Boldly backing business.

2025 Half Year Report
Incorporating the requirements of Appendix 4D

Judo Capital Holdings Limited
ABN 71 612 862 727

Appendix 4D

Reporting period				
Reporting period – six months ended:				31 December 2024
Previous corresponding period – six months ended:				31 December 2023
Results for announcement to the market	**Direction**	**%**		**$m**
Statutory operating income from ordinary activities	up	0%	to	201
Statutory profit from ordinary activities after tax attributable to shareholders	down	(11%)	to	41
Statutory net profit attributable to shareholders	down	(11%)	to	41
Dividends				
The Group does not propose to pay interim dividends for the reporting period ended 31 December 2024				
Net tangible assets per ordinary share			**Dec-24**	**Dec-23**
Net tangible assets per share			$1.39	$1.36

ASX Appendix 4D cross reference index

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the following interim financial report for the half year ended 31 December 2024. The consolidated financial statements contained within the interim financial report have been reviewed by PricewaterhouseCoopers Australia.

Authorised for release by the Judo Board.

Disclaimer and basis of preparation

Disclaimer

This document consisting of Appendix 4D, Result Overview, Analyst Pack and Interim Financial Report (**2025 Half Year Report**) has been prepared for Judo Capital Holdings Limited ABN 71 612 862 727 and its controlled entities including Judo Bank Pty Ltd (variously described as **Judo, the Bank, Judo Bank, the Group, us, we** or **our** unless the context otherwise requires).

This 2025 Half Year Report contains statements that are, or may be deemed to be, forward-looking statements. When used in this 2025 Half Year Report, the words "estimate", "expects", "projects", "believe", "will", "forecast", "likely", "targeted", "may" and similar expressions, as they relate to Judo and its management, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements and comments about future events. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

To the extent that the information may constitute forward-looking statements, the information reflects Judo's intent, belief or current expectations with respect to the business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices at the above date. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, assumptions and uncertainties, many of which are beyond Judo's control, which may cause actual results to differ materially from those expressed or implied. Other than as required by law, Judo does not give any representation, assurance or guarantee that the occurrence of the events, results and outcomes expressed or implied in any forward-looking information will actually occur. Subject to any continuing obligations under applicable law, Judo expressly disclaims any obligation to provide any updates or revisions to any forward-looking statements in this 2025 Half Year Report to reflect events or circumstances after the date it is issued.

Basis of preparation

Judo Bank is comprised of Judo Capital Holdings Limited and its subsidiaries. The Group's results and historical financial information are reported as a single function.

All figures relate to the half year ended 31 December 2024 (**1H25**) and comparatives are for the half year ended 30 June 2024 (**2H24**), unless otherwise stated.

All figures are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $0.1 million (**m**). Calculations within tables, percentage movements and movements with the commentary have been calculated from underlying source information and hence may not reconcile with rounded calculations.

Movements within the financial tables have been labelled large where there has been a percentage movement greater than 200%, or NM if a line item changes from negative to positive (or vice versa) between periods.

Contents

We acknowledge the Traditional Owners and Custodians of the lands on which we live, work and gather, and acknowledge their rich culture and continuing connection to land, waters and community. We pay our respects to all our First Nations peoples, to their culture and their Elders, past and present.

"Once you have a good relationship with bankers, and your family around you, the sky is the limit!"

John Demarte | Novella On The Park

Judo Bank is Australia's only purpose-built challenger business bank, dedicated to boldly backing small and medium enterprises (SMEs).

Our strategy

Purpose
To be the most trusted SME business bank in Australia

Vision
To build a world-class SME business bank

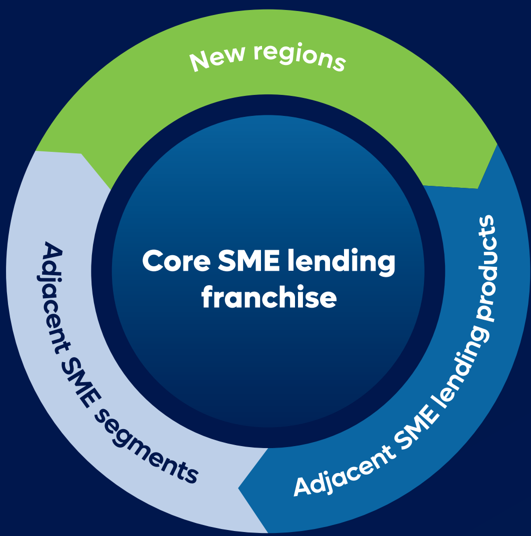
Who we are

As a unique specialist pure-play SME business lender, we are committed to the craft of SME banking to support the businesses that represent the engine room of the Australian economy.

Our core SME lending franchise is built on the belief that each SME is unique, and that each deserves a relationship with their bank that is built on a deep understanding of their business, professionalism, trust and exceptional customer service – something that has been lacking in the banking industry for decades.

We are proud to be led by a deeply experienced management team with high levels of equity ownership across the Company, which underpins a strong owner's mindset and a challenger culture.

Sustainable growth in our SME lending franchise



Judo's core lending competitive advantages	Relationship led	Judgement	Speed
Strategic enablers	Scale our advantage	Excel in execution	Empower our people
Measures for success	High employee engagement	Market-leading customer NPS	Low to mid-teens ROE

Our values

Accountability

Performance

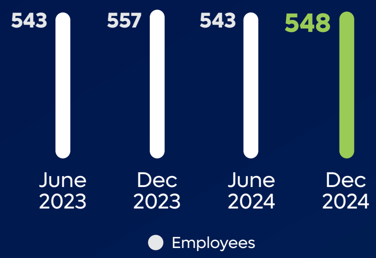
Teamwork

Trust

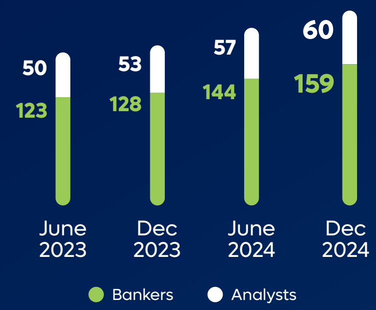
26 locations

throughout Australia

Employees

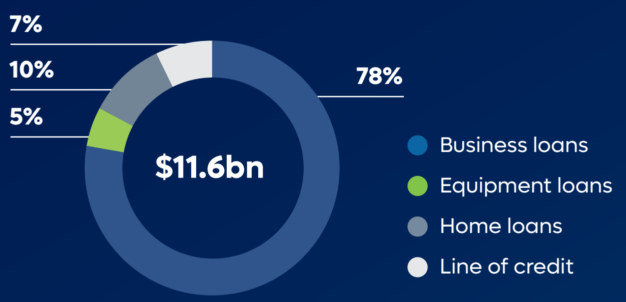


Bankers and Analysts

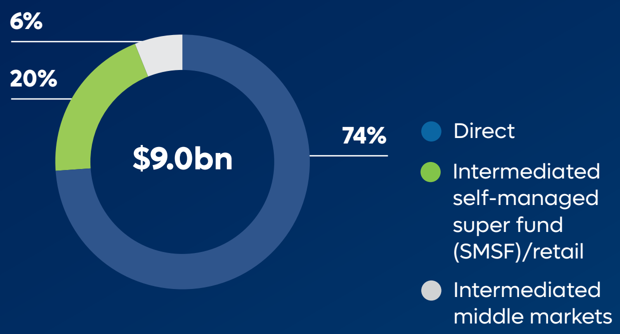


Our products

Lending



Deposits



Customers

4,506

SME lending customers

+51[1]

Lending net promoter score (NPS)

52,100

Term Deposit customers

+67[2]

Deposit NPS

1. Across 1H25, measuring Judo's overall lending NPS including onboarding, relationship and exit scores.
2. Across 1H25, measuring Judo's overall deposit NPS including origination, maturity and rollover scores.

1.0 Result overview

1.1 1H25 result overview

Statutory Profit Before Tax (PBT)

$56.7m

2H24: $36.9m

Underlying Profit Before Tax (PBT)[1]

$56.7m

2H24: $42.7m

Gross Loans and Advances (GLA)

$11.6bn

2H24: $10.7bn

Net Interest Margin (NIM)

2.81%

2H24: 2.85%

Underlying Cost to Income ratio (CTI)[1]

57.4%

2H24: 56.3%

Minimum Liquidity Holdings (MLH)

15.9%

2H24: 18.2%

Total Provision Coverage (GLA %)

1.37%

2H24: 1.39%

90+ DPD and Impaired assets

2.30%

2H24: 2.31%

Return on Equity (ROE) (annualised)

5.1%

2H24: 3.1%

Common Equity Tier 1 ratio (CET1)

13.8%

2H24: 14.7%

1. Excluding non-recurring costs in 2H24. See section 2.5 on operating expenses.

1.2 1H25 result summary

Over the half year to 31 December 2024, Judo continued successfully scaling its specialist, pure play SME-banking business. Judo achieved 33% growth in underlying PBT[1], reflecting positive operating performance as the Bank balanced growth, margins and risk within its lending portfolio. Expenses were also well managed, with the Bank remaining on track to demonstrate clear operating leverage from 2H25, which will underpin further growth in profitability.

Statutory PBT was $56.7m, up 54%. **Underlying PBT**[1] was $56.7m, up 33%. The result was supported by continued scaling of the loan book, prudent cost management, and a lower cost of risk.

GLA at 31 December 2024 was $11.6bn, up 9% over the half, equal to two times system growth[2]. GLA growth was driven by continued demand for the Bank's differentiated lending proposition, as well as the Bank's regional expansion strategy, with five new locations established during the period. Judo continued to balance growth and economics, with average margins on new lending consistently above 450 basis points (**bps**) over the 1-month bank bill swap rate (**BBSW**) during the half.

Funding continued to strengthen and diversify as Judo made progress towards its at-scale funding stack. Judo grew its term deposit franchise to $9bn as at 31 December 2024, up 9%, driven by a $1bn increase in direct retail term deposit balances. As at December 2024, deposits represented 66% of the Bank's total funding, up from 64% at June 2024. Judo also continued optimising its wholesale funding mix and pricing over the half.

NIM was 2.81%, down 4bps. 1H25 NIM was lower primarily due to a residual drag from the refinancing of the Term Funding Facility (**TFF**), which provided a benefit to the 2H24 NIM but was repaid in June 2024. The TFF drag on 1H25 NIM was largely offset by higher lending margins, improved warehouse funding costs and improved yield and balance of liquid assets. NIM progressively improved throughout the period, following trough NIM in June 2024.

Underlying operating expenses[1] were $115.4m, up 4%. Employee benefits expenses increased modestly primarily due to wage inflation. Non-employee benefits expenses were broadly stable. Average full-time equivalent (**FTE**) reduced while banker FTE increased, consistent with non-customer facing areas of the Bank largely reaching maturity.

Underlying CTI[1] was 57.4%, up 110bps from 56.3% in 2H24. The slight increase in underlying CTI reflected modest cost growth, offset by the expected impact of NIM declining due to the successful refinancing of the TFF.

Impairment expense was $28.8m, down from $43.3m. Impairment expense as a percentage of average GLA was 51bps compared to 87bps in 2H24. The improvement reflected the benefits of proactive portfolio management initiatives and a decline in new impaired loans.

Expected credit loss (ECL) provisions on loans and advances increased to $159.6m, up from $149.1m. Collective provision coverage was 1.02% of GLA, down 3bps. Total provision coverage was 1.37% of GLA, down 2bps.

90+ days past due (DPD) and impaired assets ratio was stable at 230bps of GLA, down 1bp.

Capital remained strong with a CET1 ratio of 13.8%, down from 14.7%. The key driver of the CET1 movement was growth in lending assets, offset by improving organic capital generation.

1. Excluding non-recurring costs in 2H24. See section 2.5 on operating expenses.
2. Reflects Judo's multiple of system growth for GLA over YTD FY25, per APRA statistics.

