

Basel-III --- Pillar-3 disclosures as on 30th September- 2020

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 scheduled commercial bank owned by Union Territory of J&K.

(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
J&K Bank Financial Services Ltd/ India	Yes	Line By Line Method	Yes	Line By Line Method	Not Applicable	
J&K Grameen Bank / India	Yes	Equity method (35%)	No	Not Applicable	Not Applicable	

- 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
----Nil---	----Nil---	----Nil---	----Nil---	----Nil---	----Nil---

(ii) Quantitative Disclosures

- c. The List of group entities considered for consolidation as on 30th September 2020:

Name of the entity / country of incorporation	Principal activity of the entity	Total Balance Sheet Equity	Total Balance Sheet Assets
J&K Bank Financial Services Ltd / India	Marketing of Financial Products	₹ 200 million	₹ 221.40 million
J&K Grameen Bank / India	Banking Activities	₹ 340.07 million	₹ 47314.50 million

- 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	₹ 610.8 millions	3.04%	CRAR will reduce by 0.09% under the deduction method

f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group-- Not Applicable

Basel-III --- Pillar-3 disclosures as on 30th September - 2020

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.
<p>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 September 2020. 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.</p> <p>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.</p>

2. <u>Quantitative Disclosures</u>		Amount in ₹ million	
2.1 Capital requirements for credit risk		64486.76	
• Portfolio subjected to standardized approach		64486.76	
• Portfolios subjected to the IRB approaches		• Nil	
• Securitization exposures		• Nil	
2.2 Capital requirement for market risk (under Standardized duration approach)		923.15	
• Interest rate risk		594.04	
• Foreign exchange risk (including gold)		30.60	
• Equity risk		298.51	
2.3 Capital requirement for operational risk		5841.38	
• Basic indicator approach:		5841.38	
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	8.57%	10.05%	11.86%

Risk Exposure and Assessment

<u>Structure and Organisation of Risk Management Function</u>
<p>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</p>

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 borrowers 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 meet at least once in a quarter to discuss all the issues related to Operational/Credit risk and implementation of enhanced risk management framework at the gross root level. Zonal Head, designated Zonal Risk managers and identified business unit heads 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 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. <u>Quantitative Disclosures</u>		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--- 848610.78 b) Off Balance sheet--- 52192.99 Total ----- 900803.77	
2.2 Geographic distribution of exposures:		
• Overseas	• Nil	
• Domestic		900803.77
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) (₹ million)	• 63170.95	
• Substandard	• 6961.40	
• Doubtful	• 45946.01	
• Loss	• 10263.54	
2.6 Net NPAs	• 20233.22	
2.7 NPA Ratios		
• Gross NPAs to gross advances	• 8.87	
• Net NPAs to net advances	• 3.03	
2.8 Movement of NPAs (Gross) (₹ million)		
• Opening balance (01.04.2020)	• 76716.25	
• Additions during the period	• 839.30	
• Reductions during the period	• 14384.60	
• Closing balance (30.09.2020)	• 63170.95	

2.9 Movement of specific provisions (NPAs)		(₹ million)	
• Opening balance (01.04.2020)		• 53765.33	
• Provisions made during the period		• 3440.42	
• Write-off		• 12136.20	
• Write back of excessive provisions		•	
• Any other adjustment, including transfers between provisions		• 3487.17	
• Closing balance (30.09.2020)		• 41582.38	
2.10 Movement of General Provisions	Provisions for Standard asset	Provisions for Contingencies	Provisions for Investment Reserve
• Opening balance (01.04.2020)	4211.78	1.2	377.80
• Provisions made during the period	2397.93		
• Write-off			
• Write back of excessive provisions			
• Any other adjustment, including transfers between provisions			
• Closing balance (30.09.2020)	6609.71	1.2	377.8
3.0 Write offs booked directly to the income statement (01-04-2020 to 30-09-2020)			108.03
			(₹ million)
3.1 Recoveries booked directly to the income statement (01-04-2020 to 30-09-2020)			39.84
4.0 Amount of non-performing investment			7956.31
4.1 Amount of provisions held for non-performing investment			6534.51

