

INVESTOR BRIEF FOR DECEMBER 2025

Good Evening and a warm welcome to all the investors, analysts and other stakeholders joining us today for the J&K Bank December 2025 Earnings Call. Before starting, on behalf of J&K Bank, I wish you all a happy and prosperous new year!

Now, let me introduce my fellow colleagues from Bank's senior management who are accompanying me on this call:

Executive Director, Mr. Sudhir Gupta

Chief General Managers - Mr. Sunit Kumar and Mr. Imtiyaz Ahmad Bhat

Retail Banking Head, Mr. Rakesh Magotra

Corporate Banking Head, Mr. Nishi Kant Sharma

Impaired Assets Portfolio Management Head, Mr. Rajesh Malla Tikoo

Chief Financial Officer, Mr. Ketan Kumar Joshi

Chief Risk Officer, Mr. Altaf Hussain Kira

And our Treasury Head - Mr. Ajay Kohli

The Indian economy has continued to show strong momentum, with Real GDP registering a six-quarter high growth of 8.2% in Q2 of FY 2025-26, underpinned by resilient domestic demand amidst global trade and policy uncertainties. The domestic demand has been buoyed by strong private consumption during the festive season and tax rationalization measures.

As per the projections of RBI and World Bank, India's economy is projected to remain among the world's fastest growing major economies, with estimated growth of 7.2-7.3% in FY 2025-26. India's role as a key engine of growth among global markets has been acknowledged by the World Bank in its latest Global Economic Prospects Report, crediting India's resilience in helping offset the impact of heightened global trade frictions and lifting the overall growth in South Asia.

In the backdrop of this improved domestic macroeconomic environment, the Bank has also recorded a healthy growth in business during Q3 with the highlight being a credit growth outpacing the system, complemented by a steady and consistent improvement in asset quality.

Our deposits have grown by 2.5% sequentially with a double-digit YoY growth of 10.6%. Growth in Advances has been recorded at 7.7% QoQ and 17.3% YoY, substantially higher than growth of 14.5% in Bank Credit from 27 Dec 2024 to 31 Dec 2025 as per the Scheduled Banks' Statement of Position published by RBI (estimated at 11.7-12% excluding the extended reporting period).

While the Bank has witnessed a YoY growth across all categories of Deposits - Demand, Saving and Term, the accretion in CASA Deposits has been much slower than Term Deposits. This is in line with the broad industry trend, driven by shift towards higher-yielding term deposits along with increased deployment of funds into alternative investments, which is evident from the share of bank deposits in household financial assets falling from 40.9% in FY 2021 to 35.2% in FY 2025, while mutual funds have ballooned from being just 2.1% of household savings to 13.1% over the same period. Consequently, the Bank has witnessed a decline in its CASA Ratio, being recorded at 44.10% as on 31 December 2025. However, it is still much higher than the industry average of 37.4% for Q2 FY2026 with our CASA in JKL, accounting for 86.3% of our Deposits, being even better at 48.51%.

Speaking of advances now, with an above 17% YoY growth, the Bank is comfortably poised to achieve the guidance of 12% credit growth for this fiscal. The growth during the current financial year has been balanced, both in terms of the contribution from geographies of JKL and ROI as well as in terms of the retail - corporate contribution. JKL and ROI have contributed 56.7% and 43.3% respectively of the incremental YTD advance growth with Retail-Corporate contribution being 53.4% and 46.6% respectively.

On a sectoral basis, a double-digit YTD growth has been recorded in Agriculture and Corporate Loans, which together account for more than 40% of the Bank's loan portfolio, with Agriculture growing at 25.7% and Corporate Loan Book by 14.7%. Retail Advances, constituting around 65% of our Advances, have also registered an almost double-digit YoY growth of 9.4%. Within the Retail Loan book, Car loans and Housing loans have registered a YoY growth of 15.3% and 8.9% respectively. In order to capitalize on the opportunity presented by reduced car prices on account of tax rationalization measures along with year-end discounts, Bank launched a campaign for Auto Loans which ran during the entire quarter and was highly successful with our Car Loans growing by 10.7% QoQ and both JKL and ROI recording a double-digit growth. Our Personal Loan segment in ROI continues to grow at a healthy rate, recording a 14.4% YoY growth with Car, Housing and Education loans, all recording double-digit growth.

