

judobank™

Annual Review 2019



**To be Australia's most
trusted SME Business Bank**



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The Judo Story.

Our story inspires our people — and it's a story we love telling

— David Hornery, Co-CEO

Judo Bank was born out of a desire to reinvent the craft of relationship banking to the SME market and to challenge the status quo in a market dominated by the four major banks, that share a high level of 'sameness'.

The progressive industrialisation, dehumanisation and productisation of business banking resulted in many SMEs feeling the banks were taking them for granted and accessing credit had become more challenging. A sales culture had replaced a customer culture, while banker skills in assessing the needs and understanding the risks of banking SMEs had progressively declined.

These dynamics created the context and underpinned the purpose for Judo. A specialist challenger bank set up to serve SMEs, where the craft of relationship banking, professionalism and a commitment to the 4Cs of Credit Decisioning are at the heart of our culture.

In our pursuit to become Australia's most trusted SME business bank, we follow the principles of the strategy that inspired our name; the Judo Strategy. We use our speed and agility to best serve our customers; to offer SMEs a better, faster and more face-to-face experience.



Chairman's Report



Peter Hodgson, Chairman

On behalf of the board, the management team and staff of Judo I am very pleased to present our 2019 Annual Review. At the function to mark the launch of Judo as a bank back in April, I commented that banking should be a simple business. Our customers entrust us with their deposits in return for a fair rate of interest, confident that we will return that money upon maturity – in turn we on lend that to productive enterprises on rates and conditions commensurate with the risk.

This should be a straightforward model and I am delighted to say that our first year in operation as a bank has demonstrated the essential robustness of the proposition and of Judo's business model. Much has been written and indeed disputed about the 'gap' that exists in finance available for small and medium sized businesses. Our experience shows the gap to be real and our ability to contribute towards closing it essential to help promote the growth of Australia's economy.

Our 2019 SME Banking Insights Report uncovered the growing demand for our services with 15% of SMEs desperate for funding right now, and 25% of SMEs having been rejected for funding, while trust in banks continues to decline.

We have had a great period growing our customer base and with limited marketing spend, we have been able to build a brand in a very competitive landscape. For myself, and my fellow directors, meeting with our customers (and we have hundreds now) and hearing their stories has been an exciting and rewarding part of our year.

It would be idle to pretend that it was easy to get a banking licence and neither should it be. We were thus delighted when APRA announced on 24th April that we were an authorised deposit-taking institution. This was the culmination of much work and not inconsiderable cost as we implemented a unique systems environment, built out our policies and processes, our offices in Melbourne, Sydney

and Brisbane and most importantly our staffing to originate and cater for our growth in a safe and secure fashion. Our staff have all worked incredibly hard to help bring Judo to fruition as a bank.

Another highlight of the past twelve months was the second-round capital raising. We embarked on this earlier than originally planned when the board could see the strength of the demand for our services. To then raise \$400 million was an outstanding achievement. All of our key first round investors supported the raising and we brought in a number of new supporters including Bain Capital that sets us up well for the future.

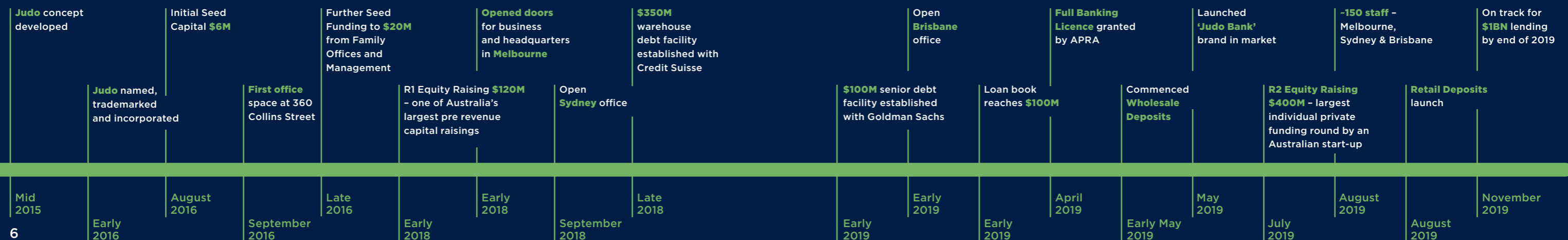
Judo is proudly supported by approximately 15 large, sophisticated institutional shareholders, our founding seed capital investors and many Judo employee shareholders.

This raising was in the context of an 'interesting' external environment with business and consumer confidence low, constant refrains around wars (trade and otherwise), elections both state and federal and a regulatory environment promoted by febrile public reaction to banking and bankers.

The resulting dislocation while disconcerting does provide a fertile field for Judo with our sound model and a level of considered risk appetite. It's been an incredibly busy year for all of us here at Judo with much still to do in the year ahead.

I am indebted to the Judo Team, my fellow directors, our investor community and particularly the confidence displayed in Judo by our customers as we continue to build Australia's most trusted SME Business Bank.

Notable achievements



CEOs' Report

We are delighted to introduce the 2019 Annual Review – our first since being granted a full unrestricted banking licence in April. So much has happened in the last twelve months, it would be an understatement to say 2019 has been a big year.

At Judo, our foundational belief is that a business' ultimate success; its ability to attract the best talent and deliver the best customer experience, stems from having a strong sense of purpose, and a clear point of competitive difference. Judo Bank's purpose is simple and clear: 'To be Australia's most trusted SME Business Bank'.

With a determination to re-establish the craft of SME relationship banking, and a commitment to having bankers skilled in the 4Cs of Credit Decisioning, Judo is progressively setting a new benchmark in the service of Australia's SME's. We have seen our approach resonate strongly in an industry that through its progressive industrialisation, has suffered a significant market failure, in the form of the \$90+ billion SME funding gap highlighted in our annual SME Banking Insights report¹.

Much has been made of the Royal Commission, into Misconduct in Banking, Superannuation and the Financial Services Industry. It's important to remember however that it was, as was intended, a narrow investigation into banking conduct. It did not address some of the more systemic issues facing banking in Australia today, such as competition. The Australian banking industry remains one of the most consolidated in the world.

¹East and Partners 2019 SME Banking Insights Report

Joseph Healy, Co-CEO

Against a tumultuous banking backdrop, we have been thrilled with the strong progress Judo has made in every dimension of our business, as a champion for SMEs and as the employer of choice in our sector.

In July this year we finalised our second-round capital raising of \$400 million (\$540 million total equity raised to date), which represented the largest individual private funding round by an Australian start-up. The strength of this record-breaking capital raising and the breadth and sophistication of the investors clearly demonstrates the value the investment community places on Judo Bank's relationship-focused proposition to the SME community.

At Judo, we are 100% committed to the Banking and Finance Oath – something we are very proud of – because we're building a culture as well as a company. At the foundation of that culture are our professional standards. Over the last 12 months we have made a significant investment in upskilling our people by partnering with FINSIA to deliver core professional banker programs to our team. Over time every member of the Judo team will undertake FINSIA's professional qualification. We believe strongly that if this industry is to serve its true purpose to its customers, to society and the broader economy, it needs to have a professionally recognised qualification. Banking needs to recapture its professional values and ethos, and as such we want our workforce to be the most professional workforce in the industry.

