# J&T BANKA, a.s.

## Condensed Consolidated Interim Financial statements
## for the half-year ended 30 June 2023

**Prepared in accordance with International Financial Reporting Standards as adopted by the European Union**

**CONTENTS**

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

| In millions of CZK | Note | 30.06.2023 | 31.12.2022 |
|---|---|---|---|
| Assets | | | |
| Cash and cash equivalents | 5 | 107 698 | 76 982 |
| Due from banks and other financial institutions | 6 | 7 009 | 1 173 |
| Positive fair value of derivatives | 7 | 7 184 | 6 889 |
| Financial assets for trading | 8a | 10 248 | 6 627 |
| Financial assets mandatorily at fair value through profit or loss | 8b | 9 619 | 9 046 |
| Financial assets at fair value through other comprehensive income | 8c | 5 159 | 6 682 |
| Financial assets at amortised cost | 8d | 4 506 | 4 801 |
| *Of which pledged as collateral (repurchase agreements)* | | *4 307* | *4 330* |
| Loans and advances to customers at amortised cost | 9 | 96 604 | 106 149 |
| Investment in associates and joint ventures | | 9 | 10 |
| Goodwill | | 126 | 131 |
| Investment property | | 475 | 829 |
| Property, plant and equipment | 11 | 2 860 | 3 072 |
| Intangible assets | | 238 | 238 |
| Current income tax receivable | 21 | 6 | 3 |
| Deferred tax asset | 22 | 386 | 511 |
| Assets held for sale | 13 | 2 821 | 35 |
| Other assets | 12 | 4 854 | 4 075 |
| ***Total assets*** | | ***259 802*** | ***227 253*** |
| | | | |
| Liabilities | | | |
| Deposits and loans from banks | 14 | 20 727 | 10 530 |
| Deposits from customers | 15 | 181 362 | 164 022 |
| Negative fair value of derivatives | 7 | 3 695 | 3 935 |
| Financial liabilities at fair value through profit or loss | | - | 3 |
| Financial liabilities at amortised costs | | 313 | 301 |
| Subordinated debt | 16 | 787 | 256 |
| Provisions | 18 | 1 340 | 1 508 |
| Current income tax liability | 21 | 1 588 | 1 101 |
| Deferred tax liability | 22 | 6 | 61 |
| Liabilities associated with assets held for sale | 13 | 2 695 | - |
| Other liabilities | 17 | 9 926 | 9 680 |
| ***Total liabilities*** | | ***222 439*** | ***191 397*** |
| Share capital | 19 | 10 638 | 10 638 |
| Retained earnings and other reserves | 19 | 17 851 | 16 337 |
| Other equity instruments | 19 | 8 868 | 8 868 |
| ***Equity*** | | ***37 357*** | ***35 843*** |
| Non-controlling interest | 20 | 6 | 13 |
| ***Total equity*** | | ***37 363*** | ***35 856*** |
| ***Total equity and liabilities*** | | ***259 802*** | ***227 253*** |

The accompanying notes, set out on pages 8 to 47, 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 | 2023 | 2022 |
|---|---|---|---|
| Interest income calculated using effective interest rate method | 23 | 7 841 | 4 834 |
| Other interest income | 23 | 245 | 132 |
| Interest expense | 24 | (3 678) | (1 882) |
| ***Net interest income*** | | ***4 408*** | ***3 084*** |
| Fee and commission income | 25 | 1 228 | 975 |
| Fee and commission expense | 26 | (167) | (158) |
| ***Net fee and commission income*** | | ***1 061*** | ***817*** |
| Net income/(loss) from trading and investments | 27 | 1 263 | (401) |
| Other operating income | 28 | 299 | 190 |
| ***Operating income*** | | ***7 031*** | ***3 690*** |
| Personnel expenses | 29 | (1 028) | (839) |
| Other operating expenses | 30 | (1 327) | (982) |
| Depreciation, amortisation and impairment | | (165) | (118) |
| ***Operating expenses*** | | ***(2 520)*** | ***(1 939)*** |
| ***Profit before allowances, provisions and income tax*** | | ***4 511*** | ***1 751*** |
| Net profit / (loss) from changes of loans and other receivables | 10 | 75 | (3) |
| Net change in loss allowances for financial instruments | 10 | (562) | (436) |
| ***Profit before tax, excluding profit from equity accounted investees*** | | ***4 024*** | ***1 312*** |
| Profit/Loss from equity accounted investees, net of tax | | (1) | 59 |
| ***Profit before tax*** | | ***4 023*** | ***1 371*** |
| Income tax | 21 | (910) | (297) |
| ***Profit for the period*** | | ***3 113*** | ***1 074*** |

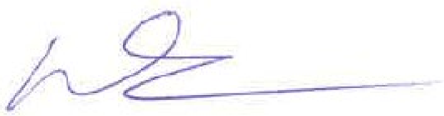
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE

| In millions of CZK | 2023 | 2022 |
|---|---|---|
| **Attributable to:** | | |
| Shareholders of the parent company | 3 113 | 1 026 |
| Non-controlling interest | - | 48 |
| ***Profit for the period*** | ***3 113*** | ***1 074*** |
| ***Other comprehensive income - items that are or may be reclassified subsequently to profit or loss:*** | | |
| Revaluation reserve - financial assets at fair value through other comprehensive income – debt instruments | | |
| *Remeasurement to fair value* | *(369)* | *(601)* |
| *Revaluation recycled to profit or loss* | *-* | *5* |
| *Expected credit losses* | *164* | *(36)* |
| *Related tax* | *23* | *126* |
| Foreign currency translation differences | (142) | 839 |
| ***Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods:*** | | |
| Revaluation reserve - financial assets at fair value through other comprehensive income – equity instruments | | |
| *Remeasurement to fair value* | *68* | *77* |
| *Related tax* | *(14)* | *(16)* |
| ***Other comprehensive income for the period, net of tax*** | ***(270)*** | ***394*** |
| ***Total comprehensive income for the period*** | ***(270)*** | ***394*** |
| **Attributable to:** | | |
| Shareholders of the parent company | *2 843* | *1 421* |
| Non-controlling interest | *-* | *47* |
| ***Total comprehensive income for the period*** | ***2 843*** | ***1 468*** |

The accompanying notes, set out on pages 8 to 47, are an integral part of these condensed consolidated interim financial statements.
The Board of Directors approved these financial statements on 31 August 2023.

**Signed on behalf of the Board:**

Ing. Tomáš Klimíček
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 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) | - | - | - | ***(141)*** | - | ***(141)*** |
| Revaluation reserve - financial assets 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 - financial assets 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*** |

Further information about equity instruments is disclosed in note 19.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2022

| 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 2022*** | ***10 638*** | ***59*** | ***(1 871)*** | ***11 866*** | ***174*** | ***3 897*** | ***24 763*** | ***1 460*** | ***26 223*** |
| *Total comprehensive income for the period* | | | | | | | | | |
| Profit for the period | - | - | - | 1 026 | - | - | ***1 026*** | 48 | ***1 074*** |
| *Other comprehensive income - items that are or may be reclassified subsequently to profit or loss* | | | | | | | | | |
| Foreign exchange translation differences | - | - | 838 | - | - | - | ***838*** | 1 | ***839*** |
| Revaluation reserve - financial assets at fair value through other comprehensive income – debt instruments | | | | | | | | | |
| *Remeasurement to fair value* | - | - | (599) | - | - | - | ***(599)*** | (2) | ***(601)*** |
| *Revaluation recycled to profit or loss* | - | - | 5 | - | - | - | ***5*** | - | ***5*** |
| *Expected credit losses* | - | - | (36) | - | - | - | ***(36)*** | - | ***(36)*** |
| *Related tax* | - | - | 126 | - | - | - | ***126*** | - | ***126*** |
| *Other comprehensive income - items that will not be reclassified to profit or loss in subsequent periods* | | | | | | | | | |
| Revaluation reserve - financial assets at fair value through other comprehensive income – equity instruments | | | | | | | | | |
| *Remeasurement to fair value* | - | - | 77 | - | - | - | ***77*** | - | ***77*** |
| *Related tax* | - | - | (16) | - | - | - | ***(16)*** | - | ***(16)*** |
| *Other comprehensive income* | ***-*** | ***-*** | ***395*** | ***-*** | ***-*** | ***-*** | ***395*** | ***(1)*** | ***394*** |
| *Total comprehensive income for the period* | ***-*** | ***-*** | ***395*** | ***1 026*** | ***-*** | ***-*** | ***1 421*** | ***47*** | ***1 468*** |
| *Transactions recognised directly in equity* | | | | | | | | | |
| Dividends | - | - | - | - | - | - | ***-*** | *(488)* | ***(488)*** |
| Issue of perpetuity certificates | - | - | - | - | - | 2 474 | ***2 474*** | - | ***2 474*** |
| Payment of earnings on perpetuity certificates | - | - | - | - | (160) | - | ***(160)*** | ***-*** | ***(160)*** |
| Establishment of special-purpose fund for payment of revenue from perpetuity certificates | - | - | - | (326) | 326 | - | ***-*** | - | ***-*** |
| Transfer of statutory reserve fund | - | 5 | - | (5) | - | - | ***-*** | - | ***-*** |
| Effect of changes in ownership interests and new companies within the Group | - | - | - | 3 | - | - | ***3*** | (3) | ***-*** |
| ***Balance as at 30 June 2022*** | ***10 638*** | ***64*** | ***(1 476)*** | ***12 564*** | ***340*** | ***6 371*** | ***28 501*** | ***1 016*** | ***29 517*** |

