contingent Liabilities				10.7
Total	3174.7	1730.7	83.43%	7172.8

6. Deposits

Amount in Rupees million

Particulars	As on Jun 30, 2014	As on Jun 30, 2013	% Change	As on Mar 31, 2014
Demand Deposits	60750.8	51337.6	18.34%	68398.2
Saving Deposits	199942.4	184450.9	8.40%	202434.4
Term Deposits	375826.2	350222.4	7.31%	422526.0
Total	636519.4	586010.9	8.62%	693358.6

Movement in Gross NPA's

Amount in Rupees million

Particulars	Q 1 FY '14-15	Q 1 FY '13-14	% Change	FY ended Mar, 2014
Balance at the start of the period	7834.2	6437.7	21.69 %	6437.7
Additions during the period	11607.2	827.0	1303.5 %	4106.0
Reductions				
Up gradations during the period	176.1	294.8	-40.26 %	1177.0
Write off	56.0	12.9	334.11 %	70.9
Recoveries during the period	329.4	302.7	8.82 %	1461.6
Balance at the close of the period	18879.9	6654.3	183.72 %	7834.2

Movement in Restructured Assets

Amount in Rupees million

Particulars	Q 1 FY '13-14	Q 1 FY '12-13	% Change	FY ended Mar, 2014
Balance at the start of the period	15759.7	14904.8	6 %	14904.8
Additions during the period	62.8	2212.1	-97 %	6637.1
Repayments / Reductions / Reclassification / Upgradations during the period, etc	1918.3	238.6	703.98 %	5782.2
Balance at the close of the period	13904.2	16878.3	-17.62 %	15759.7

Incremental Growth in Deposits and Advances

Amount in Rupees million

Particulars		As on Jun 30, 2014	As on Jun 30, 2013	Increment	% Change
Deposits	In J&K State	439813.2	396806.3	43006.9	11%
	In Rest of India	196706.3	189204.8	7501.5	4%
	Whole Bank	636519.5	586011.1	50508.4	9%
Gross Advances	In J&K State	204042.5	169399.6	34642.9	20%
	In Rest of India	252814.8	232938.4	19876.4	9%
	Whole Bank	456857.3	402338.0	54519.3	14%

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

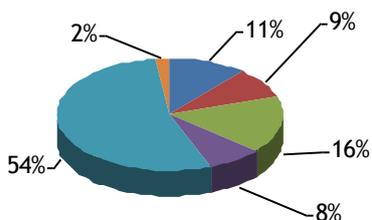
**Gross Advances –
Sector-wise (Jun 13)**

Bank as Whole

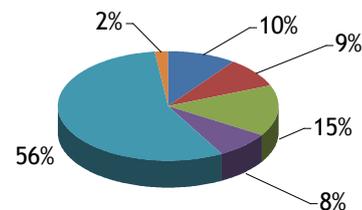
Gross Advances – Rs 456857 mn

Gross Advances – Rs 402338 mn

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



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

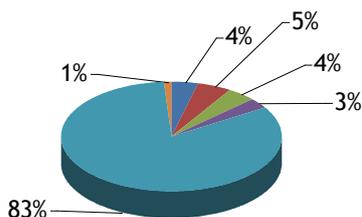


In Rest of India

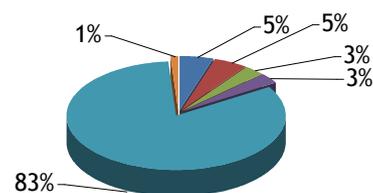
Gross Advances – Rs 252815 mn

Gross Advances – Rs 232938 mn

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



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

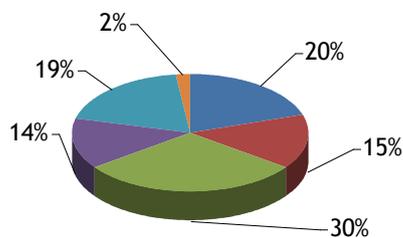


Within J&K State

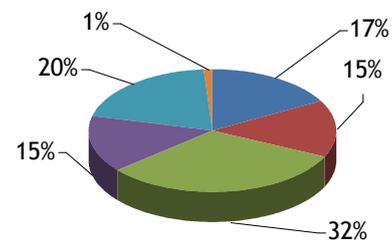
Gross Advances – Rs 204043 mn

Gross Advances – Rs 169400 mn

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



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



Categorization of Investments (I)

