

8 May 2025

ASX Compliance

Email to: [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au)

Dear ASX Compliance

**Re: ASX Aware Letter**

Thank you for your letter dated 5 May 2025 (the "ASX Aware Letter")

We refer to the questions raised in the ASX Aware Letter, and all defined terms as contained in the ASX Aware Letter and provide the following responses.

**Question 1.1**

Does JDO consider the Financial Update, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

The Financial Update contains a number of data points (addressed individually below). JDO does not consider that any of those individual data points in isolation constitutes information that a reasonable person would expect to have a material effect on the price or value of its securities, nor does it consider that the Financial Update taken as a whole constitute information that a reasonable person would expect to have a material effect on the price or value of its securities.

Further information is provided in **bold** below.

**GLA**

*Gross loans and advances (GLA) at 31 March were \$11.7bn. Net growth for Q3 was subdued reflecting normal seasonality, as well as higher run-off primarily due to the residual impacts of proactive portfolio management undertaken during 1H25.*

JDO does not consider the GLA data in the Financial Update (being a single data point at 31 March 2025) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

The GLA data in the Financial Update is consistent with the guidance JDO has issued to the market on ASX on 18 February 2025. This guidance stated that FY25 GLA would be in the range of \$12.7 billion – \$13.0 billion. Given the seasonal nature of originations throughout the year, with historically higher origination activity in the second and fourth quarters of the financial year, GLA of \$11.7 billion as at 31 March 2025 is consistent with a GLA balance required at that time in order to achieve FY25 GLA in this guidance. For the same reason, the GLA data in the Financial Update is also consistent with FY25 analysts' consensus (prior to 1 May 2025) of \$12.8 billion.

### Margins on new lending

Margins on new lending in Q3 remained strong at 4.6%, contributing to an improved Q3 blended lending margin of 4.3%.

JDO does not consider the margins on new lending data in the Financial Update (being a single data point) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Data on margin on new lending is a constituent part of calculation of the net interest margin (NIM). The margins on new lending and blended lending margin data in the Financial Update is consistent with the guidance JDO issued to the market on ASX on 18 February 2025. This guidance stated that NIM for 2H25 would be at the upper end of 2.90% – 3.00%, and FY25 NIM would be at the upper end of 2.80% – 2.90%. JDO also provided guidance on 18 February 2025 that its 2H25 blended lending margin was to stabilise at 4.3%. The NIM (and correspondingly new lending margin data) in the Financial Update is also consistent with FY25 analysts' consensus (prior to 1 May) of 2.90%.

### AAA Lending Pipeline

The bank's AAA lending pipeline (applications, approved and accepted) has grown significantly since December, to now stand at \$1.6bn with an average margin in the mid-400bps over 1m BBSW.

JDO does not consider the AAA lending pipeline in the Financial Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

The AAA lending pipeline data provides information on the potential increase in GLA in the future periods.<sup>1</sup> The AAA lending pipeline in the Financial Update is consistent with the guidance JDO issued to the market on ASX on 18 February 2025. This guidance stated that Jun-25 GLA would be in the range of \$12.7 billion - \$13.0 billion. The AAA lending pipeline data of a \$1.6 billion lending pipeline at Mar-25 is consistent with the growth in GLA in order to achieve the Jun-25 GLA in this guidance. For the same reason, the AAA lending pipeline in the Financial Update is also consistent with FY25 analysts' consensus (prior to 1 May 2025) for Jun-25 GLA of \$12.8 billion.

### Term Deposit Balances

Term deposit (TD) balances grew to \$9.2bn as at 31 March. The blended cost of deposits in Q3 was consistent with JDO's expected through-the-cycle range of 80-90bps over 1m BBSW.

