J&T BANKA

1H 2023 – Interim IFRS Results (Consolidated)

Investor Update

August 2023

Růst. Společně.

Disclaimer

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1H 2022 balance sheet data and 2H 2022 profit and loss data contained in this Presentation have been extracted from J&T BANKA’s accounting system and reports but they have not been reviewed by J&T BANKA’s auditor nor are they contained in the interim IFRS financial statements. 2H 2022 profit and loss figures have been calculated as the difference between J&T BANKA’s 2022 full-year audited results and 1H 2022 reviewed results (comparables). 2H 2022 balance sheet figures are year-end figures extracted from 2022 full-year audited results.

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Financial Highlights and Operating Environment

Performance Highlights | 1H 2023 – Interim IFRS Results (Consolidated)

Strong performance from FY2022 continued in 1H 2023

- Operating income up ~90% YoY driven by 43% YoY growth in net interest income, +30% YoY increase in net fees and commissions and >100% YoY increase in net trading income (mainly related to revaluation of hedging instruments)
- Operating expense up ~30% YoY driven by on-going investments into IT / digitalization and new hires
- Cost of risk reverting to long-term trend (unlike 2H 2022 which was adversely affected by Russia and Ukraine related write-downs)
- Cash and cash equivalents, loan book and customer deposits almost unchanged YoY
- Shareholders' equity increased by ~27% YoY amid strong financial performance and CZK1bn dividend paid during 1H 2023
- Both capital buffer and liquidity position remain exceptionally strong

(CZKm)	1H 2022	1H 2023	change (%)	(€m)[1]
Net Interest Income	3,084	4,408	43%	176
Net Fees and Commissions	817	1,061	30%	42
Operating Income	**3,690**	**7,031**	**91%**	**281**
Operating Expense	(1,939)	(2,520)	30%	(101)
Profit Before Risk Cost	**1,751**	**4,511**	**158%**	**180**
Cost of Risk	(439)	(487)	11%	(19)
Net Profit for the Period	**1,074**	**3,113**	**190%**	**125**
Cash and Equivalents	105,724	107,698	2%	4,308
Loan Book	**93,994**	**96,604**	**3%**	**3,864**
Securities	25,914	29,532	14%	1,181
Customer Deposits	**182,365**	**181,362**	**(1%)**	**7,254**
Shareholders' Equity	29,517	37,363	27%	1,495
ROE[2]	**7.7%**	**17.0%**	**+9.3 p.p.**	<-
Capital Adequacy (TCR)	17.8%	23.9%	+6.1 p.p.	<-
Leverage Ratio[3]	8.7%	12.7%	+4.0 p.p.	<-
Liquidity Coverage Ratio (LCR)[3]	247.5%	313.4%	+65.9 p.p.	<-
Net Stable Funding Ratio (NSFR)[3]	161.6%	170.3%	+8.7 p.p.	<-
Employees (average FTEs)	917	1,023	+12%	<-

Notes: (1) Convenience translation at 1 EUR = 25 CZK. (2) Annualised. (3) Only reported on individual basis. Source: Company data

Key Profitability Drivers in 1H 2023

Record high semi-annual net profit benefiting from normalised general interest rate environment and positive dynamics in both corporate lending as well as asset management

Net Profit Bridge (1H 2023 vs 1H 2022)

- **NII**: Positive impact of increasing policy rates on growing average corporate loan portfolio and excess liquidity placements
- **NFC**: Continuous growth in assets under management, more active domestic primary bond market and lending activity related fees
- **Other Income**: Positive revaluation of hedging derivatives (mainly EUR:CZK FX swaps) and ~CZK300m revaluation of securities portfolio
- **Personnel Expense**: Increasing employee numbers in asset management and operations and salary inflation exacerbated by tight labour market
- **Admin Expense**: Growing IT outsourcing cost, on-going digitalization projects and increased marketing spend
- **Cost of Risk**: Good asset quality with cost of risk oscillating around long-term trend despite somewhat challenging macro backdrop

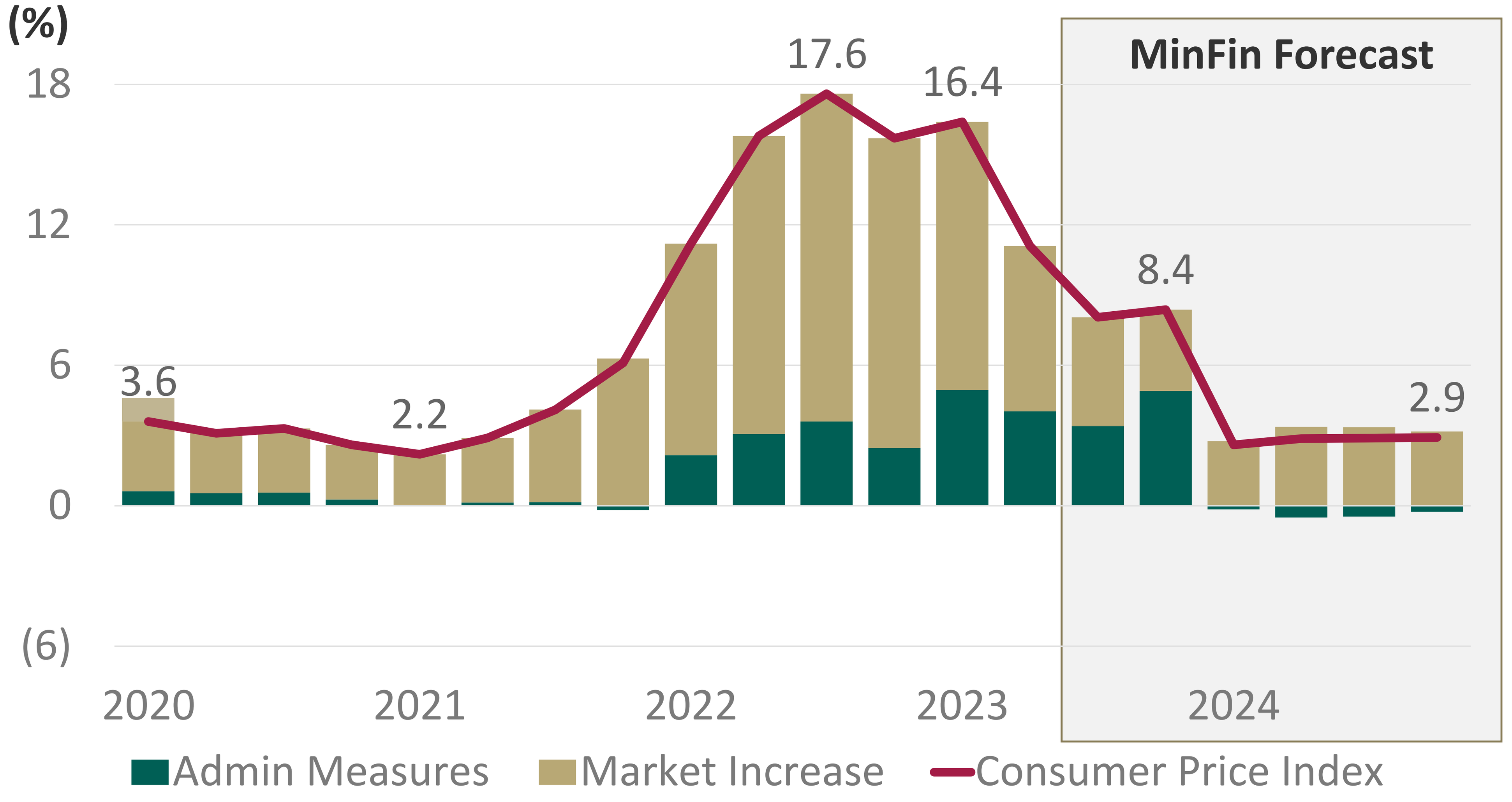
Source: Company data

Operating Environment | Macroeconomic Backdrop

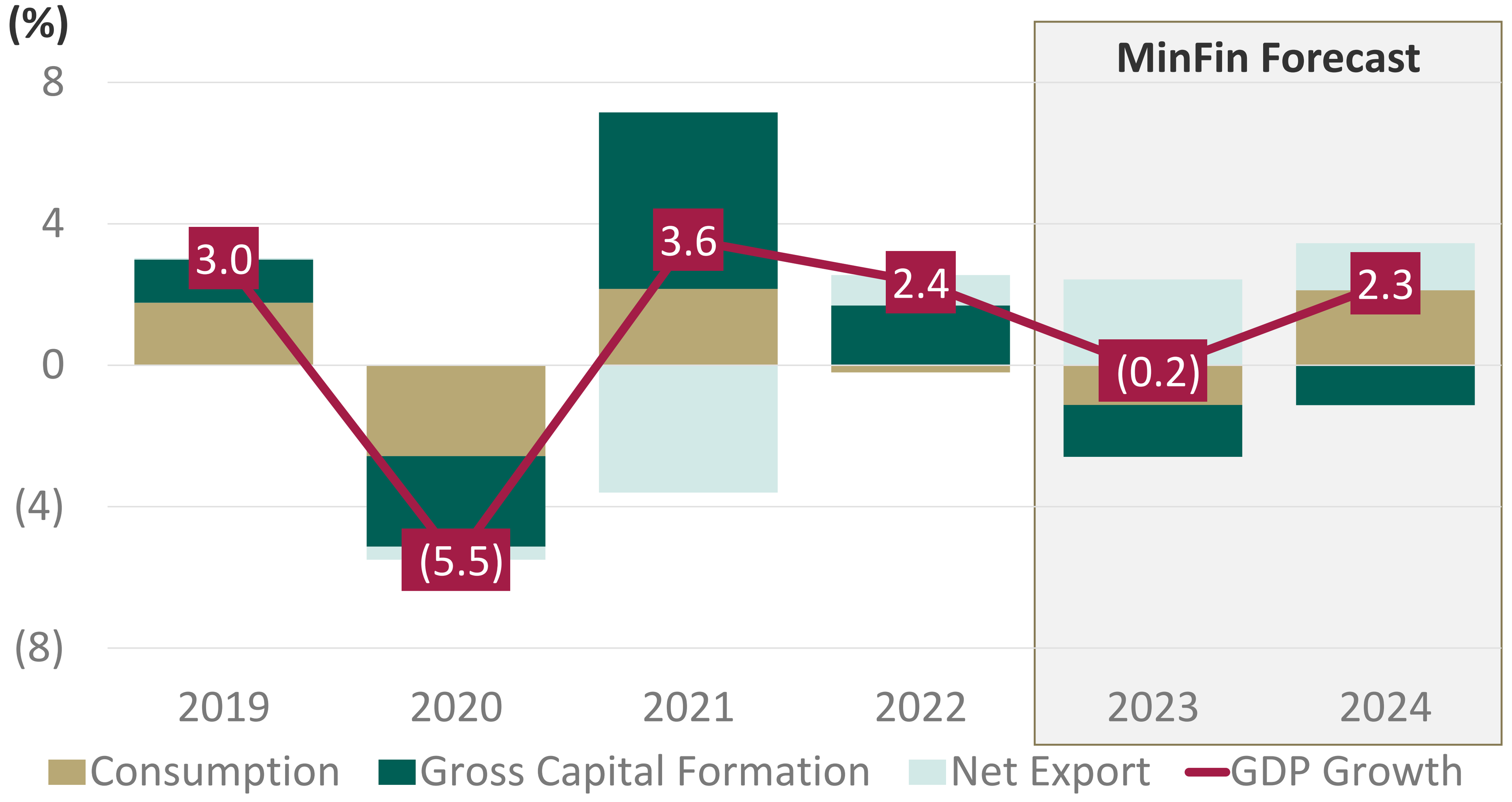
While global supply chains seem to work smoothly, high inflation and tight monetary policy undermine consumer spending and private sector investment. Yet, unemployment rate remains among the lowest in the EU

- Although inflation is declining rapidly (8.8% YoY in July 2023), it remains far from CNB's 2% target
- High inflation and tight monetary policy adversely affect consumer spending and private sector investment. As a result, Czech real GDP is forecast to decline by 0.2% YoY in 2023 and only return to growth (+2.3%) in 2024 as household spending recovers
- Government approved austerity measures likely to contribute to some reduction in structural deficits, although more is needed to return public finances to sustainable path
- Czech economy has historically proven its ability to "outgrow" government debt which remains low compared to other EU countries
- Unemployment rate is not expected to increase much, if at all, from a level that's consistently among the lowest within the whole EU

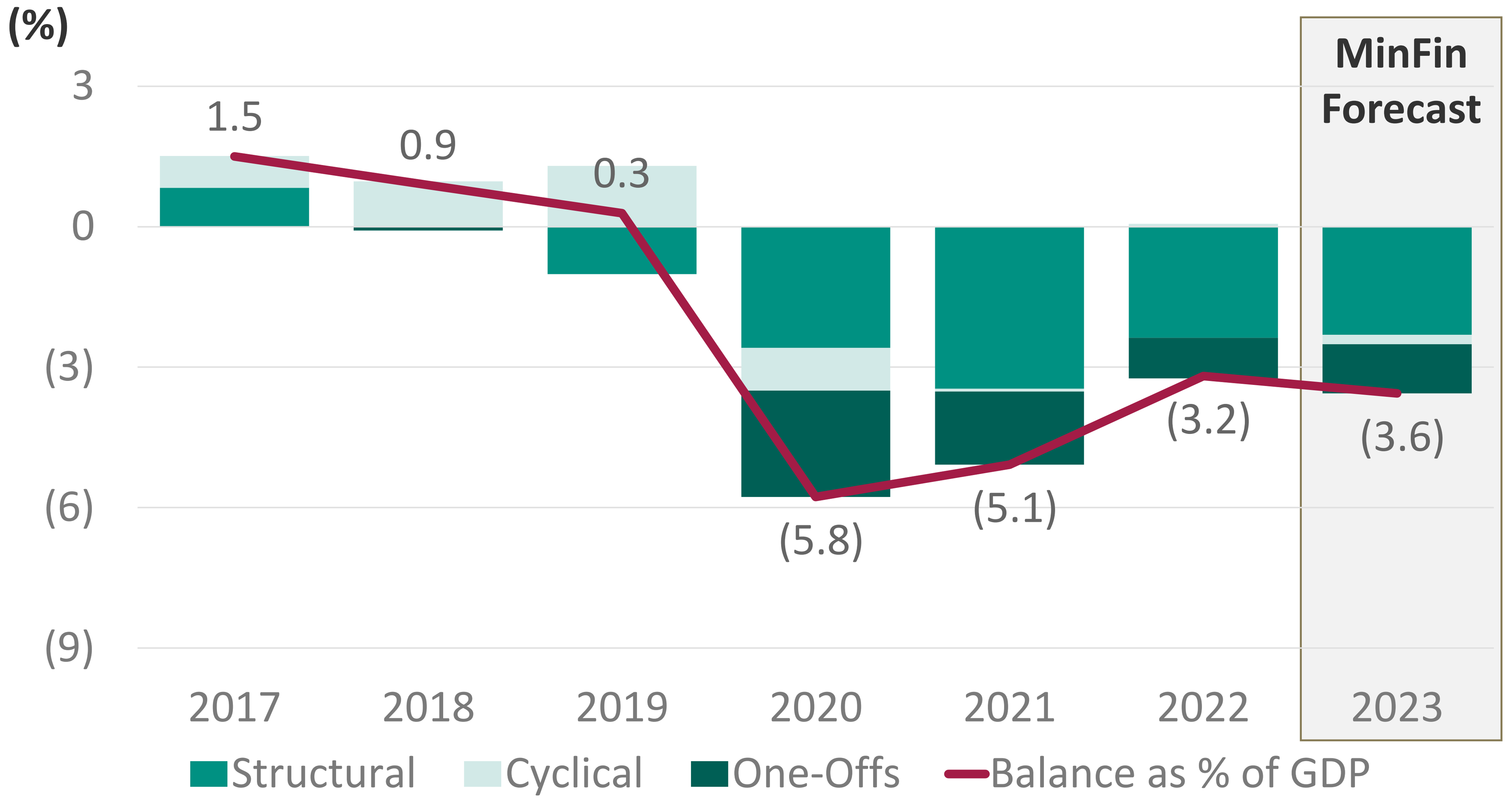
Inflation Rate (Quarterly, YoY)



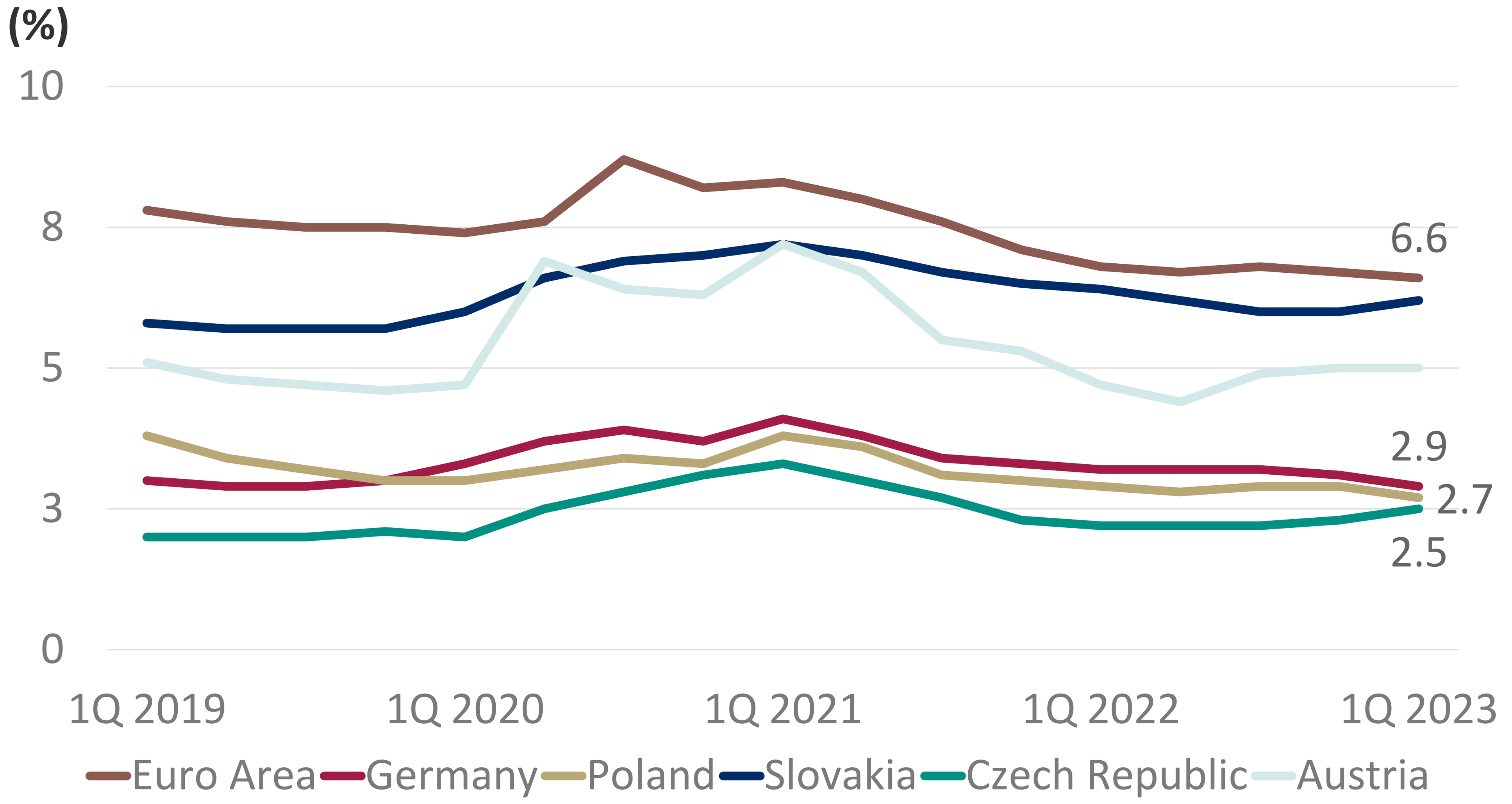
GDP Growth and Contribution (Real, YoY)



Budget Deficit to GDP



Unemployment Rate (Quarterly, YoY)



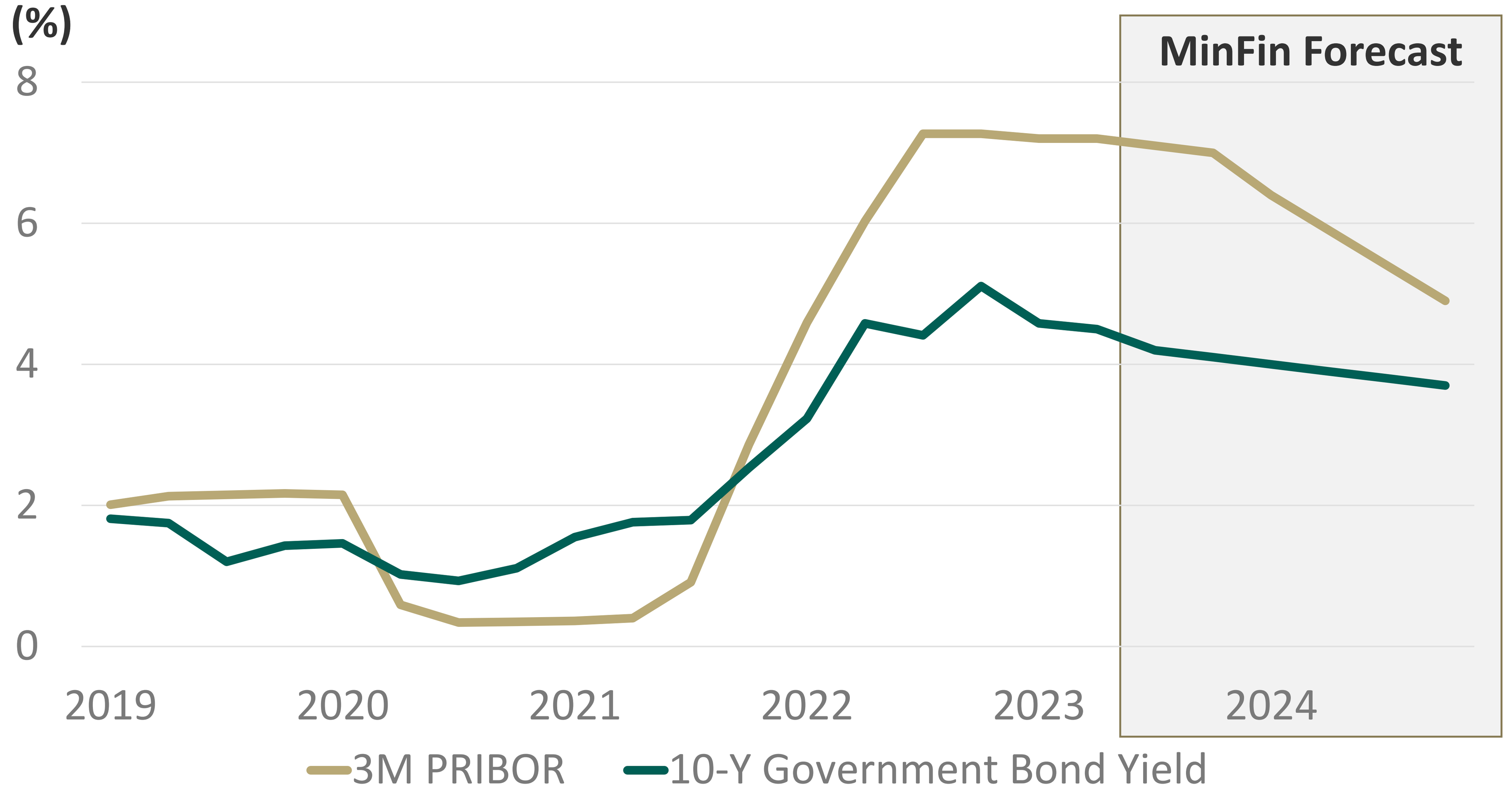
Source: Ministry of Finance, Czech Statistical Office, Eurostat

