Liberty

2022 ANNUAL REPORT

Contents

Letter from the Chair

We are strongly positioned for the changing times ahead

The year ended 30 June 2022 for the Liberty Group has been one of solid results in the face of emerging macro-economic headwinds reinforcing the Group's position as a leading financial services provider.

Our securityholders

Liberty Group achieved record statutory net profit after tax for the year ended 30 June 2022 of $219 million or $0.72 per stapled security. This result is an increase of 18% compared to FY21 and significantly exceeds the FY21 IPO prospectus pro-forma net profit after tax forecast of $154 million.

Consistent with statements made during the IPO about our distribution policy, the Group distributed earnings of $0.49 per stapled security to securityholders at a payout ratio of 68%. This distribution equates to an unfranked yield of 12% based on the security price as at 30 June 2022. We affirm our current policy to distribute 40% to 80% of Group net profit after tax to securityholders annually.

Our broker partners

During the year we re-affirmed and progressed our strategy focusing on customer experience and customer choice. We launched new broker facing digital capabilities in our motor lending business as well as launching a new commercial lending product. These enhancements form a new foundation that we intend to expand across the entire group. We finished the year with an increased broker Net Promoter Score of 81%.

Our customers

Liberty has successfully supported customers through a number of challenging economic cycles. Most recently, we successfully supported up to 11% of our customers through uncertainties emanating from the COVID-19 pandemic.

The year ahead will prove challenging for some of our customers as the region adapts to higher inflation and interest rates. Our proprietary technology and the care our staff provide to customers in need will enable us to support customers to navigate the challenging times ahead.

Board renewal

The board delivered on its promise last year to enhance its diversity of gender and skills. We are thrilled that Dr Jane Watts joined the board and I look forward to her appointment being endorsed by our securityholders at the AGM on 9 November 2022.

Looking ahead

Since its inception 25 years ago, Liberty has consistently invested in diversifying its products and services to customers. We are optimistic about new opportunities emerging over the coming years and believe that there are many more customers that we can help.

As an investment grade rated financial institution, we have the capital strength to support our growth ambitions and to support customers who will inevitably need our help as together we navigate macro-economic headwinds.

I would like to thank the entire Liberty Group staff and my Board colleagues each of whom contributed to delivering the strong results for FY22 and ensuring the company is in a sound position for FY23.

Finally, thanks to you, the securityholders for your support.

Richard Longes
Chairman

Letter from the CEO

Over the past year, we have again produced positive outcomes for our stakeholders

Our vision is to be the leading finance group that champions free thinking. And we have never been clearer about our purpose of helping more people get and stay financial. We believe this purpose will become even more relevant for our current and new customers as we progress into a changing macro-economic environment.

Helping our Customers

As a smaller lender relative to the major banks, we have always sought to provide valuable and differentiated services to our customers and business partners. Fast and responsive service is core to our market position. We continued to make improvements in our service for the benefits of our business partners and will continue to invest in this experience in the coming year.

Reflecting our focus on customers and business partners, we are very proud of the increase in our market-leading net promoter scores for brokers and customers. Our broker NPS came in at 81, up 8% and our customer NPS came in at 64, up 19% compared to the previous year.

We also continued to develop new products, using our free-thinking attitude, by launching a revitalised motor lending solution to small businesses and a lending solution to support motor dealerships. The dealership lending solution will generate growth in loans both to dealerships as well as to their end customers.

Our business model is designed to advance financial inclusion through understanding the unique circumstances of each individual or business customer. It is no wonder then that we are the first non-ADI to submit a Financial Inclusion Action Plan (FIAP) with Good Shephard. This program is an agreed set of actions to improve financial inclusion, wellbeing and resilience for all customers.

Supporting our People

We know that without a fully engaged team, we cannot support and service customers to our aspirational standards. That's why we spent time investing in and supporting our people.

We continue to champion the importance and value of diversity and we are proud to have implemented three new leave policies that celebrate diversity: Reproductive Health Leave, Cultural and Ceremonial Leave and World Cultural and Belief Leave.

Our efforts in developing and nurturing a unique culture were recognised this year when we were awarded the Australian Business Awards Employer of Choice Winner.

Contributing to our Community

Our commitment to supporting and promoting diversity and inclusion extends both inside and outside Liberty.

We are a Principal Sponsor of the Melbourne Renegades Twenty20 Cricket Club supporting both the male and female teams. We continued our association with the Essendon Football Club male and female teams as their official financial services partner. And we were thrilled to be the inaugural Principal Sponsor of the Women's A League.

Liberty Group also continues to implement various ESG practices as an accredited and active member of the Australian B Corp community.

We have made a commitment to being carbon neutral by 2030 and plan to launch a suite of environmentally conscious loan solutions in FY23.

Creating value for Securityholders

We created value for securityholders in FY22 by increasing assets, profits, securityholder distributions and capital. At the same time, our net interest margin (3.08%), return on assets (1.7%) and return on equity (20%) remained stable and our leverage ratio of assets to equity has reduced. These results collectively differentiate us from other non-ADI's.

We delivered ongoing growth in loan originations of $5.6 billion exceeding the prior year by 36% as borrowers sought funding to improve their lives, confident in the ability to meet their commitments.

We delivered 6% growth in net revenue to $635 million as our average financial assets increased by 5% to $12.7 billion and our net interest margin remained stable. No other non-ADI achieved this combination of outcomes.

Impairment cost was nil in FY22, reflecting strong portfolio performance and neither an increase to, or a release of, the collective provision. We feel this position is appropriate given the changing macro-economic environment.

Total provisions at $64 million or 49 basis points of average financial assets is 8 times more than the annualised level of realised losses. As such, we feel we remain very strongly provisioned as at 30 June 2022.

Our cost income ratio (23%) and underlying return on assets (1.7%) each remained stable reflecting our focus on achieving market leading risk adjusted returns for securityholders.

We remain a strongly capitalised and durable financial institution. Liberty Financial Pty Ltd, the principal operating Company in the Liberty Group, had its investment grade rating with a positive outlook affirmed. And we were successful in raising $4.6 billion in new funding during FY22, placing us in a strong liquidity position leading into FY23.

Confident in the year ahead

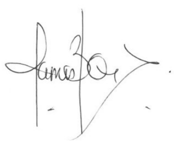
Given the changing economic environment we all face, we remain cautious yet optimistic. Cautious that consumer needs will evolve and competitor practices will moderate in the next 12 months. Optimistic that our people, culture, operating systems, balance sheet strength and free thinking approach will enable us to successfully manage through the inevitable changes.

We will focus on sustainable and profitable portfolio growth, while investing in improving our customer experience through digital and online solutions.

We will continue with disciplined execution and care for our people and our customers. In so doing, I am confident that we will continue to deliver value to all our stakeholders in the year ahead.

In closing, I would like to acknowledge the professional and dedicated work of the Liberty team members. Without their efforts, we would not be where we are today.

Thank you.



James Boyle
Chief Executive Officer

Financial Highlights*

$231m
Underlying NPATA
+2% ($226m)

3.08%
NIM
Stable (3.08%)

0bps
BDD
Stable (0bps)

49bps
Distribution
+7% (46bps)

23%
Cost to income
Stable (23%)

$635m
Net Revenue
+6% ($600m)

* Balances represent: FY22 (FY21) change between the periods.

Business Highlights*

$152m
Impaired loans
-37% ($243m)

524
FTE Staff
+5% (500)

$12.7b
Average financial assets
+5% ($12.1b)

$5.6b
New assets originated
+36% ($4.1b)

81
Broker NPS
+8% (75)

64
Customer NPS
+19% (54)

* Balances represent: FY22 (FY21) change between the periods.

FINANCIAL REPORT 2022

Directors' Report

For the year ended 30 June 2022

The Directors present their report together with the consolidated financial report of Liberty Financial Group Limited (the "Company") and Liberty Fiduciary Ltd as the responsible entity ("RE") of the Liberty Financial Group Trust ("LFGT") (together the "Liberty Group") and their respective controlled entities for the year ended 30 June 2022 and the auditor's report thereon.

Liberty Group is formed as a stapled entity, a combination of a share in the Company and a unit in LFGT ("Security"). The ASX ticker code is LFG.

Directors

The Directors of the Liberty Group at any time during or since the end of the financial year were:

James Boyle
Chief Executive Officer

James Boyle was appointed as a director in November 2020 and is the Liberty Group Chief Executive Officer and has been responsible for Liberty's strategy and execution for over five years. James oversees the Liberty's performance while ensuring the company remains agile, free thinking and curious. James has been part of the Liberty group for more than 15 years and brings invaluable insight into the changing landscape of the financial services industry.

James received an MBA from INSEAD Graduate Business School in France, and also holds a Masters of Applied Finance from Macquarie University and a Bachelor of Business from the Australian Catholic University.

Peter Hawkins
Independent Non-Executive Director

Peter Hawkins was appointed as a Director of the Company in 2006. Peter's 34-year career with the Australia and New Zealand Banking Group Ltd spanned the highest levels of management. His previous roles included Group Managing Director of Group Strategic Development and Group Managing Director of Personal Financial Services. He was formerly a director of Clayton Utz, ING Australia Limited, ING (NZ) Limited, Visa International, Westpac Banking Corporation Ltd and Crestone Holdings.

Peter has a Bachelor of Commerce and Administration with First Class Honours from Victoria University, is a fellow of the Australian Institute of Company Directors and the Australian Institute of Bankers and is an Associate Chartered Accountant (New Zealand).

Richard Longes
Chair
Independent Non-Executive Director

Richard Longes was appointed as Chair in 2005. Richard was a Partner in the leading law firm Freehill Hollingdale & Page (now Herbert Smith Freehills) from 1971 to 1988 and a founding principal of the corporate advisory and private equity group Wentworth Associates. His prior directorships have included Chair of MLC, GPT, Austbrokers and Irongate Group, Deputy Chairman of Lend Lease Corporation and a Director of Boral, Metcash and Investec Bank Australia.

Richard has held positions with Government advisory boards as well as significant non-profit organisations, including Pain Management Research Institute, Bangarra Dance and NIDA.

Richard has Arts and Law degrees from the University of Sydney and an MBA from the University of New South Wales.

Sherman Ma
Executive Director

Sherman Ma founded the Liberty Group in 1997. Prior to that he gathered financial services experience whilst working in investment banking with the First Boston Corporation (now Credit Suisse), investment management with BlackRock Financial Management and management consulting with McKinsey & Company.

Sherman earned an MBA from the Wharton School and won the Management & Technology award for being first-in-program with dual disciplines in Economics and Operations Research at the University of Pennsylvania. He is a member of the Wharton Undergraduate Executive Board.

Leona Murphy
Independent Non-Executive Director

Leona Murphy was appointed as a Director of the Company in 2016. Leona joined the Liberty Group from leading insurer IAG Ltd, where she performed a number of group executive roles including Chief Strategy Officer and Chief Transformation Officer. Prior to IAG she was an Executive General Manager with Promina Group and Vero Insurance.

Directors' Report

For the year ended 30 June 2022

Leona is formally an independent director of Australian Insurance Association and Co-Chair of the UN Environmental Programs' Financial Initiative for Sustainable Insurance, the NZ Accident Compensation Commission and Chair of Stone & Chalk and Royal Brisbane and Women's Hospital Foundation. Leona is currently an independent director of RACQ Ltd, RACQ Bank and RACQ Insurance.

Leona has a Bachelor of Commerce degree in Accounting and Law from Griffith University.

Jane Watts
Independent Non-Executive Director

Dr Jane Watts was appointed as a director of the Company in July 2022. Jane has over 30 years' experience across banking and financial services, holding senior executive positions in Westpac (including BT Financial Group), Macquarie and Lendlease. Most recently Jane was the Chief Customer Engagement Officer for the Business Bank of Westpac.

Jane was formerly a non-executive director on the financial advisory and accounting boards of Findex and Lachlan Partners. Jane is currently on the boards of Family Zone (ASX: FZO), Orygen Youth Mental Health Foundation and Westpac Foundation.

Jane has a Bachelor of Social Sciences (Honours, cum laude) in Psychology and a PhD in Organisational Psychology from the University of Natal, South Africa and was a Post-Doctoral Fellow at the University of Manchester Institute of Science & Technology and University of Michigan, Ann Arbor, Business School.

All Directors held office throughout the year ended 30 June 2022 unless otherwise stated.

Company Secretary

Peter Riedel is the Liberty Group's Company Secretary and Chief Financial Officer, and is responsible for managing access to and control over capital for the wider Liberty group. Passionate about delivering efficient and effective financial solutions, Peter draws on his extensive knowledge to identify key insights to enhance business performance.

Before joining Liberty, Peter spent 16 years at Deloitte providing merger and acquisition, valuation and capital raising advice to companies in the financial services industry. Peter is a Chartered Accountant and holds a Bachelor of Economics from Monash University. Peter was appointed Company Secretary in 2008.

Directors' Meetings

The number of Directors' meetings (excluding circulatory resolutions) held during the year and each Director's attendance at those meetings is set out in the table below.

The Directors of the Company met as a Board ten times during the year. All ten meetings were main meetings.

Directors' board meetings - Company

	Main meetings held	Main meetings attended	Special meetings held	Special meetings attended
James Boyle	10	10	-	-
Peter Hawkins	10	10	-	-
Richard Longes[C]	10	10	-	-
Sherman Ma	10	10	-	-
Leona Murphy	10	10	-	-
Jane Watts[#]	10	-	-	-

C - Chair

[#] Jane Watts was appointed a Director of the Company on 4 July 2022 and was not eligible to attend any board meetings during the financial year ended 30 June 2022.

The Directors of Liberty Fiduciary Ltd, the Responsible Entity of LFGT, met as a Board seven times during the year. All seven meetings were main meetings.

Directors' board meetings - RE

	Main meetings held	Main meetings attended	Special meetings held	Special meetings attended
Peter Hawkins[C]	7	7	-	-
Richard Longes	7	7	-	-
Sherman Ma	7	7	-	-
Leona Murphy	7	7	-	-

C - Chair

Directors' Interests

Please see the Remuneration Report for the details of Directors' interests in the Liberty Group.

Committee Membership

The Liberty Group has an Audit, Risk and Compliance Committee and a Remuneration and Nomination Committee. Members acting on the Committees and meetings held are set out in the below tables:

Audit, Risk and Compliance Committee

	Meetings held	Meetings attended
Peter Hawkins[C]	3	3
Richard Longes	3	3
Leona Murphy	3	3

Remuneration and Nomination Committee

	Meetings held	Meetings attended
Peter Hawkins	8	8
Richard Longes	8	8
Leona Murphy[C]	8	8

Principal Activities

The Liberty Group conducts activities and makes investments in the financial services industry including but not limited to specialty lending, finance and insurance brokering, receivables servicing, consumer insurance underwriting, real estate and funds management across Australia and New Zealand. There have been no significant changes in the nature of the Liberty Group's activities during the financial year ended 30 June 2022.

Directors' Report

For the year ended 30 June 2022

Results and Review of Operations

The consolidated profit after income tax amounted to $219.3 million (2021: $185.4 million). The Liberty Group had financial assets under management $12.9 billion (2021: $12.2 billion).

Total operating income increased from $853.1 million in FY21 to $869.2 million in FY22 as a result of the following:

- Interest income was unchanged from FY21 at $622.0 million due to:
  - an increase in average financial assets of 5.1%, from $12.0 billion to $12.6 billion which was offset by
  - a reduction in interest income yield from 5.2% to 4.9%, as a result of the mix of originations, discharges and portfolio balances.
- Fee, commission and other income increased by $16.1 million (7.0%) from $231.0 million to $247.1 million primarily due to an increase in commission income and origination fees received due to higher loan originations.

Total expenses decreased by $22.5 million (3.5%) from $640.7 million in FY21 to $618.2 million in FY22 as a result of the following:

- Interest expense decreased by $19.2 million (7.6%) from $253.0 million to $233.8 million due to:
  - an increase in average borrowings of 4.2%, from $12.0 billion to $12.5 billion, driven by the increase in average financial assets which was more than offset by
  - a reduction in the weighted average cost of borrowing from 2.11% to 1.85% due to an increase in the average 1-month BBSW rate (9bps); offset by lower average margin paid on borrowings (35bps).
- Fee and commission expenses increased by $22.7 million (11.0%) from $206.2 million to $228.9 million in line with the increase in originations, and an increase in liquidity fees.
- Impairment of financial assets decreased from a $0.4 million impairment in FY21 to a $0.2 million recovery in FY22 due to:
  - an reduction in the Collective Provision for expected losses of $1.4 million in FY21 compared to a reduction of $1.5 million in FY22;
  - net realised losses in FY21 of $9.5 million, against which existing provisions of $18.0 million were released, compared to net realised losses in FY22 of $17.1 million, against which existing specific provisions of $22.9 million were released; and
  - an increase in specific provisions on the continuing portfolio in FY21 of $10.3 million, compared to $7.1 million in FY22.
- Personnel expenses decreased by $11.3 million (11.8%) from $95.1 million to $83.8 million due to:
  - one-off costs of $20.1 million relating to benefits provided to staff in connection with the IPO in FY21 offset by;
  - an increase in FTE staff from 500 to 524 to support continued business growth.
- Other expenses decreased by $14.3 million (16.6%), from $86.1 million to $71.8 million due to one-off external adviser costs of $12.4 million incurred as a result of the IPO in FY21.

Profit after tax increased by $33.9 million (18.3%) from $185.4 million in FY21 to $219.3 million in FY22 due to the reasons indicated above. Profit after tax in FY21 includes one-off IPO related expenses of $32.5 million.

The Liberty Group originated $5.6 billion in new financial assets in FY22 resulting in an increase of $676.5 million in total financial assets to $12.9 billion. Seven new securitisation vehicles were established totalling $5.0 billion.

In FY22 the Liberty Group's total assets of $14.3 billion was 12.8 times total equity of $1.1 billion, a decrease of 0.3 times compared to FY21.

Strategy and Outlook

The Liberty Group will drive profitability growth through continuing to execute on its strategy of consistently and sustainably improving its three disciplines: Customer Experience, Customer Choice and Risk Adjusted Returns.

Customer Experience

- Faster approvals by leveraging Liberty's proprietary technology to reduce uncertainty and provide fast answers while maintaining quality;
- Build advocacy by providing stakeholders with timely and helpful answers to their queries; and
- Self-service by providing customers and business partners access to their information online anytime.

Customer Choice

- Liberty product flow by increasing ways that customers and business partners are able to choose Liberty for their financial needs; and
- Champion custom by making options available for customers who are otherwise excluded from financial choices.

Risk Adjusted Returns

- Simplify applications by making the application process quicker and easier, with less effort for customers and business partners;
- Loss management by working proactively and in cooperation with customers if things don't go to plan; and
- Company health by behaving like owners of the business, being responsible with costs, and fair with customers.

Inflation and Interest Rates

The Reserve Bank of Australia's (RBA) current outlook anticipates a slowing of global economic growth, with domestic inflation continuing to increase during the second half of 2022, driven in part by continuing strength in labour markets. Rising geo-political tensions and continued supply chain issues are also contributing to increases in domestic inflation. In response to rising inflation, the RBA has raised the cash rate by 175bps since May 2022, with further rate rises expected. To date, the Liberty Group has not experienced any increase in arrears levels on its loan portfolio, or hardship requests by borrowers, as a result of increases in cash rates.

At the date of signing of the financial statements, there is still significant uncertainty on the ultimate impact of rising inflation and interest rates on domestic and global economies. Given the high degree of estimation uncertainty, management cannot reasonably assess or quantify the potential short or longer term financial impact on the Liberty Group.

COVID-19

After an initial spike in COVID-19 related borrower hardship requests, the total number of the Liberty Group's customers requiring hardship support has fallen consistently. The number of customers making monthly repayments below the contracted monthly payment amount (subset of total customers impacted) has also reduced. Both of these metrics are currently below pre-pandemic levels. The Liberty Group's operations successfully transitioned to ensure continuity of business while working remotely and the Liberty Group did not reduce any staff, hours or wages reflecting the resilience of the business. The Liberty Group was able to quickly respond to the impacts of the COVID-19 pandemic whilst keeping its team safe, attracting new customers, serving existing customers, and increasing profit.

Risks

The Liberty Group is subject to risks that are both specific to its business activities and others that are more general in nature. Any, or a combination, of these risk factors may have a material adverse impact on the Liberty Group's financial performance, financial position, cash flows, the size and timing of distributions, growth prospects or the value of LFG securities. Refer to note 6 of the financial statements for a description of the principal risks of the Liberty Group.

Dividends and Distributions

The Company did not declare or pay a dividend during the year ended 30 June 2022 (2021: $57,670,000).

LFGT paid an interim distribution of $63,756,000 on 15 December 2021 (2021: $66,386,000). A final distribution of $85,525,000 is due to be paid on 31 August 2022 (2021: $74,107,000).

MPRE Limited, a controlled subsidiary of the Liberty Group, did not pay a dividend to the previous non-controlling interest during the year ended 30 June 2022 (2021: $259,000).

Directors' Report

For the year ended 30 June 2022

Significant Changes in the State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Liberty Group that occurred during the financial year under review.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the interim reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Liberty Group, to affect significantly the operations of the Liberty Group, the results of those operations or the state of affairs of the Liberty Group, in future financial years.

Environmental Regulation

The Liberty Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Indemnification of Officers

Indemnification

The Liberty Group has agreed to indemnify the Directors, company secretary and public officers of the Liberty Group against all liabilities to another person (other than the Liberty Group or a related body corporate) that may arise from their position in the Liberty Group and its controlled entities, except where prohibited by law including where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Liberty Group will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The Liberty Group pays a premium each year in respect of a contract insuring the Directors, company secretary and public officers of the Liberty Group against liabilities past, present and future. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract. No such insurance cover has been provided for the benefit of any external auditor of the Liberty Group.

Corporate Governance

Liberty Group endorses the ASX's Corporate Governance Principles and Recommendations (Fourth Edition). Further information on Liberty Group's compliance with the ASX's Corporate Governance Principles and Recommendations, including our Corporate Governance Statement, can be found at www.lfgroup.com.au/about-us/corporate-governance.

Special Rules for Registered Schemes

There were no fees paid to the RE during the financial year. In addition, there were no interests in the scheme issued, no withdrawals from the scheme and no interests in the scheme held by the RE or associates during the financial year. Details of the number of Securities (a combination of a share in the Company and a unit in LFGT) are set out in note 25(a) to the financial statements.

