

judobank

Boldly backing business.

2025 Half Year Result.

18 February 2025



Judo's **26** locations, Dec-24

5 new locations and 15 bankers added in 1H25

On track to add 10 new locations and 20 bankers in FY25

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CEO Update.

Chris Bayliss

Chief Executive Officer



Service profit chain.

Empowered employees and happy customers to drive ROE improvements to at-scale target



Targeting ROE in the low-to-mid teens at-scale; operating leverage to emerge in 2H25

1. 12-month rolling average of JEDI (Judo Employee Delight Index) to Dec-24. 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 of net banking income / average FTE

1H25 result highlights.

33% underlying PBT growth vs 2H24 driven by strong operational performance

Metric	Key points	1H25 Results
GLA	Strong lending growth of 18% annualised, over 2x sector growth ¹ , underpinned by unique customer value proposition (CVP) and expansion into new regions	\$11.6bn
NIM	<ul style="list-style-type: none"> Average margin on new lending consistently over 450bps over BBSW No further drag from TFF on NIM beyond 1H25 	2.81%
CTI²	Prudent cost management with average FTE decreasing while banker FTE increased	57%
COR	<ul style="list-style-type: none"> Impairment expense benefit from proactive portfolio management initiatives Arrears and impaired loans stable, below at-scale thesis 	\$28.8m
PBT²	33% increase in underlying PBT ² vs 2H24 supported by strong growth and NIM trends, stable costs, and robust asset quality	\$56.7m
ROE	Improving profitability due to low cost of risk; operating leverage to emerge in 2H25	5.1%

1. Reflects Judo's multiple of system growth for GLA over YTD FY25, per APRA statistics

2. Excluding non-recurring costs related to CEO transition and organisational restructuring in 2H24

Our lending franchise continues to perform.

Growth in lending with sustained market leading NPS and lending margins

26

Locations

Jun-24: 21

159

Bankers

Jun-24: 144

4,506

Customers

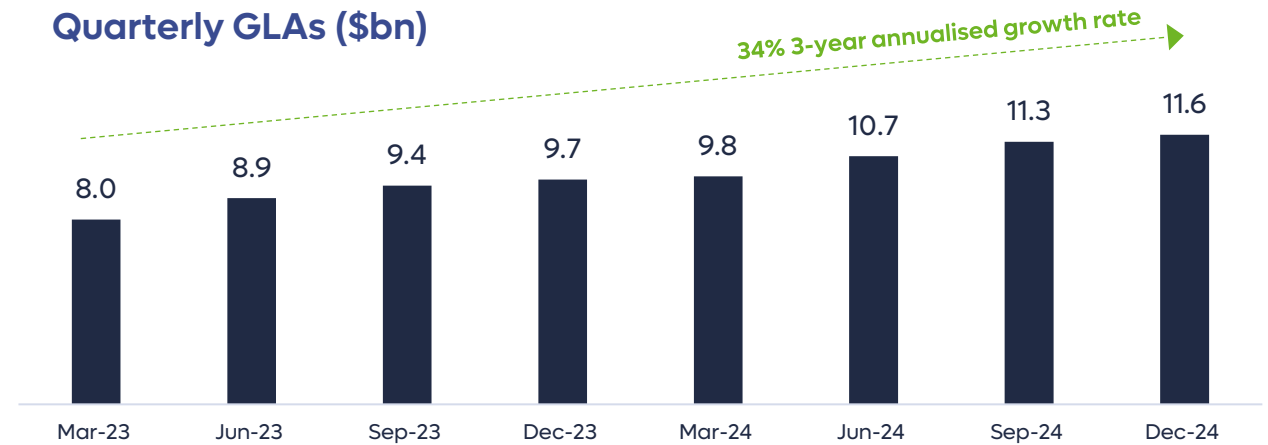
Jun-24: 4,357

+51

NPS

Jun-24: +59

Quarterly GLAs (\$bn)



Quarterly lending margins over 1-month BBSW (%)

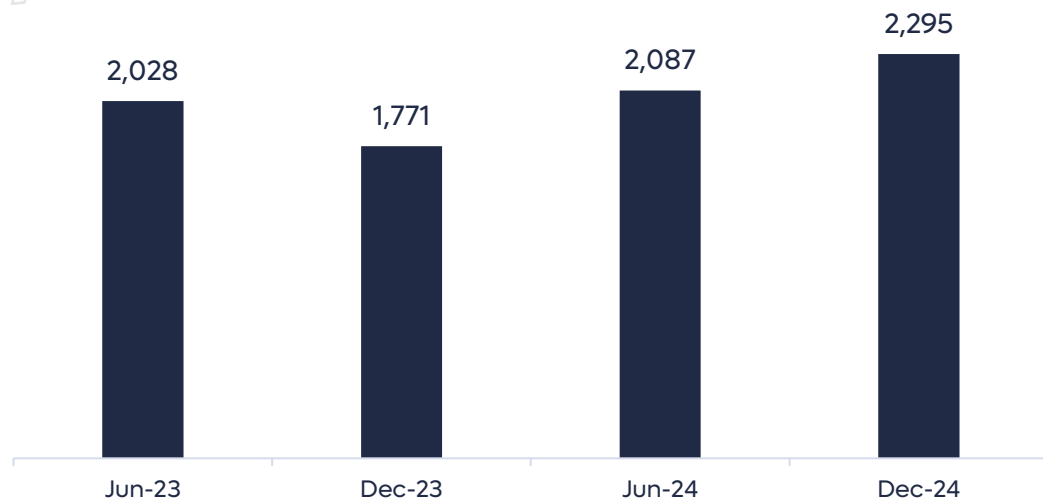


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Strong lending momentum.

Growth driven by Judo's unique CVP and regional expansion

Gross originations (\$m)



- Gross originations for 1H25 increased to \$2.3bn (1H24: \$1.8bn)
- Judo's unique CVP of speed, judgement and relationship-led banking continues to resonate with SMEs
- Regional and Agri expansion progressing to plan
- Bankers are maintaining strong origination momentum whilst also managing larger portfolios
- Warehouse lending business being incubated; first drawdown of ~\$30m completed in Feb-25
- Pipeline remains strong, at margins of over 450bps, noting typical seasonality

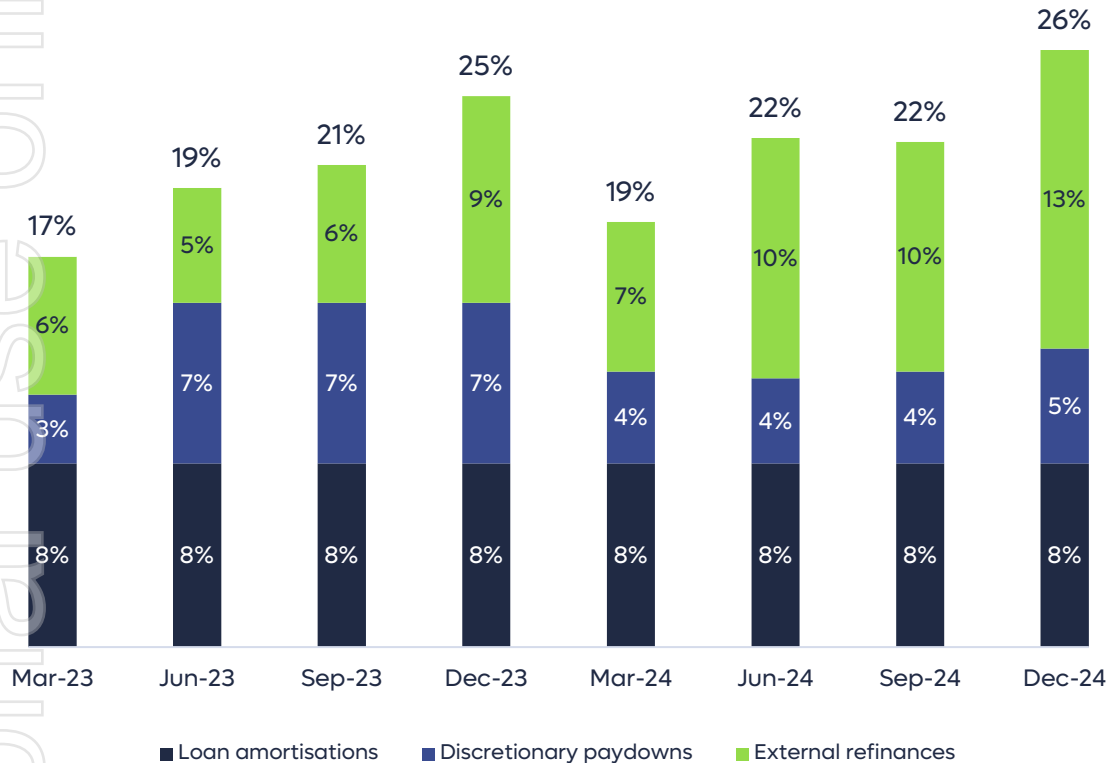
AAA lending pipeline (\$bn)

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

Proactive portfolio management.

