

Earnings Update

Reviewed First Quarter Results

June 30, 2017



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on July 22, 2017 took on record the Reviewed Financial Results for the First Quarter ended June 30, 2017.

Performance Highlights for the quarter ended June 30, 2017:

- Net Profit of Rs 30.19 crore for the quarter ended Jun, 2017 as compared to Rs 22.88 crore earned during the quarter ended Jun, 2016.
- Deposits stood at Rs 71744.48 crore as on Jun, 2017 as compared to Rs 68999.80 crore as on Jun, 2016.
- Advances were at Rs 48733.19 crore as on Jun, 2017 as compared to Rs 48854.42 crore as on Jun, 2016.
- EPS for the quarter ended Jun, 2017 at Rs 0.54 compared to Rs 0.47 earned during the corresponding quarter of previous financial year.
- NIMs for the quarter ended Jun, 2017 at 3.70 % (annualized) vis-à-vis 3.38 % for the corresponding quarter of previous financial year.
- Post tax Return on Assets at 0.15 % (annualized) for the quarter ended Jun, 2017 compared to 0.12 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Jun, 2017 at 2.02 % compared to 1.42 % recorded for the corresponding quarter of last financial year.
- The Cost of Deposits (annualized) for the quarter ended Jun, 2017 at 5.27 % compared to 6.00 % recorded for the corresponding quarter of last financial year.
- The Yield on Advances (annualized) for the quarter ended Jun, 2017 stood at 9.51 % as compared to 9.94 % for the quarter ended Jun, 2016.
- Business per Employee and Net profit per Employee (annualized) were at Rs 10.78 crore and Rs 1.08 lakh respectively for the quarter ended Jun, 2017 compared to Rs 11.69 crore and Rs 0.91 lakh pertaining to the quarter ended Jun, 2016.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Jun, 2017 at 10.79 % and 4.65 % respectively compared to 9.31 % and 6.19 % a year ago.
- NPA Coverage Ratio as on Jun, 2017 at 70.26 % as compared to 50.12 % a year ago.
- Cost to Income Ratio stood at 55.20 % for the quarter ended Jun, 2017 as compared to 53.38 % for the quarter ended Jun, 2016.
- Capital Adequacy Ratio stood at 11.10% as on Jun, 2017 which was recorded at 11.89 % as on Jun, 2016.

Performance Highlights for the quarter ended June 30, 2017 vis-à-vis quarter ended March 2017

- Operating Profit of Rs. 368.47 Crore for the quarter ended June 2017 as compared to Operating Profit of Rs. 276.37 crore for quarter ended March, 2017.
- Provisions of Rs. 471.18 crore for bad & doubtful debts made during quarter ended June, 2017 as compared to Provision of Rs. 591.32 crore made during quarter ended March, 2017.
- Net Profit of Rs 30.19 crore for the quarter ended June, 2017 as compared to a Net Loss of Rs 554.30 crore for the quarter ended Mar, 2017.
- EPS for the quarter ended June, 2017 at Rs 0.54 compared to Rs -11.41 for the quarter ended March, 2017.
- NIMs for the quarter ended June, 2017 at 3.70 % (annualized) vis-à-vis 3.50 % for the quarter ended March, 2017.
- Post tax Return on Assets at 0.15 % (annualized) for the quarter ended June, 2017 compared to -2.68 % for the quarter ended March, 2017.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended June, 2017 at 2.02 % compared to -40.23 % the quarter ended March, 2017.
- The Cost of Deposits (annualized) for the quarter ended June, 2017 at 5.27 % compared to 5.71 % recorded for the quarter ended March, 2017.
- The Yield on Advances (annualized) for the quarter ended June, 2017 stood at 9.51 % as compared to 9.26 % for the quarter ended March, 2017.
- Business per Employee and Net profit / loss per Employee (annualized) were at Rs 10.78 crore and Rs 1.08 lakh respectively for the quarter ended June, 2017 compared to Rs 12.20 crore and Rs -22.13 lakh for the quarter ended March, 2017.
- Gross and Net NPA's as percentages to Gross and Net Advances as on June, 2017 at 10.79 % and 4.65 % respectively compared to 11.20 % and 4.87 % for quarter ended March, 2017.
- Recovery / Reductions of Rs. 204.97 crore in NPAs during quarter ended June 2017 compared to Reduction / Recovery of Rs. 347.76 crore during quarter ended March, 2017.
- NPA Coverage Ratio as on June, 2017 at 70.26 % as compared to 66.88 % as on March, 2017.
- Cost to Income Ratio stood at 55.20 % for the quarter ended June, 2017 as compared to 64.55 % for the quarter ended March, 2017.
- Capital Adequacy Ratio stood at 11.10 % as on June, 2017 which was recorded at 10.80 % as on March, 2017.