Non-audit Services

During the year KPMG, the Liberty Group's auditor, has performed certain services in addition to their statutory duties. The directors of the Liberty Group have considered the non-audit services provided by the auditor during the year, and are satisfied that the provision of those non-audit services are compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001. Fees for non-audit services were $77,000 for the year ended 30 June 2022. Refer to note 7 of the financial statements for Auditor's remuneration.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 32 and forms part of the directors' report for the financial year ended 30 June 2022.

Rounding Off

The Liberty Group is of a kind referred to in ASIC Corporations *(Rounding in Financial/Director's Reports)* Instrument 2016/191 dated 1 April 2016, and in accordance with that Rounding Instrument, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Remuneration Report

For the year ended 30 June 2022

Contents

Letter from the Chair

FY22 incentives provide a fair balance between financial outcome and securityholder value

On behalf of the LFG Board, I am pleased to present you with our FY22 Remuneration Report. The Liberty Group is committed to attracting, developing and retaining team members that share our values and have the skills to contribute to our strategic progress. As such, we seek to create a link between team member's remuneration, performance, organisational performance and organisational values.

FY22 Performance

The year ended 30 June 2022 for the Liberty Group has been one of solid results in the face of emerging macro-economic headwinds. Liberty Group achieved record underlying net profit after tax and amortisation of $231 million an increase of 2% compared to FY21. Whilst this was a record financial result, it fell short of incentive target.

During the year we continued to focus on delivering exceptional service to our broker partners and customers. Seeking and implementing customer feedback is a critical element in delivering exceptional service. We measure Net Promotor Score (NPS) from our broker partners and customers and these measures improved in FY22 compared to FY21 and also exceeded incentive target.

At Liberty we recognise our people are our greatest asset. As you will read in our ESG Report, our Culture and Community team continued to invest in our culture and in particular our diversity and inclusion initiatives. Additionally, we expanded the support and benefits provided to our people. We are thrilled that 97% of Liberty Group staff are proud to work at Liberty.

Before awarding or releasing incentives to Executive KMP, the Board considers whether any circumstances have arisen that would warrant a discount to the award or payment. No such circumstances arose during FY22.

Medium-Term Incentive (MTI)

Having regard for the performance in FY22, Executive KMP were allocated 40% of their maximum medium-term incentive. This outcome demonstrates a significant weighting toward financial outcomes thereby aligning to Securityholder value.

Consistent with the approach for the year ended 30 June 2021, the MTI will be provided 1/3 in cash and 2/3 in MTI Security Rights. Approval from Securityholders for the allocation of MTI Security Rights to Executive Directors will be sought at the AGM for allocation in December 2022. MTI Security Rights vest in equal portions 12 months and 24 months following award.

Long-Term Incentive (LTI)

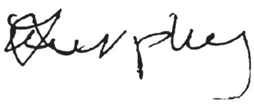
The Board awarded Executive KMP with LTI Security Rights for the first time since IPO. The LTI targets combine financial performance, total securityholder return and ESG metrics.

The LTI allocation is 125% of total fixed remuneration is adjusted at vesting in December 2025 based on actual performance against the stated metrics. Exercise of LTI Security Rights is available in thirds in December 2025, 2026 and 2027.

Approval from Securityholders for the allocation of LTI Security Rights to Executive Directors will be sought at the AGM for allocation in December 2022.

Conclusion

The Board believe the Liberty Group's remuneration framework aligns the interests of staff and securityholders to the achievement of long-term sustainable value.



Leona Murphy

Chair, Remuneration and Nomination Committee

Remuneration Report
For the year ended 30 June 2022

1. Introduction

The Remuneration Report (Report) outlines the Liberty Group's remuneration information and outcomes for Key Management Personnel (KMP).

The Report is presented in accordance with the requirements of the *Corporations Act 2001* and its Regulations. The information in the Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Key Management Personnel

In this Report, KMP are defined as those persons who have specific responsibility for planning, directing and controlling the activities of the Liberty Group, including any Director (whether Executive or otherwise).

The KMPs of the Liberty Group for the year ended 30 June 2022 were as follows:

Non-executive Directors	
R Longes[1]	Chair and Non-executive Director
P Hawkins	Non-executive Director
L Murphy	Non-executive Director
Executive KMP	
J Boyle	Director and Chief Executive Officer (CEO)
P Riedel	Chief Financial Officer (CFO) and Company Secretary
S Ma	Executive Director

1. R Longes retired by rotation from his office as Director and was re-elected at the AGM on 17 November 2021.

2. Remuneration Framework

2.1 Governance

The Liberty Group's Remuneration and Nomination Committee (Committee) comprises three independent Non-executive Directors.

Committee members	
Leona Murphy	Chair
Peter Hawkins	
Richard Longes	

The Board maintains oversight of the Liberty Group's remuneration framework.

The Committee assists the Board in its oversight by (i) recommending the Liberty Group's remuneration framework and remuneration of KMP and (ii) developing processes relating to the evaluation, succession and nomination of Directors.

The Committee's charter is available at www.lfgroup.com.au/about-us/corporate-governance.

The Board will apply discretion as necessary to ensure that remuneration outcomes are appropriate in the context of the Liberty Group's performance, our customer's experience and securityholder expectations. The Board reviews recommendations from the Committee and has discretion in evaluating outcomes against performance measures.

Remuneration advisors

During FY21, PwC was engaged to provide Executive and Non-executive Director remuneration benchmarking and Guerdon Associates provided information on the use of non-financial metrics in remuneration frameworks.

No remuneration recommendations, as defined by the *Corporations Act 2001*, were provided by remuneration consultants.

2.2 Remuneration strategy

The Liberty Group's remuneration strategy is designed to attract, motivate and retain staff that share our purpose and values and to ensure the sustainable success of the Liberty Group.

The Board reviews the remuneration framework annually to ensure it is fit for purpose. This ensures remuneration is competitive and fair and is aligned with the achievements of the Liberty Group.

The remuneration structure is driven by four principles and comprises a mix of fixed and variable (at risk) remuneration components.

Competitive remuneration	Performance based	Fair and equitable	Aligned to securityholder value
Attract, motivate and retain executives that share our values and have the skills to contribute to the Liberty Group's progress	A balance of fixed and variable components creating a link between individual performance, organisational performance and Liberty Group values	Fair and equitable remuneration is applied to all staff regardless of gender or sexual identity, age, religion, ethnicity or disability	Key performance indicators linked to financial and non-financial measures, and are designed to be in the best interests of customers, securityholders, staff and the community

Remuneration Report

For the year ended 30 June 2022

Remuneration component	Structure and Opportunity	Purpose and link to Strategy
Fixed remuneration	*Fixed Salary (cash), superannuation and benefits* *1 year* Fixed remuneration reflects executives' shared accountability, responsibility, qualifications, skills, experience and contribution.	To attract, motivate and retain key talent through competitive, fair and equitable remuneration reflecting individual performance requirements.
Variable component, performance based	*Medium-term incentive (MTI)* *1 to 3 years* Awarded as 1/3 cash at grant date and 2/3 as zero cost Security Rights, released 1 and 2 years from grant date. Exercise in cash or Securities at discretion of recipient assuming continued employment. No performance adjustment following grant. Forfeiture and clawback provisions apply. Executive KMP Opportunity: 0 to 100% of fixed remuneration. Allocation subject to Board determined risk adjustment and gateways based on regulatory compliance and achievement of group priorities and release subject to Board determined risk adjustment.	The aim of the MTI is to recognise contribution to current period business principles and performance. MTI is available to all staff and allocated in December based on performance for the preceding financial year. Performance is measured against Key Performance Indicators (KPIs) set by the Board. KPIs include a range of strategic, financial and cultural measures. The MTI incentive is allocated to Executive KMP by the Board and to staff by Executive KMP based on individual performance and contribution. Deferred vesting dates to manage risk, retention and align interests.
Variable component, performance based	*Long Term Incentive (LTI)* *3 to 5 years* Awarded as LTI Security Rights performance adjusted vesting on the third anniversary of grant. Released in thirds on anniversary date 3, 4 and 5 years following grant assuming continued employment. Exercise price equal to Security value at grant date. Forfeiture and clawback provisions apply. Executive KMP Opportunity: 0 to 125% of fixed remuneration. Allocation and release subject to Board determined risk adjustment and gateways based on regulatory compliance and achievement of group priorities.	The aim of the LTI is to enhance tenure of key personnel and to align longer-term performance with securityholder value. LTI is available to Executive KMP and Group Managers and allocated in December based on performance for the preceding financial year. Performance is measured against KPIs set by the Board. KPIs include earnings growth, shareholder value and ESG measures. The LTI incentive is allocated to Executive KMP by the Board and to Group Managers by Executive KMP based on individual performance and contribution. LTI vesting is adjusted based on performance against KPIs during the subsequent three financial years. Deferred vesting dates to manage risk, retention and align interests.

3. FY22 Executive KMP Remuneration Outcomes

3.1 Company performance

This section of the report provides an overview of how the Liberty Group's performance in FY22 has driven remuneration outcomes for Executive KMP.

In considering the Liberty Group's performance and benefits for securityholder interests, the Committee and the Board have regard to certain statutory company performance measures set out in Table 1 below.

Table 1 Statutory company performance measures[1]

	2022	2021	2020	2019
Profit attributable to the equity holders of the Liberty Group	$219,309,000	$185,377,000	$134,710,000	$89,030,000
Dividends and distributions paid and payable	$149,281,000	$198,422,000	$89,013,000	$33,140,000
Change in security price[2]	-$3.84	$1.86	-	-
Return on capital employed[3]	22.48%	20.62%	15.22%	10.44%

1. The Liberty Group listed on 15 December 2020. As such, for the year ended 30 June 2022, it is not possible to address the statutory requirement to disclose data for 5 years.
2. For 2021 this represents movement in the security price from IPO to 30 June 2021. The opening security price on listing on the ASX on 15 December 2020 was $6.00.
3. Return on capital employed is calculated as net profit before tax for the year divided by closing total equity.

3.2 Total Fixed Remuneration (TFR)

The Total Fixed Remuneration (TFR) is designed to attract, motivate and retain key talent that share our values and have the skills to contribute to the Liberty Group's progress.

The TFR for Executive KMPs is set each year on 1 January. Executive KMP TFR did not change during the year ended 30 June 2022. See Tables in section 6 for further detail.

3.3 Medium Term Incentive (MTI)

The Liberty Group has designed the MTI plan so that a portion of Executive KMP remuneration is variable and at risk. MTI awards are based on achievement of annual targets against key performance indicators and conduct set by the Board. Incentive is awarded on a sliding scale between threshold and maximum.

The Liberty Group assesses performance for each KPI based on actual outcomes compared to performance levels defined in Table 2 below.

Table 2 MTI Performance Hurdles

Performance level	Threshold	Maximum
Definition	Achievement of 50% of Target	Achievement of 125% of Target
Result	0%	100%

Remuneration Report

For the year ended 30 June 2022

MTI awarded to Executive KMPs

MTI was awarded during the year ended 30 June 2022 (in December 2021) based on performance of the Liberty Group for the year ended 30 June 2021. No risk adjustment was applied by the Board to the calculated KPI outcomes. At the commencement of FY22, the Board set the FY22 MTI KPIs for Executive KMP. At the conclusion of FY22, the Committee and the Board assessed actual performance against KPIs to determine the MTI Outcome for Executive KMP. No risk adjustment was applied by the Board to the calculated KPI outcomes. Details of the Executive KMP calculated KPIs are set out in Table 3 below.

Table 3 MTI Financial and Non-Financial KPIs

			FY21			FY22		
KPI category	**KPI**	**Weight**	**Target**	**Actual**	**Outcome**	**Target**	**Actual**	**Outcome**
Financial	NPATA[1]	60%	$166m	$226m	100%	$244m	$231m	0%
Non-financial	Broker NPS	10%	50	75	100%	50	81	100%
	Customer NPS	10%	50	53	75%	50	64	100%
	Proud Team[2]	10%	75%	95%	100%	75%	97%	100%
	Specialty share[3]	10%	10%	13%	100%	10%	15%	100%
MTI KPI outcome		100%			97%			40%

1. Net profit after tax and amortisation on an underlying basis.
2. Proud Team means the percentage of team members that agree they are proud to work for the Liberty Group in a quarterly team survey.
3. Specialty Share means non-prime business as reported to the Board each month.

The table below shows the actual MTI Outcomes and amounts paid to Executive KMPs for their performance in FY21; and the actual MTI outcomes and amounts payable to Executive KMPs for their performance in FY22.

Table 4 Executive KMP MTI Outcomes

		FY21				FY22			
Name	**Maximum MTI opportunity**	**Actual MTI outcome**	**MTI as a % of TRF**	**MTI cash[1]**	**MTI security rights[2]**	**Actual MTI outcome**	**MTI as a % of TRF**	**MTI cash[3]**	**MTI security rights[4]**
James Boyle	$840,000	$798,000	95%	$266,000	$532,000	$336,000	40%	$112,000	$224,000
Peter Riedel	$840,000	$798,000	95%	$266,000	$532,000	$336,000	40%	$112,000	$224,000
Sherman Ma	$420,000	$399,000	95%	$133,000	$266,000	$168,000	40%	$56,000	$112,000

1. The FY21 cash component was paid in December 2021.
2. The FY21 equity components of the MTI were granted in MTI Security Rights following the Liberty Group 2021 AGM, using a 5-day Volume Weighted Average Price (VWAP) for the period up to the date of the grants. The date of the grants were 22 and 24 December 2021.
3. The FY22 MTI will be put to the Liberty Group AGM for approval on 9 November 2022. If approved, the cash component will be paid in December 2022
4. The FY22 equity component of the MTI will be granted in MTI Security Rights using a 5-day Volume Weighted Average Price (VWAP) for the period up to the date of the grant. The grant will occur in December 2022.

Key terms of the FY22 Medium Term Incentive (MTI)

Performance period	1 July 2021 to 30 June 2022
Delivery	The FY22 MTI will be put to the Liberty Group AGM for approval on 9 November 2022. If approved, it will be paid in December 2022 as follows: • one-third of the MTI Outcome delivered via a cash payment in December 2022; and • two-thirds of the MTI Outcome in security rights granted in December 2022 under the Liberty Group Equity Incentive Plan (MTI Security Rights) at the discretion of the Board.
MTI opportunity	Executive KMPs have an MTI opportunity of between 0% and 100% of their TFR. We determine the number of MTI Security Rights by dividing the MTI Outcome by the Allocation Value of the MTI Security Rights. The Allocation Value will be determined using a conventional Black Scholes Model (BSM).
When will the FY22 MTI Security Rights be issued?	The MTI Security Rights will be issued to the Chief Executive Officer and the Executive Director following the Liberty Group 2022 AGM, where securityholder approval will be sought for the grant to the Chief Executive Officer and the Executive Director.
Gateway conditions	MTI Security Rights are issued, subject to the satisfaction of the following 'gateway' conditions: • no serious regulatory breaches, infringements or compliance issues having occurred in relation to the Liberty Group as assessed by the Risk, Audit and Compliance Committee against consequence framework; and • achievement of a minimum diversity measures of Group Managers, Leaders and all staff of the Liberty Group as determined by the Board.
Risk adjustment	Board discretion before awarding or releasing MTI Security Rights for adverse, material or significantly negative outcomes attributable to (i) risk management, (ii) regulatory compliance, (iii) customer outcomes or (iv) financial mis-statement.
Security right vehicle	MTI Security Rights granted have a nil exercise price (i.e., zero-exercise price option). Each MTI Security Right entitles the holder to one fully paid Security in the Liberty Group. Unexercised MTI Security Rights expire on the earlier of: - the 15th anniversary of the date of grant; and - if a participant ceases employment with the Liberty Group, the second anniversary of the date of cessation (or such later date that the Board may determine). Once vested, an MTI Security Right may be exercised by the participant subject to the Liberty Group Securities Trading Policy. A vested MTI Security Right that has been exercised may be settled by way of an issue, allocation or transfer of a Security or by way of a cash payment (equal to the value of a Security that would have been issued, allocated or transferred had the MTI Security Right been settled with a Security.
Vesting dates/ conditions	December 2023 and December 2024, subject to ongoing employment.
Cessation of employment	If a participant ceases to be employed with Liberty prior to their MTI Outcome being determined, they will not be entitled to receive any value in respect of their MTI opportunity unless the Board determines otherwise. If a participant ceases to be employed with Liberty while they hold MTI Security Rights, unless the Board determines otherwise, all of their unvested MTI Security Rights will be forfeited, and they will be entitled to retain all of their vested but unexercised MTI Security Rights.
Material terms of Plan under which MTI Security Rights offered	Restrictions on dealing: May not hedge the economic exposure. Distribution rights: No rights to distributions. Voting rights: No voting rights. Change of control: Board discretion to determine. Lapse, forfeiture and clawback: The Plan gives the Board the ability to reduce and/or clawback if a participant joins a competitor and for fraudulent, dishonest and wilful misconduct.

Remuneration Report

For the year ended 30 June 2022

3.4 Long Term Incentive (LTI)

The LTI plan is designed to enhance tenure and reward Executive KMPs for the achievement of sustainable securityholder value over a three-year performance period.

LTI was not allocated to Executive KMPs during the year ended 30 June 2022 relating to the performance of the Liberty Group in FY21, as the program had yet to be designed.

The Board has established the FY22 LTI KPIs for Executive KMP which are outlined in the below table.

Table 5 FY22 LTI Financial and Non-Financial KPIs

KPIs	Target	Weight
3-year relative total shareholder return (Relative TSR) - comparator group being ASX listed Non-Bank Financial companies (ex Insurance)	75th percentile	40%
3-year earnings per share (EPS) growth	8%	40%
B Corp score calculated internally using B Corp framework unless re-certified by B Corp[1]	100	20%
Total		**100%**

1. A certified B Corporation (B Corp) is a business, independently assessed and verified, that achieves a high standard of environmental, social and corporate governance performance. LFG was B Corp accredited in November 2019.

The Board will seek approval from securityholders at Liberty Group's AGM on 9 November 2022, to allocate LTI Security Rights to the Chief Executive Officer and the Executive Director to the value of 125% of their TFR.

Vesting of FY22 LTI Security Rights

The number of vested FY22 LTI Security Rights will be adjusted in December 2025 three years after grant date based on actual performance against the LTI KPIs. The final number of LTI Security Rights will be released in equal thirds in December 2025, 2026 and 2027.

The LTI Outcome calculation is shown below. Incentive is awarded on a sliding scale between threshold and maximum.

Table 6

Performance KPIs	Liberty Group Rank	Percentage of LTI Security Rights that vest
3-year Relative TSR	Up to 50th percentile	Nil
	Greater than 50th and up to 75th percentile	Straight line pro rata vesting between 50% and 100%
	Greater than 75th and up to 85th percentile	125%
3-year EPS growth	Up to and including 50% of target	Nil
	Greater than 50% and up to and including 100%	Straight line pro rata vesting between 50% and 100%
	Greater than 100% and up to 125%	125%
B Corp score	Up to and including 50% of target	Nil
	Greater than 50% and up to and including 100%	Straight line pro rata vesting between 50% and 100%
	Greater than 100% and up to 125%	125%

Key terms of the FY22 Long Term Incentive (LTI)

Performance period	1 July 2021 to 30 June 2025
Delivery	The LTI Outcome is allocated in security rights granted under the Liberty Group Equity Incentive Plan (LTI Security Rights) at the discretion of the Board.
LTI opportunity	Executive KMPs have an LTI opportunity of between 0% and 125% of their TFR. We determine the number of LTI Security Rights by dividing the maximum LTI Outcome by the Allocation Value of the LTI Security Rights. The Allocation Value will be determined using a conventional Black Scholes Model (BSM).
When will the FY22 LTI Security Rights be issued?	The LTI Security Rights will be issued to the Chief Executive Officer and the Executive Director following the Liberty Group 2022 AGM, where securityholder approval will be sought for the grant to the Chief Executive Officer and the Executive Director.
How is performance assessed?	At the end of the performance period, the Board assess the performance against the balanced scorecard and determines the number of LTI Security Rights that vest. No retesting is available. LTI Security Rights are only tested once at the end of the performance period.
Vesting dates/ conditions	December 2025 subject to performance adjustment, then December 2026 and December 2027 subject to ongoing employment, in equal thirds.
Gateway conditions	LTI Security Rights are issued, subject to the satisfaction of the following 'gateway' conditions: • no serious regulatory breaches, infringements or compliance issues having occurred in relation to the Liberty Group as assessed by the Risk, Audit and Compliance Committee against consequence framework; and • achievement of a minimum diversity measures of Group Managers, Leaders and all staff of the Liberty Group as determined by the Board.
Risk adjustment	Board discretion before awarding or releasing LTI Security Rights for adverse, material or significantly negative outcomes attributable to (i) risk management, (ii) regulatory compliance, (iii) customer outcomes or (iv) financial mis-statement.
Security right vehicle	LTI Security Rights have an exercise price equal to the Security price at grant date. Each LTI Security Right entitles the holder to one fully paid Security in the Liberty Group. Unexercised MTI Security Rights expire on the earlier of: • the 15th anniversary of the date of grant; and • if a participant ceases employment with the Liberty Group, the second anniversary of the date of cessation (or such later date that the Board may determine). Once vested, an LTI Security Right may be exercised by the participant subject to the Liberty Group Securities Trading Policy. A vested LTI Security Right that has been exercised may be settled by way of an issue, allocation or transfer of a Security or by way of a cash payment (equal to the value of a Security that would have been issued, allocated or transferred had the LTI Security Right been settled with a Security.

Remuneration Report

For the year ended 30 June 2022

Key terms of the FY22 Long Term Incentive (LTI)

Cessation of employment	If a participant ceases to be employed with Liberty prior to their LTI Outcome being determined, they will not be entitled to receive any value in respect of their LTI variable remuneration opportunity unless the Board determines otherwise. If a participant ceases to be employed with Liberty while they hold LTI Security Rights, unless the Board determines otherwise, all of their unvested LTI Security Rights will be forfeited, and they will be entitled to retain all of their vested but unexercised LTI Security Rights.	
Material terms of Plan under which LTI Security Rights offered	Restrictions on dealing:	May not hedge the economic exposure.
	Distribution rights:	No rights to distributions.
	Voting rights:	No voting rights.
	Change of control:	Board discretion to determine.
	Lapse, forfeiture and clawback:	The Plan gives the Board the ability to reduce and/ or clawback if a participant joins a competitor and for fraudulent, dishonest and wilful misconduct.

