

Earnings Update

Reviewed First Quarter Results

June 30, 2018



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on July 26, 2018 took on record the Reviewed Financial Results for the First Quarter ended June 30, 2018.

Performance Highlights for the quarter ended June 30, 2018:

- Net Profit of Rs 52.59 crore for the quarter ended June, 2018 as compared to Net Profit of Rs 30.19 crore during the quarter ended June, 2017.
- Deposits stood at Rs 77419.57 crore as on June, 2018 as compared to Rs 71744.48 crore as on June, 2017.
- Advances stood at Rs 59841.05 crore as on June, 2018 as compared to Rs 48733.19 crore as on June, 2017.
- EPS for the quarter ended June, 2018 at Rs 0.94 compared to Rs 0.54 for the quarter ended June, 2017.
- NIMs for the quarter ended June, 2018 at 3.66 % (annualized) vis-à-vis 3.70 % for the quarter ended June, 2017.
- Post tax Return on Assets at 0.24 % (annualized) for the quarter ended June, 2018 compared to 0.15 % for the quarter ended June, 2017.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended June, 2018 at 3.37 % compared to 2.02 % recorded for the quarter ended June, 2017.
- Cost of Deposits (annualized) for the quarter ended June, 2018 at 4.83 % compared to 5.27 % recorded for the quarter ended June, 2017.
- Yield on Advances (annualized) for the quarter ended June, 2018 stood at 8.47 % as compared to 9.51 % for the quarter ended June, 2017.
- Business per Employee and Net Profit per Employee (annualized) were at Rs 11.82 crore and Rs 1.81 lakh respectively for the quarter ended June, 2018 compared to Rs 10.78 crore and Rs 1.08 lakh pertaining to the quarter ended June, 2017.
- Gross and Net NPA's as percentages to Gross and Net Advances as on June, 2018 at 9.83 % and 4.65 % respectively compared to 10.79 % and 4.65 % as on June, 2017.
- NPA Coverage Ratio as on June, 2018 at 66.78 % as compared to 70.26% as on June, 2017.
- Cost to Income Ratio stood at 61.72 % for the quarter ended June, 2018 as compared to 55.20 % for the quarter ended June, 2017.
- Capital Adequacy Ratio (Basel III) stood at 12.42 % as on June, 2018 which was recorded at 11.10 % as on June, 2017.

Performance Highlights for the quarter ended June 30, 2018 vis-à-vis quarter ended March 2018:

- Operating Profit of Rs. 349.73 Crore for the quarter ended June 2018 as compared to Operating Profit of Rs. 266.46 crore for quarter ended March, 2018.
- Provisions of Rs. 234.75 crore for bad & doubtful debts made during quarter ended June, 2018 as compared to Provision of Rs. 339.54 crore made during quarter ended March, 2018.
- Net Profit of Rs 52.59 crore for the quarter ended June, 2018 as compared to a Net Profit of Rs 28.41 crore for the quarter ended Mar, 2018.
- EPS for the quarter ended June, 2018 at Rs. 0.94 compared to Rs 0.51 for the quarter ended March, 2018.
- NIMs for the quarter ended June, 2018 at 3.66 % (annualized) vis-à-vis 3.19 % for the quarter ended March, 2018.
- Post tax Return on Assets at 0.24 % (annualized) for the quarter ended June, 2018 compared to 0.13 % for the quarter ended March, 2018.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended June, 2018 at 3.37 % compared to 1.85 % the quarter ended March, 2018.
- The Cost of Deposits (annualized) for the quarter ended June, 2018 at 4.83 % compared to 4.75% recorded for the quarter ended March, 2018.
- The Yield on Advances (annualized) for the quarter ended June, 2018 stood at 8.47 % as compared to 7.84% for the quarter ended March, 2018.
- Business per Employee and Net profit per Employee (annualized) were at Rs 11.82 crore and Rs 1.81 lakh respectively for the quarter ended June, 2018 compared to Rs 11.99 crore and Rs 0.99 lakh for the quarter ended March, 2018.
- Gross and Net NPA's as percentages to Gross and Net Advances as on June, 2018 at 9.83 % and 4.65 % respectively compared to 9.96 % and 4.90 % as on March, 2018.
- NPA Coverage Ratio as on June, 2018 at 66.78 % as compared to 65.83 % as on March, 2018.
- Cost to Income Ratio stood at 61.72 % for the quarter ended June, 2018 as compared to 67.82 % for the quarter ended March, 2018.
- Capital Adequacy Ratio stood at 12.42 % as on June, 2018 which was recorded at 11.42 % as on March, 2018..

