



LATITUDE GROUP HOLDINGS LIMITED

ABN 83 604 747 391

Management Discussion & Analysis
for the full year ended 31 December 2025

20 February 2026

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Date of this Management Discussion & Analysis

This Management Discussion & Analysis (MD&A) has been prepared for the year ended 31 December 2025 and is current as at 20 February 2026.

Notice to readers

The purpose of this MD&A is to provide information supplementary to Latitude Group Holdings Limited Financial Report (*the Financial Report*) for the year ended 31 December 2025, including further detail in relation to key elements of Latitude Group Holdings Limited's financial performance and financial position. The MD&A also outlines the funding and capital profile of the Group. This report should be read in conjunction with Appendix 4E.

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.

References to the full year (FY) are to the twelve 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 \$105.1m for FY25 up 59% YoY. Specifically, for 2H25 it stood at \$58.9m, up 27% HoH and up 53% YoY.

On a continuing operations basis, FY25 statutory profit after tax was \$94.4m, up 208% YoY.

FY25 saw continuing momentum across key performance metrics, including receivables up 7% YoY (2H25 up 4% HoH) driven by total volume up 10% YoY (2H25 up 13% HoH), and interest bearing receivables up 8% YoY (2H25 up 3% HoH). The combination of pricing strategy discipline and decreasing funding yields has driven the expansion of the operating income margin by 78bps YoY (2H25 up 19bps HoH). Delinquencies continue to trend upward but within the pre-Covid historical charge off range, in line with macro economic conditions.

Given the underlying performance noted above, a fully franked 2H25 dividend of 5.00 cps was declared by the Board, following the unfranked 1H25 interim dividend of 4.00 cps. This totals a 9.00 cps dividend for the full year, which is equivalent to an 89% payout ratio relative to the FY25 Cash NPAT of \$105.1m.

Table 1: Summary profit & loss statement

(\$m)	31-Dec-25	30-Jun-25	31-Dec-24	HoH Change	YoY Change	FY25	FY24	FY Change
	2H25	1H25	2H24	%	%			%
Interest income	599.9	588.4	565.9	2%	6%	1,188.4	1,074.5	11%
Interest expense	(182.5)	(192.3)	(198.2)	5%	8%	(374.8)	(386.0)	3%
Net interest income	417.4	396.1	367.7	5%	14%	813.6	688.5	18%
Other income	14.3	11.6	19.7	23%	(27%)	25.9	40.7	(36%)
Total operating income	431.7	407.7	387.4	6%	11%	839.5	729.2	15%
Net charge offs	(136.2)	(130.1)	(104.0)	(5%)	(31%)	(266.3)	(214.0)	(24%)
Risk adjusted income	295.6	277.6	283.4	6%	4%	573.2	515.2	11%
Cash operating expenses	(177.9)	(184.1)	(194.8)	3%	9%	(362.1)	(360.0)	(1%)
Cash PBT	117.6	93.5	88.6	26%	33%	211.1	155.2	36%
Movement in provisions	(22.1)	(12.1)	(13.4)	(83%)	(65%)	(34.3)	(21.8)	(57%)
Depreciation & amortisation (<i>ex leases</i>)	(14.1)	(17.7)	(19.3)	20%	27%	(31.8)	(38.0)	16%
Profit before tax & notable items	81.3	63.7	55.9	28%	45%	145.0	95.4	52%
Income tax expense	(22.4)	(17.5)	(17.4)	(28%)	(29%)	(39.9)	(29.5)	(35%)
Cash NPAT from continuing operations	58.9	46.2	38.5	27%	53%	105.1	65.9	59%
<i>Notable items after tax</i>								
Amortisation of acquisition intangibles	0.0	(0.0)	(11.3)	n.m.	n.m.	(0.0)	(25.5)	n.m.
Other notable items	(4.2)	(6.5)	(5.6)	35%	25%	(10.7)	(9.8)	(9%)
Total Notable items after tax	(4.2)	(6.5)	(16.9)	35%	75%	(10.7)	(35.3)	70%
Statutory profit after tax (<i>continuing ops</i>)	54.7	39.7	21.6	38%	153%	94.4	30.6	208%
Profit/(loss) from discontinued operations	0.1	(0.5)	(2.0)	120%	105%	(0.4)	(9.0)	96%
Statutory profit after tax	54.8	39.2	19.6	40%	180%	94.0	21.6	335%
<i>Profit/(loss) is attributable to:</i>								
Owners of Latitude Group Holdings Limited	54.8	39.2	19.6	40%	180%	94.0	21.6	335%
Non-controlling interest	0.0	0.0	0.0	n.m.	n.m.	0.0	0.0	n.m.
Statutory profit after tax	54.8	39.2	19.6	40%	180%	94.0	21.6	335%

(1) Cash NPAT is a non-IFRS metrics 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.

(2) Comparative results have been restated to reflect the reclassification of bank interest income from Other income to Net interest income. Refer to Section B.4 for details.

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" work together to serve our customers and generate valuable opportunities to extend the customer life cycle with LFS:

- **Pay Division:** Comprising credit cards that allow customers to make everyday purchases and access interest free payment plans to finance goods and services from Latitude's retail partners.
- **Money Division:** Providing unsecured and secured lending products to customers who are seeking personal loans and motor loans.

The financial results of discontinued operations are excluded from the individual account lines of LFS and reported as a single net profit/(loss) after tax line. It relates to the closure of the Asia operations (ceased operating in 1H24).

Section A | Results

FY25 profit growth driven by sustained strength in volumes, receivables and margins

2H25 Group performance summary:

- **Total Volume up 9% YoY, up 13% HoH.** 2H25 saw the continuation of volume momentum seen in prior periods. Money Division new origination was up 14% YoY and up 8% HoH, while Pay Division total purchase volume was up 8% YoY and up 14% HoH.
- **Receivables up 7% YoY, up 4% HoH** to \$7.2 billion, the highest level in five years due to sustained volume growth.
- **Operating income margin 12.21%, up 47bps YoY, up 19bps HoH** as a result of disciplined margin management and lower funding costs (driven by lower cash rates and tighter spreads) lifting net interest margin up 67bps YoY and 13bps HoH. Other income yields down 20bps YoY and up 6bps HoH.
- **Net charge offs 3.85% (NCO) up 70bps YoY, up 2bps HoH.** The increase in net charge offs reflects the continuing normalisation in delinquency rates following the post-Covid lows, aligned with the macro environment. Rates remain within expected and long term historical ranges.
- **Cash operating expenses down 9% YoY and 3% HoH.** Cost management remained a focus, delivering a ~900bps improvement in cash cost-to-income ratio to 41.2%, enabling incremental investments in technology, marketing and innovation to meet the evolving needs of our customers and partners.
- **Balance sheet metrics** Provision coverage increased to 4.45% (up 10bps HoH), 90 days past due stood at 1.60% (down 1bps HoH) and the tangible equity ratio (TER) at 7.1%, is in line with the target range.