3.5 Executive KMP Remuneration Mix

The table below represents the remuneration mix for executives in the year ended 30 June 2022.

		Performance related		
	Fixed remuneration	Short-term variable remuneration[1]	Medium-term variable remuneration[2]	Long-term variable remuneration[3]
CEO	54%	20%	26%	0%
CFO	53%	21%	26%	0%
Executive Director	61%	0%	39%	0%

1. Represents the cash component of the FY21 MTI paid in December 2021.
2. Represents the MTI Security Right component of the FY21 MTI Outcome approved at the 2021 AGM for the Chief Executive Officer and the Executive Director (based on fair value at grant date).
3. LTI was not allocated for the year ended 30 June 2022 relating to the performance of the Liberty Group in FY21, as the program had yet to be designed.

4. Executive Employment Agreements

Remuneration and other terms of employment for Executive KMPs are formalised in Executive Service Agreements (ESA).

All ESAs are unlimited in term but capable of termination at defined notice period by either the Liberty Group or the Executive KMP. The notice period is determined based on tenure and age and may be increased by an additional 10 weeks at the discretion of the Liberty Group. The ESAs also contain confidentiality and restraint of trade clauses.

	Position	Notice period	Termination payments
James Boyle	CEO	4 Months	-
Peter Riedel	CFO	4 Months	-
Sherman Ma	Executive Director	4 Months	-

5. Non-executive Director Remuneration

The annual Non-executive Directors' fees currently agreed to be paid are $270,000 to the Chair of the Board and $360,000 in total for the other Non-executive Directors. Non-executive Directors are paid an additional $30,000 for each of the roles of Chair of the Audit and Risk Committee and Chair of the Remuneration and Nomination Committee. The annual Non-executive Directors' fees include the participation of all Non-executive Directors as members of each committee. Superannuation payments are included in the fees. Fees have not been amended since 1 January 2021.

Non-executive Directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation.

Elements	Details			
Board/committee fees		**Year**	**Chair**	**Members**
	Board fees	2022	$270,000	$420,000
		2021	$222,000	$340,500
Post employment benefits	The NED base fee structure (included above) are inclusive of superannuation contributions.			

Remuneration Report

For the year ended 30 June 2022

6. Statutory Remuneration Disclosures

6.1 Statutory remuneration outcomes

Details of the remuneration of the KMP of the Liberty Group is set out in the following tables.

		Short-term				Post employment benefits	Long term employee benefits	Share-based payments				
	Financial Year	Salary & Fees	Cash bonus	Non-monetary benefits[1]	Total	Superann-uation	Long service leave accrued	Security Rights[2]	Securities[3]	Termination benefits[4]	Total	Proportion of remuneration performance related[5]
Current Disclosed KMP		$	$	$	$	$	$	$	$	$	$	
J Boyle	2022	812,500	411,000	-	1,223,500	27,500	252,688	532,000	-	-	2,035,688	46.32%
CEO and Executive Director	2021	816,828	470,000	51,949	1,338,777	25,000	239,881	961,270	-	-	2,564,928	55.80%
P Riedel	2022	814,792	411,000	-	1,225,792	25,208	200,219	532,000	-	-	1,983,219	47.55%
CFO and Company Secretary	2021	804,300	460,000	44,574	1,308,874	25,000	187,250	961,270	-	-	2,482,394	57.25%
S Ma	2022	420,000	-	-	420,000	-	-	266,000	-	-	686,000	38.78%
Executive Director	2021	245,000	-	-	245,000	-	-	300,635	-	-	545,635	55.10%
R Longes	2022	270,000	-	-	270,000	-	-	-	-	-	270,000	-
Non-executive Director and Chair	2021	222,000	-	-	222,000	-	-	-	120,000	-	342,000	-
P Hawkins	2022	190,909	-	-	190,909	19,091	-	-	-	-	210,000	-
Non-executive Director	2021	167,123	-	-	167,123	15,877	-	-	120,000	-	303,000	-
L Murphy	2022	190,909	-	-	190,909	19,091	-	-	-	-	210,000	-
Non-executive Director	2021	143,836	-	-	143,836	13,664	-	-	120,000	-	277,500	-
Total Remuneration	**2022**	**2,699,110**	**822,000**	**-**	**3,521,110**	**90,890**	**452,908**	**1,330,000**	**-**	**-**	**5,394,907**	-
	2021	**2,399,087**	**930,000**	**96,523**	**3,425,610**	**79,541**	**427,131**	**2,223,174**	**360,000**	**-**	**6,515,456**	-

1. Non-monetary benefits primarily comprise the provision of motor vehicle benefits.
2. The fair value of rights are calculated at the date of grant using the Black-Scholes model.
3. A one-off fee of $120,000 was paid to each Non-Executive Director, in the form of Securities, for services provided by each of them in connection with the Initial Public Offer in FY21.
4. No KMP received a termination benefit during the reporting period.
5. The CEO, CFO and the Executive Director receive a fixed annual package and security rights related to MTI and IPO Bonus were granted at the completion of the IPO in December 2020.

6.2 Rights over equity instruments granted as compensation

Details of rights over ordinary Securities in the Liberty Group that were granted as compensation to each KMP during the reporting period and details on options that vested during the reporting period are as follows.

Year-on-year remuneration awarded for the disclosed KMP is disclosed in the table below. Variable remuneration continues to differ both year-on-year between different executives at nature of the variability in the Liberty Group and individual performance year-on-year.

								Vested			Lapsed/Forfeited			Exercised/Sold					
Rights	Type of equity	Number held at 1 July 2021	Number granted	Grant date	Fair value per right at grant date	First exercisable date	Date of expiry	Number	%	Value	Number	%	Value	Number	%	Value	Number held at 30 June 2022	Exercis-able at 30 June 2022	Non-exercisable as at 30 June 2022
J Boyle	Security rights (FY21 MTI T1)	-	53,200	22-Dec-21	$5.20	01-Dec-22	01-Dec-36	-	-	-	-	-	-	-	-	-	53,200	-	53,200
	Security rights (FY21 MTI T2)	-	53,200	22-Dec-21	$4.80	01-Dec-23	01-Dec-36	-	-	-	-	-	-	-	-	-	53,200	-	53,200
	Security rights (FY20 MTI T1)	32,491	-	10-Dec-20	$5.69	10-Dec-21	15-Dec-35	32,491	100%	$184,874	-	-	-	32,491	100%	184,874	-	-	-
	Security rights (FY20 MTI T2)	32,491	-	10-Dec-20	$5.39	10-Dec-22	15-Dec-35	-	-	-	-	-	-	-	-	-	32,491	-	32,491
	Security rights (IPO Bonus)	222,692	-	15-Dec-20	$0.91	15-Dec-23	15-Dec-35	222,692	100%	$1,336,154	-	-	-	-	-	-	222,692	-	222,692
	Security rights (IPO Bonus)	222,692	-	15-Dec-20	$0.90	15-Dec-24	15-Dec-35	222,692	100%	$1,336,154	-	-	-	-	-	-	222,692	-	222,692
	Security rights (IPO Bonus)	222,692	-	15-Dec-20	$0.89	15-Dec-25	15-Dec-35	222,692	100%	$1,336,154	-	-	-	-	-	-	222,692	-	222,692
P Riedel	Security rights (FY21 MTI T1)	-	53,200	24-Dec-21	$5.20	01-Dec-22	01-Dec-36	-	-	-	-	-	-	-	-	-	53,200	-	53,200
	Security rights (FY21 MTI T2)	-	53,200	24-Dec-21	$4.80	01-Dec-23	01-Dec-36	-	-	-	-	-	-	-	-	-	53,200	-	53,200
	Security rights (FY20 MTI T1)	32,491	-	10-Dec-20	$5.69	10-Dec-21	15-Dec-35	32,491	100%	$184,874	-	-	-	-	-	-	32,491	32,491	-
	Security rights (FY20 MTI T2)	32,491	-	10-Dec-20	$5.39	10-Dec-22	15-Dec-35	-	-	-	-	-	-	-	-	-	32,491	-	32,491
	Security rights (IPO Bonus)	222,692	-	15-Dec-20	$0.91	15-Dec-23	15-Dec-35	222,692	100%	$1,336,154	-	-	-	-	-	-	222,692	-	222,692
	Security rights (IPO Bonus)	222,692	-	15-Dec-20	$0.90	15-Dec-24	15-Dec-35	222,692	100%	$1,336,154	-	-	-	-	-	-	222,692	-	222,692
	Security rights (IPO Bonus)	222,692	-	15-Dec-20	$0.89	15-Dec-25	15-Dec-35	222,692	100%	$1,336,154	-	-	-	-	-	-	222,692	-	222,692

Remuneration Report

For the year ended 30 June 2022

								Vested			Lapsed/Forfeited			Exercised/Sold					
Rights	Type of equity	Number held at 1 July 2021	Number granted	Grant date	Fair value per right at grant date	First exercisable date	Date of expiry	Number	%	Value	Number	%	Value	Number	%	Value	Number held at 30 June 2022	Exercis-able at 30 June 2022	Non-exercisable as at 30 June 2022
S Ma	Security rights (FY21 MTI T1)	-	26,600	22-Dec-21	$5.20	01-Dec-22	01-Dec-36	-	-	-	-	-	-	-	-	-	26,600	-	26,600
	Security rights (FY21 MTI T2)	-	26,600	22-Dec-21	$4.80	01-Dec-23	01-Dec-36	-	-	-	-	-	-	-	-	-	26,600	-	26,600
	Security rights (IPO Bonus)	111,346	-	15-Dec-20	$0.91	15-Dec-23	15-Dec-35	111,346	100%	$668,078	-	-	-	-	-	-	111,346	-	111,346
	Security rights (IPO Bonus)	111,346	-	15-Dec-20	$0.90	15-Dec-24	15-Dec-35	111,346	100%	$668,078	-	-	-	-	-	-	111,346	-	111,346
	Security rights (IPO Bonus)	111,346	-	15-Dec-20	$0.89	15-Dec-25	15-Dec-35	111,346	100%	$668,078	-	-	-	-	-	-	111,346	-	111,346

The FY21 MTI Awards and security rights will vest as follows:

- 50% of the Awards and security rights vest on 1 December 2022, subject to employee remaining continuously employed by a member of the Liberty Group from the grant date until that time; and
- 50% of the Awards and security rights vest on 1 December 2023, subject to employee remaining continuously employed by a member of the Liberty Group from the grant date until that time.

The FY20 MTI Awards and security rights vest as follows:

- 50% of the Awards and security rights vested on the first anniversary of the Grant Date (15 December 2021), subject to employee remaining continuously employed by a member of the Liberty Group from the grant date until that time; and
- 50% of the Awards and security rights will vest on the second anniversary of the Grant Date, subject to employee remaining continuously employed by a member of the Liberty Group from the grant date until that time.

The fair value of MTI and IPO Bonus security rights (that vested at $6 per security at the completion of the IPO) was determined and calculated at the grant date using the Black-Scholes model.

6.3 Securityholding of KMP

The interests of the KMP are aligned with creating long-term value for the Liberty Group. Shown below are the Securities held by KMP (directly, indirectly and beneficially) as at 30 June 2022.

	Number of securities as at 1 July 2021	Movements	Number of securities at 30 June 2022	Percentage of Securities
James Boyle	4,037,880	32,491[1]	4,070,371	1.34%
Peter Hawkins	398,600	-	398,600	0.13%
Richard Longes	365,000	-	365,000	0.12%
Sherman Ma[2]	144,120,043	115,512[3]	144,235,555	47.51%
Leona Murphy	103,000	-	103,000	0.03%
Peter Riedel	3,076,000	-	3,076,000	1.01%

1. James Boyle equity settled 32,491 MTI Security Rights for 32,491 Securities.
2. Sherman Ma has a relevant interest under section 608(3)(b) of the Corporations Act 2001 in 235,127,823 Securities by virtue of entities controlled by Sherman Ma having control of Hestia Holdings BV (Hestia). Hestia is the indirect holding company of Vesta Funding BV which is the registered holder of the Securities.
3. On 28 September 2021 Vesta acquired 188,303 Securities at an average of $6.8749. Sherman Ma's economic interest in these Securities is 115,512.

7. Other Transactions with Key Management Personnel

Sherman Ma holds positions in related entities that result in him having control of those entities. As at June 30 2022, the related party loans between the Liberty Group and related entities that Sherman Ma controls are:

- Net loans receivable of $139,989,000 from Vesta Funding B.V.; and
- Loan payable of $431,000 to Hestia Holdings B.V.

The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

This report is made with a resolution of the directors of the Liberty Group:

Richard Longes
Chair

Dated at Melbourne on 26 August 2022.

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Liberty Financial Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Liberty Financial Group Limited for the financial year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Dean Waters
Partner
Melbourne
26 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Interest income on financial assets measured at amortised cost		620,468	620,537
Interest income on financial assets measured at fair value		1,558	1,498
Other finance income	9	233,551	211,249
Other income		13,575	19,786
Total operating income		869,152	853,070
Finance expense	10	(462,786)	(459,138)
Recoveries/(impairment) on financial assets measured at amortised cost		181	(370)
Personnel expenses	11	(83,849)	(95,082)
Other expenses	12	(71,784)	(86,082)
Total operating expense		(618,238)	(640,672)
Profit before income tax		**250,914**	**212,398**
Income tax expense	13	(31,605)	(27,021)
Profit after income tax		**219,309**	**185,377**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net change in fair value of financial assets at fair value through other comprehensive income		(17,370)	17,810
		(17,370)	17,810
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(4,979)	(458)
Net change in fair value of cash flow hedges		34,137	10,007
Related income tax		5,211	(5,343)
		34,369	4,206
Total comprehensive income for the year		**236,308**	**207,393**
Profit attributable to:			
Equity holders of the Liberty Group			
Attributable to Liberty Financial Group Limited		70,346	45,341
Attributable to LFGT		149,281	140,577
Non-controlling interests - other		(318)	(541)
Profit for the year		**219,309**	**185,377**
Total comprehensive income attributable to:			
Equity holders of the Liberty Group			
Attributable to Liberty Financial Group Limited		60,100	57,825
Attributable to LFGT		176,526	150,109
Non-controlling interests - other		(318)	(541)
Total comprehensive income for the year		**236,308**	**207,393**
Earnings per stapled security	26	**0.72**	**0.61**
Diluted earnings per stapled security	26	**0.69**	**0.58**

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 38 to 91.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Attributable to equity holders of the Liberty Group										
	Contri-buted equity	Share-based payment reserve	Cash flow hedge reserve	Foreign currency translation reserve	Revalu-ation reserve	Common control reserve	Retained profits*	Non-controlling interests - LFGT	Total	Non-controlling interests - other	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2020	719,000	-	(4,506)	(1,391)	1,773	(136,020)	452,586	(15,420)	1,016,022	7,508	1,023,530
Adjustment to prior year retained earnings (net of tax)	-	-	-	-	-	-	(7,548)	-	(7,548)	-	(7,548)
Adjusted balance at 1 July 2020	719,000	-	(4,506)	(1,391)	1,773	(136,020)	445,038	(15,420)	1,008,474	7,508	1,015,982
Equity-settled share-based payment - note 14	-	13,515	-	-	-	-	-	-	13,515	-	13,515
Other comprehensive income for the year	-	-	475	(458)	12,467	-	-	9,532	22,016	-	22,016
Profit/(loss) for the period	-	-	-	-	-	-	45,341	140,577	185,918	(541)	185,377
Distributions provided for or paid	-	-	-	-	-	-	-	(140,493)	(140,493)	-	(140,493)
Dividends paid - note 25	-	-	-	-	-	-	(57,929)	-	(57,929)	-	(57,929)
Acquisition of NCI - note 28	-	-	-	-	-	-	-	-	-	(8,399)	(8,399)
Balance at 30 June 2021	**719,000**	**13,515**	**(4,031)**	**(1,849)**	**14,240**	**(136,020)**	**432,450**	**(5,804)**	**1,031,501**	**(1,432)**	**1,030,069**
Balance at 1 July 2021	719,000	13,515	(4,031)	(1,849)	14,240	(136,020)	432,450	(5,804)	1,031,501	(1,432)	1,030,069
Modification of share-based payments from equity-settled to cash-settled - note 14	-	(541)	-	-	-	-	-	-	(541)	-	(541)
Settlement of equity-settled share-based payments - note 14	-	(418)	-	-	-	-	-	-	(418)	-	(418)
Other comprehensive income/(expense) for the year	-	-	6,892	(4,979)	(12,159)	-	-	27,245	16,999	-	16,999
Profit/(loss) for the period	-	-	-	-	-	-	70,346	149,281	219,627	(318)	219,309
Distributions provided for or paid	-	-	-	-	-	-	-	(149,281)	(149,281)	-	(149,281)
Balance at 30 June 2022	**719,000**	**12,556**	**2,861**	**(6,828)**	**2,081**	**(136,020)**	**502,796**	**21,441**	**1,117,887**	**(1,750)**	**1,116,137**

* Retained profits as at 1 July 2020 restated on account of prior period correction of error. See note 31.

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 38 to 91.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 $'000	2021* $'000
Assets			
Cash and cash equivalents	20	546,898	499,218
Restricted cash	20	107,139	104,651
Trade receivables and other assets	16	316,911	291,158
Financial assets	15	12,915,940	12,239,391
Other investments	17	44,764	49,152
Derivative assets	6(g)	30,595	5,198
Property, plant and equipment	19	22,178	21,950
Intangible assets	21	276,220	288,987
Deferred tax assets	18	64,558	60,209
Total Assets		**14,325,203**	**13,559,914**
Liabilities			
Payables	22	210,442	139,308
Financing	23	12,802,496	12,235,935
Provisions	24	14,060	12,525
Lease liabilities		8,578	9,185
Derivative liabilities	6(g)	104,139	85,345
Deferred tax liabilities	18	69,351	47,547
Total Liabilities		**13,209,066**	**12,529,845**
Net Assets		**1,116,137**	**1,030,069**
Equity			
Contributed equity	25	719,000	719,000
Reserves		(125,350)	(114,145)
Retained profits		502,796	432,450
Non-controlling interests - LFGT		21,441	(5,804)
Total equity attributable to equity holders of the Liberty Group		1,117,887	1,031,501
Non-controlling interests - other		(1,750)	(1,432)
Total Equity		**1,116,137**	**1,030,069**

* Deferred tax assets, payables and retained profits as at 30 June 2021 restated on account of prior period correction of error. See note 31.

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 38 to 91.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Interest income received		615,406	613,908
Interest expense paid		(229,645)	(255,900)
Fees and commissions received		233,551	211,126
Fees and commissions paid		(221,261)	(198,992)
Insurance premiums received		387	2,869
Cash paid to suppliers and employees		(140,971)	(137,238)
Net increase in financial assets		(673,174)	(577,017)
Net proceeds from financing		614,243	499,744
Income taxes paid		(64,592)	(25,538)
Net cash from operating activities	20(b)	**133,944**	**132,962**
Cash flows from investing activities			
Payments for businesses acquired/investments, net of cash acquired		(11,975)	(20,245)
Acquisition of property, plant and equipment		(3,462)	(4,322)
Proceeds from the sale of property, plant and equipment		36	195
Net cash used in investing activities		**(15,401)**	**(24,372)**
Cash flows from financing activities			
Payment of lease liabilities		(2,664)	(2,079)
Proceeds from related party loans		78,243	133,989
Payments to related party loans		(6,179)	(10,784)
Dividends and distributions paid		(137,775)	(124,314)
Net cash used in financing activities		**(68,375)**	**(3,188)**
Net increase in cash held		50,168	105,402
Cash at the beginning of the year		603,869	498,467
Cash at the end of the year	20(a)	**654,037**	**603,869**

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 38 to 91.

Notes to the Financial Statements

For the year ended 30 June 2022

Contents

Notes to the Financial Statements

For the year ended 30 June 2022

1 Reporting Entity

The Liberty Group comprises Liberty Financial Group Limited (the "Company") and Liberty Fiduciary Ltd as the responsible entity ("RE") of the Liberty Financial Group Trust ("LFGT") (together the "Liberty Group") and their respective controlled entities. The address of Liberty Group's registered office is Level 16, 535 Bourke Street, Melbourne, Victoria 3000.

Liberty Group is formed as a stapled entity, a combination of a share in the Company and a unit in LFGT. The ASX ticker code is LFG.

2 Basis of Preparation

The financial statements as at and for the year ended 30 June 2022 have been prepared as a consolidation of the financial statements of the Liberty Group. The equity securities of the Company and the units of the Liberty Financial Group Trust are stapled and cannot be sold separately.

AASB 3 Business Combinations and AASB 10 Consolidated Financial Statements require one of the stapled entities of a stapled group to be identified as the parent entity for the purpose of preparing a consolidated financial report. In accordance with this requirement, the Company has been identified as the parent entity of the consolidated group comprising Liberty Financial Group Limited and its controlled entities and the Liberty Financial Group Trust and its controlled entities, together comprising the Liberty Group.

The financial statements were authorised for issue by the Directors of the Company and the RE on 26 August 2022.

The statement of financial position is presented on a liquidity basis.

Parent entity financial information

The financial information for the parent entity, Liberty Financial Group Limited, disclosed in Note 29 has been prepared on the same basis as the consolidated financial statements.

The Liberty Group is a for profit entity for the purpose of preparing these financial statements.

(a) Statement of compliance

The consolidated financial statements are Tier 1 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost except as otherwise stated.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Liberty Group's functional currency.

