Basel-III --- Pillar-3 disclosures as on 31st December - 2016

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 9.625 percent with minimum Common Equity Tier 1 (CET1) of 6.125% as on December 2016. 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	**46934.6**
• Portfolio subjected to standardized approach	46934.6
• Portfolios subjected to the IRB approaches	Nil
• Securitization exposures	Nil
2.2 Capital requirement for market risk (under Standardized duration approach**)**	**3399.1**
• Interest rate risk	2845.1
• Foreign exchange risk (including gold)	30.6
• Equity risk	523.4
2.3 Capital requirement for operational risk	**4705.5**

• Basic indicator approach:	• 4705.5

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	**8.99%**	**8.99%**	**10.28%**

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 three separate Executive level Committees viz, Credit Risk Management Committee (CRMC), Asset-Liability Management Committee (ALCO) 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.

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 counterparty 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--- 821989.6** **b) Off Balance sheet--- 69179.0** **Total ----------- 891168.6**

2.2 Geographic distribution of exposures:	
• Overseas	• **Nil**
• Domestic	• **891168.6**
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)	• **57149.1**
• Substandard	• 15425.5
• Doubtful	• 38935.5
• Loss	• 2788.1
2.6 Net NPAs	• **26991.4**
2.7 NPA Ratios	
• **Gross NPAs to gross advances**	• **11.84**
• **Net NPAs to net advances**	• **5.99**
2.8 Movement of NPAs (Gross)	
• Opening balance (01.10.2016)	• **56829.5**
• Additions during the year	• **1909.7**
• Reductions during the year • Closing balance (31.12.2016)	• **1590.1** • **57149.1**
2.9 Movement of specific provisions (NPAs)	
• Opening balance (01.10.2016)	• **22862.6**
• Provisions made during the year	• 5690.5
• Write-off	• 0.00
• Write back of excessive provisions	• **---**
• Any other adjustment, including transfers between provisions	• **----**

• Closing balance (31.12.2016)	• **28553.1**	
2.10 Movement of General Provisions	**Provisions for Standard asset**	**Provisions for Contingencies / Investment Reserve**
• Opening balance (01.10.2016)	• **5011.6**	**296.7**
• Provisions made during the period	• **0.0**	**0.0**
• Write-off	• **0.0**	**0.0**
• Write back of excessive provisions	• **19.6**	**0.0**
• Any other adjustment, including transfers between provisions	• **0.0**	**0.0**
• Closing balance (31.12.2016)	• **4992.0**	**296.7**
3.0 Write offs booked directly to the income statement during the Quarter	• 5.3	
3.1 Recoveries booked directly to the income statement during the Quarter	• 51.0	
4.0 Amount of non-performing investment	• 5680.9	
4.1 Amount of provisions held for non-performing investment	• 4343.9	
4.2 Movement of provision for depreciation on investments.		
• Opening balance as on 01.10.2016	• 153.5	
• Provisions made during the period	• 72.4	
• Write-off	• 0.0	
• Write back of excessive provision	• 9.5	
• Closing balance 31.12.2016	• 216.4	

5.0 Major industry wise break up of NPAs & Specific Provisions

Industry	NPAs	Specific Provisions
• **Basic Metal & Metal Products**	20720.1	6928.5
• **Infrastructure**	7381.1	2049.7

• **Textiles**	5858.5	3157.1
• **All Engineering**	1603.1	406.8
• **Food Processing**	1184.1	272.0
• **Chemicals & Chemical Products**	856.6	815.1

5.1 Geography wise distribution of NPAs	
• Kashmir Region (including ladakh)	• 6801.8
• Jammu Region	• 1852.2
• North zone (includes states of Delhi, UP, Uttrakhand, West Bengal, Rajasthan, Bihar)	• 26434.3
• Upper North zone (includes states of Punjab & Himachal Pradesh)	• 606.0
• Mumbai Zone (includes states of Maharashtra, Gujarat, Madhya Pradesh, Goa & Chhattisgarh)	• 17067.0
• South Zone (includes states of Karnataka, Kerala, Tamil Nadu & Andhra Pradesh)	• 4387.8
	57149.1

