

**Independent Auditor's Review Report on Standalone Unaudited Financial Results for the period ended 31<sup>st</sup> December 2019 of the Jammu & Kashmir Bank Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Board of Directors of  
Jammu and Kashmir Bank Limited  
Srinagar

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of Jammu and Kashmir Bank Limited ('the Bank') for the period ended 31<sup>st</sup> December 2019 being submitted by the Bank pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015(as amended), including relevant circular issued by the SEBI from time to time, except for the disclosures relating to Pillar 3 disclosure as at 31<sup>st</sup> December 2019, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement, and have not been reviewed by us.
2. The Statement, which is the responsibility of the Bank's management and has been approved by the Bank's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25, Interim Financial Reporting ('AS 25'), prescribed under Section 133 of the Companies Act, 2013, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India ('the RBI') from time to time ('the RBI guidelines')and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the standalone financial results are free of material misstatement. A review 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 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.
4. The financial results incorporate the relevant returns of 90 branches and Treasury operations reviewed by us, out of which 68 branches were reviewed through Core Banking System('CBS') of the Bank and management inputs, 240 branches reviewed by other Chartered Accountants and Banks' own officials(retired) acting as Concurrent auditors of the Bank and un-reviewed in respect of 618 branches. In the conduct of our Review, in addition to 90 branches and Treasury operations reviewed by us, we have relied on the review reports in respect of non-performing assets received from concurrent auditors of aggregating 240 branches. These review reports cover 76.69 % (of which 51.06% covered by us) of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from un-reviewed branches/other offices and generated through centralized database of the Bank's Head Office.
5. Based on our review conducted as above, subject to limitations in scope as mentioned in para 3 above and read with Notes to Accounts, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the applicable accounting standards and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), 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 RBI in respect of income recognition, asset classification, provisioning and other related matters, except for the disclosures relating to Pillar 3 disclosure including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us, or that it contains any material misstatement.

**6. Emphasis of Matter**

We draw attention to note no.3 to the financial results.

Due to imposition of restrictions in J&K w.e.f August 5, 2019 on account of re-organization of J&K State, all the business activities came to a halt thereby adversely impacting the cash flows in all sectors as a result of which a large number of accounts came under stress. The Bank approached Reserved Bank of India with the request to continue the standard asset classification of distressed MSME accounts of J&K. Expecting a favourable disposal of the request the Bank deferred to run the System Level Asset Classification (SLAC) on September 30, 2019 in respect of MSME borrowers of J&K spread over 21668 accounts involving Rs.1451.44 Crores. However, System Level Asset Classification (SLAC) was carried out on all other accounts and the Bank downgraded Rs.1340.92 cores during the Quarter ended September 30, 2019. The Bank carried System Level Asset Classification (SLAC) across all sectors (including MSME accounts in J&K) on December 31, 2019 and downgraded MSME accounts amounting to Rs.329.01 Crores which were given effect from 30.09.2019 because these were under stress at that point of time as well.

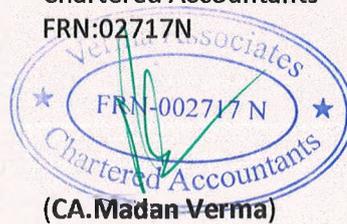
Our conclusion is not modified in respect of this matter.

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



**(CA. Vikram Garg)**  
Partner  
M.No.097038  
UDIN:20097038AAAAAP7516

**For Verma Associates.**  
Chartered Accountants  
FRN:02717N



**(CA. Madan Verma)**  
Partner  
M.No.081631  
UDIN:20081631AAAAAC3511

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



**(CA. Anil Gupta)**  
Partner  
M.No.094713  
UDIN:20094713AAAAAF8209

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



**(CA. Amit Kumar Gupta)**  
Partner  
M.No.501373  
UDIN:20501373AAAAABF5461

Place : Jammu

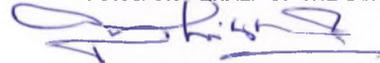
Dated: 31<sup>st</sup> January 2020

**STANDALONE BALANCE SHEET AS AT 31st DECEMBER, 2019**

( ₹ IN CRORES )

	As at 31.12.2019	As at 31.12.2018
<b>CAPITAL AND LIABILITIES</b>		
Capital	55.70	55.70
Reserves and Surplus	5725.09	6355.61
Deposits	93170.08	86210.29
Borrowings	2020.67	3381.54
Other Liabilities and Provisions	2621.16	2349.78
<b>TOTAL :-</b>	<b>103592.69</b>	<b>98352.91</b>
<b>ASSETS</b>		
Cash and Balance with Reserve Bank of India	4232.33	3897.97
Balance with Banks & Money at Call & Short Notice	2321.16	211.00
Investments	23480.18	22828.74
Advances	64488.06	65026.83
Fixed Assets	1685.06	1609.13
Other Assets	7385.90	4779.25
<b>TOTAL :-</b>	<b>103592.69</b>	<b>98352.91</b>

