

O.P. Garg & Co. Chartered Accountants	Verma Associates Chartered Accountants	P. C. Bindal & Co. Chartered Accountants	K. K. Goel & Associates Chartered Accountants
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**Limited Review Report on unaudited Financial Results of The Jammu and Kashmir Bank for  
the Quarter / Period ended 30<sup>th</sup> September 2017**

To  
The Board of Directors,  
The Jammu & Kashmir Bank Ltd.  
Corporate Headquarters  
M.A Road Srinagar-190001

1. We have reviewed the accompanying statement of unaudited Standalone financial results of The Jammu & Kashmir Bank Limited (the "Bank " ) for the quarter/period ended 30<sup>th</sup> September 2017. 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, 412 branches reviewed by other Chartered Accountants and Banks own officials(retired) acting as Concurrent auditors of the Bank and un-reviewed in respect of 452 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 412 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 51.19% of advances portfolio of the Bank and 84.85% of NPA of the bank.
4. Based on our review conducted as aforesaid, subject to limitations in scope as mentioned in para 2 above, 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.

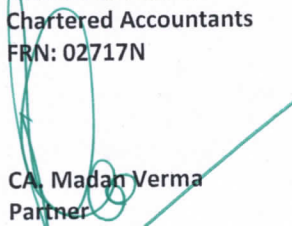
O.P. Garg & Co.  
Chartered Accountants  
FRN : 01194N



CA. Vikram Garg  
Partner  
M. No. 097038



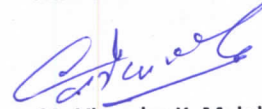
Verma Associates  
Chartered Accountants  
FRN: 02717N



CA. Madan Verma  
Partner  
M. No. 081631



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



CA. Virender K. Maini  
Partner  
M. No. 088730



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



CA. Amit Goel  
Partner  
M. No. 098913



Place : Srinagar  
Dated : October 27, 2017

**BALANCE SHEET AS AT 30TH SEPTEMBER, 2017**

( ₹ IN LACS )

	As at 30.09.2017	As at 30.09.2016
<b>CAPITAL AND LIABILITIES</b>		
Capital .....	5570	4849
Reserves and Surplus* .....	599729	579596
Deposits .....	7038460	6988488
Borrowings .....	113053	92267
Other Liabilities and Provisions .....	179238	154372

**TOTAL :-**

7936050

7819572

**ASSETS**

Cash and Balance with Reserve Bank of India .....	315824	284087
Balance with Banks & Money at Call & Short Notice ...	90995	81463
Investments .....	1890538	2241778
Advances .....	5134132	4755274
Fixed Assets .....	155276	78302
Other Assets .....	349285	378668

**TOTAL :-**

7936050

7819572

\* Includes Profit/(Loss) for the half year Rs.10183 Lacs Previous corresponding half year Rs.(57952) Lacs

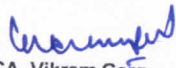
FOR & ON BEHALF OF THE BOARD

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

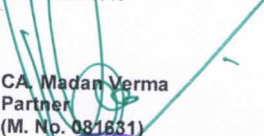
Place : Srinagar  
Dated : 27th October, 2017

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

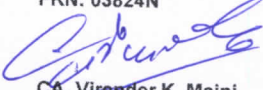
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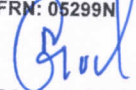
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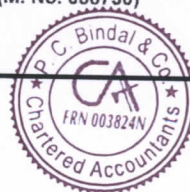
  
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For K K Goel & Associates  
Chartered Accountants  
FRN: 05299N

  
CA. Amit Goel  
Partner  
(M. No. 098913)