2.0 Analyst Pack

2.1 Income statement

	Half Year to Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
Interest income	525.0	478.1	432.2	10%	21%
Interest expense	(332.0)	(287.3)	(237.0)	16%	40%
Net interest income	**193.0**	**190.8**	**195.2**	**1%**	**(1%)**
Other operating income	7.9	5.9	4.8	34%	65%
Net banking income	**200.9**	**196.7**	**200.0**	**2%**	**0%**
Employee benefits expense	(71.0)	(64.4)	(64.8)	10%	10%
Other expenses	(44.4)	(46.3)	(41.0)	(4%)	8%
Total underlying operating expenses[1]	**(115.4)**	**(110.7)**	**(105.8)**	**4%**	**9%**
Underlying profit before impairment[1]	**85.5**	**86.0**	**94.2**	**(1%)**	**(9%)**
Impairment expense	(28.8)	(43.3)	(26.8)	(33%)	7%
Underlying profit before tax[1]	**56.7**	**42.7**	**67.4**	**33%**	**(16%)**
Non-recurring costs	–	(5.8)	–	(100%)	
Statutory profit before tax	**56.7**	**36.9**	**67.4**	**54%**	**(16%)**
Tax expense[2]	(15.8)	(12.9)	(21.5)	22%	(27%)
Statutory profit after tax	**40.9**	**24.0**	**45.9**	**70%**	**(11%)**

Notes

1. Excluding non-recurring costs in 2H24. See section 2.5 on operating expenses.
2. Includes tax credit on non-recurring costs of $1.3m in 2H24.

2.2 Operating metrics

	Half Year to				
	Dec-24 $m	**Jun-24 $m**	**Dec-23 $m**	**HoH %**	**PcP %**
GLA					
GLA (end of period)	11,647	10,711	9,703	9%	20%
GLA (average)	11,224	10,026	9,350	12%	20%
Performance					
Net interest margin (%)	2.81%	2.85%	3.02%	(4bps)	(21bps)
Underlying CTI ratio (%)[1]	57.4%	56.3%	52.9%	110bps	450bps
Net banking income/average FTEs	0.37	0.35	0.36	6%	3%
ROE (annualised)	5.1%	3.1%	6.0%	200bps	(110bps)
Funding					
Total customer deposits (end of period)	8,990	8,228	6,921	9%	30%
Deposits/total funding and capital (%)	66.1%	64.4%	52.1%	170bps	large
Capital adequacy					
Total Risk Weighted Assets (**RWA**)	10,638	9,611	8,593	11%	24%
Average risk weight on lending (%)[2]	78.9%	77.5%	76.0%	140bps	290bps
Common Equity Tier 1 capital ratio (%)	13.8%	14.7%	16.2%	(90bps)	(240bps)
Tier 1 capital ratio (%)	14.5%	15.5%	17.1%	(100bps)	(260bps)
Total capital ratio (%)	17.5%	17.5%	19.3%	–	(180bps)
Asset quality					
Impairment expense on average GLA (%) (annualised)	0.51%	0.87%	0.57%	(36bps)	(6bps)
Losses ratio (%) (annualised)	0.32%	0.49%	0.13%	(17bps)	19bps
90+ DPD & impaired assets/GLA (%)	2.30%	2.31%	1.73%	(1bps)	57bps
Non-performing loans/GLA (%)	2.90%	2.72%	2.02%	18bps	88bps
Collective provision/GLA (%)	1.02%	1.05%	0.99%	(3bps)	3bps
Specific provision/GLA (%)	0.35%	0.34%	0.36%	1bps	(1bps)
Total provision/GLA (%)	1.37%	1.39%	1.34%	(2bps)	3bps
Operations (end of period)					
Total FTEs	548	543	557	1%	(2%)
Total Relationship Bankers	159	144	128	10%	24%
Earning per share					
Basic earning per share (**EPS**) (cents)[3]	3.7	2.2	4.1	68%	(10%)

Notes

1. Excluding non-recurring costs in 2H24. See section 2.5 on operating expenses.
2. Average risk weight on lending (%) excludes assets in Judo's capital relief term securitisation, which are de-consolidated for the purposes of regulatory capital calculations.
3. Weighted average number of shares 1H25 to calculate basic EPS: 1,113,267,366 | 2H24: 1,109,300,833 | 1H24: 1,107,389,804.

2.3 Net interest income

	Half Year to				
	Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
Interest income	525.0	478.1	432.2	10%	21%
Interest expense	(332.0)	(287.3)	(237.0)	16%	40%
Net interest income	**193.0**	**190.8**	**195.2**	**1%**	**(1%)**
Average GLA	11,224	10,026	9,350	12%	20%
Average trading and investment securities	2,412	3,433	3,510	(30%)	(31%)
Average interest earning assets	**13,636**	**13,459**	**12,860**	**1%**	**6%**
Average trading and investment securities/Average GLA	**21.5%**	**34.2%**	**37.5%**	**(127%)**	**(160%)**
Net interest margin (%)	2.81%	2.85%	3.02%	(4bps)	(21bps)
Yield on treasury assets (%)	3.87%	3.83%	3.24%	4bps	63bps

Net interest income

Net interest income of $193.0m increased by 1%.

Net interest income is the sum of:

- interest income received on interest-earning assets; and
- establishment fees and facility-related fees received from customers;

less:

- interest expense on debt and hybrid-debt facilities, customer deposits and balances held with the Reserve Bank of Australia (**RBA**);
- brokerage costs related to the origination of loans; and
- establishment fees, commission expenses and line fees relating to funding activities.

Average interest earning assets

Average interest earning assets increased to $13.6bn, up 1%, with an increase in average GLA largely offset by reduced trading and investment securities.

- Average GLA increased to $11.2bn, up 12%, discussed in more detail in Section 2.6.
- Trading and investment securities decreased to $2.4bn, down 30%, with a reduction in required liquidity levels following the repayment of the TFF, completed in June 2024, and tighter liquidity management. Average trading and investment securities as a percentage of average GLA were 21.5% in 1H25, reducing from 34.2% in 2H24.

Net interest margin

NIM for 1H25 was 2.81%, a decrease of 4bps, from 2.85% in 2H24.

There was an 18bps unfavourable impact on NIM in 1H25 reflecting the residual unwinding of the TFF funding benefit in 2H24. The TFF was fully repaid by June 2024, with no subsequent TFF contribution in 1H25.

The average cost of deposits had a 3bps unfavourable impact on 1H25 NIM, as the blended hedged cost of deposits increased to 85bps over 1-month BBSW, up from 80bps over 1-month BBSW in 2H24.

New deposits over 1H25 were priced at an average hedged margin of 86bps over 1-month BBSW, within the Bank's long-run expected range of 80-90bps over 1-month BBSW (2H24: 90bps over 1-month BBSW). Following the sector repayment of the TFF, headline rates for new term deposits reduced moderately over 1H25. However, over the same period, the swap curve experienced heightened volatility due to changing expectations for interest rates.

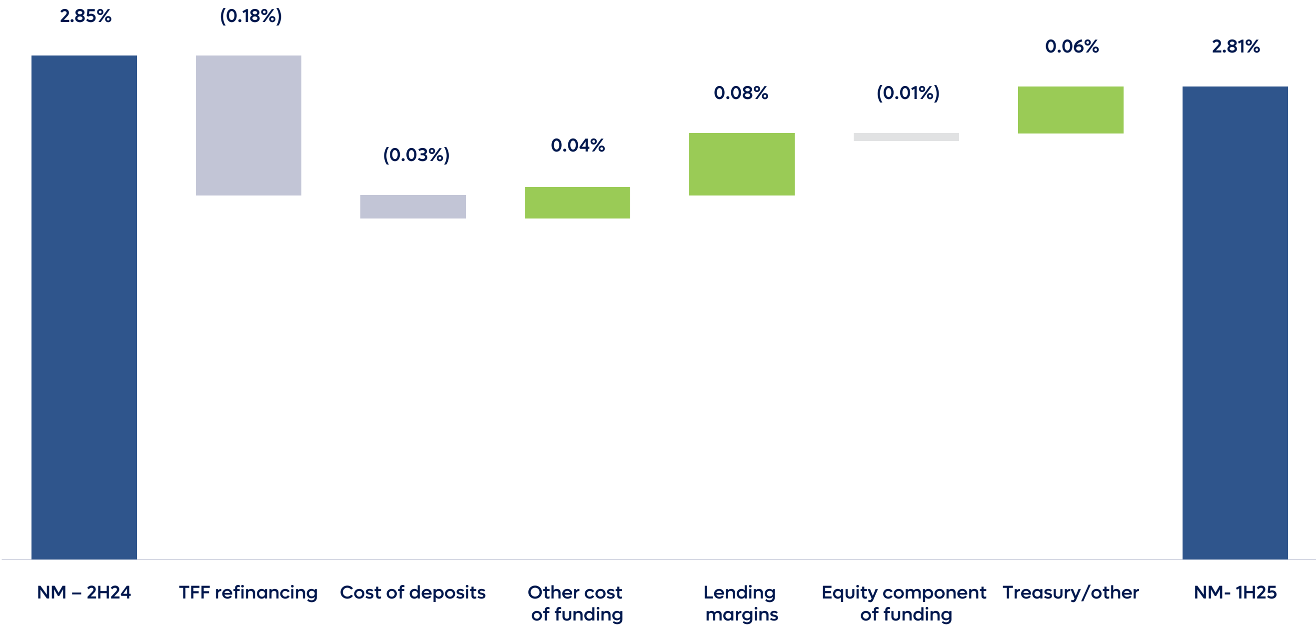
Other cost of funding, which reflects wholesale funding sources, contributed a 4bps favourable impact to NIM in 1H25. This was primarily driven by continued optimisation of warehouse facility agreements and favourable pricing for negotiable certificates of deposit (**NCDs**).

Lending margins contributed an 8bps favourable impact to NIM in 1H25, largely from higher margins on new lending and proactive portfolio management. Judo has maintained disciplined pricing for risk and consistently achieved an average margin on new lending of over 450bps over 1-month BBSW in 1H25.

Equity had a minimal impact on NIM, as interest rates were broadly stable in 1H25 compared with the prior half.

Treasury/other contributed a 6bps favourable movement to NIM, largely due to the maturity of low-yielding fixed-rate bonds during the period which repriced at prevailing market rates, as well as reduced liquidity requirements following repayment of the TFF.

NIM waterfall chart



2.4 Other operating income

	Half Year to				
	Dec-24 $m	**Jun-24 $m**	**Dec-23 $m**	**HoH %**	**PcP %**
Fee income	4.4	3.6	2.6	22%	69%
Other income	3.5	2.3	2.2	52%	59%
Total other operating income	**7.9**	**5.9**	**4.8**	**34%**	**65%**

Other operating income increased to $7.9m, up $2.0m from $5.9m.

Fee income of $4.4m increased by $0.8m. Fee income consists of fees charged on bank guarantee products and undrawn lines of credit, with demand for both products increasing in 1H25.

Other income of $3.5m increased by $1.2m, which includes mandate fees charged on lending products, term deposit break fees, and other one-off items. Other income continues to benefit from growth across the lending and term deposit books.

2.5 Operating expenses

	Half Year to				
	Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
Employee benefits expense	71.0	64.4	64.8	10%	10%
IT expense	17.4	14.4	14.1	21%	23%
Marketing expense	3.3	4.9	3.5	(33%)	(6%)
Occupancy and depreciation	3.9	3.9	4.2	–	(7%)
Intangibles amortisation	5.5	7.8	4.3	(29%)	28%
Other expenses	14.3	15.3	14.9	(7%)	(4%)
Total underlying operating expenses[1]	**115.4**	**110.7**	**105.8**	**4%**	**9%**
Non-recurring costs					
CEO transition costs	–	3.2	–	(100%)	–
Organisational restructuring costs	–	2.6	–	(100%)	–
Total statutory operating expenses	**115.4**	**116.5**	**105.8**	**(1%)**	**9%**
Total FTEs	548	543	557	1%	(2%)
Average FTEs	544	564	550	(4%)	(1%)
Total Relationship Bankers	159	144	128	10%	24%
Underlying CTI (%)[1]	57.4%	56.3%	52.9%	110bps	450bps

Notes

1. Excluding non-recurring costs in 2H24.

Underlying operating expenses were $115.4m, up 4%, excluding non-recurring costs in 2H24.

