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Boldly backing business.

2024 Half Year Result.

20 February 2024

Agenda.

Topic	Presenter
CEO Update	Joseph Healy
CFO Update	Andrew Leslie
Conclusion and Outlook	Joseph Healy
Q&A	Joseph Healy, Andrew Leslie, Chris Bayliss, Frank Versace, Lisa Frazier

CEO Update.

Joseph Healy

Purpose

To be the most trusted SME business bank in Australia

Vision

To build a world-class SME business bank

The Judo Journey.

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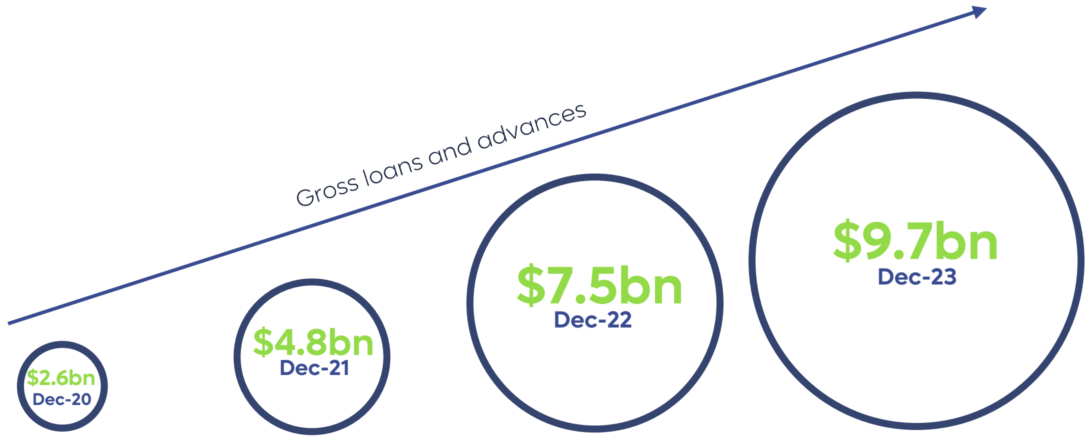

2015
Concept

Mid 2015

Judo concept developed

2016
Seed Capital

September 2016

First office space in Melbourne

Late 2016

Seed funding raised

2018
Pre-ADI launch

March 2018

Pre-ADI pilot business launch

October 2018

Sydney office opens

2019
Full Banking Licence

Early 2019

Brisbane office opens

April 2019

APRA full banking licence granted

May 2019

Deposits launch

2020
Scaling despite COVID-19

July 2020

Perth office opens

November 2020

Adelaide office opens

2021
Growth and ASX listing

July 2021

Hobart office opens

October 2021

S&P investment grade rating

November 2021

Judo Bank lists on the ASX

2022
Achieved Profitability

May 2022

Inaugural Investor Day

August 2022

Reported FY22 pro forma PBT of $16m

September 2022

Inaugural benchmark senior unsecured deal

2023
Halfway to metrics at scale

Over the year

Grew Agri and Health sectors

Opened four new locations

August 2023

Reported FY23 PBT of $108m

Building a World Class Bank.

Value

Build the Bank

- Prove our customer and employee value proposition
- Achieve sustainable profitability based on sound economics
- Raise equity and receive approval for a banking licence

Scaling the Bank

- Embed our unique culture and operating model
- Invest in scalable technology solutions
- Drive best-in-market unit economics

World Class

- Build a world class SME business bank
- Achieve metrics at scale and ROE in the low- to mid-teens
- Market leading NPS >20 points above avg of majors
- Market leading employee engagement >70%

2016 | 2021 | 2026 +

Running our own race.

Ongoing increase in banker and broker numbers, with sustained market leading NPS

18 Locations Jun-23: 18	**133** Bankers Jun-23: 123	**50** Analysts Jun-23: 50
1,320 Brokers Jun-23: 1,220	**+57** Lending NPS Jun-23: +65	**+64** Deposit NPS Jun-23: +60

Notes: Bankers and Analysts as of 20 Feb 2024. 'Lending NPS' is the overall lifecycle NPS reflecting average of 'onboard', 'exit' and 'relationship' stages

Highlights.

Disciplined management of key operating metrics

- **Profit Before Tax increased 24% to $67.4m**, up from $54.3m in 2H23, driven by higher pre-provision profits and lower cost of risk
- **Lending growth of $800m**, representing ~3x system credit growth[1]
- **Front book lending margin of 464bps in 2Q24,** up from 390bps in 4Q23, demonstrating pathway to sustainable NIM of >3%
- **Asset quality within risk appetite** with write-offs of $5.9m below expected levels; arrears and impaired assets continue to increase as expected
- **Term deposit growth of $1bn,** with pricing at the top of our assumed long-run range of 80-90bps over BBSW
- **TFF repayment on track for Jun-24** with committed warehouse lines and excess liquidity available to repay the outstanding balance
- **Strong capital position, with CET1 of 16.2%, and continued diversification of capital and funding** with inaugural AT1 and Capital Relief Term Securitisation transactions completed

1. RBA statistics on total business lending outstanding (ex financial institutions)

1H24 Highlights.

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Strong 1H24 results. Re-affirming metrics at scale.

Metric	1H24 result drivers	1H24 results	At scale
GLA	Prudent growth whilst prioritising lending margins, and higher run off	$9.7bn	$15-20bn
NIM	Moderating due to shifting funding mix, with higher margins on new lending to benefit NIM going forward	3.02%	>3%
CTI	Targeted increases in FTE and investment in technology to support ongoing scaling	53%	Approaching 30%
Cost of risk	Cost of risk driven by loan growth and continued seasoning of the portfolio. $5.9m of write offs during the period	$27m (57bps of GLA)	~50bps of GLAs
ROE	Supported by continued scaling of the loan book, benign asset quality and diminishing tailwinds from the TFF	6.0% annualised	Low to mid-teens

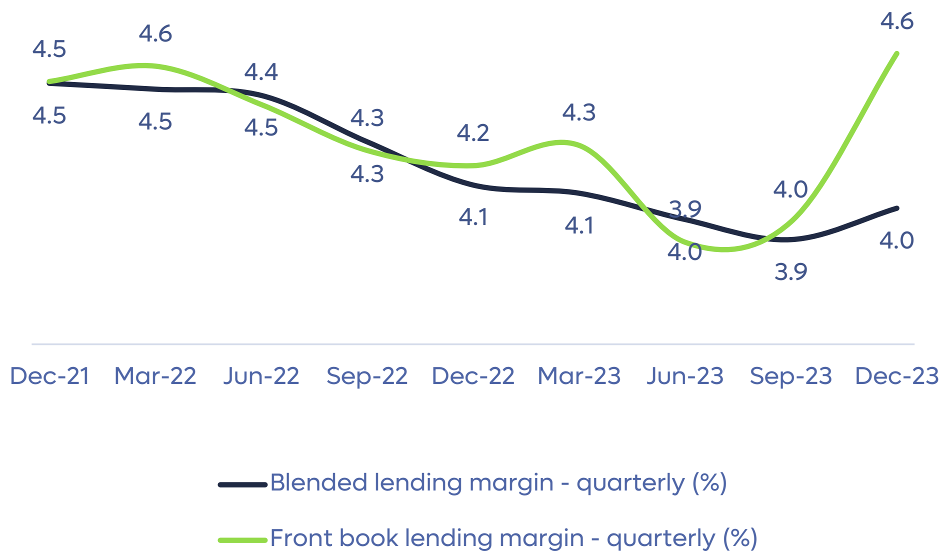
Dynamic management of lending margins.

