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# 2023 Half Year Result.

21 February 2023


Boldly backing business.

# CEO Update.

## Joseph Healy

Chief Executive Officer

**Our purpose**

To be the **most trusted** SME business bank in Australia.

**Our vision**

To build a **world-class** SME business bank.

# Agenda.

| Topic | Presenter |
|---|---|
| CEO Update | Joseph Healy |
| CFO Update | Andrew Leslie |
| Conclusion and Outlook | Joseph Healy |
| Q&A | Joseph Healy, Andrew Leslie, Chris Bayliss |

**Joseph Healy**
*Chief Executive Officer*

**Andrew Leslie**
*Chief Financial Officer*

**Chris Bayliss**
*Deputy CEO & Chief Relationship Officer*

# Another Black Belt result.

- **Strong 1H23 result** with Dec-22 GLAs of $7.5b up 23%, revenue up 67% and profit before tax up >300% to $53m
- **On track** to achieve FY23 guidance and key business metrics at scale
- **Significant organic capital generation** contributing to robust CET1 ratio of 17.3%
- **Our comprehensive funding program** gives us confidence in our ability to repay the TFF by Jun-24
- **Judo's business model has a strategic hedge** enabling continued growth in the face of macro challenges
- **We are a specialist pure play SME bank.** Our strategy remains unchanged, and we are running our own race

# Our purpose:
# To be the most trusted SME business bank in Australia.

- We are a unique, specialist pure-play SME bank; we passionately believe specialists outperform generalists
- We are bringing back the craft of SME banking: *Banking as it used to be, banking as it should be*
- Our customer value proposition is based on strong relationships, judgement-based lending and fast decision making
- Our management team have deep domain expertise with over 200 years of cumulative banking experience
- Our vision is to build a world class SME business bank. Not the biggest, but the best

# The Judo Journey.

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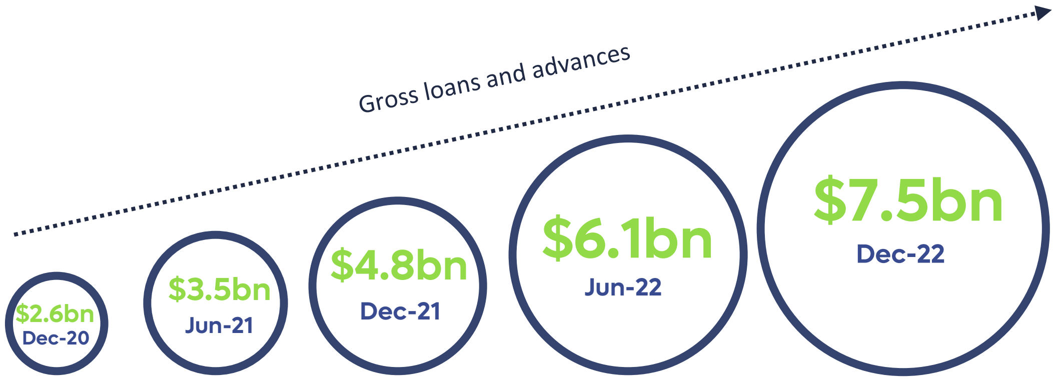


## 2015
### Concept

**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

**September 2022**

Inaugural benchmark senior unsecured deal

**October 2022**

2022 AGM including 1Q23 update

# Building a World Class Bank.

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Value

## Build the Bank

- Prove our customer and employee value proposition
- Achieve sustainable profitability based on sound economics

## Scaling the Bank

- Embed our unique culture and operating model
- Invest in scalable technology solutions

## World Class

- Build a world class SME business bank with ROE in the mid teens

2016

2021

2026 +

# 1H23 Highlights

## On track to achieve our FY23 guidance; We have benefitted from strong tailwinds in 1H23

| Metric | 1H23 result drivers | 1H23 results | FY23 guidance |
|---|---|---|---|
| **GLAs** | Strong growth to continue within risk appetite, driven by our relationship-led CVP | ✓ $7.5bn | >$9bn |
| **Underlying NIM** | 1H23 underlying NIM exceeded guidance for 3.3-3.5%, supported by hedging strategy and rates leverage | ✓ 3.56% | >3% |
| **CTI** | CTI improvement driven by revenue growth more than offsetting ongoing investment in growth | ✓ 54% | Below 60% |
| **Cost of risk** | Cost of risk driven by loan growth, higher provision coverage, and nil write offs | ✓ $22m | $50-60m |
| **ROE** | Demonstrating continued progress towards key business metrics at scale | ✓ 5.0% Annualised | Low to mid single digits |

# Customer value proposition continues to resonate.

- GLA growth of 23% over 1H23 to $7.5 billion
- Strong AAA pipeline of $1.3 billion at 31 December 2022
- Four new locations opened over the half (Bunbury, Rockhampton, Orange, Albury)
- Investment in Agri and Health specialisations
- 125 bankers and 48 analysts (increase of 10 bankers from 30 June 22)

**+66** NPS[1]

**18** Locations

**1,131** Brokers


1. Across 1H23, measuring Judo's overall NPS including onboarding, relationship and exit scores

# Risk management culture reflected in robust asset quality metrics.

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- Judo's risk management culture is deeply embedded
- The 4C's of credit – character, capacity, capital and collateral – have been applied consistently since day one
- Portfolio remains well-secured by real property assets
- Low ratio of 26 customers to each banker provides insight into customer performance
- Credit quality remains strong at Dec-22
  - 90+ day past due representing just 17 bps of GLAs
  - Provisioning levels strong at 104 bps of GLAs

Banking is the business of risk management

# Another Black Belt result.

- We are on track to achieve FY23 guidance and the key business metrics at scale
- Our customer value proposition is proven and scalable
- Judo’s risk management culture reflected in strong asset quality metrics
- We are running our own race. Our approach to growth is measured and sustainable
- We have progressed beyond ‘starting a bank’ into the next phase of ‘scaling a bank’

# Financial Update.

## Andrew Leslie

Chief Financial Officer

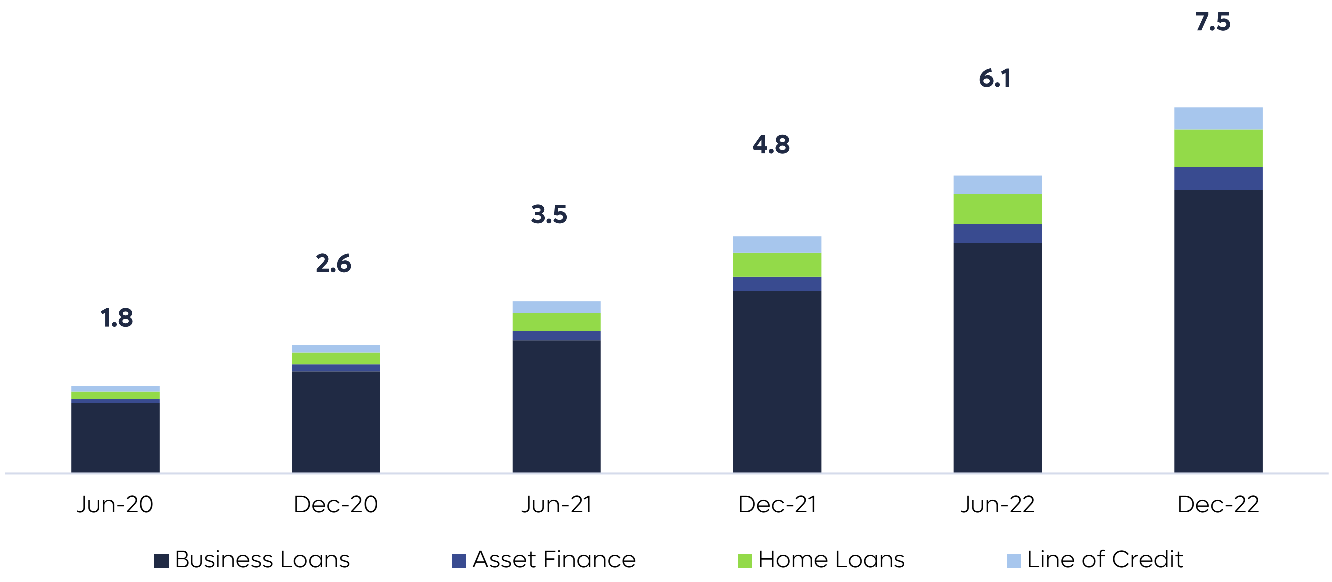
# 1H23 Result.