FOR & ON BEHALF OF THE BOARD



**R.K. CHHIBBER**

**Chairman & Managing Director**

**DIN: 08190084**

**Place :Jammu**

**Dated : 31st January,2020**

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

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

CA. Vikram Garg  
Partner  
(M. No. 097038)

For Verma Associates  
Chartered Accountants  
FRN: 02747N

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

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

CA. Anil Gupta  
Partner  
(M. No. 094713)

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

CA. Amit Kumar Gupta  
Partner  
(M. No. 501373)

**SEGMENT RESULTS**

STANDALONE FINANCIAL RESULTS FOR THE QUARTER/NINE-MONTHS ENDED 31st DECEMBER, 2019							SEGMENT RESULTS							
S.No.	PARTICULARS	3 Months Ended	3 Months Ended	3 Months Ended	NINE MONTHS ENDED		YEAR ENDED	Description	3 Months Ended	3 Months Ended	3 Months Ended	NINE MONTHS ENDED		YEAR ENDED
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
		Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	(Audited)		Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	(Audited)
1	Interest Earned (a+b+c+d)	2067.36	2150.77	2002.71	6290.20	5805.66	7675.56	1) Segment Revenue (Income)						
	a) Interest/Discount on Advances/Bills	1591.91	1699.87	1567.85	4916.53	4339.96	5935.24	i) Treasury Operations	486.19	462.52	445.59	1439.10	1259.05	1952.74
	b) Income on Investments	397.32	395.20	399.24	1198.22	1154.41	1551.99	ii) Corporate/Wholesale Banking	600.89	703.54	711.41	2009.86	1939.14	2672.41
	c) Interest on Balance with R.B.I. & Other Inter Bank Funds	78.09	55.70	35.62	175.37	110.50	159.79	iii) Retail Banking	1257.85	1239.09	1224.26	3786.37	3445.53	4879.67
	d) Others	0.04	0.00	0.00	0.09	0.79	28.54	iv) Other Banking Business	7.75	8.22	10.74	28.59	27.89	41.11
2	Other Income	128.88	112.18	183.51	429.01	409.06	812.83	v) Un-Allocated Business	0.00	0.00	0.00	0.00	0.00	0.00
3	Total Income (1 + 2)	2196.02	2262.93	2188.22	6718.21	6014.72	8488.19	Total	2352.69	2413.38	2392.00	7263.92	6671.81	9545.93
4	Interest Expended	1192.71	1208.17	121.08	3570.77	3152.96	4261.83	Less: Inter Segment Revenue	156.67	150.45	225.78	548.71	656.89	1057.74
5	Operating Expenses (1+4)	867.75	858.27	820.22	2001.53	1744.43	2478.86	Net Income from Operations	2196.02	2262.93	2188.22	6718.21	6014.72	8488.19
	I. Employees Cost	468.13	464.32	407.79	1396.33	1150.57	1646.18	2) Segment Results (Profit before tax)						
	II. Other Operating Expenses	199.62	193.95	212.43	605.20	593.86	832.48	i) Treasury Operations	33.41	41.38	24.35	100.90	9.50	132.60
6	Total Expenditure (4+5) (Excluding Provisions & Contingencies)	1860.46	1866.44	1741.30	5572.30	4887.42	6770.29	ii) Corporate/Wholesale Banking	30.04	(876.59)	124.41	(793.29)	353.34	350.67
7	Operating Profit before Provisions and Contingencies (3-6)	335.56	398.50	424.82	1142.81	1117.30	1717.90	iii) Retail Banking	222.00	47.87	231.86	545.13	639.37	1024.55
8	Provisions (other than tax) and Contingencies	683.22	1428.17	252.62	2004.61	680.21	1058.16	iv) Other Banking Business	7.76	8.22	10.31	28.59	26.50	41.11
	-Of which provisions for Non Performing Assets	287.07	1441.36	262.02	1999.07	698.18	1127.85	v) Un-Allocated Business	(240.87)	(252.55)	(218.83)	(743.03)	(591.62)	(889.19)
9	Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	Total Profit before tax	52.34	(1031.68)	172.10	(861.70)	437.09	658.74
10	Profit (e) / Loss (-) from ordinary activities before tax (7-8-9)	52.34	(1031.68)	172.10	(861.70)	437.09	959.74	c) Segment Assets						
11	Tax Expenses	2.70	(114.89)	89.35	(16.39)	187.00	194.85	i) Treasury Operations	29769.95	28736.23	26527.76	29769.95	26527.76	27523.61