5.2 Geography wise distribution of :	**Specific Provisions**	**General Provisions**
• Kashmir Region (including ladakh)	• 2954.8	• 1119.2
• Jammu Region	• 725.7	• 288.5
• North zone (includes states of Delhi, UP, Uttrakhand, West Bengal, Rajasthan, Bihar)	• 10581.5	• 442.3
• Upper North zone (includes states of Punjab & Himachal Pradesh)	• 263.9	• 22.2
• Mumbai Zone (includes states of Maharashtra, Gujarat, Madhya Pradesh, Goa & Chhattisgarh)	• 8936.2	• 670.2
• South Zone (includes states of Karnataka, Kerala, Tamil Nadu & Andhra Pradesh)	• 1518.6	• 468.7
Floating Provisions / Prov for frauds	• 3572.4	1980.9 (Provisions for UFCE /Restructuring)
Total	**28553.1**	**4992.0**

Table DF – 4 : Disclosure for portfolio subject to Standardised Approach

1. **Qualitative Disclosures:**	
1.1 For portfolio under the standardized approach:	
• **Names of credit rating agencies used, plus reasons for any changes.**	• The Bank's exposure being mainly domestic, rating agencies like CARE, CRISIL, ICRA, India Ratings, Brickwork Ratings and SMERA have been identified for rating of exposure as per RBI guidelines. Designated rating agencies are used irrespective of types of corporate exposures.
• **Type of exposure for which each agency is used.**	• 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.
• **A description of the process used to transfer public issues rating onto comparable assets in the banking book**	• Public issue ratings are used for comparable assets of borrower in the banking book as follows: - 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:	
• Below 100% risk weight	• 553282.7
• 100% risk weight	• 186438.2
• More than 100% risk weight	• 140334.1

J&K Bank

	Basel III common disclosure template	**Amount in ₹ million**		
	Regulatory Capital			
Sr No	**Items**		**Amounts subject to pre-Basel III treatment**	**Ref No:**
	Common Equity Tier 1 capital (CET1): instruments and reserves			
1	Directly issued qualifying common shares capital plus related stock surplus (Share Premium)	1352.7		a+c
2	Retained Earnings	51839.3		b+d+e+g
3	Accumulated other comprehensive income (and other reserves)	0		
4	Directly issued capital subject to phase out from CET 1 (only applicable to non-joint stock companies)	0		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET 1)	0		
6	**Common Equity Tier 1 capital before regulatory adjustments** *(sum of rows 1 to 5)*	**53192.0**		
	Common Equity Tier 1 capital : Regulatory adjustments			
7	**Prudential valuation adjustments**			
8	Goodwill (net of related tax liability)	0		
9	Intangibles other than mortgage servicing rights (net of related tax liability)	0		m
10	Deferred tax assets	0		n
11	Cash-flow hedge reserve	0		
12	Shortfall of provisions to expected losses	0		
13	Securitisation gain on sale	0		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0		
15	Defined-benefit pension fund net assets	0		
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	0		

17	Reciprocal cross-holdings in common equity	0		
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)	0		
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)	200.0		I
20	Mortgage servicing rights (amount above 10% threshhold)	0		
21	Deferred tax assets arising from temporary diffrences (amount above 10% threshhold, net of related tax liability)	0		
22	Amount exceeding the 15% threshhold	0		
23	of which: significant investments in the common stock of financial entities	0		
24	of which: mortgage servicing rights	0		
25	of which: deferred tax assets arising from temporary differences	0		
26	National specific regulatory adjustments (26a+26b+26c+26d)	0		
26a	of which: investments in the equity capital of the unconsolidated insurance subsidiaries	0		
26b	of which: investments in the equity capital of unconsolidated non-financial subsidiaries	0		
26c	of which:Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0		
26d	of which: Unamortised pension fund expenditures	0		
27	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to Pre-Basel III treatment *(please specify the details in remarks column)*	44.9		
	Of which : Investment in equity capital of unconsolidated financial subsidiary			
	Of which: Investment in equity capital of sponsored rural bank			
	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0		
28	**Total regulatory adjustments to Common equity Tier 1**	**244.9**		
29	**Common Equity Tier 1 capital (CET1)**	**52947.1**		
	Additional Tier 1 capital (AT1) : instruments			
30	**Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)**	0		