SEGMENT RESULTS

FINANCIAL RESULTS FOR THE QUARTER & HALF-YEAR ENDED 30TH SEPTEMBER, 2017							HALF-YEAR ENDED			SEGMENT RESULTS					
							30.09.2017		30.09.2016		30.09.2017		30.09.2016		31.03.2017
S.No.	PARTICULARS	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited)
1	Interest Earned (a+b+c+d)	166643	168032	168573	334675	335808	668580	1) Segment Revenue (Income)							
	a) Interest/Discount on Advances/Bills	124450	120721	122609	246171	246905	478435	i) Treasury Operations	42442	50001	52992	92443	100251	209155	
	b) Income on Investments	36375	38595	42884	74970	82790	178261	ii) Corporate/Wholesale Banking	57177	50934	60834	108111	123662	227140	
	c) Interest on Balance with R.B.I. & Other Inter Bank Funds	5811	8706	3080	14517	6259	11721	iii) Retail Banking	91375	83343	90470	174718	163026	315478	
	d) Others	7	10	-	-	17	64	iv) Other Banking Business	1260	1074	1005	2334	2130	4529	
2	Other Income	10503	11221	13094	21524	24764	49286	Total	192254	185352	195301	377606	389069	756302	
3	Total Income (1 + 2)	177146	179053	181667	356199	360572	717866	Less: Inter Segment Revenue	15108	6299	13634	21407	28497	38436	
4	Interest Expended	94381	96811	104433	191192	208408	417386	Net Income from Operations	177146	179053	181667	356199	360572	717866	
5	Operating Expenses (H+I)	46347	45393	39671	91740	79670	171046	2) Segment Results (Profit before tax)							
	i. Employees Cost	30802	30317	27807	61119	54683	112254	i) Treasury Operations	(515)	(3820)	(2672)	(4335)	(2830)	(13561)	
	ii. Other Operating Expenses	15545	15076	11864	30621	24987	58792	ii) Corporate/Wholesale Banking	8904	7543	(3007)	16447	(30792)	(73304)	
6	Total Expenditure (4+5) (Excluding Provisions & Contingencies)	140728	142204	144104	282932	288078	588432	iii) Retail Banking	3108	5334	(28488)	8442	(25362)	(64169)	
7	Operating Profit before Provisions and Contingencies (3-6)	36418	36849	37563	73267	72494	129434	iv) Other Banking Business	634	(73)	422	561	900	437	
8	Provisions (other than tax) and Contingencies	24287	27865	9208	52152	130578	280031	Total Profit before tax	12131	8984	(61645)	21115	(58084)	(19597)	
9	Exceptional Items	-	-	-	-	-	-	3) Capital Employed							
10	Profit (+)/Loss (-) from ordinary activities before tax (7-8-9)	12131	8984	(61645)	21115	(58084)	(150597)	(Segment assets-Segment Liabilities)							
11	Tax Expenses	4967	(17853)	(1405)	(12886)	(1132)	(150597)	i) Treasury Operations	2216540	2572255	2544019	2216540	2544019	2511863	
12	Net Profit (+)/Loss (-) from ordinary activities after tax (10-11)	7164	26837	(60240)	34091	(57952)	(163229)	ii) Corporate/Wholesale Banking	439667	263369	(56309)	439667	(56309)	338424	
13	Extraordinary items (net of tax expenses)	0	23818	-	33818	-	-	iii) Retail Banking	(2051027)	(2236364)	(1902177)	(2051027)	(1902177)	(2282248)	
14	Net Profit (+)/Loss (-) for the period (12-13)	7164	3019	(60240)	10183	(57952)	(163229)	iv) Other Banking Business	(80)	(756)	(953)	(80)	(953)	(1399)	
15	Paid-up Equity Share Capital (Face Value Rs. 1/- per share)	5570	5570	4849	5570	4849	5215	Total --	605300	598504	584445	605300	584445	567560	
16	Reserves excluding revaluation reserves						562435	Notes:							
17	Analytical Ratios							1. The above standalone financial results have been reviewed by the Audit Committee of the Board in their meeting held on 26th October, 2017 and approved by the Board of Directors at its meeting held on 27th October, 2017. The same have been subjected to Limited review by the Statutory Central Auditors of the Bank. In line with the guidelines issued by Reserve Bank of India and as per the requirement of listing agreement with Stock Exchange.							
	(i) Percentage of Shares held by Govt. of J&K	59.23%	59.23%	53.17%	59.23%	53.17%	56.45%	2. The above results for the quarter and half year ended 30th September, 2017 have been prepared following the same accounting policies that were followed in the preparation of annual financial statements for the year ended 31st March, 2017.							
	(ii) Capital Adequacy Ratio % (BASEL III) (CET1 Ratio)	11.09%	11.10%	11.05%	11.09%	11.05%	10.80%	3. The results have been arrived at after considering provision for Standard Assets, Non-Performing Advances, Restructured Advances, SDR/54 Accounts / Depreciation / Provision for Investment on the basis of prudential norms and specific guidelines issued by Reserve Bank of India. Further, provision for exposures to entities with Unhedged Foreign Currency Exposures have been made as per RBI guidelines. Provision for Taxation (including Deferred Tax) has been calculated on actual basis.							
	(iii) Earning per share (EPS) ₹						8.70%	4. During the previous quarter ended 30th June, 2017 the bank recognized Deferred Tax Asset (DTA) as per AS-22 on the difference in the provision for NPA as per books of accounts and Income Tax Act, 1961 amounting to ₹338.18 crores by including the same in tax expenses with a corresponding credit to extra ordinary income.							