	-Income Tax Provisions	0.00	(123.18)	89.80	0.00	227.80	272.24	ii) Corporate/Wholesale Banking	26318.86	28044.41	32346.28	26318.86	32346.28	31834.11
	-Deferred Tax Asset/(Liability)	2.70	8.30	(21.55)	(16.39)	(40.60)	(77.39)	iii) Retail Banking	47477.49	45729.21	39478.71	47477.49	39478.71	42048.57
12	Net Profit (e) / Loss (-) from ordinary activities after tax (10-11)	49.64	(918.82)	103.75	(845.31)	250.09	464.89	iv) Other Banking Business	26.39	0.14	0.16	26.39	0.16	0.00
13	Extraordinary Items (net of tax expenses)	0.00	0.00	0.00	0.00	0.00	0.00	v) Un-Allocated Business	0.00	0.00	0.00	0.00	0.00	0.00
14	Net Profit (e) / Loss (-) for the period (12-13)	49.64	(918.82)	103.75	(845.31)	250.09	464.89	Total:-	103562.89	102510.00	88352.91	103562.89	88352.91	101408.29
15	Paid-up Equity Share Capital (Face Value Rs. 1/- per share)	55.70	55.70	55.70	55.70	55.70	55.70	d) Segment Liabilities						
16	Reserves excluding revaluation reserves						5984.65	i) Treasury Operations	49.15	40.61	4308.83	49.15	4308.83	969.99
17	Revaluation reserves						605.75	ii) Corporate/Wholesale Banking	26302.19	27944.20	28217.66	26302.19	28217.66	27741.73
18	Analytical Ratios							iii) Retail Banking	71460.56	68793.99	61414.98	71460.56	61414.98	66068.47
	(i) Percentage of Shares held by Govt. of J&K	59.23%	59.23%	59.23%	59.23%	59.23%	59.23%	iv) Other Banking Business	0.00	0.05	0.00	0.00	0.13	0.00
	(ii) Capital Adequacy Ratio % (BASEL III)	11.10%	11.17%	11.63%	11.10%	11.63%	12.46%	v) Un-Allocated Business	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) CET1 Ratio	8.15%	7.96%	8.38%	8.15%	8.38%	9.13%	Total:-	97811.91	87783.06	81841.80	97811.91	81841.80	94780.18
	(iv) TIER1 Ratio	9.66%	9.46%	9.83%	9.66%	9.83%	10.60%	3) Capital Employed (Segment assets-Segment Liabilities)						
	(v) Earning per Share (EPS) (Rs.)							i) Treasury Operations	29720.80	28695.62	22218.93	29720.80	22218.93	26553.62
	a) Basic and diluted EPS before Extraordinary Items (net of tax expense) for the period, for the year to date and for the date and for the previous year (* not annualized)	0.89*	(16.46)*	1.86*	(15.18)*	4.49*	8.35	ii) Corporate/Wholesale Banking	16.67	100.22	6128.62	16.67	6128.62	4092.38
	b) Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year (* not annualized)	0.89*	(16.46)*	1.86*	(15.18)*	4.49*	8.35	iii) Retail Banking	(23983.07)	(23064.78)	(21936.27)	(23983.07)	(21936.27)	(24019.90)
	(vi) NPA Ratio's							iv) Other Banking Business	26.39	0.09	0.03	26.39	0.03	0.00
	a) Amount of Gross NPAs	7711.60	7473.29	6859.73	7711.60	6859.73	6221.35	v) Un-Allocated Business	0.00	0.00	0.00	0.00	0.00	0.00
	b) Amount of Net NPAs	2810.32	2942.04	3049.18	2810.32	3049.18	3239.61	Total:-	5780.78	5731.15	6411.31	5780.78	6411.31	6626.10
	c) % of Gross NPAs to Gross Advances	11.10%	10.64%	9.94%	11.10%	9.94%	8.97%							
	d) % of Net NPAs to Net Advances	4.36%	4.48%	4.69%	4.36%	4.69%	4.89%							
	(vii) Return on Assets (Annualized)	0.19%	(3.59)%	0.43%	1.10%	0.36%	0.49							
19	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%							
20	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 total share capital of the company)	59.23%	59.23%	59.23%	59.23%	59.23%	59.23%							

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

FOR & ON BEHALF OF THE BOARD

**P. GARG & CO.**  
For O P Garg & Co  
Chartered Accountants  
FRN: 01194N  
CA. Vikram Garg  
Partner  
(M. No. 097038)

**Verma Associates**  
For Verma Associates  
Chartered Accountants  
FRN: 02717N  
CA. Madan Verma  
Partner  
(M. No. 081634)

**Bindal & Co.**  
For P C Bindal & Co  
Chartered Accountants  
FRN: 03824N  
CA. Anil Gupta  
Partner  
(M. No. 094713)

