

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 228.8 million for the quarter ended Jun, 2016 as compared to Rs 1587.6 million earned during the quarter ended Jun, 2015.
- Deposits stood at Rs 690.00 billion as on Jun, 2016 as compared to Rs 622.65 billion as on Jun, 2015.
- Advances were at Rs 488.54 billion as on Jun, 2016 as compared to Rs 432.67 billion 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 116.9 million and Rs 0.09 million respectively for the quarter ended Jun, 2016 compared to Rs 113.2 million and Rs 0.68 million 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 million

Particulars	Q 1 FY '16-17	Q 1 FY '15-16	% Change	FY ended Mar, '16
Interest Earned	16723.5	17527.2	-4.59%	68435.7
Interest Expended	10397.5	10578.8	-1.71%	41334.8
Net Interest Income	6326.0	6948.4	-8.96%	27100.9
Other Income	1167.0	1356.3	-13.96%	5040.3
Operating Income	7493.0	8304.7	-9.77%	32141.2
Operating Expenses	3999.9	3721.6	7.48%	15462.0
Operating Profit	3493.1	4583.1	-23.78%	16679.2
Provisions & Contingencies	3137.0	2128.7	47.37%	9762.3
PBT	356.1	2454.4	-85.49%	6916.9
Tax Provision	127.3	866.8	-85.31%	2756.5
Net Profit	228.8	1587.6	-85.59%	4160.4

Balance Sheet

Amount in Rupees million

Particulars	As on Jun 30, 2016	As on Jun 30, 2015	% Change	As on Mar 31, 2016
Capital & Liabilities				
Capital	484.9	484.9	0.00%	484.9
Reserves & Surplus (includes retained earnings)	63983.7	62203.2	2.86%	63754.8
Deposits	689998.0	622649.1	10.82%	693902.5
Borrowings	10660.0	18166.7	-41.32%	22400.0
Other Liabilities & Provisions	16108.2	19405.7	-16.99%	22138.5
Total	781234.8	722909.6	8.07%	802680.7
Assets				
Cash & Bank Balance	28542.2	26992.7	5.74%	31267.4
Balance with Banks and Money at Call & Short Notice	2205.2	8154.2	-72.96%	762.7
Investments	213843.1	212371.0	0.69%	203536.2
Advances	488544.2	432672.7	12.91%	501932.9
Fixed Assets	7739.9	6985.3	10.80%	7637.2
Other Assets	40360.2	35733.7	12.95%	57544.3
Total	781234.8	722909.6	8.07%	802680.7

Break-up:

1. Interest Earned

Amount in Rupees million

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
On Loans & Advances	12408.6	12749.0	-2.67%	50276.6
Investments	3990.6	4410.9	-9.53%	16466.5
Inter Bank Funds	324.3	367.3	-11.71%	1692.6
Total	16723.5	17527.2	-4.59%	68435.7

2. Interest Expended

Amount in Rupees million

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Deposits	10141.0	10017.9	1.23%	39867.6
Borrowings	121.5	425.9	-71.47%	927.2
Others (Subordinated Debt)	135.0	135.0	0.00%	540.0
Total	10397.5	10578.8	-1.71%	41334.8

3. Other Income

Amount in Rupees million

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Commission / Exchange	437.4	421.6	3.75%	1837.4
Insurance Commission	89.9	106.7	-15.75%	431.6
Treasury / Trading Income	362.1	457.1	-20.78%	1470.9
Miscellaneous Income	277.6	370.9	-25.16%	1300.4
Total	1167.0	1356.3	-13.96%	5040.3

4. Operating Expenses

Amount in Rupees million

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Payment for Employees	2677.6	2525.8	6.01%	10195.9
Rent, Taxes and Lightning	187.4	186.1	0.70%	720.5
Printing & Stationery	22.8	23.2	-1.72%	88.7
Advertisement & Publicity	23.4	14.1	65.96%	132.6
Depreciation in Bank's Property	183.6	154.8	18.60%	639.9
Directors' Fees, Allowances & Expenses	2.7	1.7	58.82%	9.1
Auditors' Fees & Expenses	35.1	34.0	3.24%	148.5
Law Charges	10.8	15.1	-28.48%	64.5
Postage, Telegrams, Telephones etc	21.1	10.7	97.20%	59.5
Repairs & Maintenance	36.1	24.0	50.42%	133.2
Insurance	159.5	146.7	8.73%	574.6
Other Expenditure	639.8	585.4	9.29%	2695.0
Total	3999.9	3721.6	7.48%	15462.0

Break-up:

