Annual Financial Report

30 June 2023

Insignia Financial Ltd
ABN 49 100 103 722

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About Insignia Financial Ltd

Insignia Financial Ltd is listed on the Australian Securities Exchange (ASX: IFL). The Insignia Financial Ltd consolidated group includes the Company and its controlled entities (the Group or Insignia Financial).

The Insignia Financial Group has been helping Australians secure their financial future since 1846. During that time, Insignia Financial has grown substantially to become one of the largest groups in the financial services industry.

Purpose

Insignia Financial's purpose is to:

- understand me;
- look after me; and
- secure my future.

Insignia Financial's ambition is to create financial wellbeing for every Australian.

Insignia Financial intends to achieve this through:

- delivering what matters to clients;
- continuing to promote a client-led culture; and
- building a better tomorrow for the community and shareholders.

Principal activities

The principal activities of the Group are:

- **Platforms:** Offering a wide range of financial services solutions on superannuation and investments to clients including investors, members, employers and advisers.
- **Advice:** Providing quality financial advice that is accessible, affordable and engaging for Australians; helping clients navigate their way through a range of financial products and services and educating clients to improve their financial literacy.
- **Asset Management:** Delivering strong and consistent returns to clients with access to world-leading investment managers across a broad range of highly rated single and multi-manager capabilities and other attractive investment opportunities.

A client-led organisation

Insignia Financial has been helping Australians secure their financial future for over 175 years. During that time, the Group has grown substantially to become a leading provider of quality financial advice, products and services with $295.0 billion in funds under management and administration (FUMA) as at 30 June 2023 and around 2 million clients throughout Australia. Insignia Financial's ambition is to create financial wellbeing for every Australian, which is founded upon its purpose of 'understand me, look after me, secure my future' and its client-led thinking, principles and ways of working whereby Insignia Financial places clients at the centre of everything it does.

As a client-led organisation, Insignia Financial believes that success only emanates from caring about people, providing outstanding service and delivering consistent performance and further, that by exceeding the needs of its clients, Insignia Financial can build an enduring and trusted institution that is capable of creating wealth for shareholders on an ongoing basis. Accordingly, Insignia Financial views client value creation and shareholder wealth creation as joint and mutually reinforcing objectives. By acting in clients' best interests and improving outcomes for clients, Insignia Financial can reward shareholders for their investment.

Insignia Financial's commitment to improve client outcomes is underpinned by:

- an ability to leverage its scale and manage ongoing operational efficiency to allow for continued investment in target products and services;
- ownership of multiple client offerings across the wealth value chain to efficiently and seamlessly deliver the needs of clients, from early accumulation through to drawdown in retirement;
- providing advice, in the appropriate form and at the appropriate juncture, to help Australians achieve their financial wellbeing and retirement objectives;
- a contemporary, flexible and competitive suite of product offerings supported by choice to efficiently address clients' evolving needs over their lifetime;
- differentiated service focusing on 'what matters' to clients;
- consistent and sustainable investment performance;
- creating a trusted partner status with its stakeholders through effective governance, compliance and risk management frameworks and a commitment to integrating environmental, social and governance factors into strategic and investment decisions and operational processes; and
- an open architecture approach which actively promotes and supports not only the Group's products but also those products offered by competitors. If the Group does not have the best solutions, the Group partners with other experts who do.

Clients' financial needs and priorities form the basis of the strategic initiatives which Insignia Financial undertakes to secure clients' financial futures and achieve financial wellbeing for every Australian.

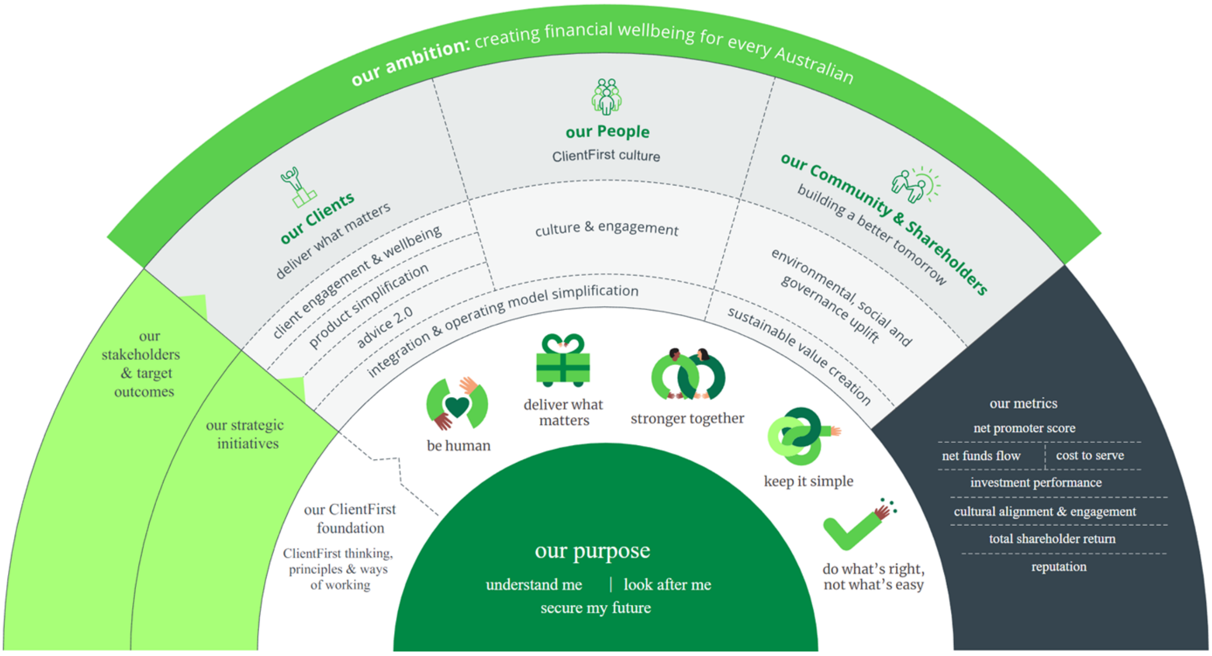
Operating and financial review

A client-led organisation (continued)

Insignia Financial's pursuit of its ambition is underpinned by a strong balance sheet and a commitment to deliver further growth and synergies in its operating segments. Insignia Financial will continue to provide quarterly business performance updates and reporting in relation to its progress of executing its strategic initiatives.

FY23 strategy

Insignia Financial's FY23 strategy, as set out in the strategy on a page below, was focused upon integration and simplification activities. During FY23, Insignia Financial continued its strong track record of delivering on its strategic initiatives.



Separation of the ex-ANZ Pensions and Investments business

In October 2022, Insignia Financial completed the separation of the ex-ANZ Pensions and Investments (P&I) business from Australia and New Zealand Banking Group Limited (ANZ) and the exit from all transitional services provided by ANZ, which was a multi-year program of work. The successful separation is a significant milestone in Insignia Financial's integration and simplification program. It also represents a landmark achievement for the financial services industry, being the first time an organisation has completed the separation of a superannuation business from a big four bank in Australia. Insignia Financial now has full control and management of the systems which support the P&I business, which enables Insignia Financial to unlock the benefits of scale for its clients and people, aligned to its simplification priority.

Separation of the MLC business

Following the separation of the P&I business from ANZ in October 2022, Insignia Financial has applied the learnings from the separation of the P&I business, and pivoted the people who contributed to its success, to the separation of the MLC Wealth (MLC) business from National Australia Bank Limited (NAB) which is expected to be completed in FY25. During FY23, Insignia Financial completed the transition of MLC employees within a number of divisions from the NAB environment to Insignia Financial's environment and progressed the technology approach for separating from NAB the systems which support the MLC business, which has been designed to:

- minimise execution risk whilst also continuing to provide the best possible member experience; and
- complement the Group's platform simplification strategy and leverage a shared technology ecosystem.

As at 30 June 2023, Insignia Financial has exited from approximately 50% of the service schedules underpinning the Transitional Services Agreement between Insignia Financial and NAB and is due to end during 2H25.

Operating and financial review

FY23 strategy (continued)

Platform simplification

Platform, product and entity simplification (platform simplification) is one of Insignia Financial's key strategic priorities to create improved and economically sustainable outcomes for clients and other stakeholders. Platform simplification is central to unlocking the benefits of scale for all stakeholders by:

- creating opportunities for growth by investing in and focusing on what matters to clients;
- reducing risk by reducing complexity; and
- reducing costs.

Following an extensive assessment of Master Trust platform solutions and consideration of several strategic approaches, Insignia Financial decided, during FY23, to combine various foundational aspects of technology between its Wrap and Master Trust platforms under a shared technology ecosystem with two registry platform pillars: its proprietary Wrap platform 'Evolve'; and a Master Trust platform based around FIS Global Inc's (FIS) Compass registry. The commonality across the operating environment will provide opportunities to remove duplication, reduce costs and minimise the cost and risk of change.

In selecting FIS as the provider of the go-forward Master Trust registry platform for its superannuation and pension products, Insignia Financial considered the following attributes:

- FIS, a Fortune 500® company, is a leading provider of technology solutions to financial services firms globally;
- Compass is a robust, well-supported and scalable application platform, which currently supports over 70 million members worldwide; and
- MLC has maintained a relationship with FIS for more than 24 years and Compass currently supports existing MLC Master Trust capabilities and MasterKey products.

It is expected that the foundational aspects of the new environment will be in place by mid-2025, prior to the expiry of the Transitional Services Agreement with NAB.

Following the completion of Evolve21 in December 2021 whereby all the Group's heritage proprietary platforms were migrated on to the Evolve platform, the next phase of platform simplification is focused on the transition of MLC Wrap products and services to the Expand suite of products on the Evolve platform. This is part of the Group's plans to converge certain activities relating to the separation of MLC business with certain platform simplification activities. The Wrap transition is expected to be completed by 30 June 2024 and will reduce the number of platforms supporting the MLC business from three to two, including Compass.

In anticipation of the transition of the MLC Wrap products, Insignia Financial enhanced, during FY23, the Evolve platform and progressed alignment of its wrap offerings. Those enhancements include:

- investment menu additions;
- further tax optimisation calculation methods and increases in family fee aggregation limits;
- a mobile app for clients;
- an additional retail insurer to complement the existing three providers;
- reduced administration and brokerage fees and adjustments to the cash account fee; and
- a brand refresh.

The ongoing enhancement of the Evolve platform further improves the Expand product offering, as demonstrated by it being a finalist in Chant West's Advised Product of the Year 2023. In June 2023, Insignia Financial completed the trade-up of certain P&I legacy products to OneAnswer Frontier and ANZ Smart Choice Super, leading to around 39,000 members having the benefits associated with more contemporary products and reduced fees.

Following the separation of the P&I business from ANZ in October 2022, Insignia Financial utilised its full control of that business to introduce, during the second half of FY23, new digital features for the ANZ Smart Choice Super product suite, thereby enriching the member experience. As a component of an all-encompassing approach to streamline the end-to-end correspondence process, all member communications, including significant event notices, are now sent electronically by default. This significant reduction in paper usage also highlights Insignia Financial's dedication to being an environmentally responsible organisation.

Sale of AET

In November 2022, the Group completed the sale of Australian Executor Trustees Limited and AET PAF Pty Ltd (collectively AET) to EQT Holdings Limited. The proceeds of $135 million from the sale have been used to reduce debt. As part of the sale, the Group and EQT Holdings Limited entered into a Strategic Alliance Agreement and a Transitional Services Agreement under which the Group will continue to provide a number of services to AET.

Operating and financial review

FY24 strategy

FY24 marks the final year of the 3-year MLC separation and integration program and during this period, Insignia Financial continued its strong track-record of delivering on its strategic initiatives, including accelerated delivery of synergy benefits, ahead of the original 3-year plan.

These achievements now provide the opportunity for a strategic refresh, allowing Insignia Financial to prioritise and focus with greater clarity on unlocking the full opportunities of the MLC acquisition through finalising separation and integration whilst focusing investment on its key areas of competitive advantage, in the environment of a growing superannuation pool and the largest intergenerational transfer of wealth in history.

To capitalise on these opportunities and structural tailwinds, Insignia Financial refreshed its strategy to focus on the following four strategic pillars from FY24:

- Improving our clients' financial wellbeing;
- Deepening our partnerships with advisers and employers;
- Simplifying our business; and
- Building a safe and trusted business together.

Underpinning Insignia Financial's intent is a unique set of diversified business capabilities allowing it to create specific combinations of Advice, Platforms and Asset Management offerings to deliver more affordable and accessible financial outcomes for clients across a spectrum of needs. The refreshed strategic pillars will create focus, clarity and prioritisation for the Group and enable Insignia Financial to harness its unique competitive advantages to create financial wellbeing for every Australian.

Advice services partnership model

Central to Insignia Financial's strategic opportunity is creating value through delivering improved financial outcomes for every Australian, through more affordable and accessible advice. To achieve this, on 27 July 2023, Insignia Financial announced its intention to reset its financial advice operating model to competitively leverage opportunities for sustainable growth.

The changes to its Advice Services business will provide it with a clearer, more innovative and sustainable value proposition through a new partnership ownership model for its self-employed licensees comprising RI Advice Group Pty Ltd (RI), Consultum Financial Advisers Pty Ltd (Consultum) and TenFifty.

Operating and financial review

FY24 strategy (continued)

Advice services partnership model (continued)

Whilst the new brand name and identity has yet to be established, this new business is being developed under the working name of Advice Services Co (ASC). ASC represents the ambition to create Australia's largest adviser-owned licensee group, positioning it to capitalise on the dynamic self-employed advice market with the support of Insignia Financial. ASC will operate with independent management, oversight and governance, with input from both Insignia Financial as well as key advice practice representatives.

Initially, Insignia Financial will hold a majority stake in ASC, to reduce over time as advisers are invited to receive equity in ASC. Insignia Financial's continued shareholding will ensure alignment and commitment to the self-employed advice model through an ongoing partnership. ASC will have a strong mandate to grow the number of advice practices and advisers operating under its licences.

Separate to the establishment of ASC, ownership of Godfrey Pembroke Group Pty Ltd (GPG) is expected to be returned to Godfrey Pembroke advisers with Insignia Financial retaining a minority stake. Insignia Financial is also in discussions with interested parties regarding the potential sale of the Millennium3 (M3) licence. The closure of the Lonsdale licence is almost complete, with a number of advisers transitioning to Consultum or moving to self-licensing through Insignia Financial's Alliances offer.

Insignia Financial has previously committed to a profit (UNPAT) target of $10 million for its Advice segment on a run-rate basis by the end of FY24, a target that is expected to be met following the implementation of the new Advice Services model. Advisers operating under the Advice Services licensees (ASC, GPG and M3) contribute approximately $24 billion to Insignia Financial's FUA, of which ASC represents approximately $21 billion.

Separation of the MLC business

Insignia Financial expects to complete the separation of the MLC business from NAB in FY25. Until that time, NAB will continue to support the MLC business through a Transitional Services Agreement.

Platform simplification

Platform simplification continues to be one of Insignia Financial's key strategic priorities. As described above:

- The next major phase of platform simplification is focused on the transition of MLC Wrap products and services to the Expand suite of products on the Evolve platform. This Wrap transition is expected to be completed by 30 June 2024 and will reduce the number of platforms supporting the MLC business from three to two, including Compass; and
- It is expected that the foundational aspects of the new shared technology ecosystem for the two registry platform pillars, being the proprietary Wrap platform 'Evolve' and Compass as the Master Trust platform, will be in place by the end of FY25 prior to the expiry of the Transitional Services Agreement with NAB.

Divestment of IOOF Ltd

IOOF Ltd (IL), which is a friendly society under the Life Insurance Act 1995, provides a range of investment bonds including the WealthBuilder product suite and had approximately $1.1 billion of FUM as at 30 June 2023. On 24 July 2023, Insignia Financial announced that it had executed a Share Sale Agreement with Australian Unity Limited (AUL) to sell its friendly society investment bond business through the divestment of IL. The investment bond business is considered adjacent to Insignia Financial's core strategic priorities and the sale will provide improved business focus and clarity, whilst IL's policy holders will benefit from joining the AUL Group which is committed to growing and investing in the investment bond sector over the long term. The key terms of the transaction include the following:

- Completion of the transaction is subject to relevant regulatory approvals;
- Insignia Financial will provide a number of services to IL under a Transitional Services Agreement for an initial period of 12 months. Insignia Financial and AUL will also enter a Strategic Alliance Agreement to support the mutual aim of providing financial wellbeing to all Australians; and
- Insignia Financial will receive total consideration of up to $40 million comprising $36 million in cash upon completion, plus an additional contingent amount of up to $4 million payable 12 months after completion, subject to the transition of clients and FUM to AUL.

Insignia Financial expects the sale to complete in 1H24 and will use the sale proceeds to reduce net debt.

Operating and financial review

FY24 strategy (continued)

Synergy program

As part of its acquisition of MLC, Insignia Financial committed to achieving $150 million of synergies in the three years following completion in May 2021. Work has continued to identify additional synergy opportunities and a total of $175-190 million of annualised benefits has been identified to be realised over FY24-FY26.

The synergy program will utilise Insignia Financial's transformation capability and will take a single cost-reduction approach across various initiatives, including:

- the MLC Wrap transition and the Professional Services (Advice) break even, which have been disclosed previously; and
- the second phase of MLC acquisition synergies.

A single financial target will be established and tracking of progress will be provided at an aggregate level. The total investment to deliver these initiatives will be approximately $260-285 million over two years. Insignia Financial is targeting a cost-to-income ratio in the mid 60%-range within three years, with additional opportunities for improvement beyond the next three years through further simplification.

Environmental, social and governance

At Insignia Financial, we understand that driving better environmental, social and governance (ESG) practices not only delivers better outcomes for the planet and community, but strengthens the sustainability of our business, enabling us to continue to deliver on our ambition to create financial wellbeing for all Australians.

The Group continued to build its ESG capability throughout the year. In September 2022, the Group was recognised as a certified Climate Active organisation, reflecting its ongoing commitment in improving its environmental impact and endorsing its carbon-neutral status.

The Group has finalised its scope 1, 2 & 3 financial year 2022 greenhouse gas emissions calculations, which will be used as a baseline for future emissions reductions commitments.

To help guide its responsible investment practice, the Group has become a member of the Investor Group on Climate Change (IGCC) and a member of Responsible Investment Association of Australia (RIAA) through the Asset Management business.

The Group's boutique funds management business, Antares, became a signatory to the Principles of Responsible Investment (PRI) in April 2023.

The Group is building stronger community connections through workplace giving, the IOOF Foundation and engaging with First Nations Australians. In June 2023, the new Insignia Financial 'Innovate' Reconciliation Action Plan (RAP) was approved by Reconciliation Australia. The Group also launched its new online giving portal, which connects its people to the Group's aligned charities, as well as facilitating employee charitable giving, volunteering and fundraising efforts.

The Group's annual ESG report, set to be published in October 2023, will provide detailed information on ESG material matters and how the Group is progressing towards the United Nations Sustainable Development Goals. The Group will also be updating its climate risk report using the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework.

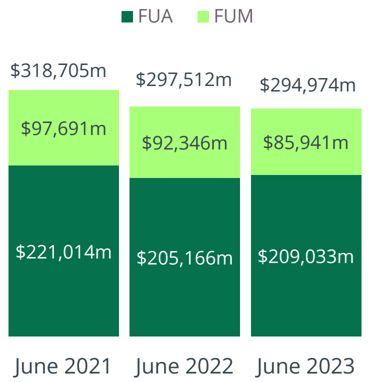
The Group acknowledges and supports the Australian Government efforts to improve sustainability disclosure, including the proposed climate-related financial disclosure requirements. The Group understands through consultation that these new disclosure requirements align with the global TCFD framework, which will now be monitored by the IFRS Foundation under the new International Sustainability Standard Board's standards being applied globally.

Operating and financial review

Financial highlights (including discontinued operations)

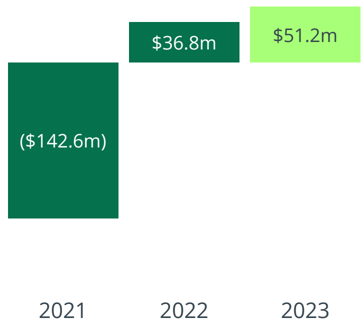
Closing funds under management and administration

Improved net flows, combined with market performance and relationship resets



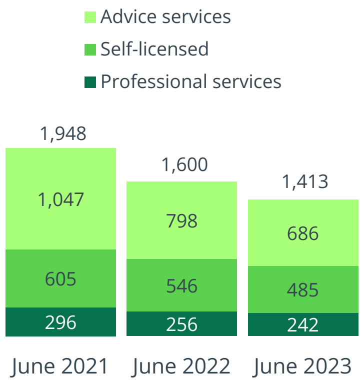
Net profit after tax (NPAT)

Driven by AET sale and lower costs, partially offset by lower revenue and higher transformation costs



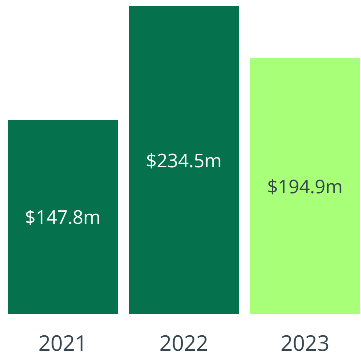
Number of advisers

Adviser number decline moderating as part of the journey to Advice sustainability



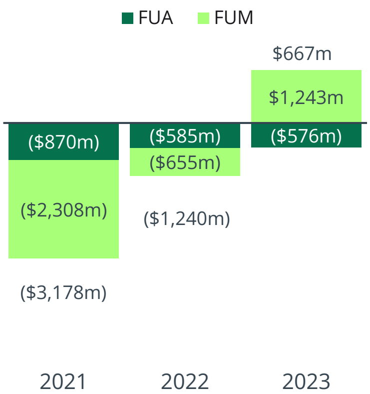
Underlying net profit after tax (UNPAT)[2]

Market-driven revenue decline partially offset by expense savings from delivery of synergies



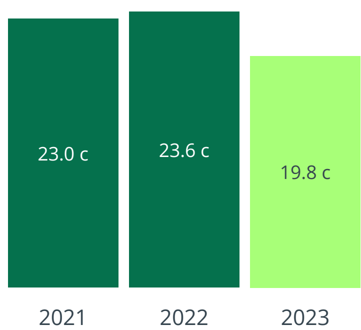
Net flows from continuing operations[1]

Continued momentum in flows delivering positive net flows in 2023



Dividends (cents per share)

Dividend underpinned by earnings growth



[1]JANA net flows excluded from all periods. 2021 net flows exclude early release of super.

[2]Includes discontinued operations.

Operating and financial review

Financial performance

Net profit after tax

NPAT for the year ended 30 June 2023 was $51.2m (30 June 2022: $36.8m). The increase is driven by the gain on sale of AET of $43.2m. This has been partially offset by lower revenue and higher transformation and integration expenses.

Underlying net profit after tax

UNPAT is a non-IFRS metric that is used by management to monitor the performance of the Group. In calculating UNPAT, the Group reverses the impact on profit of certain, predominantly non-recurring items, to enable a better understanding of its underlying operational result. It is the UNPAT result which will be analysed in detail in this section of the Directors' Report. This includes both continuing and discontinued operations.

UNPAT for the year ended 30 June 2023 was $194.9m (30 June 2022: $234.5m), a decrease of $39.6m driven by lower market performance and partially offset by the realisation of benefits and synergies from strategic initiatives.

Funds under management and administration

As at	30 Jun 2023	30 Jun 2022
	$m	$m
Funds under administration (FUA)	209,033	205,166
Funds under management (FUM)	85,941	92,346
FUMA	**294,974**	**297,512**

The reduction in FUMA is driven by the $16.1b outflows associated with AET and JANA and $2.9b of pension payments, offset by $15.8b favourable market performance and $0.7b net flows.

Advice

At 30 June 2023, there were 1,413 advisers in the Insignia Financial network (30 June 2022: 1,600). The number of advisers decreased by 187 primarily due to

- regulatory change (FASEA exam deadline) and the closure of Lonsdale licensee in the advice services channel;
- the departure of two member practices following reviews of their adviser base in the self-licensed channel; and
- the reshaping of the Bridges business following consolidation with MLC Advice in the professional services channel.

Reconciliation of UNPAT to NPAT

The following table, which has not been audited by the external auditor, provides a reconciliation between the UNPAT and NPAT of the continuing operations of the Group, excluding the results of the statutory funds.

Shareholders can review the more detailed results presentation by visiting the Company website at www.insigniafinancial.com.au.

	2023	2022
	$m	$m
Profit for the year	**51.2**	**36.8**
Less: profit from discontinued operations	(47.0)	(9.2)
Profit from continuing operations	**4.2**	**27.6**
UNPAT adjustments relating to continuing operations		
Transformation and integration costs	161.8	116.4
Amortisation of intangible assets	80.2	84.6
Remediation costs	19.1	67.1
Fair value changes	(3.6)	(4.4)
Legal settlement and penalties	-	5.0
Income tax attributable	(71.2)	(72.3)
UNPAT adjustments relating to continuing operations	**186.3**	**196.4**
Non-controlling interests	0.2	-
UNPAT from continuing operations	**190.7**	**224.0**
UNPAT from discontinued operations	4.2	10.5
UNPAT	**194.9**	**234.5**

Operating and financial review

Financial performance (continued)

Reconciliation of UNPAT to NPAT (continued)

Transformation and integration costs: Expenses recognised from activities associated with platform simplification and separation of the MLC and ANZ P&I businesses along with Evolve23 transition costs. This includes external activities, project labour costs, redundancy and termination costs, information technology and other consultancy fees, and outsourced hosting services directly related to these activities.

Amortisation of intangible assets: Amortisation of acquired intangible assets over their useful lives. This excludes amortisation of internally developed software.

Remediation costs: Expenses recognised in the Group's structured remediation provisions including client compensation and associated costs. It includes any related indemnities recovered.

Legal settlement and penalties: 2022 included costs associated with settlement of legal matters and associated penalties.

Fair value changes: Includes (gains)/losses from fair value movements on financial instruments held at fair value through profit and loss.

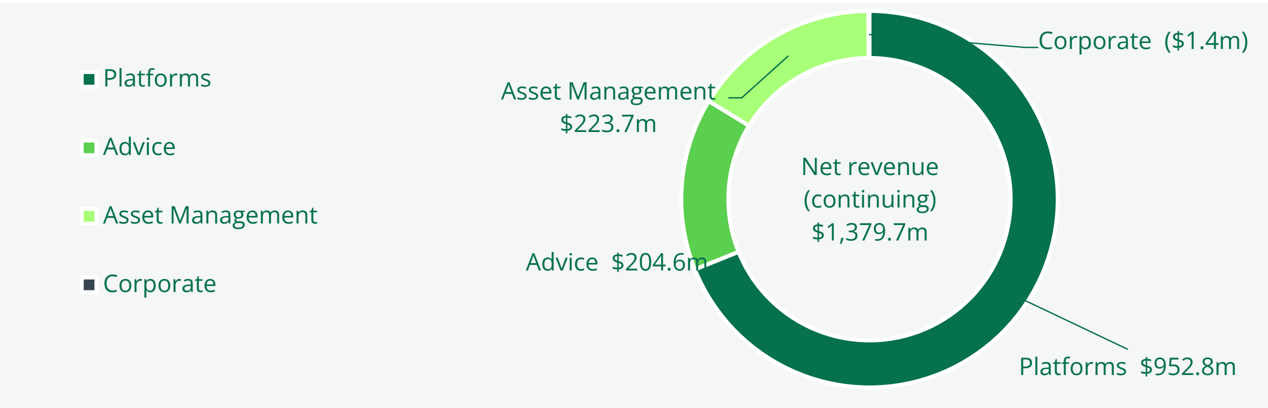
Income tax attributable: Income tax applied against certain items that are UNPAT adjusted.