**Goel & Associates**  
For K K Goel & Associates  
Chartered Accountants  
FRN: 05299N, No. 005299N  
CA. Kishan Kumar Gupta  
Partner  
(M. No. 561873)

**R.K. CHHIBBER**  
Chairman & Managing Director  
DIN: 08190084

Place : Jammu  
Dated : 31st January, 2020

**"NOTES TO ACCOUNTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019"**

1. The above standalone financial results have been reviewed by the Audit Committee of the Board in their meeting held on 30<sup>th</sup> January 2020 and approved by the Board of Directors at its meeting held on 31<sup>st</sup> January, 2020. The same have been reviewed by the Statutory Auditors in accordance with the guidelines issued by RBI and as per the requirement of SEBI Listing regulations.
2. The above results for the period have been prepared following the same accounting policies that were followed in the preparation of annual financial statements for the year ended 31<sup>st</sup> March, 2019.
3. Due to imposition of restrictions in J&K w.e.f August 5, 2019 on account of re-organization of J&K State, all the business activities came to a halt thereby adversely impacting the cash flows in all sectors as a result of which a large number of accounts came under stress. The Bank approached Reserve Bank of India with the request to continue the standard asset classification of distressed MSME accounts of J&K. Expecting a favourable disposal of the request the Bank deferred to run the System Level Asset Classification (SLAC) on September 30, 2019 in respect of MSME borrowers of J&K spread over 21668 accounts involving Rs.1451.44 Crores. However, System Level Asset Classification (SLAC) was carried out on all other accounts and the Bank downgraded Rs.1340.92 cores during the Quarter ended September 30, 2019. The Bank carried System Level Asset Classification (SLAC) across all sectors (including MSME accounts in J&K) on December 31, 2019 and downgraded MSME accounts amounting to Rs.329.01 Crores which were given effect from 30.09.2019 because these were under stress at that point of time as well.
4. Risk Assessment Report (RAR) of the RBI reported divergence in Assets Classification Rs. 195 Crores and Provisioning Rs.884 Crores by the Bank, which has been fully recorded in the Financial Results for the period ended 30<sup>th</sup> September 2019.
5. The results have been arrived at after considering provision for Non-Performing Assets on the basis of prudential norms and specific guidelines issued by the Reserve Bank of India.
6. Pursuant to the proposed bipartite agreement on wage revision (due with effect from November 2017), a sum of Rs.57.21 Crores has been provided during the quarter ended 30<sup>th</sup> September 2019 towards wage revision on estimated basis.
7. RBI circular No.DBR.No.BP.BC.1/21.06.201/2015-16 dated 01.07.2015 on "BASEL-III capital regulations" read together with the RBI Circular No. DBR.No.BP.BC.80/21.06.201/2014-15 dated 31.03.2015 on Prudential Guidelines on Capital Adequacy and Liquidity standard amendments require 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.
8. MTM Provision:

MTM Provision Details	Rs.Crores
<b>MTM Provision held on 31.03.2019</b>	<b>48.44</b>
<b>MTM Provision required on 31.12.2019</b>	<b>54.84</b>
<b>MTM Provision held on 31.12.2019</b>	<b>54.84</b>

9. Provision coverage ratio as at 31<sup>st</sup> December 2019 is 73.30% after taking into account the floating provision of Rs.348.72 Crores held by the bank.



10. The bank has redeemed Lower Tier II Bonds aggregating Rs. 654 Crores and Basel III Tier II Bonds Rs.46.25 Crores during the quarter ended 31<sup>st</sup> December 2019
11. The number of investors complaints pending at the beginning of the quarter were NIL, and the complaints received during the quarter were 6(Six) and all have been disposed-off.
12. NSE and BSE imposed a penalty of Rs.2,12,400 to the Bank for non-submission of reviewed financial results to the Stock Exchanges within the stipulated period of 45 days from the end of the quarter.
13. The above results are standalone and do not include that of subsidiary companies.
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.



**Independent Auditor's Review Report on Consolidated Unaudited Financial Results of the Jammu & Kashmir Bank Limited for the period ended 31<sup>st</sup> December 2019 Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Board of Directors of  
**Jammu & Kashmir Bank Limited**  
Srinagar

1. We have reviewed the accompanying Statement of **Consolidated** Unaudited Financial Results of **Jammu & Kashmir Bank Limited** ("the Parent"/"the Bank") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit/loss after tax for the period ended **31<sup>st</sup> December 2019** ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar 3 disclosure, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatements. A review of interim financial information 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 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.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

Sn.	Name of Company	Relation
1.	The Jammu & Kashmir Bank Ltd	Parent
2.	JKB Financial Services Limited	Subsidiary
3.	J&K Grameen Bank	Associate



The Bank along with Government of Jammu & Kashmir have incorporated a company 'Jammu and Kashmir Asset Reconstruction Limited on 28.04.2017. The Bank has subscribed capital to the tune of Rs.98 Lakhs whereas the Government of J&K has subscribed Rs.102 Lakhs. The promoters i.e. J&K Government and Jammu & Kashmir Bank Limited are yet to release their respective shares towards the subscribed share capital of the company. The Company has not yet commenced operations and as such has not been consolidated.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the branch auditors and other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, except for the disclosures relating to consolidated Pillar 3 disclosure including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us, or that it contains any material misstatement.

