



“Jammu & Kashmir Bank Limited
Q3 FY2026 Conference Call”

January 20, 2026



**MANAGEMENT: MR. AMITAVA CHATTERJEE – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER – JAMMU &
KASHMIR BANK LIMITED
MR. SUDHIR GUPTA – EXECUTIVE DIRECTOR – JAMMU
& KASHMIR BANK LIMITED
MR. SUNIT KUMAR – CHIEF GENERAL MANAGER –
JAMMU & KASHMIR BANK LIMITED
MR. IMTIYAZ AHMAD BHAT – CHIEF GENERAL
MANAGER – JAMMU & KASHMIR BANK LIMITED
MR. RAKESH MAGOTRA – RETAIL BANKING HEAD –
JAMMU & KASHMIR BANK LIMITED
MR. NISHI KANT SHARMA – CORPORATE BANKING
HEAD – JAMMU & KASHMIR BANK LIMITED
MR. RAJESH MALLA TIKOO – IMPAIRED ASSETS
PORTFOLIO MANAGEMENT HEAD – JAMMU &
KASHMIR BANK LIMITED
MR. KETAN KUMAR JOSHI – CHIEF FINANCIAL
OFFICER – JAMMU & KASHMIR BANK LIMITED
MR. ALTAF HUSSAIN KIRA – CHIEF RISK OFFICER –
JAMMU & KASHMIR BANK LIMITED
MR. AJAY KOHLI – TREASURY HEAD – JAMMU &
KASHMIR BANK LIMITED**

Moderator: Ladies and gentlemen, good evening, and welcome to the Q3 FY 2026 Conference Call of Jammu & Kashmir Bank Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchstone phone. Please note that this conference is being recorded.

We have with us today from the bank, Mr. Amitava Chatterjee, Managing Director and Chief Executive Officer, along with his management team. I now hand the conference over to Mr. Chatterjee for his opening remarks. Thank you, and over to you, sir.

Amitava Chatterjee: Thank you, Swapnali. Good evening, and a warm welcome to all the investors, analysts, 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 very happy and prosperous New Year.

Now let me introduce my fellow colleagues from the 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 6-quarter high growth of 8.2% in quarter 2 of FY '25-'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% to 7.3% in FY '25-'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 quarter 3 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 Y-o-Y growth of 10.6%. Growth in advances has been recorded at 7.7% Q-o-Q and 17.3% Y-o-Y, substantially higher than the growth of 14.5% in bank credit from 27 December '24 to 31st December '25 as per the Scheduled Banks' Statement of Position published by RBI, which is estimated at 11.7% to 12%, excluding the extended reporting period.

While the bank has witnessed a Y-o-Y growth across all categories of deposits, demand, saving and term, the accretion of CASA deposits has been much lower than the 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 alternate 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 CASA ratio, being recorded at 44.10% as on 31st of December 2025. However, it is still much higher than the industry average of 37.4% for quarter 2 FY 2026 with our CASA in Jammu & Kashmir and Ladakh, accounting for 86.3% of our total deposits, being even better at 48.51%.

Speaking of advances now, with an above 17% Y-o-Y growth, the bank is comfortably poised to achieve the guidance of 12% credit growth for the fiscal. The growth during the current financial year has been balanced, both in terms of the contribution from geographies of Jammu and Kashmir, Ladakh and Rest of India as well as in terms of retail and corporate contribution. Jammu Kashmir, Ladakh and Rest of India 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 Y-o-Y growth of 9.4%. Within the Retail Loan book, car loans and housing loans have registered a Y-o-Y 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 the 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% Q-on-Q and both Jammu Kashmir, Ladakh and Rest of India recording a double-digit growth. Our personal loan segment in Rest of India continues to grow at a healthy rate, recording a 14.4% Y-o-Y 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% Q-on-Q and recorded at INR587 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 INR180 crores on account of impairment provision arising from the amalgamation of RRBs and also having to provide around INR68 crores, that is at 5% of the advances restructured under the Special Rehabilitation Package 2025, the bank has still been able to post a 4.5% Y-o-Y growth in its net profit for the 9 months ended December 31, 2025, which has been recorded at INR1,566 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 of 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 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 the business growth and inflationary pressures, with just a marginal 2.8% Y-o-Y 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%. 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 net NPA has also recorded a substantial improvement, recorded at 0.68% as on December 31, 2025, versus 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 Jammu and Kashmir. 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 INR1,400 crores, on which bank had to make a provisioning of around INR68 crores during the quarter, as already mentioned earlier.