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 1 FY '18-19	Q 1 FY '17-18	% Change	FY ended Mar, '18
Interest Earned	1762.89	1680.32	5%	6621.40
Interest Expended	983.70	968.11	2%	3750.61
Net Interest Income	779.19	712.21	9%	2870.79
Other Income	134.35	110.21	22%	495.31
Operating Income	913.54	822.42	11%	3366.10
Operating Expenses	563.81	453.93	24%	1984.23
Operating Profit	349.73	368.49	-5%	1381.87
Provisions & Contingencies	255.01	278.65	-8%	1022.74
PBT	94.72	89.84	5%	359.13
Tax Provision	42.13	-178.53	-124%	-81.77
Net Profit from Ordinary activities after Tax	52.59	268.37	-80%	440.90
Extraordinary Items		238.18		238.18
Net Profit	52.59	30.19	74%	202.72

Balance Sheet

Amount in Rupees crore

Particulars	As on June 30, 2018	As on June 30, 2017	% Change	As on Mar 31, 2018
Capital & Liabilities				
Capital	55.70	55.70	0%	55.70
Reserves & Surplus (includes retained earnings)	6158.11	5929.34	4%	6105.51
Deposits	77419.57	71744.48	8%	80006.5
Borrowings	3622.74	1276.05	184%	1628.34
Other Liabilities & Provisions	1836.99	1888.96	-3%	1891.57
Total	89093.11	80894.53	10%	89687.62
Assets				
Cash & Bank Balance	3431.49	3254.21	5%	4328.36
Balance with Banks and Money at Call & Short Notice	47.42	3022.52	-98%	3924.52
Investments	20101.55	20703.95	-3%	18880.03
Advances	59841.05	48733.19	23%	56912.75
Fixed Assets	1609.57	1550.52	4%	1614.59
Other Assets	4062.03	3630.14	12%	4027.37
Total	89093.11	80894.53	10%	89687.62

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

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Loans & Advances	1327.19	1207.21	10%	4977.74
Investments	393.53	385.95	2%	1431.58
Balance with RBI & Other Inter Bank Funds	41.42	87.06	-52%	211.68
Others	0.75	0.10	650%	0.40
Total	1762.89	1680.32	5%	6621.40

2. Interest Expended on

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Deposits	932.22	939.50	-1%	3612.35
Borrowings	9.65	3.23	199%	24.69
Others (Subordinated Debt)	41.83	25.38	65%	113.57
Total	983.70	968.11	2%	3750.61

3. Other Income

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Commission / Exchange	41.84	39.98	5%	170.88
Insurance Commission	8.32	7.11	17%	31.40
Treasury / Trading Income	9.17	26.27	-65%	49.42
Miscellaneous Income	75.02	36.85	104%	243.61
Total	134.35	110.21	22%	495.31