The underlying CTI was 57.4%.

Employee benefits expense was $71.0m, up 10% due to:

- wage inflation and a higher super guarantee charge, partly offset by a reduction in average FTEs;
- several project-focused employees moving to systems-maintenance roles following completion of several major technology projects; and
- some volatile expense items, including higher payroll tax on staff incentives as a result of Judo's significant share price appreciation during the half.

IT expense was $17.4m, up 21%. This was primarily associated with increased licensing costs related to the Bank's new systems.

Marketing expense was $3.3m, a decrease of 33% due to seasonality and timing of brand investment.

Occupancy and depreciation expense was flat from 2H24.

Intangibles amortisation was $5.5m, down 29%. Amortisation in 2H24 included the impact of accelerated amortisation on Judo's previous core lending platform, which was replaced in August 2024.

Other expenses were $14.3m, down 7%, reflecting timing variability.

2.6 Gross loans and advances

GLA was $11.6bn, an increase of 9%.

GLA growth was solid during 1H25, driven by continued recruitment of high-quality Relationship Bankers and investment in new geographies. Regional expansion activity has been strong with Judo's relationship-led approach to banking resonating well with regional customers. Judo added five new locations and 15 bankers in 1H25. Agribusiness lending has also experienced consistent growth, now accounting for 5% of the lending book, up from 3% in December 2023.

As a relationship-led bank, Judo proactively managed growth, economics and risk. Run-off, which consists of structural principal amortisation, customer repayments and refinances, averaged 24%, above the Bank's long-run expectation of around 20%. Elevated run-off in 1H25 was due to proactive portfolio management, which benefited both NIM and cost of risk.

GLA by product

	Dec-24 $m	Jun-24 $m	Dec-23 $m	Dec-24 % of GLAs	Jun-24 % of GLAs	Dec-23 % of GLAs
Business loans	9,031	8,187	7,431	78%	76%	77%
Equipment loans	619	643	599	5%	6%	6%
Line of credit	868	739	627	7%	7%	6%
Home loans	1,129	1,142	1,045	10%	11%	11%
GLA	**11,647**	**10,711**	**9,703**	**100%**	**100%**	**100%**
Allowance for credit losses	(160)	(149)	(131)			
Total loans and advances	**11,487**	**10,562**	**9,572**			

GLA by geography

	Dec-24 $m	Jun-24 $m	Dec-23 $m	Dec-24 % GLAs	Jun-24 % GLAs	Dec-23 % GLAs
NSW	4,858	4,259	3,760	42%	40%	39%
VIC	3,446	3,308	2,900	29%	31%	30%
QLD	1,718	1,671	1,560	15%	15%	16%
WA	1,026	930	905	9%	9%	9%
Other	599	543	578	5%	5%	6%
GLA	**11,647**	**10,711**	**9,703**	**100%**	**100%**	**100%**

GLA by industry

	Dec-24	Jun-24	Dec-23	HoH %	PcP %
Rental, hiring and real estate services	25%	25%	26%	–	(1%)
Property operators (property investment)	*21%*	*21%*	*21%*	–	–
Other rental, hiring and real estate services	*4%*	*4%*	*5%*	–	*(1%)*
Accommodation and food services	12%	11%	10%	1%	2%
Construction	7%	7%	7%	–	–
Manufacturing	6%	7%	7%	(1%)	(1%)
Retail trade	6%	6%	7%	–	(1%)
Agriculture, forestry and fishing	5%	4%	3%	1%	2%
Professional, scientific and technical services	5%	4%	4%	1%	1%
Health care and social assistance	5%	5%	5%	–	–
Financial and insurance services	4%	4%	5%	–	(1%)
Wholesale trade	4%	4%	4%	–	–
Transport, postal and warehousing	2%	3%	3%	(1%)	(1%)
Residential mortgage	10%	10%	11%	–	(1%)
Other	9%	10%	8%	(1%)	1%
GLA	**100%**	**100%**	**100%**		

2.7 Funding

	Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
Customer deposits					
Direct term deposits	6,628	5,654	4,992	17%	33%
Intermediated SMSF/retail term deposits	1,778	1,921	1,461	(7%)	22%
Intermediated middle markets term deposits	584	653	468	(11%)	25%
Total customer deposits	**8,990**	**8,228**	**6,921**	**9%**	**30%**
Wholesale funding					
TFF self-securitisation drawn	–	–	1,193	–	(100%)
Warehouse facilities	1,767	1,906	1,373	(7%)	29%
Term securitisation debt	285	361	432	(21%)	(34%)
Senior unsecured debt	200	200	200	–	–
Additional Tier 1/Tier 2 subordinated debt	315	190	190	66%	66%
Negotiable certificates of deposit (NCDs)	581	487	322	19%	81%
Total wholesale funding[1]	**3,148**	**3,144**	**3,710**	**0%**	**(15%)**
Other					
TFF preserved component	–	–	1,249	–	(100%)
Total other	**–**	**–**	**1,249**	**–**	**(100%)**
Total funding	**12,138**	**11,372**	**11,879**	**7%**	**2%**
CET1 capital	1,464	1,411	1,396	4%	5%
Total funding and capital	**13,602**	**12,783**	**13,275**	**6%**	**2%**
Deposits/total funding and capital (%)	66.1%	64.4%	52.1%	170bps	140bps
Customer deposits – average tenor at origination (days)					
Direct term deposits	504	547	537		
Intermediated SMSF/retail term deposits	312	294	309		
Intermediated middle markets term deposits	306	263	285		

Notes

1. Funding balances are presented gross of any capitalised funding establishment costs.

Funding strategy

Key elements of Judo's funding strategy include:

- achieve certainty of funding sources to support the Bank's growth strategy;
- attain diversified sources of funding by product, tenor, and channel;
- manage funding risk, including maturity profile and counterparty concentrations; and
- optimise the cost of funds.

Judo has established diversified sources of funding in the form of deposits and wholesale funding to support growth in the loan book.

Deposits

Deposits are a core part of Judo's funding strategy. Judo's long-term target is for 75% of total assets to be funded from deposits.

Judo offers term deposits directly and via intermediaries to retail and wholesale customers. As an APRA-authorised deposit taking institution (**ADI**), Judo's deposits are covered by the Australian Government's guarantee on deposits scheme (also known as the Financial Claims Scheme), providing protection of up to $250,000 per account holder.

At 31 December 2024, customer deposits were $9.0bn, up 9%. Growth was driven by $1bn of net inflows from the direct retail channel, due to strong demand for term deposits combined with improving recognition of Judo's brand in the market.

Funding from intermediated channels fell, primarily due to Judo's strategic decision to source more funding from stable retail channels.

Cost of deposits were discussed in more detail in section 2.3.

Wholesale funding

Wholesale funding remains an important component of Judo's funding strategy, providing flexibility and diversification. Over the longer term, wholesale funding is expected to represent approximately 15% of total asset funding. This will encompass secured wholesale sources such as warehouses and term securitisations, as well as unsecured products including senior unsecured bonds, hybrid capital instruments and NCDs.

Judo has continued to optimise its wholesale funding. Committed warehouse funding limits were managed down to $2.4bn at 31 December 2024 from $2.7bn at 30 June 2024 through converting committed lines to uncommitted. This provides additional funding flexibility without the related costs of unutilised committed lines. Drawn warehouse funding fell slightly during the half due to loan amortisation.

NCDs grew 19% to $581m during the half, as Judo was accessed funding from this channel at attractive pricing.

Judo also completed an oversubscribed $125m public Tier 2 transaction during the half. Whilst this instrument was issued primarily for the purpose of supporting the Bank's total capital level, it also provided incremental funding.

2.8 Asset quality

Impairment on loans, advances and treasury investments

	Half Year to				
	Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
Impairment expense – individually assessed	22.8	26.2	21.6	(13%)	6%
Impairment expense – collective	6.0	17.2	7.1	(65%)	(15%)
Impairment on loans and advances	**28.8**	**43.4**	**28.7**	**(34%)**	**0%**
Impairment on treasury investments	–	(0.1)	(1.9)	(100%)	(100%)
Impairment on loans, advances and treasury investments	**28.8**	**43.3**	**26.8**	**(33%)**	**7%**
Impairment expense/average GLA (%, annualised)	0.51%	0.87%	0.57%	(36bps)	(6bps)

Lending provisions and coverage

	Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
Individually-assessed provision	40.6	36.1	34.7	12%	17%
Collective provision	119.0	113.0	95.8	5%	24%
Total provisions	**159.6**	**149.1**	**130.5**	**7%**	**22%**
Specific provision[1]/impaired assets (%)	28.4%	28.0%	36.2%	4%	(78%)
Total provisions/impaired assets (%)	111%	115%	136%	(40%)	(250%)
Specific provision[1]/GLA (%)	0.35%	0.34%	0.36%	1bps	(1bps)
Collective provision/GLA (%)	1.02%	1.05%	0.99%	(3bps)	3bps
Total provisions/GLA (%)	1.37%	1.39%	1.34%	(2bps)	3bps
Total provisions/credit RWA (%)	1.65%	1.71%	1.67%	(6bps)	(2bps)

Days Past Due ("DPD") and impaired assets

	Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
30-89 DPD but not impaired	116.0	101.9	134.2	14%	(14%)
90+ DPD but not impaired	124.4	117.7	72.1	6%	73%
Impaired assets	143.4	130.0	95.7	10%	50%
30+ DPD and impaired assets	**383.8**	**349.6**	**302.0**	**10%**	**27%**
30-89 DPD but not impaired/GLA (%)	1.00%	0.95%	1.38%	5bps	(38bps)
90+ DPD but not impaired/GLA (%)	1.07%	1.10%	0.74%	(3bps)	33bps
Impaired assets/GLA (%)	1.23%	1.21%	0.99%	2bps	24bps
30+ DPD & impaired assets/GLA (%)	**3.30%**	**3.26%**	**3.11%**	**4bps**	**19bps**
90+ DPD & impaired assets/GLA (%)	**2.30%**	**2.31%**	**1.73%**	**(1bps)**	**57bps**
Non-performing loans/GLA (%)	**2.90%**	**2.72%**	**2.02%**	**18bps**	**88bps**

Notes

1. Specific provisions include both individually-assessed and collectively-assessed provisions for impaired assets.

Impairment on loans, advances, and treasury investments

Impairment expense for 1H25 was $28.8m, down from $43.3m in 2H24, and in line with the prior corresponding period.

The 1H25 impairment expense improved compared to the prior half due to the benefits of proactive portfolio management initiatives, and a lower rate of new impairments.

Provision coverage

Total lending book provisions were $159.6m as at 31 December 2024, an increase from $149.1m as at 30 June 2024.

Judo's collective provision was $119.0m as at 31 December 2024, an increase of $6.0m during 1H25. Judo's collective provision coverage was marginally lower at 1.02% of GLA.

The key drivers of the collective provision net increase include:

- growth in the loan book mainly driven by new-to-bank customers;
- proactive portfolio management resulting in a number of customer exits;
- deterioration in risk grades for customers experiencing stress; and
- an increase to the vulnerable industry economic overlay, based on credit default experience. The accommodation and food services sector was removed as a vulnerable industry, due to observed defaults performing in line with the broader portfolio.

During the half the Bank also adopted a more granular approach to assessing customer level risk, which had a neutral impact on provisioning levels.

Further details about credit provisioning can be found in Note 9 (Provision for credit impairment) of the Financial Statements.

