

Earnings Update

Audited Quarterly & Full-Year Results

March 31, 2011



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on May 14, 2011 took on record the audited financial results for the Fourth Quarter ended March 31, 2011.

Performance Highlights for the quarter ended March 31, 2011:

- Net Profit up 15 % at Rs 1386 million for the quarter ended Mar, 2011 as compared to Rs 1200 million earned during the quarter ended Mar, 2010.
- EPS for the quarter ended Mar, 2011 at Rs 28.58 up 15 % from Rs 24.76 earned during the corresponding quarter of previous financial year.
- NIMs (Net Interest Margins) Ratio for the quarter ended Mar, 2011 increased to 3.72 % (annualized) vis-à-vis 3.27 % for the corresponding quarter of previous financial year.
- The Yield on Advances (annualized) for the current quarter stood at 11.15 % compared to 10.52 % for the quarter ended Mar, 2010.
- Business per Employee and Net profit per Employee (annualized) improved to Rs 89.3 million and Rs 0.70 million respectively for the quarter ended Mar, 2011 from Rs 77.4 million and Rs 0.62 million pertaining to the quarter ended Mar, 2010.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Mar, 2011 at 1.95 % and 0.20 % respectively compared to 1.97 % and 0.28 % as on Mar, 2010.
- NPA Coverage Ratio as on Mar, 2011 at 92.71 % compared to 90.13 % a year ago.
- Post tax Return on Assets at 1.10 % (annualized) for the quarter ended Mar, 2011 compared to 1.13 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Mar, 2011 at 15.91 % compared to 15.94 % recorded for the corresponding quarter a year ago.

The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on May 14, 2011 took on record the audited financial results for the full year ended March 31, 2011.

Performance Highlights for the full year ended March 31, 2011:

- Net Profit up 20 % at Rs 6152 million for the financial year ended Mar, 2011 as compared to Rs 5124 million earned during the financial year ended Mar, 2010.
- NIMs (Net Interest Margins) Ratio for the financial year ended Mar, 2011 improved to 3.62 % vis-à-vis 3.04 % for the previous financial year.
- The Yield on Investments for the financial year ended Mar, 11 improved to 6.34 % from 5.71 % pertaining to the previous financial year.
- Cost of Deposits declined to 5.05 % for the current financial year ended Mar, 2011 compared to 5.24 % a year ago.
- Low cost Demand & Saving Deposits as on Mar, 2011 at Rs 180867 million up 19 % from Rs 151532 million a year ago. CASA Ratio was at 40.48 % as on Mar, 2011 compared to 40.69 % a year ago.
- Post tax Return on Assets improved to 1.22 % for the current fiscal year from 1.20 % for the previous financial year.
- Post Tax Return on Average Net-Worth for the current fiscal year ended Mar, 2011 improved to 18.96 % from 18.19 % recorded for the previous financial year.
- Capital Adequacy Ratio Basel I and Basel II as on Mar, 2011 at 13.30 % and 13.72 % respectively compared to 14.81 % and 15.89 % a year ago.

Profit & Loss Account

Amount in Rupees million

Particulars	Q 4 FY '10-11	Q 4 FY '09-10	% Change	Year Ended Mar, 2011	Year Ended Mar, 2010	% Change
Interest Earned	10138.6	7734.5	31.08%	37131.3	30568.8	21.47%
Interest Expended	5981.2	4647.5	28.70%	21694.7	19375.4	11.97%
Net Interest Income	4157.4	3087.0	34.67%	15436.6	11193.4	37.91%
Other Income	1190.2	1016.9	17.04%	3647.6	4162.3	-12.37%
Operating Income	5347.6	4103.9	30.31%	19084.2	15355.7	24.28%
Operating Expenses	2388.3	1756.6	35.96%	7589.3	5773.7	31.45%
Operating Profit	2959.3	2347.3	26.07%	11494.9	9582.0	19.96%
Provisions & Contingencies	756.0	390.1	93.80%	2151.0	1665.9	29.12%
PBT	2203.3	1957.2	12.57%	9343.9	7916.1	18.04%
Tax Provision	817.7	756.8	8.05%	3191.9	2792.3	14.31%
Net Profit	1385.6	1200.4	15.43%	6152.0	5123.8	20.07%
Share Capital	484.9	484.9	0.00%	484.9	484.9	0.00%
EPS in Rs.	28.58	24.76	15.43%	126.90	105.69	20.07%
Net Interest Margins	0.93%	0.82%	-	-	-	-
Net Interest Margins (Ann.)	3.72%	3.27%	-	3.62%	3.04%	-

