Basel-II --- Pillar-3 disclosures as on 30.09.2011

Table DF-1: Scope of application

1. Qualitative disclosure			
1.1 Name of the bank in the group to which the Framework applies.	The Jammu and Kashmir Bank Ltd.		
1.2 An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group.			
• The revised capital adequacy norms (in conformity with Basel-II--- Pillar 3 requirements) apply to J&K Bank Ltd at Solo level. • The bank has one fully owned subsidiary i.e. JKB Financial Services Ltd. • The bank has also sponsored one regional rural bank namely, J&K Grameen Bank.			
	Name	Activity	Holding (%)
1.3 That are fully consolidated	JKB Financial Services Ltd	Marketing of Bank's Financial Products	100%
1.4 That are pro-rata consolidated	Nil	NA	NA
1.5 That are given a deduction treatment	J&K Grameen Bank	Rural Banking	35%
1.6 That are neither consolidated nor deducted (e.g. where the investment is risk weighted).	MetLife India	Insurance	11.18%
2. Quantitative Disclosures			
2.1 The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the name(s) of such subsidiaries.			

Entire investment of ₹ 5.00 Crores in JKB Financial Services and ₹ 22.10 crores in J&K Grameen Bank is deducted from Capital of the bank for capital adequacy calculation.
2.2 The aggregate amount (e.g. current book value) of the bank's total interests in the insurance entities, which are risk weighted as well as their name, their country of incorporation or Residence, the proportion of ownership interest and if different, the proportion or voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using deduction.

a)	Name	MetLife India Co. ltd Brigade Seshamahal 5,Vani Vilas Road, Basavangudi, Bangalore-560004
b)	Amount of Investment	₹ 220.27 Crores
c)	Country of Incorporation/ Residence	India
d)	Proportion of ownership interest	11.18%
e)	Proportion of Voting Power	11.18%
f)	Quantitative impact on regulatory capital of using this method versus using deduction.	CRAR under risk weighted method is 13.61% as against 13.05% under deduction method.

Table DF - 2 : Capital Structure

1. Qualitative disclosure	
1.1 Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instrument eligible for inclusion of tier 1 or in the upper tier 2.	The Bank has raised a subordinate debt of ₹. 600 Crores which forms part of lower Tier 2 Capital of the Bank.

2. Quantitative Disclosures	
2.1 The amount of tier 1 capital, with separate disclosure of:	Amount in ₹ Crores
• Paid up capital	• **48. 49**

• Statutory and other disclosed free reserves	• **3749.01**
• Capital Reserves	• **63.13**
• Other capital instruments	• **-------**
• Amount deducted from tier 1 capital, including goodwill and investment.	• **35.98**
Total Tier I Eligible Capital (net of deductions)	• **3824.65**
2.2 The total amount of tier 2 capital (net of deductions from tier 2 capital) :	• **772.38**
2.3 Debt capital instruments eligible for inclusion in upper tier 2 capital	
• Total Amount outstanding	• Nil
• Of which amount raised during the current year	• Nil
• Amount eligible to be reckoned as capital funds	• Nil
2.4 Subordinated debt eligible for inclusion in lower tier 2 capital	
• Total amount outstanding	**600.00**
• Of which the amount raised during the current year	**Nil**
• Amount eligible to be reckoned as capital funds	**600.00**
2.5 Other deductions from capital if any is	**Nil**
2.6 Total eligible capital	**4597.03**

Table DF - 3 : 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 computing capital charge in accordance with methodology prescribed under RBI guidelines on capital adequacy. Sensitivity analysis is conducted annually or more frequently as required, on the movement of capital adequacy ratio (CAR) in the medium horizon of 3 years, considering the projected growth in business. ii) CRAR of the bank has been worked out, based on BASEL-I and BASEL-II guidelines and it is well above the regulatory minimum level of 9%. iii) Policy on Internal Capital Adequacy Assessment Process (ICAAP)has been put in place and the assessment of the capital commensurate to the risk profile is reviewed periodically.	
2. Quantitative Disclosures	Amount in ₹ Crores
2.1 Capital requirements for credit risk	•
• Portfolio subjected to standardized approach (@9%CRAR)	• **2610.79**
• Portfolios subjected to the IRB approaches	• Nil
• Securitization exposures	• Nil
2.2 Capital requirement for market risk (under Standardized duration approach**)**	• **188.16**
• Interest rate risk	• **141.15**
• Foreign exchange risk (including gold)	• **2.25**
• Equity risk	• **44.76**
2.3 Capital requirement for operational risk	•
• Basic indicator approach:	• **240.09**

