

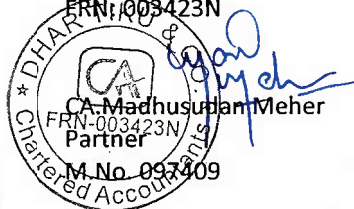
## REVIEW REPORT

1. We have reviewed the accompanying statement of unaudited financial results of **THE JAMMU & KASHMIR BANK LIMITED** for the quarter ended **30<sup>th</sup> June 2014** except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/Committee of Board of Directors. Our responsibility is to express a conclusion on this interim financial information based on our review.
2. We conducted our Review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This standard requires that we plan and perform to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Bank personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be indentified in an audit. Accordingly, we do not express an audit opinion.
3. The financial results incorporate the relevant returns of 29 branches reviewed by us, 363 branches reviewed by other Chartered Accountants and Bank's own Officials acting as Concurrent Auditors of the Bank and un-reviewed returns in respect of 407 branches. In the conduct of our Review, in addition to 29 branches reviewed by us, we have relied on the review reports in respect of non-performing assets, received from Bank's Concurrent Auditors aggregating 363 branches. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the Bank. These review reports of 392 branches cover 89.82 % of advances portfolio of the Bank and 97.46% of Non Performing Assets of the Bank (NPAs) as on 30<sup>th</sup> June 2014
4. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with applicable Financial Reporting framework issued by the Institute of Chartered Accountants of India and other recognized Accounting Practices and Policies and has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For Gupta Sharma & Associates  
Chartered Accountants  
ERN: 001466N



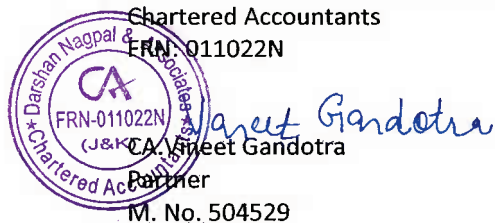
For Dhar Tiku & Co.  
Chartered Accountants  
ERN: 003423N



For Arora Vohra & Co  
Chartered Accountants  
ERN: 009487N



For Darshan Nagpal & Associates  
Chartered Accountants  
ERN: 011022N



For Dharam Raj & Co  
Chartered Accountants  
ERN: 014461N



Place: Srinagar  
Dated: August 13, 2014

**BALANCE SHEET AS AT 30TH JUNE, 2014**

( ₹ IN LACS )

	As at 30.06.2014	As at 30.06.2013
<b>CAPITAL AND LIABILITIES</b>		
Capital .....	4849	4849
Reserves and Surplus* .....	580517	512412
Deposits .....	6365194	5860109
Borrowings .....	183633	75762
Other Liabilities and Provisions .....	181369	121605
<b>TOTAL :-</b>	<b>7315562</b>	<b>6574737</b>

**ASSETS**

Cash and Balance with Reserve Bank of India .....	268914	287117
Balance with Banks & Money at Call & Short Notice ...	152372	37242
Investments .....	2274768	2173375
Advances .....	4443073	3928220
Fixed Assets .....	53834	47465
Other Assets .....	122601	101318

**TOTAL :-**

7315562

6574737

\* Includes profit for the quarter 1st (Rs.13005 Lacs) Previous corresponding quarter (Rs.30792 Lacs)

**In terms of our report of even date annexed**

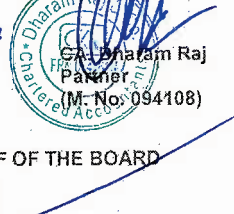
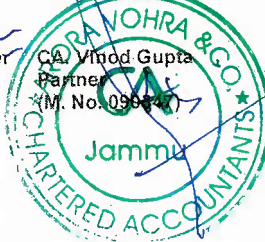
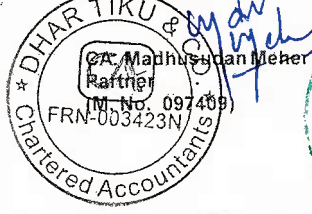
For Gupta Sharma & Associates  
Chartered Accountants  
FRN: 001466N