Operating Environment | Czech Banking Sector

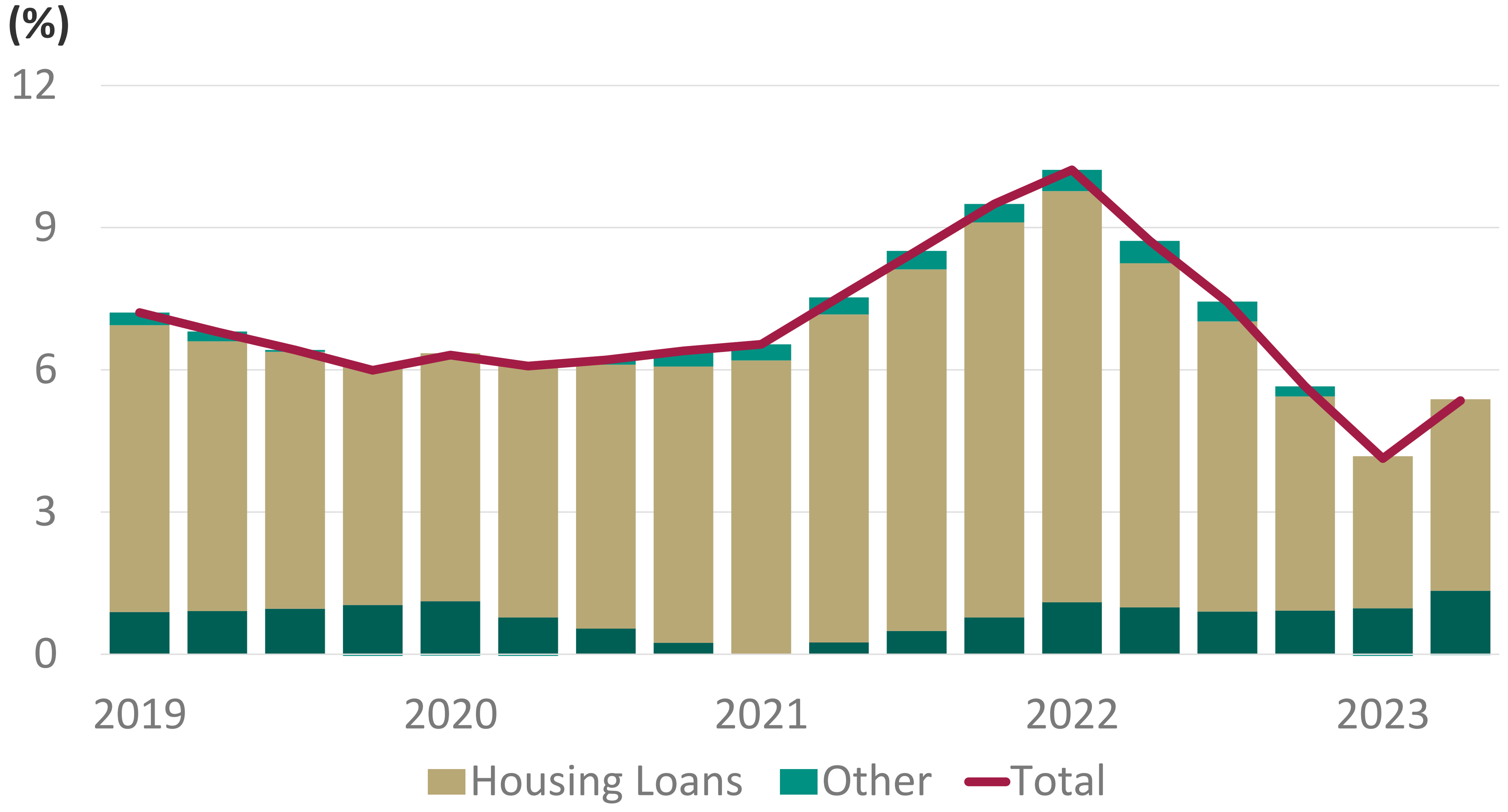
Despite all internal and external macroeconomic pressures, Czech banking sector remains resilient and is well equipped to navigate through the current macroeconomic challenges

- Short-term rates have increased sharply in line with CNB's key policy rate. As inflation reverts closer to CNB's long-term target, short-term interest rates, too, shall decline. Lower inflation should lead to long-term yields as well
- New mortgage lending has practically frozen and consumer lending is also subdued (recent spike in retail lending is attributable to Sberbank CZ's retail portfolio acquired by Ceska Sporitelna)[1]
- Corporates continue to borrow, albeit increasingly in euros. EUR-denominated borrowing now accounts for nearly 50% of total corporate lending
- NPLs hover near historical lows with retail loans at 1.2% and corporate loans at 3.1%

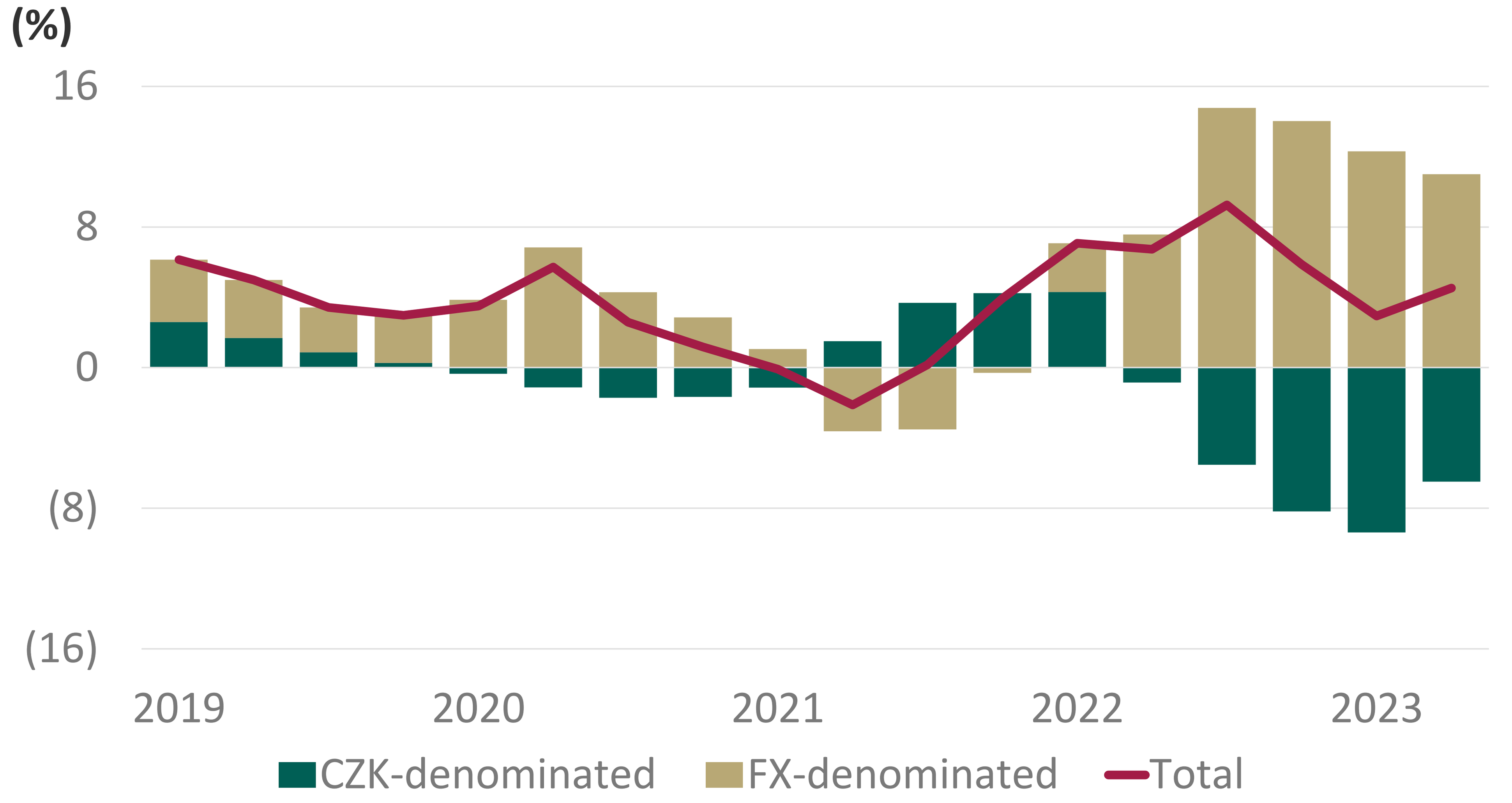
Key Interest Rates



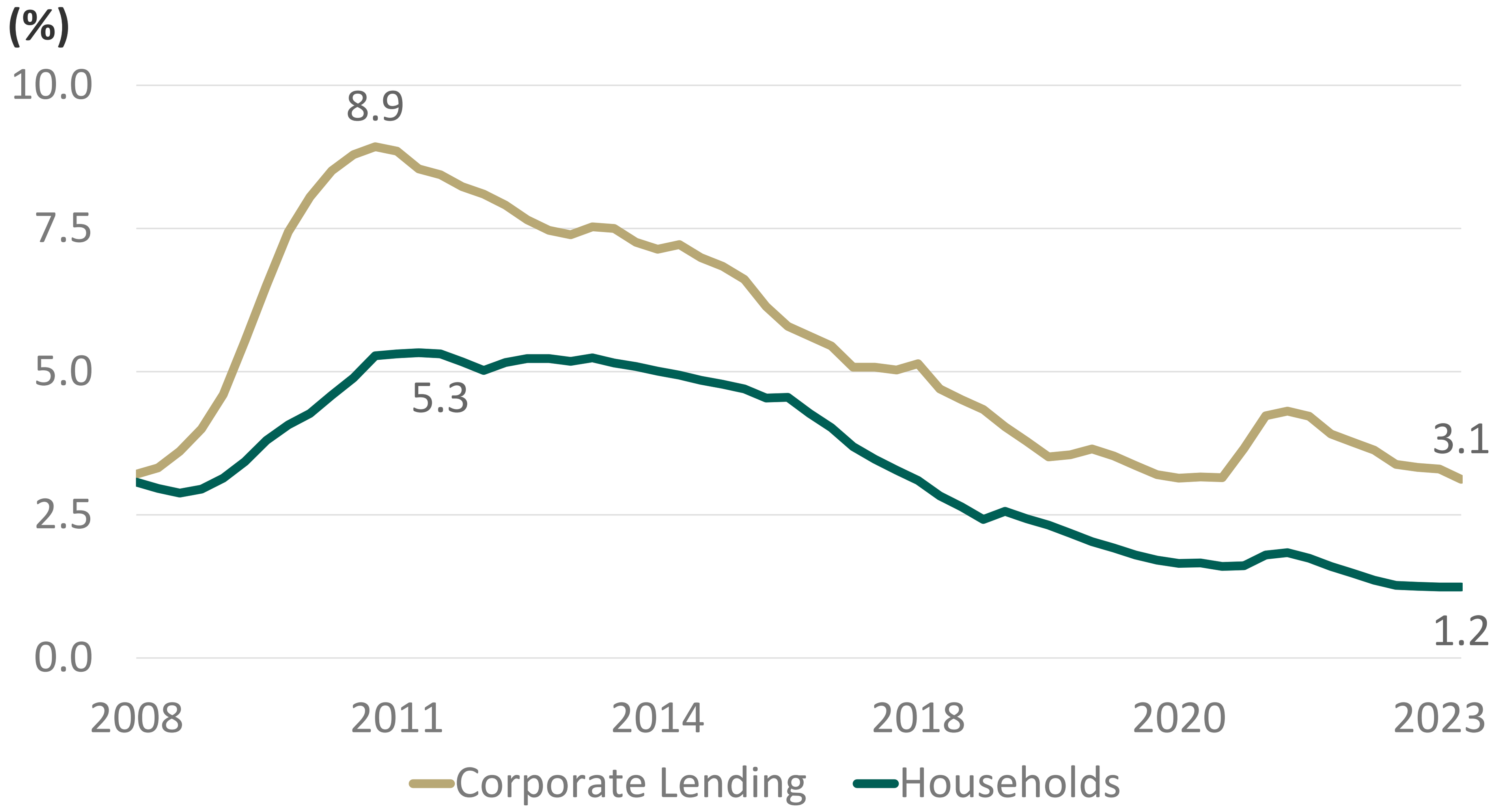
Growth in Household Lending (Quarterly, YoY)



Growth in Corporate Lending (Quarterly, YoY)



Non-Performing Loans



Note: (1) Sberbank CZ's loans removed from the statistics in April 2022 (the bank lost its license) and re-inserted in April 2023 after being bought by Ceska Sporitelna. Source: Czech National Bank, Ministry of Finance

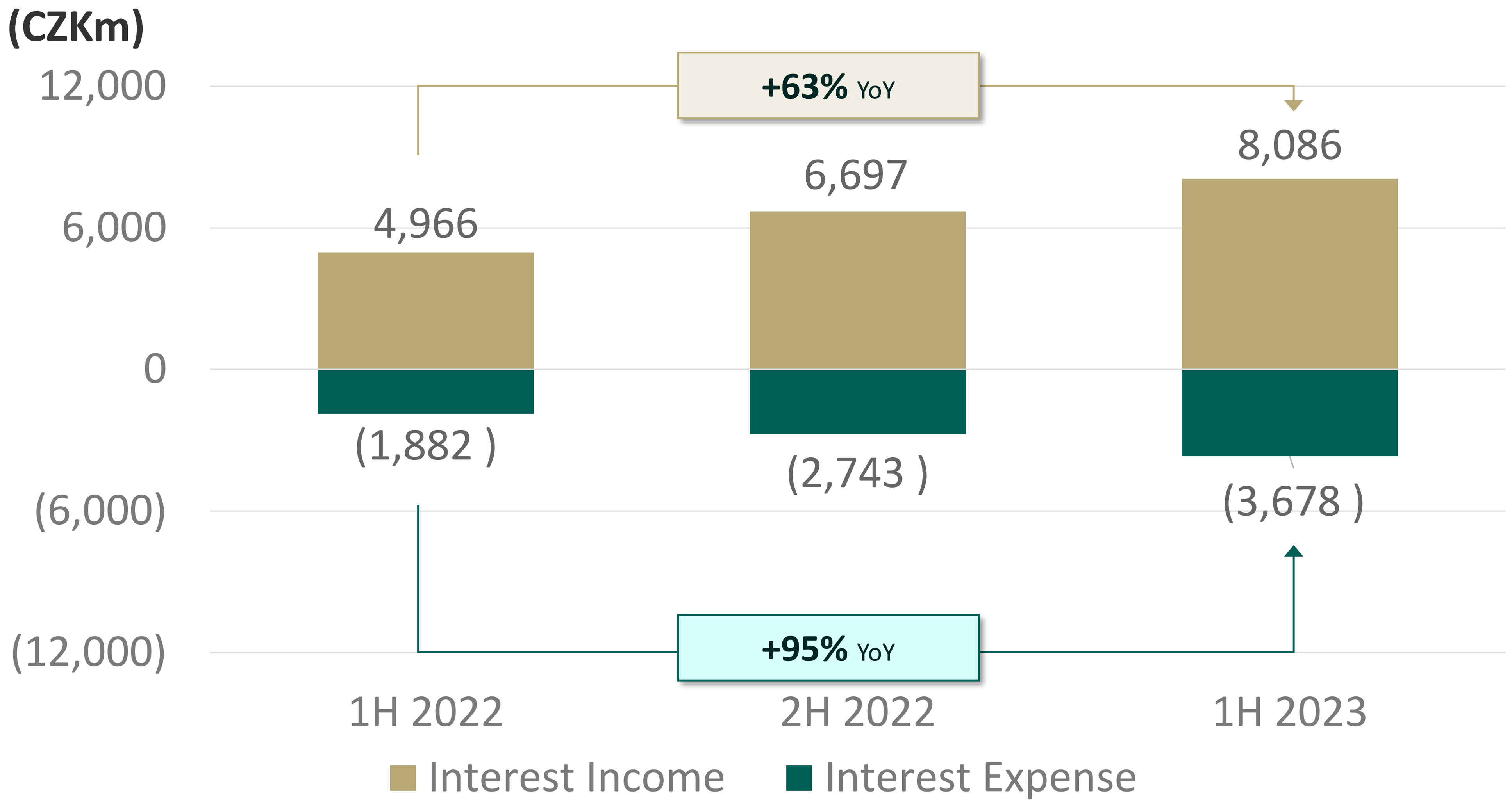
Financial Performance

Net Interest Income

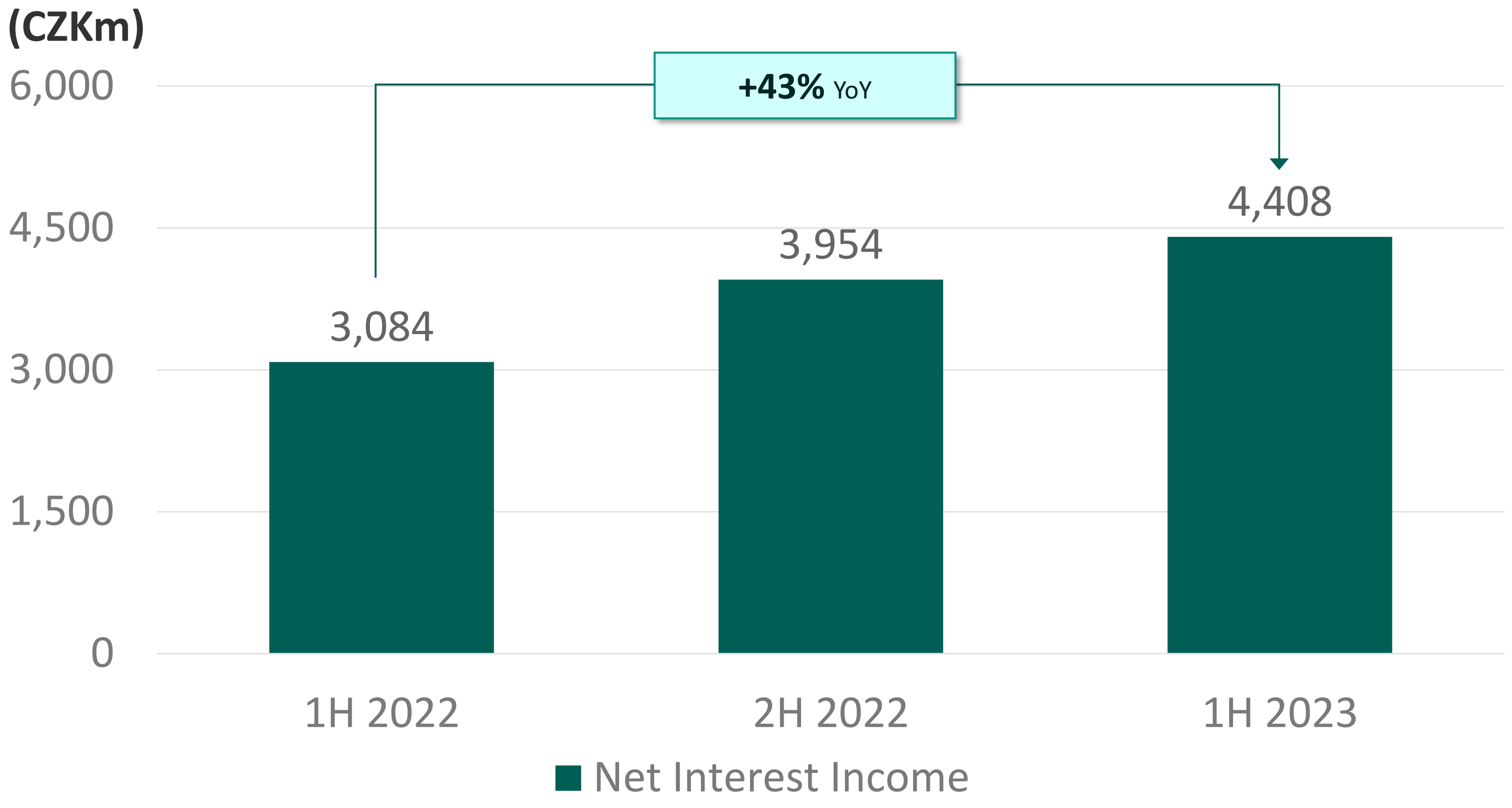
Positive impact of normalizing interest rate environment on net interest income and expanding net interest margin

- Interest income increased 63% YoY due to moderately growing average corporate loan portfolio and high cash balances placed with central banks
- 95% YoY increase in interest expense driven by (i) normalizing policy rates in key currencies and (ii) volume effect (customer deposits are nearly 2x larger than loan book)
- Loan portfolio is predominantly floating rate based and is repricing faster than large stock of term deposits with average duration exceeding one year – this translates into expanding net interest margin

