

# **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 139 crore for the quarter ended Mar, 2011 as compared to Rs 120 crore 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 8.93 crore and Rs 6.98 lakh respectively for the quarter ended Mar, 2011 from Rs 7.74 crore and Rs 6.16 lakh 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 615 crore for the financial year ended Mar, 2011 as compared to Rs 512 crore 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 18087 crore up 19 % from Rs 15153 crore 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 crore

Particulars	Q 4 FY '10-11	Q 4 FY '09-10	% Change	Year Ended Mar, 2011	Year Ended Mar, 2010	% Change
Interest Earned	1013.86	773.45	31.08%	3713.13	3056.88	21.47%
Interest Expended	598.12	464.75	28.70%	2169.47	1937.54	11.97%
<b>Net Interest Income</b>	<b>415.74</b>	<b>308.70</b>	<b>34.67%</b>	<b>1543.66</b>	<b>1119.34</b>	<b>37.91%</b>
Other Income	119.02	101.69	17.04%	364.76	416.23	-12.37%
<b>Operating Income</b>	<b>534.76</b>	<b>410.39</b>	<b>30.31%</b>	<b>1908.42</b>	<b>1535.57</b>	<b>24.28%</b>
Operating Expenses	238.83	175.66	35.96%	758.93	577.37	31.45%
<b>Operating Profit</b>	<b>295.93</b>	<b>234.73</b>	<b>26.07%</b>	<b>1149.49</b>	<b>958.20</b>	<b>19.96%</b>
Provisions & Contingencies	75.60	39.01	93.80%	215.10	166.59	29.12%
<b>PBT</b>	<b>220.33</b>	<b>195.72</b>	<b>12.57%</b>	<b>934.39</b>	<b>791.61</b>	<b>18.04%</b>
Tax Provision	81.77	75.68	8.05%	319.19	279.23	14.31%
<b>Net Profit</b>	<b>138.56</b>	<b>120.04</b>	<b>15.43%</b>	<b>615.20</b>	<b>512.38</b>	<b>20.07%</b>
Share Capital	48.49	48.49	0.00%	48.49	48.49	0.00%
<b>EPS in Rs.</b>	<b>28.58</b>	<b>24.76</b>	<b>15.43%</b>	<b>126.90</b>	<b>105.69</b>	<b>20.07%</b>
<b>Net Interest Margins</b>	<b>0.93%</b>	<b>0.82%</b>	-	-	-	-
<b>Net Interest Margins (Ann.)</b>	<b>3.72%</b>	<b>3.27%</b>	-	<b>3.62%</b>	<b>3.04%</b>	-

**Balance Sheet**

Amount in Rupees crore

Particulars	As on March 31, 2011	As on March 31, 2010	% Change
<b>Capital &amp; Liabilities</b>			
Capital	48.49	48.49	0.00%
Reserves & Surplus	3430.19	2961.97	15.81%
Deposits	44675.94	37237.16	19.98%
Borrowings	1104.65	1100.21	0.40%
Other Liabilities & Provisions	1248.88	1198.96	4.16%
<b>Total</b>	<b>50508.15</b>	<b>42546.79</b>	<b>18.71%</b>
<b>Assets</b>			
Cash & Bank Balance	2974.96	2744.72	8.39%
Balance with Bank and Money at Call & Short Notice	573.84	1869.51	-69.31%
Investments	19695.77	13956.25	41.13%
Advances	26193.64	23057.23	13.60%
Fixed Assets	393.77	204.13	92.90%
Other Assets	676.17	714.95	-5.42%
<b>Total</b>	<b>50508.15</b>	<b>42546.79</b>	<b>18.71%</b>

## Segmental Revenues & Profits:

### Revenues

Amount in Rupees crore

Particulars	Q 4 FY 10-11	Q 4 FY 09-10	% Change	Year Ended Mar 2011	Year Ended Mar, 2010	% Change
Treasury Operations	326.09	214.60	51.95%	1197.66	914.46	30.97%
Corporate / Wholesale Banking	318.09	234.47	35.66%	1383.82	1129.18	22.55%
Retail Banking	612.66	546.05	12.20%	1925.08	1755.56	9.66%
Other Banking Business	10.13	14.54	-30.33%	34.59	38.43	-9.99%
Less Inter Segment Revenue	134.09	134.52	-0.32%	463.26	364.52	27.09%
<b>Net Income from Operations</b>	<b>1132.88</b>	<b>875.14</b>	<b>29.45%</b>	<b>4077.89</b>	<b>3473.11</b>	<b>17.41%</b>

