

**BALANCE SHEET AS AT 31ST MARCH, 2015**

( ₹ IN LACS )

As at 31.03.2015 As at 31.03.2014

**CAPITAL AND LIABILITIES**

Capital .....	4849	4849
Reserves and Surplus .....	606156	567512
Deposits .....	6575619	6933586
Borrowings .....	233967	176500
Other Liabilities and Provisions .....	187954	179526

**TOTAL :-** 7608545 7861973

**ASSETS**

Cash and Balance with Reserve Bank of India .....	237306	304559
Balance with Banks & Money at Call & Short Notice ...	136071	116831
Investments .....	2512430	2619507
Advances .....	4458582	4638460
Fixed Assets .....	68891	53381
Other Assets .....	195265	129235

**TOTAL :-** 7608545 7861973

FOR ON BEHALF OF THE BOARD

*Mushtaq Ahmad*  
**Mushtaq Ahmad**  
Chairman & CEO  
DIN: 01226134

Place : Srinagar  
Dated : 16th May, 2015

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

For Gupta Sharma & Associates  
Chartered Accountants  
FRN: 001466N

*Vinay Saraf*  
CA. Vinay Saraf  
Partner  
(M. No. 097262)



For Dhar Tiku & Co.  
Chartered Accountants  
FRN: 003423N

*Madhusudan Meher*  
CA. Madhusudan Meher  
Partner  
(M. No. 097409)



For Arora Vohra & Co  
Chartered Accountants  
FRN: 009487N

*Karanbir S Sethi*  
CA. Karanbir S Sethi  
Partner  
(M. No. 091188)



For Darshan Nagpal & Associates  
Chartered Accountants  
FRN: 011022N

*Neeraj Nagpal*  
CA. Neeraj Nagpal  
Partner  
(M. No. 503881)



For Dharam Raj & Co  
Chartered Accountants  
FRN: 014461N

*Dharam Raj*  
CA. Dharam Raj  
Partner  
(M. No. 094108)



FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED 31ST MARCH, 2015		Quarter Ended			Year - Ended	
		31.03.2015	31.12.2014	31.03.2014	31.03.2015	31.03.2014
S.No	PARTICULARS	(Audited)	(Reviewed)	(Audited)	(Audited)	(Audited)
1	Interest Earned (a+b+c+d)	174497	174962	177750	706113	676700
	a) Interest/Discount on Advances/Bills	127874	126351	132735	516103	502126
	b) Income on Investments	45782	46279	43212	184336	168556
	c) Interest on Balance with R.B.I. & Other Inter Bank Funds	841	2332	1803	5674	6018
	d) Others	-	-	-	-	-
2	Other Income	27853	9982	11110	59397	39026
3	Total Income ( 1 + 2 )	202350	184944	188860	765510	715726
4	Interest Expended	106240	111092	107632	441022	408252
5	Operating Expenses (I+II)	38564	35799	33084	140905	117499
	I. Employees Cost	22883	23147	20370	89403	74391
	II. Other Operating Expenses	15681	12652	12714	51502	43108
6	Total Expenditure (4+5) (Excluding Provisions & Contingencies)	144804	146891	140716	581927	525751
	Items exceeding 10%of the total expenditure excluding intt. Expenditure					
7	Operating Profit before Provisions and Contingencies (3-6)	57546	38053	48144	183583	189975
8	Provisions (other than tax) and Contingencies	38076	22039	6057	101552	14788
9	Exceptional Items	-	-	-	-	-
10	Profit (+)/loss (-) from ordinary activities before tax (7-8-9)	19470	16014	42087	82031	175187
11	Tax Expenses	9309	5550	17027	31171	56940
12	Net Profit (+)/Loss (-) from ordinary activities after tax (10-11)	10161	10464	25060	50860	118247
13	Extraordinary Items (net of tax expenses)	-	-	-	-	-
14	Net Profit (+)/Loss (-) for the period (12-13)	10161	10464	25060	50860	118247
15	Paid-up Equity Share Capital (Face Value Rs. 1/- per share)	4849	4849	4849	4849	4849
16	Reserves excluding revaluation reserves (As per Balance Sheet of Previous Accounting year)	606156	567512	567512	606156	567512
17	Analytical Ratios					
	(i) Percentage of Shares held by Govt. of J&K	53.17%	53.17%	53.17%	53.17%	53.17%
	(ii) Capital Adequacy Ratio % (Basel-II)	12.67%	13.14%	12.91%	12.67%	12.91%
	(Basel-III)	12.57%	12.78%	12.69%	12.57%	12.69%
	(iii) Earning per share (EPS) ₹					
	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)	8.38	2.16*	5.17	10.49	24.39
	b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year ( * not annualized)	8.38	2.16*	5.17	10.49	24.39
	(iv) NPA Ratio's					
	a) Amount of Gross NPAs	276408	265788	78342	276408	78342
	b) Amount of Net NPAs	123632	142819	10199	123632	10199
	c) % of Gross NPAs	5.97%	5.81%	1.66%	5.97%	1.66%
	d) % of Net NPAs	2.77%	3.22%	0.22%	2.77%	0.22%
	(v) Return on Assets (Annualized)	0.56%	0.57%	1.37%	0.70%	1.74%
18	Aggregate of Public Share Holding					
	(i) No. of Shares	227025360	227025360	227025360	227025360	227025360
	(ii) Percentage of Share Holding	46.83%	46.83%	46.83%	46.83%	46.83%
19	Promoters and promoter group Shareholding					
	a) Pledged/Encumbered					
	- Number of Shares	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total share capital of the company)	Nil	Nil	Nil	Nil	Nil
	b) Non-encumbered					
	- Number of Shares	257752660	257752660	257752660	257752660	257752660
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%
	- Percentage of shares (as a % of the total share capital of the total share capital of the company)	53.17%	53.17%	53.17%	53.17%	53.17%

