J&T BANKA

1H 2024 – Interim IFRS Results (Consolidated)

Investor Update

September 2024

Růst. Společně.

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1H 2022 balance sheet 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 profit and loss figures have been calculated as the difference between J&T BANKA’s full-year audited results and 1H reviewed results (comparables). 2H balance sheet figures are year-end figures extracted from full-year audited results.

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Financial Highlights and Operating Environment

Performance Highlights | 1H 2024 – Interim IFRS Results (Consolidated)

Strong performance from FY2023 continued into 1H 2024

- Operating income down 3% YoY driven by lower income from trading and investments and other operating revenue (-35%) nearly off-set by 29% YoY increase in net fees and commissions
- Opex down 10% YoY, mainly due to 12% YoY reduction in deposit insurance cost and mandatory resolution fund contributions
- Good asset quality driving down cost of risk (-216% YoY)
- Strong overall performance translating into historically highest semi-annual profit (up 27% YoY)
- Deposit inflow gradually peaking, liquidity partly redirected to fund loan book and securities growth
- Equity up 10% YoY amid strong financial performance and CZK2.8bn dividend paid in April 2024
- Both capital buffer and liquidity position remain exceptionally strong

(CZKm)	1H 2023	1H 2024	change (%)	(€m)[1]
Net Interest Income	4,408	4,416	0%	177
Net Fees and Commissions	1,061	1,369	29%	55
Operating Income	**7,031**	**6,798**	**(3%)**	**272**
Operating Expense	(2,520)	(2,268)	(10%)	(91)
Profit Before Risk Cost	**4,511**	**4,530**	**0%**	**181**
Cost of Risk	(487)	565	(216%)	23
Net Profit for the Period	**3,113**	**3,944**	**27%**	**158**
Cash and Equivalents	114,317	169,117	48%	6,765
Loan Book	**96,604**	**104,977**	**9%**	**4,199**
Securities	29,532	49,221	67%	1,969
Customer Deposits	181,362	243,735	**34%**	**9,749**
Shareholders' Equity	37,363	41,219	10%	1,649
ROE[2]	**17.0%**	**19.2%**	**+2.2 p.p.**	<-
Capital Adequacy (TCR)	23.9%	22.5%	-1.4 p.p.	<-
Leverage Ratio[3]	12.7%	8.8%	-3.9 p.p.	<-
Liquidity Coverage Ratio (LCR)[3]	313.4%	416.0%	+102.6 p.p.	<-
Net Stable Funding Ratio (NSFR)[3]	170.3%	197.7%	+27.4 p.p.	<-
Employees (average FTEs)	1,023	817	(20%)	<-

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 2024

Record high semi-annual net profit amid declining interest rates helped by positive dynamics in corporate loan book, expansion & duration extension in securities portfolio and continued growth in fees and commissions

Net Profit Bridge (1H 2024 vs 1H 2023)

- **NII**: Positive effect of increasing liquidity and larger average loan book essentially off-set by declining interest rates and higher overall funding cost
- **NFC**: Continuous growth in asset management fees and higher debt underwriting and other financial markets related fees (incl. custody)
- **Other Income**: Downward revaluation of share certificates, securities and derivatives (-CZK311m) and lower other operating income (-CZK217m)
- **Personnel Expense**: Flat despite lower year-end FTEs (Russian operation sold in November 2023) amid persistently high wage inflation
- **Admin Expense**: Marked decline in other operating expense mainly due to lower deposit insurance cost and mandatory resolution fund contributions
- **Cost of Risk**: Good asset quality (historically lowest reported NPL ratio) allowing release of provisions

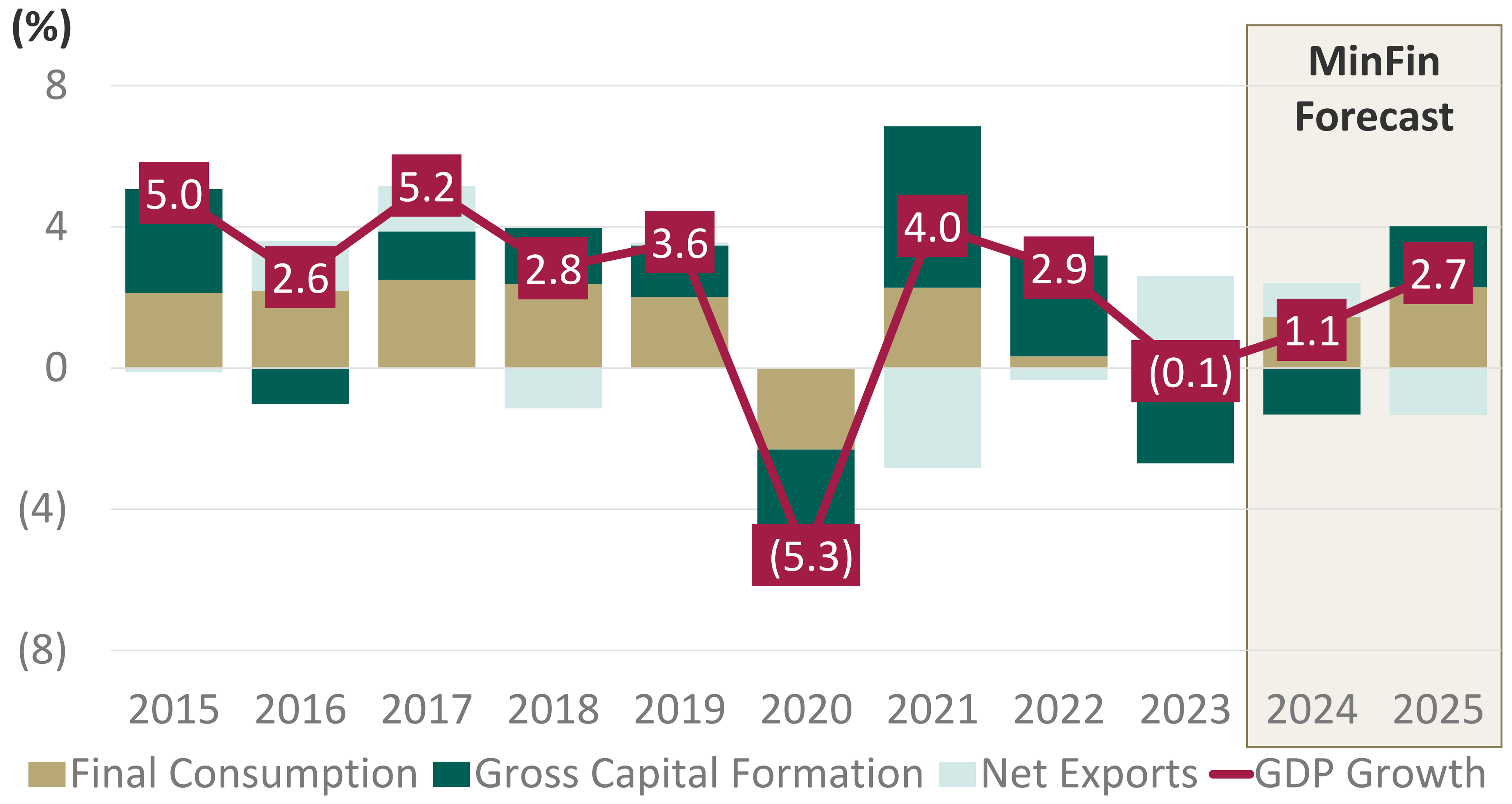
Source: Company data

Operating Environment

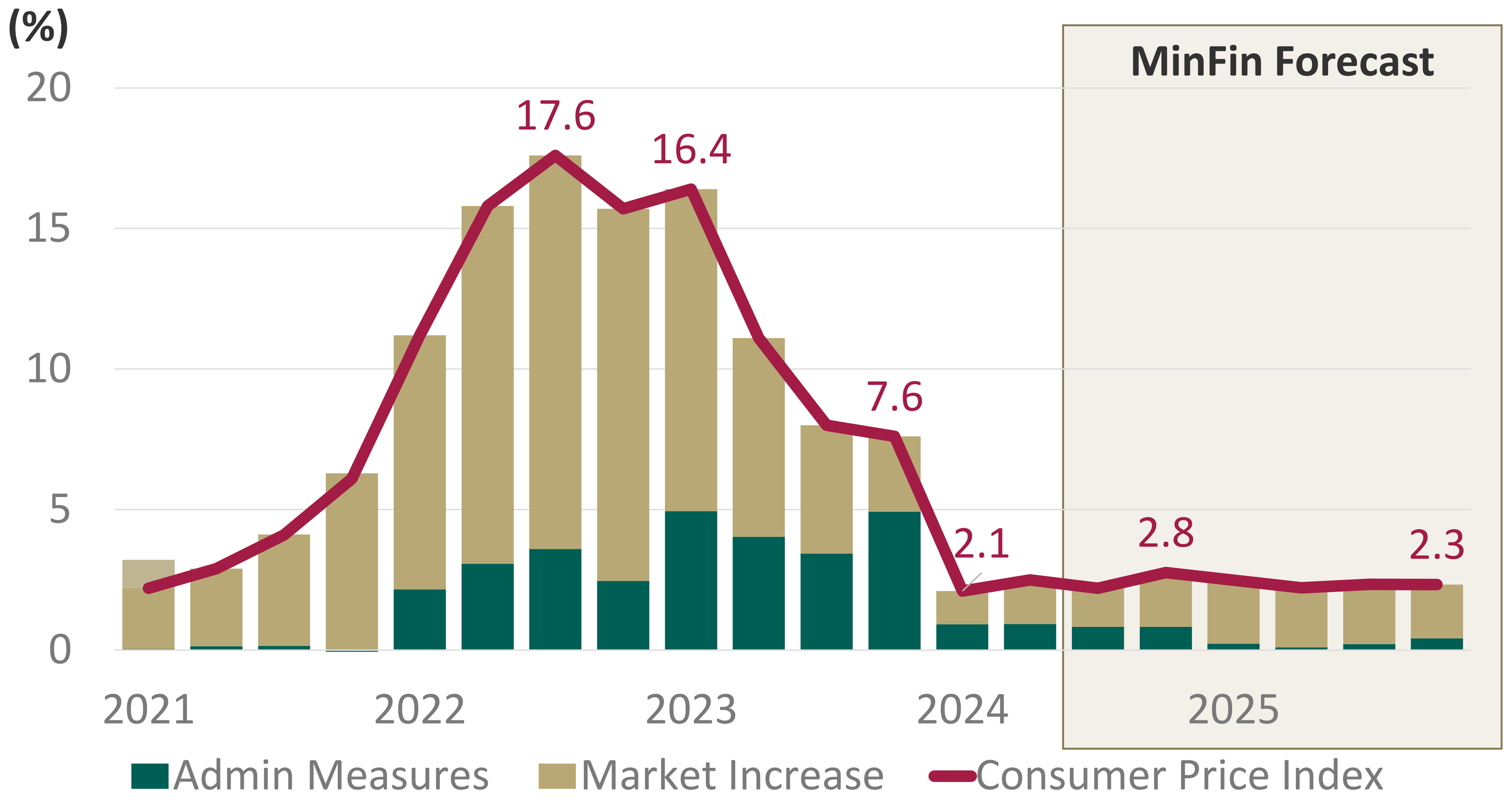
Czech economy stagnated last year as heightened geopolitical risks hampered int'l trade. Growth is expected to pick up amid falling inflation, rising real wages and low unemployment, all boosting consumer spending

- Czech economy stagnated in 2023 with GDP falling by 0.1% but is forecast to grow by 1.1% in 2024 and 2.7% in 2025 amid revival in household consumption and improving external trade balance
- Inflation reached CNB's target for the first time in three years early in 2024 and should remain subdued due to weaker external supply factors and restrictive effects of fiscal consolidation package
- Labour shortages will not allow nominal wage growth to slow down markedly and earnings will also rise in real terms due to falling inflation
- Unemployment (2.7% in July 2024, lowest unemployment rate in the EU) should not increase in 2024 despite weaker GDP growth dynamics and may even decline further in 2025 as the pace of the economic growth accelerates

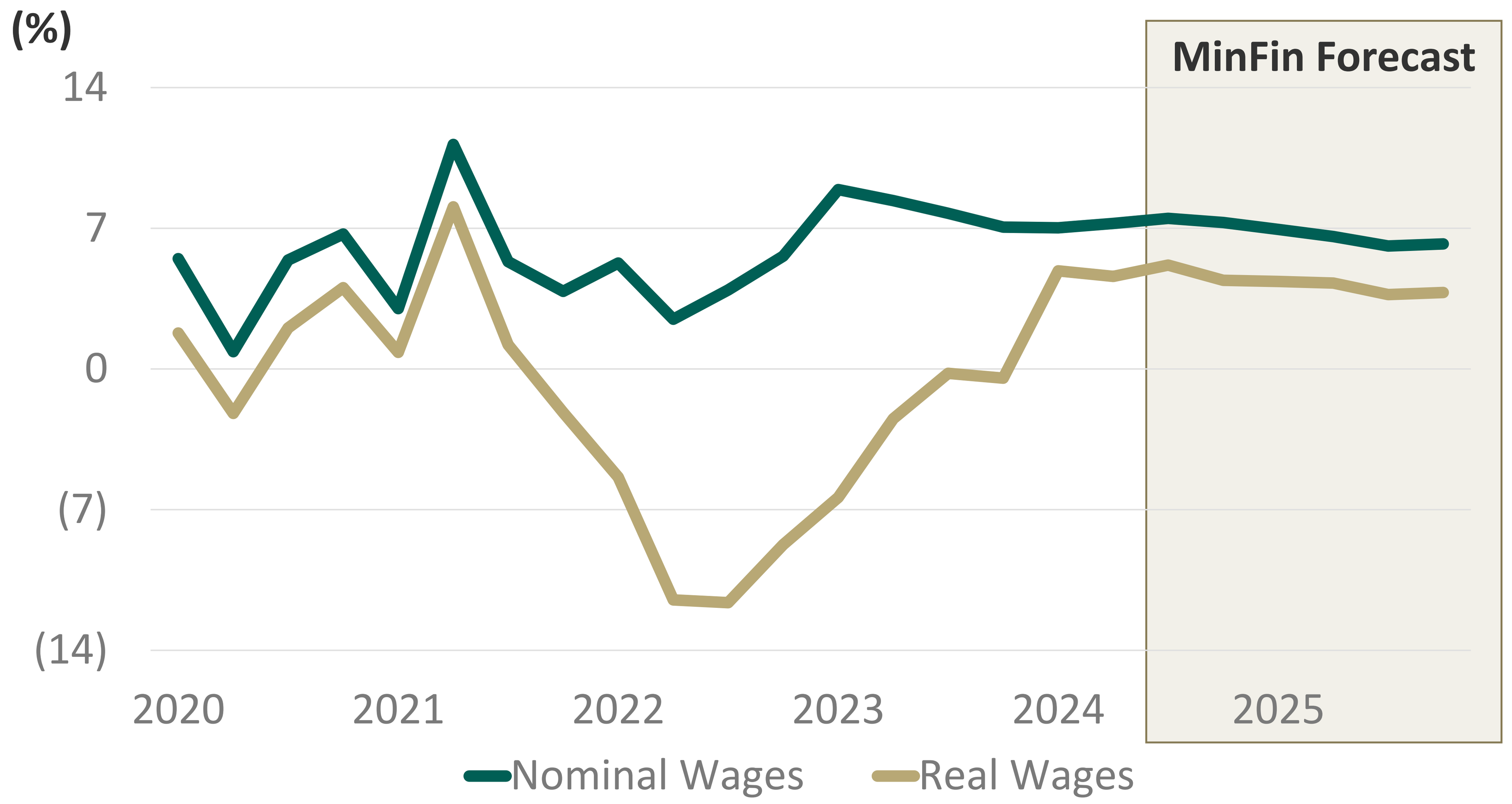
GDP Growth and Contribution (Real, YoY)



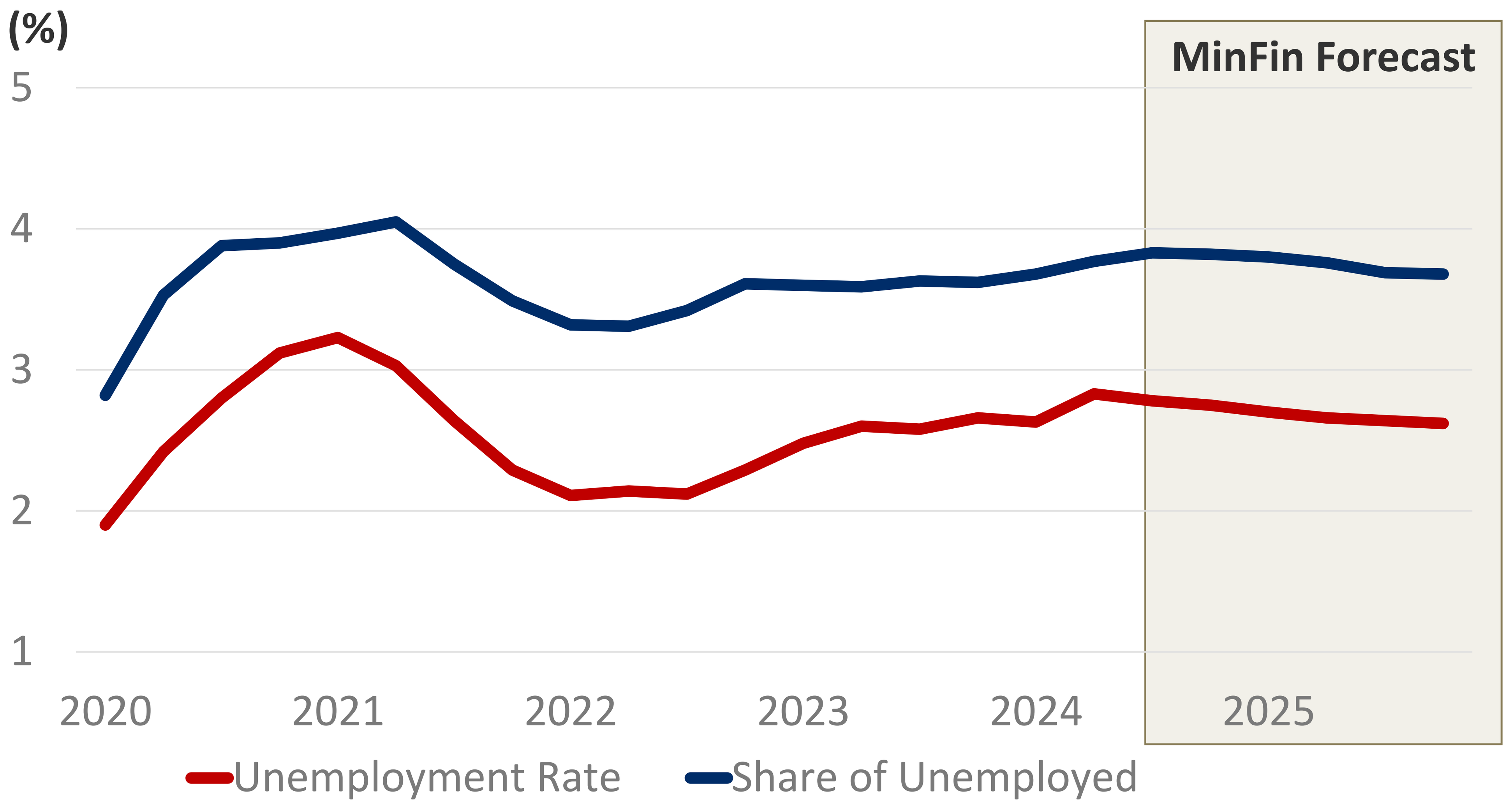
Inflation (Quarterly, YoY)[1]



Wage Growth (YoY)[1]



Unemployment Rate[2]



Notes: (1) Average gross monthly salary. (2) Seasonally adjusted. Source: Ministry of Finance (Macroeconomic Forecast, Czech Republic, August 2024), Ministry of Social Affairs, Czech National Bank