4.2 Movement of provision for depreciation on investments.		
• Opening balance as on 01.04.2020		210.75
• Provisions made during the period		142.86
• Write-off		
• Write back of excessive provision		2.07
• Closing balance 30.09.2020		351.54
5.0 Major industry wise break up of NPAs & Specific Provisions		(₹ million)
Industry	NPAs	Specific Provisions
• Basic Metal & Metal Products	3413.63	2888.45
• Infrastructure	13043.92	7681.45
• Food Processing	1416.01	267.38
• Textiles	1673.19	1264.34
• Chemicals & Chemical Products	57.30	23.18
• Vehicles, Vehicle parts & Transport equipment	8.77	3.89
5.1 Geography wise distribution of NPAs		(₹ million)
• Kashmir Region		18292.45
• Jammu Region		6284.27
• North zone (includes states of Delhi, UP, Uttarakhand, West Bengal, Rajasthan, Bihar)		14951.05
• Mumbai Zone (includes states of Maharashtra, Gujarat, Madhya Pradesh, Goa & Chhattisgarh)		23614.96
• UT of Ladakh		28.22
5.2 Geography wise distribution of :	Specific Provisions	General Provisions
(₹ million)		
• Kashmir Region	9709.82	3602.24

• Jammu Region	3909.12	1496.85
• North zone (includes states of Delhi, UP, Uttarakhand, West Bengal, Rajasthan, Bihar, Punjab)	12817.43	400.07
• Mumbai Zone (includes states of Maharashtra, Gujarat, Madhya Pradesh, Goa & Chhattisgarh)	15139.89	858.35
• UT of Ladakh	6.12	136.96
• Provisions for Teaser loans / UFCE		115.23 (Provisions for Teaser Loans/ UFCE)

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

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 ,Acuite and Infomerics 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 	<ul style="list-style-type: none"> Public issue ratings are used for comparable assets of borrower in the banking book as follows: - In cases where the borrower has a specific assessment for an issued debt - but the bank's claim is not an investment in this

comparable assets in the banking book	<p>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.</p> <ul style="list-style-type: none"> • 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. <u>Quantitative Disclosures</u>	Amount ₹ 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	701004.54
• 100% risk weight	326109.25
• More than 100% risk weight	47170.96

Table- DF -5: Credit risk mitigation:

1. Qualitative disclosure
1.1 The general qualitative disclosure requirements with respect to credit risk mitigation
<p>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.</p>
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.
<p>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.</p>

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, Insurance policies, 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:	<ul style="list-style-type: none"> • Exposure covered by Deposits/Cash/ Insurance Policies/NSCs/KVPs <p style="text-align: center;">₹ 69555.63</p>	
2.2 Eligible financial collaterals; after the application of haircuts.		Exposure covered by Other Eligible Collaterals -- Nil

Table DF – 6 : Asset Securitisation:

<ul style="list-style-type: none"> • Bank is not currently undertaking any securitization activity.
--

Table DF - 7:Market risk in trading book

<p>1. Qualitative Disclosures:</p> <p>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.</p>
<p>1.1 The general qualitative disclosure requirement for market risk including the portfolio covered by securitized approach.</p> <p>Risk management and reporting is based on globally accepted parameters such as Modified Duration, PV01, 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 onsite monitoring of adherence to set limits, independent reporting of activities to Top Management and valuation etc.</p>

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:	923.15
• Interest rate risk.	• 594.04
• Equity position risk.	• 298.51
• 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.

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: <p style="text-align: center;">₹ 5841.38(million)</p>
--	---

Table DF -9 : Interest Rate risk in the banking book (IRRBB)

1. Qualitative Disclosures:
<p>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.</p> <p>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.</p> <p>Earnings perspective: Indicates the impact on Bank's Net Interest Income (NII) in the short term.</p> <p>Economic perspective: Indicates the impact on the net-worth of bank due to re-pricing of assets, liabilities and off-balance sheet items.</p> <p>Measurement and computation of interest rate risk in Banking Book under the above two methods is done on a monthly basis.</p>

2. Quantitative Disclosures	
<p>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).</p>	<p><u>Changes on account of Interest rate volatility</u></p> <ul style="list-style-type: none"> • Change in net interest income (with 200 bps change in interest rates for both assets and liabilities) <ul style="list-style-type: none"> ➤ ₹ 74.41 million • Change in market value of equity (with 200 bps change in interest rates for both assets and liabilities). <ul style="list-style-type: none"> ➤ 3.65% (₹ 2107.3 million)

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 September 30, 2020 is given below.