| Profit & Loss Statement | 1H23 | 2H22 | Variance |
|---|---|---|---|
| Income ($m) | 165.2 | 99.1 | 67% |
| Operating Expenses ($m) | 89.7 | 70.7 | 27% |
| **Net Profit Before Impairments ($m)** | **75.5** | **28.4** | 166% |
| Impairment Expense ($m) | 22.3 | 15.8 | 41% |
| **Profit Before Tax ($m)** | **53.2** | **12.6** | Large |

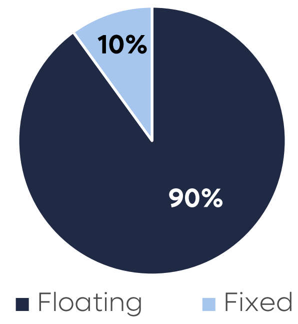
| Key Operating Metrics | 1H23 | 2H22 | Variance |
|---|---|---|---|
| **GLAs ($bn)** | **7,485** | **6,092** | 23% |
| Underlying NIM (%) | 3.56% | 2.84% | 72 bps |
| Provision Coverage (% of GLA) | 1.04% | 0.91% | 13 bps |
| CTI (%) | 54.3% | 71.3% | (17%) |

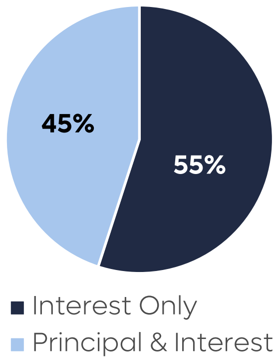
# Strong lending growth continues.

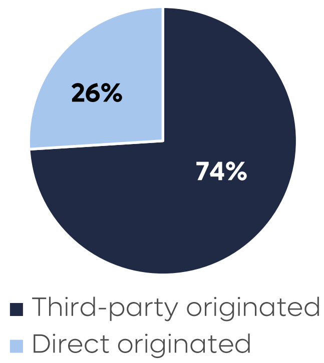
## Judo's loan book over time ($bn)

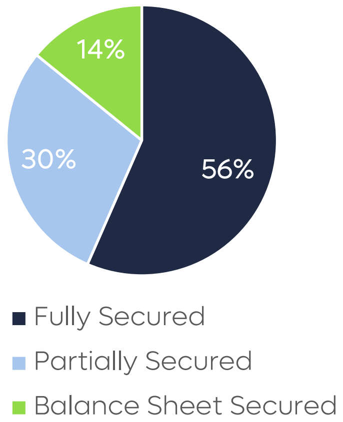



| | Jun-20 | Dec-20 | Jun-21 | Dec-21 | Jun-22 | Dec-22 |
|---|---|---|---|---|---|---|
| Applications, accepted, approved pipeline (AAA) ($bn) | 0.7 | 0.6 | 1.1 | 1.0 | 1.1 | 1.3 |
| Undrawn line of credit ($bn) | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |



# Underlying NIM higher from funding strategy.

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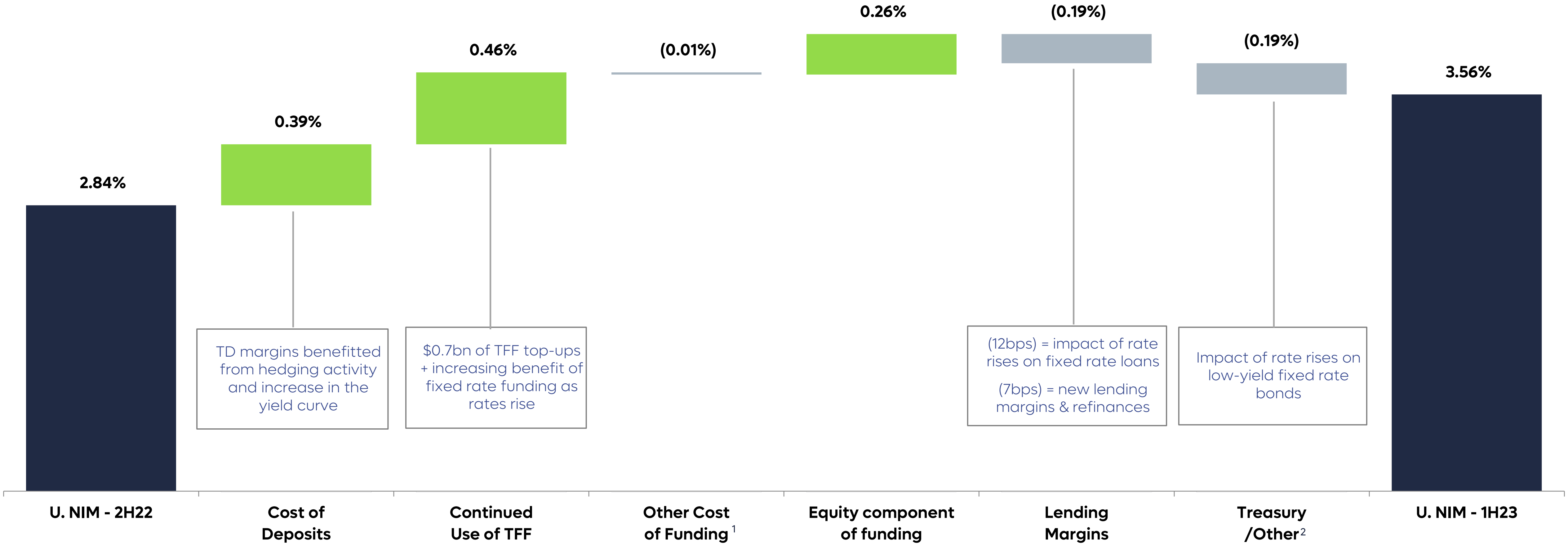
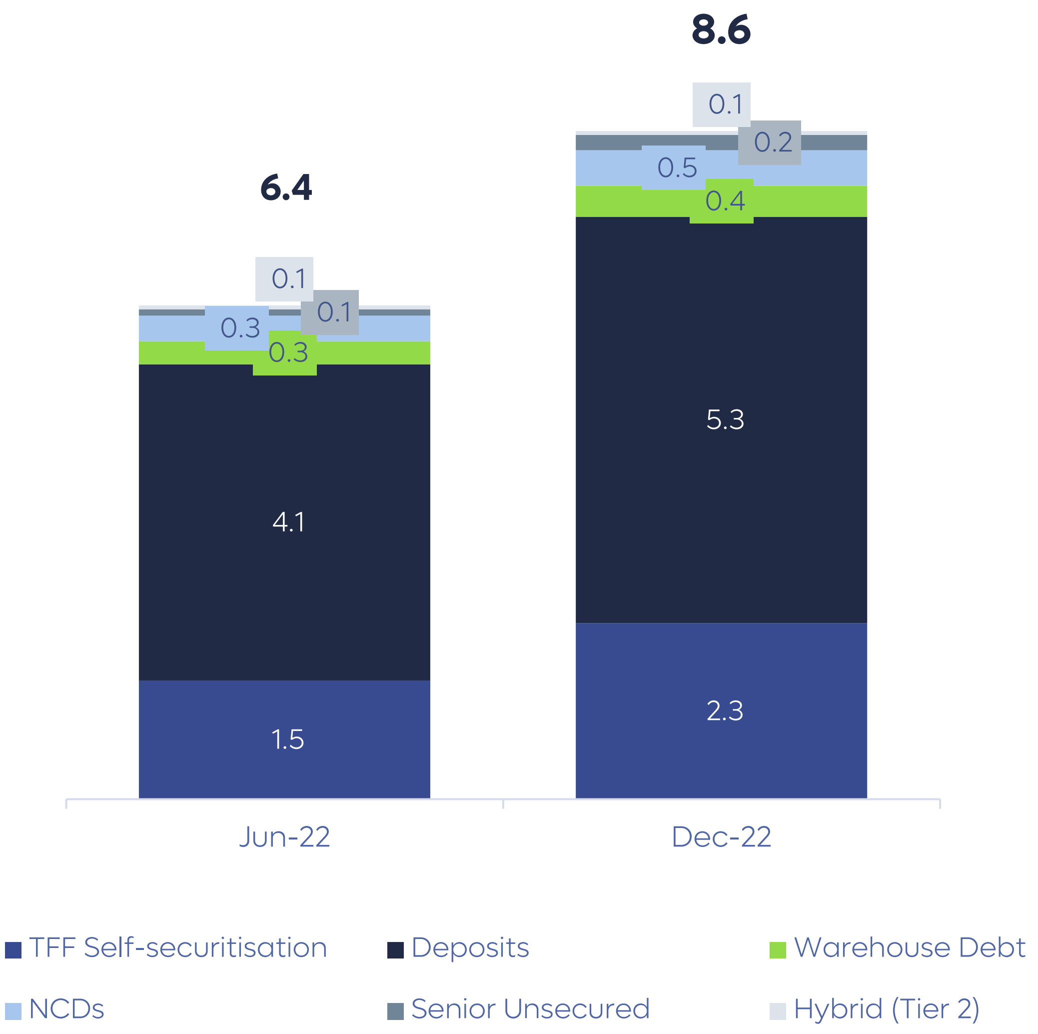
## Underlying NIM Waterfall – HoH (%)