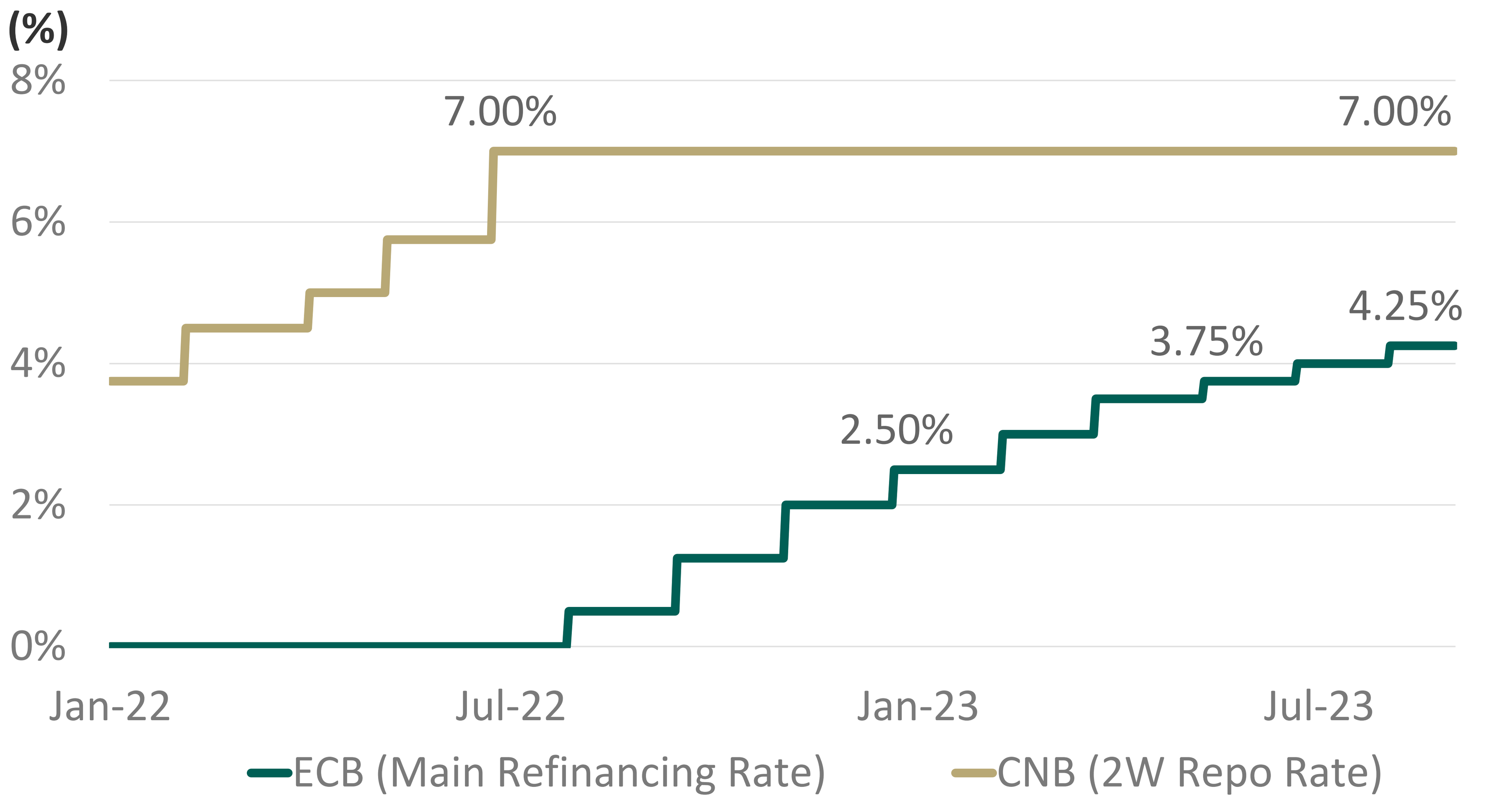
Interest Income and Interest Expense



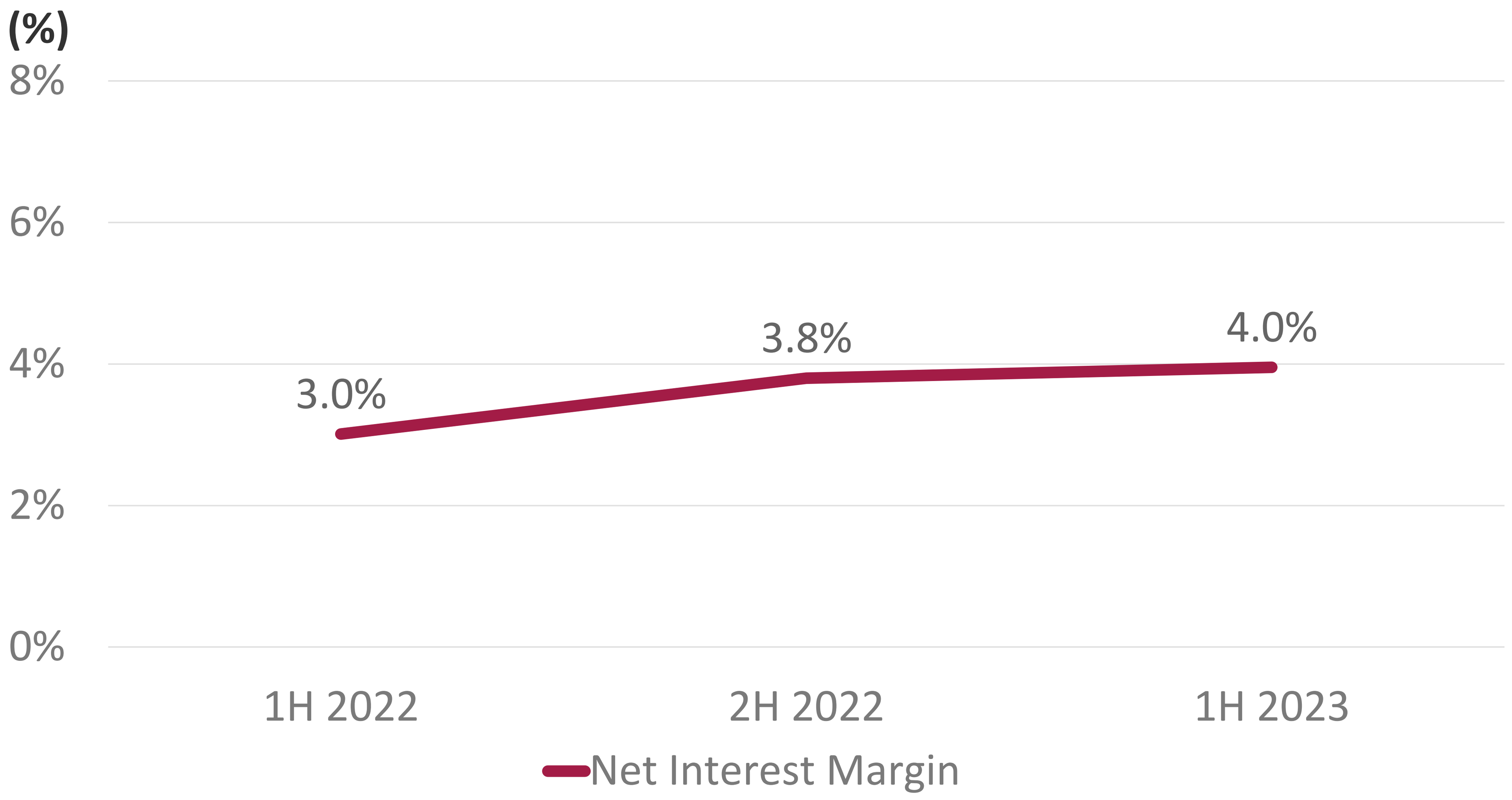
Net Interest Income



Key Monetary Policy Rates



Net Interest Margin (Individual)[1]



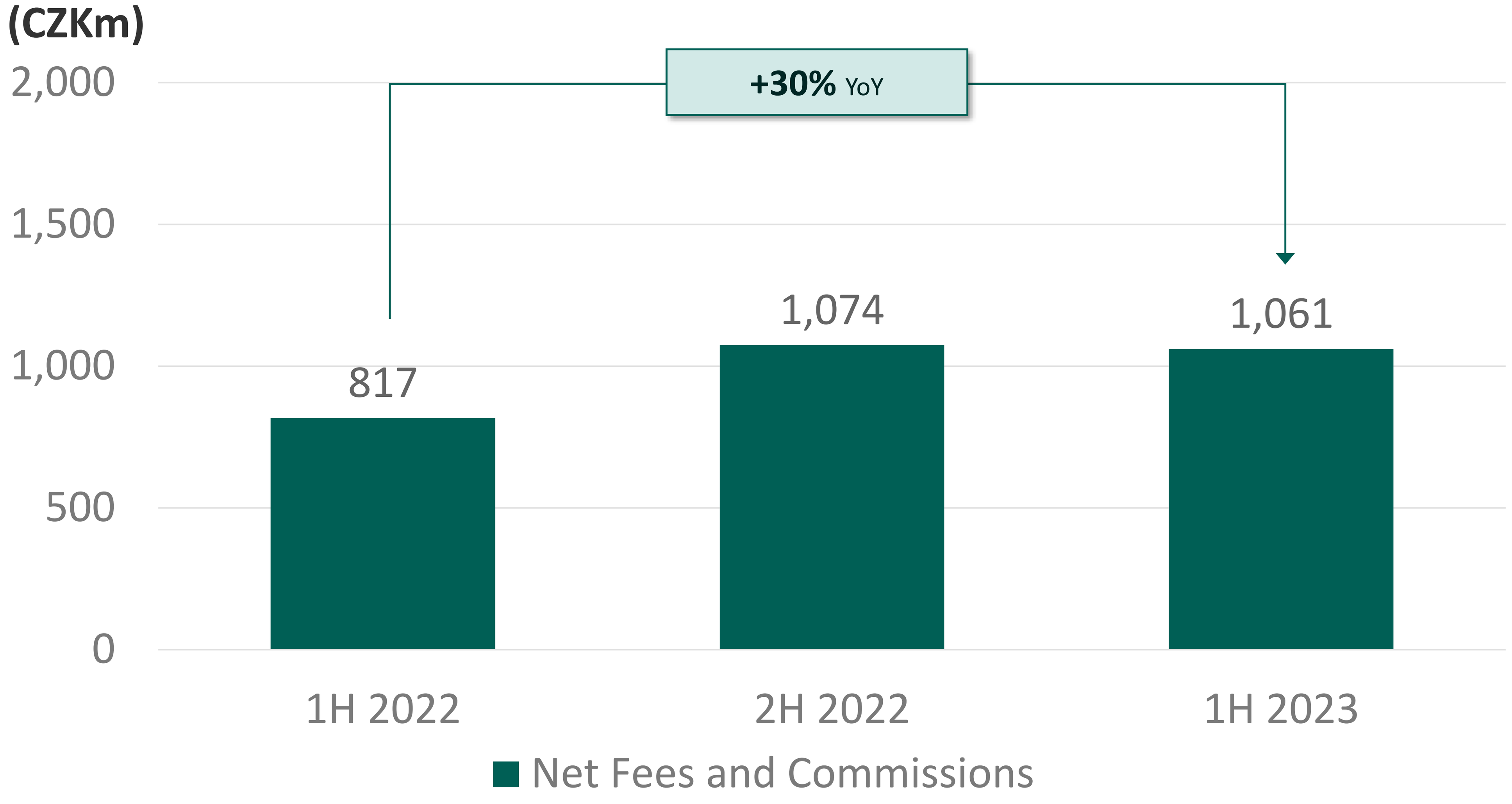
Note: (1) Net interest income / average interest earning assets (daily averages of each accounting period). Annualized Source: CNB, ECB, Company data

Net Fees and Commissions

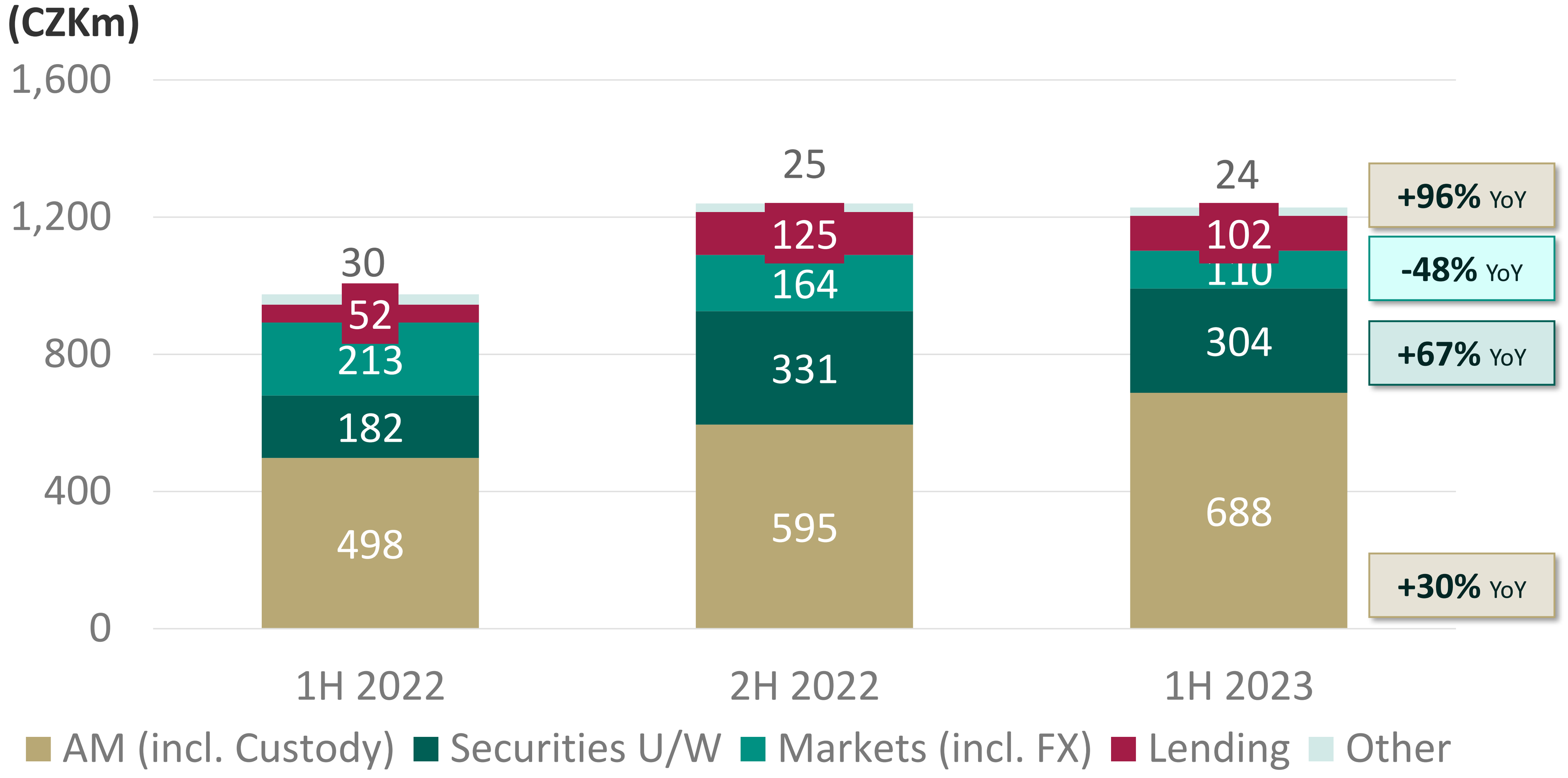
Asset management business generates stable and recurring revenues and is the primary driver of J&T BANKA's net fee and commission income

- 30% YoY growth in net fees and commissions primarily driven by continuous growth in assets under management
- Resurgence of domestic primary bond market leading to 67% YoY increase in securities underwriting and placement fees
- Positive dynamics in corporate loan portfolio bringing in over CZK100m in lending related fees (+96% YoY)
- Lower client activity on financial markets reflecting uncertainty around the future trend(s) leading to 48% YoY decline in brokerage and other trading fees

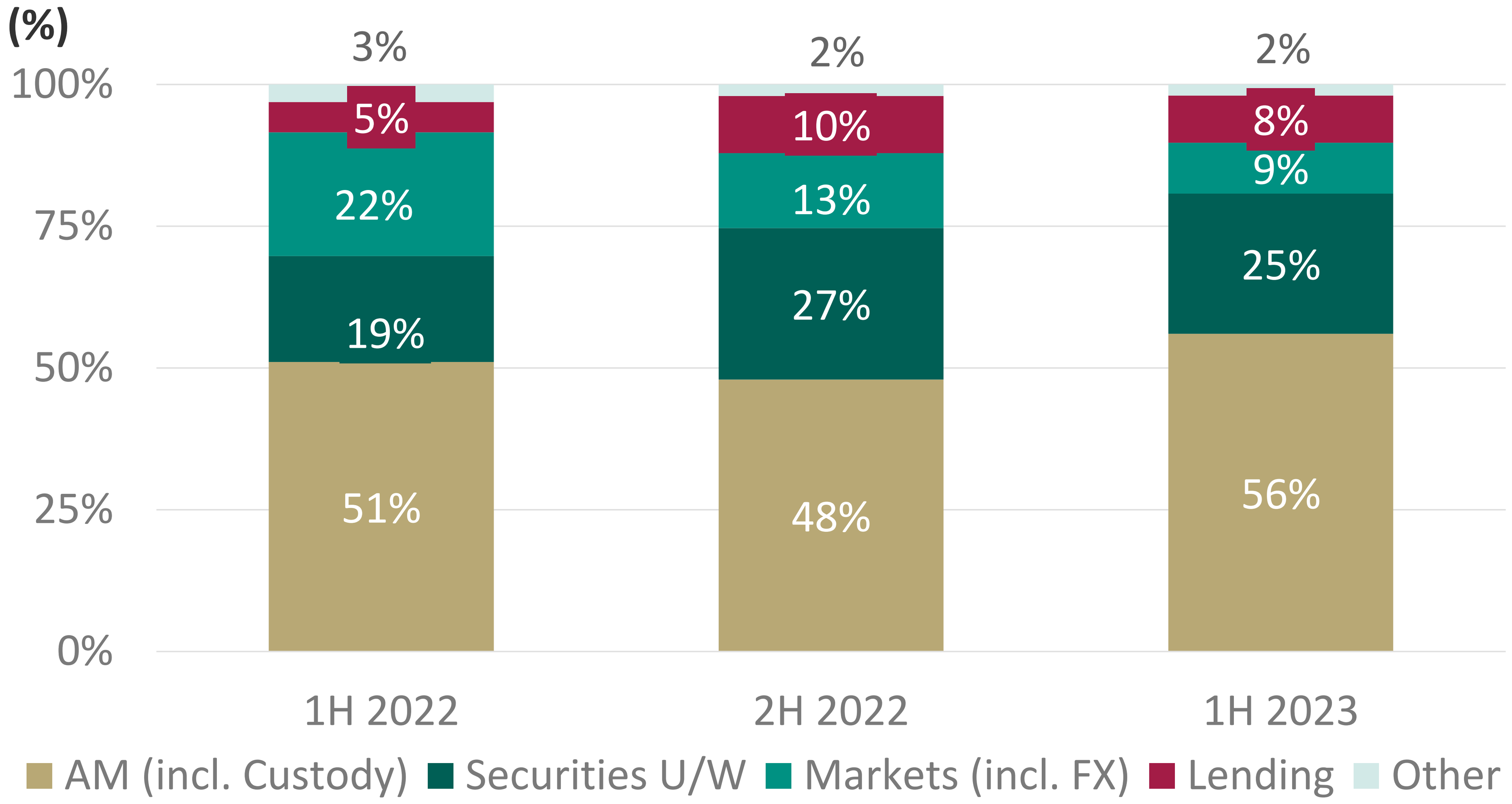
Net Fees and Commissions



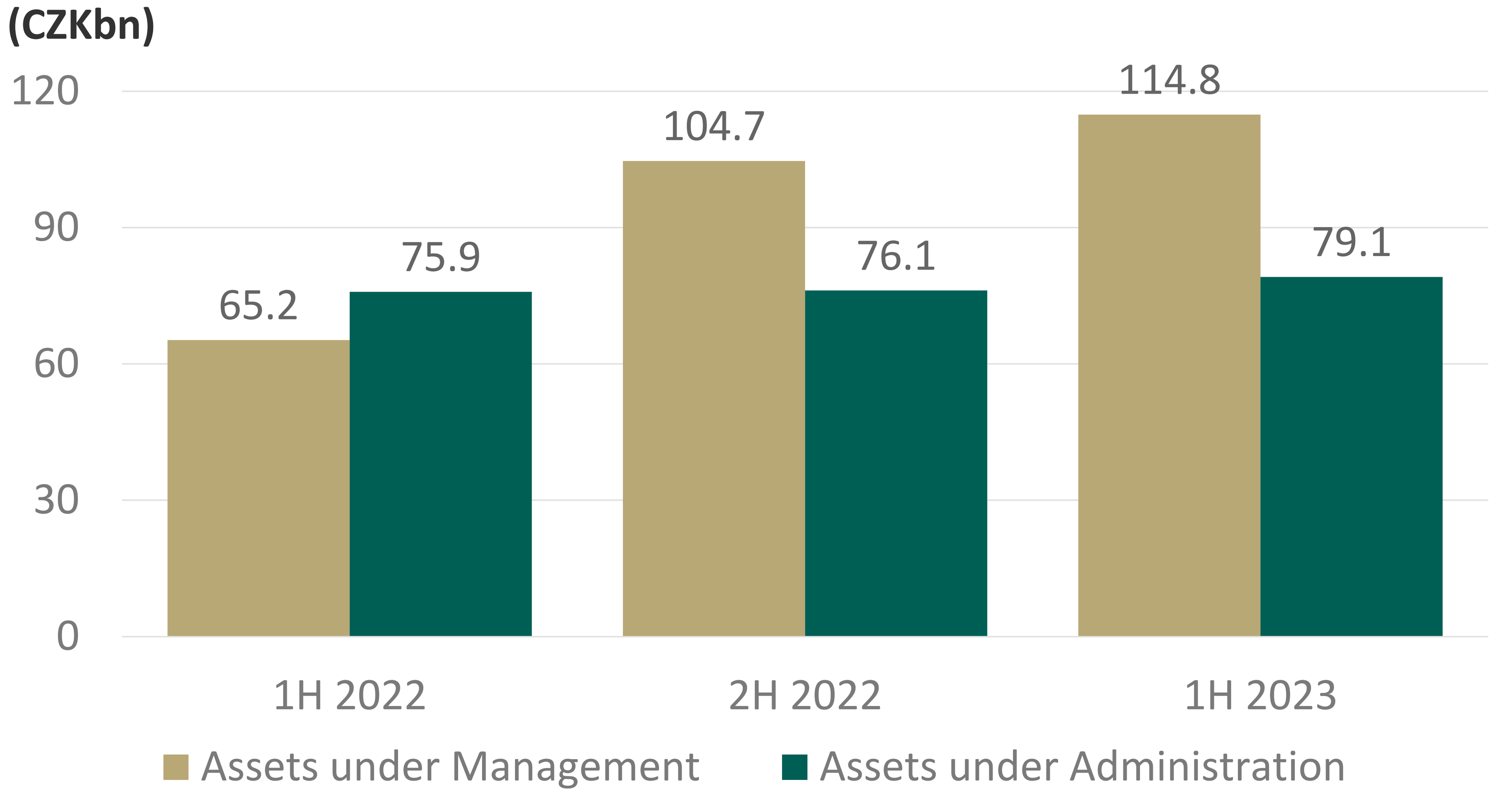
Fees and Commissions Drivers (Gross)



Fees and Commissions Contribution (Gross)



Assets under Management(1)



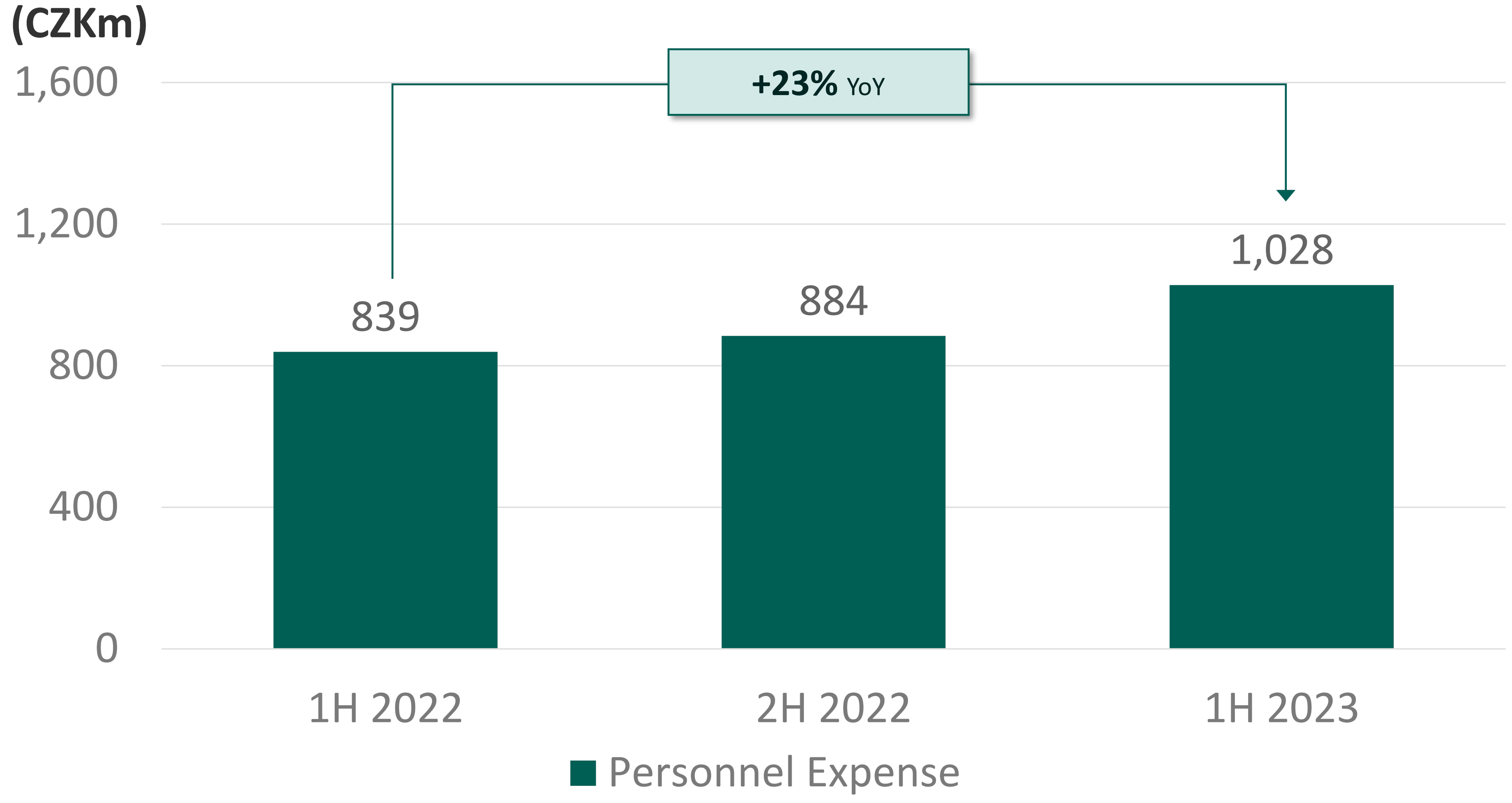
Note: (1) Assets under Management = actively managed (fiduciary duty), Assets under Administration = client makes own investment decisions. Source: Company data