4. Operating Expenses

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Payment for Employees	375.24	303.17	24%	1286.89
Rent, Taxes and Lightning	21.14	20.47	3%	84.48
Printing & Stationery	2.27	2.67	-15%	10.65
Advertisement & Publicity	2.45	2.56	-4%	22.86
Depreciation in Bank's Property	25.59	19.76	30%	96.55
Directors' Fees, Allowances & Expenses	0.41	0.17	141%	1.66
Auditors' Fees & Expenses	4.76	3.80	25%	17.51
Law Charges	2.34	1.41	66%	7.35
Postage, Telegrams, Telephones etc	1.05	2.25	-53%	5.86
Repairs & Maintenance	5.44	4.07	34%	17.42
Insurance	22.44	17.79	26%	76.52
Other Expenditure	100.68	75.81	33%	356.48
Total	563.81	453.93	24%	1984.23

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

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Provision for Tax	42.13	-178.54	-124%	-81.76
Provision for Bad & Doubtful Debts	234.75	471.18	-50%	1222.72
Provision for Standard Advances	-24.56	-42.71	-42%	-138.36
Provision for Depreciation on Investments	-11.71	-33.15	-65%	15.38
Provision for Non Performing Investments	55.40	123.19	-55%	167.46
Provision for Frauds/ Embezzlements	0.22	0.30	-27%	-0.08
Provision for diminution in fair value of Restructured / Rescheduled advances	0.00	-2.42	-100%	-6.68
Provision for Contingent Liabilities	0.91	0.44	107%	0.47
Total	297.14	338.29	-12%	1179.15

6. Deposits

Amount in Rupees crore

Particulars	As on June 30, 2018	As on June 30, 2017	% Change	As on Mar 31, 2018
Demand Deposits	9677	7830	24%	11271
Saving Deposits	29679	28658	4%	29443
Term Deposits	38063	35256	8%	39292
Total	77419	71744	8%	80007

Geographical Break-up (as on June 2018)

Particulars	From J&K State		From Rest of India		Bank as a Whole	
	Amt / No.	% age	Amt / No.	% age	Amt / No.	% age
Deposits (in Rs crore)	67666	87.40	9754	12.60	77420	100
CASA Ratio (in percent)		54.23		27.26	-	50.83
Gross Advances (in Rs crore)	33311	52.48	30160	47.52	63471	100
Gross NPA	1169	18.73	5073	81.27	6242	100
Number of Branches	787	85.92	129	14.08	916	100
Number of ATM's	1115	92.07	96	7.93	1211	100

Movement in Gross NPA's

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Balance at the start of the period	6006.70	6000.01	0%	6000.01
Additions during the period	769.90	505.48	52%	3104.69
Up gradations during the period	466.91	71.54	553%	185.64
Write off (includes Technical Write off)	1.02	669.82	-100%	2572.26
Recoveries during the period	67.00	123.51	-46%	340.10
Balance at the close of the period	6241.67	5640.62	11%	6006.70

Movement in Restructured Assets

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Balance at the start of the period	6133.00	6381.39	-4%	6381.39
Additions during the period	290.82	300.88	-3%	723.04
Disbursements during the period	0.20	123.83	-100%	315.70
Reductions / Reclassification / Up gradations	59.54	190.30	-69%	706.22
Recoveries during the period	276.99	200.43	38%	580.91
Balance at the close of the period	6087.49	6415.37	-5%	6133.00
NPA's out of outstanding restructured portfolio	1958.32	861.64	127%	1471.59
Provisions held against these NPA's	851.17	371.42	129%	609.85

Restructured Details (as on June 2018)

Amount in Rupees crore

Region	Category	Standard	NPA	Total	Prov. Against NPA
JK Portfolio	Flood	745.56	77.73	823.3	39.42
	Unrest	3161.45	235.71	3397.16	80.76
	Others	112.22	183.36	295.58	85.97
JK Total		4019.23	496.8	4516.04	206.15
ROI Portfolio	CDR	5.02	486.31	491.32	363.14
	MSME	0	12.38	12.38	4.95
	Others	104.91	962.85	1067.76	276.93
ROI Total		109.93	1461.54	1571.46	645.02
BANK TOTAL		4129.16	1958.32	6087.49	851.17

