LATITUDE GROUP HOLDINGS LIMITED

ACN 83 604 747 391

Management Discussion & Analysis
for the half year ended 30 June 2024

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Date of this Management Discussion & Analysis

This Management Discussion & Analysis has been prepared for the half year ended 30 June 2024 and is current as at 23 August 2024.

Notice to readers

The purpose of this Management Discussion & Analysis (MDA) is to provide information supplementary to Latitude Group Holdings Limited Financial Report (*the Financial Report*) for the half year ended 30 June 2024, including further detail in relation to key elements of Latitude Group Holdings Limited's financial performance and financial position. The Management Discussion & Analysis also outlines the funding and capital profile of the Group. This report should be read in conjunction with Appendix 4D.

References to the first half (1H) are to the six months ended 30 June of the respective year.

References to the second half (2H) are to the six months ended 31 December of the respective year.

'HoH' refers to the half-on-half movement which is sequential, whereas 'YoY' refers to the year-on-year movement which is the prior corresponding period.

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

Section A | Results

Section A | Results

01 | Summary of Group Performance

Cash NPAT[1] from continuing operations was $27.4m, up 69% HoH, up 140% YoY.

On a continuing operations basis, 1H24 statutory profit after tax was $9.0m. Including discontinued operations, a statutory profit after tax attributable to owners of Latitude Group Holdings Limited (LFS) was $2.0m.

1H24 saw strong performance with receivables up 3% YoY & 2% HoH driven by volume growth (up 14% YoY & 2% HoH). Considered pricing actions made across 2H23 and 1H24 outpaced higher funding costs, together with tightly controlled OpEx resulting in $66.6m Cash PBT and $27.4m Cash NPAT.

Table 1: Summary profit & loss statement

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Interest income	503.8	481.8	475.3	*5%*	*6%*
Interest expense	(187.8)	(178.2)	(164.7)	*(5%)*	*(14%)*
Net interest income	316.0	303.6	310.6	*4%*	*2%*
Other income	25.8	20.7	23.2	*25%*	*11%*
Total operating income	341.8	324.3	333.8	*5%*	*2%*
Net charge offs	(110.0)	(109.6)	(104.9)	*0%*	*(5%)*
Risk adjusted income	**231.8**	**214.7**	**228.9**	***8%***	***1%***
Cash operating expenses	(165.2)	(176.0)	(169.9)	*6%*	*3%*
Cash PBT	**66.6**	**38.7**	**59.0**	***72%***	***13%***
Movement in provisions	(8.4)	(0.4)	(20.7)	*Large*	*59%*
Depreciation & amortisation (*ex leases*)	(18.7)	(19.5)	(21.8)	*4%*	*14%*
Profit before tax & notable items	**39.5**	**18.8**	**16.5**	***110%***	***139%***
Income tax expense	(12.1)	(2.6)	(5.1)	*(365%)*	*(137%)*
Cash NPAT from continuing operations	**27.4**	**16.2**	**11.4**	***69%***	***140%***
Notable items after tax					
Amortisation of acquisition intangibles	(14.2)	(14.2)	(14.2)	*0%*	*0%*
Amortisation of legacy transaction costs	0.0	(0.0)	(0.2)	*n.m.*	*100%*
Other notable items	(4.2)	(12.3)	(89.4)	*66%*	*95%*
Total Notable items after tax	(18.4)	(26.5)	(103.8)	*31%*	*82%*
Statutory profit after tax (continuing ops)	**9.0**	**(10.3)**	**(92.4)**	***187%***	***110%***
Profit/(loss) from discontinued operations	(7.0)	(31.9)	(24.5)	*78%*	*71%*
Statutory profit after tax	**2.0**	**(42.2)**	**(116.9)**	***105%***	***102%***
Profit/(loss) is attributable to:					
Owners of Latitude Group Holdings Limited	2.0	(42.2)	(116.3)	*105%*	*102%*
Non-controlling interest	0.0	0.0	(0.6)	*n.m.*	*100%*
Statutory profit after tax	**2.0**	**(42.2)**	**(116.9)**	***105%***	***102%***

(1) Cash NPAT is a non-IFRS metric used for management reporting as LFS believes it reflects what it considers to be the underlying performance of the business. Further information on Cash NPAT is included in Section B.

The financial information, where relevant and useful, is separated into LFS's two key 'continuing' business units across Australia and New Zealand. These twin engines perform collaboratively and individually:

- **Pay Division:** Comprising of credit cards that allow customers to make everyday purchases and access interest free payment plans to finance goods from Latitude's retail partners.

- **Money Division:** Providing unsecured and secured lending solutions to customers who are seeking solutions to their financing needs, including personal loans and motor loans products.

  The financial results of discontinued operations are excluded from the individual account lines of LFS and are reported as a single net profit/(loss) after tax line. Discontinued operations primarily include the Insurance, Canada and Asia operations.

Section A | Results

Financial performance bounce-back well underway. Strong resurgence in leading growth drivers generating momentum in receivables. Margin expansion supported by pricing initiatives.

Group performance summary (1H24):

- **Volume up 14% YoY, up 2% HoH**. 1H24 saw the continuation and acceleration of volume momentum experienced in late 2023 with the macro environment supporting consumer demand for credit. Money Division volumes ↑60% YoY, ↑25% HoH and Pay ↑4% YoY, ↓4% HoH.
- **Receivables up 2% HoH, up 3% YoY**. The strong volume performance noted above supported a recovery in receivables balances which grew 2% to $6.378 billion.
- **Net interest margin 10.11%** (NIM), NIM expansion continues ↑31bps HoH and ↑31bps YoY. Considered pricing actions through 2023 and 1H24 lifting Interest Income yields ↑56bps HoH & 111bps YoY offsetting the rising funding costs ↑26bps HoH and ↑82bps YoY.
- **Net charge offs 3.52%** whilst 2bps lower HoH, net charge offs are higher by 21bps YoY with underlying macro conditions impacting consumers across A&NZ leading to the normalisation from prior period historical lows.
- **Risk adjusted income $231.8m** (RAI) ↑8% HoH and ↑1% YoY; RAI yield ↑48bps HoH and ↑18bps YoY to 7.4% as pricing actions outrun funding cost increases and the normalisation of losses.
- **Cash operating expenses down 6% HoH, down 3% YoY** due to disciplined cost management, with lower FTE costs following the implementation of simplified operating structure and one-off cost benefits including 2023 employee benefits accrual release. Cost savings continues to be reinvested into strategic growth initiatives to further contribute to LFS's "Path to Full Potential" strategy.
- **Balance sheet metrics** Provision coverage rate at 4.23% increased by 2bps HoH and 2bps YoY, 90 days past due 1.15% increased by 23bps HoH (increased by 8bps HoH once normalised Money charge off to 120 days[1]) and the tangible equity ratio (TER) increased by 42bps HoH to 7.2% to settle at the upper end of our 6-7% target.
- **No interim dividend was declared.**

