

Earnings Update
Reviewed First Quarter Results
June 30, 2016



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on August 10, 2016 took on record the Reviewed Financial Results for the First Quarter ended June 30, 2016.

Performance Highlights for the quarter ended June 30, 2016:

- Net Profit of Rs 22.88 crore for the quarter ended Jun, 2016 as compared to Rs 158.76 crore earned during the quarter ended Jun, 2015.
- Deposits stood at Rs 68999.80 crore as on Jun, 2016 as compared to Rs 62264.91 crore as on Jun, 2015.
- Advances were at Rs 48854.42 crore as on Jun, 2016 as compared to Rs 43267.27 crore as on Jun, 2015.
- EPS for the quarter ended Jun, 2016 at Re 0.47 compared to Rs 3.27 earned during the corresponding quarter of previous financial year.
- NIMs for the quarter ended Jun, 2016 at 3.38 % (annualized) vis-à-vis 3.93 % for the corresponding quarter of previous financial year.
- Post tax Return on Assets at 0.12 % (annualized) for the quarter ended Jun, 2016 compared to 0.88 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Jun, 2016 at 1.42 % compared to 10.26 % recorded for the corresponding quarter of last financial year.
- The Cost of Deposits (annualized) for the quarter ended Jun, 2016 at 6.00 % compared to 6.41 % recorded for the corresponding quarter of last financial year.
- The Yield on Advances (annualized) for the quarter ended Jun, 2016 stood at 9.94 % as compared to 11.33 % for the quarter ended Jun, 2015.
- Business per Employee and Net profit per Employee (annualized) were at Rs 11.69 crore and Rs 0.91 lakh respectively for the quarter ended Jun, 2016 compared to Rs 11.32 crore and Rs 6.81 lakh pertaining to the quarter ended Jun, 2015.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Jun, 2016 at 9.31 % and 6.19 % respectively compared to 6.63 % and 2.95 % a year ago.
- NPA Coverage Ratio as on Jun, 2016 at 50.12 % as compared to 60.68 % a year ago.
- Cost to Income Ratio stood at 53.38 % for the quarter ended Jun, 2016 as compared to 44.81 % for the quarter ended Jun, 2015.
- Capital Adequacy Ratio stood at 11.89 % as on Jun, 2016 which was recorded at 12.93 % as on Jun, 2015.

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 1 FY '16-17	Q 1 FY '15-16	% Change	FY ended Mar, '16
Interest Earned	1672.35	1752.72	-4.59%	6843.57
Interest Expended	1039.75	1057.88	-1.71%	4133.48
Net Interest Income	632.60	694.84	-8.96%	2710.09
Other Income	116.70	135.63	-13.96%	504.03
Operating Income	749.30	830.47	-9.77%	3214.12
Operating Expenses	399.99	372.16	7.48%	1546.20
Operating Profit	349.31	458.31	-23.78%	1667.92
Provisions & Contingencies	313.70	212.87	47.37%	976.23
PBT	35.61	245.44	-85.49%	691.69
Tax Provision	12.73	86.68	-85.31%	275.65
Net Profit	22.88	158.76	-85.59%	416.04

Balance Sheet

Amount in Rupees crore

Particulars	As on Jun 30, 2016	As on Jun 30, 2015	% Change	As on Mar 31, 2016
Capital & Liabilities				
Capital	48.49	48.49	0.00%	48.49
Reserves & Surplus (includes retained earnings)	6398.37	6220.32	2.86%	6375.48
Deposits	68999.80	62264.91	10.82%	69390.25
Borrowings	1066.00	1816.67	-41.32%	2240.00
Other Liabilities & Provisions	1610.82	1940.57	-16.99%	2213.85
Total	78123.48	72290.96	8.07%	80268.07
Assets				
Cash & Bank Balance	2854.22	2699.27	5.74%	3126.74
Balance with Banks and Money at Call & Short Notice	220.52	815.42	-72.96%	76.27
Investments	21384.31	21237.10	0.69%	20353.62
Advances	48854.42	43267.27	12.91%	50193.29
Fixed Assets	773.99	698.53	10.80%	763.72
Other Assets	4036.02	3573.37	12.95%	5754.43
Total	78123.48	72290.96	8.07%	80268.07