1. Other Costs of Funding includes wholesale funding activity including warehouses, senior unsecured, and Tier 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.

# Funding mix.

## Movement in funding sources ($bn)




TFF amounts shown on chart excludes preserved component

## Funding sources

- TDs remain Judo's primary source of funding for loan growth
- Judo's TD balance is now $5.3bn, up $1.2bn, driven by retail TDs and expansion into the direct SMSF channel
- Additional $740m in low cost TFF funding, through increased collateralisation with Judo's own AAA rated self-securitised SME loans (self-sec)
- Inaugural benchmark senior unsecured deal raising $175m, with a further $25m private placement
- Slight increase in drawn warehouse funding as additional facilities are established as part of the optimisation program

# TFF repayment strategy.

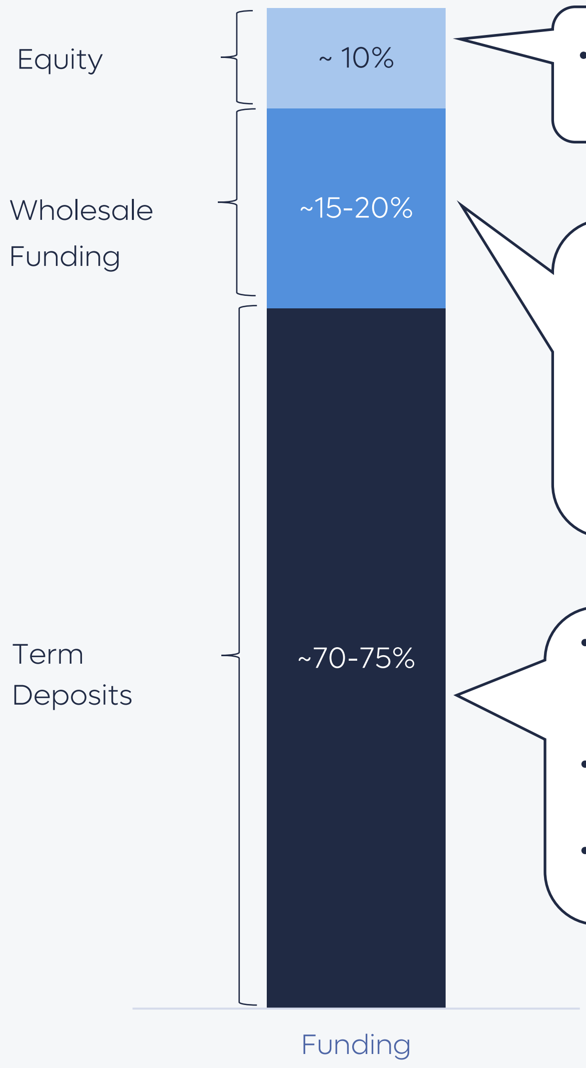
## Key TFF considerations

- TFF self-sec as of 31 December 2022 was $2.3bn, with peak TFF self-sec expected during 2H23
- Funding for TFF repayment will be progressively raised ahead of contractual maturities, to ensure an orderly and efficient transition
- Funding to repay the TFF will be sourced from a range of channels including TDs, committed warehouses, and other wholesale funding

## Warehouse optimisation program is well advanced

- Committed warehouse funding capacity is now $1.75bn with $1.35bn undrawn
- We are targeting ~$2.5bn in committed warehouse capacity by FY23, and negotiations with multiple financiers are well advanced
- Existing warehouses provide fully committed funding, with:
  - Agreed pricing, with availability periods largely post Jun-24
  - Asset requirements that closely align to Judo's AAA-rated assets which are securing the TFF

## Long term funding stack




- Core equity to be supplemented by organic capital generation

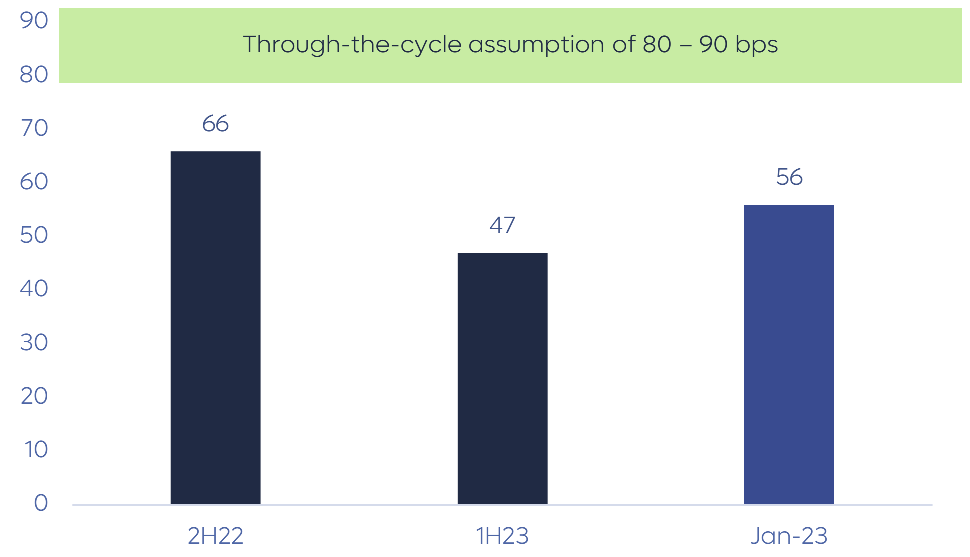
- Diversified forms of debt – warehouse funding, senior unsecured, hybrids (AT1/T2) and NCDs
- Continued optimisation of our warehouse program

- TDs the predominant source of funding with a skew towards direct retail
- TD market is ~$1 trillion; Judo has <1% share
- TD pricing expected to ~80-90 bps over 1m BBSW through-the-cycle

# Term deposit margins.

## Judo's channel diversity supports our through-the-cycle assumption for TD margins of 80-90 bps

### Judo's hedged margin over 1m BBSW for new term deposits (bps)




| TFF Repayment Details | Top 10[2] | Judo |
|---|---|---|
| **TFF Borrowings**[1] | **161 bn** | **2.86 bn** |
| *Percent of total TFF* | *85%* | *2%* |
| Repayable by Sep-23 | 72 bn | 0.03 bn |
| Repayable by Jun-24 | 89 bn | 2.83 bn |