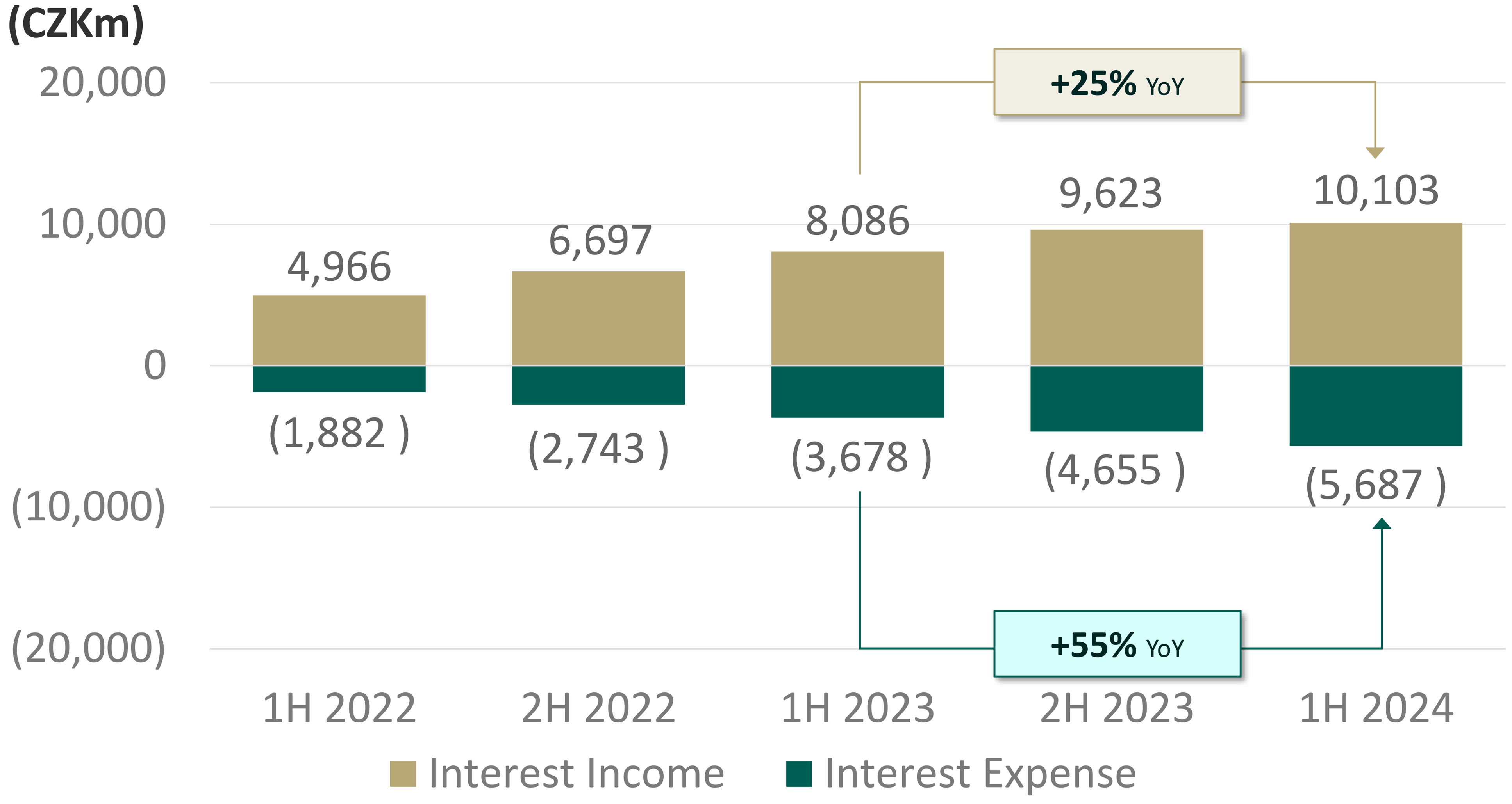
Financial Performance

Net Interest Income

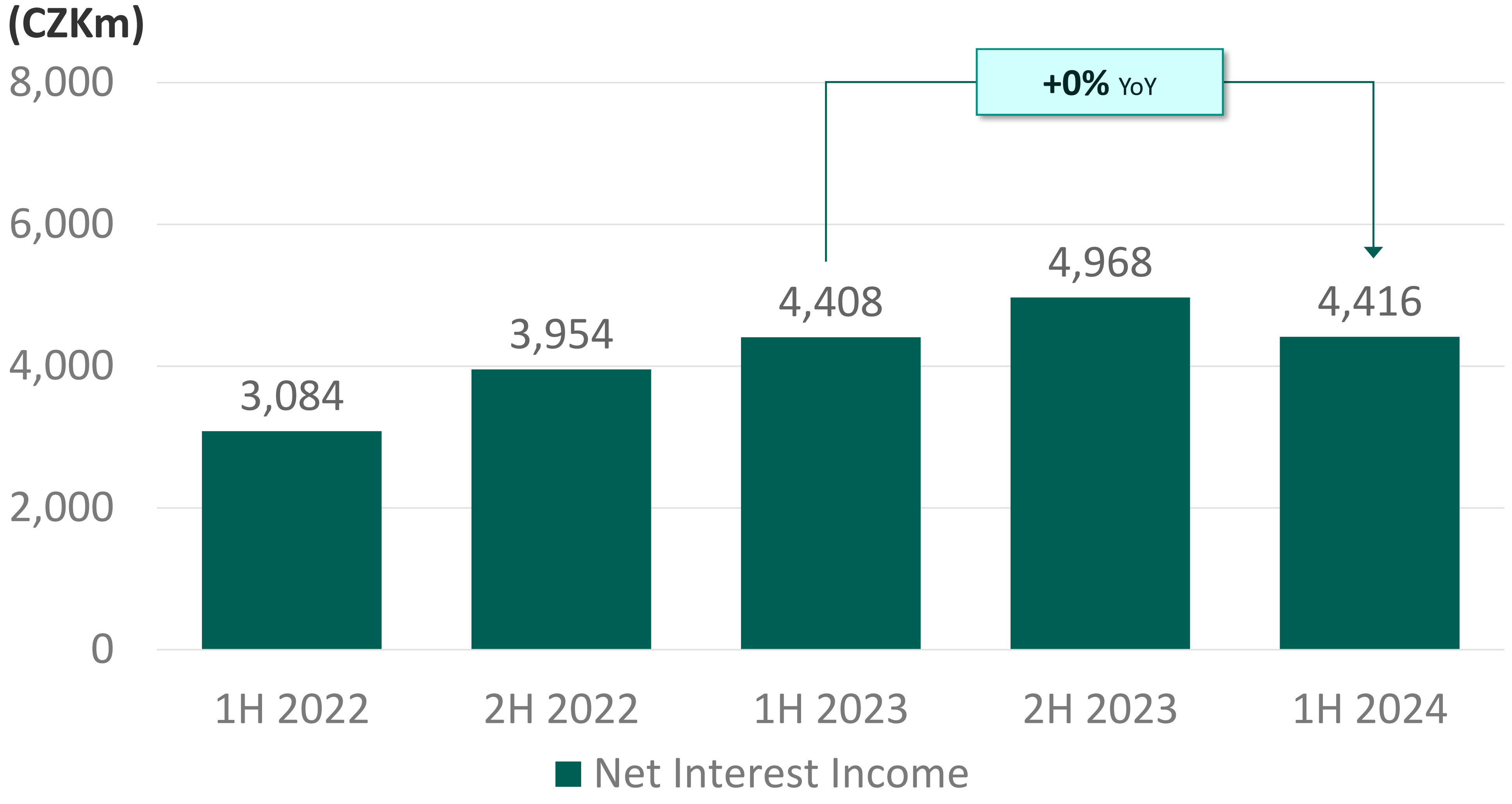
Positive effect of increasing liquidity and bigger average loan book largely off-set by declining interest rates. Loan book reprices downwards faster than term deposits, which adversely affects net interest margin

- Interest income increased 25% YoY due to further growth of liquidity placements with central banks and larger average corporate loan book (as well as interest rate charged on those loans) which partially countered the effect of gradually declining interest rates
- Interest expense grew 55% YoY amid continued increase in client deposits as well as slight increase in average interest rate paid on those deposits
- As assets reprice faster than deposits (term deposits have 1Y+ average duration), net interest margin narrowed in 1H 2024

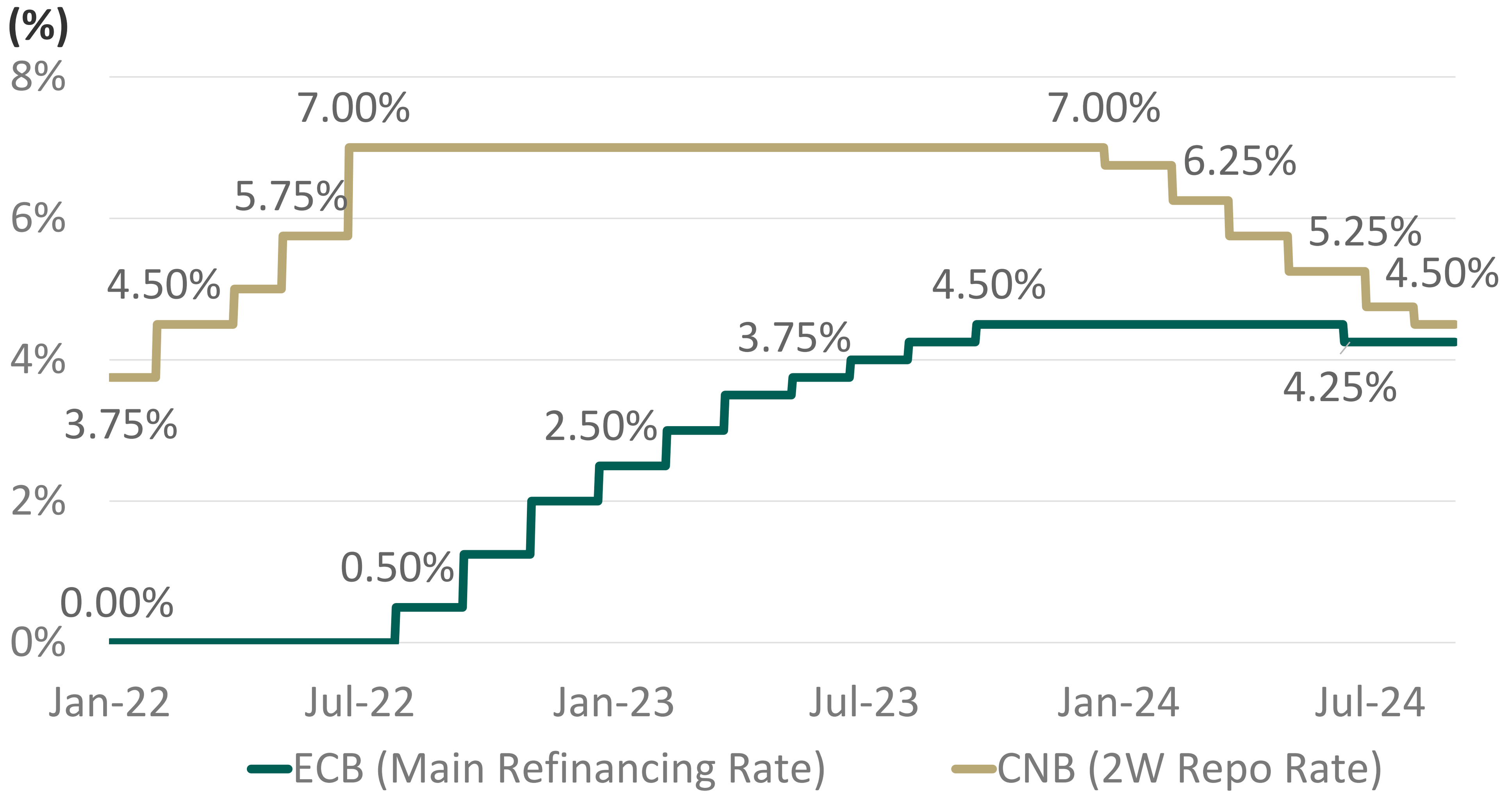
Interest Income and Interest Expense



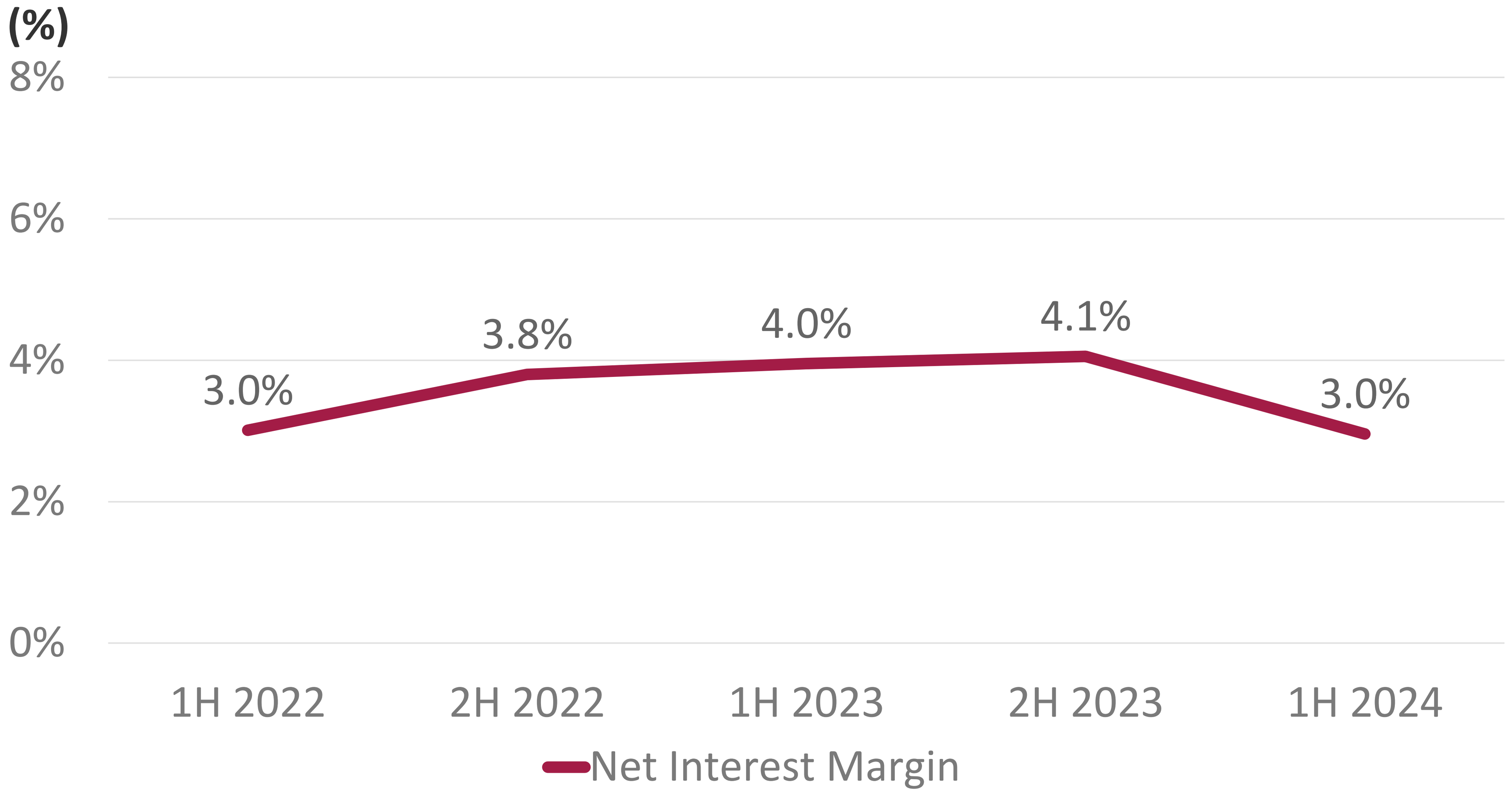
Net Interest Income



Key Monetary Policy Rates



Net Interest Margin (Individual)[1]



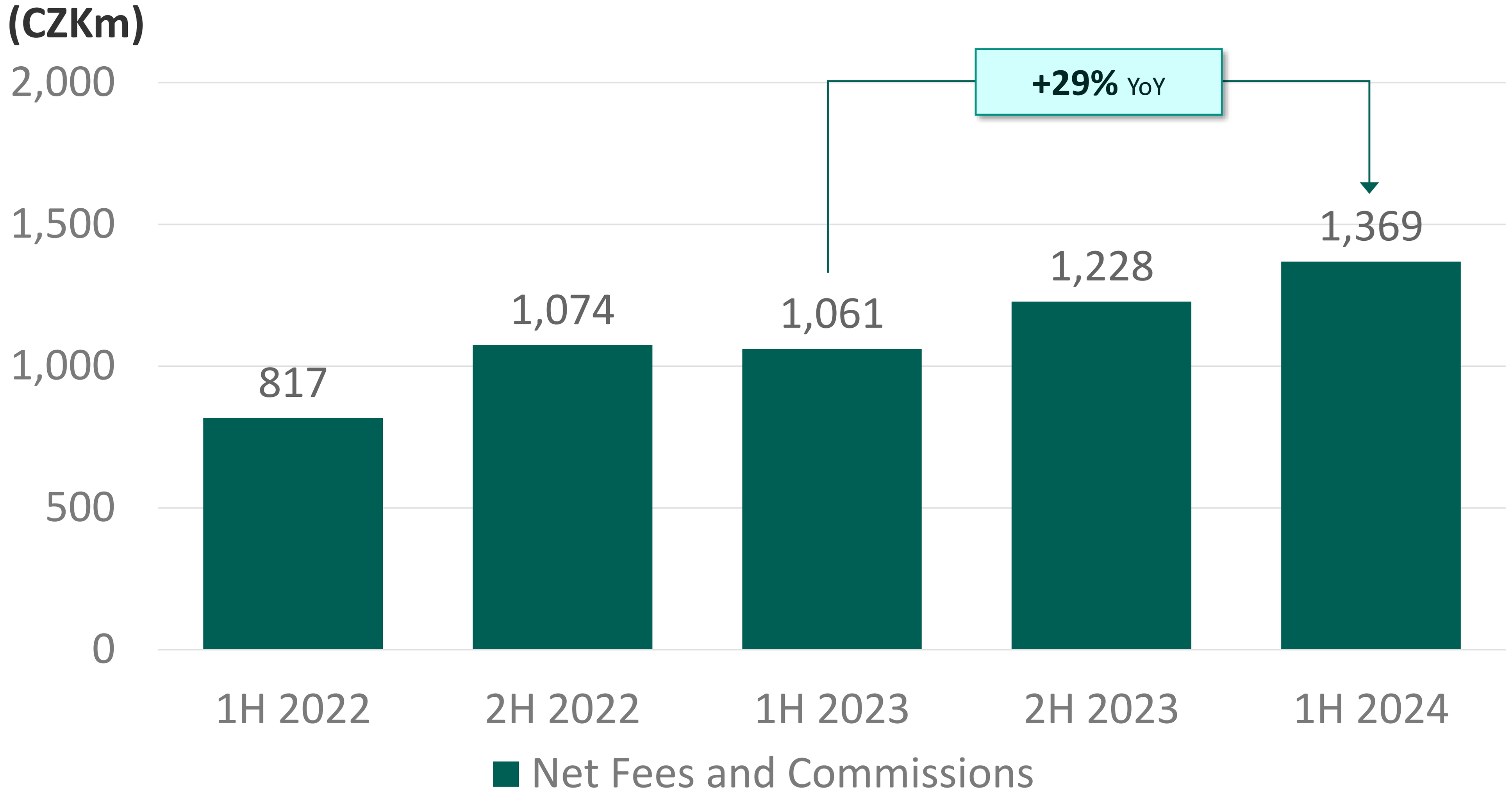
Note: (1) Net interest income / average interest earning assets (daily averages of each accounting period). Annualized Source: CNB, ECB, Company data

Net Fees and Commissions

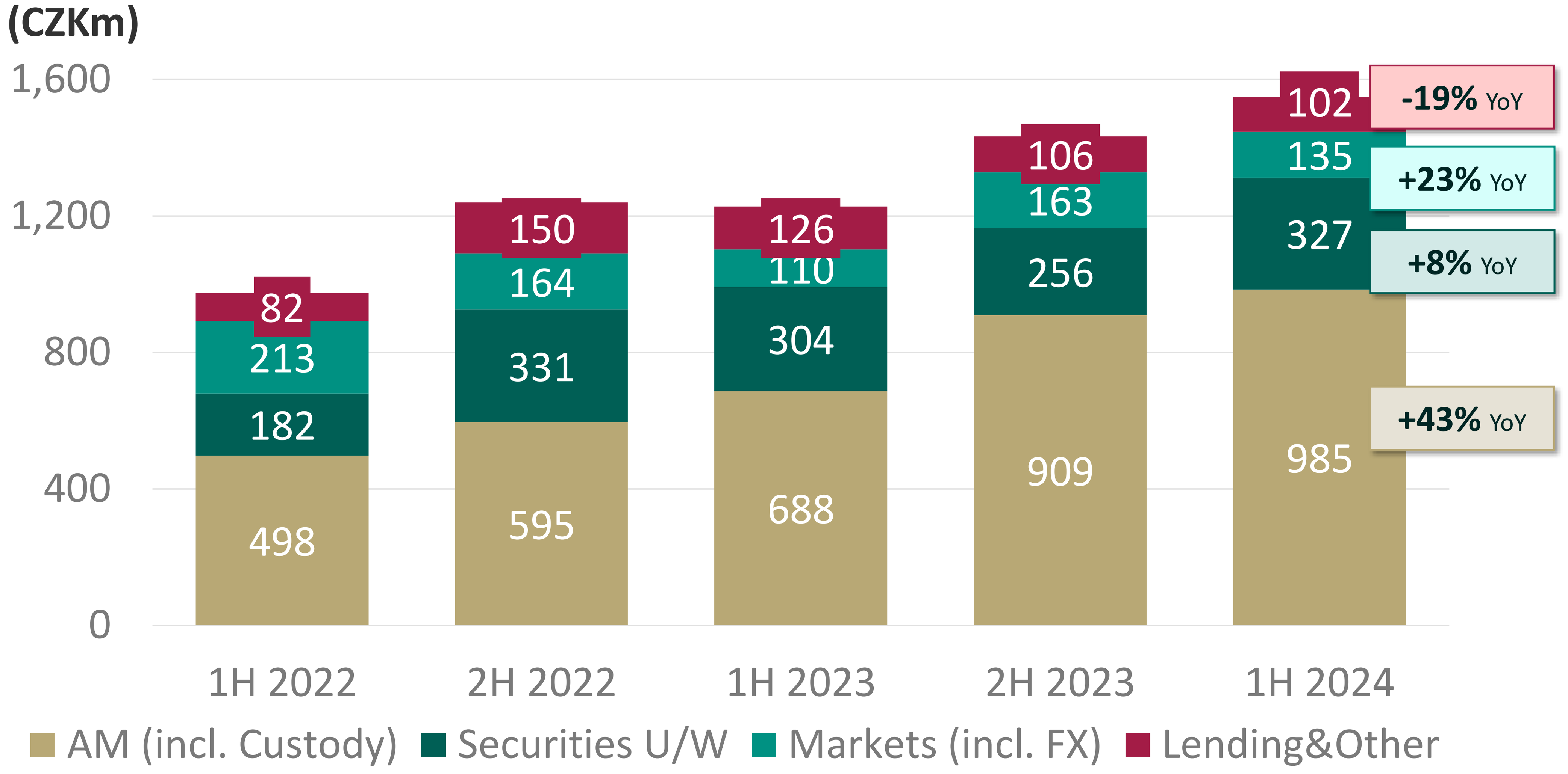
Asset management business generates stable and recurring revenues and drives J&T BANKA's net fee and commission income