6. **Emphasis of Matter**

We draw attention to note no.4 to the financial results.

Due to imposition of restrictions in J&K w.e.f August 5, 2019 on account of re-organization of J&K State, all the business activities came to a halt thereby adversely impacting the cash flows in all sectors as a result of which a large number of accounts came under stress. The Bank approached Reserve Bank of India with the request to continue the standard asset classification of distressed MSME accounts of J&K. Expecting a favourable disposal of the request the Bank deferred to run the System Level Asset Classification (SLAC) on September 30, 2019 in respect of MSME borrowers of J&K spread over 21668 accounts involving Rs.1451.44 Crores. However, System Level Asset Classification (SLAC) was carried out on all other accounts and the Bank downgraded Rs.1340.92 cores during the Quarter ended September 30, 2019. The Bank carried out System Level Asset Classification (SLAC) across all sectors (including MSME accounts in J&K) on December 31, 2019 and downgraded MSME accounts amounting to Rs.329.01 Crores which were given effect from 30.09.2019 because these were under stress at that point of time as well.

Our conclusion is not modified in respect of this matter.

7. We did not review the interim financial results and other financial information of the entity included in the Group, whose results reflect total assets of Rs.19.59 Crores as at 31<sup>st</sup> December 2019 and total revenues of Rs.3.20 Crores and total net loss after tax of Rs.1.71 Crores for the period ended 31<sup>st</sup> December 2019. The interim financial results and other financial information of the entity have been reviewed by the other auditor whose report has been furnished to us by the management and our conclusion in so far as it relates to the amounts and disclosures included in respect of the entity is based solely on the report of other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matter.



8. The consolidated figures for the corresponding quarters ended December 31, 2018 of and March 31, 2019, of 'Subsidiary' as reported in these financial results have not been subjected to review/audit.

Our conclusion is not modified in respect of these matters.

For O P Garg & Co.	For Verma Associates.	For P C Bindal & Co.	For K.K.Goel & Associates.
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN:01194N	FRN:02717N	FRN:03824N	FRN:05299N
			
(CA.Vikram Garg)	(CA.Madan Verma)	(CA.Anil Gupta)	(CA.Amit Kumar Gupta)
Partner	Partner	Partner	Partner
M.No.097038	M.No.081631	M.No.094713	M.No.501373
UDIN:20097038AAAAP7516	UDIN:20081631AAAAAC3511	UDIN: 20094713AAAAAF8209	UDIN: 20501373AAAABF5461

Place : Jammu

Dated: 31<sup>st</sup> January 2020



THE JAMMU & KASHMIR BANK LTD.  
CORPORATE HEADQUARTERS, M. A. ROAD, SRINAGAR  
CIN:L65110JK1938SGC000048

## CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2019

( ₹ IN CRORES )

	As at 31.12.2019	As at 31.12.2018
<b>CAPITAL AND LIABILITIES</b>		
Capital	55.70	55.70
Reserves and Surplus	5719.04	6353.09
Deposits	93168.44	86205.95
Borrowings	2020.67	3381.54
Other Liabilities and Provisions	2626.02	2354.69
<b>TOTAL :-</b>	<b>103589.87</b>	<b>98350.98</b>
<b>ASSETS</b>		
Cash and Balance with Reserve Bank of India	4232.33	3897.97
Balance with Banks & Money at Call & Short Notice	2329.02	217.22
Investments	23461.34	22813.36
Advances	64489.65	65028.42
Fixed Assets	1685.65	1609.74
Other Assets	7391.88	4784.26
<b>TOTAL :-</b>	<b>103589.87</b>	<b>98350.98</b>

FOR & ON BEHALF OF THE BOARD

R.K. CHHIBBER

Chairman & Managing Director

DIN: 08190084

Place : Jammu

Dated : 31st January, 2020

In terms of our report of even date annexed

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

For Verma Associates  
Chartered Accountants  
FRN: 02717N

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

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

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

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

CA. Anil Gupta  
Partner  
(M. No. 094713)

CA. Shivanghi Sharma  
Partner  
(M. No. 049234)