(d) Rounding off

The Company and Group are of a kind referred to in ASIC Corporations *(Rounding in Financial/Director's Reports)* Instrument 2016/191 dated 1 April 2016, and in accordance with that Rounding Instrument, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Judgements

Information about accounting treatments involving complex or subjective decisions or assessments are described in the following notes:

- Note 4 (g) – Insurance commission revenue and expense recognition
- Note 5 – Determination of fair values
- Note 6 – Financial instruments including credit risk
- Note 18 – Deferred tax assets and liabilities
- Note 21 – Goodwill
- Note 24 – Provisions
- Note 33 – Capital commitments and contingent liabilities

In particular, management applies judgement in determining the approach to establishing the appropriate level of provisioning for its financial assets, both at the specific and collective levels. In addition, the Liberty Group applies a weighted average tenure of the portfolio to assess the average life of financial assets which impacts the amount and timing of financing income recognition. Both judgements are assessed on at least an annual basis. In relation to the weighted average tenure, the annual review ensures consistency of the average life applied under the effective interest yield calculation. The average life used for residential mortgages, commercial mortgages and auto receivables has remained materially consistent during the year ended 30 June 2022.

The net present value of insurance commission receivable and trail commission payable are calculated by an independent actuary, using a discounted cash flow methodology. There are a number of key assumptions used to determine the underlying cash flows including lapse rates, discount rate and projection period. The assumptions are determined based on experience and current and forecast economic factors.

LFI Group Pty Ltd, a consolidated entity, commenced underwriting insurance products on 1 December 2014. Management has applied its judgement to the materiality of this entity in the preparation of this financial report and determined that no additional disclosures are required. At 30 June 2022 LFI had premium revenue of $2,133,000 (2021: $2,476,000) and contributed a loss before tax of $462,000 (2021: $379,000) to the Liberty Group.

The Liberty Group assesses its intangible assets and goodwill for impairment at least annually by comparing the carrying value of the assets with their recoverable value. The key assumptions in calculating the recoverable value of the intangible assets are the asset's future cash flows, the terminal value of the cash flows and discount rate. The assumptions are determined based on experience and current and forecast economic factors. Refer to note 21 for further information.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2022 is included in the following notes:

- Note 4 (i) and note 6 – measurement of provision for impairment of financial assets: key assumptions in determining the collective provisions.
- Note 4 (l) and note 21 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.

(iii) Measurement of fair values

A number of the Liberty Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Management obtains and assesses evidence from third parties to support fair value calculations. When measuring the fair value of an asset or liability, the Liberty Group uses market observable data as far as possible.

3 Changes in Significant Accounting Policies

Except as described below, the accounting policies set out in note 4 have been applied consistently to all periods presented in these consolidated financial statements.

Certain comparative amounts have been re-presented to conform to the current year's presentation to enhance comparability.

(a) Interest rate benchmark reform

Background

In the prior year the Liberty Group adopted AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform (AASB 2019-3). These amendments modify specific hedge accounting requirements and allow the Liberty Group to apply certain exceptions in respect of hedge

Notes to the Financial Statements

For the year ended 30 June 2022

relationships that are impacted by market wide interest rate benchmark reform. The interest rate benchmark reform aims to discontinue Interbank Offered Rates (IBORs) and replace these interest rate benchmarks with alternate Risk Free Rates (RFRs).

In the current year, the Liberty Group adopted AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 (AASB 2020-8). These amendments are mandatory for annual reporting periods beginning on or after 1 January 2021. Phase 2 amendments enable the Liberty Group to reflect the effects of transitioning IBORs to RFRs without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Risks arising from the interest rate benchmark reform

The Liberty Group performed an assessment of exposures linked to JPY LIBOR. Prior to the transition to an alternate RFR, the Liberty Group had both debt instruments and hedging Cross Currency Interest Rate Swaps (CCIRS) which were directly linked to JPY LIBOR. Post 31 December 2021 all JPY LIBOR linked instruments were transitioned to an alternate RFR namely, Tokyo Overnight Average Rate (TONA).

The Liberty Group has designated the CCIRS derivative hedging instruments in hedge accounting relationships against the cash flow exposure of the Liberty Group's JPY variable rate debt (Notes) associated with TONA benchmark interest rate risks.

The Liberty Group worked closely with its swap counterparties to understand the impact that the transition might have on availability and liquidity in forward interest rate curves and any impact on the valuation of the CCIRS, following the discontinuation of IBORs post 31 December 2021. The impact of the IBOR transition has not resulted in any changes to risk management practices.

Impact of IBOR reform on the Liberty Group's cash flow hedges.

As at 30 June 2022 the Liberty Group no longer has any JPY LIBOR exposures, as all JPY LIBOR linked instruments have transitioned to JPY TONA.

Notional in AUD	Notional in CCY	Hedged item	Hedging Instruments	Transition progress
682,018,290	JPY 53,898,882,760	Pre transition: JPY principal and JPY LIBOR (plus Margin) coupon payments on the Notes over the life of the instrument.	Pre transition: Receive JPY LIBOR (plus Margin), pay AUD BBSW (plus Margin) combined with JPY and AUD principal exchanges at settlement dates.	The overall economics of the Notes and the hedging transactions were modified as part of the transition process. This was concluded through negotiation with counterparties to the transactions and the change in JPY LIBOR to TONA reference rates was effected in the underlying hedge relationships.
		Post transition: JPY principal and JPY TONA (plus Margin) coupon payments on the Notes over the life of the instrument.	Post transition: Receive JPY TONA (plus Margin), pay AUD BBSW (plus Margin) combined with JPY and AUD principal exchanges at settlement dates.	At 30 June 2022 all hedging instruments or related hedge items have transitioned to alternative benchmark rates.

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as otherwise disclosed (see note 3).

(a) Basis of consolidation

(i) Business combinations

The Liberty Group accounts for business combinations using the acquisition method when control is transferred to the Liberty Group (see note 4 (a) (ii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any gain on a bargain purchase is recognised in the statement of profit or loss and other comprehensive income immediately.

The Liberty Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Liberty Group to the previous owners of the acquiree, and equity interests issued by the Liberty Group. Consideration transferred also includes the fair value of any contingent consideration and share based payments awards of the acquiree that are replaced mandatorily in the business combination. Contingent consideration is measured as the present value of expected future payments, discounted using a risk-adjusted interest rate.

Transaction costs that the Liberty Group incurs in connection with a business combination, such as finders fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

A business combination that occurs between entities under common control is exempt from the typical requirements of AASB 3 to record the acquired assets and liabilities at fair value and measure goodwill based on the difference between the net assets and liabilities acquired and the consideration transferred. The Liberty Group has elected to record common control transactions based on the carrying amount in the transferor's records on the date of the transaction and any difference between the consideration transferred and the equity acquired is taken to equity as a common control reserve.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Liberty Group. The Liberty Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases.

(iii) Special purpose entities

The Liberty Group has established a number of special purpose entities ("SPEs") for securitisation of financial assets. The SPEs are controlled by the Liberty Group as they were established under terms that impose strict limitations on the decision-making powers of the SPEs management relating to the SPEs operations and net assets. The results of the SPEs are included as part of the Liberty Group consolidated financial statements. Refer to note 34 for further details.

(iv) Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Liberty Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates prevailing at the dates the fair value was determined.

Notes to the Financial Statements

For the year ended 30 June 2022

(ii) Foreign currency operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly as a separate component within equity in the foreign currency translation reserve (FCTR).

(iii) Net investment in foreign operations

Unrealised foreign currency differences arising on the investment and related party balances in a foreign operation are recognised in other comprehensive income (OCI) and are presented within equity in the FCTR. When an investment is disposed of or a related party loan is repaid the relevant amount in the FCTR is transferred to the statement of profit or loss and other comprehensive income as a realised gain or loss.

(c) Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, investments in equity and debt securities, payables and financing.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the statement of profit or loss and other comprehensive income, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment loss.

A financial instrument is recognised if the Liberty Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Liberty Group's contractual rights to the cash flows from the financial assets expire or if the Liberty Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Cash and cash equivalents comprise cash balances and term deposits. The Liberty Group does not have an overdraft facility other than an overnight overdraft facility which is repayable the following day. The bank overnight overdraft facility is included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(d) Derivative financial instruments

The Liberty Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. The Liberty Group is required to hedge these exposures under the terms and conditions of its borrowing facilities and relevant Trust Deeds. Derivative financial instruments are not held for trading.

Derivatives are initially measured at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

The Liberty Group's approach to managing market risk, including interest rate risk, is discussed in note 6 (e).

On entering into a hedging relationship, the Liberty Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows. The hedges are assessed on an ongoing basis to determine if they remain highly effective throughout the financial reporting periods for which they are designated.

Cash flow hedges

Changes in the value of the derivative hedging instruments designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

Fair value hedges

Gains or losses from remeasuring hedging instruments designated as a fair value hedge are recognised in other comprehensive income and accumulated in the hedging reserve. Changes in the fair value of the hedged item are recognised in profit or loss.

If the hedge no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a financial asset the amount recognised in equity is reclassified to profit or loss in the same period that the hedged item affects the statement of profit or loss and other comprehensive income.

The Liberty Group's approach to accounting for hedges is discussed in note 6 (g).

(e) Share Capital

Stapled securities

Stapled securities are classified as equity. Any incremental costs directly attributable to the issue of stapled securities are recognised in equity. Refer to note 25.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Liberty Group in the management of its short-term commitments.

Cash collection accounts are used to hold all payments received within the various special purpose entities (SPEs) during a payment period. All amounts are transferred into these accounts in accordance with the SPEs' Trust Deeds.

Cash reserves are maintained and utilised to cover shortfall payments of the SPEs to which the Liberty Group acts as Trustee, in the event of liquidation losses as specified in the SPEs' Trust Deeds.

(g) Insurance commission revenue and expense recognition

The Liberty Group's obligations in relation to insurance products that it distributes under its contract with the underlying insurer are satisfied at the time that the insurance policy is sold. On each policy sold, both upfront and trail commissions are recognised. Upfront commissions are recognised at the fixed transaction price, net of an allowance for clawbacks. Trail commissions are recognised upfront as a contract asset as the net present value of future trail commissions, based on the commission rate in the contract, expected length of time that the policy will remain in force, and discount factor applied. The estimated variable consideration is reassessed at each reporting period to take into consideration changes in circumstances impacting the net present value of forecast future trail commissions during the period. The Liberty Group incurs incremental costs to obtain the contract, represented by the commissions owed to referring brokers. These incremental costs are recognised in line with the related revenue.

(h) Financial assets

Financial assets, comprising residential mortgages, commercial mortgages, auto receivables, hire purchase contracts, equipment finance, personal loans and any facilities in Australia and New Zealand, are initially recognised at fair value when the Liberty Group becomes a party to the contract. Depending on the Liberty Group's business model for managing the financial assets and their contractual cash flow characteristics, they are subsequently measured at either amortised cost using the effective interest method where they meet the definition of solely payments of principal and interest, or at fair value through profit or loss. All mortgage assets are secured by registered mortgages. Auto receivables, hire purchase contracts and equipment loans are secured by a registered interest on the vehicle or equipment. Any facility is secured by an interest in the assets of the relevant entity to which the facility is provided.

A financial asset is assessed annually to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

(i) Impairment

At each reporting date the Liberty Group assesses whether financial assets carried at amortised cost are impaired. A financial asset is impaired when credit risk has increased significantly since initial recognition.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Specific provisions relate to loans that are currently known to be impaired, based on objective evidence as a result of one or more events that have occurred after the initial recognition of the asset, otherwise known as

Notes to the Financial Statements

For the year ended 30 June 2022

a loss event. For loans where a loss event has occurred, the provisioning process involves detailed review and analysis of individual loans. These loans are assessed for impairment based on security value, loan balance outstanding and other factors deemed relevant to collectability by management. The Liberty Group engages a panel of external valuation experts, as required. Provisions are raised where objective evidence of impairment exists and the negative impact on estimated future cash flows of the asset can be reliably estimated.

The AASB 9 ECL impairment model applies to all financial assets, except for those which are fair value through profit or loss (FVPL), and equity securities designated as at fair value through other comprehensive income (FVOCI), which are not subject to impairment assessment.

Under AASB 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Stage 1: 12 Month ECL - Not Significantly Increased Credit Risk

Where there has been no significant increase in the risk of default since origination, allowances reflect the portion of the lifetime ECL from expected defaults in the following twelve months.

Stage 2: Lifetime ECL – Significant Increase in Credit Risk (SICR)

A financial asset moves from Stage 1 to Stage 2 when there is a SICR since initial recognition.

The Liberty Group applies a combination of quantitative and qualitative factors to assess whether a SICR has occurred. These include:

- forbearance status including provision of repayment variation;
- relevant behavioural attributes exhibited during life of the asset;
- relevant application attributes such as employment type, employment tenure and disposable income that indicate higher risk of default; and
- transferring assets more than 30 days past due into Stage 2.

The ECL impairment model, which requires judgement, is used to determine whether an exposure's credit risk has increased significantly and requires higher probability of default factors. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, being the difference between the cash flows due to the Liberty Group in accordance with the contract and the cash flows the Liberty Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Stage 3: Lifetime ECL – Credit Impaired

Write-off

Loans are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Liberty Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Macroeconomic scenarios

The assessment of credit risk, and the estimation of ECL, is unbiased and probability weighted, and incorporates all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable information about future events and economic conditions at the assessment date. The Liberty Group has established a process whereby forward-looking macroeconomic scenarios and probability weightings are developed for ECL calculation purposes. The final probability weighted ECL amount will be calculated from a Baseline estimate, an Upside Case and a Downside Case.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Non-financial assets

The carrying amounts of the Liberty Group's non-financial assets, other than deferred tax assets, are reviewed at each assessment date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use the recoverable amount is estimated at each reporting date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A non-financial asset is impaired if the recoverable amount of the asset is less than the carrying amount of the asset.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the statement of profit or loss and other comprehensive income.

(j) Investments

Corporate bonds are categorised as at fair value through profit or loss and are recognised when the Liberty Group becomes a party to the contract. Corporate bonds are initially and subsequently recognised at fair value using the quoted market price for the bonds at reporting date, or if a quoted market price is not available, the fair value is calculated using the applicable market rate of interest for bonds of a similar maturity and credit rating.

Other investments are categorised as fair value through other comprehensive income.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing proceeds from the disposal with the carrying amount of the property, plant and equipment and are recognised net within "other expenses" in profit or loss.

(ii) Depreciation

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Liberty Group will obtain ownership by the end of the lease term.

The depreciation and amortisation rates used for each class of assets are as follows:

Furniture, equipment and fittings	3 years
Computer equipment	3 - 7 years
Other fixed assets	3 years
Leasehold improvements	5 - 10 years
Leased motor vehicles	5 years
Land and buildings	10 - 40 years
Right-of-use assets	3 - 10 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(l) Intangibles

Goodwill, brand name and development costs are measured at cost less accumulated impairment losses. Brand name and development costs are amortised on a straight line basis in the statement of profit or loss and other comprehensive income over their estimated useful life (10-15 years) from the date they are available for use.

Intellectual property acquired by the Liberty Group is measured at cost less accumulated amortisation and any accumulated impairment losses. Intellectual property is amortised on a straight-line basis in the statement of profit or loss and other comprehensive income over the estimated finite life (20 years) from the date available for use.

(m) Leases

At inception of a contract, the Liberty Group assesses whether a contract is, or contains, a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Liberty Group uses the definition of a lease in AASB 16 Leases.

Liberty Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of make-good costs.

Notes to the Financial Statements

For the year ended 30 June 2022

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Liberty Group's incremental borrowing rate. The Liberty Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Liberty Group presents right-of-use assets in property, plant, and equipment and lease liabilities in the statement of financial position.

(n) Financing

Through its global financing arrangements, the Liberty Group issues asset-backed securities (securitisation notes). Pending the issue of securitisation notes, the Liberty Group has medium term finance facilities maturing within 1 and 2 years with financial institutions to enhance the funding of financial assets.

The Liberty Group's structured finance vehicles issue securitisation notes in the form of inscribed stock which is multi-tranched, secured, asset-backed floating rate securities, maturing up to 25-30 years. The Custodian of the facilities is Perpetual Trustee Company Ltd for Australia and Guardian Trust Ltd for New Zealand assets.

Debt issues payable and drawings under finance facilities are recognised when issued.

Financing facilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, apart from foreign currency denominated loans, they are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the life of the loans on an effective yield basis.

The Liberty Group has issued and intends to continue issuing unsecured debt. The unsecured debt is initially recognised at fair value when issued and subsequently measured at amortised cost. The amortised cost of debt is adjusted for fair value movements in underlying hedged risk when designated in hedge accounting relationships under the fair value hedge model. Fair value movements in the debt are recognised directly in profit or loss, which is offset by movements in related fair value hedging instruments per note 4 (d).

(o) Deposits and unitholder liabilities

Deposits and unitholder liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, deposits and unitholder liabilities are stated at amortised cost with any difference between cost and repayment value being recognised in profit or loss over the life of the loans on an effective yield basis.

(p) Provisions

A provision is recognised if, as a result of a past event, the Liberty Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(q) Employee benefits

(i) Long term service benefits

The Liberty Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its fair value. Remeasurements are recognised in profit or loss in the period in which they arise. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating to the terms of the Liberty Group's obligations.

(ii) Incentive plan

A liability is recognised for incentives declared but not paid as at reporting date when the Liberty Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date representing present obligations resulting from employees' services provided to the reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Liberty Group expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(iv) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

(v) Share-based payment arrangement

During the year the Liberty Group board exercised its discretion to allow employees the choice to cash-settle their Medium Term Incentive deferred equity awards, which were granted on 10 December 2020 as equity-settled awards, and vested on 10 December 2021. As a result, the accounting treatment of all Medium Term Incentive deferred equity awards has been modified from equity-settled to cash-settled from 22 December 2021.

The fair value of the amount payable to employees in respect of Medium Term Incentive equity awards, which are accounted for as cash-settled share based payments, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date based on the fair value of the Medium Term Incentive deferred equity awards. Any changes in the liability are recognised in profit or loss.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes.

(r) Fees and commissions

Fee and commission income and expenses that are integral to the effective interest rate on a financial asset or financial liability are recognised using the effective interest method. Fee and commission income and expenses which are not integral to the effective interest rate on a financial asset or financial liability are recognised in accordance with AASB 15 *Revenue from Contracts with Customers*. When fees or commissions relate to specific transactions or events, they are recognised as the related services are performed. When they are charged for services provided over a period, they are recognised as performance obligations are satisfied.

(s) Finance income and expenses

Finance income comprises interest income on financial assets and funds invested, dividend income, changes in the fair value of financial liabilities at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in the statement of profit or loss and other comprehensive income. Interest income is recognised as it accrues in the statement of profit or loss and other comprehensive income, using the effective interest method. The accrual of fee and interest income is suspended at the time at which the financial asset has a specific provision raised (note 4 (i)). Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

Finance expenses comprise interest expense on financing, borrowing costs, foreign currency losses, changes in the fair value of financial assets held at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in the statement of profit or loss and other comprehensive income on an accruals basis.

Interest payments in respect of financial instruments classified as liabilities are included in interest expense. Where interest rates are hedged or swapped and are designated in a hedging relationship, the borrowing costs are recognised net of any effect of the hedge or swap.

(t) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any known or likely adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for

Notes to the Financial Statements

For the year ended 30 June 2022

financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The Company is the head entity.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are recognised by the Company as amounts payable/(receivable) to/(from) other entities in the tax consolidated group in conjunction with any funding arrangement amounts. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

The members of the tax consolidated group have entered into a tax funding arrangement which sets out the funding obligations of the members of the tax consolidated group with respect to tax amounts. The tax funding arrangements require payments within the tax consolidated group where inter-entity receivables/(payables) are at call.

The members of the tax consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should there be a default on any tax payment obligations. No amounts have been recognised in the financial statements in respect to this agreement, as payment of any default amounts under the tax sharing agreements is considered remote.

(v) Distribution

In accordance with the relevant Trust Constitution, the Trustee distributes income from a subsidiary SPE of the Liberty Group to a unitholder which is a non-controlled related party of the Liberty Group. These distributions have been treated as distributions to a non-controlling interest.

(w) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Liberty Group and Company in the period of initial application. They are available for early adoption at 30 June 2022, but have not been applied in preparing this financial report. The analysis of the transitional impact of the standards is expected to be completed prior to the implementation dates.

(i) AASB 17 Insurance Contracts

AASB 17 introduces a new general measurement model for accounting for insurance contracts, with the application of a simplified approach (similar to AASB 1023) permitted in certain circumstances.

AASB 17 is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

The Liberty Group is currently assessing the impact of the new requirements. Pursuant to AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the LFI Group remains immaterial at Group level and therefore there will be no change to the Liberty Group's consolidated financial statements on the introduction of AASB 17.

(ii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences, for example leases and decommissioning liabilities.

The amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023, with early adoption permitted.

The Liberty Group has assessed the impact of the new requirements and determined that, pursuant to AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the effect of the changes is immaterial and therefore there will be no change to the Liberty Group's consolidated financial statements on the introduction of the amendments to IAS 12.

5 Determination of Fair Values

The Liberty Group's disclosures require determination of fair values for financial assets and liabilities. Management assesses the evidence obtained from third parties to support the conclusion that fair value valuations meet the requirements of AASB 13. When measuring the fair value of an asset or liability, the Liberty Group uses market observable data as far as possible. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Financial assets

The carrying amount of financial assets includes deferred fees and expenses accounted for using the effective interest method and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method net of provisions for impairment and income yet to amortise.

Fair value is calculated based on the present value of future principal and interest cash flows discounted at the credit risk-adjusted rate of interest at the reporting date.

For financial assets designated at fair value through the statement of profit or loss and other comprehensive income, fair value is calculated using market observable data where possible.

(b) Derivatives

The fair value of interest rate and cross currency interest rate swaps are determined by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(c) Non-derivative financial assets and liabilities

For receivables and payables with a remaining life of less than one year, the notional amount is deemed to approximate the fair value.

(d) Financing

The fair value of financing obligations are approximated by their carrying amounts.

(e) Investments

Corporate bonds that back insurance liabilities are designated at fair value through profit or loss and are measured at fair value in the statement of financial position. Changes in fair value are recognised in profit or loss. Fair value for corporate bonds is calculated using market observable data where possible.

(f) Leases

The fair value of the lease liability and right of use asset is based on the lease term, lease payments and discount rate as required by AASB 16.

Notes to the Financial Statements

For the year ended 30 June 2022

(g) Carrying amounts and fair values of the financial assets and financial liabilities

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities.