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

Amount in Rupees crore

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
On Loans & Advances	1240.86	1274.90	-2.67%	5027.66
Investments	399.06	441.09	-9.53%	1646.65
Inter Bank Funds	32.43	36.73	-11.71%	169.26
Total	1672.35	1752.72	-4.59%	6843.57

2. Interest Expended

Amount in Rupees crore

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Deposits	1014.10	1001.79	1.23%	3986.76
Borrowings	12.15	42.59	-71.47%	92.72
Others (Subordinated Debt)	13.50	13.50	0.00%	54.00
Total	1039.75	1057.88	-1.71%	4133.48

3. Other Income

Amount in Rupees crore

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Commission / Exchange	43.74	42.16	3.75%	183.74
Insurance Commission	8.99	10.67	-15.75%	43.16
Treasury / Trading Income	36.21	45.71	-20.78%	147.09
Miscellaneous Income	27.76	37.09	-25.16%	130.04
Total	116.70	135.63	-13.96%	504.03

4. Operating Expenses

Amount in Rupees crore

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Payment for Employees	267.76	252.58	6.01%	1019.59
Rent, Taxes and Lightning	18.74	18.61	0.70%	72.05
Printing & Stationery	2.28	2.32	-1.72%	8.87
Advertisement & Publicity	2.34	1.41	65.96%	13.26
Depreciation in Bank's Property	18.36	15.48	18.60%	63.99
Directors' Fees, Allowances & Expenses	0.27	0.17	58.82%	0.91
Auditors' Fees & Expenses	3.51	3.40	3.24%	14.85
Law Charges	1.08	1.51	-28.48%	6.45
Postage, Telegrams, Telephones etc	2.11	1.07	97.20%	5.95
Repairs & Maintenance	3.61	2.40	50.42%	13.32
Insurance	15.95	14.67	8.73%	57.46
Other Expenditure	63.98	58.54	9.29%	269.50
Total	399.99	372.16	7.48%	1546.20

Break-up:

5. Provisions & Contingencies

Amount in Rupees crore

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Provision for Tax	12.73	86.68	-85.31%	275.65
Provision for Bad & Doubtful Debts	266.08	186.59	42.60%	869.62
Provision for Standard Advances	14.91			76.36
Provision for Depreciation on Investments		0.41		0.19
Provision for Non Performing Investments	28.54	25.18	13.33%	27.11
Provision for Frauds/ Embezzlements	0.20	0.55	-63.64%	0.72
Provision for diminution in fair value of Restructured / Rescheduled advances		0.14		0.00
Provision for SDR	3.98			
Provision for Contingent Liabilities				2.23
Total	326.43	299.55	8.97%	1251.88

6. Deposits

Amount in Rupees crore

Particulars	As on Jun 30, 2016	As on Jun 30, 2015	% Change	As on Mar 31, 2016
Demand Deposits	6047.09	6238.79	-3.07%	7211.94
Saving Deposits	23679.47	21590.54	9.68%	23408.43
Term Deposits	39273.24	34435.58	14.05%	38769.88
Total	68999.80	62264.91	10.82%	69390.25

Geographical Break-up (as on June 2016)

S. No.	Particulars	From J&K State		From Rest of India		Bank as a Whole
		Amount	% age	Amount	% age	Amount
1	Deposits (in rupees crore)	53284.40	77%	15715.42	23%	68999.82
2	CASA Ratio (in percent)	-	51.54%	-	14.39%	43.08%
3	Gross Advances (in Rs crore)	25859.65	50%	26127.28	50%	51986.93
4	Number of Branches	745	86%	120	14%	865
5	Number of ATM's	945	92%	85	8%	1030

Movement in Gross NPA's

Amount in Rupees crore

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Balance at the start of the period	4368.62	2764.08	58.05%	2764.08
Additions during the period	1377.38	369.89	272.38%	2383.23
Up gradations during the period	26.50	71.14	-62.75%	188.92
Write off (includes Technical Write off)	783.40	2.60	30031%	328.03
Recoveries during the period	221.18	65.73	236.50%	261.74
Balance at the close of the period	4714.92	2994.50	57.45%	4368.62

