

THE JAMMU AND KASHMIR BANK LIMITED
BALANCE SHEET AS AT 31.03.2007

| | Schedule | As at | As at |
|--|---------------------------------------|------------------------------|---------------------------|
| | | 31.03.2007 | 31.03.2006 |
| | | <u>(Rs.'000' Omitted)</u> | <u>(Rs.'000' Omitted)</u> |
| CAPITAL AND LIABILITIES | | | |
| Capital | 1 | 484921 | 484921 |
| Reserves and Surplus | 2 | 19602417 | 17509794 |
| Deposits | 3 | 251942947 | 234846371 |
| Borrowings | 4 | 6201895 | 2639347 |
| Other Liabilities and Provisions | 5 | 8233100 | 9009389 |
| TOTAL :- | | 286465280 | 264489822 |
| ASSETS | | | |
| Cash and Balance with Reserve Bank of India | 6 | 18547684 | 9378807 |
| Balance with Banks & Money at Call & Short Notice | 7 | 17589922 | 13495267 |
| Investments | 8 | 73921930 | 89938406 |
| Advances | 9 | 170799421 | 144831051 |
| Fixed Assets | 10 | 1834451 | 1947168 |
| Other Assets | 11 | 3771872 | 4899123 |
| TOTAL :- | | 286465280 | 264489822 |
| Contingent Liabilities | 12 | 32995168 | 49701349 |
| Bills for Collection | | 5413513 | 3801835 |
| Principal Accounting Policies | 17 | | |
| Notes on Accounts | 18 | | |
| <i>The Schedules Referred to above and the attached Cash Flow Statement form an integral part of the Balance Sheet</i> | | | |
| (Dr.Haseeb A. Drabu) | (M. S. Verma) | (G. P. Gupta) | |
| Chairman | Director | Director | |
| (B.B Vyas, IAS) | (Abdul Rauf Fazili) | (Mushtaq Ahmad) | |
| Director | Executive Director | Executive Director | |
| (Mohd.Yaseen Mir) | (B.L.Dogra) | (Umar Khurshid Trumboo) | |
| Director | Director | Director | |
| (Abdul Majid Mir) | (Parvez Ahmad) | | |
| President - Finance & Risk Management | Company Secretary | | |
| In Terms of our report of even date annexed | | | |
| For Gupta Gupta & Associates | For Gupta Sharma & Associa | For Baweja & Kaul | |
| Chartered Accountants | Chartered Accountants | Chartered Accountants | |
| (CA.Lalit Magotra) | (CA.Surinder Gandotra) | (CA.Mohit Khanna) | |
| Partner | Partner | Partner | |
| M.No. 88613 | M.No.87768 | M.No.505029 | |
| Date : 07.05.2007 | | | |
| Place: Srinagar | | | |

THE JAMMU AND KASHMIR BANK LIMITED
SCHEDULES TO THE BALANCE SHEET
AS AT 31st MARCH, 2007

| | As at | As at |
|---|---------------------------|---------------------------|
| | 31.03.2007 | 31.03.2006 |
| | <u>(Rs.'000' Omitted)</u> | <u>(Rs.'000' Omitted)</u> |
| SCHEDULE - 1 | | |
| CAPITAL | | |
| AUTHORISED CAPITAL | | |
| 7,50,00,000 | | |
| Equity Shares of Rs.10/- each | 750,000 | 750,000 |
| ISSUED :- | | |
| 48499602 Equity Shares of Rs.10/= each | 484,996 | 484,996 |
| SUBSCRIBED AND PAID-UP : | | |
| 4,84,77,702 (Previous year 4,84,77,702) | | |
| Equity Shares of Rs. 10/- each | 484,777 | 484,777 |
| Add Forfeited Shares (21900) | 144 | 144 |
| | 484,921 | 484,921 |

