

Earnings Update

Reviewed Third Quarter & Nine Month Results

December 31, 2011



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on January 28, 2012 took on record the reviewed financial results for the Third Quarter ended December 31, 2011.

Performance Highlights for the quarter ended December 31, 2011:

- Net Profit up 27 % at Rs 213.19 crore for the quarter ended Dec, 2011 as compared to Rs 167.88 crore earned during the quarter ended Dec, 2010.
- EPS for the quarter ended Dec, 2011 at Rs 43.98 up 27 % from Rs 34.63 earned during the corresponding quarter of previous financial year.
- NIMs (Net Interest Margins) Ratio for the quarter ended Dec, 2011 at 3.63 % (annualized) vis-à-vis 3.70 % for the corresponding quarter of previous financial year.
- Post tax Return on Assets at 1.56 % (annualized) for the quarter ended Dec, 2011 compared to 1.45 % for the corresponding period of the previous financial year
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Dec, 2011 at 21.50 % compared to 19.73 % recorded for the corresponding quarter a year ago.
- The Yield on Advances (annualized) for the current quarter improved by 144 basis points to 12.15 % compared to 10.71 % for the quarter ended Dec, 2010.
- Business per Employee and Net profit per Employee (annualized) improved to Rs 8.47 crore and Rs 9.20 lakh respectively for the quarter ended Dec, 2011 from Rs 8.34 crore and Rs 8.46 lakh pertaining to the quarter ended Dec, 2010.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Dec, 2011 at 1.80 % and 0.16 % respectively.
- NPA Coverage Ratio as on Dec, 2011 at 94.07 % well above RBI stipulated norm of 70 %.
- Cost to Income Ratio declined to 38.30 % for the current quarter from 39.88 % for the quarter ended Dec, 2010.

The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on January 28, 2012 took on record the reviewed financial results for the Nine Months ended December 31, 2011.

Performance Highlights for the nine months ended December 31, 2011:

- Net Profit up 25 % at Rs 595.13 crore for the 9 M ended Dec, 2011 as compared to Rs 476.64 crore earned during the 9 M ended Dec, 2010.
- EPS for the 9 M ended Dec, 2011 at Rs 122.76 up 25 % from Rs 98.32 earned during the corresponding 9 Months of previous financial year.
- NIMs (Net Interest Margins) Ratio for the 9 M ended Dec, 2011 at 3.64 % (annualized) vis-à-vis 3.67 % for the corresponding 9 Months of previous financial year.
- Post tax Return on Assets at 1.45 % (annualized) for the 9 M ended Dec, 2011 compared to 1.37 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the 9 M ended Dec, 2011 at 21.01 % compared to 19.56 % recorded for the corresponding 9 M of the previous financial year.
- The Yield on Advances (annualized) for the current 9 M stood at 11.62 % compared to 10.53 % for the 9 M ended Dec, 2010.
- Business per Employee and Net profit per Employee (annualized) improved to Rs 8.47 crore and Rs 8.56 lakh respectively for the 9 M ended Dec, 2011 from Rs 8.34 crore and Rs 8.00 lakh pertaining to the 9 M ended Dec, 2010.
- Cost to Income Ratio at 37.90 % for the current 9 M which was at 37.86 % for the 9 M ended Dec, 2010.
- Comfortable Capital Adequacy Ratio (Basel II) at 13.62 % as on Dec, 2011, well above RBI stipulated norm of 9 %.
- Net Asset Value improved to Rs 840 as on Dec, 2011 compared to Rs 719 a year ago.

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 3 '11-12	Q 3 '10-11	% Change	9 Mth '11-12	9 Mth '10-11	% Change	Year Ended Mar, '11
Interest Earned	1266.53	934.66	35.51%	3478.04	2699.27	28.85%	3713.13
Interest Expended	815.74	545.13	49.64%	2155.78	1571.34	37.19%	2169.47
Net Interest Income	450.79	389.53	15.73%	1322.26	1127.93	17.23%	1543.66
Other Income	73.63	77.56	-5.07%	211.85	245.73	-13.79%	364.76
Operating Income	524.42	467.09	12.27%	1534.11	1373.66	11.68%	1908.42
Operating Expenses	200.86	186.26	7.84%	581.40	520.10	11.79%	758.93
Operating Profit	323.56	280.83	15.22%	952.71	853.56	11.62%	1149.49
Provisions & Contingencies	18.16	30.63	-40.71%	84.97	139.50	-39.09%	215.10
PBT	305.40	250.20	22.06%	867.74	714.06	21.52%	934.39
Tax Provision	92.21	82.32	12.01%	272.61	237.42	14.82%	319.19
Net Profit	213.19	167.88	26.99%	595.13	476.64	24.86%	615.20
Share Capital	48.49	48.49	0.00%	48.49	48.49	0.00%	48.49
EPS in Rs.	43.98	34.63	26.99%	122.76	98.32	24.86%	126.90
Net Interest Margins	0.91%	0.93%	-	2.73%	2.75%	-	-
Net Interest Margins (Ann.)	3.63%	3.70%	-	3.64%	3.67%	-	3.62%

