

## Limited Review Report

To  
The Board of Directors of  
The Jammu & Kashmir Bank Ltd.

1. We have reviewed the accompanying statement of unaudited Standalone financial results of The Jammu & Kashmir Bank Limited (the "Bank " ) for the quarter/half year ended 30<sup>th</sup> September 2018. These Financial Results are the responsibility of the Bank's management and have been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review of Interim financial results consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. The Financial Results incorporate the relevant returns of **40** Branches and Treasury operations reviewed by us , out of which **20** were reviewed through Core Banking System of the bank and management inputs, **495** branches reviewed by other Chartered Accountants and Banks own officials(retired) acting as Concurrent auditors of the Bank and un-reviewed in respect of **421** branches. In the conduct of our Review, in addition to **40** Branches and Treasury operations reviewed by us, we have relied on the review reports in respect of non-performing assets, received from Banks Concurrent Auditors aggregating **495** branches. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank. The **40** branches reviewed by us cover **51.18%** of advances portfolio of the Bank and **84.98%** of NPA of the bank.
4. Based on our review conducted as aforesaid, subject to limitations in scope as mentioned in para 2 above, and read with Notes to Accounts nothing has come to our attention that causes us to believe that the accompanying statement of

unaudited financial results prepared in accordance with applicable accounting standards and other prevailing recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

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

  
CA. Manish Kumar Gupta  
Partner  
(M. No. 097191)  

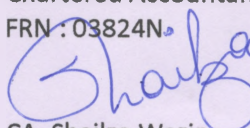
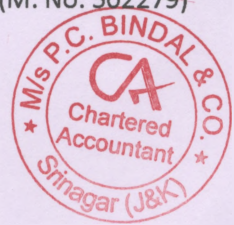

Srinagar,

Dated:16.10.2018

For Verma Associates  
Chartered Accountants  
FRN : 02717N

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


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

  
CA. Shailza Wazir  
Partner  
(M. No. 502279)  


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

  
CA. Kamlesh Kumar Goel  
Partner  
(M. No. 015002)  


**BALANCE SHEET AS AT 30TH SEPTEMBER, 2018**

( ₹ IN CRORES )

As at 30.09.2018 As at 30.09.2017

**CAPITAL AND LIABILITIES**

|  |          |          |
|--|----------|----------|
| Capital .....                          | 55.70    | 55.70    |
| Reserves and Surplus* .....            | 6251.86  | 5997.29  |
| Deposits .....                         | 81429.22 | 70384.60 |
| Borrowings .....                       | 4137.65  | 1130.53  |
| Other Liabilities and Provisions ..... | 2216.19  | 1792.38  |

**TOTAL :-** 94090.62 79360.50

**ASSETS**

|   |          |          |
|---|----------|----------|
| Cash and Balance with Reserve Bank of India .....     | 3626.59  | 3158.24  |
| Balance with Banks & Money at Call & Short Notice ... | 183.63   | 909.95   |
| Investments .....                                     | 20542.22 | 18905.38 |
| Advances .....  | 63691.19 | 51341.32 |
| Fixed Assets .....                                    | 1603.41  | 1552.76  |
| Other Assets .....                                    | 4443.58  | 3492.85  |

**TOTAL :-** 94090.62 79360.50

\* Includes Profit for the half year Rs.146.34 Crores (Previous corresponding half year Rs.101.83 Crores)

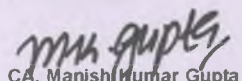
FOR & ON BEHALF OF THE BOARD

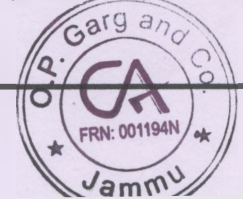
  
**Parvez Ahmed**  
Chairman & CEO  
DIN: 03467232

Place : Srinagar  
Dated : 16th October, 2018

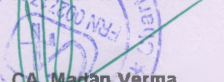
**In terms of our report of even date annexed**

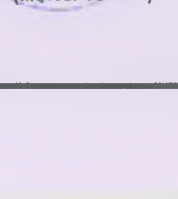
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FRN: 01194N

  
CA. Manish Kumar Gupta  
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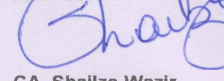


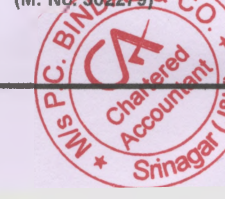
For Verma Associates  
Chartered Accountants  
FRN: 02717N

