

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 2131.9 million for the quarter ended Dec, 2011 as compared to Rs 1678.8 million 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 84.7 million and Rs 0.92 million respectively for the quarter ended Dec, 2011 from Rs 83.4 million and Rs 0.85 million 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 5951.3 million for the 9 M ended Dec, 2011 as compared to Rs 4766.4 million 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 84.7 million and Rs 0.86 million respectively for the 9 M ended Dec, 2011 from Rs 83.4 million and Rs 0.80 million 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 million

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	12665.3	9346.6	35.51%	34780.4	26992.7	28.85%	37131.3
Interest Expended	8157.4	5451.3	49.64%	21557.8	15713.4	37.19%	21694.7
Net Interest Income	4507.9	3895.3	15.73%	13222.6	11279.3	17.23%	15436.6
Other Income	736.3	775.6	-5.07%	2118.5	2457.3	-13.79%	3647.6
Operating Income	5244.2	4670.9	12.27%	15341.1	13736.6	11.68%	19084.2
Operating Expenses	2008.6	1862.6	7.84%	5814.0	5201.0	11.79%	7589.3
Operating Profit	3235.6	2808.3	15.22%	9527.1	8535.6	11.62%	11494.9
Provisions & Contingencies	181.6	306.3	-40.71%	849.7	1395.0	-39.09%	2151.0
PBT	3054.0	2502.0	22.06%	8677.4	7140.6	21.52%	9343.9
Tax Provision	922.1	823.2	12.01%	2726.1	2374.2	14.82%	3191.9
Net Profit	2131.9	1678.8	26.99%	5951.3	4766.4	24.86%	6152.0
Share Capital	484.9	484.9	0.00%	484.9	484.9	0.00%	484.9
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 million

Particulars	As on Dec 31, 2011	As on Dec 31, 2010	% Change	As on Mar 31, 2011
Capital & Liabilities				
Capital	484.9	484.9	0.00%	484.9
Reserves & Surplus *	40253.2	34386.1	17.06%	34301.9
Deposits	487789.4	408773.7	19.33%	446759.4
Borrowings	8678.5	11159.1	-22.23%	11046.5
Other Liabilities & Provisions	10673.8	9614.2	11.02%	12488.8
Total	547879.8	464418.0	17.97%	505081.5
Assets				
Cash & Bank Balance	29585.1	23527.1	25.75%	29749.6
Balance with Bank and Money at Call & Short Notice	9383.0	4491.1	108.92%	5738.4
Investments	198387.4	172170.9	15.23%	196957.7
Advances	297341.4	253627.4	17.24%	261936.4
Fixed Assets	4083.4	3822.5	6.83%	3937.7
Other Assets	9099.5	6779.0	34.23%	6761.7
Total	547879.8	464418.0	17.97%	505081.5

* Includes Retained Earnings

Segmental Revenues & Profits:

Revenues

Amount in Rupees million

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	4032.0	3073.9	31.17%	10867.0	8715.7	24.68%	11976.6
Corporate / Wholesale Banking	4195.5	3304.3	26.97%	12149.4	10657.3	14.00%	13838.2
Retail Banking	5773.5	4647.1	24.24%	16235.5	13124.1	23.71%	19250.8
Other Banking Business	82.7	87.4	-5.38%	259.6	244.6	6.13%	345.9
Less Inter Segment Revenue	682.1	990.5	-31.14%	2612.6	3291.7	-20.63%	4632.6
Net Income from Operations	13401.6	10122.2	32.40%	36898.9	29450.0	25.29%	40778.9

Profits

Amount in Rupees million

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	130.0	146.8	-11.44%	226.3	161.2	40.38%	-48.7
Corporate / Wholesale Banking	2160.3	1331.9	62.20%	6479.7	4743.7	36.60%	5833.1
Retail Banking	695.9	949.4	-26.70%	1764.0	2033.9	-13.27%	3277.1
Other Banking Business	67.8	73.9	-8.25%	207.4	201.8	2.78%	282.4
Total Profit before Tax	3054.0	2502.0	22.06%	8677.4	7140.6	21.52%	9343.9

Break-up:

1. Interest Earned

Amount in Rupees million

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	8801.5	6498.5	35.44%	24368.3	19111.6	27.51%	26296.0
Investments	3747.0	2802.3	33.71%	10166.3	7760.9	30.99%	10661.5
Inter Bank Funds	116.8	45.8	155.02%	245.8	120.2	104.49%	173.8
Total	12665.3	9346.6	35.51%	34780.4	26992.7	28.85%	37131.3

