

# Judo Bank

## Introduction to Term Deposits



01.02.2020

# Judo Bank Business Summary

To be Australia's most trusted SME business bank

Judo Bank was created in 2016 as a specialised stand alone bank for small to medium enterprises (SME).

After a successful \$20m seed round (16/17), Judo completed a period of core infrastructure build, prior to formally opening its doors in March 2018. Judo went on to complete two capital raisings of \$120m and \$400m in August 2018 and July 2019 respectively, constituting Australia's largest ever private capital raising.

## THE JUDO OPPORTUNITY IS TO CAPITALISE ON

- The significant dissatisfaction of SME customers with the industrialised, dehumanised service offering of the big banks\*, culminating in record low Net Promoter Scores, a trust index of 2.27 out of 10, and a credit gap of \$90b.
- The significant disengagement and disempowerment of SME bankers within the big banks, allowing Judo to recruit the best talent.
- Feedback from commercial brokers (who now represent circa 30% of industry wide SME lending originations) of the need for more agile and commercially focused competition, allowing Judo to accredit circa 200 of the very best commercial brokers in the country.
- The findings of numerous industry reviews highlighting the need for more competition – For example, the 2018 Productivity Commission and Australian Small Business and Family Ombudsman review into unfair contracts and poor industry practices.
- And more recently, the Royal Commission which has forced larger banks to direct resources to regulatory response and customer remediation.
- Ample capacity in the Australian deposit market for new entrants to take market share.

\* (reference- East & Partners SME Insights report)

# Strategic Positioning

Making banking easier for our customers

	<p>Products</p>	<ul style="list-style-type: none"> <li>• SME Banking solutions, loans from \$250k up to \$15m+</li> <li>• Business loan, line of credit, equipment loan, finance lease, home loan</li> <li>• Term Deposits 1mth – 5 years</li> </ul>
	<p>Marketing focus</p>	<ul style="list-style-type: none"> <li>• Intermediary led model</li> <li>• Brokers, direct, word of mouth</li> <li>• Digital origination for direct Term Deposit acquisition</li> </ul>
	<p>Distribution</p>	<ul style="list-style-type: none"> <li>• Specialist lenders targeting under-serviced niche segments</li> <li>• Industry's leading front-line bankers, brokers and credit executives who have been hand selected to provide banking as it used to be</li> <li>• Pricing which reflects the value of service</li> <li>• Term Deposits sourced via intermediary partners and directly via Judo's online portal</li> </ul>
	<p>Points of differentiation</p>	<ul style="list-style-type: none"> <li>• Relationship-based model with high quality Relationship Managers</li> <li>• Judgment-based lending, high transparency &amp; quick turnaround</li> <li>• Executive team, who are recognised among the industry's leading business bankers</li> <li>• Strong capital base</li> <li>• Rigorous risk management</li> <li>• Higher deposit rates to support aggressive growth aspirations</li> </ul>

# Judo Bank Timeline

Judo has experienced strong growth

Mid 2015	Judo concept developed	Early 2019	Loan book reaches \$100m
Early 2016	Judo named and incorporated	Early 2019	Open Brisbane office
August 2016	Initial Seed Capital \$6m	April 2019	<b>Full Banking License granted by APRA</b>
September 2016	<b>First office space</b> at 360 Collins Street	April 2019	Commenced Wholesale Deposits
Late 2016	Seed funding round completed \$20m from family office and management	May 2019	Launched 'Judo Bank' and full brand marketing campaign commenced
Late 2017	ACL (Australian Credit License) received	July 2019	<b>R2 Equity Raising \$400m</b> representing the largest individual private funding round by an Australian start-up.
Early 2018	<b>R1 Equity Raising \$120m</b> from local and international investors, resulting in one of Australia's largest pre revenue capital raisings	September 2019	Ranked Number <b>1# LinkedIn Top Startup</b> - Hottest Australian company to work for now
Early 2018	Officially opened doors for business and launched headquarters in Southbank	November 2019	33/100 2019 FINTECH100 Leading Global Fintech Innovators
September 2018	Open Sydney office	December 2019	Credit Suisse \$350m warehouse debt facility extended and negotiations underway with other large international debt funders
Late 2018	<b>\$350m warehouse</b> debt facility established with Credit Suisse	December 2019	Hit <b>\$1bn in lending</b>
Early 2019	\$100m senior debt facility established with Goldman Sachs	January 2020	Hit <b>\$1bn in deposits</b> ; 175 staff across three locations Melbourne, Sydney, Brisbane

