J&T BANKA, a.s.

Half-yearly financial report
for the half-year ended 30 June 2024

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BASIC INFORMATION ABOUT J&T BANKA, A.S. AND THE CONSOLIDATION UNIT OF J&T BANKA, A.S.

J&T BANKA, a.s. with its registered office at Prague 8, Sokolovská 700/113a, Postal Code 186 00, Czech Republic, Company ID No: 47115378, was registered as a joint stock company in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1731 (hereinafter referred to as "the Bank") on 13 October 1992.

The Bank obtained a securities dealer licence on 25 April 2003 and its banking licence was extended to this activity on 22 December 2003.

The Bank focuses on private, investment, corporate and retail banking.

The Bank is subject to the rules and requirements of the Czech National Bank ("CNB"). These rules and requirements relate in particular to limits and restrictions on capital adequacy, categorisation of loans and off-balance sheet commitments, large exposures, liquidity, the Bank's foreign exchange position and others.

The Bank (including its branch in the Slovak Republic and Germany) had an average of 698 employees in 2024 (2023: 698). The bank operates in the Czech Republic, the Slovak Republic and Germany.

The Slovak branch of the Bank was established on 23 November 2005 and was registered in the Commercial Register of the District Court for Bratislava I, Section Po, Insert 1320/B as the organisational unit "J&T BANKA, a.s., branch of a foreign bank" with its registered office in Bratislava, 811 02, Dvořákovo nábrežie 8, identification number 35 964 693.

The German branch of the Bank was established on 21 September 2022 and was entered in the Commercial Register of the Frankfurt District Court as the organisational unit "J&T BANKA, a.s. Zweigniederlassung Deutschland', Franklinstraße 56, 60486 Frankfurt am Main, with identification number HRB 128706.

The Bank's share capital of CZK 10,638 million is fully paid up and consists of 10,637,126 ordinary shares with a nominal value of CZK 1,000 per share and 700,000 ordinary shares with a nominal value of CZK 1.43 per share. The Bank's shares are book-entry securities in registered form and are freely transferable.

The ultimate parent company of the Bank is J&T FINANCE GROUP SE ("JTFG"), which is owned by Jozef Tkáč (45.05%), Ivan Jakabovič (35.15%), Rainbow Wisdom Investments Limited (9.90%), Štepán Ašer (4.95%) and Igor Kováč (4.95%).

In January 2023, Moody's assigned the Bank a Baa2 investment rating with a stable outlook, which the Bank continues to maintain in 2024.

Board of directors

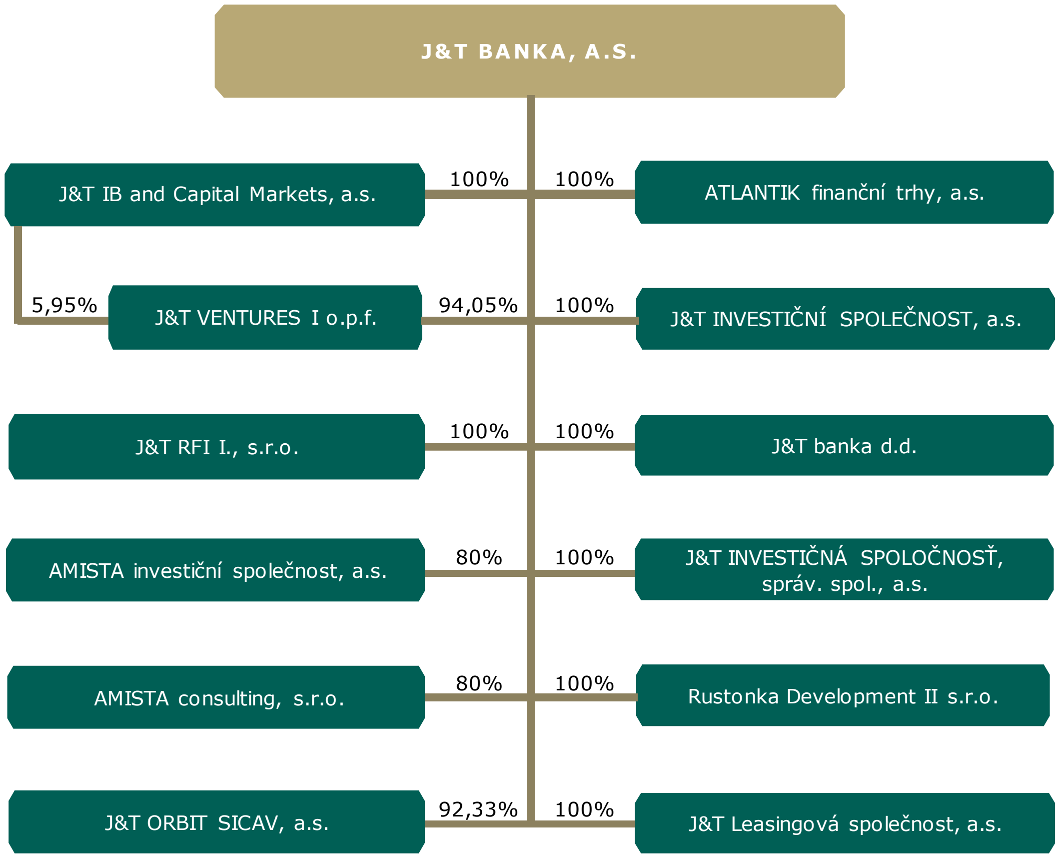
Name	*Function*	*Board member from*	*Board member to*
Ing. Patrik Tkáč	chairman	3 June 1998	22 July 2028*
Štěpán Ašer, MBA	member**	30 May 2006	2 June 2026
Ing. Igor Kováč	member	16 February 2011	16 February 2026
Ing. Tomáš Klimíček	member	1 December 2016	4 March 2024
Ing. Anna Macaláková	member	11 June 2018	11 June 2028
Ing. Jan Kotek	member	1 January 2022	1 January 2027
Ing. Michal Kubeš	member	4 April 2024	4 April 2029

*On 15 August 2024, Patrik Tkáč resigned from the position of the Chairman of the Board of Directors.
**On 21 August 2024, Štěpán Ašer was elected as the new Chairman of the Board of Directors.

Supervisory board

Name	*Function*	*Supervisory Board member from*	*Supervisory Board member to*
Ing. Jozef Tkáč	chairman	3 June 1998	15 October 2028
Ing. Ivan Jakabovič	vice-chairman	3 June 1998	15 October 2028
Ing. Dušan Palcr	member	15 June 2004	15 October 2028
Mgr. Jozef Šepetka	member	9 September 2008	15 October 2028
Jitka Šustová	member	10 December 2018	15 December 2028
JUDr. Jaroslava Sragner	member	14 October 2022	14 October 2027
Marc Derydt	member	26 February 2024	26 February 2029
Jozef Kollár	member	26 February 2024	26 February 2029
Ing. Radoslav Míšek, Ph.D.	member	15 March 2024	15 March 2029

As at 30 June 2024, the consolidation unit of the Bank's group (the "Group") comprised the following companies:



The Group provides comprehensive services related primarily to private banking, private client wealth management, investment banking and corporate (project) finance. The Bank occupies a key position within the Group, being a sought-after private and investment bank focused on the care of its clients' assets.

The Bank's traditional clientele includes customers who require a high level of service and an individual approach with a recommendation of a tailor-made solution. This is reflected in the portfolio of products and services offered and the Bank's overall mission to connect capital with market opportunities and to be a partner and advisor to clients.

The Bank's activity in private banking, which is narrowly focused on a small segment of clients, is also related to its influence on the financial and capital markets in the countries where it operates. Given its market share and non-retail focus, the Bank's potential difficulties are unlikely to cause significant turbulence in the markets concerned. The Bank is gradually expanding its range of services and products also towards non-private, affluent clients. In addition to the Czech Republic and Slovakia, it also offers its services in other EU countries, and in Croatia it offers them through its subsidiary J&T banka d.d., a bank specialising in investment banking and corporate finance. In Germany, banking services are provided through the Bank's branch, the fully digital J&T BANKA, a.s., Zweigniederlassung Deutschland, which operates on the German market under the name J&T Direktbank and which focuses on offering classic banking products, especially term deposits.

Other key entities belonging to the Group are investment companies (J&T INVESTIČNÍ SPOLEČNOST, a.s., AMISTA investiční společnost, a.s., J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.), which are among the major managers of investment mutual funds for the public and qualified investors distributed in substantial part by the Bank. In 2023, the Group also included a securities dealer acting as a custodian (ATLANTIK finanční trhy, a.s.), a highly specialised leasing company (J&T Leasingová společnost, a.s.) and companies providing advisory and consulting services (J&T IB and Capital Markets, a.s., J&T RFI I., s.r.o.).

SIGNIFICANT EVENTS OF THE FIRST HALF OF THE YEAR 2024

January

J&T INVESTIČNÍ SPOLEČNOST, a.s. has established a new fund called J&T NextGeN. It is a suitable option for investors interested in investing in global equities and bonds. The fund intends to allocate 80% of assets to equities and 20% to bonds. Investments are sought using fundamental analysis combined with the use of alternative data. The fund is co-managed by five students from Nový PORG, who won a bronze medal in the prestigious global competition, Wharton Global High School Competition.

February

In December, the CNB decided to reduce the base repo rate from the historical maximum of 7% to 6.75% and then on 8 February 2024 decided again to reduce the rate by another 0.5 p.b. to 6.25%.

Funds of J&T INVESTIČNÍ SPOLEČNOST, a.s. achieved two successes at the competition Swiss Life Select Investment of the Year 2023 for the most successful funds in the Czech investment market. Specifically, the J&T OPPORTUNITY fund won the first place in the category of equity funds and the J&T MONEY fund won the third place in the category of progressive bond funds.

J&T Direktbank, launched in March 2023 as a solely digital bank, reached the one billion EUR in clients' deposits and expanded the Bank's client family by more than 23,000 members.

On 26 February 2024, the Bank's Articles of Association were amended to provide that the Supervisory Board have 9 members, 6 of whom are elected by the sole shareholder and 3 members are elected by the Bank's employees. On the same day, Marc Derydt and Jozef Kollár were appointed as members of the Supervisory Board.

March

On 4 March 2024, Tomáš Klimíček resigned from his position as a member of the Board of Directors and also from the management of the Bank's risk management area.

On 15 March 2024, Radoslav Míšek became a new member of the Bank's Supervisory Board, elected by the Bank's employees.

On 20 March 2024, the CNB decided to reduce the base repo rate again by 0.5 p.b. to 5.75%.

J&T ARCH INVESTMENTS announced its results for 2023 with total net assets of CZK 55.08 billion (equivalent to EUR 2.23 billion), becoming the largest fund in the Czech Republic and Slovakia. The fund credited investors with a yield of 19% for the CZK class and almost 15% for the EUR class in 2023.

April

The Bank published the results for 2023 on a consolidated basis, with the historically highest net profit of CZK 5.39 billion, an increase in the balance sheet position to CZK 293.08 billion, an increase in equity to CZK 40.96 billion and capital adequacy ratio of 24.9%.

Michal Kubeš became a new member of the Bank's Board of Directors, appointed to the position on 4 April 2024.

The Bank, as the lead co-manager together with two other major Czech banks, obtained a mandate to place new bonds of the Accolade Holding Group. The arranger of the issue was J&T IB and Capital Markets, a.s.

May

On 2 May 2024, the CNB decided to reduce the basic repo rate again by 0.5 p.b. to 5.25%.

The Bank announced that on 15 July 2024, subordinate unsecured income certificates without a maturity date (perpetual certificates) issued on 30 June 2014, in the volume of CZK 1 billion with a yield of 10% p.a., will be repaid.

The Bank announced that on 22 June 2024, subordinate unsecured income certificates without a maturity date (perpetual certificates) issued on 30 June 2014, in the volume of EUR 21.285 million with a yield of 9% p.a., will be repaid.

June

NADACE J&T celebrated 20 years, during which it supported hundreds of projects focused on social assistance, health care and education with a total amount exceeding CZK 870 million.

The European Central Bank (also "ECB") decided on 6 June 2024, to reduce the basic rates by 0.5 p.b., specifically to reduce the basic deposit rate to 3.75%. This was the first time when the ECB reduced the rates from the historical high when it increased the basic repo rate to 4% on 14 September 2023.

The Bank, as the lead co-manager with three other major Czech banks, was mandated to place new bonds under the KKCG international investment group's bond programme. The bond programme was coordinated by J&T IB and Capital Markets, a.s.

J&T ARCH INVESTMENTS announced an appreciation of 4.52% for the CZK class and 3.98% for the EUR class for the first quarter of 2024. The total net asset volume of the fund increased to CZK 67.16 billion (equivalent to EUR 2.65 billion) as at 31 March 2024.

On 27 June 2024, the CNB decided to reduce the basic repo rate again by 0.5 p.b. to 4.75%.

GROUP FINANCIAL RESULTS FOR SIX MONTHS ENDED 30 JUNE 2024

Positive trends in the Group's key financial indicators – balance sheet growth, profitability, capitalization and liquidity – reported consistently over the past several years continued during the first half of 2024 as well. Total assets as at 30 June 2024 increased by 17.9% to CZK 345.52 billion (31 December 2023: CZK 293.08 billion). Net profit for the first half of 2024 amounted to CZK 3.94 billion, a 26.7% increase compared to the prior year (30 June 2023: CZK 3.11 billion) when the Group generated its highest profit since inception.

Balance sheet growth was primarily driven by continued inflow of deposits which as at 30 June 2024 amounted to CZK 243.74 billion (31 December 2023: CZK 217.84 billion), representing a nearly 12% increase. Term deposits and deposits cancellable with notice accounted for 83% of the overall deposit base. As at 30 June 2024, the Group had over 134 thousand clients (31 December 2023: 123 thousand).

The Group has operations in four European countries: the Czech Republic, Slovakia, Germany and Croatia. The German operation in particular – where J&T BANKA has been collecting deposits via its digital branch headquartered in Frankfurt am Main and operating under J&T Direktbank since 2023 – recorded rapid growth, increasing client deposits by nearly 50% from 2023 year-end to EUR 1.26 billion and serving 40 thousand clients as at 30 June 2024.

Despite gradually decreasing policy rates of the CNB and a first rate cut by the European Central Bank during the first half of 2024, interest rates remain elevated. This allows the Group to offer attractive savings products, both traditional term deposits as well as products combining term deposits with investment fund placements, to its clients without undermining its profitability.

Following stabilization in 2023, corporate loan book (gross) expanded again during the first half of 2024 by 5.8%, reaching CZK 93.76 billion (31 December 2023: CZK 88.65 billion). Share of non-performing loans declined further to 3.4% as at 30 June 2024 (31 December 2023: 4.2%), reflecting good asset quality.