Delivering improved cost of risk and NIM outcomes

Quarterly run-off (%)



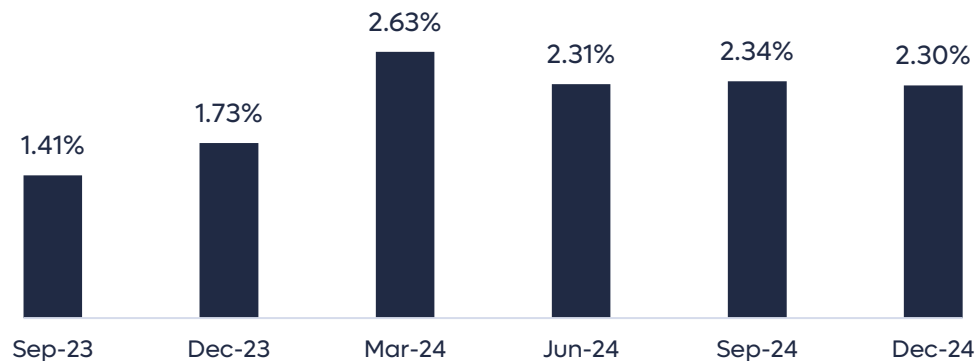
- Small average portfolio sizes means continued close engagement with customers
- Proactive portfolio management contributed to higher run off, however also drove higher NIM and lower cost of risk
- Risk-related exits skewed to property, accommodation and hospitality sectors
- Re-pricing of loans that were originated during the TFF period, when cost of funding, and credit, was lower
- Run-off to moderate over 2H25; remain comfortable with long run assumption of 20%

Stable credit quality.

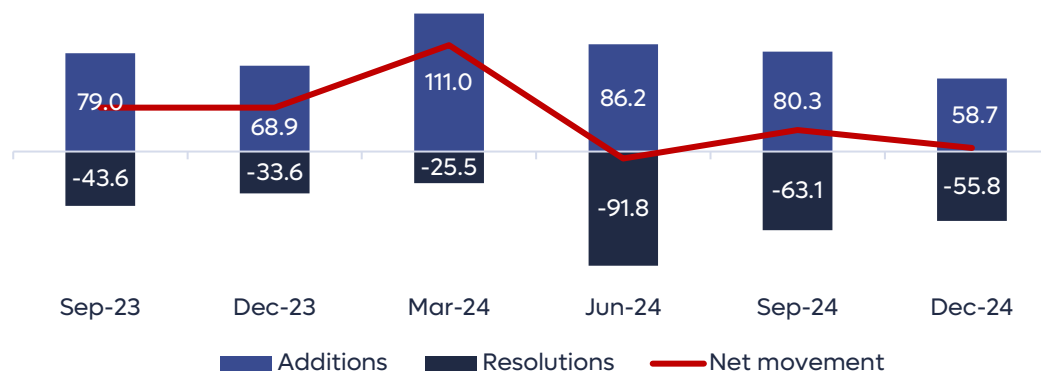
Relationship-led model working through all parts of the economic cycle

- 90+DPD and Impaired Assets have remained stable, at levels below at-scale thesis
- Proactive portfolio management contributed to slowing additions to 90+DPD and Impaired Assets
- Additions and resolutions are more balanced
- Write-offs in 1H25 totalled \$18.3m, representing 14 customer groups
- Five customers make up 40% of total 90+ DPD and Impaired Assets, well secured, average tenor of 3yrs
- Confident with at-scale cost of risk assumption of 50bps of GLA

90+ DPD and Impaired Assets (% of GLA)



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



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CFO Update.

Andrew Leslie

Chief Financial Officer



1H25 result.

Profit & Loss Statement (\$m)	1H25	2H24 ²	Change
Income	200.9	196.7	2%
Operating Expenses	(115.4)	(110.7)	4%
Profit Before Impairment	85.5	86.0	(1%)
Impairment Expense	(28.8)	(43.3)	(33%)
Profit Before Tax	56.7	42.7	33%
Non-recurring Costs ¹	-	(5.8)	n.m.
Statutory Profit Before Tax	56.7	36.9	54%
Statutory NPAT	40.9	24.0	70%

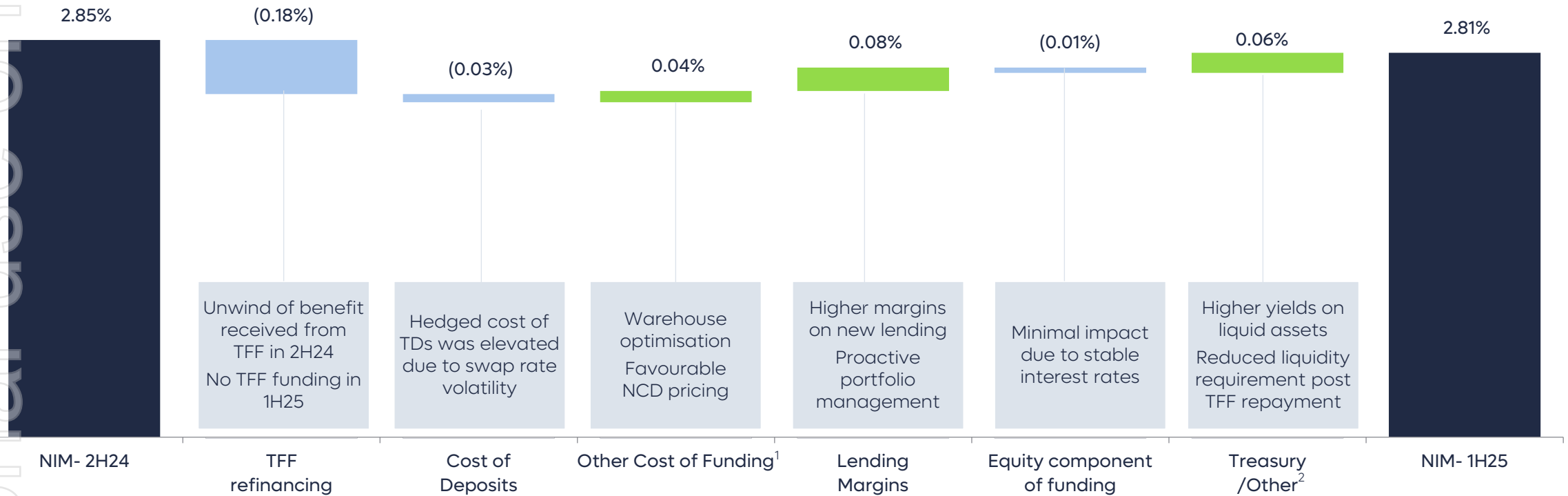
Key operating Metrics	1H25	2H24 ²	Change
GLA (\$m)	11,647	10,711	9%
NIM (%)	2.81%	2.85%	(4bps)
CTI (%)	57.4%	56.3%	110bps
Provision Coverage (% of GLA)	1.37%	1.39%	(2bps)
90+ DPD & Impaired (% of GLA)	2.30%	2.31%	(1bps)
ROE (annualised)	5.1%	3.1%	200bps

1. The associated tax credit on non-recurring costs in 2H24 was \$1.3m
 2. Excluding non-recurring costs related to CEO transition and organisational restructuring in 2H24

NIM bridge.

Residual TFF drag in 1H25; other drivers largely positive

2H24 to 1H25 NIM waterfall (%)



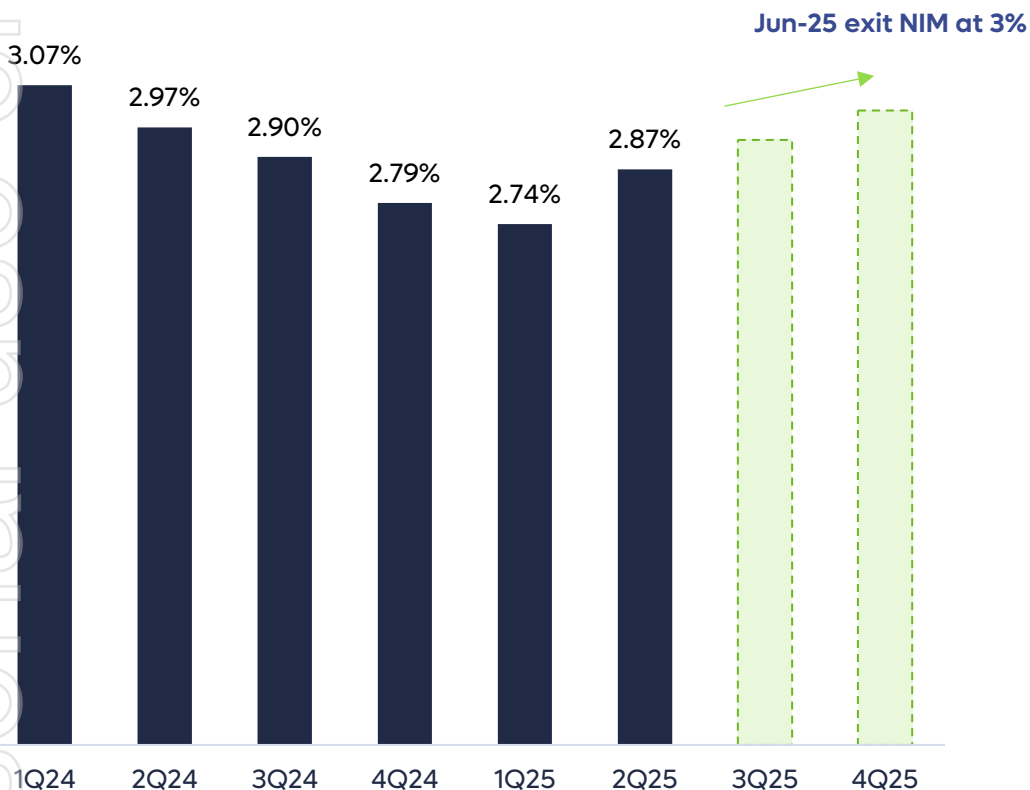
1. 'Other Cost of Funding' consists of wholesale funding activity including warehouses, senior unsecured, AT1 and T2 funding

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

2H25 NIM drivers.