### Profits

Amount in Rupees crore

Particulars	Q 4 FY 10-11	Q 4 FY 09-10	% Change	Year Ended Mar 2011	Year Ended Mar, 2010	% Change
Treasury Operations	-20.99	12.77	-264.37%	-4.87	86.13	-105.65%
Corporate / Wholesale Banking	108.95	121.27	-10.17%	583.31	457.67	27.45%
Retail Banking	124.31	49.01	153.64%	327.71	215.81	51.85%
Other Banking Business	8.06	12.67	-36.39%	28.24	32.00	-11.75%
<b>Total Profit before Tax</b>	<b>220.33</b>	<b>195.72</b>	<b>12.57%</b>	<b>934.39</b>	<b>791.61</b>	<b>18.04%</b>

## Break-up:

### 1. Interest Earned

Amount in Rupees crore

Particulars	Q4 FY '10-11	Q4 FY '09-10	% Change	Year Ended Mar 2011	Year Ended Mar 2010	% Change
On Loans & Advances	718.44	576.65	24.59%	2629.60	2341.71	12.29%
Investments	290.06	194.91	48.82%	1066.15	704.59	51.31%
Inter Bank Funds	5.36	1.89	183.60%	17.38	10.58	64.27%
<b>Total</b>	<b>1013.86</b>	<b>773.45</b>	<b>31.08%</b>	<b>3713.13</b>	<b>3056.88</b>	<b>21.47%</b>

### 2. Interest Expended

Amount in Rupees crore

Particulars	Q4 FY '10-11	Q4 FY '09-10	% Change	Year Ended Mar 2011	Year Ended Mar 2010	% Change
Deposits	572.78	435.54	31.51%	2069.17	1840.61	12.42%
Borrowings	11.84	15.71	-24.63%	46.30	83.14	-44.31%
Others (Subordinated Debt)	13.50	13.50	0.0%	54.00	13.80	291.42%
<b>Total</b>	<b>598.12</b>	<b>464.75</b>	<b>28.70%</b>	<b>2169.47</b>	<b>1937.54</b>	<b>11.97%</b>

### 3. Other Income

Amount in Rupees crore

Particulars	Q4 FY '10-11	Q4 FY '09-10	% Change	Year Ended Mar 2011	Year Ended Mar 2010	% Change
Commission / Exchange	43.28	31.44	37.66%	146.01	118.29	23.43%
Insurance Commission	8.13	12.75	-36.24%	26.14	30.60	-14.56%
Treasury / Trading Income	22.72	13.57	67.43%	92.38	173.45	-46.74%
Miscellaneous Income	44.89	43.93	2.19%	100.23	93.90	6.75%
<b>Total</b>	<b>119.02</b>	<b>101.69</b>	<b>17.04%</b>	<b>364.76</b>	<b>416.23</b>	<b>-12.37%</b>

## Break-up:

### 4. Provisions & Contingencies

Amount in Rupees crore

Particulars	Q4 FY '10-11	Q4 FY '09-10	% Change	Year Ended Mar 2011	Year Ended Mar 2010	% Change
Provision for Tax	81.77	75.68	8.05%	319.19	279.23	14.31%
Provision for Bad & Doubtful Debts	32.00	40.32	-20.63%	130.00	150.00	-13.33%
Provision for Depreciation on Investments	19.80	-39.38	150.28%	41.03	-38.81	205.72%
Provision for Funded Interest on Term Loan	-6.08	6.27	-197.0%	5.00	6.45	-22.48%
Provision for Frauds/ Embezzlements	1.20	-0.41	392.68%	1.95	1.59	22.64%
Contingencies	21.04	22.48	-6.41%	21.04	24.88	-15.43%
Provision for diminution in fair value of Restructured / Rescheduled advances	7.64	11.18	-31.66%	16.08	22.07	-27.14%
Provision for Contingent Liabilities		-1.43			0.41	
<b>Total</b>	<b>157.37</b>	<b>114.71</b>	<b>37.19%</b>	<b>534.29</b>	<b>445.83</b>	<b>19.84%</b>

### 5. Deposits

Amount in Rupees crore

Particulars	As on Mar 31, 2011	As on Mar 31, 2010	% Change
Demand Deposits	5359.87	4892.39	9.56%
Saving Deposits	12726.83	10260.81	24.03%
Term Deposits	26589.24	22083.96	20.40%
<b>Total</b>	<b>44675.94</b>	<b>37237.16</b>	<b>19.98%</b>

### Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Mar 31, 2011	As on Mar 31, 2010	% Change
<b>Held to Maturity (HTM)</b>			
<input type="checkbox"/> Government & other approved Securities	9474.31	7676.27	23.42%
<input type="checkbox"/> Shares			
<input type="checkbox"/> Debentures & Bonds	236.15	316.51	-25.39%
<input type="checkbox"/> Subsidiaries & Joint ventures	27.11	27.11	0.00%
<input type="checkbox"/> Others	2489.61	1570.05	58.57%
<b>Sub-Total</b>	<b>12227.18</b>	<b>9589.94</b>	<b>27.50%</b>
<i>Percentage of HTM to Total Investments</i>	<i>62.08%</i>	<i>68.71%</i>	
<b>Held for Trading (HFT)</b>			
<input type="checkbox"/> Government & other approved Securities			
<input type="checkbox"/> Shares	0.49	4.51	-89.14%
<input type="checkbox"/> Debentures & Bonds			
<input type="checkbox"/> Subsidiaries & Joint ventures			
<input type="checkbox"/> Others			
<b>Sub-Total</b>	<b>0.49</b>	<b>4.51</b>	<b>-89.14%</b>
<i>Percentage of HFT to Total Investments</i>	<i>0.00%</i>	<i>0.03%</i>	
<b>Available for Sale (AFS)</b>			
<input type="checkbox"/> Government & other approved Securities	860.87	777.30	10.75%
<input type="checkbox"/> Shares	291.46	47.61	512.18%
<input type="checkbox"/> Debentures & Bonds	1695.04	1087.33	55.89%
<input type="checkbox"/> Subsidiaries & Joint ventures		220.27	
<input type="checkbox"/> Others	4620.73	2129.29	117.01%
<input type="checkbox"/> Debt / Money Market related MFs		100.00	
<input type="checkbox"/> Reverse Repo			
<b>Sub Total</b>	<b>7468.10</b>	<b>4361.80</b>	<b>71.22%</b>
<i>Percentage of AFS to Total Investments</i>	<i>37.92%</i>	<i>31.25%</i>	
<b>Total Investment</b>	<b>19695.77</b>	<b>13956.25</b>	<b>41.13%</b>

### Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Mar 31, 2011	As on Mar 31, 2010	% Change
SLR Securities	10335.19	8453.57	22.26%
Non SLR Securities	9360.58	5502.68	70.11%
<b>Total Investment</b>	<b>19695.77</b>	<b>13956.25</b>	<b>41.13%</b>
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		
<b>Annualized</b>	<b>3.72</b>	<b>3.27</b>	<b>3.62</b>	<b>3.04</b>
Yield on Advances (%)	2.79	2.63		
<b>Annualized</b>	<b>11.15</b>	<b>10.52</b>	<b>10.68</b>	<b>10.65</b>
Yield on Investments (%)	1.57	1.35		
<b>Annualized</b>	<b>6.29</b>	<b>5.39</b>	<b>6.34</b>	<b>5.71</b>
Cost of Deposits (%)	1.34	1.23		
<b>Annualized</b>	<b>5.36</b>	<b>4.91</b>	<b>5.05</b>	<b>5.24</b>
Post Tax Return on Assets (%)	0.27	0.28		
<b>Annualized</b>	<b>1.10</b>	<b>1.13</b>	<b>1.22</b>	<b>1.20</b>
Post Tax Return on Average Net-worth (%)	3.98	3.98		
<b>Annualized</b>	<b>15.91</b>	<b>15.94</b>	<b>18.96</b>	<b>18.19</b>
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 lakh)	892.79	774.10	892.79	774.10
Net Profit per Employee (In Rupees lakh)	1.75	1.54		
<b>Annualized</b>	<b>6.98</b>	<b>6.16</b>	<b>7.75</b>	<b>6.58</b>
Number of Employees	7938	7789	7938	7789
Business Per Branch (In Rupees crore)	129.32	112.49	129.32	112.49
Net Profit per Branch (In Rs lakh) <b>Annualized</b>	<b>101.14</b>	<b>89.58</b>	<b>112.26</b>	<b>95.59</b>
Branches- Excluding Extension Counters / Controlling Offices	548	536	548	536
Gross NPAs (In Rupees crore)	518.83	462.31	518.83	462.31
Net NPAs (In Rupees crore)	53.24	64.33	53.24	64.33
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	<b>13.30</b>	<b>14.81</b>	<b>13.30</b>	<b>14.81</b>
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	<b>13.72</b>	<b>15.89</b>	<b>13.72</b>	<b>15.89</b>
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		
<b>Annualized</b>	<b>114.33</b>	<b>99.05</b>	<b>126.90</b>	<b>105.69</b>
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
	<b>TOTAL</b>	<b>2016198</b>	<b>46461604</b>	<b>48477802</b>	<b>100.00</b>

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