David Hornery, Co-CEO

Perhaps the highlight for us this year has been around the quality of our people, our human capital. Our focus on hiring people who genuinely want to build a new banking experience for SME's from the ground up, is clearly paying dividends. In September, Judo Bank was awarded LinkedIn 2019 No. 1 Top Startups in Australia. We might be a young company but we are already disrupting the banking and employment space. We're proud to say we now have in -150 team members spread across Melbourne, Brisbane, and Sydney, 40% of whom were born overseas.



So, to 2020. We look forward to building on the excellent work of the Judo Bank team to deliver on our purpose of becoming Australia's most trusted SME Business Bank.

The Judo Strategy.

The name Judo reflects a commitment to the 'Judo Strategy', which provides key principles on how speed and agility can combat the size and strength of the incumbents.

'Judo Strategy' David B. Yoffie and May Kwak, Harvard Business Press 2001

State of SME Banking in Australia

On a per capita basis there is no domestic banking system anywhere in the developed world that earns such high levels of profits as Australia. Despite having one of the most profitable banking systems in the world, it is widely accepted there is a market failure when it comes to the financing of SMEs.

In late 2018, the Federal Government acknowledged this with the announcement of a \$2 billion small business securitisation fund to support lending to SMEs. In announcing this initiative, the Treasurer noted that small business finds it difficult to obtain finance other than on a secured basis – typically against real estate. Even when small businesses can access finance, funding costs are higher than they need to be. The Treasurer acknowledged, as Sir Robert Menzies had done some seventy years earlier, that Australia's SMEs have become the forgotten people, yet they are the backbone of the country. While the industrialised approach to SMEs has served the banks well in terms of maximising Return on Equity (ROE), it has failed their customers and the economy.

Recent research conducted by East and Partners² makes compelling reading – in particular, the total SME lending gap has grown by 9% to an estimated \$91.5 billion in just 12 months. Given the share of bank lending to SMEs is \$350 billion, this is a material amount of unmet demand.

Judo Bank offers a refreshingly straight forward process and listened to our business needs.

— Robert Boyd, Winners' Gels

Many reasons explain this credit gap, including the insistence of property as security and the challenges in dealing with a bank where much of the decision-making has become 'dehumanised'. As banks have industrialised their service to SMEs, they have come to rely only on cold, hard, factual information and downgraded the value of harder to measure, bigger picture information. This has led to a greater desire for property-based security and an increasing reliance on algorithm-based credit decision tools.

The inefficient nature of information gathering for SMEs is a problem that was once solved by an experienced banker. One who was able to apply personal judgement to what counts; character, track record and reputation, as well as what is counted; financials and security. Such SME bankers are characterised by what Malcolm Gladwell described as the 10,000 hours of experience that is the hallmark of an expert. This judgement based expertise is fundamentally what makes Judo different.



Judo Customer, Robert Boyd of Winners' Gels with Ben, a Director of Relationships at Judo Bank



There is a growing need for competitive disruption to better finance the growth ambitions of Australian SMEs

It's been three years since the creation of Judo, with the aim of not just being a lender to SMEs, but becoming the most trusted SME Business Bank in Australia.

Judo's second SME Banking Insights Report (see next page) shows the reasons behind Judo Bank's foundation is more relevant now than ever before.

These findings contrast with recent claims made by the major banks that the problem is not a lack of capital being made available, rather a lack of demand from SMEs for loans. In fact, as Judo Bank research shows, nothing could be further from the truth, with one out of every four SMEs requesting credit from the big banks, ultimately being rejected.

Concerningly, over three quarters of SMEs interviewed for this report said they had no idea how much funding their primary lender would give them. Unsurprisingly, SMEs' level of trust in the major banks continues to plummet. On a scale of one (mistrust) to ten (complete trust), the average rating SMEs gave the big banks has dropped even further following the Royal Commission into Misconduct in Banking, Superannuation and the Financial Services Industry, falling to an incredibly low base of 2.4 out of ten.

What's clear, is this is not sustainable for the future and prosperity of Australia. SMEs need to have confidence to invest and they need a credible, trusted banking system to support them.

— Chris Bayliss, CFO

² East and Partners 2019 SME Banking Insights Report

2019 SME Banking Insights Report

The SME Banking Insights Report commissioned by Judo Bank, is an independent report conducted by East & Partners. The 2019 report, the second of its kind, interviewed more than 1,750 Australian SME owners to provide insight into the challenges they face when it comes to financing their business. The findings in this year's report are pretty sobering, revealing that one in four SMEs has been knocked back for finance, contributing to a further decline in bank trust and an increasing credit gap estimated at \$90 billion; clear evidence of a market failure when it comes to SME lending.

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2019 SME Banking Insights Report

This independent report spoke to 1,750 SMEs about their experiences when it comes to business banking. These figures are a snapshot of the pressures and constraints faced by Australian SMEs every day. For the full report visit www.judo.bank

- 2.4 OUT OF TEN**
Is the level of trust in the banking sector
- 25%**
Of all SMEs approaching banks for credit are turned away
- Est. \$90 BILLION**
Funding gap up from \$83bn in just 12 months
- 1 in 5**
SMEs surveyed said the major banks are "too far gone" to ever be able to rebuild trust with their customers

Australian SMEs are facing a worsening credit funding gap for businesses with a turnover of up to \$20 million ballooning over the past 12 months from an estimated \$83 billion to an estimated \$90 billion. This has placed significant constraints on working capital, with many businesses saying they are unable to invest in and grow their businesses; they can't hire more staff, pay higher wages or update their equipment. What's clear is that this is not sustainable for the future and prosperity of Australia. SMEs need to have confidence to invest and they need a credible, trusted banking system to support them - and this is where Judo comes in. Judo Bank is bringing back the craft of relationship banking and in the process, aiming to become Australia's most trusted business bank. This report, unfortunately underlines why Judo Bank's mission is so critical.

It's clear the need for competitive disruption to better finance the ambitions of SMEs is more important than ever.



The Origins of Judo Bank

Why Judo Bank was created

Four years ago, together with a small group of colleagues, Judo co-founders, Joseph Healy and David Hornery began to explore the potential of building a distinctive SME challenger bank in Australia. They had long felt that SME's were being 'left behind' by the major banks, as they prioritised mortgage lending, industrialised their operating models, drove down costs and fundamentally dehumanised their approach to relationship banking. After much planning and research, they strongly believe there is a role in Australia for a purpose-built relationship centric bank, focusing on the SME market. A bank with a strong sense of purpose and a clear point of differentiation that believes in the traditional values of being close to your customer and applying sound credit judgement. In other words, 'SME banking as it used to be, SME banking as it should be'.

Building Australia's dedicated SME Business Bank

Judo Bank's relationship promise is that customers deal directly with the decision maker who is empowered to assess each application on its merits; the quality of the business and the people running it. Working side-by-side with its broker partners, Judo customers don't get a call centre number; they get direct, regular contact with their own relationship manager who gets to know their business inside and out. This means, rather than a one size fits all approach, Judo's bankers provide financial solutions tailor-made to a customer's individual needs.