Judo's individually assessed provision was $40.6m, a net increase from $36.1m, following new impairments, partially offset by $18.3m of specific provisions written off to previously impaired customers.

Days past due and impaired assets

Judo's 90+DPD and gross impaired assets to GLA of 2.30% was flat during the half-year period, down 1bps. Judo maintains a disciplined approach to achieving optimal resolutions for both the customer and the Bank.

Judo's 90+ DPD loans (but not impaired) totalled $124.4m or 1.07% of GLA, below 30 June 2024 of 1.10% driven by one large customer returning to performing status and a small number of customers migrating to gross impaired asset status. As of 31 December 2024, there were 39 customer groups with loans 90+ DPD.

Judo's gross impaired assets to GLA ratio increased by 2bps to 1.23% during 1H25, a modest increase of $13.4m. The half-year included 33 new customer group impairments, mainly in services to construction, accommodation and food services, and retail trade. This was largely offset by a combination of customer work-out activity, asset sales , paydowns and write offs. As of 31 December 2024, there were 73 customer groups in impaired status, which remain well-provisioned.

2.9 Capital management and liquidity

	Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
CET1 capital	1,464	1,411	1,396	4%	5%
AT1 capital	75	75	75	–	–
Tier 1 capital	**1,539**	**1,486**	**1,471**	**4%**	**5%**
Tier 2 capital instruments	240	115	115	109%	109%
General reserve for credit losses	81	81	72	–	12%
Tier 2 capital	**321**	**196**	**187**	**64%**	**71%**
Total capital	**1,860**	**1,682**	**1,658**	**11%**	**12%**
Total credit RWAs ($m)	9,671	8,737	7,812	11%	24%
Total RWA ($m)	10,638	9,611	8,593	11%	24%
Average risk weight on lending (%)[1]	78.9%	77.5%	76.0%	140bps	290bps
CET1 ratio (%)	13.8%	14.7%	16.2%	(90bps)	(240bps)
Tier 1 capital ratio (%)	14.5%	15.5%	17.1%	(100bps)	(260bps)
Total capital ratio (%)	17.5%	17.5%	19.3%	–	(180bps)

Liquidity

	Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
Total liquid assets balance	2,071	2,185	3,523	(5%)	(41%)
Less: liquid assets ineligible for MLH	(2)	(6)	(1,313)	(73%)	(100%)
Total adjusted MLH balance	**2,069**	**2,179**	**2,210**	**(5%)**	**(6%)**
Total adjusted MLH balance (%)	15.9%	18.2%	18.2%	(230bps)	(230bps)

Notes

1. Average risk weight on lending (%) excludes assets in Judo's capital relief term securitisation, which are de-consolidated for the purposes of regulatory capital calculations.

Judo maintains a strong capital position in order to satisfy regulatory capital requirements and provide financial security to depositors, while balancing adequate return to shareholders.

Judo is a high-growth business, and the current dividend policy is to reinvest all cash flows, and any excess capital generated by its activities into the business to support and maximise future growth. Accordingly, Judo does not expect to pay dividends to shareholders in the near term.

Judo's minimum liquidity holdings (**MLH**) position as at 31 December 2024 was 15.9% compared with 18.2% as at 30 June 2024. The average MLH for 1H25 was 17.4%, down from 18.8% in 2H24, due to tighter liquidity management and from excess liquids reducing following repayment of the TFF.

CET1 waterfall – June 2024 to December 2024 (%)

As at 31 December 2024, Judo's CET1 ratio was 13.8%, down 0.9% from 14.7% as at 31 December 2024. The key drivers of the movement were:

- loan book growth of $0.9bn consumed 1.2% of CET1;
- operational risk RWA increased proportionally to lending growth, consuming 0.1% of CET1;
- increased average risk weight on lending during the period consumed 0.2% of CET1;
- 1H25 earnings contributed 0.4% to CET1; and
- other items contributed net 0.2% benefit to CET1.

Total Capital waterfall – June 2024 to December 2024 (%)

As at 31 December 2024, the Bank's Total Capital ratio was flat at 17.5%, benefitting from the $125m Tier 2 subordinated debt issuance, contributing 1.3% of Total Capital.

2.10 Tax

Judo's effective tax rate for 1H25 of 27.9% is below the corporate tax rate of 30%. The lower tax rate was primarily due to an income tax benefit related to share-based payments. Judo's higher share price over the half increased the estimated future tax deduction related to share-based payments and resulted in a $2.3m tax benefit in 1H25. This reverses the tax expense incurred in prior years.

The effective tax rate is expected to normalise to around 30% for FY25 assuming the Judo share price remains stable over 2H25.

Effective tax rate

	Half Year to				
	Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
Statutory profit before tax	**56.7**	**36.9**	**67.4**	**54%**	**(16%)**
At the corporate tax rate (30%)	17.0	11.1	20.2	54%	(16%)
Add tax effect of:					
Share-based payments	(2.3)	0.6	0.9	large	large
AT1 interest	0.9	0.9	0.2	–	large
Non-deductible expenses	0.1	0.1	0.1	–	–
Income tax under provided in previous years	0.1	0.2	0.1	(50%)	–
Income tax expense	**15.8**	**12.9**	**21.5**	**23%**	**(27%)**
Effective tax rate	27.9%	34.9%	31.9%	(700bps)	(400bps)

Deferred tax

	Dec-24 $m	Jun-24 $m	Dec-23 $m	HoH %	PcP %
Capital raising costs[1]	2.7	3.3	4.2	(18%)	(36%)
Share based payments[2]	14.6	11.6	12.5	26%	17%
Allowance for credit losses[3]	47.9	44.8	39.3	7%	22%
Other[4]	8.0	9.0	6.0	(11%)	33%
Deferred tax assets	**73.2**	**68.7**	**62.0**	**7%**	**18%**
Other[4]	(6.9)	(0.4)	(6.6)	large	5%
Deferred tax liabilities	**(6.9)**	**(0.4)**	**(6.6)**	**large**	**5%**
Net deferred tax assets	**66.3**	**68.3**	**55.4**	**(3%)**	**20%**

Notes

1. Capital raising costs are deductible over a five-year period, commencing in the year they are incurred. Most of the capital raising costs were incurred in FY22.
2. Share-based payments include both the settlement of a legacy incentive plan (which is deductible over five years commencing in FY22) and the expected future deductions available in relation to current employee incentive plans.
3. Credit losses are deductible when the associated asset is formally written off.
4. All other deferred tax balances reflect temporary differences between the accounting and tax treatment, which are expected to unwind as the tax benefits/liabilities are realised.

2.11 Average Balance Sheet

	Half year ended 31 December 2024			Half year ended 30 June 2024		
	Avg Bal $m	Interest $m	Avg Rate %	Avg Bal $m	Interest $m	Avg Rate %
Assets						
Interest earning assets						
Trading and investment securities	2,412	47.1	3.87%	3,433	65.3	3.83%
GLA	11,224	477.9	8.45%	10,026	412.8	8.28%
Total interest earning assets	**13,636**	**525.0**	**7.64%**	**13,459**	**478.1**	**7.14%**
Non-interest earning assets						
Other assets (incl. loan provisions)	51	NM	NM	103	NM	NM
Total non-interest earning assets	**51**	**NM**	**NM**	**103**	**NM**	**NM**
Total assets	**13,687**	**525.0**	**NM**	**13,562**	**478.1**	**NM**
Liabilities						
Interest bearing liabilities						
Direct term deposits	6,106	160.5	5.21%	5,281	135.3	5.15%
Intermediated term deposits	2,586	67.9	5.21%	2,195	55.8	5.11%
TFF self-securitisation drawn	–	–	–	613	1.8	0.61%
Warehouse facilities	1,808	57.7	6.33%	1,619	51.5	6.40%
Term securitisation debt	323	12.9	7.92%	397	15.1	7.66%
Senior unsecured debt	200	7.3	7.24%	200	7.1	7.15%
Additional Tier 1 subordinated debt	75	3.2	8.46%	75	3.2	8.58%
Tier 2 subordinated debt	169	7.3	8.57%	115	5.3	9.27%
Certificates of deposit	586	14.9	5.04%	381	9.1	4.81%
TFF preserved component	–	–	–	879	2.7	0.61%
Repurchase agreements	–	–	–	–	–	–
Other interest bearing liabilities	12	0.3	4.96%	13	0.4	6.19%
Total interest bearing liabilities	**11,865**	**332.0**	**5.55%**	**11,768**	**287.3**	**4.91%**
Non-interest bearing liabilities						
Other liabilities	224	NM	NM	231	NM	NM
Total non-interest bearing liabilities	**224**	**NM**	**NM**	**231**	**NM**	**NM**
Total liabilities	**12,089**	**332.0**	**NM**	**11,999**	**287.3**	**NM**
Average net assets	**1,598**	**NM**	**NM**	**1,563**	**NM**	**NM**
Average shareholder equity	**1,598**	**NM**	**NM**	**1,563**	**NM**	**NM**
Average 1m BBSW			**4.36%**			**4.35%**

2.12 Outlook

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.

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 – $20bn
NIM	Gradual improvement of NIM in 2H25 • 2H25 NIM at upper end of 2.90% – 3.00% • Jun-25 exit NIM at 3%	Upper end of 2.80% – 2.90%	>3%
CTI ratio[1]	Cost growth slowing in FY25, CTI ratio to improve 2H25 vs 1H25	Broadly stable vs FY24 (%)	Approaching 30%
Cost of risk	Continued growth and seasoning of the portfolio	Broadly stable vs FY24 ($)	50bps of GLA
PBT/ROE	Significant operating leverage evident in 2H25 and beyond	Targeting 15% growth in PBT[1] vs FY24	Low- to mid-teens ROE

1. Excluding non-recurring costs related to CEO transition and organisational restructuring in FY24.

3.0 Interim financial report

for the half year ended 31 December 2024

Directors' report

The Directors present their report on the consolidated entity consisting of Judo Capital Holdings Limited and its controlled entities (collectively, '**the Group**') for the half year ended 31 December 2024.

Directors and Company Secretaries

Directors

The following persons were Directors of Judo Capital Holdings Limited during the whole of the financial period and up to the date of this report, unless otherwise specified:

Peter Hodgson *(Chairman)*

Chris Bayliss

Brad Cooper *(appointed 16 December 2024)*

Jennifer Douglas

John Fraser *(up to 25 October 2024)*

David Hornery

Malcolm McHutchison

Mette Schepers

Manda Trautwein

Company Secretaries

The names of the Company Secretaries in office at any time during or since the end of the period are:

Yien Hong

Liam Williams

The Company Secretaries have been in office since the start of the period to the date of this report unless otherwise stated.

Review of operations

Group net profit after tax for the period was $40.9m (June 2024: $24.0m), representing an increase of $16.9m or 70.4% compared with the prior half. The increase was primarily driven by a lower credit impairment charge for the period.

Net interest income was $193.0m, an increase of $2.2m or 1.2% compared with the prior half. Interest income increased primarily due to lending growth, while interest expenses increased following the successful refinancing of the TFF which was completed in June 2024 and replaced largely by term deposits and securitisation warehouse funding.

Other operating income was $7.9m, an increase of $2.0m or 33.9% compared with the prior half, driven by continued growth in fee income from bank guarantees and undrawn lines of credit, as well as an increase in term deposit break fees and mandate fees.

Operating expenses decreased by $1.1m or 0.9% compared with the prior half, which included one-off costs relating to the CEO transition and organisational restructuring. The reduction in one-off expenses was partially offset by wage inflation, higher payroll taxes, and some minor volatile items.

Credit impairment charges decreased by $14.5m or 33.5% compared with the prior half. The reduction was due to the benefits of proactive portfolio management initiatives, and a lower rate of new impairments. Actual customer write-offs were also lower at $18.3m compared with $25.0m in the prior half.

Income tax expense has increased by $2.9m compared with the prior half, reflecting the increase in statutory earnings. Partially offsetting the increase was a deferred income tax benefit recognised on employee share-based incentive plans as a result of the Group's significant share price appreciation over the period. The Group's effective income tax rate for the half year is 28% (30 June 2024: 35%).