Movement in Flexible Structuring Portfolio

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Balance at the start of the period	247.98	255.62	-3%	255.62
Additions during the period	0	0.00	-	0
Reductions during the period	0	0.00	-	0
Balance at the close of the period	244.99	255.98	-4%	247.98

* The balance of Rs. 244.99 crore comprises 2 accounts which are Standard Non-Restructured as on June'18

Movement in Strategic Debt Restructuring Portfolio

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Balance at the start of the period	95.65	312.18	-69%	547.17
Additions during the period	0.00	0.00	-	0.00
Reductions during the period	0.00	26.66	-100%	451.52
Balance at the close of the period	0.00	281.48	-66%	95.65

** 1 account outstanding as on 31.03.2018 slipped to NPA during Q1 FY 2019

Movement in S4A Portfolio

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Balance at the start of the period	95.30	371.20	-74%	371.20
Additions during the period	0.00	0.00	-	30.00
Reductions during the period	0.00	130.21	-100%	305.90
Balance at the close of the period	95.28	244.82	-61%	95.30

*** The balance of Rs. 95.28 crore comprises 1 account which is Restructured Standard as on June'18

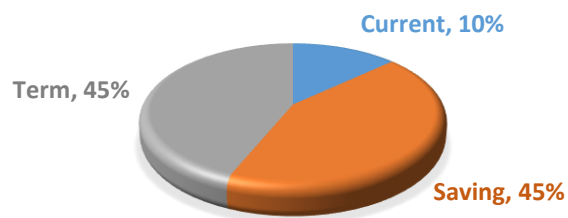
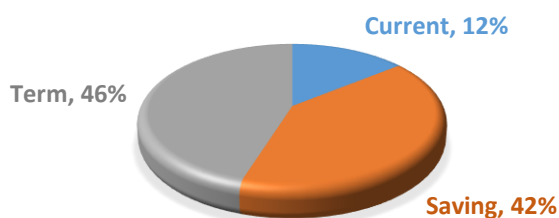
Break-up of Deposits:

June, 2018

June, 2017
In J&K State

Total Deposits – Rs 67666 crore

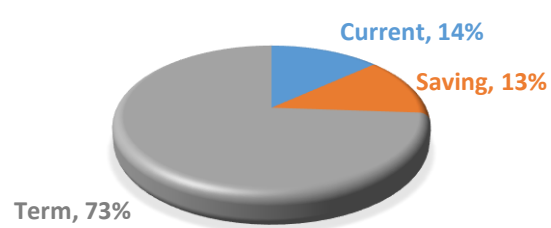
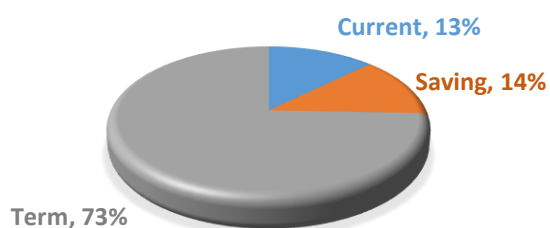
Total Deposits – Rs 61803 crore



In Rest of India

Total Deposits – Rs 9754 crore

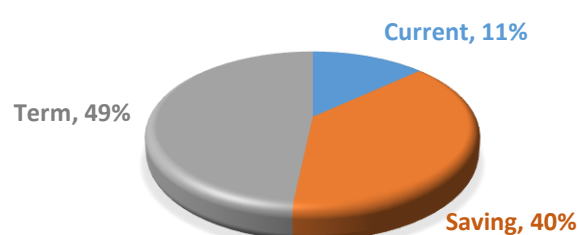
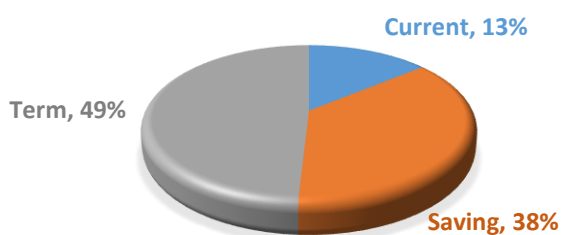
Total Deposits – Rs 9941 crore



