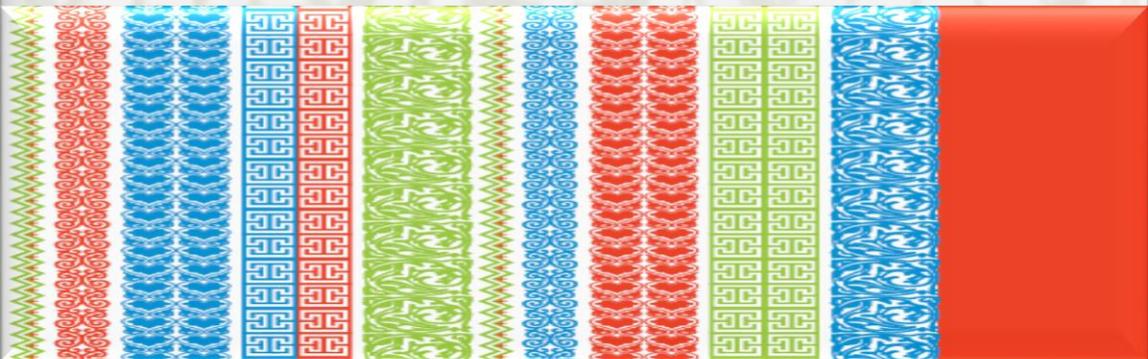


INVESTOR PRESENTATION



MARCH-2018



J&K Bank



An Overview



BASIC FACTS

- Incorporated in 1938
- Listed on NSE & BSE
- First listed company of J&K State
- Promoter (J&K State Government) holding - 59%; imparting safety and stability.
- Private sector bank despite J&K Government's majority holding
- Only private sector bank designated as RBI's agent for carrying out banking business for the Government of J&K

ONE OF A KIND

- Identified by Central Government for implementation of various flagship programs in J&K
- Business share of 65% in J&K State¹
- Conducts major portion of banking business of Central Government in J&K; Collection Agent for utility services in J&K
- First private sector bank assigned lead bank responsibility
- Convener of SLBC in J&K

1. Source: State Level Banking Committee Minutes, Sep 2017



Notes

FACETS AND **ROLES**

- Commercial Bank
- Development Financing Institution
- Financial Services Provider
- Social Responsibility

REGIONAL GOLIATH

- Dominates a region
 - 780 branches in J&K state
 - 1103 ATMs
- Controls a geography
 - Branches in **every block** of J&K
- Serving a community
 - **About 13.5 Million** Population of State
 - **10.0 Million** Account holders of J&K Bank
- Business leadership in J&K state



BEST OF BOTH WORLDS

- Private Bank in terms of earnings, and
- PSU Bank in terms of cost structure
- Public ownership
 - Stability
 - Safety
- Private functioning
 - Efficiency
 - Growth

SUBSIDIARIES AND INVESTMENTS

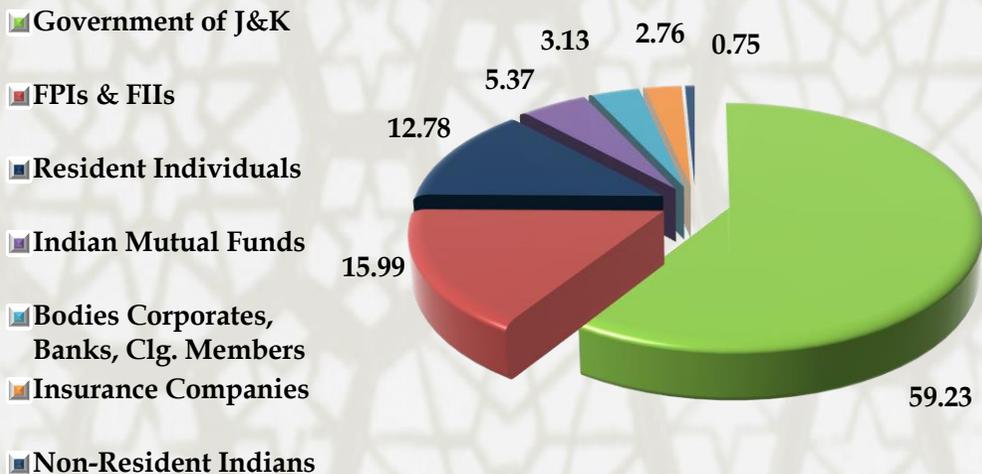
- J&K Bank Financial Services Ltd
 - Providing Depository Services
 - Offering Stock Broking Services

- Distributor of
 - Life Insurance products;
partner: PNB MetLife
 - General Insurance;
partner: Bajaj Allianz

- Sponsor of J&K Grameen Bank
(Regional Rural Bank)

SHAREHOLDING PATTERN(%)

(31.03.2018)



J&K GOVERNMENT SUPPORT IN BANKS GROWTH

J&K Government has infused a cumulative amount of Rs. 5320 Million in the Bank through two preferential issues

1st Tranche 20 Mar'17,

Name of the Shareholder	Number of Shares issued	Face Value	Issue Price	Share capital (Million)
Chief Secretary Govt. of J&K	34,494,845	1	68.39	Rs. 2359.1
Secretary Finance Deptt. Govt of J&K	2,060,206	1	68.39	Rs. 140.9
Total	36,555,051			Rs. 2500