The accompanying notes, set out on pages 8 to 47, 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 | 2023 | 2022 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax from continuing operations | | 4 023 | 1 371 |
| Adjustments for: | | | |
| Depreciation and amortisation | | 165 | 118 |
| Net change in fair value of investment property and property, plant and equipment | | 60 | (180) |
| Net profit / (loss) from changes of loans and other receivables | 10 | (75) | 3 |
| Net change in loss allowances for financial instruments | 10 | 562 | 436 |
| Loss from sold intangible assets and property, plant and equipment | | 72 | 5 |
| Change in financial liabilities at amortised costs | | 12 | - |
| Change in other provisions | | (169) | (51) |
| Profit/(loss) from equity accounted investees | | 1 | (59) |
| Change in revaluation of financial assets at fair value through profit or loss | | 66 | 141 |
| Unrealised foreign exchange gains/(losses), net | | 580 | (374) |
| (Increase) / decrease in operating assets: | | | |
| Due from banks and other financial institutions | | (5 835) | (3 813) |
| Loans and other advances to customers | | 8 617 | (944) |
| Financial assets at FVTPL | | (4 304) | (1 486) |
| Financial assets at FVOCI | | (300) | - |
| Financial assets at amortised cost | | 11 | - |
| Prepayments, accrued income and other assets | | (1 105) | (5 105) |
| Increase / (decrease) in operating liabilities: | | | |
| Deposits and loans from banks | | 10 392 | 17 262 |
| Deposits from customers | | 19 728 | 28 024 |
| Other liabilities | | 312 | 2 461 |
| Financial liabilities at fair value through profit or loss | | (3) | - |
| Net increase / (decrease) in fair values of derivatives: | | | |
| Fair value of derivative instruments | | (535) | (1 089) |
| Tax effect: | | | |
| Income tax expenses paid | | (296) | (264) |
| ***Net cash flows from operating activities*** | | ***31 977*** | ***36 455*** |

| | | | |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property plant and equipment and intangible assets | | (113) | (58) |
| Proceeds from sale of property, plant and equipment | | - | 85 |
| Acquisition of subsidiaries (excl. cash acquired) | | - | (1 076) |
| Disposal of subsidiaries (ex. cash disposed) | | 9 | - |
| Financial assets at amortized cost – proceeds | | - | 5 |
| Financial assets measured at FVOCI – proceeds | | - | 1 643 |
| Financial assets measured at FVOCI - acquisition | | (295) | (1 832) |
| ***Net cash flows used in investing activities*** | | ***(398)*** | ***(1 234)*** |

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

| In millions of CZK | Note | 2023 | 2022 |
|---|---|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Issue of other equity instruments | | - | 2 474 |
| Dividends paid | | (1 007) | (43) |
| Distribution of income from other equity instruments | | (328) | (160) |
| Proceeds from issue of subordinated debt | | 535 | - |
| Lease liabilities paid | | (20) | (22) |
| ***Net cash flows from financing activities*** | | ***(820)*** | ***2 249*** |
| *INCREASE IN CASH AND CASH EQUIVALENTS* | | ***30 759*** | ***37 470*** |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 5 | 76 982 | 68 011 |
| Effects of exchange rate fluctuations on cash held | | (43) | 242 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 5 | 107 698 | 105 724 |

| | | | |
|---|---|---|---|
| Cash flows from operating activities include: | | | |
| Interest received | | 7 454 | 4 588 |
| Interest paid | | 3 140 | 1 342 |
| Interest paid / lease liabilities | | 6 | 6 |

The accompanying notes, set out on pages 8 to 47, 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 1 023 employees in 2023 (2022: 940). The Group operates in the Czech Republic, Slovakia, Germany, Croatia and Russia.

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.

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

The members of the Board of Directors were as at 30 June 2023 and 31 December 2022 as follows:

Ing. Patrik Tkáč, Chairman
Štěpán Ašer, MBA, Member
Ing. Igor Kováč, Member
Ing. Tomáš Klimíček, Member
Ing. Anna Macaláková, Member
Ing. Jan Kotek, Member

## 1. GENERAL INFORMATION (continued)

### Ownership interests

In connection with the shareholder's intention to centralise financial services under J&T BANKA, a.s., the following companies have become subsidiaries, associates or joint ventures.

**The companies included in the consolidated group as at 30 June 2023 (in millions of CZK):**

| Company | Country of incor-poration | 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 Bank, a.o. | Russia | 1 581 | 99.95% | IFRS 5 | Banking activities |
| - Interznanie OAO | RU | 49 | 50% | IFRS 5 | Investment property |
| - Leasing-Medicine Ltd | RU | 1 | 100% | IFRS 5 | Financing activities |
| J&T banka d.d. | Croatia | 1 030 | 100% | Full | Banking activities |
| J&T IB and Capital Markets, a.s. | CR | 2 | 100% | Full | Advisory activities |
| - XT-card a.s. | CR | 10 | 32% | Equity | IT/Programming activities |
| - J&T VENTURES I otevřený podílový fond | CR | - | 5.95% | Full | Investment activities |
| - FVE Holding, s.r.o. | CR | 0.01 | 100% | Full | Asset management |
| - FVE Čejkovice s.r.o. | CR | 4 | 100% | Full | Electricity production |
| - FVE Napajedla s.r.o. | CR | 0.20 | 100% | Full | Advisory activities |
| - FVE Němčice s.r.o. | CR | 0.20 | 100% | Full | Advisory activities |
| - FVE Slušovice s.r.o. | CR | 0.20 | 100% | Full | Advisory 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 ADVANCED SOLUTION SICAV | Malta | - | 99.97% | Full | Investment activities |
| J&T ORBIT SICAV, a.s. | CR | 0.10 | 92.60% | Full | Investment activities |
| J&T RFI I., s.r.o. | CR | 0.19 | 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 |
| TERCES MANAGEMENT LIMITED | Cyprus | 0.06 | 99% | IFRS 5 | Investment activities |
| - Interznanie OAO | RU | 49 | 50% | IFRS 5 | 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.

On 17 January 2023, ALTERNATIVE UPRAVLJANJE d.o.o. (Croatia) was liquidated and liquidation value of the subsidiary was settled to the Group.

The Group actively negotiates the sale of its subsidiaries operating business in Russia, J&T Bank, a.o., TERCES MANAGEMENT LIMITED and Interznanie OAO. Due to that fact those subsidiaries are classified as held for sale as at 30 June 2023, see note 13. The Group expects to finalise the whole transaction within a year.

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

## 1. GENERAL INFORMATION (continued)

The Groups subsidiaries operating in Russia are impacted by a Russian invasion to Ukraine on 24 February 2022 and all those sanctions that were expanded to Russian individuals and legal entities. For detail statement of the Group to the conflict in Ukraine see note 4.

**The companies included in the consolidated group as at 31 December 2022 (in millions of CZK):**

| Company | Country of incor-poration | Share capital | Share-holding | Consolidation method | Principal activities |
|---|---|---|---|---|---|
| J&T BANKA, a.s. | CR | 10 638 | Parent company | | Banking activities |
| ALTERNATIVE UPRAVLJANJE d.o.o. | Croatia | 0.06 | 100% | Full | Investment 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 Bank, a.o. | Russia | 1 980 | 99.95% | Full | Banking activities |
| - Interznanie OAO | RU | 62 | 50% | Full | Investment property |
| - Leasing-Medicine Ltd | RU | 1 | 100% | Full | Financing activities |
| J&T banka d.d. | Croatia | 1 047 | 100% | Full | Banking activities |
| J&T IB and Capital Markets, a.s. | CR | 2 | 100% | Full | Advisory activities |
| - XT-card a.s. | CR | 10 | 32% | Equity | IT/Programming activities |
| - J&T VENTURES I otevřený podílový fond | CR | - | 5.95% | Full | Investment activities |
| - FVE Holding, s.r.o. | CR | - | 100% | Full | Asset management |
| - FVE Čejkovice s.r.o. | CR | 4 | 100% | Full | Electricity production |
| - FVE Napajedla s.r.o. | CR | 0.20 | 100% | Full | Advisory activities |
| - FVE Němčice s.r.o. | CR | 0.20 | 100% | Full | Advisory activities |
| - FVE Slušovice s.r.o. | CR | 0.20 | 100% | Full | Advisory 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 ADVANCED SOLUTION SICAV | Malta | - | 99.97% | Full | Investment activities |
| J&T ORBIT SICAV, a.s. | CR | 0.10 | 100% | 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 |
| TERCES MANAGEMENT LIMITED | Cyprus | 0.06 | 99% | Full | Investment activities |
| - Interznanie OAO | RU | 62 | 50% | 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.

On 14 January 2022, the Group acquired 100 % share in J&T ORBIT SICAV, a.s. On 1 November 2022 the Group increased its share in the fund through a contribution with a total nominal value of EUR 0.4 million (CZK 9.6 million) in excess of contributions made by the shareholders in the registered capital.

On 8 February 2022, ATLANTIK finanční trhy, a.s. reduced the share capital from the original amount of CZK 81 million to CZK 38 million. The amount of CZK 43 million was paid to the Bank as the only shareholder.

On 7 April 2022, the Group established 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. since 13 April 2022.

## 1. GENERAL INFORMATION (continued)

On 27 April 2022, the Group increased share capital in J&T banka d.d. by HRK 20 million (CZK 65 million) and increased its share in the entity up to 85.15 %. On 30 September 2022, the Group acquired additional share of 11.12 % in J&T banka d.d. from minorities. The Group squeezed out the outstanding minority interest during the year 2022 and reached 100 % share in J&T banka d.d. as at 31 December 2022.

On 10 June 2022 and 8 November 2022, J&T VENTURES I otevřený podílový fond proceeded compulsory purchases of its shares and decreased the number of allotment certificates in the fund.

On 3 August 2022, the Group acquired 100 % share in J&T RFI I, s.r.o. On 17 August 2022 the Group increased its share in the fund through a contribution with a total nominal value of EUR 1.5 million (CZK 37 million) in excess of contributions made by the shareholders in the registered capital.

On 29 September 2022, the Group increased its share in J&T Leasingová společnost, a.s. through a contribution with a total nominal value of CZK 70 million in excess of contributions made by the shareholders in the registered capital.

On 24 October 2022, based on Decision on payment of capital reserves of the ALTERNATIVE UPRAVLJANJE d.o.o., the Group decreased its share-on-share capital by HRK 8.8 million (CZK 29 million).

On 18 November 2022, the Group completed sale of its total share of 52.63 % in Colorizo Investment, a.s.

On 30 November 2022, the Group achieved 80% share in AMISTA investiční společnost, a.s.

On 27 December 2022 the Group proceeded sale of its total share of 53.08 % in J&T REALITY o.p.f.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

These interim financial statements for the six months ended 30 June 2023 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 2022 („last annual financial statements"). The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. 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, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivatives, which are measured at fair value.

The 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 2022.