2H25 tailwinds from lending margins, funding mix and liquidity

Quarterly NIM trajectory (%)



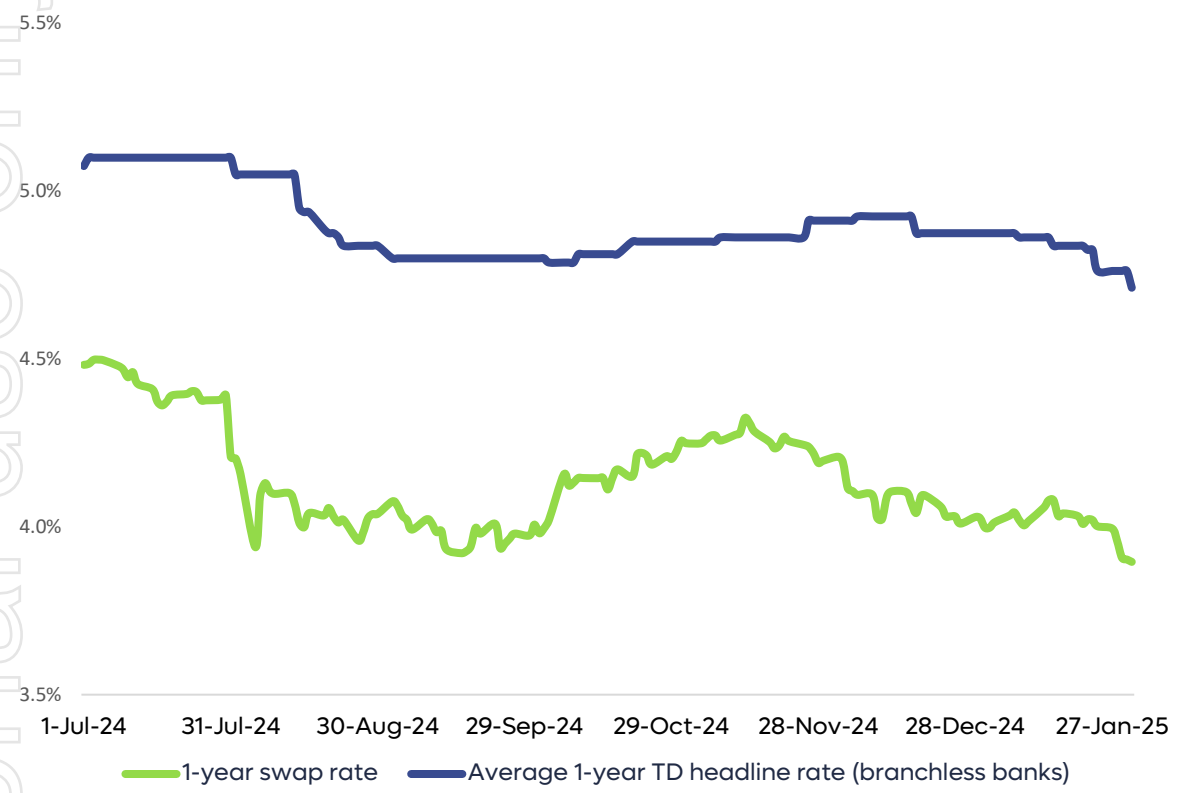
NIM drivers	2H25
Liquidity	Benefit from ongoing liquidity optimisation
Lending	Benefit from improving blended lending margins <i>Blended lending margin to stabilise at 4.3%</i>
Deposit funding	Benefit from deposits increasing to ~70% of total funded assets Cost of new deposits to remain mid-80s bps, within 80-90bps expected long-run range
Wholesale funding	Continued optimisation of wholesale funding
Equity	Minimal impact from replicating portfolio

NIM outlook **2H25 NIM guidance: Upper end of 2.90% – 3.00%**
FY25 NIM guidance: Upper end of 2.80% – 2.90%
Jun-25 exit NIM at 3%

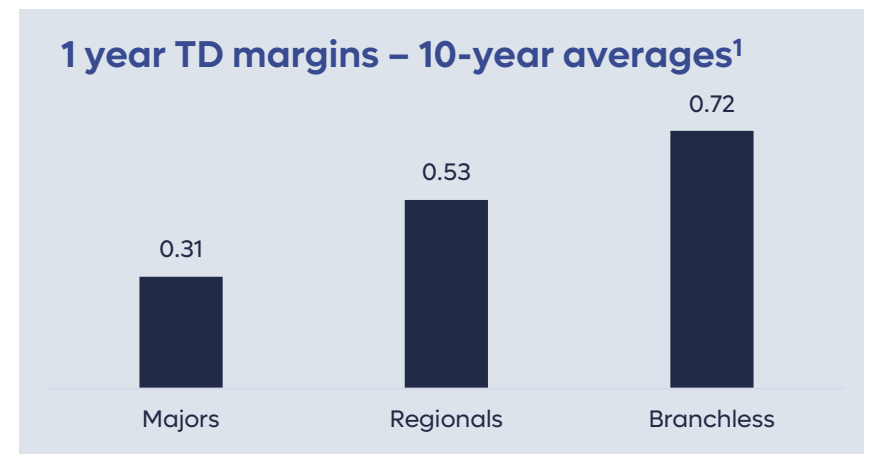
Deposit margins improving as expected.

TD competition has eased, while swap curve volatility has reflected cash rate uncertainty

Branchless bank 1-year TD vs. swap rate (%) (daily)



- As expected, headline TD rates fell across the sector in 1H25 following the repayment of the TFF
- Swap curve was volatile in 1H25 reflecting cash rate expectations, resulting in elevated hedged TD margins
- 1H25 margin on new deposits was 86bps over 1m BBSW (2H24: 90bps). Expect 2H25 in mid-80s bps
- Long-term deposit margins support our expectation of TD margins within 80-90bps range



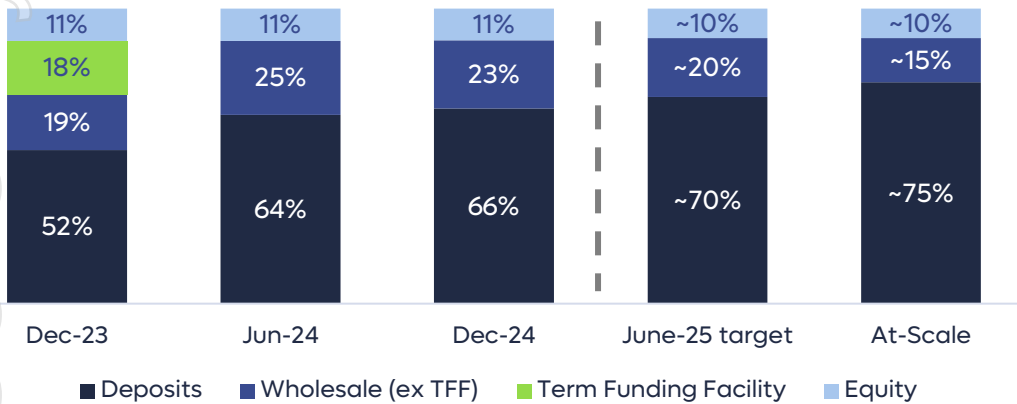
1. Source: Mozo 1-year TD rate over 1-year swap
 Majors: ANZ, CBA, NAB, WBC. Regionals: BEN, BOQ, SUN
 Branchless: AMP, ING, JDO, ME, Rabo

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Continued progress to at-scale funding stack.

