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ANNUAL REPORT
2017-18



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NOTICE

NOTICE is hereby given that the 80th Annual General Meeting (AGM) of the Shareholders of the Jammu & Kashmir Bank Limited (the "Bank") will be held as under:

Day : Saturday

Date : 7th July, 2018

Time : 1100 hours

Place : Sher-i-Kashmir International Conference Centre (SKICC), Srinagar, J&K to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (standalone and consolidated) of the Bank for the financial year ended March 31, 2018 including Balance Sheet as at 31st March, 2018 and the Profit & Loss Account for the Financial Year ended on that date, together with the Reports of the Board of Directors and Auditors and comments of the Comptroller and Auditor General of India thereon.
2. To appoint a Director in place of Mr. Abdul Majid Mir (DIN 02175199), who retires by rotation and, being eligible, has offered himself for reappointment.
3. To fix the remuneration of Auditors, in terms of provisions of section 142 of the Companies Act, 2013, for the financial year 2018-19.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 23, 41, 42, 62 and 179 and any other applicable provisions of the Companies Act, 2013 read with the relevant rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force (the "Companies Act"), the Banking Regulations Act, 1949, as amended, any other applicable laws, regulations, policies or guidelines, the provisions of the Memorandum and Articles of Association of the Bank and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations"), Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("SEBI Takeover Regulations"), the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "SEBI Debt Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), the provisions of the Foreign Exchange Management Act, 1999, as amended and the rules & regulations made there under ("FEMA") and in

accordance with applicable rules, regulations, circulars, clarifications, notifications, policies guidelines, if any, issued or prescribed by the Reserve Bank of India ("RBI"), the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP"), the Securities and Exchange Board of India ("SEBI"), the Government of India ("GOI") and all other relevant statutory or governmental authorities or departments, institutions or bodies in this regard (collectively, the "Appropriate Authorities" and individually, the "Appropriate Authority") and the listing agreements entered into by the Bank with the BSE Limited and the National Stock Exchange of India Limited (collectively, the "Stock Exchanges") and subject to approvals, consents, sanctions and permissions as may be necessary from any of these appropriate authorities and such terms and conditions or modifications as may be prescribed or imposed by any of them while granting such approvals, consents, sanctions and permissions and which may be agreed to by the Board of Directors of the Bank (the "Board", which term shall be deemed to include any committee thereof duly constituted and exercising, or hereinafter constituted to exercise, the powers conferred on the Board by this resolution), the consent of the shareholders be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), from time to time, in one or more tranches, through a further/follow on public offer, private placement, qualified institutions placement in accordance with Chapter VIII of the SEBI ICDR Regulations ("QIP") and / or any other nature of domestic or international offerings as may be permitted under applicable laws, equity shares of the Bank and/or any instrument convertible into equity shares (whether optionally or otherwise), securities with warrants including any instruments or securities representing either equity shares and/or convertible securities or securities linked to equity shares or equity shares/fully convertible debentures/partly convertible debentures or non-convertible debentures, including innovative perpetual debt instruments (IPDI) eligible for inclusion as Tier I Capital, along with warrants or any securities other than warrants, whether issued with or without voting or special rights, which are convertible or exchangeable with equity shares at a later date, or a combination of the foregoing, whether rupee denominated or denominated in one or more foreign currency, in registered or bearer form, secured or unsecured, listed on a recognized stock exchange in India or abroad (all of which are hereinafter collectively referred to as "Securities"), including but not limited to Qualified Institutional Buyers ("QIBs") as defined under the SEBI ICDR Regulations, resident and / or permitted non-resident investors, whether institutions

and/or incorporated bodies, foreign institutional investors, foreign portfolio investors and/or individuals or otherwise and whether or not such investors are shareholders of the Bank, for an amount not exceeding Rs. 1000 Crores only (Rupees One thousand Crores only) or the equivalent thereof in foreign currency (the "Issue") through a placement document / offer document / prospectus / offer letter / offering circular, or such other documents, from time to time, in one or more combinations, as may be deemed appropriate by the Board in its sole discretion; such issue and allotment to be made at such time or times, at such price or prices or at a discount or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, record dates, tenure, rate of interest, as may be decided by and deemed appropriate by the Board as per applicable laws including the discretion to determine the categories and combination of investors to whom the offer, issue and allotment shall be made considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s), financial advisor(s), underwriter(s), legal advisor(s) and / or any other agency, as the Board may in its absolute discretion deem fit and appropriate.

RESOLVED FURTHER THAT in case of issue of Securities by way of QIP as per Chapter VIII of SEBI ICDR Regulations, as amended from time to time, the same shall fulfill the following requirements:

1. The "relevant date" for pricing of the Securities in accordance with SEBI ICDR Regulations will be the date of Board meeting in which the Board decides to open the proposed Issue or such other date as permitted under applicable laws;
2. The issue of Securities shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations (the "QIP Floor Price"). The Board may, however, in accordance with applicable law, also offer a discount of not more than 5% on the QIP Floor Price or such other percentage as may be permitted under applicable law from time to time;
3. The allotment of the Securities shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time;
4. No allotment shall be made, either directly or indirectly to any QIB who is a promoter or any person related to promoters in terms of the SEBI ICDR Regulations;
5. A minimum of 10% of the Securities to be issued and allotted pursuant to Chapter VIII of SEBI ICDR

Regulations shall be allotted to Mutual Fund(s) and if the Mutual Fund(s) do not subscribe to said minimum percentage or any part thereof, such minimum portion or part thereof may be allotted to other QIBs;

6. The prices determined for QIP shall be subject to appropriate adjustments, if the Bank, pending allotment under this resolution:
 - a. makes an issue of equity shares by way of capitalization of profits or reserves, other than by way of dividend on shares;
 - b. makes a rights issue of equity shares;
 - c. consolidates its outstanding equity shares into a smaller number of shares;
 - d. divides its outstanding equity shares including by way of stock split;
 - e. re-classifies any of its equity shares into other securities of the bank; or
 - f. is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, requires adjustments.
7. In case the securities issued are non-convertible debentures along with warrants, the pricing of the equity shares to be issued upon exchange of the warrants, shall be in accordance with the provisions of Chapter VIII of the SEBI ICDR Regulations and as may be decided by the Board in its sole and absolute discretion.

RESOLVED FURTHER THAT the Issue to the holders of the Securities, which are convertible into or exchangeable with equity shares at a later date shall be, *inter alia*, subject to the following terms and conditions:

- (a) in the event the Bank is making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the equity shares, the number of equity shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;
- (b) in the event of the Bank making a rights offer by issue of equity shares prior to the allotment of the equity shares, the entitlement to the equity shares will stand increased in the same proportion as that of the rights offer and such additional equity shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders;

- (c) in the event of merger, amalgamation, takeover or any other re-organization or restructuring or any such corporate action, the number of equity shares, the price and the time period as aforesaid shall be suitably adjusted; and
- (d) in the event of consolidation and/or division of outstanding equity shares into smaller number of equity shares (including by way of stock split) or re-classification of the Securities into other securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made.

RESOLVED FURTHER THAT in addition to all applicable Indian laws, the issue of Securities in pursuance of this Resolution shall also be governed by all applicable laws and regulations of any jurisdiction outside India where they are listed or proposed to be listed or that may in any other manner apply to such Securities or provided in the terms of their issue and the Board be and is hereby authorised on behalf of the Bank to seek listing of any or all of such Securities on one or more stock exchanges in India or outside India.

RESOLVED FURTHER THAT in pursuance of the aforesaid resolutions:

- (a) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Bank; and
- (b) the equity shares that may be issued by the Bank shall rank *paripassu* with the existing equity shares of the Bank in all respects.

RESOLVED FURTHER THAT the Board be and is hereby authorised to engage, appoint and to enter into and execute all such agreement(s)/ arrangement(s)/ MoUs/ placement agreement(s)/subscription agreement(s)/any other agreements or documents with any consultant(s), lead manager(s), co-lead manager(s), manager(s), advisor(s), registrar(s), authorised representative(s), legal advisor(s) / counsel(s), merchant banker(s), underwriter(s), custodian(s), stabilizing agent(s) and all such advisor(s), professional(s), intermediaries and agencies as may be required or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees and such other expenses as it deems fit and as permissible, and to authorise any Director(s) or any Officer(s) of the Bank, severally, to sign for and on behalf of the Bank, offer document(s), arrangement(s), application(s), authority letter(s), or any other related paper(s)/document(s), give any undertaking(s), affidavit(s), certification(s),

declaration(s) including without limitation the authority to amend or modify such document(s) in relation to the aforesaid Issue.

RESOLVED FURTHER THAT the Board shall have all powers and authority to modify, reapply, redo, make necessary changes, approach and to do all requisite filings/resubmission of any document(s) and other compliances and to do all such acts and deeds that are necessary to comply with the terms and conditions subject to which approval, sanction, permission etc. would be provided by the Stock Exchange(s), SEBI, DIPP, RBI and any other Appropriate Authority, without being required to seek any further approval of the shareholders and that the shareholders shall be deemed to have given their approval thereto for all such acts, deeds, matters and/or things, expressly by the authority of this resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue and allotment of Securities, as aforesaid, the Board be and is hereby authorized on behalf of the Bank to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or expedient including, deciding on the face value, Issue price, conversion price, premium amount on issue/conversion of the Securities, rate of interest, creation of mortgage/charge, Issue opening and closing dates, as applicable and to settle any questions, difficulties or doubts that may arise in regard to any such offer, issue, allotment and listing of Securities as it may in its absolute discretion deem fit as per applicable laws.

RESOLVED FURTHER THAT the Board be authorized to delegate (to the extent permitted by law) all or any of the powers conferred by this resolution on it, to any committee or sub-committee of Directors or any other Director(s) or Officer(s) of the Bank to give effect to the aforesaid resolution, with the power to such committee/ sub-committee of the Board to further delegate all or any of its powers/ duties to any officer(s) of the Bank.

- 5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 42 of the Companies Act, 2013, read with rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other provisions or statutory enactment in respect thereof, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, consent of the shareholders of the Bank be and is hereby accorded to the Board of Directors of the Bank to make offer(s) or invitation(s) to subscribe to the unsecured, redeemable, subordinated, non-convertible, Basel III compliant Tier 2 bonds in the nature of debentures for inclusion in Tier 2

Capital of the Bank of face value of Rs. 10.00 lacs each at par aggregating up to Rs.1000 crores ("Bonds") in one or multiple tranches on private placement basis through Private Placement Offer Letter(s) in conformity with Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

"RESOLVED FURTHER THAT the Board of Directors of the Bank be and are hereby authorized to issue Bonds of face value of Rs. 10.00 lacs each at par aggregating upto Rs. 1000 crore of tenure not exceeding 10 years upto a date that is not later than one year from the date hereof, provided however that the aggregate amount of all such Bonds taken together with domestic/off-shore, secured/unsecured, loans/borrowings, guarantees shall not exceed the overall borrowing powers approved by the shareholders by way of a special resolution under the provisions of Section 180 (1) of the Companies Act, 2013 read with the applicable rules made under the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors of the Bank and/or the officer(s) designated by them be and are hereby authorized to do, from time to time, all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds including but not limited to deciding on the number of issues/ tranches, face value, issue price, issue size, timing, amount, coupon/interest rate(s), yield, listing, allotment, dematerialization and other terms and conditions of issue Bonds as they may, in their absolute discretion, deem necessary."

By order of the Board of Directors

Mohammad Shafi Mir
Company Secretary

Place: Srinagar

Dated: 30th May, 2018

NOTES

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Bank.

Proxies, in order to be valid and effective, must be received by the bank at its registered office not less than 48 hours before the time fixed for the meeting.

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Bank carrying voting rights.

A member holding more than ten percent of the total share capital of the bank, carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

Corporate members intending to send their authorized representatives to attend the meeting are requested to

send a certified copy of the board resolution to the bank, authorising their representative to attend and vote on their behalf at the meeting.

- b) Shareholders who have not encashed their past dividend warrants are requested to do so without any further delay. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the Financial Year ended 31 March, 1996 were transferred to the General Revenue Account of the Central Government. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amounts of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Bank have been transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Under the provisions of the Companies Act, 1956, no amounts could have been claimed by the Members from the IEPF or the Bank in respect of such amounts transferred to the IEPF.

As per the provisions of Section 124 and Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") which became effective on September 7, 2016, unclaimed amount, in respect of unpaid/ unclaimed dividend warrants, which remains unpaid for seven years shall be transferred by the Bank to "Investor Education and Protection Fund" established pursuant to the aforesaid provisions ("New IEPF"). Further, as per Section 125 of Companies Act, 2013, in respect of amounts transferred to IEPF pursuant to Section 205C of Companies Act, 1956 from the unpaid dividend account of the Bank, after the expiry of the period of seven years as per provisions of the Companies Act, 1956, members shall be entitled to get refund out of the New IEPF in accordance with IEPF Rules. Accordingly, members seeking to claim refund, in respect of amounts transferred to the IEPF or New IEPF, may do so from the New IEPF by making an application to the Investor Education and Protection Fund Authority ("IEPF Authority") in the prescribed form as per the provisions of Section 125 of the Companies Act, 2013 read with the IEPF Rules.

Unclaimed amount in respect of unpaid/unclaimed dividend declared in respect of the financial years upto 2009-10 have been transferred by the Bank to the IEPF/ New IEPF. Members who have a valid claim to any dividend which are not yet transferred may claim the same from the Bank immediately. The detailed dividend history, due dates for transfer to IEPF/New IEPF and the details of unclaimed amounts lying with the Bank in respect of the dividends declared are available on the website of the Bank. (www.jkbank.net).

c) Members are also requested to note that amongst other things, IEPF Rules also provides for the manner of transfer of shares in case any dividend has not been encashed by the shareholders on such shares during the last seven years to the designated DEMAT Account of the IEPF Authority. As per the requirement of Rule 6 of the IEPF Rules, the Bank had sent information to all the shareholders who had not claimed/encashed dividends in the last seven years for the Financial Years upto 2010-11 intimating, amongst other things, the requirements of the IEPF Rules with regard to transfer of shares and that in the event those shareholders do not claim any unclaimed/unpaid dividends for the past seven years, the Bank will be required to transfer the respective shares to the designated DEMAT Account of the IEPF Authority by the due date prescribed as per the IEPF Rules or such other extended date as may be notified. The Bank also in this regard published notice in the leading newspaper in English and regional language having wide circulation for the information of shareholders.

The MCA had notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) second Amendment Rules, 2017 w.e.f. October 13, 2017 ('IEPF Rules 2017'), providing that where the period of seven years provided under the sub section (5) of Section 124 of the Companies Act, 2013 has been completed during the period from 7th September, 2016 to 31st October, 2017, the due date of transfer of such shares shall be deemed to be 31st October, 2017. Accordingly, the Bank has credited all the shares having any unclaimed/unpaid dividends for the last seven years (i.e., dividends for financial years upto 2009-10) and to whom the Bank had given intimation in the manner prescribed under Rule 6 of the IEPF Rules as amended to the designated DEMAT Account of the IEPF Authority.

- d) In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders holding shares in the physical form. The shareholders who are desirous of availing this facility, may kindly write to M/s Karvy Computershare Private Limited, the Bank's Registrar & Transfer Agent (R&T).
- e) Members holding shares in physical form are requested to intimate change, if any, in their Registered Address, to the Share Transfer Agent. If the shares are held in Demat form, intimation regarding change of address, if any, has to be notified to the concerned Depository Participant where the Shareholder is maintaining Demat Account.
- f) Mr. Abdul Majid Mir, Director (DIN: 02175199), aged 67, with educational qualification of B. Com, CAIIB-1 is having an experience of 40 years in the Banking industry. He had been an Executive Director of the Bank from 01-05-2008 to 30-06-2011. He has special knowledge and

practical experience in the fields of Finance, Credit, Trade Finance, Foreign exchange, Treasury, Corporate and Retail Banking, Deposits & Liability Management & Risk Management. Mr. Mir was appointed as Rotational Director on the Board of the Bank by the Shareholders at 77th AGM held on 22nd August, 2015. Further details are included in Corporate Governance Report annexed to this Notice.

g) Important communication to members

As per the provisions of Companies Act, 2013 as well as Regulation 36 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements), 2015, electronic copy of the Annual Report and this Notice, *inter alia* indicating the process and manner of remote e-voting along with attendance slip and proxy form are being sent by e-mail to those Members whose e-mail addresses have been registered/made available to the Bank /Depository Participants for this purpose unless the Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of this Notice *inter alia* indicating the process and manner of remote e-voting along with attendance slip and proxy form and other documents annexed to the Notice, will be sent to them in the permitted mode.

The Bank hereby requests Members who have not updated their email IDs to update the same with their respective Depository Participant(s) or R&T of the Bank. Further, Members holding shares in electronic mode also requested to ensure to keep their email addresses updated with the Depository Participants / R&T of the Bank. Members holding shares in physical mode are also requested to update their email addresses by writing to the R & T of the Bank quoting their folio number(s).

- h) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or arrangement in which Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
- i) All the documents referred to in the Notice and Explanatory Statement will be available for inspection by the members at the Registered office of the Company between 11:00 a.m to 1:00 p.m on all working days from the date hereof upto the date of Annual General Meeting.
- j) Members desirous of getting any information about the accounts and operations of the Bank are requested to write their queries to the Bank atleast seven days before the AGM to enable the Bank to gather information.
- k) Only registered members/ beneficial owners carrying their attendance slips and holders of valid proxy forms

registered with the Bank will be permitted to attend the meeting. Also Members/Proxy holders are requested to:

- i. Please carry photo ID card for identification/verification purposes.
 - ii. Note that briefcases, mobile phones, bags, helmets, eatables and other belongings will not be allowed to be taken inside the venue of the meeting for security reasons and members/proxy holders will be required to take care of their belongings.
 - iii. Note that no gifts will be distributed at the AGM.
 - iv. Note that members present in person or through registered proxy shall only be entertained.
 - v. Note that the attendance slip/proxy form should be signed as per the specimen signature registered with the R&T /Depository Participant.
 - vi. Quote their Folio/DP & Client Id No. in all correspondences with the R&T / Bank.
 - vii. Avoid being accompanied by non-members and/or children.
- l) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 stating all material facts, is annexed hereto.
- m) The route map for the AGM Venue is provided at the end of this notice.

l) E-Voting:

The Bank is pleased to provide E-voting facility through Karvy Computershare Pvt Ltd., in compliance with Section 108 of the Companies Act, 2013 read with rules framed thereunder and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for all shareholders of the Bank to enable them to cast their votes electronically on the items mentioned in this notice of the 80th AGM of the Bank. Based on the consent received from Mr. Harish Kumar Villadath, Advocate, the Bank has appointed him as the Scrutinizer for conducting the voting process in a fair and transparent manner. E-voting is optional and Members can opt for only one mode for voting i.e. either by remote e-voting or vote at the AGM. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Bank as on the cut-off date i.e. 29th June, 2018.

The instructions for E-Voting are as under:

- (i) To use the following URL for e-voting:
From Karvy website: <http://evoting.karvy.com>
- (ii) Shareholders of the Bank holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.

- (iii) Enter the login credentials i.e., user id and password mentioned in the attendance slip of the AGM. Your Folio No/DP ID Client ID will be your user ID.
- (iv) After entering the details appropriately, click on LOGIN.
- (v) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) You need to login again with the new credentials.
- (vii) On successful login, the system will prompt you to select the EVENT i.e., J&K Bank.
- (viii) On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
- (ix) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- (x) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
- (xi) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are

authorized to vote, to the Scrutinizer through e-mail to mail@harishkumar.com with a copy marked to e.voting@karvy.com

- (xiii) The facility for remote e-voting shall remain available from July 4, 2018 (9:00 A.M.) to July 6, 2018 (5:00 P.M.). During these period shareholders' of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date of June 29, 2018 may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. Further, the shareholders who have cast their vote electronically through remote e-voting may participate in the AGM but shall not be allowed to vote at the AGM.
- (xiv) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt. Ltd at Tel No.1800 345 4001(toll free).
- (xv) Any person, who acquires shares of the Bank and become Member of the Bank after dispatch

of the Notice and holding shares as on the cut-off date may follow the same instructions as mentioned above for e-Voting.

- II. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Bank and make not later than 48 hours of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Bank who shall countersign the same.
- III. The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.
- IV. The Results declared alongwith the Scrutinizer's Report shall be placed on the Bank's website www.jkbank.net and on the website of Karvy within forty-eight hours of passing of the resolutions at the AGM of the Bank and communicated to the BSE Limited and the National Stock Exchange, where the shares of the Bank are listed.
- V. Poll will also be conducted at the AGM and any Shareholder who has not cast his vote through remote e-voting facility, may attend the AGM and cast his vote.

ANNEXURE TO NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 03

Though not strictly necessary, Explanatory Statement is being given for Item No. 03 of the Notice, with the view to set-out material facts concerning such business. Pursuant to the provisions of Section 142 of the Companies Act, 2013, the remuneration of Auditors, appointed by C&AG under Section 139(5) of the Companies Act, 2013, has to be fixed by the Bank in General Meeting or in such manner as the Bank in the General Meeting may determine. Members may accordingly authorize the Board of Directors to pay the remuneration of Auditors as per the RBI circular applicable to Public sector Banks for the financial year 2018-19 including remuneration for the Limited Review of Quarterly Financial Results for the periods ending 30th June, 2018, 30th September, 2018 and 31st December, 2018

No Director, Key Managerial Personnel of the Bank or their relatives is in anyway concerned or interested in the Resolution.

Directors recommend the adoption of Resolution to be moved at the Meeting in this regard.

ITEM NO. 4

The shareholders are aware that the businesses of Jammu & Kashmir Bank Limited (the "Bank") continue to demand capital for its growth and expansion and considering the buoyancy in capital markets and global investors' appetite for an Indian banking company, it is necessary that the Bank should be ready for window of opportunity for capital raising going forward as and when the opportunity arises. The Board shall utilize the proceeds to meet the needs of its growing business, including long term capital requirements for pursuing its growth plans and to maintain the capital adequacy ratio as per the regulatory guidelines/norms laid down by the Reserve Bank of India, and general corporate purposes.

Considering the above, the Board of Directors of the Bank on 30th May, 2018 approved raising of funds by issue of equity shares of the Bank, and/or any instrument convertible into equity shares, whether optionally or otherwise in the course of domestic and / or international offerings, securities with warrants including any instruments or securities representing either equity shares and/or convertible securities or securities

linked to equity shares or equity shares/fully convertible debentures/partly convertible debentures or non-convertible debentures along with warrants or any securities other than warrants, whether issued with or without voting or special rights, which are convertible or exchangeable with equity shares at a later date, or a combination of the foregoing, whether rupee denominated or denominated in one or more foreign currency, including perpetual Bonds, in registered or bearer form, secured or unsecured, listed on a recognized stock exchange in India or abroad (all of which are hereinafter collectively referred to as "Securities"), including but not limited to Qualified Institutional Buyers ("QIBs") as defined under the SEBI ICDR Regulations, whether domestic investors / foreign investors through Qualified Institutions Placement in terms of Chapter VIII of the SEBI ICDR Regulations ("QIP"), for an amount not exceeding in the aggregate Rs. 1000 Crores only (Rupees One thousand Crores only) or the equivalent thereof in foreign currency in one or more tranches through various offerings as contemplated in the resolution, in domestic and/or international markets.

Pursuant to the above, the Board of Directors (the "Board", which term shall be deemed to include any committee thereof duly constituted and exercising, or hereinafter constituted to exercise, the powers conferred on the Board) may, in one or more tranches, issue and allot Securities on such date as may be determined by the Board but not later than 12 months from the date of passing of the resolution.

The aforesaid Issue will be subject to receipt of requisite approvals from Appropriate Authorities, as applicable.

The said Resolution is for seeking approval of shareholders of the Bank for the proposed Issue and proposing to confer authority on the Board to do all such acts and deeds which may be required to offer, issue and allot Securities at opportune time, including the size, structure, price, timing and other terms and conditions of the Issue.

Since the pricing and other terms of the offerings cannot be decided except at a later stage, an enabling resolution is being passed to give adequate flexibility and discretion to the Board to finalize the price and terms of the issue of Securities. However, the same would be in accordance with the SEBI

ICDR Regulations as amended from time to time or any other guidelines/ regulations / laws as may be applicable.

The other terms and conditions of the Issue will be determined in consultation with the merchant bankers, lead managers, consultants, advisors and / or such other intermediaries as may be appointed for the Issue.

The consent of the shareholders is being sought under Sections 23, 41, 42, 62 and 179 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013, if any, and in terms of the SEBI ICDR Regulations, the SEBI Listing Regulations and provisions of the listing agreements executed by the Bank with the Stock Exchanges where the Bank's shares are listed.

The Board of Directors of the Bank believes that the proposed issue is in the interest of the Bank and hence, recommends the resolution for the approval of the Shareholders by way of Special Resolution.

None of the Directors/Key Managerial Personnel/their relatives, of the Bank is in any way concerned or interested in the above referred resolution except as holders of shares of the Bank or that of the companies, firms, and/or institutions of which they are directors, partners or members and which may hold shares in the Bank.

ITEM NO. 5

The implementation of Basel III guidelines has necessitated the need for banks in India to augment their capital base. This becomes important as Basel III capital requirements call for increase in quantity and quality of capital, besides providing for capital buffer during economic downturn. The Basel III capital regulations were implemented in India with effect from April 1, 2013. Banks have to comply with the regulatory limits and minima as prescribed under Basel III capital regulations, on an ongoing basis. Basel III capital regulations would be fully implemented by March 31, 2019. In order to ensure smooth migration without any near stress, appropriate transitional arrangements for capital ratios have been made which commenced as on 01.04.2013. Capital ratios will be implemented fully on 31.03.2019 and accordingly the phase-in arrangements for Scheduled Commercial Banks operating in India is as under:

Transitional Arrangements -Scheduled Commercial Banks-				Capital as % of RWAs			
Minimum Capital Ratios	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Minimum Common Equity Tier I (CET 1)	4.5	5	5.5	5.5	5.5	5.5	5.5
Capital Conservation Buffer (CCB)	-	-	-	0.625	1.25	1.875	2.5
Minimum CET 1 + CCB	4.5	5	5.5	6.125	6.75	7.375	8
Minimum Tier 1 Capital	6	6.5	7	7	7	7	7
Minimum Total Capital	9	9	9	9	9	9	9
Minimum Total Capital + CCB	9	9	9	9.625	10.25	10.875	11.5

To gauge the capital requirements under Basel III, Capital Planning exercise is carried out by Bank under Internal Capital Adequacy Assessment Process (ICAAP). The exercise is reviewed on regular basis (quarterly) in light of economic and business environment within India. Besides, the downward pressures in the financial sector, increase in NPA, slow growth in overall business variables, relative increase in risk weighted assets compared to the incremental capital growth, the capital buffer maintained by the bank historically over and above the regulatory minimum are also factored in while arriving at the capital position of the Bank in near to medium term. Based on the above factors in the capital planning exercise carried out, the Bank needs to augment its capital base in phases up to March 31, 2019 till the time Basel III gets fully implemented. Bank shall augment its capital base by raising of common equity (CET1), issue of Additional Tier 1 bonds (AT1) or issue of Tier 2 bonds and through internal

profit accruals. The current issue of raising capital is part of Tier II capital raising exercise. The Basel III requirements envisage maintaining of adequate capital that is in line with regulatory requirements. The need for more capital is also in line with the future business growth that the Bank has projected over near to medium term. Further, Tier II will supplement tier I capital of the Bank and will also have tier II buffer in place so that draw down of earlier raised tier II capital as per BASEL III guidelines is replenished by fresh tier II capital.

No Director, Key Managerial Personnel of the Bank or their relatives is in anyway concerned or interested in the Resolution.

The Board of Directors of the Bank believes that the proposed issue is in the interest of the Bank and hence, recommends the resolution for the approval of the Shareholders by way of Special Resolution.

Regd. Office:

Corporate Headquarters,
M. A. Road,
Srinagar - 190 001
CIN : L65110JK1938SGC000048
Website : www.jkbank.net,
Email : sharedeptt_gc@jkbmail.com

Dated: 30th May, 2018

By order of the Board of Directors

Mohammad Shafi Mir
Company Secretary

Chairman Speaks

Over the past year and a half, we focused on cleanup and consolidation of our Balance Sheet and I am happy to share that we completed so despite a difficult environment.

Esteemed Shareholders,

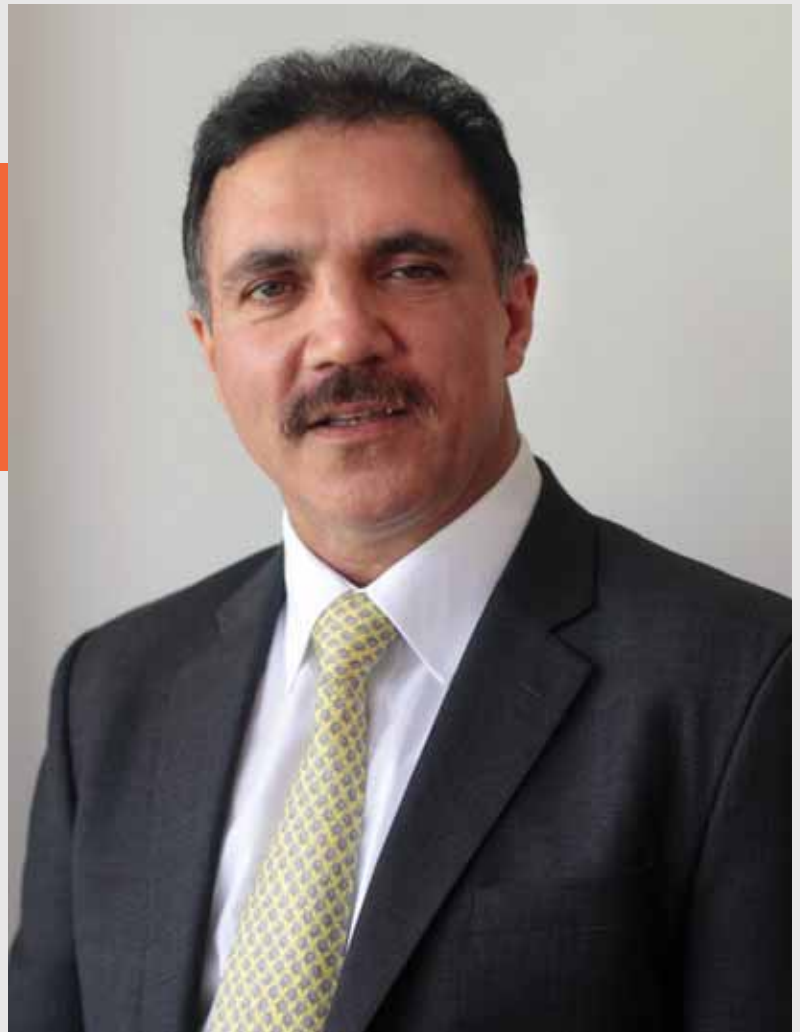
It is my honour and pleasure to present the 80th Annual Report for FY 2017-18. Over the past year and a half, we focused on cleanup and consolidation of our Balance sheet and I am happy to share that we completed so despite a difficult environment.

The year 2017-18 witnessed a cautious optimism in banking industry amid uncertainty. The banking industry took some key structural initiatives to build strength across macro-economic parameters for sustainable growth in future. Global growth for 2017-18 is estimated at 3.7 percent; 0.1 percentage point higher than projected.

The good news from the banking industry over the past year is that the pace of down gradation of assets has been stemmed, pipeline of fresh NPAs reduced,

credit off take is seen improving and settlement of NPAs enforced. However, the persistence of bad asset quality in the banking industry, the multi-billion fraud at one of the major PSBs, the looming Prompt Corrective Action (PCA) and Mergers and Acquisitions (M&A) were major challenges faced and are expected to transform the banking landscape in the country. New competitors and shifting economics are fuelling the transformation further.

Technology, on the other hand, is rapidly morphing from an expensive challenge into a potent enabler of both customer experience & effective operations and have moved the products offered by banks away from conventional banking. The launch of "Digital India Campaign" coupled with increasing Internet connectivity paved way for technological reforms



in India. Non-traditional players are challenging the established order primarily through customer-centric innovations. In 2018, we expect the digital transformation to further redefine the Banking Industry offering a very different form of retail banking than what we see today.

For us at J&K Bank, FY 2017-18 brought a challenging last quarter due to revised guidelines of RBI on NPA treatment besides quashing the restructuring schemes leading to some major slippages across the industry. Nevertheless, JK Bank has shown resilience during these overall turbulent times and has registered a profit of Rs 202.72 crore, CASA ratio of 50.89%, NIIM of 3.65%, NPA coverage ratio of 65.83%, Net NPA of 4.90% and digital transaction percentage of 48% for FY ended March, 2018.

I am thankful to our promoters, the state government who supported us well during the tough preceding year in the management of rehabilitated portfolio of J&K state with Chief Minister's business interest relief scheme and Reserve Bank of India for allowing us the staggered provisioning for interest capitalized in rehabilitated accounts. The concerted efforts of the staff of your Bank in this challenging environment have resulted in smooth execution of the multi-pronged strategy devised to tide over the difficult times in the bank.

As part of the transformation journey undertaken by your Bank in the year 2017 in consultation with globally reputed Consultants, the organizational structure across full spectrum of activities is being realigned to ensure lucidity of roles and responsibilities, accelerated Retail and SME focus, enhanced customer experience, efficiency by reducing TATs, improved compliance structure, well-defined career path for employees, competence building and specialization etc. This transformation process is expected to catalyze internal synergies and help scale up the business over the next 3-5 years. Our endeavor through this transformation is to be future ready into a modern, efficient, customer focused, digitally driven profitable institution. In addition, your Bank has completed succession planning exercise to successfully steer towards transformation and higher levels of excellence.

In the FY 2018-19, our focus will still be on conservation and augmentation of capital, NPA recovery, containing the slippages especially in the restructured portfolio and strengthening our compliance framework in the Bank. In terms of business expansion, we shall be targeting a decent balance sheet growth driving upon robust credit growth in J&K state where we see huge untapped opportunity in retail credit. The Bank is focusing on customization and offering new customized products in the state, sourcing new retail loans to digital channels by targeting strategic tie up with Government Departments and Institutional customers. For your Bank, 2018 will be a pivotal year in redefining itself into a strategically growing, technologically modern and operationally agile institution. We are determined to maintain market leadership in a rapidly evolving ecosystem.

Notwithstanding the above, I am optimistic that your Bank shall not have to face any untoward environment in the years to come and we will continue to focus on repairing the downgraded asset portfolio and reducing the pipeline of NPAs.

The organizational structure across full spectrum of activities is being realigned to ensure lucidity of roles and responsibilities, accelerated Retail and SME focus, enhanced customer experience, efficiency by reducing TATs, improved compliance structure, well-defined career path for employees, competence building and specialization etc.

Dear Shareholders,

Looking ahead, I view your Bank's future with continued optimism and am confident that the Bank will regain and rather surpass its past glory in terms of business numbers. Your support & trust is our prime strength and we hope to receive these along with your encouragement in the future as well.

Parvez Ahmed
Chairman & CEO

Directors' Report 2017-18

To the Members,

Your Board of Directors has pleasure in presenting the 80th Annual Report of your Bank, together with the audited Balance Sheet, Profit and Loss Account and the report on business and operations for the year ended 31st March, 2018.

Performance at a Glance

- The aggregate business of the bank stood at Rs.136919 Crore at the end of the financial year 2017-18.
- The total deposits of the Bank grew by Rs.7543 Crore from Rs.72463 Crore as on 31st March, 2017 to Rs.80006 Crore as on 31st March, 2018, a growth of 10.41 percent. CASA deposits of the bank at Rs.40715 Crore constituted 50.89 percent of total deposits of the bank.
- Cost of deposits for current FY stood at 5.01 percent.
- Return on Assets improved to 0.25% for the FY ended 31st March 2018 from -2.04 % for the previous financial year.
- CD Ratio improved to 71.14% as on 31st March 2018 compared to 68.75% as on 31st March 2017.
- The net advances of the Bank stood at Rs.56913 Crore as on 31st March, 2018.
- Yield on advances for the current FY stood at 8.77 percent.
- Priority sector advances (Gross) stood at Rs. 21621.43 Crore as on 31st March, 2018.
- The bank effected cumulative cash recovery, up-gradation of NPA's and technical write-off of Rs.3098.00 Crore during FY 2017-18.
- Investment portfolio of the bank stood at Rs.18880 Crore as on 31st March, 2018.

Insurance Business

The bank earned an income of Rs.31.40 Crore from the Insurance Business. The bank mobilized business of Rs.75.15 Crore and Rs.181.98 Crore during the year in life and non-life insurance segments respectively.

Income Analysis

- The Interest income of the bank stood at 6621 Crore in the year 2017-18. Interest expenses stood at 3751 Crore for FY 2017-18. The Net Interest Income stood at Rs. 2871 Crore for FY 2017-18.
- The Net Income from operations [Interest Income plus Non-interest Income] stood at Rs.7117 Crore in the financial year 2017-18.
- The Operating Expenses registered an increase of 274 Crore during the financial year 2017-18 and stood at Rs.1984 Crore as compared to Rs.1710 Crore in 2016-17.
- The Cost to Income ratio (Operating Expenses to Net Operating Income) stood at 58.95 percent in the financial year 2017-18.

Gross Profit

The Gross Profit for the financial year 2017-18 stood at Rs. 1381.87 Crore.

Provisions

The Provision for Loan Losses, Standard Assets, Taxation and others aggregated to Rs.1179 Crore in the financial year 2017-18.

Net Profit/Loss

The bank registered a Net Profit of Rs.202.72 Crore for the financial year 2017-18.

Dividend

In order to conserve/ augment capital base of the Bank, your directors do not recommend any dividends for the financial year 2017-18.

Branch/ATM Network

During the financial year 2017-18, **39** new branches were established, thereby taking the number of branches to **904** as on 31-03-2018, spread over 20 states and one union territory. The area-wise breakup of the branch network (excluding extension counters/ mobile branches and Service branches) on the basis of census 2011 as at the end of FY 2017-18 is as under:

Area	Branches
Metro	170
Urban	106
Semi-Urban	152
Rural	476
Total	904

During the financial year 2017-18, **103** ATMs were commissioned thereby taking the number of ATMs to **1199** as on 31.03.2018.

Net Worth and Capital Adequacy Ratio (CRAR)

- The Net Worth of the bank stood at Rs.6161.21 Crore on 31st March 2018.
- Capital Adequacy Ratio under Basel III stood at 11.42 percent as on March, 2018. The tier I component of CRAR is 9.24 percent as on 31st March 2018. Book Value per Share for the financial year 2017-18 stood at Rs.110.60.

Advertising & Publicity

Promoting our brand image proactively, we successfully positioned our brand image deep within the evolving public consciousness thereby enhancing our brand value during the financial year 2017-18. The bond of trust between stakeholders and the bank was further cemented through effective and needful messaging at relevant junctures throughout the financial year.

The bank's products, services and facilities were successfully advertised across the operational geographies. Besides its functioning and achievements were effectively communicated to the respective target audiences including customers, share-owners, stakeholders and general public through customized and efficiently packaged messages using relevant multi-media outlets across the country. Leveraging its presence in the social-media universe, the bank firmed up its online presence further to enhance its brand image using highly popular mediums of social connectivity platforms like Facebook and Twitter.

Capital

In order to meet the needs of its growing business, including long term capital requirements for pursuing its growth plans and to maintain its Capital Adequacy Ratio as per the regulatory guidelines/ norms laid down by the Reserve Bank of India, your Bank made Preferential Allotment of 3,55,25,321 equity shares of Re. 1/- each fully paid up for cash to the Government of Jammu and Kashmir at the issue price of Rs. 79.38 (Rupees Seventy Nine and Thirty Eight Paisa only) per Equity Share (including premium of Rs. 78.38 per Equity Share) aggregating to Rs. 282 crores during the year under report. Further the Bank also raised unsecured, redeemable, subordinated, non-convertible, Basel III compliant Tier 2 bonds in the nature of debentures for inclusion in Tier 2 Capital of the Bank of face value of Rs. 10.00 lacs each at par aggregating to Rs. 500 crores.

Subsidiary Company

As on March 31, 2018, your Bank had one unlisted Subsidiary, JKB Financial Services Limited (JKBFSL). Salient features of the financial statement of JKBFSL are attached herewith as Annexure 5.

Performance & Financial Position of JKBFSL

The operating income of the Company for the year ended 31st March, 2018 stands at Rs. 5.49 Crores. Other incomes of the company stood at Rs. 49.59 lacs. The Total income of the Company for the year ended 31st March, 2018 stood at Rs. 5.98 Crores. The net loss of the company for the financial year ended 31st March, 2018 stood at Rs. 2.19 Lacs, increased its accumulated net loss to Rs. 3.63 Crores as on 31st March, 2018.

Regional Rural Bank Sponsored by J&K Bank: J&K Grameen Bank

J&K Grameen Bank (JKGB)

The J & K Grameen Bank has come into existence on 30th June 2009 with the issuance of statutory notification by GoI, MoF, Department of Financial Services under sub-section (1) of section 23 (A) of the Regional Rural Banks Act, 1976 vide

F. No. 1/4/2006-RRB providing for amalgamation of Kamraz Rural Bank and Jammu Rural Bank into a single new Regional Rural Bank under the name of J & K Grameen Bank with its Head Office at Jammu and has commenced business effective from 01.07.2009.

Area of Operation:

The area of operation of the J&K Grameen Bank comprises of 13 districts of the State viz. Baramulla, Bandipora, Kupwara, Jammu, Kathua, Rajouri, Poonch, Leh, Kargil, Samba, Kishtwar, Ganderbal and Srinagar.

No. of Branches (as on 31-03-2018): 217 **No. of Employees (as on 31-03-2018): 1021**

Capital Structure:

In terms of the RRBs Act 1976, the authorized capital of Regional Rural Banks was fixed at Rs.5.00 Crore (which stands amended to Rs. Two Thousand Crore in terms of the Regional Rural Banks (Amendment) Act, 2015 notified in the Gazette of India on 12-05-2015). The issued and paid up capital of the J&K Grameen Bank is Rs.97.16 Crore fully subscribed by the Central Government, State Government and Sponsor Bank in the ratio of 50:15:35 respectively. The details are tabulated hereunder:

1.	Authorized Share Capital	Rs.2000 Crore
2.	Subscribed / Paid up Share Capital	Rs.97.16 Crore
	Central Government (50%)	Rs.48.58 Crore
	State Government (15%)	Rs.14.57 Crore
	Sponsor Bank (35%)	Rs.34.01 Crore

Tier II perpetual bonds: Out of total cost outlay of Rs. 23.34 Crores for implementation of 100% CBS by JKGB, 50% i.e., Rs. 11.67 crore has been shared by J&K Bank (Sponsor Bank).

Date of issue: 04-12-2014

Performance of the Bank as on 31.03.2018 (Audited)

Business:

The total business of the bank as on 31st March 2018 stood at Rs.4999.44 crore against Rs.4632.66 crore as on 31st March 2017, thereby showing an increase of Rs.366.78 crore registering a growth of 7.92% during the financial year 2017-18.

Deposits:

The deposits of the bank have increased from Rs.3230.43 crore to Rs.3404.63 crore during the financial year 2017-18 thereby registering a growth rate of 5.39%.

Advances:

The gross advances of the Bank as on 31st March 2018 stood at Rs.1594.81 crore as against Rs.1402.24 Crore as on the corresponding date of the previous year recording a growth of 13.73%

CD Ratio:

The C.D. Ratio of the bank has increased by 3.43% from 43.41% as on 31st March 2017 to 46.84% as on March 31, 2018.

Priority Sector Advances:

The priority sector advances outstanding as on 31st March 2018 stood at Rs.1235.21 crore against Rs.1058.86 crore outstanding as on 31st March 2017, registering a growth of 16.65% (Rs.176.35 crore) on YoY basis.

RRB specific benchmark of 75% portion of priority sector advances to total advances outstanding has been well maintained with 77% advances portfolio comprising of Priority Sector loans.

NPA Position:

The gross NPA level of the Bank as on 31.03.2018 is at Rs.175.38 crore i.e. 11.00% of the gross advances. The Net NPAs as on 31.03.2018 stood at Rs. 97.17 crore which accounts for 6.41% of net advances.

Business per Employee:

The business per employee as on 31st March 2018 stood at Rs.4.90 crore against Rs.5.01 crore as on corresponding date of the previous year.

Business per Branch:

The business per branch as on 31st March 2018 stood as Rs.23.04 crore against Rs.21.34 crore as on corresponding date of the previous year recording a growth of 7.97%.

Profitability:

Against Net Loss of Rs.13.07 crore recorded for the previous FY 2016-17, the bank has recorded Net Profit of Rs.14.10 crore for the year ended 31st March 2018.

Lead Bank Responsibility

a. Convener JKSLBC

The J&K Bank is the only Private Sector Bank in the country assigned with the responsibility of convening State Level Bankers' Committee meetings. The Bank continued to discharge its Lead Bank responsibility in 12 districts i. e Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Poonch and Rajouri out of 22 districts of J&K State satisfactorily. The other 10 districts i. e Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Kishtwar, Leh and Kargil are managed by State Bank of India.

The State Annual Credit Plan (ACP) for the FY 2017-18 was launched in time and its implementation was monitored on quarterly intervals in State Level Bankers' Committee meetings. During the FY 2017-18 Banks have extended a total credit of Rs.23,592.91 Crore in favour of 7,33,025 beneficiaries (both under Priority as well as Non-priority Sector) against annual target of Rs.28,841.64 Crore for 9,66,047 beneficiaries under Annual Credit Plan 2017-18, thereby registering achievement of 82% in financial terms and 76% in physical terms.

This includes Priority Sector credit of Rs.12,817.84 Crore disbursed in favour of 4,62,136 beneficiaries against the annual target of Rs.19,933.02 Crore for 7,40,847 beneficiaries (constituting 64% achievement in financial terms and 62% in physical terms) and Non-Priority Sector credit of Rs.10,775.06 Crore disbursed in favour of 2,70,889 beneficiaries against annual target of Rs.8,908.62 Crore for 2,25,200 beneficiaries (constituting achievement of 121% in financial and 120% in physical terms).

Out of the total Priority Sector credit of Rs.12,817.84 Crore disbursed by all banks in the State during FY 2017-18, J&K Bank alone has disbursed Rs.8,912.08 Crore against the target of Rs.10,646.34 Crore, thereby achieving 84% of its annual ACP target which accounts for a share of 70% of the total flow of credit to priority sector by all banks together in the State during FY 2017-18.

During the FY 2017-18, following meetings were conducted:

- Four J&K State Level Bankers Committee (SLBC) meetings, viz. 104th, 105th, 106th and 107th were held on 29th June 2017, 29th August 2017, 21st December 2017 and 21st February 2018 respectively.
- Sub-Committee of Empowered committee on MSMEs held on 21st April 2017.
- A special SLBC meeting on banking related security issues held on 5th May 2017.
- Sub-Committee of J&K SLBC on Export Promotion held on 25th August 2017.
- A meeting of Steering Sub-Committee of J&K SLBC to monitor IT-enabled Financial Inclusion, FLCCs & Credit Plus Activities held on 11th October, 2017.
- Steering Sub-Committee of SLBC on SHGs held on 12th February 2018.
- A meeting of the Sub-Committee of SLBC to approve Annual Credit Plan for FY 2018-19 held on 29th March, 2018.

Implementation of Financial Inclusion Plan (FIP)

- The target for providing Information & Communication Technology (ICT)-based banking services in the 795 and 5582 identified unbanked villages (having population over 2000) in Phase-I and (villages with population below 2000) in phase II of Financial Inclusion Plan was accomplished successfully by providing coverage to all the identified villages.
- Roadmap for opening “Brick & Mortar” branches or CBS-Enabled Banking Outlets in the villages with population more than 5000 where there is no branch of any Scheduled Commercial Bank was formulated. J&K SLBC, in coordination with concerned Lead District Managers, identified 104 villages out of the total 235 villages with population of more than 5000 (as per Census 2011) in J&K, without any branch of Scheduled Commercial Bank. In terms of the directives from RBI, the identified 104 villages were allocated among the 8 major Scheduled Commercial Banks operating in J&K State (J&K Bank - 48; SBI - 15; PNB - 11; HDFC Bank - 11; ICICI Bank - 5; Canara Bank - 5; UCO Bank - 5; Central Bank of India - 4) for opening “Brick & Mortar” branches or CBS-Enabled Banking Outlets in the allocated villages. As at 31.03.2018, 15 villages have been covered for banking services with opening 6 branches and 9 CBS-Enabled Banking Outlets in the identified villages. Out of the 15 villages covered, 5 branches have been opened by J&K Bank and 1 branch and 6 CBS-Enabled Banking Outlets opened by SBI and 3 CBS-Enabled Banking Outlets opened by UCO Bank.

Responsibility of setting up of RSETIs in J&K State:

In terms of guidelines issued by Ministry of Rural Development, Government of India, setting up the Rural Self Employment Training Institutes (RSETIs) in all the districts of J&K State was assigned by Lead Bank Department /J&K SLBC to two Banks, viz. J&K Bank and SBI as per their Lead Bank responsibility. Accordingly, J&K Bank has set up 12 RSETIs in its allocated 12 lead districts of Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Poonch and Rajouri. State Bank of India has also set up 9 RSETIs in its allocated 10 lead districts of Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Kishtwar, and Leh. RSETI at Kargil has not been operationalized by SBI as yet. The Performance of RSETIs in conducting training programmes and the number of persons benefited through credit linkage is being reviewed in quarterly SLBC meetings.

Responsibility of setting up of FLCs in J&K State:

In terms of RBI guidelines, target of setting of Financial Literacy Centres (FLCs) in all the districts of the state has been fully accomplished with J&K Bank having made 12 FLCs operational in its 12 allocated lead districts and SBI having made 10 FLCs operational in its 10 allocated lead districts. In addition, **PNB, JKGB, EDB and J&K State Cooperative Bank** have also established 4, 2, 2 & 1 FLCs respectively in various districts of the state which takes the total number of FLCs in J&K State to 31. The performance of FLCs in conducting the Financial Literacy Camps as per the guidelines from RBI is being reviewed at various forums including quarterly SLBC Meetings.

100% coverage of farmers under KCC Scheme

The initiative of 100% coverage of farmers under KCC Scheme with the target to cover 9.81 lakh interested farm operating families (target fixed by Agriculture Production Deptt.) which was launched in J&K State in January 2012 in terms of directives of GoI, MoF stands accomplished in the State. Banks operating in J&K State have issued a total of **10,46,548 KCCs** to the farm operating families in the state upto **March 2018** to whom a cumulative credit of **Rs.10,361.27 Crore** stands disbursed.

Board of Directors

Your Bank has thirteen (13) Directors consisting of two (2) promoter Directors including Chairman & CEO, 12 Non Executive Directors, including One RBI Nominee Director as on 31st March, 2018.

Independent and Non - Independent

Non Independent Executive Director

Mr. Parvez Ahmed, Non Independent Executive Director has been serving as the Chairman & CEO of the Bank since October 6, 2016, with the approval of Reserve Bank of India (RBI).

Non Independent Non Executive Director

Mr. Navin Kumar Choudhary, IAS, Principal Secretary to Govt. of J&K, Finance Department, Mr. Abdul Majid Mir, Mr. Azhar ul Amin, Mr. Dhaman Kumar Pandoh and Mr. Rahul Bansal are the Non Independent Non Executive Director of the Bank.

Independent Non-Executive Director

In terms of the definition of 'Independent Director' as prescribed under Regulation 16(b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies act, 2013 and based on the declarations/disclosures received from the Directors, the following Non -Executive Directors are Independent Directors:-

1. Mr. Mohammad Maqbool Rather
2. Mr. Mohammad Ashraf Mir
3. Dr. Pronab Sen
4. Mrs. Vijayalakshmi R. Iyer
5. Dr. Sanjiv Agarwal
6. Mr. Sunil Chandiramani

All Independent Directors of the Bank have given their respective declarations stating that they meet the criteria of Independence as laid down under the applicable laws and in the opinion of the Board, the independent directors meet the said criteria.

Reserve Bank Nominee Director

Mr. Yogesh Kumar Dayal, General Manager, Reserve Bank of India is the Nominee Director of the Reserve Bank of India on the Board of the Bank.

Appointments/Resignations from the Board of Directors

Mr. Azhar-ul Amin, was re-appointed at the 79th Annual General Meeting of the Bank held on 17th June, 2017 as Director liable to retire by rotation. Mr. Mohammad Maqbool Rather, Mr. Mohammad Ashraf Mir, Dr. Pronab Sen, Mrs. Vijayalakshmi R. Iyer, Dr. Sanjiv Agarwal and Mr. Sunil Chandiramani, were appointed as Independent Directors for a period of two years at the same meeting.

None of the Directors has resigned during the year under review.

Appointments/Resignations of the Key Managerial Personnel

Mr. Parvez Ahmed, Chairman & CEO, Mr. Pushap Kumar Tickoo, Chief Financial Officer and Mr. Mohammad Shafi Mir, Company Secretary are the Key Managerial Personnel of the Bank. Mr. Pushap Kumar Tickoo, was appointed as Chief Financial Officer of the Bank with effect from 22-07-2017 in place of Mr. S. K. Bhat who ceased to be CFO of the Bank consequent upon attaining the age of superannuation with effect from 13.05.2017.

None of the Key Managerial Personnel has resigned during the year under review.

Number of Meetings of the Board

During the year under review, Twelve Board Meetings were held, in due compliance with statutory provisions, on the following dates:

15.04.2017, 13.05.2017, 29.05.2017, 22.07.2017, 19.08.2017, 22.09.2017, 27.10.2017, 19.12.2017, 26.12.2017, 31.01.2018, 19.02.2018, 12.03.2018

Committees of the Board

The Bank has following committees of the Board:

- Management Committee
- Audit Committee

- Monitoring of Large Value Frauds/Frauds Review/Willful Defaulters Classification Review Committee
- Stakeholders Relationship Committee
- Information Technology Strategy Committee
- Corporate Social Responsibility Committee
- Integrated Risk management Committee
- Customer Service Committee
- Nomination and Remuneration Committee
- Legal and Impaired Assets Resolution Committee
- Human Resource Development Committee

The compositions, powers, roles, terms of reference, etc. of relevant committees are given in detail in the statement on Corporate Governance annexed to this report.

Corporate Social Responsibility Policy

As a responsible institution, J&K Bank is committed to Corporate Social Responsibility (CSR). The Bank has in place Board approved policy on Corporate Social Responsibility. With an aim to instill a sense of relief and protection among the most vulnerable sections of society, the Corporate Social Responsibility (CSR) policy of the bank identifies key responsibility areas and seeks to assimilate the CSR ideals into its empowerment mission for optimizing its social performance. The CSR policy is available on the website of the Bank. (<http://www.jkbank.net>).

The Bank retained its comprehensive focus on activities for the larger community welfare through CSR initiatives concentrating on people's health, education, environment and society at large. The statutory disclosures with respect to the CSR Committee and an Annual report on CSR Activities forms part of this Report as Annexure 1.

Performance Evaluation of the Board

Board shall be assessed by Independent Directors as to whether Board of the Bank is a professional and an active Board which meets frequently during the year to chart out policies and practices, ensuring that principles of Corporate Governance, both as imbibed in law and regulations and those expected by stakeholders, are religiously and voluntarily complied with and the stakeholder's interests are kept at utmost high level.

Process of Performance Evaluation

The Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 stipulates the performance evaluation of the Directors including Chairperson, Board and its Committees. Considering the said provisions, the Bank has devised the process and the criteria for the performance evaluation which has been recommended by the Nomination & Remuneration Committee and approved by the Board at their meetings held on 19th December, 2017

The process for performance evaluation is as under:

- In conformity with the statutory requirement, the performance evaluation of all the independent directors shall be done by the Board, which shall submit its report to the Chairman with necessary comments and suggestive course of action arising out of the evaluation,
- Independent Directors shall evaluate the performance of non - independent directors and Board as a whole and shall submit its report to the Board for necessary comments and suggestive course of action arising out of the evaluation.
- The performance evaluation of the Committees of the Board shall be conducted by the entire Board.
- Atleast one Meeting of the Independent Directors on the Board of the Bank shall be held every year to review the performance of non-Independent directors including the Chairman and the Board as a whole.

The criteria for performance evaluation are as under:

Performance Evaluation of Chairman & CEO

Managing Relationships, Leadership, Roles and Responsibilities and other parameters, Responsibility towards stakeholders; Contribution in Strategic Planning; Compliance and Governance; Participation and Updation of Knowledge.

Performance Evaluation of Board

Composition and Diversity; Committees of the Board; Board & Committee meetings; Cohesiveness of Board decisions; Board Procedure; Performance Culture; Discussions at Board Meetings; Understanding of the business of the Bank; Understanding the role and effectiveness; Foresight to avoid crisis and effectiveness in crisis management; Understanding of the regulatory environment; Strategy and Growth; Risk Management and Financial Controls; Quality of Decision making and Board's Communication systems.

Performance of the Board Level Committees

Composition and Balance of skill sets; Frequency and duration; Interaction with the Board.

Corporate Governance

The Bank has established a tradition of exemplary practices in corporate governance. It encompasses not only regulatory and legal requirements, but also several voluntary practices, aimed at high level business ethics, effective supervision and enhancement of stakeholder volume. Several matters have been voluntarily included in the statement on corporate governance annexed to this report, besides certificate from the Central Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated by the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review are presented in a separate section forming part of this Report.

Whistle Blower policy & Vigil Mechanism

The Bank has implemented a Whistle Blower Policy pursuant to which Whistle Blowers can raise concerns relating to reportable matters (as defined in the policy) such as breach of J&K Bank Code of Conduct, fraud, bribery, corruption, employee misconduct, illegality, health & safety, environmental issues and wastage/misappropriation of banks funds/assets, etc. Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower who avail of such mechanism and also provides for direct access to Chairman of the Audit Committee, in exceptional cases. The details of the Whistle Blower Policy are available on the website of the Bank (www.jkbank.net)

Risk Management

Bank has adopted a robust, comprehensive and well-defined Risk management framework. Whilst Board is responsible for framing, Implementing, monitoring and reviewing of risk management framework, Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Board sets the overall risk appetite and philosophy for the Bank. The Board of Directors, the Integrated Risk Management Committee of the Board, which is a sub-committee of the Board, review various aspects of risk arising from the businesses of the Bank. Three Executive/ senior management committees; Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Market Risk Management Committee (MRMC) operate within the broad risk management framework of the Bank.

The Bank has put in place policies relating to management of credit risk, market risk, operational risk, asset-liability and Pillar II risks. Risk management is administered by Executive/ senior management committees through Integrated Risk Management Department (IRMD). IRMD has three dedicated divisions for credit risk, operational risk and market risk management. Business continuity plan and Information security plan also forms part of risk management functions in the Bank. Treasury activities are separately monitored by mid office, which reports to IRMD. The Bank has formulated a comprehensive Stress Testing Policy to measure impact of adverse stress scenarios on the adequacy of capital. The stress scenarios are idiosyncratic, market wide and a combination of both.

The key components of the Bank's risk management rely on the risk governance structure, comprehensive processes and internal control mechanism based on approved policies and guidelines. The Bank's risk management framework focuses on the key areas of risk such as credit, market, operational risk and liquidity risk and quantification of these risks, wherever possible, for effective and continuous monitoring and control.

Business Responsibility Report

In terms of Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 500 Listed Entities based on their market capitalization as on 31st March every year are required to submit their Business Responsibility Report (BRR) as a part of the Annual Report. The Bank's Business Responsibility Report describing the initiatives taken by the Bank from an environmental, Social and governance perspective has been attached as "Annexure 7" to this Annual Report.

Loans, Guarantees & Investment in Securities

Pursuant to section 186(11) of the Companies Act, 2013 loans made, guarantees given or securities provided or acquisition of shares by a Banking company in the ordinary course of its business are exempted from disclosure in the Annual Report.

Contracts or Arrangements with related parties

Considering the nature of the Industry in which the Bank operates, transactions with related parties of the Bank are in the ordinary course of business and are also at arm's length basis. There was no materially significant related party transaction entered by the Bank with promoters, Directors, Key managerial personnel or other persons which may have a potential conflict with the interests of the Bank. The policy on Related Party Transactions and dealing with related parties as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Bank and the link for the same is (<http://jkbank.net/others/common/policy.php>) Statement of related party transactions under sub section (1) of section 188 of the Companies Act, 2013 is attached herewith as Annexure 6.

Consolidated Financial Statements

Pursuant to Section 129 of the Companies Act, 2013, the Bank has prepared Consolidated Financial Statements of the Bank and also of its Subsidiary, JKBFSL, in the same form and manner as that of the Bank which shall be laid before the ensuing 80th Annual General Meeting of the Bank along with laying of the Banks Financial Statements under sub-section (20) of Section 129 i.e. Standalone Financial Statements of the Bank. Further, pursuant to the provisions of Accounting Standard (AS) 21, Consolidated Financial Statements notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014 issued by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Bank along with its subsidiary for the year ended March 31, 2018 form part of this Annual Report.

Auditors

Statutory Auditors

The Central Statutory and Branch auditors of the Bank are appointed by the Comptroller & Auditor General of India (C&AG) pursuant to Section 139(5) of the Companies Act, 2013. The Bank had four (4) Central Statutory auditors appointed by the C&AG of India for the year under review as under:

1. O.P Garg & Co, Chartered Accountants, Jammu
2. P.C Bindal & Co, Chartered Accountants, Srinagar
3. K.K Goel & Associates, Chartered Accountants, Jammu
4. Verma Associates, Chartered Accountants, Srinagar

Secretarial Auditors

Pursuant to Section 204 of the Companies Act 2013, your Bank has appointed M/s DSMR & Associates, Practicing Company Secretaries, Hyderabad as its Secretarial Auditors to conduct the secretarial Audit of the Bank for the FY 2017-18. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting their audit.

Secretarial Audit Report

The report of Secretarial Auditor for the FY 2017-18 is annexed to this report as Annexure 2.

Employee Remuneration

- A. PARTICULARS OF EMPLOYEES AS PER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEAR ENDED 31st MARCH, 2018, ARE AS UNDER:
- I. Employed Throughout the Financial Year and in Receipt of Remuneration Aggregating Rs. 1.02 Cr. or more Per Annum: **NIL**
 - II. Employed for a Part of the Financial Year and in Receipt of Remuneration Aggregating Rs. 8,50,000/- or more Per Month: **NIL**
- B. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub section 12 of section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are forming part of this report as Annexure 3.

Statutory Disclosures

- (1) The disclosures to be made under sub-section (3)(m) of Section 134 of the Companies Act 2013 read with Rule (8)(3) of the Companies (Accounts) Rules , 2014 by your Bank are explained as under:

A. Conservation of energy-

- (i) The steps taken or impact on conservation of energy.

The operation of the bank are not energy intensive, however adequate measures have been taken for reducing carbon footprint as mentioned below:

- ❖ Banks Data centre is hosted at a high energy efficient and environment friendly Data Centre at Noida.
- ❖ Bank has discontinued paper circulars/newsletters for internal communication for which a dedicated intranet site is maintained.
- ❖ To discontinue paper based regulatory and internal reporting, Bank has placed an automated MIS system.
- ❖ Bank uses energy star compliant computing and communication hardware.
- ❖ Web Page for Green Banking

- (ii) The steps taken by the company for utilizing alternate sources of energy.

Though the operations of the Bank are not energy intensive, however, Bank shall explore alternative sources of energy, as and when necessity arises.

- (i) The capital investment on energy conservation equipment.

INR 15.71 Crores. (On procuring energy star compliant servers and desktops)

B. Technology Absorption :-

- (i) **The efforts made towards technology absorption.**

Technology absorption needs stable and conducive policy and governance framework. As such, J&K Bank has adopted IT governance model for restructuring the IT organizational structure as per the recommendations of RBI.

Trainings are being conducted on regular basis to train the banks staff at gross root level to make full use of the technology in order to reduce the operating costs and bring in efficiencies to business processes.

- (ii) **The benefits derived like product improvement, cost reduction, product development or import substitution.**

Following technology initiatives taken by the bank have brought efficacy in the processes besides reduction in the effort and cost involved in handling such operations.

a. **Mobile banking Application Upgrade**

To provide user friendly and robust Mobile banking application, mobile banking upgrade was initiated. The new mobile banking application was designed with enhanced features vis-à-vis IMPS and PDD bill payment and has been made live for public. As of now following functionalities are live:-

- i) Balance Inquiry ii) Statement iii) Stop Cheque iv) All Intra Bank Transactions v) NEFT vi) IMPS vii) PDD Bill payment viii) Mobile Bill Payment / Recharge ix) DTH Recharge x) QR Code

b. Digital Transformation

Apart from several initiatives taken by the bank in its continued efforts to provide better, prompt and efficient services to the customers, digital transformation was pushed at the highest level to enable customers use digital channels of the bank. These efforts resulted in a substantial growth in digital ecosystem of the bank with an overall 22% increase in digital transactions.

c. IT Security

The Bank has Information Security Policy which is approved by Board and reviewed each year to keep it updated as per latest trend and best practices. Bank has got ISO 27001:2013 Certification for Data centre operations, Data Centre Facility and DR Site.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): None

(iv) Your Bank has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign Exchange Earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflow.

During the year ended March 31st 2018 the Bank earned Rs 156.34 lacs and spent Rs 55.09 lacs in foreign currency. The term does not include Foreign Currency cash flow in derivatives and Foreign currency exchange transaction”.

(2) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status of the Bank’s operations in future.

(3) Number of cases filed, if any, and their disposal under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and redressal) Act, 2013.

Your Bank has Zero tolerance towards any action on the part of any executive/employee which may fall under the ambit of ‘Sexual Harassment’ at workplace, and is fully committed to uphold and maintain the dignity of every women executive/employee working in the Bank. No such case was reported during the period under report.

(4) No Stock options were issued to the Directors of your Bank

Extracts of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at March 31, 2018 forms part of this report as Annexure 4.