- 29% YoY growth in net fees and commissions primarily driven by increasing asset management fees and higher securities underwriting & placement commissions
- Asset management fees increased 43% YoY on the back of consistent growth in AuM (+67% YoY) and accounted for nearly two thirds of J&T BANKA's overall fee and commission income
- Strong domestic primary bond market reflected in 8% YoY increase in securities underwriting and placement commissions
- Greater client activity on financial markets (albeit slower than in 2H 2023) resulted in 23% YoY increase in brokerage and other markets related fees

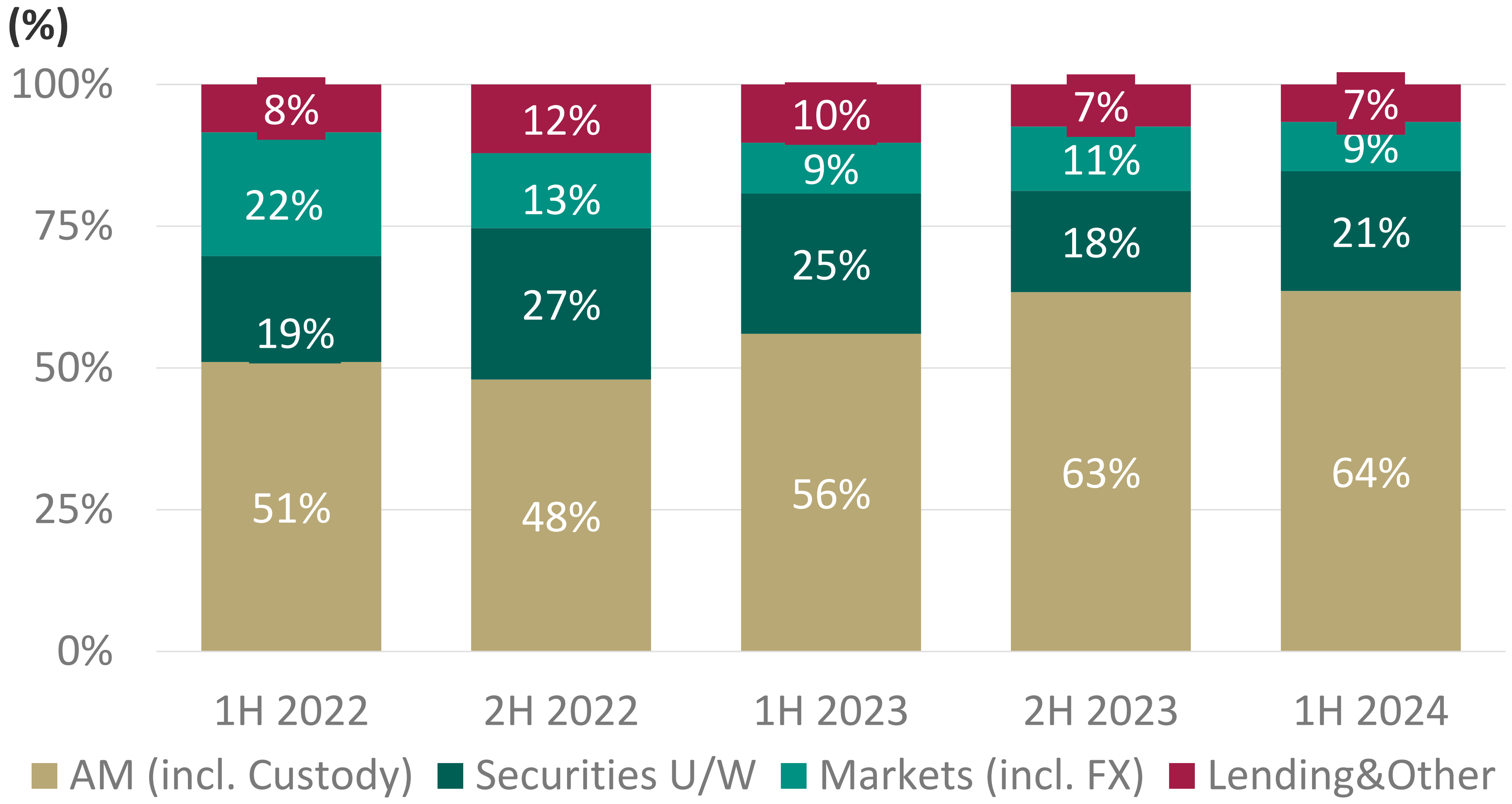
Net Fees and Commissions



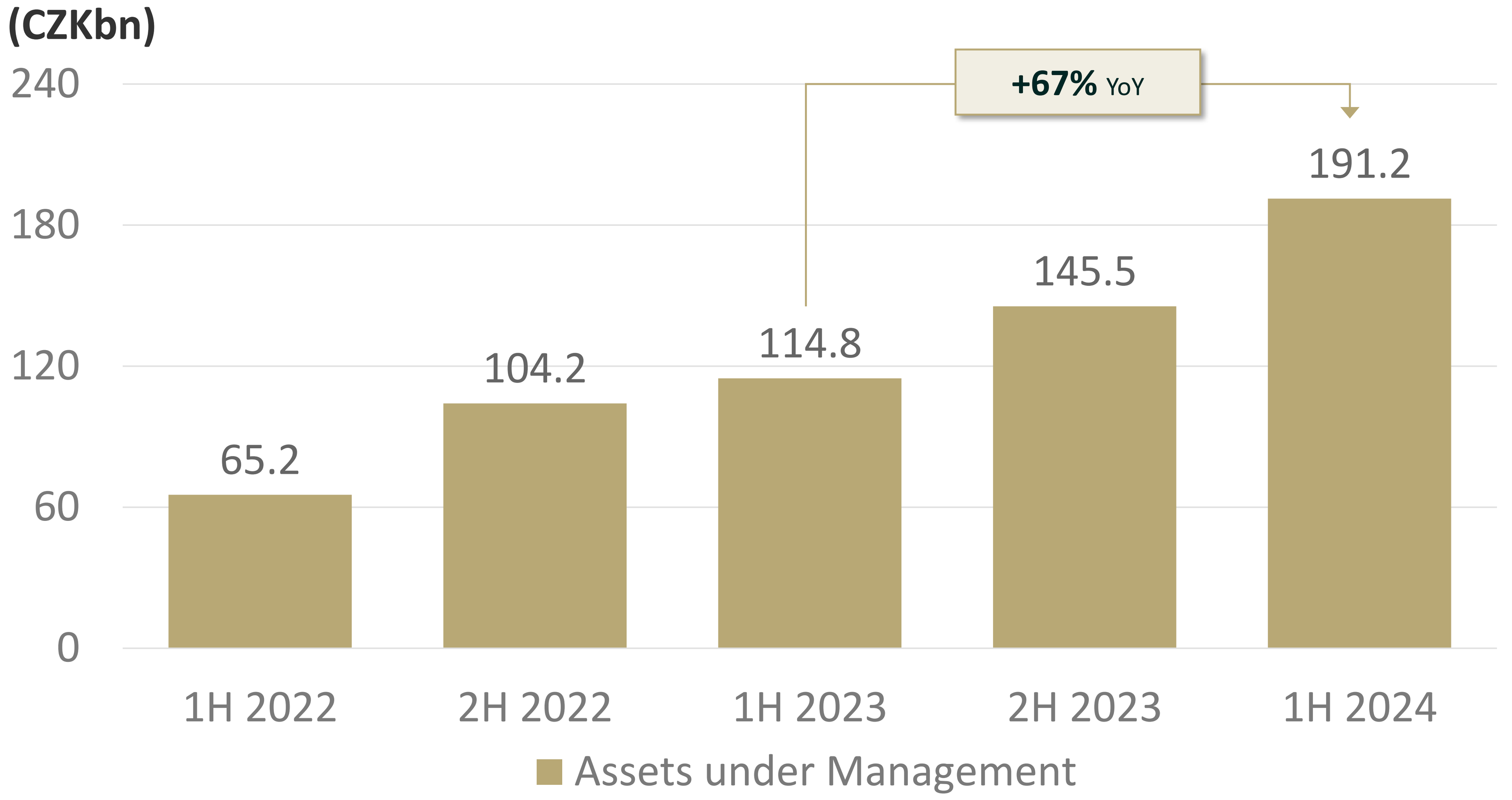
Fees and Commissions Drivers (Gross)



Fees and Commissions Contribution (Gross)



Assets under Management[1]



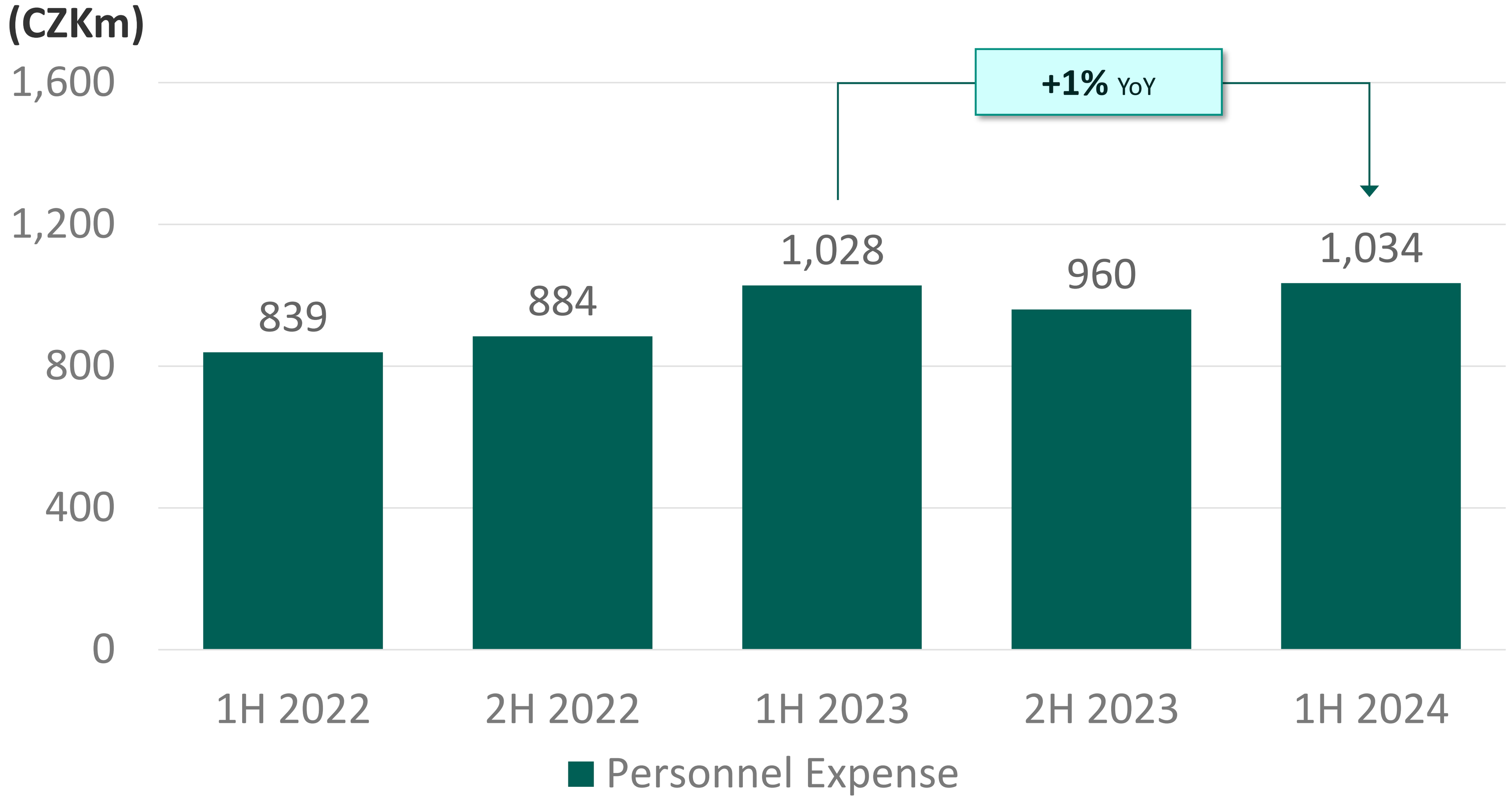
Note: (1) Assets under Management = actively managed (fiduciary duty). Source: Company data

Operating Expense

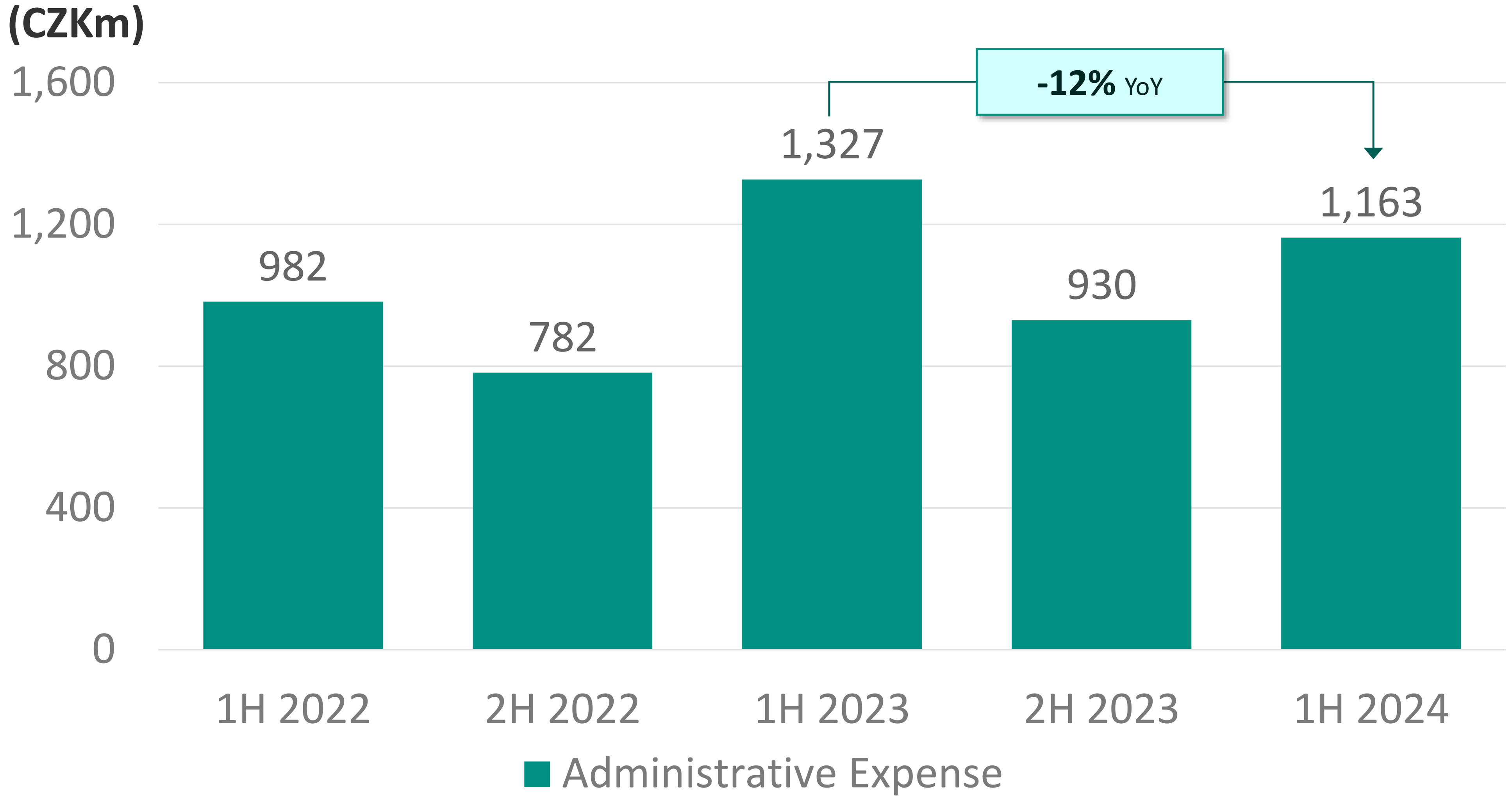
Overall opex down despite continuous investments into attaining top talent mainly attributable to reduction in deposit insurance cost and mandatory resolution fund contribution

- Personnel expense largely unchanged YoY despite ~21% decline in FTEs following disposal of Russian operation in November 2023 amid tight labour market and persistent wage inflation
- Administrative expense down 12% YoY, mainly because of reduction in deposit insurance cost and mandatory resolution fund contributions
- Operating efficiency still positively affected by strong interest income – long-term average for Czech banking sector oscillates around 50%