What makes Judo different

Judo Bank strives to not just be different, but better. Judgement based decisions, a rigorous risk management process, and legacy free systems unencumbered by the constraints of old technology and bad behaviours, support Judo Bank's customer value proposition of being the bank that's truly dedicated to SME's.

Judo's lending philosophy, underpinned by the principles of the '4Cs' of Credit Decisioning, is another outstanding point of difference in market. There is a perceived decline in banking professionalism within the industry; credit risk management skills, once seen as a core competency of any banker and a critical condition of career progress, are no longer viewed that way. The largely 'one-size-fits-all' approach to SME lending that evolved from these changes has seen algorithm driven credit assessment and property-based security (collateral) dominate the '4Cs' of Credit Decisioning.

These are the 4Cs of Credit Decisioning:

- 1. Character:** the capability and experience of the people running the business.
- 2. Cash flow:** a deep understanding of customers' businesses and the impacts of the transaction being undertaken.
- 3. Capital:** the degree of capital contribution required is dependent upon the aspects unique to the customer and the transaction, as well as the outcomes of the character and cash flow assessment.
- 4. Collateral:** considered secondary and only when necessary to support undercapitalised transactions. Collateral also recognises the value inherent in balance sheet assets. Importantly, character, cash flow and capital assessments are critical in determining the requirement for collateral support.

From the ground up, graduates to CEOs, Judo Bank is able to best serve the interests and needs of Australian SMEs through a commitment to the craft of relationship banking, operating with integrity and being enabled by the latest technology.

Australia's Dedicated SME Business Bank

Judo's raison d'être is to provide SME businesses with an alternative to the larger banks – and central to our key point of differentiation is bringing the human face back to banking.

— Joseph Healy, Co-CEO





The Banking and Finance Oath

Banking as a Profession

Over the last 12 months Judo has made a significant investment in banking as a profession by partnering with FINSIA (Financial Services Institute of Australasia) to design a curriculum that supports Judo's professional needs. It is flexible and can cater for new to banking team members as well as experienced leaders wishing to convert years of experience into a recognised qualification. Judo Bank's intent is for every member of its team to undertake FINSIA's professional qualification.

Judo management is thrilled that many of its bankers are halfway through completing the Certified Professional Banker program and a number of Judo's executives are currently undertaking the Chartered Banker by Experience program.

Judo believes banking needs to recapture its professional values and ethos, and the FINSIA training is part of its core commitment to drive change and lead the charge from within the industry. There's a whole range of other things that the broader banking industry needs to address, but arguably the key change is professional standards. If this industry is to serve its true purpose to society and the economy, it needs to have a professionally recognised qualification. Banking needs to recapture its professional values and professional ethos. Judo Bank wants its workforce to be the most professional workforce in the industry.

I'd highly recommend Judo Bank to all the SMEs looking for an alternative! They are extremely capable bankers, who listen, understand and have authority to actually make decisions, quickly!

— Nicholas Seoud, Darling Group

Underpinning Judo's 100% commitment to the Banking and Finance Oath (that is, all Judo team members) an effort to re-assert the ethical foundation of the banking and finance industry beyond regulation and compliance by broadening expectations and discussion to include ethics, integrity, honesty and trustworthiness, are Judo Bank's four fundamental values of trust, accountability, performance and teamwork.

The Banking and Finance Oath

- Trust is the foundation of my profession
- I will serve all interests in good faith
- I will compete with honour
- I will pursue my ends with ethical restraint
- I will help create a sustainable future
- I will help create a more just society
- I will speak out against wrongdoing and support others who do the same
- I will accept responsibility for my actions
- In these and all other matters; my word is my bond

Standards of good banking practice

Another important commitment Judo has made is to use the Code of Banking Practice as a set of guiding principles, where relevant to Judo's business offering, which outline how a bank should conduct itself in its dealings with customers.

Judo is already delivering for its customers



Judo Bank has been great to deal with and have managed to understand our business and industry better in four meetings than our old bank did in 11 years! Their approach has been personal, customised and specific. It doesn't feel like a cookie cutter approach to lending but rather a holistic look at our business and our borrowing needs.

— Guy Greenstone, Stomping Ground

Cole McInnes — GSW Groundscare

What made you seek out Judo Bank?

Frustration with the big four, and disbelief at the level of indifference displayed.

What did Judo help you with?

Judo helped me purchase my first business. One of the big four pulled financing at the 12th hour (a day before settlement), blaming the Banking Royal Commission, and Judo stepped into the breach in a timely fashion to support me.

What's been the best thing about Judo?

Their commercial approach, ability to understand my business, and their somewhat old fashioned and greatly appreciated approach to relationship banking.

Duncan Russell — International Mowers

What made you seek out Judo Bank?

I'd heard through my Financial Broker that Judo Bank was a new provider in the market that was focusing on small to medium sized businesses and offering traditional relationship style banking.

What did Judo help you with?

Judo Bank listened to me, spent time understanding the business opportunity I had in front of me and then provided me with finance I needed to allow me to purchase a business and help fund my working capital.

What's been the best thing about Judo?

The best thing about Judo Bank is that they supported and backed me with my vision for the business. They provided facilities that allow me to run the business successfully, and trusted me to deliver great results.

Guy Greenstone — Stomping Ground

What made you seek out Judo Bank?

We were looking to expand our business and after many years of disappointing service, we were not confident that our incumbent bank was going to lend us what we were hoping for or on the terms that worked for us. We felt we needed another option.

What did Judo help you with?

Judo were able to meet our needs in terms of overall lending for our growth (including an exciting new site for a Southside brewery and beer hall development). And equally as importantly, they were able to do so with terms that worked for us. We were able to get approval for several facilities for our various needs and their service was outstanding.

What's been the best thing about Judo?

Judo has managed to get to know our business, our industry and our place in it very quickly. They managed to understand our business better in four meetings than our old bank did in eleven years. Their approach has been personal, customised and specific. It doesn't feel like a cookie cutter approach to lending but rather a holistic look at our business. In Judo it appears as though we've found a long-term banking partner that will help us grow well into the future.

At Judo everyone's a risk manager.



Judo does not have a separate risk culture, it is our Judo Culture; built to protect our customers, our company, and our people.

— Jacqui Colwell, CRO

A strong risk management approach is at the heart of Judo's business operating model and considered fundamental to building a successful and sustainable bank.

Judo prides itself on its Risk Management Framework, which has its Judo Culture as the overarching element and incorporates a Risk Management Strategy (RMS) and a Risk Appetite Statement (RAS). Together they are the most important policy documents Judo Bank has; they inform and guide Judo's strategy and its financial planning. This emphasis reflects Judo's belief that you can't be a well-managed bank unless everyone is aligned to the nature and importance of risk management. As such, all Judo team members are considered risk managers; it is a non-negotiable core competency, because ultimately, the success of Judo as a bank and a business will be defined by how well we manage risk. Having everyone understand this, is the foundation for a healthy risk culture.

One of the big four pulled financing at the 11th hour, blaming the Royal Commission, and Judo stepped in to support me.

— Cole McInnes, GSW Groundscore

Empowering Judo's Directors of Relationship Banking

This year Judo introduced three levels of accreditation for its Directors of Relationship Banking that Judo refers to as the Judo Lending Authority (JLA). Judo bankers progress through three levels of Judo belts based on their experience and proven capabilities. This is part of a framework to empower all Judo bankers to make judgement-based and timely decisions using their own delegated authorities.