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 1 FY '17-18	Q 1 FY '16-17	% Change	FY ended Mar, '17
Interest Earned	1680.32	1672.35	0.48%	6685.80
Interest Expended	968.11	1039.75	-6.89%	4173.86
Net Interest Income	712.21	632.60	12.58%	2511.94
Other Income	110.21	116.70	-5.56%	492.86
Operating Income	822.42	749.30	9.76%	3004.80
Operating Expenses	453.93	399.99	13.49%	1710.46
Operating Profit	368.49	349.31	5.49%	1294.34
Provisions & Contingencies	278.65	313.70	-11.17%	2800.31
Net Profit from ordinary activities before Tax	89.84	35.61	152.29%	-1505.97
Tax Provision	-178.53	12.73	-	126.32
Net Profit from ordinary activities after Tax	268.37	22.88	1072.95%	-1632.29
Extraordinary Items	238.18	0.00	-	0.00
Net Profit	30.19	22.88	31.95%	-1632.29

Balance Sheet

Amount in Rupees crore

Particulars	As on Jun 30, 2017	As on Jun 30, 2016	% Change	As on Mar 31, 2017
Capital & Liabilities				
Capital	55.70	48.49	14.87%	52.15
Reserves & Surplus (includes retained earnings)	5929.34	6398.37	-7.33%	5624.35
Deposits	71744.48	68999.80	3.98%	72463.09
Borrowings	1276.05	1066.00	19.70%	1276.05
Other Liabilities & Provisions	1888.96	1610.82	17.27%	2603.03
Total	80894.53	78123.48	3.55%	82018.67
Assets				
Cash & Bank Balance	3254.21	2854.22	14.01%	3590.97
Balance with Banks and Money at Call & Short Notice	3022.52	220.52	1270.63%	1794.96
Investments	20703.95	21384.31	-3.18%	21290.89
Advances	48733.19	48854.42	-0.25%	49816.11
Fixed Assets	1550.52	773.99	100.33%	1543.32
Other Assets	3630.14	4036.02	-10.06%	3982.42
Total	80894.53	78123.48	3.55%	82018.67

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

Amount in Rupees crore

Particulars	Q1 FY '17-18	Q1 FY '16-17	% Change	FY Ended Mar, 2017
On Loans & Advances	1207.21	1240.86	-2.71%	4784.35
Investments	385.95	399.06	-3.29%	1782.61
Inter Bank Funds	87.06	31.79	173.86%	117.21
Others	0.10	0.64	-84.38%	1.63
Total	1680.32	1672.35	0.48%	6685.80

2. Interest Expended

Amount in Rupees crore

Particulars	Q1 FY '17-18	Q1 FY '16-17	% Change	FY Ended Mar, 2017
Deposits	939.50	1014.10	-7.36%	4079.18
Borrowings	3.23	12.15	-7.42%	39.64
Others (Subordinated Debt)	25.38	13.50	88.00%	55.04
Total	968.11	1039.75	-6.89%	4173.86

3. Other Income

Amount in Rupees crore

Particulars	Q1 FY '17-18	Q1 FY '16-17	% Change	FY Ended Mar, 2017
Commission / Exchange	39.98	43.74	-8.60%	164.88
Insurance Commission	7.11	8.99	-20.91%	32.82
Treasury / Trading Income	26.27	36.21	-27.45%	143.62
Miscellaneous Income	36.85	27.76	32.74%	151.90
Total	110.21	116.70	-5.56%	492.86

