

**PRESS RELEASE**

**J&K Bank H1 Net up 20 %**

**Financial Indicators:**

(in Rupees crore)

	Q 2 2009-10	Q 2 2008-09	%age change	H 1 2009-10	H 1 2008-09	%age change	FY 2008-09
Net profit	134.27	115.92	15.83 %	252.33	210.48	19.88 %	409.84
Net Interest Margins	0.75 %	0.85 %	-	1.50 %	1.61 %	-	3.15 %
Operating Income	353.09	302.36	16.78 %	735.88	593.49	23.99 %	1245.31
Net interest income	251.90	261.31	-3.60 %	517.16	487.56	6.07 %	1000.26
Fee based income	101.19	41.05	146.5 %	218.72	105.93	106.47 %	245.05
Operating Profit	221.33	187.57	18.00 %	478.88	369.07	29.75 %	774.45
Return on Assets	0.36 %	0.33 %	-	0.67 %	0.60 %	-	1.09 %
Post Tax Return on Equity	4.78 %	4.71 %	-	9.18 %	8.72 %	-	16.62 %
Earnings per Share	27.70	23.91	15.85 %	52.05	43.42	19.88 %	84.54
CRAR – Basel – I	13.98 %	12.44 %		13.98 %	12.44 %		13.46%
Tier – I	13.39 %	11.78 %		13.39 %	11.78 %		12.77%
Tier – II	0.59 %	0.66 %	-	0.59 %	0.66 %	-	0.69%
CRAR – Basel – II	15.23 %	13.47 %		15.23 %	13.47 %		14.48%
Tier – I	14.59 %	12.76 %		14.59 %	12.76 %		13.80%
Tier – II	0.64 %	0.71 %	-	0.64 %	0.71 %	-	0.68%

**Profit & Loss Account:**

The J&K Bank announced its reviewed financial results for the quarter and half year ended Sep, 2009, following the approval of its Board of Directors in a meeting held in Srinagar on Oct 30, 2009. For the half year ended Sep, 2009, the Bank registered a net profit of Rs 252.33 crore up by 20 % from Rs 210.48 crore recorded during the corresponding half of previous financial year. Similarly the net profit for the quarter ended Sep, 2009 increased by 16 % and was at Rs 134.27 crore compared to Rs 115.92 crore earned during the quarter ended Sep, 2008. The Income on Advances for the half year ended Sep, 2009 increased by 9 % to Rs 1181.90 crore from Rs 1084.77 crore. The operating expenditure of the Bank for the current quarter has increased to Rs 131.76 crore by 15 % Y on Y. For the same period, the Other Income earned by the bank has improved considerably by 147 % to Rs 101.19 crore from Rs 41.05 crore earned during the quarter ended Sep, 2008, majorly driven by profit on revaluation / sale of Investments.

The Operating Profit for the half year ended Sep, 2009 increased by 30 % Y on Y to Rs 478.88 crore from Rs 369.07 crore. Operating Income (Net Interest Income +

Other Income) for the current half year was Rs. 735.88 crore as against Rs. 593.49 crore for the corresponding period of last fiscal registering an increase of 24 %.

The Return on Assets for the current quarter has improved to 1.44 % (annualized) compared to 1.32 % for the corresponding quarter of last financial year. The bank has been able to maintain its margins around the 3 % level and the Net Interest Margins ratio for the half year ended Sep, 2009 is at 3.01 % (annualized). For the same period the Bank has been able to further bring down its Cost to Income ratio to 34.92 % from 37.81 % for the corresponding period of last fiscal.

### **Balance Sheet:**

The total Balance Sheet size of the bank as on Sep, 2009 has increased to Rs 37420.60 crore increasing by 6 % from Rs 35207.76 crore a year ago. The total business turnover moved to Rs 53671.30 crore during this time, increasing by 3 % over Rs 52250.67 crore. The Investments of the bank as on Sep, 2009 grew by 25 % Y on Y to Rs 12368.09 crore. Of the total investments 71 % are in the HTM category, 29 % in the AFS category and rest in the HFT category. The SLR securities form 79 % of the total Investments. Net Worth of the Bank stood at Rs. 2875.19 crore as on Sep 30, 2009 compared to Rs. 2519.40 crore a year earlier, registering a growth of 14.12 %.

The low credit growth during the quarter is attributed to slack in credit demand as under the effects of global meltdown there has been little capacity expansion by manufacturing corporates. Further sanctions to the tune of Rs 4009.59 crore are yet to be disbursed by the bank.

### **Asset Quality:**

The Gross NPAs and the Net NPAs as proportion of Gross and Net Advances as on Sep, 2009 came down to 2.23 % and 0.55 % respectively from 2.29 % and 0.96 % a year ago. The NPA Coverage Ratio as on Sep, 2009 has improved to 75.55 % from 58.43 % a year ago.

### **Capital Adequacy:**

The Capital Adequacy Ratio (CAR) under the Basel I norms stood at 13.98 % as on Sep 30, 2009 out of which Tier I capital amounted to 13.39 %. The CAR under the Basel II norms was at 15.23 % as on Sep, 2009 with Tier I capital amounting to 14.59 %.

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

**Mr. Parvez Ahmed**  
President & Company Secretary  
The Jammu & Kashmir Bank Ltd.  
+91 194 248 1927/28  
parvez.ahd@gmail.com

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