31	Of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares-(PNCPS)	0		
32	Of which: classified as liabilities under applicable accounting standards (Perpetual Debt Instruments - PDIs)	0		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0		
34	Additional Tier 1 instruments (and CET 1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0		
35	Of which: instruments issued by subsidiaries subject to phase out	0		
36	**Additional Tier 1 capital before regulatory adjustments**	**0**		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0		
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)	0		
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)	0		
41	National specific regulatory adjustments (41a+41b)	0		
41 a	Investments in additional Tier 1 capital of unconsolidated insurance subsidiaries	0		
41 b	Shortfall in Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	0		
	Regulatory adjustments applied to Additional Tier 1 in respect of amounts subject to Pre-Basel III treatment	0		
	Of which: (insert type of adjustment)	0		
	Of which: (insert type of adjustment)	0		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0		
43	**Total regulatory adjustments to Additional Tier 1 capital**	**0**		
44	**Additional Tier 1 capital (AT1) capital**	0		
44 a	**Additional Tier 1 capital (AT1) reckoned for capital adequacy**	0		
45	**Tier 1 capital (T1 = CET1 + Admissible AT1)**	**52947.1**		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0		
47	Directly issued capital instruments subject to phase out from Tier 2	2400.0		i

48	Tier 2 instruments (and CET 1 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	5288.7		f+j+k
51	**Tier 2 capital before regulatory adjustments**	**7688.7**		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0		
53	Reciprocal cross-holdings in Tier 2 instruments	0		
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)	0		
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	116.7		
56	National specific regulatory adjustments (56a+56b)	0		
56 a	Of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	0		
56 b	Of which: Shortfall in Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0		
	Regulatory adjustments applied to Tier 2 capital in respect of amounts subject to Pre-Basel III treatment	0		
	Of which: Type of Adjustment	0		
	Of which: Type of Adjustment	0		
57	**Total regulatory adjustments to Tier 2 capital**	116.7		
58	Tier 2 capital (T2)	7572.0		
58 a	Tier 2 capital reckoned for capital adequacy	7572.0		
58 b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0		
58 c	**Total Tier 2 capital admissible for for capital adequacy**	7572.0		
59	**Total capital (TC = T1 + T2)**	**60519.1**		
	Risk Weighted Assets in respect of amounts subject to Pre-Basel III Treatment			
	Of which --- (Insert type of adjustment)			
	Of which --- (Insert type of adjustment)			
60	**Total Risk Weighted Assets (60a+60b+60c)**	**588941.1**		
60 a	**Of which: total credit risk weighted assets**	487632.6		
60 b	**Of which: total market risk weighted assets**	42489.6		
60 c	**Of which: total operational risk weighted assets**	58818.9		
	Capital Ratios			

61	Common Equity Tier 1 (as a percentage of risk weighted assets)	8.99		
62	Tier 1 (as a percentage of risk weighted assets)	8.99		
63	Total capital (as a percentage of risk weighted assets)	10.28		
64	Institution specific buffer requirement (minimum CET 1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)			
65	Of which : capital conservation buffer requirement	0.625		
66	Of which : bank specific countercyclical buffer requirement	Nil		
67	of which: G-SIB buffer requirement	Nil		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	2.865		
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	6.125		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.625		
71	National total capital minimum ratio (if different from Basel III minimum)	9.625		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	NA		
73	Significant investments in the common stock of financial entities	NA		
74	Mortgage servicing rights (net of related tax liability)	NA		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NA		
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	5288.7		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	6095.4		

