

2025 Half Year Result.

ASX Announcement

18 February 2025



Judo delivers strong profit growth; reconfirms FY25 profit guidance

Judo Capital Holdings Limited (ASX:JDO) (“Judo Bank”, “Judo” or “bank”) today reported strong financial and operating performance for the half year ended 31 December 2024.

HY25 Highlights¹

- Statutory net profit after tax (NPAT) of \$40.9m, up 70%
- Underlying profit before tax (PBT)² was up 33% to \$56.7m, supported by continued scaling of the loan book, prudent cost management and a lower cost of risk
- Gross loans and advances (GLA) growth of 9% to \$11.6bn, reflecting 2x sector growth³
- Net interest margin (NIM) of 2.81%, in-line with guidance. 2H25 and FY25 NIM guidance upgraded to the top end of the previously provided ranges, supported by strong lending margins and close management of liquidity
- 90+ day arrears and impaired loans stable at 2.30% of GLA, vs 2.31% at Jun-24
- Strong Common Equity Tier 1 (CET1) ratio of 13.8%, supported by increasing profit growth
- Re-confirmed FY25 guidance of targeting 15% growth in PBT², with significant operating leverage to emerge in 2H25 and beyond

Financial Highlights	1H25 Result	2H24 Result	Change
Statutory NPAT (\$m)	\$40.9	\$24.0	70%
Underlying PBT (\$m) ²	\$56.7	\$42.7	33%
GLA (\$bn)	\$11.6	\$10.7	9%
Deposits (\$bn)	\$9.0	\$8.2	9%
NIM (%)	2.81	2.85	(4bps)
Underlying cost-to-income (CTI) ratio (%) ²	57.4	56.3	110bps
Relationship Bankers	159	144	+15

¹ Comparatives for the half year ended 30 June 2024 unless otherwise stated.

² Excluding non-recurring items.

³ Reflects Judo’s multiple of system growth for GLA in 2H24, per APRA statistics.

Chris Bayliss, CEO and Managing Director said, *“This result demonstrates that we continue to execute our clear and simple strategy to scale our bank and meet the needs of more Australian SMEs. Our business has strong momentum which positions us well to deliver a significant uplift in earnings in 2H25, through improved NIM and growth in our loan book.*

This half, we have achieved a record of \$2.3bn in new lending. Judo’s unique customer value proposition continues to resonate with SMEs, demonstrated by our market-leading NPS score, and we are making great progress with our regional expansion strategy. This has underpinned our net lending growth of 2x the sector, at very strong margins.

Regional strategy

We are now operating in 26 locations nationally after opening in five more regions during the half. Our team of Relationship Bankers now sits at 159 strong, with 15 additional bankers joining us since June. Our relationship-led approach is resonating with regional customers and translating to strong growth in our agri business portfolio. This momentum is set to continue in the second half of the financial year, with a further five new locations expected by the end of FY25.

Supporting customers

With a customer-to-banker ratio that is well below the industry average, a key differentiator of our business model is that our relationship bankers remain highly engaged with our customers, especially during more challenging periods. This proactive approach to customer engagement, along with the steadier operating environment, has contributed to our credit quality metrics remaining broadly stable over the half.

Deposit growth

Judo’s award-winning term deposit franchise grew to \$9bn in balances, up 9% driven by a \$1bn increase in direct retail term deposit balances. The bank’s proportion of funding from term deposits was 66% as of December, up from 64% at 2H24 progressing towards our at-scale target to be 75% deposit funded. We expect most of our lending growth to be funded from term deposits going forward.

Improved operating leverage

With the TFF refinancing completed, we expect our NIM to further improve due to higher lending margins and improved liquidity. At the same time, our upfront investments in recruitment and technology are also largely behind us, and now our cost growth has slowed significantly.

The combination of these factors means we are now well positioned to realise the true benefits of scale that are inherent in our business model.”

2H25 economic outlook and guidance.

Business conditions are varied, with some sectors facing continued challenges. Overall, however, businesses are adjusting to higher rates and credit demand is strong.

SMEs may benefit from a fall in the RBA cash rate, through increased consumer cash flows and lower business funding costs.

Mr Bayliss said, "Throughout the past few years, despite all the challenges, SMEs have shown resilience and a willingness to invest in growth and efficiency."

The recovery in household finances and consumption is expected to drive improved trading conditions for SMEs. A falling interest rate environment will also be positive for the SME economy.

With a larger balance sheet, diverse funding and robust capital levels, Judo is well positioned to continue supporting Australian SMEs, whilst scaling to become a world-class SME business bank which delivers a low-to-mid teens ROE."

FY25 guidance

Judo has provided FY25 guidance, described in the table below.

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 ratio⁴	Cost growth slowing in FY25, CTI ratio to improve 2H25 vs 1H25	Broadly stable vs FY24 (%)	Approaching 30%
Cost of risk	Continued growth and seasoning of the portfolio	Broadly stable vs FY24 (\$)	50bps of GLA
PBT/ Return on equity (ROE)	Significant operating leverage evident in 2H25 and beyond	Targeting 15% growth in PBT ⁴ vs FY24	Low - to mid-teens ROE

⁴ Excluding non-recurring items in 2H24.

Investor conference call.

Chief Executive Officer, Chris Bayliss, and Chief Financial Officer, Andrew Leslie, will host a live investor webcast at 10.00am AEDT on 18 February 2025, to present Judo Bank's 2025 Half Year Result.

Details are available on the website www.judo.bank/half-year-result-2025 or via the ASX.

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Authorised for release by the Judo Board.

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