

Earnings Update

Reviewed Third Quarter & Nine Month Results

December 31, 2015



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on February 11, 2016 took on record the Reviewed Financial Results for the Third Quarter ended December 31, 2015.

Performance Highlights for the quarter ended December 31, 2015:

- Net Profit at Rs 117.68 crore for the quarter ended Dec, 2015 as compared to Rs 104.64 crore earned during the quarter ended Dec, 2014.
- EPS for the quarter ended Dec, 2015 at Rs 2.43 compared to Rs 2.16 earned during the corresponding quarter of previous financial year.
- NIMs for the quarter ended Dec, 2015 at 3.85 % (annualized) vis-à-vis 3.66 % for the corresponding quarter of previous financial year.
- Post tax Return on Assets at 0.65 % (annualized) for the quarter ended Dec, 2015 compared to 0.57 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Dec, 2015 at 7.22 % compared to 6.89 % recorded for the corresponding quarter of last financial year.
- The Cost of Deposits (annualized) for the quarter ended Dec, 2015 at 6.38 % compared to 6.71 % recorded for the corresponding quarter of last financial year.
- The Yield on Advances (annualized) for the quarter ended Dec, 2015 stood at 10.91 % as compared to 11.29 % for the quarter ended Dec, 2014.
- Business per Employee and Net profit per Employee (annualized) were at Rs 11.24 crore and Rs 4.76 lakh respectively for the quarter ended Dec, 2015 compared to Rs 11.63 crore and Rs 4.50 lakh pertaining to the quarter ended Dec, 2014.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Dec, 2015 at 6.81 % and 2.60 % respectively compared to 5.81 % and 3.22 % a year ago.
- NPA Coverage Ratio as on Dec, 2015 at 66.18 % as compared to 51.00 % a year ago.
- Cost to Income Ratio stood at 49.64 % for the quarter ended Dec, 2015 as compared to 48.47 % for the quarter ended Dec, 2014.
- Capital Adequacy Ratio (Basel III) stood at 12.49 % as on Dec, 2015 which was recorded at 12.78 % as on Dec, 2014.

The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on February 11, 2016 took on record the Reviewed Financial Results for the Nine Months ended December 31, 2015.

Performance Highlights for the nine months ended December 31, 2015:

- Net Profit at Rs 472.06 crore for the nine months ended Dec, 2015 as compared to Rs 406.99 crore earned during the nine months ended Dec, 2014.
- EPS for the nine months ended Dec, 2015 at Rs 9.74 compared to Rs 8.40 earned during the corresponding nine months of previous financial year.
- NIMs for the nine months ended Dec, 2015 at 3.93 % (annualized) vis-à-vis 3.77 % for the corresponding nine months of previous financial year.
- Post tax Return on Assets at 0.88 % (annualized) for the nine months ended Dec, 2015 compared to 0.75 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the nine months ended Dec, 2015 at 9.92 % compared to 9.16 % recorded for the corresponding nine months of last financial year.
- The Cost of Deposits (annualized) for the nine months ended Dec, 2015 at 6.40 % compared to 6.79 % recorded for the corresponding nine months of last financial year.
- The Yield on Advances (annualized) for the nine months ended Dec, 2015 stood at 11.17 % as compared to 11.58 % for the nine months ended Dec, 2014.
- Business per Employee and Net profit per Employee (annualized) were at Rs 11.24 crore and Rs 6.37 lakh respectively for the nine months ended Dec, 2015 compared to Rs 11.63 crore and Rs 5.83 lakh pertaining to the Nine months ended Dec, 2014.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Dec, 2015 at 6.81 % and 2.60 % respectively compared to 5.81 % and 3.22 % a year ago.
- NPA Coverage Ratio as on Dec, 2015 at 66.18 % as compared to 51.00 % a year ago.
- Cost to Income Ratio stood at 46.99 % for the nine months ended Dec, 2015 as compared to 44.81 % for the nine months ended Dec, 2014.
- Capital Adequacy Ratio (Basel III) stood at 12.49 % as on Dec, 2015 which was recorded at 12.78 % as on Dec, 2014.

