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# Liberty Financial Group FY26 Half Year Results

23 February 2026





# Acknowledgement of Country

Liberty acknowledges the traditional owners of country throughout Australia. We acknowledge their continuing connections to the lands, waters, cultures and communities. We pay our respect to Elders past and present. In doing so we also acknowledge that sovereignty has never been ceded by the traditional owners of this country.

# Presenting today

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**James Boyle**  
Chief Executive Officer



**Peter Riedel**  
Chief Financial Officer

# Agenda



- 01** Overview
- 02** Results Analysis
- 03** Business Update
- 04** Outlook
- 05** Summary
- 06** Questions

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# 01 Overview



# Overview

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-  Continued profit growth momentum
-  NIM supported by positive funding markets
-  Lower impairment expense as credit risk moderates
-  Effective cost management lowers cost to income ratio
-  Record originations from improved borrower demand
-  Investment grade balance sheet with 13.8% cash ROE
-  Acquisition of Moula to drive unsecured SME lending

# Financial Highlights



## Underlying NPATA

\$82.3m (\$73.6m)  
+12%



## Net revenue

\$310.8m (\$302.1m)  
+3%



## NIM

2.47% (2.50%)  
(3bps)



## BDD

5bps (10bps)  
(5bps)



## Cost to income

26.4% (27.3%)  
(90bps)



## Distribution

15c (12c^)  
+25%

# Operating Highlights



## Financial assets

\$14.8b (\$14.7b)  
+1%



## New assets originated

\$3.1b (\$2.3b)  
+35%



## Impaired loans

\$283m (\$341m)  
(17%)



## Average FTE Staff

498 (520)  
(4%)



## Broker NPS

90 (83)  
+8%



## Customer NPS

58 (58)  
(-%)

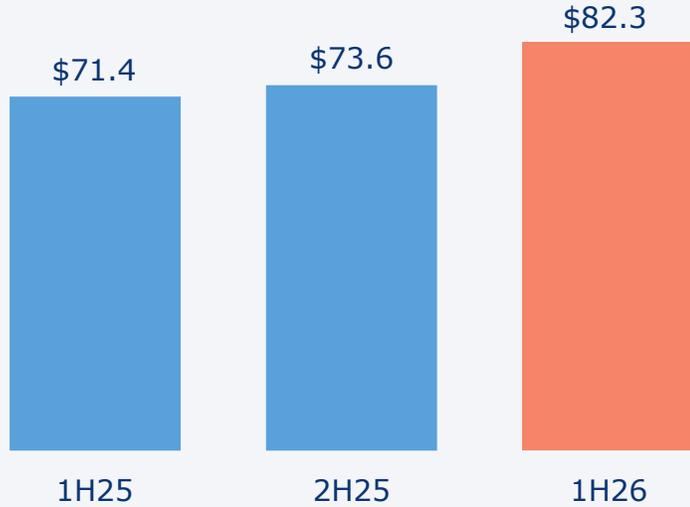
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## 02 Results Analysis

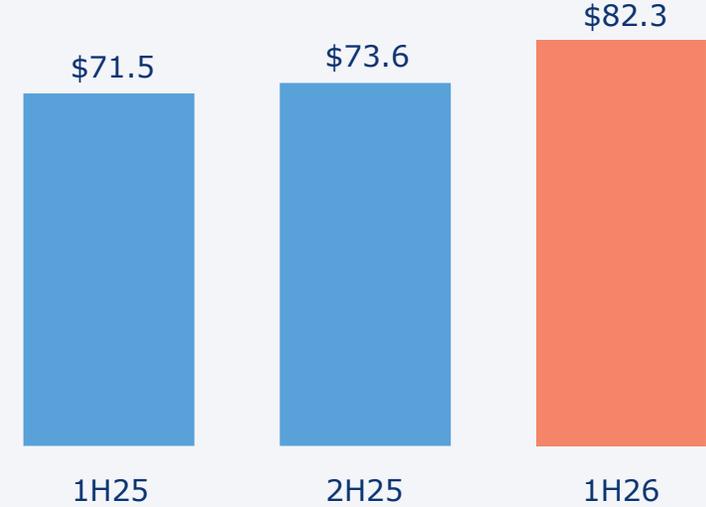
# Profit Performance

Underlying NPATA (\$m)



- ▲ Increase in Underlying NPATA (1H26 v 2H25) explained by
  - Lower impairment expense as credit risk moderates (\$6m)
  - Higher net fee and commission income driven by growth in originations and in distribution business transaction volumes (\$2m)
- ▲ Increase in Underlying NPATA (1H26 v 1H25) explained by
  - Lower impairment expense as credit risk moderates (\$7m)
  - Higher net fee and commission income driven by growth in originations and in distribution business transaction volumes (\$2m)

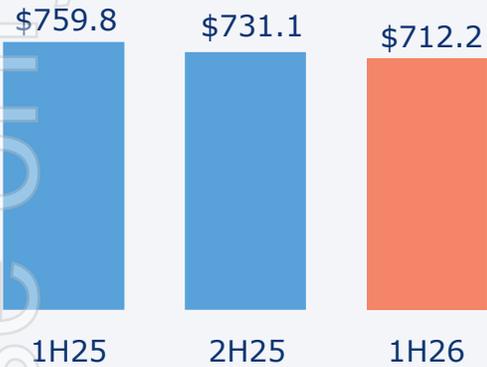
Statutory NPATA (\$'m)



- ▲ Impact of sale of MPRE
  - 1H25: higher statutory NPATA by (\$0.1m)

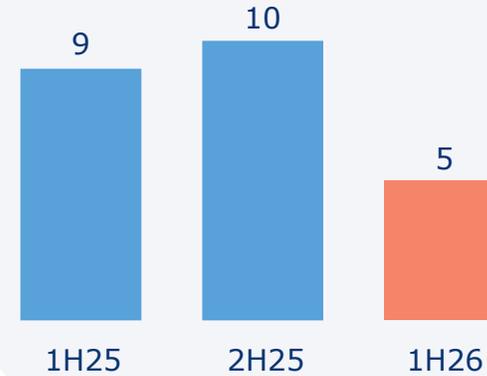
# Profit Drivers

## Total Revenue (\$'m)



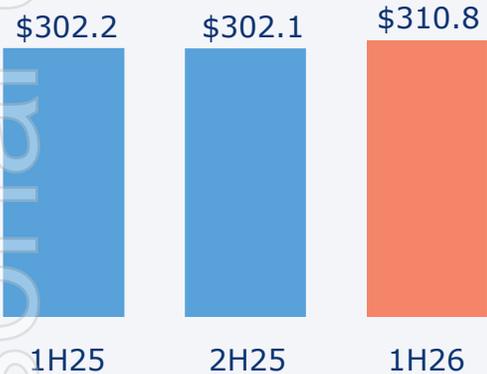
- ▲ Total revenue reduced 3% (1H26 v 2H25) and 6% (1H26 v 1H25) driven by lower yield following pass through of RBA rate reductions