CONSOLIDATED

30 June 2022	Note	Carrying Amount				Fair Value
		Fair value through profit or loss	Fair value through OCI	Financial assets/ (financial liabilities) at amortised cost	Total	
		$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value						
Other investments	17	25,255	18,681	-	43,936	43,936
Derivative assets	6(g)	30,595	-	-	30,595	30,595
Financial assets	15	-	29,163	-	29,163	29,163
Financial assets not measured at fair value						
Other investments	17	-	-	828	828	828
Cash and cash equivalents	20	-	-	654,037	654,037	654,037
Trade receivables and other assets	16	-	-	208,011	208,011	208,011
Financial assets	15	-	-	12,886,777	12,886,777	13,268,128
Financial liabilities measured at fair value						
Derivative liabilities	6(g)	(104,139)	-	-	(104,139)	(104,139)
Financial liabilities not measured at fair value						
Payables	22	-	-	(170,559)	(170,559)	(170,559)
Financing	23	-	-	(12,802,496)	(12,802,496)	(12,802,496)
		(48,289)	47,844	776,598	776,153	1,157,504

CONSOLIDATED 30 June 2021	Note	Carrying Amount				Fair Value
		Fair value through profit or loss	Fair value through OCI	Financial assets/ (financial liabilities) at amortised cost	Total	
		$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value						
Other investments	17	13,101	35,223	-	48,324	48,324
Derivative assets	6(g)	5,198	-	-	5,198	5,198
Financial assets	15	-	32,193	-	32,193	32,193
Financial assets not measured at fair value						
Other investments	17	-	-	828	828	828
Cash and cash equivalents	20	-	-	603,869	603,869	603,869
Trade receivables and other assets	16	-	-	192,261	192,261	192,261
Financial assets	15	-	-	12,207,198	12,207,198	12,320,748
Financial liabilities measured at fair value						
Derivative liabilities	6(g)	(85,345)	-	-	(85,345)	(85,345)
Financial liabilities not measured at fair value						
Payables*	22	-	-	(103,326)	(103,326)	(103,326)
Financing	23	-	-	(12,235,935)	(12,235,935)	(12,235,935)
		(67,046)	67,416	664,895	665,265	778,815

* Restated on account of prior period correction of error. See note 31.

(h) Fair value hierarchy

When measuring the fair value of an asset or liability, the Liberty Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

Notes to the Financial Statements

For the year ended 30 June 2022

Fair value in an inactive or unquoted market (Level 2)

The fair value of interest rate and cross currency interest rate swaps are determined by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Unobservable inputs used in measuring fair value (Level 3)

There are no financial instruments measured using Level 3 inputs.

The fair value of financial assets and liabilities that are not traded in an active market is determined using various valuation techniques. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire assessment.

The Liberty Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(i) Fair value hierarchy - financial instruments measured at fair value

As at 30 June 2022	$'000 Level 1	$'000 Level 2	$'000 Level 3	Total
Financial assets measured at fair value				
Other investments - equity securities	18,681	18,000	-	36,681
Other investments - government and corporate bonds	7,255	-	-	7,255
Derivative assets	-	30,595	-	30,595
Financial assets	24,566	4,597	-	29,163
Financial liabilities measured at fair value				
Derivative liabilities	-	(104,139)	-	(104,139)
	50,502	(50,947)	-	(445)

As at 30 June 2021	$'000 Level 1	$'000 Level 2	$'000 Level 3	Total
Financial assets measured at fair value				
Other investments - equity securities	35,223	5,660	-	40,883
Other investments - government and corporate bonds	7,441	-	-	7,441
Derivative assets	-	5,198	-	5,198
Financial assets	26,768	5,425	-	32,193
Financial liabilities measured at fair value				
Derivative liabilities	-	(85,345)	-	(85,345)
	69,432	(69,062)	-	370

Transfers between level 1, level 2 and level 3

There were no transfers between level 1, level 2 and level 3 in 2022 (2021: nil).

6 Financial Risk Management

(a) Overview

The Liberty Group has exposures to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Exposure to credit, liquidity and market risk arises in the normal course of the Liberty Group's business. This note presents information about the Liberty Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout the financial report.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established a Risk, Audit and Compliance Committee (the "Committee") which is responsible for monitoring the emerging and changing risk profile of the Liberty Group. The Committee is responsible for reviewing the adequacy of internal systems, controls and procedures in relation to the risk management framework and the risks faced by the Company and the Liberty Group. The Committee is assisted in its oversight by the Risk department which coordinates, sets policy and monitors the Liberty Group's effectiveness in relation to operational, credit, liquidity and market risk. The Chief Financial Officer reports regularly to the Committee and the Board. Risk management policies and systems are updated to reflect changes in market conditions and the Liberty Group's activities.

(b) Operational risk

Operational risk is the risk of impact on objectives resulting from inadequate or failed internal processes, people and systems or from external events including legal and reputation risk.

Operational risk is primarily monitored by the Committee and supported by management which manages regulatory compliance, fraud prevention and detection, anti-money laundering and business continuity.

The Committee has primary responsibility for the oversight of financial reporting risk. The Risk department and Compliance Officers review risk management in order to assess and understand the Liberty Group's business and financial risks as well as the effectiveness of internal controls which may have a significant impact on the financial statements.

(c) Credit risk

Credit risk is the risk of financial loss due to a customer or counterparty failing to meet their contractual obligations. Credit risk arises primarily from the Liberty Group's financial assets.

Financial assets

Management has a credit policy in place that ensures the loan portfolio is diversified across varying risk categories and locations. Management continually assesses the effectiveness of internal credit controls and policies to ensure reliability and integrity of asset management. The Liberty Group also obtains collateral and security arrangements as a means of mitigating the risk of financial loss from default and raises provisions for impairment where appropriate.

Investments

Investments in financial instruments in the investment portfolio are with counterparties with sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations. An Investment Committee of management meets on a regular basis to consider investment opportunities and overall performance of the investments.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Counterparty risk

The Liberty Group is exposed to counterparty credit risk by holding cash and cash equivalents and entering into derivatives with financial institutions. Their credit quality can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The Liberty Group holds cash and derivative contracts with counterparties rated AA- and better.

Notes to the Financial Statements

For the year ended 30 June 2022

Exposure

(i) Loans by credit risk rating grades

Consolidated $'000	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
30 June 2022				
Gross loans				
Prime	9,165,335	120,742	47,320	9,333,397
Non-prime	3,246,988	141,759	104,524	3,493,271
Unrated	107,239	-	-	107,239
Total	**12,519,562**	**262,501**	**151,844**	**12,933,907**

Consolidated $'000	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
30 June 2021				
Gross loans				
Prime	8,819,540	114,774	94,962	9,029,276
Non-prime	2,870,231	135,734	148,382	3,154,347
Unrated	97,193	-	-	97,193
Total	**11,786,964**	**250,508**	**243,344**	**12,280,816**

Credit quality

The ageing of loans is shown below:

(ii) Loans by credit quality

	2022 $'000	2021 $'000
Gross loans		
Neither past due or impaired	12,519,562	11,786,964
Past due but not impaired	262,501	250,508
Impaired	151,844	243,344
Total	**12,933,907**	**12,280,816**

Provision for impairment loss

(iii) Provision for impairment

Consolidated $'000	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
30 June 2021				
Opening balance at 1 July 2020	38,886	4,309	33,662	76,857
Net movement during the year	3,518	1,123	(6,190)	(1,549)
Closing balance at 30 June 2021	**42,404**	**5,432**	**27,472**	**75,308**
30 June 2022				
Opening balance at 1 July 2021	42,404	5,432	27,472	75,308
Net movement during the year	(341)	642	(12,220)	(11,919)
Closing balance at 30 June 2022	**42,063**	**6,074**	**15,252**	**63,389**

The following tables show the movement in the Liberty Group's impairment provisions and credit exposures by expected credit loss (ECL) stage for the year ended 30 June 2022.

	12 month ECL		Lifetime ECL - not credit impaired		Lifetime ECL - credit impaired		Total	
Consolidated $'000 **30 June 2021**	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**
Opening balance at 1 July 2020	10,579,122	38,886	844,858	4,309	288,167	33,662	11,712,147	76,857
New loans originated	4,089,870	4,012	22,722	1,106	7,467	914	4,120,059	6,032
Transfers:								
Transfers to Stage 1	673,091	7,017	(576,578)	(2,518)	(96,513)	(4,499)	-	-
Transfers to Stage 2	(150,814)	(723)	176,628	2,327	(25,814)	(1,604)	-	-
Transfers to Stage 3	(71,746)	(247)	(65,429)	(509)	137,175	756	-	-
Loans repaid	(2,616,394)	(3,793)	(145,621)	(741)	(58,472)	(3,056)	(2,820,487)	(7,590)
Other (a)	(710,371)	(2,677)	(2,661)	1,572	14,608	1,873	(698,424)	768
Write-offs	(6,554)	(73)	(3,543)	(117)	(23,339)	(575)	(33,436)	(765)
Foreign exchange movement	760	2	132	3	64	1	956	6
Closing balance at 30 June 2021	**11,786,964**	**42,404**	**250,508**	**5,432**	**243,343**	**27,472**	**12,280,815**	**75,308**

Notes to the Financial Statements

For the year ended 30 June 2022

	12 month ECL		Lifetime ECL - not credit impaired		Lifetime ECL - credit impaired		Total	
Consolidated $'000 30 June 2022	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**
Opening balance at 1 July 2021	11,786,964	42,404	250,508	5,432	243,343	27,472	12,280,815	75,308
New loans originated	5,506,479	10,724	37,987	1,435	8,104	439	5,552,570	12,598
Transfers:								
Transfers to Stage 1	187,242	1,999	(113,565)	(1,281)	(73,677)	(718)	-	-
Transfers to Stage 2	(153,973)	(3,009)	181,335	3,568	(27,362)	(559)	-	-
Transfers to Stage 3	(46,426)	(1,403)	(29,166)	(1,351)	75,592	2,754	-	-
Loans repaid	(4,020,626)	(2,784)	(54,784)	(1,898)	(59,551)	487	(4,134,961)	(4,195)
Other (a)	(739,857)	(5,711)	(7,530)	362	8,120	(13,382)	(739,267)	(18,731)
Write-offs	(6,719)	(160)	(2,598)	(195)	(23,076)	(1,245)	(32,393)	(1,600)
Foreign exchange movement	6,478	3	314	2	351	4	7,143	9
Closing balance at 30 June 2022	**12,519,562**	**42,063**	**262,501**	**6,074**	**151,844**	**15,252**	**12,933,907**	**63,389**

(a) Other movement in gross exposure is largely driven by reductions in loan balances that remain in existence at year end due to repayments received during the year.

The ECL allowance as a percentage of gross carrying amount is as follows:

30 June 2022 $'000	Current	Stage 1	Stage 2	Stage 3	Total
Expected loss rate	-	0.34%	2.31%	3.00%	**0.41%**
Gross carrying amount	-	12,519,562	262,501	151,844	**12,933,907**
Loss allowance	-	(42,063)	(6,074)	(4,555)	**(52,692)**

30 June 2021 $'000	Current	Stage 1	Stage 2	Stage 3	Total
Expected loss rate	-	0.36%	2.17%	2.65%	**0.44%**
Gross carrying amount	-	11,786,964	250,508	243,344	**12,280,816**
Loss allowance	-	(42,404)	(5,432)	(6,438)	**(54,274)**

ECL Measurement Uncertainty - New Model Overlay

A new model to generate ECL was developed during 2021. The new model is designed to be more accurate and easier to update. The new model generates a probability of default for each individual loan based on the loan's application data and recent loan repayment behaviour.

The introduction of a new model implies a degree of uncertainty with respect to its sensitivity to changing historical data as well as the possible presence of biases which are difficult to anticipate. The model figures generated by the new model have been increased by 15% (2021: 15%) to reflect this uncertainty. This overlay will be reduced once the predictions of the model have been monitored for a sufficient amount of time to increase confidence in its reliability.

30 June 2022

For the year ended 30 June 2022, the ECL model has been enhanced to model scenarios that were previously included in the collective provision for impairment as overlays. The below table describes the scenarios, weightings and expected outcomes from the various modelled scenarios. As a result of this enhancement, the Covid-19 overlay and Security Value Overlays included in 2021 are no longer required and are instead reflected in the ECL modelled outputs.

Scenario	Weighting	Expectation
Upside A 100% weighting to this scenario would result in a decrease to total ECL provision at the reporting date of $20,149,000	5%	Each scenario has its own set of macro-economic and future security value projections. The model incorporates these different inputs and generates different ECL figures, ranging from more optimistic (Upside) to more pessimistic (Downside).
Baseline A 100% weighting to this scenario would result in a decrease to total ECL provision at the reporting date of $15,489,000	65%	Baseline is the scenario which the model considers most likely to happen. This scenario assumes increasing interest rates, lower economic growth and a reduction in security values. The Upside scenario is a more optimistic outlook. Compared to Baseline, this scenario incorporates stronger macro-economic variables (higher GDP growth, lower cash rate and lower employment rate) and the reduction in security values is projected to be more moderate. The Downside scenario is a more pessimistic outlook. Compared to Baseline, this scenario incorporates weaker macro-economic variables and a greater reduction in security values. In addition, a stress test was applied to the Downside scenario, where Probability of Default (PD) and Probability of Loss given Default (LGD) predicted by the model were increased. A percentage of the riskiest accounts in Stage 1 (determined by highest predicted PD) were also downgraded to Stage 2.
Downside A 100% weighting to this scenario would result in an increase to total ECL provision at the reporting date of $36,918,000	30%	

The table below shows the forward-looking macro forecasts as at 30 June 2022.

Macro Forecast	Unemployment %	Cash rate %	HPI*	GDP Growth %
Current	3.9%	0.85%	196.7	3.9%
Upside – 2023	3.5%	2.40%	186.9	3.4%
Baseline – 2023	3.8%	2.85%	177.0	3.2%
Downside – 2023	5.1%	4.00%	157.4	1.8%

* HPI - House Price Index

The table below shows the change in staging between each scenario in the year ended 30 June 2022, for the Australian residential (AU RES), Australian commercial (AU COM) and Australian motor (AU MOT) portfolios.

Stress to Staging	Upside	Baseline	Downside
Stage 1 –> 2	0%	0%	20%
Stage 2 –> 3	0%	0%	0%

The table below shows the change in staging between each scenario in the year ended 30 June 2022, for the New Zealand residential (NZ RES) portfolio.

Stress to Staging	Upside	Baseline	Downside
Stage 1 –> 2	0%	0%	35%
Stage 2 –> 3	0%	0%	0%

Notes to the Financial Statements

For the year ended 30 June 2022

The table below shows the stresses applied to PD and LGD across all stages under each scenario in the year ended 30 June 2022, for the AU RES, AU COM and AU MOT portfolios.

Stress PD and LGD	Upside	Baseline	Downside
Stages 1 and 2 PD	0%	0%	20%
All stages LGD	0%	0%	20%

The table below shows the stresses applied to PD and LGD across all stages to each scenario in the year ended 30 June 2022, for the NZ RES portfolio.

Stress PD and LGD	Upside	Baseline	Downside
Stages 1 and 2 PD	0%	0%	35%
All stages LGD	0%	0%	35%

The table below shows the stresses applied to security values for each portfolio and under each scenario in the year ended 30 June 2022.

Stress to Security value		Upside	Baseline	Downside
AU RES	FY23	(5%)	(10%)	(20%)
	FY24	(8%)	(15%)	(30%)
AU COM	All years	(5%)	(10%)	(34%)
AU MOT	All years	(10%)	(20%)	(30%)
NZ RES	FY23	(8%)	(12%)	(25%)
	FY24	(11%)	(16%)	(35%)

30 June 2021

In the year ended 30 June 2021, the collective provision for impairment included Security Value Overlays and a Covid-19 Overlay. The below information describes the nature of these overlays, the various scenarios and forward-looking macro forecasts as at 30 June 2021. These overlays have been removed for the year ending 30 June 2022.

Security Value Overlays

The new model produced lower outputs for the Australian commercial (AU COM) and New Zealand residential (NZ RES) portfolios, as a result of strong security values and many loans having low outstanding balances. The model did, however, demonstrate a high level of sensitivity to changing security values. To address this sensitivity, different security value changes were modelled and weighted to generate the final ECL figures for AU COM and NZ RES.

COVID-19 Overlay

COVID-19 provided an unpredictable market wide shock. The ECL model may have, as a result, produced under-reactive changes (this was the case for the previous, linear model, and remains the case for the new ECL model, both of which rely on historical data which does not reflect circumstances similar to the current pandemic situation).

Management increased the expected credit loss provision by a COVID-19/multi-scenario overlay of $11,678,550, based upon the anticipated impact on customers having regard to the current economic outlook at the time. The calculation of the overlay remained consistent. The tables below show the macro-economic scenarios that resulted in the additional provision being recognised.

To quantify the expected credit loss under severe economic events, the Liberty Group stressed both the staging mix and the PD and LGD. Three scenarios were applied and weighted.

Changes to staging mix and probability of default were designed to allow for expected increases in unemployment rates which would likely result in increases in arrears. To maintain objectivity, management applied a weighting to the likelihood of each scenario. The three scenarios applied were intended to generally reflect increased unemployment rates based on third party macroeconomic forecasts.

Scenario	Weighting	Expectation
Scenario One - Upside A 100% weighting to this scenario would result in a decrease to total ECL provision at the reporting date of $5,601,000 (2020: $5,322,000)	30%	An equal adjustment was applied from stage 1 to 2 and from stage 2 to 3, as it was expected that an increase in unemployment would have roughly the same impact on both the stage 2 and stage 3 balance. Instead of stressing LGD, as in FY20, stress was applied to both PD and LGD, to more directly capture the impact of unemployment increases. Stresses relating to reduced security values were captured via (a) distinct macroeconomic scenarios applied to HPI and (b) additional security value overlays applied to the AU COM and NZ RES asset classes.
Scenario Two - Baseline A 100% weighting to this scenario would result in a decrease to total ECL provision at the reporting date of $381,000 (2020: $2,104,000)	30%	
Scenario Three - Downside A 100% weighting to this scenario would result in an increase to total ECL provision at the reporting date of $4,486,000 (2020: $2,748,000)	40%	

The table below shows the forward-looking macro forecasts as at 30 June 2021.

Macro Forecast	Unemployment %	Cash rate %	HPI*	GDP Growth %
Current	5.5%	0.10%	148.7	-1.1%
Upside – 2022	4.5%	0.25%	149.5	5.1%
Baseline – 2022	4.7%	0.10%	142.8	3.2%
Downside – 2022	7.1%	0.10%	118.9	0.5%

*HPI - House Price Index

The table below shows the change in staging between each scenario in the year ended 30 June 2021.

Stress to Staging	Scenario 1	Scenario 2	Scenario 3
Stage 1 –> 2	5%	10%	15%
Stage 2 –> 3	5%	10%	15%

The table below shows the stresses applied to PD and LGD across all stages to each scenario in the year ended 30 June 2021.

Stress PD and LGD	Scenario 1	Scenario 2	Scenario 3
Stages 1 and 2 PD	5%	10%	15%
All stages LGD	5%	10%	15%

Given the uncertainty surrounding the impact of COVID-19 on the metrics used by the Liberty Group's expected credit loss model, the additional provision was likely to differ from the actual credit loss that the Liberty Group may eventually experience. As the COVID-19 pandemic continues to evolve, along with how governments, business and customers respond, it could be expected to result in an adjustment to the expected credit loss provision within future financial periods.

Notes to the Financial Statements

For the year ended 30 June 2022

Collateral

(iv) Collateral held

Maximum exposure	2022 %	2021 %
Collateral classification:		
Secured (%)	98%	98%
Unsecured (%)	2%	2%
	100%	100%

(d) Liquidity risk

Liquidity risk is the risk that the Liberty Group will not be able to meet its financial obligations as they fall due. The Liberty Group's Treasury function manages liquidity risk by maintaining adequate cash reserves, bank facilities and undrawn facilities and by continuously monitoring cash flows and matching the maturity profiles of financial assets and liabilities. Details of available facilities are outlined in note 23.

The following are contractual maturities of financial assets and liabilities, including estimated repayments and excluding the impact of netting. The contractual maturity of most debt issues is 25-30 years. For derivative liabilities only, contractual cash flows are stated excluding credit margins. The following maturity analysis is compiled on the contractual maturity date.

30 June 2022	Note	Carrying amount $'000	Contractual cash flows $'000	<1 year $'000	1-5 years $'000	> 5 years $'000
Non-derivative financial assets						
Cash and cash equivalents	20	654,037	654,037	654,037	-	-
Trade receivables and other assets	16	208,011	208,011	208,011	-	-
Financial assets	15	12,915,940	23,062,883	1,253,658	4,283,193	17,526,033
Corporate bonds	17	7,255	7,371	7,371	-	-
Derivative financial assets						
Derivative assets		30,595	31,082	9,942	20,654	486
Total assets		13,815,838	23,963,384	2,133,019	4,303,847	17,526,519
Non-derivative financial liabilities						
Payables	22	172,330	172,330	171,907	423	-
Debt issues	23	8,871,206	14,951,172	436,925	1,772,543	12,741,704
Finance facilities	23	3,861,012	4,368,930	1,309,827	3,059,103	-
Deposits and unitholder liabilities	23	66,350	66,927	62,420	4,507	-
Lease liabilities		8,578	8,224	2,766	5,458	-
Loans from related parties	28	3,928	3,928	3,928	-	-
Derivative financial liabilities						
Derivative liabilities		104,139	104,844	12,379	92,465	-
Total liabilities		13,087,543	19,676,355	2,000,152	4,934,499	12,741,704

30 June 2021	Note	Carrying amount $'000	Contractual cash flows $'000	<1 year $'000	1-5 years $'000	> 5 years $'000
Non-derivative financial assets						
Cash and cash equivalents	20	603,869	603,869	603,869	-	-
Trade receivables and other assets	16	192,261	192,261	192,261	-	-
Financial assets	15	12,239,391	20,795,120	1,171,810	3,865,602	15,757,708
Corporate bonds	17	7,441	7,548	3,433	4,115	-
Derivative financial assets						
Derivative assets		5,198	4,970	3,687	1,123	160
Total assets		13,048,160	21,603,768	1,975,060	3,870,840	15,757,868
Non-derivative financial liabilities						
Payables*	22	103,326	103,326	83,915	19,411	-
Debt issues	23	9,589,241	14,206,779	377,751	1,505,242	12,323,786
Finance facilities	23	2,565,604	2,606,458	2,225,869	380,589	-
Deposits and unitholder liabilities	23	71,291	73,858	60,476	13,382	-
Lease liabilities		9,185	9,185	2,608	6,577	-
Loans from related parties	28	9,799	9,799	9,799	-	-
Derivative financial liabilities						
Derivative liabilities		85,345	86,883	19,526	67,171	186
Total liabilities		12,433,791	17,096,288	2,779,944	1,992,372	12,323,972

* Restated on account of prior period correction of error. See note 31.