Total assets of $14.0bn increased by $844.1m or 6.4% compared to 30 June 2024, driven by an increase in loans and advances of $925.8m or 8.7%. This was offset by a reduction in cash and cash equivalents and investments of $77.7m or 3.2% as the Group optimised its liquidity levels following repayment of the TFF.

Total liabilities of $12.4bn increased by $783.0m or 6.7% compared to 30 June 2024. This was primarily driven by an increase in term deposits of $762.8m or 9.3% to support lending growth. Movements in other borrowings were largely neutral across the half, noting a second Subordinated Tier 2 Capital note was issued during the period to support funding and regulatory capital levels.

Total equity increased by $61.1m or 3.9% from 30 June 2024, driven by the current period's statutory profit, movements in the share-based payments reserve and changes to fair values in the cash flow hedge reserve and fair value through other comprehensive income (**FVOCI**) reserve.

The Group maintained a strong capital position throughout the period, with a Common Equity Tier 1 (**CET1**) Capital ratio of 13.8% (30 June 2024: 14.7%) and a Total Capital ratio of 17.5% (30 June 2024: 17.5%), well above Board and regulatory minimum requirements. The decrease in CET1 Capital was driven by continued growth in the loan book resulting in an increase to Risk Weighted Assets, partially offset by net profit after tax generated for the period. The Total Capital ratio remained unchanged over the half, benefitting from the Subordinated Tier 2 Capital note issuance.

Significant changes in the state of affairs

There were no significant changes in the Group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Events since the end of the interim period

There are no matters or circumstances that have arisen since the end of the interim period that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Management attestations

In line with Recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations, the Board has received a joint declaration from both the Chief Executive Officer and Chief Financial Officer that, in their opinion, the financial statements and accompanying notes for the interim period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 23.

Rounding of amounts

Pursuant to the ASIC Legislative Instrument 2016/191, relating to the 'rounding off' amounts, amounts in the directors' report and financial report have been rounded off to the nearest hundred thousand dollars, and presented in the form of a whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars.

This report is made in accordance with a resolution of Directors.

Peter Hodgson
Chair

Manda Trautwein
Director

18 February 2025

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the review of Judo Capital Holdings Limited for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Judo Capital Holdings Limited and the entities it controlled during the period.

Sam Garland
Partner
PricewaterhouseCoopers

Melbourne
18 February 2025

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Condensed consolidated statement of profit or loss and other comprehensive income

		For the six months ended		
	Notes	**31 December 2024 $m**	**30 June 2024 $m**	**31 December 2023 $m**
Effective interest income	3	525.0	478.1	432.2
Interest expense	3	(332.0)	(287.3)	(237.0)
Net interest income		**193.0**	**190.8**	**195.2**
Other operating income	4	7.9	5.9	4.8
Operating expenses	5	(115.4)	(116.5)	(105.8)
Credit impairment		(28.8)	(43.3)	(26.8)
Net profit before income tax		56.7	36.9	67.4
Income tax expense	6	(15.8)	(12.9)	(21.5)
Net profit after income tax		**40.9**	**24.0**	**45.9**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Gain/(loss) on revaluation of cash flow hedge	15(b)	10.7	(13.2)	20.3
(Loss)/Gain on investments measured at FVOCI		(0.5)	(0.2)	0.5
Other comprehensive income for the period, net of tax		**10.2**	**(13.4)**	**20.8**
Total comprehensive income for the period		**51.1**	**10.6**	**66.7**

	Cents	**Cents**	**Cents**
Earnings per share			
Basic earnings per share	3.7	2.2	4.1
Diluted earnings per share	3.5	2.0	4.0

The accompanying notes form part of these financial statements.

Condensed consolidated statement of financial position

	Notes	As at 31 December 2024 $m	30 June 2024 $m	31 December 2023 $m
ASSETS				
Cash and cash equivalents		680.9	777.4	835.0
Investments	7	1,626.1	1,607.3	3,006.1
Loans and advances	8	11,545.1	10,619.3	9,627.7
Current tax assets	6	11.8	2.6	–
Derivative assets	10	1.0	2.7	7.4
Property, plant and equipment		7.7	8.6	9.7
Intangible assets		49.8	48.3	45.0
Deferred tax assets	6	66.3	68.3	55.4
Other assets	11	51.9	62.1	61.3
Total assets		**14,040.6**	**13,196.6**	**13,647.6**
LIABILITIES				
Deposits	12	8,989.4	8,226.6	6,920.6
Borrowings	13	3,139.8	3,134.8	4,949.1
Derivative liabilities	10	2.5	3.8	4.4
Current tax liabilities	6	–	–	4.1
Provisions		79.4	80.9	66.5
Other liabilities	14	203.1	185.2	152.4
Total liabilities		**12,414.2**	**11,631.3**	**12,097.1**
Net assets		**1,626.4**	**1,565.3**	**1,550.5**
EQUITY				
Share capital	15	1,535.7	1,522.1	1,522.1
Reserves	15	(12.2)	(18.8)	(9.6)
Retained earnings		102.9	62.0	38.0
Total equity		**1,626.4**	**1,565.3**	**1,550.5**

The accompanying notes form part of these financial statements.

Condensed consolidated statement of changes in equity

	Share capital $m	Reserves $m	Retained earnings $m	Total equity $m
Balance at 1 July 2023	**1,518.3**	**(33.3)**	**(7.9)**	**1,477.1**
Profit after tax for the half year	–	–	45.9	45.9
Other comprehensive income, net of tax	–	20.8	–	20.8
Total comprehensive income for the half year	**–**	**20.8**	**45.9**	**66.7**
Transactions with owners in their capacity as owners:				
Issue of ordinary shares for Employee Share Scheme	3.8	(3.8)	–	–
Movement in share-based payments reserve, net of tax	–	6.7	–	6.7
	3.8	2.9	–	6.7
Balance at 31 December 2023	**1,522.1**	**(9.6)**	**38.0**	**1,550.5**
Profit after tax for the half year	–	–	24.0	24.0
Other comprehensive income, net of tax	–	(13.4)	–	(13.4)
Total comprehensive income for the half year	**–**	**(13.4)**	**24.0**	**10.6**
Transactions with owners in their capacity as owners:				
Movement in share-based payments reserve, net of tax	–	4.2	–	4.2
Balance at 30 June 2024	**1,522.1**	**(18.8)**	**62.0**	**1,565.3**
Profit after tax for the half year	–	–	40.9	40.9
Other comprehensive income, net of tax	–	10.2	–	10.2
Total comprehensive income for the half year	**–**	**10.2**	**40.9**	**51.1**
Transactions with owners in their capacity as owners:				
Issue of ordinary shares for Employee Share Scheme	13.6	(13.6)	–	–
Movement in share-based payments reserve, net of tax	–	10.0	–	10.0
	13.6	(3.6)	–	10.0
Balance at 31 December 2024	**1,535.7**	**(12.2)**	**102.9**	**1,626.4**

The accompanying notes form part of these financial statements.

Condensed consolidated statement of cash flows

	For the six months ended		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Cash flows from operating activities			
Interest received	533.0	483.7	422.1
Interest paid	(308.2)	(259.4)	(200.6)
Payments to suppliers and employees	(114.8)	(93.3)	(111.8)
Fees and other income received	7.9	5.9	4.8
Income taxes paid	(22.0)	(26.2)	(36.2)
Cash flows from operating activities before changes in operating assets and liabilities	**95.9**	**110.7**	**78.3**
Changes in operating assets and liabilities			
Net movement in balance of loans and advances	(948.4)	(1,031.6)	(800.4)
Net movement in balance of deposits	762.8	1,305.9	966.2
Net movement in collateral paid on interest rate swaps	15.4	(14.8)	27.8
Net cash inflow/(outflow) from operating activities	**(74.3)**	**370.2**	**271.9**
Cash flows from investing activities			
Movement in investments			
Purchases of investments	(884.5)	(1,124.5)	(1,722.7)
Proceeds from investments	865.0	2,523.2	1,144.9
Payments for property, plant and equipment	–	–	(2.7)
Payments for intangible assets	(7.0)	(11.0)	(11.9)
Net cash inflow/(outflow) from investing activities	**(26.5)**	**1,387.7**	**(592.4)**
Cash flows from financing activities			
Proceeds from borrowings	1,517.7	1,870.6	2,489.7
Repayments of borrowings	(1,512.5)	(3,685.0)	(2,047.9)
Principal portion of lease payments	(0.9)	(1.1)	(1.0)
Net cash inflow/(outflow) from financing activities	**4.3**	**(1,815.5)**	**440.8**
Net (decrease)/increase in cash and cash equivalents	**(96.5)**	**(57.6)**	**120.3**
Cash and cash equivalents at the beginning of the period	777.4	835.0	714.7
Cash and cash equivalents at the end of the period	**680.9**	**777.4**	**835.0**

The accompanying notes form part of these financial statements.

Notes to the condensed consolidated financial statements

1. Summary of significant accounting policies

This interim financial report for the half year reporting period ended 31 December 2024 has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001* (Cth) and the Australian Securities Exchange (**ASX**) Listing Rules.

The financial report covers Judo Capital Holdings Limited and its controlled entities ("the Group"), as detailed in Note 17. Judo Capital Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. Judo Capital Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies and methods of computation applied in this report are consistent with those applied in the Group's 2024 Annual Report, unless otherwise specified below.

(a) Basis of preparation

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Group's 2024 Annual Report.

Condensed financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* which include, at a minimum, each of the headings and subtotals that were included in the most recent annual financial statements and selected explanatory notes as required by the standard.

The financial statements have been prepared on a historical cost basis, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Use of critical judgements and estimates

The preparation of this interim financial report requires the use of critical accounting estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Except as outlined in Note 9, there have been no significant changes to the accounting estimates, judgements and assumptions used in preparing the interim financial report compared to those applied in the preparation of the 2024 Annual Report.

Measurement of expected credit losses

Except as outlined in Note 9, the methodology utilised in determining the Group's expected credit losses remains consistent with those applied in the 2024 Annual Report. There are a number of judgements and estimates made by management in relation to the underlying assumptions that are continuously reviewed and revised on a periodic basis which include, but are not limited to:

- probability of default, loss given default and exposure at default estimates;
- forward-looking macroeconomic conditions; and
- macroeconomic scenario weightings.

Further, the Group applies overlays for model risks and other external factors that cannot be adequately accounted for through expected credit loss models. Overlays are determined based on a range of techniques, including stress testing, benchmarking, scenario analysis and expert judgement. Overlays are subject to internal governance and applied as an incremental expected credit loss top-up to the impacted portfolio segments. Refer to Note 9 for further details.

(c) Rounding of amounts

The company complies with ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest hundred thousand dollars and presented in the form of a whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars.

2. Segment information

(a) Overview

For the half year ended 31 December 2024, the Group's segment information is presented based on a single reportable segment, being SME lending. The Group considers the allocation of revenues and costs to a single reportable segment as this best aligns with the Group's current organisational structure and information that is presented to Key Management Personnel (including the chief operating decision maker).

Prior period segment information has also been presented on this basis. Reportable segments are therefore consistent with the financial information presented in the financial statements and notes contained within this report.

(b) Major customers

No single customer contributes revenue greater than 10% of the Group's revenues.

3. Net interest income

	For the six months ended		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Effective interest income			
Cash and cash equivalents	18.7	22.9	14.9
Investments	28.4	42.5	42.2
Loans and advances	477.9	412.7	375.1
	525.0	**478.1**	**432.2**
Interest expense			
Deposits	(228.4)	(191.2)	(164.0)
Borrowings	(103.3)	(95.7)	(72.6)
Lease liabilities	(0.3)	(0.4)	(0.4)
	(332.0)	**(287.3)**	**(237.0)**
Net interest income	**193.0**	**190.8**	**195.2**

3. Net interest income continued

(a) Average balances and related interest

The tables below are products of Statement of Profit or Loss and Statement of Financial Position financial statement areas. These detail the assets responsible for deriving interest income and interest-bearing liabilities, along with their respective annualised interest earned or paid and average interest rate for the period. The averages listed are daily averages.