Discontinued operations: Results of the AET business and the gain on sale recognised by the Group on divestment of AET.

Key financial results

	2023	2022	Movement	
	$m	$m	$m	%
Net revenue	1,379.7	1,484.1	(104.4)	(7.0%)
Operating expenses	(1,035.7)	(1,095.6)	59.9	5.5%
Net financing costs	(32.2)	(24.3)	(7.9)	(32.5%)
Net non-cash items	(51.3)	(56.1)	4.8	8.6%
Income tax expense	(70.0)	(84.1)	14.1	16.8%
Non-controlling interests	0.2	-	0.2	n/a
UNPAT from continuing operations	**190.7**	**224.0**	**(33.3)**	**(14.9%)**
UNPAT adjustments relating to continuing operations	(186.3)	(196.4)	10.1	5.1%
Non-controlling interests	(0.2)	-	(0.2)	n/a
Profit from continuing operations	**4.2**	**27.6**	**(23.4)**	**(84.8%)**

Net revenue



Decrease in net revenue is primarily driven by the reduction in management and service fee revenue due to lower average FUMA. This was partially offset by a related reduction in service fees and other direct costs.

Operating and financial review

Financial performance (continued)

Key financial results (continued)

Operating expenses

Decrease in operating expenses is primarily due to the realisation of synergy benefits across the Group, reflected in lower employee costs, information technology costs, professional fees, occupancy related expenses, partially offset by higher marketing and travel expenses.

Net financing costs

Increase in net financing costs is driven by the increase in market interest rates during the year.

Net non-cash items

Decrease in net non-cash items is largely driven by the reduction in impairment expenses and 2022 loss on disposal of subsidiary, partially offset by higher developed software amortisation expenses and share-based payment expenses.

Shareholder returns

The Group's dividend is determined based on financial performance and the Group seeks to optimise returns to shareholders while continuing to invest in the transformation of the business and fund remediation. The Board has therefore determined that a pay-out ratio range of 60% to 90% of UNPAT is generally appropriate, but not binding, in relation to ordinary dividends.

Total Shareholder Return (TSR) measures the change in share value over a specified period together with the return by way of dividends received. The Group's TSR in the 5-year period from 1 July 2018 was (53.2%) in total and (14.1%) on a compounding annualised basis. The TSR for the 12 months to 30 June 2023 was 12.2% with a share price increase of 4.8% plus a dividend yield on the opening share price of 7.4%.

	2023	2022	2021	2020	2019
Profit/(Loss) attributable to the shareholders of Insignia Financial Ltd ($m)	51.4	36.8	(142.6)	141.2	28.6
Profit/(Loss) from continuing operations ($m)	4.2	27.6	(152.8)	52.8	(30.0)
Basic EPS (cents per share)	7.8	5.7	(24.2)	40.3	8.1
Diluted EPS (cents per share)	7.8	5.7	(24.2)	40.2	8.1
Basic EPS (continuing operations) (cents per share)	0.7	4.3	(25.9)	15.1	(8.5)
UNPAT ($m)	194.9	234.5	147.8	128.8	198.0
UNPAT EPS (cents per share)	29.6	36.1	25.1	36.8	56.5
UNPAT EPS (continuing operations) (cents per share)	29.0	34.5	23.1	35.4	56.3
Dividends declared ($m)(1)	130.7	153.8	149.3	121.2	131.7
Dividends per share (cents per share)(1)	19.8	23.6	23.0	34.5	37.5
Opening share price	$2.69	$4.27	$4.92	$5.17	$8.99
Closing share price at 30 June	$2.82	$2.69	$4.27	$4.92	$5.17
NPAT return on equity (statutory measure)(2)	2.17%	1.50%	(5.74%)	8.28%	1.57%
UNPAT return on equity (non-statutory measure)(2)	8.24%	9.52%	5.96%	7.59%	10.90%

(1) Dividends declared and dividends per share are those paid or declared from the relevant financial year's profits

(2) Return on equity is calculated by dividing profit or loss and UNPAT attributable to the shareholders of Insignia Financial Ltd by average equity attributable to the shareholders during the year.

Operating and financial review

Financial performance (continued)

Financial position

	30 Jun 2023 $m	30 Jun 2022 $m	Change %
Assets			
Financial assets (including cash)	1,056.6	2,443.1	(56.8%)
Assets classified as held for sale	1,148.0	76.6	large
Other assets	150.8	179.8	(16.1%)
Property and equipment	146.0	208.1	(29.8%)
Intangible assets	2,503.4	2,606.7	(4.0%)
Total assets	**5,004.8**	**5,514.3**	**(9.2%)**
Liabilities			
Financial liabilities	215.9	1,575.4	(86.3%)
Liabilities associated with assets classified as held for sale	1,105.4	10.2	large
Provisions	365.2	545.7	(33.1%)
Lease liabilities	161.8	189.4	(14.6%)
Borrowings	775.6	771.3	0.6%
Deferred tax liabilities	51.1	21.4	large
Total liabilities	**2,675.0**	**3,113.4**	**(14.1%)**
Net assets	**2,329.8**	**2,400.9**	**(3.0%)**
Number of ordinary shares (million)	662.6	653.9	1.3%
Net assets per ordinary share ($ per share)	3.52	3.67	(4.2%)

Financial assets (including cash) decreased $1,386.5m mostly due to the reclassification of statutory funds' financial assets to assets classified as held for sale. In addition, the $300m ex-ANZ Aligned Licensees (AL) remediation receivables were net settled during the year.

Other assets decreased by $29.0m driven by $29.4m decrease in equity accounted associates due to the sale of the Group's investment in JANA Investment Advisers Pty Ltd, $9.4m decrease in current tax assets, partially offset by $8.6m increase in prepayments.

Assets and liabilities classified as held for sale have increased by $1,071.4m and $1,095.2m respectively. At 30 June 2023, this balance primarily represents assets and liabilities relating to the divestment of IOOF Ltd (including statutory funds). The 30 June 2022 balance relates to AET.

Property and equipment decreased by $62.1m which was driven by $45.4m depreciation expenses, $25.0m early lease incentive payment, $0.9m impairment charge and $1.6m transfer to assets classified as held for sale, offset by the recognition of $5.4m net right-of-use assets and $5.4m other property and equipment assets.

Intangible assets decreased by $103.3m driven by $82.8m amortisation expenses, $24.7m reclassification of goodwill to assets classified as held for sale, as well as a $2.6m impairment of brand names and certain adviser relationships and $1.1m disposal of adviser relationship.

Financial liabilities decreased by $1,359.5m driven by the transfer of statutory funds' financial liabilities to liabilities associated with assets classified as held for sale, as well as the net settlement of $260.4m ex-ANZ AL remediation payables.

Provisions decreased by $180.5m driven by remediation payments across all remediation programs to customers of $125.4m and program costs of $73.4m. These payments have been partially offset by the $7.5m increase in employee entitlement provision and $14.8m net increase in remediation and other provisions.

Lease liabilities decreased $27.6m primarily due to lease payments made during the year.

Borrowings have increased by $4.3m due to the recognition of $43.6m interest expense, partially offset by $5.9m borrowing costs and $33.4m net principal repayments.

Net deferred tax liabilities have increased $29.7m due to decreases in deferred tax assets in line with the decline in remediation provision balances.

Operating and financial review

Capital and liquidity management

Capital and liquidity positions are assessed on a monthly basis to ensure license requirements and lending covenants are met at all times. As part of this process any capital or liquidity surplus/needs are identified across the Group. Existing balance sheet capacity is expected to remain sufficient for the near future.

Capital management

The Group's capital management principles are to maximise returns to shareholders through enabling the execution of the Group's strategy whilst remaining compliant with the Group's risk appetite statement and regulatory requirements.

As part of its capital management strategy, the Group continually assesses whether it is optimising its use of capital and may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or adjust debt levels. The Group monitors capital through the Group's risk appetite framework, managing it as investment, working or regulatory capital.

The Group has maintained its focus on balance sheet strength by:

- refinancing a new syndicated facility agreement, supported by a group of six new and existing lenders; and
- continued expense management across the Group.

Liquidity management

The Group actively manages liquidity risk by preparing cash flow forecasts for future years and through periodic review by senior management and the Board actively assessing options to ensure that internal liquidity requirements are met at all times. During the year, cash decreased by $12.4m driven by payments for interest expense, remediation and transformation costs and dividends. These outflows were largely offset by cash inflows from the sale of the AET and JANA businesses and earnings from the provision of services and income tax refunds.

Borrowings

During the year, the syndicated facilities agreement (SFA) initially entered into in September 2018 was terminated and the Group entered into a new $955m SFA with six new and existing lenders. The new SFA is comprised of

- a 3-year $340m revolving credit facility. During the year, the Group made $340.0m drawdown under this facility and repaid $23.0m in principal. At 30 June 2023, $23.0m of this facility was available;
- a 4-year $290m revolving credit facility. During the year, the Group made $153.3m drawdown under this facility and repaid in full. At 30 June 2023, $290.0m of this facility was available;
- a 4-year $270m term loan. During the year, the Group made $270.0m drawdown under this facility and as at 30 June 2023, this facility was fully utilised; and
- a 3-year $55m multi-option facility. At 30 June 2023, $12.0m of this facility was available. Utilisation of this facility is in the form of rental bond guarantees included in Note 21 Commitments and contingencies.

At 30 June 2023, the principal outstanding on the Group's syndicated facility agreement is $587m (30 June 2022: $590m). Undrawn debt facilities at 30 June 2023 is $313m (30 June 2022: $275m). In addition, $43.0m of bank guarantees have been issued as part of the debt facilities (30 June 2022: $31.5m). Bank guarantees are not shown on the statement of financial position.

The Group is subject to certain financial covenants as part of its debt agreement, including a maximum ratio of net debt to EBITDA (leverage ratio) and a minimum interest cover (interest cover ratio). The Group complied with all these covenants throughout the year.

Dividends

The Group has a policy of paying dividends of 60-90% of UNPAT on an annualised basis. In respect of the financial year ended 30 June 2023, the Directors declared the payment of a final dividend of 9.3 cents per share to the holders of fully paid ordinary shares to be paid on 3 October 2023. This dividend will be paid to all shareholders recorded on the Register of Members on 8 September 2023.

The Group has developed significant current and deferred tax assets as a result of remediation and transformation expenditure and as a result does not expect to pay income tax over the 2023/24 financial year. Consequently, the final dividend for 30 June 2023 is unfranked and any dividends for FY24 are also expected to be unfranked.

Further details on dividends declared or paid during the year are set out in Note 6 *Dividends* in the financial report.

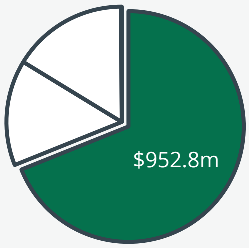
Operating and financial review

Platforms

Closing FUA (continuing operations)
$209,033 million
(30 Jun 2022: $198,228 million)

UNPAT (continuing operations)
$233.3 million
(2022: $273.5 million)

Net revenue (continuing operations)
$952.8 million
(2022: $1,017.0 million)

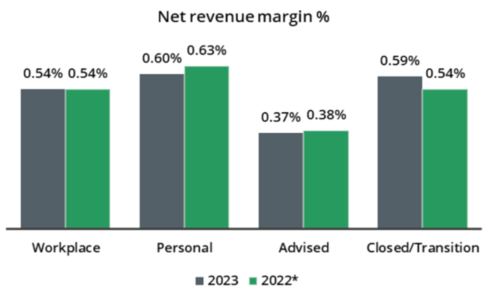


Operating expenses (continuing operations)
$606.2 million
(2022: $610.6 million)

NPAT (continuing operations)
$114.7 million
(2022: $158.0 million)

The Platforms segment offers a wide range of superannuation and investment solutions to clients including investors, members, employers and advisers.

Financial performance



*The 2022 margins have been restated to reflect a reclassification between Workplace and Personal.

Net revenue has decreased predominantly as a result of equity market performance late in the second half of 2022 resulting in a reduction in average FUA across the 2023 year. The decline in net revenue margin % from 48bps to 47bps is the outcome of strategic initiatives and regulatory impacts including:

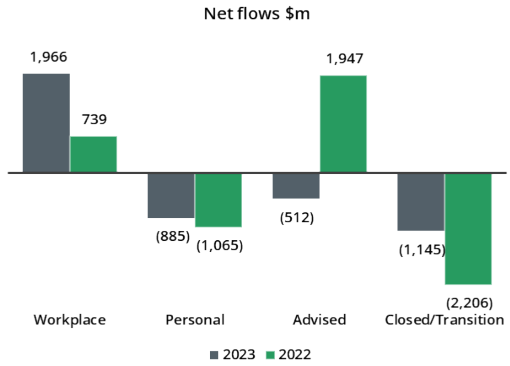
- Platform simplification driven by Evolve 21 in December 2021 and Integra to Smart Choice Employer in June 2022;
- The relaunch of Expand in November 2022;
- Choice administration fee changes in MLC Workplace and IOOF Employer Super; and
- Impacts of regulatory measures such as Your Future, Your Super performance tests and heatmaps.

Decreased operating expenses is largely driven by synergies achieved across the Group.

Refer to Note 2 *Operating Segments* for details.

FUA net flows

Net flows have remained broadly flat to prior periods, with a deterioration in the Advised channel offset by a strong performance in the Workplace channel. The Advised channel performance is reflective of the broader economic and competitive environments. The growing momentum in the Workplace channel is a result of improved member take-up and retention, reflective of the strong product and service offering. Further evidence of this saw the platforms business win 12 new employer relationships within the Workplace channel, while retaining all major existing clients.



Strategy and outlook

The next major phase of platform simplification, Evolve 23, will see the transition of MLC Wrap products from the Star platform to the Evolve platform, which the Group expects to complete in 2H24. This will see the number of platforms supporting the business reduced by 1.

Supporting the product simplification program refresh of branding of Advised Wrap products in November 2022, Expand Extra is marketed as the go forward "Full menu" option and Expand Essential as the go forward "Core menu" option.

Work also continues on the go-forward Master Trust strategy with the first phase being the un-coupling of the remaining two MLC platforms, SuperB and Compass, from the NAB technology environment into the Insignia environment. The go-forward Master Trust registry platform provider will be FIS's Compass registry for superannuation and pension products.

June 2023 also saw the trade-up of a number of under-performing, legacy ex-P&I products into contemporary alternatives (~$4.2b of FUA). All these migrations are key to further unlocking the benefits of scale and reducing risk for all stakeholders, by reducing complexity and cost to serve.

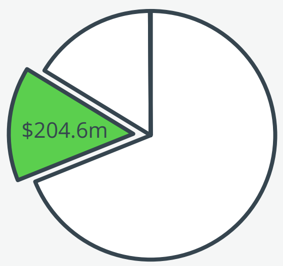
Operating and financial review

Advice

Number of advisers
1,413
(30 Jun 2022: 1,600)

UNPAT
$33.9 million loss
(2022: $55.3 million loss)

Net revenue
$204.6 million
(2022: $222.4 million)

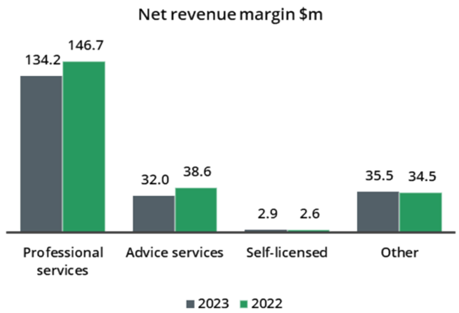


Operating expenses
$240.5 million
(2022: $283.3 million)

NPAT
$62.7 million loss
(2022: $120.9 million loss)

The Advice segment provides quality financial advice that is accessible, affordable and engaging for Australians. The business helps clients navigate their way through a range of financial services and solutions and educates clients to improve their financial wellbeing.

Financial performance



Net revenue has decreased by $17.8m due to the following:

- reshaping of the service proposition of the Bridges business following consolidation with MLC Advice, resulting in a short-term revenue reduction as low fee-paying clients are moved off fixed-term services;
- lower asset-based fee income in Shadforth Financial Planning reflecting market decline; and
- a decrease in advice services revenue from a decline in adviser numbers and practice turnover, typically from smaller practices and the closure of the Lonsdale licensee.

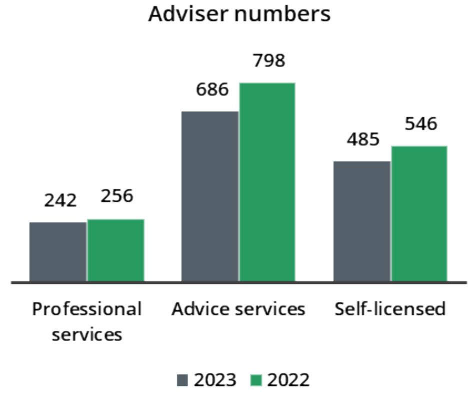
Operating expenses reduced by $42.8m due to the realisation of synergy benefits from Advice strategic initiatives.

Improvement in NPAT by $58.2m was primarily driven by realisation of synergy benefits from Advice strategic initiatives and lower non-recurring client compensation.

Refer to Note 2 *Operating Segments* for details.

Number of advisers

The number of advisers decreased by 187 for the year ended 30 June 23, primarily through the loss of smaller practices and the closure of Lonsdale.



Departures from the professional services channel were primarily due to the reshaping of the Bridges business following consolidation with MLC Advice.

Departures in the advice services channel were driven by regulatory change (FASEA exam deadline) and the closure of Lonsdale.

Departures in the self-licensed channel were largely from two member practices (45) following reviews of their adviser base.

Strategy and outlook

In late July 23, the Advice business announced a reset of its strategy to accelerate the return to profitability via a continued and clearer focus on professional services and the creation of a new advice services partnership model for self-employed advisers.

Under the new partnership model, Consultum, TenFifty and RI Advice will join together to form a new standalone business (working name Advice Services Co), the Godfrey Pembroke licensee will transition to a standalone business operating under their own license, and the process has commenced to sell the Millennium3 business.

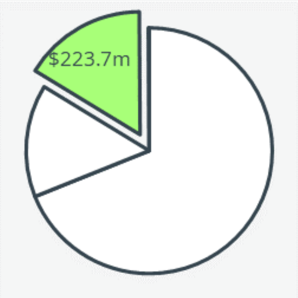
Operating and financial review

Asset Management

Closing FUM
$85,941 million
(30 Jun 2022:
$92,346 million)

UNPAT
$72.9 million
(2022: $73.6 million)

Net revenue
$223.7 million
(2022: $243.7 million)

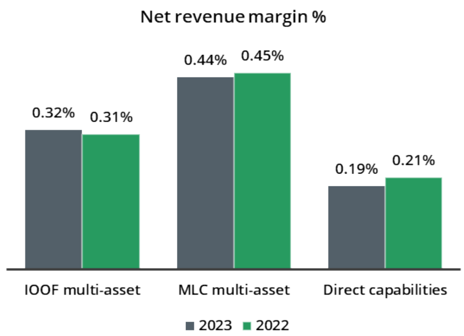


Operating expenses
$120.9 million
(2022: $137.2 million)

NPAT
$53.3 million
(2022: $58.6 million)

The Asset Management segment provides investment management services to institutional, retail and direct clients across a diverse range of asset classes and product constructs.

Financial performance



Net revenue declined by $20.0m compared to 2022 primarily as result of changes in the commercial relationship with JANA, the divestment of Presima in June 2022 and lower private equity performance fees.

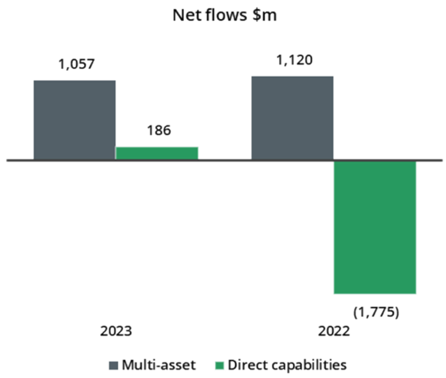
During 2023 Insignia Financial implemented a number of changes to the commercial relationship with JANA including the divestment of our remaining 45% equity interest to management in January 2023 and the cessation of the implemented consulting partnership with JANA along with the transition of $8b in FUM to an alternative provider in December 2022.

Excluding the impact of JANA, FUM has grown modestly through 2023 with the macroeconomic headwinds and inflationary environment that had impacted asset valuations in calendar year 2022 stabilising in the first half of calendar year 2023.

Net revenue margin has remained consistent at 25bps which reflects the relatively stable nature of the client base, the fixed bps nature of most fee structures and the minimal change in product mix.

Although net revenue saw a significant decline versus 2022, this was mostly offset by a $16.3m reduction in operating expenses driven by the divestment of Presima and the realisation of a full year of synergy benefits relating to 2022 and a further wave of initiatives implemented in 2023. Refer to Note 2 *Operating Segments* for details.

FUM net flows[1]



Excluding JANA, net flows for 2023 were $1.2b in net inflows compared to $0.7b in net outflows in 2022, largely driven by an improvement in direct capabilities.

Direct capabilities delivered positive flows of $0.2b for 2023, approximately $2.0b higher than in 2022. The inflows are delivered through a combination of new client wins and flows from existing institutional clients into Intermede, partially offset by outflows in the Antares fixed income capability from institutional clients rebalancing. The outflows were mainly confined to the first half of 2023 and recovered strongly in the second half of 2023.

Multi-asset retail offerings continued to see strong uptake with net inflows of $1.1b driven predominantly by strong advisor take up for MLC's managed accounts offering.

Strategy and outlook

Asset Management continues to be an integral contributor to the wider transformation and simplification strategy whilst continuing to execute on individual capabilities, with a strong focus on broadening the distribution reach of the MLC managed accounts capability and expanding MLC's leading private equity capability to a broader client base.

[1] JANA net flows excluded.

Operating and financial review

Corporate

Operating expenses
$68.1 million
(2022: $64.5 million)

UNPAT
$81.6 million loss
(2022: $67.8 million loss)

NPAT
$101.1 million loss
(2022: $68.1 million loss)

The Corporate segment comprises group functions required to support the Group and operating segments. Activities performed by the segment are of a strategic, shareholder or governance nature and reflect centralised corporate expenses.

Financial performance

Increase in operating expenses was mainly driven by inflationary impacts on centralised costs.

The increase in loss after tax is due to an increase in financing costs on the Group's debt facilities and an increase in transformation and integration costs. 2022 included a more favourable movement in fair value changes on financial instruments.

Refer to Note 2 *Operating Segments* for details.

Operating and financial review

Risk management

The Board is responsible for establishing and overseeing the Group's Risk Management Framework (RMF) and has delegated authority for the oversight and monitoring of the RMF to the Group Risk and Compliance Committee and the Chief Executive Officer (or their delegate). The RMF enables the Group to develop and implement strategies, policies, procedures and controls to appropriately manage different risks which evolve with the business operating environment, regulatory and society's expectations. The key pillars of the RMF include:

- The Group Risk Management Strategy (RMS) which articulates the Group's approach to the implementation of its strategic objectives and the key elements of the RMF that give effect to the strategy. It also includes a description of each material risk, including key roles and responsibilities for managing the risk, and outlines the risk governance structure;
- The Group Risk Appetite Statement (RAS), which sets out the Board's expectations regarding the degree of risk that the Group is prepared to accept in pursuit of strategic and business objectives, giving consideration to the interests of clients and shareholders;
- The Group Risk Management Policy (RMP) which sets out the methodology to identify, assess, manage, analyse, monitor and report on those risks that could impact the achievement of strategic objectives, impact core processes and/or result in non-compliance with obligations;
- A three lines of defence model to govern risk management and compliance activities across the Group. The three lines of defence model is the foundation for effective risk management. The overarching principle is that risk management capability must be embedded into the business to be effective; and
- The Risk Culture principles, which are essential for effective risk management outcomes that support the Group's financial and operational resilience.

In November 2022, APRA imposed additional licence conditions on the Registrable Superannuation Entity Licensees (RSELs). These conditions included:

- Enhancement of the RSELs' governance in relation to member outcomes, oversight of service providers, risk, compliance and managing conflicts of interest;
- Appointment of an independent expert to examine the operational effectiveness of the RSELs' governance, accountability and risk management frameworks and practices; and
- Rectification of areas of concern with input from the independent expert.

Additionally, APRA required:

- I.O.O.F Investment Management Limited to comply with its legal obligation in relation to the transfer of member benefits; and
- OnePath Custodians Pty Limited to appoint an independent expert to provide root cause analysis and assurance in relation to the breach of APRA's direction.

The Group is committed to supporting and working with the RSELs to satisfactorily address all the Licence Conditions and to rectify any and all areas of concern identified by the independent expert.

Operating and financial review

Risk management (continued)

The Group manages a number of risks in conducting its operations and implementing its strategy. Material risks faced by the Group include, but may not be limited to those shown in the following table.

Material risk	Context	Key actions to manage the risk
Strategic change agenda	We aim to achieve financial wellbeing for every Australian. Through strategic transformation, we are simplifying our business operations and services to better meet the needs and outcomes of our clients. We actively manage existing and emerging risks arising from these changes, as well as in our regulatory and competitive landscape.	The Group adopts a business planning process for setting strategic and business initiatives investing in client service, product design, stakeholder relationships, market research, participation in consultation processes and other continuous improvement initiatives. The Group adopts an enterprise delivery framework that sets consistent standards and expectations on how we manage risks in the delivery of key strategic initiatives. Dependency forums manage the pipeline of change introduced and manage the volume of change across the Group. There is a prioritisation framework and criteria in place to be able to prioritise initiatives.
Environment, Social and Governance (ESG)	We continue to strengthen our commitment to environmental, social and governance (ESG) principles, and are now a certified Climate Active organisation by achieving carbon neutrality for operational emissions nationally. The Group's financial performance and reputation can be adversely impacted by not adequately identifying, assessing and managing ESG factors.	The Group manages a range of ESG risks. This includes not conducting business or maintaining relationships with members or suppliers known to be involved in modern slavery, money laundering, terrorism financing, or human rights violators, as well as those operating in industries with unacceptable ESG risks. Climate related risks across four key business pillars (corporate operations, superannuation, asset management and advice) are thoroughly assessed through climate risk reporting using the Taskforce for Climate Financial Disclosure (TCFD) framework to improve our processes, frameworks and disclosures in managing climate change risks and opportunities. Responsible investment protocols and processes are in place for identifying and managing material ESG impacts, risks and opportunities across investment schemes and products.