Margin loans (gross) on the other hand moderately declined to CZK 12.91 billion as at 30 June 2024 (31 December 2023: CZK 14.88 billion) due to lower client activity in financial markets.

Overall net loans and advances to customers at amortised costs grew by 3.5% to CZK 104.98 billion as at 30 June 2024 (31 December 2023: CZK 101.46 billion). Because client deposits grew faster than overall loan book, loan-to-deposit ratio as at 30 June 2024 declined further to 43.1% (31 December 2023: 46.6%).

Securities across all portfolios amounted to CZK 49.22 billion as at 30 June 2024 (31 December 2023: CZK 31.44 billion) as the Group re-allocated a portion of its liquid resources into government bonds held at amortized costs which during the first half of 2024 increased fourfold, driving a 56.6% increase in the overall securities portfolio. This re-allocation is in line with the Group's strategy to gradually build a low-risk fixed income portfolio offering a higher yielding alternative compared to placing excess liquidity with central banks as interest rate cycle reaches its peak.

Group equity including non-controlling interest amounted to CZK 41.22 billion as at 30 June 2024 (31 December 2023: CZK 40.96 billion). Group's registered capital was unchanged at CZK 10.64 billion. Moderate increase in retained earnings is attributable to CZK 3.94 billion net profit generated during the first half of 2024 reduced by CZK 2.8 billion dividend paid out from financial year 2023 profit in 2024.

Decline in other equity instruments was caused by redemption of AT1 instruments amounting to EUR 21.28 million during the first half of 2024. Following the redemption referred to above, Group's other equity instruments amounted to CZK 8.29 billion as at 30 June 2024 (31 December 2023: CZK 8.87 billion).

The Group is more than sufficiently capitalized to meet all regulatory requirements, consistently exceeds all limits prescribed to it by the CNB and has ample capital buffer for its further growth. Consolidated total capital adequacy ratio as at 30 June 2024 stood at 22.5% (31 December 2023: 24.9%).

Net interest income is consistently the largest contributor to the Group's operating income. During the first half of 2024, the Group generated CZK 4.41 billion net interest income, which was broadly the same as net interest income generated in the first half of 2023.

Group's interest income in the first half of 2024 amounted to CZK 9.91 billion, a 26.3% increase compared to prior year (30 June 2023: CZK 7.84 billion). This was driven by gradually declining 2W repo rate, the key rate determining yield on Group's excess liquidity placed with the CNB, that was off-set by further increase in cash and cash equivalents resulting from continued inflow of client deposits. Cash and cash equivalents, mainly consisting of central bank placements, increased by 20.1% to CZK 169.12 billion as at 30 June 2024 (2023 year-end: CZK 140.77 billion). At the same time, the average loan book in the first half of 2024 was higher than in the first half of 2023 as was the average interest rate charged to clients on those loans.

Interest expense was affected by a marked increase in client deposit as well as a slight increase in average interest rate paid on those deposits. As a result, interest expense in the first half of 2024 increased by 54.6% to CZK 5.69 billion (30 June 2023: CZK 3.68 billion).

Net fee and commission income increased by 29.0% to CZK 1.37 billion (30 June 2023: CZK 1.06 billion). The most significant contributors to the Group's net fee and commission income are asset management fees, fees for underwriting, placement and administration of corporate bonds and fees from financial markets operations and related custody services.

Net income from trading in the first half of 2024 declined moderately to CZK 0.93 billion (30 June 2023: CZK 1.26 billion) and was mainly driven by revaluation of share certificates in mutual funds and other securities, revaluation of derivatives and profit from FX operations.

Group's operating expenses declined in the first half of 2024. Personnel expenses remained unchanged in the first half of 2024 at CZK 1.03 billion. Other operating expenses declined by 12.4% in the first half of 2024 to CZK 1.16 billion (30 June 2023: CZK 1.34 billion), mainly due to lower deposit insurance cost and mandatory contributions to the resolution fund prescribed by the CNB.

While the Group's overall operating income declined by 3.3% in the first half of 2024 to CZK 6.79 billion (30 June 2023: CZK 7.03 billion), total operating expenses declined by 10.0% in the first half of 2024 to CZK 2.27 billion (30 June 2023: CZK 2.52 billion). As a result, the Group generated CZK 4.53 billion profit before allowances, provisions and income tax in the first half of 2024 (30 June 2023: CZK 4.51 billion), which translated into a further improvement in cost-to income ratio to 33.4% (30 June 2023: 35.8%).

Net change in loss allowances for financial instruments in the first half of 2024 amounted to a positive CZK 0.56 billion compared to a negative CZK 0.56 billion in the first half of 2023. The marked reduction in risk cost was caused by release of provisions related to loans which were fully or partially repaid during the first half of 2024. The Group remains conservative and its approach to risk cost assessment reflects the current economic and political uncertainty which can adversely affect its individual credit exposures.

EXPECTED DEVELOPMENT AND MAIN RISKS TO THAT DEVELOPMENT IN THE SECOND HALF OF 2024

The Czech economy continued to grow in the second quarter, and according to preliminary estimates, real GDP increased by 0.3% during the second quarter compared to the previous quarter (+0.3% quarter-on-quarter in the first quarter of 2024 and +0.4% quarter-on-quarter in the fourth quarter of 2023). The annual GDP growth rate for the second quarter of 2024 increased to 0.4% from 0.2% in the first quarter of this year.

With the slowdown in inflation, the revival of domestic consumer demand continued, which is expected to become the main driver of growth. On the contrary, foreign demand, which is adversely affected by the economic development in Germany, was a negative influence.

Risks regarding to the positive economic development in the Czech Republic are still increased especially due to the unsecure development in Germany. Leading indicators from Germany do not signal any significant recovery for the next few months.

In June 2024, the year-on-year consumer inflation rate CPI moved lower to 2.0%. The fall in the inflation rate in June was due to the volatile prices of food, beverages and fuel. Overall, the inflation rate returned to the levels from February and March 2024. In terms of the long-term trend of inflation, there has been just a minor shift.

According to our estimates, from the perspective of the rest of the year, the extraordinary development in the prices of goods (mainly food) should subside, and the inflation rate will return to the level of 3% in the second half of the year, most likely crossing this line at the end of the year. Our economics department expects average inflation of 2.6% this year (2023: 10.7%), which would be the lowest in the last 6 years.

Economic development, or inflation developments and the previous rate cut from 7.00% to 4.75% are likely to lead central bankers to be more cautious in the second half of the year. The risk is above-average price growth in services (still close to 5% year-on-year) as well as continued high wage growth. At the end of the year, our 2T-Repo analytical department expects a CNB rate in the range of 4.00 - 4.25%.

A factor for a faster easing of monetary policy could be a faster slowdown in inflationary developments, or weaker performance of the domestic economy regarding to the economic development in Germany. On the contrary, the potential weakening of CZK against EUR may work against a more significant easing of monetary policy.

Risks and uncertainties for the second half of the year can be divided into 3 basic sources – economic, financial and geopolitical. The economic risk is the possible fall of the German economy into recession, which would negatively affect the rest of Europe, including the Czech economy. Similarly, the risk of a recession in the US economy can have a global impact. A significant financial risk can be the situation if expectations of a reduction in interest rates are not fulfilled and, on the contrary, inflation trends would indicate the opposite development of rates. The development of the war in Ukraine, tensions in the Middle East around Israel, and China's relations with Taiwan and the surrounding area represent the main geopolitical risks. The November elections in the USA can also be a certain geopolitical risk. All these uncertainties and factors can have an impact on interest rate risks, currency development (exchange rate risks) and credit risks, including the prices of risky assets, which simultaneously constitute the main risks and potential in the Bank's operations in the following period.

In particular, the development of credit risk in exposed regions is the dominant part of the Bank's risk through the loan portfolio. In line with the Bank's plan, this part of the balance sheet, and thus the related credit risk, should continue to grow in the second half of the year, while maintaining a high capital adequacy. The Bank's interest rate risk is actively managed through both balance sheet and off-balance sheet transactions. In line with market developments and expectations, the Bank is significantly reducing interest costs on the deposit base of primary deposits, using the comfort of a high liquid surplus in order to reduce interest rate risk. Regarding to the restrictive limits, the currency (exchange rate) risk is the least uncertain for the Bank's performance in the period ahead.

DECLARATION

To the best of our knowledge, these condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the issuer and its consolidated entity, i.e. the half-yearly financial report contains a description of the important events that occurred in the first six months of the accounting period 2024, and their impact on the condensed consolidated interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the 2024 accounting period, and contains a fair overview of this required information.

In Prague, on 30 August 2024

Štěpán Ašer, MBA
Chairman of the Board of Directors and CEO
of J&T BANKA, a.s.

Ing. Igor Kováč
Member of the Board of Directors
of J&T BANKA, a.s.

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

In millions of CZK	Note	30/06/2024	31/12/2023
Assets			
Cash and cash equivalents	5	169 117	140 771
Due from banks and other financial institutions	6	491	198
Positive fair value of derivatives	7	3 537	4 832
Investment securities for trading	8a	8 357	5 616
Investment securities mandatorily at fair value through profit or loss	8b	10 970	10 015
Investment securities at fair value through other comprehensive income	8c	11 558	11 269
Investment securities at amortised cost	8d	18 336	4 540
Of which pledged as collateral (repurchase agreements)		*4 315*	*4 338*
Loans and advances to customers at amortised cost	9	104 977	101 456
Goodwill		123	123
Investment property		609	601
Property, plant and equipment	11	2 080	2 091
Intangible assets		34	120
Current income tax receivable	22	30	21
Deferred tax asset	23	666	696
Disposal groups held for sale	13	26	467
Other assets	12	14 605	10 268
Total assets		***345 516***	***293 084***

Liabilities			
Deposits and loans from banks	14	28 993	9 191
Deposits from customers	15	243 735	217 837
Negative fair value of derivatives	7	2 114	2 432
Investment securities issued	16	3 463	3 287
Subordinated debt	17	2 001	1 256
Provisions	19	1 475	1 652
Current income tax liability	22	1 343	1 202
Deferred tax liability	23	11	10
Other liabilities	18	21 162	15 260
Total liabilities		***304 297***	***252 127***
Share capital	20	10 638	10 638
Retained earnings and other reserves	20	22 279	21 442
Other equity instruments	20	8 293	8 868
Equity		***41 210***	***40 948***
Non-controlling interest	21	9	9
Total equity		***41 219***	***40 957***
Total equity and liabilities		***345 516***	***293 084***

The accompanying notes, set out on pages 18 to 58, are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE

In millions of CZK	Note	2024	2023
Interest income calculated using effective interest rate method	24	9 905	7 841
Other interest income	24	198	245
Interest expense	25	(5 687)	(3 678)
Net interest income		***4 416***	***4 408***
Fee and commission income	26	1 549	1 228
Fee and commission expense	27	(180)	(167)
Net fee and commission income		***1 369***	***1 061***
Net income from trading and investments	28	931	1 263
Other operating income	29	82	299
Operating income		***6 798***	***7 031***
Personnel expenses	30	(1 034)	(1 028)
Depreciation and amortisation		(71)	(165)
Other operating expenses	31	(1 163)	(1 327)
Operating expenses		***(2 268)***	***(2 520)***
Profit before allowances, provisions and income tax		***4 530***	***4 511***
Net change in loss allowances for financial instruments	10	564	(562)
Net profit from changes of loans and other receivables	10	1	75
Profit before tax, excluding profit from equity accounted investees		***5 095***	***4 024***
Profit/(loss) from equity accounted investees, net of tax		-	(1)
Profit before tax		***5 095***	***4 023***
Income tax	22	(1 151)	(910)
Profit for the period		***3 944***	***3 113***

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE (continued)

In millions of CZK	2024	2023
Attributable to:		
Shareholders of the parent company	3 942	3 113
Non-controlling interest	2	-
Profit for the period	***3 944***	***3 113***
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss:		
Revaluation reserve – investment securities at fair value through other comprehensive income – debt instruments		
Remeasurement to fair value	*(24)*	*(369)*
Expected credit losses	*(8)*	*164*
Related tax	*7*	*23*
Foreign currency translation differences	*17*	(142)
Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods:		
Revaluation reserve - investment securities at fair value through other comprehensive income – equity instruments		
Remeasurement to fair value	37	*68*
Related tax	-	*(14)*
Other comprehensive income for the period, net of tax	***29***	***(270)***
Total comprehensive income for the period	***3 973***	***2 843***
Attributable to:		
Shareholders of the parent company	3 941	*2 843*
Non-controlling interest	2	-
Total comprehensive income for the period	***3 973***	***2 843***

The accompanying notes, set out on pages 18 to 58, are an integral part of these condensed consolidated interim financial statements.

The Board of Directors approved these financial statements on 30 August 2024.