Strong improvement in lending margins in 2Q24 demonstrating our agility

Improvement in lending margins in 2Q24

- Front book lending margins reflect composition of new lending, which fluctuate as Judo dynamically balances margins, growth and risk
- Continued focus on lending to SMEs that value Judo's high-touch, premium service proposition (Judo 'half-moon')
- Less commercial real estate (CRE) lending, generally larger deals at lower margins
- Ongoing review and re-pricing of existing risks
- AAA pipeline of $1.0 billion with average lending margin of ~4.5%

Lending margins over 1m BBSW (%)[1]



1. Margins are shown over 1m BBSW

Continued growth above system.

Prudent balancing of growth, margins and risk in an uncertain, uneven economy

Moderation in growth in response to the environment

- Managing lending growth as we execute our TFF repayment strategy and prioritise deposit funding
- Cautious stance towards discretionary spending and sectors with weakening asset values
- Strong growth in Healthcare and Agribusiness sectors

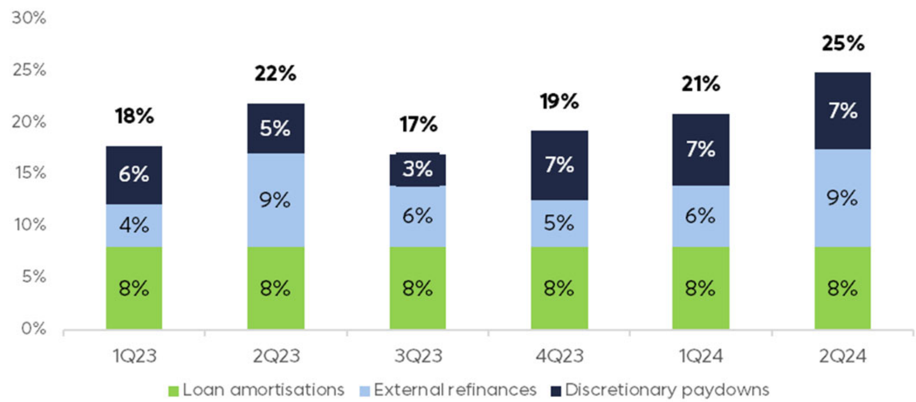
Period of elevated run off

- Loan amortisation has been stable at ~8%
- External refinances vary; Dec-23 quarter increase due to proactive risk management of the existing book
- Paydowns have increased as SMEs deleveraged via asset sales in response to rapid increase in rates
- Remain comfortable with our long-run assumption of 20% run off

Change in portfolio mix, Dec-23 vs Jun-23

Sector concentrations	Change Dec-23 vs Jun-23
Property Investment	-1.4%
Retail trade	-0.3%
Construction	-0.3%
Health care and social assistance	0.9%
Agribusiness	0.9%

Quarterly run-off analysis



No changes to risk settings.

Appetite for certain sectors actively managed in response to the environment

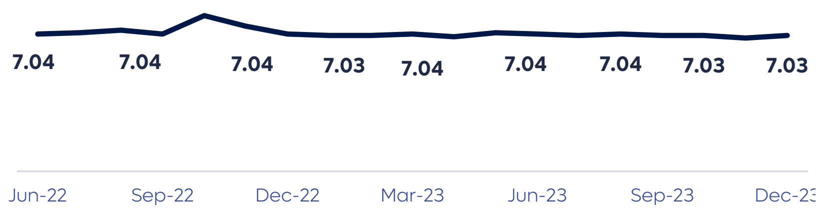
No change in transaction-level risk settings

- Customer risk grades[1] on new lending are in-line with the existing portfolio
- Portfolio remains 84% secured by property collateral
- No change to Judo's 50 bps at-scale cost of risk assumption

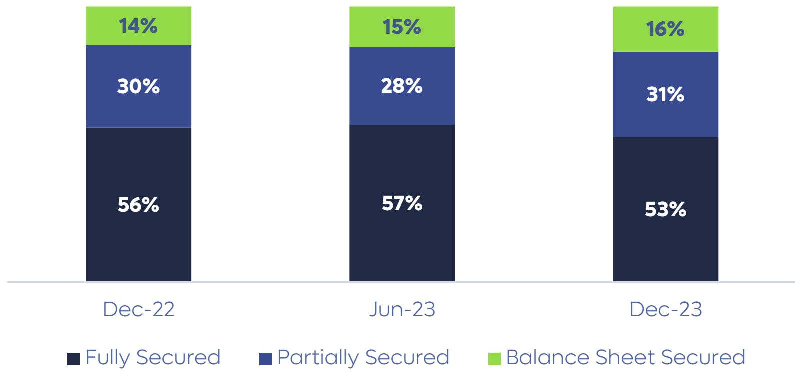
~50% of applications for new credit are declined

- Brokers are an effective filter for loans outside of Judo's well-defined appetite
- A large proportion of declines in 1H24 were to property and retail borrowers

Average portfolio credit risk grade[1]



Portfolio security coverage levels



1. Judo's internal measure of probability of default

Asset quality remains within long run assumptions.

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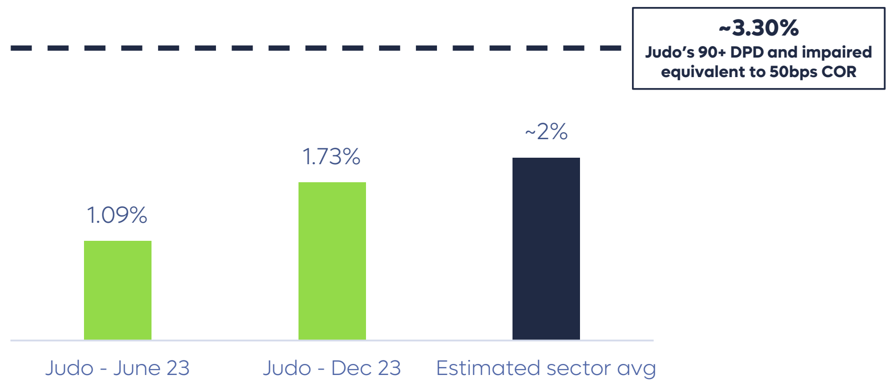
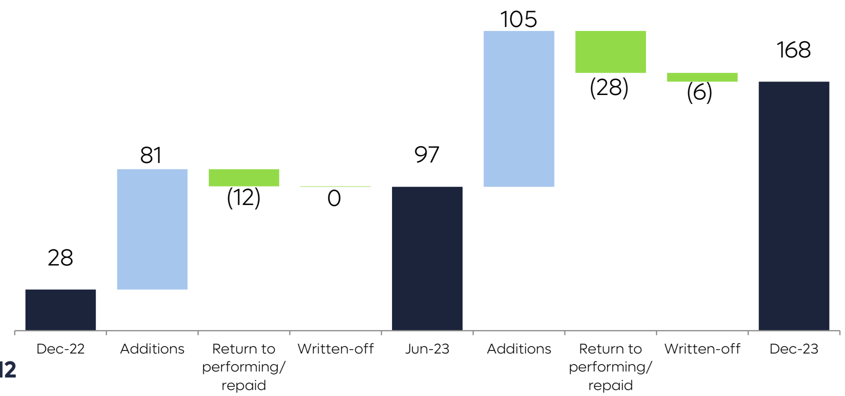
90+DPD and impaired reflect continued portfolio seasoning, the economy and some ‘indigestion’