Financial statements prepared in compliance with International Financial Reporting Standards require various judgements, assumptions, and estimates to be exercised that affect the reported amounts of assets, liabilities, income and expenses. Actual results will likely differ from these estimates. 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

**Accounting standards issued but not yet effective**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

## 3. 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 2022.

## 4. CRITICAL 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 2022.

### 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 financial asset, 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. CRITICAL 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;
    - the Group has power over the fund, if the existing rights allow the Group to manage relevant activities of the fund, especially those activities that significantly affect the revenues of the fund (relevant activities mean deciding and investing funds based on specified rules on behalf of the investors),
        - if the acquisition and maintenance of those rights can be influenced by a third party - in other words: if the third party has kick-out rights, the Group does not have power over the fund;
- 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. CRITICAL 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 2022 and 30 June 2023:

- 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 2023, the Group performed annual updates relating to PD and LGD (no for FLI and 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 1983-2022, 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 economic cycle and an estimate of correlation between macroeconomic units and the z-component. 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 Z component, the real GDP growth (annual percent change) and delayed real GDP growth (annual percent change) were only taken into account. It turned out that, among other things, inflation, unemployment or Z-spreads do not contribute to improve the predictive ability of the model, in contrast to changes in real GDP.

Using the estimated Z-component and the relationship between the Z-component and variable factors, one can estimate point-in-time forward-looking (PiT FL) transition matrices by derivating a TTC matrix by the Z-component. The Z-component model and future GDP scenarios are used for those estimates. The future GDP scenario considers historical real GDP growth in given country and either a projection of real GDP growth in given country or a global macroeconomic development forecast (IMF). PiT FL transition matrices are estimated for the time period of 5 years. Beyond this time stamp, an assumption is made that the Z-component equals nil, therefore the TTC matrix is 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 (54 %), Slovakia (14 %) and Germany (9 %) as at 30 June 2023. We mention GDP growth for those countries only because shares in other countries are insignificant.

## 4. CRITICAL 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 | 2023 | CNB | 0.47 | (1.13) | (0.47) | 0.17 | 1.11 |
| CZE | 2024 | CNB | 3.01 | (2.1) | (0.98) | 0.12 | 1.65 |
| CZE | 2025 | CNB | | (3.4) | (1.9) | (0.31) | 1.85 |
| CZE | 2026 | CNB | | (3.5) | (1.95) | (0.39) | 1.8 |
| CZE | 2027 | CNB | | (3.35) | (1.92) | (0.39) | 1.78 |
| DEU | 2023 | DBB | (0.5) | (2.23) | (1.47) | (0.77) | 0.24 |
| DEU | 2024 | DBB | 1.7 | (1.16) | (0.26) | 0.57 | 1.78 |
| DEU | 2025 | DBB | 1.4 | (1.69) | (0.74) | 0.15 | 1.41 |
| DEU | 2026 | DBB | | (2.37) | (1.17) | 0.08 | 1.83 |
| DEU | 2027 | DBB | | (2.77) | (1.48) | (0.25) | 1.49 |
| SVK | 2023 | NBS | 1.3 | (1.25) | (0.51) | 0.24 | 1.23 |
| SVK | 2024 | NBS | 3.2 | (1.58) | (0.48) | 0.6 | 2.19 |
| SVK | 2025 | NBS | 3 | (1.7) | (0.75) | 0.27 | 1.65 |
| SVK | 2026 | NBS | | (3.5) | (1.56) | 0.15 | 2.73 |
| SVK | 2027 | NBS | | (3.44) | (1.67) | 0.15 | 2.64 |

Data sources:

| Country | National Bank | Data Source |
|---|---|---|
| CZE | Czech National Bank (CNB) | Monetary Policy Report |
| DEU | Deutsche Bundesbank (DBB) | Outlook for the German Economy |
| SVK | National Bank Slovakia (NBS) | Economic and Monetary Developments |

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

### 4.4. ECL model („management overlays")

A significant management overlay is that economic/industry sectors of the borrowers were divided based on the expert assessment of the Group's chief economist and the director of credit risk department, who divided the sectors (according to NACE) into two groups, namely into sectors (ordinary PD) where they expect the development in the given sector to correspond to the expected development of GDP, and sectors (Crisis PD) where development is at risk due to current risk factors on the market (mainly the effects of covid, inflation, interest rates, energy crisis, problems in supply-customer chains, etc.). The division of sectors was approved by the relevant bank committee. PD for Ukraine and Russia are determined separately, given the increased geopolitical risk.

For selected NACE sectors below, the Group sees ongoing risks associated with COVID-19 and current geopolitical situation, including inflation, impaired supply chain, rise in commodity prices and other economic factors. The Group uses crisis PD for selected sectors where it assumes higher risks (connected with current situation). Major loans, the Group evaluates individually, including the classification (staging) and ECL (rating and LGD) of the given loan.

NACE sectors such as Accommodation, Food and beverage service activities, Travel agency, tour operator and other reservation related activities, Sports activities and amusement and recreation activities, Air transport were excluded from the list below due to better situation in those sectors during the year 2023.

## 4. CRITICAL 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

As some NACE sectors were excluded from the list of sectors with specific additional risks and also due to transfer of Russian subsidiaries' assets to assets as held for sale, managements overlays as at 30 June 2023 significantly decreased compared to 31 December 2022. The impact of the management adjustments was as follows:

| As at 30/06/2023 (in millions of CZK) | Loans | Debt securities at FVOCI |
|---|---|---|
| Loss allowances and provisions without management adjustments | 2 556 | 82 |
| Impact of management adjustments | 233 | 13 |
| Final amount of loss allowances and provisions after management adjustments | 2 789 | 95 |

| As at 31/12/2022 (in millions of CZK) | Loans | Debt securities at FVOCI |
|---|---|---|
| Loss allowances and provisions without management adjustments | 3 824 | 190 |
| Impact of management adjustments | 1 384 | 601 |
| Final amount of loss allowances and provisions after management adjustments | 5 208 | 791 |

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

A significant source of insecurities are insecurities even in the field of climate 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 related to ESG are categorized into two categories – risk of transition and physical risk.

**Transition risk**

With the world transforming into low-carbon economy, there is a risk associated with significant and fast changes in expectations of the concerning parties, which reflects in politics, changes in law and legislation. New regulations, innovative technology, change of mood on the market and social preferences can result in increase of costs and lower demand for non-green products and services.

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.

Assessment of exposure of the Group to transition risk on its own operations is rated low. This assessment is supported by appropriate financial strategy, risk management, solid capitalization and unceasing monitoring of the market and legislation.

## 4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

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

**Physical risk**

Physical risks come 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 amortization.

Given the Group’s geographic focus on Europe, as majority of the clients are in Europe, which is less affected by physical risks, we have considered this risk to be insignificant for the Group.

We assessed how climate risks could affect our financial position in the financial statements for the 6 month period ended 30 June 2023. 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 2023.

**Credit risk and impact on ECL**

The Group is considering to incorporate environmental sustainability, social responsibility and corporate governance (ESG) risks into the ECL measurement process. Any ESG risks are planned to be implemented into ECL calculation through PD and LGD ratios. Based on the current survey, the Group did not identify any impact on the amount of ECL in 2023 or 2022 and therefore did not include specific adjustments considering 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 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 environmental sustainability, social responsibility, and corporate governance (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.

### 4.6. Conflict in Ukraine

The Group operates its business in the Russian market through its subsidiary J&T Bank, a.o. and is also exposed to the development of the economic environment and financial markets in Ukraine. In February 2022, after recognizing the self-proclaimed Donetsk People's Republic and Luhansk People's Republic by the Russian Federation and its subsequent invasion of Ukraine, the military conflict escalated and spread to other regions of the country.

The course of the military conflict had a significantly negative impact on the political and economic environment in Ukraine, and significantly limited the ability of many entities to continue their normal activities. In response to the hostile actions of the Russian Federation against Ukraine, a number of countries, including the United States, the United Kingdom, and the European Union member states, introduced and/or expanded economic sanctions against selected Russian individuals and legal entities.

Among the sanctions are, among other things, freezing of assets, restrictions on trade and movement of capital, or travel bans.

Many foreign companies have limited or completely ceased their business operations in the Russian market. Further expansion of sanctions cannot be ruled out. The sanctions already in place have had or are expected to have a further damaging impact on economic uncertainty in Russia, including more volatile stock markets, weakening of the Russian ruble, reduced inflow of local and foreign direct investments, and significantly tighter credit availability. As a result, Russian entities are having difficulty accessing international equity and debt markets and may become increasingly dependent on state support for their operations. The long-term impacts of the imposed and any additional sanctions are difficult to determine.

## 4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

### 4.6. Conflict in Ukraine (continued)

Considering the above events, the Group has taken the following measures:

- the Group has ceased to provide new financing with risk in Ukraine and Russia;
- the Group has thoroughly analysed exposures from sectors potentially affected by the impact of the current situation and created higher provisions for them;
- the Group is taking steps to gradually phase out activities in the Russian market. The Group is processing activities to sale subsidiaries operating in Russia. Assets and liabilities of those subsidiaries are presented as held for sale as at 30 June 2023.

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 consolidated financial statements as at 30 June 2023.