2. Interest Expended

Amount in Rupees million

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	7963.6	5154.8	54.49%	20846.2	14963.9	39.31%	20691.7
Borrowings	58.8	161.5	-63.59%	306.6	344.5	-11.00%	463.0
Others (Subordinated Debt)	135.0	135.0	0.00%	405.0	405.0	0.00%	540.0
Total	8157.4	5451.3	49.64%	21557.8	15713.4	37.19%	21694.7

3. Other Income

Amount in Rupees million

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	387.1	343.0	12.86%	1067.4	1027.3	3.90%	1460.1
Insurance Commission	61.1	61.2	-0.16%	193.8	180.1	7.61%	261.4
Treasury / Trading Income	88.0	178.7	-50.73%	274.1	696.6	-60.65%	923.8
Miscellaneous Income	200.0	192.7	3.81%	583.2	553.3	5.40%	1002.3
Total	736.3	775.6	-5.07%	2118.5	2457.3	-13.79%	3647.6

Break-up:

4. Provisions & Contingencies

Amount in Rupees million

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	922.1	823.2	12.01%	2726.1	2374.2	14.82%	3191.9
Provision for Bad & Doubtful Debts	150.0	150.0	0.00%	530.0	980.0	-45.92%	1300.0
Provision for Depreciation on Investments	-1.5	1.5	-200.00%	80.0	212.3	-62.32%	410.3
Provision for Funded Interest on Term Loan	-29.1	85.4	-134.07%		110.8		50.0
Provision for Frauds/ Embezzlements	1.3	5.8	-77.59%	14.8	7.5	97.33%	19.5
Contingencies							210.4
Provision for diminution in fair value of Restructured / Rescheduled advances	60.9	63.6	-4.25%	224.9	84.4	166.47%	160.8
Total	1103.7	1129.5	-2.28%	3575.8	3769.2	-5.13%	5342.9

5. Deposits

Amount in Rupees million

Particulars	As on Dec 31, 2011	As on Dec 31, 2010	% Change	As on Mar 31, 2011
Demand Deposits	46212.2	44153.0	4.66%	53598.7
Saving Deposits	149739.2	117597.5	27.33%	127268.3
Term Deposits	291837.9	247023.2	18.14%	265892.4
Total	487789.4	408773.7	19.33%	446759.4

Categorization of Investments (I)

Amount in Rupees million

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	105294.9	87674.1	20.10%	94743.1
□ Shares				
□ Debentures & Bonds	2319.5	2587.7	-10.36%	2361.5
□ Subsidiaries & Joint Ventures	271.1	271.1	0.00%	271.1
□ Others	24143.0	23678.7	1.96%	24896.1
Sub-Total	132028.5	114211.6	15.60%	122271.8
<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		14.2		4.9
□ Debentures & Bonds				
□ Subsidiaries & Joint ventures				
□ Others				
Sub-Total	0.00	14.2	-100.00%	4.9
<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	4626.2	9714.1	-52.38%	8608.7
□ Shares	3115.7	3514.5	-11.35%	2914.6
□ Debentures & Bonds	16287.2	17068.9	-4.58%	16950.4
□ Subsidiaries & Joint ventures				
□ Others	42329.8	25647.5	65.04%	46207.3
□ Debt / Money Market related MFs				
□ Reverse Repo		2000.0		
Sub Total	66358.9	57945.0	14.52%	74681.0
<i>Percentage of AFS to Total Investments</i>	<i>33.45%</i>	<i>33.66%</i>		<i>37.92%</i>
Total Investment	198387.4	172170.8	15.23%	196957.7

Categorization of Investments (II)

Amount in Rupees million

Particulars	As on Dec 31, 2011	As on Dec 31, 2010	% Change	As on Mar 31, 2011
SLR Securities	109921.1	97388.2	12.87%	103351.9
Non SLR Securities	88466.3	74782.6	18.30%	93605.8
Total Investment	198387.4	172170.8	15.23%	196957.7
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 million)	84.71	83.42	84.71	83.42	89.28
Net Profit per Employee (In Rupees million)	0.23	0.21	0.64	0.60	
Annualized	0.92	0.85	0.86	0.80	0.78
Number of Employees	9268	7941	9268	7941	7938
Business Per Branch (In Rupees million)	1397.0	1231.2	1397.0	1231.2	1293.2
Net Profit per Branch (In Rs million) Ann.	15.17	12.48	14.12	11.81	11.23
Branches- Excluding Extension Counters / Controlling Offices	562	538	562	538	548
Gross NPAs (In Rupees million)	5450.2	5038.3	5450.2	5038.3	5188.3
Net NPAs (In Rupees million)	469.3	106.1	469.3	106.1	532.4
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,
 J & K Bank Ltd., Corporate Headquarters,
 M.A.Road, Srinagar, 190 001.
 Email: parvez.ahd@gmail.com