SEGMENT RESULTS

S.No.	PARTICULARS	3 Months Ended			NINE MONTHS ENDED		YEAR ENDED 31.03.2019	Description	3 Months Ended			NINE MONTHS ENDED			YEAR ENDED 31.03.2019
		31.12.2018	30.09.2018	31.12.2018	31.12.2018				31.12.2018	30.09.2018	31.12.2018	31.12.2018		31.03.2019	
		Reviewed	Reviewed	Reviewed	Reviewed	Reviewed			(Audited)	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	
1	Interest Earned (a-b+c+d)	2067.37	2150.78	2002.72	6290.21	5605.88	7875.57	1) Segment Revenue (Income)							
	a) Interest/Discount on Advances/Bills	1591.81	1699.87	1567.85	4916.53	4339.96	5935.24	i) Treasury Operations	486.19	462.52	445.59	1439.10	1259.05	1952.74	
	b) Income on Investments	397.33	395.20	399.24	1198.22	1154.41	1551.99	ii) Corporate/Wholesale Banking	601.02	704.08	711.42	2011.41	1639.15	2872.42	
	c) Interest on Balance with R.B.I. & Other Inter Bank Funds	78.09	55.70	35.62	175.37	110.50	159.79	iii) Retail Banking	1258.32	1239.28	1227.80	3787.30	3449.07	4884.51	
	d) Others	0.04	0.01	0.01	0.09	0.80	28.54	iv) Other Banking Business	8.14	8.22	10.74	28.98	27.89	41.11	
2	Other Income	129.63	112.99	167.05	427.87	412.90	617.48	v) Un-Allocated Business	0.00	0.00	0.00	0.00	0.00	0.00	
3	Total Income (1+2)	2197.00	2263.76	2169.77	6718.08	6018.27	8493.05	Total	2353.67	2414.11	2395.55	7266.79	6675.16	9550.77	
4	Interest Expended	1192.69	1208.97	1126.83	3576.44	3152.75	4294.13	Less: Inter Segment Revenue	158.67	150.45	225.71	548.71	656.89	1057.74	
5	Operating Expenses (III)	869.41	859.96	824.95	2007.21	1748.17	2485.06	Net Income from Operations	2197.00	2263.66	2169.77	6718.08	6018.27	8493.04	
	i) Employees Cost	469.19	465.53	410.72	1400.13	1153.51	1650.11	2) Segment Results (Profit before tax)							
	ii) Other Operating Expenses	200.22	194.43	214.23	607.08	595.87	834.96	i) Treasury Operations	33.41	24.35	24.35	100.90	9.50	132.60	
6	Total Expenditure (4+5)	1862.01	1868.03	1745.78	5577.65	4901.82	6776.18	ii) Corporate/Wholesale Banking	31.89	(874.89)	124.01	(791.89)	352.94	350.31	
	(Excluding Provisions & Contingencies)	0.00						iii) Retail Banking	220.60	46.50	234.26	545.31	641.75	1027.79	
7	Operating Profit before Provisions and Contingencies (3-6)	334.99	395.63	423.98	1140.43	1116.35	1716.86	iv) Other Banking Business	8.15	8.22	10.31	28.98	26.50	41.11	
8	Provisions (other than tax) and Contingencies	283.23	1428.17	252.83	2004.61	860.22	2004.61	v) Un-Allocated Business	(242.46)	(253.75)	(221.77)	(747.38)	(594.56)	(893.11)	
9	Of which provisions for Non Performing Assets	287.07	1441.36	717.27	1999.07	695.18	1127.85	Profit/(Loss) from ordinary activities before tax	51.76	(1032.54)	171.15	(864.18)	436.13	658.63	
10	Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	vi) Share of Profit/Loss(c) of Associate	(0.63)	(1.19)	1.78	1.15	2.85	2.82	
11	Profit/(Loss) (j) from ordinary activities before tax (7-8-9)	51.76	(1032.54)	171.15	(864.18)	436.13	658.63	Total Profit	51.13	(1033.73)	172.93	(863.03)	438.98	861.51	
12	Tax Expenses	2.70	(114.54)	68.35	(16.39)	187.00	194.85	c) Segment Assets							
13	Income Tax Provisions	0.00	(123.18)	89.90	0.00	227.60	272.34	i) Treasury Operations	29751.10	28718.01	28509.54	29751.10	26509.54	27503.61	
14	Differential Tax Assets/Liability	2.70	8.36	(21.55)	(16.39)	(40.80)	(77.39)	ii) Corporate/Wholesale Banking	26326.73	28052.61	32352.55	26326.73	32352.55	31844.57	
