

judobank

Boldly backing business.

Capital Notes Investor Presentation

23 October 2023



Important disclaimer.

This presentation has been prepared and authorised by Judo Capital Holdings Limited ACN 612 862 727 (Judo) in relation to the proposed offer by Judo of Capital Notes to raise \$75 million with the ability to raise more or less (the Offer). The Offer is made pursuant to a prospectus under Part 6D.2 of the *Corporations Act 2001* (Cth) which was lodged with the Australian Securities and Investments Commission (ASIC) on 23 October 2023 (Prospectus). Judo intends to lodge a replacement prospectus, which will include the Offer size and the Margin, on or around 31 October 2023. Capitalised terms not defined in this presentation have the meaning provided in the Prospectus.

Barrenjoey Markets Pty Limited (ABN 66 636 976 059) (Barrenjoey) is the Arranger to the Offer. Barrenjoey, E&P Corporate Advisory Pty Limited (ABN 21 137 980 520) (E&P Corporate Advisory), Morgans Financial Limited (ABN 49 010 669 726) (Morgans) and Westpac Institutional Bank, a division of Westpac Banking Corporation (ABN 33 007 457 141) (Westpac Institutional Bank) are the Joint Lead Managers to the Offer (Joint Lead Managers).

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Capital Notes are complex and may not be suitable for all investors. The investment performance of Capital Notes is not guaranteed by Judo or any other member of the Judo Group. The risks associated with investing in these securities could result in the loss of your investment. Information about the risks associated with investing in Capital Notes is detailed in the Prospectus.

All amounts are in Australian dollars unless otherwise indicated.

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Section 1

Offer summary.

Offer summary.

Issuer	<ul style="list-style-type: none"> Judo Capital Holdings Limited (Judo), the parent company of Judo Bank Pty Ltd (Judo Bank)
Security	<ul style="list-style-type: none"> Fully paid, subordinated, perpetual, unsecured, convertible notes
Offer size	<ul style="list-style-type: none"> \$75m, with the ability to raise more or less
Use of proceeds	<ul style="list-style-type: none"> Capital Notes are being issued to raise Additional Tier 1 Capital for Judo Bank, as part of Judo's strategic plan to further develop and diversify its funding and capital sources, in line with the ongoing growth in its loan book The Offer will assist with funding the regulatory capital requirements of Judo Bank and the introduction of Additional Tier 1 Capital will improve the efficiency and diversification of Judo Bank's capital base
Ranking ¹	<ul style="list-style-type: none"> In a Winding-Up of Judo, Capital Notes will rank ahead of Ordinary Shares, equally among themselves and other Equal Ranking Instruments and behind all Senior Creditors of Judo
Distributions	<ul style="list-style-type: none"> Floating rate, quarterly, discretionary, non-cumulative payments, subject to no Payment Condition existing² Distributions may be unfranked, partially franked or fully franked <ul style="list-style-type: none"> If Judo pays a Distribution and the Distribution is not fully franked, the amount of the scheduled cash Distribution will be increased to compensate for the unfranked component Judo commenced payment of monthly income tax instalments from February 2023. As at 30 June 2023, Judo's balance of franking credits available for subsequent reporting periods was \$36m If Judo does not pay a Distribution in full on the scheduled Distribution Payment Date, there will be a restriction placed on the payment of dividends on Ordinary Shares until the next Distribution Payment Date³ Margin expected to be in the range of 6.25% - 6.50% per annum, to be determined under the Bookbuild. The Margin will not change for the term of Capital Notes
Term	<ul style="list-style-type: none"> Perpetual unless Converted, Redeemed, Resold or Written-Off Optional Conversion, Redemption or Resale⁴: all or some Capital Notes on 16 February 2029, 16 May 2029, 16 August 2029 or 16 November 2029 or following a Regulatory or Tax Event Mandatory Conversion Date: 16 November 2031⁵ Acquisition Event: Judo must Convert Capital Notes following an Acquisition Event⁶ Loss Absorption Event: Judo must Convert Capital Notes, and if Conversion does not occur within 5 Business Days, then Capital Notes will be Written-Off
Offer structure	<ul style="list-style-type: none"> Institutional Offer and Broker Firm Offer
Arranger	<ul style="list-style-type: none"> Barrenjoey
Joint Lead Managers	<ul style="list-style-type: none"> Barrenjoey, E&P Corporate Advisory, Morgans, Westpac Institutional Bank
ASX listing	<ul style="list-style-type: none"> Judo will apply for Capital Notes to be quoted on ASX under ASX code 'JDOPA'

This is a high-level summary only. Please refer to the Prospectus for further details.

Notes:

1. The ranking of Capital Noteholders in a Winding-Up will be adversely affected if a Loss Absorption Event occurs. See Sections 1.3, 2.4.4 and 5.2.8 of the Prospectus.

2. Payment of any Distribution is within the absolute discretion of Judo.

3. Investors should however note that, as at the date of the Prospectus, Judo has not paid dividends on its Ordinary Shares and does not expect to pay any dividends in the near term. Over time, as Judo continues to grow and reach scale, the company will have the capacity to consider paying dividends on Ordinary Shares. Any future payment of ordinary dividends will be subject to the discretion of the Board, taking into account the operating performance, market conditions, the company's growth prospects and the optimal use of capital, and having regard to the best interests of shareholders at all times.

4. At Judo's absolute discretion, subject to certain conditions being met and APRA's prior written approval. Capital Noteholders should not assume that those requirements will be met or that APRA will give its approval to any Optional Conversion, Optional Redemption or Optional Resale.

5. Due to the Business Day Convention, the Scheduled Mandatory Conversion Date is deferred from 16 November 2031 to 17 November 2031.

6. Subject to certain conditions being met.

Section 2 About Judo.



Our purpose: To be the most trusted SME business bank in Australia

- **Judo Bank is a unique, pure-play, specialist SME bank**
- **Consistent strategy since day one**, based on a clearly defined and sustainable competitive advantage
- **We are successfully executing** a clear plan to become a world-class SME business bank
- **Over 300 years cumulative experience in commercial banking** amongst management and the board
- **Judo Bank is a bank born in uncertain times** with a business model that is expected to perform well through all parts of the cycle

Overview of Judo Bank

Launched in 2018,
Judo Bank
is Australia's only
bank dedicated to
lending to
small-and-medium
enterprises (SMEs)

Our values



Accountability



Performance



Teamwork



Trust

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

\$605bn
SME lending TAM¹

We believe 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

+65
Lending NPS²

Pillars

Relationship-led banking

Judgement-based lending
Empowered and experienced bankers
Deeper customer relationships

Exceptional people and culture

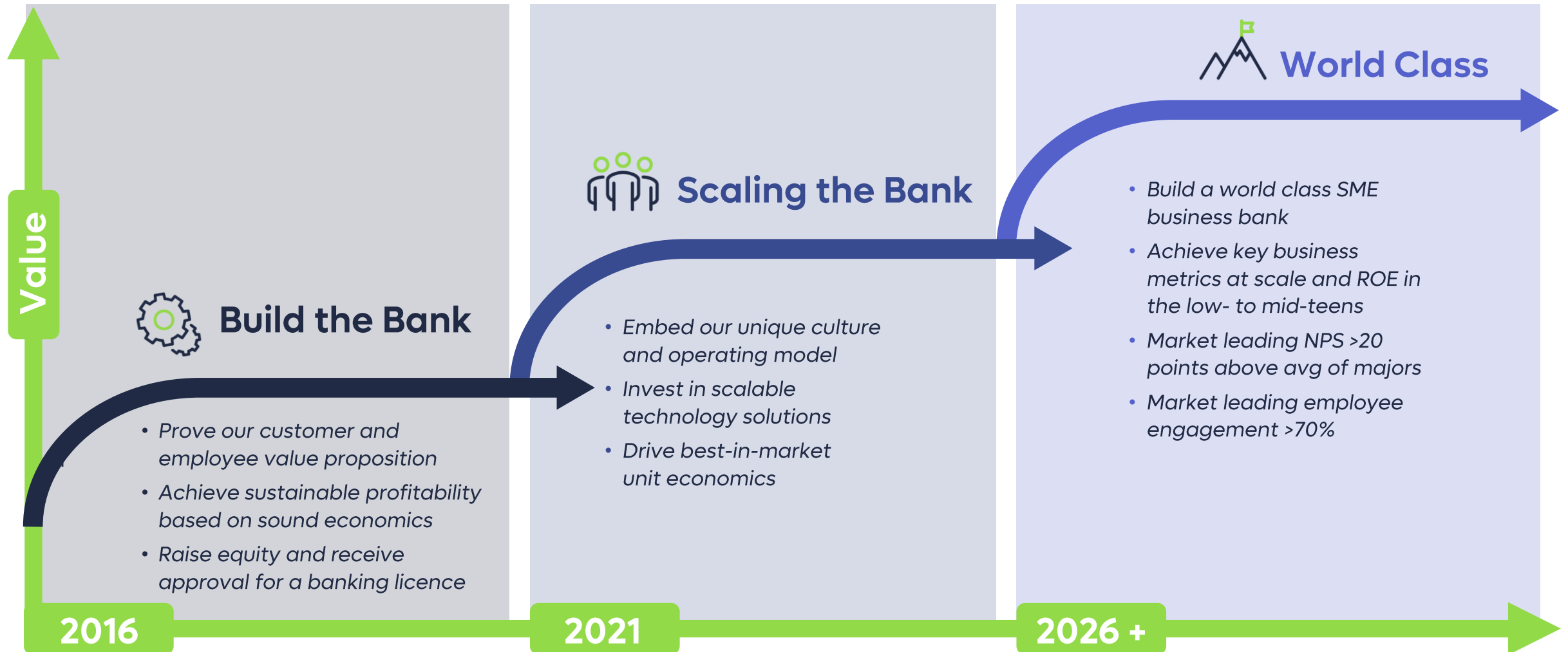
Attract the best
Invest in our people
A career game changer

Enabled by technology

Born in the cloud
Modern and flexible systems
Investing to scale

8 Notes:
1. RFI Global, Australian SME Lending Opportunities (July 2021). Note this excludes the agriculture segment.
2. Across FY23, measuring Judo Bank's overall NPS including onboarding, relationship and exit scores.

Building a World Class Bank.



We are running our own race.