Relationship banking enabled by technology.

One thing Judo Bank strives to continually deliver upon, is its mission to bring back the craft of relationship banking – powered by category leading technology, but not defined by it. To this end, 2019 has seen the Judo technology team building on its digital bank foundations, delivering technologies that enable both Judo's customers and the Judo team. For the customers, intuitive digital services; for the Judo team, relationship focused capabilities enabling them to better serve Judo's customers, now and into the future.

Judo aims to provide superior customer service – and go head-to-head with the big banks – by creating a highly digital business with a human front end to it, that delivers face-to-face banking, which is all made possible by a complete software-as-a-services approach. Delivering on our promise of becoming the world's first fully operational 'born in the cloud' Bank.

— Alex Twigg, CIO

World firsts do not come without their challenges but working with its partners, Judo Bank has implemented what it needed to meet its customer needs and achieve the high bar set by APRA for banking licence approval. The complexities of building all the organisational capabilities and systems required to technically operate a bank is never easy, but Judo's technology team have pulled out all the stops to put in place the foundations and the capabilities required – meaning next year Judo can be focused on unlocking the opportunities facilitated by that technology.

Those opportunities include leveraging the power of Artificial Intelligence to mitigate the "information efficiency problem" through automating aspects of Judo's processes and maximising the ability of human judgement. Drawing an analogy to operating an aeroplane, the "cruising at altitude" aspect of lending is ripe for automation, but human judgement remains necessary at key moments like take-off and landing.

The Judo Tech Team



Alex Twigg
Chief Information Officer



Andreas Pfielke
Chief Data & Analytics Officer



Glen Appleby
Chief Information Security Officer



Grapham Dickens
Chief Technology Officer



Jeff Nel
Head of Platforms



Niko Bielovich
General Manager Technology Operations

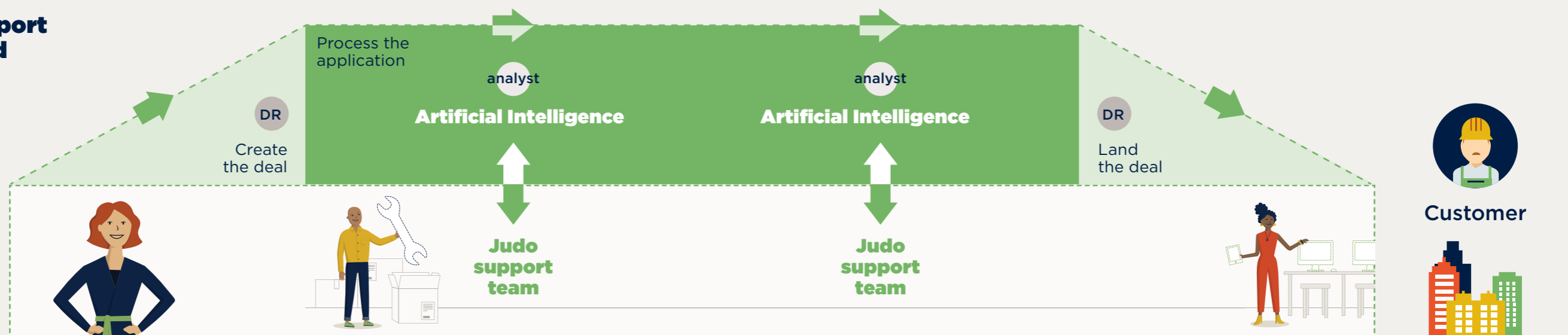


Nishant Kamdar
Systems Administration Manager

Using AI to support the bankers and the process...



Prospect



Judo Technology Platform

DR = Director of Relationship Banking

It's been a very big year...

Judo generated a second-round equity raise of \$400 million (\$540 million total equity raised to date), representing the largest individual private funding round by an Australian start-up. This record-breaking equity raise combines follow-on investment from Judo Bank's existing shareholders, including OPTrust, the Abu Dhabi Capital Group, Ironbridge and SPF Investment Management, with a series of new institutional investors including Bain Capital Credit and Tikehau Capital. Judo Bank's co-founder and co-CEO, David Hornery, said the enormous support we have received from investors further underpins Judo's mission to transform SME lending in Australia. The strength of this record-breaking equity raise clearly demonstrates the value the investment community places on Judo Bank's relationship-focused proposition to the SME community.

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Proudly acknowledges its Founding Investors

Initial Seed Funding \$20m

To be Australia's most trusted SME business bank

Record breaking capital raise

\$540 million R1 & R2 equity raise

In one of Australia's largest capital raisings, Judo Bank completes R1 and R2 equity raise* with a total of \$540 million from Australian and international investors.

OPTrust Abu Dhabi Capital Group Ironbridge MYER Zhong Yi Investment CAMBOOYA INCEPTION CREDIT SUISSE ESSON Warrich Group BainCapital Tikehau Capital

9 out of 10 R1 institutional investors followed on into R2
*including initial seed funding

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judo CAPITAL

has secured a **\$350 million** Debt Facility from

CREDIT SUISSE

November 2018

judo CAPITAL

has secured a **\$100 million** Debt Facility from

Goldman Sachs

February 2019

Becoming a BANK.

In April, Judo Capital received its full unrestricted banking licence and became Judo Bank. The entire Judo team was thrilled to be granted a full banking licence by the Australian Prudential Regulation Authority (APRA), and become Australia's first challenger bank solely dedicated to small and medium-sized business lending. The full licence means Judo is able to significantly extend the scope and depth of services it provides to SMEs and businesses across the country.

To achieve our full banking licence in such a tight time-frame, we worked closely with APRA to meet the strict conditions necessary for a licenced bank, including the strength of our business model, and governance policies and principles - a process that has involved substantial work by the Judo team.

— Peter Hodgson, Chairman



Judo Bank launch party

Judo Bank celebrated its official launch on 30th April 2019 in one of its customers' businesses, Melbourne's 'Higher Ground'. It was an exceptional evening shared with Judo Customers, Brokers, Investors, Partners, the Judo Team and the Judo Board.



It's been a big year establishing the Judo brand...

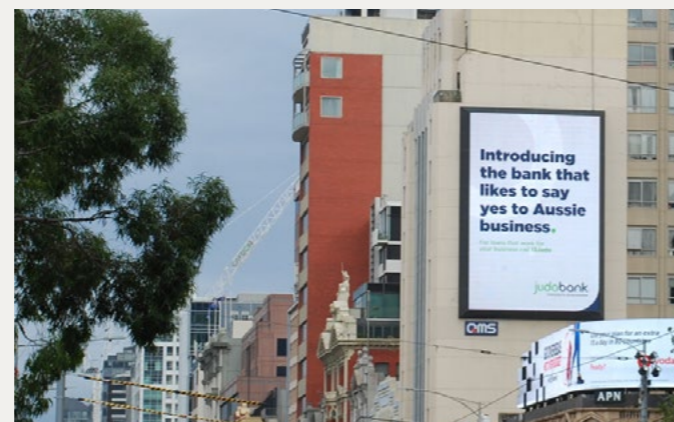


Judo gave hope to SME's business dreams with a confident campaign

In early September, Judo Bank hit the Australian market with a customer acquisition campaign, to drive further awareness of the brand, and a call to action for SMEs to seek a banking alternative. The campaign strategy was informed by Judo Bank's commissioned research that found one-in-four SMEs struggled to get finance from the major banks. The campaign was also rolled out across the major capital city markets of Sydney, Melbourne and Brisbane and ran across national press, billboards, radio, digital and social. This was the first-time Judo Bank has advertised on such a scale since launch.

