

PRESS RELEASE

J&K Bank H1 Net up 20 %

Financial Indicators:

(in Rupees million)

	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	1342.7	1159.2	15.83 %	2523.3	2104.8	19.88 %	4098.4
Net Interest Margins	0.75 %	0.85 %	-	1.50 %	1.61 %	-	3.15 %
Operating Income	3530.9	3023.6	16.78 %	7358.8	5934.9	23.99 %	12453.1
Net interest income	2519.0	2613.1	-3.60 %	5171.6	4875.6	6.07 %	10002.6
Fee based income	1011.9	410.5	146.5 %	2187.2	1059.3	106.47 %	2450.5
Operating Profit	2213.3	1875.7	18.00 %	4788.8	3690.7	29.75 %	7744.5
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 2523.3 million up by 20 % from Rs 2104.8 million 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 1342.7 million compared to Rs 1159.2 million earned during the quarter ended Sep, 2008. The Income on Advances for the half year ended Sep, 2009 increased by 9 % to Rs 11819.0 million from Rs 10847.7 million. The operating expenditure of the Bank for the current quarter has increased to Rs 1317.6 million by 15 % Y on Y. For the same period, the Other Income earned by the bank has improved considerably by 147 % to Rs 1011.9 million from Rs 410.5 million 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 4788.8 million from Rs 3690.7 million. Operating Income (Net Interest Income +

Other Income) for the current half year was Rs. 7358.8 million as against Rs. 5934.9 million 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 374206.0 million increasing by 6 % from Rs 352077.6 million a year ago. The total business turnover moved to Rs 536713.0 million during this time, increasing by 3 % over Rs 522506.7 million. The Investments of the bank as on Sep, 2009 grew by 25 % Y on Y to Rs 123680.9 million. 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. 28751.9 million as on Sep 30, 2009 compared to Rs. 25194.0 million 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 40095.9 million 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 %.

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