90+DPD and Impaired loans – Judo vs sector (% of GLA)

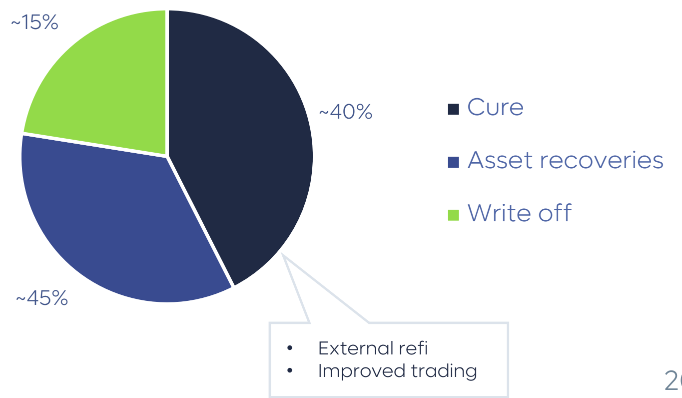


- Judo has 61 customers in 90+ DPD and impaired, representing ~1.5% of total customers
- Judo is seeing more loans enter arrears and impaired than are being resolved – due to portfolio seasoning and economic cycle
- Our 50bps long run cost of risk assumes 90+ DPD and impaired loans average ~3.30% through the cycle
- 90+DPD and Impaired as % of GLA are expected to continue increasing, reflective of the risk-return profile our Judo’s lending portfolio

90+DPD and Impaired loans ($m) – Increase reflects ‘indigestion’



90+ DPD & Impaired Loans – Expected through the cycle resolution



Judo has built a powerful deposit franchise.

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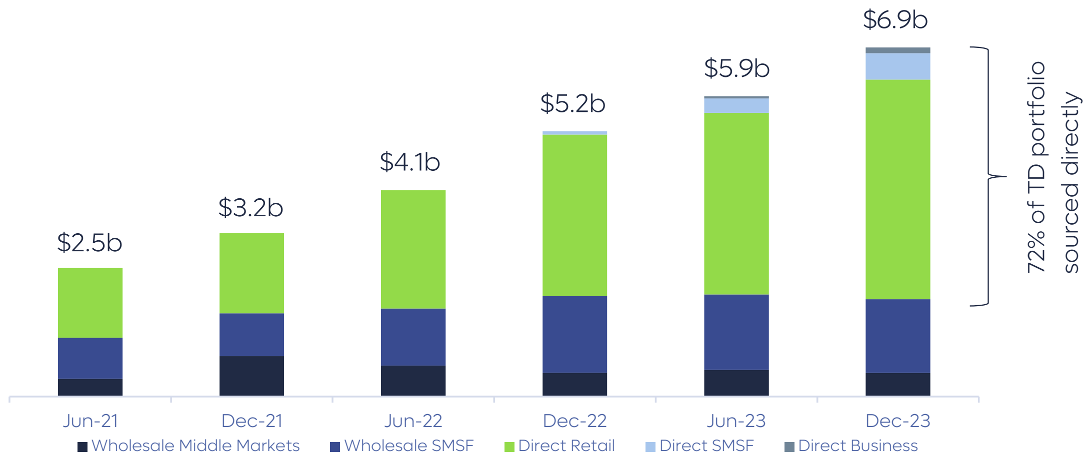
Judo TD balances exceed $7bn, from 41,800 customers

- 72% of TDs are from direct channels, as we have built brand recognition and expanded our range of direct products
- The typical direct retail customer is ~60 years old, with an average balance of ~$106k
- Rollout of new direct Self-Managed Super Fund and Business offerings over the past 12 months have expanded Judo's TD market access
- Growing strength of our deposit franchise supports more flexibility in pricing, whilst also achieving growth targets
- Significant scope for growth; Judo represents 0.33% of the System Deposits from Households Market[1]



	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23
Direct channel	54%	49%	57%	62%	66%	72%
Intermediated / wholesale channel	46%	51%	43%	38%	34%	28%
# Customers ('000's)	11.5	13.6	19.2	28.3	35.0	41.8
Average Retail Deposit Balance ($ '000's)	$111	$115	$114	$110	$106	$106
Retail Rollover %	63%	72%	71%	64%	63%	65%

Money Magazine Winner 2024 – Best-Value Long-Term Deposit, Boutique Bank, Best of the Best 2024
Canstar Bank of the Year 2020 - 2023 Term Deposits
RateCity Gold Award 2024 Best 3-month Term Deposit
RateCity Gold Award 2024 Best 6-month Term Deposit
finder Winner Awards 2023 Term Deposit (12 month)
mozo Experts Choice Awards 2023 Term Deposits

1. Source: APRA Monthly Authorised Deposit-taking Institution Statistics

Financial Update.

Andrew Leslie

Chief Financial Officer

Purpose

To be the most trusted SME business bank in Australia

Vision

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1H24 Result.

