ASX ANNOUNCEMENT

Liberty

26 February 2024
Markets Announcement Office
ASX Limited

LIBERTY GROUP
APPENDIX 4D AND INTERIM REPORT

In accordance with ASX Listing Rule 4.2A and the *Corporations Act 2001* (Cth), Liberty Group (ASX:LFG) encloses Appendix 4D and the Interim Report for the 6 months ended 31 December 2023.

The following associated documents will be provided separately for lodgement:

1. Media Release; and
2. Investor presentation.

Authorised for disclosure by the Board.

For further information:

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About the Liberty Group

Liberty Group is a leading diversified finance company in Australia and New Zealand. Its businesses include residential and commercial mortgages, motor vehicle finance, personal loans, business loans, broking services, general insurance and investments. Liberty has raised more than $45 billion in global capital markets. Since 1997, Liberty has helped more than 850,000 customers get financial.

LIBERTY GROUP[1]

APPENDIX 4D
For the half-year ended 31 December 2023

Results for announcement to the market

(All comparisons to half-year ended 31 December 2022)	$m	Up/down	Movement %
Revenue from ordinary activities	719.9	up	22.6%
Profit after tax from ordinary activities attributable to members	58.1	down	-44.1%
Net profit after tax attributable to members	58.1	down	-44.1%

Reconciliation of statutory net profit after tax to underlying net profit after tax and before amortisation	31 December 2023 $m	31 December 2022 $m
Statutory net profit after tax	58.1	104.0
Amortisation of IP	5.9	5.9
Statutory net profit after tax and before amortisation[2]	64.0	109.9
MPRE sale-related adjustments		
Commission income	(12.1)	(10.0)
Commission expense	9.7	8.0
Personnel expenses	0.6	0.9
Other expenses - operating expenses	1.2	1.1
Other expenses - impairment of goodwill on consolidation	6.0	-
ALI acquisition-related adjustments		
Commission income	-	(23.1)
Commission expense	-	7.5
Other expenses - contingent consideration	-	9.9
Income tax expense - tax cost base reset	-	(4.0)
Total adjustments	5.4	(9.7)
Tax effect of adjustments	0.2	4.7
Underlying net profit after tax and before amortisation[2]	69.6	104.9

Distribution information	Amount per stapled security (cents)
Interim 2024 distribution per stapled security	12.000000
Record date for determining entitlement to interim distribution	30 November 2023
Payment date of interim distribution	15 December 2023

The Liberty Group Distribution Reinvestment Plan does not apply to the FY24 interim distribution.

Dividend information

No interim 2024 dividend was declared or paid during the half-year ended 31 December 2023.

Net tangible assets per stapled security	31 December 2023 $	31 December 2022 $
Net tangible assets per stapled security	3.02	2.93

Additional information

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2023.

This report is based on the consolidated financial statements for the half-year ended 31 December 2023 which has been reviewed by KPMG.

1 Liberty Group is a stapled entity comprising Liberty Financial Group Limited ABN 59 125 611 574 and Liberty Financial Group Trust ARSN 644 813 847 (Trust) and their respective controlled entities.

2 Net profit after tax excluding the tax-effected impact of amortisation of intangibles.

LIBERTY GROUP

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

The information contained in the interim report for the half-year ended 31 December 2023 should be read in conjunction with the Liberty Group's 2023 Annual Report.

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LIBERTY GROUP
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 period ended 31 December 2023 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 period were:

Independent
Richard Longes (Chair)
Peter Hawkins
Leona Murphy
Jane Watts

Executive
James Boyle
Sherman Ma

All Directors held office throughout the six months ended 31 December 2023 unless stated otherwise.

Company secretary

Peter Riedel

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 period ended 31 December 2023.

Results and review of operations

The consolidated profit after income tax for the six months to 31 December 2023 was $58.1 million (six months to 31 December 2022: $104.0 million). The Liberty Group had financial assets under management as at 31 December 2023 of $14.0 billion (30 June 2023: $13.6 billion).

Total operating income increased by $132.6 million (23%) from $587.3 million in 1H23 to $719.9 million in 1H24 as a result of the following:

- Interest income increased by $149.1 million (34%) from $441.5 in 1H23 million to $590.7 million in 1H24 due to:
  - an increase in average financial assets of 5.8%, from $13.0 billion to $13.8 billion; and
  - an increase in average interest income yield from 6.73% to 8.53% due to an increase in average interest rates and continued portfolio growth in higher yielding Secured and Financial Services segments.

- Fee, commission and other income decreased by $16.6 million (11%) from $145.8 million in 1H23 to $129.2 million in 1H24 due to:
  - lower commission income of $22.2 million, including a $26.0 million decrease in the commission receivable on the portfolio of ALI insurance policies, $23.1 million of which is due to a one-off increase in 1H23 when ALI was acquired by the Liberty Group; offset by $4.1 million higher commission income from the Liberty Group's Australian and New Zealand distribution businesses;
  - higher lending fee income of $4.4 million, largely due to higher loan originations in the Financial Services segment; and
  - higher other income of $1.7 million.

Results and review of operations (cont.)

Total expenses increased by $180.6 million (38%) from $472.6 million in 1H23 to $653.2 million in 1H24 as a result of the following:

- Interest expense increased by $162.3 million (64%) from $252.8 million in 1H23 to $415.1 million in 1H24 due to:
  - an increase in average borrowings of 9.6%, from $12.9 billion to $14.2 billion; and
  - an increase in the weighted average cost of borrowing from 3.88% to 5.82% due to an increase in the Liberty Group's average funding benchmark (180bps) and an increase in the average funding margin (14bps).

- Fee and commission expenses increased by $4.1 million (3.4%) from $120.0 million in 1H23 to $124.1 million in 1H24 due to:
  - higher commission expense of $3.8 million, including $7.7 million for origination commissions for the Secured Finance segment and $3.7 million commissions for the Australian and New Zealand distribution businesses; offset by an $8.3 million decrease in commission payable on the portfolio of ALI insurance policies, $7.5 million of which is due to a one-off increase in 1H23 when ALI was acquired by the Liberty Group.
  - higher liquidity fees and borrowing costs of $1.9 million; offset by
  - lower effective yield fees on financial liabilities measured at amortised costs of $1.7 million.

- Impairment of financial assets increased by $12.7 million from $3.7 million in 1H23 to $16.4 million in 1H24 largely due to higher collective provision expense for expected losses of $8.3 million and higher specific provision expense of $3.3 million, both driven by a change in asset mix towards the Secured and Financial Services segments.

- Personnel expenses increased by $1.9 million (4.2%) from $45.3 million in 1H23 to $47.2 million in 1H24 due to an increase in average FTE staff from 537 in 1H23 to 556 in 1H24.

- Other expenses decreased by $0.4 million (0.7%) from $50.8 million in 1H23 to $50.4 million in 1H24 largely due to:
  - one-off contingent consideration of $9.9 million being recognised in 1H23 as a result of the acquisition ALI; offset by
  - a one-off $6.0 million impairment of goodwill for the MPRE cash generating unit, following an agreement being entered into for the sale of the business;
  - an increase of $1.5 million in technology, marketing and communications expenses to drive continued business growth; and
  - an increase of $1.2 million in corporate and professional fees.

The effective income tax rate increased from 9.4% in 1H23 to 12.9% in 1H24, due to a one-off tax cost base reset in 1H23, as a result of the acquisition of ALI.

Profit after tax decreased by $45.9 million (44%) from $104.0 million in 1H23 to $58.1 million in 1H24 due to the reasons indicated above.

The Liberty Group originated $2.9 billion in new financial assets in 1H24 ($2.8 billion in 1H23) resulting in an increase in total financial assets to $14.0 billion. New financial asset origination was financed by the issuance of 3 new securitisation vehicles totalling $2.8 billion.

In 1H24 the Liberty Group's total assets of $15.7 billion was 13.5 times total equity of $1.2 billion, compared to 12.5 times in 1H23.

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
- Drive Liberty 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;
- 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 economic growth to slow domestically and in Australia's major trading partners during 2024, with previous interest rate rises impacting consumer spending. Economic growth is expected to recover to its pre-pandemic average over the next two years. Domestic inflation is beginning to moderate, but remains above the RBA's target range and is not expected to reduce to within the range until 2025. The official cash rate has been held at 4.35% since November 2023 but further rate rises remain a possibility if inflation is persistent.

The Liberty Group has seen a reduction in arrears on its loan portfolio in the six months to 31 December 2023, as customers have adapted to the higher interest rate environment. This follows the increase in arrears in the 12 months to 30 June 2023, that resulted from higher customer repayment obligations as a result of interest rate increases. The arrears level remains below the Liberty Group's historic averages. Of those customers in Stage 3 of the ECL impairment model, 55% (by loan balance) continue to make active repayments representing 87% of their contractual repayment amounts. The Liberty Group is working closely with its customers to manage the impact of these higher arrears levels, while ensuring appropriate customer outcomes.