2nd Tranche 07 Jun'17

Name of the Shareholder	Number of Shares issued	Face Value	Issue Price	Share capital
Chief Secretary Govt. of J&K	33,523,150	1	79.38	Rs. 2661.1
Secretary Finance Deptt. Govt of J&K	2,002,171	1	79.38	Rs. 158.9
Total	35,525,321			Rs. 2820



Financial Results-2018



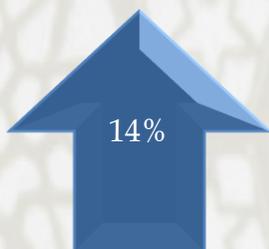
J&K Bank

KEY FINANCIAL HIGHLIGHTS

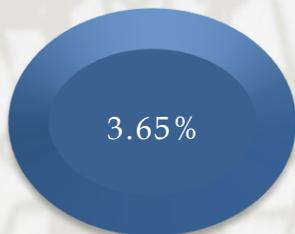
GROWTH FY-2018

NET INTEREST INCOME

28707.9 Mill

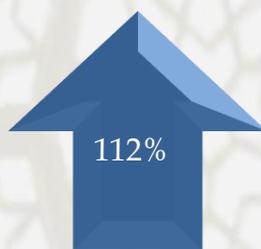


NIMs

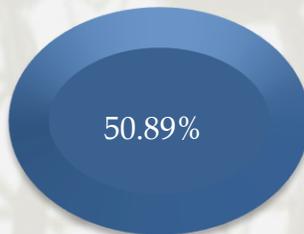


NET PROFIT

2027.2 Mill



CASA Ratio



- Basic EPS of Rs. 3.64 (Annualized)
- Book Value of Rs. 110.60

Notes

KEY FINANCIAL HIGHLIGHTS II

GROWTH FY-2018

ADVANCES

569127 Mill



YOY
COD

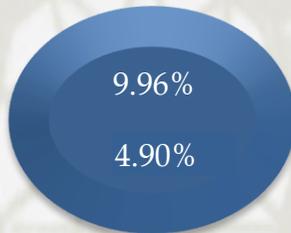


DEPOSITS

800064 Mill



YOY
GROSS NPA



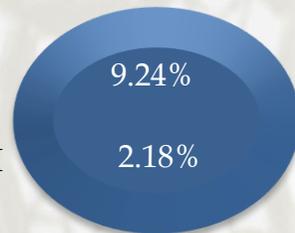
NET NPA

TOTAL BUSINESS

1369192 Mill



YOY
CRAR



TIER I

TIER II

CRAR 11.42%



J&K Bank

Notes

INCOME STATEMENT

FINANCIAL YEAR

Income Statement (Millions)	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Net Interest Income	26509.1	27100.9	25119.4	28707.9
Non Interest Income	5939.7	5040.3	4928.6	4953.1
Total Net Income	32448.8	32141.2	30048.0	33661.0
Operating Expense	14090.5	15462.0	17104.6	19842.3
Operating Profit	18358.3	16679.2	12943.4	13818.7
Provisions & Contingencies	10155.2	9762.3	28003.1	10227.4
Provision for Tax	3117.1	2756.5	1263.2	-817.7
Profit After Tax	5086.0	4160.4	-16322.9	2027.2

INCOME STATEMENT

QUARTER-2018

Income Statement (Millions)	Quarter 1 FY 18	Quarter 2 FY 18	Quarter 3 FY 18	Quarter 4 FY 18
Net Interest Income	7122.1	7226.2	7801.9	6557.7
Non Interest Income	1102.1	1050.3	1078.0	1722.7
Total Net Income	8224.2	8276.5	8879.9	8280.4
Operating Expense	4539.3	4634.7	5052.5	5615.8
Operating Profit	3684.9	3641.8	3827.4	2664.6
Provisions & Contingencies	2786.5	2428.7	2501.1	2511.1
Provision for Tax	596.5	496.7	601.6	-130.6
Extraordinary Items	2381.8	0.0	0.0	0.0
Profit After Tax	301.9	716.4	724.7	284.1

BALANCE SHEET

FINANCIAL YEAR

Balance Sheet (Millions)	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Assets	759307.5	802680.7	820186.7	896876.2
Advances	445858.2	501932.9	498161.1	569127.5
Investments	227595.9	203536.2	212908.9	188800.3
Reserves and Surplus	60615.6	63754.8	56243.5	61055.1
Paid Up Capital	484.9	484.9	521.5	557.0
Borrowings	23396.7	22400.0	12760.5	16283.4
Deposits	657562.1	693901.8	724630.9	800065.0
CASA	274764	306203.3	374601.6	407146.4

KEY RATIOS - I

FINANCIAL YEAR-2018

Key Ratios (%)	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Return on Assets (Annualized)	0.70	0.57	-2.04	0.25
Credit/Deposit CD Ratio	67.80	72.33	68.75	71.14
NIM (Annualized)	3.81	3.85	3.38	3.65
Cost to Income Ratio	43.42	48.11	56.92	58.95
Cost of Deposits (Annualized)	6.72	6.34	5.87	5.01
EPS (Annualized) In Rupees	10.49	8.58	-33.59	3.64
Yield on Advances	11.52	10.90	10.02	8.77
Yield on Investments	7.91	7.66	7.18	7.05