| | | As at | As at |
|-------------------------------|---|---------------------------|---------------------------|
| SCHEDULE - 2 | | 31.03.2007 | 31.03.2006 |
| RESERVES & SURPLUS | | (Rs.'000' Omitted) | (Rs.'000' Omitted) |
| I. | STATUTORY RESERVES | | |
| | Opening Balance | 4,684,036 | 4,237,852 |
| | Additions during the year | 686,216 | 446,184 |
| | TOTAL :- | <u>5,370,252</u> | <u>4,684,036</u> |
| II. | CAPITAL RESERVES | | |
| | Opening Balance | 350,304 | 325,732 |
| | Additions during the year | - | 24,572 |
| | TOTAL :- | <u>350,304</u> | <u>350,304</u> |
| III. | SHARE PREMIUM | | |
| | Opening Balance | 867,791 | 867,791 |
| | Additions during the year | - | - |
| | TOTAL :- | <u>867,791</u> | <u>867,791</u> |
| V. | REVENUE AND OTHER RESERVES | | |
| | Opening Balance | 11,607,663 | 7,137,725 |
| | Additions during the year | 1,406,407 | 4,469,938 |
| | TOTAL :- | <u>13,014,070</u> | <u>11,607,663</u> |
| V. | INVESTMENTS FLUCTUATION RESERVE | | |
| | Opening Balance | - | 2,520,608 |
| | Additions/ (Deductions) during the year | - | (2,520,608) |
| | TOTAL :- | <u>-</u> | <u>-</u> |
| VI. | PROFIT AND LOSS ACCOUNT | | |
| | Opening Balance | - | 1,079,392 |
| | Additions/ (Deductions) during the year | - | (1,079,392) |
| | TOTAL :- | <u>-</u> | <u>-</u> |
| | TOTAL (I,II,III,IV, V & VI) | 19,602,417 | 17,509,794 |

THE JAMMU AND KASHMIR BANK LIMITED
SCHEDULES TO THE BALANCE SHEET
AS AT 31st MARCH, 2007

| | | As at | As at |
|---------------------|------------------------------------|---------------------------|---------------------------|
| | | 31.03.2007 | 31.03.2006 |
| | | <u>(Rs.'000' Omitted)</u> | <u>(Rs.'000' Omitted)</u> |
| SCHEDULE - 3 | | | |
| DEPOSITS | | | |
| I. | <u>Demand Deposits</u> | | |
| i) | From Banks | 577,731 | 501,320 |
| ii) | From Others | 34,214,038 | 29,612,637 |
| | TOTAL :- | 34,791,769 | 30,113,957 |
| II. | <u>Saving Bank Deposits</u> | 58,488,337 | 50,135,072 |
| III. | <u>Term Deposits</u> | | |
| i) | From Banks | 25,031,610 | 26,297,489 |
| ii) | From Others | 133,631,231 | 128,299,853 |
| | TOTAL :- | 158,662,841 | 154,597,342 |
| | TOTAL .A. (I+II+III) | 251,942,947 | 234,846,371 |
| (i) | Deposits of branches in India | 251,942,947 | 234,846,371 |
| (ii) | Deposits of branches outside India | Nil | Nil |
| | TOTAL .B. (i+ii) | 251,942,947 | 234,846,371 |

| SCHEDULE - 4 | | As at | As at |
|---------------------|---|---------------------------|---------------------------|
| BORROWINGS | | 31.03.2007 | 31.03.2006 |
| | | (Rs.'000' Omitted) | (Rs.'000' Omitted) |
| I. | BORROWINGS IN INDIA | | |
| i) | Reserve Bank of India | - | - |
| ii) | Other Banks | 1,010 | - |
| iii) | Other Institutions & Agencies | 4,496,341 | 230,137 |
| | TOTAL :- | 4,497,351 | 230,137 |
| II. | BORROWINGS OUTSIDE INDIA | 1,704,544 | 2,409,210 |
| | Secured borrowings included in I & II above | Nil | Nil |
| | GRAND TOTAL (I & II) | 6,201,895 | 2,639,347 |

| SCHEDULE - 5 | | As at | As at |
|---|--|---------------------------|---------------------------|
| OTHER LIABILITIES AND PROVISIONS | | 31.03.2007 | 31.03.2006 |
| | | <u>(Rs.'000' Omitted)</u> | <u>(Rs.'000' Omitted)</u> |
| I. | Bills Payable | 2,004,512 | 1,559,637 |
| II. | Inter Office Adjustments (Net) | 1,890,366 | 2,118,435 |
| III. | Interest Accrued on Non-cumulative deposits | 588,522 | 1,278,974 |
| V. | Unsecured Redeemable Debenture/Bonds (Subordinated Debts for Tier II Capital) | - | 870,000 |
| V. | Provision Against Standard Assets | 1,008,957 | 554,731 |
| VI. | Other (Including Provisions) | 2,740,743 | 2,627,612 |
| TOTAL :- | | 8,233,100 | 9,009,389 |