Amount in ₹ million

Particulars	Notional Amount	Current Exposure
Forward forex contracts	12739.06	463.91

DF11: Composition of Capital

Amount in ₹ million

Basel III common disclosure template to be used from September 30,2020			
CommonEquityTier1capital:instrumentsandreserves			Ref No
1	Directly issued qualifying common share capital plus related stock surplus(share premium)	11672.71	A1+B2
2	Retained earnings	41813.88	B1+B3+B4+B8
3	Accumulated other comprehensive income (and other reserves)	4428.40	B7
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies¹)</i>		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	CommonEquityTier1capitalbeforeregulatoryadjustments	57914.99	
CommonEquityTier1capital:regulatoryadjustments			
7	Prudential valuation adjustments (illiquidity premium)	155.51	
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		
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		
18	Investments in the capital of banking, financial and insurance		
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		
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		
26d	Of which: Unamortised pension funds expenditures		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common equity Tier 1	155.51	
29	Common Equity Tier 1 capital (CET1)	57759.48	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	10000	
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)	10000	Part of D2
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
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)		
35	Of which: instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 capital before regulatory adjustments	10000	
Additional Tier 1 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)		
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	<i>Of which:</i> Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	<i>Of which:</i> Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	Total regulatory adjustments to Additional Tier 1 capital		
44	Additional Tier 1 capital (AT1)	10000	
45	Tier 1 capital (T1=CET1+AT1)(29+44)	67759.48	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock	5000.0	D3
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	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	<i>Of which: instruments issued by subsidiaries subject to phase out</i>	0	
50	Provisions ¹¹	7400.86	E1+B5
51	Tier2capitalbeforeregulatoryadjustments	12400.86	
Tier2capital:regulatoryadjustments			
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	<i>Of which: Investments intheTier2capitalofunconsolidated insurance subsidiaries</i>		
56b	<i>ofwhich:ShortfallintheTier2capitalofmajorityownedfinancial entities which have not been consolidated with the bank</i>		
57	Total regulatory adjustments toTier2 capital		
58	Tier2 capital (T2)	12400.86	
59	Totalcapital(TC=T1+T2)(45+58)	80160.34	
60	Total risk weighted assets (60a+60b+60c)	676625.28	
60a	<i>Of which: total credit risk weighted assets</i>	592068.79	
60b	<i>Of which: total market risk weighted assets</i>	11539.31	
60c	<i>Of which :total operational risk weighted assets</i>	73017.19	
Capital ratios and buffers			
61	Common Equity Tier 1(as a percentage of risk weighted assets)	8.54	
62	Tier1 (as a percentage of risk weighted assets)	10.01	
63	Total capital(as a percentage of risk weighted assets)	11.85	

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	<i>Of which: capital conservation buffer requirement</i>	1.875	
66	<i>Of which: bank specific countercyclical buffer requirement</i>		
67	<i>Of which: G-SIB buffer requirement</i>		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)		
National minima (if different from Base III)			
69	National Common Equity Tier 1 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 Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	10474.67	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	7400.86	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>		
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>		
82	<i>Current cap on AT1 instruments subject to phase out</i>		

83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

Notes to the Template

Row No. of the template	Particular	(₹. in million)
10	Deferred tax assets associated with accumulated losses	
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	3856.00
	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	
	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	
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
50	Eligible Provisions included in Tier 2 capital	7400.86
	Eligible Revaluation Reserves included in Tier 2 capital	0.0
	Total of row 50	7400.86