Operating Expense

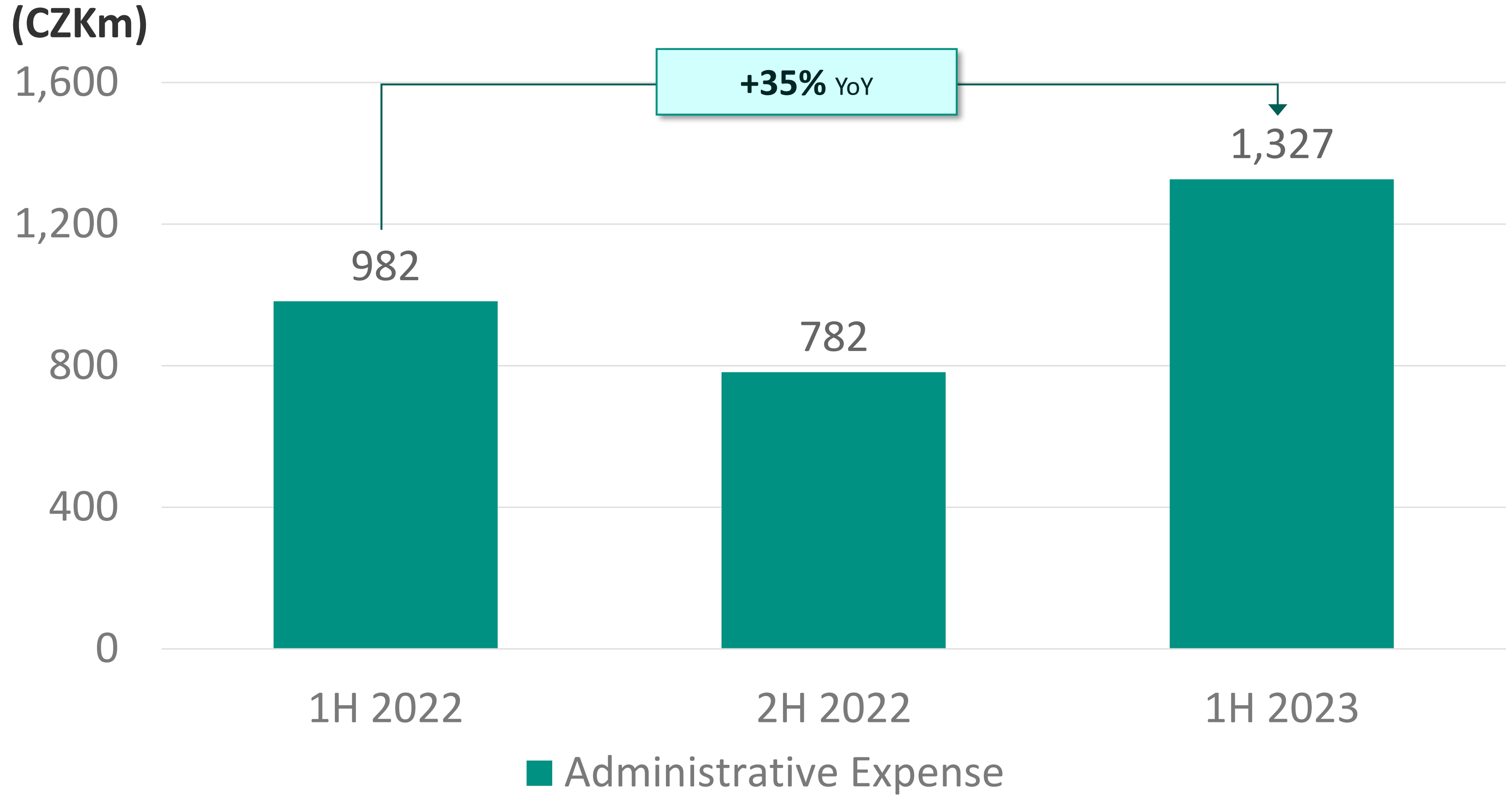
Continuous investments into human capital and IT infrastructure and growing resolution and deposit insurance fund contributions translate into higher personnel and administrative expense

- 23% YoY increase in personnel expense due to (i) consolidation of Amista IS and new hires in operations and (ii) wage inflation amid tight labour market
- IT outsourcing, marketing spend and costs related to opening the German branch are behind the bulk of 35% YoY increase in administrative expense
- Mandatory costs (resolution and deposit insurance fund) also contributed to YoY increase
- Operating efficiency is currently positively distorted by extremely strong interest income – long-term average for Czech banking sector is around 50%

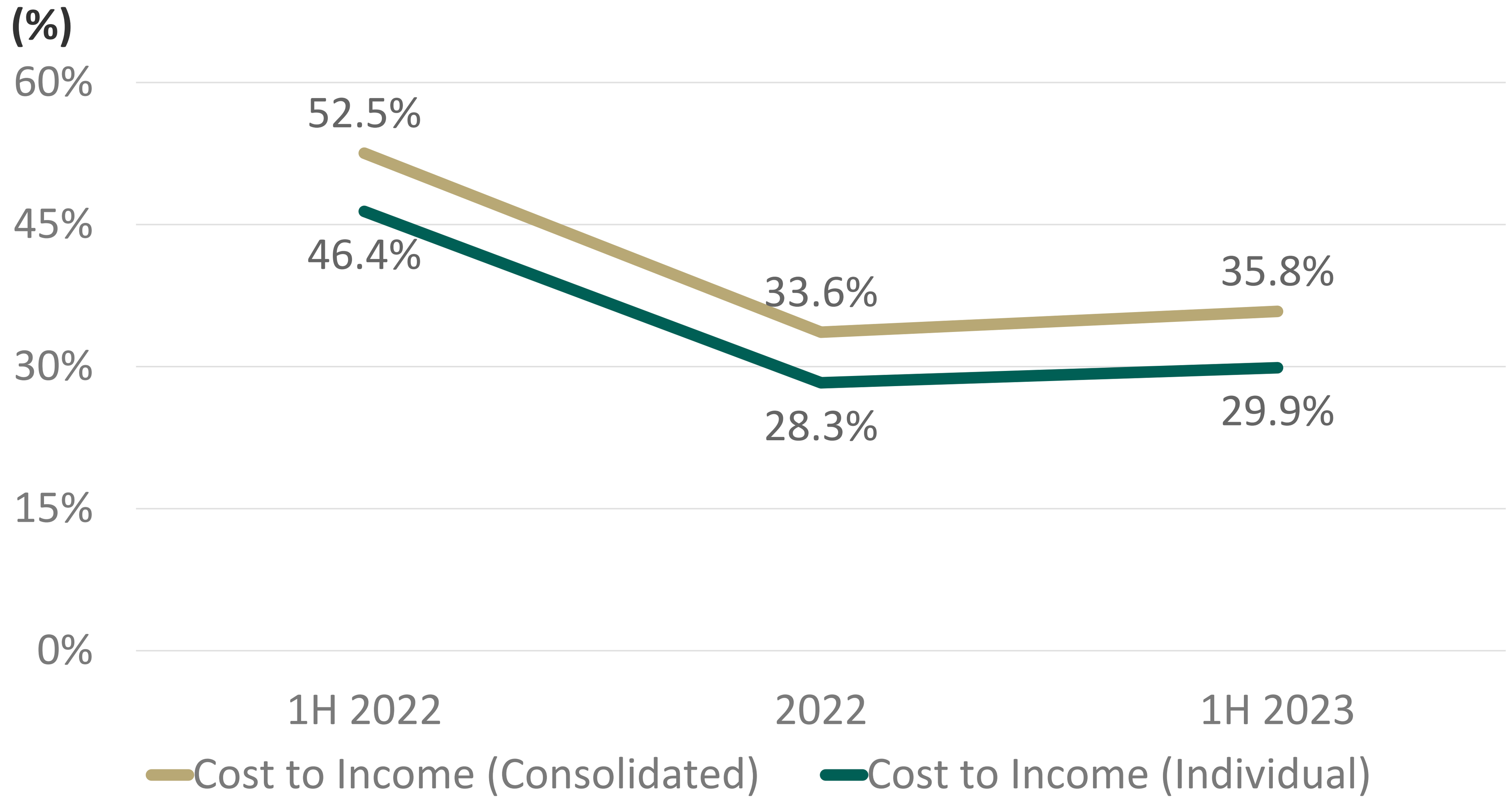
Personnel Expense



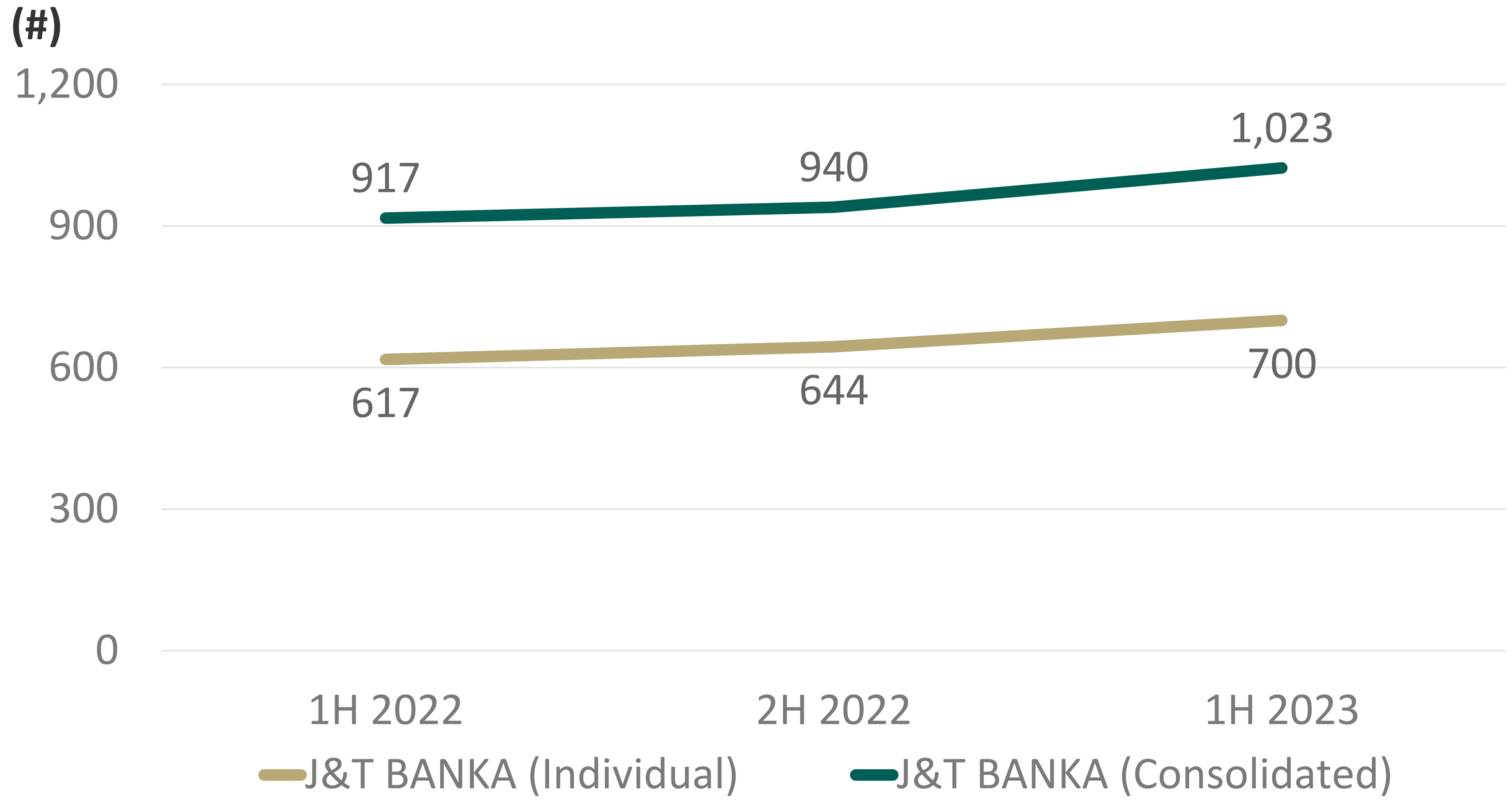
Administrative Expense



Operating Efficiency



Employees (Average FTEs)



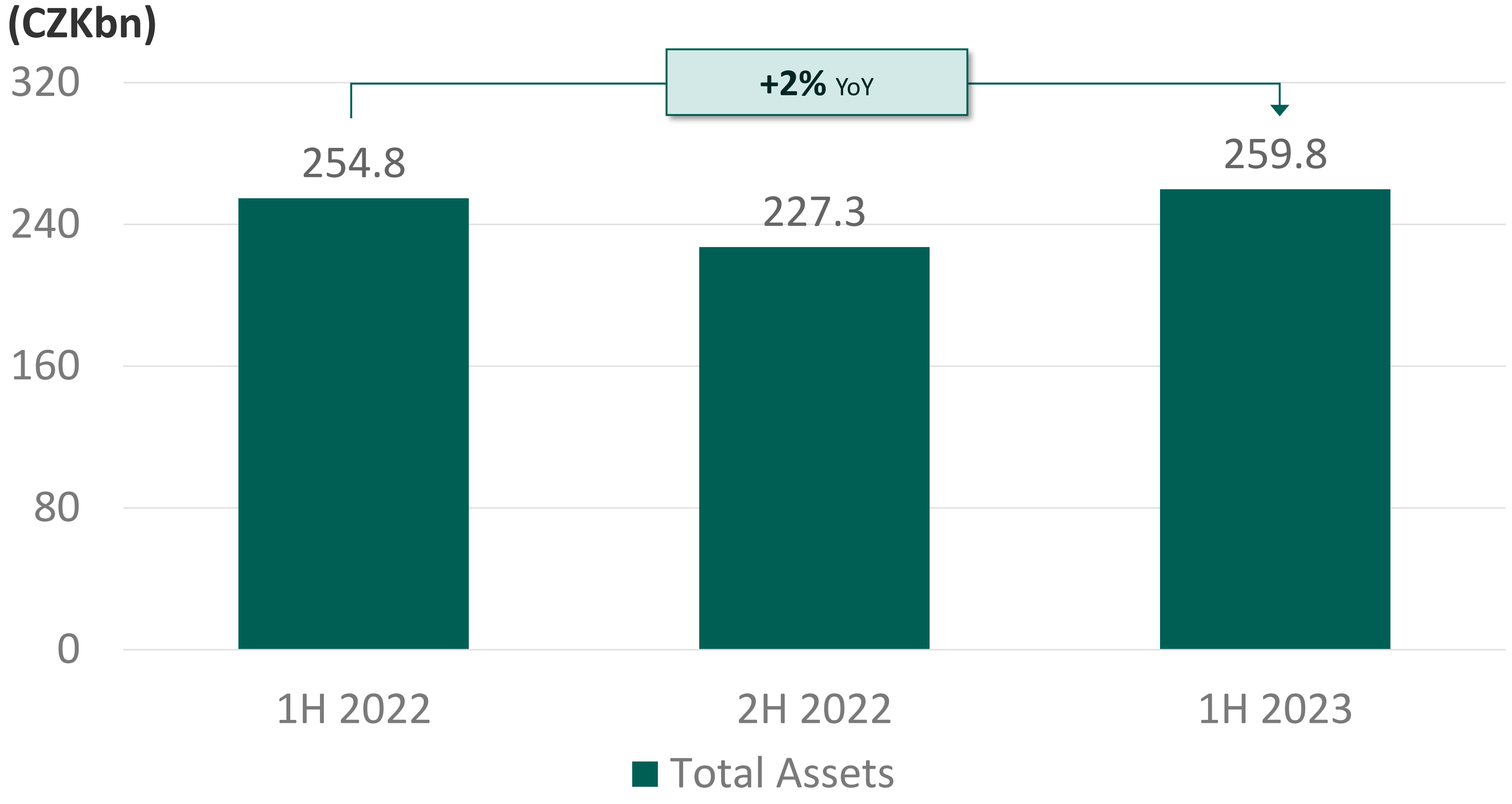
Source: Company data

Asset Growth and Structure

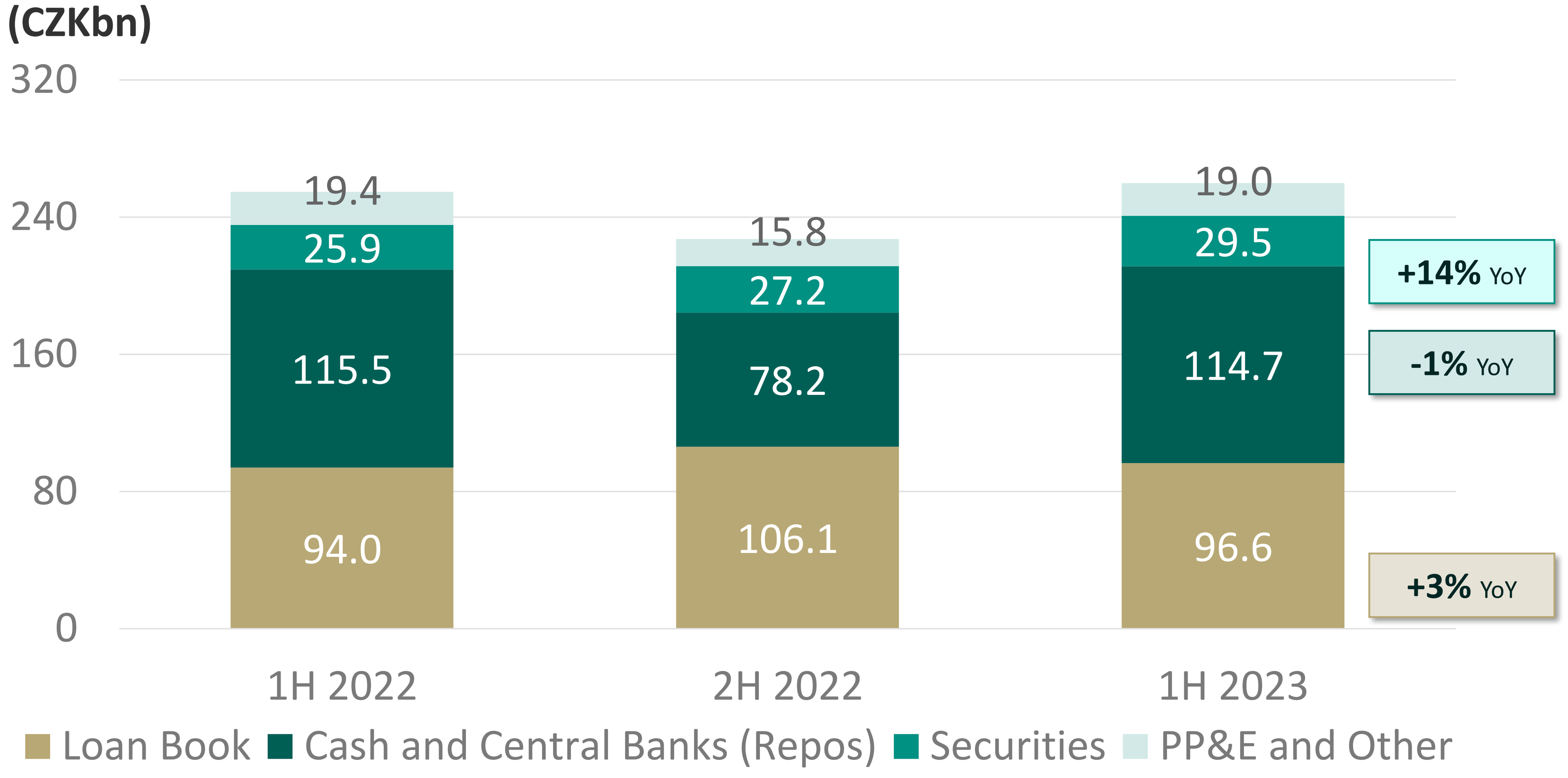
Steadily growing loan book and securities portfolio on the back of CEE region's strong economic convergence

- Balance sheet broadly flat YoY with overall loan book as well as liquidity buffer principally comprising CNB's and NBS's T-bills remaining stable
- Positive evolution in the loan book structure with higher margin loans and overdrafts increasing 4% YoY at the expense of lower margin (albeit lower risk) margin lending
- 14% YoY increase in securities portfolio mainly attributable to additions into trading book (government bonds, MtM)
- ~15% of total securities portfolio held to maturity (HtM) and, hence, valued at amortized cost
  - HtM component only includes Czech government bonds with short duration (2025 maturity)