Movement in Restructured Assets

Amount in Rupees crore

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Balance at the start of the period	3235.35	2467.33	31.13%	2467.33
Additions during the period	76.13	26.21	191.15%	270.26
Disbursements during the period	91.61	74.83	22.42%	785.00
Reductions / Reclassification / Up gradations	0.58	46.66	-98.76%	161.21
Recoveries during the period	155.07	16.32	850.18%	126.03
Balance at the close of the period	3247.44	2505.39	29.62%	3235.35
NPA's out of outstanding restructured portfolio	579.54	345.16	67.90%	610.61
Provisions held against these NPA's	192.85	121.29	59.00%	206.95

Movement in Flexible Structuring Portfolio

Amount in Rupees crore

Particulars	Q1 FY '16-17		FY '2015-16	
	No. of accounts	Amount	No. of accounts	Amount
Balance at the start of the period	5	1122.27	0	0.00
Additions during the period	0	0.00	5	1122.27
Balance at the close of the period	5	1117.63	5	1122.27

Movement in Strategic Debt Restructuring Portfolio

Amount in Rupees crore

Particulars	Q1 FY '16-17		FY '2015-16	
	No. of accounts	Amount	No. of accounts	Amount
Balance at the start of the period	5	1087.82	0	0.00
Additions during the period	0	0.00	5	1087.82
Balance at the close of the period	5	965.68	5	1087.82

Break-up of Deposits :

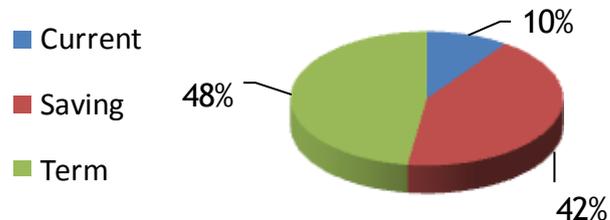
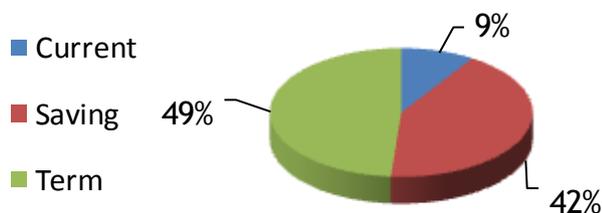
June, 2016

June, 2015

In J&K State

Total Deposits – Rs 53284.40 crore

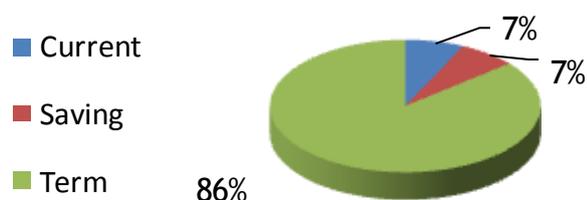
Total Deposits – Rs 48419.56 crore



In Rest of India

Total Deposits – Rs 15715.42 crore

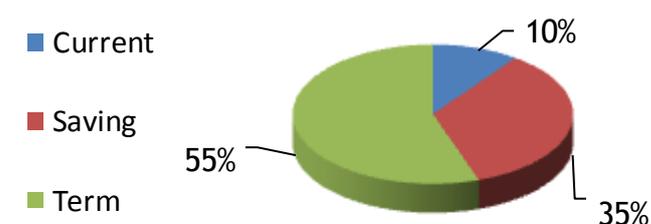
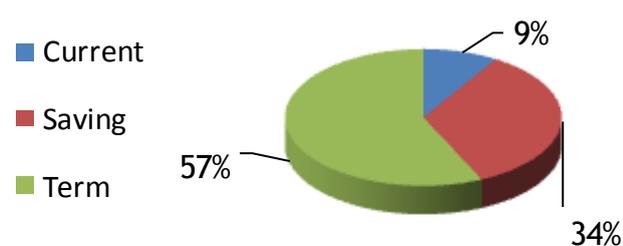
Total Deposits – Rs 13845.35 crore