CRAR has been recorded at 15% with CET1 at 11.84%. This is without reckoning the net profits for the 9-month period, which would have 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 equity capital up to INR750 crores and Tier 2 capital up to INR500 crores.

The annualized Return on Assets and Return on Equity for the 9-month period have been recorded at 1.23% and 15.16%, respectively, with ROA (annualized) for the quarter improving to 1.35% against 1.16% for quarter 2 and both parameters well on track as per our guidance.

In the context of the 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 financial year '25, '26 credit growth 12%, deposit growth 10%, CASA 45%, NIM 3.65% to 3.7%, Return on Assets 1.2% to 1.25%, Return on Equity 15% to 16%, Gross NPA below 3%.

Despite periods of disturbances and natural calamities impacting our home territory of Jammu & Kashmir 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 fourth 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 the questions now.

Moderator: Thank you very much. The first question is from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D. Patil: I have 2 questions. My first question is, as gross NPA has come down and gone down around 3% and profitability continues to improve, how do you plan to build on this credit discipline, while expanding lending in segments like MSME and Retail? Over the next few quarters, what specific steps are you taking to deepen the bank's presence in high-growth regions outside Jammu Kashmir, especially with the competition intensifying from private banks and fintechs? That's my first question. I'll ask my second question after this. Thank you.

Amitava Chatterjee: Thank you very much. The focus on NPA recovery has been very, very constant for the last 9 quarters and more. We have not only reduced the gross NPA in percentage terms, but also in absolute terms. So this is the gross NPA that I'm talking about.

If you even consider the SMA, March to December, the SMAs also have reduced by around 50%. So the prospect of adding NPAs is very low. The credit cost is nil. We have continuously been engaged in NPA recovery for quite some time now. So that is one part where the discipline on recovery would continue to be in focus for us.

While I mentioned that credit growth has this time been balanced between the Rest of India and Jammu & Kashmir and Ladakh territories, with almost 43% coming from Rest of India and 57% from Jammu and Kashmir, which is our home territory. And similarly, the retail and corporate has also been balanced. So the idea of high potential areas has already started chipping in. So this has been the strategy of the bank for the last 1 year, and I believe we will continue to do that.

Sucrit D. Patil: I believe Mr. Ketan Kumar is also on the call today?

Amitava Chatterjee: Yes, Ketan Joshi is here.

Ketan Kumar Joshi: I'm here.

Sucrit D. Patil: Yes, yes. Sir, my question to you is with net interest income slightly lower this quarter and capital raising plans underway, how are you planning to optimize the cost of funds while supporting loan book growth? Could you share how the bank is approaching Tier 2 bond issuance with equity infusion? And how these will support your medium-term credit expansion and margin stability?

Ketan Kumar Joshi: See, the capital growth is in tandem with the business growth. It is required to supplement the business growth, which we are foreseeing in next 2 years, especially in the UT of J&K where government -- Central Government has given a lot of emphasis on infrastructure development. And that will enable the reason to have a lot of credit offtake and for which being a lead bank in the region, we will also get that pie of credit growth.

So to supplement that credit growth, we expect that we will have at least INR1,500 crores of additional capital, which will take care of that business growth. And that's where we are planning to raise INR500 crores Tier 2 bonds and then subsequently QIP. We are also targeting QIP to be completed by 31st March. However, it may spillover a little bit based on the conducive marketing conditions.