## 5. CASH AND CASH EQUIVALENTS

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Cash in hand | 201 | 233 |
| Current accounts with central banks | 348 | 702 |
| Loans to central banks – reverse repurchase agreements | 104 134 | 73 091 |
| Term deposits in central bank to 3 months | 2 452 | 2 557 |
| Current accounts with banks | 562 | 399 |
| Expected credit losses (note 10) | - | - |
| ***Total*** | ***107 698*** | ***76 982*** |

## 6. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Obligatory minimum reserves in central banks | 6 629 | 756 |
| Subordinated loans to banks | 191 | 193 |
| Other receivables due from banks | 191 | 227 |
| Expected credit losses (note 10) | (2) | (3) |
| ***Total*** | ***7 009*** | ***1 173*** |

## 7. DERIVATIVES

| | 30/06/2023 Notional amount buy | 30/06/2023 Notional amount sell | 30/06/2023 Positive fair value | 30/06/2023 Negative fair value |
|---|---|---|---|---|
| FX derivatives | 166 594 | (162 679) | 6 523 | (3 236) |
| Cross currency derivatives | 6 018 | (6 066) | 198 | (242) |
| Other derivatives | 15 545 | (15 540) | 463 | (217) |
| ***Total*** | ***188 157*** | ***(184 285)*** | ***7 184*** | ***(3 695)*** |

| | 31/12/2022 Notional amount buy | 31/12/2022 Notional amount sell | 31/12/2022 Positive fair value | 31/12/2022 Negative fair value |
|---|---|---|---|---|
| FX derivatives | 189 900 | (186 034) | 6 021 | (3 527) |
| Cross currency derivatives | 6 090 | (6 129) | 129 | (195) |
| Other derivatives | 12 305 | (12 302) | 699 | (213) |
| ***Total*** | ***208 295*** | ***(204 465)*** | ***6 889*** | ***(3 935)*** |

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

## 8. SECURITIES

### (a) Financial assets for trading

| | 30/06/2023<br>Fair value | 31/12/2022<br>Fair value |
|---|---|---|
| ***Shares*** | | |
| - Level 1 | 771 | 906 |
| - Level 2 | 38 | 35 |
| - Level 3 | 1 | 2 |
| ***Bonds*** | | |
| - Level 1 | 6 481 | 3 098 |
| - Level 2 | 764 | 466 |
| - Level 3 | 2 070 | 1 300 |
| ***Allotment certificates*** | | |
| - Level 1 | 67 | 816 |
| - Level 2 | 56 | 4 |
| ***Total*** | ***10 248*** | ***6 627*** |

### (b) Financial assets mandatorily at fair value through profit or loss

| | 30/06/2023<br>Fair value | 31/12/2022<br>Fair value |
|---|---|---|
| ***Shares*** | | |
| - Level 3 | 733 | 65 |
| ***Allotment certificates*** | | |
| - Level 1 | 534 | 472 |
| - Level 2 | 1 731 | 3 114 |
| - Level 3 | 6 621 | 5 395 |
| ***Total*** | ***9 619*** | ***9 046*** |

### (c) Financial assets at fair value through other comprehensive income

| | 30/06/2023<br>Fair value | 31/12/2022<br>Fair value |
|---|---|---|
| ***Shares and other equity instruments*** | | |
| - Level 1 | 627 | 585 |
| - Level 2 | 168 | 270 |
| - Level 3 | 159 | 179 |
| ***Bonds*** | | |
| - Level 1 | 374 | 1 332 |
| - Level 3 | 3 831 | 4 316 |
| ***Total*** | ***5 159*** | ***6 682*** |

## 8. SECURITIES (continued)

### (c) Financial assets at fair value through other comprehensive income (continued)

In 2023, there were no sales of financial assets at fair value through other comprehensive income. In 2022, other equity instruments of CZK 29 million from the portfolio of the Group's financial assets were sold. Cumulative losses from this sale were CZK 37 million.

More detailed information on bonds, expected credit losses as at 30 June 2023 are disclosed in note 10.

### (d) Financial assets at amortised cost

| | Gross carrying amount | ECL Stage 1 | ECL Stage 2 | ECL Stage 3 | POCI | Net carrying amount |
|---|---|---|---|---|---|---|
| **Bonds** | | | | | | |
| - domestic | 4 508 | (2) | - | - | - | 4 506 |
| ***Total as at 30/06/2023*** | ***4 508*** | ***(2)*** | ***-*** | ***-*** | ***-*** | ***4 506*** |
| **Bonds** | | | | | | |
| - domestic | 4 532 | (2) | - | - | - | 4 530 |
| - foreign | 238 | - | | (10) | - | 228 |
| **Promissory notes** | 44 | - | - | (1) | - | 43 |
| ***Total as at 31/12/2022*** | ***4 814*** | ***(2)*** | ***-*** | ***(11)*** | ***-*** | ***4 801*** |

As at 31 December 2022, only foreign bonds and promissory notes were classified in Stage 3 as included only Russian bonds of CZK 238 million and prosisory notes of CZK 44 million.

### (e) Financial assets valued at Level 3

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

| | *01/01/2023* | Revalua-tion to OCI | Revalua-tion to profit or loss | Transfer from Level 2 | Addi-tions | Dispo-sals/ Decrease | Transfer to/from held for sale | FX move-ment | Interest income | *30/06/ 2023* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Financial assets for trading** | | | | | | | | | | |
| shares | 2 | - | (1) | - | - | - | - | - | - | 1 |
| bonds | 1 300 | - | (14) | 103 | 1 003 | (97) | - | (265) | 40 | 2 070 |
| **Financial instruments mandatorily at fair value through profit or loss** | | | | | | | | | | |
| shares | 65 | - | (7) | - | 734 | (4) | (44) | (11) | - | 733 |
| allotment certificates | 5 395 | - | 127 | - | 1 889 | (738) | - | (52) | - | 6 621 |
| **Financial assets at fair value through other comprehensive income** | | | | | | | | | | |
| shares | 179 | (2) | - | - | 4 | (22) | - | - | - | 159 |
| bonds | 4 316 | (384) | - | 954 | 325 | (38) | (1 191) | (251) | 100 | 3 831 |
| ***Total*** | ***11 257*** | ***(386)*** | ***105*** | ***1 057*** | ***3 955*** | ***(899)*** | ***(1 235)*** | ***(579)*** | ***140*** | ***13 415*** |

| | *01/01/2022* | Revalua-tion to OCI | Revalua-tion to profit or loss | Transfer from Level 2 | Addi-tions | Disposals/ Decrease | FX movement | Interest income | *31/12/ 2022* |
|---|---|---|---|---|---|---|---|---|---|
| **Financial assets for trading** | | | | | | | | | |
| shares | 4 | - | (2) | - | - | - | - | - | 2 |
| bonds | 1 033 | - | (51) | 208 | 523 | (409) | (27) | 23 | 1 300 |
| **Financial instruments mandatorily at fair value through profit or loss** | | | | | | | | | |
| shares | 59 | - | 3 | - | - | - | 3 | - | 65 |
| allotment certificates | 2 564 | - | (319) | 2 155 | 2 349 | (1 221) | (133) | - | 5 395 |
| **Financial assets at fair value through other comprehensive income** | | | | | | | | | |
| shares | 187 | - | - | - | 99 | (98) | (9) | - | 179 |
| bonds | 2 370 | (117) | - | 1 813 | 1 213 | (934) | (86) | 57 | 4 316 |
| ***Total*** | ***6 217*** | ***(117)*** | ***(369)*** | ***4 176*** | ***4 184*** | ***(2 662)*** | ***(252)*** | ***80*** | ***11 257*** |

## 8. SECURITIES (continued)

### (e) Financial assets valued at Level 3 (continued)

The approach to significant unobservable inputs used as at 30 June 2023 in measuring financial assets categorised as Level 3 in the fair value hierarchy was the same as described in the annual consolidated financial statements as at 31 December 2022.

## 9. LOANS AND OTHER ADVANCES TO CUSTOMERS AT AMORTISED COST

| **as at 30/06/2023** | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | **Gross carrying amount** |
|---|---|---|---|---|---|
| Loans and advances to customers and overdraft | 67 885 | 8 522 | 6 031 | 340 | 82 778 |
| Receivables from reverse repurchase agreements with customers | 2 588 | - | - | - | 2 588 |
| Margin lending (debits) | 11 979 | - | - | - | 11 979 |
| Receivables from provided finance leases | 264 | 23 | 548 | - | 835 |
| Other receivables | 1 012 | 30 | 6 | 2 | 1 050 |
| **Gross carrying amount** | ***83 728*** | ***8 575*** | ***6 585*** | ***342*** | ***99 230*** |
| ***ECL*** | ***(520)*** | ***(204)*** | ***(1 925)*** | ***23*** | ***(2 626)*** |
| **Net carrying amount** | ***83 208*** | ***8 371*** | ***4 660*** | ***365*** | ***96 604*** |

| **as at 31/12/2022** | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | **Gross carrying amount** |
|---|---|---|---|---|---|
| Loans and advances to customers and overdraft | 72 998 | 9 681 | 6 167 | 297 | 89 143 |
| Receivables from reverse repurchase agreements with customers | 2 490 | - | - | - | 2 490 |
| Margin lending (debits) | 16 078 | - | - | - | 16 078 |
| Receivables from provided finance leases | 760 | 26 | 321 | - | 1 107 |
| Other receivables | 1 893 | 2 | 125 | 110 | 2 130 |
| **Gross carrying amount** | ***94 219*** | ***9 709*** | ***6 613*** | ***407*** | ***110 948*** |
| ***ECL*** | ***(981)*** | ***(424)*** | ***(3 412)*** | ***18*** | ***(4 799)*** |
| **Net carrying amount** | ***93 238*** | ***9 285*** | ***3 201*** | ***425*** | ***106 149*** |

## 9. LOANS AND OTHER ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

**Forbearance – credit risk exposure**

| **as at 30/06/2023** | **Gross carrying amount** | **ECL** | **Net carrying amount** |
|---|---|---|---|
| Performing exposures | 92 563 | (689) | 91 874 |
| *- of which performing exposures forborne* | *4 249* | *(33)* | *4 216* |
| Non-performing exposures | 6 667 | (1 937) | 4 730 |
| *- of which non-performing exposures forborne* | *3 684* | *(1 076)* | *2 608* |
| ***Total*** | ***99 230*** | ***(2 626)*** | ***96 604*** |

| **as at 31/12/2022** | **Gross carrying amount** | **ECL** | **Net carrying amount** |
|---|---|---|---|
| Performing exposures | 104 190 | (1 371) | 102 819 |
| *- of which performing exposures forborne* | *6 527* | *(152)* | *6 375* |
| Non-performing exposures | 6 758 | (3 428) | 3 330 |
| *- of which non-performing exposures forborne* | *2 162* | *(939)* | *1 223* |
| ***Total*** | ***110 948*** | ***(4 799)*** | ***106 149*** |

| | **2023** | **2022** |
|---|---|---|
| Share of exposures forborne in the total loans provided to customers | 7.99% | 7.83% |
| Share of non-performing exposures in total loans to customers | 6.72% | 6.09% |

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

| | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | **Total** |
|---|---|---|---|---|---|
| ***Total as at 1 January 2023*** | ***3*** | - | - | - | ***3*** |
| Net change in credit risk | (1) | - | - | - | (1) |
| ***Total as at 30 June 2023*** | ***2*** | **-** | **-** | **-** | ***2*** |

| | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | **Total** |
|---|---|---|---|---|---|
| ***Total as at 1 January 2022*** | ***2*** | - | - | - | ***2*** |
| Net change in credit risk | 3 | - | - | - | 3 |
| Financial assets derecognised during the period | (2) | - | - | - | (2) |
| ***Total as at 31 December 2022*** | ***3*** | **-** | **-** | **-** | ***3*** |

