

MEDIA RELEASE

Australian capital markets first, as senior note in Judo Bank \$2 billion SME securitisation program receives AAA rating.

March 26, 2021

Australia's challenger bank for small and medium-sized businesses (SMEs), Judo Bank, announced today that the senior note issued under their planned \$2 billion SME securitisation program, the first of its kind and scale in Australia, had received a AAA-rating from Moody's Investor Service.

Judo Bank's co-founder and Co-CEO, David Hornery, said that the first tranche of the new \$2 billion program facilitating access to the RBA's Term Funding Facility (TFF) would be used by Judo to provide vital credit to SMEs nationally.

"Receiving a AAA-rating from Moody's Investor Service is a significant milestone in the development of the SME public securitisation market in Australia and testament to the quality of the asset class," Mr. Hornery said.

"Following the Australian Office of Financial Managements (AOFM) provision of a \$500 million lending warehouse to Judo in April last year, this transaction adds an additional Government-supported funding mechanism that diversifies and deepens our already substantial funding base."

Mr. Hornery said Judo Bank would use the AAA-rating and the initial funding from the RBA's TFF to continue its significant lending growth and challenge the major banks, which had abandoned SMEs during COVID-19.

"Judo Bank has increased SME lending by 84 per cent since the start of the pandemic last year, while the major banks have literally gone in the opposite direction—and we'll use the planned funding mechanism with the RBA to continue filling the lending gap they've left behind," Mr. Hornery added.

"By working to develop SME lending backed securities as a viable asset class in the Australian public capital markets, our hope is that it will develop into a new source of funding for other new market participants like Judo to challenge the entrenched position of the major banks."

Citi was Judo Bank's advisor on the SME securitisation program. Will Mortimer, Head of Securitised Products at Citim said: "Judo's ability to obtain AAA rating at such an early stage is a testament to the quality of the business, its management and their product offering. Judo's development of this pioneering and innovative funding solution will further enable their mission to provide increased lender competition for the benefit of SMEs."

In welcoming the announcement, Rob Nicholl CEO of AOFM said: "While the credit for Judo Bank achieving a AAA rating on securities backed by SME loans obviously belongs to Judo and its advisors, this milestone is consistent with the AOFM's market development objectives through the ABSF program. It also represents a welcome development for the SME lending sector more broadly."

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