4. Operating Expenses

Amount in Rupees crore

Particulars	Q1 FY '17-18	Q1 FY '16-17	% Change	FY Ended Mar, 2017
Payment for Employees	303.17	277.64	9.20%	1122.54
Rent, Taxes and Lightning	20.47	18.74	9.23%	75.46
Printing & Stationery	2.67	2.28	17.11%	9.35
Advertisement & Publicity	2.56	2.34	9.40%	15.09
Depreciation in Bank's Property	19.76	18.36	7.63%	85.08
Directors' Fees, Allowances & Expenses	0.17	0.27	-37.04%	0.98
Auditors' Fees & Expenses	3.80	3.51	8.26%	15.51
Law Charges	1.41	1.08	30.56%	9.93
Postage, Telegrams, Telephones etc	2.25	2.11	6.64%	6.64
Repairs & Maintenance	4.07	3.61	12.74%	15.31
Insurance	17.79	15.95	11.54%	67.48
Other Expenditure	75.81	54.10	40.13%	287.27
Total	453.93	399.99	13.49%	1710.46

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

Amount in Rupees crore

Particulars	Q1 FY '17-18	Q1 FY '16-17	% Change	FY Ended Mar, 2017
Provision for Tax	-178.53	12.72	-	126.32
Provision for Bad & Doubtful Debts	471.18	266.08	77.08%	2115.92
Provision for Standard Advances	-42.71	14.91	-	263.37
Provision for Depreciation on Investments	-33.15	0.00	-	55.19
Provision for Non Performing Investments	123.19	28.54	331.64%	244.04
Provision for Frauds/ Embezzlements	0.30	0.20	50.00%	1.40
Provision for diminution in fair value of Restructured / Rescheduled advances	-2.42	0.00	-	114.50
Provision for SDR	0.00	3.98	-100%	0.00
Provision for Contingent Liabilities	0.44	0.00	-	5.89
Total	338.29	326.43	3.64%	2926.63

6. Deposits

Amount in Rupees crore

Particulars	As on Jun 30, 2017	As on Jun 30, 2016	% Change	As on Mar 31, 2017
Demand Deposits	7830	6047	29.48%	9563
Saving Deposits	28658	23679	21.02%	27897
Term Deposits	35256	39273	-10.23%	35003
Total	71745	68999	3.98%	72463

Geographical Break-up (as on June 2017)

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)	61803	86.14	9941	13.86	71744
2	CASA Ratio (in percent)	54.65		27.26		50.86
3	Gross Advances (in Rs crore)	27681	51.01	26589	48.99	54270
4	Number of Branches	776	85.84	128	14.16	904
5	Number of ATM's	1027	91.78	92	8.22	1119

Movement in Gross NPA's

Amount in Rupees crore

Particulars	Q1 FY '17-18	Q1 FY '16-17	% Change	FY Ended Mar, 2017
Balance at the start of the period	6000.01	4368.62	37.34%	4368.61
Additions during the period	505.48	1377.38	-63.30%	3278.42
Up gradations during the period	71.54	26.50	169.96%	154.76
Write off (includes Technical Write off)	669.82	783.40	-14.50%	856.99
Recoveries during the period	123.51	221.18	-44.16%	635.27
Balance at the close of the period	5640.62	4714.92	19.63%	6000.01

Movement in Restructured Assets

Amount in Rupees crore

Particulars	Q1 FY '17-18	Q1 FY '16-17	% Change	FY Ended Mar, 2017
Balance at the start of the period	6381.97	3235.35	97.26%	3235.35
Additions during the period	99.46	76.13	30.64%	3479.22
Disbursements during the period	123.66	91.61	34.99%	127.32
Reductions / Reclassification / Up gradations	0.00	0.58	-100.00%	0.92
Recoveries during the period	189.71	155.07	22.34%	459.00
Balance at the close of the period	6415.37	3247.44	97.55%	6381.97
NPA's out of outstanding restructured portfolio	861.64	579.54	48.68%	842.21
Provisions held against these NPA's	653.53	192.85	238.88%	407.48