At the date of signing of the financial statements, there is still significant uncertainty on the ultimate impact of inflation and increased 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.

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.

The Board has overall responsibility for the establishment and oversight of the Liberty Group's Risk Management Framework (RMF). 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 RMF and the material risks faced by the Liberty Group. The Committee is assisted in its oversight by the Group Risk and Compliance (GRC) function which coordinates, sets policy and monitors the Liberty Group's effectiveness in relation to the various material risks, both financial and non-financial in nature. 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.

Risks (cont.)

The Liberty Group's Risk Appetite Statement (RAS) outlines risk appetite, the quantitative and qualitative tolerance levels for each risk type and the regular reporting processes. The RAS is a component of the RMF. The Board is responsible for the RAS and oversight of its operation by management. Actual performance is monitored against the risk tolerances and presented to the Board at each meeting.

Strategic risk
Strategic risk is the potential impact on earnings and capital arising from business decisions, implementing the business strategy, monitoring competitor activity and responsiveness to external change, including reputational and regulatory risk.

The business strategy is monitored by management and any changes arising in the business environment, new business opportunities, product development and/or acquisition includes a formal risk assessment as part of the planning process.

Financial risk
Financial risks identified by the Liberty Group are credit risk, liquidity risk and market risk. These risks are covered by the Liberty Group's RMF, and are supported by an established network of systems, policies, standards and procedures which are overseen by the Board and the Committee.

The definition and management of these financial risks are outlined in further detail in Note 5 of the Financial Report.

Operational risk
Operational risk is the risk associated with loss resulting from inadequate or failed internal processes and systems. The Liberty Group has identified the following material operational risks in the RMF:
- Technology failure, cyber, cloud computing and data breach risk
- Reputational risk
- Loss of key persons risk
- External, internal and introducer fraud
- Regulatory and compliance risk
- Staff competency, discrimination and harassment, OHS risk
- Financial crime/anti-money laundering risk
- State of emergency risk
- Third party risk

Operational risk is managed by the Group Manager Risk and Compliance through the implementation of appropriate policies and plans.

In relation to technology risks, the Liberty Group has processes in place to mitigate the threat of technology infrastructure failures and potential cyber-attacks. These include continuous monitoring and reporting of the Liberty Group's attack surface, internal device controls, Cloud controls and data-protection controls to Board. All Liberty Group staff undertake annual cyber-security awareness training and are given regular phishing simulations.

Technology related risks are managed by the Group Manager Customer Experience.

Dividends and distributions

The Company did not declare or pay a dividend during the period ended 31 December 2023 (31 December 2022: nil).

LFGT paid an interim distribution of 12 cents per stapled security on 15 December 2023 (15 December 2022: 21 cents per stapled security).

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 period under review.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the half-year ended 31 December 2023.

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 condensed interim financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the Directors:

Richard Longes
Chair

Dated at Melbourne on 23 February 2024.

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 review of Liberty Financial Group Limited for the half-year ended 31 December 2023 there have been:

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

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

KPMG

KPMG

Dean Waters

Partner

Melbourne

23 February 2024

LIBERTY GROUP
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Six months to 31 December 2023 $'000	Six months to 31 December 2022 $'000
Interest income on financial assets measured at amortised cost		589,180	440,386
Interest income on financial assets measured fair value		1,473	1,145
Effective yield fee income on financial assets measured at amortised cost		21,487	21,779
Other finance income	7	104,885	122,845
Other income		2,866	1,171
Total operating income		719,891	587,326
Finance expense	8	(539,149)	(372,799)
Impairment on financial assets measured at amortised cost		(16,404)	(3,679)
Personnel expenses	9	(47,227)	(45,325)
Other expenses	10	(50,439)	(50,818)
Total operating expense		(653,219)	(472,621)
Profit before income tax		**66,672**	**114,705**
Income tax expense	11	(8,615)	(10,755)
Profit after tax		**58,057**	**103,950**
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		(1,140)	(670)
		(1,140)	(670)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		1,850	5,566
Net change in fair value of cash flow hedges		(23,790)	(720)
Related income tax		342	201
		(21,598)	5,047
Total comprehensive income for the period		**35,319**	**108,327**
Profit attributable to:			
Equity holders of the Liberty Group			
Attributable to Liberty Financial Group Limited		21,827	40,359
Attributable to LFGT		36,441	63,766
Non-controlling interests - other		(211)	(175)
Profit for the period		**58,057**	**103,950**
Total comprehensive income attributable to:			
Equity holders of the Liberty Group			
Attributable to Liberty Financial Group Limited		22,879	44,736
Attributable to LFGT		12,651	63,766
Non-controlling interests - other		(211)	(175)
Total comprehensive income for the period		**35,319**	**108,327**
Earnings per stapled security		**0.19**	**0.34**
Diluted earnings per stapled security		**0.19**	**0.34**

The Condensed Interim 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 12 to 42.

LIBERTY GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Liberty Group										
	Contributed equity $'000	**Share-based payment reserve $'000**	**Cash flow hedge reserve $'000**	**Foreign currency translation reserve $'000**	**Revaluation reserve $'000**	**Common control reserve $'000**	**Retained profits $'000**	**Members of the Liberty Group $'000**	**Non-controlling interests - LFGT $'000**	**Non-controlling interests - other $'000**	**Total equity $'000**
Balance at 1 July 2022	719,000	12,556	24,217	(6,828)	2,081	(136,020)	502,881	1,117,887	-	(1,750)	1,116,137
Equity-settled share-based payment	-	450	-	-	-	-	-	450	-	-	450
Settlement of equity-settled share-based payments	-	(15)	-	-	-	-	-	(15)	-	-	(15)
Other comprehensive income for the period	-	-	(720)	5,566	(469)	-	-	4,377	-	-	4,377
Profit/(loss) for the period	-	-	-	-	-	-	40,359	40,359	63,766	(175)	103,950
Distributions provided for or paid	-	-	-	-	-	-	-	-	(63,756)	-	(63,756)
Balance at 31 December 2022	**719,000**	**12,991**	**23,497**	**(1,262)**	**1,612**	**(136,020)**	**543,240**	**1,163,058**	**10**	**(1,925)**	**1,161,143**
Balance at 1 July 2023	719,000	13,420	28,002	(4,433)	4,113	(136,020)	548,486	1,172,568	-	(2,208)	1,170,360
Equity-settled share-based payment	-	975	-	-	-	-	-	975	-	-	975
Settlement of equity-settled share-based payments	-	(715)	-	-	-	-	-	(715)	-	-	(715)
Other comprehensive income for the period	-	-	(23,790)	1,850	(798)	-	-	(22,738)	-	-	(22,738)
Profit/(loss) for the period	-	-	-	-	-	-	21,827	21,827	36,441	(211)	58,057
Distributions provided for or paid	-	-	-	-	-	-	-	-	(36,432)	-	(36,432)
Balance at 31 December 2023	**719,000**	**13,680**	**4,212**	**(2,583)**	**3,315**	**(136,020)**	**570,313**	**1,171,917**	**9**	**(2,419)**	**1,169,507**

The Condensed Interim Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 12 to 42.

LIBERTY GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31 December 2023 $'000	30 June 2023 $'000
Assets			
Cash and cash equivalents	13	862,943	1,219,934
Restricted cash	13	127,381	122,485
Trade receivables and other assets	14	272,244	335,535
Financial assets	15	14,030,828	13,534,520
Other investments	16	80,398	77,064
Derivative assets		16,872	39,786
Property, plant and equipment		25,999	27,704
Intangible assets	17	251,912	264,092
Deferred tax assets		78,462	71,291
Total Assets		**15,747,039**	**15,692,411**
Liabilities			
Payables	18	146,289	210,498
Financing	19	14,219,974	14,081,583
Provisions		12,814	14,207
Lease liabilities		8,392	9,900
Derivative liabilities		104,534	118,477
Deferred tax liabilities		85,529	87,386
Total Liabilities		**14,577,532**	**14,522,051**
Net Assets		**1,169,507**	**1,170,360**
Equity			
Contributed equity	20	719,000	719,000
Reserves		(117,396)	(94,918)
Retained profits		570,313	548,486
Non-controlling interests - LFGT		9	-
Total equity attributable to equity holders of the Liberty Group		1,171,926	1,172,568
Non-controlling interests - other		(2,419)	(2,208)
Total Equity		**1,169,507**	**1,170,360**

The Condensed Interim Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 12 to 42.