## 10. EXPECTED CREDIT LOSSES (continued)

### b) Loans and advances to customers at amortised cost

| | 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 | 6 | (6) | - | - | - |
| - transfers to Stage 2 | (100) | 100 | - | - | - |
| - transfers to Stage 3 | (6) | (15) | 21 | - | - |
| Net change in credit risk | (409) | (258) | 975 | 2 | 310 |
| Changes due to modification without derecognition | 27 | 2 | 207 | - | 236 |
| New financial assets originated or purchased | 93 | - | - | 1 | 94 |
| Unwind of discount | - | - | (39) | 4 | (35) |
| Financial assets derecognised during the period | (55) | (37) | (147) | (3) | (242) |
| Use of allowances | - | - | (1 521) | (9) | (1 530) |
| Foreign exchange rate movements | (17) | (6) | (225) | - | (258) |
| Transfer to held for sale | - | - | (748) | - | (748) |
| ***Total as at 30 June 2023*** | ***520*** | ***204*** | ***1 925*** | ***(23)*** | ***2 626*** |

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| ***Total as at 1 January 2022*** | ***371*** | ***479*** | ***3 282*** | ***52*** | ***4 184*** |
| Transfers: | | | | | |
| - transfers to Stage 1 | 34 | (34) | - | - | - |
| - transfers to Stage 2 | (102) | 140 | (38) | - | - |
| - transfers to Stage 3 | (113) | (46) | 159 | - | - |
| Net change in credit risk | 315 | (32) | 1 899 | (70) | 2 112 |
| Changes due to modification without derecognition | 84 | 3 | 83 | - | 170 |
| New financial assets originated or purchased | 426 | - | - | - | 426 |
| Unwind of discount | - | - | 36 | - | 36 |
| Financial assets derecognised during the period | (20) | (25) | (554) | - | (599) |
| Use of allowances | - | (42) | (645) | - | (687) |
| Disposal of subsidiaries | - | - | (646) | - | (646) |
| Foreign exchange rate movements | (14) | (19) | (164) | - | (197) |
| ***Total as at 31 December 2022*** | ***981*** | ***424*** | ***3 412*** | ***(18)*** | ***4 799*** |

Use of allowances for the half-year ended 30 June 2023 amounted to CZK 1 530 million (2022: CZK 687 million), mainly comprising the use of an allowance for loans of CZK 1 560 million (2022: CZK 584 million), to which allowances of CZK 1 530 million (2022: CZK 610 million) were established before the time of sale.

## 10. EXPECTED CREDIT LOSSES (continued)

### c) Financial assets at fair value through other comprehensive income

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| ***Total as at 1 January 2023*** | ***35*** | ***112*** | ***631*** | ***-*** | ***778*** |
| Transfers: | | | | | |
| - transfers to Stage 3 | - | (4) | 4 | - | - |
| Net change in credit risk | (6) | 32 | 264 | - | 290 |
| Foreign exchange rate movements | - | (2) | (124) | - | (126) |
| ***Total as at 30 June 2023*** | ***29*** | ***138*** | ***775*** | ***-*** | ***942*** |

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| ***Total as at 1 January 2022*** | ***51*** | ***81*** | ***-*** | ***-*** | ***132*** |
| Transfers: | | | | | |
| - transfers to Stage 2 | (75) | 75 | - | - | - |
| - transfers to Stage 3 | (5) | - | 5 | - | - |
| Net change in credit risk | (11) | (41) | 627 | - | 575 |
| New financial assets originated or purchased | 77 | - | - | - | 77 |
| Financial assets derecognised during the period | (1) | - | (2) | - | (3) |
| Foreign exchange rate movements | (1) | (3) | 1 | - | (3) |
| ***Total as at 31 December 2022*** | ***35*** | ***112*** | ***631*** | ***-*** | ***778*** |

### d) Financial assets at amortised cost

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| ***Total as at 1 January 2023*** | ***2*** | ***-*** | ***11*** | ***-*** | ***13*** |
| Transfers: | | | | | |
| - transfers to Stage 3 | - | - | - | - | - |
| Net change in credit risk | (1) | - | 70 | - | 69 |
| Foreign exchange rate movements | - | - | (11) | - | (11) |
| Transfer to held for sale | - | - | (69) | - | (69) |
| ***Total as at 30 June 2023*** | ***1*** | ***-*** | ***1*** | ***-*** | ***2*** |

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| ***Total as at 1 January 2022*** | ***2*** | ***-*** | ***-*** | ***-*** | ***2*** |
| Transfers: | | | | | |
| - transfers to Stage 3 | (1) | - | 1 | - | - |
| Net change in credit risk | 1 | - | 11 | - | 12 |
| Foreign exchange rate movements | - | - | (1) | - | (1) |
| ***Total as at 31 December 2022*** | ***2*** | ***-*** | ***11*** | ***-*** | ***13*** |

## 10. EXPECTED CREDIT LOSSES (continued)

### e) Financial commitments and guarantees

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| ***Total as at 1 January 2023*** | ***59*** | ***7*** | ***92*** | ***-*** | ***158*** |
| Transfers | | | | | |
| - transfers to Stage 2 | (13) | 13 | - | - | - |
| - transfers to Stage 3 | (2) | - | 2 | - | - |
| Net change in credit risk | (23) | (12) | (4) | 9 | (30) |
| New financial assets originated or purchased | 46 | - | - | - | 46 |
| Financial assets derecognised during the period | (5) | (3) | - | - | (8) |
| Foreign exchange rate movements | (1) | - | (2) | - | (3) |
| ***Total as at 30 June 2023*** | ***61*** | ***5*** | ***88*** | ***9*** | ***163*** |

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| ***Total as at 1 January 2022*** | ***22*** | ***3*** | ***79*** | ***-*** | ***104*** |
| Transfers | | | | | |
| - transfers to Stage 1 | 1 | (1) | - | - | - |
| - transfers to Stage 2 | (25) | 32 | (7) | - | - |
| - transfers to Stage 3 | (45) | - | 45 | - | - |
| Net change in credit risk | (70) | (27) | (21) | - | (118) |
| New financial assets originated or purchased | 178 | - | - | - | 178 |
| Financial assets derecognised during the period | (1) | - | (1) | - | (2) |
| Foreign exchange rate movements | (1) | - | (3) | - | (4) |
| ***Total as at 31 December 2022*** | ***59*** | ***7*** | ***92*** | ***-*** | ***158*** |

### f) Other assets

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| ***Total as at 1 January 2023*** | ***-*** | ***6*** | ***245*** | ***-*** | ***251*** |
| Transfers: | | | | | |
| - transfers to Stage 3 | (83) | - | 83 | - | - |
| Net change in credit risk | - | 17 | - | - | 17 |
| New financial assets originated or purchased | 83 | - | - | - | 83 |
| Financial assets derecognised during the period | - | - | (98) | - | (98) |
| Foreign exchange rate movements | - | (3) | (46) | - | (49) |
| Transfer to held for sale | - | (18) | (179) | - | (197) |
| ***Total as at 30 June 2023*** | ***-*** | ***2*** | ***5*** | ***-*** | ***7*** |

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| ***Total as at 1 January 2022*** | ***-*** | ***24*** | ***-*** | ***-*** | ***24*** |
| Transfers: | | | | | |
| - transfers to Stage 3 | - | (16) | 16 | - | - |
| Net change in credit risk | - | 1 | 259 | - | 260 |
| Financial assets derecognised during the period | - | - | (4) | - | (4) |
| Write-offs/Use of allowances | - | (4) | (4) | - | (8) |
| Foreign exchange rate movements | - | 1 | (22) | - | (21) |
| ***Total as at 31 December 2022*** | ***-*** | ***6*** | ***245*** | ***-*** | ***251*** |

## 11. PROPERTY, PLANT AND EQUIPMENT

| | | | Right-of-use assets | | |
|---|---|---|---|---|---|
| | **Land and buildings** | **Fixtures, fittings and equipment** | **Land and buildings** | **Equipment - cars** | **Total** |
| **30/06/2023** | | | | | |
| Acquisition cost | 2 077 | 960 | 296 | 24 | 3 357 |
| Accumulated depreciation | (137) | (196) | (152) | (12) | (497) |
| **Net book value** | ***1 940*** | ***764*** | ***144*** | ***12*** | ***2 860*** |
| | | | | | |
| **31/12/2022** | | | | | |
| Acquisition cost | 2 226 | 973 | 319 | 17 | 3 535 |
| Accumulated depreciation | (144) | (162) | (147) | (10) | (463) |
| **Net book value** | ***2 082*** | ***811*** | ***172*** | ***7*** | ***3 072*** |

## 12. OTHER ASSETS

| | **30/06/2023** | **31/12/2022** |
|---|---|---|
| Other trade receivables | 360 | 399 |
| Receivables from customers from securities trading | 3 138 | 1 948 |
| Restricted cash | - | 798 |
| Other receivables | 103 | 436 |
| Prepayments and accrued income | 687 | 664 |
| Advance payments – other | 572 | 79 |
| Other tax receivables | 1 | 2 |
| Allowances for impairment of other assets | (7) | (251) |
| ***Total*** | ***4 854*** | ***4 075*** |

Receivables from customers from securities trading increased in 2023 due to higher volume of customer trades around the half-year-end compared with the end of 2022.

## 13. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Investment securities measured at fair value through profit or loss | 44 | - |
| Investment securities measured at fair value through other comprehensive income | 1 290 | - |
| Investment securities measured at amortised cost | 158 | - |
| Disposal group held for sale | 32 | 25 |
| Loans and advances to banks | 12 | - |
| Loans and advances to customers | 609 | - |
| Trade receivables and other assets | 399 | - |
| Current tax assets | 2 | - |
| Investment property | 189 | - |
| Intangible assets | 5 | - |
| Property, plant and equipment | 80 | 10 |
| Deferred tax assets | 1 | - |
| ***Total assets*** | ***2 821*** | *35* |
| Deposits and loans from banks | 195 | - |
| Deposits and loans from customers | 2 388 | - |
| Other liabilities | 62 | - |
| Provisions | 11 | - |
| Deferred tax liabilities | 39 | - |
| ***Total liabilities*** | ***2 695*** | **-** |

As at 31 December 2022, the position held for sale was presented especially by the Group's share on the fund J&T Ostravice Active Life UPF. The project is in the last phase and sale of individual parcels is planned to be before the end of the year 2023.