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

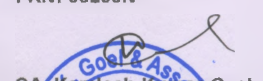


For P C Bindal & Co  
Chartered Accountants  
FRN: 03824N

  
CA. Shallza Wazir  
Partner  
(M. No. 502279)



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

  
CA. Kamlesh Kumar Goel  
Partner  
(M. No. 016002)



**SEGMENT RESULTS**

(₹ in Crores)

(₹ in Crores)

| S.No. | PARTICULARS  | 3 Months Ended |              |              | HALF-YEAR ENDED |              | YEAR ENDED | Description                            | 3 Months Ended |              |              | HALF-YEAR ENDED |              | YEAR ENDED |
|-------|--|----------------|--------------|--------------|-----------------|--------------|------------|--|----------------|--------------|--------------|-----------------|--------------|------------|
|       |  | 30.09.2018     | 30.09.2019   | 30.09.2017   | 30.09.2018      |              | 31.03.2018 |  | 30.09.2018     | 30.09.2019   | 30.09.2017   | 30.09.2018      |              | 31.03.2018 |
|       |  | (Un-Audited)   | (Un-Audited) | (Un-Audited) | (Un-Audited)    | (Un-Audited) | (Audited)  |  | (Un-Audited)   | (Un-Audited) | (Un-Audited) | (Un-Audited)    | (Un-Audited) | (Audited)  |
| 1     | Interest Earned (net of tax)   | 1844.88        | 1782.88      | 1698.43      | 3602.85         | 3548.75      | 8621.48    | 1) Segment Revenue (Income)            |                |              |              |                 |              |            |
|       | a) Interest/Discount on Advances/Bills   | 1444.92        | 1327.19      | 1244.50      | 2772.11         | 2451.71      | 4677.74    | i) Treasury Operations                 | 309.18         | 444.28       | 426.42       | 813.46          | 824.43       |            |
|       | b) Income on Investments   | 361.64         | 383.53       | 363.75       | 756.17          | 749.70       | 1431.58    | ii) Corporate/Wholesale Banking        | 658.22         | 506.51       | 571.77       | 1227.73         | 1091.11      |            |
|       | c) Interest on Balance with RBI & Other Inter-Bank Funds   | 33.48          | 41.42        | 58.11        | 74.86           | 145.17       | 211.68     | iii) Retail Banking                    | 1153.28        | 1067.96      | 917.92       | 2221.27         | 1754.83      |            |
|       | d) Others  | 0.04           | 0.75         | 0.07         | 0.79            | 0.17         | 0.40       | iv) Other Banking Business             | 8.70           | 8.45         | 8.43         | 17.15           | 15.09        |            |
|       | e) Other Income  | 111.20         | 134.35       | 165.83       | 245.55          | 215.24       | 486.31     | v) Un-Allocated Business               | -              | -            | -            | -               | -            |            |
| 2     | Total Income (1 + 2)   | 1851.28        | 1867.24      | 1771.48      | 3848.58         | 3581.98      | 7116.71    | Total                                  | 2189.38        | 2090.24      | 1822.54      | 4278.91         | 3778.08      |            |
| 3     | Interest Expended  | 1943.21        | 1953.70      | 1843.91      | 3911.92         | 3758.61      | 8670.13    | Less: Inter-Segment Revenue            | 236.11         | 183.00       | 151.08       | 431.11          | 214.07       |            |
| 4     | Operating Expenses (net of tax)  | 560.40         | 583.81       | 463.47       | 1124.21         | 917.40       | 1984.23    | Net Income from Operations             | 1953.26        | 1907.24      | 1671.46      | 3848.58         | 3561.98      |            |
|       | i) Employees Cost  | 367.54         | 375.24       | 308.02       | 742.78          | 611.19       | 1286.96    | 2) Segment Results (Profit before tax) |                |              |              |                 |              |            |
|       | ii) Other Operating Expenses   | 192.86         | 198.57       | 155.45       | 381.43          | 306.21       | 697.27     | i) Treasury Operations                 | (59.74)        | 44.88        | (5.15)       | (14.85)         | 33.95        |            |
| 5     | Total Expenditure (4+5) (Excluding Provisions & Contingencies)   | 1686.61        | 1547.51      | 1407.28      | 3156.12         | 2873.82      | 5734.84    | ii) Corporate/Wholesale Banking        | 196.78         | 78.18        | 78.18        | 228.94          | 82.87        |            |
| 6     | Operating Profit before Provisions and Contingencies (6-5)   | 342.85         | 349.73       | 364.19       | 692.36          | 732.67       | 1381.87    | iii) Retail Banking                    | 187.01         | 175.06       | 175.06       | 407.51          | 327.82       |            |
