

The Jammu & Kashmir Bank Limited

Corporate Headquarters
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Kashmir, India
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Board Secretariat

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National Stock Exchange of India Ltd
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Plot No. C/1 G-Block
Bandra Kurla Complex
Bandra (E) Mumbai - 400 051
Symbol: J&KBANK

The BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal street
Mumbai - 400 001
Scrip Code:532209

SUB: - PRESS RELEASE ON REVIEWED FINANCIAL RESULTS

Dear Sirs,

Please find enclosed press release on Reviewed Financial Results for the Quarter and Nine Months ended 31st December, 2018

Thanking you

Yours faithfully
For The Jammu & Kashmir Bank Ltd.

A handwritten signature in blue ink, appearing to read 'Shafi Mir', is written over a faint, larger version of the same signature.

(Mohammad Shafi Mir)
Company Secretary

Board Secretariat**J&K Bank 09 months profit grows 43% to 250 Cr; Bank targeting a profit of Rs 2000 Cr in FY 2022**

Srinagar: J&K Bank, the state owned premier financial institution today announced its results for the quarter & 09 months ended 31st December 2018 after the reviewed results of the Bank were adopted by the Board of Directors of the Bank in a meeting held at the Jammu. The Bank reported a 43% increase in its net profit to Rs 250.09 Cr for the 09 months ended 31st December 2018 as compared to 174 Cr reported for the same period in previous fiscal. For the 3rd quarter the bank posted a profit of Rs 103.75 Cr as compared to 72.47 Cr for the same quarter last year. The growth in J&K Credit has been reported at 22% over the last year and net interest income, the difference between interest earned on loans and that paid on deposits, grew to 2452 Cr as compared to 2215 Cr in the 09 months period for last financial year.

Expressing satisfaction on the results Parvez Ahmed Chairman & CEO JK Bank said in the official communiqué "The Bank has been able to maintain consistency in its growth rate and earnings. Our focus on expansion of credit in J&K has strengthened our core income with a credit growth rate of 22 % which is spread across all the regions of the state with traction in all the sectors especially retail and SME. We met our third quarter profit estimates despite downgrading the much publicized IL&FS exposure and making adequate provisions, though a number of the banks are still maintaining the account as standard. With this our clean up is almost complete & recognition cycle is drawing to an end though credit costs will take some more quarters to align to the long term averages due to provisioning pressure on account of IL&FS and ageing of NPAs. Going forward we are going to consolidate further and for now we will maintain our strategy of J&K state focused growth which offers a reasonably high absorption capacity with pull across sectors in alignment with the development oriented budget and recently announced industrial policy of the state."

"I believe this is our resilience getting visible with unflinching support from our promoters the state government, guidance from the Board, loyalty of our customers, emotional equity of our people and consistent efforts from the dedicated human capital of the bank who have done a commendable job during the turbulent times over the last two years. From now onwards, the bank will focus on the transformation exercise by aggressively implementing the Business Plan 2022 prepared in consultation with management consultants and we expect the implementation to be complete by the end of FY 20. Some of the initiatives have already been either rolled out or piloted and have shown very encouraging results. Especially in the digital space our share of digital transactions have increased to 60% besides the digital acquisition of personal loans through our Phone Pe Loan channel has grown exponentially. Post transformation we are envisaging a total business of 2.45 Lac Cr with a targeted profit of Rs 2000 Cr, NIIM ranging between 3.5-4%, ROA of 1.3%, ROE of 16% and credit cost below 1% at the end of FY 2022. So in terms of numbers our best is yet to come" added Parvez Ahmed.

"We will also focus on expansion of our franchise with a mix of full fledged Business Units and the innovative micro version Easy Banking Units to map the whole geography in J&K state especially in the hitherto under banked rural pockets of the state on the lines of our initiative in Ladakh where we opened 35 Easy Banking units to link all the 111 villages of the Leh district. This is going to strengthen our already strong CASA of 49% and a democratization of credit availability in the rural areas from the now urban centric credit concentration of Jammu & Srinagar cities. Simultaneously as I said earlier too, we are optimizing our presence in rest of India by expanding our retail & niche business in territories where we have a strong franchise", added the Chairman. " We see a lot of potential for increased lending in sectors

A handwritten signature in blue ink, appearing to read 'Parvez Ahmed', is written over a horizontal line.

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of SME, Tourism Infrastructure, Agriculture & Allied, Infrastructure(Government Spending), Home Loan, Personal Finance to Govt. Employees, Horticulture, Gold Loans etc. within the state having a prospect of adding Rs 11000 Cr in the near term.Promoting the start ups & new entrepreneurs remains our priority area as we go deeper in the geographies in congruence with the policy support for startups at the state and central government level and we will act as an enabler for the bright youths of our state” asserted Parvez Ahmed.

The bank’s total business as on the close of December 2018 stood at 1, 57, 279 Cr comprising of deposits of Rs 86210 Cr and gross advances of Rs 71069 Cr as compared to 1,36,936 Cr an year ago registering an increase of around 15%. The Bank reported a stable Net Interest Margin (NIM) of 3.76% largely driven by the bank’s low cost of funds at 4.90% with a CASA contribution of 49%. The NPA coverage ratio though static on a YOY basis and still comparable with the best in the industry, has seen a dip on sequential basis to 65.82 % mainly on account of downgrade of the IL&FS which reflects that the bank has been able to tide over the IL&FS shock without any major deterioration in the balance sheet parameters. The Gross and Net NPA ratios of the bank by and large remained unchanged at 9.94% and 4.69%.

A handwritten signature in blue ink, appearing to read 'Parvez Ahmed', is written over a horizontal dashed line.

Dated:12.01.2019