For Dhar Tikku & Co.  
Chartered Accountants  
FRN: 003423N

For Arora Vohra & Co  
Chartered Accountants  
FRN: 009487N

For Darshan Nagpal & Associates  
Chartered Accountants  
FRN: 011022N

For Dharam Raj & Co  
Chartered Accountants  
FRN: 011461N



FOR & ON BEHALF OF THE BOARD

**Mushtaq Ahmad**  
Chairman & CEO  
DIN: 01226134

Place : Srinagar  
Dated : August 13, 2014



SEGMENT RESULTS

(₹ In Lacs)

S.No.	PARTICULARS	Quarter Ended				Description	Quarter Ended			
		30.06.2014	31.03.2014	30.06.2013	31.03.2014		30.06.2014	31.03.2014	30.06.2013	31.03.2014
1	Interest Earned (a-b+c+d) a) Interest/Discount on Advances/Bills b) Interest on Investments c) Interest on Balance with R.B.I. & Other Inter Bank Funds d) Others	176801 127974 46727 2100	177750 132735 43212 1803	162424 119439 42291 1694	162424 119439 42291 1694	1) Segment Revenue (Income) i) Treasury Operations ii) Corporate/Wholesale Banking iii) Retail Banking iv) Other Banking Business Total	53243 77989 71650 7656 996 203878	47849 84532 72569 865 855 208816	46772 76896 62909 8273 875 187452	184900 318105 273185 3273 2464 779463
2	Other Income	13099	11110	9223	9223	13978	16955	15895	15895	
3	Total Income (1+2)	169960	198860	171647	171647	18975	18975	18975	18975	
4	Interest Expended	113031	109632	96935	96935	117499	117499	117499	117499	
5	Operating Expenses (iii) I. Employees Cost II. Other Operating Expenses	32117 20556 11521	33084 20370 12714	26913 17564 9048	26913 17564 9048	1564 9122 8607 782	2439 23077 15970 601	992 38003 6774 707	5097 112999 54627 2464	
6	Total Expenditure (4-5) (Excluding Provisions & Contingencies) Items exceeding 10% of total expenditure excluding int. Expenditure	145148	140716	123548	123548	20075	42087	44476	44476	
7	Operating Profit before Provisions and Contingencies (4-6)	24677	48144	48099	48099	1933528	2212402	1946371	2212402	
8	Provisions (Other than tax) and Contingencies	20075	42087	44476	44476	155182	(32641)	113984	(32641)	
9	Exceptional Items	7070	17027	13684	13684	(1503402)	(1507596)	(1443221)	(1507596)	
10	Profit (+) / Loss (-) from ordinary activities before tax (7-9)	13005	25060	30792	30792	58	198	247	198	
11	Tax Expenses	13005	25060	30792	30792	58	198	247	198	
12	Net Profit (+) / Loss (-) from ordinary activities after tax (10-11)	13005	25060	30792	30792	58	198	247	198	
13	Extraordinary Items (net of tax expenses)	13005	25060	30792	30792	58	198	247	198	
14	Net Profit (+) / Loss (-) for the period (12-13)	13005	25060	30792	30792	58	198	247	198	
15	Paid-up Equity Share Capital (Face Value Rs. 100. per share)	4849	4849	4849	4849	583356	572361	572361	572361	
16	Reserves excluding revaluation reserves (As per Balance Sheet of Previous Accounting year)	567512	567512	481620	481620					
17	Analytical Ratios									
	(i) Percentage of Shares held by Govt. of J&K	53.17%	53.17%	53.17%	53.17%					
	(ii) Capital Adequacy Ratio % (Based-II)	13.28%	12.91%	13.85%	12.91%					
	(iii) Earning per share (EPS) ₹ (net of tax expense) for the period, for the year to date and for the date and for the previous year (* not annualized)	26.82*	51.59	63.52*	243.92					
	a) Basic and diluted EPS before Extraordinary Items	26.82*	51.59	63.52*	243.92					
	b) Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year (* not annualized)	26.82*	51.59	63.52*	243.92					
	(iv) NPFA Ratios									
	a) Amount of Gross NPAs	188799	78342	66543	78342					
	b) Amount of Net NPAs	96848	10199	5612	10199					
	c) % of Gross NPAs	4.18%	1.66%	0.22%	1.66%					
	d) % of Net NPAs	2.16%	0.22%	0.14%	0.22%					
	(v) Return on Assets (Normalized)	0.72%	1.37%	1.89%	1.74%					
18	Aggregate of Public Share Holding (i) No. of Shares	22702536	22702536	22702536	22702536					
	(ii) Percentage of Share Holding	46.83%	46.83%	46.83%	46.83%					
19	Promoters and promoter group Shareholding a) Pledged/Circumvented - Number of Shares - Percentage of shares (as a % of the total shareholding of promoter and promoter group) b) Non-encumbered - Number of Shares - Percentage of shares (as a % of the total shareholding of promoter and promoter group) - Percentage of shares (as a % of the total share capital of the total share capital of the company)	NIL NIL 25775266	NIL NIL 25775266	NIL NIL 25775266	NIL NIL 25775266					

