

**PROCEEDINGS OF THE 78TH ANNUAL GENERAL MEETING
OF THE SHAREHOLDERS OF
THE JAMMU & KASHMIR BANK LIMITED
HELD ON WEDNESDAY, 20TH JULY, 2016 AT 11.00 AM AT
SHER-I-KASHMIR INTERNATIONAL CONFERENCE CENTER, SRINAGAR.**

PRESENT

- | | |
|------------------------|--------------|
| 1) Mr. Mushtaq Ahmad | In the Chair |
| 2) Mr. R. K. Gupta | |
| 3) Mr. Abdul Majid Mir | |
| 4) Mr. Azhar-ul Amin | |
- } Directors

And 50 Members present in person

And 6 Members present in proxy

And 168 Members voted through E-Voting

Mr. Navin Kumar Choudhary, IAS Director, Government Nominee Shareholder and Proxy for the Chief Secretary, Govt. of J&K, Mr. Abdul Majid Bhat, Secretary and Mr. Majaz Ahmad, Partner, SDM & Co. Chartered Accountant, Srinagar, Scrutinizer for the E-voting & Poll Process were also present.

Mr. Mushtaq Ahmad, Chairman and Members of the Board present at the Meeting took their chair. After ascertaining that requisite quorum for the meeting was present, Chairman called the meeting to order.

At the onset Chairman of the Bank addressed to the shareholders which is re-produced hereunder:

Dear Shareholders,

It gives me immense pleasure to present the Annual Report of your Bank for the Financial Year 2015-16. At the outset, I would like to express my gratitude for your continuous trust, loyalty and unwavering support to the Bank.

The Indian banking sector is passing through a difficult phase. The asset quality of most of the banks has been under increasing pressure for past few years; a direct corollary of dampened national economy and, in particular, the resultant severe weakness in corporate earnings. The problem manifested itself at its zenith during FY 2015-16 as most of the banks faced unprecedented deterioration in asset quality. Profitability of the sector also witnessed a steep decline on account of increased provisioning for impaired assets.

FY 2015-16 was also a very challenging one for J&K Bank. Throughout the year, the Bank was confronted with a surge in non-performing assets. NPA's, however, were predominantly limited to some corporate accounts and the Bank's considerable retail loan portfolio was mostly left unscathed. J&K State, the main contributor of retail credit for the Bank, had much lower NPA level than any other geographic constituent of the Bank.

For FY 2015-16, the focus of the Bank remained on consolidation of the balance sheet to make it stronger and healthier for future. The Bank apportioned substantial percentage of operating profits towards floating provisions, so as to have a strong cushion against future uncertainties.

In spite of subdued economic environment at the national level and a stifled economy at J&K State level, still recovering in the aftermath of floods, the Bank's credit growth for the financial year stood at 12.58 percent which is much higher than the industry average of 9.3 percent. During the year, the Bank consciously avoided contracting high cost deposits and instead focused on low cost CASA deposits. This

resulted in reduction in Cost of Deposits as well as improvement in Net Interest Margins. For FY 2015-16, the cost of deposits of the Bank stood at 6.34 percent compared to 6.74 percent for the previous financial year. Similarly, NIM stood at 3.85 percent compared to 3.81 percent in FY 2014-15. CASA deposits, as a percentage of total deposits, increased from 41.79 percent in FY 2014-15 to 44.13 percent in FY 2015-16.

The Bank remained well capitalized with an overall Capital Adequacy Ratio (CAR) of 11.81 percent as on March 2016, computed under Basel III norms, which is well above RBI stipulated norm of 9.625 percent. Of this, the Common Equity Tier I stood at 10.60 percent against the minimum regulatory requirement of 7.00 percent.

Going ahead, the Bank foresees better economic prospects in the state of J&K for FY 2016-17. As such, the Bank has targeted a credit growth of 22 percent in the J&K State. Retail credit shall continue to be a major focus area. Bank also plans to harness the considerable opportunities being provided by the rural areas. Outside J&K, the Bank shall focus on rebalancing the portfolio mix towards a lower risk profile. The Bank has revisited its corporate lending policy and has reformulated its tolerance limits, exposure appetite and risk management framework.

The policy of branch expansion in J&K State particularly in unbanked and under banked areas, shall continue as priority. These branches have proven to be substantial contributors of low cost CASA deposits for the Bank. Against the CASA deposit ratio of 44 percent for the Bank as a whole and 53 percent for J&K State, the CASA deposit ratio of these branches has remained at a very healthy 70 percent and even above. Accordingly, the Bank plans to establish 228 new branches in J&K State, out of the total 248 branches planned for the current financial year.

