ASX ANNOUNCEMENT

Liberty

25 October 2023
Markets Announcement Office
ASX Limited

LIBERTY GROUP 2023 AGM
CHAIR'S ADDRESS AND CEO'S ADDRESS

In accordance with ASX listing rule 3.13.3, Liberty Group (ASX: LFG) attaches the following documents to be presented at the 2023 Annual General Meeting (Meeting) being held at 2.00pm today:

- Chair's address
- Chief Executive Officer's address
- Meeting presentation slides

The results of the Meeting will be communicated to the ASX shortly after the conclusion of the Meeting.

Authorised for disclosure by the Board.

For further information:

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About the Liberty Group

Liberty Group is a leading diversified finance company in Australia and New Zealand. Its businesses include residential and commercial mortgages, motor vehicle finance, personal loans, business loans, broking services, general insurance and investments. Liberty has raised more than $40 billion in global capital markets. Since 1997, Liberty has helped more than 700,000 customers get financial.

Chair Address

The year ended 30 June 2023 for the Liberty Group has been one of sound results given the economic and competitive environment, and the challenges faced by our customers in absorbing higher interest rates and costs of living.

Liberty Group achieved statutory net profit after tax for the year ended 30 June 2023 of $181 million or 60 cents per stapled security. This result is 17% lower than FY22 reflecting challenging market conditions.

Consistent with statements made during the IPO about our distribution policy, the Group distributed earnings of $0.45 per stapled security to securityholders at a payout ratio of 75%. This distribution equates to an unfranked yield of 12% based on the security price as at 30 June 2023. We affirm our current policy to distribute 40% to 80% of Group net profit after tax to securityholders annually.

These results were achieved as we transitioned from the challenges of COVID-19 to an environment of rising interest rates. The results are a testament to the dedication of the Liberty team and the strength of our commitment to customers.

The likely continuation of lower demand for home finance and capital market pressures will continue to impact profitability for the next financial year. However, as an investment grade rated financial institution, the company is in a strong financial position and has the capabilities needed to diversify its products and services to customers and to add value through the cycle. We are optimistic about new opportunities emerging over the coming years and believe that there are many more customers that we can help.

I would like to thank the entire Liberty Group staff and my Board colleagues each of whom contributed to delivering the strong results for FY23 and ensuring the Liberty Group is in a sound position for FY24.

Finally, thanks to you, the Securityholders for your continued support.

I will now hand over to James.

CEO Address

Thank you, Richard, and good afternoon, everyone.

I'd like to add my welcome to all the Securityholders who have taken time to join our Meeting today.

I join the Chair to acknowledge the traditional owners of the lands that we are presenting from.

Following the result of the recent referendum, we continue to commit to working together to find different paths to achieve much needed reconciliation.

Today I plan to provide a business and strategy update as well as financial results for the last financial year and the most recent quarter's business results.

I will then close with an outlook for the coming financial year.

FY23 Operating Highlights

We are delighted to have delivered continued portfolio growth through our long-term diversification strategy in what has been a tough economic period where we have seen our peer group struggle to do the same.

Notwithstanding our portfolio growth, we delivered a lower net interest margin, importantly impacted more by cost of funds than by yield which we think speaks to the execution of our long-term strategy.

Consequentially, we feel we delivered a sound underlying performance for FY23, which reflects the environment in which we largely continue to trade.

We were able to increase the portfolio by 5%, averaging the year with assets of $13.2b.

Our new asset originations were relatively steady at $5.4b, down 2% on the prior corresponding period, noting FY22 was a record origination year.

Our impaired loans increased by 31% up to $198m.

We continued to invest in our team, in our platform and in our ability to execute with an increase in FTE of 4%, up to 546.

Our Broker Net Promoter Score once again comes in at an industry-leading 82.

Our Customer Net Promoter Score reduced slightly, reflecting some of the challenges of managing persistent interest rate increases, down to 59.

FY23 Financial Highlights

The Liberty Group full FY23 net profit after tax and amortisation came in at $187m, which is down from $231m last financial year.

Our net revenue held relatively steady, with a slight decrease of 4% to $610m.

As mentioned, our net interest margin felt the impact of increased costs and reduced to 2.76%, down 32bps.

Our bad and doubtful debt came from what were all-time lows back to 13bps. Our cost to income ratio increased slightly, from 22.7% to 26.6% and we reaffirmed our distribution of 45 cents, down 8% from the prior corresponding period.

1Q24 Highlights

Turning now to business highlights during the first quarter of financial year 2024.

Many of the same trends have continued. We have been able to continue our momentum with portfolio growth at the Group level which we expect will continue to distinguish us from other non-banks.

Our Net Interest Margin has remained relatively flat through the quarter, slowing the trend of further compression in the short term.