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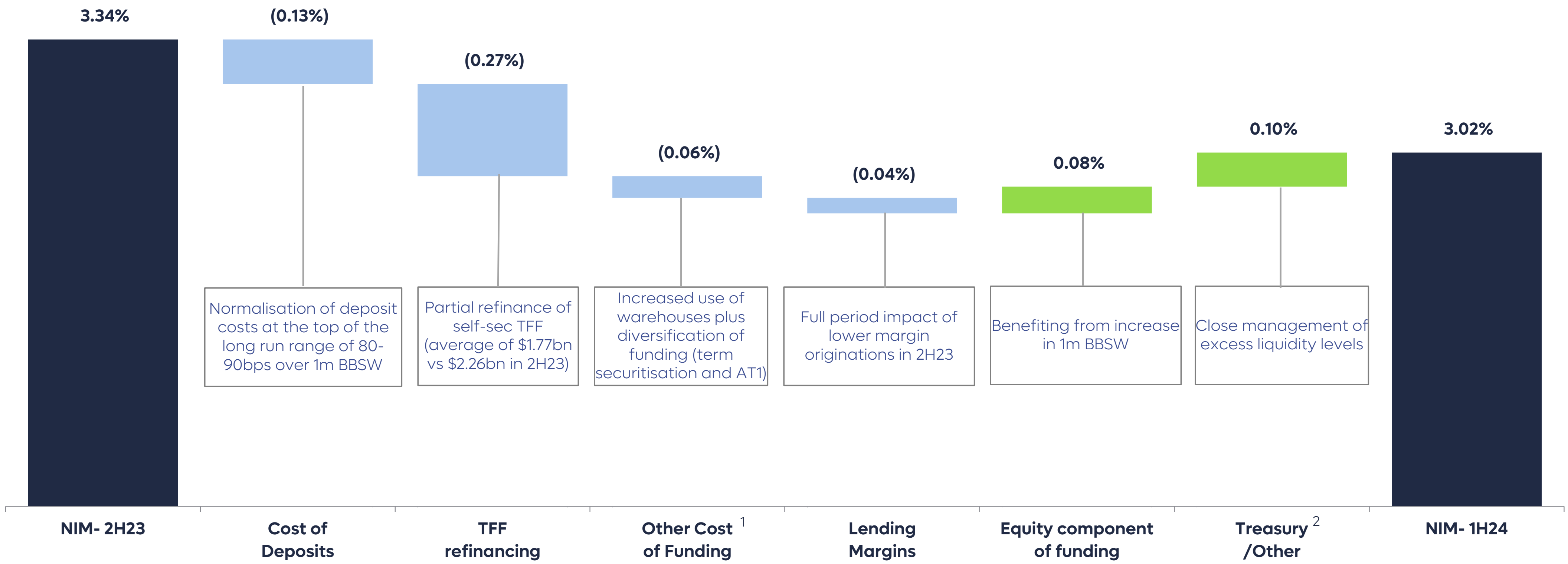
Profit & Loss Statement ($m)	2H23	1H24	Change
Income	188	200	6%
Operating Expenses	(101)	(106)	5%
Net Profit Before Impairments	**87**	**94**	8%
Impairment Expense	(32)	(27)	(17%)
Profit Before Tax	**54**	**67**	24%

Key Operating Metrics	2H23	1H24	Change
GLA ($m)	**8,908**	**9,703**	9%
NIM (%)	3.34%	3.02%	(32 bps)
CTI (%)	54%	53%	(1%)
Provision Coverage (% of GLA)	1.21%	1.34%	13 bps
90+ DPD & Impaired (% of GLA)	1.09%	1.73%	64 bps

Normalising NIM due to TFF refinance.

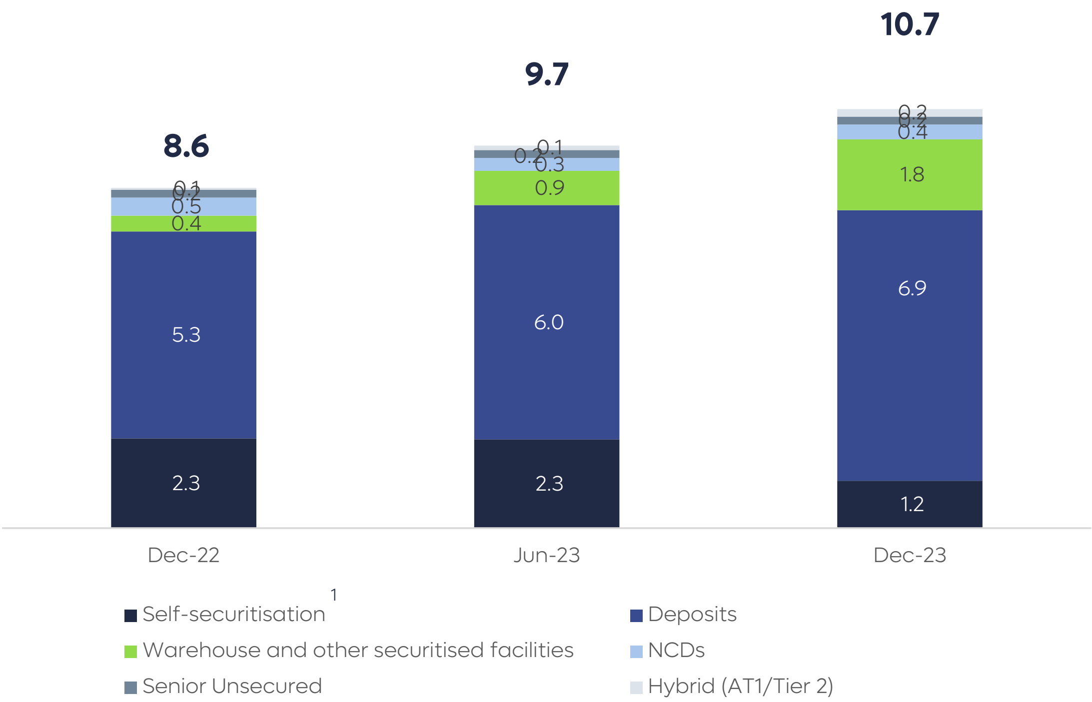
NIM Waterfall – HoH (%)



1. Other Costs of Funding includes wholesale funding activity including warehouses, senior unsecured, and Tier 1 and 2 funding
2. 'Treasury / Other' captures the impact of balance sheet changes unrelated to the preserved component of the TFF. e.g. Differences in regulatory liquidity position between the periods, and mix related impacts.

Continued growth and diversification of the funding stack.

Movement in funding sources ($bn)



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1H24 highlights

- Term deposit base now $7bn; average tenor at origination of ~14 months, and remaining tenor of ~9 months
- $2.73bn committed warehouse facilities with $1.35bn undrawn capacity available to refinance remaining TFF self-sec funding
- Proven access to largely the same wholesale funding sources as more established banks:
  - First-to-market SME backed capital-relief term securitisation transaction, raising $500m – *awarded KangaNews - Australian ABS Deal of the Year and FinanceAsia Award - Best ANZ Structured Finance Deal*
  - Inaugural $75m AT1 transaction – *strong trading post issue*

1. TFF amounts shown on chart excludes preserved component of $1.2bn

TFF refinancing and liquidity.