Directors Responsibility Statement

The Board of Directors hereby confirms that:-

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- iii. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. The directors had prepared the annual accounts on a going concern basis; and
- v. The directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Explanation.—“internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the

prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

- vi. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Adequacy of Internal Financial Controls related to Financial Statement

The Bank has adequate internal controls and processes in place with respect to its financial statements which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. These controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically. The Bank has a mechanism of testing the controls at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

CEO & CFO Certification

Certificate issued by Mr. Parvez Ahmed, Chairman & CEO and Mr. P.K Tickoo, CFO of the Bank, for the financial year under review, was placed before the Board of Directors at its meeting held on 30th May, 2018, in terms of Regulation 17(8) of the Listing Regulations.

Acknowledgements

The Directors thank the valued customers, shareholders, well wishers and correspondents of the bank in India and abroad for their goodwill, patronage and support. The Directors acknowledge with gratitude the valuable and timely advice, guidance and support received from Government of India, Government of Jammu & Kashmir, Reserve Bank of India, Securities and Exchange Board of India (SEBI), Insurance Regulatory Developmental Authority (IRDA), NABARD, SIDBI, IBA, FIMMDA, FEDAI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, Comptroller & Auditor General of India, Financial Institutions and the Central Statutory Auditors of the bank in the functioning of the bank. The Directors place on record their deep appreciation of the valuable contribution of the members of the staff at all levels for the progress of the bank during the year and look forward to their continued cooperation in realization of the corporate goals in the years ahead.

For and on behalf of the Board of Directors

Parvez Ahmed
Chairman & CEO

Place: Srinagar (J&K)

Date: 30th May, 2018

Annexure I

The Annual Report on Corporate Social Responsibility (CSR) Activities

Policy Perspective

J&K Bank believes that for an organization to thrive on long term basis, it is imperative to keep the inclusive welfare of the society at the core of its values and purpose. At J&K Bank, Corporate Social Responsibility (CSR) is not merely an obligation but is a vital pillar of its continual success for present and future.

The main objective of the CSR Policy of the Bank is continuous commitment to operate in economically, socially and environmentally sustainable manner so as to ensure upliftment of the marginalized and under-privileged sections of the society to promote inclusive socio-economic wellbeing and growth, empowerment of communities, capacity building & environment protection.

It is in this framework that the J&K Bank CSR Policy is outlined, encompassing the Bank's Philosophy for delineating its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

Key areas of J&K Bank's CSR Projects/Programmes

- a) Community Development Initiative (eradication of poverty)
- b) Promotion of Education
- c) Healthcare
- d) Swachh initiatives(sanitation)/Safe Drinking water
- e) Upgradation of Old Age Homes/Orphanages
- f) Preserving Ecology/ Heritage

Overview of activities

Key initiatives undertaken during the reporting year were:

Community Development Initiative (Handcarts to street vendors)

In a unique and first of its kind CSR initiative, J&K Bank reached out to marginal section of society engaged in small businesses. In this section, the bank focussed on street vendors like hawkers, cloth merchants & fruit sellers. They were provided with branded and designed handcarts to carve out a better financial standing by increasing their sales in an organized manner. Precisely, the aim was to change their lives for better. It was a pilot project as the bank wanted to have the impact of this intervention so that it could be replicated further, involving more and more people having low income and belonging to marginal sections of society. The intervention for, what is known as "People's Sector" comprising a huge chunk of people of the informal economy was carried out with the rationale that a small businessman like a vegetable vendor, street hawker rise above the circumstances and become financially better. Under the initiative, Bank distributed as many as fifty (50) Handcarts fitted with state-of-the-art solar lighting system among the poorest of the poor. While monitoring and evaluating the impact of the initiative, the result has been found quite encouraging.

Promotion of Education

Bank realizes that Education is one of the key building blocks of a nation and as such, it needs to be given top priority through CSR programmes. Valuing its importance, Bank took some initiatives for its excellence so that children of marginalized sections of society are benefitted through direct & indirect intervention of the Bank. Continuing its innovative CSR initiative of Remote Child Sponsorship Programme (RCSP), the Bank brought socially and financially weak children (mostly orphans) and under-privileged children under its ambit for the sake of seeking primary education through leading concerned non-governmental organization (NGO) CHINAR KASHMIR. For the year, 2017-18, The Bank adopted 50 children for the programme.

The Bank also donated two (02) Eco-friendly battery driven vehicles to the University of Kashmir to make the movement of differently-abled students within the campus hassle free. In addition to this, the Bank parked a substantial amount as donation into the STUDENTS' WELFARE FUND of the university meant for poor children who find it difficult to get the admission despite being meritorious.

Project Muskaan for differently abled

The Bank believes in empowering the marginalized sections of society, hence its concern for such neglected segments comprises of differently abled, orphans and under-privileged children. Since the inception of the mandated law, the Bank has been working for the cause of such children through the length and breadth of the state. Under Project "MUSKAAN" Bank has adopted around 200 differently abled children through registered NGOs like Voluntary Medicare Society, Chotey Taarey Foundation & Bijbehara helpline. The funding to the NGOs is exclusively meant for the adopted children against special education expenses like toilet training, meal time, behavior modification etc. The objective of this 'MUSKAAN' initiative vouches the Bank's concern for such children and it's step towards elimination of discrimination and empowerment of such sections of society.

Healthcare

Taking holistic approach towards the collective health of people across the state, the Bank unfailingly implements its robust endowment programme. During the year, a good number of patients suffering from Hemophilia & Hepatitis C were provided with life saving drugs under Preventive Healthcare programme of the bank. This Preventive Healthcare step remained the focus of Bank's proactive support especially towards the deprived sections of society through a mix of means.

Sanitation

In line with the mission to end open defecation in India by 2019, The Swachh Bharat Mission has also sought active participation from the corporate sector to tackle the issue. Companies have responded to this call to action with enthusiasm, many leveraging Section 135 of the Companies Act 2013, which introduced mandatory CSR to contribute to the campaign.

During the year under report, the Bank carried out a massive sanitation programme under "Swachhta Hi Seva" where cleanliness drives were carried out in hospitals, public places, schools and district headquarters to impress upon the people how important it is to keep their surroundings neat & clean. At the same time, important machinery like mopping machines were supplied to hospitals & courts to keep such important public places free of dirt.

Upgradation of Old Age Homes/Orphanages

Extending its CSR reach to the remotest part of the Ladakh region, the Bank contributed a substantial amount to an International Old Age Home "Mahabodhi" housing more than 600 people which include elderly citizens, visually impaired children, monks, nuns, volunteers & children from under-privileged families. The contribution was made so that old age people and other distressed lot being rehabilitated at the HOME are benefitted in more than one way. Similarly, two other organizations in Jammu region namely Association for Social Health in India (ASHI) J&K Branch & Samaj Kalyan Kendra, working for the cause of orphans, particularly girls were provided financial assistance to carry on their welfare programmes for the perpetual benefit of such children.

Preserving Ecology/Heritage

For more than a decade J&K Bank, being a conscious corporate, has dedicated itself to preserve and promote pollution free environment in the state for the larger welfare of the society. Under the "Environmental Excellence Programme" the Bank has been undertaking number of measures like planting trees, developing parks and gardens at barren lands and also undertaking cleanliness drives etc. All these programmes/initiatives by the bank have been aimed at making our surroundings and environment not only hygienic but also envisions the commitment of the Bank for GREEN surrounding for the larger welfare of the community. Under the same premise - "Environmental Excellence Programme" - the Bank has been maintaining thirteen (13) Parks/walkways at various locations of the State, indirectly helping the cause of environmental protection, besides wellbeing of the people.

At the same time, Kashmir Golf Course (KGB), the second oldest Golf Course in India after the Royal Golf Course of Talay Gunj in Kolkata, after getting completely damaged during the floods of 2014, is being rebuilt by the Bank to restore its lost glory in terms of heritage, environment and sports. Notably, it's an In-house project of the bank underway for the past few years. The heritage Golf Course is all set to become a point of attraction for national and international golfing as well as for promoting environmental excellence in the middle of city full of pollution, besides recreating its "heritage value".

Web link to the CSR Policy : www.jkbank.net

Composition of CSR Committee

The CSR Committee of the Board composition is as following:

Mr. Parvez Ahmed	Chairman of Committee
Mr. Abdul Majid Mir	Member
Mr. Mohammad Maqbool Rather	Member
Mr. Mohammad Ashraf Mir	Member
Mr. Rahul Bansal	Member

CSR Budget for the year 2017-18

Particulars	Amount (in Crores)
2014-15	820.31 (PBT)
2015-16	691.68
2016-17	(1505.98)
Total Profit for past 3 years	6.00
Average Profit	2.00
CSR Permitted 2% of average profits	0.4 (Crores)
Amount spent	31.71 Crores

Manner in which the amount spent during the financial year is detailed below:

S.No	CSR Project or activity identified	Project or Programmes Local Area or other Specify the state and District where projects or programmes were undertaken	Amount outlay (Budget) Project or programme wise	Amount spent on the projects or programmes Sub heads: • Direct Expenditure • Overhead expenditure	Cumulative expenditure upto the reporting period	Amount spent Directly or through implementing agency
1	Promotion of Education	J&K	INR 68,65,553.00	INR 68,65,553.00	INR 68,65,553.00	Directly spent INR 35,62,553/= & through Implementing agencies INR 33,03,000/=
2	Healthcare	Jammu & Kashmir	INR 27,51,069.00	INR 27,51,069.00	INR 96,16,622.00	Directly spent
3	Community welfare (Eradication of poverty)	Kashmir	INR 21,32,492.00	INR 21,32,492.00	INR 1,17,49,114.00	Directly spent
4	Sanitation/safe drinking water	Jammu & Kashmir	INR 20,04,114.00	INR 20,04,114.00	INR 1,37,53,228.00	Directly spent
5	Upgradation of old age home/orphanages	Jammu & Kashmir	INR 10,93000.00	INR 10,93000.00	INR 1,48,46,228.00	Directly spent
6	Ecology/Heritage	Jammu & Kashmir	INR 30,22,56,413.59	INR 30,22,56,413.59	INR 31,71,02,641.59	Directly spent
7	Expenditure on administrative overhead	NIL	NIL	Nil	Nil	Nil

Details of implementing Agencies

Promotion of education

- I. CHINAR-an NGO registered under the Societies Act, VI of 1998 (1941) since 2004
- II. Voluntary Medicare Society (VMS), Registered under the Societies Act, VI of 1998 since 1970.
- III. Chotay Taaray Foundation , a registered NGO since 16.11.2006

Responsibility Statement of the CSR Committee

J&K Bank is committed to the mandated Corporate Social Responsibility (CSR) and takes it as a mission. Understanding Jammu and Kashmir's society, culture and geography, the Bank goes beyond philanthropic symbolism and envisions its CSR Policy from the broader perspective of socio-economic empowerment and of late in the light of new legislation on CSR since 1st April 2014.

The target groups of the bank's entire CSR Programme comprise of the weaker sections of the society like, women, children, differently abled and others. All these CSR programmes were implemented by the bank in the foregone year either directly or through implementing agencies like NGOs etc.

Major CSR initiatives during the year 2017-18 revolved around, health, education, ecology & community welfare at large:

Being a responsible corporate citizen of the state, J&K Bank has taken a lead in reaching out to the marginalized people many a times. In one of the unique and first of its kind initiative, The Bank distributed Fifty (50) Handcarts to the street vendors belonging to low income groups like fruit sellers, vegetable vendors, cloth hawkers etc. The Bank brought these vendors under the ambit of CSR so that these poor and unorganized vendors, who form an important part of business community & informal economy, may enhance their living standard & earnings by having better designed carts, with the psychologically feel good factor. Moreover, The Handcarts distributed could add to the aesthetic value of the city, beleaguered with all sorts of unhygienic and obnoxious surroundings. Pertinently, these Handcarts were also loaded with all the facilities of digital payment options as well like PoS, mPoS, mPay etc. as digital India is being touted throughout the country.

Taking holistic approach towards the collective health of people across the state, the Bank unfailingly implements its robust endowment programme. During the year 2017-18, a good number of patients suffering from Hemophilia & Hepatitis C were provided with life saving drugs under Preventive Healthcare programme of the bank. This Preventive Healthcare step remained the focus of Bank's proactive support especially towards the deprived sections of society through a mix of means.

Education, as means to socio-economic empowerment, receives a substantial part of the Bank's CSR funds and a number of initiatives were taken in this direction. Continuing its novel CSR initiative of Remote Child Sponsorship Programme, the Bank continued to sponsor all the educational needs of 50 under-privileged children (mostly orphans) registered with an NGO named CHINAR KASHMIR. In another initiative, Bank donated two Eco-friendly battery operated cars to the University of Kashmir to be used by differently abled children within the campus. Sensing that such type of special children find it difficult to reach various locations within the university campus affecting their routine classes, the bank reached out to them through the donation of Battery driven Vehicles, bringing huge relief to them in terms of movement within the campus.

For the past many years, the Bank remained focused towards the inclusive education of the Differently abled children. Carrying out that mission under the Project "MUSKAAN" the Bank, during the year under report, reached out to such type of children through registered NGOs like Voluntary Medicare Society, Chotey Taarey Foundation, & Bijbehara helpline. The financial assistance to these NGOs/Trusts was provided for the children so that they could be provided with special education like toilet training, meal time, behavior modification etc. The Bank's intervention through CSR mode for such children is a step towards elimination of discrimination and also empowerment of such sections of society.

Over the last few years, the Bank, as a conscious Corporate, has been proactive and very sensitive to preserve and promote pollution free environment in the state for the larger welfare of the society. So far under the "Environmental Excellence Programme" the Bank has been maintaining thirteen (13) Parks/walkways at various locations of the state, indirectly helping the cause of environmental protection, besides wellbeing of the people. All these programmes/initiatives are aimed at making our surroundings and environment not only hygienic but also reflect the bank's commitment for GREEN surroundings for the larger welfare of the community. Besides, Bank, after 2014 deluge continued to revamp the world famous and the second oldest

Golf Course known as Kashmir Golf Course (KGC) so that 'Multi-Purposes' could be achieved i.e. Environmental, Heritage & Sports promotion. As such, Bank took the step to redevelop and restore the lost glory of this more than 100 years old heritage Golf Course.

CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the company:

(Mr. Parvez Ahmed)
Chairman & CEO
(Chairman of CSR Committee)

(Mr. Abdul Majid Mir)
Director

(Mr. Mohammad Maqbool Rather)
Director

(Mr. Mohammad Ashraf Mir)
Director

(Mr. Rahul Bansal)
Director

Annexure 2 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
JAMMU AND KASHMIR BANK LIMITED
Corporate Head Quarters, M. A. Road,
Srinagar - 190001, Kashmir
India

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JAMMU AND KASHMIR BANK LIMITED [CIN: L65110JK1938SGC000048] (hereinafter referred to as the Bank).

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Bank has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment;

During the period of our audit the Bank has not made any transactions. Hence the reporting of compliance under these regulations does not arise.

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
Complied with the provisions with regard to disclosure made under Regulation 29 of the Regulations in relation to the Preferential Allotment made to the Government of Jammu & Kashmir
- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
Complied with the provisions with regard to disclosure made under the Regulations in relation to the Preferential Allotment made to the Government of Jammu & Kashmir
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
The Bank has complied with Chapter VII of the regulations in respect of the Preferential Allotment made to the State Government of Jammu & Kashmir during May, 2017.

There were no other activities done by the Bank other than mentioned above, requiring the Bank to comply with the provisions of other chapters of the said regulations.

- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (e) The Securities and Exchange Board of India (Share Based Employee Benefit Schemes) Regulations, 2014;
During the period of our audit the Bank has not issued any securities under these regulations and also does not have an ESOP plan. Hence the reporting of compliance under these regulations does not arise.
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
Complied with the requirements of the regulations for the issue and allotment of Unsecured, Redeemable, subordinated, non-convertible, Basel III compliant Tier II Bonds aggregating to Rs. 500 crores
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
During the period of our audit the Bank has not delisted its Equity Shares from any of the exchanges, where the shares are listed. Hence the reporting of compliance under these regulations does not arise; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
During the period of our audit the Bank has not done any buy back of its securities. Hence the reporting of compliance under these regulations does not arise;
- vi. List of other laws specifically applicable to the Bank:
 - a. SEBI (Debenture Trustee) Regulations, 1993
The Bank is registered as a Debenture Trustee with SEBI. The Bank has complied with the applicable regulations in this regard. There was no activity taken up by the Bank during the period under report. However, the Bank has not made an application to SEBI for renewal of the registration as Debenture Trustee with SEBI.
 - b. SEBI (Bankers to an Issue) Regulations, 1994
The Bank is registered as Bankers to an Issue with SEBI. The Bank has complied with the applicable regulations in this regard. There was no activity taken up by the Bank during the period under report
 - c. The Banking Regulation Act, 1947 and rules framed there under.
 - d. The Deposit Insurance and Credit Guarantee Corporation Act, 1961
I have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards issued by The Institute of Company Secretaries of India
 - (ii) The Bank has complied with all the provisions of the listing agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I further report that the Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings were sent in accordance with the statutory requirement. Agenda and detailed notes on agenda were being sent at least seven days in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions in the board meeting are carried unanimously and recorded as part of minutes.

The Bank has complied with the provisions of Companies Act, 2013 and the rules made there under.

I further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. However the same needs to be strengthened further to make it as a centralized system.

I further report that during the audit period the Bank has:

- i. Obtained the approval of members of the Bank for issue of Unsecured, Redeemable, Subordinated, Non-Convertible, Basel III Compliant Tier 2 Bonds in the nature of Debentures of face value of Rs.10 lakhs each aggregating to Rs.1000 crores. The approval of the members for the said issue was sought by way of Postal Ballot commenced on 25th April, 2017 and

concluded on 24th May, 2017. The Bond committee of the Board of Directors had on 28th December, 2017 allotted 5,000 Non-Convertible Debentures with a face value of Rs.10.00 lakhs each aggregating to Rs.500 crores.

- ii. Obtained the approval of members of the Bank for issue and allotment of 3,55,25,321 Equity Shares of Re.1/- each fully paid up to the Government of Jammu & Kashmir at an issue price of Rs.79.38 per equity share aggregating to Rs.281,99,99,981/- . The approval of members for the said issue was sought by way of Postal Ballot, which commenced on 25th April, 2017 and concluded on 24th May, 2017. The allotment of the Equity Shares was done on 7th June, 2017.
- iii. Obtained the approval of members of the Bank for issue of securities to Qualified Institutional Buyers as defined under the SEBI ICDR Regulations for an amount not exceeding Rs. 1500 Crores through Private Placement. The approval of members for the said issue was sought by way of special resolution passed in the 79th Annual General Meeting held on 17th June, 2017.

For DSMR & Associates
Company Secretaries

Place: Srinagar
Date:05.04.2018

D S M Ram
C. P. No. 4239
Proprietor

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure 'A'

To,

The Members,

JAMMU AND KASHMIR BANK LIMITED
Corporate Head Quarters, M. A. Road,
Srinagar - 190001, Kashmir
India

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For DSMR & Associates
Company Secretaries

Place: Srinagar
Date:05.04.2018

D S M Ram
C. P. No. 4239
Proprietor

ANNEXURE 3

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl. No	Requirements	Disclosure	
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Chairman & CEO	8.29 X
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	Chairman & CEO CFO CS	- 3.14% 7.67%
III	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 1.07%.	
IV	The number of permanent employees on the rolls of the Bank	There were 10072 employees as on March 31, 2018.	
V	Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase already made in the salaries of the employees other than the Managerial personnel is 1.05%. There is no exceptional increase in the salary of employees or management.	
VI	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed	

During the Financial Year 2017-18, none of the Non-executive Directors received any other remuneration from the Bank except receiving sitting fees.

ANNEXURE 4
EXTRACTS OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018
(Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management & Administration) Rules, 2014}

I. REGISTRATION AND OTHER DETAILS

i.	CIN:-	L65110JK1938SGC000048
ii.	Registration Date	1st October, 1938
iii.	Name of the Company	Jammu and Kashmir Bank Limited
iv.	Category/sub category of the Company	Government Company under the Companies Act, 2013 Old Private Sector Bank under RBI Guidelines
v.	Address of the Registered office and Contact details	Corporate Headquarters, M. A. Road, Srinagar 190001 J&K (India)
vi.	Whether listed Company	Yes i) BSE Ltd. ii) National Stock Exchange of India Ltd.
vii.	Name, Address and contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited (Unit:- J&K Bank) Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Andhra Pradesh - India Email: jkbank@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of Main products/services	NIC code of the product/service	% to total turnover of the company
1	Banking Business	64191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name of Address of the Company	CIN/GLM	Holding/subsidiary/associate	% of shares held	Applicable section
1.	JKB Financial Services Ltd.	U65990JK2008SGC002931	Subsidiary	100%	2(87) (i) & (ii)
2.	J&K Grameen Bank Ltd.	Not Applicable	Associate	35%	2(6)
3.	Jammu and Kashmir Asset Reconstruction Limited	U65929JK2017SGC009944	Associate	49%	

IV. SHAREHOLDING PATTERN (Equity share Capital breakup as percentage of total equity)

(i) Category-wise shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A(1) Promoter and Promoter Group (Indian)									
Individuals/Hindu Undivided Family	0	0	0	0	0	0	0	0	0
Central Government/ State Government of Jammu & Kashmir	294,307,711	0	294,307,711	56.45	329,833,032	0	329,833,032	59.23	2.78
Bodies Corporate	0	0	0	0	0	0	0	0	0
Financial Institutions/ Banks	0	0	0	0	0	0	0	0	0
Any Other (Total)	0	0	0	0	0	0	0	0	0
Sub-Total (A)(1)	294,307,711	0	294,307,711	56.45	329,833,032	0	329,833,032	59.23	2.78

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
A(2) Foreign									
NRIs - Individuals	0	0	0	0	0	0	0	0	0
Other Individuals	0	0	0	0	0	0	0	0	0
Bodies Corporate	0	0	0	0	0	0	0	0	0
Banks / Financial Institutions	0	0	0	0	0	0	0	0	0
Any Other (Total) (FIIS)	0	0	0	0	0	0	0	0	0
Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0
B(1) Public shareholding³									
Institutions									
Mutual Funds/UTI	27441214	0	27441214	5.26	32794590	0	32794590	5.89	0.63
Financial Institutions/ Banks	365770	0	365770	0.07	219,395	0	219,395	0.04	(0.03)
Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0
Venture Capital Funds	0	0	0	0	0	0	0	0	0
Insurance Companies	15374694	0	15374694	2.94	15374694	0	15374694	2.76	(0.18)
Foreign Institutional Investors	85773982	0	85773982	16.45	89017702	0	89017702	15.99	(0.47)
Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other (Total)	0	0	0	0	0	0	0	0	0
Sub-Total (B)(1)	128955660	0	128955660	24.73	137406381	0	137406381	24.68	(0.05)

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
B (2) Non-institutions									
Bodies Corporate	20481603	169940	20651543	3.96	16233455	150940	16384395	2.94	(1.02)
Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To Rs. 2 Lakh.	55242253	15061362	70303615	13.48	51430461	14160022	65590483	11.78	(1.70)
Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 2 Lakh	1648550	0	1648550	0.31	1498550	0	1498550	0.27	(0.04)
NBFC registered with RBI	606003	0	606003	0.12	496378	0	496378	0.09	(0.03)
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other	545538	0	545538	0.10	1235309	0	1235309	0.22	0.12
Clearing Members	532774	0	532774	1.10	606464	0	606464	0.11	(0.99)
Non Resident Indians	3669795	15000	3684795	0.71	3377283	14000	3391283	0.61	(0.10)
Trusts	96882	0	96882	0.02	416117	0	416117	0.07	0.05
Sub-Total (B)(2)	82823398	15246302	98069700	18.81	75294017	14324962	89618979	16.09	(2.72)
Total Public Shareholding (B)= (B) (1)+(B)(2)	211779058	15246302	227025360	43.54	212700398	14324962	227025360	40.77	(2.77)
TOTAL (A)+(B)	506086769	15246302	521333071	100	542533430	14324962	556858392	100	0
Shares held by Custodians and against which Depository Receipts have been issued (C)	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	506086769	15246302	521333071	100	542533430	14324962	556858392	100	0

(ii) Shareholding of Promoters

Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
Chief Secretary Jammu & Kashmir Govt	277,720,825	53.27	0	311,243,975	55.89	0	2.62
Secretary Finance Deptt Jammu & Kashmir Govt	16,586,886	3.18	0	18,589,057	3.34	0	0.16
Total	294,307,711	56.45	0	329,833,032	59.23	0	2.78

(iii) Changes in Promoters Shareholding

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year		Shareholding at the end of the year		Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease
	No. of shares	% of shares of the company	No. of shares	% of total shares of the company	No. of shares	% of shares of the company	
Chief Secretary Jammu & Kashmir Govt	277,720,825	53.27	335,231,50	2.62	311,243,975	55.89	Preferential allotment of 335,231,50 Equity Shares to Chief Secretary Jammu & Kashmir on 07-06-2017
Secretary Finance Deptt Jammu & Kashmir Govt	16,586,886	3.18	20,02,171	0.16	18,589,057	3.34	Preferential allotment of 20,02,171 Equity Shares to Secretary finance Deptt Jammu & Kashmir Govt on 07-06-2017

(iv) Shareholding patterns of top ten Shareholders (other than directors, promoters and Holders of GDRs and ADRs)

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Shareholding at the end of the year		Reasons for increase/decrease
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
East Bridge Capital Master Fund Limited	108,78,576	2.09	6633855	1.05	17512431	3.14	Acquisition of Shares
Life Insurance Corporation of India	153,74,694	2.95	0	(0.19)	153,74,694	2.76	The decrease in the % of total shares held is because of increase in the number of total shares of the Bank resultant of preferential allotment to the Government.
ICICI Prudential Value Discovery fund	100,00,000	1.92	0	(0.13)	100,00,000	1.79	The decrease in the % of total shares held is because of increase in the number of total shares of the Bank resultant of preferential allotment to the Government.
ICICI Prudential Life Insurance Company	124,22,828	2.38	(2872046)	(0.66)	95,50,782	1.72	Disposal of Shares
ICICI Prudential Midcap Fund	57,72,102	1.11	0	(0.07)	57,72,102	1.04	The decrease in the % of total shares held is because of increase in the number of total shares of the Bank resultant of preferential allotment to the Government.
The Willington Trust Company, National Association	36,34,082	0.69	1409292	0.22	50,43,374	0.91	Acquisition of Shares
Hosking Global Fund PLC-Hosking Global Sub Fund NO.1	37,97,787	0.73	719720	0.08	45,17,507	0.81	Acquisition of Shares
UTI-Opportunities Fund	0	0	0	0	33,61,057	0.60	Acquisition of Shares
ICG Q LIMITED	0	0	3323328	0.60	3323328	0.60	Acquisition of Shares
Reliance Capital Trustee Co. Ltd	28,20,750	0.54	(28,20,750)	(0.54)	0	0	Disposal of Shares
Government Pension Fund Global	115,96,760	2.22	(10000000)	(1.93)	1596760	0.29	Disposal of Shares

v) Shareholding of Directors:

A. Directors/KMP's

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Shareholding at the end of the year		Date wise increase/ decrease with reasons	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company		
Mr. Navin Kumar Choudhary	150	0.000	0	0	150	0.00	---	---
Mr. Mohamad Ashraf Mir	1000	0.00	0	0	1000	0.00	---	---
Mr. Rahul Bansal	5750	0.00	0	0	5750	0.00	---	---

Except above no other Director/KMP holds any shares of the Bank

V. INDEBTEDNESS

(Amount in crores)

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
1. Principal Amount	0.00	1276.05	0.00	1276.05
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	0.00	18.29	0.00	18.29
Total (1 + 2 + 3)	0.00	1294.34	0.00	1294.34
Changes in indebtedness during the year				
• Addition	0.00	500.00	2505.13	3005.13
• Reduction	0.00	8.16	0.00	8.16
Net Change	0.00	491.84	2505.13	2996.97
Indebtedness at the end of the financial year				
1. Principal Amount	00.00	1786.18	2505.13	4291.31
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	0.00	0.00	13.59	13.59
Total (1 + 2 + 3)	0.00	1786.18	2518.72	4304.90

Indebtedness of the company including interest outstanding/accrued but not due for payment.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director, Whole-time Directors and / or Manager

Particulars of Remuneration	Name of the MD : Mr. Parvez Ahmed			Total Amount
	Basic	DA	Others	
Gross Salary				
a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	66,00,000	----	10,800	66,10,800
b. Value of perquisites u/s 17(2) Income tax Act, 1961	----	----	----	----
c. Profits in lieu of salary under section 17(3) Income tax Act, 1961	----	----	----	----
Stock Option	----	----	----	----
Sweat Equity	----	----	----	----
Commission				
- As % of Profit	----	----	----	----
- Others, - (Performance Bonus)	----	----	----	----
Others	----	----	----	----
Total (A)	66,00,000	----	10,800	66,10,800

B. Remuneration to other Directors:

(Amount in Rs.)

Particulars of Remuneration	Mohammad Maqbool Rather	Mohammad Ashraf Mir	Pronab Sen	Vijayalakshmi R. Iyer	Sanjiv Agarwal	Sunil Chandiramani
Independent Directors						
• Fee for attending Board and Committee Meetings	11,65,000	12,00,000	4,40,000	6,80,000	12,80,000	9,60,000
• Commission (FY 2017-18)	----	----	----	----	----	----
• Others (please specify)	----	----	----	----	----	----
Total (1)	11,65,000	12,00,000	4,40,000	6,80,000	12,80,000	9,60,000

Particulars of Remuneration	Navin Kumar Choudhary	Abdul Majid Mir	Azhar UI Amin	Dhaman Kumar Pandoh	Rahul Bansal
Other Non - Executive Directors					
• Fee for attending Board and Committee Meetings	14,10,000	13,70,000	9,95,000	9,60,000	6,00,000
• Commission (FY 2017-18)	----	----	----	----	----
• Others (please specify)	----	----	----	----	----
Total (2)	14,10,000	13,70,000	9,95,000	9,60,000	6,00,000
Total (B) =(1+2)	110,600,00				

(Note: In addition to the above the Bank has paid GST @18% on sitting fee under reverse charge mechanism)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Particulars of Remuneration	Key Managerial Personnel		Total Amount
	Chief Financial Officer	Company Secretary	
Gross Salary			
a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	22,28,098	14,05,969	36,34,067
b. Value of perquisites u/s 17(2) Income tax Act, 1961	----	----	----
c. Profits in lieu of salary under section 17(3) Income tax Act, 1961	----	----	----
Stock Option	----	----	----
Sweat Equity	----	----	----
Commission			
- As % of Profit	----	----	----
- Others, Specify	----	----	----
Others	----	----	----
Total	22,28,098	14,05,969	36,34,067

PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES:

NIL

Annexure 5

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures
Part "A": Subsidiaries

(Amounts in Rs in Lakhs)

S. No	Particulars	Remarks
1.	Name of the subsidiary	JKB Financial Services Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA
4.	Share capital	Rs.2000
5.	Reserves & surplus	Rs.(362)
6.	Total assets	Rs.1880
7.	Total Liabilities	Rs.1880
8.	Investments	Rs.2000
9.	Turnover	Rs. 548.87
10.	Profit before taxation	Rs.(3.18)
11.	Provision for taxation	Rs.(0.98)
12.	Profit after taxation	Rs. (2.20)
13.	Proposed Dividend	NIL
14.	% of shareholding	% 100

Notes: The following information shall be furnished at the end of the statement:

1.	Names of subsidiaries which are yet to commence operations	NIL
2.	Names of subsidiaries which have been liquidated or sold during the year.	NIL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures Name of Associates		The J&K Grameen Bank	Jammu & Kashmir Asset Reconstruction Ltd.
1.	Latest audited Balance Sheet Date	31.03.2018	NA
2.	Shares of Associate/Joint Ventures held by the Bank on the year end : Number Amount Extend of Holding %	340.1 Lakhs Rs. 34.01 Crores 35 %	9.80 Lakhs Rs. 98 Lakhs 49 %
3.	Description of how there is significant influence	The J&K Bank is the sponsor Bank of the J&K Grameen Bank, holding 35 % of its Share Capital	The company has not yet commenced operations
4.	Reason why the associate is not consolidated		
5.	Networth attributable to Shareholding as per latest audited Balance Sheet		
6.	Profit / Loss for the year		
7.	Considered in Consolidation		
8.	Not Considered in Consolidation		

Parvez Ahmed
Chairman & CEO

Navin Kumar Choudhary, I.A.S
Director

Abdul Majid Mir
Director

Azhar-ul-Amin
Director

Mohammad Maqbool Rather
Director

Dr. Sanjiv Agarwal
Director

Mohammad Ashraf Mir
Director

Dhaman Kumar Pandoh
Director

Rahul Bansal
Director

P K Tickoo
President (CFO)

Tabassum Nazir
Vice President

Mohammad Shafi Mir
Company Secretary

Place: Srinagar

Dated: 30th May, 2018

Annexure 6

FORM NO. AOC 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

-----Not Applicable-----

2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	As per table "A" below
(b)	Nature of contracts/ arrangements/ transactions	
(c)	Duration of the contracts/arrangements/transactions	-
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	-
(e)	Date(s) of approval by the Board, if any:	NA
(f)	Amount paid as advances, if any:	NA

TABLE "A"

(Amount in Crs)

Items/Related Party		JKB Financial Services Limited (Subsidiary)	J&K Grameen Bank (Associate)
Deposits	Balance as on date	1.96	1450.87
	Maximum Balance during the year	3.28	1450.87
Advances	Balance as on date	nil	11.67
	Maximum Balance during the year	nil	44.17
Investments	Balance as on date	20.00	34.01
	Maximum Balance during the year	20.00	34.01
Interest paid		0.14	108.10
Interest/Commission Received		0.0003	1.24
Sale of Fixed Assets		nil	NIL
Transfer of Current Assets/Liabilities (Net)		nil	NIL
Reimbursement of Expenses		3.42	NIL
IT Support Services			4.10

- Particulars of remuneration of Chairman, General Managers and other staff on deputation from Sponsor Bank (J&K bank) for the period from 01.04.2017 to 31.03.2018 are as under :

(Amt in Rs)

Particulars	Chairman	General Managers	Other Staffs
Salaries & Allowances	24,26,891	43,01,337	1,64,27,367

- Advances is shown as borrowings from the sponsor bank in shape of SOD, LAD and Perpetual Bonds.
*Rs.11.67 crore is 50 % share of Sponsor Bank for implementation of CBS by JKGB in the form of Investment in Tier II perpetual bonds.

Parvez Ahmed
Chairman & CEO

Navin Kumar Choudhary, I.A.S
Director

Abdul Majid Mir
Director

Azhar-ul-Amin
Director

Mohammad Maqbool Rather
Director

Dr. Sanjiv Agarwal
Director

Mohammad Ashraf Mir
Director

Dhaman Kumar Pandoh
Director

Rahul Bansal
Director

P K Tickoo
President (CFO)

Tabassum Nazir
Vice President

Mohammad Shafi Mir
Company Secretary

Place: Srinagar

Dated: 30th May,2018

Annexure 7

Business Responsibility Report

(Under Regulation 34 (2) of SEBI (LODR) Regulation, 2015)

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	:	L65110JK1938SGC000048
2.	Name of the Company	:	Jammu and Kashmir Bank Limited
3.	Registered address	:	Corporate Headquarters, M. A. Road, Srinagar, Kashmir -190001
4.	Website	:	www.jkbank.net
5.	E-mail id	:	board.sectt@jkbank.com
6.	Financial Year reported	:	2017-2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Code: 64191-Jammu and Kashmir Bank Limited is a banking company governed by the Banking Regulation Act, 1949.
8.	List three key products/services that the Company manufactures/provides	:	The Jammu and Kashmir Bank Limited (J&K Bank), incorporated in Jammu & Kashmir, India, is a publicly held banking company engaged in providing a wide range of banking services including Retail Banking, Corporate Banking & Treasury Operations.
9.	Total number of locations where business activity is undertaken by the Company		
	i.	Number of International Locations (Provide details of major 5) NIL	
	ii.	Number of National Locations As on 31st March, 2018, J&K Bank had a network of 904 branches (excluding Extension Counters/Mobile & Service Branches) which are spread over 20 states and 1 Union Territory in India.	

10. Markets served by the Company Local/State/National/International

J&K Bank serves customers in national locations.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR)** : ₹ 5570.02 Lacs

2. ***Total Turnover (INR)** : ₹ 711670.66 Lacs

*Total turnover represents the sum of "Interest earned" (Schedule 13 of the accounts) and "Other income" (Schedule 14 of the accounts).

3. **Total profit after taxes(INR)** : ₹ 20271.98 Lacs

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

The Bank has spent ₹31.71 Crores, being more than 2% of its average net profits of the last three financial years ending March 31, 2015, March 31, 2016 and March 31, 2017 towards CSR activities. Appropriate disclosures as prescribed under the Companies Act, 2013 have been made in the annual report for the year ended March 31, 2018 (fiscal 2018).

5. List of activities in which expenditure in 4 above has been incurred:

The above expenditure (in 4 above) has been undertaken primarily in promotion of health, education, ecology & community welfare at large.

Being a responsible corporate citizen of the state, J&K Bank has taken a lead in reaching out to the marginalized people many a times. In one of the unique and first of its kind initiative, The Bank distributed Fifty (50) Handcarts to the street vendors belonging to low income groups like fruit sellers, vegetable vendors, cloth hawkers etc. The Bank brought these vendors under the ambit of CSR so that these poor and unorganized vendors, who form an important part of business community & informal economy, may enhance their living standard & earnings by having better designed carts, with the psychologically feel good factor. Moreover, The Handcarts distributed could add to the aesthetic value of the city, beleaguered with all sorts of unhygienic and obnoxious surroundings. Pertinently, these Handcarts were also loaded with all the facilities of digital payment options like PoS, mPoS, mPay etc. as digital India is being touted throughout the country.

Taking holistic approach towards the collective health of people across the state, the Bank unfailingly implements its robust endowment programme. During the year 2017-18, a good number of patients suffering from Hemophilia & Hepatitis C were provided with life saving drugs under Preventive Healthcare programme of the bank. This Preventive Healthcare step remained the focus of Bank's proactive support especially towards the deprived sections of society through a mix of means.

Education, as means to socio-economic empowerment, receives a substantial part of the Bank's CSR funds and a number of initiatives were taken in this direction. Continuing its novel CSR initiative of Remote Child Sponsorship Programme, the Bank continued to sponsor all the educational needs of 50 under-privileged children (mostly orphans) registered with an NGO named CHINAR KASHMIR. In another initiative, Bank donated two Eco-friendly battery operated cars to the University of Kashmir to be used by differently abled children within the campus. Sensing that such type of special children find it difficult to reach various locations within the university campus affecting their routine classes, the bank reached out to them through the donation of Battery driven Vehicles, bringing huge relief to them in terms of movement within the campus.

For the past many years, the Bank remained focused towards the inclusive education of the Differently abled children. Carrying out that mission under the Project "MUSKAAN" the Bank, during the year under report, reached out to such type of children through registered NGOs like Voluntary Medicare Society, Chotey Taarey Foundation, & Bijbehara helpline. The financial assistance to these NGOs/Trusts was provided for the children so that they could be provided with special education like toilet training, meal time, behavior modification etc. The Bank's intervention through CSR mode for such children is a step towards elimination of discrimination and also empowerment of such sections of society.

Over the last few years, the Bank, as a conscious Corporate, has been proactive and very sensitive to preserve and promote pollution free environment in the state for the larger welfare of the society. So far under the "Environmental Excellence Programme" the Bank has been maintaining thirteen (13) Parks/walkways at various locations of the state, indirectly helping the cause of environmental protection, besides wellbeing of the people. All these programmes/initiatives are aimed at making our surroundings and environment not only hygienic but also reflect the bank's commitment for GREEN surroundings for the larger welfare of the community. Besides, Bank, after 2014 deluge continued to revamp the world famous and the second oldest Golf Course known as Kashmir Golf Course (KGC) so that 'Multi-Purposes' could be achieved i.e. Environmental, Heritage & Sports promotion. As such, Bank took the step to redevelop and restore the lost glory of this more than 100 years old heritage Golf Course.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?

Yes

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

No

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]

No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Certain of the principles or components of the principles of the National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business have more relevance to a manufacturing company and the same has been specified under the respective sections. The Company has in place the policies and processes to address such principles of the NVGs on social, environmental and economic responsibilities of business which are applicable.

- DIN: 03467232
- Name: Mr. Parvez Ahmed
- Designation: Chairman & CEO

b) Details of the BR head

S. No	Particulars	Details
1	DIN (if applicable)	NA
2	Name	Mr. Pushap Kumar Tickoo
3	Designation	Executive President
4	Telephone number	+91-194-2481930-35
5	E-mail id	pktickoo@jkbmail.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The NVGs on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

The principle wise responses are mentioned in the Annexure to this report.

2a. If answer to S.No. 1 of the annexure against any principle, is 'No', the reasons for the same have been mentioned therein.

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year
Annually
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? The BRR is published annually and the hyperlink for viewing the report is <http://www.jkbank.net>

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Bank is committed to adopting of the highest possible standards of business governance, ethics, regulatory-compliance and related codes of conduct (including Code of Conduct for the Board Members and Senior Management Personnel, The Insider Trading Code, Fair Practice Code etc.) for carrying on its business in a transparent manner with the utmost integrity and accountability at all levels. The bank is also committed in its dealings with its all stakeholders/general public to a transparent business ethos & culture wherein it is safe & acceptable for all employees, directors and other specified stakeholders to voice/ raise their genuine concerns in good faith and in a responsible & effective manner, by providing a framework to promote responsible vigilance mechanism through a **whistle blowing mechanism** to safeguard the bank against internal/ external threats like frauds, bribery, corruption, abuse of authority, non-compliance to regulatory guidelines, non-adherence to extant systems & procedures involving financial and/or reputational loss through the process of **"participative vigilance"**. The policy sets forth obligations on part of every employee for prevention, detection and reporting of any act of bribery or corruption. In addition to this, the policy also covers complaints made by any officials/ employees / directors / specified third parties of the bank including the subsidiaries / affiliates/ sponsored bank.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

The number of complaints/requests received from shareholders in fiscal 2018 was 708 and all the complaints/requests have been resolved.

With respect to employees, the Bank has a mechanism as provided under the Whistle Blower Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee. Bank has also its own developed centralized employees grievance module in peoples system whereby employees can place their concerns online. During the post financial year no such complaints have been received under Whistle Blower.

The Customer Service Committee (CSC) of the Board of Directors of the Bank functions as the Apex body that monitors/ reviews the customer services rendered by the bank. The CSC is chaired by Chairman & CEO of the Bank. Down the line a "Standing Committee on Customer Services" (SCCS) has been constituted which includes official as well as non-official members. An independent feedback is received from non-official members who represent major sections of the society i.e; Professionals, Businessmen, Pensioners etc. SCCS focuses on bridging the gap between the Apex body and various Business Units/ Departments and accordingly the feedback of SCCS is put before CSC of the Board of Directors and they are encouraged to suggest innovative measures for enhancing the quality of Customer Services and overall satisfaction level of the customers. The bank is having robust **Customer Grievance Redressal Mechanism**. The Bank has received 367 complaints during the year out of which 369 complaints stand redressed and 9 complaints are pending at the end of the year. Banking Ombudsman has passed three awards during the year out of which one has been implemented and two are unimplemented.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:

The motto of the bank has been an all-inclusive growth of the state of Jammu and Kashmir. The bank has stood firm on its motto and as a result it has laid an extensive network of its Business Units and allied services across all landscapes and

strata of the state. The broader aim of the bank to have a national presence is envisaged by the fact that we are there at all the prime locations of major cities of India and have been catering in a professional and dedicated manner to all sectors across India from Retail to Corporate.

It is worth mentioning that the KCC/Apple Scheme of the bank has helped in changing the micro economics of the state with respect to the rural scenario. The schemes have uplifted the weaker agrarian groups, decreased their dependence on other social classes and made them self-sufficient, bolder and confident. This not only effected the economy of the state in a positive manner but also changed the mindset of the economically backward agricultural sector. Today the said strata is not only living a secure life but is also dreaming of a better one.

Bank under its initiative of Corporate Social Responsibility has been trying to help the people of all strata irrespective of the economic class they belong to. It has been trying to give the citizens of Jammu and Kashmir a quality and world class life style, the proof of which is creation and maintenance of world class civic amenities like parks, providing ambulances to various hospitals/ NGO's and various other events of social and economic importance.

The bank in the area where it has been assigned the role of Lead Bank ensures the equitable growth by means of enforcing the regulatory guidelines of compulsory lending in priority sector and in various Government sponsored schemes by all the member banks, hence maintaining a regulatory vigil and in turn helping transmit the benefit of various schemes to the desiring and deserving people.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

Considering the nature of business of the Bank and the products/initiatives referred to above, some of the questions below are not applicable to the Bank.

i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

NA

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

NA

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

NA

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

NA

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Considering that the Bank is not a manufacturing unit, the waste generated at its offices & business units is managed as per a well-defined waste disposal process with due consideration to the environment.

Principle 3

1. Please indicate the total number of employees:

The Bank had 11,444 employees (including contractual employees) at March 31, 2018.

2. Please indicate the total number of employees hired on temporary/contractual/casual basis:

The Bank had 1,372 employees at March 31, 2018 on fixed term contract.

3. Please indicate the number of permanent women employees:

The Bank had 1,985 women employees at March 31, 2018.

4. Please indicate the number of permanent employees with disabilities:

The Bank does not specifically track the number of disabled employees. The Bank is an equal opportunity employer and treats all employees at par. Based on the income tax declarations which enable claiming income tax deduction for self-disability, the Bank had 27 such employees.

5. Do you have an employee association that is recognised by management?

Yes. There are two Federations which are recognized by the Management.

- a. All India Jammu & Kashmir Bank Officers Federation.
- b. All India Jammu & Kashmir Bank Employees Federation.

6. What percentages of your permanent employees are members of this recognised employee association?

98.79%***

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

The Bank does not engage in any form of child labour/forced labour/involuntary labour and does not adopt any discriminatory employment practices. The Bank has a policy against sexual harassment and a committee "Internal Complaints Committee for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" has been constituted for dealing with complaints of harassment or discrimination. The said policy is in line with relevant Act passed by the parliament in 2013. The Bank, through the policy ensures that all such complaints are resolved within defined timelines. During the year, no such cases were reported.

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

- Permanent employees
- Permanent women employees
- Casual/temporary/contractual employees
- Employees with disabilities

The Human Resources function in the Bank remains focused on creating and developing human capital with focus on building learning infrastructure by imparting trainings to its employees on regular basis within and outside the state. Trainings are being imparted to employees on regular basis at various institutions viz NIBM, CRISIL, CAFRAL & NIBSCOM and at Bank's own training institutions. During the FY 2017-2018, 3453 employees** across all cadres have been imparted trainings in varied fields, however a good number of employees have been nominated more than once taking into consideration their present disposals and in case such employees are considered two or three times or as the case may be, then the total count arrives at 5619. Out of the said number (3453), 832 were women employees.

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders

The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government-led initiatives to improve access to financial services, and insurance and pension cover for reaching out to disadvantaged, vulnerable and marginalized stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

J&K Bank undertakes a number of initiatives for the under-privileged, including a large scale skill development initiative. The Bank has established twelve Rural Self Employment Training Institutes across the state of Jammu and Kashmir which focus on skill development trainings to the under privileged sections of the society. The Institutes have so far conducted 1,144 training programs since inception i.e. July 2011 to 31.03.2018 where 31,942 candidates have been imparted entrepreneurship / skill development trainings. Out of which 21,856 candidates are settled. 18,384 pass out trainees are self-employed, out of which 8,881 candidates have utilized their own sources for establishing their own ventures. 9,503 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 3,742 candidates trained in these Institutes got settled under wage employment.

During the year, the Institutes have conducted 218 training programs where 5,481 candidates have been imparted entrepreneurship / skill development trainings. Out of which 4,470 candidates are settled. 4,303 pass out trainees are self-employed, out of which 1,327 candidates have utilized their own sources for establishing their own ventures. 2,976 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 167 candidates trained in these Institutes got settled under wage employment.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Bank's philosophy of non-discrimination among employees, meritocracy and mechanisms for redressal of employee issues applies across the Bank and its subsidiary.

J&K Bank follows the code issued by The Banking Codes and Standards Board of India which covers aspects like good & fair banking practices, transparency in services & products, high operating standards, cordial relationship with consumers & measures which build confidence of the consumer in the banking system.

The Bank also seeks to ensure that there is no discrimination in selection of suppliers and vendors, and has put in place a grievance redressal mechanism for the same.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Please refer response to question number 2 under Principle 1.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

As outlined under Principle 2, the aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations. Further, the Bank participates in initiatives towards addressing environmental issues.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, as an environmentally responsible corporate, J&K Bank has been striving towards imbuing green sustainable products, processes, policies and practices. 'Go Green' is an organization-wide initiative that promotes cost efficient environment-friendly automated channels and building awareness and consciousness of our environment among employees. The new branches/offices have been designed such that they are equipped with energy efficient air conditioners, LED lights and other energy conservation measures. Energy conservation measures such as installation of energy efficient equipment's are some of the key initiatives taken by the Bank.

To reduce paper consumption, J&K Bank emphasizes the use of alternate banking channels like internet banking, mobile banking, ATMs, and fully electronic branches. The Bank has endeavored to reach out to the customers and seek their collaboration in the 'Go Green' movement, encouraging online bill payment, online funds transfer and subscribing to e-statements to migrate customers to 'paperless' and 'commute-free' modes of conducting banking transactions.

A series of initiatives have been taken for promotion of Digital Channels, which include mass issuance of Debit/Credit cards, enablement of e-banking and Mobile banking users, POS installations, onboarding and enablement of customers for Kiosk banking and AADHAAR seeding. As a result the user base in each of these channels has increased multifold. A lucky draw scheme "DIGIWIN" aimed at increasing the activations and the transaction base through delivery channels has been devised.

3. Does the company identify and assess potential environmental risks? Y/N

The Bank is aware of the potential environmental risks and participates in initiatives as mentioned above to address the environmental concerns. The Bank complies with applicable environmental regulations in respect of its premises and operations. The Bank also requires the borrowers of project loans to comply with the various national environmental standards.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The above question is not applicable to the Bank as it is not a manufacturing company. However, over the last few years, the Bank, as a conscious Corporate, has been proactive and very sensitive to preserve and promote pollution free environment in the state for the larger welfare of the society. So far under the "Environmental Excellence Programme" the Bank has been undertaking number of measures like planting trees, developing parks and gardens at barren lands and also undertaking cleanliness drives etc. All these programmes/initiatives by the bank have been aimed at making our surroundings and environment not only hygienic but also envisions the commitment of the Bank for GREEN surrounding for

the larger welfare of the community. Under the same premise i.e “Environmental Excellence Programme” Bank has been maintaining thirteen (13) Parks/walkways at various locations of the State, indirectly helping the cause of environmental protection, besides wellbeing of the people.

5. **Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

As outlined above, the Bank participates in several initiatives in the area of environment sustainability.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

The Bank complies with applicable environmental regulations in respect of its premises and operations.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There were no outstanding notices at March 31, 2018.

Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Bank is a member of Indian Banks' Association.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Our Bank is member of Indian Banking Association only, hence not applicable.

Principle 8

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

J&K Bank pursues initiatives in the area of rural development, including efforts to improve financial inclusion and provide access to No-Frills saving accounts, insurance and pension products.

The Bank also undertakes a number of initiatives for the under-privileged, including a large scale skill development initiative. The Bank has established twelve Rural Self Employment Training Institutes across the state of Jammu and Kashmir which focus on skill development trainings to the under privileged sections of the society. The Institutes have so far conducted 1,144 training programs since inception i.e. July 2011 to 31.03.2018 where 31,942 candidates have been imparted entrepreneurship / skill development trainings. Out of which 21,856 candidates are settled. 18,384 pass out trainees are self-employed, out of which 8,881 candidates have utilized their own sources for establishing their own ventures. 9,503 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 3,742 candidates trained in these Institutes got settled under wage employment.

During the year, the Institutes have conducted 218 training programs where 5,481 candidates have been imparted entrepreneurship / skill development trainings. Out of which 4,470 candidates are settled. 4,303 pass out trainees are self-employed, out of which 1,327 candidates have utilized their own sources for establishing their own ventures. 2,976 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 167 candidates trained in these Institutes got settled under wage employment.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?**

Bank undertakes most of its CSR projects in-house, however, certain projects are being carried out through implementing agencies like NGO, Trusts etc.

3. **Have you done any impact assessment of your initiative?**

A monthly compilation of the data from all Business Units is done w.r.t the Government sponsored schemes, then a periodic BLBC meeting is convened by the lead bank in which all the banks of the area meet and make their performance public. The Jammu and Kashmir Bank in its capacity as the lead bank ensures that all banks meet their allocated targets and implements various checks and measure to ensure proper and full lending by all member banks to the deserving people, thus ensuring overall growth and prosperity of an area.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Bank has spent Rs. 31.71 Crores being more than 2% of its average net profits of the last three financial years ending March 31, 2015, March 31, 2016 and March 31, 2017 towards CSR activities. This expenditure included primarily in promotion in promotion of Health, education, ecology & community welfare at large. Bank continues to focus on two of its important CSR priorities i.e. Education & Health.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Community development through CSR interventions forms the core of all the initiatives undertaken by the Bank. The CSR projects of J&K Bank are designed to reflect the needs of each target population. Bank always encourages the active engagement of all the stakeholders as and when it deems fit. The rationale of all these initiatives focuses on providing opportunities to target people to improve their livelihood.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

The Bank has resolved 97.62% of customer complaints/consumer cases during fiscal 2018.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).

This aspect is not applicable as the Bank is not a manufacturing company. The Bank complies with disclosure requirements relating to its products and services.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

In the ordinary course of banking business, several customers and borrowers have disputes with the Bank which could result in their filing a civil suit, criminal complaint or a consumer complaint alleging deficiency of services. The Bank always strives to have a cordial relationship with its customers/ borrowers and attempts to have an amicable settlement of the dispute but in some cases needs to pursue legal resolution of the same.

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

The Bank on a continuous basis measures the satisfaction levels of customers transacting across various touch points. As part of this exercise, the Bank has constituted "Customer Advisory Forums" at the Business Unit Level which are required to meet at least once in three months. The Forums consist primarily of the local traders, pensioners & general account holders of the Business Unit. The feedback of such customer meets forms the basis of framing strategies to achieve maximum Customer satisfaction. Besides this, suggestion boxes are provided at every Business Unit to invite customer feedback.

ANNEXURE

		P1- Please refer Note P1	P2- Please refer Note P2	P3- Please refer Note P3	P4- Please refer Note P4	P5- Please refer Note P5	P6- Please refer Note P6	P7- Please refer Note P7	P8- Please refer Note P8	P9- Please refer Note P8
1	Do you have a policy/ policies for.	Y	N	Y	Y	Y	N	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y*	-	Y*	Y*	Y*	-	-	Y*	Y*

		P1- Please refer Note P1	P2- Please refer Note P2	P3- Please refer Note P3	P4- Please refer Note P4	P5- Please refer Note P5	P6- Please refer Note P6	P7- Please refer Note P7	P8- Please refer Note P8	P9- Please refer Note P8
4	Has the policy been approved by the Board?*	Y	-	Y	Y	Y	-	-	Y	Y
	If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	-	Y	Y	Y	-	-	Y	Y
5	Does the Company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy	Y	-	Y	Y	Y	-	-	Y	Y
6	Indicate the link for the policy to be viewed online?	Note 2	-	Note 1	Note 1	Note 1	-	-	Note 2	Note 2
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	-	Y	Y	Y	-	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	-	Y	Y	Y	-	-	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? Please see *	Y	-	Y	Y	Y	-	-	Y	Y

P1	We have Whistle Blower Policy. The Whistle Blower Policy broadly conforms to the standards set by the Protected Disclosure Scheme of Reserve Bank of India. The Whistle Blower Policy also conforms to the requirements as stipulated by the Companies Act, 2013 and its rules.
P2	We have internal guidelines on procurement of energy efficient equipment. Considering the nature of our business, this principle has limited applicability to us.
P3	It has been the endeavor of the Bank to review the amenities extended to staff and also to consider new facilities which will boost their morale for business excellence and improved customer service of international standards. We have a policy against sexual harassment and a committee "Internal Complaints Committee for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" has been constituted for dealing with complaints of harassment or discrimination.
P4	We adhered to the RBI guidelines on the priority sector lending and Financial Inclusion, which are aimed at marginalized and vulnerable stakeholders. We do not have specific policy to address this principle.
P5	Our Code of Conduct and Ethics manual details a policy on respect for human rights, which adheres to the principles in the United nations universal declaration of human rights.
P6	The aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations. Further, the Bank participates in initiatives towards addressing environmental issues. The Bank also requires the borrowers of project loans to comply with the various national environmental standards.
P7	While there is no specific policy outlined for this principle, the Bank, through forums and associations, puts forth a number of suggestions with respect to the economy in general and the banking sector in particular. The Bank has been working on several initiatives for promotion of inclusive growth.
P8	We have a CSR policy which guides all our CSR activities and includes activities we undertake for marginalized and vulnerable stakeholders.
P9	The Bank has a Grievance Redressal Policy and Policy on incentivising business units/employees for customer services in the Bank which conform to the guidelines issued by Reserve Bank of India. The Bank also has a Customer Rights Policy which enshrines the basic rights of the customer and the responsibilities of the Bank. The policies can be viewed online http://www.jkbank.net/others/common/policy.php

* All Policies have been developed as a result of detailed consultations and research on the best practices adopted by Banks and organizations across the industry, and as per the requirements of the Bank and are subject to audits and reviews done internally in the Bank from time to time.

** Employees who have attended more than one training program in the year have been included only once. In case they are included for all programs attended percentage is 50%.

*** Employees above the level of Executive Managers are not members of employee associations.

Note 1 These policies of the Bank are internal documents and are not accessible to the public.

Note 2 <http://www.jkbank.net/others/common/policy.php>

Management Discussion and Analysis

Global Growth Forecast to Rise Further in 2018 and 2019

At the global front, year 2017 was marked by a number of key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future. The growth in the first half of the year suffered despite global tailwinds. However, the weakness seen at the beginning of 2017, bottomed out as 2018 set in. The economy seems to be on the path to recovery, with indicators of industrial production, stock market index, auto sales and exports having shown some uptick. Global growth for 2017-18 is now estimated at 3.9 percent (higher than projected). Upside growth surprises were particularly pronounced in Europe and Asia but broad based, with outturns for both the advanced and the emerging market and developing economy groups exceeding the forecasts by 0.1 percentage point. The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised upwards for both years. For the two-year forecast horizon, the upward revisions to the global outlook result mainly from advanced economies, where growth is now expected to exceed 2 percent in 2018 and 2019. This forecast reflects the expectation that favorable global financial conditions and strong sentiment will help maintain the recent acceleration in demand, especially in investment, with a noticeable impact on growth in economies with large exports.

One of the major positives over the past few years has been the declining inflation levels. Consumer price inflation has in fact, fallen to multi year lows during the last fiscal. This has been possible on account of falling or stable global commodity prices and better management of supply shortages in the agrarian economy. That said, reversal of inflationary pressures during the latter part of 2017 as crude oil prices have started moving up and favourable base effects have waned. Prior to this period, some increase in food prices along with one-time modifications on account of pay revisions in the public sector and housing rent allowance being revised upwards had led to rising inflation. The latest reading for Feb'2018 saw larger than expected easing that came on the back of a slowdown in the more volatile food price inflation. Also, only marginal uptick in core inflation was recorded possibly on the back of lower base effect and a likely pass-through of input costs.

As per IMF, the growth forecast for the United States has been revised up given stronger than expected activity in 2017-18, higher projected external demand, and the expected macroeconomic impact of the tax reform, in particular the reduction in corporate tax rates and the temporary allowance

for full expensing of investment. Growth rates for many of the euro area economies have been marked up, especially for Germany, Italy, and the Netherlands, reflecting the stronger momentum in domestic demand and higher external demand. Growth in Spain, which has been well above potential, has been marked down slightly for 2018, reflecting the effects of increased political uncertainty on confidence and demand. While stronger oil prices are helping a recovery in domestic demand in oil exporters, the fiscal adjustment that is still needed is projected to weigh on growth prospects. Growth this year and next is projected to remain above 2 percent in the Commonwealth of Independent States, supported by a slight upward revision to growth prospects for Russia in 2018.

The main challenges for the FY 2018-19 are likely to come due to rising crude oil prices on account of global oil output cuts. The expected global macroeconomic effects account for around one-half of the cumulative upward revision to the global growth forecast for 2018 and 2019, with a range of uncertainty around this baseline projection.

Outlook for Asia

Asia is expected to continue to lead the world in economic growth with exports enjoying increased demand as a result of stronger global economic growth, which will support higher output in South Asia and the Association of Southeast Asian Nations (ASEAN). The aggregate growth forecast for the emerging markets and developing economies for 2018-19 is unchanged, with marked differences in the outlook across regions. Emerging and developing Asia is expected to grow at around 6.5 percent over 2018-19, broadly the same pace as in 2017. The region continues to account for over half of world growth and this growth is expected to moderate gradually in China, pick up in India, and remain broadly stable in the ASEAN-5 region. China's One Belt One Road initiative to expand infrastructure links will likely continue to improve efficiencies and connectivity in the pan-Asian economy, promoting economic expansion in the medium term. India and China are expected to do very well, with projected average annual economic growth rates. This robust growth is a result of relatively competitive business environments compared with other emerging markets, favorable demographics in most of these countries, and strong integration in the global value chain.

India's Outlook 2018-19

India's economic performance remained promising for FY 2017-18, however, there was a setback to the sentiment in February 2018 on account of fraud of around ₹ 14000 Crore involving multiple banks particularly PNB. This prompted RBI to take several preventive measures like, directing banks to discontinue the practice of issuance of LoUs/LoCs for Trade

Credits for import into India by AD-Category banks with immediate effect. Banking Industry as a whole took a jolt due to this incident and the repercussions thereof on several banks.

Despite this, the economic outlook is expected to strengthen further in FY 2018-19 on the back of political stability. The biggest challenges for FY 2018-19 are as to how the economy can maintain its recovery in the face of increasing inflationary pressures, coupled with a higher fiscal deficit as well as an increasing debt burden. The key to this conundrum lies in the revival of consumer demand and private investment.

Reserve Bank of India (RBI) is optimistic that the economy would outpace China to become the world's fastest growing major market this year and help lure investors seeking opportunities. RBI recently increased the repo and reverse repo rates by 25 basis points for the first time since January 2014, because of rising inflation. The central bank has now projected inflation for the FY 2018-19 at 4.8-4.9% in the first half and 4.7% in the second half of the year. Further, RBI undertook corrective measures directing banks to strengthen the inspection and audit systems, investigate bad loans above 50 crores and reconcile their Swift Messaging Procedure by integrating Swift Operations with core banking solutions to impart visibility to swift transactions. This shall catalyze investments and demand which were hit by demonetization in third quarter of FY 2016-17, implementation of the Goods and Services Tax (GST) last year and the trust deficit arising out of the multi-billion fraud in PNB at the beginning of year 2018. It will boost the general market sentiments and bond markets in particular. Moreover, slowing inflation, accelerating growth and an economy that relies on domestic consumption may help cushion India from the escalating trade war between the U.S. and China. The Reserve Bank has forecast the \$2.3 trillion Indian economy will expand 7.4 % in the financial year 2018-19.

- During the Financial Year 2017-18, India's economic performance was quite a subject of interest. While the first quarter of the year saw the impact of demonetisation settling down, in the next quarter, introduction of the landmark Goods and Services Tax (GST) brought in some uncertainties as businesses adjusted to the new regime. This did not take long, and from the third quarter onwards, signs of growth returning were evident.
- For the FY2018-19 as global economic activity continues to strengthen, global growth is forecast to grow by 3.9% during 2018 as per the International Monetary Fund's (IMF) January 2018 World Economic Outlook. The IMF expects India to grow at 7.4% during 2018 which could increase further to 7.8% during 2019 in contrast to 6.7% during 2017. The Economic Survey for 2017-18 pegs the figure at 7-7.5% for the financial year ahead.

- As per the second advance estimates of national income released by the Central Statistics Office in February 2018, real Gross Domestic Product (GDP) at constant prices is estimated to grow at 6.6% for 2017-18. The Indian economy achieved an impressive growth rate of 7.2%, a five-quarter high during the third quarter (Oct-Dec) of FY18 as opposed to 6.5% in the second quarter. However, in view of change in RBI's recent monetary policy, GDP in India is expected to grow at 7.5% to 7.6% in the first half and 7.3% to 7.4% in the second half of FY 2018-19.

J&K Economy Survey

The Gross State Domestic Product (GSDP) of J&K State at constant (2011-12) prices for the year 2017-18 is estimated at ₹ 109136.52 crore, as against the estimate of Rs 100597.57 crore for 2016-17, indicating growth of 8.49 per cent during 2017-18. At current prices, GSDP for 2017-18 is estimated to be Rs 140886.76 crore as against the estimate of ₹ 126230.91 crore for 2016-17, showing an increase of 11.61 per cent during the year. The projected estimates for the year 2018-19 at constant (2011-12) prices and current prices of GSDP is Rs 116637.44 crore and Rs 157383.77 crore.

The projected growth for the year 2018-19 is roughly estimated at 6.87%. The share of product taxes in total Gross State Value Added (GSVA) at basic price for the year 2016-17 and 2017-18 is 10.50% and 11.02% respectively. The share of product subsidies in total Gross State Value Added (GSVA) at basic price for the year 2016-17 and 2017-18 is 2.10% and 1.95% respectively.

The Central GST Act 2016 was passed by the Parliament in the present form and was notified by Government of India on 12th April 2017 which was applicable to whole of India except state of Jammu and Kashmir, as the powers to tax in J&K State are enshrined under Section 5 of J&K state constitution. Presidential orders were passed on 08-07-2017 where under CGST and IGST were made applicable to J&K State w.e.f. 08-07-2017. With the implementation of GST, Banking industry was faced with both challenges as well as opportunities. The challenge of compliance with the painstaking one-time process of registrations, training of human resources & increased rates for availing banking services and the opportunity to augment the loan portfolio and indirect collection of taxes on behalf of customers.