Balance Sheet

Amount in Rupees million

Particulars	As on March 31, 2011	As on March 31, 2010	% Change
Capital & Liabilities			
Capital	484.9	484.9	0.00%
Reserves & Surplus	34301.9	29619.7	15.81%
Deposits	446759.4	372371.6	19.98%
Borrowings	11046.5	11002.1	0.40%
Other Liabilities & Provisions	12488.8	11989.6	4.16%
Total	505081.5	425467.9	18.71%
Assets			
Cash & Bank Balance	29749.6	27447.2	8.39%
Balance with Bank and Money at Call & Short Notice	5738.4	18695.1	-69.31%
Investments	196957.7	139562.5	41.13%
Advances	261936.4	230572.3	13.60%
Fixed Assets	3937.7	2041.3	92.90%
Other Assets	6761.7	7149.5	-5.42%
Total	505081.5	425467.9	18.71%

Segmental Revenues & Profits:

Revenues

Amount in Rupees million

Particulars	Q 4 FY 10-11	Q 4 FY 09-10	% Change	Year Ended Mar 2011	Year Ended Mar, 2010	% Change
Treasury Operations	3260.9	2146.0	51.95%	11976.6	9144.6	30.97%
Corporate / Wholesale Banking	3180.9	2344.7	35.66%	13838.2	11291.8	22.55%
Retail Banking	6126.6	5460.5	12.20%	19250.8	17555.6	9.66%
Other Banking Business	101.3	145.4	-30.33%	345.9	384.3	-9.99%
Less Inter Segment Revenue	1340.9	1345.2	-0.32%	4632.6	3645.2	27.09%
Net Income from Operations	11328.8	8751.4	29.45%	40778.9	34731.1	17.41%

Profits

Amount in Rupees million

Particulars	Q 4 FY 10-11	Q 4 FY 09-10	% Change	Year Ended Mar 2011	Year Ended Mar, 2010	% Change
Treasury Operations	-209.9	127.7	-264.37%	-48.7	861.3	-105.65%
Corporate / Wholesale Banking	1089.5	1212.7	-10.17%	5833.1	4576.7	27.45%
Retail Banking	1243.1	490.1	153.64%	3277.1	2158.1	51.85%
Other Banking Business	80.6	126.7	-36.39%	282.4	320.0	-11.75%
Total Profit before Tax	2203.3	1957.2	12.57%	9343.9	7916.1	18.04%

Break-up:

1. Interest Earned

Amount in Rupees million

Particulars	Q4 FY '10-11	Q4 FY '09-10	% Change	Year Ended Mar 2011	Year Ended Mar 2010	% Change
On Loans & Advances	7184.4	5766.5	24.59%	26296.0	23417.1	12.29%
Investments	2900.6	1949.1	48.82%	10661.5	7045.9	51.31%
Inter Bank Funds	53.6	18.9	183.60%	173.8	105.8	64.27%
Total	10138.6	7734.5	31.08%	37131.3	30568.8	21.47%

2. Interest Expended

Amount in Rupees million

Particulars	Q4 FY '10-11	Q4 FY '09-10	% Change	Year Ended Mar 2011	Year Ended Mar 2010	% Change
Deposits	5727.8	4355.4	31.51%	20691.7	18406.1	12.42%
Borrowings	118.4	157.1	-24.63%	463.0	831.4	-44.31%
Others (Subordinated Debt)	135.0	135.0	0.0%	540.0	138.0	291.42%
Total	5981.2	4647.5	28.70%	21694.7	19375.4	11.97%