FOR AND ON BEHALF OF THE BOARD

*M. Shiqat Ahmad*  
M. Shiqat Ahmad  
Chairman & CEO  
DIN: 01226134

IN TERMS OF REPORT OF EVEN DATE ANNEXED

Place : Srinagar  
Dated: 16th May, 2015

For Gupta Sharma & Associates  
Chartered Accountants  
FRN: 001466N

For Dhar Tiku & Co.  
Chartered Accountants  
FRN: 003423N

For Arora Vohra & Co  
Chartered Accountants  
FRN: 009487N

For Darshan Nagpal & Associates  
Chartered Accountants  
FRN: 011022N

For Dharam Raj & Co  
Chartered Accountants  
FRN: 014661N

CA. Vinay Saraf  
Partner  
(M. No. 087262)

CA. Mathur dan Meher  
Partner  
(M. No. 097499)

CA. Karanbir S Sethi  
Partner  
(M. No. 091188)

CA. Neeraj Nagpal  
Partner  
(M. No. 503881)

CA. Dharam Raj  
Partner  
(M.No: 094108)

## SEGMENT RESULTS

( ₹ in Lacs )

Description	Quarter Ended			Year - Ended	
	31.03.2015 (Audited)	31.12.2014 (Reviewed)	31.03.2014 (Audited)	31.03.2015 (Audited)	31.03.2014 (Audited)
<b>1) Segment Revenue (Income)</b>					
i) Treasury Operations	52785	49882	47849	204264	184900
ii) Corporate/Wholesale Banking	70321	71841	84532	301526	318105
iii) Retail Banking	93968	74080	72568	314656	273185
iv) Other Banking Business	1403	861	866	3876	3273
<b>Total</b>	<b>218477</b>	<b>196664</b>	<b>205815</b>	<b>824322</b>	<b>779463</b>
Less: Inter Segment Revenue	16126	11720	16955	58812	63737
<b>Net Income from Operations</b>	<b>202351</b>	<b>184944</b>	<b>188860</b>	<b>765510</b>	<b>715726</b>
<b>2) Segment Results (Profit before tax)</b>					
i) Treasury Operations	5327	1753	2439	10041	5097
ii) Corporate/Wholesale Banking	373	9747	23077	36255	112999
iii) Retail Banking	13088	4090	15970	33580	54627
iv) Other Banking Business	682	424	601	2155	2464
<b>Total Profit before tax</b>	<b>19470</b>	<b>16014</b>	<b>42087</b>	<b>82031</b>	<b>175187</b>
<b>3) Capital Employed (Segment assets-Segment Liabilities)</b>					
i) Treasury Operations	2326760	2118196	2212402	2326760	2212402
ii) Corporate/Wholesale Banking	(118030)	21592	(32641)	(118030)	(32641)
iii) Retail Banking	(1596490)	(1526508)	(1607596)	(1596490)	(1607596)
iv) Other Banking Business	(1235)	(220)	196	(1235)	196
<b>Total :-</b>	<b>611005</b>	<b>613060</b>	<b>572361</b>	<b>611005</b>	<b>572361</b>