Table 2: Key performance indicators

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Volume	4,094.9	4,003.9	3,595.0	*2%*	*14%*
Gross Loan Receivables	6,377.5	6,232.0	6,218.6	*2%*	*3%*
AGR	6,286.6	6,146.1	6,391.7	*2%*	*(2%)*
Interest Bearing Receivables	4,719.6	4,522.0	4,482.4	*4%*	*5%*
Active accounts (ex BNPL) '000s	1,392.3	1,372.6	1,409.9	*1%*	*(1%)*
Operating Income	341.8	324.3	333.8	*5%*	*2%*
Risk adjusted income (*RAI – cont ops*)	231.8	214.7	228.9	*8%*	*1%*
Cash PBT (*cont ops*)	66.6	38.7	59.0	*72%*	*13%*
Cash NPAT (*cont ops*)	**27.4**	**16.2**	**11.4**	***69%***	***140%***
Interest income yield	**16.11%**	**15.55%**	**15.00%**	***56***	***111***
Interest expense/ AGR	(6.01%)	(5.75%)	(5.19%)	*(26)*	*(82)*
Net interest margin	10.11%	9.80%	9.80%	*31*	*31*
Operating income margin	10.93%	10.46%	10.53%	*47*	*40*
Net charge offs	**(3.52%)**	**(3.54%)**	**(3.31%)**	***2***	***(21)***
RAI yield	**7.41%**	**6.93%**	**7.23%**	***48***	***18***
30 days past due	(3.74%)	(3.50%)	(3.91%)	*(24)*	*17*
90 days past due	(1.15%)	(0.92%)	(1.27%)	*(23)*	*12*
Coverage	4.23%	4.21%	4.21%	*2*	*2*
Cost/ income - Cash	(48.3%)	(54.3%)	(50.9%)	*595*	*255*
Cost/ income - Total	(53.8%)	(60.3%)	(57.4%)	*647*	*363*
Spot FTE	757	767	918	*(1%)*	*(18%)*
Effective tax rate	30.5%	13.6%	30.9%	*1692*	*(43)*
RoAGR	**0.9%**	**0.5%**	**0.4%**	***36***	***52***
RoE	4.5%	2.5%	1.6%	*197*	*285*
RoTE	13.1%	7.9%	4.9%	*525*	*825*
TER	**7.2%**	**6.8%**	**7.0%**	***42***	***18***
DPS cents	0.00	0.00	0.00	*n.m.*	*n.m.*
Payout ratio	0%	0%	0%	*n.m.*	*n.m.*
EPS cents (*cash*)	2.63	1.56	1.10	*63%*	*136%*
EPS cents (*cash diluted*)	**2.34**	**1.40**	**1.00**	***64%***	***130%***

[1] From 1H24 Money charge off methodology from 120 to 180 days. This change is worth +15bps to days past due in 1H24.

Section A | Results

02 | Volume, Receivables & Net Interest Income

Volumes increased 14% YoY and 2% HoH delivering a 2% increase in receivables v Dec 2023. Pricing initiatives outpaced interest expense resulting in 47bps operating income margin expansion HoH

Volumes grew to $4,095m, lifting 14% YoY and 2% HoH as positive momentum continued post Cyber with a more supportive macro environment and increasing demand for credit helping to lift volumes.

The Pay Division volumes of $3,077m increased by 4% YoY and fell by 4% HoH, noting the 'golden quarter' retail sales from October through to December drives seasonality higher volumes in the 2nd half of the year. Sales Finance A&NZ volumes of $1,909m, up 6% YoY, down (3%) HoH with seasonal impacts noted above. Cost of living pressures continue to impact retail spending, particularly for the household goods sector where sales remain subdued. However, Interest Free volume increased 4% YoY with new partner signings to support further growth. Card Spend (in Sales Finance A&NZ) increased 9% YoY driven by higher average spend per account. The 28° Global Platinum Mastercard® continues to grow with volumes up 5% YoY to $1,054m which is above historical levels aligned with international travel levels surpassing pre-COVID levels.

The Money Division delivered volumes at record levels of $1,018m up 25% HoH and up 60% YoY, rebounding from the prior year which was significantly impacted by Cyber incident in 1H23. The migration of new originations and existing receivables to the Latitude Money Platform (LMP) completed in 2023. The enhanced capability of LMP is now available across all money products and we have seen the benefits of the platform translate into volume performance. Disciplined cost management has allowed costs to be redirected towards investing in growth, including additional marketing. This is highlighted with May 2024 volume of over $200m, which was the highest volume month observed since the formation of Latitude.

Australian Personal Loan volumes were up 28% HoH and up 61% YoY, this was achieved whilst also increasing prices in new business APR's which delivered interest yield increases of 84bps HoH and 235bps YoY. Strong demand was observed in both Direct and Broker Channels. The Direct Channel was up 37% HoH and 105% YoY with increased marketing investment deployed to capitalise on strong demand. Broker Channel volumes were up 15% HoH and 16% YoY as Latitude continues to strengthen partnerships with Broker groups. New Zealand Personal Loans also performed strongly up 63% YoY and up 6% HoH. Auto volume of $162m, up 41% HoH and 51% YoY, with performance benefiting from first full period post LMP migration and a new auto pricing matrix.

The repayment rate increased by 191bps YoY with Cyber impacts reducing 1H23 payments whilst seasonality (higher payments in 2H vs 1H) and product mix delivering a 212bps reduction in payment rates HoH. 1H24 repayments remain above the pre-covid long term repayment average of 92%.

Table 3: Volume & repayments

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Volume					
Pay	**3,076.9**	**3,191.1**	**2,958.5**	***(4%)***	***4%***
- Australia	2,529.0	2,609.7	2,422.4	*(3%)*	*4%*
- New Zealand	547.9	581.4	536.1	*(6%)*	*2%*
Money	**1,018.0**	**812.8**	**636.6**	***25%***	***60%***
- Australia	829.3	635.6	520.9	*30%*	*59%*
- New Zealand	188.7	177.2	115.7	*6%*	*63%*
Group	**4,094.9**	**4,003.9**	**3,595.0**	**2%**	**14%**
Repayment rate (ex credit cards & BNPL)	96%	98%	94%	*(212)*	*191*

Section A | Results

Pay Division receivables were broadly flat YoY with 4% volume growth primarily driven by strong volume from card spend (up 6%).

In March 2024, the new David Jones credit card was launched, the migration of the David Jones Back book was completed post 1H24 on 13th July 2024, adding $168m receivables from July 2024, benefiting 2H24.

Money Division receivables grew by 6% HoH and 6% YoY to $2,871m off the back of record volumes as noted above. Australian Personal Loans Receivables were up 9% HoH and 11% YoY, to now be the 2nd highest in the Australian PL Segment. New Zealand Personal Loans up 1% HoH and 3% YoY. Auto Receivables up 2% HoH; down 3% YoY, with a rebound in volumes in 1H24 (up 41% HoH and 51% YoY), while managing margins.

All money products were fully migrated to the new LMP from September 2023, which allows offering of both fixed and variable loans. As at 1H24 31% of Money receivables are on variable pricing terms.