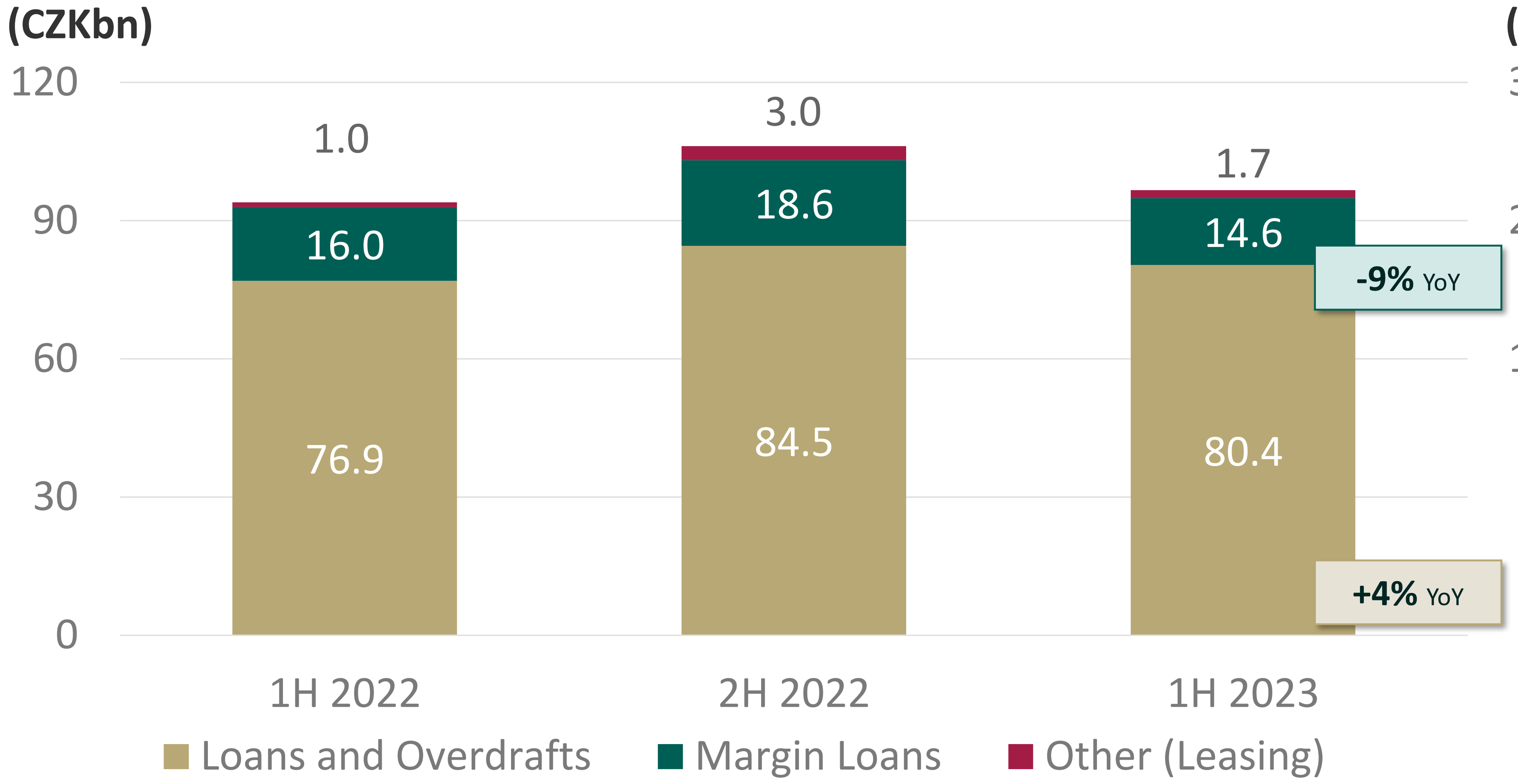
Asset Growth



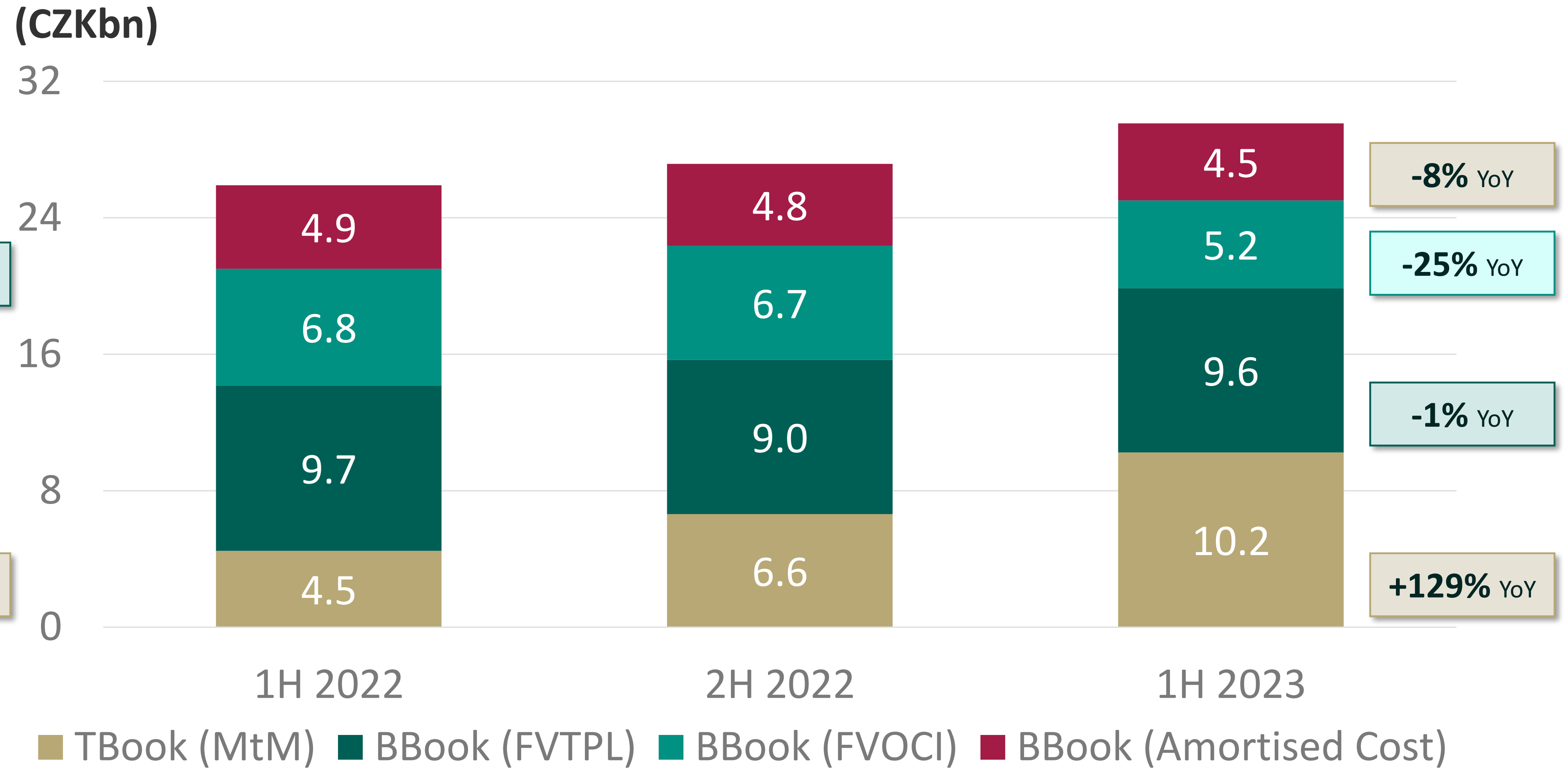
Asset Structure



Loan Book



Securities Portfolio



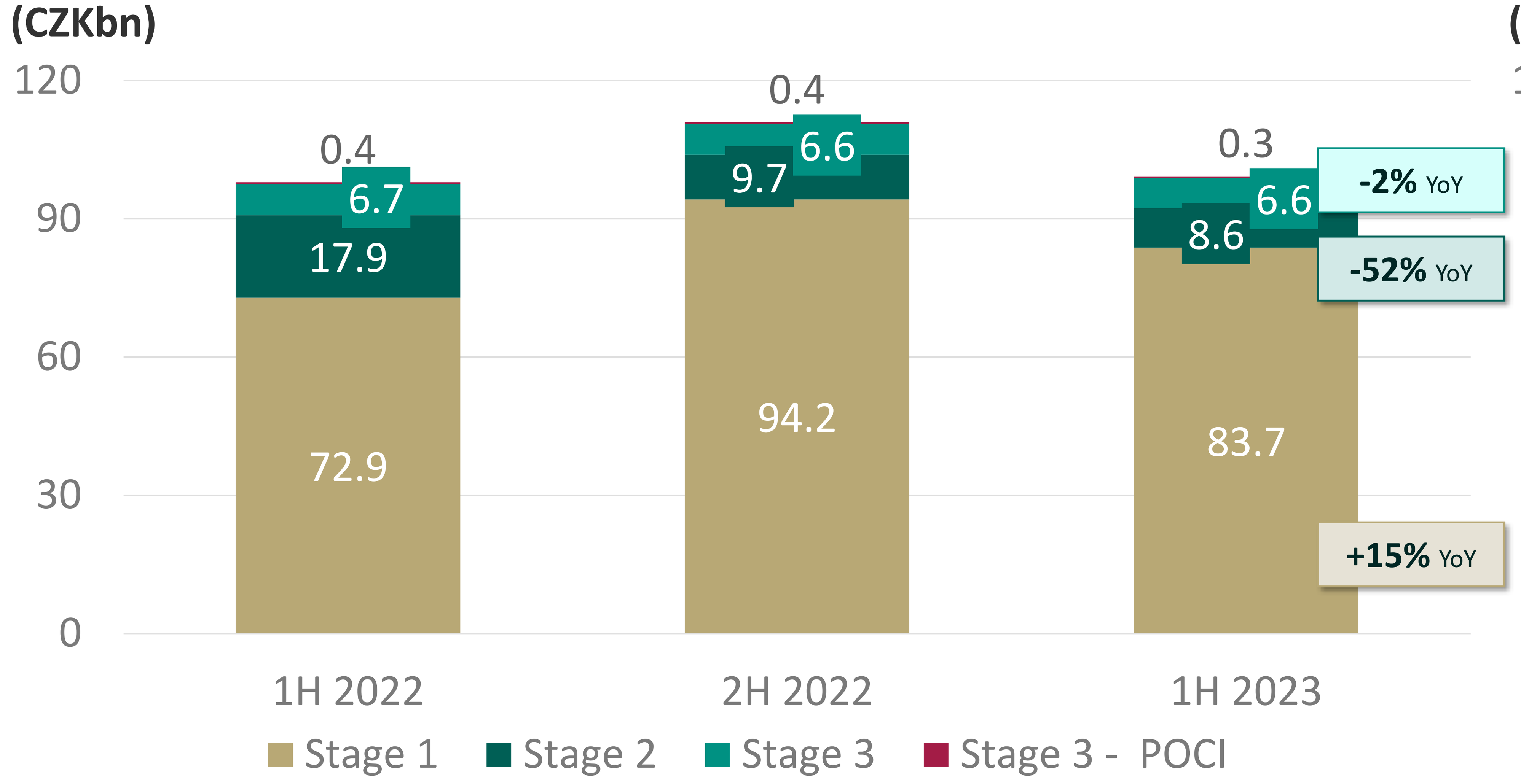
Source: Company data

Asset Quality

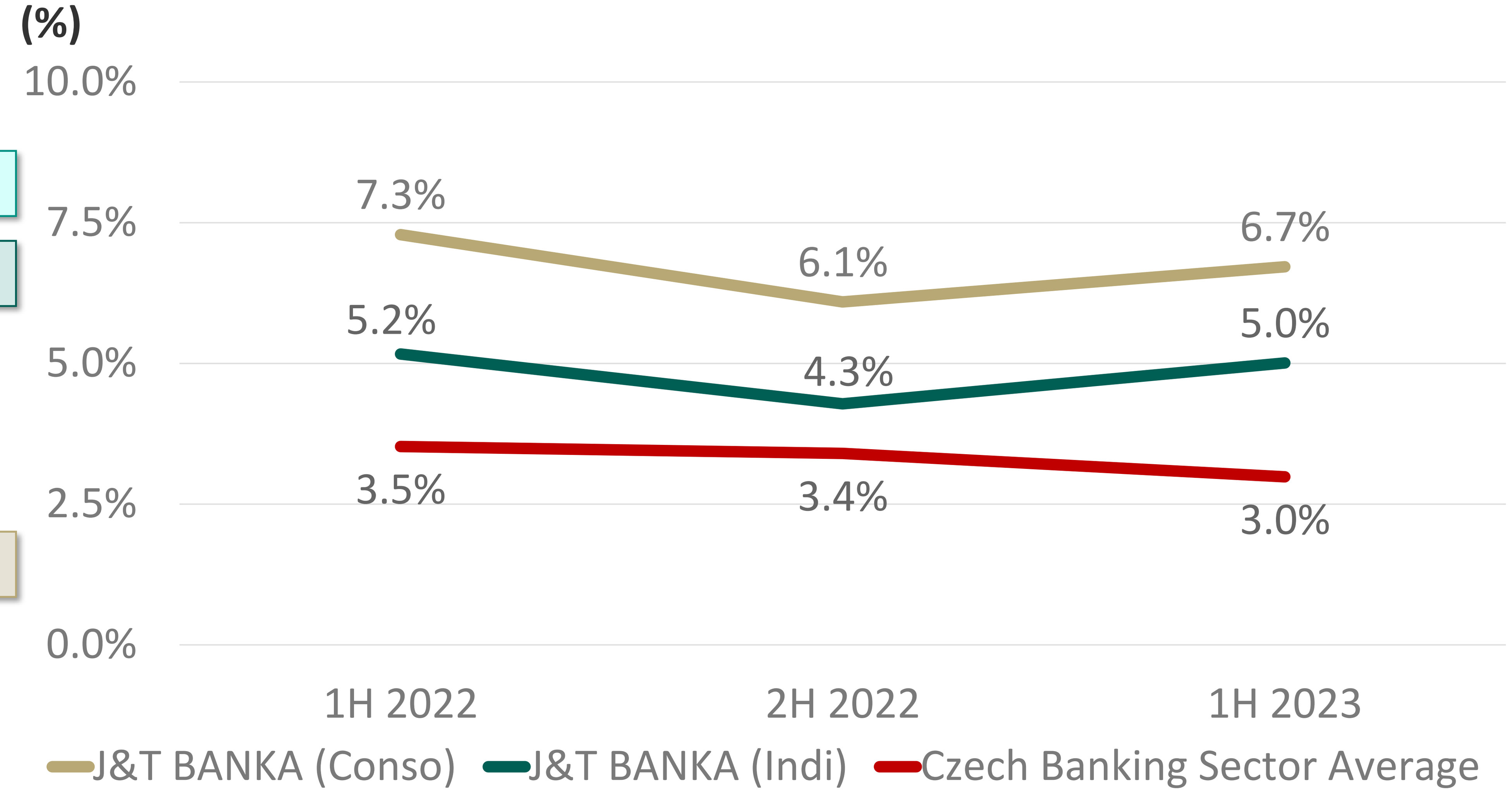
NPLs in absolute terms remain stable, relative share primarily affected by evolution of loan book size and, to a lesser extent, challenging macroeconomic backdrop

- NPLs in absolute terms remain stable amid challenging macroeconomic backdrop
- Relative increase since FY2022 year end was due to a slight reduction in overall loan portfolio
- Consolidated figures affected by movement of all loans granted by the Russian subsidiary into Stage 3 in 2H 2022
- Higher Stage 2 loans in 1H 2022 attributable to one loan with overdue payments where regular repayments resumed in 2H 2022
- Decline in ECLs and NPL Coverage in 1H 2023 was affected by the disposal of one large loan with ~30% net book value (~70% provisioned)

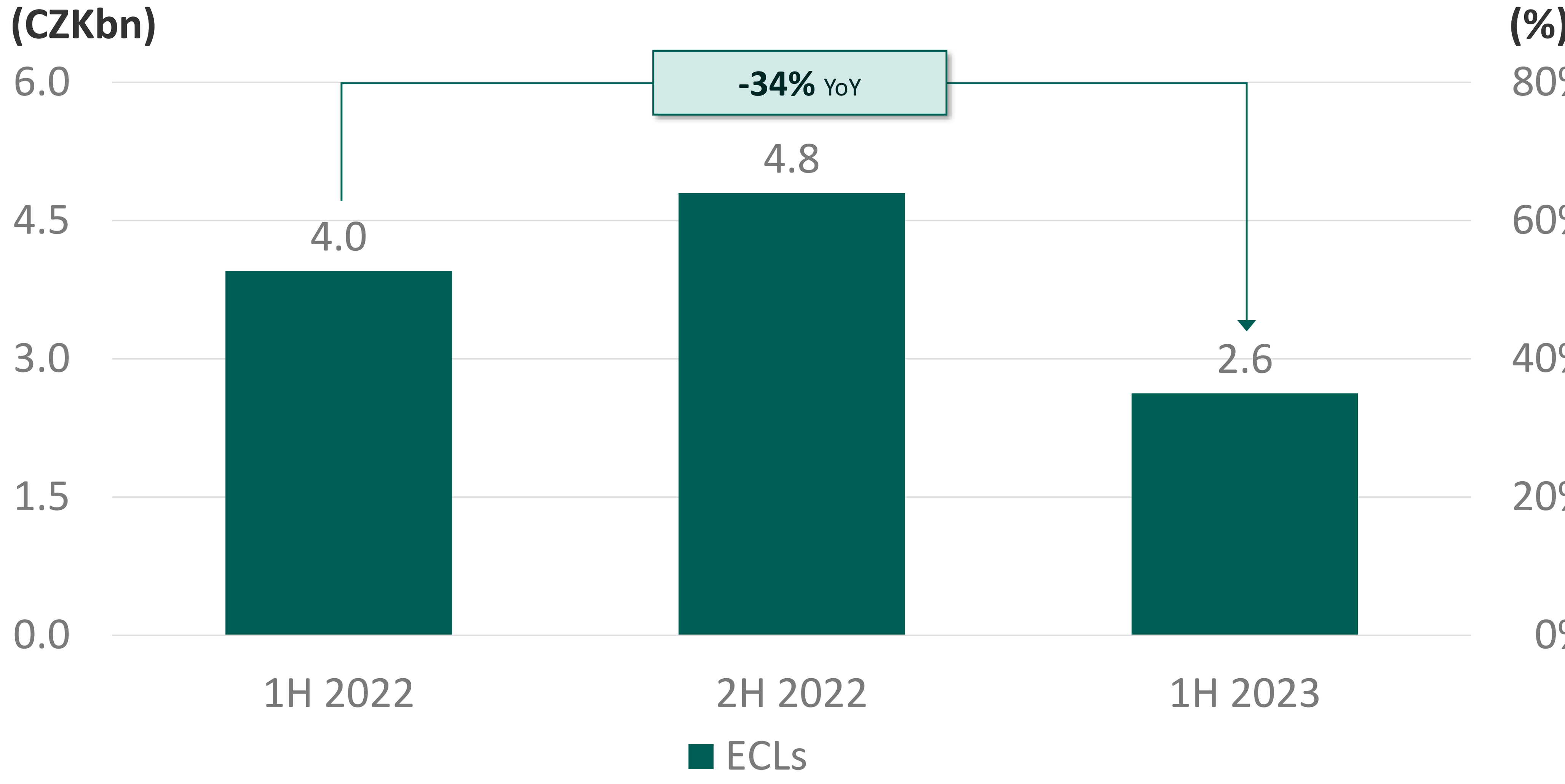
Loan Book by Stage (Gross)[1]



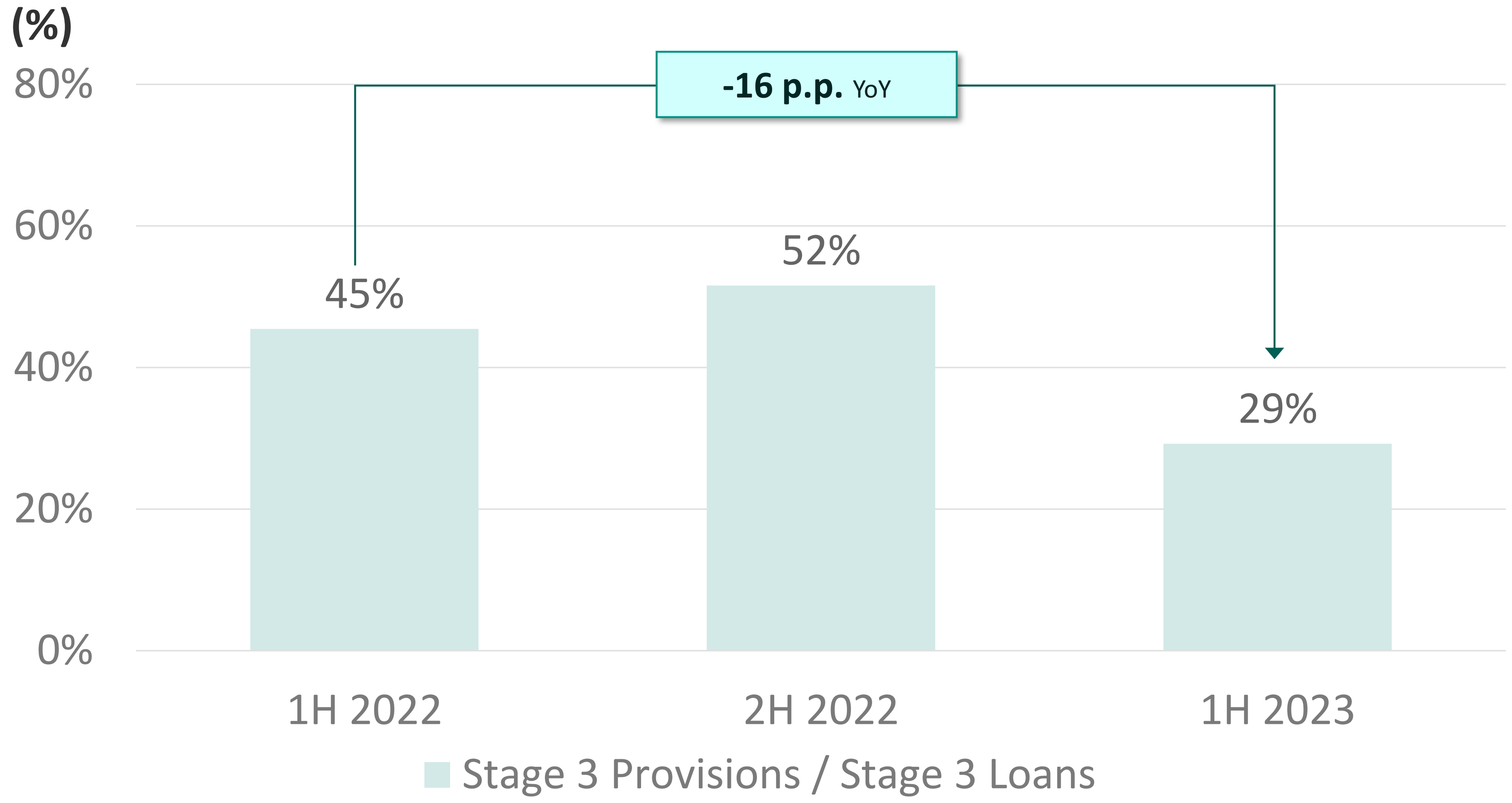
Non-Performing Exposures / Gross Loans[2]



Expected Credit Losses (ECLs)



NPL Coverage



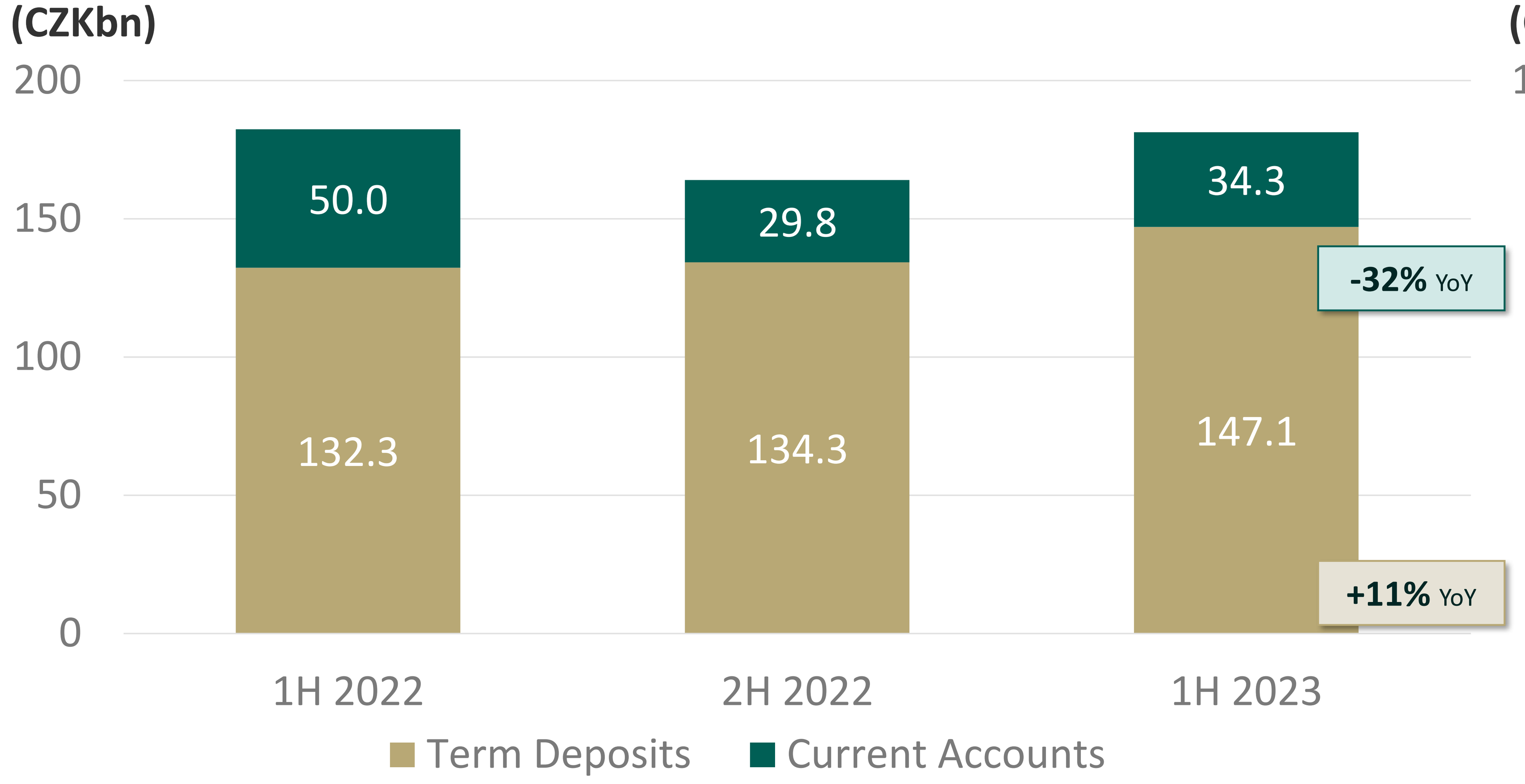
Notes: (1) POCI = Purchased or Originated Credit Impaired (receivables already impaired at the time when purchased/originated). (2) Sector average for loans to non-financial corporations. Source: CNB, Company data