Bank as Whole

Total Deposits – Rs 68999.82 crore

Total Deposits – Rs 62264.91 crore



Incremental Growth in Deposits

Amount in Rupees crore

Particulars		As on Jun 30, 2016	As on Jun 30, 2015	Increment	% Change
Deposits	In J&K State	53284.40	48419.56	4864.84	10%
	In Rest of India	15715.42	13845.35	1870.07	14%
	Whole Bank	68999.82	62264.91	6734.91	11%

Sectoral Break-up of Advances :

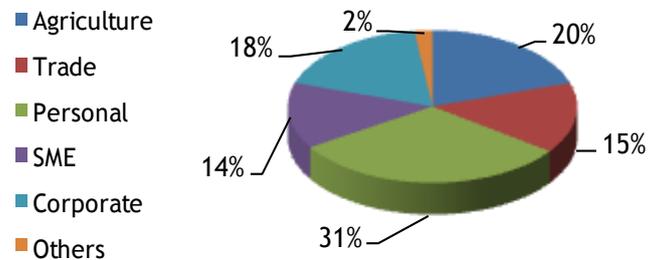
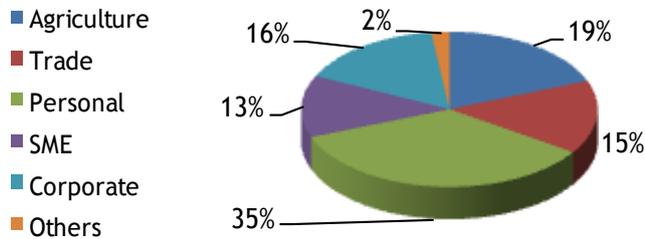
June, 2016

June, 2015

In J&K State

Gross Advances – Rs 25859.65 crore

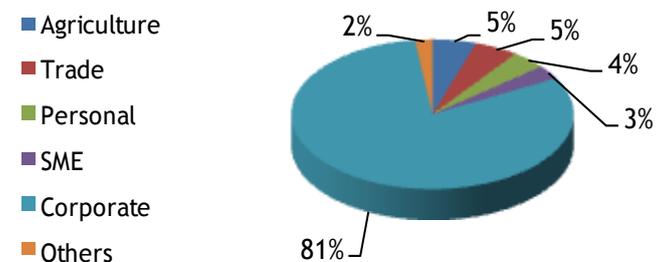
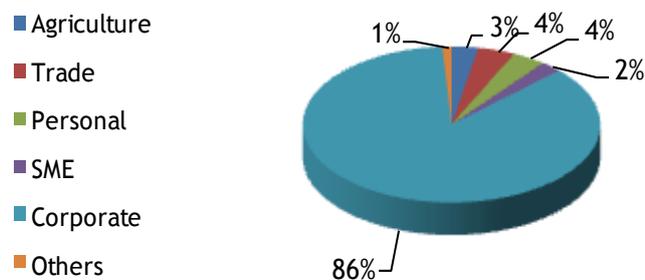
Gross Advances – Rs 23595.42 crore



In Rest of India

Gross Advances – Rs 26127.28 crore

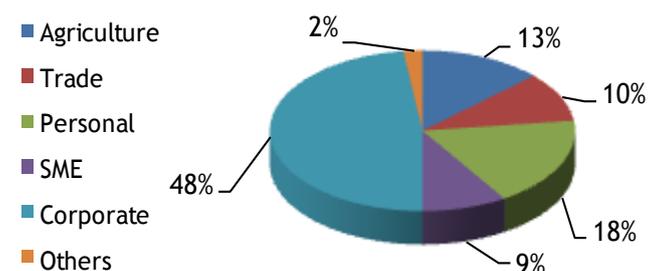
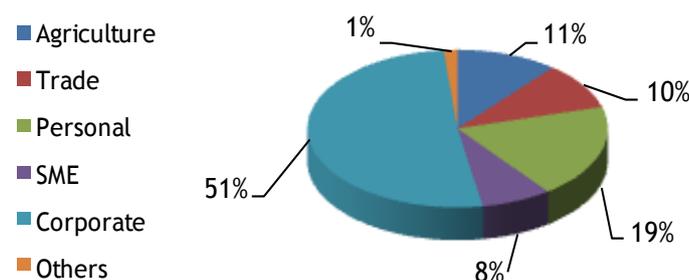
Gross Advances – Rs 21829.34 crore