The subsidiaries J&T Bank, a.o., TERCES MANAGEMENT LIMITED and Interznanie OAO were initially classified as held for sale as at 30 June 2023 as the Group actively negotiates their sale. The Group consideres all relevant factors that would impact the subsidiaries' net assets value on the Group level, including restrictions for sales of the real estate assets located in Russina for foreign states. The ownership interest of the Bank in those subsidiaries equals to the net assets value of those subsidiaries on consolidated level.

## 14. DEPOSITS AND LOANS FROM BANKS

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Deposits from banks | 8 172 | 6 928 |
| Loans from banks – repurchase agreements | 12 555 | 3 602 |
| ***Total*** | ***20 727*** | ***10 530*** |

## 15. DEPOSITS FROM CUSTOMERS

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Current accounts | 34 230 | 29 579 |
| Term deposits and escrow accounts | 147 107 | 134 261 |
| Other liabilities | 25 | 182 |
| ***Total*** | ***181 362*** | ***164 022*** |

## 16. SUBORDINATED DEBT

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Subordinated debt – term deposits | 787 | 256 |
| ***Total*** | ***787*** | ***256*** |

| | 2023 | 2022 |
|---|---|---|
| Interest expense for subordinated debt: | 21 | 6 |
| *of which interest paid* | *3* | *3* |

The subordinated debt – term deposits from customers are due up to 2028.

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

## 17. OTHER LIABILITIES

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Payables to clients from securities trading | 8 405 | 8 207 |
| Estimated payables, accruals and deferred income | 785 | 404 |
| Trade payables | 82 | 363 |
| Payables to employees | 23 | 65 |
| Social security liabilities | 12 | 28 |
| Lease liabilities | 157 | 183 |
| Other tax liabilities | 60 | 98 |
| Other liabilities | 402 | 332 |
| ***Total*** | ***9 926*** | ***9 680*** |

## 18. PROVISIONS

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Provision for employee bonuses | 1 137 | 1 312 |
| Other provisions | 4 | 2 |
| Provision for loyalty programmes - customers | 27 | 28 |
| Provision for off-balance sheet items (loan commitments and guarantees) | 163 | 158 |
| *Stage 1* | *61* | *59* |
| *Stage 2* | *5* | *7* |
| *Stage 3* | *88* | *92* |
| *POCI* | *9* | *-* |
| Provision for loyalty programmes - employees | 9 | 8 |
| ***Total*** | ***1 340*** | ***1 508*** |

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

## 18. PROVISIONS (continued)

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 01/01/2023 | Additions/ Creation | Use/ Release | Foreign exchange differences | Balance as at 30/06/2023 |
|---|---|---|---|---|---|
| Employee bonuses | 1 312 | 228 | (399) | (4) | 1 137 |
| Other provisions | 2 | 1 | (1) | 2 | 4 |
| Loyalty programmes – customers | 28 | - | - | (1) | 27 |
| Off-balance sheet items | 158 | 46 | (38) | (3) | 163 |
| Loyalty programmes – employees | 8 | 5 | (3) | (1) | 9 |
| ***Total*** | ***1 508*** | ***280*** | ***(441)*** | ***(6)*** | ***1 340*** |

## 19. EQUITY

| The share capital has been fully paid up and consists of: | 30/06/2023 | 30/06/2022 |
|---|---|---|
| 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*** |

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 will be approved at the general meeting. 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 a general meeting.

### Retained earnings

Retained earnings are distributable to the Group's shareholders and are subject to the approval of the shareholders' general meeting. As at 30 June 2023, retained earnings amounted to CZK 16 150 million (30/06/2022: CZK 12 564 million). For details related to retained earnings, refer to the Consolidated statement of changes in equity.

### Capital funds

Capital funds consist of a reserve fund, non-distributable fund, statutory fund and other capital funds.

During the year 2022 parent company J&T FINANCE GROUP SE contributed the payment to other capital funds amounted to CZK 2 913 million.

As at 30 June 2023, capital funds amounted to CZK 2 977 million (30/06/2022: CZK 64 million).

### 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 2023, amounting to CZK 1 901 million (30/06/2022: CZK -1 476 million).

## 19. EQUITY (continued)

### Other equity instruments and Perpetuity fund

On 19 June 2014, the Czech National Bank 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 Czech National Bank 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 Czech National Bank 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 Czech National Bank 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 Czech National Bank approved the issue prospectus for revenue certificates with the total nominal amount of EUR 200 million and discretionary yield of 7 % p.a.

As at 30 June 2023, the volume of issued certificates was CZK 8 868 million (30/06/2022: CZK 6 371 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 2023, the Bank transferred another CZK 772 million (30/06/2022: CZK 326 million) within the distribution of profit for 2022. 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 2023, proceeds of CZK 328 million (30/06/2022: CZK 160 million) was distributed from this fund. As at 30 June 2023, the special-purpose capital fund for the payment of yield from certificates amounted to CZK 625 million (30/06/2022: CZK 340 million).

## 20. NON-CONTROLLING INTEREST

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Interznanie, OAO | (4) | (3) |
| TERCES MANAGEMENT LIMITED | 5 | 5 |
| AMISTA investiční společnost, a.s. | 5 | 11 |
| ***Total*** | ***6*** | ***13*** |

## 21. INCOME TAX

Income tax for 2023 was calculated in accordance with Czech tax regulations at the rate of 19 % (2022: 19 %).

The Slovak branch and German branch pay tax in accordance with Slovak and German tax regulations. The tax paid by the branch in Slovakia is offset against the income tax for the Group as a whole paid in the Czech Republic. On the tax paid by the branch in Germany is applied extraction method. The income tax rate in Slovakia is 21 % (2022: 21 %) and in Germany is 15 % (2022: 15 %).
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 2023 is 18 % (2022: 18 %).

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

## 21. INCOME TAX (continued)

**Reconciliation of effective tax rate:**

| | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| Profit before tax | **4 023** | **1 371** |
| Income tax using income tax rate (19%) | 765 | 260 |
| Reconciliation: | | |
| Effect of tax rates in foreign jurisdictions | 4 | (11) |
| Non-taxable income | (66) | - |
| Non-deductible expenses | 207 | 51 |
| Other | - | (5) |
| ***Total income tax*** | ***910*** | ***297*** |
| Effective tax rate | 22.6% | 21.7% |
| *of which:* | | |
| *Income tax - deferred* | *132* | *(111)* |
| *Income tax - current* | *778* | *408* |

## 22. DEFERRED TAX ASSET

The following deferred tax assets and liabilities have been recognised:

| | Deferred tax asset | |
|---|---|---|
| | 30/06/2023 | 31/12/2022 |
| Difference between the carrying and tax value of property, plant and equipment and intangible assets | 8 | 7 |
| Financial assets at fair value through other comprehensive income | 55 | 41 |
| Investment property | (4) | (58) |
| Allowances for credit receivables | 86 | 197 |
| Provision for bonuses and untaken holidays | 208 | 232 |
| Other temporary differences | 27 | 31 |
| ***Net deferred tax asset*** | ***380*** | ***450*** |

Total deferred tax of CZK 380 million (2022: CZK 450 million) comprises a net deferred tax liability of CZK 6 million (2022: CZK 61 million) and a net deferred tax asset of CZK 386 million (2022: CZK 511 million) arising at the level of the Bank and other companies of the Group.
The deferred tax asset or liability is calculated using the 2023 corporate income tax rate, i.e. 19%; 18% for J&T banka d.d., and 21% for the Bank's Slovak branch (2022: 19%, 18% and 21%).

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

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Deferred tax liability, net as at 31 December | 450 | 244 |
| Deferred tax expense/revenue in the period (note 22) | (132) | 178 |
| Deferred tax recognised in equity | 14 | 32 |
| Additions from business combination | - | 5 |
| Transfer to held for sale | 39 | - |
| Foreign exchange differences | 9 | (9) |
| ***Deferred tax asset*** | ***380*** | ***450*** |

## 22. DEFERRED TAX ASSET (continued)

Deferred tax assets were not recognised for:

| | 2023 | 2022 |
|---|---|---|
| Tax losses carried forward | 5 | 476 |

Expiration of unrecognised tax losses is as follows:

| | 2023 | After 2023 |
|---|---|---|
| Tax loss for 2022 | - | 476 |
| Tax loss for 2023 | - | 5 |

Deferred tax asset for tax losses carried forward is only recognised to the extent that it is probable that taxable profit will be available in the future.

## 23. INTEREST INCOME

| | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| *Interest income from:* | | |
| Due from financial institutions | 185 | 91 |
| Loans and advances to customers | 4 141 | 2 487 |
| Reverse repurchase transactions | 3 362 | 2 038 |
| Bonds and other fixed income securities | 398 | 350 |
| ***Total*** | ***8 086*** | ***4 966*** |

Interest income by asset classes:

| | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| *Interest income from:* | | |
| Financial assets at fair value through profit or loss: | | |
| - financial assets held for trading | 158 | 75 |
| - finance lease | 87 | *57* |
| ***Other interest income*** | ***245*** | ***132*** |
| Financial assets at FVOCI | 197 | 205 |
| Financial assets at amortised cost | 42 | 71 |
| Loans and other advances at amortised cost | 7 601 | 4 533 |
| ***Interest income calculated using effective interest rate*** | ***7 841*** | ***4 834*** |
| ***Total*** | ***8 086*** | ***4 966*** |

## 24. INTEREST EXPENSE

| | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| *Interest expense on:* | | |
| Deposits and loans from banks | (152) | (55) |
| Deposits from customers | (3 390) | (1 716) |
| Lease liabilities | (8) | (3) |
| Repurchase transactions | (128) | (108) |
| ***Total*** | ***(3 678)*** | ***(1 882)*** |

| Interest expense by liability classes: | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| *Interest expense on:* | | |
| Financial liabilities at amortised cost | (3 678) | (1 882) |
| ***Total*** | ***(3 678)*** | ***(1 882)*** |

