

INVESTOR BRIEF FOR MARCH 2026

Good Evening and a warm welcome to all the investors, analysts and other stakeholders joining us today for the J&K Bank March 2026 Earnings Call.

Before starting with the numbers, 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, Mr. Imtiyaz Ahmad Bhat and Mr. Ashutosh Sareen
Retail Banking Head, Mr. Rakesh Magotra
Corporate Banking Head, Mr. Suresh Kumar Chowdhary
Impaired Assets Portfolio Management Head, Mr. Irfan Anjum
Chief Financial Officer, Mr. Ketan Kumar Joshi
Chief Risk Officer, Mr. Altaf Hussain Kira
And our Treasury Head - Mr. Ajay Kohli

FY 2026 marks yet another milestone year for the Bank, as we have fulfilled our promise and delivered a fourth consecutive year of record annual profitability, posting a net profit of Rs.2363 crores for the financial year. What sets this achievement apart and makes it more special is the backdrop in which it has been achieved as FY 2025-26 was laced with frequent challenges, especially in our core geography of Jammu & Kashmir besides global uncertainties. The ability to sustain the trajectory in this challenging environment is a reflection of a structurally stronger and a resilient franchise that has been built over a period of time along with the adaptability of our business model.

Besides ending the year with the highest ever annual net profit, we have also ended the financial year with a record quarterly performance, posting a net profit of almost Rs.800 crores, recording a 36% QoQ growth.

We are also pleased to have been able to broadly deliver on our market guidance, surpassing the same comfortably on most parameters despite all the challenges faced. The only exception has been NIM, where we have fallen short of our guidance. This is largely on account of the cumulative rate cuts of 125 bps by RBI in 2025 which has impacted yield on advances, coupled with the intense competition for deposits resulting in a lower transmission of the reduced rates on the liability side.

The Bank has registered a business growth of 13.6% during FY 2025-26 with Deposits and Gross Advances growing at 11.3% and 16.8% respectively, both comfortably exceeding our guidance for the financial year.

In accordance with our recalibrated strategy for the fiscal, the loan growth in ROI was much higher at 28.8% vis-à-vis 9.5% for JKL. This has led to a marginal shift in the regional composition of the loan book with JKL contributing 63% and ROI contributing 37% as on 31-03-2026, in alignment with the Bank's medium to long-term vision of geographical diversification with a 50-50 business split between JKL and ROI.

Retail, Agriculture and MSME Loans (RAM) continue to constitute a dominant segment of our Loan Book with more than two-third share. During FY 2025-26, Corporate and Agriculture segments have recorded a robust growth of 38.5% and 27.6% respectively. Our Personal Loan segment in ROI has also gained traction with a growth of above 13% recorded for the year. Amongst Personal Loans, Car Loans has been the best performing segment across all divisions with a growth of 17.5%. In the ROI Division, Housing and Education Loans have also recorded a double-digit growth.

In Deposits, both JKL and ROI have recorded a double-digit growth. The growth in Term Deposits at 14.2% has been higher than the growth in CASA Deposits at 8.1%, in line with the broad industry trend. However, on a sequential basis, growth in CASA Deposits has substantially outpaced the growth in Term Deposits resulting in the Bank being able to improve its CASA ratio from 44.10% as on 31-12-2025 to 45.65% as on 31-03-2026, and thereby surpassing our guidance of 45%.

While we have witnessed some moderation in NIM during the year, as mentioned at the start of this call, with NIM for FY 2025-26 being recorded at 3.60%, the decline has been relatively contained, especially when seen against the backdrop of the cumulative rate cut of 125 bps by RBI in the calendar year 2025.

Despite pressure on Net Interest Income owing to the contractions in NIMs, as well as a hit on our Other Income on account of impairment provision of Rs.180 crores along with a sequential moderation in our trading income, triggered by an uptick in bond yields owing to the geopolitical developments, we have still been able to record a 13.5% growth in our annual profit. A key driver of this improved profitability has been operating leverage, with operating expenditure reducing by around 4%. As has been indicated previously also by the Bank, this cost reduction has been brought about by a moderation in our employee costs with tapering of pension-related obligations and shift of our workforce composition towards NPS. This reduction of costs has also been complemented by enhanced operating

efficiency, as evidenced by steady improvement in key productivity metrics with Business per Employee improving from Rs.20.18 crores as on 31-03-2025 to Rs.23.64 crores as on 31-03-2026 and Net Profit per Employee improving from Rs.16.65 lacs to Rs.19.47 lacs during the same period. Cost to Income Ratio also continues to moderate for the fourth year running, being recorded at 56.18% for the financial year.

With this record profitability performance, we have also surpassed our guided RoA and RoE levels, with RoA and RoE of 1.37% and 16.85% respectively for the financial year.

The consistent improvement in asset quality alongside a healthy business growth, now extending to six consecutive years, continues to remain a hallmark of our performance and reflects our commitment to responsible growth. GNPA and NNPA as on 31-03-2026 stand at 2.50% and 0.64% respectively. This demonstrates a structural strengthening of our underwriting discipline alongside a tight control over slippages with Gross Slippage Ratio of just 0.82% for the year. Improved recovery mechanisms have also played a crucial role with another year of negligible credit costs despite a relatively challenging economic environment. Our Provision Coverage Ratio also continues to stay above 90% reflecting adequate buffers.

With another year of record internal accruals, we have achieved highest ever Capital Adequacy of 16.55% with CET 1 at 13.54%. However, considering that RBI has notified ECL implementation w.e.f. 1st April 2027, the Bank will consider raising of capital to the tune of Rs.1250 crores in the current year, at an opportune time, for which the Bank has already obtained both Board as well as Shareholders' approval.

Despite a broad -based exodus of FIIs from Indian markets during 2025 with outflows of Rs.2.4 lakh crore, our Bank has witnessed an increase in FII shareholding to 8.34% as on 31st March 2026 from 7.64% a year ago. This is a recognition of our transformation journey and consistently improving performance.

The ongoing geo-political tensions in West Asia, which has led to the World Bank slashing India's growth forecast for FY 2026-27 from 7.2% to 6.6%, call for a degree of caution in our immediate future outlook. In light of this evolving external environment, we have taken a conservative stance in our market guidance for FY 2026-27, which is:

- Credit growth - 12%
- Deposit growth - 10%
- CASA - 45%
- NIM - Around 3.50%
- RoA - Maintain around the current levels
- RoE - Around 16%
- GNPA - Below 2.25%

While it may seem like we are under-promising, rest assured, that we will strive to over-deliver.

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

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