LIBERTY GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Six months to 31 December 2023 $'000	Six months to 31 December 2022 $'000
Cash flows from operating activities			
Interest income received		602,182	427,770
Interest expense paid		(410,227)	(242,814)
Fees and commissions received		104,404	143,396
Fees and commissions paid		(120,726)	(116,484)
Insurance premiums received		901	449
Cash paid to suppliers and employees		(87,281)	(98,654)
Income taxes refunded/(paid)		19,991	(7,579)
Cash flow before changes in operating assets		109,244	106,084
Net increase in financial assets		(506,826)	(240,608)
Net cash used in operating activities		(397,582)	(134,524)
Cash flows from investing activities			
Payments for investments		(18,354)	(30,436)
Proceeds from related party loans		60,944	79,295
Payments to related party loans		(4,254)	(197)
Acquisition of property, plant and equipment		(1,610)	(2,036)
Loss from the sale of property, plant and equipment		(41)	(24)
Net cash from investing activities		36,685	46,602
Cash flows from financing activities			
Net proceeds from financing		118,898	178,858
Payment of lease liabilities		(1,508)	(1,413)
Distributions paid		(108,588)	(149,174)
Net cash from financing activities		8,802	28,271
Net decrease in cash held		(352,095)	(59,651)
Cash and cash equivalents at the beginning of the period		1,342,419	654,037
Cash and cash equivalents at the end of the period	13	**990,324**	**594,386**

The Condensed Interim Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 12 to 42.

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 period ended 31 December 2023 have been prepared as a consolidation of the financial statements of the Liberty Group. The equity securities of the Company and the units of 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 condensed interim 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 Liberty Financial Group Trust and its controlled entities, together comprising the Liberty Group.

The condensed interim financial statements were authorised for issue by the Directors of the Company and the RE on 23 February 2024.

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

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

(a) Statement of compliance

The interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001,* and with IAS 34 *Interim Financial Reporting.* The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

They do not include all of the information required for a complete set of annual financial statements and should be read in conjunction with the 2023 Annual Report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Liberty Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2023.

(b) Basis of measurement

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

(c) Functional and presentation currency

These interim 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.

2 BASIS OF PREPARATION (cont.)

(e) Use of estimates and judgements

The preparation of condensed interim 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

Accounting treatments involving complex or subjective decisions or assessments relate to the following:

- Insurance commission revenue and expense recognition
- Provision for losses in relation to financial assets
- Fair value estimates (refer to note 4)
- Financial instruments including credit risk (refer to note 5)
- Recoverability of deferred tax assets and liabilities
- Impairment assessment of intangible assets, including goodwill
- Capital commitments and contingent liabilities (refer to note 22)

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 period ended 31 December 2023.

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 31 December 2023 LFI had premium revenue of $773,000 (31 December 2022: $918,000) and contributed a loss before tax of $293,000 to the Liberty Group (31 December 2022: $117,000).

The Liberty Group assesses its intangible assets 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.

2 BASIS OF PREPARATION (cont.)

(e) Use of estimates and judgements (cont.)

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ending 31 December 2023 is included in the following notes:

- Note 5 – measurement of provision for impairment of financial assets: key assumptions in determining the collective provisions.
- Note 17 – 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 assesses the evidence obtained 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 TO MATERIAL ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Liberty Group's consolidated financial statements as at and for the year ended 30 June 2023. The changes in the accounting policies are also expected to be reflected in the Liberty Group's consolidated financial statements as at and for the year ending 30 June 2024.

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

(a) New standards and interpretations adopted

(i) AASB 17 Insurance Contracts

AASB 17 introduces a new general measurement model for accounting for insurance contracts. LFI Group Pty Ltd, a wholly-owned subsidiary of the Liberty Group, engaged the Appointed Actuary to assess the impact of the new requirements and to assist with implementation. LFI Group Pty Ltd has adopted the modified retrospective approach for implementation of AASB 17, effective 1 July 2023.

Pursuant to AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, LFI Group Pty Ltd remains immaterial at Group level and therefore there are no changes to the Liberty Group's consolidated financial statements on adoption of AASB 17.

(ii) AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Liberty Group has adopted AASB 2021-5, effective 1 July 2023. The amendments to AASB 1 and AASB 112, made under AASB 2021-5, 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 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. Therefore there are no changes to the Liberty Group's consolidated financial statements on adoption of the amendments to AASB 1 and AASB 112.

4 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 is 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.

4 DETERMINATION OF FAIR VALUES (cont.)

(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 31 December 2023	**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	16	30,657	48,913	-	79,570	79,570
Derivative assets		16,872	-	-	16,872	16,872
Financial assets not measured at fair value						
Cash and cash equivalents	13	-	-	990,324	990,324	990,324
Trade receivables and other assets[1]	14	-	-	124,879	124,879	124,879
Financial assets	15	-	-	14,030,828	14,030,828	14,171,136
Other investments	16	-	-	828	828	828
Financial liabilities measured at fair value						
Derivative liabilities		(104,534)	-	-	(104,534)	(104,534)
Financial liabilities not measured at fair value						
Payables[2]	18	-	-	(92,530)	(92,530)	(92,530)
Financing	19	-	-	(14,219,974)	(14,219,974)	(14,222,601)
		(57,005)	48,913	834,355	826,263	963,944

1 Trade receivables and other assets, excluding insurance commission, which is not classified as a financial asset.

2 Payables, excluding share-based payment liability and commission payable, which are not classified as financial liabilities.

CONSOLIDATED 30 June 2023	**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	16	25,489	50,747	-	76,236	76,236
Derivative assets		39,786	-	-	39,786	39,786
Financial assets not measured at fair value						
Cash and cash equivalents	13	-	-	1,342,419	1,342,419	1,342,419
Trade receivables and other assets[1]	14	-	-	189,412	189,412	189,412
Financial assets	15	-	-	13,534,520	13,534,520	13,631,870
Other investments	16	-	-	828	828	828
Financial liabilities measured at fair value						
Derivative liabilities		(118,477)	-	-	(118,477)	(118,477)
Financial liabilities not measured at fair value						
Payables[2]	18	-	-	(157,618)	(157,618)	(157,618)
Financing	19	-	-	(14,081,583)	(14,081,583)	(14,084,695)
		(53,202)	50,747	827,978	825,523	919,761

1 Trade receivables and other assets, excluding insurance commission, which is not classified as a financial asset.

2 Payables, excluding share-based payment liability and commission payable, which are not classified as financial liabilities.

4 DETERMINATION OF FAIR VALUES (cont.)

(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.

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.

The fair value of investments in equity securities is based on the most recently available unit prices or subscription prices.

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 31 December 2023	**$'000 Level 1**	**$'000 Level 2**	**$'000 Level 3**	**Total**
Financial assets measured at fair value				
Other investments - equity securities	43,887	29,707	-	73,594
Other investments - government and corporate bonds	5,976	-	-	5,976
Derivative assets	-	16,872	-	16,872
Financial liabilities measured at fair value				
Derivative liabilities	-	(104,534)	-	(104,534)
	49,863	(57,955)	-	(8,092)

As at 30 June 2023	**$'000 Level 1**	**$'000 Level 2**	**$'000 Level 3**	**Total**
Financial assets measured at fair value				
Other investments - equity securities	45,721	24,594	-	70,315
Other investments - government and corporate bonds	5,922		-	5,922
Derivative assets		39,786	-	39,786
Financial liabilities measured at fair value				
Derivative liabilities	-	(118,477)	-	(118,477)
	51,643	(54,097)	-	(2,454)

Transfers between level 1, level 2 and level 3
There were no transfers between level 1, level 2 and level 3 in the period ended 31 December 2023 (June 2023: nil).

5 FINANCIAL RISK MANAGEMENT

(a) Overview

The Liberty Group and Company have exposure to the following risks from their use of financial instrument

- 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.

5 FINANCIAL RISK MANAGEMENT (cont.)

(c) Credit risk (cont.)

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 A and better.

Exposure

(i) Loans by credit risk rating grades

CONSOLIDATED - $'000	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
31 December 2023				
Gross loans				
Prime	9,346,319	169,859	72,151	9,588,329
Non-prime	4,046,283	173,933	131,596	4,351,812
Unrated	83,927	-	-	83,927
Total	13,476,529	343,792	203,747	14,024,068

CONSOLIDATED - $'000	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
30 June 2023				
Gross loans				
Prime	9,165,285	181,517	66,136	9,412,938
Non-prime	3,691,298	201,801	132,226	4,025,325
Unrated	93,321	-	-	93,321
Total	12,949,904	383,318	198,362	13,531,584

Credit quality

The ageing of loans is shown below:

(ii) Loans by credit quality

	31 December 2023 $'000	30 June 2023 $'000
Gross loans		
Neither past due or impaired	13,476,529	12,949,904
Past due but not impaired	343,792	383,318
Impaired	203,747	198,362
Total	14,024,068	13,531,584

5 FINANCIAL RISK MANAGEMENT (cont.)

(c) Credit risk (cont.)