KEY RATIOS - II

FINANCIAL YEAR-2018

Key Ratios (%)	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Capital Adequacy (Basel III)	12.57	11.81	10.80	11.42
Tier I Capital Adequacy Ratio	11.26	10.60	8.70	9.24
Book Value In Rupees	126.04	132.10	117.10	110.60
Gross NPA	5.97	8.32	11.20	9.96
Net NPA	2.77	4.31	4.87	4.90
Return on Avg Net Worth	8.60	6.65	-26.98	3.42
CASA Ratio	41.79	44.13	51.70	50.89

KEY RATIOS - III

FINANCIAL YEAR-2018

Key Ratios (%)	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Number of Branches	821	861	865	909
Number of Employees	9283	10141	10021	11435
Business per Branch	1344	1388.9	1413.6	1514.6
Business per Employee	118.9	117.9	122.0	119.9
Net Profit per Branch	6.2	4.83	-18.9	2.2
Net Profit per Employee	0.55	0.41	-1.60	0.18

INCOME HIGHLIGHTS

INTEREST & NON-INTEREST

INTEREST INCOME

Millions	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Loans And Advances	51610.3	50276.6	47843.5	49777.4
Investments	17412.5	16466.5	17826.1	14315.8
Balance With RBI and Other Banks	1588.5	1692.6	1172.1	2116.8
Others	-	-	16.3	4.0
Total	70611.3	68435.7	66858	66214

NON-INTEREST INCOME

Millions	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Commission/Exchange	1696.4	1837.4	1648.8	1708.8
Insurance Commission	334.2	431.6	328.2	314.0
Treasury/Trading Income	1160.2	1470.9	1432.6	494.2
Miscellaneous Income	2748.9	1300.4	1519	2436.1
Total	5939.7	5040.3	4928.6	4953.1

EXPENSES HIGHLIGHTS

INTEREST & NON-INTEREST

INTEREST EXPENDITURE

Particulars	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Deposits	42051.7	39867.6	40791.8	36123.5
Borrowings	1510.5	927.2	396.4	246.9
Others (Subordinated Debt)	540.0	540.0	550.4	1135.7
Total	44,102.2	41334.8	41738.6	37506.1

NON-INTEREST EXPENDITURE

Particulars	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Payment for Employees	8,940.3	10,195.9	11,225.4	12,868.9
Rent, Taxes and Lightning	666.2	720.5	754.6	844.8
Advertisement & Publicity	93.1	132.6	150.9	228.6
Depreciation in Bank's Property	945.0	639.9	850.8	965.5
Insurance	555.2	574.6	674.8	765.2
Other Expenditure	2,890.7	3,198.5	3,448.1	4,169.3
Total	14,090.5	15,462.0	17,104.6	19,842.3

MOSTLY RETAIL LIABILITY FRANCHISE

DEPOSITS BREAKUP

Millions	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Demand Deposits	65468.7	72119.4	95625.9	112714.3
Saving Deposits	209295.2	234084.3	278975.7	294432.1
Term Deposits	382798	387698.8	350029.3	392918.6
Total	657561.9	693902.5	724630.9	800065

DISTRIBUTION BUSINESS & NETWORK

GEOGRAPHICAL BREAKUP

31 March 2018

Particulars	From J&K State		From Rest of India		Bank as a Whole	
	Amount	% age	Amount	% age	Amount	% age
Deposits (In Millions)	689684.2	86.20	110380.8	13.80	800065	100
CASA Ratio (In Percentage)	-	54.94	-	25.59	-	50.89
Gross Advances (In Millions)	317586.7	52.67	285396.2	47.33	602983	100
Number Of Branches	780	85.81	129	14.19	909	100
Number Of ATM's	1103	91.99	96	8.01	1199	100
NPAs	15651.2	26.06	44415.9	73.94	60067.0	100