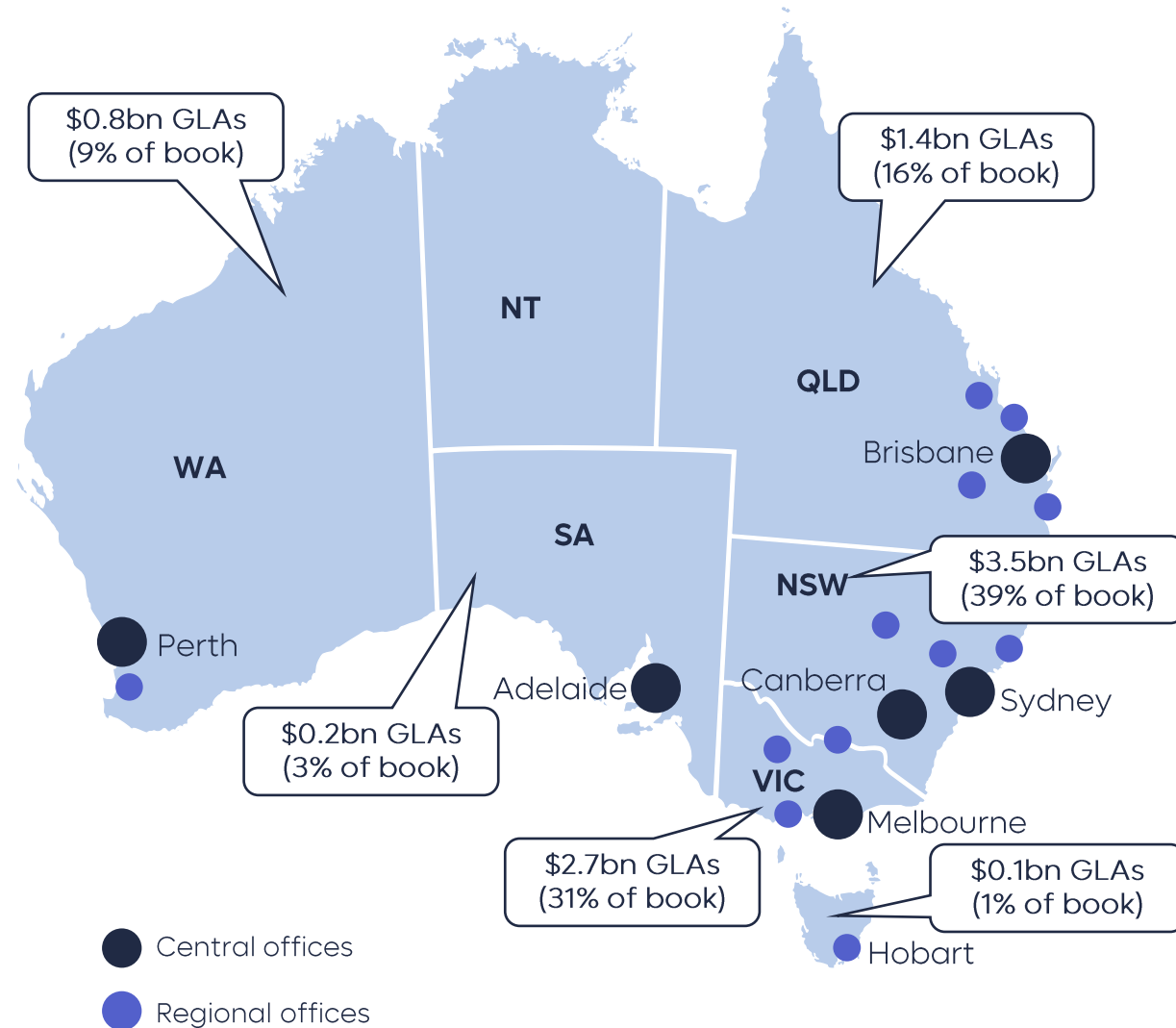
- \$3bn or 46% lending growth over FY23; 8x system growth
- As at 30 June 2023, market share was less than 2%¹
- Established four new locations during FY23: Bunbury, Rockhampton, Orange and Albury
- Investment in agriculture and health specialisations
- 123 bankers and 50 analysts at 30 June 2023

+65
NPS²

18
Locations

1,220
Brokers

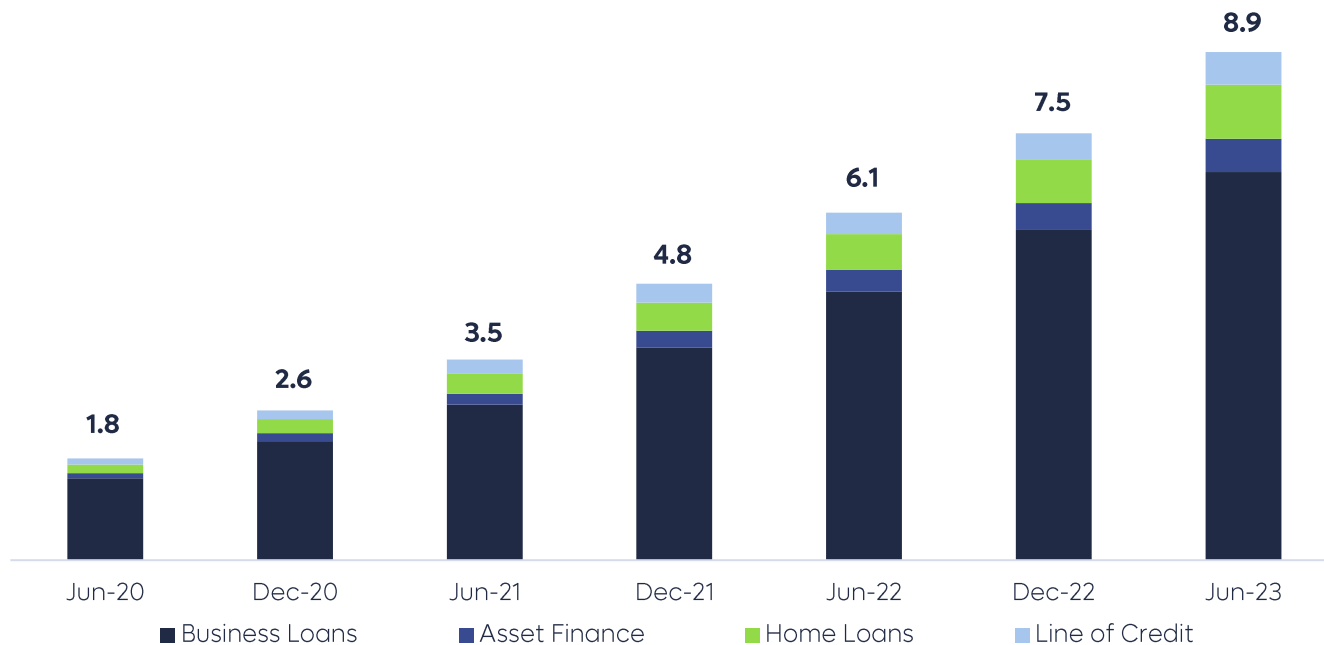
Geographic presence (as at 30 June 2023)



10 Notes:
 1. Market share as at 30 June 2023 has been calculated based on a total addressable market of \$605bn as estimated by RFI Global, Australian SME Lending Opportunities (July 2021). Note this excludes the agriculture segment.
 2. Across FY23, measuring Judo Bank's overall NPS including onboarding, relationship and exit scores.

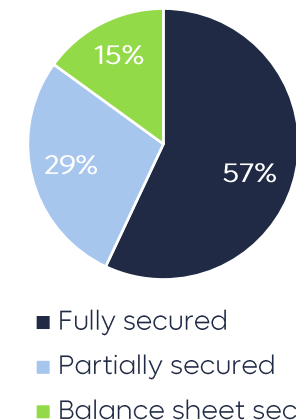
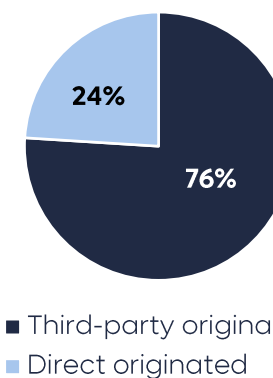
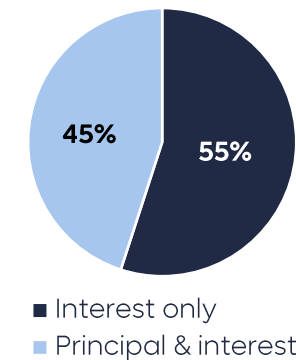
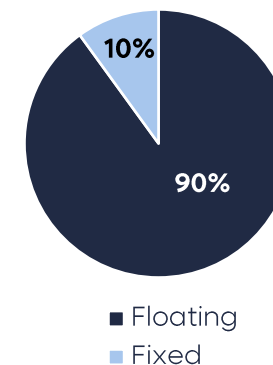
Loan book composition.