Movement in Flexible Structuring Portfolio

Amount in Rupees crore

	Q1 FY '17-18	Q1 FY '16-17	% Change	Year Ended Mar, 2017
Balance at the start of the period	255.62	1122.27	77%	1122.27
Additions during the period	0.00	0.00	-	0.00
Reductions during the period	0.00	0.00	-	865.79
Balance at the close of the period *	255.98	1117.63	77%	255.62

* The balance of Rs. 255.98 crore comprises 2 accounts which are Standard non-Restructured as on June'17

Movement in Strategic Debt Restructuring Portfolio

Amount in Rupees crore

	Q1 FY '17-18	Q1 FY '16-17	% Change	Year Ended Mar, 2017
Balance at the start of the period	312.18	1087.82	-71%	1087.82
Additions during the period	0.00	0.00	-	252.13
Reductions during the period	221.45	0.00	-	895.58
Balance at the close of the period **	85.74	965.88	-91%	312.18

** The balance of Rs. 85.74 crore comprises 1 account which is Standard non-Restructured as on June'17

Movement in S4A Portfolio

Amount in Rupees crore

	Q1 FY '17-18	Q1 FY '16-17	% Change	Year Ended Mar, 2017
Balance at the start of the period	371.20	0.00	-	0.00
Additions during the period	0.00	0.00	-	420.56
Reductions during the period	130.21	0.00	-	0.00
Balance at the close of the period ***	244.82	0.00	-	371.20

*** The balance of Rs. 244.82 crore comprises 2 account out of which 1 account for Rs. 177.86 crore is Standard Non- Restructured and 1 account for Rs. 66.96 crore is Restructured Standard as on June'17

Break-up of Deposits :

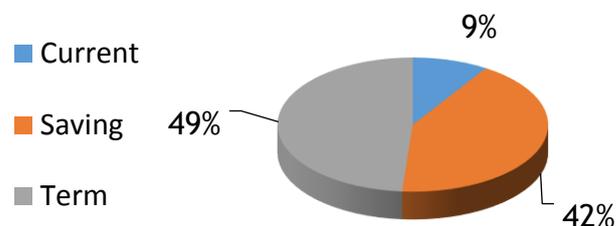
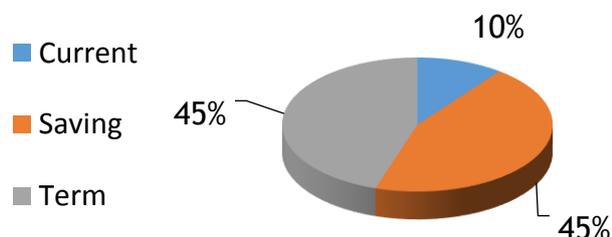
June, 2017

June, 2016

In J&K State

Total Deposits – Rs 61803 crore

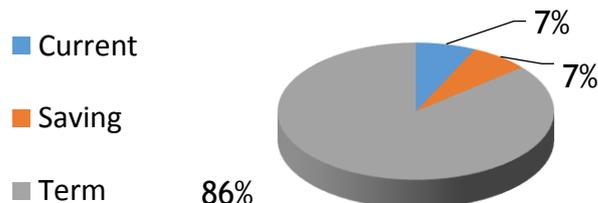
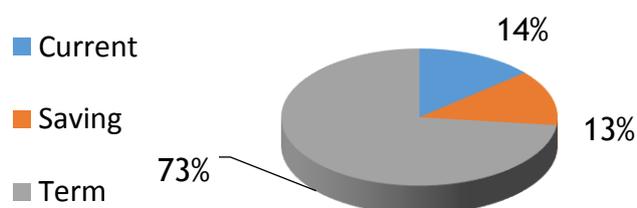
Total Deposits – Rs 53284 crore



