

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 1996.5 million for the quarter ended Sep, 2011 as compared to Rs 1632.7 million 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 95.37 million and Rs 1.01 million respectively for the quarter ended Sep, 2011 from Rs 79.38 million and Rs 0.82 million 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 3819.4 million for the half year ended Sep, 2011 as compared to Rs 3087.6 million 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 95.37 million and Rs 0.96 million respectively for the half year ended Sep, 2011 from Rs 79.38 million and Rs 0.78 million 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 million

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	11556.0	8989.2	28.55%	11556.0	10559.1	9.44%	22115.1	17646.1	25.33%	37131.3
Interest Expended	7213.3	5262.9	37.06%	7213.3	6187.1	16.59%	13400.4	10262.1	30.58%	21694.7
Net Interest Income	4342.7	3726.3	16.54%	4342.7	4372.0	-0.67%	8714.7	7384.0	18.02%	15436.6
Other Income	712.2	744.8	-4.38%	712.2	670.0	6.30%	1382.2	1681.7	-17.81%	3647.6
Operating Income	5054.9	4471.1	13.06%	5054.9	5042.0	0.26%	10096.9	9065.7	11.37%	19084.2
Operating Expenses	1927.2	1626.8	18.47%	1927.2	1878.2	2.61%	3805.4	3338.4	13.99%	7589.3
Operating Profit	3127.7	2844.3	9.96%	3127.7	3163.8	-1.14%	6291.5	5727.3	9.85%	11494.9
Provisions & Contingencies	223.3	388.4	-42.51%	223.3	444.8	-49.80%	668.1	1088.7	-38.63%	2151.0
PBT	2904.4	2455.9	18.26%	2904.4	2719.0	6.82%	5623.4	4638.6	21.23%	9343.9
Tax Provision	907.9	823.2	10.29%	907.9	896.1	1.32%	1804.0	1551.0	16.31%	3191.9
Net Profit	1996.5	1632.7	22.28%	1996.5	1822.9	9.52%	3819.4	3087.6	23.70%	6152.0
Share Capital	484.9	484.9	0.00%	484.9	484.9	0.00%	484.9	484.9	0.00%	484.9
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 million

Particulars	As on Sep 30, 2011	As on Sep 30, 2010	% Change	As on Mar 31, 2011
Capital & Liabilities				
Capital	484.9	484.9	0.00%	484.9
Reserves & Surplus *	38121.4	32707.3	16.55%	34301.9
Deposits	474247.9	396879.3	19.49%	446759.4
Borrowings	8432.8	11159.2	-24.43%	11046.5
Other Liabilities & Provisions	10114.5	10311.3	-1.91%	12488.8
Total	531401.5	451542.0	17.69%	505081.5
Assets				
Cash & Bank Balance	30421.4	28835.6	5.50%	29749.6
Balance with Bank and Money at Call & Short Notice	9367.0	8451.2	10.84%	5738.4
Investments	197845.2	171385.3	15.44%	196957.7
Advances	282355.6	231833.4	21.79%	261936.4
Fixed Assets	4040.6	3836.3	5.33%	3937.7
Other Assets	7371.7	7200.2	2.38%	6761.7
Total	531401.5	451542.0	17.69%	505081.5

* Includes Retained Earnings

Segmental Revenues & Profits:

Revenues

Amount in Rupees million

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	3627.5	2853.2	27.14%	6835.0	5641.8	21.15%	11976.6
Corporate / Wholesale Banking	3723.1	3719.9	0.09%	7953.9	7353.0	8.17%	13838.2
Retail Banking	5645.3	4179.1	35.08%	10462.0	8476.9	23.42%	19250.8
Other Banking Business	76.7	71.2	7.72%	176.9	157.3	12.46%	345.9
Less Inter Segment Revenue	804.4	1089.4	-26.16%	1930.5	2301.2	-16.11%	4632.6
Net Income from Operations	12268.2	9734.0	26.03%	23497.3	19327.8	21.57%	40778.9

Profits

Amount in Rupees million

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	55.2	91.9	-39.93%	96.3	14.4	568.75%	-48.7
Corporate / Wholesale Banking	2017.1	1722.1	17.13%	4319.4	3411.8	26.60%	5833.1
Retail Banking	777.3	587.5	32.31%	1068.1	1084.5	-1.51%	3277.1
Other Banking Business	54.8	54.4	0.74%	139.6	127.9	9.15%	282.4
Total Profit before Tax	2904.4	2455.9	18.26%	5623.4	4638.6	21.23%	9343.9

Break-up:

1. Interest Earned

Amount in Rupees million

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	8060.3	6353.6	26.86%	15566.8	12613.1	23.42%	26296.0
Investments	3426.6	2594.5	32.07%	6419.3	4958.6	29.46%	10661.5
Inter Bank Funds	69.1	41.1	68.13%	129.0	74.4	73.39%	173.8
Total	11556.0	8989.2	28.55%	22115.1	17646.1	25.33%	37131.3