Liabilities Growth and Structure

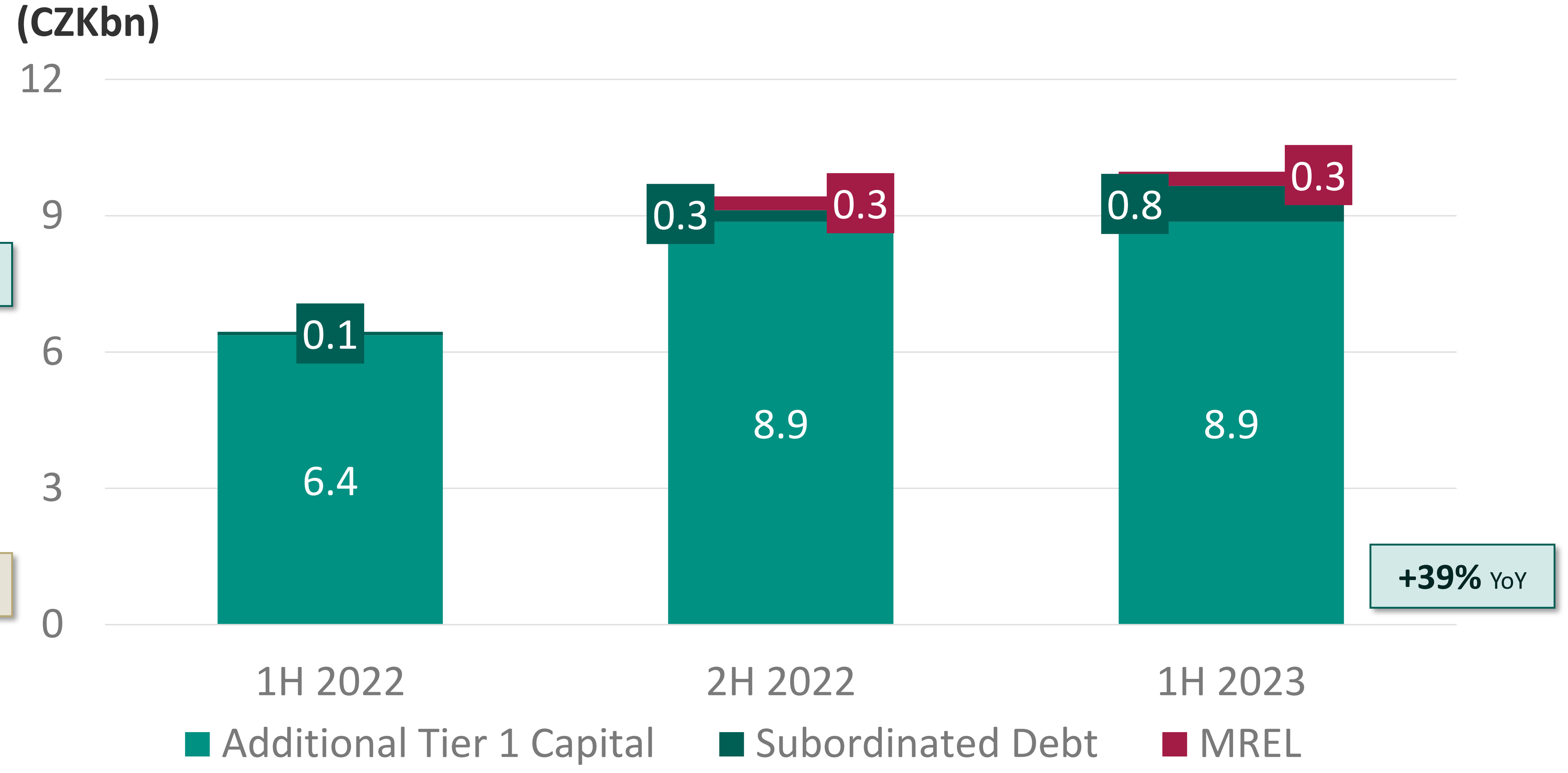
Lending business is deposit funded, securities issuance is negligible and has been driven by capital considerations rather than funding needs. Liquidity position is extremely strong

- Overall deposits flat but positive changes in the structure with term deposits increasing 11% YoY and demand deposits declining 32% YoY
- Fully digital branch launched in Germany in March 2023 focusing on retail clients under J&T Direktbank brand – currently offers savings accounts and by August 2023 collected ~€580m in deposits
- Wholesale funding includes AT1, T2 capital and MREL – issuance driven by capital rather than funding considerations (although proceeds have been used for funding)
- Two thirds of deposits are CZK denominated whereas three quarters of loan book is EUR denominated so CZK deposits are swapped into EUR to match loan book's FX structure
- Extremely strong liquidity position with ~50% L/D Ratio; LCR and NSFR requirements are comfortably met

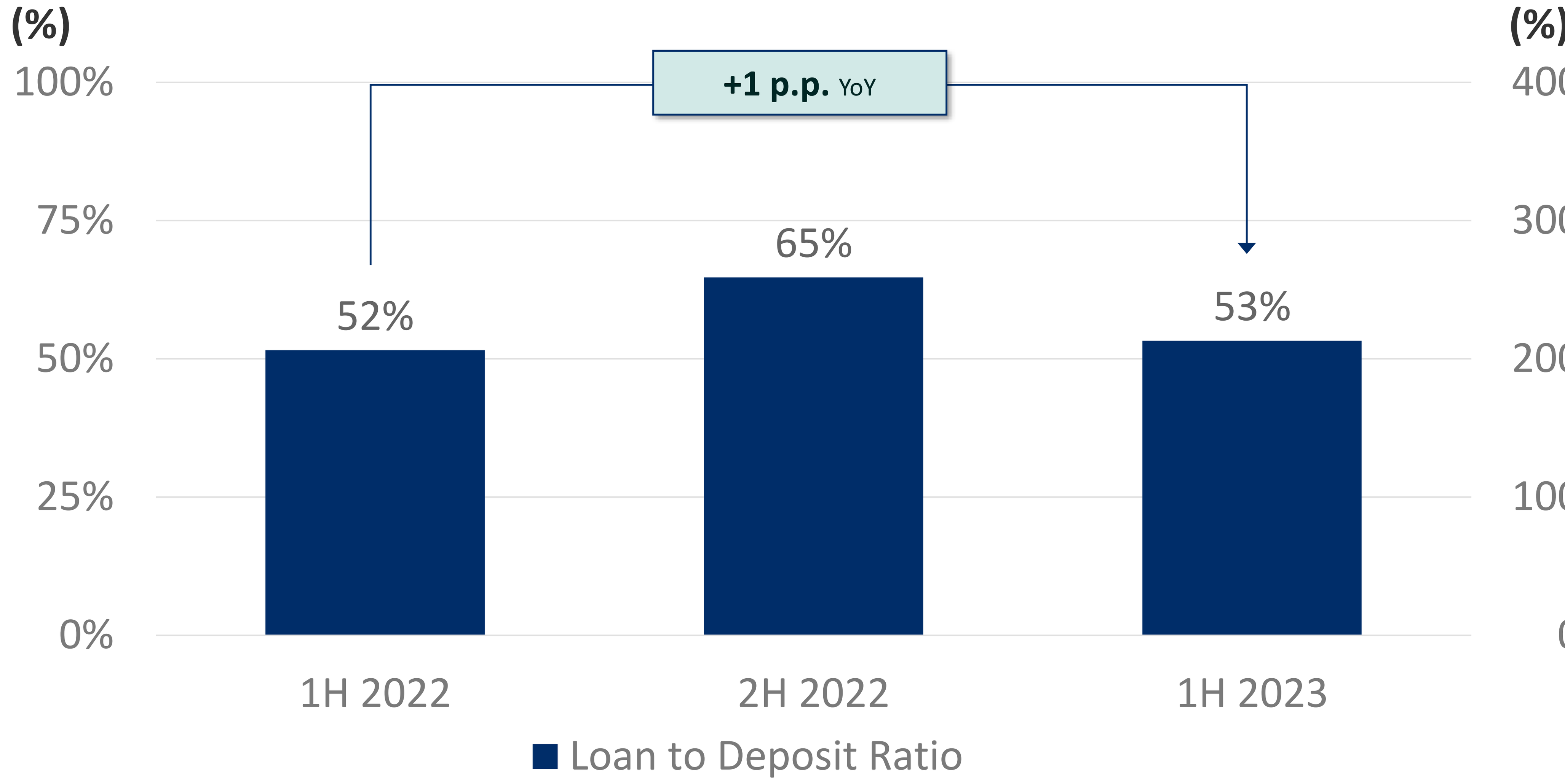
Client Deposits[1]



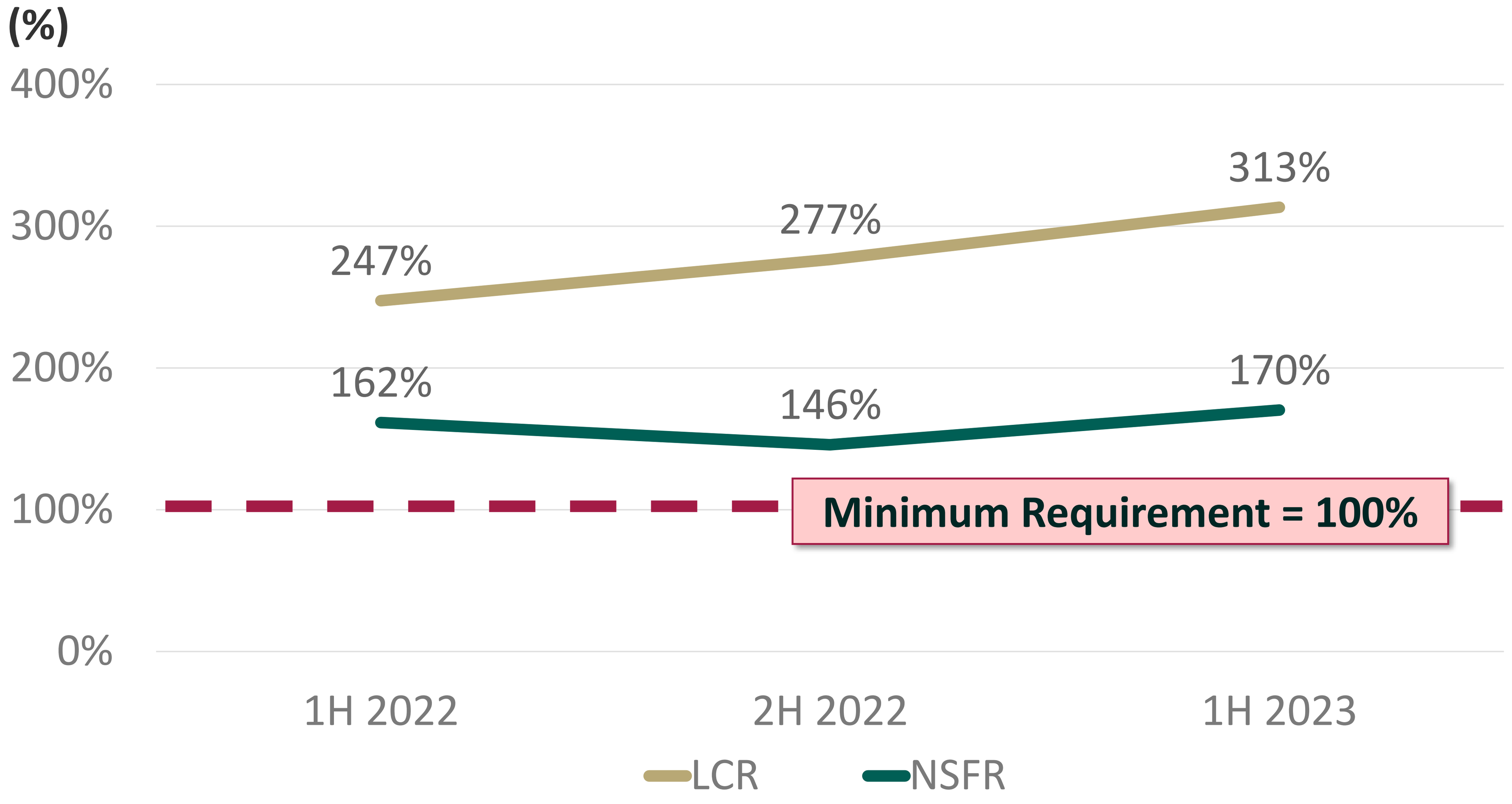
Wholesale Funding



Loan to Deposit Ratio



Liquidity (Individual)[2]



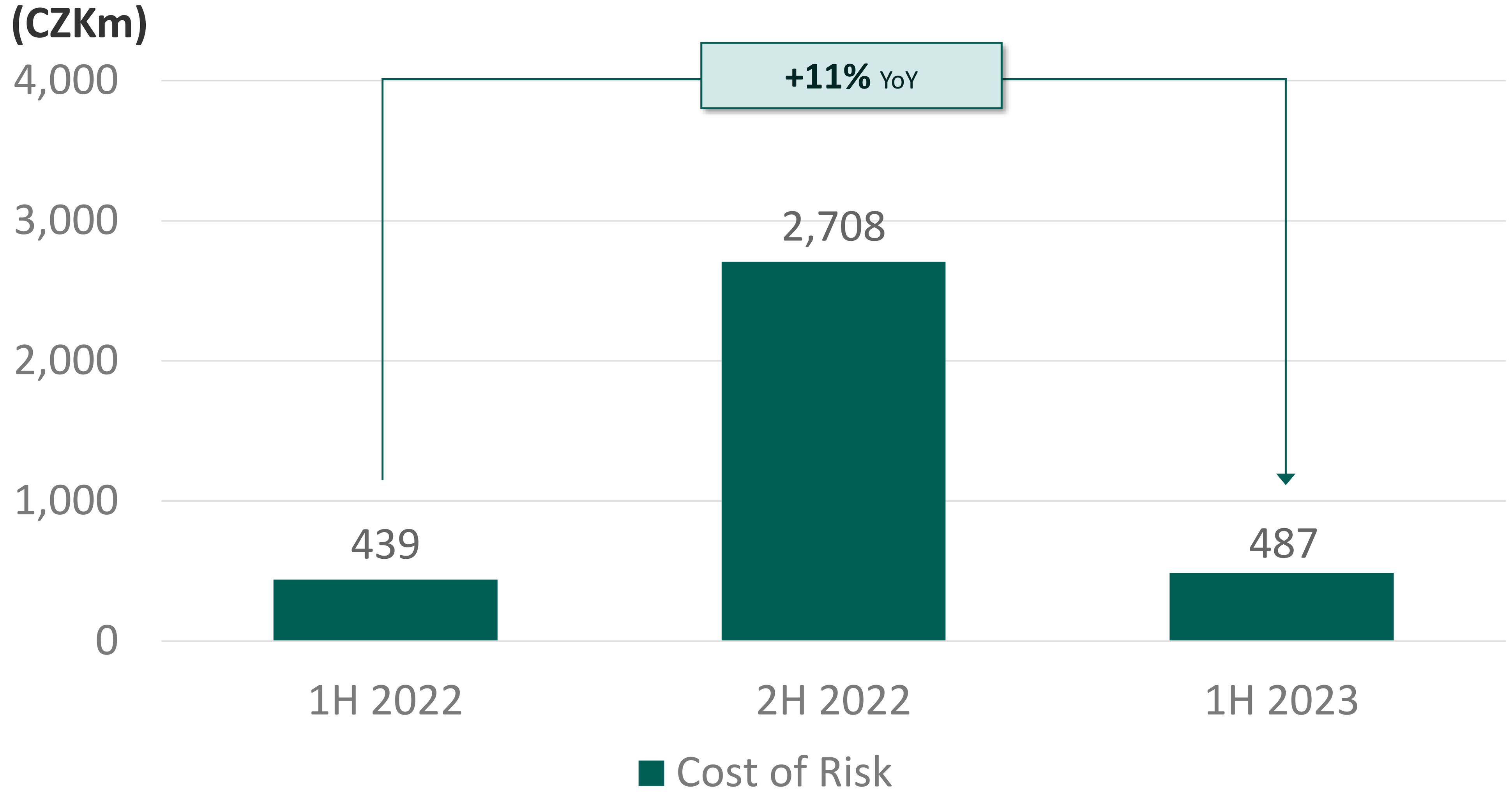
Notes: (1) Current Accounts = all non-term deposits, incl. escrow accounts and other liabilities. (2) LCR and NSFR are only prescribed and monitored on an individual basis. Source: Company data

Profitability, Earnings and Distributions

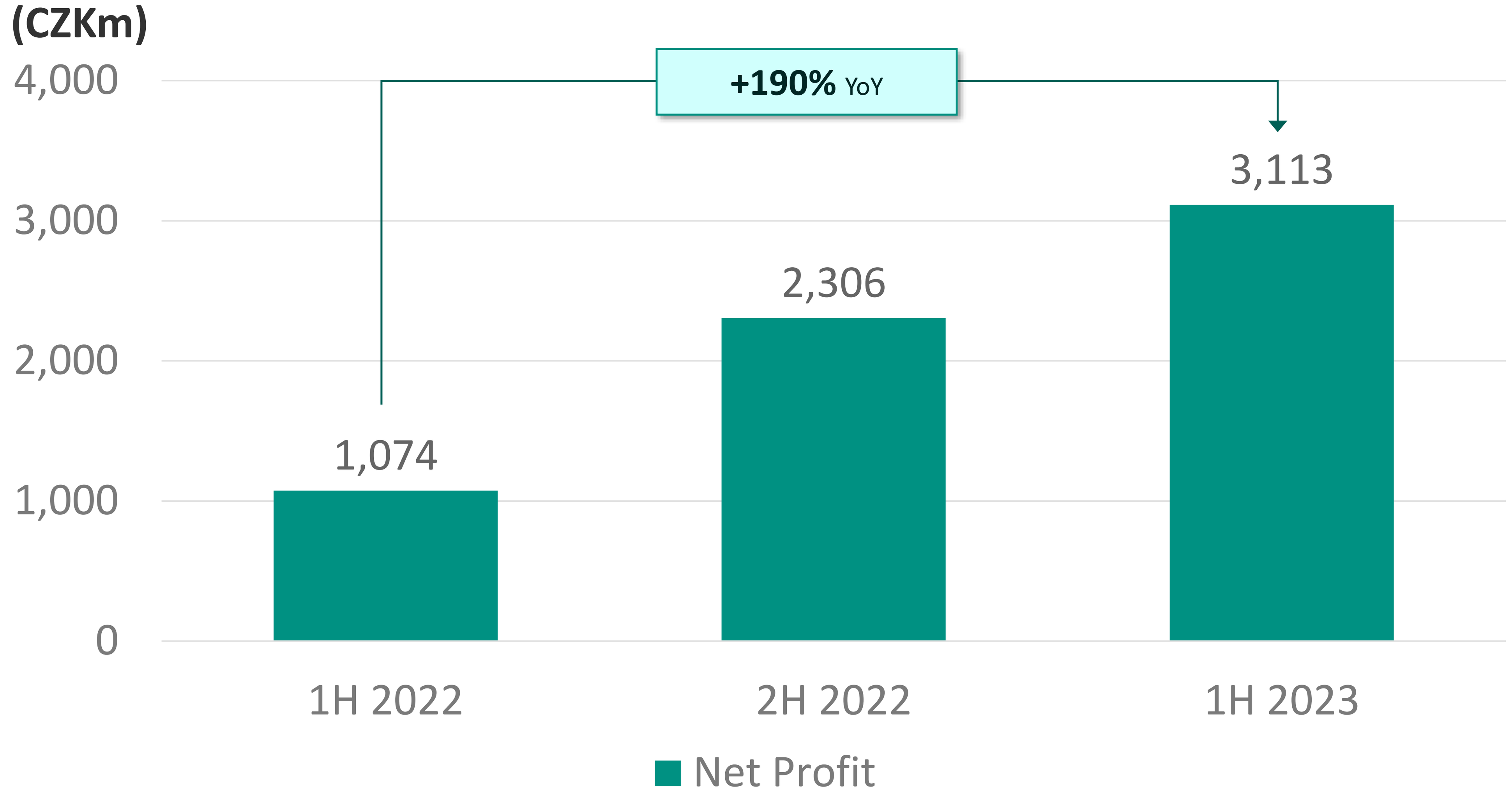
Consistently profitable operation with proven earnings power allowing to self-finance sustainable growth. First distribution to shareholders since 2020 made in 1H 2023

- Risk cost broadly unchanged YoY and reverting towards long-term trend (~1% of gross loans) when factoring in loan book size evolution
  - 2H 2022 was exceptional – adversely affected by Russia and Ukraine related write-downs
- Strong top line performance with operating expense under control and low risk cost resulted in highest semi-annual profit on record in 1H 2023
- Modest CZK1,000m (~€40m) dividend paid out in May 2023
  - First distribution to shareholders since 2020
- As strong performance continues, further shareholder distributions from FY2023 profit are likely (subject to regulatory approvals)

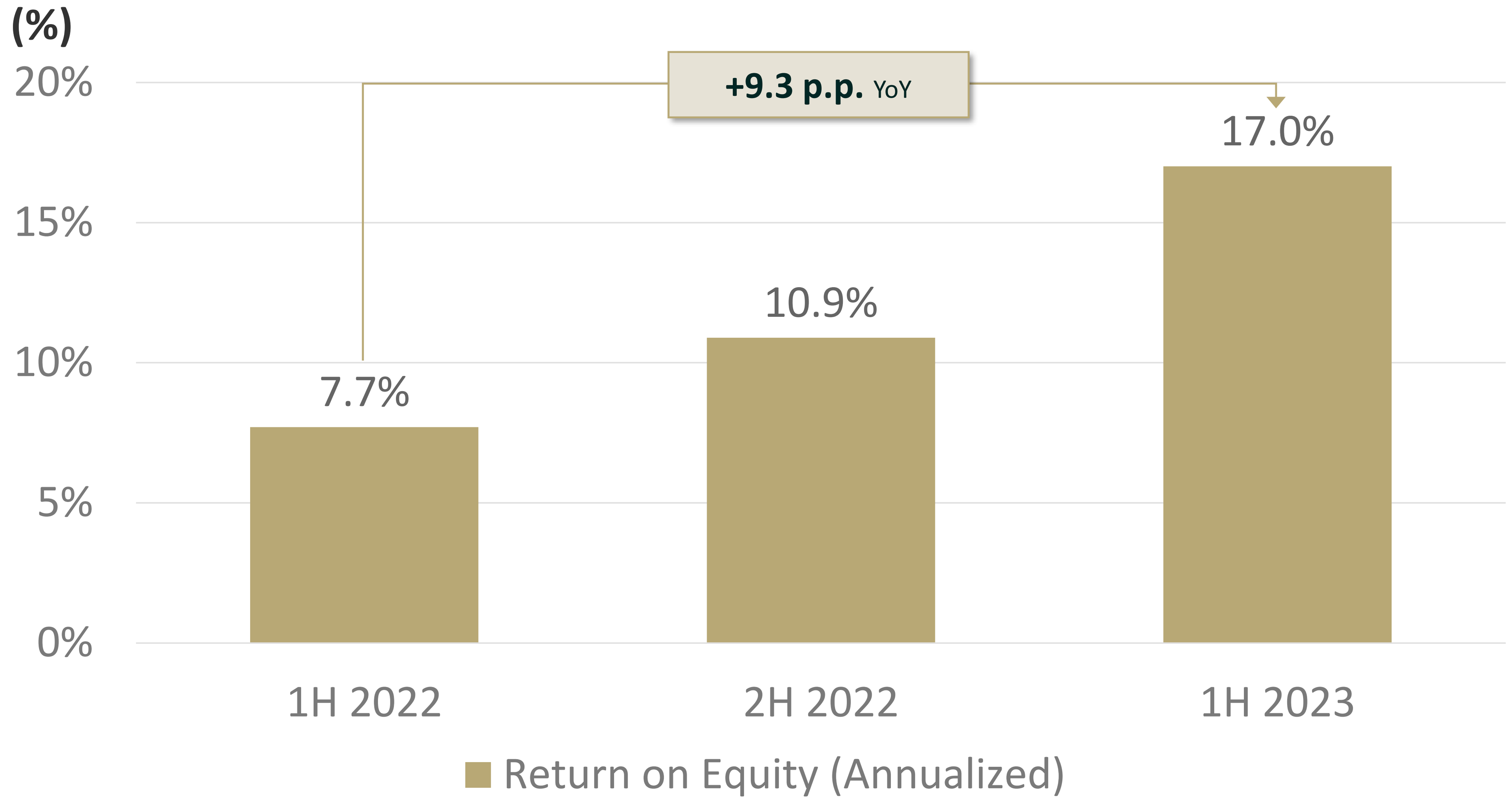
Cost of Risk (On- and Off-Balance Sheet)