Bank as Whole

Gross Advances – Rs 51986.93 crore

Gross Advances – Rs 45424.76 crore



Incremental Growth in Advances

Amount in Rupees crore

Particulars		As on Jun 30, 2016	As on Jun 30, 2015	Increment	% Change
Gross Advances	In J&K State	25859.65	23595.42	2264.23	10%
	In Rest of India	26127.28	21829.34	4297.94	20%
	Whole Bank	51986.93	45424.76	6562.17	14%

Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Jun 30, 2016	As on Jun 30, 2015	% Change	As on Mar 31, 2016
Held to Maturity (HTM)				
☐ Government & Other Approved Securities	13170.02	12031.57	9.46%	12716.07
☐ Shares				
☐ Debentures & Bonds	20.37	24.12	-15.55%	20.08
☐ Subsidiaries & Joint Ventures	20.00	20.00	0.00%	20.00
☐ Others	52.11	56.92	-8.45%	56.92
Sub-Total	13262.50	12132.61	9.31%	12813.07
<i>Percentage of HTM to Total Investments</i>	<i>62.02%</i>	<i>57.13%</i>		<i>62.95%</i>
Held for Trading (HFT)				
☐ Government & Other Approved Securities	15.13			
☐ Shares	2.33	0.17	1270.59%	0.15
☐ Debentures & Bonds				
☐ Subsidiaries & Joint Ventures				
☐ Others				
Sub-Total	17.46	0.17	10170.6%	0.15
<i>Percentage of HFT to Total Investments</i>	<i>0.08%</i>	<i>0.00%</i>		<i>0.00%</i>
Available for Sale (AFS)				
☐ Government & Other Approved Securities	1840.63	956.01	92.53%	1231.97
☐ Shares	271.63	172.70	57.28%	175.18
☐ Debentures & Bonds	1697.28	1594.82	6.42%	1791.50
☐ Subsidiaries & Joint Ventures				
☐ Others	4294.81	6380.79	-32.69%	4341.75
☐ Debt / Money Market related MF's				
Sub-Total	8104.35	9104.32	-10.98%	7540.40
<i>Percentage of AFS to Total Investments</i>	<i>37.90%</i>	<i>42.87%</i>		<i>37.05%</i>
Total Investment	21384.31	21237.10	0.69%	20353.62

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Jun 30, 2016	As on Jun 30, 2015	% Change	As on Mar 31, 2016
SLR Securities	15025.78	12987.58	15.69%	13948.04
Non SLR Securities	6358.53	8249.52	-22.92%	6405.58
Total Investment	21384.31	21237.10	0.69%	20353.62
SLR Securities as % age to total Investments	70.27%	61.16%	-	68.53%
Non SLR Securities as % age to total Investments	29.73%	38.84%	-	31.47%

Previous period figures wherever necessary have been recast

Movement in Non Performing Investments

Amount in Rupees crore

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Opening balance	369.53	251.24	47.08%	251.24
Additions during the period	100.00	106.40	-6.02%	209.11
Recovery during the period	0.30	0.26	15.38%	90.82
Closing balance	469.23	357.38	31.30%	369.53
Provisions held against NPIs *	208.61	179.87	15.98%	180.07

* Excludes floating provisions of Rs 2.76 crore

Duration of Investments

Particulars	As on Jun 30, 2016	As on Jun 30, 2015	As on Mar 31, 2016
HTM Portfolio	3.72	3.44	3.58
HFT Portfolio	6.11	0.00	0.00
AFS Portfolio	0.85	0.81	1.02
Total Portfolio	2.67	2.33	2.66