- 1H23 margin on new TDs of 47 bps, well below through-the-cycle assumption of 80-90 bps, supported by hedging strategy and rapid increase in the yield curve
- A significant proportion of TFF funding for other banks is due to be repaid by Sep-23
- Judo's TD pricing is supported by higher lending margins and NIM of >3%, vs other banks with NIMs <2%
- Judo's TD margins assumed to be ~85bps for remainder of 2H23

1. TFF proportions calculated from public RBA and bank disclosures.
2. Top 10 excludes Judo

# Lending margin.

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## Lending margins impacted by variety of factors

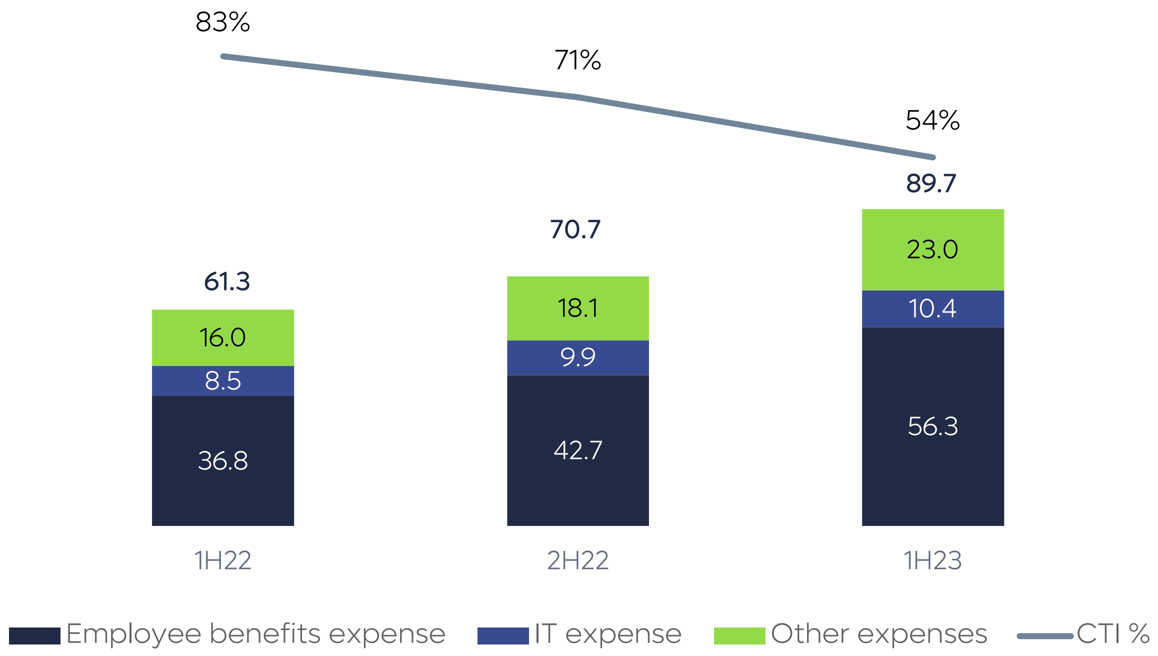
- Largely floating rate book has repriced with 1 month BBSW – headline lending rate up 190 bps h/h
- Lending margin a 19 bps drag on Underlying NIM over the half, driven by:
  - 12 basis points due to the drag from fixed rate loans that do not reprice as rates rise (predominantly asset finance);
  - 7 basis points from the combined impact of internal refinances at lower rates as customer credit improves, and lower new lending margins in 1H23 driven by the competitive pricing environment

## Outlook

- Judo has a disciplined approach to pricing credit risk
- Sector lending margins are correlated to funding costs
- Fixed rate lending will continue to weigh on lending margins from further BBSW increases
- Ongoing focus on the 'half moon' segment to support long term lending margin assumption of ~4.5%

# Operating expenses.

## Operating Expenses ($m)




| | 1H22 | 2H22 | 1H23 |
|---|---|---|---|
| Relationship Bankers | 91 | 115 | 125 |
| Customer Touching Roles (% of total FTE) | 57% | 57% | 55% |
| Total FTEs (# FTEs) | 359 | 465 | 518 |

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## 1H23 drivers

- 1H23 CTI improved 17 percentage points to 54%, due to revenue and continued scaling
- Increase in expenses predominantly reflects higher employee costs, travel and entertainment and new locations

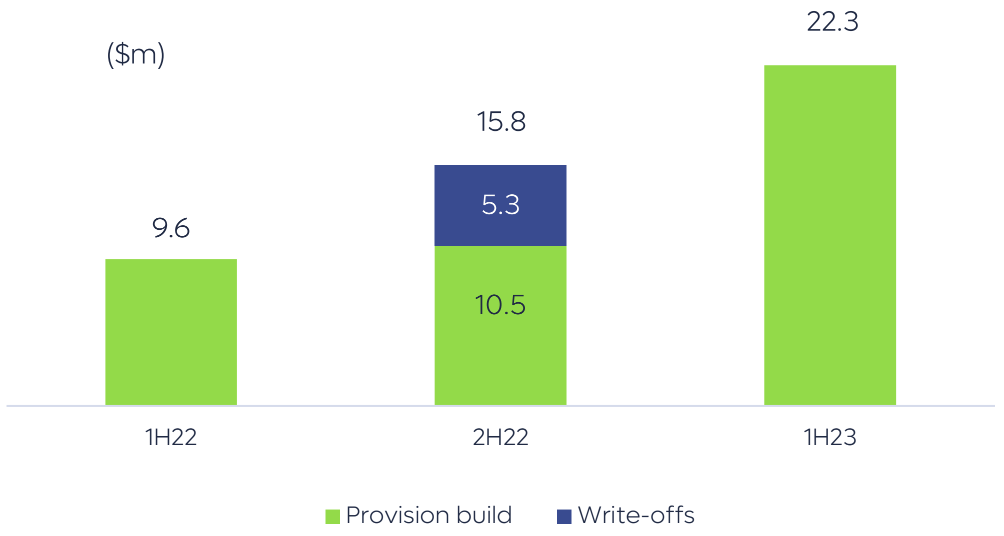
## 2H23 considerations

- Dec-22 expense run rate of $15 million
- 2H23 expenses to increase ~10% from the Dec-22 run rate, driven by costs of additional growth investment and increasing inflation
- Largely due to revenue dynamics, 2H23 CTI expected to rise 2-3% vs 1H23 before continuing the trajectory to approaching 30%
- FY23 CTI to remain below 60%, demonstrating continued momentum and on track with at-scale guidance

# Credit quality remains sound.

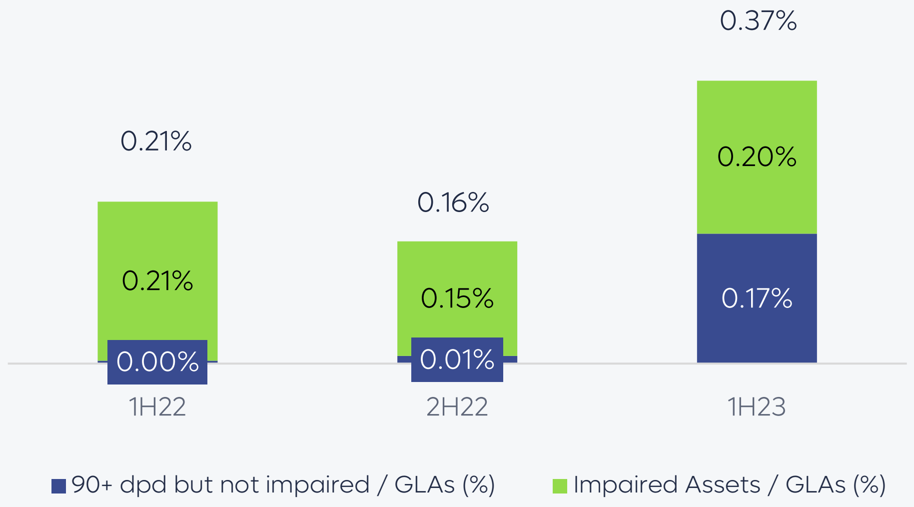
## Impairment expense

- **Impairments of $22.3m from provision build, with no write-offs in 1H23**
- Driven by growth in the loan book and the accounting requirement to provision for expected loan losses on a forward-looking basis