Signed on behalf of the Board:

Ing. Igor Kováč
Member of the Board of Directors

Ing. Jan Kotek
Member of the Board of Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2024

In millions of CZK	Share capital	Capital funds	Translation and revaluation reserve	Retained earnings	Perpetuity fund	Other equity instruments	*Total*	Non-controlling interest	*Total equity*
Balance as at 1 January 2024	***10 638***	***2 910***	***(353)***	***18 564***	***321***	***8 868***	***40 948***	***9***	***40 957***
Total comprehensive income for the period									
Profit for the period	-	-	-	3 942	-	-	***3 942***	2	***3 944***
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss									
Foreign exchange translation differences	-	-	17	-	-	-	***17***		***17***
Revaluation reserve – investment securities at fair value through other comprehensive income – debt instruments									
Remeasurement to fair value	-	-	(24)	-	-	-	***(24)***	-	***(24)***
Expected credit losses	-	-	(8)	-	-	-	***(8)***	-	***(8)***
Related tax	-	-	7	-	-	-	***7***	-	***7***
Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods									
Revaluation reserve – investment securities at fair value through other comprehensive income – equity instruments									
Remeasurement to fair value	-	-	37	-	-	-	***37***	-	***37***
Other comprehensive income	***-***	***-***	***29***	***-***	***-***	***-***	***29***	***-***	***29***
Total comprehensive income for the period			***29***	***3 942***	-	-	***3 971***	***2***	***3 973***
Transactions recognised directly in equity									
Dividends	-	-	-	(2 800)	-	-	***(2 800)***	*(2)*	***(2 802)***
Payment of earnings on perpetuity certificates	-	-	-	-	(334)	-	***(334)***	-	***(334)***
Repayment of investment certificates	-	-	-	-	-	(575)	***(575)***	-	***(575)***
Establishment of special-purpose fund for payment of revenue from perpetuity certificates	-	-	-	(672)	672	-	***-***	-	***-***
Balance as at 30 June 2024	***10 638***	***2 910***	***(324)***	***19 034***	***659***	***8 293***	***41 210***	***9***	***41 219***

Further information about equity instruments is disclosed in note 20.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2023

In millions of CZK	Share capital	Capital funds	Translation and revaluation reserve	Retained earnings	Perpetuity fund	Other equity instruments	*Total*	Non-controlling interest	*Total equity*
Balance as at 1 January 2023	***10 638***	***2 977***	***(1 631)***	***14 810***	***181***	***8 868***	***35 843***	***13***	***35 856***
Total comprehensive income for the period									
Profit for the period	-	-	-	3 113	-	-	***3 113***	-	***3 113***
Other comprehensive income - items that are or may be reclassified subsequently to profit or loss									
Foreign exchange translation differences	-	-	(142)	-	-	-	***(142)***	-	***(142)***
Revaluation reserve – investment securities at fair value through other comprehensive income – debt instruments									
Remeasurement to fair value	-	-	(369)	-	-	-	***(369)***	-	***(369)***
Expected credit losses	-	-	164	-	-	-	***164***	-	***164***
Related tax	-	-	23	-	-	-	***23***	-	***23***
Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods									
Revaluation reserve – investment securities at fair value through other comprehensive income – equity instruments									
Remeasurement to fair value	-	-	68	-	-	-	***68***	-	***68***
Related tax	-	-	(14)	-	-	-	***(14)***	-	***(14)***
Other comprehensive income	***-***	***-***	***(270)***	***-***	***-***	***-***	***(270)***	***-***	***(270)***
Total comprehensive income for the period	***-***	***-***	***(270)***	***3 113***	***-***	***-***	***2 843***	***-***	***2 843***
Transactions recognised directly in equity									
Dividends	-	-	-	(1 000)	-	-	***(1 000)***	(7)	***(1 007)***
Payment of earnings on perpetuity certificates	-	-	-	-	(328)	-	***(328)***	-	***(328)***
Establishment of special-purpose fund for payment of revenue from perpetuity certificates	-	-	-	(772)	772	-	***-***	-	***-***
Effect of changes in ownership interests and new companies within the Group	-	-	-	(1)	-	-	***(1)***	-	***(1)***
Balance as at 30 June 2023	***10 638***	***2 977***	***(1 901)***	***16 150***	***625***	***8 868***	***37 357***	***6***	***37 363***

The accompanying notes, set out on pages 18 to 58, are an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE

In millions of CZK	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5 095	4 023
Adjustments for:			
Depreciation and amortisation		71	165
Net change in fair value of investment property and property, plant and equipment		(13)	60
Profit from changes of loans and other receivables	10	(1)	(75)
Net change in loss allowances for financial instruments	10	(564)	562
Net book value of sold intangible assets and property, plant and equipment		87	72
Change in other provisions		(134)	(169)
Profit/(loss) from equity accounted investees		-	1
Change in revaluation of investment securities at fair value through profit or loss		(497)	66
Unrealised foreign exchange gains/(losses), net		(194)	579
(Increase) / decrease in operating assets:			
Due from banks and other financial institutions		(293)	(5 835)
Loans and other advances to customers		(2 553)	8 617
Investment securities at FVTPL		(3 199)	(4 304)
Prepayments, accrued income and other assets		(4 431)	(1 394)
Increase / (decrease) in operating liabilities:			
Deposits and loans from banks		19 802	10 392
Deposits from customers		25 898	19 728
Other liabilities		6 099	324
Financial liabilities at fair value through profit or loss		-	(3)
Net increase / (decrease) in fair values of derivatives:			
Fair value of derivative instruments		977	(535)
Tax effect:			
Income tax paid		(977)	(296)
Net cash flows from operating activities		***45 173***	***31 978***

CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment and intangible assets		(22)	(113)
Proceeds from sale of intangible assets		88	-
Disposal of subsidiaries (excluding cash disposed)		-	9
Acquisition of investment securities at amortized cost		(13 797)	-
Acquisition of investment securities at FVOCI		(191)	(295)
Net cash flows used in investing activities		***(13 922)***	***(399)***

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE (continued)

In millions of CZK	Note	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(2 802)	(1 007)
Payment of earnings on perpetuity certificates		(334)	(328)
Repayment of investment certificates		(575)	-
Proceeds from issue of subordinated debt		774	535
Repayment of subordinated debt		(21)	-
Lease liabilities paid		(26)	(20)
Net cash flows from financing activities		***(2 984)***	***(820)***
INCREASE IN CASH AND CASH EQUIVALENTS		***28 267***	***30 759***
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5	140 771	76 982
Effects of exchange rate fluctuations on cash held		79	(43)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	169 117	107 698

Cash flows from operating activities include:			
Interest received		9 392	7 454
Interest paid		(3 675)	(3 140)
Interest paid - lease liabilities		(7)	(6)
Dividends received		6	-

The accompanying notes, set out on pages 18 to 58, are an integral part of these condensed consolidated interim financial statements.

1. GENERAL INFORMATION

J&T BANKA, a.s. ("the Bank") is a joint stock company incorporated on 13 October 1992 in the Czech Republic.

The Bank received a licence to act as securities trader on 25 April 2003 and on 22 December 2003, the Bank's licence was extended to include that activity.

The Bank's activities are focused on private, investment, corporate and retail banking.

The Bank is subject to the regulatory requirements of the Czech National Bank ("CNB"). These requirements include limits and other restrictions concerning capital adequacy, the classification of loans and off-balance sheet liabilities, large exposure, liquidity and the Bank's foreign currency position etc.

Since 2020, the Bank has had its registered office at Sokolovská 700/113a, 186 00 Prague 8.

The Bank, its subsidiaries, mentioned in the table below ("the Group") had on average 817 employees in 2024 (2023: 968). The Group operates in the Czech Republic, Slovakia, Croatia and Germany.

A Slovak branch of the Bank was established on 23 November 2005, and was registered in the Commercial Register of the District Court Bratislava I, section Po, file 1320/B as the organizational unit "J&T BANKA, a.s., pobočka zahraniční banky", Dvořákovo nábrežie 8, 811 02 Bratislava, and with the identification number 35 964 693.

A German branch of the Bank was established on 21 September 2022, and was registered in the Commercial Register of the District Court of Frankfurt am Main as the organizational unit "J&T BANKA, a.s. Zweigniederlassung Deutschland", Franklinstraße 56, 60486 Frankfurt am Main, and with the identification number HRB 128706. The branch in Germany started its banking activities on 27 February 2023 as J&T Direktbank, a solely digital bank.

The Bank's ultimate parent is J&T FINANCE GROUP SE owned by Jozef Tkáč (45.05%), Ivan Jakabovič (35.15%), Rainbow Wisdom Investments Limited (9.90%), Štěpán Ašer (4.95%) and Igor Kováč (4.95%).

1. GENERAL INFORMATION (continued)

In connection with the shareholder's intention to centralise financial services under J&T BANKA, a.s., the following companies represent the consolidated Group.

The companies included in the consolidated Group as at 30 June 2024 (in millions of CZK):

Company	Country	Share capital	Share-holding	Consolidation method	Principal activities
J&T BANKA, a.s.	CR	10 638	Parent company		Banking activities
AMISTA consulting, s.r.o.	CR	0.70	80%	Full	Advisory activities
AMISTA investiční společnost, a.s.	CR	9	80%	Full	Investment activities
ATLANTIK finanční trhy, a.s.	CR	38	100%	Full	Investment activities
J&T banka d.d.	Croatia	1 087	100%	Full	Banking activities
J&T IB and Capital Markets, a.s.	CR	2	100%	Full	Advisory activities
- J&T VENTURES I otevřený podílový fond	CR	-	5.95%	Full	Investment activities
J&T INVESTIČNÍ SPOLEČNOST, a.s.	CR	20	100%	Full	Investment activities
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	SR	3	100%	Full	Investment activities
J&T Leasingová společnost, a.s.	CR	32	100%	Full	Financing activities
J&T ORBIT SICAV, a.s.	CR	0.10	92.33%	Full	Investment activities
J&T RFI I., s.r.o.	CR	0.20	100%	Full	Advisory activities
J&T VENTURES I otevřený podílový fond	CR	-	94.05%	Full	Investment activities
Rustonka Development II s.r.o.	CR	0.10	100%	Full	Investment property

The Group provides customers with comprehensive banking services, asset management, financial and capital market transactions for the retail segment, as well as support to start-up and restructuring projects. The Group's operating segments are described in note 34.

During 2024, the consolidated Group did not change.

During 2024 and 2023, no restrictions applied to the ownership rights held over subsidiaries in the EU.

The companies included in the consolidated Group as at 31 December 2023 (in millions of CZK):

Company	Country	Share capital	Share-holding	Consolidation method	Principal activities
J&T BANKA, a.s.	CR	10 638	Parent company		Banking activities
AMISTA consulting, s.r.o.	CR	0.70	80%	Full	Advisory activities
AMISTA investiční společnost, a.s.	CR	9	80%	Full	Investment activities
ATLANTIK finanční trhy, a.s.	CR	38	100%	Full	Investment activities
J&T banka d.d.	Croatia	1 073	100%	Full	Banking activities
J&T IB and Capital Markets, a.s.	CR	2	100%	Full	Advisory activities
- J&T VENTURES I otevřený podílový fond	CR	-	5.95%	Full	Investment activities
J&T INVESTIČNÍ SPOLEČNOST, a.s.	CR	20	100%	Full	Investment activities
J&T INVESTIČNÁ SPOLOČNOSŤ, správ. spol., a.s.	SR	3	100%	Full	Investment activities
J&T Leasingová společnost, a.s.	CR	32	100%	Full	Financing activities
J&T ORBIT SICAV, a.s.	CR	0.10	92.33%	Full	Investment activities
J&T RFI I., s.r.o.	CR	0.20	100%	Full	Advisory activities
J&T VENTURES I otevřený podílový fond	CR	-	94.05%	Full	Investment activities
Rustonka Development II s.r.o.	CR	0.09	100%	Full	Investment property

1. GENERAL INFORMATION (continued)

Croatia adopted the Euro as its currency on 1 January 2023 at a conversion rate of 1 euro for 7.53450 Croatian kuna. As a result, the Group converged ownership interest in J&T banka d.d. and ALTERNATIVE UPRAVLJANJE d.o.o. from HRK to EUR on 1 January 2023. There was not recorded any profit or loss from this conversion in balances of the Group.

On 17 January 2023, ALTERNATIVE UPRAVLJANJE d.o.o. was liquidated and deleted from the court register in Croatia. Residual capital reserves of EUR 371 thousand were paid to the the Group as the sole shareholder on 19 January 2023.

On 23 August 2023, the Group completed the sale of XT-Card a.s.

On 14 November 2023, the Group completed the sale of its total share of 99.95% in J&T Bank, a.o. and 99% in TERCES MANAGEMENT LIMITED. Final impact from the sale of subsidiaries is presented as a part of Loss on sales of subsidiaries.

On 20 December 2023, the Group completed the sale of FVE Holding, s.r.o. that holds share in FVE Čejkovice, s.r.o., FVE Napajedla, s.r.o., FVE Němčice, s.r.o. and FVE Slušovice, s.r.o.

The Group operated in the Russian market through its subsidiaries J&T Bank, a.o. and TERCES MANAGEMENT LIMITED. In reaction to Russian invasion to Ukraine on 24 February 2022, the number of sanctions were expanded to Russian individuals and legal entities. As a result of those restrictions, the Group presents insignificant cash and cash equivalents deposited in J&T Bank, a.o. as restricted cash in "Other assets", note 12.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 („last annual financial statements"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Group's financial position and performance since the last annual financial statements.

(b) Basis of preparation

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for investment property, investment securities and liabilities at fair value through profit or loss, investment securities at fair value through other comprehensive income and derivatives, which are measured at fair value.

The condensed consolidated interim financial statements are presented in the national currency of the Czech Republic, the Czech crown ("CZK"), which is the Banks functional currency, rounded to the nearest million.

The accounting policies have been consistently applied by the Group entities and are consistent with those applied by the Group in its annual consolidated financial statements as at 31 December 2023.

Critical accounting estimates and judgements made by management with a significant risk of material adjustment in the next year are described in note 4.

The following standards, amendments to standards and interpretations are effective for the first time for the financial year beginning 1 January 2024 and have been applied in the preparation of the Group's consolidated financial statements.

- The amendment to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024, endorsed by the EU) aims to clarify how conditions that an entity must meet within 12 months after the end of the reporting period affect the classification of liabilities.
- The amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024, endorsed by the EU) helps to determine whether liabilities with an uncertain settlement date should be classified as current or non-current.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024, endorsed by the EU). The amendments to the standard clarify how the seller (lessee) subsequently measures sale and leaseback transactions that meet the requirements of IFRS 15 for recognition as sale.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2024, endorsed by the EU) add disclosure requirements for qualitative and quantitative information related to supplier financing arrangements.

These amendments, effective for the first time for the year beginning on 1 January 2024, did not have any material impact on the Group's consolidated financial statements unless stated otherwise above.

Accounting standards issued but not yet effective

Certain new standards, amendments to standards and interpretations are not yet effective or have not yet been endorsed by the EU for the year ending 30 June 2024 and have not been applied in the preparation of these financial statements:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025; not yet endorsed by the EU). The amendments specify the conditions under which a given currency is convertible and how to determine the exchange rate when a currency is not exchangeable.

2. BASIS OF PREPARATION (continued)

- Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026; not yet endorsed by the EU). The IFRS 9 amendments relate to clarifying the derecognition of a financial liability settled by electronic transfer and clarifying the classification of financial assets (clarifying how an entity can assess whether the contractual cash flows of a financial asset are consistent with the underlying loan arrangement; clarifying the concept of an asset with 'non-recourse' features; and clarifying the characteristics of contractual instruments). The amendments to IFRS 7 relate to disclosures about investments in equity instruments at fair value through other comprehensive income and to contractual terms that may change the timing or amount of contractual cash flows.
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027, not yet endorsed by the EU). IFRS 18 includes requirements for all entities applying IFRS for the preparation and disclosure of information in financial statements and introduces three sets of new requirements to improve the reporting of companies' financial performance and provide investors with a better basis for analysis and comparison.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027, not yet endorsed by the EU). IFRS 19 specifies disclosure requirements that an entity may apply instead of the disclosure requirements in other IFRS accounting standards. An entity may apply IFRS 19 only if it is a subsidiary; it does not have public accountability; and its ultimate or intermediate parent prepares publicly available consolidated financial statements in accordance with IFRS accounting standards.