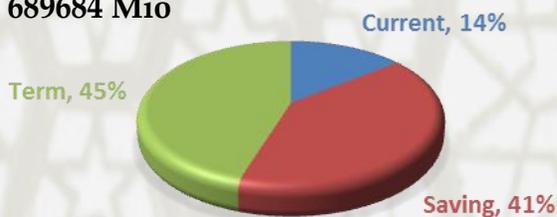
23

Notes

DISTRIBUTION BREAKUP OF DEPOSITS

March, 2018 In J&K State

Total Deposits - Rs 689684 Mio



In Rest of India

Total Deposits - Rs 110380 Mio



Bank as Whole

Total Deposits - Rs 800064 Mio

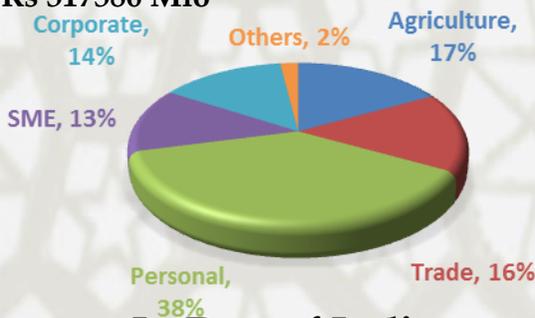


DISTRIBUTION BUSINESS & NETWORK

March, 2018

In J&K State

Gross Advances - Rs 317586 Mio



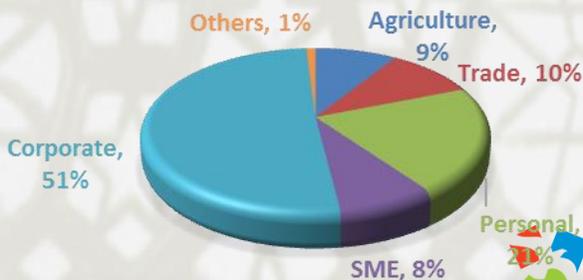
In Rest of India

Gross Advances - Rs 285406 Mio

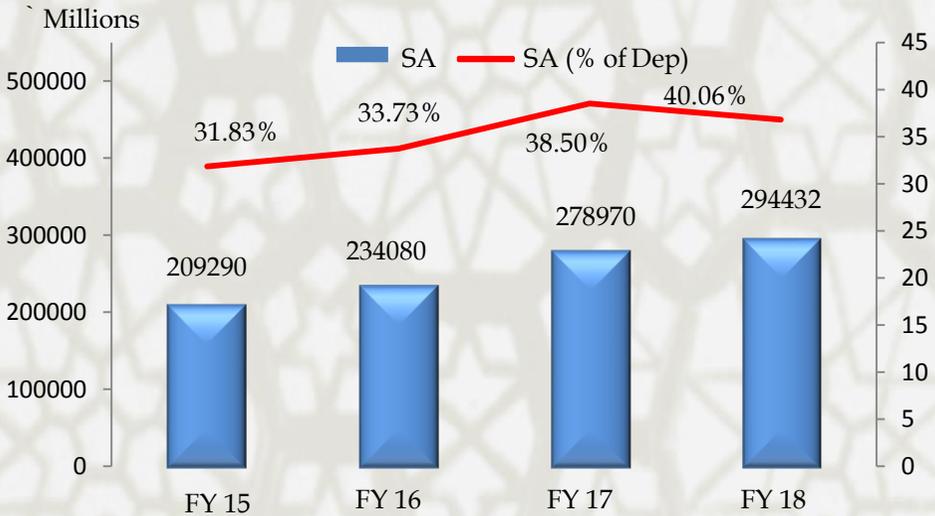
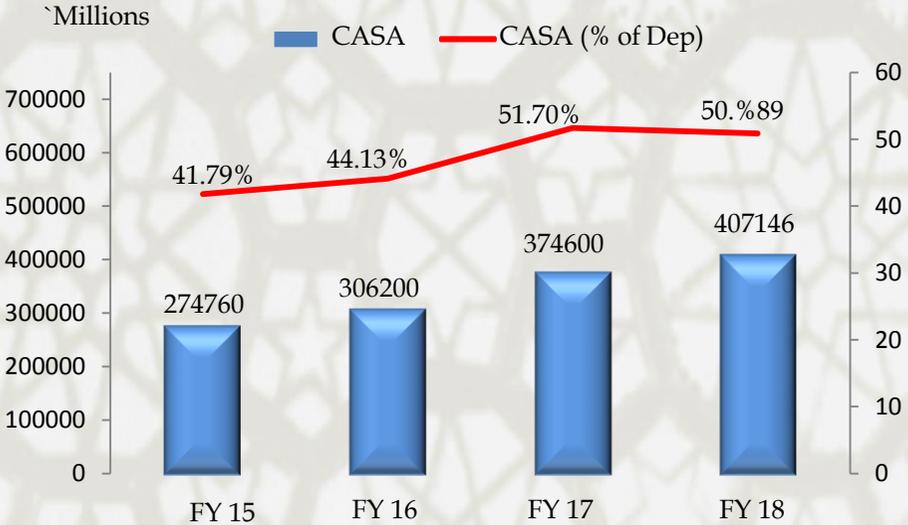


Bank as Whole

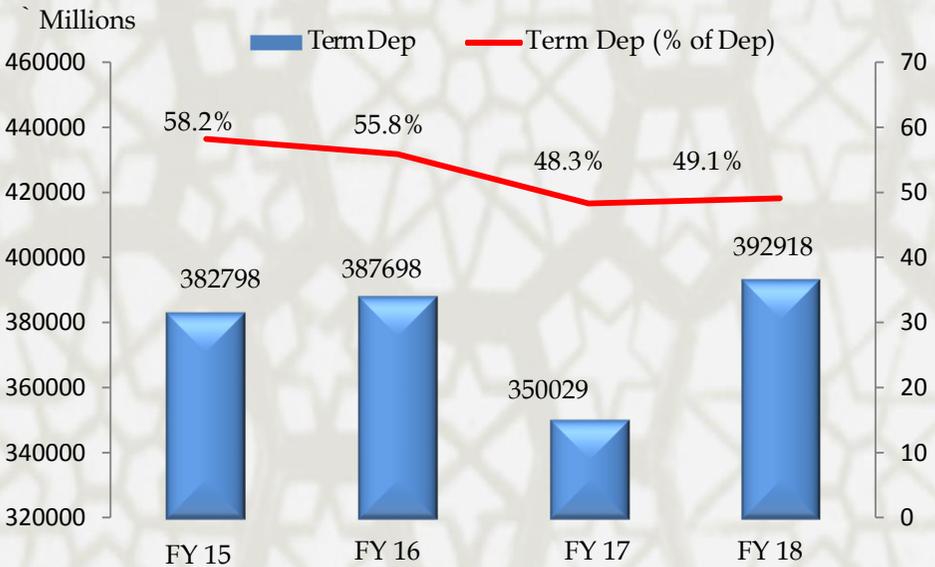
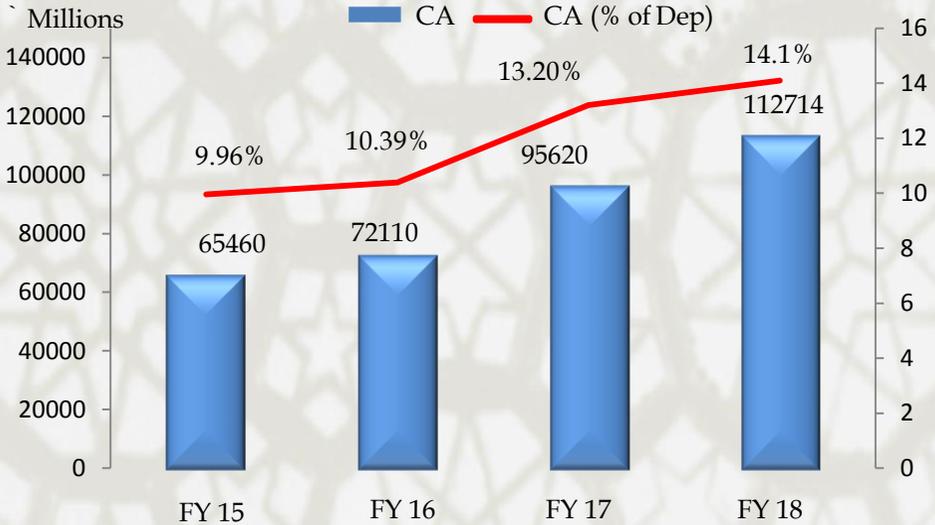
Gross Advances - Rs 602982 Mio