Total expenditure for 2018-19 is estimated to be Rs 80,313 crore, a 15.2% increase over the revised estimates of 2017-18. In 2017-18, there was a decrease of Rs 9,744 crore (12.3%) of expenditure in the revised estimates over the budget estimates. Total receipts (excluding borrowings) for 2018-19 are estimated to be Rs 71,180 crore, an increase of 14.4% as compared to the revised estimates of 2017-18. In 2017-18, total receipts fell short of the budgeted estimate by Rs 3,553 crore. Revenue surplus for the next financial year is targeted at

Rs 13,084 crore, or 8.3% of the state Gross Domestic Product (GDP). Fiscal deficit is targeted at Rs 9,673 crore (6.1% of state GDP). Primary deficit is targeted at Rs 4,948 crore (3.1% of state GDP). The departments of Power, Home, Education, Health and Medical Education saw the highest increase in allocations creating another opportunity for Banks.

Banking system overall in the state has exhibited remarkable operational as well as institutional growth over last two decades. The institutional structure of banking system in J&K consists of multiple market players viz. Commercial Banks, Regional Rural Banks and Co-operative Banks. The settlement of large amounts of pending NPA accounts is more likely now and the amount of NPAs is also expected to improve during the current financial year.

J&K Bank - Performance and Prospects

The Jammu and Kashmir Bank posted an operating profit of ₹1381.87 Cr for FY 2017-18. The bank ended the year with a net profit of ₹ 202.72 Cr. Net NPA ratio of the bank stood at 4.90 pc as against 4.87 pc a year ago. Net Interest Margin improved to 3.65 pc from 3.38 pc reported in last FY ended March 31, 2017. The total business of the bank reached Rs 1.37 lakh Cr registering an increase of ₹14640 Cr over the business a year ago. In line with the Bank's focus about consolidation and strengthening of the Bank's Balance Sheet, the emphasis during the last financial year was on arresting the slippage of advances, recovery of NPAs and consolidating the NPA coverage ratio. The NPA problem in J&K Bank is being contained now and the situation is coming under control.

The strategy of instilling transparency and faith in the system adopted by the new regime continued in the current year. Given the deployment of funds towards provisions in FY 2017-18, the requirement of provisions for incremental NPAs recognized during the year would be substantially less than what the Bank actually provided for during the year. The Provision Coverage Ratio of the Bank has been maintained at 65.83 pc from 66.88 pc as on March 31, 2017. The Standard Loan Book and Investment Book of the Bank now is mostly high rated and the woes of asset quality issues in this portfolio are assumed to be passé. The Bank recorded deposit growth of 10% and gross advances growth of 10% during the year.

Continuing with proper liability management and management's decision of non-rollover of high-cost bulk deposits kept the CASA ratio of the Bank at 50.89 pc as on March 2018 from 51.70 pc a year ago. The Bank is operating with a better than industry-average NIM of 3.65 pc which is bound to improve further going forward. A YoY credit growth of 14.25 pc is indicative of growth momentum setting in. Efforts of Impaired Assets Portfolio Management vertical too has brought about a substantial improvement in reduction/recovery of bad loans to the tune of ₹ 3098 Cr during FY 2018. Bank's superior franchise in its home state as evidenced by its dominant market share of over 60 pc in loans and deposits continues and is expected to be reinforced further with adoption of a plan based strategy of outgrowing the market. The state contributes more than half of the loan portfolio, 86 pc of overall deposits and 93 pc of CASA deposits of the Bank.

The State government being the promoter and major stake holder is committed to support the envisaged business growth of the Bank by augmenting the capital base of the Bank. Jammu and Kashmir Government infused capital of ₹ 532 Cr in the FY 2016-17 and 2017-18, which further strengthened the capital position of the Bank. Prior to capital infusion, Government had a share holding of 53.17% in the Bank and post infusion, share holding of Government has gone to 59.23%. Board/Shareholders have already conveyed their approvals for raising proportionate amount of capital from public/institutions through QIP route. In addition, Board has already approved raising of Basel III compliant AT1 capital of ₹1000 Cr and Basel III compliant Tier II capital of ₹1000 Cr in FY 2018-19. The capital augmentation through such infusion and envisaged retained earnings over the ensuing periods shall help in complying with the regulatory capital adequacy requirement and support envisioned credit growth.

The Bank has roped in professional consultants for drawing a medium-term business plan with strategy for achieving the targeted goals, suggesting re-engineering of business processes focusing on improving efficiency and cutting wastages, ensuring high level of regulatory compliances and realigning HR policies to support the business plan achievement. All these initiatives are expected to yield rich dividends and fructify into financial performance worth showcasing.

Corporate Functions Report

As a responsible and socially conscious institution, J&K Bank is committed to Corporate Social Responsibility (CSR). With an aim to instill a sense of relief and protection among the vulnerable sections of society, the CSR policy of the bank identifies key responsibility areas and seeks to integrate the CSR ideals into its comprehensive mission of empowerment for optimizing its social obligation which focusses on creating sustainable livelihood, promoting education and skill development, promoting environmental sustainability and supporting health and sanitation initiatives.

During the FY 2017-18, the Bank retained its focus on activities aimed at larger community welfare through its CSR initiatives concentrating on marginalized and under-privileged sections of the society to promote inclusive socio-economic wellbeing and growth, empowerment of communities, capacity building & environmental protection.

Major CSR activities in the year 2017-18

Community Development Initiative (Handcarts to street vendors)

In a unique and first of its kind CSR initiative, J&K Bank reached out to marginal section of society engaged in small businesses. In this section, the bank focussed on street vendors like hawkers, cloth merchants & fruit sellers who were provided with branded and designed handcarts to carve out a better financial standing by increasing their sales in an organized manner. Under the initiative, Bank distributed as many as fifty (50) Handcarts fitted with state-of-the-art solar lighting system among the poorest of the poor.

Education

Continuing its innovative CSR initiative of Remote Child Sponsorship Programme (RCSP), the Bank brought socially and financially weak children (mostly orphans) and under-privileged children under its ambit for the sake of seeking primary education through leading concerned non-governmental organization (NGO) CHINAR KASHMIR. For the year, 2017-18, Bank adopted 50 children for the programme.

The Bank also donated two (02) Eco-friendly battery driven vehicles to the University of Kashmir to make the movement of differently-abled students within the campus hassle free. In addition to this, the Bank donated a substantial amount to STUDENTS' WELFARE FUND of the university meant for poor children who find it difficult to get the admission despite being meritorious.

Project MUSKAAN for differently abled

The Bank believes in empowering the marginalized sections of society, hence its concern for such neglected segments

comprises of differently abled, orphans and under-privileged children. Under Project "MUSKAAN" Bank has adopted around 200 differently abled children through registered NGOs like Voluntary Medicare Society, Chotey Taarey Foundation, & Bijbehara helpline. The objective of this 'MUSKAAN' initiative vouches the Bank's concern for such children and its step towards elimination of discrimination and empowerment of such sections of society.

Healthcare

Taking holistic approach towards the collective health of people across the state, the Bank unflinchingly implements its robust endowment programme. During the year, a good number of patients suffering from Hemophilia & Hepatitis C were provided with lifesaving drugs under Preventive Healthcare programme of the bank. This Preventive Healthcare step remained the focus of Bank's proactive support especially towards the deprived sections of society through a mix of means.

Sanitation

In line with the mission to end open defecation in India by 2019, Swachh Bharat Mission has also sought active participation from the corporate sector to tackle the issue. During the year under report, the Bank carried out a massive sanitation programme under "Swachta Hi Seva" where cleanliness drives were carried out in hospitals, public places, schools and district headquarters to impress upon the people how important it is to keep their surroundings neat & clean. At the same time, important machinery like mopping machines were supplied to hospitals & courts to keep such important public places free of dirt.

Upgradation of Old Age Homes/Orphanages

Extending its CSR reach to the remotest part of the Ladakh region, the Bank contributed a substantial amount to an International Old Age Home "Mahabodhi" housing more than 600 people which include elderly citizens, visually impaired children, monks, nuns, volunteers & children from under-privileged families. The contribution was made so that old age people and other distressed lot being rehabilitated at the HOME are benefitted in more than one way. Similarly, two other organizations in Jammu region namely Association for Social Health in India (ASHI) J&K Branch & Samaj Kalyan Kendra, working for the cause of orphans, particularly girls were provided financial assistance to carry on their welfare programmes for the perpetual benefit of such children.

Preserving Ecology/Heritage

Under the "Environmental Excellence Programme" the Bank has been undertaking number of measures like planting

trees, developing parks and gardens at barren lands and also undertaking cleanliness drives etc. Under this programme, Bank has been maintaining thirteen (13) Parks/walkways at various locations of the State, indirectly helping the cause of environmental protection, besides wellbeing of the people.

At the same time, Kashmir Golf Course (KGB), the second oldest Golf Course in India after the Royal Golf Course of Talay Gunj in Kolkata, after getting completely damaged during the floods of 2014, is being rebuilt by the Bank to restore its lost glory in terms of heritage, environment and sports. The heritage Golf Course is all set to become a point of attraction for national and international golfing as well as for promoting environmental excellence in the middle of city full of pollution, besides recreating its "heritage value".

Besides, various other activities were also undertaken for the benefit and wellbeing of the society.

HR Initiatives

In today's dynamic business environment, human assets differentiate an organization from its competitors. Understanding the vital role played by the motivated manpower in nurturing the organisation, it has remained our major priority to continuously improve employee efficiency, performance and strive to institutionalise globally competitive HR practices in the Bank.

As employees' are our first customers, we constantly strive to improve overall processes, systems and infrastructure. Ensuring the highest degree of ease and transparency, the HR processes are mainly managed through the technology.

The HRMS tool, Peoples' System is a glaring example of successful intervention in managing Human Resource related issues centrally. Stepping forward, we have upgraded our existing system of Peoples' System from 9.1 to 9.2.

The system of attendance has been centralized. Barring Ladakh region, all the offices and Business Units across the country have been rolled over to Bio-Metric Attendance System with the success of 98 percent.

Our goal is to continually look for new and innovative ways to improve our processes. We have set onto transformational journey with a reputed consulting organisation which has given us solutions to specific areas, primarily being the Performance Management System (PMS) in the Bank.

Conscious of the needs to have better succession planning, the processes of promotions have been started from Scale-I to Scale-VI, besides a total of 484 promotions were affected including promotion of 317 Banking Associates as Associate Executives, 70 Assistant Banking Associates as Banking Associates and 97 Banking Attendants as Assistant Banking Associates.

Investing in skills and accelerating employees' professional and personal development during the year, a total 3453 employees across all cadres were imparted training as per the requirement.

Among the total trained, 3294 had their courses done in J&K and 159 were sent outside the state for specified courses.

As we embark new Financial Year and with lots of innovative plans to be implemented, we are excited to feel proud of achieving success through people.

Risk Management

Bank's risk management framework is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. An independent risk management function ensures that risk is managed through a risk management architect as well as through policies and processes approved by Board of Directors. The Board of Directors has oversight on all the risks assumed by the Bank and approves the risk policies and strategies to establish an integrated risk management framework and control system in the Bank. The risk management function in the Bank strives to proactively anticipate vulnerabilities in the business operations through quantitative or qualitative examination of the embedded risks. The Bank continues to focus on improving its risk measurement systems including automation of the processes wherever feasible to ensure compliance of regulatory requirements as well as bringing efficiency in the risk management framework. The risk management policies and procedures established are updated on continuous basis and benchmarked to best practices. The Integrated Risk Management Committee (IRMC) of the Board reviews risk management policies of the Bank pertaining to credit, market, liquidity, operational & Pillar II risks that includes strategic risk and reputational risk, Internal Capital Adequacy Assessment Process (ICAAP) and stress testing. The Committee reviews migration to the advanced approaches under Basel II and implementation of Basel III, risk return profile of the Bank, compliance with RBI guidelines pertaining to credit, market, operational and residuary risks faced by the Bank, including actions taken by Asset Liability Management Committee.

Credit Risk Management

The credit risk management policy provides framework for credit risk management system in the Bank and embodies in itself the areas of risk identification, risk measurement, risk grading techniques adopted by the Bank, documentation practice and the system adopted for management of problem loans. The credit risk policy deals with short term implementation as well as long term approach to credit risk management to achieve desired business goals. The credit policy provides clear and well defined delegation of loan sanctioning which links risk and exposure amount to level of approval. Segment-wise and borrower category-wise exposure limits are fixed and monitored by the bank to address the risk of concentration.

The Bank's credit risk management structure with Integrated Risk Management Committee (IRMC) of Board at the apex

level and Credit Risk Management Committee (CRMC) at the executive level is responsible for overall credit risk management in the Bank. The committees periodically review the credit risk profile, evaluate the overall risk faced by the Bank and develop policies and strategies for identifying and managing credit risk at individual exposure level as well as portfolio level in sync with the bank's credit risk policy designed in accordance with regulatory guidelines.

To measure credit risk in Bank's credit portfolio, Bank has put in place an internal credit rating system that forms core of the credit risk management process and serves as an indicator of diverse risk factors of counterparty and also for taking credit decisions in a consistent manner.

Credit audit system and loan review mechanism function independently of the credit processing and credit approval system and ensure effective loan monitoring and management of credit risk and operational risk in the loan portfolio.

Capital requirements for Credit risk are derived using Standardized A Approach as per Basel guidelines.

Operational Risk Management

The Operational Risk Management process of J&K Bank is driven by a strong organizational culture and sound operating procedures that involves corporate values, competencies, comprehensive system of internal controls and contingency planning. Integrated Risk Management Committee (IRMC) of Board at the apex level and Operational Risk Management Committee (ORMC) are responsible for the implementation of the Operational Risk framework of the Bank and the management of operational risks across the Bank. Policies have been put in place for effective management of Operational Risk in the Bank, which aim to ensure clear accountability, responsibility and mitigation of operational risks. The Bank follows self-assessment programs for risk analysis and risk reducing measures, besides a three lines of defense program for strengthening controls. Business continuity measures are in place that ensures uninterrupted operations in case of disruptions.

Capital requirements for Operational risk are derived using Basic Indicator approach.

Market Risk Management

The market risk management is governed by Market risk policy of the Bank. A well-defined Market risk management framework is in place to assess and minimize risks inherent in treasury operations through various risk management tools. In addition to various regulatory limits, Bank has defined various internal limits like Net Overnight Open Position, Modified Duration, Stop Loss, VaR Limits, PV01 Limit, and Concentration & Exposure Limits and ensures adherence thereof on continuous basis for managing market risk in trading book of the Bank. These limits are stipulated in Market Risk Policy, Investment & Trading Policy, Asset Liability Management Policy. All these policies are reviewed and approved by the Bank's Board of

Directors. For the Market Risk Management of the Bank, there is a functional separation between the Treasury Front Office, Mid office and Treasury Back Office.

The Bank currently follows the standardised approach for computation of market risk capital on interest rate related instruments in the trading book, equities in the trading book and foreign exchange risk for its trading portfolio.

The Bank maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. The Asset Liability Management structure reviews the positions of interest rate and liquidity gap positions in the banking book, sets deposit and benchmark lending rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, as deemed fit, in light of the current and expected business environment.

Pillar II Risks

The Bank has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). Under ICAAP bank assess capital position vis-a-vis identified risks and also the future capital requirement of the Bank. ICAAP is to ensure that a bank is aware of its risk profile and has systems in place to assess, quantify and monitor risks. One of the objectives is to determine the economic capital required to cover all risks faced. While Regulatory Capital is the capital that the regulator requires a bank to maintain, Economic Capital is the capital that a bank needs to maintain and is, in general, estimated using internal assessment of all the risks including residual risks. The ICAAP document addresses the following issues:

Identification and assessment of all types of material risks, capital requirement thereof and capital position under stress scenarios.

Capital Planning and Management considering the various risks faced by the Bank and capital requirement as per the growth strategies formulated by the Bank.

The Bank has a well-defined stress testing policy in place to measure impact of adverse stress scenarios on the adequacy of capital. Periodic stress testing is undertaken on various portfolios to gauge the impact of stress situations on the health of portfolio, profitability and capital adequacy. The stress scenarios are idiosyncratic, market wide and a combination of both. Stress testing enables a Bank in forward looking assessment of risks, which overcomes the limitations of statistical risk measures or models based mainly on historical data and assumptions. It also facilitates internal and external communication and helps senior management understand the condition of the Bank in the stressed time. Stress testing forms an integral part of the Internal Capital Adequacy Assessment Process (ICAAP), which requires banks to undertake rigorous, forward-looking stress testing that identifies severe events or changes in market conditions that could adversely impact the Bank.

Marketing & Product Development

Marketing in banking sector involves a wide array of functions which includes devising relevant financial products and services, pricing it correctly, making it available through branches and digital platforms, communicating effectively to the target audience and essentially deploying human resource across channels for smooth delivery of the services in a timely, secure and efficient manner.

With tremendous growth in technological platforms like the mobile internet, smart phones, artificial intelligence and e-commerce, the nature and domain of banking services has changed drastically. The bank is regularly introducing new products and services and upgrading the existing ones in order to address the changing dynamics of the market. More and more technology based offerings are introduced to benefit our customers with the comforts assured by technology. The overall objective is to capitalize the momentum involving unique culture of innovations.

Besides leveraging technology, J&K Bank understands the value of human contact. Building long lasting customer relationships through a wide network of business units and marketing structure helping in strengthening the emotional equity of the Bank. In addition to this Bank's focus on relying on valuable customer feedback for improving systems, procedures and products has been the base for continuous improvement and new business development.

Advertising and Publicity

Promoting our brand image proactively, we successfully positioned our brand image deep within the evolving public consciousness thereby enhancing our brand value during the financial year 2017-18. The bond of trust between stakeholders and the bank was further cemented through effective and needful messaging at relevant junctures throughout the financial year.

The bank's products, services and facilities were successfully advertised across the operational geographies. Besides its functioning and achievements were effectively communicated to the respective target audiences including customers, share-owners, stakeholders and general public through customized and efficiently packaged messages using relevant multi-media outlets across the country. Leveraging its presence in the social-media universe, the bank firmed up its online presence further to enhance its brand image using highly popular medium of social connectivity platforms like Facebook and Twitter.

Achievements during the financial year 2017-18

1. Bharat Bill Payment System (BBPS)

In order to encourage the bill payment of Utility bills through e-banking, bank has implemented Bharat Bill payment System. BBPS is a structure for operating the

bill payment system in the country with a single brand image providing convenience of 'anytime anywhere' bill payment to customers. The objective of the BBPS is to implement an integrated bill payment system through multiple payment modes, and providing instant confirmation of payment. BBPS includes activities to facilitate collection of repetitive (monthly, bi-monthly, quarterly etc.) payments for everyday utility services provided by utility service providers.

2. Goods and Services Tax (GST)

Bank has implemented GST project for collection of GST through business units and online banking modes. Goods and Services Tax (GST) is an indirect tax reform which aims to remove tax barriers between states and create a single market. GST is a single indirect tax that combines several indirect taxes as Service tax, Central Excise tax, customs tax, VAT tax etc.

3. Unified Payment Interface (UPI)

The Bank has implemented the UPI (Unified Payments Interface) services from National Payments Corporation of India (NPCI). UPI is a system that powers multiple bank accounts into a single mobile application of a participating bank, merging several banking features, seamless fund transfers & merchant payments into one platform. It also caters to the payment collect request which can be scheduled and paid as per requirement and convenience of the customers.

4. E-KYC based Account opening through Business Correspondents of Bank.

Kiosk Banking as an alternate delivery channel has immense potential to reduce the burden at our Business Units by moving activities related to receipt, payment and transfer from branches to Business Correspondents. Presently our bank is offering services like opening of Basic Saving bank accounts, Cash Deposit, Cash Withdrawal, Transfer, Balance enquiry, mini-statement of Account, cash withdrawal through Debit/Rupay cards, AEPS and e-KYC through BC model. In order to further strengthen the BC model, Aadhaar based account opening through BC has been enabled on the banks Kiosk banking application.

5. Mobile Banking Upgrade

To provide user friendly and robust Mobile banking application, mobile banking upgrade was initiated. The new mobile banking application was designed with enhanced features viz., Term Deposit- Creation, Managing & Closure; integration with ATOM for Postpaid Bill payment, Prepaid recharge and DTH recharge. As of now following functionalities are live:-

Balance Inquiry b)Statement c)Stop Cheque d) All Intra Bank Transactions e) NEFT f) IMPS g) PDD Bill payment h) Term Deposit Service i) Postpaid Bill Payment j)Prepaid Recharge k)DTH Recharge.

6. EMI on credit cards

In order to boost the Credit Card the Bank introduced EMI scheme for Credit Card purchases, wherein a customer who has done a purchase using Bank's Credit Card can convert his/her purchase into an EMI based loan account.

7. Management of Social Media Channels

To augment social presence within the online sphere, as a part of bank's flagship program of Digital transformation, a professional agency has been engaged for creation and management of various social media channels viz., Facebook, Twitter, Google+, LinkedIn and YouTube. The company has been entrusted for managing social media presence of bank by means of rendering creative social media posts which depict banks financial products and services.

8. Campus Cards, Gift Cards and Pocket Money Cards

Campus Cards - a hybrid combo card having the feature of debit card, RFID chip, student ID card was introduced by the bank for educational institution. Gift Cards and Pocket Money Cards were introduced to promote the use of plastic money.

9. Debit SWITCH upgrade

Bank upgraded debit SWITCH to make it PCI-DSS compliant. The Payment Card Industry Data Security Standard (PCI DSS) is a widely accepted set of policies and procedures intended to optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information.

10. Digital transformation

As part of digital transformation, extensive thrust was made to onboard new as well as existing customers of the bank on various digital channels. Strategies were devised and executed at the operational levels to achieve the desired goals. With the result more than 100% increase of customer base was achieved across all digital channels of the bank. The percentage of automated transactions increased from 17% to 53% over the last 1 year.

Digital Channels	As on 31st Mar 2017	Jun-17	Sep-17	Dec-17	Mar-18
No. of Credit Cards	50123	61749	93072	114684	136016
No. of Debit Cards	2983222	3219514	3478315	3639361	3753453
No. of ebanking Users	311509	324203	342119	358117	381580
No. of mbanking Users	16120	34140	56006	108264	250042
No. of POS Machines	10872	12130	13706	13926	14540
No. of KIOSK Banking Users	73402	79583	87101	91645	98000
TOTAL DIGITAL Transactions	57055668	30503656	31171281	33162923	38973178
TOTAL TRANSACTIONS	204477727	65944464	66554597	68954587	78478706
%age Digital Txns	28%	46%	47%	48%	50%

11. mPay QR Code:

The Bank has introduced another payment acquiring platform using QR codes. The merchants registered with the Bank can now receive payments in real time from customer using mPay QR. This mode of payment has been launched at zero cost to merchants in order to increase the volume of transactions on digital channels. Further, centralized generation of QR codes for merchants has been initiated and the bank shall send pre-printed QR code stickers to all on-boarded merchants. The said feature was officially launched on 20th November 2017.

12. Aadhaar Enrolment and Updation Centers

In view of amendment in Prevention of Money Laundering (Maintenance of records) Rules, 2005, mandating linking of Aadhaar with all bank accounts and Regulation 12 A of Aadhaar (enrolment and update) Regulations 2017, it has become mandatory that every scheduled commercial bank shall provide Aadhaar enrolment and update facility to its customers. As such banks have been asked to setup Aadhaar Enrolment and update facilities within branch premises in at least 1 out of 10 branches. As per the directions bank has setup 112 Aadhaar stations in equal number of BUs across the country. The facility of Aadhaar enrolment / update is available in 100 BUs in J&K State and 12 BUs outside the J&K State.

13. ATM

During the financial year 2017-18, 102 ATMs, both onsite & offsite, were commissioned thereby taking the number of ATMs to 1199 as on 31.03.2018. No of active debit card users increased from 29,83,222 to 37,53,453 during the financial year 2017-18.

Financial Inclusion:

The objective of financial inclusion is to reach out to the hitherto unbanked population and extend financial services to unlock its growth potential. The bank formulated financial inclusion plan (FIP) envisaging reaching out to and providing banking outlets for delivery of basic banking services in allotted identified unbanked villages. The details of village allocation and other FIP related information is mentioned hereunder:

- SLBC has allocated to J&K Bank 536 above 2000 population villages and 3271 below 2000 population villages for providing ICT based financial services by the end of March 2016. Bank has already brought the 536 villages (>2000 Population) under the ambit of financial inclusion by opening of Business units and providing BC coverage in all the villages.
- Bank has provided the BC coverage to all the 3271 villages at the end of August 2015 for extending ICT based financial services in the identified unbanked villages.
- Bank has also identified 334 unbanked villages under self-set target and rolled out to BCs under financial inclusion.
- Out of 334 Villages, 9 Villages were repeated in 3271 below 2000 population villages and hence discarded from Bank's self-set target villages. Therefore, the total number of villages rolled out under financial inclusion plan 2013-2016 stands at 4132.
- In addition to 4132 villages, J&K SLBC allocated 1332 new villages/wards to our Bank under PMJDY in two phases which were covered during the three-year period of 2013-16. Also 4 villages outside the state of J&K were allocated by the RBI. Therefore, a net total of 5468 unbanked

villages/wards were covered in the three-year period of 2013-16 under the Financial Inclusion Plan of the Bank including 4 villages outside the State of J&K allocated by the RBI.

- After the introduction of PMJDY, the Department of Financial Services introduced the concept of Sub Service Areas (SSAs). Under SSA, all the 6 Lakh villages across India have been mapped according to the service area of each bank branch in order to have at least one fixed point banking outlet catering to 1000 to 1500 households called as SSA.
- Each SSA needs to be catered by either a BC or by a Business Unit (Bank Branch), depending upon the volume of business and transactions at the location.
- Simultaneously, after the launch of PMJDY, 1173 Sub Service Areas (SSAs) and 754 Urban Wards carved out of the 5468 villages/wards, were also allocated to the Bank for carrying out exhaustive survey of all households with the target to open at least one account per household. PMJDY focuses on coverage of households against the earlier plans which focused on coverage of villages. The survey and collection of the account-opening forms was successfully completed.

RBI selected Villages (Progress/Achievements)

- RBI has selected 15 model villages allocated to J&K Bank for 100% financial inclusion in the State. All the 15 RBI sites have been made functional for Kiosk (online FI solution). BCs and Business Units catering these 15 RBI adopted villages have been provided with Biometric Devices and PIN PADs.
- Against the 5604 households in all 15 RBI selected villages, 5602 households are covered and 14766 No-Frill accounts have been opened as on 31.03.2018.

Targets and Achievements under FIP 2016-19

- Financial Inclusion Plan of the Bank for the period of three years i.e. April 2016- March 2019 has been drawn mainly on the basis of Phase-II of PMJDY (15th August 2015-14th August 2018), The focus ahead shall be on providing access to technology based financial services/banking facilities in the remote areas through Kiosk banking outlets so as to make banking easier as also on Social Security Schemes including long term Savings, Insurance and Pension Schemes.
- As per the directions of RBI, the FIP of the Bank for 2016-19 has been framed District-Wise in respect of 88 Districts (22 Districts in J&K State and 66 Districts outside J&K State (where 118 Business Units of the Bank are operating). Consolidated FIP for J&K State and Pan

India operations has also been framed. As hitherto a mix of two Models viz., Brick and Mortar (Bank Branch Model) and BC Model with more emphasis on the later shall be used for implementing the FIP 2016-19 in J&K State while in Rest of India FIP 2016-19 will be implemented through the existing network of Business Units operating there.

- With the objective to integrate the poor and unbanked with financial system, Bank engaged 972 Business Correspondents and 636 B/Us for providing banking services in remote areas as also to facilitate financial inclusion in J&K State as on 31.03.2018. Financial Inclusion Plan 2016-19 envisages engagement of 265 additional BCs. The additional requirement of BCs are to be sourced from the remaining Village Level Entrepreneurs (VLEs), who will be engaged as BCs for the Bank on the terms and conditions as are applicable to the existing BCs. The current FI model of the Bank prescribes engaging VLEs (owners of Khidmat Centers) as Business Correspondents in J&K State. There are number of advantages for the Bank in such convergence like availability of infrastructure, human resource, services, and reliability.
- During the FY 2017-18 30 more BCs and 29 more Business Units were engaged by the Bank and hence a total of 970 BCs and 634 Business units have been engaged for providing ICT enabled financial services in the State. Moreover 2 BCs and 2 B/Us have been engaged outside the State and the total reached to 972 BCs and 636 Business Units as on 31.03.2018. Hence as per Bank's Board approved policy, Bank has engaged the VLEs of CSCs as BCs. The year on year growth in engagement of BCs up to 31st March 2018 is as under:

S.No	Particulars	No. of BCs	Growth in %
1	Position as on March 2011	218	NA
2	Position as on March 2012	440	102
3	Position as on March 2013	629	43
4	Position as on March 2014	695	10
5	Position as on March 2015	858	23
6	Position as on March 2016	929	8
7	Position as on March 2017	942	1.4
8	Position as on March 2017	972	3.09

- Further Department of Financial Services, Ministry of Finance, Government of India has been repeatedly emphasizing for the need to strengthening the Business Correspondent infrastructure in order to improve the quality of financial services in remote areas. However, with technological advancements in the current scenario there is a need to be flexible on the issue of engagement of BCs through other channels as well. Engaging BCs through other Channels (prescribed by RBI) shall be explored as and when the need arises.
- In the last three year FIP 2013-16, Bank has opened 161 B/Us out of targeted 165 B/Us in unbanked villages of J&K. Total number of Business Units to be opened under three year FIP 2016-19 is proposed at 226. Out of these, 156 B/Us shall be set up in under banked/unbanked villages of J&K. Out of 156 targeted B/Us, Bank has opened 16 B/Us in unbanked villages of J&K as on 31.03.2018.

Financial Literacy cum Credit counseling centres (FLCCs)

- In compliance to RBI directive SLBC advised the J&K Bank for setting up of FLCs in its 12 lead districts. Bank has made all the 12 FLCs functional in its lead districts. The need for financial literacy and its importance for financial inclusion have become widely recognized. To promote financial education and literacy and to create awareness among the people living in the identified unbanked & under-banked areas for successful implementation of Financial Inclusion Plan 2013-16 and to achieve targets set under PMJDY, our Bank organized more than 3000 Financial Literacy Camps (FLCs) during last two financial years. Various financial literacy programmes were customized to suit the requirements of school/college students, microfinance clients, SHGs, rural women, bank clients etc. The Bank would continue with its efforts to enhance financial literacy during the implementation of Financial Inclusion Plan 2016-19 by providing guidance and support to the targeted groups. Further, special counters shall be set up at targeted locations in rural and urban areas for creating awareness about the benefits of three Social Security Schemes i.e., PMJJBY, PMSBY & APY.

The consolidated position of Financial Literacy Camps conducted by the 12 FLC facilitators during the current financial year (April 2017-March 2018) is appended below:

Progress report regarding Financial Literacy camps conducted by Financial Literacy Facilitators in 12 Lead Districts during the financial year (April 2017-March 2018).

S. No	Type of Camps conducted as per RBI guidelines	Progress as on 31.03.2018
1	No. of Special Camps conducted	302
2	No. of Target Specific Camps conducted	600
3	Total No. of Camps conducted	902

Financial Literacy Camps through Rural Branches

Progress report of Financial Literacy camps conducted through rural Business Units of Bank for the financial year (April 2017-March 2018)

- In compliance to revised RBI guidelines, SLBC has advised the Banks to conduct one special camp per month for newly included people in the financial system including PMJDY A/C holders and target specific groups of farmers, SHGs, MSEs, senior citizens and school children through their rural branches. In this context, the zone wise position of financial literacy camps conducted by the rural branches of the bank during the current financial year (April-2017 to March 2018) is appended below:

S.No	NAME OF THE ZONE	Cumulative Position
		No. of Special Camps conducted by Rural B/Us Bank
1	Kashmir Central Zone (I)	68
2	Kashmir Central Zone (II)	373
3	Kashmir South Zone (I)	211
4	Kashmir South Zone (II)	444
5	Kashmir North Zone	561
6	Jammu Central Zone (I)	162
7	Jammu Central Zone (II)	477
8	Jammu West Zone	248
9	Jammu North Zone (I)	535
10	Jammu North Zone (II)	393
11	Ladakh Zone	273
	Total	3745

Pradhan Mantri Jan Dhan Yojna (PMJDY)

- Pradhan Mantri Jan Dhan Yojna (PMJDY) has been launched on 28th of August 2014 under comprehensive financial inclusion plan, with an objective to bring the entire unbanked population particularly living below poverty line within the ambit of banking fold, by extending the facility of financial services at their door step at an affordable cost.
- Year on Year increase of 5% for BSBD accounts including PMJDY accounts have been estimated in the Plan. 15.03 Lakh PMJDY accounts have been opened under the scheme since August 2014 with deposit of Rs.581.62 crore in these accounts 0.60 Lakh PMJDY accounts have been opened during the FY 2017-18 i.e., an increase of 4.28%.
- Bank has procured 1188631 RuPay Debit Cards. All the RuPay Debit Cards have been delivered to Business Units for onward delivery to customers. Out of 1188631 cards, 737872 cards have been activated as on 31.03.2018 and are used by customers. The RuPay Cards are being swiped on PIN PADs at BC Locations and at ATMs for withdrawal of cash.

Progress under PMJDY as on 31.03.2018

PMJDY Rural A/Cs	PMJDY Urban A/Cs	Total no. of PMJDY A/Cs	Total Balance In PMJDY A/Cs (04015) In Lacs
1365622	137534	1503156	58161.00

Status of Inbuilt Rupay Card Insurance

Rupay Card scheme is a domestic network set up to provide secure, robust, scalable, simple, transparent, inclusive, user friendly and affordable solutions to entities eligible to issued cards in India. As a value added service, the insurance cover of Rs.1 Lakh (accidental death or permanent disability only) to eligible Card holders and Rs.30, 000/- (Life Insurance) to eligible customers was introduced. The Insurance program came in to effect from 1st April 2015 with New India Assurance Co. and prior to it was in to an arrangement with HDFC Ergo.

Status as on 31.03.2018

Insurance scheme	Claims Received	Claims Settled	Claims In Process	Claims Rejected
Accidental Insurance	14	13	0	1
Life Insurance	85	74	1	10

Implementation of Social Security Schemes (APY, PMJJBY & PMSBY)

The Social Security Schemes, Atal Pension Yojna (APY), Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY) and Pradhan Mantri Suraksha Bima Yojna (PMSBY) were launched by the Honorable Prime Minister on 9th May 2015 to move towards creating a universal social security system, targeted especially at the poor and the underprivileged.

PMJJBY: The scheme is a one year cover, renewable from year to year, Insurance Scheme offering life insurance cover of Rs.2 lakhs for death due to any reason. All savings bank account holders in the age 18 to 50 years in participating banks are entitled to join. The premium of Rs.330/- per annum per member will be deducted from the account holder's savings bank account through 'auto debit' facility in one installment, on or before 31st May of each annual coverage period under the scheme.

PMSBY: The scheme is a one year cover, renewable from year to year, Accidental Insurance Scheme offering accidental death and disability cover of Rs.2 lakhs for death or disability on account of an accident. All savings bank account holders in the age 18 to 70 years in participating banks are entitled to join. The premium of Rs.12/- per annum per member will be deducted from the account holder's savings bank account through 'auto debit' facility in one installment, on or before 31st May of each annual coverage period under the scheme. Sum insured in case of accidental death is Rs.2 Lakh, sum insured in case of both hands or feet or loss of sight of one eye and loss of use of hand or foot is Rs.2 Lakh and sum insured in case of total and irrecoverable loss of sight of one eye or loss of use of one hand or foot is Rs.1 Lakh.

APY: Atal Pension Yojna (APY) is a government-backed pension scheme in India targeted at the unorganized sector. APY has been launched with a noble cause of providing Old Age income security for target age group of 18-40 years. Our Bank introduced the APY for implementation from September 2015 and procured the requisite software/ module for the successful execution of the scheme. Under the APY, guaranteed pension of Rs.1000/-,2000/-,3000/-,4000/- and 5000/- per month will be given at the age of 60 years depending on the contributions by the subscribers.

Consolidated progress as on 31.03.2018

Name of Insurance scheme	Name of Insurance partner	Applications sourced	No. of Data entered into CBS System	No. of Record Transmitted to Insurer	No. of Cases where Premium Debited	Premium Debited (in Rs)	Premium Paid to Insurer (in Rs)
APY	PFRDA	17092	17092	17092	15840	131950965	131950965
PMJJBY	LIC OF INDIA	134277	134277	113627	113627	37496910	32838203
PMSBY	NEW INDIA ASSURANCE CO.	205891	205891	192840	192840	2314080	1928400

Progress during FY 2017-18

Name of Insurance scheme	Name of Insurance partner	Applications sourced	No. of Data entered into CBS System	No. of Record Transmitted to Insurer	No. of Cases where Premium Debited	Premium Debited (in Rs)	Premium Paid to Insurer (in Rs)
APY	PFRDA	1108	1108	1108	1052	62265976	62265976
PMJJBY	LIC OF INDIA	8143	8143	7755	7755	2559150	2241195
PMSBY	NEW INDIA ASSURANCE CO.	17032	17032	16669	16669	200028	166690

Consolidated position of PMJJBY & PMSBY claims as on 31.03.2018

S.No.	NAME OF INSURANCE SCHEME	NAME OF INSURANCE COMPANY	CLAIMS RECEIVED	CLAIMS SETTLED	CLAIMS REJECTED	CLAIMS PENDING
1	PMJJBY	LIC OF INDIA	303	293	2	8
2	PMSBY	NEW INDIA ASSURANCE CO.	60	44	4	12

Progress during FY 2017-18

S.No.	NAME OF INSURANCE SCHEME	NAME OF INSURANCE COMPANY	CLAIMS RECEIVED	CLAIMS SETTLED	CLAIMS REJECTED	CLAIMS PENDING
1	PMJJBY	LIC OF INDIA	138	148	2	12
2	PMSBY	NEW INDIA ASSURANCE CO.	26	26	3	0

Micro Overdraft facility under Financial Inclusion/PMJDY

As per DFS, MoF, GoI guidelines, overdraft facility up to Rs. 5,000/-has to be provided to the eligible account holders under PMJDY. The Department has been sensitizing the B/Us and controlling levels to provide OD facility to the eligible account holders under PMJDY.

Status as on 31.03.2018

No. of A/Cs eligible for OD	No. of A/Cs OD Sanctioned	No. of A/Cs OD Availed	Availed OD Amount (in Rs.)
84603	519	519	2751074.81

Status of displaying names/locations of all the Bank Correspondents/Bank Mitrs on the website of the banks

Bank has engaged 636 Business Units and 972 BCs for the implementation of FI and PMJDY in 5468 villages including 754 wards as on 31st March 2018. Name and Location of the CSCs engaged as BCs for the implementation of FI & PMJDY has been hosted over the Bank's website under FI programme.

Technology readiness for PMJDY Implementation

Online FI Solution (Kiosk Solution)

Bank decided to implement Online FI Solution prior to launching of PMJDY by Prime Minister in August 2014. Basic requirement for implementing technology platform for PMJDY is to have an online FI system in place which is integrated with Banks Core Banking Solution. Bank has engaged M/S TCS as technology service provider for the implementation of web based online FI solution. Financial Inclusion Solution (KIOSK BANKING Model) integrates Biometric and ICT technologies to deliver mainstream banking services like account opening, deposits, withdrawal, remittance, Balance Inquiry etc., to the marginalized sections of unbanked and under-banked population in rural areas in a cost effective and secure manner. These services are being provided to the customer's door step.

In a KIOSK based Model:

- Biometric devices serve the purpose of Finger print grabbing and Verification of account holders to make them enable to transact at BC location.
- PIN PAD devices serve the purpose of making transaction via RuPay/Debit cards (ONUS/ OFFUS), thus making interoperable transactions enable at BC KIOSK.

BC is eligible for the following KIOSK Banking Services:

1. **Account Based Transaction Module:** The transaction can be made via account Verification Process in which finger print of Customer is captured for the authorization purpose to let the transaction happen. In this module below mentioned Services are available :
 - Balance Inquiry
 - Deposit

- Withdrawal
 - Fund Transfer
 - Mini Statement
- 2. AEPS Transaction Module:** For AEPS based transaction, Customer finger print is first authorized from UID Server and then the transaction is made via application. In this module below mentioned Services are available :
- Balance Inquiry
 - Deposit
 - Withdrawal
 - Fund Transfer
 - Mini Statement
 - Best Finger Detection (BFD)
- 3. RuPay Application Module:** Transactions are made via RuPay / Debit Cards through PIN PAD Device. Both Intra and Interbank transactions are made through it. In this module below mentioned Services are available :
- Balance Inquiry
 - Withdrawal
 - Mini statement (ONUS Only)
- 4. E-KYC Module:** BCs can provide E- KYC receipt to Customer after proper verification of Customer's Aadhaar No. and Finger Print from UID server.
- 5. Account Opening:** BC has an access to enroll the Customer for opening of PMJDY accounts, by entering the customer's demographic details in the application. After submission of details from BC end, branch User authorizes the Customer details and capture his Finger Print for account Opening and make him enable to transact at BC location.

Also, It is to mention that the OD limit for BC is 50,000/- and the limit on transaction has been set for an amount of Rs. 10,000/- per account per day.

Bank has procured **1550** Biometric authentication devices which are being installed at Branches and BC locations for the implementation of the project. Bank has also Procured 950 PIN PADs. Out of **1550** Biometric authentication devices, Bank has issued **1505** devices to BCs and Business Units as on 31st March 2018. Out of **950** PIN PADs, Bank has issued **881** PIN PADs to Business Correspondents as on 31st March 2018 for complete Roll Out of the ONLINE FI SOLUTION.

Transactions through Online FI Solution (Kiosk Solution)

The aggregate transactions count at BC locations is estimated to increase to around 1 Lakh per month (12Lakhs/annum). Since inception 1197556 transactions have been generated through Biometric Devices and PIN PADs involving an amount of Rs.434.20 Crore as on 31st March 2018.

Progress of financial transactions during FY 2017-2018

S. No.	Transaction Type	No. of Transactions	Amount of Transactions
1	AEPS OFFUS Deposit	2593	9704836
2	AEPS OFFUS Fundstransfer	284	985917
3	AEPS OFFUS Withdrawal	2048	7506249
4	AEPS ONUS Deposit	22350	85991767
5	AEPS ONUS Fundstransfer	7073	29821520

S. No.	Transaction Type	No. of Transactions	Amount of Transactions
6	AEPS ONUS Withdrawal	31836	93613131
7	Deposit	28915	87451309
8	Fundstransfer	11888	41232702
9	RUPAY OFFUS Withdrawal	82062	306957917
10	RUPAY ONUS Withdrawal	830289	3141003364
11	Rupay Withdrawal	36	117200
12	WITHDRAWAL	19769	53583538
Grand Total		1039143	3857969450

Progress of non-financial transactions during FY 2017-2018

S. No.	Transaction Type	No. of Transactions
1	Balance Enquiry	131351
2	MINI Statement	28092
3	OFFUS Balance Enquiry	1834
4	ONUS Balance Enquiry	38543
5	RUPAY Balance Enquiry	72309
6	RUPAY MINI Statement	80158
Grand Total		352287

Status of E-KYC & AEPS

For AEPS (Aadhaar enabled Payment System) and E-KYC, bank has entered into the agreement with UIDIA. AEPS & E-KYC functionality is a part of the exiting ONLINE FI SOLUTION from M/S TCS and has been implemented in the bank and is used by the Business Correspondents as on date.

Progress of E-KYC during FY 2017-18

S. No.	Transaction Status	No. of Transactions
1	Success	1048666
2	Failure	123243

Progress of AEPS during FY 2017-18

S. No.	Transaction Type	No. of Transactions	Amount of Transactions
1	AEPS OFFUS Deposit	2593	9704836
2	AEPS OFFUS Fundstransfer	284	985917
3	AEPS OFFUS Withdrawal	2048	7506249
4	Aeps Onus Deposit	22350	85991767
5	AEPS ONUS Fundstransfer	7073	29821520
6	Aeps Onus Withdrawal	31836	93613131
Grand Total		66184	227623420

Customer Service

Customer service is one of the most important components of the marketing mix for products and services. High quality customer service helps to create customer loyalty. Customers today are not only interested in the product they are being offered but all the additional elements of service that they receive, from the greeting they receive when they enter a retail outlet, to the redressal of the complaint about a faulty product or service that they have paid for. The relationship we have with each and every customer is incredibly important to us and we at the bank are working tirelessly every day to provide quality services to the customers to their delight with wider choice of products and services.

The bank is working continuously to improve the quality of our service through customer satisfaction surveys and customer advisory forum meets, regularly conducted at operative levels. Bank believes in strong customer service that will make the difference between standing out from the pack and staying competitive.

Prompting Compliance

The Bank has put in place compliance processes based on RBI guidelines and Bank's own internal standards of governance. There has been a committed effort to follow best industry practices and standards in the areas of accountability, transparency and business ethics. The bank has in place a well-defined compliance policy for identifying and mitigating the level of Compliance Risk in each and every business line, product and process. The bank adheres to all statutory provisions contained in various legislations such as Banking Regulation Act, RBI Act, FEMA, other regulatory guidelines and internal policies of the bank issued from time to time. The adherence is ensured through a well-defined framework of roles and responsibilities for enterprise-wide compliance.

Independent Auditors Report

To
The Members of
The Jammu & Kashmir Bank Limited

Report on Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **THE JAMMU AND KASHMIR BANK LIMITED** (the "Bank") as at **March 31, 2018** which comprise the Balance Sheet as at March 31, 2018 and the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 61 branches/offices audited by us and 880 branches audited by Statutory Branch Auditors. The Branches/offices audited by us and those audited by other auditors have been selected by the Comptroller & Auditor General of India in accordance with the guidelines issued to the Bank by the Reserve Bank of India.

Management's Responsibility for the Standalone Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing ('the Standards') specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the Bank as at 31st March, 2018, and its profit and its cash flows for the year then ended.

9. Emphasis of Matter

- (i) We draw attention to matter set out in Note No.4, that the Bank recognized Deferred Tax Asset (DTA) as per AS-22 on the difference in the provision for NPA as per books of accounts and Income Tax Act, 1961, amounting to ₹ 238.18 crores by including the same in tax expenses with a corresponding credit to extraordinary income. Our opinion is not modified in respect of this matter.
- (ii) We also draw attention matter set out in Note No. 9 regarding deferment of additional provision requirement on account of the enhancement in gratuity limits as per the amendment dated 29 March, 2018 in Payment of Gratuity Act, 1972 in terms of RBI approval vide letter no. DHR.BP.9730/21.04.018/2017-18 dated 27th April, 2018, and the unamortized balance

as at 31st March, 2018 of ₹ 37.42 crores. Our opinion is not modified in respect of this matter.

- (iii) We also draw attention matter set out in Note No.12 regarding Rehabilitated/Restructured advances in view of flood during 2014 and disturbance during 2016, Bank rehabilitated affected borrowal accounts. The total amount of Rehabilitated/Restructured advances stood at ₹ 4117.59 crores (Previous year ₹ 3265.83 crores). The rehabilitation included funding of loss suffered by the borrowers, deferment of instalments of term loans and funding of interest on these accounts. The Bank has recognized funded interest aggregating ₹ 796.02 crores as interest income upto 31st December, 2017. The Bank has capitalized funded interest (net of recoveries) of ₹ 510.10 crores by staggering in five quarters beginning with 1st quarter ended 31st March, 2018 in compliance of dispensation to the Bank by Reserve Bank of India. Accordingly, the Bank has created Interest Capitalization of ₹ 102.62 Crores by corresponding debit to interest income in Profit and Loss account. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
11. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in "Annexure-A" to this Report.
12. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.

13. Further, as required by section 143(3) of the Act, we further report that:

- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
- the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 143(8) of the Companies Act 2013 have been sent to us and have been properly dealt with by us in preparing this report;
- the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- on the basis of written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12 - Note 26.12 to the financial statements;
 - the Bank did not have any, on long term contracts including derivative contracts for which there were any material foreseeable losses;
 - there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

(CA. Vikram Garg)
Partner
M.No.097038

For **Verma Associates.**
Chartered Accountants
FRN:02717N

(CA. Madan Verma)
Partner
M.No.081631

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

(CA. Rajan Gupta)
Partner
M.No.090330

For **K.K. Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA. Amit Goel)
Partner
M.No.098913

Place : Srinagar
Dated : 30th May, 2018

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Annexure-A to para 13 of independent auditor's report of even date on the standalone financial statements of Jammu and Kashmir Bank Limited.
Directions/sub-directions of Comptroller and Auditor General of India under Section 143(5) of Companies Act 2013 for F.Y. 2017-18

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements																		
1.	Whether the company has clear title/lease deeds for free-hold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	As per information and explanations given to us, the Bank does not have clear title/lease deeds for freehold and leasehold lands for the following properties:- <table border="1"> <thead> <tr> <th>S.No</th> <th>Land</th> <th>Area</th> </tr> </thead> <tbody> <tr> <td>1)</td> <td>Vashi, Mumbai (1st Floor)</td> <td>5400 Sq.ft</td> </tr> <tr> <td>2)</td> <td>Budgam</td> <td>4 Kanals</td> </tr> <tr> <td>3)</td> <td>Ansal Plaza, Khelgaon, Delhi</td> <td>17787 Sq.Ft.</td> </tr> <tr> <td>4)</td> <td>Kargil</td> <td>1 Kanal 4 Marla</td> </tr> <tr> <td>5)</td> <td>Currency Chest Kulgam</td> <td>2 Kanals</td> </tr> </tbody> </table> It is advised to complete the documentation for clear title at the earliest.	S.No	Land	Area	1)	Vashi, Mumbai (1st Floor)	5400 Sq.ft	2)	Budgam	4 Kanals	3)	Ansal Plaza, Khelgaon, Delhi	17787 Sq.Ft.	4)	Kargil	1 Kanal 4 Marla	5)	Currency Chest Kulgam	2 Kanals	The acquisition value of the said lands/ properties has been capitalized and the value as on 31.03.2018 is ₹ 26.73 crores.
S.No	Land	Area																			
1)	Vashi, Mumbai (1st Floor)	5400 Sq.ft																			
2)	Budgam	4 Kanals																			
3)	Ansal Plaza, Khelgaon, Delhi	17787 Sq.Ft.																			
4)	Kargil	1 Kanal 4 Marla																			
5)	Currency Chest Kulgam	2 Kanals																			
2.	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	There are cases of waiver/write off of debts/ loans/ interest etc. amounting to ₹ 15.17 crores in addition to the waiver of unapplied interest of ₹ 199.99 crores on account of negotiated settlement with the borrowers defaulting in payment due to the circumstances beyond their control such as death/disappearance of the borrower, recession in economy, no enforceable security, natural calamities such as earthquake, flood, drought, change in Govt. policy, genuine business failure in spite of sincere efforts made by borrower etc. and where the recovery chances through normal business operations are bleak. During the financial year six accounts (NPA) were sold to Asset Construction Companies (ARC) having total principal NPA balance of ₹ 1606.35 Crores, and unapplied interest of ₹ 468.40 Crores against sale proceeds of ₹ 948.45 Crores resulting in sacrifice of ₹ 1126.30 Crores.	Waiver/Write off resulted in loss of ₹ 215.16. Sale of NPAs to ARC resulted in release of Provision held by ₹ 389.15 Crores and increase of profits by equivalent amount. This has also resulted in reduction in NPAs by 1606.35 Crores.																		
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities	As per explanations given to us, the company has not received any assets as gift/grant(s) from government or other authorities. The company has no inventories lying with third parties.	NIL																		
4.	Whether the restructuring of loan was done as per the provisions of the Reserve Bank of India and Bank's own Restructuring of loan Policy.	As per information and explanations given to us, the bank has restructured loans. Restructuring of loans done during the year was as per the provisions of the Reserve Bank of India and Bank's own Restructuring of loan Policy.	There was no material impact on Financial Statements.																		
5.	Whether the Bank is maintaining/developing various assets of the State Govt. The treatment of the assets and expenditure incurred and revenue earned may be examined and comment may be offered.	As per information and explanations given to us, the bank is maintaining/developing Parks and Gardens including Golf Course which are not owned by the bank. The bank has incurred 31.99 Crores in addition to opportunity cost of deployment of Staff for maintaining and development. The expenditure has been incurred as part of CSR expenditure.	The expenditure amounting to ₹ 31.99 crores have been incurred and revenue of ₹ 1.76 crores has been earned for maintaining/ developing parks/gardens and amounts have been debited/ credited to the Profit and Loss Account under CSR.																		

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements										
6.	Whether the branches were doing window dressing and its impact/materiality on the overall deposit portfolio.	As per the reports of the Branch Auditors, some branches attempted window dressing by inflating deposits aggregating ₹ 3.84 Crores at the reporting date which were repaid immediately after close of the year.	There has resulted in overstatement of Deposits and Advances by ₹ 3.84 crores. However impact was not material on the overall deposit portfolio.										
7.	Whether the Bank has been able to achieve the targets under Priority sector lending, if not, impact on the financial health of the Bank by lending the shortfall amount in Rural infrastructure Development Fund, Small industrial Development Bank of India, etc. may please be brought out.	As per information and explanations given to us, the Bank has not been able to achieve the targets under priority sector lending. As a result of shortfall, the bank has to made deposits of low yield interest with the following designated agencies as on 31-03-2018: <table border="1"> <thead> <tr> <th>Particulars</th> <th>(₹ in Crores)</th> </tr> </thead> <tbody> <tr> <td>NABARD/RIDF</td> <td>1873.82</td> </tr> <tr> <td>SIDBI</td> <td>375.96</td> </tr> <tr> <td>NHB</td> <td>257.78</td> </tr> <tr> <td>Total</td> <td>2507.56</td> </tr> </tbody> </table>	Particulars	(₹ in Crores)	NABARD/RIDF	1873.82	SIDBI	375.96	NHB	257.78	Total	2507.56	The impact on the financial health is lower rate of return of interest ranging from 3.25% p.a. to 5% p.a. received from the agencies with which deposits were made for shortfall.
Particulars	(₹ in Crores)												
NABARD/RIDF	1873.82												
SIDBI	375.96												
NHB	257.78												
Total	2507.56												
8.	Whether there were cases of greening of advances, up-gradation of loan account at the fag end of the Financial Year or delay/ non- declaration of Non-performing Assets as per RBI guidelines. Its impact on the profitability and Asset Classification.	Advances amounting to ₹ 305.19 crores were not declared as NPA as per RBI guidelines which were downgraded after those were identified by the Statutory Auditors and additional provision of ₹ 64.67 Crores and reversal of unrealised interest ₹ 22.94 Crores was suggested.	Had the Auditors not identified the said NPAs, the advances of ₹ 305.19 Crores would have been shown as standard assets. The impact thereof on increase of profit is as follows: <ol style="list-style-type: none"> Interest Reversal ₹ 22.94 Crores Increase in NPA Provision ₹ 64.97 Crores 										
9.	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	There are 469 Cases involving ₹ 385.24 Crores pending legal/arbitration cases being claims against the bank not acknowledged as debts.	There was no such item in pending legal/arbitration cases which required provisioning.										

For **O P Garg & Co.**
Chartered Accountants
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(CA. Vikram Garg)
Partner
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For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

(CA.Rajan Gupta)
Partner
M.No.090330

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA. Amit Goel)
Partner
M.No.098913

Place : Srinagar
Dated : 30th May, 2018

Annexure-B to Independent Auditor's report of even date on the standalone financial statements of Jammu and Kashmir Bank Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

1. We have audited the internal financial controls over financial reporting of **Jammu and Kashmir Bank Limited** ('the Bank') as at 31st March, 2018 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the "Assessment of Adequacy of Internal Financial Controls Over Financial Reporting" in line with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of

internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that:
 - (a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
 - (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the bank; and
 - (c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

(CA.Vikram Garg)
Partner
M.No.097038

For **Verma Associates.**
Chartered Accountants
FRN:02717N

(CA.MadanVerma)
Partner
M.No.081631

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

(CA.Rajan Gupta)
Partner
M.No.090330

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA. Amit Goel)
Partner
M.No.098913

Place : Srinagar
Dated : 30th May, 2018

Balance Sheet

as at 31st March, 2018

	Schedule	As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	557,002	521,477
Reserves and Surplus	2	61,055,145	56,243,472
Deposits	3	800,064,981	724,630,929
Borrowings	4	16,283,357	12,760,488
Other Liabilities and Provisions	5	18,915,684	26,030,354
TOTAL :-		896,876,169	820,186,720
ASSETS			
Cash and Balance with Reserve Bank of India	6	43,283,608	35,909,731
Balance with Banks & Money at Call & Short Notice	7	39,245,223	17,949,631
Investments	8	188,800,296	212,908,892
Advances	9	569,127,445	498,161,129
Fixed Assets	10	16,145,918	15,433,146
Other Assets	11	40,273,679	39,824,191
TOTAL :-		896,876,169	820,186,720
Contingent Liabilities	12	57,951,236	61,089,905
Bills for Collection		11,935,341	11,908,598
Principal Accounting Policies	17		
Notes on Accounts	18		

The Schedules Referred to above and the attached Cash Flow Statement form an integral part of the Balance Sheet

Parvez Ahmed
Chairman & CEO

Navin Kumar Choudhary, I.A.S
Director

Abdul Majid Mir
Director

Azhar-ul-Amin
Director

Mohammad Maqbool Rather
Director

Dr. Sanjiv Agarwal
Director

Mohammad Ashraf Mir
Director

Dhaman Kumar Pandoh
Director

Rahul Bansal
Director

P K Tickoo
President (CFO)

Tabassum Nazir
Vice President

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Dated : 30th May, 2018

In terms of our report of even date annexed

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

For **Verma Associates.**
Chartered Accountants
FRN:02717N

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA. Vikram Garg)
Partner
M.No.097038

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(CA.Rajan Gupta)
Partner
M.No.090330

(CA. Amit Goel)
Partner
M.No.098913

Place : Srinagar
Dated : 30th May, 2018

Profit and Loss Account

for the year ended 31st March, 2018

	Schedule	YEAR ENDED 31.03.2018 ₹ '000' Omitted	YEAR ENDED 31.03.2017 ₹ '000' Omitted
I INCOME			
Interest Earned	13	66,214,004	66,858,002
Other Income	14	4,953,062	4,928,560
TOTAL		71,167,066	71,786,562
II EXPENDITURE			
Interest Expended	15	37,506,054	41,738,622
Operating Expenses	16	19,842,255	17,104,628
Provisions and Contingencies		11,791,559	29,266,242
TOTAL		69,139,868	88,109,492
III NET PROFIT / (LOSS)		2,027,198	(16,322,930)
TOTAL		71,167,066	71,786,562
IV APPROPRIATIONS			
TRANSFERED TO			
i) Statutory Reserve		506,799	-
ii) Capital Reserve		-	77,203
iii) Revenue and Other Reserve		1,520,399	(16,400,133)
iv) Investment Reserve		-	-
v) Special Reserve		-	-
vi) Proposed Dividend		-	-
vii) Tax on Dividend		-	-
TOTAL		2,027,198	(16,322,930)
Principal Accounting Policies	17		
Notes on Accounts	18		
Earnings per Share (Basic/Diluted)		3.64	(33.59)

The Schedules Referred to above form an integral part of the Profit & Loss Account

Parvez Ahmed
Chairman & CEO

Navin Kumar Choudhary, I.A.S
Director

Abdul Majid Mir
Director

Azhar-ul-Amin
Director

Mohammad Maqbool Rather
Director

Dr. Sanjiv Agarwal
Director

Mohammad Ashraf Mir
Director

Dhaman Kumar Pandoh
Director

Rahul Bansal
Director

P K Tickoo
President (CFO)

Tabassum Nazir
Vice President

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Dated : 30th May, 2018

In terms of our report of even date annexed

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

For **Verma Associates.**
Chartered Accountants
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M.No.098913

Place : Srinagar
Dated : 30th May, 2018

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Schedules

as at 31st March, 2018

	As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
950,000,000 (P.Y. 950,000,000)		
Equity Shares of ₹ 1/- each	950,000	950,000
ISSUED :-		
557,076,392 (P.Y. 521,551,071) Equity Shares of ₹ 1/= each	557,076	521,551
SUBSCRIBED AND PAID-UP CAPITAL		
556,858,392 (P.Y. 521,333,071)		
Equity Shares of ₹ 1/- each	556,858	521,333
Add Forfeited Equity Shares (218,000) (P.Y. 218,000)	144	144
TOTAL	557,002	521,477
SCHEDULE 2 - RESERVES & SURPLUS		
I. STATUTORY RESERVES		
Opening Balance	20,034,217	20,034,217
Additions during the year	506,799	-
TOTAL	20,541,016	20,034,217
II. CAPITAL RESERVES		
Opening Balance	708,457	631,254
Additions during the year	-	77,203
TOTAL	708,457	708,457
III. SHARE PREMIUM		
Opening Balance	3,331,236	867,791
Additions during the year	2,784,476	2,463,445
TOTAL	6,115,712	3,331,236
IV. INVESTMENT RESERVE		
Opening Balance	-	267,899
Additions during the year	-	-
Drawn Down to Revenue and other Reserves	-	(267,899)
TOTAL	-	-
V. REVALUATION RESERVE FIXED ASSETS		
Opening Balance	6,348,124	-
Additions during the year (Refer Note No 3 (b))	(146,309)	6,348,124
TOTAL	6,201,815	6,348,124
VI. SPECIAL RESERVE (U/S 36 (I) (Viii) of I.Tax Act, 1961		
Opening Balance	1,231,600	1,231,600
Additions during the year	-	-
TOTAL	1,231,600	1,231,600
VII. REVENUE AND OTHER RESERVES		
Opening Balance	24,589,838	40,722,072
Additions during the year	1,666,707	(16,400,133)
Drawn down from Investment Reserve	-	267,899
TOTAL	26,256,545	24,589,838
TOTAL (I,II,III,IV,V ,VI & VII)	61,055,145	56,243,472

Schedules

as at 31st March, 2018

	As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
SCHEDULE 3 - DEPOSITS		
A I. Demand Deposits		
i) From Banks	1,109,164	1,103,951
ii) From Others	111,605,146	94,521,928
TOTAL (I & ii)	112,714,310	95,625,879
II. Saving Bank Deposits	294,432,041	278,975,702
III. Term Deposits		
i) From Banks	23,231,344	42,010,094
ii) From Others	369,687,286	308,019,254
TOTAL (I & ii)	392,918,630	350,029,348
TOTAL A (I+II+III)	800,064,981	724,630,929
B. I. Deposits of branches in India	800,064,981	724,630,929
II. Deposits of branches outside India	Nil	Nil
TOTAL B (I+II)	800,064,981	724,630,929
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	-	-
iii) Unsecured Redeemable Debentures/Bonds (Subordinate Debt & BASEL III for Tier II Capital)	16,000,000	11,000,000
iv) Other Institutions & Agencies	283,357	1,760,488
TOTAL (i to iv)	16,283,357	12,760,488
II. Borrowings outside India	-	-
GRAND TOTAL (I & II)	16,283,357	12,760,488
Secured borrowings included in I & II above	Nil	Nil
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
i) Bills Payable	2,921,964	2,523,268
ii) Inter Office Adjustments (Net)	-	-
iii) Interest Accrued on Non-cumulative deposits	441,225	299,531
iv) Deferred Tax Liability	-	183,217
v) Provision Against Standard Assets	4,776,474	6,160,102
vi) Other (Including Provisions)	10,776,021	16,864,236
TOTAL (i to vi)	18,915,684	26,030,354
SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (Including Foreign Currency Notes)	2,996,968	2,654,474
II. Balance with Reserve Bank of India		
i) In Current Account	40,286,640	33,255,257
ii) In Other Accounts	-	-
TOTAL (I & II)	43,283,608	35,909,731

Schedules

as at 31st March, 2018

	As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balance with Banks		
a) In Current Accounts	205,819	319,047
b) In Other Deposit Accounts	40,040	40,099
TOTAL (i)	245,859	359,146
ii) Money At Call and Short Notice		
a) With Banks	38,775,875	17,250,000
b) With Other Institutions	-	-
TOTAL (ii)	38,775,875	17,250,000
TOTAL (i & ii)	39,021,734	17,609,146
II. Outside India		
i) In Current Accounts	223,489	340,485
ii) In Other Deposit Accounts	-	-
iii) Money at Call & Short Notice	-	-
TOTAL II of (i, ii & iii)	223,489	340,485
GRAND TOTAL (I&II)	39,245,223	17,949,631
SCHEDULE 8 - INVESTMENTS		
I. Investments in India		
Gross	195,288,476	217,886,389
Less: Provision for Depreciation	746,827	522,847
Less: Provision for Investment (NPI)	5,741,353	4,454,650
Net Investments	188,800,296	212,908,892
i) Government Securities	171,970,358	163,252,132
ii) Other Approved Securities	-	-
iii) Shares (Pref. + Equity)	3,295,428	2,729,742
iv) Debentures and Bonds (Including Suitfile)	7,307,685	15,031,765
v) Sponsored Institutions	456,748	456,748
vi) Others :		
a) Certificate of Deposit	4,227,060	30,108,844
b) Suitfile	-	-
c) Inv. In Subsidiary/or Joint Ventures	200,000	200,000
d) Venture Capital	239	107,264
e) Commercial Paper	-	-
f) Security Receipts	1,342,778	1,022,397
TOTAL (I)	188,800,296	212,908,892
II. Investments Outside India		
i) Government Securities	Nil	Nil
ii) Subsidiaries and/or Joint Ventures abroad	Nil	Nil
iii) Others (Swap)	Nil	Nil
TOTAL (II)	-	-
TOTAL (I & II)	188,800,296	212,908,892
III. Investments Category-Wise		
i) Held to Maturity	150,629,821	139,783,284
ii) Held for Trading	30,014	116,999
iii) Available for Sale	38,140,461	73,008,609
TOTAL (III)	188,800,296	212,908,892

Schedules

as at 31st March, 2018

	As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
SCHEDULE 9 - ADVANCES		
A		
i) Bills Purchased and Discounted	5,551,122	6,169,675
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	194,367,173	163,689,087
iii) Term Loans	369,209,150	328,302,367
TOTAL (i to iii)	569,127,445	498,161,129
B		
i) Secured by Tangible Assets	404,528,557	365,835,838
ii) Covered by Bank/Govt. Guarantees	5,815,705	5,968,571
iii) Unsecured	158,783,183	126,356,720
TOTAL (i to iii)	569,127,445	498,161,129
C		
I. Advances in India		
i) Priority Sector	178,249,859	148,200,973
ii) Public Sector	26,652,835	30,339,814
iii) Banks	309,482	706,505
iv) Others	363,915,269	318,913,837
TOTAL (i to iv)	569,127,445	498,161,129
II. Advances Outside India		
i) Due from Banks	Nil	Nil
ii) Due from Others	Nil	Nil
GRAND TOTAL (I & II)	569,127,445	498,161,129
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
a) Gross Block at the beginning of the year	12,513,203	4,996,850
Additions during the year (Refer Note No 3 (i & ii))	759,147	7,573,805
	13,272,350	12,570,655
Deductions during the year	-	57,452
Total	13,272,350	12,513,203
Depreciation to date	1,742,995	1,534,987
Total (a)	11,529,355	10,978,216
b) Constructions work in progress	165,488	643,409
TOTAL (I) [a+b]	11,694,843	11,621,625
II. Other Fixed Assets (Including Furniture & Fixtures)		
Gross Block at the beginning of the year	10,327,496	9,288,075
Additions during the year	1,533,225	1,088,640
	11,860,721	10,376,715
Deductions during the year	176,238	49,219
	11,684,483	10,327,496
Depreciation to date	7,233,408	6,515,975
TOTAL (II)	4,451,075	3,811,521
GRAND TOTAL (I & II)	16,145,918	15,433,146

Schedules

as at 31st March, 2018

	As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued but not Due	4,122,520	5,061,399
II. Interest Accrued and Due	-	6
III. Inter Office Adjustment (Net)	689,020	550,456
IV. Tax paid in Advance/Tax Deducted at Source (Net of Provisions)	3,591,806	3,183,026
V. Stationery and Paper in Hand	61,353	39,752
VI. Deferred Tax Asset	2,204,359	-
VII. Others	29,604,621	30,989,552
TOTAL (I to VII)	40,273,679	39,824,191
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	4,005,878	3,136,498
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding Forward Exchange Contracts	22,701,004	26,514,458
IV. Guarantees given on behalf of constituents:-		
a) In India	20,092,863	18,252,302
b) Outside India	333,751	390,804
V. Acceptances, Endorsements & Other Obligations	10,038,746	12,183,448
VI. Other items for which the Bank is Contingently liable	32	-
VII. Liability on account of Depositors Education Awareness Fund(DEAF)	778,962	612,395
TOTAL (I to VII)	57,951,236	61,089,905

Schedules to the Profit and Loss Account

as at 31st March, 2018

	YEAR ENDED 31.03.2018 ₹ '000' Omitted	YEAR ENDED 31.03.2017 ₹ '000' Omitted
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/Bills	49,777,398	47,843,532
II. Income on Investments (Net of Amortization)	14,315,841	17,826,097
III. Interest on Balances with R.B.I and other Inter Bank Funds	2,116,752	1,172,113
IV. Others	4,013	16,260
TOTAL (I to IV)	66,214,004	66,858,002
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange & Brokerage	2,022,765	1,790,717
II. Profit on Sale of Investments (Less loss on sale of investments)	378,996	1,353,524
III. Profit on revaluation of Investments (Less loss on revaluation of investments)	96,792	13,559
IV. Profit on Sale of Land, Buildings & Other Assets	(2,496)	(132)
V. Profit on Exchange Transactions (Less Loss on E/Transactions)	18,378	186,321
VI. Income earned by way of Dividends etc. from Subsidiaries, Companies and/or Joint Venture abroad/in India	-	-
VII. Miscellaneous Income	2,438,627	1,584,571
TOTAL (I to VII)	4,953,062	4,928,560
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	36,123,411	40,791,825
II. Interest on RBI/Inter-Bank Borrowings	246,950	396,386
III. Others/Subordinate Debt	1,135,693	550,411
TOTAL (I to III)	37,506,054	41,738,622
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for Employees	12,868,850	11,225,410
II. Rent, Taxes and Lighting	844,759	754,574
III. Printing and Stationery	106,528	93,461
IV. Advertisement and Publicity	228,537	150,935
V. Depreciation on Bank's Property	965,489	850,803
VI. Directors Fees, Allowances and Expenses	16,637	9,816
VII. Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	175,101	155,125
VIII. Law Charges	73,643	99,330
IX. Postage, Telegrams, Telephones etc.	58,620	64,609
X. Repairs and Maintenance	174,187	153,073
XI. Insurance	765,207	674,823
XII. Other Expenditure	3,564,697	2,872,669
TOTAL (I to XII)	19,842,255	17,104,628

Schedule 17

“Principal Accounting Policies”

1. Basis of preparation of Financial Statements

The accompanying financial statements are prepared on historical cost basis, except as otherwise stated, following the “Going Concern” concept and conform to the Generally Accepted Accounting Principles (GAAP) in India, applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI), applicable mandatory Accounting Standards (AS)/Guidance Notes/pronouncements issued by the Institute of Chartered Accountants of India (ICAI) and practices prevailing in the banking industry in India.

2. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions for considering the reported assets and liabilities (including contingent liabilities) as on the date of financial statements and the income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

3. Transactions involving Foreign Exchange

- i. Monetary Assets and Liabilities as on balance sheet date have been translated using closing rate as at year-end announced by Foreign Exchange Dealers Association of India.
- ii. Exchange differences arising on settlement of monetary items have been recognized as income or as expense in the period in which they arise.
- iii. Outstanding forward exchange contracts are revalued at the exchange rates for appropriate maturity rates as announced by FEDAI at the year-end exchange rates and the resultant gain/ loss is taken to revenue.

4. Investments

- i. Investments are classified into “Held-to-Maturity”, “Available-for-Sale” and “Held-for-Trading” categories, in accordance with the guidelines issued by Reserve Bank of India.
- ii. Bank decides the category of each investment at the time of acquisition and classifies the same accordingly.
- iii. “Held-to-Maturity” category comprises securities acquired by the Bank with the intention to hold them up to maturity. “Held-for-Trading” category comprises securities acquired by the Bank with the intention of trading. “Available-for-Sale” securities are those, which do not qualify for being classified in either of the above categories.
- iv. Investments classified as “Held-to-Maturity” (HTM) category are carried at acquisition cost unless it is more than the face/redemption value, in which case the premium is amortized over the period remaining to the maturity using straight line method.
- v.
 - (a) The individual scrip's in the “Available-for-Sale” category are marked to market at quarterly intervals. The net depreciation under each of six classifications under which investments are presented in the balance sheet is fully provided for, whereas the net appreciation under any of the aforesaid classifications is ignored.
 - (b) The market value for the purpose of periodical valuation of investments, included in “Available for Sale” and “Held for trading” categories is based on the market price available from the trades/quotes on stock exchanges. Central/State Government securities, other approved securities, debentures and Bonds are valued as per the prices/YTM rates declared by FIMMDA.
 - (c) Unquoted shares are valued at break-up value ascertained from the latest balance sheet (which should not be more than one year prior to the date of valuation) and in case the latest balance sheet is not available the same are valued at ₹ 1/- per Company, as per RBI guidelines.
 - (d) Security receipts (SRs) issued by Asset Reconstruction Companies (ARCs) are valued at cost or NAV, whichever is lower, declared periodically by the ARCs. Depreciation, if any, in individual SRs is fully provided for. Appreciation, if any, is ignored.
 - (e) Investment in quoted Mutual Fund Units is valued as per Stock Exchange quotations. An investment in un-quoted Mutual Fund Units is valued on the basis of the latest re-purchase price declared by the Mutual Fund in respect of each particular scheme. In case of Funds with a lock-in period, where repurchase price/market quote is not available, Units are valued at NAV. If NAV is not available, then these are valued at cost, till the end of the lock-in period. Wherever the re-purchase price is not available the Units are valued at the NAV of the respective scheme.
- vi. The individual scrip in the “held-for-trading” category are marked to market at weekly intervals and the net depreciation under each of the six classifications under which investments are presented in the Balance Sheet is accounted for in the Profit and Loss account and appreciation is ignored.
- vii. The depreciation in value of investments where interest/principal is in arrears is not set-off against the appreciation in respect of other performing securities. Such investments including Non-performing Non-SLR investments are treated applying

Schedule 17

“Principal Accounting Policies”

RBI prudential norms on NPA Classification and appropriate provisions are made as per RBI norms and no income on such investments is recognized.

- viii. (a) Profit or Loss on sale of Government Securities is computed on the basis of weighted average cost of the respective security.
- (b) Profit or loss on sale of investments in any category is taken to the Profit and Loss account. In case of profit on sale of investments in “Held-to-Maturity” category, an equivalent amount of profit net of taxes and the amount required to be transferred to Statutory reserve is appropriated to the “Capital Reserve Account”.
- ix. Interest accrued up to the date of acquisition of securities i.e. broken period interest is excluded from the acquisition cost and recognized as interest expense. Broken period interest received on Sale of securities is recognized as interest income.
- x. Brokerage paid on securities purchased is charged to revenue account except for equity investment operations the same is added to the cost of purchase of investment.
- xi. Investments in J&K Grameen Bank/Sponsored Institutions have been accounted for on carrying cost basis.
- xii. Transfer of securities from one category to another is done at the least of the acquisition cost/book value/market value on the date of transfer.
- xiii. Repurchase & Reverse repurchase transactions are accounted for in accordance with the extant RBI guidelines.
- xiv. Bank is following settlement date accounting policy.

In accordance with RBI circular No. IDMD 4135/11.08.43/2009-10 dated 23-03-2010, the Bank has made changes in accounting for Repo/ Reverse Repo transactions (Other than transactions under the liquidity adjustment facility (LAF) with the RBI). Accordingly the securities sold and purchased under Repo/Reverse Repo are accounted for as collateralized lending and borrowing transactions. However, securities are transferred as in case of normal outright sale/purchase transactions and such movement of security is reflected using Repo/Reverse Repo accounts and contra entries. The above entries are reversed on the date of maturity. Cost and revenue are accounted as interest expenditure/income as the case may be. Balance in Repo account is classified under schedule 4 (Borrowing) and balance in Reverse Repo account is classified under schedule 7 (Balance with Banks & money at call & short notice).

5. Advances

- i) Classification of Advances and Provisions thereof have been made as per the Income Recognition and Asset Classification norms formulated by the RBI viz., Standard, Sub-Standard, Doubtful and Loss Assets and accordingly requisite provisions have been made thereof.
- ii) Advances are shown net of provisions required for NPA's. Provisions for advances classified as Standard Assets is shown under Other Liabilities & Provisions.
- iii) Restructuring of Advances and provisioning thereof have been made as per RBI guidelines.

6. Fixed Assets/Depreciation

- a) Premises and other fixed assets are accounted for at historical cost.
- b) Premises include free hold as well as lease hold properties.
- c) Premises include capital work in progress.
- d) Depreciation is charged on straight line method as per provisions of Companies Act 2013 based on the useful life of the assets prescribed in Part C of the schedule II of the Companies Act 2013 as given hereunder.

S.No.	Block	Useful Life
a	Building (with RCC Frame Structure)	
	Commercial	60 yrs
	Residential	60 yrs
b	Building (with Other than RCC Frame Structure)	
	Commercial	30 yrs
	Residential	30 yrs
c	Plant & Machinery	15 yrs
d	Furniture Fixture	10 yrs
e	Vehicles	8 yrs
f	Fences	5 years
g	Others (including temporary structures etc)	3 yrs

Schedule 17

“Principal Accounting Policies”

Depreciation on computers (including ATMs) along with software forming integral part of the computers is computed at 33.33% on straight line method in terms of RBI guidelines issued vide letter no BP1660/21.04.018/2001 dated 01.02.2001.

The expenditure on computer software where it is probable that future benefits attributable to such software will flow to Bank is capitalized and depreciation is charged @33.33% in terms of RBI guidelines on straight line method.

Useful life of the mobile phones is continued to be 2 years and the depreciation is charged on straight line method as per provisions of Companies Act 2013 with no residual value.

- e) Premium paid for Leasehold properties is amortized over the period of the lease.
- f) In compliance to the directions of RBI, Board of Directors vide resolution no. 47 dated 21-04-2016 approved the policy on Revaluation of Bank's own properties which covered all the immovable properties owned by the bank including land & office buildings except those fixed assets whose useful life has expired.

In respect of revaluation of the Bank's own properties/assets, the bank had obtained Valuation Reports from two independent valuers, irrespective of the value of the property. As per the policy, the valuation of the property was taken as the average of the two valuations.

7. Employees Benefits

- i) Short-term employee benefits are charged to revenue in the year in which the related service is rendered.
- ii) Long Term Employee Benefit
 - a) **Defined Contribution Plan**

Provident Fund:- Provident Fund is a defined contribution scheme as the bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to profit & loss A/C. The bank is paying matching contribution towards those employees who have not opted for the pension.
 - b) **Defined Benefit Plan**

Gratuity:- Gratuity liability is a defined obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

Pension:- Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

Leave Salary:- Leave salary is a defined benefit obligation and is provided for on the basis of an actuarial valuation determined on the basis of un-availed privilege leave of an employee at the time of leaving services of the company.

8. Revenue Recognition and Expenditure booking

Income and expenditure is accounted for on accrual basis unless otherwise stated.

- a) Interest and other income on advances/ Investments classified as Non Performing Advances/Investments are recognized to the extent realized in accordance with the guidelines issued by the Reserve Bank of India.
- b) The recovery in Non-Performing Assets has been first appropriated towards amount of principal and thereafter towards amount of interest.
- c) Interest on overdue term deposits is provided at Savings Bank Rate of Interest.
- d) Fee, commission (other than insurance commission & Government business), exchange, locker rent, insurance claims and dividend on shares and units in Mutual Fund are recognized on realization basis.
- e) Income from interest on income tax/other tax refunds is accounted for on the basis of orders passed by the Competent Authorities.
- f) Unforeseen income/ expenses are accounted for in the year of receipt/ payment.
- g) Stationery issued to branches has been considered as consumed.

9. Credit Card reward Points

The Bank has estimated the probable redemption of reward points by not using actuarial method but has made 100% provision for redemption against the accumulated reward points in respect of standard card holders.

Schedule 17

“Principal Accounting Policies”

10. Net Profit/Loss

The net profit is disclosed in the profit and loss account after providing for:

- i) Income Tax, wealth tax and Deferred Tax.
- ii) Provision for Standard Assets, Non Performing Advances/ Investments as per RBI guidelines.
- iii) Depreciation/ amortization on Investments.
- iv) Transfer to contingency fund, if any.
- v) Other usual and necessary provisions.

11. Taxes on Income

Provision for tax is made for both current and deferred taxes in accordance with AS-22 on “Accounting for Taxes on Income”.

12. Contingency Funds

Contingency Funds have been grouped in the Balance Sheet under the head “Other Liabilities and Provisions”.

Schedule 18

"Notes on Accounts"

1. Reconciliation/adjustment of inter-bank/inter-branch transactions, branch suspense, Government Transactions, NOSTRO, System Suspense, Clearing, and Sundry Deposits is in progress on an ongoing basis. The impact, in the opinion of the management of the un-reconciled entries, if any, on the financial statements would not be material.
2. Tax paid in Advance/ Tax deducted at source includes amount adjusted by Income Tax Department in respect of various disputed demands. Based on the favorable appellate orders and interpretation of law, no further provision has been considered by the management in respect of the disputed demands.

3. Fixed Assets:

- a) Documentation formalities are pending in respect of certain immovable properties held by the bank valued at ₹ 5.70 crores (Values of properties appreciated on account of revised valuation) (previous year ₹ 115.83 crores). In respect of immovable properties valued at ₹ 21.02 crores (Values of properties appreciated on account of revised valuation) (previous year ₹ 21.50crores) bank holds agreement to sell along with the possession of the properties.
- b) Bank has completed the process of valuation in FY 2016-2017. In this connection, the depreciation for FY 2017-2018 for assets that showed appreciation in value has been vouched as under:-
 Pursuant to the revised Accounting Standard 10 "Property, Plant & Equipment" applicable from 1st April 2017 depreciation of ₹ 14.63 crores on the revalued portion of the fixed assets (being Premises & Land) has been transferred from the Revaluation reserve to Revenue reserve instead of crediting to Profit & Loss account.
- c) Depreciation is provided on straight line method in accordance with the provisions of Companies Act 2013 based on the useful life of the assets prescribed in Part C of the Schedule II of the Companies Act 2013. However the depreciation on the computers (including ATMs) along with software forming integral part of the computers is computed at 33.33% on straight line method in terms of RBI guidelines issued vide letter no BP 1660/21.04.2018 /2001 dated 01.02.2001.

In compliance to Accounting Standard (AS)-26 the acquisition cost of computer software, not forming integral part of the computers and where it is probable that the future economic benefits that are contributable to this software will flow to bank, is being capitalized and depreciation is charged at the rate of 33.33% on straight line method in terms of RBI guidelines.

Further useful life of mobile phones is continued to be 2 years and the depreciation is charged on straight line method as per provisions of Companies Act 2013 with no residual value.

Depreciation on Banks property includes amortization in respect of leased properties amounting to ₹ 0.15 Crores (previous year ₹ 0.147 Crores).

4. Capital

		(₹ in Crores)	
		BASEL-III	BASEL-III
S.No.	Particulars	31.03.2018	31-03-2017
i)	Common Equity Tier I Capital ratio (%)	9.24%	8.70
ii)	Tier I Capital Ratio %	9.24%	8.70
iii)	Tier II Capital Ratio %	2.18%	2.10
iv)	Total Capital ratio (CRAR) (%)	11.42%	10.80
v)	Percentage of shareholding of the Government of India in Public Sector Banks	Nil	Nil
vi)	Amount of Equity Capital raised during the year	282	250
vii)	Amount of additional Tier I capital raised during the year of which: PNCPS : PDI	Nil	Nil
viii)	Amount of Tier II capital raised during the year of which Debt capital instrument: Preference share capital instrument: [Perpetual Cumulative Preference shares (PCPS)/Redeemable Non-cumulative preference shares (RNCPS) / Redeemable cumulative preference shares (RCPS)]	500	500

Schedule 18

"Notes on Accounts"

Government of Jammu & Kashmir holds 59.23% of equity shares of the Bank as on 31.03.2018 (previous year 56.45% as on 31.03.2017).

The subordinate debt of ₹600 Crores raised by way of Unsecured Redeemable Lower tier-II Bonds on 30.12.2009, maturing on 30.12.2019 has been shown under Borrowings as per RBI guidelines.

₹ 500 crores of Basel III compliant Tier II capital raised on 24th March 2017 & another ₹ 500 crores raised on 28th December 2017, maturing on 24th June 2022 & 27th December 2024 respectively has been shown under Borrowings as per RBI guidelines.

Investments

5. The Bank has made no sale from HTM category securities during the year, as such no appropriation was made (Previous Year, ₹ 7.72 Crores) to Capital Reserve Account.
6. The Bank has ₹ 34,00,70,800 as share capital (previous year ₹ 34,00,70,800) and ₹ 11,66,76,915 in Tier II Perpetual bonds (previous year ₹ 11,66,76,915) in its sponsored Regional Rural Bank (J&K Grameen Bank).
7. The total investment of the Bank in the PNB Met-life India Insurance Co Pvt. Ltd stood at ₹ 102.19 Crores as on 31.03.2018 (Previous year ₹ 102.19 Crores). In compliance with RBI Letter No. DBOD.BP/-17099/21.4.141/ 2008-09 dated 9th April 2009, the investment stands transferred to AFS Category on October 1st, 2009. The valuation has been carried out at an average of two independent valuation reports obtained from Category I Merchant Bankers as per RBI guidelines & the consequent appreciation has been ignored in view of the Accounting Policy in respect of such investments.
8. RBI circular DBR.No.BP.BC.IO2/21.04.048/2017-18 dated April 2, 2018 grants banks an option to spread provisioning for mark to market losses on investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018. The circular states that the provisioning for each of these quarters may be spread equally over up to four quarters, commencing with the quarter in which the loss was incurred. The Bank has recognised the entire mark to market loss on investments in the respective quarters and has not availed the said option.
9. During the FY 2017-18 Bank has raised capital by way of 9.25% Non- Convertible, redeemable, unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures for augmenting Tier 2 Capital for an amount of ₹ 500 Crores (previous year ₹ 500 Crores) having duration of 7 years with IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400001, as Debenture Trustee.

10. Details of Investments

(₹ in Crores)

S.No.	Particulars	As on	
		31.03.2018	31.03.2017
1.	Value of Investments		
	Gross Value of Investments		
	a) In India	19528.85	21788.64
	b) Outside India	NIL	NIL
	Provision for depreciation		
	a) In India	74.68	52.28
	b) Outside India	NIL	NIL
	Provision for NPI		
	a) In India	574.14	445.47
	b) Outside India	NIL	NIL
	Net Value of Investments		
	a) In India	18880.03	21290.89
	b) Outside India	NIL	NIL
2.	Movement of provisions held towards the depreciation on Investments		
	(i) Opening Balance	52.28	1.03
	(ii) Add: Provisions made during the year	84.63	55.95
	Less: Write-off/write back of excess provisions during the year	62.23	4.70
	(iii) Closing Balance	74.68	52.28

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"Notes on Accounts"

11. The Repo Transactions (in face value terms) are as under:

(₹ in Crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	365 days Daily Average outstanding during the year	Outstanding as on 31.03.2018
Securities sold under Repo Government Securities	150.00	175.00	11.99	0.00
(Previous Year)	75.00	2100.00	18.57	0.00
i) Corporate Debt Securities	0	0	0	0.00
(Previous Year)	0	0	0	0.00
Securities purchased under Reverse Repo Government Securities	55.00	5074.00	1568.64	3845.00
(Previous Year)	10.00	4250.00	1111.85	1725.00
i) Corporate Debt Securities	0	0	0	0
(Previous Year)	0	0	0	0

12. Non-SLR Investment portfolio

12.1 Issuer composition of Non SLR Investments

(₹ in Crores)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade	Extent of unrated Securities	Extent of unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	24.85	24.85	0.00	0.00	0.00
2	FIs (incl. NBFC's AIFI'S)	479.54	479.54	0.00	0.00	0.00
3	Banks (incl. CD's)	528.90	98.50	23.50	0.00	0.00
4	Private Corporates (incl. CP's)	1076.68	442.20	214.99	125.00	25.00
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	196.91	0.00	0.00	0.00	0.00
	Total	2326.88				
7	Provision towards depreciation/NPI	643.89				
8	Total	1682.99				

The Bank's investment in unlisted securities as on 31.03.2018 is 0.46 % (previous year 0.38%) which is well within the RBI stipulated limit of 10%.

Breakup of placements with NABARD/SIDBI/RHDF/RIDF classified as other assets

(₹ in Crores)

Particulars	Amount as on 31.3.2018	Amount as on 31.3.2017
NABARD	903.60	446.53
RIDF	970.22	923.52
SIDBI	375.96	134.90
RHDF	257.78	260.29
TOTAL	2507.56	1765.24

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"Notes on Accounts"

12.2 Non-performing Non-SLR investments

(₹ in Crores)

Particulars	Amount as on 31.03.2018	Amount as on 31.03.2017
Opening Balance	569.67	369.53
Additions during the year	167.69	227.95
Reductions during the year	84.14	27.81
Closing Balance	653.22	569.67
Total Provision held (including floating provisions of ₹ 2.76 Crores)	576.90	448.22

12.3 Sale and Transfers to/from Held to Maturity (HTM) Category

- Bank has made no sale from HTM category securities during the year as such no appropriation was made to Capital Reserve Account (previous year ₹ 7.72 Crore).
- With the approval of the Board of Directors, the Bank has shifted securities amounting to ₹ 691.44 Cr (FV) on 26/04/2017 (Previous year ₹ 634.81 Cr) at lower of book value or market value, scrip wise, from Held to Maturity (HTM) to Available for Sale (AFS) category in accordance with RBI guidelines.
- On the basis of special dispensation being allowed by the Reserve Bank of India vide its Circular No. DBR.No.BP.BC.90/12.02.001/2017-18, dated 04/10/2017, the Bank undertook shifting of Govt. Securities having face value of ₹ 600 Cr and ₹ 525 Cr on 08/12/2017 & 26/03/2018 respectively from HTM to AFS Category.
- The value of sales and transfer of securities to/from HTM category (excluding the exempted transfer) did not exceed 5% of book value of the investment in HTM category at the beginning of the year.

12.4 The value of investments under three categories viz., Held for Trading, Available for sale and Held to maturity (Net of provisions held) are as under:

(₹ in Crores)

Particulars	As on 31.03.2018				As on 31.03.2017			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	0.00	2217.23	14979.81	17197.04	10.45	2429.78	13884.98	16325.21
Other approved securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares (Equity & Pref.)	3.00	326.54	0.00	329.54	1.25	271.72	0.00	272.97
Debentures & Bond	0.00	713.27	17.50	730.77	0.00	1481.94	21.23	1503.17
Subsidiaries	0.00	0.00	20.00	20.00	0.00	0.00	20.00	20.00
Others (incl. Sponsored, CDs, CPs, CDs, Venture Capital & Security receipts)	0.00	557.01	45.67	602.68	0.00	3117.42	52.12	3169.54
Total	3.00	3814.05	15062.98	18880.03	11.70	7300.86	13978.33	21290.89

13. Details of book value of investments in Security Receipts

(₹ in Crores)

Particulars	Backed by NPAs sold by the bank underlying		Backed by NPAs sold by other banks/financial institutions/ non-banking financial companies as underlying		Total	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Book Value	94.29	142.14	9.21	9.08	103.50	151.22

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"Notes on Accounts"

14. Derivatives

14.1 Forward Rate Agreement/Interest Rate Swap

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
i)	The notional principal of swap agreements	NIL	NIL
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
iii)	Collateral required by the Bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps	NIL	NIL
v)	The fair value of the swap book	NIL	NIL

14.2 Exchange Traded Interest Rate Derivatives

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the Year (instrument-wise)	NIL	NIL
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	NIL	NIL
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL

14.3 Disclosures on Risk exposures in derivatives

a) Qualitative Disclosures

The only derivatives traded by the Bank in the foreign exchange market are forward contracts. Forward contracts are being used to hedge /cover the exposure in foreign exchange arising out of Merchant transactions and trading positions.

To cover the risks arising out of above derivatives, various limits like AGL, IGL and stop loss have been prescribed in the trading policy of the bank which are monitored through VaR.

Outstanding forward exchange contracts held for trading are revalued at the exchange rates for appropriate maturity rates as announced by FEDAI at the year-end exchange rates and the resultant gain/ loss is taken to revenue.

b) Quantitative Disclosures

S.No.	Particulars	31.03.2018		31.03.2017	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For Hedging	NIL	NIL	NIL	NIL
	b) For Trading	NIL	NIL	NIL	NIL
(ii)	Marked to Market Position (1)				
	a) Asset (+)	NIL	NIL	NIL	NIL
	b) Liability (-)	NIL	NIL	NIL	NIL
(iii)	Credit Exposure(2)	NIL	NIL	NIL	NIL

Schedule 18

"Notes on Accounts"

S.No.	Particulars	31.03.2018		31.03.2017	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(iv)	Likely Impact of 1% change in interest rate (100*PV01)				
	a) On hedging derivatives	NIL	NIL	NIL	NIL
	b) On Trading derivatives	NIL	NIL	NIL	NIL
(v)	Maximum & minimum of 100*PV01 observed during the year				
	a) On hedging	NIL	NIL	NIL	NIL
	b) On Trading	NIL	NIL	NIL	NIL

14.4 Forward Exchange contracts as on 31.03.2018

(₹ in Crores)

Up to 14 days	291.23
Beyond 14 day	1978.86
Total	2270.10

15. Asset Quality

15.1 Non Performing Assets.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	4.90%	4.87%
(ii)	Movement of NPAs (Gross)		
	a) Opening balance	6000.01	4368.61
	b) Additions during the year	3104.69	3278.42
	c) Reductions during the year	3098.00	1647.02
	d) Closing balance	6006.70	6000.01
(iii)	Movement of Net NPAs		
	a) Opening balance	2425.37	2163.95
	b) Additions during the year	3417.72	1964.92
	c) Reductions during the year	3098.00	1647.02
	d) Closing balance*	2791.12	2425.37
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance **	3425.29	2111.80
	b) Provisions made during the year	1222.72	2115.92
	c) Write-off/write-back of excess provisions	1535.75	802.43
	d) Closing balance	3112.26	3425.29

*Net NPA has been arrived at after adding net ECGC claims of ₹ 11.54Crores, Interest Capitalization of ₹ 40.56 Crores & reducing DIFV of ₹ 6.07 crores

**Including floating provision of ₹ 348.72Crores (Previous year ₹ 348.72Crores).

Information regarding movement of Net NPA's has been compiled at Corporate Office and relied upon by the Auditors.

16. Particulars of Accounts Restructured

Schedule 18

"Notes on Accounts"

Sl No	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total							
		Standard	Sub-Std.	Doubtful	Loss	Standard	Sub-Std.	Doubtful	Loss	Std.	Sub-Std.	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss				
		Asset Classification Details																			
1	Restructured Accounts as on April 1 of the FY (opening figures)*	3	0	5	0	8	20289	32	105	25	20451	10527	296	656	6	11485	30819	328	766	31	31944
	Amount outstanding	274.4	0	367.45	0	641.85	2596.69	2.17	47.65	1.24	2647.75	2668.67	54.47	359.23	10	3092.37	5539.76	56.64	774.33	11.24	6381.97
	Provision thereon	13.72	0	167.3	0	181.02	129.83	0.29	21.3	1.24	152.66	133.46	7.17	200.18	10	350.81	277.01	7.46	388.78	11.24	684.49
2	Fresh restructuring during the year	0	0	0	0	0	2	0	0	0	2	1	0	0	0	1	3	0	0	0	3
	Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.05	0.10	0.00	0.00	0.00	0.10
	Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Up-gradations to restructured standard category during the FY	0	0	0	0	0	24	0	1	0	25	61	2	3	0	66	85	2	4	0	91
	Amount outstanding	0.00	0.00	0.00	0.00	0.00	2.20	0.00	0.02	0.00	2.22	40.85	0.11	0.35	0.00	41.31	43.05	0.11	0.37	0.00	43.53
	Provision thereon	0.00	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.10	2.02	0.01	0.15	0.00	2.18	2.12	0.01	0.15	0.00	2.28
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY.	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	1	0	0	0	1
	Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.05
	Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Down gradations of restructured accounts during the FY	0	4	0	2	6	0	110	11	0	121	0	365	185	0	550	0	479	196	2	677
	Amount outstanding	0.00	230.89	0.00	22.41	253.30	0.00	3.05	116.48	0.00	119.53	0.00	181.23	317.75	0.00	498.98	0.00	415.17	434.23	22.41	871.81
	Provision thereon	0.00	34.63	0.00	22.41	57.04	0.00	0.57	46.55	0.00	47.12	0.00	27.33	119.94	0.00	147.27	0.00	62.53	166.49	22.41	251.43
6	Write-offs of restructured accounts during the FY	0	0	4	2	6	0	0	29	3	32	0	0	30	3	33	0	0	63	8	71
	Amount outstanding	0.00	0.00	100.88	22.41	123.29	0.00	0.00	43.18	24.84	68.02	0.00	0.00	133.86	11.92	145.78	0.00	0.00	277.92	59.17	337.09
	Provision thereon	0.00	0.00	100.88	22.41	123.29	0.00	0.00	43.18	24.84	68.02	0.00	0.00	133.86	11.92	145.78	0.00	0.00	277.92	59.17	337.09
7	Restructured Accounts as on March 31 of the FY (closing figures)*	2	0	13	0	15	28951	134	81	25	29191	8993	375	1383	11	10762	37946	509	1477	36	39968
	Amount outstanding	5.46	0.00	487.12	0.00	492.58	2919.52	4.91	130.52	0.72	3055.67	1736.43	261.95	577.95	8.42	2584.75	4661.41	266.86	195.59	9.14	6133.00
	Provision thereon	0.27	0.00	286.44	0.00	286.71	145.98	0.87	35.44	0.72	183.01	86.82	40.85	236.49	8.42	372.58	233.07	41.72	558.37	9.14	842.30

Note:- In addition to above Exposure the borrowers are also availing additional facilities (fund Based) to the tune of ₹ 1387.04 Crores as on 31.03.2018. (₹ 1168.54 Crores as on 31.03.2017)

*excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight (if applicable)

Schedule 18

"Notes on Accounts"

17. Details of Financial Assets Sold to Securitization/ Reconstruction Company for Asset Reconstruction.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1.	No. of accounts	6	02
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	559.30	106.83
3.	Aggregate Consideration	948.45*	106.83
4.	Additional consideration realized in respect of accounts transferred in earlier years	0	0.03
5.	Aggregate gain/loss over net book value	389.15	0.00

*Cash+SR i.e. Cash: ₹ 923.81+SR ₹ 24.64Cr.

18. Details of non performing financial assets purchased.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1.(a)	No. of accounts purchased	NIL	NIL
(b)	Aggregate outstanding	NIL	NIL
2.(a)	Of these, number of accounts restructured during the year	NIL	NIL
(b)	Aggregate outstanding	NIL	NIL

18.1 Details of non performing financial assets sold.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	6	3
2)	Aggregate outstanding	1606.35	174.63
3)	Aggregate consideration received	948.45	125.83

18.2 Assets sold to Asset Reconstruction Companies (ARCs)

During the financial year six accounts (NPAs) were sold to Asset Reconstruction Companies (ARCS). Against total principal NPA balance of ₹ 1606.35Cr, the bank has received an amount of ₹ 948.45Cr, which constitutes 59.04% of the principal NPA. A collective Provisioning Coverage of these assets was to the tune of ₹ 1047.05Cr which constitutes 65%. Thus in totality there has been a positive impact of ₹ 389.15Cr on the balance sheet of the bank as on 31.03.2018 and NPA/NPI outstanding got reduced by ₹ 1606.35Cr.

No of accounts	NAP balance	Cash component	Security Receipts component	Total	Provisioning Held
6	1606.35	923.81	24.64	948.45	1047.05

18.3 Purchase of Property

During the FY 2017-18 the bank has purchased a non-banking asset under the provision of SARFAESI Act 2002 at a fixed reserve price of ₹ 8.70 Crores against an NPA asset M/S ETA Engineering Pvt. Ltd which had slipped to NPA category with an outstanding balance of ₹ 176.26 crores. The same has been categorized as other current asset.

19. Provisions on standard Assets

(₹ in Crores)

Particulars	31.03.2018	31.03.2017
Provision towards Standard Assets	477.65	616.01

20. Business Ratios

S.No.	Particulars	As on	
		31.03.2018	31.03.2017
(i)	Interest income as a percentage to working funds*	8.06%	8.35%
(ii)	Non-Interest income as a percentage to working funds*	0.60%	0.62%
(iii)	Operating Profit as a percentage to working funds*	1.68%	1.62%
(iv)	Return on Assets **	0.25%	(2.04%)
(v)	Business (deposits plus advances) per employee***	11.99 Crores	12.20 Crores
(vi)	Net Profit per employee	0.02 Crores	(0.16 crores)

* Working funds are the average of total of assets as reported to RBI in Form X.

** Assets are the average of the monthly total assets as reported to RBI in Form X.

*** Deposits (other than inter-bank deposits) & Gross Advances are as at the close of the year.

Schedule 18

"Notes on Accounts"

21. Asset Liability Management

(i) Maturity pattern of certain items of assets and liabilities as on 31.03.2018

(₹ in Crores)

Particulars	Next Day	2 to 7 Days	8 to 14 Days	15 Days to 30 Days	31 Days Upto 2 months	Over 2 Months & Upto 3 months	Over 3 Months & Upto 6 months	Over 6 months & Upto 1 year	Over 1 Years & Upto 3 years	Over 3 years Upto 5 years	Over 5 years	TOTAL
Deposits	208.62	1322.81	1611.71	2076.84	2056.77	2740.68	4537.14	6549.26	30593.02	20989.73	7319.92	80006.50
Borrowings	0	0	0	0	0	0	0	0	600	500	528.33	1628.34
Investments	2409.46	5.42	485.70	570.07	20.00	18.00	400.25	1115.10	1417.10	4333.11	8105.81	18880.03
Advances	3274.61	1147.42	959.29	941.64	1158.31	1124.47	2755.14	4941.67	29265.01	6183.15	5162.04	56912.74

Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2018

(₹ in Crores)

Currency	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
ASSETS									
USD	181.66	138.51	428.87	220.04	72.10	0.00	0.00	0.00	1041.18
EURO	22.66	19.33	41.42	45.65	42.71	0.00	0.00	0.00	171.78
GBP	11.21	4.82	17.96	19.45	14.11	0.00	0.00	0.00	67.55
J.YEN	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19
AUD	1.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.71
CAD	1.58	0.46	0.20	0.00	0.00	0.00	0.00	0.00	2.24
CHF	0.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.46
SAR	0.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.44
Total	219.91	163.12	488.46	285.14	128.92	0.00	0.00	0.00	1285.55
(Previous Year)	381.09	272.87	467.58	137.56	224.61	0.00	0.00	0.00	1483.71
Liabilities									
USD	224.67	165.45	377.31	215.05	69.26	3.99	1.69	0.00	1057.42
EURO	19.49	23.07	42.74	43.90	41.24	1.23	0.00	0.00	171.67
GBP	12.32	5.10	18.15	19.45	12.65	0.00	0.00	0.00	67.67
J.YEN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AUD	0.00	1.76	0.00	0.00	0.00	0.00	0.00	0.00	1.76
CAD	0.30	1.83	0.10	0.00	0.00	0.00	0.00	0.00	2.23
CHF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	256.78	197.21	438.30	278.40	123.15	5.22	1.69	0.00	1300.75
(Previous year)	346.52	326.97	457.83	141.99	225.98	0.00	0.00	0.00	1499.29

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"Notes on Accounts"

22. Exposures

22.1 Exposure to Real Estate Sector*

(₹ in Crores)

S.No.	Particulars	As on	
		31.03.2018	31.03.2017
1.	Direct Exposure		
(i)	Residential Mortgages Lending's fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (**includes Individual housing loans eligible for inclusion in priority sector amounting to ₹ 1601.14 Crores)(Previous Year ₹ 1143.71 Crores)	3260.92	2146.42
(ii)	Commercial real estate Lending's secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	3054.09	2752.19
(iii)	Investment in mortgage backed securities and other securitized exposures		
(a)	Residential	0.00	0.00
(b)	Commercial real estate	0.00	0.00
2.	Indirect Exposure (Fund based & non fund based exposure on National Housing Bank and housing finance companies)	3601.84	1277.20
	Total Exposure to Real Estate	9916.85	6175.81

The above disclosures are as compiled and certified by the Bank's management.

22.2. Exposure to Capital Market

(₹ in Crores)

S.No.	Particulars	Current Year	Previous Year
(i)	Direct investment in Equity shares, Convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	126.33	127.92
(ii)	Advances against shares/bonds /debentures or other securities or on clean basis to individuals for investments in shares (including IPOs/ESPOs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	0.00	0.00
(iii)	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.00	0.00
(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e where the primary security other than shares /convertible bonds /convertible debentures /units of equity oriented mutual funds does not fully cover the advances	0.04	0.04
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	0.03	0.00
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows /issues	0.00	0.00
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	0.00	0.00
(ix)	Financing to stock brokers for margin trading	0.00	0.00
(x)	All exposures to venture Capital Funds (both registered and unregistered)	0.02	10.73
	Total	126.42	138.69

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"Notes on Accounts"

22.3 Risk category wise country exposure

(₹ in Crores)

Category	Risk Category	Exposure (net) as at March 2018	Provisions held as at March 2018	Exposure (net) as at March 2017	Provisions held as at March 2017
A1	Insignificant	64.62	Nil	97.09	Nil
A2	Low	1.39	Nil	2.33	Nil
B1	Moderate	Nil	Nil	Nil	Nil
B2	High	Nil	Nil	Nil	Nil
C1	Very high	Nil	Nil	Nil	Nil
C2	Restricted	Nil	Nil	Nil	Nil
D	Off-Credit	Nil	Nil	Nil	Nil
	Total	66.01	Nil	99.42	Nil

The above disclosure is as compiled and certified by the Bank's management

23. Details of single borrower limit/ group borrower limit exceeded by the Bank:

NIL

24. Statement of loans & Advances secured by Intangible Assets viz. Rights, Licenses, Authorizations etc.

(₹ in Crores)

Particulars	2017-18	2016-17
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	0.00	0.00

25. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year ₹ 6.28 lacs (Previous year ₹ 4.15 lacs).

26. Disclosures as per Accounting Standards (AS) in terms of RBI guidelines.

26.1 Accounting Standard 5

Net profit or loss for the period, prior period items and changes in accounting policies:

There is no material Prior Period item included in Profit & Loss Account required to be disclosed as per Accounting Standard-5 read with RBI Guidelines.

26.2 Accounting Standard 9- Revenue Recognition

There are no material deviations in the recognition of items of income, which are required to be disclosed as per Accounting Standard-9, read with the RBI guidelines.

26.3 Accounting Standard 15 - Employees Benefit

Adoption of AS -15 (R) The bank has adopted accounting standard 15 (R) - Employee Benefits, issued by the Institute of Chartered Accountants of India (ICAI), the Bank recognizes in its books of accounts the liability arising out of employee benefits as the sum of the present value of obligation as reduced by fair value of plan assets on the balance sheet date.

The disclosure required under Accounting Standard 15 "Employee Benefits- in line with the accounting policy as per the Accounting Standard- issued by the Institute of Chartered Accountants of India are as under":

I Principal Actuarial Assumptions as the Balance Sheet date:

Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.3.2017	31.3.2018	31.3.2017	31.3.2018	31.3.2017	31.3.2018
Discount Rate	7.5%	7.75%	7.75%	7.75%	7.75%	7.75%
Expected Return on Plan Assets	7.5%	7.5%	7.5%	7.5%	N/A	N/A
Rate of Escalation in salary	5%	5.5%	5%	5.5%	5%	5.5%
Attrition Rate	1%	1%	1%	1%	1%	1%

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"Notes on Accounts"

II Changes in Present value of the obligation (PVO)-Reconciliation of Opening & Closing Balance

(₹ in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligation 01.04.2017	826.01	273.07	173.14
Interest Cost	56.19	19.94	12.78
Current Service Cost	32.52	32.33	18.80
Benefits paid	(201.96)	(31.44)	(16.57)
Actuarial loss/ (gain) on obligations (Balancing figure)	225.31	24.36	32.86
Present Value of Obligations, 31.03.2018	938.07	368.62	221.01

III Changes in the Fair Value of the Plan Assets-Reconciliation of Opening & Closing Balances:

(₹ in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Fair Value of Plan Assets 01.04.2017	812.05	266.64	0.00
Expected return on Plan assets	64.96	21.95	0.00
Contributions by Bank/Employees	283.40	58.74	16.57
Benefits paid	(201.96)	(31.44)	(16.57)
Actuarial (loss)/ gain on Plan Assets (Balancing figure)	(38.35)	2.84	0.00
Fair Value of Plan Assets, 31.03.2018	920.10	318.73	0.00

IV Actual return on Plan Assets

(₹ in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Expected return on Plan Assets	64.96	21.95	0.00
Actuarial (loss)/ gain on Plan Assets	(38.35)	2.84	0.00
Actual Return on Plan Assets	26.81	24.79	0.00

V Net Actuarial Gain/(loss) recognized

(₹ in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Actuarial gain/ (loss) for the period - Obligation	225.31	24.36	32.86
Actuarial gain/ (loss) for the period - Plan Assets	(38.35)	2.84	0.00
Total Gain/ (Loss) for the period	263.66	21.52	32.86
Actuarial gain or (loss) recognized in the period	263.66	21.52	32.86
Unrecognized Actuarial gain/ (loss) at the end of the year	0.00	0.00	0.00

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"Notes on Accounts"

VI Amount recognized in Balance Sheet & Related Analysis

(₹ in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value obligation, 31.03.2018	938.07	368.62	221.01
Fair Value of Plan Assets, 31.03.2018	(920.10)	(318.73)	0
Difference	17.97	49.89	221.01
Unrecognized Transitional Liability	0	0	0
Unrecognized Past Service cost - vested benefits - Carried Forward	0	0	0
Liability Recognized in the Balance Sheet	17.97	49.89	221.01
Negative amount determined under Paragraph 55 of AS-15 (R)	-	-	-
Present value of available refunds and reductions in future contributions	-	-	-
Resulting asset as per Paragraph 59 (b) of AS - 15 (R)	-	-	-

VII Expense recognized in Profit and Loss Statement

(₹ in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Current Service Cost	32.52	32.33	18.80
Interest Cost	56.19	19.94	12.78
Expected return on Plan assets	(64.96)	(21.95)	0.00
Net Actuarial gain/ (loss) recognized in the year	213.66	21.52	32.86
Past Service Cost-Recognized	0.00	50.36	0.00
Expenses recognized in the statement of profit and loss	287.41	102.20	64.44

VIII Movement in Net liability to be recognized in Balance Sheet

(₹ in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Opening Net Liability	13.96	6.43	173.14
Expenses	287.41	102.20	64.44
Contributions paid	(283.40)	(58.74)	(16.57)
Closing Net Liability (Liability recognized in B/S in current period)	17.97	49.89	221.01

IX Amount for the Current Period

(₹ in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligations, 31.03.2018	938.07	368.62	221.01
Fair Value of Plan Assets, 31.03.2018	920.10	318.73	0
Surplus/(Deficit) before unrecognized past service cost	(17.97)	(49.89)	(221.01)
Experience Adjustments in Plan Liabilities - (loss)/ gain	192.25	21.01	25.46
Experience Adjustments in Plan Assets (loss) / gain	(32.74)	2.84	N/A

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"Notes on Accounts"

X Major Categories of Plan Assets (as percentage of Total Plan Assets)

(in % age)

Particulars	PENSION (%)	GRATUITY (%)
Government of India Securities	2.77	5.42
State Government Securities	1.31	44.82
High Quality Corporate Bonds	2.89	27.88
Equity Shares of listed companies	0	4.75
Funds managed by Insurer	93.03	1.80
Other- Bank Deposits and CD's	0	15.33
Total	100.00	100.00

XI Best Estimate of contribution during next year

(₹ in Crores)

Particulars	PENSION (Funded)	GRATUITY (Funded)
Bank's best estimate of Contribution during next year	304.67	71.73

Particular Basis of assumption:

Discount rate : Discount rate has been determined by reference to market yields on the balance sheet date on Government Bonds of term consistent with estimated term of the obligations as per para 78 of AS-15R.

Expected rate of return on plan assets: The expected return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation.

Rate of escalation in salary: The estimates of future salary increases considered in actuarial valuations taking into account inflation, seniority, promotion and other relevant factors mentioned in paras 83-91 of AS-15R.

Attrition rate: Attrition rate has been determined by reference to past and expected future experience and includes all types of withdrawals other than death but including those due to disability.

The above information is based on the information certified by the actuary except para XI above.

26.4 Accounting Standard 17 - Segment Reporting

- i) The Bank has recognized business segment as its primary reportable segment under AS-17 classified into treasury, Corporate/ Wholesale banking, Retail banking and other banking Business. The necessary disclosure is given below:-

Description		31.03.2018	31.03.2017
A	Segment Revenue (Income)		
	i. Treasury Operations	1693.39	2091.55
	ii. Corporate/Whole sale Banking	2170.12	2271.40
	iii. Retail Banking	3838.58	3166.86
	iv. Other Banking Business	31.98	33.21
	Total	7734.07	7563.02
	(Less): Inter segment revenue	617.36	384.36
	Total Income from Operations	7116.71	7178.66
B	Segment Results (Profit before tax)		
	i. Treasury Operations	54.38	(135.61)
	ii. Corporate /Wholesale Banking	264.23	(1249.17)
	iii. Retail Banking	588.04	268.34
	iv. Other Banking Business	29.35	31.55
	v. Un-Allocated Business	(576.87)	(421.08)
	Total	359.13	(1505.97)

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		(₹ in Crores)	
Description		31.03.2018	31.03.2017
C	(Segment Assets)		
i.	Treasury Operations	25846.18	25410.29
ii.	Corporate/Wholesale Banking	29632.54	27185.99
iii.	Retail Banking	34208.72	29422.28
iv.	Other Banking Business	0.17	0.11
	Total	89687.61	82018.67
D.	(Segment Liabilities)		
i.	Treasury Operations	2547.32	291.66
ii.	Corporate /Wholesale Banking	24854.98	23786.04
iii.	Retail Banking	56123.39	52263.70
iv.	Other Banking Business	0.71	0.77
	Total	83526.40	76342.17
E.	Capital Employed (Segment Assets-Segment Liabilities)		
i.	Treasury Operations	23298.86	25118.63
ii.	Corporate/Wholesale Banking	4777.55	3399.95
iii.	Retail Banking	(21914.66)	(22841.42)
iv.	Other Banking Business	(0.54)	(0.66)
	Total	6161.21	5676.50

ii). As the Bank does not have any overseas branch there is no requirement as to reporting of Geographical Segment.

26.5 Accounting Standard 18 - Related party disclosures as on 31.03.2018

		(₹ in Crores)	
Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)
Deposits	Balance as on date	1450.87	1.96
	Maximum Balance during the year	1450.87	3.28
Advances	Balance as on date	11.67	NIL
	Maximum Balance during the year	44.17	NIL
Investments	Balance as on date	34.01	20.00
	Maximum Balance during the year	34.01	20.00
Interest Paid		108.10	0.14
Interest/Commission Received		1.24	0.0003
Sale of Fixed Assets		NIL	NIL
Transfer of Current Assets/ Liabilities(Net)		NIL	NIL
Reimbursement of Expenses		NIL	3.42
IT Support Services		4.10	Nil

Advances is shown as borrowings from the Sponsor bank in shape of SOD, LAD and Perpetual Bonds

* ₹ 11.67 crore is 50% share of Sponsor Bank for implementation of CBS by JKGB in the form of Investment in Tier II perpetual bonds.

		(₹ in Lakhs)			
Items/Related Party		K.M.P*			
		Mr. Parvez Ahmed (Chairman)	Mr. S K Bhat (CFO)	Mr. P K Tickoo (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2017-18		12 months	1 month 13 days	8 months 10 days	12 months
Investments					
Interest/Commission Received					
Salary		66.11	3.97	15.50	14.06

* Key Managerial Personnel.

**During the period, the bank has provided the residential accommodation to the Chairman in lieu of which no House Rent has been paid. Moreover, during the period no expenditure has been incurred on the maintenance of same.

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"Notes on Accounts"

The Jammu & Kashmir Asset Reconstruction Limited has been incorporated by Government of J&K and J&K Bank Ltd on 28.04.2017. The Bank has subscribed capital to the tune of ₹98 lakhs whereas Government of J&K has subscribed ₹102 Lakh. The Bank has incurred ₹76,32,730/- towards incorporation expenses for the company. The State Government has not released the initial Share Capital to the tune of ₹102 Lakh and the Bank has also not received share certificate till reporting date.

26.6 Accounting Standard 19 - Leases

The properties taken on lease/rental basis are renewable/cancellable at the option of the Bank.

The lease entered into by the Bank are for agreed period with an option to terminate the leases even during the currency of lease period by giving agreed calendar months' notice in writing.

Lease rent paid for operating leases are recognized as an expense in the Profit & Loss account in the year to which it relates. The lease rent recognized during the year is ₹ 55.90 crores (previous year ₹ 47.58 crores)

26.7 Accounting Standard 20 - Earning per share

Description	31.03.2018	31.03.2017
Net Profit available to Equity Share Holders (in Crores)	202.72	(1632.29)
No. of Equity Shares	556858392	485979830*
Basic/Diluted Earnings per share (in ₹)	3.64	(33.59)
Face value per share	₹1/-	₹1/-

* weighted average number of equity shares outstanding during the period. (Amount of allotment of 36555051 equity shares received on 20-03-2017)

26.8 Accounting Standard -21 (Consolidated Financial Statements)

The Bank has a fully owned subsidiary company "JKB Financial Services Ltd." In terms of the approval of Reserve Bank of India vide its letter No DBOD.FSD.No./1124/24.01.001/2007-08 dated July 31, 2007. The investment towards the capital of subsidiary company is ₹ 20.00 Crores (Previous Year ₹ 20.00 Crores). The consolidated financial statements are placed accordingly in terms of AS 21 issued by the Institute of Chartered Accountants of India.

26.9 Accounting standard 22 - Accounting for taxes on income

The Bank has accounted for Income Tax in compliance with Accounting Standard-22 accordingly Deferred Tax Assets and Liabilities are recognized.

(₹ In Lacs)

Timing Difference	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on Assets	-	5160.02
Leave Encashment	7646.95	-
Special Reserve	-	4261.34
Wage Revision	-	-

Net Deferred Tax Liability as on 31.03.2018 : ₹ 1774.41 Lacs

Tax Impact for the year : ₹ 57.75 Lacs

26.10 Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of ₹ 134.25 Lacs on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹ 52.79 Lacs has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹81.46 Lacs has been charged to Profit & Loss account treating it as a Revenue expenditure for the reason that the Bank cannot declare dividend to shareholders without writing it off completely in view of the provisions of the Banking Regulation Act, 1949. Accordingly, the Bank has not evaluated useful life of this Brand strategy project over which the expenses could be amortized.

Further, the Bank has incurred an amount of ₹ 9.65 Crores on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

26.11 Accounting Standard 28 - Impairment of Assets

Majority of Fixed Assets of the Bank are considered as Corporate Assets and not cash generating assets and in the opinion of Management there is no material impairment in these Fixed Assets. Regarding other Fixed Assets generating cash there is no material impairment. As such no provision is required as per AS-28 issued by ICAI.

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26.12 Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

In respect of Contingent Liabilities under each class shown as per Schedule 12, in the opinion of the Management, the possibility of any out flow in settlement is remote. A provision of ₹ 0.47 crores (Previous year ₹5.89 Crores) has been made during the year totaling to ₹ 11.91 crores (Previous year ₹ 11.45 Crores) upto 31.03.2018 against claims decreed against the Bank. Claims have not been acknowledged as debts owing to the appeal filed by the bank before the court of competent jurisdiction, pending adjudication.

27. ADDITIONAL DISCLOSURES

27.1 Provisions and Contingencies

The break-up of "Provisions and Contingencies" shown under the head "Expenditure in Profit and Loss Account" is as under:

(₹ in Crores)

Particulars	For the year ended	
	31.03.2018	31.03.2017
Tax Expense		
i) Income Tax	157.00	145.87
ii) Deferred Tax Liability/(Asset)	(238.76)	(19.55)
Provision against NPA's	1222.72	2115.93
Provision for depreciation on investments	15.38	55.19
Provision for frauds and embezzlements	(0.08)	1.39
Provision for diminution in the fair value of restructured /rescheduled advances	(6.68)	114.49
Provision for Non Performing Investments	167.46	244.04
Other provisions & contingencies	-	-
Provision for contingent liabilities	0.47	5.89
Provision for Standard Assets	(138.36)	263.37
Total	1179.16	2926.62

28. Details / Utilization of Floating Provisions

(₹ in Crores)

Particulars	As on	
	31.03.2018	31.03.2017
Opening balance	348.72	348.72
Additions made during the year	0.00	0.00
Draw Down made during the year	0.00	0.00
Closing balance	348.72	348.72

29. Investments (Floating Provision)

(₹ in Crores)

Particulars	As on	
	31.03.2018	31.03.2017
Opening balance	2.76	2.76
Additions made during the year	NIL	Nil
Utilization made during the year	NIL	Nil
Closing balance	2.76	2.76

30. Customer Complaints

A	No. of complaints pending at the beginning of the year	11
B	No. of complaints received during the year	367
C	No. of complaints redressed during the year	369
D	No. of complaints pending at the end of the year	09

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"Notes on Accounts"

31. Awards Passed by Banking Ombudsman

A	No. of unimplemented Awards at the beginning of the Year	0
B	No. of Awards passed by the banking ombudsman during the year	03
C	No. of Awards implemented during the year	01
D	No. of unimplemented Awards pending at the end of the year	02

32. Foreign Exchange

- a) The net funded exposure of the Bank in respect of Foreign Exchange transactions with each country is within 1% of the Total Assets of the Bank and hence no Provision and Disclosure is required to be made as per the RBI Circular No. 96/21.04.103/2003 dated: 17.06.2004.
- b) Claims pending with ECGC is ₹ 225.17 crores (Previous year NIL)

33. Letter of comfort (LOC's) issued by the Bank.

The bank has not issued any letter of comfort on its behalf. However, Letter of comfort issued on behalf of the customers have been reported under respective heads of contingent liabilities in the financial statement of banks as on 31.03.2018.

34. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2018 is 65.83% (Previous Year 66.88%) which is calculated taking into account the total technical write offs made by the Bank.

35. Bancassurance Business:

The Bank has tie ups with M/S PNB Met Life Insurance(P) Ltd and Bajaj Allianz (P) Ltd for mobilizing insurance business both life and Non Life. The details of the commission earned by the Bank during FY 2017-18 on account of mobilizing said business is given hereunder:-

		(₹ in Crores)
S. No	Nature of Income	Amount
1	For selling Life Insurance Policies	17.26
2	For selling Non-Life Insurance Polices	14.14
Total		31.40

36. Concentration of Deposits, Advances, Exposures & NPA's

36.1 Concentration of Deposits

		(₹ in Crores)
Total Deposits of 20 largest depositors		11464.50
Percentage of 20 largest deposits to total Deposits of the Bank		14.33%

36.2 Concentration of Advances

		(₹ in Crores)
Total Advances to twenty largest borrowers		12569.26
Percentage of advances of twenty largest borrowers to Total Advances of the Bank		22.09

36.3 Concentration of Exposures

		(₹ in Crores)
Total Exposure to twenty largest borrowers customers		13263.45
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/ customers		18.41%

36.4 Concentration of NPA's

		(₹ in Crores)
Total Exposure to top four NPA accounts		1404.43

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"Notes on Accounts"

37. Sector Wise Advances

(₹ in Crores)

S No	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that sector	Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that Sector
A	Priority Sector						
1	Agriculture and Allied Activities	5751.56	265.95	4.62	5252.18	232.96	4.44
2	Advances to Industries sector eligible as priority sector lending	2552.93	417.52	16.35	2102.97	295.14	14.03
3.	Services	8327.42	210.58	2.53	6366.19	301.04	4.73
4.	Personal Loans	2481.37	16.82	0.68	1595.90	48.48	3.04
	Sub Total A	19113.28	910.87	4.77	15317.24	877.62	5.73
B.	Non Priority Sector						
1	Agriculture and Allied Activities	0	0	0	0	0	0
2	Industry	13306.82	4013.65	30.16	13023.90	4001.56	30.72
3.	Services	16614.45	934.59	5.63	13305.90	998.81	7.51
4.	Personnel Loans	11263.73	147.60	1.31	11926.41	122.02	1.02
	Sub Total B	41185.00	5095.84	12.37	38256.21	5122.39	13.39
	TOTAL (A+B)	60298.28	6006.71	9.96	53573.45	6000.01	11.20

38. Movement of NPA's

(₹ in Crores)

Particulars	Current Year	Previous Year
Gross NPA's as on April 01, (Opening Balance)	60001.01	4368.61
Additions (Fresh NPA's) during the year	3104.69	3278.42
Sub Total : (A)	9104.70	7647.03
Less		
i) Up-gradation	185.64	154.76
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	340.10	635.27
iii) Technical/ Prudential/ write offs	1611.73	827.92
iv) Due to Compromise/settlement	960.53	29.07
Sub Total (B)	3098.00	1647.02
Gross NPA as on 31 st March	6006.70	6000.01

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39. Sector wise NPA's*

S No.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	4.62
2	Industry (Micro & Small Medium and Large)	27.94
3	Services	4.59
4	Personal Loans	1.20

*Information regarding sector wise classification of NPA's has been compiled at Corporate Office and relied upon by the Auditors.

40. Stock of technical write-offs and recoveries made thereon

(₹ in Crores)

Particulars	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at April 01,	1323.30	566.04
Add: Technical/Prudential write-offs during the year	1008.32	781.08
Sub Total:	2331.62	1347.12
Less: Recoveries made during the year	169.46	23.81
Closing balance as at March 31	2162.16	1323.30

41. Overseas Assets, NPA's and Revenues

(₹ in Crores)

S No.	Particulars	
1	Total Assets	NIL
2	Total NPAs	NIL
3	Total Revenue	NIL

42. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored		
	Domestic	Overseas
	NIL	NIL

43. Divergence in the asset classification and provisioning:

(₹ in Thousands)

S. No.	Particulars	Amount
1	Gross NPAs as on March 31, 2017 as reported by the bank	60000051
2	Gross NPAs as on March 31, 2017 as assessed by RBI	69090051
3	Divergence in Gross NPAs (2-1)	9090000
4	Net NPAs as on March 31, 2017 as reported by the bank	24253726
5	Net NPAs as on March 31, 2017 as assessed by RBI	32131826
6	Divergence in Net NPAs (5-4)	7878100
7	Provisions for NPAs as on March 31, 2017 as reported by the bank	34252936
8	Provisions for NPAs as on March 31, 2017 as assessed by the RBI	35464836
9	Divergence in Provisioning (8-7)	1211900
10	Reported Net Profit after Tax (PAT) for the Year ended March 31, 2017	(16322930)
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning	(17534830)

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"Notes on Accounts"

44. The Bank follows policy of providing interest on overdue time deposits at Saving Bank interest rates in conformity with guidelines of Reserve Bank of India.

45. Corporate Social Responsibility (CSR Activities)

Pursuant to section 135 of the Companies Act 2013, it is required to expend 2% of the average net profits made during three immediate preceding financial years for CSR activities. Accordingly, bank is required to spent ₹ 0.04 Crores (Previous year ₹ 21.76 Crores) for twelve months period ended 31st March 2018 against which bank has spent ₹ 31.71 Crores (Previous year ₹ 21.87 Crores).

46. a) In Compliance to RBI Letter No. DBR.NO.BP.13018/21.04.048/2015-16 dated April 12, 2016, bank is required to make a provision @ 15% of the existing outstanding balance under Food Credit availed by State Government of Punjab. Now, the RBI vide letter no. BVV.BP.S 7201/21.04.132/2017-18 dated 08 February 2018 has allowed banks to write back the provision of 10% however, continue to maintain 5% provisions. Accordingly, our bank has maintained a provision of ₹ 9.09 crore against balance outstanding of ₹ 181.85 crores as on 31.03.2018 under Food credit availed by State Government of Punjab.

b) In view of flood during 2014 and disturbance during 2016, Bank rehabilitated affected borrowal accounts under RBI Master Directions issued for Relief Measures by Banks in areas affected by Natural Calamities. The total amount of Rehabilitated/ Restructured advances stood at ₹4286.80 crores (Flood & disturbance) as on 31.03.2018. The Bank has recognized funded interest aggregating ₹796.02 crores as interest income in these accounts upto 31st Dec, 2017. Now the bank has capitalized funded interest (net of recoveries) of ₹510.10 crores by staggering over five quarters beginning with 1st quarter ended 31st March 2018 in compliance of dispensation allowed to the Bank by Reserve Bank of India. Accordingly, the Bank has created Interest Capitalization of ₹102.62 Crores by corresponding debit to interest income in Profit & Loss Account.

47. Micro Small and Medium Enterprises Development Act

With regard to disclosure relating to MSME under the Micro Small & Medium Enterprises Development Act 2006, no Purchases have been made from Micro Small Medium Enterprises hence the disclosure be treated as **NIL**

48. Movement in Provision for Credit Card Reward Point is set out below:

(₹ in Crores)

Particulars	
Opening Provision Balance as on 01.04.2017	0.60
Provisions made during the year	2.44
Redemption made during the year	2.06
Closing Provision Balance as on 31.03.2018	0.98

49. Intra-Group Exposure

(₹ in Crores)

	Current Year	Previous Year
Total Amount of intra-group Exposure	5.00	0.00
Total Amount of top-20 intra group exposures	5.00	0.00
Percentage of intra -group exposures to total exposures of the bank on borrowers/customers	0.00	0.00
Details of breach of limit on intra-group exposures and regulatory action thereon, if any	NIL	NIL

50. Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in Crores)

Particulars	Current Year 31.03.2018	Previous Year 31.03.2017
Opening balance of amounts transferred to DEAF	61.24	31.06
Add:- Amounts transferred to DEAF (During the Year)	18.48	32.19
Less : Amounts reimbursed by DEAF towards claims	1.82	2.01
Closing balance of amounts transferred to DEAF	77.90	61.24

51. Un-hedged Foreign Currency Exposure

In accordance with RBI circular no DBOD .BP.BC.85/21.06.200/2013-14 dated 15th January, 2014 and circular no DBOD. BP.BC.116/21.06.200/2013-14 dated 3rd June 2014, banks are required to make an additional provision in respect of borrowers with Un-hedged Foreign Currency Exposures (UFCE) from April 1, 2014 onwards. Accordingly, our bank has made the necessary provisions.

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"Notes on Accounts"

51.1 Policy to manage currency induced Credit Risk:-

Foreign currency exposures are hedged under permitted hedging products in accordance with guidelines of RBI on Risk Management and inter-bank dealings, FEDAI norms and guidelines. The objective of the policy is to maximize hedging on the foreign currency exposures of borrowers. Monitoring and review of the un-hedged foreign currency exposures to borrowers is undertaken by the bank on monthly basis by obtaining borrower-wise statements. Specific action/ suitable remedial measures including stipulation of additional cash margin and /or increase in pricing spread, wherever required are accordingly devised by the bank.

