



## **Rating Action: Moody's Ratings affirms J&T Banka's Baa2 deposit ratings, changes outlook to positive**

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10 Apr 2025

Frankfurt am Main, April 10, 2025 -- Moody's Ratings (Moody's) has today affirmed J&T Banka, a.s.' (JTB) Baa2/P-2 long- and short-term bank deposit ratings as well as its Baa3 long-term senior unsecured debt rating, and changed the outlook on the long-term deposit and senior unsecured debt ratings to positive, from stable. At the same time, we have affirmed the bank's ba1 Baseline Credit Assessment (BCA) and Adjusted BCA, as well as its Baa1/P-2 long- and short-term Counterparty Risk Ratings (CRRs) and Baa1(cr)/P-2(cr) long- and short-term Counterparty Risk (CR) Assessment.

### **RATINGS RATIONALE**

#### **-- AFFIRMATION OF THE BASELINE CREDIT ASSESSMENT**

The affirmation of JTB's ba1 BCA reflects the bank's enhanced solvency profile, driven by reduced asset risks and strengthened capitalization. These improvements are largely attributed to a continuous decline in problem loans, now nearing the sector average for corporate loans, the full coverage of problem loans and the bank's exit from its operations in Russia last year, which altogether have significantly mitigated contingent risks to its capitalization.

Business model inherent risks, nevertheless, remain high and represent an important constraint for the BCA, arising from its large share of structured financings, which particularly entail asset concentration risks, also considering the highly dynamic regional footprint.

JTB's BCA further reflects the bank's robust profitability, driven by its strong corporate lending franchise and increasing fee revenues from asset management, and substantial - though gradually moderating - surplus liquidity that supports higher margins. The bank's sound funding and liquidity profile, underpinned by a large retail customer base, remains a key strength. Moreover, access to Euro deposits through its German branch has enhanced the bank's currency profile, aligning its lending and funding currencies and thereby reducing reliance on cross-currency swaps, which has moderated previous volatility to its profitability.

#### **-- AFFIRMATION OF DEPOSIT AND SENIOR UNSECURED DEBT RATINGS**

The affirmation of JTB's deposit and senior unsecured debt ratings reflects the affirmation of its ba1 BCA; our assumption of moderate affiliate support from its ultimate owner J&T Finance Group SE (JTFG), which, however, does not translate into any uplift to JTB's BCA and results in a ba1 Adjusted BCA; as well as two notches of uplift for the bank's deposit ratings and one notch of uplift for its senior unsecured debt rating following the application of our Advanced Loss Given Failure (LGF) analysis. Our unchanged assumption of a low likelihood of support from the Government of Czech Republic (issuer rating Aa3, stable) given JTB's small market share in the Czech banking sector, does not result in any additional uplift to the ratings.

#### **-- OUTLOOK**

The positive outlook on JTB's long-term deposit and senior unsecured ratings reflects our expectation that the bank will maintain its improved financial profile over the next 12 to 18 months, supported by sustained strong profitability, robust capitalization and steady or

improving asset risk, while its liability structure remains largely unchanged

#### FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

JTB's ratings could be upgraded if JTB's BCA were to be upgraded, due to a sustained improvement in its solvency, while maintaining a sound liquidity and funding profile. Additionally, the BCA could be upgraded if the bank successfully diversifies its business and customer lines without taking undue strategic and operational risks as a result of such a shift.

Upward pressure on the ratings could also occur if the bank issues substantially more loss-absorbing debt, beyond our current expectations.

A downgrade of JTB's ratings could be driven by a downgrade of its BCA, which could be caused by a weakening of its funding profile, in case its funding quality deteriorates resulting in higher market funding, or if business-model risks materialize beyond current expectations.

Downward pressure could also occur following a material reduction in bail-in-able instruments outstanding, such that it increases the loss severity of senior unsecured debt and deposits, resulting in a lower rating uplift from our Advanced LGF analysis.

#### PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks published in November 2024 and available at <https://ratings.moody.com/rmc-documents/432741>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

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