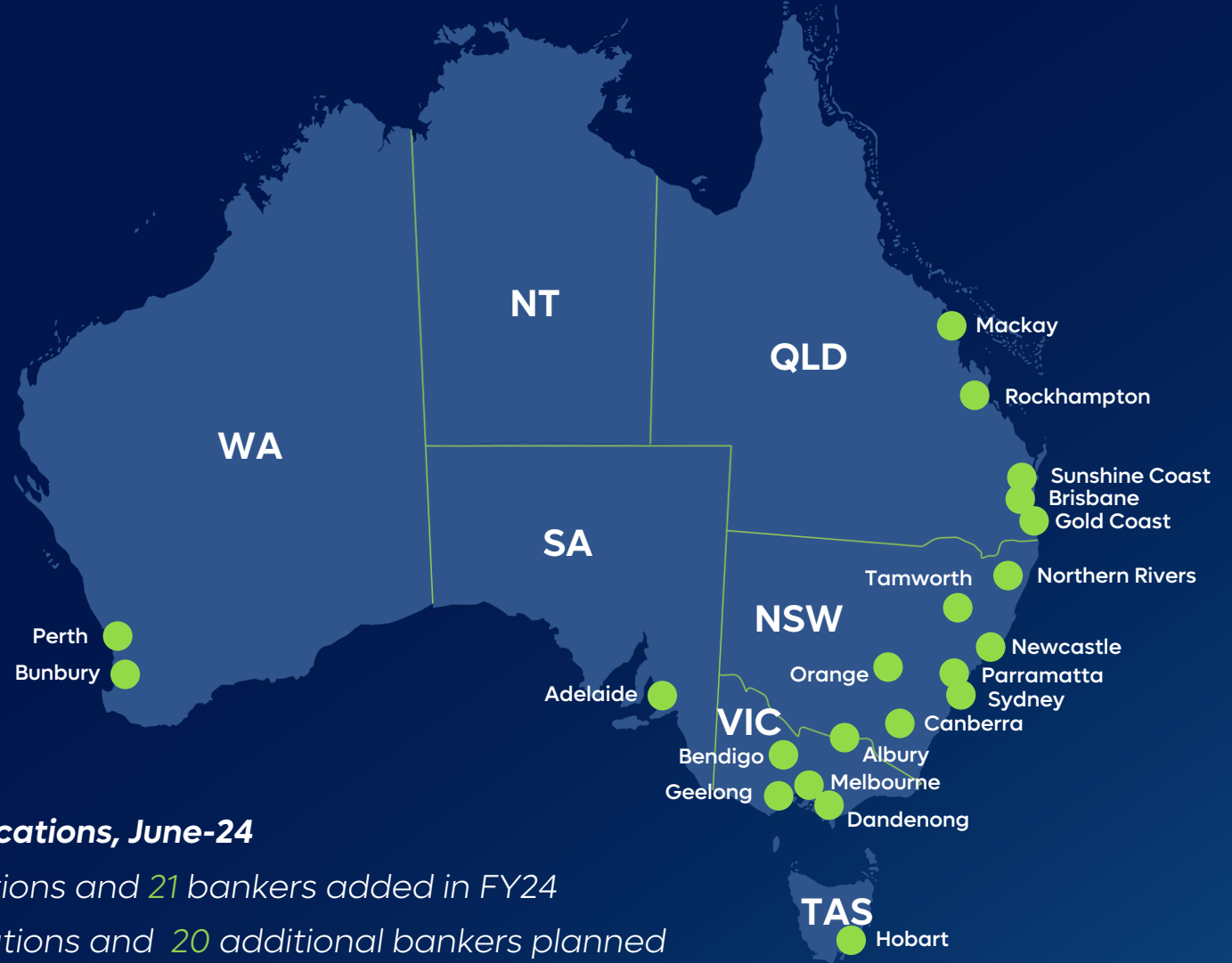


judobank

Boldly backing business.

2024 Full Year Result.

20 August 2024



Judo's 21 locations, June-24

4 new locations and 21 bankers added in FY24

10 new locations and 20 additional bankers planned for FY25

CEO Update.

Chris Bayliss

Chief Executive Officer

To be

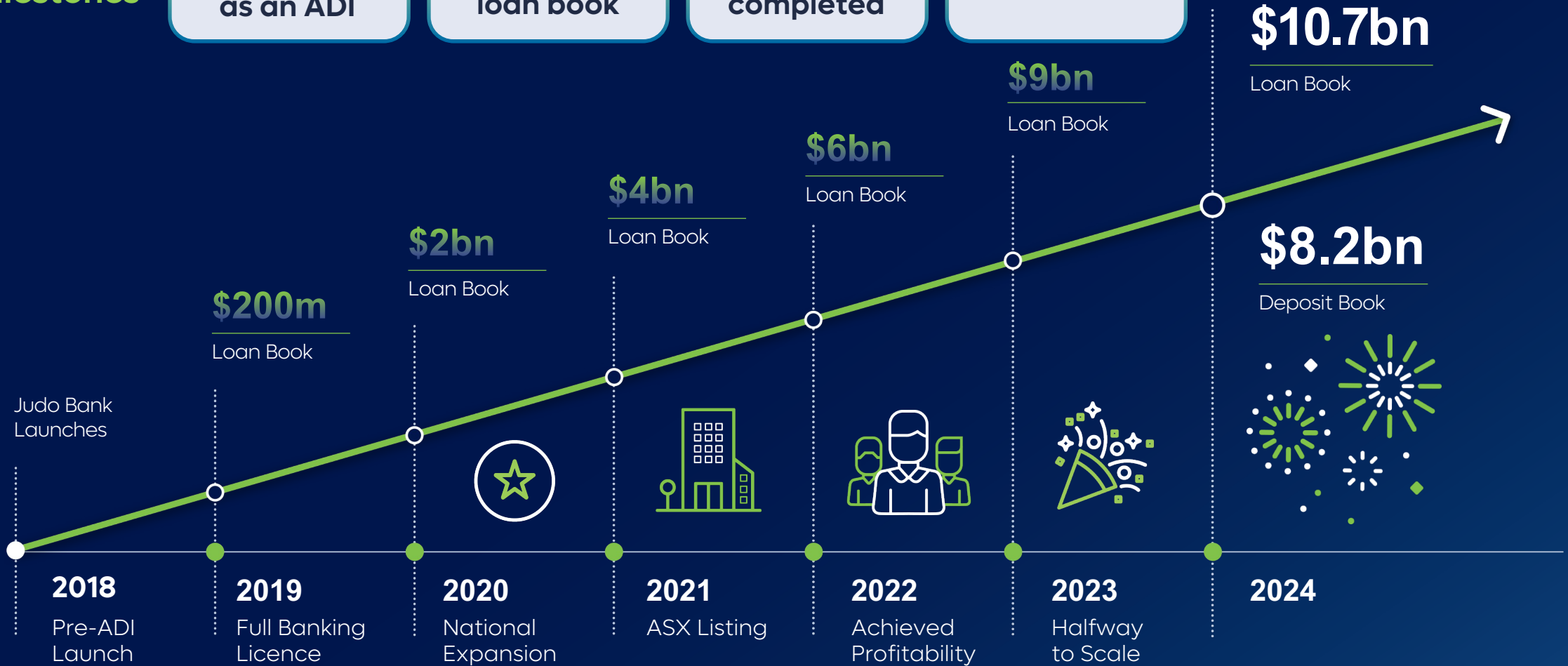
**Australia's Most Trusted
SME Business Bank**



The Judo Journey.

FY24 Milestones

- Five-year anniversary as an ADI
- Surpassed \$10 billion loan book
- TFF refinancing completed
- S&P/ASX 200 Inclusion



FY24 Results.

Continued execution delivering results in line or better than guidance

Metric	Key points	FY24 Results	FY24 guidance ¹
GLA	<ul style="list-style-type: none"> Strong lending growth, 3x system² 4 new locations and 21 bankers added during the year 	✓ \$10.7bn	\$10.5bn – \$10.7bn
NIM	<ul style="list-style-type: none"> Margin on new lending at mid-400bps over BBSW in 2H24 NIM moderating due to shift in funding mix RBA Term Funding Facility fully refinanced with strong term deposit and wholesale issuance 	✓ 2.94%	2.85% – 2.90%
Underlying CTI³	Emerging operating leverage with total FTE remaining flat whilst banker FTE increased	✓ 55%	55% – 57%
COR	<p>Credit quality remaining within planning assumptions</p> <p>Arrears flattening from Mar-24</p>	✓ \$70m	\$65m – \$70m
Underlying PBT³	Supported by continued scaling of the loan book and increasing operating leverage	✓ \$110m	\$107m – \$112m

1. Guidance as at 9 May 2024

2. Reflects Judo's multiple of system growth for GLA across FY24, per APRA statistics

3. Excluding non-recurring costs related to CEO transition and organisational restructuring in FY24

Service profit chain.

