



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 ENDED 30TH JUNE, 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 ended 30th June, 2020.

This is for your information and appropriate dissemination.

Yours faithfully
For Jammu & Kashmir Bank Ltd.

A handwritten signature in blue ink, appearing to read 'Shafi Mir', is written over a faint blue circular stamp.

(Mohammad Shafi Mir)
Company Secretary

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Amid Covid, J&K Bank posts profit for Q1

Balance sheet further strengthened; NPA coverage ratio increased to 80.93 pc, core deposits show marked growth: JKB CMD

Srinagar, Sep 10: Despite the unprecedented crisis caused by the Covid-19 pandemic, J&K Bank today posted a net profit of **Rs 6.50 Cr** for the first quarter (Q1), of the current financial year (CFY), ended June - 2020.

The bank announced its reviewed financial results for the first quarter of CFY soon after its Board-of-Directors approved the quarterly numbers at a meeting held through video-conference here at its corporate headquarters.

The NPA coverage ratio of the bank has improved to **80.93 percent** for the quarter as against **66.61 percent** recorded last FY, while as the Net NPA ratio of the bank has considerably reduced to **3.05 percent** as against **4.36 percent** recorded for the corresponding period of the previous financial year.

The bank's gross NPA ratio is at **10.73 percent** which in sequential terms has come down from **10.97 percent** recorded during the March quarter of FY 2019-20. The Capital Adequacy Ratio of the bank under BASEL III is **11.23 percent** as on June 30, 2020 against the mandatory requirement of **10.875 percent**.

Commenting upon the bank's results, the bank's Chairman and Managing Director (CMD) R K Chhibber observed, "We have focused on strengthening our balance sheet further and I feel our (June) quarterly numbers are quite encouraging despite disruption due to the pandemic-hit scenario. Having higher Provision Coverage Ratio (PCR) above **80 percent** is a strong indicator of the fact that the asset-quality issues have been suitably taken care of and adequately provided for to focus on the future business and to improve the profitability of the bank. That is why we see our Q1 profit more indicative of our envisaged trajectory than an achievement in numbers."

"We have managed a positive bottom-line even after making additional provisioning of **Rs 147.50 Cr** for the **Covid -19** related stress", he asserted.

"Although, the RBI directions to defer recovery of interest and installments from March to August, 2020, provided a much needed cushion to both banks and the borrowers in the short-term but we remain highly focused on our post-moratorium loan-book to mitigate all the attendant risks. Amid the prevailing circumstances, we have effected upgrade and recovery of over Rs 100 Cr during the quarter", he added.

"While maintaining our NIM above **3.50 percent** in spite of considerable reduction in lending rates, we have brought down the cost of deposits substantially to **4.39 percent** from the **5.04 percent** recorded for the corresponding quarter of the last year", the CMD said.

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The total business of the bank stood at **Rs 164861 Cr** registering **5 percent** growth when compared with the corresponding period of the previous year. The deposits of the bank have increased by **12 percent** to **Rs 99691.41 Cr** from **Rs 88963.39 Cr** recorded last year while as the advances stood at **Rs 65179 Cr** for Q1 of the financial year 2020-21. CASA component of the deposits has increased by 20 percent on YoY basis with Savings deposits growing by 22 percent. Deposit growth in J&K UT has been recorded at 14 percent while as credit has grown by 10 percent on YoY basis. The CASA Ratio of the bank has improved to 53.57 percent from 50.20 percent recorded last year.

“Adapting to the pandemic-affected situation, our lending strategies would be in line with the economic recovery as envisaged in upcoming quarters, wherein we expect credit growth of **5 to 7 percent** in the bank’s loan-book”, he said adding that the Guaranteed Emergency Credit Line (GECL) scheme rolled out for pandemic-affected MSMEs, other businesses, under Central Government’s Atmanirbhar Bharat Package has proved to be of great help to businesses.

“For maximum coverage of eligible borrowers under GECL scheme, we proactively are ensuring that majority of our customers/businesses avail the best available facilities amid these testing times. So far, **46246** borrowers have availed the loans under GECL scheme and we have disbursed **Rs 1591 Cr** that includes **Rs 1334 Cr** in J&K and **Rs 257 Cr** in the rest of country”. The bank has also rolled out a Business Support Scheme for borrowers who do not qualify for the GECL scheme there by providing relief to such borrowers”, the CMD said.

The bank has also rolled out Fund Interest Term Loan (FITL) scheme to ease out its borrowers from instant repayment of accumulated interest for deferment period since first phase of lockdown in March 2020, he said.

“The bank plans to scale up the flow of credit to priority sector within the UT to boost lending to agriculture and allied activities besides handicrafts and tourism. Under KCC the bank has already sanctioned **Rs 5606.80 Cr** to 630100 borrowers. In the rest of country, our lending focus shall remain on specific niche segments in retail sector and top rated corporate entities, PSUs”, said the CMD.

Notably, the bank is going for capital augmentation of Rs 4500 Cr to further cushion its lending capacity, fuel its future growth while maintaining compliance with all the regulatory guidelines.

Highlighting the importance of digital banking, he asserted “Covid-19 has facilitated a marked shift towards digitization with the bank’s digital domains witnessing a steady increase of users during the first three months of CFY following unprecedented country-wide lockdowns. With digital transactions making up **56 percent** of our overall transactions, the growth of digital users in sequential terms has increased by **20 percent** in UPI users and **13 percent** in mPay and kiosk banking users.”

As on date the total number of bank’s business units across the country is 950 while as the total number of bank’s ATMs currently stands at 1369.