Operating and financial review

Risk management (continued)

Material risk	Context	Key actions to manage the risk
Governance	We have made progress in our governance uplift to assist our Board and management to make reasonable and impartial business decisions in the interests of the Group and the best financial interests of clients in accordance with but not limited to the below to achieve the highest of standards: • ASX Corporate Governance Principles and Recommendations; • Registrable Superannuation Entities' obligations; • Responsible Entities' obligations; and • Discharging of fiduciary duties in good faith and in the best interests of clients.	RSELs have engaged an independent expert to review the operational effectiveness of the following areas: • Registrable Superannuation Entity Frameworks and Practices • Insignia Financial Group relationship • Transformation Project and Enterprise Risk and Compliance (ERC) uplift • Outsourcing • Conflicts management • Member Office The Group has in place the Conflicts Management Framework to identify, assess, mitigate, manage and monitor conflicts. The Member Office (MO) and Office of the Responsible Entity (ORE) act independently to the ERC function to set expected standards of governance and to oversee adherence to those standards by the Group in respect to advocating for member outcomes, members' best financial interests and investors' best interests. Remuneration framework and consequence management frameworks are in place that ensure legal and regulatory compliance, and to promote fair remuneration and reward behaviours.
Financial stability	We continue to maintain our financial strength and performance to meet financial obligations and needs required by regulators and stakeholders to support the Group's consolidated operations. Effective capital and debt management is imperative to meet the Group's ongoing funding requirements and to maintain volatility in economic conditions. The capital requirements of the Group may be affected by earnings, asset growth, regulatory changes and strategic decisions – including acquisitions, divestments and changes in capital-intensive businesses.	The Group has a syndicated facility agreement providing diversity of funding and flexibility to manage working capital needs across the Group. The liquidity and capital requirements of the Group and its licensed entities are regularly reviewed and carefully monitored in accordance with risk appetite, banking covenants, licence requirements and regulatory capital requirements. Market risk is managed by holding diversified short and long- term investment mixes and loans in accordance with the Group Capital Management policy. Where appropriate derivatives are used to manage the exposures. Liquidity risk is managed by maintaining sufficient liquid assets and an ability to access a committed line of credit.

Operating and financial review

Risk management (continued)

Material risk	Context	Key actions to manage the risk
Investment governance	As a leading provider of asset management, advisory and fiduciary investment administrative services in Australia, our ability to effectively manage and advise on the investment risks impacts the level of funds under management or administration and in turn our revenue. If the investment governance framework is not effective to navigate the changing investment market, there is a risk that investment decisions are not in line with investment strategies and objectives, best interest of clients and regulatory requirements.	Investment Committees discharge investment management and oversight responsibilities on investment matters. Investment risk is managed in accordance with the strategies described in the Product Disclosure Statement (PDS) and through the implementation of the approved Investment Governance Framework and Policy. A Unit Pricing Forum and a Valuation Forum are in place to promote and enhance good unit pricing and investment valuation practices. The Liquidity Management Policy outlines: • liquidity management governance; • ongoing liquidity measurement and management; • liquidity stress scenarios; • liquidity events; and • crisis management planning.
Client outcomes	We are committed to delivering sustainable and optimal client outcomes. We continue to mitigate against instances where our frameworks, product design or practices may fail to prevent inappropriate, unethical or unlawful behaviour by an IFL entity or our employees. Areas of increased risk and focus include: • Fiduciary role of the superannuation business and implications of not meeting APRA performance tests or portability requirements; • Provision of quality, appropriate and adequate financial advice in the best interests of clients; and • Meeting disclosed client expectations in the context of the complexity of the business model and volume of product offerings in a changing operating environment.	Mandatory training on Our Code of Conduct completed by employees annually which sets the expected standards of behaviour for everyone at Insignia Financial. The Member Office has implemented a member outcomes framework which influences and prioritises management decisions impacting member outcomes. Advice risk is managed by having high professional, educational, compliance, assurance and training standards in place for the Group's advisers and authorised representatives. The Group also undertakes a rolling program of compliance reviews of advisers. The strategic change agenda is focussed on simplifying the business, reducing complexity and improving sustainable outcomes for clients and shareholders. The complaints framework includes a Customer Care team to handle client complaints in a timely, consistent, fair and reasonable manner and deliver the required outcome for the impacted client through an effective remediation approach.

Operating and financial review

Risk management (continued)

Material risk	Context	Key actions to manage the risk
People and Culture	We continue to foster our unique culture and invest into the things that help us achieve our ambition to build financial wellbeing for every Australian. We attract and retain the level of talent and skills required to effectively support business operations. We are committed to fostering a culture of diversity and inclusion and creating a sense of belonging for all employees. With Australia's present labour market conditions, the skills gap in the domestic market remains a challenge. This creates the risk of inadequate human resources or competency to conduct business, including failure to retain talent, employee fatigue, poor organisational design and excessive reliance on key persons.	The Group offers competitive employment conditions and benefits and promotes fair remuneration. This risk is also managed by: • having established recruitment processes in place to ensure employees meet competency requirements; • monitoring of employee performance; • monitoring of employee turnover; and • providing employees with wellbeing education and support. The performance management process is designed to reinforce behaviours that are aligned to our principles and desired risk culture and conduct. This is achieved by aligning remuneration with performance outcomes (including risk and conduct gate measures). Establishing a Diversity and Inclusion Advisory Committee which is made up of people who are passionate about making a difference to the diversity and inclusion landscape and assessing our employees' voice through Our Voice surveys to recognise and celebrate the value of difference.
Cyber resilience	We are committed to protect our clients and our clients' data against cyber security threats. We make sure the technology supporting information security and cyber security is modern and fit-for-purpose, to protect information held by the Group from internal or external compromise on systems causing business disruption, data and potential privacy breaches, client dissatisfaction, regulatory breaches/fines and/ or financial loss.	An IT security control program is in place, which includes software patching, anti-virus software and firewalls, and penetration testing to manage the threat of cyber-crime, including monitoring and management of attacks and vulnerabilities. There is regular monitoring and reporting on information security controls to protect information assets, including those managed by related parties and third parties. Information Management standards outline the requirements on how information is created, managed, shared, used and disposed in a timely manner. Annual business continuity testing is undertaken, including disaster recovery testing of critical business applications and call tree testing.

Operating and financial review

Risk management (continued)

Material risk	Context	Key actions to manage the risk
Legal and compliance	The Group is required to comply with large volumes of complex legal and regulatory obligations applicable to its business activities. The increasing volume and complexity of regulatory change, at times within relative short time frames, if not adequately implemented in a timely manner could give rise to non-compliance with regulations, financial penalties and adversely impact the Group's reputation.	The Compliance Obligations Framework includes a consistent set of principles and processes including assessment of applicability to business activities and assignment of accountable owners who periodically review the compliance of business processes and activities. The Group maintains policies and frameworks to address the legislative requirements and the required systems, processes, resources and employee training to ensure compliance, monitoring and reporting of any incidents or breaches. A Regulatory Change Model is in place and managed by the Regulatory Change team to monitor and oversee all regulatory change activities.
Operational risk environment	We are one of Australia's largest wealth managers operating in a complex environment. This exposes the Group to operational risks relating to losses resulting from inadequate or failed internal processes, people and systems, or from external events. These include, but are not limited to internal and external fraud, money laundering and terrorism financing, bribery and corruption. The financial statements contain certain provisions and contingent liabilities for these risks in accordance with applicable accounting standards.	Our risk and compliance management policies and procedures support a risk-based approach by the business in the identification, assessment, treatment and monitoring of identified risks, incidents and breaches in a timely manner. The Enterprise Risk and Compliance team supports the business as well as undertaking assurance reviews (e.g. control testing programs) in order to support the Board and its committees in ensuring that we manage risk appropriately. We have a dedicated Financial Crime team to develop, manage and undertake regular reviews of Insignia Financial's anti-money laundering (AML) and counter-terrorism financing (CTF) Programs and financial crime risk and operational frameworks.

Impact of macroeconomic conditions

In preparing the financial report, the Group has considered the ongoing impact of macroeconomic conditions in its adoption of significant assumptions and market inputs used in:

- valuing the Group's financial instruments; and
- preparing disclosures for the fair value of financial assets and liabilities and financial risk management.

The Group's management and services fee revenue is directly driven by the Group's FUMA balance at any given point of time. Market movements along with net flows are a significant contributor to FUMA, and are therefore impacted by current and future macroeconomic conditions.

The Group has reviewed the appropriateness of inputs to the valuation of financial instruments and the disclosures for the fair value of financial instruments. The fair value of the Group's financial instruments may have been impacted by a variety of factors arising from changed business conditions. As a general principle, quoted prices in active markets provide the best available evidence of fair value. The Group's financial instruments are valued using directly observable inputs whenever possible as these are considered to be the most reliable and appropriate evidence of fair value. Non-financial risks emerging from rising interest rates, global inflation hikes, tightening monetary policies, global geopolitical tension have been identified, assessed, managed and governed through timely application of the Company's risk management policies.

Management continues to monitor the impact of global economic uncertainty to the business environment including ongoing assessment of market risk, credit risk and liquidity risk associated with the business.

Directors' report

Directors' report

The Directors present their report together with the financial report of Insignia Financial Ltd and of the Group for the financial year ended 30 June 2023 and the auditor's report thereon. The *Operating and financial review* and the *Remuneration report* are parts of the Directors' report.

Directors

Name, qualifications and independence status	Experience, special responsibilities, listed and other significant directorships
Mr Allan Griffiths B.Bus, DipLI. Independent Non-Executive Director and Chairman Director since 14 July 2014 Chairman since 4 April 2019	More than 40 years' experience with a deep understanding of the financial services industry. Mr Griffiths has held a number of executive positions within the industry, most notably as Chief Executive Officer Aviva Australia (formerly Norwich Union) and later, Managing Director South Asia, Aviva Asia Pte Ltd based in Singapore. Prior to joining Aviva, Mr Griffiths held executive positions with Colonial Ltd. Mr Griffiths is Chairman of Metrics Credit Partners, Chairman of St Andrew's Insurance Group Australia and Chairman of Navalo Financial Services Group Limited. Mr Griffiths is a member of the Group Audit, Group Risk and Compliance, Group Nominations and Group People & Remuneration Committees.
Mr Renato Mota BComm(Hons), B.Bus Chief Executive Officer and Managing Director Director since 25 June 2019	With more than 20 years' experience in financial services, prior to being appointed CEO in June 2019, Mr Mota held a number of senior executive roles within the Group. In December 2018, Mr Mota was appointed Acting CEO and prior to that was Group General Manager - Wealth Management since January 2016. During this time he was instrumental in leading the Insignia Financial Group through a series of forward-thinking, strategic initiatives including the advice-led strategy, the ClientFirst transformation and establishing the IOOF Advice Academy. Previously, he held numerous executive roles as General Manager of Distribution, Investor Solutions and Corporate Strategy and Communications. Before joining the Group in 2003, Mr Mota worked for Rothschild and NAB in corporate finance roles with a focus on mergers and acquisitions where he was involved in wealth management transactions including the demerger of Henderson Group plc from AMP in 2003 and NAB's acquisition of MLC and Deutsche Financial Planning.
Mr Andrew Bloore Independent Non-Executive Director Director since 2 September 2019	Mr Bloore is an experienced Non-Executive Director, entrepreneur and farmer. He has designed, built and sold a number of businesses, focused on the development of key disruptive technologies and distribution services in traditional markets, to create business efficiencies. Mr Bloore has been actively involved in, both as an Executive and/or as a Director and in the capacity of investment funding, development and leadership, businesses including Smartsuper, SuperIQ, and Class Super. Mr Bloore has worked on a range of Senate and Treasury Committees, and with the Australian Taxation Office (ATO) Regulations Committee on regulation for the superannuation industry. In 2016, Mr Bloore sold his superannuation administration business to AMP, stepped down from the Senate and Treasury Committees and is now focused on contributing to organisations as a Non-Executive Director. Mr Bloore is Chair of the Group Nominations Committee and a Member of the Group Audit, Group People & Remuneration and Group Risk and Compliance Committees.

Directors' report

Directors' report (continued)

Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities, listed and other significant directorships
Ms Elizabeth Flynn LLB, Grad Dip App Corp Gov, FAICD, FFin, FGIA, FCG. Independent Non-Executive Director Director since 15 September 2015	Ms Flynn has more than 40 years' experience in the financial services industry, including roles within law and corporate governance as well as executive responsibilities. From 1998 to 2010, Ms Flynn was the Chief Legal Counsel, Group Compliance Manager and Group Company Secretary of financial services group Aviva Australia, and a director of Aviva Australia's superannuation trustee company. Prior to her time at Aviva, Ms Flynn spent 18 years as a commercial lawyer with Minter Ellison, including eight years as a Partner, specialising in managed funds, banking, securitisation and superannuation. Ms Flynn was a non-executive director of Bennelong Funds Management from 2010 to 2015 and The Colonial Mutual Life Assurance Society Limited from November 2019 until April 2021 and is a non-executive director of AIA Australia Limited and Chair of AIA Health Insurance Pty Ltd. Ms Flynn is Chair of the Group Risk and Compliance Committee, and a member of the Group Audit, Group People & Remuneration and Group Nominations Committees.
Mr John Selak Dip Acc, FCA, FAICD Independent Non-Executive Director Director since 14 October 2016	Mr Selak has over 40 years' experience in the financial and advisory services industry. From 2000 to 2016 Mr Selak was a Partner in the Corporate Finance Practice of Ernst & Young serving on their Global Corporate Finance Executive. From 2014 to 2017 Mr Selak was an advisory board member of Quest Apartment Hotels. From 2016 to 2020 Mr Selak was a non-executive director of National Tiles and was Chair of Corsair Capital until April 2021. Mr Selak is currently a non-executive director of Turosi Food Solutions and the IOOF Foundation. In December 2021, Mr Selak accepted a part-time role within the Office of the Special Manager for the Melbourne Casino Operator as Deputy Special Manager – Governance, Risk and Assurance. Mr Selak is Chair of the Group People & Remuneration Committee and a member of the Group Audit, Group Nominations and Group Risk and Compliance Committees.
Ms Michelle Somerville B Bus (Accounting), FCA, FAICD, Master Applied Finance Independent Non-Executive Director Director since 1 October 2019	Ms Somerville is an experienced Non-Executive Director, bringing deep and relevant finance, risk and governance experience to the Board, having worked in the financial services industry in both executive and non-executive roles. Previously she was an audit partner with KPMG Australia for nearly 14 years, with a focus on the financial services industry in both Australia and overseas. Ms Somerville is currently a non-executive director of Select Harvests Limited (since 2022). Ms Somerville was a non-executive director of the GPT Group from December 2015 to May 2023. Ms Somerville is the Chair of the Group Audit Committee and a member of the Group Nominations, Group People & Remuneration and Group Risk and Compliance Committees.

All Directors held office during and since the end of the financial year.

The Group People & Remuneration and the Nominations Committees review the balance of skills, experience, independence, knowledge and diversity of Directors. This involves the creation of a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

Refer to Section 4 of the *Remuneration report* for Directors' subsidiary company and committee appointments.

Directors' report

Directors' report (continued)

Directors (continued)

Company secretary

Ms Adrianna Bisogni LLB (Hons) BA GAICD

Ms Bisogni is a lawyer with over 25 years' experience in corporate law. Ms Bisogni was appointed to the role of Company Secretary in November 2019.

Mr Bill Linehan LLB, BCom, FGIA

Mr Linehan is a Chartered Accountant, lawyer, and a Fellow of the Governance Institute with over 20 years' experience in corporate law. Mr Linehan was appointed to the role of Company Secretary in May 2021.

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Directors' meeting			
Director	Role	Meetings attended	Meetings held
A Griffiths	Chair	15	15
R Mota	CEO & Managing Director	15	15
A Bloore	Director	15	15
E Flynn	Director	15	15
J Selak	Director	15	15
M Somerville	Director	15	15

Audit Committee			
Director	Role	Meetings attended	Meetings held
M Somerville	Chair	9	9
A Bloore	Member	8	9
E Flynn	Member	9	9
A Griffiths	Member	9	9
J Selak	Member	9	9

Risk and Compliance Committee			
Director	Role	Meetings attended	Meetings held
E Flynn	Chair	7	7
A Bloore	Member	5	7
A Griffiths	Member	7	7
J Selak	Member	7	7
M Somerville	Member	7	7

Nominations Committee			
Director	Role	Meetings attended	Meetings held
A Bloore	Chair	5	5
A Griffiths	Member	5	5
E Flynn	Member	5	5
J Selak	Member	5	5
M Somerville	Member	5	5

People & Remuneration Committee			
Director	Role	Meetings attended	Meetings held
J Selak	Chair	6	6
A Bloore	Member	4	6
E Flynn	Member	6	6
A Griffiths	Member	6	6
M Somerville	Member	6	6

Meetings held represents the number of meetings held during the time the Director held office. The Directors meetings are those held for Insignia Financial Ltd. This does not include the meetings held and attended by Directors for the various subsidiary companies.

In addition to the meetings attended during the year, a number of matters were considered and addressed separately via circular resolution.

Shares issued on exercise of options

During the financial year, the Group did not issue any ordinary shares of the Company as a result of the exercise of options. All plans were satisfied from the purchase of shares.

Directors' report

Directors' report (continued)

Unexercised performance rights

At the date of this report, performance rights on issue are:

Performance rights	
Performance period end date	Number of rights
30-Jun-24	1,158,685
30-Jun-25	2,326,884
30-Jun-26	2,098,735
	5,584,304

Shares allocated on vesting will rank equally with all other ordinary shares on issue.

These performance rights do not entitle the holder to participate in any share issue or receive dividends of the Company.

Indemnification and insurance

Rule 84 of the Insignia Financial Ltd Constitution requires the Company to indemnify to the extent permitted by law, each Director and Secretary against liability incurred in, or arising out of the conduct of the business of the Company or the discharge of the duties of the Director or Secretary. The Directors and Secretary named in this Directors' Report have the benefit of this requirement, as do individuals who formerly held one of those positions.

In accordance with this requirement the Company has entered into Deeds of Access, Indemnity and Insurance (Deeds of Indemnity) with each Director and Secretary. During the financial year, the Group paid insurance premiums to insure against amounts that the Group may be liable to pay the Directors and Secretary pursuant to Rule 84. The insurance policy also insures the Directors and Secretary of the Company and its controlled entities, and the general officers of each of the companies in the Group to the extent permitted by law. Details of the amount of the premium paid in respect of the insurance contract have not been disclosed as such disclosure is prohibited under the terms of the contract.

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage to themselves or someone else or to cause detriment to the Company.

Environmental regulation

The Group is not subject to significant environmental regulation.

Events occurring after balance date

Divestment of IOOF Ltd

On 24 July 2023, the Group executed a share sale agreement with Australian Unity Ltd (AUL) to sell its friendly society investment bond business through the divestment of IOOF Ltd.

The Group will be paid total consideration of up to $40m comprising $36m in cash upon completion, plus an additional contingent amount of up to $4m payable 12 months after completion, subject to the transition of clients and funds under management to AUL.

The Group will provide a number of services to IOOF Ltd under a transitional services agreement for an initial period of 12 months. The Group and AUL will also enter a strategic alliance agreement to support the mutual aim of providing financial wellbeing to all Australians.

Completion of the transaction is subject to relevant regulator approvals.

Advice services partnership model

On 27 July 2023, the Group announced its intention to reset its financial advice operating model to competitively leverage opportunities for sustainable growth. The change will provide a new partnership ownership model for the Group's self-employed licensees comprising RI Advice Group Pty Ltd, Consultum Financial Advisers Pty Ltd and TenFifty.

While the new brand name and identity has yet to be established, this new business is being developed under the working name of Advice Services Co, or ASC.

ASC represents the ambition to create Australia's largest adviser-owned licensee group, positioning it to capitalise on the dynamic self-employed advice market with the support of Insignia Financial. ASC will operate with independent management, governance and oversight, with input from both Insignia Financial as well as key advice practice representatives.

Directors' report

Directors' report (continued)

Events occurring after balance date (continued)

Advice services partnership model (continued)

Under the new partnership model, Consultum, TenFifty and RI Advice will join together to form a new standalone business ASC, the Godfrey Pembroke licensee will transition to a standalone business operating under their own license, and the process has commenced to sell the Millennium3 business.

Dividends

The Directors have declared the payment of a final dividend of 9.3 cents per share. The dividends are unfranked and are to be paid on 3 October 2023.

Lead auditor's independence declaration

The lead auditor's independence declaration is included on page 49 of the annual financial report and forms part of the Directors' Report for the year ended 30 June 2023.

Rounding of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that instrument amounts in the financial report are rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Non-audit services

The Directors are satisfied that the provision of non-audit services during the year of $190,041 by the auditor is compliant with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Non-audit services are managed as follows:

- fees earned from non-audit work undertaken by KPMG are capped at 0.1 times the total audit fee;
- services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- services do not undermine the general principles relating to auditor independence as set out in the *Code of Conduct APES 110 Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Further information regarding remuneration of auditors is included in Note 34 Remuneration of auditor.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Authorisation

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

Mr Allan Griffiths

Chairman

Melbourne

24 August 2023

Remuneration report

Letter from the Group People & Remuneration Committee Chair

Dear Shareholders,

On behalf of Insignia Financial, I am pleased to present our 2023 Remuneration report.

Our aim is to provide clarity and transparency in the presentation of our remuneration outcomes and practices, and have taken on feedback this year, as we have in past years, to keep improving how this is presented.

Continuing our growth and progress

2023 was another significant year of progress for Insignia Financial. In October 2022, five years after announcing the purchase of the ANZ Wealth Business, we completed the transaction, separating from and operating independently of ANZ.

In June, we reached our two-year anniversary of the acquisition of MLC and in July announced that after extensive assessment, Insignia Financial had selected FIS, a Fortune 500 company, as the provider of the go-forward Master Trust registry platform. This will create one technology eco system with two platform pillars; Insignia Financial's proprietary 'Wrap' platform 'Evolve'; and a cloud-based version of MLC MasterKey, and is a key step to ending our Transitional Service Agreement with NAB during 2H25.

We honed the focus of the business with the divestment of AET, the establishment of our new Advice services partnership model and the execution of a Share Sale Agreement to sell our friendly society investment bond business through the divestment of IOOF Ltd. In July 2023, we also released our refreshed business strategy which reflects greater clarity and ambition for the three years ahead.

With growth comes challenge and opportunity. In November, APRA issued our four RSELs with licence conditions designed to address governance and risk frameworks ensuring they are fit for purpose given the size, scale and complexity of our superannuation business. The Board supports management's commitment to continue to strengthen the governance we have in place to ensure they are best-fit for the organisation we've become and that we deliver on our purpose for every client – understand me, look after me, secure my future. The Board has been pleased to see the immediate and significant response across the business in responding to these conditions. This has been supported by the addition of our new Chief Risk Officer in March, Anvij Saxena, who will play a significant role in embedding our risk frameworks and practices.

Remuneration governance

The introduction of *CPS511 Remuneration* standards from 1 July 2023 has significant implications for Insignia Financial and our peers and is another example of where we have continued to increase our risk governance. CPS511 aims to ensure clearer connections between risk accountabilities, performance, and remuneration outcomes. We are supportive of this goal, and it reflects the path we have been on over the past few years to ensure strengthened remuneration governance. In the last year, we have undertaken a rigorous review of our remuneration framework and structures to ensure compliance with the standards and that our practices meet the aims of our remuneration policy. Notably, we have further enhanced and structured our consequence management framework, which will help to govern risk events through a structured consequence framework.

A review of the Executive incentive framework was also undertaken this year, to ensure compliance with updated regulatory standards and to ensure incentive structures continue to meet their objectives. As a result of this review, for the 2023-2024 performance year, we will be introducing the Executive Incentive Plan. This revised scheme will align closely with the framework of the existing incentive plan, but will see variable reward outcomes delivered via a balance of short-term and long-term incentives, deferred for up to six years. We believe this rebalancing helps to reward and incentivise executives in the immediate term as we work through significant change, whilst also continuing to align to shareholder interests and creating long term sustainable value in the Company.

On behalf of the People and Remuneration Committee, I would like to thank you for your support as a shareholder and invite you to read this Remuneration Report which will be presented for adoption at the 2023 AGM.

Yours sincerely

John Selak
Group People & Remuneration Committee Chair
24 August 2023

Remuneration report

Contents

1. Executive remuneration outcomes for the 2023 financial year

The 2023 remuneration framework

2023 was the fourth year of the Executive Equity Plan (EEP) being in place for the Executive Team as their variable reward scheme.

The EEP is delivered wholly in equity to closely align Executives with long-term sustainable decision making in the interests of shareholders.

The EEP framework encompasses financial and non-financial measures. The EEP comprises:

- A four-year performance measure (40%). This will be based on relative Total Shareholder Return (TSR), assessed at the end of the four-year performance period.
- Annual performance measures with amounts not released until the end of the four-year performance period (60%). Targets are set and assessed annually against five key areas, one of which is financial and four non-financial metrics. The areas assessed, which align with the key strategic drivers of the business, are:
  - Financial (10%)
  - Non-financial measures (50%) comprised of:
    - Building a better tomorrow (5%)
    - Client (10%)
    - ClientFirst Culture (10%)
    - Individual, role specific measures (25%)

The risk and conduct modifier was introduced in the 2022 financial year to ensure each Executive was meeting risk and compliance expectations. This modifier enables downward adjustment of remuneration outcomes if these measures are not adequately achieved.

The annual performance measures set for the 2023 financial year for the CEO and Executives were assessed at the end of the financial year (as outlined in the table on the following page) but will not be eligible for release until 30 June 2026. This year, each measure was assessed on a sliding scale from threshold (75%), to achieved (100%) and maximum (125%) against the Board approved targets.

Remuneration report

1. Executive remuneration outcomes for the 2023 financial year (continued)

2023 performance outcomes

The table below highlights the performance outcomes for each of the measures of the EEP.