Provision for impairment loss

(iii) Provisions by credit risk rating grades

CONSOLIDATED - $'000	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
31 December 2023				
Gross loans				
Prime	22,423	1,567	4,214	28,204
Non-prime	35,891	4,568	19,360	59,819
Unrated	-	-	-	-
Total	58,314	6,135	23,574	88,023

CONSOLIDATED - $'000	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
30 June 2023				
Gross loans				
Prime	25,237	1,717	3,333	30,287
Non-prime	25,565	4,623	13,887	44,075
Unrated	-	-	-	-
Total	50,802	6,340	17,220	74,362

(iv) Provision for impairment

CONSOLIDATED - $'000	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
30 June 2023				
Opening balance at 1 July 2022	42,063	6,074	15,252	63,389
Net movement during the year	8,738	265	1,970	10,973
Closing balance at 30 June 2023	50,801	6,339	17,222	74,362
31 December 2023				
Opening balance at 1 July 2023	50,801	6,339	17,222	74,362
Net movement during the period	7,513	(204)	6,352	13,661
Closing balance at 31 December 2023	58,314	6,135	23,574	88,023

5 FINANCIAL RISK MANAGEMENT (cont.)

(c) Credit risk (cont.)

Provision for Impairment loss (cont.)

(iii) Provision for impairment (cont.)

The following tables show the movement in the Liberty Group's impairment provisions and credit exposures by expected credit loss (ECL) stage for the period ended 31 December 2023.

CONSOLIDATED - $000	**12 month ECL**		**Lifetime ECL - not credit impaired**		**Lifetime ECL - credit impaired**		**Total**	
30 June 2023	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**
Opening balance at 1 July 2022	12,490,399	42,063	262,501	6,074	151,844	15,252	12,904,744	63,389
New loans originated	5,356,762	22,409	73,566	2,458	12,760	1,014	5,443,088	25,881
Transfers:								
Transfers to Stage 1	144,463	1,176	(110,977)	(819)	(33,486)	(357)	-	-
Transfers to Stage 2	(244,437)	(2,725)	256,625	2,976	(12,188)	(251)	-	-
Transfers to Stage 3	(87,711)	(2,082)	(34,085)	(911)	121,796	2,993	-	-
Loans repaid	(3,881,588)	(5,813)	(69,882)	(1,066)	(66,274)	(829)	(4,017,744)	(7,708)
Other (a)	(818,164)	(4,047)	8,179	(2,066)	43,784	591	(766,201)	(5,522)
Write-offs	(4,700)	(153)	(2,362)	(302)	(19,734)	(1,190)	(26,796)	(1,645)
Foreign exchange movement	(5,120)	(27)	(247)	(5)	(140)	(1)	(5,507)	(33)
Closing balance at 30 June 2023	**12,949,904**	**50,801**	**383,318**	**6,339**	**198,362**	**17,222**	**13,531,584**	**74,362**

CONSOLIDATED - $000	**12 month ECL**		**Lifetime ECL - not credit impaired**		**Lifetime ECL - credit impaired**		**Total**	
31 December 2023	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**	**Gross exposure**	**Provisions**
Opening balance at 1 July 2023	12,949,904	50,801	383,318	6,339	198,362	17,222	13,531,584	74,362
New loans originated	2,892,694	11,994	14,615	846	961	292	2,908,270	13,132
Transfers:								
Transfers to Stage 1	217,516	2,043	(173,924)	(1,620)	(43,592)	(423)	-	-
Transfers to Stage 2	(217,647)	(3,557)	231,072	3,758	(13,425)	(201)	-	-
Transfers to Stage 3	(41,917)	(1,820)	(60,837)	(2,433)	102,754	4,253	-	-
Loans repaid	(1,720,704)	(2,836)	(47,291)	(523)	(38,840)	(871)	(1,806,835)	(4,230)
Other (a)	(596,433)	1,774	157	(121)	5,944	4,034	(590,332)	5,687
Write-offs	(3,278)	(59)	(3,084)	(107)	(8,260)	(731)	(14,622)	(897)
Foreign exchange movement	(3,606)	(26)	(234)	(4)	(157)	(1)	(3,997)	(31)
Closing balance at 31 December 2023	**13,476,529**	**58,314**	**343,792**	**6,135**	**203,747**	**23,574**	**14,024,068**	**88,023**

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

5 FINANCIAL RISK MANAGEMENT (cont.)

(c) Credit risk (cont.)

Provision for Impairment loss (cont.)

(iii) Provision for impairment (cont.)

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

31 December 2023 $'000	**Current**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Expected loss rate	-	0.43%	1.78%	3.40%	**0.51%**
Gross carrying amount	-	13,476,529	343,792	203,747	**14,024,068**
Loss allowance	-	(58,314)	(6,135)	(6,927)	**(71,376)**

30 June 2023 $'000	**Current**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Expected loss rate	-	0.39%	1.65%	2.42%	**0.46%**
Gross carrying amount	-	12,949,904	383,318	198,362	**13,531,584**
Loss allowance	-	(50,801)	(6,339)	(4,803)	**(61,943)**

ECL Measurement Uncertainty - 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 10% for Australia and 15% for New Zealand (June 2023: 10% for Australia and 15% New Zealand) to reflect this uncertainty. This overlay will reduce as the predictions of the model have been monitored for a sufficient amount of time to increase confidence in its reliability.

ECL in relation to the Liberty Group's unsecured personal loan portfolio has not been estimated using the new model. Material recent growth in the portfolio, along with enhancements to credit decisioning, have limited the new model's ability to appropriately estimate ECL for unsecured personal loans. It is intended that, as the current portfolio matures, ECL estimation for the unsecured personal loan portfolio will be incorporated into the new model.

For the period ended 31 December 2023, ECL for the unsecured personal loan portfolio has been estimated by applying actual historic life of loan loss experience to the current portfolio balance. Similar to all other asset classes, scenarios have also been created, weighted and applied to derive the overall ECL. The scenario weightings are consistent with the "Australia" weightings in the table below. The output of these calculations is then increased by 10%.

31 December 2023

The below table describes the scenarios, weightings and expected outcomes from the various modelled scenarios as at 31 December 2023.

There has been no change to the scenario weightings during the six months to 31 December 2023. New Zealand's macro economic performance has continued to deteriorate to a greater extent than experienced in Australia. This is reflected in the higher weighting to the Downside scenario for the New Zealand Residential portfolio.

5 FINANCIAL RISK MANAGEMENT (cont.)

(c) Credit risk (cont.)

Provision for Impairment loss (cont.)

(iii) Provision for impairment (cont.)

31 December 2023 (cont.)

<table>
<tr><th rowspan="2">Scenario</th><th colspan="2">Weighting</th><th rowspan="2">Expectation</th></tr>
<tr><th>Australia</th><th>New Zealand</th></tr>
<tr><td>Upside

A 100% weighting to this scenario would result in a decrease to total ECL provision at the reporting date of $23,979,000</td><td>5%</td><td>5%</td><td rowspan="3">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 is the scenario which the model considers most likely to happen. This scenario assumes decreasing interest rates, higher economic growth and an increase security values. The Upside scenario is a more optimistic outlook. Compared to Baseline, this scenario incorporates stronger macro-economic variables (higher GDP growth and a lower cash rate) and the increase in Residential security values is projected to be greater. The Downside scenario is a more pessimistic outlook. Compared to Baseline, this scenario incorporates weaker macro-economic variables and a small reduction in Residential security values.

For the Secured segment, stresses were applied to each of the three scenarios, resulting in lower Secured security values under each scenario. In addition, a stress 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.</td></tr>
<tr><td>Baseline

A 100% weighting to this scenario would result in a decrease to total ECL provision at the reporting date of $17,481,000</td><td>70%</td><td>55%</td></tr>
<tr><td>Downside

A 100% weighting to this scenario would result in an increase to total ECL provision at the reporting date of $51,226,000</td><td>25%</td><td>40%</td></tr>
</table>

The table below shows the forward-looking macro economic forecasts as at 31 December 2023.

Macro Forecast	Unemployment %	Cash rate %	HVI*	GDP Growth %
Current	3.8%	4.4%	189.0	1.5%
Upside - 2024	4.3%	3.4%	199.0	2.6%
Baseline - 2024	4.5%	3.7%	193.0	1.8%
Downside - 2024	5.4%	5.5%	187.0	0.4%

*HVI - Home Value Index

5 FINANCIAL RISK MANAGEMENT (cont.)

(c) Credit risk (cont.)