WELL DIVERSIFIED LIABILITY FRANCHISE - I



WELL DIVERSIFIED LIABILITY FRANCHISE - II



ASSET QUALITY

NPA MOVEMENT

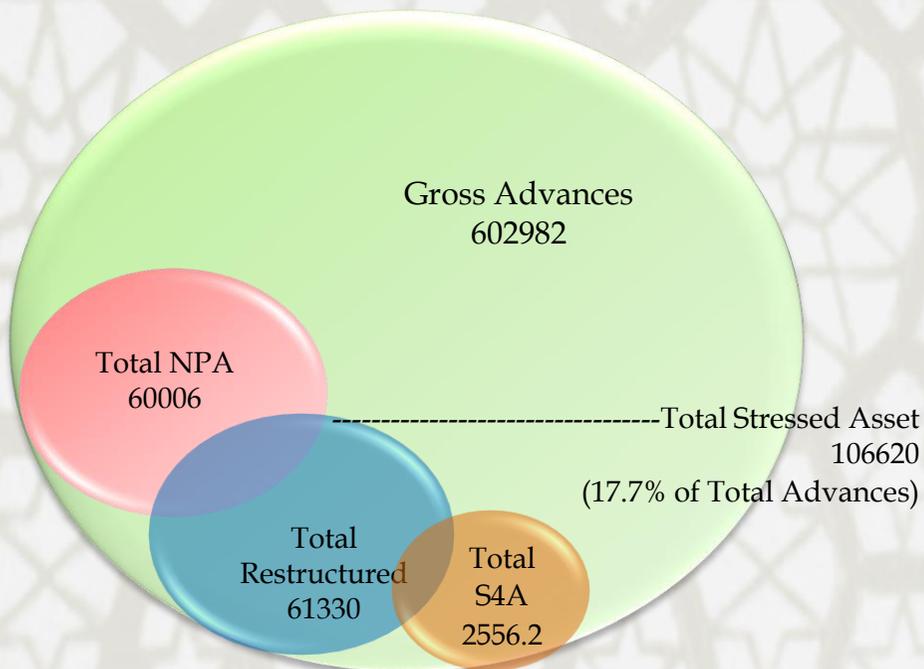
Movement in NPA (Millions)	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
Balance at the start of period	7834.2	27640.8	43686.1	60000.1
Additions during the period	25258	23832.3	32784.2	31046.9
Reductions/Upgradations	3437.7	1889.2	1547.6	1856.4
Write Off	249.4	3280.3	8279.2	25722.6
Recoveries during the period	1764.3	2617.4	6643.4	3401
Balance at the close of Period	27640.8	43686.1	60000.1	60006.7

ASSET QUALITY RESTRUCTURED MOVEMENT

Particulars	FY ended March 17	FY ended March 18
Balance at the start of the period	32308.1	63813.9
Additions during the period	35260.8	7230.4
Disbursements during the period	227.5	3157
Reductions / Reclassification / Up gradations	1169.7	7062.2
Recoveries during the period	2812.7	5809.1
Balance at the close of the period	63813.9	61330
NPA's out of outstanding restructured portfolio	8422.1	14715.9
Provisions held against these NPA's	4074.8	6092.3