SMEs are so conditioned to hearing 'no' from their big bank, they no longer ask for the funding their business needs. The Judo brand is designed to communicate to SMEs that with Judo Bank by their side, their business plans are a big step closer to becoming a reality.

— Kate Keenan, CMO

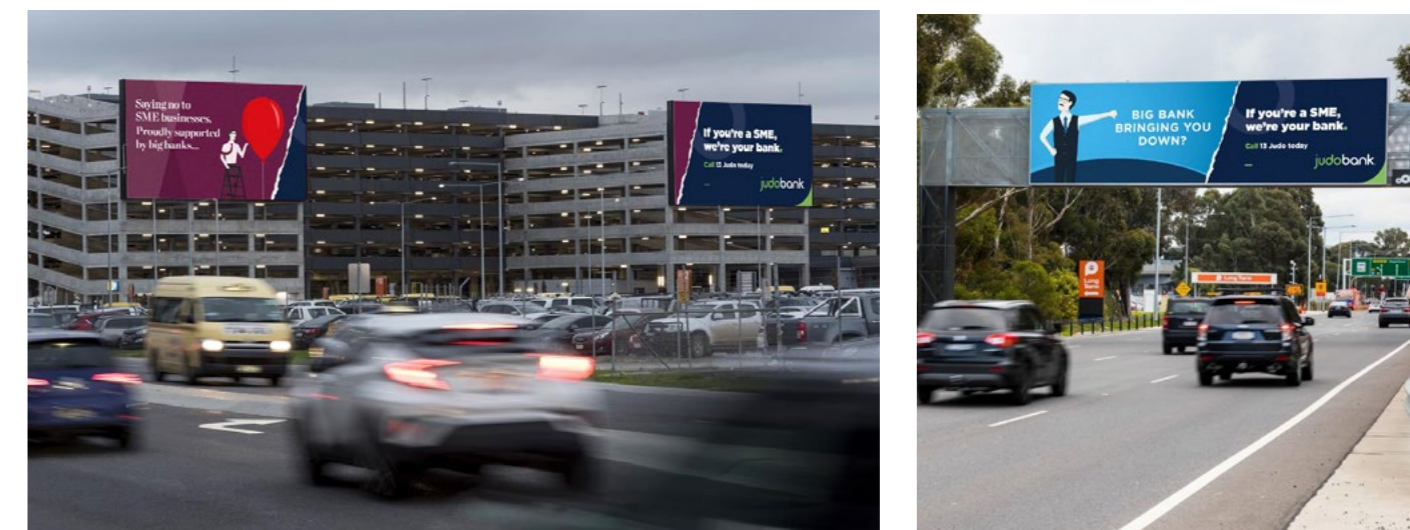


Launch campaign

Judo Bank entered the market in May with a confident launch campaign 'dedicated to doing business'. The campaign was aimed at the thousands of small-to-medium sized business owners disenfranchised with the current state of banking available to them. The campaign used real Judo Bank customers to highlight how Judo Bank is different to what most business owners generally experience from their bank. The campaign was rolled out in Melbourne, Sydney, Brisbane across billboards, press, radio, digital and social, with a refreshed website.

Most banks seem to serve themselves and their shareholders rather than their customers. Judo Bank is the most un-bank, bank I've come across. Having worked closely with the Judo team, their commitment to their customers and their businesses is genuine, a fact we put at the heart of the brand.

— Jim Ritchie, Us&Us Creative



It's been a big year for Judo in the news...

Judo Bank found itself making headlines in 2019 for all the right reasons. From mainstream media to specialist press, the Judo business, brand, and leadership team have generated tens of thousands of positive mentions, and created millions of media impressions.

Some notable highlights

Judo's brand is getting ever more exposure:

498 online articles
121 print articles
244 radio reports
22 TV stories

Judo's total audience reach has increased five-fold in 2019

Within the Neobank/FinTech/Challenger category, **Judo garnered 37.5% total media coverage**

Judo's \$400 million R2 capital raise was publicly recognised as the biggest-ever Aussie start-up funding round

APRA approved Judo's banking licence in April to widespread acclaim

Judo becoming a bank received over 171 news reports across online, print, and broadcast media, reaching an audience of 11.4 million people

Judo was named **2019 LinkedIn Top Start-ups List Australia** in September 2019, beating previous winner, Canva

It's been a big year championing the cause of SMEs...



One of Judo's core commitments is to champion the cause of SMEs. To do this, Judo explores every opportunity to bring insights and understanding to the world of SME business owners. It does this by constantly and unashamedly:

- Highlighting the challenges of SMEs when accessing funding
- Investing in research that not just measures the credit gap, but provides a voice to drive change
- Challenging industry inertia by shedding light on the anti-competitive nature of the banking industry
- Making representations on Government Advisory Boards, Government Relations, and sharing knowledge and experience with Industry Bodies to help support SMEs' access to funding
- Empowering SMEs to seek banking and finance alternatives
- Supporting Australian business with genuine expertise and outcomes – not just words



Judo has participated in many of the key SME-focused events throughout the year as a part of our commitment to being a true ally to SMEs and driving better lending and business practices within the industry.

— Tim Alexander, COO



It's been a big year for People & Culture...



It's amazing what kind of organisational climate can be created when a group of individuals are united around a very clear purpose. Judo people are driven to make a difference for our customers and each other.

— Megan Collins, CPO

New awards

Being awarded Top Aussie Start-up for 2019 by LinkedIn is a fair and accurate reflection of the energy, passion and expertise of Judo's people and the culture Judo is building as a business.

New rewards

To ensure Judo provides its employees with the best experience of their career, Judo recently implemented the Judo Perks Program, one that provides each and every employee with special benefits that encourages work life balance, well-being and an ongoing investment in their personal development. Many Judo employees also enjoy the reward of participating in Judo's long-term incentive program that makes them a shareholder of Judo Bank – something that fills them with pride and a strong sense of ownership. In addition, all Judo employees have the benefit of an extra week of annual leave.

New faces

In just twelve months Judo has exploded from a core team of ~50 to a team in the order of 150, spread across three locations. Judo management has been thrilled with the sheer level of interest from high calibre, talented people who want to join Judo. What's particularly remarkable and rewarding for Judo, is the diversity of its new recruits; each one bringing their own unique background, energy and experience to the Judo Team. Across the board, Judo are attracting and retaining the best of the best.

New offices

In just a few short years Judo has rapidly expanded its footprint outside of its headquarters in Melbourne to include offices in Sydney and Brisbane. In mid-2019, Judo expanded its Melbourne office to a second floor in order accommodate its fast growing. In Sydney, Judo has settled into its new office, while in Brisbane, their office is currently being refurbished with plans to expand further in the year ahead. Every Judo office has a similar feel. Leafy, spacious and contemporary – the perfect environment for a growing challenger business.