Provision for Impairment loss (cont.)

(iii) Provision for impairment (cont.)

31 December 2023 (cont.)

The table below shows the impact of forward-looking macro forecasts on security values for the Australian Residential and New Zealand Residential portfolio under each scenario in the period ended 31 December 2023.

Impact on Security value		Upside	Baseline	Downside
Australian Residential	FY24	5%	2%	(1%)
	FY25	8%	3%	(3%)
New Zealand Residential	FY24	7%	4%	(20%)
	FY25	5%	5%	(5%)

The table below shows the change in staging between each scenario in the period ended 31 December 2023, for the Australian Residential and Secured 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 period ended 31 December 2023, for the New Zealand Residential portfolio.

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

The table below shows the change in staging between each scenario in the year ended 31 December 2023, for the Australian Residential and Secured 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 period ended 31 December 2023, for the New Zealand Residential 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 the Secured portfolio under each scenario in the period ended 31 December 2023.

Stress to Security value	Upside	Baseline	Downside
Secured	(7%)	(13%)	(33%)

5 FINANCIAL RISK MANAGEMENT (cont.)

(c) Credit risk (cont.)

Provision for Impairment loss (cont.)

(iii) Provision for impairment (cont.)

30 June 2023

The below table describes the scenarios, weightings and expected outcomes from the various modelled scenarios as at 30 June 2023.

During the year ended 30 June 2023 New Zealand's macro economic performance deteriorated to a greater extent than experienced in Australia. This is reflected in the higher weighting to the Downside scenario for the New Zealand Residential portfolio.

Scenario	Weighting		Expectation
	Australia	New Zealand	
Upside A 100% weighting to this scenario would result in a decrease to total ECL provision at the reporting date of $21,307,000	5%	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 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 Residential 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 Residential security values. For the Secured segment, different stresses were applied to each of the three scenarios, resulting in lower Secured security values under each scenario. 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.
Baseline A 100% weighting to this scenario would result in a decrease to total ECL provision at the reporting date of $15,922,000	70%	55%	
Downside A 100% weighting to this scenario would result in an increase to total ECL provision at the reporting date of $45,279,000	25%	40%	

The table below shows the forward-looking macro forecasts as at 30 June 2023.

Macro Forecast	Unemployment %	Cash rate %	HVI*	GDP Growth %
Current	3.7%	4.10%	182.0	1.5%
Upside - 2024	4.3%	3.50%	191.0	2.1%
Baseline - 2024	4.8%	4.20%	188.0	0.6%
Downside - 2024	5.2%	5.50%	180.0	0.3%

*HVI - Home Value Index

5 FINANCIAL RISK MANAGEMENT (cont.)

(c) Credit risk (cont.)

Provision for Impairment loss (cont.)

(iii) Provision for impairment (cont.)

30 June 2023 (cont.)

The table below shows the impact of forward-looking macro forecasts on security values for the Australian Residential and New Zealand Residential portfolio under each scenario in the year ended 30 June 2023.

Impact on Security value		**Upside**	**Baseline**	**Downside**
Australian Residential	FY24	5%	3%	(1%)
	FY25	7%	7%	(3%)
New Zealand Residential	FY24	7%	(2%)	(25%)
	FY25	4%	7%	(5%)

The table below shows the change in staging between each scenario in the year ended 30 June 2023, for the Australian Residential and Secured 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 2023, for the New Zealand Residential portfolio.

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

The table below shows the stresses applied to PD and LGD across all stages to each scenario in the year ended 30 June 2023, for the Australian Residential and Secured 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 2023, for the New Zealand Residential 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 the Secured portfolio under each scenario in the year ended 30 June 2023.

Stress to Security value	**Upside**	**Baseline**	**Downside**
Secured	(6%)	(13%)	(33%)

Collateral

(iv) Collateral held	**31 December 2023 %**	**30 June 2023 %**
Maximum exposure		
Collateral classification:		
Secured (%)	96%	97%
Unsecured (%)	4%	3%
	100%	100%

5 FINANCIAL RISK MANAGEMENT (cont.)

(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 19.

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.

31 December 2023	Note	Carrying amount	Contractual cash flows	<1 year	1-5 years	> 5 years
		$'000	$'000	$'000	$'000	$'000
Non-derivative financial assets						
Cash and cash equivalents	13	990,324	990,324	990,324	-	-
Trade receivables and other assets[1]	14	124,879	124,879	124,879	-	-
Financial assets	15	14,030,828	31,420,379	1,929,298	6,472,472	23,018,609
Corporate bonds	16	5,976	6,083	6,083	-	-
Derivative financial assets						
Derivative assets		16,872	18,548	12,099	6,266	183
Total assets		15,168,879	32,560,213	3,062,683	6,478,738	23,018,792

1 Trade receivables and other assets, excluding insurance commission, which is not classified as a financial asset.

31 December 2023	Note	Carrying amount	Contractual cash flows	<1 year	1-5 years	> 5 years
Non-derivative financial liabilities						
Payables[2]	18	96,656	96,656	96,026	630	-
Debt issues	19	10,356,382	26,981,840	864,279	3,224,646	22,892,915
Finance facilities	19	3,800,565	3,954,789	3,334,868	619,921	-
Deposits and unitholder liabilities	19	62,878	66,179	55,809	10,370	-
Lease liabilities		8,392	8,392	3,740	4,652	-
Loans from related parties	21	149	149	149	-	-
Derivative financial liabilities						
Derivative liabilities		104,534	108,823	73,898	34,809	116
Total liabilities		14,429,556	31,216,828	4,428,769	3,895,028	22,893,031

2 Payables, excluding commission payable, which is not classified as a financial liability.

30 June 2023	Note	Carrying amount	Contractual cash flows	<1 year	1-5 years	> 5 years
		$'000	$'000	$'000	$'000	$'000
Non-derivative financial assets						
Cash and cash equivalents	13	1,342,419	1,342,419	1,342,419	-	-
Trade receivables and other assets[1]	14	189,412	189,412	189,412	-	-
Financial assets	15	13,534,520	30,316,130	1,803,092	6,253,827	22,259,211
Corporate bonds	16	5,922	6,165	165	6,000	-
Derivative financial assets						
Derivative assets		39,786	39,980	21,638	17,991	351
Total assets		15,112,059	31,894,106	3,356,726	6,277,818	22,259,562

1 Trade receivables and other assets, excluding insurance commission, which is not classified as a financial asset.

30 June 2023	Note	Carrying amount	Contractual cash flows	<1 year	1-5 years	> 5 years
Non-derivative financial liabilities						
Payables[2]	18	160,851	160,851	160,315	536	-
Debt issues	19	9,803,686	24,530,377	807,078	3,016,528	20,706,771
Finance facilities	19	4,211,883	4,360,587	3,908,344	452,243	-
Deposits and unitholder liabilities	19	61,710	64,425	53,729	10,696	-
Lease liabilities		9,900	9,900	3,577	6,323	-
Loans from related parties	21	4,304	4,304	4,304	-	-
Derivative financial liabilities						
Derivative liabilities		118,477	121,001	90,244	30,757	-
Total liabilities		14,370,811	29,251,445	5,027,591	3,517,083	20,706,771

2 Payables, excluding commission payable, which is not classified as a financial liability.

5 FINANCIAL RISK MANAGEMENT (cont.)

(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.

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

	31 December 2023 $'000	**30 June 2023 $'000**
Fixed rate instruments		
Cash and cash equivalents and restricted cash	2,000	2,500
Financial assets	3,001,045	2,428,800
Financing	(2,179,475)	(1,868,395)
	823,570	562,905
Variable rate instruments		
Cash and cash equivalents and restricted cash	988,324	1,339,919
Financial assets	11,029,783	11,105,720
Financing	(12,040,499)	(12,213,188)
Net Derivatives	(87,662)	(78,691)
	(110,054)	153,760

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.

	31 December 2023		**30 June 2023**	
	$'000	**$'000**	**$'000**	**$'000**
Impact of movement in interest rates	Profit or Loss	Equity	Profit or loss	Equity
+3% increase in interest rates (June 2023: +3%)	64	(91,581)	(129)	(74,824)
-3% decrease in interest rates (June 2023: -3%)	(64)	91,581	129	74,824

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.

5 FINANCIAL RISK MANAGEMENT (cont.)

(e) Market risk (cont.)

Sensitivity analysis
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% (June 2023: +2%/-2%) in the ASX 200 average would have increased/decreased equity by $877,000 (June 2023: $914,000).

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 period.

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

The average exchange rates were as follows for JPY cross-currency interest rate swaps: 0.0116 (June 2023: 0.0117).
The average fixed interest rate was 5.0% (June 2023: 4.5%).

