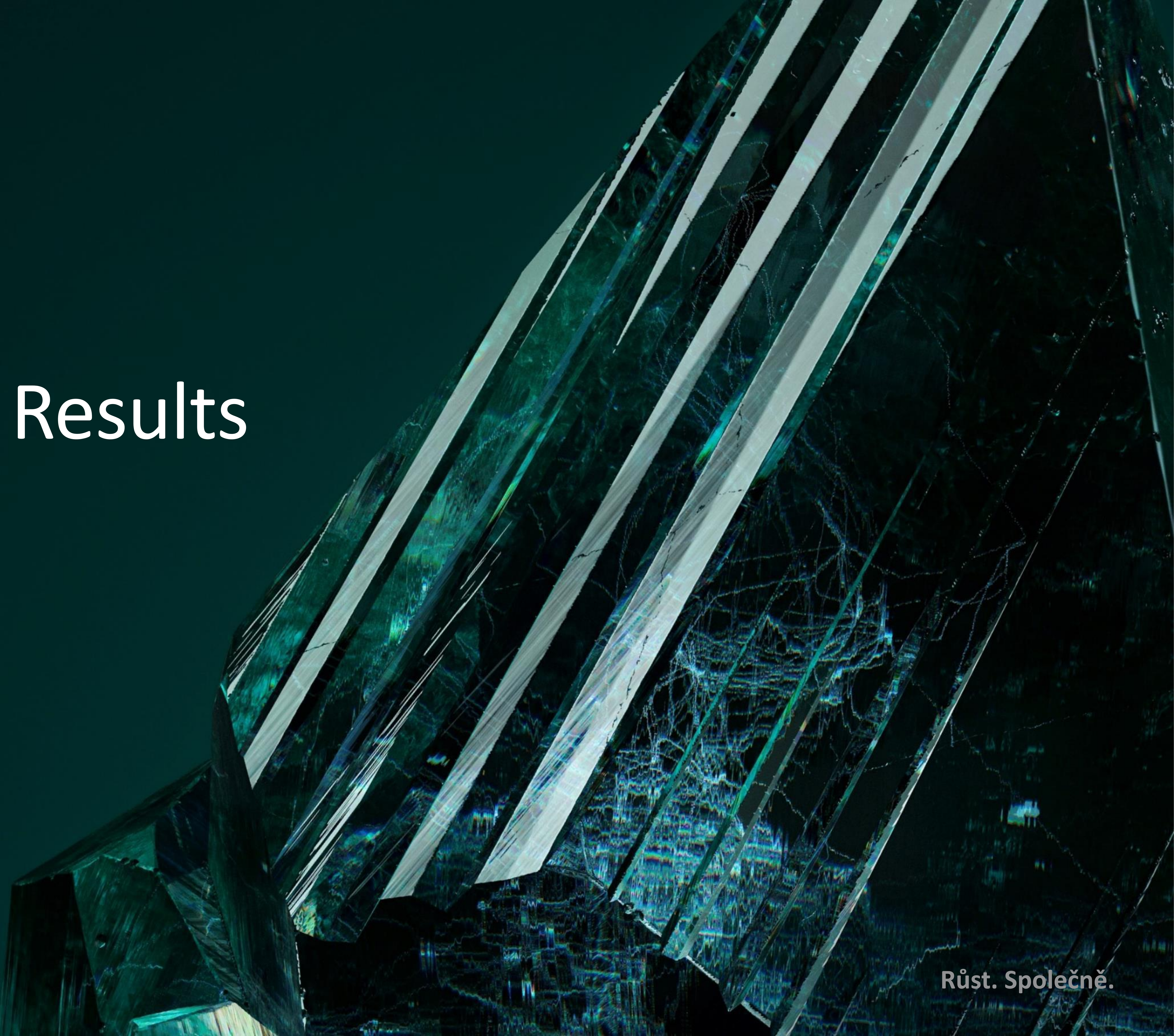
J&T BANKA

FY2022 – Full Year Results (Consolidated)

Investor Update

May 2023



Růst. Společně.

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Performance Highlights | FY2022 Full Year Results (Consolidated)

Best ever reported results amid general interest rate environment normalization and continued growth in loan book and assets under management

- Operating income up ~88% YoY due to combination of higher net interest income and higher net fees and commissions
- Operating expense up ~29% YoY driven by investment in talent, IT infrastructure and higher marketing spend
- Cost of risk increase mainly attributable to provisions and impairments related to Russian and Ukrainian exposures
- Loan book grew 14% YoY on account of greater corporate lending activity
- Deposit inflow continued (up ~6% YoY), leading to 65% Loan-to Deposit Ratio and strong liquidity position
- Shareholders’ equity increased by ~45% YoY due to ~21% YoY increase in net profit and CZK2.9bn capital increase completed in December 2022

(CZKm)	2021	2022	change	(€m)(1)
Operating Income	6,144	11,519	+87.5%	452
Operating Expense	(2,923)	(3,755)	+28.5%	(147)
Profit Before Risk Cost	**3,221**	**7,764**	**+141.0%**	**304**
Cost of Risk	(572)	(3,147)	+450.2%	(123)
Net Profit for the Period	**2,804**	**3,380**	**+20.5%**	**133**
Cash and Equivalents	68,011	76,982	+13.2%	3,019
Loan Book	**93,154**	**106,149**	**+14.0%**	**4,163**
Securities	24,272	27,156	+11.9%	1,065
Deposits	**154,330**	**164,022**	**+6.3%**	**6,432**
Shareholders' Equity	24,763	35,843	+44.7%	1,406
ROE	**11.5%**	**10.9%**	**-0.6 p.p.**	<-
ROA	**1.5%**	**1.6%**	**+0.1 p.p.**	<-
Capital Adequacy (TCR)	16.2%	19.4%	+3.2 p.p.	<-
Leverage Ratio(2)	10.6%	13.2%	+2.6 p.p.	<-
Liquidity Coverage Ratio (LCR)(2)	237.0%	276.6%	+39.6 p.p.	<-
Net Stable Funding Ratio (NSFR)(2)	138.4%	145.9%	+7.5 p.p.	<-
Employees (average FTEs)	875	940	+6.9%	<-

Notes: (1) Convenience translation at 1 EUR = 25.50 CZK. (2) Only reported on individual basis. Source: Company data

Key Profitability Drivers in FY2022

~21% YoY increase in net profit driven by record high net interest income and continued growth in net fees and commissions which more than offset increases in personnel and admin expense and higher risk cost

Net Profit Bridge (2022 vs 2021)

- **NII**: Positive impact of upward adjustments in key policy rates in the Czech Republic translated into a record high net interest income in 2022
- **NFC**: Historically highest fee income amid consistently growing assets under management and solid fees from securities underwriting
- **Other Income**: Driven mainly by revaluation of FX swaps used for hedging mismatch between CZK-denominated deposits and EUR-denominated loans
- **Personnel Expense**: Increase primarily due to new hires in asset management where J&T BANKA sees considerable growth potential
- **Admin Expense**: Growth driven by large investments into IT infrastructure and higher marketing spend
- **Cost of Risk**: Increase driven by provisions and impairment charges related to Russian and Ukrainian exposures

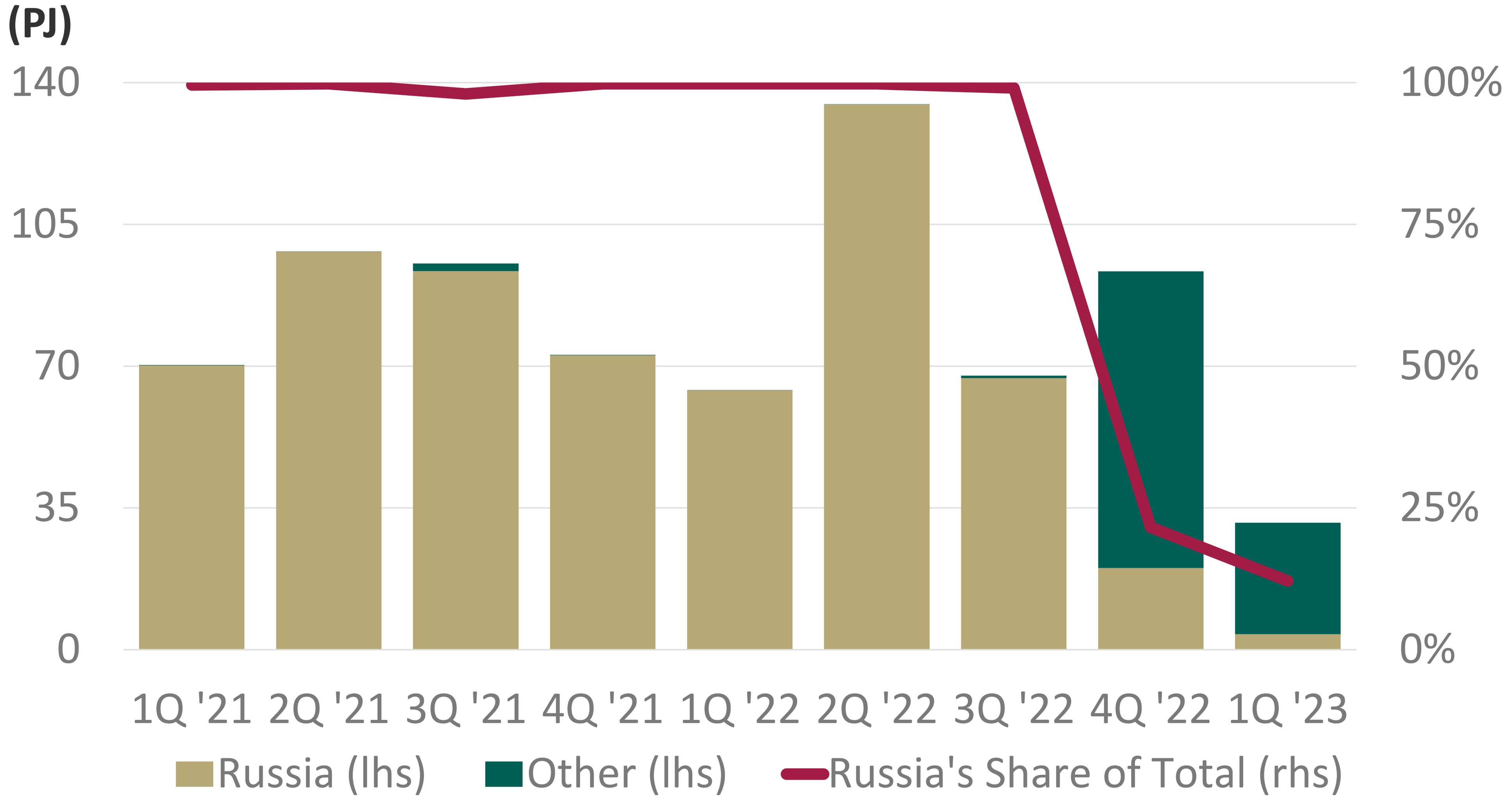
Source: Company data

Operating Environment

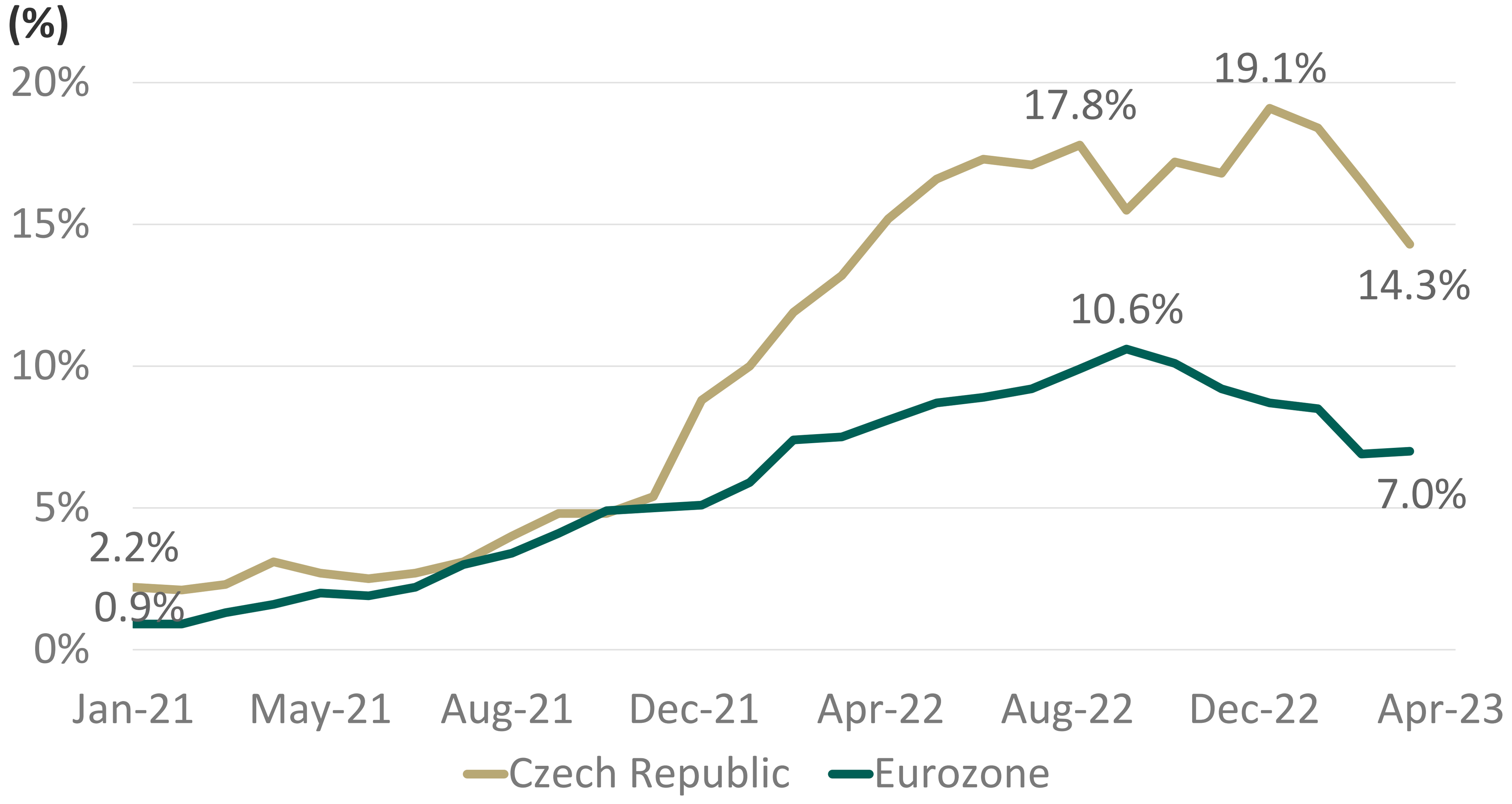
Czech economy slowed down towards the end of 2022 amid high inflation and dramatic monetary policy tightening weighing on consumer confidence despite maintaining the lowest unemployment rate in the EU

- Dealing with aftermath of Covid-19 pandemics and disruptions in global supply chain, Czech economy was hit particularly hard by repercussions of Russian invasion of Ukraine
- Energy crisis resulting from Czech Republic's near 100% dependence on Russian gas, influx of Ukrainian refugees and monetary policy tightening with material upward adjustment in key policy rates undermined consumer confidence and derailed economic recovery
- While inflation has been going down sharply since its peak in January 2023 it is still elevated compared to other EU countries and together with large government budget deficits pose medium term risk
- Despite these challenges, unemployment remains low, underpinning Czech economy's resilience

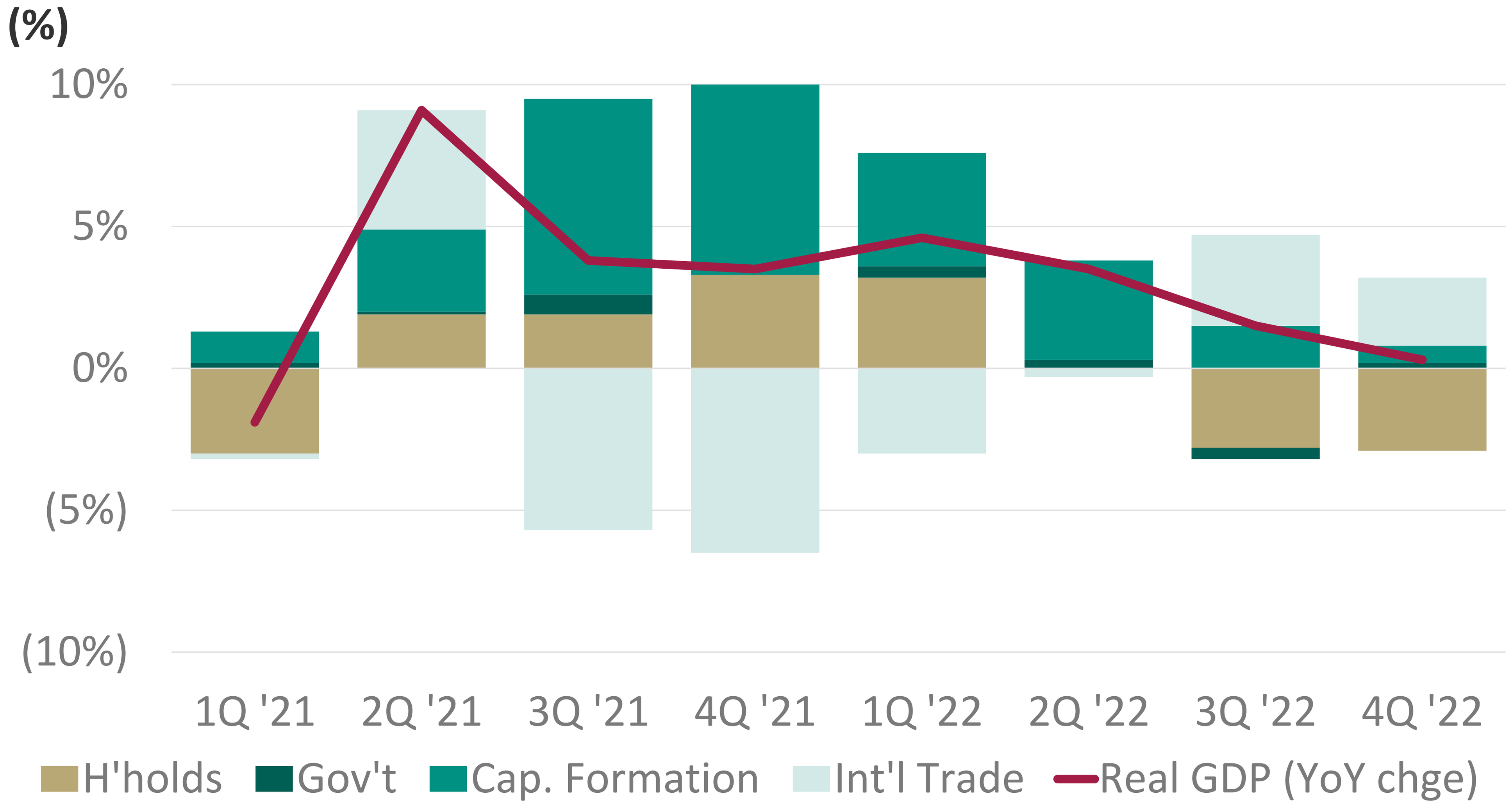
Czech Natural Gas Imports (Quarterly)



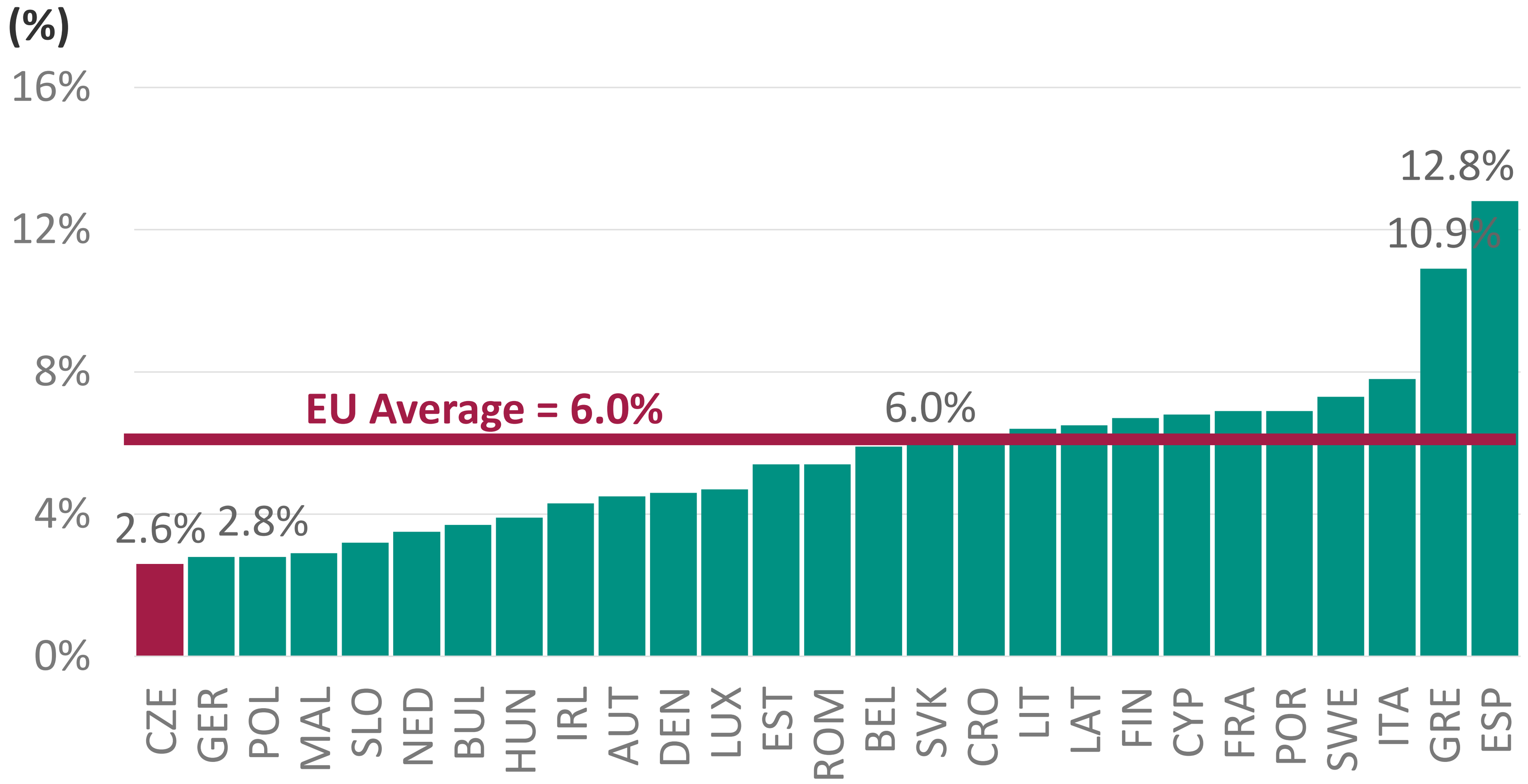
Inflation (Annual, MoM)[1]



Real GDP Growth & Contribution (YoY)



Unemployment (1Q 2023)[2]