****Details of Incremental provisioning made by Bank towards this risk.**

(₹ in Crores)

Particulars	Provision Held
Opening balance as on (01.04.2017)	1.09
Additions during the year	0.72
Deductions during the year	0.00
Closing balance 31.03.2018	1.81

The capital held by the Bank towards the foreign currency exposure amounts to ₹ 3.12 Crores (Previous Year ₹ 3.24 Crores)

52. Liquidity Coverage Ratio (LCR)

(₹ in Crores)

FY 2017-18	Current Year		Previous Year	
	Total Unweighted value (Average)	Total Weighted value (Average)	Total Unweighted value (Average)	Total Weighted value (Average)
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA)	11439.14	11369.10	10124.86	10087.63
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which	28959.89	2243.84	22113.73	1607.21
(i) Stable deposits	13042.50	652.11	12083.31	604.16
(ii) Less stable deposits	15917.39	1591.73	10030.42	1003.04
3 Unsecured wholesale funding ,of which	8836.08	3506.20	17307.56	5489.99
(i) Operational Deposits (all counterparties)	3311.74	777.37	17306.78	5489.92
(ii) Non Operational deposits (all counterparties)	5524.35	2728.83	0.78	0.07
(iii) Unsecured debt	0.00	0.00	0.00	0.00
4 Secured Wholesale funding	1637.32	0.00	1166.73	0.00
5 Additional requirements of which				
(i) Outflows related to derivative exposure and other collateral requirements	0.00	0.00	0.00	0.00
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	0.00	0.00	0.00	0.00
6 Other contractual funding Obligations	7266.85	542.50	7624.65	645.43
7 Other contingent funding Obligations	3326.04	99.78	5075.01	152.25
8 Total cash outflows	50026.18	6392.32	53287.67	7894.88
Cash Inflows				
9 Secured Lending (e.g. reverse repo)	498.36	0.00	279.82	0.00
10 Inflows from fully performing exposure	1971.57	1248.77	1644.51	1080.45
11 Other cash inflows	0.00	0.00	0.00	102.79
12 Total cash inflows	2469.93	1248.77	1924.33	1080.45
		Total adjusted value		Total adjusted value
TOTAL HQLA		11369.10		10087.63
Total Net Cash Outflows		5143.55		6814.43
Liquidity Coverage ratio (%)		221.04		148.03

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"Notes on Accounts"

Qualitative disclosure for LCR : The Bank has robust liquidity risk management framework in place that ensures sufficient liquidity including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources.

Liquidity Coverage Ratio (LCR) BLR-1 aims to ensure that bank maintains an adequate level of unencumbered High Quality Liquidity Asset (HQLAs) that can be converted into cash to meet liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

Composition of High quality liquid assets (HQLAs)

High quality liquid assets (HQLAs) comprise of assets that can be readily sold or used as collateral to obtain funds in a range of stress scenario. These are asset categories which can be easily or immediately converted into cash at little or no loss in value.

With zero percent haircut Level 1 (HQLA) asset comprises of:

- Cash
- Excess CRR
- Government securities in excess of SLR
- Marginal Standing Facility (MSF)
- Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR)
- Marketable securities issued by foreign sovereigns

A minimum haircut of 15% is applied on the following assets and is placed in the category of Level 2A (HQLA) assets:

- Marketable securities guaranteed by sovereigns, PSEs or multilateral development banks assigned risk weights of up to 20% but are not issued by banks/financial institutions/NBFCs
- Corporate bonds not issued by banks/financial institutions/NBFCs
- Commercial Papers not issued by PDs/financial institutions/NBFCs

With a haircut of 50% following HQLAs are also placed in category of level 2B assets:

- Marketable securities guaranteed by sovereigns having risk weights of higher than 20% but not more than 50%.
- Common equity shares included in NSE CNX Nifty index or S&P BSE Sensex index but not issued by banks/financial institutions/NBFCs
- From February 2016, In line with the RBI guidelines Corporate debt securities (including commercial paper) not issued by a bank, financial institution, PD, NBFC or any of its affiliated entities have a long-term credit rating from an Eligible Credit Rating Agency between A+ and BBB- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating; traded in large, deep and active repo or cash markets characterised by a low level of concentration; and have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions, i.e. a maximum decline of price not exceeding 20% or increase in haircut over a 30-day period not exceeding 20 percentage points during a relevant period of significant liquidity stress. is also reckoned as Level 2B HQLAs,

All the relevant inflows and outflows as per RBI stipulations are captured in the LCR template.

LCR statement in the prescribed format is submitted to RBI at the end of every month and put up to the Board and management as part of ICAAP at annual and quarterly rests respectively.

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"Notes on Accounts"

53. Disclosure on Remuneration

a)	Information relating to the composition and mandate of the Remuneration Committee.	<p>Bank has constituted the Nomination and Remuneration committee of the Board pursuant to the requirement of the Reserve bank of India and the Companies Act, 2013, constitutes of following members of the Board.</p> <table border="0"> <tr> <td>Mrs. Vijayalakshmi R. Iyer</td> <td>(Chairman- N&RC)</td> </tr> <tr> <td>Mr. Navin Kumar Choudhary</td> <td>(Member)</td> </tr> <tr> <td>Dr. Pronab Sen</td> <td>(Member)</td> </tr> <tr> <td>Mr. Azhar UI Amin</td> <td>(Member)</td> </tr> <tr> <td>Mr. Sunil Chandiramani</td> <td>(Member)</td> </tr> <tr> <td>Mr. Dhaman Kumar Pandoh</td> <td>(Member)</td> </tr> </table>	Mrs. Vijayalakshmi R. Iyer	(Chairman- N&RC)	Mr. Navin Kumar Choudhary	(Member)	Dr. Pronab Sen	(Member)	Mr. Azhar UI Amin	(Member)	Mr. Sunil Chandiramani	(Member)	Mr. Dhaman Kumar Pandoh	(Member)
Mrs. Vijayalakshmi R. Iyer	(Chairman- N&RC)													
Mr. Navin Kumar Choudhary	(Member)													
Dr. Pronab Sen	(Member)													
Mr. Azhar UI Amin	(Member)													
Mr. Sunil Chandiramani	(Member)													
Mr. Dhaman Kumar Pandoh	(Member)													
b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<ul style="list-style-type: none"> • Ensure effective governance of compensation, alignment of compensation with prudent risk taking. • Ensure effective supervisory oversight and engagement by stakeholders. • Comply with the regulatory directives whereby all Private Sector Banks are required to formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof. • Identify persons who are qualified and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal • Recommend to the Board a policy, relating to the remuneration for directors the key managerial personnel and other employees. • Formulate the policy which inter alia shall ensure that: <ol style="list-style-type: none"> (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. 												
c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Remuneration committee of the Board undertakes risk evaluations based on industry standards and risk profile of the bank.												

Schedules 18

"Notes on Accounts"

d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	The performance of the Bank as a whole is linked to the performance of its management and employees. However in individual cases variable pay is withheld in case of low performance of individual staff member.
e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	NIL
f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	NIL

Quantitative Disclosure

Particulars		31.03.2018	31.03.2017
g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	The Committee met four times during the year and total sitting fee of ₹ 420000/- @ ₹25000 for the meetings held on 15th April 2017 and 17th June 2017, @ ₹40000 for the meetings held on 19th December 2017 and 12th March 2018, attended by its Members was paid. (Total amount of ₹420000/- paid to all Members)	The Committee met once during the year and total sitting fee of ₹75000/- @ ₹25000 for each meeting attended by its members was paid. (Total amount of ₹ 75000/- paid to all members)
h)	i) Number of employees having received a variable remuneration award during the financial year. (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)	NIL	NIL
	ii) Number and total amount of sign-on awards made during the financial year.	NIL	NIL
	iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL	NIL
	iv) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
i)	i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL	NIL
	ii) Total amount of deferred remuneration paid out in the financial year.	NIL	NIL
j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.		
k)	i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and /or implicit adjustments.	NIL	NIL
	ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	NIL	NIL
	iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	NIL	NIL

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"Notes on Accounts"

- 54.** The Principal Accounting Policies (Schedule 17) and Notes on Accounts (Schedule 18) form an integral part of these Accounts.
- 55.** Previous year figures have been regrouped / rearranged, wherever necessary and possible, to conform to current year figures. In cases where disclosures have been made for the first time in terms of RBI guidelines, previous year's figures have not been given.

Parvez Ahmed
Chairman & CEO

Navin Kumar Choudhary, I.A.S
Director

Abdul Majid Mir
Director

Azhar-ul-Amin
Director

Mohammad Maqbool Rather
Director

Dr. Sanjiv Agarwal
Director

Mohammad Ashraf Mir
Director

Dhaman Kumar Pandoh
Director

Rahul Bansal
Director

P K Tickoo
President (CFO)

Tabassum Nazir
Vice President

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Dated : 30th May, 2018

In terms of our report of even date annexed

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

For **Verma Associates.**
Chartered Accountants
FRN:02717N

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA.Vikram Garg)
Partner
M.No.097038

(CA.MadanVerma)
Partner
M.No.081631

(CA.Rajan Gupta)
Partner
M.No.090330

(CA. Amit Goel)
Partner
M.No.098913

Place : Srinagar
Dated : 30th May, 2018

Cash Flow Statement

For the year ended as at 31st March, 2018

		2017-18	2016-17
		₹ '000' Omitted	
A	CASH FLOW FROM OPERATING ACTIVITIES	23,623,374	24,514,033
B	CASH FLOW FROM INVESTING ACTIVITIES	(1,638,213)	(8,613,218)
C	CASH FLOW FROM FINANCING ACTIVITIES	6,684,308	5,928,501
	NET CHANGE IN CASH AND CASH EQUIVALENTS	28,669,469	21,829,316
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	53,859,362	32,030,046
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	82,528,831	53,859,362
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit after Taxes	2,027,197	(16,322,930)
	Add : Provision for Taxes	(817,575)	1,263,177
	Net profit before taxes (i)	1,209,622	(15,059,753)
	Adjustment for :		
	Depreciation charges	925,442	817,268
	Provision for NPA's	12,227,238	21,159,289
	Provision on Standard Assets	(1,383,628)	2,633,691
	Depreciation on investment	153,786	551,875
	Provision for Non-Performing investment	1,674,553	2,440,386
	Other provisions	(62,815)	1,217,824
	Interest paid on subordinate Bonds (Financing Activities)	1,135,693	550,411
	Total Adjustment (ii)	14,670,269	29,370,744
	Operating profit before change in Operating assets & liabilities (i) + (ii)	15,879,891	14,310,991
	Adjustment for changes in Operating Assets & Liabilities		
	Increase / (Decrease) in Deposits	75,434,052	30,728,400
	Increase / (Decrease) in Borrowings	(1,477,131)	(14,639,513)
	Increase / (Decrease) in Other liabilities & provisions	(7,409,532)	5,930,949
	(Increase) / Decrease in investments	23,954,810	(9,924,582)
	(Increase) / Decrease in Advances	(83,126,802)	(18,532,483)
	(Increase) / Decrease in Other Assets	2,163,651	17,347,960
	Net Cash flow from Operating activities (iii)	9,539,048	10,910,731
	Cash generated from operation (i + ii + iii)	25,418,939	25,221,722
	Less : Tax paid	1,795,565	707,689
	TOTAL : (A)	23,623,374	24,514,033
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	a) Fixed Assets	(1,638,213)	(8,613,218)
	b) Investment in Subsidiary	-	-
	TOTAL : (B)	(1,638,213)	(8,613,218)

		2017-18	2016-17
		₹ '000' Omitted	
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	a) Share Capital	35,525	36,555
	b) Equity Share Warrants	-	-
	c) Share Premium	2,784,476	2,463,445
	d) Tier II Bonds	5,000,000	5,000,000
	e) Dividend & Dividend Tax Paid	-	(1,021,088)
	f) Interest Paid on Subordinate Debt	(1,135,693)	(550,411)
	TOTAL :(C)	6,684,308	5,928,501
D.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	a) Cash in hand & Balance with R.B.I	35,909,731	31,267,367
	b) Balance with Banks & Money at Call & Short Notice	17,949,631	762,679
	TOTAL :(D)	53,859,362	32,030,046
E.	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	a) Cash in hand & Balance with R.B.I	43,283,608	35,909,731
	b) Balance with Banks & Money at Call & Short Notice	39,245,223	17,949,631
	TOTAL :(E)	82,528,831	53,859,362

Parvez Ahmed
Chairman & CEO

Navin Kumar Choudhary, I.A.S
Director

Abdul Majid Mir
Director

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Director

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Director

Dhaman Kumar Pandoh
Director

Rahul Bansal
Director

P K Tickoo
President (CFO)

Tabassum Nazir
Vice President

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Dated : 30th May, 2018

The above Cash Flow Statement has been taken on record by the Board of Directors in its meeting held on 30th May, 2018 at Srinagar.

Auditors Certificate

We have verified the attached Cash Flow Statement of THE JAMMU & KASHMIR BANK LIMITED which has been compiled from and is based on the Audited Financial Statements for the year ended March 31st, 2018 and March 31st, 2017. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to clause 32 of the Listing Agreement with the Stock Exchanges.

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

For **Verma Associates.**
Chartered Accountants
FRN:02717N

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA.Vikram Garg)
Partner
M.No.097038

(CA.MadanVerma)
Partner
M.No.081631

(CA.Rajan Gupta)
Partner
M.No.090330

(CA. Amit Goel)
Partner
M.No.098913

Place : Srinagar
Dated : 30th May, 2018

Comments of C&AG

Comments under section 143(6) of Companies Act, 2013 on the accounts of the Jammu & Kashmir Bank Ltd., for the year ended 31st March, 2018 were not received upto the date and could not be circulated. These will be paced before the share holders in the meeting.

Independent Auditors Report

To the Members of
The Jammu & Kashmir Bank Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of The Jammu and Kashmir Bank Limited ('the Bank') and its subsidiary (together, the Group) comprising of the consolidated Balance Sheet as at 31st March 2018, the consolidated Profit and Loss Account, and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the consolidated financial statements (herein after referred to as 'the consolidated financial statements'). Also incorporated in these financial statements are the returns of 61 Branches/offices audited by us and 880 branches/offices audited by statutory branch Auditors and one subsidiary audited by the subsidiary company auditor. The branches/offices audited by us and those audited by other the Auditors have been selected by the Comptroller and Auditor General of India in accordance with the Guidelines issued to the bank by the Reserve Bank of India.

Management's Responsibility for the Consolidated Financial Statements

2. The Bank's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirements of the companies act 2013("The Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the accounting principles, generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective board of directors of the company included in the group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which has been used for the purpose of preparation of the consolidated

financial statements by the Directors of the bank, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit; we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with Standards on Auditing ('the Standards') specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in paragraph "8" of the Others Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required give a true and fair view in conformity with accounting principles generally accepted in India of the consolidated state of affairs of the group, as at 31st March, 2018, and their consolidated loss and their consolidated cash flows for the year then ended.

Emphasis of Matter

6. We draw attention to following matters set out in the Notes to the Financial Statements:

- (i). Note No.4, that the Bank recognized Deferred Tax Asset (DTA) as per AS-22 on the difference in the provision for NPA as per books of accounts and Income Tax Act, 1961, amounting to ₹238.18 crores by including the same in tax expenses with a corresponding credit to extra-ordinary income. Our opinion is not modified in respect of this matter.
- (ii) We also draw attention matter set out in Note No.9 regarding deferment of additional provision requirement on account of the enhancement in gratuity limits as per the amendment dated 29th March 2018 in Payment of Gratuity Act, 1972 in terms of RBI approval vide letter no. DHR.BP.9730/21.04.018/2017-18 dated 27th April 2018, and the unamortized balance as at 31st March 2018 of ₹37.42 crores. Our opinion is not modified in respect of this matter.
- (iii) We also draw attention matter set out in Note No.12 regarding Rehabilitated/Restructured advances in view of flood during 2014 and disturbance during 2016, Bank rehabilitated affected borrowal accounts. The total amount of Rehabilitated/Restructured advances stood at ₹4117.59 crores (Previous year ₹3265.83 crores). The rehabilitation included funding of loss suffered by the borrowers, deferment of instalments of term loans and funding of interest on these accounts. The Bank has recognized funded interest aggregating ₹796.02 crores as interest income upto 31st December 2017. The Bank has capitalized funded interest (net of recoveries) of ₹510.10 crores by staggering in five quarters beginning with 1st quarter ended 31st March 2018 in compliance of dispensation to the Bank by Reserve Bank of India. Accordingly, the Bank has created Interest Capitalization of ₹102.62 Crores by corresponding debit to interest income in Profit and Loss account. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

7. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act 2013, the compliance of which is set out in "Annexure-A" to this Report.
8. Further, as required by section 143(3) of the Act, we further report to the extent applicable that:
 - a. We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

- b. in our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidation of the financial statements have been kept by the Bank so far as it appears from our examination of those books and reports of other Auditors.
- c. The consolidated Balance Sheet, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account maintain for the purpose of the preparation of the consolidated financial statements;
- d. in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. on the basis of written representations received from the directors of the bank as on 31 March 2018 take non record by the Board of Directors of the bank and the reports of the auditors who are appointed u/s.139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Bank and its subsidiary company, referred to our separate Report in "Annexure B" to this report; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated financial statements disclose the impact of the pending litigations on its consolidated financial position of the Group.
 - ii. Provisions have been made in the consolidated financial statements as required under the applicable law or Accounting Standards, for material foreseeable losses, if any; and
 - iii. There has been no delay in transferring the amounts, required to be transferred to the Investor Education and Protection Fund by the bank and its subsidiary.

9. The accompanying consolidated financial statements include total assets of 1,88,017 thousands as at 31st March 2018, and total revenues of 5,94,447 thousands, net cash outflows of 1,85,72 thousands and loss of 2,20 thousands for the year ended on that date, in respect of one subsidiary, which has been audited by other auditor, which financial statements,

other financial information and Auditors reports have been furnished to us by the management. Our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of subsection(3) of section 143 of the Act, insofar as it relates to the

aforesaid subsidiary, is based solely on the reports of such other auditor. Our opinion on the consolidated financial statements and our report on other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other Auditor.

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

(CA. Vikram Garg)
Partner
M.No.097038

Place : Srinagar
Dated : 30th May, 2018

For **Verma Associates.**
Chartered Accountants
FRN:02717N

(CA.MadanVerma)
Partner
M.No.081631

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

(CA.Rajan Gupta)
Partner
M.No.090330

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA. Amit Goel)
Partner
M.No.098913

Annexure-A to para 13 of independent auditor's report of even date on the consolidated financial statements of Jammu and Kashmir Bank Limited.

Directions/sub-directions of Comptroller and Auditor General of India under Section 143(5) of Companies Act 2013 for F.Y. 2017-18

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements																		
1	Whether the company has clear title/lease deeds for free-hold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	As per information and explanations given to us, the Bank does not have clear title/lease deeds for freehold and leasehold lands for the following properties:- <table border="1"> <thead> <tr> <th>S. No.</th> <th>Land</th> <th>Area</th> </tr> </thead> <tbody> <tr> <td>1)</td> <td>Vashi, Mumbai (1st Floor)</td> <td>5400 Sq.ft</td> </tr> <tr> <td>2)</td> <td>Budgam</td> <td>4 Kanals</td> </tr> <tr> <td>3)</td> <td>Ansal Plaza, Khelgaon, Delhi</td> <td>17787 Sq.Ft.</td> </tr> <tr> <td>4)</td> <td>Kargil</td> <td>1 Kanal 4 Marla</td> </tr> <tr> <td>5)</td> <td>Currency Chest Kulgam</td> <td>2 Kanals</td> </tr> </tbody> </table> It is advised to complete the documentation for clear title at the earliest.	S. No.	Land	Area	1)	Vashi, Mumbai (1st Floor)	5400 Sq.ft	2)	Budgam	4 Kanals	3)	Ansal Plaza, Khelgaon, Delhi	17787 Sq.Ft.	4)	Kargil	1 Kanal 4 Marla	5)	Currency Chest Kulgam	2 Kanals	The acquisition value of the said lands/ properties has been capitalized and the value as on 31.03.2018 is ₹ 26.73 crores.
S. No.	Land	Area																			
1)	Vashi, Mumbai (1st Floor)	5400 Sq.ft																			
2)	Budgam	4 Kanals																			
3)	Ansal Plaza, Khelgaon, Delhi	17787 Sq.Ft.																			
4)	Kargil	1 Kanal 4 Marla																			
5)	Currency Chest Kulgam	2 Kanals																			
2	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	There are cases of waiver/write off of debts/ loans/ interest etc. amounting to ₹15.17 crores in addition to the waiver of unapplied interest of ₹199.99 crores on account of negotiated settlement with the borrowers defaulting in payment due to the circumstances beyond their control such as death/disappearance of the borrower, recession in economy, no enforceable security, natural calamities such as earthquake, flood, drought, change in Govt. policy, genuine business failure in-spite of sincere efforts made by borrower etc. and where the recovery chances through normal business operations are bleak. During the financial year six accounts (NPA) were sold to Asset Construction Companies (ARC). having total principal NPA balance of ₹1606.35 Crores, and unapplied interest of ₹ 468.40 Crores against sale proceeds of ₹948.45 Crores resulting in sacrifice of ₹ 1126.30 Crores.	Waiver/Write off resulted in loss of ₹ 215.16. Sale of NPAs to ARC resulted in release of Provision held by ₹ 389.15 Crores and increase of profits by equivalent amount. This has also resulted in reduction in NPAs by 1606.35 Crores.																		
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities	As per explanations given to us, the company has not received any assets as gift/grant(s) from government or other authorities. The company has no inventories lying with third parties.	NIL																		
4	Whether the restructuring of loan was done as per the provisions of the Reserve Bank of India and Bank's own Restructuring of loan Policy.	As per information and explanations given to us, the bank has restructured loans. Restructuring of loans done during the year was as per the provisions of the Reserve Bank of India and Bank's own Restructuring of loan Policy.	There was no material impact on Financial Statements.																		
5	Whether the Bank is maintaining/ developing various assets of the State Govt. The treatment of the assets and expenditure incurred and revenue earned may be examined and comment may be offered.	As per information and explanations given to us, the bank is maintaining/developing Parks and Gardens including Golf Course which are not owned by the bank. The bank has incurred 31.99 Crores in addition to opportunity cost of deployment of Staff for maintaining and development. The expenditure has been incurred as part of CSR expenditure.	The expenditure amounting to ₹ 31.99 crores have been incurred and revenue of ₹ 1.76 crores has been earned for maintaining/ developing parks/gardens and amounts have been debited/ credited to the Profit and Loss Account under CSR.																		

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements										
6	Whether the branches were doing window dressing and its impact/materiality on the overall deposit portfolio.	As per the reports of the Branch Auditors, some branches attempted window dressing by inflating deposits aggregating ₹ 3.84 Crores at the reporting date which were repaid immediately after close of the year.	There has resulted in overstatement of deposits and Advances by ₹ 3.84 crores. However impact was not material on the overall deposit portfolio.										
7	Whether the Bank has been able to achieve the targets under Priority sector lending, if not, impact on the financial health of the Bank by lending the shortfall amount in Rural infrastructure Development Fund, Small industrial Development Bank of India, etc. may please be brought out.	As per information and explanations given to us, the Bank has not been able to achieve the targets under priority sector lending. As a result of shortfall, the bank has to made deposits of low yield interest with the following designated agencies as on 31-03-2018: <table border="0"> <tr> <td>PARTICULARS</td> <td>(₹ In Crores)</td> </tr> <tr> <td>NABARD/RIDF</td> <td>1873.82</td> </tr> <tr> <td>SIDBI</td> <td>375.96</td> </tr> <tr> <td>NHB</td> <td>257.78</td> </tr> <tr> <td>TOTAL</td> <td>2507.56</td> </tr> </table>	PARTICULARS	(₹ In Crores)	NABARD/RIDF	1873.82	SIDBI	375.96	NHB	257.78	TOTAL	2507.56	The impact on the financial health is lower rate of return of interest ranging from 3.25% p.a. to 5% p.a. received from the agencies with which deposits were made for shortfall.
PARTICULARS	(₹ In Crores)												
NABARD/RIDF	1873.82												
SIDBI	375.96												
NHB	257.78												
TOTAL	2507.56												
8	Whether there were cases of greening of advances, up gradation of loan account at the fag end of the Financial Year or delay/non-declaration of Non-performing Assets as per RBI guidelines. Its impact on the profitability and Asset Classification.	Advances amounting to ₹305.19 crores were not declared as NPA as per RBI guidelines which were downgraded after those were identified by the Statutory Auditors and additional provision of ₹64.67 Crores and reversal of unrealised interest ₹22.94 Crores was suggested.	Had the Auditors not identified the said NPAs, the advances of ₹ 305.19 Crores would have been shown as standard assets. The impact thereof on increase of profit is as follows: <ol style="list-style-type: none"> 1. Interest Reversal : ₹ 22.94 Crores 2. Increase in NPA provision ₹ 64.97 crores 										
9	A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases(foreign and local) may be given.	There are 469 Cases involving ₹385.24 Crores pending legal/arbitration cases being claims against the bank not acknowledged as debts.	There was no such item in pending legal/arbitration cases which required provisioning.										

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

(CA. Vikram Garg)
Partner
M.No.097038

Place : Srinagar
Dated : 30th May, 2018

For **Verma Associates.**
Chartered Accountants
FRN:02717N

(CA.MadanVerma)
Partner
M.No.081631

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

(CA.Rajan Gupta)
Partner
M.No.090330

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA. Amit Goel)
Partner
M.No.098913

"Annexure-B" to the Independent Auditors Report of even date on the Consolidated Financial Statements of the Jammu & Kashmir Bank Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

1. In conjunction with our audit of consolidated financial statements of the company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of Jammu and Kashmir Bank Limited ("hereinafter referred to as "the Holding Company") and its Subsidiary Company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its Subsidiary Company, which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the "Assessment of Adequacy of Internal Financial Controls Over Financial Reporting" in line with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over

financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:
 - (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
 - (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
 - (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its Subsidiary Company, which are Companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

9. Our aforesaid reports u/s.143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relate to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company.

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

(CA. Vikram Garg)
Partner
M.No.097038

Place : Srinagar
Dated : 30th May, 2018

For **Verma Associates.**
Chartered Accountants
FRN:02717N

(CA.MadanVerma)
Partner
M.No.081631

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

(CA.Rajan Gupta)
Partner
M.No.090330

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA. Amit Goel)
Partner
M.No.098913

Consolidated Balance Sheet

as at 31st March, 2018

	Schedule	As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	557,002	521,477
Reserves and Surplus	2	61,018,890	56,207,437
Deposits	3	800,045,331	724,589,734
Borrowings	4	16,283,357	12,760,488
Other Liabilities and Provisions	5	18,939,811	26,042,163
TOTAL		896,844,391	820,121,299
ASSETS			
Cash and Balance with Reserve Bank of India	6	43,283,608	35,909,731
Balance with Banks & Money at Call & Short Notice	7	39,316,837	18,018,273
Investments	8	188,600,296	212,708,892
Advances	9	569,127,445	498,161,130
Fixed Assets	10	16,148,811	15,436,915
Other Assets	11	40,367,394	39,886,358
TOTAL		896,844,391	820,121,299
Contingent Liabilities	12	57,951,236	61,089,905
Bills for Collection		11,935,341	11,908,598
Principal Accounting Policies	17		
Notes on Accounts	18		

The Schedules Referred to above and the attached Cash Flow Statement form an integral part of the Balance Sheet

Parvez Ahmed
Chairman & CEO

Navin Kumar Choudhary, I.A.S
Director

Abdul Majid Mir
Director

Azhar-ul-Amin
Director

Mohammad Maqbool Rather
Director

Dr. Sanjiv Agarwal
Director

Mohammad Ashraf Mir
Director

Dhaman Kumar Pandoh
Director

Rahul Bansal
Director

P K Tickoo
President (CFO)

Tabassum Nazir
Vice President

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Dated : 30th May, 2018

In terms of our report of even date annexed

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

For **Verma Associates.**
Chartered Accountants
FRN:02717N

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA. Vikram Garg)
Partner
M.No.097038

(CA.MadanVerma)
Partner
M.No.081631

(CA.Rajan Gupta)
Partner
M.No.090330

(CA. Amit Goel)
Partner
M.No.098913

Place : Srinagar
Dated : 30th May, 2018

NOTICE

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Consolidated Profit and Loss Account

for the year ended 31st March, 2018

	Schedule	YEAR ENDED 31.03.2018 ₹ '000' Omitted	YEAR ENDED 31.03.2017 ₹ '000' Omitted
I INCOME			
Interest Earned	13	66,214,004	66,858,002
Other Income	14	5,008,401	4,972,709
TOTAL		71,222,405	71,830,711
II EXPENDITURE			
Interest Expended	15	37,501,945	41,730,096
Operating Expenses	16	19,902,021	17,164,304
Provisions and Contingencies		11,791,559	29,266,242
TOTAL		69,195,525	88,160,642
III NET PROFIT / (LOSS)		2,026,880	(16,329,931)
TOTAL		71,222,405	71,830,711
IV APPROPRIATIONS			
TRANSFERED TO			
i) Statutory Reserve		506,720	-
ii) Capital Reserve		-	77,202
iii) Revenue and Other Reserve		1,520,160	(16,407,133)
iv) Investment Reserve		-	-
v) Special Reserve		-	-
vi) Proposed Dividend		-	-
vii) Tax on Dividend		-	-
TOTAL		2,026,880	(16,329,931)
Principal Accounting Policies	17.		
Notes on Accounts	18.		
Earnings per Share (Basic/Diluted)		3.63	(33.59)

The Schedules Referred to above form an integral part of the Profit & Loss Account

Parvez Ahmed
Chairman & CEO

Navin Kumar Choudhary, I.A.S
Director

Abdul Majid Mir
Director

Azhar-ul-Amin
Director

Mohammad Maqbool Rather
Director

Dr. Sanjiv Agarwal
Director

Mohammad Ashraf Mir
Director

Dhaman Kumar Pandoh
Director

Rahul Bansal
Director

P K Tickoo
President (CFO)

Tabassum Nazir
Vice President

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Dated : 30th May, 2018

In terms of our report of even date annexed

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

For **Verma Associates.**
Chartered Accountants
FRN:02717N

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA.Vikram Garg)
Partner
M.No.097038

(CA.MadanVerma)
Partner
M.No.081631

(CA.Rajan Gupta)
Partner
M.No.090330

(CA. Amit Goel)
Partner
M.No.098913

Place : Srinagar
Dated : 30th May, 2018

Schedules

To the Consolidated Balance Sheet as at 31st March, 2018

	As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
950,000,000 (P.Y. 950,000,000)		
Equity Shares of ₹ 1/- each	950,000	950,000
ISSUED :-		
557,076,392 (P.Y. 521,551,071) Equity Shares of ₹ 1/= each	557,076	521,551
SUBSCRIBED AND PAID-UP CAPITAL		
556,858,392 (P.Y. 521,333,071)		
Equity Shares of ₹ 1/- each	556,858	521,333
Add Forfeited Equity Shares (218,000) (P.Y. 218,000)	144	144
TOTAL	557,002	521,477
SCHEDULE 2 - RESERVES & SURPLUS		
I. STATUTORY RESERVES		
Opening Balance	20,034,217	20,034,217
Additions during the year	506,719	-
TOTAL	20,540,936	20,034,217
II. CAPITAL RESERVES		
Opening Balance	708,457	631,254
Additions during the year	-	77,203
TOTAL	708,457	708,457
III. SHARE PREMIUM		
Opening Balance	3,331,236	867,791
Additions during the year	2,784,476	2,463,445
TOTAL	6,115,712	3,331,236
IV. INVESTMENT RESERVE		
Opening Balance	-	267,899
Additions during the year	-	-
Drawn down to Revenue and other Reserves	-	(267,899)
TOTAL	-	-
V. REVALUATION RESERVE FIXED ASSETS		
Opening Balance	6,348,124	-
Additions during the year [Refer Note No 3 (b)]	(146,309)	6,348,124
TOTAL	6,201,815	6,348,124
VI. SPECIAL RESERVE (U/S 36 (I) (Viii) of I.Tax Act, 1961		
Opening Balance	1,231,600	1,231,600
Additions during the year	-	-
TOTAL	1,231,600	1,231,600
VII. REVENUE AND OTHER RESERVES		
Opening Balance	24,553,803	40,690,874
Additions during the year	1,666,567	(16,404,970)
Drawn down from Investment Reserve	-	267,899
TOTAL	26,220,370	24,553,803
TOTAL (I,II,III,IV,V,VI & VII)	61,018,890	56,207,437

Schedules

To the Consolidated Balance Sheet as at 31st March, 2018

	As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
SCHEDULE 3 - DEPOSITS		
A I. Demand Deposits		
i) From Banks	1,109,164	1,103,951
ii) From Others	111,600,496	94,510,733
TOTAL (I & ii)	112,709,660	95,614,684
II. Saving Bank Deposits	294,432,041	278,975,702
III. Term Deposits		
i) From Banks	23,231,344	42,010,094
ii) From Others	369,672,286	307,989,254
TOTAL (I & ii)	392,903,630	349,999,348
TOTAL A (I+II+III)	800,045,331	724,589,734
B. I. Deposits of branches in India	800,045,331	724,589,734
II. Deposits of branches outside India	Nil	Nil
TOTAL B (I+II)	800,045,331	724,589,734
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	-	-
iii) Unsecured Redeemable Debentures/Bonds (Subordinate Debt & BASEL III for Tier II Capital)	16,000,000	11,000,000
iv) Other Institutions & Agencies	283,357	1,760,488
TOTAL (i to iv)	16,283,357	12,760,488
II. Borrowings outside India	-	-
GRAND TOTAL (I & II)	16,283,357	12,760,488
Secured borrowings included in I & II above	Nil	Nil
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
i) Bills Payable	2,921,964	2,523,268
ii) Inter Office Adjustments (Net)	-	-
iii) Interest Accrued on Non-cumulative deposits	441,225	299,531
iv) Deferred Tax Liability	-	165,963
v) Provision Against Standard Assets	4,776,474	6,160,102
vi) Other (Including Provisions)	10,800,148	16,893,299
TOTAL (i to vi)	18,939,811	26,042,163

Schedules

To the Consolidated Balance Sheet as at 31st March, 2018

		As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in Hand (Including Foreign Currency Notes)	2,996,968	2,654,474
II.	Balance with Reserve Bank of India		
	i) In Current Account	40,286,640	33,255,257
	ii) In Other Accounts	-	-
	TOTAL (I & II)	43,283,608	35,909,731
SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	i) Balance with Banks		
	a) In Current Accounts	233,058	343,314
	b) In Other Deposit Accounts	84,415	84,474
	TOTAL (i)	317,473	427,788
	ii) Money At Call and Short Notice		
	a) With Banks	38,775,875	17,250,000
	b) With Other Institutions	-	-
	TOTAL (ii)	38,775,875	17,250,000
	TOTAL (i & ii)	39,093,348	17,677,788
II.	Outside India		
	i) In Current Accounts	223,489	340,485
	ii) In Other Deposit Accounts	-	-
	iii) Money at Call & Short Notice	-	-
	TOTAL II of (i, ii & iii)	223,489	340,485
	GRAND TOTAL (I&II)	39,316,837	18,018,273
SCHEDULE 8 - INVESTMENTS			
I.	Investments in India		
	Gross	195,088,476	217,686,389
	Less: Provision for Depreciation	746,827	522,847
	Less: Provision for Investment (NPI)	5,741,353	4,454,650
	Net Investments	188,600,296	212,708,892
	i) Government Securities	171,970,358	163,252,132
	ii) Other Approved Securities	-	-
	iii) Shares (Pref. + Equity)	3,295,428	2,729,742
	iv) Debentures and Bonds (Including Suitfile)	7,307,685	15,031,765
	v) Sponsored Institutions	456,748	456,748

Schedules

To the Consolidated Balance Sheet as at 31st March, 2018

	As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
vi) Others :		
a) Certificate of Deposit	4,227,060	30,108,844
b) Suitfile	-	-
c) Inv. In Subsidiary / or Joint Ventures	-	-
d) Venture Capital	239	107,264
e) Commercial Paper	-	-
f) Security Receipts	1,342,778	1,022,397
TOTAL (I)	188,600,296	212,708,892
II. Investments Outside India		
i) Government Securities	Nil	Nil
ii) Subsidiaries and/or Joint Ventures abroad	Nil	Nil
iii) Others (Swap)	Nil	Nil
TOTAL (II)	-	-
TOTAL (I & II)	188,600,296	212,708,892
III. Investments Category-Wise		
i) Held to Maturity	150,629,821	139,583,284
ii) Held for Trading	30,014	116,999
iii) Available for Sale	37,940,461	73,008,609
TOTAL (III)	188,600,296	212,708,892
SCHEDULE 9 - ADVANCES		
A		
i) Bills Purchased and Discounted	5,551,122	6,169,675
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	194,367,173	163,689,088
iii) Term Loans	369,209,150	328,302,367
TOTAL (I to iii)	569,127,445	498,161,130
B		
i) Secured by Tangible Assets	404,528,557	365,835,838
ii) Covered by Bank/Govt. Guarantees	5,815,705	5,968,571
iii) Unsecured	158,783,183	126,356,721
TOTAL (I to iii)	569,127,445	498,161,130
C		
I. Advances in India		
i) Priority Sector	178,249,859	148,200,973
ii) Public Sector	26,652,835	30,339,814
iii) Banks	309,482	706,505
iv) Others	363,915,269	318,913,838
TOTAL (I to iv)	569,127,445	498,161,130
II. Advances Outside India		
i) Due from Banks	Nil	Nil
ii) Due from Others	Nil	Nil
GRAND TOTAL (I & II)	569,127,445	498,161,130

Schedules

To the Consolidated Balance Sheet as at 31st March, 2018

		As at 31.03.2018 ₹ '000' Omitted	As at 31.03.2017 ₹ '000' Omitted
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	a) Gross Block at the beginning of the year	12,513,203	4,996,850
	Additions during the year [Refer Note No 3 (b)]	759,147	7,573,805
		13,272,350	12,570,655
	Deductions during the year	-	57,452
	Total	13,272,350	12,513,203
	Depreciation to date	1,742,995	1,534,987
	Total (a)	11,529,355	10,978,216
	b) Constructions work in progress	165,488	643,409
	TOTAL (I) [a+b]	11,694,843	11,621,625
II.	Other Fixed Assets		
	(Including Furniture & Fixtures)		
	Gross Block at the beginning of the year	10,342,982	9,303,231
	Additions during the year	1,533,703	1,088,970
		11,876,685	10,392,201
	Deductions during the year	176,251	49,219
		11,700,434	10,342,982
	Depreciation to date	7,246,466	6,527,692
	TOTAL (II)	4,453,968	3,815,290
	GRAND TOTAL (I & II)	16,148,811	15,436,915
SCHEDULE 11 - OTHER ASSETS			
I.	Interest Accrued but not Due	4,122,520	5,061,399
II.	Interest Accrued and Due	-	6
III.	Inter Office Adjustment (Net)	689,020	550,456
IV.	Tax paid in Advance/Tax Deducted at Source (Net of Provisions)	3,593,090	3,185,151
V.	Stationery and Paper in Hand	61,353	39,752
VI.	Deferred Tax Asset	2,221,710	-
VII.	Others	29,679,701	31,049,594
	TOTAL (I to VII)	40,367,394	39,886,358
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Bank not acknowledged as debts	4,005,878	3,136,498
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding Forward Exchange Contracts	22,701,004	26,514,458
IV.	Guarantees given on behalf of constituents:-		
	a) In India	20,092,863	18,252,302
	b) Outside India	333,751	390,804
V.	Acceptances, Endorsements & Other Obligations	10,038,746	12,183,448
VI.	Other items for which the Bank is Contingently liable	32	-
VII.	Liability on account of Depositors Education Awareness Fund(DEAF)	778,962	612,395
	TOTAL (I to VII)	57,951,236	61,089,905

Schedules

To the Consolidated Profit & Loss Account as on 31st March, 2018

		Year Ended 31.03.2018 ₹ '000' Omitted	Year Ended 31.03.2017 ₹ '000' Omitted
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/Discount on Advances/Bills	49,777,398	47,843,532
II.	Income on Investments (Net of Amortization)	14,315,841	17,826,097
III.	Interest on Balances with R.B.I and other Inter Bank Funds	2,116,752	1,172,113
IV.	Others	4,013	16,260
	TOTAL (I to IV)	66,214,004	66,858,002
SCHEDULE 14 - OTHER INCOME			
I.	Commission, Exchange & Brokerage	2,065,429	1,824,755
II.	Profit on Sale of Investments (Less loss on sale of investments)	378,996	1,353,524
III.	Profit on revaluation of Investments (Less loss on revaluation of investments)	96,792	13,559
IV.	Profit on Sale of Land, Buildings & Other Assets	(2,496)	(132)
V.	Profit on Exchange Transactions (Less Loss on E/Transactions)	18,378	186,321
VI.	Income earned by way of Dividends etc. from Subsidiaries, Companies and/or Joint Venture abroad/in India	-	-
VII.	Miscellaneous Income	2,451,302	1,594,682
	TOTAL (I to VII)	5,008,401	4,972,709
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on Deposits	36,119,303	40,783,299
II.	Interest on RBI/Inter-Bank Borrowings	246,949	396,386
III.	Others/Subordinate Debt	1,135,693	550,411
	TOTAL (I to III)	37,501,945	41,730,096
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for Employees	12,906,196	11,263,477
II.	Rent, Taxes and Lighting	850,130	756,443
III.	Printing and Stationery	106,844	93,662
IV.	Advertisement and Publicity	228,537	150,935
V.	Depreciation on Bank's Property	966,830	852,781
VI.	Directors Fees, Allowances and Expenses	16,637	9,816
VII.	Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	175,402	155,475
VIII.	Law Charges	73,967	99,442
IX.	Postage, Telegrams, Telephones etc.	59,062	65,072
X.	Repairs and Maintenance	174,315	153,178
XI.	Insurance	765,405	675,578
XII.	Other Expenditure	3,578,696	2,888,445
	TOTAL (I to XII)	19,902,021	17,164,304

Schedules

“Principal Accounting Policies”

SCHEDULE 17 - “PRINCIPAL ACCOUNTING POLICIES”

1. Accounting Methodology

The financial statements are prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, and guidelines issued by the Securities and Exchange Board of India to the extent applicable.

2. Consolidation Procedure

- Consolidated Financial Statements of the Jammu & Kashmir Bank and its subsidiary viz JKB Financial Services have been prepared on the basis of their audited financial statements in accordance with the AS-21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- Line by line aggregation/ combination of like items of assets and liabilities, income and expenses after eliminating material intra group balances /transactions, unrealized profits/losses and making necessary adjustments wherever required to conform to the uniform accounting policies. The financial statements of the subsidiary have been drawn up to the same reporting date as that of parent.
- Minority interest in the net results of the operations and net assets represent the part of profit/loss and net assets not owned by the parent and consist of :
 - a. The amount of equity attributable to the minority at the date on which the investment in the subsidiary is made and
 - b. The minority share of movement in equity since date of parent-subsidiary relationship came into existence.

A: Significant Accounting policies followed by the Parent Company

1. Basis of preparation of Financial Statements

The accompanying financial statements are prepared on historical cost basis, except as otherwise stated, following the “Going Concern” concept and conform to the Generally Accepted Accounting Principles (GAAP) in India, applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI), applicable mandatory Accounting Standards (AS)/ Guidance Notes/pronouncements issued by the Institute of Chartered Accountants of India (ICAI) and practices prevailing in the banking industry in India.

2. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions for considering the reported assets and liabilities (including contingent liabilities) as on the date of financial statements and the income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

3. Transactions involving Foreign Exchange

- i. Monetary Assets and Liabilities as on balance sheet date have been translated using closing rate as at year-end announced by Foreign Exchange Dealers Association of India.
- ii. Exchange differences arising on settlement of monetary items have been recognized as income or as expense in the period in which they arise.
- iii. Outstanding forward exchange contracts are revalued at the exchange rates for appropriate maturity rates as announced by FEDAI at the year-end exchange rates and the resultant gain/ loss is taken to revenue.

4. Investments

- i. Investments are classified into “Held-to-Maturity”, “Available-for-Sale” and “Held-for-Trading” categories, in accordance with the guidelines issued by Reserve Bank of India.
- ii. Bank decides the category of each investment at the time of acquisition and classifies the same accordingly.
- iii. “Held-to- Maturity” category comprises securities acquired by the Bank with the intention to hold them up to maturity. “Held-for-Trading” category comprises securities acquired by the Bank with the intention of trading. “Available-for-Sale” securities are those, which do not qualify for being classified in either of the above categories.

Schedules

“Principal Accounting Policies”

- iv. Investments classified as “Held-to-Maturity” (HTM) category are carried at acquisition cost unless it is more than the face/redemption value, in which case the premium is amortized over the period remaining to the maturity using straight line method.
- v.
 - (a) The individual scrip’s in the “Available-for-Sale” category are marked to market at quarterly intervals. The net depreciation under each of six classifications under which investments are presented in the balance sheet is fully provided for, whereas the net appreciation under any of the aforesaid classifications is ignored.
 - (b) The market value for the purpose of periodical valuation of investments, included in “Available for Sale” and “Held for trading” categories is based on the market price available from the trades/quotes on stock exchanges. Central/ State Government securities, other approved securities, debentures and Bonds are valued as per the prices/YTM rates declared by FIMMDA.
 - (c) Unquoted shares are valued at break-up value ascertained from the latest balance sheet (which should not be more than one year prior to the date of valuation) and in case the latest balance sheet is not available the same are valued at ₹1/- per Company, as per RBI guidelines.
 - (d) Security receipts (SRs) issued by Asset Reconstruction Companies (ARCs) are valued at cost or NAV, whichever is lower, declared periodically by the ARCs. Depreciation, if any, in individual SRs is fully provided for. Appreciation, if any, is ignored.
 - (e) Investment in quoted Mutual Fund Units is valued as per Stock Exchange quotations. An investment in un-quoted Mutual Fund Units is valued on the basis of the latest re-purchase price declared by the Mutual Fund in respect of each particular scheme. In case of Funds with a lock-in period, where repurchase price/market quote is not available, Units are valued at NAV. If NAV is not available, then these are valued at cost, till the end of the lock-in period. Wherever the re-purchase price is not available the Units are valued at the NAV of the respective scheme.
- vi. The individual scrip in the “held-for-trading” category are marked to market at weekly intervals and the net depreciation under each of the six classifications under which investments are presented in the Balance Sheet is accounted for in the Profit and Loss account and appreciation is ignored.
- vii. The depreciation in value of investments where interest/principal is in arrears is not set-off against the appreciation in respect of other performing securities. Such investments including Non-performing Non-SLR investments are treated applying RBI prudential norms on NPA Classification and appropriate provisions are made as per RBI norms and no income on such investments is recognized.
- viii.
 - (a) Profit or Loss on sale of Government Securities is computed on the basis of weighted average cost of the respective security.
 - (b) Profit or loss on sale of investments in any category is taken to the Profit and Loss account. In case of profit on sale of investments in “Held-to-Maturity” category, an equivalent amount of profit net of taxes and the amount required to be transferred to Statutory reserve is appropriated to the “Capital Reserve Account”.
- ix. Interest accrued up to the date of acquisition of securities i.e. broken period interest is excluded from the acquisition cost and recognized as interest expense. Broken period interest received on Sale of securities is recognized as interest income.
- x. Brokerage paid on securities purchased is charged to revenue account except for equity investment operations the same is added to the cost of purchase of investment.
- xi. Investments in J&K Grameen Bank/Sponsored Institutions have been accounted for on carrying cost basis.
- xii. Transfer of securities from one category to another is done at the least of the acquisition cost/book value/market value on the date of transfer.
- xiii. Repurchase & Reverse repurchase transactions are accounted for in accordance with the extant RBI guidelines.
- xiv. Bank is following settlement date accounting policy.

In accordance with RBI circular No. IDMD 4135/11.08.43/2009-10 dated 23-03-2010, the Bank has made changes in accounting for Repo/ Reverse Repo transactions (Other than transactions under the liquidity adjustment facility (LAF) with the RBI). Accordingly the securities sold and purchased under Repo/Reverse Repo are accounted for as collateralized lending and borrowing transactions. However, securities are transferred as in case of normal outright sale/purchase transactions and such movement of security is reflected using Repo/Reverse Repo accounts and contra entries. The above entries are reversed

Schedules

“Principal Accounting Policies”

on the date of maturity. Cost and revenue are accounted as interest expenditure/Income as the case may be. Balance in Repo account is classified under schedule 4 (Borrowing) and balance in Reverse Repo account is classified under schedule 7 (Balance with Banks & money at call & short notice).

5. Advances

- i) Classification of Advances and Provisions thereof have been made as per the Income Recognition and Asset Classification norms formulated by the RBI viz., Standard, Sub-Standard, Doubtful and Loss Assets and accordingly requisite provisions have been made thereof.
- ii) Advances are shown net of provisions required for NPA's. Provisions for advances classified as Standard Assets is shown under Other Liabilities & Provisions.
- iii) Restructuring of Advances and provisioning thereof have been made as per RBI guidelines.

6. Fixed Assets/Depreciation

- a) Premises and other fixed assets are accounted for at historical cost.
- b) Premises include free hold as well as lease hold properties.
- c) Premises include capital work in progress.
- d) Depreciation is charged on straight line method as per provisions of Companies Act 2013 based on the useful life of the assets prescribed in Part C of the schedule II of the Companies Act 2013 as given hereunder.

S. No.	Block	Useful Life
a	Building (with RCC Frame Structure) Commercial Residential	60 yrs 60 yrs
b	Building (with Other than RCC Frame Structure) Commercial Residential	30 yrs 30 yrs
c	Plant & Machinery	15 yrs
d	Furniture Fixture	10 yrs
e	Vehicles	8 yrs
f	Fences	5 years
g	Others (including temporary structures etc)	3 yrs

Depreciation on computers (including ATMs) along with software forming integral part of the computers is computed at 33.33% on straight line method in terms of RBI guidelines issued vide letter no BP.1660/21.04.018/2001 dated 01.02.2001.

The expenditure on computer software where it is probable that future benefits attributable to such software will flow to Bank is capitalized and depreciation is charged @33.33% in terms of RBI guidelines on straight line method.

Useful life of the mobile phones is continued to be 2 years and the depreciation is charged on straight line method as per provisions of Companies Act 2013 with no residual value.

- e) Premium paid for Leasehold properties is amortized over the period of the lease.
- f) In compliance to the directions of RBI, Board of Directors vide resolution no. 47 dated 21-04-2016 approved the policy on Revaluation of Bank's own properties which covered all the immovable properties owned by the bank including land & office buildings except those fixed assets whose useful life has expired.

In respect of revaluation of the Bank's own properties/assets, the bank had obtained Valuation Reports from two independent valuers, irrespective of the value of the property. As per the policy, the valuation of the property was taken as the average of the two valuations.

7. Employees Benefits

- i) Short-term employee benefits are charged to revenue in the year in which the related service is rendered.
- ii) Long Term Employee Benefit

Schedules

“Principal Accounting Policies”

a) **Defined Contribution Plan**

Provident Fund: - Provident Fund is a defined contribution scheme as the bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to profit & loss A/C. The bank is paying matching contribution towards those employees who have not opted for the pension.

b) **Defined Benefit Plan**

Gratuity: - Gratuity liability is a defined obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

Pension: - Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

Leave Salary: - Leave salary is a defined benefit obligation and is provided for on the basis of an actuarial valuation determined on the basis of un-availed privilege leave of an employee at the time of leaving services of the company.

8. **Revenue Recognition and Expenditure booking**

Income and expenditure is accounted for on accrual basis unless otherwise stated.

- a) Interest and other income on advances/ investments classified as Non Performing Advances/ investments are recognized to the extent realized in accordance with the guidelines issued by the Reserve Bank of India.
- b) The recovery in Non-Performing Assets has been first appropriated towards amount of principal and thereafter towards amount of interest.
- c) Interest on overdue term deposits is provided at Savings Bank Rate of Interest.
- d) Fee, commission (other than insurance commission & Government business), exchange, locker rent, insurance claims and dividend on shares and units in Mutual Fund are recognized on realization basis.
- e) Income from interest on income tax/other tax refunds is accounted for on the basis of orders passed by the Competent Authorities.
- f) Unforeseen income/ expenses are accounted for in the year of receipt/ payment.
- g) Stationery issued to branches has been considered as consumed.

9. **Credit Card reward Points**

The Bank has estimated the probable redemption of reward points by not using actuarial method but has made 100% provision for redemption against the accumulated reward points in respect of standard card holders.

10. **Net Profit/Loss**

The net profit is disclosed in the profit and loss account after providing for:

- i) Income Tax, wealth tax and Deferred Tax.
- ii) Provision for Standard Assets, Non Performing Advances/ Investments as per RBI guidelines.
- iii) Depreciation/ amortization on Investments.
- iv) Transfer to contingency fund, if any.
- v) Other usual and necessary provisions.

11. **Taxes on Income**

Provision for tax is made for both current and deferred taxes in accordance with AS-22 on “Accounting for Taxes on Income”.

12. **Contingency Funds**

Contingency Funds have been grouped in the Balance Sheet under the head “Other Liabilities and Provisions”.

Schedules

"Significant Accounting Policies and Notes on Accounts"

Schedule 18:- Notes on Accounts

1. The subsidiary considered in the preparation of the consolidate financial statements
 - a. Name of the Subsidiary Company JKB Financial Services Ltd
 - b. Country of incorporation India
 - c. Voting power held 100%
 - d. Ownership interest 100%
2. The operating income of the company amounting ₹ 4,38,62,536.41 includes brokerage Income of ₹ 3,40,30,607.49 and Depository Income of ₹ 48,08,087.47 . The company is operating as a Stock Broker of NSE (Cash & F&O) and BSE (Cash) and as Depository Participants of CDSL and NSDL Depositories.
3. Preliminary Expenses includes expenses incurred prior to incorporation period amounting to ₹ 5,15,885/-. As a matter of accounting policy 1/10th of the same has been written off through Profit and Loss Account in the Current Year as well, thus reducing the balance in this account to ₹ 51,584/-.
4. Trade receivables includes ₹ 13,93,496.16 being outstanding from the DP Clients taken over from holding Company with the condition that if any amount remains unrecovered from such clients as on 31.03.2016, the same shall be recoverable from the holding Company, hence considered good by the management. Further, other AMC (Demat A/C's) receivables outstanding for more than six months are considered good by the management, hence no provision for these receivables have been made.
5. The deferred tax asset (Net) of ₹ 1,73,51,838/- as shown in the Balance Sheet includes DTA of ₹ 1,76,18,797/- and DTL ₹ 2,66,958/- and Deferred Tax Expenses of ₹ 98,341/- recognised in the Profit and Loss Account is calculated as per the provisions of AS 22(Accounting for taxes on income).

Creation of DTA/Reversal of DTL	Amount in ₹
On Timing Difference in Depreciation	69,246
On Timing Difference due to Sec 35Dof Income Tax Act, 1961*	15,939
DTA reversed on write offs	(1,228)
DTA to Be Created/ *DTL Reversed on Timing Difference	14,384
Creation of DTA	
Deferred Tax on Business Income	3,18,257
Net Deferred Tax Recognized in P&L A/C	98,341

Disclosures made by Parent Company

1. Reconciliation/adjustment of inter-bank/inter-branch transactions, branch suspense, Government Transactions, NOSTRO, System Suspense, Clearing, and Sundry Deposits is in progress on an ongoing basis. The impact, in the opinion of the management of the un-reconciled entries, if any, on the financial statements would not be material.
2. Tax paid in Advance/ Tax deducted at source includes amount adjusted by Income Tax Department in respect of various disputed demands. Based on the favorable appellate orders and interpretation of law, no further provision has been considered by the management in respect of the disputed demands.

3. Fixed Assets:

- a) Documentation formalities are pending in respect of certain immovable properties held by the bank valued at ₹ 5.70 crores (Values of properties appreciated on account of revised valuation) (previous year ₹ 115.83 crores). In respect of immovable properties valued at ₹ 21.02 crores (Values of properties appreciated on account of revised valuation) (previous year ₹ 21.50crores) bank holds agreement to sell along with the possession of the properties.
- b) Bank has completed the process of valuation in FY 2016-2017. In this connection, the depreciation for FY 2017-2018 for assets that showed appreciation in value has been vouched as under:-
 Pursuant to the revised Accounting Standard 10 "Property, Plant & Equipment" applicable from 1st April 2017 depreciation of ₹ 14.63 crores on the revalued portion of the fixed assets (being Premises & Land) has been transferred from the Revaluation reserve to Revenue reserve instead of crediting to Profit & Loss account.
- c) Depreciation is provided on straight line method in accordance with the provisions of Companies Act 2013 based on the useful life of the assets prescribed in Part C of the Schedule II of the Companies Act 2013. However the depreciation on the

Schedules

"Significant Accounting Policies and Notes on Accounts"

computers (including ATMs) along with software forming integral part of the computers is computed at 33.33% on straight line method in terms of RBI guidelines issued vide letter no BP 1660/21.04.2018 /2001 dated 01.02.2001.

In compliance to Accounting Standard (AS)-26 the acquisition cost of computer software, not forming integral part of the computers and where it is probable that the future economic benefits that are contributable to this software will flow to bank, is being capitalized and depreciation is charged at the rate of 33.33% on straight line method in terms of RBI guidelines.

Further useful life of mobile phones is continued to be 2 years and the depreciation is charged on straight line method as per provisions of Companies Act 2013 with no residual value.

Depreciation on Banks property includes amortization in respect of leased properties amounting to ₹ 0.15 Crores (previous year ₹ 0.147 Crores).

4. Capital

(₹ in Crores)

S. No.	Particulars	BASEL-III	BASEL-III
		31.03.2018	31.03.2017
i)	Common Equity Tier I Capital ratio (%)	9.24%	8.70
ii)	Tier I Capital Ratio %	9.24%	8.70
iii)	Tier II Capital Ratio %	2.18%	2.10
iv)	Total Capital ratio (CRAR) (%)	11.42%	10.80
v)	Percentage of share holding of the Government of India in Public Sector Banks	Nil	Nil
vi)	Amount of Equity Capital raised during the year	282	250
vii)	Amount of additional Tier I capital raised during the year of which: PNCPS : PDI	Nil	Nil
viii)	Amount of Tier II capital raised during the year of which Debt capital instrument: Preference share capital instrument: [Perpetual Cumulative Preference shares (PCPS) /Redeemable Non-cumulative preference shares (RNCPS) / Redeemable cumulative preference shares (RCPS)]	500	500

Government of Jammu & Kashmir holds 59.23% of equity shares of the Bank as on 31.03.2018 (previous year 56.45%as on 31.03.2017)

The subordinate debt of ₹ 600 Crores raised by way of Unsecured Redeemable Lower tier-II Bonds on 30.12.2009, maturing on 30.12.2019 has been shown under Borrowings as per RBI guidelines.

₹ 500 crores of Basel III complaint Tier II capital raised on 24th March 2017 & another ₹ 500 crores raised on 28th December 2017, maturing on 24th June 2022 & 27th December 2024 respectively has been shown under Borrowings as per RBI guidelines.

Investments

- The Bank has made no sale from HTM category securities during the year, as such no appropriation was made (Previous Year, ₹ 7.72 Crores) to Capital Reserve Account.
- The Bank has ₹ 34,00,70,800 as share capital (previous year ₹ 34,00,70,800) and ₹ 11,66,76,915 → in Tier II Perpetual bonds (previous year ₹ 11,66,76,915) in its sponsored Regional Rural Bank (J&K Grameen Bank).
- The total investment of the Bank in the PNB Met-life India Insurance Co Pvt. Ltd stood at ₹ 102.19 Crores as on 31.03.2018 (Previous year ₹ 102.19 Crores). In compliance with RBI Letter No. DBOD.BP/-17099/21.4.141/ 2008-09 dated 9th April 2009, the investment stands transferred to AFS Category on October 1st, 2009. The valuation has been carried out at an average of two independent valuation reports obtained from Category I Merchant Bankers as per RBI guidelines & the consequent appreciation has been ignored in view of the Accounting Policy in respect of such investments.
- RBI circular DBR.No.BP.BC.IO2/21.04.048/2017-18 dated April 2, 2018 grants banks an option to spread provisioning for mark to market losses on investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018. The circular states

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that the provisioning for each of these quarters may be spread equally over up to four quarters, commencing with the quarter in which the loss was incurred. The Bank has recognised the entire mark to market loss on investments in the respective quarters and has not availed the said option.

9. During the FY 2017-18 Bank has raised capital by way of 9.25% Non- Convertible, redeemable, unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures for augmenting Tier 2 Capital for an amount of ₹ 500 Crores (previous year ₹ 500 Crores) having duration of 7 years with IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400001, as Debenture Trustee..

10. Details of Investments

(₹ in Crores)

S. No.	Particulars	As on	
		31.03.2018	31.03.2017
1.	Value of Investments		
	Gross Value of Investments		
	a) In India	19528.85	21788.64
	b) Outside India	NIL	NIL
	Provision for depreciation		
	a) In India	74.68	52.28
	b) Outside India	NIL	NIL
	Provision for NPI		
	a) In India	574.14	445.47
	b) Outside India	NIL	NIL
	Net Value of Investments		
	a) In India	18880.03	21290.89
	b) Outside India	NIL	NIL
2.	Movement of provisions held towards the depreciation on Investments		
	(i) Opening Balance	52.28	1.03
	(ii) Add: Provisions made during the year	84.63	55.95
	Less: Write-off/write back of excess provisions during the year	62.23	4.70
	(iii) Closing Balance	74.68	52.28

11. The Repo Transactions (in face value terms) are as under:

(₹ in Crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	365 Days Daily Average outstanding during the year	Outstanding as on 31.03.2018
Securities sold under Repo Government Securities	150.00	175.00	11.99	0.00
(Previous Year)	75.00	2100.00	18.57	0.00
i) Corporate Debt Securities	0	0	0	0.00
(Previous Year)	0	0	0	0.00
Securities purchased under Reverse Repo Government Securities	55.00	5074.00	1568.64	3845.00
(Previous Year)	10.00	4250.00	1111.85	1725.00
i) Corporate Debt Securities	0	0	0	0
(Previous Year)	0	0	0	0

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12. Non-SLR Investment portfolio

12.1 Issuer composition of Non SLR Investments

(₹ in Crores)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade	Extent of unrated Securities	Extent of unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	24.85	24.85	0.00	0.00	0.00
2	FIs (incl. NBFC's AIF'S)	479.54	479.54	0.00	0.00	0.00
3	Banks(incl. CD's)	528.90	98.50	23.50	0.00	0.00
4	Private Corporates (incl. CP's)	1076.68	442.20	214.99	125.00	25.00
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	196.91	0.00	0.00	0.00	0.00
	Total	2326.88				
7	Provision towards depreciation/NPI	643.89				
8	Total	1682.99				

The Bank's investment in unlisted securities as on 31.03.2018 is 0.46 % (previous year 0.38%) which is well within the RBI stipulated limit of 10%.

Breakup of investments with NABARD/SIDBI/RHDF/RIDF classified with other assets

(₹ in Crores)

Particulars	Amount as on 31.03.2018	Amount as on 31.03.2017
NABARD	903.60	446.53
RIDF	970.22	923.52
SIDBI/MUDRA	375.96	134.90
RHDF	257.78	260.29
TOTAL	2507.56	1765.24

12.2 Non-performing Non-SLR investments

(₹ in Crores)

Particulars	Amount as on 31.03.2018	Amount as on 31.03.2017
Opening Balance	569.67	369.53
Additions during the year	167.69	227.95
Reductions during the year	84.14	27.81
Closing Balance	653.22	569.67
Total Provision held (including floating provisions of ₹ 2.76 Crores)	576.90	448.22

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12.3 Sale and Transfers to/from Held to Maturity (HTM) Category

- Bank has made no sale from HTM category securities during the year as such no appropriation was made to Capital Reserve Account (previous year ₹ 7.72 Crore).
- With the approval of the Board of Directors, the Bank has shifted securities amounting to ₹ 691.44 Cr (FV) on 26/04/2017 (Previous year ₹ 634.81 Cr) at lower of book value or market value, scrip wise, from Held to Maturity (HTM) to Available for Sale (AFS) category in accordance with RBI guidelines.
- On the basis of special dispensation being allowed by the Reserve Bank of India vide its Circular No. DBR.No.BP. BC.90/12.02.001/2017-18, dated 04/10/2017, the Bank undertook shifting of Govt. Securities having face value of ₹ 600 Cr and ₹ 525 Cr on 08/12/2017 & 26/03/2018 respectively from HTM to AFS Category.
- The value of sales and transfer of securities to/from HTM category (excluding the exempted transfer) did not exceed 5% of book value of the investment in HTM category at the beginning of the year.

12.4 The value of investments under three categories viz., Held for Trading, Available for sale and Held to maturity (Net of provisions held) are as under:

(₹ in Crores)

Particulars	As on 31.03.2018				As on 31.03.2017			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	0.00	2217.23	14979.81	17197.04	10.45	2429.78	13884.98	16325.21
Other approved securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares (Equity & Pref.)	3.00	326.54	0.00	329.54	1.25	271.72	0.00	272.97
Debentures & Bond	0.00	713.27	17.50	730.77	0.00	1481.94	21.23	1503.17
Subsidiaries	0.00	0.00	20.00	20.00	0.00	0.00	20.00	20.00
Others (incl. Sponsored, CDs, CPs, Venture Capital & Security receipts)	0.00	557.01	45.67	602.68	0.00	3117.42	52.12	3169.54
Total	3.00	3814.05	15062.98	18880.03	11.70	7300.86	13978.33	21290.89

13. Details of book value of investments in Security Receipts

Particulars	Backed by NPAs sold by the bank underlying		Backed by NPAs sold by other banks/financial institutions/ non-banking financial companies as underlying		Total	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Book Value	94.29	142.14	9.21	9.08	103.50	151.22

14. Derivatives

14.1 Forward Rate Agreement/Interest Rate Swap

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
i)	The notional principal of swap agreements	NIL	NIL
ii)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	NIL	NIL
iii)	Collateral required by the Bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps	NIL	NIL
v)	The fair value of the swap book	NIL	NIL

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14.2 Exchange Traded Interest Rate Derivatives

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the Year (instrument-wise)	NIL	NIL
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	NIL	NIL
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL

14.3 Disclosures on Risk exposures in derivatives

a) Qualitative Disclosures

The only derivatives traded by the Bank in the foreign exchange market are forward contracts. Forward contracts are being used to hedge /cover the exposure in foreign exchange arising out of Merchant transactions and trading positions.

To cover the risks arising out of above derivatives, various limits like AGL, IGL and stop loss have been prescribed in the trading policy of the bank which are monitored through VaR.