## Loan Impairment (bps)



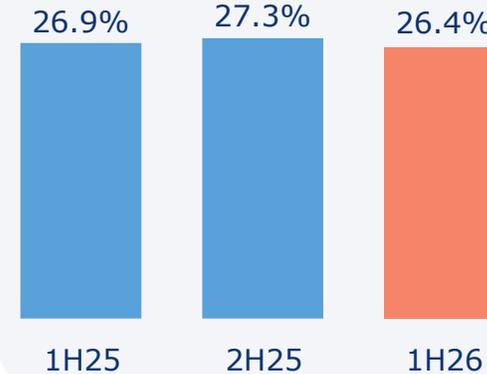
- ▲ Impairment lower 5bps (1H26 v 2H25) and 4bps (1H26 v 1H25) with stable realised losses and lower provisions reflecting reduced delinquency

## Net Revenue (\$'m)



- ▲ Net revenue increased 3% (1H26 v 2H25 and 1H25) with stable net interest income and higher fee and commission income
- ▲ Exit NIM 2.46% in line with 1H26 supported by positive funding markets

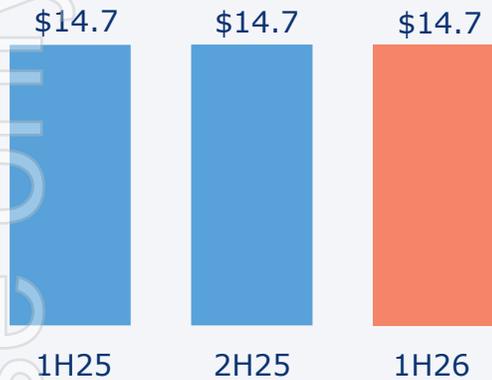
## Cost to Income (%)



- ▲ Cost to income reduction 1H26 v 1H25 and 1H26 v 2H25 driven by a combination of increased net revenue and holding operating costs stable

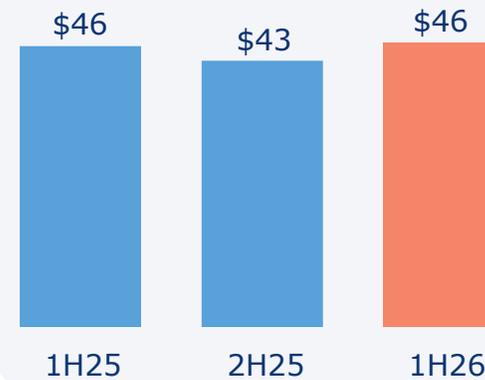
# Revenue

## Average Assets (\$'b)



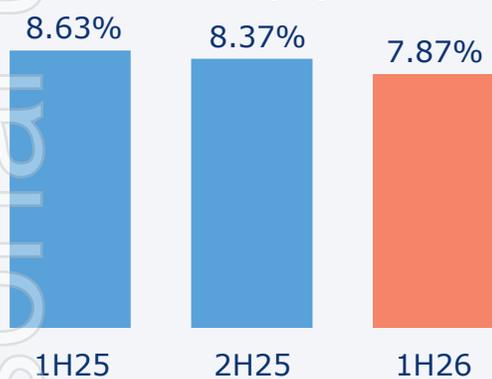
- ▲ Average assets stable as commercial growth offsets reduction in residential and motor
- ▲ Record new originations \$3.1b in 1H26 (v \$2.3b 2H25 and \$2.8b 1H25) as demand improves
- ▲ Loan discharges and prepayments continue to influence Residential portfolio growth despite higher originations

## Lending Income (\$'m)



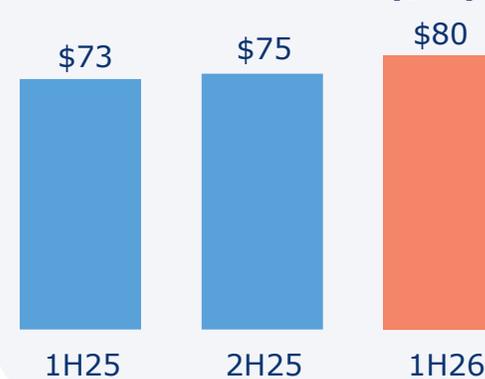
- ▲ Increase in income reflects increase in new loan origination volumes

## Yield (%)



- ▲ Reduction in yield to 7.87% (1H26) from 8.37% (2H25) due to:
  - Full RBA cash rate passed on (40bps)
  - Targeted customer retention initiatives (3bps)
  - Origination yield lower than portfolio yield (6bps)
  - Asset mix (1bp)

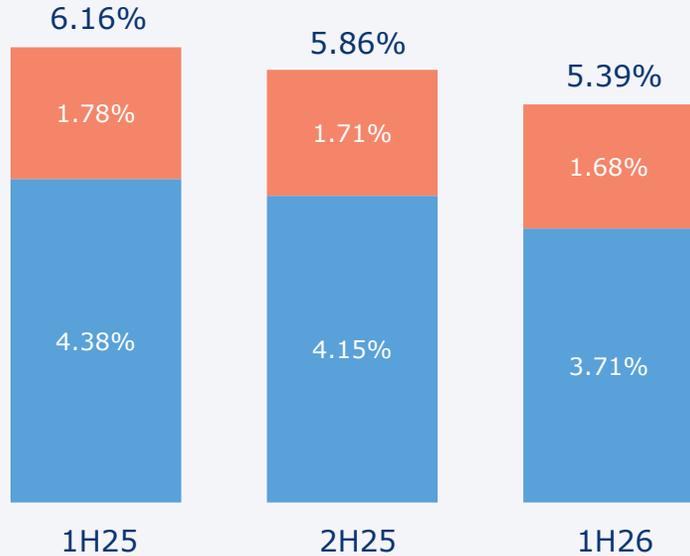
## Commission Income (\$'m)