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 3 FY '15-16	Q 3 FY '14-15	% Change	9 Mth '15-16	9 Mth '14-15	% Change	Year ended Mar, '15
Interest Earned	1703.36	1749.62	-2.64%	5177.41	5316.16	-2.61%	7061.13
Interest Expended	1029.69	1110.92	-7.31%	3114.43	3347.82	-6.97%	4410.22
Net Interest Income	673.67	638.70	5.48%	2062.98	1968.34	4.81%	2650.91
Other Income	102.72	99.82	2.91%	364.86	315.44	15.67%	593.97
Operating Income	776.39	738.52	5.13%	2427.84	2283.78	6.31%	3244.88
Operating Expenses	385.38	357.99	7.65%	1140.81	1023.41	11.47%	1409.05
Operating Profit	391.01	380.53	2.75%	1287.03	1260.37	2.12%	1835.83
Provisions & Contingencies	239.67	220.39	8.75%	579.12	634.76	-8.77%	1015.52
PBT	151.34	160.14	-5.50%	707.91	625.61	13.16%	820.31
Tax Provision	33.66	55.50	-39.35%	235.85	218.62	7.88%	311.71
Net Profit	117.68	104.64	12.46%	472.06	406.99	15.99%	508.60
Share Capital	48.49	48.49	0.00%	48.49	48.49	0.00%	48.49
EPS in Rs.	2.43	2.16	12.50%	9.74	8.40	15.95%	10.49
Net Interest Margins	0.96%	0.92%	-	2.95%	2.83%	-	-
Net Interest Margins (Ann.)	3.85%	3.66%	-	3.93%	3.77%	-	3.81%

Balance Sheet

Amount in Rupees crore

Particulars	As on Dec 31, 2015	As on Dec 31, 2014	% Change	As on March 31, 2015
Capital & Liabilities				
Capital	48.49	48.49	0.00%	48.49
Reserves & Surplus *	6533.62	6082.11	7.42%	6061.56
Deposits	64363.57	63906.34	0.72%	65756.19
Borrowings	2063.29	2680.00	-23.01%	2339.67
Other Liabilities & Provisions	1515.97	1660.88	-8.72%	1879.54
Total	74524.94	74377.82	0.20%	76085.45
Assets				
Cash & Bank Balance	2539.05	2756.34	-7.88%	2373.06
Balance with Banks and Money at Call & Short Notice	274.71	679.78	-59.59%	1360.71
Investments **	20305.62	22434.26	-9.49%	22914.30
Advances	46718.26	44360.84	5.31%	44585.82
Fixed Assets	733.89	553.37	32.62%	688.91
Other Assets **	3953.41	3593.23	10.02%	4162.65
Total	74524.94	74377.82	0.20%	76085.45

* Includes Retained Earnings

** In terms of RBI circular DBR.BP.BC No.31/21.04.018/2015-16 dated 16th July 2015, the bank has, effective from quarter ended 30th June 2015, included its deposits placed with NABARD, SIDBI and NHB on account of shortfall in lending to priority sector under "Other Assets" hitherto these were included under investments. Interest income on these deposits has been included under "Interest earned others". Hitherto such interest income was included under "Interest earned - income on investments". Figures for the previous periods have been regrouped / reclassified to conform to current period's classification. The above reclassification has no impact on the profit/loss of the bank for the quarter and nine months ended 31st December 2015 or on the profit/ loss for the previous periods presented.

Break-up:

1. Interest Earned

Amount in Rupees crore

Particulars	Q3 FY '15-16	Q3 FY '14-15	% Change	9 Mth FY '15-16	9 Mth FY '14-15	% Change	Year Ended Mar, 2015
On Loans & Advances	1268.63	1263.51	0.41%	3803.01	3882.29	-2.04%	5161.03
Investments **	398.25	436.70	-8.80%	1264.49	1311.10	-3.56%	1741.25
Inter Bank Funds **	36.48	49.41	-26.17%	109.91	122.77	-10.47%	158.85
Total	1703.36	1749.62	-2.64%	5177.41	5316.16	-2.61%	7061.13