	Average balance $m	Interest $m	Average interest %
Half year ended 31 December 2024			
Interest income			
Cash and cash equivalents	914.5	18.7	4.06
Investments	1,522.6	28.4	3.70
Loans and advances	11,226.8	477.9	8.44
	13,663.9	**525.0**	**7.62**
Interest expense			
Deposits	8,697.0	228.4	5.21
Borrowings	3,176.5	103.3	6.45
	11,873.5	**331.7**	**5.54**
Half year ended 30 June 2024			
Interest income			
Cash and cash equivalents	1,096.4	22.9	4.19
Investments	2,506.1	42.5	3.40
Loans and advances	9,977.7	412.7	8.30
	13,580.2	**478.1**	**7.06**
Interest expense			
Deposits	7,427.6	191.2	5.16
Borrowings	4,401.4	95.7	4.36
	11,829.0	**286.9**	**4.86**
Half year ended 31 December 2023			
Interest income			
Cash and cash equivalents	729.0	14.9	4.05
Investments	2,804.6	42.2	2.98
Loans and advances	9,347.1	375.1	7.96
	12,880.7	**432.2**	**6.66**
Interest expense			
Deposits	6,592.2	164.0	4.94
Borrowings	4,664.9	72.6	3.09
	11,257.1	**236.6**	**4.17**

4. Other operating income

	For the six months ended		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Other operating income			
Realised gains on sale of investments	0.6	0.2	–
Fee income	4.4	3.6	2.6
Other income	2.9	2.1	2.2
	7.9	**5.9**	**4.8**

5. Operating expenses

	For the six months ended		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Depreciation and rental expenses			
Depreciation of property, plant and equipment	0.8	0.9	0.7
Depreciation of right-of-use assets	1.2	1.1	1.6
Rental expenses	1.9	1.9	1.9
	3.9	**3.9**	**4.2**
Employee benefits			
Salaries, superannuation and related on-costs	55.4	51.9	50.9
Performance-based compensation	15.2	13.4	12.0
Other employee benefits	0.4	4.8	1.9
	71.0	**70.1**	**64.8**
Other operating expenses			
Amortisation of intangible assets	5.5	7.8	4.3
Consultants	1.1	0.8	0.8
Information technology	17.4	14.4	14.1
Marketing	3.3	4.9	3.5
Professional fees	3.7	3.4	2.6
Travel and entertainment	3.2	3.0	3.3
Impairment of intangible assets	–	–	0.8
Other	6.3	8.2	7.4
	40.5	**42.5**	**36.8**

Notes to the condensed consolidated financial statements continued

6. Income tax

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	For the six months ended		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:			
Profit before income tax expense	56.7	36.9	67.4
Tax at the Australian tax rate of 30% (2023 – 30%)	17.0	11.1	20.2
Add tax effect of:			
Share-based payments	(2.3)	0.6	0.9
Capital note interest	0.9	0.9	0.2
Non-deductible expenses	0.1	0.1	0.1
Income tax under provided in previous period	0.1	0.2	0.1
Income tax expense	**15.8**	**12.9**	**21.5**

(b) Deferred tax assets

	As at		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Deferred tax assets			
Provision for credit impairment	47.9	44.8	39.3
Employee benefits	3.0	2.6	2.5
Capital raising costs	2.7	3.3	4.2
Share-based payments	14.6	11.6	12.5
Other	5.0	6.4	3.5
Total deferred tax assets	**73.2**	**68.7**	**62.0**
Deferred tax liabilities			
Intangibles	(2.4)	(0.2)	(0.6)
Cash flow hedges	(4.5)	–	(5.6)
Other	–	(0.2)	(0.4)
Total deferred tax liabilities	**(6.9)**	**(0.4)**	**(6.6)**
Net deferred tax assets	**66.3**	**68.3**	**55.4**

(c) Current tax liabilities

	As at		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Current tax assets	11.8	2.6	–
Current tax liabilities	–	–	(4.1)
	11.8	**2.6**	**(4.1)**

7. Investments

	As at		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Financial assets measured at amortised cost			
Government bonds and notes	55.3	55.9	644.6
Semi-government bonds and notes	736.5	1,003.8	1,511.7
Financial institution notes and securities	291.6	186.0	747.5
	1,083.4	**1,245.7**	**2,903.8**
Provision for credit impairment	(0.3)	(0.3)	(0.4)
	1,083.1	**1,245.4**	**2,903.4**
Financial assets measured at FVOCI			
Semi-government bonds and notes	284.9	59.5	–
Financial institution notes and securities	258.1	302.4	102.7
	543.0	361.9	102.7
Total investments	**1,626.1**	**1,607.3**	**3,006.1**

Hold to Collect and Sell Portfolio

The Group continues to operate a separate investment portfolio whose business model is to hold the assets to collect their contractual cash flows or to sell the assets, as an additional avenue for the Treasury function to manage liquidity and overall portfolio performance. Assets allocated to this portfolio are classified and measured at FVOCI.

8. Loans and advances

	As at		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Business loans	9,030.9	8,187.1	7,431.2
Equipment loans	619.4	642.8	599.1
Line of credit	867.5	739.3	627.2
Home loans	1,129.1	1,142.2	1,045.4
Gross loans and advances	**11,646.9**	**10,711.4**	**9,702.9**
Adjusted for:			
Capitalised net transaction costs	57.8	57.0	55.3
Provision for credit impairment	(159.6)	(149.1)	(130.5)
	11,545.1	**10,619.3**	**9,627.7**

9. Provision for credit impairment

The Group accounts for its credit risk by providing for expected credit losses. In calculating expected credit losses, the Group considers the customer's probability of default (**PD**), loss given default (**LGD**), exposure at default (**EAD**) and the amortisation profile of the exposure. Forward-looking macroeconomic conditions are incorporated into both the PD and LGD using multiple economic scenarios.

Updates to expected credit loss approach during the period

During the period, the Group updated its internal credit rating scale used to assess the default risk of customers. The revised scale provides a larger number of risk grades and enables the Group to assess risk at a more granular level. As a result, other components of the expected credit loss methodology were recalibrated against the updated scale, including:

- the risk grade movement used by the Group to assess whether a significant increase in credit risk (**SICR**) has occurred was updated to incorporate the impact of a more granular set of risk grades; and
- the weightings applied to forward-looking macroeconomic scenarios were recalibrated to ensure that the calculation of expected credit losses continued to appropriately reflect the Group's view of expected losses across the loss distribution, resulting in an increase to the weighting applied to downside scenarios. This does not reflect a material change in the Group's view on either the macroeconomic conditions or the expected losses anticipated.

Other components of the methodology remain consistent with those applied in the 30 June 2024 annual financial report, and are summarised further below.

Probability of default and internal credit ratings

The Group considers the probability of a customer defaulting upon origination of an exposure, and whether there has been a SICR at each reporting period. Internal credit rating grades are assigned at a customer level based on financial and non-financial information, including annual reviews, and also incorporates management credit experience and judgement leveraging available data including reasonable and supportable forward-looking information. The following indicators are assessed in determining if a SICR has occurred:

- a borrower is more than 30 days past due in making a contractual payment;
- a borrower has breached a covenant or is more than 90 days past due of being compliant;
- actual or expected significant changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- external credit rating – predominantly for treasury investment exposures; and
- significant adverse movements in internal credit risk grade.

Incorporation of macroeconomic scenarios and forward-looking information

In addition to considering historical experience to form a view on a 'through-the-cycle' view of expected credit losses, the Group incorporates forward-looking information and multiple economic scenarios to determine expected credit loss. Within the Group's credit risk management processes, this is referred to as determining the 'point-in-time' view of expected credit losses.

A severe downside scenario was introduced during the period, which enhances the Group's ability to capture the non-linearity of losses in the tail of the loss distribution.

The Group uses four forward-looking macroeconomic scenarios, each of which are representative of a range of possible outcomes. The Group's Credit Provision Model Governance Forum is responsible for the approval of each scenario and the weighting applied. Scenario weights are used to capture the Group's view of expected losses across the loss distribution. The change in internal credit rating scale required a recalibration of the weights applied to each scenario in order to correctly capture the Group's view.

Forward-looking macroeconomic scenarios

In determining the macroeconomic scenarios to be used in the probability-weighted average, assumptions are made in relation to key macroeconomic inputs that include: gross domestic product (**GDP**) growth rates, unemployment rates and inflation.

The base case Australian macroeconomic assumptions used to measure the provision for credit impairment are as follows:

Base case Australian macroeconomic inputs	June 2025 Forecast	June 2026 Forecast
GDP growth rate (annual)	2.0%	2.0%
Unemployment rate	4.5%	4.5%
Consumer price index (annual)	2.7%	3.4%

The recalibration of weights during the period saw the probability weighting for the upside scenario decrease by 10%, and the addition of a severe downside case scenario with a further allocation of 10%.

Probability weightings	December 2024	June 2024	December 2023
Base case	55%	55%	50%
Upside	5%	15%	20%
Downside and severe downside	40%	30%	30%

The key features of each of the macroeconomic scenarios are as follows:

- **Base case** – underlying inflationary pressures moderate further in calendar year (**CY**) 2025, stabilising at the top of the RBA's 2% to 3% target range. The RBA official cash rate remains on hold at 4.35% until the second half of CY25, before entering a shallow and gradual easing cycle. The economy continues to recover, but the improvement in economic growth is gradual, despite government stimulus supporting household finances. Business conditions and profitability improve gradually through CY25 but remain subdued. Labour demand eases as public sector hiring slows in CY25, driving up the unemployment rate slightly. Insolvencies remain historically elevated through CY25, but business balance sheets generally remain in good shape. The RBA cash rate falls to 3.75% in early CY26.
- **Upside** – an upside path for the economy that leads to higher interest rates. Economic growth rebounds in late CY24/early CY25, and labour markets tighten, driving a fall in the unemployment rate to a low of 3.7%. The rebound is driven by improved household consumption and private demand, supported by tax cuts and cost-of-living subsidies. The lift in activity levels also improves business confidence, driving an improvement in business investment. The RBA increases the official cash rate to 4.75% in May in response to a pick up in inflationary pressures in Q1 CY25. This tightening leads to an easing of growth and inflation towards long-term averages, driving the RBA to enter a cutting cycle in Q1 CY26.
- **Downside** – a weaker path for the economy, inflation and interest rates. Private demand and GDP growth remain weak through the remainder of FY25 as household consumption fails to bounce back in response to tax cuts, cost-of-living subsidies and interest rate cuts. Inflationary pressures fall away sharply in Q1 CY25 and remain at the bottom of the RBA's target range through the remainder of FY26, prompting a series of sequential rate cuts totaling 100bps. With demand failing to bounce back, businesses begin shedding labour, driving up the unemployment rate to 5.5%. Business investment declines as financial distress remains under pressure across the business sector. In response to rate cuts, the economy enters a gradual recovery in late CY25.
- **Severe downside** – a sub-optimal path for the economy, where risk factors converge to drive a rapid slowdown in economic activity, asset prices and inflation. Trigger points include trade wars, falling equity and property prices and a liquidity crisis in debt markets. Weak global demand and household consumption result in severe labour shedding across Australian businesses, driving the unemployment rate to 7%. Inflationary pressures fall away sharply in Q1 CY25 and remain at levels below the RBA's target range through the remainder of FY25, prompting a steep cutting cycle, bringing the cash rate down 150bps through CY25. Business investment declines as financial distress remains under pressure and business insolvencies rise above historical rates.

The following table details the difference in ECL coverage on loans and advances, based on modelled outputs reflecting a 100% upside case, 100% base case and 100% downside and severe downside probability weighting, excluding management overlays. The inherent judgement required in the application of macroeconomic scenarios results in uncertainty in measuring expected credit losses.