(e) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Liberty Group's income or the value of its holdings of financial instruments.

The Liberty Group's activities expose it primarily to the risks of changing interest rates. The Liberty Group also has exposure to foreign exchange rate fluctuations. Derivative financial instruments are used by entities within the Liberty Group to hedge exposure to such fluctuations. The use of financial derivatives is governed by the terms and conditions of the relevant Trust Deeds belonging to the SPE's within the Liberty Group.

The Liberty Group uses interest rate derivatives to hedge against its fixed book exposures by swapping fixed to floating and cross currency interest rate swaps for its Euro and Yen denominated note exposures.

The Liberty Group's determination of the economic relationship between the hedged item and the hedging instrument is based on the pay down profile of the fixed rates loans and the Euro and Yen denominated notes.

Interest rate risk

The Liberty Group is exposed to interest rate risk by borrowing funds at fixed and floating rates and lending at fixed and floating rates. Exposure to interest rate risk is minimised as the majority of any movement in borrowing rates is offset by variable rate loans. Interest rate swaps, denominated in Australian and New Zealand dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure in line with the Liberty Group's interest rate risk management strategy. The swaps mature in line with the maturity of the related loans.

Notes to the Financial Statements

For the year ended 30 June 2022

At reporting date the interest rate profile of the Liberty Group's interest bearing financial instruments was as follows:

	2022 $'000	2021 $'000
Fixed rate instruments		
Cash and cash equivalents	1,500	1,500
Financial assets	1,398,106	1,230,811
Financing	(881,696)	(1,055,554)
	517,910	176,757
Variable rate instruments		
Cash and cash equivalents	652,537	602,369
Financial assets	11,517,834	11,008,580
Financing	(11,920,800)	(11,180,381)
Net Derivatives	(73,544)	(80,147)
	176,027	350,421

Sensitivity analysis

The Liberty Group's exposure to interest rate risk is minimised as the Liberty Group actively manages its cost of funding and reprices its loan portfolio in response to changes in cost of funds within a short timeframe. The below analysis reflects the impact of changes in interest rates on profit or loss, as a result of the Liberty Group's fixed rate deposits held in its various funds, which are invested in variable rate assets; and the movement in derivative contract valuation repricing in equity.

	2022		2021	
Impact of movement in interest rates	**$'000 Profit or Loss**	**$'000 Equity**	**$'000 Profit or loss**	**$'000 Equity**
+3% increase in interest rates (2021: +2%)	(224)	(29,717)	(407)	(25,885)
-3% increase in interest rates (2021: -2%)	224	29,717	407	25,885

Price risk

The Liberty Group holds certain investments in equity securities for long term strategic purposes. These investments are designated as at FVOCI and are revalued with reference to either the quoted ASX security price, or the unquoted unit price, at balance date.

Sensitivity analysis

All of the Liberty Group's listed equity securities are listed on the Australian Securities Exchange (ASX). For such investments classified as FVOCI, an increase/decrease of +2%/-2% (2021: +2%/-2%) in the ASX 200 average would have increased/decreased equity by $856,000 (2021: $1,247,000).

Currency risk

The Liberty Group undertakes certain transactions denominated in foreign currency, hence exposures to exchange rate fluctuations arise. New Zealand denominated financial assets are funded by New Zealand denominated borrowings, thereby creating a natural hedge. In respect of other monetary assets and liabilities held in currencies other than the AUD, for which the exposures are immaterial, the Liberty Group elects not to enter into foreign exchange contracts to hedge the translation exposure, except for Euro and Yen denominated securitisation notes for which the Liberty Group has entered into cross currency interest rate swaps. The foreign exchange translation on the Euro and Yen denominated securitisation notes is perfectly hedged by the foreign exchange hedging effect from the cross currency interest rate swaps, therefore there is no currency risk exposure.

(f) Capital management

The Liberty Group manages its capital to ensure that entities in the Liberty Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining investor, creditor and market confidence.

The Liberty Group maintains a minimum level of capital in liquid form to support future operational initiatives, expected short-term cash outflows and unexpected asset impairment.

There have been no significant changes to the Liberty Group's capital management strategy.

(g) Derivative assets and liabilities

Hedge accounting

The Liberty Group's risk management strategy is to manage market risks within risk limits to minimise profit and capital volatility. The use of derivative instruments for hedging purposes gives rise to potential volatility in the income statement because of mismatches in the accounting treatment between derivative hedging instruments and the underlying exposures being hedged. The Liberty Group's objective is to reduce volatility in the statement of profit or loss and other comprehensive income by applying hedge accounting.

The Liberty Group uses the hypothetical derivative method to assess hedge effectiveness and ineffectiveness for designated cash flow hedge relationships.

This method assumes that the terms of the hypothetical derivative will mirror the terms of the actual hedging instruments. For a hedge to be deemed effective, the change in fair values should be within 80% and 125% of each other. If the results fall outside this range the hedge would be deemed ineffective and is recognised immediately through profit or loss in line with hedge accounting policy.

Source of hedge ineffectiveness affecting hedge accounting are:

- Change in the credit risk of the hedging instrument; and
- Mismatches between the contractual terms of the hedged item and the hedging instrument.

No other sources of hedge ineffectiveness have arisen during the year.

The amounts relating to hedging instruments and hedge ineffectiveness are presented in the tables below.

The average exchange rates were as follows: EUR: 1.6252 (2021: 1.5462); and JPY: 0.0127 (2021: 0.0138).

The average fixed interest rate was 4.7% (2021: 4.3%).

Cash flow hedges	As at 30 June 2022					During the year ended 30 June 2022		
	Nominal amount - maturity			Carrying amount				
$'000	1 - 6 months	7 - 12 months	More than one year	Assets	Liabilities	Change in the value of the hedging instrument recognised in OCI	Hedging ineffectiveness recognised in profit or loss	Amounts reclassified from hedging reserve to profit or loss
Interest rate risk								
Interest rate swaps	7,708	4,114	803,524	30,595	(24)	28,641	-	-
Currency risk								
Cross currency interest rate swaps	20,923	-	682,018	-	(104,115)	(36,653)	-	42,149
	28,631	4,114	1,485,542	30,595	(104,139)	(8,012)	-	42,149
Total hedges	**28,631**	**4,114**	**1,485,542**	**30,595**	**(104,139)**	**(8,012)**	**-**	**42,149**

Notes to the Financial Statements

For the year ended 30 June 2022

Cash flow hedges	As at 30 June 2021					During the year ended 30 June 2021		
	Nominal amount - maturity			Carrying amount				
$'000	1 - 6 months	7 - 12 months	More than one year	Assets	Liabilities	Change in the value of the hedging instrument recognised in OCI	Hedging ineffectiveness recognised in profit or loss	Amounts reclassified from hedging reserve to profit or loss
Interest rate risk								
Interest rate swaps	6,264	38,536	939,464	547	(10,875)	11,142	-	-
Currency risk								
Cross currency interest rate swaps	74,558	318,821	289,022	4,651	(74,470)	(57,780)	-	56,645
	80,822	357,357	1,228,486	5,198	(85,345)	(46,638)	-	56,645

Fair value hedges	As at 30 June 2021					During the year ended 30 June 2021		
	Nominal amount - maturity			Carrying amount				
$'000	1 - 6 months	7 - 12 months	More than one year	Assets	Liabilities	Change in the value of the hedged item recognised in profit or loss	Change in the value of the hedging instrument recognised in profit or loss	Hedging ineffectiveness recognised in profit or loss
Interest rate risk								
Interest rate swaps	-	-	-	-	-	3,524	(3,422)	102
	-	-	-	-	-	3,524	(3,422)	102
Total hedges	**80,822**	**357,357**	**1,228,486**	**5,198**	**(85,345)**	**(43,114)**	**(3,422)**	**56,747**

There were no outstanding fair value interest rate swaps at 30 June 2021 or 30 June 2022.

7 Auditors' Remuneration

	2022 $'000	2021 $'000
Audit Services		
Auditor of the Liberty Group - KPMG		
Audit of the financial statements	1,559	1,463
Other regulatory services	142	142
	1,701	1,605
Other services		
Auditor of the Liberty Group - KPMG		
Advisory services	40	21
Other services	37	664
	77	685
Total auditor's remuneration	1,778	2,290

8 Segment Information

(a) Description of Segments

The Liberty Group has identified three operating segments:

- **Residential Finance:** The Residential Finance segment includes revenues and direct expenses associated with residential mortgage lending in Australia and New Zealand.
- **Secured Finance:** The Secured Finance segment includes revenues and direct expenses associated with motor vehicle, commercial and self-managed superannuation fund lending in Australia.
- **Financial Services:** The Financial Services segment includes revenues and direct expenses associated with the activities of Mike Pero Mortgages, Liberty Network Services, National Mortgage Brokers, Australian Life Insurance, LFI, Unsecured Lending, Liberty Financial Limited and Mike Pero Real Estate.
- **Corporate:** administration expenses and interest income and expense not directly related to operating segments.

The Liberty Group's segments operate principally in Australia and New Zealand. A segment overview is presented below. During the year ended 30 June 2022, $805 million of external revenue was generated within Australia (2021: $784 million) and $64 million of external revenue was generated within New Zealand (2021: $69 million). At 30 June 2022 there were $12,023 million non-current assets in Australia (2021: $12,080 million) and $300 million non-current assets in New Zealand (2021: $236 million).

Australia charges New Zealand a management fee. Sales between segments are carried out at arm's length and are eliminated on consolidation when they arise within the Liberty Group.

(b) Segment Overview

2022	Residential Finance $'000	Secured Finance $'000	Financial Services $'000	Corporate $'000	Total $'000
Interest income	345,664	226,803	36,680	12,879	622,026
Other finance income	31,131	30,254	172,166	-	233,551
Other operating income	46	(25)	11,237	2,317	13,575
Interest expense	(144,682)	(66,719)	(9,125)	(13,316)	(233,842)
Recoveries/(impairment expense)	4,462	1,420	(5,701)	-	181
Other finance expenses	(41,042)	(25,323)	(138,589)	(23,990)	(228,944)
Net margin as reported by the Liberty Group	**195,579**	**166,410**	**66,668**	**(22,110)**	**406,547**
Operating expenses	(20,567)	(10,612)	(36,963)	(69,597)	(137,739)
Depreciation and amortisation	-	-	-	(17,894)	(17,894)
Tax expense	-	-	-	(31,605)	(31,605)
Profit from continuing operations	**175,012**	**155,798**	**29,705**	**(141,206)**	**219,309**
Segment Balance Sheet Information					
Total Segment Assets	8,967,073	3,914,947	580,652	862,531	14,325,203
Total Assets reported by the Liberty Group	**8,967,073**	**3,914,947**	**580,652**	**862,531**	**14,325,203**
Total Segment Liabilities	8,528,853	3,339,191	384,644	956,378	13,209,066
Total Liabilities reported by the Liberty Group	**8,528,853**	**3,339,191**	**384,644**	**956,378**	**13,209,066**

Notes to the Financial Statements

For the year ended 30 June 2022

2021	Residential Finance $'000	Secured Finance $'000	Financial Services $'000	Corporate* $'000	Total $'000
Interest income	350,017	222,605	30,204	19,209	622,035
Other finance income	28,169	28,731	154,222	127	211,249
Other operating income	-	-	17,769	2,017	19,786
Interest expense	(162,481)	(69,403)	(9,046)	(12,031)	(252,961)
Recoveries/(impairment expense)	4,599	2,002	(6,971)	-	(370)
Other finance expenses	(37,924)	(23,689)	(122,991)	(21,573)	(206,177)
Net margin as reported by the Liberty Group	**182,380**	**160,246**	**63,187**	**(12,251)**	**393,562**
Operating expenses	(17,821)	(9,471)	(35,336)	(100,694)	(163,322)
Depreciation and amortisation	-	-	-	(17,842)	(17,842)
Tax expense	-	-	-	(27,021)	(27,021)
Profit from continuing operations	**164,559**	**150,775**	**27,851**	**(157,808)**	**185,377**
Segment Balance Sheet Information					
Total Segment Assets	8,793,049	3,414,610	485,837	866,418	13,559,914
Total Assets reported by the Liberty Group	**8,793,049**	**3,414,610**	**485,837**	**866,418**	**13,559,914**
Total Segment Liabilities	8,504,387	2,794,513	347,536	883,409	12,529,845
Total Liabilities reported by the Liberty Group	**8,504,387**	**2,794,513**	**347,536**	**883,409**	**12,529,845**

* Restated on account of prior period correction of error. See note 31.

9 Other Finance Income

	2022 $'000	2021 $'000
Effective yield fee income on financial assets measured at amortised cost	39,927	35,635
Lending fee income	33,907	33,479
Commission income	159,717	142,012
Unrealised gain on assets and liabilities	-	104
Net foreign exchange gain	-	19
	233,551	211,249

Effective yield fee income on financial assets measured at amortised cost is considered part of interest income. Lending fee income and commission income is recognised in accordance with AASB 15 *Revenue from Contracts with Customers.*

10 Finance Expense

	2022 $'000	2021 $'000
Interest expense on financial liabilities measured at amortised cost	223,683	239,560
Net interest expense on interest rate swaps	10,159	13,401
Effective yield costs on financial liabilities measured at amortised cost	15,297	13,856
Interest on lease liabilities	275	319
Lending costs	17,151	15,414
Commission expense	195,998	176,588
Unrealised loss on assets and liabilities	8	-
Net foreign exchange loss	215	-
	462,786	459,138

11 Personnel Expense

	Note	2022 $'000	2021 $'000
Wages, salaries and on-costs		68,837	68,244
Share-based payment expense	14	1,334	13,907
Superannuation	24	5,636	4,877
Long service leave		712	525
Annual leave		3,745	3,984
Other personnel expenses		3,585	3,545
		83,849	95,082

12 Other Expenses

	Note	2022 $'000	2021 $'000
Occupancy expenses		3,493	3,246
Loan establishment and management		13,818	12,918
Technology, communications and marketing		16,326	15,086
Depreciation	19	5,259	5,271
Amortisation and impairment	21	12,635	12,571
Costs relating to IPO		-	12,362
Other operating expenses and professional fees		20,253	24,628
		71,784	86,082

Notes to the Financial Statements

For the year ended 30 June 2022

13 Income Tax Expense

	2022 $'000	2021 $'000
Recognised in profit or loss		
Current year	22,946	26,544
Prior year adjustments	309	-
	23,255	26,544
Deferred tax expense		
Origination and reversal of temporary differences	8,383	(796)
Tax losses	129	609
Prior year adjustments	(162)	664
Income tax expense	31,605	27,021
Recognised in other comprehensive income		
Unrealised gain on fair value of financial assets at FVOCI	(5,212)	5,343
	26,393	32,364
Reconciliation between tax expense and profit		
Profit before income tax	250,914	212,398
Income tax using domestic corporation tax rate of 30% (2021: 30%)	75,274	63,719
Net movement in income tax due to:		
International differential in tax rate	145	(148)
Non-deductible expenses	2,272	5,677
Non-assessable income	(45,273)	(42,606)
Fees transferred	(651)	(285)
Prior year adjustments	(162)	664
Income tax expense on profit	31,605	27,021

14 Share-Based Payment Arrangement

(a) Description of share-based payment arrangements

During the year the Liberty Group board exercised its discretion to allow employees the choice to cash-settle their Medium Term Incentive deferred equity awards, which were granted on 10 December 2020 as equity-settled awards, and vested on 10 December 2021. As a result, the accounting treatment of all Medium Term Incentive deferred equity awards has been modified from equity-settled to cash-settled from 22 December 2021.

During the year to 30 June 2022, the Liberty Group made the following share-based payment arrangements.

(i) Medium Term Incentive Plan (cash settled)

On 22 December 2021 and 24 December 2021 the Liberty Group granted Medium Term Incentive deferred equity awards to employees under the Company's Equity Incentive Plan. This award represents the two-thirds deferred equity portion of the Medium Term Incentive for the financial year ended 30 June 2021. In total 790,040 awards were granted with a total value at grant date of $3,950,200. Each award represents a right to receive one stapled security in the capital of the Liberty Group at no cost. The Liberty Group has the discretion to make a cash payment of equivalent value instead of issuing the stapled securities. The remaining one-third totalling $1,975,100 was paid to employees in cash in December 2021.

The awards will vest as follows:

- 50% of the Awards will vest on 1 December 2022, subject to the relevant employee remaining continuously employed by a member of the Liberty Group from the grant date until that time; and
- 50% of the Awards will vest on 1 December 2023, subject to the relevant employee remaining continuously employed by a member of the Liberty Group from the grant date until that time.

The fair value of the Medium Term Incentive plan was determined using the Black-Scholes model.

Details of awards granted to key management personnel are as follows:

Grant date/employees entitled	Number of awards	Vesting conditions	Contractual life of awards
Awards granted to key management personnel on 22 December 2021	159,600	Refer to vesting conditions of the Medium Term Incentive Plan. The Plan is unchanged from the prior year.	2 years
Awards granted to key management personnel on 24 December 2021	106,400		

The fair value of the amount payable to employees in respect of medium term incentive equity awards, which are accounted for as cash-settled share based payments, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date based on the fair value of the medium term incentive deferred equity awards. Any changes in the liability are recognised in profit or loss.

During the year to 30 June 2021, the Liberty Group made the following share-based payment arrangements.

(ii) Medium Term Incentive Plan (equity settled)

On 10 December 2020 the Liberty Group offered to employees a Medium Term Incentive deferred equity award under the Company's Equity Incentive Plan. This award represents the two-thirds deferred equity portion of the Medium Term Incentive for the financial year ended 30 June 2020. In total 412,360 awards were granted with a total value at grant date 10 December 2020 of $2,295,000. Each award represents a right to receive one stapled security in the capital of the Liberty Group at no cost. The Liberty Group has the discretion to make a cash payment of equivalent value instead of issuing the stapled securities. The remaining one-third totalling $1,147,500 was paid to employees in cash in December 2020.

The awards vest as follows:

- 50% of the Awards vested on the first anniversary of the Grant Date (15 December 2021), subject to the relevant employee remaining continuously employed by a member of the Liberty Group from the grant date until that time; and
- 50% of the Awards vested on the second anniversary of the Grant Date, subject to the relevant employee remaining continuously employed by a member of the Liberty Group from the grant date until that time.

The fair value of the Medium Term Incentive plan was determined using the Black-Scholes model.

Notes to the Financial Statements

For the year ended 30 June 2022

Details of awards granted to key management personnel are as follows:

Grant date/employees entitled	Number of awards	Vesting conditions	Contractual life of awards
Awards granted to key management personnel on 10 December 2020	129,964	Refer to vesting conditions of the Medium Term Incentive Plan	2 years

(iii) Liberty Group Employee Gift Offer (equity settled)

On 15 December 2020 the Liberty Group made an employee gift offer to each eligible employee of 166 Securities in the capital of the Liberty Group, which at grant date equated to a value of $996. In total 65,404 Securities were granted with a total value at Grant Date of $392,424. The Securities have vested to the employees and are currently held in trust on their behalf for a period of 3 years from grant date 15 December 2020. The employees are not able to dispose of the Securities whilst they are held in trust.

The fair value of the employee gift offer was determined using the Black-Scholes model.

(iv) IPO Bonus Security Rights (equity settled)

On 15 December 2020, the Liberty Group offered IPO Bonus Security Rights, a discretionary one-time issue, to eligible staff members. In total 14,133,870 IPO Bonus Security Rights were issued, with a total value of $12,750,000 at grant date. Each IPO Bonus Security Right provides a right to subscribe for one Security in the capital of the Liberty Group, at a price of $6.00 (the "exercise price"), at any point in time for a period of 15 years after Grant Date 15 December 2020 (the "exercise date"). The Liberty Group has the discretion to make a cash payment representing the difference between the exercise price and the value of the Securities at the exercise date instead of issuing the Securities.

The IPO Bonus Security Rights have the following restrictions:

- One-third of any Securities resulting from an exercise of the rights will be subject to a disposal restriction ending on the third anniversary of the Liberty Group's IPO;
- One-third of any Securities resulting from an exercise of the rights will be subject to a disposal restriction ending on the fourth anniversary of the Liberty Group's IPO; and
- One-third of any Securities resulting from an exercise of the rights will be subject to a disposal restriction ending on the fifth anniversary of the Liberty Group's IPO.

The fair value of the IPO bonus security rights was determined using the Black-Scholes model.

Details of rights granted to key management personnel are as follows:

Grant date/employees entitled	Number of rights	Vesting conditions	Contractual life of rights
Rights granted to key management personnel on 15 December 2020	1,336,154	Refer to vesting restrictions of the IPO Bonus Security Rights	15 years

(b) One-off Service fee

A one-off fee was paid to each Non-Executive Director for services provided by them in connection with the IPO. In total 60,000 Securities were issued to the Non-Executive Directors with a total value of $360,000.

(c) Measurement of grant date and measurement date fair values

The fair value of the Medium Term Incentive Plan has been measured using the Black-Scholes model.

Cash-settled share based payment arrangements

During the year ended 30 June 2022

	Medium Term Incentive Plan			
	Grant Date		Measurement Date	
	Tranche 1 (see (a)(i))*	Tranche 2 (see (a)(i))*	Tranche 1 (see (a)(i))*	Tranche 2 (see (a)(i))*
Dates	22-Dec-21	22-Dec-21	30-Jun-22	30-Jun-22
Fair value	$5.20	$4.80	$3.85	$3.49
Security price	$5.66	$5.66	$4.02	$4.02
Exercise price	-	-	-	-
Expected volatility (Weighted average volatility)	32.50%	32.50%	30.00%	30.00%
Security right life (expected weighted average life)	1 year	2 years	1 year	2 years
Expected distributions	8.00%	8.00%	9.97%	9.97%
Risk-free interest rate (based on government bonds)	0.68%	0.68%	2.37%	2.60%

* The terms of Tranche 1 and Tranche 2 of the Medium Term Incentive granted during the year ended 30 June 2022 are the same for Key Management Personnel and all other employees including senior managers.