- ▲ Increase in income reflects increased transaction volumes in Australian and NZ distribution businesses

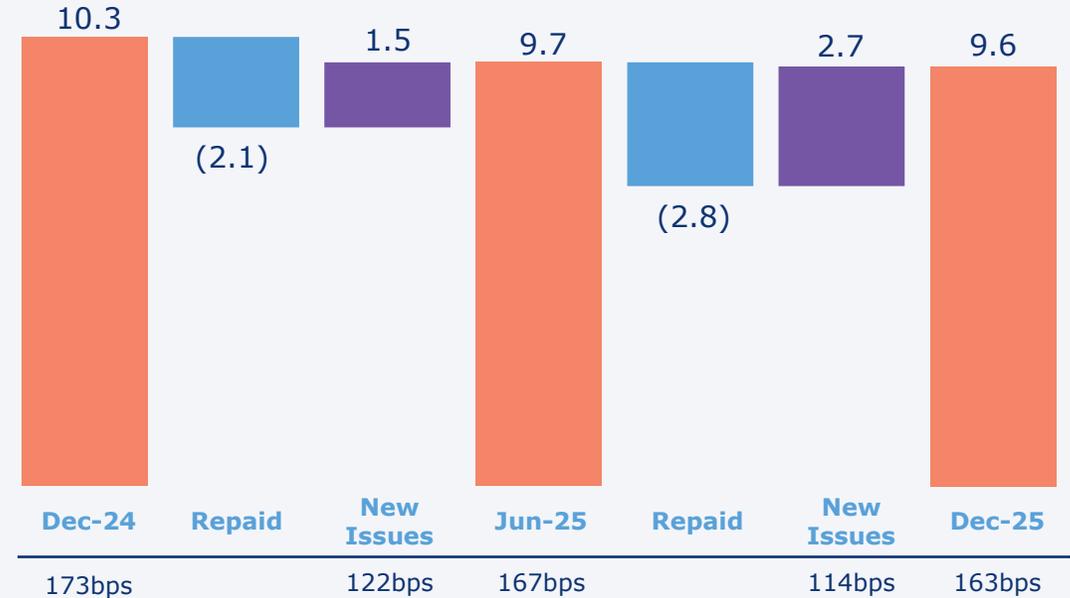
# Funding

Cost of Funding



- ▲ Funding benchmark 371bps in 1H26 (decrease of 44bps v 2H25 and 67bps v 1H25) from RBA cash rate decreases during 2025
- ▲ Funding margin 168bps in 1H26 (decrease of 3bps from 2H25 and 10bps v 1H25) as margin on new term and renewed wholesale funding lower than prior periods

Term Funding (\$b)

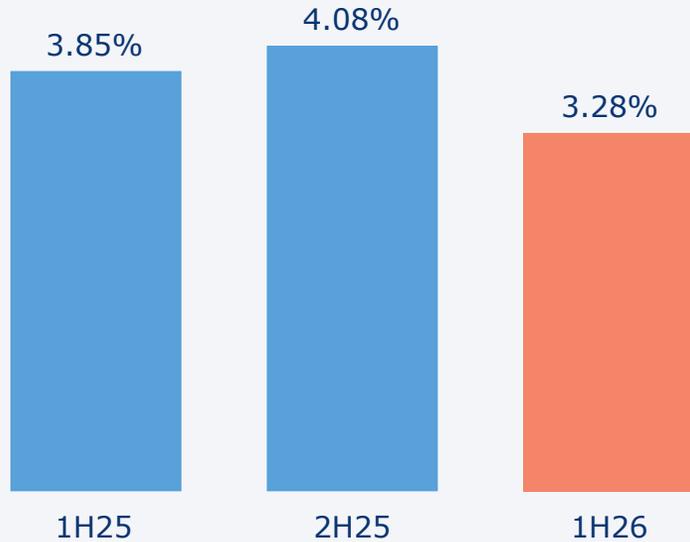


- ▲ 1H26 term issuance (\$2.7b) supporting new originations
- ▲ All 1H26 maturing facilities renewed on improved terms (\$4.2b)
- ▲ New MTN issue planned in Mar-26 subject to market conditions with plans to fund May-26 MTN maturity (\$200m)

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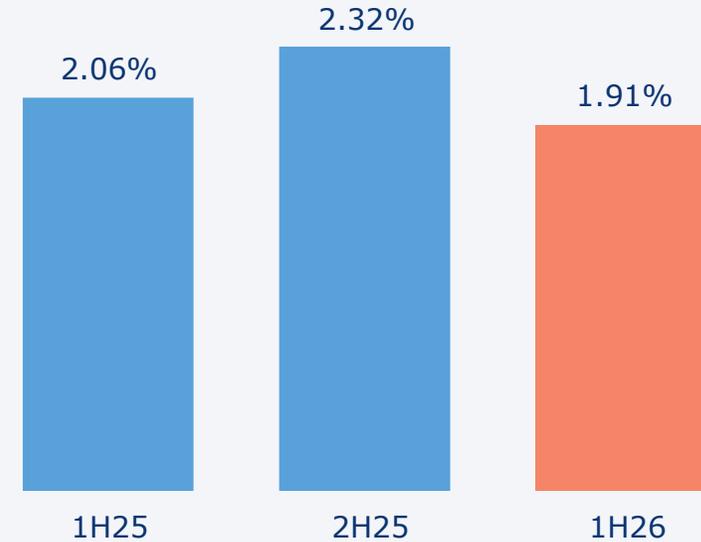
# Delinquency

## +30 Day Delinquency



- ▲ Early-stage delinquency improved in 1H26 as customers used additional capacity from rate reductions to reduce arrears position
- ▲ The acquisition of Moula increased delinquency at 1H26 by 3bps