Judo Bank's loan book over time (\$bn)



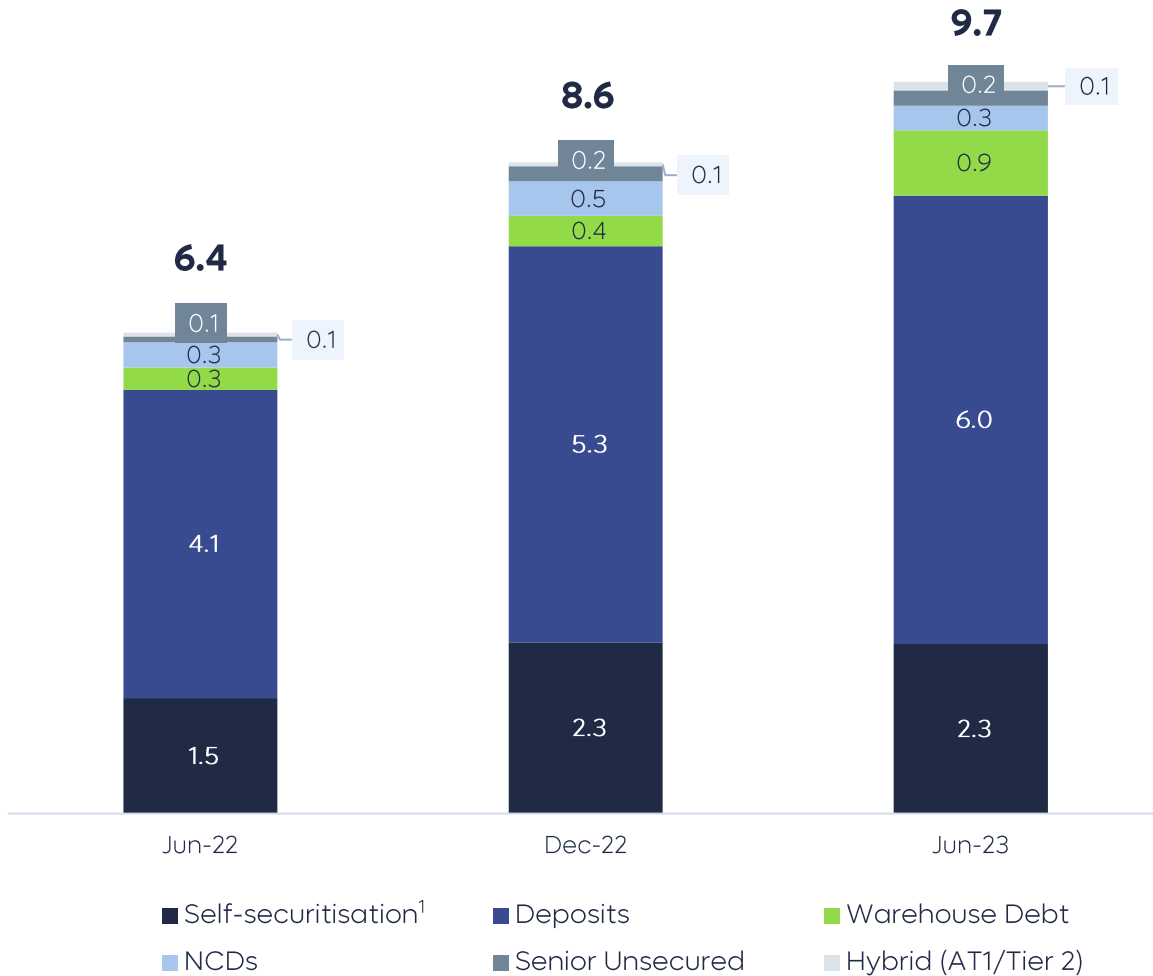
	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23
Applications, accepted, approved pipeline (AAA) (\$bn)	0.7	0.6	1.1	1.0	1.1	1.3	1.5
Undrawn line of credit (\$bn)	0.1	0.2	0.2	0.2	0.2	0.2	0.2

Key loan book metrics (as at 30 June 2023)



Funding mix.

Movement in funding sources (\$bn)



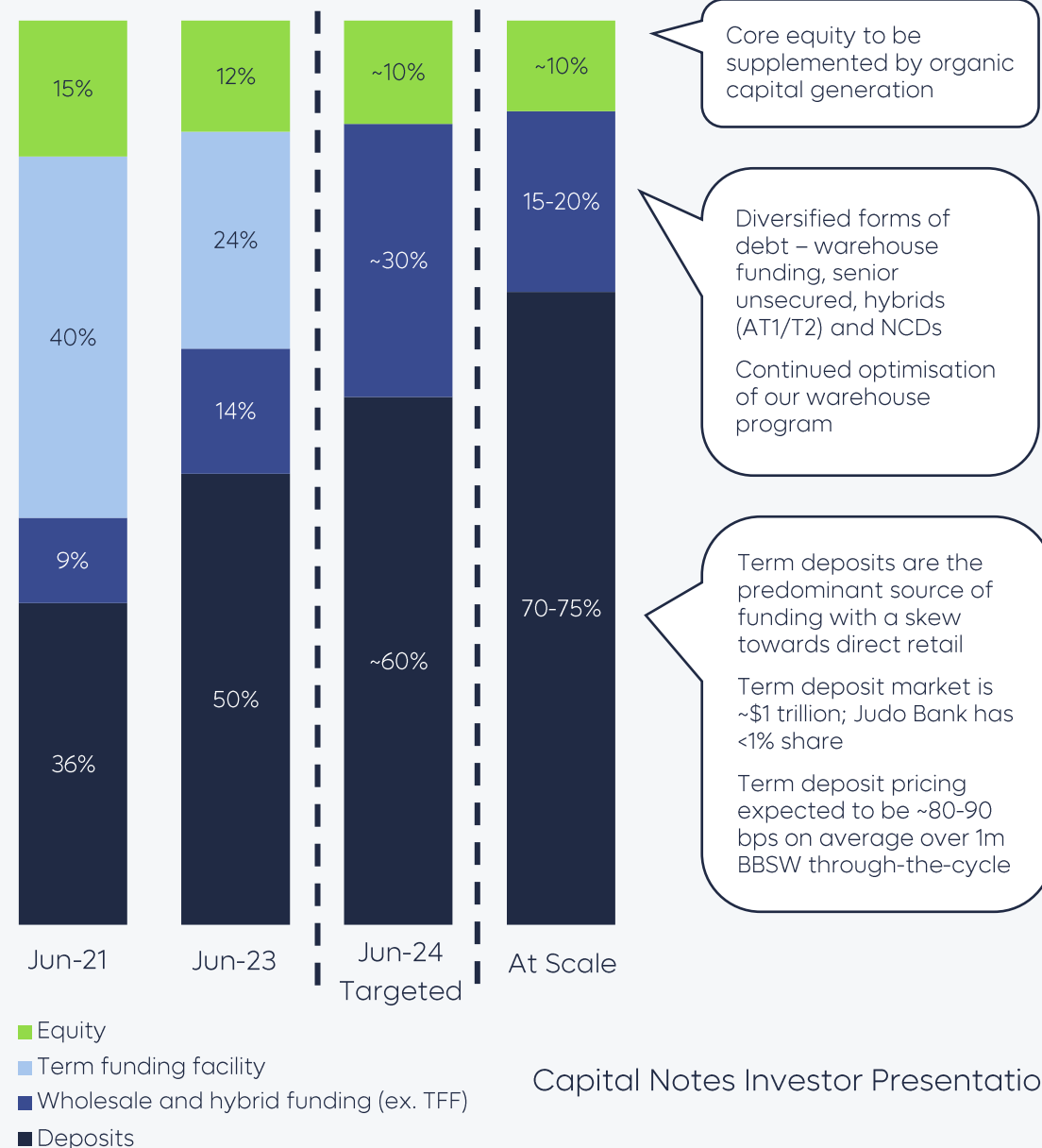
Funding sources

- Judo Bank’s term deposit balance was \$6.0bn as at 30 June 2023, with an average tenor at origination of ~14 months, and remaining tenor of ~9 months
- \$2.5bn in committed warehouse capacity as at 30 June 2023, with an additional \$500m facility signed in July 2023
- Executed inaugural public senior unsecured benchmark deal in September 2022, raising \$200m
- Raised \$65m in June 2023 through a Tier 2 transaction to further optimise and diversify the capital structure
- TFF self-securitisation funding \$2.3bn as at 30 June 2023, secured with Aaa-rated loans; \$0.6bn secured with government and semi-government bonds
- Executed inaugural term securitisation transaction in September 2023, raising \$500m
- Judo Bank has proven its ability to access largely the same wholesale funding sources available to more established banks

Transition to longer term funding stack.

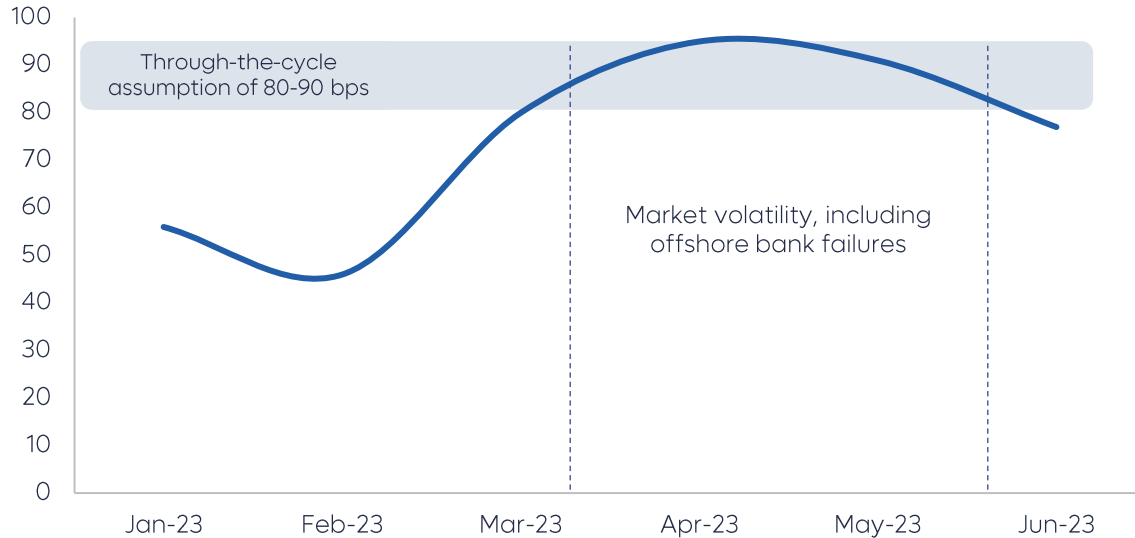
- As presented opposite, Judo Bank is in the process of transitioning to its longer-term funding stack
- We have grown deposits from 36% to 50% of funding over the past two years
- Judo Bank has built a strong term deposit franchise and remains confident of sourcing 70 to 75% of at-scale funding through term deposits; which will represent ~1% of system
- Judo Bank's at-scale wholesale funding needs are largely in place with \$3bn of committed warehouse lines and ~\$1.3bn in other wholesale debt¹
- As at 30 June 2023, Judo Bank had repaid the first small tranche of TFF funding
 - The remaining balance of \$2.83bn will be repaid over FY24, back-ended into 2H24

Judo Bank's total asset funding



Term deposit margins.