As far as cost of funds are concerned, our focus is on the retail CASA, as mentioned by MD sir. So our focus will remain on retail CASA and that too from the Rest of India. And that will definitely offset whatever cost we are adding towards the Tier 2 bond, we are going to offset and it will help us in maintaining the adequate NIM.

Amitava Chatterjee: If you look at, as a supplement, if you look at the reduction of repo that has been for the year by 125 bps, while our NIMs have been affected by only 40 bps, 42 bps. So we have been very vigilant about the kind of credit growth that we are doing, which are giving us returns. So, net interest margin of all the banks have been affected because of this rate cut, but we have been able to maintain the margins. And I guess, 3.64% is maybe one of the highest in the industry.

Sucrit D. Patil: Okay. Thank you, sir. Just as for a closing note, it may be a vague question. But just from -- just to understand, are you expecting any positive outcome with the budget coming soon?

Amitava Chatterjee: See, the entire banking industry wants some relief as to how they can get back the deposits to them. So I am not suggesting anything, but maybe some tax reforms can happen, which will allow the investors to think of bank deposits once again. Most of the household deposits, as I mentioned are shifting towards mutual funds.

Ketan Kumar Joshi: Yes. And also there is a demand from CII to raise the standard deduction from INR75,000 to INR100,000. So probably that may be acceded by the Ministry of Finance.

Sucrit D. Patil: Thank you for the guidance and I wish the entire team best of luck for the next quarter.

Amitava Chatterjee: Thank you.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Am I audible, sir?

Amitava Chatterjee: Yes, you are.

- Deepak Poddar:** Yes. Thank you very much, sir for this opportunity and many congratulations for a good set of numbers. Just wanted to check in 9 months itself, we have seen a growth of around 17%, 18%, right? So for the entire year, I mean, have you revised up the guidance of 12% that we have been saying in the last quarter?
- Amitava Chatterjee:** Thank you, Deepak ji, for the compliments. In fact, I would still maintain the guidance of 12% to 15%, especially owing to the fact that there is a stress on the deposit growth. Had the deposit growth been similar to advances growth, I would have said we would be growing at 20%, but we have to maintain the balance.
- The CD ratio has also reached 72%, which I had promised at the beginning of the year. So I believe that maintaining this ratio, we will be comfortably placed at 12% to 15%. In case we are able to generate the deposits which we are working hard on, then the growth can be higher because the pipeline at the moment is very, very robust for us.
- Deepak Poddar:** Okay. I got it. And in terms of deposit, I think you did mention that some re-pricing is left, right? I mean, so how much percentage re-pricing is left and when it's expected to hit the P&L?
- Amitava Chatterjee:** So what I meant was the repo cut directly impacts the lending rates, while the deposit rates are contracted for a period. So the shift of -- the moderation of deposits takes some time, one to two quarters, before it takes a hit. I had mentioned in the last call that the NIM is likely to improve by 5 to 6 basis points because the effect of the repo cut had already passed on, while the deposit rates took some time to moderate. So now you see there has been a 6 basis points improvement from last quarter in the NIMs. So this is how it works in the industry.
- Deepak Poddar:** Yes, so I understand that. I was just trying to understand when this entire re-pricing is expected to hit? I mean, is it coming...
- Amitava Chatterjee:** Basing this, I think by March the entire thing will be re-priced.
- Deepak Poddar:** By fourth quarter. So we do expect some improvement in NIMs in fourth quarter as well?
- Amitava Chatterjee:** Definitely, if you look at my guidance it is 3.7%.
- Deepak Poddar:** Okay, understood. And just one final thing. FY '27, anything in terms of guidance, if you can help, that would be very helpful?
- Amitava Chatterjee:** I would keep that to the next call, if you permit, because, see there are many, many factors which affect the guidance. It will not be lower than the guidance we had for this year, assuming that there is no material change in the environment. If there is a positive change, the guidance will be higher. If there is a negative change in the environment, it might be same or slightly lower. But we will try to maintain a kind of growth that we have done for the last, say, four, five quarters.
- Deepak Poddar:** Okay. And just one small thing. I mean you mentioned we are working on generating deposits. I mean can you throw some more light, elaborate more on what sort of steps we are taking there?