# Executive Leadership Team

Industry experts lead the business



## Joseph Healy – Co CEO

- Career international banker: 32+ years experience having held executive positions at Lloyds Bank, CIBC World Markets, Citibank, ANZ and NAB.
- At NAB was Group Executive/Divisional CEO Business Banking (2008-14)



## David Hornery – Co CEO

- Career Banker: 30+ years experience at Macquarie Bank, ANZ and NAB
- Global Head of Capital Markets at both Macquarie and ANZ
- CEO ANZ ASIA & Executive General Manager of NAB's Corporate, Property, Agribusiness, Health, Government and Education businesses



## Tim Alexander – Chief Operating Officer

- Career Banker: 30+ years experience in Retail/SME Banking
- Key Business Banking roles: CEO of Medfin, CEO of HICAPS, State Distribution Head & Head of Small & Emerging Business portfolio, NAB
- Built a call centre, fulfillment centres, technology builds and large organisational restructures



## Chris Bayliss – Chief Financial Officer

- Career Banker: 33+ years experience in Asia Pacific, UK and Europe
- Executive positions at Standard Chartered Bank, NAB, Bank of New Zealand, Clydesdale Bank, Yorkshire Bank, HBOS and Barclays Bank
- Run large scale distribution teams: 30,000 bankers & 12 million customers



## Jacqui Colwell – Chief Risk Officer

- Career Banker: 33 years experience in Australia in Consumer, Business and Institutional Banking and Risk
- Executive Roles in Risk with NAB, as CRO Personal Banking and State Head of Risk for Business Banking
- Run large distribution businesses including State Distribution Head for SME Banking for NAB with \$1b in revenue and \$50B balance sheet



## Alex Twigg – Chief Information Officer

- 30 year Banker and Technologist with International experience across the UK, US and Asia Pacific
- Experience of two successful start-ups banks egg.com and UBank
- As CEO of UBank grew it to 500k customers and ~\$20B in footings
- Previously Non Executive Director of Eftpos and currently Advisory board positions at fintech's spriggy.com.au and dough.com
- Recognised as one of Asia's top 100 Fintech Leaders



## Yien Hong – General Counsel and Company Secretary

- An accomplished general counsel and company secretary with over 20 years' experience
- Starting her career as a credit analyst at Macquarie Bank, Yien trained with Herbert Smith Freehills before becoming a managing associate at Linklaters in London. She has held senior legal roles at Deutsche Bank, NAB and more recently as General Counsel and Company Secretary at Growthpoint Properties Australia Limited.
- Yien currently serves as a non-executive Director with YWCA Housing and YWCA National Housing



## Megan Collins – Chief People & Culture Officer

- Internationally experienced HR: 20 years experience in Australia, New Zealand and USA
- Prior to joining Judo worked as Chief People and Communications Officer at Treasury Wine Estate (TWE), reporting to the CEO, driving highly accountable and high performance culture and focusing on growing and developing the people at TWE
- Majority of career spent at General Electric (GE), as vice president, HR for GE Capital in Australia, New Zealand and the USA
- GE HR leader on the AGC acquisition and integration project
- Previously heading HR function at NAB Business Bank

# R1 & R2 Equity Raise

The biggest individual private funding round by an Australian start-up, allowing Judo to transform banking for Australia's small and medium-sized businesses.

