

Earnings Update

Reviewed Third Quarter & Nine Month Results

December 31, 2009



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on January 28, 2010 took on record the reviewed financial results for the Third Quarter ended December 31, 2009.

Performance Highlights for the quarter ended December 31, 2009:

- Net Profit up 16 % at Rs 139.99 crore during the current quarter as compared to Rs 120.67 crore during the corresponding quarter of previous financial year.
- Other Income increased considerably by 143 % to Rs 95.81 crore during the current quarter as compared to Rs 39.39 crore for the corresponding quarter of previous financial year, mostly driven by earnings on Commission/Exchange and profit on trading in Investments.
- Cost of Deposits on a quarter to quarter basis has come down by 126 basis points resulting in Interest Spread of the Bank going up to 3.06 % (Annualized) from 2.97 % for the corresponding quarter of the last fiscal year.
- NIMs (Net Interest Margins) Ratio for the quarter at 3.32 % (annualized) vis-à-vis 3.25 % for the corresponding quarter of previous financial year and 3.00 % for the previous quarter ended Sep, 2009.
- The Gross NPA's have decreased to Rs 460.27 crore from 545.69 crore a year ago. The Gross and Net NPA Ratios as at quarter ended Dec, 2009 have come further down to 2.17 % and 0.38 % respectively compared to 2.60 % and 1.22 % as at quarter ended Dec, 2008.
- The NPA Coverage Ratio at the end of quarter ended Dec, 2009 improved to 82.87 % compared to 53.60 % a year ago.
- Capital Adequacy Ratio (CAR) (Basel I and Basel II) as on Dec, 2009 improved further to 16.04 % and 18.08 % respectively, from 13.24 % and 13.98 % as on Dec, 2008.

The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on January 28, 2010 took on record the reviewed financial results for the Nine Months ended December 31, 2009.

Performance Highlights for the nine months ended December 31, 2009:

- Net Profit up at Rs 392.33 crore during the nine months ended Dec 09 as compared to Rs 331.16 crore in the corresponding nine months of the previous financial year registering an increase of 18.5 %.
- Post tax Return on Assets improved to 1.33 % (annualized) for the nine months ended Dec, 2009 up from 1.25 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (Annualized) improved to 18.56 % for the nine months ended Dec, 2009 as compared to 17.84 % for the corresponding period of the last financial year.
- Cost to Income ratio for the nine months ended Dec, 2009 has improved to 35.70 % from 37.87 % for the corresponding period of the previous financial year.
- Net profit per Employee (Annualized) improved further to Rs 6.78 lakh for the nine months ended Dec, 2009 from Rs 5.75 lakh earned during the corresponding period of the last financial year.
- EPS and Net Asset Value improved further to Rs 80.93 and Rs 621.97 for the nine months ended Dec, 2009 from Rs 68.31 and Rs 544.60 for the corresponding period of the previous financial year.
- Investments Portfolio of the Bank as on Dec, 2009 at Rs 14975 crore increasing by 31 % over last year's Rs 11420 crore.
- Low cost Demand and Savings Deposits of the Bank as on Dec, 2009 increased to Rs 13842.80 crore up by 21 % YoY from Rs 11476.69 crore as on Dec, 2008 taking the CASA ratio up to 41.12 % from 36.73 % a year ago.

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 3 '09-10	Q 3 '08-09	% Change	9 Mth '09-10	9 Mth '08-09	% Change	Year Ended Mar, '09
Interest Earned	761.55	800.04	-4.81%	2283.43	2199.22	3.83%	2988.12
Interest Expended	468.08	537.92	-12.98%	1472.80	1449.54	1.60%	1987.86
Net Interest Income	293.47	262.12	11.96%	810.63	749.68	8.13%	1000.26
Other Income	95.81	39.39	143.23%	314.53	145.32	116.44%	245.05
Operating Income	389.28	301.51	29.11%	1125.16	895.00	25.72%	1245.31
Operating Expenses	144.71	114.48	26.41%	401.70	338.90	18.53%	470.86
Operating Profit	244.57	187.03	30.77%	723.46	556.10	30.10%	774.45
Provisions & Contingencies	30.73	12.04	155.23%	127.58	77.75	64.09%	142.35
PBT	213.84	174.99	22.20%	595.88	478.35	24.57%	632.10
Tax Provision	73.85	54.32	35.95%	203.55	147.19	38.29%	222.26
Net Profit	139.99	120.67	16.01%	392.33	331.16	18.47%	409.84
Share Capital	48.49	48.49	0.00%	48.49	48.49	0.00%	48.49
EPS in Rs.	28.88	24.89	16.03%	80.93	68.31	18.47%	84.54
Net Interest Margins	0.83%	0.81%	-	2.28%	2.43%	-	-
Net Interest Margins (Ann.)	3.32%	3.25%	-	3.04%	3.24%	-	3.15%