DF 12: 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	713.59	713.59
	Reserves & Surplus	63422.55	63422.55
	Minority Interest	0.00	0.00

	Total Capital	64136.14	64136.14
ii	Deposits	1004658.22	1004658.22
	of which: Deposits from banks	22833.17	22833.17
	of which: Customer deposits	981825.05	981825.05
	of which: Other deposits (pl. specify)	0.00	0.00
iii	Borrowings	20173.87	20173.87
	of which: From RBI	0.00	0.00
	of which: From banks	0.00	0.00
	of which: From other institutions & agencies	173.87	173.87
	of which: Others (pl. specify)		
	of which: Capital instruments	20000	20000
iv	Other Liabilities & Provisions	33868.70	33868.70
	Total	1122836.93	1122836.93
B	Assets		
i	Cash and balances with Reserve Bank of India	36682.74	36682.74
	Balance with banks and money at call and short notice	9046.15	9046.15
ii	Investments:	288182.04	288182.04
	of which: Government securities	259924.2	259924.2
	of which: Other approved securities	0.00	0.00
	of which: Shares	936.3	936.3
	of which: Debentures & Bonds	4340.00	4340.00
	of which: Subsidiaries		
	Of which Joint Ventures / Associates/ sponsored banks	159.74	159.74
	of which: Others (Commercial Papers, Mutual Funds CDs etc.)	22821.8	22821.8
iii	Loans and advances	668138.70	668138.70

	of which: Loans and advances to banks	0.04	0.04
	of which: Loans and advances to customers	668138.66	668138.66
iv	Fixed assets	20301.13	20301.13
v	Other assets	100486.17	100486.17
	of which: Goodwill and intangible assets	0.0	0.0
	of which: Deferred tax assets	3856.00	3856.00
vi	Goodwill on consolidation	0.0	0.0
vii	Debit balance in Profit & Loss account	0.0	0.0
	Total Assets	1122836.93	1122836.93

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	713.59	713.59	A
	of which: Amount eligible for CET 1	713.59	713.59	A1
	of which: Amount eligible for AT 1			
	Reserves & Surplus	63422.55	63422.55	B
	Of which:			
	Statutory reserve			
	of which: amount eligible for capital	21802.70 21794.69	21802.70 21794.69	B1
	Share premium	10959.12	10959.12	B2

	Revenue & Other reserves of which: amount eligible for capital	17721.45 17298.59	17721.45 17298.59	B3
	Capital reserves	1489.00	1489.00	B4
	Investment reserve	377.8	377.8	B5
	Revaluation Reserve	9840.88	9840.88	B6
	Out of which amount eligible for inclusion in Tier 1 capital	4428.40	4428.40	B7
	Special Reserve (u/s 36(i)(viii) of I. Tax act, 1961)	1231.6	1231.6	B8
	Minority Interest			
	Total Capital	58292.79	58292.79	
ii	Deposits	1004658.22	1004658.22	C
	Of which: deposits of banks	22833.17	22833.17	C1
	of which: Customer deposits	981825.05	981825.05	C2
	of which: Other deposits (pl. specify)	0.00	0.00	
iii	Borrowings	20173.87	20173.87	D
	of which: From RBI	0.00	0.00	
	of which: From banks	0.00	0.00	
	of which: From other institutions & agencies	173.87	173.87	D1
	of which: Others (pl. specify)			
	of which: Capital instruments	20000	20000	D2
	Out of which eligible for inclusion in Tier II capital	5000.00	5000.00	D3
iv	Other Liabilities & Provisions	33868.70	33868.70	E
	of which: DTLs related to goodwill	0.0	0.0	
	of which: DTLs related to intangible assets	0.0	0.0	
	of which: Standard asset provision included under Tier II	6609.71	6609.71	E1
	of which: Provisions for contingencies included under Tier II	0.00	0.00	
	Total	1122836.93	1122836.93	