Bank as Whole

Total Deposits – Rs 77420 crore

Total Deposits – Rs 71744 crore



Incremental Growth in Deposits

Amount in Rupees crore

Particulars		As on June 30, 2018	As on June 30, 2017	Increment	% Change
Deposits	In J&K State	67666	61803	5863	9%
	In Rest of India	9754	9941	-187	-2%
	Whole Bank	77420	71744	5676	8%

Sectoral Break-up of Advances:

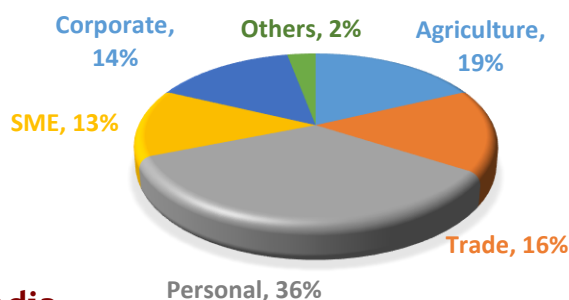
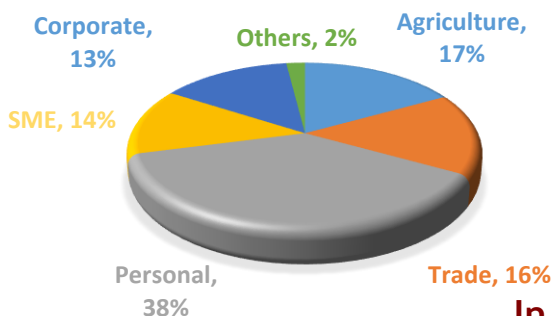
June, 2018

June, 2017

In J&K State

Gross Advances – Rs 33311 crore

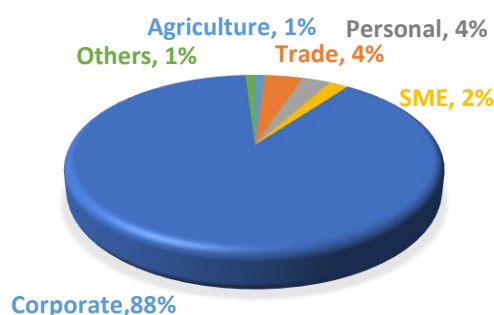
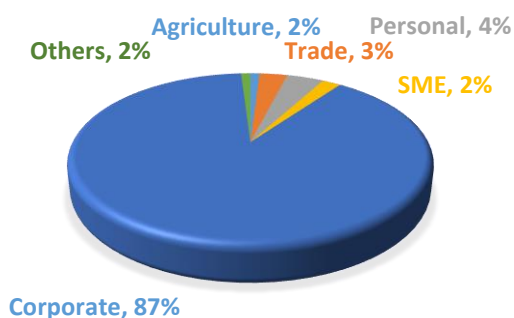
Gross Advances – Rs 27470 crore



In Rest of India

Gross Advances – Rs 30160 crore

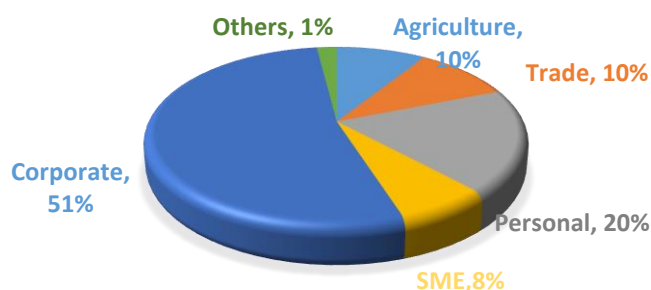
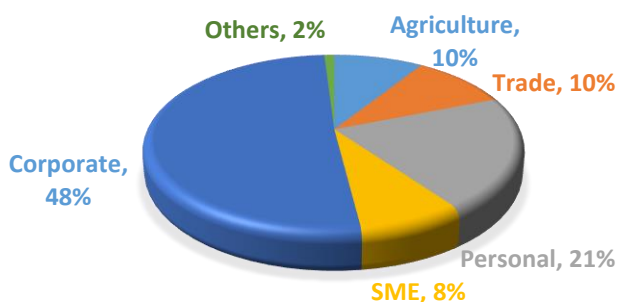
Gross Advances – Rs 24816 crore