Judo Bank's hedged margin over 1m BBSW for new term deposits (bps)



- Term deposits remain Judo Bank's primary source of funding for loan growth. Launched direct SMSF and direct business channels during FY23
- Judo Bank saw strong deposit growth over FY23, despite increased market volatility (partly driven by multiple offshore bank failures) and TFF refinancing-led competition from other banks
- Despite these pressures, Judo Bank's 2H23 margin on new term deposits was 74 bps, well below the through-the-cycle assumption of 80-90 bps
- A significant proportion of TFF funding for other banks is due to be repaid by September 2023
- Term deposit pricing is supported by higher lending margins and Judo's NIM of >3%, vs. other banks with NIMs of <2%

TFF Repayment Details	Top 10 ²	Judo Bank
TFF Borrowings¹	\$161 bn	\$2.86 bn
<i>Percent of total TFF</i>	85%	2%
Repayable by Sep-23	\$72 bn	\$0.03 bn ³
Repayable by Jun-24	\$89 bn	\$2.83 bn

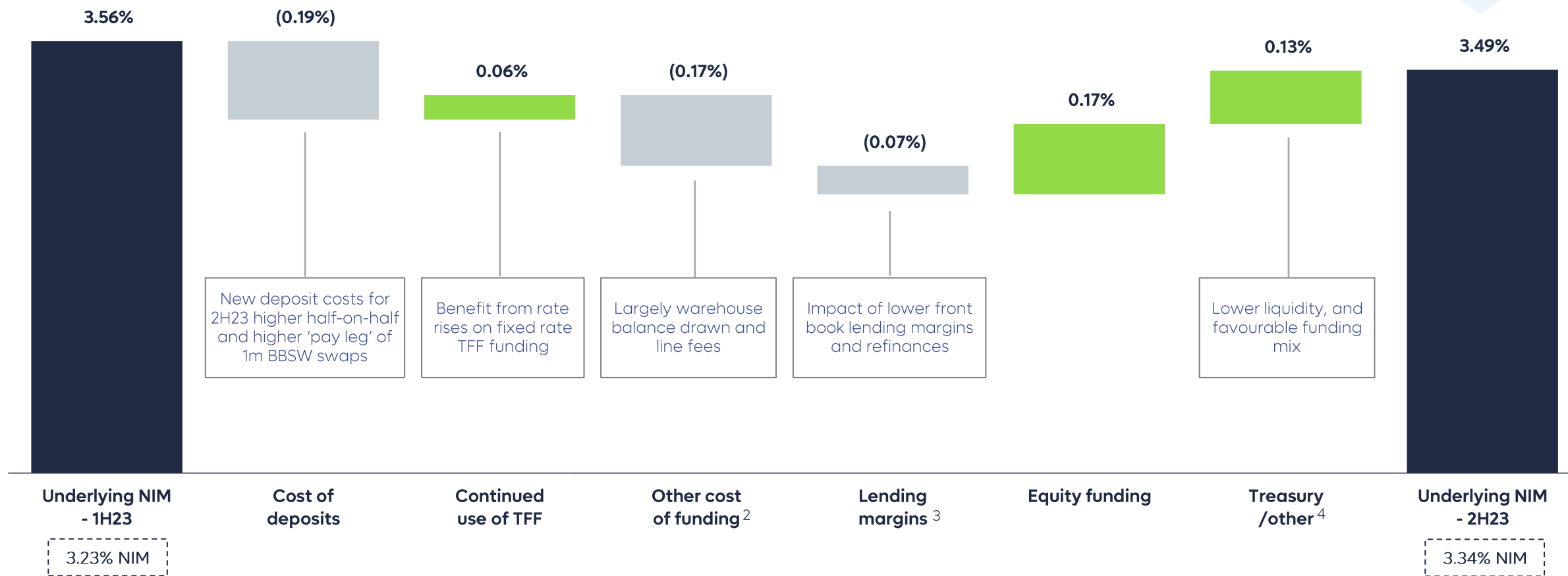
Notes:

1. TFF proportions calculated from public RBA and bank disclosures.
2. Top 10 excludes Judo Bank.
3. Amount has already been repaid.

NIM performance.

Underlying NIM¹ Waterfall – half-on-half (%)

FY24 will be a transitional funding year for Judo as the TFF is repaid. Beyond FY24, Judo expects to see progress towards the at-scale target of >3%.



Notes:

1. Underlying NIM is a measure of NIM excluding the impact of Judo's TFF preservation strategy. For more information refer to page 63 of FY23 Annual Report.

2. Other costs of funding includes wholesale funding activity including warehouses, senior unsecured, and Tier 2 funding.

3. Lending margin methodology has been adjusted to reallocate drag from fixed rate lending to 'cost of deposits' and 'continued use of TFF' categories, to better reflect the hedges in place.

4. 'Treasury / other' captures the impact of balance sheet changes unrelated to the preserved component of the TFF. For example, differences in regulatory liquidity position between the periods, and mix related impacts. Methodology has been adjusted to reallocate drag from fixed rate bonds to the 'Continued use of TFF' category, to better reflect the hedges in place.

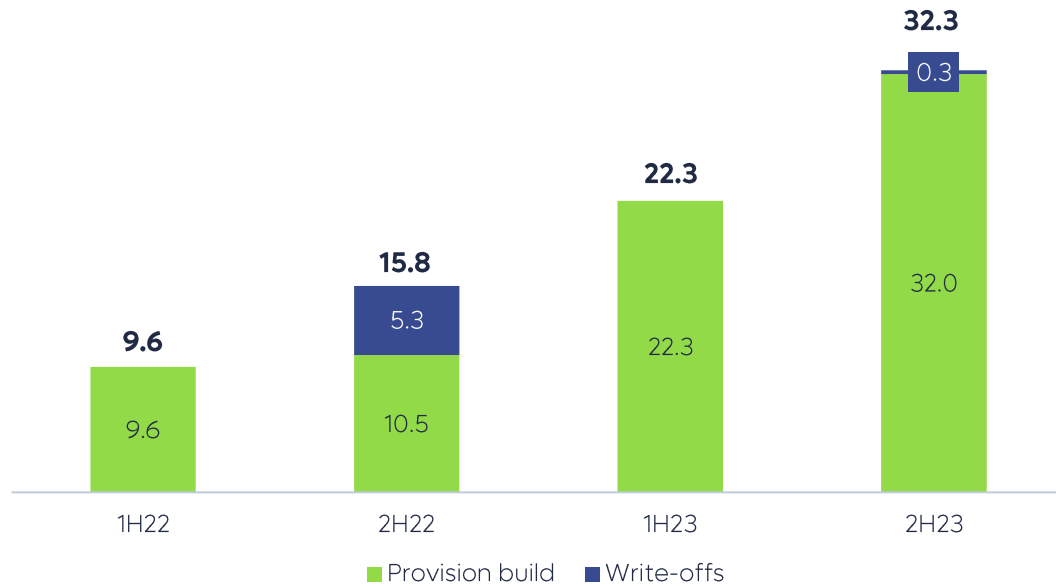
Judo Bank's model works through all parts of the cycle.



Credit quality.

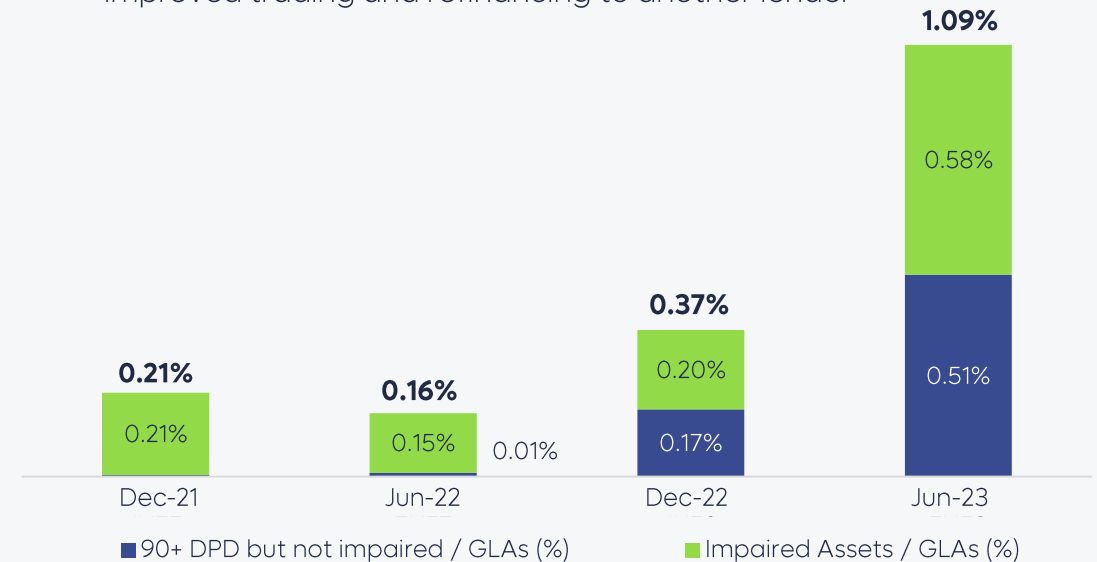
Impairment expense (\$m)

- **Impairments of \$32.3m in 2H23 largely from provision build**
 - Driven by growth in the loan book, stage migration and an increase in specific provisioning from additional impaired assets
 - Only one customer write-off in FY23 of \$0.3m