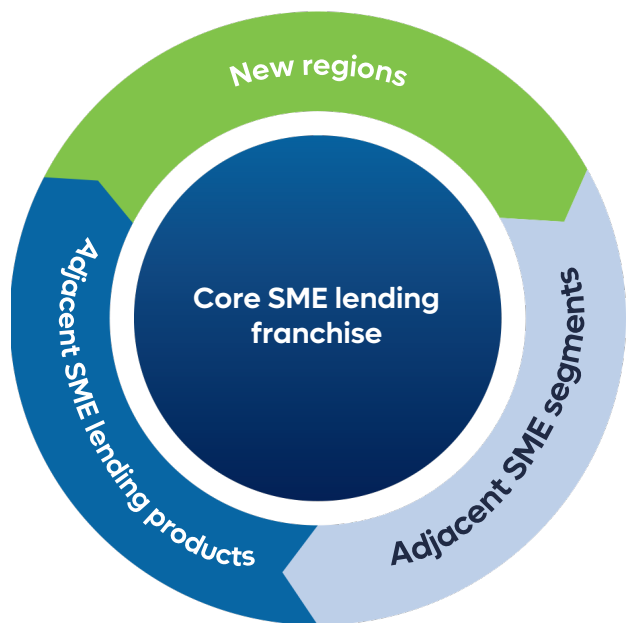
Empowered employees delivering positive customer outcomes, driving return on equity



1. 12-month rolling average of JEDI (Judo Employee Delight Index). Judo measures energy, mood and commitment of staff weekly, enabling us to take quick actions to keep high employee engagement
 2. Lending NPS is the overall lifecycle NPS reflecting average of 'onboard', 'exit' and 'relationship' stages
 3. CAGR growth of net banking income / average FTEs

A clear, simple strategy.

Simplicity is a key element of our vision of being a world-class SME business bank



Judo's core lending competitive advantages

Relationship-led

Judgement

Speed

Strategic enablers

Scale our advantage

Excel in execution

Empower our people

Measures for success

High employee engagement

Market-leading customer NPS

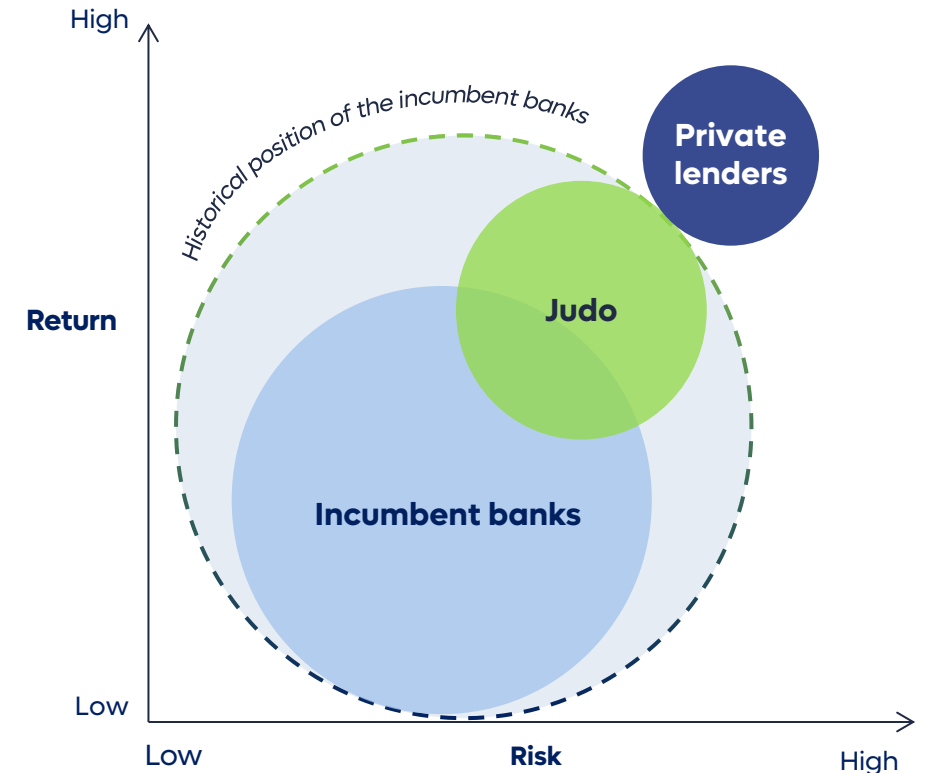
Low to mid-teens ROE

Judo's sweet spot remains relatively uncontested.

Judo's target lending market sits between the incumbent banks and private credit

- Judo is delivering above-system growth, driven by its pure-play specialist banking model, designed specifically to address the market failure in provision of credit to SMEs
- Sector focus on SME lending has increased, but lenders have generally invested in existing strengths rather than reinvesting in Judo-style SME relationship banking:
 - **Incumbent banks** are focused on originating >\$10m loans with strong security, or low-doc/low-relationship lending
 - **Private lenders** have been growing rapidly, typically focused on high-risk/high-return categories
 - **In the \$2.5m - \$10m segment** banks are focused on specific sectors, or are more focused on growing existing clients than winning new business
- Judo's relationship-based model is difficult to replicate for incumbent banks who have large legacy cost bases and industrialised operating model

Judo's strategic positioning in SME lending

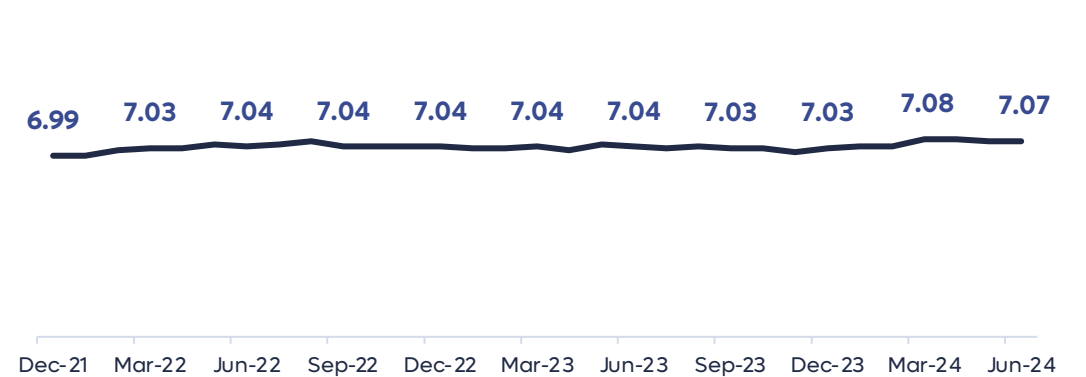


Achieving the sweet spot to maximise ROE.

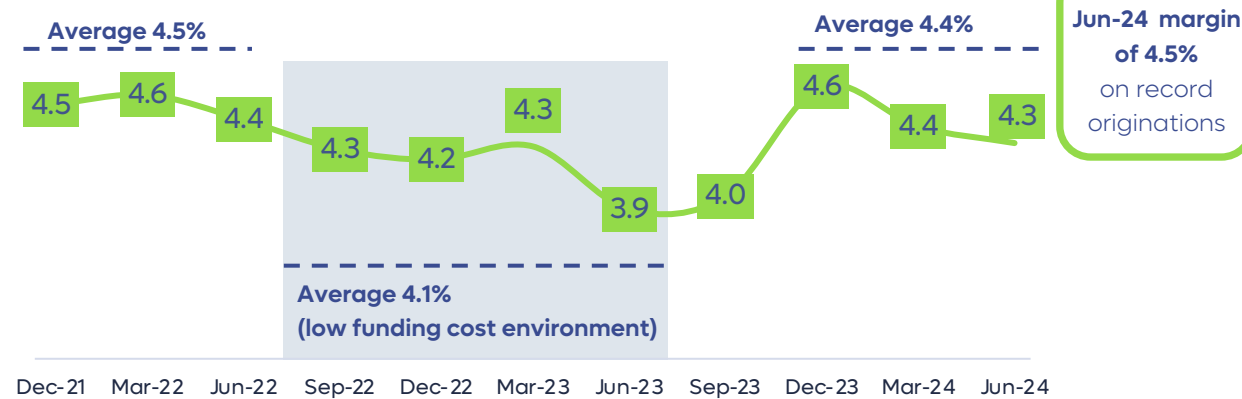
Judo's loan book (\$bn)