Table 2: Key performance indicators

(\$m)	31-Dec-25	30-Jun-25	31-Dec-24	HoH Change	YoY Change	FY25	FY24	FY Change
	2H25	1H25	2H24	%/bps	%/bps			%/bps
New Volume	4,807	4,247	4,418	13%	9%	9,054	8,223	10%
Gross loan receivables	7,211	6,962	6,748	4%	7%	7,211	6,748	7%
AGR	7,012	6,842	6,565	2%	7%	6,924	6,430	8%
Interest bearing receivables	5,385	5,210	4,987	3%	8%	5,385	4,987	8%
Active accounts '000s	1,422	1,440	1,533	(1%)	(7%)	1,422	1,533	(7%)
Total operating income	431.7	407.7	387.4	6%	11%	839.5	729.2	15%
Risk adjusted income (RAI)	295.6	277.6	283.4	6%	4%	573.2	515.2	11%
Cash PBT	117.6	93.5	88.6	26%	33%	211.1	155.2	36%
Cash NPAT	58.9	46.2	38.5	27%	53%	105.1	65.9	59%
Interest income yield	16.97%	17.34%	17.15%	(37)	(18)	17.16%	16.71%	45
Interest expense/ AGR	(5.16%)	(5.67%)	(6.01%)	51	85	(5.41%)	(6.00%)	59
Net interest margin	11.81%	11.68%	11.14%	13	67	11.75%	10.71%	104
Operating income margin	12.21%	12.02%	11.74%	19	47	12.12%	11.34%	78
Net charge offs / AGR	(3.85%)	(3.83%)	(3.15%)	(2)	(70)	(3.85%)	(3.33%)	(52)
RAI yield	8.36%	8.18%	8.59%	18	(23)	8.28%	8.01%	27
30 days past due	4.20%	4.19%	3.82%	1	38	4.20%	3.82%	38
90 days past due	1.60%	1.61%	1.35%	(1)	25	1.60%	1.35%	25
Coverage	4.45%	4.35%	4.29%	10	16	4.45%	4.29%	16
Cash cost-to-income ratio	41.2%	45.2%	50.3%	(396)	(907)	43.1%	49.4%	(625)
Total cost-to-income ratio	44.5%	49.5%	55.3%	(503)	(1080)	46.9%	54.6%	(767)
Spot FTE	733	743	742	(1%)	(1%)	733	742	(1%)
Effective tax rate	27.6%	27.5%	31.2%	9	(362)	27.5%	31.0%	(343)
RoAGR	1.7%	1.4%	1.2%	31	51	1.5%	1.0%	50
RoE	9.7%	7.7%	6.2%	200	348	8.7%	5.3%	333
RoTE	24.7%	20.3%	17.2%	433	752	22.4%	15.4%	702
TER	7.1%	7.0%	7.1%	13	(2)	7.1%	7.1%	(2)
DPS cents	5.00	4.00	3.00	25%	67%	9.00	3.00	200%
Payout ratio	88%	90%	81%	0%	13%	89%	47%	80%
EPS cents (cash)	5.66	4.44	3.70	30%	54%	10.11	6.33	60%
EPS cents (cash diluted)	5.03	3.95	3.29	25%	52%	8.98	5.63	61%

Section A | Results

02 | Volume, Receivables & Net Interest Income

Volumes increased 10% YoY, delivering a 7% uplift in receivables vs Dec 2024 to a five year high of \$7.2 billion. NIM expanded 104bps YoY, driven by pricing and funding optimisation.

FY25 Volume of \$9,054m is up 10% YoY, largely driven by the new David Jones card, continued momentum experienced in prior year, and benefiting from sustained acquisition and retention initiatives across our core divisions of Pay and Money.

Pay A&NZ Division volumes reached \$7,421m in FY25, reflecting a 10% increase YoY. Sales Finance A&NZ volumes rose 8% YoY to \$4,346m supported by the continued increase in everyday card spend, with an increase in both the number of accounts spending each month and the average spend per account. Card purchase volume across our combined Credit Cards and White Label portfolios increased by 13% YoY to \$3,075m with a full year of volume in 2025 from the David Jones portfolio following its acquisition in July 2024 and the relaunch of the Low Rate MasterCard. These gains offset a decline in 28D Global Platinum MasterCard volumes which was impacted by changing customer behaviour following the 2H24 value proposition refresh.

Money A&NZ Division delivered new origination volume of \$1,633m in FY25, up 11% YoY. The result is a record high for the Money business in Latitude's history, improving on the previous record high in FY24. The result is driven by strong growth in our Personal Loan products in both Australia and New Zealand. In addition to the new origination volume growth, the Personal Loan products were also written at improved margins.

Personal Loans Australia new origination volume increased 11% YoY to \$997m. Growth was across both our Broker and Direct Channels. The growth was achieved through a range of initiatives including pricing optimisation, increased marketing investment, and focused actions to increase conversion in the customer application journey. Personal Loans New Zealand increased 25% YoY to \$313m driven by strong growth in our Broker channel.

Auto Loans new origination volume remained relatively stable YoY, while being written at improved margins.

Repayment rate for FY25 was broadly consistent with prior year (up 38bps YoY) and up 391bps HoH due to seasonality as 2H tends to carry a higher repayment rate.

Table 3: Volume & repayments

(\$m)	31-Dec-25	30-Jun-25	31-Dec-24	HoH Change %/bps	YoY Change %/bps	FY25	FY24	FY Change %/bps
	2H25	1H25	2H24					
<u>New volume</u>								
Pay	3,957	3,464	3,671	14%	8%	7,421	6,748	10%
- Australia	3,340	2,899	3,085	15%	8%	6,239	5,614	11%
- New Zealand	617	565	586	9%	5%	1,182	1,134	4%
Money	850	783	747	8%	14%	1,633	1,475	11%
- Australia	681	640	610	6%	12%	1,320	1,226	8%
- New Zealand	169	143	137	18%	24%	313	249	25%
Group	4,807	4,247	4,418	13%	9%	9,054	8,223	10%
Repayment rate (ex credit cards & BNPL)	100%	96%	99%	391	54	98%	97%	38

Section A | Results

Group receivables reached a five year high of \$7.2 billion, which is up 7% YoY and 4% HoH.