JDO does not consider the information on term deposits (TD) in the Financial Update (being a single data point) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

The TD balance data is a constituent part of calculation of the NIM. The TD balance data at 31 March and blended cost of deposits for Q3 in the Financial Update is consistent with the guidance JDO issued to the market on ASX on 18 February 2025. This guidance stated that NIM for 2H25 would be at the upper end of 2.90% – 3.00%, and FY25 NIM would be at the upper end of 2.80% – 2.90%. JDO also provided guidance on 18 February 2025 that the cost of new deposits in mid-80s bps over 1m BBSW. The NIM (and correspondingly TD balance data) in the Financial Update is also consistent with FY25 analysts' consensus (prior to 1 May) of 2.90%.

<sup>1</sup> Data on the AAA lending pipeline provides information on the potential increase in GLA in the future periods but does not contain data on any proposed dates of settlement for any new GLA. The AAA lending pipeline is an approximation of the aggregate of all loans in application, approved and accepted status, but not yet settled, at balance date.

## NIM

*As a result of blended lending and funding margins, and tight liquidity management, net interest margin (NIM) for Q3 was within the targeted 2H25 range of 2.90 – 3.00%.*

JDO does not consider the NIM data in the Financial Update (being a single data point) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

The NIM data in the Financial Update is consistent with the guidance JDO issued to the market on ASX on 18 February 2025. This guidance stated that NIM for 2H25 would be at the upper end of 2.90% – 3.00%, and FY25 NIM would be at the upper end of 2.80% – 2.90%. The NIM data in the Financial Update for Q3 of FY2025 is consistent with this guidance and is also consistent with FY25 analysts' consensus (prior to 1 May) of 2.90%.

## TD Margins

*In contrast to most of Q3, the significant volatility in the operating environment in recent weeks is driving a disconnect between swap rates and headline term deposit rates. As a result, the margin for new TDs is currently above the bank's through-the-cycle range. TD margins are expected to normalise over time, noting some headline pricing reductions have already occurred.*

JDO does not consider the commentary regarding TDs and swap rates in the Financial Update (being a single data point) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Data on margins for new TDs is a constituent part of calculation of the NIM. The comments regarding swap rates and headline term deposit rates in April in the Financial Update are consistent with the commentary and NIM guidance provided at JDO's 1H25 result update on 18 February 2025. Data regarding JDO's TD margins are also publicly available and are tracked by analysts. The NIM (and correspondingly TD margin data) for FY25 in the Financial Update is also consistent with FY25 analysts' consensus (prior to 1 May) of 2.90%.

## Operating expenses

*Operating expenses continued to be well managed in Q3, with cost growth slowing from 1H25 as expected.*

JDO does not consider the operating expense data in the Financial Update (being a single data point) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Operating expense data is a constituent part of the calculation for profit before tax (PBT). The operating expense data in the Financial Update, considered alongside other components of PBT, is consistent with the FY25 PBT guidance issued to the market on ASX on 18 February 2025. JDO notes that the decrease in operating expense will be largely offset by the increase in cost of risk (see below) and accordingly there is no material impact to FY25 PBT as both cost of risk and operating expenses as contained in the Financial Update are constituent parts of the calculation of FY25 PBT.

## Cost of Risk

*Cost of risk in Q3 was impacted by an increase in specific provisioning for a small number of exposures in vulnerable sectors. As at 31 March, 90 days past due and impaired loans were 2.46% of GLA, a moderate increase compared to 2.30% in December 2024.*

JDO does not consider the cost of risk data in the Financial Update (being a single data point) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Cost of risk data is a constituent part of the calculation for PBT. The cost of risk data in the Financial Update, considered alongside other components of PBT, is consistent with the FY25 PBT guidance issued to the market on 18 February 2025. JDO notes that the increase in cost of risk will be largely offset by the decrease in operating expense (see above) and accordingly there is no material impact to FY25 PBT as both cost of risk and operating expenses as contained in the Financial Update are constituent parts of the calculation of FY25 PBT.