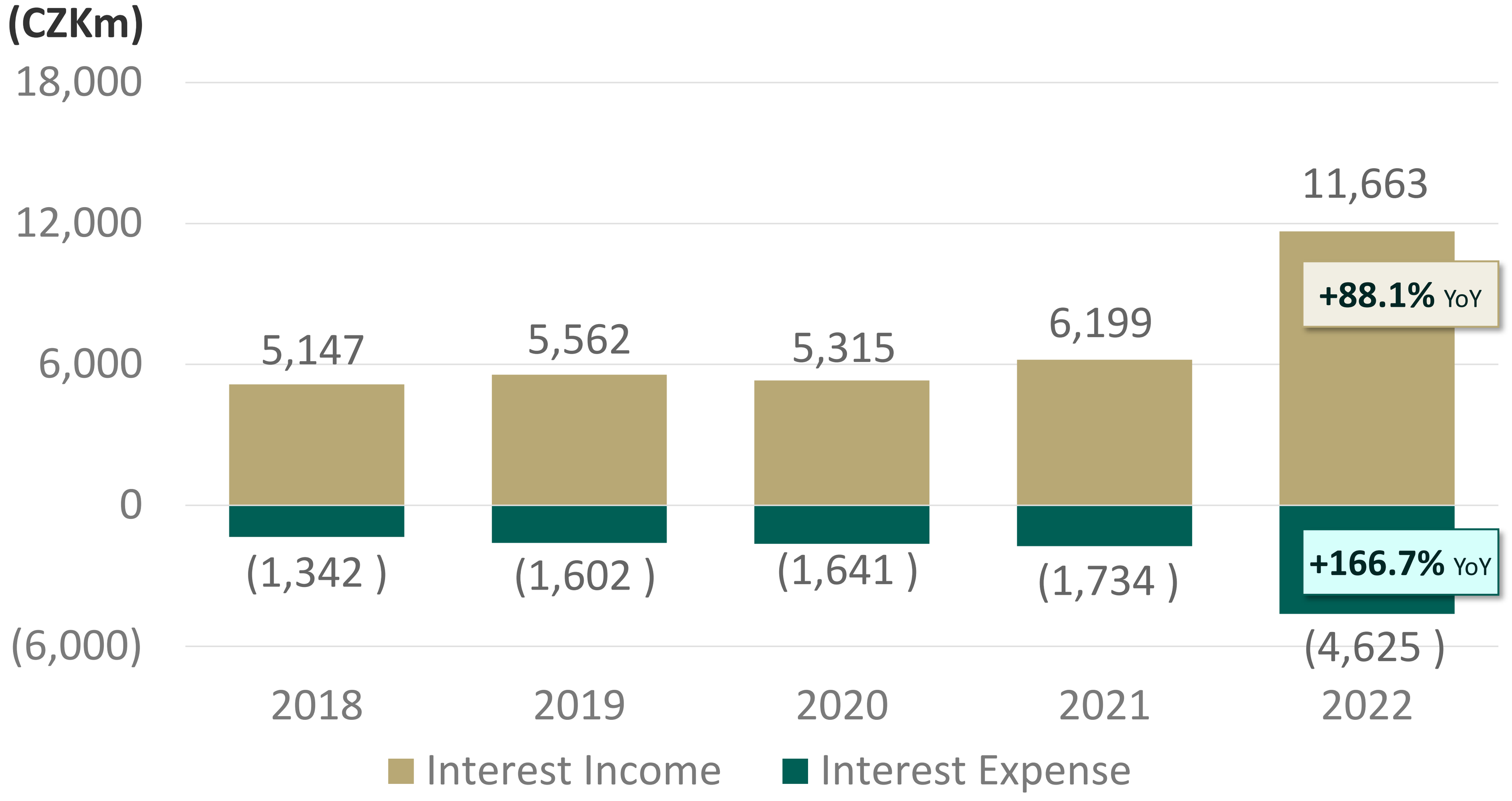
Notes: (1) Harmonised Index of Consumer Prices (seasonally adjusted). (2) Unemployed persons aged 15 to 74 without work but actively looking for a job. Source: Czech Statistical Office, Eurostat, CNB, ECB

Net Interest Income

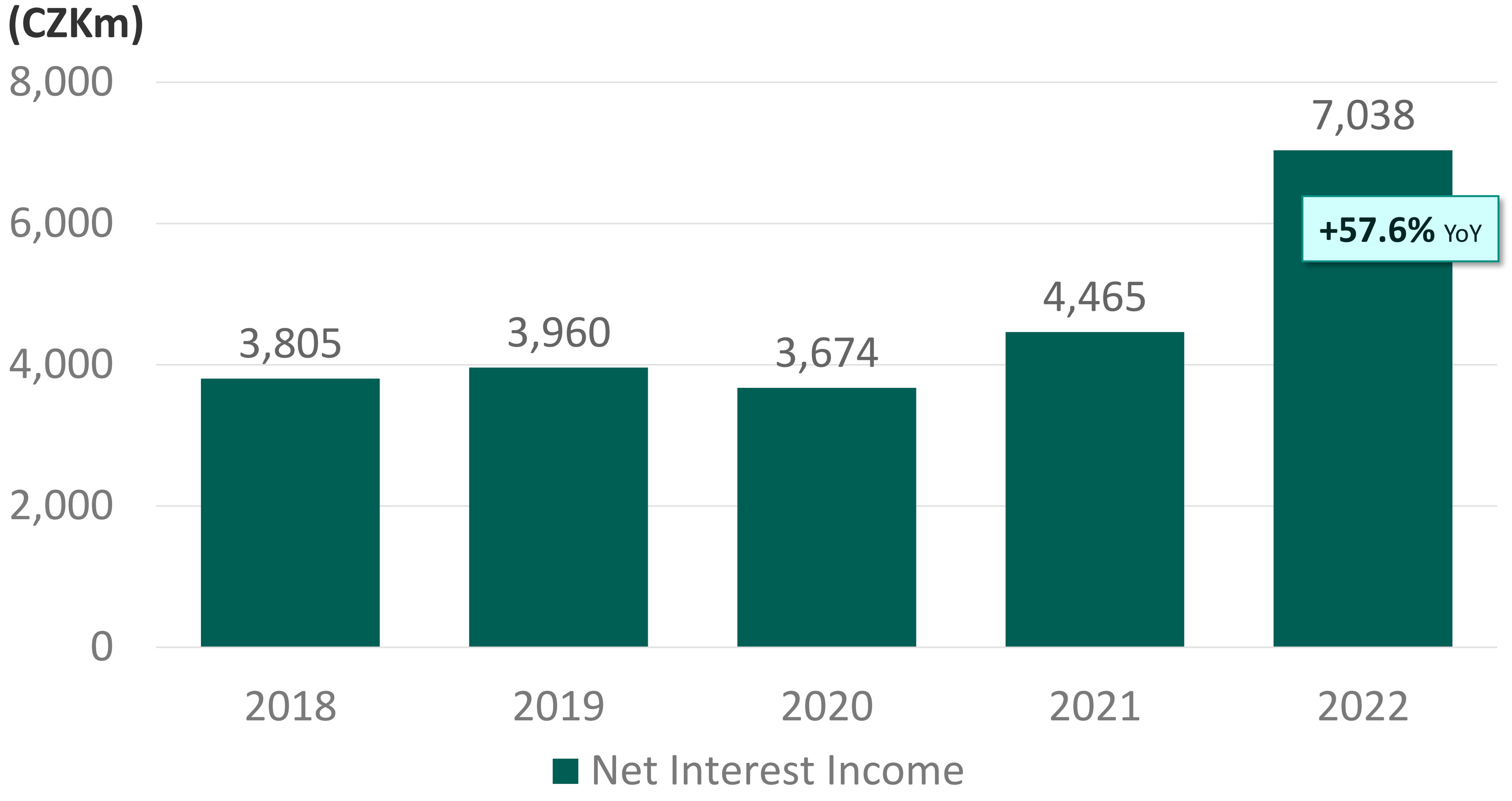
Interest rate environment normalization coupled with loan book growth translated into highest ever reported net interest income

- Net interest income accounts for ~70% of operating income and is sensitive to changes in the general interest rate environment
- Normalization in general interest rate environment accompanied by monetary policy tightening (2W repo in the Czech Republic is now at 7%) translated into a record high net interest income in 2022
- Net interest margin also widened in 2022 due to growing yields on CNB's T-bills and loan book re-pricing which more than off-set re-pricing of the deposit base mainly consisting of term deposits with >1-year duration

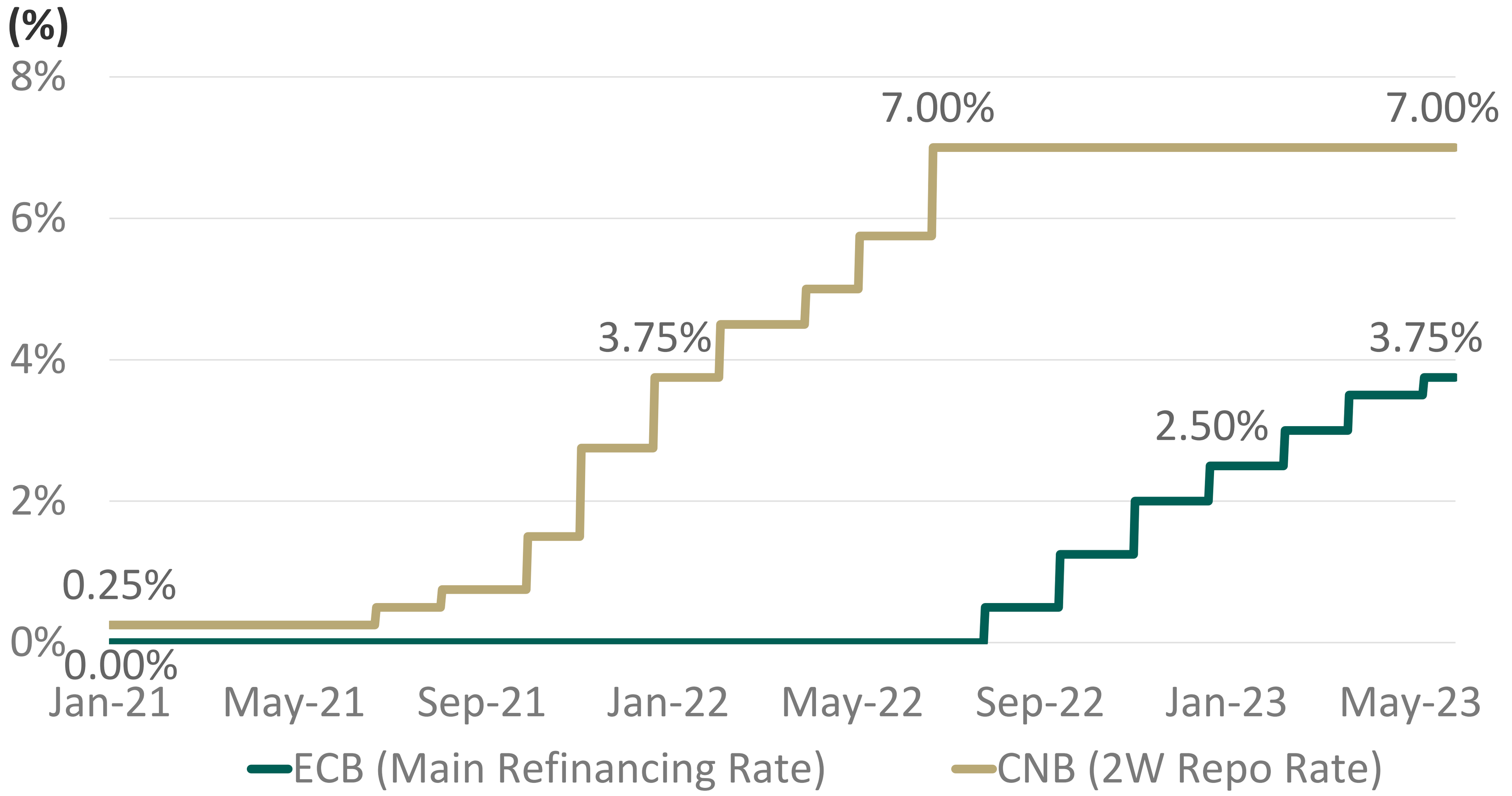
Interest Income and Interest Expense



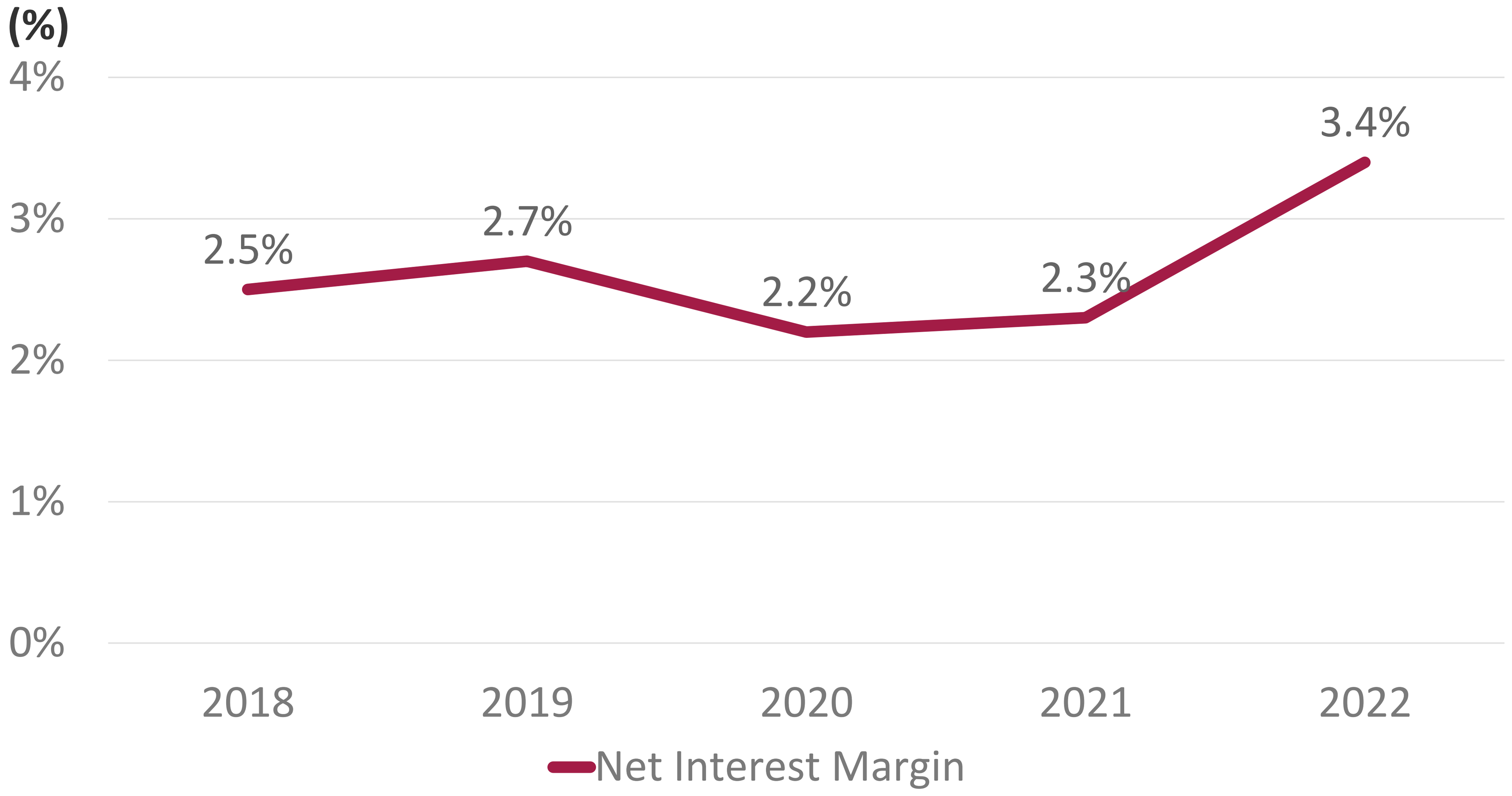
Net Interest Income



Key Monetary Policy Rates



Net Interest Margin (Individual)[1]



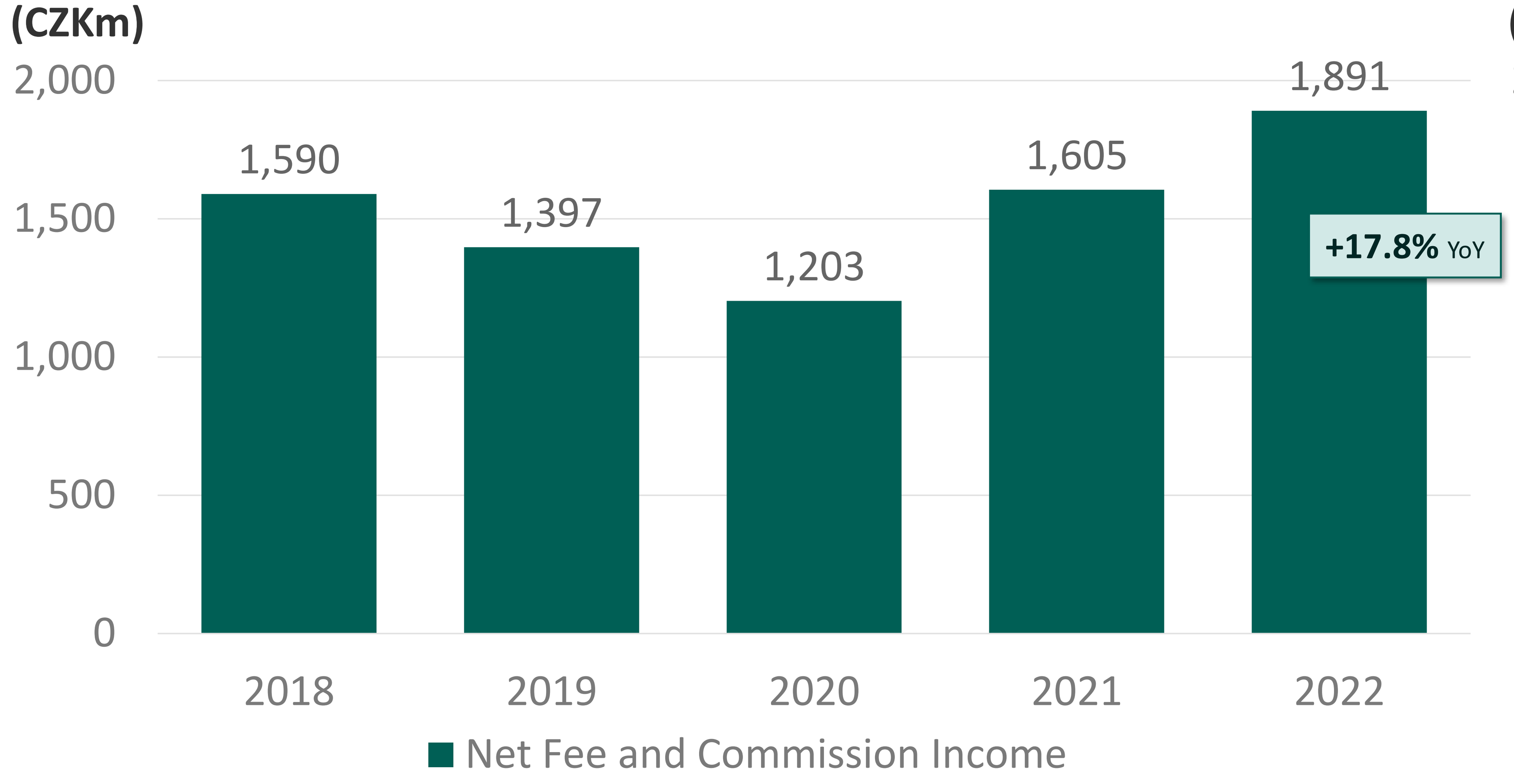
Note: (1) Net interest income / average interest earning assets (daily averages between 1 January and 31 December of each accounting period. Source: CNB, ECB, Company data

Net Fees and Commissions

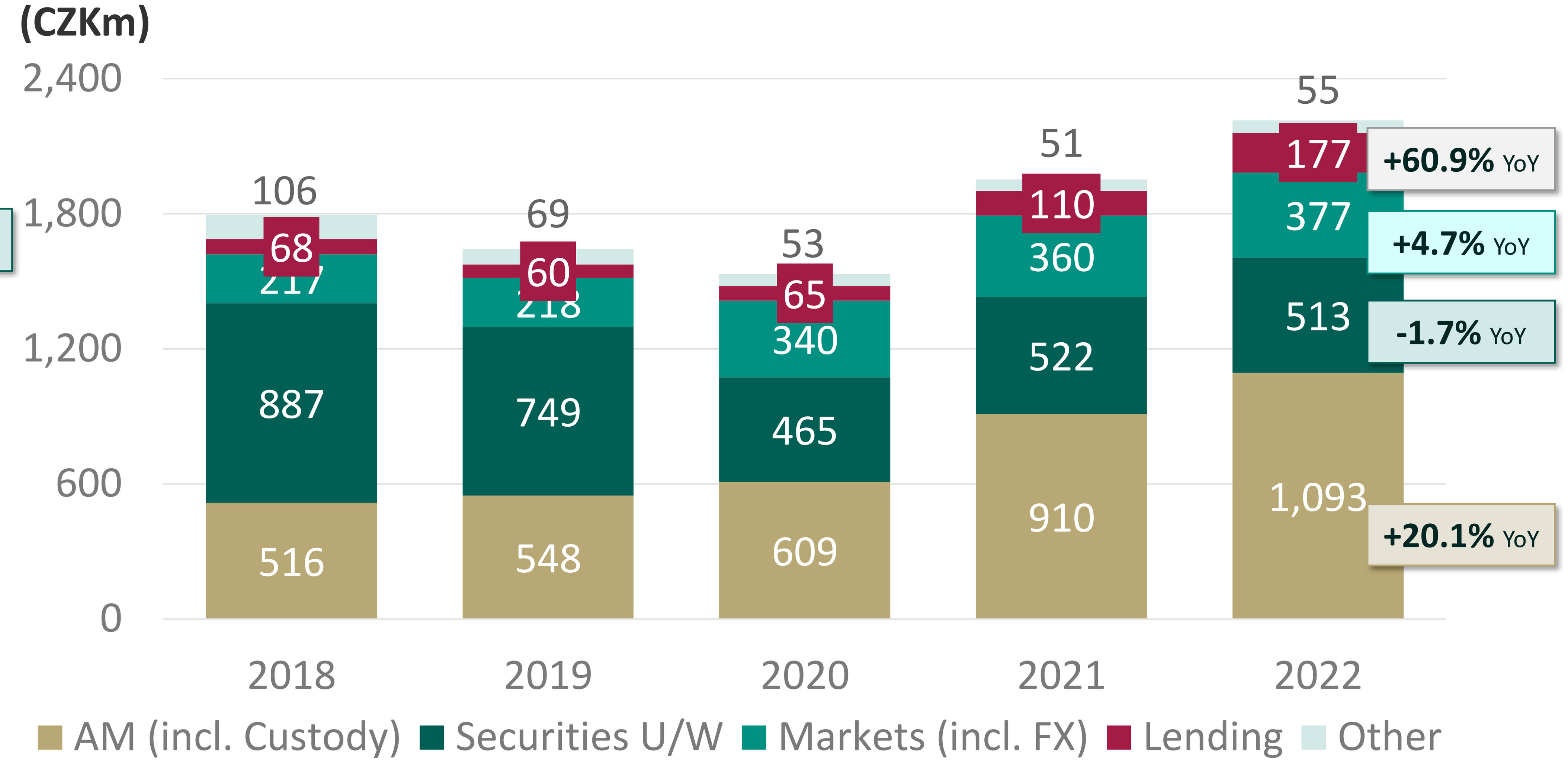
Continuously increasing net fees and commissions primarily driven by persistent growth in assets under management