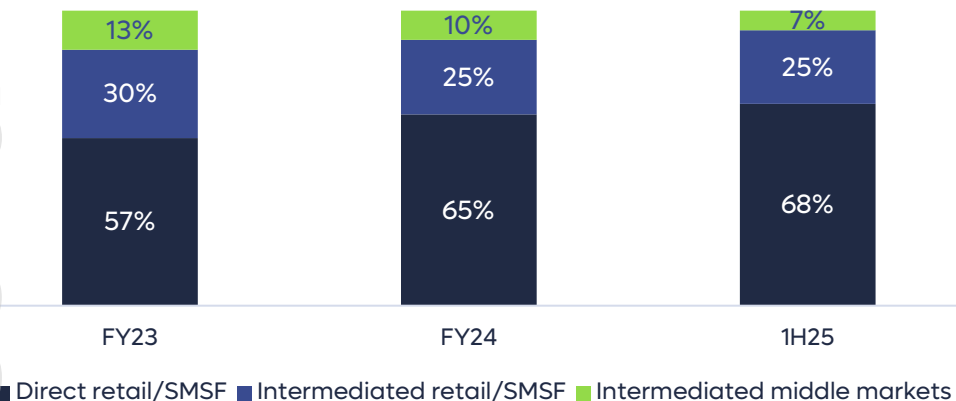
Direct retail TD franchise continues to strengthen; wholesale funding optimisation ongoing

Judo's funding stack



- TDs now 66% of total funding; targeting ~70% by Jun-25
- Direct retail TD franchise continues to strengthen
- Oversubscribed Tier 2 issue completed in November 2024
- Future lending growth to be largely funded by deposits
- Planned investments in additional savings products and channel capability
- Ongoing optimisation of warehouse funding program

Deposit flows over time

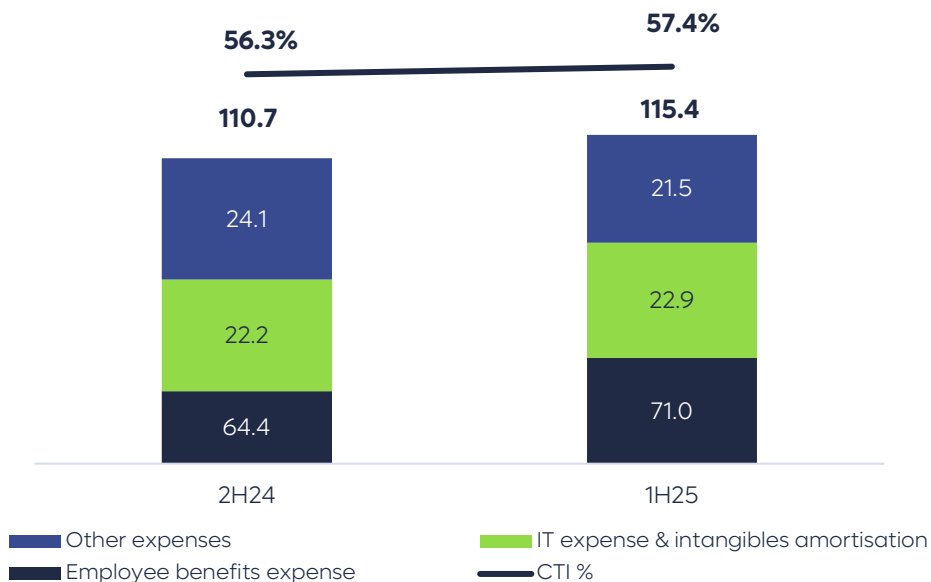


Judo's strong term deposit franchise

	Jun-23	Dec-23	Jun-24	Dec-24
# Customers (000's)	35.0	41.8	46.8	52.1
Retail Rollover %	63%	65%	69%	70%

Operating expenses.

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



	1H23	2H23	1H24	2H24	1H25
Relationship Bankers (#)	125	123	128	144	159
Total FTE (#)	518	543	557	543	548
Average FTE (#)	491	529	550	564	544

1H25 drivers

- Increase in employee costs:
 - Wage inflation and higher super guarantee charge, partly offset by lower average FTE
 - Employees moving to systems-maintenance roles following completion of major projects
- Slight increase in technology costs and amortisation

2H25 to demonstrate operating leverage

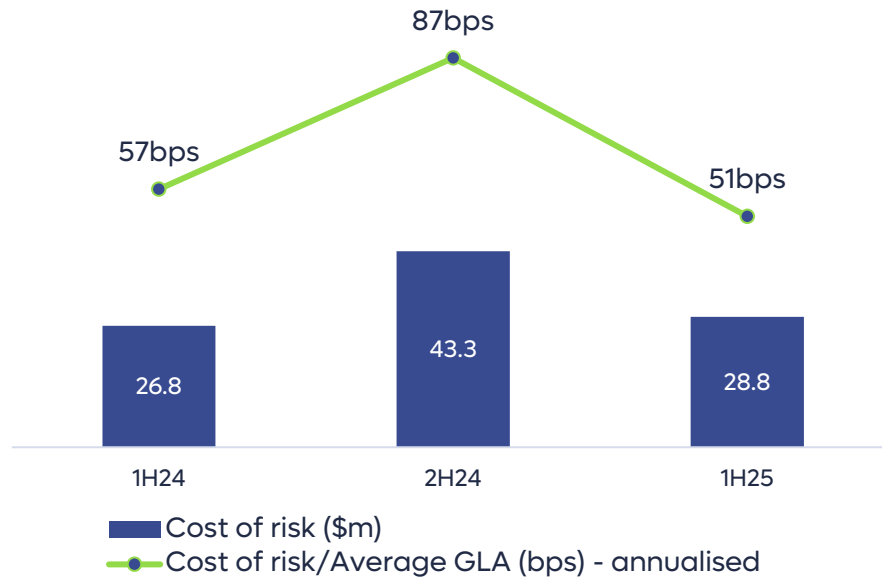
- FY25 CTI to be broadly stable vs FY24¹(%); CTI to improve in 2H25 vs 1H25 (%)
- Average FTE to be largely stable in 2H25 vs 1H25
- Small step up in amortisation and IT expense vs 1H25

1. Excluding non-recurring costs related to CEO transition and organisational restructuring in 2H24

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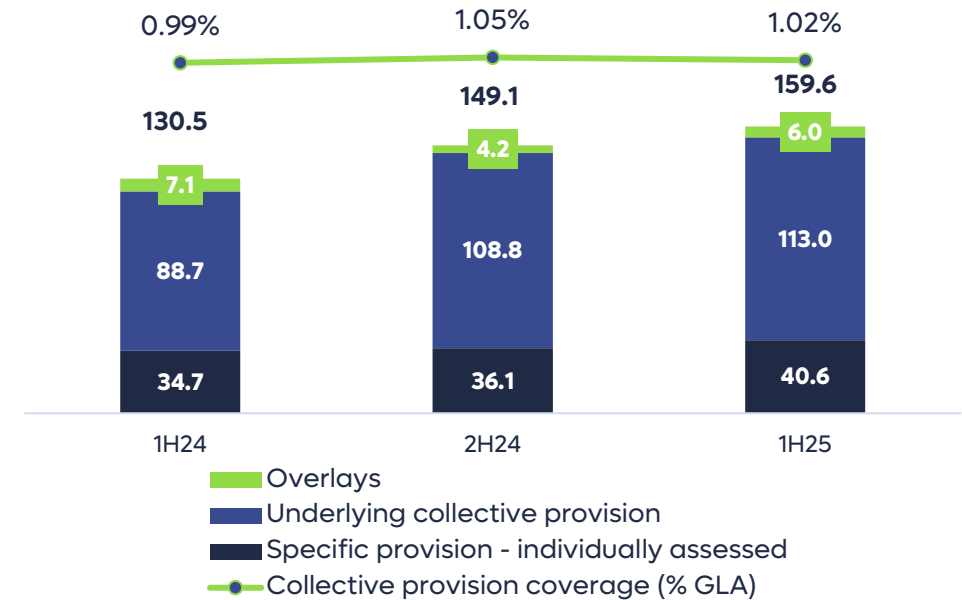
Impairment expense and provisioning.

Impairment expense (\$m)



- 1H25 impairment expense benefitted from:
 - Portfolio management initiatives
 - Lower level of new impairments
- FY25 cost of risk guidance unchanged

Prudent provisioning (\$m)



- Total provision coverage at Dec-24 remained stable
- Asset quality remained broadly stable, and expectations for the economy are relatively unchanged from Jun-24

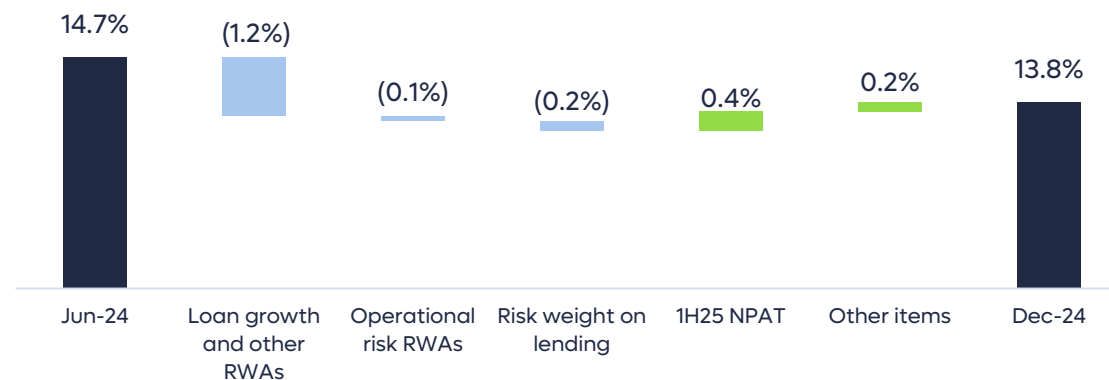
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Capital.