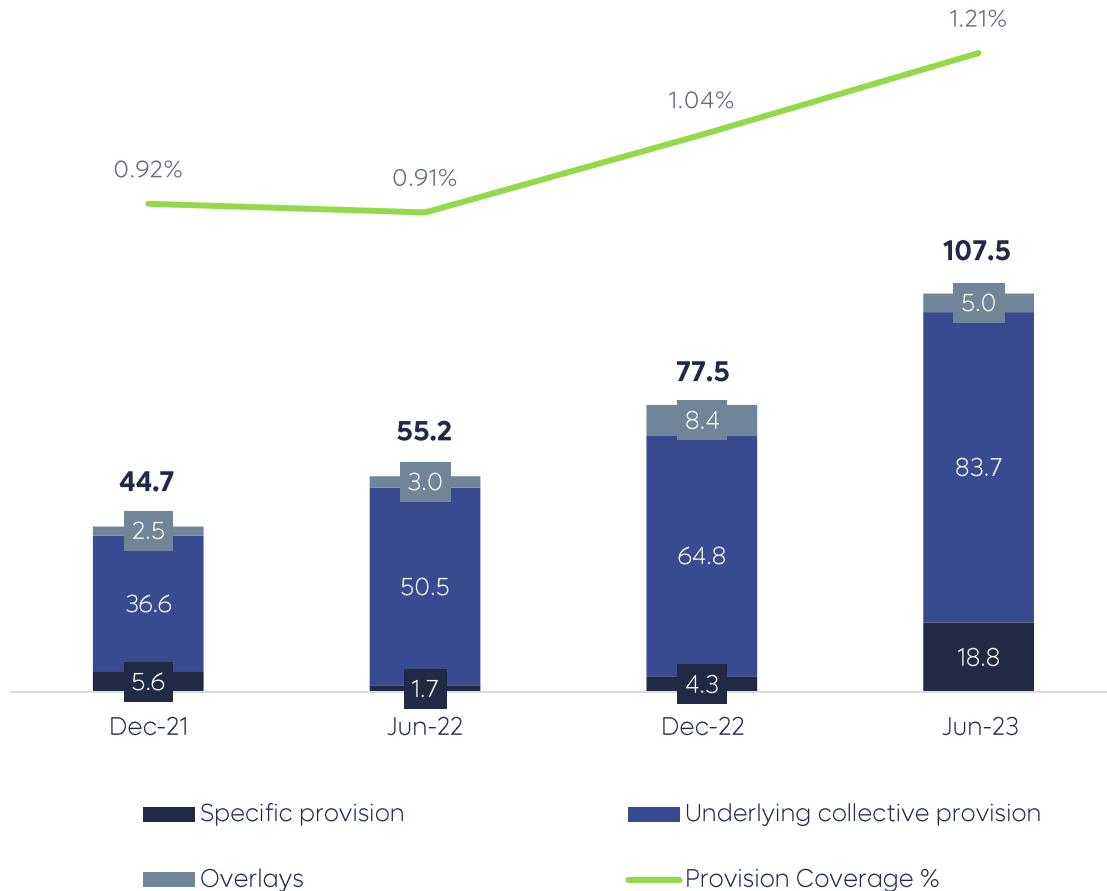
Days past due & impaired assets (% GLA)

- **90+ days past due (DPD) and impaired assets rising, but remains below sector levels**
 - Increase in 90+ DPD and impaired assets is off an ultra-low base and remains below the sector average
 - As at 30 June 2023, Judo Bank had 34 out of 3,758 customers in 90+ DPD and impaired representing ~1% of total customers
 - 90+ DPD and impaired customers are often resolved via asset sales, improved trading and refinancing to another lender



Prudent provisioning.

Provisions (\$m) and coverage (% GLA)



Provisioning remains strong

- Collective provisions increased by \$15.5m over 2H23,** due to:
 - Loan book growth driving increase in Stage 1 provisioning and stage migration;
 - Changes in scenario assumptions to reflect a more subdued economic outlook, including a 5% increase to downside case weighting and increase in both upside and downside probability of default;
 - An increase in the vulnerable sectors overlay to \$5m, reflecting added uncertainty in sectors including accommodation & food services, discretionary retail, arts & recreation services, manufacturing and construction¹; and
 - Partially offset by removal of the large customer overlay, reflecting business maturity
- Specific provisions increased by \$14.5m over 2H23,** due to additional impaired customers and lack of write-offs during the period

Summary of the FY23 results.

Judo remains on-track to achieve its key business metrics at scale

	FY22 Result	FY23 Result	Key business metrics at scale
GLAs	\$6bn	\$9bn	\$15-20bn
Underlying NIM ²	2.79%	3.53%	>3%
Cost of risk	\$25m <i>(53bps of GLAs)</i>	\$55m <i>(74bps of GLAs)</i>	~50bps of GLAs
Cost to income ratio	76%	54%	Approaching 30%
Return on equity	0.7%	5.1%	Low to mid-teens
Profit before tax	\$16m	\$108m	

Key assumptions underpinning the key business metrics at scale:

General assumptions

- The macroeconomic environment remains supportive of continued business investment and growth
- No material deterioration in the financial performance of SME businesses
- The funding environment remains stable
- No adverse change in regulatory requirements

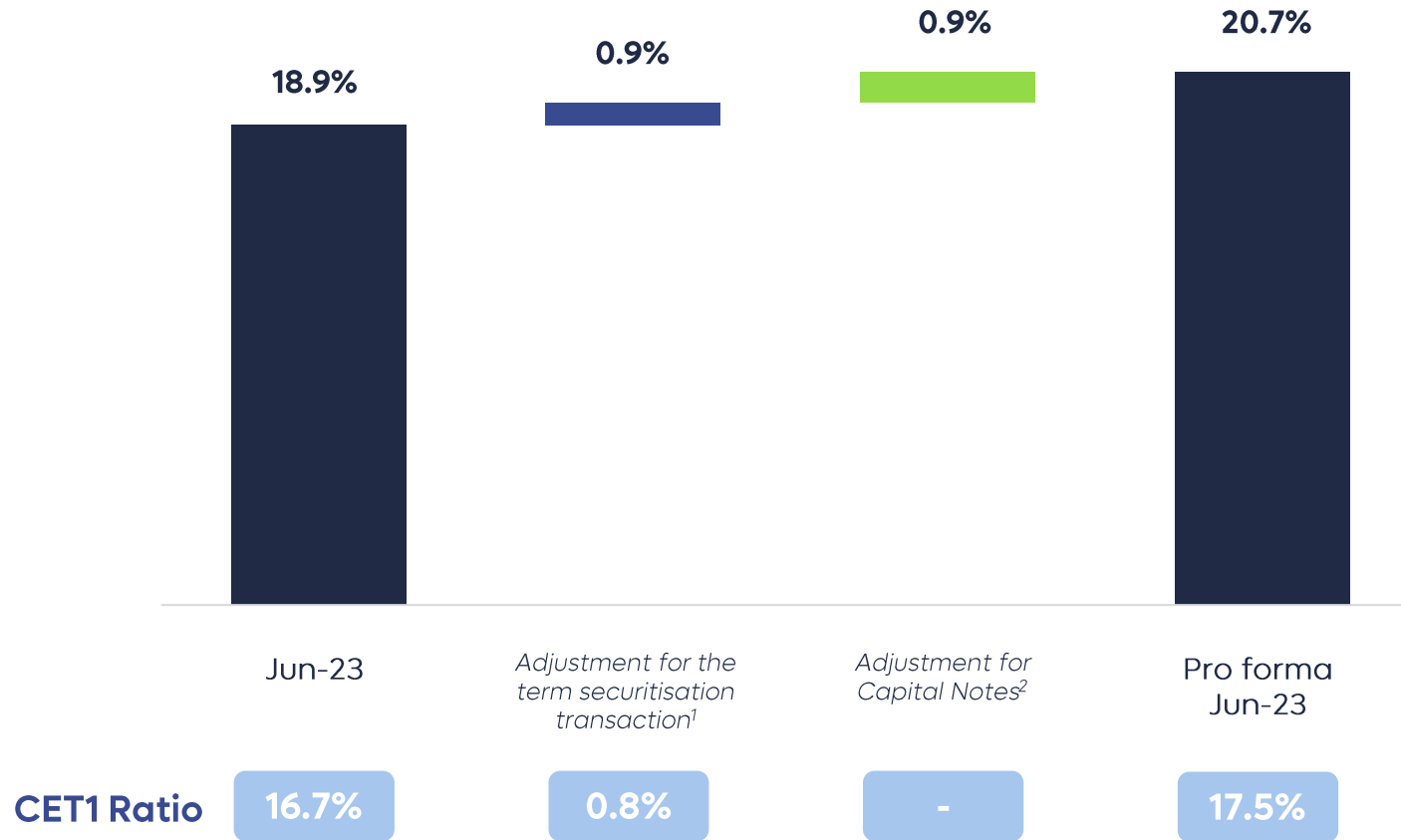
Business and growth assumptions

- Judo's risk appetite remains fundamentally in line with current risk settings
- Judo gains market share from other industry participants
- Judo continues to attract and retain bankers
- Appropriate reduction in Minimum Liquidity Holding requirements as the business matures
- Capital levels move closer to other listed standardised ADIs

Refer to Section 3.12 of Judo's IPO Prospectus dated 14 October 2021 for further detail in relation to Judo's key business metrics at scale.

Capital.

Total Capital Ratio (% , as at 30 June 2023)



- The issuance of Capital Notes is consistent with Judo’s long-term strategy to optimise and build sophistication into its capital structure
- Judo has historically maintained conservative capital ratios, with a meaningful buffer above regulatory capital limits and well above peers
- In September 2023, Judo issued its inaugural public term securitisation transaction, raising \$500 million of capital relief funding
- The proposed Capital Notes issuance, and other future capital transactions or initiatives, will help support Judo in meeting its regulatory capital requirements and further optimise its capital stack
- Over time, Judo expects its capital ratios to trend down towards levels that are more in line with the broader listed Australian banking sector

Notes:

1. These adjustments assume the term securitisation transaction was completed on 30 June 2023, net of estimated issue transaction costs of approximately \$2.7m excluding GST. Adjustments include a \$405.1m reduction to RWAs as these are derecognised for regulatory purposes and a \$6.4m reduction of CET1 capital comprising a \$3.7m increase in a loss reserve and \$2.7m of transaction costs excluding GST. The liability associated with this transaction, and the associated impact on capital adequacy, will decrease over time as paydown occurs in the underlying pool of loans.
 2. Assumes \$75m is raised through the Offer on 30 June 2023, net of estimated issue costs of \$3.2m excluding GST.

Section 3

Key features and risks of Capital Notes.

Capital Notes key features.

