

Earnings Update

Reviewed Second Quarter & Half Year Results

September 30, 2011



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on October 31, 2011 took on record the reviewed financial results for the Second Quarter ended September 30, 2011.

Performance Highlights for the quarter ended September 30, 2011:

- Net Profit up 22 % at Rs 199.65 crore for the quarter ended Sep, 2011 as compared to Rs 163.27 crore earned during the quarter ended Sep, 2010.
- EPS for the quarter ended Sep, 2011 at Rs 41.18 up 22 % from Rs 33.68 earned during the corresponding quarter of previous financial year.
- NIMs (Net Interest Margins) Ratio for the quarter ended Sep, 2011 improved to 3.69 % (annualized) vis-à-vis 3.66 % for the corresponding quarter of previous financial year.
- The Yield on Advances (annualized) for the current quarter stood at 11.80 % compared to 11.00 % for the quarter ended Sep, 2010.
- Business per Employee and Net profit per Employee (annualized) improved to Rs 9.54 crore and Rs 10.07 lakh respectively for the quarter ended Sep, 2011 from Rs 7.94 crore and Rs 8.25 lakh pertaining to the quarter ended Sep, 2010.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Sep, 2011 at 1.89 % and 0.22 % respectively.
- NPA Coverage Ratio as on Sep, 2011 at 92.00 % well above RBI stipulated norm of 70 %.
- Post tax Return on Assets at 1.50 % (annualized) for the quarter ended Sep, 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 Sep, 2011 at 21.23 % compared to 20.17 % recorded for the corresponding quarter a year ago.
- Cost to Income Ratio at 38.13 % for the current quarter which was at 36.38 % for the quarter ended Sep, 2010.

The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on October 31, 2011 took on record the reviewed financial results for the Half-Year ended September 30, 2011.

Performance Highlights for the half year ended September 30, 2011:

- Net Profit up 24 % at Rs 382 crore for the half year ended Sep, 2011 as compared to Rs 309 crore earned during the half year ended Sep, 2010.
- EPS for the half year ended Sep, 2011 at Rs 78.79 up 24 % from Rs 63.69 earned during the corresponding half year of previous financial year.
- NIMs (Net Interest Margins) Ratio for the half year ended Sep, 2011 at 3.65 % (annualized) vis-à-vis 3.69 % for the corresponding half year of previous financial year.
- The Yield on Advances (annualized) for the current half year stood at 11.44 % compared to 10.91 % for the half year ended Sep, 2010.
- Business per Employee and Net profit per Employee (annualized) improved to Rs 9.54 crore and Rs 9.63 lakh respectively for the half year ended Sep, 2011 from Rs 7.94 crore and Rs 7.80 lakh pertaining to the half year ended Sep, 2010.
- Post tax Return on Assets at 1.44 % (annualized) for the half year ended Sep, 2011 compared to 1.37 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the half year ended Sep, 2011 at 20.82 % compared to 19.51 % recorded for the corresponding half year a year ago.
- Cost to Income Ratio at 37.69 % for the current half year which was at 36.82 % for the half year ended Sep, 2010.
- Comfortable Capital Adequacy Ratio (Basel II) at 13.61 % as on Sep, 2011 compared to 15.56 % as on Sep, 2010.

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 2 '11-12	Q 2 '10-11	% Change	Q 2 '11-12	Q 1 '11-12	% Change	H 1 '11-12	H 1 '10-11	% Change	Year Ended Mar, '11
Interest Earned	1155.60	898.92	28.55%	1155.60	1055.91	9.44%	2211.51	1764.61	25.33%	3713.13
Interest Expended	721.33	526.29	37.06%	721.33	618.71	16.59%	1340.04	1026.21	30.58%	2169.47
Net Interest Income	434.27	372.63	16.54%	434.27	437.20	-0.67%	871.47	738.40	18.02%	1543.66
Other Income	71.22	74.48	-4.38%	71.22	67.00	6.30%	138.22	168.17	-17.81%	364.76
Operating Income	505.49	447.11	13.06%	505.49	504.20	0.26%	1009.69	906.57	11.37%	1908.42
Operating Expenses	192.72	162.68	18.47%	192.72	187.82	2.61%	380.54	333.84	13.99%	758.93
Operating Profit	312.77	284.43	9.96%	312.77	316.38	-1.14%	629.15	572.73	9.85%	1149.49
Provisions & Contingencies	22.33	38.84	-42.51%	22.33	44.48	-49.80%	66.81	108.87	-38.63%	215.10
PBT	290.44	245.59	18.26%	290.44	271.90	6.82%	562.34	463.86	21.23%	934.39
Tax Provision	90.79	82.32	10.29%	90.79	89.61	1.32%	180.40	155.10	16.31%	319.19
Net Profit	199.65	163.27	22.28%	199.65	182.29	9.52%	381.94	308.76	23.70%	615.20
Share Capital	48.49	48.49	0.00%	48.49	48.49	0.00%	48.49	48.49	0.00%	48.49
EPS in Rs.	41.18	33.68	22.28%	41.18	37.60	9.52%	78.79	63.69	23.70%	126.90
Net Interest Margins	0.92%	0.92%	-	0.92%	0.95%	-	1.83%	1.84%	-	-
Net Interest Margins (Ann.)	3.69%	3.66%	-	3.69%	3.82%	-	3.65%	3.69%	-	3.62%