# \$540 Million

From Australian and international investors



9 out of 10 R1 institutional investors followed on into R2



# Media Headlines Nationally

## Term Deposits media coverage

THE AUSTRALIAN

### Judo Bank gets a hold in the banking market

JOHN DURIE  
Follow @John\_Durie



By JOHN DURIE, SENIOR WRITER/COLUMNIST  
12:26PM JANUARY 21, 2020 • 10 COMMENTS

As the Westpac board prepares to decide on its next chair, upstart bank Judo has hit the ground running with \$1 billion in deposits after just nine months of operation.

Judo Bank co-chief Joseph Healy is confident of raking in at least \$3 billion by this time next year, which would be a good base to grow the business.

The bank, which is devoted to small business loans, already has over \$1 billion in loans outstanding.

Judo's deposit take is tiny compared to the majors, with National Australia Bank, for example, having \$424 billion in customer deposits.

Judo has raised the money by paying above market with its six-month deposit rate at 1.95 per cent, compared with the big banks at 1.25 per cent.

Healy said the big banks have had 150 years to build their base and Judo just nine months of growth, which is important, and today's figures, show it is getting traction.

### Judo gets back in touch with lost art in banking

ROBERT GOTTLIEBSEN



institutions and families to invest in Judo shares. Former Treasury secretary John Fraser joined the board along with former small business minister Bruce Billson, former ANZ chief risk officer Peter Hodgson, former Westpac treasurer and head of its retail and business bank, David Fite, and veteran entrepreneur Geoff Lord.

Judo Bank reaches \$1 billion in deposits and lends 95% of it back to small businesses



Here's why Australians are flocking to the new digital banks

Alison Banney Posted: 23 January 2020 12:21 pm Share News



Hundreds of thousands of consumers are taking their money over to challenger banks Judo, Xinja, Up and



# Judo Financial Position (Dec-2019)

Strong balance sheet

	\$ m
Cash and cash equivalents	192.9
Treasury Investments	289.3
Loans and Advances	961.2
Other Assets	7.5
<b>Total Assets</b>	<b>1,450.9</b>
Payables	2.8
Borrowings	113.6
Deposits	873.5
Other Liabilities	1.4
<b>Total Liabilities</b>	<b>991.3</b>
<b>Net Assets</b>	<b>459.6</b>

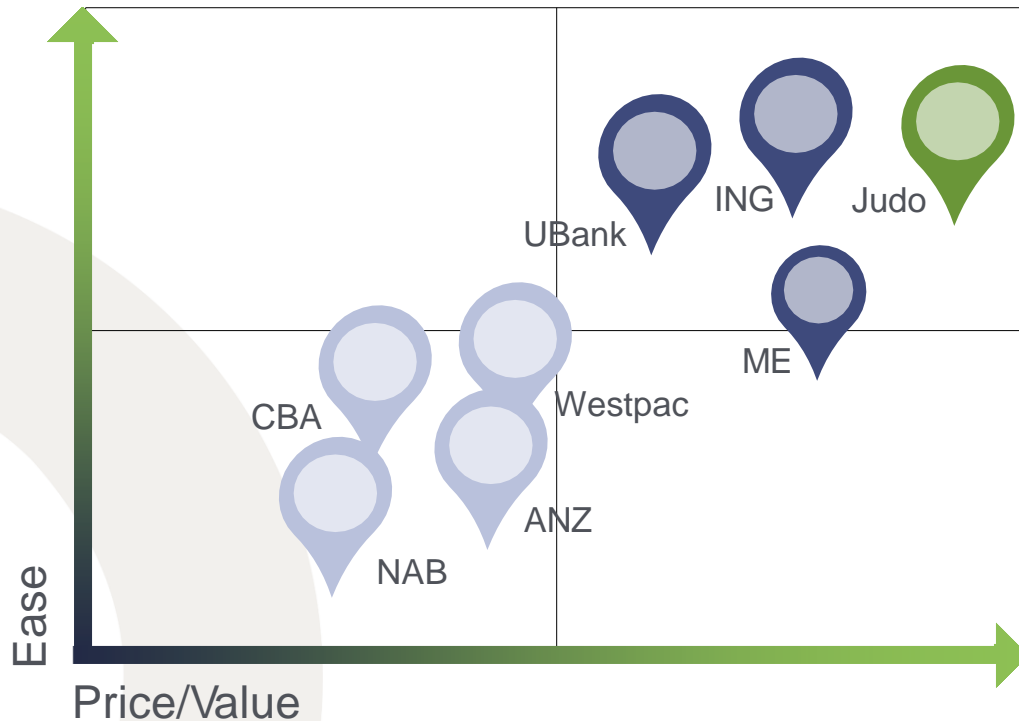
- **Strong Balance Sheet:** \$460m of equity, with Tier 1 capital ratio 30%
- **Conservative Liquidity Position:** Cash and Treasury investments are 49% of total liabilities
- **Diverse Funding Mix:** Loan book funded by combination of equity, debt and deposits
- **Growing Loan Book:** Approximately \$1b in lending pipeline
- **Continued Equity Investor Support:** \$540m+ in equity proceeds received from investors since launch and further equity raising activities occurring