2.4 Capital Adequacy ratio (CRAR) for consolidated group and significant subsidiaries (as per Basel-II norms)

Name of the Entity	**Total CRAR**	**Tier I CRAR**
J&K bank Ltd (on solo basis)	**13.61%**	**11.32%**

Table DF – 4: Credit Risk

1. Quantitative Disclosures	Amount in ₹ Crores
1.1 Total gross credit risk exposures – Fund based and Non-fund based separately, broken down by major types of credit exposures.	**a) On Balance Sheet--- 53140.14** **b) Off Balance sheet--- 27083.82** **Total ----------- 80223.96**
1.2 Geographic distribution of exposures:	
• Overseas	•
• Domestic	• **80223.96**
1.3 Industrial type distribution of exposure, Fund based and Non-fund based separately.	Major industry type exposure is given separately as per Annexure- A.
1.4 Residual contractual maturity breakdown of assets,	Residual maturity is given separately as per Annexure- B.
1.5 Amount of NPAs (Gross)	**541.90**
• Substandard	• **118.62**
• Doubtful	• **334.12**
• Loss	• **89.16**
1.6 Net NPAs	• **63.03**
1.7 NPA Ratios	
• **Gross NPAs to gross advances**	• **1.89%**
• **Net NPAs to net advances**	• **0.22**
1.8 Movement of NPAs (Gross)	
• Opening balance	• **518.83**
• Additions	• **102.30**
• Reductions • Closing balance	• **79.23** • **541.90**

1.9 Movement of provisions for NPAs	
• Opening balance	• **460.69**
• Provisions made during the period	• **38.00**
• Write-off	• **34.83**
• Write back of excessive provisions	• **------**
• Closing balance	• **463.86**
2.0 Amount of non-performing investment	• **20.00**
2.1 Amount of provisions held for non-performing investment	• **20.00**
2.2 **Movement of provision for depreciation on investments.**	
• Opening balance	• **31.25**
• Provisions made during the period	• **9.13**
• Write-off	• **16.84**
• Write back of excessive provision	• **0.98**
• Closing balance	• **22.56**

Table DF – 5 : Disclosure for portfolio subject to Standardised Approach

1. Quantitative Disclosures	Amount in ₹ Crores
1.1 For 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:	
• Below 100% risk weight	• 34891.23
• 100% risk weight	• 14342.64
• More than 100% risk weight	• 5050.97

Table- 6: Credit risk mitigation: Disclosure for standardized approach

1. **Quantitative Disclosures**	Amount in ₹ Crores
1.1 For disclosure of credit risk portfolio under the standardized approach, the total exposure that is covered by:	• Exposure covered by Deposits/Cash **5398.95**
1.2 Eligible financial collaterals; after the application of haircuts.	Exposure covered by Other Eligible Collaterals
Total	**5398.95**

Table DF – 7 : Asset Securitisation:

- Bank is not currently undertaking any securitization activity.

Table DF - 8: Market risk in trading book

1. **Quantitative Disclosures**	
1.1 The capital requirement for market risk as per Standardized Duration Approach:	• **188.16**
• Interest rate risk.	• **141.14**
• Equity position risk.	• **44.77**
• Foreign exchange risk.	• **2.25**
• Commodity risk.	• **nil**

Table DF – 9--- Operational Risk

1. **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: • **240.09 crores**

Table DF - 10 : Interest rate risk in the banking book (IRRBB)

1. Quantitative Disclosures	
1.1 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 • Changes in net interest income (with 200 bps change in interest rates for both assets and liabilities) • (15.14) Cr • Change in market value of equity (with 100 bps change in interest rates for both assets and liabilities). • 11.26%