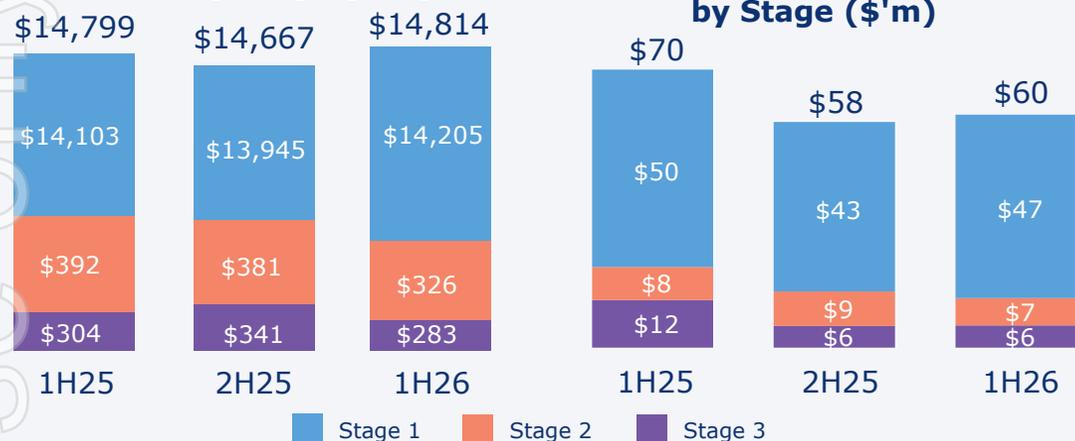
## +90 Day Delinquency



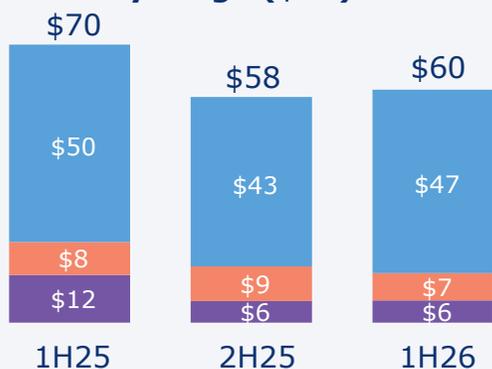
- ▲ Late-stage delinquency improved in 1H26 as customers used additional capacity from rate reductions to reduce arrears position
- ▲ The acquisition of Moula increased delinquency at 1H26 by 2bps
- ▲ Majority of customers in 90+ day delinquency supported by property security (75%) with an average LVR of 66%

# Loss Provisions

### Portfolio by Stage (\$'m)

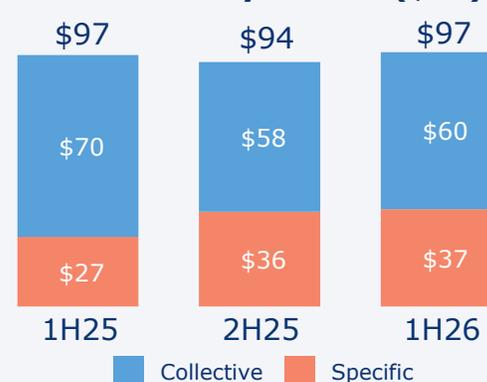


### Collective Provision by Stage (\$'m)



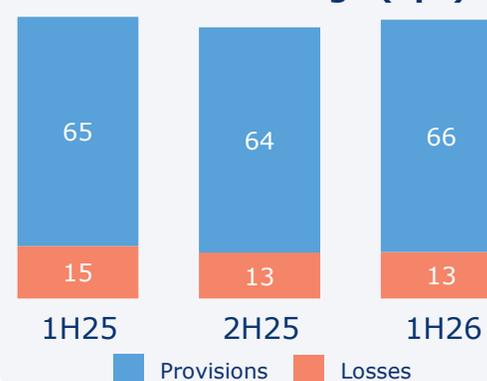
- Reduction in Stage 2 and 3 higher risk balances due to reduction in interest rates
- Exposure with property security represents Stage 2 (84%) and Stage 3 (75%) supported by strong security position (LVR=57%, 66%)
- 50% of customers (by balance) in Stage 3 making active payments at 98% of contract amount

### Provisions by Nature (\$'m)



- Increase in 1H26 balance as a result of the acquisition of Moula (\$7m)
- Excluding Moula, decrease in total provisions across the periods

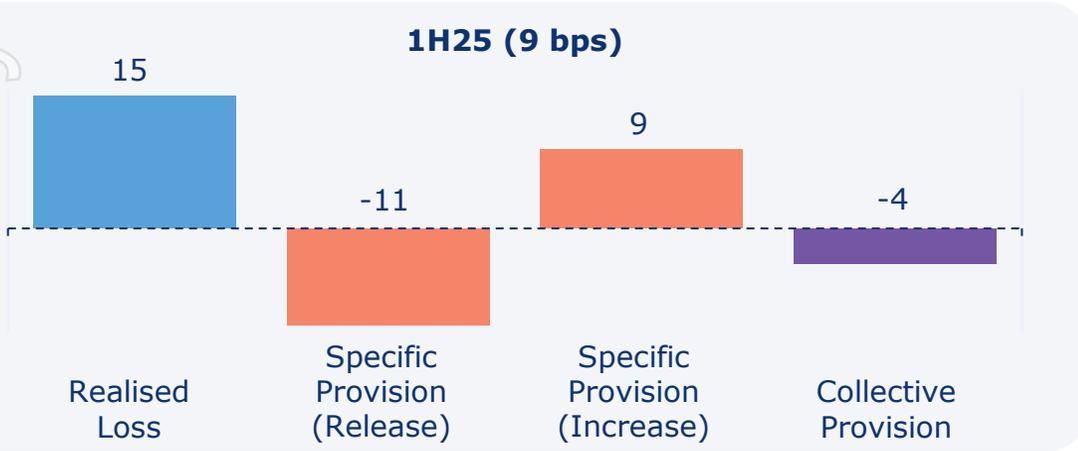
### Provision Coverage (bps)



- Total provisions provide 34% coverage against Stage 3 balances (28% in 2H25)