### CET1 Ratio

*JDO continues to maintain a strong capital position with a CET1 ratio of 13.8% as at 31 March.*

JDO does not consider the CET1 ratio data in the Financial Update (being a single data point) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

The CET1 ratio data in the Financial Update is consistent with the guidance JDO has issued to the market on ASX on 18 February 2025. This guidance stated that the CET1 ratio was 14.7% as at 30 June 2024 and the CET1 ratio was 13.8% as at 31 December 2024. The CET1 ratio data in the Financial Update is consistent with FY25 analysts' consensus (prior to 1 May) of 13.02%.

### Question 1.2

Does JDO consider the Outlook, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

JDO does consider the Outlook, in particular, the data relating to FY26 PBT to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

JDO notes that the Outlook contains information relating to the FY26 PBT. Prior to the release of the ASX Announcement containing the Outlook, JDO had not given guidance to the market on FY26 PBT.

This response should not be taken to be read that JDO is confirming that every data point and piece of information in the Outlook is information that a reasonable person would expect to have a material effect on the price or value of its securities.

### Question 1.3

Does JDO consider the APRA Data, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

JDO does not consider the APRA Data to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Given the seasonal nature of originations throughout the year, with historically higher origination activity in the second and fourth quarters of the financial year, the APRA Data (being a single data point at 31 March 2025) is consistent with the guidance JDO issued to the market on ASX on 18 February 2025. This guidance stated that FY25 GLA would be in the range of \$12.7 billion - \$13.0 billion. GLA of \$11.7 billion as at 31 March

2025 is consistent with a GLA balance required at that time in order to achieve FY25 GLA in this guidance and is also consistent with FY25 analysts' consensus (prior to 1 May 2025) of \$12.8 billion.

In relation to 1.3 specifically, please address the apparent conflict with Mr Bayliss' comments quoted in the Second Article.

The comments from Mr Bayliss quoted in the Second Article regarding the APRA Data were rejecting the premise that the share price movement was as the result of investor meetings on 2 May, hosted by UBS. These comments should not be read as conveying that JDO considers the APRA Data taken on its own to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

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**Question 2.**

If the answer to any part of question 1 is “no”, please advise the basis for that view.

See answers to question 1 above.

**Question 3.**

When did JDO first become aware of the information referred to in question 1 above?

In relation to the data referred to in the Financial Update, this data is monitored by JDO according to its internal operating and financial accounting processes. The information and data in the Financial Update for Q3 FY2025 or as at 31 March 2025 is available shortly after the end of the month.

In relation to the data referred to in the Outlook, the JDO Board had considered and approved the Outlook on 1 May 2025 (the same day that the ASX announcement containing the Outlook was released on ASX). The Announcement containing the Outlook was released to the ASX promptly and without delay following the JDO Board approval.

In relation to the APRA Data for 31 March 2025, this data is known to JDO no earlier than 3 April 2025 being the third business day following the end of the month.

**Question 4.**

If JDO first became aware of the information referred to in question 1 before the date of the Announcement, did JDO make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe JDO was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps JDO took to ensure that the information was released promptly and without delay.

In relation to the data referred to in the Financial Update, as per above, this information was not released to the market prior to the Announcement because it is not information that a reasonable person would expect to have a material effect on the price or value of its securities. The obligations under Listing Rules 3.1 and 3.1A do not apply.

In relation to the data referred to in the Outlook, as per above, this was approved by the JDO Board promptly and without delay before the Announcement.

In relation to the APRA Data, this information was not released to the market prior by JDO because it was released by APRA as part of its public reporting on Australian ADIs. As per above, JDO is not obliged to release APRA Data under Listing Rule 3.1 because it is not information that a reasonable person would expect to have a material effect on the price or value of its securities.

**Question 5.**

Please describe the contents of the presentation to UBS and explain whether JDO considers it complied with Listing Rule 15.7 in relation to the presentation.

No materials were prepared for the UBS investor conference nor displayed or distributed at the UBS investor conference.

The discussions at the UBS investor conference were consistent with previous commentary and guidance, and other publicly available information and no materials were displayed on screen, provided to or otherwise distributed to the participants at the UBS investor conference.