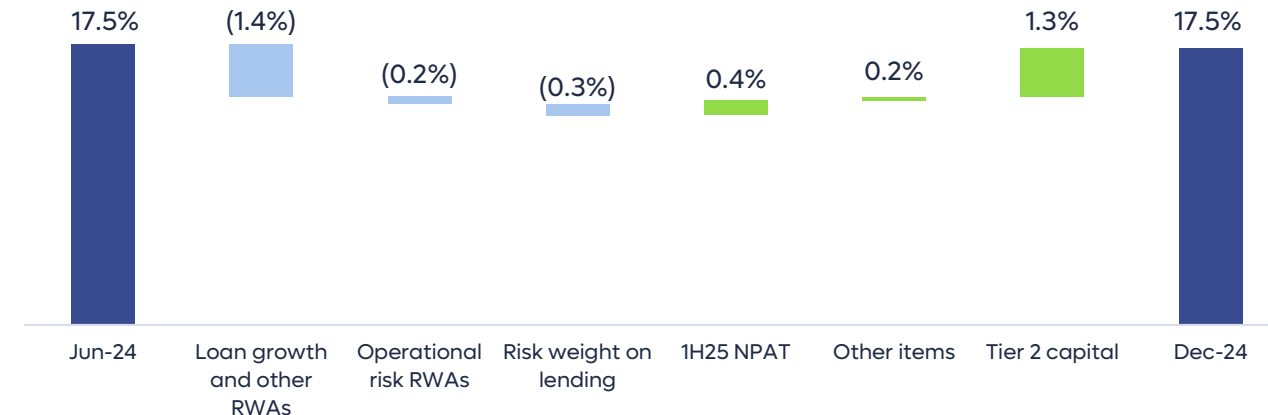
Judo remains well capitalised

- Strong Dec-24 CET1 ratio at 13.8%
- Organic capital generation to continue with improving profitability
- No plans to issue additional core equity to achieve target at-scale loan book
- Early adoption of APRA rule to phase out AT1:
 - Well-supported \$125m Tier 2 transaction; awarded the Australian Dollar Financial Institution Bond Deal of the Year
- Number of options available to support our growth, including Tier 2, term securitisation, RWA management

2H24 to 1H25 CET1 waterfall



2H24 to 1H25 Total Capital waterfall



Key 2H25 performance drivers.

Disciplined management of key performance drivers

Drivers	2H25 considerations
Lending growth	
Gross originations	Strong gross originations to continue; new regions ramping up
Run-off	Run-off expected to moderate over 2H25
Warehouse lending	Continue to incubate with first facility settled in Feb'25
Net interest margin	
Blended lending margin	Blended lending margin to stabilise at 4.3%
Funding mix	Deposits to be ~70% of funding mix
Deposit funding costs	Pricing of new deposits in mid-80s bps over 1m BBSW
Wholesale funding costs	Continued optimisation of wholesale funding stack
Yield on treasuries	Yield on treasury assets continuing to trend towards 1m BBSW
Operating costs	CTI to improve in 2H25 driven by disciplined cost management
Cost of risk	Given potential for volatility, FY25 guidance unchanged

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Conclusion and Outlook.

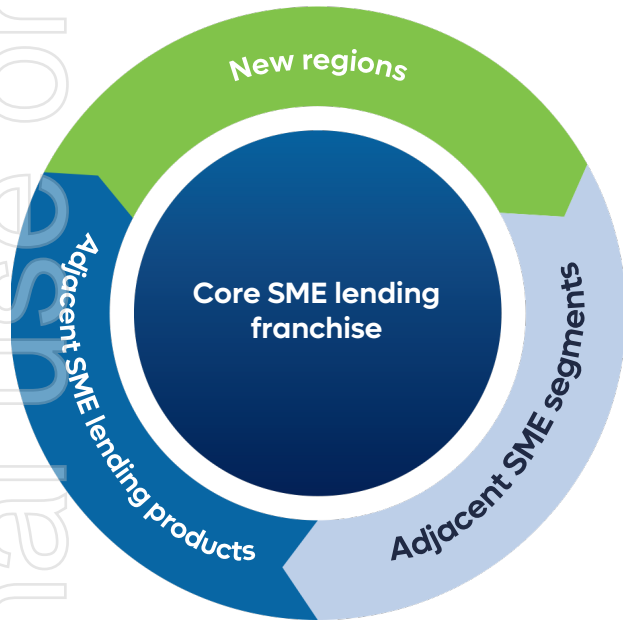
Chris Bayliss

Chief Executive Officer



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

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Unlocking growth and ROE opportunities.

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

New regions	Adjacent SME segments	Adjacent SME lending products	ROE levers
<p>Continue regional expansion strategy</p> <ul style="list-style-type: none"> FY25 target of 10 new locations and 20 additional bankers 	<p>Prudently expanding SME securitisation lending</p> <ul style="list-style-type: none"> Continue incubating warehouse lending 	<p>Evaluate adjacent SME products</p> <ul style="list-style-type: none"> e.g. working capital 	<p>Operating leverage</p> <ul style="list-style-type: none"> Drive productivity <p>Capital and funding</p> <ul style="list-style-type: none"> Continue optimising Deposit capability and products <p>Consider other levers</p> <ul style="list-style-type: none"> E.g. whole loan sale program, capital relief term securitisation
<p> ✓ Leverage Judo's core lending competitive advantages ✓ Enhance TAM ✓ Increase operating leverage ✓ Increase ROE </p>			

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Conditions for SMEs are stabilising.

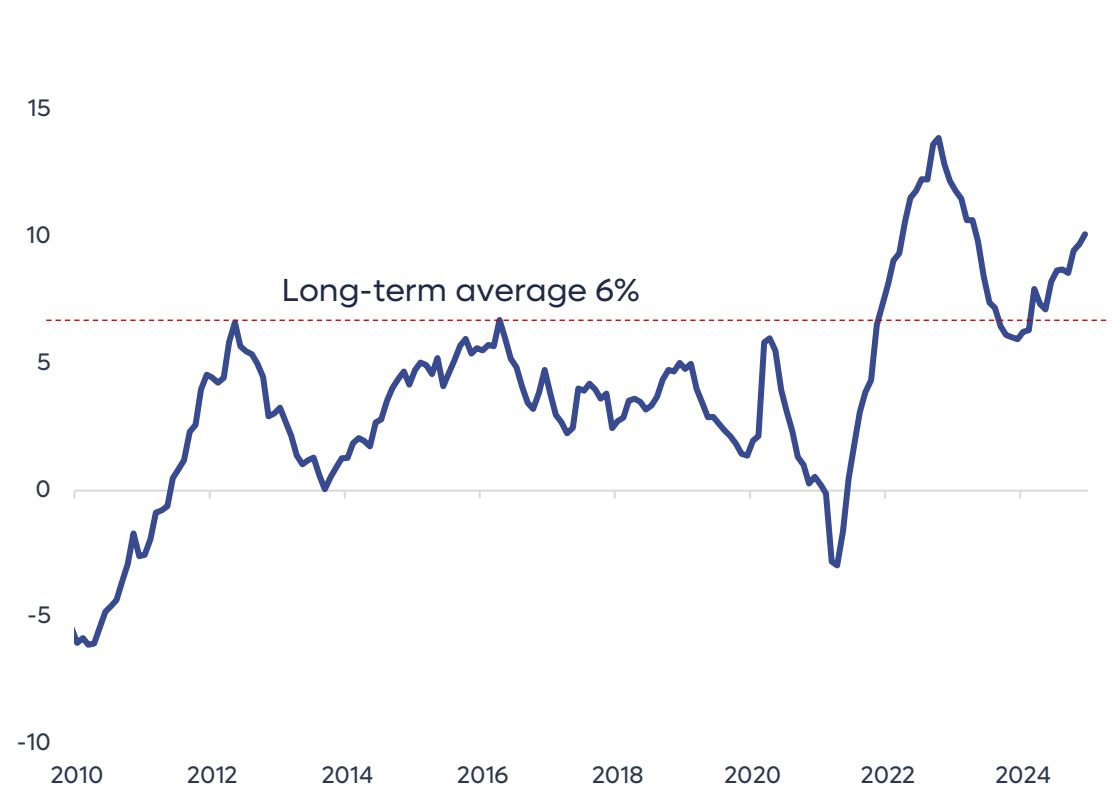
Economic conditions are generally more stable

- Business conditions are varied, with some sectors facing continued challenges. Overall, however, businesses are adjusting to higher rates and credit demand is strong
- Lower rates would improve consumer cash flows and reduce business financing costs

Judo is a relative winner in a falling rate environment

- Judo is funded primarily by TDs and floating rate debt, which reprice with the cash rate
- By contrast, most of the sector has large balances of zero-cost transaction accounts which become a headwind to NIM when the cash rate falls
- We expect the sector will seek to maintain NIM if cash rates fall, which should benefit TD and SME margins
- A 25bps cut in 2H25 would have a ~\$0.4m impact to NII²

Annual growth in non-financial business credit (%)¹



1. Seasonally adjusted. Source: RBA Statistical Tables D2
2. Assumes management intervention in response to rate cuts. Judo's base case economic outlook is for RBA rate cuts in 2H CY2025

FY25 guidance.