# Loan Impairment

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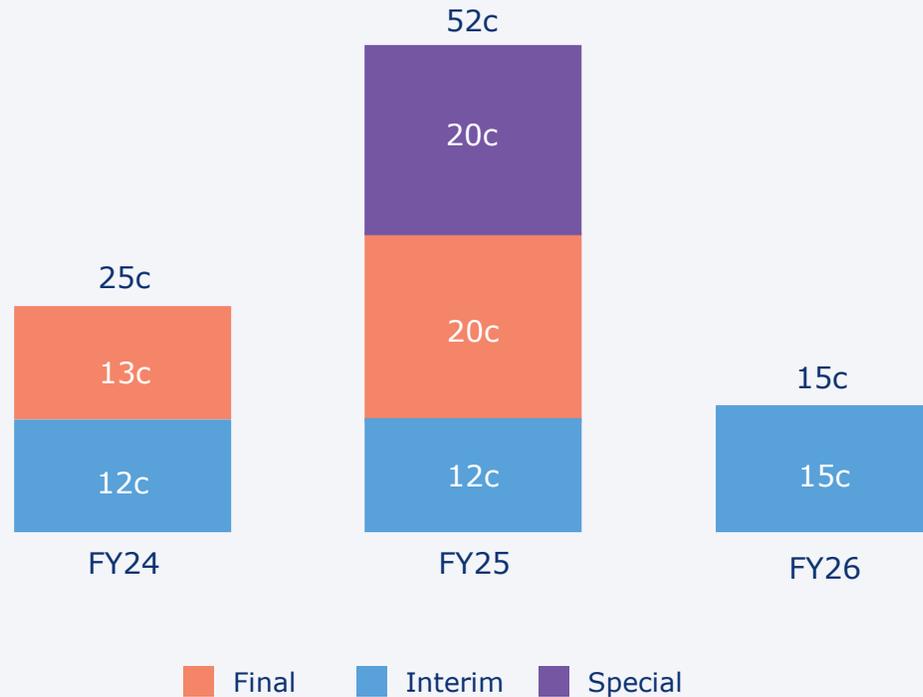
- ▲ Impairment expense 5bps in 1H26:
  - Lower realised losses (after provision release)
  - Lower specific provision reflects reduced portfolio delinquency
  - Lower collective provision reflects continued improving consumer and portfolio credit loss attributes, driving lower loss expectations across all segments

# Operating Expenses

Operating expenses (\$m)	1H25	2H25	1H26
Personnel	45	48	45
Other	36	34	37
<b>Cash expenses</b>	<b>81</b>	<b>82</b>	<b>82</b>
IP amortisation	6	6	6
<b>Total expenses</b>	<b>87</b>	<b>88</b>	<b>88</b>
<b>Cost to income (Liberty)*</b>	<b>26.9%</b>	<b>27.3%</b>	<b>26.4%</b>
FTE (average #)	528	520	498

- ▲ Cash expense stable across periods
- ▲ Lower cost to income over the periods due to higher net revenue supported by stable operating expenses
- ▲ Lower personnel costs in 1H26 reflects lower average FTE
- ▲ Higher other costs in 1H26 from increased new loan originations

# Distribution and Dividends



- ▲ Interim Q1 distribution 7.5 cents paid in Oct-25
- ▲ Interim Q2 distribution 7.5 cents paid in Dec-25
- ▲ LTM distribution and special dividends (50 cents) equates to 12.1% yield based on security price of \$4.14 (31-Dec-25)
- ▲ Interim Q3 distribution 7.5 cents to be paid on 26 March-26 with final distribution expected to be paid end of Aug-26
- ▲ Distribution and special dividends in line with policy to optimise capital for growth and provide attractive yield for securityholders

# Financial Position

\$m	Jun-25	Dec-25
Cash	888	923
Financial assets	14,660	14,802
Loans to related parties	77	-
Other assets	618	643
Financing	(14,707)	(14,862)
Other liabilities	(343)	(308)
<b>Net assets</b>	<b>1,193</b>	<b>1,198</b>
<b>Leverage ratio</b>	<b>13.6</b>	<b>13.7</b>

- ▲ Strong liquidity position with total (\$9.4b) and available (\$4.3b) limits at 31-Dec-25
- ▲ Stable balance sheet and leverage
- ▲ Underlying cash ROE 13.8%
- ▲ Investment grade rating BBB (stable outlook) by Standard and Poor's
- ▲ Loans to related parties repaid

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## 03 Business Update

# Business Update



Record group new loan origination



Higher residential originations offset by elevated discharges



Commercial lending and portfolio growth remains strong



Competition continues to impact motor finance



Fin Services portfolio growth despite challenging environment

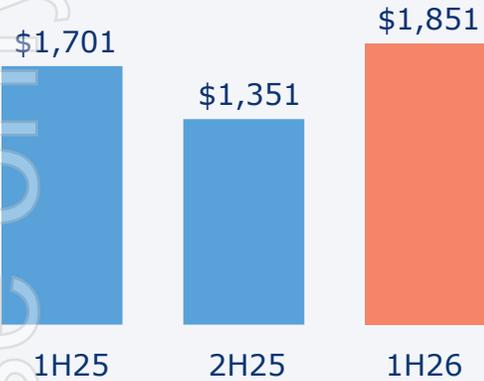


Acquisition of Moula to drive unsecured SME lending

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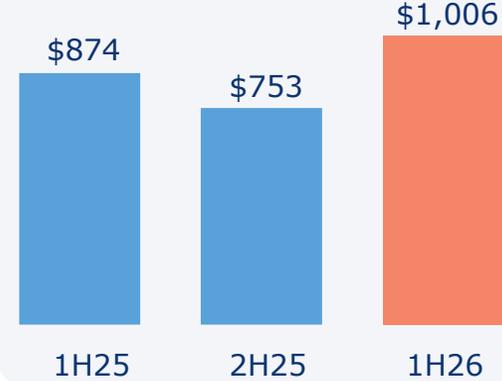
# Segment Loan Origination

## Residential (\$'m)



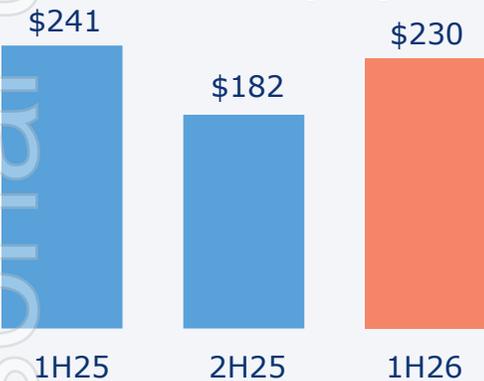
▲ Growth in new residential loan origination given strong demand