The Group does not expect any material impact on the consolidated financial statements from these standards, amendments and interpretations that are not yet effective, unless otherwise stated above.

The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements. In case of transitional provisions in an adopted IFRS when an entity has the opportunity to decide whether to apply the new standards for the future or retrospectively, the Group will choose to apply the standard prospectively from the date of the transition.

3. MATERIAL ACCOUNTING POLICIES

For the preparation of condensed consolidated interim financial statements have been used the same accounting policies and principles, methods of calculation and estimates as for the consolidated financial statements for the year ended 31 December 2023.

4. ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The approach to significant judgements was the same as described in the annual consolidated financial statements as at 31 December 2023.

4.1. Key sources of estimation uncertainty

Expected credit losses

Expected credit losses are determined for those assets classified at amortised cost, debt instruments at fair value through other comprehensive income, guarantees and commitments.

Calculation of expected credit losses and identified future liabilities considers uncertainties about the results of related risks and requires significant Group’s management assessments when estimating the amount of loss, including future economic conditions and credit behaviour.

Amounts reported as provisions for off-balance sheet items are based on management's judgement and represent the best estimate of expenditures required to settle the liability with uncertain timing or the uncertain amount of the obligation.

Determining fair values

For financial instruments that are traded infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of the market factors, pricing assumptions and other risks affecting the specific amounts.

The Group determines the fair value hierarchy according to IFRS 13 and establishes fair value using the following hierarchical system that reflects the significance of the inputs used in the valuation:

- Level 1 - entries are (unadjusted) quoted prices in active markets for identical assets or liabilities to which the Group has access at value date;
- Level 2 - inputs are inputs other than quoted prices included in Level 1 that are directly or indirectly observable for an asset or liability:
  - quoted prices of similar assets or liabilities in active markets,
  - quoted prices of identical assets on markets that are not active,
  - input quantities other than quoted prices that are observable,
  - market-supported inputs;
- Level 3 - inputs are unobservable inputs for an asset or liability.

An active market is the market where transactions for assets or liabilities are carried out frequently and in sufficient volume to ensure regular price information:

a) the items traded on the market are homogeneous;
b) it is possible to find willing buyers and sellers at any time and
c) prices are publicly available.

If there is no active market for the investment securities, the fair value is estimated using valuation techniques. When using valuation techniques, management uses estimates and assumptions based on available information about the estimates and assumptions that market participants would use to determine the price of the financial instrument.

4. ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

4.1. Key sources of estimation uncertainty (continued)

In the vast majority of cases, the fair value of Level 3 investments, debt instruments, provided loans was estimated using discounted cash flow ("DCF") models, with inputs coming from the specific investment's business plan or cash flow projections. The individual business plans and cash flow projections were critically reviewed by management before inclusion in the models. The discount rates were based on the specifics of the industries and countries in which the investments operate. The key assumptions used in the valuations were the expected cash flows and discount rates. Further information about the Level 3 financial instruments is disclosed in note 8.

Valuation of investment property

Investment property is carried at fair value and classified as Level 3 according to the fair value hierarchy.

Fair values of investment property are determined either by independent registered appraisers or by management, in both cases based on discounted cash flow ("DCF") models with inputs coming from rental income projections or based on combination of DCF model and independent registered appraiser´s real estate valuation. These projections are critically assessed by management before inclusion in the models. The discount rates were based on the specificities of the countries in which the investment property is located.

Valuations reflect, where appropriate, the type of tenants in occupation or responsible for meeting lease commitments, or likely to be in occupation after letting vacant property, the general market's perception of tenants' creditworthiness and the remaining economic life of the properties.

4.2. Assessment of control over investment funds

The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the fund (comprising any carried interests and expected management fees) and the investors' rights to remove the fund manager.

The Group uses its judgement when deciding whether it exercises control over an investment fund. When assessing the duty to consolidate funds, the Group evaluates the following control criteria:

- power
  - the right to manage the fund's activities is usually defined in the fund's statutes;
  - an investor who has the right and ability to manage the relevant activities of the fund; does not acquire power over the fund; and if the acquisition and maintenance of those rights can be influenced by a third party - in other words: if the third party can deprive or restrict those rights;
- exposure to variable returns
  - arises from the ownership of allotment certificates or funds' investment shares. In this case, the variability is derived from the change in the value of the allotment certificate or investment share reflecting changes in the fund's performance and the entitlement to a fee for the fund's management, i.e. a management fee set in the form of a fixed amount or expressed as a percentage of a certain financial indicator, and a performance fee payable to the manager when the fund achieves a specified performance level;
  - the assessment of the variability of these returns is performed in proportion to the total variable yields of the investee fund. This assessment shall be made primarily on the basis of the expected yields from the investee's activities;
- ability to affect the returns through power
  - An investor controls a fund only when all the above control criteria are met;
  - The Group may also acquire control over funds through investment in subsidiaries that manage, administer or invest in funds.

The duty to consolidate funds arises when:

- control over fund arises - assessed based on control criteria including the principal/agent analysis:
  - principal = consolidate;
  - agent = do not consolidate.

4. ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

4.2. Assessment of control over investment funds (continued)

Based on the analysis' results, the Group includes the following funds into its consolidated Group as at 31 December 2023 and 30 June 2024:

- J&T ORBIT SICAV, a.s. – the fund consolidated based on the ownership interest and control over the fund via subsidiary AMISTA investiční společnost, a.s.,
- J&T VENTURES I otevřený podílový fond - the fund consolidated based on the ownership interest and control over the fund via subsidiary J&T INVESTIČNÍ SPOLEČNOST, a.s.

4.3. Changes in PD, LGD, FLI, SICR

As at 30 June 2024, the Group performed annual updates relating to probability of default (PD) and loss given default (LGD), not for forward-looking indicators (FLI) and significant increase in credit risk (SICR). This mainly involved the recalibration of PD model on the most up-to-date data in models. No significant changes were made.

FLI model

In order to estimate the forward-looking probability of default based on macroeconomic factors, the Group uses a model based on transition matrices estimated by the external rating agency Moody's on historical data covering the period 1983-2021, i.e., so-called through-the-cycle (TTC) estimates of default rates (covering the entire economic cycle) as well as point-in-time estimates for a given year.

In accordance with IFRS 9, the TTC estimate of default rates was transformed to so-called point-in-time (PiT) forward-looking estimate, which considers the influence of current and expected macroeconomic development on the default rate.

The PiT PD estimate model consists of two parts: Z-component estimate, which represents the effect of the economic cycle on PD (more generally, on transitions between rating levels), depending on macroeconomic conditions. The base of the Z-component estimate is Merton's one-factor model, which dissects counterparty credit risk to two parts: idiosyncratic risk and systematic risk.

For the estimation of the correlation between the Z-component and macroeconomic development, the relationship between the Z-component and real GDP growth (annual percentage change) is modelled. Based on historical experience, this is the most telling variable; other variables are not considered in order to preserve the robustness of the model, which can only be estimated using a limited number of observations.

Based on the estimated development of changes in real GDP and the relationship between the Z-component and this macroeconomic variable, the corresponding point-in-time forward-looking (PiT FL) transition matrices are subsequently calculated based on the estimated development of the Z-component by adjusting the TTC matrix for the Z-component. In addition to the model for the Z-component, a GDP scenario model is also used for these estimates, which takes into account the historical development of real GDP in the given country, the projection of the development of real GDP in this country (from the respective central bank) or the projection of global macroeconomic development (IMF) including their observed predictive capabilities. The PiT FL transition matrices are estimated for a period of 5 years. Beyond this horizon, it is assumed that the Z-component is zero, and the TTC matrix is therefore used.

PD variants

Standard PD: There are four generated PD scenarios generated on 5 %, 12.5 %, 25 % and 50 % quantile of GDP forecast for each country. The four PD sets are equally outweighed by 25 % weight.
Crisis PD: There are independent PDs generated for exposures found in fields struck by crisis (selected NACE sectors).
Russia/Ukraine: Independent PDs were generated for exposures in Russia and Ukraine, which reflect increased risk.

The Group's highest share of exposures on its credit portfolio are Czech Republic (52 %), Slovakia (14 %) as at 30 June 2024. We mention GDP growth for those countries only because shares in other countries are insignificant.

4. ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

4.3. Changes in PD, LGD, FLI, SICR (continued)

Used real GDP growth (%):

				Estimated values			
Country	Year	National Bank	Forecast of the National Bank	5% quantile	12.5% quantile	25% quantile	50% quantile
CZE	2024	ČNB	1.41	(0.59)	0.15	0.81	1.74
CZE	2025	ČNB	2.7	(2.45)	(1.35)	(0.29)	1.2
CZE	2026	ČNB		(3.65)	(2.08)	(0.69)	1.4
CZE	2027	ČNB		(3.58)	(2.16)	(0.67)	1.4
CZE	2028	ČNB		(3.55)	(2.01)	(0.54)	1.5
CZE	2029	ČNB		(3.55)	(2.03)	(0.59)	1.47
SVK	2024	NBS	2.3	(0.11)	0.56	1.21	2.13
SVK	2025	NBS	3.2	(1.38)	(0.36)	0.64	2.03
SVK	2026	NBS	2	(2.18)	(1.21)	(0.29)	1.01
SVK	2027	NBS		(2.86)	(1.31)	0.06	2.11
SVK	2028	NBS		(2.95)	(1.43)	0.06	2.18
SVK	2029	NBS		(2.95)	(1.41)	0.09	2.18

Data sources:

Country	National Bank	Data Source
CZE	Czech National Bank (CNB)	Monetary Policy Report
SVK	National Bank Slovakia (NBS)	Economic and Monetary Developments

PD curves are updated continuously, whenever GDP forecast of the country's National Bank changes by more than 1 percentage point.

4.4. ECL model („management overlays")

The Group applies management overlays through interventions in the PD model and uses them to correct the impact of the ongoing effects of the crisis on the PD model. The first adjustment applied is the choice of four equally weighted pessimistic macroeconomic scenarios that are used in the model. The use of scenarios created from 5%, 12.5%, 25% and 50% quantiles of GDP predictions, as well as the corresponding ¼ weights of all these scenarios present, the Group's conservative outlook for future economic development.

A significant management overlay is that the economic/industry sectors of the borrowers were divided based on the expert assessment of the Group's chief economist and the Head of the Credit Risk Dept. The sectors were divided (according to NACE) into two groups. Firstly, sectors with ordinary PD are those where they expect the development in the given sector to correspond to the expected development of GDP. Secondly, sectors with crisis PD, where development is at risk due to current risk factors on the market (mainly the effects of COVID-19, inflation, interest rates, energy crisis, problems in supply-customer chains, etc.). The division of sectors was approved by the relevant Group Committee.

For selected NACE sectors below, the Group sees potential ongoing risks associated with current geopolitical situation, including inflation, impaired supply chain, rise in commodity prices and other economic factors.

4. ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

4.4. ECL model („management overlays", continued)

20 - Manufacture of chemicals and chemical products
23 - Manufacture of other non-metallic mineral products
24 - Manufacture of basic metals
25 - Manufacture of fabricated metal products, except machinery and equipment
29 - Manufacture of motor vehicles, trailers and semi-trailers
30 - Manufacture of other transport equipment
41 – Construction of buildings
46 – Wholesale trade, except motor vehicles and motorcycles
47 – Retail trade, except motor vehicles and motorcycles
64 – Financial service activities, except insurance and pension funding
65 – Insurance, reinsurance and pension funding, except compulsory social security
68 – Real estate activities

The impact of the management adjustments was as follows:

As at 30/06/2024 (in millions of CZK)	Loans	Debt securities at FVOCI and AC
Loss allowances and provisions without management adjustments	2 818	56
Impact of management adjustments	591	34
Final amount of loss allowances and provisions after management adjustments	3 409	90

As at 31/12/2023 (in millions of CZK)	Loans	Debt securities at FVOCI and AC
Loss allowances and provisions without management adjustments	3 343	48
Impact of management adjustments	571	33
Final amount of loss allowances and provisions after management adjustments	3 914	81

4.5. Environmental sustainability, social responsibility and corporate management (ESG)

A significant source of insecurities are insecurities even in the field of environmental risks, social responsibility, and corporate management. All of those are considered when determining accounting estimates, such as business combinations, decrease in asset values, reserve accounting or determining useful life of assets.

The Group concludes loan agreements for projects supporting ESG either directly or through mutual funds or venture capital, to invest in innovative projects. The Group is fully aware of its responsibility in this area and, also due to increasing regulatory requirements, it is gradually incorporating into its core and operational activities and risk management solutions enabling it to collect, process and use ESG data.

Risks associated with climate change are categorized into two categories – risk of transition and physical risk.

Transition risk

Transition risks relate to the changes that companies must make to adapt to a more sustainable and low-carbon economic model. Therefore, there is a risk associated with significant and rapid changes in stakeholder expectations, reflected in politics, changes in laws, regulations and changes in consumer behaviour. Risks associated with transitioning into low-carbon economy are specific for each industry and can even differ in fields inside of one industry. The rate of adaptation to transition to low-carbon economy is directly related to the level of risks faced.

4. ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

4.5. Environmental sustainability, social responsibility and corporate management (ESG, continued)

Key aspects of transition risk include:

- *change in the energy mix:* Transitioning to renewable energy sources and reducing dependence on fossil fuels can be financially demanding. Companies must invest in new technologies and infrastructure.
- *regulatory risks:* Legislators and regulatory bodies may adopt new regulations that affect business.
- *change in consumer behaviour:* Customers are increasingly preferring sustainable products and socially responsible companies. Companies must respond to these trends and adapt their strategies.
- *reputation risk:* An improper transition could damage a company's reputation. Transparency and communication are key.
- *financial risks:* A lack of funding for the transition to a more sustainable model can threaten business.

The Group's exposure to transition risk is low. The Group continuously monitors new legislation, innovations and constantly adapts to new market trends. This assessment is further supported by an appropriate financial strategy.

Physical risk

Physical risks origin from climate change associated with specific events and long-term climate development. The nature and timing of extreme meteorological events (floods, heat waves, storms, hurricanes etc.) are unsure, yet the number of said events, as well as their power is increasing, therefore their impact on economy is expected to be more significant in the future. Possible impacts can be decreased growth of GDP, shortage of material and products, significant change in prices, increase in operating costs, decrease in asset values, increase in write-offs and amortisation.

Given the Group's geographic focus on Europe, and even if the floods, droughts etc. have become more common in Europe during summer months, the Group still consider physical risk as insignificant.