Table 4: Receivables

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Receivables					
Pay	**3,506.2**	**3,511.8**	**3,510.5**	***0%***	***0%***
- Australia	2,690.2	2,663.3	2,680.9	*1%*	*0%*
- New Zealand	816.1	848.5	829.5	*(4%)*	*(2%)*
Money	**2,871.3**	**2,720.2**	**2,708.1**	***6%***	***6%***
- Australia	2,394.5	2,247.9	2,247.2	*7%*	*7%*
- New Zealand	476.7	472.3	460.9	*1%*	*3%*
Group gross receivables	**6,377.5**	**6,232.0**	**6,218.6**	***2%***	***3%***
Provisions	(269.9)	(262.4)	(261.5)	*(3%)*	*(3%)*
Unearned	(52.5)	(57.0)	(65.6)	*8%*	*20%*
Net receivables from Cont Ops	**6,055.1**	**5,912.7**	**5,891.5**	***2%***	***3%***
Net receivables from Dis Ops	4.3	11.0	8.8	*(61%)*	*(51%)*
Net receivables	**6,059.4**	**5,923.7**	**5,900.3**	***2%***	***3%***

The Australia cash rate has remained stable at 4.35% since November 2023, while New Zealand remained at 5.50% since May 2023 (NZ cash rate reduced in Aug 2024 to 5.25%). Interest Expense have increased 29bps HoH and 99bps YoY, due to the annualisation of 2023 increases and higher swap rates on Money new origination vintages taking full effect in 2024.

Considered pricing actions implemented during 2023 and 1H24 helped mitigate cost of fund increases noted above along with the normalisation in net charge offs. Margin management actions in 1H24 include: Pay Division products increased APR's by 50bps; Australia Personal Loans New Business APR increased 84bps HoH and Auto New Business APR increased 37bps HoH. Late Fees and Account Keeping Fee were also increased across most products in Australia.

Net interest income grew by 4% or $12.5m HoH and grew by 2% or $5.4m YoY. This is comprised of NIM yield expansion of 31bps (↑$10m), AGR's up 2% (↑$7m) and 2 days less 1H24 v 2H23 (↓$4.4m). The 31bps in NIM yield expansion is comprised of higher income yield (↑56bps = Pay Division ↑20bps, Money Division↑37bps, Mix ↓1bps), partially offset by higher funding (↑26bps = Pay Division ↑16bps, Money Division ↑17bps, Mix/Other ↓7bps).

Table 5: Net interest income/ margin & RAI yield

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Interest income	503.8	481.8	475.3	*5%*	*6%*
Interest expense	(187.8)	(178.2)	(164.7)	*(5%)*	*(14%)*
Net interest income	**316.0**	**303.6**	**310.6**	***4%***	***2%***
Other income	25.8	20.7	23.2	*25%*	*11%*
Net charge offs	(110.0)	(109.6)	(104.9)	*0%*	*(5%)*
Risk adjusted income (RAI)	**231.8**	**214.7**	**228.9**	***8%***	***1%***
Interest income yield	16.11%	15.55%	15.00%	*56*	*111*
Interest expense cost	(6.54%)	(6.25%)	(5.55%)	*(29)*	*(99)*
Net interest spread	9.58%	9.30%	9.44%	*28*	*14*
Benefit of equity	0.53%	0.50%	0.36%	*3*	*17*
Net interest margin	**10.11%**	**9.80%**	**9.80%**	*31*	*31*
Other income	0.82%	0.67%	0.73%	*15*	*9*
Operating income margin	**10.93%**	**10.46%**	**10.53%**	**47**	**40**
Net charge offs	(3.52%)	(3.54%)	(3.31%)	*2*	*(21)*
RAI yield	**7.41%**	**6.93%**	**7.23%**	***48***	***18***

Section A | Results

Table 6: Average balance sheet

($m)	Half year 30-Jun-24 1H24			Half year 31-Dec-23 2H23			Half year 30-Jun-23 1H23		
	Ave bal.	Interest	Rate	Ave bal.	Interest	Rate	Ave bal.	Interest	Rate
Receivables (AGR)	**6,287**	**504**	**16.1%**	**6,146**	**482**	**15.5%**	**6,392**	**475**	**15.0%**
- Pay	3,501	296	17.0%	3,453	290	16.6%	3,617	293	16.3%
- Money	2,785	208	15.0%	2,693	192	14.1%	2,775	182	13.2%
- Other	-	-	-	-	-	-	-	-	-
Average assets	**7,383**			**7,402**			**7,689**		
- Securitisation	5,697	182	6.4%	5,576	172	6.1%	5,838	157	5.4%
- Corporate Debt	77	4	10.7%	78	4	11.4%	143	6	8.6%
- Other		2	n.m		2	n.m		1	n.m
Total ave interest bearing	5,775	188	6.5%	5,654	178	6.3%	5,981	165	5.6%
Average liabilities	**6,151**			**6,132**			**6,300**		
NII/ spread		316	9.6%		304	9.3%		311	9.4%
Net interest margin		316	**10.1%**		304	**9.8%**		311	**9.8%**
Average equity	**1,232**			**1,269**			**1,389**		

Note: Corporate debt average balance excludes undrawn balances on the facility. Corporate debt interest costs includes facility fee.

Section A | Results

03 | Other Operating Income

Other income growth driven by strategic pricing changes and higher bank interest

Interchange and operating fees up 14% HoH and 18% YoY due to an increase in customer fees in 1H24 is a result of considered pricing actions on Pay AU products during the half. This included increases in payment handling fees, paper statement fees and cash advance fees.

Other income increased 58% HoH due to bank interest (commensurate with increasing cash rate) and down 3% YoY due to lower FX gains.

Table 7: Other income

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Interchange and operating fees	18.2	15.9	15.4	*14%*	*18%*
Other Income	7.6	4.8	7.8	*58%*	*(3%)*
Total other income	**25.8**	**20.7**	**23.2**	***25%***	***11%***

Section A | Results

04 | Net Charge Offs, Provisions & Asset quality

Losses continue the expected normalisation to long term averages due to cost of living pressures on households (higher inflation and cash rates), buttressed by low and steady unemployment rates

Net Charge offs were flat HoH at $110m (up 5% YoY) as underlying delinquency rates return to long run average trends. The macro environment with rising costs of living has driven upward pressure on delinquencies, this is partially offset by the strong labour market with unemployment continuing at historically low levels. From a yield perspective, the net charge off rate of 3.52% is down 2bps HoH (higher seasonal charge offs in 1H offset by elevated charge offs in 2H23 from cyber incident) and up 21bps YoY (normalisation to long term averages).

During 1H24 the Group implemented new provisioning models to determine the required coverage rates for expected credit losses. The new models provide improved granularity and modelling capability and further aligned Latitude's modelling techniques to industry practice. Provision increased by 2bps to 4.23%