EXECUTIVE EQUITY PLAN		Area	Measures	FY23 Outcome
	Gateways	Risk & conduct	Executive are required to meet all training and core risk requirements	All KMP achieved this gateway
	Gateways	Culture principles	Executive must demonstrate the Insignia Financial principles consistently in the way they work	All KMP achieved this gateway
	Annual performance measures set and assessed annually - released after 4 years	**Financial performance measures**		
		Financial (40%)	**Delivering long-term shareholder return** Long-term shareholder return as measured by TSR %ile ranking >50%	Assessed in 2026
		Delivering sustainable returns for shareholders (10%)	**Achieving the Annual Financial Plan (UNPAT)** Measured by achievement of an annual financial plan (UNPAT) target	Partially Achieved
		Non-financial performance measures		
		Building a better tomorrow (5%)	**Strengthening our Reputation** Measured by sentiment towards the MLC and Insignia Financial brands	Partially Achieved
		Client (10%)	**Delivering what matters to clients** Improving the service delivery to members and advisers as measured through adviser and member Net Promoter Score	Partially Achieved
		ClientFirst culture (10%)	**Creating a unified ClientFirst culture** Engagement and cultural integration via Our Voice employee survey	Partially Achieved
		Individual, role-specific goals (25%)	**Simplify, uplift and grow the business** Measures to be set on an individual basis, linked to the successful delivery of key transformation programs such as governance & remediation, transformation & simplification, organic business growth, people & culture and portfolio alignment	Rated separately for each individual

Remuneration report

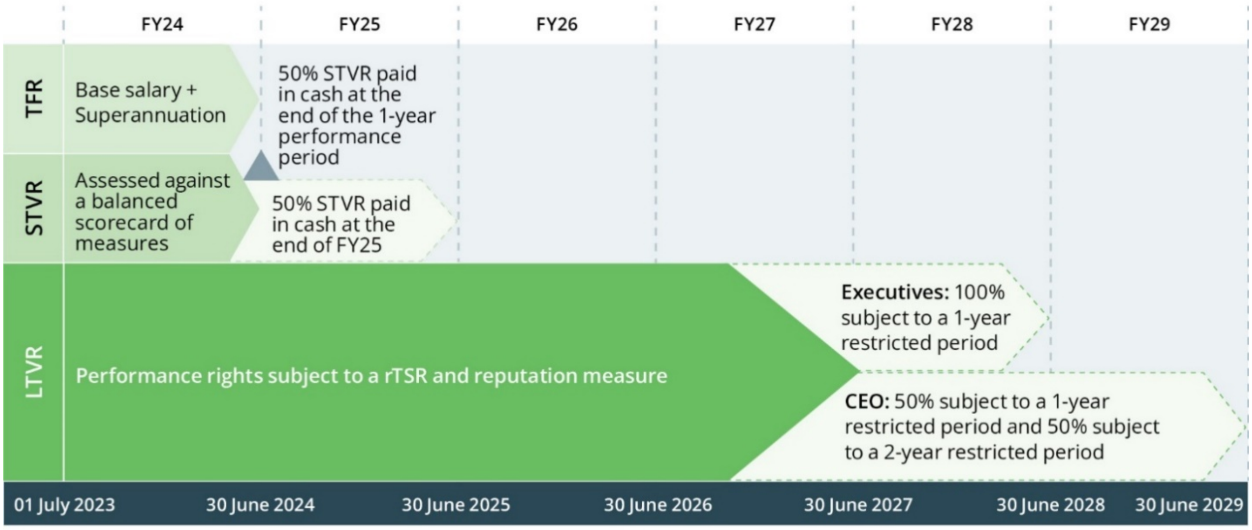
1. Executive remuneration outcomes for the 2023 financial year (continued)

Executive remuneration framework for FY24

In FY24, the Executive team will move into a new incentive scheme – the Executive Incentive Plan (EIP). This change is being undertaken to ensure compliance with updated regulatory standards and to ensure incentive structures continue to meet their objectives of attracting and reward talent. It will comprise a Short-term Variable Reward component (STVR) as well as a Long-Term Variable Reward (LTVR) component.

The STVR will make up 50% of Executives' total variable reward target. It will be assessed annually based on a balanced scorecard of measures. The STVR will be assessed and awarded at the end of the annual period, with 50% paid at that time and 50% deferred for 12 months.

The LTVR will make up 50% of the total variable reward target. It will be awarded as performance rights with a deferral period of five years for Executives and six years for the CEO. The performance rights will be tested after four years, and placed into a restricted period until the end of the deferral period.



The EIP will be assessed against a balanced scorecard of financial and non-financial measures, comprising shared and individual goals. The following framework is an illustration of this structure, against which specific goals and targets will be set at the commencement of each performance period.

EIP measurement framework

	Measures	Financial/Non-Financial	Measures	Target weighting
STVR	Shared measures	Financial	UNPAT Net Fund Flows (NFF) Cost to Income ratio (CTI)	30%
		Non-financial	Strategic governance Client People	40%
	Individual measures	Role specific goals	Aligned to strategic and business priorities	30%
LTVR	Shared measures	Financial	Relative Total Shareholder Return (rTSR)	70%
		Non-financial	Reputation	30%

Remuneration report

2. Remuneration governance

The Group People & Remuneration Committee

The Group People & Remuneration Committee is the governing body for developing, monitoring and assessing the remuneration strategy, policies and practices across the Insignia Financial Group and ensuring overall pay equity. The role of the Group People & Remuneration Committee is to review, challenge, assess and as appropriate, endorse the recommendations made by management for Board approval. It oversees the Insignia Financial remuneration framework and assists the Board to ensure that Insignia Financial's remuneration strategy and policy are appropriate and effective. The Committee also has oversight to other People and Culture areas such as talent and succession, culture and engagement, and diversity and inclusion.

The Committee reviews and makes recommendations to the Board on the remuneration structure and policies applicable to the KMP and Non-Executive Directors (NEDs) of the Insignia Financial Group, as well as the wider Insignia Financial employee population.

The Committee is comprised solely of NEDs, all of whom are independent. The members of the Committee for the year ended 30 June 2023 were J Selak – Chair, A Griffiths, E Flynn, A Bloore, and M Somerville.

The Board considers that the members of the Committee provide an appropriate mix of skills to undertake its terms of reference, having regard to their qualifications, knowledge of the financial services industry and experience in business management.

Group People & Remuneration Committee Charter

The responsibilities of the Group People & Remuneration Committee are outlined in its Charter. The Charter is available on the Corporate Governance page of the Company's website at www.insigniafinancial.com.au.

The Group People & Remuneration Committee met formally six times during the 2023 financial year. This included a joint meeting between the Group People & Remuneration Committee, the Group Audit Committee and the Group Risk & Compliance Committee as outlined below.

Remuneration and conduct governance

Continued progress was made on our remuneration framework and governance practices in 2023. The remuneration governance framework ensures key linkages between risk and performance and remuneration outcomes. In readiness for CPS511 from 1 July 2023 we uplifted our comprehensive consequence management framework, which aims to provide more objective guidance on severity of risk or conduct events as well as guidance on appropriate consequences. It will incorporate current adjustment practices, such as malus, clawback, risk and compliance gateways and the Exercise of Discretion in Remuneration Decision Making Policy.

At Insignia Financial there is active engagement with the Group People & Remuneration Committee, Group Risk & Compliance Committee, IFL Board and Registrable Superannuation Entity License (RSEL) Boards (I.O.O.F. Investment Management Ltd, Oasis Fund Management Limited, OnePath Custodians Pty Limited & NULIS Nominees (Australia) Ltd) on goal setting, performance assessment and remuneration review processes.

In 2023, for the third year, a joint meeting of the Group People & Remuneration, Group Risk and Compliance and Group Audit Committees was convened as part of our end of year performance and remuneration review process. This year, the joint committee meeting was extended to include the RSEL Chairs of the Risk and Compliance and Audit committees to contribute to the discussion.

The purpose of the joint session was to review the key risk matters and consider potential consequences to performance and remuneration outcomes for senior leaders. This is a critical step as part of our end of year process, enabling a focused discussion on risk behaviours and outcomes, and consideration of any consequences to variable remuneration outcomes. This is further highlighted in the next section, 'Insignia Financial's remuneration governance framework'.

Remuneration report

2. Remuneration governance (continued)

Insignia Financial's remuneration governance framework

Insignia Financial Ltd Board

Group Risk & Compliance and Audit Committees
Oversight of significant compliance and operational incidents, internal audit issues and other financial and non-financial matters.

Group People & Remuneration Committee
Establishment and maintenance of the Group's Remuneration Framework, including recommendation to the Board on KMP remuneration arrangements, ongoing review of incentive schemes, and assessment of performance against key performance indicators.

Joint Group People & Remuneration, Risk & Compliance and Audit Committees
The Committees are advised by the Group Chief Risk Officer on material risk matters that may impact remuneration outcomes for Executives and below.

Independent Remuneration Consultants
The Group People & Remuneration Committee may engage external advisers to provide information to assist the Committee in making remuneration decisions.

Risk & Remuneration Governance
Incidents, breaches of policy and misconduct issues are reported to Executives. The Chief Risk Officer reports annually to a joint meeting of the Group People & Remuneration, Group Risk & Compliance and Group Audit Committees on the outcomes from the consequence management process and confirms that these matters have been considered in determining performance and remuneration outcomes where appropriate.

Independent remuneration consultants

During the 2023 financial year, external independent remuneration consultants were engaged to provide information and support to the Group People & Remuneration Committee through the design of CPS511. The Group People and Remuneration Committee did not seek or receive any remuneration recommendations in 2023 financial year.

Risk and remuneration

Our Remuneration Framework has continued to evolve over the past year, enabling us to achieve better alignment between risk, performance and remuneration and ensure we are aligned to regulator and market expectations.

The Board continues to oversee enhancements to the Group's management of risk and remuneration, reinforcing the expectations of risk outcomes and behaviours in support of a positive risk culture through the Group's practices and frameworks.

Risk also plays a key role in performance and remuneration outcomes for our broader employee workforce in addition to executives, with financial year outcomes and reward being subject to meeting compliance expectations. More than 99% of the total workforce achieved the risk and compliance gateway. No variable reward was awarded to the <1% who failed to meet the gateway.

Remuneration report

2. Remuneration governance (continued)

Risk and remuneration (continued)

Although the CPS511 requirement did not take effect until 1 July 2023, we have been lifting our focus on the application of consequences to performance and remuneration outcomes. There was an impact to the CEO's FY22 variable remuneration outcomes in relation to governance limitations which contributed to licence conditions being imposed by APRA. The Board felt this should result in a deduction in the CEO's variable reward payment. This is reflected in this remuneration period based on the timing of the deduction.

Embedding Risk in our Performance and Reward framework

Risk culture The Insignia Financial risk culture is a key business driver and seeks to create an environment where employees have a clear understanding of their responsibilities and accountabilities for managing risk. Employees are empowered to ask questions, report concerns, seek relevant information, challenge assumptions and take action when issues are identified as part of everyday work activities. Risk culture is underpinned by the cultural principles, which are embedded in our business processes, including the performance framework.	**Alignment of risk to remuneration outcomes** The Insignia Financial Group People & Remuneration Policy is designed to encourage and incentivise employees to act responsibly and with integrity in a manner consistent with the Policy. Reporting is provided to the Board to support oversight of remuneration and risk consequences to assist in informing performance and remuneration reviews.
Risk in the performance review process Risk assessments are increasingly a key consideration for the annual performance assessment process of the CEO and Executives. As well as the commencement of a joint meeting of the People & Remuneration, Risk & Compliance and Audit Committees to ensure a clear link between risk, performance and remuneration outcomes, it is also supported by reporting and governance structures to ensure a holistic view of risk.	**Malus/clawback** Malus is the ability to reduce (including to zero) a variable remuneration award/or lapse or postpone vesting of variable remuneration awards granted, but not vested. Guidance and enhanced processes to support the application of malus have been implemented across Insignia Financial during the 2023 financial year. The potential for clawback will also apply to all CEO and Executive variable remuneration.

Remuneration report

2. Remuneration governance (continued)

The table below shows the Insignia Financial Group's remuneration objectives and principles:

<table>
<tr><th colspan="6">Insignia Financial Purpose</th></tr>
<tr><th colspan="2">Understand me</th><th colspan="2">Look after me</th><th colspan="2">Secure my future</th></tr>
<tr><th colspan="6">Remuneration objectives
Objectives of Insignia Financial's remuneration framework:</th></tr>
<tr><td>Attraction and retention of the best talent</td><td>Strategy-led and supporting Insignia Financial's purpose</td><td colspan="2">Promote a sound risk management culture</td><td>Shareholder alignment</td><td>Meet regulatory, governance expectations and impacts on remuneration</td></tr>
<tr><td>Attract, motivate and retain key talent to drive the performance of the Company.</td><td>Support our approach to delivering client outcomes.

Emphasis on delivering quality advice.

Support Insignia Financial's ClientFirst philosophy to deliver a sustainable competitive advantage.</td><td colspan="2">Sound management of non-financial and financial risk and individual and collective accountability.

Meet the expectations of stakeholders in a fast-paced regulatory environment and uphold the highest governance standards.</td><td>Align outcomes with the shareholder experience through allocation of equity and delivery of shareholder returns.

Facilitate an 'ownership mindset' and long-term focus among participants.</td><td>Design and implement the Financial Accountability Regime ("FAR") and APRA's Prudential Standards CPS 511 Remuneration and their potential impact on remuneration by 1 July 2023.</td></tr>
<tr><th colspan="6">Remuneration principles
These objectives are achieved by:</th></tr>
<tr><td>Being market competitive and reflecting our broader employee value proposition.</td><td>Creating a culture that underpins our principles – recognising what is achieved and the way in which it is achieved.</td><td colspan="2">Supporting risk management framework and culture, by encouraging appropriate risk behaviours, setting clear performance and risk accountabilities and enabling consequences through forfeiture of remuneration.</td><td>Delivering on shareholder value through short term performance that builds into long-term performance.</td><td>Determining an individual's variable remuneration based on a range of financial and non-financial factors that includes risk factors.</td></tr>
</table>

Remuneration report

2. Remuneration governance (continued)

The remuneration framework for the KMP is outlined below:

Executive remuneration framework			
	Total fixed Remuneration (TFR)	**Short term variable reward**	**Executive Equity Plan (long term variable reward)**
Participants	All Executives	Chief Asset Management Officer	All Executives
Rationale	Provides market competitive remuneration to attract and retain high quality talent while reflecting role size and accountabilities.	Aligned to specific individual, role specific targets associated with the Investment and Asset Management portfolios.	Relative TFR against ASX 200 (40%) assessed over 4 years. Financial Measure (10%) measured by achieved of annual UNPAT target (released after 4 years). Non-financial component (50%) set and assessed annually (released after 4 years) with one measure in each category being (1) Building a better tomorrow (2) Client (3) ClientFirst culture (4) Individual.
Structure	Base remuneration and superannuation.	**0% - 100%** Paid as cash.	**0% - 100%** Performance Rights to shares with dividend equivalent payments, with vesting subject to performance over a four-year period.
Approach	TFR is determined by taking into consideration expertise, responsibility, knowledge, experience and market competitiveness. Reviewed annually against relevant comparator group remuneration benchmarks. Primary comparator group is the other wealth management and superannuation. Adjustments only made for changes in role or promotion, internal relativities and significant market changes.	**Quantum (% of TFR):** Maximum allocation of 80% **Business Performance Measures:** STIs are discretionary and determined for the relevant KMPs based on a balanced scorecard. **Risk and Governance assessment (gate/modifier):** Outcomes subject to Board consideration of conduct and risk matters.	**Quantum (% of TFR):** Maximum face value allocation of 115% (115% for Group CEO). **Business Performance Measures:** • Relative TSR against ASX 200 (40%) assessed over 4 years • Financial Measure (10%) measured by achieved of annual UNPAT target (released after 4 years) • Non-financial component (50%) set and assessed annually (released after 4 years) with one measure in each category being (1) Building a better tomorrow (2) Client (3) ClientFirst culture (4) Individual. **Risk and Governance assessment (gate/modifier):** Outcomes subject to Board consideration of conduct and risk matters.

Remuneration report

3. Key Management Personnel

The Key Management Personnel (KMP) are defined as persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

The table below outlines the Group's KMP for the financial year ended 30 June 2023. It also shows each individual's shareholding and corresponding progress against their Minimum Shareholding Requirement (MSR) as at 30 June 2023. Our current KMP have significant security holdings under the EEP that have been tested but not yet reached vesting. Under our new policy, effective 1 July 2023, the minimum security holdings will recognise this equity and it will be reported in future reports.

Name	Role	Term as KMP	Current shareholding	Progress against MSR[1][2]
Chairperson				
A Griffiths	Independent Non-Executive Director & Chairman	Full year	100,000	n/a
Non-Executive Directors				
E Flynn	Independent Non-Executive Director	Full year	49,021	n/a
J Selak	Independent Non-Executive Director	Full year	155,314	n/a
A Bloore	Independent Non-Executive Director	Full year	17,190	n/a
M Somerville	Independent Non-Executive Director	Full year	10,840	n/a
CEO & Managing Director				
R Mota[3]	Chief Executive Officer (CEO) and Managing Director	Full year	409,828	100.0%
Current KMP				
D Chalmers	Chief Financial Officer	Full year	-	0.0%
F Lombardo[3]	Chief Operating and Technology Officer	Full year	144,576	100.0%
D Whereat	Chief Advice Officer	Full year	20,000	23.0%
M Oliver	Chief Distribution Officer	Full year	10,373	13.0%
G Mulcahy	Chief Asset Management Officer	Full year	-	0.0%
A Saxena[5]	Chief Risk Officer	Part year	-	0.0%
Former KMP				
L Stewart[4]	Chief Risk Officer	Part year	-	0.0%

[1] The MSR is required to be in place by 30 June 2024 or 4 years after commencing in the Executive Equity Plan. The share price is calculated based on the higher of the price at date of purchase/vesting and the current price. The MSR applies to executives only.

[2] Based on their MSR the KMPs are still tracking towards meeting the MSR requirement by 30 June 2024. Whilst A Saxena, G Mulcahy and D Chalmers all have nil shareholdings, they are still on track to meet the MSR requirement within the Shareholding Policy requirement period.

[3] R Mota's and F Lombardo's current shareholdings also includes holdings in the name of a related party.

[4] L Stewart ceased their KMP duties effective 16 December 2022.

[5] A Saxena was appointed as a KMP effective 27 March 2023.

Remuneration report

3. Key Management Personnel (continued)

Remuneration received by current Executive KMPs

The remuneration outcomes table below provides a summary of the remuneration that was received by the current executives in their KMP roles during the financial year ended 30 June 2023. We believe that presenting this information provides shareholders with greater clarity and transparency of executive remuneration. This table differs from the statutory remuneration table included in section 6 of the Remuneration Report, which presents remuneration in accordance with accounting standards (i.e. on an accrual basis). All remuneration presented in this report is in Australian dollars.

	Total fixed remuneration[1]		STI[2]		LTI[3]		EEP[4,6]		Total value of remuneration received	
Name	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $
CEO & Managing Director										
R Mota	1,353,129	1,307,409	-	-	119,625	90,250	1,172,461	1,501,301	**2,645,215**	**2,898,960**
Current KMP										
D Chalmers	849,150	822,981	-	-	-	-	644,958	707,037	**1,494,108**	**1,530,018**
F Lombardo	774,932	732,314	-	-	70,180	79,420	600,124	560,625	**1,445,236**	**1,372,359**
D Whereat	591,686	569,607	-	-	15,950	18,050	449,194	486,115	**1,056,830**	**1,073,772**
M Oliver	662,602	534,331	-	-	15,950	18,050	465,395	442,275	**1,143,947**	**994,656**
G Mulcahy	739,831	671,343	342,000	326,000	-	-	377,265	437,000	**1,459,096**	**1,434,343**
A Saxena[7]	206,309	-	-	-	-	-	**-**	-	**206,309**	**-**
Former KMP										
L Stewart[5]	653,197	634,693	-	100,000	-	-	195,162	219,017	**848,359**	**953,710**
Total	**5,830,836**	**5,272,678**	**342,000**	**426,000**	**221,705**	**205,770**	**3,904,559**	**4,353,370**	**10,299,100**	**10,257,818**

(1) Includes base salary, non-monetary and superannuation.

(2) G Mulcahy Short Term Incentive (STI) amounts represent cash accruals in current and prior year.

(3) Tenure-based Long Term Incentive (LTI) value calculated using closing share price at date of transfer of shares. Rights that vested in 2022 are in holding lock for 12 months beyond the completion of the performance period.

(4) EEP value represents the total amount that the KMP was granted at the commencement of the plan, subject to a 4-year performance period and the Board's evaluation of performance conditions as described in Section 1.

(5) L Stewart ceased their KMP duties effective 16 December 2022. 2022 STI represents a postponed 2020 retention incentive, paid in July 2021.

(6) On review of the 2022 EEP annual assessment of the financial and non-financial hurdles, a portion of the Performance Rights allocated were cancelled resulting in 2022 numbers being different from last year's reporting, the impact of this cancellation has been reflected in 2023.

(7) A Saxena was appointed as a KMP effective 27 March 2023.

Remuneration report

3. Key Management Personnel (continued)

Current and prior years long term incentives

For performance rights under the Executive Equity Plan, the vesting of 60% of performance rights is subject to annualised assessment for the grant date performance period and subject to a four year vesting period. 40% of the grant is subject to a Total Shareholder Return (TSR) progressive vesting scale over four years. TSR was chosen as the most appropriate comparative measure as it focuses on the delivery of shareholder value. TSR represents the change in the value of a share plus the value of dividends paid.

Year	Performance period	Grant date	IFL TSR for the period %	Ranking relative to ASX200	Vesting status at 30 June 2023	Performance period end date
2023 Executive Equity Plan	2023-2026	14 Dec 22	4.88%	86th	0% vested	30 Jun 26
2022 Executive Equity Plan	2022-2025	04 Mar 22	-23.86%	112th	0% vested	30 Jun 25
2021 Executive Equity Plan	2021-2024	18 Dec 20	-24.66%	153rd	0% vested	30 Jun 24

For performance rights plans pre-dating the EEP, vesting of 50% of performance rights is subject to serving a three-year employment period commencing on the date of grant. 50% of the grant is subject to a Total Shareholder Return (TSR) progressive vesting scale over three years.

Year	Performance period	Grant date	IFL TSR for the period %	Ranking relative to ASX200	Vesting status at	Performance period end date
2020 LTI performance rights	2020-2022	17 Dec 19	-27.83%	148th	0% vested	30 Jun 22
2019 LTI performance rights	2019-2021	26 Sep 18	-54.90%	153rd	0% vested	30 Jun 21

The performance period for the 2019 LTI performance rights was completed on 30 June 2021, however, re-testing of TSR hurdles completed on 1 July 2022. With a TSR ranking of 153rd relative to the ASX 200, no performance rights vested under the TSR performance hurdle for any KMP.

Accordingly, the following shares vested and were forfeited for KMP under the 2019 and 2020 LTI performance rights plans:

Name	Performance period end	Type of instrument	Employment condition - 50%	TSR Performance hurdle - 50%	% vested	% forfeited
KMP			Number of shares vested			
R Mota	30-Jun-22	2020 LTI performance rights**	37,500	-	50.0%	50.0%
F Lombardo	30-Jun-22	2020 LTI performance rights**	22,000	-	50.0%	50.0%
D Whereat	30-Jun-22	2020 LTI performance rights**	5,000	-	50.0%	50.0%
M Oliver	30-Jun-22	2020 LTI performance rights**	5,000	-	50.0%	50.0%
R Mota	30-Jun-21	2019 LTI performance rights*	25,000	-	50.0%	50.0%
F Lombardo	30-Jun-21	2019 LTI performance rights*	22,000	-	50.0%	50.0%
D Whereat	30-Jun-21	2019 LTI performance rights*	5,000	-	50.0%	50.0%
M Oliver	30-Jun-21	2019 LTI performance rights*	5,000	-	50.0%	50.0%

*Performance period ended 30 June 2021, vesting of rights occurred 1 July 2022. Retesting and forfeiture of rights under TSR hurdle occurred 1 July 2022.

**Performance period ended 30 June 2022, vesting and forfeiture of rights occurred 1 July 2022.

Remuneration report

4. Non-Executive Director remuneration

In setting appropriate NED remuneration, the Board considers general industry practice; best principles of corporate governance; the responsibilities and risks attached to the NED role; the time commitment expected of NEDs on Group and Company matters; and fees paid to NEDs of comparable companies.

In order to ensure NED independence and impartiality, fees are not linked to Company performance and NEDs are not eligible to participate in any of the Group's incentive arrangements.

NED Board, Committee and subsidiary fee structure

Elements	2022/23 fees per annum	$	$
NED Board, Committee and subsidiary fee Structure	**Group board Fee**	**Chair fee**	**Board member fee**
	Insignia Financial Ltd board	376,875	160,800
	Committees fee	**Chair fee**	**Committee fee**
	Audit	30,150	15,075
	Risk & Compliance	30,150	15,075
	Remuneration	20,100	10,050
	Nominations	15,075	5,025
	Subsidiary boards		
	RSEL board member fee (1 or more RSEL boards)	-	60,000
	RE board member fee (1 or more RE boards)	-	35,175
	Other board member fee (1 or more other boards excluding Insignia Financial Ltd, RSE & RE subsidiary boards)	-	35,175
Post-employment benefits	Superannuation contributions are made at a rate of 10.5% (up to the government's prescribed maximum contributions limit) and are included in the NED fee.		

The current aggregate fee pool for NEDs of $1.75 million was approved by shareholders at the 2021 Annual General Meeting. The annual total of NEDs' fees, including superannuation contributions, is within this agreed limit.

NED	Subsidiary board appointments
A Griffiths	Mr Griffiths is Chair of Australian Wealth Management Limited and MLC Wealth Limited, and a director of IOOF Life Pty Ltd and IOOF Group Pty Ltd.
E Flynn	Ms Flynn is a director of Australian Wealth Management Limited, IOOF Group Pty Ltd, MLC Wealth Limited and IOOF Life Pty Ltd.
J Selak	Mr Selak is a director of OnePath Funds Management Limited, IOOF Investment Services Ltd, IOOF Holdings Trustee Pty Ltd, IOOF Group Pty Ltd, Antares Capital Partners Ltd, MLC Investments Limited, Navigator Australia Limited and MLC Asset Management Services Limited.
A Bloore	Mr Bloore was previously a Director of I.O.O.F. Investment Management Limited, NULIS Nominees (Australia) Limited, Oasis Fund Management Limited and OnePath Custodians Pty Limited. Mr Bloore resigned from these positions effective 9 December 2022.
M Somerville	Ms Somerville is a director of OnePath Investment Holdings Pty Limited and OnePath Funds Management Limited.

Remuneration report

4 Non-Executive Director remuneration (continued)

2023 statutory remuneration – non-executive directors

NED		Short-term benefits		Post-employment	
		Directors' fees[2]	Non-monetary[3]	Superannuation	Total
		$	$	$	$
A Griffiths[1]	2023	364,565	9,505	12,160	386,230
	2022	373,962	2,880	-	376,842
E Flynn[1][4]	2023	255,000	-	1,030	256,030
	2022	254,019	-	-	254,019
J Selak	2023	227,476	-	23,660	251,136
	2022	226,442	-	22,644	249,086
A Bloore	2023	224,354	-	24,806	249,160
	2022	235,529	-	23,291	258,820
M Somerville	2023	232,071	-	24,111	256,182
	2022	232,407	-	23,245	255,652
Total	2023	1,303,466	9,505	85,767	1,398,738
	2022	1,322,359	2,880	69,180	1,394,419

[1]Directors' fees include mandated superannuation guarantee contributions in line with the superannuation opt out rules.

[2]Director fees include Board and committee fees received in cash.

[3]Non-monetary benefits include Company funded benefits and fringe benefits tax payable on those benefits, typically car parking.

[4]Partial year due to delayed opt-out form submission for change in maximum superannuation contribution cap for 2023.