Amount in Rupees million

Particulars	As on Jun 30, 2014	As on Jun 30, 2013	% Change	As on Mar 31, 2014
Held to Maturity (HTM)				
☐ Government & Other Approved Securities	142928.6	135261.0	5.67%	142517.0
☐ Shares				
☐ Debentures & Bonds	281.1	1421.1	-80.22%	478.2
☐ Subsidiaries & Joint Ventures	200.0	100.0	100.00%	440.1
☐ Others	21436.3	20221.6	6.01%	21793.6
Sub-Total	164846.0	157003.7	4.99%	165228.9
<i>Percentage of HTM to Total Investments</i>	<i>72.47%</i>	<i>72.24%</i>		<i>63.08%</i>
Held for Trading (HFT)				
☐ Government & Other Approved Securities				
☐ Shares	8.3	7.3	13.70%	12.4
☐ Debentures & Bonds				
☐ Subsidiaries & Joint Ventures				
☐ Others				
Sub-Total	8.3	7.3	13.70%	12.4
<i>Percentage of HFT to Total Investments</i>	<i>0.00%</i>	<i>0.003%</i>		<i>0.00%</i>
Available for Sale (AFS)				
☐ Government & Other Approved Securities	3614.8	2825.5	27.93%	7032.4
☐ Shares	2148.9	2069.5	3.84%	2153.5
☐ Debentures & Bonds	18644.5	20205.4	-7.73%	19844.8
☐ Subsidiaries & Joint Ventures				
☐ Others	38214.3	35226.1	8.48%	67678.7
☐ Debt / Money Market related MF's				
Sub-Total	62622.5	60326.5	3.81%	96709.4
<i>Percentage of AFS to Total Investments</i>	<i>27.53%</i>	<i>27.76%</i>		<i>36.92%</i>
Total Investment	227476.8	217337.5	4.67%	261950.7

Categorization of Investments (II)

Amount in Rupees million

Particulars	As on Jun 30, 2014	As on Jun 30, 2013	% Change	As on Mar 31, 2014
SLR Securities	146543.4	138086.5	6.12%	149549.5
Non SLR Securities	80933.4	79251.0	2.12%	112401.2
Total Investment	227476.8	217337.5	4.67%	261950.7
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	
Annualized	3.63	4.20	4.16
Yield on Advances (%) *	2.88	3.04	
Annualized	11.51	12.16	12.23
Yield on Investments (%) *	1.92	1.84	
Annualized	7.70	7.36	7.39
Cost of Deposits (%) *	1.72	1.64	
Annualized	6.89	6.55	6.70
Post Tax Return on Assets (%)	0.18	0.47	
Annualized	0.72	1.89	1.74
Post Tax Return on Average Networth (%)*	2.25	6.14	
Annualized	8.99	24.54	22.34
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 million)	115.7	103.2	123.5
Net Profit per Employee (In Rupees million)	0.14	0.33	
Annualized	0.56	1.30	1.26
Number of Employees	9342	9384	9371
Business Per Branch (In Rupees million)	1352.7	1408.4	1481.7
Net Profit per Branch (In Rs million)			
Annualized	6.51	17.72	15.10
Branches – Excluding Extension Counters, Controlling Offices & RCC's	799	695	781
Gross NPAs (In Rupees million)	18879.9	6654.3	7834.2
Net NPAs (In Rupees million)	9684.9	561.2	1019.9
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	13.28	13.85	12.91
i. Tier I	11.65	11.82	11.24
ii. Tier II	1.63	2.03	1.67
Capital Adequacy Ratio (%) Basel III	12.93	13.59	12.69
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	
Annualized	107.30	254.07	243.92
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%
	TOTAL	48477802	100.00%	48477802	100.00%

For more information, contact:

Parvez Ahmad,
 Executive President,
 J & K Bank Ltd., Corporate Headquarters,
 M.A.Road, Srinagar, 190 001.
 Email: parvez.ahd@gmail.com