2. Interest Expended

Amount in Rupees crore

Particulars	Q3 FY '15-16	Q3 FY '14-15	% Change	9 Mth FY '15-16	9 Mth FY '14-15	% Change	Year Ended Mar, 2015
Deposits	1001.03	1050.57	-4.72%	2995.03	3200.93	-6.43%	4205.17
Borrowings	15.16	46.85	-67.64%	78.90	106.39	-25.84%	151.05
Others (Subordinated Debt)	13.50	13.50	0.00%	40.50	40.50	0.00%	54.00
Total	1029.69	1110.92	-7.31%	3114.43	3347.82	-6.97%	4410.22

3. Other Income

Amount in Rupees crore

Particulars	Q3 FY '15-16	Q3 FY '14-15	% Change	9 Mth FY '15-16	9 Mth FY '14-15	% Change	Year Ended Mar, 2015
Commission / Exchange	46.94	45.55	3.05%	138.10	121.62	13.55%	169.64
Insurance Commission	9.76	6.96	40.23%	29.60	21.35	38.64%	33.42
Treasury / Trading Income	21.24	15.27	39.10%	105.78	61.75	71.30%	116.02
Miscellaneous Income	24.78	32.04	-22.66%	91.38	110.72	-17.47%	274.89
Total	102.72	99.82	2.91%	364.86	315.44	15.67%	593.97

4. Operating Expenses

Amount in Rupees crore

Particulars	Q3 FY '15-16	Q3 FY '14-15	% Change	9 Mth FY '15-16	9 Mth FY '14-15	% Change	Year Ended Mar, 2015
Payment for Employees	253.55	231.47	9.54%	761.09	665.20	14.42%	894.03
Rent, Taxes and Lightning	17.97	16.09	11.68%	54.12	48.20	12.28%	66.62
Printing & Stationery	2.17	2.42	-10.33%	6.77	7.07	-4.24%	9.67
Advertisement & Publicity	2.37	1.70	39.41%	6.25	3.84	62.76%	9.31
Depreciation in Bank's Property	16.01	21.14	-24.27%	47.17	56.58	-16.63%	94.50
Directors' Fees, Allowances & Expenses	0.26	0.20	30.00%	0.58	0.57	1.75%	0.71
Auditors' Fees & Expenses	3.40	3.40	0.00%	10.20	10.20	0.00%	13.67
Law Charges	1.99	0.63	215.87%	4.97	1.45	242.76%	2.82
Postage, Telegrams, Telephones etc	1.23	0.95	29.47%	4.42	4.35	1.61%	5.71
Repairs & Maintenance	3.15	3.29	-4.26%	9.05	8.08	12.00%	11.37
Insurance	14.23	13.20	7.80%	43.26	41.63	3.92%	55.52
Other Expenditure	69.05	63.50	8.74%	192.93	176.24	9.47%	245.12
Total	385.38	357.99	7.65%	1140.81	1023.41	11.47%	1409.05

Break-up:

5. Provisions & Contingencies

Amount in Rupees crore

Particulars	Q3 FY '15-16	Q3 FY '14-15	% Change	9 Mth FY '15-16	9 Mth FY '14-15	% Change	Year Ended Mar, 2015
Provision for Tax	33.66	55.50	-39.35%	235.85	218.62	7.88%	311.71
Provision for Bad & Doubtful Debts	287.50	138.56	107.49%	558.64	529.56	5.49%	813.18
Provision for Standard Advances	0.89	17.51	-94.92%	4.05	17.51	-76.87%	44.64
Provision for Depreciation on Investments	-0.10	-1.25	92.00%				
Provision for Non Performing Investments	3.97			15.61	15.58	0.19%	20.97
Provision for Frauds/ Embezzlements	-0.09			0.68	0.23	195.65%	0.43
Contingencies	-52.50						
Provision for diminution in fair value of Restructured / Rescheduled advances		65.57		0.14	71.88	-99.81%	134.39
Provision for Contingent Liabilities							1.90
Total	273.33	275.89	-0.93%	814.97	853.38	-4.50%	1327.23