Amitava Chatterjee: See, more than 80% of our deposits are from our home territory. And out of that, almost 48%, 49% is CASA. So we are working on this home territory of all the deposits that we may have lost in the last few quarters to get them back and also generate more deposits through IT initiatives.

From IT initiatives, I mean that using the QR code and the POS machines. Since we have a very strong presence in this geography, we are very accessible to all the vendors, traders, businessmen of this area. So this is one area where we feel that we have a very strong possibility of improving the CASA and the total deposits. Through CASA, I want to improve the deposits, which will help in both the ways.

Deepak Poddar: Okay. I got it. And that's very helpful, sir. That would be it from my side. Wish you all the very best. Thank you.

Amitava Chatterjee: Thank you very much.

Moderator: Thank you. The next question is from the line of Mona Khetan from Club Millenium Finance. Please go ahead.

Mona Khetan: Hi, good evening. I have few questions. So firstly, just looking at the provisioning line, about INR70 crores of negative provisions for NPA, etc, so is there anything to read apart from the negative net slippages that we've been having?

Amitava Chatterjee: See, the additional provisioning has happened in the standard assets. It is on account of -- I mentioned, there's a special rehabilitation package that the Reserve Bank of India permitted on account of the disturbances that was created in Jammu & Kashmir on account of the 22nd April event.

Mona Khetan: I get that, sir. My question was why is that negative, the provision side...

Amitava Chatterjee: Negative provisioning is on account of big ticket size recovery that has happened in one of the accounts where we have recovered almost more than INR100 crores, which was fully provided for. So that provisioning has got reversed.

Mona Khetan: Okay. And this was not a written-off account?

Amitava Chatterjee: No, that was not a written-off account. That was an NPA account that was fully provided for.

Mona Khetan: Got it. And over the last few quarters, we have made provisions against the Grameen Bank. Are we expecting any reversal from the same in same quarters or something that occurred this quarter as well?

Amitava Chatterjee: I will keep that to myself at the moment. We have a strong possibility of reversal provided that the Grameen Bank starts performing well. It has already started performing well. In the last quarter, it did well. There were some outstanding expenses, which were set off this quarter. So from next quarter onwards, we expect the bank to do well. It is already performing well. The

numbers are going to improve from next quarter. And eventually we expect, as per the Master Directions of Reserve Bank of India, we expect some reversal in these provisions also.

Mona Khetan: Okay. And just a follow-up from one of the previous questions on loan-to-deposit ratio. So it expanded to about 72% this quarter. So is that where we expect it to sort of stabilize at, the loan/deposit ratio or we don't see much scope of improvement unlike the rest of system that is much higher than 72% today?

Amitava Chatterjee: No, no. I'm not going to stabilize at 72%. We will definitely -- provided we are adequately capitalized as we are planning to be, I can expect the CD ratio to go up to 76%, 77%.

Mona Khetan: Okay. And just one last thing on the RIDF, I think as on March '25, the outstanding RIDF in your balance sheet was about INR9,000 crores plus. How much has matured this year and do we continue to sort of invest in them to meet the PSL requirements?

Amitava Chatterjee: I guess the entire thing is getting matured in the next 4, 5 years. Starting from next year, I think around INR3,000 crores is getting matured, followed by around same amount in the following year. And if we look at our priority sector and the sub-targets, I believe unless, of course, we get the final figures for the year-end, I believe that we will not be required to invest anymore on RIDF for the next year. So we are going to get back that amount for further investment.

Mona Khetan: And this is because -- I mean, we don't need to invest more because we are organically meeting the PSL requirements or...

Amitava Chatterjee: Yes, organically, through PSL lending. PSL lending along with covering the all sub-targets of agriculture, marginal farmers, non-corporate farmers, all those sub-targets are also being met.