78	**Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)**	**NA**		
79	**Cap for inclusion of provisions in Tier 2 under internal ratings-based approach**	**NA**		
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)	**NA**		
80	**Current cap on CET1 instruments subject to phase out arrangements**	**NA**		
81	**Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)**	**NA**		
82	**Current cap on AT1 instruments subject to phase out arrangements**	**NA**		
83	**Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)**	**NA**		
84	**Current cap on T2 instruments subject to phase out arrangements**	**2400.0**		
85	**Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)**	**3600.0**		
	Notes to the Template			
Row no: of the template	Particulars	(Amount in ₹ million)		
10	Deferred tax assets associated with accumulated losses	0.00		
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0.00		
	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	NA		
	of which: Increase in Common Equity Tier 1 capital	NA		
	of which: Increase in Additional Tier 1 capital	NA		
	of which: Increase in Tier 2 capital	NA		
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA		
	(i) Increase in Common Equity Tier 1 capital	NA		

	(ii) Increase in risk weighted assets	NA		
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	NA		
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	NA		
50	Eligible Provisions included in Tier 2 capital	5288.7		
	Eligible Revaluation Reserves included in Tier 2 capital	0.00		
	Total of row 50	5288.7		
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	Nil		

Reconciliation of Regulatory Capital

			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**	**484.9**	
	Reserves & Surplus	**52974.9**	
	Minority Interest		
	Total Capital	**53459.8**	
ii	**Deposits**	**741865.1**	
	of which: Deposits from banks	47519.0	
	of which: Customer deposits	694346.1	
	of which: Other deposits (pl. specify)	0.0	
iii	**Borrowings**	**9215.7**	
	of which: From RBI		
	of which: From banks		
	of which: From other institutions & agencies	3215.7	
	of which: Others (pl. specify)		
	of which: Capital instruments	6000.0	
iv	**Other Liabilities & Provisions**	**17448.9**	

	Total	**821989.5**	
B	**Assets**		
i	**Cash and balances with Reserve Bank of India**	**31455.4**	
	Balance with banks and money at call and short notice	**34555.1**	
ii	**Investments:**	**260664.9**	
	of which: Government securities	192273.5	
	of which: Other approved securities		
	of which: Shares	2311.4	
	of which: Debentures & Bonds	18703.0	
	of which: Subsidiaries	200.0	
	Of which Joint Ventures / Associates/ sponsored banks	456.7	
	of which: Others (Commercial Papers, Mutual Funds CDs etc.)	46720.3	
iii	**Loans and advances**	**450856.0**	
	of which: Loans and advances to banks	579.8	
	of which: Loans and advances to customers	450276.2	
iv	**Fixed assets**	**8979.7**	
v	**Other assets**	**35478.4**	
	of which: Goodwill and intangible assets	0.0	
	of which: Deferred tax assets	0.0	
vi	**Goodwill on consolidation**	0.0	
vii	**Debit balance in Profit & Loss account**	0.0	
	Total Assets	**821989.5**	

			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**	**484.9**		
	of which: Amount eligible for CET 1	484.9		a
	of which: Amount eligible for AT 1			
	Reserves & Surplus	**52974.9**		
	Of which:			
	Statutory reserve	20034.2		b
	Share premium	867.8		c
	Revenue & Other reserves	31173.8		d
	Capital reserves	631.2		e
	Investment reserve	267.9		f
	Current financial year profit			
	Out of which amount eligible for inclusion in Tier 1 capital	0.00		g
	Minority Interest			
	Total Capital	**53459.8**		
ii	**Deposits**	**741865.1**		
	Of which: deposits of banks	47519.0		
	of which: Customer deposits	694346.1		
	of which: Other deposits (pl. specify)			
iii	**Borrowings**	**9215.7**		
	of which: From RBI			