- The above financial results have been reviewed by the Audit Committee of the Board in their meeting held on 15th May, 2015 and approved by the Board of Directors at its meeting held on 16th May, 2015.
- a) The above results for the quarter and Year ended 31st March, 2015 have been prepared following the same accounting policy as those followed in the annual financial statements for the year ended 31st March, 2014 except that policy of charging depreciation on fixed assets from 1st April, 2014 has been changed from WDV method under the provisions of Income Tax Act, 1961 to Straight Line Method based on remaining useful life of assets as per provisions of the Companies Act, 2013. The Bank has as per new method charged depreciation of Rs94.50 crores on fixed assets during the financial year 2014-15. Had the bank followed earlier method of providing depreciation, charge for the year would have been less by Rs11.49 crores and resultant profit would have increased to that extent.
- b) Further, due to this change in method of depreciation, retrospective re-computation of depreciation pertaining to earlier years has resulted in over charge of depreciation amounting to Rs135.67 crores (Rs 89.55 crores net of deferred tax liability) which has been credited to profit & loss account for the year ended 31st March, 2015 in accordance with AS-6 issued by Institute of Chartered Accountants of India on Depreciation Accounting.
- c) Pursuant to schedule II of the Companies Act, 2013, the carrying amount of the assets as on 01.04.2014 after retaining the residual value shall be recognized in the opening balance of retained earnings where the remaining useful life of an asset is nil. Whereas the bank has charged carrying cost of such assets amounting to Rs5.84 crores in the current year's profit and loss account in absence of prior permission from RBI for any adjustment in revenue and other reserves.
- The results for the quarter/ year ended 31st March, 2015 have been arrived at after considering provision for Non-Performing Assets, Standard Assets, Restructured Assets, Depreciation/provision for investment on the basis of prudential norms and specific guidelines issued by RBI, provision for Taxation including (Deferred Tax and Wealth Tax) calculated on actual basis.
- Provision for terminal benefits (Pension, Gratuity and Leave salary Encashment) has been made as per actuarial valuation.
- In view of the ensuing settlement of wage revision which shall have effect from November 2012, an adhoc amount of Rs84.00 crore has been provided in respect of the same (Rs82.50 crore previous year) totaling to Rs 200.25 crores.
- Non Performing loan provisioning coverage ratio as at 31st March, 2015 is 59.02%
- In terms of RBI circular DBR.NO.BP.BC.79/21.04.048/2014-15 dated 30.03.2015 the bank can utilize 50% of its floating provisions balance held as at 31st December, 2014 for making specific provision for NPA's. Since the bank had not utilized 33% of the same as allowed under RBI circular dated February 7, 2013, hence with the prior permission of RBI, bank has utilized 66.50% amounting to Rs35.17 crores for making specific provisions for NPA's out of floating provision balance of Rs52.90 Crores held as at 31.12.2014.
- In accordance with RBI circular no DBOD.BP.BC.85/21.06.200/2013-14 dated 15th January, 2014 and circular no. DBOD.BP.BC.116/21.06.200/2013-14 dated 3rd June, 2014 banks are required to make an additional provision in respect of borrowers with Unhedged Foreign Currency Exposures (UFCE) from April 01, 2014 onwards. For the financial year 2014-15 bank has a provision requirement of Rs4.09 crores as on 31.03.2015. However the bank during the nine months period ended December 2014 has already made a provision of Rs9.63 crores for it on estimated basis and accordingly reversed the excess provision as on 31.03.2015.
- Pursuant to section 135 of the Companies Act 2013, it is required to expend 2% of the average net profits made during three immediate preceding financial years for CSR activities. Accordingly the bank is required to spend Rs29.86 crores for twelve months period ended 31st March, 2015. During the year the bank has spent Rs13.73 crores for CSR activities. However, the balance amount of Rs16.13 crores could not be expended due to devastating floods that hit the state of J&K in September 2014 and derailed every activity of normal life. As a result the areas where bank was looking upon to do CSR activities/ programmes became inaccessible.