- Net fees and commissions generate ~20 – 25% of operating income and include asset management fees, debt underwriting fees, financial market operations related fees and other banking charges
- Fees and commissions grow steadily, mainly due to a continuous increase in assets under management
  - Asset management fees account for over 50% of net fees and commissions and represent stable and recurring revenue stream
  - Acquisition of controlling stake in Amista IS (completed in November 2022) will be fully reflected in 2023 results
- Securities placement and underwriting fees are important, albeit more volatile, contributor to overall net fees and commissions

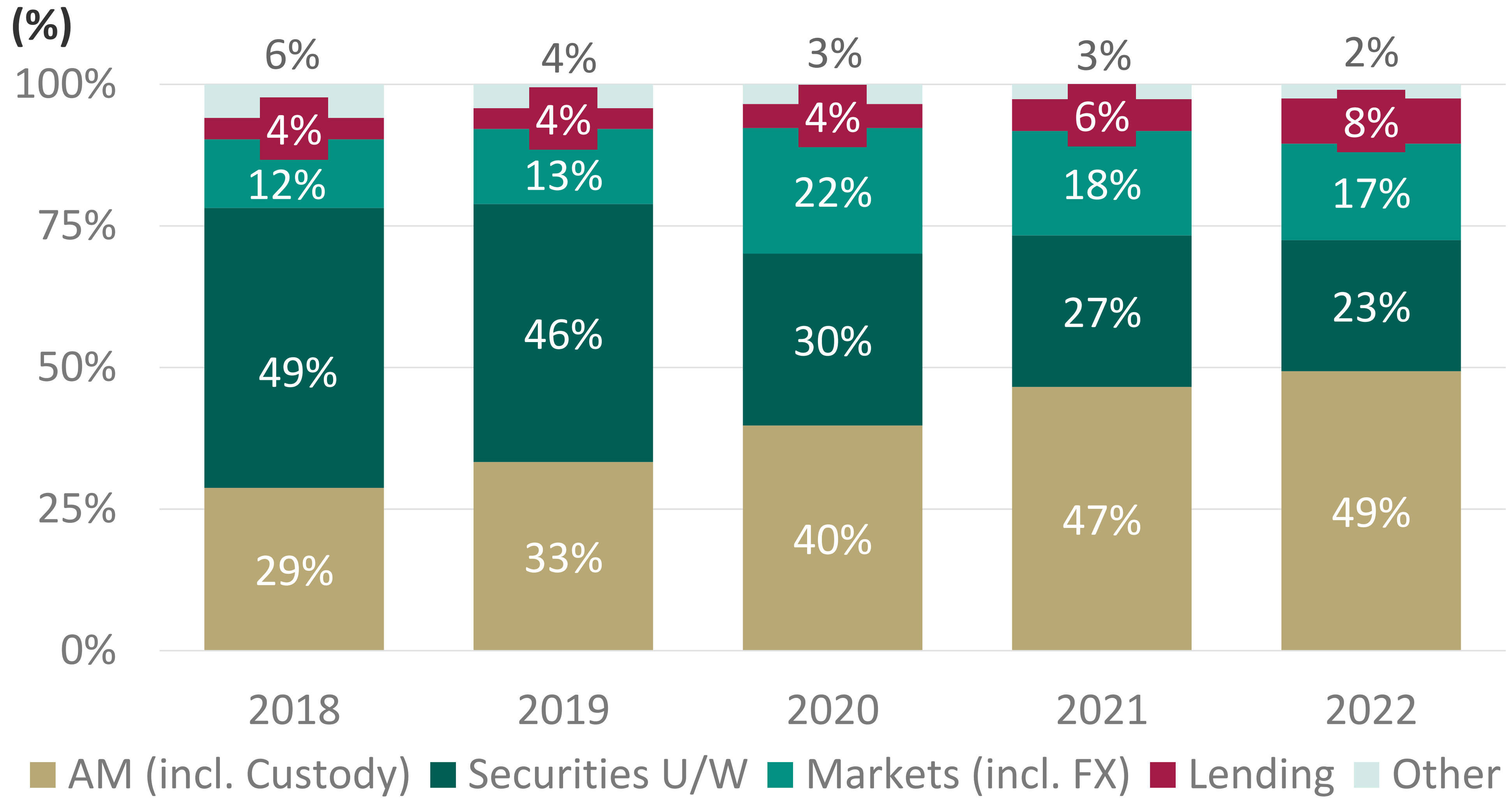
Net Fees and Commissions



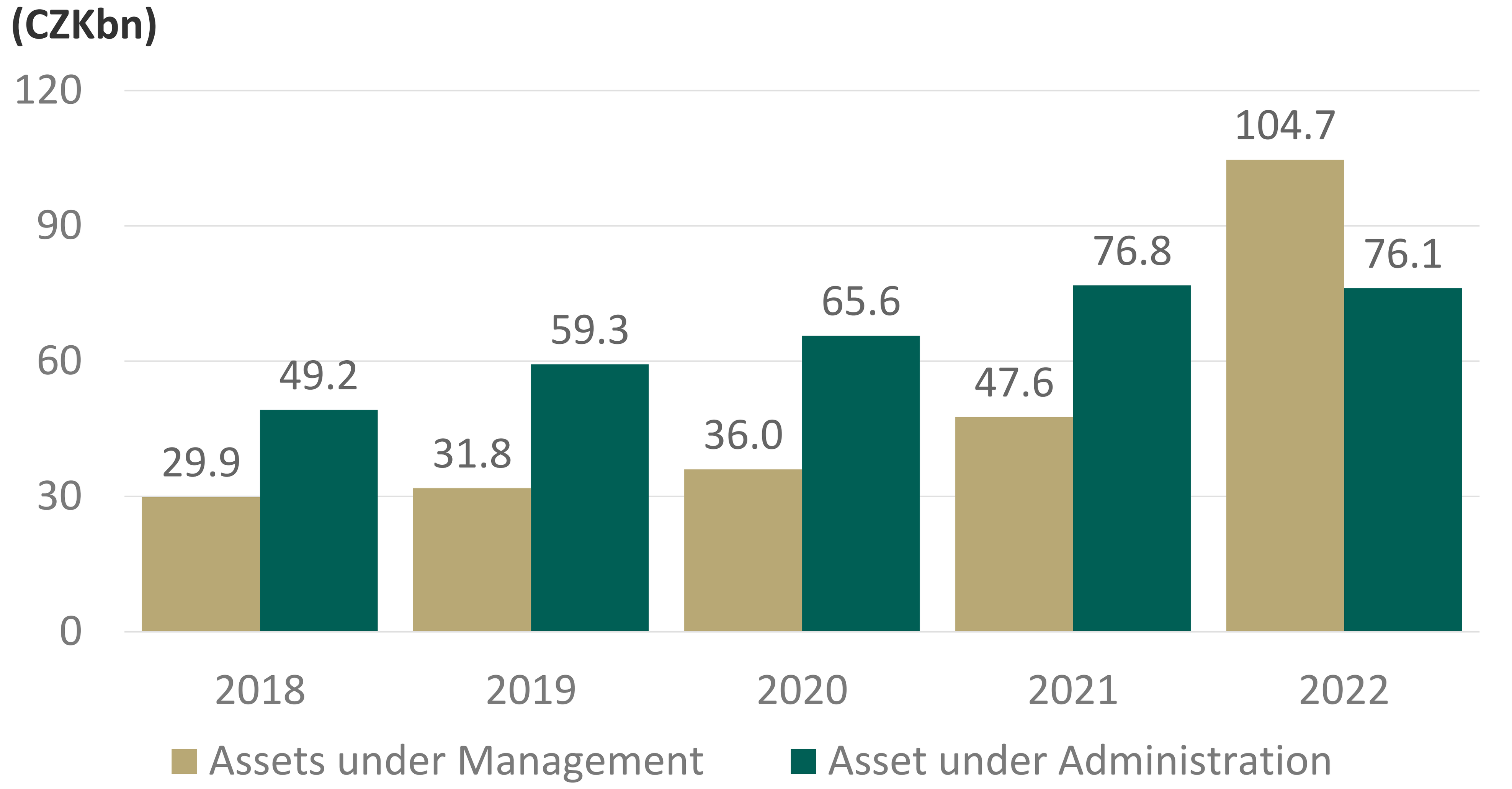
Fees and Commissions Drivers (Gross)



Fees and Commissions Contribution (Gross)



Assets under Management[1]



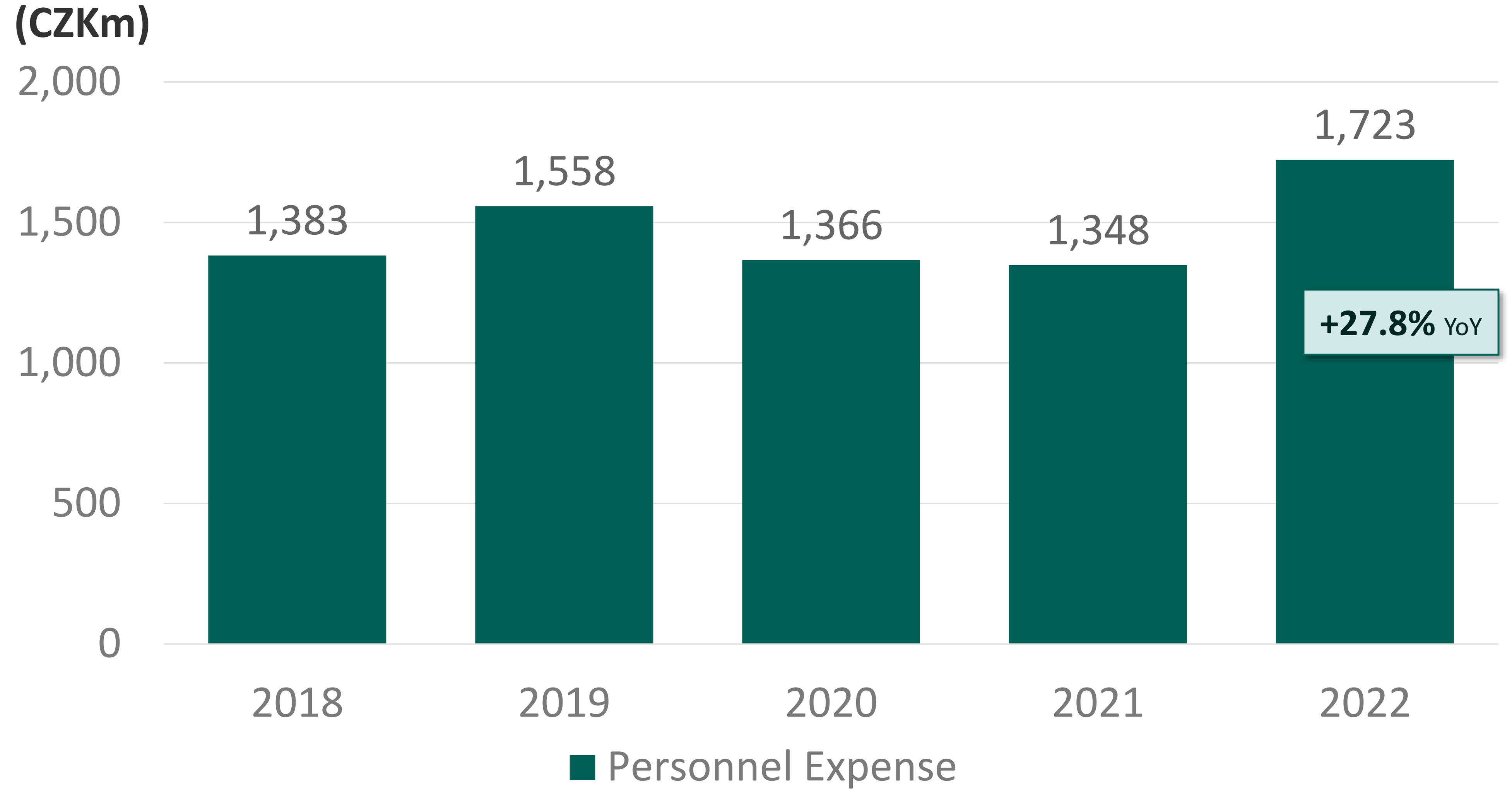
Note: (1) Assets under Management = actively managed (fiduciary duty), Assets under Administration = client makes own investment decisions. 2018 – 2020 comparables shown for consistency. Source: Company data

Operating Expense

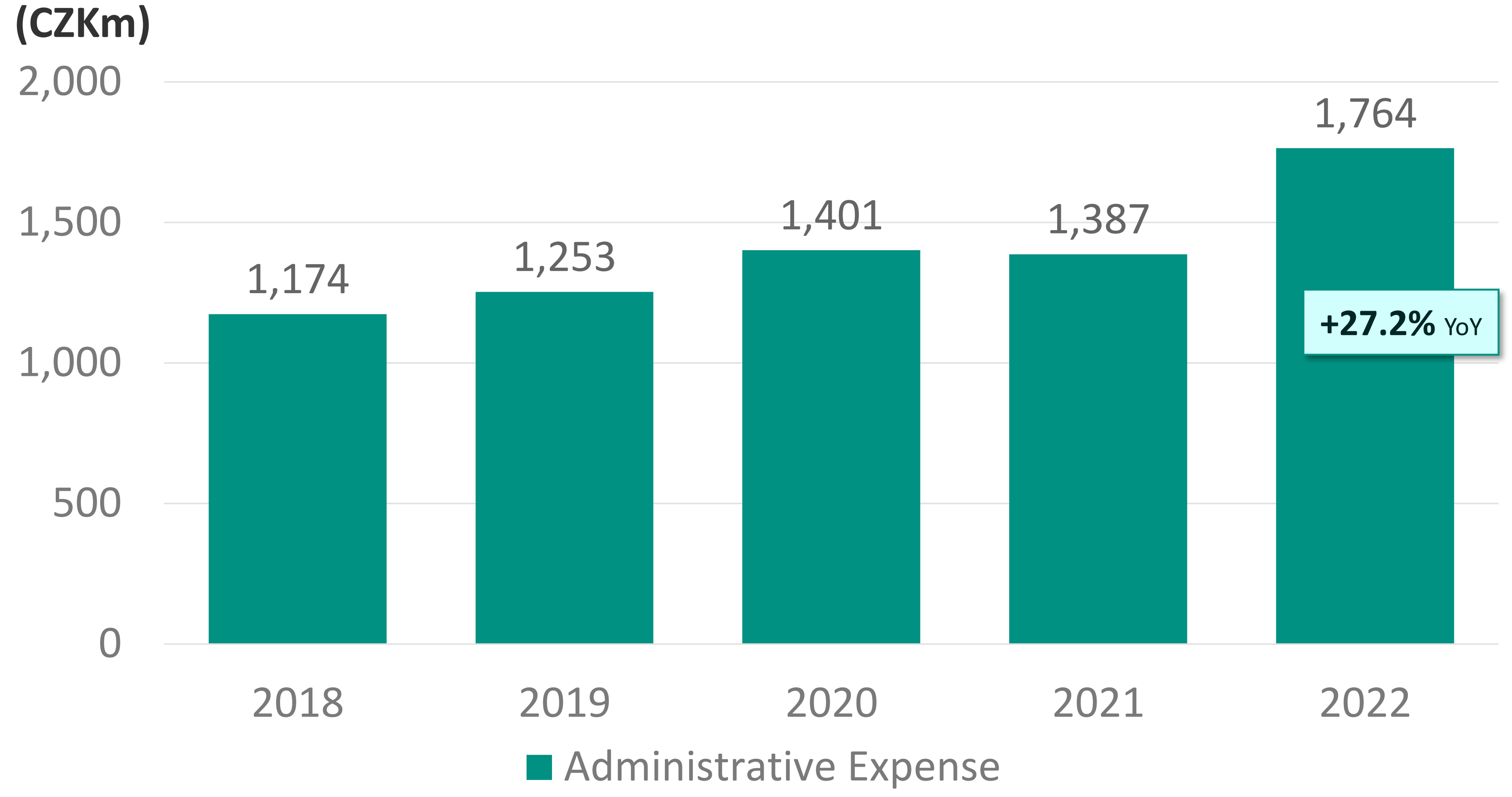
Investments into human capital and IT infrastructure position J&T BANKA for future growth

- Personnel expense increased primarily due to new hires in asset management where J&T BANKA sees considerable growth potential, regulatory reporting and risk management areas, and also due to wage inflation
- Administrative expense growth driven by large investments into IT infrastructure and higher marketing spend
- Cost structure broadly in line with Czech banking sector with sub-50% Cost to Income Ratio, which is well below the levels commonly seen in Western Europe

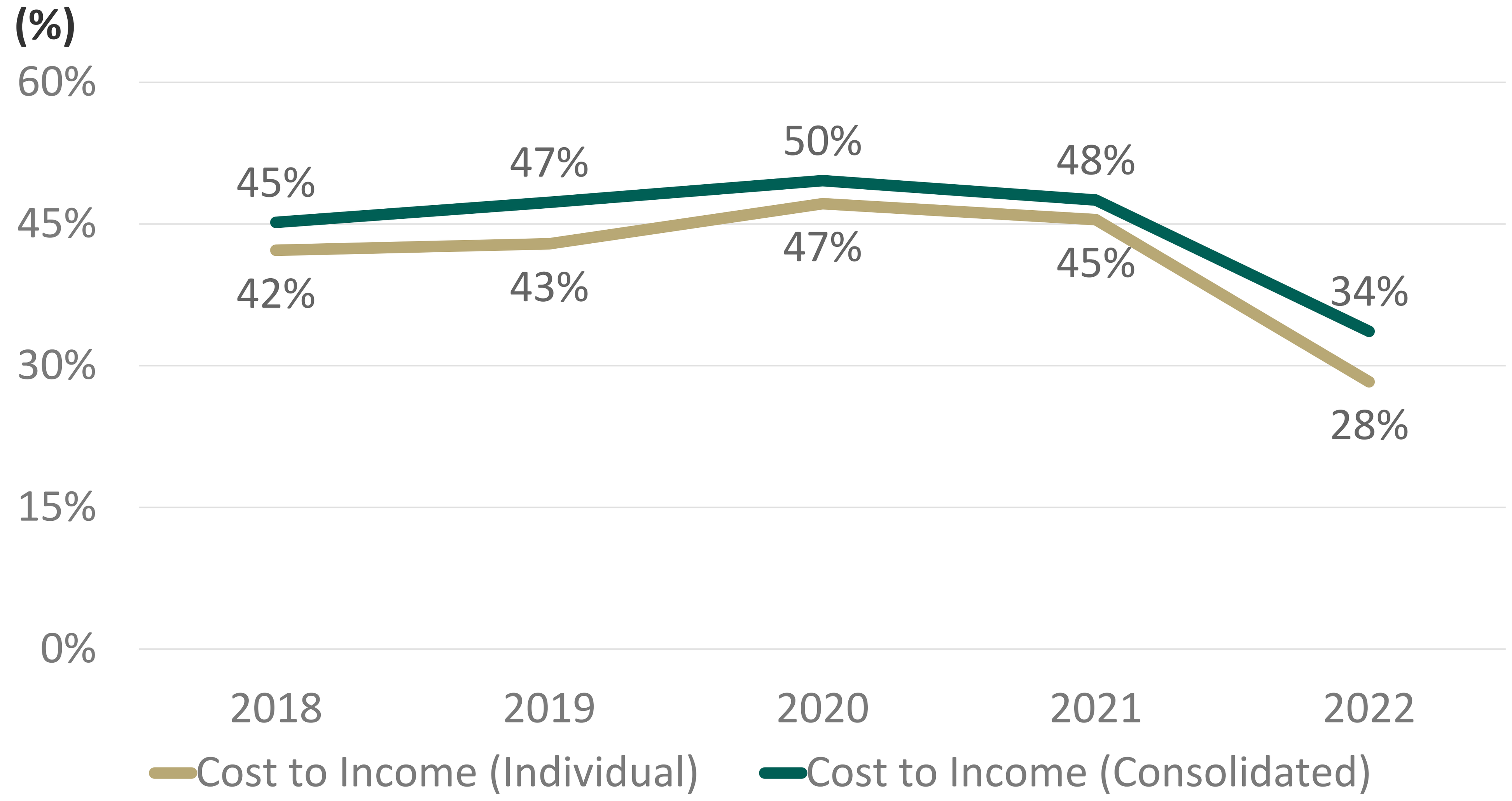
Personnel Expense



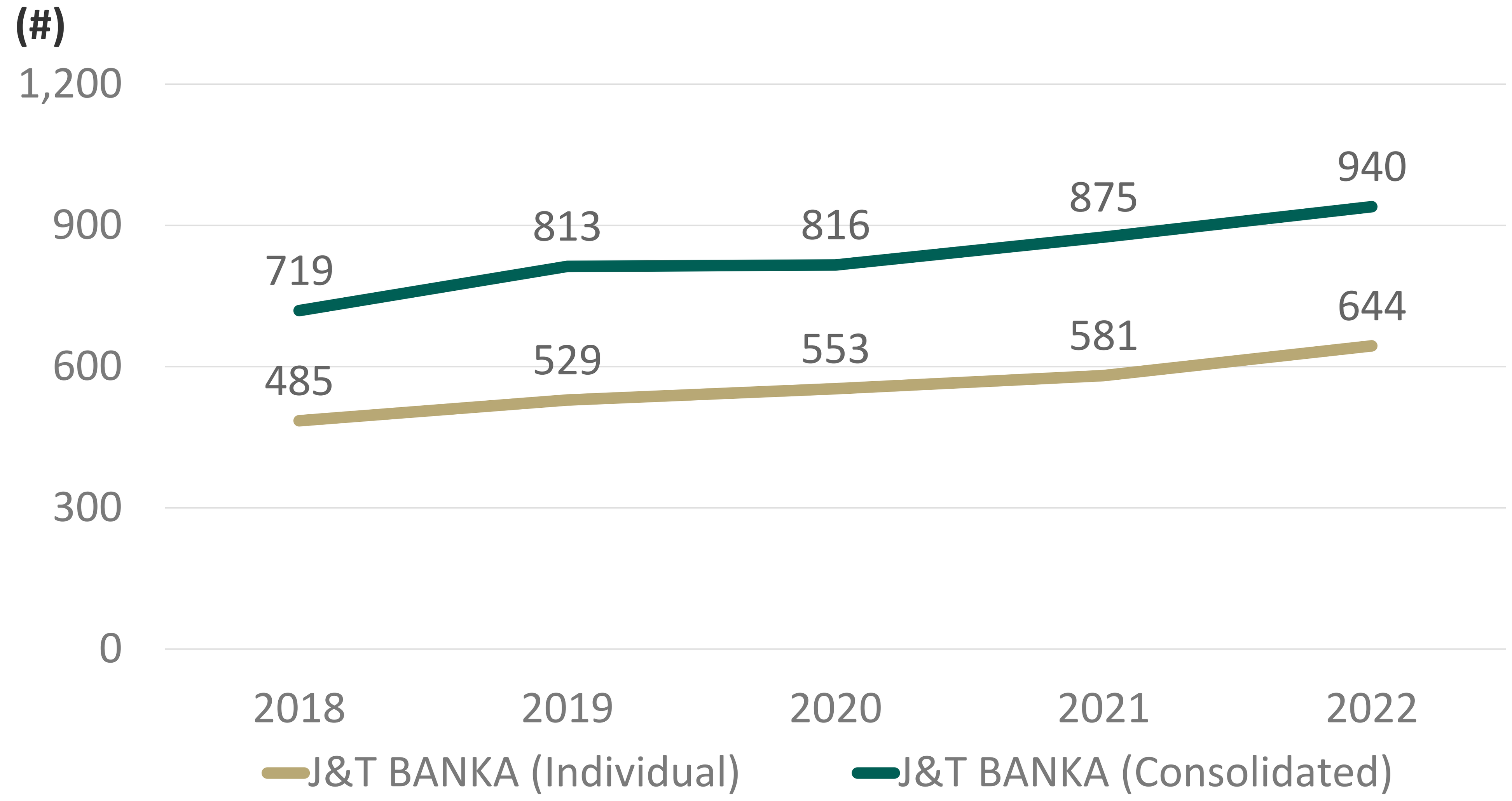
Administrative Expense



Operating Efficiency



Employees (Average FTEs)