Outstanding forward exchange contracts held for trading are revalued at the exchange rates for appropriate maturity rates as announced by FEDAI at the year-end exchange rates and the resultant gain/ loss is taken to revenue.

b) Quantitative Disclosures

S. No.	Particulars	31.03.2018		31.03.2017	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For Hedging	NIL	NIL	NIL	NIL
	b) For Trading	NIL	NIL	NIL	NIL
(ii)	Marked to Market Position (1)				
	a) Asset (+)	NIL	NIL	NIL	NIL
	b) Liability (-)	NIL	NIL	NIL	NIL
(iii)	Credit Exposure(2)	NIL	NIL	NIL	NIL
(iv)	Likely Impact of 1% change in interest rate (100*PV01)				
	a) On hedging derivatives	NIL	NIL	NIL	NIL
	b) On Trading derivatives	NIL	NIL	NIL	NIL
(v)	Maximum & minimum of 100*PV01 observed during the year				
	a) On hedging	NIL	NIL	NIL	NIL
	b) On Trading	NIL	NIL	NIL	NIL

14.4 Forward Exchange contracts as on 31.03.2018

(₹ in Crores)

Up to 14 days	291.23
Beyond 14 day	1978.86
Total	2270.10

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15 Asset Quality

15.1 Non Performing Assets

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	4.90%	4.87%
(ii)	Movement of NPAs (Gross)		
	a) Opening balance	6000.01	4368.61
	b) Additions during the year	3104.69	3278.42
	c) Reductions during the year	3098.00	1647.02
	d) Closing balance	6006.70	6000.01
(iii)	Movement of Net NPAs		
	a) Opening balance	2425.37	2163.95
	b) Additions during the year	3417.72	1964.92
	c) Reductions during the year	3098.00	1647.02
	d) Closing balance*	2791.12	2425.37
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance **	3425.29	2111.80
	b) Provisions made during the year	1222.72	2115.92
	c) Write-off/write-back of excess provisions	1535.75	802.43
	d) Closing balance	3112.26	3425.29

*Net NPA has been arrived at after adding net ECGC claims of ₹ 11.54Crores, Interest Capitalization of ₹ 40.56 Crores & reducing DIFV of ₹6.07 crores

**Including floating provision of ₹ 348.72Crores (Previous year ₹ 348.72Crores).

Information regarding movement of Net NPA's has been compiled at Corporate Office and relied upon by the Auditors.

16. Particulars of Accounts Restructured

(₹ in Crores)

Sl No	Type of Restructuring →	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total								
		Std.	Sub-Std.	Doubt-ful	Loss	Std.	Sub-Std.	Doubt-ful	Loss	Std.	Sub-Std.	Doubt-ful	Loss	Total	Total							
	Asset Classification →																					
	Details																					
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	3	0	5	0	8	20289	32	105	25	20451	10527	296	656	6	11485	30819	328	766	31	31944
		Amount outstanding	274.4	0	367.45	0	641.85	2596.69	2.17	47.65	1.24	2647.75	2668.67	54.47	359.23	10	3092.37	5539.76	56.64	774.33	11.24	6381.97
		Provision thereon	13.72	0	167.3	0	181.02	129.83	0.29	21.3	1.24	152.66	133.46	7.17	200.18	10	350.81	277.01	7.46	388.78	11.24	684.49
2	Fresh restructuring during the year	No. of borrowers	0	0	0	0	0	2	0	0	0	2	1	0	0	0	1	3	0	0	0	3
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.05	0.10	0.00	0.00	0.00	0.10
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Up-gradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	24	0	1	0	25	61	2	3	0	66	85	2	4	0	91
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	2.20	0.00	0.02	0.00	2.22	40.85	0.11	0.35	0.00	41.31	43.05	0.11	0.37	0.00	43.53
		Provision thereon	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.10	2.02	0.01	0.15	0.00	2.18	2.12	0.01	0.15	0.00	2.28
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY.	No. of borrowers	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	1	0	0	0	1
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.05
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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5	Down gradations of restructured accounts during the FY	No. of borrowers	0	4	0	2	6	0	110	11	0	121	0	365	185	0	550	0	479	196	2	677
		Amount outstanding	0.00	230.89	0.00	22.41	253.30	0.00	3.05	116.48	0.00	119.53	0.00	181.23	317.75	0.00	498.98	0.00	415.17	434.23	22.41	871.81
		Provision thereon	0.00	34.63	0.00	22.41	57.04	0.00	0.57	46.55	0.00	47.12	0.00	27.33	119.94	0.00	147.27	0.00	62.53	166.49	22.41	251.43
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	4	2	6	0	0	29	3	32	0	0	30	3	33	0	0	63	8	71
		Amount outstanding	0.00	0.00	100.88	22.41	123.29	0.00	0.00	43.18	24.84	68.02	0.00	0.00	133.86	11.92	145.78	0.00	0.00	277.92	59.17	337.09
		Provision thereon	0.00	0.00	100.88	22.41	123.29	0.00	0.00	43.18	24.84	68.02	0.00	0.00	133.86	11.92	145.78	0.00	0.00	277.92	59.17	337.09
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	2	0	13	0	15	28951	134	81	25	29191	8993	375	1383	11	10762	37946	509	1477	36	39968
		Amount outstanding	5.46	0.00	487.12	0.00	492.58	2919.52	4.91	130.52	0.72	3055.67	1736.43	261.95	577.95	8.42	2584.75	4661.41	266.86	1195.59	9.14	6133.00
		Provision thereon	0.27	0.00	286.44	0.00	286.71	145.98	0.87	35.44	0.72	183.01	86.82	40.85	236.49	8.42	372.58	233.07	41.72	558.37	9.14	842.30

Note :- In addition to above Exposure the borrowers are also availing additional facilities (fund Based) to the tune of ₹ 1387.04 Crores as on 31.03.2018.
(₹ 1168.54 Crores as on 31.03.2017)

*excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight (if applicable)

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17. Details of Financial Assets Sold to Securitization/ Reconstruction Company for Asset Reconstruction.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1.	No. of accounts	6	02
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	559.30	106.83
3.	Aggregate Consideration	948.45*	106.83
4.	Additional consideration realized in respect of accounts transferred in earlier years	0	0.03
5.	Aggregate gain/loss over net book value	389.15	0.00

*Cash+SR i.e. Cash: ₹ 923.81+SR ₹ 24.64Cr.

18. Details of non performing financial assets purchased.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1. (a)	No. of accounts purchased	NIL	NIL
(b)	Aggregate outstanding	NIL	NIL
2. (a)	Of these, number of accounts restructured during the year	NIL	NIL
(b)	Aggregate outstanding	NIL	NIL

18.1 Details of non performing financial assets sold.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	6	3
2)	Aggregate outstanding	1606.35	174.63
3)	Aggregate consideration received	948.45	125.83

18.2 Assets sold to Asset Reconstruction Companies (ARCs)

During the financial year six accounts (NPAs) were sold to Asset Reconstruction Companies (ARCS). Against total principal NPA balance of ₹ 1606.35Cr, the bank has received an amount of ₹ 948.45Cr, which constitutes 59.04% of the principal NPA. A collective Provisioning Coverage Ratio of these assets was to the tune of ₹ 1047.05Cr which constitutes 65%. Thus in totality there has been a positive impact of ₹ 389.15Cr on the balance sheet of the bank as on 31.03.2018 and NPA/NPI outstanding got reduced by ₹ 1606.35Cr.

(₹ in Crores)

No of accounts	NPA balance	Cash component	Security Receipts component	Total	Provisioning Held
6	1606.35	923.81	24.64	948.45	1047.05

18.3 Purchase of Property:-

During the FY 2017-18 the bank has purchased a non-banking asset under the provision of SARFAESI Act 2002 at a fixed reserve price of ₹ 8.70 Crores against an NPA asset M/S ETA Engineering Pvt Ltd which had slipped to NPA category with an outstanding balance of ₹ 176.26 crores. The same has been categorized as other current asset.

19. Provisions on standard Assets

(₹ in Crores)

Particulars	31.03.2018	31.03.2017
Provision towards Standard Assets	477.65	616.01

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20. Business Ratios

(₹ in Crores)

S. No.	Particulars	As on	
		31.03.2018	31.03.2017
(i)	Interest income as a percentage to working funds*	8.06%	8.35%
(ii)	Non-Interest income as a percentage to working funds*	0.60%	0.62%
(iii)	Operating Profit as a percentage to working funds*	1.68%	1.62%
(iv)	Return on Assets **	0.25%	(2.04%)
(v)	Business (deposits plus advances) per employee***	11.99 Crores	12.20 Crores
(vi)	Net Profit per employee	0.02 Crores	(0.16 crores)

* Working funds are the average of total of assets as reported to RBI in Form X.

** Assets are the average of the monthly total assets as reported to RBI in Form X.

*** Deposits (other than inter-bank deposits) & Gross Advances are as at the close of the year.

21. Asset Liability Management

(i) Maturity pattern of certain items of assets and liabilities as on 31.03.2018

(₹ in Crores)

Particulars	Next Day	2 to 7 Days	8 to 14 Days	15 Days to 30 Days	31 Days Upto 2 months	Over 2 Months & Upto 3 months	Over 3 Months & Upto 6 months	Over 6 months & Upto 1 year	Over 1 Year & Upto 3 years	Over 3 years Upto 5 years	Over 5 years	TOTAL
DEPOSITS	208.62	1322.81	1611.71	2076.84	2056.77	2740.68	4537.14	6549.26	30593.02	20989.73	7319.92	80006.50
BORROWINGS	0	0	0	0	0	0	0	0	600	500	528.34	1628.34
INVESTMENTS	2409.46	5.42	485.70	570.07	20.00	18.00	400.25	1115.10	1417.10	4333.11	8105.81	18880.03
ADVANCES	3274.61	1147.42	959.29	941.64	1158.31	1124.47	2755.14	4941.67	29265.01	6183.15	5162.04	56912.74

Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2018

(₹ in Crores)

Currency	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
ASSETS									
USD	181.66	138.51	428.87	220.04	72.10	0.00	0.00	0.00	1041.18
EURO	22.66	19.33	41.42	45.65	42.71	0.00	0.00	0.00	171.78
GBP	11.21	4.82	17.96	19.45	14.11	0.00	0.00	0.00	67.55
J.YEN	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19
AUD	1.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.71
CAD	1.58	0.46	0.20	0.00	0.00	0.00	0.00	0.00	2.24
CHF	0.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.46
SAR	0.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.44
Total	219.91	163.12	488.46	285.14	128.92	0.00	0.00	0.00	1285.55
(Previous Year)	381.09	272.87	467.58	137.56	224.61	0.00	0.00	0.00	1483.71

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(₹ in Crores)

Currency	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
LIABILITIES									
USD	224.67	165.45	377.31	215.05	69.26	3.99	1.69	0.00	1057.42
EURO	19.49	23.07	42.74	43.90	41.24	1.23	0.00	0.00	171.67
GBP	12.32	5.10	18.15	19.45	12.65	0.00	0.00	0.00	67.67
J.YEN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AUD	0.00	1.76	0.00	0.00	0.00	0.00	0.00	0.00	1.76
CAD	0.30	1.83	0.10	0.00	0.00	0.00	0.00	0.00	2.23
CHF	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.10
Total	256.78	197.21	438.30	278.40	123.15	5.22	1.69	0.00	1300.75
(Previous year)	346.52	326.97	457.83	141.99	225.98	0.00	0.00	0.00	1499.29

The above disclosure is as compiled and certified by the Bank's management.

22. Exposures

22.1 Exposure to Real Estate Sector*

(₹ in Crores)

S. No.	Particulars	As on	
		31.03.2018	31.03.2017
1.	Direct Exposure		
	(i) Residential Mortgages	3260.92	2146.42
	lending's fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (**includes Individual housing loans eligible for inclusion in priority sector amounting to ₹ 1601.14Crores)(Previous Year ₹ 1143.71 Crores)		
	(ii) Commercial real estate	3054.09	2752.19
	Lending's secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.		
	(iii) Investment in mortgage backed securities and other securitized exposures		
	(a) Residential	0.00	0.00
	(b) Commercial real estate	0.00	0.00
2.	Indirect Exposure (Fund based & non fund based exposure on National Housing Bank and housing finance companies)	3601.84	1277.20
	Total Exposure to Real Estate	9916.85	6175.81

The above disclosures are as compiled and certified by the Bank's management.

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"Significant Accounting Policies and Notes on Accounts"

22.2. Exposure to Capital Market

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
(i)	Direct investment in Equity shares, Convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	126.33	127.92
(ii)	Advances against shares/bonds /debentures or other securities or on clean basis to individuals for investments in shares (including IPOS/ESPOs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	0.00	0.00
(iii)	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.00	0.00
(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e where the primary security other than shares /convertible bonds /convertible debentures /units of equity oriented mutual funds does not fully cover the advances	0.04	0.04
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	0.03	0.00
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows /issues	0.00	0.00
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	0.00	0.00
(ix)	Financing \to stock brokers for margin trading	0.00	0.00
(x)	All exposures to venture Capital Funds (both registered and unregistered)	0.02	10.73
	Total	126.42	138.69

22.3 Risk category wise country exposure

(₹ in Crores)

Category	Risk Category	Exposure (net) as at March 2018	Provisions held as at March 2018	Exposure (net) as at March 2017	Provisions held as at March 2017
A1	Insignificant	64.62	Nil	97.09	Nil
A2	Low	1.39	Nil	2.33	Nil
B1	Moderate	Nil	Nil	Nil	Nil
B2	High	Nil	Nil	Nil	Nil
C1	Very high	Nil	Nil	Nil	Nil
C2	Restricted	Nil	Nil	Nil	Nil
D	Off-Credit	Nil	Nil	Nil	Nil
Total		66.01	Nil	99.42	Nil

The above disclosure is as compiled and certified by the Bank's management

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"Significant Accounting Policies and Notes on Accounts"

23. Details of single borrower limit/group borrower limit exceeded by the Bank:

NIL

24. Statement of loans & Advances secured by Intangible Assets viz. Rights, Licenses, Authorizations etc.

(₹ in Crores)

Particulars	2017-18	2016-17
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	0.00	0.00

25. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year ₹ 6.28 lacs (Previous year ₹ 4.15 lacs).

26. Disclosures as per Accounting Standards (AS) in terms of RBI guidelines.

26.1 Accounting Standard 5

Net profit or loss for the period, prior period items and changes in accounting policies:

There is no material Prior Period item included in Profit & Loss Account required to be disclosed as per Accounting Standard-5 read with RBI Guidelines.

26.2 Accounting Standard 9- Revenue Recognition

There is no material Prior Period item included in Profit & Loss Account required to be disclosed as per Accounting Standard-5 read with RBI Guidelines.

26.3 Accounting Standard 15 - Employees Benefit

Adoption of AS -15 (R) The bank has adopted accounting standard 15 (R) - Employee Benefits, issued by the Institute of Chartered Accountants of India (ICAI), the Bank recognizes in its books of accounts the liability arising out of employee benefits as the sum of the present value of obligation as reduced by fair value of plan assets on the balance sheet date.

The disclosure required under Accounting Standard 15 "Employee Benefits- in line with the accounting policy as per the Accounting Standard- issued by the Institute of Chartered Accountants of India are as under":

I - Principal Actuarial Assumptions as the Balance Sheet date:

Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.3.2017	31.3.2018	31.3.2017	31.3.2018	31.3.2017	31.3.2018
Discount Rate	7.5%	7.75%	7.75%	7.75%	7.75%	7.75%
Expected Return on Plan Assets	7.5%	7.5%	7.5%	7.5%	N/A	N/A
Rate of Escalation in salary	5%	5.5%	5%	5.5%	5%	5.5%
Attrition Rate	1%	1%	1%	1%	1%	1%

II - Changes in Present value of the obligation (PVO)-Reconciliation of Opening & Closing Balance

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligation 01.04.2017	826.01	273.07	173.14
Interest Cost	56.19	19.94	12.78
Current Service Cost	32.52	32.33	18.80
Benefits paid	(201.96)	(31.44)	(16.57)
Actuarial (loss)/gain on obligations (Balancing figure)	225.31	24.36	32.86
Present Value of Obligations, 31.03.2018	938.07	368.62	221.01

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"Significant Accounting Policies and Notes on Accounts"

III - Changes in the Fair Value of the Plan Assets-Reconciliation of Opening & Closing Balances:

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Fair Value of Plan Assets 01.04.2017	812.05	266.64	0.00
Expected return on Plan assets	64.96	21.95	0.00
Contributions by Bank/Employees	283.40	58.74	16.57
Benefits paid	(201.96)	(31.44)	(16.57)
Actuarial (loss)/ gain on Plan Assets (Balancing figure)	(38.35)	2.84	0.00
Fair Value of Plan Assets, 31.03.2018	920.10	318.73	0.00

IV - Actual return on Plan Assets

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Expected return on Plan Assets	64.96	21.95	0.00
Actuarial (loss)/ gain on Plan Assets	(38.35)	2.84	0.00
Actual Return on Plan Assets	26.81	24.79	0.00

V - Net Actuarial Gain/ (loss) recognized

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Actuarial gain/ (loss) for the period - Obligation	225.31	24.36	32.86
Actuarial gain/ (loss) for the period - Plan Assets	(38.35)	2.84	0.00
Total gain/ (loss) for the period	263.66	21.52	32.86
Actuarial gain or (loss) recognized in the period	263.66	21.52	32.86
Unrecognized Actuarial gain/ (loss) at the end of the year	0.00	0.00	0.00

VI - Amount recognized in Balance Sheet & Related Analysis

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value obligation, 31.03.2018	938.07	368.62	221.01
Fair Value of Plan Assets, 31.03.2018	(920.10)	(318.73)	0
Difference	17.97	49.89	221.01
Unrecognized Transitional Liability	0	0	0
Unrecognized Past Service cost - vested benefits - Carried Forward	0	0	0
Liability Recognized in the Balance Sheet	17.97	49.89	221.01
Negative amount determined under Paragraph 55 of AS-15 (R)	-	-	-
Present value of available refunds and reductions in future contributions	-	-	-
Resulting asset as per Paragraph 59 (b) of AS - 15 (R)	-	-	-

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"Significant Accounting Policies and Notes on Accounts"

VII - Expense recognized in Profit and Loss Statement

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Current Service Cost	32.52	32.33	18.80
Interest Cost	56.19	19.94	12.78
Expected return on Plan assets	(64.96)	(21.95)	0.00
Net Actuarial gain/ (loss) recognized in the year	213.66	21.52	32.86
Past Service Cost-Recognized	0.00	50.36	0.00
Expenses recognized in the statement of profit and loss	287.41	102.20	64.44

VIII - Movement in Net liability to be recognized in Balance Sheet

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Opening Net Liability	13.96	6.43	173.14
Expenses	287.41	102.20	64.44
Contributions paid	(283.40)	(58.74)	(16.57)
Closing Net Liability (Liability recognized in B/S in current period)	17.97	49.89	221.01

IX - Amount for the Current Period

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligations, 31.03.2018	938.07	368.62	221.01
Fair Value of Plan Assets, 31.03.2018	920.10	318.73	0
Surplus/(Deficit) before unrecognized past service cost	(17.97)	(49.89)	(221.01)
Experience Adjustments in Plan Liabilities - (loss)/ gain	192.25	21.01	25.46
Experience Adjustments in Plan Assets (loss) / gain	(32.74)	2.84	N/A

X - Major Categories of Plan Assets (as percentage of Total Plan Assets)

(in % age)

Particulars	PENSION (%)	GRATUITY (%)
Government of India Securities	2.77	5.42
State Government Securities	1.31	44.82
High Quality Corporate Bonds	2.89	27.88
Equity Shares of listed companies	0	4.75
Funds managed by Insurer	93.03	1.80
Other- Bank Deposits and CD's	0	15.33
Total	100.00	100.00

XI - Best Estimate of contribution during next year

(₹ in Crore)

Particulars	PENSION (Funded)	GRATUITY (Funded)
Bank's best estimate of Contribution during next year	304.67	71.73

Particular Basis of assumption:

Discount rate : Discount rate has been determined by reference to market yields on the balance sheet date on Government Bonds of term consistent with estimated term of the obligations as per para 78 of AS-15R.

Expected rate of return on plan assets: The expected return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation.

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"Significant Accounting Policies and Notes on Accounts"

Rate of escalation in salary: The estimates of future salary increases considered in actuarial valuations taking into account inflation, seniority, promotion and other relevant factors mentioned in paras 83-91 of AS-15R.

Attrition rate: Attrition rate has been determined by reference to past and expected future experience and includes all types of withdrawals other than death but including those due to disability

The above information is based on the information certified by the actuary except para XI above.

26.4 Accounting Standard 17 - Segment Reporting

- i) The Bank has recognized business segment as its primary reportable segment under AS-17 classified into treasury, Corporate/ Wholesale banking, Retail banking and other banking Business. The necessary disclosure is given below:-

		(₹ in Crores)	
Description		31.03.2018	31.03.2017
A	Segment Revenue (Income)		
i.	Treasury Operations	1693.39	2091.55
ii.	Corporate/Whole sale Banking	2170.12	2271.40
iii.	Retail Banking	3838.58	3166.86
iv.	Other Banking Business	31.98	33.21
	Total	7734.07	7563.02
	(Less): Inter segment revenue	617.36	384.36
	Total Income from Operations	7116.71	7178.66
B	Segment Results (Profit before tax)		
i.	Treasury Operations	54.38	(135.61)
ii.	Corporate /Wholesale Banking	264.23	(1249.17)
iii.	Retail Banking	588.04	268.34
iv.	Other Banking Business	29.35	31.55
v.	Un-Allocated Business	(576.87)	(421.08)
	Total	359.13	(1505.97)
C	(Segment Assets)		
i.	Treasury Operations	25846.18	25410.29
ii.	Corporate/Wholesale Banking	29632.54	27185.99
iii.	Retail Banking	34208.72	29422.28
iv.	Other Banking Business	0.17	0.11
	Total	89687.61	82018.67
D.	(Segment Liabilities)		
i.	Treasury Operations	2547.32	291.66
ii.	Corporate /Wholesale Banking	24854.98	23786.04
iii.	Retail Banking	56123.39	52263.70
iv.	Other Banking Business	0.71	0.77
	Total	83526.40	76342.17
E.	Capital Employed (Segment Assets-Segment Liabilities)		
i.	Treasury Operations	23298.86	25118.63
ii.	Corporate/Wholesale Banking	4777.55	3399.95
iii.	Retail Banking	(21914.66)	(22841.42)
iv.	Other Banking Business	(0.54)	(0.66)
	Total	6161.21	5676.50

- ii). As the Bank does not have any overseas branch there is no requirement as to reporting of Geographical Segment.

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"Significant Accounting Policies and Notes on Accounts"

26.5 Accounting Standard 18 - Related party disclosures as on 31.03.2018

(₹ in Crores)

Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)
Deposits	Balance as on date	1450.87	1.96
	Maximum Balance during the year	1450.87	3.28
Advances	Balance as on date	11.67	NIL
	Maximum Balance during the year	44.17	NIL
Investments	Balance as on date	34.01	20.00
	Maximum Balance during the year	34.01	20.00
Interest Paid		108.10	0.14
Interest/Commission Received		1.24	0.0003
Sale of Fixed Assets		NIL	NIL
Transfer of Current Assets/ Liabilities(Net)		NIL	NIL
Reimbursement of Expenses		NIL	3.42
IT Support Services		4.10	NIL

Advances is shown as borrowings from the Sponsor bank in shape of SOD, LAD and Perpetual Bonds

*₹ 11.67 crore is 50% share of Sponsor Bank for implementation of CBS by JKGB in the form of Investment in Tier II perpetual bonds.

The Jammu & Kashmir Asset Reconstruction Limited has been incorporated by Government of J&K and J&K Bank Ltd on 28.04.2017. The Bank has subscribed capital to the tune of ₹98 lakhs whereas Government of J&K has subscribed ₹ 102 Lakh. The Bank has incurred ₹ 76,32,730/- towards incorporation expenses for the company. The State Government has not released the initial Share Capital to the tune of ₹ 102 Lakh and the Bank has also not received share certificate till reporting date.

(₹ in Lakhs)

Items/Related Party	K.M.P*			
	Mr. Parvez Ahmed (Chairman)	Mr. S K Bhat (CFO)	Mr. P K Tickoo (CFO)	Mr. Mohammad Shafi Mir
Period for which post held during FY 2017-18	12 months	1 month 13 days	8 months 10 days	12 months
Investments				
Interest/Commission Received				
Salary	66.11	3.97	15.50	14.06

* Key Managerial Personnel.

**During the period, the bank has provided the residential accommodation to the Chairman in lieu of which no House Rent has been paid. Moreover, during the period no expenditure has been incurred on the maintenance of same.

26.6 Accounting standard 19 - Leases

The properties taken on lease/rental basis are renewable/cancellable at the option of the Bank.

The lease entered into by the Bank are for agreed period with an option to terminate the leases even during the currency of lease period by giving agreed calendar months' notice in writing.

Lease rent paid for operating leases are recognized as an expense in the Profit & Loss account in the year to which it relates. The lease rent recognized during the year is ₹ 55.90 crores (previous year ₹ 47.58 crores).

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26.7 Accounting Standard 20 - Earning per share

	31.03.2018	31.03.2017
Net Profit available to Equity Share Holders (in Crores)	202.72	(1632.29)
No. of Equity Shares	556858392	485979830*
Basic/Diluted Earnings per share (in ₹)	3.64	(33.59)
Face value per share	₹1/-	₹1/-

* weighted average number of equity shares outstanding during the period. (Amount of allotment of 36555051 equity shares received on 20-03-2017)

26.8 Accounting Standard -21 (Consolidated Financial Statements)

The Bank has a fully owned subsidiary company "JKB Financial Services Ltd." In terms of the approval of Reserve Bank of India vide its letter No DBOD.FSD.No./1124/24.01.001/2007-08 dated July 31, 2007. The investment towards the capital of subsidiary company is ₹ 20.00 Crores (Previous Year ₹ 20.00 Crores). The consolidated financial statements are placed accordingly in terms of AS 21 issued by the Institute of Chartered Accountants of India.

26.9 Accounting Standard 22 - Accounting for taxes on income

The Bank has accounted for Income Tax in compliance with Accounting Standard-22 accordingly Deferred Tax Assets and Liabilities are recognized.

	(₹ in Crores)	
Timing Difference	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on Assets	-	5160.02
Leave Encashment	7646.95	-
Special Reserve	-	4261.34
Wage Revision	-	-

Net Deferred Tax Liability as on 31.03.2018 : ₹ 1774.41 Lacs

Tax Impact for the year : ₹ 57.75 Lacs

26.10 Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of ₹ 134.25 Lacs on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹ 52.79 Lacs has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹ 81.46 Lacs has been charged to Profit & Loss account treating it as a Revenue expenditure for the reason that the Bank cannot declare dividend to shareholders without writing it off completely in view of the provisions of the Banking Regulation Act, 1949. Accordingly, the Bank has not evaluated useful life of this Brand strategy project over which the expenses could be amortized.

Further, the Bank has incurred an amount of ₹ 9.65 Crores on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

26.11 Accounting Standard 28 - Impairment of Assets

Majority of Fixed Assets of the Bank are considered as Corporate Assets and not cash generating assets and in the opinion of Management there is no material impairment in these Fixed Assets. Regarding other Fixed Assets generating cash there is no material impairment. As such no provision is required as per AS-28 issued by ICAI.

26.12 Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

In respect of Contingent Liabilities under each class shown as per Schedule 12, in the opinion of the Management, the possibility of any out flow in settlement is remote. A provision of ₹ 0.47 crores (Previous year ₹ 5.89 Crores) has been made during the year totaling to ₹ 11.91 crores (Previous year ₹ 11.45 Crores) upto 31.03.2018 against claims decreed against the Bank. Claims have not been acknowledged as debts owing to the appeal filed by the bank before the court of competent jurisdiction, pending adjudication.

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"Significant Accounting Policies and Notes on Accounts"

27 ADDITIONAL DISCLOSURES

27.1 Provisions and Contingencies

The break-up of "Provisions and Contingencies" shown under the head "Expenditure in Profit and Loss Account" is as under:

Particulars	(₹ in Crores)	
	For the year ended	
	31.03.2018	31.03.2017
Tax Expense		
i) Income Tax	157.00	145.87
ii) Deferred Tax Liability/ (Asset)	(238.76)	(19.55)
Provision against NPA's	1222.72	2115.93
Provision for depreciation on investments	15.38	55.19
Provision for frauds and embezzlements	(0.08)	1.39
Provision for diminution in the fair value of restructured /rescheduled advances	(6.68)	114.49
Provision for Non Performing Investments	167.46	244.04
Other provisions & contingencies	-	-
Provision for contingent liabilities	0.47	5.89
Provision for Standard Assets	(138.36)	263.37
Total	1179.16	2926.62

28. Details / Utilization of Floating Provisions

Particulars	(₹ in Crores)	
	As on	
	31.03.2018	31.03.2017
Opening balance	348.72	348.72
Additions made during the year	0.00	0.00
Draw Down made during the year	0.00	0.00
Closing balance	348.72	348.72

29. Investments (Floating Provision)

Particulars	(₹ in Crores)	
	As on	
	31.03.2018	31.03.2017
Opening balance	2.76	2.76
Additions made during the year	NIL	Nil
Utilization made during the year	NIL	Nil
Closing balance	2.76	2.76

30. Customer Complaints

A	No. of complaints pending at the beginning of the year	11
B	No. of complaints received during the year	367
C	No. of complaints redressed during the year	369
D	No. of complaints pending at the end of the year	09

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31. Awards Passed by Banking Ombudsman

A	No. of unimplemented Awards at the beginning of the Year	0
B	No. of Awards passed by the banking ombudsman during the year	03
C	No. of Awards implemented during the year	01
D	No. of unimplemented Awards pending at the end of the year	02

32. Foreign Exchange

- a) The net funded exposure of the Bank in respect of Foreign Exchange transactions with each country is within 1% of the Total Assets of the Bank and hence no Provision and Disclosure is required to be made as per the RBI Circular No. 96/21.04.103/2003 dated: 17.06.2004.
- b) Claims pending with ECGC is ₹ 225.17 crores (Previous year NIL)

33. Letter of comfort (LOC's) issued by the Bank.

The bank has not issued any letter of comfort on its behalf. However, Letter of comfort issued on behalf of the customers have been reported under respective heads of contingent liabilities in the financial statement of banks as on 31.03.2018.

34. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2018 is 65.83% (Previous Year 66.88%) which is calculated taking into account the total technical write offs made by the Bank.

35. Bancassurance Business:

The Bank has tie ups with M/S PNB Met Life Insurance(P) Ltd and Bajaj Allianz (P) Ltd for mobilizing insurance business both life and Non Life. The details of the commission earned by the Bank during FY 2017-18 on account of mobilizing said business is given hereunder:-

		(Amount in Crores)
S. No.	Nature of Income	Amount
1	For selling Life Insurance Policies	17.26
2	For selling Non Life Insurance Policies	14.14
	Total	31.40

36. Concentration of Deposits, Advances, Exposures & NPA's

36.1 Concentration of Deposits

		(₹ in Crores)
Total Deposits of 20 largest depositors		11464.50
Percentage of 20 largest deposits to total Deposits of the Bank		14.33%

36.2 Concentration of Advances

		(₹ in Crores)
Total Advances to twenty largest borrowers		12569.26
Percentage of advances of twenty largest borrowers to Total Advances of the Bank		22.09%

36.3 Concentration of Exposures

		(₹ in Crores)
Total Exposure to twenty largest borrowers customers		13263.45
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers		18.41%

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"Significant Accounting Policies and Notes on Accounts"

36.4 Concentration of NPA's

Total Exposure to top 4 NPA accounts	(₹ in Crores) 1404.43
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37. Sector Wise Advances

		Current Year			Previous Year		
S. No.	Sector	Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that sector	Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that Sector
A	Priority Sector						
1	Agriculture and Allied Activities	5751.56	265.95	4.62	5252.18	232.96	4.44
2	Advances to Industries sector eligible as priority sector lending	2552.93	417.52	16.35	2102.97	295.14	14.03
3.	Services	8327.42	210.58	2.53	6366.19	301.04	4.73
4.	Personal Loans	2481.37	16.82	0.68	1595.90	48.48	3.04
	Sub Total A	19113.28	910.87	4.77	15317.24	877.62	5.73
B.	Non Priority Sector						
1	Agriculture and Allied Activities	0	0	0	0	0	0
2	Industry	13306.82	4013.65	30.16	13023.90	4001.56	30.72
3.	Services	16614.45	934.59	5.63	13305.90	998.81	7.51
4.	Personnel Loans	11263.73	147.60	1.31	11926.41	122.02	1.02
	Sub Total B	41185.00	5095.84	12.37	38256.21	5122.39	13.39
	TOTAL (A+B)	60298.28	6006.71	9.96	53573.45	6000.01	11.20

38. Movement of NPA's

Particulars	Current Year	Previous Year
Gross NPA's as on April 01, (Opening Balance)	60001.01	4368.61
Additions (Fresh NPA's) during the year	3104.69	3278.42
Sub Total : (A)	9104.70	7647.03
Less		
i).Up-gradation	185.64	154.76
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	340.10	635.27
iii) Technical/ Prudential/ write offs	1611.73	827.92
iv) Due to Compromise/settlement	960.53	29.07
Sub Total (B)	3098.00	1647.02
Gross NPA as on 31st March	6006.70	6000.01

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"Significant Accounting Policies and Notes on Accounts"

39. Sector wise NPA's*

S. No.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	4.62
2	Industry (Micro & Small Medium and Large)	27.94
3	Services	4.59
4	Personal Loans	1.20

*Information regarding sector wise classification of NPA's has been compiled at Corporate Office and relied upon by the Auditors.

40. Stock of technical write-offs and recoveries made thereon

Particulars	(₹ in Crores)	
	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at April 01,	1323.30	566.04
Add: Technical/Prudential write-offs during the year	1008.32	781.08
Sub Total:	2331.62	1347.12
Less: Recoveries made during the year	169.46	23.81
Closing balance as at March 31	2162.16	1323.30

41. Overseas Assets, NPA's and Revenues

S. No.	Particulars	(₹ in Crores)
1	Total Assets	NIL
2	Total NPAs	NIL
3	Total Revenue	NIL

42. Off- balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored		
	Domestic	Overseas
	NIL	NIL

43. Divergence in the asset classification and provisioning:

S. No.	Particulars	(₹ in Thousands)
1	Gross NPAs as on March 31, 2017 as reported by the bank	60000051
2	Gross NPAs as on March 31, 2017 as assessed by RBI	69090051
3	Divergence in Gross NPAs (2-1)	9090000
4	Net NPAs as on March 31, 2017 as reported by the bank	24253726
5	Net NPAs as on March 31, 2017 as assessed by RBI	32131826
6	Divergence in Net NPAs (5-4)	7878100
7	Provisions for NPAs as on March 31, 2017 as reported by the bank	34252936
8	Provisions for NPAs as on March 31, 2017 as assessed by the RBI	35464836
9	Divergence in Provisioning (8-7)	1211900
10	Reported Net Profit after Tax (PAT) for the Year ended March 31, 2017	(16322930)
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning	(17534830)

Schedules

"Significant Accounting Policies and Notes on Accounts"

44. The Bank follows policy of providing interest on overdue time deposits at Saving Bank interest rates in conformity with guidelines of Reserve Bank of India.

45. Corporate Social Responsibility (CSR Activities)

Pursuant to section 135 of the Companies Act 2013, it is required to expend 2% of the average net profits made during three immediate preceding financial years for CSR activities. Accordingly, bank is required to spent ₹ 0.04 Crores (Previous year ₹ 21.76 Crores) for twelve months period ended 31st March 2018 against which bank has spent ₹ 31.71 Crores (Previous year ₹ 21.87 Crores).

46. a) In Compliance to RBI Letter No. DBR.NO.BP.13018/21.04.048/2015-16 dated April 12, 2016, bank is required to make a provision @ 15% of the existing outstanding balance under Food Credit availed by State Government of Punjab. Now, the RBI vide letter no. BVV.BP.S 7201/21.04.132/2017-18 dated 08 February 2018 has allowed banks to write back the provision of 10% however, continue to maintain 5% provisions. Accordingly, our bank has maintained a provision of ₹ 9.09 crore against balance outstanding of ₹ 181.85 crores as on 31.03.2018 under Food credit availed by State Government of Punjab.

b) In view of flood during 2014 and disturbance during 2016, Bank rehabilitated affected borrowal accounts under RBI Master Directions issued for Relief Measures by Banks in areas affected by Natural Calamities. The total amount of Rehabilitated/ Restructured advances stood at ₹4286.80 crores (Flood & disturbance) as on 31.03.2018. The Bank has recognized funded interest aggregating ₹796.02 crores as interest income in these accounts upto 31st Dec, 2017. Now the bank has capitalized funded interest (net of recoveries) of ₹510.10 crores by staggering over five quarters beginning with 1st quarter ended 31st March 2018 in compliance of dispensation allowed to the Bank by Reserve Bank of India. Accordingly, the Bank has created Interest Capitalization of ₹102.62 Crores by corresponding debit to interest income in Profit & Loss Account.

47. Micro Small and Medium Enterprises Development Act

With regard to disclosure relating to MSME under the Micro Small & Medium Enterprises Development Act 2006, no Purchases have been made from Micro Small Medium Enterprises hence the disclosure be treated as **NIL**

48. Movement in Provision for Credit Card Reward Point is set out below:

(₹ in Crores)

Particulars	
Opening Provision Balance as on 01.04.2017	0.60
Provisions made during the year	2.44
Redemption made during the year	2.06
Closing Provision Balance as on 31.03.2018	0.98

49. Intra-Group Exposure

(₹ in Crores)

Particulars	Current Year	Previous Year
Total Amount of intra-group Exposure	5.00	0.00
Total Amount of top-20 intra group exposures	5.00	0.00
Percentage of intra -group exposures to total exposures of the bank on borrowers/customers	0.00	0.00
Details of breach of limit on intra-group exposures and regulatory action thereon, if any	NIL	NIL

50. Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in Crores)

Particulars	Current Year 31.03.2018	Previous Year 31.03.2017
Opening balance of amounts transferred to DEAF	61.24	31.06
Add:- Amounts transferred to DEAF (During the Year)	18.48	32.19
Less : Amounts reimbursed by DEAF towards claims	1.82	2.01
Closing balance of amounts transferred to DEAF	77.90	61.24

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"Significant Accounting Policies and Notes on Accounts"

51. Un-hedged Foreign Currency Exposure

In accordance with RBI circular no DBOD .BP.BC.85/21.06.200/2013-14 dated 15th January, 2014 and circular no DBOD. BP.BC.116/21.06.200/2013-14 dated 3rd June 2014, banks are required to make an additional provision in respect of borrowers with Un-hedged Foreign Currency Exposures (UFCE) from April 1, 2014 onwards. Accordingly, our bank has made the necessary provisions.

51.1 Policy to manage currency induced Credit Risk:-

Foreign currency exposures are hedged under permitted hedging products in accordance with guidelines of RBI on Risk Management and inter-bank dealings, FEDAI norms and guidelines. The objective of the policy is to maximize hedging on the foreign currency exposures of borrowers. Monitoring and review of the un-hedged foreign currency exposures to borrowers is undertaken by the bank on monthly basis by obtaining borrower-wise statements. Specific action/ suitable remedial measures including stipulation of additional cash margin and /or increase in pricing spread, wherever required are accordingly devised by the bank.

****Details of Incremental provisioning made by Bank towards this risk.**

(₹ in Crores)

Particulars	Provision Held
Opening balance as on (01.04.2017)	1.09
Additions during the year	0.72
Deductions during the year	0.00
Closing balance 31.03.2018	1.81

The capital held by the Bank towards the foreign currency exposure amounts to ₹ 3.12 Crores (Previous Year ₹ 3.24 Crores)

52. Liquidity Coverage Ratio (LCR)

(₹ in Crores)

	Current Year		Previous Year		
	Total Unweighted value (Average)	Total Weighted value (Average)	Total Unweighted value (Average)	Total Weighted value (Average)	
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)	11439.14	11369.10	10124.86	10087.63
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which	28959.89	2243.84	22113.73	1607.21
(i)	Stable deposits	13042.50	652.11	12083.31	604.16
(ii)	Less stable deposits	15917.39	1591.73	10030.42	1003.04
3	Unsecured wholesale funding ,of which	8836.08	3506.20	17307.56	5489.99
(i)	Operational Deposits (all counterparties)	3311.74	777.37	17306.78	5489.92
(ii)	Non Operational deposits (all counterparties)	5524.35	2728.83	0.78	0.07
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured Wholesale funding	1637.32	0.00	1166.73	0.00
5	Additional requirements of which				
(i)	Outflows related to derivative exposure and other collateral requirements	0.00	0.00	0.00	0.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00

Schedules

"Significant Accounting Policies and Notes on Accounts"

(₹ in Crores)

		Current Year		Previous Year	
		Total Unweighted value (Average)	Total Weighted value (Average)	Total Unweighted value (Average)	Total Weighted value (Average)
(iii)	Credit and liquidity facilities	0.00	0.00	0.00	0.00
6	Other contractual funding Obligations	7266.85	542.50	7624.65	645.43
7	Other contingent funding Obligations	3326.04	99.78	5075.01	152.25
8	Total cash outflows	50026.18	6392.32	53287.67	7894.88
Cash Inflows		0.00	0.00	0.00	0.00
9	Secured Lending (e.g. reverse repo)	498.36	0.00	279.82	0.00
10	Inflows from fully performing exposure	1971.57	1248.77	1644.51	1080.45
11	Other cash inflows	0.00	0.00	0.00	102.79
12	Total cash inflows	2469.93	1248.77	1924.33	1080.45
			Total adjusted value		Total adjusted value
TOTAL HQLA			11369.10		10087.63
Total Net Cash Outflows			5143.55		6814.43
Liquidity Coverage ratio (%)			221.04		148.03

Qualitative disclosure for LCR : The Bank has robust liquidity risk management framework in place that ensures sufficient liquidity including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources.

Liquidity Coverage Ratio (LCR) BLR-1 aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquidity Asset (HQLAs) that can be converted into cash to meet liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

Composition of High quality liquid assets (HQLAs)

High quality liquid assets (HQLAs) comprise of assets that can be readily sold or used as collateral to obtain funds in a range of stress scenario. These are asset categories which can be easily or immediately converted into cash at little or no loss in value.

With zero percent haircut Level 1 (HQLA) asset comprises of:

- Cash
- Excess CRR
- Government securities in excess of SLR
- Marginal Standing Facility (MSF)
- Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR)
- Marketable securities issued by foreign sovereigns

A minimum haircut of 15% is applied on the following assets and is placed in the category of Level 2A (HQLA) assets:

- Marketable securities guaranteed by sovereigns, PSEs or multilateral development banks assigned risk weights of up to 20% but are not issued by banks/financial institutions/NBFCs
- Corporate bonds not issued by banks/financial institutions/NBFCs
- Commercial Papers not issued by PDs/financial institutions/NBFCs

With a haircut of 50% following HQLAs are also placed in category of level 2B assets:

- Marketable securities guaranteed by sovereigns having risk weights of higher than 20% but not more than 50%.

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"Significant Accounting Policies and Notes on Accounts"

- Common equity shares included in NSE CNX Nifty index or S&P BSE Sensex index but not issued by banks/financial institutions/ NBFCs
- From February 2016, In line with the RBI guidelines Corporate debt securities (including commercial paper) not issued by a bank, financial institution, PD, NBFC or any of its affiliated entities have a long-term credit rating from an Eligible Credit Rating Agency between A+ and BBB- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating; traded in large, deep and active repo or cash markets characterised by a low level of concentration; and have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions, i.e. a maximum decline of price not exceeding 20% or increase in haircut over a 30-day period not exceeding 20 percentage points during a relevant period of significant liquidity stress. is also reckoned as Level 2B HQLAs.

All the relevant inflows and outflows as per RBI stipulations are captured in the LCR template.

LCR statement in the prescribed format is submitted to RBI at the end of every month and put up to the Board and management as part of ICAAP at annual and quarterly rests respectively.

53. Disclosure on Remuneration

a)	Information relating to the composition and mandate of the Remuneration Committee.	Bank has constituted the Nomination and Remuneration committee of the Board pursuant to the requirement of the Reserve bank of India and the Companies Act, 2013, constitutes of following members of the Board. Mrs. Vijayalakshmi R. Iyer (Chairman- N&RC) Mr. Navin Kumar Choudhary (Member) Dr. Pronab Sen (Member) Mr. Azhar Ul Amin (Member) Mr. Sunil Chandiramani (Member) Mr. Dhaman Kumar Pandoh (Member)
b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<ul style="list-style-type: none"> • Ensure effective governance of compensation, alignment of compensation with prudent risk taking. • Ensure effective supervisory oversight and engagement by stakeholders. • Comply with the regulatory directives whereby all Private Sector Banks are required to formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof. • Identify persons who are qualified and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal • Recommend to the Board a policy, relating to the remuneration for directors the key managerial personnel and other employees. • Formulate the policy which inter alia shall ensure that: <ul style="list-style-type: none"> (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Remuneration committee of the Board undertakes risk evaluations based on industry standards and risk profile of the bank.

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"Significant Accounting Policies and Notes on Accounts"

d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	The performance of the Bank as a whole is linked to the performance of its management and employees. However in individual cases variable pay is withheld in case of low performance of individual staff member.
e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	NIL
f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	NIL

Quantitative Disclosure

Particulars		31.03.2018	31.03.2017
g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	The Committee met four times during the year and total sitting fee of ₹ 420000/- @ ₹ 25000 for the meetings held on 15th April 2017 and 17th June 2017, @ ₹40000 for the meetings held on 19th December 2017 and 12th March 2018, attended by its Members was paid.(Total amount of ₹ 420000/- paid to all Members)	The Committee met once during the year and total sitting fee of ₹ 75000/- @ ₹ 25000 for each meeting attended by its members was paid.(Total amount of ₹ 75000/- paid to all members)
h)	i) Number of employees having received a variable remuneration award during the financial year. (The quantitative disclosures should only cover Whole Time Directors/ Chief Executive Officer/ Other Risk Takers)	NIL	NIL
	ii) Number and total amount of sign-on awards made during the financial year.	NIL	NIL
	iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL	NIL
	iv) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
i)	i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL	NIL
	ii) Total amount of deferred remuneration paid out in the financial year.	NIL	NIL
j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	NIL	NIL
k)	i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	NIL	NIL
	ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	NIL	NIL
	iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	NIL	NIL

Schedules

"Significant Accounting Policies and Notes on Accounts"

- 54.** The Principal Accounting Policies (Schedule 17) and Notes on Accounts (Schedule 18) form an integral part of these Accounts.
- 55.** Previous year figures have been regrouped / rearranged, wherever necessary and possible, to conform to current year figures. In cases where disclosures have been made for the first time in terms of RBI guidelines, previous year's figures have not been given.

Parvez Ahmed
Chairman & CEO

Navin Kumar Choudhary, I.A.S
Director

Abdul Majid Mir
Director

Azhar-ul-Amin
Director

Mohammad Maqbool Rather
Director

Dr. Sanjiv Agarwal
Director

Mohammad Ashraf Mir
Director

Dhaman Kumar Pandoh
Director

Rahul Bansal
Director

P K Tickoo
President (CFO)

Tabassum Nazir
Vice President

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Dated : 30th May, 2018

In terms of our report of even date annexed

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

For **Verma Associates.**
Chartered Accountants
FRN:02717N

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA.Vikram Garg)
Partner
M.No.097038

(CA.Madan Verma)
Partner
M.No.081631

(CA.Rajan Gupta)
Partner
M.No.090330

(CA. Amit Goel)
Partner
M.No.098913

Place : Srinagar
Dated : 30th May, 2018

Consolidated Cash Flow Statement

for the year ended 31st March, 2018

	31.03.2018	31.03.2017	
	₹ '000'	Omitted	
A	CASH FLOW FROM OPERATING ACTIVITIES	23,626,811	24,571,004
B	CASH FLOW FROM INVESTING ACTIVITIES	(1,638,678)	(8,613,548)
C	CASH FLOW FROM FINANCING ACTIVITIES	6,684,308	5,928,501
	NET CHANGE IN CASH AND CASH EQUIVALENTS	28,672,441	21,885,957
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	53,928,004	32,042,047
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	82,600,445	53,928,004
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit after Taxes	2,026,880	(16,329,931)
	Add : Provision for Taxes	(817,575)	1,263,177
	Net profit before taxes (i)	1,209,305	(15,066,754)
	Adjustment for :		
	Depreciation charges	926,781	819,246
	Provision for NPA's	12,227,238	21,159,289
	Provision on Standard Assets	(1,383,628)	2,633,691
	Depreciation on Investment	153,786	551,875
	Provision for Non-Performing Investment	1,674,553	2,440,386
	Other Provisions	(62,815)	1,217,824
	Interest paid on subordinate Bonds (Financing Activities)	1,135,693	550,411
	Total Adjustment (ii)	14,671,608	29,372,722
	Operating profit before change in Operating assets & liabilities (i) + (ii)	15,880,913	14,305,968
	Adjustment for changes in Operating Assets & Liabilities		
	Increase / (Decrease) in Deposits	75,455,597	30,801,648
	Increase / (Decrease) in Borrowings	(1,477,131)	(14,639,513)
	Increase / (Decrease) in Other liabilities & provisions	(7,397,214)	5,959,740
	(Increase) / Decrease in Investments	23,954,810	(9,924,582)
	(Increase) / Decrease in Advances	(83,126,801)	(18,532,484)
	(Increase) / Decrease in Other Assets	2,148,613	17,320,899
	Net Cash flow from Operating activities (iii)	9,557,874	10,985,708
	Cash generated from operation (i + ii + iii)	25,438,787	25,291,676
	Less : Tax paid	1,811,976	720,672
	TOTAL : (A)	23,626,811	24,571,004
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	a) Fixed Assets	(1,638,678)	(8,613,548)
	b) Investment in Subsidiary	-	-
	TOTAL : (B)	(1,638,678)	(8,613,548)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	a) Share Capital	35,525	36,555
	b) Equity Share Warrants	-	-
	c) Share Premium	2,784,476	2,463,445
	d) Tier II Bonds	5,000,000	5,000,000
	e) Dividend & Dividend Tax Paid	-	(1,021,088)
	f) Interest Paid on Subordinate Debt	(1,135,693)	(550,411)
	TOTAL : (C)	6,684,308	5,928,501

Consolidated Cash Flow Statement

for the year ended 31st March, 2018

	31.03.2018	31.03.2017
	₹ '000' Omitted	
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
a) Cash in hand & Balance with R.B.I	35,909,731	31,267,367
b) Balance with Banks & Money at Call & Short Notice	18,018,273	774,680
TOTAL :(D)	53,928,004	32,042,047
E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
a) Cash in hand & Balance with R.B.I	43,283,608	35,909,731
b) Balance with Banks & Money at Call & Short Notice	39,316,837	18,018,273
TOTAL :(E)	82,600,445	53,928,004

Parvez Ahmed
Chairman & CEO

Navin Kumar Choudhary, I.A.S
Director

Abdul Majid Mir
Director

Azhar-ul-Amin
Director

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Director

Dr. Sanjiv Agarwal
Director

Mohammad Ashraf Mir
Director

Dhaman Kumar Pandoh
Director

Rahul Bansal
Director

P K Tickoo
President (CFO)

Tabassum Nazir
Vice President

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Dated : 30th May, 2018

Auditors Certificate

We have verified the attached Cash Flow Statement of THE JAMMU & KASHMIR BANK LIMITED which has been compiled from and is based on the Audited Financial Statements for the year ended March 31st, 2018 and March 31st, 2017. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to clause 32 of the Listing Agreement with the Stock Exchanges.

For **O P Garg & Co.**
Chartered Accountants
FRN:01194N

(CA.Vikram Garg)
Partner
M.No.097038

For **Verma Associates.**
Chartered Accountants
FRN:02717N

(CA.MadanVerma)
Partner
M.No.081631

For **P C Bindal & Co.**
Chartered Accountants
FRN:03824N

(CA.Rajan Gupta)
Partner
M.No.090330

For **K.K.Goel & Associates.**
Chartered Accountants
FRN:05299N

(CA. Amit Goel)
Partner
M.No.098913

Place : Srinagar
Dated : 30th May, 2018

Basel-III - Pillar-3 disclosures

as on 31st March, 2018

Table DF-1: Scope of application : The Basel III capital adequacy norms are applicable to Jammu & Kashmir bank Ltd.

Name of the head of the banking group to which the Framework applies.	Jammu and Kashmir Bank Ltd
Jammu and Kashmir Bank (J&K Bank) is a commercial Bank incorporated on October 1, 1938 and the only state-government-owned scheduled commercial bank in India.	

(i) Qualitative Disclosures:

a. The List of group entities considered for consolidation

Name of the entity / Country of Incorporation	Included under accounting scope of consolidation (yes / no)	Method of consolidation	Included under regulatory scope of consolidation (yes / no)	Method of consolidation	Reason for difference in the method of consolidation	Reasons, if consolidated under only one of the scopes of consolidation
---Nil---	---Nil---	---Nil---	---Nil---	---Nil---	---Nil---	---Nil---

b. The List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation is given below.

Name of the entity / Country of incorporation	Principle activity of the entity	Total balance sheet equity	Percentage of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets
J&K Bank Financial Services Ltd	Marketing of Financial Products	₹ 200 million	100%	The entire amount of ₹ 200 million has been deducted from capital	₹ 188.01 million

(ii) Quantitative Disclosures

c. The List of group entities considered for consolidation as on 31st March 2018:

Name of the entity / country of incorporation	Principal activity of the entity	Total Balance Sheet Equity	Total Balance Sheet Assets
---Nil---	---Nil---	---Nil---	---Nil---

d. The aggregate amount of capital deficiencies in all subsidiaries, which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries / country of incorporation	Principal activity of the entity	Total balance sheet equity	Percentage of Bank's Holding in the Total Equity	Capital Deficiencies
---Nil---	---Nil---	---Nil---	---Nil---	---Nil---

e. The aggregate amounts (e.g current book value) of the bank's total interests in insurance entities, which are risk weighted:

Name of the insurance entities Country of incorporation	Principal activity of the entity	Total balance sheet equity	Percentage of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
PNB Metlife India Insurance Company Ltd / India	Insurance Business	₹ 1021.89 millions	5.08 %	CRAR will reduce by 0.14% under the deduction method

f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group

Not Applicable

Table DF - 2 : Capital adequacy;

1. Qualitative disclosure

1.1 A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.

- i) The Bank is subject to Capital Adequacy guidelines of RBI, which are based on the framework of Basel Committee on Banking Supervision. As per Basel III guidelines the minimum capital required to be maintained by the Bank is 10.875 percent with minimum Common Equity Tier 1 (CET1) of 7.375% as on March 2018. Stress analysis is conducted on half yearly basis or as required to see the impact on capital adequacy ratio (CAR) in near to medium horizon.
- ii) The Bank assesses its capital requirement based on business projections and opportunities for growth that are in line with the strategic intent of the Bank. The business projections are mapped to credit, market and operational risks which allows for assignment of regulatory capital besides providing capital headroom to meet growth projections. As part of the Internal Capital Adequacy Assessment Process (ICAAP), Bank also assesses adequacy of capital under stress conditions for gauging the adequacy of capital to support not only three primary risks of credit, market and operational risk but other residual risks like interest rate risk in banking book, liquidity risk, credit concentration risk, strategic risk and reputational risk.

2. Quantitative Disclosures

				Amount in ₹ million
2.1	Capital requirements for credit risk			59722.63
	• Portfolio subjected to standardized approach			59722.63
	• Portfolios subjected to the IRB approaches			Nil
	• Securitization exposures			Nil
2.2	Capital requirement for market risk (under Standardized duration approach)			1613.4
	• Interest rate risk			857.9
	• Foreign exchange risk (including gold)			30.6
	• Equity risk			724.8
2.3	Capital requirement for operational risk			4669.4
	• Basic indicator approach:			4669.4
2.4	Common Equity Tier 1, Tier 1 and Total Capital ratios:			
	Name of the Entity	Common Equity Tier 1 ratio:	Tier 1 ratio	Total capital ratio
	J&K Bank Ltd	9.24%	9.24%	11.42%

Risk Exposure and Assessment

Structure and Organisation of Risk Management Function

The Bank's risk governance architecture focuses on key risk areas of credit, market (including liquidity) and operational risk. The quantification of these risks, wherever possible, ensures effective and continuous monitoring and control. The risk management system is overseen by Board of Directors of the bank, with Integrated Risk Management Committee (IRMC), a board level sub-committee entrusted with the overall responsibility of ensuring that adequate structures, policies and procedures are in place for risk management in the Bank. The IRMC of Board is supported by separate Executive level Committees viz, Credit Risk Management Committee (CRMC), Asset-Liability Management Committee (ALCO), Market Risk Management Committee and Operational Risk Management Committee (ORMC) to ensure effective management of credit, market and operational risks respectively. The executive level committees are in turn assisted / supported by respective risk management support groups for credit, operational, market and liquidity risks. These support groups provide support functions to the above committees through analysis of risks and reporting of risk positions and making recommendations as to the level and degree of risks to be undertaken.

Credit Monitoring Division (CMD) has been set up for ongoing monitoring of credit quality of borrowers. Department besides online monitoring of special mention accounts and limit monitoring releases caution list of borrows at regular intervals based on the Early Warning Signal framework of the RBI.

In terms of enhanced operational risk management framework Bank has formed Zonal Risk Management Committees (ZRMC) which meets necessarily at least once in a quarter to discuss all the issues related to operational/Credit risk management and implementation of enhanced risk management framework at the gross root level. Zonal Head, designated Zonal Risk managers and identified business unit heads and members from IRMD CHQ participate in the meeting.

Table DF - 3: Credit Risk

General disclosures --- Credit Risk

Credit Risk is the possibility of loss that a bank may be subjected to, on account of changes or deterioration in the credit profile / credit quality of borrowers and counterparties. The Bank is exposed to credit risk through lending and capital market activities. Bank has put in place Board approved comprehensive Credit Risk Management Policy which aims at ensuring sustained growth of healthy loan portfolio while identifying and managing credit risks, both at transaction and portfolio levels. It lays down the roles and responsibilities, risk appetite, key processes and reporting framework.

The Bank manages its credit risk through following strategies:

- a) Well defined credit risk management structure to identify measure, monitor and control / mitigate credit risk from loan origination to disbursement and post disbursement monitoring has been laid out.
- b) Board approved Investment Policy of the Bank addresses credit risks related to investment activities undertaken by the Bank, prescribing prudential limits, methods of risk measurement and hedges required in mitigation of risks arising in investment portfolio.
- c) Corporate credit is managed through rating of borrowers and thorough risk vetting of individual exposures at origination and periodic review after sanctioning. Retail credit to individuals and small business is managed through definition of product criteria, appropriate credit filters and subsequent portfolio monitoring.
- d) Industry wise segment ceilings on aggregate lending by the Bank.
- e) Individual borrower wise ceilings on lending as well as borrower group wise lending ceilings linked to the Bank's capital funds.
- f) Bank has comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counter party and for taking credit decisions in a consistent manner. The credit rating models use a combination of quantitative and qualitative factors that include borrower specific characteristics, industry score etc. to arrive at a 'point in time' view of risk.
- g) Allowing credit exposures as per the credit rating of borrowers upto defined thresholds of risk levels. The approach also includes diversification of credit portfolio rating category wise but within the acceptable risk parameters.
- h) The Bank's entire current business is within India and hence there is no geographic ceiling on lending in India or outside India. Further, there is also no ceiling on lending within a State in India.
- i) A mechanism of clear and well defined delegation of authority operates within the Bank in regard to decision making, which links risk and exposure amount to level of approval.
- j) Regular review of all credit sanctioning powers delegated to various sanctioning levels so as to continuously strengthen the credit processes, and monitoring oversight are undertaken.
- k) Approval processes with respect to credit proposals are preceded by study of risks and preliminary due diligence particularly while sourcing fresh credit accounts.
- l) Credit audit system and loan review mechanism function independently of the credit processing / credit approval system and ensure effective loan monitoring, management / mitigation of credit and operational risks in the loan portfolio.
- m) An appropriate mechanism for ongoing identification, development and assessment of expertise of officials in the area of credit appraisal and credit management function.

1. Qualitative Disclosures: The general qualitative disclosure requirement with respect to credit risk including:

1.1.1 Definition of NPA and impaired account

An asset including a leased asset becomes non-performing when it ceases to generate income for the bank. A non-performing asset (NPA) is a loan or an advance where:

- a. Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan
- b. The account remains 'out of order' as indicated in paragraph 1.1.2 below, in respect of an Overdraft / Cash Credit (OD/CC)
- c. The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted
- d. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops
- e. The installment of principal or interest thereon remains overdue for one crop season for long duration crops.
- f. In respect of securities, where interest/principal is in arrears for a period of more than 90 days.

An account is also classified as NPA if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

- 1.1.2 **'Out of Order' status:** An account is treated as 'Out of Order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not sufficient to cover the interest debited during the same period, these accounts are treated as "out of order".

1.1.3 **Overdue:** Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

1.2 Discussion of the bank's credit risk management policy.

The credit risk management policy of the bank aims at ensuring sustained growth of healthy loan portfolio while evolving a well-defined system to identify measure, monitor and control various risks attached to credit portfolio of the Bank. The policy aims at ensuring consistency and standardization of credit practices. There is a defined credit appraisal & credit approval authority, reporting cum monitoring / follow-up system and loan review mechanism/ credit audit system in place at the Bank.

2. Quantitative Disclosures

		Amount in ₹ million		
2.1	Total gross credit risk exposures - Fund based and Non-fund based separately, broken down by major types of credit exposures.	a)	On Balance Sheet	896876.2
		b)	Off Balance sheet	50915.8
			Total	947792.0
2.2	Geographic distribution of exposures:			
	• Overseas			Nil
	• Domestic			947792.0
2.3	Industrial type distribution of exposure, Fund based and Non-fund based separately.	Major industry type exposure is given separately as per Annexure- A.		
2.4	Residual contractual maturity breakdown of assets,	Residual maturity is provided separately as per Annexure- B.		
2.5	Amount of NPAs (Gross)			60067.00
	• Substandard			10925.27
	• Doubtful			48645.93
	• Loss			495.80
2.6	Net NPAs			27911.24
2.7	NPA Ratios			
	• Gross NPAs to gross advances			9.96%
	• Net NPAs to net advances			4.90%
2.8	Movement of NPAs (Gross)			
	• Opening balance (01.04.2017)			60000.10
	• Additions during the year			31046.90
	• Reductions during the year			30980.00
	• Closing balance (31.03.2018)			60007.00
2.9	Movement of specific provisions (NPAs)			
	• Opening balance (01.04.2017)			34252.9
	• Provisions made during the year			12227.20
	• Write-off			11466.00
	• Write back of excessive provisions			3891.50
	• Any other adjustment, including transfers between provisions			0
	• Closing balance (31.03.2018)			31122.60
2.10	Movement of General Provisions	Provisions for Standard asset	Provisions for Contingencies	Provisions for Investment Reserve
	• Opening balance (01.04.2017)	6160.10	1.20	0
	• Provisions made during the period	0.00	0	0
	• Write-off	0.00	0	0
	• Write back of excessive provisions	1383.50	0	0
	• Any other adjustment, including transfers between provisions	0.00	0	0
	• Closing balance (31.03.2018)	4776.40	1.20	0.00

3.0	Write offs booked directly to the income statement (1-4-2017 to 31-03-2018)		151.71
3.1	Recoveries booked directly to the income statement (1-4-2017 to 31-03-2018)		1095.70
4.0	Amount of non-performing investment		6532.15
4.1	Amount of provisions held for non-performing investment		5741.35
4.2	Movement of provision for depreciation on investments.		
	• Opening balance as on 01.04.2017		522.84
	• Provisions made during the period		846.29
	• Write-off		0
	• Write back of excessive provision		622.31
	• Closing balance 31.03.2018		746.82
5.0	Major industry wise break up of NPAs & Specific Provisions		
	Industry	NPAs	Specific Provisions
	• Basic Metal & Metal Products	7757.3	4567.7
	• Infrastructure	17989.3	7638.6
	• Food Processing	3224.2	602.0
	• Textiles	6148.4	3605.2
	• Chemicals & Chemical Products	16.2	7.2
	• Vehicles, Vehicle parts & Transport equipment	15.2	7.3
5.1	Geography wise distribution of NPAs		
	• Kashmir Region (including Ladakh)		11227.02
	• Jammu Region		4424.13
	• North zone (includes states of Delhi, UP, Uttrakhand, West Bengal, Rajasthan, Bihar)		13646.25
	• Upper North zone (includes states of Punjab & Himachal Pradesh)		590.17
	• Mumbai Zone (includes states of Maharashtra, Gujarat, Madhya Pradesh, Goa & Chhattisgarh)		17882.83
	• South Zone (includes states of Karnataka, Kerala, Tamil Nadu & Andhra Pradesh)		12296.60
5.2	Geography wise distribution of :	Specific Provisions	General Provisions
	• Kashmir Region (including Ladakh)	4148.10	2599.76
	• Jammu Region	1423.63	373.31
	• North zone (includes states of Delhi, UP, Uttrakhand, West Bengal, Rajasthan, Bihar)	8005.32	656.42
	• Upper North zone (includes states of Punjab & Himachal Pradesh)	159.12	41.37
	• Mumbai Zone (includes states of Maharashtra, Gujarat, Madhya Pradesh, Goa & Chhattisgarh)	9619.05	730.33
	• South Zone (includes states of Karnataka, Kerala, Tamil Nadu & Andhra Pradesh)	4280.16	350.93
	Floating Provisions/Provisions for Teaser loans / UFCE	3487.17	22.55 (Provisions for Teaser Loans/ UFCE)

Table DF - 4 : Disclosure for portfolio subject to Standardised Approach

Credit Risk

1. Qualitative Disclosures:

1.1 For portfolio under the standardized approach:

<ul style="list-style-type: none"> Names of credit rating agencies used, plus reasons for any changes. 	<ul style="list-style-type: none"> The Bank's exposure being mainly domestic, rating agencies like CARE, CRISIL, ICRA, India Ratings, Brickwork Ratings, SMERA and Infomeric have been identified for rating of exposure as per RBI guidelines. Designated rating agencies are used irrespective of types of corporate exposures.
<ul style="list-style-type: none"> Type of exposure for which each agency is used. 	<ul style="list-style-type: none"> For exposures with a contractual maturity of less than or equal to one year (except cash credit, overdraft and other revolving credits), short-term ratings given by approved rating agencies are used. For cash credit, sanctioned overdrafts and other revolving credits (irrespective of the period) and for term loan exposures of over one year, long term ratings are used.
<ul style="list-style-type: none"> A description of the process used to transfer public issues rating onto comparable assets in the banking book. 	<ul style="list-style-type: none"> Public issue ratings are used for comparable assets of borrower in the banking book as follows: - <ul style="list-style-type: none"> i) In cases where the borrower has a specific assessment for an issued debt - but the bank's claim is not an investment in this particular debt - the rating applicable to the specific debt (where the rating maps into a risk weight lower than that which applies to an unrated claim) is applied to the bank's unassessed claim if the Bank's exposure ranks pari passu or senior to the specific rated debt in all respects and the maturity of the unrated Bank's claim is not later than the maturity of the rated claim. i) If either the issuer or single issue has been assigned a low quality assessment which maps into a risk weight equal to or higher than that which applies to unrated claims, an unassessed claim on the same counterparty that ranks pari-passu or is subordinated to the rated exposure is assigned the same risk weight as is applicable to the low quality assessment.

