

ASX Announcement.

25 October 2024

Judo 2024 AGM Chair and CEO Addresses

Judo's 2024 AGM will be held at 9:30am (Australian Eastern Daylight Time) today (25 October 2024). This will be a physical AGM held at Level 26, Queen and Collins, 376-390 Collins Street, Melbourne VIC 3000. A live webcast will also be available and can be accessed from Judo's website: <https://www.judo.bank/annual-general-meeting-2024>.

The Chair and CEO addresses to be delivered at the AGM are enclosed.

More information on the AGM, including the 2024 Notice of Meeting, is available on the Judo Bank website. A recording will be made available shortly after the conclusion of the meeting on the Judo Bank website.

Authorised for release by Yien Hong, Company Secretary.

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Judo 2024 AGM Chair Address

Good morning everyone. My name is Peter Hodgson and on behalf of the Board I'd like to welcome you to the Judo 2024 AGM.

I'd like to begin by acknowledging the traditional owners of the land on which we are meeting today, and pay my respects to Elders past and present.

I want to acknowledge our Directors and they are John Fraser, Manda Trautwein, Jennifer Douglas, Mal McHutchison, David Hornery, Mette Schepers, and Chris Bayliss, our CEO and Managing Director.

We are also joined by Yien Hong, our Company Secretary, and our auditor, Price Waterhouse Coopers, represented by Sam Garland.

I'd also like to acknowledge the rest of our Executive Management Team:

- Our CFO – Andrew Leslie,
- Our Chief Risk Officer – Renée Roberts,
- Our Chief Operating Officer - Razz Fornarino,
- Our Chief Strategy and Growth Officer – Frank Versace
- Our Chief People and Culture Officer – Jessica Lantieri.

And welcome our Judo Bank employees who are present in this room and virtually.

Opening Remarks

As I reflect on the 12 months since our last meeting, it is fair to say the economic environment has continued to present many challenges and various travails which have had considerable impact on SME businesses and consumers alike.

None the less, the Australian economy has demonstrated resilience, with many businesses able to maintain margins and preserve balance sheets. However, in certain sectors – particularly those reliant on consumer discretionary spending – some are suffering the impact of high inflation, higher interest rates and increasing energy costs.

Like others I must also call out the burden that productivity sapping rules and regulation, additional taxes, charges and other imposts place on the private sector.

It isn't easy to run a small business these days.

Against this backdrop, I am satisfied by two things. First, the Judo team's resilience and agility to achieve a strong set of financial and operational results despite the challenging environment. And second, the way our bank provides meaningful support to our customers as they navigate their way through this uncertainty.

Throughout the year, we have worked through the challenges and complexities experienced by our customers and helped many of them capitalise on the opportunities in this tough environment. As a unique, relationship-driven bank that is purpose built for small and medium businesses, our customers will always be

at the core of all our decisions and our focus, every day, at all levels. Now, more than ever, our team's experience and capacity to build trust, along with a deep understanding of each customer is essential and a clear competitive advantage in these uncertain times.

Our Performance and Strategy

Judo reported sound financial and operating performance for the 2024 financial year, delivering to our guidance targets whilst scaling the organisation. We are making consistent progress toward our vision of creating a world class, SME focussed bank. We are determined on disciplined execution of a clear strategy, backed by the trust we have cultivated with our customers.

We are particularly committed to the competition we have introduced into the Australian banking sector be it with lending or deposits. We are challenging the status quo and giving SMEs a better way to bank.

As relationship experts, we back people and businesses so that we can grow together. In expanding into new regions and segments as we are, we will have more capacity to serve more customers across Australia. By supporting the underserved corporates of this country, we are not only meeting a crucial market need, but also invigorating our economy and communities with fresh opportunities for growth and innovation.

Over the year our engagement with shareholders, both at the Board and executive levels, has been extensive and we remain dedicated to continuing our communication to provide clear insights into our performance and plans.

It is pleasing that the market has begun to recognise our progress.

Leadership Transition

This year, the Board managed a transition in Judo's leadership team, allowing the Bank to smoothly forge into the next phase of growth.

We farewelled our previous CEO and founder, Joseph Healy. Alongside David Hornery and Chris Bayliss, Joseph was instrumental in Judo's foundational journey. Under his leadership, Judo was able to achieve critical milestones, including securing a banking licence, raising \$1.5 billion in equity, and transitioning to the public market.