The Judo proposition has been well received in the Victorian market with exceptional customer feedback and great engagement from our broker partners. With a team now of close to 30 bankers, we are focused on getting the message out there that we are here ready to help SMEs achieve their business goals.

— Frank Versace, MD VIC



It's been an exciting time for Judo Qld, assembling a first class team committed to helping SME Business grow whilst eagerly awaiting our new 'Judo home' that will be ready, just in time for Christmas!

— Kris Whitehead, MD QLD



NSW has championed Judo as the best SME offering in market, its point of difference is a conscious effort to hire bankers who are masters in their craft.

— Stephen Mifsud, MD NSW



SME referral partners and customers in Asian communities have been overwhelmingly advocating for Judo Bank since our launch, on both the lending and deposits side. So much so, the Chinese name of Judo Bank is in demand.

— Mandy Jiang, MD ASIA

It's been a big year partnering with Judo's Brokers...

Judo is a business designed to get behind its brokers and their success. Built from the ground up, Judo has developed a unique 'broker partner' proposition that delivers a transparent end-to-end solution that keeps the lender, broker and customer informed every step of the way.

Judo Bank is committed to open relationships between itself and its brokers; relationships built on trust and a mutual respect for the customer. Judo acknowledges that brokers are often the first point of contact for businesses seeking finance. Judo offers its Broker Partners access to the decision-maker, greater efficiency, faster response times, legacy-free technology, competitive commission, and transparent pricing. This means their customers can get back to what matters most – running their business.

Judo's core proposition ensures the customer relationship stays with the broker, while providing complete visibility of the end-to-end process via its Customer Relationship Management (CRM) system. Judo's commercial and asset finance brokers have access to a dedicated business-minded banker to ensure common sense credit decisions are made with speed and ease.

Judo's dedicated Broker Business Development Managers now sit across Melbourne, Sydney and Brisbane. They help drive awareness of the Judo proposition within the industry, whilst supporting Judo Aggregator and Broker Partners to deliver a premium service to SME Customers.



VIC

George Obeid
Managing Director
Third Party



VIC

Le Tran
Director
Third Party Relationships



VIC

Mathew Tsobras
Director
Broker Relationships



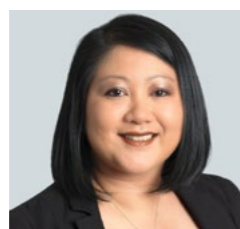
QLD

Bill Mauger
Director
Broker Relationships



NSW

Ahilan Nandapalan
Director
Broker Relationships



NSW

Angelina Bernal
Director
Broker Relationships



NSW

Bob Dwyer
Head of Asset
Finance Relationships

Nathan Keating — Managing Director, Pearl Financial Services

I've found the people to be excellent here at Judo. I find that the people that I've been dealing with have clearly been selected because they're experienced bankers and they know the industry, and they know the target market extremely well.



Working with our strategic partners to unleash the potential of Australian business, blending the best of the past with the best of today.

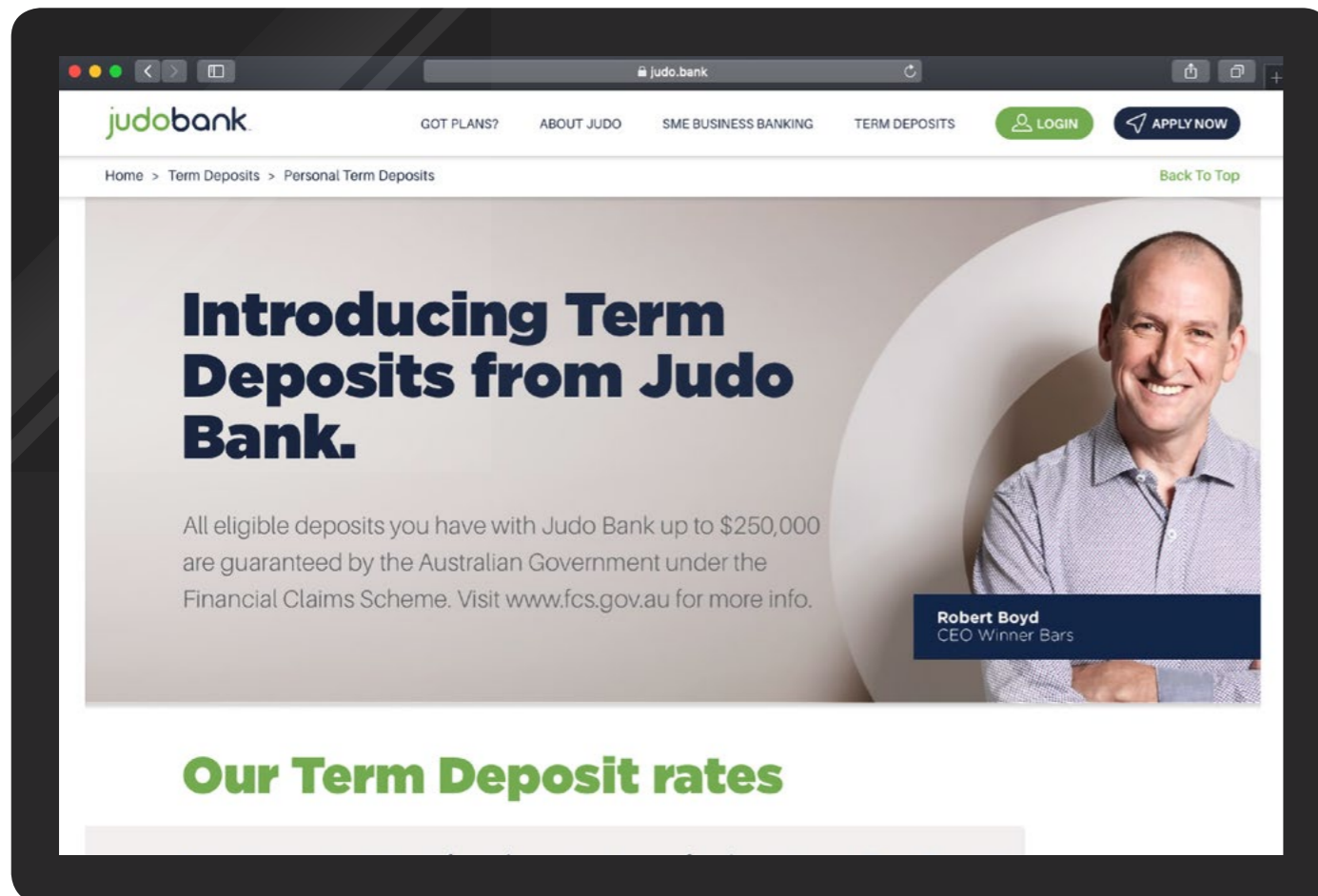
— George Obeid, MD, Third Party

Zoran Stojkovic — Board Director, Octagon Financial

Judo's been able to get the right people out in front of the customer, and understand the transaction beyond just the bricks and mortar. And then give definitive timelines on when they would get back to us – that's really critical – and making sure we're aware of any issues that might come up along the way.



