



Liberty Financial Group Limited 2021 AGM Report

ASX Code	LFG
Meeting Time/Date	12.30pm, Wednesday 17 November 2021
Type of Meeting	Virtual
Monitor	Chris Lobb assisted by John Whittington
Pre AGM Meeting?	Yes, with Chair Richard Longes and CFO Peter Riedel

Inaugural Meeting Records Strong Results

What the Group Does

Liberty is a financial services business with operations across Australia and New Zealand. It commenced operations in 1997 focussing on the residential mortgage market. Since that time, it has expanded the business into other forms of financing including motor finance, commercial mortgages, personal and business loans broking services and general insurance. It listed on the ASX in December 2020.

Developments in the Financial Year

The Chairman in his address noted that the group had achieved exceptional results for the year ended 30 June 2021. It had exceeded forecasts contained in the IPO prospectus and reinforced the Group's position as a leading financial services provider. Given this was achieved in a Covid impacted economy highlighted the benefits from the commitment and values of the Group and the strength of customer relationships.

Summary of Historical ASA Issues with the Group

ASA has not had any previous dealings with the Group.

Debate and Voting at the AGM

In a meeting that was concluded within an hour of its commencement, there was limited interaction with securityholders. The Group responded to our pre meeting submitted questions, notwithstanding we were not provided with any proxies from members. Our main focus was on governance and remuneration structures which did not accord with our guidelines. As a financier we also sought insights as to their provisioning for impaired loans and were advised by the auditor that they were satisfied with the modelling adopted by management in this regard.

The board currently consists of five directors, two of whom are executives. The Chairman did announce that the Group will be appointing a further independent non-executive director in line with the long-term renewal and succession of non-executive Board members.

In terms of his own re-election, the Chairman responded to a question on his age (76 years) noting that the Group had established a stable governance platform which would transition in an orderly fashion. He remained enthusiastic on the future of Liberty.

In response to a question we raised on the appointment of the Auditor, KPMG, we were advised there was a statutory rotation of the audit partner every 5 years and that the current audit partner would hold the position until 30 June 2024. Further the Group had used KPMG since its inception and the audit had never been competitively tendered.

In terms of remuneration the Board would be focussing on finalising the medium and long term remuneration incentive plans as foreshadowed at the time of the IPO.

All resolutions were strongly supported and carried. This is not surprising given the high concentration in securityholder numbers, with the top 30 holding 98.6% of ordinary securities listed on the ASX.

Outlook Statements from the Group

Whilst not providing guidance, the CEO provided a trading update following the unaudited results of Q1 for FY22. He noted a positive start with ongoing growth in loan origination and the asset portfolio.

In addition, he made the following points:

- noted elevated discharges and amortisation, which reflects the fiercely competitive developments in the lending market;
- no material change in risk from Covid hardships;
- the Group had raised \$1.6 billion of capital via two new Asset Backed Securities (“ABS”) issues;
- the corporate rating was affirmed at BBB minus with a positive outlook; and
- the Group continued to increase staff numbers to support growth.

Overall, the Group remains cautiously optimistic in outlook for FY22. They expect to retain a distribution pay-out of 40%-80% of NPAT.

Meeting Statistics

Number of Holdings Represented by ASA	Nil
Number of Shares represented by ASA	Nil
Value of Shares represented by ASA	Nil
Number Attending Meeting	29 shareholders plus 14 visitors
Market capitalisation	\$1.718b
Were proxies voted?	Not applicable

Monitor Shareholding

The individual(s) (or their associates) involved in the preparation of this report have no shareholding in this company.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.