In Rest of India

Total Deposits – Rs 9941 crore

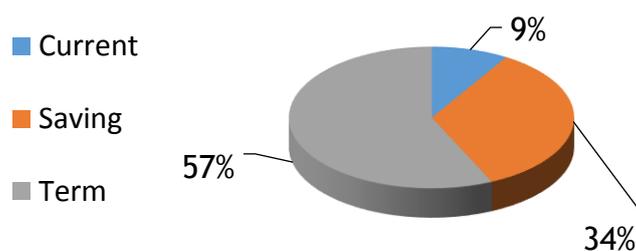
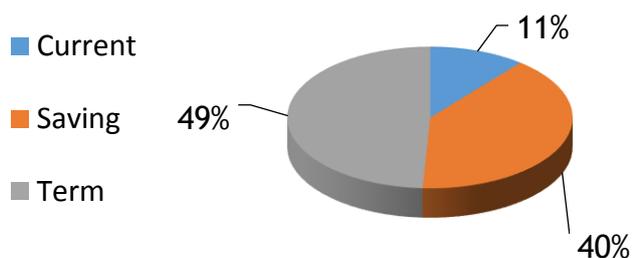
Total Deposits – Rs 15715 crore



Bank as Whole

Total Deposits – Rs 71744 crore

Total Deposits – Rs 68999 crore



Incremental Growth in Deposits

Amount in Rupees crore

Particulars		As on Jun 30, 2017	As on Jun 30, 2016	Increment	% Change
Deposits	In J&K State	61803	53284	8519	16%
	In Rest of India	9941	15715	-5774	-37%
	Whole Bank	71744	68999	2745	4%

Sectoral Break-up of Advances :