Equity holdings of non-executive directors

Name	Opening balance	Changes during the year	Closing balance	Balance as at report sign-off date
A Griffiths	100,000	-	100,000	100,000
E Flynn	49,021	-	49,021	49,021
J Selak	149,727	5,587	155,314	155,314
A Bloore	17,190	-	17,190	17,190
M Somerville	10,840	-	10,840	10,840

Terms of appointment

All NEDs have letters of appointment detailing the terms under which they are engaged. The term of appointment for each is open-ended, subject to the provisions of the Corporations Act and the Company's Constitution. Under the Constitution, one-third of Directors must retire from office each year and may seek re-election by shareholders at the Annual General Meeting of the Company.

Remuneration report

5. Company performance and remuneration impacts

In considering the Group's financial performance and impacts on shareholder wealth for the residual LTI (excluding for the 2020 financial year as no LTI was awarded in respect of the year ended 30 June 2020), and for the EEP determination, the Committee has regard to the following financial metrics in respect of the current financial year and the previous four financial years.

5-year Group performance

	2023	2022	2021	2020	2019
Profitability measures					
Profit/(loss) attributable to the shareholders of Insignia Financial Ltd ($m)	51.4	36.8	(142.6)	141.2	28.6
Basic EPS (cents per share)	7.8	5.7	(24.2)	40.3	8.1
UNPAT ($m)(1)	194.9	234.5	147.8	128.8	198.0
UNPAT EPS (cents per share)	29.6	36.1	25.1	36.8	56.5
Share information					
Share price at start of year	$2.69	$4.27	$4.92	$5.17	$8.99
Share price at end of year	$2.82	$2.69	$4.27	$4.92	$5.17
Change in share price	$0.13	$(1.58)	$(0.65)	$(0.25)	$(3.82)
Dividends per share (cents per share)	19.8	23.6	23.0	34.5	37.5
Ratios					
Return on equity (statutory measure)(2)	2.17%	1.50%	(5.74%)	8.28%	1.57%
Return on equity (non-statutory measure)(2)	8.24%	9.52%	5.96%	7.59%	10.90%
Total shareholder return	12.2%	(31.5%)	(8.5%)	1.8%	(36.8%)
STIs paid to KMP					
Total STIs paid to KMP ($000s)	342	426	434	173	143

(1) UNPAT is reconciled to profit attributable to owners of the Company in the Operating and Financial Review section of the Directors' Report.
(2) Return on equity is calculated by dividing profit and UNPAT attributable to the shareholders of Insignia Financial Ltd by average equity during the year.

Remuneration report

6. Key Management Personnel remuneration – additional statutory disclosure

The following table sets out the remuneration received by KMP for the year ended 30 June 2023. The share-based payments shown below are not amounts actually received by KMP during the year, as in accordance with accounting standards, they include accounting values for unvested share awards.

Element of Remuneration		Short-term benefits			Post-employ-ment	Share-based payments(2)	Total	Component as a % of total remuneration	
		Salary	Bonus - cash	Non-mone-tary(1)	Super-annu-ation	Perform-ance rights			
Component of Remuneration		Fixed $	Variable $	Fixed $	Fixed $	Variable $	$	Fixed %	Var (3) %
R Mota	2023	1,315,062	-	12,775	25,292	570,484	1,923,613	70	30
	2022	1,280,758	-	3,083	23,568	535,374	1,842,783	71	29
D Chalmers	2023	815,112	-	8,746	25,292	306,018	1,155,168	74	26
	2022	796,323	-	3,083	23,575	166,050	989,031	83	17
F Lombardo	2023	745,908	-	3,732	25,292	253,931	1,028,863	75	25
	2022	705,663	-	3,083	23,568	236,575	968,889	76	24
D Whereat	2023	552,517	-	13,877	25,292	196,671	788,357	75	25
	2022	540,133	-	5,899	23,575	124,886	694,493	82	18
M Oliver	2023	624,276	-	13,034	25,292	192,249	854,851	78	22
	2022	504,864	-	5,899	23,568	117,644	651,975	82	18
G Mulcahy(4)(5)	2023	733,572	342,000	6,259	-	140,809	1,222,640	61	39
	2022	660,769	326,000	10,574	-	58,498	1,055,841	64	36
A Saxena(7)	2023	199,927	-	59	6,323	-	206,309	100	-
	2022	-	-	-	-	-	-	-	-
Former KMP									
L Stewart(6)	2023	627,905	-	-	25,292	93,121	746,318	88	12
	2022	611,125	100,000	-	23,568	50,596	785,289	81	19
Total	2023	5,614,279	342,000	58,482	158,075	1,753,283	7,926,119		
	2022	5,099,635	426,000	31,621	141,422	1,289,623	6,988,301		

(1)Non-monetary benefits include Company funded benefits and fringe benefits tax payable on those benefits, typically car parking.
(2)Share-based payments include accruals in relation to the Executive Performance Share Plans (LTI & EEP) and accruals in relation to other grants of performance rights over shares in the Company. The value of the number of shares and options expected to vest has been apportioned over the term from grant date to vesting date. STIs awarded in deferred shares are also shown here.
(3)As payment of the variable component is at the discretion of the Board, the minimum value is nil and the maximum is the total amount paid.

(4)Amounts represent payments relating to the period during which the individuals were identified as KMP.

(5) G Mulcahy's STI amounts represent cash accruals in current and prior year. No superannuation was paid in respect of G Mulcahy as they are a member of a defined benefit plan which is in a payment holiday. Disclosure of the defined benefit plan is made at Note 31 *Defined benefit plan*. Payment in lieu of superannuation contributions exceeding the maximum contribution base are included in salary.

(6) L Stewart ceased their KMP duties effective 16 December 2022. 2022 STI represents a postponed 2020 retention incentive, paid in July 2021.

(7) A Saxena was appointed as a KMP effective 27 March 2023.

Remuneration report

7. Other information

Equity holdings

The table below sets out details of deferred shares and rights that were granted to KMP during 2023 or in prior years and that then vested, were exercised/sold or which lapsed/were forfeited during 2022.

Name	Type of instrument	Grant date	Fair value per right at grant date	Number granted[1]	Opening balance	Granted as compensation	Exercised/ Vested[2]	Forfeited/ Lapsed	Closing balance	Financial year of performance period end
CEO & Managing										
R Mota[4]	2023 Executive Equity Plan	14-Dec-22	$2.45	527,261	-	527,261	-	-	527,261	2026
	2022 Executive Equity Plan	4-Mar-22	$2.72	351,426	311,027	-	-	(45,838)	265,189	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	239,597	239,597	-	-	-	239,597	2024
	2020 LTI performance rights	17-Dec-19	$5.90	75,000	75,000	-	(37,500)	(37,500)	-	2022
	2019 LTI performance rights	26-Sep-18	$4.93	50,000	25,000	-	-	(25,000)	-	2021
Total R Mota					**650,624**	**527,261**	**(37,500)**	**(108,338)**	**1,032,047**	
Current KMP										
D Chalmers	2023 Executive Equity Plan	14-Dec-22	$2.45	248,507	-	248,507	-	-	248,507	2026
	2022 Executive Equity Plan	4-Mar-22	$2.72	165,504	146,478	-	-	-	146,478	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	119,799	119,799	-	-	-	119,799	2024
Total D Chalmers					**266,277**	**248,507**	**-**	**-**	**514,784**	
F Lombardo	2023 Executive Equity Plan	14-Dec-22	$2.45	227,406	-	227,406	-	-	227,406	2026
	2022 Executive Equity Plan	4-Mar-22	$2.72	131,232	116,146	-	-	-	116,146	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	82,262	82,262	-	-	-	82,262	2024
	2020 LTI performance rights	17-Dec-19	$5.90	44,000	44,000	-	(22,000)	(22,000)	-	2022
	2019 LTI performance rights	26-Sep-18	$4.93	44,000	22,000	-	-	(22,000)	-	2021
Total F Lombardo					**264,408**	**227,406**	**(22,000)**	**(44,000)**	**425,814**	
D Whereat	2023 Executive Equity Plan	14-Dec-22	$2.45	171,021	-	171,021	-	-	171,021	2026
	2022 Executive Equity Plan	4-Mar-22	$2.72	113,790	101,946	-	-	-	101,946	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	54,908	54,908	-	-	-	54,908	2024
	2020 LTI performance rights	17-Dec-19	$5.90	10,000	10,000	-	(5,000)	(5,000)	-	2022
	2019 LTI performance rights	26-Sep-18	$4.93	10,000	5,000	-	-	(5,000)	-	2021
Total D Whereat					**171,854**	**171,021**	**(5,000)**	**(10,000)**	**327,875**	

Continued on next page.

Remuneration report

7. Other information (continued)

Name	Type of instrument	Grant date	Fair value per right at grant date	Number granted[(1)]	Opening balance	Granted as compensation	Exercised/ Vested[(2)]	Forfeited/ Lapsed	Closing balance	Financial year of performance period end
Current KMP										
M Oliver	2023 Executive Equity Plan	14-Dec-22	$2.45	171,687	-	171,687	-	-	171,687	2026
	2022 Executive Equity Plan	4-Mar-22	$2.72	103,528	95,021	-	-	-	95,021	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	49,916	49,916	-	-	-	49,916	2024
	2020 LTI performance rights	17-Dec-19	$5.90	10,000	10,000	-	(5,000)	(5,000)	-	2022
	2019 LTI performance rights	26-Sep-18	$4.93	10,000	5,000	-	-	(5,000)	-	2021
Total M Oliver					**159,937**	**171,687**	**(5,000)**	**(10,000)**	**316,624**	
G Mulcahy	2023 Executive Equity Plan	14-Dec-22	$2.45	149,535	-	149,535	-	-	149,535	2026
	2022 Executive Equity Plan	4-Mar-22	$2.72	102,293	88,310	-	-	-	88,310	2025
Total G Mulcahy					**88,310**	**149,535**	**-**	**-**	**237,845**	
Former KMP										
L Stewart[(3)]	2023 Executive Equity Plan	14-Dec-22	$2.45	77,026	-	77,026	-	-	77,026	2026
	2022 Executive Equity Plan	4-Mar-22	$2.72	51,267	44,260	-	-	-	44,260	2025
	2021 Executive Equity Plan	18-Dec-20	$2.29	37,138	37,138	-	-	-	37,138	2024
Total L Stewart					**81,398**	**77,026**	**-**	**-**	**158,424**	
Total KMP					**1,682,808**	**1,572,443**	**(69,500)**	**(172,338)**	**3,013,413**	

(1) Exercise price at grant date is $nil.

(2) Vested rights are in holding lock for 12 months beyond the completion of the performance period.

(3) L Stewart ceased their KMP duties effective 16 December 2022.

(4) R Mota consequence adjustment of 15% of annualised performance outcomes, adjustment was agreed and approved post the release of the annual financial report for 2022.

Remuneration report

7. Other information (continued)

The relevant interest of KMP and related parties in the shares issued by the Company, is as follows:

Ordinary shares[1]		Opening balance No.	Received on vesting of performance rights[2] No.	Net other change No.	Closing balance No.
CEO & Managing Director					
R Mota[3]	**2023**	372,328	37,500	-	**409,828**
	2022	347,328	25,000	-	**372,328**
Current KMP					
F Lombardo[3]	**2023**	122,576	22,000	-	**144,576**
	2022	100,576	22,000	-	**122,576**
D Whereat	**2023**	15,000	5,000	-	**20,000**
	2022	10,000	5,000	-	**15,000**
M Oliver	**2023**	5,000	5,000	373	**10,373**
	2022	-	5,000	-	**5,000**

(1) The equity holding for the above individuals is inclusive of both direct and indirect shareholdings.

(2) Rights that vested in 2022 are in holding lock for 12 months beyond the completion of the performance period.

(3) R Mota's and F Lombardo's current shareholdings also includes holdings in the name of related parties.

(4) A Saxena, G Mulcahy, D Chalmers all have nil shareholdings.

Contract terms

The term of each KMP's contract is ongoing. Either Insignia Financial or the individual KMP (excluding the CEO) can terminate their contract on 6 months' notice. In the case of the CEO, either Insignia Financial or the CEO can terminate his contract on 12 months' notice.

In the case of termination of employment, Insignia Financial may elect to make a payment in lieu of part or all of the notice periods, incorporating unpaid leave entitlements and pro-rated entitlement to EEP (if applicable). The Board has discretion regarding treatment of unvested short and long-term incentives received under the previous remuneration framework.

Payments to persons before taking office

No Director or member of senior management appointed during the year received a payment as part of his or her consideration for agreeing to hold the position.

This report is signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

The Remuneration Report is prepared, and audited, in accordance with the requirements of the *Corporations Act 2001*. It forms part of the Directors' Report.

John Selak

Group People & Remuneration Committee Chair

24 August 2023

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Insignia Financial Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Insignia Financial Ltd for the financial year ended 30 June 2023 there have been:

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

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

KPMG

Chris Wooden

Partner

Melbourne

24 August 2023

Consolidated statement of comprehensive income

For the year ended 30 June 2023

	Note	2023 $m	2022 $m
Continuing operations			
Revenue	3	1,948.4	2,148.8
Expenses	4	(1,897.4)	(2,085.5)
Impairment expense		(3.5)	(7.8)
Share of profit of associates	26	9.4	13.4
Finance costs		(54.2)	(29.3)
Profit before tax and statutory funds from continuing operations		2.7	39.6
Income tax benefit/(expense)	5	1.5	(12.0)
Profit after tax before statutory funds from continuing operations		4.2	27.6
Statutory funds revenue*	30	55.5	7.6
Statutory funds expenses*	30	(27.1)	(30.8)
Statutory funds income tax (expense)/benefit*	30	(28.4)	23.2
Statutory funds contribution to profit/(loss), net of tax		-	-
Profit for the year from continuing operations		**4.2**	**27.6**
Discontinued operations			
Profit from discontinued operations, net of tax	28	47.0	9.2
Profit for the year		**51.2**	**36.8**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in fair value of financial assets through other comprehensive income		(0.7)	(0.5)
Remeasurements of defined benefit asset		1.5	4.4
Income tax related		(0.2)	(1.2)
		0.6	**2.7**
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		1.3	0.2
Income tax related		(0.4)	-
		0.9	**0.2**
Other comprehensive income for the year, net of income tax		**1.5**	**2.9**
Total comprehensive income for the year		**52.7**	**39.7**
Profit attributable to the shareholders of Insignia Financial Ltd		51.4	36.8
Profit attributable to non-controlling interests		(0.2)	-
Profit for the year		**51.2**	**36.8**
Total comprehensive income attributable to the shareholders of Insignia Financial Ltd		52.9	39.7
Total comprehensive income attributable to non-controlling interests		(0.2)	-
Total comprehensive income for the year		**52.7**	**39.7**
Earnings per share			
Basic earnings per share (cents)	7	7.8	5.7
Diluted earnings per share (cents)	7	7.8	5.7
Earnings per share - continuing operations			
Basic earnings per share (cents)	7	0.7	4.3
Diluted earnings per share (cents)	7	0.7	4.3

Notes to the consolidated financial statements are included on pages 55 to 108.

*A subsidiary of the Company, IOOF Ltd, is a friendly society in accordance with the *Life Insurance Act 1995.* The funds operated by IOOF Ltd, and any trusts controlled by those funds, are treated as statutory funds in accordance with the *Life Insurance Act 1995*. These statutory funds are required to be consolidated in accordance with accounting standards.

Consolidated statement of financial position

As at 30 June 2023

		2023	2022
	Note	$m	$m
Assets			
Cash and cash equivalents	8	505.6	518.0
Receivables	9	268.7	685.3
Other financial assets	10	282.3	1,239.8
Current tax assets		33.8	43.2
Other assets		36.6	28.0
Assets classified as held for sale	29	1,148.0	76.6
Property and equipment	11	146.0	208.1
Net defined benefit asset	31	21.3	20.1
Associates	26	59.1	88.5
Intangible assets	12	2,503.4	2,606.7
Total assets		**5,004.8**	**5,514.3**
Liabilities			
Payables	13	195.8	467.2
Other financial liabilities	14	20.1	1,108.2
Provisions	16	365.2	545.7
Liabilities associated with assets classified as held for sale	29	1,105.4	10.2
Lease liabilities	15	161.8	189.4
Borrowings	18	775.6	771.3
Deferred tax liabilities	5	51.1	21.4
Total liabilities		**2,675.0**	**3,113.4**
Net assets		**2,329.8**	**2,400.9**
Equity			
Share capital	19	3,036.1	3,013.6
Reserves	20	4.6	5.0
Accumulated losses		(710.4)	(617.5)
Total equity attributable to the shareholders of Insignia Financial Ltd		2,330.3	2,401.1
Non-controlling interest		(0.5)	(0.2)
Total equity		**2,329.8**	**2,400.9**

Notes to the consolidated financial statements are included on pages 55 to 108.

Consolidated statement of changes in equity

For the year ended 30 June 2023

For the year ended 30 June 2023	Ordinary shares	Treasury shares	Reserves	Accumulated losses	Total	Non-controlling interest	Total equity
	$m	$m	$m	$m	$m	$m	$m
Balance at 1 July 2022	**3,017.2**	**(3.6)**	**5.0**	**(617.5)**	2,401.1	**(0.2)**	2,400.9
Total comprehensive income for the year							
Profit for the year attributable to owners of the Company	-	-	-	51.4	51.4	(0.2)	51.2
Other comprehensive income for the year, net of income tax	-	-	0.4	1.1	1.5	-	1.5
Total comprehensive income for the year	**-**	**-**	**0.4**	**52.5**	52.9	**(0.2)**	52.7
Transactions with owners, recorded directly in equity							
Issue of shares under dividend reinvestment plan	26.2	-	-	-	26.2	-	26.2
Purchase of treasury shares	-	(4.9)	-	-	(4.9)	-	(4.9)
Capital return	-	-	-	-	-	(0.1)	(0.1)
Dividends paid	-	-	-	(146.2)	(146.2)	-	(146.2)
Share-based payments expense	-	-	3.9	-	3.9	-	3.9
Release on disposal of subsidiaries	-	-	(2.7)	-	(2.7)	-	(2.7)
Transfer from employee equity-settled benefits reserve on exercise of performance rights	1.2	-	(1.2)	-	-	-	-
Treasury shares transferred to recipients during the year	(1.3)	1.3	-	-	-	-	-
Transfer of lapsed performance rights to retained earnings	-	-	(0.8)	0.8	-	-	-
Total transactions with owners	**26.1**	**(3.6)**	**(0.8)**	**(145.4)**	(123.7)	**(0.1)**	(123.8)
Balance at 30 June 2023	**3,043.3**	**(7.2)**	**4.6**	**(710.4)**	2,330.3	**(0.5)**	2,329.8

Notes to the consolidated financial statements are included on pages 55 to 108.

Consolidated statement of changes in equity

For the year ended 30 June 2023

For the year ended 30 June 2022	Ordinary shares	Treasury shares	Reserves	Accumulated losses	Total	Non-controlling interest	Total equity
	$m	$m	$m	$m	$m	$m	$m
Balance at 1 July 2021	**3,000.6**	**(4.6)**	**3.8**	**(506.6)**	2,493.2	**(0.2)**	2,493.0
Total comprehensive loss for the year							
Profit for the year attributable to owners of the Company	-	-	-	36.8	36.8	-	36.8
Other comprehensive income for the year, net of income tax	-	-	(0.1)	3.0	2.9	-	2.9
Total comprehensive loss for the year	**-**	**-**	**(0.1)**	**39.8**	39.7	**-**	39.7
Transactions with owners, recorded directly in equity							
Issue of shares	16.4	-	-	-	16.4	-	16.4
Dividends paid	-	-	-	(151.1)	(151.1)	-	(151.1)
Share-based payments expense	-	-	2.9	-	2.9	-	2.9
Transfer from employee equity-settled benefits reserve on exercise of performance rights	1.2	-	(1.2)	-	-	-	-
Treasury shares transferred to recipients during the year	(1.0)	1.0	-	-	-	-	-
Transfer from foreign currency translation reserve to retained earnings	-	-	(0.4)	0.4	-	-	-
Total transactions with owners	**16.6**	**1.0**	**1.3**	**(150.7)**	(131.8)	**-**	(131.8)
Balance at 30 June 2022	**3,017.2**	**(3.6)**	**5.0**	**(617.5)**	2,401.1	**(0.2)**	2,400.9

Notes to the consolidated financial statements are included on pages 55 to 108.

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	2023 $m	2022 $m
Cash flows from operating activities			
Receipts from customers		1,930.2	2,228.6
Payments to suppliers and employees		(1,603.6)	(1,826.5)
Dividends from associates		11.3	12.0
Remediation costs		(160.3)	(257.1)
Transformation and integration costs		(161.8)	(116.4)
Legal settlements paid		(2.9)	(8.1)
Income taxes (paid) / refunded		20.8	(37.7)
Net cash provided by / (used in) operating activities from the corporate group		**33.7**	**(5.2)**
Receipts from customers		2.3	2.4
Payments to suppliers and employees		(8.1)	(7.8)
Contributions received		77.2	107.1
Withdrawal payments		(137.2)	(123.0)
Dividends and distributions received		2.3	0.9
Net payments for financial instruments		67.8	22.3
Amounts advanced to / (received from) other entities		14.2	5.9
Income taxes (paid) / refunded		(15.9)	(8.1)
Net cash provided by / (used in) operating activities from the statutory funds		**2.6**	**(0.3)**
Net cash provided by / (used in) operating activities	8	**36.3**	**(5.5)**
Cash flows from investing activities			
Dividends and distributions received		0.4	0.3
Interest received		21.9	5.1
Proceeds from divestment of subsidiaries		132.6	1.4
Proceeds from divestment of associates		30.1	-
Net proceeds on purchase and sales of financial and other assets		-	1.4
Net payments for financial instruments		(14.9)	(29.3)
Payments for property and equipment		(5.4)	(20.4)
Net payments for intangible assets		(14.1)	(26.8)
Net cash provided by / (used in) investing activities		**150.6**	**(68.3)**
Cash flows from financing activities			
Drawdown of borrowings (net of borrowing costs)		782.4	194.0
Repayment of borrowings (principal)		(791.3)	(80.0)
Interest and other costs of finance paid		(34.9)	(15.1)
Repayment of lease liabilities		(41.0)	(30.3)
Early lease incentive received		25.0	-
Share based payment purchases		(4.9)	-
Dividends paid to owners of the Company		(120.0)	(134.7)
Net cash used in financing activities		**(184.7)**	**(66.1)**
Net increase / (decrease) in cash and cash equivalents		**2.2**	**(139.9)**
Cash and cash equivalents at the beginning of year		518.0	670.7
Reclassified to assets held for sale during the year		(14.6)	(12.8)
Cash and cash equivalents at the end of year	8	**505.6**	**518.0**

Notes to the consolidated financial statements are included on pages 55 to 108.

Notes to the financial statements

For the year ended 30 June 2023

Section 1 - Basis of preparation

This section sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to a single note, the policy is described in the note to which it relates. This section also shows new accounting standards, amendments and interpretations, and whether they are effective in 2023 or later years. The expected impact of these changes to the financial position and performance of the Group is explained in this section.

1 Basis of preparation

Reporting entity

Insignia Financial Ltd ('the Company') is a public company listed on the Australian Stock Exchange (trading under the symbol 'IFL'), domiciled in Australia. The consolidated financial statements of the Company for the year ended 30 June 2023 comprise the Company and its controlled entities (collectively, the Group or the Group).

The Insignia Financial Group is a for-profit entity. The principal activities of the Group are:

- **Platforms:** Offering a wide range of superannuation and investment solutions to clients including investors, members, employers and advisers.
- **Advice:** Providing quality financial advice that is accessible, affordable and engaging for Australians. The business helps clients navigate their way through a range of financial services and solutions and educates clients to improve their financial wellbeing.
- **Asset Management:** Providing investment management services to institutional, retail and direct clients across a diverse range of asset classes and product constructs.

The Company's registered office and its principal place of business are Level 1, 800 Bourke Street, Docklands Victoria 3008.

Basis of preparation

(a) Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The annual financial report was approved by the Board of Directors on 24 August 2023.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value;
- equity investments at fair value through other comprehensive income are measured at fair value; and
- assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The statement of financial position is presented in order of liquidity.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Rounding of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that instrument amounts in the financial report are rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

(e) Use of estimates and judgements

Management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are

Notes to the financial statements

For the year ended 30 June 2023

1 Basis of preparation (continued)

(e) Use of estimates and judgements (continued)

recognised in the year in which the estimates are revised and in any future years affected.

Information about critical judgements in applying accounting policies, assumptions and estimation uncertainties that may have a significant effect on the amounts recognised in the financial statements is included in the following notes:

- note 12 – Intangible assets;
- note 16 – Provisions;
- note 21 – Commitments and contingencies;
- note 23 – Fair value information;
- note 28 – Discontinued operations;
- note 31 – Defined benefit plan; and
- note 32 – Share-based payments.

(f) Other significant accounting policies

Significant accounting policies have been included in the relevant notes to which the policies relate. Other significant accounting policies are listed below.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled subsidiaries of the Company as at 30 June 2023 and the results of all controlled subsidiaries for the year then ended. This includes the statutory funds of its subsidiary, IOOF Ltd, and any controlled trusts.

The statutory funds and any trusts controlled by those funds are treated as statutory funds in accordance with the *Life Insurance Act 1995*. These statutory funds are shown separately from shareholder funds in the notes to the financial statements.

Refer to Note 30 *Statutory funds* for information in relation to the different accounting treatment of investment contracts with discretionary participating features.

Business combinations

The Group accounts for business combinations using the acquisition method. Consideration transferred and net assets identified are measured at fair value. Transaction costs are expensed as incurred except if related to the issue of debt or equity securities.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is tested annually for impairment.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial performance of subsidiaries are included in the consolidated results of the Group from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Notes to the financial statements

For the year ended 30 June 2023

1 Basis of preparation (continued)

Treasury shares

Treasury shares are held by the IOOF Equity Plans Trust, a subsidiary of the Group. IOOF Equity Plans Trust administers the Group's employee share schemes. Treasury shares are deducted from share capital.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Dividends paid to the IOOF Equity Plans Trust are also eliminated.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates prevailing at the balance sheet date. The revenue and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates prevailing at the dates of the transactions. Foreign currency differences are recognised in the foreign currency translation reserve.

Goods and service tax

Revenues, expenses and assets (excluding receivables) are recorded net of goods and service tax (GST). GST input tax credits are initially recorded as an asset and GST collected as a liability. These balances are offset as at the reporting date and recognised as either an amount receivable or payable to the Australian Taxation Office. The GST portion relating to financial supplies and non-deductible expenditure, for which an input tax credit cannot be claimed, is expensed or is recognised as part of the cost of acquisition of an asset.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the Australian Taxation Office are presented as operating cash flows.

(g) New accounting standards and amendments to accounting standards issued but not yet effective

AASB 17 *Insurance contracts*

AASB 17 *Insurance Contracts* replaces AASB 4 *Insurance Contracts* and similarly applies to insurance contracts. The classification of insurance contracts is similar to AASB 4 *Insurance Contracts* however unbundling rule changes may mean some contract components now need to be measured under AASB 17 *Insurance Contracts.*

AASB 17 *Insurance Contracts* establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held. It requires similar principles to be applied to investment contracts with discretionary participation features if the entity issues insurance contracts.