15	Net Profit/(Loss) (k) from ordinary activities after tax (10-11)	49.06	(918.00)	102.80	(847.79)	249.13	463.85	iii) Retail Banking	47511.90	45736.45	39488.73	47511.90	39488.73	42056.66	
16	Extraordinary Items (net of tax expenses)	0.00	0.00	0.00	0.00	0.00	0.00	iv) Other Banking Business	0.14	0.14	0.16	0.14	0.16	0.00	
16	Net Profit/(Loss) (l) for the period (12-13)	49.06	(918.00)	102.80	(847.79)	249.13	463.85	v) Un-Allocated Business	0.00	0.00	0.00	0.00	0.00	0.00	
17	Share of Profit/Loss from Associate Concerns	(0.63)	(1.19)	1.78	1.15	2.85	2.82	Total	103589.87	102507.21	98350.98	103589.87	98350.98	101404.34	
18	Net Profit/(Loss) (after Share in Associates) (15+16-17)	48.43	(919.19)	104.58	(846.94)	251.98	466.67	d) Segment Liabilities							
19	Paid-up Equity Share Capital (Face Value Rs. 1/- per share)	55.70	55.70	55.70	55.70	55.70	55.70	i) Treasury Operations	49.15	40.81	4308.83	49.15	4308.83	969.99	
20	Reserves excluding revaluation reserves						5980.31	ii) Corporate/Wholesale Banking	26303.70	27945.12	26218.41	26303.70	26218.41	27743.48	
21	revaluation reserves						605.75	iii) Retail Banking	71462.23	68794.14	61414.82	71462.23	61414.82	66066.80	
22	Analytical Ratios							iv) Other Banking Business	0.05	0.13	0.05	0.13	0.13	0.00	
	(i) Percentage of Shares held by Govt. of J&K	59.23%	59.23%	59.23%	59.23%	59.23%	59.23%	v) Un-Allocated Business	0.00	0.00	0.00	0.00	0.00	0.00	
	(ii) Capital Adequacy Ratio % (BASEL III)	11.13%	11.17%	11.63%	11.63%	12.46%	12.46%	Total	97815.13	96779.92	91942.19	97815.13	91942.19	94783.07	
	(iii) CET1 Ratio	8.17%	7.96%	8.38%	8.17%	8.36%	8.36%	3) Capital Employed							
	(iv) TIER1 Ratio	9.88%	9.46%	9.83%	9.88%	9.83%	10.80%	(Segment assets-Segment Liabilities)							
	(v) Earning per Share (EPS) (Rs.)							i) Treasury Operations	29701.95	28677.40	22200.71	29701.95	22200.71	26533.62	
	a) Basic and diluted EPS before Extraordinary Items							ii) Corporate/Wholesale Banking	23.03	107.49	6134.14	23.03	6134.14	4101.09	
	(net of tax expense) for the period, for the year to date and for the							iii) Retail Banking	(23950.33)	(23057.69)	(21926.09)	(23950.33)	(21926.09)	(24012.94)	
	date and for the previous year (* not annualized)	1.21*	(18.51)*	1.88*	(15.20)*	4.53	8.43	iv) Other Banking Business	0.08	0.09	0.03	0.09	0.03	0.00	
	b) Basic and diluted EPS after Extraordinary Items for the period,							v) Un-Allocated Business	0.00	0.00	0.00	0.00	0.00	0.00	
	for the year to date and for the previous year (* not annualized)	1.21*	(18.51)*	1.88*	(15.20)*	4.53	8.43	Total	5774.74	5727.29	6408.79	5774.74	6408.79	6821.77	
	(vi) NPA Ratio's														
	a) Amount of Gross NPAs	7711.90	7473.29	6859.73	7711.60	6859.73	6221.35								
	b) Amount of Net NPAs	2810.32	2842.04	3049.16	2810.32	3049.18	3239.61								
	c) % of Gross NPAs to Gross Advances	11.10%	10.84%	9.94%	11.10%	9.94%	8.97%								
	d) % of Net NPAs to Net Advances	4.36%	4.48%	4.69%	4.36%	4.69%	4.89%								
	(vii) Return on Assets (Annualized)	0.16%	(3.59%)	0.43%	1.10%	0.36%	0.49%								
23	Aggregate of Public Share Holding														
	(i) No. of Shares	227025380	227025380	227025380	227025380	227025380	227025380								
	(ii) Percentage of Share Holding	40.77%	40.77%	40.77%	40.77%	40.77%	40.77%								
24	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 total share capital of the company)	59.23%	59.23%	59.23%	59.23%	59.23%	59.23%								