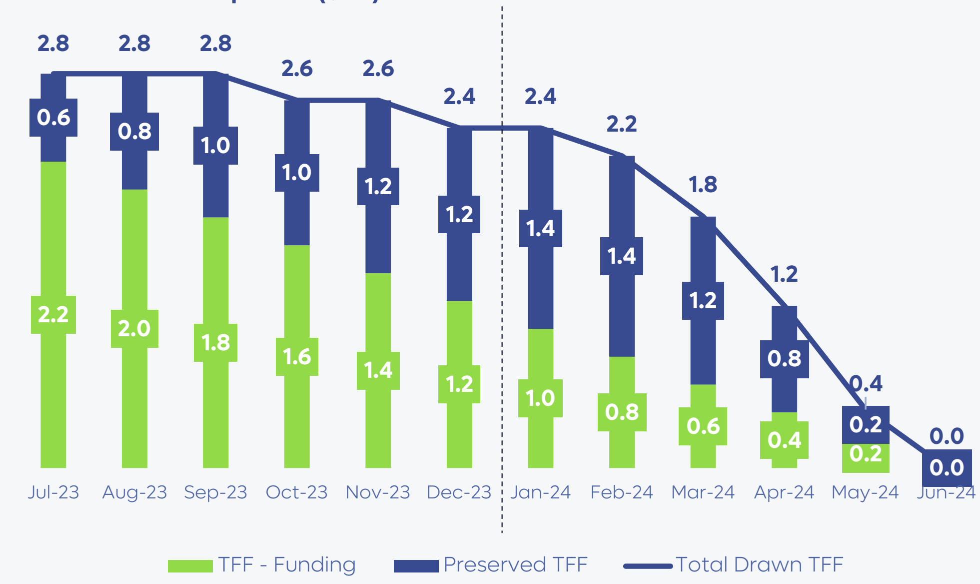
On track to refinance TFF

- Continued execution of our TFF repayment strategy, with $390m repaid in 1H24
- Existing warehouse capacity (committed, undrawn) and elevated liquidity is sufficient to repay TFF in full
- Total TFF outstanding at Dec-23 was $2.4bn:
  - TFF self-sec funding is being refinanced linearly at $200m per month, and reduced from $2.3bn in Jun-23 to $1.2bn in Dec-23
  - Residual $1.2bn at Dec-23 invested in treasuries maturing ahead of TFF repayment dates

Liquidity

- Total liquids elevated in 1H24 due to TFF preservation strategy
- Liquidity to reduce to ~35% of GLA in 2H24, and normalise at ~20% thereafter
- Key business metrics at scale assume Judo remains an MLH bank (not LCR)

Judo TFF refinance profile ($bn)

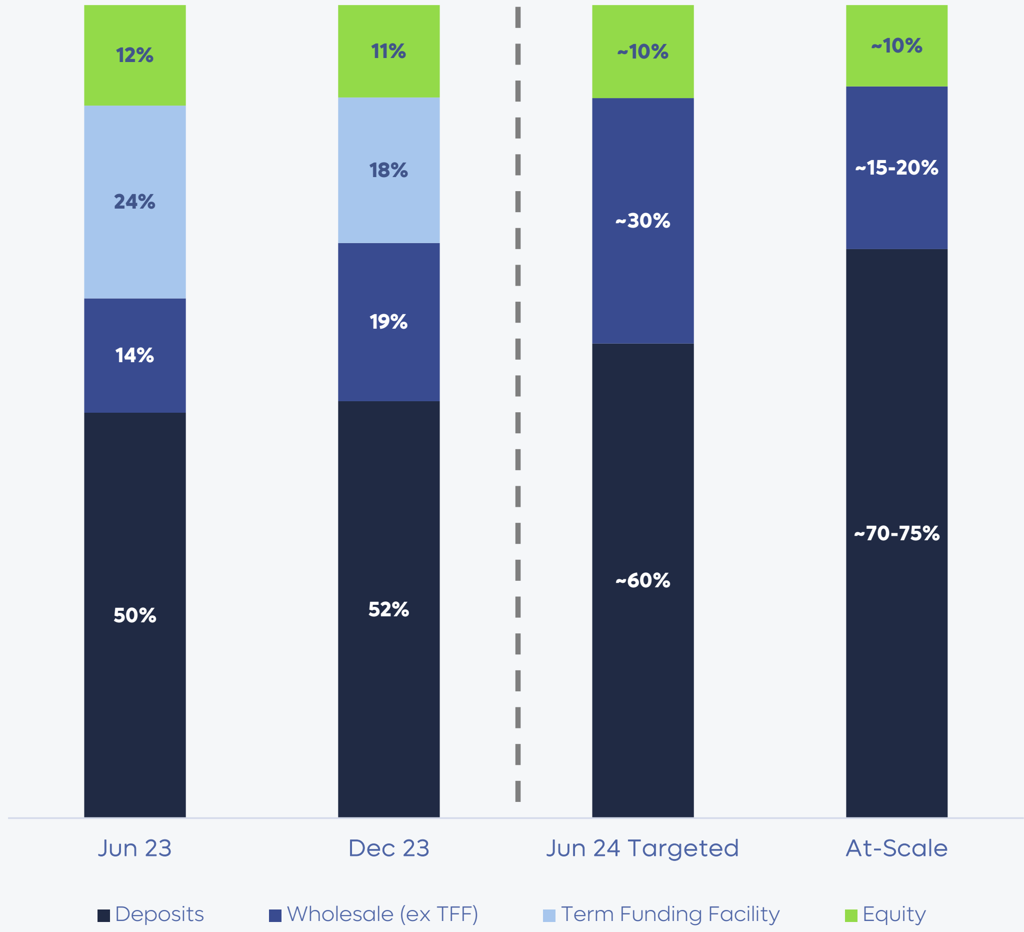


Elevated liquids to normalise in FY25

	1H24	2H24	FY25 +
Liquidity as % of average loan book	38%	~35%	~20%
Yield on treasury assets	3.24%	~3.7%	Trending towards 1m BBSW

Transition to longer term funding stack underway.

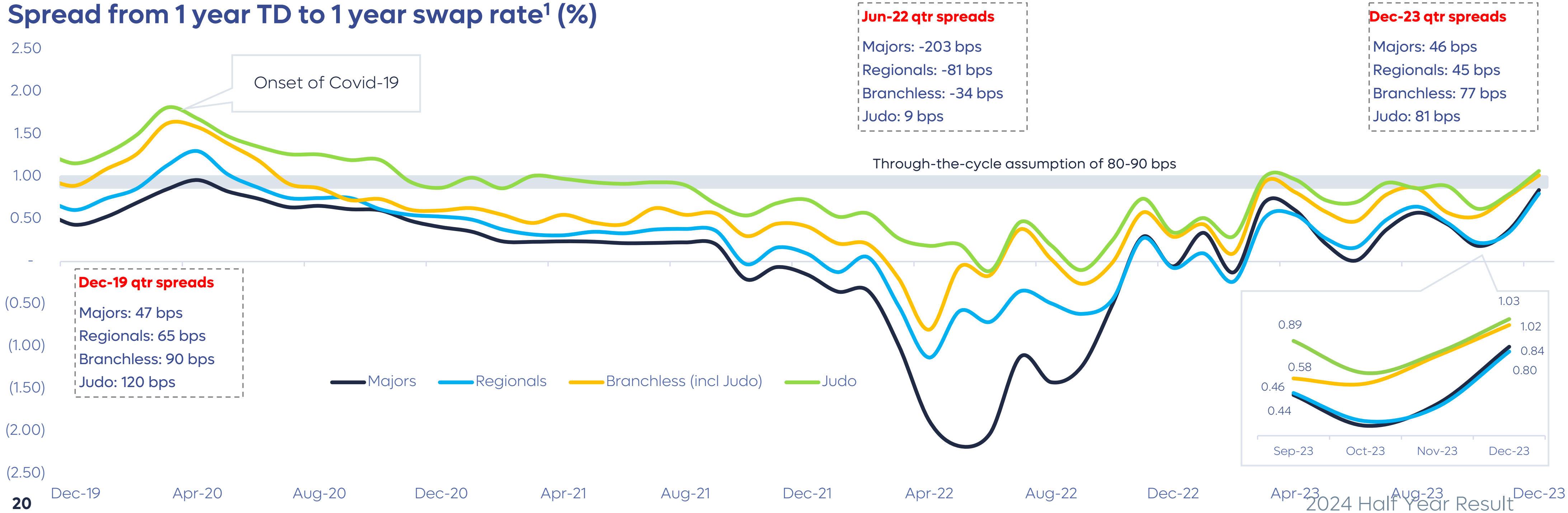
- Current TD funding is 52% of total assets, or 58% of assets ex preserved TFF component
- Target for TDs to be 70-75% of at-scale funding base
- TD balances grew by $1bn in 1H24
- On track for ~60% TD funding by Jun-24
  - 2H24 deposit growth expected to be similar to 1H24
  - 1H24 included significant wholesale issuance including AT1 and Term Securitisation; no new wholesale issuance planned in 2H24
  - TFF repayments back-ended in 2H24
  - Potential to optimise warehouse program in 2H24 as TFF repayments continue