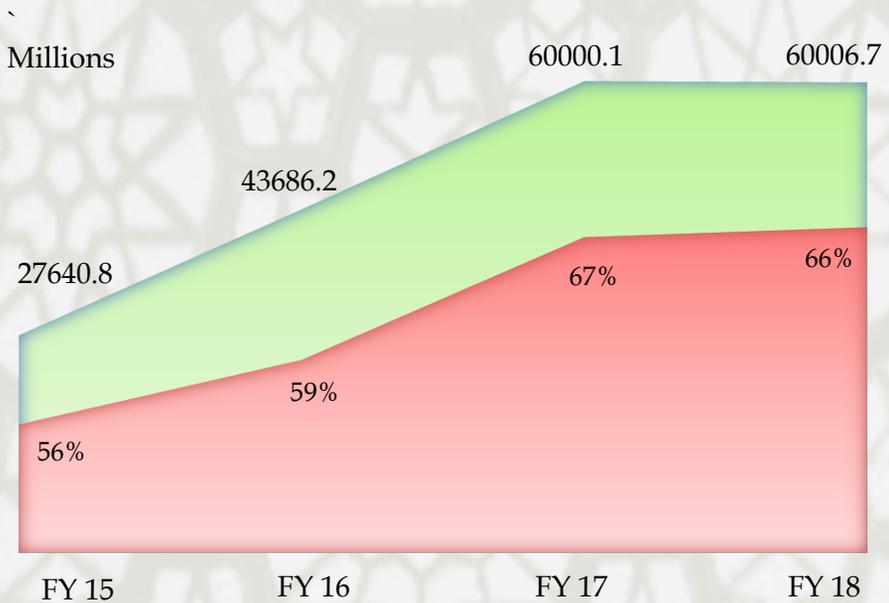
ASSET QUALITY

STRESSED ASSETS



ASSET QUALITY

NPA AND PCR RATIO



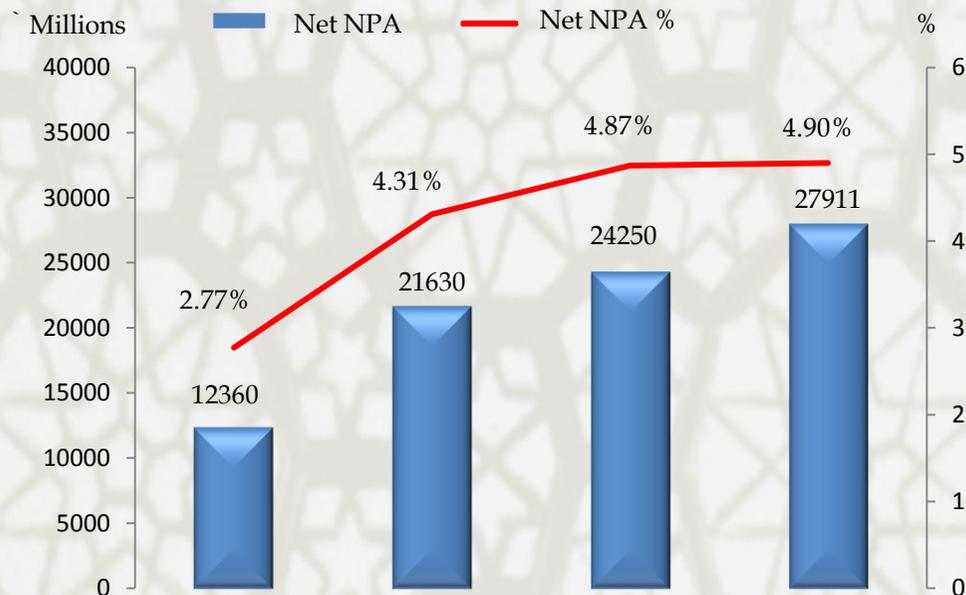
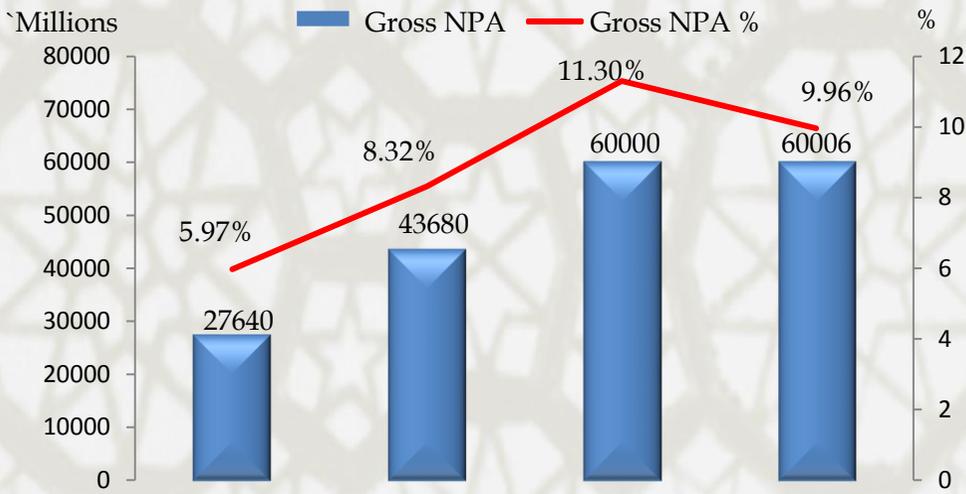
PCR % Gross NPA



Notes

ASSET QUALITY

GROSS AND NET NPA TREND



ASSET QUALITY

PROVISIONS & CONTINGENCIES

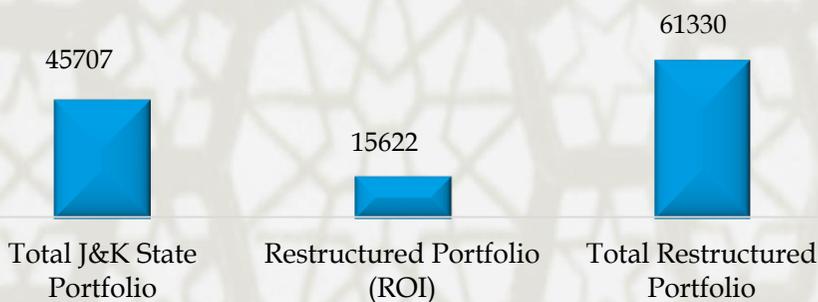
Provisions & Contingencies	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
For Tax	3,117	2756.5	1263.2	-817.6
For Bad & Doubtful Debts	8,132	8696.2	21159.2	12227.2
For Standard Advances	446	763.6	2633.7	-1383.6
Depreciations on Investments	-	1.9	551.9	153.8
Non Performing investments	210	271.1	2440.4	1674.6
Frauds/Embezzlements	4	7.2	14	-0.8
Restructured/Rescheduled Advances	1,344	-	1145	-66.8
Contingent Liabilities	19	22.3	58.9	4.7
Total	13,272	12518.8	29266.3	11791.5