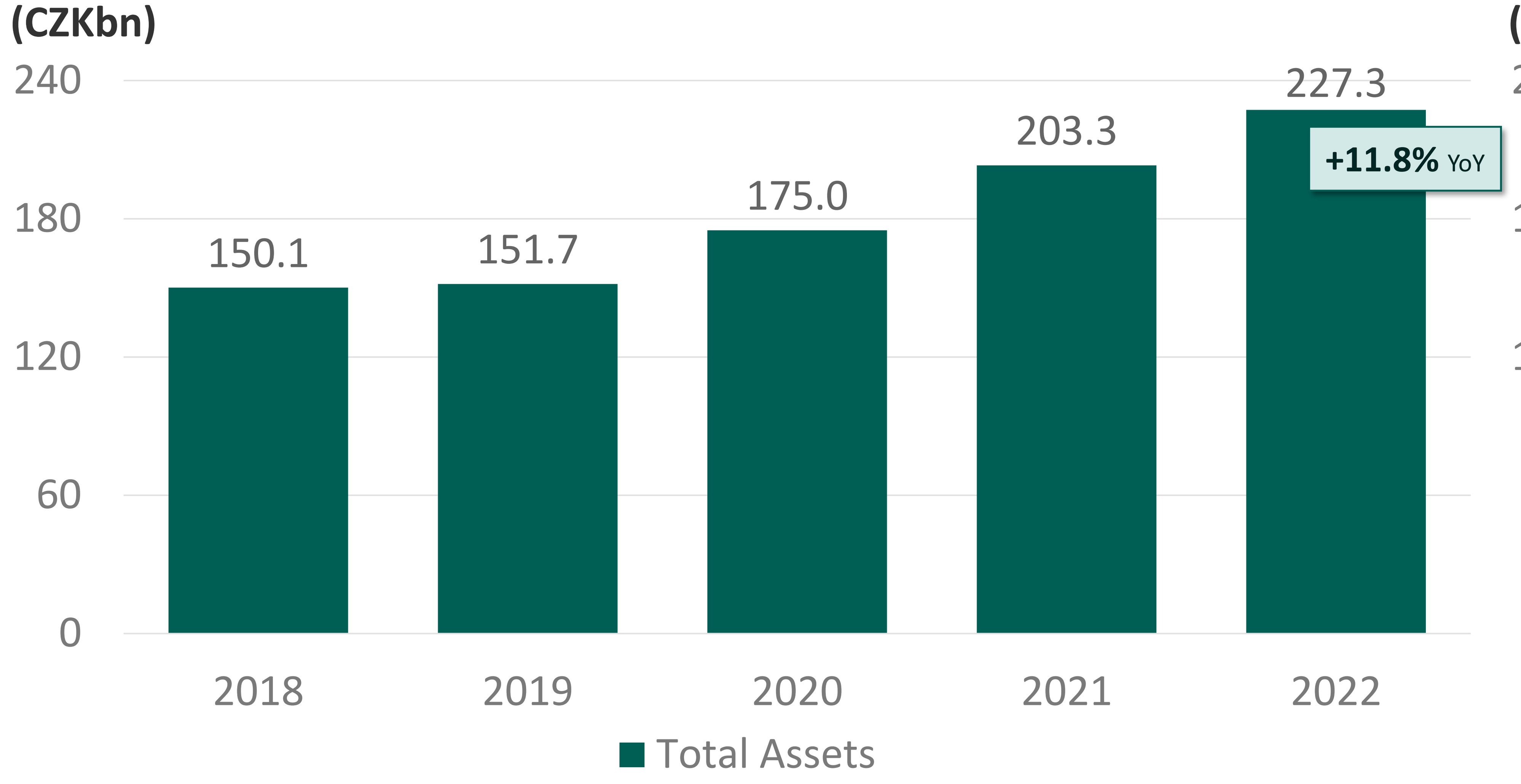
Source: Company data

Asset Growth and Structure

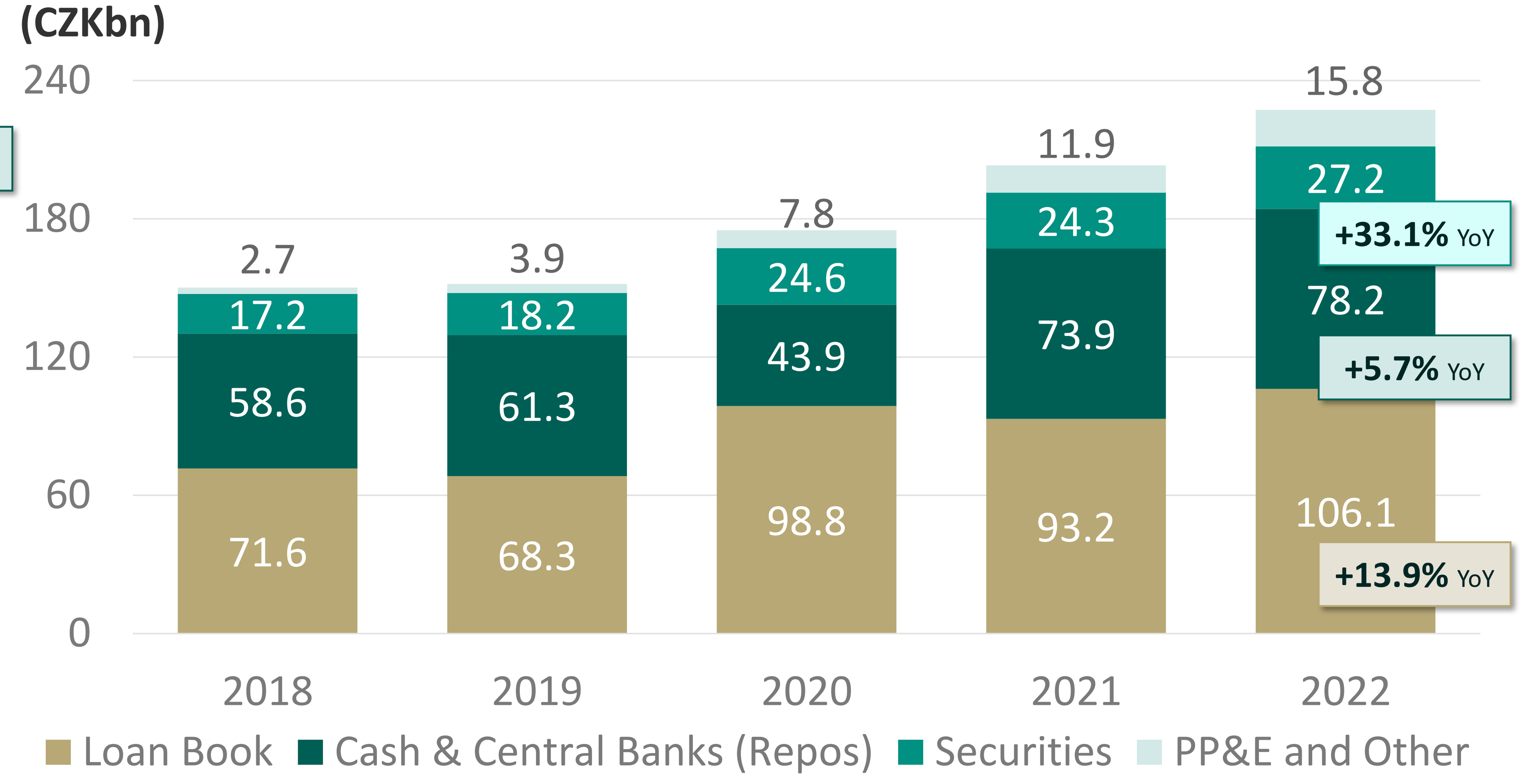
Steadily growing loan book and securities portfolio on the back of CEE region's strong economic convergence

- Steady but measured loan book growth mostly coming from Czech and Slovak clients, lending in Russia already stagnated before, and was completely stopped after, Russian invasion of Ukraine
- Cash and central banks principally comprises CNB's and NBS's T-bills
- Margin lending against liquid blue-chip stocks seen as efficient way to increase credit risk exposure with attractive risk-reward profile
- Less than one-fifth of securities portfolio held to maturity (HtM) and, hence, valued at amortized cost
  - > HtM component only includes Czech government bonds with short duration (2025 maturity)

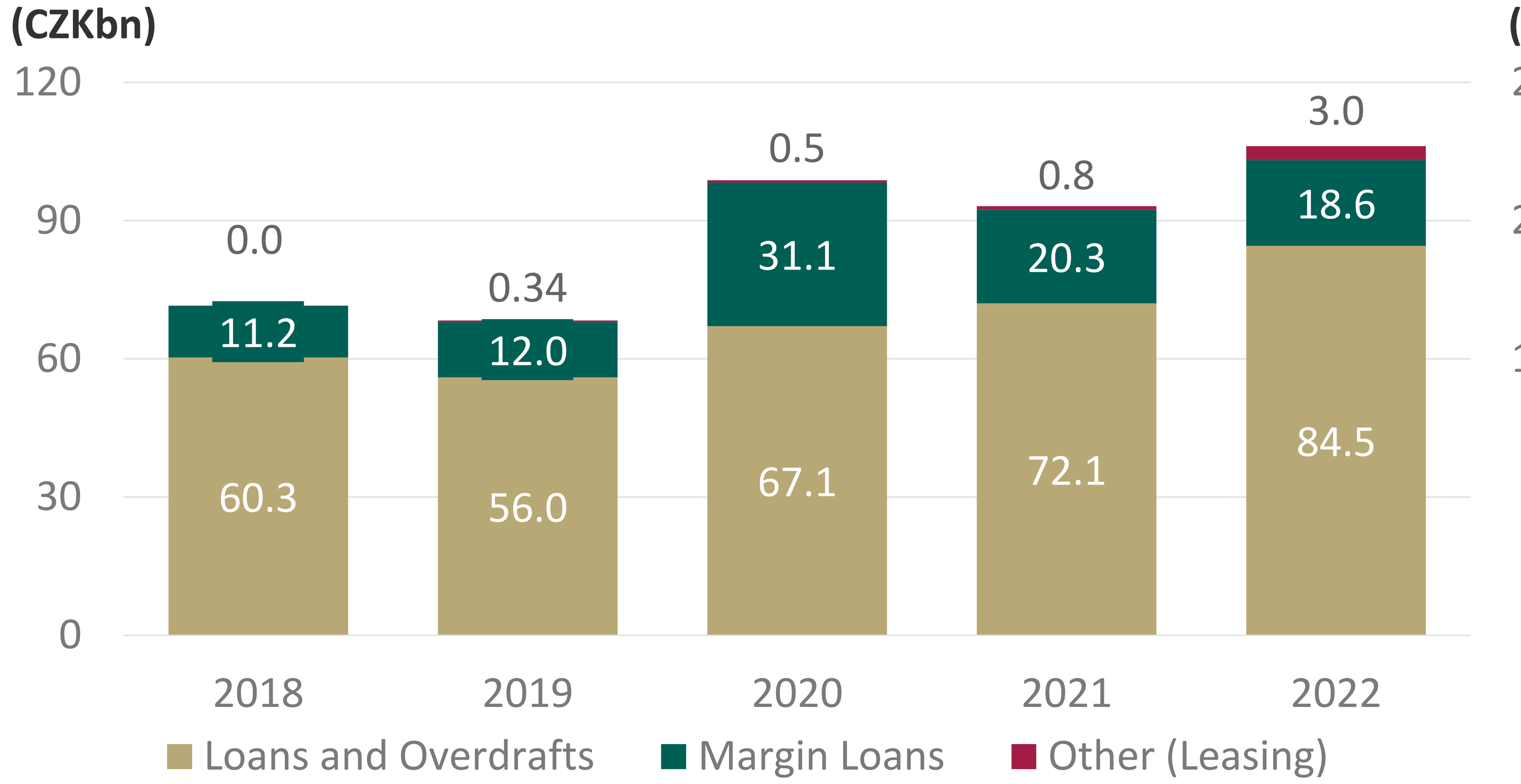
Asset Growth



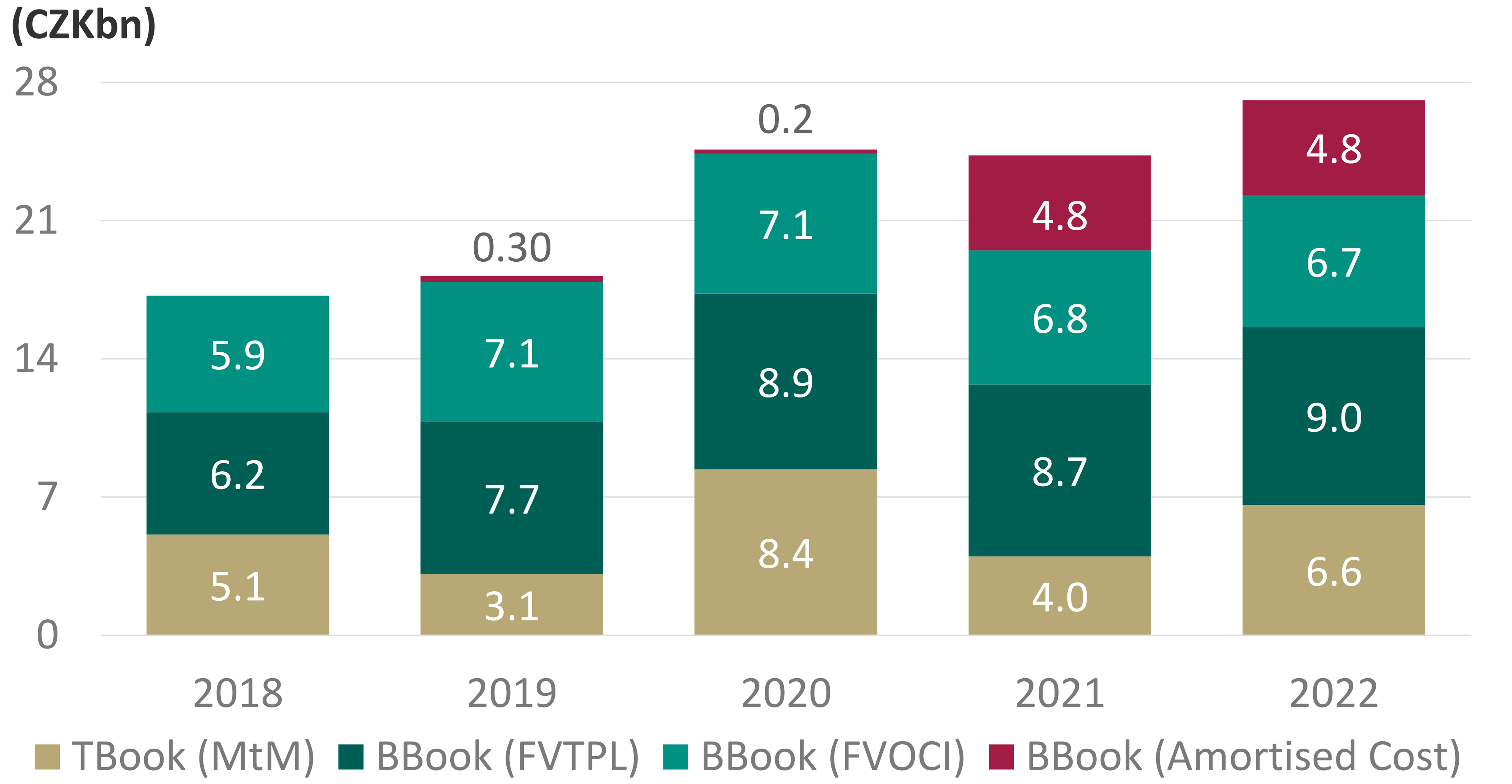
Asset Structure



Loan Book



Securities Portfolio



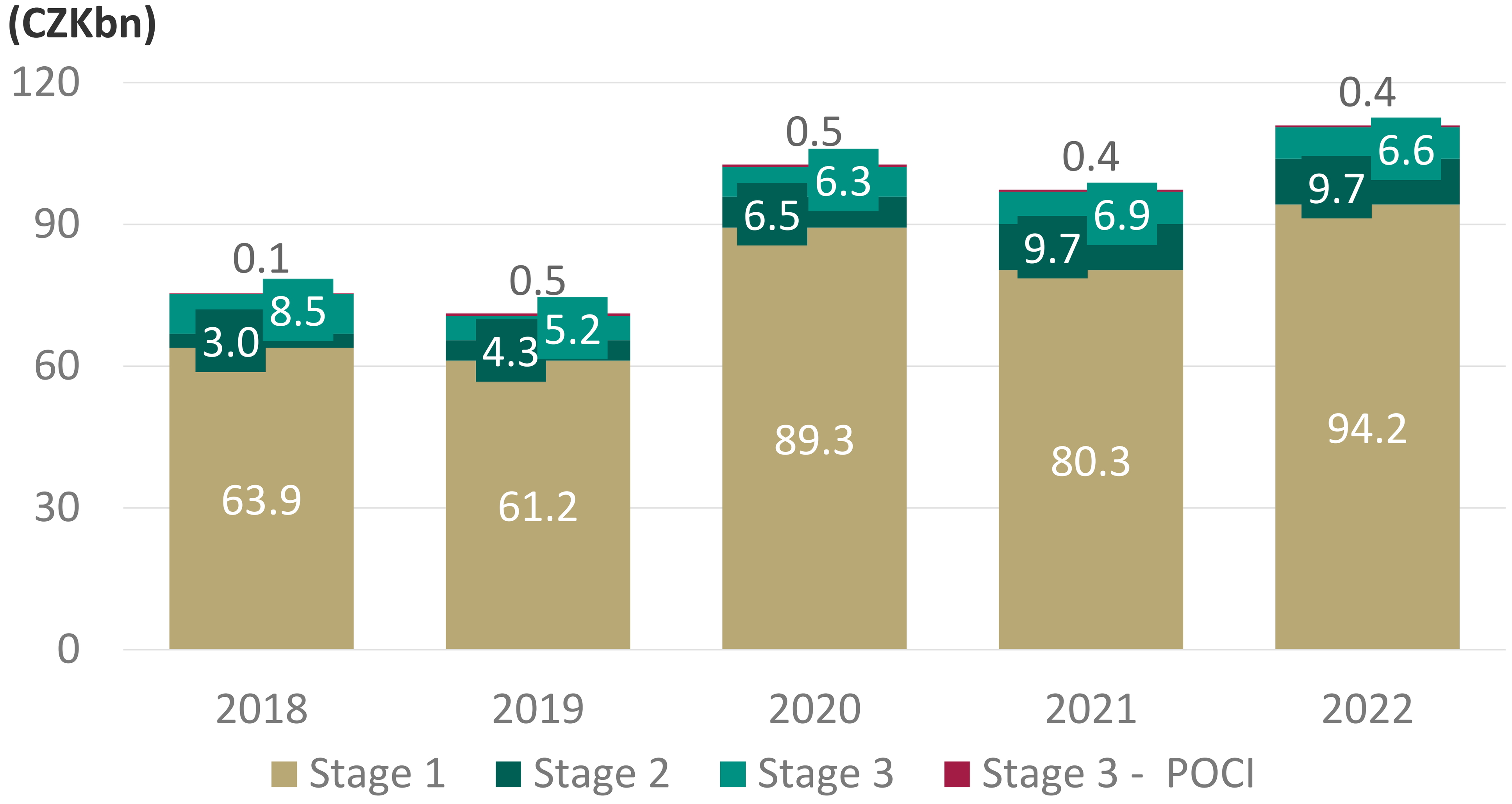
Source: Company data

Asset Quality

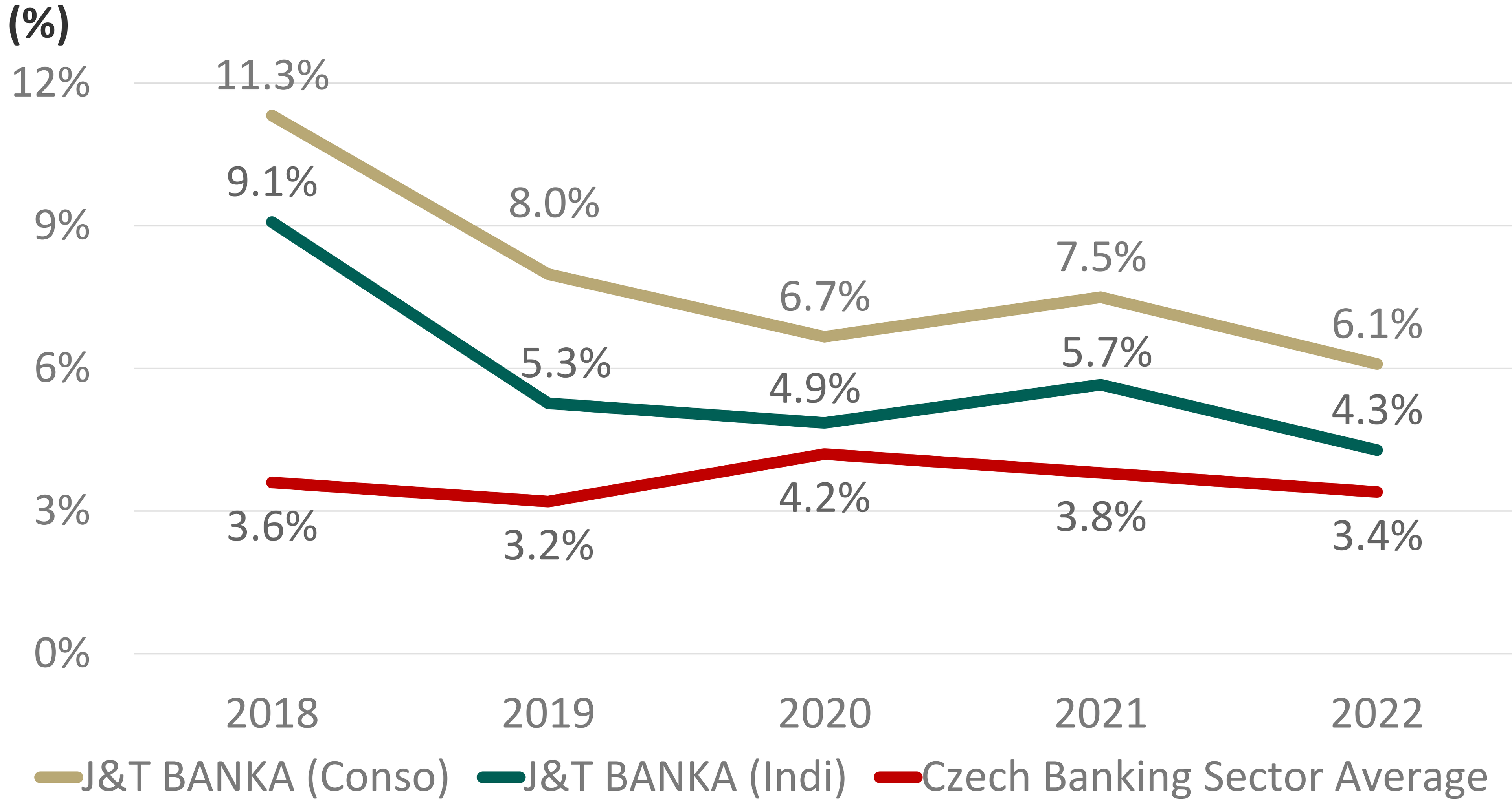
Marked improvement in asset quality with NPLs (individual) now only marginally higher than Czech banking sector average for corporate lending and adequately covered by provisions