TD margins in-line; sector spreads converging.

- Heightened competition for term deposits as the sector has repaid $84bn of TFF
- Competition primarily between majors and regionals, as spreads have converged
- Judo pricing gap to all peers has reduced over time, and no longer needs to be top of branchless peers to attract required flow
- Growth has been driven primarily by our direct channels, while we actively reduced exposures to other more expensive channels

Spread from 1 year TD to 1 year swap rate[1] (%)



1. Source: Mozo

NIM drivers.

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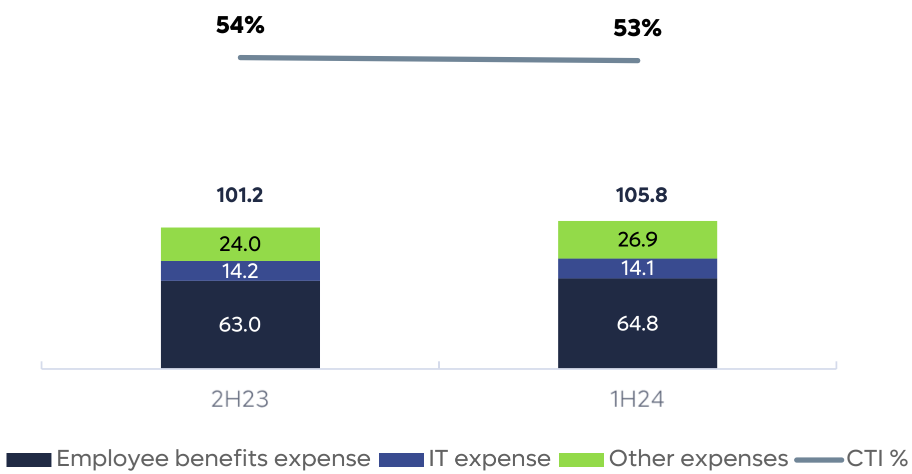
Headwinds from TFF refinancing to be offset by higher lending margins, improved funding mix and liquidity

NIM Drivers	2H24	1H25	2H25
TFF refinance	Significant drag from TFF refi		No impact
Liquidity	Benefit primarily from higher yields on liquids	Benefit from normalising liquidity following TFF refinancing, and higher yields on liquids	Ongoing liquidity optimisation
Lending	Benefit from full period impact of higher lending margins in 1H24	Ongoing benefit from higher lending margins on new loans	
Deposit funding	Drag from cost of new deposits at the top of long run 80-90bps range	Relatively lower-cost deposits becoming a greater proportion of funding mix and improved deposit costs following sector repayment of the TFF	
Other wholesale funding	Optimisation of warehouse facilities	Improving wholesale funding pricing post-TFF refinancing and as the bank continues to scale	
Equity funding		Minimal impact	
Product and channel mix		Minimal impact	
NIM outlook	**2H24 NIM of 2.70% - 2.80%**	**FY25 NIM expected to be between 2.80% – 2.90%** Gradual NIM improvement over 1H25 and 2H25	

Operating expenses.

Operating Expenses ($m) and CTI (%)



	1H22	2H22	1H23	2H23	1H24
Relationship Bankers	91	115	125	123	128
Total FTEs (# FTEs)	359	465	518	543	557

1H24 drivers

- Higher employee costs from run rate impact of recent recruitment
- Growth in FTEs was primarily front line and technology teams, with other areas now largely mature
- Amortisation on recently completed projects

Key considerations

- Judo expects its FY24 CTI to be between 55% and 57%
- 2H24 cost growth from higher employee costs, amortisation and IT expenses
- Continued investment in new technology (workflow, ERP), upgrades to existing systems (origination platform, core banking), digital and data

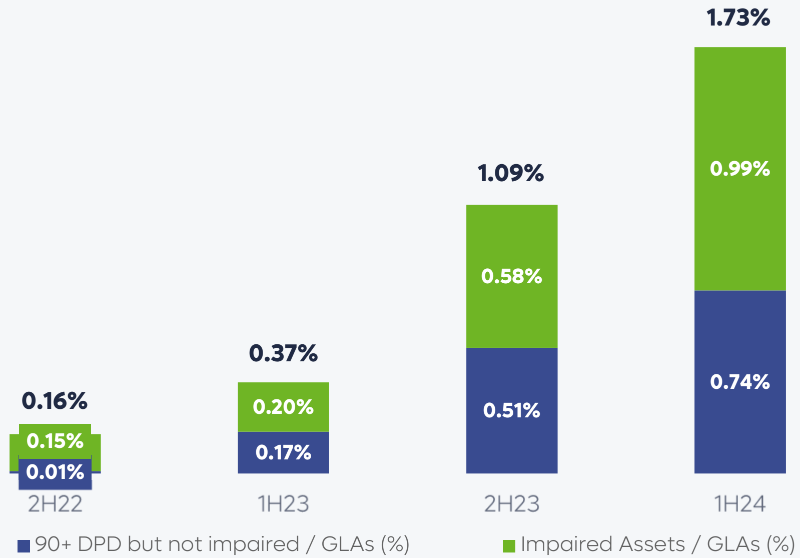
Credit quality remains sound.