B	Assets			
i	Cash and balances with Reserve Bank of India	36682.74	36682.74	
ii	Balance with banks and money at call and short notice	9046.15	9046.15	
iii	Investments:	288182.04	288182.04	
	Of which: Government securities	259924.2	259924.2	
	of which: Other approved securities	0.00	0.00	
	of which: Shares	936.3	936.3	
	of which: Debentures & Bonds	4340.00	4340.00	
	of which: Subsidiaries			
	Of which: Joint Ventures / Associates	159.74	159.74	
	of which: Others (Commercial Papers, Mutual Funds etc.)	22821.8	22821.8	
iv	Loans and advances	668138.70	668138.70	
	of which: Loans and advances to banks	0.04	0.04	
	of which: Loans and advances to customers	668138.66	668138.66	
v	Fixed assets	20301.13	20301.13	
vi	Other assets	100486.17	100486.17	
	of which: Goodwill and intangible assets Out of which	0.0	0.0	
	Goodwill			
	Other Intangibles (excluding MSRs)	0.00	0.00	
	Deferred tax assets	3856.00	3856.00	
vii	Goodwill on consolidation	0.00	0.00	
viii	Debit balance in Profit & Loss account	0.00	0.00	
	Total Assets	1122836.93	1122836.93	

DF13 : 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)	15,65,92,546 issued on 31st March, 2020 ` 713.45 Million Total Capital as on 31.03.2020
9	Par value of instrument	Re. I/- (one only)
10	Accounting classification	Equity Capital
11	Original date of issuance	48,47,7,8,020 (since inception to 31.03.2016) 3,65,55,051 issued on 20th March, 2017 3,55,25,321 issued on 7th June, 2017 15,65,92,546 issued on 31st March, 2020 71,34,50,938 Total Capital as on 31.03.2020
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

Instrument	Unsecured, Non-Convertible Subordinated Perpetual Additional Tier 1 Basel-III compliant Bonds in the nature of Debentures
Issuance & Trading	Demat Mode
Credit Rating	BWR A.
Mode of Issue	Private placement
Issue Price	₹ 1 million /bond
Objects of the Issue/ Details of the utilization of the Proceeds	Augmenting Additional Tier 1 Capital (as the term is defined in the Basel III Guidelines) and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long term resources
Minimum application size	1 Bond and in multiples of 1 Bond thereafter
Tenor	Perpetual
Security	Unsecured
Conversion	Non-convertible
Coupon Rate	10. 50% p.a. Fixed rate instrument.
Interest Payment Frequency	Annual (The interest shall not be cumulative)
Interest Payment Date	June 14 of every year
Dividend Stopper Clause	<p>This clause will be applicable to these PDIs and it will stop dividend payments on common shares in the event the Bondholders are not paid Coupon. In the event the Bondholders are not paid Coupon, they shall not impede the full discretion that Issuer has at all times to cancel distributions/payments on the PDIs, nor will they impede / hinder:</p> <ul style="list-style-type: none"> (a) The Re-Capitalization of the Bank. (b) The Bank’s right to make payments on other instruments, where the payments on this other instrument were not also fully discretionary. (c) The Bank’s right to making distributions to shareholders for a period that extends beyond the point in time that Coupon /dividends on the PDIs are resumed. (d) The normal operation of the Bank or any

	restructuring activity (including acquisitions/ disposals).
Put Option	No Put Option
Call Option	<p>The exercise of Call Option by the Bank will be subject to ALL of the below mentioned conditions.</p> <p>a) The instrument has run for at least five years</p> <p>b) The prior approval of RBI (Department of Banking Operations & Development).</p> <p>c) The instrument is replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the bank</p> <p>OR</p> <p>d) The bank demonstrating to RBI that its capital position is well above the minimum capital requirements after the Repurchase / Buyback / Redemption. Here, minimum refers to Common Equity Tier 1 of 8% of RWAs (including capital conservation buffer of 2.5% of RWAs) and Total Capital of 11.5% of RWAs including any Additional Capital Requirement identified under Pillar 2.</p>
Exercise of Calls Options in Tax Events and Regulatory Event	<p>Bank may call the instrument due to the occurrence of Tax events or Regulatory event only if permitted by RBI.</p> <p>RBI may permit such type of calls only if it is convinced that the bank was not in a position to anticipate these events at the time of issuance of Perpetual Debt Instruments (PDIs) as per RBI Master circular on Basel-III Capital Regulations July 1, 2013</p>
Repurchase/ Buy-Back / Redemption	<p>The Bank may at any time, subject to the following conditions having been satisfied and such repayment being otherwise permitted by the then prevailing Basel III Guidelines, repay the principal amount of the PDIs by way of repurchasing, buy-back or redemption:</p> <p>(a) with the prior approval of RBI;</p>