On track to achieve guidance, with improved NIM outlook

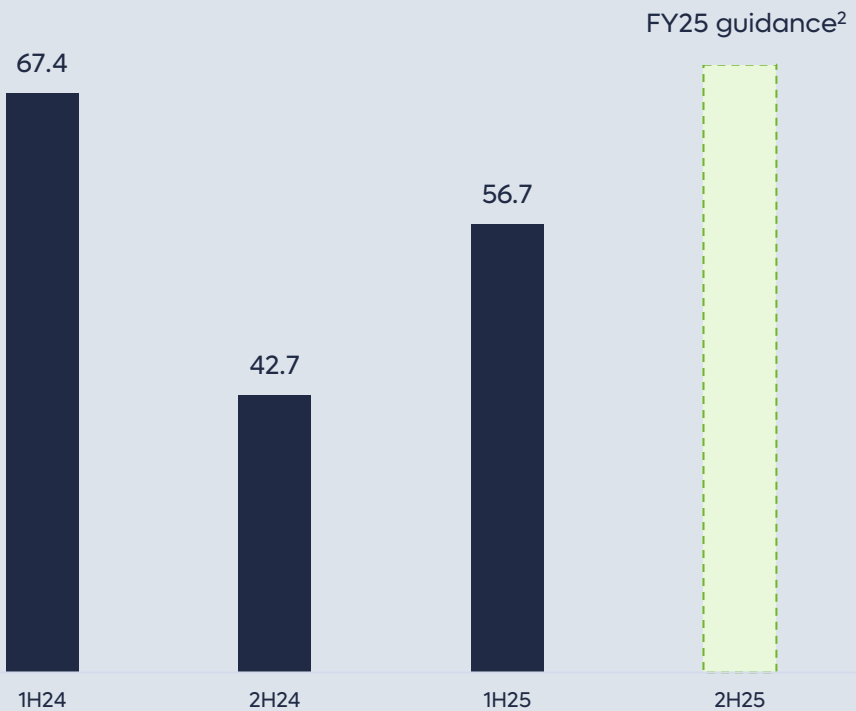
Metric	Detail	FY25 Target	Metrics at-scale
GLA	Strong lending growth to continue, supported by investments in new regions and segments	\$12.7bn - \$13.0bn	\$15bn - \$20bn
NIM	Gradual improvement of NIM in 2H25 <ul style="list-style-type: none"> 2H25 NIM at upper end of 2.90% - 3.00% Jun-25 exit NIM at 3% 	Upper end of 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 in FY24

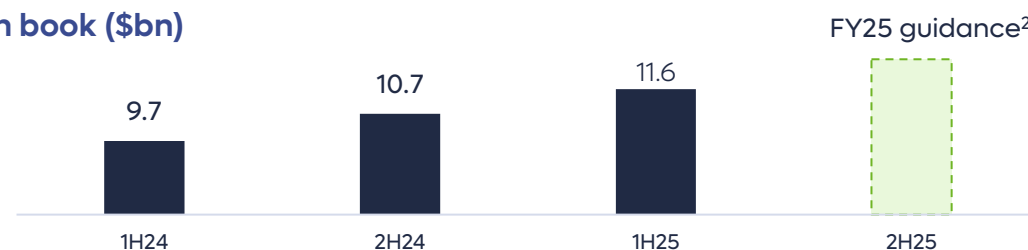
Operating leverage clearly emerges in 2H25.

Revenue to grow, whilst costs have stabilised

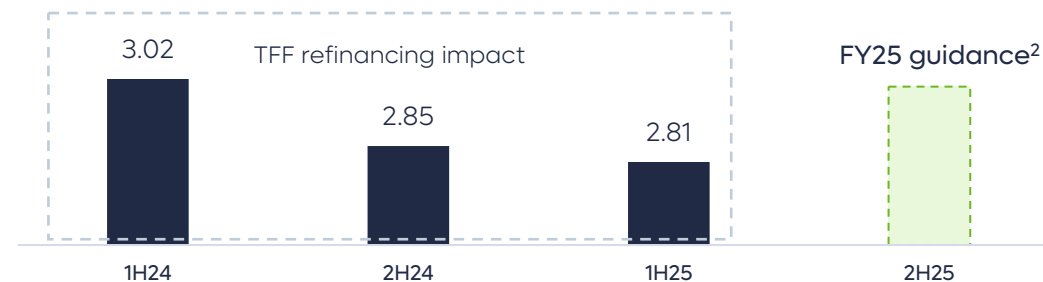
Underlying PBT¹ (\$m)



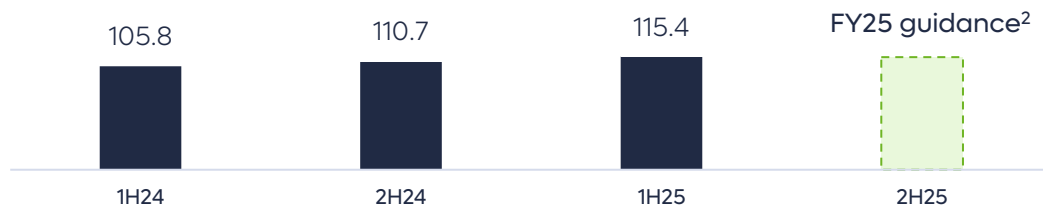
Loan book (\$bn)



NIM (%)



Underlying operating expense¹ (\$m)



1. Excluding non-recurring costs related to CEO transition and organisational restructuring in 2H24

2. See slide 23 for FY25 guidance

12 months of successful execution.

5 years as an ADI and larger balance sheet gives us greater optionality

Driving the core

- Continued execution of clear, simple strategy
- Achieving a balance between **growth, economics and risk**
- Maintained **market leading lending NPS**
- Driven **expansion into the regions** and continued banker recruitment
- Successfully completed **refinancing of the term funding facility** and reset funding stack
- Ongoing **capital optimisation** with oversubscribed Tier 2 issuance

Setting Judo up to scale

- Strengthened **executive team**
- Aligned **organisational structure** to the next phase of growth
- Significant progress in **re-platforming core technology systems**
- **Improving ROE** through productivity and disciplined capital allocation
- Significant shift in the **share register** to long term institutional equity investors

Questions.

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Appendix.

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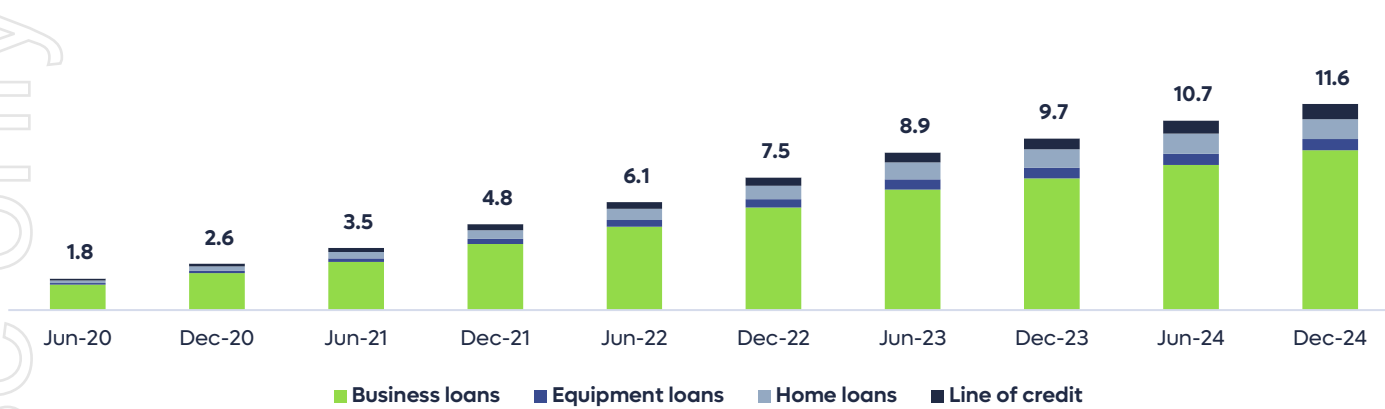
Key FY25 considerations.