Balance Sheet

Amount in Rupees crore

Particulars	As on Dec 31, '09	As on Dec 31, '08	% Change	As on March 31, '09
Capital & Liabilities				
Capital	48.49	48.49	0.00%	48.49
Equity Share Warrants		28.10		-
Reserves & Surplus *	2966.70	2563.49	15.73%	2574.37
Deposits	33663.72	31248.97	7.73%	33004.10
Borrowings	995.35	511.48	94.60%	996.63
Other Liabilities & Provisions	1529.39	881.36	73.53%	1069.67
Total	39203.65	35281.89	11.12%	37693.26
Assets				
Cash & Bank Balance	1642.71	1709.23	-3.89%	2302.95
Balance with Bank and Money at Call & Short Notice	824.19	668.00	23.38%	2971.81
Investments	14975.19	11420.25	31.13%	10736.33
Advances	20784.37	20686.06	0.48%	20930.41
Fixed Assets	202.04	195.15	3.53%	199.42
Other Assets	775.15	603.20	28.51%	552.34
Total	39203.65	35281.89	11.12%	37693.26

* Includes Retained Earnings

Segmental Revenues & Profits:

Revenues

Amount in Rupees crore

Particulars	Q3 FY '09-10	Q3 FY '08-09	% Change	9 Mth FY 09-10	9 Mth FY 08-09	% Change	Year Ended 31-03-09
Treasury Operations	222.98	216.95	2.78%	699.86	535.88	30.60%	773.42
Corporate / Wholesale Banking	272.30	213.43	27.58%	818.61	672.19	21.78%	980.71
Retail Banking	349.58	402.45	-13.14%	1055.60	1120.50	-5.79%	1450.87
Other Banking Business	12.50	6.60	89.39%	23.89	15.97	49.59%	28.17
Net Income from Operations	857.36	839.43	2.14%	2597.96	2344.54	10.81%	3233.17

Profits

Amount in Rupees crore

Particulars	Q3 FY '09-10	Q3 FY '08-09	% Change	9 Mth FY 09-10	9 Mth FY 08-09	% Change	Year Ended 31-03-09
Treasury Operations	8.35	2.34	256.84%	73.36	-35.37	307.41%	-34.31
Corporate / Wholesale Banking	56.57	47.88	18.15%	277.61	204.95	35.45%	266.09
Retail Banking	139.88	118.64	17.90%	225.59	294.32	-23.35%	374.17
Other Banking Business	9.04	6.13	47.47%	19.32	14.45	33.70%	26.15
Total Profit before Tax	213.84	174.99	22.20%	595.88	478.35	24.57%	632.10

Break-up:

1. Interest Earned

Amount in Rupees crore

Particulars	Q3 FY '09-10	Q3 FY '08-09	% Change	9 Mth FY '09-10	9 Mth FY '08-09	% Change	Year Ended Mar 2009
On Loans & Advances	583.15	613.17	-4.90%	1765.06	1697.94	3.95%	2294.91
Investments	176.62	177.81	-0.67%	509.68	482.07	5.73%	662.00
Inter Bank Funds	1.78	9.06	-80.35%	8.69	19.21	-54.76%	31.21
Total	761.55	800.04	-4.81%	2283.43	2199.22	3.83%	2988.12

2. Interest Expended

Amount in Rupees crore

Particulars	Q3 FY '09-10	Q3 FY '08-09	% Change	9 Mth FY '09-10	9 Mth FY '08-09	% Change	Year Ended Mar 2009
Deposits	449.67	520.24	-13.56%	1405.07	1395.87	0.66%	1914.79
Borrowings	18.12	17.68	2.49%	67.43	53.67	25.64%	73.07
Others (Subordinated Debt)	0.29			0.30			
Total	468.08	537.92	-12.98%	1472.80	1449.54	1.60%	1987.86