Mona Khetan: Got it. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Gaurav Agrawal from Nine One Capital. Please go ahead.

Gaurav Agrawal: Hi, sir. Thank you so much for the opportunity. Sir, a couple of questions. Your employee expenses on a 9-month basis, they are down Y-o-Y. So for this particular year, I think will mostly be flat. Sir, for FY '27 also, do you think employee expenses can remain at whatever level they are? Can it go down or will you see marginal increase in them?

Amitava Chatterjee: Interest expenses depend on the interest that we pay out.

Gaurav Agrawal: Sir, I am asking employee expenses, employee expenses?

Amitava Chatterjee: Sorry, I got it wrong. I'm very sorry. Employee expenses are going down on account of retirements.

Gaurav Agrawal: Yes, sir. So what is the way forward like for this year, they are going to be flat largely?

- Amitava Chatterjee:** It will not be flat. It will still go down, but we have plans to recruit people, but then if you consider the outgoing employees are high-cost employees and the people we recruit will be at a lower cost. So overall, the employee cost will remain low. In fact, it is likely to go down further for some time.
- Gaurav Agrawal:** Great. So FY '27, it can go down further from whatever number we report in FY '26?
- Amitava Chatterjee:** Yes.
- Gaurav Agrawal:** And sir, provisions, again, this 9 months, it is negative. Do you have any further scope of write-backs recovery, which might prompt you to report near zero kind of provision number for next year FY '27?
- Amitava Chatterjee:** I believe so. We still have quite a bit of pipeline. I do not think that the credit cost will be anything positive by the end of this year.
- Gaurav Agrawal:** No, sir, I mean for next year, FY '27. This year is anyways we are through.
- Amitava Chatterjee:** '27 at the moment, I will not like to comment because the near visibility is what I'm looking at. FY '27 might be much better because we have certain strategies lined up for next year. Once we are through with this year, we will be going ahead with the strategies for next year, it can be much better. But at the moment, I cannot predict what will happen in 2027.
- Gaurav Agrawal:** So sir, based on whatever you are telling me, I think next year, we can easily do 17%, 18% kind of ROE and because anyways, even if you go at 14%, 15%, your expenses doesn't grow that much, maybe single-digit 4%, 5% and it should all flow down. So ROE should see an improvement, at least 200 to 300 basis points is what my calculation says. And anyways, we are doing and sir what's the need of – sure sir, so that is fine, sir. What's the need of raising capital at such low valuation. We can hold on for at least 1 more year, we don't need capital as of now. What's the need of diluting below book value?
- Amitava Chatterjee:** See, I have plans for credit growth, which...
- Gaurav Agrawal:** Even if you grow 20%, you don't need capital?
- Amitava Chatterjee:** I definitely need capital to be assured of.
- Gaurav Agrawal:** Sir, that's my humble submission. Please do consider postponing it a bit. We are raising capital when all the PSU banks are trading at such low valuations, probably when things are better, whenever we get closer to book value or higher than what we are, we should at least contemplate raising them because it unnecessarily impacts our book value and is negative for everyone as a shareholder.
- Amitava Chatterjee:** Okay, we'll think of that, definitely.
- Gaurav Agrawal:** Thank you, sir. Thank you so much.