Balance Sheet

Amount in Rupees crore

Particulars	As on Dec 31, 2011	As on Dec 31, 2010	% Change	As on Mar 31, 2011
Capital & Liabilities				
Capital	48.49	48.49	0.00%	48.49
Reserves & Surplus *	4025.32	3438.61	17.06%	3430.19
Deposits	48778.94	40877.37	19.33%	44675.94
Borrowings	867.85	1115.91	-22.23%	1104.65
Other Liabilities & Provisions	1067.38	961.42	11.02%	1248.88
Total	54787.98	46441.80	17.97%	50508.15
Assets				
Cash & Bank Balance	2958.51	2352.71	25.75%	2974.96
Balance with Bank and Money at Call & Short Notice	938.30	449.11	108.92%	573.84
Investments	19838.74	17217.09	15.23%	19695.77
Advances	29734.14	25362.74	17.24%	26193.64
Fixed Assets	408.34	382.25	6.83%	393.77
Other Assets	909.95	677.90	34.23%	676.17
Total	54787.98	46441.80	17.97%	50508.15

* Includes Retained Earnings

Segmental Revenues & Profits:

Revenues

Amount in Rupees crore

Particulars	Q 3 '11-12	Q 3 '10-11	% Change	9 Mth FY 11-12	9 Mth FY 10-11	% Change	Year Ended Mar, 2011
Treasury Operations	403.20	307.39	31.17%	1086.70	871.57	24.68%	1197.66
Corporate / Wholesale Banking	419.55	330.43	26.97%	1214.94	1065.73	14.00%	1383.82
Retail Banking	577.35	464.71	24.24%	1623.55	1312.41	23.71%	1925.08
Other Banking Business	8.27	8.74	-5.38%	25.96	24.46	6.13%	34.59
Less Inter Segment Revenue	68.21	99.05	-31.14%	261.26	329.17	-20.63%	463.26
Net Income from Operations	1340.16	1012.22	32.40%	3689.89	2945.00	25.29%	4077.89

Profits

Amount in Rupees crore

Particulars	Q 3 '11-12	Q 3 '10-11	% Change	9 Mth FY 11-12	9 Mth FY 10-11	% Change	Year Ended Mar, 2011
Treasury Operations	13.00	14.68	-11.44%	22.63	16.12	40.38%	-4.87
Corporate / Wholesale Banking	216.03	133.19	62.20%	647.97	474.37	36.60%	583.31
Retail Banking	69.59	94.94	-26.70%	176.40	203.39	-13.27%	327.71
Other Banking Business	6.78	7.39	-8.25%	20.74	20.18	2.78%	28.24
Total Profit before Tax	305.40	250.20	22.06%	867.74	714.06	21.52%	934.39

Break-up:

1. Interest Earned

Amount in Rupees crore

Particulars	Q 3 '11-12	Q 3 '10-11	% Change	9 Mth FY 11-12	9 Mth FY 10-11	% Change	Year Ended Mar, 2011
On Loans & Advances	880.15	649.85	35.44%	2436.83	1911.16	27.51%	2629.60
Investments	374.70	280.23	33.71%	1016.63	776.09	30.99%	1066.15
Inter Bank Funds	11.68	4.58	155.02%	24.58	12.02	104.49%	17.38
Total	1266.53	934.66	35.51%	3478.04	2699.27	28.85%	3713.13

2. Interest Expended

Amount in Rupees crore

Particulars	Q 3 '11-12	Q 3 '10-11	% Change	9 Mth FY 11-12	9 Mth FY 10-11	% Change	Year Ended Mar, 2011
Deposits	796.36	515.48	54.49%	2084.62	1496.39	39.31%	2069.17
Borrowings	5.88	16.15	-63.59%	30.66	34.45	-11.00%	46.30
Others (Subordinated Debt)	13.50	13.50	0.00%	40.50	40.50	0.00%	54.00
Total	815.74	545.13	49.64%	2155.78	1571.34	37.19%	2169.47