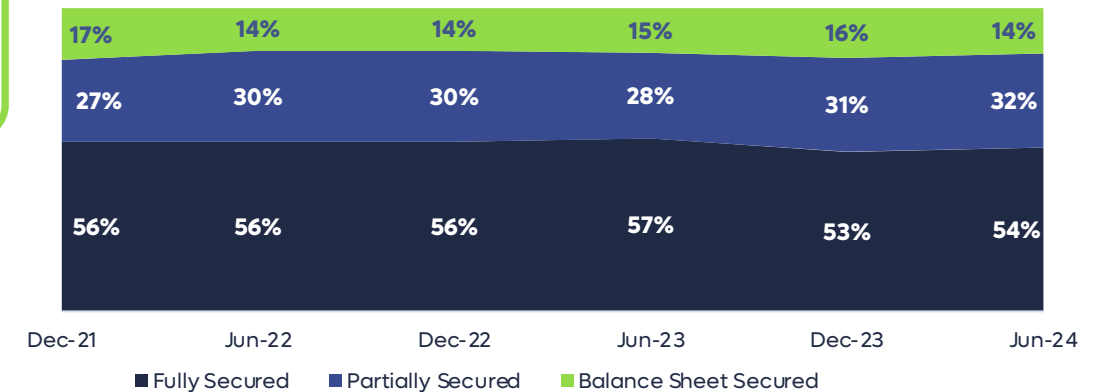
Average portfolio credit risk grade¹



Front-book lending margins over 1-month BBSW (%)



Portfolio security coverage levels



1. Judo's internal measure of probability of default

Unlocking growth & ROE opportunities.

Focusing on SMEs' needs and building upon our core competitive advantages

	New regions	Adjacent SME segments	Adjacent SME lending products	ROE levers
What we have done	Successful regional expansion <ul style="list-style-type: none"> 14 regional locations at Jun-24 	Strong growth in agri lending <ul style="list-style-type: none"> Loan book grew to \$428m in 2 years with 13 agri bankers 	Deepen relationships <ul style="list-style-type: none"> Enhancing existing products with new technology 	Operating leverage <ul style="list-style-type: none"> Tech investments Operating model Capital & funding <ul style="list-style-type: none"> AT1, term sec
Key FY25 priorities	Continue regional expansion strategy <ul style="list-style-type: none"> 10 new regional locations and 20 additional bankers by Jun-25 	Progress new product segments, e.g. <ul style="list-style-type: none"> Incubate SME securitisation lending 	Evaluate adjacent SME products <ul style="list-style-type: none"> e.g. working capital 	Operating leverage <ul style="list-style-type: none"> Drive productivity Capital & funding <ul style="list-style-type: none"> Capital initiatives Higher deposit mix Optimise wholesale
<div style="display: flex; justify-content: space-around; align-items: center; background-color: #1a3d54; color: white; padding: 10px;"> <div style="text-align: center;"> <p>Leverage Judo's core lending competitive advantages</p> </div> <div style="text-align: center;"> <p>Enhance TAM</p> </div> <div style="text-align: center;"> <p>Increase operating leverage</p> </div> <div style="text-align: center;"> <p>Increase ROE</p> </div> </div>				

CFO Update.

Andrew Leslie

Chief Financial Officer



FY24 Result.

Profit & Loss Statement (\$m)	FY23	FY24	Change
Income	353.0	396.7	12%
Underlying Operating Expenses	(190.9)	(216.5)	13%
Underlying Profit Before Impairment	162.1	180.2	11%
Impairment Expense	(54.6)	(70.1)	28%
Underlying Profit Before Tax	107.5	110.1	2%
Non-recurring Costs ¹	-	(5.8)	n.m.
Statutory Profit Before Tax	107.5	104.3	(3%)

Key Operating Metrics	FY23	FY24	Change
GLA (\$m)	8,908	10,711	20%
NIM (%)	3.29%	2.94%	(35bps)
Underlying CTI (%) ²	54.1%	54.6%	50bps
Provision Coverage (% of GLA)	1.21%	1.39%	18bps
90+ DPD & Impaired (% of GLA)	1.09%	2.31%	122bps

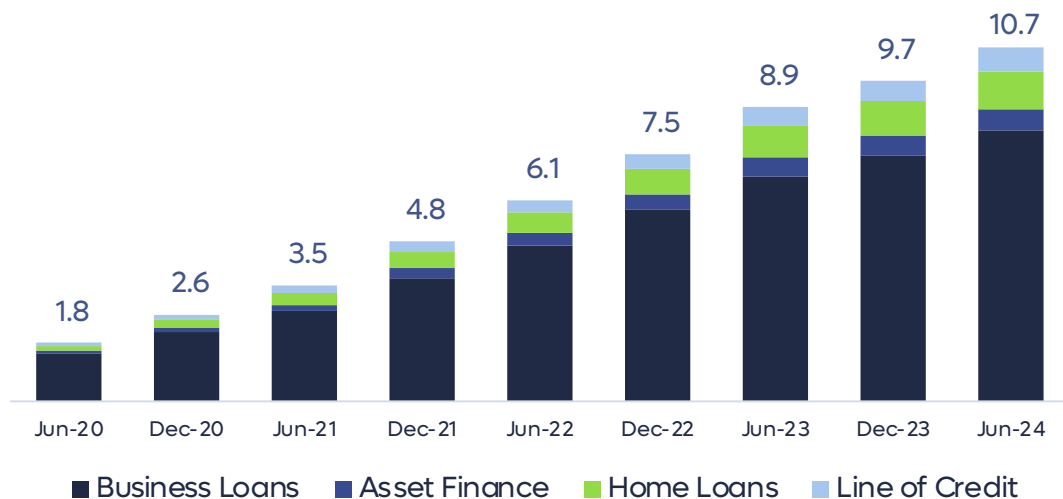
1. Tax credit on non-recurring costs was \$1.3m in FY24

2. Excluding non-recurring costs related to CEO transition and organisational restructuring

Sustainable growth and margins.

New business lending achieved mid-4% margin, consistent with at-scale NIM of >3%

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



AAA lending pipeline (\$bn)

	Jun-22	Dec-22	Jun-23	Dec-23	Jun-24
Applications, accepted, approved pipeline (AAA) (\$bn)	1.1	1.3	1.5	1.0	1.8

Lending margins over 1-month BBSW (%)

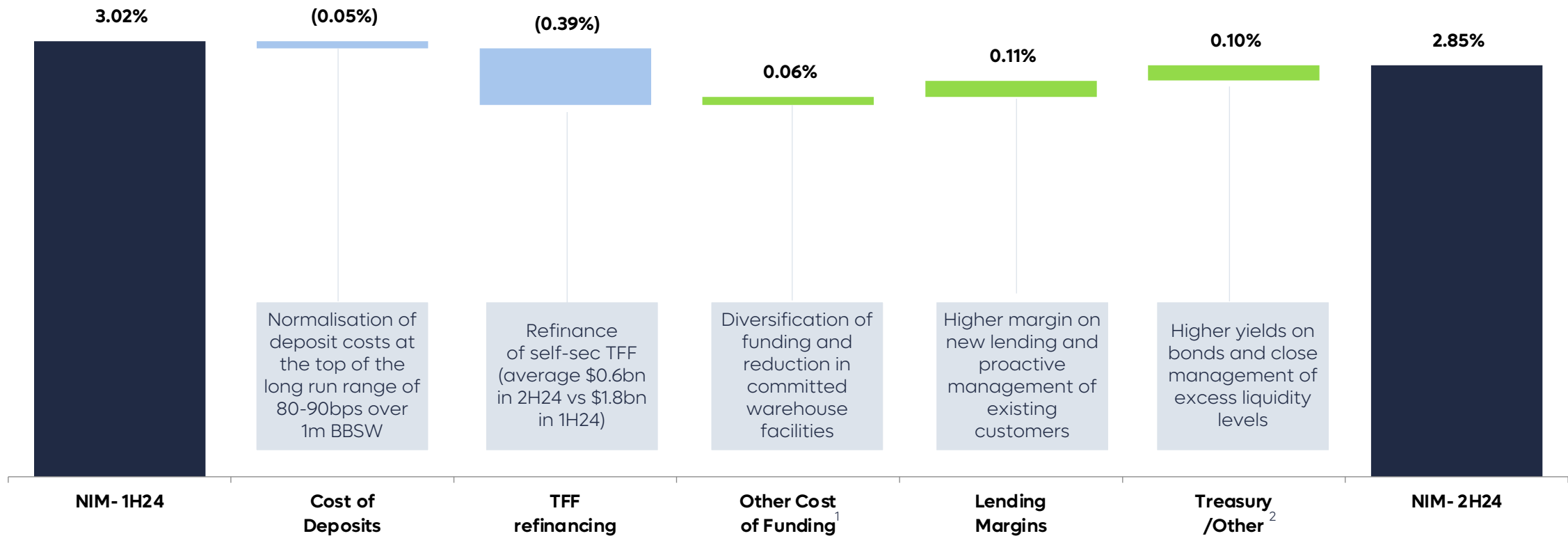


Jun-24 margin of 4.5%
on record originations

- June quarter front book margin impacted by mix
- 4.5% Jun-24 front book margin on record monthly originations
- Jun-24 pipeline at record levels, with average margin of 4.5%

Normalising NIM due to TFF refinancing.