Bank as Whole

Gross Advances – Rs 63471 crore

Gross Advances – Rs 52286 crore



Incremental Growth in Advances:

Amount in Rupees crore

Particulars		As on June 30, 2018	As on June 30, 2017	Increment	% Change
Gross Advances	In J&K State	33311	27470	5841	21%
	In Rest of India	30160	24816	5344	22%
	Whole Bank	63471	52286	11185	21%

Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on June 30, 2018	As on June 30, 2017	% Change	As on Mar 31, 2018
Held to Maturity (HTM)				
· Government & Other Approved Securities	14768.88	13096.39	13%	14979.81
· Shares	0.00	0.00		0.00
· Debentures & Bonds	17.83	21.54	-17%	17.50
· Subsidiaries & Joint Ventures	20.00	20.00	0%	20.00
· Others	45.67	45.67	0%	45.67
Sub-Total	14852.38	13183.60	13%	15062.98
<i>Percentage of HTM to Total Investments</i>	<i>73.89%</i>	<i>63.68%</i>		<i>79.78%</i>
Held for Trading (HFT)				
· Government & Other Approved Securities	23.88	30.71	-22%	0.00
· Shares	1.18	1.99	-41%	3.00
· 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	25.06	32.70	-23%	3.00
<i>Percentage of HFT to Total Investments</i>	<i>0.12%</i>	<i>0.16%</i>		<i>0.02%</i>
Available for Sale (AFS)				
· Government & Other Approved Securities	2840.83	2371.82	20%	2217.23
· Shares	289.70	185.15	56%	324.50
· Debentures & Bonds	642.02	1202.23	-47%	713.27
· Subsidiaries & Joint Ventures	0.00	0.00		0.00
· Others	1451.56	3728.45	-61%	559.05
· Debt / Money Market related MF's	0.00	0.00		0.00
Sub-Total	5224.11	7487.65	-30%	3814.05
<i>Percentage of AFS to Total Investments</i>	<i>25.99%</i>	<i>36.17%</i>		<i>20.20%</i>
Total Investment	20101.55	20703.95	-3%	18880.03

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on June 30, 2018	As on June 30, 2017	% Change	As on Mar 31, 2018
SLR Securities	17633.59	15498.92	14%	17197.04
Non SLR Securities	2467.96	5205.03	-53%	1682.99
Total Investment	20101.55	20703.95	-3%	18880.03
SLR Securities as % age to total Investments	88%	75%	-	91%
Non SLR Securities as % age to total Investments	12%	25%	-	9%

Movement in Non Performing Investments

Amount in Rupees crore

Particulars	Q1 FY '18-19	Q1 FY '17-18	% Change	FY Ended Mar, 2018
Opening balance	653.22	569.67	15%	569.67
Additions during the period	182.74	127.63	43%	167.69
Recovery during the period	0	1.71	-100%	84.14
Closing balance	835.96	695.59	20%	653.22
Provisions held against NPIs	629.54	567.92	11%	574.14

Duration of Investments

in Years

Particulars	As on June 30, 2018	As on June 30, 2017	As on Mar 31, 2018
HTM Portfolio	4.14	4.19	4.05
HFT Portfolio	5.91	6.09	0.00
AFS Portfolio	1.90	1.92	2.55
Total Portfolio	3.60	3.40	3.78