2. Interest Expended

Amount in Rupees million

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	6983.1	5034.3	38.71%	12882.6	9809.0	31.33%	20691.7
Borrowings	95.2	93.5	1.82%	247.8	183.1	35.34%	463.0
Others (Subordinated Debt)	135.0	135.1	-0.1%	270.0	270.0	0.00%	540.0
Total	7213.3	5262.9	37.06%	13400.4	10262.1	30.58%	21694.7

3. Other Income

Amount in Rupees million

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	338.7	330.4	2.51%	680.2	684.3	-0.60%	1460.1
Insurance Commission	58.5	54.5	7.34%	132.7	118.9	11.61%	261.4
Treasury / Trading Income	84.8	181.6	-53.30%	186.1	517.9	-64.07%	923.8
Miscellaneous Income	230.2	178.3	29.11%	383.2	360.6	6.27%	1002.3
Total	712.2	744.8	-4.38%	1382.2	1681.7	-17.81%	3647.6

Break-up:

4. Provisions & Contingencies

Amount in Rupees million

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	907.9	823.2	10.29%	1804.0	1551.0	16.31%	3191.9
Provision for Bad & Doubtful Debts	130.0	390.0	-66.67%	380.0	830.0	-54.22%	1300.0
Provision for Depreciation on Investments	44.9	-47.8	193.93%	81.5	210.7	-61.32%	410.3
Provision for Funded Interest on Term Loan		25.4		29.1	25.4	14.57%	50.0
Provision for Frauds/ Embezzlements	9.4			13.5	1.8	650.0%	19.5
Contingencies	-36.8						210.4
Provision for diminution in fair value of Restructured / Rescheduled advances	75.8	20.8	264.42%	164.0	20.8	688.46%	160.8
Total	1131.2	1211.6	-6.64%	2472.1	2639.7	-6.35%	5342.9

5. Deposits

Amount in Rupees million

Particulars	As on Sep 30, 2011	As on Sep 30, 2010	% Change	As on Mar 31, 2011
Demand Deposits	45901.2	52981.9	-13.36%	53598.7
Saving Deposits	135145.2	110311.6	22.51%	127268.3
Term Deposits	293201.4	233585.8	25.52%	265892.4
Total	474247.9	396879.3	19.49%	446759.4

Categorization of Investments (I)

Amount in Rupees million

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	98805.8	85639.2	15.37%	94743.1
□ Shares				
□ Debentures & Bonds	2340.6	2788.8	-16.07%	2361.5
□ Subsidiaries & Joint Ventures	271.1	271.1	0.00%	271.1
□ Others	24392.4	21478.3	13.57%	24896.1
Sub-Total	125809.9	110177.4	14.19%	122271.8
<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	48.3			
□ Shares	19.7	0.6	3183.33%	4.9
□ Debentures & Bonds				
□ Subsidiaries & Joint ventures				
□ Others				
Sub-Total	68.0	0.6	11233.3%	4.9
<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	6877.7	15459.7	-55.51%	8608.7
□ Shares	2681.5	3271.6	-18.04%	2914.6
□ Debentures & Bonds	16839.6	16857.8	-0.11%	16950.4
□ Subsidiaries & Joint ventures				
□ Others	45568.5	25173.4	81.02%	46207.3
□ Debt / Money Market related MFs		444.8		
□ Reverse Repo				
Sub Total	71967.3	61207.3	17.58%	74681.0
<i>Percentage of AFS to Total Investments</i>	<i>36.38%</i>	<i>35.71%</i>		<i>37.92%</i>
Total Investment	197845.2	171385.3	15.44%	196957.7

Categorization of Investments (II)

Amount in Rupees million

Particulars	As on Sep 30, 2011	As on Sep 30, 2010	% Change	As on Mar 31, 2011
SLR Securities	105731.9	101098.9	4.58%	103351.9
Non SLR Securities	92113.3	70286.4	31.05%	93605.8
Total Investment	197845.2	171385.3	15.44%	196957.7
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 million)	95.37	79.38	95.37	79.38	89.28
Net Profit per Employee (In Rupees million)	0.25	0.21	0.48	0.39	
Annualized	1.01	0.82	0.96	0.78	0.78
Number of Employees	7933	7920	7933	7920	7938
Business Per Branch (In Rupees million)	1355.9	1173.0	1355.9	1173.0	1293.2
Net Profit per Branch (In Rs million) Ann.	14.31	12.18	13.69	11.52	11.23
Branches- Excluding Extension Counters / Controlling Offices	558	536	558	536	548
Gross NPAs (In Rupees million)	5419.0	5127.1	5419.0	5127.1	5188.3
Net NPAs (In Rupees million)	630.3	309.1	630.3	309.1	532.4
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