# Judo starts with Term Deposits

Compete on price & ease

Most consumers cite a better interest rate as the primary reason for switching term deposits. Judo will offer ongoing competitive pricing and a customer experience that meets market expectations.



## Term Deposit Landscape

- 
**Australian Major Banks**  
 Low price Branches, digital, phone Fees & charges
- 
**Challenger Banks**  
 High price  
 Digital origination & speed to deposit  
 Loyalty bonus (limited)
- 
**Judo**  
 Market leading price  
 Rate guarantee  
 Digitally led origination & speed to deposit



# More about Judo.



# Judo Board



**Peter Hodgson**

Chairman

Peter is a senior international financier with extensive experience in global banking. He has a strong business track record and is a proven strategic thinker with in-depth management experience in large complex financial institutions and industry. He held senior corporate and advisory roles with Bank of America Ltd and Barclays De Zoete Wedd before moving to ANZ Bank in 1997. At ANZ he served as Managing Director Corporate and Structured Finance (1997 – 2004), Chief Risk Officer (2004 – 2007) and as Group Managing Director Institutional (2007 – 2008). Most recently, Peter was Chief Executive Officer and Managing Director of Myer Family Investments, a position he held from 2009 – 2016. Peter is an experienced Director and Chairman. He is currently holding a number of board positions in addition to Judo Capital: Chairman of Paranta Biosciences Ltd, Greengate Partnerships Pty Ltd and Save the Children Australia, a Director of Save the Children International and a member of Trinity College Investment Management Committee. Peter has a Masters in Law from Cambridge University.



**John Fraser**

Non-Executive Independent Director

John was Treasury Secretary from January 2015 to July 2018. In his capacity as Treasury Secretary, John was a member of the Board of the Reserve Bank of Australia; a member of the Australian Council of Financial Regulators; and Chair of the G20 Global Infrastructure Hub. John was Chair of the Advisory Board of the Australian Office of Financial Management from 2015 to 2016. Based in London, John was Chairman and CEO of UBS Global Asset Management from late 2001 to 2013. During this time, John was also a member of the UBS Group Executive Board and Chairman of UBS Saudi Arabia. In 2014, John remained as Chairman of UBS Global Asset Management, Chairman of UBS Saudi Arabia and Chairman of UBS Grocon Real Estate. Prior to joining UBS in 1993, John served for over 20 years with the Australian Treasury including appointment as Deputy Secretary (Economic) from 1990-1993 and postings at the International Monetary Fund (1978-1980) and as Minister (Economic) at the Australian Embassy in Washington DC (1985-1988). In 1996, John was a member of the Australian Government's Audit Commission into public sector finances. John was a Board member of the ASX and a member of their Audit Committee (1997-2003). John graduated from Monash University, Melbourne, with a first-class honours degree in economics and, in 2013, was awarded an honorary Doctorate of Laws. He is an Honorary Professor at Durham University. John was awarded a Centenary medal by the Commonwealth Government in 2001 for service to Australian society through business and economics.