6. Deposits

Amount in Rupees crore

Particulars	As on Dec 31, 2015	As on Dec 31, 2014	% Change	As on Mar 31, 2015
Demand Deposits	5673.49	5893.95	-3.74%	6546.87
Saving Deposits	21787.47	20605.08	5.74%	20929.52
Term Deposits	36902.61	37407.30	-1.35%	38279.80
Total	64363.57	63906.33	0.72%	65756.19

Geographical Break-up

S. No.	Particulars	Amount in Rupees Crore			
		From J&K State		From Rest of India	
		Amount	% age	Amount	% age
1	Deposits	49362	77 %	15001	23 %
2	CASA Ratio	-	51.20%	-	14.57%
3	Gross Advances	25131	51 %	24143	49 %
4	Number of Branches	717	86 %	118	14 %
5	Number of ATM's	918	92 %	82	8 %

Movement in Gross NPA's

Amount in Rupees crore

Particulars	Q3 FY '15-16	Q3 FY '14-15	% Change	9 Mth FY '15-16	9 Mth FY '14-15	% Change	Year Ended Mar, 2015
Balance at the start of the period	3081.68	2186.94	40.91%	2764.08	783.42	252.82%	783.42
Additions during the period	331.22	576.48	-42.54%	903.41	2114.58	-57.28%	2525.80
Reductions							
Up gradations during the period	31.21	49.50	-36.95%	142.49	109.02	30.70%	343.77
Write off	1.57	4.86	-67.70%	6.61	16.94	-60.98%	24.94
Recoveries during the period	40.66	51.18	-20.55%	178.93	114.16	56.74%	176.43
Balance at the close of the period	3339.46	2657.88	25.64%	3339.46	2657.88	25.64%	2764.08

Movement in Restructured Assets

Amount in Rupees crore

Particulars	Q3 FY '15-16	Q3 FY '14-15	% Change	9 Mth FY '15-16	9 Mth FY '14-15	% Change	Year Ended Mar, 2015
Balance at the start of the period	2486.23	1269.30	95.87%	2467.33	1575.97	56.56%	1575.97
Additions during the period	0.00	502.88		26.21	639.37		1352.34
Repayments / Reductions / Reclassification / Upgradations, etc, Net off Additional Disbursements during the period(#)	18.52	32.14		11.21	411.02		460.98
Balance at the close of the period	2504.75	1804.32	38.82%	2504.75	1804.32	38.82%	2467.33

The figures represent accretion during the reporting period, where Additional Disbursements exceed repayments/upgradations etc and decrction where Additional Disbursements do not exceed them

Flexible Structuring / Strategic Debt Restructuring

During the current financial year Flexible Structuring has been done in four accounts in Infrastructure / Steel sectors, having aggregate outstanding balance of Rs 1002 crore. Further, Strategic Debt Restructuring has been invoked in four accounts with an aggregate balance outstanding of Rs 767 crore.

Break-up of Deposits :

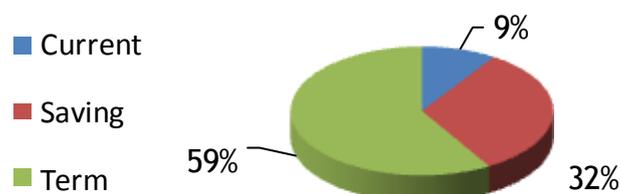
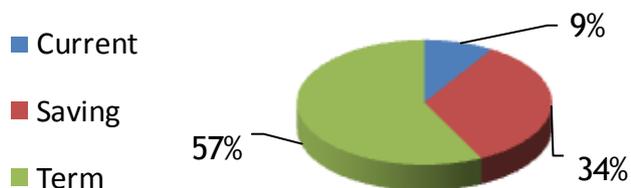
December, 2015

December, 2014

Bank as Whole

Total Deposits – Rs 64364 crore

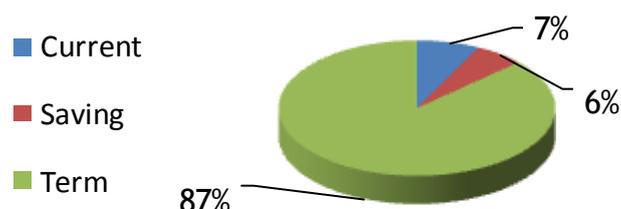
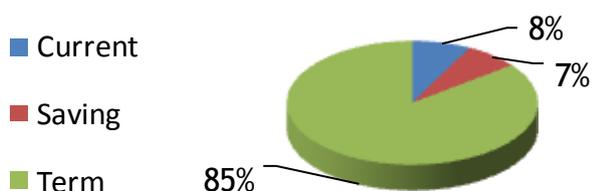
Total Deposits – Rs 63906 crore