It's been a big year for Judo Term Deposits...



Judo Bank starts taking wholesale deposits

In early May, Judo launched its wholesale deposit raising, post receiving its Authorised Deposit-Taking Institution licence. Judo piloted the process with two key intermediary partners and raised over \$100 million in deposits by 30 June. Following this pilot phase Judo has expanded its list of intermediary partners and this has seen deposits grow quickly to over \$400 million within the five months since launch.

Wholesale deposits have come from a range of partners including councils, universities, non-profit organisations, companies, high net worth individuals and self-managed superannuation funds.

Retail deposits launched to the market in early September with a staggered release plan. Initial signs are positive with the market responding well based on limited advertising. Judo is continuing to refine the customer experience before accelerating the retail offering.



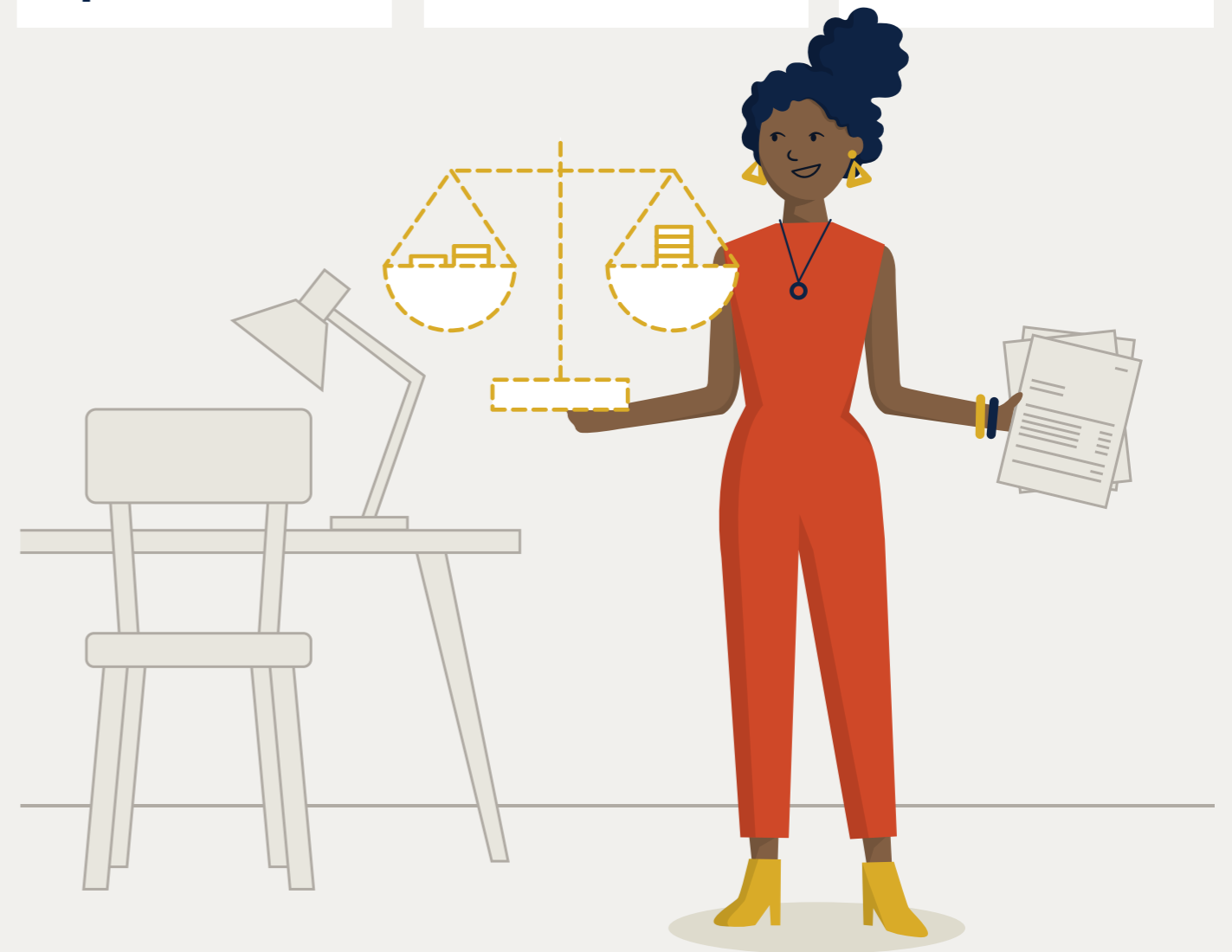
70% of our lending to be deposit funded



Disrupting category with Best-in-Market Rates



Mozo No.1 TD recommendation



We have had a great start to our deposit journey, launching a brand new system and successfully on-boarding new wholesale partners, launching our first fully digital application for retail consumers and growing our deposit portfolio to over \$400 million in five months.

— Patrick Nolan, GM Deposits

The Growing Judo Bank Team



Behind every great and sustainable business is a team of passionate and expert people.

A founding belief in the establishment of Judo was that human and cultural capital would ultimately define Judo's comparative advantage in building a truly differentiated SME relationship-centric bank. Building a distinctive and customer-focused culture that is centred around Judo's four values of: Trust, Teamwork, Accountability and Performance is a top priority for Judo given its purpose to be Australia's most trusted SME business bank. A fact reflected in the collective experience of Judo's diverse and expert team.



Great institutions focus as much on their cultural capital as they do on their financial capital. We couldn't be prouder of the team we have assembled.
— Megan Collins, CPCO

The Judo Board



Peter Hodgson
Chairman

Senior international financier with extensive experience in global banking.

Key Business Banking roles: senior corporate and advisory roles with Bank of America Ltd and Barclays De Zoete Wedd, Managing Director Corporate and Structured Finance, Chief Risk Officer and Group Managing Director Institutional at ANZ, Chief Executive Officer and Managing Director of Myer Family Investments.

Experienced Director and Chairman who holds a number of board positions in addition to Judo Bank.



The Hon Bruce Billson
Non-Executive
Independent Director

'Champion of small business' and 'Australia's best Minister for Small Business'.

As Cabinet Minister, spearheaded the Abbott Government's SME agenda to boost entrepreneurship and reforms to competition policy and law, unfair contract terms, employee share schemes, crowd-sourced equity funding and industry codes for franchising and food & grocery supply.

Supporting small businesses as founder/principal of strategic advisory firm, Agile Advisory, and chair of the Deakin University/IPA SME Research Centre advisory council.



John Fraser
Non-Executive
Independent Director

20+ years with the Australian Treasury, including as Secretary, member of the Board of the Reserve Bank of Australia and Australian Council of Financial Regulators, Chair of the G20 Global Infrastructure Hub and the Advisory Board of the Australian Office of Financial Management, Chairman and CEO of UBS Global Asset Management, member of the UBS Group Executive Board, Chairman of UBS Saudi Arabia, Chairman of UBS Grocon Real Estate.

Awarded a Centenary medal by the Commonwealth Government (business and economics service).



Geoff Lord
Non-Executive
Independent Director

Started his career with Ford Motor Company and Henry Jones IXL.

Director of several companies associated with the Elders Group including Elders IXL and Foster's Brewing.

