

**PRESS RELEASE**

**J&K Bank Q3 Profit up 16 %**

The J&K Bank announced its reviewed financial results for the quarter and nine months ended December, 2009, following the approval of its Board of Directors in their meeting held in Mumbai on January 28, 2010.

**Financial Indicators:**

(in Rupees crore)

	Q 3 2009-10	Q 3 2008-09	%age change	9 Mth 2009-10	9 Mth 2008-09	%age change	FY 2008-09
Net profit	139.99	120.67	16.01 %	392.33	331.16	18.47 %	409.84
Net Interest Margins (Annualized)	3.32 %	3.25 %	-	3.04 %	3.24 %	-	3.15 %
Operating Income	389.28	301.51	29.11 %	1125.16	895.00	25.72 %	1245.31
Net interest income	293.47	262.12	11.96 %	810.63	749.68	8.13 %	1000.26
Fee based income	95.81	39.39	143.23 %	314.53	145.32	116.44 %	245.05
Operating Profit	244.57	187.03	30.77 %	723.46	556.10	30.10 %	774.45
Return on Assets (Annualized)	1.43 %	1.37 %	-	1.33 %	1.25 %	-	1.09 %
Post Tax Return on Equity (Ann.)	19.01 %	18.71 %	-	18.56 %	17.84 %	-	16.62 %
Earnings per Share	28.88	24.89	16.03 %	80.93	68.31	18.47 %	84.54
CRAR - Basel - I	16.04 %	13.24 %		16.04 %	13.24 %		13.46 %
Tier - I	12.91 %	12.57 %	-	12.91 %	12.57 %	-	12.77 %
Tier - II	3.13 %	0.67 %		3.13 %	0.67 %		0.69 %
CRAR - Basel - II	18.08 %	13.98 %		18.08 %	13.98 %		14.48 %
Tier - I	14.54 %	13.27 %	-	14.54 %	13.27 %	-	13.80 %
Tier - II	3.54 %	0.71 %		3.54 %	0.71 %		0.68 %

**Profit & Loss Account:**

For the nine months ended Dec, 2009, the Bank registered a net profit of Rs 392.33 crore up by 18 % from Rs 331.16 crore recorded during the corresponding period of previous financial year majorly driven by effective balance sheet management. The net profit for the quarter ended Dec, 2009 increased by 16 % and stood at Rs 139.99 crore compared to Rs 120.67 crore earned during the quarter ended Dec, 2008. The Yield on Advances on a quarterly basis stood at 11.14 % while the Cost of Deposits has fallen by 126 basis points YoY on the same basis. This has pushed the Net Interest Margins of the Bank up to 3.32% (Annualized) for the quarter ended Dec, 2009 compared to 3.25% for the corresponding quarter of the previous financial year.

The Other Income earned by the bank during the current quarter improved considerably by 143 % to Rs 95.81 crore from Rs 39.39 crore earned during the quarter ended Dec, 2008, majorly driven by earning on Commission/Exchange and profit on investments.

The Operating Profit for the nine months ended Dec, 2009 increased by 30 % YoY to Rs 723.46 crore from Rs 556.10 crore earned during the corresponding period of last fiscal year. Operating Income (Net Interest Income + Other Income) for the current nine months was Rs 1125.16 crore as against Rs. 895.00 crore for the corresponding period of last fiscal registering an increase of 26 %.

The Return on Assets for the current quarter improved to 1.43 % (annualized) compared to 1.37 % for the corresponding quarter of last financial year. For the 9 month period ended Dec, 2009, the Bank has been able to further bring down its Cost to Income ratio to 35.70 % from 37.87 % for the corresponding period of last fiscal.

### **Balance Sheet:**

The total Balance Sheet size of the bank as on Dec, 2009 increased to Rs 39204 crore by 11 % from Rs 35282 crore a year ago. The total business turnover moved to Rs 54448 crore, increasing by 5 % YoY over Rs 51935 crore. The Investments of the bank as on Dec, 2009 grew by 31 % YoY to Rs 14975 crore. Of the total investments 62.46 % are in the HTM category, 37.40 % in the AFS category and rest in the HFT category. The SLR securities form 67.50 % of the total Investments. Net Worth of the Bank stood at Rs 3015 crore as on Dec 31, 2009 compared to Rs. 2640 crore a year earlier, registering a growth of 14.21 %.

The low credit growth, is on account of slackness in credit demand brought on by the effects of global meltdown and slow draw-downs by corporates on their credit lines and little capacity expansion. Further upsurge in the corporate loan book during the period 2001-2003, which is now getting repaid, is having nullifying impact on credit growth.

The low cost Demand and Savings Deposits of the Bank as on Dec, 2009 are at 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.

### **Asset Quality:**

The Gross NPAs as on Dec, 2009 have declined to Rs 460.27 crore from 545.69 crore a year ago. The Gross and Net NPAs as proportion of Gross and Net Advances as on Dec, 2009 came down to 2.17 % and 0.38 % respectively from 2.60 % and 1.22 % a year ago. The NPA Coverage Ratio as on Dec, 2009 has improved to 82.87 % from 53.60 % a year ago. The said ratio is well above the RBI stipulated norm of 70%.

### **Capital Adequacy:**

The Capital Adequacy Ratio (CAR) under the Basel I norms stood at 16.04 % as on Dec 31, 2009 out of which Tier I capital amounted to 12.91 %. The CAR under the Basel II norms was at 18.08 % as on the same date with Tier I capital amounting to 14.54 %. The increase in the Tier-II capital is on account of raising NCDs aggregating to Rs.600 Crores during quarter under review.

### **For more information, please contact:**

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