- Consistently improving credit quality now nearly on par with the Czech banking sector average for corporate lending
- While conservative macro assumptions applied during the Covid-19 pandemics (affecting PDs in particular) led to migration between the stages in 2020 and 2021 and consequently an up-tick in ECLs, J&T BANKA did not in the end suffer any material Covid-19 related losses
- In 2022, all outstanding Russian loans were transferred to Stage 3 with a corresponding increase in ECLs
- Non-performing loans (Stage 3) are adequately covered by provisions

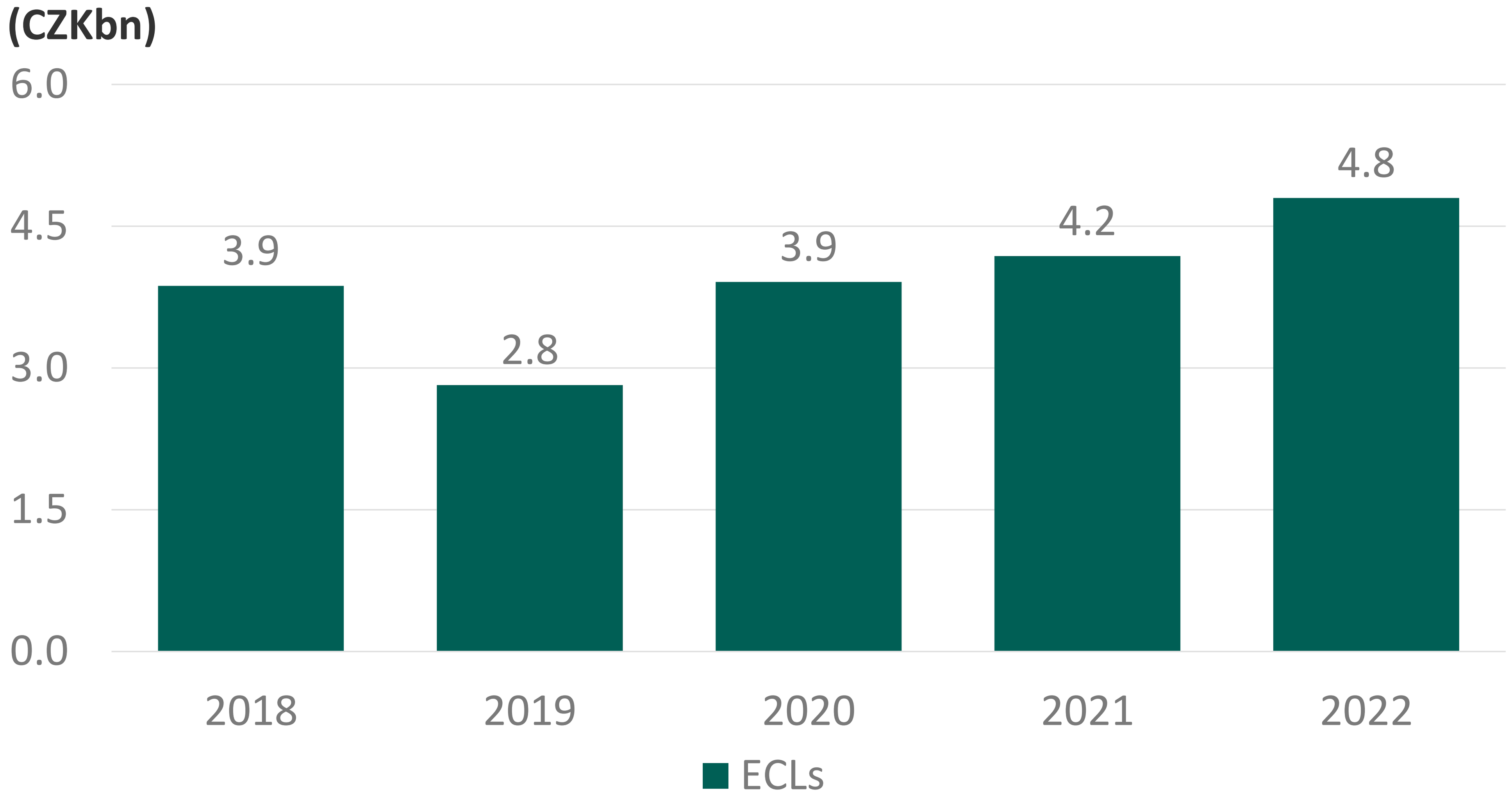
Loan Book by Stage (Gross)(1)



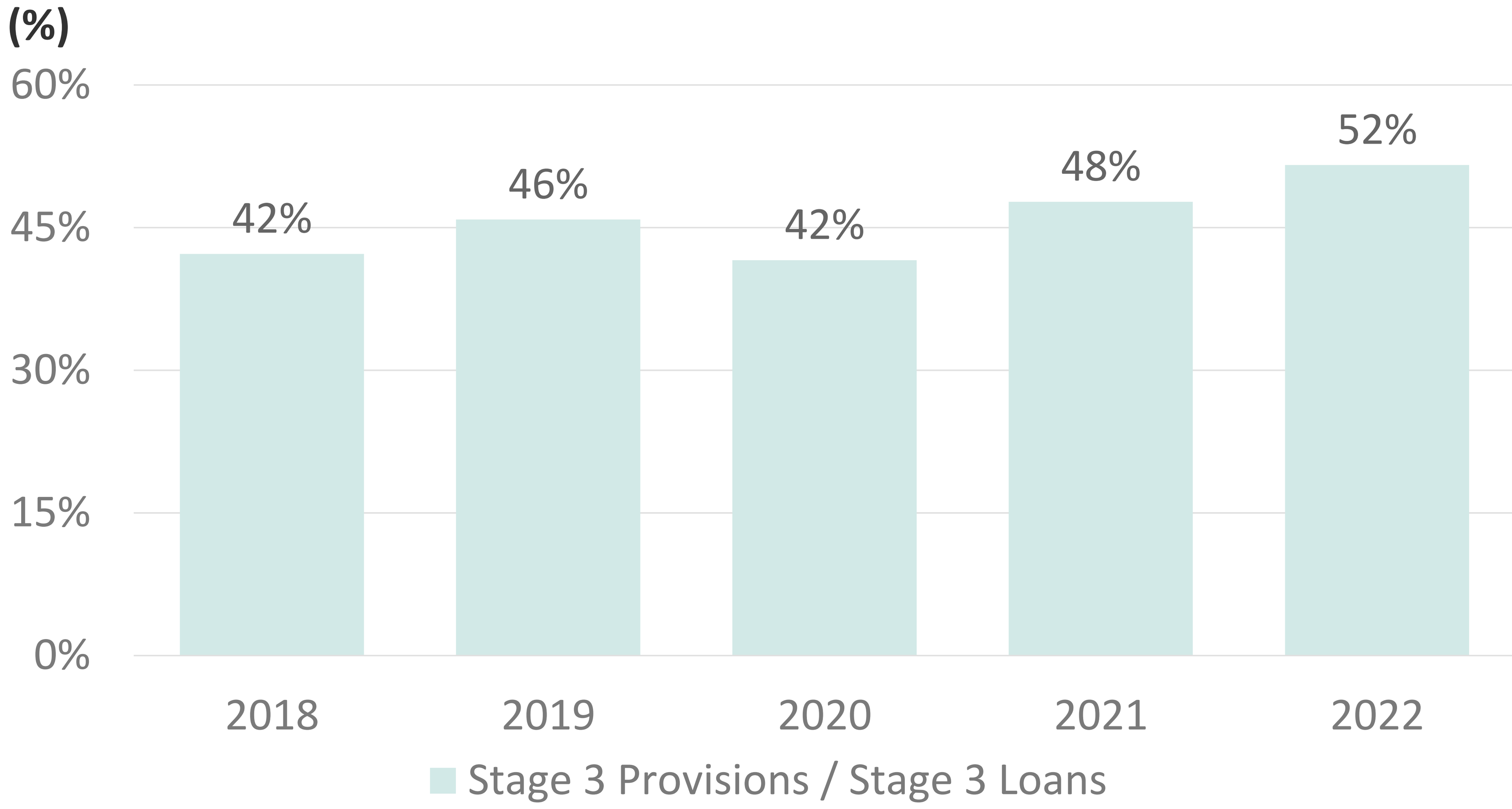
Non-Performing Exposures / Gross Loans(2)



Expected Credit Losses (ECLs)



NPL Coverage



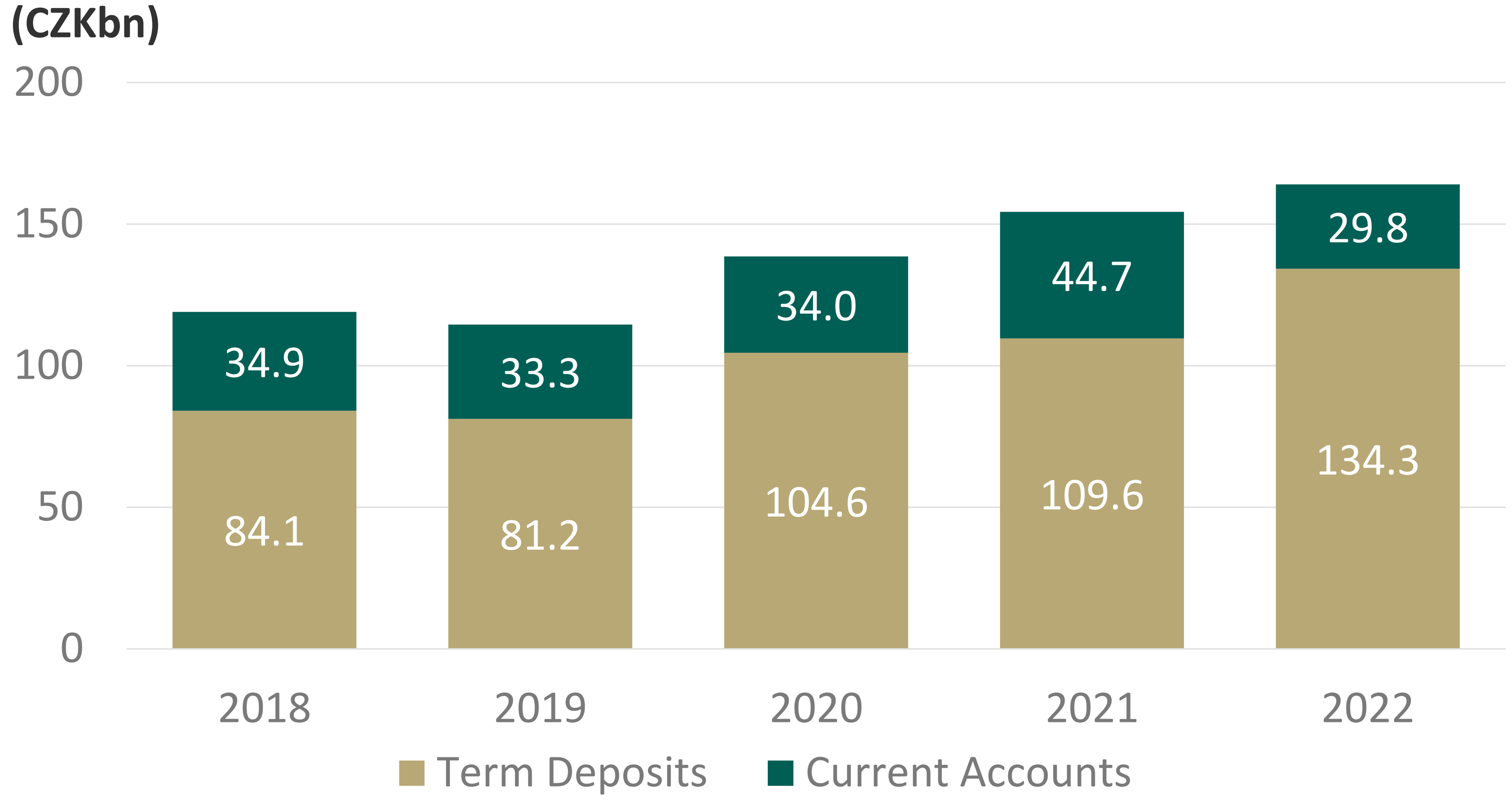
Notes: (1) POCI = Purchased or Originated Credit Impaired (receivables already impaired at the time when purchased/originated). (2) Sector average for loans to non-financial corporations. Source: CNB, Company data

Liabilities Growth and Structure

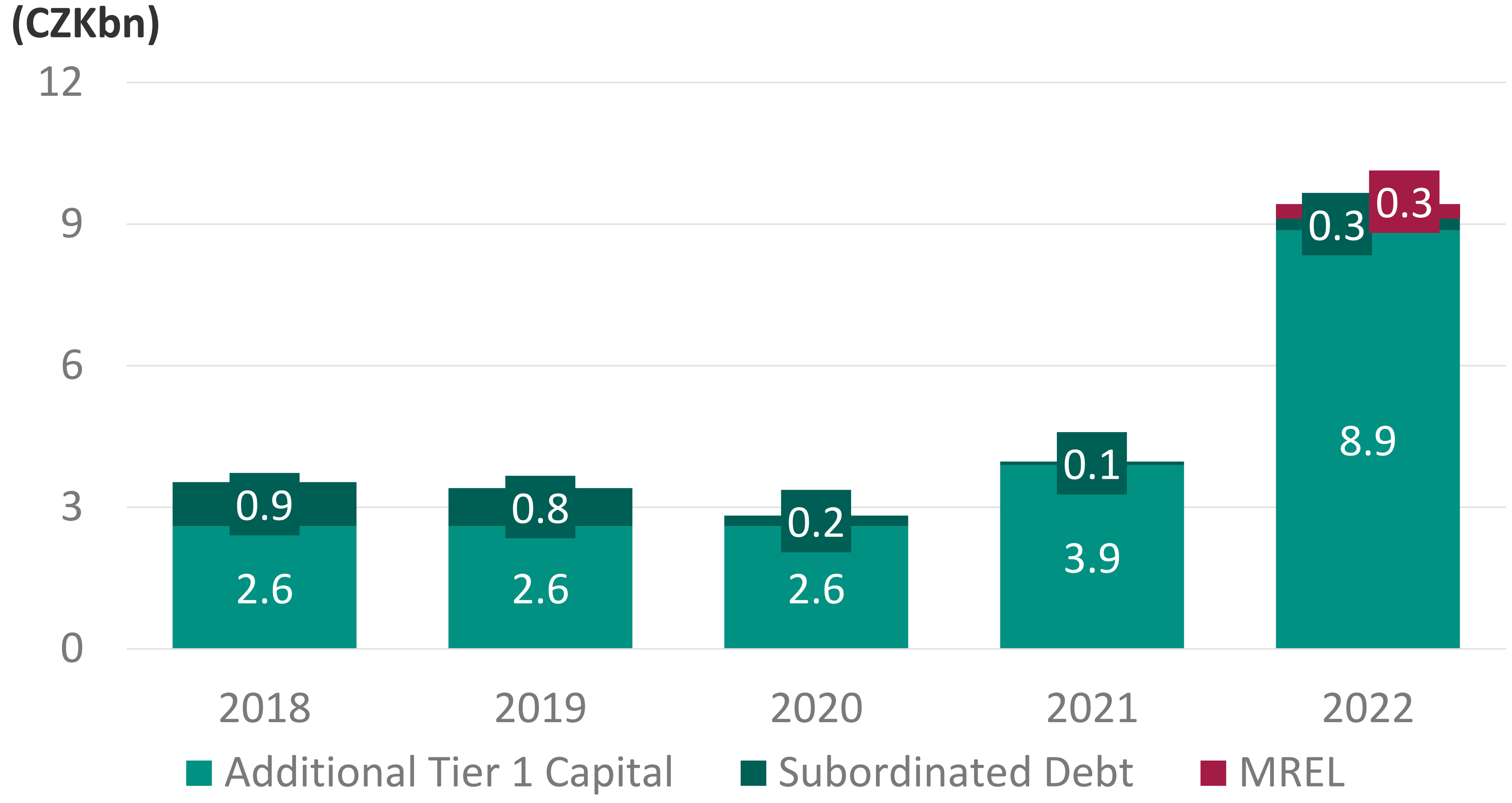
Lending business is deposit funded, securities issuance is negligible and has been driven by capital considerations rather than funding needs. Liquidity position is very strong

- Stable and predictable term deposits are J&T BANKA's primary source of funding, the international subsidiaries are self-funded
- Wholesale funding includes AT1, T2 capital and MREL – issuance driven by capital rather than funding considerations (although proceeds have been used for funding)
- Deposits are mainly CZK denominated whereas loan book is mainly EUR denominated so CZK deposits are swapped into EUR to match loan book's FX structure
- At 2022 year end, ~€532m (~CZK13.3bn) was sourced via two German platforms – Savedo and Raisin
- In February 2023, a fully digital branch opened in Germany with a view to replacing Savedo and Raisin
- LCR and NSFR requirements are comfortably met

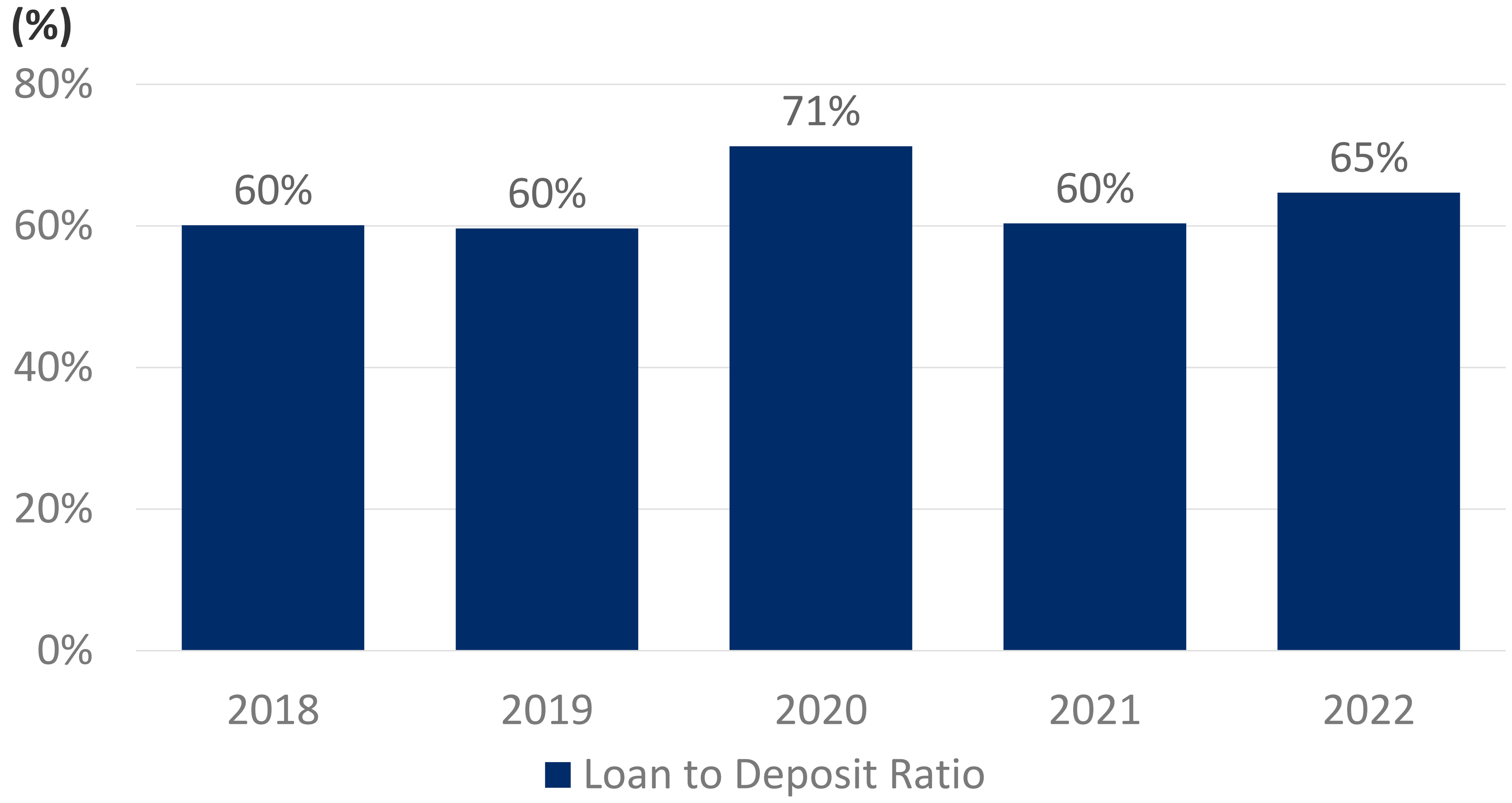
Client Deposits(1)