3. Other Income

Amount in Rupees crore

Particulars	Q3 FY '09-10	Q3 FY '08-09	% Change	9 Mth FY '09-10	9 Mth FY '08-09	% Change	Year Ended Mar 2009
Commission / Exchange	33.15	23.61	40.41%	86.85	71.82	20.93%	98.09
Insurance Commission	7.44	6.68	11.38%	17.84	14.99	19.01%	26.80
Treasury / Trading Income	40.84	-0.17	24123%	159.87	22.17	621.11%	62.72
Miscellaneous Income	14.38	9.27	55.12%	49.97	36.34	37.51%	57.44
Total	95.81	39.39	143.23%	314.53	145.32	116.44%	245.05

Break-up:

4. Provisions & Contingencies

Amount in Rupees crore

Particulars	Q3 FY '09-10	Q3 FY '08-09	% Change	9 Mth FY '09-10	9 Mth FY '08-09	% Change	Year Ended Mar 2009
Provision for Tax	73.85	54.32	35.95 %	203.55	147.19	38.29 %	222.26
Provision for Bad & Doubtful Debts	20.00	4.28	367.29 %	109.68	10.46	948.57 %	55.81
Provision for Standard Advances					13.29		13.29
Provision for Depreciation on Investments	0.57	-1.11	151.35 %	0.57	39.89	-98.57 %	42.09
Provision for Funded Interest on Term Loan	0.18			0.18			
Provision for Frauds/ Embezzlements	0.15	0.12	25.00 %	2.00	0.92	117.39 %	0.77
Contingencies	2.41			2.41			
Provision for Non-Performing Investments		4.25			8.69		12.87
Provision for diminution in fair value of Restructured / Rescheduled advances	5.57	4.50	23.78 %	10.89	4.50	142.00 %	17.53
Provision for Contingent Liabilities	1.85			1.85			
Total	104.58	66.36	57.59 %	331.13	224.94	47.21 %	364.62

5. Deposits

Amount in Rupees crore

Particulars	As on Dec 31, 2009	As on Dec 31, 2008	% Change	As on Mar 31, 2009
Demand Deposits	4742.85	4177.24	13.54%	4625.18
Saving Deposits	9099.95	7299.45	24.67%	7953.49
Term Deposits	19820.92	19772.29	0.25%	20425.43
Total	33663.72	31248.97	7.73%	33004.10

Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Dec 31, 2009	As on Dec 31, 2008	% Change
Held to Maturity (HTM)			
<input type="checkbox"/> Government & other approved Securities	7601.51	6089.44	24.83%
<input type="checkbox"/> Shares	10.00	15.00	-33.33%
<input type="checkbox"/> Debentures & Bonds	381.49	493.37	-22.68%
<input type="checkbox"/> Subsidiaries & Joint ventures	27.11	247.38	-89.04%
<input type="checkbox"/> Others	1334.02	1144.75	16.53%
Sub-Total	9354.13	7989.94	17.07%
<i>Percentage of HTM to Total Investments</i>	<i>62.46%</i>	<i>69.96%</i>	
Held for Trading (HFT)			
<input type="checkbox"/> Government & other approved Securities	18.88		
<input type="checkbox"/> Shares	2.14	8.72	-75.46%
<input type="checkbox"/> Debentures & Bonds			
<input type="checkbox"/> Subsidiaries & Joint ventures			
<input type="checkbox"/> Others			
Sub-Total	21.02	8.72	141.06%
<i>Percentage of HFT to Total Investments</i>	<i>0.14%</i>	<i>0.08%</i>	
Available for Sale (AFS)			
<input type="checkbox"/> Government & other approved Securities	887.35	1238.33	-28.34%
<input type="checkbox"/> Shares	269.90	23.86	1031.18%
<input type="checkbox"/> Debentures & Bonds	678.68	585.18	15.98%
<input type="checkbox"/> Subsidiaries & Joint ventures			
<input type="checkbox"/> Others	1277.03	173.84	634.60%
<input type="checkbox"/> Debt / Money Market related MFs	887.08	50.38	1660.78%
<input type="checkbox"/> Reverse Repo	1600.00	1350.00	18.52%
Sub Total	5600.04	3421.59	63.67%
<i>Percentage of AFS to Total Investments</i>	<i>37.40%</i>	<i>29.96%</i>	
Total Investment	14975.19	11420.25	31.13%