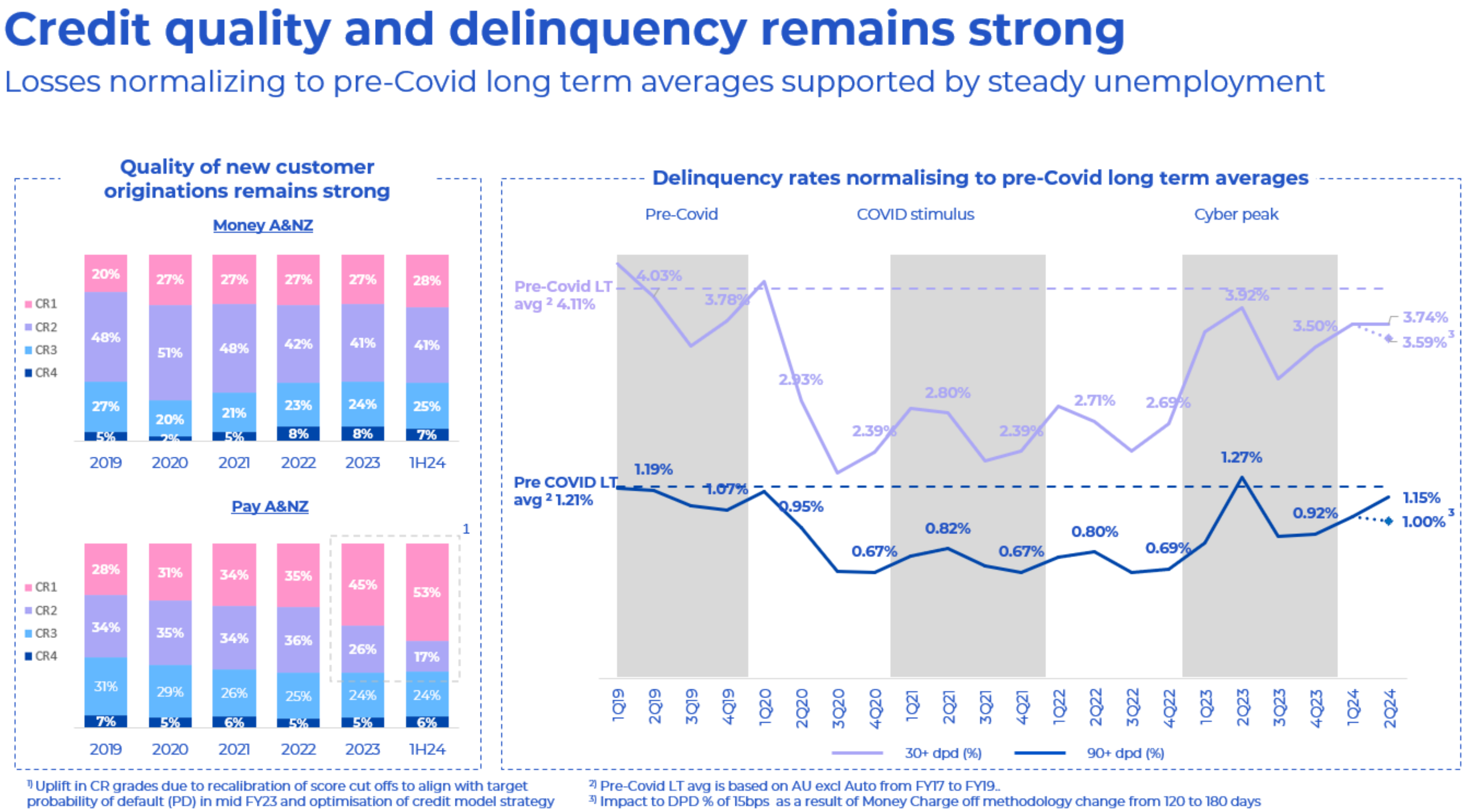
Origination quality remains strong with 69% rated CR1/CR2 at origination in 1H24, which is consistent HoH.

Receivables at 90+ days past due increased 23bps HoH to 1.15% (down 12bps YoY) due to the harmonisation of charge off methodologies between Pay and Money, which increased the Money charge offs from 120 to 180 days past due. On a normalised basis 90+ days past due are down 27bps YoY and up 8bps HoH. Hardship inventory increased by 57 bps HoH and 21 bps YoY to 2.71%. The increased rate of hardship in 2H23 and 1H24 reflects the current economic pressures placed on some households.

Table 8: Net charge offs & provisions

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Net charge offs					
Prior period net charge offs	(109.6)	(104.9)	(72.9)	*(4%)*	*(50%)*
Impact of change in AGR	(2.5)	4.1	(1.5)	*(161%)*	*(67%)*
Impact of change in NCO rate	2.1	(8.8)	(30.5)	*124%*	*107%*
Total NCOs	**(110.0)**	**(109.6)**	**(104.9)**	***0%***	***5%***
NCOs/ AGR	**(3.52%)**	**(3.54%)**	**(3.31%)**	***2***	***(21)***
Provision movement					
Impact of change in receivables	(6.1)	(0.6)	9.4	*(917%)*	*(165%)*
Impact of change in coverage	(1.5)	(0.3)	(29.6)	*(400%)*	*95%*
Provision expense movement	**(7.6)**	**(0.9)**	**(20.2)**	***(744%)***	***62%***
FX impact	(0.8)	0.5	(0.5)	*(260%)*	*(60%)*
Loan impairment expense	**(118.4)**	**(110.0)**	**(125.6)**	***(8%)***	***6%***
Group coverage	**4.23%**	**4.21%**	**4.21%**	***2***	***2***
90+ days past due					
Group	**1.15%**	**0.92%**	**1.27%**	***23***	***(12)***
Pay	**1.35%**	**1.18%**	**1.63%**	***17***	***(28)***
- Australia	1.41%	1.20%	1.73%	*21*	*(32)*
- New Zealand	1.13%	1.13%	1.31%	*0*	*(18)*
Money	**0.91%**	**0.58%**	**0.82%**	***33***	***9***
- Australia	0.83%	0.57%	0.81%	*26*	*2*
- New Zealand	1.28%	0.65%	0.85%	*63*	*43*
Hardship Inventory					
Group	**2.71%**	**2.14%**	**2.50%**	***57***	***21***
Pay	2.44%	2.11%	2.07%	*33*	*37*
Money	3.03%	2.17%	3.05%	*86*	*(2)*

Chart 1: Delinquency reducing, reverting to normalised levels



05 | Operating Expenses, Notable Items & Discontinued Operations

Operating model re-engineering and disciplined cost management creates the capacity to mitigate inflationary pressures and pivot spend on growth

Cash operating expenses in 1H24 decreased 6% HoH and 3% YoY due to lower employee costs following the FY23 operating model changes, which reduced FTE and a one-off benefit of $13m due to lower discretionary incentive payments made relating to 2023 performance. This helped offset incremental investments for growth including higher marketing costs, investment in technology to drive growth and productivity gains as well as general cost of inflation.

Marketing expenses in 1H24 increased 20% HoH and 47% YoY to rebuild receivables as part of Latitude's "Path to Full Potential" strategy following interruption in activity after the cyber incident in 1H23.

Occupancy related expense continued at normal levels with no change in office footprint.

Information Technology decreased 5% HoH due to decommissioning of legacy systems and increased 15% YoY from investment in Money platform and general cost inflation.

Other expenses increased 1% HoH mainly due to volume related spend and higher project activity offsetting lower external services as 2023 included external support for the operating model changes. YoY other expenses increased 15% due to increased offshoring of operational processes, higher project spend and higher indirect taxes.

Depreciation & amortisation in 1H24 decreased 4% HoH and 14% YoY due to the write-off of BNPL platform in June-23 together with lower capitalisation, the natural run-off of assets and the cumulative impact of asset/work in progress impairments.

Table 9: Operating expenses

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Employee	50.4	62.6	72.9	*(19%)*	*(31%)*
Marketing	18.1	15.1	12.3	*20%*	*47%*
Occupancy	2.2	2.4	2.3	*(8%)*	*(4%)*
Information technology	38.4	40.3	33.4	*(5%)*	*15%*
Other	56.1	55.6	49.0	*1%*	*14%*
Cash operating expenses	**165.2**	**176.0**	**169.9**	***(6%)***	***(3%)***
D&A (ex leases)	18.7	19.5	21.8	*(4%)*	*(14%)*
Total OpEx	**183.9**	**195.4**	**191.7**	***(6%)***	***(4%)***
Cost to income ratio - Cash	48.3%	54.3%	50.9%	*(595)*	*(255)*
Cost to income ratio - Total	53.8%	60.3%	57.4%	*(647)*	*(363)*
Cash OpEx/ AGR	(5.3%)	(5.7%)	(5.4%)	*40*	*8*
Spot FTE	757	767	918	*(1%)*	*(18%)*
Capex	2.5	13.5	2.0	*(81%)*	*25%*

Section A | Results

Amortisation of acquisition intangibles (FY24 end date) continues to be recognised in accordance with the amortisation schedule.