Credit risk and impact on ECL

The Group considered the risks arising from environmental sustainability, social responsibility, and corporate governance ("ESG") in measuring ECL and concluded that in 2024 and 2023 they have no impact on the level of ECL, and therefore did not include specific adjustments reflecting ESG risks in the ECL calculation. Given the prudent approach to the current situation, the Group believes that the ECL represents the best estimate of expected credit losses as at 30 June 2024 and 31 December 2023.

Evaluating the rating of new clients or assessing the credit risk of transactions also considers the Group's growing commitments in the field of ESG. The Group is aware of the importance of the ESG topic, which is why it is preparing to collect ESG data from clients through a questionnaire, which will then be used for their rating. The Group is currently in the phase of implementing ESG risks to the evaluation of client ratings and the approval process for significant exposures in the loan portfolio.

We assessed how climate risks could affect our financial position in the financial statements for the year ended 30 June 2024. As part of the assessment, we considered a number of areas of the statement of financial position, such as ECL, reserves, financial instruments, long-term assets as well as long-term viability and business sustainability. After careful consideration, we have concluded that these risks do not have a material impact on our financial statements ending 30 June 2024.

4. ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

4.6. Conflict in Ukraine

In February 2024, it has been three years since the Russian Federation invaded Ukraine. Long-term military and financial support continue from the countries of the European Union, the United States of America and the United Kingdom. Countries are increasingly seeking to provide additional security guarantees to Ukraine so that they can secure future membership in the NATO. Economic sanctions against selected Russian individuals and legal entities persist, including the freezing of Russian assets, restrictions on trade, capital transfer and tourism.

Since the beginning of the war, the Group has supported organizations that provide material, food and medical aid and also focus on support through personnel capacities helping all the people affected by the war in Ukraine. Those are presented by social workers, psychologists, Czech language teachers, coordinators, community workers and many other necessary professionals.

The consequence of the ongoing war is a significant deterioration of the political and economic environment in both countries that are directly involved in the conflict. Since the beginning of the conflict, massive destructions were caused, with the most affected sectors such as construction of buildings, transport, industry, trade, energy and agriculture. The Group regularly analyse exposures allocated in those sectors affected by the conflict and reflect potential threats through higher impairments for exposures in Ukraine and Russia.

Since the start of the conflict, the Group has stopped risk-taking financing in Ukraine and Russia and has not provided new financing to these countries in 2024 either.

The Group 's total exposure to the Russian and Ukrainian markets was insignificant as at 30 June 2024.

The management of the Group has analysed the impact of this event and concluded that, as of the date of approval of these consolidated financial statements, the going concern assumption is still appropriate, and this event does not have a significant impact on the condensed consolidated interim financial statements as at 30 June 2024.

5. CASH AND CASH EQUIVALENTS

	30/06/2024	31/12/2023
Loans to central banks – reverse repurchase agreements	146 017	131 282
Term deposits in central bank to 3 months	9 496	6 158
Obligatory minimum reserves in central banks	12 827	2 834
Current accounts with banks	271	244
Term deposits with banks to 3 months	312	32
Current accounts with central banks	8	12
Cash in hand	186	209
Total	***169 117***	***140 771***

6. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30/06/2024	31/12/2023
Subordinated loans to banks	201	198
Other receivables due from banks	293	3
Expected credit losses (note 10)	(3)	(3)
Total	***491***	***198***

7. DERIVATIVES

	30/06/2024 Notional amount buy	30/06/2024 Notional amount sell	30/06/2024 Positive fair value	30/06/2024 Negative fair value
FX derivatives	169 610	(167 860)	3 253	(1 840)
Cross currency derivatives	1 720	(1 720)	64	(62)
Other derivatives	72 075	(72 071)	220	(212)
Total	***243 405***	***(241 651)***	***3 537***	***(2 114)***

	31/12/2023 Notional amount buy	31/12/2023 Notional amount sell	31/12/2023 Positive fair value	31/12/2023 Negative fair value
FX derivatives	145 023	(142 624)	4 422	(2 241)
Cross currency derivatives	1 697	(1 697)	60	(56)
Other derivatives	29 081	(29 078)	350	(135)
Total	***175 801***	***(173 399)***	***4 832***	***(2 432)***

All derivatives held for trading are classified as Level 2 according to the fair value hierarchy.

8. INVESTMENT SECURITIES

(a) Investment securities for trading

	30/06/2024 Fair value	31/12/2023 Fair value
Shares		
- Level 1	565	629
- Level 2	39	49
- Level 3	1	1
Bonds		
- Level 1	5 197	3 551
- Level 2	661	410
- Level 3	1 744	833
Allotment certificates		
- Level 1	55	100
- Level 2	95	43
Total	***8 357***	***5 616***

(b) Investment securities mandatorily at fair value through profit or loss

	30/06/2024 Fair value	31/12/2023 Fair value
Shares		
- Level 3	-	798
Allotment certificates		
- Level 1	632	577
- Level 2	2 108	1 502
- Level 3	8 230	7 138
Total	***10 970***	***10 015***

(c) Investment securities at fair value through other comprehensive income

	30/06/2024 Fair value	31/12/2023 Fair value
Shares and other equity instruments		
- Level 1	710	648
- Level 2	157	171
- Level 3	135	132
Bonds		
- Level 1	6 423	7 233
- Level 3	4 133	3 085
Total	***11 558***	***11 269***

In 2024, no other equity instruments from this portfolio were sold. (2023: Other equity instruments amounting to CZK 2 million were sold, the cumulative profit from sale amounted to CZK 2 million.)

More detailed information on bonds, expected credit losses as at 30 June 2024 are disclosed in note 10.

8. INVESTMENT SECURITIES (continued)

(d) Investment securities at amortised cost

	Gross carrying amount	ECL Stage 1	ECL Stage 2	ECL Stage 3	POCI	Net carrying amount
Bonds						
- domestic/listed/government	18 351	(15)	-	-	-	18 336
Total as at 30/06/2024	***18 351***	***(15)***	***-***	***-***	***-***	***18 336***
Bonds						
- domestic/listed/government	4 540	-	-	-	-	4 540
Total as at 31/12/2023	***4 540***	***-***	***-***	***-***	***-***	***4 540***

(e) Investment securities valued at Level 3

The following table shows a reconciliation of the opening and closing balances for Level 3 investment securities that are recorded at fair value:

	01/01/2024	Revaluation to OCI	Revaluation to profit or loss	Transfer from Level 2	Additions	Disposals	Reclassification	FX movement	Interest income	*30/06/2024*
Investment securities for trading										
shares	1	-	-	-	-	-	-	-	-	1
bonds	833	-	(12)	255	773	(138)	-	10	23	1 744
Investment securities mandatorily at fair value through profit or loss										
shares	798	-	-	-	-	-	(807)	9	-	-
allotment certificates	7 138	-	278	-	5	-	807	2	-	8 230
Investment securities at fair value through other comprehensive income										
shares and other equity instruments	132	-	-	-	3	-	-	-	-	135
bonds	3 085	-	44	932	72	-	-	-	-	4 133
Total	***11 987***	***-***	***310***	***1 187***	***853***	***(138)***	***-***	***21***	***23***	***14 243***

	01/01/2023	Revaluation to OCI	Revaluation to profit or loss	Transfer from Level 2	Additions	Disposals	FX movement	Interest income	*31/12/2023*
Investment securities for trading									
shares	2	-	(1)	-	-	-	-	-	1
bonds	1 300	-	15	(108)	229	(595)	(19)	11	833
Investment securities mandatorily at fair value through profit or loss									
shares	65	-	16	-	748	(43)	12	-	798
allotment certificates	5 395	-	418	828	1 930	(1 638)	205	-	7 138
Investment securities at fair value through other comprehensive income									
shares and other equity instruments	179	10	-	87	4	(143)	(5)	-	132
bonds	4 316	31	-	-	-	(1 356)	57	37	3 085
Total	***11 257***	***41***	***448***	***807***	***2 911***	***(3 775)***	***250***	***48***	***11 987***

The approach to significant unobservable inputs used as at 30 June 2024 in measuring investment securities categorised as Level 3 in the fair value hierarchy was the same as described in the annual consolidated financial statements as at 31 December 2023.

9. LOANS AND OTHER ADVANCES TO CUSTOMERS AT AMORTISED COST

as at 30/06/2024	Stage 1	Stage 2	Stage 3	POCI	Gross carrying amount
Loans and advances to customers and overdraft	81 806	8 233	3 433	285	**93 757**
Receivables from reverse repurchase agreements with customers	2 625	-	-	-	**2 625**
Margin lending (debits)	10 290	-	-	-	**10 290**
Receivables from provided finance leases	116	2	216	-	**334**
Other receivables	1 196	3	-	-	**1 199**
Gross carrying amount	***96 033***	***8 238***	***3 649***	***285***	***108 205***
ECL	***(761)***	***(316)***	***(2 189)***	***38***	***(3 228)***
Net carrying amount	***95 272***	***7 922***	***1 460***	***323***	***104 977***

as at 31/12/2023	Stage 1	Stage 2	Stage 3	POCI	Gross carrying amount
Loans and advances to customers and overdraft	77 146	7 152	3 995	352	**88 645**
Receivables from reverse repurchase agreements with customers	2 746	-	-	-	**2 746**
Margin lending (debits)	12 121	-	16	-	**12 137**
Receivables from provided finance leases	172	1	215	-	**388**
Other receivables	1 140	10	55	2	**1 207**
Gross carrying amount	***93 325***	***7 163***	***4 281***	***354***	***105 123***
ECL	***(837)***	***(304)***	***(2 546)***	***20***	***(3 667)***
Net carrying amount	***92 488***	***6 859***	***1 735***	***374***	***101 456***

Forbearance – credit risk exposure

as at 30/06/2024	Gross carrying amount	ECL	Net carrying amount
Performing exposures	104 518	(1 050)	103 468
- of which performing exposures forborne	*4 005*	*(35)*	*3 970*
Non-performing exposures	3 687	(2 178)	1 509
- of which non-performing exposures forborne	*1 769*	*(896)*	*873*
Total	***108 205***	***(3 228)***	***104 977***

as at 31/12/2023	Gross carrying amount	ECL	Net carrying amount
Performing exposures	100 740	(1 104)	99 636
- of which performing exposures forborne	*3 045*	*(35)*	*3 010*
Non-performing exposures	4 383	(2 563)	1 820
- of which non-performing exposures forborne	*1 518*	*(711)*	*807*
Total	***105 123***	***(3 667)***	***101 456***

	2024	2023
Share of exposures forborne in the total loans provided to customers	5.34%	4.34%
Share of non-performing exposures in total loans to customers	3.41%	4.17%

For further information about loans and advances to customers refer to note 10.

10. EXPECTED CREDIT LOSSES

a) Cash, cash equivalents and due from banks and other financial institutions

During the half year period of 2024 and also during 2023 there was no change in the amount of expected credit losses to the item "Cash and cash equivalents and Due from banks and other financial institutions" (CZK 3 million).

b) Loans and advances to customers at amortised cost

	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2024	***837***	***304***	***2 546***	***(20)***	***3 667***
Transfers:					
- transfers to Stage 2	(5)	5	-	-	-
- transfers to Stage 3	(8)	(2)	10	-	-
Net change in credit risk	(156)	-	(26)	(9)	(191)
Changes due to modification without derecognition	52	3	-	(7)	48
New financial assets originated or purchased	76	-	-	-	76
Financial assets derecognised during the period	(45)	(2)	(367)	-	(414)
Use of allowances	-	-	(1)	(2)	(3)
FX movements	10	8	27	-	45
Total as at 30 June 2024	***761***	***316***	***2 189***	***(38)***	***3 228***

	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	***981***	***424***	***3 412***	***(18)***	***4 799***
Transfers:					
- transfers to Stage 1	67	(67)	-	-	-
- transfers to Stage 2	(159)	170	(11)	-	-
- transfers to Stage 3	(5)	(20)	25	-	-
Net change in credit risk	(217)	(167)	1 983	12	1 611
Changes due to modification without derecognition	67	5	237	(6)	303
New financial assets originated or purchased	194	-	-	1	195
Unwind of discount	-	-	(11)	-	(11)
Financial assets derecognised during the period	(84)	(38)	(368)	(86)	(576)
Use of allowances	-	-	(1 798)	78	(1 720)
Transfer to IFRS 5	(10)	(1)	(734)	-	(745)
FX movements	3	(2)	(189)	(1)	(189)
Total as at 31 December 2023	***837***	***304***	***2 546***	***(20)***	***3 667***

10. EXPECTED CREDIT LOSSES (continued)

Use of allowances during 2024 was insignificant, amounted to CZK 3 million. (2023: Use of allowances amounted to CZK 1 720 million, mainly comprising the use of an allowance for loans of CZK 1 750 million, to which allowances of CZK 1 750 million were established at the time of sale. The remaining part under "Use of allowances" represents the release of derecognition at the date of initial recognition POCI of CZK minus 87 million.)

c) Investment securities at fair value through other comprehensive income

	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2024	***56***	***25***	***-***	***-***	***81***
Net change in credit risk	(3)	(3)	-	-	(6)
Total as at 30 June 2024	***53***	***22***	***-***	***-***	***75***

	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	***35***	***112***	***631***	***-***	***778***
Transfers:					
- transfers to Stage 1	9	(9)	-	-	-
Net change in credit risk	19	(72)	320	-	267
New financial assets originated or purchased	2	-	-	-	2
Disposal of subsidiaries	-	-	(951)	-	(951)
Foreign exchange rate movements	(9)	(6)	-	-	(15)
Total as at 31 December 2023	***56***	***25***	***-***	***-***	***81***

d) Investment security at amortised cost

	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2024	***-***	***-***	***-***	***-***	***-***
Net change in credit risk	(1)	-	-	-	(1)
Foreign exchange rate movements	16	-	-	-	16
Total as at 30 June 2024	***15***	***-***	***-***	***-***	***15***

	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	***2***	***-***	***11***	***-***	***13***
Net change in credit risk	(2)	-	(9)	-	(11)
Foreign exchange rate movements	-	-	(2)	-	(2)
Total as at 31 December 2023	***-***	***-***	***-***	***-***	***-***

10. EXPECTED CREDIT LOSSES (continued)

e) Financial commitments and guarantees

	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2024	***70***	***8***	***140***	***3***	***221***
Net change in credit risk	(11)	22	(22)	(3)	(14)
New financial assets originated or purchased	17	-	-	-	17
Financial assets derecognised during the period	(1)	-	(48)	-	(49)
Foreign exchange rate movements	1	-	2	-	3
Total as at 30 June 2024	***76***	***30***	***72***	***-***	***178***

	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	***59***	***7***	***92***	***-***	***158***
Transfers					
- transfers to Stage 2	(14)	14	-	-	**-**
- transfers to Stage 3	(2)	(1)	3	-	**-**
Net change in credit risk	(29)	(9)	55	3	20
New financial assets originated or purchased	61	-	-	-	61
Financial assets derecognised during the period	(6)	(3)	(12)	-	(21)
Foreign exchange rate movements	1	-	2	-	3
Total as at 31 December 2023	***70***	***8***	***140***	***3***	***221***

f) Other assets

	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2024	***-***	***2***	***6***	-	***8***
Total as at 30 June 2024	***-***	***2***	***6***	***-***	***8***

	Stage 1	Stage 2	Stage 3	POCI	Total
Total as at 1 January 2023	***-***	***6***	***245***	***-***	***251***
Transfers:					
- transfers to Stage 3	(76)	-	76	-	-
Net change in credit risk	-	18	(87)	-	(69)
New financial assets originated or purchased	76	-	-	-	76
Financial assets derecognised during the period	-	-	(3)	-	(3)
Transfer to IFRS 5	-	(20)	(181)	-	(201)
Foreign exchange rate movements	-	(2)	(44)	-	(46)
Total as at 31 December 2023	***-***	***2***	***6***	-	***8***

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Fixtures, fittings and equipment	Right-of-use assets Land and buildings	Right-of-use assets Equipment - cars	Total
30/06/2024					
Acquisition cost	1 840	275	447	23	**2 585**
Accumulated depreciation	(147)	(138)	(206)	(14)	**(505)**
Net book value	***1 693***	***137***	***241***	***9***	***2 080***
31/12/2023					
Acquisition cost	*1 816*	*268*	*428*	*22*	***2 534***
Accumulated depreciation	*(128)*	*(124)*	*(178)*	*(13)*	***(443)***
Net book value	***1 688***	***144***	***250***	***9***	***2 091***

The property is insured against theft and natural disasters.