Balance Sheet

Amount in Rupees crore

Particulars	As on Sep 30, 2011	As on Sep 30, 2010	% Change	As on Mar 31, 2011
Capital & Liabilities				
Capital	48.49	48.49	0.00%	48.49
Reserves & Surplus *	3812.14	3270.73	16.55%	3430.19
Deposits	47424.79	39687.93	19.49%	44675.94
Borrowings	843.28	1115.92	-24.43%	1104.65
Other Liabilities & Provisions	1011.45	1031.13	-1.91%	1248.88
Total	53140.15	45154.20	17.69%	50508.15
Assets				
Cash & Bank Balance	3042.14	2883.56	5.50%	2974.96
Balance with Bank and Money at Call & Short Notice	936.70	845.12	10.84%	573.84
Investments	19784.52	17138.53	15.44%	19695.77
Advances	28235.56	23183.34	21.79%	26193.64
Fixed Assets	404.06	383.63	5.33%	393.77
Other Assets	737.17	720.02	2.38%	676.17
Total	53140.15	45154.20	17.69%	50508.15

* Includes Retained Earnings

Segmental Revenues & Profits:

Revenues

Amount in Rupees crore

Particulars	Q 2 '11-12	Q 2 '10-11	% Change	HY 1 FY 11-12	HY 1 FY 10-11	% Change	Year Ended Mar, 2011
Treasury Operations	362.75	285.32	27.14%	683.50	564.18	21.15%	1197.66
Corporate / Wholesale Banking	372.31	371.99	0.09%	795.39	735.30	8.17%	1383.82
Retail Banking	564.53	417.91	35.08%	1046.20	847.69	23.42%	1925.08
Other Banking Business	7.67	7.12	7.72%	17.69	15.73	12.46%	34.59
Less Inter Segment Revenue	80.44	108.94	-26.16%	193.05	230.12	-16.11%	463.26
Net Income from Operations	1226.82	973.40	26.03%	2349.73	1932.78	21.57%	4077.89

Profits

Amount in Rupees crore

Particulars	Q 2 '11-12	Q 2 '10-11	% Change	HY 1 FY 11-12	HY 1 FY 10-11	% Change	Year Ended Mar, 2011
Treasury Operations	5.52	9.19	-39.93%	9.63	1.44	568.75%	-4.87
Corporate / Wholesale Banking	201.71	172.21	17.13%	431.94	341.18	26.60%	583.31
Retail Banking	77.73	58.75	32.31%	106.81	108.45	-1.51%	327.71
Other Banking Business	5.48	5.44	0.74%	13.96	12.79	9.15%	28.24
Total Profit before Tax	290.44	245.59	18.26%	562.34	463.86	21.23%	934.39

Break-up:

1. Interest Earned

Amount in Rupees crore

Particulars	Q 2 '11-12	Q 2 '10-11	% Change	HY 1 FY 11-12	HY 1 FY 10-11	% Change	Year Ended Mar, 2011
On Loans & Advances	806.03	635.36	26.86%	1556.68	1261.31	23.42%	2629.60
Investments	342.66	259.45	32.07%	641.93	495.86	29.46%	1066.15
Inter Bank Funds	6.91	4.11	68.13%	12.90	7.44	73.39%	17.38
Total	1155.60	898.92	28.55%	2211.51	1764.61	25.33%	3713.13