Corporate development in 1H24 included $7m for David Jones store card preparation (2H23 $6m, 1H23 $4m). Spend across 1H24 was mainly on preparing for the David Jones backbook migration from AMEX of $168m receivables, which was executed on 13 July, whilst FY23 spend was on preparing for the launch of the new David Jones products.

Restructuring costs relate to redundancy and transition costs to a simplified operating structure.

Impairments in 1H24 are for small asset write-offs.

Cyber related costs resulted in a net credit for the half due to a reduction in the provision for cyber related costs and insurance recoveries in the half.

Table 10: Amortisation & notable items

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Amortisation of acquisition intangibles	20.3	20.2	20.3	*0%*	*0%*
Amortisation of legacy transaction costs	0.0	0.0	0.3	*n.m.*	*n.m*
Corporate development	7.4	10.0	20.7	*(26%)*	*(64%)*
Restructuring Costs	2.9	9.2	5.3	*(68%)*	*(45%)*
Cyber related costs	(6.6)	(7.6)	75.9	*13%*	*n.m*
Asset/ Work in Progress Impairment	0.9	4.5	21.0	*(80%)*	*(96%)*
Decommissioned facilities	1.4	1.5	4.3	*(7%)*	*(67%)*
Notable items pre-tax	**26.3**	**37.8**	**147.8**	***(30%)***	***(82%)***

Discontinued Operations

On 3 April 2024, the Group made the strategic decision to exit the LatitudePay Asia business and commenced actions to discontinue the Asia operations. No new customers were originated from 4 April 2024 and no new purchases could be made from 19 April 2024.

The Asia operations were not previously classified as a discontinued operation. The comparative consolidated statement of profit or loss and OCI has been restated to show the discontinued operations separately from continuing operations.

Prior period discontinued operations includes the asset sale of the Symple Canada loan portfolio in December 2023 and the sale of the Hallmark Insurance operations in May 2023.

Table 11: Profit/ (Loss) after tax from discontinued operations

($m)	30-Jun-24 **1H24**	31-Dec-23 **2H23**	30-Jun-23 **1H23**	Change % HoH	Change % YoY
Net profit/(loss) after tax	(7.0)	(31.9)	(24.5)	*78%*	*71%*
Goodwill write-off (insurance)	-	-	-	*n.m.*	*n.m.*
Total	**(7.0)**	**(31.9)**	**(24.5)**	***78%***	***71%***

Section A | Results

06 | Balance Sheet & Shareholder Returns

TER increased by 42bps HoH to 7.2% (Target range of 6-7%) as margin expansion and cost discipline supported a return to profit. Dividend for 1H24 remains on pause to support future growth opportunities

The TER% (Tangible equity / net receivables) at 7.2% remains strong at the top end of the 6-7% range. A prudent and appropriately capitalised balance sheet provides the ability to support growth and to navigate through the uncertainty of the current economic and geo-political environment. The dividend remains on pause for 1H24.

Table 12: Balance sheet

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Total assets	7,421	7,347	7,458	*1%*	*(0%)*
Net receivables	6,059	5,924	5,900	*2%*	*3%*
Intangible assets	793	833	890	*(5%)*	*(11%)*
Total liabilities	6,192	6,112	6,153	*1%*	*1%*
Total equity	1,229	1,235	1,304	*(0%)*	*(6%)*
Tangible equity	436	402	414	*9%*	*5%*
Tangible equity/ net receivables (*TER*)	**7.20%**	**6.8%**	**7.0%**	***42***	***18***
RoAGR	0.9%	0.5%	0.4%	*36*	*52*
RoE	4.5%	2.5%	1.6%	*197*	*285*
RoTE	**13.1%**	**7.9%**	**4.9%**	***525***	***825***
Net tangible assets per share (*$ps*)	0.42	0.39	0.40	*0%*	*0%*
Book value per share (*$ps*)	1.18	1.19	1.25	*0%*	*(8%)*
Dividend cents	**0.00**	**0.00**	**0.00**	***n.m.***	***n.m.***
Franking	n/a	n/a	n/a	*n.m.*	*n.m.*
Payout ratio	0%	0%	0%	*n.m.*	*n.m.*
Ex-dividend date	n/a	n/a	21-Mar-23		
Record date	n/a	n/a	22-Mar-23		
Dividend payment date	n/a	n/a	24-Apr-23		

LFS will continue to target a full year payout ratio of 60-70% of cash NPAT. The board determines the dividend per share based on net profit after tax (*cash*) per share, having regard to a range of factors including:

- Current and expected rates of business growth and the mix of business;
- Long term average loss rates;
- Capital needs to support economic, regulatory and funding requirements;
- Investments and/or divestments to support business development;
- Competitors comparison and market expectations; and
- Expected earnings per share growth.

Section A | Results

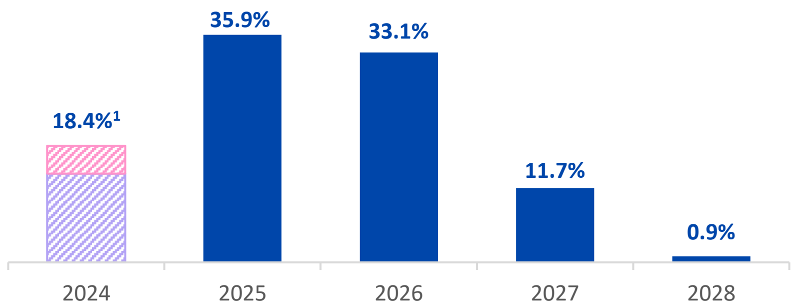
07 | Funding & Liquidity

Latitude reignited it public funding programme in 1H24, raising $1.1 billion across three ABS transactions and refinanced the corporate debt facility. These actions supported our balance sheet, liquidity and capacity to grow while extending our debt maturity profile.

Funding activities in 1H24 maintained our cost effective, diverse and prudent funding programme which includes $2.1bn of available headroom. Latitude systematically manages its maturity profile within its target range of no more than 50% of funding maturities in any given year and no more than 40% of funding maturities within the next 12 month.

Summary of Securitisation Funding Facilities

Chart 2: Latitude securitised debt maturity profile as at 30 June 2024



[1)] Maturities in 2H24 refer primarily to NZ$250m NZCC MT 2021-1 term deal due in August 2024 and A$750m AUCC MT 2019-1 term deal due in September 2024. Both maturities have been substantially derisked by the proactive term refinancing activity implemented in 1H24 (see Table 13 below) and the resulting available headroom in our warehouses.

Summary of Warehouse Funding Facilities

Significant changes in Warehouse funding in 1H24 included:

- **May**: The New Zealand Personal Loans warehouse limit was reduced in May from NZ$610m to NZ$518.3m.