General	
Issuer	<ul style="list-style-type: none"> Judo Capital Holdings Limited (Judo), the parent company of Judo Bank Pty Ltd (Judo Bank) Judo Bank is the sole operating subsidiary of Judo Judo Bank is an authorised deposit-taking institution (ADI) regulated by APRA Judo is authorised by APRA as the non-operating holding company (NOHC) of Judo Bank
Security	<ul style="list-style-type: none"> Fully paid, subordinated, perpetual, unsecured, convertible notes
Offer size	<ul style="list-style-type: none"> \$75m, with the ability to raise more or less
Use of proceeds	<ul style="list-style-type: none"> Capital Notes are being issued to raise Additional Tier 1 Capital for Judo Bank, as part of Judo's strategic plan to further develop and diversify its funding and capital sources, in line with the ongoing growth in its loan book The Offer will assist with funding the regulatory capital requirements of Judo Bank and the introduction of Additional Tier 1 Capital will improve the efficiency and diversification of Judo Bank's capital base
Issue price	<ul style="list-style-type: none"> \$100 per Capital Note
Ranking ¹	<ul style="list-style-type: none"> In a Winding-Up of Judo, Capital Notes will rank: <ul style="list-style-type: none"> Ahead of Ordinary Shares; Equally among themselves and other Equal Ranking Instruments; and Behind all Senior Creditors of Judo
Term	<ul style="list-style-type: none"> Perpetual (no fixed maturity date) unless Converted, Redeemed or Written-Off Optional Conversion, Redemption or Resale²: all or some Capital Notes on 16 February 2029, 16 May 2029, 16 August 2029 or 16 November 2029 or following a Regulatory or Tax Event Scheduled Mandatory Conversion Date³: 16 November 2031⁴
ASX listing	<ul style="list-style-type: none"> Judo will apply for Capital Notes to be quoted on ASX under ASX code 'JDOPA'
Distribution Payment Dates	<ul style="list-style-type: none"> The first Distribution Payment Date is 16 February 2024 Distribution Payment Dates are 16 February, 16 May, 16 August and 16 November in each year⁵

This is a high-level summary only. Please refer to the Prospectus for further details.

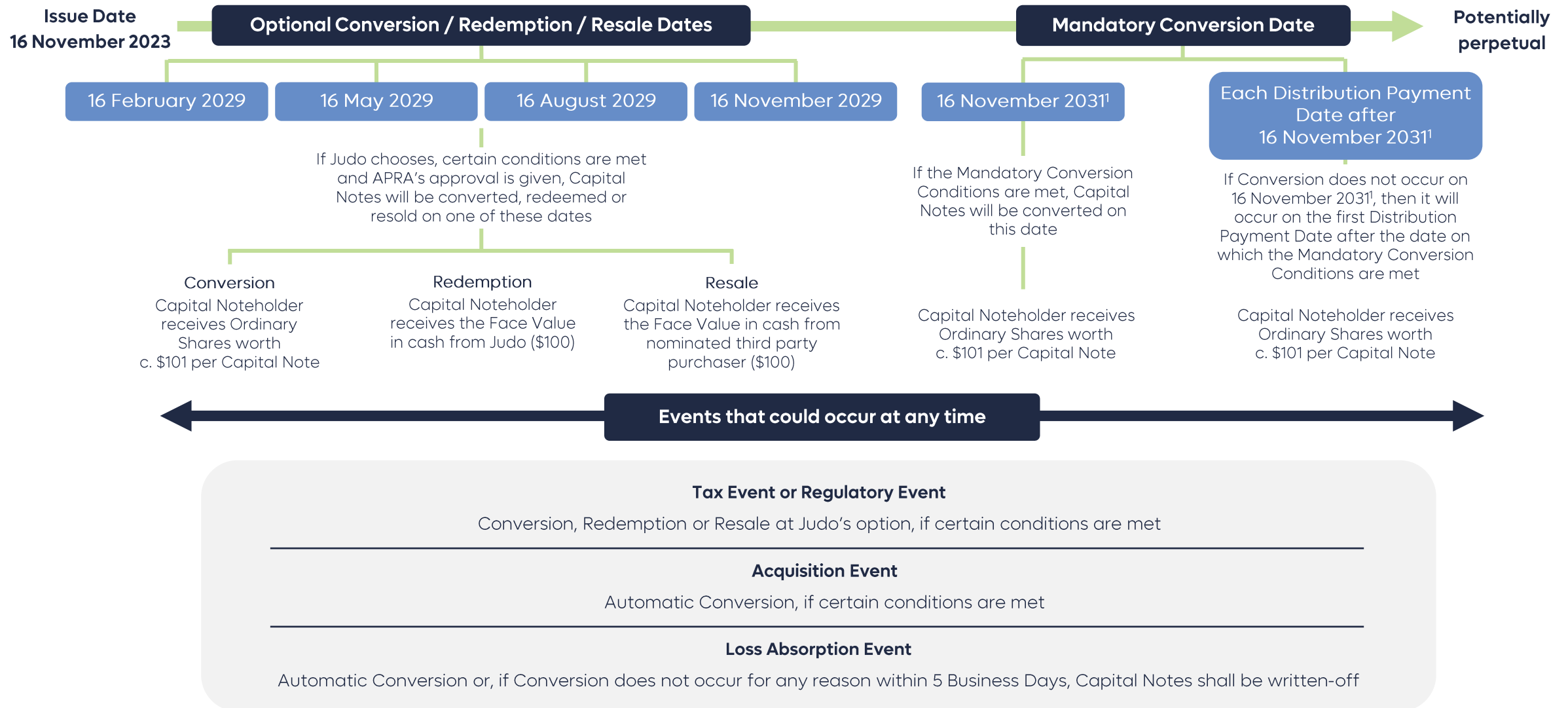
Notes:
 1. The ranking of Capital Noteholders in a Winding-Up will be adversely affected if a Loss Absorption Event occurs. See Sections 1.3, 2.4.4 and 5.2.8 of the Prospectus.
 2. At Judo's absolute discretion, subject to certain conditions being met and APRA's prior written approval. Capital Noteholders should not assume that those requirements will be met or that APRA will give its approval to any Optional Conversion, Optional Redemption or Optional Resale.
 3. Subject to certain conditions being met.
 4. Due to the Business Day Convention, the Scheduled Mandatory Conversion Date is deferred from 16 November 2031 to 17 November 2031.
 5. If a Distribution Payment Date is not a Business Day, then the Distribution Payment Date will be the next Business Day.

Capital Notes key features. (cont'd)

Distributions	
Distributions	<ul style="list-style-type: none"> Distributions are discretionary, non-cumulative, floating rate payments in Australian dollars <ul style="list-style-type: none"> Capital Notes are scheduled to be paid quarterly in arrears, subject to no Payment Condition existing in respect of the relevant Distribution Payment Date Distributions payable on Capital Notes may be unfranked, partially franked or fully franked¹ <ul style="list-style-type: none"> If Judo pays a Distribution and the Distribution is not fully franked, the amount of the scheduled cash Distribution will be increased to compensate for the unfranked component Judo commenced payment of monthly income tax instalments from February 2023. As at 30 June 2023, Judo's balance of franking credits available for subsequent reporting periods was \$36m
Distribution Rate	<ul style="list-style-type: none"> Distribution Rate = $(\text{BBSW} + \text{Margin}) \times (1 - \text{Tax Rate})$ <ul style="list-style-type: none"> BBSW is the rate for prime bank eligible securities having a tenor closest to the Distribution Period (currently 3 months) which ASX (or its successor as administrator of that rate) publishes on the first Business Day of that Distribution Period Margin is expected to be 6.25% - 6.50% per annum, to be determined under the Bookbuild. The Margin will not change for the term of Capital Notes Tax Rate is, broadly, the Australian tax rate applicable to Judo at the relevant Distribution Payment Date. As at the date of this Investor Presentation, the Tax Rate is 30%
Payment Conditions	<ul style="list-style-type: none"> 'Payment Condition' means: <ul style="list-style-type: none"> Paying the Distribution would result in Judo or the Group not complying with APRA's then current prudential capital requirements; Unless APRA otherwise approves in writing, making the Distribution Payment would result in the Judo Group exceeding any limit on distributions of earnings applicable under (and calculated in accordance with) APRA's then current capital conservation requirements as they are applied to the Judo Group (as the case may be) at the time; APRA objects to the payment of Distributions; or Paying the Distribution would result in Judo becoming, or being likely to become, insolvent for the purposes of the Corporations Act
Distribution Restriction	<ul style="list-style-type: none"> If for any reason a Distribution has not been paid in full on a Distribution Payment Date (the Relevant Distribution Payment Date), Judo must not, subject to certain exclusions, without approval of a Special Resolution, until and including the next Distribution Payment Date: <ul style="list-style-type: none"> declare or determine to pay or pay an Ordinary Share Dividend; or undertake any Buy-Back or Capital Reduction, unless the Distribution is paid in full within three Business Days of the Relevant Distribution Payment Date. Investors should note that Judo has not yet paid dividends on its Ordinary Shares and does not expect to pay any dividends in the near term <ul style="list-style-type: none"> Over time, as Judo continues to grow and reach scale, the company will have the capacity to consider paying dividends on Ordinary Shares² Failure to pay a Distribution when scheduled will not constitute an event of default


This is a high-level summary only. Please refer to the Prospectus for further details.

Summary of events that may affect Capital Notes.



24 Note:
1. Due to the Business Day Convention, the Scheduled Mandatory Conversion Date is deferred from 16 November 2031 to 17 November 2031.

Ranking of Capital Notes in a Winding-Up.

Ranking ¹	Type	Illustrative examples
<p>Higher ranking</p>  <p>Lower ranking</p>	Preferred and secured debt	Liabilities preferred by law including employee entitlements and secured creditors
	Unsubordinated and unsecured debt	Unsubordinated and unsecured bonds and notes, trade and general creditors
	Subordinated and unsecured debt (akin to Tier 2 Capital)	Subordinated and unsecured debt obligations, such as subordinated notes
	<p>Perpetual and subordinated instruments (akin to Additional Tier 1 Capital)</p>	<p>Capital Notes</p> <p><i>Note: Where Capital Notes are Converted into Ordinary Shares, Capital Noteholders have the claims of holders of Ordinary Shares. If, following a Loss Absorption Event Capital Notes are Written-Off, Capital Noteholders have no claim at all on Judo, and they are likely to be worse off than holders of Ordinary Shares</i></p>
	Ordinary equity	Ordinary Shares in Judo

Judo's claims against entities in the Judo Group (including Judo Bank) may rank behind depositors and other creditors of Judo Bank.

25 Note:
1. The ranking of Capital Noteholders in a Winding-Up will be adversely affected if a Loss Absorption Event occurs. See Sections 1.3, 2.4.4 and 5.2.8 of the Prospectus.

Capital Notes key risks.