	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)	1.29*	4.82*	(12.43)*	6.11*	(11.95)*	(33.59)	5. The bank has on 07.06.2017 allotted 3,55,25,321 equity shares of ₹1/- each on preferential basis to the Government of Jammu & Kashmir promoter and majority shareholder of the bank at a premium of ₹78.38 per equity share for a total consideration of ₹282.00 crores.							
	b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (* not annualized)	1.29*	0.54*	(12.43)*	1.83*	(11.95)*	(33.59)	6. During the current quarter, depreciation on appreciated value of "Premises" amounting to ₹3.11 crores has been applied/ charged to Revaluation Reserve Fixed Assets account. Depreciation / Amortization on appreciated value of Land amounting to ₹0.58 crores has been charged to Revaluation Reserve Fixed Assets account.							
	(iv) NPA Ratio's							7. Provision for terminal benefits (Pension, Gratuity and Leave Salary Encashment) has been made as per actuarial valuation.							
	a) Amount of Gross NPAs	598287	564062	568296	598287	568296	600001	8. Provision coverage ratio as at 30th September, 2017 is 69.23% after taking into account the floating provision of ₹348.72 crores held by the bank, the coverage ratio as on 30th September, 2016 was 53.94%.							
	b) Amount of Net NPAs	244259	226719	323639	244259	323639	242537	9. Pursuant to section 135 of Companies Act, 2013, the bank is required to expend 2% of the average net profits (Profit before tax) made during three immediate preceding financial years for CSR activities. Accordingly, bank is required to spend ₹0.04 Crores for the FY 2017-18, however bank has spent ₹1.37 Crores during quarter ended 30th September, 2017 for the same (previous quarter ₹8.62 crores) totalling to ₹9.99 crores.							
	c) % of Gross NPAs to Gross Advances	10.87%	10.79%	11.33%	10.87%	11.33%	11.20%	10. In terms of 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 requires 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.							
	d) % of Net NPAs to Net Advances	4.76%	4.65%	6.81%	4.76%	6.81%	4.87%	11. In compliance to RBI letter no.DBR.No.BP.13018/21.04.048/2015-16 dated April 12, 2016, bank is required to make a provision of ₹27.65 crores being 15% of the existing outstanding balance of ₹184.36 crores as on 30.09.2017 under Food credit availed by State Government of Punjab. The bank has made necessary provision.							
	(v) Return on Assets (Annualized)	0.36%	0.15%	(1.49%)	0.26%	(1.49%)	(2.04%)	12. In view of disturbance in the state of J&K in the previous year, RBI allowed relaxation in asset classification for all borrowal accounts of J&K state except those which are overdue as on after recovering the overdue amount as of July 07, 2016. In total, advances to the tune of ₹3265.83 crores have been rehabilitated / restructured for which an amount of ₹ 163.29 crores and ₹134.98 crores has been kept as provision and DIFV respectively as on 31.03.2017.							
18	Aggregate of Public Share Holding	227025360	227025360	227025360	227025360	227025360	227025360	13. RBI vide circular No. DBR.No.BP.BC.64/21.04.048/2016-17 dated April 18, 2017 has advised banks to make provision at higher rates in respect of advances to stressed sector of the economy by formulating a board approved policy. The bank has accordingly formulated a policy and decided to provide the said sector @1% (instead of 0.4% as stipulated) by the end of March 2018. As on 30.09.2017 the bank has provided an amount of ₹4.62 crores (additional 0.30%) for BGS of ₹153.37 crores.							
	(i) No. of Shares	227025360	227025360	227025360	227025360	227025360	227025360	14. RBI vide circular No. DBR.No.BP.151/99/21.04.048/2016-17 dated June 23, 2017 has advised bank to make extra provision on accounts where insolvency proceedings has been initiated. Accordingly bank has identified 17 accounts having total exposures of ₹324.83 Crores and additional provision of ₹1771.58 crores has been provided.							
	(ii) Percentage of Share Holding	40.77%	40.77%	46.83%	40.77%	46.83%	43.55%	15. The number of investors complaints pending at the beginning of the quarter were nil, and no complaint was received during the quarter.							
19	Promoters and promoter group Shareholding							16. The above results are standalone and do not include that of subsidiary company.							
	a) Pledged/Encumbered							17. 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.							
	- Number of Shares	Nil	Nil	Nil	Nil	Nil	Nil	18. The statement of Assets and Liabilities is appended.							
	- 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	257752660	329833032	257752660	294307711								
	- 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%	53.17%	59.23%	53.17%	56.45%								

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  
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For K K Goel & Associates  
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Partner  
(M. No. 098913)



FOR & ON BEHALF OF THE BOARD

Parvez Ahmed  
Chairman & CEO  
DIN: 03467232

Place : Srinagar  
Dated : 27th October, 2017