

J&K BANK PERFORMANCE EVALUATION POLICY

{FOR THE BOARD AND MEMBERS OF THE BOARD}

**Jammu & Kashmir Bank Ltd.
Corp. Hqrs. M. A. Road
Srinagar 190 001**

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1. Introduction

The Bank conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Banking Regulation Act, 1949; Articles of Association, listing agreement with stock exchanges, internal code of conduct and other policies formulated by the Bank, from time to time, for its internal execution.

As one of the most important functions of the Board of Directors is to oversee the functioning of Bank's top management, this Board Performance Evaluation process aims to ensure that individual directors ("Directors") and the Board of Directors of the Bank ("Board") as a whole work efficiently and effectively in achieving Bank's objectives. This policy aims at establishing a procedure for the Board to conduct periodic evaluation of its own performance and of its committees and individual directors. Hence it is important that every individual Board Member effectively contributes in the Board deliberations. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle shortcomings, if any.

2. Objective

The objective of this policy is to formulate the procedure and also to prescribe and lay down the criteria to evaluate the performance of the entire Board, each individual Director, and sub committees of the Board of the Bank.

3. Definitions & Interpretations:

- 3.1 The term "Director" / "Board Members" shall mean Directors on the Board of Directors of the Bank.
- 3.2 The terms "Whole-time Director" / "Executive Director" shall mean Director on the Board of Directors of the Bank who is in whole-time employment of the Bank, including the Chairman & Chief Executive Officer of the Bank.
- 3.3 The term "Non Executive / Whole time Director" shall mean Directors on the Board of Directors of the Bank who are not in whole time employment of the Bank.
- 3.4 The term "Performance evaluation Policy" or "Policy" shall mean "J&K Bank Performance Evaluation Policy pursuant to Section 178 of the Companies Act, 2013.
- 3.5 The term "Committee" shall mean "The Nomination and Remuneration Committee of the Board of Directors of the Bank.
- 3.6 In "this policy" words imparting the masculine shall include feminine and words imparting singular shall include the plural or vice versa.

4. Waiver and Amendments of the Policy

- 4.1 The J&K Performance Evaluation Policy shall be approved by the Board of Directors of the Bank upon the recommendations of the "Nomination and Remuneration Committee".

- 4.2 The policy and related tools may, subject to the approval of the Board, be reviewed by the "Nomination and Remuneration Committee" to ascertain its appropriateness as per the needs of the Bank.
- 4.3 No waiver of any of the provisions of this policy shall be valid unless, the Board of Directors of the Bank approves such waiver with or without the recommendations of the Nomination & Remuneration Committee of the Bank.
- 4.4 All decisions by the Board of Bank with regard to interest, interpretation, or application of this code shall be binding upon all the Directors of the Bank.

5. Procedure of Evaluation of Board & Directors

- 5.1 In conformity with the statutory requirement, the performance evaluation of all the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 5.2 Independent Directors shall evaluate the performance of non - independent directors and Board as a whole.
- 5.3 The performance evaluation of the sub Committees of the Board shall be conducted by the entire Board.
- 5.4 At least one Meeting of the Independent Directors on the Board of the Bank shall be held every year to review the performance of non Independent directors including the Chairman and the Board as a whole

6. Performance Evaluation of Independent Directors

Based on their qualification, technical expertise, track record, integrity and other criteria mentioned below, each of the Independent Directors shall be assessed by the other directors (including other Independent Directors) whether the said Directors is a fit and proper person and is suitable for holding directorship in the Bank.

S.No	Particulars	Assessment
1.	Name of the Director	
2.	Educational Qualifications	
3.	Relevant Background and Experience	
4.	Any other information relevant to Directorship	
5.	List of entities if any in which he/she is considered as being interested or holding substantial interest within the meaning of Section 5(ne) of the Banking Regulation Act, 1949	

6.	Fund and non-fund facilities, if any, presently availed of by him or his relatives or entities in which he is interested	
7.	Cases, if any, where the director or entities listed above are in default or have been in default in the last five years in respect of credit facilities obtained from the bank or from any other bank.	
8.	If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry of at any profession/ occupation at any time.	
9.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed above for violation of economic laws and regulations	
10.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director	
11.	Whether the director attracts any of the disqualifications envisaged under Section 164 of the Company's Act 2013?	
12.	Has the director or any of the entities listed above been subject to any investigation at the instance of Government department or agency?	
13.	Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/ excise /income tax/foreign exchange /other revenue authorities.	
14.	Whether the director at any time come to the adverse notice of a regulator such as SEBI, IRDA, DCA.	
15.	Attendance, participations in the Meetings.	
16.	Understanding of the Bank and the external environment in which it operates and contribution to strategic direction.	
17.	Adherence to ethical standards employed by the Bank.	
18.	Adherence to Code of conduct for members of the Board of the Bank.	
19.	Compliance with disclosure of interest to the Bank	
20.	Safeguarding of interest of whistle blowers under vigil mechanism and Safeguard of confidential information	

7. Performance Evaluation of Non Independent Directors /Whole time Directors/Chairman & Managing Directors

Based on their qualification, technical expertise, track record, integrity and other criteria mentioned below, each of the Non Independent Directors /Whole time Directors/Chairman & Managing Directors shall be assessed by the Independent Directors only as to whether the said Non-Independent Director /WTD/ CMD is a fit and proper person and is suitable for holding directorship in the Bank.