- Moderator:** Thank you. The next question is from the line of Arjun from Bowhead India. Please go ahead.
- Sonaal Kohli:** Hello, sir. Congratulation on great numbers. This is Sonaal Kohli from Bowhead. If you allow, can I ask three questions?
- Amitava Chatterjee:** Yes, Sonaal ji. Please go ahead.
- Sonaal Kohli:** Sir, firstly, if you can explain the contours of restructuring. That's my first question. So is it all done or still anything else has to be done? And what impact. I may have missed the first 5, 7 minutes of the call. What is the impact, if any, you expect from it or what is the level of postponement of payment?
- Amitava Chatterjee:** See, the last date for restructuring was 31st of December, 2025. So there are no further accounts for restructuring. We have done almost 10,600 accounts to the tune of INR1,400 crores and we have provided for 5% of the assets that is around INR68 crores we have provided for.
- So no further provision, no further accounts for restructuring. And to be very honest, these are all standard accounts. So it is not postponement. It was sort of lifeline given. I had mentioned earlier also, the resilience of the people here is very, very strong. So I do not believe that these accounts are going to turn NPA in any time in future.
- So I'm assured that this restructuring will actually provide them a lifeline to restart and continue the business in there -- in the way they were doing it earlier. And second, the business activity, tourism, it's all returning to this state. So gradually, it has become almost normal.
- Sonaal Kohli:** Sir, second question pertains to loan-to-deposit ratio. If I remember the prior MD, I've been talking with the bank for almost 12 years, and your past remarks as well, in one of my interaction, if I remember correctly, the long-term plan is to take it to 78%, 80% over a 3 year period, if not next 1, 2 years. Am I missing something here? Or is my understanding correct?
- Amitava Chatterjee:** No, absolutely. Your understanding is correct. We have taken it from 67%, 68% to 72%, 73% now. Along with this, there was a 10% Y-o-Y growth in deposits as well. So I just mentioned that my target would in the medium term will be to take it to around 77%, 78%. And beyond that, if all the regulatory compliances are in place, I will be only restrained by the regulatory compliances, nothing more than that.
- Sonaal Kohli:** Sir, thirdly, sir, I don't know, sir, if you track other banking stocks, but I wanted to give you a perspective. The previous participant did mention about the capital raise. So sir, if you are going to make 17%, 18% equity -- return on equity, if you even grow at 18%, you don't need to dilute at all.
- I understand that you may have higher ambitions at some point of time, you may want to grow. But to put things in perspective, Jammu & Kashmir Bank is by far, is not cheap. It is by far the cheapest banking stocks in India in absolute terms.

And as compared to its ROA despite having such a high CASA advantage and the leadership such as yours. And therefore, I think it will be injustice to all the shareholders, including to the management of the bank and to the government of India if we were to dilute such a high-quality franchise at such a cheap valuation.

Just to put other things in perspective, this bank raised money about 2 years, 1 month back at a 6%, 7% higher price than today. After that, the book value has grown immensely. As you yourself mentioned, 2 record years, including the last one under your leadership. The book value next year would be around INR145 adjusted book value.

So if you put things all in this context, if you are going to report what you have done over next 2, 3 quarters, many PSU banks are today quoting even above book value. I mean you could trade at a premium to that, and that would be, I think, fair to management, Board, state and the shareholders who participated in the past fundraise.

So I would humbly request you to maybe not wait forever. But maybe let people understand your story, maybe go to the shareholders, hold an analyst meet in Bombay, meet other fund managers, let the true price discovery happen, and I'm sure people will come in hoards to give you money like they did under the prior leadership.

I think the IPO was subscribed multiple times, people imposed so much of faith in the bank. But if we go back today at value at a lower price than what we did 2 years back, despite all other banking stocks having risen, it does not send the best of the message to the people.

So my humble request unless you are in desperate need, unless you think there is going to be planning to grow 30% or you believe that there could be an economic shock coming in, do consider telling your story first to the street, the money will come in no time. It's such a small amount compared to your profits. I mean your one quarterly profit would be equal to the amount of the capital raise.

So just a humble request, sir, if you can just internally deliberate in context, if you need the data, I'll be more than happy to provide you data of the ROA of the bank versus other banks, the price book multiples, the returns of this bank over 2 years and therefore, why we are saying what we are saying.

Secondly, I understand that you have a lot of investments which may be more valuable than the capital raise you are planning to take, whether it's stake in the insurance company, the number of housing and flats or the value of the real estate we are sitting on. So just a humble request to the Board, and we are happy to provide you with data to support it. Please keep that in mind.