| 7     | Provisions (other than tax) and Contingencies  | 172.38         | 255.01       | 242.87       | 427.39          | 521.53       | 1022.74    | iv) Other Banking Business             | 8.29           | 7.90         | 7.84         | 16.16           | 14.25        |            |
| 8     | Exceptional Items  | -              | -            | -            | -               | -            | -          | v) Un-Allocated Business               | (185.58)       | (187.24)     | (133.48)     | (372.80)        | (257.04)     |            |
| 9     | Profit (Loss) from ordinary activities before tax (7-8)  | 170.27         | 94.72        | 121.31       | 264.97          | 211.15       | 359.13     | Total Profit before tax                | 478.37         | 84.72        | 124.31       | 264.97          | 211.15       |            |
| 10    | Tax Expenses   | 78.52          | 42.13        | 48.87        | 118.85          | (128.88)     | (81.77)    | c) Segment Assets                      |                |              |              |                 |              |            |
| 11    | Net Profit (Loss) from ordinary activities after tax (10-11)   | 93.75          | 52.59        | 71.84        | 146.12          | 340.01       | 440.90     | i) Treasury Operations                 | 23632.93       | 23074.29     | 22198.67     | 23632.93        | 22198.67     |            |
| 12    | Extraordinary Items (net of tax expense)   | -              | -            | -            | -               | 238.18       | 238.18     | ii) Corporate/Wholesale Banking        | 32150.72       | 30762.82     | 25833.56     | 32150.72        | 25833.56     |            |
| 13    | Net Profit (Loss) for the period (12-13)   | 93.75          | 52.59        | 71.84        | 146.12          | 578.19       | 679.08     | iii) Retail Banking                    | 38006.81       | 35255.74     | 31327.10     | 38006.81        | 31327.10     |            |
| 14    | Paid-up Equity Share Capital (Face Value Rs. 1/- per share)  | 55.78          | 55.78        | 55.78        | 55.78           | 55.78        | 55.78      | iv) Other Banking Business             | 0.16           | 0.16         | 0.17         | 0.16            | 0.17         |            |
| 15    | Reserve excluding revaluation reserves   | -              | -            | -            | -               | -            | 6106.51    | v) Un-Allocated Business               | -              | -            | -            | -               | -            |            |
| 16    | Analysed Ratios  |                |              |              |                 |              |            | Total                                  | 6307.56        | 6213.81      | 6058.00      | 6307.56         | 6053.00      |            |
|       | (i) Percentage of Shares held by Govt. of J&K  | 59.23%         | 59.23%       | 59.23%       | 59.23%          | 59.23%       | 59.23%     | 3) Capital Employed                    |                |              |              |                 |              |            |
|       | (ii) Capital Adequacy Ratio % (BASEL III)  | 12.02%         | 12.42%       | 11.09%       | 12.02%          | 11.09%       | 11.42%     | i) Treasury Operations                 | 19738.21       | 20462.95     | 22165.40     | 19738.21        | 22165.40     |            |
|       | (iii) CET1 Ratio   | 8.89%          | 8.96%        | 8.19%        | 8.86%           | 8.19%        | 8.24%      | ii) Corporate/Wholesale Banking        | 8463.00        | 8919.87      | 4402.21      | 8463.00         | 4402.21      |            |
|       | (iv) Tier1 Ratio   | 10.15%         | 10.50%       | 9.19%        | 10.15%          | 9.19%        | 9.19%      | iii) Retail Banking                    | (19893.09)     | (21168.06)   | (20513.63)   | (19893.09)      | (20513.63)   |            |
|       | (v) Earning per share (EPS) ₹  |                |              |              |                 |              |            | iv) Other Banking Business             | (0.58)         | (0.75)       | (0.98)       | (0.58)          | (0.98)       |            |
|       | a) Basic and diluted EPS before Extraordinary Items  | 1.88*          | 0.94*        | 1.29*        | 2.63*           | 6.11*        | 7.81*      | v) Un-Allocated Business               | -              | -            | -            | -               | -            |            |
