

Jammu and Kashmir Bank Limited

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Board Secretariat

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Bandra Kurla Complex
Bandra (E) Mumbai - 400 051
Symbol: J&KBANK

The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Scrip Code:532209

SUB:- PRESS RELEASE ON REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER, 2023

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 September, 2023

This is for your information and appropriate dissemination.

Thanking you

Yours faithfully
For Jammu and Kashmir Bank Limited

(Mohammad Shafi Mir)
Company Secretary

Board Secretariat

J&K Bank H1 net profit jumps 73% YoY to Rs 707, Q2 net rises 56.5%

We are on course to meet our annual guidance numbers: MD & CEO

Srinagar, Oct 20: J&K Bank's net profit rose 56.5% Year-on-Year (YoY) to Rs 381.07 Cr in September Quarter (Q2) of current financial year (CFY) when compared to Rs 243.49 Cr recorded for the corresponding quarter previous year, while as, the net profit for half-year (H1) jumped 73% to Rs 707.52 Cr from Rs 409.46 Cr recorded for H1 last financial year. The Bank announced its financial numbers after its Board-of-Directors reviewed and approved the quarterly and half-yearly numbers during a meeting held at the Bank's Delhi Office.

Performance Highlights

The Bank's Net Interest Income (NII) rose by 11% YoY to Rs 1333.83 Cr for the September quarter and increased 17% for the H1 to Rs 2617.13 Cr when compared to corresponding periods of previous year, while the Operating Profit rose 23% YOY for reviewed half-year of CFY. The Bank's NIM has also improved to 4.07% from 4.04% recorded for the corresponding quarter last year, while as the Return on Assets improved significantly to 1.08% from 0.71% recorded last year. The Bank's other income also witnessed increase of 31% YoY to Rs 190.31 Cr for the September quarter.

Commenting on the Bank's growth numbers, MD & CEO Baldev Prakash said, "With September quarter earnings signifying our remarkable and steady progress, we are happy to see that our growth story continues and we are on course to meet our annual guidance numbers. Along with steady growth in Net Interest Income, and profitability, both YoY and QoQ, we have maintained our NIM at over 4% despite a dip in our CASA figure - which is currently an industry-wide trend." "Having realised our short-term targets, I see a greater organizational momentum unfolding in the second half of FY 2023-24 to achieve our annual goals", he added.

Better Asset - Quality

The Bank's Gross NPA Ratio continues to decrease and is further reduced by 51 basis-points QoQ to 5.26% from 5.77%, while being down by 241 basis-points YoY 7.67% recorded in September, 2022. The Net NPA ratio has also moderated by over 35 basis-points in sequential terms to 1.04% from 1.39% recorded for last quarter. Provision Coverage Ratio (PCR) of the Bank has also improved by 441 basis-points to 89.99% from 85.58% recorded a year ago.

Satisfied over the Bank's asset-quality, MD & CEO said, "Due to sustained and comprehensive institutional focus on our loan-book right from origination in the form of quality and better rated assets to monitoring and follow-up of SMAs, NPAs and settlements; our asset-quality has vastly improved during the last two years. Buoyed by very low slippages ratio of 1.25% (annualized) during the half-year resulting in credit cost of mere 0.11%, I feel confident to say that by the end



Board Secretariat

of current fiscal we will achieve the envisaged target of 4.5% Gross NPA. With net NPAs already coming down to around 1%, we are also on track to realise our target of 1% Return on Assets post-tax by the end of current financial year.”

“Going ahead we expect substantial increase in other income segment as there are numerous settlements/technical write-offs likely to materialise in the second half of CFY resulting in the write-back of provisions,” he added.

Business Growth

Deposits and Advances of the Bank have grown YoY 9% and 18% to Rs 126589.73 Cr and Rs 87817.84 Cr respectively. The Bank’s Yield on Advances has significantly improved to 9.50% for the quarter from 9.01% recorded last year while as the CASA has fell to over 50% mark, which still is one of the highest in the industry.

Regarding business growth, MD said, “While witnessing growth in both advances and deposits, we are on course to achieve our top-line growth numbers as envisaged in our business plan. Our advances have registered a growth of 18% while as our deposits have increased by 9%. Although, in line with the market trend, our CASA figure has reduced due to interest differential between savings and term-deposits, which usually results in shift towards later including internal cannibalization but we have already initiated measures on ground to mobilize deposits.”

“Besides employing latest technology platforms to roll out self-serviced online account opening facility for customers to ensure easier and faster way to open accounts with us we are conducting full QR-Code coverage and POS installation campaigns across our areas of operations to reinforce the efforts of staff for mobilization of deposits”, he added.

Capital Cushioned

The bank’s Capital Adequacy Ratio stood at 14.53% as against 12.86% recorded last year. In his remarks on capital position, the MD & CEO said, “While being adequately cushioned in terms of our capital position, we are also on track to achieve our annual guidance of CRAR at 16% by the end of CFY. Pertinently, CRAR of 14.53% is exclusive of Rs 338 Cr (ESPS) and half-yearly profit of Rs 707 Cr, which would result in additional 128 basis points.”

On the occasion MD & CEO emphasized upon the prioritization of digital transformation saying, “On digital front, we have made important gains in terms of extending convenience, security and satisfaction to our customers. From loan-processing through STP platform, which facilitates disbursement of personal loan to our customer in just 10 seconds, to mPay Delight + that gives a ‘Bank in Pocket’ feel to our customers and the recently rolled out online account-opening facility through Video-enabled KYC - the idea is to ensure ease and safety of banking for our clients across geographies.”

“Various other products are on the anvil and we expect their roll-out by the end of CFY enabling many more services of Bank to go digital including STP Loan facility for all the personal products including housing, car finance besides business loans for MSME and other segments”, he added.