5. Provisions & Contingencies

Amount in Rupees million

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Provision for Tax	127.3	866.8	-85.31%	2756.5
Provision for Bad & Doubtful Debts	2660.8	1865.9	42.60%	8696.2
Provision for Standard Advances	149.1			763.6
Provision for Depreciation on Investments		4.1		1.9
Provision for Non Performing Investments	285.4	251.8	13.33%	271.1
Provision for Frauds / Embezzlements	2.0	5.5	-63.64%	7.2
Provision for diminution in fair value of Restructured / Rescheduled advances		1.4		
Provision for SDR	39.8			
Provision for Contingent Liabilities				22.3
Total	3264.3	2995.5	8.97%	12518.8

6. Deposits

Amount in Rupees million

Particulars	As on Jun 30, 2016	As on Jun 30, 2015	% Change	As on Mar 31, 2016
Demand Deposits	60470.9	62387.9	-3.07%	72119.4
Saving Deposits	236794.7	215905.4	9.68%	234084.3
Term Deposits	392732.4	344355.8	14.05%	387698.8
Total	689998.0	622649.1	10.82%	693902.5

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 million)	532844.0	77%	157154.2	23%	689998.2
2	CASA Ratio (in percent)	-	51.54%	-	14.39%	43.08%
3	Gross Advances (in Rs million)	258596.5	50%	261272.8	50%	519869.3
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 million

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Balance at the start of the period	43686.2	27640.8	58.05%	27640.8
Additions during the period	13773.8	3698.9	272.38%	23832.3
Up gradations during the period	265.0	711.4	-62.75%	1889.2
Write off (includes Technical Write off)	7834.0	26.0	30031%	3280.3
Recoveries during the period	2211.8	657.3	236.50%	2617.4
Balance at the close of the period	47149.2	29945.0	57.45%	43686.2

Movement in Restructured Assets

Amount in Rupees million

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Balance at the start of the period	32353.5	24673.3	31.13%	24673.3
Additions during the period	761.3	262.1	191.15%	2702.6
Disbursements during the period	916.1	748.3	22.42%	7850.0
Reductions / Reclassification / Up gradations	5.8	466.6	-98.76%	1612.1
Recoveries during the period	1550.7	163.2	850.18%	1260.3
Balance at the close of the period	32474.4	25053.9	29.62%	32353.5
NPA's out of outstanding restructured portfolio	5795.4	3451.6	67.90%	6106.1
Provisions held against these NPA's	1928.5	1212.9	59.00%	2069.5

Movement in Flexible Structuring Portfolio

Amount in Rupees million

Particulars	Q1 FY '16-17		FY '2015-16	
	No. of accounts	Amount	No. of accounts	Amount
Balance at the start of the period	5	11222.7	0	0.0
Additions during the period	0	0.0	5	11222.7
Balance at the close of the period	5	11176.3	5	11222.7

Movement in Strategic Debt Restructuring Portfolio

Amount in Rupees million

Particulars	Q1 FY '16-17		FY '2015-16	
	No. of accounts	Amount	No. of accounts	Amount
Balance at the start of the period	5	10878.2	0	0.0
Additions during the period	0	0.0	5	10878.2
Balance at the close of the period	5	9656.8	5	10878.2

Break-up of Deposits :

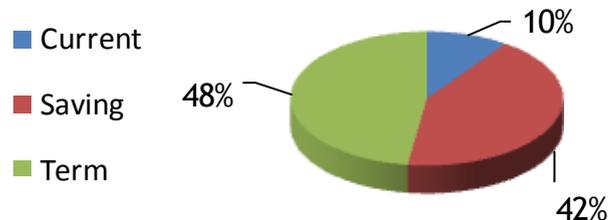
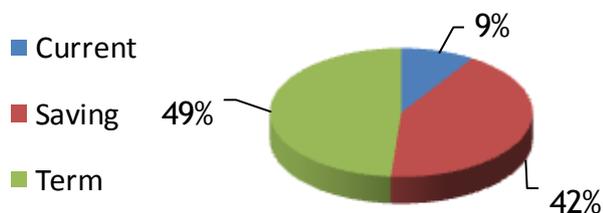
June, 2016

June, 2015

In J&K State

Total Deposits – Rs 532844.0 million

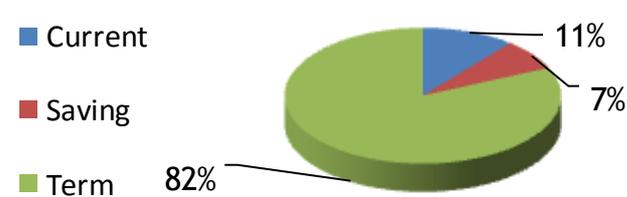
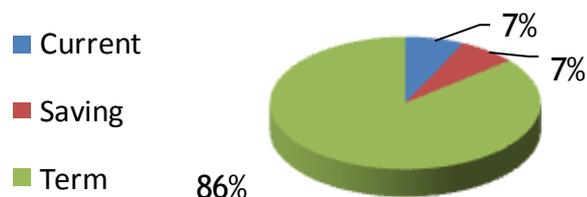
Total Deposits – Rs 484195.6 million