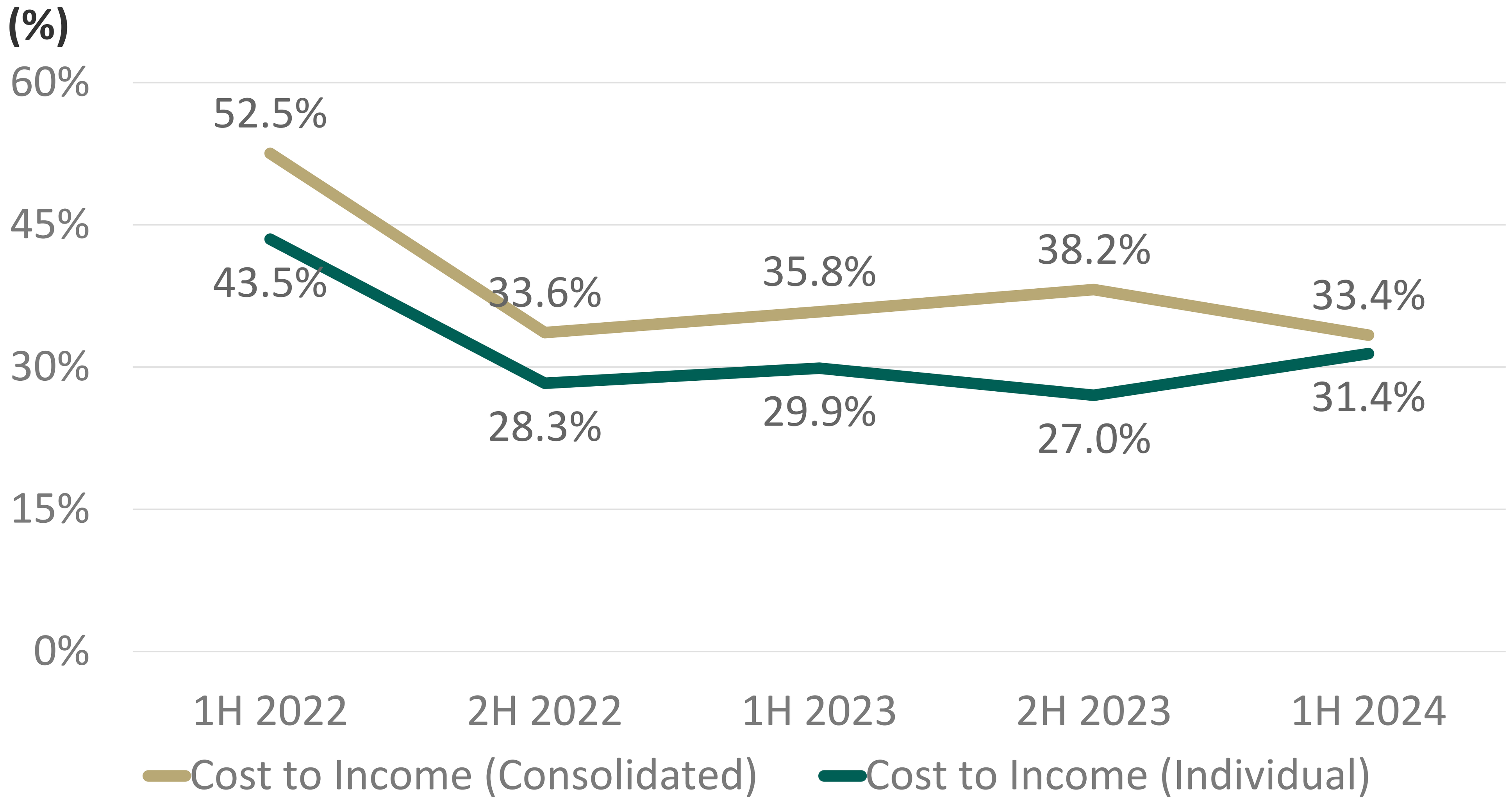
Personnel Expense



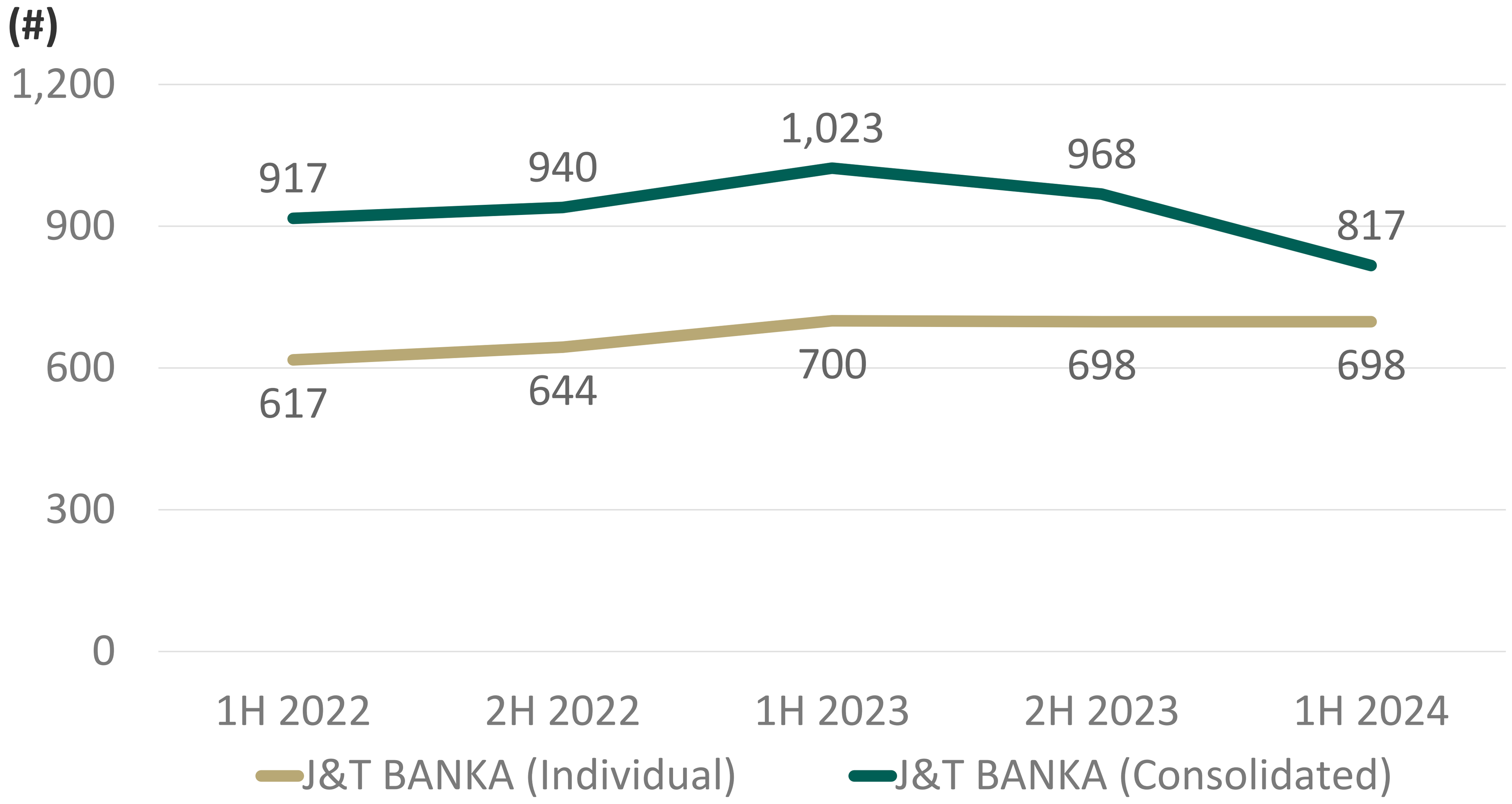
Administrative Expense



Operating Efficiency



Employees (Average FTEs)



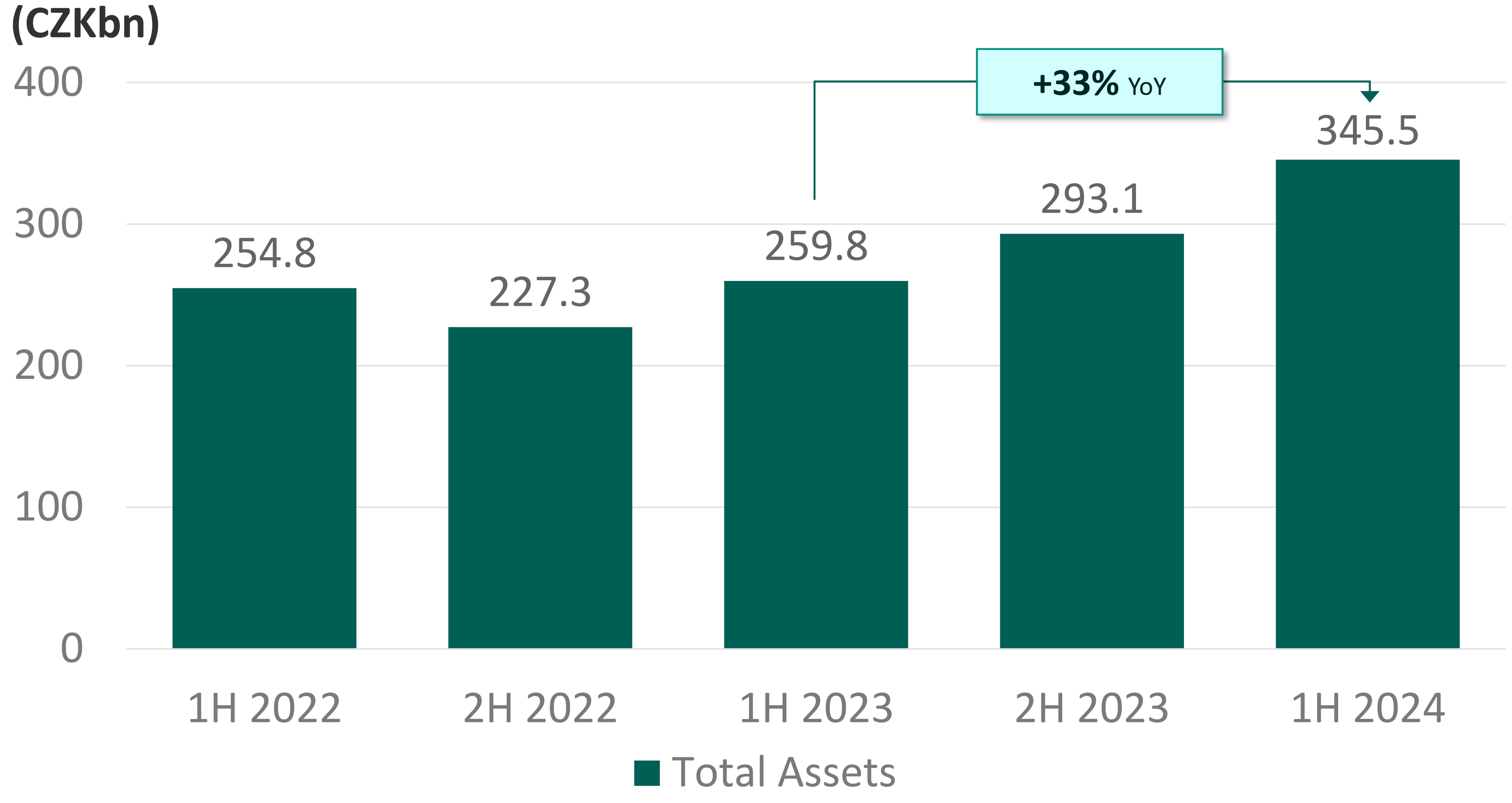
Source: Company data

Asset Growth and Structure

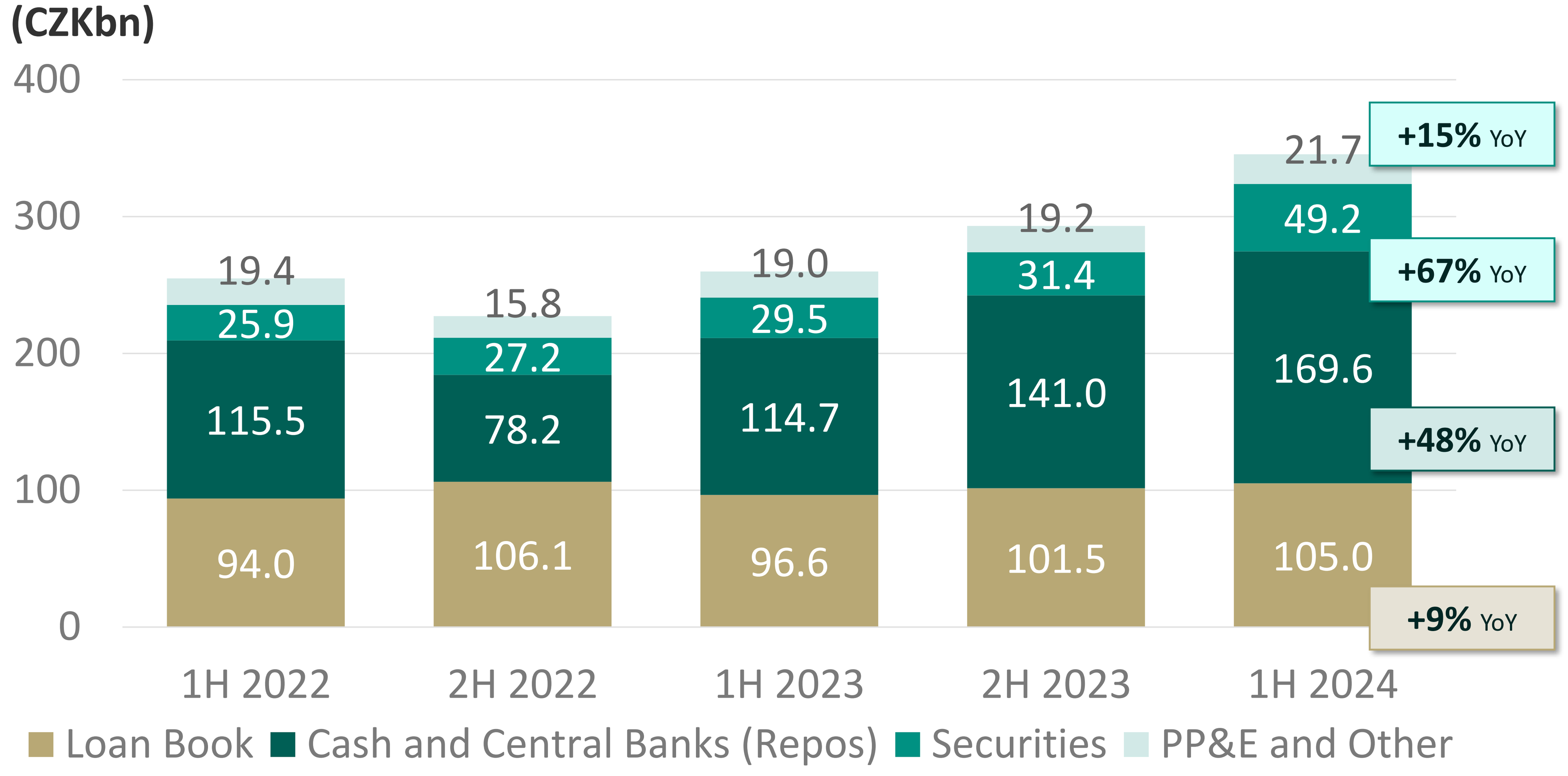
Balance sheet grew further due to continued, although gradually peaking, deposit inflows. Excess liquidity has been placed with central banks and partly also used to fund loan book and securities portfolio expansion

- Balance sheet grew 33% YoY due to continued, although gradually peaking, deposit inflows
- Excess liquidity is placed with central banks and partly also directed to fund loan book growth and securities portfolio expansion
- Loans and advances to customers net increased 9% YoY with 13% YoY corporate loan growth more than offsetting 12% YoY reduction in margin lending
- Securities portfolio grew 67% YoY due to strategic re-allocation of portion of liquid resources into CEE government bonds held at amortized costs with a view to gradually building low-risk fixed income portfolio offering higher yielding alternative compared to excess liquidity placements with central banks as interest rate cycle reaches its peak

