

The Jammu & Kashmir Bank Limited

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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 of the Bank for the Quarter and Half year ended 30th September, 2018

Dear Sirs,

Please find enclosed Press Release on Reviewed Financial Results of the Bank for the Quarter and Half year ended 30th September, 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, light blue circular stamp.

(Mohammad Shafi Mir)
Company Secretary

Board Secretariat



J&K BANK HALF YEARLY NET PROFIT GROWS 44% TO 146 CR

Srinagar: J&K Bank, the state owned premier financial institution and a listed entity, today reported a 44% increase in its net profit to Rs 146.34 Cr for the half year ended 30th September 2018 after the reviewed results of the Bank were adopted by the Board of Directors in the meeting held at the Bank's Corporate Headquarters. The Bank had posted a net profit of Rs 101 Cr during the first half of previous fiscal. Notably, the Bank has now reported six consecutive quarters of profitability after recovery from a loss of Rs 1632 Cr in the financial year ended March 2017. The gross business turnover of the bank has also seen a record increase surpassing the 1, 50,000 Cr mark with J&K state business contributing more than 1, 05,000 Cr on the back of robust credit growth of 23% year on year. An official spokesperson of the bank shared that as per the Bank's earlier guidance the share of credit from J&K state has improved to 53% of the total advances of the Bank as compared to 52% in the previous quarter.

"Our focus on expansion of credit in retail & SME sectors especially within J&K state which is having a reasonably high absorption capacity, has strengthened our core J&K state business besides enabling us to deliver profitable growth in an otherwise challenging environment for the banking industry. In rest of India business, our incremental credit growth is coming from lending to low risk top rated Corporates. Off late retail portfolio in rest of India too has started seeing some traction especially in housing & SME sectors", said Parvez Ahmed Chairman & CEO JK Bank post declaration of results.

"We are expanding aggressively in the unbanked areas of the J&K state not only by opening traditional Business Units but also with innovative delivery channels like Ultra Small Branches to facilitate banking access at the doorsteps across the geography of the state. Simultaneously we are also planning to optimize our presence in rest of India by expanding in territories where we have a strong franchise", added the Chairman. "Our next phase of growth will be driven by credit penetration in hitherto underbanked and underleveraged areas of the state. A major chunk of it will come from green field projects as we are focusing on democratizing the entrepreneurship to the nooks and corners of the state by opening start up facilitation centers in all the 22 districts. There is a lot of policy support for startups at the state and central government level and we are seeing our role as an enabler for the bright youths of our state" asserted Parvez Ahmed.

"We are seeing a lot of demand coming from the government spending on infrastructure within the J&K state. We will be major benefactors as a lot of ancillary demand will get created resulting in expansion of credit. Besides majority of our customers in the contractor segment will have improved cash flows which will shave off stress in their balance sheets", shared the Chairman.

Discussing about the problem of NPAs Parvez Ahmed said," Overall NPAs are under control though provisioning pressure still remains due to ageing of NPAs but is going to taper in next 2 to 3 quarters. We are maintaining our Provision Coverage Ratio of around 70%. The net NPA is down to 3.91% as compared to 4.76% a year ago. The silver lining is that our J&K state rehabilitated portfolio has been behaving very well with only 0.8% slippages in the 09 months period post cessation of the moratorium period. This has allayed market apprehensions on the J&K state restructured portfolio of Rs 4300 Cr."

The bank's total income for the half year period increased to Rs 3603 Cr from Rs 3346 Cr recorded during the corresponding period of the FY 2017-18. Net Interest Margin (NIM), a benchmark for profitability of the bank remained healthy and stable at 3.72%. The cost of deposits has reduced to 4.87% as against 5.24% recorded for the corresponding half year of previous fiscal. The net advances of the bank grew to Rs 63691 Cr as against a figure of Rs 51341 Cr a year ago and Rs 56912 Cr in March 2018. On the deposit front, bank recorded a growth of 15.7% over the last year with low cost CASA deposits contributing around 50% of the total deposits.

Dated: October 16, 2018