|       | b) Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year ("not annualized") | 1.88*          | 0.94*        | 1.29*        | 2.63*           | 1.83*        | 3.84*      | Total                                  | 6307.56        | 6213.81      | 6058.00      | 6307.56         | 6053.00      |            |
|       | (vi) NPA Ratios  |                |              |              |                 |              |            | Total                                  | 6307.56        | 6213.81      | 6058.00      | 6307.56         | 6053.00      |            |
|       | a) Amount of Gross NPAs  | 6067.86        | 6241.67      | 5982.87      | 6067.86         | 5982.87      | 6008.70    |  |                |              |              |                 |              |            |
|       | b) Amount of Net NPAs  | 2489.82        | 2781.72      | 2442.59      | 2489.82         | 2442.59      | 2791.12    |  |                |              |              |                 |              |            |
|       | c) % of Gross NPAs to Gross Advances   | 9.00%          | 9.83%        | 10.87%       | 9.00%           | 10.87%       | 9.96%      |  |                |              |              |                 |              |            |
|       | d) % of Net NPAs to Net Advances   | 3.91%          | 4.95%        | 4.78%        | 3.91%           | 4.78%        | 4.78%      |  |                |              |              |                 |              |            |
|       | (vii) Return on Assets (ROA) (annualized)  | 0.40%          | 0.24%        | 0.38%        | 0.31%           | 0.29%        | 0.29%      |  |                |              |              |                 |              |            |
| 17    | Aggregate of Public Share Holding  |                |              |              |                 |              |            |  |                |              |              |                 |              |            |
|       | (i) No. of Shares  | 227025360      | 227025360    | 227025360    | 227025360       | 227025360    | 227025360  |  |                |              |              |                 |              |            |
|       | (ii) Percentage of Share Holding   | 40.77%         | 40.77%       | 40.77%       | 40.77%          | 40.77%       | 40.77%     |  |                |              |              |                 |              |            |
| 18    | Promoters and promoter group Shareholding  |                |              |              |                 |              |            |  |                |              |              |                 |              |            |
|       | a) Pledged/Encumbered  |                |              |              |                 |              |            |  |                |              |              |                 |              |            |
|       | - Number of Shares   | Nil            | Nil          | Nil          | Nil             | Nil          | Nil        |  |                |              |              |                 |              |            |
|       | - Percentage of shares (as a % of the total shareholding of promoter and promoter group)   | Nil            | Nil          | Nil          | Nil             | Nil          | Nil        |  |                |              |              |                 |              |            |
|       | - Percentage of shares (as a % of the total share capital of the company)  | Nil            | Nil          | Nil          | Nil             | Nil          | Nil        |  |                |              |              |                 |              |            |
|       | b) Non-encumbered  |                |              |              |                 |              |            |  |                |              |              |                 |              |            |
|       | - Number of Shares   | 329833032      | 329833032    | 329833032    | 329833032       | 329833032    | 329833032  |  |                |              |              |                 |              |            |
|       | - Percentage of shares (as a % of the total shareholding of promoter and promoter group)   | 100%           | 100%         | 100%         | 100%            | 100%         | 100%       |  |                |              |              |                 |              |            |
|       | - Percentage of shares (as a % of the total share capital of the company)  | 59.23%         | 59.23%       | 59.23%       | 59.23%          | 59.23%       | 59.23%     |  |                |              |              |                 |              |            |