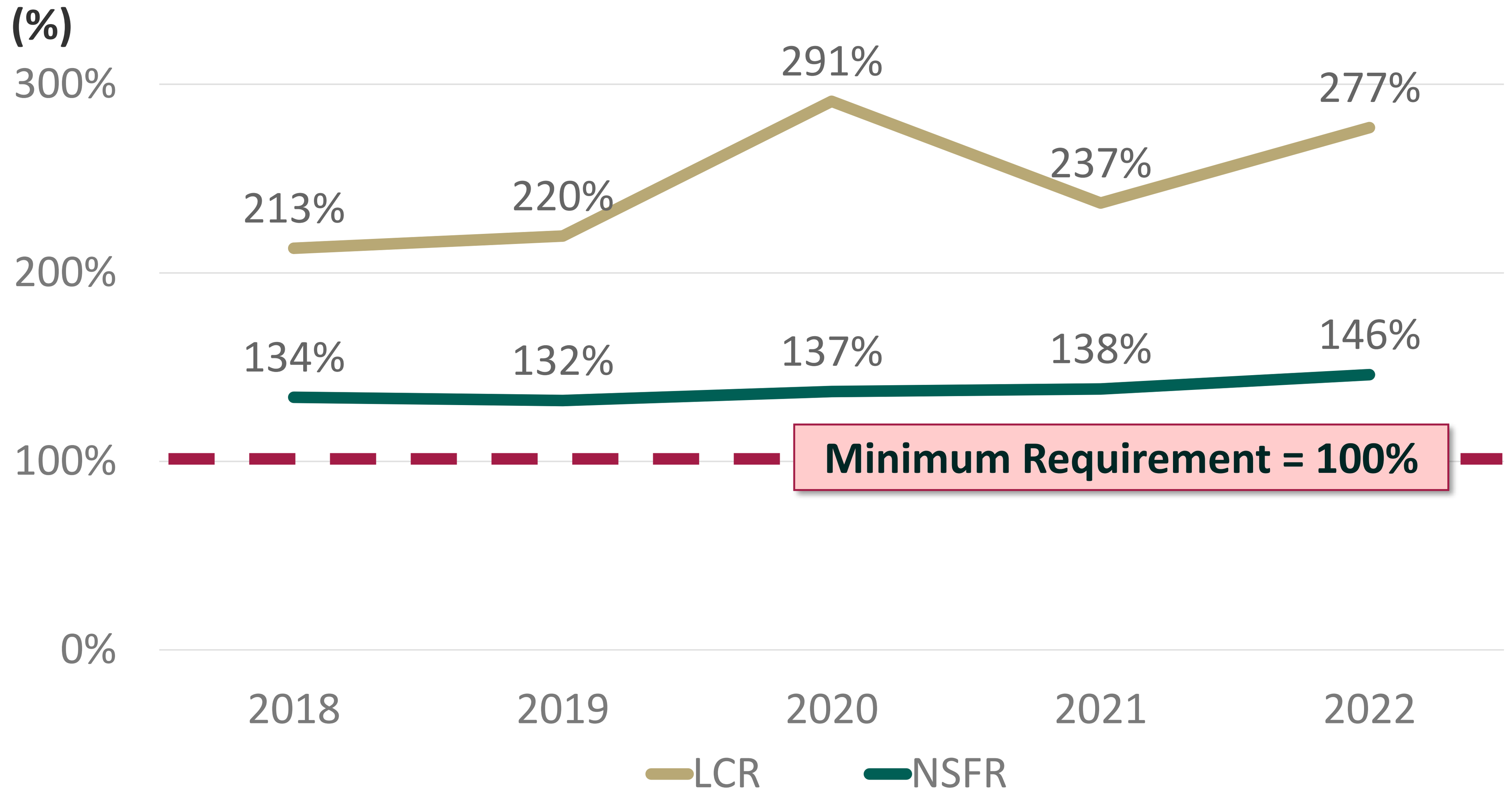
Wholesale Funding



Loan to Deposit Ratio



Liquidity (Individual)(2)



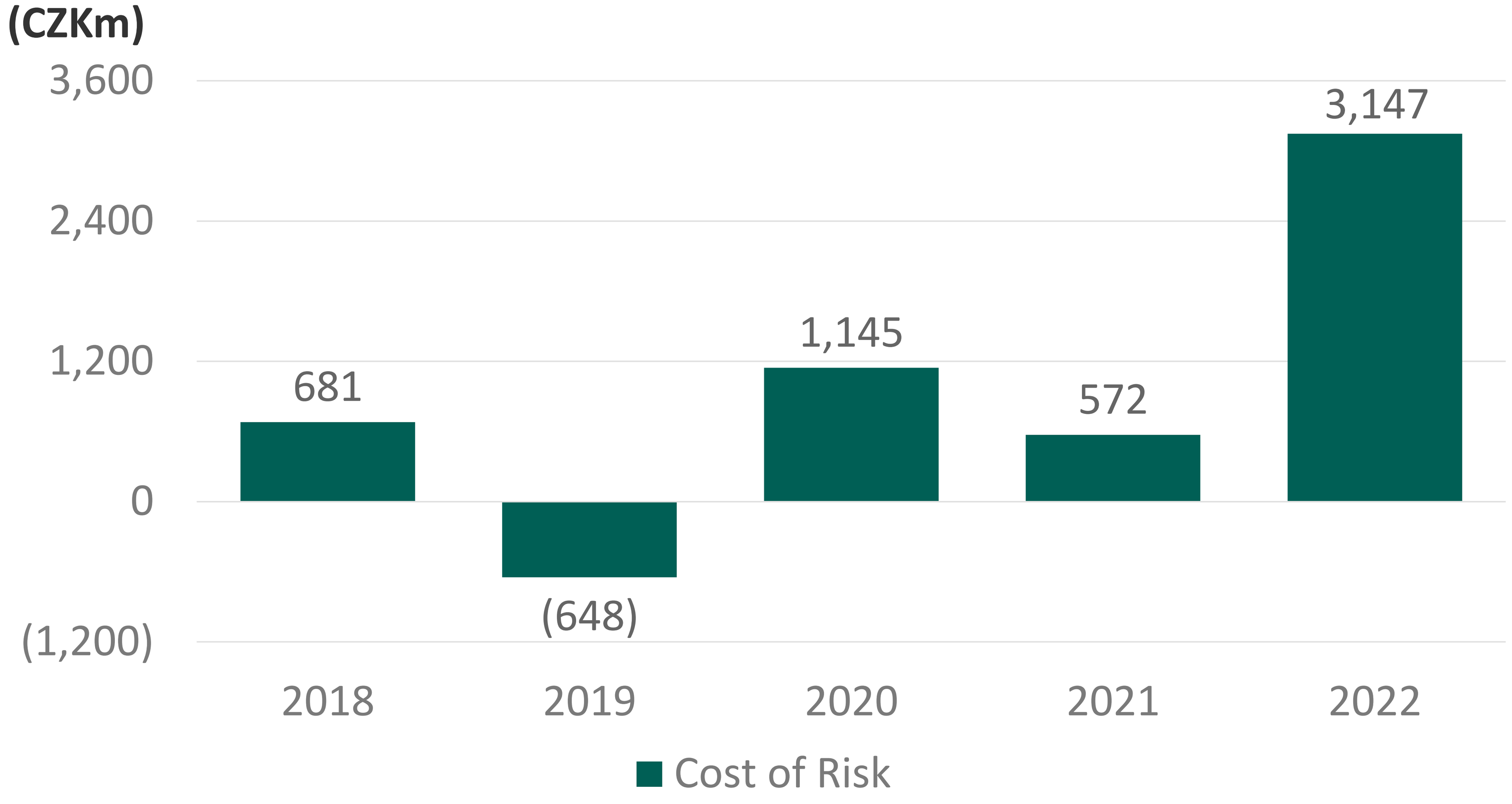
Notes: (1) Current Accounts = all non-term deposits, incl. escrow accounts. (2) LCR and NSFR are only prescribed and monitored on an individual basis. Source: Company data

Profitability, Earnings and Distributions

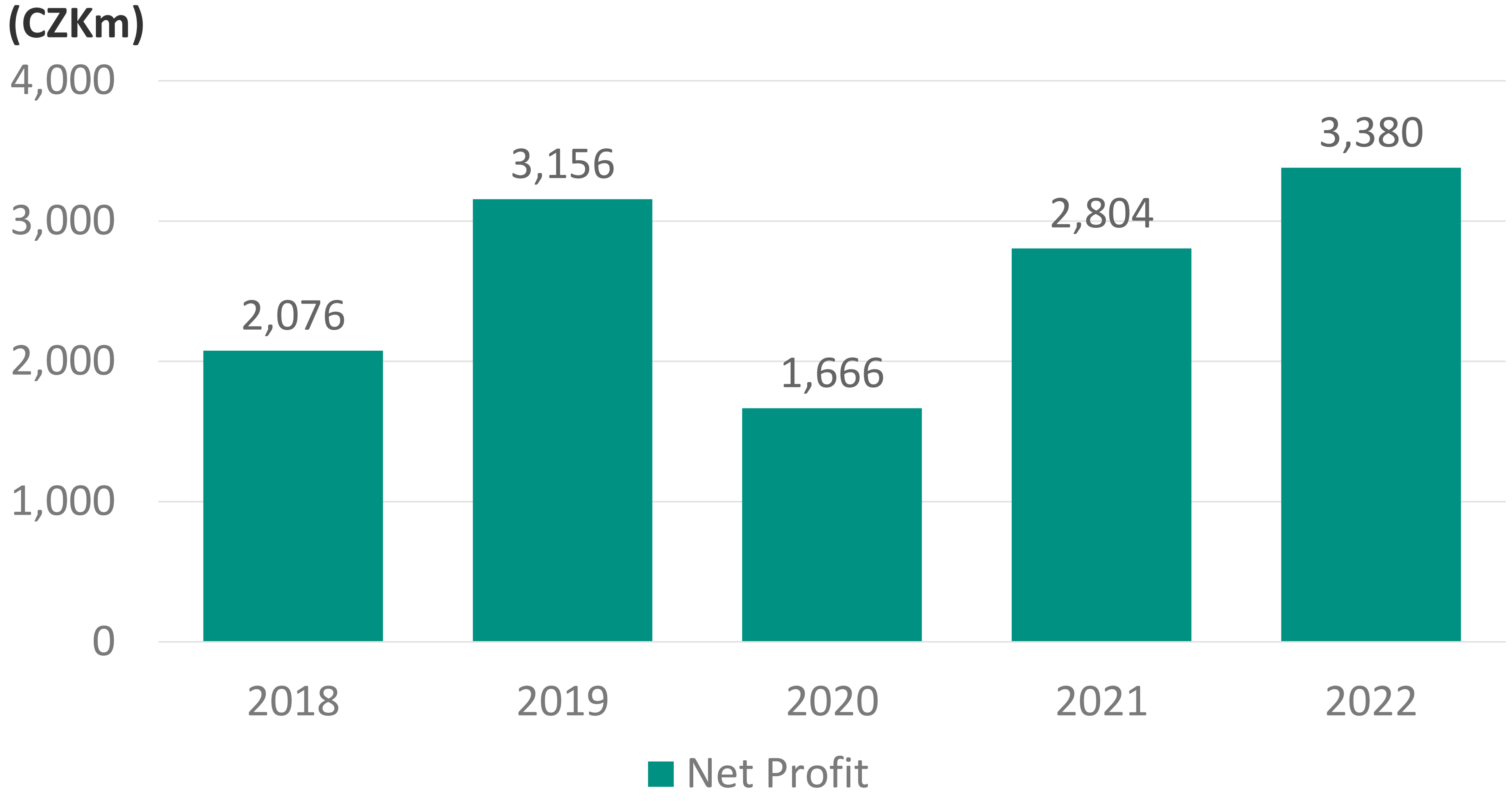
Consistently profitable operation with proven earnings power allowing to self-finance sustainable growth

- Profitability in 2020 affected by Covid-19 pandemics with some provisions created in 2020 subsequently released in 2021 as J&T BANKA did not suffer any material Covid-19 related write-offs
- Bottom line in 2022 adversely affected by provisioning of Russian and Ukrainian exposures
- J&T BANKA's general dividend policy is to pay out all profits beyond capital targets set by management
- No dividends paid during the last three years
  - Regulatory guidance issued by CNB for 2020 and 2021 which all Czech banks followed
  - Shareholder decision in 2022
- J&T BANKA to evaluate resuming dividend distributions in 2023, subject to regulatory approval

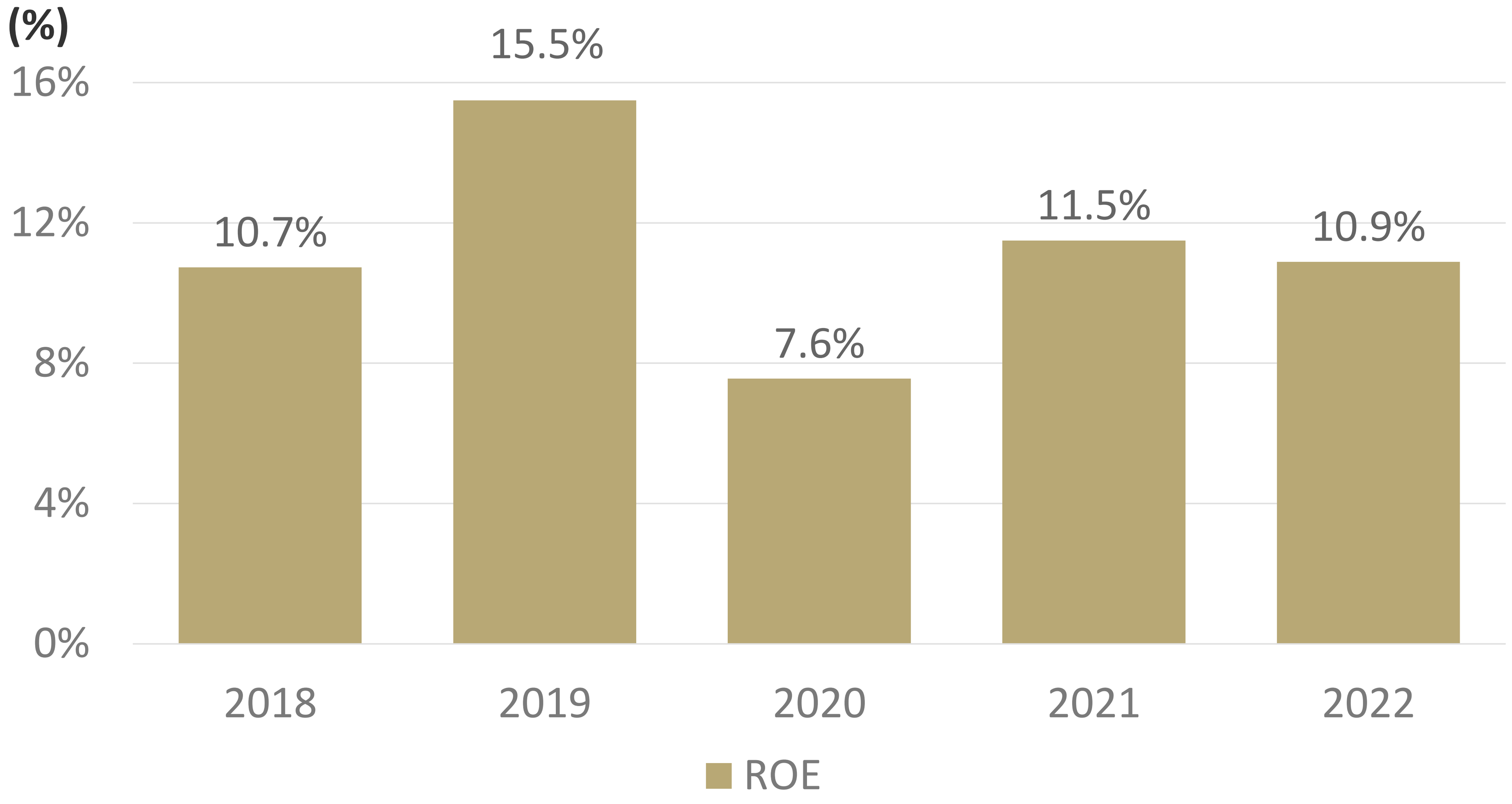
Cost of Risk (On- and Off-Balance Sheet)



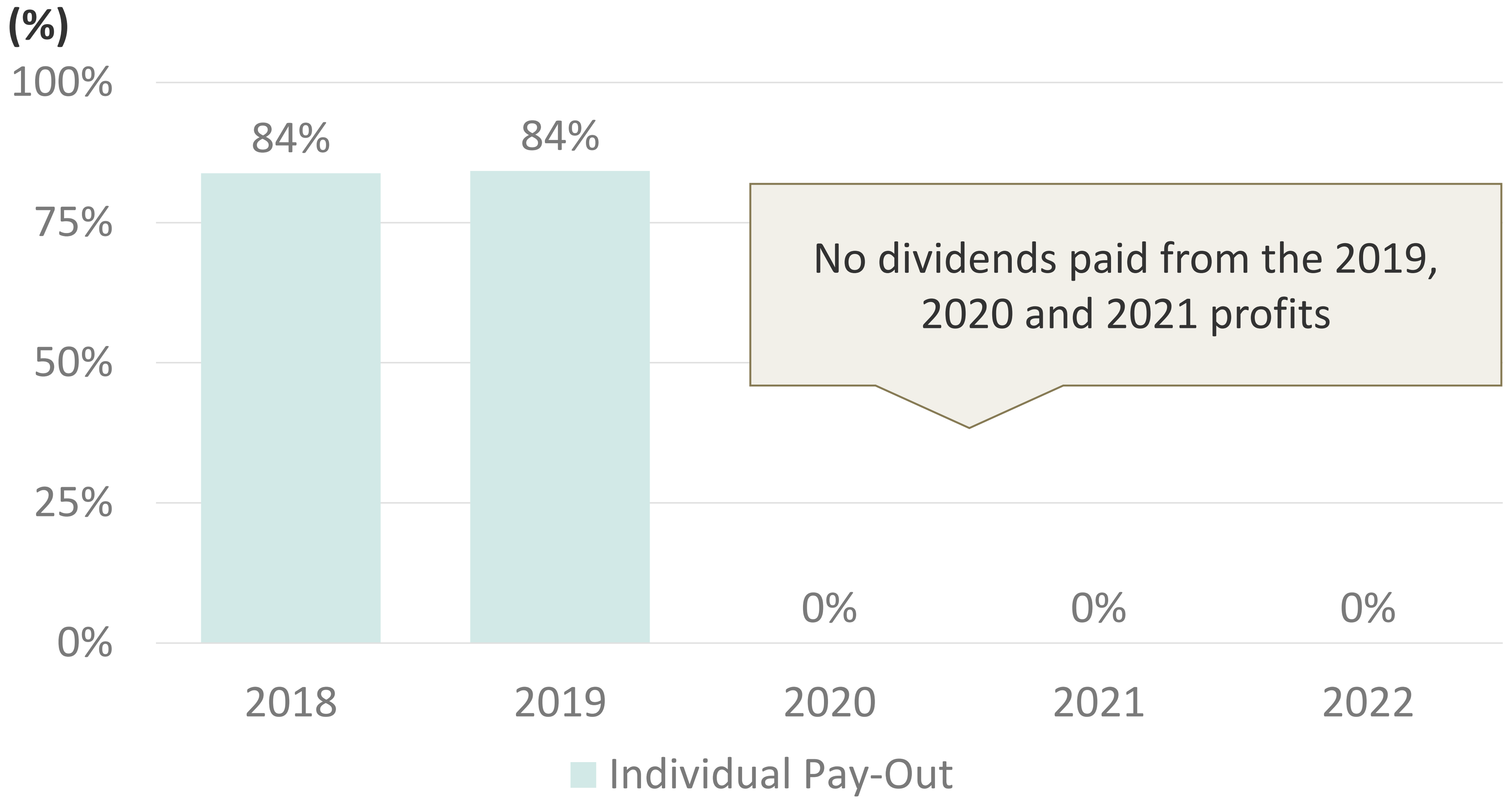
Net Profit



Return on Equity



Pay-Out Ratio (Individual)[1]



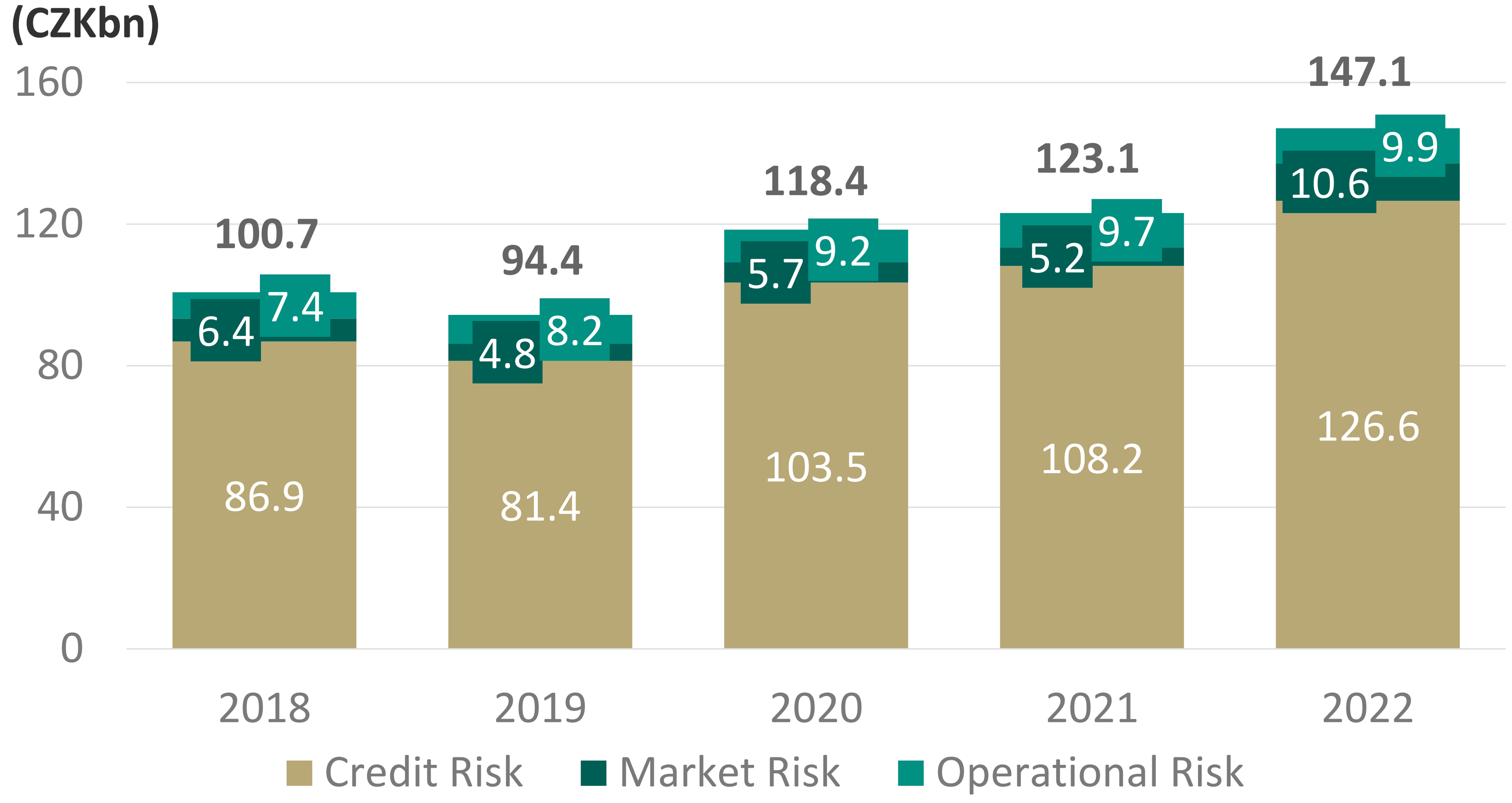
Note: (1) Dividend in year t divided by net profit in year t-1. Source: Company data