Capital Notes are not deposit or policy liabilities or protected accounts	<ul style="list-style-type: none"> Capital Notes are not protected accounts of Judo Bank for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or otherwise protected under the Financial Claims Scheme
Capital Notes are subordinated and unsecured	<ul style="list-style-type: none"> Capital Notes are subordinated and unsecured liabilities. In a Winding-Up of Judo, there is a risk that you may lose some or all of the money you invested in Capital Notes
Distributions may not be paid	<ul style="list-style-type: none"> Distributions are discretionary and will not be paid if a Payment Condition exists. Payment Conditions include APRA objecting to the payment, Judo becoming or likely to become, insolvent as a result of the payment, or Judo or the Group not complying with APRA's prudential capital requirements as a result of the payment. Distributions that are not paid do not accrue and will not be subsequently paid
Capital Notes may be converted for Ordinary Shares	<ul style="list-style-type: none"> There is a risk that on Conversion you may receive a number of Ordinary Shares with a value which is significantly less than approximately \$101 per Capital Note, including as a result of the application of the Maximum Conversion Number and the market price for Ordinary Shares at the time
Ordinary Shares are different investments in Judo when compared to Capital Notes	<ul style="list-style-type: none"> Ordinary shares are an equity security and may trade at a market price which is affected by different factors from those affecting a hybrid security such as Capital Notes
Judo has early Redemption and Resale rights	<ul style="list-style-type: none"> Judo may undertake an Optional Redemption or Optional Resale of Capital Notes on a Scheduled Optional Redemption Date or Scheduled Optional Resale Date (as the case may be), or Redeem Capital Notes at any time for tax or regulatory reasons or if it is unable to frank Distributions, subject to APRA's prior written approval. APRA's approval may or may not be given
A failure to Convert following a Loss Absorption Event may cause you to lose your investment	<ul style="list-style-type: none"> If a Loss Absorption Event occurs and Conversion fails to take effect for any reason and Judo has not otherwise issued the Ordinary Shares required to be issued in respect of such Conversion within 5 Business Days, then Capital Noteholders' rights under the relevant Capital Note will be immediately and irrevocably terminated

There are also other risks associated with an investment in Capital Notes. The risks associated with Capital Notes and an investment in Judo are outlined in Section 5 of the Prospectus.

Capital Notes key risks. (cont'd)

Capital Notes are perpetual and may not be Converted	<ul style="list-style-type: none"> Capital Notes may not be Converted on the Mandatory Conversion Date if the Mandatory Conversion Conditions are not met and you may continue to hold Capital Notes indefinitely
Capital Noteholders have no right to request Conversion, Redemption or Resale	<ul style="list-style-type: none"> You do not have a right to request repayment, Conversion, Redemption or Resale of Capital Notes
The Judo Group may raise more debt and issue additional securities	<ul style="list-style-type: none"> Judo Group may raise more debt and issue further securities that rank equally with, or ahead of, Capital Notes, whether or not secured
The Distribution Rate will fluctuate	<ul style="list-style-type: none"> The Distribution Rate will fluctuate with changes in the BBSW. There is a risk the Distribution Rate may become less attractive compared to returns on comparable securities or investments
The market price of Capital Notes will fluctuate	<ul style="list-style-type: none"> The market price of Capital Notes on the ASX will fluctuate, including as a result of movements in credit margins, and you may lose some or all of the money you invested in Capital Notes if you sell them
Liquidity may be low	<ul style="list-style-type: none"> The liquidity of Capital Notes on the ASX may be low and you may not be able to sell your Capital Notes at an acceptable price or at all
Terms may be amended	<ul style="list-style-type: none"> In certain circumstances as set out in the Terms, Judo may amend the Terms without the consent of Capital Noteholders and subject to compliance with relevant laws, or with the consent of Capital Noteholders if a Special Resolution is passed. Certain amendments may require written approval from APRA, which may or may not be given
Potential risks arising from Judo being subject to prudential supervision	<ul style="list-style-type: none"> There is a risk that the position of Capital Noteholders may be adversely affected due to Capital Notes being eligible as regulatory capital APRA also issued a discussion paper in September 2023 seeking feedback on options to improve the effectiveness of Additional Tier 1 instruments in Australia. Until the outcome of the consultation process is known, it is not possible to confirm what impact (if any) potential amendments may have on Capital Notes

*There are also other risks associated with an investment in Capital Notes.
The risks associated with Capital Notes and an investment in Judo are outlined in Section 5 of the Prospectus.*

Section 4

Offer process.

Offer structure	<ul style="list-style-type: none">• The Offer comprises:<ul style="list-style-type: none">– an Institutional Offer made to certain Institutional Investors; and– a Broker Firm Offer made to certain Australian resident clients of Syndicate Brokers• Applications will only be accepted from Retail Investors who satisfy the eligibility requirements in accordance with the Target Market Determination (TMD) (refer to Section 6.2 of the Prospectus for further detail)
Applications	<ul style="list-style-type: none">• All applications for Capital Notes must be from:<ul style="list-style-type: none">– an Institutional Investor; or– a client of a Syndicate Broker who is either a Wholesale Investor or Retail Investor within the Capital Notes Target Market and has received personal advice from a qualified financial adviser concerning an investment in Judo Capital Notes• Applications under the Broker Firm Offer must be submitted through a Syndicate Broker
Capital Notes Target Market	<ul style="list-style-type: none">• Judo has made the TMD for Capital Notes in accordance with its obligations under the Design and Distribution Obligations (DDO) Regime. The TMD is available at www.judo.bank/capital-notes/• The TMD describes, among other things, the class of Retail Investors that comprise the target market for Capital Notes, being Retail Investors who:<ul style="list-style-type: none">– are seeking to acquire and investment product with the ability to generate income;– are not seeking capital growth;– are able to bear the risks associated with an investment in Capital Notes (which are summarised in Section 1.5 and detailed in Section 5 of the Prospectus), in particular: (i) the lack of certainty as to the payment of distributions; and (ii) the potential loss of some or all of the capital invested in Capital Notes;– do not require certainty as to repayment of capital invested within a specific investment timeframe; and– seek the ability to dispose of Capital Notes by sale on a licensed securities exchange, at the price available on the exchange• If you are a Retail Investor and wish to apply for Capital Notes, you must seek personal advice as to whether you are within the Capital Notes Target Market and if an investment in Capital Notes is suitable for you in light of your particular investment objectives, financial situation and needs

Key dates.

Key dates for the Offer ¹	Date
Lodgement of the Prospectus with ASIC	23 October 2023
Bookbuild to determine the Margin commences	23 October 2023
Announcement of the Margin by	31 October 2023
Lodgement of the replacement Prospectus with ASIC	31 October 2023
Opening Date for Broker Firm Offer	31 October 2023
Closing Date for the Broker Firm Offer	5.00pm (Sydney time) on 10 November 2023
Settlement Date	15 November 2023
Issue Date	16 November 2023
Capital Notes commence trading on ASX (normal settlement basis)	17 November 2023
Holding Statements despatched by	23 November 2023

Key dates for Capital Notes ¹	Date
First quarterly Distribution Payment Date	16 February 2024
Scheduled Optional Conversion Dates	16 February 2029, 16 May 2029, 16 August 2029 and 16 November 2029
Scheduled Optional Redemption Dates	16 February 2029, 16 May 2029, 16 August 2029 and 16 November 2029
Scheduled Optional Resale Dates	16 February 2029, 16 May 2029, 16 August 2029 and 16 November 2029
Scheduled Mandatory Conversion Date	16 November 2031 ²

Notes:

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1. The dates above are indicative only and may change without notice. Judo, the Arranger and the Joint Lead Managers may, at their discretion, agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice or accepting late Applications, whether generally or in particular cases, or withdrawing the Offer at any time before Capital Notes are issued.

2. Due to the Business Day Convention, the Scheduled Mandatory Conversion Date is deferred from 16 November 2031 to 17 November 2031.

Contact directory.

Judo

Treasurer	Michael Heath	+61 401 186 350
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Arranger and Joint Lead Manager

Barrenjoey	Barry Sharkey	+61 2 9903 6777
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Joint Lead Managers

E&P Corporate Advisory	Andrew Serle	+61 3 9411 4076
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Morgans	Steven Wright	+61 7 3334 4837
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Westpac Institutional Bank	Allan O'Sullivan	+61 2 8253 4574
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Further information

Judo Capital Notes Information Line	www.judo.bank/capital-notes/	1800 754 866
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Appendix.

FY23 Result.

Profit & Loss Statement	FY23	FY22 ¹	Change
Income (\$m)	353.0	173.0	104%
Operating Expenses (\$m)	190.9	132.0	45%
Net Profit Before Impairments (\$m)	162.1	41.0	Large
Impairment Expense (\$m)	54.6	25.4	115%
Profit Before Tax (\$m)	107.5	15.6	Large

Key Operating Metrics	FY23	FY22 ¹	Change
GLAs (\$bn)	8,908	6,092	46%
Underlying NIM ² (%)	3.53%	2.79%	74 bps
CTI (%)	54.1%	76.3%	(22%)
Provision Coverage (% of GLA)	1.21%	0.91%	30 bps
90+ DPD & Impaired (% of GLA)	1.09%	0.16%	93 bps

Our ESG underlying beliefs.



Sustainability of our customers

We believe in supporting our customers to be sustainable both now and into the future. We have continued to support customers through our hardship policies and through support of the Federal Government's SME Guarantee Scheme and SME Recovery Loan Schemes.

Supporting our SME customers extends to supporting them through their transition journey. Our first focus is on climate change and the risks for Australian SMEs. We intend to support our customers by leveraging our unique relationship-led banking model to deliver sustainable outcomes for customers in a way that makes sense for their business. We recognise every SME is different, and our sustainability strategy reflects an approach that is as unique to our customers as our customers are to the economy.



Inclusion, equity and diversity

We believe that embracing and celebrating our individual differences makes us stronger as a collective. We actively encourage diversity of people, experience and of thought. Our employee value proposition sets us apart. We hand select the best people who are aligned to our purpose. We lend differently, so we seek to hire people who can think differently.



Climate risks

We recognise it is necessary to take a strategic and risk-based approach to managing the various climate change-related risks and opportunities we face.

Judo Bank's climate change-related risks present both at an organisational and customer level. We have worked to understand our climate change-related risks as an ADI throughout the year through the measurement and identification of emissions sources, and development of an emissions reduction plan.