Net Profit



Return on Equity[1]



Dividends and Pay-Out Ratio (Individual)[2]

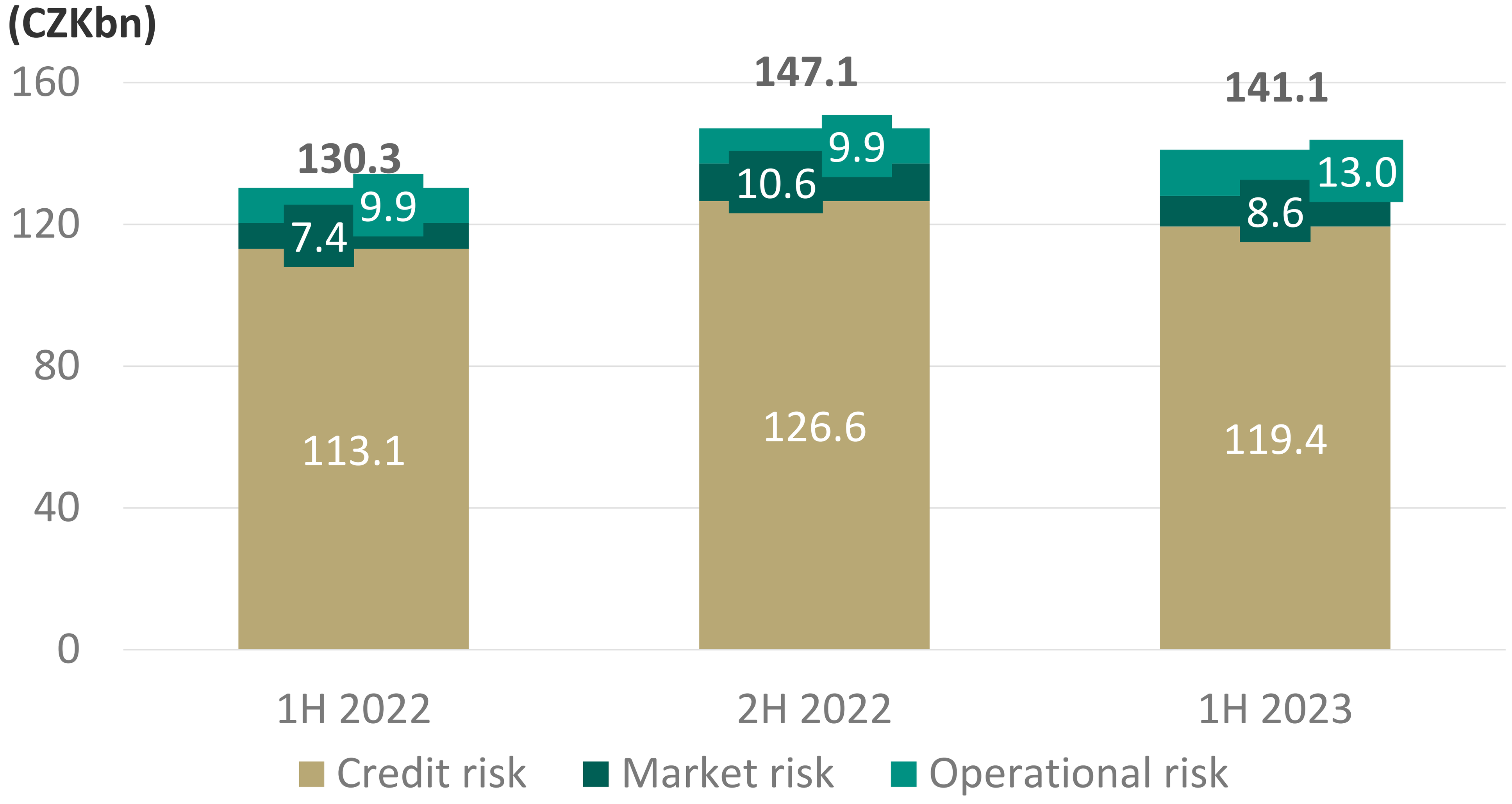
Notes: (1) Annualized. (2) Dividend in year t divided by net profit in year t-1 (pay-out ratio calculated in relation to full-year profit). Source: Company data

Capital Management | Overview and Capitalization

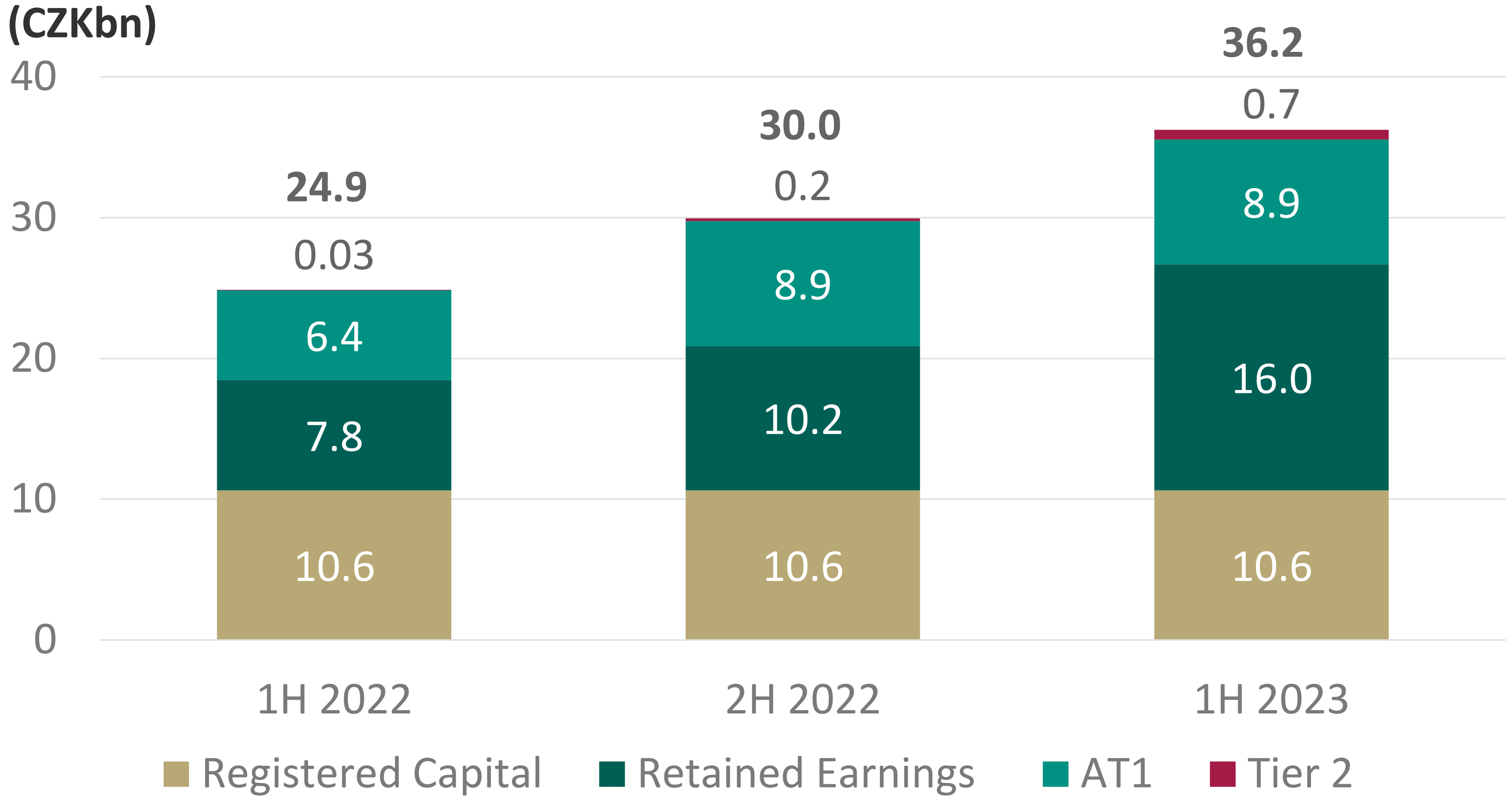
Capital and MREL requirements set and monitored **individually** and driven by long-term growth in RWAs. High-quality capital base provides sufficient resources for continued growth

- Regulatory limits and MREL requirements are all set and monitored for J&T BANKA individually
- Consolidated results are prepared to comply with Accounting Law and IFRS reporting standards
- Capital requirements driven by RWAs, primarily attributable to credit risk
- Dense capital base comprises high-quality components: common equity (~70%) and AT1 (~30%)
  - Three years of earnings retention (2019 – 2021) and ~€120m capital increase (December 2022)
  - €200m AT1 issued in 2022
- Regulatory capital and capital ratios reflect J&T BANKA's strong performance in 1H 2023 despite CZK1bn dividend paid out in May 2023

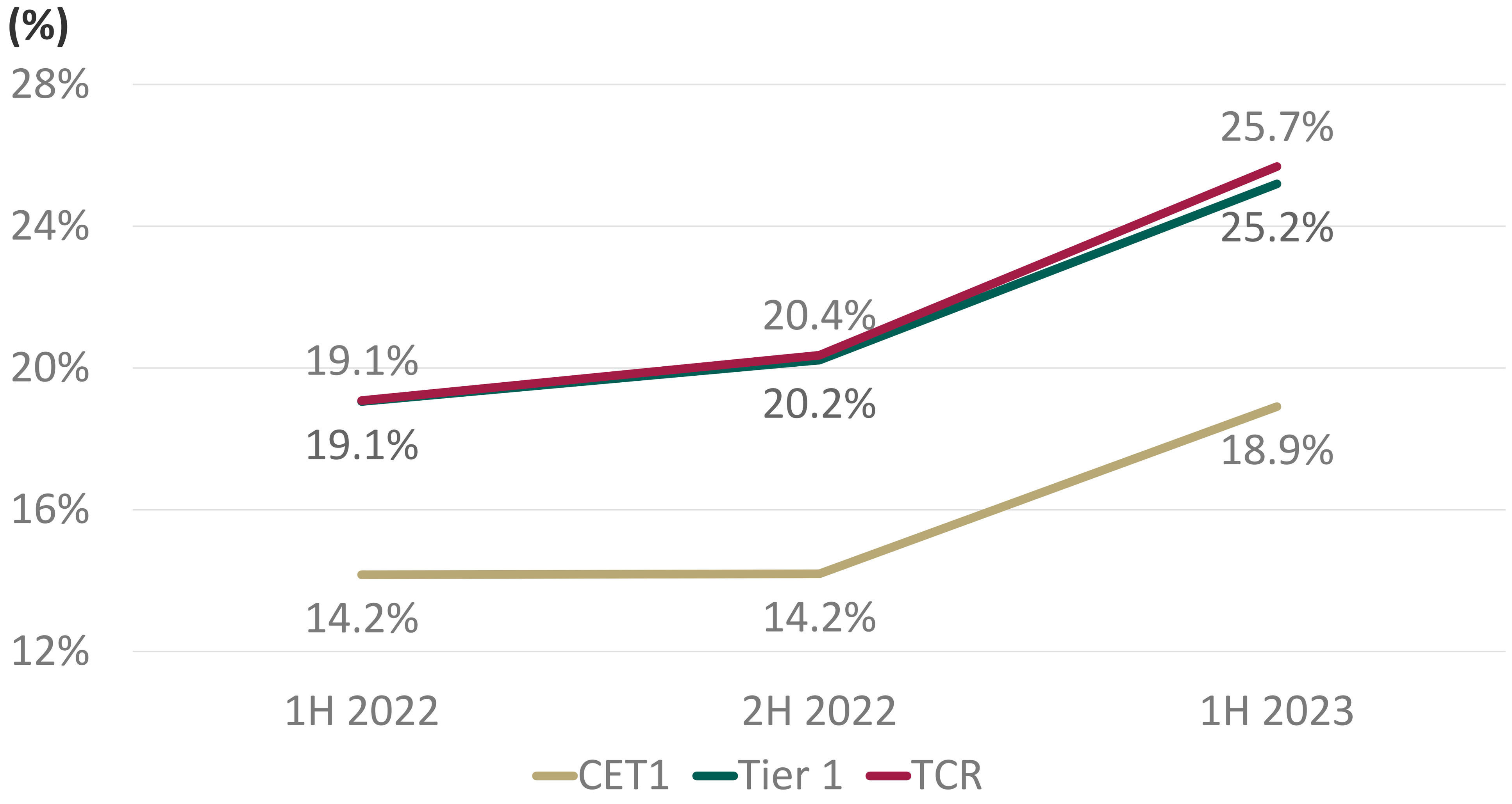
Risk Weighted Assets (Individual)



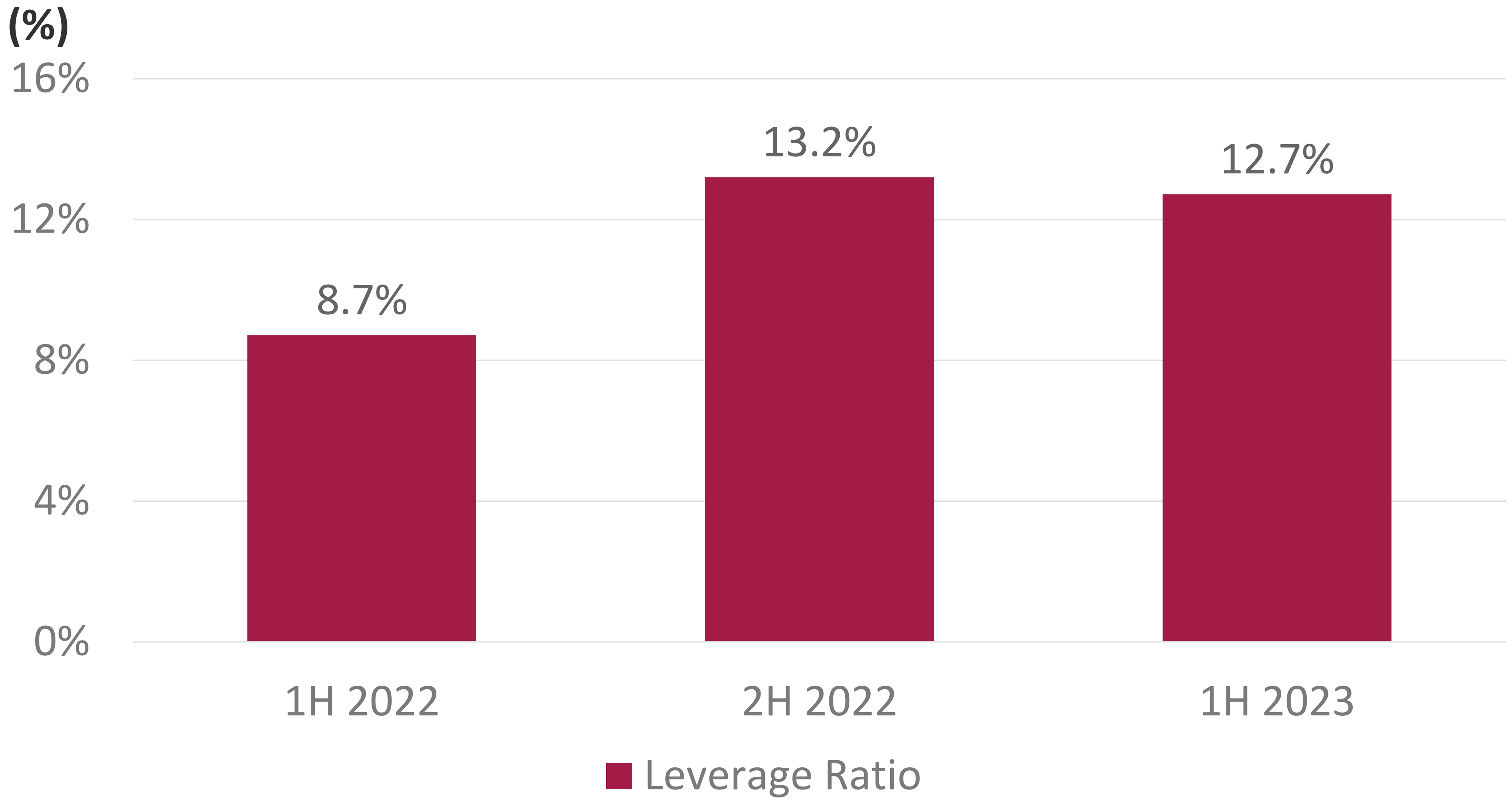
Regulatory Capital Composition (Individual)



Capital Adequacy (Individual)



Leverage Ratio (Individual)(1)



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

Capital Management | Capital Requirements and Buffers

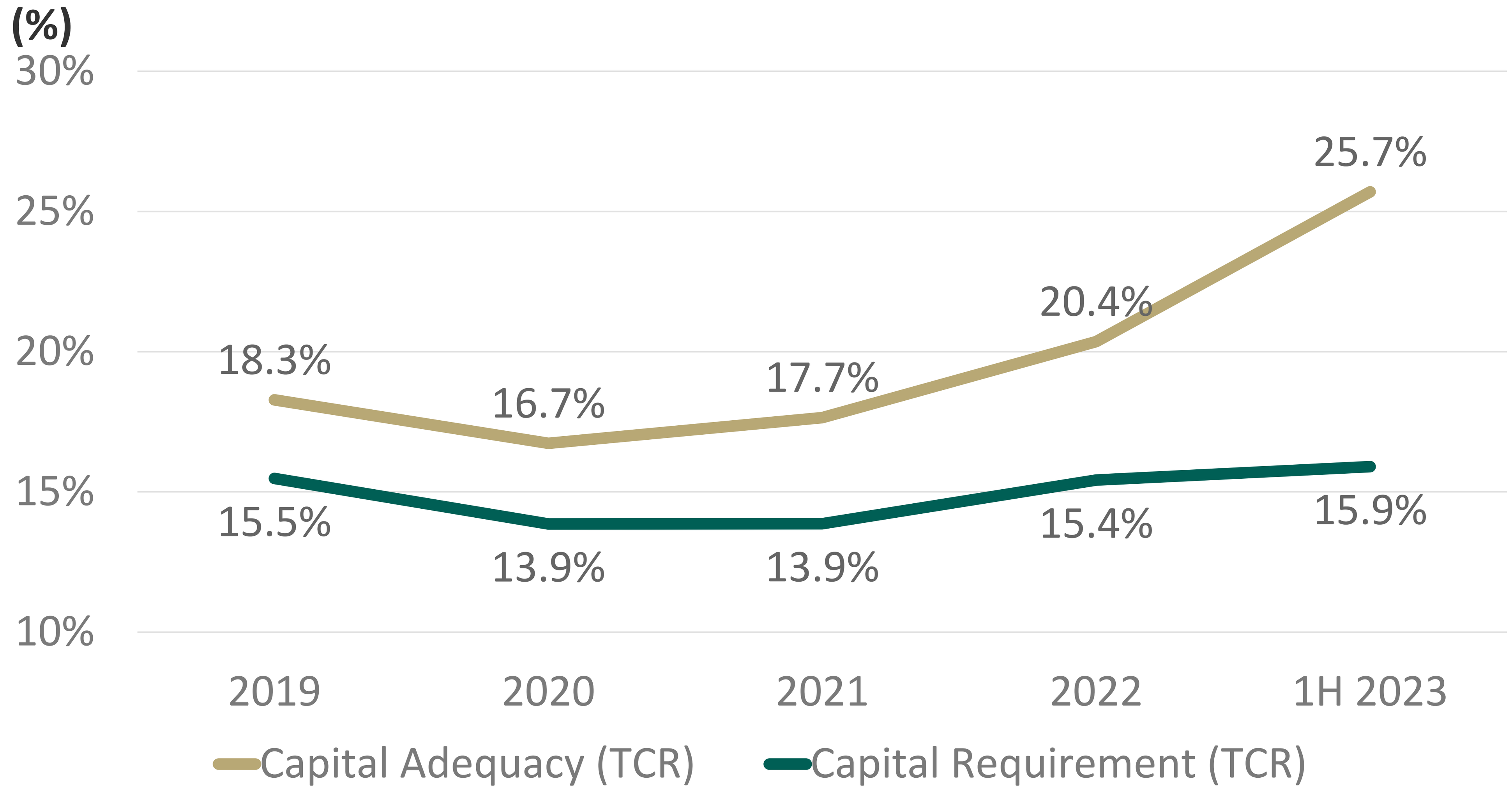
Capital adequacy consistently exceeding minimum regulatory requirements by considerable margin

- J&T BANKA's capital adequacy consistently exceeds minimum regulatory requirements (including 1% management buffer) by considerable margin
  - Following very strong performance in 1H 2023 and very modest distribution year-to-date, the buffer stands at nearly 1,000bps
- Medium-term management target is to maintain CET1 capital ratio at or above 15% and reduce Tier 1 capital ratio to ~18% with the remaining capital requirement being covered by MREL eligible securities

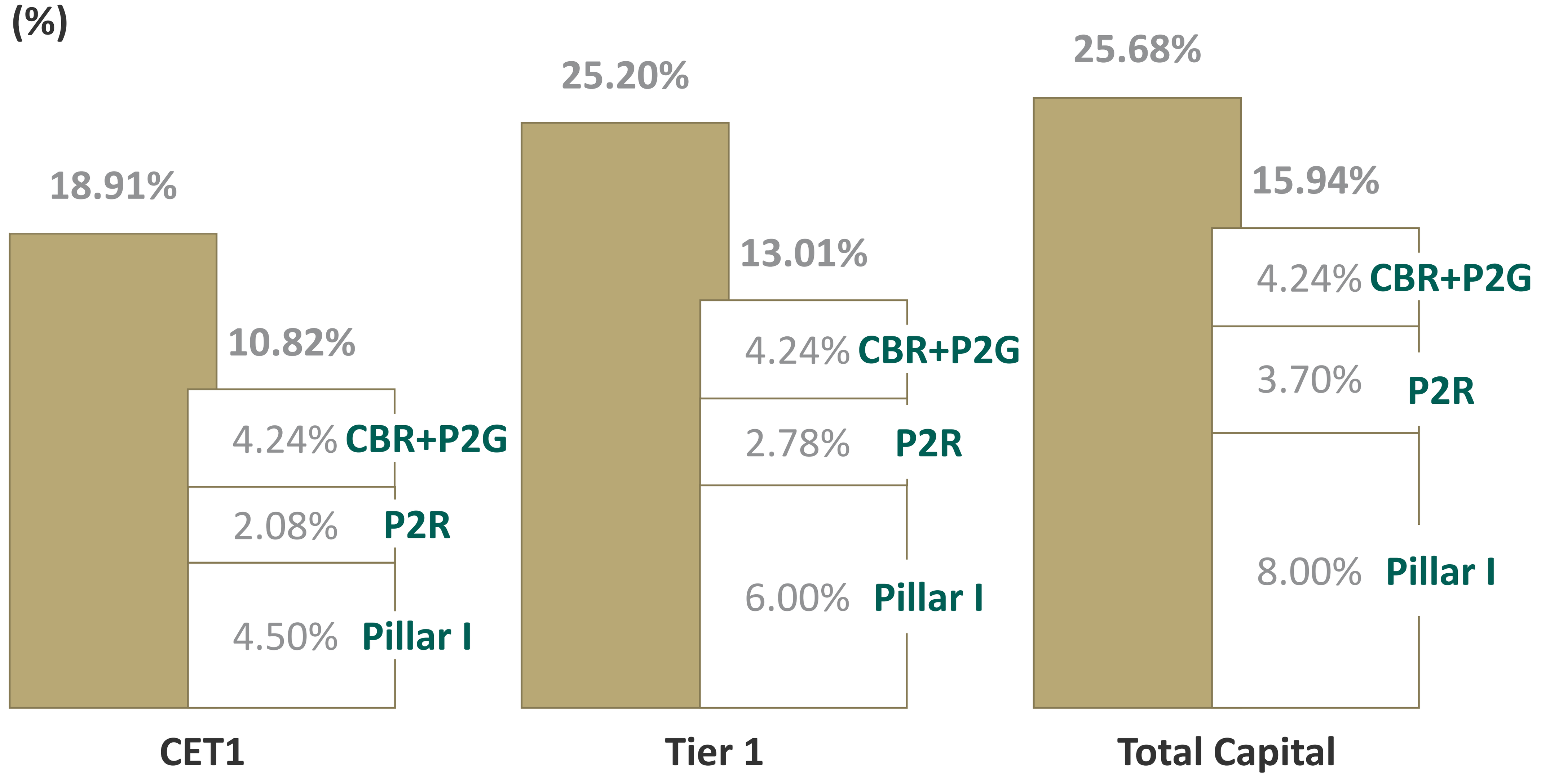
Regulatory Requirements (Individual)