Capital Management | Overview and Capitalization

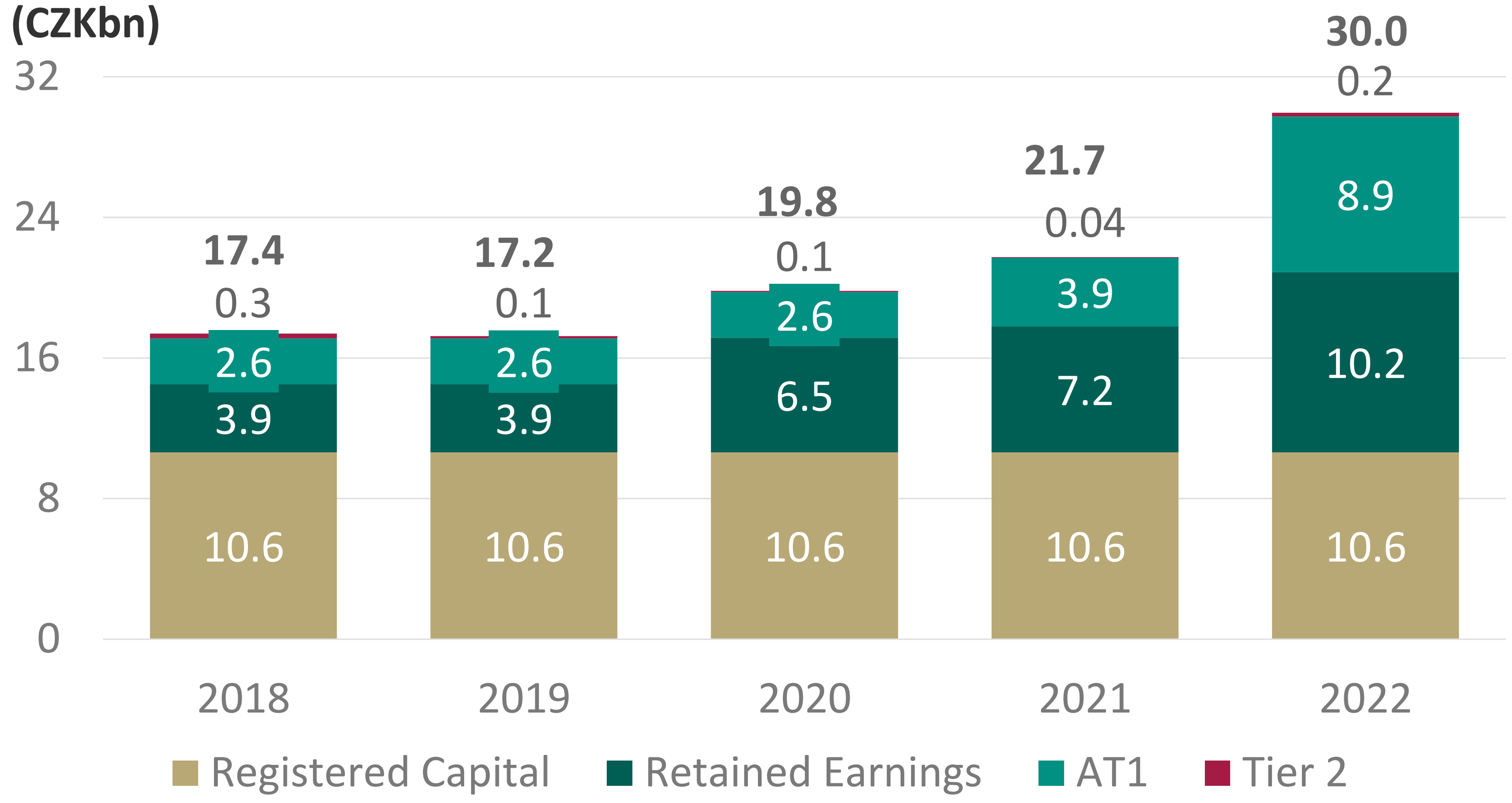
Capital and MREL requirements set and monitored **individually** and driven by steady growth in RWAs. High-quality capital base providing sufficient resources for continued growth

- Regulatory limits (i.e. capital, liquidity (LCR, NSFR), Pillar II (ICAAP), resolution plans, etc.) and MREL requirements are all set and monitored by CNB for J&T BANKA individually
- Consolidated results prepared to comply with Accounting Law and IFRS reporting standards
- Capital requirements driven by steady growth in RWAs, primarily attributable to credit risk
- Demonstrated ability to generate sufficient capital internally to underpin sustainable growth
- Dense capital base consisting of high-quality components: common equity (~70%) and AT1 (~30%)
  - Three years of earnings retention (2019 – 2021) and ~€100m capital increase (December 2022)
  - €200m AT1 issued in 2022

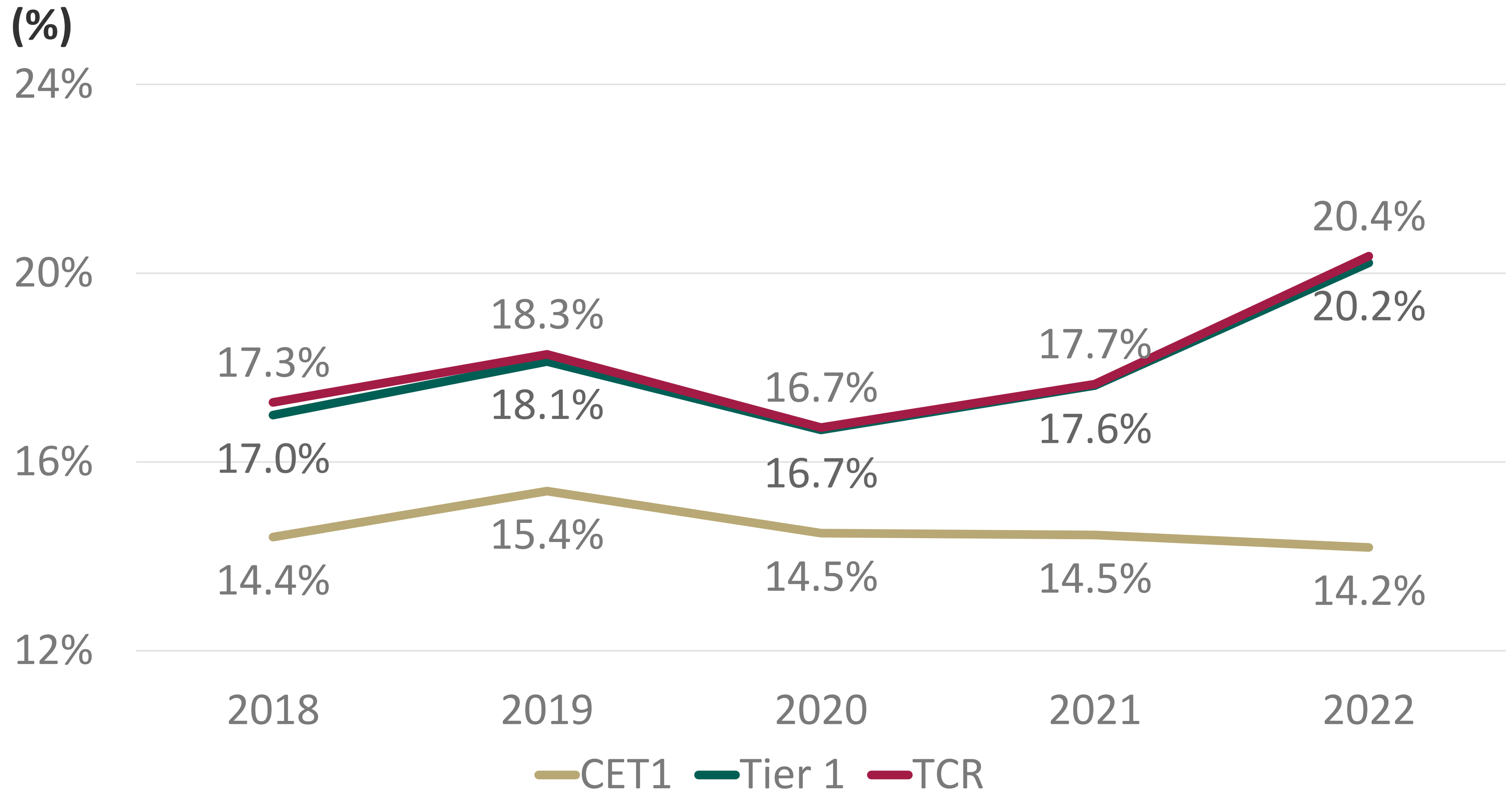
Risk Weighted Assets (Individual)



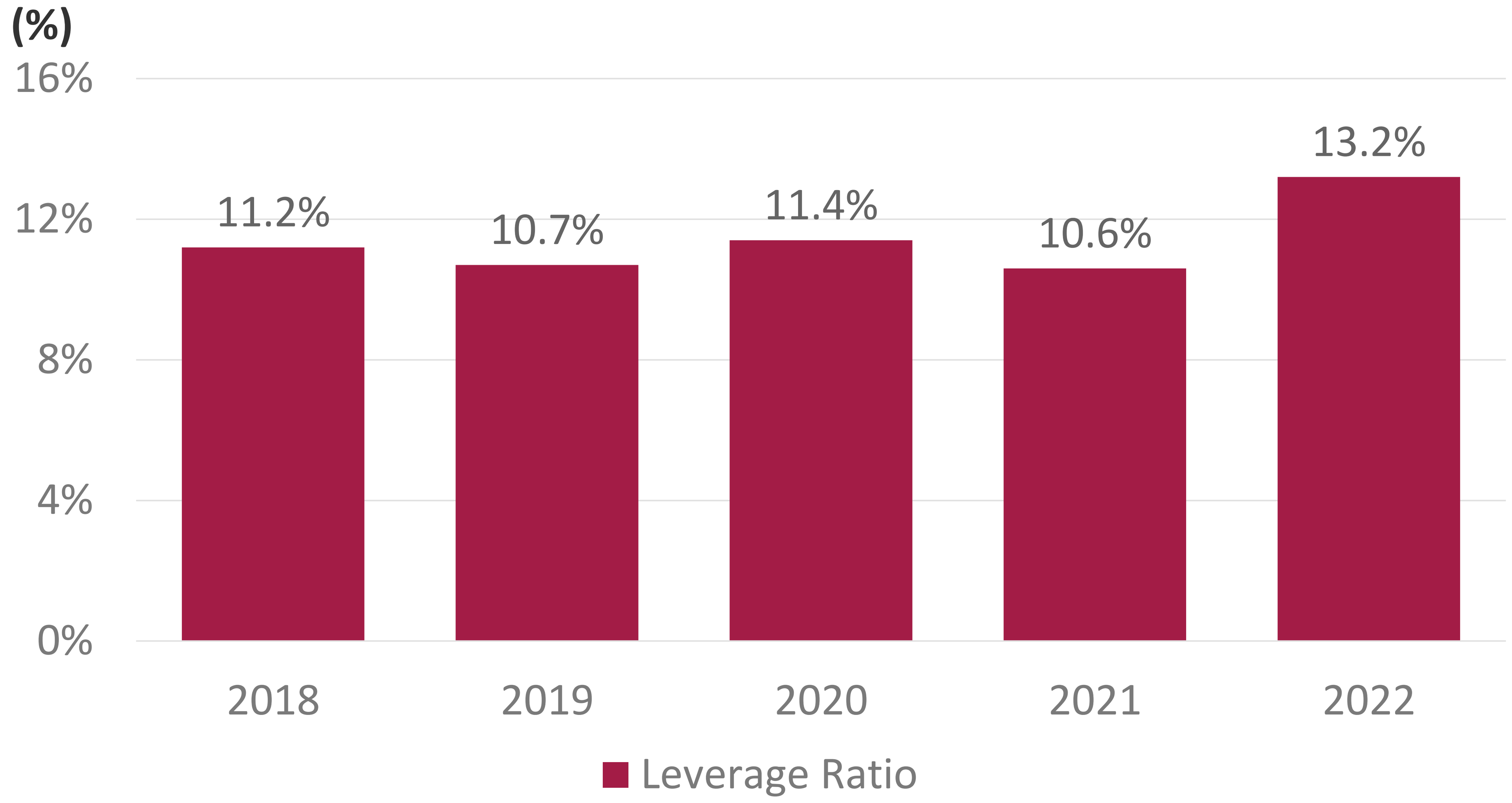
Regulatory Capital Composition (Individual)



Capital Adequacy (Individual)



Leverage Ratio (Individual)



Notes: (1) Total risk weighted assets (TREA) divided by total assets. Source: Company data

Capital Management | Capital Requirements and Buffers

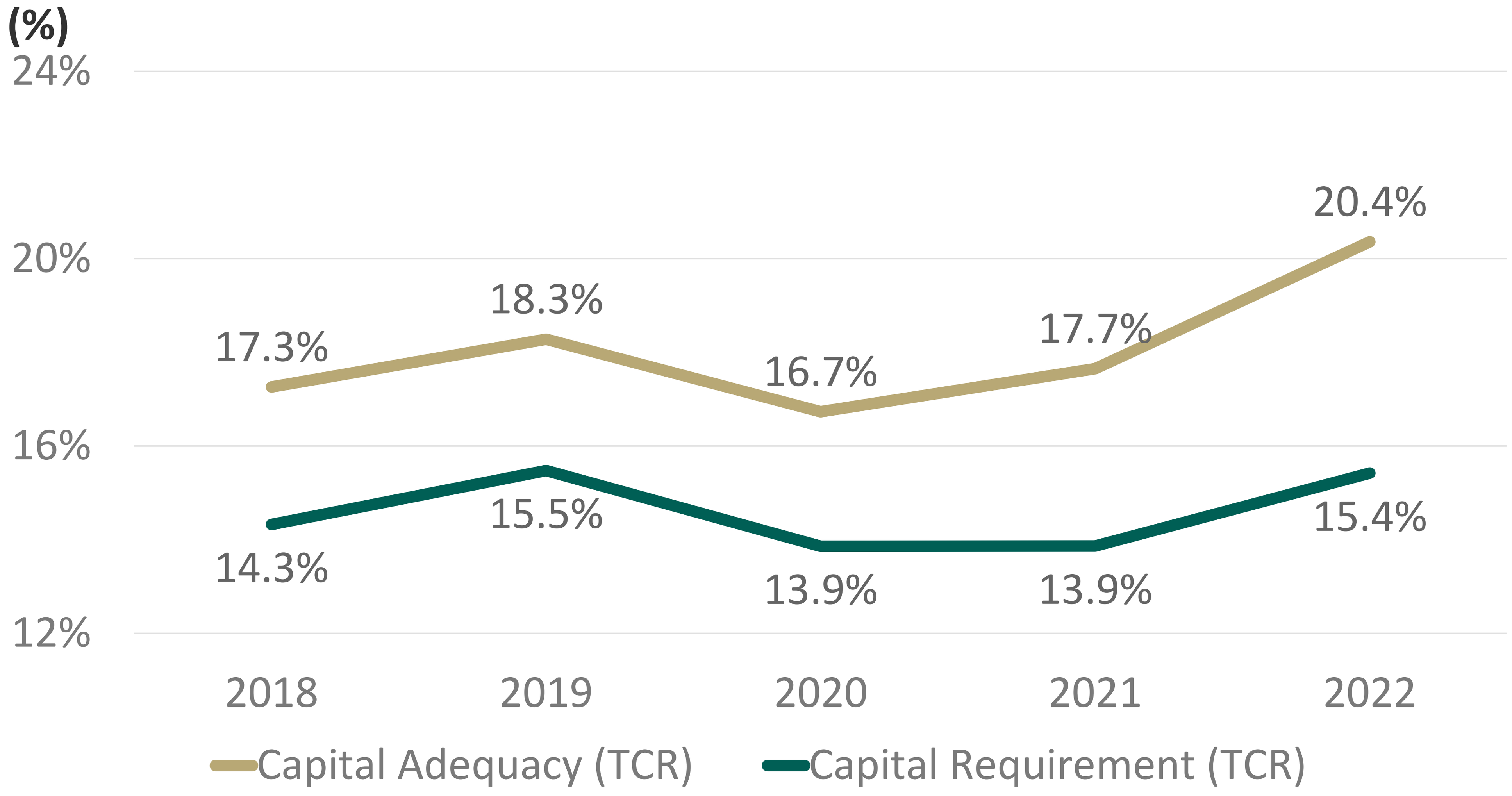
Capital adequacy exceeding minimum regulatory requirements by nearly 400bps

- J&T BANKA's capital adequacy currently exceeds minimum regulatory requirements (including 1% management buffer) by nearly 400bps
- Medium-term management target is to increase and maintain CET1 capital ratio above 15% and reduce Tier 1 capital ratio to ~18% with the remaining capital requirement covered by MREL eligible securities, subject to market conditions

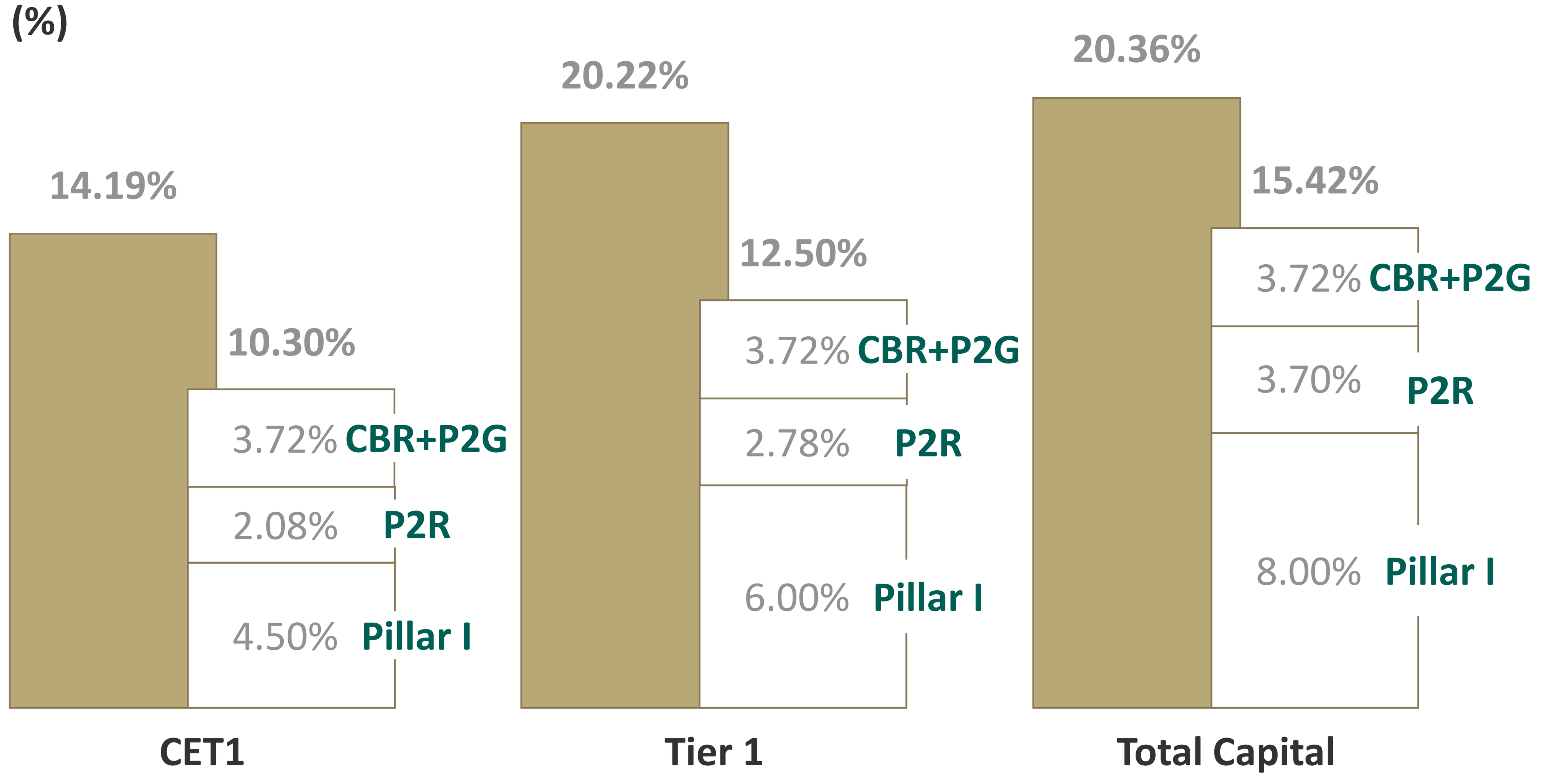
Regulatory Requirements (Individual)

(%)	2018	2019	2020	2021	2022
Pillar I - CRR (Own Funds)	8.0%	8.0%	8.0%	8.0%	8.0%
Capital Conservation Buffer (CRR)	2.5%	2.5%	2.5%	2.5%	2.5%
Countercyclical Buffer (CRR)	0.6%	0.9%	0.4%	0.4%	0.7%
Pillar II (SREP)	3.2%	4.1%	3.0%	3.0%	3.7%
Pillar 2 Guidance (P2G)	0.0%	0.0%	0.0%	0.0%	0.5%
Total Capital Requirement	**14.3%**	**15.5%**	**13.9%**	**13.9%**	**15.4%**
Management Buffer	0.5%	0.5%	0.5%	0.5%	1.0%
Internal Target	**14.8%**	**16.0%**	**14.4%**	**14.4%**	**16.4%**

Capital Adequacy vs Requirement (Individual)



Capital and Buffers (Individual, 31/12/2022)[1]



Ratio	Actual	Required	Capital Buffer	
			(%)	(CZKbn)
CET1 (% RWA)	14.19%	10.30%	389bps	5.7
Tier 1 (% RWA)	20.22%	12.50%	772bps	11.4
Total Capital (TCR) (% RWA)	20.36%	15.42%	494bps	7.3
Leverage (% LRE)	13.21%	3.00%	1,021bps	23.0