THE JAMMU AND KASHMIR BANK LIMITED
SCHEDULES TO THE BALANCE SHEET
AS AT 31st MARCH, 2007

| | | As at | As at |
|--|---|---------------------------|---------------------------|
| | | 31.03.2007 | 31.03.2006 |
| | | <u>(Rs.'000' Omitted)</u> | <u>(Rs.'000' Omitted)</u> |
| SCHEDULE - 6 | | | |
| CASH & BALANCES WITH RESERVE BANK OF INDIA | | | |
| I. | Cash in Hand (Including Foreign Currency Notes) | 1,238,367 | 1,274,304 |
| II. | Balance with Reserve Bank of India | | |
| | i) In Current Account | 17,309,317 | 8,104,503 |
| | ii) In Other Accounts | - | - |
| | TOTAL :- | 18,547,684 | 9,378,807 |
| SCHEDULE 7 | | | |
| BALANCE WITH BANKS AND MONEY AT CALL & SHORT NOTICE | | | |
| IN INDIA | | | |
| I) | Balance with Banks | | |
| | a) In Current Accounts | 339,828 | 735,004 |
| | b) In Other Deposit Accounts | 6,276,858 | 10,170,509 |
| | TOTAL (I) | 6,616,686 | 10,905,513 |
| II) | Money At Call and Short Notice | | |
| | I) With Banks | 10,973,236 | 2,500,000 |
| | ii) With Other Institutions | - | - |
| | TOTAL (II) | 10,973,236 | 2,500,000 |
| | TOTAL (I & II) | 17,589,922 | 13,405,513 |
| OUTSIDE INDIA | | | |
| | I) In Current Accounts | - | 89,754 |
| | ii) In Other Deposit Accounts | - | - |
| | iii) Money at Call & Short Notice | - | - |
| | TOTAL 2 of (I, ii & iii) | - | 89,754 |
| | GRAND TOTAL (1&2) | 17,589,922 | 13,495,267 |

THE JAMMU AND KASHMIR BANK LIMITED
SCHEDULES TO THE BALANCE SHEET
AS AT 31st MARCH, 2007

| SCHEDULE - 8 | | As at | As at |
|--------------------------------------|---|---------------------------|---------------------------|
| INVESTMENTS | | 31.03.2007 | 31.03.2006 |
| | | <u>(Rs.'000' Omitted)</u> | <u>(Rs.'000' Omitted)</u> |
| I. INVESTMENTS IN INDIA | | | |
| | Gross | 74,152,788 | 90,377,779 |
| | Less Depreciation | 230,858 | 439,373 |
| | | 73,921,930 | 89,938,406 |
| i) | Government Securities | 55,314,050 | 63,502,462 |
| ii) | Other Approved Securities | 390,720 | 430,164 |
| iii) | Shares (Pref. + Equity) | 781,739 | 548,586 |
| iv) | Debentures and Bonds | 9,511,564 | 17,622,030 |
| v) | Sponsored Institutions and Joint Venture | 1,423,227 | 685,727 |
| vi) | Others:- | | |
| | a) Certificate of Deposit | 2,686,668 | 2,741,587 |
| | b) Mutual Funds | 1,225,000 | 1,460,000 |
| | c) Indra/ Kisan Vikas Patra | - | - |
| | c) Commercial Paper | - | 544,720 |
| | d) Rural Infrastructure Development Fund (NABARD) | 2,588,962 | 2,403,130 |
| | - | - | - |
| | TOTAL (I):- | 73,921,930 | 89,938,406 |
| | | - | - |
| II. INVESTMENTS OUTSIDE INDIA | | | |
| | | - | - |
| i) | Government Securities | Nil | Nil |
| ii) | Subsidiaries and/or Joint Ventures abroad | Nil | Nil |
| iii) | Others (Swap) | Nil | Nil |
| | TOTAL (II):- | - | - |
| | | | |
| | TOTAL (I & II) | 73,921,930 | 89,938,406 |
| INVESTMENTS CATEGORY-WISE | | | |
| A) | Held to Maturity | 55,456,225 | 48,615,329 |
| B) | Held for Trading | 11,025 | - |
| C) | Available for Sale | 18,454,680 | 41,323,077 |
| | | | |
| | TOTAL (A+B+C) | 73,921,930 | 89,938,406 |