Yield on Investments

In percent

Particulars	Q1 FY '18-19	Q1 FY '17-18	FY Ended Mar, 2018
SLR Securities	7.43	7.62	7.57
Non SLR Securities	5.27	5.91	5.89
Total Portfolio	6.97	7.11	7.21

Analytical Ratios:

Particulars	Q1 FY '18-19	Q1 FY '17-18	Year Ended Mar 2018
Net Interest Margins (%) *	0.91	0.92	
Annualized	3.66	3.70	3.65
Yield on Advances (%) *	2.12	2.38	
Annualized	8.47	9.51	8.77
Yield on Investments (%) *	1.78	1.74	
Annualized	7.13	6.98	7.05
Cost of Deposits (%) *	1.21	1.32	
Annualized	4.83	5.27	5.01
Post Tax Return on Assets (%)	0.06	0.04	
Annualized	0.24	0.15	0.25
Post Tax Return on Average Networth (%)*	0.84	0.51	
Annualized	3.37	2.02	3.42
Cost to Income Ratio (%)	61.72	55.20	58.95
Credit / Deposit (CD) Ratio (%)	77.29	67.93	71.14
CASA Ratio (%)	50.84	50.86	50.89
Business per Employee (In Rupees crore)	11.82	10.78	11.99
Net Profit per Employee (In Rupees lakh)	0.45	0.27	
Annualized	1.81	1.08	1.77
Number of Employees	11611	11178	11435
Business Per Branch (In Rupees crore)	150.51	133.27	151.46
Net Profit per Branch (In Rs cr) Ann.	0.23	0.13	0.22
Branches – Excluding Extension Counters, Controlling Offices & RCC's	916	904	909
Number of ATMs	1211	1119	1199
Gross NPAs (In Rupees crore)	6241.67	5640.62	6006.70
Net NPAs (In Rupees crore)	2781.72	2267.20	2791.12
Gross NPA Ratio (%)	9.83	10.79	9.96
Net NPA Ratio (%)	4.65	4.65	4.90
NPA Coverage Ratio (%)	66.78	70.26	65.83
Capital Adequacy Ratio (%)	12.42	11.10	11.42
i. Tier I	10.50	9.16	9.24
ii Tier II	1.92	1.94	2.18
Earnings per Share (In Rupees)	0.94	0.54	
Annualized	3.78	2.17	3.64
Net Asset Value (In Rupees)	112.53	107.48	110.60
Adjusted Book Value (In Rupees)	62.58	66.76	60.50
Dividend Payout Ratio (%)	-	-	-
Dividend Yield (%)	-	-	-

Shareholding Pattern as on July 20, 2018 vis-à-vis July 21, 2017:

S No.	PARTICULARS	Number of Shares Held as on July 20, 2018	% to Capital	Number of Shares Held as on July 21, 2017	% to Capital
1.	GOVERNMENT OF J&K	329833032	59.23%	329833032	59.23%
2.	INDIAN MUTUAL FUNDS	31030548	5.57%	27191850	4.88%
3.	INSURANCE COMPANIES	15374694	2.76%	15374694	2.76%
4.	BANKS	236432	0.04%	247745	0.04%
5.	NON RESIDENT INDIANS	5030771	0.90%	3931258	0.71%
6.	FOREIGN INSTITUTIONAL INVESTORS	405210	0.07%	1223747	0.22%
7.	FOREIGN PORTFOLIO INVESTORS	88292874	15.86%	92572583	16.62%
8.	BODIES CORPORATES	15897182	2.85%	19137193	3.44%
9.	RESIDENT INDIVIDUALS	70608673	12.68%	67120188	12.05%
10.	CLEARING MEMBERS	148976	0.03%	226102	0.04%
	TOTAL	556858392	100.00%	556858392	100.00%

For more information, contact:

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