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Dec 31, 2009	As on Dec 31, 2008	% Change
SLR Securities	10107.74	8677.77	16.48%
Non SLR Securities	4867.45	2742.48	77.48%
Total Investment	14975.19	11420.25	31.13%
SLR Securities as % age to total Investments	67.50%	75.99%	
Non SLR Securities as % age to total Investments	32.50%	24.01%	

Analytical Ratios:

Particulars	Q3 FY '09-10	Q3 FY '08-09	9 Mth '09-10	9 Mth '08-09	Year Ended Mar 2009
Net Interest Margins (%)	0.83	0.81	2.28	2.43	
Annualized	3.32	3.25	3.04	3.24	3.15
Yield on Advances (%)	2.78	2.92	8.46	8.58	
Annualized	11.14	11.69	11.28	11.44	11.53
Yield on Investments (%)	1.29	1.67	3.96	4.78	
Annualized	5.17	6.68	5.29	6.37	6.79
Cost of Deposits (%)	1.36	1.67	4.22	4.67	
Annualized	5.43	6.69	5.62	6.22	6.22
Post Tax Return on Assets (%)	0.36	0.34	1.00	0.94	
Annualized	1.43	1.37	1.33	1.25	1.09
Post Tax Return on Average Net-worth (%)	4.75	4.68	13.92	13.38	
Annualized	19.01	18.71	18.56	17.84	16.62
Cost to Income Ratio (%)	37.17	37.97	35.70	37.87	37.81
Credit / Deposit (CD) Ratio (%)	61.74	66.20	61.74	66.20	63.42
CASA Ratio (%)	41.12	36.73	41.12	36.73	38.11
Business per Employee (In Rupees lakh)	705.38	676.15	705.38	676.15	707.15
Net Profit per Employee (In Rupees lakh)	1.81	1.57	5.08	4.31	
Annualized	7.25	6.28	6.78	5.75	5.37
Number of Employees	7719	7681	7719	7681	7627
Business Per Branch (In Rupees crore)	102.15	98.36	102.15	98.36	101.19
Net Profit per Branch (In Rs lakh) Annualized	105.06	91.42	98.14	83.63	76.89
Branches- Excluding Extension Counters / Controlling Offices	533	528	533	528	533
Gross NPAs (In Rupees crore)	460.27	545.69	460.27	545.69	559.27
Net NPAs (In Rupees crore)	78.83	253.22	78.83	253.22	287.51
Gross NPA Ratio (%)	2.17	2.60	2.17	2.60	2.64
Net NPA Ratio (%)	0.38	1.22	0.38	1.22	1.37
NPA Coverage Ratio (%)	82.87	53.60	82.87	53.60	48.59
Capital Adequacy Ratio (%) Basel I	16.04	13.24	16.04	13.24	13.46
i. Tier I	12.91	12.57	12.91	12.57	12.77
ii. Tier II	3.13	0.67	3.13	0.67	0.69
Capital Adequacy Ratio (%) Basel II	18.08	13.98	18.08	13.98	14.48
i. Tier I	14.54	13.27	14.54	13.27	13.80
ii. Tier II	3.54	0.71	3.54	0.71	0.68
Earning per Share (In Rupees)	28.88	24.89	80.93	68.31	
Annualized	115.51	99.57	107.91	91.08	84.54
Net Asset Value (In Rupees)	621.97	544.60	621.97	544.60	541.04
Adjusted Book Value (In Rupees)	605.71	492.36	605.71	492.36	481.74

Shareholding Pattern (as on January 22, 2010):

S 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	1217614	1217614	2.51
3.	INSURANCE COMPANIES	0	237473	237473	0.49
4.	NON RESIDENT INDIANS	1600	355666	357266	0.74
5.	FOREIGN INST. INVESTORS	0	14126918	14126918	29.14
6.	BODIES CORPORATES	24094	1058873	1082967	2.23
7.	RESIDENT INDIVIDUALS	2247237	3425283	5672520	11.70
8.	CLEARING MEMBERS	0	7778	7778	0.02
	TOTAL	2272931	46204871	48477802	100.00

For more information, contact:

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