June, 2017

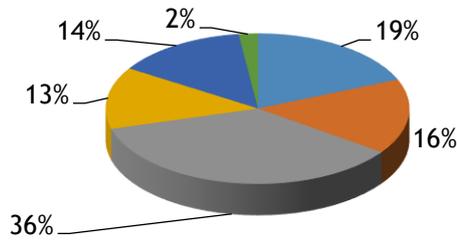
June, 2016

In J&K State

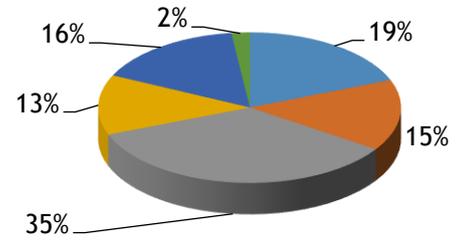
Gross Advances – Rs 27681 crore

Gross Advances – Rs 25860 crore

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



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

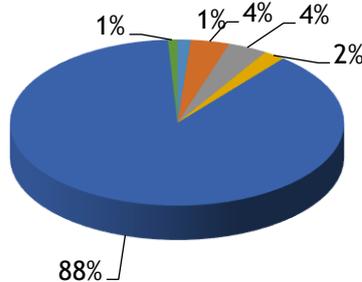


In Rest of India

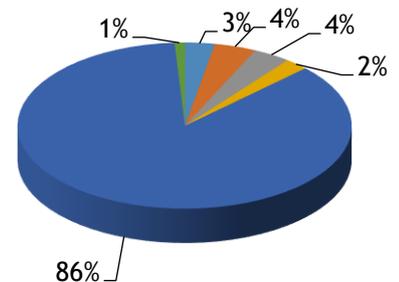
Gross Advances – Rs 26589 crore

Gross Advances – Rs 26127 crore

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



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

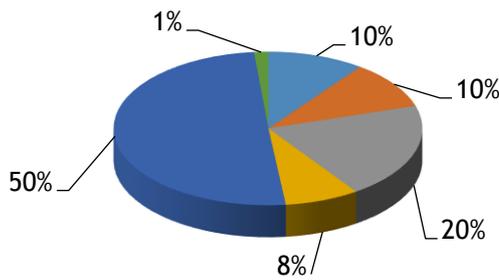


Bank as Whole

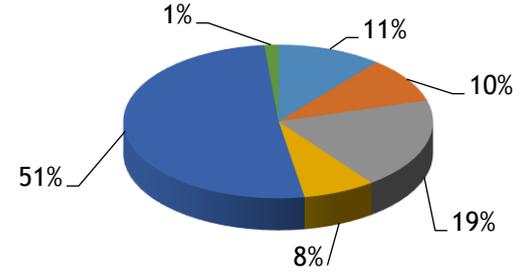
Gross Advances – Rs 54270 crore

Gross Advances – Rs 51987 crore

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



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



Incremental Growth in Advances

Amount in Rupees crore

Particulars		As on Jun 30, 2017	As on Jun 30, 2016	Increment	% Change
Gross Advances	In J&K State	27681	25860	1821	7%
	In Rest of India	26589	26127	462	2%
	Whole Bank	54270	51987	2283	4%

Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Jun 30, 2017	As on Jun 30, 2016	% Change	As on Mar 31, 2017
Held to Maturity (HTM)				
□ Government & Other Approved Securities	13096.39	13170.02	-0.56%	13884.98
□ Shares	0.00	0.00		
□ Debentures & Bonds	21.54	20.37	5.74%	21.23
□ Subsidiaries & Joint Ventures	20.00	20.00	0.00%	20.00
□ Others	45.67	52.11	-12.36%	52.12
Sub-Total	13183.60	13262.50	-0.59%	13978.33
<i>Percentage of HTM to Total Investments</i>	63.68%	62.02%		65.65
Held for Trading (HFT)				
□ Government & Other Approved Securities	30.71	15.13	102.97%	10.45
□ Shares	1.99	2.33	-14.59%	1.25
□ Debentures & Bonds	0.00	0.00		0.00
□ Subsidiaries & Joint Ventures	0.00	0.00		0.00
□ Others	0.00	0.00		0.00
Sub-Total	32.70	17.46	87.29%	11.70
<i>Percentage of HFT to Total Investments</i>	0.16%	0.08%		0.05%
Available for Sale (AFS)				
□ Government & Other Approved Securities	2371.82	1840.63	28.86%	2429.78
□ Shares	185.15	271.64	-31.84%	271.72
□ Debentures & Bonds	1202.23	1697.27	-29.17%	1481.94
□ Subsidiaries & Joint Ventures	0.00	0.00		0.00
□ Others	3728.45	4294.81	-13.19%	3117.42
□ Debt / Money Market related MF's	0.00	0.00		
Sub-Total	7487.65	8104.35	-7.61%	7300.86
<i>Percentage of AFS to Total Investments</i>	36.17%	37.90%		34.29%
Total Investment	20703.95	21384.31	-3.18%	21290.89

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Jun 30, 2017	As on Jun 30, 2016	% Change	As on Mar 31, 2017
SLR Securities	15498.92	15025.78	3.15%	16325.21
Non SLR Securities	5205.03	6358.53	-18.14%	4965.68
Total Investment	20703.95	21384.31	-3.18%	21290.89
SLR Securities as % age to total Investments	74.86%	70.27%	-	76.68%
Non SLR Securities as % age to total Investments	25.14%	29.73%	-	23.32%

Previous period figures wherever necessary have been recast

Movement in Non Performing Investments

Amount in Rupees crore

Particulars	Q1 FY '17-18	Q1 FY '16-17	% Change	FY Ended Mar, 2017
Opening balance	569.67	369.53	54.16%	369.53
Additions during the period	127.63	100.00	27.63%	227.95
Recovery during the period	1.71	0.30	470.00%	27.81
Closing balance	695.59	469.23	48.24%	569.67
Provisions held against NPIs *	567.92	208.61	329.05%	445.46

* Excludes floating provisions of Rs 2.76 crore

Duration of Investments

Particulars	As on Jun 30, 2017	As on Jun 30, 2016	As on Mar 31, 2017
HTM Portfolio	4.19	3.72	4.12
HFT Portfolio	6.09	6.11	5.91
AFS Portfolio	1.92	0.82	2.99
Total Portfolio	3.40	2.67	3.75