The following table sets out the position of each of Latitude's warehouses as at 30 June 2024.

Table 13: Warehouse facilities as at 30 June 2024

($m)	Australia Sales Finance and Credit Cards Trust	Australia Sales Finance and Credit Cards Trust No. 3	Australia Personal Loans Trust	Australia Personal Loans Trust No. 2	Australia Auto Loans Trust	New Zealand Sales Finance and Credit Cards Trust	New Zealand Personal Loans Trust
Limit[(a)]	A$801.1	A$1055.6	A$1036.1	A$337.5	A$712.5	NZ$864.1	NZ$518.3
Drawn	A$366.9	A$431.6	A$744.6	A$261.1	A$680.9	NZ$328.6	NZ$452.6
Headroom	A$434.2	A$624.0	A$291.4	A$76.4	A$31.6	NZ$535.5	NZ$65.7
Revolving period end date	24-Mar-25	22-Nov-26	19-May-25	17-Aug-26	21-Dec-26	22-Jan-25	17-Dec-25

Notes:

(a) *Limit excludes the seller note (i.e. the equity position contributed by Latitude).*

(b) *Total headroom of A$2.1bn includes A$0.1bn Variable Funding Note ('VFN') capacity for Australia and New Zealand as outlined in the note attached to Table 13*

Section A | Results

Summary of ABS Funding

Significant changes in ABS funding in 1H24 included:

- **March:** Issue of A$400m Series 2024-1 credit card ABS under the Australian Credit Card Master Trust closed in March, with an expected redemption date in March 2027.
- **April:** Issue of A$500m Australian Personal Loan Series 2024-1 Trust closed in April, final maturity in Sept 2032.
- **June:** Issue of A$250m Series 2024-1 credit card ABS under the New Zealand Credit Card Master Trust closed in June, with an expected redemption date in June 2027.

Table 14: ABS issuance as at 30 June 2024

($m)	Latitude Australia Credit Card Loan Note Trust – Series 2019-1	Latitude Australia Credit Card Loan Note Trust – Series 2023-1	Latitude Australia Credit Card Loan Note Trust – Series 2024-1	Latitude Australia Personal Loan Series 2021-1 Trust	Latitude Australia Personal Loan Series 2024-1 Trust	Latitude New Zealand Credit Card Loan Note Trust – Series 2021-1	Latitude New Zealand Credit Card Loan Note Trust – Series 2024-1
Underlying segment receivables	Sales finance & credit card receivables	Sales finance & credit card receivables	Sales finance & credit card receivables	Personal loans	Personal loans	Sales finance & credit card receivables	Sales finance & credit card receivables
Notes issued	A$750.0	A$400.0	A$400.0	A$500.0	A$500.0	NZ$250.0	NZ$250.0
Issue date	13-Sep-19	8-Mar-23	26-Mar-24	24-Nov-21	30-Apr-24	17-Aug-21	26-Jun-24
Revolving period end date	22-Sep-24	23-Mar-26	22-Mar-27	n.a.	n.a.	22-Aug-24	22-Jun-27
Outstanding Notes at 30 June 2024	A$750.0	A$400.0	A$400.0	A$74.1	A$439.9	NZ$250.0	NZ$250.0
Outstanding Variable Funding Note at 30 June 2024	.... A$33.8			n.a	n.a	.... NZ$20.0	
Expected call date[(a)]	22-Sep-24	23-Mar-26	22-Mar-27	17-Apr-25	17-Apr-28	22-Aug-24	22-Jun-27
Outstanding Notes at 31 December 2023	A$750.0	A$400.0	n.a	A$110.9	n.a.	NZ$250.0	n.a.
Outstanding Variable Funding Note at 31 December 2023	.... A$59.4			n.a.	n.a.	.... NZ$20.5	

Notes:

(a) *Series issued by Latitude Australia Credit Card Loan Note Trust are expected to be called at the issue amount; the Latitude Australia Personal Loans Series 2021-1 and Series 2024-1 Trusts are expected to be called at their expected 10% clean-up call date.*

Summary of Corporate Debt Facilities

Significant changes in facilities in 1H24 included:

- **March**: US$20m single draw bullet facility with SBI Shinsei Bank was refinanced, maturing 28 March 2025.
- **April:** The syndicated facility agreement was extended for 3 years with the following lines of credit:
  - Facility A & C: A$77.5m multicurrency bullet revolving credit facility;

    As at 30 June 2024, A$2.3m of the Facility A was utilised to support bank guarantees and letters of credit. A$75.2m of Facility A & C remained undrawn
  - Facility B: US$41m bullet revolving credit facility.

    As at 30 June 2024, US$37.9m of the Facility B was utilised to support existing letters of credit provided as collateral for access to Schemes. US$3.1m of Facility B remained undrawn.

Section B | Supplementary Information

Section B | Supplementary Information

This section includes supplemental information that Latitude believes is useful for investors and users of this financial information.

B.1 Information about Cash NPAT and other Non-IFRS Metrics

Cash PBT and Cash NPAT

Cash PBT is calculated by deducting cash operating expenses from risk adjusted income (*RAI – see definition below*). It excludes non-cash items such as movement in IFRS 9 impairment provisions and acquisition related amortisation. It also excludes notable items and is a pre-tax measure. Latitude uses Cash PBT for its internal management reporting as it believes it reflects the best measure of underlying risk adjusted performance.

Some of the limitations of Cash PBT include that this measure does not reflect:

- The movements in IFRS 9 provisions for future losses on Latitude's receivables;
- The approach of other companies in Latitude's industry which may calculate this measure differently from Latitude, thus limiting its usefulness as a comparative measure; and
- The notable items, amortisation of acquisition intangibles and amortisation of legacy transaction costs or tax expense.

Cash NPAT is calculated by adding back the after-tax impact of amortisation of acquisition intangibles, amortisation of legacy transaction costs and notable items to NPAT.

Cash NPAT is measured by Latitude to evaluate the operating performance of the business without the impact of the non-cash expenses associated with amortisation of acquisition intangibles, amortisation of legacy transaction costs and notable items.

Some of the limitations of Cash NPAT include:

- It excludes amortisation of acquisition intangibles, amortisation of legacy transaction costs and notable items which by their nature create a different profile to statutory profit;
- It is not representative of the free cash flow of Latitude's business (*refer to Consolidated Statement of Cash Flows for this information*); and
- Other companies in Latitude's industry may calculate this measure differently from Latitude (*including using a different definition of notable items, amortisation of acquisition intangibles and amortisation of legacy transaction costs*), thus limiting its usefulness as a comparative measure.

Risk Adjusted Income (RAI)

RAI is calculated as total operating income less net charge offs and is measured by Latitude to evaluate the risk adjusted margin on receivables after funding costs and net charge offs before the movement in provisions for losses and operating expenses.

RAI is considered useful by Latitude as it measures the risk adjusted contribution from each product.

It allows Latitude to have a consistent measure of risk adjusted performance and yields across its various segments and portfolios. RAI should not be considered as an alternative to Profit/(loss) before income tax and NPAT in considering the overall net profit of Latitude.