Profitability for the quarter has also improved considerably with net profit increasing by 18.7% QoQ and recorded at Rs.587 crores. Notwithstanding the industry-wide pressure on margins witnessed following RBI's cumulative rate cuts of 125 bps during calendar year 2025, combined with our Bank having to take an unforeseen hit of Rs.180 crores on account of impairment provision arising from the amalgamation of RRBs and also having to provide around Rs.68 crores @5% on the advances restructured under the Special Rehabilitation Package 2025, the Bank has still been able to post a 4.5% YoY growth in its net profit for the 9-months ended December 31, 2025, which has been recorded at Rs.1,566 crores.

We have been able to improve our NIMs on a sequential basis despite a 25 bps rate cut, with NIM for Q3 recorded at 3.62% and that for 9-months at 3.64%, broadly in line with the expectations spelled out in our previous call. With the moderation of Weighted

Average Domestic Term Deposit Rate gradually catching up with the moderation in Weighted Average Lending Rate owing to the repricing of deposits starting to kick in, we believe that the Bank is on course to achieve the guidance for the current fiscal, unless there is another rate cut. We have also recorded a decline in Cost of Deposits and the same has been recorded at 4.69% for this quarter.

The Bank continues to exhibit strong cost discipline, keeping operating costs broadly under control despite business growth and inflationary pressures, with just a marginal 2.8% YoY growth for the 9-month period. As a result, Bank has recorded a Cost to Income Ratio of below 56% for the current quarter.

Continued improvement in asset quality, despite the challenging operating environment in the current fiscal, remains a standout achievement for the Bank reflecting sustained and effective portfolio monitoring. We are pleased to inform that we are on the brink of achieving our GNPA guidance of below 3% for March 2026, a quarter ahead of schedule with GNPA, as on December 31, 2025 recorded at 3.00%. Gross slippages also continue to be under control with annualized gross slippage ratio at 0.83% for the 9-month period and no credit costs for the 9-month period. Our NNPA has also recorded a substantial improvement, recorded at 0.68% as on December 31, 2025 Vs 0.94% a year ago, with the Bank continuing to maintain adequate provisions with PCR above 90%.

In our previous call, we made a mention of the special rehabilitation package formulated to provide relief to the borrowers affected due to the disturbances in the UT of J&K. Under this package, which was to be implemented by December 31, 2025, Bank has rehabilitated more than 10,600 borrowers with amount involved of more than Rs. 1400 crores, on which Bank had to make a provisioning of around Rs.68 crores during this quarter, as already mentioned earlier.

CRAR has been recorded at 15.00% with CET 1 at 11.84%. This is without reckoning the net profits for the 9-month period, which would have an incremental impact of around 145 bps. While the Bank, at present, is comfortably placed in terms of capital adequacy, the Board of the Bank during this quarter has accorded their approval for raising of equity capital up to Rs.750 crores and Tier II Capital up to Rs.500 crores.

The annualized Return on Assets and Return on Equity for the nine-month period have been recorded at 1.23% and 15.16% respectively with RoA (Annualized) for this quarter, improving to 1.35% against 1.16% for Q2 and both parameters well on track as per our guidance.

In the context of system liquidity remaining constrained and evolving customer preferences for higher-yielding investment avenues, the Bank is revising its CASA guidance. However, this does not have any impact on our margin outlook for the current fiscal.

Market Guidance for FY 2025-26

- Credit growth - 12%
- Deposit growth - 10%
- CASA - 45%
- NIM - 3.65% to 3.70%
- RoA - 1.20% to 1.25%

- RoE - 15% to 16%
- GNPA - Below 3%

Despite periods of disturbance and natural calamities impacting our home territory of J&K in the current fiscal, we as a Bank have remained focused and disciplined in our execution. And on the strength of foundations built over the 87 years of existence of this Bank, coupled with our persistent efforts, we are well placed to extend our streak of lifetime record annual profits to the 4th consecutive year, thereby achieving a double hat-trick. This remarkable feat is a testimony to the institutional strength and resilience of this Bank and to the steadfast support of our customers and promoters, who have journeyed with us through every phase.

Thank you for your time today and for giving me a patient hearing.

We can start with the questions now.

Concluding remarks after Q&A session

Thank you Swapnali and thank you to all the participants for joining in today.

For any further questions or queries, you can contact our Investor Relations desk.