	<p>(b) the Bank has not assumed or created any market expectations that RBI approval for such repurchase/redemption/buy-back shall be given; and</p> <p>(c) the Bank: (i) replaces the PDIs with capital of the same or better quality and the replacement of the PDIs is done at conditions which are sustainable for the income capacity of the Bank; or (ii) demonstrates that its capital position is well above the minimum capital requirements after the repurchase / buy-back / redemption; and</p> <p>(d) any other pre-conditions specified in the Basel III Guidelines at such time have been satisfied. Such PDIs may be held, reissued, resold, extinguished or surrendered, at the option of the Bank.</p>
Listing	The PDIs shall be listed on the Wholesale Debt Market (WDM) segment of the BSE. The Designated Stock Exchange for this issue shall be BSE.
Depository	NSDL & CDSL
Deemed Date of Allotment	June 14, 2018
Settlement mode	Payment of interest and repayment of principal shall be made by way of credit through direct credit / NECS /RTGS/NEFT mechanism.
Seniority	<p>The claims of the Bondholders in the PDIs shall be:</p> <p>i. superior to the claims of investors in equity shares and perpetual non-cumulative preference shares, if any, of the Bank whether currently outstanding or issued at any time in the future.</p> <p>ii. subordinated to the claims of depositors, general creditors and subordinated debt of the Bank other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines) of the Bank;</p> <p>iii. neither secured nor covered by a guarantee of the Bank or its related entity or other arrangement that legally or economically enhances the seniority of the claim vis -à-vis creditors of the Bank;</p>
Loss Absorbency	The PDIs are subject to principal loss absorption as described herein and which are required of ‘Additional Tier I instruments’ at Level of Pre-Specified Trigger and at Point of Non Viability as provided for in <i>Annex 16</i> of the Basel III Guidelines.

	<p>The write-down will have the following effects:</p> <ul style="list-style-type: none"> • Reduce the claim of the PDIs(up to nil) in liquidation; • Reduce the amount re-paid (up to nil) when a call is exercised; and • Partially or fully reduce Coupon payments on the PDIs. <p><i>Loss Absorption at Pre-Specified Trigger Level</i> If a Pre-Specified Trigger Level(as described below) occurs, the Bank shall: (a) notify the Trustee; (b) cancel any coupon which is accrued and unpaid to as on the write- down date; and (c) without the need for the consent of Bondholders or the Trustee, write down the outstanding principal of the PDIs by such amount as the Issuer may in its absolute discretion decide subject to the amount of write down not exceeding the amount which would be required to bring the Common Equity Tier 1 (CET 1) ratio to 8% of RWAs (minimum CET 1 of 5.5% + capital conservation buffer of 2.5%) and in no case such amount shall be less than the amount required to immediately return the Issuer’s CET 1 ratio to above the Pre-Specified Trigger Levelor, if this is not possible, the full principal value of the PDIs (the “CET1 Write Down Amount”)</p>
<p>Point of Non-Viability (PONV) Trigger</p>	<p>The PDIs, at the option of the RBI, can be permanently written off upon occurrence of the trigger event, called the Point of Non-Viability Trigger (“PONV Trigger”). If a PONV Trigger (as described below)occurs, the Issuer shall: (a) notify the Trustee; (b) cancel any Coupon which is accrued and unpaid on the PDIs as on the write-down date; and (c) without the need for the consent of Bondholders or the Trustee, write down the outstanding principal of the PDIs by such amount as may be prescribed by RBI and subject as is otherwise required by the RBI at the relevant time.</p> <p>Following writing-off of the PDIs and claims and demands as noted above neither the Bank, nor any other person on the Bank’s behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and</p>

irrevocably extinguished and terminated.