**Abdul Khalil Bin Ali**

Non-Executive Director

Khalil is the CIO of the Abu Dhabi Capital Group ('ADCG') and has been with the Group for nearly a decade. He has considerable experience in managing multiple asset classes, investing in listed equities, fixed income and hedge funds globally. In addition, Khalil oversees investment in a portfolio of private equity funds and co-investments.

Khalil sits on the boards of several portfolio companies under the umbrella of ADCG. He is a member of the strategic advisory board for Blackstone Strategic Capital Holdings and is also the Alternate advisory board member in Ares Commercial Finance, an asset-backed direct lending fund in the mid-market space. Khalil has recently been appointed as a board observer in Equa Bank, a challenger bank in the Czech Republic. Khalil has developed a robust investment strategy in the technology space for ADCG. The approach has been disciplined in terms of having a good understanding of what is the addressable market, the monetisation of technology and how technology companies can make a difference in the everyday lives of people. Some of the notable investments Khalil made in the transport sector include promising start-ups like BOOM and Virgin Hyperloop early on, and late stage companies like Uber and Didi Chuxing. Khalil qualified as a Charter Financial Analyst in 1992 and graduated from the National University of Singapore with a Bachelor of Arts, majoring in Economics and Political Science.

# Judo Board



## **Bruce Billson**

Non-Executive Independent Director

The Hon Bruce Billson joined the Judo Board with the reputation of being a ‘champion of small business’ and ‘Australia’s best Minister for Small Business’.

As a Cabinet Minister, Bruce spearheaded the Abbott Government’s SME agenda to ‘energise enterprise’ leading the formulation of the 2015 Federal Budget’s Jobs and Small Business package 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.

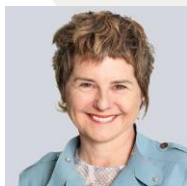
After 20 years in public life and having owned his own small retail and gallery business with his wife Kate, Bruce is dedicated to working to support the success of other small businesses as founder/principal of strategic advisory firm, Agile Advisory; Executive Chairman of the Franchise Council of Australia; and chair of the Deakin University/IPA SME Research Centre advisory council. Bruce has a Masters degree in Business Leadership, Graduate Diploma of Management and a Bachelor of Business. He is a graduate of the AICD’s Company Directors Course.



## **David Fite**

Non-Executive Director

David is an international investor focused on financial services and credit exposures. He has significant experience in financial services and turnarounds including roles at Shinsei Bank (formerly known as The Long-Term Credit Bank of Japan) and Westpac Banking Corporation. David joined Shinsei at the time of its acquisition from the Japanese Government by a private equity consortium. As the Senior Corporate Executive Officer, Chief Financial Officer, and member of the Board, David was the most senior non-Japanese member of management during Shinsei’s recovery. At Westpac he served as Treasurer and Assistant Chief Financial Officer, MD of Westpac Financial and Group Executive responsible for all retail and business banking product businesses in Australia. Earlier David was at Bain & Company, focusing on the manufacturing and consumer products industries. David has served as a Board Director, or Chairman, of both financial services and fast-growing technology companies in numerous countries. He has led investment rounds in several of Australia’s leading fin-tech and emerging financial services companies. He attended Harvard College where he graduated magna cum laude. David also holds an MBA as an Arjay Miller Scholar and a Masters in Economics from Stanford University.



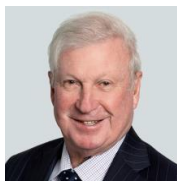
## **Mette Schepers**

Non-Executive Director

Ms Schepers is an experienced international financial and professional services executive with extensive experience of working in, and with, highly regulated companies. She has a respected background in growing consumer and small business financial services.