The Board was delighted to appoint Chris Bayliss as our new CEO and Managing Director. Chris, a key leader in building Judo, holds strong vision and passion for addressing the needs of the underserved SMEs in this country. The Board supports his vision, plans and strategy for Judo.

You will hear more about this when Chris presents.

Chris has continued to enhance Judo's leadership team by welcoming two new senior executives - Razz Fornarino, as Chief Operating Officer, and Renée Roberts, Chief Risk Officer. Both have brought further depth to a deeply experienced leadership team, with combined experience of close to 200 years in commercial banking, both in Australia and overseas.

Importantly, operating in a complex regulatory environment demands the highest standards of governance and risk management. Since being granted a full banking licence by APRA five years ago, we have built a robust risk management framework. This has been crucial to the delivery of the Bank's strategic goals and continued sustainable growth. The substantial risk experience of the Board and management ensures the Bank's future progress will continue to be underpinned by the highest standards of risk management.

Team and Culture

Our business bankers are supported by a capable team of Risk, Technology, Operations, People and Culture, Legal, Commercial and Finance professionals.

Now, with a substantial balance sheet and the largely complete build of our technology platforms in the rearview mirror, we can sustainably push into new regions and markets and capture a larger share of the SME market. There is no doubt in my mind of Judo's impact on competition in banking wherever we chose to play.

I note that everyone now seems to have rediscovered business banking since Judo launched!

At least for the time being.

We welcome the competition in the knowledge that ours is the one true specialised model.

We know from feedback and our high Net Promoter Scores that we are seen as a bank that consistently supports and backs business. Our commitment to excellence is reflected not only in how we serve our customers but also in the positive experiences of our team in the workplace. This environment helps us attract top talent and industry leaders, reinforcing our reputation as a best in market employer.

Board Movements

Turning to our Board.

John Fraser will be retiring as a Director of Judo with effect at the conclusion of the AGM today.

John has been a Non-Executive Independent Director of Judo since October 2018. He has been a key member of the Board Risk Committee for which he acted as Chair, as well as a member of the Board Remuneration and Nominations Committee. John was also an early investor into Judo.

On behalf of the Board, executive management and shareholders, I would like to thank John for his exceptional contribution to Judo over the past 6 years.

We are well advanced in our plans for appointing a new non executive director, with deep banking expertise.

Closing Remarks

In closing, I want to extend my thanks to our shareholders for their ongoing support and confidence in our Bank. We share your commitment to seeing our business succeed and are confident that our strong fundamentals and path for growth, will deliver positive returns for all of us.

On behalf of the Board, I would like to thank my fellow Directors, our customers, stakeholders, and investors for your continued support. I am also grateful to our exceptional team at Judo, whose dedication to our customers is at the heart of everything we do.

Looking ahead, I am incredibly optimistic about the future of Judo. Our vision for growth is clear, and I am confident that we are well-positioned to continue our journey of success.

I now invite our CEO and Managing Director, Chris Bayliss, to provide his insights for the year.

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Judo 2024 AGM CEO Address

Opening Remarks

Thank you Peter, and good morning everyone. Let me add my welcome, to the 2024, Judo AGM.

For those I haven't met, my name is Chris Bayliss and it is a privilege to address you today as your CEO.

This is my 41st year in banking, which includes time working in Australia and overseas. Right from my earliest training at Barclays in the 80's, I've seen the value that highly skilled, highly trained, relationship bankers can provide to their customers. This is why I am so passionate about the role that Judo plays for small and medium sized businesses, and why I'm so excited about the future of our business.

Judo is not a job for me, it's a passion. Since co-founding Judo with Joseph and David back in 2016, I have been Chief Relationship Officer, COO, CFO and Deputy CEO, and it was an honour to assume the CEO role in February.

Delivering on our Strategy

This year we have continued executing our simple strategy to build a world class SME business bank. Execution is a core part of our DNA at Judo. This skill has been built over several years, as we have successfully navigated the challenges of building a bank from scratch.

We have maintained our sector-leading net promoter score at +59, versus the rest of the sector which is low single digits at best. This underpinned our loan book growing three-times faster than the rest of the sector. We now serve almost 4,500 lending customers, diversified across sectors and geographies, consistent with our day-one goal of having a portfolio that reflected the broader SME economy.