The write-off of any CET 1 capital shall not be required before the write-off of any of the PDIs and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.

‘PONV Trigger Event’ is the earlier of:

- (a) a decision that a permanent write-off without which the Bank would become non-viable, is necessary as determined by the RBI; and
- (b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority.

The PONV Trigger Event will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.

The amount of non-equity capital to be written-off will be determined by RBI.

The order of write-off of the PDIs shall be as specified in the order of Seniority as per this Information Memorandum and any other regulatory norms as may be stipulated by the RBI from time to time.

The PDIs can be written-down multiple times in case the Bank hits the PONV Trigger Level subsequent to the first write-down. The PDIs which have been written down shall not be written up.

The write-off consequent upon the PONV Trigger Event shall occur prior to any public-sector injection of capital so that the capital provided by the public sector is not diluted. The Bondholders shall not have any residual claims on the Bank (including any claims which are senior to ordinary shares of the Bank), following the PONV Trigger Event and when write-off

	<p>is undertaken.</p> <p>For these purposes, the Bank may be considered as non-viable if:</p> <p>The Bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by the Bank should be such that these are likely to result in financial losses and raising the CET 1 capital of the Bank should be considered as the most appropriate way to prevent the Bank from turning non-viable. Such measures would include write-off of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the RBI.</p> <p>The Bank facing financial difficulties and approaching a PONV will be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including augmentation of equity capital through write off of PDIs / public sector injection of funds are likely to:</p> <ul style="list-style-type: none">(a) Restore depositors'/investors' confidence;(b) Improve rating /creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and(c) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds. <p>RBI would follow a two- stage approach to determine the non-viability of the Bank. The Stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of the Bank approaching non-viability and, therefore, a closer examination of the Issuer's financial situation is warranted. The Stage 2 assessment would consist of supplementary subjective criteria which, in conjunction with the Stage 1 information, would help in determining whether the Bank is about to become non-viable. These criteria would be evaluated together and not in isolation. Once the PONV is confirmed, the next step would be to decide whether rescue of the Bank would be through</p>
--	--

	write-off alone or write-off in conjunction with a public-sector injection of funds.
Cross Default	Not Applicable
Treatment of Basel-III compliant PDI instrument of Re-Constitution / Amalgamation/ Acquisition / Winding-Up / Liquidation of the bank	As per terms and conditions specified in Annex 16 of RBI master circular on Basel-III Capital Regulations, (Paras 2.9 to 2.15 and para 3.9), dated July 1, 2013

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)	Rs.5000 Million
9	Par value of instrument	Rs.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
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 complaint Tier II bonds of ₹ 5000 million		
1	Issuer	THE JAMMU & KASHMIR BANK LTD
2	Unique identifier (e.g. CUSIP, <u>ISIN</u> 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)	Rs.5000 Million
9	Par value of instrument	Rs.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
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 = $\frac{\text{Capital Measure (Tier 1 Capital)}}{\text{Exposure Measure}}$

As on 30.06.2020

Amount in ₹ million

Tier 1 Capital	67759.48
Exposure Measure	1175255.63
Leverage Ratio	5.77

Annexure-A
Amount in ₹ million

Industry Name	Total Credit Exposure (Funded and Non-Funded)	Total Investment Exposure	Total Exposure
A. Mining and Quarrying	828.38	0.00	828.38
B. Food Processing	7,025.87	200.00	7,225.87
C. Beverages (excluding Tea & Coffee) and Tobacco	1,466.62	0.00	1,466.62
D. Textiles	19,573.09	0.00	19,573.09
E. Leather and Leather products	2,158.22	0.00	2,158.22
F. Wood and Wood Products	1,399.36	0.00	1,399.36
G. Paper and Paper Products	1,609.38	0.00	1,609.38
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	4,702.57	1,000.00	5,702.57
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	7,293.56	414.00	7,707.56
J. Rubber, Plastic and their Products	7,702.65	0.00	7,702.65
K. Glass & Glassware	125.65	0.00	125.65
L. Cement and Cement Products	9,276.97	0.00	9,276.97
M. Basic Metal and Metal Products	22,007.50	0.00	22,007.50
N. All Engineering	3,897.72	105.20	4,002.92
O. Vehicles, Vehicle Parts and Transport Equipments	216.44	0.00	216.44
P. Gems and Jewellery	6,164.15	0.00	6,164.15
Q. Construction	0.20	0.00	0.20
R. Infrastructure	79,736.36	3,556.90	83,293.26
S. Other Industries.	706475.59	30324.8	736,800.39
All Industries (A to S)	881660.3	35600.9	917261.18