2. Interest Expended

Amount in Rupees crore

Particulars	Q 2 '11-12	Q 2 '10-11	% Change	HY 1 FY 11-12	HY 1 FY 10-11	% Change	Year Ended Mar, 2011
Deposits	698.31	503.43	38.71%	1288.26	980.90	31.33%	2069.17
Borrowings	9.52	9.35	1.82%	24.78	18.31	35.34%	46.30
Others (Subordinated Debt)	13.50	13.51	-0.1%	27.00	27.00	0.00%	54.00
Total	721.33	526.29	37.06%	1340.04	1026.21	30.58%	2169.47

3. Other Income

Amount in Rupees crore

Particulars	Q 2 '11-12	Q 2 '10-11	% Change	HY 1 FY 11-12	HY 1 FY 10-11	% Change	Year Ended Mar, 2011
Commission / Exchange	33.87	33.04	2.51%	68.02	68.43	-0.60%	146.01
Insurance Commission	5.85	5.45	7.34%	13.27	11.89	11.61%	26.14
Treasury / Trading Income	8.48	18.16	-53.30%	18.61	51.79	-64.07%	92.38
Miscellaneous Income	23.02	17.83	29.11%	38.32	36.06	6.27%	100.23
Total	71.22	74.48	-4.38%	138.22	168.17	-17.81%	364.76

Break-up:

4. Provisions & Contingencies

Amount in Rupees crore

Particulars	Q 2 '11-12	Q 2 '10-11	% Change	HY 1 FY 11-12	HY 1 FY 10-11	% Change	Year Ended Mar, 2011
Provision for Tax	90.79	82.32	10.29%	180.40	155.10	16.31%	319.19
Provision for Bad & Doubtful Debts	13.00	39.00	-66.67%	38.00	83.00	-54.22%	130.00
Provision for Depreciation on Investments	4.49	-4.78	193.93%	8.15	21.07	-61.32%	41.03
Provision for Funded Interest on Term Loan		2.54		2.91	2.54	14.57%	5.00
Provision for Frauds/ Embezzlements	0.94			1.35	0.18	650.0%	1.95
Contingencies	-3.68						21.04
Provision for diminution in fair value of Restructured / Rescheduled advances	7.58	2.08	264.42%	16.40	2.08	688.46%	16.08
Total	113.12	121.16	-6.64%	247.21	263.97	-6.35%	534.29

5. Deposits

Amount in Rupees crore

Particulars	As on Sep 30, 2011	As on Sep 30, 2010	% Change	As on Mar 31, 2011
Demand Deposits	4590.12	5298.19	-13.36%	5359.87
Saving Deposits	13514.52	11031.16	22.51%	12726.83
Term Deposits	29320.14	23358.58	25.52%	26589.24
Total	47424.79	39687.93	19.49%	44675.94

Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Sep 30, 2011	As on Sep 30, 2010	% Change	As on Mar 31, 2011
Held to Maturity (HTM)				
□ Government & other approved Securities	9880.58	8563.92	15.37%	9474.31
□ Shares				
□ Debentures & Bonds	234.06	278.88	-16.07%	236.15
□ Subsidiaries & Joint Ventures	27.11	27.11	0.00%	27.11
□ Others	2439.24	2147.83	13.57%	2489.61
Sub-Total	12580.99	11017.74	14.19%	12227.18
<i>Percentage of HTM to Total Investments</i>	<i>63.59%</i>	<i>64.29%</i>		<i>62.08%</i>
Held for Trading (HFT)				
□ Government & other approved Securities	4.83			
□ Shares	1.97	0.06	3183.33%	0.49
□ Debentures & Bonds				
□ Subsidiaries & Joint ventures				
□ Others				
Sub-Total	6.80	0.06	11233.3%	0.49
<i>Percentage of HFT to Total Investments</i>	<i>0.03%</i>	<i>0.00%</i>		<i>0.00%</i>
Available for Sale (AFS)				
□ Government & other approved Securities	687.77	1545.97	-55.51%	860.87
□ Shares	268.15	327.16	-18.04%	291.46
□ Debentures & Bonds	1683.96	1685.78	-0.11%	1695.04
□ Subsidiaries & Joint ventures				
□ Others	4556.85	2517.34	81.02%	4620.73
□ Debt / Money Market related MFs		44.48		
□ Reverse Repo				
Sub Total	7196.73	6120.73	17.58%	7468.10
<i>Percentage of AFS to Total Investments</i>	<i>36.38%</i>	<i>35.71%</i>		<i>37.92%</i>
Total Investment	19784.52	17138.53	15.44%	19695.77