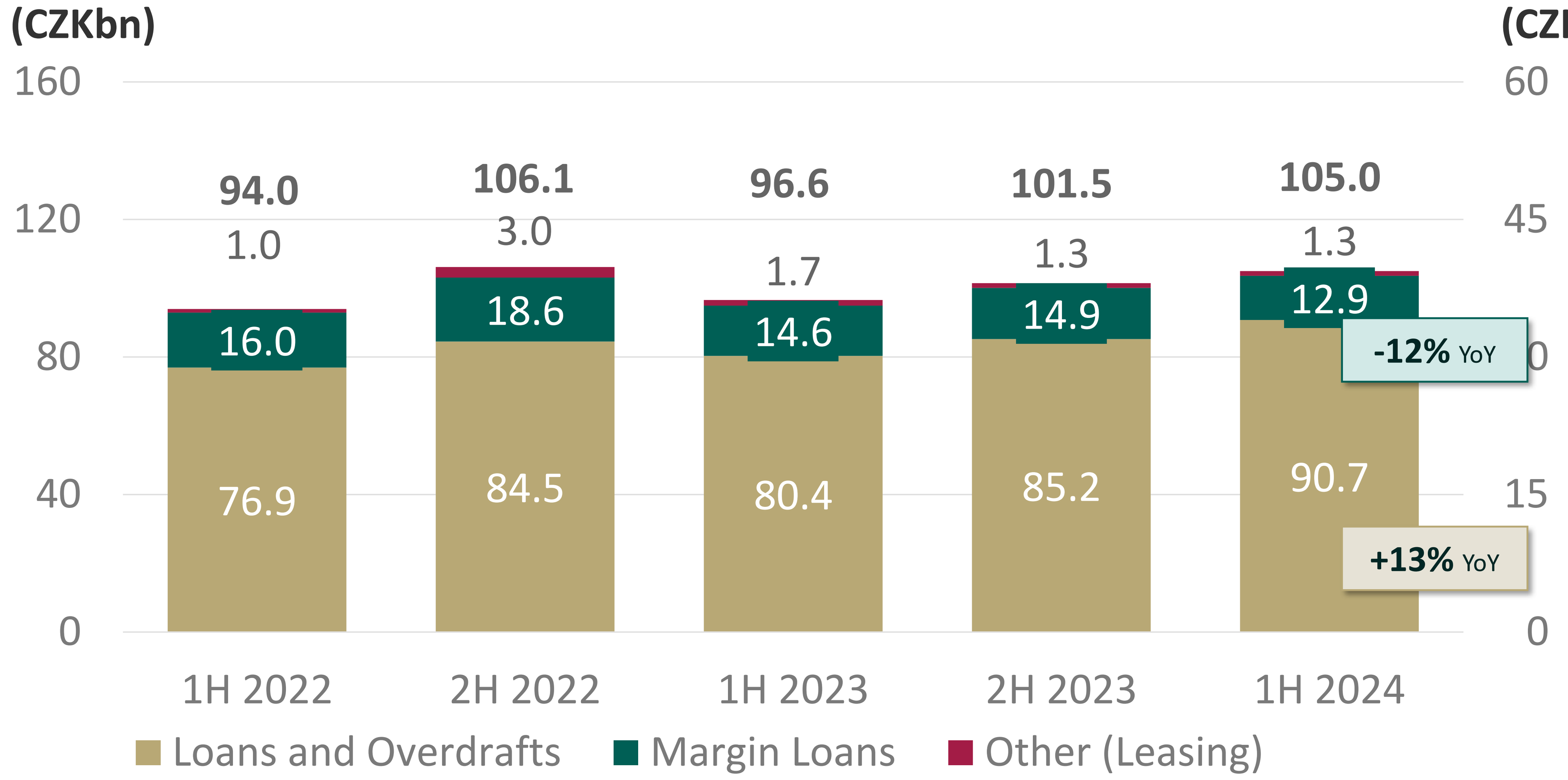
Asset Growth



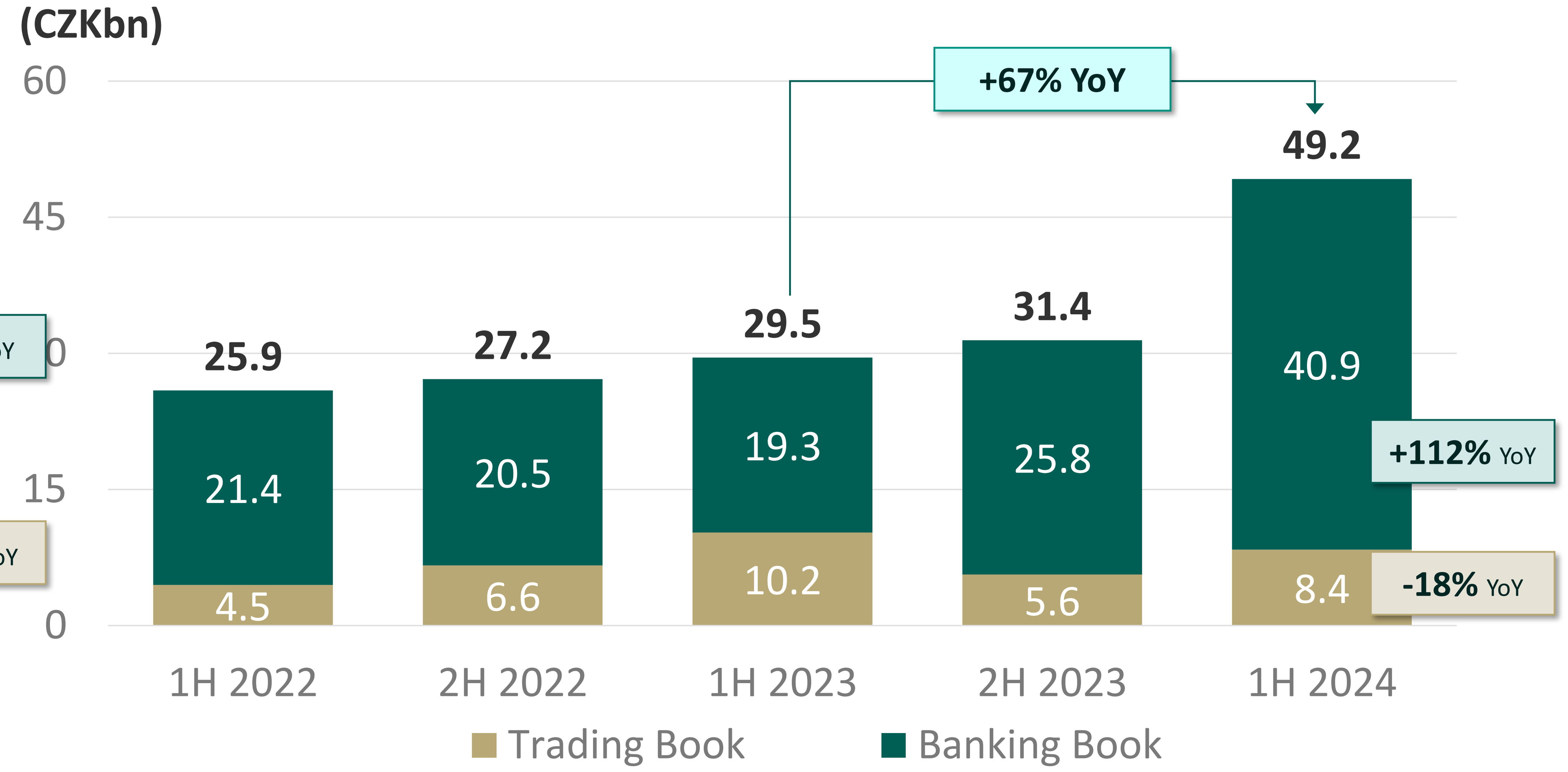
Asset Structure



Loan Book



Securities Portfolio



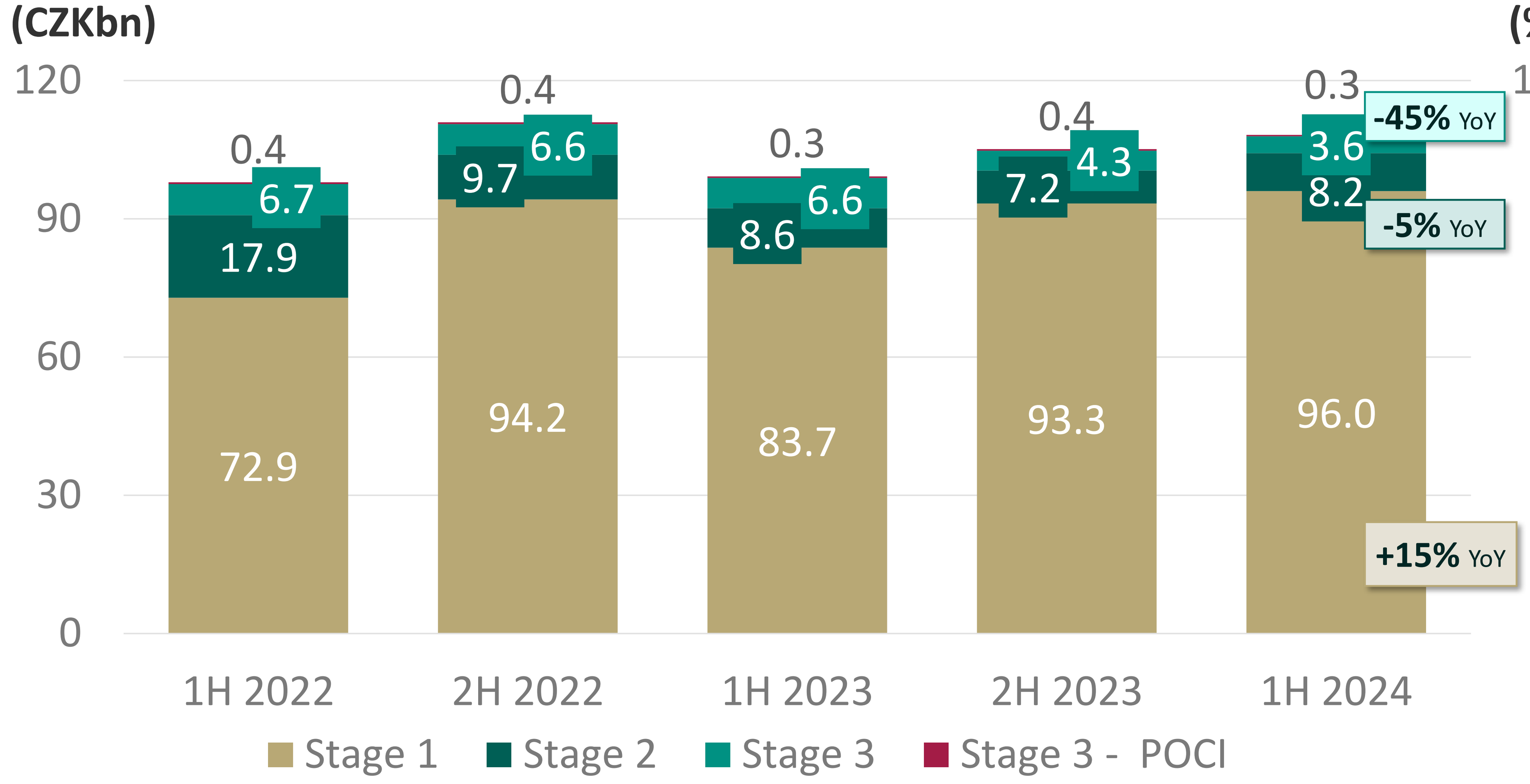
Source: Company data

Asset Quality

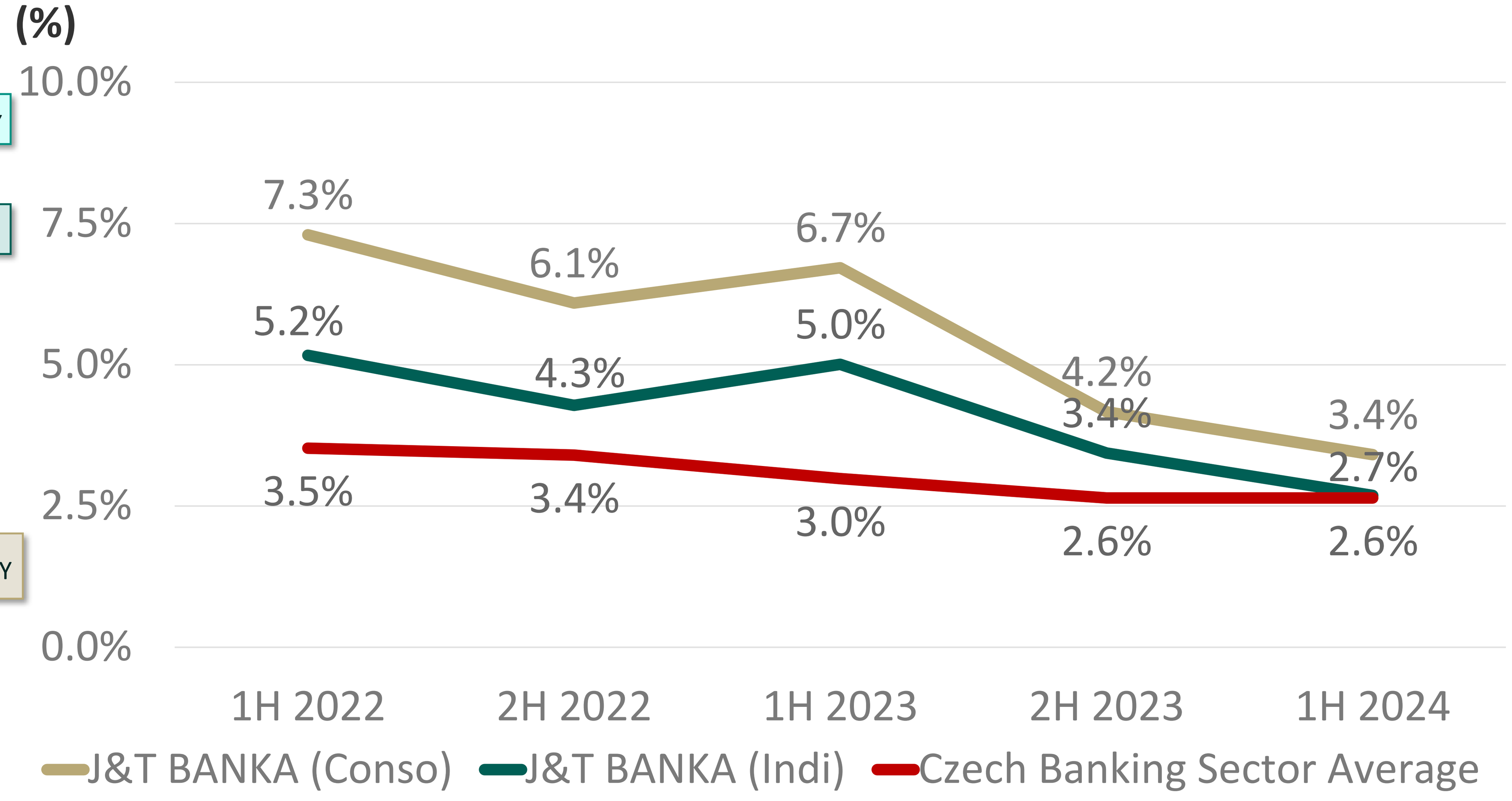
NPLs declining in both absolute and relative terms, reaching lowest level in J&T BANKA's history and converging to Czech banking sector average for corporate lending

- NPLs have been declining in both absolute and relative terms, reaching (individually) lowest level in J&T BANKA's history, on par with Czech banking sector average for corporate lending
- Consolidated figures affected by residual portfolio of J&T BANKA's leasing subsidiary whose operations have been discontinued and portfolio is being run off
- ECLs affected by updated (higher) PDs in 2H 2023. ECLs in 1H 2024 reflect good asset quality with historically lowest NPL ratio (~33% relate to Stage 1 and Stage 2 loans)
- NPL coverage in 1H 2023 influenced by disposal of one large loan with ~30% net book value (~70% provisioned) which was sold in 2H 2023, pushing NPL coverage ratio back to above 50%

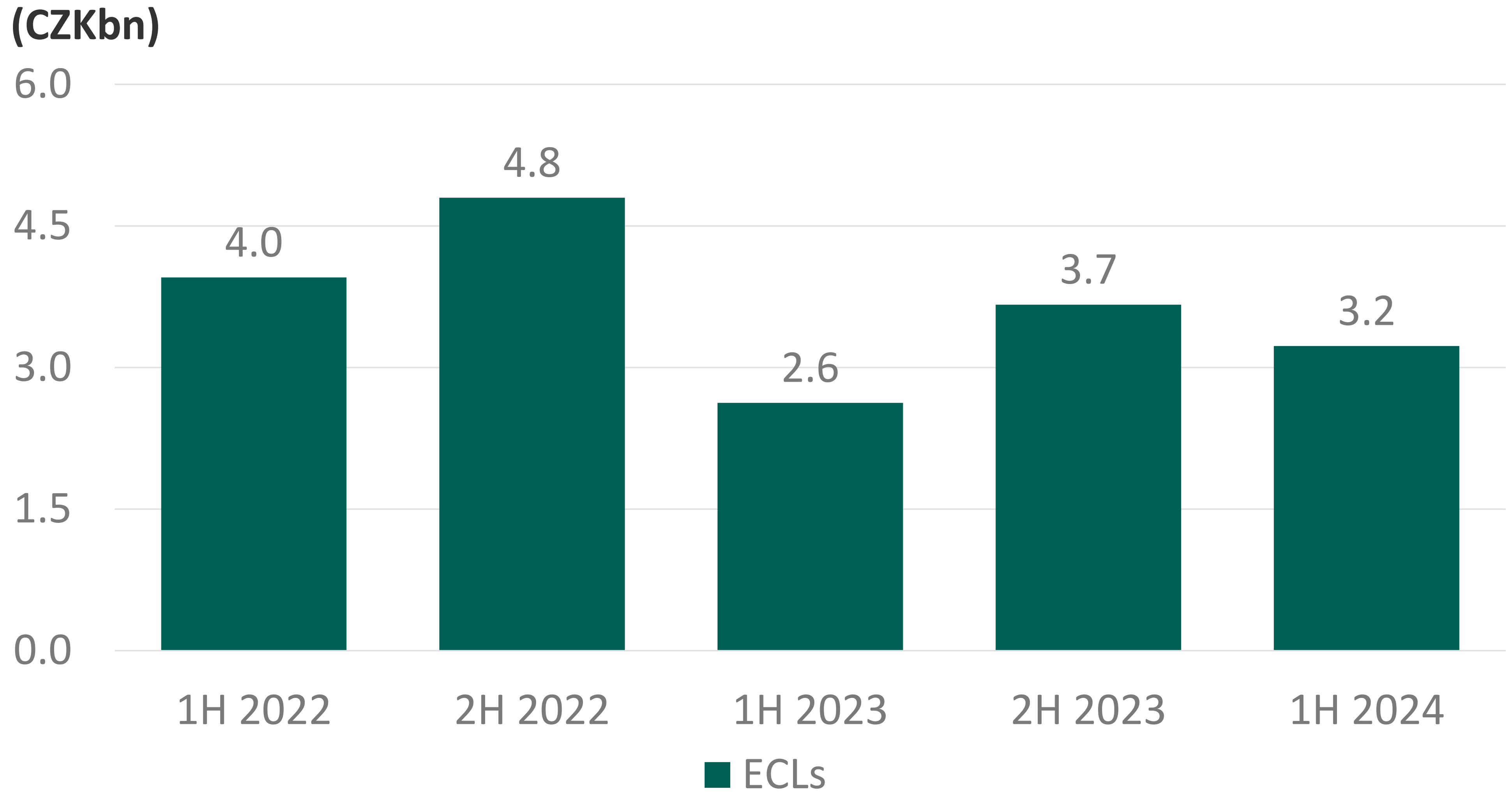
Loan Book by Stage (Gross)[1]



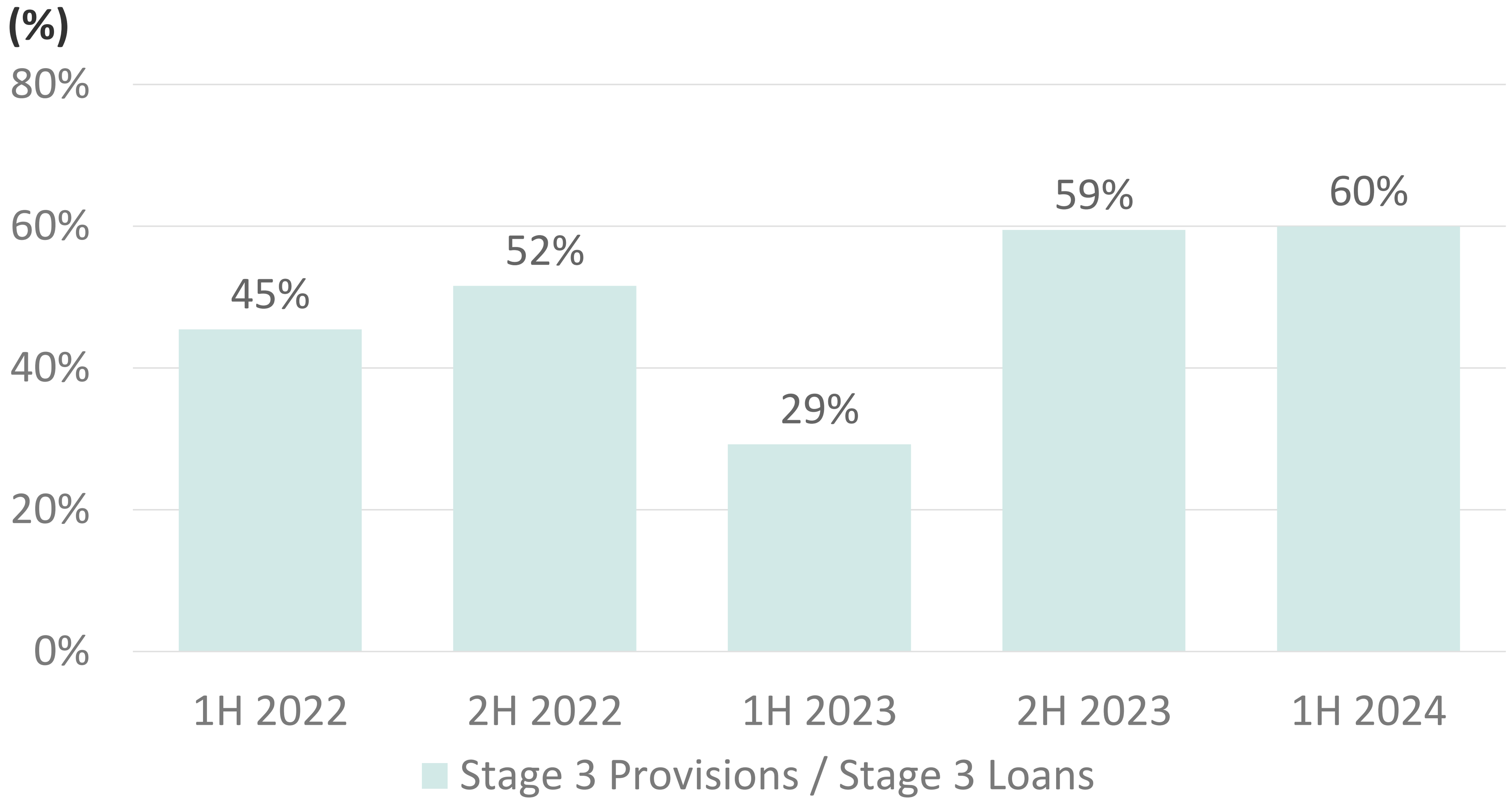
Non-Performing Exposures / Gross Loans[2]



Expected Credit Losses (ECLs)



NPL Coverage



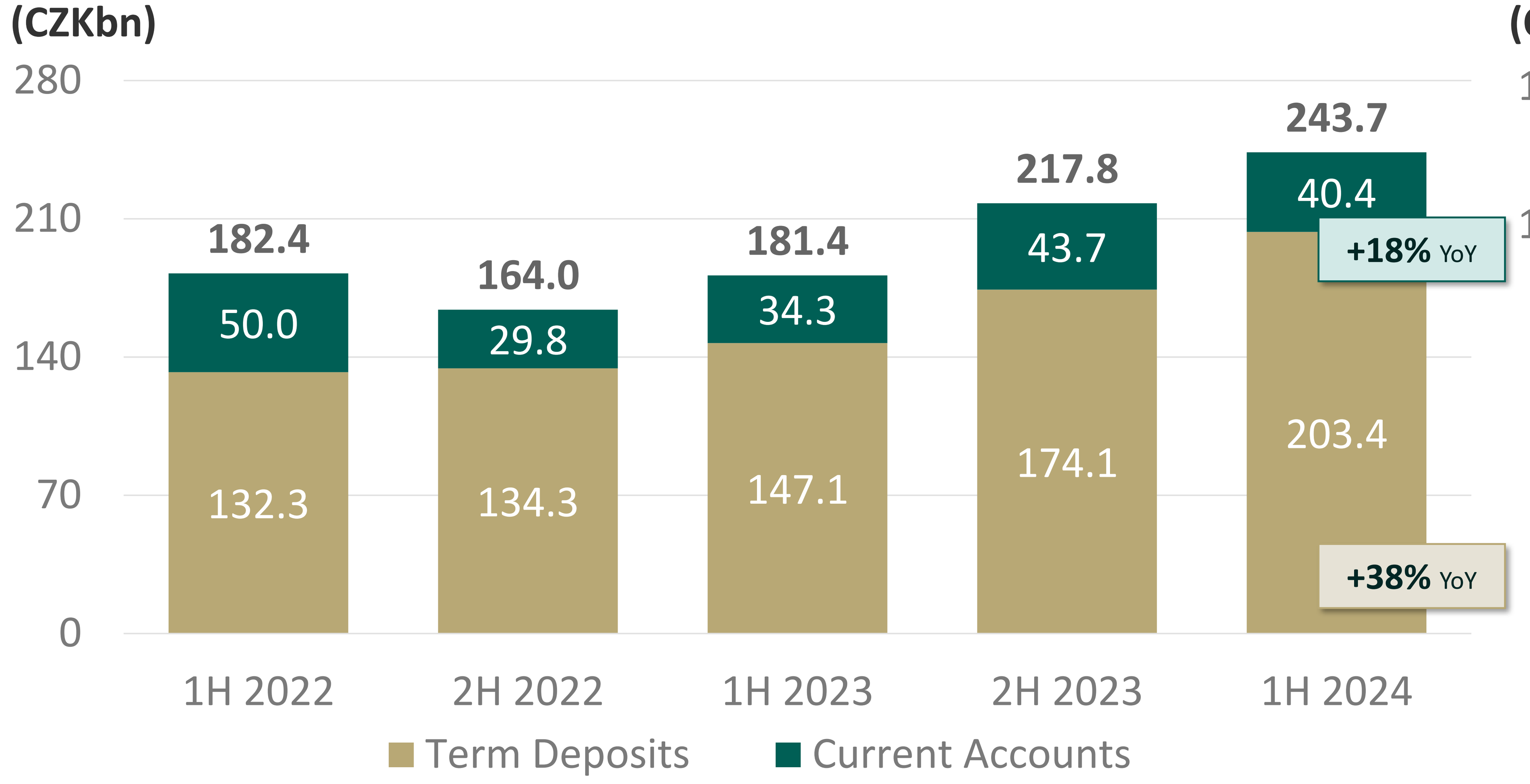
Notes: (1) POCI = Purchased or Originated Credit Impaired (receivables already impaired at the time when purchased/originated). (2) Sector average for loans to non-financial corporations. Source: CNB, Company data

Liabilities Growth and Structure

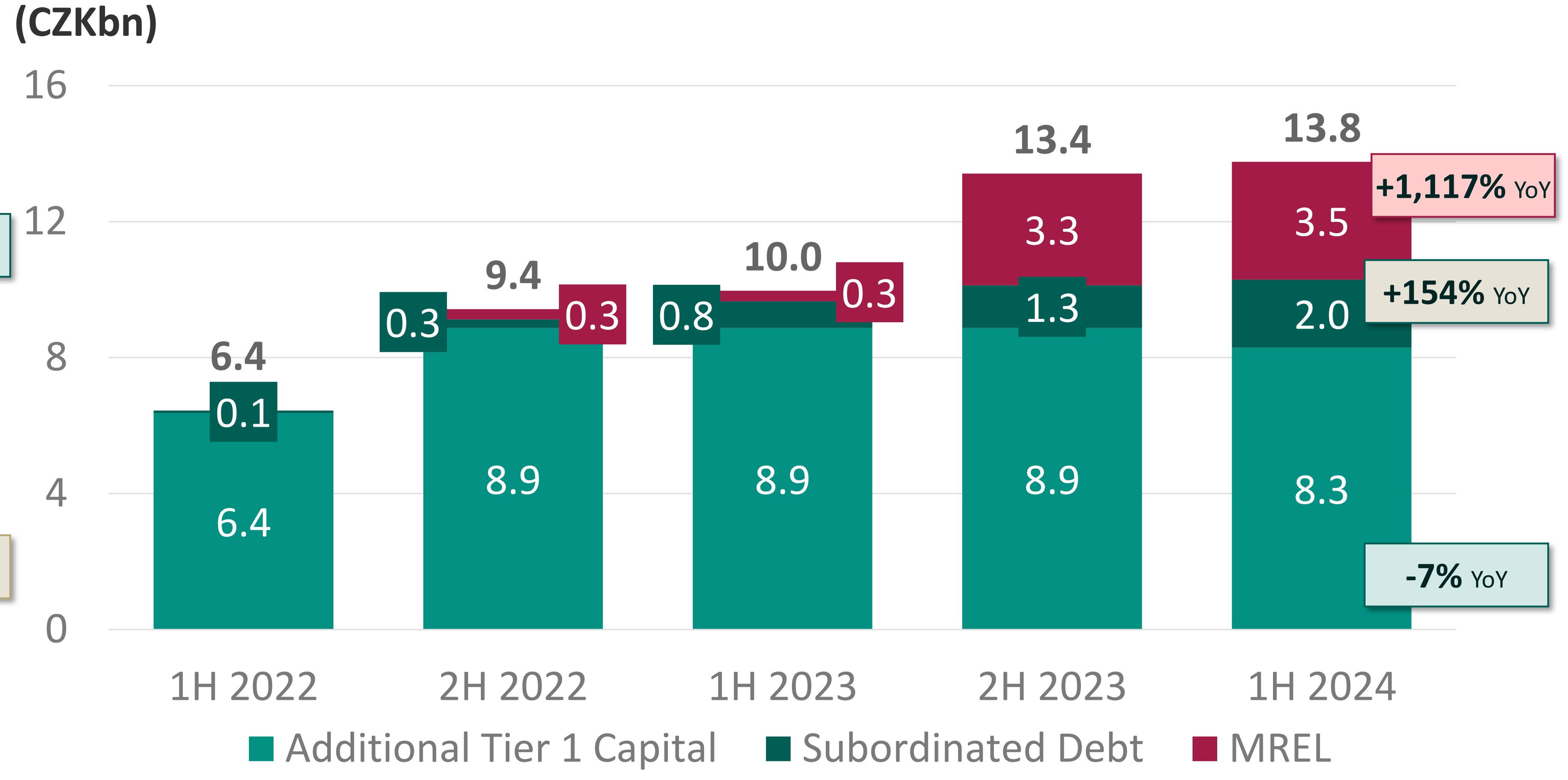
Lending business is deposit funded. Modest securities issuance driven by capital considerations rather than funding needs. Liquidity position is extremely strong