(%)	1H 2022	2H 2022	1H 2023
Pillar I - CRR (Own Funds)	8.0%	8.0%	8.0%
Capital Conservation Buffer (CRR)	2.5%	2.5%	2.5%
Countercyclical Buffer (CRR)	0.3%	0.7%	1.2%
Pillar II (SREP)	3.7%	3.7%	3.7%
Pillar 2 Guidance (P2G)	0.5%	0.5%	0.5%
Total Capital Requirement	**15.0%**	**15.4%**	**15.9%**
Management Buffer	1.0%	1.0%	1.0%
Internal Target	**16.0%**	**16.4%**	**16.9%**

Capital Adequacy vs Requirement (Individual)



Capital and Buffers (Individual, 30 June 2023)[1]



Ratio	Actual	Required	Capital Buffer	
			(%)	(CZKbn)
CET1 (% RWA)	18.91%	10.82%	809bps	11.4
Tier 1 (% RWA)	25.20%	13.01%	1,219bps	17.2
Total Capital (TCR) (% RWA)	25.68%	15.94%	974bps	13.7
Leverage (% LRE)	12.71%	3.00%	971bps	27.2

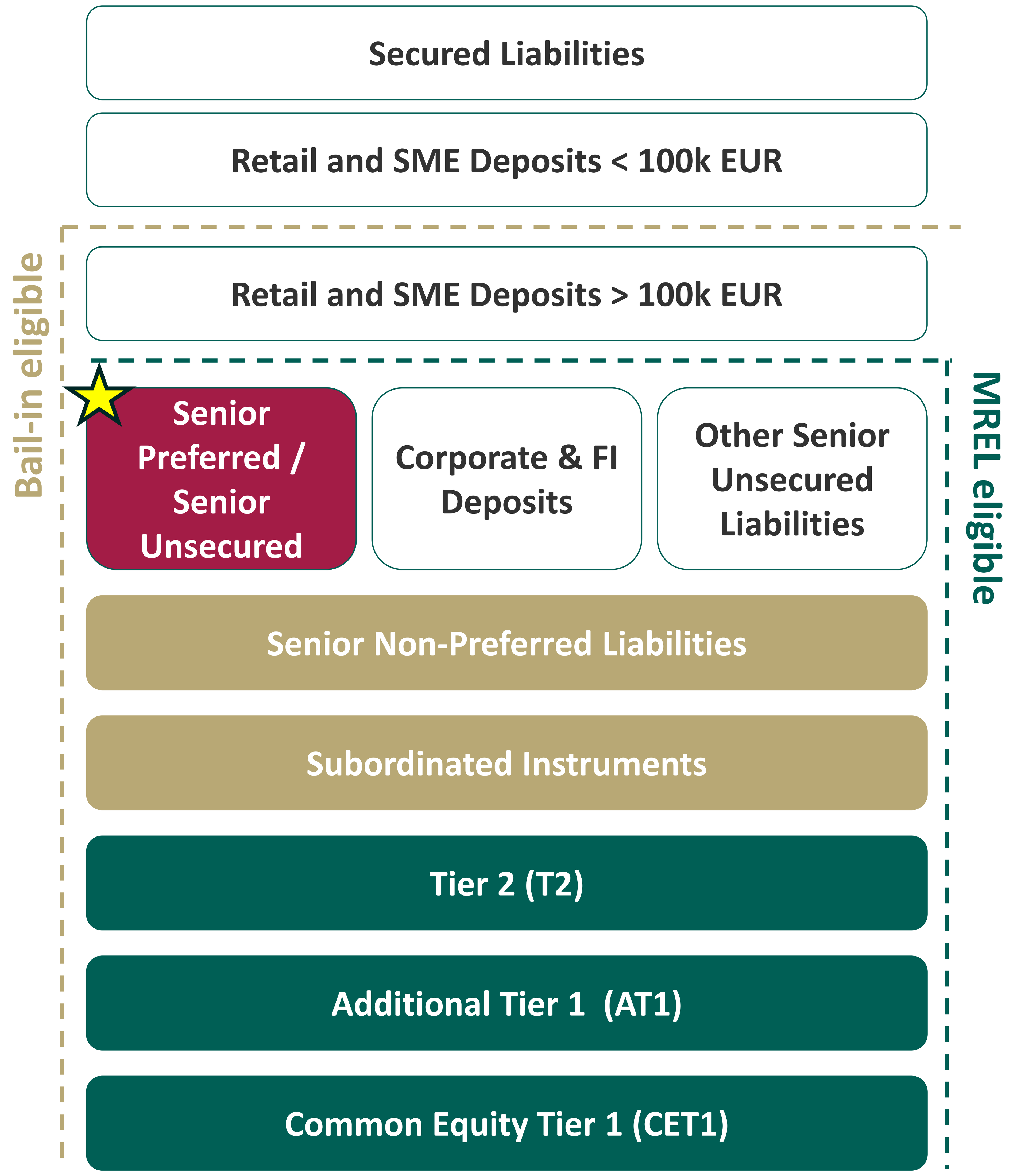
Note: (1) CCyB as at 30 June 2023. Source: Company data

Resolution and MREL Considerations

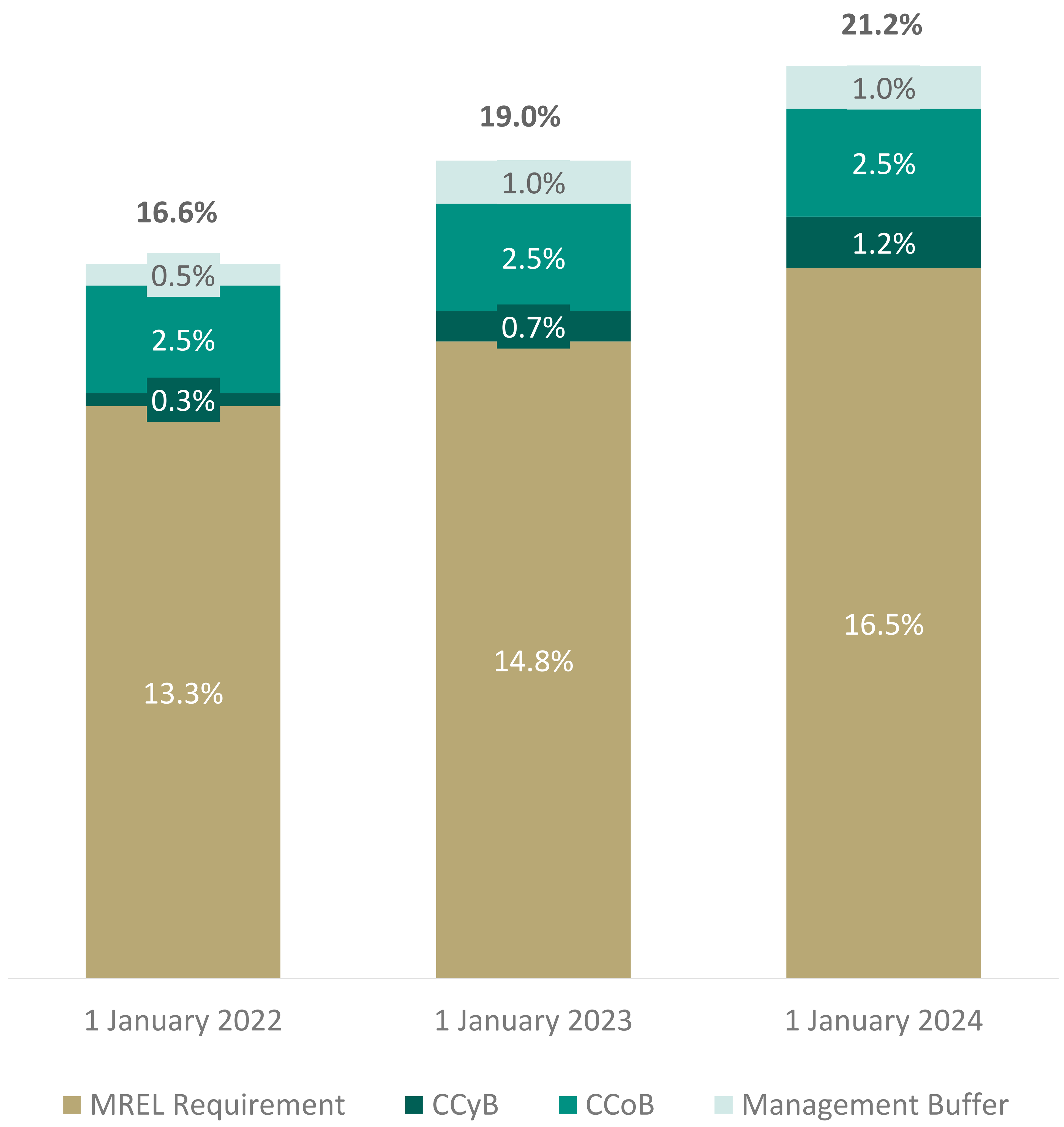
Building-up MREL to anticipate future requirements

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

Creditor Hierarchy in Insolvency & Resolution



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



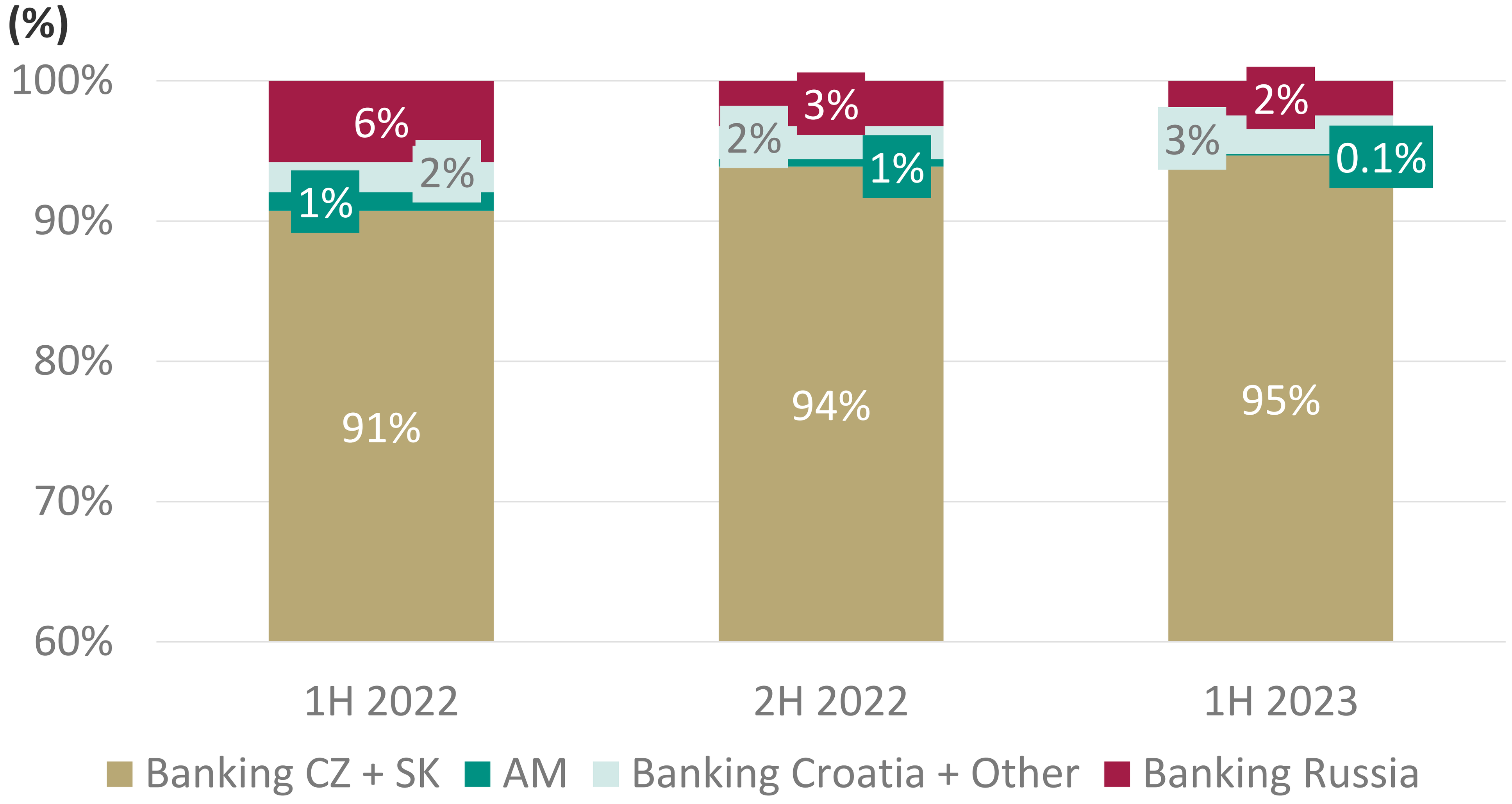
Notes: (1) Counter-cyclical buffer calculated quarterly around the end of each quarter. (2) CCyB as at 30 June 2023. Source: Company data

Segment Information – Functional and Geographic

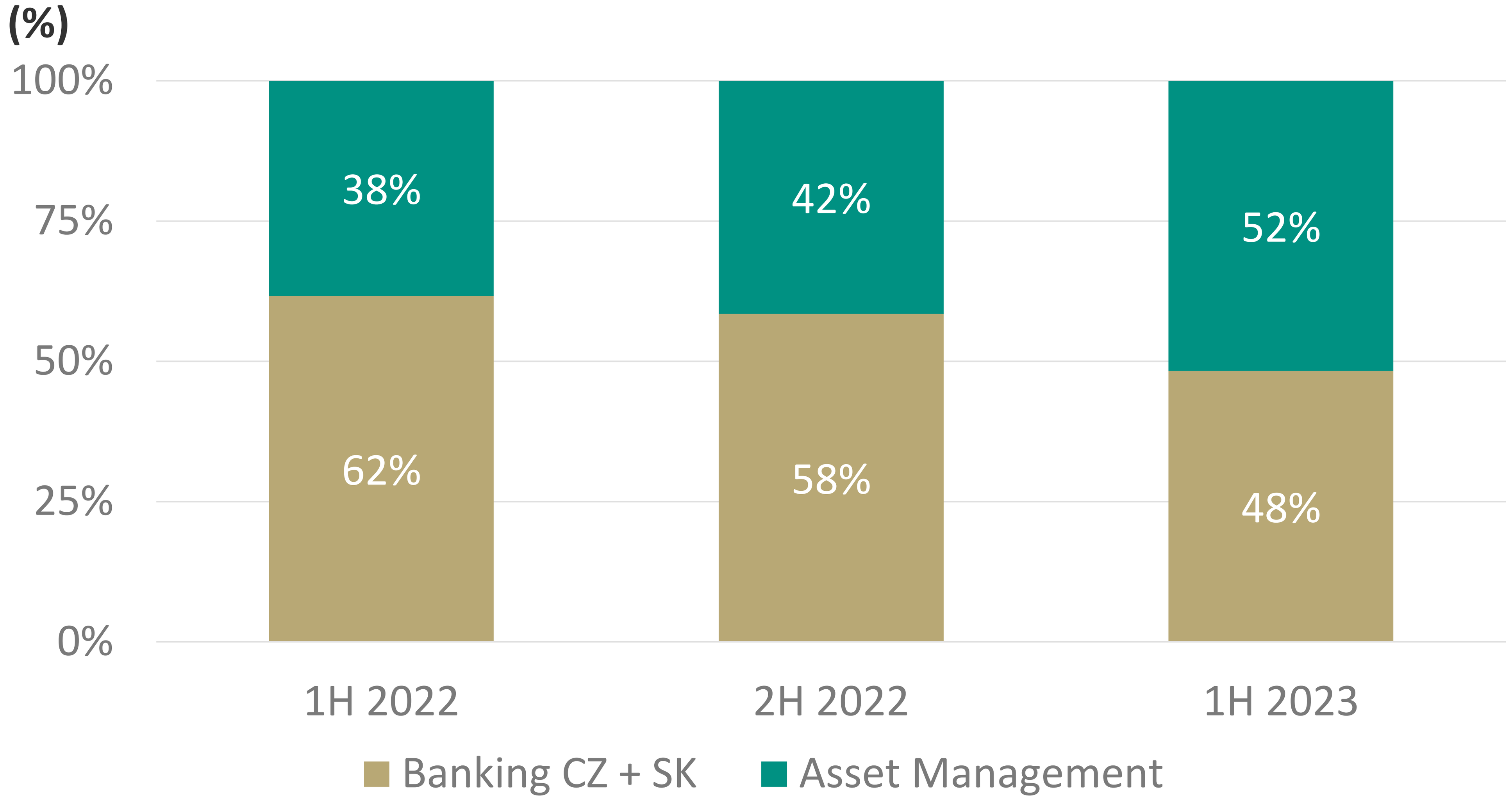
Banking CZ + SK and Asset Management are J&T BANKA's two key operating segments. Russian and Ukrainian exposure is insignificant

- J&T BANKA's activities in Russia have never been significant
- Following Russian invasion of Ukraine, all business activities in Russia (and Ukraine) were stopped and provisions/impairment charges for existing exposures booked
- Russian subsidiary is fully self-funded, liquidity from portfolio run-off is placed with the central bank
- Discussions about the disposal of the Russian subsidiary are in advanced stages. While the counterparty has secured the local regulatory approvals (an important pre-requisite to closing), the outcome is still uncertain
- Impact of a complete write-off (if realised) of the residual Russian and Ukrainian exposures on J&T BANKA's results and capitalization would be immaterial

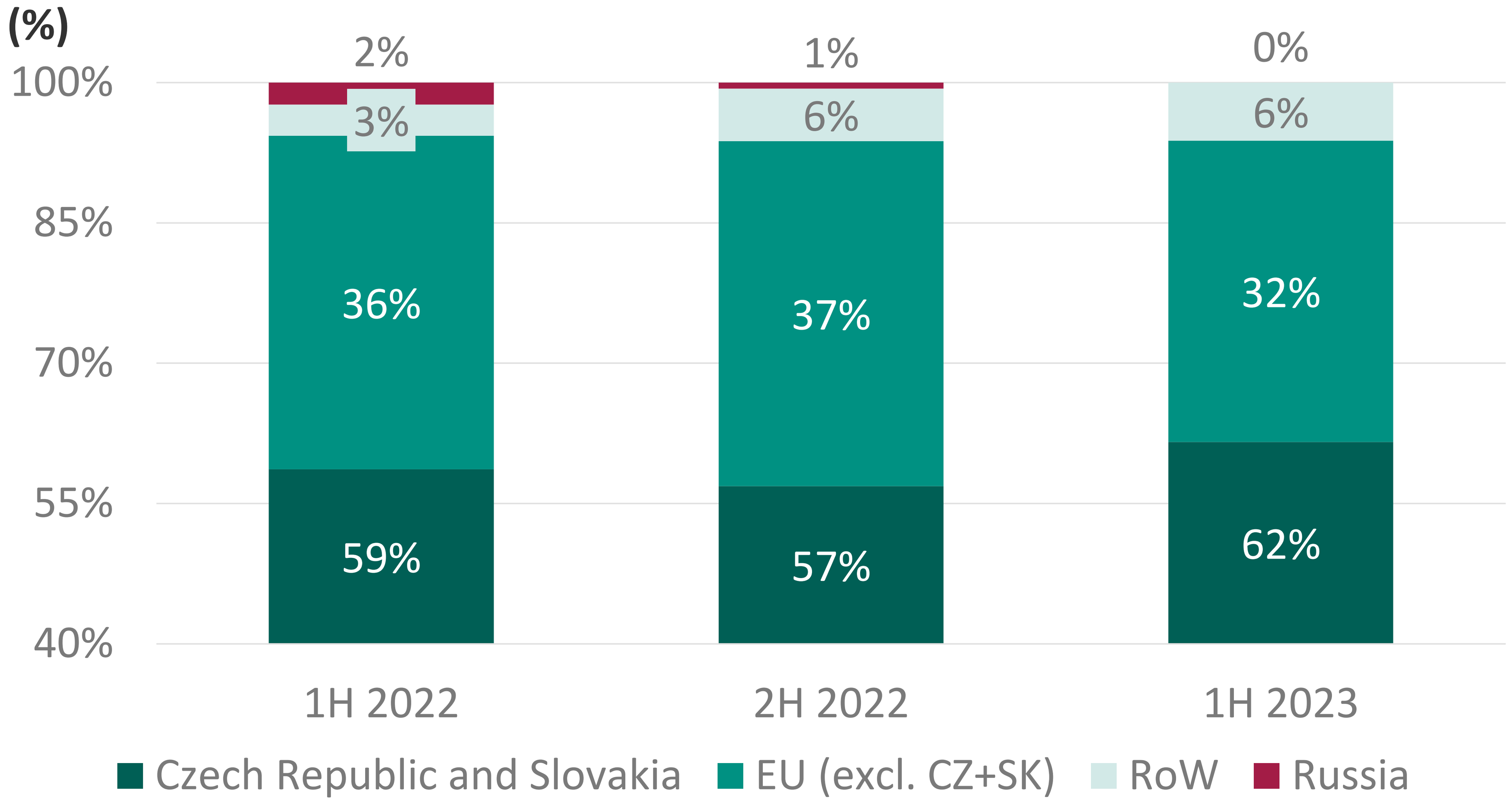
Net Interest Income



Net Fees and Commissions[1]



Net Loan Book by Geography[2],[3]



Exposure to Russia and Ukraine (Individual)

(CZKm)	31/12/21	31/03/22	31/12/22	30/06/23
Loans - Ukraine (Net)	1,899	1,380	186	184
Loans - Russia (Net)	196	148	100	0
Bonds - Ukraine (FMV)	47	52	54	46
Ownership in J&T Bank, a.o.	1,462	1,367	241	237
Terces (J&T Bank, a.o. HQ)	278	278	267	258
Total	**3,882**	**3,225**	**848**	**725**

Notes: (1) AM not offered in Russia and Croatia. Banking CZ+SK includes all fees unrelated to AM. (2) Based on project's underlying risk. (3) Russian subsidiary accounted for as held for sale since 1H 2023. Source: Company data

J&T Banka, a.s.
Sokolovská 700/113a, 186 00 Prague 8, Czech Republic
www.jtbanka.cz