5 FINANCIAL RISK MANAGEMENT (cont.)

(g) Derivative assets and liabilities (cont.)

Cash flow hedges	As at 31 December 2023					During the period ended 31 December 2023		
	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	-	6,223	2,110,374	16,872	(7,805)	(21,516)	-	-
Currency risk								
Cross currency interest rate swaps	83,839	-	824,400	-	(96,729)	22,722	-	(24,996)
Total hedges	**83,839**	**6,223**	**2,934,774**	**16,872**	**(104,534)**	**1,206**	**-**	**(24,996)**

Cash flow hedges	As at 30 June 2023					During the year ended 30 June 2023		
	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	-	-	1,806,685	39,786	-	6,449	-	-
Currency risk								
Cross currency interest rate swaps	-	103,499	938,776	-	(118,477)	(13,220)	-	10,556
Total hedges	**-**	**103,499**	**2,745,461**	**39,786**	**(118,477)**	**(6,771)**	**-**	**10,556**

6 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 half-year ended 31 December 2023, $679 million of external revenue was generated within Australia (31 December 2022: $559 million) and $41 million of external revenue was generated within New Zealand (31 December 2022: $31 million). At 31 December 2023 there were $13,564 million non-current assets in Australia (June 2023: $13,466 million) and $377 million non-current assets in New Zealand (June 2023: $378 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.

6 SEGMENT INFORMATION (cont.)

(b) Segment Overview

	Residential Finance $'000	Secured Finance $'000	Financial Services $'000	Corporate $'000	Total $'000
31 December 2023					
Interest income	307,717	221,155	34,275	27,506	590,653
Effective yield fee income	9,727	11,519	241	-	21,487
Other finance income	4,516	7,773	91,572	1,024	104,885
Other operating income	-	1,670	774	422	2,866
Interest expense	(236,464)	(129,721)	(16,097)	(32,781)	(415,063)
Recoveries/(impairment expense)	1,220	(10,928)	(6,696)	-	(16,404)
Other finance expenses	(18,706)	(23,892)	(70,900)	(10,588)	(124,086)
Net margin as reported by the Liberty Group	**68,010**	**77,576**	**33,169**	**(14,417)**	**164,338**
Operating expenses	(15,275)	(7,507)	(18,698)	(40,446)	(81,926)
Depreciation and amortisation	-	-	-	(9,704)	(9,704)
Goodwill impairment	-	-	(6,036)	-	(6,036)
Tax expense	-	-	-	(8,615)	(8,615)
Profit from continuing operations	**52,735**	**70,069**	**8,435**	**(73,182)**	**58,057**
31 December 2023 Segment Balance Sheet Information					
Total Segment Assets	8,362,404	5,499,318	962,773	922,544	15,747,039
Total Assets reported by the Liberty Group	**8,362,404**	**5,499,318**	**962,773**	**922,544**	**15,747,039**
Total Segment Liabilities	8,180,429	4,955,238	722,607	719,258	14,577,532
Total Liabilities reported by the Liberty Group	**8,180,429**	**4,955,238**	**722,607**	**719,258**	**14,577,532**

Segment Overview

	Residential Finance $'000	Secured Finance $'000	Financial Services $'000	Corporate $'000	Total $'000
31 December 2022					
Interest income	253,475	151,925	21,659	14,472	441,531
Effective yield fee income	12,059	9,664	56	-	21,779
Other finance income	4,241	6,226	111,140	1,238	122,845
Other operating income	-	157	925	89	1,171
Interest expense	(165,301)	(71,446)	(8,932)	(7,129)	(252,808)
Recoveries/(impairment expense)	4,373	(5,650)	(2,402)	-	(3,679)
Other finance expenses	(20,861)	(15,347)	(74,741)	(9,042)	(119,991)
Net margin as reported by the Liberty Group	**87,986**	**75,529**	**47,705**	**(372)**	**210,848**
Operating expenses	(14,574)	(6,067)	(19,836)	(46,426)	(86,903)
Depreciation and amortisation	-	-	-	(9,240)	(9,240)
Tax expense	-	-	-	(10,755)	(10,755)
Profit from continuing operations	**73,412**	**69,462**	**27,869**	**(66,793)**	**103,950**
30 June 2023 Segment Balance Sheet Information					
Total Segment Assets	8,624,298	5,253,637	823,772	990,704	15,692,411
Total Assets reported by the Liberty Group	**8,624,298**	**5,253,637**	**823,772**	**990,704**	**15,692,411**
Total Segment Liabilities	8,456,226	4,642,771	614,731	808,323	14,522,051
Total Liabilities reported by the Liberty Group	**8,456,226**	**4,642,771**	**614,731**	**808,323**	**14,522,051**

	Note	Six months to 31 December 2023 $'000	Six months to 31 December 2022 $'000
7 OTHER FINANCE INCOME			
Lending fee income		22,415	18,008
Commission income		81,448	103,609
External dividend income		541	1,228
Net foreign exchange gain		434	-
Unrealised gain on assets and liabilities		47	-
		104,885	122,845

Lending fee income and commission income is recognised in accordance with AASB 15 *Revenue from Contracts with Customers.*

8 FINANCE EXPENSE

	Note	Six months to 31 December 2023 $'000	Six months to 31 December 2022 $'000
Interest expense on financial liabilities measured at amortised cost		423,867	255,500
Net interest income on interest rate swaps		(8,804)	(2,692)
Effective yield costs on financial liabilities measured at amortised cost		5,608	7,349
Interest on lease liabilities		202	132
Net foreign exchange loss		-	5
Lending costs		7,683	5,714
Commission expense		110,593	106,773
Unrealised loss on assets and liabilities		-	18
		539,149	372,799

9 PERSONNEL EXPENSE

	Note	Six months to 31 December 2023 $'000	Six months to 31 December 2022 $'000
Wages, salaries and on-costs		36,775	35,235
Share-based payment expense - cash settled		921	1,376
Share-based payment expense - equity settled		975	450
Superannuation		3,461	3,172
Long service leave		352	180
Annual leave		2,291	2,260
Other personnel expenses		2,452	2,652
		47,227	45,325

10 OTHER EXPENSES

	Note	Six months to 31 December 2023 $'000	Six months to 31 December 2022 $'000
Occupancy expenses		1,978	1,703
Loan establishment and management		7,538	7,419
Technology, communications and marketing		12,347	10,857
Depreciation		3,356	2,938
Amortisation		6,348	6,302
Goodwill impairment	17	6,036	-
Contingent consideration		-	9,944
Other operating expenses and professional fees		12,836	11,655
		50,439	50,818

11 INCOME TAX EXPENSE

	Note	Six months to 31 December 2023 $'000	Six months to 31 December 2022 $'000
Recognised in profit or loss			
Current period		7,107	5,681
Deferred tax expense			
Origination and reversal of temporary differences		1,508	8,910
Tax cost base reset		-	(4,044)
Prior year adjustments		-	208
Income tax expense		8,615	10,755
Recognised in other comprehensive income			
Unrealised gain on fair value of financial assets at FVOCI		(342)	(201)
		8,273	10,554

11 INCOME TAX EXPENSE (cont.)

Reconciliation between tax expense and profit

	Six months to 31 December 2023 $'000	Six months to 31 December 2022 $'000
Profit before income tax	66,672	114,705
Income tax using domestic corporation tax rate of 30% (2022: 30%)	20,002	34,412
Net movement in income tax due to:		
International differential in tax rate	75	7
Non-deductible expenses	2,819	3,537
Non-assessable income	(13,152)	(22,921)
Tax cost base reset	-	(4,044)
Fees transferred	(1,129)	(444)
Prior year adjustments	-	208
Income tax expense on profit	8,615	10,755

In December 2022 the Liberty Group acquired the remaining 40% of equity in ALI Corporate Pty Ltd, bringing its ownership to 100%. As a result ALI Corporate Pty Ltd became a member of the Liberty Group's tax consolidated group. This necessitated a tax cost base reset, which resulted in a reduction in the Liberty Group's deferred tax liability of $4,043,721 with a corresponding income tax benefit.

12 SHARE-BASED PAYMENT ARRANGEMENTS

(a) Description of share-based payment arrangements

During the period ended 31 December 2023, the Liberty Group made the following share-based payment arrangements.

(i) Long Term Incentive Plan (equity settled)

On 14 December 2023 the Liberty Group granted Long Term Incentive deferred equity awards under the Company's Equity Incentive Plan, to Executive Key Management Personnel (KMP) and Group Managers. This award represents the Long Term Incentive for the financial year ended 30 June 2023. In total 14,255,338 awards were granted with a total value at grant date of $5,100,000. Each award represents a right to receive one stapled security in the capital of the Liberty Group at an exercise price of $3.90 per stapled security.