Expected volatility has been estimated based on the historical volatility of the Liberty Group's Security price, as well as the historical volatility of benchmark listed companies.

Equity-settled share based payment arrangements

During the year ended 30 June 2021

	Medium Term Incentive Plan			
	Grant Date		Measurement Date	
	Tranche 1 (see (a)(ii))*	Tranche 2 (see (a)(ii))*	Tranche 1 (see (a)(i))*#	Tranche 2 (see (a)(i))*
Dates	10-Dec-20	10-Dec-20	30-Jun-22	30-Jun-22
Fair value	$5.69	$5.39	$4.33	$3.84
Security price	$6.00	$6.00	$4.02	$4.02
Exercise price	-	-	-	-
Expected volatility (Weighted average volatility)	35.00%	35.00%	n/a	30.00%
Security right life (expected weighted average life)	1 year	2 years	n/a	2 years
Expected distributions	5.50%	5.50%	n/a	9.97%
Risk-free interest rate (based on government bonds)	0.08%	0.08%	n/a	2.37%

* The terms of Tranche 1 and Tranche 2 of the Medium Term Incentive granted during the year ended 30 June 2021 are the same for Key Management Personnel and all other employees including senior managers.

\# Tranche 1 of the awards granted during the year ended 30 June 2021 vested on 10 December 2021, and therefore fair value has been calculated as the volume-weighted average price of the Liberty Group's Securities for the 20 trading days to 30 June 2022. This reflects the cash that would have been paid by the Liberty Group, assuming all of the Tranche 1 options were cash-settled on 30 June 2022.

Notes to the Financial Statements

For the year ended 30 June 2022

During the year ended 30 June 2021

	Grant Date	
	Liberty Group Employee Gift Offer (see (a)(iii))	IPO Bonus Security Rights (see (a)(iv))*
Fair value at grant date	$6.00	$0.90
Security price at grant date	$6.00	$6.00
Exercise price	n/a	$6.00
Expected volatility (Weighted average volatility)	n/a	35.00%
Option life (expected weighted average life)	n/a	7.5 years
Expected distributions	n/a	5.50%
Risk-free interest rate (based on government bonds)	n/a	0.53%

* The terms of the IPO Bonus Security Rights granted during the year ended 30 June 2021 are the same for Key Management Personnel and all other employees including senior managers.

(d) Liabilities arising from share-based payment transactions

Details of liabilities arising from share-based payment transactions are as follows:

	Note	2022 $'000	2021 $'000
Total carrying amount of liabilities for share-based payments*	22	1,771	-
Total intrinsic value of liabilities for vested benefits		-	-

* Nil as at 30 June 2021 due to MTI deferred equity awards granted in December 2020 being equity-settled. During the year ended 30 June 2022 the accounting treatment of all MTI deferred equity awards was modified from equity-settled to cash-settled.

15 Financial Assets

(a) Financial assets comprises:

	2022 $'000	2021 $'000
Gross financial assets at amortised cost	12,933,907	12,280,816
Net financial assets at amortised cost	12,979,329	12,314,699
Less:		
Specific provision for financial asset impairment	(10,697)	(21,034)
Collective provision for financial asset impairment	(52,692)	(54,274)
	12,915,940	12,239,391

Net financial assets include unamortised effective yield fees and other adjustments.

(b) Contractual maturity analysis

	2022 $'000	2021 $'000
Not longer than 12 months	250,258	316,455
Longer than 12 months and less than 5 years	1,703,032	1,586,812
Greater than 5 years	10,962,650	10,336,124
	12,915,940	12,239,391

(c) Geographic concentration of financial assets

	2022 $'000	2021 $'000
New South Wales/ACT	3,954,967	3,810,744
Victoria/Tasmania	4,766,170	4,456,241
Queensland	2,357,845	2,225,416
Western Australia	1,011,354	1,020,604
South Australia/Northern Territory	533,144	496,594
New Zealand	292,460	229,792
	12,915,940	12,239,391

16 Trade Receivables and Other Assets

	Note	2022 $'000	2021 $'000
Loans to related parties	28	140,486	157,212
Commission receivable		108,900	98,897
Other assets		38,012	31,786
Income tax receivable		29,056	-
Other loans		457	3,263
		316,911	291,158

Current trade receivables and other assets are $224,181,000 (2021: $206,822,000) and non-current are $92,545,000 (2021: $84,336,000). Loans to related parties are unsecured.

17 Other Investments

	2022 $'000	2021 $'000
Corporate bonds	7,255	7,441
Other equity investments	37,509	41,711
	44,764	49,152

Current other investments are $7,295,000 (2021: $3,243,000) and non-current other investments are $37,469,000 (2021: $45,909,000). Other equity investments are included within non-current other investments.

Notes to the Financial Statements

For the year ended 30 June 2022

18 Deferred Tax Assets and Liabilities

	Assets		Liabilities		Net	
	2022 $'000	2021* $'000	2022 $'000	2021 $'000	2022 $'000	2021* $'000
Recognised deferred tax assets and liabilities						
Property, plant and equipment	(8,383)	(4,978)	5,310	2,331	(3,073)	(2,647)
Employee benefits	(9,212)	(8,236)	8	272	(9,204)	(7,964)
Provisions	(20,154)	(24,453)	-	-	(20,154)	(24,453)
Capitalised costs	(3,511)	(4,611)	-	-	(3,511)	(4,611)
Acquisition costs	-	-	17,811	14,006	17,811	14,006
Effective yield adjustment	(16,972)	(14,723)	19,267	18,080	2,295	3,357
Other items	(2,196)	661	26,955	12,858	24,759	13,519
Tax losses	(4,130)	(3,869)	-	-	(4,130)	(3,869)
Deferred tax (assets)/liabilities	(64,558)	(60,209)	69,351	47,547	4,793	(12,662)

	Balance 1-Jul-21* $'000	Transfer $'000	Recognised in income $'000	Recognised in equity $'000	Balance 30-Jun-22 $'000
Movement in temporary differences during the year					
Property, plant and equipment	(2,647)	-	(426)	-	(3,073)
Employee benefits	(7,964)	-	(1,240)	-	(9,204)
Provisions	(24,453)	-	4,299	-	(20,154)
Capitalised costs	(4,611)	-	1,100	-	(3,511)
Acquisition costs	14,006	-	3,805	-	17,811
Effective yield adjustment	3,357	-	(1,062)	-	2,295
Other items	13,519	-	1,953	9,287	24,759
Tax losses	(3,869)	-	(79)	(182)	(4,130)
Deferred tax (assets)/liabilities	(12,662)	-	8,350	9,105	4,793

* Restated on account of prior period correction of error. See note 31.

19 Property, Plant and Equipment

	Furniture, equip. and fittings $'000	Computer equip. $'000	Other fixed assets $'000	Leasehold improve-ments $'000	Leased motor vehicles $'000	Land and buildings $'000	Total $'000
Cost							
Balance at 1 July 2020	1,047	7,525	259	6,425	1,753	19,506	36,515
Acquisitions	206	1,498	97	1,780	741	-	4,322
Disposals	(66)	(2,015)	(42)	(1)	(579)	-	(2,703)
Additions to right-of-use assets	-	195	-	-	-	-	195
Foreign exchange movements	(1)	(4)	-	(3)	(1)	-	(9)
Balance at 30 June 2021	1,186	7,199	314	8,201	1,914	19,506	38,320
Balance at 1 July 2021	1,186	7,199	314	8,201	1,914	19,506	38,320
Acquisitions	296	996	48	1,846	184	92	3,462
Disposals	-	(195)	-	(4)	(37)	-	(236)
Additions to right-of-use assets	-	-	-	-	-	2,057	2,057
Foreign exchange movements	(4)	(28)	(5)	(24)	(5)	-	(66)
Balance at 30 June 2022	1,478	7,972	357	10,019	2,056	21,655	43,537
Depreciation							
Balance at 1 July 2020	782	5,295	153	2,949	499	3,603	13,281
Depreciation charge for the year	140	1,432	87	519	351	370	2,899
Disposals	(40)	(1,866)	(20)	-	(252)	-	(2,178)
Depreciation of right-of-use asset	-	58	-	-	-	2,314	2,372
Foreign exchange movements	-	(4)	-	(3)	-	3	(4)
Balance at 30 June 2021	882	4,915	220	3,465	598	6,290	16,370
Balance at 1 July 2021	882	4,915	220	3,465	598	6,290	16,370
Depreciation charge for the year	151	1,385	54	633	402	371	2,996
Disposals	-	(195)	-	(1)	(24)	-	(220)
Depreciation of right-of-use asset	-	31	-	-	-	2,232	2,263
Foreign exchange movements	(2)	(29)	(3)	(21)	(3)	8	(50)
Balance at 30 June 2022	1,031	6,107	271	4,076	973	8,901	21,359
Carrying amounts							
At 1 July 2020	265	2,230	106	3,476	1,254	15,903	23,234
At 30 June 2021	304	2,284	94	4,736	1,316	13,216	21,950
At 1 July 2021	304	2,284	94	4,736	1,316	13,216	21,950
At 30 June 2022	447	1,865	86	5,943	1,083	12,754	22,178

Notes to the Financial Statements

For the year ended 30 June 2022

20 Cash and Cash Equivalents

Restricted cash is cash reserves, maintained in accordance with the legal requirements of relevant SPE Trust Deeds and available to meet certain shortfalls in respect of losses and liquidity. This cash is not available as free cash for the operations of the Liberty Group.

In addition to cash reserves, the Liberty Group held liquidity facilities of $13,399,000 (2021: $5,352,000) with third parties. These liquidity facilities are available to meet liquidity shortfalls from time to time. To date, no reserves available to the Liberty Group have ever been utilised for the abovementioned purposes.

(a) Reconciliation of cash and cash equivalents

	2022 $'000	2021 $'000
Cash and cash equivalents at bank	546,898	499,218
Restricted cash	107,139	104,651
Total as disclosed in the statement of cash flows	654,037	603,869

(b) Reconciliation of cash flows from operating activities

	2022 $'000	2021 $'000
Profit after tax	219,309	185,377
Adjustments for:		
Share-based payments	(959)	13,515
Depreciation	5,259	5,271
Amortisation of intangible assets	12,635	12,571
Other non cash items within the statement of profit or loss and other comprehensive income	(4)	142
Profit on business combination achieved in stages	-	(953)
Income in relation to related parties	(3,738)	(4,670)
Net change in financial assets and liabilities designated at fair value through profit or loss	-	(104)
Foreign exchange movement	216	(19)
	13,409	25,753
Profit before changes in working capital and provisions	232,718	211,130
Increase in financial assets	(677,377)	(576,697)
Increase in financing	614,243	499,744
Increase in trade receivables and other assets	(13,239)	(23,448)
Increase in interest and other payables	9,052	20,130
(Decrease)/Increase in income taxes payable	(32,987)	1,483
Increase in provisions	1,535	620
	(98,774)	(78,168)
Net cash from operating activities	133,944	132,962

21 Intangible Assets

(a) Carrying value

	Goodwill $'000	Brand Name $'000	Development costs $'000	Intellectual property $'000	Total $'000
30 June 2021					
Cost and carrying value					
Balance at 1 July 2020	39,528	1,139	3,686	255,584	299,937
Additions	-	-	126	1,533	1,659
Amortisation	-	(143)	(559)	(11,869)	(12,571)
Foreign exchange movements	(34)	(4)	-	-	(38)
Balance at 30 June 2021	39,494	992	3,253	245,248	288,987

	Goodwill $'000	Brand Name $'000	Development costs $'000	Intellectual property $'000	Total $'000
30 June 2022					
Cost and carrying value					
Balance at 1 July 2021	39,494	992	3,253	245,248	288,987
Additions	-	-	161	-	161
Amortisation	-	(143)	(657)	(11,835)	(12,635)
Foreign exchange movements	(268)	(25)	-	-	(293)
Balance at 30 June 2022	39,226	824	2,757	233,413	276,220

(b) Impairment testing for cash generating units containing goodwill

Cash generating units	2022 $'000	2021 $'000
ALI	14,223	14,223
nMB	10,095	10,095
MoneyPlace	6,541	6,541
MPMH	1,612	1,665
MPRE	6,755	6,970
	39,226	39,494

Notes to the Financial Statements

For the year ended 30 June 2022

The carrying amount of goodwill of each CGU is tested for impairment at each statutory reporting date and whenever there is an indicator that the asset may be impaired. If an asset is impaired, it is written down to its recoverable amount. The recoverable amount is based on a value in use calculation using cash flow projections based on the Board approved three-year plan. The cash flow projections are derived from running a number of budget scenarios to arrive at the single most likely view over the next three years, which is incorporated in the value in use model. Cash flows for a further two-year period were extrapolated using declining growth rates and the long-term terminal growth was determined at 2.5% - 3.0% (2021: 1.5% - 2.5%), which does not exceed the long-term average for the sectors and economies in which the CGUs operate.

The key assumptions used in determining value in use are:

Assumption	How Determined
Forecasted revenue and expenses	Forecast revenues and expenses beyond the three year financial year forecast period have been extrapolated using long-term terminal growth rates as follows: • ALI 3% (2021: 2%) • nMB 3% (2021: 2%) • MoneyPlace 3% (2021: 2%) • MPRE 3% (2021: 3%) • MPMH 3% (2021: 3%)
Long term growth rate	The above long-term growth rate for each of the CGUs does not exceed the long-term average growth rate for the sector/industry in which the CGU operates.
Discount rate	The pre-tax discount rate used reflects the CGU's pre-tax nominal weighted average cost of capital (WACC) as follows: • ALI 8% (2021: 6%) • nMB 14% (2021: 8%) • MoneyPlace 11% (2021: 12%) • MPRE 12% (2021: 14%) • MPMH 14% (2021: 8%)

Sensitivity conclusion

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amounts of all CGUs to exceed their respective recoverable amounts.

22 Payables

	2022 $'000	2021* $'000
Distribution payable	85,614	16,760
Share-based payment liability	1,771	-
Interest payable	14,576	10,379
Commission payable	38,112	35,982
Contingent consideration	21,610	19,411
Payables and accruals	48,759	56,776
	210,442	**139,308**

Current payables are $178,127,000 (2021: $89,418,000) and non-current are $32,315,000 (2021: $49,890,000).

* Restated on account of prior period correction of error. See note 31.

23 Financing

	Note	2022 $'000	2021 $'000
Debt issues		8,871,206	9,589,241
Finance facilities		3,861,012	2,565,604
Deposits and unitholder liabilities		66,350	71,291
Loans from related parties	28	3,928	9,799
		12,802,496	**12,235,935**

Current financing are $1,448,668,000 (2021: $1,905,367,000) and non-current are $11,353,828,000 (2021: $10,330,568,000).

Debt issuances

The Liberty Group utilises a variety of flexible funding programmes to issue independently rated debt securities to investors. Security for these debt issues is a combination of fixed and floating charges over the financial assets of the relevant SPE.

The Liberty Group has issued unsecured debt of $1,100,000,000 (2021: $1,050,000,000) which is due to mature between 2023 and 2027 and is recorded at fair value.

Debt issues include transactions between related parties in the normal course of business and on an arm's length basis. All transactions between Liberty Group entities are eliminated on consolidation.

Notes to the Financial Statements

For the year ended 30 June 2022

Finance facilities

The Liberty Group has access to the following lines of credit:

	2022 $'000	2021 $'000
Total facilities available	6,649,682	5,816,514
Facilities utilised at balance date	3,861,012	2,565,604
Facilities not used at balance date	2,788,670	3,250,910

The Liberty Group's financing facilities comprise wholesale and commercial paper facilities. These facilities are provided by a range of institutions with whom the Liberty Group has long-standing relationships. The security for advances under these arrangements is a combination of fixed and floating charges over assets of the Liberty Group.

Bank guarantees

Bank guarantees totalling $1,580,000 (2021: $1,376,000) have been provided by the Liberty Group in relation to credit card facilities, leases on premises and other matters. These guarantees are secured by the assets of the Liberty Group.

24 Provisions

	2022 $'000	2021 $'000
Liability for annual leave and bonus	9,541	8,438
Liability for long service leave	4,306	3,829
Employee entitlements	13,847	12,267
Other provisions	213	258
	14,060	**12,525**
Employee entitlements discount rate	5.07%	1.98%

Superannuation plans

The Liberty Group contributes to a complying superannuation fund nominated by the employees and approved by the Liberty Group. The fund is a defined contribution fund. Details of contributions to these plans during the year and contributions payable at reporting date are as follows:

	2022 $'000	2021 $'000
Employer superannuation contributions	5,636	4,877
Employee entitlements		
Opening balance	12,267	11,600
Provisions made during the year	7,779	7,840
Provisions used during the year	(6,199)	(7,173)
Closing balance	**13,847**	**12,267**
Other provisions		
Opening balance	258	305
Provisions made during the year	208	322
Provisions used during the year	(253)	(369)
Closing balance	**213**	**258**

25 Capital and Reserves

(a) Capital

	2022 $	2021 $
Contributed equity		
303,600,000 stapled securities, fully paid (2021: 303,600,000 stapled securities, fully paid)	719,000,100	719,000,100

The holders of stapled securities are entitled to receive dividends and/or distributions as declared from time to time and are entitled to one vote per stapled security at meetings of the Company.

The Company does not have par value in respect of its stapled securities.

In the event of winding up, the stapled security holders are fully entitled to any proceeds of liquidation.

(b) Dividends and distributions

2022

Distribution information	Cents per stapled security	Total amount ($'000)	Date of payment
Interim 2022 distribution per stapled security	21.0	63,756	15 December 2021
Final 2022 distribution per stapled security	28.2	85,525	31 August 2022
Total		**149,281**	

No interim or final dividend was declared or paid during the year ended 30 June 2022.

2021

Distribution information	Cents per stapled security	Total amount ($'000)	Date of payment
Interim 2021 distribution per stapled security	21.9	66,386	10 December 2020
Final 2021 distribution per stapled security	24.4	74,107	31 August 2021
Total		**140,493**	

2021

Dividend information	Cents per stapled security	Total amount ($'000)	Date of payment	Franked/ unfranked
Interim 2021 dividend per stapled security	19.0	57,670	10 December 2020	100%
Final 2021 dividend per stapled security	-	-	-	
Total		**57,670**		

Dividends declared or paid during the year or after 30 June 2021 were franked with franking credits (13%) and exempting credits (87%).

MPRE did not pay dividend to the previous non-controlling interest during the year ended 30 June 2022 (2021: $259,000). The Liberty Group acquired 100% ownership of MPRE on 28 October 2020. See note 32.

Notes to the Financial Statements

For the year ended 30 June 2022

Dividend franking account

The amount of Australian franking credits available at the 30% tax rate to the Liberty Group for subsequent years is $33.3 million (2021: $11.4 million).

This is calculated from the franking account at year end adjusted for franking credits that will arise from the payment of income tax on profits for the current reporting period.

(c) Reserves

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the following events:

(a) Translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

(b) Long term intercompany loan revaluation taken to the foreign exchange reserve at balance sheet date.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedges over the variability of cash flows arising from floating rate debt and cross currency cash flows.

Revaluation reserve

The revaluation reserve comprises the cumulative net change in fair value on assets measured at fair value through other comprehensive income.

Common control reserve

The difference between the purchase consideration and the net assets acquired on the restructure under common control, which took place on 18 December 2019, were accounted for in equity and transferred to a common control reserve.

Share-based payment reserve

The share-based payment reserve comprises of the Medium Term Incentive Plan and the IPO Bonus Security Rights.

26 Earnings Per Stapled Security (EPS)

Basic earnings per stapled security

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary securityholders of the Liberty Group by the weighted average number of stapled securities outstanding during the year.

Diluted earnings per stapled security

Diluted EPS amounts are calculated by dividing the profit attributable to securityholders of the Liberty Group by the weighted average number of stapled securities during the year plus the weighted average number of stapled securities that would be issued on conversion of all the dilutive potential stapled securities into stapled securities.

	2022 $'000	2021 $'000
Profit attributable to securityholders of the Liberty Group	219,309	185,377
Weighted average number of stapled securities for basic EPS (thousands)	303,600	303,600
Effect of dilution: Medium Term Incentive and IPO Bonus Issue	15,034	14,610
Weighted average number of stapled securities adjusted for the effect of dilution	**318,634**	**318,210**

There have been no other transactions involving stapled securities or potential stapled securities between the reporting date and the date of authorisation of these financial statements.

	2022 Cents	2021 Cents
Basic earnings per stapled security	0.72	0.61
Diluted earnings per stapled security	0.69	0.58

27 Leases

The Liberty Group leases office space throughout Australia and New Zealand. None of the leases include contingent rentals.

The Liberty Group also has finance lease liabilities that are secured by the leased assets.

Information about the Liberty Group's leases is as follows:

(a) Right-of-use assets

	Land and buildings $'000	Production equipment $'000	Total $'000
Balance at 1 July 2020	9,299	55	9,354
Additions to right-of-use assets	-	195	195
Depreciation charge for the year	(2,314)	(58)	(2,372)
Foreign exchange movements	(8)	-	(8)
Balance at 30 June 2021	**6,977**	**192**	**7,169**
Balance at 1 July 2021	6,977	192	7,169
Additions to right-of-use assets	2,057	-	2,057
Depreciation charge for the year	(2,232)	(31)	(2,263)
Foreign exchange movements	(8)	-	(8)
Balance at 30 June 2022	**6,794**	**161**	**6,955**

Notes to the Financial Statements

For the year ended 30 June 2022

(b) Amounts recognised in profit or loss

	2022 $'000	2021 $'000
Depreciation of right-of-use asset	2,263	2,372
Interest expense on lease liabilities	274	349
Expense of short-term leases	6	9

(c) Amounts recognised in statement of cash flows

	2022 $'000	2021 $'000
Total cash outflows for leases	2,664	2,079

28 Related Parties

The following table provides the particulars in relation to controlled entities of the Liberty Group, for which the ultimate parent entity is Hestia Holdings BV. The immediate parent entity of the Company is Vesta Funding BV.