ASSET QUALITY

RESTRUCTURED PORTFOLIO

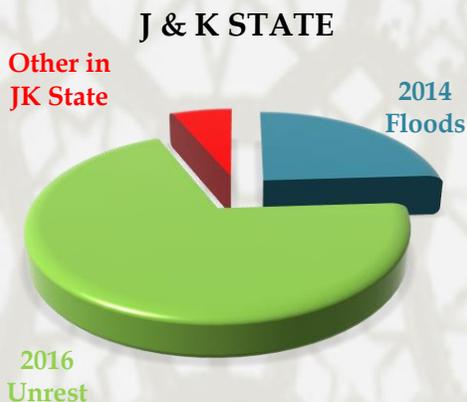
Restructured Portfolio as on 31 Mar-18

Total J&K State Portfolio	45707.8
Restructured Portfolio (ROI)	15622.2
Total Restructured Portfolio	61330.0



ASSET QUALITY

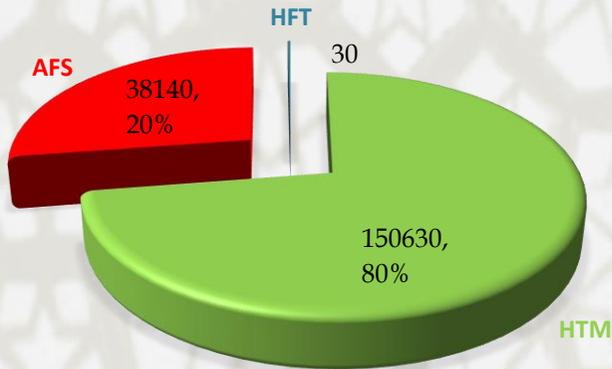
RESTRUCTURED GEPGRAPHICAL BREAKUP



Investments

Category - Reduced Market Risk Exposure

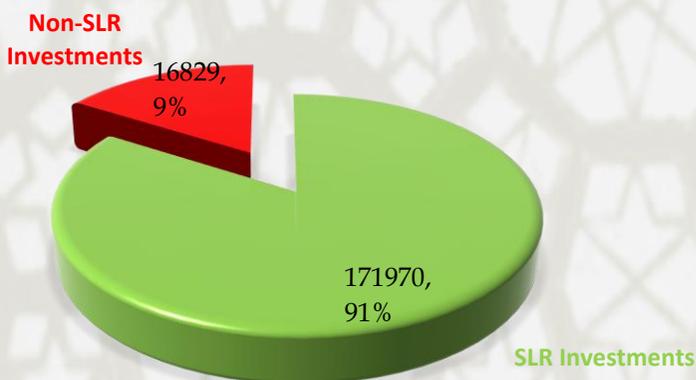
Category	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
HTM	130172	128131	139783	150630
AFS	97408.5	75404	73008.6	38140.5
HFT	15.1	1.5	117	30



INVESTMENTS

TREASURY PORTFOLIO - SLR

Bifurcation	FY ended March 15	FY ended March 16	FY ended March 17	FY ended March 18
SLR	134547	139480	163252	171970
Non SLR	93049.1	64055.8	49656.8	16829.9
Total	227596	203536	212909	188800





J&K State –
Potential for
Growth



J&K STATE ECONOMY

BASIC INDICATORS

S. No.	Particulars	J&K State	All India / National Average
1	Total Population (in Millions) - Census 2011	125	12106
2	Area (in Sq Kms) Indian Part	101387	3287240
3	Density (persons / Sq Km)	124	382
4	Per capita Income (in Rupees) -2016-17	62857	82229
5	Population BPL (%)	10.35%	21.92%
6	Literacy (2011-12)	68.74%	74.04%
7	Unemployment Rate (2011-12)	3.50%	2.30%

J&K STATE ECONOMY

GDP SIZE AT CONSTANT PRICES

(2011-12)

Particulars (in Rs Billion)	2012-13 (P)	2013-14 (P)	2014-15 (P)	2015-16 (2 R)	2016-17 (1 R)	2017-18 (A)
GSDP	807.75	850.87	822.62	973.90	1005.98	1091.37
GSDP Growth	3.20%	5.30%	-3.30%	18.40%	3.30%	8.50%
GSVA (Gross State Value Added)	770.16	807.36	777.87	908.65	928.06	1000.59
Contribution by Primary Sector	125.09 (16%)	130.09 (16%)	115.89 (15%)	144.56 (16%)	148.16 (16%)	160.56 (16%)
Contribution by Secondary Sector	215.59 (28%)	225.97 (28%)	200.19 (26%)	252.54 (28%)	261.20 (28%)	278.99 (28%)
Contribution by Tertiary Sector	429.47 (56%)	451.29 (56%)	461.80 (59%)	511.55 (56%)	518.69 (56%)	561.04 (56%)