- During the recent devastating floods in the state of J&K, few business units/offices were affected causing loss to the infrastructural peripherals installed therein. The bank has lodged an insurance claim of Rs27.00 crores based on acquisition cost of damaged infrastructural peripherals having book value of Rs11.75 crores as on date of flood. An amount of Rs10.00 crores has been received from Insurance Company as part of insurance claim upto March, 2015 which has been appropriated towards adjustment of book value of assets and balance amount of Rs1.75 crores has been debited to profit and loss account as loss from damage of fixed assets. Further, under rehabilitation Plan approved in terms of RBI Master Circular no. RPCD.No.FSD.BC.07/05.04.02/2014-15 dated 01.07.2014, the bank has restructured loan portfolio of Rs463.74 crores for which provision of Rs56.38 crores and Rs23.11 crores has been made for DIFV and standard provisioning respectively.
- During the financial year ended 31st March, 2015 fraudulent transactions on account of discounting of fake LCs were detected at two business units of the bank. An amount of Rs60.25 crores outstanding against such fake LCs has been classified under loss category and fully provided for as on 31st December, 2014. However during the quarter ended 31st March, 2015 an amount of Rs16.07 crores has been recovered and the provisions to the extent reversed. Further, RBI on 20.01.2015 identified and intimated the bank that advances made by different banks to a specific borrower fall in the category of fraud and in this regard as per directions of RBI, bank declared advances amounting to Rs680.00 crores as fraud. Pursuant to RBI circular DBR.NO.BP.BC.83/21.04.048/2014-15 dated 01.04.2015, the amount of fraud irrespective of value of security held by the bank, has to be provided for over a period not exceeding four quarters commencing with the quarter in which the fraud has been detected. RBI vide letter DBR.BP.NO.16804/20.04.048/2014-15 dated May 07, 2015 granted permission for making 50% of the required provisioning in March quarter and balance in two equal installments in quarter ending June, 2015 and September, 2015. Against the provisioning requirement of Rs 215.85 crores, bank has made provisioning of Rs 297.63 crores in March quarter (which is Rs 81.78 crores more than the regulatory requirement) As on 31.03.2015, against outstanding exposure of Rs. 675.31 crores to the borrower, total provision held is Rs. 544.75 crores.
- The bank has sub divided each equity share of the face value of Rs10/- into ten (10) equity shares of face value of Rs 1/ each effective from 5th September, 2014 approved by the share holders in the 76th Annual General Meeting of the bank held on 2nd August, 2014.
- The board has recommended a dividend of 210% (Rs 1.10 per share) for the year ended 31st March, 2015 subject to approval of share holders in the Annual General Meeting.
- The number of investors complaints received during the quarter were 12 (Twelve) and all have been disposed off.
- The above results are standalone and do not include that of subsidiary company.
- The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year. Previous period figures have been recasted/regrouped wherever necessary, to make them comparable.
- The statement of Assets and Liabilities is appended:

IN TERMS OF REPORT OF EVEN DATE ANNEXED

For Gupta Sharma & Associates  
Chartered Accountants  
FRN: 001466N

For Dhar Tiku & Co.  
Chartered Accountants  
FRN: 003423N

For Arora Vohra & Co  
Chartered Accountants  
FRN: 009487N

For Darshan Nagpal & Associates  
Chartered Accountants  
FRN: 011022N

For Dharam Raj & Co  
Chartered Accountants  
FRN: 014481N

Place : Srinagar  
Dated: 16th May, 2015

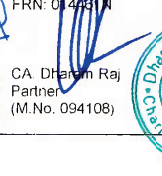
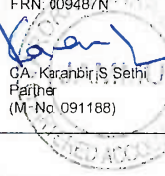
CA. V. Saraf  
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SIGNED ON BEHALF OF THE BOARD  
Chairman & CEO  
DIN: 01226134