Yield on Investments (on daily average balances)

In percent

Particulars	Quarter ended Jun, 2016	Quarter ended Jun, 2015	FY Ended Mar, 2016
SLR Securities	7.79	8.14	7.95
Non SLR Securities	6.84	7.44	7.30
Total Portfolio	7.45	7.86	7.70

Analytical Ratios:

Particulars	Q 1 FY '16-17	Q 1 FY '15-16	Year Ended Mar 2016	
Net Interest Margins (%) *	0.85	0.98		
Annualized	3.38	3.93	3.85	
Yield on Advances (%) *	2.49	2.83		
Annualized	9.94	11.33	10.90	
Yield on Investments (%) *	1.81	1.77		
Annualized	7.24	7.09	7.66	
Cost of Deposits (%) *	1.50	1.60		
Annualized	6.00	6.41	6.34	
Post Tax Return on Assets (%)	0.03	0.22		
Annualized	0.12	0.88	0.57	
Post Tax Return on Average Networth (%)*	0.36	2.57		
Annualized	1.42	10.26	6.65	
Cost to Income Ratio (%)	53.38	44.81	48.11	
Credit / Deposit (CD) Ratio (%)	70.80	69.49	72.33	
CASA Ratio (%)	43.08	44.70	44.13	
Business per Employee (In Rupees crore)	11.69	11.32	11.79	
Net Profit per Employee (In Rupees lakh)	0.23	1.70		
Annualized	0.91	6.81	4.10	
Number of Employees	10085	9320	10141	
Business Per Branch (In Rupees crore)	136.25	127.92	138.89	
Net Profit per Branch (In Rs cr)	Annualized	0.11	0.77	0.48
Branches – Excluding Extension Counters, Controlling Offices & RCC's	865	825	861	
Number of ATMs	1030	906	1006	
Gross NPAs (In Rupees crore)	4714.92	2994.50	4368.62	
Net NPAs (In Rupees crore)	3023.47	1276.76	2163.95	
Gross NPA Ratio (%)	9.31	6.63	8.32	
Net NPA Ratio (%)	6.19	2.95	4.31	
NPA Coverage Ratio (%)	50.12	60.68	56.15	
Capital Adequacy Ratio (%)	11.89	12.93	11.81	
i. Tier I	10.64	11.60	10.60	
ii. Tier II	1.25	1.33	1.21	
Earnings per Share (In Rupees)	0.47	3.27		
Annualized	1.89	13.10	8.58	
Net Asset Value (In Rupees)	132.99	129.31	132.10	
Adjusted Book Value (In Rupees)	70.62	102.98	87.46	
Dividend Payout Ratio (%)	-	-	20.39	
Dividend Yield (%)	-	-	2.92	

* Ratios calculated on Fortnightly average balances

Previous period figures have been recast wherever necessary

Shareholding Pattern as on August 05, 2016 vis-à-vis August 07, 2015:

S No.	PARTICULARS	Number of Shares Held as on August 05, 2016	% to Capital	Number of Shares Held as on August 07, 2015	% to Capital
1.	GOVERNMENT OF J&K	257752660	53.17%	257752660	53.17%
2.	INDIAN MUTUAL FUNDS	36926608	7.62%	26513699	5.47%
3.	INSURANCE COMPANIES	15374694	3.17%	15374694	3.17%
4.	BANKS	246302	0.05%	146404	0.03%
5.	NON RESIDENT INDIANS	4388045	0.91%	3157940	0.65%
6.	FOREIGN INSTITUTIONAL INVESTORS	24946887	5.15%	107408186	22.16%
7.	FOREIGN PORTFOLIO INVESTORS	43225354	8.92%	9038505	1.86%
8.	BODIES CORPORATES	27739728	5.72%	9818794	2.03%
9.	RESIDENT INDIVIDUALS	73736038	15.21%	55106729	11.37%
10.	FOREIGN NATIONALS	600	0.00%		
11.	CLEARING MEMBERS	441104	0.09%	460409	0.09%
	TOTAL	484778020	100.00%	484778020	100.00%

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