The business has continued on its path of sound underlying performance driven by continued growth in our Secured and Financial Services business. Simultaneously our Residential business has continued its decrease in the short term, but at a slower pace than was experienced during FY23. We endeavour to return the Residential business to growth in the foreseeable future.

We issued one new $1B SME securitisation deal during the quarter which was well received by the market with a margin lower than the SME issue a year earlier.

We have also continued our focus on cost discipline during the quarter although we continue to see operating cost pressure and recruitment and retention challenges.

Following review of our FY23 results, Standard and Poors has affirmed our investment grade rating as BBB- (positive outlook).

Finally, we were delighted to once again receive recognition as Non-Bank of the Year for 2023 during the quarter in the Australia Mortgage Awards.

Loan Origination 1Q24

As mentioned, we maintained momentum with loan originations driven largely by good cut through in our Secured business with our secured Motor and SME loans. We also continued strong growth, albeit from a lower base, in our Financial Services segment where our unsecured personal loans business resides.

In our Residential business loan origination this quarter was better than the prior quarter which marks two quarters of growth following 3 quarters of decline.

As a Group we generated higher originations in the first quarter of FY24 compared to the last quarter of FY23.

Loan Portfolio 1Q24

As previously mentioned, we are delighted to report that we have been able to continue to grow our portfolio during the first quarter.

Although we were able to maintain Residential originations (rather than seeing further decline) we continued to be impacted by a very competitive mortgage market leading to ongoing heightened discharges. As a result our Residential Portfolio declined, but at a slower pace than experienced over the last 3 quarters.

Elsewhere we were able to continue to benefit from ongoing origination momentum which resulted in portfolio growth at a slightly higher rate than FY23 over the quarter.

FY24 Outlook

Finally, looking ahead to the rest of FY24.

We continue to operate in conditions that are challenged by global events, market volatility and a lack of business and consumer confidence. As such, we expect the subdued levels of credit growth to continue.

At the same time, we expect to see ongoing competition in residential lending while the remaining fixed rates written during the pandemic mature and while inflation continues to put pressure on disposable income. Therefore, we expect to see ongoing heightened discharge activity and the need for ongoing support of our customers who are affected by these developments.

It's notable that we were able to hold our Net Interest Margin relatively flat through the quarter, but also appreciate that global capital markets are quickly impacted by world developments. Further, there remains significant uncertainty about the monetary stance of central banks around the world as well as the RBA and RBNZ.

Also, inflation continues to run locally at a higher level than target and we continue to see that influence throughout the system and changing our operating platform.

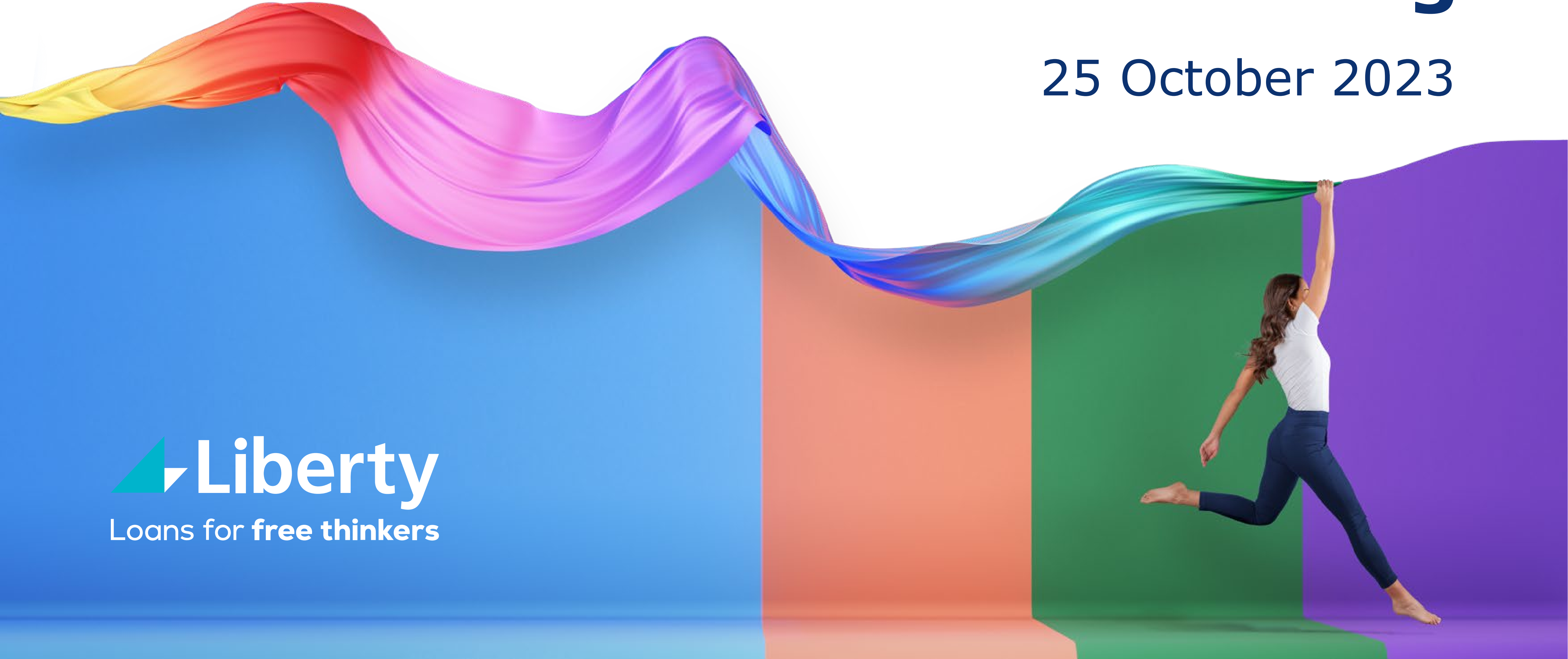
Finally, we recognise that the democratisation of AI in tools such as ChatGPT continues to gather pace and set expectations for our business partners and customers regarding digital engagement.