12. OTHER ASSETS

	30/06/2024	31/12/2023
Receivables from customers from securities trading	12 514	7 825
Advance payments – other	987	1 014
Prepayments and accrued income	706	748
Other trade receivables	312	598
Restricted cash	30	27
Gold	39	29
Other receivables	25	35
Allowances for impairment of other assets	(8)	(8)
Total	***14 605***	***10 268***

Receivables from customers from securities trading increased in 2024 due to higher volume of customer trades compared to the end of 2023.

13. DISPOSAL GROUPS HELD FOR SALE

	30/06/2024	31/12/2023
J&T Ostravice Active Life UPF	26	26
Lease and loan receivables, other assets	-	441
Total	***26***	***467***

Lease receivables in J&T Leasingová společnost, s.r.o. were sold during 2024.

The subsidiary J&T Ostravice Active life UPF has launched the next planned phase of the project - construction. During May 2024, the sale of the land commenced. The sale of the land is expected to be completed by the end of 2024.

14. DEPOSITS AND LOANS FROM BANKS

	30/06/2024	31/12/2023
Loans from banks – repurchase agreements	24 150	3 733
Deposits from banks	4 843	5 458
Total	***28 993***	***9 191***

Deposits from banks includes deposits on demand, term deposits and other financial liabilities.

15. DEPOSITS FROM CUSTOMERS

	30/06/2024	31/12/2023
Term deposits and escrow accounts	203 354	174 117
Current accounts	40 354	43 697
Other liabilities	27	23
Total	***243 735***	***217 837***

16. INVESTMENT SECURITIES ISSUED

	30/06/2024	31/12/2023
Investment securities issued at amortised cost	3 452	3 287
Investment securities issued at FVTPL	11	-
Total	***3 463***	***3 287***

For the estimated fair value of issued bonds see note 38.

17. SUBORDINATED DEBT

	30/06/2024	31/12/2023
Subordinated debt – term deposits	2 001	1 256
Total	***2 001***	***1 256***

	2024	2023
Interest expense for subordinated debt:	68	58
of which interest paid	*59*	*51*

Subordinated debt - client's term deposits maturing up to 2028 bear interest at 7.50% p.a. for contracts opened until 31 December 2023, for contracts opened after 1 January 2024 maturity is up to 2029 and bear interest at rates ranging from 5.75% to 7.5% p.a.

The subordinated debt was approved by CNB as a part of the capital for regulatory purposes.

18. OTHER LIABILITIES

	30/06/2024	31/12/2023
Payables to clients from securities trading	19 311	12 649
Estimated payables, accruals and deferred income	971	1 045
Trade payables	66	120
Payables to employees	15	64
Social security liabilities	6	29
Lease liabilities	254	260
Other tax liabilities	151	128
Financial liabilities at fair value through profit or loss	148	137
Other liabilities	240	828
Total	***21 162***	***15 260***

Payables to clients from securities trading increased during 2024 due to higher client trading volumes compared to year-end 2023.

Accrued expenses and deferred income mainly represent estimates for outsourced IT services.

The decrease in other liabilities is mainly related to the settlement of the advances in lease receivables held for the sale at the end of 2023 and sold during 2024.

19. PROVISIONS

	30/06/2024	31/12/2023
Provision for employee bonuses	1 257	1 391
Provision for off-balance sheet items (loan commitments and guarantees)	178	221
Stage 1	*75*	*71*
Stage 2	*29*	*6*
Stage 3	*74*	*141*
POCI	*-*	*3*
Provision for loyalty programmes - customers	27	27
Provision for loyalty programmes - employees	7	5
Other provisions	6	8
Total	***1 475***	***1 652***

A provision for employee bonuses is established in relation to the approval of Group employees' annual bonuses. The annual bonus is defined as variable benefit component of employee remuneration which the company may grant and pay to an employee in proportion to his/her job performance in the evaluated period, most commonly a year. It also comprises bonuses with deferred due payment.

Other provisions are short-term and expected to be utilised within 12 months after the reporting date.

	Balance as at 01/01/2024	Additions/ Creation	Use/ Release	Foreign exchange differences	Balance as at 30/06/2024
Employee bonuses	1 391	306	(382)	(58)	1 257
Off-balance sheet items	221	-	(42)	(1)	178
Loyalty programmes – customers	27	-	(1)	1	27
Loyalty programmes – employees	5	5	(3)	-	7
Other provisions	8	2	(1)	(3)	6
Total	***1 652***	***313***	***(429)***	***(61)***	***1 475***

20. EQUITY

The share capital has been fully paid up and consists of:	30/06/2024	30/06/2023
10 637 126 ordinary shares with a nominal value of CZK 1 000/share	10 637	10 637
700 000 ordinary shares with a nominal value of CZK 1.43/share	1	1
Total share capital	***10 638***	***10 638***

All of the Bank´s shares are book-entry registered shares and are freely transferable. 1 000 votes are associated with shares with a nominal value of CZK 1 000, 1.43 votes are associated with shares with a nominal value of CZK 1.43.

The rights and obligations of shareholders are regulated in Act No. 90/2012 Coll., the Business Corporations Act and Bank´s Articles of Association. Each of the Bank´s shareholders has a pre-emptive right to subscribe a pro rata portion of the shares in the Bank if the registered share capital of the Bank is increased by cash contributions into the Bank. The shareholder has a pre-emptive right to subscribe for those shares that have not been subscribed for by another shareholder in accordance with the Business Corporations Act.

As the Bank has only a sole shareholder, the General Meeting shall not be held and the shareholder shall act in the capacity of the General Meeting. In this case, the rights and obligations of the sole shareholder are identical to those of the General Meeting, whose powers are regulated in the company´s valid Articles of Association and Act No. 90/2012 Coll., the Business Corporations Act.

Dividends

The Group has not approved any specific dividend policy. The distribution of dividends, if any, is subject, for each accounting period, to assessment in terms of the possibilities and needs of the Group, as well as in terms of the Group´s long-term business objectives. When assessing the payment of dividends, the goals to ensure a sufficient level of capital adequacy and further regulatory requirements, as well as the interests of the owners of shares, are all taken into account.

The owners of ordinary shares are entitled to the payment of approved dividends. The ultimate shareholder decided at the general meeting on 23 April 2024 to pay out dividends from retained earnings in total amount of CZK 2 800 million (2023: CZK 1 000 million). Dividends were paid out in the amount of CZK 263.2042 per ordinary share of nominal value CZK 1 ths and in the amount of CZK 0.3764 per ordinary share of nominal value CZK 1.43.

The Group does not provide any employee incentive scheme involving the option to buy own shares, or remuneration in the form of equity options.

The allocation of the profit is approved at the General Meeting and based on the proposal of the Group´s Board of Directors. The Group's management assumes that a relevant part of profit will be transferred to the special-purpose capital fund for the distribution of revenue from certificates that are part of the Group's equity and the remaining part will be used based on a decision and approval by the General Meeting.

Retained earnings

Retained earnings are distributable to the Bank's shareholders and are subject to the approval of the shareholders' general meeting. As at 30 June 2024, retained earnings amounted to CZK 19 034 million (30 June 2023: CZK 16 150 million). For details related to retained earnings, refer to the Consolidated statement of changes in equity.

Capital funds

Capital funds consist of a special purpose fund designated for the payment of income from subordinated income certificates. Details of the fund are specified in the last paragraph "Other equity instruments".

As at 30 June 2024, capital funds amounted to CZK 2 910 million (30 June 2023: CZK 2 977 million).

20. EQUITY (continued)

Translation and revaluation reserve

Translation and revaluation reserve comprises items arisen from the following:

- changes in the fair value of financial assets measured at FVOCI;
- all foreign exchange differences arising from the translation of the financial statements of foreign operations.

The sum of translation and revaluation reserve was negative as at 30 June 2024, amounting to CZK 324 million (30 June 2023: CZK -1 901 million).

Other equity instruments and Perpetuity fund

On 19 June 2014, the CNB approved the issue prospectus for revenue certificates with an expected total nominal amount of CZK 1 000 million and discretionary yield of 10% p.a.

On 12 September 2015, the CNB approved the prospectus for the second issue of revenue certificates with an expected total nominal amount of CZK 1 000 million and discretionary yield of 9% p.a.

On 11 December 2015, the CNB approved the prospectus for the third issue of revenue certificates with an expected total nominal amount of EUR 50 million and discretionary yield of 9% p.a.

On 10 August 2021, the CNB approved the issue prospectus for revenue certificates with an expected total nominal amount of CZK 1 300 million and discretionary yield of 6.5% p.a.

On 15 June 2022, the CNB approved the issue prospectus for revenue certificates with the total nominal amount of EUR 200 million and discretionary yield of 7% p.a.

On 19 April 2024, the CNB granted the Group, pursuant to Article 78 of the EU Regulation on prudential requirements for credit institutions (the "Regulation"), consent to the redemption of capital instruments with ISIN: CZ0003704249, in the total amount of CZK 1 billion, and also for ISIN: CZ0003704421, in the total amount of EUR 21 million. The consent was issued following the Group's request under Article 77(1) of the Regulation to redeem selected capital instruments included in the Tier 1 capital. The Certificates with ISIN CZ0003704421 were redeemed on 22 June 2024 in the amount of CZK 575 million denominated in EUR in total amount of EUR 21 million. The Certificates with ISIN CZ0003704249 will be redeemed on 15 July 2024.

As at 30 June 2024, the volume of issued certificates was CZK 8 293 million (30 June 2023: CZK 8 868 million).

On 30 June 2014, the Group’s Board of Directors also approved the establishment of a special-purpose capital fund for the payment of yield from certificates of CZK 100 million (Perpetuity fund). This fund was created from retained earnings. In 2024, the Group transferred another CZK 672 million (30 June 2023: CZK 772 million) within the distribution of profit for 2023. The payment of yield from certificates depends on a decision of the Group as the issuer and is governed by the conditions defined in the prospectus. In 2024, proceeds of CZK 334 million (30 June 2023: CZK 328 million) was distributed from this fund. As at 30 June 2024, the special-purpose capital fund for the payment of yield from certificates amounted to CZK 659 million (30 June 2023: CZK 625 million).

21. NON-CONTROLLING INTEREST

	30/06/2024	31/12/2023
AMISTA investiční společnost, a.s.	9	9
Total	***9***	***9***

22. INCOME TAX

Income tax for 2024 was calculated in accordance with Czech tax regulations at the rate of 21% (2023: 19%). The corporate income tax rate for 2025 would be 21%.

The Slovak branch pays tax in accordance with Slovak tax regulations. The tax paid by the branch in Slovakia is offset against the income tax for the Bank as a whole paid in the Czech Republic. The income tax rate in Slovakia is 21% (2023: 21%) and in 2025, the income tax rate would remain the same.

In 2023, the Act No. 530/2023 Coll. and this law also amended Act No. 235/2012 Coll. on a special levy from doing business in regulated industries and on the amendment of certain laws as amended, which introduced with effect from 1 January 2024 the obligation to pay a special levy from doing business in regulated industries to persons who carry out activities on the basis of a permit issued or granted by the National Bank of Slovakia (NBS). The rate of this levy for 2024 is 30% per year.

The German branch pays tax in accordance with German tax regulations. The corporate income tax rate in Germany is 15% (2023: 15%) plus 5.5% solidarity surcharge thereon, thus combined 15.825%. Corporations in Germany are also subject to trade tax at the rate set forth by the corresponding municipalities (the rate ranges between 8.75% and 20.3%). In 2025, the corporate income tax rates in Germany shall remain unchanged. Revenues and related expenses taxed by the branch in Germany are excluded from taxation in the Czech Republic.

Effects of different tax rates applicable to the individual subsidiaries are taken into account when calculating the total income tax and are presented in line "Effect of tax rates in foreign jurisdictions". The corporate income tax rate in Croatia for 2024 is 18% (2023: 18%).

The Group expects that, considering the total amount of revenues on a consolidated basis of the J&T FINANCE GROUP SE, of which it is a part, the rules for the Pillar 2 top-up tax will apply to it in the future. Under these rules, the ultimate parent entity will be considered J&T FINANCE GROUP SE. The Group has decided to apply the exception from the accounting requirements arising from the Amendment to IAS 12 Income Taxes: International Tax Reform - Model Rules of the Second Pillar and does not account for deferred tax receivables and obligations related to corporate taxes under Pillar 2. The Group monitors and analyses the development of legislation in this area, familiarises itself with the relevant measures, the procedure for calculating the effective tax rate including the requirements for input data and reporting obligations, and prepares for the related duties. The Group currently does not expect a significant impact of Pillar 2 on the financial statements.

The management believes that it has adequately provided for the tax liabilities in the accompanying consolidated financial statements.