- Continued, although gradually peaking, deposit inflows
- As at 30 June 2024, term deposits and deposits cancellable with notice (up 38% YoY) accounted for >80% of all deposits and J&T BANKA had over 130k clients
- Fully digital retail branch launched in Germany in March 2023 under J&T Direktbank brand – offers current and savings accounts and by June 2024 collected ~€1.3bn in deposits from 40k clients
- ~CZK500m from €120m MREL eligible debut Eurobond proceeds used to redeem vintage AT1s in 1H 2024; another ~CZK2bn vintage AT1s to be redeemed in 2H 2024
- Extremely strong liquidity position with ~43% Loan to Deposit Ratio
- LCR and NSFR requirements are more than comfortably met

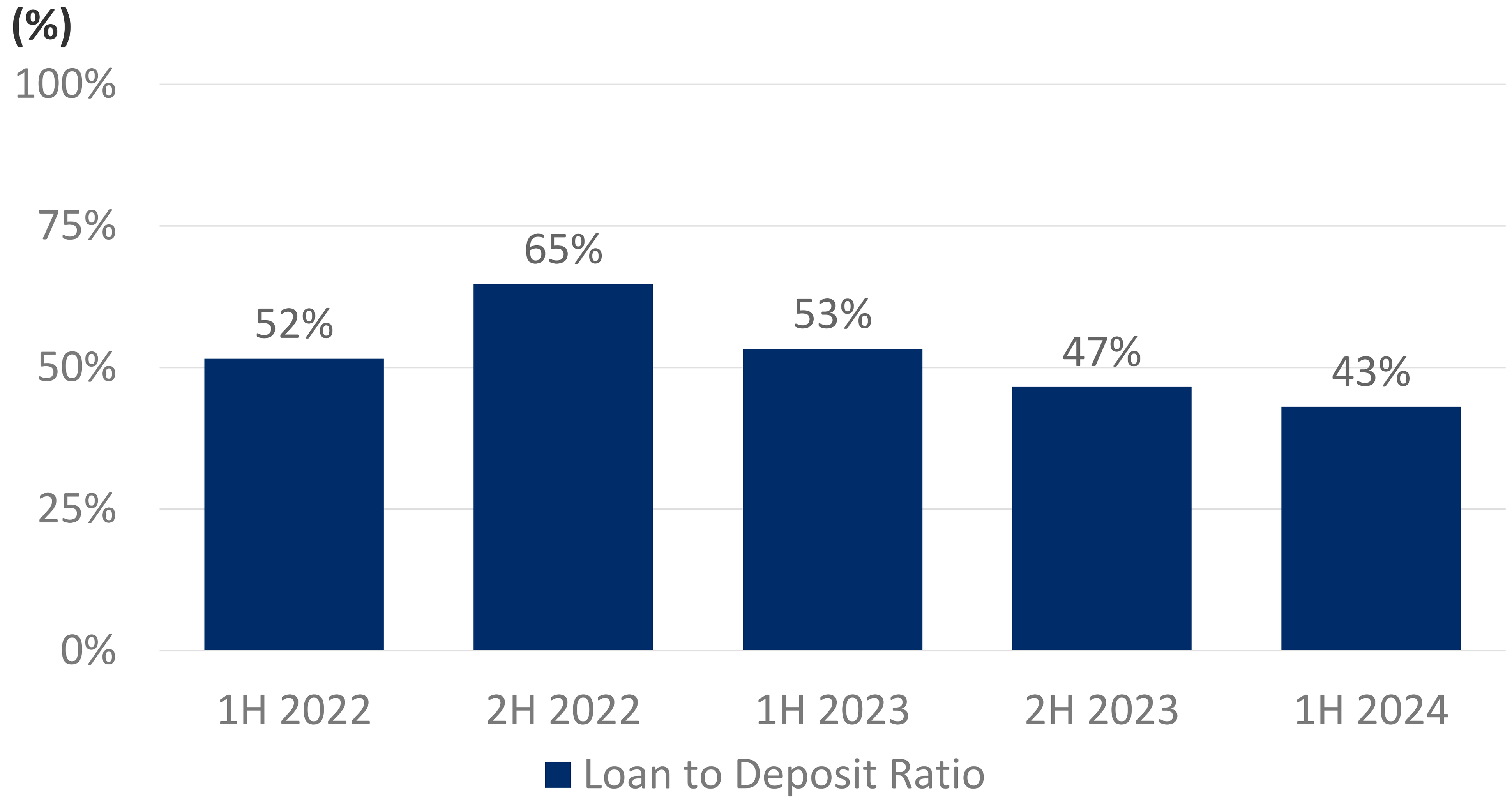
Client Deposits[1]



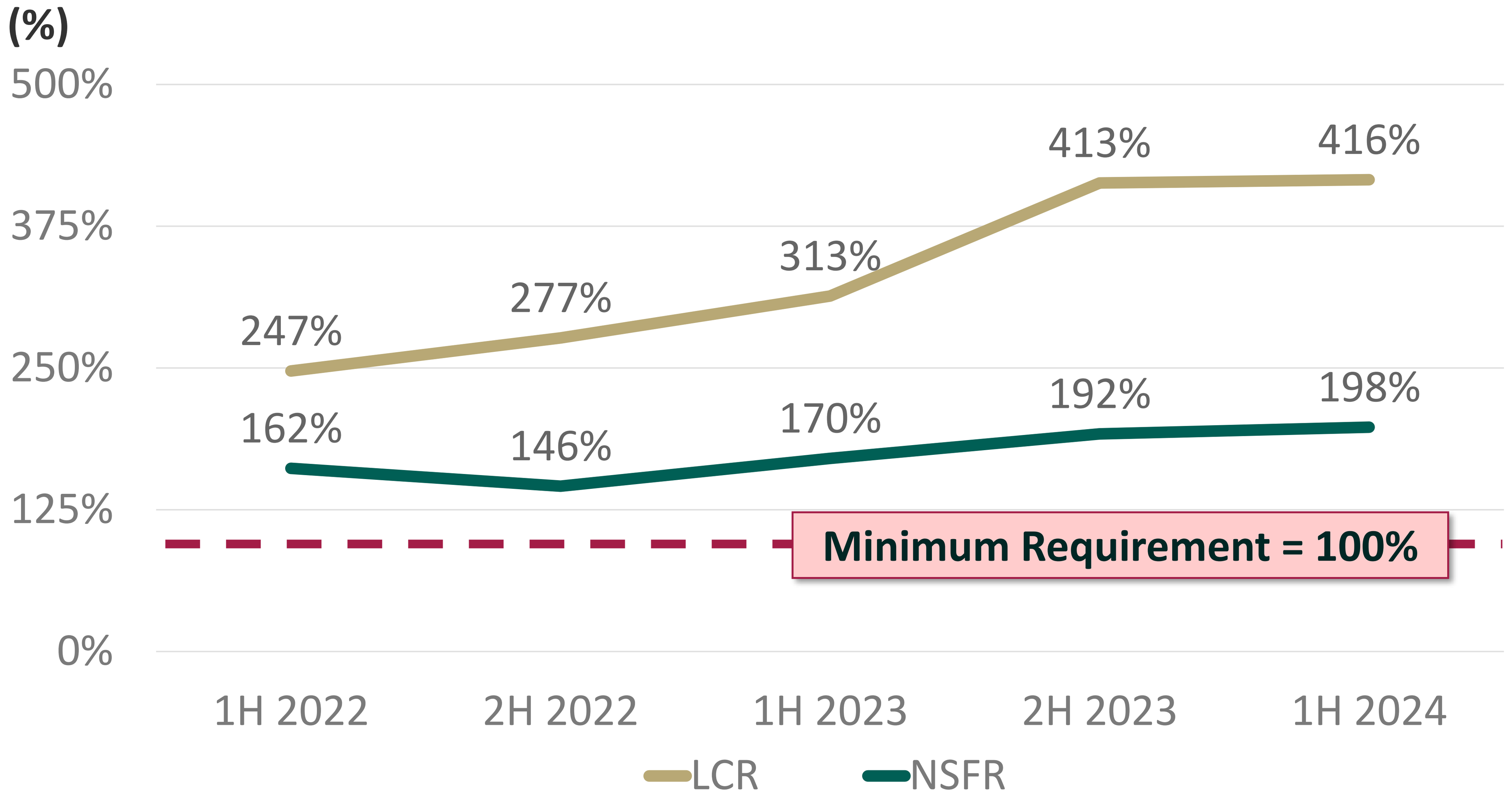
Wholesale Funding



Loan to Deposit Ratio



Liquidity (Individual)[2]



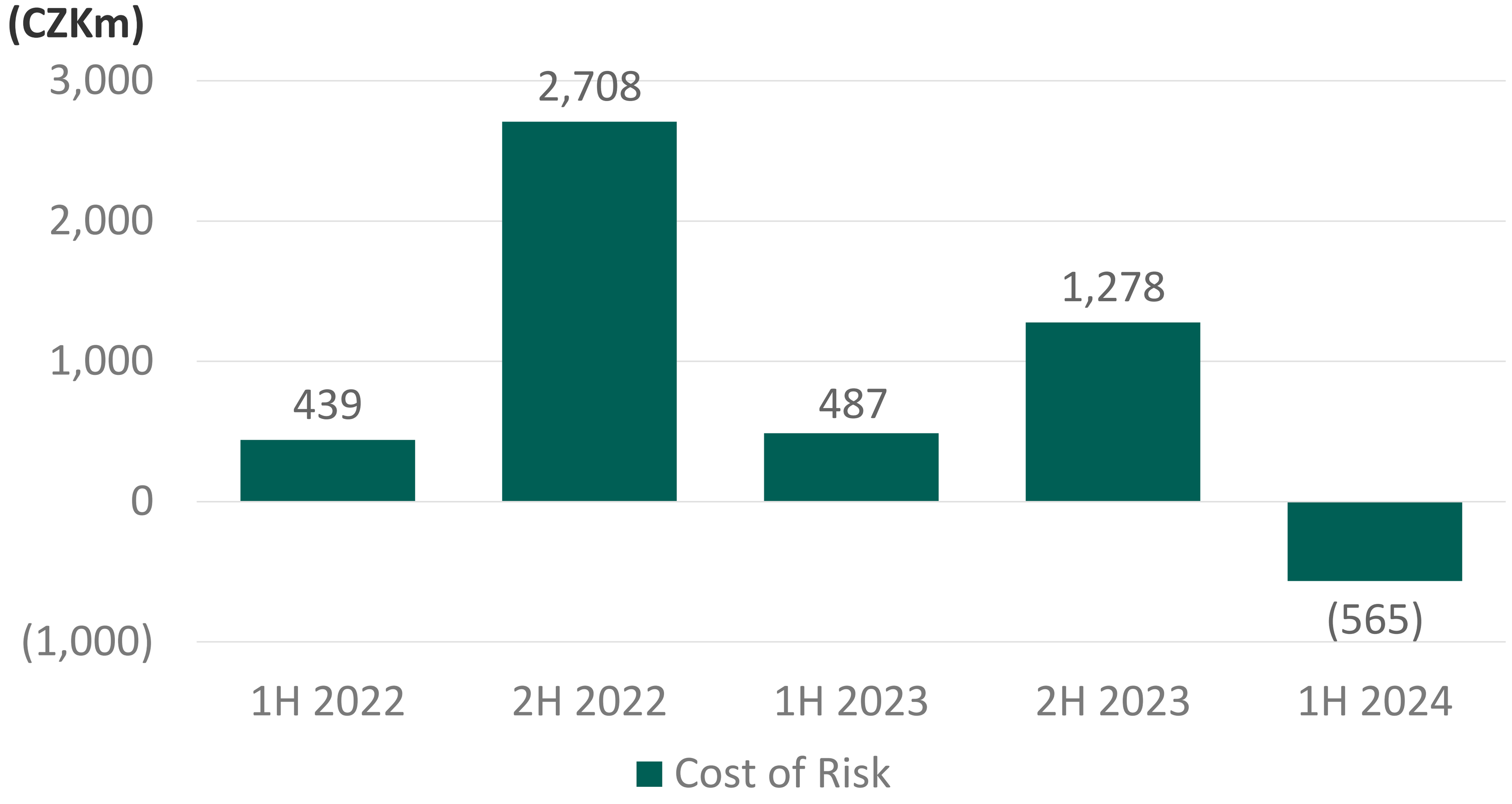
Notes: (1) Current Accounts = all non-term deposits, incl. escrow accounts and other liabilities. (2) LCR and NSFR are only prescribed and monitored on an individual basis. Source: Company data

Profitability, Earnings and Distributions

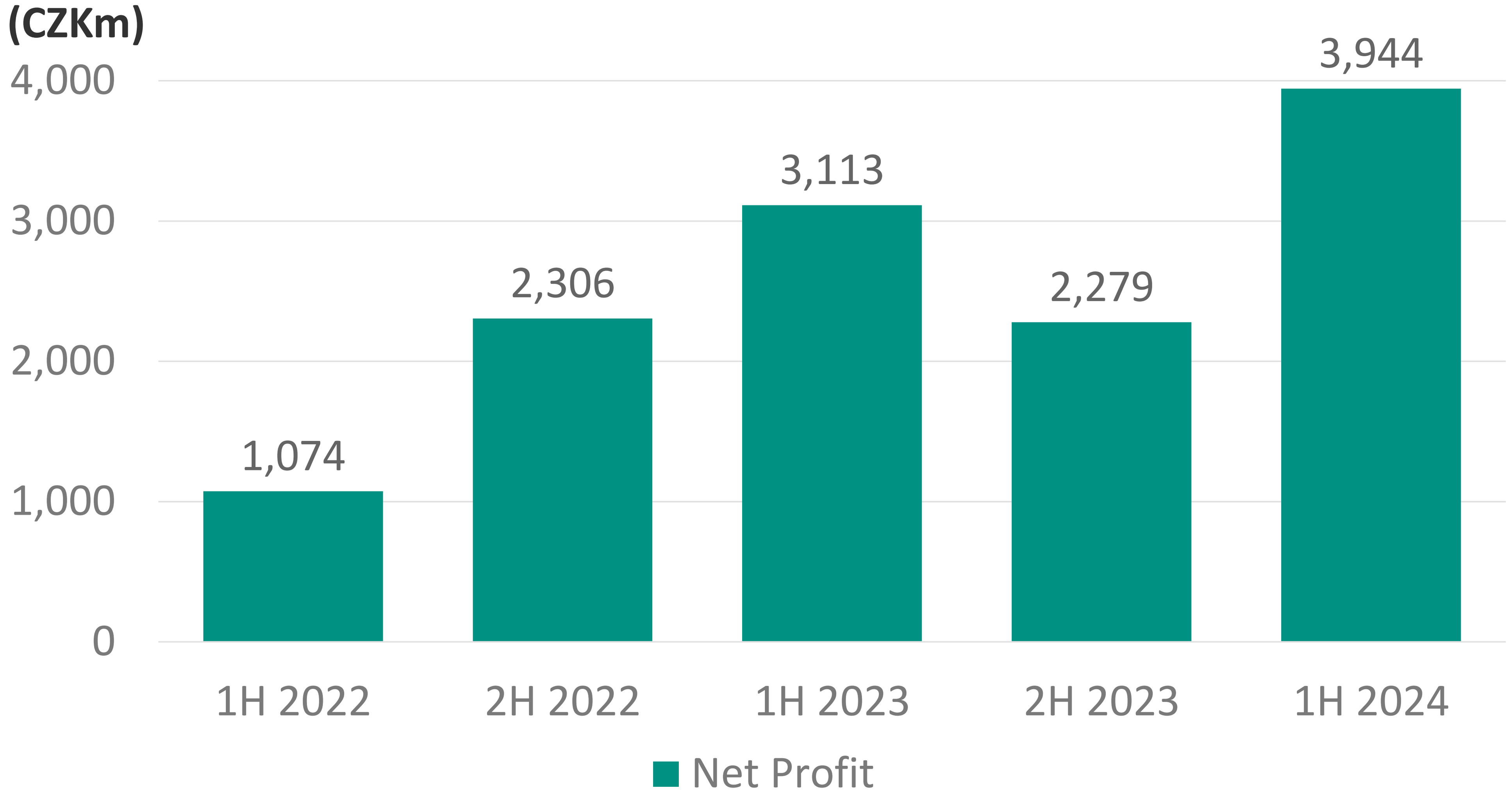
Consistently profitable operation with proven earnings power allowing to self-finance sustainable growth. Dividend distributions commenced in 1H 2023 after three years of profit retention

- Profit before allowances, provisions and income tax up 0.4% YoY driven by robust top line performance coupled with reduced cost base
- Excellent asset quality and very low NPL ratio allowing to release previously created loan loss provisions
- Strong overall performance translating into historically highest reported semi-annual profit (up 27% YoY) and return on equity
- CZK2.8bn dividend paid in April 2024
- As strong performance continues into 2H 2024, further shareholder distributions are possible

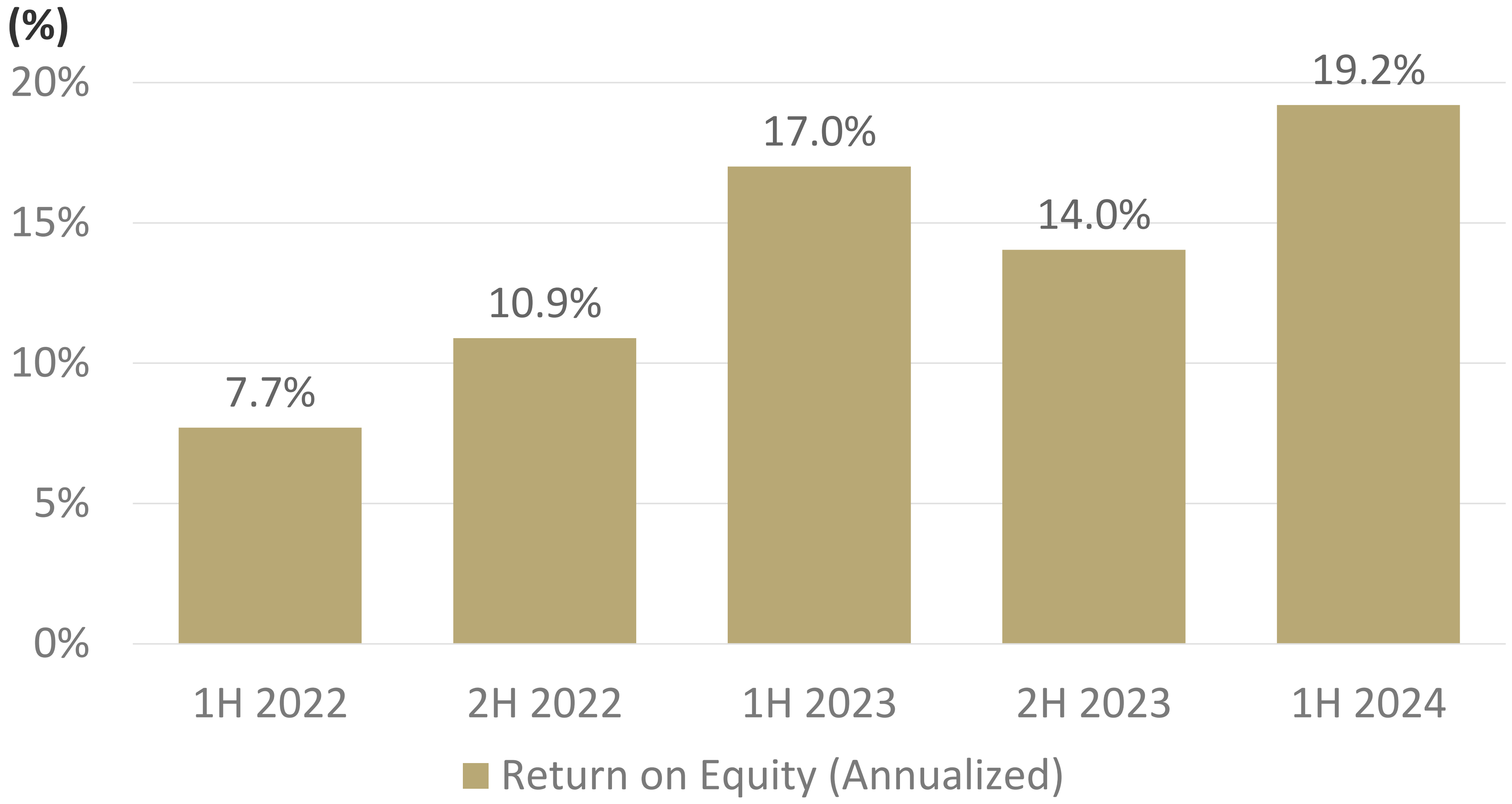
Cost of Risk (On- and Off-Balance Sheet)