3. Other Income

Amount in Rupees million

Particulars	Q4 FY '10-11	Q4 FY '09-10	% Change	Year Ended Mar 2011	Year Ended Mar 2010	% Change
Commission / Exchange	432.8	314.4	37.66%	1460.1	1182.9	23.43%
Insurance Commission	81.3	127.5	-36.24%	261.4	306.0	-14.56%
Treasury / Trading Income	227.2	135.7	67.43%	923.8	1734.5	-46.74%
Miscellaneous Income	448.9	439.3	2.19%	1002.3	939.0	6.75%
Total	1190.2	1016.9	17.04%	3647.6	4162.3	-12.37%

Break-up:

4. Provisions & Contingencies

Amount in Rupees million

Particulars	Q4 FY '10-11	Q4 FY '09-10	% Change	Year Ended Mar 2011	Year Ended Mar 2010	% Change
Provision for Tax	817.7	756.8	8.05%	3191.9	2792.3	14.31%
Provision for Bad & Doubtful Debts	320.0	403.2	-20.63%	1300.0	1500.0	-13.33%
Provision for Depreciation on Investments	198.0	-393.8	150.28%	410.3	-388.1	205.72%
Provision for Funded Interest on Term Loan	-60.8	62.7	-197.0%	50.0	64.5	-22.48%
Provision for Frauds/ Embezzlements	12.0	-4.1	392.68%	19.5	15.9	22.64%
Contingencies	210.4	224.8	-6.41%	210.4	248.8	-15.43%
Provision for diminution in fair value of Restructured / Rescheduled advances	76.4	111.8	-31.66%	160.8	220.7	-27.14%
Provision for Contingent Liabilities		-14.3			4.1	
Total	1573.7	1147.1	37.19%	5342.9	4458.3	19.84%

5. Deposits

Amount in Rupees million

Particulars	As on Mar 31, 2011	As on Mar 31, 2010	% Change
Demand Deposits	53598.7	48923.9	9.56%
Saving Deposits	127268.3	102608.1	24.03%
Term Deposits	265892.4	220839.6	20.40%
Total	446759.4	372371.6	19.98%

Categorization of Investments (I)

Amount in Rupees million

Particulars	As on Mar 31, 2011	As on Mar 31, 2010	% Change
Held to Maturity (HTM)			
□ Government & other approved Securities	94743.1	76762.7	23.42%
□ Shares			
□ Debentures & Bonds	2361.5	3165.1	-25.39%
□ Subsidiaries & Joint ventures	271.1	271.1	0.00%
□ Others	24896.1	15700.5	58.57%
Sub-Total	122271.8	95899.4	27.50%
<i>Percentage of HTM to Total Investments</i>	<i>62.08%</i>	<i>68.71%</i>	
Held for Trading (HFT)			
□ Government & other approved Securities			
□ Shares	4.9	45.1	-89.14%
□ Debentures & Bonds			
□ Subsidiaries & Joint ventures			
□ Others			
Sub-Total	4.9	45.1	-89.14%
<i>Percentage of HFT to Total Investments</i>	<i>0.00%</i>	<i>0.03%</i>	
Available for Sale (AFS)			
□ Government & other approved Securities	8608.7	7773.0	10.75%
□ Shares	2914.6	476.1	512.18%
□ Debentures & Bonds	16950.4	10873.3	55.89%
□ Subsidiaries & Joint ventures		2202.7	
□ Others	46207.3	21292.9	117.01%
□ Debt / Money Market related MFs		1000.0	
□ Reverse Repo			
Sub Total	74681.0	43618.0	71.22%
<i>Percentage of AFS to Total Investments</i>	<i>37.92%</i>	<i>31.25%</i>	
Total Investment	196957.7	139562.5	41.13%