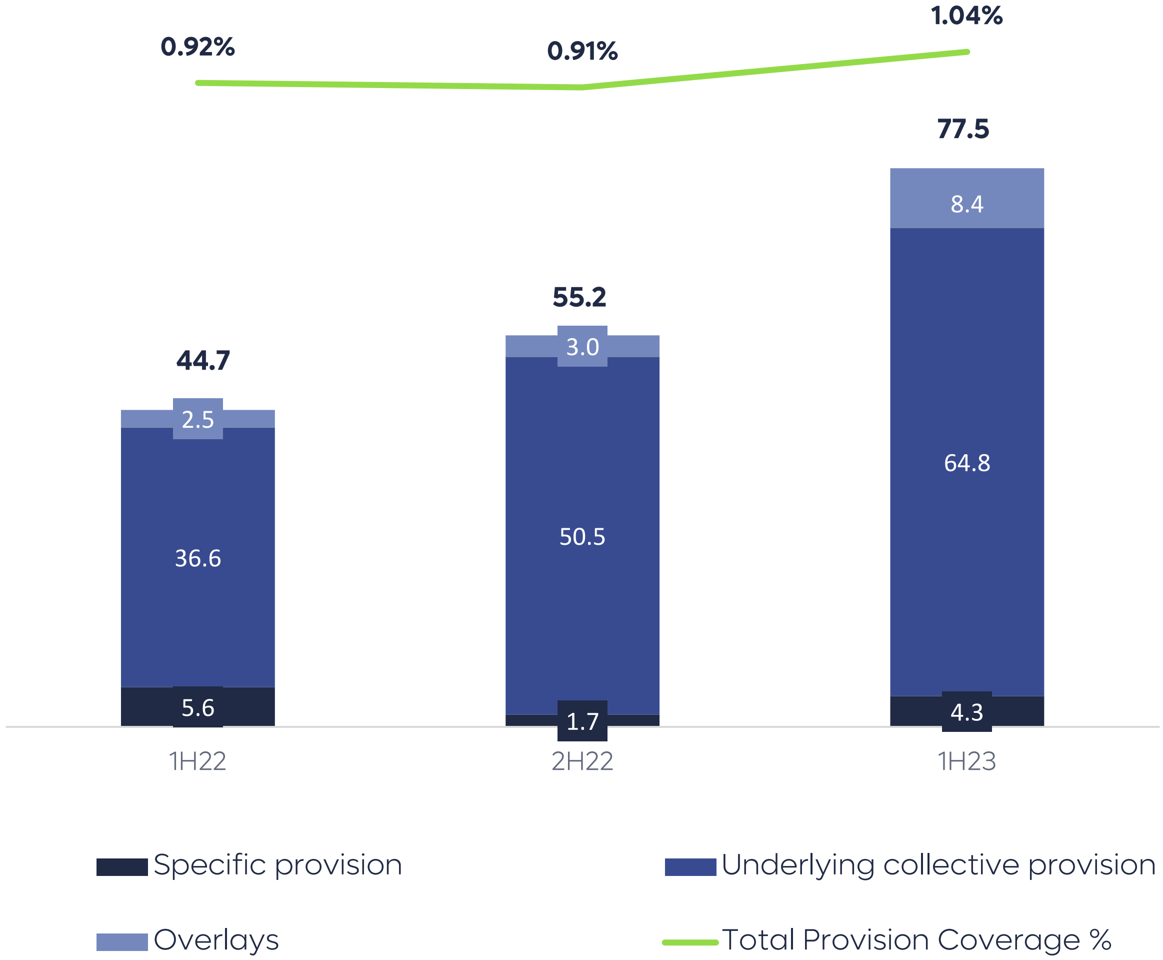

## Days past due & impaired assets

- **90+ days past due and impaired assets remain at low levels**
  - Increase in 90+ days past due and impaired assets reflects a small number of customer groups across different industries



# Prudent provisioning.

## Provisions ($m) and coverage (% GLA)

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## Provisioning

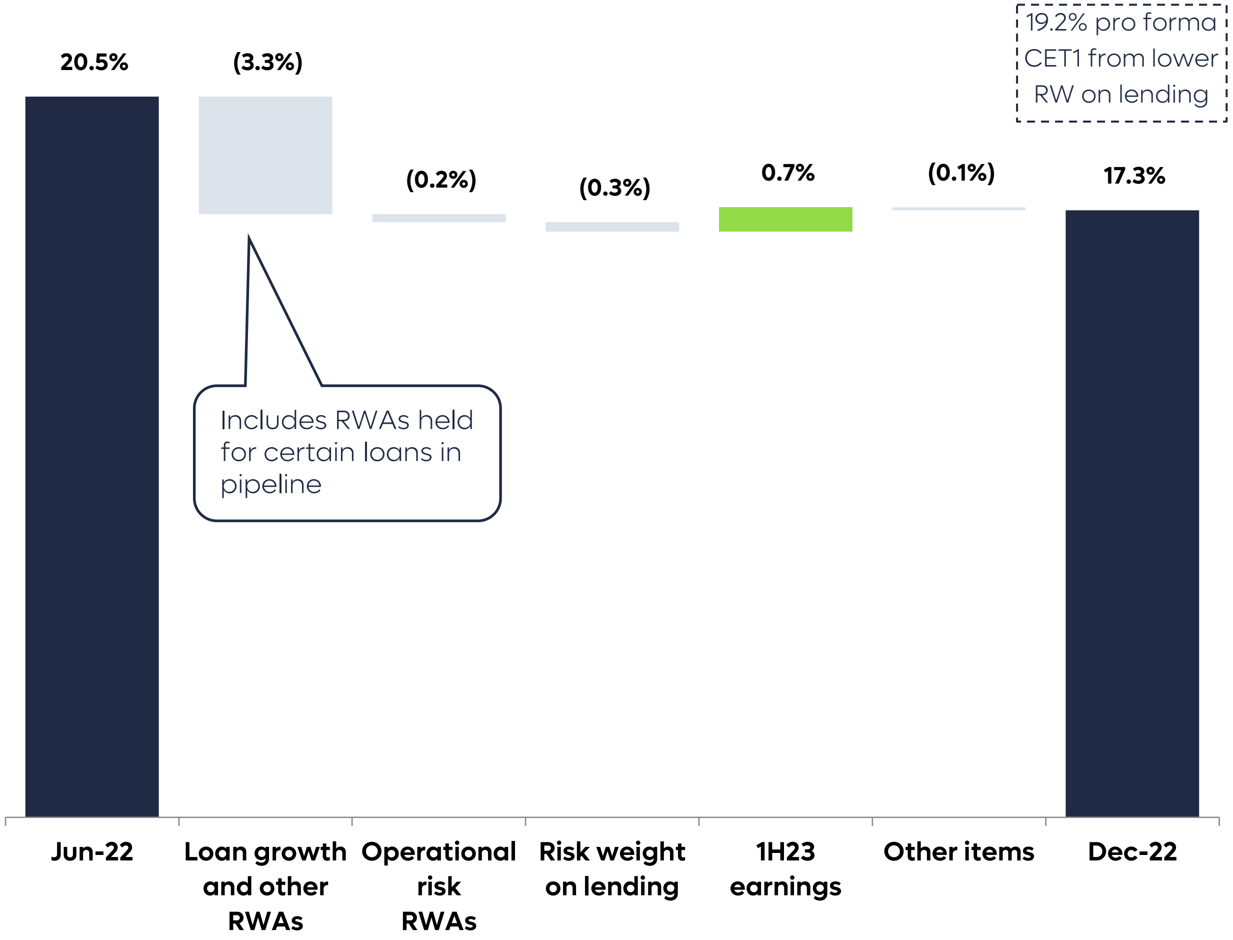
- **Prudent provision coverage of 1.04%** driven by growth in the collective provision
- **Specific provision** higher, driven by a small number of impaired loans