In Rest of India

Total Deposits – Rs 157154.2 million

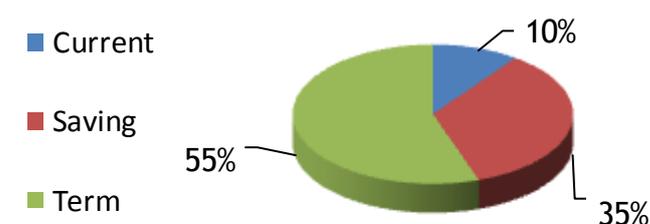
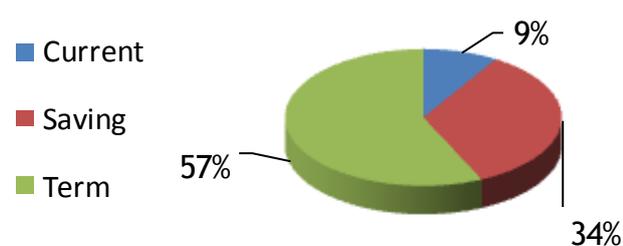
Total Deposits – Rs 138453.5 million



Bank as Whole

Total Deposits – Rs 689998.2 million

Total Deposits – Rs 622649.1 million



Incremental Growth in Deposits

Amount in Rupees million

Particulars		As on Jun 30, 2016	As on Jun 30, 2015	Increment	% Change
Deposits	In J&K State	532844.0	484195.6	48648.4	10%
	In Rest of India	157154.2	138453.5	18700.7	14%
	Whole Bank	689998.2	622649.1	67349.1	11%

Sectoral Break-up of Advances :

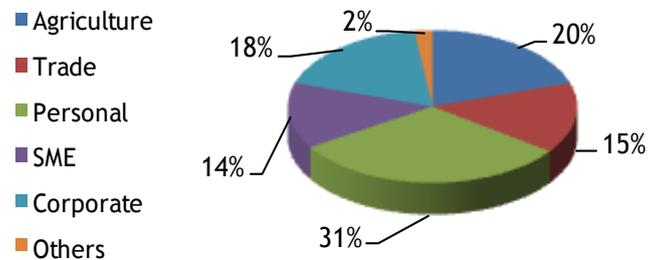
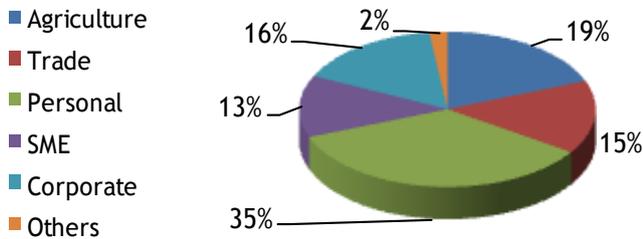
June, 2016

June, 2015

In J&K State

Gross Advances – Rs 258596.5 million

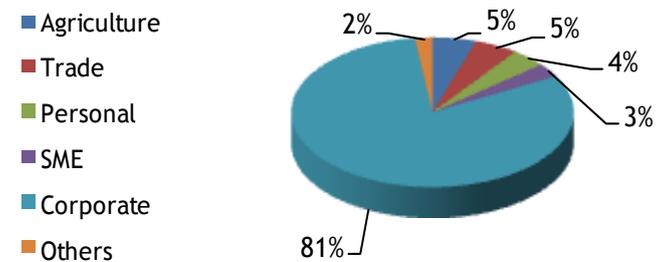
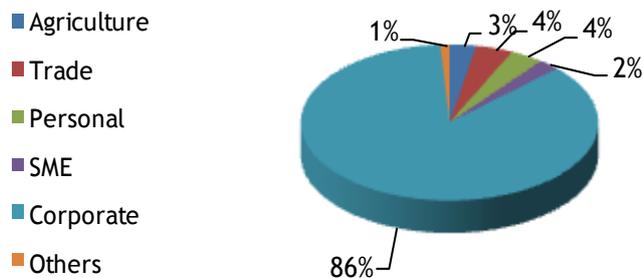
Gross Advances – Rs 235954.2 million