Amitava Chatterjee:

Thank you, Sonaal ji. Underlying compliments are very, very welcome. In fact, I'm pretty very, very happy with all the compliments that you showered on the bank. I'm very, very happy for that. Second, I have previously also and now also, I have already taken note of all the things that you mentioned and the data that you had already provided to me. I already have them with me.

Third is we have taken a permission of the Board, but the permission stands for 1 year. So I don't think that you should be worried about it. I do not intend to go to the market unless I am absolutely ready for it. So please don't be worried about that. It's just that we have got an approval and the approval stands for 12 months. So we will definitely...

Sonaal Kohli:

Sir, when does the approval end?

Amitava Chatterjee:

Approval, we got it this quarter only. So it is there for 3, 4 -- 4 quarters now.

Sonaal Kohli:

So sir, if you go after Q2 results or Q3 results, your price discovery will happen by then.

Amitava Chatterjee:

I'll definitely keep that in mind, Sonaal ji. I'm absolutely sure about it.

Moderator:

The next question is from the line of Parth Gutka from 360 One Capital.

Parth Gutka:

Yes. My question is on yield on advances. Our yield on advances have declined sharply over the last several quarters. I understand that there have been several repo rate cuts. But I think it is very sharp. So are we clearly -- are we undercutting or underpricing our loans? Yes, that's my question.

Amitava Chatterjee:

The yield on advances, if you look at quarter 3 '24-25, to quarter 3 '25-26 it is less than 100 bps, while the repo cut has been 125 bps, okay? So I just want to tell you that almost 70% of the loan book, just slightly less than 70% of the loan book is in the territory, the home territory of Jammu & Kashmir and Ladakh.

So the competitive rates that you are talking about, it constitutes only 30%, 31%, which is in the rest of the country. Now even there, we are focusing a lot on retail advances in Rest of India. So rest assured, this yield on advances will not go down further, I believe. Yes, the corporate world is looking at very, very competitive rates, but we are aware of that.

And our focus has always been as a bank is on the retail. And we will make up for whatever loss we make. I mean I'm not talking about loss, whatever low margins we get out of the corporate advances through the retail advances, that is one.

But we also keep in mind that the corporate advances that we are doing have low capital charge because we are concentrating mostly on AAA-rated companies. So even if we are lending at slightly competitive rates to the corporates, they are very, very safe, AAA-rated corporates.

So overall, the safety, security and the margins we are trying to protect as much as possible. With the reducing repo rates, it is tough for every bank. If you look at the numbers of other banks, I believe that you will find the position of our bank much better than that. So I will not be that worried since the total reduction in the yield is less than the repo rate that has been cut during this period.

Moderator:

The next question is from the line of Saket from Kapoor & Co.

- Saket:** Yes, sir. So this is pertaining to the reversal of the provision entry I was late to join the call. So if you could just, for the sake of reputation, the line item 8 and 9 if you could just explain the nature of the same? And are we done with this provision of NPA or more is expected the reversal of the same going ahead?
- Amitava Chatterjee:** Are you talking about reversal of provision?
- Saket:** Yes, sir.
- Amitava Chatterjee:** Reversal of provision happened on account of a recovery in a large ticket size loan, which was an NPA, but fully provided for, 100% provision was there. And 100% recovery has come in that. So we reversed the provision, which was there in that account. So this is only on account of one account.
- Saket:** Right, sir. And you were also mentioning about the hit that we have taken on account of the merger of the another bank, another...
- Amitava Chatterjee:** That provisioning is also completed. We have completed the entire provisioning on account of the impairment of on account of the amalgamation of RRBs, that entire provisioning has been completed in the second quarter itself. So this quarter, we did not have any provision on account of the amalgamation. And going forward, there is nothing left for provision.
- Saket:** Okay. So just to take into the account, the core numbers, the core number stands at INR780 crores as the operating profit and then comes the provision part. So we need to focus on the INR780 crores number itself as a -- as a operative number only. Others are only the book entry part, sir?
- Amitava Chatterjee:** The operating profit is -- before tax is INR806 crores.
- Saket:** Yes. Okay. No, that takes into account the provision reversal part that was the question.
- Amitava Chatterjee:** Yes, yes. See, provision reversal that happens, if you look at this bank for the last 3 years, there has hardly been any quarter. See, we have been so focused on recovery of NPAs that we have had provision. Last year, we had zero credit cost. This year, we have had for the 9 months zero credit cost.
- So provision reversal is something which has been happening with this bank because of the focus on recovery. It's not because of any adjustments that is being made. You see the provision coverage ratio is still above 90%.
- We continue to maintain 90% and we'll not go below 90%. So it's a healthy sign and the NPAs have also come down to 3%. So going forward, I believe, for at least 1 more year, we will have similar situation. After that, maybe the low-hanging fruits we won't be there anymore. But then for one more year, I believe the situation will be same.