Reconciliation of effective tax rate:

	6 months ended 30/06/2024	**6 months ended 30/06/2023**
Profit before tax	**5 095**	**4 023**
Income tax using income tax rate (21% / 19%)	1 070	765
Reconciliation:		
Effect of tax rates in foreign jurisdictions	(1)	4
Non-taxable income	(242)	(66)
Non-deductible expenses	209	207
Other	115	-
Total income tax	***1 151***	***910***
Effective tax rate	22.6%	22.6%
of which:		
Income tax – deferred	*42*	*132*
Income tax - current	*1 109*	*778*

23. DEFERRED TAX

The following deferred tax assets and liabilities have been recognised:

	Deferred tax asset	
	30/06/2024	**31/12/2023**
Difference between the carrying and tax value of property, plant and equipment and intangible assets	(19)	(18)
Investment securities at fair value through other comprehensive income	48	39
Investment property	5	5
Allowances for credit receivables	337	337
Provision for bonuses and untaken holidays	255	275
Other temporary differences	29	48
Net deferred tax asset	***655***	***686***

Total deferred tax of CZK 655 million (2023: CZK 686 million) comprises a net deferred tax liability of CZK 11 million (2023: CZK 10 million) and a net deferred tax asset of CZK 666 million (2023: CZK 696 million) arising at the level of the Bank and other companies of the Group.

The deferred tax asset or liability is calculated using the 2024 corporate income tax rate, i.e. 21%; 18% for J&T banka d.d., and 21% for the Bank’s Slovak branch (2023: 21%, 18% and 21%).

The following table shows the reconciliation between the deferred tax charge and the change in deferred tax assets in 2024 and 2023.

	30/06/2024	**31/12/2023**
Deferred tax liability, net as at 31 December	686	450
Deferred tax expense/revenue in the period (note 22)	(42)	228
Deferred tax recognised in equity	11	(10)
Disposal due to sale of subsidiaries	-	23
Deferred tax from ECL to bonds in FVOCI	(1)	(17)
Foreign exchange differences	1	12
Deferred tax asset at the end of the period	***655***	***686***

24. INTEREST INCOME

	6 months ended 30/06/2024	6 months ended 30/06/2023
Interest income from:		
Due from financial institutions	221	185
Loans and advances to customers	4 498	4 141
Reverse repurchase transactions	4 732	3 362
Bonds and other fixed income securities	652	398
Total	***10 103***	***8 086***

Interest income by asset classes:

	6 months ended 30/06/2024	6 months ended 30/06/2023
Interest income from:		
Investment securities at fair value through profit or loss:		
- investment securities held for trading	192	158
- finance lease	6	87
Other interest income	***198***	***245***
Investment securities at FVOCI	327	197
Investment securities at amortised cost	133	42
Loans and other advances at amortised cost	9 445	7 601
Interest income calculated using effective interest rate	***9 905***	***7 841***
Total	***10 103***	***8 086***

25. INTEREST EXPENSE

	6 months ended 30/06/2024	6 months ended 30/06/2023
Interest expense on:		
Deposits and loans from banks	(98)	(152)
Deposits from customers	(5 057)	(3 357)
Lease liabilities	(7)	(8)
Repurchase transactions	(329)	(128)
Subordinated debt - term deposits	(68)	(21)
Issued investment securities	(128)	(12)
Total	***(5 687)***	***(3 678)***

Interest expense by liability classes:	6 months ended 30/06/2024	6 months ended 30/06/2023
Interest expense on:		
Financial liabilities at amortised cost	(5 687)	(3 678)
Total	***(5 687)***	***(3 678)***

26. FEE AND COMMISSION INCOME

All fee and commission income is recognised in compliance with IFRS 15 Revenue from Contracts with Customers.

The following overview presents the segmentation of fee and commission income by the Group's business segments from:

	Banking			Asset	
6 months ended 30/06/2024	**CR**	**SR**	**Other**	**management**	**Total**
Fee and commission income on:					
issuance and administration of securities	302	25	-	-	327
trading with financial instruments	76	34	-	-	110
assets management	37	-	-	-	37
assets administration and custody	40	1	-	19	60
management and other fees from funds	55	5	-	828	888
lending activities	69	7	-	-	76
foreign exchange services	18	7	-	-	25
others	11	3	1	11	26
Total	***608***	***82***	***1***	***858***	***1 549***

	Banking			Asset	
6 months ended 30/06/2023	**CR**	**SR**	**Other**	**management**	**Total**
Fee and commission income on:					
issuance and administration of securities	282	22	-	-	304
trading with financial instruments	63	17	-	-	80
assets management	42	-	-	-	42
assets administration and custody	48	-	-	-	48
management and other fees from funds	43	2	-	553	598
lending activities	94	8	-	-	102
foreign exchange services	25	5	-	-	30
others	12	2	6	4	24
Total	***609***	***56***	***6***	***557***	***1 228***

27. FEE AND COMMISSION EXPENSE

	6 months ended 30/06/2024	**6 months ended 30/06/2023**
Fee and commission expense on:		
transactions in financial instruments	(44)	(39)
issuance of securities for the clients and central administrative services for collective investment	(86)	(57)
administration, custody and safekeeping of valuables	(19)	(24)
mediation of payment transactions	(17)	(14)
other	(14)	(33)
Total	***(180)***	***(167)***

28. NET INCOME FROM TRADING AND INVESTMENTS

	6 months ended 30/06/2024	6 months ended 30/06/2023
Realised/unrealised gains on securities	977	294
Net gains/(losses) on derivative operations	(449)	1 492
Net gains/(losses) from foreign currency translation	388	(618)
Dividend income	15	95
Total	***931***	***1 263***

	6 months ended 30/06/2024	6 months ended 30/06/2023
Investment securities and liabilities at fair value through profit or loss:		
- those held for trading	(386)	1 706
- investment securities at fair value	(28)	1
- investment securities mandatorily at fair value	956	97
Investment securities at fair value through other comprehensive income	1	76
Foreign exchange differences	388	(617)
Total	***931***	***1 263***

29. OTHER OPERATING INCOME

	6 months ended 30/06/2024	6 months ended 30/06/2023
Revenues from services and consulting (IFRS 15)	25	25
Rental income from investment property (IFRS 15)	10	15
Income from rendered operating leases	-	1
Rental income (IFRS 15)	1	2
Profit from disposal of fixed assets	2	-
Revenue from the sale of electricity	-	173
Other revenues (IFRS 15)	44	83
Total	***82***	***299***

Due to the sale of FVE Holding s.r.o. and their subsidiaries, the Group did not realise any income from the sale of electicity in 2024.

30. PERSONNEL EXPENSES

	6 months ended 30/06/2024	6 months ended 30/06/2023
Wages and salaries	(651)	(617)
Remuneration paid to key management personnel	(94)	(100)
Compulsory social security contributions	(245)	(242)
Other social expenses	(44)	(69)
Total	***(1 034)***	***(1 028)***
Average number of employees during the reporting period	***817***	***1 023***

As at 31 June 2024, the board of directors of the Group's parent company had 6 members (2023: 6). Decrease in the number of employees is related mainly to the sale of the subsidiaries J&T Bank, a.o. and TERCES MANAGEMENT LIMITED.

31. OTHER OPERATING EXPENSES

	6 months ended 30/06/2024	6 months ended 30/06/2023
Rental expense	(85)	(84)
of which recognition exemption applied under IFRS 16		
- *lease of low-value assets*	*(32)*	*(32)*
- *short-term leases*	*(17)*	*(18)*
- *variable rent payments*	*(31)*	*(27)*
Contributions to Deposit Insurance Fund	(49)	(69)
Contributions to Crisis Resolution Fund	(68)	(143)
Taxes and charges	(2)	(45)
Operating costs:		
Outsourcing	(493)	(449)
Advertising expenses and promotion	(105)	(128)
Repairs and maintenance - IS, IT	(3)	(23)
Audit, legal and tax consulting	(41)	(54)
Expenses related to rented premises	(4)	(7)
Consulting expenses	(25)	(17)
Sponsorship and gifts	(22)	(4)
Communication expenses	(14)	(14)
Materials	(8)	(9)
Transport and accommodation, travel expenses	(6)	(7)
Expenses related to investment property	-	(87)
Other operating expenses	(238)	(187)
Total	***(1 163)***	***(1 327)***

Other operating expenses of CZK 238 million as at 30 June 2024 (30 June 2023: CZK 187 million) include many sundry items that are not significant on an individual basis.

Cash payments of lease liabilities principal amounted to CZK 26 million (30 June 2023: CZK 40 million), cash payments of the interest part of the lease liability amounted to CZK 7 million (30 June 2023: CZK 7 million).

The Crisis Resolution Fund is a source of funds for the resolution of the Bank, as the parent company of the Group. The CNB may approve its withdrawal if it is feasible and credible and in the public interest. The resources of this fund are not intended for direct payouts of deposit compensation.

32. FINANCIAL COMMITMENTS AND CONTINGENCIES

	Stage 1	Stage 2	Stage 3	POCI	Total 2024
Unused credit lines	5 736	153	123	-	***6 012***
Granted guarantees	5 186	142	40	**-**	***5 368***
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total 2023**
Unused credit lines	6 838	34	177	15	***7 064***
Granted guarantees	3 841	142	121	-	***4 104***

33. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	30/06/2024	31/12/2023
Assets under management		
Assets under management in own-managed funds	185 229	139 462
Assets under investment management with right of disposal	6 018	6 017
Assets under administration		
Other assets under administration	217 409	222 573
Total	***408 656***	***368 052***
Of which Assets under administration entrusted to third parties	*50 036*	*61 545*

34. SEGMENT INFORMATION

(a) Business segments

6 months ended 30/06/2024	**CR**	**SR**	**Banking RU**	**Banking HR**	**DE**	**Asset manage-ment**	**Real estate**	**Leasing**	**Other**	**Total**
Net interest income	5 321	(411)	-	40	(550)	8	(28)	18	18	4 416
Inter-segment	(814)	824	-	(2)	-	5	-	(12)	(4)	(3)
Net fee and commission income	449	76	-	1	-	843	-	-	-	1 369
Inter-segment	322	-	-	2	-	(322)	-	-	-	2
Net income/(loss) from trading and investments	874	-	-	-	-	45	15	-	(3)	931
Inter-segment	53	(3)	-	-	-	(33)	-	-	(1)	16
Other operating income	(27)	2	-	3	4	(6)	*71*	*2*	33	82
Inter-segment	(730)	110	-	-	626	(4)	-	-	-	2
Operating income	***6 617***	***(333)***	***-***	***44***	***(546)***	***890***	***58***	***20***	***48***	***6 798***
Other significant non-cash items										
Net change in loss allowances for financial instruments	290	248	-	7	-	-	-	*5*	14	564
Net loss from changes of loans and other receivables	-	-	-	-	-	1	-	-	-	1
Profit before tax	***5 337***	***(428)***	***-***	***4***	***(619)***	***721***	***28***	***9***	***43***	***5 095***
Asset segment	***327 944***	***10 093***	***-***	***1 794***	***311***	***1 908***	***2 567***	***499***	***400***	***345 516***
Liability segment	***224 243***	***45 734***	***-***	***1 440***	***31 554***	***248***	***1 046***	***4***	***28***	***304 297***

6 months ended 30/06/2023	**CR**	**SR**	**Banking RU**	**Banking HR**	**DE**	**Asset manage-ment**	**Real estate**	**Leasing**	**Other**	**Total**
Net interest income	4 324	(151)	109	37	(40)	5	(10)	166	(32)	4 408
Inter-segment	(417)	504	(1)	(1)	-	1	1	(82)	(3)	2
Net fee and commission income	468	51	(2)	1	-	549	-	(6)	-	1 061
Inter-segment	201	-	-	-	-	(198)	-	(2)	(1)	-
Net income/(loss) from trading and investments	1 132	-	141	-	-	(5)	(5)	3	(3)	1 263
Inter-segment	17	(1)	-	-	-	-	-	5	-	21
Other operating income	(45)	1	16	3	-	(4)	77	48	203	299
Inter-segment	(111)	12	(8)	-	101	(4)	8	-	-	(2)
Operating income	***5 879***	***(99)***	***264***	***41***	***(40)***	***545***	***62***	***211***	***168***	***7 031***
Other significant non-cash items										
Net change in loss allowances for financial instruments	8	11	(144)	6	-	-	-	*(444)*	1	(562)
Net loss from changes of loans and other receivables	87	(13)	18	-	-	-	*(17)*	-	-	75
Profit from interests in joint ventures and investments in associates	-	-	-	-	-	-	-	-	(1)	(1)
Profit before tax	***4 361***	***(362)***	***29***	***5***	***(96)***	***404***	***(103)***	***(264)***	***49***	***4 023***
Asset segment	***243 249***	***3 706***	***2 526***	***1 824***	***62***	***1 913***	***2 751***	***2 267***	***1 504***	***259 802***
Liability segment	***178 059***	***31 010***	***2 635***	***1 463***	***7 079***	***195***	***1 007***	***18***	***973***	***222 439***

34. SEGMENT INFORMATION (continued)

(b) Geographical segments

In presenting information on the basis of geographical areas, revenue/expense is based on the customer/counterparty's country of domicile and assets/liabilities are based on the geographical location of the assets/liabilities.