In Rest of India

Gross Advances – Rs 261272.8 million

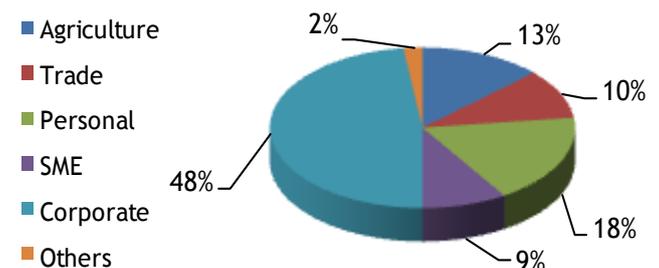
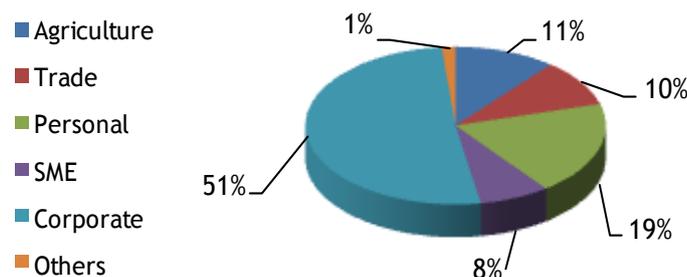
Gross Advances – Rs 218293.4 million



Bank as Whole

Gross Advances – Rs 519869.3 million

Gross Advances – Rs 454247.6 million



Incremental Growth in Advances

Amount in Rupees million

Particulars		As on Jun 30, 2016	As on Jun 30, 2015	Increment	% Change
Gross Advances	In J&K State	258596.5	235954.2	22642.3	10%
	In Rest of India	261272.8	218293.4	42979.4	20%
	Whole Bank	519869.3	454247.6	65621.7	14%

Categorization of Investments (I)

Amount in Rupees million

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	131700.2	120315.7	9.46%	127160.7
□ Shares				
□ Debentures & Bonds	203.7	241.2	-15.55%	200.8
□ Subsidiaries & Joint Ventures	200.0	200.0	0.00%	200.0
□ Others	521.1	569.2	-8.45%	569.2
Sub-Total	132625.0	121326.1	9.31%	128130.7
<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	151.3			
□ Shares	23.3	1.7	1270.59%	1.5
□ Debentures & Bonds				
□ Subsidiaries & Joint Ventures				
□ Others				
Sub-Total	174.6	1.7	10170.6%	1.5
<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	18406.3	9560.1	92.53%	12319.7
□ Shares	2716.3	1727.0	57.28%	1751.8
□ Debentures & Bonds	16972.8	15948.2	6.42%	17915.0
□ Subsidiaries & Joint Ventures				
□ Others	42948.1	63807.9	-32.69%	43417.5
□ Debt / Money Market related MF's				
Sub-Total	81043.5	91043.2	-10.98%	75404.0
<i>Percentage of AFS to Total Investments</i>	<i>37.90%</i>	<i>42.87%</i>		<i>37.05%</i>
Total Investment	213843.1	212371.0	0.69%	203536.2

Categorization of Investments (II)

Amount in Rupees million

Particulars	As on Jun 30, 2016	As on Jun 30, 2015	% Change	As on Mar 31, 2016
SLR Securities	150257.8	129875.8	15.69%	139480.4
Non SLR Securities	63585.3	82495.2	-22.92%	64055.8
Total Investment	213843.1	212371.0	0.69%	203536.2
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 million

Particulars	Q1 FY '16-17	Q1 FY '15-16	% Change	FY Ended Mar, 2016
Opening balance	3695.3	2512.4	47.08%	2512.4
Additions during the period	1000.0	1064.0	-6.02%	2091.1
Recovery during the period	3.0	2.6	15.38%	908.2
Closing balance	4692.3	3573.8	31.30%	3695.3
Provisions held against NPIs *	2086.1	1798.7	15.98%	1800.7

* Excludes floating provisions of Rs 27.6 million

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 million)	116.9	113.2	117.9	
Net Profit per Employee (In Rupees million)	0.02	0.17		
Annualized	0.09	0.68	0.41	
Number of Employees	10085	9320	10141	
Business Per Branch (In Rupees million)	1362.5	1279.2	1388.9	
Net Profit per Branch (In Rs million)	Annualized	1.06	7.70	4.83
Branches – Excluding Extension Counters, Controlling Offices & RCC's	865	825	861	
Number of ATMs	1030	906	1006	
Gross NPAs (In Rupees million)	47149.2	29945.0	43686.2	
Net NPAs (In Rupees million)	30234.7	12767.6	21639.5	
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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