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Sep 30, 2011	As on Sep 30, 2010	% Change	As on Mar 31, 2011
SLR Securities	10573.19	10109.89	4.58%	10335.19
Non SLR Securities	9211.33	7028.64	31.05%	9360.58
Total Investment	19784.52	17138.53	15.44%	19695.77
SLR Securities as % age to total Investments	53.44%	58.99%	-	52.47%
Non SLR Securities as % age to total Investments	46.56%	41.01%	-	47.53%

Analytical Ratios:

Particulars	Q 2 FY '11-12	Q 2 FY '10-11	HY 1 FY '11-12	HY 1 FY '10-11	Year Ended Mar 2011
Net Interest Margins (%)	0.92	0.92	1.83	1.84	
Annualized	3.69	3.66	3.65	3.69	3.62
Yield on Advances (%)	2.95	2.75	5.72	5.46	
Annualized	11.80	11.00	11.44	10.91	10.68
Yield on Investments (%)	1.81	1.53	3.25	3.19	
Annualized	7.22	6.10	6.50	6.38	6.34
Cost of Deposits (%)	1.54	1.30	2.80	2.55	
Annualized	6.17	5.21	5.60	5.10	5.05
Post Tax Return on Assets (%)	0.38	0.36	0.72	0.68	
Annualized	1.50	1.45	1.44	1.37	1.22
Post Tax Return on Average Net-worth (%)	5.31	5.04	10.41	9.76	
Annualized	21.23	20.17	20.82	19.51	18.96
Cost to Income Ratio (%)	38.13	36.38	37.69	36.82	39.77
Credit / Deposit (CD) Ratio (%)	59.54	58.41	59.54	58.41	58.63
CASA Ratio (%)	38.18	41.14	38.18	41.14	40.48
Business per Employee (In Rupees lakh)	953.74	793.83	953.74	793.83	892.79
Net Profit per Employee (In Rupees lakh)	2.52	2.06	4.81	3.90	
Annualized	10.07	8.25	9.63	7.80	7.75
Number of Employees	7933	7920	7933	7920	7938
Business Per Branch (In Rupees crore)	135.59	117.30	135.59	117.30	129.32
Net Profit per Branch (In Rs lakh) Ann.	143.12	121.84	136.90	115.21	112.26
Branches- Excluding Extension Counters / Controlling Offices	558	536	558	536	548
Gross NPAs (In Rupees crore)	541.90	512.71	541.90	512.71	518.83
Net NPAs (In Rupees crore)	63.03	30.91	63.03	30.91	53.24
Gross NPA Ratio (%)	1.89	2.17	1.89	2.17	1.95
Net NPA Ratio (%)	0.22	0.13	0.22	0.13	0.20
NPA Coverage Ratio (%)	92.00	95.47	92.00	95.47	92.71
Capital Adequacy Ratio (%) Basel I	13.53	14.55	13.53	14.55	13.30
i. Tier I	11.26	11.92	11.26	11.92	10.99
ii. Tier II	2.27	2.63	2.27	2.63	2.31
Capital Adequacy Ratio (%) Basel II	13.61	15.56	13.61	15.56	13.72
i. Tier I	11.32	12.75	11.32	12.75	11.33
ii. Tier II	2.29	2.81	2.29	2.81	2.39
Earning per Share (In Rupees)	41.18	33.68	78.79	63.69	
Annualized	164.74	134.72	157.57	127.38	126.90
Net Asset Value (In Rupees)	796.37	684.69	796.37	684.69	717.58
Adjusted Book Value (In Rupees)	783.37	678.31	783.37	678.31	706.60
Dividend Payout Ratio (%)	-	-	-	-	20.49
Dividend Yield (%)	-	-	-	-	3.21

Shareholding Pattern (as on October 28, 2011):

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		1224400	1224400	2.53
3.	INSURANCE COMPANIES		215608	215608	0.44
4.	BANKS		8197	8197	0.02
5.	NON RESIDENT INDIANS	1500	227452	228952	0.47
6.	FOREIGN INST. INVESTORS		12005755	12005755	24.77
7.	BODIES CORPORATES	17694	3550634	3568328	7.36
8.	RESIDENT INDIVIDUALS	1936181	3506631	5442812	11.23
9.	CLEARING MEMBERS		8484	8484	0.02
	TOTAL	1955375	46522427	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