As an ADI with a cloud-based technology platform, the risks relating to climate change for our business predominantly present in our customer portfolio. Our priority for our sustainability strategy is helping our SME customers understand and mitigate their own climate-related risks, which will then inform a deeper understanding of our portfolio-level risks.



Financial inclusion

We believe that all Australian SMEs deserve to have access to financial services to help grow their business. We know that Australian SMEs have been underserved in an industrialised banking market that has de-prioritised relationship-led banking.

We believe that we can help provide more financial inclusion in Australia through, and to, our SME community.

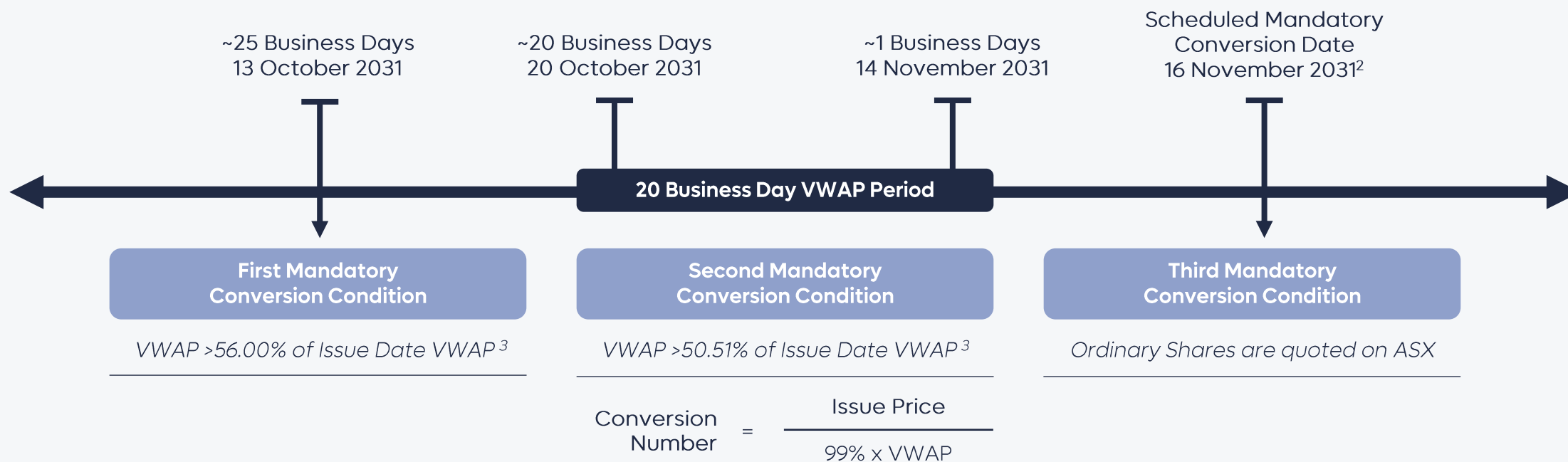


Corporate governance

We believe that good corporate governance provides the foundation for a high-performing organisation. We believe that by embedding good governance practices, we will preserve and strengthen stakeholder confidence and long-term value.

Mandatory Conversion.

- The Mandatory Conversion Date is scheduled to be 16 November 2031, provided the Mandatory Conversion Conditions have been satisfied on that date. If any of the Mandatory Conversion Conditions are not satisfied on this date, then the Mandatory Conversion Date will be the next Distribution Payment Date on which all such conditions are satisfied
- Capital Notes may remain on issue indefinitely and may never Convert into Ordinary Shares if the Mandatory Conversion Conditions are not satisfied
- On the Mandatory Conversion Date, Capital Noteholders will receive approximately \$101 of Ordinary Shares for each Capital Note¹
- The Mandatory Conversion Conditions are intended to help protect Capital Noteholders against receiving a number of Ordinary Shares limited to the Maximum Conversion Number and accordingly less than \$101 per Capital Note (based on the VWAP during the 20 Business Days before the Mandatory Conversion Date)
- The following diagram illustrates the operation of these conditions:



Notes:

1. The exact number of Ordinary Shares to be received depends on the VWAP of Ordinary Shares. The VWAP during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that Capital Noteholders receive will most likely differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be worth more or less than approximately \$101 per Capital Note when they are issued or at any time after that.

2. Due to the Business Day Convention, the Scheduled Mandatory Conversion Date is deferred from 16 November 2031 to 17 November 2031.

3. Issue Date VWAP = VWAP during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding the Issue Date.

Mandatory Conversion. (cont'd)

Loss Absorption Event	<ul style="list-style-type: none"> • A Loss Absorption Event is a Non-Viability Trigger Event or a Common Equity Trigger Event
Non-Viability Trigger Event	<ul style="list-style-type: none"> • A Non-Viability Trigger Event means APRA has provided a written determination to Judo that: <ul style="list-style-type: none"> – The conversion to Ordinary Shares or write-off of Relevant Tier 1 Capital Instruments (including Capital Notes) in accordance with their terms or by operation of law is necessary because without the conversion to Ordinary Shares or write-off, APRA considers that Judo would become non-viable; or – Without a public sector injection of capital into, or equivalent support with respect to, Judo, APRA considers that Judo would become non-viable
Common Equity Trigger Event	<ul style="list-style-type: none"> • A Common Equity Trigger Event means either or both of the Common Equity Tier 1 Ratio in respect of the Judo Level 1 Group or the Judo Level 2 Group, as determined by Judo or APRA at any time, is equal to or less than 5.125%
Conversion following a Loss Absorption Event	<ul style="list-style-type: none"> • Upon a Loss Absorption Event occurring, Judo must immediately Convert some or all Capital Notes to Ordinary Shares • If Conversion of Capital Notes does not occur within 5 Business Days after the Trigger Event Date for any reason (including an Inability Event), then Conversion will not occur and each Capital Noteholder's rights with respect to those Capital Notes are immediately and irrevocably Written-Off
Maximum Conversion Number	<ul style="list-style-type: none"> • The number of Ordinary Shares a Capital Noteholder receives upon Conversion is calculated using the formula on the previous page but is capped at the Maximum Conversion Number • The Maximum Conversion Number is calculated as $\\$100 / (\text{Issue Date VWAP} \times \text{Relevant Fraction})$ • The Relevant Fraction is 0.5 in relation to a Mandatory Conversion and 0.2 in the case of any other Conversion (including Conversion following a Loss Absorption Event) • The Mandatory Conversion Conditions are intended to help protect Capital Noteholders against receiving a number of Ordinary Shares limited to the Maximum Conversion Number and accordingly less than \$101 per Capital Note (based on the VWAP during the 20 Business Days before the Mandatory Conversion Date) • Since Conversion on account of a Loss Absorption Event is not subject to any conditions, Capital Noteholders may receive a number of Ordinary Shares worth significantly less than approximately \$101 per Capital Note and a Capital Noteholders may suffer a significant loss as a consequence

Comparison between Capital Notes and other types of investments.

Feature	Term Deposit	Capital Notes	Ordinary Shares
Issuer	Judo Bank	Judo	Judo
Legal form	Bank deposit	Unsecured, subordinated debt	Ordinary share
Eligible for protection under the Australian Government Financial Claims Scheme	Yes	No	No
Term	Typically one month to five years	Perpetual ¹	Perpetual
Ranking in Winding-Up	Ahead of general unsecured creditors of Judo Bank	Ahead of Ordinary Shares, equal with Equal Ranking Securities and behind all Senior Ranking Creditors of Judo	Behind all creditors, including Capital Notes
Distribution rate	Fixed (usually)	Floating, adjusted for franking if available ²	Variable dividends
Distribution payment dates	End of term or per annum (usually)	Quarterly (at the discretion of Judo's Board)	At the discretion of Judo's Board
Distributions are discretionary	No	Yes ³	Yes ³
Distributions are cumulative	Interest payments cannot be waived or deferred	No – non-cumulative	No – non-cumulative
Restriction on Ordinary Share dividends if distribution is not paid	No	Yes, until the next Distribution Payment Date ⁴	Not applicable
Frankable distributions	No	Yes, subject to franking account balance ³	Yes, subject to franking account balance ³
Transferable	No – term deposits are not listed	Yes – quoted on ASX	Yes – quoted on ASX
Loss Absorption provisions	No	Yes	Not applicable
Mandatory Conversion to Ordinary Shares	No	Yes, on 16 November 2031 ⁵ , or upon an Acquisition Event ⁶ or Loss Absorption Event	Not applicable
Treated by APRA as regulatory capital	No	Yes, Additional Tier 1 Capital	Yes, Common Equity Tier 1 Capital

Notes:

1. Unless Redeemed, Converted or Written-Off earlier in accordance with the Capital Notes Terms. Subject to the satisfaction of certain conditions, Capital Notes will be mandatorily converted into Ordinary Shares on a Mandatory Conversion Date, as outlined in Section 5.2.5 of the Prospectus.
2. Distributions on Capital Notes may be unfranked, partially franked or fully franked. The level to which Distributions are franked depends on a number of factors including Judo's available franking account balance and Judo having sufficient distributable profits. It is expected that Distributions for some initial Distribution Periods may be unfranked or only partially franked. Following the utilisation of all carry forward tax losses, Judo commenced payment of monthly income tax instalments from February 2023. As at 30 June 2023, Judo's balance of franking credits available for subsequent reporting periods was \$36m. If Judo pays a Distribution and the Distribution is not fully franked, the amount of the scheduled cash Distribution will be increased to compensate for the unfranked component. See Section 5.2.17 of the Prospectus for further detail.
3. As at 30 June 2023, Judo has not paid dividends on its Ordinary Shares.
4. If for any reason a Distribution has not been paid in full on a Distribution Payment Date, Judo must not, subject to certain exclusions, without approval of a Special Resolution, until and including the next Distribution Payment Date: (i) declare or determine to pay or pay an Ordinary Share Dividend; or (ii) undertake any Buy-Back or Capital Reduction, unless the Distribution is paid in full within three Business Days of the Relevant Distribution Payment Date.
5. Due to the Business Day Convention, the Scheduled Mandatory Conversion Date is deferred from 16 November 2031 to 17 November 2031.
6. Subject to certain conditions being met.