## Total collective provision overlays of $8.4m

- **New $3.7m vulnerable sectors overlay** reflects heightened uncertainty relating to sectors more adversely impacted from reduced discretionary spending, including:
  - Accommodation and food services
  - Discretionary retail
  - Arts and recreation services
- **Retained the existing large customer overlay**, which reflects potential volatility in ECL from a significant increase in credit risk in large customers (>$20m in borrowings)

# Capital.

## CET1 Waterfall – HoH (%)




## CET 1 Ratio

- **Strong Dec-22 CET1 ratio** at 17.3% continues to support growth

## Revised APS 112 capital standard (effective 1 Jan)

- Proforma Dec-22 CET1 ratio benefit of 1.9% due to a ~9% reduction in credit RWAs from the introduction of APRA's revised capital framework
  - **Proforma Dec-22 CET1 ratio of 19.2%**
  - Material benefit from business lending risk weights
  - Smaller benefit on residential property risk weights

# 2H23 considerations.

## On track for FY23 guidance

- **Interest revenue** expected to be higher in 2H23; reflecting higher lending volumes, partly offset by moderation of NIM towards at-scale assumption of >3% (due to assumed higher TD margins, undrawn facility fees on new warehouses and higher liquids balance)
  - **Underlying NIM** in 2H23 to be within a range of 3.1 – 3.3%
- **Other Operating Income** scales with fees charged on bank guarantees, undrawn component of lines of credit, and TD break costs
- **Expenses in 2H23** to increase ~10% from the Dec-22 run rate of $15m and **2H23 CTI** to increase ~2-3% vs 1H23 before continuing the trajectory to approaching 30%
- **Cost of Risk** is expected to be $50-60m for FY23
- **CET1 proforma benefit** of 1.9% from the implementation of APRA's revised APS 112 capital framework

# Conclusion & Outlook.

## Joseph Healy

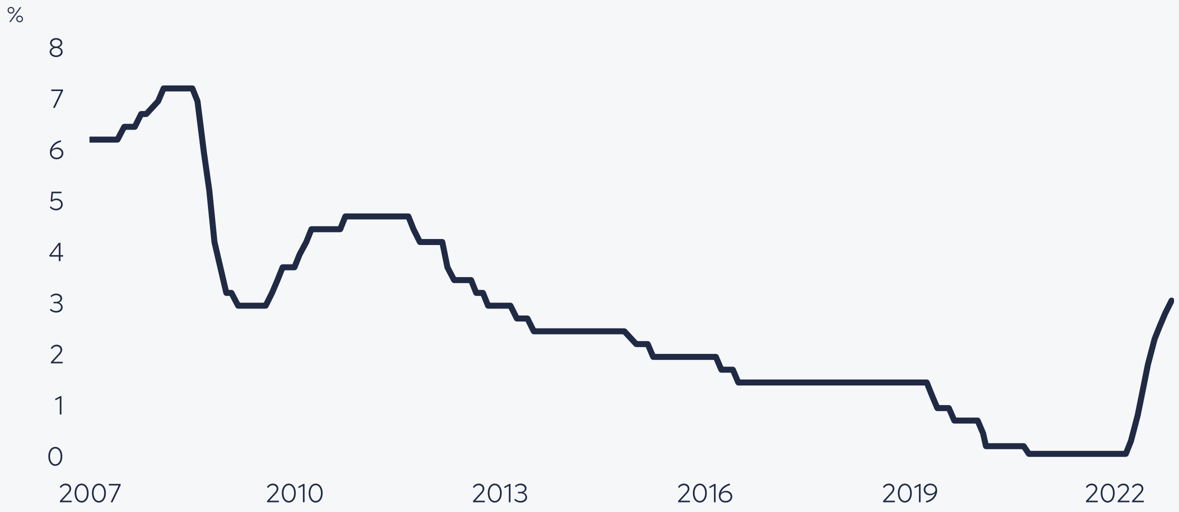
Chief Executive Officer

# Operating environment and outlook.

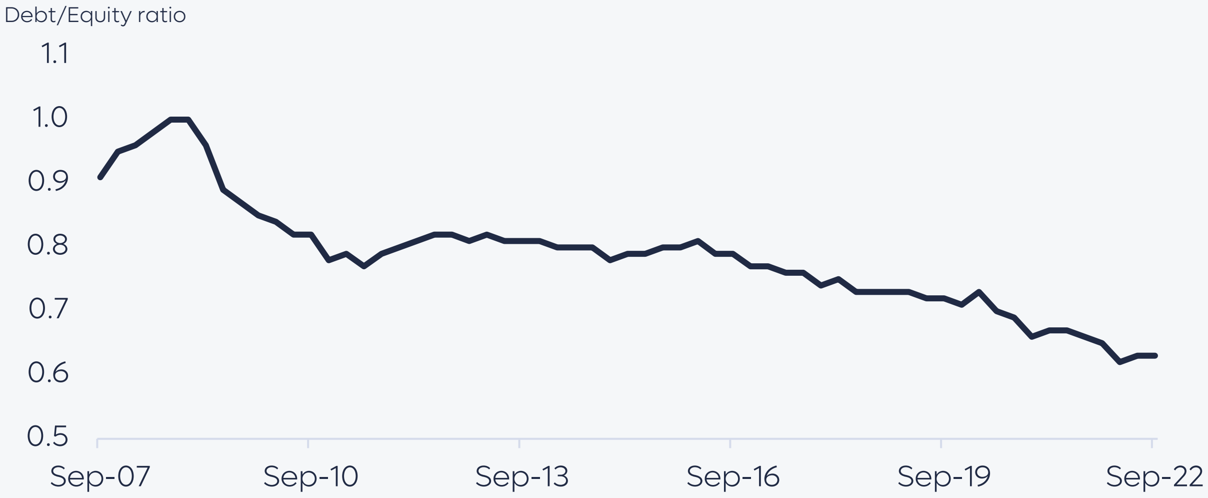
## Judo is well positioned for the current environment

- While cash rates have increased, the current OCR is not materially above the long run historical average
- SMEs lending only grew modestly (~15%) in response to low interest rates, while large business lending grew by >40%
- SME leverage has declined with SMEs well positioned to withstand economic disruption
- Judo is not a macro play
  - Judo's relationship-based business model becomes more relevant in times of uncertainty, and enables us to proactively mitigate emerging risks
  - No evidence of systematic trends by sector or geography within our customer base

**Cash rate history**[1]




**Private company leverage**[2]




1. Source: RBA
2. Source: ABS

# What are our priorities?

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**Maintaining our unique culture**

**Customers at our core**

**Consistent challenger mindset**

**Investing in technology**

# What are the challenges?

**Tight labour market**

**Increased regulation**

**Entrenched inflation**

**Preserving culture while growing**

# People & Culture priorities

### Culture

Core values of accountability, performance, teamwork and trust

### Talent

Focus on attracting and retaining top talent, who are passionate about our culture and values

### Reward

Driving an owner's mindset with equity ownership and no individual sales targets

# Experienced management team.

Diverse and credentialed business banking professionals with deep domain expertise – over 200 years of banking experience

**Joseph Healy**
**CEO**
- 35+ years experience
- Previously Group Executive of Business Banking at NAB
- Executive positions at ANZ, CIBC, Citibank, Lloyds

**Chris Bayliss**
**Deputy CEO & CReIO**
- 35+ years experience
- Executive positions at Standard Chartered Bank, NAB, BNZ, Clydesdale Bank, Yorkshire Bank

**Andrew Leslie**
**Chief Financial Officer**
- 15+ years experience
- Most recently at Morgan Stanley as Executive Director, Investment Banking

**Lisa Frazier**
**Chief Operating Officer**
- 25+ years experience
- Prior roles at Wells Fargo, CBA, McKinsey & Company, various San Francisco based FinTech Startups