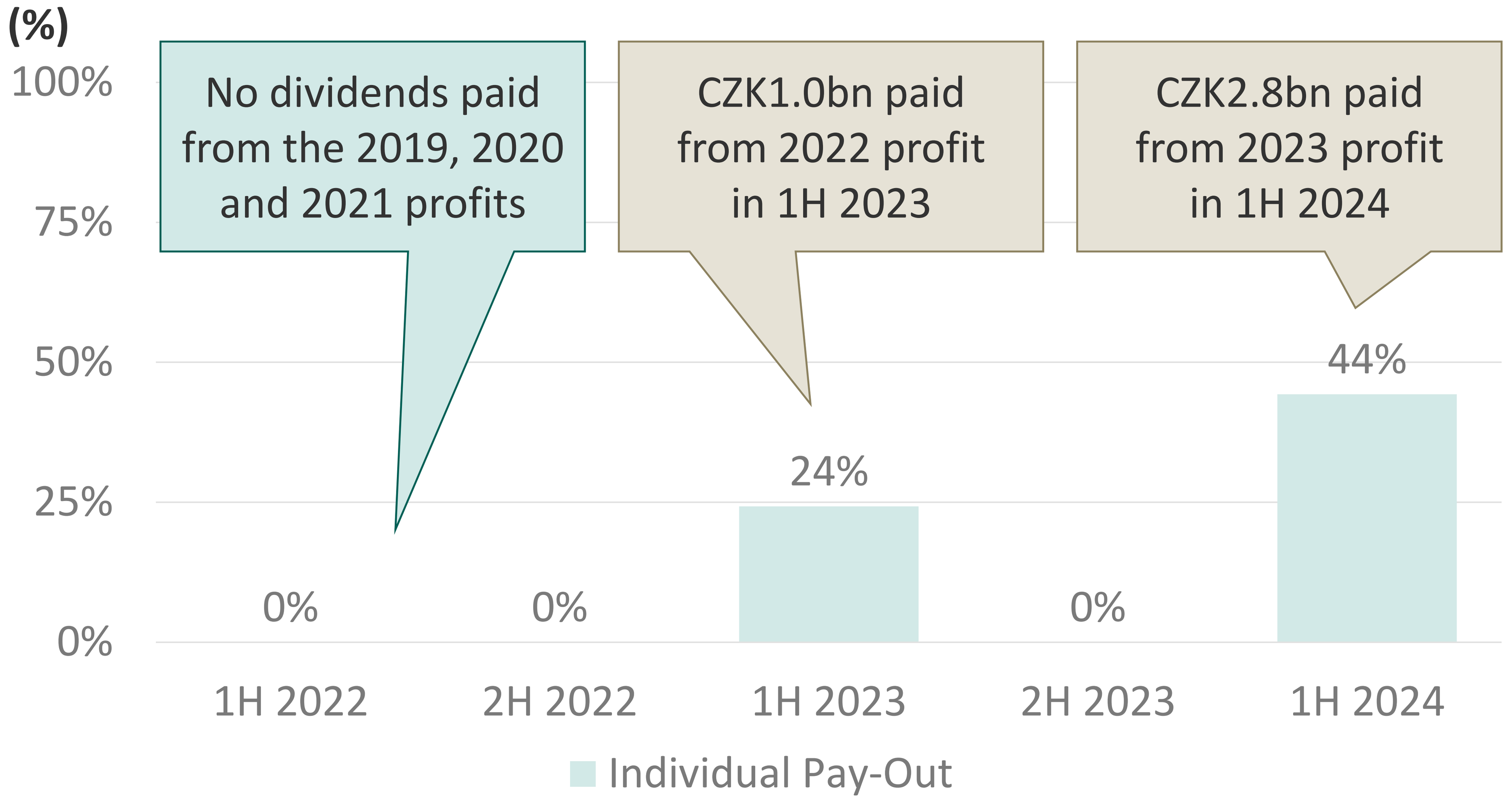
Net Profit



Return on Equity[1]



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



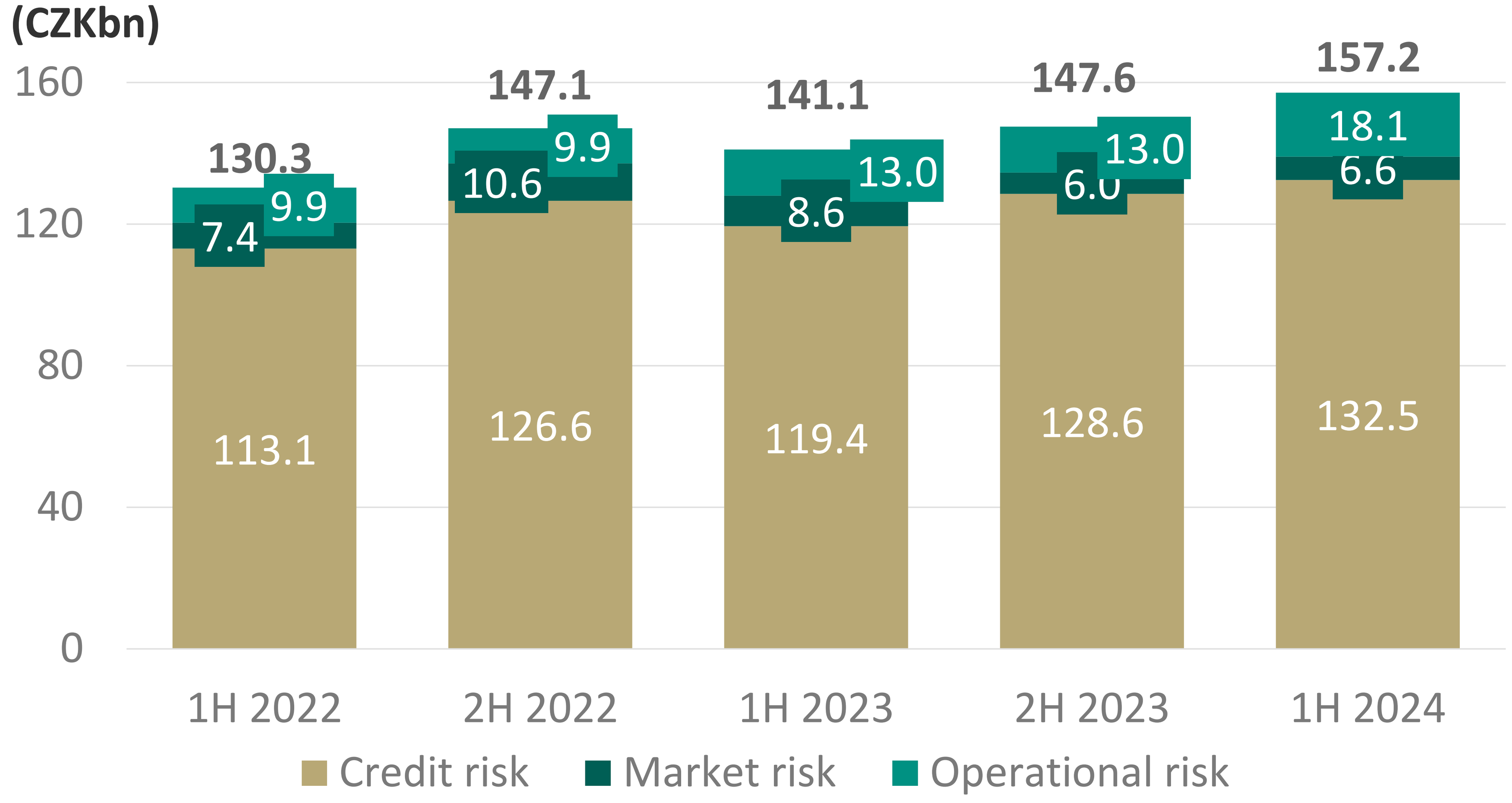
Notes: (1) Annualized. (2) Dividend in year t divided by net profit in year t-1 (pay-out ratio calculated in relation to full-year profit). Source: Company data

Capital Management | Capitalization

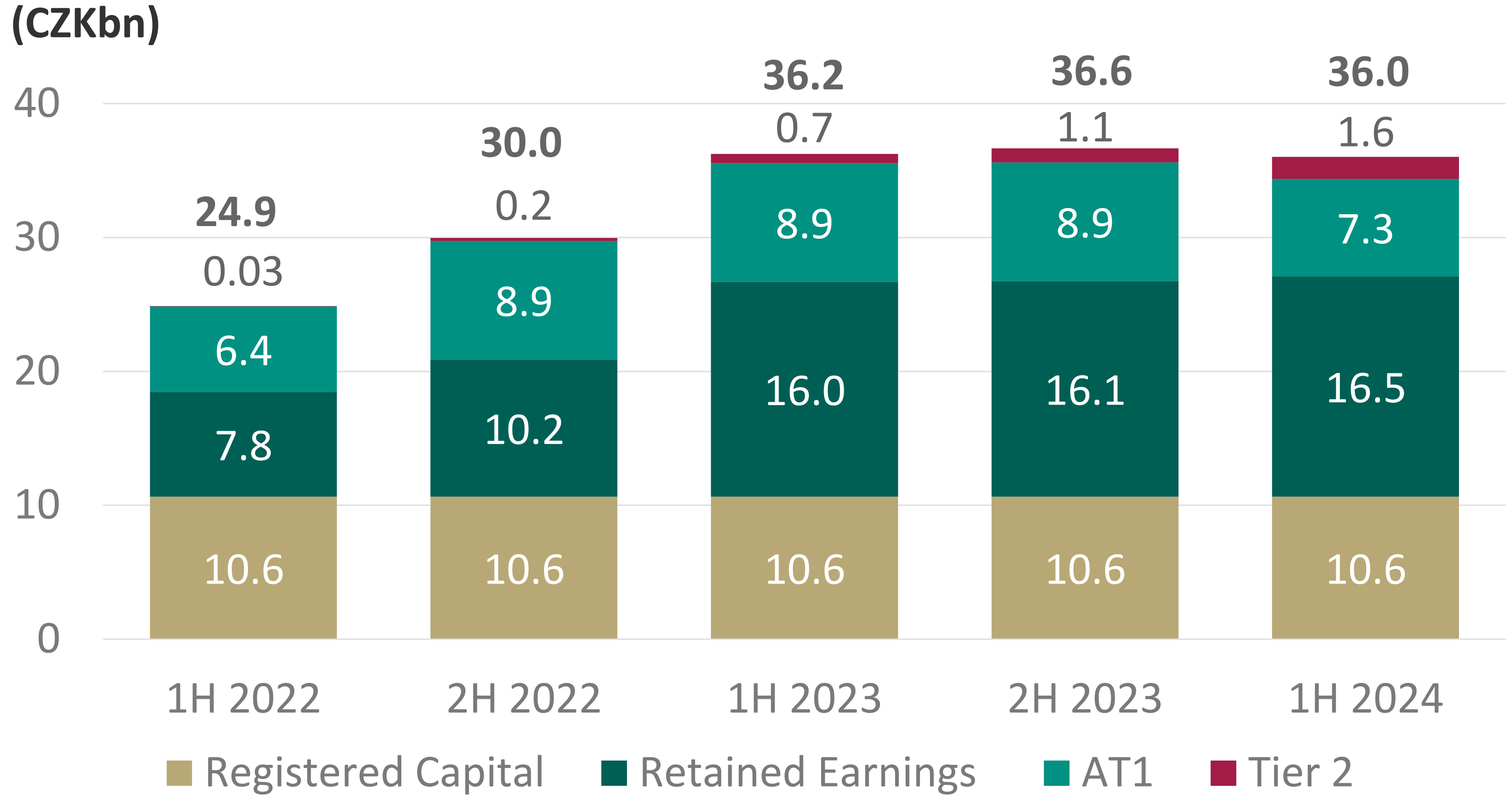
Capital and MREL requirements set and monitored **individually** and driven by long-term growth in RWAs. High-quality capital base provides sufficient resources for continued growth

- Regulatory limits and MREL requirements are all set and monitored for J&T BANKA individually
- Capital requirements driven by RWA growth, related mainly to credit risk
- Robust capitalization following three years of earnings retention and ~€120m capital increase and €200m AT1 issuance (both in 2022)
- Slight reduction in regulatory capital already reflects vintage AT1 redemptions during 1H 2024
- Regulatory capital and capital ratios reflect J&T BANKA's strong performance despite resumed shareholder distributions
- Leverage Ratio decline attributable to notified vintage AT1 redemptions and continued balance sheet growth

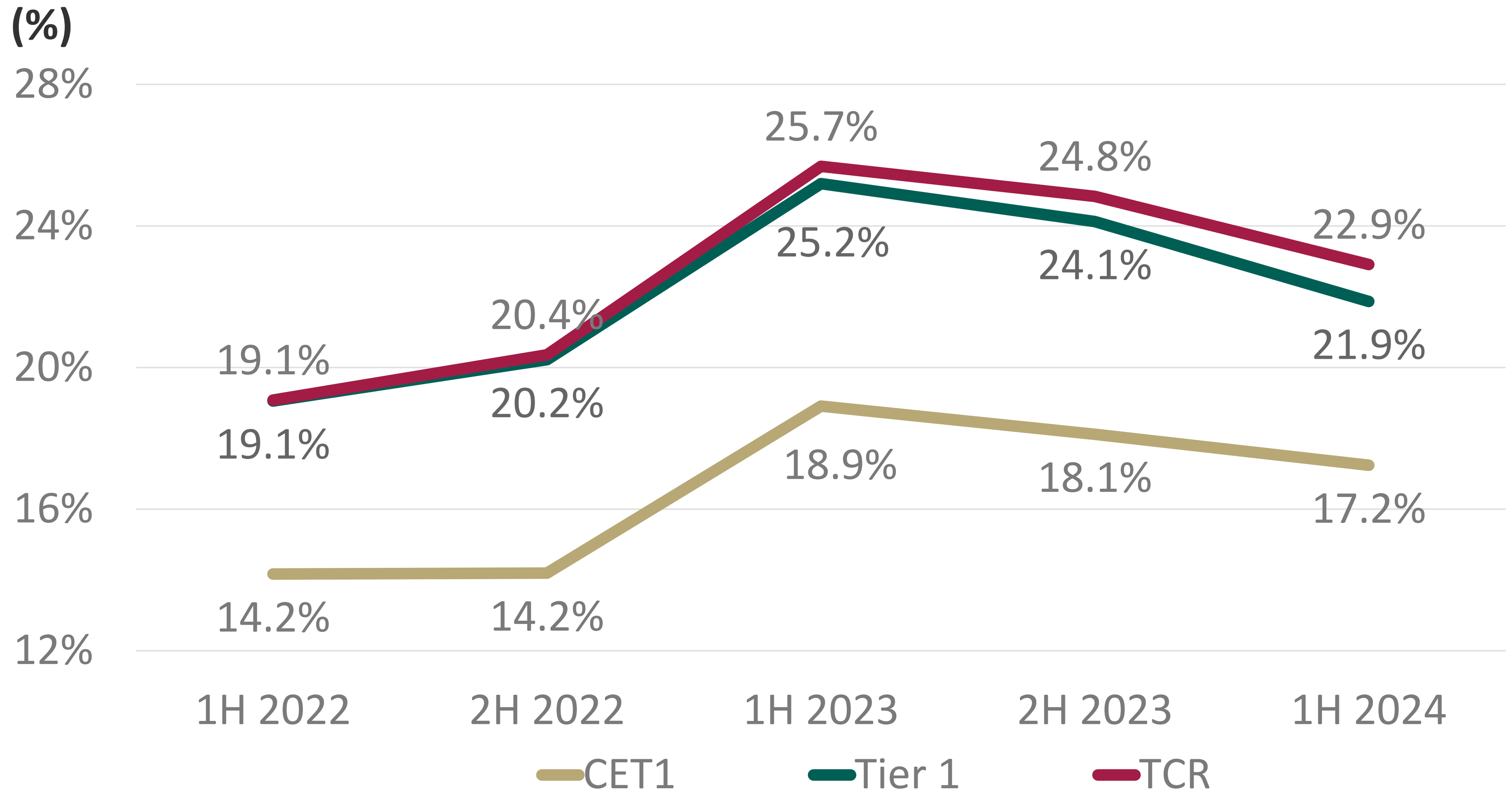
Risk Weighted Assets (Individual)



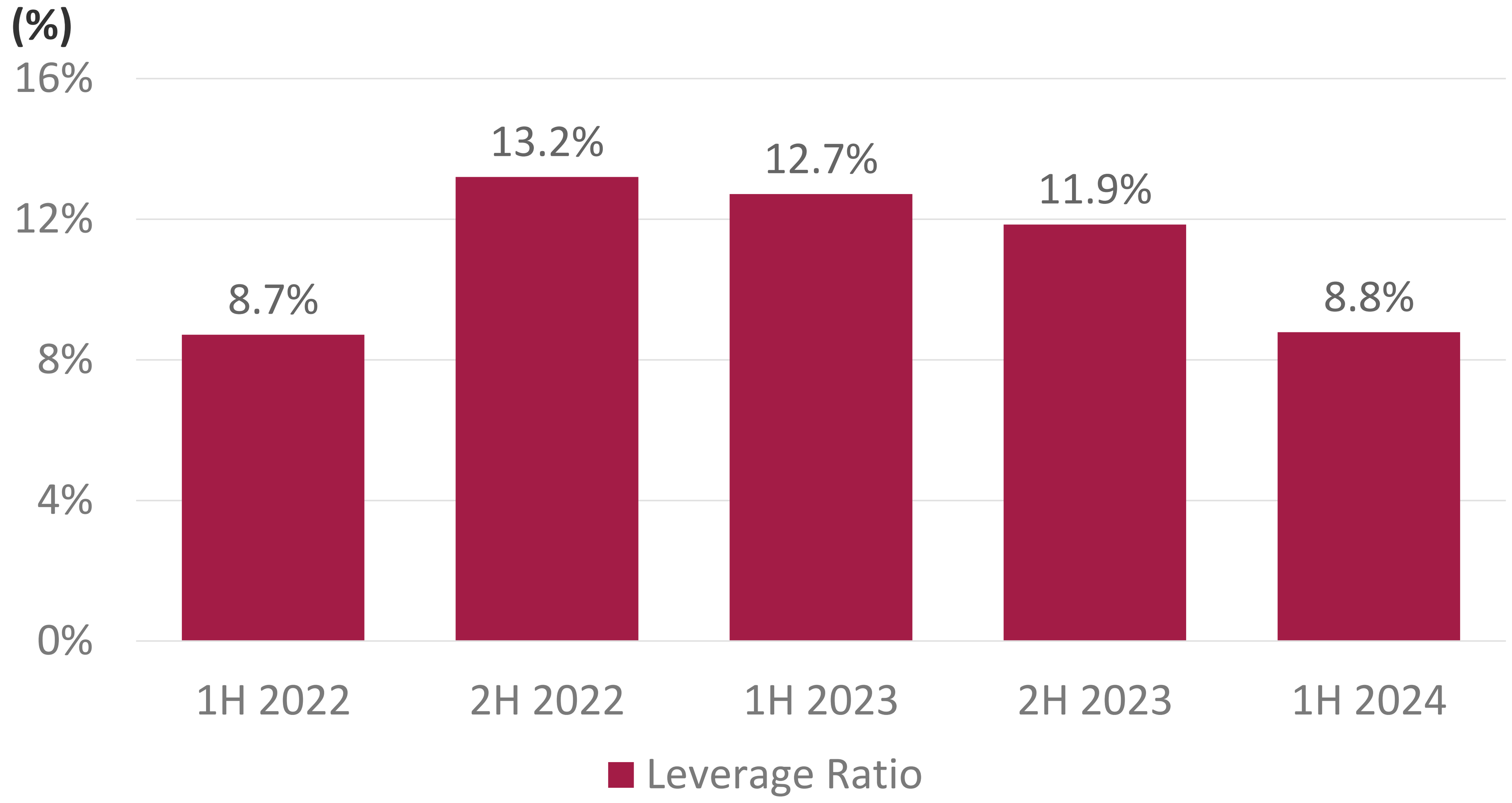
Regulatory Capital Composition (Individual)



Capital Adequacy (Individual)



Leverage Ratio (Individual)(1)