Scenario	December 2024	June 2024	December 2023
Upside	0.60%	0.77%	0.63%
Base case	0.85%	0.95%	0.90%
Downside & severe downside	1.23% and 1.59%	1.40%	1.59%
Weighted average	1.02%	1.05%	0.91%

9. Provision for credit impairment continued

Total provisions held for credit impairment across loans and advances is $159.6m (30 June 2024: $149.1m; 31 December 2023: $130.5m). The following table provides a reconciliation from the opening balance to the closing balance including a description of key movements across the period:

	Stage 1 collectively assessed $m	Stage 2 collectively assessed $m	Stage 3 collectively assessed $m	Stage 3 individually assessed $m	Total $m
Loss allowance at 1 July 2023	**40.7**	**28.3**	**19.7**	**18.8**	**107.5**
Net transfer between stages	2.0	(2.3)	(9.9)	10.2	–
Increase in provision for new loans and advances	12.1	1.5	0.1	0.2	13.9
Net remeasurement of loss allowance	(2.3)	6.2	14.8	12.2	30.9
Write-back of provisions no longer required	(4.9)	(2.8)	(7.4)	(0.8)	(15.9)
Amounts written off, previously provided for	–	–	–	(5.9)	(5.9)
Loss allowance at 31 December 2023	**47.6**	**30.9**	**17.3**	**34.7**	**130.5**
Net transfer between stages	1.3	(0.7)	(4.1)	3.5	–
Increase in provision for new loans and advances	13.0	0.5	0.1	0.5	14.1
Net remeasurement of loss allowance	(5.7)	13.1	10.3	22.7	40.4
Write-back of provisions no longer required	(4.8)	(4.5)	(1.3)	(0.3)	(10.9)
Amounts written off, previously provided for	–	–	–	(25.0)	(25.0)
Loss allowance at 30 June 2024	**51.4**	**39.3**	**22.3**	**36.1**	**149.1**
Net transfer between stages	0.5	(2.4)	(4.6)	6.5	–
Increase in provision for new loans and advances	16.1	1.6	0.2	–	17.9
Net remeasurement of loss allowance	(7.5)	4.5	12.7	18.7	28.4
Write-back of provisions no longer required	(5.7)	(6.3)	(3.1)	(2.4)	(17.5)
Amounts written off, previously provided for	–	–	–	(18.3)	(18.3)
Loss allowance at 31 December 2024	**54.8**	**36.7**	**27.5**	**40.6**	**159.6**

Net transfer between stages: changes due to loans and advances recognised in the opening balance that have transferred between Stage 1, Stage 2 and Stage 3. Excludes the impact of remeasurements for stage transfers.

Increase in provision for new loans and advances: movements in provisions for impairment due to new loans and advances originated during the period, reflecting their impairment provision at the end of the period.

Net remeasurement of provision: net movements in provisions for impairment recognised in the opening balance reflecting remeasurement as a result of transfers of loans and advances between stages, as well as changes in credit risk parameters, management overlays or other assumptions.

Write-back of provisions no longer required: release of provisions for impairment on loans and advances that have been repaid; and

Amounts written-off, previously provided for: release of provisions for impairment on loans and advances that have been deemed unrecoverable and written-off.

Management overlay

Management overlays are subject to internal governance and are applied where model risk and other external factors cannot be appropriately accounted for through ECL models and are incorporated in total collective provisions.

The Group continues to carry an economic overlay, reflective of heightened economic uncertainty, interest rate and inflationary pressures, and expected asset quality deterioration related to specific industries expected to be more adversely impacted from reduced retail discretionary consumer spending, staff shortages and higher input and energy costs.

Industries captured by the economic overlay include retail trade (including pharmacies), manufacturing, and construction (including providing services to construction). The accommodation and food services sector was removed from the economic overlay during the period, due to observed defaults performing in line with credit model expectations. The Group has adopted an internal stress test scenario and expert judgement for the identified vulnerable industries, in order to inform the measurement of the management overlay taken for the half year ended 31 December 2024.

Total overlays incorporated in the collective provision as at 31 December 2024 are $6.0m (30 June 2024: $4.2m; 31 December 2023: $7.1m).

10. Derivatives

The Group utilises derivative instruments in managing its exposure to risk. At inception of all hedge relationships, the Group documents the relationship between the hedging instrument and hedged item, the risk being hedged, the Group's risk management objective and strategy, and how effectiveness will be measured throughout the hedge relationship.

Trading derivatives are not in a qualifying hedging relationship, and as such are measured at fair value through the profit or loss. The Group has not held any instruments treated as trading derivatives for the period ended 31 December 2024 (30 June 2024: nil; 31 December 2023: nil).

(a) Derivative assets and liabilities

The table below sets out total derivative assets and liabilities treated as hedging derivatives:

			31 December 2024		30 June 2024		31 December 2023	
			Fair value $m	Notional value $m	Fair value $m	Notional value $m	Fair value $m	Notional value $m
Derivative assets	**Hedging instrument**	**Risk**						
Cash flow hedges	Interest rate swaps	Interest	1.0	4,910.2	2.7	1,261.9	7.4	3,748.7
Derivative liabilities	**Hedging instrument**	**Risk**						
Cash flow hedges	Interest rate swaps	Interest	(2.5)	2,829.4	(3.8)	5,844.7	(4.4)	2,996.8

The fair values disclosed above are presented net of any collateral pledged on derivative liabilities or received on derivative assets. As at 31 December 2024, no collateral had been pledged (30 June 2024: $5.7m; 31 December 2023: $2.7m), while a total of $17.8m had been received (30 June 2024: $8.0m; 31 December 2023: $19.8m).

The weighted average fixed interest rate of interest rate swaps hedging interest rate risk as at 31 December 2024 was 4.08% (30 June 2024: 4.07%; 31 December 2023: 3.76%).

Notes to the condensed consolidated financial statements continued

10. Derivatives continued

(a) Derivative assets and liabilities continued

The following table shows the maturity profile of hedging instruments based on their notional amount and fair value:

Interest rate swaps	0 to 12 months $m	1 to 5 years $m	Over 5 years $m	Total $m
31 December 2024				
Notional amount	5,878.6	1,861.0	–	7,739.6
Fair value	(2.9)	1.4	–	(1.5)
30 June 2024				
Notional amount	5,197.8	1,908.8	–	7,106.6
Fair value	(2.8)	1.7	–	(1.1)
31 December 2023				
Notional amount	5,015.0	1,730.5	–	6,745.5
Fair value	(0.3)	3.3	–	3.0

(b) Risk management strategy for hedge accounting

The Group manages interest rate risk exposure across financial instruments including term deposits and Class A warehouse notes, as well as share capital via interest rate derivatives. The interest rate risk arises due to the mismatch of repricing on the variable lending book against repricing of the Group's liabilities and the investment term of capital, which can lead to volatility in the Group's earnings for recognition of net interest income.

Interest rate derivatives are executed and designated into a qualifying cash flow hedge relationship on inception. The gross exposures are allocated to time buckets based on expected repricing dates for each financial instrument, of which interest rate derivatives are then allocated against to hedge changes to future expected cash flows. The applicable benchmark interest rate that the Group is exposed to across the time period (1-month BBSW) is hedged as this represents the largest component of changes in future expected cash flows.

(c) Hedged items

The balance of the cash flow hedge reserve, which represents the effective portion of the movements in the hedging instrument, is presented in Note 15. The movements in hedging instruments recognised in other comprehensive income are reported in the Group's Condensed Statement of Profit or Loss and Other Comprehensive Income.

The following table shows the carrying amount of hedged items that are in hedged relationships, and the fair value of the hedging instruments in the hedging relationship. The Group does not hedge its entire exposure to a class of financial instruments, therefore the carrying amounts below do not equal the total carrying amount disclosed in other notes.

	31 December 2024		30 June 2024		31 December 2023	
	Carrying amount $m	Fair value of hedging instruments $m	Carrying amount $m	Fair value of hedging instruments $m	Carrying amount $m	Fair value of hedging instruments $m
Borrowings						
Debt warehouse – variable rate	219.6	(0.1)	351.6	1.0	350.5	10.7
Loans and advances[1]						
Loans and advances – variable rate	7,520.0	(1.4)	6,755.0	(2.1)	6,395.0	(7.7)
	7,739.6	**(1.5)**	**7,106.6**	**(1.1)**	**6,745.5**	**3.0**

1. Loans and advances are held at amortised cost and do not include fair value adjustments.

11. Other assets

	As at		
	31 December 2024 $m	30 June 2024 $m	31 December 2023 $m
Accrued interest receivable	12.5	20.5	26.1
Prepayments – SaaS licensing and development	22.5	23.8	15.1
Prepayments – Other	3.3	2.9	4.4
Other receivables	2.2	2.1	1.6
Right-of-use assets	11.4	12.8	14.1
	51.9	**62.1**	**61.3**

12. Deposits

	As at		
	31 December 2024 $m	30 June 2024 $m	31 December 2023 $m
Customer term deposits	6,627.7	5,653.5	4,991.5
Wholesale term deposits	2,361.7	2,573.1	1,929.1
	8,989.4	**8,226.6**	**6,920.6**

13. Borrowings

	As at		
	31 December 2024 $m	30 June 2024 $m	31 December 2023 $m
Secured			
Securitisation	2,048.2	2,262.3	1,800.4
Repurchase agreements – TFF	–	–	2,441.3
	2,048.2	**2,262.3**	**4,241.7**
Unsecured			
Negotiable certificates of deposit	581.2	486.6	321.7
Senior unsecured debt	199.8	199.7	199.5
Additional Tier 1 Capital notes	72.3	71.9	72.0
Subordinated Tier 2 Capital notes	238.3	114.3	114.2
	1,091.6	872.5	707.4
Total borrowings	**3,139.8**	**3,134.8**	**4,949.1**

(a) Securitisation

The Group's warehouse securitisation program is facilitated through several securitisation trusts. Facility limits are in place for each trust agreed with the relevant financier, with the borrowings in each trust secured by individual receivables owned by the trust (which comprises Judo Bank Pty Ltd originated loans and advances). Since these loans have been securitised but retained by the Group, the assets remain on the Condensed Statement of Financial Position. Borrowings are to be repaid in accordance with the trust agreement, calculated by the trustee using the cash flow waterfall calculation specific to each trust.

The Group also continues to facilitate a capital-relief securitisation transaction, secured by Judo Bank Pty Ltd originated loans and advances owned by the securitisation trust. As at 31 December 2024, the transaction had a blended margin of 323bps over the 1-month BBSW on inception. The transaction qualifies for regulatory capital relief and is accretive to the Group's CET1 ratio. Consistent with warehouse securitisation, the loans securitised have been retained by the Group, and as such the assets remain on the Condensed Statement of Financial Position.

(b) Subordinated Tier 2 Capital notes

The Group has issued floating rate subordinated notes to support the Group's capital management. The notes constitute direct and unsecured subordinated obligations of the Group. These notes constitute Tier 2 Capital of the Group as defined by the Australian Prudential Regulation Authority (**APRA**).

During the half year ended 31 December 2024, the Group completed its second Subordinated Tier 2 Capital notes issuance totaling $125m. The 10-year Subordinated Notes were priced at 335bps over the 3-month BBSW.