**Frank Versace**
**Chief Risk Officer**
- 20+ years experience
- Prior roles at ANZ and Macquarie

**Yien Hong**
**General Counsel & Co-Sec**
- 20+ years experience
- Prior roles at Deutsche Bank, NAB, Growthpoint Properties Australia

**George Obeid**
**Chief Third Party Officer**
- 20+ years experience
- Prior roles at ANZ
- President of MFAA Equipment & Commercial Forum

**Kevin Ramsdale**
**Chief Marketing Officer**
- 25+ years experience
- Prior roles at RACV, JB Hi-Fi, NAB, Bupa, Ford Motor Company

**Jess Lantieri**
**Chief People & Culture Officer**
- 15+ years experience
- Prior roles at Treasury Wine Estates, Fujitsu

# On track to meet FY23 guidance and metrics at scale.

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## We continue to run our own race, and progress towards our key business metrics at scale

| Metric | 2H23 drivers | FY23 guidance | Trajectory to metrics at scale |
|---|---|---|---|
| **GLAs** | Strong growth to continue within risk appetite, driven by our relationship-led CVP | >$9bn | $15-20bn ✓ |
| **Underlying NIM** | Underlying NIM of 3.1 – 3.3% in 2H23, with term deposit margins increasing to ~85 bps | >3% | >3% ✓ |
| **CTI** | 2H23 CTI to rise 2-3% HoH driven by normalising UNIM and ongoing investment in growth | Below 60% | Approaching 30% ✓ |
| **Cost of risk** | Cost of risk driven by loan growth, higher provision coverage, and potential write-offs | $50-60m | ~50bps ✓ |
| **ROE** | Demonstrating continued progress towards key business metrics at scale | Low to mid single digits | Low to mid-teens ✓ |

# Another Black Belt result.

- **Our strategy is unchanged, and we continue to execute**
- **Judo's business model has a strategic hedge** enabling continued growth in the face of macro challenges
- SMEs continue to **pay a 'loyalty tax'** with the incumbent banks
- **Poor customer outcomes** in the industry still common
- Judo's **growth opportunities** are correlated to both **system growth as well as poor customer outcomes**
- **Judo has a compelling CVP and is now a proven viable alternative** to bigger competitors
- We are confident we can **continue to grow and build a world class SME bank**

# Questions.

# Appendix.

# Funding strategy.

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**Driving existing channels and leveraging investment grade credit rating to enter new markets and develop new products**

| Customer Deposits | Wholesale Funding |
| --- | --- |
| Direct Retail | Term Funding Facility |
| Intermediated Mid Markets | Warehouse Facilities |
| Intermediated SMSF | NCDs |
| Direct SMSF | Tier 2 Subordinated Debt |
| Direct Business | Public Senior Unsecured Debt |
| Platforms | Term Securitisation |

Further opportunities



Darker shades represent milestones achieved in 1H23

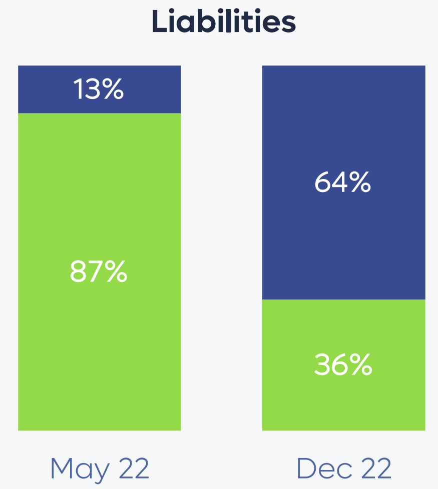
# Hedging.

## Hedging policy aims to reduce interest rate mismatch

- ~90% of lending is on floating rates
- To manage interest rate mismatch in the balance sheet, a more active hedging approach was introduced in May 22 given the changing interest rate environment
- Focus is on implementing effective hedges, matching the 'receive' leg of loans with the 'pay' leg of swaps (1 month BBSW)

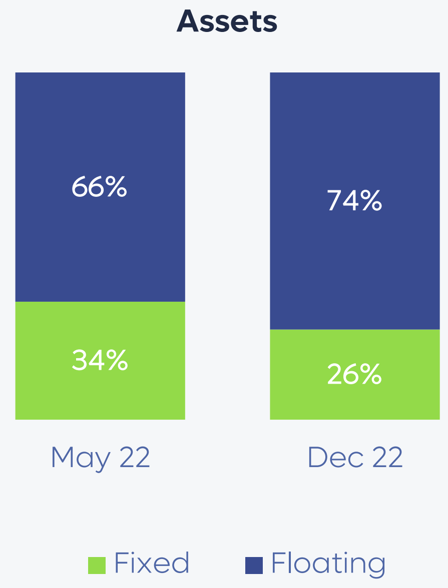
## Hedging policy has a tenor-based focus

- 6-12 month term deposit tenors the key focus of our hedging program to match off against majority of TD origination volumes
- 0-5 month funding tenors present lower interest rate risk and are largely left unhedged
- 12 month+ tenors represent a low proportion of the TD book and act as a natural hedge against longer dated asset finance loan book and fixed rate liquidity portfolio




Large % of fixed rate funding hedged back to 1 month BBSW:

- 80% of our deposit book
- 35% of the TFF
- 100% of senior unsecured funding




Majority of this are business loans repricing off 1 month BBSW

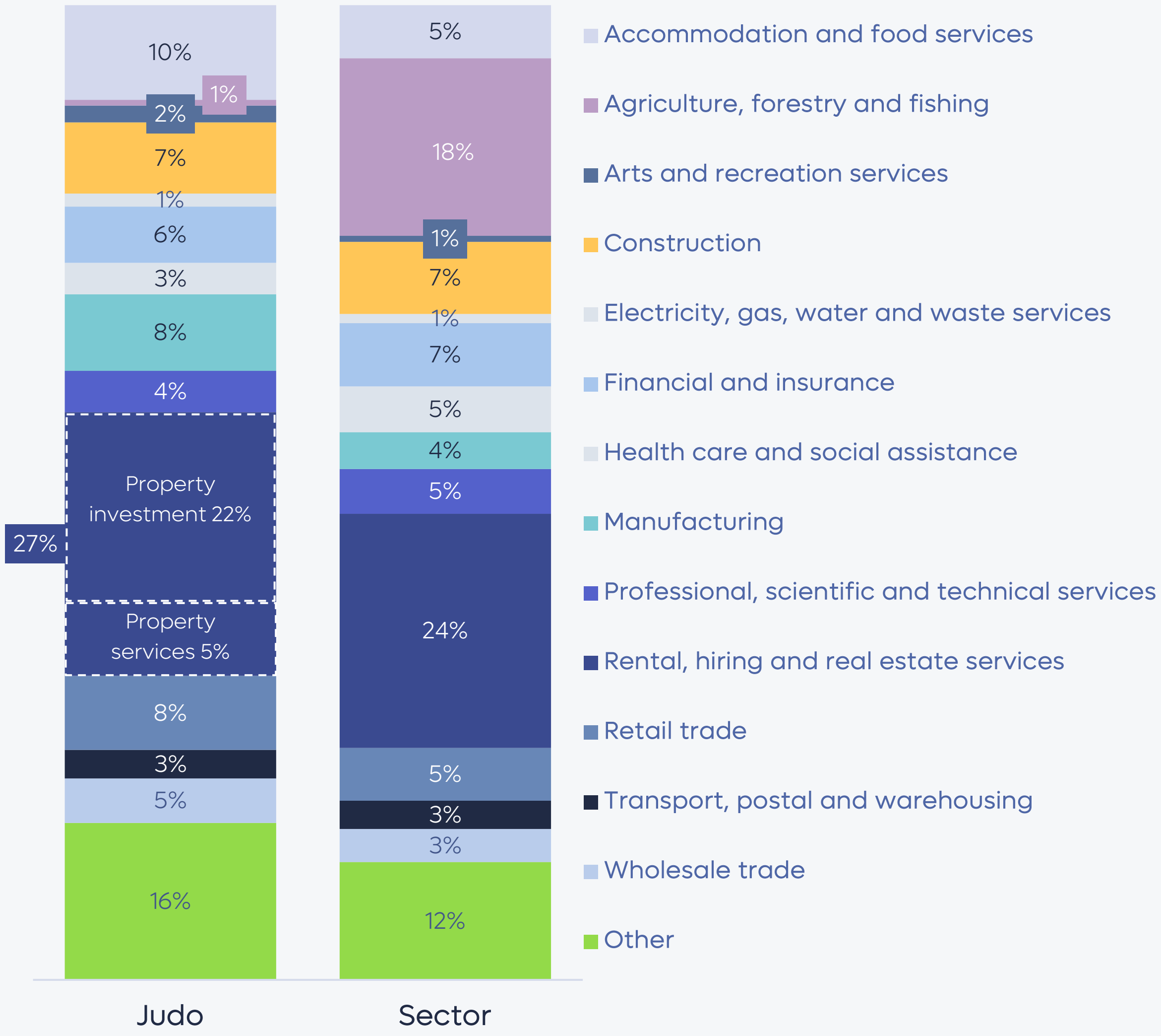
Includes fixed rate bonds with staggered maturities