## Secured (\$'m)



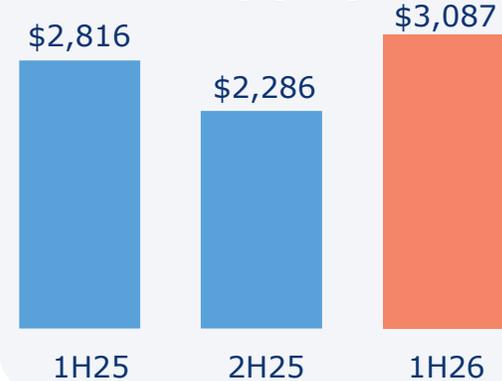
▲ Growth in loan origination reflects record SME and SMSF loan origination

## Fin Services (\$'m)



▲ Growth in loan origination reflects improving consumer environment following interest rate reductions

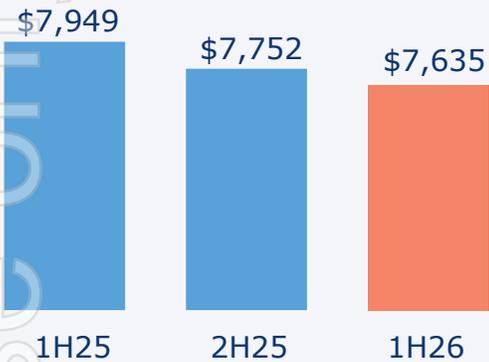
## Group (\$'m)



▲ Record half-yearly loan originations for the Group  
▲ Return to origination growth across all asset classes following interest rate reductions and increased demand for credit

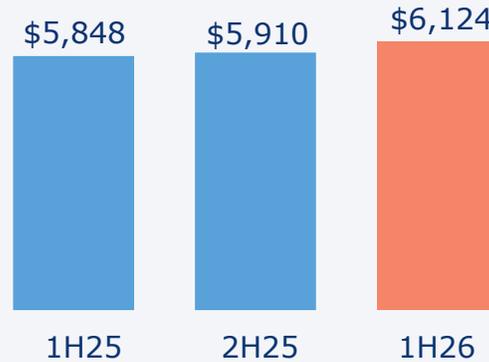
# Segment Loan Portfolio

## Residential (\$'m)



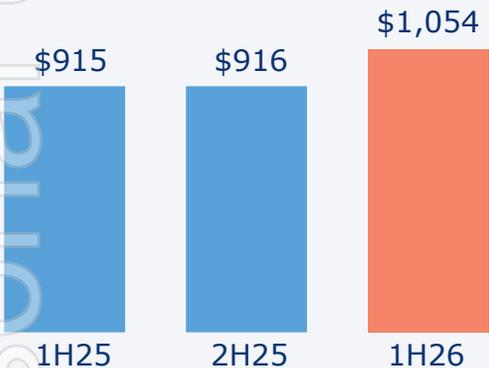
- Reduced portfolio as higher discharges and amortisation exceeded new loan origination
- Annualised discharge rate 40% (2H25 34% and 1H25 34%)
- Annualised amortisation rate 6% (2H25 2% and 1H25 6%)

## Secured (\$'m)



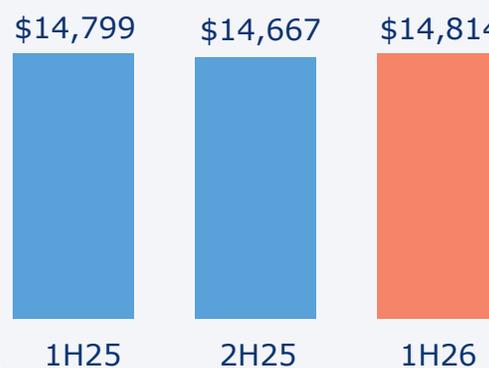
- Continued strong SME and SMSF portfolio growth more than offset the small decline in the motor finance portfolio
- Annualised discharge rate 14% (2H25 10% and 1H25 12%)
- Annualised amortisation rate 10% (2H25 12% and 1H25 12%)

## Fin Services (\$'m)



- Growth in personal loan portfolio as higher new loan origination more than offset the increase in discharges and amortisation
- 1H26 balance incorporates approx. \$100m unsecured SME loans
- Annualised discharge rate 20% (2H25 16% and 1H25 18%)
- Annualised amortisation rate 22% (2H25 20% and 1H25 20%)

## Group (\$'m)



- Portfolio relatively stable across the periods
- 1H26 portfolio mix increased to 48% Secured and Financial Services (2H25 47%)

# Relative Value Drivers

### Net Interest Margin



▲ Industry leading net interest margin

### Cost to Income Ratio



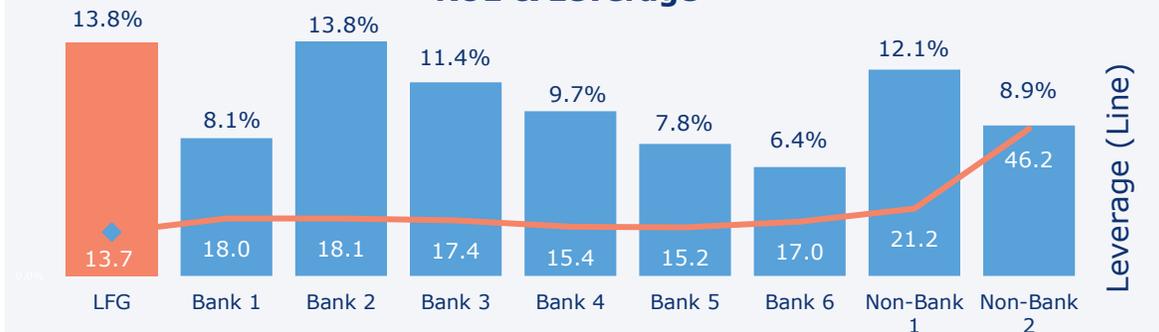
▲ Industry leading cost management

### Tier 1 Capital Ratio



▲ Bank-like capital strength

### ROE & Leverage



▲ Highest ROE to Leverage ratio

Results represent: LFG:1H26; Banks: FY25 or 1H26; Non-Banks: FY25  
 Tier 1 Capital Ratio represent: LFG=S&P RAC Ratio; Others APRA Tier 1 Ratio

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## 04 Outlook

# Outlook

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Environment supports continued differentiation