Our employment brand is one of our greatest assets, and we have recruited top talent right across our business, including bankers, as well as risk, finance, strategy, technology, operations and HR. It is my firm belief that A-players attract A-players, and talent is a culture, and we will continue to invest in the things that make Judo a great place to work.

Technology is one of our key enablers. Over the past year we have executed a significant technology transformation. We have successfully re-platformed to a new core lending system, a new credit risk engine, a new general ledger, and new digital and data platforms. These systems are best-in-class and hugely scalable, and will enable us to continue our ambitious growth agenda and deliver significant operating leverage.

Over the past 12 months we have also successfully transitioned our funding mix, including repaying \$2.8 billion to the RBA, representing Judo's outstanding share of the Term Funding Facility. We were able to achieve this through the strength of our market-leading term deposit franchise, which now has almost 50,000 customers. We have also built a strong treasury function, which punches well above its weight, and have proven access to all the same funding channels as the major banks.

The ability to achieve all this in 12 months underscores our execution capability, and the benefit of being an agile, pure-play, specialist bank.

FY24 Performance

Our strong operational performance has translated to pleasing financial performance.

We met or exceeded all the guidance metrics which we provided to the market.

We delivered 20% lending growth and profit before tax of \$110m on an underlying basis.

With our support functions now largely reaching scale, our expense growth slowed significantly.

Credit quality was in line with our expectations. Although the operating environment has been challenging for some customers, our relationship-led model enables us to proactively work with customers. While the number of customers in arrears is likely to remain volatile, pleasingly, we saw a flattening in our lead indicators in the June quarter.

We continue to hold strong levels of capital, with CET1 at 30 June of 14.7%, which remains the highest of any listed bank. The Tier 2 transaction we completed last week was another successful marker of our progress in making our capital and funding more efficient. The deal was multiple times oversubscribed, underscoring the increase in awareness and confidence that investors have in Judo.

Q1 FY25 Update

Trading conditions for the financial year to date have been positive.

We have maintained good lending momentum, with our loan book reaching \$11.3 billion at the end of September. Our pipeline also remains strong at over \$1.2 billion – a healthy level for this time of year.

The margins for new loans have remained in the mid-400s as we continue to price for risk.

On funding, as we expected, competition for TDs has eased slightly. While swap rates have been volatile, overall deposit margins and our funding mix are trending in-line with our assumptions.

Our liquidity levels have also normalised following the repayment of the TFF, as flagged at the full year results.

We also remain on track to achieve our NIM guidance, including an exit NIM of 3% in Jun-25.

In respect to credit quality, as you would expect, we continue to watch this very closely. Our 90+ days past due and impaired loans, have remained stable since June, closing at 2.34% at 30 September. While some segments of the economy are experiencing challenges, operating conditions have generally been much more stable in recent months, and most of our SME customers continue to demonstrate resilience, and successfully adapt their business models.

In summary, we are continuing to execute our clear and simple strategy. We are on track to achieve our FY25 guidance, and will demonstrate clear operating leverage from the second half of FY25.

Looking Forward

I am very excited about the outlook for the business. After eight years and lots of hard work, we finally have the bank we always dreamed of. We have the foundations of a strong bank, underpinned by our obsession with customers, our challenger mindset, and our deep banking expertise.

My focus now is to drive our operational performance and deliver our at-scale metrics, particularly return on equity in the low to mid-teens.

As we look ahead, with our core SME lending franchise humming, and with greater scale, we now have an increasing number of growth options. This includes geographic expansion and reviewing adjacent products to meet more of SMEs' lending needs.

Our expansion into the regions is proving very successful and is continuing at a solid pace. Our relationship led approach to banking resonates strongly in the regions, and we are receiving a warm welcome, especially as some of our competitors withdraw. We now have 25 locations nationally, with four new locations added since our FY24 result, being Ballarat, Coffs Harbour, Dubbo and Mildura. Our aim is to have 30 locations by June next year.

We are also looking at other ways to further drive our ROE, including capital and funding initiatives.

This is an exciting time for our business, and I am very confident that we will achieve scale and deliver our target return on equity. This is the equivalent of reaching base camp in my view.

I am privileged to work with an exceptionally talented and passionate team, and I'd like to thank them for their hard work and dedication.

Finally, I'd like to thank our customers, and our shareholders, for your ongoing support of Judo on our journey to building a world class bank.