1H24 to 2H24 NIM Waterfall (%)



1. 'Other Cost of Funding' consists of wholesale funding activity including warehouses, senior unsecured, AT1 and T2 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

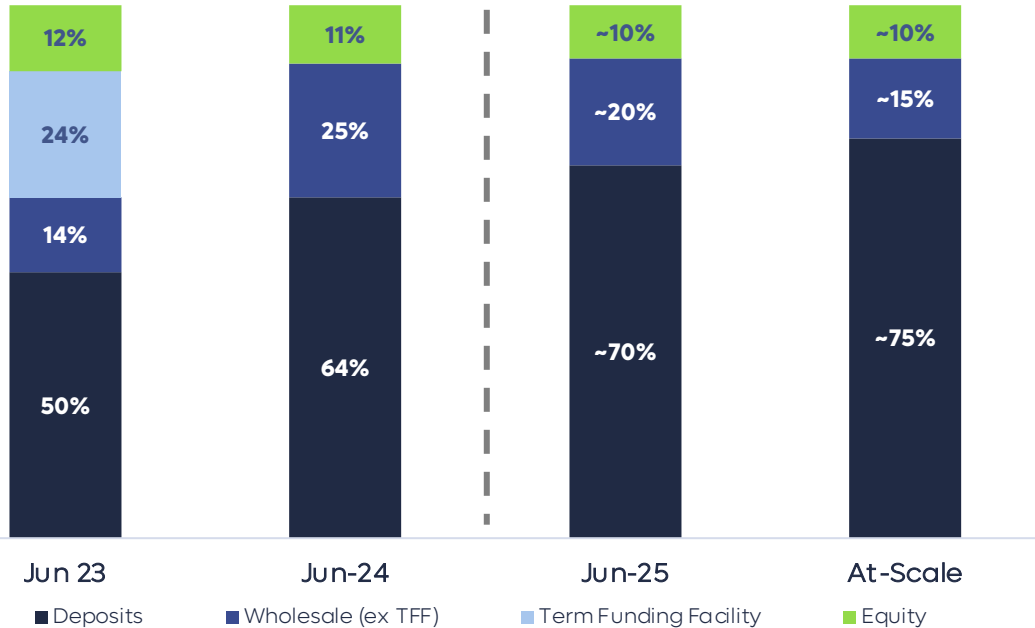
FY25 NIM drivers.

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

NIM Drivers	1H25	2H25
TFF refinance	Residual drag from TFF refinancing	No further impact
Liquidity	Benefit from normalising liquidity	Benefit from ongoing liquidity optimisation
Lending	Benefit from improving blended lending margins <i>Blended lending margin to increase towards ~4.2% for FY25</i>	
Deposit funding	Benefit from deposits increasing to ~70% of total funded assets <i>Cost of new deposits to trend towards the low end of 80-90bps expected long-run average</i>	
Other wholesale funding	Continued optimisation of other wholesale funding sources post TFF and as the business continues to scale	
Equity	Minimal impact from Investment Term of Capital (ITOC) implemented in FY24	
NIM outlook	NIM 2.75% – 2.85% Gradual increase vs Jun-24 trough NIM (2.63%)	NIM 2.90% – 3.00% Jun-25 exit NIM of ~3%
	Re-affirming FY25 NIM guidance: 2.80% – 2.90%	

Strong progress to at-scale funding stack.

Judo's funding stack



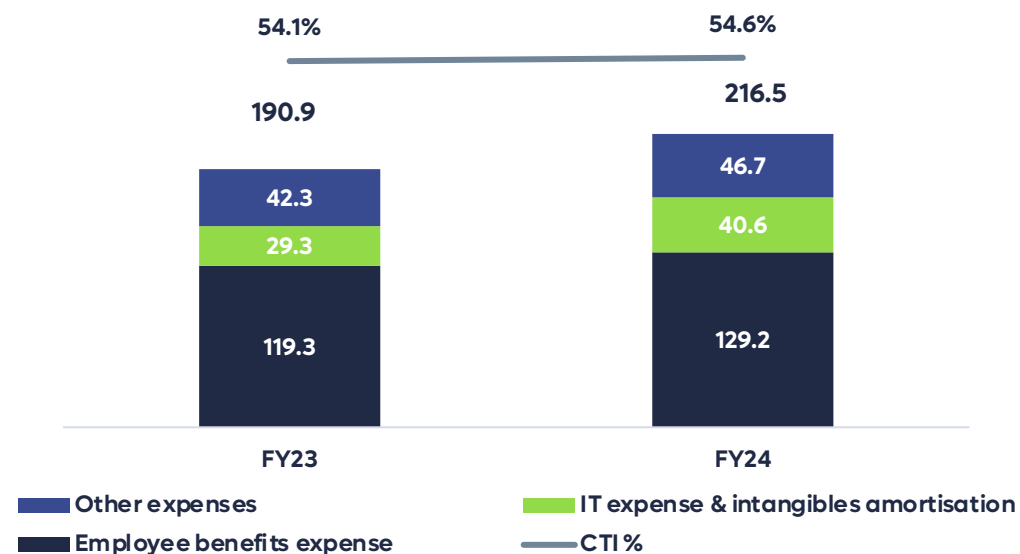
Judo's strong term deposit franchise

	Dec-22	Jun-23	Dec-23	Jun-24
# Customers (000's)	28.3	35.0	41.8	46.8
Retail Rollover %	64%	63%	65%	69%

- TFF repayment completed, largely from growth in term deposits
- Deposits ~64% of funding; now targeting ~75% of total funding from term deposits at scale
- Lending growth to be largely funded from deposit growth
- \$2.7bn of committed warehouse funding, with \$0.8bn committed undrawn capacity – continuing to optimise warehouse funding
- Credit rating upgraded to BBB (stable) from S&P
- 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
 - Inaugural \$75m AT1 transaction successfully completed with strong demand and trading post-issue

Operating expenses.

Underlying operating expenses (\$m) and CTI (%)¹



	FY22	FY23	FY24
Relationship Bankers (#)	115	123	144
Total FTE (#)	465	543	543
Average FTE (#)	374	509	558

FY24 drivers

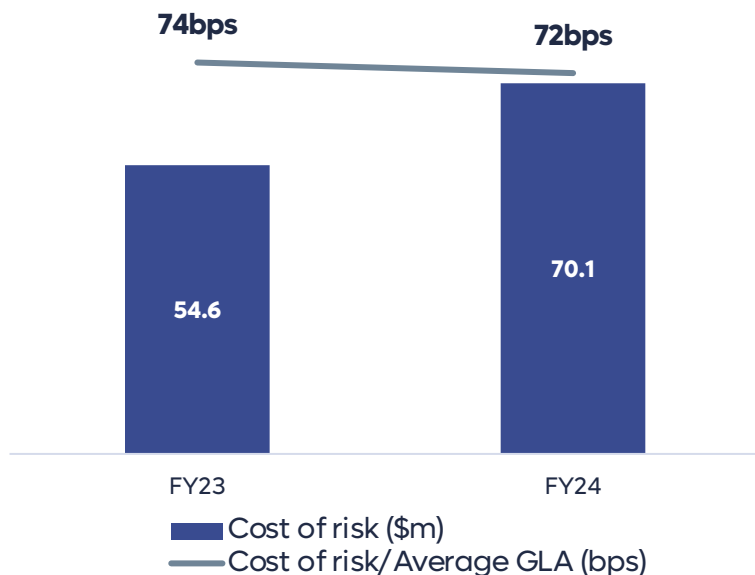
- Higher employee costs from increasing average FTE
- At Jun-24, total FTE remained flat while banker FTE increased, reflecting non-customer facing areas reaching maturity and new operating model
- Increase in technology costs and amortisation due to completion of new IT projects, accelerated amortisation of existing platforms and licencing fees for new systems