We see these developments as opportunity to continue to move quickly, solve customer pain points and win favour with our products and services so we can continue helping more people get financial.

I would now like to hand back to Richard for the formal business of this Meeting.

Liberty Financial Group Annual General Meeting

25 October 2023



Agenda

01 Introduction

02 Chair Address

03 CEO Address

FY23 Operating Highlights

Average financial assets
$13.2b ($12.6b)
+5%

New assets originated
$5.4b ($5.6b)
(2%)

Impaired loans
$198m ($152m)
+31%

FTE Staff
546 (524)
+4%

Broker NPS
82 (81)
+1%

Customer NPS
59 (64)
(8%)

*Balances represent: FY23 (FY22) change between the periods

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FY23 Financial Highlights

Underlying NPATA
$187m ($231m)
(19%)

Net revenue
$610m ($635m)
(4%)

NIM
2.76% (3.08%)
(32bps)

BDD
13bps (0bps)
+13bps

Cost to income
26.6% (22.7%)
+390bps

Distribution
45bps (49bps)
(8%)

*Balances represent: FY23 (FY22) change between the periods

1Q24 Highlights

- Continued portfolio growth through diversification
- NIM consistent with flat cost of funds & maintaining yield
- Continued sound underlying performance
- Continued origination momentum with flat Residential
- One new ABS deal of $1B
- Stable headcount and operating costs
- Investment Grade Rating affirmed at BBB- (positive outlook)

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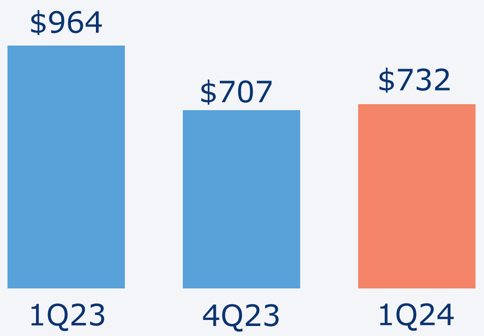
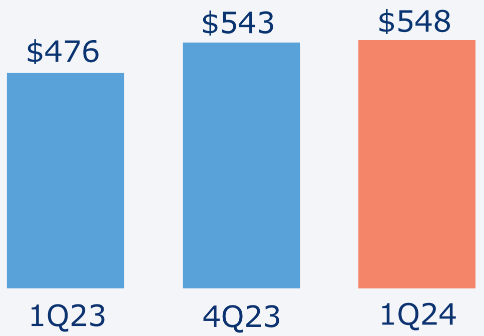
Loan Origination 1Q24

Residential ($'m)



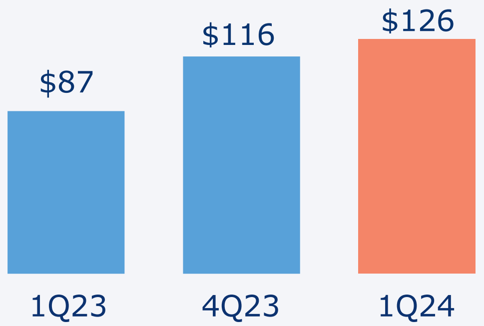
- Increase in new residential loan origination as demand for credit improves with stabilising interest rates

Secured ($'m)