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 expected to moderate over 2H25 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"> 2H25 NIM at upper end of 2.90% - 3.00% FY25 NIM at upper end of 2.80% - 2.90% 2H25 blended lending margin to stabilise at 4.3% Deposits increasing to ~70% of total funded assets Cost of new deposits to remain in mid-80s bps, within our 80-90bps expected long-run average Elevated liquids to normalise in FY25; liquidity ~20% of lending Yield on treasury assets continuing to trend 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 Average FTE to be largely stable in 2H25 vs 1H25 Small step up in amortisation and IT expense vs 1H25
COR	FY25 target: broadly stable vs FY24 (\$)
Tax	Effective tax rate to normalise to around 30% for FY25 assuming the Judo share price remains stable over 2H25
PBT	<p>Targeting 15% growth in PBT vs FY24¹</p> <p>Significant operating leverage evident in 2H25 and beyond</p>

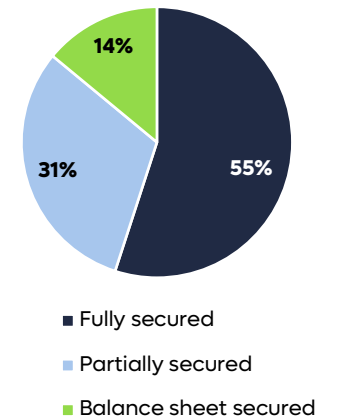
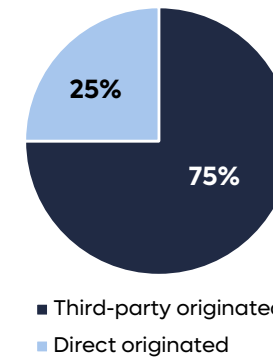
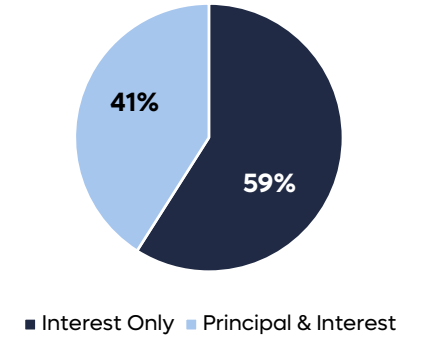
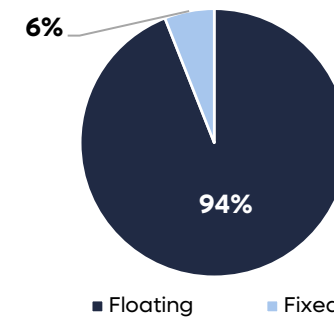
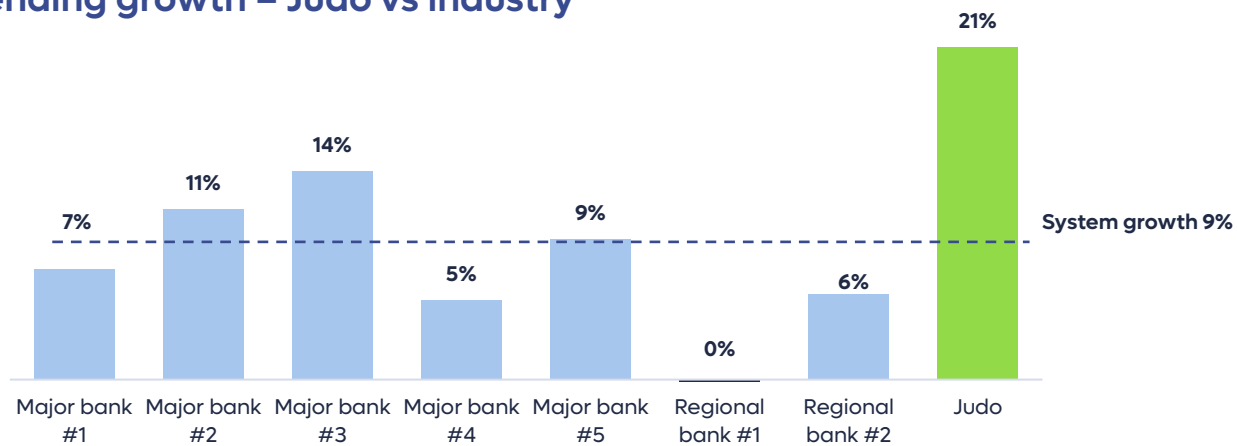
1. On an underlying basis, excluding non-recurring costs

Loan book characteristics.

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

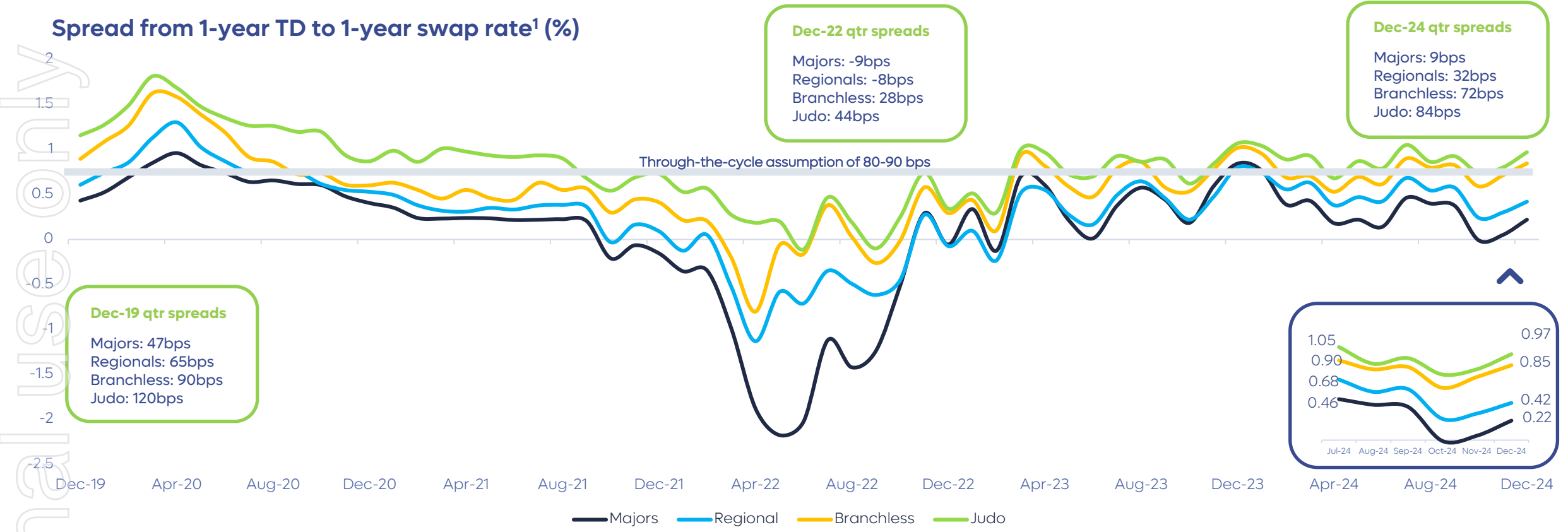


Lending growth – Judo vs industry¹



1. 12-month growth to Dec-24. Source: Loans to non-financial businesses. APRA ADI statistics.

TD margins in-line with long-term assumption; short-term volatility impacted by swap rate movements.



- 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 tightened, reflecting continued strengthening of Judo's brand

1. Source: Mozo

Credit quality key metrics.

Sectors	Gross Loans and Advances (\$M)		% of Gross Loans and Advances		% of Fully / Partially Secured		% 90+DPD and Impaired		Customer groups 90+DPD and Impaired	
	Jun-24	Dec-24	Jun-24	Dec-24	Jun-24	Dec-24	Jun-24	Dec-24	Jun-24	Dec-24
Manufacturing	754	755	7%	6%	84%	82%	8.91%	8.72%	17	17
Transport, postal and warehousing	291	295	3%	2%	86%	81%	1.32%	1.55%	5	6
Accommodation and food services	1,166	1,386	11%	12%	84%	85%	1.57%	1.11%	8	13
Retail Trade	691	731	6%	6%	76%	74%	2.65%	4.83%	13	17
<i>Non-Discretionary Retail</i>	326	350	3%	3%	82%	81%	0.98%	1.06%	6	5
<i>Discretionary Retail</i>	365	381	3%	3%	70%	67%	4.13%	8.02%	7	12
Arts and Recreation	180	197	2%	2%	69%	64%	0.61%	0.77%	3	4
Rental, hiring and real estate services	2,709	2,865	25%	25%	94%	95%	3.47%	2.18%	12	11
<i>Property Operators</i>	2,248	2,448	21%	21%	100%	100%	3.88%	2.18%	9	7
<i>Other Rental, Hiring & Real Estate Services</i>	461	416	4%	4%	75%	79%	1.52%	2.16%	3	4
Construction	722	800	7%	7%	90%	89%	1.55%	2.94%	9	14
Other (Including home loans)	4,198	4,617	39%	40%	83%	84%	0.80%	1.29%	21	42
Total Portfolio	10,711	11,647	100%	100%	86%	86%	2.31%	2.30%	88⁽¹⁾	124⁽¹⁾

Security: 86% of Judo's credit exposure is fully or partially secured. 14% is secured by balance sheet security.