Categorization of Investments (II)

Amount in Rupees million

Particulars	As on Mar 31, 2011	As on Mar 31, 2010	% Change
SLR Securities	103351.9	84535.7	22.26%
Non SLR Securities	93605.8	55026.8	70.11%
Total Investment	196957.7	139562.5	41.13%
SLR Securities as % age to total Investments	52.47%	60.57%	
Non SLR Securities as % age to total Investments	47.53%	39.43%	

Analytical Ratios:

Particulars	Q 4 FY '10-11	Q 4 FY '09-10	Year Ended Mar 2011	Year Ended Mar 2010
Net Interest Margins (%)	0.93	0.82		
Annualized	3.72	3.27	3.62	3.04
Yield on Advances (%)	2.79	2.63		
Annualized	11.15	10.52	10.68	10.65
Yield on Investments (%)	1.57	1.35		
Annualized	6.29	5.39	6.34	5.71
Cost of Deposits (%)	1.34	1.23		
Annualized	5.36	4.91	5.05	5.24
Post Tax Return on Assets (%)	0.27	0.28		
Annualized	1.10	1.13	1.22	1.20
Post Tax Return on Average Net-worth (%)	3.98	3.98		
Annualized	15.91	15.94	18.96	18.19
Cost to Income Ratio (%)	44.66	42.80	39.77	37.60
Credit / Deposit (CD) Ratio (%)	58.63	61.92	58.63	61.92
CASA Ratio (%)	40.48	40.69	40.48	40.69
Business per Employee (In Rupees million)	89.28	77.41	89.28	77.41
Net Profit per Employee (In Rupees million)	0.17	0.15		
Annualized	0.70	0.62	0.78	0.66
Number of Employees	7938	7789	7938	7789
Business Per Branch (In Rupees million)	1293.2	1124.9	1293.2	1124.9
Net Profit per Branch (In Rs million) Annualized	10.11	8.96	11.23	9.56
Branches- Excluding Extension Counters / Controlling Offices	548	536	548	536
Gross NPAs (In Rupees million)	5188.3	4623.1	5188.3	4623.1
Net NPAs (In Rupees million)	532.4	643.3	532.4	643.3
Gross NPA Ratio (%)	1.95	1.97	1.95	1.97
Net NPA Ratio (%)	0.20	0.28	0.20	0.28
NPA Coverage Ratio (%)	92.71	90.13	92.71	90.13
Capital Adequacy Ratio (%) Basel I	13.30	14.81	13.30	14.81
i. Tier I	10.99	11.91	10.99	11.91
ii. Tier II	2.31	2.90	2.31	2.90
Capital Adequacy Ratio (%) Basel II	13.72	15.89	13.72	15.89
i. Tier I	11.33	12.79	11.33	12.79
ii. Tier II	2.39	3.10	2.39	3.10
Earning per Share (In Rupees)	28.58	24.76		
Annualized	114.33	99.05	126.90	105.69
Net Asset Value (In Rupees)	717.58	621.00	717.58	621.00
Adjusted Book Value (In Rupees)	706.60	607.73	706.60	607.73
Dividend Payout Ratio (%)	-	-	20.49	20.81
Dividend Yield (%)	-	-	3.21	2.90

Shareholding Pattern (as on May 06, 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		1877077	1877077	3.87
3.	INSURANCE COMPANIES		215608	215608	0.44
4.	BANKS		2000	2000	0.00
5.	NON RESIDENT INDIANS	1600	229317	230917	0.48
6.	FOREIGN INST. INVESTORS		11152915	11152915	23.01
7.	BODIES CORPORATES	24094	3557188	3581282	7.39
8.	RESIDENT INDIVIDUALS	1990504	3647538	5638042	11.63
9.	CLEARING MEMBERS		4695	4695	0.01
	TOTAL	2016198	46461604	48477802	100.00

For more information, contact:

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