

Earnings Update

Audited Quarterly & Full-Year Results

March 31, 2009



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on May 31, 2009 took on record the audited financial results for the Fourth Quarter ended March 31, 2009.

Performance Highlights for the quarter ended March 31, 2009:

- Total Advances at the end of Q4 FY09 at Rs 20930.41 crore, increased by 10.84% over the corresponding period of the previous year.
- Total Deposits at the end of Q4 FY09 at Rs 33004.10 crore, increased by 15.43% over the corresponding period of the previous year.
- Low cost Saving Deposits increased by 15.23% YoY to Rs 7953.49 crore.
- Post tax return on Assets has further improved to 0.83% (annualized) from 0.73% (annualized) for the corresponding period of last fiscal.
- Post tax return on average net-worth has improved further to 2.99 % for the quarter ended Mar 2009 as compared to 2.59 % for the quarter ended Mar 08.
- The CASA (Current Accounts -Savings Accounts) ratio is at 38.11% as at the end of the quarter ended Mar 2009.
- Improved Productivity and profitability of employees – Business per employee and post tax profit per employee for the current quarter at Rs. 707.15 Lakh, and Rs. 4.13 Lakh (annualized), up from Rs. 628.15 Lakh and Rs. 3.16 Lakh (annualized) respectively from the corresponding quarter of last fiscal.

The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on May 31, 2009 took on record the audited financial results for the full year ended March 31, 2009.

Performance Highlights for the full year ended March 31, 2009:

- NIMs (Net Interest Margins) for the financial year ended Mar 2009, improved further to 3.15% from 2.95% in the preceding financial year.
- Net Profit up at Rs 409.84 crore during the current financial year as compared to Rs 360.00 crore in the last year.
- Capital Adequacy Ratio (CAR) as on March 2009 improved to 13.46 % from 12.80 % as on year ended Mar 2008.
- Yield on advances has gone up to 11.53% as compared to 10.44% during the previous fiscal.
- Yield on Investments increased further to 6.79% as compared to 6.70% during the year ended Mar, 2008.
- Average Cost of Deposits for the year ended Mar, 2009 is at 6.22%.
- Post Tax Return on Assets for the current fiscal at 1.09% compared to 1.10% during the previous year.
- Gross NPA ratio for the year ended Mar, 2009 is at 2.64%.
- EPS and Net Asset value improved further to Rs.84.54 and Rs.541.04 for the year ended Mar, 2009 from Rs.74.26 and Rs. 476.28 during the previous fiscal year.

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 4 FY 08-09	Q 4 FY 07-08	% Change	Year Ended Mar 2009	Year Ended Mar 2008	% Change
Interest Earned	788.90	644.19	22.46%	2988.12	2434.23	22.75%
Interest Expended	538.32	419.84	28.22%	1987.86	1623.79	22.42%
Net Interest Income	250.58	224.35	11.69%	1000.26	810.44	23.42%
Other Income	99.73	80.63	23.69%	245.05	245.01	0.02%
Operating Income	350.31	304.98	14.86%	1245.31	1055.45	17.99%
Operating Expenses	131.96	102.07	29.28%	470.86	403.61	16.66%
Operating Profit	218.35	202.91	7.61%	774.45	651.84	18.81%
Provisions & Contingencies	64.60	44.07	46.58%	142.35	75.86	87.65%
PBT	153.75	158.84	-3.20%	632.10	575.98	9.74%
Tax Provision	75.07	99.04	-24.20%	222.26	215.98	2.91%
Net Profit	78.68	59.80	31.57%	409.84	360.00	13.84%
Share Capital	48.49	48.49	0.00%	48.49	48.49	0.00%
EPS in Rs.	16.23	12.34	31.52%	84.54	74.26	13.84%
Net Interest Margins	0.74%	0.79%	-	-	-	-
Net Interest Margins (Ann.)	2.97%	3.18%	-	3.15%	2.95%	-

Balance Sheet

Amount in Rupees crore

Particulars	As on March 31, 2009	As on March 31, 2008	Growth (%)
Capital & Liabilities			
Capital	48.49	48.49	0.00%
Equity Share Warrants	-	28.10	-
Reserves & Surplus	2574.37	2232.33	15.32%
Deposits	33004.10	28593.26	15.43%
Borrowings	996.63	751.79	32.57%
Other Liabilities & Provisions	1069.67	1102.01	-2.93%
Total	37693.26	32755.98	15.07%
Assets			
Cash & Bank Balance	2302.95	3219.97	-28.48%
Balance with Bank and Money at Call & Short Notice	2971.81	1217.27	144.14%
Investments	10736.33	8757.66	22.59%
Advances	20930.41	18882.61	10.84%
Fixed Assets	199.42	192.00	3.86%
Other Assets	552.34	486.47	13.54%
Total	37693.26	32755.98	15.07%