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 Vikram Garg  
Partner  
(M. No. 097038)

For Verma Associates  
Chartered Accountants  
FRN: 02717N  
CA Madan Verma  
Partner  
(M. No. 081631)

For P.C. Bindal & Co  
Chartered Accountants  
FRN: 03824N  
CA Anil Gupta  
Partner  
(M. No. 094718)

For K.K. Goel & Associates  
Chartered Accountants  
FRN: 05299N  
CA Amit Kumar Gupta  
Partner  
(M. No. 501373)

R.K. CHIBBER  
Chairman & Managing Director  
DIN: 08190084

Place : Jammu  
Dated : 31st January, 2020

**"NOTES TO ACCOUNTS FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2019"**

1. The consolidated financial statements of the 'Group' comprise the financial statements of :

Sn.	Name of Company	Relation
1.	The Jammu & Kashmir Bank Limited	Parent
2.	JKB Financial Services Limited	Subsidiary
3.	J&K Grameen Bank	Associate

The Bank along with Government of Jammu & Kashmir have incorporated a company 'Jammu and Kashmir Asset Reconstruction Limited on 28.04.2017. The Bank has subscribed capital to the tune of Rs.98 Lakhs whereas the Government of J&K has subscribed Rs.102 Lakhs. The promoters i.e. J&K Government and Jammu & Kashmir Bank Limited are yet to release their respective shares towards the subscribed share capital of the company The Company has not yet commenced operations and as such has not been consolidated.

2. The above financial results represent the consolidated financial results for The Jammu & Kashmir Bank Limited and its subsidiaries/associate constituting the 'Group'. The above consolidated financial results have been reviewed by the Audit committee of the Board held on 30<sup>th</sup> January 2020 and approved by the Board of Directors at its meeting held on 31<sup>st</sup> January 2020. The same have been subjected to "Limited Review" by the Statutory Auditors of the Bank in accordance with the guidelines issued by RBI and as per the requirement of SEBI listing Regulations.
3. The above results of the period have been prepared following the same accounting policies that were followed in the preparation of annual financial statements for the year ended 31<sup>st</sup> March, 2019.
4. Due to imposition of restrictions in J&K w.e.f August 5, 2019 on account of re-organization of J&K State, all the business activities came to a halt thereby adversely impacting the cash flows in all sectors as a result of which a large number of accounts came under stress. The Bank approached Reserve Bank of India with the request to continue the standard asset classification of distressed MSME accounts of J&K. Expecting a favourable disposal of the request the Bank deferred to run the System Level Asset Classification (SLAC) on September 30, 2019 in respect of MSME borrowers of J&K spread over 21668 accounts involving Rs.1451.44 Crores. However, System Level Asset Classification (SLAC) was carried out on all other accounts and the Bank downgraded Rs.1340.92 cores during the Quarter ended September 30, 2019. The Bank carried System Level Asset Classification (SLAC) across all sectors (including MSME accounts in J&K) on December 31, 2019 and downgraded MSME accounts amounting to Rs.329.01 Crores which were given effect from 30.09.2019 because these were under stress at that point of time as well.
5. Risk Assessment Report (RAR) of the RBI reported divergence in Assets Classification Rs. 195 Crores and Provisioning Rs.884 Crores by the Bank, which has been fully recorded in the Financial Results for the period 30<sup>th</sup> September 2019.
6. The results have been arrived at after considering provision for Non-Performing Assets on the basis of prudential norms and specific guidelines issued by the Reserve Bank of India.
7. NSE and BSE imposed a penalty of Rs.2,12,400 to the Bank for non-submission of reviewed financial results to the Stock Exchanges within the stipulated period of 45 days from the end of the quarter.
8. Pursuant to the proposed bipartite agreement on wage revision (due with effect from November 2017), a sum of Rs.57.21 Crores has been provided during the quarter ended 31<sup>st</sup> December 2019 towards wage revision on estimated basis.



9. The bank has redeemed Lower Tier II Bonds aggregating Rs. 654 Crores and Basel III Tier II Bonds Rs. 46.25 Crores during the quarter ended 31<sup>st</sup> December 2019
10. RBI circular No.DBR.No.BP.BC.1/21.06.201/2015-16 dated 01.07.2015 on "BASEL-III capital regulations" read together with the RBI Circular No. DBR.No.BP.BC.80/21.06.201/2014-15 dated 31.03.2015 on Prudential Guidelines on Capital Adequacy and Liquidity standard amendments require 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.
11. MTM Provision

MTM Provision Details	Rs.Crores
MTM Provision held on 31.03.2019	48.44
MTM Provision required on 31.12.2019	54.84
MTM Provision held on 31.12.2019	54.84

12. Provision coverage ratio as at 31<sup>st</sup> December 2019 is 73.30% after taking into account the floating provision of Rs.348.72 Crores held by the bank.
13. The number of investors complaints pending at the beginning of the quarter were NIL, and the complaints received during the quarter were 6 (Six) and all have been disposed-off.
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.