FY25 key considerations

- Judo expects its FY25 CTI to be broadly stable (%)
- Average FTE to be stable in FY25 vs FY24
- Total amortisation and IT expenses to increase by ~20%, primarily due to one-off increase in licencing costs
- Other expenses will increase in line with inflation

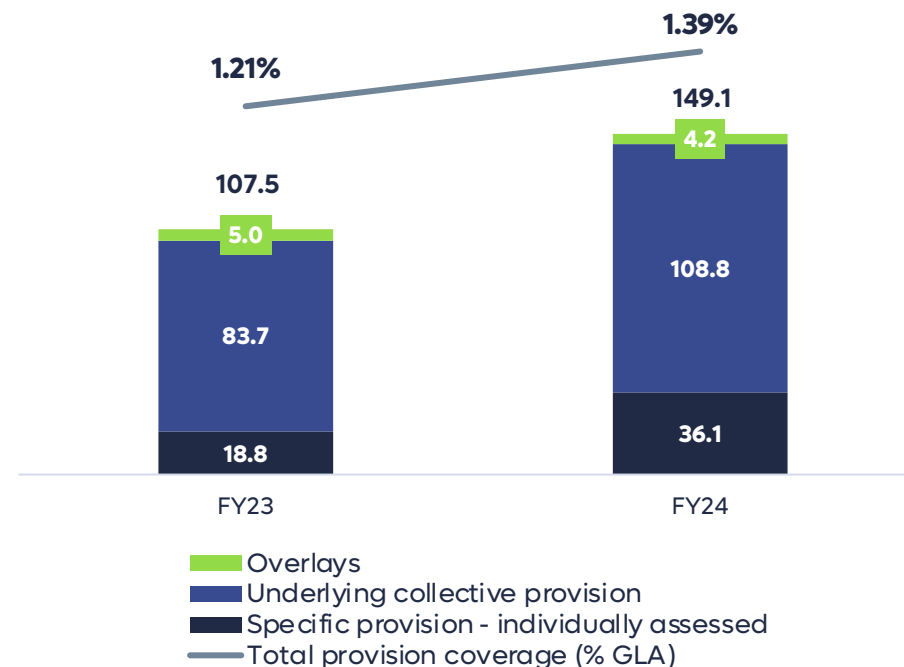
Impairment expense & provisioning.

Impairment expense (\$m)



- Impairment expense driven by growth in the loan book and continued seasoning of the portfolio
- Write-offs of \$30.9m for FY24, representing 13 customers

Provisioning (\$m)

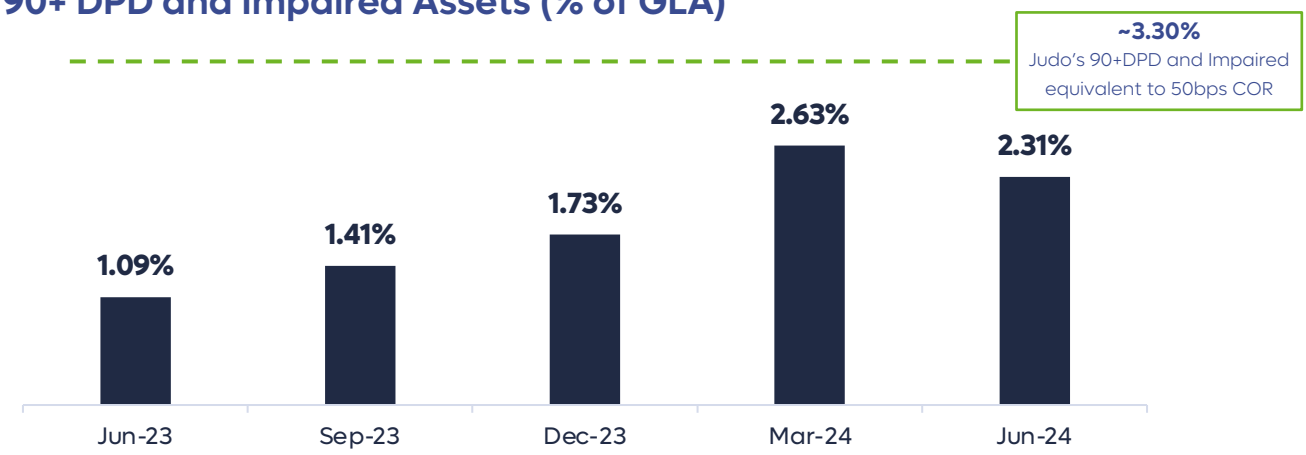


- Total provisions have increased, with collective provision coverage increasing to 1.05% from 1.00%
- Specific provisions have increased as the book continued to season

90+ Days Past Due & Impaired Assets.

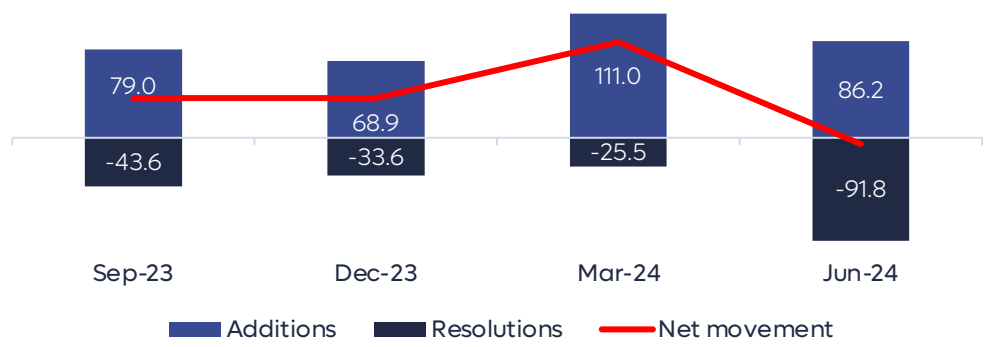
90+ DPD & Impaired Assets have flattened as rate of customer resolutions increases

90+ DPD and Impaired Assets (% of GLA)



- 90+DPD and Impaired Assets were 2.31% of GLA at Jun-24, up from 1.09% in Jun-23
- 90+DPD and Impaired Assets ratio has flattened since Mar-24 to 2.31% as the rate of resolutions (cures, asset recoveries and write-offs) has increased
- SME loans are complex and take time to reach an optimal resolution
- 84 customer groups in 90+ DPD and Impaired Assets; fully provisioned for net expected loss
- P&L impact of defaulted customers has remained within planning assumptions

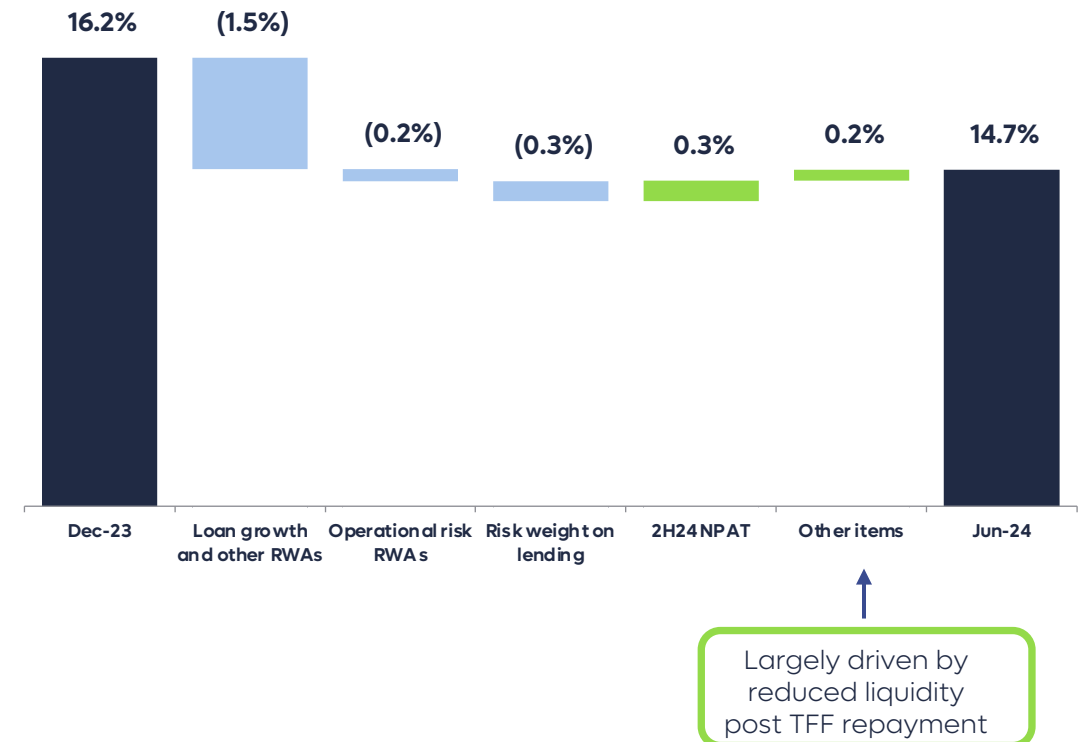
Movement in 90+ DPD and Impaired Assets (\$m)



Judo remains well capitalised

- Strong Jun-23 CET1 ratio at 14.7% remains sector leading
- Organic capital generation to improve; 2H24 NPAT impacted by trough NIM, non-recurring costs and elevated capex
- Term securitisation executed in Sep-23 demonstrates flexibility to manage capital position above targets
- No plans to issue additional core equity to achieve target at-scale loan book
- Number of options available to support our growth, including AT1, term securitisation, RWA management

1H24 to 2H24 CET1 waterfall



Conclusion & Outlook.