Ms Schepers has held senior executive, board and advisory positions in large, small and global financial institutions. Most recently at Mercer she lead the client relationship and development teams (2015-2019). Prior roles have included Consumer MD of Fleet Partners (2011-2013), Strategy Principal at the Nous Group (2009-2011) and prior to this at ANZ (2001 – 2007) as General Manager of Small Business and Corporate Leasing, Head of Strategy for the Retail Bank and Head of Planning and Performance for the Group. Before joining ANZ, Ms Schepers worked for PwC in Amsterdam and Australia. She is a member of Chartered Accountants Australia & New Zealand and has been a director of not for profit, private and public sector companies. Currently, Ms Schepers is a panel member of the Monash Commission’s review into the future of post-compulsory education.

# Judo Board



## Geoff Lord

Non-Executive Independent Director

Geoff's career started in 1965 with the Ford Motor Company. In 1973 he joined Henry Jones IXL and in 1978 was promoted to the Board. He was a Director of several companies associated with the Elders Group until 1992 including Elders IXL and Foster's Brewing. In 1985 Geoff started a new public company known as Elders Resources Limited and was appointed Chief Executive and Deputy Chairman. In 1990 Geoff retired from Elders Resources going into business for himself creating the Belgravia Group, a privately owned investment group. Belgravia employs some 10,000 people today. He is also Chairman or Director of several public listed companies including Ex-Chairman and Founder of UXC Limited – Australia's largest IT Services Company. His Sporting passion is demonstrated through his companies and his continued involvement with Sport, including: Director/Chairman of Hawthorn Football Club from 1986 to 1994 (Life Member) (4 premierships; Founder & Chairman of Melbourne Victory 2004 – 2010 (Life Member) (2 Premierships).



## Haijin (Robert) Zhang

Non-Executive Director

Robert is a businessman who has found success after immigrating to Australia in 1990 from China. Hailing from a scientific research background in chemical engineering, Robert graduated from Zhe Jiang University in China before moving to Australia to engage in a Masters and PhD program at Monash University under a double scholarship. After taking on a role in research at the CSIRO, Robert went on to set up various businesses in information technology, imports and exports. As well as engaging in the wholesale and retail industry for the past 20 years, Robert has involved himself in the property market dealing with land banking and subdivision projects in Victoria. Robert is a shareholder and advisor to Zhong Yi Group, which is a group of professional investors who's members have investments in mining, property development and health products.



## Stan Kolenc

Non-Executive Director

Stan is a Managing Director of OPTrust, one of Canada's largest pension funds with over 92,000 members and retirees. Stan has been with OPTrust for over 12 years, has considerable experience in managing multiple asset classes, investing in mainly private equity and infrastructure, and is responsible for all of OPTrust's activities in the APAC region. Stan is a member of the Private Markets Investment Committee which oversees all of OPTrust's private market investing and is also a CFA® charter holder. Stan sits on the boards of several portfolio companies that are directly owned by OPTrust. He is a non-executive member of the board of directors of a number of companies including Globalvia and Australian companies SkyBus, Ararat Wind Farm, Aviator Group and FlowPower.

Stan studied engineering at the University of Western Ontario where he graduated with distinction.



## Manda Trautwein

Non-executive Director

Manda Trautwein is a Chartered Accountant and CPA who has worked in public practice with a specific focus on advising SME businesses for the past twenty years. She started her career with PwC in their Middle Market division and for the past ten years has been a Director of leading accounting firm, William Buck.

She has extensive experience advising SME clients with strong growth aspirations including in the areas of business valuations, mergers and acquisitions, capital raisings and ASX listings.

Manda is the National Chair of Chartered Accountants ANZ's Business Valuation Community, comprising more than 10,000 members, and is an Adjunct Fellow at Macquarie University where she lectures to postgraduate students in Applied Business Valuations. She holds Bachelor of Commerce and Master of Applied Finance degrees from Macquarie University and a Master of Applied Taxation degree from the University of New South Wales.

# Thank you.

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Commercial in confidence

**DEDICATED TO  
DOING BUSINESS**