3. Other Income

Amount in Rupees crore

Particulars	Q 3 '11-12	Q 3 '10-11	% Change	9 Mth FY 11-12	9 Mth FY 10-11	% Change	Year Ended Mar, 2011
Commission / Exchange	38.71	34.30	12.86%	106.74	102.73	3.90%	146.01
Insurance Commission	6.11	6.12	-0.16%	19.38	18.01	7.61%	26.14
Treasury / Trading Income	8.80	17.87	-50.73%	27.41	69.66	-60.65%	92.38
Miscellaneous Income	20.00	19.27	3.81%	58.32	55.33	5.40%	100.23
Total	73.63	77.56	-5.07%	211.85	245.73	-13.79%	364.76

Break-up:

4. Provisions & Contingencies

Amount in Rupees crore

Particulars	Q 3 '11-12	Q 3 '10-11	% Change	9 Mth FY 11-12	9 Mth FY 10-11	% Change	Year Ended Mar, 2011
Provision for Tax	92.21	82.32	12.01%	272.61	237.42	14.82%	319.19
Provision for Bad & Doubtful Debts	15.00	15.00	0.00%	53.00	98.00	-45.92%	130.00
Provision for Depreciation on Investments	-0.15	0.15	-200.00%	8.00	21.23	-62.32%	41.03
Provision for Funded Interest on Term Loan	-2.91	8.54	-134.07%		11.08		5.00
Provision for Frauds/ Embezzlements	0.13	0.58	-77.59%	1.48	0.75	97.33%	1.95
Contingencies							21.04
Provision for diminution in fair value of Restructured / Rescheduled advances	6.09	6.36	-4.25%	22.49	8.44	166.47%	16.08
Total	110.37	112.95	-2.28%	357.58	376.92	-5.13%	534.29

5. Deposits

Amount in Rupees crore

Particulars	As on Dec 31, 2011	As on Dec 31, 2010	% Change	As on Mar 31, 2011
Demand Deposits	4621.22	4415.30	4.66%	5359.87
Saving Deposits	14973.92	11759.75	27.33%	12726.83
Term Deposits	29183.79	24702.32	18.14%	26589.24
Total	48778.94	40877.37	19.33%	44675.94

Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Dec 31, 2011	As on Dec 31, 2010	% Change	As on Mar 31, 2011
Held to Maturity (HTM)				
□ Government & other approved Securities	10529.49	8767.41	20.10%	9474.31
□ Shares				
□ Debentures & Bonds	231.95	258.77	-10.36%	236.15
□ Subsidiaries & Joint Ventures	27.11	27.11	0.00%	27.11
□ Others	2414.30	2367.87	1.96%	2489.61
Sub-Total	13202.85	11421.16	15.60%	12227.18
<i>Percentage of HTM to Total Investments</i>	<i>66.55%</i>	<i>66.34%</i>		<i>62.08%</i>
Held for Trading (HFT)				
□ Government & other approved Securities				
□ Shares		1.42		0.49
□ Debentures & Bonds				
□ Subsidiaries & Joint ventures				
□ Others				
Sub-Total	0.00	1.42	-100.00%	0.49
<i>Percentage of HFT to Total Investments</i>	<i>0.00%</i>	<i>0.01%</i>		<i>0.00%</i>
Available for Sale (AFS)				
□ Government & other approved Securities	462.62	971.41	-52.38%	860.87
□ Shares	311.57	351.45	-11.35%	291.46
□ Debentures & Bonds	1628.72	1706.89	-4.58%	1695.04
□ Subsidiaries & Joint ventures				
□ Others	4232.98	2564.75	65.04%	4620.73
□ Debt / Money Market related MFs				
□ Reverse Repo		200.00		
Sub Total	6635.89	5794.50	14.52%	7468.10
<i>Percentage of AFS to Total Investments</i>	<i>33.45%</i>	<i>33.66%</i>		<i>37.92%</i>
Total Investment	19838.74	17217.08	15.23%	19695.77

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Dec 31, 2011	As on Dec 31, 2010	% Change	As on Mar 31, 2011
SLR Securities	10992.11	9738.82	12.87%	10335.19
Non SLR Securities	8846.63	7478.26	18.30%	9360.58
Total Investment	19838.74	17217.08	15.23%	19695.77
SLR Securities as % age to total Investments	55.41%	56.56%	-	52.47%
Non SLR Securities as % age to total Investments	44.59%	43.44%	-	47.53%