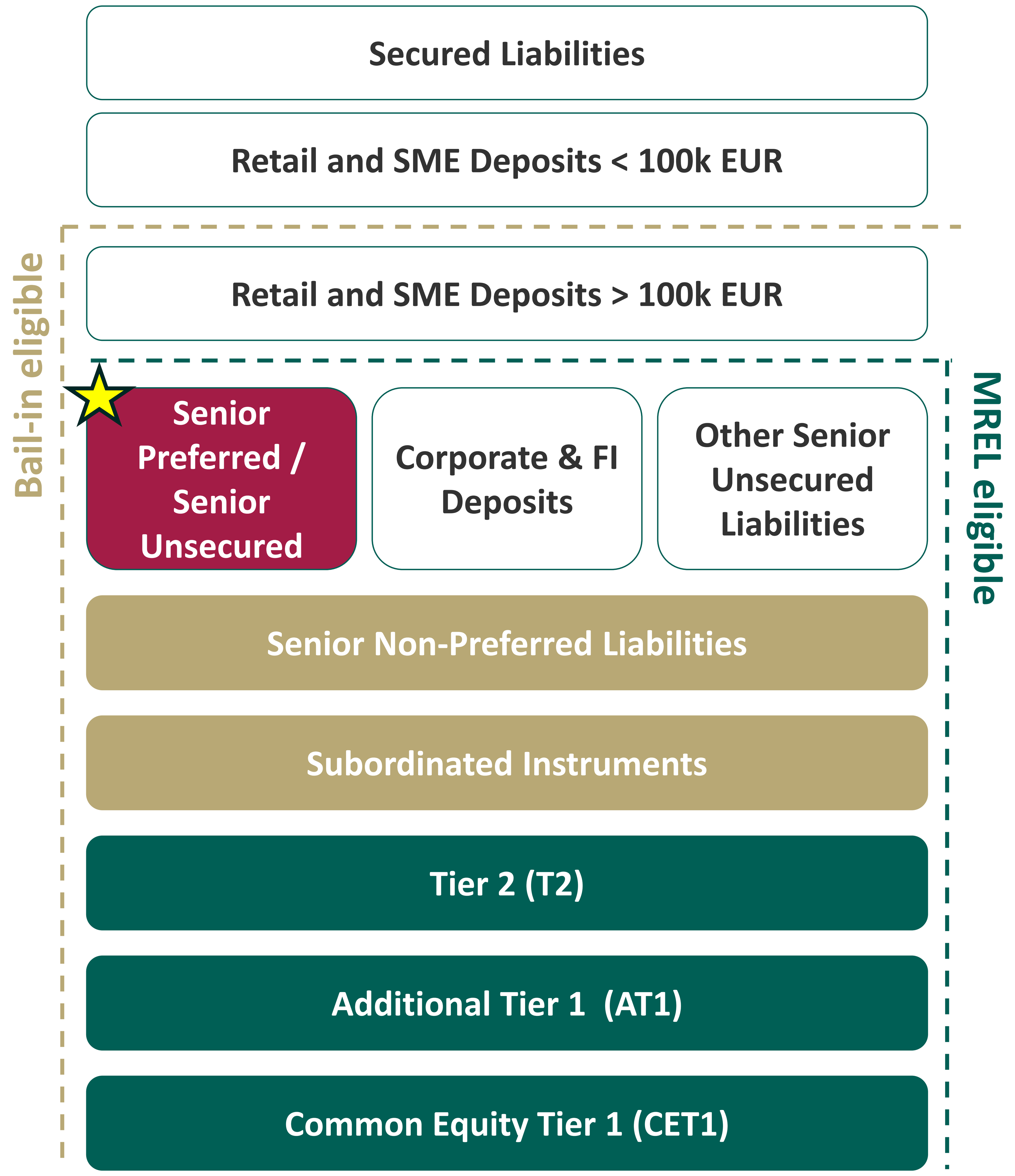
Note: (1) CCyB and CCoB as at 5 May 2023. Source: Company data

Resolution and MREL Considerations

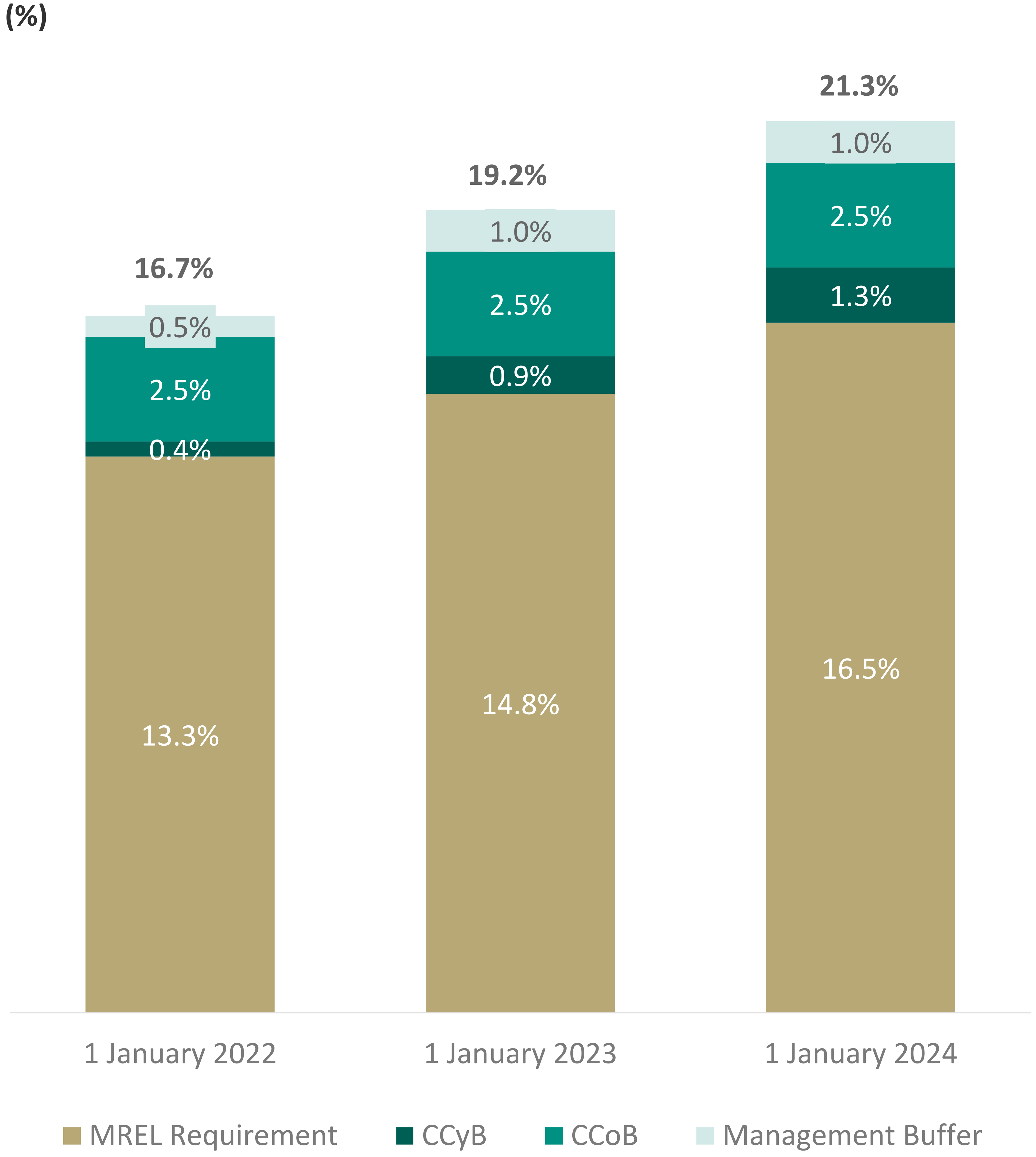
Building-up MREL to anticipate future requirements

- Multiple point of entry resolution strategy approved for J&T FINANCE GROUP with two resolution entities: J&T BANKA (individually) and 365.bank (consolidated)
- J&T BANKA is the point of entry for resolution – any losses would be recognized locally and the bail-in would take place at J&T BANKA level with no recourse to any other member of J&T FINANCE GROUP
- Czech National Bank is the resolution authority for J&T BANKA and sets out its MREL requirements (annually, 1 January)[1]
- No subordination requirement for J&T BANKA's MREL eligible instruments (only applies to five largest Czech banks)

Creditor Hierarchy in Insolvency & Resolution



J&T BANKA's MREL Position (Individual)[2]



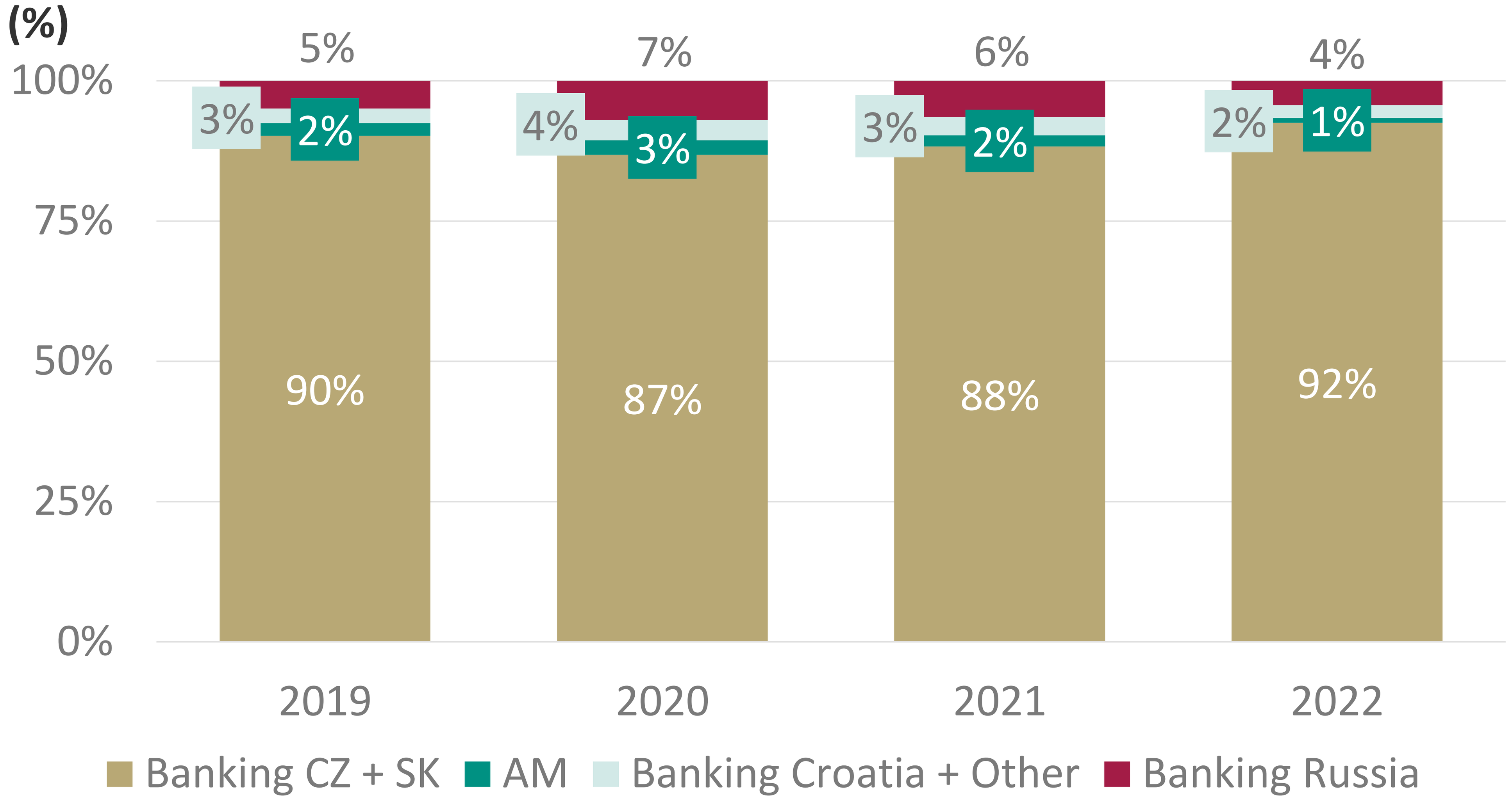
Notes: (1) Counter-cyclical buffer calculated quarterly around the end of each quarter. (2) CCyB and CCoB as well as MREL requirement prescription as at 5 May 2023. Source: Company data

Segment Information – Functional and Geographic

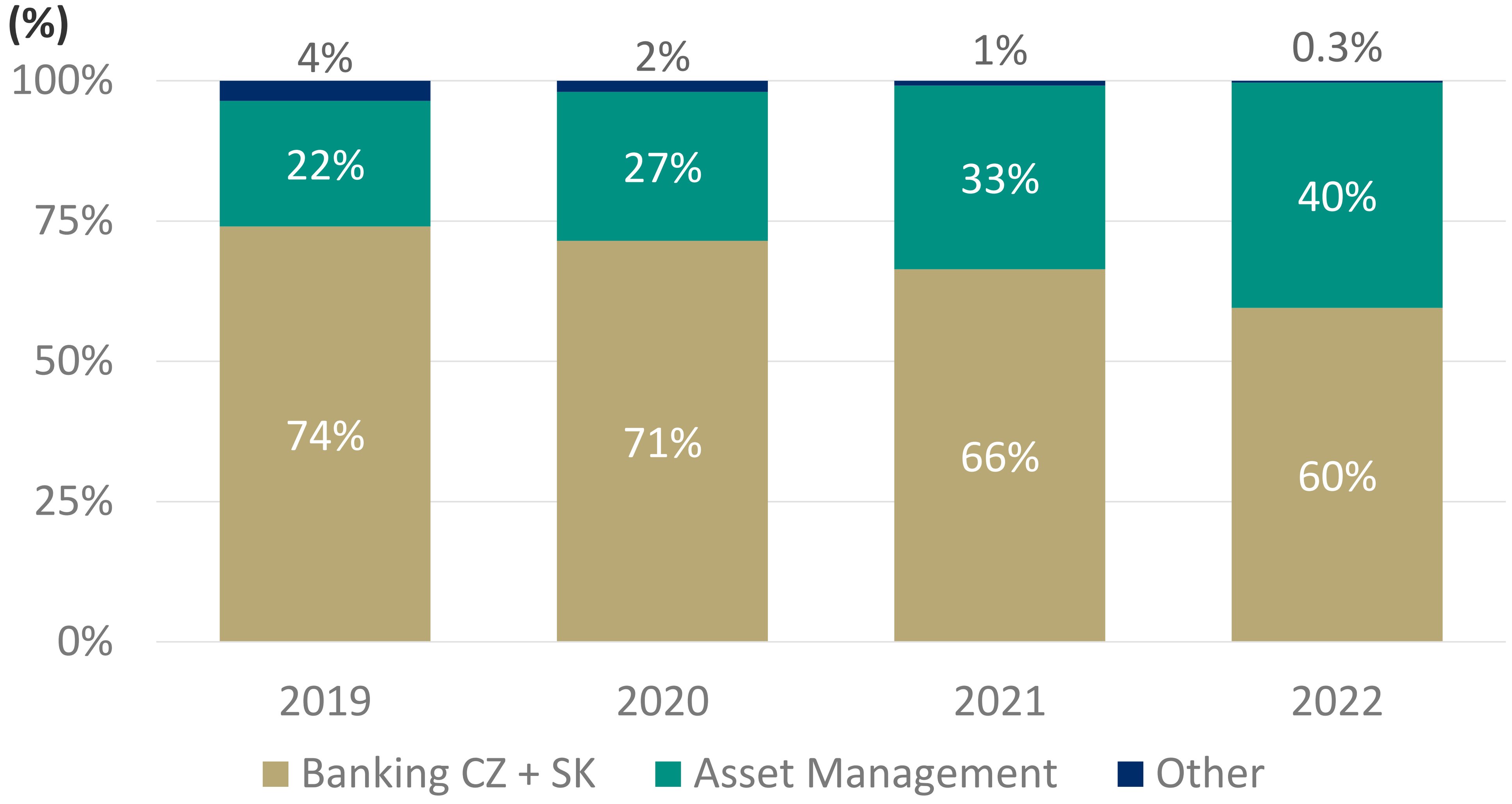
Banking CZ + SK and Asset Management are J&T BANKA's two key operating segments. Russian and Ukrainian exposure is insignificant

- J&T BANKA's activities in Russia have never been significant – Russia accounted for ~6% of net interest income and ~2% of loan book
- Following Russian invasion of Ukraine, all business activities in Russia (and Ukraine) were stopped and provisions/impairment charges for existing exposures booked
- Russian subsidiary is fully self-funded, no new loans are provided, no new deposits are accepted, liquidity from portfolio run-off is placed with the central bank
- Discussions about a disposal of the Russian subsidiary are on-going, although the outcome is difficult to predict given the circumstances
- Impact of a complete write-off (if realised) of the residual Russian and Ukrainian exposures on J&T BANKA's results and capitalization would be immaterial

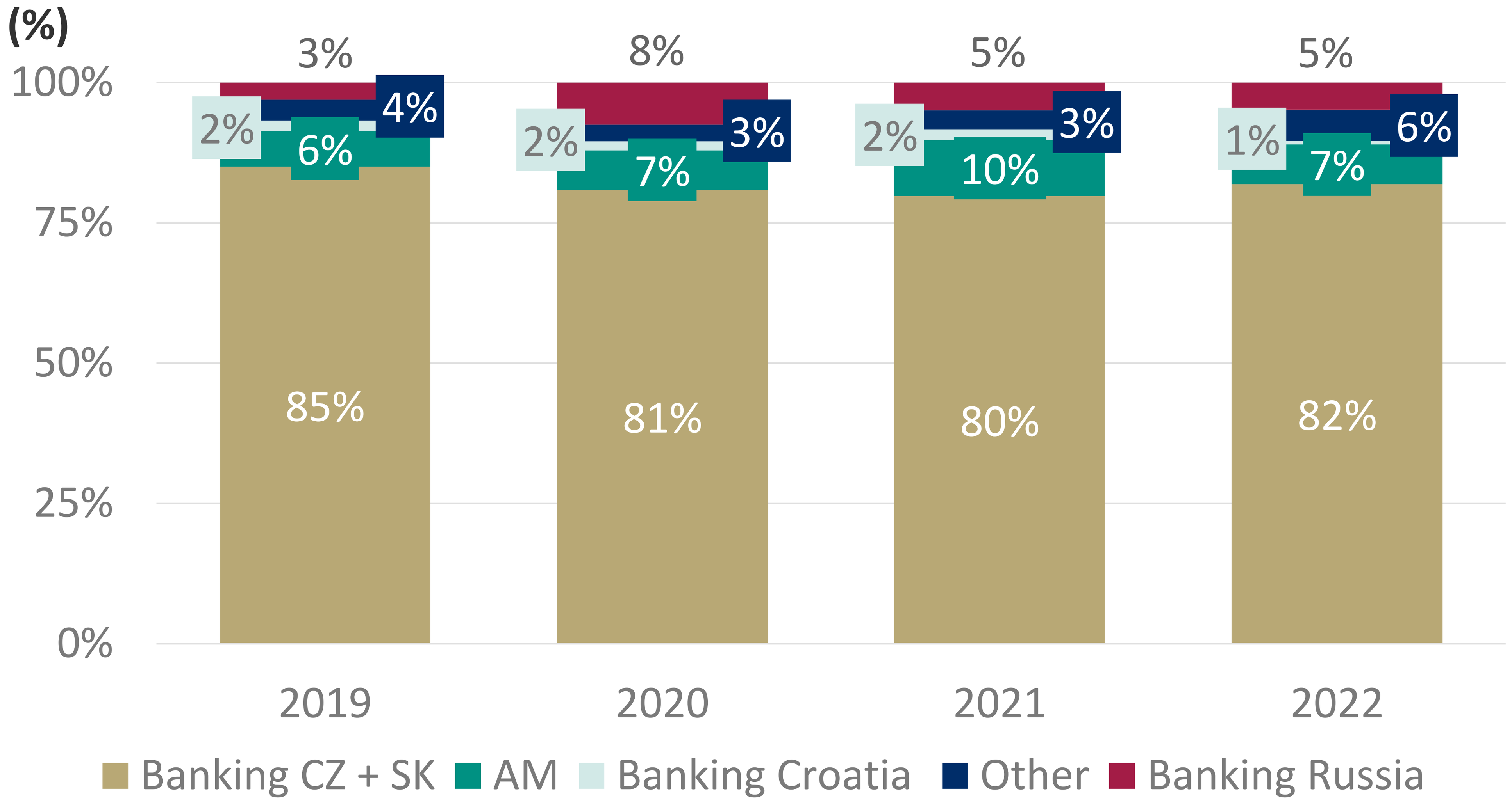
Net Interest Income



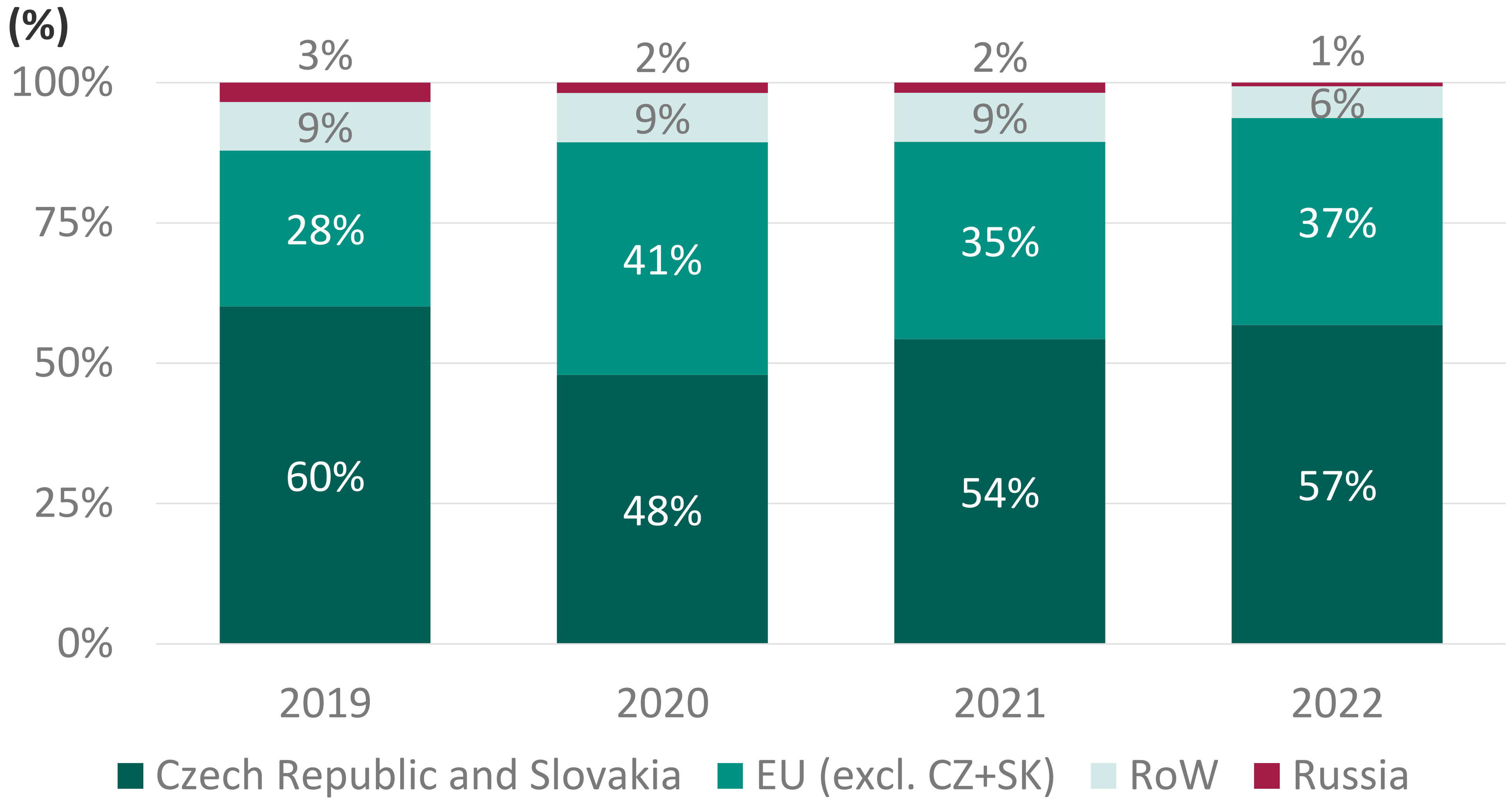
Net Fees and Commissions[1]



Operating Income[2]



Net Loan Book by Geography[3]



Notes: (1) Asset management not offered in Russia and Croatia. (2) Russia's contribution in 2020 affected by positive revaluation of derivatives. (3) Based on client's/project's underlying risk. Source: Company data

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