Segmental Revenues & Profits:

Revenues

Amount in Rupees crore

Particulars	Year Ended Mar 2009	Year Ended Mar 2008
i) Treasury Operations	773.42	643.58
ii) Corporate / Wholesale Banking	980.71	939.05
iii) Retail Banking	1450.87	1072.57
iv) Other Banking Business	28.17	24.04
Net Income from Operations	3233.17	2679.24

Profits

Amount in Rupees crore

Particulars	Year Ended Mar 2009	Year Ended Mar 2008
i) Treasury Operations	-34.31	0.09
ii) Corporate / Wholesale Banking	266.09	301.19
iii) Retail Banking	374.17	252.59
iv) Other Banking Business	26.15	22.11
Total Profit before Tax	632.10	575.98

Break-up:**1. Interest Earned**

Amount in Rupees crore

Particulars	Q 4 FY 08-09	Q 4 FY 07-08	Growth (%)	Year Ended Mar 2009	Year Ended Mar 2008	Growth (%)
On Loans & Advances	596.97	496.31	20.28%	2294.91	1877.56	22.23%
Investments	179.93	145.80	23.41%	662.00	541.35	22.29%
Inter Bank Funds	12.00	2.08	476.92%	31.21	15.32	103.72%
Total	788.90	644.19	22.46%	2988.12	2434.23	22.75%

2. Interest Expended

Amount in Rupees crore

Particulars	Q 4 FY 08-09	Q 4 FY 07-08	Growth (%)	Year Ended Mar 2009	Year Ended Mar 2008	Growth (%)
Deposits	518.92	407.17	27.45%	1914.79	1572.76	21.75%
Borrowings	19.40	12.67	53.12%	73.07	51.03	43.19%
Others (Subordinated Debt)						
Total	538.32	419.84	28.22%	1987.86	1623.79	22.42%

3. Other Income

Amount in Rupees crore

Particulars	Q 4 FY 08-09	Q 4 FY 07-08	Growth (%)	Year Ended Mar 2009	Year Ended Mar 2008	Growth (%)
Commission / Exchange	26.27	21.49	22.24%	98.09	95.27	2.96%
Insurance Commission	11.81	8.08	46.16%	26.80	21.41	25.20%
Trading Income (Net of Amortization)	40.55	29.24	38.68%	62.72	71.82	-12.68%
Miscellaneous Income	21.10	21.82	-3.30%	57.44	56.51	1.65%
Total	99.73	80.63	23.69%	245.05	245.01	0.02%

4. Provisions & Contingencies

Amount in Rupees crore

Particulars	Q 4 FY 08-09	Q 4 FY 07-08	Growth (%)	Year Ended Mar 2009	Year Ended Mar 2008	Growth (%)
Provision for Tax	75.07	99.04	-24.20%	222.26	215.98	2.91%
Provision for Un-identified Bad Debts	45.33	19.38	133.90%	55.81	30.00	86.03%
Provision for Standard Advances		3.55		13.29	24.55	-45.87%
Provision for Depreciation on Investments	2.20	19.24	-88.57%	42.09	19.24	118.76%
Provision for Frauds/ Embezzlements	-0.15	0.89	-116.85%	0.77	1.07	-28.04%
Contingencies		1.00			1.00	
Provision for Non-Performing Investment	4.19			12.87		
Prov. for diminution in fair value of restructured/rescheduled advances	13.03			17.53		
Total	139.67	143.10	-2.40%	364.62	291.84	24.94%

5. Deposits

Amount in Rupees crore

Particulars	As on Mar 31, 2009	As on Mar 31, 2008	Growth (%)
Demand Deposits	4625.18	4294.96	7.69%
Saving Deposits	7953.49	6902.54	15.23%
Term Deposits	20425.43	17395.76	17.42%
Total	33004.10	28593.26	15.43%

Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Mar 31, 2009	As on Mar 31, 2008	% age Growth
Held to Maturity (HTM)			
□ Government & other approved Securities	6163.51	5170.83	19.20 %
□ Shares	15.00	22.06	-32.00 %
□ Debentures & Bonds	400.70	519.41	-22.85 %
□ Subsidiaries & Joint ventures	247.38	230.09	7.51 %
□ Others	1124.56	436.74	157.49 %
Sub-Total	7951.15	6379.13	24.64 %
<i>Percentage of HTM to Total Investments</i>	<i>74.06 %</i>	<i>72.84 %</i>	
Held for Trading (HFT)			
□ Government & other approved Securities	75.94	15.05	404.58 %
□ Shares	1.47	7.31	-79.89 %
□ Debentures & Bonds			
□ Subsidiaries & Joint ventures			
□ Others			
Sub-Total	77.41	22.36	246.20 %
<i>Percentage of HFT to Total Investments</i>	<i>0.72 %</i>	<i>0.26 %</i>	
Available for Sale (AFS)			
□ Government & other approved Securities	1386.60	1787.50	-22.43 %
□ Shares	32.90	31.28	5.18 %
□ Debentures & Bonds	700.25	427.65	63.74 %
□ Subsidiaries & Joint ventures			
□ Others	588.02	109.74	435.83 %
□ Debt / Money Market related MFs			
□ Reverse Repo			
Sub Total	2707.77	2356.17	14.92 %
<i>Percentage of AFS to Total Investments</i>	<i>25.22 %</i>	<i>26.90 %</i>	
Total Investment	10736.33	8757.66	22.59 %

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Mar 31, 2009	As on Mar 31, 2008	% age Growth
SLR Securities	7626.05	6973.38	9.36 %
Non SLR Securities	3110.28	1784.28	74.32 %
Total Investment	10736.33	8757.66	22.59 %
SLR Securities as % age to total Investments	71.03 %	79.63 %	
Non SLR Securities as % age to total Investments	28.97 %	20.37 %	

Analytical Ratios:

Particulars	Q 4 FY 08-09	Q 4 FY 07-08	Year Ended Mar 2009	Year Ended Mar 2008
Net Interest Margins (%)	0.74	0.79		
Annualized	2.97	3.18	3.15	2.95
Yield on Advances (%)	2.87	2.67		
Annualized	11.48	10.68	11.53	10.44
Yield on Investments (%)	1.62	1.72		
Annualized	6.50	6.89	6.79	6.70
Cost of Deposits (%)	1.62	1.48		
Annualized	6.46	5.91	6.22	5.85
Post Tax Return on Assets (%)	0.21	0.18		
Annualized	0.83	0.73	1.09	1.10
Post Tax Return on Average Net-worth (%)	2.99	2.59		
Annualized			16.62	16.68
Cost to Income Ratio (%)	37.67	33.47	37.81	38.24
Credit/Deposit (CD) Ratio (%)	63.42	66.04	63.42	66.04
CASA Ratio (%)	38.11	39.16	38.11	39.16
Business per Employee (In Rupees lakh)	707.15	628.15	707.15	628.15
Net Profit per Employee (In Rupees lakh)	1.03	0.79		
Annualized	4.13	3.16	5.37	4.76
Number of Employees	7627	7558	7627	7558
Business Per Branch (In Rupees crore)	101.19	93.46	101.19	93.46
Net Profit per Branch (In Rs. lakh) Annualized	59.05	47.09	76.89	70.87
Branches- Excluding Extension Counters / Controlling Offices	533	508	533	508
Gross NPAs (In Rupees crore)	559.27	485.23	559.27	485.23
Net NPAs (In Rupees crore)	287.51	203.55	287.51	203.55
Gross NPA Ratio (%)	2.64	2.53	2.64	2.53
Net NPA Ratio (%)	1.37	1.08	1.37	1.08
NPA Coverage Ratio (%)	48.59	58.05	48.59	58.05
Capital Adequacy Ratio (%) Basel I	13.46	12.80	13.46	12.80
i. Tier I	12.77	12.14	12.77	12.14
ii. Tier II	0.69	0.66	0.69	0.66
Capital Adequacy Ratio (%) Basel II	14.48		14.48	
i. Tier I	13.80		13.80	
ii. Tier II	0.68		0.68	
Earning per Share (In Rupees)	16.23	12.34		
Annualized	64.92	49.34	84.54	74.26
Net Asset Value (In Rupees)	541.04	494.42	541.04	476.28
Adjusted Book Value (In Rupees)	481.74	452.43	481.74	434.30

Shareholding Pattern (as on May 22, 2009):

Sr. No.	PARTICULARS	NUMBER OF SHARES		TOTAL SHARES	% TO CAPITAL
		PHYSICAL	ELECTRONIC		
1.	GOVERNMENT OF J&K	0	25775266	25775266	53.17
2.	INDIAN MUTUAL FUNDS	0	1077238	1077238	2.22
3.	INSURANCE COMPANIES	0	248581	248581	0.51
4.	BANKS	0	3000	3000	0.01
5.	NON RESIDENT INDIANS	1600	233779	235379	0.49
6.	FOREIGN INST. INVESTORS	0	15338727	15338727	31.64
7.	BODIES CORPORATES	24094	674934	699028	1.44
8.	RESIDENT INDIVIDUALS	2308242	2759850	5068092	10.45
9.	CLEARING MEMBERS	0	32491	32491	0.07
	TOTAL	2333936	46143866	48477802	100.00

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