Pay Division receivables increased 4% YoY and 3% HoH with all Australian portfolios experiencing growth. New Zealand receivables held flat YoY in local currency despite softer macro-economic conditions (declined 5% in AUD given the depreciation of NZD compared to AUD across the year). The overall growth was supported by a strong volume performance which has resulted in an increase in the average balance per active account.

Money Division receivables up 10% YoY and up 4% HoH to \$3,333m, reaching a new high watermark. Personal Loans Australia was the key driver of this performance with receivables up 14% YoY and 6% HoH to \$2,017m driven by record new origination volume which continues to be written at improved margins. Auto Loan receivables up 1% YoY to \$741m and in line HoH. Personal Loans New Zealand receivables up 13% YoY and 3% HoH to \$575m driven by strong new origination volume.

Table 4: Receivables

(\$m)	31-Dec-25	30-Jun-25	31-Dec-24	HoH Change %	YoY Change %	FY25	FY24	FY Change %
	2H25	1H25	2H24					
Receivables								
Pay	3,879	3,760	3,726	3%	4%	3,879	3,726	4%
- Australia	3,103	2,946	2,908	5%	7%	3,103	2,908	7%
- New Zealand	776	814	818	(5%)	(5%)	776	818	(5%)
Money	3,333	3,202	3,022	4%	10%	3,333	3,022	10%
- Australia	2,758	2,641	2,513	4%	10%	2,758	2,513	10%
- New Zealand	575	561	509	3%	13%	575	509	13%
Group gross receivables	7,211	6,962	6,748	4%	7%	7,211	6,748	7%
Loss provisions	(321)	(303)	(289)	(6%)	(11%)	(321)	(289)	(11%)
Unearned income	(40)	(47)	(56)	15%	29%	(40)	(56)	29%
Net receivables from Cont Ops	6,850	6,612	6,402	4%	7%	6,850	6,402	7%

In FY25, net interest income rose by 18% or \$125m YoY (2H25 5% or \$21m HoH), driven by receivable growth and higher margins. Net interest margin (NIM) yield expanded to 11.75% (up 104bps YoY) reflecting pricing optimisation and lower funding costs.

Targeted margin strategies implemented in the tail end of FY24 contributed to a 45bps YoY increase in interest income yield, reaching 17.16%. In parallel, interest expense/AGR improved by 59bps YoY to 5.41%, driven by lower benchmark interest rates and improved funding spreads driven by new term funding initiatives and warehouse refinancing. During 2025, the RBA reduced the cash rate by 75bps to 3.60%, while the RBNZ lowered its rate by 200bps to 2.25%, continuing New Zealand's monetary easing trajectory.

Table 5: Net interest income / margin

(\$m)	31-Dec-25	30-Jun-25	31-Dec-24	HoH Change %/bps	YoY Change %/bps	FY25	FY24	FY Change %/bps
	2H25	1H25	2H24					
Interest income	599.9	588.4	565.9	2%	6%	1,188.4	1,074.5	11%
Interest expense	(182.5)	(192.3)	(198.2)	5%	8%	(374.8)	(386.0)	3%
Net interest income	417.4	396.1	367.7	5%	14%	813.6	688.5	18%
Other income	14.3	11.6	19.7	23%	(27%)	25.9	40.7	(36%)
Net charge offs	(136.2)	(130.1)	(104.0)	(5%)	(31%)	(266.3)	(214.0)	(24%)
Risk adjusted income	295.6	277.6	283.4	6%	4%	573.2	515.2	11%
Interest income yield	16.97%	17.34%	17.15%	(37)	(18)	17.16%	16.71%	45
Interest expense yield	(5.61%)	(6.13%)	(6.52%)	52	91	(5.85%)	(6.38%)	53
Net interest spread	11.36%	11.21%	10.63%	15	73	11.31%	10.33%	98
Benefit of equity	0.45%	0.47%	0.51%	(2)	(6)	0.44%	0.37%	7
Net interest margin	11.81%	11.68%	11.14%	13	67	11.75%	10.71%	104
Other income yield	0.40%	0.34%	0.60%	6	(20)	0.37%	0.63%	(26)
Operating income margin	12.21%	12.02%	11.74%	19	47	12.12%	11.34%	78
Net charge offs / AGR	(3.85%)	(3.83%)	(3.15%)	(2)	(70)	(3.85%)	(3.33%)	(52)
RAI yield	8.36%	8.18%	8.59%	18	(23)	8.28%	8.01%	27

Section A | Results

Table 6: Average balance sheet

(\$m)	Half year 31-Dec-25 2H25			Half year 30-Jun-25 1H25			Half year 31-Dec-24 2H24		
	Ave bal.	Interest	Rate	Ave bal.	Interest	Rate	Ave bal.	Interest	Rate
Receivables (AGR)	7,012	600	17.0%	6,842	588	17.3%	6,565	566	17.1%
- Pay	3,754	325	17.2%	3,730	333	18.0%	3,614	329	18.1%
- Money	3,259	274	16.7%	3,112	255	16.5%	2,951	236	15.9%
Average assets	8,028			7,908			7,651		
- Securitisation	6,424	179	5.5%	6,287	189	6.1%	5,982	193	6.4%
- Corporate Debt ⁽¹⁾	31	2	10.9%	35	2	10.5%	64	3	9.9%
- Other		2	n.m		2	n.m		2	n.m
Total ave interest bearing	6,456	183	5.6%	6,322	192	6.1%	6,046	198	6.5%
Average liabilities	6,811			6,687			6,425		
NII/ spread		417	11.4%		396	11.2%		368	10.6%
Net interest margin		417	11.8%		396	11.7%		368	11.1%
Average equity	1,218			1,221			1,227		

⁽¹⁾ Corporate debt average balance excludes undrawn balances on the facility. Corporate debt interest costs include facility fee.