	of which: From banks			
	of which: From other institutions & agencies	3215.7		
	of which: Others (pl. specify)			
	of which: Capital instruments	6000.0		h
	Out of which eligible for inclusion in Tier II capital	2400.0		i
iv	**Other Liabilities & Provisions**	**17448.9**		
	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	4992.0		j
	of which: Provisions for contingencies included under Tier II	28.8		k
	Total	**821989.5**		
B	**Assets**			
i	**Cash and balances with Reserve Bank of India**	**31455.4**		
ii	**Balance with banks and money at call and short notice**	**34555.1**		
iii	**Investments:**	**260664.9**		
	Of which: Government securities	192273.5		
	of which: Other approved securities			
	of which: Shares	2311.4		
	of which: Debentures & Bonds	18703.0		
	of which: Subsidiaries	200.0		l
	Of which: Joint Ventures / Associates	456.7		
	of which: Others (Commercial Papers, Mutual Funds etc.)	46720.3		

iv	**Loans and advances**	**450856.0**		
	of which: Loans and advances to banks	579.8		
	of which: Loans and advances to customers	450276.2		
v	**Fixed assets**	**8979.7**		
vi	**Other assets**	**35478.4**		
	of which: Goodwill and intangible assets Out of which	0.0		m
	Goodwill	0.0		
	Other Intangibles (excluding MSRs)	0.0		
	Deferred tax assets	0.0		n
vii	**Goodwill on consolidation**	0.0		
viii	**Debit balance in Profit & Loss account**	0.00		
	Total Assets	**821989.5**		

	Main features of regulatory capital Instrument (Common Equity Tier I)	
1	**Issuer**	Jammu & Kashmir Bank
2	**Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)**	INE 168A01041
3	**Governing law(s) of the instrument**	Applicable Indian statutes and regulatory requirements
	Regulatory treatment	
4	**Transitional Basel III rules**	Common Equity Tier 1
5	**Post-transitional Basel III rules**	Common Equity Tier 1
6	**Eligible at solo/group/ group & solo**	Solo & Group
7	**Instrument type**	Common Shares
8	**Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)**	₹ 484.9 million
9	**Par value of instrument**	₹ 1 per share
10	**Accounting classification**	Shareholders Equity
11	**Original date of issuance**	Various
12	**Perpetual or dated**	Perpetual
13	**Original maturity date**	No maturity
14	**Issuer call subject to prior supervisory approval**	No
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 Dividend
18	**Coupon rate and any related index**	Not Applicable
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-Cummulative

23	Convertible or non-convertible	Not Applicable
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 Applicable
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

	Main features of regulatory capital Instrument (Lower Tier II bonds of ₹ 6000 million)	
1	Issuer	Jammu & Kashmir Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE168A08012
3	Governing law(s) of the instrument	SEBI Regulations,2008
	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 & Group
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	2400 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
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%
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-Cummulative
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

Annexure-A
Amount in ₹ million

Industry-wise Deployment of Advances and Investment Portfolio as on 31.12.2016		
'S.No	**Industry**	Amount
1	**Mining and quarrying (including Coal)**	**730.3**
2	**Food Processing**	**3544.1**
	Out of 2	
	Sugar	2.3
	Edibile oils & Vanaspati	605.7
	Tea & Coffee	303.6
	Others	2632.4
3	**Beverage & tobacco**	**1656.8**
4	**Textiles**	**14072.1**
	Out of 4	
	Cotton Textiles	1506.1
	Jute Textiles	71.8
	Man - Made Textiles	3042.8
	Other Textiles	9451.4
5	**Leather & Leather Products**	**1207.1**
6	**Wood & Wood Products**	**637.6**
7	**Paper & Paper Products**	**918.7**
8	**Petroleum, Coal Products and Nuclear fuels**	**1.2**
9	**Chemicals and Chemical Products**	**5572.8**
	Out of 9	
	Fertiliser	413.4
	Drugs & Pharmaceuticals	1481.2
	Petro Chemicals	2202.3
	Others	1476.0
10	**Rubber, Plastic & their Products**	**2990.3**
11	**Glass and Glassware**	**13.1**
12	**Cement and Cement Products**	**7361.6**
13	**Basic Metal and Metal Products**	**30744.7**
	Out of 13	
	Iron & Steel	29192.4