Note: (1) Tier 1 capital divided by total assets. Source: Company data

Capital Management | Capital Requirements and Buffers

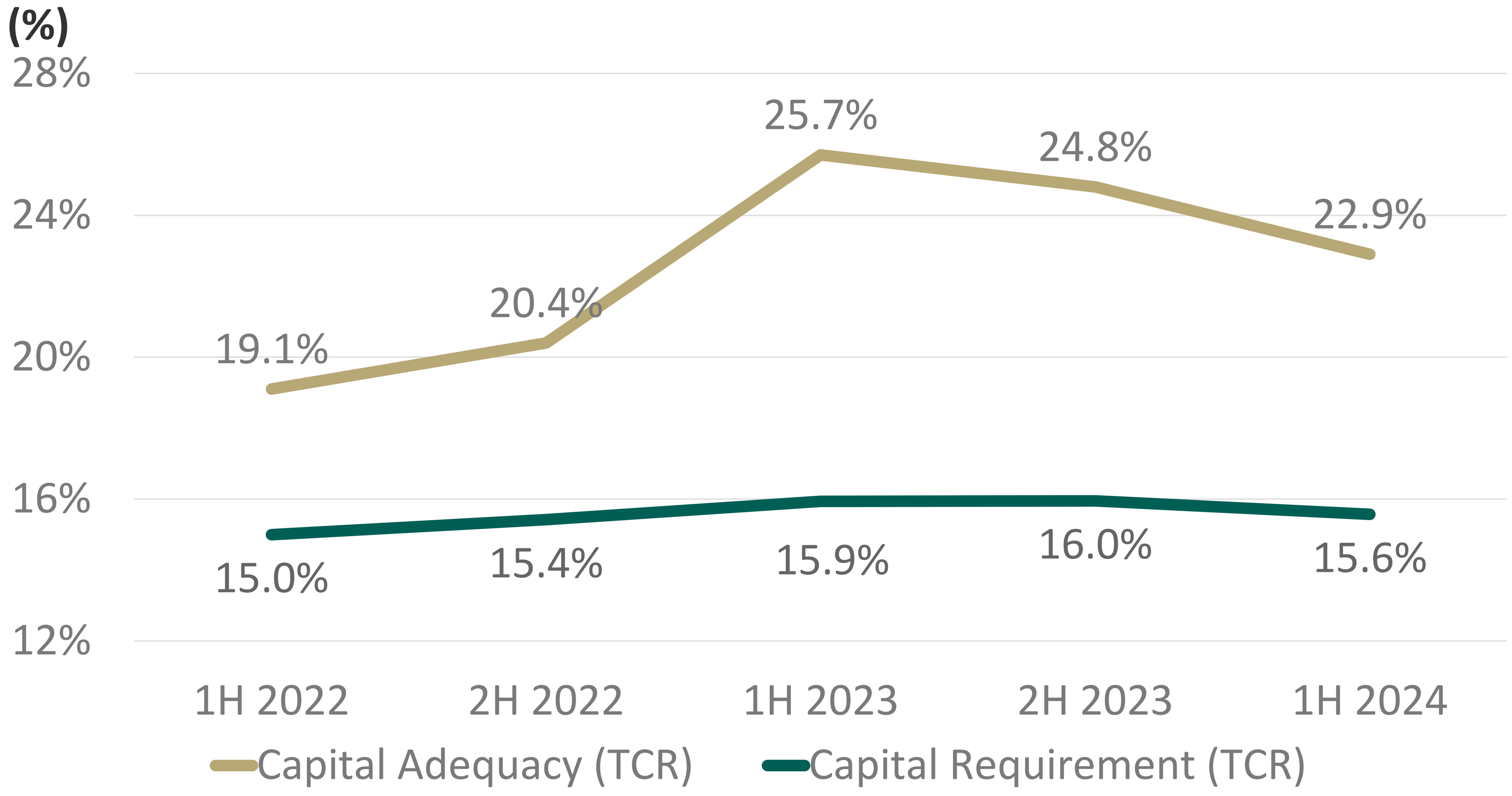
Capital adequacy consistently exceeding minimum regulatory requirements by considerable margin

- J&T BANKA's capital adequacy consistently exceeds minimum regulatory requirements by a considerable margin
- Following strong performance in 1H 2024 and despite CZK2.8bn dividend paid in April 2024, total capital buffer as at 30 June 2024 stood at over 700bps or CZK11.7bn
- Medium-term management target is to maintain CET1 capital ratio at or above 15% and Tier 1 capital ratio at around ~18% with the remaining capital requirement being covered by MREL eligible securities

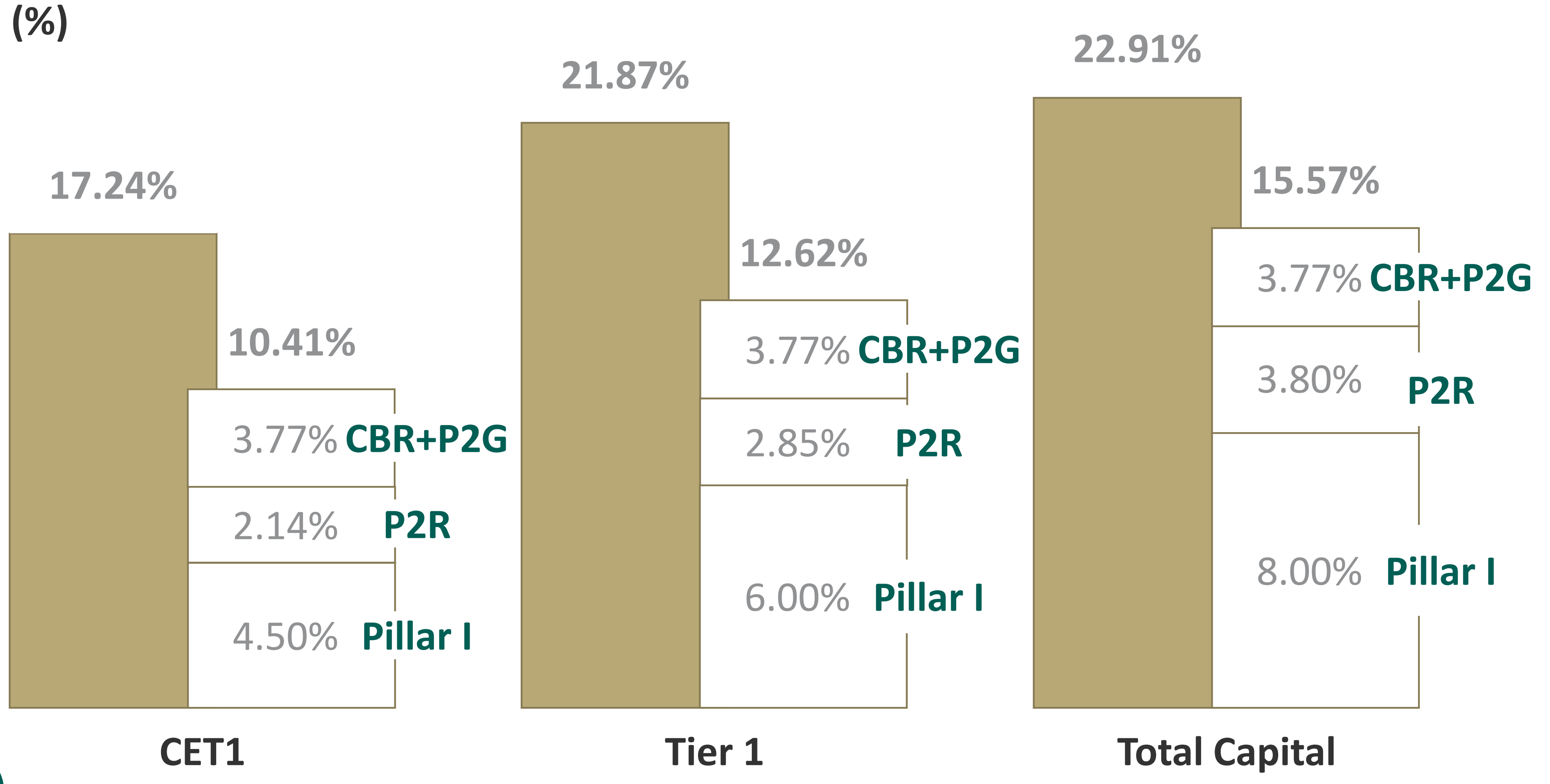
Regulatory Requirements (Individual)

(%)	2H 2022	1H 2023	2H 2023	1H 2024
Pillar I - CRR (Own Funds)	8.0%	8.0%	8.0%	8.0%
Capital Conservation Buffer (CRR)	2.5%	2.5%	2.5%	2.5%
Countercyclical Buffer (CRR)	0.7%	1.2%	1.3%	1.3%
Pillar II (SREP)	3.7%	3.7%	3.7%	3.8%
Pillar 2 Guidance (P2G)	0.5%	0.5%	0.5%	0.0%
Total Capital Requirement	**15.4%**	**15.9%**	**16.0%**	**15.6%**
Management Buffer	1.0%	1.0%	1.0%	1.0%
Internal Target	**16.4%**	**16.9%**	**17.0%**	**16.6%**

Capital Adequacy vs Requirement (Individual)(1)



Capital and Buffers (Individual, 30 June 2024)



Ratio	Actual	Required	Capital Buffer	
			(%)	(CZKbn)
CET1 (% RWA)	17.24%	10.41%	683bps	11.7
Tier 1 (% RWA)	21.87%	12.62%	925bps	14.5
Total Capital (TCR) (% RWA)	22.91%	15.57%	734bps	11.5
Leverage (% LRE)	8.79%	3.00%	579bps	22.7

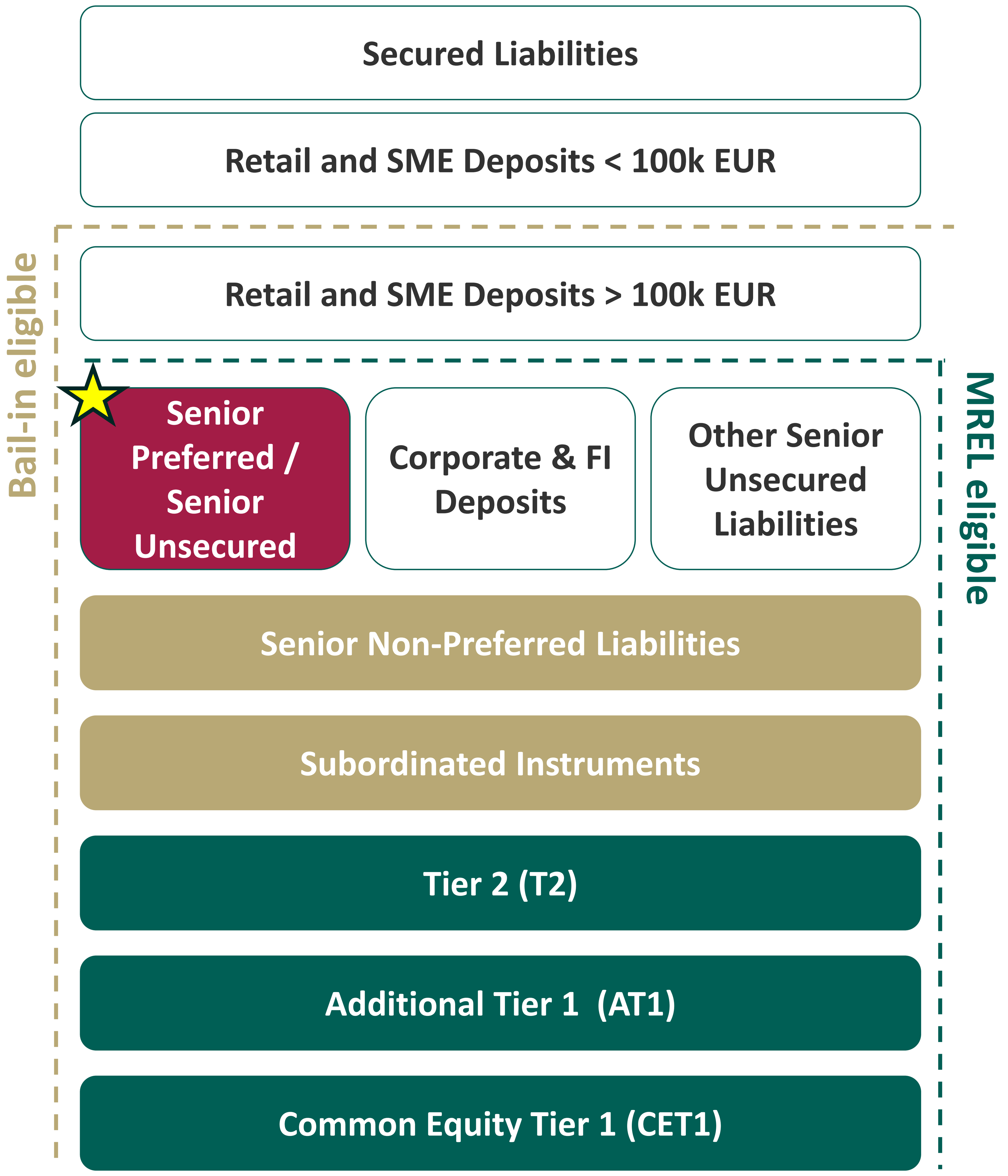
Note: (1) Excluding management buffer. Source: Company data

Resolution and MREL Considerations

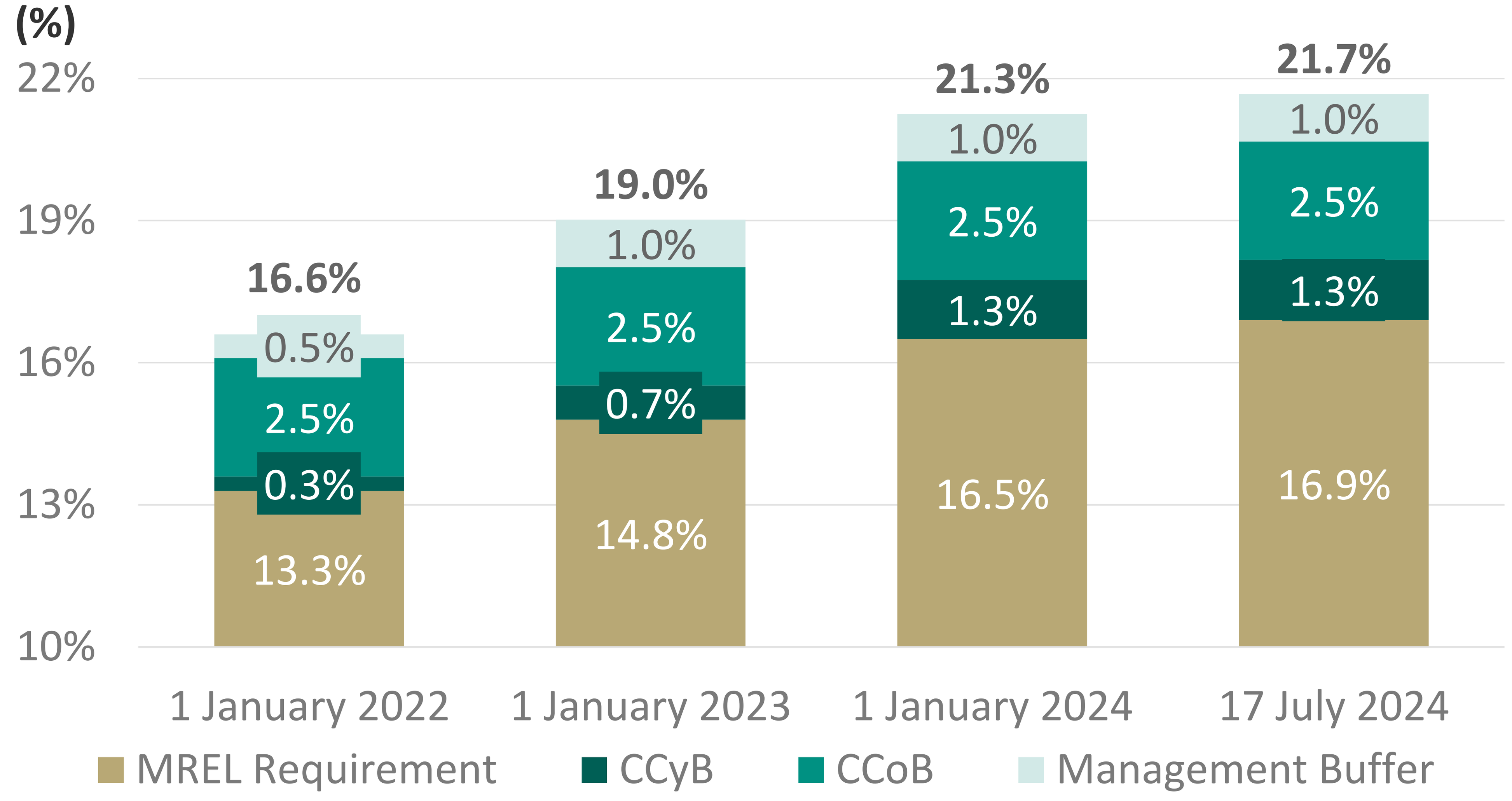
Multiple point of entry resolution strategy. MREL ranks pari passu with senior unsecured debt, subordination is not required

- 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 resolution authority for J&T BANKA and sets out its MREL requirements
- **No subordination requirement for** J&T BANKA's **MREL** eligible instruments (only applies to five largest Czech banks)

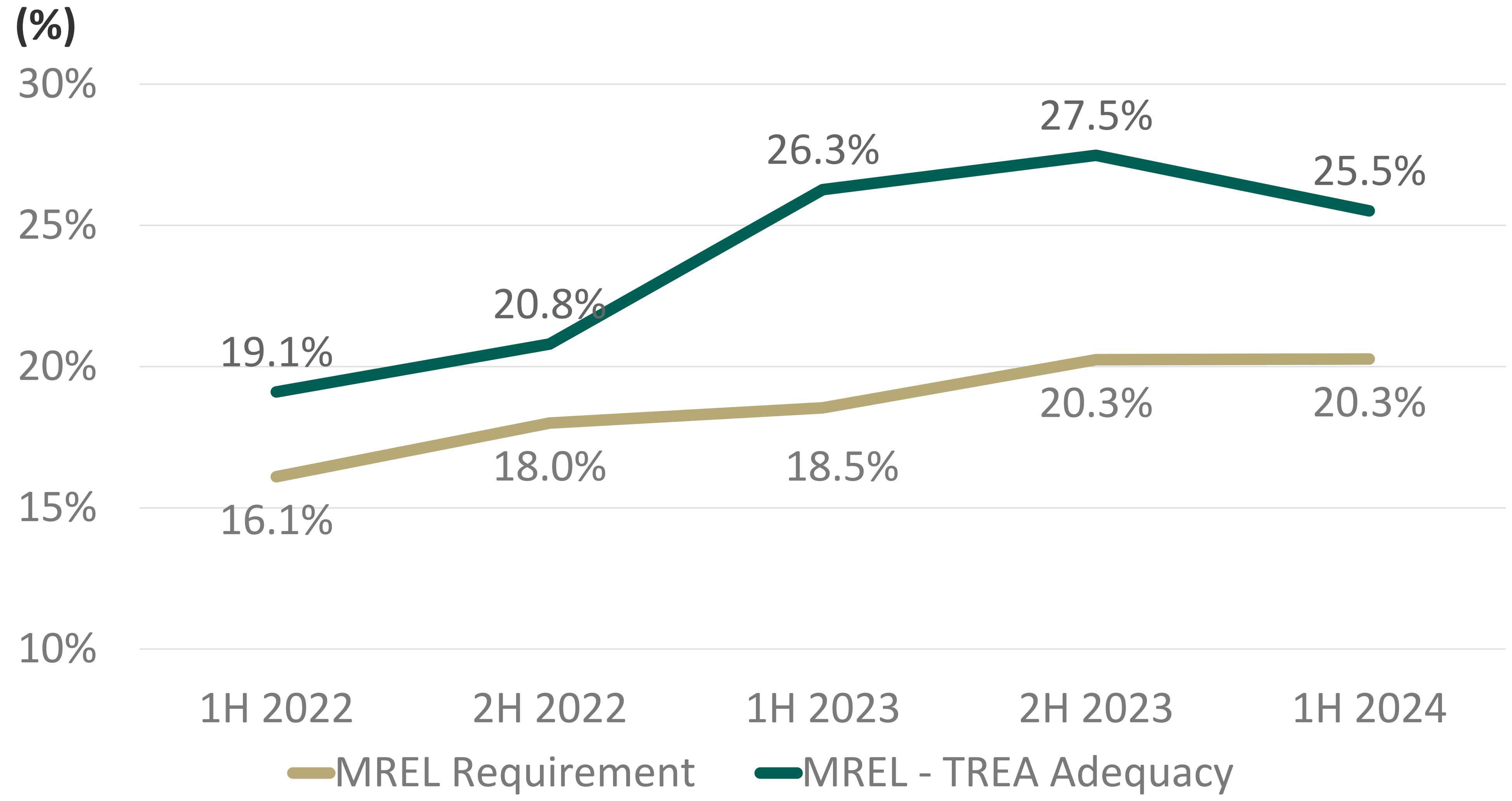
Creditor Hierarchy in Insolvency & Resolution



J&T BANKA's MREL Limits (Individual)



MREL Adequacy vs Requirement (Individual)[1]



Note: (1) Excluding management buffer. Source: Company data

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