Each award is subject to gateway vesting conditions, which will be tested on 1 December 2026. Those awards that meet the gateway vesting conditions are then subject to service vesting conditions as follows:

- 1/3 of the Awards will vest on 1 December 2026;
- 1/3 of the Awards will vest on 1 December 2027;
- 1/3 of the Awards will vest on 1 December 2028.

The fair value of the Long Term Incentive plan was determined using the Monte Carlo simulation option pricing model and the Black-Scholes model.

Details of awards granted to Executive KMP are as follows:

Grant date/employees entitled	Number of awards	Vesting conditions	Contractual life of awards
Awards granted to Executive KMP on 14 December 2023	6,800,518	Refer to vesting conditions of the Long Term Incentive Plan. The Plan is unchanged from the year ended 30 June 2023.	15 years

12 SHARE-BASED PAYMENT ARRANGEMENTS (cont.)

(a) Description of share-based payment arrangements (cont.)

(ii) Medium Term Incentive Plan (cash settled)

On 14 December 2023 the Liberty Group granted Medium Term Incentive deferred equity awards to eligible employees, including Executive KMP and Group Managers, 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 2023. In total 875,197 awards were granted with a total value at grant date of $3,001,947. 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 $1,501,500 was paid to employees in cash in December 2023.

The awards will vest as follows:
- 50% of the Awards will vest on 1 December 2024, 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 2025, 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 Executive KMP are as follows:

Grant date/employees entitled	Number of awards	Vesting conditions	Contractual life of awards
Awards granted to Executive KMP on 14 December 2023	163,265	Refer to vesting conditions of the Medium Term Incentive Plan. The Plan is unchanged from the year ended 30 June 2023.	15 years

(b) Measurement of grant date fair values

The following table discloses the metrics relevant to the measurement of grant date fair values, for Long Term Incentive deferred equity awards granted to Executive KMP during the period ended 31 December 2023.

	Long Term Incentive Plan		
	Tranche 1 (see (a)(i))	Tranche 2 (see (a)(i))	Tranche 3 (see (a)(i))
Grant dates	14-Dec-23	14-Dec-23	14-Dec-23
Fair value	$0.39	$0.39	$0.39
Security price	$3.86	$3.86	$3.86
Exercise price	$3.90	$3.90	$3.90
Expected volatility (Weighted average volatility)	32.5%	32.5%	32.5%
Security right life (expected weighted average life)	8 years	8 years	8 years
Expected distributions	7.46%	7.46%	7.46%
Risk-free interest rate (based on government bonds)	4.67%	4.67%	4.67%

12 SHARE-BASED PAYMENT ARRANGEMENTS (cont.)

(b) Measurement of grant date fair values (cont.)

The following table discloses the metrics relevant to the measurement of grant date fair values, for Long Term Incentive deferred equity awards granted to Group Managers during the period ended 31 December 2023.

	Long Term Incentive Plan		
	Tranche 1 (see (a)(i))	**Tranche 2 (see (a)(i))**	**Tranche 3 (see (a)(i))**
Grant dates	14-Dec-23	14-Dec-23	14-Dec-23
Fair value	$0.33	$0.33	$0.33
Security price	$3.86	$3.86	$3.86
Exercise price	$3.90	$3.90	$3.90
Expected volatility (Weighted average volatility)	32.5%	32.5%	32.5%
Security right life (expected weighted average life)	8 years	8 years	8 years
Expected distributions	7.46%	7.46%	7.46%
Risk-free interest rate (based on government bonds)	4.67%	4.67%	4.67%

The following table discloses the metrics relevant to the measurement of grant date fair values, for Medium Term Incentive deferred equity awards granted to all eligible employees, including Executive KMP and Group Managers, during the period ended 31 December 2023.

	Medium Term Incentive Plan	
	Tranche 1 (see (a)(ii))	**Tranche 2 (see (a)(ii))**
Grant dates	14-Dec-23	14-Dec-23
Fair value	$3.56	$3.30
Security price	$3.86	$3.86
Exercise price	-	-
Expected volatility (Weighted average volatility)	32.5%	32.5%
Security right life (expected weighted average life)	1 year	2 years
Expected distributions	7.46%	7.46%
Risk-free interest rate (based on government bonds)	4.40%	4.40%

Annualised volatility is based on the historical volatility of the Liberty Group and benchmark listed companies.

(c) Liabilities arising from share-based payment transactions

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

	Note	**31 December 2023 $'000**	**30 June 2023 $'000**
Total carrying amount of liabilities for share-based payments	18	4,126	3,233
Total intrinsic value of liabilities for vested benefits		-	-

13 CASH AND CASH EQUIVALENTS

Restricted cash is cash reserves, maintained in accordance with the legal requirements of relevant securitisation 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 at 31 December 2023 of $21,018,000 (June 2023: $22,297,000) 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.

	Note	31 December 2023 $'000	30 June 2023 $'000
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at bank		862,943	1,219,934
Restricted cash		127,381	122,485
Total as disclosed in the statement of cash flows		990,324	1,342,419

14 TRADE RECEIVABLES AND OTHER ASSETS

	Note	31 December 2023 $'000	30 June 2023 $'000
Loans to related parties	21	68,296	122,276
Insurance commission		147,365	146,123
Other assets		55,077	37,811
Income tax receivable		1,398	28,855
Other loans		108	470
		272,244	335,535

Current trade receivables and other assets are $143,349,000 (June 2023: $207,472,000) and non-current are $128,895,000 (June 2023: $128,063,000). Loans to related parties are unsecured.

15 FINANCIAL ASSETS

(a) Financial assets comprises:

	31 December 2023 $'000	30 June 2023 $'000
Gross financial assets	14,024,068	13,531,584
Net financial assets	14,118,851	13,608,882
Less:		
Specific provision for financial asset impairment	(16,647)	(12,419)
Collective provision for financial asset impairment	(71,376)	(61,943)
	14,030,828	13,534,520

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

(b) Contractual maturity analysis

	31 December 2023 $'000	30 June 2023 $'000
Not longer than 12 months	514,251	249,885
Longer than 12 months and less than 5 years	2,495,765	1,701,730
Greater than 5 years	11,020,812	11,582,905
	14,030,828	13,534,520

(c) Geographic concentration of financial assets

	31 December 2023 $'000	30 June 2023 $'000
New South Wales/ACT	4,013,624	3,924,787
Victoria/Tasmania	5,085,088	4,957,670
Queensland	2,573,443	2,490,334
Western Australia	1,333,755	1,208,539
South Australia/Northern Territory	645,297	582,052
New Zealand	379,621	371,138
	14,030,828	13,534,520

16 OTHER INVESTMENTS

	31 December 2023 $'000	30 June 2023 $'000
Corporate bonds	5,976	5,922
Other equity investments	74,422	71,142
	80,398	77,064

Current other investments are $6,016,000 (June 2023: $40,000) and non-current other investments are $74,382,000 (June 2023: $77,024,000) for the Liberty Group. Other equity investments are included within non-current other investments.

17 INTANGIBLE ASSETS

(a) Carrying value

	Goodwill $'000	Brand Name $'000	Development costs $'000	Intellectual property $'000	Total $'000
30 June 2023					
Cost and carrying value					
Balance at 1 July 2022	39,226	824	2,757	233,413	276,220
Additions	-	-	377	-	377
Amortisation	-	(139)	(704)	(11,835)	(12,678)
Foreign exchange movements	158	15	-	-	173
Balance at 30 June 2023	39,384	700	2,430	221,578	264,092

	Goodwill $'000	Brand Name $'000	Development costs $'000	Intellectual property $'000	Total $'000
31 December 2023					
Cost and carrying value					
Balance at 1 July 2023	39,384	700	2,430	221,578	264,092
Additions	-	-	97	-	97
Impairment	(6,036)	-	-	-	(6,036)
Amortisation	-	(70)	(360)	(5,918)	(6,348)
Foreign exchange movements	100	7	-	-	107
Balance at 31 December 2023	33,448	637	2,167	215,660	251,912

$189,360,000 (June 2023: $195,278,000) of the intellectual property intangible asset relates to a separately identifiable copyright with a useful life of 20 years. $26,300,000 (June 2023: $26,300,00) is not separately identifiable and has been classified as an indefinite life intangible asset.

(b) Impairment testing for cash generating units containing goodwill

	31 December 2023 $'000	30 June 2023 $'000
Cash generating units		
ALI	14,223	14,223
nMB	10,095	10,095
MoneyPlace	6,541	6,541
MPMH	1,661	1,642
MPRE	928	6,883
	33,448	39,384

The carrying amount of goodwill of each CGU is tested for impairment annually 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.