2. Quantitative Disclosures

Amount in ₹ million

2.1	Exposure amount after risk mitigation subjected to the standardized approach, amount of bank's outstanding (rated and un-rated) in the following three major risk buckets as well as those that are deducted:	
	<ul style="list-style-type: none"> Below 100% risk weight 	611087.7
	<ul style="list-style-type: none"> 100% risk weight 	182675.7
	<ul style="list-style-type: none"> More than 100% risk weight 	161245.6

Table- DF -5: Credit risk mitigation:

1. Qualitative disclosure

1.1 The general qualitative disclosure requirements with respect to credit risk mitigation

A Credit Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants is used for capital calculation. The Bank reduces its exposure to counterparty with the value of eligible financial collateral to take account of risk mitigating effect of the collateral.

1.2 Policies and processes for, and an indication of the extent to which the bank makes use of on and off balance sheet netting

Bank has put in place Board approved policy on Credit Risk Mitigation and Collateral Management, covering credit risk mitigation techniques used by the Bank for both risk management and capital computation purposes. The Bank has a separate collaterals valuation policy that forms the basis for valuation of collaterals.

1.3 Policies and processes for collateral valuation and management

The policy adopts the Comprehensive Approach, which allows full offset of collateral (after appropriate haircuts) against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. The following issues are addressed in the policy:

- a) Classification of credit risk mitigants
- b) Acceptable credit risk mitigants

- c) Documentation and legal process requirements for credit risk mitigants.
- d) Valuation of collateral
- e) Custody of collateral
- f) Insurance
- g) Monitoring of credit risk mitigants

1.4 The description of the main type of collaterals taken by the bank

The main type of collaterals taken by the bank are Cash or cash equivalent, Bank deposits, NSCs, KVIP's, LIC policy, Central / State government Securities etc.

1.5 The main type of guarantor counterparties and their creditworthiness

Bank considers guarantees, which are direct, explicit, irrevocable and unconditional for credit risk mitigation. Use of such guarantees for capital computation is as per RBI guidelines.

Types of guarantor counter party are:

- a. Sovereigns (Central / State Governments)
- b. Sovereign entities like ECGC, CGTSI
- c. Banks and Primary Dealers with a lower risk weight than the counter party
- d. Other entities that are externally rated. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor.

1.6 Information about (market or credit) risk concentration within the mitigation taken

Majority of financial collaterals held by the Bank are by way of bank's own deposits, government securities, life insurance policies and other approved securities like NSCs, KVPs etc. Bank does not envisage market liquidity risk in respect of financial collaterals. Overall, financial collaterals do not have any issue in realization. Concentration on account of collateral is relevant in case of land & building. Except in the case of housing loan to individuals, land and building is considered only as additional security. As land and building is not recognized as eligible collateral under Basel III Standardized Approach, its value is not reduced from the amount of exposure in the process of computation of capital charge, and is used only in the case of housing loan to individuals and non-performing assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

2. Quantitative Disclosures

		Amount in ₹ million
2.1	For disclosure of credit risk portfolio under the standardized approach, the total exposure that is covered by:	Exposure covered by Deposits/Cash/LIC Policies/NSCs/KVPs 59111.6
2.2	Eligible financial collaterals; after the application of haircuts.	Exposure covered by Other Eligible Collaterals -- Nil

Table DF - 6 : Asset Securitisation:

Bank is not currently undertaking any securitization activity.

Table DF - 7: Market risk in trading book

1. Qualitative Disclosures:

The market risk for the Trading Book of the Bank is managed in accordance to the Board approved Investment Policy, Trading Policy and Market Risk Policy. These policies provide guidelines to the operations, Valuations, and various risk limits and controls pertaining to various securities, foreign exchange. These policies enhance Bank's ability to transact in various instruments in accordance with the extant regulatory guidelines and provide sound foundation for day to day Risk Control, Risk management, and prompt business decision making. The Bank also has a Stress Testing Framework which enables Bank to capture impact of various stress scenarios on Trading Book Portfolio. All these policies are reviewed periodically to incorporate changes in economic, business and regulatory environment.

1.1 The general qualitative disclosure requirement for market risk including the portfolio covered by securitized approach.

Risk management and reporting is based on globally accepted parameters such as Modified Duration, PVO1, Exposure and Gap Limits, VaR, etc. As per the Market Risk Policy/Trading policy, limits have been set for Forex Open Position limits (Daylight/Overnight), stop-loss limit, Sensitivity limit, VaR limit and exposure limits which are monitored on a daily basis. Bank has a Mid Office in place for functions like on site monitoring of adherence to set limits, independent reporting of activities to Top Management and valuation etc.

Approach for Computation of Capital Charge for Market Risk

Bank has adopted the Standardised Approach as prescribed by RBI for computation of capital charge for market risk and is already fully compliant with such RBI guidelines. Standardised Approach is applied for calculation of Market Risk for:

- Securities under HFT category
- Securities under AFS category
- Open foreign exchange position
- Equity positions

1.2 General disclosures for market risk including portfolios covered by the IMA. A description of the soundness of the banks methodologies in assessing the capital adequacy, stress testing, and back-testing/validating the accuracy and consistency of the internal models and modeling processes.

Market risk is calculated on trading portfolio under Standardised duration method as per directives of RBI. Stress testing under various scenarios and calculation of Historical VaR forms an integral part of the portfolio risk management.

1. Quantitative Disclosures		Amount in ₹ million
1.1	The capital requirement for market risk as per Standardized Duration Approach:	1613.4
	Interest rate risk.	857.9
	Equity position risk.	724.8
	Foreign exchange risk.	30.6
	Commodity risk.	----

Table DF - 8--- Operational Risk

1. Qualitative Disclosures:

1.1 **General disclosures:** Operational risk is at the core of the Bank's operations to integrate best risk management practices into processes, systems and culture of the bank. The operational risk management (ORM) policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders to manage operational risk within the Bank. The Integrated Risk Management Committee (IRMC) of the Board at the apex level is the policy making body. IRMC is supported by Operational Risk Management Committee (ORMC) at the Executive level, which is responsible for bank wide implementation of ORM policy. A systematic process for reporting risks, operational losses has been developed. Bank has been collecting internal operational loss data from business units / offices. For this purpose, a system for reporting identified loss events and loss data have been put in place. The Bank has also implemented a comprehensive Business Continuity Plan (BCP) and established Disaster Recovery setup to ensure continuity of critical operations of the Bank in the event of any business disruption. The bank has been regularly conducting DR drills for various systems and applications in use.

The bank has a robust internal control / audit mechanism and reporting system for managing and mitigating operational risk.

1.2 **In addition to general qualitative disclosure requirement, the approach (es) for operational risk capital assessment for which the bank qualifies.**

As per the RBI guidelines, bank is following the Basic indicator approach (BIA) for computing capital charge for operational risk. The bank has initiated steps for migration to The Standardized Approach (TSA) and Advanced Measurement Approach (AMA) for calculating capital for operational risk.

2. Quantitative Disclosures

Capital charge for operational risk	Capital charge for operational risk is computed as per the Basic Indicator Approach prescribed by RBI. Under this approach, capital allocation for operational risk works out to: ₹ 4669.4 (Million)
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Table DF - 9 : Interest rate risk in the banking book (IRRBB)

1. Qualitative Disclosures:

1.1 **The general qualitative disclosure requirements, including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.**

Interest Rate Risk in Banking Book (IRRBB) is the risk which impacts assets and liabilities of Bank's non-trading (core) exposures which are contracted for steady income and statutory obligations and are generally held till maturity. Interest rate

risk is measured as the potential volatility in the Bank's core net interest income caused by changes in market interest rates. Difference in pricing parameters of these Assets and Liabilities which may be due to different tenor, asset type, liability type or other parameters exposes the Bank to possible loss.

Bank utilizes the following methods to measure, monitor and control the adverse impact of interest rates on the Bank's financial condition within tolerable limits. This impact is calculated from following perspectives.

Earnings perspective: Indicates the impact on Bank's Net Interest Income (NII) in the short term.

Economic perspective: Indicates the impact on the net-worth of bank due to re-pricing of assets, liabilities and off-balance sheet items.

Measurement and computation of interest rate risk in Banking Book under the above two methods is done on a monthly basis.

2. Quantitative Disclosures

2.1	The increase (decline) in earning and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method of measuring IRRBB, broken down by currency (where the turnover is more than 5 percent turnover).	Changes on account of Interest rate volatility <ul style="list-style-type: none"> Change in net interest income (with 200 bps change in interest rates for both assets and liabilities) ₹ 97.80 million Change in market value of equity (with 200 bps change in interest rates for both assets and liabilities). ➤ 4.18% (₹ 2425.00 million)
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Table DF - 10 : General Disclosure for Exposures Related to Counterparty Credit Risk

1. Qualitative Disclosures

The Bank has a Credit Risk Management Policy and Collateral Management Policy in place which lays down guidelines, processes and measures for counterparty risk management. The counterparty limits are monitored and internal triggers are put in place to guard against breach in limits. Bank takes eligible financial collateral (e.g., cash or securities) on an account-by-account basis to reduce the credit exposure to counterparty while calculating the capital requirements.

2. Quantitative Disclosures

The derivative exposure is calculated using Current Exposure Method (CEM) and the balance out standing as on March 31, 2018 is given below.

Amount in ₹ million		
Particulars	Notional Amount	Current Exposure
Forward forex contracts	22701.00	195.22

DF11: Composition of Capital

Basel III common disclosure template to be used from March 31,2018		Ref No:
Common Equity Tier 1 capital : instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	6672.7
2	Retained earnings	51528.4
3	Accumulated other comprehensive income (and other reserves)	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies ¹)	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	
6	Common Equity Tier1 capital before regulatory adjustments	58201.1
Common Equity Tier1 capital: regulatory adjustments		
7	Prudential valuation adjustments	
8	Goodwill (net of related tax liability)	
9	Intangibles (net of related tax liability)	
10	Deferred tax assets ²	
11	Cash-flow hedge reserve	
12	Short fall of provisions to expected losses	
13	Securitisation gain on sale	

Basel III common disclosure template

Basel III common disclosure template to be used from March 31,2018			Ref No:
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets		
16	Investments in own shares(if not already netted off paid-up capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) ³	200.00	
20	Mortgage servicing rights ⁴ (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences ⁵ (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold ⁶		
23	Of which: significant investments in the common stock of financial entities		
24	Of which: mortgage servicing rights		
25	Of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments ⁷ (26a+26b+26c+26d)		
26a	Of which: Investments in the equity capital of unconsolidated insurance subsidiaries		
26b	Of which: Investments in the equity capital of unconsolidated non-financial subsidiaries ⁸		
26c	Of which: Short fall in the equity capital of majority owned financial entities which have not been consolidated with the bank ⁹		
26d	Of which: Unamortised pension funds expenditures		
27	Regulatory adjustments applied to Common Equity Tier1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common equity Tier1	200.0	
29	Common Equity Tier1 capital (CET1)	58001.1	
Additional Tier1 capital: instruments			
30	Directly issued qualifying Additional Tier1 instruments plusre lated stock surplus (share premium) (31+32)		
31	Of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32	Of which: classified as liabilities under applicable accounting standards(Perpetual debt Instruments)		
33	Directly issued capitalinstruments subject to phase out from Additional Tier 1		
34	Additional Tier1 instruments (and CET1 instruments not included in row5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	Of which: instruments issued by subsidiaries subject to phase out		
36	Additional Tier1 capital before regulatory adjustments		
Additional Tier1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		

Basel III common disclosure template to be used from March 31,2018		Ref No:
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) ¹⁰	
41	National specific regulatory adjustments(41a+41b)	
41a	Of which: Investments in the AdditionalTier1capitalof unconsolidated insurance subsidiaries	
41b	Of which: Short fall in the Additional Tier1 capital of majority owned financial entities which have not been consolidated with the bank	
42	Regulatory adjustments applied to Additional Tier1 due to insufficient Tier2 to cover deductions	
43	Total regulatory adjustments to Additional Tier1 capital	
44	Additional Tier1 capital (AT1)	
45	Tier1 capital (T1=CET1+AT1)(29+44)	58001.1
	Tier2 capital: instruments and provisions	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	9000.0
47	Directly issued capital instruments subject to phase out fromTier2	0
48	Tier2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0
49	Of which: instruments issued by subsidiaries subject to phase out	0
50	Provisions ¹¹	4777.6
51	Tier2 capital before regulatory adjustments	13777.6
	Tier2 capital: regulatory adjustments	
52	Investments in own Tier 2 instruments	
53	Reciprocal cross-holdings in Tier 2 instruments	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	
55	Significant investments ¹² in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
56	National specific regulatory adjustments(56a+56b)	
56a	Of which: Investments in the Tier2 capital of unconsolidated insurance subsidiaries	
56b	of which: Short fall in the Tier2 capital of majority owned financial entities which have not been consolidated with the bank	
57	Total regulatory adjustments toTier2 capital	116.7
58	Tier2 capital (T2)	13660.9
59	Total capital(TC=T1+T2)(45+58)	71662.0
60	Total risk weighted assets (60a+60b+60c)	627457.8
60a	Of which: total credit risk weighted assets	548921.3
60b	Of which: total market risk weighted assets	20167.8
60c	of which: total operational risk weighted assets	58368.7
	Capital ratios and buffers	
61	Common Equity Tier 1(as a percentage of risk weighted assets)	9.24
62	Tier1 (as a percentage of risk weighted assets)	9.24
63	Total capital(as a percentage of risk weighted assets)	11.42
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	
65	Of which: capital conservation buffer requirement	1.875

Basel III common disclosure template to be used from March 31,2018		Ref No:
66	Of which: bank specific counter cyclical buffer requirement	
67	Of which: G-SIB buffer requirement	
68	Common Equity Tier1 available to meet buffers (as a percentage of risk weighted assets)	
National minima (if different from Basel III)		
69	National Common Equity Tier1 minimum ratio (if different from Basel III minimum)	7.375
70	National Tier 1 minimum ratio (if different from Basel III minimum)	8.875
71	National total capital minimum ratio (if different from Basel III minimum)	10.875
Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	
73	Significant investments in the common stock of financial entities	
74	Mortgage servicing rights (net of related tax liability)	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	
Applicable caps on the inclusion of provisions in Tier2		
76	Provisions eligible for inclusion inTier2 in respect of exposures subject to standardised approach (prior to application of cap)	4777.6
77	Cap on inclusion of provisions inTier2 under standardised approach	6861.5
78	Provisions eligible for inclusioninTier2 in respect of exposures subject to internal ratings-based approach(prior to application of cap)	
79	Cap for inclusion of provisions in Tier2 under internal ratings-based approach	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap onT2 instruments subject to phase out arrangements	0
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	6000.0

Notes to theTemplate

Amount in ₹ million

Row No. of the template	Particular	
10	Deferred tax assets associated with accumulated losses	
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	2204.3
	Total as indicated in row 10	
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
50	Eligible Provisions included in Tier2 capital	4777.6
	Eligible Revaluation Reserves included in Tier 2 capital	0.0
	Total of row 50	4777.6

DF12: Composition of Capital -Reconciliation of Regulatory Capital

Step 1

Amount in ₹ million

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
A Capital & Liabilities		
i Paid-up Capital	557.00	
Reserves & Surplus	61055.14	
Minority Interest	0.00	
Total Capital	58001.10	
ii Deposits	800064.98	
of which: Deposits from banks	24340.50	
of which: Customer deposits	775724.48	
of which: Other deposits (pl. specify)	0.0	
iii Borrowings	16283.35	
of which: From RBI	0.00	
of which: From banks	0.00	
of which: From other institutions & agencies	283.35	
of which: Others (pl. specify)		
of which: Capital instruments	16000.00	
iv Other Liabilities & Provisions	18915.69	
Total	896876.16	
B Assets		
i Cash and balances with Reserve Bank of India	43283.61	
Balance with banks and money at call and short notice	39245.24	
ii Investments:	188800.29	
of which: Government securities	171970.38	
of which: Other approved securities	0.00	
of which: Shares	3295.42	
of which: Debentures & Bonds	7307.68	
of which: Subsidiaries	200.00	
Of which Joint Ventures / Associates/ sponsored banks	456.75	
of which: Others (Commercial Papers, Mutual Funds CDs etc.)	5570.06	
iii Loans and advances	569127.44	
of which: Loans and advances to banks	309.48	
of which: Loans and advances to customers	568817.96	
iv Fixed assets	16145.91	
v Other assets	40273.67	
of which: Goodwill and intangible assets	0.0	
of which: Deferred tax assets	2204.35	
vi Goodwill on consolidation	0.0	
vii Debit balance in Profit & Loss account	0.0	
Total Assets	896876.16	

Step 2

Amount in ₹ million

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference no:
	As on reporting date	As on reporting date	
A Capital & Liabilities			
i Paid-up Capital	557.00		
of which: Amount eligible for CET 1	557.00		
of which: Amount eligible for AT 1			
Reserves & Surplus	61055.14		
Of which:			
Statutory reserve	20541.01		
Share premium	6115.71		
Revenue & Other reserves	26256.54		
Capital reserves	708.46		
Investment reserve	-		
Revaluation Reserve	6201.81		
Out of which amount eligible for inclusion in Tier 1 capital	2790.80		
Minority Interest			
Total Capital	58001.10		
ii Deposits	800064.98		
Of which: deposits of banks	24340.50		
of which: Customer deposits	775724.48		
of which: Other deposits (pl. specify)	0.00		
iii Borrowings	16283.35		
of which: From RBI	0.00		
of which: From banks	0.00		
of which: From other institutions & agencies	283.35		
of which: Others (pl. specify)			
of which: Capital instruments	16000.00		
Out of which eligible for inclusion in Tier II capital	9000.00		
iv Other Liabilities & Provisions	18915.69		
of which: DTLs related to goodwill	0.0		
of which: DTLs related to intangible assets	0.0		
of which: Standard asset provision included under Tier II	4776.47		
of which: Provisions for contingencies included under Tier II	0.00		
Total	896876.16		

Amount in ₹ million

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference no:
	As on reporting date	As on reporting date	
B Assets			
i Cash and balances with Reserve Bank of India	43283.61		
ii Balance with banks and money at call and short notice	39245.24		
iii Investments:	188800.29		
Of which: Government securities	171970.38		
of which: Other approved securities	0.00		
of which: Shares	3295.42		
of which: Debentures & Bonds	7307.68		
of which: Subsidiaries	200.00		
of which: Joint Ventures / Associates	456.75		
of which: Others (Commercial Papers, Mutual Funds etc.)	5570.06		
iv Loans and advances	569127.44		
of which: Loans and advances to banks	309.48		
of which: Loans and advances to customers	568817.96		
v Fixed assets	16145.91		
vi Other assets	40273.67		
of which: Goodwill and intangible assets Out of which	0.0		
Goodwill			
Other Intangibles (excluding MSRs)	0.00		
Deferred tax assets	2204.35		
vii Goodwill on consolidation	0.00		
viii Debit balance in Profit & Loss account	0.00		
Total Assets	896876.16		

DF 13: Main features of regulatory capital Instrument**Common Equity Tier I**

1	Issuer	The Jammu and Kashmir Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN : INE168A01041
3	Governing law(s) of the instrument	The Companies Act, 2013
	Regulatory treatment	
4	Transitional Basel III rules	
5	Post-transitional Basel III rules	
6	Eligible at solo/group/ group & solo	SOLO
7	Instrument type	Equity Shares
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	48,47,78,020 as on 20th March, 2017 3,65,55,051 issued on 20th March, 2017 3,55,25,321 issued on 7th June, 2017 55,68,58,392, Total Capital as on 31.03.2018
9	Par value of instrument	₹ /- (One Only)
10	Accounting classification	Equity Capital

11	Original date of issuance	48,47,7,8,020 in 1999 3,65,55,051 issued on 20th March, 2017 3,55,25,321 issued on 7th June, 2017
12	Perpetual or dated	Perpetual
13	Original maturity date	Not applicable
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not Applicable
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating rate
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	Nil
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	Not Applicable
22	Non-cumulative or cumulative	Not applicable
23	Convertible or non-convertible	Non Convertible
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Convertible
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not Applicable
36	Non-compliant transitioned features	Not Applicable
37	If yes, specify non-compliant features	Not Applicable

(Lower Tier II bonds of ₹ 6000 million)

1	Issuer	Jammu & Kashmir Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE168A08012
3	Governing law(s) of the instrument Regulatory treatment	SEBI Regulations,2008
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Tier 2
6	Eligible at solo/group/ group & solo	Solo & Group
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (` in million, as of most recent reporting date)	6000 million
9	Par value of instrument	₹ 1000000 per NCD
10	Accounting classification	Liability
11	Original date of issuance	30/12/2009
12	Perpetual or dated	Dated
13	Original maturity date	30/12/2019
14	Issuer call subject to prior supervisory approval	No

(Lower Tier II bonds of ₹ 6000 million)		
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9% p.a.
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Basel III complaint Tier II bonds of ₹ 5000 million

1	Issuer	THE JAMMU & KASHMIR BANK LTD
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE168A08038
3	Governing law(s) of the instrument	Companies Act, 2013; SEBI (Issue and Listing of Debt Securities) Regulations, 2008; and RBI's Master Circular on Basel III Capital Regulations
	Regulatory treatment	
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Tier 2
6	Eligible at solo/group/ group & solo	SOLO
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹ 5000 Million
9	Par value of instrument	₹1000000/- per NCD
10	Accounting classification	Liability
11	Original date of issuance	24.03.2017
12	Perpetual or dated	Dated
13	Original maturity date	24.06.2022
14	Issuer call subject to prior supervisory approval	No

Basel III complaint Tier II bonds of ₹ 5000 million

15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9.50% p.a.
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	PONV Trigger Event as defined in Transaction Documents
32	If write-down, full or partial	Fully or Partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2 instruments shall be superior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital and subordinate to the claims of all depositors and general creditors of the Bank
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	The Bonds shall be subject to loss absorbency features applicable for non-equity capital instruments as per the Master Circular issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier II Capital (Annex 5 of the Master Circular) and minimum requirement to ensure loss absorbency of non-equity regulatory capital instruments at the Point of Non Viability (PONV) (Annex 16 of the Master Circular) read along with the Master Circular. Accordingly, the Bonds may, at the option of the RBI, be permanently written off upon occurrence of the trigger event called the "Point of Non Viability Trigger". PONV trigger event shall be as defined in the RBI Regulations and shall be determined by the RBI.

Basel III compliant Tier II bonds of ₹ 5000 million

1	Issuer	THE JAMMU & KASHMIR BANK LTD
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE168A08046
3	Governing law(s) of the instrument	Companies Act, 2013; SEBI (Issue and Listing of Debt Securities) Regulations, 2008; and RBI's Master Circular on Basel III Capital Regulations
Regulatory treatment		
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Tier 2
6	Eligible at solo/group/ group & solo	SOLO
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹5000 Million
9	Par value of instrument	₹1000000/- per NCD
10	Accounting classification	Liability
11	Original date of issuance	28.12.2017
12	Perpetual or dated	Dated
13	Original maturity date	27.12.2024
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9.25% p.a.
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	PONV Trigger Event as defined in Transaction Documents
32	If write-down, full or partial	Fully or Partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2 instruments shall be superior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital and subordinate to the claims of all depositors and general creditors of the Bank
36	Non-compliant transitioned features	Yes

Basel III complaint Tier II bonds of ₹ 5000 million

37 If yes, specify non-compliant features

The Bonds shall be subject to loss absorbency features applicable for non-equity capital instruments as per the Master Circular issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier II Capital (Annex 5 of the Master Circular) and minimum requirement to ensure loss absorbency of non-equity regulatory capital instruments at the Point of Non Viability (PONV) (Annex 16 of the Master Circular) read along with the Master Circular. Accordingly, the Bonds may, at the option of the RBI, be permanently written off upon occurrence of the trigger event called the "Point of Non Viability Trigger". PONV trigger event shall be as defined in the RBI Regulations and shall be determined by the RBI.

LEVERAGE RATIO

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III leverage ratio is defined as the ratio of capital measure (the numerator) to exposure measure (the denominator), expressed as a percentage.

The capital measure used for the leverage ratio at any particular point in time is the Tier 1 capital measure applying at that time under the risk-based framework. Total exposure measure is the sum of the on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures and off- balance sheet (OBS) items.

Leverage ratio = Capital Measure (Tier 1 Capital)

Exposure Measure

As on 31.03.2018	Amount in ₹ million
Tier 1 Capital	58001.1
Exposure Measure	947845.5
Leverage Ratio	6.12%

Annexure-A

Industry-wise exposures as on 31.03.2018

Industry Name	Amount in Millions	
	Fund	Non Fund
Mining and Quarrying	687.6	70.252
Food Processing	7712.2	5670.023
Beverages (excluding Tea & Coffee) and Tobacco	1234.8	278.247
Textiles	13940.5	3548.635
Leather and Leather products	1292.1	649.917
Wood and Wood Products	910	148.5
Paper and Paper Products	855.5	172.772
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1.2	0.2
Chemicals and Chemical Products (Dyes, Paints, etc.)	10006.1	2544.072
Rubber, Plastic and their Products	4268.2	1184.424
Glass & Glassware	89.2	21.901
Cement and Cement Products	7755.9	455.412
Basic Metal and Metal Products	26468.7	3157.018
All Engineering	5172.9	1098.052

Amount in Millions

Industry Name	Fund	Non Fund
Vehicles, Vehicle Parts and Transport Equipments	91.1	19.445
Gems and Jewellery	1731.7	555.391
Construction	0.9	1.973
Infrastructure	81873	17611.315
Other Industries, pl. specify	2875.7	859.826
All Industries	166967.3	38047.375

Annexure -B

Residual contractual maturity of assets as on 31.03.2018

Inflows	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days and upto 2 months	More than 2 months and upto 3 months	Over 3 Months and upto 6 months	Over 6 Months and upto 1 year	Over 1 Year and upto 3 years	Over 3 Years and upto 5 years	Over 5 years and upto 7 years	Over 7 years and upto 10 years	Over 10 year and up to 15 years	Over 15 years	Over 5 years	Total
1 Cash	2996.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2996.97
2 Balances with RBI	9955.10	0.00	0.00	1955.79	480.58	456.25	1642.50	2375.54	11412.35	7640.68	2624.96	0.00	0.00	1742.88	4367.84	40286.64
3 Balances with other Banks	469.35	0.00	0.00	0.00	325.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	795.22
(i) Current Account	469.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	469.35
(ii) Money at Call and Short Notice, Term Deposits and other placements	0.00	0.00	0.00	0.00	325.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	325.88
4 Investments (including those under Repos but excluding Reverse Repos)	24094.60	54.20	4857.00	5700.70	200.00	180.00	4002.50	1151.00	14171.00	43331.12	37017.69	41486.70	1106.23	656.75	80267.37	188009.49
5 Advances Performing	32746.10	11474.19	9592.91	9416.44	11583.05	11244.71	27551.36	49416.74	292650.14	56667.13	15342.66	6748.35	6679.93	102.51	28873.44	541216.20
(i) Bills Purchased and Discounted (including bills under DUPN)	75.21	312.65	295.09	320.29	3957.81	124.17	215.59	20.66	0.15	0.15	0.15	0.00	0.00	0.00	0.15	5321.92
(ii) Cash Credits, Overdrafts and Loans repayable on demand	1299.46	7796.77	9096.23	0.00	0.00	0.00	0.00	0.00	163732.12	0.00	0.00	0.00	0.00	0.00	0.00	181924.57
(iii) Term Loans	31371.43	3364.77	201.59	9096.15	7625.24	11120.54	27335.77	49396.08	128917.87	56666.98	15342.51	6748.35	6679.93	102.51	28873.29	353969.70
6 NPAs (Advances and Investments)*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5164.33	23537.72	0.00	0.00	0.00	23537.72	28702.05
7 Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16145.92	16145.92	16145.92
8 Other Assets	49.22	295.30	344.51	0.00	0.00	0.00	3519.30	3027.80	4425.70	3916.40	10186.40	0.00	0.00	0.00	10186.40	25764.62
(i) Leased Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Others(RIDF/NABARD/SIDBI/RHDF)	0.00	0.00	0.00	0.00	0.00	0.00	3519.30	3027.80	4425.70	3916.40	10186.40	0.00	0.00	0.00	10186.40	25075.60
(iii) Inter-Office Adjustments	49.22	295.30	344.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	689.02
9 Reverse Repos	0.00	38450.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38450.00
10 Swaps (Sell / Buy) /maturing forwards	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11 Bills Rediscounted (DUPN)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12 Interest receivable	311.32	3.99	2.00	98.85	83.41	120.81	296.96	536.55	1329.63	615.53	167.69	72.78	72.05	1.11	313.63	3712.67
13 Committed Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14 Export Refinance from RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15 Others (specify)	65.93	395.59	461.53	0.00	0.00	0.00	0.00	3233.35	8307.44	0.00	0.00	0.00	0.00	10796.39	10796.39	23260.23
16 Total Inflows	65.93	395.59	461.53	0.00	0.00	0.00	0.00	3233.35	8307.44	0.00	0.00	0.00	0.00	10796.39	10796.39	23260.23
	70688.58	50673.27	15257.94	17171.78	12672.92	12001.77	37012.62	69740.99	332296.26	117335.17	88877.13	48307.83	7858.20	29445.54	174488.71	909340.01

Report on Corporate Governance 2017-18

J&K Bank has been committed to all the basic tenets of good Corporate Governance well before the Securities and Exchange Board of India and the Stock Exchanges pursuant to Regulation 27(2) (a) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 mandated these. It is our endeavor to go beyond the letter of Corporate Governance codes and apply it innovatively in a more meaningful manner, thereby making it relevant to the organization that is operating in a specific environment.

In line with its vision, The Bank wants to use Corporate Governance innovatively in a transitional economy like Jammu and Kashmir. The Bank wants to use Corporate Governance as an instrument of economic and social transformation. Given the fact that J&K Bank is seen as a great success of “public-private partnership”, our Bank as a business is expected to play a pivotal role in social transformation of the economy. This lends urgency to implementation of good governance practices which go beyond the Corporate Governance code.

We, as the prime corporation of Jammu and Kashmir, have a focused interest in making the state a safe place for business. Bank has a key role to play in providing public and private services, financial infrastructure and employment. As such, the efficiency and accountability of the corporation is a matter of both private and public interest and governance, therefore, comes at the top of the agenda. The fact that the bank is state owned but professionally managed, having a large size of international investors, governance is critical. For us, Corporate Governance is concerned with the systems of laws, regulations and practices, which will promote enterprise, ensure accountability and trigger performance. The Bank, for one, stands for being more accountable, practice self-policing and make financial transactions transparent and constitutional.

VISION

“To catalyse economic transformation and capitalise on growth”.

Our vision is to engender and catalyse economic transformation of Jammu and Kashmir and capitalise from the growth induced financial prosperity thus engineered. The Bank aspires to make Jammu and Kashmir the most prosperous state in the country, by helping create a new financial architecture for the J&K economy, at the center of which will be the J&K Bank. At the same time we want to expand our existing network in other states of the country which offers better potential for the Banking.

MISSION

Our mission is two-fold: To provide the people of J&K international quality financial services and solutions and to be a super specialist Bank in the rest of the country. The two together will make us the most profitable Bank in the country.

BOARD OF DIRECTORS

The responsibility for good governance rests on the Corporate Board which has the primary duty of ensuring that principles of Corporate Governance, both as imbibed in law and regulations and those expected by stakeholders, are religiously and voluntarily complied with and the stakeholder’s interests are kept at utmost high level.

COMPOSITION

The Bank’s Board of Directors comprises a judicious mix of Executive, Non-Executive and Independent Directors as per the Corporate Governance requirements. Appreciating the fact that Board Composition is key to Corporate Governance, the Board of Directors of your Bank consists of eminent persons with considerable professional experience and expertise in Banking, Finance, Economics, Industry, Law etc., combining their wide ranging experiences to impart values and provide direction to Bank’s development. Your Board is professional and an active Board which meets frequently during the year to chart out policies and practices. The present strength of the Board is thirteen comprising of Chairman & CEO and 12 Non- Executive Directors.

FUNCTIONS OF THE BOARD

Your Bank’s Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have complete freedom to express their opinions and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at Board Meetings.

The day-to-day management of the Bank is conducted by the Chairman & CEO, subject to the supervision and control of the Board of Directors. The functions performed by the Board of the Bank for efficient and effective utilisation of resources at their disposal to achieve the goals visualized, inter-alia, include setting Corporate Missions, laying down Corporate Philosophy, formulation of Strategic and other Business Plans, laying down of control measures and compliance with Laws and Regulations.

BOARD PROCEDURE

All the major issues included in the agenda for discussion in the Board, are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated seven working days prior to the meeting of the Board. Also, the Board agenda contains the Compliance Report of all the decisions taken at the previous Board Meeting. The Members of the Board exercise due diligence in performance of the functions as Directors of the Bank and follow highest degree of business ethics, transparent practices and code of good governance amidst cordial environment.

FREQUENCY OF BOARD MEETINGS

During the year under review, Twelve Board Meetings were held, in due compliance with statutory provisions, on the following dates:

15.04.2017, 13.05.2017, 29.05.2017, 22.07.2017, 19.08.2017, 22.09.2017, 27.10.2017, 19.12.2017, 26.12.2017, 31.01.2018, 19.02.2018, 12.03.2018

ATTENDANCE AT BOARD MEETINGS

Following table provides a bird's eye view of participation of Directors in Board Meetings and last Annual General Meeting.

Name of Director	Category of Director	Meetings during the tenure	Meetings Attended	%age	Whether Attended AGM HELD ON 17-06-2017
Mr. Parvez Ahmed	Chairman & CEO	12	12	100	Y
Mr. Navin Kumar Choudhary, IAS	Govt. nominee Director	12	12	100	Y
Mr. Yogesh Kumar Dayal	RBI Nominee Director	12	8	67	N
Mr. Abdul Majid Mir	Non-Executive Non Independent Director	12	12	100	Y
Mr. Azhar ul Amin	Non-Executive Non Independent Director	12	12	100	Y
Mr. Mohammad Maqbool Rather (Appointed on 17.06.2017)	Non-Executive Independent Director	12	12	100	Y
Mr. Mohammad Ashraf Mir (Appointed on 17.06.2017)	Non-Executive Independent Director	12	12	100	Y
Dr. Pronab Sen (Appointed on 17.06.2017)	Non-Executive Independent Director	9	6	67	N
Mrs. Vijayalakshmi R. Iyer (Appointed on 17.06.2017)	Non-Executive Independent Director	9	9	100	N
Dr. Sanjiv Agarwal (Appointed on 17.06.2017)	Non-Executive Independent Director	9	9	100	N
Mr. Sunil Chandiramani (Appointed on 17.06.2017)	Non-Executive Independent Director	9	8	90	N
Mr. Dhaman Kumar Pandoh (Appointed on 17.06.2017)	Non-Executive Non Independent Director	9	9	100	N
Mr. Rahul Bansal (Appointed on 17.06.2017)	Non-Executive Non Independent Director	9	8	90	N

Brief Profile of Directors

J&K Bank's diverse and rich culture is abundantly evident in its Board Members, who provide direction to the Bank in order to achieve its vision. A brief profile of our eminent Board Members is as under:

Mr. Parvez Ahmed

Mr. Parvez Ahmed, a 1964 born career Banker, joined the Bank as a Company Secretary in 1998 and has led the Bank in various Corporate and Operational assignments over a period of two decades till assuming office as Chairman and CEO in October 2016. His areas of expertise include Strategic Planning, Corporate Governance, Compliance, Credit and Risk Management, Treasury Operations, Banc assurance, Finance and Taxation.

He has the distinction of having closely worked with all the Chairmen since his induction in the Bank and remained as a low profile high achiever in the top Management Team in all Strategic Projects of the Bank. His Stint as President & Zonal Head of Strategic Kashmir Central Zone of the Bank has earned him deep knowledge of Banking Operations apart from honing his administrative skills.

He was Instrumental in steering the maiden public issue of the Bank at the onset of his career with the Bank. He has been the driving force in the conceptualization, roll out and implementation of the Apple Finance Project of the Bank which resulted into phenomenal transformation in the horticulture sector of the State. As Executive President & Head of Financial Inclusion in the Bank he brought laurels to the Bank by achieving 100% coverage of households under PMJDY.

His analytical approach with personal traits of patient listening, deep learning and perfect execution stand him out. His ability to withstand the difficult situations is his major strength. An ardent believer of Human Capital development, strong industry academia partnership and sustainable socio economic growth with transparency, he is rated as a thorough professional by his peers in and outside Bank.

He is the founding Member and served as the Chairman of the Srinagar Chapter of NIRC of Institute of Company Secretaries of India for eight consecutive years. He has served as Director on Board of MetLife India Insurance Company Private Limited and JKB Financial Services Limited.

Mr. Navin Kumar Choudhary, IAS

Mr. Navin K. Choudhary is serving the Govt. of J&K as Principal Secretary Finance, since May, 2015. Prior to this, he was serving as Joint Secretary (Planning and International Cooperation) in the Ministry of Defense.

Mr. Navin K. Choudhary belongs to the Indian Administrative Service. As a civil servant he has, in the last 22 years or so, undertaken a variety of assignments in the Government of India and in the Jammu & Kashmir (State Government). His postings include in the Ministry of Finance (as Director in the Department of Economic Affairs) and in the International Monetary Fund (IMF) as Advisor to the Executive Director, where he has served for more than 3 years.

Mr. Navin K Choudhary holds a Post Graduate degree in Economics.

Mr. Yogesh Kumar Dayal

Shri Yogesh Kumar Dayal is a career Central Banker who has worked with RBI in various capacities for 22 years. Shri Dayal has held several positions in RBI's various Offices, including Central Office at Mumbai in Monetary Policy Department and Department of Banking Supervision as well as Regional Offices at Bangalore, New Delhi and Lucknow in the departments of Banking Supervision, Information Technology, Currency Management and Payment and Settlement System besides Financial Inclusion & Development.

Mr. Abdul Majid Mir

Mr. Abdul Majid Mir has 40 years of experience in Banking. Mr. Abdul Majid Mir has held various important and senior positions in the J&K Bank Ltd. as part of its Corporate Management Team including, being Executive Director of the Bank from 01-05-2008 to 30-06-2011. He has special knowledge and practical experience in the fields of Finance, Credit, Trade Finance, Foreign Exchange, Treasury, Corporate and Retail Banking, Deposits & Liability Management & Risk Management.

Mr. Azhar-ul-Amin

Mr. Azhar-ul-Amin, aged 58 years, B.Sc. LLB (Hons) is an Advocate by profession with 32 years of practice at the High Court of Delhi, High Court of J&K and Supreme Court of India, having expertise in Civil, Criminal, Constitutional, Labour, Company and Service Laws.

Mr. Azhar-ul-Amin was appointed as Additional Advocate General for state of J&K in 2008/2009 and has represented prestigious constitutional and statutory institutions like National Human Rights Commission, J&K Public Service Commission, J&K Subordinate Service Selection Board, J&K Pollution Control Board, as Advocate. He has remained Counsel for Department of Home, J&K, Department of Forest, J&K, Craft Development Institute, Srinagar and Union of India. He has conducted high stake civil and constitutional matters. He has remained main counsel in high stake arbitration matters for and on behalf of the State of J&K and other clients.

Mr. Mohammad Ashraf Mir

Mohammad Ashraf Mir, aged 59 years, is a first generation entrepreneur with 34 years of experience as a successful industrialist, contractor and businessman. He started his career with M/s Indian Steel & Metal Industries in the year 1982 and is its proprietor. Mr. Mir is also an "A" class contractor and is known for doing many prestigious projects across the state.

Mr. Mir has remained in Executive Council of Federation Chamber of Industries Kashmir (FCIK) for last 20 years and currently serves as the President. He has also served the FCIK as its Senior Vice President, President Industrial Association Sanat Nagar and President SICOP Unit Holders' Association.

Currently serving FCIK as its President he is also a Board Member of J&K Small Scale Industrial Development Corporation Ltd (SICOP), J&K State Industrial Development Corporation (SIDCO) and J&K State Pollution Control Board. Mr. Mir is a member of the governing body of Islamia College of Science and Commerce, Srinagar. He is also a member of many State Level Apex committees constituted by government from time to time.

Mr. Mohammad Maqbool Rather

Mr. Mohammad Maqbool Rather is a Post graduate in Economics (1964). He has served on various prominent positions. He joined the Government Service as Assistant Registrar Co-operative Societies (1968-1978). He has completed 9 month higher diploma course in cooperative through cooperative training college Patiala. He has also worked in Agriculture Production, Rural Development, Education and Planning Deptts. at District level and State level.

As Assistant Registrar Co-operative Societies, his main job was to organize and supervise co-operative societies in his jurisdiction. He also had to assist district co-operative Bank Baramulla in the advancement and recovery of loans at the Distt. Level. He was associated with Development Commissioners and has assisted lead bank officers in the formulation and monitoring of district annual credit plan.

He retired as Joint Director Planning Department. As Joint Director, Planning Department, he has facilitated state level officers in referring cases to NABARD for seeking loan assistance for implementation of various development schemes which required adequate financial support from NABARD.

In recognition of his meritorious services, he was inducted by the Government in KAS Time scale.

Dr. Pronab Sen

Dr. Pronab Sen is currently the Country Director for the International Growth Centre's India Central Programme. He is also a Member of the High-level Expert Group on Measurement of Economic Performance and Social Progress (OECD) and the Technical Advisory Group of the International Comparison Project (World Bank). Most recently, he was Chairman of the National Statistical Commission. Prior to superannuation from the Government in 2012, he was the first Principal Economic Adviser at the Government of India's Planning Commission. He has also held positions as the first Chief Statistician of India, acting as the functional and technical Head of the national statistical system in India, as well as Secretary, Ministry of Statistics & Programme Implementation, Government of India (2007-2010).

Born 1952 in New Delhi, India, Dr. Sen received his B.A. (Hons) in Economics from St. Stephen's College, University of Delhi (1972); M.B.A. (1974) and M.A. in Economics (1975) from the George Washington University, Washington D.C.; and Ph.D.in Economics (1982) from the Johns Hopkins University, Baltimore. He specialized in Open-economy Macroeconomic Systems, International Economics and Public Finance.

Dr. Sen worked as management consultant in Washington D.C. (1974-1977). He taught at Johns Hopkins University, Baltimore and Delhi School of Economics, Delhi between 1977 and 1983.

Dr. Sen turned to pure research in economics at the Indian Council for Research in International Economic Relations, New Delhi (1983-1987) and the Economic Research Unit, New Delhi (1987-1990). Worked at the World Institute for Development Economics Research, Helsinki in 1986 and again in 1989.

He joined the Government of India as Economic Adviser, Department of Electronics (1990-1994), where he was one of the architects of the National Software Policy 1990 and the Software Technology Park Policy 1991. Moved to the Planning Commission, Government of India in 1994. As Principal Adviser, Perspective Planning Division of the Planning Commission, he was the author of the Approach Paper to four Five Year Plans and the principal author and coordinator of three Five Year Plans and Mid-term Appraisals.

He has chaired a number of Government Committees, most notably on Ecological Fragility, Control of Prices of Essential Drugs, and Slums.

Mrs. Vijayalakshmi R Iyer

Mrs. Vijayalakshmi R. Iyer is commerce post graduate from Sydenham College of Commerce, Mumbai and Fellow Indian Institute of Banking and Finance. She is the former Chairperson & Managing Director of Bank of India with nearly four decades of service and contributions to Indian financial sector. During her career she has had extensive exposure and experience of over 20 years in the area of credit, 8 years in Risk Management and 5 years in Information Technology. She conceptualized and then successfully implemented a number of path breaking initiatives that were recognized in the industry.

She has been Director of various Organizations, Institutes and Committees like EXIM Bank, New India Assurance, IBA etc. Lastly as Member (Finance & Investment) of IRDAI her contributions were in the areas of redefining the regulations and issues related to other regulatory authorities.

She has been a speaker at various professional bodies, universities and institutions notably FICCI, Phd chamber of commerce, Institute of Chartered Accountants of India, Indian School of Business etc. She has been conferred with various awards like "Best PSU Bank Award" for overall growth in performance by Dun & Bradstreet and Second most trusted brand among PSU banks by Economic Times and while in Central Bank Golden Peacock Excellence Award for best HR practices.

Dr. Sanjiv Agarwal

Dr. Sanjiv Agarwal, 58, is a Fellow Member of the Institute of Chartered Accountants of India (ICAI) and the Institute of Company Secretaries of India (ICSI) besides being an Associate Member of the Institute of Chartered Secretaries and Administrators, London (UK). He is also a post-graduate in Accountancy and Business Statistics from the University of Rajasthan, Jaipur. He has also qualified the specialized course of ICSI on corporate governance and is a qualified Insolvency Resolution Professional. He has been awarded Doctorate of Philosophy on the title "A Conceptual Approach to Corporate Governance: Preparation for Global Interface" from R. A. Poddar Institute of Management, University of Rajasthan, Jaipur.

Dr. Agarwal has over three decades of professional experience as a practicing Chartered Accountant with vast exposure in Indirect Taxes including Service Tax and Goods & Service Tax advisory, Corporate Laws & Corporate Governance and Financial Services. He is considered to be an expert on Indirect Tax, Corporate Governance issues, and Companies Act. He has keen interest in academics, is a regular contributor of articles and has to his credit a large number of published articles in various professional journals, websites and economic dailies on various subjects including Service Tax, Goods and Service Tax (GST), Corporate Laws, Economics, Banking and Corporate Governance. He has so far authored/edited over thirty books on different professional subjects such as Service Tax, Goods and Services Tax, Audit Committees, Corporate Governance etc.

Dr. Agarwal is an active participant and speaker/faculty at National and Regional Seminars and Conferences on various topics organized by ICAI, ICSI and Apex Chambers. He is also a visiting faculty at various Management Institutes and Banks. Central Government (DCA) had nominated him as a member on the Working Group constituted for suggesting changes in Companies Act to implement good Corporate Governance in 2002-03. He is presently a member of Core Group on GST and Secretarial Standards Board (SSB), constituted by the ICSI for setting secretarial standards. He has been member of Expert Advisory Group of ICSI and Indirect Tax Committee of the ICAI.

Dr. Agarwal has been the Chairman of Northern Regional Council of the ICSI. He also served as the Chairman of Jaipur Branch of ICAI. He is also actively associated with the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India, various apex level chambers of commerce and industry and academic institutions. He has been a SEBI nominated

director on the Board of Jaipur Stock Exchange Ltd. and JSEL Securities Ltd. and independent director on the Board of State Bank of Bikaner & Jaipur (a SBI Group Bank) and other companies. He is presently an independent director on the board of few public sector / Government / private sector companies including Rajasthan Financial Corporation. He is one of the founders of Corporate Knowledge Foundation (CKF), a corporate training organisation. He carries his academic pursuits by the name Knowledge Bay.

Mr. Sunil Chandiramani

Mr. Sunil Chandiramani is a Chartered Accountant by profession, qualified Technologist and IT security specialist, having spent over 25 years with India's leading professional services firm - Ernst & Young, and served large clients in industries such as Financial Services, Government, Technology & IT Enabled Services, Telecom, Retail & Consumer Products and Hospitality. His areas of expertise include Business Transformation & Change Management, Performance Management, Cost Reduction, IT Strategy & Program Management, Solution Enablement, Business Process Redesign, Corporate Governance, Risk Management, IT Security and Business Continuity Planning. He is regarded as an energetic leader and is known for his ability to envision, build teams, and deliver market leading business results in uniquely challenging situations. Widely regarded as a thought leader, Sunil has been invited to speak at conferences both in India and overseas and at prestigious forums like CII, NASSCOM, American Chamber of Commerce and leading Management institutions. He has been a Member of committees constituted by Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and CII. He is on the Advisory panel for Universal Business School (UBS) and the Information Security Management Group. Presently Sunil is the CEO of NYKA Advisory Services where alongwith others he works with high growth entrepreneurs.

Mr. Dhaman Kumar Pandoh

Mr. Dhaman Kumar Pandoh is a Law graduate and a Fellow Member of the Institute of Company Secretaries of India. He is having more than 20 years of experience in the field and his specializations are in the area of Secretarial matters, Taxation, Company law and Foreign exchange. He is the founding Member of the Jammu Chapter of Institute of Company Secretaries of India and is presently serving the chapter as Vice Chairman.

He is Director on the Board of several companies. In addition to being a participant and guest speaker at various professional and other bodies on Corporate Laws he has also been consultant to various companies, particularly to J & K State Government Corporations. He is also a Member of various social, educational and sports associations. Adventure Sports is his passion and he is a Member of Jammu Adventure Sports Association.

Mr. Rahul Bansal

Mr. Rahul Bansal is a B.Com from Punjab University, Chandigarh. He has also done his MBA from London (UK). With 18 years of experience as an Industrialist, he is responsible for management of several business enterprises that are running successfully. Besides holding directorship in various companies, he had served as Sr. Vice President of Bari Brahmana Industries Association. He is also associated as Designated Partner and Editor with Jammu based daily English Newspaper- the News Now.

Disclosures

The Board of your Company has in all its endeavour ensured that true and fair disclosures are made to its constituents through various publications regarding plans, strategies and performance. The Board is pleased to disclose that;

1. The Executive Management of Bank regularly places various reviews before the Board on the performance of the Bank so as to enable it to exercise effective control and check over the working of the Bank.
2. Bank has not entered into any materially significant transaction with its Directors, Management or with their Relatives, other than the normal course of business of the Bank.
3. The Bank did not enter into any material related party transaction with its Directors or Management or their Relatives that would potentially conflict with and adversely affect interests of the Bank.
4. The Directors did not incur any disqualification under Section 164 of the Companies Act, 2013 or under any other law applicable to the Bank.

5. None of the Directors of the Bank are holding positions as Chairman of more than five and as a Member of more than ten Audit and Remuneration Committees.
6. The Bank has complied with Corporate Governance norms as stipulated by SEBI.
7. The Bank has complied with all applicable accounting standards and related RBI guidelines.
8. None of the Directors are related to each other.

DIRECTORSHIP IN OTHER COMPANIES

The Directors of the Bank also hold positions as Directors in other Companies as per details furnished hereunder:

Mr. Parvez Ahmed

Director: JKB Financial Services Ltd; Jammu and Kashmir Asset Reconstruction Co. Limited

Mr. Navin Kumar Choudhary, IAS

Jammu and Kashmir Small Scale Industries Development Corporation Limited, Jammu and Kashmir State Power Development Corporation Limited, The J&K Projects Construction Corporation Limited, Jammu and Kashmir Development Finance Corporation Limited, Jammu and Kashmir Asset Reconstruction Limited, Jammu & Kashmir State Industrial Development Corporation Limited, Jammu and Kashmir State Women's Development Corporation Limited, Jammu and Kashmir Trade Promotion Organisation, J&K Minerals Ltd; J&K Industries Ltd; J&K Handicrafts (S&E) Dev. Corporation; J&K Handloom Development Corporation; J&K Cements Ltd; J&K HPMC Ltd; J&K Agro Industries Dev. Corp; J&K Cable Car Corp; J&K Tourism Development Corp; J&K SRTC Ltd; J&K SC, ST, & OBC Dev. Corp; J&K State Road Development Corp; J&K Overseas Employment Corp; J&K State Financial Corp; J&K State Forest Corp;

Mr. Mohammad Ashraf Mir

Jammu and Kashmir Small Scale Industries Development Corporation Limited, Jammu & Kashmir State Industrial Development Corporation Limited,

Mrs. Vijayalakshmi R. Iyer

Aditya Birla Capital Limited; Arihant Superstructure Limited; Indiabulls Ventures Limited; Edelweiss Housing Finance Ltd; Aditya Birla Finance Limited; Yes Trustee Limited; Wadhawan Global Capital Limited; ICICI Securities Limited; BFSI Sector Skill Council Of India.

Mr. Sanjiv Aggarwal

Agarwal Infin Consultants Pvt. Ltd; Rajasthan Financial Corporation.

Mr. Sunil Chandiramani

Mankastu Impex Private Limited; Bayside Media Private Limited; Updater Services Private Limited; Ganesh Cranes Ltd; Vigyanlabs Innovations Pvt. Ltd.

Mr. Rahul Bansal

Narbada Steels Limited; Narbada Gases Private Limited; Grand Plaza Hotel Private Limited; Four A Hotels And Resorts Private Limited; Jai Maa Mansa Devi Builders Private Limited; Narbada Energy Private Limited

Mr. Dhaman Kumar Pandoh

Chinar Consultants Private Limited, Trikuta Power Private Limited

COMMITTEES OF THE BOARD

The Board of Directors of our Company has constituted several Committees of the Board to take decisions on matters requiring special focus. The role and functions of the main Committees of the Board is described hereunder:

MANAGEMENT COMMITTEE

Role and Function

The Management Committee of the Board considers various business matters of material significance like sanctioning of loan proposals, compromise / write-off cases, sanction of capital and revenue expenditures, etc.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Parvez Ahmed	(Chairman)
Mr. Navin Kumar Choudhary, IAS	(Member)
Mr. Abdul Majid Mir	(Member)
Mr. Mohammad Maqbool Rather	(Member)
Dr. Sanjiv Agarwal	(Member)

The Management Committee met Ten times during the year on the following dates:

15.04.2017, 13.05.2017, 17.06.2017, 19.08.2017, 22.09.2017, 27.10.2017, 19.12.2017, 31.01.2018, 19.02.2018, 12.03.2018

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	10	10	100
Mr. Navin Kumar Choudhary, IAS	10	10	100
Mr. Abdul Majid Mir	10	10	100
Mr. Mohammad Maqbool Rather(from 22.07.2017)	7	7	100
Dr. Sanjiv Agarwal (From 22.07.2017)	7	7	100
Mr. Mohammad Ashraf Mir (Upto 21.07.2017)	3	3	100

AUDIT COMMITTEE

Role and Function

Bank has constituted an Audit Committee of the Board (ACB) comprising of 3 Non-Executive Independent Directors and 2 Non-Executive Directors. The main functions of the Audit Committee are to assess and review the financial reporting system of the Bank, to ensure that the Financial Statements of the Bank are correct, sufficient and credible. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements / other management information, adequacy of provisions, whether the audit tests are appropriate and scientifically carried out. It follows up on all issues raised in the Long Form Audit Report and interacts with External Auditors before finalisation of Annual Financial Accounts and Reports focusing primarily on accounting policies and practices, major accounting entries and compliance with the Accounting Standards. The Committee also reviews the adequacy of Internal Control System and holds discussions with Internal Auditors / Inspectors on any significant finding and follow up action thereon. It also reviews the financial and risk management policies of the Bank and evaluates the findings of any internal investigation where there is any suspected fraud or irregularity or failure of Internal Control System of material nature and reports to the Board. ACB also focuses on the follow up of inter-branch adjustment accounts and other major areas of Balancing of Books and House Keeping. During the year 2017-18, the Board has accepted all the recommendations of the ACB and the company secretary has attended all the meetings of the ACB.

Composition, Meetings and Attendance

The Audit Committee of the Board consists of:

Dr. Sanjiv Agarwal	(Chairman)
Mr. Yogesh Kumar Dayal	(Member)
Mr. Mohammad Ashraf Mir	(Member)
Mr. Sunil Chandiramani	(Member)
Mr. Dhaman Kumar Pandoh	(Member)

The Audit Committee met six times during the year in due compliance with RBI and Listing Agreement on the following dates:

12.05.2017, 21.07.2017, 18.08.2017, 26.10.2017, 30.01.2018, 20.02.2018

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Dr. Sanjiv Agarwal (From 22-07-2017)	4	4	100
Mr. Yogesh Kumar Dayal	6	4	66.67
Mr. Mohammad Ashraf Mir	6	6	100
Mr. Sunil Chandiramani From 22-07-2017)	4	4	100
Mr. Dhaman Kumar Pandoh (From 22-07-2017)	4	4	100
Mr. Abdul Majid Mir (Upto 21.07.2017)	2	2	100
Mr. Mohammad Maqbool Rather (Upto 21.07.2017)	2	2	100

INTEGRATED RISK MANAGEMENT COMMITTEE

Role and Function

Bank has constituted an Integrated Risk Management Committee to manage market risk, credit risk and operational risk in an integrated and efficient manner and the Committee performs the following essential functions:

- Identify, monitor and measure the risk profile of the Bank.
- Develop policies and procedures, verify the models that are used for pricing complex products and also identify new risks.
- Develop policies that clearly spell out the quantitative prudential limits on various segments of Bank's operations.
- Effectively communicate the risk strategy and policies throughout the organization.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Parvez Ahmed	(Chairman)
Mr. Navin Kumar Choudhary, IAS	(Member)
Mr. Abdul Majid Mir	(Member)
Dr. Pronab Sen	(Member)
Mrs. Vijayalakshmi R. Iyer	(Member)
Dr. Sanjiv Agarwal	(Member)
Mr. Sunil Chandiramani	(Member)

The Integrated Risk Management Committee met Four times during the year on the following dates:

19.08.2017, 26.10.2017, 31.01.2018, 12.03.2018

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	4	4	100
Mr. Navin Kumar Choudhary, IAS	4	4	100
Mr. Abdul Majid Mir	4	4	100
Dr. Pronab Sen	4	2	50
Mrs. Vijayalakshmi R. Iyer	4	3	75
Dr. Sanjiv Agarwal	4	4	100
Mr. Sunil Chandiramani	4	3	75

MONITORING OF LARGE VALUE FRAUDS COMMITTEE

Role and Function

Committee has been constituted pursuant to RBI directions to monitor the fraud cases involving an amount of ₹ 1 Crore and above.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Parvez Ahmed	(Chairman)
Mr. Navin Kumar Choudhary, IAS	(Member)
Mr. Abdul Majid Mir	(Member)
Mr. Azhar-ul-Amin	(Member)
Mr. Mohammad Maqbool Rather	(Member)

The Monitoring of Large Value Frauds Committee met Two times during the year on the following dates;

19.08.2017, 19.02.2018

These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	2	2	100
Mr. Navin Kumar Choudhary, IAS	2	2	100
Mr. Abdul Majid Mir	2	2	100
Mr. Azhar-ul-Amin	2	2	100
Mr. Mohammad Maqbool Rather	2	2	100

CUSTOMER SERVICE COMMITTEE

Role and Function

The Committee has been constituted with a view to look into matters relating to customer complaints and speedy redressal thereof.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Parvez Ahmed	(Chairman)
Mr. Mohammad Maqbool Rather	(Member)
Mr. Mohammad Ashraf Mir	(Member)
Dr. Sanjiv Agarwal	(Member)
Mr. Dhaman Kumar Pandoh	(Member)
Mr. Rahul Bansal	(Member)

The Customer Service Committee met Two times during the year on the following dates:

19.08.2017, 31.01.2018

These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	2	2	100
Mr. Mohammad Maqbool Rather	2	2	100
Mr. Mohammad Ashraf Mir	2	2	100
Dr. Sanjiv Agarwal	2	2	100
Mr. Dhaman Kumar Pandoh	2	2	100
Mr. Rahul Bansal	2	2	100

INFORMATION TECHNOLOGY STRATEGY COMMITTEE

Role and Function

Committee has been constituted pursuant to RBI directions to monitor the progress of effective assimilation and speedy implementation of Information Technology in the Bank.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Parvez Ahmed	(Chairman)
Mr. Navin Kumar Choudhary, IAS	(Member)
Mr. Abdul Majid Mir	(Member)
Mrs. Vijayalakshmi R. Iyer	(Member)
Mr. Sunil Chandiramani	(Member)
Mr. Rahul Bansal	(Member)

The Information Technology Committee met Three times during the year on the following dates:

19.08.2017, 31.01.2018

These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	2	2	100
Mr. Navin Kumar Choudhary, IAS	2	2	100
Mr. Abdul Majid Mir	2	2	100
Mrs. Vijayalakshmi R. Iyer	2	2	100
Mr. Sunil Chandiramani	2	2	100
Mr. Rahul Bansal	2	2	100

LEGAL COMMITTEE (The committee was re-constituted and renamed as Legal and Impaired Assets Resolution Committee w.e.f 22-07-2017)

Role and Function

Bank has constituted Legal Committee to take review of legal and suit filed cases.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Navin Kumar Choudhary	(Chairman)
Mr. Abdul Majid Mir	(Member)
Mr. Azhar ul Amin	(Member)

The Legal Committee met Two times during the year on the following dates:

03.04.2017, 04.04.2017

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Navin Kumar Choudhary	2	2	100
Mr. Abdul Majid Mir	2	2	100
Mr. Azhar ul Amin	2	2	100

LEGAL AND IMPAIRED ASSETS RESOLUTION COMMITTEE

Role and Function

Bank has constituted a Legal & Impaired Assets Resolution Committee to take review of legal cases and resolution of impaired assets of the Bank.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Parvez Ahmed	(Chairman)
Mr. Azhar ul Amin	(Member)
Mr. Mohammad Maqbool Rather	(Member)
Mr. Mohammad Ashraf Mir	(Member)
Mr. Dhaman Kumar Pandoh	(Member)

The Legal and Impaired Assets Resolution Committee met Two times during the year on the following dates:

20.12.2017, 19.02.2018

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	2	2	100
Mr. Azhar ul Amin	2	2	100
Mr. Mohammad Maqbool Rather	2	2	100
Mr. Mohammad Ashraf Mir	2	2	100
Mr. Dhaman Kumar Pandoh	2	2	100

NOMINATION COMMITTEE (The committee was merged with Nomination & Remuneration Committee w.e.f 31-01-2018)

Role and Function

The Nomination Committee of the Board has been constituted in pursuance to the directions of RBI for implementation of Ganguly Committee Recommendations with a view to decide the fit and proper person criteria for appointment / continuing to hold office of Director in the Bank.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Parvez Ahmed	(Chairperson)
Mr. Navin Kumar Choudhary, IAS	(Member)
Mr. Azhar ul Amin	(Member)

The Nomination Committee met Two times during the year on the following dates:

15.04.2017, 17.06.2017

These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	2	2	100
Mr. Navin Kumar Choudhary, IAS	2	2	100
Mr. Azhar ul Amin	2	2	100

NOMINATION & REMUNERATION COMMITTEE

Bank has constituted a Nomination & Remuneration Committee of the Board under the RBI Circular dated 2004 and pursuant to the requirements of the Securities and Exchange Board of India (LODR) Regulations, 2015 and the Companies Act, 2013.

Role and Function

- Ensure effective governance of compensation.
- Ensure effective alignment of compensation with prudent risk taking.
- Ensure effective supervisory oversight and engagement by stakeholders.
- Comply with the regulatory directives whereby all Private Sector Banks are required to formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof.
- Identify persons, who are qualified and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- Recommend to the Board a policy, relating to the remuneration for directors, key managerial personnel and other employees.
- Formulate the policy which inter alia shall ensure that:
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company;
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Composition, Meetings and Attendance

The Committee consists of:

Mrs. Vijayalakshmi R. Iyer	(Chairperson)
Mr. Navin Kumar Choudhary, IAS	(Member)
Dr. Pronab Sen	(Member)
Mr. Azhar ul Amin	(Member)
Mr. Sunil Chandiramani	(Member)
Mr. Dhaman Kumar Pandoh	(Member)

The Nomination & Remuneration Committee met Two times during the year on the following date:

19.12.2017, 12.03.2018

These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mrs. Vijayalakshmi R. Iyer (From 22.07.2017)	2	2	100
Mr. Navin Kumar Choudhary, IAS (From 31.01.2018)	1	1	100
Mr. Azhar ul Amin	2	2	100
Dr. Pronab Sen (From 31.01.2018)	1	0	0
Mr. Sunil Chandiramani (From 22.07.2017)	2	1	50
Mr. Dhaman Kumar Pandoh (From 22.07.2017)	2	2	100

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Role and Function

Corporate Social Responsibility Committee has been constituted pursuant to section 135 of Companies Act, 2013 to:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII.
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the Bank from time to time.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Parvez Ahmed	(Chairman)
Mr. Abdul Majid Mir	(Member)
Mr. Mohammad Maqbool Rather	(Member)
Mr. Mohammad Ashraf Mir	(Member)
Mr. Rahul Bansal	(Member)

The Corporate Social Responsibility Committee met Three times during the year on the following dates:

13.05.2017, 19.08.2017, 19.02.2018

These meetings were attended by the Members as detailed below.

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	3	3	100
Mr. Abdul Majid Mir (From 22.07.2017)	2	2	100
Mr. Mohammad Maqbool Rather	3	3	100
Mr. Mohammad Ashraf Mir	3	3	100
Mr. Rahul Bansal (From 22.07.2017)	2	1	50
Mr. Azhar ul Amin (Upto 22.07.2017)	1	1	100

STAKE HOLDERS RELATIONSHIP COMMITTEE:

The Bank Constituted "Stakeholders Relationship Committee" pursuant to the provisions of the Companies Act, 2013 and the SEBI (LO&DR) Regulations, 2015

Role and Function

- To look into redressing of complaints of shareholders, investors and other stakeholders of the Bank.
- All Shareholders' / Investors' Grievances / Correspondence were expeditiously attended to and the replies sent generally within a period of 7 days of receipt. No share transfer beyond the 30 days was pending as on 31st March 2018.
- All requests for dematerialization of shares are likewise processed and confirmation communicated to Investors and Depository participants within five working days.