THE JAMMU AND KASHMIR BANK LIMITED
SCHEDULES TO THE BALANCE SHEET
AS AT 31st MARCH, 2007

| SCHEDULE - 9 | | As at | As at |
|---------------------|--|---------------------------|---------------------------|
| ADVANCES | | 31.03.2007 | 31.03.2006 |
| | | <u>(Rs.'000' Omitted)</u> | <u>(Rs.'000' Omitted)</u> |
| A. | I) Bills Purchased and Discounted | 6,191,601 | 5,203,978 |
| | ii) Cash Credits, Overdrafts and Loans | | |
| | Repayable on Demand | 59,903,814 | 50,242,358 |
| | iii) Term Loans | 104,704,006 | 89,384,715 |
| | TOTAL | 170,799,421 | 144,831,051 |
| B. | I) Secured by Tangible Assets | 114,866,611 | 92,077,056 |
| | ii) Covered by Bank/Govt. Guarantees | 32,039,991 | 35,147,574 |
| | iii) Unsecured | 23,892,819 | 17,606,421 |
| | TOTAL :- | 170,799,421 | 144,831,051 |
| C. | I. Advances in India | | |
| | i) Priority Sector | 32,869,777 | 28,278,644 |
| | ii) Public Sector | 41,570,920 | 40,300,835 |
| | iii) Banks | 10,737,461 | 7,532,859 |
| | iv) Others | 85,621,263 | 68,718,713 |
| | TOTAL :- | 170,799,421 | 144,831,051 |
| | II. Advances Outside India | | |
| | Due from Banks | Nil | Nil |
| | Due from Others | Nil | Nil |
| | GRAND TOTAL (I & II) | 170,799,421 | 144,831,051 |

THE JAMMU AND KASHMIR BANK LIMITED
SCHEDULES TO THE BALANCE SHEET
AS AT 31st MARCH, 2007

| SCHEDULE - 10 | | As at | As at |
|-------------------------------|--|---------------------------|---------------------------|
| FIXED ASSETS | | 31.03.2007 | 31.03.2006 |
| | | <u>(Rs.'000' Omitted)</u> | <u>(Rs.'000' Omitted)</u> |
| I. PREMISES | | | |
| a) | Gross Block at the beginning of the year | 1,664,394 | 1,627,133 |
| | Additions during the year | 54,538 | 38,090 |
| | | 1,718,932 | 1,665,223 |
| | Deductions during the year | - | 829 |
| | Total (a) | 1,718,932 | 1,664,394 |
| | Depreciation to date | 659,621 | 570,921 |
| | | 1,059,311 | 1,093,474 |
| b) | Advance against flats | - | 38,269 |
| c) | Constructions work in progress | 67,564 | 24,658 |
| | TOTAL (I) [a+b+c] | 1,126,875 | 1,156,400 |
| II. OTHER FIXED ASSETS | | | |
| | (Including Furniture & Fixtures) | | |
| | Gross Block at the beginning of the year | 2,457,858 | 2,187,357 |
| | Additions during the year | 160,313 | 293,420 |
| | | 2,618,171 | 2,480,777 |
| | Deductions during the year | 844 | 22,919 |
| | | 2,617,327 | 2,457,858 |
| | Depreciation to date | 1,909,751 | 1,667,090 |
| | TOTAL (II) | 707,576 | 790,768 |
| | GRAND TOTAL (I & II) | 1,834,451 | 1,947,168 |

THE JAMMU AND KASHMIR BANK LIMITED
SCHEDULES TO THE BALANCE SHEET
AS AT 31st MARCH, 2007

| SCHEDULE - 11 | | As at | As at |
|---|---|---------------------------|---------------------------|
| OTHER ASSETS | | 31.03.2007 | 31.03.2006 |
| | | <u>(Rs.'000' Omitted)</u> | <u>(Rs.'000' Omitted)</u> |
| I. | Interest Accrued but not Due | 1,455,926 | 1,263,053 |
| II. | Interest Accrued and Due | 5,690 | 20,038 |
| III. | Inter Office Adjustment (Net) | - | - |
| V. | * Tax paid in Advance/Tax Deducted at Source (Net of Provisions) | 584,614 | 784,647 |
| V. | Stationery and Paper in Hand | 24,317 | 27,593 |
| VI. | Deferred Tax Asset | 42,542 | 29,864 |
| VII. | Others | 1,658,783 | 2,773,928 |
| | | | |
| TOTAL :- | | 3,771,872 | 4,899,123 |
| * Includes both IncomeTax as well as Fringe Benefit Tax | | | |

| SCHEDULE - 12 | | As at | As at |
|-------------------------------|---|---------------------------|---------------------------|
| CONTINGENT LIABILITIES | | 31.03.2007 | 31.03.2006 |
| | | (Rs.'000' Omitted) | (Rs.'000' Omitted) |
| I. | Claims against the Bank not Acknowledged as Debts | 87,987 | 83,284 |
| II. | Liability on account of outstanding Forward Exchange Contracts | 9,793,446 | 27,463,995 |
| III. | Guarantees given on behalf of constituents:- | | |
| | a) In India | 8,401,707 | 6,625,533 |
| | b) Outside India | - | 93,828 |
| V. | Acceptances, Endorsements & Other Obligations | 14,551,282 | 15,360,528 |
| V. | Other items for which the Bank is Contingently liable | 160,746 | 74,181 |
| | TOTAL :- | 32,995,168 | 49,701,349 |