14. Other liabilities

	As at		
	31 December 2024 $m	30 June 2024 $m	31 December 2023 $m
Accrued interest payable	180.6	156.8	129.0
Trade creditors and accruals	11.1	15.9	9.8
Lease liabilities	11.4	12.5	13.6
	203.1	**185.2**	**152.4**

15. Share capital and reserves

(a) Share capital

	As at		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Ordinary shares paid in full	1,551.5	1,537.9	1,537.9
Capital raising costs	(15.8)	(15.8)	(15.8)
	1,535.7	**1,522.1**	**1,522.1**

(i) Ordinary shares paid in full

	As at		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Balance at beginning of period	1,537.9	1,537.9	1,534.1
Employee share scheme issues	13.6	–	3.8
Balance at end of period	**1,551.5**	**1,537.9**	**1,537.9**

	As at		
Number of shares	**31 December 2024 (million)**	**30 June 2024 (million)**	**31 December 2023 (millions)**
Balance at the beginning of period	1,109.3	1,109.3	1,105.5
Employee share scheme issues	8.1	–	3.8
Balance at end of period	**1,117.4**	**1,109.3**	**1,109.3**

(b) Reserves

	As at		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Cash flow hedges	10.6	(0.1)	13.1
FVOCI reserve	(0.2)	0.3	0.5
Share-based payments	(22.6)	(19.0)	(23.2)
	(12.2)	**(18.8)**	**(9.6)**

Cash flow hedge reserve

The cash flow hedge reserve comprises gains or losses arising from the change in fair value of the effective portion of designated cash flow hedging instruments, net of tax. All cumulative movements over the life of the hedging instrument will net to nil upon maturity.

The unrealised gain on revaluation of cash flow hedges recognised through other comprehensive income for the half year was $10.7m (30 June 2024: $13.2m loss; 31 December 2023: $20.3m gain). See the table below for a reconciliation of reserve movements:

	As at		
	31 December 2024 $m	**30 June 2024 $m**	**31 December 2023 $m**
Balance at beginning of the year	(0.1)	13.1	(7.2)
Net hedging gains/(losses) recognised through other comprehensive income	15.3	(18.9)	29.0
Tax effect on hedging recognised through other comprehensive income	(4.6)	5.7	(8.7)
Balance at end of the year	**10.6**	**(0.1)**	**13.1**

(c) Dividends paid

No dividends were declared or paid during the half year ended 31 December 2024.

16. Fair value measurements

(a) Fair value of financial instruments carried at amortised cost

The financial instruments detailed below are carried at amortised cost, which is the value at which the Group expects the instruments to be realised. The table below details the respective fair values of each item at the period end:

	As at					
	31 December 2024		30 June 2024		31 December 2023	
	Carrying Amount $m	Fair Value $m	Carrying Amount $m	Fair Value $m	Carrying Amount $m	Fair Value $m
Financial assets						
Cash and cash equivalents	680.9	680.9	777.4	777.4	835.0	835.0
Investments	1,083.1	1,065.2	1,245.4	1,216.2	2,903.4	2,880.4
Loans and advances	11,545.1	11,539.4	10,619.3	10,584.0	9,627.7	9,573.2
	13,309.1	**13,285.5**	**12,642.1**	**12,577.6**	**13,366.1**	**13,288.6**
Financial liabilities						
Deposits	(8,989.4)	(8,996.7)	(8,226.6)	(8,209.9)	(6,920.6)	(6,910.3)
Borrowings	(3,139.8)	(3,139.8)	(3,134.8)	(3,134.8)	(4,949.1)	(4,949.1)
	(12,129.2)	**(12,136.5)**	**(11,361.4)**	**(11,344.7)**	**(11,869.7)**	**(11,859.4)**

(b) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. Each level is explained below.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities. The Group does not hold any Level 3 investments.

Financial assets and liabilities carried at fair value

The table below details financial instruments carried at fair value, by classification per the Statement of Financial Position and hierarchy level:

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
At 31 December 2024				
Financial assets				
Investments	–	543.0	–	543.0
Hedging derivatives – interest rate swaps	–	1.0	–	1.0
Total financial assets	–	544.0	–	544.0
Financial liabilities				
Hedging derivatives – interest rate swaps	–	(2.5)	–	(2.5)
Total financial liabilities	**–**	**(2.5)**	**–**	**(2.5)**
At 30 June 2024				
Financial assets				
Investments	–	361.9	–	361.9
Hedging derivatives – interest rate swaps	–	2.7	–	2.7
Total financial assets	**–**	**364.6**	**–**	**364.6**
Financial liabilities				
Hedging derivatives – interest rate swaps	–	(3.8)	–	(3.8)
Total financial liabilities	**–**	**(3.8)**	**–**	**(3.8)**
At 31 December 2023				
Financial assets				
Investments	–	102.7	–	102.7
Hedging derivatives – interest rate swaps	–	7.4	–	7.4
Total financial assets	**–**	**110.1**	**–**	**110.1**
Financial liabilities				
Hedging derivatives – interest rate swaps	–	(4.4)	–	(4.4)
Total financial liabilities	**–**	**(4.4)**	**–**	**(4.4)**

There were no transfers between levels for recurring fair value measurements during the period.

The Group's policy is to recognise any transfers into and out of fair value hierarchy levels as at the end of the reporting period.

16. Fair value measurements continued

(b) Fair value hierarchy continued

Financial assets and liabilities carried at amortised cost

The table below details the fair value of financial instruments carried at amortised cost, by classification per the Statement of Financial Position and hierarchy level:

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
At 31 December 2024				
Financial assets				
Cash and cash equivalents	–	680.9	–	680.9
Investments	–	1,065.2	–	1,065.2
Loans and advances	–	–	11,539.4	11,539.4
Total financial assets	**–**	**1,746.1**	**11,539.4**	**13,285.5**
Financial liabilities				
Deposits	–	–	(8,996.7)	(8,996.7)
Borrowings	–	–	(3,139.8)	(3,139.8)
Total financial liabilities	**–**	**–**	**(12,136.5)**	**(12,136.5)**
At 30 June 2024				
Financial assets				
Cash and cash equivalents	–	777.4	–	777.4
Investments	–	1,216.2	–	1,216.2
Loans and advances	–	–	10,584.0	10,584.0
Total financial assets	**–**	**1,993.6**	**10,584.0**	**12,577.6**
Financial liabilities				
Deposits	–	–	(8,209.9)	(8,209.9)
Borrowings	–	–	(3,134.8)	(3,134.8)
Total financial liabilities	**–**	**–**	**(11,344.7)**	**(11,344.7)**
At 31 December 2023				
Financial assets				
Cash and cash equivalents	–	835.0	–	835.0
Investments	–	2,880.4	–	2,880.4
Loans and advances	–	–	9,573.2	9,573.2
Total financial assets	**–**	**3,715.4**	**9,573.2**	**13,288.6**
Financial liabilities				
Deposits	–	–	(6,910.3)	(6,910.3)
Borrowings	–	–	(4,949.1)	(4,949.1)
Total financial liabilities	**–**	**–**	**(11,859.4)**	**(11,859.4)**

(c) Valuation techniques used to determine fair value

Valuation techniques used to value financial instruments carried at fair value include:

- for investments – the fair values are based on quoted closing market prices at balance date
- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves

Valuation techniques used to value financial instruments carried at amortised cost include:

- for cash and cash equivalents – the carrying value is considered a reasonable approximation of fair value, as they are short term in nature and receivable on demand
- for investments – the fair values are based on quoted closing market prices at balance date
- for loans and advances – the carrying value net of provisions for impairment and capitalised transaction costs for loans and advances that are priced based on a variable rate, with no contractual repricing tenor, is considered a reasonable approximation of fair value. For loans and advances that are priced based on a fixed rate, the use of a discounted cash flow analysis is adopted
- for deposits – the carrying value net of capitalised transaction costs for deposits is considered a reasonable approximation of fair value, except where the use of discounted cash flow analysis is adopted
- for borrowings – the carrying value net of capitalised transaction costs for borrowings that are priced based on a variable rate, with no contractual repricing tenor, is considered a reasonable approximation of fair value.

17. Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 31 December 2024 are set out below. Unless otherwise stated, they have equity consisting solely of ordinary shares or units that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

		Ownership interest held by the group		
Name of entity	**Country of incorporation**	**31 December 2024 %**	**30 June 2024 %**	**31 December 2023 %**
Judo Bank Pty Ltd	Australia	100	100	100
Judo Securitisation Warehouse Trust 2020 – 1	Australia	100	100	100
Judo Securitisation Trust 2020 – 2	Australia	100	100	100
Judo Securitisation Trust 1R	Australia	100	100	100
Judo Securitisation Trust 2022 – 1	Australia	100	100	100
Judo Securitisation Trust 2023 – 1	Australia	100	100	100
Judo Securitisation Trust 2023 – 2	Australia	100	100	100
Judo Capital Markets Trust 2023 – 1	Australia	100	100	100
Judo Capital Holdings Limited Employee Share Trust	Australia	100	100	100

18. Commitments and contingencies

(a) Contingent liabilities

From time to time the Group is exposed to contingent risks and liabilities arising from the conduct of its business including claims on income taxes and the amount expected to be paid to tax authorities. Such matters require the exercise of judgement and can be uncertain.

Contingent tax risk

The tax affairs of the Group are subject to regular reviews by the Australian Taxation Office as well as the Revenue Offices of the various Australian States and Territories. The Group continues to respond to any notices and requests for information it receives from relevant tax authorities. The potential outcome and total costs associated with these activities remain uncertain.

19. Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 24 to 46 are in accordance with the *Corporations Act 2001* (Cth), including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that Judo Capital Holdings Limited and its controlled entities will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Peter Hodgson
Chair

18 February 2025

Manda Trautwein
Director

Independent auditor's review report

to the members of Judo Capital Holdings Limited and its controlled entities

Independent auditor's review report to the members of Judo Capital Holdings Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Judo Capital Holdings Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated statement of financial position as at 31 December 2024, the Condensed consolidated statement of changes in equity, Condensed consolidated statement of cash flows and Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Judo Capital Holdings Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report, in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Sam Garland
Partner

Melbourne
18 February 2025

4.0 Appendix

Glossary

Term	Meaning
$	Dollar amounts (in Australian dollars or AUD unless stated otherwise)
AASB	Australian Accounting Standards Board
APRA	The Australian Prudential Regulation Authority
AT1	Additional Tier 1 capital as defined by APRA
BBSW	Bank bill swap rate
bn	Billion
bps	Basis points refers to a unit of measure for interest rates and other percentages. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001
CET1	Common Equity Tier 1 capital as defined by APRA
CET1 ratio	CET1/total risk-weighted assets (RWA)
CTI ratio	Cost-to-income ratio = Total operating expenses/net banking income
ECL	Expected credit losses
FTE	Full-time equivalent
FY	Financial year
GLA	Gross loans and advances
HoH	Half on half
JCHL	Judo Capital Holdings Limited, the ASX-listed parent company of Judo Bank
Losses ratio	Losses ratio is the write-off expense experienced over a period, divided by the average loan balance of the period
m	Million
MLH	Minimum liquidity holdings under the minimum liquidity holdings regime where APRA requires Judo to hold a minimum buffer in cash and eligible securities
NM	Not meaningful
NCD	Negotiable certificates of deposit
NIM	Net interest margin is net interest income divided by the average of the month-end closing balance of interest-earning assets
NPS	Net promoter score
PcP	Prior comparative period
RBA	The Reserve Bank of Australia

Term	Meaning
ROE	Return on equity
RWA	Risk-weighted assets
Share	A fully paid ordinary share in the capital of the Company
SME	small and medium enterprise
Tenor	The length of time that will be taken by the borrower to repay the loan along with the interest
TFF	Term Funding Facility
Tier 2 capital	As defined by APRA
Total capital ratio	Total regulatory capital including CET1 capital, Additional Tier 1 capital and Tier 2 capital, divided by total RWAs
Total provision coverage ratio	Total impairment provision balance divided by the end-of-period loan book
Warehouse facility	A revolving credit facility extended by a financial institution to a loan originator for the funding of loans
YoY	Year on year

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Judo Bank

Judo Bank Pty Ltd
ABN 11 615 995 581

Judo Capital Holdings Limited
ABN 71 612 862 727

Melbourne

Level 26, Queen and Collins
376-390 Collins St
Melbourne VIC 3000

13 JUDO (13 58 36)
www.judo.bank

Investor relations

investor@judo.bank