	Other Metal & Metal Products	1552.3
14	**All Engineering**	**3833.1**
	Out of 14	
	Electronics	1287.6
	Others	2545.5
15	**Vehicles, Vehicle Parts and Transport equipment**	**96.5**
16	**Gems and Jewellery**	**1633.2**
17	**Construction**	**1044.4**
18	**Infrastructure**	**68514.7**
	Out of 18	
	Power	35223.9
	Telecommunication	11032.4
	Roads & Ports	14561.9
	Other Infrastructure	7696.5
19	**Other Industries**	**4299.6**
	Total Industry	**148871.9**

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.

$$\text{Leverage ratio} = \frac{\text{Capital Measure (Tier 1 Capital)}}{\text{Exposure Measure}}$$

As on 31.12.2016 Amount in ₹ million

Tier 1 Capital	52947.0
Exposure Measure	926230.0
Leverage Ratio	5.72%

Annexure B

Residual contractual maturity of assets as on 31.12.2016 Amount in ₹ million

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 up to 10 years	Over 10 year and up to 15 years	Over 15 years	Total
1	Cash		3306.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3306.8
2	Balances with RBI		0.0	0.0	0.0	1125.9	1325.8	771.3	943.0	2299.7	12737.3	8751.4	101.3	90.1	2.8	0.0	28148.7
3	Balances with other Banks		2555.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2555.2
	(i)	Current Account	935.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	935.0
	(ii)	Money at Call and Short Notice, Term Deposits and other placements	1620.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1620.2
4	Investments (including those under Repos but excluding Reverse Repos)		41030.0	134.2	2093.8	8295.7	7454.3	28042.0	9085.2	28571.1	25867.6	31164.4	16233.4	53614.8	7084.7	656.7	259327.9
5	Advances Performing		18302.2	12799.2	15000.5	733.8	19904.3	13698.9	23318.5	39575.7	228157.6	37242.4	10291.2	3937.7	585.3	317.3	423864.6
	(i)	Bills Purchased and Discounted (including bills under	108.2	174.8	308.0	507.3	4054.6	97.6	456.4	350.1	0.2	1.5	0.1	0.0	0.0	0.0	6058.8

		DUPN)															
	(ii)	**Cash Credits, Overdrafts and Loans repayable on demand**	2072.0	12431.9	14503.9	0.0	0.0	0.0	0.0	0.0	116031.5	0.0	0.0	0.0	0.0	0.0	145039.3
	(iii)	**Term Loans**	16122.0	192.5	188.6	226.6	15849.6	13601.3	22862.1	39225.6	112125.9	37240.9	10291.1	3937.7	585.3	317.3	272766.5
6	**NPAs (Advances and Investments)***		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12166.3	16162.1	0.0	0.0	0.0	28328.4
7	**Fixed Assets**		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8979.7	8979.7
8	**Other Assets**		43.9	263.2	799.9	546.4	1048.3	510.7	0.0	2433.8	1761.8	2873.1	9764.0	0.0	0.0	0.0	20045.1
	(i)	**Leased Assets**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	(ii)	**Others**	0.0	0.0	492.8	546.4	1048.3	510.7	0.0	2433.8	1761.8	2873.1	9764.0	0.0	0.0	0.0	19430.9
	(iii)	**Inter-Office Adjustments**	43.9	263.2	307.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	614.1
9	**Reverse Repos**		0.0	28500.0	0.0	0.0	3500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32000.0
10	**Swaps (Sell / Buy) /maturing forwards**		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	**Bills Rediscounted (DUPN)**		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	**Interest receivable**		240.2	2.9	2.8	3.4	236.2	202.7	340.6	584.4	1663.8	554.9	153.3	58.7	8.7	4.7	4057.3
13	**Committed Lines of Credit**		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	**Export Refinance from RBI**		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	**Others (specify)**		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11376.0	11376.0
16	**Total Inflows**		**65478.1**	**41699.5**	**17897.0**	**10705.3**	**33468.8**	**43225.5**	**33687.3**	**73464.8**	**270188.1**	**92752.4**	**52705.5**	**57701.3**	**7681.6**	**21334.5**	**821989.5**