Annexure-B
Amount in ₹ millions

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	5,697.06	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	5,697.06
2	Balances with RBI	0.00	0.00	0.00	1,425.34	374.93	526.76	2,199.98	1,335.48	11,864.42	8,527.26	3,123.36	0.00	0.00	1,608.16	4,731.51		30,985.68
3	Balances with other Banks	796.14	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	796.14
	(i) Current Account	796.144	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	796.14
	(ii) Money at Call and Short Notice, Term Deposits and other placements	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
4	Investments (including those under Repos but excluding Reverse Repos)	30,573.22	7.90	0.00	106.25	4,973.24	11,650.44	18,325.63	38,558.14	49,864.76	32,728.02	62,589.85	36,608.87	100.14	673.77	99,972.64		286,760.24
5	Advances Performing	5,040.29	17,029.82	19,852.05	68.96	16,793.17	17,179.03	25,567.40	42,852.67	296,859.76	104,646.55	52,770.33	34,992.56	12,017.95	2,234.93	102,015.77		647,905.48
	(i) Bills Purchased and Discounted (including bills	27.16	90.58	102.68	65.86	2203.60	80.21	69.18	81.82	0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,721.20
	(ii) Cash Credits, Overdrafts and Loans repayable on	2,201.26	13,207.55	15,408.81	0.00	0.00	0.00	0.00	0.00	174,633.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	205,450.83
	(iii) Term Loans	2,811.87	3,731.69	4,340.56	3.10	14,589.57	17,098.82	25,498.22	42,770.85	122,226.45	104,646.55	52,770.33	34,992.56	12,017.95	2,234.93	102,015.77		439,733.45
6	NPAs (Advances and Investments)*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,893.09	15,761.93	0.00	0.00	0.00	15,761.93		21,655.02
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	20,301.13	20,301.13		20,301.13
8	Other Assets	0.00	0.00	1,639.20	364.30	2,474.80	943.80	2,944.30	2,487.80	11,829.40	3,356.50	12,418.20	0.00	0.00	0.00	12,418.20		38,458.30
	(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	0.00
	(ii) Others(RIDF/NABARD/SIDBI /RHDF)	0.00	0.00	1,639.20	364.30	2,474.80	943.80	2,944.30	2,487.80	11,829.40	3,356.50	12,418.20	0.00	0.00	0.00	12,418.20		38,458.30
	.. Inter-Office Adjustments	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
9	Reverse Repos	8250.00	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	8,250.00
10	Swaps (Sell / Buy) /maturing	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
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	0.00
12	Interest receivable	11.441	0.19	0.153	0.016	76.013	89.087	132.848	222.841	584.853	545.22	274.939	182.315	62.615	11.644	531.51		2,194.18
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	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	0.00
15	Others (specify)	5.56	33.34	38.90	88.91	1,603.26	166.70	511.22	3,998.01	18,253.93	0.00	0.00	0.00	0.00	59,833.70	59,833.70		84,533.53
		5.557	33.341	38.897	88.908	1603.263	166.703	511.221	3998.014	18253.931	0	0	0	0	59,833.70	59,833.70		84,533.53
16	C. Total Inflows	50,373.72	17,071.25	21,530.30	2,053.77	26,295.42	30,555.82	49,681.38	89,454.95	389,257.12	155,696.64	146,938.61	71,783.75	12,180.70	84,663.34	315,566.39		1,147,536.76