In Rest of India

Total Deposits – Rs 15001 crore

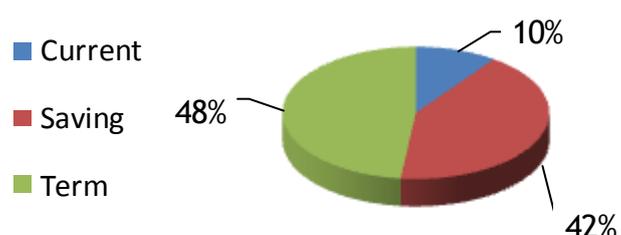
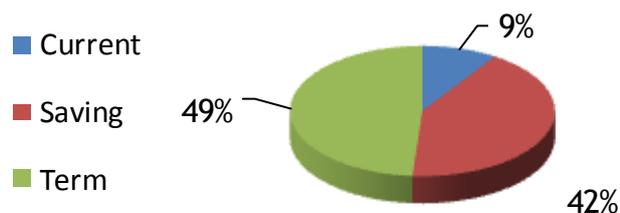
Total Deposits – Rs 17119 crore



Within J&K State

Total Deposits – Rs 49362 crore

Total Deposits – Rs 46788 crore



Incremental Growth in Deposits

Amount in Rupees crore

Particulars		As on Dec 31, 2015	As on Dec 31, 2014	Increment	% Change
Deposits	In J&K State	49362.09	46787.52	2574.57	6%
	In Rest of India	15001.48	17118.83	-2117.35	-12%
	Whole Bank	64363.57	63906.35	457.22	1%

Sectoral Break-up of Advances :