The Group has exited all insurance contracts previously held with members during the year. At 30 June 2023 the Group has no in force insurance contracts and AASB 17 *Insurance Contracts* is not expected to be applicable in future reporting periods.

Other standards and amendments

A number of other new accounting standards and amendments to accounting standards have been issued but are not yet effective, have not been early adopted by the Group. These standards and amendments to accounting standards, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Group.

Notes to the financial statements

For the year ended 30 June 2023

Section 2 – Results for the year

This section focuses on the results and performance of the Group. On the following pages you will find disclosures explaining the Group's segment information, results for the year, taxation, dividends and earnings per share.

2 Operating segments

Basis of segmentation

The Insignia Financial Group has four reportable segments: Platforms, Advice, Asset Management and Corporate. This is determined based on the Group's internal reporting to the chief operating decision maker which is the Group's Chief Executive Officer.

Platforms

The Platforms segment offers a wide range of superannuation and investment solutions to clients including investors, members, employers and advisers.

Advice

The Advice segment provides quality financial advice that is accessible, affordable and engaging for Australians. The business helps clients navigate their way through a range of financial services and solutions and educates clients to improve their financial wellbeing.

Asset Management

The Asset Management segment provides investment management services to institutional, retail and direct clients across a diverse range of asset classes and product constructs.

Corporate

The Corporate segment comprises group functions required to support the Group and operating segments. Activities performed by the segment are of a strategic, shareholder or governance nature and reflect centralised corporate expenses.

Underlying net profit after tax

Segment performance is measured based on segment underlying net profit after tax (UNPAT) as discussed in the Operating and Financial Review section of the Directors' Report.

UNPAT adjustments are determined by management to be outside normal operating activities and are significant in their size. Management believes that UNPAT provides the most relevant information in evaluating the financial performance of each segment from normal operating activities.

Notes to the financial statements

For the year ended 30 June 2023

2 Operating segments (continued)

	Platforms		Advice		Asset Management		Corporate		Total*	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Management and service fees revenue	1,089.9	1,194.7	518.3	585.9	227.9	264.7	-	0.1	1,836.1	2,045.4
Other fee revenue	20.5	21.5	38.3	42.4	4.6	16.5	-	-	63.4	80.4
Share of profits of associates	-	-	-	(1.3)	9.4	14.7	-	-	9.4	13.4
Service fees and other direct costs	(137.5)	(159.6)	(357.1)	(409.6)	(55.5)	(99.1)	(2.5)	-	(552.6)	(668.3)
Other revenue	14.7	7.6	5.0	4.7	2.6	-	1.1	0.9	23.4	13.2
Inter-segment revenue	5.7	5.7	0.1	0.4	40.4	52.6	-	-	46.2	58.7
Inter-segment expenses	(40.5)	(52.9)	-	(0.1)	(5.7)	(5.7)	-	-	(46.2)	(58.7)
Net revenue from continuing operations	**952.8**	**1,017.0**	**204.6**	**222.4**	**223.7**	**243.7**	**(1.4)**	**1.0**	**1,379.7**	**1,484.1**
Operating expenses	(606.2)	(610.6)	(240.5)	(283.3)	(120.9)	(137.2)	(68.1)	(64.5)	(1,035.7)	(1,095.6)
Finance income	14.9	4.5	0.7	0.1	0.4	-	6.0	0.4	22.0	5.0
Finance costs	(2.2)	(2.1)	(1.6)	(1.3)	(0.8)	(0.7)	(49.6)	(25.2)	(54.2)	(29.3)
Share-based payments expense	(1.9)	(1.7)	(0.9)	(0.8)	(0.4)	(0.2)	(0.7)	(0.1)	(3.9)	(2.8)
Depreciation of property & equipment	(14.6)	(14.9)	(11.3)	(10.8)	(4.0)	(4.0)	(11.4)	(11.3)	(41.3)	(41.0)
Amortisation of intangible assets	(2.1)	(0.7)	-	-	-	(0.2)	(0.5)	(0.3)	(2.6)	(1.2)
Loss on disposal of subsidiaries	-	-	-	-	-	(3.3)	-	-	-	(3.3)
Impairment expenses	(2.0)	-	(0.5)	(4.4)	(0.1)	-	(0.9)	(3.4)	(3.5)	(7.8)
Income tax (expense)/benefit	(105.4)	(118.0)	15.4	22.8	(25.0)	(24.5)	45.0	35.6	(70.0)	(84.1)
Non-controlling interests	-	-	0.2	-	-	-	-	-	0.2	-
UNPAT from continuing operations	**233.3**	**273.5**	**(33.9)**	**(55.3)**	**72.9**	**73.6**	**(81.6)**	**(67.8)**	**190.7**	**224.0**
UNPAT adjustments relating to continuing operations	(118.6)	(115.5)	(28.6)	(65.6)	(19.6)	(15.0)	(19.5)	(0.3)	(186.3)	(196.4)
Non-controlling interests	-	-	(0.2)	-	-	-	-	-	(0.2)	-
Profit from continuing operations	**114.7**	**158.0**	**(62.7)**	**(120.9)**	**53.3**	**58.6**	**(101.1)**	**(68.1)**	**4.2**	**27.6**
UNPAT from discontinued operations	4.2	10.5	-	-	-	-	-	-	4.2	10.5
UNPAT for the year	**237.5**	**284.0**	**(33.9)**	**(55.3)**	**72.9**	**73.6**	**(81.6)**	**(67.8)**	**194.9**	**234.5**
UNPAT adjustment relating to discontinued operations	42.8	(1.3)	-	-	-	-	-	-	42.8	(1.3)
Profit for the year	**161.7**	**167.2**	**(62.7)**	**(120.9)**	**53.3**	**58.6**	**(101.1)**	**(68.1)**	**51.2**	**36.8**

*Revenue and expenses relating to the statutory funds are presented in Note 30 *Statutory funds*.

Notes to the financial statements

For the year ended 30 June 2023

3 Revenue

	2023	2022
	$m	$m
Management and service fees revenue		
Management and administration fees	1,214.3	1,365.3
Financial planning revenue	512.3	576.6
Other management and service fees revenue	109.5	103.5
Management and service fees revenue	**1,836.1**	**2,045.4**
Other fee revenue		
Stockbroking revenue	4.5	5.3
Other	58.9	75.3
Other fee revenue	**63.4**	**80.6**
Finance income		
Interest income on financial assets measured at fair value	7.6	4.1
Interest income on financial assets measured at amortised cost	14.4	0.9
Finance income	**22.0**	**5.0**
Other revenue		
Net fair value gain on financial instruments at fair value through profit or loss	3.6	4.4
Net gain on disposal of investments	2.5	-
Dividends and distributions income	0.4	0.3
Sundry income	20.4	13.1
Other revenue	**26.9**	**17.8**
Total revenue	**1,948.4**	**2,148.8**

Accounting policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Management and service fees revenue

The Group provides management services to unit trusts and funds operated by the Group at normal commercial rates. Management and service fees earned from the unit trusts and funds are calculated based on an agreed percentage of the respective funds under management or administration as disclosed in the respective product disclosure statements and are recognised as performance obligations are satisfied over time.

Revenue from the provision of financial planning services together with revenue from the rendering of services are recognised as performance obligations are satisfied over time.

Other fee revenue

Other fee revenue, which includes dealer fees, performance fees, and other fee revenue is recognised as performance obligations are satisfied over time.

Finance income

Finance income includes interest income earned on fixed income investments measured at fair value and interest income recognised using the effective interest method on cash and cash equivalents.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Notes to the financial statements

For the year ended 30 June 2023

4 Expenses

	2023	2022
	$m	$m
Service fees expense	501.0	608.4
Other direct costs	51.6	60.1
Service fees and other direct costs	**552.6**	**668.5**
Salaries and related employee expenses (excluding superannuation)	657.1	684.1
Employee defined contribution plan superannuation expense	55.0	50.7
Share-based payments expense	3.9	2.8
Salaries and related employee expenses	**716.0**	**737.6**
Information technology costs	152.8	176.3
Information technology costs	**152.8**	**176.3**
Transformation and integration costs	161.8	116.4
Transformation and projects costs	**161.8**	**116.4**
Amortisation of intangible assets	82.8	85.8
Depreciation of property and equipment	41.3	41.0
Amortisation and depreciation expenses	**124.1**	**126.8**
Office support and administration	66.0	63.9
Professional fees	58.0	73.4
Occupancy related expenses	14.8	27.3
Marketing	19.0	12.1
Travel and entertainment	7.0	2.1
Administrative expenses	**164.8**	**178.8**
Remediation costs	19.1	67.1
Remediation costs	**19.1**	**67.1**
Loss on disposal of subsidiaries	-	3.3
Legal settlement and penalties	1.5	5.0
Other	4.7	5.7
Other expenses	**6.2**	**14.0**
Total expenses	**1,897.4**	**2,085.5**

Accounting policies

Service fees and other direct costs

Service fees and other direct costs include amounts paid to advisers, dealer groups and other suppliers in the course of operating the products and services of the Group. Examples of direct costs include custodian fees, audit services and the printing and mailing of client statements and other communications. The values are recognised at the fair value of the consideration paid or payable for the goods or services received.

Salaries and related employee expenses

These entitlements include salaries, wages, superannuation, bonuses, overtime, allowances, annual and long service leave, but exclude share-based payments. The accounting policies for the major expense categories under this definition are as follows.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the financial statements

For the year ended 30 June 2023

4 Expenses (continued)

Short-term incentive plans

A provision for employee benefits in the form of an incentive plan is recognised when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Annual and long service leave benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior years plus related on-costs.

Liabilities for long-term benefits that are expected to be settled beyond 12 months are discounted using rates attaching to high quality corporate bonds which most closely match the terms of maturity of the related liabilities at balance date.

In determining the liability for employee entitlements, consideration is given to future increases in wage and salary rates, experience with employee departures and years of service.

Employee defined contribution plan expense

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised in profit or loss in the years during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Share-based payments expense

The grant date fair value of share-based payment awards granted to employees is recognised as a share-based payment expense, with a corresponding increase in the share-based payments reserve, over the year that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at vesting date.

The fair value at grant date is independently determined where considered appropriate.

Shares held by the IOOF Equity Plans Trust will contribute to the employee allocation of shares on satisfaction of vesting performance hurdles. The Group has no right to recall placed shares. A third party trustee company acts as the Trustee of the Trust.

Further information is included in Note 32 *Share-based payments*.

Termination payments

Termination benefits or redundancy costs are recognised as an expense when the Group is committed demonstrably to a formal detailed plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Information technology expenses

Information technology costs are expensed as they are incurred, with the exception of costs relating to licenses and right of use, including Software as a Service (SaaS) arrangements.

SaaS arrangements are service contracts providing the Group with the right to access a cloud provider's application software over the contract period. The Group does not have control over the software nor can it restrict others' access to the benefits. Where configuration and customisation costs are not distinct from the underlying use of the SaaS application software, they are capitalised as a prepayment and expensed over the term of the SaaS contract. All other costs are expensed through the Statement of comprehensive income.

Transformation and integration costs

Transformation and integration costs include expenses recognised from activities associated with platform simplification and separation of the MLC and ANZ P&I businesses along with Evolve23 transition costs. This includes external activities, project labour costs, redundancy and termination costs, IT and other consultancy fees and outsourced hosting services directly related to these activities.

Notes to the financial statements

For the year ended 30 June 2023

4 Expenses (continued)

Amortisation of intangible assets

The value of intangible assets, with the exception of goodwill and brand names with indefinite useful lives, reduces over the number of years the Group expects to use the asset (the useful economic life) via an annual amortisation charge to profit and loss. The values and useful lives ascribed are reflective of arms-length transactions and independent expert advice thereon.

Remediation costs

Remediation costs relate to customer compensation payments and program costs to complete work on the Group's various structured remediation programs. Payments to clients are recorded directly against the provision.

5 Income taxes

	2023 $m	2022 $m
Current tax expense		
Current year tax benefit	(23.9)	(18.8)
Adjustment for prior years	1.4	1.9
Taxable losses not recognised	-	0.6
Current tax benefit (excluding statutory funds)*	**(22.5)**	**(16.3)**
Deferred tax expense		
Origination and reversal of temporary differences	21.6	28.6
Adjustments recognised in the current year in relation to the deferred tax of prior years	(0.6)	(0.3)
Deferred tax expense (excluding statutory funds)*	**21.0**	**28.3**
Income tax (benefit)/expense (excluding statutory funds)*	**(1.5)**	**12.0**

*Income tax expenses relating to the statutory funds are presented in Note 30 *Statutory funds*.

	2023		2022	
	%	$m	%	$m
Reconciliation of effective tax rate				
Profit before tax and statutory funds from continuing operations		**2.7**		**39.6**
Tax expense using domestic tax rate	30.0	0.8	30.0	11.9
Tax effect of:				
Non-assessable income/non-deductible expenses from statutory funds		0.8		0.6
Non-assessable income/non-deductible expenses		(2.7)		(2.3)
Impairment of investments		1.1		2.3
Non-assessable income from the share of profits of associates		(1.4)		(2.5)
Assessable associate dividends		1.5		2.1
Revenue loss not recognised		-		0.6
Imputation and foreign tax credits		(1.0)		(1.6)
Under/(over) provided in prior periods		0.7		1.6
Other		(1.3)		(0.7)
Income tax (benefit)/expense (excluding statutory funds)*	**(55.6)**	**(1.5)**	**30.3**	**12.0**

*Income tax expenses relating to the statutory funds are presented in Note 30 *Statutory funds*.

For statutory reporting purposes, Group had an effective tax rate of (55.6%) on its continuing operations for the year ended 30 June 2023 (2022: 30.3%) compared to a statutory corporate tax rate of 30%.

Notes to the financial statements

For the year ended 30 June 2023

5 Income taxes (continued)

Income tax recognised in other comprehensive income	2023			2022		
	Gross	Tax	Net of tax	Gross	Tax	Net of tax
	$m	$m	$m	$m	$m	$m
Financial assets measured at fair value through OCI	(0.7)	0.2	(0.5)	(0.5)	0.2	(0.3)
Remeasurement of defined benefit asset	1.5	(0.4)	1.1	4.4	(1.4)	3.0
Exchange differences on translating foreign operations	1.3	(0.4)	0.9	0.2	-	0.2
Income tax recognised in other comprehensive income	**2.1**	**(0.6)**	**1.5**	**4.1**	**(1.2)**	**2.9**

	2023	2022
	$m	$m
Deferred tax assets and liabilities		
Deferred tax assets from temporary differences		
Salaries and related employee expenses	59.2	56.9
Provisions, accruals and creditors	52.2	105.1
Carry forward capital and revenue losses	13.8	14.3
Lease liability	46.3	54.0
Other	11.5	15.0
Deferred tax asset balance as at 30 June	**183.0**	**245.3**
Set-off of deferred tax liabilities pursuant to set-off provisions	**(183.0)**	**(245.3)**
Net deferred tax asset balance as at 30 June	**-**	**-**
Deferred tax liability from temporary differences		
Unrealised gains - corporate	7.2	6.9
Unrealised gains - statutory*	-	(9.5)
Customer relationships	180.9	200.3
Property and equipment	40.3	51.4
Customer remediation indemnity	-	12.2
Other	5.7	5.4
Deferred tax liability balance as at 30 June	**234.1**	**266.7**
Set-off of deferred tax assets pursuant to set-off provisions	**(183.0)**	**(245.3)**
Net deferred tax liability balance as at 30 June	**51.1**	**21.4**

Notes to the financial statements

For the year ended 30 June 2023

5 Income taxes (continued)

	2023	2022
	$m	$m
Reconciliation of deferred tax movements		
Net deferred taxes at the beginning of the year	(21.4)	(32.0)
Acquisitions and disposals	1.4	-
Charged to profit and loss	(23.0)	(28.0)
Credited/(charged) to profit and loss - statutory funds	(9.5)	38.0
Temporary differences directly attributable to equity	(0.6)	(1.2)
Discontinued operations	-	0.5
Reclassification to held for sale	2.0	1.3
Net deferred taxes at the end of the year	**(51.1)**	**(21.4)**
Unrecognised deferred tax assets		
Tax losses	5.3	5.3
Potential tax benefit at the Australian tax rate of 30%	**1.6**	**1.6**

*Refer to Note 30 *Statutory funds.*

Accounting policies

Income tax

Income tax comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority.

Tax consolidation

Insignia Financial Ltd and its wholly owned Australian resident entities (including IOOF Ltd statutory funds) are part of a tax-consolidated group under Australian taxation law. As a consequence, all members of the tax-consolidated group are taxed as a single entity.

Notes to the financial statements

For the year ended 30 June 2023

6 Dividends

Dividends declaration

Subsequent to 30 June 2023, the following dividends were declared by the directors. These dividends have not been provided for and there are no income tax consequences.

	Cents per share	Total	Date of payment	Franking
		$m		
Final 2023 ordinary dividend	9.3	61.6	3 October 2023	Not franked

The total dividends declared relating to earnings for the year ended 30 June 2023 amounted to 19.8 cents per share (2022: 23.6 cents per share).

Dividend amounts shown are inclusive of any dividends paid on treasury shares.

Dividends paid

	Cents per share	Total	Date of payment	Franking
2023		$m		
Interim 2023 ordinary dividend	9.3	61.2	3 April 2023	50% franked
Interim 2023 special dividend	1.2	7.9	3 April 2023	50% franked
Final 2022 ordinary dividend	11.8	77.2	29 September 2022	Fully franked
	22.3	**146.3**		
2022				
Interim 2022 ordinary dividend	11.8	76.6	1 April 2022	Fully franked
Final 2021 ordinary dividend	9.5	61.7	22 September 2021	Fully franked
Final 2021 special dividend	2.0	13.0	22 September 2021	Fully franked
	23.3	**151.3**		

Dividend franking account

As at	30 June 2023	30 June 2022
	$m	$m
Franking account balance	5.2	52.2

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. Dividends declared after the balance date has no impact on the dividend franking account (2022: a reduction of $33.1m).

Dividend reinvestment plan

The Company operates a dividend reinvestment plan (DRP) which allows eligible shareholders to elect to re-invest part or all of their dividend into additional shares in the Company.

Dividends	Issue date	Number of shares issued	DRP issue price	DRP value	Discount	DRP take up rate
			$	$m		
Interim 2023 dividends	12 April 2023	4,179,545	2.8020	11.7	1.5%	17.2%
Final 2022 dividends	14 October 2022	68,526	3.1621	0.2	1.5%	19.0%
Final 2022 dividends	6 October 2022	4,489,590	3.1621	14.2	1.5%	19.0%

Notes to the financial statements

For the year ended 30 June 2023

7 Earnings per share

	2023	2022
	Cents per share	Cents per share
Basic earnings per share		
From continuing operations	0.7	4.3
From discontinued operations	7.1	1.4
Total basic earnings per share	**7.8**	**5.7**
Diluted earnings per share		
From continuing operations	0.7	4.3
From discontinued operations	7.1	1.4
Total diluted earnings per share	**7.8**	**5.7**

Basic and diluted earnings per share

	2023	2022
	$m	$m
Profit attributable to the shareholders of Insignia Financial Ltd	51.4	36.8
Earnings used in the calculation of basic and diluted EPS	**51.4**	**36.8**
Profit from discontinued operations	47.0	9.2
Earnings used in the calculation of basic and diluted EPS from continuing operations	**4.4**	**27.6**

	2023	2022
	No. m	No. m
Weighted average number of ordinary shares		
Weighted average number of ordinary shares (basic)	658.1	649.6
Weighted average number of ordinary shares (diluted)	658.1	649.6

Accounting policies

The Group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is determined by adjusting the basic earnings per share for the effects of all dilutive potential ordinary shares. At 30 June 2023, the Company does not have any dilutive potential ordinary shares (2022: nil).

At 30 June 2023, there were no options outstanding (2022: nil).

Notes to the financial statements

For the year ended 30 June 2023

Section 3 - Assets and liabilities

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 4.

8 Cash and cash equivalents

	2023	2022
	$m	$m
Cash - corporate	399.5	382.7
Cash - restricted as part of the ORFR*	106.1	131.0
Cash - statutory funds**	-	4.3
Cash and cash equivalents	**505.6**	**518.0**

*Held as part of the ORFR on behalf of superannuation funds.

**Refer to Note 30 *Statutory funds.*

Cash includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Restricted ORFR cash relates to cash held as part of the operating risk financial requirement (ORFR) on behalf of the superannuation funds. The ORFR is not available for distribution to the shareholders of the Company.

Net cash provided by operating activities

	2023	2022
	$m	$m
Profit after tax for the year	51.2	36.8
Adjustments for non-cash items		
Depreciation of property and equipment	41.8	41.8
Amortisation of intangible assets	83.4	87.6
Impairment of other non-current assets	3.5	8.8
Fair value gain on financial instruments at fair value through profit and loss	(3.6)	(4.4)
(Profit)/loss on sale of subsidiary	(66.6)	3.3
Profit on sale of associate	(2.5)	-
Loss on divestment of intangible assets	0.2	-
Interest and other finance costs	54.2	29.3
Interest received and receivable	(22.1)	(5.0)
Dividends and distributions received and receivable	(0.4)	(0.4)
Dividends received from associates	11.3	12.0
Share of profits of associates accounted for using the equity method	(9.4)	(13.4)
Bad and doubtful debts	0.5	9.0
Share-based payments expense	3.9	2.8
Changes in net operating assets and liabilities:		
(Increase)/decrease in receivables	334.7	59.2
(Increase)/decrease in current tax asset	22.8	(42.5)
(Increase)/decrease in other financial assets	(56.0)	94.3
(Increase)/decrease in other assets	(9.4)	(7.2)
Increase/(decrease) in payables	(246.4)	95.6
Increase/(decrease) in provisions	(180.9)	(341.8)
Increase/(decrease) in other financial liabilities	8.0	(60.7)
Increase/(decrease) in deferred taxes	18.1	(10.6)
Net cash provided by / (used in) operating activities	**36.3**	**(5.5)**

Notes to the financial statements

For the year ended 30 June 2023

9 Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Group provides money, assets, or services directly to a debtor with no intention of selling the receivable. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method if it is held to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

	2023	2022
	$m	$m
Receivables - corporate		
Trade receivables (net of provisions)	97.5	84.1
Other receivables	170.8	184.4
Ex-ANZ Aligned Licensees (AL) remediation	-	300.0
Security bonds	0.4	0.3
Receivables - statutory funds*		
Trade receivables	-	0.5
Other receivables	-	1.4
Dividends and distributions receivables	-	53.8
Loans to policyholders	-	60.8
Total receivables	**268.7**	**685.3**
Current	265.6	680.9
Non-current	3.1	4.4
	268.7	**685.3**

*Refer to Note 30 *Statutory funds.*

Expected credit loss assessment

As at 30 June 2023, $8.9m net trade receivables were past due but not impaired (2022: $12.0m). The amount of the impairment provision was $9.7m (2022: $9.4m).

Collectability of trade receivables is reviewed on an ongoing basis. The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security, or the financial asset is more than 90 days past due. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to the credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Ex-ANZ AL remediation

The ex-ANZ AL remediation receivable represents an amount payable under an arrangement with the ANZ Banking Group (ANZ). This covers costs incurred and customer compensation paid under the ex-ANZ AL remediation program up to a financial cap.

Notes to the financial statements

For the year ended 30 June 2023

9 Receivables (continued)

Ex-ANZ AL remediation (continued)

The 2022 receivable was net settled with the ex-ANZ AL settlement payable at the conclusion of the program with ANZ in October 2022. There was no profit and loss impact or any cash settled on completion which occurred during the current period.

Impaired receivables

The amount of the impairment loss is recognised in profit or loss within office support and administration expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent year, it is written off against the impairment provision. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Movements in the provisions for impairment of trade receivables	2023	2022
	$m	$m
Carrying value at 1 July	9.4	0.4
Provision made	0.3	9.0
Carrying value at 30 June	**9.7**	**9.4**

Ageing of net trade receivables not impaired	2023	2022
	$m	$m
Neither past due nor impaired	88.6	72.1
Past due 31-60 days	3.1	2.9
Past due 61-90 days	2.6	5.9
Past due 91-120 days	3.2	3.2
Net trade receivables not impaired	**97.5**	**84.1**

10 Other financial assets

Other financial assets include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income.

	2023	2022
	$m	$m
Financial assets mandatorily measured at fair value through profit or loss		
Fixed income - corporate*	278.5	267.5
Derivative assets - corporate**	0.4	0.3
Unlisted unit trusts - corporate	1.3	1.1
Unlisted unit trusts - statutory funds***	-	964.1
Financial assets designated at fair value through other comprehensive income		
Equity investments - corporate	2.1	6.8
Total other financial assets	**282.3**	**1,239.8**
Current	87.3	1,059.9
Non-current	195.0	179.9
	282.3	**1,239.8**

*Held as part of the ORFR on behalf of superannuation funds. The ORFR is not available for distribution to shareholders of the Company.

**Include $0.4m (2022:$0.1m) derivative assets held as part of the ORFR.

***Refer to Note 30 *Statutory funds.*

Notes to the financial statements

For the year ended 30 June 2023

10 Other financial assets (continued)

Financial assets mandatorily measured at fair value through profit or loss

Financial assets mandatorily measured at fair value through profit or loss (FVTPL) include derivative assets (futures, interest rate swaps and foreign exchange forwards), investments in fixed income securities and investments in unlisted unit trusts.

A financial asset is classified as FVTPL if the associated cash flows are not solely payments of principal and interest.

Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Subsequent fair value changes are recognised in profit or loss.

Financial assets designated at fair value through other comprehensive income

Financial assets designated at fair value through other comprehensive income (FVOCI) are equity securities designated as such upon initial recognition.

Financial assets measured at FVOCI are recognised initially at fair value plus any directly attributable transaction costs and are revalued through other comprehensive income (OCI) at each reporting date. Dividends are recognised in profit or loss unless it clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and will not be reclassified to profit or loss.