Chris Bayliss

Chief Executive Officer



TRUST

Occupied



• We have a strong team in place.



Chris Bayliss

Chief Executive Officer



Andrew Leslie

Chief Financial Officer



Yien Hong

Chief Legal and
Commercial Officer



Frank Versace

Chief Strategy and
Growth Officer



Rosanna Fornarino

Chief Operating Officer



Jess Lantieri

Chief People and
Culture Officer



Renee Roberts

Chief Risk Officer
Commencing Sep-24

Operating environment.

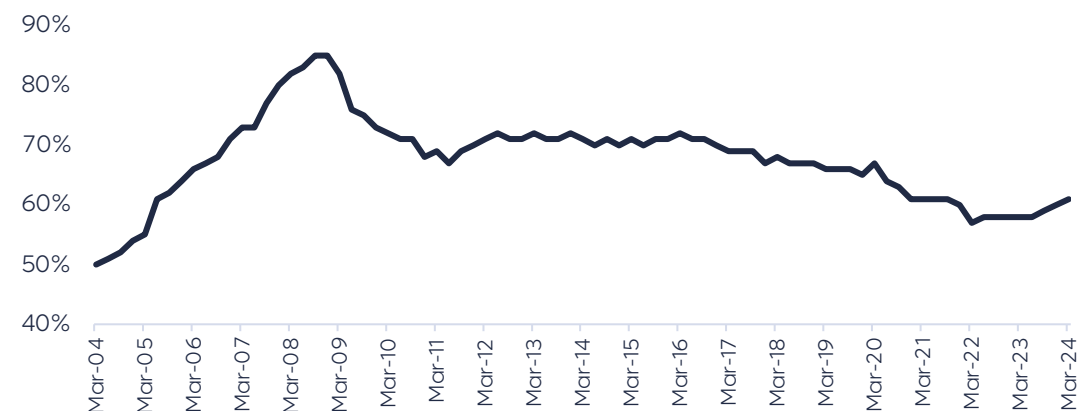
SME sector remains resilient with momentum in business investment

- The Australian economy has been resilient in the past two years
- Balance sheets for SMEs remain robust, with capacity to invest
- Structural shift from consumer-led to business-led economy is underway, with businesses investing to drive productivity to offset continued cost pressures
- Uneven impacts of high inflation and interest rates in certain sectors, e.g. those reliant on consumer discretionary spending

Non-mining business investment¹ (\$bn/quarter)



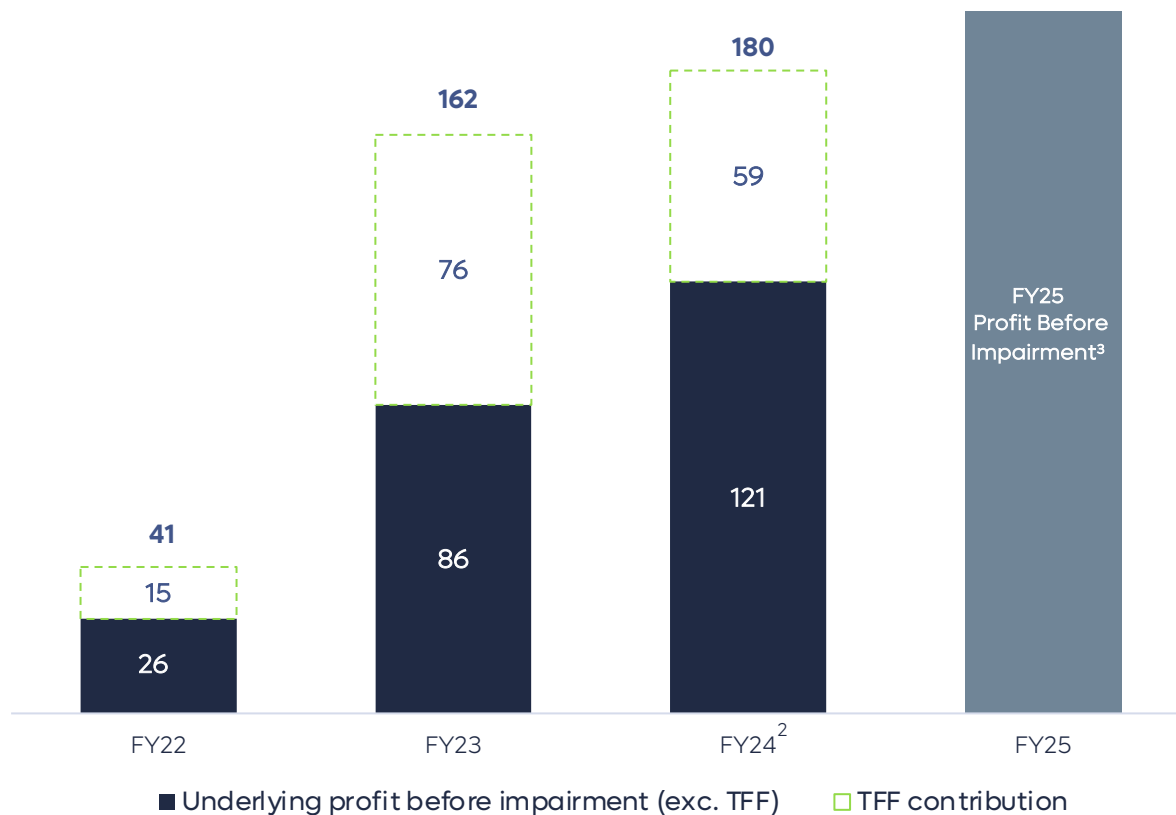
Private company debt to equity ratio²



1. ABS Private New Capital Expenditure and Expected Expenditure, Australia. March 2024
 2. Australian Bureau of Statistics, Australian National Accounts: Finance and Wealth March 2024

Underlying operating leverage.

Estimated TFF's contribution to Profit Before Impairment (\$m)¹



- Judo was eligible for a large TFF allocation, and provided strong support for SMEs during COVID-19
- This in turn contributed to profit and supported capital generation, but masked the strong underlying operating leverage in our business as our loan book grew
- Continued lending combined with slowing cost growth to drive positive jaws
- Expect to see significant operating profit trajectory in 2H25 and beyond

1. Estimation of TFF contribution assumes TFF funding replaced with deposit funding, and adjusts for income on excess treasury securities held as part of TFF preservation strategy

2. Excluding non-recurring costs in FY24

3. Based on FY25 guidance of targeting 15% PBT growth (excluding non-recurring costs) and broadly stable cost of risk (see slide 24)

FY25 guidance.

Disciplined management of key business metrics

Metric	Detail	FY25 Target	Metrics at-scale
GLA	Lending to accelerate, supported by recruitment of an additional 20 bankers in 10 new locations by Jun-25	\$12.7bn - \$13.0bn	\$15bn - \$20bn
NIM	Gradual improvement throughout FY25 from trough NIM in Jun-24 <ul style="list-style-type: none"> 1H25 NIM of 2.75% - 2.85% 2H25 NIM of 2.90% - 3.00% Jun-25 exit NIM of ~3% 	2.80% - 2.90%	>3%
CTI ¹	Cost growth slowing in FY25, CTI to improve 2H25 vs 1H25	Broadly stable vs FY24 (%)	Approaching 30%
COR	Continued growth and seasoning of the portfolio	Broadly stable vs FY24 (\$)	50bps of GLA
PBT / ROE	Significant operating leverage evident in 2H25 and beyond	Targeting 15% growth in PBT ¹ vs FY24	Low - to mid-teens ROE

1. On an underlying basis, excluding non-recurring costs

Conclusion.