JDO considers that it complied with Listing Rule 15.7.

**Question 6.**

Please confirm that JDO is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

JDO confirms that it is in compliance with the Listing Rules and in particular, Listing Rule 3.1.

**Question 7.**

Please confirm that JDO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of JDO with delegated authority from the board to respond to ASX on disclosure matters.

The responses to the questions above have been authorised and approved by the Board of Judo.

Yours sincerely,



**Yien Hong**  
Chief Legal and Commercial Officer



5 May 2025

Ms Yien Hong  
Chief Legal & Commercial Officer  
Judo Capital Holdings Limited  
Level 26, Queen and Collings  
376-390 Collins St  
Melbourne VIC 3000

Dear Ms Hong

**Judo Capital Holdings Limited ('JDO'): ASX Aware Letter**

ASX refers to the following:

A. JDO's announcement titled "Judo Q3 Trading Update" (the 'Announcement') released on the ASX Market Announcements Platform at 2:41 PM (AEST) on 1 May 2025 disclosing the following (relevantly):

1.1 *"Gross loans and advances (GLA) at 31 March were \$11.7bn. Net growth for Q3 was subdued reflecting normal seasonality, as well as higher run-off primarily due to the residual impacts of proactive portfolio management undertaken during 1H25.*

*Margins on new lending in Q3 remained strong at 4.6%, contributing to an improved Q3 blended lending margin of 4.3%.*

*The bank's AAA lending pipeline (applications, approved and accepted) has grown significantly since December, to now stand at \$1.6bn with an average margin in the mid-400bps over 1m BBSW.*

*Term deposit (TD) balances grew to \$9.2bn as at 31 March. The blended cost of deposits in Q3 was consistent with Judo's expected through-the-cycle range of 80-90bps over 1m BBSW.*

*As a result of blended lending and funding margins, and tight liquidity management, net interest margin (NIM) for Q3 was within the targeted 2H25 range of 2.90 – 3.00%.*

*In contrast to most of Q3, the significant volatility in the operating environment in recent weeks is driving a disconnect between swap rates and headline term deposit rates. As a result, the margin for new TDs is currently above the bank's through-the-cycle range. TD margins are expected to normalise over time, noting some headline pricing reductions have already occurred.*

*Operating expenses continued to be well managed in Q3, with cost growth slowing from 1H25 as expected.*

*Cost of risk in Q3 was impacted by an increase in specific provisioning for a small number of exposures in vulnerable sectors. As at 31 March, 90 days past due and impaired loans were 2.46% of GLA, a moderate increase compared to 2.30% in December 2024.*

*Judo continues to maintain a strong capital position with a CET1 ratio of 13.8% as at 31 March." (the 'Financial Update')*

1.2 *"In light of current market conditions, Judo now expects GLA at 30 June 2025 to be between \$12.4bn and \$12.6bn. Growth is expected to be lower than guidance provided at the 1H25 result, given market uncertainty impacting customers, the slower initial ramp up of warehouse lending, and balancing growth and economics.*

*The bank continues to target NIM in 2H25 at the upper end of 2.90 - 3.00%. In addition, and as previously flagged, Judo is targeting an exit NIM of 3%. As discussed in the 1H25 result, further cash rate reductions before 30 June will impact Judo's exit NIM. The impact will be largely temporary as all of Judo's lending and deposit products will reprice over time.*

*As a result of disciplined expense management, the bank now expects FY25 CTI to be lower than FY24.*

*Following the completion of the bank's major investments in core systems and operations in FY25, expense growth in FY26 is expected to be driven by wage inflation, including heightened competition for front line employees, amortisation of intangible assets, and incremental growth-related investments.*

*Due to the increase in specific provisioning in Q3, Judo now expects its FY25 cost of risk expense to be higher than FY24.*

*Overall, noting the operating environment remains volatile, Judo continues to target FY25 PBT growth of 15% vs FY24.*