Statement of financial position as at 30 June 2024

	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Cash, cash equivalents and due from banks and other financial institutions	159 275	9 304	1 005	24	169 608
Investment securities and positive fair value of derivatives	29 560	9 978	13 099	121	52 758
Loans and other advances to customers	38 260	10 272	48 232	8 213*	104 977
Total	***227 095***	***29 554***	***62 336***	***8 358***	***327 343***
Deposits and loans from banks	1 791	146	27 040	16	28 993
Deposits from customers	153 098	45 921	43 426	1 290	243 735
Negative fair value of derivatives	1 024	1	1 089	-	2 114
Investment securities issued	3 463	-	-	-	3 463
Subordinated debt	1 940	61	-	-	2 001
Total	***161 316***	***46 129***	***71 555***	***1 306***	***280 306***

** The item mainly includes a position in in Switzerland, USA, Cayman Islands and Great Britain.*

Statement of financial position as at 31 December 2023

	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Cash, cash equivalents and due from banks and other financial institutions	133 888	6 237	839	5	140 969
Investment securities and positive fair value of derivatives	24 292	3 841	8 009	130	36 272
Loans and other advances to customers	31 303	9 037	51 715	9 400*	101 456
Total	***189 483***	***19 115***	***60 564***	***9 535***	***278 697***
Deposits and loans from banks	1 304	367	7 504	16	9 191
Deposits from customers	138 066	39 401	38 955	1 415	217 837
Negative fair value of derivatives	792	7	1 633	-	2 432
Investment securities issued	3 287	-	-	-	3 287
Subordinated debt	1 199	57	-	-	1 256
Total	***144 648***	***39 832***	***48 092***	***1 431***	***234 003***

** The item mainly includes a position in Switzerland, Great Britain and USA.*

34. SEGMENT INFORMATION (continued)

(b) Geographical segments (continued)

Statement of comprehensive income for the 6 month period ended 30 June 2024

	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Net interest income	2 893	76	1 049	398	4 416
Net fee and commission income	1 021	204	139	5	1 369
Net income/(loss) from trading and investments	888	(194)	182	55	931
Other operating income	36	30	14	2	82
Operating income	***4 838***	***116***	***1 384***	***460***	***6 798***

Statement of comprehensive income for the 6 month period ended 30 June 2023

	Czech Republic	Slovakia	Other EU countries	Other countries	Total
Net interest income	1 970	401	1 509	528	4 408
Net fee and commission income	725	209	126	1	1 061
Net income/(loss) from trading and investments	(672)	(64)	1 486	513	1 263
Other operating income	241	16	10	32	299
Operating income	***2 264***	***562***	***3 131***	***1 074***	***7 031***

35. RELATED PARTIES

The outstanding balances and transactions with related parties of the Group are presented in the following tables. All material transactions with related parties were carried out based on the arm's length principle.

The transactions with the related parties are divided into the following categories:

I. Parent company J&T FINANCE GROUP SE.
II. Majority owners of J&T FINANCE GROUP SE and companies they own. These companies do not prepare consolidated financial statements that would include the Group, with the exception of J&T FINANCE GROUP SE.
III. Other subsidiaries of J&T FINANCE GROUP SE. This category includes other subsidiaries of J&T FINANCE GROUP SE outside the Group.
IV. Associates and joint-ventures. This category includes associates and joint ventures of the Group and J&T FINANCE GROUP SE.
V. Key management personnel of the Group or its parent and companies controlled or jointly controlled by this key management personnel. This category includes related parties which are connected to the Group through key management personnel of the Group or its parent.

On-balance and off-balance sheet items as at 30/06/2024	**I.**	**II.**	**III.**	**IV.**	**V.**	**Total**
Receivables	38	3	2 607	1 306	1 521	**5 475**
Liabilities	5 675	639	2 287	35	680	**9 316**
Granted guarantees	-	-	1	-	42	**43**
Received guarantees	428	-	198	-	302	**928**
Provided loan commitments	1 477	57	195	-	400	**2 129**
Received collateral	-	-	-	278	1 041	**1 319**
Profit / loss items for 6 month period ended 30/06/2024						
Expenses	(950)	(3)	(851)	-	(53)	**(1 857)**
Income	720	7	443	17	161	**1 348**

On-balance and off-balance sheet items as at 31/12/2023	**I.**	**II.**	**III.**	**IV.**	**V.**	**Total**
Receivables	5	69	2 945	262	2 417	**5 698**
Liabilities	487	163	948	81	537	**2 216**
Granted guarantees	-	-	-	5	43	**48**
Received guarantees	427	-	32	-	247	**706**
Provided loan commitments	1 465	41	102	-	436	**2 044**
Received collateral	-	-	-	250	474	**724**
Profit / loss items for 6 month period ended 30/06/2023						
Expenses	(1 282)	(3)	(1 031)	-	(8)	**(2 324)**
Income	1 473	14	652	10	70	**2 219**

Receivables from related parties consist primarily of loans and overdrafts.
Payables to related parties especially include term deposits, deposits payable on demand, savings and tied deposits.

Revenues and expenses consist mainly of gains/losses on currency derivatives, interest income, income from fees and commission and brokering fees.

35. RELATED PARTIES (continued)

Receivables/payables from/to key management personnel

	2024	2023
Provided loans	200	246
Deposits received	615	10

The members of the Board of Directors, Supervisory Board, Executive Board for the CR, Executive Board for the SR and Investment Instrument Committee represent the Group's key executives.

The Group's key management received no other remuneration in the form of short-term benefits, post-employment benefits, other long-term employee benefits, early termination benefits, or share-based payments.

36. RISK MANAGEMENT PROCEDURES AND REPORTING

The main goal of risk management is to maximize profit with respect to the risk taken and the risk appetite of the Group.

In doing so, it is necessary to ensure that the outcome of the Group's risk-taking activities is predictable and consistent with the Group's business objectives and risk appetite.

The risk management policies and procedures were consistent with those used to prepare the consolidated financial statements as at 31 December 2023.

37. CAPITAL MANAGEMENT

The Group's strategy is to hold strong capital base to maintain the confidence of creditors and the market, while ensuring the future development of the business.

As at 1 January 2014, the consolidated capital adequacy ratios are calculated in accordance with Regulation (EU) no. 575/2013 of the European Parliament and Council Regulation (the "CRR") 26 June 2013.

Own funds (regulatory capital) of the Bank are analysed in two parts:

- Tier 1 capital, which consist of:
  - Common Equity Tier 1 capital (CET1), which includes paid-up ordinary share capital, share premium, retained earnings, accumulated other comprehensive income, other temporary adjustments of CET1 less the deduction of intangible assets, and additional valuation adjustments (AVAs);
  - Additional Tier 1 capital (AT1), which includes instruments (subordinated income certificates) issued in accordance with CRR (note 16).
- Tier 2 capital, which consists of eligible subordinated debt approved by CNB of CZK 1 639 million (2023: CZK 1 051 million).

From 1 January 2014 the capital adequacy ratios are calculated for CET1, Tier 1 capital and total regulatory capital. The value represents the ratio of capital to risk weighted assets (RWA). CNB also requires every institution to hold additional capital conservation buffer of 2.5% and countercyclical buffer on all the levels of regulatory capital.

As at 31 December 2022, the Group decided not to apply article 473a of Regulation (EU) 2017/2395 of the European Parliament and of the Council and therefore no longer includes in Common Equity Tier 1 (CET1) capital the amounts that corresponds to the difference between allowances and provisions under IAS 39 as at 31 December 2017 and expected credit losses under IFRS 9 as at 1 January 2018. At the same time, the Group no longer modified the method of calculating specific adjustments for credit risk, accordingly.

The specific countercyclical capital buffer rate is calculated in accordance with Section 63 CNB decree No. 163/2014 Coll. and is calculated as a weighted average of the countercyclical buffer rates in effect in the jurisdictions to which the Bank has relevant risk exposures. It started to be relevant in 2017 when the Czech Republic and the Slovak Republic firstly set their countercyclical buffer rates. These have gradually been also set for other relevant states.

37. CAPITAL MANAGEMENT (continued)

Minimum requirements for capital ratios for 30 June 2024 are as follows:

	Minimum requirement	Capital conservation buffer	Countercyclical buffer	Total requirement
Common Equity Tier 1 capital (CET1)	4.50%	2.50%	1.24%	8.24%
Tier 1 capital	6.00%	2.50%	1.24%	9.74%
Total regulatory capital	**8.00%**	**2.50%**	**1.24%**	**11.74%**

Regulatory capital and equity reconciliation

The tables below summarize the composition of own funds (regulatory capital) and equity and capital ratios for 30 June 2024 and 31 December 2023, providing a complete reconciliation of individual items of regulatory capital to equity items.

As at 30 June 2024	**Regulatory capital**	**Equity**
Paid-up share capital registered in the Commercial Register	10 638	10 638
Retained earnings	18 025	15 092
Profit for the period	-	3 942
Accumulated other comprehensive income	(262)	(324)
Reserve funds	(3)	3 569
Non-controlling interest	-	9
(-) Additional value adjustments (AVA)	(37)	-
(-) Intangible assets other than goodwill	(34)	-
Deferred tax liabilities associated with intangible assets other than goodwill	2	-
(-) Goodwill	(123)	-
(-) Insufficient coverage for defaulted exposures	(41)	-
Paid-in AT1 instruments, share premium	7 276	8 293
Total Tier 1 capital	**35 441**	**n/a**
Total Tier 2 capital	1 639	-
Total regulatory capital/equity	***37 080***	***41 219***

37. CAPITAL MANAGEMENT (continued)

As at 31 December 2023	Regulatory capital	Equity
Paid-up share capital registered in the Commercial Register	10 638	10 638
Retained earnings	15 619	13 131
Profit for the period	3 112	5 388
Accumulated other comprehensive income	(290)	(308)
Reserve funds	(3)	3 231
Non-controlling interest	-	9
(-) Additional value adjustments (AVA)	(35)	-
(-) Intangible assets other than goodwill	(120)	-
Deferred tax liabilities associated with intangible assets other than goodwill	3	-
(-) Goodwill	(123)	-
(-) Insufficient coverage for defaulted exposures	(48)	-
Paid-in AT1 instruments, share premium	8 868	8 868
Total Tier 1 capital	**37 621**	**n/a**
Total Tier 2 capital	1 051	-
Total regulatory capital/equity	***38 672***	***40 957***

Risk weighted assets (RWA) and capital ratios

	30/06/2024	31/12/2023
Central governments or central banks	3 009	1 744
Regional governments or local authorities	2	-
Institutions	486	399
Corporates	67 275	69 926
Retail	162	96
Secured by mortgages on immovable property	15 591	11 115
Exposures in default	1 439	3 043
Items associated with particular high risk	29 099	29 903
Receivables from institutions and companies with short - term credit ratings	405	70
Collective investments undertakings (CIU)	14 962	12 861
Shares	1 098	937
Other exposures	3 293	3 442
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**136 821**	**133 536**
Traded debt instruments	3 335	2 548
Shares	1 184	1 320
Position risk in collective investment undertakings (CIUs)	636	773
Foreign exchange	1 825	1 350
Total risk exposure amount for position, foreign exchange and commodity risks	**6 980**	**5 991**
Operational risk	20 604	15 554
Total risk exposure amount for credit valuation adjustment	207	173
Total risk exposure amount	**164 612**	**155 254**

37. CAPITAL MANAGEMENT (continued)

Capital adequacy ratios

	30/06/2024	31/12/2023
Common Equity Tier 1 capital (CET 1)	17.11%	18.52%
Tier 1 capital	21.53%	24.23%
Total regulatory capital	**22.53%**	**24.91%**

The CNB, as a local authority for crisis resolution, defines the most appropriate strategies for crisis resolution of institutions and determines the minimum requirement for capital and eligible liabilities of these institutions (MREL). MREL requirements are all set and monitored by the CNB for the Bank individually. The requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are comfortably met by the Bank.

	30/06/2024	31/12/2023
Leverage ratio	8.79%	11.85%
Liquidity ratios		
LCR	416.01%	413.26%
NSFR	197.74%	191.91%

38. FAIR VALUE INFORMATION

Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial assets and liabilities measured at amortized cost reflected in the table.

Loans and advances to customers and Due from financial institutions: Fair value is calculated based on discounted expected future cash flows of principal and interest using the appropriate yield curve and risk spread. Expected future cash flows are estimated considering the credit risk and any indication of impairment. The estimated fair values of loans reflect changes in credit status since the loans were provided and changes in interest rates in the case of fixed rate loans.

Investment securities at amortised cost: The fair value is derived from the market price quoted on an active market at the statement of financial position date.

Deposits and loans from banks and customers and Subordinated debt: For demand deposits and deposits with no defined maturity, fair value is taken to be the amount payable on demand at the statement of financial position date. The estimated fair value of fixed-maturity deposits is based on discounted cash flows using appropriate yield curve.

The fair value of the issued subordinated bonds does not contain direct transaction costs charged on issuance.

Estimates of the fair value of financial assets and liabilities measured at amortized cost, analysed according to the hierarchy that reflects the significance of the inputs used in the valuation were as follows:

30/06/2024	Level 1	Level 2	Level 3	Total fair value estimate	Carrying amount
Financial assets					
Cash, cash equivalents and due from banks and other financial institutions	-	169 622	-	169 622	169 608
Investment securities at amortised cost	18 248	-	-	18 248	18 336
Loans and other advances to customers	-	-	113 628	113 628	104 977
Financial liabilities					
Deposits and loans from banks	-	28 854	-	28 854	28 993
Deposits from customers	-	243 059	-	243 059	243 735
Investment securities issued	-	-	3 292	3 292	3 452
Subordinated debt	-	1 920	-	1 920	2 001

31/12/2023	Level 1	Level 2	Level 3	Total fair value estimate	Carrying amount
Financial assets					
Cash, cash equivalents and due from banks and other financial institutions	-	140 977	-	140 977	140 969
Investment securities at amortised cost	4 333	-	-	4 333	4 540
Loans and other advances to customers	-	-	110 716	110 716	101 456
Financial liabilities					
Deposits and loans from banks	-	9 156	-	9 156	9 191
Deposits from customers	-	217 496	-	217 496	217 837
Investment securities issued	2 988	-	320	3 308	3 287
Subordinated debt	-	1 190	-	1 190	1 256

39. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

a) Acquisitions and establishment of subsidiaries, associates and joint ventures, contributions to subsidiaries' capital

The Group neither acquired nor established any of subsidiaries, associates and joint ventures in the 6 months period ended 30 June 2024.

b) Disposals and liquidation of subsidiaries, associates and joint ventures

The Group did not dispose or liquidate any subsidiary, associate and joint venture in the 6 months period ended 30 June 2024.

40. MATERIAL SUBSEQUENT EVENTS

On 15 July 2024, the Group repaid equity instruments issued under ISIN CZ0003704249, in a total amount of CZK 1 billion. These instruments were recorded as subordinated unsecured yield certificates without maturity date meeting the conditions for classification as part of Additional Tier 1 (AT1) capital. The Group conducted the repayment with the consent of the CNB.

On 15 August 2024, Patrik Tkáč resigned from the position of the Chairman of the Board of Directors.

On 21 August 2024, Štěpán Ašer was elected as the new Chairman of the Board of Directors.

As the date of preparing these financial statements, the Group is not aware of any other events that would require an adjustment of disclosure in these condensed consolidated interim financial statements.

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Independent Auditor's Report

to the Shareholder of J&T BANKA, a.s. on Review of Condensed Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying consolidated statement of financial position of J&T BANKA, a.s. as at 30 June 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended, and notes to the condensed consolidated interim financial statements ("the condensed consolidated interim financial statements"), on pages 11 to 58 of the accompanying Half-yearly financial report.

The statutory body of J&T BANKA, a.s. is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of J&T BANKA, a.s. as at 30 June 2024 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Prague, 30 August 2024

KPMG Česká republika Audit

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