## 25. 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 | | | | | | |
|---|---|---|---|---|---|---|---|
| **6 months ended 30/06/2023** | **CR** | **SR** | **RU** | **HR** | **Asset management** | **Real estate** | **Total** |
| 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 | 4 | 2 | 4 | - | 24 |
| ***Total*** | **609** | **56** | ***4*** | ***2*** | ***557*** | **-** | ***1 228*** |

| | Banking | | | | | | |
|---|---|---|---|---|---|---|---|
| **6 months ended 30/06/2022** | **CR** | **SR** | **RU** | **HR** | **Asset management** | **Real estate** | **Total** |
| issuance and administration of securities | 153 | 29 | - | - | - | - | 182 |
| trading with financial instruments | 128 | 13 | - | - | - | - | 141 |
| assets management | 42 | - | - | - | - | - | 42 |
| assets administration and custody | 59 | - | - | - | - | - | 59 |
| management and other fees from funds | 74 | 6 | - | - | 317 | - | 397 |
| lending activities | 46 | 5 | 1 | - | - | - | 52 |
| foreign exchange services | 42 | 30 | - | - | - | - | 72 |
| others | 20 | 2 | 6 | 2 | - | - | 30 |
| ***Total*** | **564** | **85** | ***7*** | ***2*** | ***317*** | **-** | ***975*** |

## 26. FEE AND COMMISSION EXPENSE

| | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| *Fee and commission expense on:* | | |
| transactions in financial instruments | (96) | (103) |
| administration, custody and safekeeping of valuables | (38) | (27) |
| mediation of payment transactions | (14) | (16) |
| other | (19) | (12) |
| ***Total*** | ***(167)*** | ***(158)*** |

## 27. NET INCOME/(LOSS) FROM TRADING AND INVESTMENTS

| | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| Realised/unrealised gains/(losses) on securities | 294 | (181) |
| Net gains/(losses) on derivative operations | 1 492 | 143 |
| Net gains/(losses) from foreign currency translation | (618) | (391) |
| Dividend income | 95 | 28 |
| ***Total*** | ***1 263*** | ***(401)*** |

| | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| Financial assets and liabilities at fair value through profit or loss: | | |
| - those held for trading | 1 706 | (202) |
| - financial assets at fair value | 1 | - |
| - financial assets mandatorily at fair value | 97 | 250 |
| Financial assets at fair value through other comprehensive income | 76 | (58) |
| Foreign exchange differences | (618) | (391) |
| ***Total*** | ***1 263*** | ***(401)*** |

## 28. OTHER OPERATING INCOME

| | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| Revenues from services and consulting | 25 | 14 |
| Rental income from investment property | 15 | 15 |
| Income from rendered operating leases | 1 | 1 |
| Rental income | 2 | 2 |
| Profit from disposal of fixed assets | - | 5 |
| Revenue from the sale of electricity | 173 | 113 |
| Other revenues | 83 | 41 |
| ***Total*** | ***299*** | ***190*** |

## 29. PERSONNEL EXPENSES

| | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| Wages and salaries | (617) | (505) |
| Remuneration paid to key management personnel | (100) | (96) |
| Compulsory social security contributions | (242) | (188) |
| Other social expenses | (69) | (50) |
| ***Total*** | ***(1 028)*** | ***(839)*** |
| ***Average number of employees during the reporting period*** | ***1 023*** | ***914*** |

As at 31 June 2023, the board of directors of the Group's parent company had 6 members (2022: 6).

## 30. OTHER OPERATING EXPENSES

| | 6 months ended 30/06/2023 | 6 months ended 30/06/2022 |
|---|---|---|
| Rental expense | (84) | (75) |
| *of which recognition exemption applied under IFRS 16* | | |
| - *lease of low-value assets* | (32) | (28) |
| - *short-term leases* | (18) | (16) |
| - *variable rent payments* | (27) | (26) |
| Contributions to Deposit Insurance Fund | (69) | (57) |
| Contributions to Crisis Resolution Fund | (143) | (122) |
| Taxes and charges | (45) | (25) |
| ***Operating costs:*** | | |
| Outsourcing | (449) | (306) |
| Advertising expenses and promotion | (128) | (116) |
| Repairs and maintenance - IS, IT | (23) | (19) |
| Audit, legal and tax consulting | (54) | (31) |
| - *statutory audit of the annual financial statements* | *(17)* | *(10)* |
| - *other assurance services* | *(4)* | *(2)* |
| - *tax advisory* | *(2)* | *(3)* |
| - *other services* | *(23)* | *(17)* |
| Expenses related to rented premises | (7) | (8) |
| Consulting expenses | (17) | (30) |
| Sponsorship and gifts | (4) | (11) |
| Communication expenses | (14) | (13) |
| Materials | (9) | (8) |
| Transport and accommodation, travel expenses | (7) | (4) |
| Expenses related to investment property | (87) | (4) |
| Other operating expenses | (187) | (151) |
| ***Total*** | ***(1 327)*** | ***(982)*** |

Other operating expenses of CZK 187 million as at 30 June 2023 (2022: CZK 151 million) include many sundry items that are not significant on an individual basis.

## 31. FINANCIAL COMMITMENTS AND CONTINGENCIES

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total 2023 |
|---|---|---|---|---|---|
| Unused credit lines | 7 869 | 21 | 620 | 16 | ***8 526*** |
| Granted guarantees | 3 003 | 141 | 67 | - | ***3 211*** |

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total 2022 |
|---|---|---|---|---|---|
| Unused credit lines | 4 638 | 147 | 608 | - | ***5 393*** |
| Granted guarantees | 3 058 | 320 | 90 | - | ***3 468*** |

## 32. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

| | 30/06/2023 | 31/12/2022 |
|---|---|---|
| **Assets under management** | | |
| Assets under management in own-managed funds | 72 549 | 65 858 |
| Assets under investment management with right of disposal | 42 289 | 38 799 |
| **Assets under administration** | | |
| Other assets under administration | 79 145 | 76 141 |
| ***Total*** | ***193 983*** | ***180 798*** |

## 33. SEGMENT INFORMATION

### (a) Business segments

| **6 months ended 30/06/2023** | **CR** | **SR** | **Banking RU** | **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*** |

| **6 months ended 30/06/2022** | **CR** | **SR** | **Banking RU** | **HR** | **DE** | **Asset manage-ment** | **Real estate** | **Leasing** | **Other** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|
| Net interest income | 2 861 | (63) | 179 | 25 | - | 41 | (5) | 46 | - | 3 084 |
| Inter-segment | (306) | 351 | (2) | (3) | - | - | 2 | (25) | (17) | - |
| Net fee and commission income | 420 | 80 | 3 | 1 | - | 313 | - | - | - | 817 |
| Inter-segment | 115 | - | - | 6 | - | (113) | - | (2) | - | 6 |
| Net income/(loss) from trading and investments | (260) | 46 | (201) | 4 | - | (6) | *59* | *1* | (44) | (401) |
| Inter-segment | (359) | (13) | - | - | - | - | *(6)* | *24* | - | (354) |
| Other operating income | (38) | - | 14 | 5 | - | (3) | *73* | *7* | 132 | 190 |
| Inter-segment | (1) | 4 | (13) | - | - | (3) | *13* | - | 6 | 6 |
| **Operating income** | ***2 983*** | ***63*** | ***(5)*** | ***35*** | ***-*** | ***345*** | ***127*** | ***54*** | ***88*** | ***3 690*** |
| Other significant non-cash items | | | | | | | | | | - |
| Net change in loss allowances for financial instruments | 63 | 10 | (445) | (25) | - | (40) | - | - | 1 | (436) |
| Net loss from changes of loans and other receivables | (3) | - | - | - | - | - | - | - | - | (3) |
| Profit from interests in joint ventures and investments in associates | - | - | - | - | - | - | *57* | - | 2 | 59 |
| ***Profit before tax*** | ***1 726*** | ***(152)*** | ***(582)*** | ***(29)*** | ***-*** | ***221*** | ***131*** | ***27*** | ***30*** | ***1 371*** |
| | | | | | - | | | | | - |
| ***Asset segment*** | **209 975** | **4 343** | **3 388** | **2 094** | **-** | **797** | **3 013** | **2 279** | **1 364** | **227 253** |
| ***Liability segment*** | **158 458** | **25 583** | **3 151** | **1 733** | **-** | **156** | **1 070** | **206** | **1 038** | **191 395** |

## 33. 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 2023**

| | Czech Republic | Slovakia | Other EU countries | Other countries | Total |
|---|---|---|---|---|---|
| Cash, cash equivalents and due from banks and other financial institutions | 111 348 | 2 562 | 793 | 4 | 114 707 |
| Securities and positive fair value of derivatives | 21 588 | 4 534 | 10 380 | 213 | 36 716 |
| Loans and other advances to customers | 29 786 | 7 074 | 49 808 | 9 937 | 96 604 |
| ***Total*** | ***162 722*** | ***14 170*** | ***60 981*** | ***10 154*** | ***248 027*** |
| Deposits and loans from banks | 2 325 | 96 | 18 306 | - | 20 727 |
| Deposits from customers | 124 648 | 31 433 | 24 025 | 1 256 | 181 362 |
| Negative fair value of derivatives | 1 531 | 10 | 2 154 | - | 3 695 |
| Issued bonds | 313 | - | - | - | 313 |
| Subordinated debt | 737 | 50 | - | - | 787 |
| ***Total*** | ***129 554*** | ***31 589*** | ***44 485*** | ***1 256*** | ***206 884*** |

**Statement of financial position as at 31 December 2022**

| | Czech Republic | Slovakia | Other EU countries | Other countries | Total |
|---|---|---|---|---|---|
| Cash, cash equivalents and due from banks and other financial institutions | 74 040 | 3 195 | 911 | 9 | 78 155 |
| Securities and positive fair value of derivatives | 16 584 | 4 075 | 11 459 | 1 927 | 34 045 |
| Loans and other advances to customers | 28 836 | 9 754 | 56 725 | 10 834 | 106 149 |
| ***Total*** | ***119 460*** | ***17 024*** | ***69 095*** | ***12 770*** | ***218 349*** |
| Deposits and loans from banks | 2 126 | 343 | 7 916 | 145 | 10 530 |
| Deposits from customers | 110 821 | 24 936 | 24 535 | 3 730 | 164 022 |
| Negative fair value of derivatives | 1 546 | 10 | 2 297 | 82 | 3 935 |
| Issued bonds | 301 | - | - | - | 301 |
| Subordinated debt | 205 | 51 | - | - | 256 |
| ***Total*** | ***114 999*** | ***25 340*** | ***34 748*** | ***3 957*** | ***179 044*** |