- Consistent execution of our clear and simple strategy to scale to a world-class SME business bank
- Our core SME lending franchise is performing well, and our significant balance sheet creates more optionality
- Expanding presence in the regions, looking at adjacent products and segments
- Transition to strategic, scalable technology platforms is largely complete, underpinning operating leverage
- Strong capital and funding, underpinned by our award-winning deposit franchise, diversified wholesale funding
- Strong executive team, highly execution focused

Questions.

Appendix.

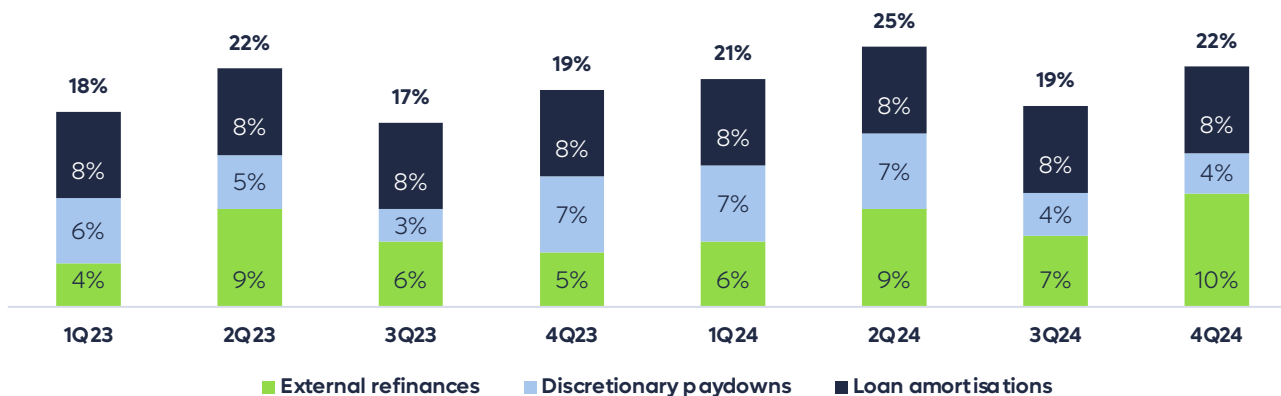
Key FY25 considerations.

Metrics	Key considerations for FY25
GLA	<p>Lending to accelerate supported by recruitment of an additional 20 bankers in 10 new locations by Jun-25</p> <ul style="list-style-type: none"> FY25 target: \$12.7bn - \$13.0bn Run-off stable at ~20% Lending growth to be largely funded through deposit growth
NIM	<p>Gradual improvement throughout FY25 from trough NIM in Jun-24</p> <ul style="list-style-type: none"> 1H25 NIM of 2.75% - 2.85% 2H25 NIM of 2.90% - 3.00%; Jun-25 exit NIM of ~3% FY25 NIM of 2.80% - 2.90% Blended lending margin to increase towards ~4.2% for FY25 Benefit from deposits increasing to ~70% of total funded assets Cost of new deposits to trend towards the low end of 80-90bps expected long-run average Elevated liquids to normalise in FY25; liquidity ~20% of lending Yield on treasury assets trending towards 1m BBSW
Operating expenses	<p>Cost growth slowing in FY25, with revenue to drive improved CTI in 2H25</p> <ul style="list-style-type: none"> FY25 target: CTI broadly stable vs FY24 (%)¹ FTE growth largely from relationship bankers, supporting Judo's growth agenda Total amortisation and IT expenses to increase by ~20%, primarily due to one-off increase in licencing costs Other expenses (excluding employee benefits) will see inflation-type increase
COR	FY25 target: broadly stable vs FY24 (\$)
Tax	Tax rate to remain above 30% due to AT1 and share based payment (non-deductible), similar to FY24
PBT	<p>Targeting 15% growth in PBT vs FY24¹</p> <p>Significant operating leverage evident in 2H25 and beyond</p>

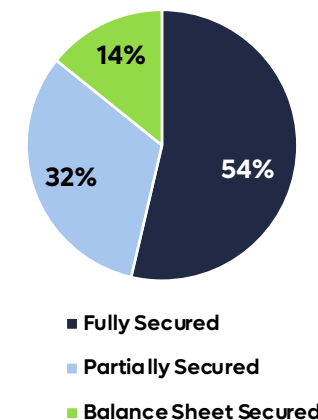
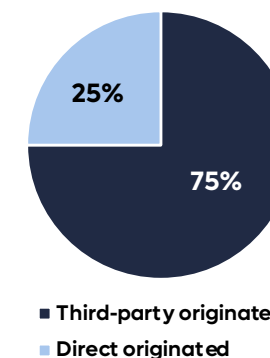
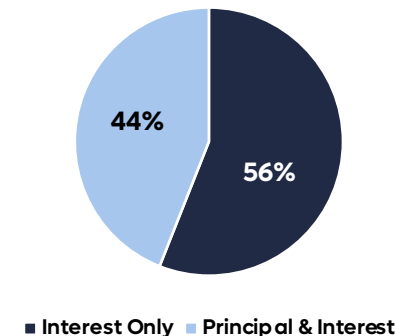
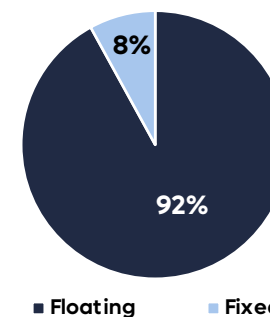
1. On an underlying basis, excluding non-recurring costs

Loan book characteristics.

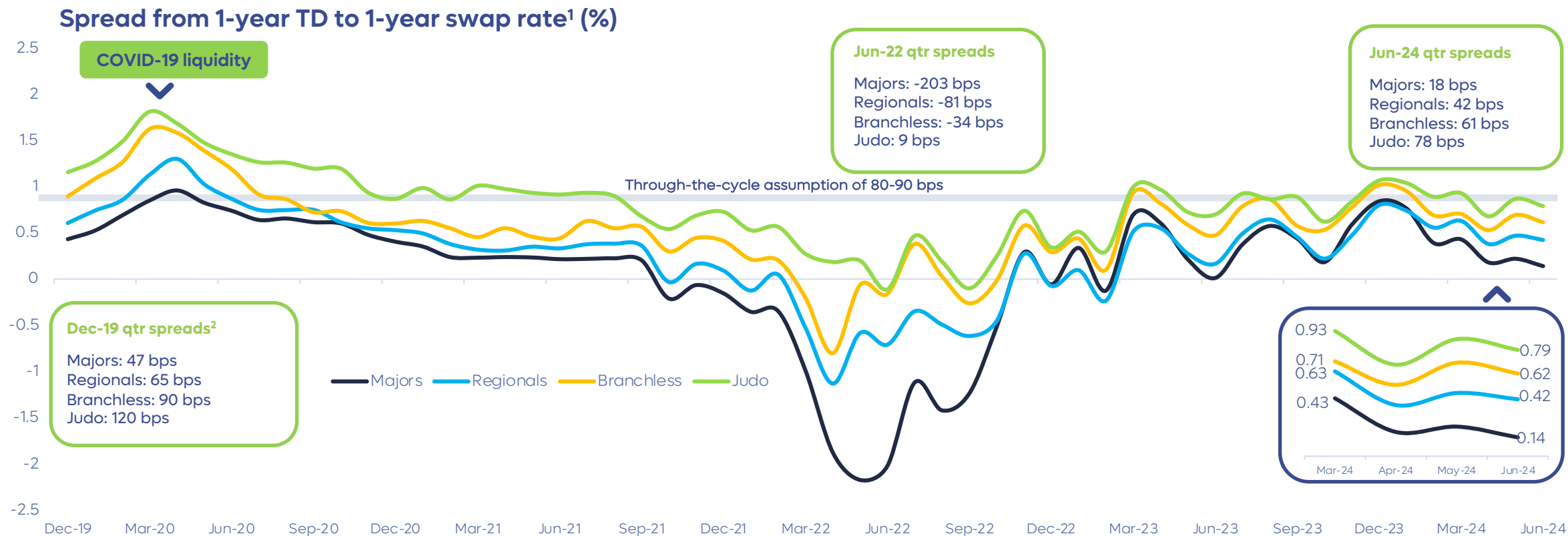
Quarterly run-off analysis



- Loan amortisation has been stable at ~8%
- External refinances increased in 4Q24 due to proactive risk management of the existing book
- Paydowns stabilised in 2H24 as SMEs responded to more stable economic conditions
- Remain comfortable with our long-run assumption of ~20% run off, with some volatility in refinancing in FY25 as we balance growth and economic outcomes



TD margins in-line with long-term assumption; sector spreads diverging.