Yield on Investments (on daily average balances)

In percent

Particulars	Quarter ended Jun, 2017	Quarter ended Jun, 2016	FY Ended Mar, 2017
SLR Securities	7.62	7.79	7.85
Non SLR Securities	5.91	7.42	6.58
Total Portfolio	7.11	7.66	7.43

Analytical Ratios:

Particulars	Q 1 FY '17-18	Q 1 FY '16-17	Year Ended Mar 2017
Net Interest Margins (%) *	0.92	0.85	
Annualized	3.70	3.38	3.38
Yield on Advances (%) *	2.38	2.49	
Annualized	9.51	9.94	10.02
Yield on Investments (%) *	1.74	1.81	
Annualized	6.98	7.24	6.68
Cost of Deposits (%) *	1.32	1.50	
Annualized	5.27	6.00	5.87
Post Tax Return on Assets (%)	0.04	0.03	
Annualized	0.15	0.12	-2.04
Post Tax Return on Average Networth (%)*	0.51	0.36	
Annualized	2.02	1.42	-26.98
Cost to Income Ratio (%)	55.20	53.38	56.92
Credit / Deposit (CD) Ratio (%)	67.93	70.80	68.75
CASA Ratio (%)	50.86	43.08	51.70
Business per Employee (In Rupees crore)	10.78	11.69	12.20
Net Profit per Employee (In Rupees lakh)	0.27	0.23	
Annualized	1.08	0.91	-16.29
Number of Employees	11178	10085	10021
Business Per Branch (In Rupees crore)	133.27	136.25	141.36
Net Profit per Branch (In Rs cr)	Annualized	0.13	0.11
Branches – Excluding Extension Counters, Controlling Offices & RCC's	904	865	865
Number of ATMs	1119	1030	1096
Gross NPAs (In Rupees crore)	5640.62	4714.92	6000.01
Net NPAs (In Rupees crore)	2267.20	3023.47	2425.37
Gross NPA Ratio (%)	10.79	9.31	11.20
Net NPA Ratio (%)	4.65	6.19	4.87
NPA Coverage Ratio (%)	70.26	50.12	66.88
Capital Adequacy Ratio (%)	11.10	11.89	10.80
i. Tier I	9.16	10.64	8.70
ii. Tier II	1.94	1.25	2.10
Earnings per Share (In Rupees)	0.54	0.47	
Annualized	2.17	1.89	-33.59
Net Asset Value (In Rupees)	107.48	132.99	116.80
Adjusted Book Value (In Rupees)	66.76	70.62	66.90
Dividend Payout Ratio (%)	-	-	-
Dividend Yield (%)	-	-	-

* Ratios calculated on Fortnightly average balances

Previous period figures have been recast wherever necessary

Shareholding Pattern as on July 14, 2017 vis-à-vis July 15, 2016:

S No.	PARTICULARS	Number of Shares Held as on July 14, 2017	% to Capital	Number of Shares Held as on July 15, 2016	% to Capital
1.	GOVERNMENT OF J&K	329833032	59.23%	257752660	53.17%
2.	INDIAN MUTUAL FUNDS	27191850	4.88%	36945210	7.62%
3.	INSURANCE COMPANIES	15374694	2.76%	15374694	3.17%
4.	BANKS	316859	0.06%	275692	0.06%
5.	NON RESIDENT INDIANS	3942453	0.71%	4324891	0.89%
6.	FOREIGN INSTITUTIONAL INVESTORS	1759382	0.32%	25899723	5.34%
7.	FOREIGN PORTFOLIO INVESTORS	92016266	16.52%	44548756	9.19%
8.	BODIES CORPORATES	19058045	3.42%	26358674	5.44%
9.	RESIDENT INDIVIDUALS	167182045	12.06%	72269046	14.91%
10.	FOREIGN NATIONALS	0	0.00%	600	0.00%
11.	CLEARING MEMBERS	183766	0.03%	1028074	0.21%
	TOTAL	556858392	100%	484778020	100.00%

For more information, contact:

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(Note: 1 Crore = 10 Million)