Impairment expense ($m)

- Collective provision (CP) increase due to growth, credit deterioration and increase in vulnerable sector overlay
- Increase in specific provision due to customers moving to impaired status, with corresponding reduction in CP
- Low write-offs of only $5.9m, made up of three customers
- Total write-offs since inception of $11m

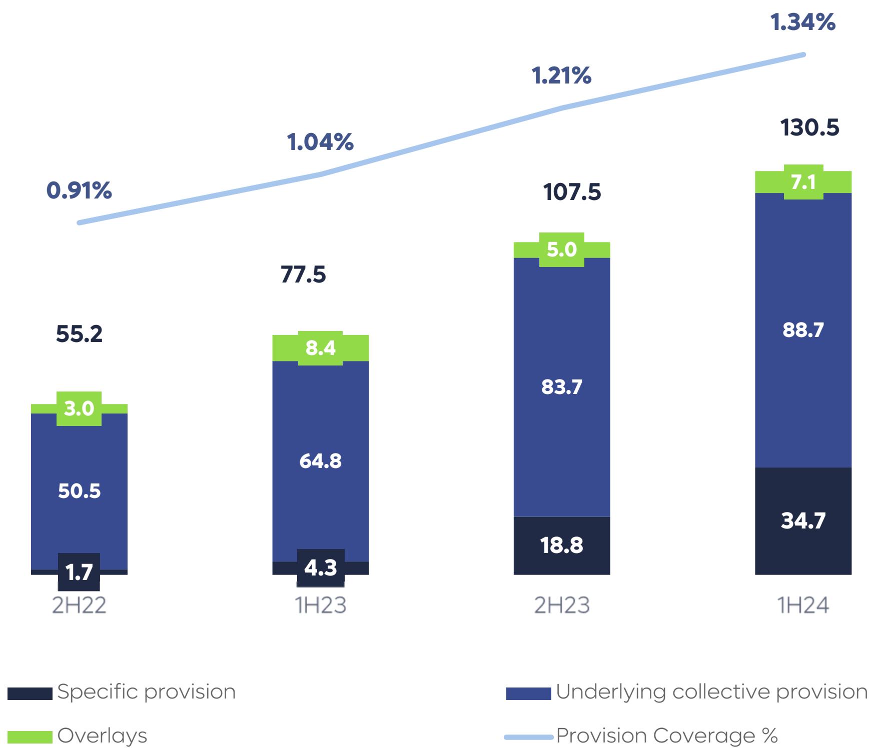
Days past due & impaired assets (% GLA)

- 90+ days past due and impaired assets rising as expected
  - Increase in 90+ DPD and impaired assets remains below levels that would put 50bps long term cost of risk assumption at risk



Prudent provisioning.

Provisions ($m) and coverage (% GLA)



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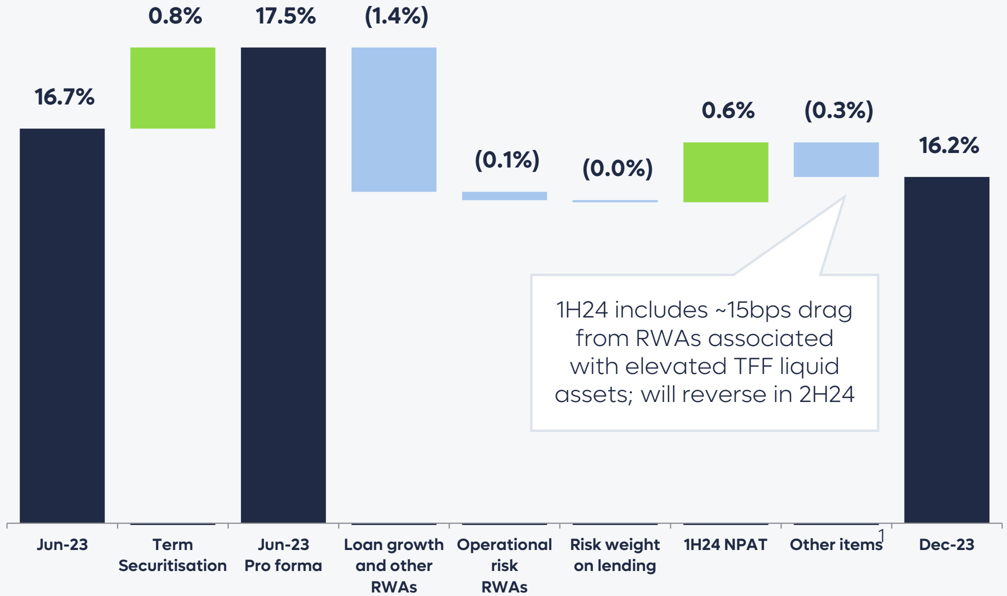
Provisioning remains strong

- **Collective provisions increased by $5.0m HoH**, due to:
  - Growth in the loan book, which drives an increase in forward-looking provisions under accounting standards; and
  - Broader economic environment impacting the financial performance of customers
- **Vulnerable industry economic overlay increasing by $2.1 million** reflecting specific sectors considered more vulnerable to a reduction in consumer discretionary spending arising from a rapidly rising interest rate environment and inflation
- **Specific provisions increased by $15.9m HoH**, largely due to additional impaired customers during the period

Capital.

Judo remains well capitalised

- Strong Dec-23 CET1 ratio at 16.2% remains sector leading
- Term securitisation executed in Sep-23 demonstrates flexibility to manage capital position above targets
- No planned hybrid or term securitisation issuance in 2H24
- No requirement to issue additional equity to achieve target at-scale loan book



1. 'Other items' includes impact of capitalised expenses and risk weights associated with liquid assets preserving the TFF.

Conclusion & Outlook.

Joseph Healy

Chief Executive Officer

Purpose

To be the most trusted SME business bank in Australia

Vision

To build a world-class SME business bank

Operating environment.

Greater probability of a soft landing; positive for asset quality and lending growth

- We expect a soft landing for the economy
- Our approach to lending remains prudent but dynamic; appetite to different sectors is regularly reviewed
- Near term, property investment, retail and hospitality are sectors we are cautious of
- Manufacturing is diverse with some sub-sectors facing challenges
- Property investment is challenging while interest rates remain elevated, however demographics and flat / declining cash rates are supportive for the longer term
- Greater certainty for the cash rate outlook is expected to drive demand for credit

Lending appetite – by sector

	Exposure Dec-23	2H24 Appetite
Property investment	21%	
Agri	3%	
Health	4%	
Retail trade	7%	
Accom & food services	10%	
Manufacturing	7%	
Professional services	5%	

FY24 guidance.

Disciplined management of key business metrics

Metric	Detail	FY24 Target
GLA	Prudent approach to managing growth and margins within risk appetite	$10.5bn – 10.7bn
NIM	NIM in 2H24 of 2.70% – 2.80% impacted by TFF refi; Trough NIM in 2H24	2.85% – 2.90%
CTI	Disciplined investment in scaling the bank	55% – 57%
COR	Continued increases in provisioning and write offs	$65m – $70m
PBT	2H24 PBT of $40m - $45m	$107m – $112m

FY25 outlook.

Judo is targeting FY25 profit growth of 15% or higher

Metric	Detail
GLA	Growth of between $2.0 - $2.5bn, driven by: • Hiring of additional bankers, in addition to those already hired in 1H24 • Continued expansion into the regions, including increased agribusiness lending • Ongoing strengthening of the Judo brand within the SME economy • A more stable economy expected to support an acceleration in lending growth
NIM	NIM of between 2.80% - 2.90%, gradually improving throughout the year
CTI	Continue to manage costs prudently
COR	Cost of risk to remain broadly stable
PBT	Targeting profit growth of 15% or higher

Conclusion.