- Movements in the swap curve have been the primary driver of volatility in hedged margins
- Headline TD pricing implies some moderation in competition following the sector repayment of the TFF
- Differential between Judo and the branchless banks has progressively tightened, reflecting continued strengthening of Judo's brand

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	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24
Manufacturing	643	754	7%	7%	86%	84%	4.16%	8.91%	7	17
Transport, postal and warehousing	245	291	3%	3%	94%	86%	-	1.32%	-	5
Accommodation and food services	872	1,166	10%	11%	88%	84%	1.27%	1.57%	5	8
Retail Trade	632	691	7%	6%	76%	76%	2.25%	2.65%	7	13
<i>Non-Discretionary Retail</i>	385	326	4%	3%	74%	82%	2.61%	0.98%	5	6
<i>Discretionary Retail</i>	247	365	3%	3%	80%	70%	1.68%	4.13%	2	7
Arts and Recreation	152	180	2%	2%	73%	69%	0.90%	0.61%	2	3
Rental, hiring and real estate services	2,361	2,709	27%	25%	95%	94%	0.97%	3.47%	4	12
<i>Property Operators</i>	1,956	2,248	22%	21%	100%	100%	1.18%	3.88%	4	9
<i>Other Rental, Hiring & Real Estate Services</i>	405	461	5%	4%	71%	75%	-	1.52%	-	3
Construction	641	722	7%	7%	91%	90%	0.36%	1.55%	3	9
Other (Including home loans)	3,362	4,198	38%	39%	80%	83%	0.55%	0.80%	13	21
Total Portfolio	8,908	10,711	100%	100%	86%	86%	1.09%	2.31%	41	88¹

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.

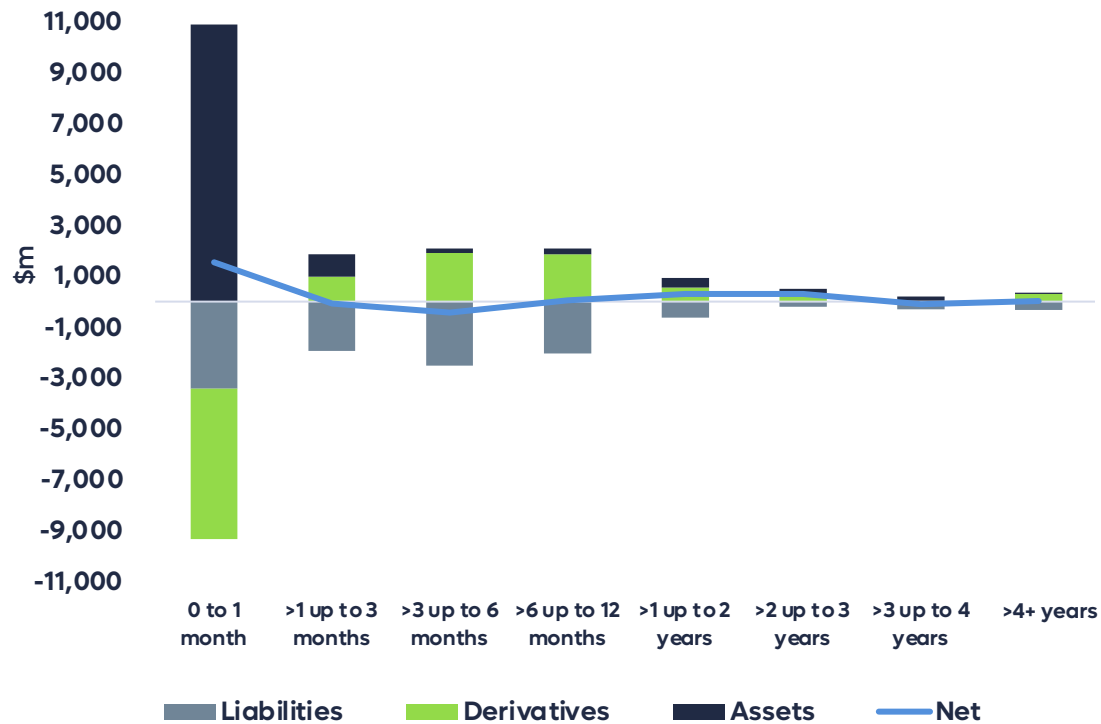
Partially secured: The exposure is greater than 100% of the JEV but less than 150%.

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.

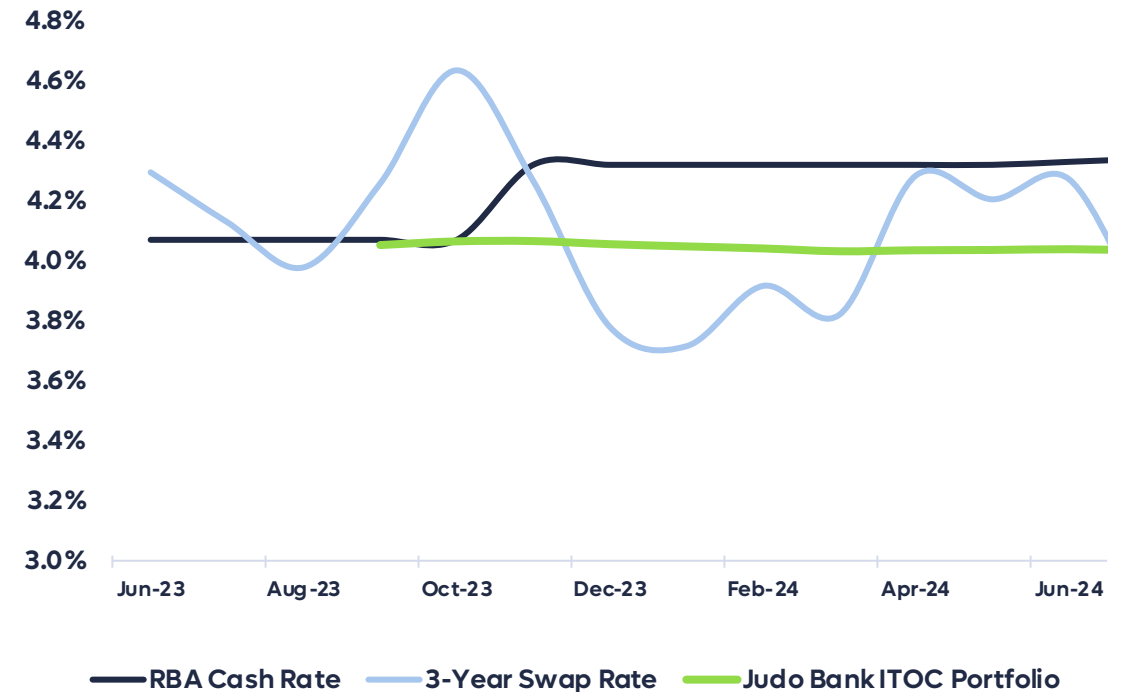
Judo's hedging profile.

Minimal interest rate risk through hedging. Reduced NIM volatility with introduction of ITOC

Judo's hedging profile as at Jun-24



Judo's ITOC portfolio



Glossary.

\$	Dollar amounts, in Australian dollars unless stated otherwise
AAA pipeline	Loans in application, approved and accepted status, but not yet settled
ADI	Authorised deposit-taking institution
APRA	Australian Prudential Regulation Authority
AT1	Additional Tier 1 capital as defined by APRA
BBSW	Bank Bill Swap Rate
bps	Basis points
Capex	Capital expenditure
CAGR	Compound annual growth rate
CET1	Common Equity Tier 1 capital as defined by APRA
CET1 ratio	CET1 / total risk-weighted assets (RWA)
CTI ratio	Cost-to-income ratio = Total operating expenses / net banking income
FTE	Full-time equivalent
FY	Financial year ending 30 June
GLA	Gross loans and advances
HoH	Half on half
ITOC	Investment Term of Capital, which is a hedge against equity funding to lower interest rate risk
JEDI	Judo Employee Delight Index, measuring energy, mood and commitment of Judo staff weekly

Judo Extended Value (JEV)	Judo Extended Value is the market value of the asset less a deduction for possible deterioration over time or at recovery, and is set internally for each allowable asset type
NII	Net interest income
NIM	Net interest income (NII) / average month-end closing balance of interest-earning assets
NPAT	Net profit after tax
NPS	Net promoter score
PBT	Profit before tax
Preserved TFF	Eligible treasury investments collateralised as part of RBA's TFF
RBA	Reserve Bank of Australia
ROE	Return on equity
RWA	Risk-weighted assets
SME	Small and medium enterprise
TAM	Total addressable market
TFF	Term Funding Facility
Warehouse facility	A revolving credit facility extended by a financial institution to a loan originator for the funding of loans
YoY	Year on year

Thank you.

Important information.

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

Authorised for release by the Judo Board.