**Notes:**  
1. The above standalone financial results have been reviewed by the Audit Committee of the Board in their meeting and approved by the Board of Directors at its meeting held on 16th October, 2018. The same have been reviewed by the Auditors appointed for limited review for the quarter/ half year ended 30th September 2018. In line with the guidelines issued by RBI and as per the requirement of listing agreement with Stock Exchange.  
2. The above results for the quarter / half year ended 30<sup>th</sup> September, 2018 have been prepared following the same accounting policies that were followed in the preparation of a annual financial statements for the year ended 31<sup>st</sup> March, 2018.  
3. The results have been arrived at after considering provision for Non-Performing Assets on the basis of prudential norms and specific guidelines issued by Reserve Bank of India.  
4. During the year ended 30<sup>th</sup> September, 2018 the bank has raised ₹1,000 Crores by issue of Unsecured, listed, redeemable Non-Convertible Basel III compliant Tier-1 perpetual bonds in the nature of debentures.  
5. Reserve Bank of India vide their letter no. DBR, BP, 97392/121.04.2018/2017-18 dated 27.04.2018 has given an option to the bank to spread the additional liability on account of the enhancement in guaranty limits from ₹0.10 crore to ₹0.20 crore under the Payment of Guaranty Act, 1972, over four quarters beginning with the quarter ended 31<sup>st</sup> March, 2018. Accordingly, ₹12.47 crores has been provided in each quarter ended 31.03.2018, 30.06.2018 and 30.09.2018 aggregating ₹37.41 crores and provision of ₹12.47 crore is to be provided in the next quarter of the current financial year. The bank has also set aside ₹40 Crores on estimated basis towards wage revision during the half year ended 30.09.2018.  
6. In terms of RBI circular No.DBR.No.BP.BC.121.06.2012/01-16 dated 01.07.2015 on "BASEL-III capital regulations" read together with the RBI Circular No. DBR.No.BP.BC.80/21.06.2012/01-15 dated 31.03.2015 on Prudential Guidelines on Capital Adequacy and Liquidity standard amendments requires the banks to make applicable Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under BASEL-III framework. Accordingly, these disclosures are being made available on bank's website i.e. www.jkbank.net. These disclosures have not been subjected to review by the auditors.  
7. In compliance to RBI letter no. BVV.BP.S.720/21.04.132/2017-18 dated 08 February, 2018 the bank has maintained a provision of ₹8.95 Crores (5%) against balance outstanding of ₹178.91 crores as on 30.09.2018 under food credit availed by State Government of Punjab.  
8. In view of flood during 2014 and disturbances during 2016 in J&K State, Bank rehabilitated affected borrower accounts under RBI Master Directions issued for Relief Measures by Banks in areas affected by Natural Calamities. The rehabilitation included funding of loss suffered by the borrowers, deferment of instalments of term loans and funding of interest on these accounts. The Bank recognized funded interest in respect of these accounts as interest income up to 31<sup>st</sup> December 2017. Vide RBI letter no. DBR.No.BP.8732/21.04.132/2017-18 dated 30<sup>th</sup> April 2018 the bank has been allowed to deemognize funded interest income by staggering in five quarters beginning with 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2018. Accordingly, the Bank has credited interest Capitalization of ₹128.97 crores during the half year by debit to interest income.  
9. In terms of RBI Circular No. RB/2017-18/200 DBR.No.BP.BC.113/21.04.048/2017-18 dated June 15, 2018 the bank has utilized the option to spread provisioning for mark to market (MTM) losses on investments (G. Sec & Bonds) held in AFS and HTF for the quarter ended September, 2018 as detailed under:  
a. Total MTM provision required for the Qtr. ended September 2018- ₹43.08 Crores  
b. Provision made for depreciation of investment portfolio- ₹10.77 Crores  
c. Provision required to be made in remaining Quarters- ₹32.31 Crores  
d. One of the Advance accounts under SDR in which the bank also held equity shares was classified as NPA and the bank has distributed the depreciation on equity shares acquired under SDR over four calendar quarters from the date of conversion of debt into equity. Accordingly, bank has made provision of ₹74.10 crore up to 30<sup>th</sup> September, 2018 and balance of ₹24.70 crore will be provided in the next quarter.  
10. RBI vide circular No.DBR.No.BP.15199/21.04.048/2018-17 dated June 23, 2017 has advised banks to make extra provision on accounts where insolvency proceedings has been initiated. Accordingly, the bank has identified such accounts and additional provision of ₹18.82 crores has been made.  
11. Provision coverage ratio as at 30<sup>th</sup> September, 2018 is 49.46% after taking into account the floating provision of ₹348.72 crores held by the bank, the coverage ratio as on 30th June, 2018 was 66.79%.  
12. The number of investors complaints pending at the beginning of the quarter were nil, and the complaints received during the quarter were 3 (Three) and all have been disposed off.  
13. The above results are standalone and do not include that of subsidiary company.  
14. Figures of previous period/year have been rearranged/reclassified / regrouped wherever considered necessary to make them comparable with the figures of the period under review.  
15. The statement of Assets and Liabilities is appended.

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

FOR & ON BEHALF OF THE BOARD

For O P Garg & Co  
Chartered Accountants  
FRN: 01194N  
CA. O.P. Garg and Co.  
Partner  
(M. No. 001194N)

For Verma Associates  
Chartered Accountants  
FRN: 027371  
CA. Madan Verma  
Partner  
(M. No. 027371)

For P C Bindal & Co  
Chartered Accountants  
FRN: 03824N  
MIS P.C. BINDAL & CO  
Chartered Accountant  
Srinagar (J&K)

For K K Goel & Associates  
Chartered Accountants  
FRN: 05289N  
CA. Kamlesh Kumar Goel  
Partner  
(M. No. 016002)

Parvez Ahmed  
Chairman & CEO  
DIN: 03467232  
Place : Srinagar  
Dated : 16th October, 2018