Section A | Results

03 | Other Operating Income

Other income reflected the introduction of the new 28 Degrees loyalty program, the full year effect of the David Jones Portfolio purchased in mid-FY24 (driving loyalty and profit share costs) and FX movements

FY25 Operating fees declined 26% YoY due to higher loyalty costs and profit share arising from the 2H24 launches of the new David Jones credit card and the refreshed 28 Degrees Global Platinum MasterCard. These higher loyalty and profit-share costs were partially offset by the flow-through benefits of prior year pricing changes, which supported stronger customer fee income.

FY25 Other income down YoY and 2H25 up HoH due to movements in FX Forwards and Interest Rate Swaps.

Table 7: Other income

(\$m)	31-Dec-25	30-Jun-25	31-Dec-24	HoH Change %	YoY Change %	FY25	FY24	FY Change %
	2H25	1H25	2H24					
Interchange and operating fees	13.5	12.7	17.4	6%	(22%)	26.2	35.6	(26%)
Other Income	0.7	(1.1)	2.3	164%	(70%)	(0.4)	5.1	(108%)
Total other income	14.3	11.6	19.7	23%	(27%)	25.9	40.7	(36%)

Section A | Results

04 | Net Charge Offs, Provisions & Asset quality

Delinquencies continue to normalise, following the post-Covid lows

Net charge offs increased to \$266.3m for FY25 up 24% YoY (2H25 up 5% HoH). This increase is in line with macro economic conditions and allow the optimisation of Risk adjusted returns.

From a yield perspective, the net charge off rate of 3.85% is up 52bps YoY and 2H25 is up 2 bps HoH.

Group coverage rate increased by 16bps YoY to 4.45% and receivables at 90+ days past due increased 25bps YoY to 1.60%. Under the previous 120 days charge off policy in Money, the Group 90+ days past due on a pro forma basis would stand at 1.15%, up 13bps YoY on this normalised basis, and in line with the pre-Covid historical charge off range.

Hardship inventory increased by 59bps YoY and 13bps HoH to 3.40%. The increased rate of hardship is aligned with macro economic conditions.

Table 8: Net charge offs & provisions

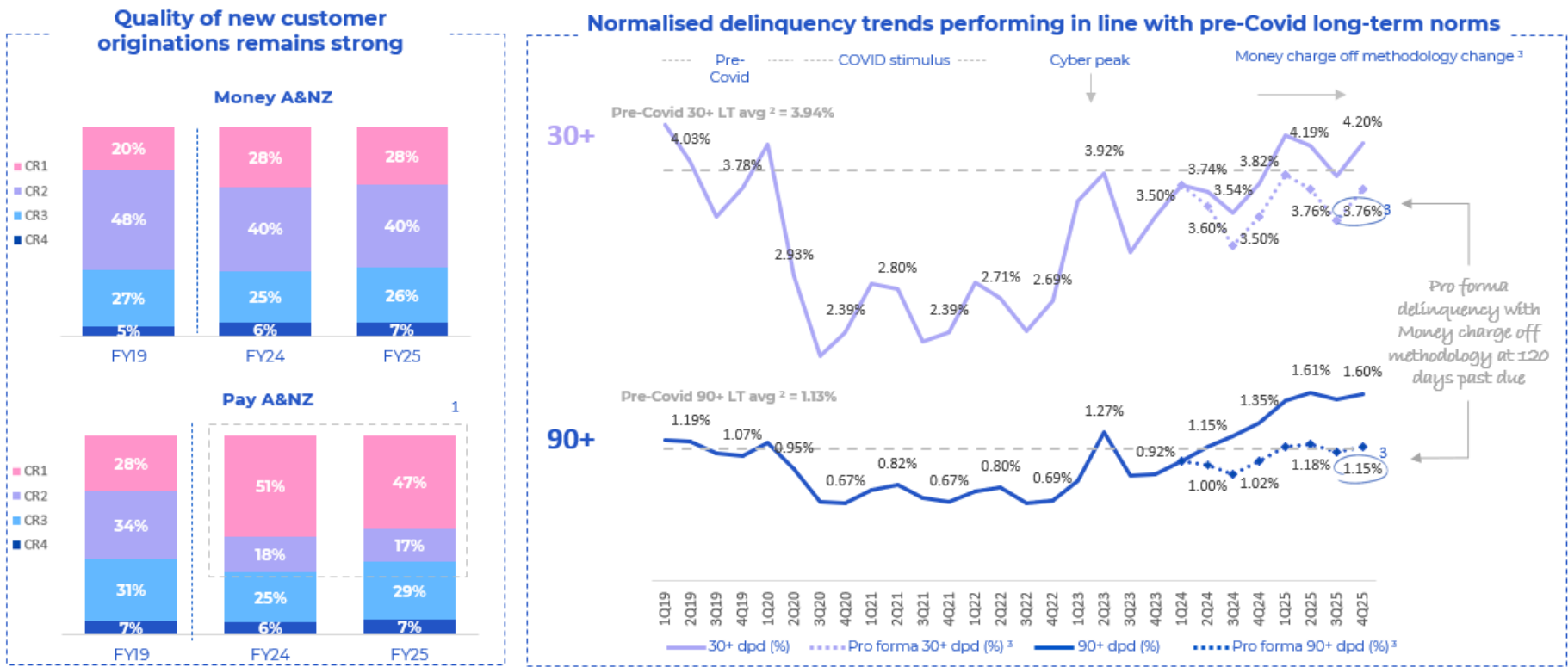
(\$m)	31-Dec-25 2H25	30-Jun-25 1H25	31-Dec-24 2H24	HoH Change %/bps	YoY Change %/bps	FY25	FY24	FY Change %/bps
Net charge offs								
Prior period net charge offs	(130.1)	(104.0)	(110.0)	(25%)	(18%)	(214.0)	(214.5)	0%
Impact of change in AGR	(3.4)	(4.4)	(4.9)	23%	31%	(16.5)	(5.4)	(206%)
Impact of change in NCO rate	(2.8)	(21.7)	10.9	87%	126%	(35.8)	5.8	(717%)
Total NCOs	(136.2)	(130.1)	(104.0)	(5%)	(31%)	(266.3)	(214.0)	(24%)
NCOs/ AGR	(3.85%)	(3.83%)	(3.15%)	(2)	(70)	(3.85%)	(3.33%)	(52)
Provision movement								
Impact of change in receivables	(10.9)	(9.2)	(15.7)	(18%)	31%	(19.9)	(21.7)	8%
Impact of change in coverage	(7.2)	(4.3)	(4.0)	(67%)	(80%)	(11.7)	(5.5)	(113%)
Other ¹	-	-	6.7	n.m.	n.m.	-	6.7	n.m.
Provision expense movement	(18.1)	(13.5)	(12.9)	(34%)	(40%)	(31.6)	(20.5)	(54%)
FX impact	(4.1)	1.4	(0.4)	(393%)	(925%)	(2.7)	(1.3)	(108%)
Loan impairment expense	(158.4)	(142.2)	(117.3)	(11%)	(35%)	(300.6)	(235.8)	(27%)
Group coverage	4.45%	4.35%	4.29%	10	16	4.45%	4.29%	16
90+ days past due								
Group	1.60%	1.61%	1.35%	(1)	25	1.60%	1.35%	25
Pay	1.51%	1.58%	1.37%	(7)	14	1.51%	1.37%	14
- Australia	1.62%	1.70%	1.43%	(8)	19	1.62%	1.43%	19
- New Zealand	1.08%	1.17%	1.16%	(9)	(8)	1.08%	1.16%	(8)
Money	1.70%	1.65%	1.33%	5	37	1.70%	1.33%	37
- Australia	1.66%	1.54%	1.22%	12	44	1.66%	1.22%	44
- New Zealand	1.90%	2.15%	1.87%	(25)	3	1.90%	1.87%	3
Hardship Inventory								
Group	3.40%	3.27%	2.81%	13	59	3.40%	2.81%	59
Pay	2.57%	2.65%	2.37%	(8)	20	2.57%	2.37%	20
Money	4.35%	3.98%	3.35%	37	100	4.35%	3.35%	100