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

1. The above financial results were reviewed by the Audit Committee of the Board on August 12, 2014 and approved by the Board of Directors at its meeting held on August 13, 2014. The same have been reviewed by the Statutory Central Auditors of the bank in the line with the direction issued by the RBI and as per the requirements of listing agreement with Stock Exchange.

2. The results for the quarter ended 30th June, 2014 have been prepared following the same accounting policy as those followed in the annual financial statements for the year ended 31st March, 2014.

3. The results have been arrived at after considering provision for Non-Performing Assets as per RBI guidelines. Provision for Taxation including (Deferred Tax and Wealth Tax), Depreciation on Fixed Assets have been made on an estimated basis.

4. Provision for terminal benefits (Pension, Gratuity and Leave salary Encashment) has been made as per actuarial valuation.

5. In view of the ensuring settlement of wage revision which shall have effect from November 2012, an adhoc amount of ₹ 21.00 crore has been provided in respect of the same in this quarter (₹ 21.00 crore previous quarter) totalling to ₹ 137.25 crores.

6. Provisioning coverage ratio as at 30th June, 2014 is 55.08%.

7. In terms of RBI circular No. DBOD.No.BP.55/21.04.048/2013-14 dated February 07, 2014 Banks were allowed to utilize 33% of the floating provision held by them for making provision for non-performing assets. Bank has not utilized the floating provision of ₹ 52.90 crore available as at 30.06.2014 for making specific provision for NPA.

8. In accordance with RBI circular no DBOD. BP. BC. 85/21.06.200/2013-14 dated 15th January, 2014 and circular no DBOD.BR.C.116/LL.08.200/2013-14 dated 3rd June, 2014, Banks are required to make additional provision in respect of customers with Unhedged foreign Currency Exposures (UFCE) from April 2014 onwards. Accordingly based on available information provided by customers, the bank has estimated a provision requirement of ₹ 1.262 crores. However, in terms of aforesaid circular, RBI has allowed banks to spread the entire provision over the four quarters of FY 2014-15. Accordingly bank has provided liability of ₹ 3.15 Crores towards Unhedged foreign Currency Exposure (UFCE) to its constituents for the quarter.

9. The above results are stand alone and do not include that of subsidiary company.

10. Pursuant to section 135 of Companies Act, 2013, it is required to expend 2% of the average net profits made during three immediate preceding financial years for CSR activities. Accordingly the bank has expended ₹ 3.35 lacs for the same and made provision for balance amount of ₹ 7.44 Crores for the quarter on proportionate basis.

11. The number of investors/complaints received during the quarter were 3 (three) and all have been disposed off.

12. Previous period figures have been recasted / regrouped wherever necessary, to make them comparable.

For Gupta Sharma & Associates  
Chartered Accountants  
Firm No. 01465N  
M. No. 0872621

For Dharshana & Co.  
Chartered Accountants  
Firm No. 0028234  
M. No. 0574059

For Darshan Nagpal & Associates  
Chartered Accountants  
Firm No. 07022N  
M. No. 5045291

For Darshan Nagpal & Associates  
Chartered Accountants  
Firm No. 07022N  
M. No. 5045291

For Dheeraj Rai & Co.  
Chartered Accountants  
Firm No. 0126134  
M. No. 0941061

FOR AND ON BEHALF OF THE BOARD  
Chairman & CEO  
DMT 0126134  
Place : Srinagar  
Date : August 13, 2014