



Board Secretariat

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National Stock Exchange of India Ltd
Exchange Plaza 5th Floor
Plot No. C/1 G-Block
BandraKurla Complex
Bandra (E) Mumbai - 400 051
Symbol: J&KBANK

The BSE Ltd.
PhirozeJeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Scrip Code:532209

SUB: - PRESS RELEASE ON REVIEWED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2020

Dear Sirs,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed press release on the Reviewed Financial Results of the Bank for the Quarter and nine months ended 31st December, 2020.

Yours faithfully
For Jammu & Kashmir Bank Ltd.

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

(Mohammad Shafi Mir)
Company Secretary

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J&K Bank Q3 net profit up 33% at Rs 65.94 Cr

Quarterly operating profit jumps 68% to Rs 563.47 Cr

Srinagar, Feb 9: Despite higher COVID-related provisioning, J&K Bank has delivered profits for the third consecutive quarter of the current financial year. The bank stated this today after the Board of Directors of the Bank reviewed and approved the Third Quarter and Nine Month Results (December 31, 2020) in a meeting held here at the bank's Corporate Headquarters.

Performance Highlights

Backed by higher Net Interest Income (NII), the Bank's profit is up by **32.84% YoY** at **Rs 65.94 Cr** against **Rs 49.64 Cr** recorded for the third quarter of last financial year. The bank's net interest income, or core income, has increased by **15% YoY** to **Rs 1005.13 Cr** from **Rs 874.65 Cr** recorded for the corresponding period last year. In aggregate terms, the bank has clocked **Rs 116.37 Cr** net profit for nine-months of the current fiscal.

The operating profit of the bank has jumped **68%** to **Rs 563.47 Cr** as against **Rs 335.56 Cr** recorded on December 31, 2019, while as the other income segment has more than doubled to **Rs 271.65 Cr** from **Rs 128.66 Cr** recorded for Q3 of last financial year. The Net Interest Margin (NIM) for the quarter has improved to **3.88%** (annualized) as against **3.68%** recorded last financial year.

"Delivering profits for three consecutive quarters testifies to our institutional resilience and our resolve to brave all odds through a triad of focused-policy, efficient-execution and effective-oversight. And, with these numbers, I think we have laid a stronger and better foundation for growth-momentum that also remains the focus not only of banking industry's outlook but at the heart of country's economic stance amid country-wide Covid-vaccination drive", commented the bank's CMD R K Chhibber on the occasion.

Higher Provisioning

Exhibiting prudence, the bank has increased the provision cover to create adequate buffer to further strengthen its balance sheet.

The Provision Coverage Ratio for the reviewed quarter is at **83.67 %** - one amongst the highest in the industry - as against **73.30 %** recorded during the corresponding period last year.

Asset Quality

Meanwhile, the bank's net NPA's as percentage to net Advances ratio has halved to **2.50%** from **4.36 %** while as the Gross NPA ratio has sharply declined to **8.71%** from **11.10%** recorded as on December 31, 2019.

Regarding the bank's asset-quality, the CMD asserted, "Since we have provided for stressed accounts upfront, the asset quality of our loan book is much better today thus making our



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balance sheet fundamentally stronger than it was a year ago. However, we will remain alert to any fresh slippages, make further provisions and move cautiously as many policy-minds forecast difficult NPA scenario ahead for the country's banks. At the same time we would keep our sights locked on NPA recovery and encourage one time settlements within the regulatory norms”

Business Growth

The advances have increased by **3%** from **Rs 64488.06 Cr** to **Rs 66545.32 Cr** during the quarter reviewed while as the deposits have shown a steady growth of **11%** from **Rs 93170.08 Cr** to **Rs 103804.23 Cr**. However, the bank has witnessed **13%** growth both in advances and deposits' portfolios in the UT of J&K despite sluggish market conditions across the country.

The CASA Ratio of the bank during the reviewed quarter is **54.44%** as against **51.54%** recorded as on **31st December 2019**.

Regarding the business growth, the CMD said, “We have performed quite well despite tough market conditions and secured a decent bottom-line while registering a double-digit growth in advances as well as in deposits in the UT of J&K. The growth in advances comes on the back of incredible performance vis-à-vis priority sector lending with focus on government sponsored cases. Also the Bank has registered impressive lending numbers of around **Rs 1800 Cr** under Centre's Atmanirbhar programme.”

“Owing to the Government's focus on infrastructure spending, we expect a sizable growth in our lending book in the upcoming quarters”, he added.

Capital Adequacy

The bank's Capital Adequacy Ratio is at **11.77 %**, which is quite well within the BASEL III norms, as against **11.10 %** recorded as on **December 31, 2019**.

“The process for augmentation of capital by the bank is already in advance stage and once done, it shall boost our lending capacity to the more productive sectors of economy”, the CMD said.

Further, shedding light upon other priorities of the bank in upcoming quarters, the CMD said, “The bank will sharpen its focus to improve service delivery mechanisms further, expedite the process of succession planning, complete the process of hiring specialized professionals besides recruitment of Probationary Officers and Banking Associates, incentivize performance through career progression, upskill human resource in specializations to meet the challenges of new-age banking while ensuring a transparent and accountable corporate governance system.”