⁽¹⁾ Other provision movement on 2H24 relates to the opening balance provision associated with the transfer of David Jones back-book receivables of \$168m in July 2024

Section A | Results

Credit performance continues to perform within range

Chart 1:
Delinquency and losses performing in line with historical norms



¹) Change in CR grades largely due to scorecard recalibrations in mid-2023 and 2H25 to align with target probability of default (PD).

²) Pre-Covid LT avg is from FY17 to FY19. Refer to P32 for more detail on long term trends.

³) Impact to DPD % of 44bps on 30+ and 45bps on 90+ as a result of Money Charge off methodology change from 120 to 180 days

Section A | Results

05 | Operating Expenses, Notable Items & Discontinued Operations

Disciplined cost management delivering operating leverage and efficiency, with ~800bps YoY improvement in the normalised cash cost-to-income ratio

FY25 cash operating expenses increased by 1% as the Group benefits productivity gains derived from growing volumes. Excluding a one-off benefit in FY24 (due to lower discretionary incentives), the normalised YoY decreased by 3%. Effective cost management and productivity is also evidenced by the cash cost-to-income ratio, which improved by 625bps YoY (802bps on a normalised basis).

Normalised Employee costs aligns to CPI, increasing 4% YoY (Employee expense in FY25 increased 16% on a non-normalised basis). 2H25 decreased HoH by 3% as a result of ongoing workforce optimization and YoY increased 5% driven by wage inflation and higher discretionary incentive (aligned with profit growth).

Marketing expenses in 2H25 decreased 6% HoH and 15% YoY. HoH and YoY decrease is driven by improved efficiency in marketing spend.

Information technology spend decreased 6% HoH and 8% YoY. HoH and YoY movements are primarily driven by more focused allocation of investments.

Other expenses in 2H25 are in line with 1H25. YoY other expenses reduced 17% following additional strategic investment in 2H24 including optimisation of marketing and revenue strategies, which supported the delivery of our FY25 financial results.

Depreciation and amortisation decreased 20% HoH and 27% YoY due to run-off of existing assets and a continued shift toward recognising investment in cash operating expenditure due to accounting treatment of SaaS spend.

Table 9: Operating expenses

(\$m)	31-Dec-25 2H25	30-Jun-25 1H25	31-Dec-24 2H24	HoH Change %/bps	YoY Change %/bps	FY25	FY24	FY Change %/bps
Employee	63.3	65.4	60.5	(3%)	5%	128.6	110.9	16%
Marketing	18.3	19.5	21.6	(6%)	(15%)	37.8	39.7	(5%)
Occupancy	0.9	2.0	2.0	(55%)	(55%)	2.9	4.2	(31%)
Information technology	38.6	40.9	42.1	(6%)	(8%)	79.5	80.5	(1%)
Other	56.9	56.3	68.6	1%	(17%)	113.2	124.7	(9%)
Cash operating expenses	177.9	184.1	194.8	(3%)	(9%)	362.1	360.0	1%
Depreciation & amortisation (ex leases)	14.1	17.7	19.3	(20%)	(27%)	31.8	38.0	(16%)
Total Opex	192.0	201.9	214.2	(5%)	(10%)	393.9	398.0	(1%)
Cash cost-to-income ratio	41.2%	45.2%	50.3%	(396)	(907)	43.1%	49.4%	(625)
Total cost-to-income ratio	44.5%	49.5%	55.3%	(503)	(1080)	46.9%	54.6%	(767)
Cash opex/ AGR	(5.0%)	(5.4%)	(5.9%)	40	87	(5.2%)	(5.6%)	37
Spot FTE	733	743	742	(1%)	(1%)	733	742	(1%)
Capex	(0.0)	0.0	0.5	n.m.	n.m.	0.0	3.0	n.m.
Normalised Operating Expenses								
Cash Operating expenses ¹	177.9	184.1	207.8	(3%)	(14%)	362.1	373.0	(3%)
Total Opex ¹	192.0	201.9	227.2	(5%)	(15%)	393.9	411.0	(4%)
Cash cost-to-income ratio ¹	41.2%	45.2%	53.6%	(396)	(1242)	43.1%	51.2%	(802)
Total cost-to-income ratio ¹	44.5%	49.5%	58.7%	(503)	(1418)	46.9%	56.4%	(945)

⁽¹⁾ FY24 Opex and cost-to-income ratios shown on a normalised basis, adjusted to remove \$13m one-off benefit in employee expense due to lower discretionary incentives

Section A | Results

Amortisation of acquisition intangibles ended in November 2024.

Corporate development costs in prior period are related to a \$6.7m incentive rebate for the David Jones back book migration in 2H24 with the migration expenditure incurred in FY23/1H24.