In December 2023 an agreement was entered into for the sale of the business operations of MPRE. The transaction is expected to complete on 31 March 2024 and is subject to potential purchase price adjustments at completion. Consequently an estimate of the impact on goodwill on consolidation has been made, resulting in an impairment of the goodwill of the MPRE CGU.

17 INTANGIBLE ASSETS (cont.)

(b) Impairment testing for cash generating units containing goodwill

Reconciliation of goodwill in the MPRE CGU	**$'000**
Balance at 1 July 2023	6,883
Impairment	(6,036)
Foreign exchange movements	81
Balance at 31 December 2023	928

18 PAYABLES

	31 December 2023 $'000	**30 June 2023 $'000**
Distribution payable	129	72,285
Share-based payment liability	4,126	3,233
Interest payable	41,403	36,567
Commission payable	49,633	49,647
Payables and accruals	50,998	48,766
	146,289	210,498

Current payables are $102,657,000 (June 2023: $166,976,000) and non-current are $43,632,000 (June 2023: $43,522,000).

19 FINANCING

Debt issues	10,356,382	9,803,686
Finance facilities	3,800,565	4,211,883
Deposits and unitholder liabilities	62,878	61,710
Loans from related parties	149	4,304
	14,219,974	14,081,583

Current financing are $3,483,750,000 (June 2023: $4,031,318,000) and non-current are $10,736,224,000 (June 2023: $10,050,265,000).

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 $1,075,000,000 (June 2023: $1,075,000,000) which is due to mature between 2024 and 2028 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.

Finance facilities

The consolidated entity has access to the following lines of credit:

Total facilities available	7,480,370	7,252,131
Facilities utilised at balance date	3,800,565	4,211,883
Facilities not used at balance date	3,679,805	3,040,248

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 $1,843,000 (June 2023: $1,599,000) have been provided by the Liberty Group in relation to credit card facilities, lease on premises and other matters. These guarantees are secured by the assets of the Liberty Group.

20 CAPITAL AND RESERVES

(a) Capital

Contributed equity

	31 December 2023 $	30 June 2023 $
Liberty Financial Group Limited - 303,600,000 oridinary shares, fully paid (June 2023: 303,600,000 ordinary shares, fully paid)	719,000,100	719,000,100
Liberty Financial Group Trust - 303,600,000 units, fully paid (June 2023: 303,600,000 units, fully paid)	100	100
303,600,000 stapled securities, fully paid (June 2023: 303,600,000 stapled securities, fully paid)	719,000,200	719,000,200

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

Distributions are paid from the Liberty Financial Group Trust (ARSN 644 813 847).

31 December 2023 Distribution information	Cents per stapled security	Total amount $'000	Date of payment
Interim 2024 distribution per stapled security	12.000000	36,432	15 December 2023
Total		36,432	

No interim dividend was declared or paid during the period ending 31 December 2023 (30 June 2023: nil).

30 June 2023 Distribution information	Cents per stapled security	Total amount $'000	Date of payment
Interim 2023 distribution per stapled security	21.000000	63,756	15 December 2022
Final 2023 distribution per stapled security	23.767285	72,157	31 August 2023
Total		135,913	

(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

Share-based payment reserve comprises of the Long Term Incentive Plan and the IPO Bonus Security Rights.

21 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 Liberty Financial Group Trust:

		Ownership interest
	31 December 2023	30 June 2023
	%	%
Entity name		
A.L.I. Group Pty Ltd	100	100
ALI Corporate Pty Ltd	100	100
ALI Equity Pty Ltd	100	100
Assured Credit Management Pty Ltd	100	100
Australian Life Insurance Administration Pty Ltd	100	100
Australian Life Insurance Distribution Pty Ltd	100	100
Australian Life Insurance Pty Ltd	100	100
Hero Trust	-	-
LFI Group Pty Ltd	100	100
Liberty 2022-1 Wholesale Auto Trust	100	100
Liberty 2023-1 Wholesale Auto Trust	100	-
Liberty Borrowdale Trust	100	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	100
Liberty Fiduciary Ltd	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
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	100
Liberty PRIME Series 2022-1 Trust	100	100
Liberty Reps Funding Trust	100	100
Liberty Scarborough Trust	100	100
Liberty Series 2019-1 SME Trust	-	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 2020-3 Trust	100	100
Liberty Series 2020-4 Trust	100	100
Liberty Series 2021-1 SME Trust	100	100
Liberty Series 2021-1 Trust	100	100
Liberty Series 2022-1 Auto Trust	100	100
Liberty Series 2022-1 SME Trust	100	100
Liberty Series 2022-1 Trust	100	100
Liberty Series 2022-2 Trust	100	100
Liberty Series 2023-1 Auto Trust	100	100
Liberty Series 2023-1 SME Trust	100	-
Liberty Series 2023-1 Trust	100	100
Liberty Series 2023-2 Trust	100	100
Liberty Series 2023-3 Trust	100	100
Liberty Series 2023-4 Trust	100	-
Liberty Sirius Trust	100	100
Liberty Term Investment Fund	61	62
Liberty Warehouse Trust 2012-1	100	100
Liberty Warehouse Trust No.1	100	100
Liberty Wholesale Series 2021-1 Trust	100	100
Liberty Wholesale Series 2021-2 Trust	100	100
Liberty Wholesale Trust 2018-1	100	100
Liberty/CS Warehouse Trust 2011-1	-	100
LoanNET Pty Ltd	100	100
Mike Pero (New Zealand) Limited	100	100
Mike Pero Group Limited	100	100
Mike Pero Insurances Limited	100	100

21 RELATED PARTIES (cont.)

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

	Ownership interest 31 December 2023 %	30 June 2023 %
Entity name		
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 ACL 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	1	2
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

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 were consolidated into the Liberty Group financial statements on the basis that the Liberty Group exercised power over the entities and was subject to variability of returns in accordance with relevant accounting standards.

(b) Transactions with related parties

	Six months to 31 December 2023 $	Six months to 31 December 2022 $
Statement of profit or loss and other comprehensive income items arising from related party transactions		
Distribution paid/payable to the immediate parent of the Liberty Group	(27,387,269)	(49,337,299)
Interest income from the immediate parent of the Liberty Group	3,989,340	2,757,968

	31 December 2023 $	30 June 2023 $
Assets and liabilities arising from related party transactions		
Aggregate loans to related parties:		
Immediate parent entity	68,267,577	121,978,779
Other related parties	28,860	296,783
	68,296,437	122,275,562
Aggregate loans from related parties:		
Ultimate parent entity	-	456,673
Other related parties	7,189	3,706,329
Controlled entities	141,842	140,620
	149,031	4,303,622

Loans to immediate parent entity are unsecured and repayable in cash by 30 September 2025. Interest is calculated at the rate of 180-day BBSW plus a margin of 2.5% and is compounded semi-annually.

Loans from ultimate parent entity are unsecured and repayable in cash on demand. Interest is calculated at the rate of 2.0% per annum and is compounded semi-annually. All outstanding payable balances were settled during the six months to 31 December 2023.

Loans to/from other related parties are non-interest bearing, unsecured and payable in cash on demand.

22 CAPITAL COMMITMENTS AND CONTINGENCIES

There are no capital commitments as at 31 December 2023 (30 June 2023: 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 considers that any possible outflow from the outcome of any current known or potential claim or proceedings, either individually or in aggregate, is remote and therefore no contingent liability has been recognised.

23 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.

LIBERTY GROUP
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 8 to 42 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 31 December 2023 and of its performance for the half-year ended 31 December 2023; and

  (ii) complying with the Australian Accounting Standard AASB *134 Interim Financial Reporting* 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 draw attention to note 2 (b) 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 23 February 2024.

LIBERTY GROUP
CORPORATE DIRECTORY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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Liberty Group

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

Independent Auditor's Review Report

To the stapled security holders of Liberty Financial Group (Liberty Group)

Conclusion

We have reviewed the accompanying ***Condensed Interim Financial Report*** of Liberty Financial Group (the Stapled Group Group).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of the Liberty Financial Group does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Liberty Group's*** financial position as at 31 December 2023 and of its performance for the ***Interim Period*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Condensed Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 23 comprising material accounting policies and other explanatory information;
- The Directors' Declaration.

The ***Stapled Group*** comprises Liberty Financial Group Limited and the entities it controlled at the half year's end or from time to time during the half-year and Liberty Financial Group Trust.

The ***Interim Period*** is the 6 months ended on 31 December 2023.

Basis for Conclusion

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

We are independent of the Liberty Group and Liberty Financial Group Limited and Liberty Fiduciary Ltd (the Responsible Entity) in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of Liberty Financial Group Limited and the Directors of Liberty Fiduciary Ltd as responsible entity of the Liberty Financial Group Trust are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001; and*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

KPMG

Dean Waters

Partner

Melbourne

23 February 2024