J&K STATE ECONOMY

ECONOMIC RECONSTRUCTION

AND ITS IMPACT

- GDP / economy in J&K State poised for further growth in future.
- Center's Rehabilitation package will raise Government spending and Private Investment
- Increased investment in tourist infrastructure pushing up credit demand
- Demand for financing private sector projects, SME's and ancillaries on the rise
- Trickle down impact of all this will lead to increase in per capita income and savings

J&K STATE ECONOMY

CREDIT GAP

- J&K accounts for 0.6% of India's GDP, and yet absorbs only 0.30% of total national credit
- J&K accounts for 1% of India's population and yet accounts for only 0.2% of India's personal credit
- Credit in J&K needs to double and Personal Credit in J&K has to increase five-fold to catch up with the national average

J&K BANK

ROAD AHEAD - Launch Pad

- Capital Adequacy at 11.42 %, Tier I 9.24 % & Tier II 2.18 %.

- Made liabilities the driver

- Insulated earnings from external volatility by:
 - Linking assets to local needs
 - Linking liabilities to local sources

- Increased reach with 780 branches and 1103 ATM's in J&K State

J&K BANK

BUSINESS STRATEGY

- Increasing lending in J&K, which is high margin, low volume
- Leveraging our core competence of domain and geographical expertise.
- Bridging Credit Gap in J&K with focus on potential and under-serviced sectors

Nationally focus on

- Rebuilding Corporate Loan Book with quality assets
- Improving WC to TL Ratio
- Impetus on SME / Retail sector lending in smaller cities



DRAWING FUTURE STRATEGIES

DELOITTE AS CONSULTANTS

Business Strategy and Business Plan;

- 3-5 Year Business Plan
- product strategy and roadmap on various business offerings
- Capital planning in line with the 5 year business plan

Business Process Re-Engineering

- Identifying high-impact processes for optimization and reengineering
- Maximizing IT intervention in business processes
- Define Sales and Marketing Structure and associated processes

HR Strategy and Organizational Transformation

- Revisiting the overall organizational Structure
- HR Strategy including manpower planning, career development, trainings
- performance management and succession planning.
- Defining of Job Roles
- Competence requirements and mapping with Job Roles

Digital Transformation

- Strategy for digital penetration and increasing usage
- Revisit of IT landscape and suggest transformation level.

Compliance

- Review of gaps in Compliance function and processes and suggest improvements therein.

DRAWING FUTURE STRATEGIES

KEY MATRIX BANK DRAFT FY-22

Key Parameters	FY19P	FY20P	FY21P	FY22P
Number of Branches	945	985	1,025	1,065
Number of Employees	11,708	12,165	12,621	13,078
Disbursement per officer (INR Cr)	9.3	10.6	10.5	12
CASA ratio	49.70%	48.80%	47.80%	46.80%
GNPA % (to Gross Loans O/S)	8.60%	7.00%	5.90%	4.90%
Write-off % (to Gross Loans O/S)	1.00%	1.00%	0.60%	0.50%
Employee salary growth ²	10%	10%	10%	10%
Capital Infusion (INR Mill)	15,770	0	0	0
Tier 1 Capital (%)	11.50%	10.80%	10.30%	10.10%

DRAWING FUTURE STRATEGIES

SUMMARY DRAFT PLAN FY-22

**1650
Billion
Assets**

**1450
Billion
Deposits**

**1.3%
RoAA**

**16.7%
RoE**

DRAWING FUTURE STRATEGIES

SUMMARY DRAFT PLAN FY-22

**1000
Billion
Advances**

**300
Billion
Corp.
Advances**

**700
Billion
Retail, Agri.,
SME
Advances**

**20.0
Billion
PAT**

**50%
Cost-Income
Ratio**

DRAWING FUTURE STRATEGIES

SUMMARY DRAFT PLAN FY-22

Balance Sheet	FY20P	FY22P
<i>Capital and Liabilities (Millions)</i>		
Share Capital (Issued)	920	920
Reserves and Surplus	101730	126070
Deposits	1086420	1438580
Borrowings	24530	38800
Other Liabilities & Provisions	39050	51700
Total	1252650	1656080
<i>Assets (Millions)</i>		
Cash and balances with Reserve Bank of India	53840	71290
Balances with banks and money at call...	27000	35750
Investments	350910	439480
Advances	738060	999870
Fixed Assets	23140	30640
Other Assets	59700	79050
Total	1252650	1656080

DRAWING FUTURE STRATEGIES

SUMMARY DRAFT PLAN FY-22

P&L	FY20P	FY22P
Interest Income	92390	123030
Interest Expense	50010	68560
NII	42380	54470
Other Income	8530	14230
Total Income	50910	68700
Operating Expense	27300	34200
Provisions	7330	5980
PAT	11400	19960
Reserves & Surplus	101730	126070

RoAA Tree	FY20P	FY22P
Interest Income	0.079	0.079
Interest Expense	0.043	0.044
NIM	0.036	0.035
Other Income	0.007	0.009
Total Income	0.044	0.044
Operating Expense	0.023	0.022
Cost-Income Ratio	0.54	0.5
Provisions	0.006	0.004
Taxes	0.004	0.006
RoAA	0.01	0.013
Equity Multiplier	11.9	12.9
RoE	0.116	0.167

Notes



Notes



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