Restructuring costs of \$4.5m in FY25 largely relates to redundancy costs for operating model changes.

Remediations of \$2.9m in FY25 includes provisions for regulatory costs partially offset by reduction in the provisions in cyber costs and insurance recoveries relating to the cyber incident. Provisions are adjusted based on relevant information and data.

Asset/Work in Progress Impairments of \$5.8m includes impairment for PPE relating to office site relocation in New Zealand and small asset write-offs.

Table 10: Amortisation & notable items

(\$m)	31-Dec-25	30-Jun-25	31-Dec-24	HoH Change	YoY Change	FY25	FY24	FY Change
	2H25	1H25	2H24	%	%			%
Amortisation of acquisition intangibles	0.0	0.0	16.2	<i>n.m.</i>	<i>n.m.</i>	0.0	36.4	<i>n.m.</i>
Corporate development	0.0	(0.0)	(6.5)	<i>n.m.</i>	<i>n.m.</i>	0.0	0.9	<i>n.m.</i>
Restructuring Costs	2.0	2.5	0.6	(20%)	233%	4.5	3.5	29%
Remediations	(1.5)	4.4	5.4	(134%)	(128%)	2.9	(1.2)	342%
Asset/ Work in Progress Impairment	3.8	2.0	1.5	90%	153%	5.8	2.4	142%
Decommissioned facilities	0.0	0.5	1.4	<i>n.m.</i>	<i>n.m.</i>	0.5	2.8	(82%)
Notable items pre-tax	4.3	9.4	18.6	(54%)	(77%)	13.7	44.8	(69%)

Discontinued Operations

The Group continues to present the Asia operations as discontinued operations in accordance with the applicable accounting standards.'

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

(\$m)	31-Dec-25	30-Jun-25	31-Dec-24	HoH Change	YoY Change	FY25	FY24	FY Change
	2H25	1H25	2H24	%	%			%
Net profit/(loss) after tax	0.1	(0.5)	(2.0)	120%	105%	(0.4)	(9.0)	96%

Section A | Results

06 | Balance Sheet & Shareholder Returns

Growing business momentum and a strong balance sheet, has enabled the Board to declare a fully franked 2H25 dividend of 5.00 cents per share, totaling 9.00 cents per share for the full year

The TER% (Tangible equity / net receivables) at 7.1% remains strong and in line with the 6-7% target range and enabled the Latitude's Board to declare a 2H25 fully franked dividend of 5.00 cents per share. After delivering an interim unfranked 4.00 cents per share dividend at the half year, the total dividend for FY25 is 9.00 cents per share, which is equivalent to an 89% payout ratio for FY25. The dividend is supported by the improved fundamentals of the business including continued earnings momentum, strong cash and TER position.

Table 12: Balance sheet

(\$m)	31-Dec-25 2H25	30-Jun-25 1H25	31-Dec-24 2H24	HoH Change %/bps	YoY Change %/bps	FY25	FY24	FY Change %/bps
Total assets	8,124	7,933	7,883	2%	3%	8,124	7,883	3%
Net receivables	6,850	6,612	6,402	4%	7%	6,850	6,402	7%
Intangible assets	732	757	769	(3%)	(5%)	732	769	(5%)
Total liabilities	6,906	6,716	6,658	3%	4%	6,906	6,658	4%
Total equity	1,218	1,218	1,224	0%	(1%)	1,218	1,224	(1%)
Tangible equity	486	460	455	6%	7%	486	455	7%
Tangible equity/ net receivables (TER)	7.1%	7.0%	7.1%	13	(2)	7.1%	7.1%	(2)
RoAGR	1.7%	1.4%	1.2%	31	51	1.5%	1.0%	50
RoE	9.7%	7.7%	6.2%	200	348	8.7%	5.3%	333
RoTE	24.7%	20.3%	17.2%	433	752	22.4%	15.4%	702
Net tangible assets per share (\$ps)	0.47	0.44	0.44	7%	7%	0.47	0.44	7%
Book value per share (\$ps)	1.17	1.17	1.18	0%	(1%)	1.17	1.18	(1%)
Dividend cents	5.00	4.00	3.00	25%	67%	9.00	3.00	200%
Franking	100%	0%	0%	n.m	n.m	56%	0%	n.m
Payout ratio	88%	90%	81%	n.m	n.m	89%	47%	n.m
Ex-dividend date	20/03/2026	19/09/2025	21/03/2025					
Record date	23/03/2026	22/09/2025	24/03/2025					
Dividend payment date	21/04/2026	23/10/2025	23/04/2025					

LFS will continue to target a full year payout ratio of 70–80% of cash NPAT over the medium term. 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

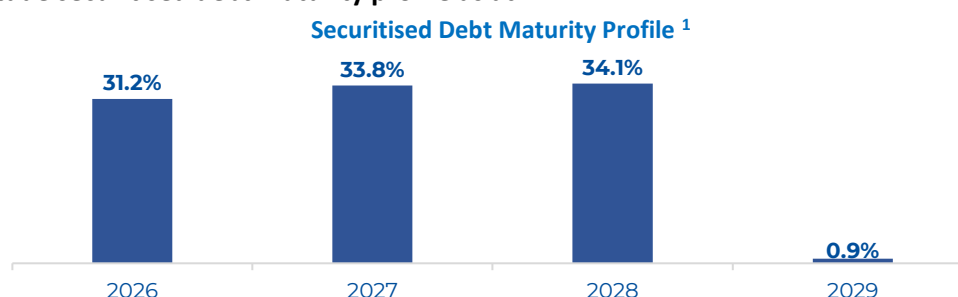
07 | Funding & Liquidity

Balance sheet optimisation continued, with \$1.5bn raised across three public transactions and \$1.5bn of private warehouse facilities re-engineered to enhance liquidity and funding costs. Over \$1bn of committed headroom supports receivables growth.

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 months. The following graph sets out Latitude's debt maturity profile as at 31 December 2025.

Summary of Securitisation Funding Facilities

Chart 2: Latitude securitised debt maturity profile as at



⁽¹⁾ Amortising ABS term deals included at their 10% call option date.