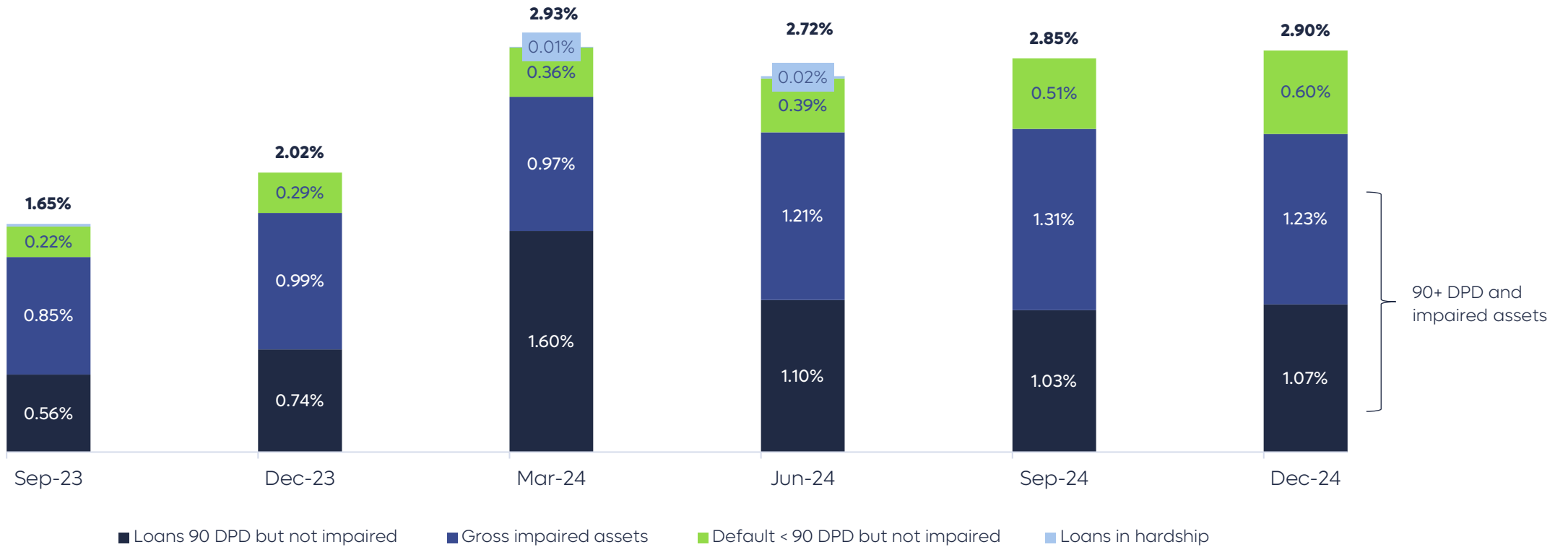
Fully secured: The exposure is less than or equal to 100% of the Judo Extended Value (JEV), which is a discount to the market value of the underlying security.

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.

Key asset quality ratios over time.

Non-performing loans / GLA (%)

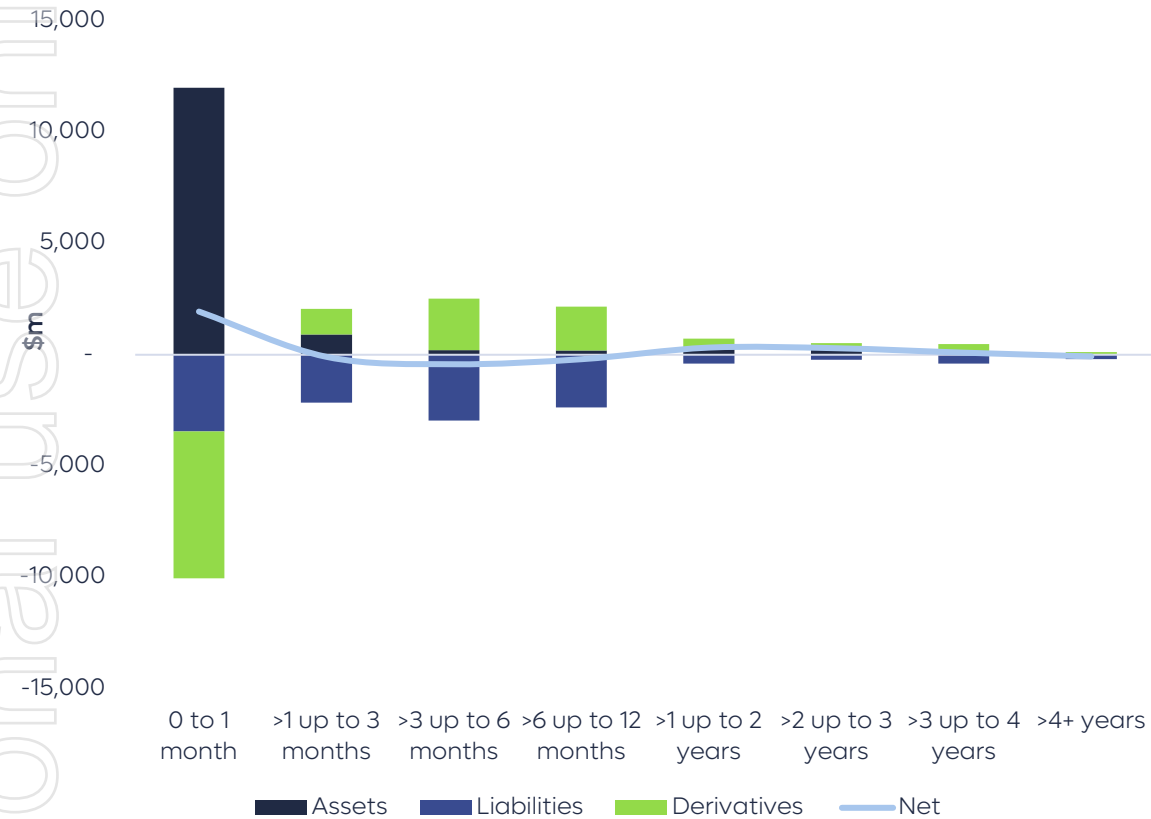


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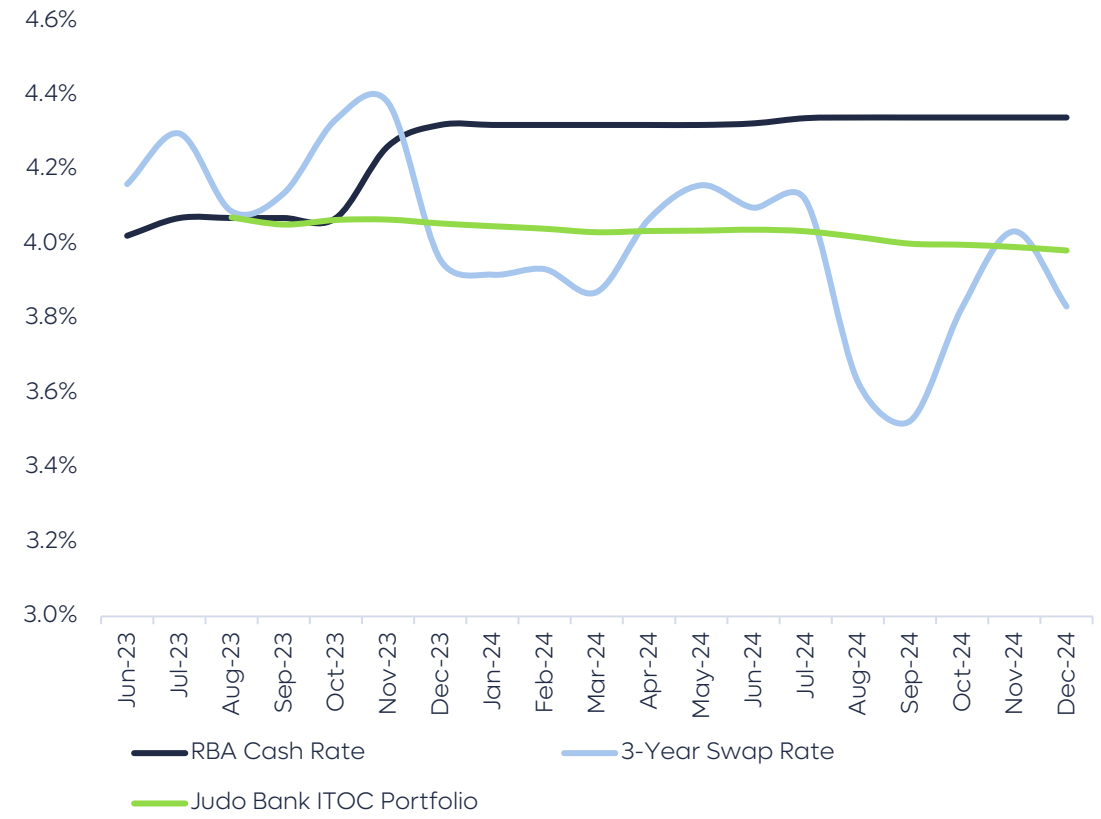
Judo's hedging profile.

Lower interest rate risk through hedging. Reduced NIM volatility with ITOC

Judo's hedging profile as at Dec-24



Judo's ITOC portfolio



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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
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

NCDs	Negotiable certificates of deposit
NII	Net interest income
NIM	Net interest income (NII) / average month-end closing balance of interest-earning assets
n.m.	Not meaningful
NPAT	Net profit after tax
NPS	Net promoter score
PBT	Profit before tax
RBA	Reserve Bank of Australia
ROE	Return on equity
RWA	Risk-weighted assets
SME	Small and medium enterprise
TAM	Total addressable market
TD	Term deposit
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.

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