Some of the limitations of RAI include that this measure does not reflect:

- The loan impairment expense associated with the movement in provisions for future losses due to growth in Latitude's receivables or changes in the coverage ratio;
- The direct operating expenses incurred by Latitude in generating RAI;
- The indirect costs associated with Latitude's business;
- The approach of other companies in Latitude's industry which may calculate this measure differently from Latitude, thus limiting its usefulness as a comparative measure; and
- Moreover, current net charge offs may not be reflective of future long run net charge offs and will be influenced by the current macro-economic environment as well as historical portfolio credit quality characteristics that may change over time.

Section B | Supplementary Information

B.2 Additional information on seasonality

Seasonality

Latitude experiences a seasonal effect in its financial performance between 1H and 2H of each financial year.

For example, demand for Latitude's sales finance and revolving credit products is typically higher during the 2H period in comparison to the 1H period as a result of increased consumer spending across the Black Friday/ Cyber Monday sales events, in addition to the lead up to the Christmas holiday period and the post-Christmas sales period. This causes an increase in volumes and receivables at the end of the 2H period. An increase in income from the higher 2H receivables balance is typically observed in 1H in the next Financial Year. Conversely the Latitude portfolio exhibits a seasonal impact with delinquencies rising in 1H with higher indebtedness following the December holiday periods as well as higher Net charge offs in 1H, followed by increased repayment rates and improving delinquencies and charge offs in 2H as borrowers typically reduce indebtedness following the end of tax year in June upon the receipt of tax refunds.

B.3 Additional amortisation of intangibles metrics including associated commentary

Table B.1: Amortisation of acquisition intangibles & legacy transaction costs pre-tax

($m)	30-Jun-24 1H24	31-Dec-23 2H23	30-Jun-23 1H23	Change % HoH	Change % YoY
Amortisation of acquisition intangibles	20.3	20.2	20.3	*0%*	*0%*
Amortisation of legacy transaction costs	0.0	0.0	0.3	*n.m.*	*(100%)*
Total	**20.3**	**20.2**	**20.6**	***0%***	***(1%)***

Note – Amortisation of Legacy Transaction costs is included in Interest Expense for Statutory reporting purposes.

Amortisation of acquisition intangibles is amortising in line with the straight-line amortisation schedule. Acquisition intangibles recognised as part of a business combination in 2015 have remaining amortisation periods of just within 6 months in Australia. New Zealand was fully amortised by 31 December 2022.

The Amortisation of Legacy Transaction costs relate to the capitalised portion of both the costs related to the original establishment of the warehouse funding program in 2015 and the costs related to the historical hedging arrangements that were settled as part of Latitude's proposed 2019 IPO have been fully amortised. The funding establishment costs were amortised over the life of the respective funding vehicles and were fully amortised by 31 December 2022, while the amortisation of the historical hedging arrangements is in line with the original life of the historical instrument and the unwind of the historical cash flow hedge reserve were fully amortised by 30 September 2023.

Section B | Supplementary Information

B.4 Reconciliation from Cash NPAT to Stat NPAT for continuing operations

Table B.2: Cash NPAT to Stat NPAT 1H24

1H24 ($'m)	Cash NPAT	Amortisation of acquisition intangibles	Corporate development	Restructuring costs	Cyber incident	Asset impairment	Decomm-issioned facilities	Stat NPAT
Net interest income	316.0	-	-	-	-	-	-	316.0
Other income	25.8	-	-	-	-	-	-	25.8
Total operating Income	**341.8**	**-**	**-**	**-**	**-**	**-**	**-**	**341.8**
Net charge offs	(110.0)	-	-	-	-	-	-	(110.0)
Risk adjusted income	**231.8**	**-**	**-**	**-**	**-**	**-**	**-**	**231.8**
Cash operating expenses	(165.2)	-	(7.4)	(2.9)	6.6	(0.9)	(1.2)	(171.0)
Cash PBT	**66.6**	**-**	**(7.4)**	**(2.9)**	**6.6**	**(0.9)**	**(1.2)**	**60.8**
Movement in provision for impairment	(8.4)	-	-	-	-	-	-	(8.4)
Depreciation & Amortisation (excluding leases)	(18.7)	(20.3)	-	-	-	-	(0.2)	(39.2)
Profit before tax	**39.5**	**(20.3)**	**(7.4)**	**(2.9)**	**6.6**	**(0.9)**	**(1.4)**	**13.2**
Income tax (expense)/benefit	(12.1)	6.1	2.2	0.9	(2.0)	0.3	0.4	(4.2)
Profit after tax from continuing operations	**27.4**	**(14.2)**	**(5.2)**	**(2.0)**	**4.6**	**(0.6)**	**(1.0)**	**9.0**

Section B | Supplementary Information

Table B.3: Cash NPAT to Stat NPAT 2H23

2H23 ($'m)	Cash NPAT	Amortisation of acquisition intangibles	Corporate development	Restructuring costs	Cyber incident	Asset impairment	Decomm-issioned facilities	Stat NPAT
Net interest income	303.6	-	-	-	-	-	(0.1)	303.5
Other income	20.7	-	-	-	-	-	-	20.7
Total operating Income	**324.3**	**-**	**-**	**-**	**-**	**-**	**(0.1)**	**324.2**
Net charge offs	(109.6)	-	-	-	-	-	-	(109.6)
Risk adjusted income	**214.7**	**-**	**-**	**-**	**-**	**-**	**(0.1)**	**214.6**
Cash operating expenses	(176.0)	-	(10.0)	(9.2)	7.6	(4.5)	(1.1)	(193.2)
Cash PBT	**38.7**	**-**	**(10.0)**	**(9.2)**	**7.6**	**(4.5)**	**(1.2)**	**21.4**
Movement in provision for impairment	(0.4)	-	-	-	-	-	-	(0.4)
Depreciation & Amortisation (excluding leases)	(19.5)	(20.2)	-	-	-	-	(0.3)	(40.0)
Profit before tax	**18.8**	**(20.2)**	**(10.0)**	**(9.2)**	**7.6**	**(4.5)**	**(1.5)**	**(19.0)**
Income tax (expense)/benefit	(2.6)	6.0	3.0	2.7	(2.2)	1.4	0.4	8.7
Profit after tax from continuing operations	**16.2**	**(14.2)**	**(7.0)**	**(6.5)**	**5.4**	**(3.1)**	**(1.1)**	**(10.3)**

Section B | Supplementary Information

Table B.4: Cash NPAT to Stat NPAT 1H23

1H23 ($'m)	Cash NPAT	Amortisation of acquisition intangibles	Amortisation of legacy transaction costs	Corporate development	Restructuring costs	Cyber incident	Asset impairment	Decomm-issioned facilities	Stat NPAT
Net interest income	310.6	-	(0.3)	-	-	-	-	(0.1)	310.2
Other income	23.2	-	-	-	-	-	-	0.4	23.6
Total operating Income	**333.8**	**-**	**(0.3)**	**-**	**-**	**-**	**-**	**0.3**	**333.8**
Net charge offs	(104.9)	-	-	-	-	-	-	-	(104.9)
Risk adjusted income	**228.9**	**-**	**(0.3)**	**-**	**-**	**-**	**-**	**0.3**	**228.9**
Cash operating expenses	(169.9)	-	-	(20.7)	(5.3)	(75.9)	(21.0)	(1.9)	(294.7)
Cash PBT	**59.0**	**-**	**(0.3)**	**(20.7)**	**(5.3)**	**(75.9)**	**(21.0)**	**(1.6)**	**(65.8)**
Movement in provision for impairment	(20.7)	-	-	-	-	-	-	-	(20.7)
Depreciation & Amortisation (excluding leases)	(21.8)	(20.3)	-	-	-	-	-	(2.7)	(44.8)
Profit before tax	**16.5**	**(20.3)**	**(0.3)**	**(20.7)**	**(5.3)**	**(75.9)**	**(21.0)**	**(4.3)**	**(131.3)**
Income tax (expense)/benefit	(5.1)	6.1	0.1	6.2	1.6	22.7	6.0	1.3	38.9
Profit after tax from continuing operations	**11.4**	**(14.2)**	**(0.2)**	**(14.5)**	**(3.7)**	**(53.2)**	**(15.0)**	**(3.0)**	**(92.4)**