Indian banking sector is experiencing a phenomenal and metamorphic rise of the digital banking. Major opportunities and challenges are being presented by the disruptions brought in by the technology. Understanding this, the Bank initiated steps for internal adoption of technology as an organizational culture and reinforced the technological solutions being offered to the customers. During the year, the Bank improved its ATM footprint and increased the card count. The Bank also upgraded its e-banking platform and initiated process for revamping its mobile platform for banking services. Bank's Internet Payment Gateway has been aggressively pitched to various customer segments. Recent technological interventions in banking are being continuously explored to provide our customers maximum ease and comfort. At the same time, efforts are being made to encourage clients to adopt modern digital banking channels.

As a developmental institution of J&K State, the Bank continues to lay high emphasis on inclusive growth of all sections of the society. The objective of providing banking services in unbanked areas is being achieved through a mix of Brick & Mortar branches and Business Correspondents. Under Pradhan Mantri Jan Dhan Yojna, 12.86 lakh accounts have been opened so far, with deposit of Rs.349.84 crore in these accounts. RuPay Debit Cards have been delivered to majority of these account holders. The Social Security Schemes- Atal Pension Yojna (APY), Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY) and Pradhan Mantri Suraksha Bima Yojna (PMSBY) are being implemented with full vigor and intensity.

Dear Shareholders, 2015-16 was a difficult year for the banking industry as also to our Bank. However, with your support, we not only succeeded in overcoming the complexities but also build reasonable fortifications to face future uncertainties. I take this opportunity to express gratitude to our main promoter, the J&K State Government for their continued patronage and support. I also acknowledge and express gratitude to RBI for their guidance. I am also thankful to the Union Government for their support. I also thank NABARD and other members of our stakeholder fraternity who have always been extending a helping hand in our various initiatives. Finally, I acknowledge the commitment and dedication of all the staff members of J&K Bank family.

Esteemed Shareholders, the banking industry has been operating in an unfavorable environment for quite some time now. Stress in Corporate sector was inevitably transmitted to banking industry, resulting in deterioration in asset quality as well as profitability of most of the banks. However, there are vivid signs that corporate performance is improving. National economy is already progressing on a high growth trajectory. The future appears to be full of opportunities for growth and profitability. With your continued support, we remain poised to harness the opportunities and address the challenges to take this institution to new heights of excellence.

Secretary then read out auditor's report along with relevant comments of the Comptroller and Auditor General of India(C&AG) on the Accounts of the Bank, for the year ended 31st March, 2016

Secretary then provided brief background of each item for transaction at the meeting.

Thereafter, poll was taken. The Chairman the members that the results of e-voting facility provided to the shareholders of the Bank from 17th July 2016 to 19th July, 2016 along with the results of the poll taken at the General Meeting will be uploaded on the website of the Bank as well as on the website of Stock Exchanges, where the share of the Bank are listed and the website of E-voting agency, (Karvy computer share) by tomorrow, the 21st July, 2016.

Pursuant to the report of the scrutinizer, the results of e-voting and Poll taken at the Annual General Meeting on various resolutions are detailed hereunder.

ITEM NO: 1

CONSIDERATION AND APPROVAL OF ACCOUNTS

**Type of
Resolution**

Ordinary

AGMR NO. 1

"Resolved that the Standalone & Consolidated Audited Balance Sheet as at 31st March, 2016 and Profit & Loss Account for the period ended on that date, and Auditor's Report thereon, along with the comments of C&AG, as laid before the Members at the Meeting, together with Report of Directors, be and are hereby approved and adopted."

Voting

Total Votes	In favour	Against	% of Votes in favour
342420019	342419449	570	99.9998

RESULT

RESOLUTION PASSED WITH REQUISITE MAJORITY

ITEM NO : 2

DECLARATION OF DIVIDEND

**Type of
Resolution**

Ordinary

AGMR NO. 2

"Resolved that Dividend @ 175% (Rs. 1.75/- per equity share of Rs. 1/- each) be declared for the financial year 2015-2016 and paid to the holders of 48,47,78,020 equity shares of Rs. 1/- each, whose names appear on the Register of Members on the date of Annual General Meeting and Register of Beneficial Owners maintained by Depositories, on 13th July, 2016."

