

ASX Announcement 2023 Half Year Result.

21 February 2023



Judo Bank reports strong growth and profit in 2023 Half Year Result

Financial Highlights 1H23 results versus 2H22

Profit Before Tax (PBT)

\$53.2m ↑ from **\$12.6m**

Gross Loans and Advances (GLA)

\$7.5bn ↑ **23%**

Underlying Net Interest Margin (NIM)

3.56% ↑ **72bps**

Cost to Income ratio (CTI)

\$54.3% ↓ from **71.3%**

Common Equity Tier 1 ratio (CET1)

17.3% ↓ from **20.5%**

Term Deposit balance

\$5.3bn ↑ from **\$4.1bn**

Return on Equity (ROE)

5.05% ↑ from **1.21%**

Earnings Per Share

3.3cps ↑ from **0.8cps**

Judo Bank (ASX:JDO) today announced 1H23 profit before tax (PBT) of \$53.2 million, an increase of over 300%.

Judo Bank reported Gross Loans and Advances (GLA) of \$7.5 billion, up 23%, and Net Interest Income (NII) of \$163.0 million, up 69%.

Underlying Net Interest Margin (NIM) of 3.56% is up 72 basis points, supported by improved term deposit margins and rates leverage.

Judo is generating a significant amount of organic capital, contributing to a robust CET1 ratio of 17.3%.

Judo's 1H23 result demonstrates the benefit of scale that is inherent within the bank's specialist, pure play business model. The result also demonstrates the strong progress the business is making towards realising its vision of building a world-class SME bank.

Judo is on track to achieve its FY23 guidance and key business metrics at scale.

CEO Commentary.

Judo's CEO and co-founder, Joseph Healy, said the 2023 Half Year Result is yet another black belt result, as the company remains on track to achieve its FY23 guidance and key business metrics at scale.

"Judo's 2023 Half Year Result is another black belt result for our company. We remain on track to achieve our FY23 guidance and our key business metrics at scale," Mr Healy said.

"The result again demonstrates the strength of our unique, pure-play, specialist business model.

"From day one at Judo, we've been running our own race and our strategy has not changed. This result shows the sustainable competitive advantage we have in SME business banking.

"Our business is continuing to successfully scale, delivering revenue growth of 69% and profit growth of over 300%. We are now generating a significant profit and we have achieved this outcome in our short 5 years - faster than any other new bank.

"Our relationship-based customer value proposition clearly resonates with customers. We continue to drive growth in current and new sectors and regions across Australia. Judo's recently established specialist segments in agribusiness and health are experiencing increased demand, and our strong team of bankers continue to support the growth of these new areas of the business.

"Judo has established diversified sources of funding, which provides a platform for continued growth in the loan book into the future.

"We expect peak utilisation of the RBA's Term Funding Facility (TFF) by the end of FY23, which will then be repaid progressively before 30 June 2024.

"Term deposits remain an attractive source of funding for our business, and we are rewarding our depositors with some of the best term deposit rates in the market, which has led to a \$1.2 billion growth in deposits over the period, with our total deposits book reaching \$5.3 billion."

Commenting on the outlook, Mr Healy said that Judo Bank is well positioned to achieve its FY23 guidance and key business metrics at scale.

"Judo's relationship-based approach to lending becomes more relevant in times of uncertainty. It enables us to stay close to customers and to proactively mitigate any emerging risks in our portfolio, Mr Healy said.

"With a low ratio of customers per banker, we understand our customers in a way that other banks simply can't replicate.

"This provides our business with a strategic hedge that will enable our business to continue growing regardless of the operating environment.

"We have great momentum across the business. We are growing profitably and continue to execute against our strategy and deliver our key priorities to grow and achieve our key business metrics at scale.

"We will continue our focus on serving our customers, hiring and retaining the best talent, investing in a strong risk culture, developing the agility with which to grow and operate, and delivering a market-leading proposition to Australia's SME sector."

FY23 Outlook

Judo confirmed that it is on track to achieve its FY23 guidance and key business metrics at scale, as outlined below. Both the FY23 guidance and key business metrics at scale remain unchanged.

Metrics	FY23 Drivers	FY23 Guidance	At Scale Metrics
GLAs	Strong growth to continue within risk appetite, driven by our relationship led customer value proposition	>\$9 billion	\$15-20 billion
Underlying NIM	Underlying NIM of 3.1 – 3.3% in 2H23 with term deposit margins increasing to ~85 bps	>3%	>3%
CTI	2H23 CTI to rise 2-3% HoH driven by normalising underlying NIM and ongoing investment in growth	Below 60%	Approaching 30%
Cost of risk	Cost of risk driven by loan growth, higher provision coverage, and potential write-offs	\$50-60 million	~50bps of average GLA
ROE	Demonstrating continued progress towards key business metrics at scale	Low to mid-single digits	Low to mid-teens

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Investor Conference Call.

Chief Executive Officer, Joseph Healy, and Chief Financial Officer, Andrew Leslie, will host an investor conference call at 10.30am AEDT on 21 February 2023, to present Judo Bank's 2023 Half Year Result.

Dial-in details are available on the website www.judo.bank/investor or via the ASX.

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