S.No	Particulars	Assessment
1.	Name of the Director	
2.	Educational Qualifications	
3.	Relevant Background and Experience	
4.	Any other information relevant to Directorship	
5.	List of entities if any in which he/she is considered as being interested or holding substantial interest within the meaning of Section 5(ne) of the Banking Regulation Act, 1949	
6.	Fund and non-fund facilities, if any, presently availed of by him or his relatives or entities in which he is interested	
7.	Cases, if any, where the director or entities listed above are in default or have been in default in the last five years in respect of credit facilities obtained from the bank or from any other bank.	
8.	If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry of at any profession/ occupation at any time.	
9.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed above for violation of economic laws and regulations	
10.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director	
11.	Whether the director attracts any of the disqualifications envisaged under Section 164 of the Company's Act 2013?	
12.	Has the director or any of the entities listed above been subject to any investigation at the instance of Government department or agency?	

13.	Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/ excise /income tax/foreign exchange /other revenue authorities.	
14.	Whether the director at any time come to the adverse notice of a regulator such as SEBI, IRDA, DCA.	
15.	Attendance, participations in the Meetings.	
16.	Understanding of the Bank and the external environment in which it operates and contribution to strategic direction.	
17.	Adherence to ethical standards employed by the Bank.	
18.	Adherence to Code of conduct for members of the Board of the Bank.	
19.	Compliance with policies of the Bank	
20.	Compliance with disclosure of interest to the Bank	
21.	Safeguarding of interest of whistle blowers under vigil mechanism and Safeguard of confidential information	

8. Performance Evaluation of the Board as a whole

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

S.No	Particulars	Assessment Criteria
1.	Composition of Board	Is the composition of the board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy?
2.	Board Meetings	Are sufficient numbers of board meetings, of appropriate length, being held to enable proper consideration of issues?
3.	Chairman of Meetings	The Chairman of the Board effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board.
4.	Conduct of Meetings	Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.

5.	Agendas for meetings	The information provided to directors prior to Board meetings meets expectations in terms of length and level of detail and Board members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.
6.	Notice of Meetings	The Notice for the Meetings of the Board are given to all directors at least 7 days in advance .
7.	Committees of the Board	Bank has necessary Committees which are required and these Committees are working effectively
8.	Appointment & Remuneration of Directors	Nomination and appointment of Board Members and their Remuneration follows clearly established procedures using Board approved procedures and policies.
9.	Effectiveness of Board	The Board of Directors is effective in establishing a corporate environment that promotes timely and effective disclosure, accountability, high ethical standards and compliance with applicable laws and regulations.
10.	Corporate Governance	The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.
11.	Internal control Systems	The Bank's systems of control are effective for identifying material risks and reporting material violations of policies and law and The Board is provided with sufficient information about material risks and problems that affects the Bank's business and prospects.
12.	Financial Statements	The Board receives regular financial updates and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in carrying out the stated mission on a regular basis.
13.	Corporate Social Responsibility	Bank has a policy and subcommittee of the Board to monitor Corporate Social Responsibility, of the Bank.
14.	Stake holders relationships	Bank has a separate Board Committee to look into redressing of complaints of Shareholders, Investors and other Stakeholders of the Bank
15.	Insider trading	The Bank has formulated a mechanism for prevention of Insider Trading pursuant to SEBI Guidelines

9. Performance Evaluation of the Board Committees

The performance of Committees of Board shall also be reviewed from time to time. Based on the criteria given below various sub Committees of the Board shall be assessed by entire Board of the Bank (excluding Members of the Committee whose performance is

evaluated) to ensure that all sub committees performs their roles & functions within their assigned delegations.

S.No	Particulars	Assessment Criteria
1.	Role and Functions of Sub Committees	Is the Role and Functions of each sub Committees of the Board stated in clear terms to take decisions on matters requiring special focus.
2.	Composition of Committees of the Board	Is the composition of the various Committees of the Board appropriate with the right mix of knowledge and skills required for due performance of stated role of the Committee, and in accordance with the statutory provisions, if any, specified in this regard?
3.	Committee Meetings	Are sufficient numbers of Meetings of various sub committees of the Board during the year are being held to enable proper consideration of issues?

10. Disclosure of Policy

The Board's report containing such statement will be made available to shareholders at the general meeting of the Bank. The Policy will be available in the public domain i.e. on the website of the Bank.