(a) Particulars in relation to controlled entities of Liberty Financial Group Limited and the Liberty Financial Group Trust:

	Ownership interest	
	2022 %	2021 %
Entity name		
A.L.I. Group Pty Ltd	60	60
ALI Corporate Pty Ltd	60	60
ALI Equity Pty Ltd	60	60
Assured Credit Management Pty Ltd	100	100
Australian Life Insurance Administration Pty Ltd	60	60
Australian Life Insurance Distribution Pty Ltd	60	60
Australian Life Insurance Pty Ltd	60	60
Hero Trust	-	-
LFI Group Pty Ltd	100	100
Liberty Borrowdale Trust	100	-
Liberty Charlotte Trust	100	100
Liberty Credit Enhancement Company NZ Limited	100	100
Liberty Credit Enhancement Company Pty Ltd	100	100
Liberty Dealer Finance Pty Ltd	100	-
Liberty Fiduciary Limited	100	100
Liberty Financial Limited	100	100
Liberty Financial Pty Ltd	100	100
Liberty Funding Pty Ltd	100	100
Liberty High Yield Fund	100	100

	Ownership interest	
	2022	2021
	%	%
Liberty Network Services Pty Ltd	100	100
Liberty NZ Warehouse Trust No.1	100	100
Liberty PRIME Series 2021-1 Trust	100	100
Liberty PRIME Series 2021-2 Trust	100	-
Liberty PRIME Series 2022-1 Trust	100	-
Liberty Reps Funding Trust	100	100
Liberty Scarborough Trust	100	100
Liberty Series 2017-1 Auto Trust	-	100
Liberty Series 2017-1 SME Trust	-	100
Liberty Series 2017-2 Trust	-	100
Liberty Series 2017-3 Trust	-	100
Liberty Series 2017-4 Trust	-	100
Liberty Series 2018-1 Auto Trust	100	100
Liberty Series 2018-1 SME Trust	100	100
Liberty Series 2018-1 Trust	100	100
Liberty Series 2018-2 Trust	-	100
Liberty Series 2018-3 Trust	100	100
Liberty Series 2018-4 Trust	100	100
Liberty Series 2019-1 SME Trust	100	100
Liberty Series 2019-1 Trust	-	100
Liberty Series 2019-2 Trust	100	100
Liberty Series 2020-1 Auto Trust	100	100
Liberty Series 2020-1 SME Trust	100	100
Liberty Series 2020-1 Trust	100	100
Liberty Series 2020-2 Trust	100	100
Liberty Series 2020-3 Trust	100	100
Liberty Series 2020-4 Trust	100	100
Liberty Series 2021-1 SME Trust	100	-
Liberty Series 2021-1 Trust	100	100
Liberty Series 2022-1 Auto Trust	100	-
Liberty Series 2022-1 Trust	100	-
Liberty Sirius Trust	100	100
Liberty Term Investment Fund	66	73
Liberty Warehouse Trust 2012-1	100	100
Liberty Warehouse Trust No.1	100	100
Liberty Wholesale Series 2021-1 Trust	100	-
Liberty Wholesale Series 2021-2 Trust	100	-
Liberty Wholesale Trust 2018-1	100	100
Liberty/CS Warehouse Trust 2011-1	100	100
LoanNET Pty Ltd	100	100

Notes to the Financial Statements

For the year ended 30 June 2022

	Ownership interest	
	2022 %	2021 %
Mike Pero (New Zealand) Limited	100	100
Mike Pero Group Limited	100	100
Mike Pero Insurances Limited	100	100
Mike Pero Mortgages Limited	100	100
Mike Pero Real Estate Limited	100	100
Minerva Fiduciary Pty Ltd	100	100
Minerva Funding Pty Ltd	100	100
Minerva Funds Management Limited	100	100
Minerva Holding Trust	100	100
Money Place AFSL Limited	100	100
Money Place Assets Pty Ltd	100	100
Money Place Australia Pty Ltd	100	100
Money Place Holdings Pty Ltd	100	100
MoneyPlace Lending Platform	11	18
MoneyPlace Pty Ltd	100	100
Mosaic Financial Services Pty Ltd	100	100
MPMH Limited	100	100
MPRE Limited	100	100
National Mortgage Brokers (WA) Pty Ltd	100	100
National Mortgage Brokers Pty Ltd	100	100
Priceware Pty Ltd	50	50
Secure Credit Pty Ltd	100	100
Secure Funding Limited	100	100
Secure Funding Pty Ltd	100	100

ALI Corporate Pty Ltd

On 15 November 2017, the Liberty Group acquired preference shares in ALI Corporate Pty Ltd. In November 2020, all preference shares were converted to ordinary shares, resulting in the Liberty Group owning 60% of the equity in ALI Corporate Pty Ltd and its subsidiaries.

Hero Trust and Priceware Pty Ltd

On 30 June 2016, the Liberty Group acquired equity in Priceware Pty Ltd which has an interest in Hero Trust. Hero Trust and Priceware Pty Ltd are consolidated into the Liberty Group financial statements on the basis that the Liberty Group exercises power over the entities and is subject to variability of returns in accordance with relevant accounting standards.

MoneyPlace Holdings Pty Ltd

On 16 June 2021, the Liberty Group acquired an additional 20% of shares in MoneyPlace Holdings Pty Ltd, resulting in 100% ownership of MoneyPlace Holdings Pty Ltd and its subsidiaries.

(b) Transactions with related parties

	2022 $	2021 $
Statement of profit or loss and other comprehensive income items arising from related party transactions		
Distribution paid/payable to related parties of the Liberty Group	(115,520,428)	(120,407,288)
Dividend paid to related parties of the Liberty Group	-	(54,780,733)
Interest income from related parties of the Liberty Group	3,558,959	8,773,835
Assets and liabilities arising from related party transactions		
Aggregate loans to related parties:		
Controlling entities	139,988,878	157,004,157
Other related parties	496,843	207,757
	140,485,721	**157,211,914**
Aggregate loans from related parties:		
Controlling entities	430,795	450,140
Other related parties	3,496,981	9,349,104
	3,927,776	**9,799,244**

(c) Acquisition of non-controlling interests

In February 2021 the Liberty Group acquired 100% of equity in LFI Group Pty Ltd, which was previously accounted for as a non-controlling interest. The carrying amount of LFI Group Pty Ltd's net assets on the date of acquisition was $8,399,000.

	2021 $'000
Carrying amount of NCI acquired ($8,399,000 x 100%)	8,399
Consideration paid to NCI	(8,500)
Change in equity attributable to owners of the Liberty Group	(101)

Notes to the Financial Statements

For the year ended 30 June 2022

29 Parent Entity Disclosures

As at, and throughout, the financial year ended 30 June 2022 the parent entity of the Liberty Group was Liberty Financial Group Limited.

(a) Summary of financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022 $	2021 $
Result of parent entity		
Profit/(loss) for the year	10,741,363	(1,222,551)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	**10,741,363**	**(1,222,551)**
Financial position of the parent entity at year end		
Current assets	31,273,908	29,118,683
Total assets	**1,267,314,916**	**1,220,177,238**
Current liabilities	(501,941)	(7,840,432)
Total liabilities	**(527,775,208)**	**(487,731,777)**
Shareholders' equity		
Issued capital	719,000,100	719,000,100
Reserves	20,539,608	13,445,361
Total equity	**739,539,708**	**732,445,461**

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022 (2021: nil).

30 Key Management Personnel

(a) Directors

The following persons were Directors of the Company during the financial year:

James Boyle	Executive Director
Richard Longes	Non-Executive Director and Chair
Peter Hawkins	Non-Executive Director
Sherman Ma	Executive Director
Leona Murphy	Non-Executive Director

Jane Watts was appointed as a non-executive director on 4 July 2022.

The following persons were Directors of the RE during the financial year:

Richard Longes	Non-Executive Director
Peter Hawkins	Non-Executive Director and Chair
Sherman Ma	Executive Director
Leona Murphy	Non-Executive Director

(b) Other Key Management Personnel

The following persons were key management personnel that had authority and responsibility for planning, directing and controlling activities of the Liberty Group during the financial year:

James Boyle	Chief Executive Officer
Peter Riedel	Chief Financial Officer
Sherman Ma	Executive Director

(c) Key Management Personnel Compensation

The key management personnel compensation included in personnel expenses (refer note 11) is as follows:

	2022 **$**	**2021** **$**
Short-term employee benefits	3,521,110	3,329,087
Superannuation	90,890	79,541
Long service leave	452,908	427,131
Share-based payments	443,333	1,440,058
	4,508,241	**5,275,817**

(d) Loans to Key Management Personnel

Loans totalling nil (2021: nil) were made to key management personnel during the year by the Liberty Group. Repayments of nil (2021: $697,000) were made during the year to the Liberty Group. These loans attract interest at market rates and on termination of employment are repayable on demand. Interest of nil was charged during the year (2021: $14,000). Of the loans to key management personnel, security of nil (2021: nil) is held by the Liberty Group.

(e) Deposits from Key Management Personnel

Certain KMP have deposited, in aggregate, $539,000 (2021: $529,000) in the Liberty Term Investment Fund. The terms and conditions of these deposits were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP on an arm's length basis.

Notes to the Financial Statements

For the year ended 30 June 2022

31 Correction of Errors

During the year the Liberty Group identified that, as a result of a tax cost base reset in the year ended 30 June 2018, the tax cost base of the trail value liability in ALI Corporate Pty Ltd, one of its subsidiaries, had been overstated. Liberty Group has determined that it is appropriate to reflect the correction of this error in the financial years to which it relates, rather than solely in the year ended 30 June 2022. Consequently the results as at 30 June 2021 have been restated. The cost base overstatement impacts deferred tax assets, current tax payable and opening retained earnings. The table below details the impact of this correction.

Consolidated statement of financial position

	Impact of correction of error		
30 June 2021 $'000	**As previously reported**	**Adjustment**	**As restated**
Deferred tax assets	67,462	(7,253)	60,209
Total Assets	13,567,167	(7,253)	13,559,914
Payables	138,403	905	139,308
Total liabilities	12,528,940	905	12,529,845
Retained earnings	440,608	(8,158)	432,450
Other	597,619	-	597,619
Total equity	**1,038,227**	**(8,158)**	**1,030,069**

There is no impact to the Liberty Group's profit or loss or total operating, investing or financing cash flows for the year ended 30 June 2021. A third balance sheet has not been presented as the prior year error was deemed immaterial.

32 Business Combination

On 25 September 2018 the Liberty Group acquired an additional 26% equity interest in MPRE Limited, which was previously equity accounted for. This took the holding to 76%, resulting in MPRE Limited being controlled and consolidated into the Liberty Group's financial statements. The holding increased to 88% on 14 February 2020, and further to 100% on 28 October 2020. No gain or loss has been recognised in the statement of profit or loss and other comprehensive income in the year ended 30 June 2022 (2021: nil).

33 Capital Commitments and Contingent Liabilities

There are no capital commitments as at 30 June 2022 (2021: nil). Contingent liabilities exist in relation to claims and/or possible claims against the Liberty Group which have not yet been resolved. An assessment of the likely outcome and potential loss to the Liberty Group has been made in respect of the identified claims, on a claim by claim basis, and specific provision has been made where it is considered probable that an outflow of economic benefits will occur and the amount can be reliably estimated. The Liberty Group does not consider that the outcome of any current known or potential claim or proceedings, either individually or in aggregate, is likely to materially affect its operations or financial position.

34 Special Purpose Entities

The Liberty Group enters into transactions in the normal course of business that transfers financial assets to special purpose entities. The special purpose entities are consolidated as the Liberty Group is exposed or has rights to variable returns and has the ability to affect its return through its power over the special purpose entities.

The Liberty Group may serve as a servicer, manager, liquidity provider, purchaser of notes and/or purchaser of residual interest and capital units with respect to these special purpose entities.

The table below presents assets securitised and the underlying borrowings as a result of the securitisations.

	2022 $	2021 $
Receivables	24,276,263	21,177,854
Customer loans	11,828,384,175	11,040,421,568
Cash held by securitisation vehicles	408,590,212	357,008,792
Total	**12,261,250,650**	**11,418,608,214**
Borrowings related to receivables and customer loans	11,410,189,862	10,480,330,000

35 Events Subsequent to Balance Date

There has not arisen in the interval between the end of the annual reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Liberty Group, to affect significantly the operations of the Liberty Group, the results of those operations or the state of affairs of the Liberty Group, in future financial years.

Directors' Declaration

For the year ended 30 June 2022

In the opinion of the directors of the Liberty Financial Group Limited and the directors of Liberty Fiduciary Ltd as responsible entity of the Liberty Financial Group Trust (Liberty Group):

(a) the consolidated financial statements and notes, set out on pages 38 to 91 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Liberty Group's financial position as at 30 June 2022 and of its performance for the financial year ended 30 June 2022; and

  (ii) complying with the Australian Accounting Standards and the *Corporations Regulations 2001;* and

(b) there are reasonable grounds to believe that the Liberty Group will be able to pay its debts as and when they become due and payable.

The Directors of the Liberty Group have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and the chief financial officer for the financial year ended 30 June 2022.

The Directors of the Liberty Group draw attention to note 2 (a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors of the Liberty Group:

Richard Longes
Chair

Dated at Melbourne on 26 August 2022

KPMG

Independent Auditor's Report

To the stapled security holders of Liberty Financial Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Liberty Financial Group Limited (the Stapled Group Financial Report).

In our opinion, the accompanying Stapled Group Financial Report is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Stapled Group's*** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** of the Stapled Group comprises:

- Consolidated statement of financial position as at 30 June 2022
- Consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Stapled Group*** consists of Liberty Financial Group Limited and the entities it controlled at the year-end or from time to time during the financial year and Liberty Financial Group Trust and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Stapled Group and Liberty Financial Group Limited and Liberty Fiduciary Ltd (the Responsible Entity) in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<table>
<tr><th colspan="2">Expected credit loss provisioning</th></tr>
<tr><td colspan="2">Refer to Note 4(i), Note 6(c) and Note 15(a) to the Financial Report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Expected credit loss provisioning is a Key Audit Matter due to:
• The significance of the Financial Assets balances to the Stapled Group.
• The high degree of complexity and judgement applied by the Stapled Group in determining the specific and collective provisions related to expected credit losses on Financial Assets, and the resulting judgements and audit effort required by us to challenge these estimates.
Provisions estimated across loan portfolios (collective provisions) - $52,692,293
The Stapled Group measure expected credit losses (ECL) on Financial Assets in accordance with the requirements of AASB 9 Financial Instruments. This incorporates forward-looking macroeconomic assumptions, such as unemployment rates and future house prices, representing the Stapled Group's view of future economic state.
The Stapled Group also apply a model overlay to deal with model uncertainty and bias.
The Stapled Group also exercised judgement in defining indicators of what they consider represents a significant increase in credit risk ("SICR") and in determining the loss</td><td>Our procedures included:
• Testing key controls relating to the Stapled Group's lending and provisioning processes including:
- review and approval by Management of loan applications against the Stapled Group's lending policies.
- review and approval by Management of specific provisions.
- review and approval by Management of the Stapled Group's ECL model methodology, including the application of forward-looking macroeconomic assumptions.
Provisions estimated across loan portfolios (collective provisions)
• Working with our valuation specialists, we:
- assessed the appropriateness of the Stapled Group's provisioning methodology and ECL models, including the model overlays, against the requirements of the accounting standards and industry practice.
- assessed the accuracy of the Stapled Group's ECL model predictions by re-performing the ECL allowance calculations and comparing this to the amount recorded by the Stapled Group.
- obtained and inspected the Stapled Group's analysis and related workings underlying the SICR criteria and staging methodology, and re-perform management's staging assessment for a sample of loans to assess the SICR criteria.
- performed industry comparisons the coverage rates. We did this by using our knowledge of the loan portfolios and comparing the outputs of the models to publicly available data of a group of</td></tr>
</table>

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estimates using ECL models. This estimation is inherently challenging and uses complex models based on the Stapled Group's historical loss experience to predict probability of default and loss given default. We applied a significant level of judgement to assess the key forward-looking macroeconomic assumptions and economic scenarios, including the model overlay used in the ECL models. Complex modelling, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. In assessing this Key Audit Matter, we involved our valuation specialists to supplement our senior team members. *Provisions against specific individual loans (specific provisions) - $10,697,054* For credit impaired loans, the Stapled Group identifies specific ECL estimates based on their judgement of expected future cash flows which have a high risk of default. We focused our audit effort on those higher risk loans identified using factors such as underlying property location and arrears, and the Stapled Groups' specific identification of loans for provisioning which contains significant judgement. The Stapled Group engage a panel of valuation experts.	comparable entities and against our industry experience. - tested the completeness and accuracy of relevant data elements used within ECL models for a sample of customers, such as checking year end balances to the general ledger, arrears and risk ratings to source systems. - challenged the key assumptions used in the ECL models relating to forward-looking information such as unemployment rates, cash rates, GDP growth rates and house price movements with reference to publicly available macro-economic information. This included the assumptions used in the model overlay. - considered sensitivity of the models by varying key macroeconomic assumptions, such as unemployment rates, cash rates, GDP growth rates and house price movements, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. *Provisions against specific individual loans (specific provisions)* - assessed the appropriateness of the Stapled Group's specific provisioning methodology against the requirements of the accounting standards and industry practice. - re-calculated the specific provision for a sample of loans and comparing this to the amount recorded by the Stapled Group. - assessed the scope, competency and objectivity of the Stapled Group's panel of valuation experts to value the specific assets. - performed our independent assessment of recoverability on a sample of credit impaired loans identified as higher risk due to location or level of arrears. To do this we used current external valuations, publicly available data relating to property price movements by location, information from the customers loan file such as security valuation and current arrears level. Assessed the disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standards.

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Other Information

Other Information is financial and non-financial information in Liberty Financial Group's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Liberty Financial Group Limited are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report. Letter from the Chair, Letter from the CEO, Financial Highlights and Business Highlights are expected to be made available to us after the date of the Auditor's Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of Liberty Financial Group Limited are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Stapled Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Stapled Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at:

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https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Liberty Financial Group Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of Liberty Financial Group Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in page 18 to 31 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

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Dean Waters
Partner
Melbourne
26 August 2022

Securityholder Information

For the year ended 30 June 2022

Additional information required by the Australian Securities Exchange Ltd (ASX) and not disclosed elsewhere in this report is set out below. The information is current as at 31 July 2022.

a) Number of Holders of Equity Securities

Contributed equity

303,600,000 fully paid stapled securities are held by 1,197 individual security holders.

All issued stapled securities carry one vote per stapled security.

b) Distribution of Holders of Equity Securities

Fully paid securities

Range	Number of securities	%	Number of holders	%
100,001 and over	297,570,301	98.1%	28	2.3%
10,001 to 100,000	3,840,717	1.3%	139	11.6%
5,001 to 10,000	1,013,008	0.3%	135	11.3%
1,001 to 5000	964,388	0.3%	388	32.4%
1 to 1000	211,586	-	507	42.4%
Total	**303,600,000**	**100.0%**	**1,197**	**100.0%**

Security rights (medium-term incentive)

Range	Number of securities	%	Number of holders	%
100,001 and over	7,466,297	50.8%	22	5.0%
10,001 to 100,000	6,623,308	45.0%	242	55.2%
5,001 to 10,000	573,242	3.9%	87	19.9%
1,001 to 5,000	16,010	0.1%	7	1.6%
1 to 1000	35,080	0.2%	80	18.3%
Total	**14,713,937**	**100.0%**	**438**	**100.0%**

c) Substantial Securityholders

	Number of securities	%
Vesta Funding B.V.	235,127,823	77.4%

d) Twenty Largest Holders of Quoted Equity Securities

		Number of securities	%
1	Vesta Funding B.V	235,127,823	77.4%
2	National Nominees Limited	10,569,081	3.5%
3	Citicorp Nominees Limited	8,059,463	2.7%
4	J P Morgan Nominees Australia Pty Ltd	7,626,615	2.5%
5	HSBC Custody Nominees (Australia) Limited	6,427,888	2.1%
6	USB Nominees Pty Ltd	5,012,424	1.7%
7	Hollypark Holding Pty Ltd	4,070,371	1.3%
8	HSBC Custody Nominees (Australia) Limited - A/C 2	3,209,763	1.1%
9	Roussillon Investments Pty Ltd	3,036,000	1.0%
10	Wroxby Pty Limited	3,000,000	1.0%
11	Ridemax Investments Pty Ltd	2,955,040	1.0%
12	BNP Paribas Noms Pty Ltd	1,955,740	0.6%
13	Bastajc Pty Ltd	1,248,974	0.4%
14	Washington H Soul Pattinson and Company Limited	770,000	0.3%
15	CS Fourth Nominees Pty Limited	745,541	0.2%
16	Helen Toy	647,680	0.2%
17	Neweconomy Com Au Nominees Pty Ltd	472,674	0.2%
18	Brispot Nominees Pty Ltd	412,650	0.1%
19	Lynne Jordan	394,680	0.1%
20	Petlyn Holdings Pty Ltd	328,600	0.1%
		296,071,007	**97.5%**

Securities purchased on market

73,570 Securities at an average Security price of $4.9483 were purchased on-market during the financial year for the purpose of funding the equity settlement of Medium Term Incentive awards under the Equity Incentive Plan.

Voting rights

Subject to the constitutions of the Company and LFGT and to any rights or restrictions for the time being attached to any class or classes of shares, units or stapled securities, on a show of hands, each securityholder present in person or by proxy, representative or attorney has one vote and, on a poll, in the case of a resolution of the Company, one vote for each share in the Company held and, in the case of a resolution of LFGT, one vote for each one dollar of unit value in LFGT.

Company Secretary

Mr Peter Riedel

Registered Office

Level 16, 535 Bourke Street, Melbourne VIC 3000

Share Registry

Link Market Services - Tower 4, 727 Collins Street, Docklands VIC 3008

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Corporate Directory

Principal Registered Office

Liberty Group

Level 16, 535 Bourke Street

Melbourne VIC 3000

Telephone

(03) 8635 8888

Email

service@liberty.com.au

Facsimile

(03) 8635 8888

Website

www.lfgroup.com.au

Notice of AGM

The Annual General Meeting of the Liberty Group will be held on 9 November 2022.

Share Registry

Link Market Services

Tower 4, 727 Collins Street

Docklands VIC 3008

Telephone

1300 554 474

Email

registrars@linkmarketservices.com.au

Stock Listing

Liberty Group is listed on the Australian Securities Exchange (ASX Code: LFG)

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