Saket: Okay. And lastly, sir, on the nature of the other income part. We -- if we read the numbers for the last December quarter, that -- in that quarter also, the other income component was significantly higher at INR242 crores. And this year, it is even higher to INR280 crores. So if you could just give some color on the granular details of what contributed to this? And how is this line item going to shape going ahead?

Amitava Chatterjee: See the other income mostly is contributed by the difference that you see, the recovery in written-off accounts has been double of last year. Last year, the return of recovery was INR24 crores. This year, it is INR48 crores. So that is a major difference in the other income. We have also had additional income from the card business, credit card business, which has improved by INR4 crores.

We also -- I think we have improved the insurance commission by around INR3 crores over last year. And most of the other items are almost flat. And if you look at the quarter-on-quarter improvement, there has also been an improvement of around INR14 crores in the trading income for this quarter.

Saket: Thank you sir and all the best. And sir, in the next month -- in fact, in the month of March, there will be -- there are conferences happening when the year ends come in the month of March. So we will hope that our management also participate so that, that will give us a more leeway to a larger section of investors to participate.

There are many conferences that happen on the OEM platform. So there is one of them in as Bharat Connect that happens, I think so in the month of February itself maybe 15 days down the line. So if you could just participate there, we will have a higher segment of investing community participation there, and we can showcase the story there also.

Amitava Chatterjee: We'll be happy to participate. Thank you.

Moderator: The next question is from the line of Sonaal Kohli from Bowhead Capital.

Sonaal Kohli: Thank you again for the opportunity. Just one clarification, if it's possible for you to share, I'll ask you next quarter. What kind of NIMs do you see over the next 1, 2 years broad range? We understand that no specific numbers can be given for such longer time. But if some broad sense of a range to expect over a 1, 2 year period if possible?

Amitava Chatterjee: It's a question which I'll have to answer from my heart instead of my mind. See, we have been able to maintain close to 4% for quite some time. Now 3.74% is the current 9 months NIM. Next quarter ending, I think we should be somewhere -- sorry, 3.64%. So somewhere around 3.70% for the last year-ending. This is what I presume will happen, maybe slightly better if there is no further rate cuts. But if there are no rate cuts, I believe we'll be close to these numbers in future.

Sonaal Kohli: And sir, was there any impact of restructured book on the NIMs by anyway this quarter?

Amitava Chatterjee: The impact was of INR68 crores of provision only -- it is -- the impact was 6 basis points, yes.

Sonaal Kohli: So would that reverse from Q1 or Q4?

Amitava Chatterjee: Next year Q1, yes. Next year, Q1.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to Mr. Amitava Chatterjee for the closing comments. Thank you, and over to you, sir.

Amitava Chatterjee: Thank you very much. Thank you, Swapnali, and thank you all the participants for joining in today. If there are any further questions or queries, you can definitely contact our Investor Relations desk. So thank you all. Thank you from J&K Bank.

Moderator: Thank you very much. On behalf of Jammu & Kashmir Bank, that concludes this conference. Thank you for joining with us today, and you may now disconnect your lines.