Summary of Warehouse Funding Facilities

Significant changes in Warehouse funding in 2025 included:

- **May:** The New Zealand Personal Loans Trust was refinanced on 19 May 2025, with a scheduled amortisation date of 17 February 2028 and an increased limit from NZ\$518.3m to NZ\$593.3m.
- **August:** The Australian Sales Finance and Credit Card Trust No. 3 was refinanced on 22 August 2025, with a scheduled amortization date of 22 August 2028 and amended limit of \$569m.
- **November:** The Australian Sales Finance and Credit Card Trust No.4 was established on 22 November 2025 for \$24m with a scheduled amortisation date of 22 November 2028 and an uncommitted limit of \$190m. Drawn amounts are committed to the scheduled amortisation date.
- **December:** The New Zealand Personal Loans Trust was amended on 17 December 2025, with an increased limit from NZ\$593.3m to NZ\$667.6m to support further receivables growth.

The following table sets out the position of each of Latitude's warehouses as at 31 December 2025.

Table 13: Warehouse facilities as at 31 December 2025

(\$m)	Australia Sales Finance and Credit Cards Trust	Australia Sales Finance and Credit Cards Trust No. 3	Australia Sales Finance and Credit Cards Trust No. 4	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 ²	A\$807.5	A\$568.5	A\$190.0	A\$1,118.4	A\$337.5	A\$712.5	NZ\$813.9	NZ\$667.6
Drawn	A\$499.9	A\$408.1	A\$23.8	A\$781.4	A\$309.2	A\$699.9	NZ\$569.2	NZ\$587.8
Headroom	A\$307.6	A\$160.4	A\$166.3	A\$337.0	A\$28.3	A\$12.6	NZ\$244.7	NZ\$79.8
Revolving period end date	22-Oct-27	22-Aug-28	11-Nov-28	17-Dec-27	17-Aug-26	21-Dec-26	22-Sep-26	17-Feb-28

⁽²⁾ The Australian Sales Finance and Credit Card Trust No.4 limit is uncommitted unless already drawn. All other limits are committed for the revolving period. Limit excludes the seller note (i.e., the equity position contributed by Latitude).

Section A | Results

Summary of ABS Funding

\$1.5 billion of new term funding in the public Asset Based Securities (ABS) market was raised in 2025 with best-in-class pricing and improved advance rates, while expanding LFS debt investor base and the overall maturity profile of the programme. Significant transactions in ABS funding in 2025 included:

- **February 2025:** Australia Personal Loans Series 2021-1 was redeemed on its expected call option date. All noteholders outstanding amounts were repaid in full, with the remaining balance of loans sold to the Australian Personal Loans Trusts.
- **March 2025:** Issue of A\$500m Australian Personal Loan Series 2025-1 Trust, with a final maturity in September 2033 and an expected call option date in May 2028.
- **July 2025:** Issue of A\$500m Series 2025-1 credit card ABS under the Australian Credit Card Master Trust, with an expected redemption date in November 2028.
- **October 2025:** Issue of A\$500m Australian Personal Loan Series 2025-2 Trust, with a final maturity in June 2034 and an expected call option date in May 2029. This trust introduced an initial substitution period of 4 months extending the transaction expected weighted average life.

Table 14: ABS issuance as at 31 December 2025

(\$m)	Latitude Australia Credit Card Loan Note Trust – Series 2023-1	Latitude Australia Credit Card Loan Note Trust – Series 2024-1	Latitude Australia Credit Card Loan Note Trust – Series 2024-2	Latitude Australia Credit Card Loan Note Trust – Series 2025-1	Latitude Australia Personal Loan Series 2024-1 Trust	Latitude Australia Personal Loan Series 2025-1 Trust	Latitude Australia Personal Loan Series 2025-2 Trust	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	Sales finance & credit card receivables	Personal loans	Personal loans	Personal loans	Sales finance & credit card receivables
Notes issued	A\$400.0	A\$400.0	A\$500.0	A\$500.0	A\$500.0 ⁵	A\$500.0 ⁵	A\$500.0 ⁵	NZ\$250.0
Issue date	8-Mar-23	26-Mar-24	30-Sep-24	3-Jul-25	30-Apr-24	27-Mar-25	23-Oct-25	26-Jun-24
Revolving period end date ³	23-Mar-26	22-Mar-27	22-Mar-28	22-Nov-28	n.a.	n.a.	28-Feb-26	22-Jun-27
Outstanding Notes at 31 December 2025	A\$400.0	A\$400.0	A\$500.0	A\$500.0	A\$166.8 ⁵	A\$305.1 ⁵	A\$500.0 ⁵	NZ\$250.0
Outstanding Variable Funding Note at 31 December 2025	 A\$36.3			n.a.	n.a.	n.a.	NZ\$23.6
Expected call date ⁴	23-Mar-26	22-Mar-27	22-Mar-28	22-Nov-28	17-Oct-27	17-May-28	17-May-29	22-Jun-27
Outstanding Notes at 30 June 2025	A\$400.0	A\$400.0	A\$500.0	n.a.	A\$217.1	A\$411.9	n.a.	NZ\$250.0
Outstanding Variable Funding Note at 30 June 2025	 A\$6.3			n.a.	n.a.	n.a.	NZ\$0.6

⁽³⁾ The Latitude Australia Personal Loans Series 2025-2 Trust has a 4-month substitution period ending 28 February 2026.

⁽⁴⁾ 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 2024-1, Series 2025-1 and Series 2025-2 Trusts are expected to be called at their 10% clean-up call option date.

⁽⁵⁾ including seller notes that have been subscribed for by Latitude.

Section A | Results

Summary of Corporate Debt Facilities

LFS continued to reduce the overall amount of corporate debt outstanding in 2025, repaying part of the outstanding debt facilities. LFS maintains access to undrawn commitments of \$76.7m via the Syndicated Facility Agreement.

Significant changes in corporate debt facilities in 2025 included:

- **January 2025:** Latitude repaid remaining US\$10m stub of the US\$30m single draw bullet facility #2 with SBI Shinsei Bank, maturing 6 January 2025.
- **March 2025:** US\$20m single draw bullet facility #1 with SBI Shinsei Bank was refinanced, maturing 28 March 2026.