Started a company known as Elders Resources Limited (Chief Executive and Deputy Chairman) and created the Belgravia Group.

Chairman or Director of several public listed companies including Ex-Chairman and Founder of UXC Limited - Australia's largest IT Services Company.



Mette Schepers
Non-Executive
Independent Director

Experienced international financial and professional services executive with extensive experience of working in, and with, highly regulated companies, and growing consumer and small business financial services.

Senior executive, board and advisory positions in large, small and global financial institutions including ANZ and PwC.

Member of Chartered Accountants with a Bachelor of Commerce from the University of Melbourne, Associate Degree in Design from RMIT and a Graduate Diploma in Applied Finance and Investment from FINSIA.



Manda Trautwein
Non-Executive
Independent Director

20+years: Chartered Accountant and CPA who has worked in public practice with a specific focus on advising SME businesses (business valuations, mergers and acquisitions, capital raisings and ASX listings).

10+ years: Director of William Buck, leading mid-market accounting firm.

National Chair of Chartered Accountants ANZ Business Valuation Community, and Adjunct Fellow at Macquarie University where she lectures postgraduate students in Applied Business Valuations.



David Fite
Non-Executive
Director

International investor focused on financial services and credit exposures.

Significant experience in financial services and turnarounds (Shinsei Bank and Westpac Banking Corporation).

Senior Corporate Executive Officer, Chief Financial Officer, Member of the Board at Shinsei, and Treasurer and Assistant Chief Financial Officer, MD of Westpac Financial and Group Executive at Westpac.

Board Director or Chairman of financial services and fast-growing technology companies in numerous countries, and led investment rounds in several of Australia's leading FinTech and emerging financial services companies.



Stanislav Kolenc
Non-Executive
Director

12+ years: experience in managing multiple asset classes investing in mainly private equity and infrastructure, and OPTrust activities in APAC region

Managing Director, Head of APAC of OPTrust, one of Canada's largest pension funds

Member of the Private Markets Investment Committee and CFA charter holder

Sits on the boards of several portfolio companies owned by OPTrust, and non-executive member of the board of directors of a number of companies, including Globalvia, SkyBus, Ararat Wind Farm, Aviator Group and Flow Power.



Haijin (Robert) Zhang
Non-Executive
Director

Set up various businesses in information technology, imports and exports

20 years: engaging in wholesale and retail industry, the property market dealing with land banking and subdivision projects in Victoria

Shareholder and advisor to Zhong Yi Group, a group of professional investors who have investments in mining, property development and health products.



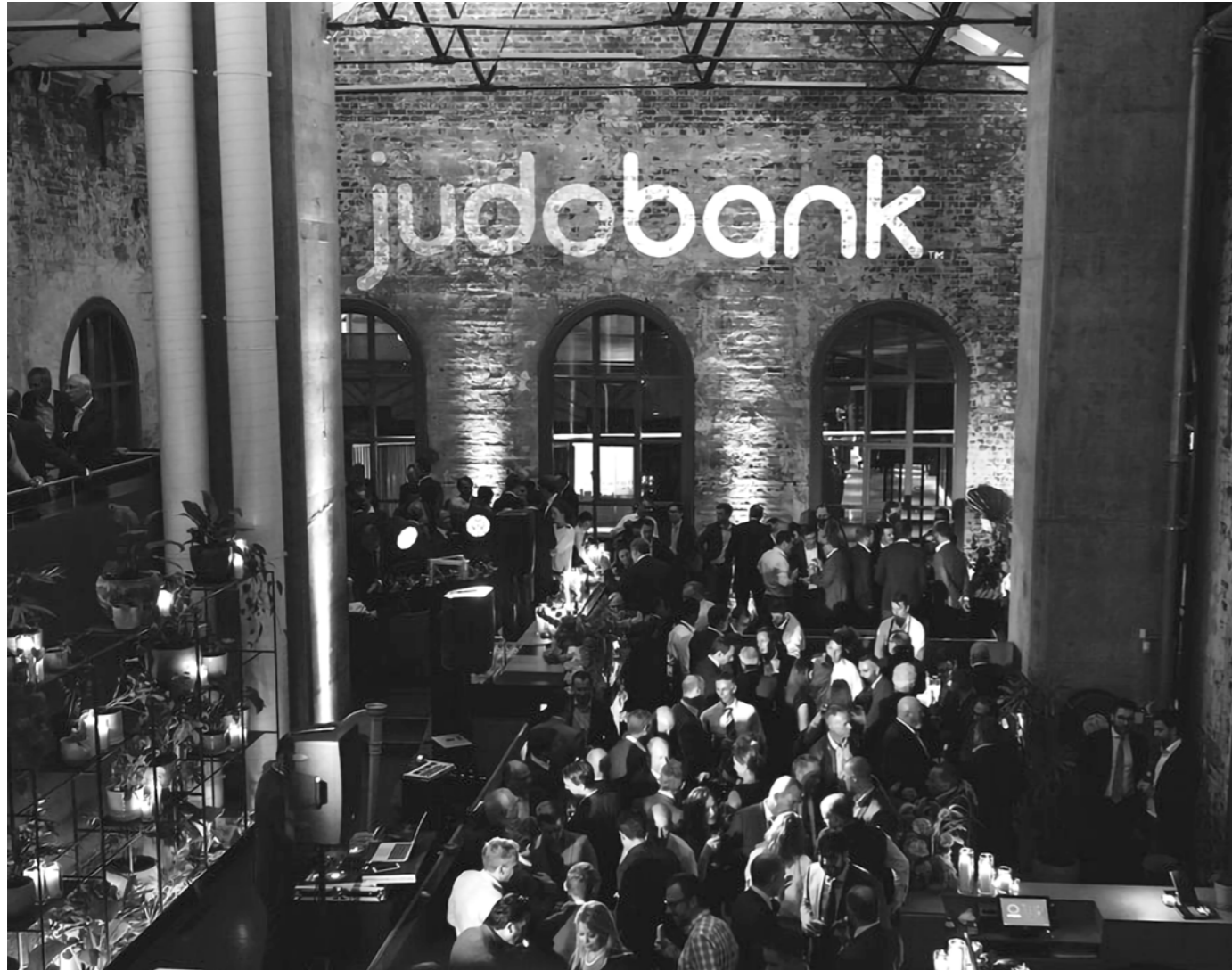
Abdul Khalil Bin Ali
Non-Executive
Director

CIO of the Abu Dhabi Capital Group (ADCG)

Extensive experience in managing multiple asset classes, investing in listed equities, fixed income and hedge funds globally, overseeing investment in a portfolio of private equity funds and co-investments.

Board member of several portfolio companies under ADCG.

Developed a robust investment strategy in the technology space for ADCG including Blackstone Strategic Capital Holdings, Ares Commercial Finance and Equa Bank.



Thank you

It's been a big year! From all of us at Judo Bank, we would like to thank and congratulate our customers, brokers, investors, business partners, the Judo board and team, and for what has been a truly remarkable year. We couldn't have laid a better foundation for 2020 as we continue to build Australia's most trusted SME Business Bank.

The final goal of Judo discipline is to perfect yourself and contribute something of value to the world.

Jigorō Kanō,
Educator & Founder of Judo Martial Art

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