December, 2015

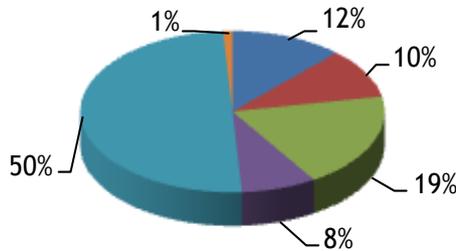
December, 2014

Bank as Whole

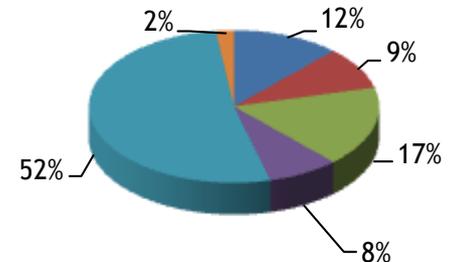
Gross Advances – Rs 49274 crore

Gross Advances – Rs 45987 crore

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



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

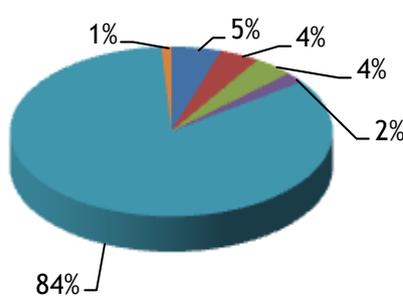


In Rest of India

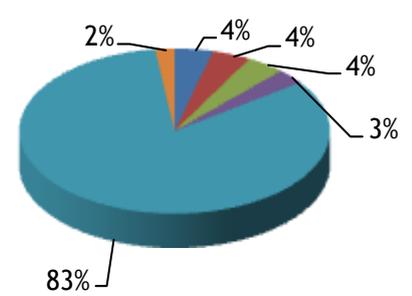
Gross Advances – Rs 24143 crore

Gross Advances – Rs 24087 crore

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



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

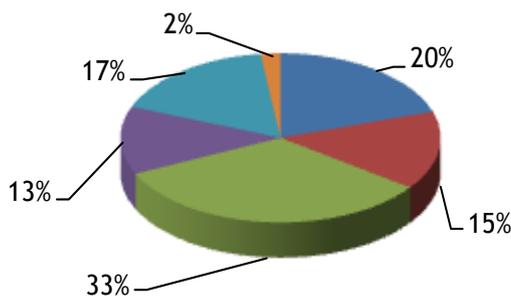


Within J&K State

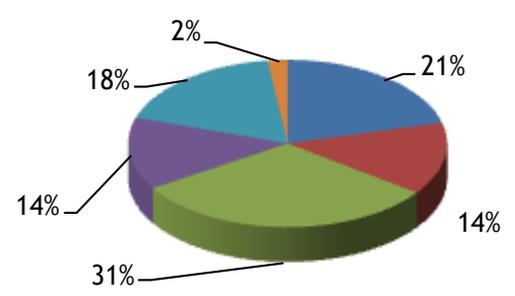
Gross Advances – Rs 25131 crore

Gross Advances – Rs 21900 crore

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



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



Incremental Growth in Advances

Amount in Rupees crore

Particulars		As on Dec 31, 2015	As on Dec 31, 2014	Increment	% Change
Gross Advances	In J&K State	25130.63	21899.82	3230.81	15%
	In Rest of India	24143.11	24086.89	56.22	0%
	Whole Bank	49273.74	45986.71	3287.03	7%

Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Dec 31, 2015	As on Dec 31, 2014	% Change	As on Mar 31, 2015
Held to Maturity (HTM)				
□ Government & Other Approved Securities	12655.25	13631.19	-7.16%	12919.67
□ Shares	5.00	5.00	0.00%	0.00
□ Debentures & Bonds	34.83	38.62	-9.81%	38.86
□ Subsidiaries & Joint Ventures	20.00	20.00	0.00%	20.00
□ Others **	56.92	60.67	-6.18%	65.67
Sub-Total	12772.00	13755.48	-7.15%	13044.20
<i>Percentage of HTM to Total Investments</i>	<i>62.90%</i>	<i>61.31%</i>		<i>56.93%</i>
Held for Trading (HFT)				
□ Government & Other Approved Securities				
□ Shares	0.37	1.17	-68.38%	1.52
□ Debentures & Bonds				
□ Subsidiaries & Joint Ventures				
□ Others				
Sub-Total	0.37	1.17	-68.38%	1.52
<i>Percentage of HFT to Total Investments</i>	<i>0.00%</i>	<i>0.01%</i>		<i>0.01%</i>
Available for Sale (AFS)				
□ Government & Other Approved Securities	863.31	736.53	17.21%	541.97
□ Shares	236.84	218.61	8.34%	230.13
□ Debentures & Bonds	1782.99	1828.76	-2.50%	1731.27
□ Subsidiaries & Joint Ventures				
□ Others	4650.11	5893.71	-21.10%	7365.21
□ Debt / Money Market related MF's				
Sub-Total	7533.25	8677.61	-13.19%	9868.58
<i>Percentage of AFS to Total Investments</i>	<i>37.10%</i>	<i>38.68%</i>		<i>43.07%</i>
Total Investment	20305.62	22434.26	-9.49%	22914.30

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Dec 31, 2015	As on Dec 31, 2014	% Change	As on Mar 31, 2015
SLR Securities	13518.56	14367.72	-5.91%	13461.64
Non SLR Securities **	6787.06	8066.54	-15.86%	9452.66
Total Investment	20305.62	22434.26	-9.49%	22914.30
SLR Securities as % age to total Investments	66.58%	64.04%	-	58.75%
Non SLR Securities as % age to total Investments	33.42%	35.96%	-	41.25%

Previous period figures wherever necessary have been recast

Analytical Ratios:

Particulars	Q 3 FY '15-16	Q 3 FY '14-15	9 Mth FY '15-16	9 Mth FY '14-15	Year Ended Mar 2015
Net Interest Margins (%) *	0.96	0.92	2.95	2.83	
Annualized	3.85	3.66	3.93	3.77	3.81
Yield on Advances (%) *	2.73	2.82	8.37	8.68	
Annualized	10.91	11.29	11.17	11.58	11.52
Yield on Investments (%) * / **	1.91	1.99	5.81	5.95	
Annualized	7.63	7.94	7.75	7.94	7.91
Cost of Deposits (%) *	1.60	1.68	4.80	5.10	
Annualized	6.38	6.71	6.40	6.79	6.72
Post Tax Return on Assets (%)	0.16	0.14	0.63	0.55	
Annualized	0.65	0.57	0.88	0.75	0.70
Post Tax Return on Average Network (%)*	1.80	1.72	7.44	6.87	
Annualized	7.22	6.89	9.92	9.16	8.60
Cost to Income Ratio (%)	49.64	48.47	46.99	44.81	43.42
Credit / Deposit (CD) Ratio (%)	72.58	69.42	72.58	69.42	67.80
CASA Ratio (%)	42.67	41.47	42.67	41.47	41.79
Business per Employee (In Rupees crore)	11.24	11.63	11.24	11.63	11.89
Net Profit per Employee (In Rupees lakh)	1.19	1.12	4.78	4.37	
Annualized	4.76	4.50	6.37	5.83	5.48
Number of Employees	9882	9309	9882	9309	9283
Business Per Branch (In Rupees crore)	133.03	134.66	133.03	134.66	134.40
Net Profit per Branch (In Rs cr) Ann.	0.56	0.52	0.75	0.67	0.62
Branches – Excluding Extension Counters, Controlling Offices & RCC's	835	804	835	804	821
Gross NPAs (In Rupees crore)	3339.46	2657.88	3339.46	2657.88	2764.08
Net NPAs (In Rupees crore)	1214.99	1428.19	1214.99	1428.19	1236.32
Gross NPA Ratio (%)	6.81	5.81	6.81	5.81	5.97
Net NPA Ratio (%)	2.60	3.22	2.60	3.22	2.77
NPA Coverage Ratio (%)	66.18	51.00	66.18	51.00	59.02
Capital Adequacy Ratio (%) Basel II	12.62	13.14	12.62	13.14	12.67
i. Tier I	11.42	11.77	11.42	11.77	11.28
ii. Tier II	1.20	1.37	1.20	1.37	1.39
Capital Adequacy Ratio (%) Basel III	12.49	12.78	12.49	12.78	12.57
i. Tier I	11.15	11.37	11.15	11.37	11.26
ii. Tier II	1.34	1.41	1.34	1.41	1.31
Earnings per Share (In Rupees)	2.43	2.16	9.74	8.40	
Annualized	9.71	8.63	12.98	11.19	10.49
Net Asset Value (In Rupees)	135.78	126.46	135.78	126.46	126.04
Adjusted Book Value (In Rupees)	110.71	97.00	110.71	97.00	100.54
Dividend Payout Ratio (%)	-	-	-	-	20.02
Dividend Yield (%)	-	-	-	-	2.02

* Ratios calculated on Fortnightly average balances

Shareholding Pattern as on February 05, 2016 vis-à-vis February 06, 2015:

S No.	PARTICULARS	Number of Shares Held as on Feb 05, 2016	% to Capital	Number of Shares Held as on Feb 06, 2015	% to Capital
1.	GOVERNMENT OF J&K	257752660	53.17%	257752660	53.17
2.	INDIAN MUTUAL FUNDS	28908697	5.96%	10686448	2.20
3.	INSURANCE COMPANIES	15374694	3.17%	9516633	1.96
4.	BANKS	235812	0.05%	49429	0.01
5.	NON RESIDENT INDIANS	3480886	0.72%	4212876	0.87
6.	FOREIGN INSTITUTIONAL INVESTORS	83715163	17.27%	125879043	25.97
7.	FOREIGN PORTFOLIO INVESTORS	16072063	3.32%	17021486	3.51
8.	BODIES CORPORATES	18823534	3.88%	7555728	1.56
9.	RESIDENT INDIVIDUALS	60192435	12.42%	51958136	10.72
10.	CLEARING MEMBERS	222076	0.05%	145581	0.03
	TOTAL	484778020	100.00%	484778020	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