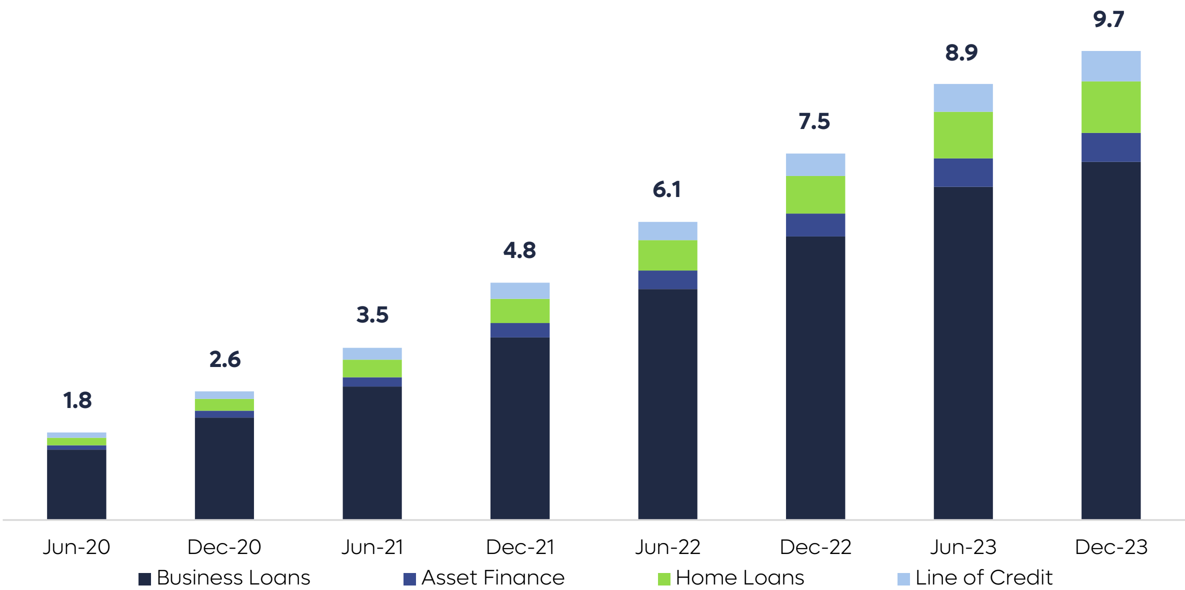
- Disciplined management of the business in the uncertain, uneven operating environment
- Delivering above-system lending growth and improved margins, within existing risk settings
- Strong funding position, underpinned by our powerful deposit franchise
- On track to refinance the TFF by Jun-24
- We continue to hold elevated levels of capital, with increased diversification
- We remain committed to delivering our key business metrics at scale

Questions.

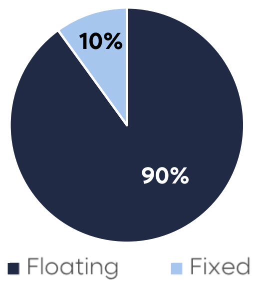
Appendix.

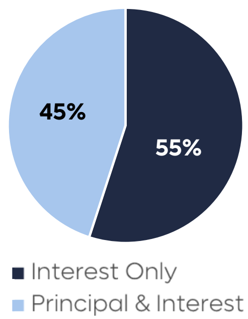
Lending growth.

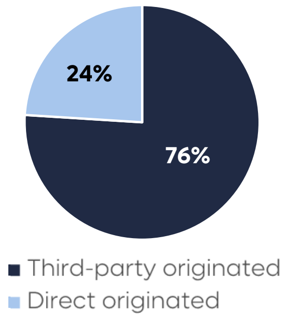
Judo's loan book over time ($bn)

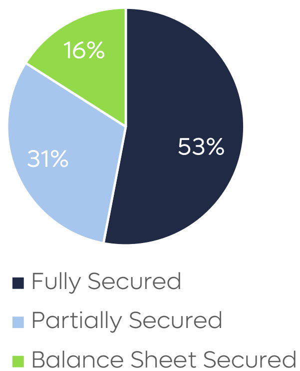


	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec 23
Applications, accepted, approved pipeline (AAA) ($bn)	0.7	0.6	1.1	1.0	1.1	1.3	1.5	1.0
Undrawn line of credit ($bn)	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3









Credit quality key metrics.

Sectors	Gross Loans & Advances ($M)		% of Gross Loans & Advances		% of Fully / Partially Secured		% 90+DPD & Impaired		Customer groups 90+DPD & impaired	
	Jun-23	Dec-23	Jun-23	Dec-23	Jun-23	Dec-23	Jun-23	Dec-23	Jun-23	Dec-23
Manufacturing	**643**	**688**	**7%**	**7%**	**86%**	**85%**	**4.16%**	**4.40%**	**7**	**13**
Transport, Postal and Warehousing	**245**	**276**	**3%**	**3%**	**94%**	**94%**	**-**	**1.12%**	**0**	**3**
Accommodation and food services	**872**	**955**	**10%**	**10%**	**88%**	**86%**	**1.27%**	**1.07%**	**5**	**7**
Retail Trade	**632**	**671**	**7%**	**7%**	**76%**	**76%**	**2.25%**	**2.12%**	**7**	**8**
Non-Discretionary Retail	*385*	204	*4%*	2%	*74%*	73%	*2.61%*	0.93%	*5*	3
Discretionary Retail	*247*	467	*3%*	5%	*80%*	81%	*1.68%*	2.64%	*2*	5
Arts and Recreation	**152**	**170**	**2%**	**2%**	**73%**	**76%**	**0.90%**	**0.48%**	**2**	**2**
Rental, hiring and real estate services	**2,361**	**2,462**	**26%**	**25%**	**95%**	**96%**	**0.97%**	**2.71%**	**4**	**7**
Property Operators	*1,956*	2,019	*22%*	21%	*100%*	100%	*1.18%*	5.06%	*4*	7
Other Rental, Hiring & Real Estate Services	*405*	443	*4%*	5%	*71%*	75%	-	0.00%	*0*	0
Construction	***641***	**705**	***7%***	**7%**	***91%***	**91%**	***0.36%***	**2.75%**	***3***	**8**
Other (Including home loans)	**3,362**	**3,776**	**38%**	**39%**	**80%**	**81%**	**0.55%**	**0.55%**	**13**	**21**
Total Portfolio	**8,908**	**9,703**	**100%**	**100%**	**86%**	**84%**	**1.09%**	**1.73%**	**41**	**69**

Security: 84% of Judo's credit exposure is fully or partially secured. 16% is secured by balance sheet security.

Fully secured: The exposure is less than or equal to 100% of the Judo Extended Value (JEV), which is a discount to the market value of the underlying security.

Partially secured: The exposure is greater than 100% of the JEV but less than 150%.

Balance sheet secured: The exposure is greater than 150% of the JEV and/or no real property mortgage is pledged. Other forms of collateral types such as General Security Agreements (GSAs) and Specific Security Arrangements (SSAs) are normally held.

1. Includes customer groups with multiple borrowing entities operating in different industry sectors. At 31 December 2023, there are 61 unique customers groups in total (Jun-23: 34)

Thank you.

Important information.

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A glossary of key terms is included in the Judo 2024 Half Year Report.

Authorised for release by the Judo Board.