# Sector split of the portfolio

## Judo's portfolio broadly mirrors SME economy

- Judo's goal is to build a diversified portfolio that mirrors the broader SME economy
- Key exceptions are construction, natural resources, and until recently agri
  - Exposures to natural resources sector and pure construction remain negligible
  - Recent entry into Agri (18% of SME market) as the loan book has reached adequate scale
- Commercial real estate lending exposure remains relatively conservative
- Introduced an ESG credit risk framework, adopting a traffic-light approach to sensitive sectors

### Loan book composition by industry[1]




1. Judo's industry breakdown is based on ANZSIC code as at 31 December 2022. SME Business Lending System data sourced from RBA Reporting

# Credit Quality – Sector analysis of inflation & interest rates.

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| Industry Group (By ANZSIC Code) | Gross loans and advances ($m) | | % of GLA | | % Fully / Partially Secured | | % 90+ DPD and Impaired (%) | | Customers 90+ DPD & Impaired[1] | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Dec-22 | Jun-22 | Dec-22 | Jun-22 | Dec-22 | Jun-22 | Dec-22 | Jun-22 | Dec-22 | Jun-22 |
| Manufacturing | 585 | 471 | 8% | 8% | 90% | 89% | 1.82% | 0.23% | 5 | 1 |
| Transport, postal and warehousing | 219 | 150 | 3% | 2% | 88% | 93% | 0.16% | 0.14% | 1 | 1 |
| Accommodation and food services | 722 | 567 | 10% | 9% | 90% | 85% | 0.93% | 0.18% | 3 | 2 |
| Retail trade | 565 | 488 | 8% | 8% | 77% | 77% | 0.95% | 0.55% | 3 | 1 |
| *Discretionary Retail* | *212* | *187* | *3%* | *3%* | *85%* | *87%* | *1.26%* | *1.42%* | *1* | *1* |
| Arts and Recreation | 128 | 82 | 2% | 1% | 80% | 72% | 1.01% | - | 2 | - |
| Rental, hiring and real estate services | 2,015 | 1,581 | 27% | 26% | 93% | 94% | - | 0.14% | - | 2 |
| *Property operators (Property investment)* | *1,666* | *1,312* | *22%* | *22%* | *100%* | *100%* | - | *0.12%* | - | *1* |
| *Other rental, hiring and real estate services* | *349* | *269* | *5%* | *4%* | *71%* | *71%* | - | *0.25%* | - | *1* |
| Construction (services to) | 542 | 421 | 7% | 7% | 93% | 93% | 0.18% | 0.23% | 1 | 1 |
| Other (including home lending) | 2,709 | 2,332 | 36% | 38% | 79% | 84% | 0.13% | 0.08% | 3 | 1 |
| **Total** | **7,485** | **6,092** | **100%** | **100%** | **86%** | **86%** | **0.37%** | **0.16%** | **18** | **9** |

**Security:** 86% of Judo's credit exposure is fully or partially secured. 14% 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.

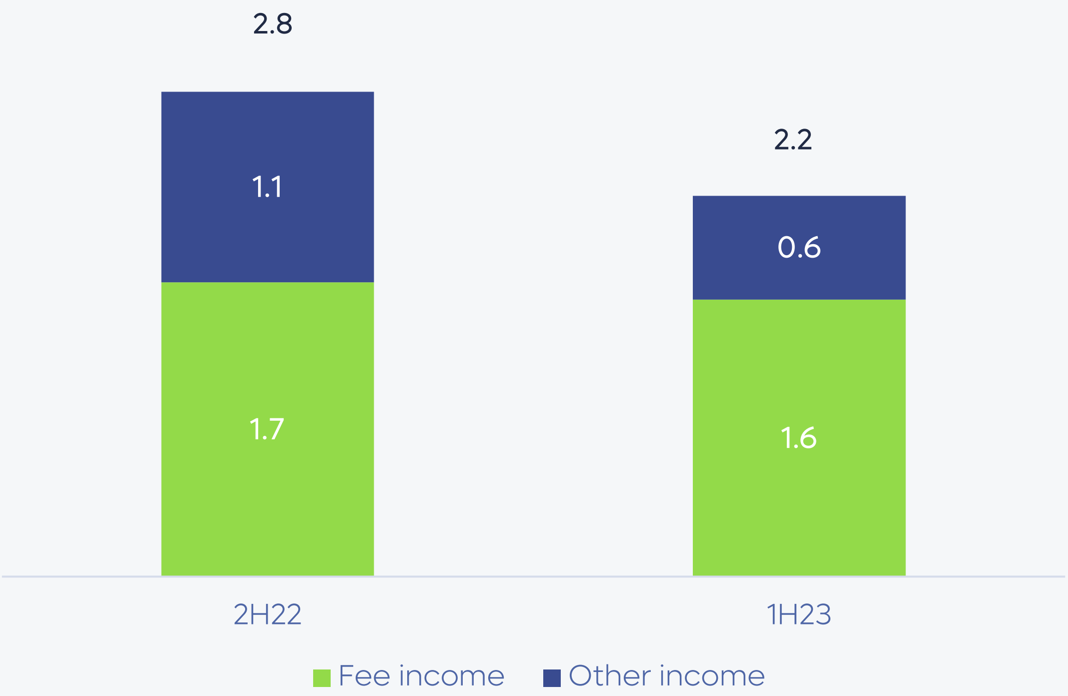


1. Includes customer groups with multiple borrowing entities operating in different industry sectors. At December 2022, there were a total of 15 customer groups either 90+dpd or impaired, up from 8 at June 2022.

# Other operating income.

judobank

## Other Operating Income ($m)




## Considerations

- Fee income is largely derived from two components
  - Bank guarantee and undrawn line of credit fees which are typically stable and grow in line with GLAs
  - Term deposit break fees which are volatile and have been above average in 2H22 & 1H23
- Other income predominantly includes mandate fees and other one off items. Other income in 2H22 included the final instalment of a government grant

# Revised APS 112 capital standard.

| Prior APS 112 treatment | | | Revised APS 112 treatment | |
|---|---|---|---|---|
| Key category | Average Credit Risk Weight | Dec-22 Gross Credit Exposure | Key category | Credit Risk Weight[1] |
| Corporate Counterparties | 96% | $4.9bn | SME Retail | 75% |
| | | | SME Corporate | 85% |
| | | | CRE[2] - Cash flow (CF) dependent | LVR-tiered (more punitive than non-CF) |
| | | | CRE - Non Cash flow dependent | LVR-tiered (less punitive than CF) |
| | | | Corporate - Other | 100% |
| Residential | LVR-tiered | $2.5bn | Residential | LVR-tiered (more granular) |

- **Operational risk RWAs to be calculated as 10% of credit risk weighted assets under the revised APS 112 capital standard**

1. Excluding customers in default
2. Commercial Real Estate

# Thank You.

# Important Information.

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