Offsetting assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

11 Property and equipment

	2023	2022
	$m	$m
Cost	329.2	361.2
Accumulated depreciation	(183.2)	(153.1)
	146.0	**208.1**

	Office equipment	Leasehold improve-ments	IT assets	Land and buildings	Right-of-use assets	Total
	$m	$m	$m	$m	$m	$m
Balance at 1 July 2021	3.2	9.2	24.5	1.5	107.4	145.8
Additions	0.7	-	19.6	0.1	96.5	116.9
Disposals	(0.2)	-	-	-	(2.9)	(3.1)
Reduction under sublease	-	-	-	-	(3.1)	(3.1)
Depreciation expense	(1.0)	(1.8)	(11.0)	-	(30.1)	(43.9)
Depreciation expense - discontinued	-	-	-	-	(0.8)	(0.8)
Impairment	-	-	-	-	(1.3)	(1.3)
Reclassification to held for sale	-	-	(0.2)	-	(2.2)	(2.4)
Balance at 30 June 2022	**2.7**	**7.4**	**32.9**	**1.6**	**163.5**	**208.1**
Additions	2.0	1.1	2.3	-	7.0	12.4
Reduction under sublease	-	-	-	-	(1.6)	(1.6)
Early lease incentive received	-	-	-	-	(25.0)	(25.0)
Depreciation expense	(0.9)	(1.5)	(12.3)	-	(30.7)	(45.4)
Impairment	-	-	-	-	(0.9)	(0.9)
Reclassification to held for sale	-	-	-	(1.6)	-	(1.6)
Balance at 30 June 2023	**3.8**	**7.0**	**22.9**	**-**	**112.3**	**146.0**

Notes to the financial statements

For the year ended 30 June 2023

11 Property and equipment (continued)

Recognition and measurement

Property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on divestment of an item of property and equipment is determined by comparing the proceeds from divestment with the carrying amount of the property and equipment and is recognised net within other income/other expenses in profit or loss.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. Repairs and maintenance costs are charged to profit or loss as they are incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative year are as follows:

- Office equipment and IT assets 3-10 years
- Leasehold improvements and right of use assets 3-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

12 Intangible assets

	2023	2022
	$m	$m
Cost	3,333.8	3,365.0
Accumulated amortisation and impairment	(830.4)	(758.3)
	2,503.4	2,606.7

	Goodwill	Software and IT development	Customer relationships	Brand names	Other intangibles	Total
	$m	$m	$m	$m	$m	$m
Carrying value at 1 July 2021	1,850.9	63.6	640.5	170.4	17.1	2,742.5
Additions	-	7.8	-	-	3.2	11.0
Impairment	-	-	-	-	(1.0)	(1.0)
Amortisation expense	-	(17.7)	(64.6)	(0.8)	(2.7)	(85.8)
Amortisation expense - discontinued	-	-	(1.8)	-	-	(1.8)
Reclassification to held for sale	(46.4)	-	(11.1)	(0.7)	-	(58.2)
Carrying value at 30 June 2022	**1,804.5**	**53.7**	**563.0**	**168.9**	**16.6**	**2,606.7**
Additions	-	5.7	-	-	2.2	7.9
Impairment	-	-	(0.5)	(1.7)	(0.4)	(2.6)
Amortisation expense	-	(18.5)	(61.3)	(0.8)	(2.2)	(82.8)
Disposal	-	-	-	-	(1.1)	(1.1)
Reclassification to held for sale	(24.7)	-	-	-	-	(24.7)
Carrying value at 30 June 2023	**1,779.8**	**40.9**	**501.2**	**166.4**	**15.1**	**2,503.4**

Notes to the financial statements

For the year ended 30 June 2023

12 Intangible assets (continued)

Accounting policies

Intangible assets are non-physical assets used by the Group to generate revenues and profits. These assets include goodwill from business combinations, brand names, software, customer and adviser relationships. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, the fair value of the specific intangible assets that could be sold separately or which arise from legal rights.

The value of intangible assets, with the exception of goodwill and brand names with indefinite useful lives, reduces over the period the Group expects to use the asset. The values and useful lives ascribed are reflective of arms-length transactions and independent expert advice thereon.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is charged to the income statement over the estimated useful lives of intangible assets unless such lives are judged to be indefinite. Indefinite life assets are not amortised but are tested for impairment at each reporting date. The estimated useful lives are as follows:

- brand names with definite lives 20 years
- Software and IT development 2.5 - 10 years
- other intangibles 5 - 10 years
- customer relationships 10 - 20 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill

Goodwill acquired in a business combination is initially measured at cost and subsequently measured at cost less accumulated impairment losses. Goodwill represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised. Its cost is the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired.

Indefinite life intangible assets

The indefinite life intangible assets include several brand names. The indefinite life brand names are as follows:

	2023	2022
	$m	$m
MLC	98.0	98.0
Shadforth	51.0	51.0
Plum	14.6	14.6
Lonsdale	-	0.5
	163.6	164.1

In designating brand names as indefinite life, consideration was given to the length of time the brand names have been in existence and it was determined that there is no foreseeable limit to the years over which the brand names are expected to generate net cash inflows for the Group.

Impairment testing for cash-generating units

For the purposes of impairment testing, intangible assets are allocated to the Group's cash-generating units (CGUs): Platforms CGU, Advice CGU and Asset Management CGU. These represent the lowest level within the Group at which the assets are monitored for internal management purposes. Each CGU is not higher than the Group's operating segments as reported in Note 2 *Operating segments*.

Management's assessment of value in use for each CGU supports the value of the intangible asset allocated to the CGU.

Notes to the financial statements

For the year ended 30 June 2023

12 Intangible assets (continued)

Impairment testing for cash-generating units (continued)

CGUs	Goodwill		Brand names with indefinite lives		Pre-tax discount rate	
	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	%	%
Platforms	1,449.7	1,449.7	125.8	126.2	13.3	13.3
Advice	-	-	7.7	7.8	13.6	12.5
Asset Management	330.1	354.8	30.1	30.1	13.3	13.2
	1,779.8	1,804.5	163.6	164.1		

CGU impairment testing

The carrying amount of CGUs is tested for impairment annually or when there is an indication of impairment. The Group uses a value in use approach in estimating the recoverable amount of each CGU.

Determination of the recoverable amount of the CGUs requires the application of significant judgement when making assumptions about the future cash flows of each CGU, discount rates and terminal growth rate:

- Estimated future cash flows are based on the 3-year business plan approved by the Board of Directors and an estimated long-term growth rate for years 4 and 5. Annualised average growth rates for the 5-year period are 19% for the Platforms CGU (2022: 10%), 29.9% for the Advice CGU (2022: 3%) and 19.8% for the Asset Management CGU (2022: 17%);
- Pre-tax discount rates range from 13.3% to 13.6% (2022: 12.5% to 15.1%) for CGUs; and
- A terminal growth rate of 2.5% (2022: 2.5%) is used to derive a terminal value for the period beyond 5-years.

In developing cash flows over the forecasting period, the current economic conditions, the current and expected performance of each CGU and macroeconomic conditions were considered.

The impairment assessment results in headroom in the Platforms, Advice and Assets Management CGUs.

CGU impairment sensitivity analysis

Other than the Advice CGU, there is no reasonably possible change to a key assumption that would cause the recoverable amount of the CGUs to fall short of the carrying amount.

In relation to the Advice CGU, a change in the following key assumptions could cause the CGU carrying amount to exceed its recoverable amount:

Advice CGU	2023	2022
Changes required for carrying amount to equal recoverable amount		
Increase in value in pre-tax discount rate	14.0%	2.6%
Decrease in percentage in estimated cash flows for all future years	47.1%	18.0%

Notes to the financial statements

For the year ended 30 June 2023

13 Payables

	2023	2022
	$m	$m
Payables - corporate		
Trade and other payables	195.8	204.7
Ex-ANZ AL settlement	-	260.4
Payables - statutory funds*		
Trade and other payables	-	2.1
Total payables	**195.8**	**467.2**
Current	195.2	465.8
Non-current	0.6	1.4
	195.8	**467.2**

*Refer to Note 30 *Statutory funds.*

Ex-ANZ AL settlement

This ex-ANZ AL settlement was covered by an arrangement with ANZ and an offsetting receivable that has been recognised in Note 9 *Receivables*. These have been net settled following the completion of the ex-ANZ AL program in October 2022. There was no profit and loss impact or any cash settled on completion.

14 Other financial liabilities

	2023	2022
	$m	$m
Financial liabilities measured at fair value through profit or loss - corporate		
Deferred purchase consideration	0.1	7.3
Derivative liabilities	20.0	27.1
Investment contract liabilities - statutory funds*		
Investment contract liabilities with Discretionary Participation Features (DPF)	-	154.8
Other investment contract facilities	-	919.0
Total other financial liabilities	**20.1**	**1,108.2**
Current	0.8	1,082.1
Non-current	19.3	26.1
	20.1	**1,108.2**

*Refer to Note 30 *Statutory funds.*

The Group initially recognises financial liabilities on the date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss (FVTPL) include:

- interest rate and foreign exchange rate derivative contracts;
- issued investment protection derivatives;
- a compound embedded derivative; and
- deferred purchase considerations.

Issued investment protection derivatives are term-based investment protection products issued by the Group. These products provide protection to investors over the investors' capital or a minimum level of income each year for a term of 10 or 20 years.

Notes to the financial statements

For the year ended 30 June 2023

14 Other financial liabilities (continued)

Financial liabilities measured at fair value through profit or loss (continued)

The compound embedded derivative is associated with the Subordinated Loan Notes issued by the Group. The host contract is measured at amortised cost and is included in Note 18 *Borrowings*.

Deferred purchase considerations are liabilities associated with past acquisitions. The value of these liabilities rises and falls depending on performance hurdles achieved during the deferral period specific to each agreement. Performance hurdles may include revenue targets, gross margin targets, funds under management, funds under administration or funds under advice and supervision retention requirements.

Where contingent consideration is due for payment after 12 months, the estimated amount payable is discounted. Assumptions for the discount rate used are based on market interest rates upon acquisition of related intangibles.

Liabilities relating to statutory funds

Policy liabilities have been determined in accordance with applicable accounting standards. Policy liabilities for life insurance contracts are valued in accordance with AASB 1038 *Life Insurance Contracts*, whereas life investment contracts are valued in accordance with AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. There are differences between the valuation requirements of the accounting standards and those of the *Life Insurance Act 1995*.

Insurance contracts

Insurance contracts with a discretionary participation feature ('DPF') are those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Life insurance contract liabilities are calculated in accordance with actuarial standards.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the year.

Investment contracts

Contracts not considered insurance contracts are classified as investment contracts. The accounting treatment of investment contracts depends on whether the investment has a DPF feature. A DPF represents a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total benefits;
- distributed at the discretion of the insurer; and
- are based on the performance of a specified pool of assets.

Deposits collected and benefits paid under investment contracts with DPF are accounted for through profit or loss. The gross change in the liability to these policyholders for the year, which includes any participating benefits vested in policyholders and any undistributed surplus attributed to policyholders, is also recognised in profit or loss.

Deposits collected and withdrawals processed for investment contracts without DPF are accounted for directly through the statement of financial position as a movement in the investment contract liability. Distributions on these contracts are charged to profit or loss as an expense.

Where contracts contain both an investment component and an insurance component and the deposit component can be separately measured, the underlying amounts are unbundled. Premiums relating to the insurance component are accounted for through profit or loss and the investment component is accounted for as a deposit through the statement of financial position as described above.

Notes to the financial statements

For the year ended 30 June 2023

15 Leases

The Group leases properties for office spaces and advice offices. At the lease commencement date, the Group recognises a right-of-use asset and a lease liability.

The right of use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are presented in Note 11 *Property and equipment*.

	2023	2022
	$m	$m
Lease liabilities		
Opening balance 1 July	189.4	124.9
Net lease liabilities recognised	7.2	91.6
Payments made	(41.0)	(30.3)
Interest charge	6.2	5.5
Reclassification to held for sale	-	(2.3)
Closing balance 30 June	**161.8**	**189.4**
Current	30.9	31.8
Non-current	130.9	157.6
	161.8	**189.4**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The incremental borrowing rate is determined with reference to the following factors:

- length of the lease;
- lessee specific credit risk; and
- secured borrowings adjustment.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured:

- when there is a change in future lease payments arising from a change in an index or rate;
- if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;
- if the Group changes its assessment of whether it will exercise a purchase, extension or termination option; or
- if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the related right-of-use asset or is recorded in profit or loss if the carrying amount of the right-to-use asset has been reduced to zero.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amounts recognised in profit or loss

	2023	2022
	$m	$m
Interest expense on lease liabilities	(6.2)	(5.5)
Depreciation expenses on right-of-use assets	(30.7)	(30.1)
Rental expenses on short-term leases (included in occupancy related expenses)	(1.4)	(12.9)

Notes to the financial statements

For the year ended 30 June 2023

16 Provisions

	2023	2022
	$m	$m
Employee entitlements	203.0	195.5
Advice remediation provisions	69.4	196.4
Product remediation provisions	80.5	148.2
Other provisions	12.3	5.6
	365.2	**545.7**
Current	331.3	445.3
Non-current	33.9	100.4
	365.2	**545.7**

	Employee entitlements	Advice remediation	Product remediation	Other provisions	Total
	$m	$m	$m	$m	$m
Balance at 1 July 2021	215.2	377.2	296.8	3.8	893.0
Provisions made/(reversed) during the year	71.4	73.2	3.5	10.7	158.8
Provisions utilised during the year	(85.6)	(254.0)	(152.1)	(8.9)	(500.6)
Reclassified to held for sale	(5.5)	-	-	-	(5.5)
Balance at 30 June 2022	**195.5**	**196.4**	**148.2**	**5.6**	**545.7**
Provisions made/(reversed) during the year	102.6	26.3	(22.2)	10.7	117.4
Provisions utilised during the year	(95.1)	(153.3)	(45.5)	(4.0)	(297.9)
Balance at 30 June 2023	**203.0**	**69.4**	**80.5**	**12.3**	**365.2**

Accounting policies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Employee entitlements

The provision for employee benefits includes provisions for remuneration in the form of incentive plans and expected leave benefits that employees have earned in return for their service in the current and prior years plus related on-costs.

A provision for employee benefits in the form of an incentive plan is recognised when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Liabilities for incentives are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Notes to the financial statements

For the year ended 30 June 2023

16 Provisions (continued)

Advice remediation provision

In 2019, the Group engaged an expert consultant to design the review methodology and estimate financial compensation relating to client remediation. This was in response to ASIC's investigation as part of its Wealth Management Project, conducting investigations into financial advice fees paid pursuant to ongoing service arrangements. While the Group was not issued a notice under this review, the Group has a significant number of self-employed and salaried financial advisers and is voluntarily undertaking its own review. The review determines whether fee paying clients under its licenses were:

a) provided with agreed services and/or advice;
b) supported with documentation evidencing appropriate provision of service and/or advice; and
c) received advice appropriate to their circumstances.

Where client compensation is probable and able to be reliably estimated, provisions are raised. Compensation costs include return of service fees, estimated client loss as a result of inappropriate advice, interest for time value of money at ASIC's expected rate of RBA cash rate + 6% and committed costs to resource the compensation program. The provision is reduced by client remediation payments and program costs paid.

At 30 June 2022, $39.6m of the advice remediation provision was covered by an arrangement with ANZ and an offsetting receivable was recognised. This arrangement has concluded in October 2022.

Product remediation provision

Product remediation provisions includes remediation projects acquired as part of the MLC acquisition. These remediation projects were commenced under NAB ownership and are a component of the completion net asset process with NAB pursuant to the Share Sale & Purchase Agreement.

Product remediation provisions are reduced by client remediation payments and program costs paid.

Other provisions

Other provisions have been made for the present value of management's best estimates of legal settlements and other matters. The information usually required by AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of certain other litigation.

Estimation uncertainty

Determining the amount of a provision, which represents management's best estimate of the costs of settling the identified matters, requires the exercise of significant judgement. It will often be necessary to form a view on a number of different assumptions, including the number of impacted clients, the average refund per client, and associated remediation costs. Consequently, the appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence, and adjustments are made to the provisions where appropriate.

Notes to the financial statements

For the year ended 30 June 2023

Section 4 - Capital management and financing

This section outlines how the Group manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal structure to reduce the cost of capital.

17 Capital management

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back its shares on market, issue new shares, sell assets, or otherwise adjust debt levels.

The Group monitors capital on the basis of investment capital, working capital and regulatory capital.

Investment capital

Investment capital is the Group's capital that is not required for regulatory and working capital requirements of the business. The investment capital is invested in:

- bank deposits and debt notes;
- subsidiaries;
- financial assets at fair value through other comprehensive income;
- unit trusts, as investments; and
- Group operated unit trusts, as seed capital.

The investment capital is available to support the organic development of new businesses and products and to respond to investment and growth opportunities such as acquisitions, as they arise. Seed capital is primarily available to support the business in establishing new products and is also used to support capital adequacy requirements of the statutory funds.

Working capital

Working capital is the capital that is required to meet the day-to-day operations of the business.

Regulatory capital

Regulatory capital is the capital which the Group holds to meet minimum legislative and regulatory requirements in respect of its friendly society, issued investment protection products and Australian financial services (AFS) licensed operations. During the year, the Group has complied with all externally imposed capital requirements.

A number of the Group's subsidiaries are subject to externally imposed regulatory capital requirements.

The Board of each operational subsidiary manages its own capital required to support planned business growth and meet regulatory requirements. These include:

- capital requirements for the Australian Prudential Regulation Authority (APRA) regulated Registrable Superannuation Entities (RSELs) licensees. Specifically, the following ORFR capital requirements apply:

	30 June 2023	30 June 2022
	$m	$m
Capital requirements on ORFR		
ORFR target*	476.4	461.9
ORFR held by the RSELs*	385.3	401.5
ORFR held by funds	102.8	94.1
ORFR margin	**11.7**	**33.7**

*At 30 June 2022, the ORFR held by the RSELs included $2.9m held as part of the assets of AET discontinued operations. The related ORFR target was $2.2m. AET was sold on 30 November 2022.

- capital requirements for AFS licenses;
- capital requirements for risks relating to the issued investment protection products; and

	30 June 2023	30 June 2022
	$m	$m
Capital requirements on issued investment protection products		
Regulatory capital requirement	9.2	13.5
Cash available to meet the capital requirement	21.7	19.8
Cash surplus	**12.5**	**6.3**

- capital adequacy requirements imposed by the *Life Insurance Act 1995* in relation to the statutory funds. Refer to Note 30 *Statutory funds*.

Regular monitoring of regulatory requirements ensures sufficient capital is available and appropriate planning is made to retain target surpluses to reduce the risk of beaching regulatory capital requirements.

Notes to the financial statements

For the year ended 30 June 2023

17 Capital management (continued)

Insignia Financial Ltd is primarily the provider of equity capital to its subsidiaries. Such investment is funded by Insignia Financial Ltd's own investment capital, through capital issues, profit retention and, in some instances, by debt. Subsidiary capital generated in excess of planned requirements is returned to Insignia Financial Ltd, usually by way of dividends.

The syndicated facility agreements are in place as a safeguard against a temporary need for funds and to provide a short-term funding facility that allows the business to take advantage of acquisition opportunities as they arise. The weighted average cost of capital is regularly monitored. Funding decisions take into consideration the cost of debt versus the cost of equity with emphasis on the outcome that is best for shareholder interests.

The Group's capital risk management strategy was not changed during the year.

18 Borrowings

This note provides information about the contractual terms of the Group's interest-bearing liabilities, which are measured at amortised cost. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

	2023	2022
	$m	$m
Syndicated Facility Agreements (SFAs)	586.0	589.3
Subordinated Loan Notes (SLN)	189.6	182.0
Total borrowings	**775.6**	**771.3**
Non-current	775.6	771.3
	775.6	**771.3**

	SFAs	SLNs	Total
	$m	$m	$m
Opening balance 1 July 2022	474.5	174.1	648.6
Drawdowns	194.0	-	194.0
Repayments	(91.2)	(2.0)	(93.2)
Interest expense	12.0	9.9	21.9
Closing balance 30 June 2022	**589.3**	**182.0**	**771.3**
Drawdowns	788.3	-	788.3
Borrowing costs	(5.9)	-	(5.9)
Repayments	(819.7)	(2.0)	(821.7)
Interest expense	34.0	9.6	43.6
Closing balance 30 June 2023	**586.0**	**189.6**	**775.6**

Syndicated facility agreements

During the year, the syndicated facility agreements (SFA) initially entered into in September 2018 were terminated and the Group entered into a new $955m SFA with six new and existing lenders. The new facility and structure provides improved flexibility, greater simplicity and improved terms.

At 30 June 2023, the SFA facilities had a debt duration profile of approximately 2.7 years (calculated on a facility limit basis) (30 June 2022: 1.2 years).

The new SFA is comprised of:

- a 3-year $340m revolving credit facility. During the year, the Group made $340.0m drawdown under this facility and made a principal repayment of $23.0m. As at 30 June 2023, $23.0m of this facility was available;
- a 4-year $290m revolving credit facility. During the year, the Group made $153.3m drawdown under this facility and repaid in full. At 30 June 2023, $290.0m of this facility was available;

Notes to the financial statements

For the year ended 30 June 2023

18 Borrowings (continued)

Syndicated facility agreements (continued)

- a 4-year $270m term loan. During the year, the Group made $270.0m drawdown under this facility and as at 30 June 2023, this facility was fully utilised; and
- a 3-year $55m multi-option facility. As at 30 June 2023, $12.0m of this facility was available. Utilisation of this facility is in the form of rental bond guarantees included in Note 21 *Commitments and contingencies.*

At 30 June 2022, the SFA initially entered into in September 2018 consisted of the following facilities:

- $240.0m revolving cash advance facility expiring 27 September 2023. As at 30 June 2022, $25.0m of this facility was available. During the year, the Group made $25m drawdown under this facility and repaid it in full at termination;
- $375.0m revolving cash advance facility expiring 27 September 2023. As at 30 June 2022, this facility was fully utilised. The Group repaid this facility in full at termination; and
- $250.0m revolving cash advance facility expiring 27 September 2023. As at 30 June 2022, $250.0m of this facility was available. During the year, the facility was terminated.

Subordinated loan notes (SLNs)

SLNs are unsecured subordinated debt obligations issued by the Group as part of the MLC acquisition in May 2021.

For financial reporting purposes, these SLNs contain a host contract ($182.0m) and a compound embedded derivative ($9.4m derivative liability) that is required to be recognised separately.

- The host contract is initially recognised at fair value and subsequently measured at amortised cost, and it will accrete to the face value of the notes ($200m) using the effective interest rate by redemption date.
- The compound embedded derivative is measured at fair value and is included in other financial liabilities.

Key terms are:

- 1% per annum coupon payable semi-annually. Step up to 4% per annum if the noteholders request redemption from 30 November 2024 and the Group does not redeem.
- Equity linked redemption linked to any uplift in notional securities over a reference price (being a 15% premium to the theoretical ex rights price for the equity offer) and subject to adjustment.
- 5-year term with multiple early redemption options available:
  - The Group is permitted to accelerate redemption after 31 May 2024 if the volume weighted average price is at least 150% of the reference price ($3.85) or in case of certain tax changes.
  - The holder is permitted to accelerate redemption from 30 November 2024, subject to issuer consent or upon change in control.

Reconciliation of movements in liabilities to cash flows from financing activities

	Borrowings	
	2023	2022
	$m	$m
Opening balance 1 July	771.3	648.6
Changes from financing cash flows		
Repayment of borrowings (principal)	(791.3)	(80.0)
Interest paid	(30.4)	(13.2)
Drawdowns (net of borrowing costs)	782.4	194.0
Total changes from financing cash flows	**(39.3)**	**100.8**
Other changes		
Interest accrued	43.6	21.9
Closing balance 30 June	**775.6**	**771.3**

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For the year ended 30 June 2023

19 Share capital

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	2023	2022
	$m	$m
662,598,242 fully paid ordinary shares (2022: 653,860,581)	3,043.3	3,017.2
1,979,317 treasury shares (2022: 600,203)	(7.2)	(3.6)
	3,036.1	**3,013.6**

	2023		2022	
	No. m	$m	No. m	$m
Ordinary shares				
On issue at 1 July	653.9	3,017.2	649.3	3,000.6
Issue of shares pursuant to dividend reinvestment plan	8.7	26.2	4.6	16.4
Transfer from employee equity-settled benefits reserve on exercise of performance rights	-	1.2	-	1.2
Treasury shares transferred to recipients during the year	-	(1.3)	-	(1.0)
Ordinary shares on issue at 30 June	662.6	3,043.3	653.9	3,017.2
Treasury shares				
On issue at 1 July	(0.6)	(3.6)	(0.8)	(4.6)
Purchase of treasury shares	(1.6)	(4.9)	-	-
Treasury shares transferred to recipients during the year	0.2	1.3	0.2	1.0
Treasury shares on issue at 30 June	(2.0)	(7.2)	(0.6)	(3.6)
	660.6	**3,036.1**	**653.3**	**3,013.6**

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and share options are shown in equity as a deduction, net of any tax effects.

Treasury shares

Shares in the Company which are purchased on-market by the IOOF Equity Plans Trust are classified as treasury shares and are deducted from share capital. The IOOF Equity Plans Trust is controlled by the Group and is therefore consolidated. Dividends received on treasury shares are eliminated on consolidation.

Dividend reinvestment plan

The Company operates a dividend reinvestment plan (DRP) which allows eligible shareholders to elect to re-invest part or all of their dividend into additional shares in the Company. Refer to Note 6 *Dividends* for details.

Notes to the financial statements

For the year ended 30 June 2023

20 Reserves

	2023	2022
	$m	$m
Equity investment revaluation reserve	1.5	2.0
Business combinations reserve	(0.3)	(0.3)
Foreign currency translation reserve	0.9	-
Operating risk financial reserve	-	2.7
Share-based payments reserve	2.5	0.6
	4.6	5.0

Equity investment revaluation reserve

Equity investment revaluation reserve comprises the cumulative net change in fair value of equity securities measured at fair value through other comprehensive income (FVOCI), net of tax.

Business combinations reserve

Business combinations reserve reflects historic acquisitions of non-controlling interests, net of tax.

Foreign currency translation reserve

Foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of the Group's foreign operations, net of tax.

Operating risk financial reserve

The operating risk financial reserve is held for certain superannuation products that were previously held under Australian Executor Trustees Limited and have been transferred to I.O.O.F. Investment Management Limited as Superannuation Trustee. Other similar reserves exist within the Group, however these are generally held by the relevant funds. The reserve was released following the divestment of AET.

Share-based payments reserve

The share-based payments reserve arises on the grant of performance rights and share options to executives and senior employees under the employee share plan. Amounts are transferred out of the reserve and into issued capital when the shares are transferred to employees.

21 Commitments and contingencies

Commitments

	2023	2022
	$m	$m
Guarantees and underwriting commitments		
Rental bond guarantees	39.4	27.3
AFSL guarantee	6.0	6.0
Capital commitment	5.1	-
Other guarantees	0.1	0.6
	50.6	33.9

Contingent liabilities

Contingent liabilities of the Group exist in relation to claims and/or possible claims which, at the date of signing these accounts, have not been resolved. An assessment of the likely loss to the Company and its controlled entities has been made in respect of the identified claims, on a claim-by-claim basis, and specific provision has been made where appropriate. The Group does not consider that the outcome of any other current proceedings, either individually or in aggregate, is likely to materially affect its operations or financial position.

Buyer of last resort facility

One subsidiary of the Group has contractual agreements with its planners to provide a put option “Buyer of Last Resort Facility” should a planner wish to sell their business on the satisfaction of certain specific requirements. The terms and conditions provide that where the specific requirements have been met, a predetermined purchase price will be payable for the business as agreed by all parties over a predetermined period. Where certain terms and conditions have not been met, the predetermined purchase price will be discounted accordingly.

As at 30 June 2023, the Group had not received any requests from planners which satisfied requirements to exercise its obligation. The resale value of such businesses purchased may differ from the cost to the Group. Where confirmation notices have been received, the Group has a fixed obligation to purchase the businesses at market value, the aggregate value of this fixed obligation is $nil (2022: $1.5m). The remaining obligation is not expected to be material.