Voting

Total Votes	In favour	Against	% of Votes in favour
342452459	342409095	43364	99.9873

RESULT

RESOLUTION PASSED WITH REQUISITE MAJORITY

ITEM NO. 3**REMUNERATION OF AUDITORS****Type of
Resolution****Ordinary****AGMR NO. 3**

"Resolved that pursuant to the provisions of section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors, be and are hereby empowered to pay Remuneration to Statutory Auditors for the financial year ending 31st March 2017, as per the schedule of the RBI applicable to Public Sector Banks, including remuneration for the Limited Review of Quarterly Financial Results for the periods ending 30th June, 2016, 30th September, 2016 and 31st December, 2016."

Voting

Total Votes	In favour	Against	% of Votes in favour
342452414	340502860	1949554	99.4307

RESULT**RESOLUTION PASSED WITH REQUISITE MAJORITY****ITEM NO. 4.****APPOINTMENT OF DIRECTOR****Type of
Resolution****Ordinary****AGMR NO. 4**

"Resolved that Mst. Masooda Jabeen, (DIN 07324834) in respect of whom the Bank has received a notice under Section 160 of the Companies Act, 2013, signifying her candidature to the position of Director under Section 152(6)(a) of the Companies Act, 2013, be and is hereby appointed, as Director on the Board of Directors of the Bank, whose period of office will be liable to retire by rotation.

Voting

Total Votes	In favour	Against	% of Votes against
342430046	84660906	257769140	75.2764

RESULT**RESOLUTION LOST****ITEM NO. 5****AMMENDMENT IN THE ARTICLES OF ASSOCIATION OF THE BANK****Type of
Resolution****Special****AGMR NO. 5**

"Resolved that pursuant to section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with Article 3 of the Articles of Association of the Bank and such approvals, consents, permissions and sanctions, as may be necessary from the Reserve Bank of India and other appropriate authorities, approval of the Members of the Bank be and is hereby accorded to the alterations in the Articles of Association of the Bank as Under:

In Article 70 (ii) of the Articles of Association,
i. Sub clause (b) shall be deleted

ii. the figure of "15,000" appearing in the 9th line shall be substituted by the figure "25,000/-"

Voting	Total Votes	In favour	Against	% of Votes in favour
	342446214	342391537	54677	99.9840

RESULT **RESOLUTION PASSED WITH REQUISITE MAJORITY**

ITEM NO. 6 **PROFIT RELATED COMPENSATION TO NON EXECUTIVE DIRECTORS OF THE BANK**

Type of Resolution **Ordinary**

AGMR NO.6

"Resolved that pursuant to the Reserve Bank of India circular DBR.No. BC.97/29.67.001/2014-15 dated 1st June, 2015 relating to "Guidelines on Compensation of Non-executive Directors of Private Sector Banks" and subject to such clarifications, approvals, consents, permissions and sanctions, as may be necessary from the appropriate authorities, approval of the Members of the Bank be and is hereby accorded to the payment of compensation to the Non Executive Directors of the Bank to the extent of one percent of the net profits of the Bank for the relevant financial year subject to a maximum of Rs. 10 (Ten) lakhs per annum to each non- Executive Director, with effect from 1st June, 2015".

Voting	Total Votes	In favour	Against	% of Votes in favour
	342446159	342390467	55692	99.9837

RESULT **RESOLUTION PASSED WITH REQUISITE MAJORITY**

ITEM NO. 7 **AMMENDMENT IN THE ARTICLES OF ASSOCIATION OF THE BANK**

Type of Resolution **Special**

AGMR NO. 7

"Resolved that pursuant to section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with Article 3 of the Articles of Association of the Bank and such approvals, consents, permissions and sanctions, as may be necessary from the Reserve Bank of India and other appropriate authorities, approval of the Members of the Bank be and is hereby accorded to the alterations in the Articles of Association of the Bank as Under:

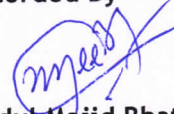
In Article 69(i) of the Articles of Association, the word "four" appearing in the first line shall be substituted by the word "Three"

Voting	Total Votes	In favour	Against	% of Votes in favour
	342441934	342422470	19464	99.9943

RESULT **RESOLUTION PASSED WITH REQUISITE MAJORITY**

Chairman thanked the shareholders for their active participation in the meeting and thereafter, declared the meeting closed.

Recorded By



(Abdul Majid Bhat)
Company Secretary

Date: 25th July, 2016