Utilisation of the Syndicated Facility Agreement with maturity date of 5 April 2027:

- Facility A & C: A\$77.5m multicurrency bullet revolving credit facility.
As at 31 December 2025, A\$2.5m of the Facility A was utilised to support bank guarantees and letters of credit. A\$75m of Facility A & C remained undrawn.
- Facility B: US\$41m bullet revolving credit facility.
As at 31 December 2025, US\$39.9m of the Facility B was utilised to support letters of credit provided as collateral for access to credit card scheme card payment networks. US\$1.1m 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, depreciation of capitalised software and depreciation of property, plant & equipment. It also excludes notable items and is a pre-tax measure. Latitude uses Cash PBT for internal management reporting as it believes it reflects the best reflects 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 or tax expense.

Cash NPAT is calculated by adding back the after-tax impact of notable items (including amortisation of acquisition intangibles) 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, and other notable items.

Some of the limitations of Cash NPAT include:

- It excludes amortisation of acquisition intangibles 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*), 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 Pay Division products is typically higher during the 2H period in comparison to the 1H period as a result of increased consumer spending during Black Friday/Cyber Monday sales events in 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 for Australia in June upon the receipt of tax refunds.

B.3 Reconciliation from Cash NPAT to Stat NPAT for continuing operations

Table B.1: Cash NPAT to Stat NPAT FY25

FY25 (\$m)	Cash NPAT	Restructuring costs	Remediation Costs	Asset impairment	Decommissioned facilities	Stat NPAT
Net interest income	813.6	-	-	-	-	813.6
Other income	25.9	-	-	-	-	25.9
Total operating Income	839.5	-	-	-	-	839.5
Net charge offs	(266.3)	-	-	-	-	(266.3)
Risk adjusted income	573.2	-	-	-	-	573.2
Cash operating expenses	(362.1)	(4.5)	(2.9)	(5.8)	(0.3)	(375.6)
Cash PBT	211.1	(4.5)	(2.9)	(5.8)	(0.3)	197.6
Movement in provision for impairment	(34.3)	-	-	-	-	(34.3)
Depreciation & Amortisation (excl leases)	(31.8)	-	-	-	(0.2)	(32.0)
Profit before tax	145.0	(4.5)	(2.9)	(5.8)	(0.5)	131.3
Income tax (expense)/benefit	(39.9)	1.3	(0.2)	1.7	0.2	(36.9)
Profit after tax from continuing operations	105.1	(3.2)	(3.1)	(4.1)	(0.3)	94.4

B.4 Reconciliation of reclassification of Bank Interest Income from Other Income to Net Interest Income

Table B.2: Bank Interest Reclass FY25

FY25 (\$m)	Cash NPAT (Pre Adjustment)	Bank Interest	Cash NPAT (Post Adjustment)
Interest income	1,176.0	12.4	1,188.4
Interest expense	(374.8)		(374.8)
Net interest income	801.2	12.4	813.6
Other income	38.3	(12.4)	25.9
Total operating Income	839.5	-	839.5

Table B.3: Bank Interest Reclass FY24

FY24 (\$m)	Cash NPAT (Pre Adjustment)	Bank Interest	Cash NPAT (Post Adjustment)
Interest income	1,063.5	11.0	1,074.5
Interest expense	(386.0)		(386.0)
Net interest income	677.5	11.0	688.5
Other income	51.7	(11.0)	40.7
Total operating Income	729.2	-	729.2

B.5 Glossary of key terms

Term	Definition
30+ (or 90+) days past due	Total amount of receivables 30+ (or 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 transaction/fee 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 (<i>ending in 2024 and 2022 respectively</i>)
Average gross receivables (AGR)	Average gross monthly receivables balance during the period (<i>e.g. calculated based on the 13 month average for a financial year, 7 month average for a half year</i>). 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.
Card Purchase Volume	Total value of purchases transacted on Latitude issued credit cards through scheme card networks (e.g, Visa or Mastercard) during a specific period, excluding interest free plans, balance transfers, and cash related volume.
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 Cost-to-income ratio	Represents the ratio of cash operating expenses to operating income
Cash PBT	Refer Section B.1
Cash NPAT	Refer Section B.1
Coverage ratio	Represents the ratio of provisions for expected losses to gross loan receivables in accordance with IFRS 9
Depreciation & amortization (ex leases)	Includes amortisation of capitalised software and depreciation of property, plant and equipment
DPS	Represents the cash dividend per share calculated as dividend 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 divided by the weighted average shares on issue for the period
EPS Cash - Diluted	Represents the cash earnings per share calculated as Cash NPAT divided by the weighted average shares on issue for the period, including the dilutive effect of capital notes
Employee expense	Relates to employee salary, incentives and related on-costs. Employee expenses exclude costs associated with corporate development, restructuring and remediations which have been presented separately in notable items
FTE	Includes a permanent or fixed term employee of Latitude.
Gross loan receivables	Total outstanding receivables balance across all products at the end of the period excluding the net fair value unwind and discontinued operations

Term	Definition
Hardship inventory	Represents 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 Bearing Receivables	Relates to total Gross Loan Receivables excluding any receivables on a current promotional interest free plan
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 and net loan-related fees and charges. Customer balances include revolving credit card balances (<i>including interest-bearing sales finance products</i>), personal loans and auto loans. Fees and charges include merchant service fees (<i>for sales finance</i>) 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, net of origination costs.
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 (<i>estimated in accordance with IFRS 9, excluding movement in transaction fraud losses</i>), net of recoveries of amounts previously written off
Loan Origination Volume	Encompasses all new principal personal and auto loan receivables lent by the business, including secured and unsecured loans, in the relevant period (excludes refinanced balance on Personal Loans).
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
n.m. or "Not Meaningful"	Refers to a variance that is not meaningful due to being immaterial or includes a denominator or numerator that is equal to Zero
Net interest margin (NIM)	Interest income less interest expense 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 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

Term	Definition
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 (<i>e.g. paper statement fees, payment handling fees</i>)
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 (<i>estimated in accordance with IFRS 9, excluding movement in transaction fraud losses</i>)
Repayment Rate	Calculated as customer repayments in the period including principle, interest and fees, divided by opening receivables, expressed on an annualised basis.
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 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 Cost-to-income ratio	Represents the ratio of total operating expenses to operating income
Total Equity	Sum of contributed equity, common control reserve, other reserves & retained earnings
Volume	Key lead indicator representing all new principal receivables originated during the relevant period. It includes new personal and auto loan originations (excluding refinanced balances) and total purchase volumes (including card purchases, interest free plan purchases, balance transfers and cash advances). Volume provides insight into customer spending habits, product performance, future income, effectiveness of top line initiatives, and lending appetite.