Analytical Ratios:

Particulars	Q 3 FY '11-12	Q 3 FY '10-11	9 Mth FY '11-12	9 Mth FY '10-11	Year Ended Mar 2011
Net Interest Margins (%)	0.91	0.93	2.73	2.75	
Annualized	3.63	3.70	3.64	3.67	3.62
Yield on Advances (%)	3.04	2.68	8.71	7.89	
Annualized	12.15	10.71	11.62	10.53	10.68
Yield on Investments (%)	1.89	1.63	5.14	4.98	
Annualized	7.57	6.53	6.86	6.64	6.34
Cost of Deposits (%)	1.66	1.28	4.46	3.83	
Annualized	6.62	5.12	5.95	5.11	5.05
Post Tax Return on Assets (%)	0.39	0.36	1.09	1.03	
Annualized	1.56	1.45	1.45	1.37	1.22
Post Tax Return on Average Net-worth (%)	5.37	4.93	15.76	14.67	
Annualized	21.50	19.73	21.01	19.56	18.96
Cost to Income Ratio (%)	38.30	39.88	37.90	37.86	39.77
Credit / Deposit (CD) Ratio (%)	60.96	62.05	60.96	62.05	58.63
CASA Ratio (%)	40.17	39.57	40.17	39.57	40.48
Business per Employee (In Rupees lakh)	847.14	834.15	847.14	834.15	892.79
Net Profit per Employee (In Rupees lakh)	2.30	2.11	6.42	6.00	
Annualized	9.20	8.46	8.56	8.00	7.75
Number of Employees	9268	7941	9268	7941	7938
Business Per Branch (In Rupees crore)	139.70	123.12	139.70	123.12	129.32
Net Profit per Branch (In Rs lakh) Ann.	151.74	124.82	141.19	118.13	112.26
Branches- Excluding Extension Counters / Controlling Offices	562	538	562	538	548
Gross NPAs (In Rupees crore)	545.02	503.83	545.02	503.83	518.83
Net NPAs (In Rupees crore)	46.93	10.61	46.93	10.61	53.24
Gross NPA Ratio (%)	1.80	1.95	1.80	1.95	1.95
Net NPA Ratio (%)	0.16	0.04	0.16	0.04	0.20
NPA Coverage Ratio (%)	94.07	98.42	94.07	98.42	92.71
Capital Adequacy Ratio (%) Basel I	13.28	14.14	13.28	14.14	13.30
i. Tier I	11.15	11.69	11.15	11.69	10.99
ii. Tier II	2.13	2.45	2.13	2.45	2.31
Capital Adequacy Ratio (%) Basel II	13.62	15.49	13.62	15.49	13.72
i. Tier I	11.44	12.80	11.44	12.80	11.33
ii. Tier II	2.18	2.69	2.18	2.69	2.39
Earning per Share (In Rupees)	43.98	34.63	122.76	98.32	
Annualized	175.91	138.52	163.68	131.10	126.90
Net Asset Value (In Rupees)	840.35	719.32	840.35	719.32	717.58
Adjusted Book Value (In Rupees)	830.66	717.13	830.66	717.13	706.60
Dividend Payout Ratio (%)	-	-	-	-	20.49
Dividend Yield (%)	-	-	-	-	3.21

Shareholding Pattern (as on Jan 20, 2012):

S No.	PARTICULARS	NUMBER OF SHARES		TOTAL SHARES	% TO CAPITAL
		PHYSICAL	ELECTRONIC		
1.	GOVERNMENT OF J&K		25775266	25775266	53.17
2.	INDIAN MUTUAL FUNDS		1232078	1232078	2.54
3.	INSURANCE COMPANIES		215608	215608	0.44
4.	BANKS		2000	2000	0.00
5.	NON RESIDENT INDIANS	1500	239511	241011	0.50
6.	FOREIGN INST. INVESTORS		11959523	11959523	24.67
7.	BODIES CORPORATES	17694	3533999	3551693	7.33
8.	RESIDENT INDIVIDUALS	1922786	3568745	5491531	11.33
9.	CLEARING MEMBERS		9092	9092	0.02
	TOTAL	1941980	46535822	48477802	100.00

For more information, contact:

Parvez Ahmad,

Executive President - Corporate Affairs & Investor Relations,
 J & K Bank Ltd., Corporate Headquarters,
 M.A.Road, Srinagar, 190 001.
 Email: parvez.ahd@gmail.com