Increasing interest rates may impact delinquency



Favourable funding markets will continue to support NIM



Continuing NIM, CTI and ROA peer outperformance



Automation to maintain leading operational efficiency



Ongoing investment in improving digital experiences

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## 05 Summary



# Summary

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-  Continued profit growth momentum
-  Leading peer NIM, CTI and ROA with bank-like capital
-  Continued focus on exceptional service and cost to serve
-  Strong liquidity and capital position to support growth
-  Continuing investment in diversifying customer solutions
-  Ongoing investment in digital customer solutions

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# 06 Questions

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# Appendix

# Who is LFG?

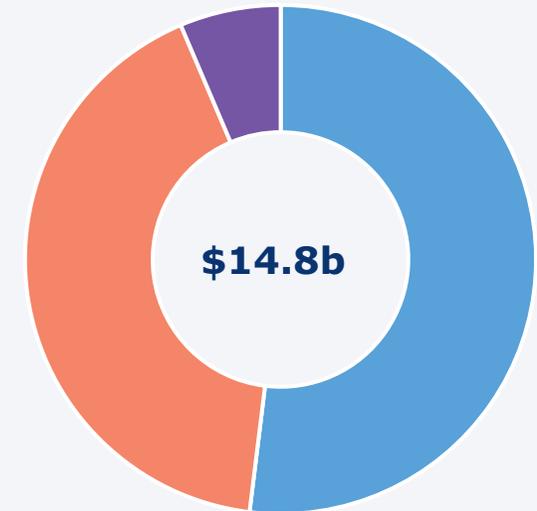
## Liberty Financial

- ▲ Started 1997 and only investment grade non-bank (BBB/stable/A-2)
- ▲ Pioneered specialty finance industry in Australia and New Zealand
- ▲ Over 500 professionals, Melbourne head office
- ▲ Operates through three key segments: Residential Finance, Secured Finance and Financial Services

## Durable Business Model

- ▲ Advanced risk-management capabilities
- ▲ Proprietary technology supports operations
- ▲ STRONG S&P Servicer rating across all asset classes
- ▲ Diversified products, services, revenues and profits
- ▲ Unblemished capital markets track record

## Diversified Portfolio



- Residential - 52%
- Secured - 41%
- Financial Services - 7%

# Products and Service

## Residential Finance

### Australian mortgages

- Prime and custom lending for residential owner occupier and investment properties

### New Zealand mortgages

- Prime and custom lending for residential owner occupier and investment properties



## Secured Finance

### Motor finance

- Secured prime and custom lending for vehicles purchased privately and through dealerships in Australia



### Commercial finance

- Secured commercial property mortgages to SMEs and SMSFs for working capital, owner occupier loans and investment loans in Australia

## Financial Services

### Personal loans

- Personal loans in Australia



### SME loans

- SME loans in Australia



### Life insurance distribution

- Distributor of life insurance in Australia



### Broker network and aggregators

- Mortgage broker distributing loans and insurance products in Australia and New Zealand



### Investments

- Debenture and management investment scheme products for short and long-term investing in Australia and New Zealand