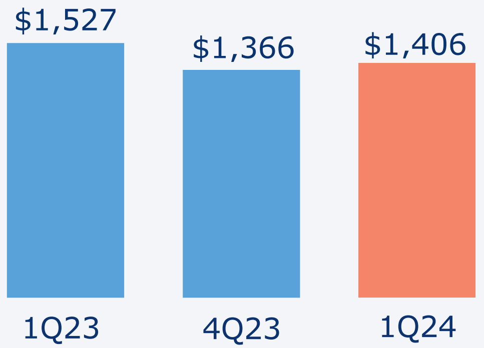
- Stable new commercial and asset finance origination following strong recent growth

Fin Serv ($'m)



- Continued growth in new personal loan origination from market share gain

Group ($'m)



- Increased loan origination for the quarter
- Continued shift in asset mix toward higher yielding segments
- FY24 new loan origination on track to exceed FY23

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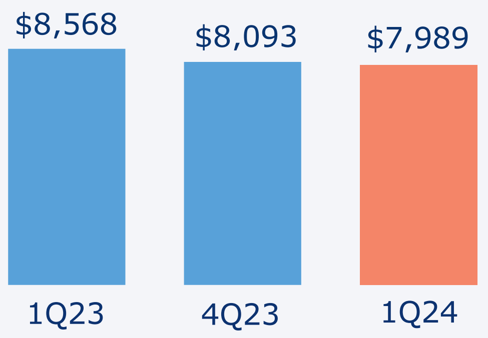
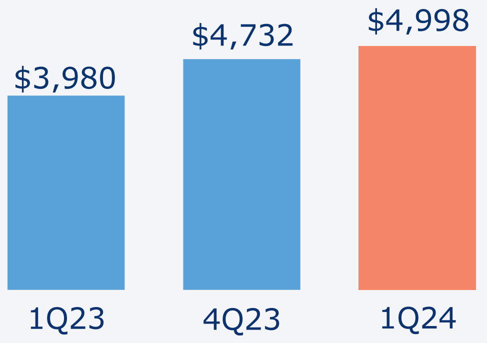
Loan Portfolio 1Q24

Residential ($'m)



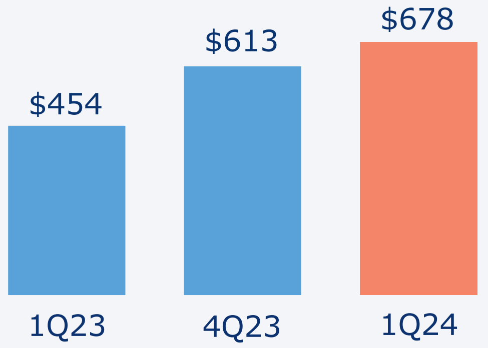
- Stabilising portfolio as recent higher than trend discharges begin to ease

Secured ($'m)



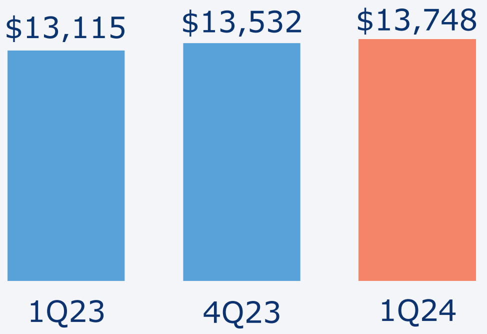
- Continued growth in commercial and asset finance loan portfolios consistent with stable new originations

Fin Serv ($'m)



- Growth in personal loan portfolio consistent with growth in new originations

Group ($'m)



- FY24 portfolio growth on track to exceed FY23 growth
- Portfolio mix continuing to shift toward Secured Segment

Outlook

- Economic indicators support subdued credit growth
- Refinances continue with fixed rate maturity & inflation
- Ongoing need for bespoke customer support
- NIM driven by cost of funds environmental volatility
- Upward inflationary pressure on operating expenses
- Customer demand for improved digital experiences

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Thank you for joining us

Appendix

Disclaimer

The information provided in this presentation and any information supplied in connection with this presentation ("**Presentation**") has been prepared by Liberty Financial Group Limited (ACN 125 611 574) ("**Company**") and Liberty Fiduciary Ltd (ACN 119 884 623) as the responsible entity of Liberty Financial Group Trust ("**Trust**") (the Company and Trust together, "**Liberty Group**"), which together with their subsidiaries, operates the Liberty lending and financial services business ("**Liberty**").

The information in this Presentation is current as at 25 October 2023. It is in summary form and is not necessarily complete. It should be read together with the Liberty Group results for the full year 30 June 2023.

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This Presentation contains certain forward-looking statements and comments about future events, including Liberty's expectations about the performance of its businesses and certain strategic transactions. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other expressions having a similar meaning. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors could cause the Liberty Group's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, and many of these factors are beyond Liberty Group's control. Forward-looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainty and other factors, many of which are outside the control of the Liberty Group. As such, undue reliance should not be placed on any forward-looking statement. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this Presentation nor any information made available to you is, or may be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Liberty Group.

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