*In FY26, assuming stable economic conditions, Judo is aiming to deliver 50% PBT growth as the bank benefits from significant operating leverage." (the 'Outlook')*

- B. The change in the price of JDO's securities from \$1.78 at market close on 30 April 2025 to a low of \$1.615 prior to the pause in trading at 1:30 PM (AEST) ahead of the release of the Announcement, reflecting a decrease of 9.3%. ASX further notes the continued weakness in the price of JDO's securities after the release of the Announcement to a low of \$1.435, reflecting a decrease of 19.4% on the prior day's close.
- C. An article published on 1 May 2025 by the *Australian Financial Review* ('AFR') titled 'Judo Bank's fundie presentation spooks the market, ends in confession' (the 'First Article') which stated (relevantly):
- "What caused Judo Bank to abruptly confess to lower-than-expected growth in the middle of the day on Thursday? Perhaps it was the business bank's chief financial officer Andrew Leslie, who may have given too much away at a UBS small-caps presentation to a handful of investors two days earlier.*
- Leslie's presentation, made at the Swiss investment bank's offices in Melbourne on Tuesday, had hinted at a softening in Judo's earnings conditions, foreshadowing – at least to some in the room – an earnings downgrade."*
- D. An article published on 2 May 2025 by the AFR titled 'Judo, Block shares smashed after misses' (the 'Second Article') which stated (relevantly):
- "Judo Bank chief executive Chris Bayliss says a savage sell-off that punished the business lender with a 17 per cent hit to its share price was a response to data from the prudential regulator and not linked to comments made by its chief financial officer earlier this week.*
- ...
- Asked whether the share price plunge was exacerbated by a Street Talk report that Leslie may have given too much away and hinted at an earnings downgrade in a presentation to investment bank UBS on Tuesday, and speculation about next week's appearance at a Macquarie event, Bayliss said: "I don't think it has anything to do with those updates."*
- He said the market was reacting to March loan book data released by the Australian Prudential Regulation Authority on Wednesday that showed Judo's loans that month were up 1.1 per cent, lower than previous periods. The lender's book is up by 20 per cent over the past 12 months." (the 'APRA Data')*
- E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- F. Listing Rule 15.7 which states:

“An entity must not release information that is for release to the market to any person until it has given the information to ASX and has received an acknowledgement that ASX has released the information to the market.”

G. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

*“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”*

H. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled “When does an entity become aware of information?”

I. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.

*“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following 5 situations applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed.”*

J. The concept of “confidentiality” detailed in section 5.8 of *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

*“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it is no longer a secret and it ceases to be confidential information for the purposes of this rule.”*

#### **Request for information**

Having regard to the above, ASX asks JDO to respond separately to each of the following questions:

1. Does JDO consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

1.1 The Financial Update

1.2 The Outlook

1.3 The APRA Data

Please answer separately for each of the above.

2. If the answer to any part of question 1 is “no”, please advise the basis for that view.

Please answer separately for each of the items in question 1 above. In relation to 1.3 specifically, please address the apparent conflict with Mr Bayliss' comments quoted in the Second Article.

3. When did JDO first become aware of the information referred to in question 1 above?

Please answer separately for each of the items in question 1 above.

4. If JDO first became aware of the information referred to in question 1 before the date of the Announcement, did JDO make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe JDO was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps JDO took to ensure that the information was released promptly and without delay.

Please answer separately for each of the items in question 1 above and provide details of the prior announcement if applicable.

5. Please describe the contents of the presentation to UBS, and explain whether JDO considers it complied with Listing Rule 15.7 in relation to the presentation.
6. Please confirm that JDO is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that JDO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of JDO with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Thursday, 8 May 2025**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, JDO's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require JDO to request a trading halt immediately if trading in JDO's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in JDO's securities under Listing Rule 17.3.

#### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to JDO's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that JDO's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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**Release of correspondence between ASX and entity**

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely



ASX Compliance