Lending activities

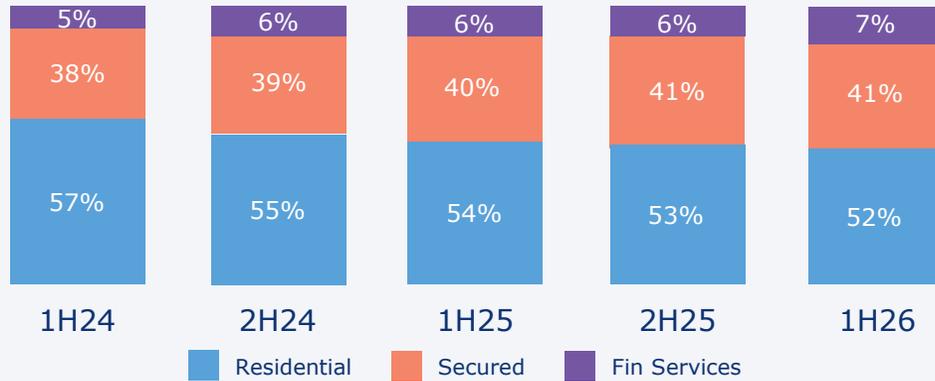
Loan and insurance distribution

Investments

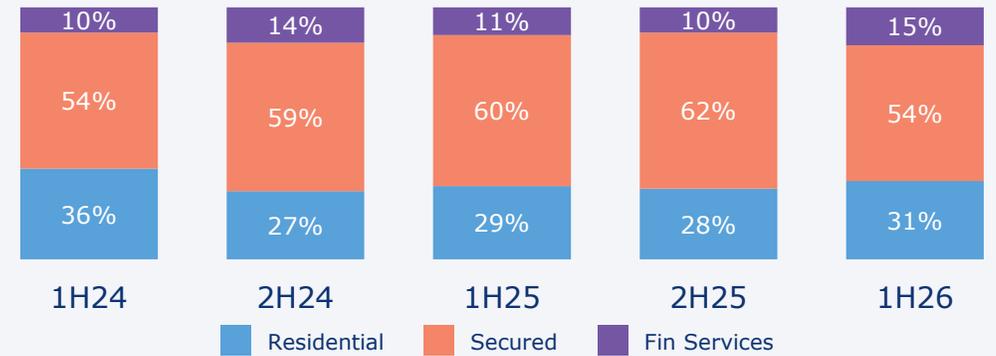


# Segment Performance

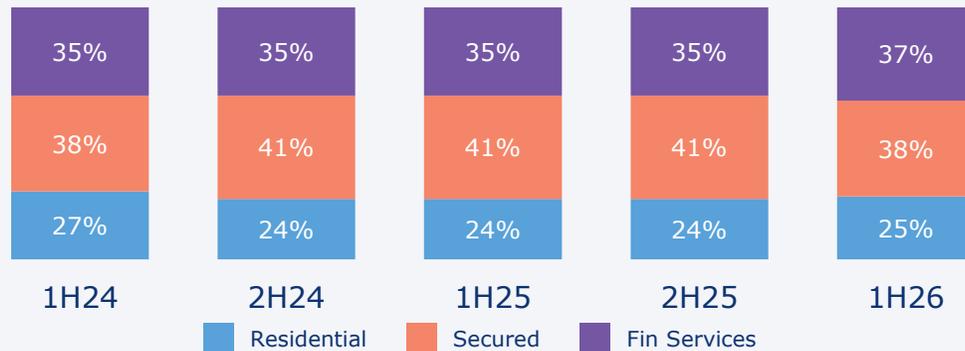
### Closing Portfolio



### Net Contribution



### Net Revenue

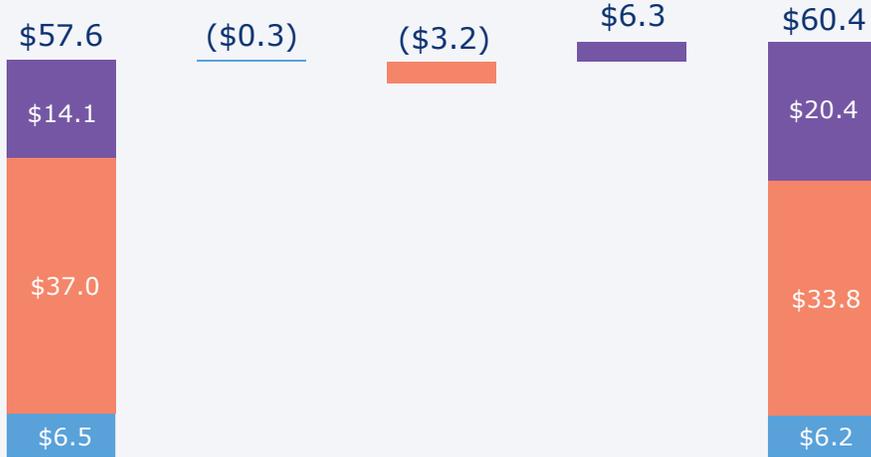


- Relative segment portfolio mix continues trajectory toward Secured and Financial Services
- Higher yielding Secured and Financial Services assets generate higher relative contribution to Group net revenue and contribution

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# Expected Credit Loss

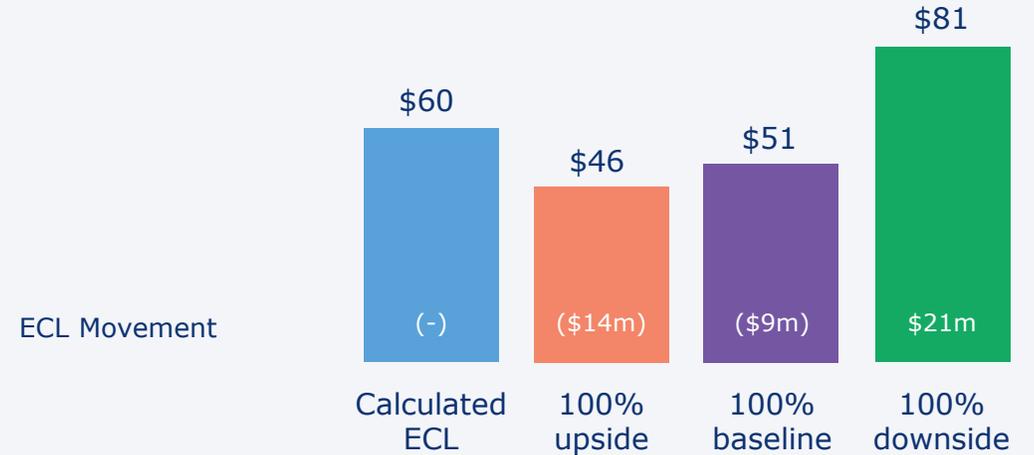
ECL by Segment



Expected Loss	Jun-25	Residential	Secured	Fin Serv	Dec-25
Loan life	0.40%	0.08%	0.57%	2.17%	0.41%
Annual	0.15%	0.03%	0.17%	0.87%	0.15%

- Lower future expected losses reflecting improved customer and portfolio loss characteristics
- Increase in Financial Services as a result of the Moula acquisition (\$7m, 22bps annual expected loss)
- Reductions across all ECL segments - Residential (1bp), Secured (3bps) and Financial Services excluding Moula (6bps)

ECL Economic Scenarios (\$m)



Economic Scenarios (Aust)	Current	Upside	Baseline	Downside
Probability weighting (Jun-25)	-	5% (5%)	65% (65%)	30% (30%)
Unemployment	4.4%	4.4%	4.4%	5.4%
GDP	2.0%	3.0%	2.1%	1.0%
Property Prices (HVI*)	220	238	232	211
RBA Cash Rate	3.6%	3.0%	3.3%	3.8%

\*HVI - Home Value Index

# Reconciliation Statutory to Underlying

\$'m	1H25	2H25	1H26
Statutory NPAT	65.6	67.7	76.4
IP amortisation	5.9	5.9	5.9
<b>Statutory NPATA</b>	<b>71.5</b>	<b>73.6</b>	<b>82.3</b>
Commission income	(1.9)	0.2	-
Commission expense	1.5	(0.1)	-
Personnel costs	-	-	-
Other expenses – operating expenses	0.2	-	-
Other expenses - impairment of goodwill	-	-	-
Other expenses – gain on sale of business operations	-	(0.1)	-
Tax effect of adjustments	0.1	-	-
Total adjustments	(0.1)	-	-
<b>Underlying NPATA</b>	<b>71.4</b>	<b>73.6</b>	<b>82.3</b>

# Statutory P&L

\$'m	1H25	2H25	1H26
Interest income on financial assets measured at amortised cost	639.6	611.2	584.7
Interest income on financial assets measured at fair value	0.4	0.6	0.2
Effective yield fee income on financial assets measured at amortised cost	21.5	20.1	21.1
Other financial income	99.8	98.1	105.9
Other income	0.4	1.0	0.3
<b>Total operating income</b>	<b>761.7</b>	<b>731.1</b>	<b>712.2</b>
Finance expense	(584.9)	(555.0)	(532.9)
Impairment loss on financial assets measured at amortised cost	(14.3)	(13.2)	(7.0)
Personnel expenses	(45.2)	(47.8)	(44.8)
Other expenses	(42.1)	(40.8)	(43.2)
<b>Total operating expense</b>	<b>(686.5)</b>	<b>(656.8)</b>	<b>(627.9)</b>
<b>Profit before income tax</b>	<b>75.2</b>	<b>74.3</b>	<b>84.3</b>
Income tax expense	(9.6)	(6.5)	(7.9)
<b>Profit after income tax</b>	<b>65.6</b>	<b>67.7</b>	<b>76.4</b>

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