## 33. SEGMENT INFORMATION (continued)

### (b) Geographical segments (continued)

### 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 | 401 | 4 408 |
| Net fee and commission income | 725 | 209 | 126 | 209 | 1 061 |
| Net income/(loss) from trading and investments | (672) | (64) | 1 486 | (64) | 1 263 |
| Other operating income | 241 | 16 | 10 | 16 | 299 |
| ***Operating income*** | ***2 264*** | ***562*** | ***3 131*** | ***562*** | ***7 031*** |

### Statement of comprehensive income for the 6 month period ended 30 June 2022

| | Czech Republic | Slovakia | Other EU countries | Other countries | Total |
|---|---|---|---|---|---|
| Net interest income | 1 688 | 97 | 962 | 337 | 3 084 |
| Net fee and commission income | 484 | 122 | 204 | 7 | 817 |
| Net income/(loss) from trading and investments | 16 | (359) | 820 | (878) | (401) |
| Other operating income | 140 | 11 | 14 | 25 | 190 |
| ***Operating income*** | ***2 328*** | ***(129)*** | ***2 000*** | ***(509)*** | ***3 690*** |

## 34. RELATED PARTIES: GENERAL

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 30/06/2023** | **I.** | **II.** | **III.** | **IV.** | **V.** | **Total** |
|---|---|---|---|---|---|---|
| Receivables | 15 | 274 | 2 020 | 170 | 1 470 | 3 949 |
| Liabilities | 1 495 | 1 024 | 2 291 | 20 | 1 036 | 5 866 |
| Granted guarantees | - | - | - | - | 43 | 43 |
| Received guarantees | 1 489 | 29 | 240 | - | 152 | 1 910 |
| Provided loan commitments | 1 400 | 40 | 118 | - | 488 | 2 046 |
| Received collateral | - | 85 | 170 | - | 241 | 496 |
| **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 |

| **On-balance and off-balance sheet items as at 31/12/2022** | **I.** | **II.** | **III.** | **IV.** | **V.** | **Total** |
|---|---|---|---|---|---|---|
| Receivables | 96 | 159 | 1 526 | 160 | 1 604 | 3 545 |
| Liabilities | 505 | 51 | 1 251 | 20 | 759 | 2 586 |
| Granted guarantees | - | - | - | - | 6 | 6 |
| Received guarantees | - | - | 153 | - | - | 153 |
| Provided loan commitments | 1 375 | 1 | 97 | - | 207 | 1 680 |
| Received collateral | - | 95 | - | 160 | 70 | 325 |
| **Profit / loss items for 6 month period ended 30/06/2022** | | | | | | |
| Expenses | (1 733) | - | (1 509) | (1) | (20) | (3 263) |
| Income | 1 756 | 3 | 1 228 | 124 | 160 | 3 271 |

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.

## 34. RELATED PARTIES: GENERAL (continued)

**Receivables/payables from/to key management personnel**

| | 2023 | 2022 |
|---|---|---|
| Provided loans | 12 | 81 |
| Deposits received | 661 | 271 |

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.

## 35. CAPITAL MANAGEMENT

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

As of 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 (profit for the period is not included), accumulated other comprehensive income, net of goodwill, intangible assets and additional value adjustments;
  - 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 Czech National Bank of CZK 685 million (31 December 2022: CZK 208 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.

Minimum requirements for capital ratios for 30 June 2023 are as follows:

| | Minimum requirement | Capital conservation buffer | Countercyclical buffer | Total requirement |
|---|---|---|---|---|
| Common Equity Tier 1 capital (CET1) | 4.50 % | 2.50 % | 1.14 % | 8.14 % |
| Tier 1 capital | 6.00 % | 2.50 % | 1.14 % | 9.64 % |
| **Total regulatory capital** | **8.00 %** | **2.50 %** | **1.14 %** | **11.64 %** |

## 35. CAPITAL MANAGEMENT (continued)

### Regulatory capital and equity reconciliation

The tables below summarize the composition of own funds (regulatory capital) and equity and capital ratios for 30 June 2023 and 31 December 2022, providing a complete reconciliation of individual items of regulatory capital to equity items.

| As at 30 June 2023 | Regulatory capital | Equity |
|---|---|---|
| Paid-up share capital registered in the Commercial Register | 10 638 | 10 638 |
| Retained earnings | 15 782 | 13 037 |
| Profit for the period | 3 113 | 3 113 |
| Accumulated other comprehensive income | (1 948) | (1 901) |
| Reserve funds | 34 | 3 602 |
| Non-controlling interest | - | 6 |
| (-) Additional value adjustments (AVA) | (37) | - |
| (-) Intangible assets other than goodwill | (239) | - |
| Deferred tax liabilities associated with intangible assets other than goodwill | 8 | - |
| (-) Goodwill | (130) | - |
| (-) Insufficient coverage for defaulted exposures | (232) | - |
| Paid-in AT1 instruments, share premium | 8 868 | 8 868 |
| **Total Tier 1 capital** | **35 857** | **n/a** |
| Total Tier 2 capital | 685 | - |
| ***Total regulatory capital/equity*** | ***36 542*** | ***37 363*** |

| As at 31 December 2022 | Regulatory capital | Equity |
|---|---|---|
| Paid-up share capital registered in the Commercial Register | 10 638 | 10 638 |
| Retained earnings | 13 841 | 11 430 |
| Profit for the period | - | 3 380 |
| Accumulated other comprehensive income | (1 698) | (1 631) |
| Reserve funds | 34 | 3 158 |
| Non-controlling interest | - | 13 |
| (-) Additional value adjustments (AVA) | (33) | - |
| (-) Intangible assets other than goodwill | (238) | - |
| Deferred tax liabilities associated with intangible assets other than goodwill | 8 | - |
| (-) Goodwill | (131) | - |
| (-) Insufficient coverage for defaulted exposures | (288) | - |
| Transitional adjustments to CET1 instruments | - | - |
| Paid-in AT1 instruments, share premium | 8 868 | 8 868 |
| **Total Tier 1 capital** | **31 001** | **n/a** |
| Total Tier 2 capital | 208 | - |
| ***Total regulatory capital/equity*** | **31 209** | ***35 856*** |

## 35. CAPITAL MANAGEMENT (continued)

**Risk weighted assets (RWA) and capital ratios**

| | **30/06/2023** | **31/12/2022** |
|---|---|---|
| Central governments or central banks | 2 194 | 3 132 |
| Institutions | 1 153 | 2 097 |
| Corporates | 65 205 | 73 860 |
| Retail | 71 | 47 |
| Secured by mortgages on immovable property | 7 397 | 7 690 |
| Exposures in default | 4 777 | 2 607 |
| Items associated with particular high risk | 30 517 | 30 563 |
| Receivables from institutions and companies with short - term credit ratings | 108 | 206 |
| Collective investments undertakings (CIU) | 11 845 | 10 972 |
| Shares | 1 067 | 1 051 |
| Other exposures | 4 264 | 4 456 |
| **Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries** | **128 598** | **136 681** |
| Traded debt instruments | 5 190 | 3 540 |
| Shares | 1 599 | 1 888 |
| Position risk in collective investment undertakings (CIUs) | 501 | 3 280 |
| Foreign exchange | 1 301 | 2 980 |
| **Total risk exposure amount for position, foreign exchange and commodity risks** | **8 591** | **11 688** |
| Operational risk | 15 554 | 12 028 |
| Total risk exposure amount for credit valuation adjustment | 421 | 742 |
| **Total risk exposure amount** | **153 164** | **161 139** |

**Capital adequacy ratios**

| | **30/06/2023** | **31/12/2022** |
|---|---|---|
| Common Equity Tier 1 capital (CET 1) | 17.62% | 13.74% |
| Tier 1 capital | 23.41% | 19.24% |
| **Total regulatory capital** | **23.86%** | **19.37%** |

The Czech National Bank, 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.

| | **30/06/2023** | **31/12/2022** |
|---|---|---|
| Leverage ratio | 12.71% | 13.21% |
| **Liquidity ratios** | | |
| LCR | 313.36% | 276.59% |
| NSFR | 170.30% | 145.88% |

## 36. FAIR VALUE INFORMATION

**Estimation of fair values**

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments 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.

*Financial assets 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 measured at amortized cost, analysed according to the hierarchy that reflects the significance of the inputs used in the valuation were as follows:

| **30/06/2023** | **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 | - | 114 721 | - | 114 721 | 114 707 |
| Financial assets at amortised cost | 4 215 | - | - | 4 215 | 4 506 |
| Loans and other advances to customers | - | - | 100 983 | 100 983 | 96 604 |
| **Financial liabilities** | | | | | |
| Deposits and loans from banks | - | 20 686 | - | 20 686 | 20 727 |
| Deposits from customers | - | 180 181 | - | 180 181 | 181 362 |
| Financial liabilities at amortised costs | - | - | 319 | 319 | 313 |
| Subordinated debt | - | 742 | - | 742 | 787 |

| **31/12/2022** | **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 | - | 78 152 | - | 78 152 | 78 155 |
| Financial assets at amortised cost | 4 400 | - | - | 4 400 | 4 801 |
| Loans and other advances to customers | - | - | 109 769 | 109 769 | 106 149 |
| **Financial liabilities** | | | | | |
| Deposits and loans from banks | - | 10 373 | - | 10 373 | 10 530 |
| Deposits from customers | - | 165 005 | - | 165 005 | 164 022 |
| Financial liabilities at amortised costs | - | - | 305 | 305 | 301 |
| Subordinated debt | - | 324 | - | 324 | 256 |

## 37. 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 half year ended 30 June 2023.

### b) Disposals and liquidation of subsidiaries

| Liquidation | Date of liquidation | Net assets disposed less NCI | TOTAL cash inflow |
|---|---|---|---|
| ALTERNATIVE UPRAVLJANJE d.o.o. | 17.01.2023 | 22 | **9** |
| | ***Total*** | ***22*** | ***9*** |

Total cash inflow presented the liquidation value of the subsidiary at the date of its liquidation.

The Group did not dispose any other subsidiary in the half year ended 30 June 2023.

### c) Disposals of associates and joint ventures

The Group did not dispose any associates and joint ventures in the half year ended 30 June 2023.

## 38. MATERIAL SUBSEQUENT EVENTS

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

KPMG

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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 2023, 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"). Management is responsible for the preparation and presentation of this 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 as at 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Prague, 31 August 2023

KPMG Česká republika Audit

KPMG Česká republika Audit, s.r.o.