B.5 Glossary of key terms

Term	Definition
30+ days past due	Total amount of receivables 30+ days past due at period end divided by period end gross loan receivables
90+ days past due	Total amount of receivables 90+ days past due at period end divided by period end gross loan receivables
Active accounts	Defined as a customer who has a balance and/or performed a transaction on a product in the last month
Amortisation of acquisition intangibles	Reflects the amortisation of customer lists and distribution agreements recognised as part of the acquisition accounting. Intangible customer lists and distribution agreements are amortised on a straight-line basis over nine years in Australia and seven years in New Zealand (*ending in 2024 and 2022 respectively*)
Amortisation of legacy transaction costs	Reflects the amortisation of capitalised costs for the original establishment of the warehouse funding program and historical hedging arrangements settled as a direct result of Latitude's proposed 2019 IPO (*ending in 2023*)
Average gross receivables (*AGR*)	Average gross monthly receivables balance during the period (*e.g. calculated based on the 13 month average across the period for a financial year*). AGR is a key driver of earnings for the business
Book value per share	Net assets divided by ordinary shares on issue at the end of the reporting period.
Cash operating expenses	Represents the sum of Employee expense, Marketing expense, Occupancy expense, Information technology expense and Other operating expenses
Cash operating expenses/AGR	Cash operating expenses divided by AGR for the relevant period
Cash PBT	Refer Section B.1
Cash NPAT	Refer Section B.1
Cost to income ratio cash	Represents the ratio of cash operating expenses to operating income, excluding amortisation of transaction costs and changes in capital structure
Cost to income ratio total	Represents the ratio of total operating expenses to operating income, excluding amortisation of transaction costs and changes in capital structure
Coverage ratio	Represents the ratio of provisions for expected losses to gross loan receivables in accordance with IFRS 9
Depreciation & amortisation expense (*ex leases*)	Includes amortisation of capitalised software and depreciation of property, plant and equipment
DPS Cash	Represents the cash dividend per share calculated as Cash NPAT for the period divided by the weighted average shares on issue for the period
EPS Cash - Basic	Represents the cash earnings per share calculated as Cash NPAT for the period divided by the weighted average shares on issue for the period

Term	Definition
EPS Cash - Diluted	Represents the cash earnings per share calculated as Cash NPAT for the period divided by the weighted average shares on issue for the period including the dilutive effect of the capital notes on issue
Employee expense	Relates to employee salary, incentives and related on-costs. Employee expenses exclude costs associated with corporate development, restructuring and Cyber which have been presented separately in notable items
FTE	Includes a permanent or fixed term employee of Latitude.
Gross loan receivables	Represents the total outstanding receivables balance across all products at the end of the period excluding the net fair value unwind and discontinued operations
Hardship inventory	Represents total of end of period Hardship balances divided by Gross loan receivables
Information technology expense	Relates to the expenses associated with technology including platform costs, license fees and maintenance
Interest expense	Interest expense incurred by Latitude to finance Latitude's receivable assets inclusive of interest margin, base rate interest, commitment fees, guarantee fees, interest rate swap interest expense and amortisation expenses associated with capitalised costs incurred in the establishment of new trusts
Interest expense/AGR	Interest expense divided by AGR for the relevant period
Interest expense cost	Interest expense divided by average interest-bearing liabilities for the relevant period
Interest income	Interest income is based on an effective interest rate methodology and comprises interest charged on outstanding customer balances plus fees and charges that are considered an integral part of the loan, net of origination costs. Outstanding customer balances include revolving credit card balances (*including interest-bearing sales finance products*), personal loan products and auto loan products. Fees and charges include merchant service fees (*for sales finance*) which Latitude earns from retail partners for financing interest free sales, establishment fees, annual fees, account keeping fees, late fees and third-party commission expenses
Interest income yield	Interest income divided by AGR for the relevant period
Loan impairment expense	Represents losses from loan receivables charged off in the period and the movement in the provision for impairment losses (*estimated in accordance with IFRS 9, excluding movement in transaction fraud losses*), net of recoveries of amounts previously written off
Marketing expense	Relates to marketing, advertising and sales promotion expenses
Net charge-offs (NCO)	Gross charge offs less any subsequent recoveries of charged off debt
Net charge offs/AGR	Net charge offs divided by AGR for the relevant period
Net receivables	Represents Gross loan receivables less loan provisions for impairments, deferred income and customer acquisition costs
Net interest margin (NIM)	Interest income less interest expense divided by AGR for the relevant period

Term	Definition
Net tangible assets per share	Net assets excluding intangible assets, non-controlling interests and other equity instruments divided by ordinary shares on issue at the end of the reporting period
Notable items	Latitude believes these items are outside the ordinary course of business and temporary in nature or relate to the costs associated with entering new segments and markets where the associated revenues or benefits from that uncapitalised investment will not evolve during the reporting period.
Occupancy expense	Relates to the expenses associated with facility occupancy
Operating Income	Operating Income is calculated as Net interest income plus Other operating income
Operating income margin	Operating Income divided by AGR for the relevant period
Other operating expenses	Primarily relates to outside services costs and other general operating costs. Expenses associated with Latitude's restructuring have been excluded and presented separately in notable items
Other operating income/Other income	Includes statement fees, interchange and other fees & charges. Other operating income is offset by direct costs including credit card Scheme and related fees, partner loyalty fees, customer loyalty fees. For certain fee categories where fees are a pass through of external costs due to customer channel selection, these costs are netted against the associated fees (*e.g. paper statement fees, payment handling fees*)
Payout ratio	Calculated as the ratio of cash earnings per share divided by cash dividend per share
Provision movement	Represents the movement in the provision for impairment losses (*estimated in accordance with IFRS 9, excluding movement in transaction fraud losses*)
Return on AGR (RoAGR)	RoAGR is calculated as Cash NPAT divided by the average gross receivables (*AGR's*) for the relevant period
Return on Equity (ROE)	RoE is calculated as Cash NPAT divided by the average Total Equity for the relevant period
Return on Tangible Equity (ROTE)	Calculated as Cash NPAT divided by the average Tangible Equity for the relevant period
Risk adjusted income (RAI)	Refer Section B.1
Risk adjusted income yield	Risk adjusted income divided by AGR for the relevant period
Tangible Equity (TE)	Total Equity less Intangible assets
Tangible Equity/Net Receivables (TER)	Calculated as Tangible Equity divided by Net receivables
Total Equity	Contributed equity plus Common control reserve plus Other reserves plus Retained earnings
Volume	Key lead indicator monitored by the business. It represents all principal receivables lent by the business in the relevant period. It shows customer spending habits, future income levels, effectiveness of top line initiatives implemented and Latitude's lending appetite