During the year, 708 service requests / complaints were received and all these service requests / complaints stand redressed. There are no pending complaints as on 31-03-2018

The status of investors / shareholders service requests / grievances received during the year under report is as follows:

S. No.	PARTICULARS	RECEIVED	DISPOSED	PENDING
1.	Change / Correction of the Address	47	47	0
2.	Intimation of the Bank Mandate / NECS Mandate	5	5	0
3.	Non-receipt of Share Certificates	19	19	0
4.	Loss of Share Certificates and request for issue of duplicate share certificate(s)	18	18	0
5.	Deletion / inclusion of joint name and transmission	16	16	0

S. No.	PARTICULARS	RECEIVED	DISPOSED	PENDING
6.	Non-receipt of dividend warrants (NRDW)	48	48	0
7.	Registration of NECS	84	84	0
8.	Receipt of dividend warrants for revalidation	21	21	0
9.	Intimation of the Nomination form details	67	67	0
10.	Letters from SEBI/Stock Exchanges	1	1	0
11.	Request for stock split in lieu of old shares	6	6	0
12.	Others	376	376	0
	Total	708	708	0

COMPOSITION, MEETINGS AND ATTENDANCE

Stakeholder's Relationship Committee consists of:

Mr. Navin Kumar Choudhary, IAS	(Chairman)
Mr. Azhar ul Amin	(Member)
Dr. Sanjiv Agarwal	(Member)
Mr. Dhaman Kumar Pandoh	(Member)
Mr. Rahul Bansal	(Member)

Stakeholders Relationship Committee met Two times during the year on the following dates.

19.08.2017, 31.01.2018

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Navin Kumar Choudhary, IAS	2	2	100
Mr. Azhar ul Amin	2	2	100
Dr. Sanjiv Agarwal	2	2	100
Mr. Dhaman Kumar Pandoh	2	2	100
Mr. Rahul Bansal	2	2	100

HUMAN RESOURCE DEVELOPMENT COMMITTEE

Role and Function

- To Review Organizational Structure, Succession Planning, HR Transfer Policy, HR Promotion Policy and make final recommendations to the Board in this regard.
- To meet at regular intervals, as per requirements, however, at least one meeting be conducted annually.
- To conduct the interview for promotion to senior levels of the Management i.e Vice Presidents & above.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Parvez Ahmed	(Chairman)
Mr. Navin Kumar Choudhary, IAS	(Member)
Mr. Mohammad Ashraf Mir	(Member)
Dr. Pronab Sen	(Member)
Mrs. Vijayalakshmi R. Iyer	(Member)
Mr. Sunil Chandiramani	(Member)

The HRD Committee met once during the year on the following date:

26.12.2017

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	1	1	100
Mr. Navin Kumar Choudhary, IAS	1	1	100
Mr. Mohammad Ashraf Mir	1	1	100
Dr. Pronab Sen	1	1	100
Mrs. Vijayalakshmi R. Iyer	1	0	0
Mr. Sunil Chandiramani	1	1	100

INVESTMENT COMMITTEE

Role and Function

- To review and monitor the performance of Treasury Operations of the Bank and exercise powers relating to investment decisions as delegated by the Board.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Parvez Ahmed	(Chairman)
Mr. Navin Kumar Choudhary, IAS	(Member)
Dr. Pronab Sen	(Member)
Mrs. Vijayalakshmi R. Iyer	(Member)
Mr. Sunil Chandiramani	(Member)

The Investment Committee met once during the year on the following date:

26.12.2017

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	1	1	100
Mr. Navin Kumar Choudhary, IAS	1	1	100
Dr. Pronab Sen	1	1	100
Mrs. Vijayalakshmi R. Iyer	1	0	0
Mr. Sunil Chandiramani	1	1	100

REMUNERATION

Policy

Remuneration of the Chief Executive Officer is subject to approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949.

Chairman & CEO

Mr. Parvez Ahmad is the Chairman & CEO of the Bank effective from 6th October, 2016. In terms of Section 35B of the Banking Regulation Act, 1949, the monthly remuneration being paid to him, details of which are given below, has been duly approved by the Reserve Bank of India.

Basic Pay	₹ 5,50,000.00
DA	-
Provident Fund	-
Total	₹ 5,50,000.00

Non - Executive Directors

Non - Executive Directors other than the RBI nominated Directors are paid only sitting fees for the meetings attended.

The details of the same are given below:

₹ 40,000/- for every Board Meeting or Committee Meeting.

Details of number of Shares / Convertible Debentures held by Non-Executive Directors as on 31-03-2018:

Name of the Director	Number of shares held	Number of Convertible Debentures held
Mr. Navin Kumar Choudhary, IAS	150	0
Mr. Mohammad Ashraf Mir	1000	0
Mr. Rahul Bansal	5750	0

OTHER DISCLOSURES

CORPORATE GOVERNANCE POLICIES IN COMPLIANCE WITH THE STATUTORY REGULATIONS

BOARD DIVERSITY POLICY

In accordance with the Regulation 19(4) and Part D (A)(3) of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations') the Company has framed a formal policy on Board Diversity which sets out a framework to promote diversity on Bank's Board of Directors

THE CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

In accordance with the Regulation 17(5) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations') the Company has framed a formal policy on Code of Conduct for Board of Directors and Senior Management of the Bank in order to exercise good judgement, to ensure the interests, safety and welfare of customers, employees & other stakeholders and to maintain a cooperative efficient, positive, harmonious and productive work environment. Confirmation from the Chairman & CEO regarding compliance with the code by all the directors and the senior management is furnished as under:

I confirm that all directors and senior management personnel have affirmed compliance with the "code of conduct for Board of Directors & Senior Management of the Bank".

Parvez Ahmed
(Chairman & CEO)

DIVIDEND DISTRIBUTION POLICY

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Bank before recommending dividend to the Shareholders for a Financial Year. The policy is framed in compliance to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relevant and applicable provisions of Companies Act, 2013 and RBI Guidelines.

PERFORMANCE EVALUATION POLICY FOR THE BOARD AND MEMBERS OF THE BOARD

The objective of this policy is to formulate the procedure and also to prescribe and lay down the criteria to evaluate the performance of the entire Board, each individual Director and the committees of the Board of the Bank.

POLICY FOR DETERMINATION OF MATERIALITY OF INFORMATION/EVENT(S)

The Securities and Exchange Board of India ("SEBI") has in terms of Regulation 30(4) required that a listed entity shall frame a policy for determination of materiality and disclosure of Events/information, based on the criteria specified in sub regulation 4(i) of Regulation 30 of SEBI (LODR), 2015, to ensure the consistent, transparent, regular and timely public disclosure and dissemination of material events/information based on the criteria set out in the policy.

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

The Securities and Exchange Board of India ("SEBI") has in terms of Regulation 16 (1) provided that the listed entity shall formulate a policy for determining material subsidiary and to provide the governance framework for such subsidiaries. The "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

POLICY ON PRESERVATION OF DOCUMENTS AND ARCHIVAL OF DOCUMENTS

The policy on preservation of documents and archival is mandated by the provisions of Regulation 9 read with Regulation 30(8) of Chapter III of SEBI (LODR) Regulations, 2015. Through this policy, the Bank has a strategic objective of ensuring that significant documents are safeguarded and preserved to ensure the longevity of priority documents including the electronic resources.

All the above policies are available on the website of the Bank (<https://www.jkbank.com/investor/stockExchangeIntimation/corporateGovernanceReports.php>)

CEO / CFO CERTIFICATION

In terms of Regulation 33(2) (a) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the certification by the CEO and CFO on the financial statements and internal controls relating to financial reporting has been obtained.

INSIDER TRADING CODE

The Bank has emplaced a Code on Practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to prevent practices of Insider Trading. Mr. Mohammad Shafi Mir, Company Secretary, has been designated as Compliance Officer for this purpose.

Ethical Corporate Policy for Acceptance of Gifts

Bank has emplaced Corporate Ethical Policy for setting forth a code of accountability of J&K Bank's Directors, Officers and Employees in the discharge & performance of their responsibilities.

Ethical Standards Employed by the Bank

The Bank has emplaced service manual for its employees. This manual contains comprehensive regulations on ethical standards to be mandatorily observed by all the employees of the Bank.

Legal Compliances

There were no cases of non-compliance by the Bank and no penalties or strictures have been imposed on or proposed against the Bank by the Stock Exchange (s) and / or SEBI and / or any other statutory authorities on matters relating to capital market except to the extent disclosed in the Notes to the Accounts. The Bank has complied with the provisions of relevant Acts, Rules & Regulations framed there under during the year 2017-2018.

Familiarisation Programme

Presentations are made to new Director who joins the Board with a brief background of the Company, its operations and is informed of the important policies of the Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading, Policy on Related Party Transactions, Policy on Remuneration, Whistle blower policy.

Senior management personnel of the Company make presentations to the Board Members on a periodical basis, briefing them on the operations of the Company, plans, strategy, risks involved, new initiatives, etc. and seek their opinions and suggestions on the same. Details of familiarization program conducted are posted on the Bank's website

SHARE HOLDERS INFORMATION

Stock Exchanges where equity shares are listed.

The Addresses of Stock Exchanges where the equity shares of the Bank are listed are furnished hereunder:

a) National Stock Exchange of India Limited

Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051

b) The BSE Ltd.

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

The annual fees for 2018-19 have been paid to all the Stock Exchanges where the shares are listed.

BSE Scrip Code: 532209

NSE Scrip Code: J&K Bank

Demat ISIN Number: INE168A01041

Name of Depositories: i. NSDL ii. CDSL

Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited

Unit: - J&K Bank, Karvy Selenium Tower B,
Plot 31-32, Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032 Phone 040-67161508, 67161509

Email ID for Redressal of Investor Grievances

Pursuant to Regulation 85(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Bank has created a separate Email ID for redressal of Investor Complaints and Grievances. The Email ID for Redressal of Investor Grievances is sharedeptt_gc@jkbmail.com

Compliance Officer

Name:	Mohammad Shafi Mir, Company Secretary
Role:	To ensure compliance to all statutory regulations as far as they relate to Company Secretary and redressal of grievance of Shareholders / Investors
Address:	Jammu and Kashmir Bank Ltd. Board Secretariat, Corporate Headquarters M. A. Road, Srinagar 190 001
Phone	0194-2483775 / 0194-2481930-35 (Extn.)1540

Financial Calendar

Approval of quarterly results for the period ending:

30th June, 2017	22nd July, 2017
30th September, 2017	27th October, 2017
31st December, 2017	31st January, 2018
31st March, 2018 (Audited)	30th May, 2018

Information relating to last four General Body Meetings is furnished below:

Name of Meeting	Day, Date and time of meeting	Venue	Special Business Transacted
76th Annual General Meeting	Saturday, 2nd August, 2014 at 11:00 AM	Sher-i-Kashmir International Conference Centre (SKICC), Srinagar	Nil
77th Annual General Meeting	Saturday, 22nd August, 2015 at 11:00 AM	Sher-i-Kashmir International Conference Centre (SKICC), Srinagar	Alteration of Articles of Association
78th Annual General Meeting	Wednesday 20th July, 2016 at 11:00 AM	Sher-i-Kashmir International Conference Centre (SKICC), Srinagar	Alteration in Articles of Association Adoption of RBI circular relating to payment of compensation to Non Executive Directors
79th Annual General Meeting	Saturday 17th June, 2017 at 4:00 PM	Sher-i-Kashmir International Conference Centre (SKICC), Srinagar	To raise funds, subject to the maximum of ₹1500 Crore. Alteration in Articles of Association.

POSTAL BALLOTS

The Bank sent Postal Ballot Notice dated April 21, 2017 to the Members seeking approval through Postal Ballot, for authority to the Board of Directors of the Bank to offer issue and allot equity shares on a preferential basis to the Government of Jammu and Kashmir, Promoter and Majority Shareholder of the Bank. The Board of Directors of the Bank has appointed Mr. Harish Kumar Villadath, Advocate as Scrutinizer for conducting the postal ballot/e-voting process in a fair and transparent manner.

Accordingly, the postal ballot was conducted by the scrutinizer and a report submitted to the Chairman. The results of the voting conducted through Postal ballot are as under:

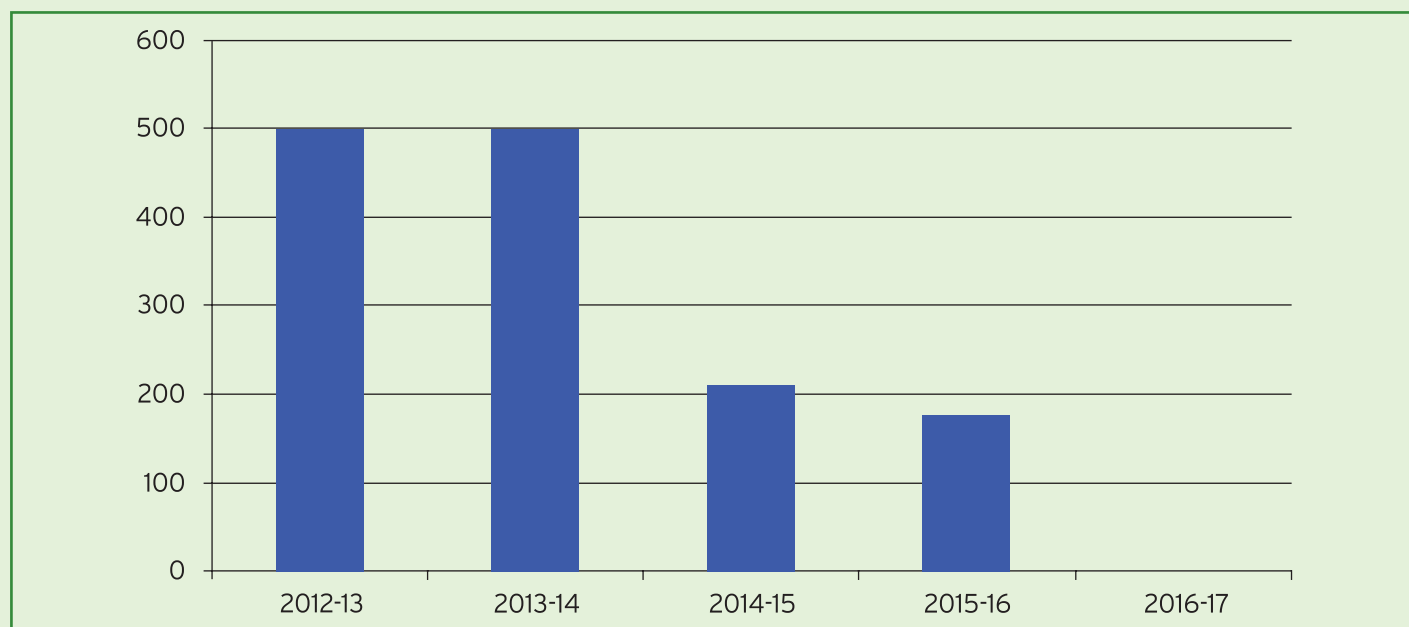
Total Number of Shareholder's	83,668
Total Number of Equity Shares	521,333,071

Particulars	Number of Votes	% of Votes
Total Number of equity Shares	521,333,071	100.00%
Number of Votes Polled	40,47,42,928	77.6362%
✓ No. of Votes - in favour	40,47,31,194	99.9971%
✓ No. of Votes - against	1,757	0.0004%

The Bank has complied with the procedures for the postal ballot in terms of Section 108 and section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

DIVIDEND HISTORY OF LAST FIVE YEARS

Financial Year	Rate of Dividends (%)	Date of Declaration	Date of Payment
2012-13	500	22.06.2013	01.07.2013
2013-14	500	02.08.2014	11.08.2014
2014-15	210	22.08.2015	31-08-2015
2015-16	175	20.07.2016	28-07-2015
2016-17	Nil	----	----



DEMATERIALIZED / PHYSICAL SHARES

The shares of the Bank are in compulsory dematerialised segment and are available for trading in depository systems of both National Securities Depository Limited and Central Depository Services (India) Ltd. As on 31st March, 2018, the position of dematerialized shares as well as physical shares is as under:

(As on 31.03.2018)

Particulars	No. of shares	%age
Physical Shares	14,324,962	2.5725
Dematerialized Shares	542,533,430	97.4275
Total	556,858,392	100.000

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2018

S.NO	Category	No. of Holders	% to Holders	Amount	% to Amount
1	Upto 1 - 5000	77,484	96.78	43,170,376	7.75
2	5001 - 10000	1,744	2.18	11,45,320	2.09
3	10001 - 20000	393	0.49	55,91,571	1.00
4	20001 - 30000	130	0.16	32,19,722	0.58
5	30001 - 40000	60	0.07	21,39,756	0.38
6	40001 - 50000	33	0.04	15,04,415	0.27
7	50001 - 100000	84	0.10	60,48,587	1.09
8	100001 & Above	137	0.17	4835,38,645	86.83
9	Total	80,065	100.00	556,858,392	100.00

LIST OF SHAREHOLDERS HOLDING MORE THAN 1% AS ON 31ST MARCH, 2018

S. No.	NAME	SHARES	% TO EQT	CATEGORY
1	Chief Secretary Jammu and Kashmir Govt	311,243,975	55.8928	PRO
2	Secretary Finance Deptt Jammu and Kashmir Govt	18,589,057	3.3382	PRO
3	East Bridge Capital Master Fund Limited	17,512,431	3.1449	FPI
4	Life Insurance Corporation of India	15,374,694	2.7610	IFI
5	ICICI Prudential Value Discovery Fund	10,000,000	1.7958	MUT
6	ICICI Prudential Life Insurance Company Limited	9,550,782	1.7151	LTD
7	ICICI Prudential Midcap Fund	5,772,102	1.0365	MUT
8	Total	388,043,041	69.68	

UNCLAIMED DIVIDENDS

Shareholders who have not encashed their past dividend warrants are requested to do so without any further delay. As per the provisions of Section 124 and Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 which became effective on September 7, 2016, unclaimed amount, in respect of unpaid/ unclaimed dividend warrants, which remains unpaid for seven years shall be transferred by the Bank to "Investor Education and Protection Fund" established pursuant to the aforesaid provisions. Shareholders are accordingly advised to claim their unclaimed dividend, if not already claimed.

The detail of unpaid/unclaimed dividend of last three years is as under:

(As on 31-03-2018)

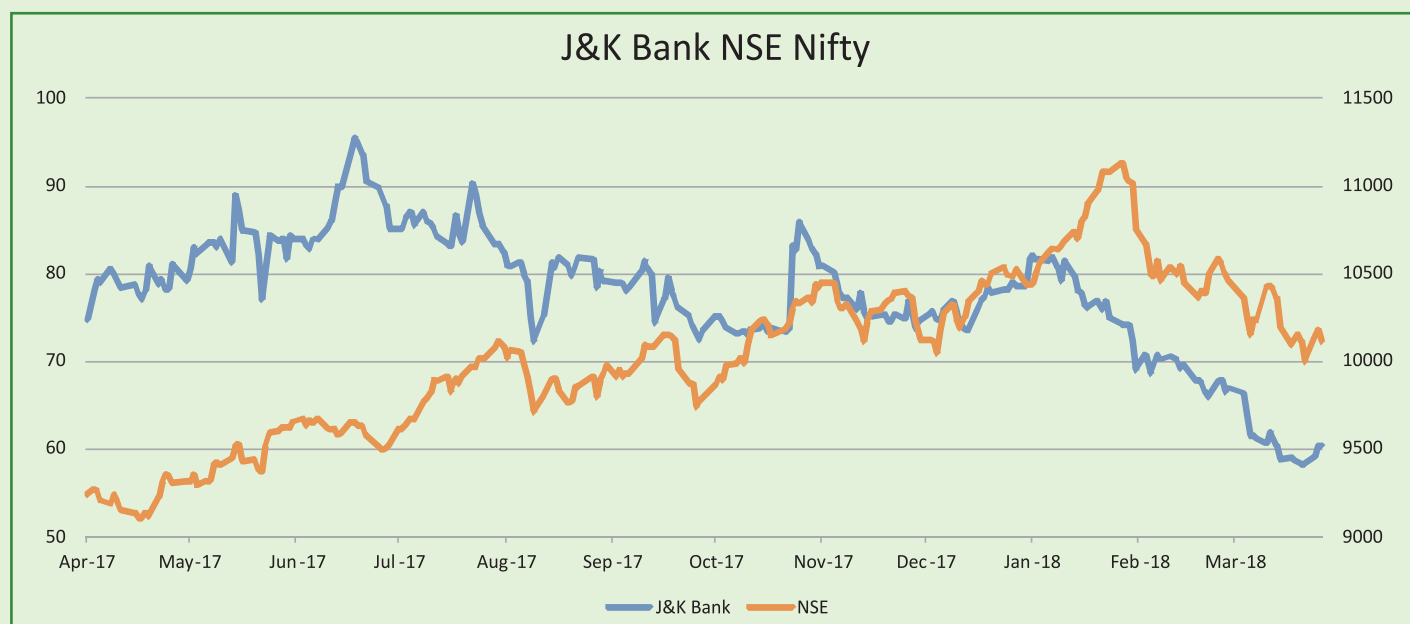
Financial Year	Amount of Unclaimed Dividends
2014-15	47,07,725.00
2015-16	69,22,603.00
2016-17	0

STOCK MARKET DATA

JK Bank on NSE Nifty April 2017 - March 2018

Month	High Price		Low Price		Close Price		Turnover In lakhs
	Rate	Date	Rate	Date	Rate	Date	
April 2017	82.30	21/4/2017	74.55	3/4/2017	81.10	28/4/2017	8906.52
May, 2017	91.10	16/5/2017	76.20	24/5/2017	84.95	18/5/2017	15550.23
June, 2017	95.75	20/6/2017	84.90	30/6/2017	95.45	20/6/2017	11123.84
July, 2017	91.90	24/7/2017	72.75	10/7/2017	90.40	24/7/2017	8171.17
August, 2017	84.80	01/8/2017	71.00	11/8/2017	83.45	1/8/2017	5554.62
September, 2017	81.75	13/9/2017	72.00	28/9/2017	81.40	12/9/2017	6488.55
October, 2017	90.85	27/10/2017	72.15	3/10/2017	83.80	30/10/2017	11056.49
November, 2017	87.90	13/11/2017	73.25	23/11/2017	82.30	1/11/2017	17997.81
December, 2017	79.40	28/12/2017	71.00	18/12/2017	79.05	28/12/2017	6180.77
January, 2018	83.40	2/1/2018	73.10	30/1/2018	82.05	3/1/2018	8283.58
February, 2018	76.05	1/2/2018	65.80	23/2/2018	72.30	1/2/2018	6678.45
March, 2018	67.45	1/3/2018	57.20	12/3/2018	66.95	1/3/2018	6443.64

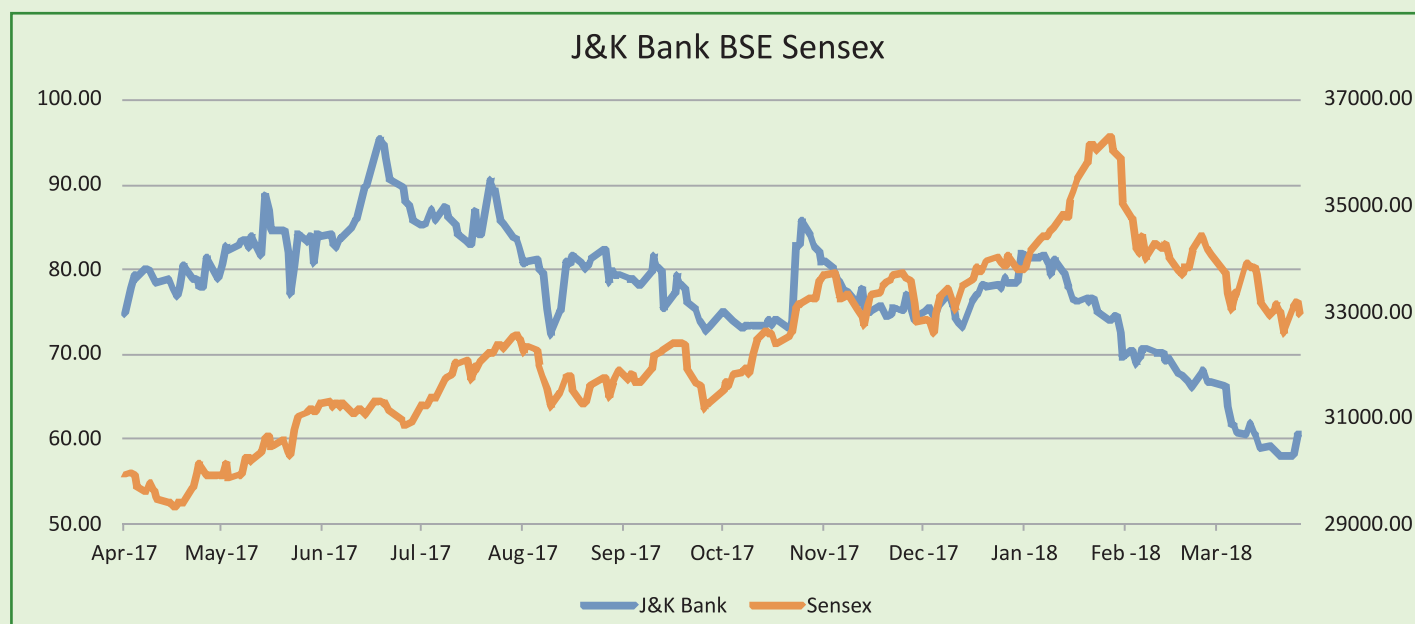
J K BANK NSE NIFTY



JK BANK ON BSE SENSEX APRIL 2017 - MARCH 2018

Month	High Price		Low Price		Close Price		Turnover In lakhs
	Rate	Date	Rate	Date	Rate	Date	
April 2017	82.40	21/04/17	74.40	3/04/17	80.87	21/04/17	2208.41
May, 2017	91.00	16/05/17	76.30	24/05/17	88.65	16/05/17	2367.38
June, 2017	95.65	20/06/17	80.80	1/06/17	95.30	20/06/17	3604.89
July, 2017	91.90	24/07/17	80.90	18/07/17	90.60	24/07/17	1483.25
August, 2017	84.60	1/08/17	67.80	11/08/17	83.45	1/08/17	782.48
September, 2017	82.00	12/09/17	71.40	27/09/17	81.70	12/09/17	548.27
October, 2017	91.65	27/10/17	71.00	10/10/17	85.80	27/10/17	1760.87
November, 2017	87.80	13/11/17	73.25	23/11/17	82.20	1/11/17	4579.36
December, 2017	79.40	29/12/17	71.65	18/12/17	79.05	28/12/17	673.84
January, 2018	83.30	2/01/18	73.10	30/01/18	81.80	2/01/18	934.73
February, 2018	77.30	1/02/18	64.25	20/02/18	72.55	1/02/18	619.29
March, 2018	67.35	1/03/18	54.45	23/03/18	66.70	1/03/18	1156.99

J K BANK BSE SENSEX



IMPORTANT EVENTS AFTER THE CLOSURE OF FINANCIAL YEAR ENDED 31.03.2018

This report covers the period of financial year of the Bank beginning on 1st April, 2017 to 31st March, 2018. There were no material events from 1st April, 2018 to 30th May, 2018 the date when the annual accounts were adopted by the Board of Directors of the Bank.

MEANS OF COMMUNICATION

J&K Bank disseminates information about its operations through various means to shareholders, analysts and the society at large. All official news releases and presentations made to institutional investors and analysts are posted on the Bank's website (www.jkbank.net). It also issues press releases and conducts programmes that disseminate information. The quarterly results of the Bank are published in widely circulated National Newspapers and are also placed on our website. The Board takes on record the Un-Audited/Reviewed Financial Results in the prescribed form of the Stock Exchanges within 45 days of the closure of the quarter and announces forthwith the results to all the Stock Exchanges where the shares of the Company is listed. The highlights of quarterly results are also published in National and Vernacular Newspapers within 48 hours of the conclusion of the Board Meeting in which they are taken on record and information is also placed on the website of the Bank. The Bank regularly organizes Press / Analyst Meets to apprise Fund Managers, Press and Analysts about the financial performance of the Bank and to receive their suggestions for future growth.

SHAREHOLDERS RIGHTS

A shareholder can enjoy the following rights mentioned in the Companies Act, 2013:

- To transfer shares.
- To receive the share certificates upon transfer within the stipulated period prescribed in the Companies Act, 2013 and SEBI Guidelines.
- To receive notice of general meetings, balance sheet, profit and loss account, cash flow statement and auditors' report.
- To appoint proxy to attend and vote at general meetings. In case the member is a body corporate, to appoint a representative to attend and vote at general meetings of the company on its behalf.
- To attend and speak in person, at general meetings. Proxy cannot vote on show of hands but can vote on a poll.

- To vote at the general meeting on show of hands wherein every shareholder has one vote. In case of poll, the number of votes of a shareholder depends on the proportion of equity shares held by him with the total paid up equity capital of the company.
- To demand poll along with other shareholder(s) who collectively hold 50,000 shares or is not less than 1/10th of the total voting power in respect of any resolution.
- To requisition an extraordinary general meeting of the Company by shareholders who collectively hold not less than 1/10th of the total paid up capital of the company.
- To move amendments to resolutions proposed at general meetings.
- To receive dividend and other corporate benefits like rights, bonus shares etc. as and when declared / announced.
- To take inspection of the various Registers of the Company.
- To inspect the minute books of general meetings and to receive copies thereof after complying with the procedure prescribed in the Companies Act, 2013.
- To proceed against the Company by way of civil or criminal proceedings.
- To proceed against for the winding up of the Company.
- To receive the residual proceeds upon winding up of a Company.

INVESTORS' FEEDBACK

In our endeavor to serve our shareholders more effectively and in order to improve the quality of our communication with our esteemed members, we request you to spare some of your precious moments and provide us your valuable feedback in the enclosed proforma.

Calendar for Shareholder's Information	Date
Board meeting for consideration of Accounts	30 th May, 2018
Dispatch of Annual Report / Notice of AGM	13 th June, 2018
Last date for lodgment of proxy forms	5 th July, 2018 (upto 11:00 hours)
Date of AGM	7 th July, 2018

DISCLOSURE ON COMPANY SECRETARY'S RESPONSIBILITY

The Company Secretary confirms that during the year from 1st April, 2017 to 31st March, 2018, the Bank has:

1. Maintained all the Books of Account and Statutory Registers required under the Companies Act, 2013, and the Rules made there under coming under the purview of Company Secretary's responsibility;
 - a) Filed all Forms and Returns and furnished all necessary particulars to the Registrar of Companies and / or authorities as required under the Companies Act, 2013, coming under the purview of Company Secretary's responsibility;
 - b) Issued all Notices required to be given for Board/Committee and General Meetings as per the requirement of the Companies Act, 2013;
 - c) Complied with the requirements relating to maintenance of Minutes of the proceedings of the Meetings of Directors, Committees of the Board and Shareholders;
 - d) Complied with the requirements of the SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015;
 - e) Effected Share Transfers and dispatched Certificates within the statutory time limit;
 - f) Redressed complaints of Shareholders to the best of efforts of the Company;
 - g) Complied with the regulations prescribed by the Stock Exchanges, SEBI, and other Statutory and Regulatory Authorities and also the statutory requirements under the Companies Act, 2013, Banking Regulation Act,1949 and other applicable statutes in force for the Banking Company, as far as they relate to the Company Secretary.
 - h) Made due disclosure required under the applicable Acts; obtained all necessary approvals of Directors, Shareholders, Central and State Governments and other regulatory agencies.
2. None of the Directors were disqualified under section 164 of the Companies Act, 2013 during the year under review.
3. The Board of Directors of Bank duly met twelve times during the financial year and in respect of meetings conducted during the period proper notices were given and the proceedings were properly recorded and signed in the Minute's Book maintained for the purpose. The meetings of various Committees of the Board were duly and properly convened and minutes of such meetings have been properly recorded and signed in the Minute's Book maintained for the purpose.
4. The Annual General Meeting for the financial year 2016-17 was held on 17th June, 2017 after giving due notice to the members of the Bank and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
5. The Bank has not advanced any loans to its Directors or persons or firms or Companies referred to under section 185 of the Companies Act, 2013, during the financial year.
6. The Bank has not entered into any contracts falling within the purview of section 184 of the Companies Act, 2013.
7. A Share Transfer Committee of the Board has approved the transfer, sub-division/consolidation etc. of shares of the bank. The proceedings of the above committee have been properly recorded, signed in the Minutes Book maintained for the purpose.
8. Unclaimed amount, in respect of unpaid / unclaimed dividend warrants have been transferred to the Investor Education and Protection Fund of the Central Govt. with HDFC Bank within the prescribed time limit. The Bank has credited all the shares having any unclaimed/unpaid dividends for the last seven years (i.e., dividends for financial years upto 2009-10) and to whom the Bank had given intimation in the manner prescribed under Rule 6 of the IEPF Rules as amended to the designated DEMAT Account of the IEPF Authority.
9. The Board of the Bank is duly constituted and the appointment/re-appointment of the Chairman & CEO and other Directors has been duly made.
10. The appointment/re-appointment of the Chairman & CEO and other Directors of the Bank have been made in accordance with the Articles of Association of the Bank read with the relevant provisions of the Companies Act, 2013 and in accordance with Banking Regulation Act, 1949.
11. The Directors disclosed their interest in other firms /companies to the Board of Directors, pursuant to the provisions of section 164(2) of the Companies Act, 2013 and the rules made there under and their disclosures have been noted and recorded by the Board.
12. The Bank has not bought back any shares during the financial year.

Place: Srinagar
Date : 19th May, 2018

Mohammad Shafi Mir
Company Secretary

To

The Members of

The Jammu and Kashmir Bank Limited

We have examined the compliance of the conditions of the Corporate Governance by The Jammu and Kashmir Bank Limited for the year ended 31st March, 2018 as stipulated in Schedule V to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 applicable to the said Bank.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Bank for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor expression of opinion on the financial statements of the Bank.

We certify that in our opinion and to the best of our information and according to explanations given to us, the Bank has complied with the conditions of Corporate Governance as stipulated in Schedule V to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

We state that no investor grievance is pending for a period exceeding one month against the Bank as per the records maintained by the Bank.

In terms of our report of even date annexed

For

For O P Garg & Co.
Chartered Accountants
FRN:01194N

(CA.Vikram Garg)
Partner
M.No.097038

For Verma Associates.
Chartered Accountants
FRN:02717N

(CA.MadanVerma)
Partner
M.No.081631

For P C Bindal & Co.
Chartered Accountants
FRN:03824N

(CA.Rajan Gupta)
Partner
M.No.090330

For K.K.Goel & Associates.
Chartered Accountants
FRN:05299N

(CA.Amit Goel)
Partner
M.No.098913

Place : Srinagar

Dated : 30th May, 2018

Information to Shareholders

[This Memorandum of Information also gives information on matters required to be disclosed as a part of the Report on Corporate Governance]

Dear Members,

It is our pleasure to send you the Notice of 80th Annual General Meeting of the Bank which is scheduled to be held at Sher-i-Kashmir International Conference Centre (SKICC), Srinagar, J&K on 7th July, 2018 at 1100 hours. You are hereby invited to attend the Meeting.

Notice Enclosures

Kindly find enclosed with the Notice of the Annual General Meeting the following documents:

- i) Copy of the Annual Report for the year ended 31st March, 2018
- ii) Feedback Form
- iii) Bank's Mandate Form
- iv) Nomination Form
- v) Cancellation or variation of Nomination
- vi) NECS-I Mandate Form
- vii) NECS-II Mandate Form
- viii) Attendance Slip
- ix) Proxy Form

Rights at the Meeting

You have the right to attend, speak and vote at the Annual General Meeting if you are a Member on the Bank's Register of Members as on 29th June, 2018 or a Beneficiary Holder in the books of the National Securities Depository Limited or the Central Depository Services (India) Limited as at the close of business hours on 29th June, 2018.

Requirements

If you intend to attend the Meeting in person, please bring the attendance slip, duly completed, along with the copy of your Annual Report.

NOTE: IF YOU HAVE ANY QUESTION ABOUT THE MEETING, OR NEED ANY ASSISTANCE, PLEASE CALL THE ANNUAL GENERAL MEETING ENQUIRY LINE ON 0194 - 2481930- 35 - EXTENSION: 1541, 1542 DURING WORKING HOURS.

Appointment of Proxy

Any Member of the Company entitled to attend and vote at the Annual General Meeting of the Company shall be entitled to appoint another person to attend and vote on poll instead of himself. The person so appointed is known as Proxy. The person so appointed may be a Member or a Non-Member. The Proxy appointed by you may vote at the Meeting only on a poll. You may note that Proxy is not entitled to speak at the Meeting and cannot vote on the show of hands. If you are not able to come and attend the Meeting personally and intend to appoint Proxy to act and vote on poll on your behalf, you are requested to complete, sign and return the accompanying Proxy Form, together with documents specifying the validity of the appointment of the Proxy, at least forty eight (48) hours before the Annual General Meeting of the Company, so as to reach the Corporate Headquarters of our Bank located at M.A. Road, Srinagar, J&K 190 001, not later than 1100 Hours on 5th July, 2018.

You can give several nominations in the proxy form but only one can act as a proxy to attend or vote at the meeting. The Proxy form needs to be dated and signed by you after affixing revenue stamp of Re. 1/- and in the event of any other person signing on your behalf you shall have to give authority to such person by way of power of attorney which shall be sent by you or that person along with the Proxy Form.

In case of appointment of the Proxy by Corporate Bodies, the Proxy Form should be under the common seal of the Corporate Body or under the hand of the duly authorized Officer or Attorney and appropriate Power of Attorney/Board Resolution or other Authority must be lodged along with the Proxy Form.

You can yourself attend the meeting and vote thereat instead of Proxy before he has voted and in such event your Proxy shall stand revoked.

Please note a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total Share capital of the Bank. A member holding more than 10% of the total share capital of the Bank may appoint a single person as proxy and such person shall not act as proxy for any other person or share holder.

Entry Pass

The Attendance Slip sent herewith should be duly completed and brought with yourself. It will authenticate your right to attend, speak and vote at the meeting and will speed up your admission, whereafter entry passes shall be issued to you. You should preserve the entry passes till the conclusion of the Meeting. Separate entry passes will be given to Members and Proxies.

Arrangement for the Meeting

The Meeting will start at 1100 hours sharp and the doors of the meeting hall will open at 0900 hours.

No electronic gadgetry will be allowed inside the meeting hall and members are requested not to bring any cameras, video recorders, voice recorders etc.

For any enquiry relating to any matter that concerns you as a shareholder of the J&K Bank, you are requested to contact the staff volunteers available at the venue of Meeting.

There will be an arrangement of the "Shareholders Enquiry Desk" for the shareholders who have any enquiry relating to their shareholding. If you have any such enquiry, you are requested to enquire from the staff available at the desk.

Any staff member can be contacted for First Aid facility.

Smoking is strictly prohibited both inside the Hall and as well as within the premises. You are requested to kindly co-operate.

Documents

Copies of all important documents including previous three years Annual Reports, Minutes of last three Annual General Meetings and copies of Memorandum and Articles of Association of the Bank, will be available for inspection of the Members at the Corporate Headquarters, M. A. Road, Srinagar between 1200 hours and 1400 hours on all working days until 05th July, 2018 and also on the date of Meeting at venue from 0900 hours until conclusion of the meeting. Further Annual Accounts of JKB Financial Services Ltd, 100% Subsidiary of Bank, will be made available/available for Inspection to Members at any point of time at the Corporate Headquarters, M.A. Road, Srinagar between 1200 hours and 1400 hours on all working days until 05th July, 2018 and also on the date of Meeting from 0900 hours until conclusion of the meeting.

Proceeding at the Meeting

After conclusion of the Chairman's speech, auditor's report including the comments of C&AG, if any, will be read by the Company Secretary. Afterwards the resolutions which are set out in the Notice of the meeting, will then be put to vote. The members will be given an opportunity to ask questions/speak at the meeting. Members interested to speak at the meeting shall hand over their name slips to the Staff Volunteers and Chairman shall call upon them one by one. As many members may be willing to speak, you are requested to confine your speech to the agenda items set out in the notice of the Meeting.

Voting Rights

The voting rights of the Members is governed by the provisions of Section (47) of Companies Act, 2013, Section 12 of the Banking Regulation Act, 1949, and Article 110-112 of Articles of Association of the Bank. There are following voting rights attached to a Member/Proxy:

On Show of Hands

On show of hands, one member present in person shall have one vote. However, a person appointed as a proxy is not entitled to vote on the show of hands.

On Poll

On poll, every member shall have a right to vote in respect of his share of paid-up equity capital in the total paid-up equity capital of the Bank, whether present in person or through proxy. Your voting right would be in proportion to your share of paid-up equity capital of the Bank.

Manner of Voting

On Show of Hands

Whenever Chairman puts resolution to the vote of meeting, you should raise your hand, so that Chairman could see and take count of your vote, indicating that you are voting either for or against the resolution put before you for voting. Only shareholders present in person and authorized representative of the corporate shareholders are entitled to vote on the show of hands. Proxies are not entitled to vote on the show of hands.

On Poll

On poll being demanded by the requisite number of shareholders, or as and when may be ordered to be taken by the Chairman on any resolution, you will be given ballot papers by the deputed staff and you have to complete the ballot paper in accordance with the instructions contained therein and drop it in the ballot box. Proxy is entitled to vote on the poll.

Dematerialisation of Shares and Depository Services

Dematerialisation is a process, which entails the conversion of physical securities into electronic form. The securities in physical form are shredded and corresponding entry is done in the Investors Electronic Account. The electronic balances are maintained on highly secure systems at the depository. Depository services are an extension of custodial services. Prior to the introduction of depository system, the custodians used to act as the organisation for safekeeping, register, guarding, care watch, inspection and prevention of securities. But the advent of depository system has brought with itself the advantages of electronics and benefits of the custodial services at the doorsteps of investors. The depository allows the shares to be held in electronic form in the same way as money is held in Bank accounts.

A Depository offers following advantages to the Investor:

- Your shares cannot be lost or stolen or mutilated;
- You never need to doubt the genuineness of your shares i.e. whether they are forged or fake;
- Share transactions like transfer, transmission, etc., can be effected immediately;
- Transaction costs are usually lower than on the physical segment;
- There is no risk of bad delivery;
- Bonus/ rights shares allotted to you will be immediately credited to your account; and
- You will receive the statement of accounts of your transactions/ holdings periodically. According to Depository Act, 1996, investors have the option to hold shares in physical form or in electronic form. However, pursuant to directive issued by the Securities & Exchange Board of India (SEBI) shares of your Bank have been notified in the list of securities, where transactions will take place only in electronic mode for all Investors. Shareholders are thus advised to open a Demat Account with depository participant and dematerialise their securities.

Registrar and Share Transfer Agent

The Bank is having a contract with KARVY COMPUTERSHARE PRIVATE LIMITED to act as Registrar and Share Transfer Agent, both for manual and electronic form with the incorporation of following initiatives / standards to ensure quality services to our investors:

1. The Internal Audit / Concurrent Audit to be carried out by independent firm of Company Secretaries / Chartered Accountants which will present a report to our Bank on the performance of KARVY vis-à-vis Jammu and Kashmir Bank Account.
2. Incorporation of query module on the web site www.karisma.karvy.com and the shareholders desirous of using the site need to do the following:
 - a) Log on to the site www.karisma.karvy.com
 - b) Look for options on the left side of the screen
 - c) Click Investors
 - d) This will open welcome to investor service screen
 - e) Sign-up user id and password (self registration)
 - f) Look for options on the left side of the screen

- g) Select Queries
 - h) This will open query module, which needs to be filled. The information required is: application number, Folio number, name and address, phone number, fax number, email id, nature of query/complaint etc. The information will be recorded by Karvy and replied accordingly.
3. A separate email ID, i.e. jkbank@karvy.com has been created exclusively for redressing the queries / complaints of our Shareholders.
 4. Maintenance of the following service standards: Transfer within 7-10 days, Issue of duplicate share certificates within 30 days, Change of address/ mandate /name correction within 1-2 days, Revalidation /Credit of dividend warrants within 2 days, Demat and Remat within 3-5 days, Redressal of investor complaints within 48 hours and e-mail response within 24 hours, Registration of power of attorney within 1-2 days, Split /consolidation/ replacement within 5 days.

All members are requested to directly interact with Karvy on the following address:

Karvy Computershare Private Limited,

UNIT J&K BANK LIMITED, Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032 TEL:- (040)- 67161508, 67161509

In case an Investor desires to make a suggestion for better and improved services, same may be informed to Mr. Mohammad Shafi Mir (Company Secretary), The Jammu and Kashmir Bank Limited, Board Secretariat, Corporate Headquarters, M.A. Road, Srinagar, Jammu and Kashmir 190 001, e-mail:sharedeptt_gc@jkbmail.com

Nomination Facility

The shareholders have the facility of making nomination in accordance with the provisions of Section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) rules 2014 and allied procedures. The shares in the Company shall vest in the nominee, in the event of the death of the shareholder. In case of joint holders, they may together nominate, in the prescribed manner, a person in whom all the rights in the shares of the Company shall vest, in the event of death of the joint shareholders. Investors can make nomination by filling-in and sending form SH-13 (enclosed at the end of the report) to the Company singly, in case of sole holder or jointly, in case of the joint holders.

Shareholders also have the facility to cancel or vary the existing nomination by nominating any other person in place of the present nominee. Shareholders can cancel or vary the nomination by giving the notice of such cancellation or variation, to the Bank in Form No. SH-14 (enclosed at the end of the report).

Bank Mandate Form

In order to avoid the fraudulent encashment of dividend warrants, shareholders are requested to provide their Bank account details to enable us to incorporate the said details in the dividend warrants. A format of the Bank mandate form is enclosed at the end of this report.

NECS Facility

The National Electronic Clearing System (NECS) is intended to avoid the risk of loss/interception of dividend warrants in postal transit and / or fraudulent encashment of dividend warrants. The Shareholders are requested to avail the NECS facility /Direct credit facility, whereby the dividend will be directly credited in electronic form to their respective bank accounts. This will ensure speedy credit of dividend and Company will duly inform the concerned Shareholders when the credit is passed on to their respective bank accounts.

Feedback Form

Dear Member,
J&K Bank requests you to rate the following aspects of this Annual report on the scale given below:

	Below Expectations	Average	Fair	Good	Excellent
Is it informative?	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
How do you rate the Clarity of the contents?	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Is the financial information Comprehensive?	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Is the content of this report relevant to you?	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
What is your Overall feedback on the report?	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

What aspects of the Annual Report did not appeal to you?

What aspects of the Annual Report appealed to you the most?

Signature.....

Name.....

Address.....

Folio No./Client ID.....

Bank's Mandate Form

Folio/Client id No.:	
No. of Equity Shares Held:	

I/We

R/o

do hereby authorize The Jammu and Kashmir Bank Limited to print the following details on my / our dividend Warrant.

Bank Name:

Branch Name:

Account Type (Please Tick) Savings Current Cash Credit

Account Number:

Signature of the Member.....

NOTE:

1. In case you are holding physical shares, the duly filled-in form be sent to Company Secretary, The Jammu and Kashmir Bank Limited, Board Secretariat, Corporate Headquarters, M.A. Road, Srinagar -190001 or to our Share Transfer Agent : KARVY Computershare Pvt. Ltd. Unit: J&K Bank Ltd, Karvy Selenium Tower B, Plot No. 31-32, GACHIBOWLI Financial District, Nanakramguda Hyderabad - 500 032 TEL:- (040) - 67161508, 67161509. In case you are holding in dematerialised form, the duly filled-in form be sent to the concerned depository participant where you are having demat account.
2. Please attach photocopy of a cheque leaf or a blank cancelled cheque issued by your Bank relating to your above account along with self - attested copies of PAN Card and Address Proof.

Form No. SH-13

NOMINATION FORM

[Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To

The Jammu & Kashmir Bank Ltd:
Corporate Headquarters, M. A. Road,
Srinagar - 190001

I/We
..... the holder(s) of the securities particulars of which are
given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest,
all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Folio No.	No. of securities	Certificate No.

(2) PARTICULARS OF NOMINEE/S –

- (a) Name:
- (b) Signature of Nominee: Date of Birth
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:

(3) IN CASE NOMINEE IS A MINOR-

- (a) Date of birth:
- (b) Date of attaining majority:
- (c) Name of guardian:
- (d) Signature of guardian:
- (e) Address of guardian:

(4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY-

- (a) Date of birth:
- (b) Signature of Nominee: Date of Birth
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:
- j) Relationship with the minor nominee:

Security Holder (s):

Witness:

Signature:

Signature:

Name:

Name:

Address:

Address:

.....

.....

.....

.....

INSTRUCTIONS:

1. In case you are holding physical shares, the duly filled-in form be sent to Company Secretary, The Jammu and Kashmir bank Limited, Board Secretariat, Corporate Headquarters, M.A. Road, Srinagar - 190001 or to our Share Transfer Agent: Karvy Computershare Pvt. Ltd. Unit: J&K Bank Ltd, Karvy Selenium Tower B, Plot No. 31 - 32, Gachibowli Financial District, Nanakramguda Hyderabad - 500 032 TEL:- (040) - 67161508, 67161509. In Case you are holding shares in Dematerialised form, the duly filled-in form be sent to the Depository Participant where you are having Demat Account.
2. Please use separate form for each folio. Nomination is applicable to the folio, irrespective of the number of shares registered under the folio. Only one nomination per folio per instance would be entertained
3. The nomination can be made by individuals only applying / holding share(s) on their own behalf singly or jointly upto two persons. Non-Individuals including society, trust, body Corporate, partnership firm, karta of Hindu undivided family, holder of power of attorney, cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form
4. A minor can be nominated by a holder of share(s) and in that event the name and address of the guardian shall be given by the holder.
5. The nominee shall not be a trust, society, body Corporate, karta of Hindu undivided family or a power of attorney holder. A non-resident Indian can be a nominee on Repatriable basis (subject to the Reserve Bank of India's approval as applicable).
6. Nomination stands rescinded upon transfer of share(s) or on receipt of Form No. SH-14 (cancellation or variation of Nomination).
7. Transfer of shares in favour of a nominee shall be a valid discharge by a Company against the legal heirs.
8. The form must be complete in all respects and duly witnessed. Incomplete form is not a valid nomination
9. Subject to rules and regulations as applicable from time to time.

Form No. SH-14

CANCELLATION OF VARIATION OF NOMINATION

[Pursuant to sub - section (3) section 72 of the Companies Act, 2013 and rule 19(9) of the Companies (Share Capital and Debentures) Rules 2014]

To

The Jammu & Kashmir Bank Ltd:
Corporate Headquarters, M. A. Road,
Srinagar - 190001

I/We hereby cancel the nomination(s) made by me/us in favour of

.....
(name and address of the nominee) in respect of the below mentioned securities.

or

I/We hereby nominate the following person in place of as nominee in respect of the below mentioned securities in whom shall vest all rights in respect of such securities in the event of my/ our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being cancelled / varied)

Nature of securities	Folio No.	No. of securities	Certificate No.

(2) PARTICULARS OF THE NEW NOMINEE/S -

- (a) Name:
- (b) Signature of Nominee: Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:

(3) IN CASE NOMINEE IS A MINOR-

- (a) Date of birth:
- (b) Date of attaining majority:
- (c) Name of guardian:.....
- (d) Signature of guardian:.....
- (e) Address of guardian:.....

(4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY-

- a) Name:
- b) Signature of Nominee: Date of Birth:
- c) Father's/Mother's/Spouse's name:
- d) Occupation:.....
- e) Nationality:.....
- f) Address:
- g) E-mail id:.....
- h) Relationship with the security holder:
- j) Relationship with the minor nominee:

Security Holder (s):

Witness:

Signature:

Signature:

Name:

Name:

Address:

Address:

.....

.....

.....

.....

NECS-I (National Electronic Clearing System)

Mandate Form for Payment of Dividend on Equity Shares

(For Shareholders holding Shares in Physical Form)

To

M/s Karvy Computershare Pvt. Ltd.

Unit: J&K Bank Limited

Dear Sir,

I hereby authorise **J&K Bank Limited** to credit dividend (to be declared in future, if any) amount directly to my bank account through NECS, details of which are as under:

1. First/Sole Shareholders Name (in Block letters).....
2. Address.....
3. Regd. Folio No.....
4. Telephone No.....E-mail ID.....
5. Particulars of Bank Account.....
 - a) Bank Name:
 - b) Branch Name & Address (with Pin code & Tel No.):
 - c) Bank Account No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(as appearing on the Cheque Book)
 - d) Account Type (Please tick ✓)

Savings	10
---------	----

Current	11
---------	----

Cash Credit	12
-------------	----
 - e) 9 Digit MICR Code No. of the Bank & Branch appearing on the MICR Cheque issued by the bank
6. Please attach a photograph of the cheque leaf or a bank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the above mentioned code numbers.

Declaration

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold J&K Bank Limited responsible. In case of NECS facility not being available for any reason , the account details provided above may be incorporated in the payment instrument.

Place:

Dated:.....

Signature of the first/ sole shareholder

Notes:

1. If above mandate has already been submitted, please ignore this communication.
2. Kindly fill all columns. Incomplete forms shall not be entertained.
3. Please note that NECS facility is available only at Core Banking Solution Branches (CBS Branches) of the Banks. Therefore, please ensure that you provide only new bank account number allotted by your Bank, post implementation of Core Banking System, to avail NECS.

In case the shareholder is not in a position to give blank "cancelled" cheque or a photocopy thereof, a certificate of the shareholder's Bank may be furnished as under:

Certificate of the Shareholder's Bank

(to be submitted only if blank "cancelled" cheque or a photocopy thereof is not enclosed)

Certificate that the particulars furnished above are correct as per our records.

Bank's Stemp:

Dated:.....

Signature of the Authorised Official of the Bank

**NECS-II (National Electronic Clearing System)
Mandate Form for Payment of Dividend on Equity Shares**

(For Shareholders holding Shares in Electronic Form)

Application No. _____

Date

1. Depository Participant Name / Address _____

2. DP/ Client

a) NSDL

b) CDSL

3. Account Holder's Details

Name of First / Sole	
Name of Second Holder	
Name of Third Holder	

4. I/We request you to make the following modifications to my/our account in your records.

Existing Details	New Details
1) Bank Name	1) Bank Name
2) Branch Name & Address	2) Branch Name & Address
3) Account No.	3) IFSC - Code
	4) 9 Digit MICR Code of Branch
	5) Account No.
	6) Mobile No.
	7) E-mail.

(Attach an Annexure (with signature/s) if the space above is found insufficient)

	First/Sole	Second Holder	Third Holder
Name			
Signature			

Notes:

- Please attach a cancelled cheque leaf having 9 Digit MICR Code, Bank A/c Statement and Self attested copy of PAN CARD for all the holders of the Demat Account.
- Please fill all the details in Block Letters in English.

.....Tear Here.....

Acknowledgement Receipt

Received Modification Bank Account Details request as per details given below:

Application No. _____

Date

a) NSDL

b) CDSL

Account Holder's Details

Name of First / Sole	
Name of Second Holder	
Name of Third Holder	

Depository Participant Seal and Signature



Registered Office:
Corporate Headquarters
M. A. Road, Srinagar, Kashmir - 190001
CIN: L65110JK1938SGC000048
Tel: 0194 - 2481930-35 Ext. 1541-1545
Fax: 0194 - 2481928
Email ID: sharedeptt_gc@jkbmail.com
Website: www.jkbank.net

ATTENDANCE SLIP

(PLEASE BRING THIS ATTENDANCE SLIP DULY COMPLETED WITHOUT FAIL AND HAND IT OVER AT THE ENTRANCE FOR OBTAINING ENTRY PASS)

I/We hereby record my/our presence at the 80th Annual General Meeting of THE JAMMU AND KASHMIR BANK LIMITED held at Sher - i - Kashmir International Conference Centre (SKICC), Srinagar, Kashmir - 190001 on Saturday the 7th July, 2018 at 11.00 AM.

Name of the Shareholder:

Folio No./ Client ID/ DP ID:

Name of the proxy / representative, if any:

I certify that I am a registered Shareholder/ Proxy for the Shareholder of the Bank

Signature of the Shareholder / Proxy

Notes:

1. Attendance slip which is not complete in all respects shall not be accepted.
2. The registration counter will remain open between 9.00 A.M to 11.00 A.M.
3. Joint Shareholders may obtain additional attendance slip on request.



MGT-11 PROXY FORM

Registered Office: Corporate Head Quarters,
M. A. Road, Srinagar, Kashmir -190001
CIN: L65110JK1938SGC000048
Tel: 0194 - 2481930-35 Ext. 1541-1547, Fax: 0194 - 2481928
Email ID: sharedptt_gc@jkbmail.com, Website: www.jkbank.net

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name (s) of the Member (s)	
Registered Address	
Email ID	
Folio No. / Client ID	
DP ID	

I / We being the member (s) of _____ shares of the above named Company, hereby appoint.

1.	Name	
	Address	
	E-mail ID	
	Signature	or failing him
2.	Name	
	Address	
	E-mail ID	
	Signature	

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 80th Annual General Meeting of the Bank to be held on the Saturday 7th July, 2018 at 11.00 a.m., at Sher-i-Kashmir International Conference Centre (SKICC), Srinagar, Kashmir - 190001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Type of Resolution	I/ We assent to the resolution (For)	I/ We Dissent to the resolution (Against)
1.	Adoption of Financial Statements for the year ended 31 st March, 2018.	Ordinary		
2.	Re-appointment of Mr. Abdul Majid Mir (DIN: 02175199) who retires by rotation.	Ordinary		
3.	Fixation of Remuneration to Statutory Auditors for the financial year 2018-19.	Ordinary		
4.	Raising of Equity TIER I Capital, Upto the tune of 1000 Crore.	Special		
5.	Raising of BASEL III Compliant TIER II Capital, Upto the tune of 1000 Crore.	Special		

Signature of the Shareholder:

Signature of the Proxy holder(s):



Signed this.....day of....., 2018

NOTE: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Registered Office: Corporate Head Quarters, M. A. Road, Srinagar, Kashmir -190001

CIN: L65110JK1938SGC000048

Tel: 0194 - 2481930-35 Ext. 1541-1547, Fax: 0194 - 2481928,

Email ID: sharedeptt_gc@jkbmail.com, Website: www.jkbank.net

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]

BALLOT PAPER				
S No	Particulars	Details		
1.	Name of the first named Shareholder (In Block Letters)			
2.	Postal address			
3.	Registered Folio No./ *Client IDNo. (*applicable to investors holding shares in dematerialized form)			
4.	Class of Share	Equity Shares		
5.	Number of Shares			
I hereby exercise my vote in respect of Ordinary/Special Resolutions enumerated below by recording my assent or dissent to the said resolutions in the following manner:				
No.	Item No.	I assent to the resolution	I dissent from the resolution	
1.	To consider and pass with or without modification(s) the following resolution as an ordinary Resolution: "Resolved that Standalone and Consolidated Financial Statements as at 31 st March, 2018 together with Auditor's Report and comments of C&AG thereon, and Report of Directors, be and are hereby approved and adopted."			
2.	To consider and pass with or without modification(s) the following resolution as an ordinary Resolution: "Resolved that Mr. Abdul Majid Mir (DIN 02175199), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as Director of the bank, subject to retiring by rotation."			
3.	To pass with or without modification(s) the following resolution as an ordinary Resolution: "Resolved that pursuant to the provisions of section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors, be and are hereby empowered to pay Remuneration to Statutory Auditors for the financial year ending 31 st March 2019, as per the schedule of the RBI applicable to Public Sector Banks, including remuneration for the Limited Review of Quarterly Financial Results for the periods ending 30 th June, 2018, 30 th September, 2018 and 31 st December, 2018."			
4.	Special Resolution pursuant to Section 42 & Section 62 of the Companies Act 2013, read with the rules framed thereunder, regulations framed by the Securities and Exchange Board of India, as applicable and other applicable laws, rules and regulations, to seek consent of the shareholders for the Board of Directors of the Bank to offer, issue and allot equity shares of the face value Re.1 each of the Bank fully paid up through various means as set out in the Resolution No. 4 to the Notice upto Rs.1000 crores.			
5.	Special Resolution pursuant to Section 42 & Section 62 of the Companies Act 2013, read with the rules framed thereunder, regulations framed by the Securities and Exchange Board of India, as applicable and other applicable laws, rules and regulations, to seek consent of the shareholders for the Board of Directors of the Bank for raising funds through allotment of unsecured, redeemable, subordinated, Non-convertible, BASEL III Compliant TIER II Bonds in the nature of Debentures/ Bonds as set out in the Resolution No. 5 to the Notice aggregating upto Rs.1000 crores.			

Place: Srinagar

Date: 7th July, 2018

(Signature of the shareholder)

ROUTE MAP TO VENUE

Corporate Information

Board of Directors

Mr. Parvez Ahmed
Chairman & CEO

Mr. Navin Kumar Choudhary, IAS
Director

Mr. Yogesh Kumar Dayal
Director

Mr. Abdul Majid Mir
Director

Mr. Azhar-ul-Amin
Director

Mr. Mohammad Maqbool Rather
Director

Mr. Mohammad Ashraf Mir
Director

Dr. Pronab Sen
Director

Mrs. Vijayalakshmi R Iyer
Director

Dr. Sanjiv Agarwal
Director

Mr. Sunil Chandiramani
Director

Mr. Dhaman Kumar Pandoh
Director

Mr. Rahul Bansal
Director

Auditors

O P Garg & Co.
Chartered Accountants

Verma & Associates
Chartered Accountants

P C Bindal & Co.
Chartered Accountants

K K Geol & Associates
Chartered Accountants

Registered Office

The Jammu & Kashmir Bank Ltd.
Corporate Headquarters, M.A. Road,
Srinagar 190 001

CIN : L65110JK1938SGC000048

Website : www.jkbank.net

Email : sharedeptt_gc@jkmail.com

Registrars and Share Transfer Agents

Karvy Computershare Private Limited

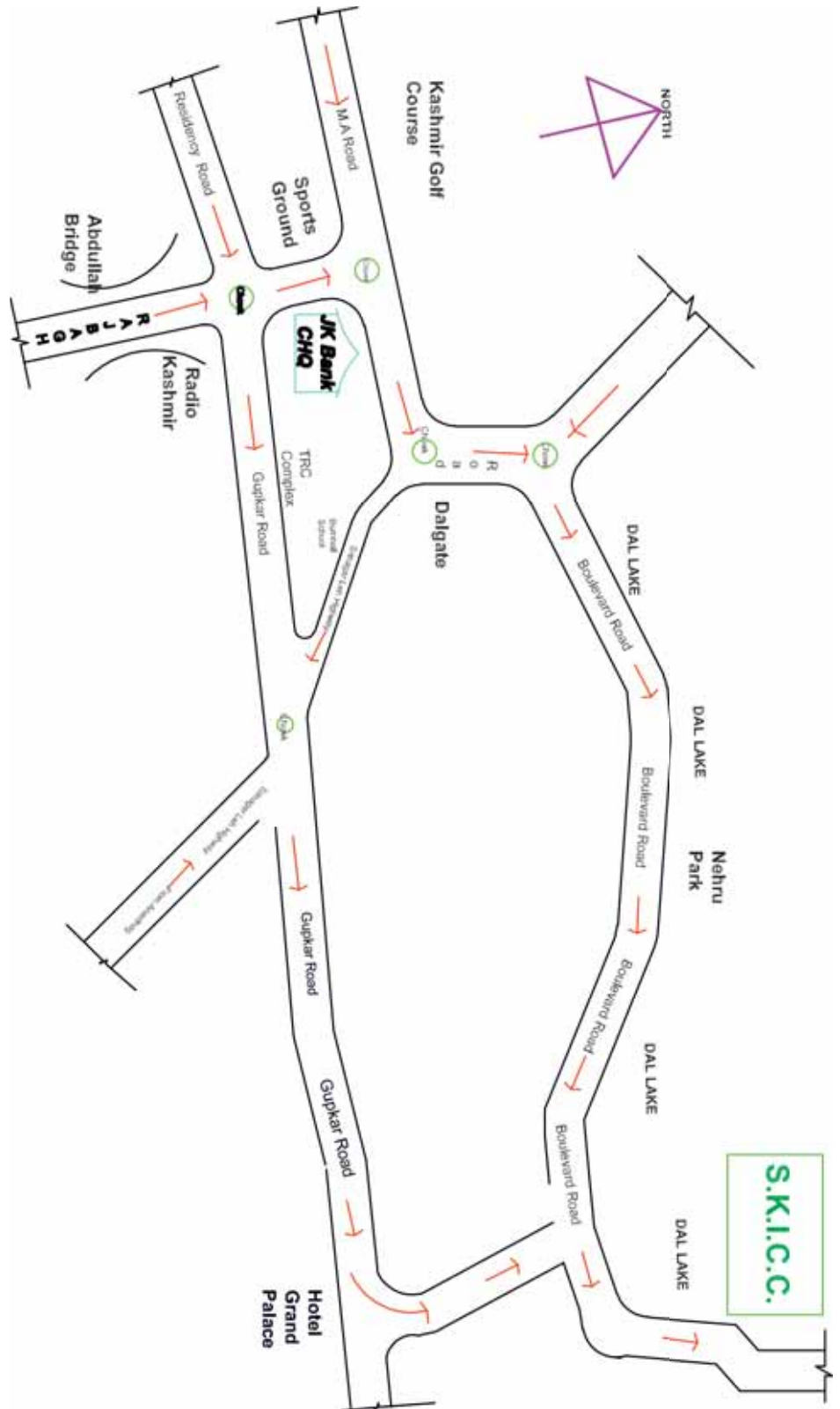
Unit :- Jammu & Kashmir Bank Limited

Karvy Selenium Tower B, Plot 31-32

Gachibowli, Financial District,

Nanakramguda, Hyderabad 500 032

Phone No: 040-67161508, 67161509





J&K Bank

Serving To Empower

The Jammu & Kashmir Bank Limited
Corporate Headquarters
M.A. Road, Srinagar 190 001, Jammu & Kashmir
www.jkbank.com