Notes to the financial statements

For the year ended 30 June 2023

21 Commitments and contingencies (continued)

Class actions and potential regulatory actions

Contingent liabilities of the Group exist in relation to claims and/or possible claims which, at the date of signing these accounts, have not been resolved.

The Group is currently defending a civil penalty proceeding in the Federal Court of Australia commenced by ASIC against OnePath Custodians Pty Ltd (OPC) in relation to alleged improper communications to members regarding plan service fees. It is also defending the following class actions:

- an action against the Company in the Federal Court in relation to alleged breaches of the continuous disclosure obligation for not disclosing alleged misconduct;
- an action against OPC (and two companies outside the Group) in the Federal Court in relation to alleged breaches of trustee obligations regarding the investment of cash investment option funds and the charging of fees relating to commissions;
- an action against NULIS Nominees (Australia) Limited (NULIS) in the Federal Court in relation to alleged breaches of trustee obligations in deciding to grandfather commissions; and
- an action against NULIS and MLC Nominees Pty Ltd (MLC Nominees) in the Victorian Supreme Court in relation to alleged breaches of trustee obligations regarding the timing of transfers of accrued default amounts to the MySuper product.

While NULIS and MLC Nominees were acquired from National Australia Bank Ltd (NAB) on 31 May 2021, subject to terms, NAB remains liable for, and retains conduct of, the third and fourth of those class actions outlined above pursuant to the terms agreed between NAB and the Company.

An assessment of the likely loss to the Company and its controlled entities has been made in respect of the identified claims, on a claim by claim basis, and specific provision is made where appropriate.

Based on the current information available the Group does not consider that the outcome of any other current proceedings, either individually or in aggregate, is likely to materially affect its operations or financial position.

Other remediation matters

There are a number of remediation matters under investigation. The potential outcomes and total costs associated with these matters remain uncertain.

Notes to the financial statements

For the year ended 30 June 2023

Section 5 - Financial risk management

The Group's activities expose it to a variety of financial and non-financial risks. Financial risks include:

- market risks (including price risk, currency risk and interest rate risk);
- credit risk; and
- liquidity risk.

The nature of the financial risk exposures arising from financial instruments, the objectives, policies and processes for managing these risks, and the methods used to measure them are detailed in this section.

Key non-financial risk exposures are discussed in detail in the Operating and Financial Review section of the Directors' Report.

22 Financial risk management

Risk management framework

Risk is defined as the chance of an event occurring that will have an impact on the strategic or business objectives of the Group, including a failure to realise opportunities. The Group's risk management process involves the identification of material risks, assessment of consequence and likelihood, implementation of controls to manage risks, and continuous monitoring and improvement of the procedures in place.

The Group's objective is to satisfactorily manage its risks in line with the Group's Risk Management Policy set by the Board, and this aligns to *International Standard ISO 31000*. The Group's Risk Management Framework manages the risks faced by the Group, with approaches varying depending on the nature of the risk, through the risk management policies, Risk Management Strategy, Risk Appetite Statement, and tolerances set, approved, and monitored by the Board. The Group maintains a framework to ensure regulatory compliance obligations are managed. The Group's exposure to all material risks is monitored by Enterprise Risk and Compliance and this exposure, and emerging risks, are regularly reported to the Risk and Compliance Committee and the Board.

The Group's income and operating cash flows are indirectly impacted by changing market conditions through the impact of market changes on the level of funds under management and administration, and consequently management fee and service fee revenue. Information has been provided below only on the direct impact of changing market conditions to the Group's income and operating cash flows.

Impact of macroeconomic conditions

In preparing the financial report, the Group has considered the ongoing impact of macroeconomic conditions in its adoption of significant assumptions and market inputs used in:

- valuing the Group's financial instruments; and
- preparing disclosures for the fair value of financial assets and liabilities and financial risk management.

The Group's management and services fee revenue is directly driven by the Group's FUMA balance at any given point of time. Market movements along with net flows are a significant contributor to FUMA, and are therefore impacted by current and future macroeconomic conditions.

The Group has reviewed the appropriateness of inputs to the valuation of financial instruments and the disclosures for the fair value of financial instruments. The fair value of the Group's financial instruments may have been impacted by a variety of factors arising from changed business conditions. As a general principle, quoted prices in active markets provide the best available evidence of fair value. The Group's financial instruments are valued using directly observable inputs whenever possible as these are considered to be the most reliable and appropriate evidence of fair value. Non-financial risks emerging from rising interest rates, global inflation hikes, tightening monetary policies, global geopolitical tension have been identified, assessed, managed and governed through timely application of the Company's risk management policies.

Management continues to monitor the impact of global economic uncertainty to the business environment including ongoing assessment of market risk, credit risk and liquidity risk associated with the business.

Notes to the financial statements

For the year ended 30 June 2023

22 Financial risk management (continued)

Market risk

Price risk

Price risk is the risk that the fair value or future earnings of a financial instrument will fluctuate because of changes in market prices (other than from interest rate risk or currency risk, as described later). The financial instruments managed by the Group that are impacted by price risk consist of investment in unit trusts measured at FVTPL and investment in equity instruments measured at FVOCI.

Financial instruments measured at fair value are exposed to price risk as the market price fluctuates. The price risk associated with the units held in trusts is that the fair value of those units will fluctuate with movements in the redemption value of those units, which in turn is based on the fair value of the underlying assets held by the trusts.

Sensitivity analysis on price risk

At 30 June 2023, had the price of the units or underlying equity exposure held by the Group in financial instruments measured at FVTPL increased/decreased by 10% (2022: 10%) with all other variables held constant, gains / losses recorded through profit or loss would increase / decrease by $0.3m (2022: $67.6m), and financial assets at FVOCI reserves would increase / decrease by $0.1m (2022: $0.5m).

Currency risk

The Group's exposure to foreign exchange risk in relation to the financial instruments of its foreign activities is immaterial.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial instruments held that are impacted by interest rate risk consist of interest-bearing financial assets measured mandatorily at fair value through profit or loss.

Sensitivity analysis interest rate risk

For interest-bearing financial assets measured at fair value through profit or loss, a +/- 100 basis points (2022: 100 basis points) change in the interest rate at the reporting date would have decreased/increased post tax profit by $2.0m (2022: $3.3m), with all other variables held constant. Equity would have been lower/higher by the same amount.

Credit risk

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Group. Credit risk arises for the Group from cash, receivables, financial assets measured at fair value through profit or loss and financial assets measured at other comprehensive income.

The Group mitigates its credit risk by ensuring cash deposits are held with high credit quality financial institutions and other highly liquid investments are held with trusts operated by the Group. Where investments are held in units in a trust operated by the Group, that trust is subject to the rules of the trust deed and the investment in underlying assets is subject to asset allocation guidelines.

Receivables consist of management fees receivable, service fees receivable and other amounts receivable from related parties. These counterparties generally do not have an independent credit rating, and the Group assesses the credit quality of the debtor considering its financial position, past experience with the debtor, and other available credit risk information. In relation to management fees receivable, the Group is contractually entitled to deduct such fees from investors' account balances, in accordance with the Product Disclosure Statements, and pass the fees to the Responsible Entity or Trustee. Due to this pass-through process the embedded credit risk is considered minimal. Other receivables are regularly monitored by management.

Notes to the financial statements

For the year ended 30 June 2023

22 Financial risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets. The Group does not hold any significant collateral as security over its receivables and loans.

The Group measures concentration of credit risk using Standard & Poor's credit ratings or equivalents:

	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Not rated	Total
30 June 2023	$m	$m	$m	$m	$m	$m
Cash and cash equivalents	-	501.1	4.5	-	-	**505.6**
Receivables	-	-	-	-	268.7	**268.7**
Other financial assets						
Derivatives assets	0.4	-	-	-	-	**0.4**
Fixed income	30.5	71.7	113.2	63.1	-	**278.5**
Unlisted unit trusts	-	-	-	-	1.3	**1.3**
Equity investment measured at FVOCI	-	-	-	-	2.1	**2.1**
Total financial assets	**30.9**	**572.8**	**117.7**	**63.1**	**272.1**	**1,056.6**
30 June 2022	$m	$m	$m	$m	$m	$m
Cash and cash equivalents	-	513.5	4.5	-	-	**518.0**
Receivables	-	-	-	-	685.3	**685.3**
Other financial assets						
Derivatives assets	0.3	-	-	-	-	**0.3**
Fixed income	33.6	97.0	57.5	79.4	-	**267.5**
Unlisted unit trusts	-	-	-	-	965.2	**965.2**
Equity investment measured at FVOCI	-	-	-	5.0	1.8	**6.8**
Total financial assets	**33.9**	**610.5**	**62.0**	**84.4**	**1,652.3**	**2,443.1**

Liquidity risk

Liquidity risk relates to the Group having insufficient liquid assets to cover current liabilities and unforeseen expenses. The Group maintains a prudent approach to managing liquidity risk exposure by maintaining sufficient liquid assets and an ability to access a committed line of credit. It is managed by continuously monitoring actual and forecast cash flows and by matching the maturity profiles of financial assets and liabilities. Temporary surplus funds are invested in highly liquid, low risk financial assets.

In addition, the Group had access to the following bank borrowing facilities at 30 June 2023:

- $313.0m facilities available under the SFA (2022: $275.0m). The terms of these facilities are described in Note 18 *Borrowings*; and
- $55.0m (2022: $55.0m) contingent liability facility of which $43.0m was used (30 June 2022: $31.5m).

The liquidity requirements for licensed entities in the Group are regularly reviewed and carefully monitored in accordance with those licence requirements. The Group continuously monitors actual and forecast financial results to determine compliance with banking covenants.

Notes to the financial statements

For the year ended 30 June 2023

22 Financial risk management (continued)

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining years at the balance date to the contractual maturity date. The amounts disclosed therein are the contractual undiscounted cash flows.

	Contractual cash flows			
	Less than 1 year	1-5 years	5+ year	Total
30 June 2023	$m	$m	$m	$m
Payables				
Trade and other payables - corporate	195.2	0.6	-	195.8
Total payables	**195.2**	**0.6**	**-**	**195.8**
Other financial liabilities				
Deferred purchase consideration - corporate	0.1	-	-	0.1
Derivative liabilities - corporate	0.7	10.9	8.4	20.0
Total other financial liabilities	**0.8**	**10.9**	**8.4**	**20.1**
Leasing liabilities				
Leasing liabilities - corporate	35.8	95.4	53.4	184.6
Total leasing liabilities	**35.8**	**95.4**	**53.4**	**184.6**
Borrowings				
Borrowings - corporate	-	787.0	-	787.0
Total borrowings	**-**	**787.0**	**-**	**787.0**
Total cashflows for financial liabilities	**231.8**	**893.9**	**61.8**	**1,187.5**
30 June 2022	$m	$m	$m	$m
Payables				
Trade and other payables - corporate	203.3	1.4	-	204.7
Ex-ANZ AL settlement - corporate	260.4	-	-	260.4
Payables - statutory	2.1	-	-	2.1
Total payables	**465.8**	**1.4**	**-**	**467.2**
Other financial liabilities				
Deferred purchase consideration - corporate	7.3	-	-	7.3
Derivative liabilities - corporate	1.0	17.0	9.1	27.1
Insurance contract liabilities - statutory	154.8	-	-	154.8
Investment contract liabilities - statutory	919.0	-	-	919.0
Total other financial liabilities	**1,082.1**	**17.0**	**9.1**	**1,108.2**
Leasing liabilities				
Leasing liabilities - corporate	38.8	114.1	68.2	221.1
Total leasing liabilities	**38.8**	**114.1**	**68.2**	**221.1**
Borrowings				
Borrowings - corporate	-	790.0	-	790.0
Total borrowings	**-**	**790.0**	**-**	**790.0**
Total cashflows for financial liabilities	**1,586.7**	**922.5**	**77.3**	**2,586.5**

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23 Fair value of financial assets and liabilities

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets is the closing price. Where no quoted prices in an active market exist, the Group uses valuation techniques to estimate the fair value of financial assets and liabilities.

Fair value of the compound embedded derivative contained in the Subordinated Loan Notes at Note 18 *Borrowings* is determined using a Monte-Carlo simulation to simulate different scenarios of the underlying equity prices.

For investments in fixed income and derivatives where no quoted prices in an active market exist, valuation techniques using observable market inputs for financial assets with similar credit risk, maturity and yield characteristics are used.

Units in unlisted trusts are measured at the redemption price.

Fair value hierarchy

The fair values of financial assets and liabilities are equal to the carrying amounts shown in the statement of financial position. The table below analyses financial instruments carried at fair value, by valuation method.

	Level 1	Level 2	Level 3	Total
30 June 2023	**$m**	**$m**	**$m**	**$m**
Financial assets measured at fair value				
Fair value through other comprehensive income - corporate	2.1	-	-	2.1
Fixed income - corporate	-	278.5	-	278.5
Derivatives - corporate	0.2	0.2	-	0.4
Unlisted unit trusts - corporate	-	1.3	-	1.3
Financial assets measured at fair value	**2.3**	**280.0**	**-**	**282.3**
Financial liabilities measured at fair value				
Derivatives - corporate	-	18.5	1.5	20.0
Deferred purchase consideration - corporate	-	-	0.1	0.1
Financial liabilities measured at fair value	**-**	**18.5**	**1.6**	**20.1**
30 June 2022	**$m**	**$m**	**$m**	**$m**
Financial assets measured at fair value				
Fair value through other comprehensive income - corporate	6.8	-	-	6.8
Fixed income - corporate	-	267.5	-	267.5
Derivatives - corporate	0.3	-	-	0.3
Unlisted unit trusts - corporate	-	1.1	-	1.1
Unlisted unit trusts - statutory	-	964.1	-	964.1
Financial assets measured at fair value	**7.1**	**1,232.7**	**-**	**1,239.8**
Financial liabilities measured at fair value				
Derivatives - corporate	-	20.6	6.5	27.1
Deferred purchase consideration - corporate	-	-	1.3	1.3
Financial liabilities measured at fair value	**-**	**20.6**	**7.8**	**28.4**

Notes to the financial statements

For the year ended 30 June 2023

23 Fair value of financial assets and liabilities (continued)

The definitions of each level and the valuation techniques used are as follows:

Level 1: quoted closing prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Fair values are derived from published market indices and include adjustments to take account of the credit risk of the Group entity and counterparty.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels

There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 30 June 2023 (2022: nil).

Level 3 financial assets and liabilities

Reconciliation of movements in level 3 financial liabilities	Issued investment protection derivatives		Deferred purchase consideration	
	2023	2022	2023	2022
	$m	$m	$m	$m
Opening balance as at 1 July	6.5	9.0	1.3	3.4
Acquisition	-	-	0.1	0.3
Fair value movement	(5.0)	(2.5)	-	-
Adjustments to deferred purchase consideration	-	-	-	(1.6)
Settlement of deferred purchase consideration	-	-	(1.3)	(0.8)
Closing balance as at 30 June	**1.5**	**6.5**	**0.1**	**1.3**

There were no transfers into or out of Level 3 of the fair value hierarchy during the year ended 30 June 2023 (2022: nil).

Level 3 financial liabilities consist of:

- Deferred purchase consideration in respect of client lists purchased by the Group, which is valued at best estimate of the amount payable under the relevant contracts. The amount of deferred consideration payable is linked to the retention of clients, which is an unobservable input and may decrease the value of the liability.
- Issued investment protection derivatives are term-based investment protection products issued by the Group. These products provide protection to investors' capital or a minimum level of income each year for a term of 10 or 20 years. These derivatives are measured using market standard valuation models and assumptions. Significant unobservable inputs include the underlying investments' growth rate and the risk-free interest rate assumptions.

A 1% increase (1% decrease) in the underlying investments' growth rate assumption would result in a decrease (increase) in fair value by $0.3m (2022: $0.6m), holding all other variables constant. A 1% increase (1% decrease) in the risk-free interest rate assumption would result in a decrease (increase) in fair value by $1.0m (2022: $2.5m), holding all other variables constant.

Notes to the financial statements

For the year ended 30 June 2023

Section 6 – Group structure

24 Parent entity financials

As at and throughout the financial year ended 30 June 2023, the parent entity of the Group was Insignia Financial Ltd.

	2023	2022
	$m	$m
Result of the parent entity		
Profit for the year	175.5	283.2
Total comprehensive income for the year	**175.5**	**283.2**
Financial position of parent entity at year end		
Current assets	45.8	70.0
Total assets	**3,199.4**	**3,960.4**
Current liabilities	6.5	37.6
Total liabilities	**966.3**	**819.9**
Total equity of the parent entity comprising of:		
Share capital	3,043.3	3,017.2
Reserves	(958.7)	4.8
Retained earnings	148.5	118.5
Total equity	**2,233.1**	**3,140.5**

Parent entity contingent liabilities

Contingent liabilities of Insignia Financial Ltd exist in relation to claims and/or possible claims which, at the date of signing these accounts, have not been resolved. An assessment of the likely loss to the Company and its controlled entities has been made in respect of the identified claims, on a claim-by-claim basis, and specific provision has been made where appropriate. Insignia Financial Ltd does not consider that the outcome of any other current proceedings, either individually or in aggregate, is likely to materially affect its operations or financial position. Refer to Note 21 *Commitments and contingencies* for further information.

	2023	2022
	$m	$m
Guarantees and commitments		
Rental bond guarantees	1.4	1.4
AFSL guarantee	6.0	6.0
Other guarantee	0.1	0.1

Notes to the financial statements

For the year ended 30 June 2023

25 Subsidiaries

Set out below is a list of material subsidiaries of the Group.

	Country of incorporation	Ownership interest	
		2023	2022
		%	%
Parent entity			
Insignia Financial Ltd	Australia		
Material subsidiaries			
Actuate Alliance Services Pty Ltd	Australia	100	100
Antares Capital Partners Ltd	Australia	100	100
Australian Executor Trustees Limited	Australia	-	100
Australian Wealth Management Limited	Australia	100	100
Bridges Financial Services Pty Limited	Australia	100	100
Consultum Financial Advisers Pty Ltd	Australia	100	100
Financial Acuity Limited	Australia	100	100
Financial Investment Network Group Pty Limited	Australia	100	100
Financial Services Partners Pty Limited	Australia	100	100
Godfrey Pembroke Group Pty Limited	Australia	100	100
I.O.O.F. Investment Management Limited	Australia	100	100
IOOF Equity Plans Trust	Australia	100	100
IOOF Investment Services Ltd	Australia	100	100
IOOF Ltd	Australia	100	100
IOOF Service Co Pty Ltd	Australia	100	100
Lonsdale Financial Group Limited	Australia	100	100
Millennium 3 Financial Services Pty Ltd	Australia	100	100
MLC Asset Management Pty Limited	Australia	100	100
MLC Asset Management Holdings Limited	Australia	100	100
MLC Asset Management Services Limited	Australia	100	100
MLC Investments Limited	Australia	100	100
MLC Lifetime Company Limited	Australia	100	100
MLC Wealth Limited	Australia	100	100
MLC Wealth Holdings Limited	Australia	100	100
Navigator Australia Limited	Australia	100	100
NULIS Nominees (Australia) Limited	Australia	100	100
NWMH Sub Ltd	Australia	100	100
Oasis Asset Management Limited	Australia	100	100
Oasis Fund Management Limited	Australia	100	100
OnePath Custodians Pty Limited	Australia	100	100
OnePath Funds Management Limited	Australia	100	100
RI Advice Group Pty Ltd	Australia	100	100
SFG Australia Limited	Australia	100	100
Shadforth Financial Group Limited	Australia	100	100

Notes to the financial statements

For the year ended 30 June 2023

25 Subsidiaries (continued)

Unconsolidated structured entities

The Group has interests in various structured entities that are not consolidated. An 'interest' in an unconsolidated structured entity is any form of contractual or non-contractual involvement which exposes the Group to variability of returns from the performance of that entity. Such interests include holdings of seed capital for the purpose of supporting the establishment of new products.

The Group has investments in managed investment funds through its asset management subsidiaries. Control of these managed investment funds may exist since the Group has power over the activities of the fund. However, these funds have not been consolidated because the Group is not exposed to significant variability in returns from the funds. The Group earns management fees from the management of these investment funds which are commensurate with the services provided and are reported in external management and service fees revenue in Note 3 Revenue. Management fees are generally based on the value of the assets under management. Therefore, the fees earned are impacted by the composition of the assets under management and fluctuations in financial markets.

Investment funds are investment vehicles that consist of a pool of funds collected from several investors for the purpose of investing in securities such as money market instruments, debt securities, equity securities and other similar assets. For all investment funds, the Group's maximum exposure to loss is $518,036 (2022: $452,822) which is the carrying amount of the investment in the fund.

26 Associates

Associates are those entities over which the Group has significant influence, but not control, over the financial and operating policies.

Details of the Group’s material associates at the end of the reporting period are as follows:

Associate	Year-end	Country of incorporation	Ownership interest		Carrying value		Share of profit/(loss)	
			2023	2022	2023	2022	2023	2022
			%	%	$m	$m	$m	$m
Intermede Investment Partners Limited	31-Dec	UK	40.0	40.0	54.8	55.4	7.7	8.2
JANA Investment Advisers Pty Ltd	30-Sep	Australia	-	45.0	-	27.5	1.3	3.8
Fairview Equity Partners Pty Ltd	30-Sep	Australia	40.0	40.0	2.9	4.2	0.4	2.7
Other associates					1.4	1.4	-	(1.3)
					59.1	**88.5**	**9.4**	**13.4**

Intermede Investment Partners Limited (‘Intermede’) is an institutional global equity fund manager focused on global equity strategy.

JANA Investment Advisers Pty Ltd (‘JANA’) is an Australian based investment consulting company which provides investment consulting services to institutional clients including corporate, industry and public sector superannuation funds as well as charities, insurers, foundations and endowment funds. The Group divested its shareholding in JANA at the end of January 2023.

Fairview Equity Partners Pty Ltd (‘Fairview’) is a boutique Australian Fund manager exclusively focused on investing in Australian small companies’ equities.

Notes to the financial statements

For the year ended 30 June 2023

26 Associates (continued)

The following table summarises the 2023 financial information of the Group's material associates. All fair values and accounting policies of the associates are consistent with those of the Group.

	Intermede		JANA		Fairview	
	2023	2022	2023*	2022	2023	2022
	$m	$m	$m	$m	$m	$m
Beneficial ownership interest	**40%**	**40%**	**0%**	**45%**	**40%**	**40%**
Current assets	22.0	22.3	-	16.3	1.8	6.5
Non-current assets	0.5	0.5	-	12.0	0.2	0.1
Current liabilities	(7.0)	(8.5)	-	(14.2)	(0.3)	(0.6)
Non-current liabilities	-	-	-	(8.5)	-	-
Net assets (100%)	**15.5**	**14.3**	**-**	**5.6**	**1.7**	**6.0**
Insignia Financial Group's share of net assets	6.2	5.7	-	2.5	0.7	2.4
Intangibles on investment	48.6	49.7	-	25.0	2.2	1.8
Carrying value of interest in associates	**54.8**	**55.4**	**-**	**27.5**	**2.9**	**4.2**
Revenue (100%)	36.9	36.3	31.4	53.8	4.3	11.3
Profit and total comprehensive income (100%)	19.2	20.5	2.9	8.6	1.1	6.7
Profit and total comprehensive income (% interest)	7.7	8.2	1.3	3.8	0.4	2.7
Total profit and total comprehensive income	**7.7**	**8.2**	**1.3**	**3.8**	**0.4**	**2.7**
Dividends received by the Group	8.3	6.7	1.3	3.3	1.7	1.6

*Amounts relating to part year ownership by the Group.

None of the Group's equity-accounted investees are publicly listed entities and consequently do not have published price quotations.

Dividends received from associates

During the year, the Group has received dividends of $11.3m (2022: $12.0m) from its associates.

Accounting policies

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes any transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, until the date on which significant influence ceases.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Notes to the financial statements

For the year ended 30 June 2023

27 Related party transactions

Ultimate parent entity

Insignia Financial Ltd is the ultimate parent entity in the Group.

Investment in related entities

Through one of its subsidiaries, the Group (excluding statutory funds) holds $527,827 (2022: $452,822) investments in managed investment schemes that meet the definition of related parties.

Transactions with key management personnel

Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 33 *Key management personnel* to the financial statements and in the Remuneration Report section of the Directors' Report.

Loans to key management personnel

There are no loans between the Group and key management personnel.

Other transactions with key management personnel of the Group

Key management personnel and their related parties held investments in related underlying managed investment schemes and superannuation funds.

There were no other transactions with key management personnel of the Group during the 2023 and 2022 financial years.

28 Discontinued operations

Australian Executor Trustees Limited and AET PAF Pty Ltd

On 30 November 2022, the Group completed the sale of the AET businesses to EQT Holdings Limited (Equity Trustees). The AET businesses includes Australian Executor Trustees Limited and AET PAF Pty Ltd (collectively AET).

Net proceeds from the sale have been used to reduce debt.

For financial reporting purposes, the results of the AET businesses are presented as discontinued operations.

Details of the sale of the AET businesses

	2023
	$m
Consideration received	132.6
Transaction costs	(3.1)
Carrying amount of net assets sold	(65.6)
Release from reserve	2.7
Gain on sale before tax	**66.6**
Income tax expense on gain	(23.4)
Gain on sale after tax	**43.2**

Assets and liabilities of discontinued operations

Major classes of assets and liabilities of the AET businesses at the time of sale are as follows:

	30 Nov 2022
	$m
Cash	9.2
Receivables	6.7
Property and equipment	2.0
Intangible assets	11.0
Goodwill	46.4
Payables	(1.2)
Provisions	(5.0)
Lease liabilities	(2.1)
Deferred tax liabilities	(1.4)
Net assets sold	**65.6**

Notes to the financial statements

For the year ended 30 June 2023

28 Discontinued operations (continued)

	2023	2022
	$m	$m
Revenue	17.9	38.2
Expenses	(12.6)	(25.1)
Income tax expense	(1.5)	(3.9)
Gain on sale of discontinued operation	66.6	-
Related income taxes	(23.4)	-
Profit from discontinued operations	**47.0**	**9.2**
Profit from discontinued operations attributable to:		
Owners of the entity	47.0	9.2
Non-controlling interest	-	-
Profit for the year from discontinued operations	**47.0**	**9.2**
Earnings per share from discontinued operations		
Basic earnings per share (cents per share)	7.1	1.4
Diluted earnings per share (cents per share)	7.1	1.4
Cash flows from discontinued operations		
Net cash provided by operating activities	11.0	19.1
Net cash provided by / (used in) investing activities	129.5	(0.1)
Net cash provided by discontinued operations	**140.5**	**19.0**
UNPAT from discontinued operations		
Profit for the year from discontinued operations	**47.0**	**9.2**
Underlying net profit after tax (UNPAT) adjustments:		
Gain on sale of discontinued operations	(66.6)	-
Amortisation of intangible assets	0.6	1.8
Related income taxes	23.2	(0.5)
UNPAT from discontinued operations	**4.2**	**10.5**

Notes to the financial statements

For the year ended 30 June 2023

29 Assets and liabilities held for sale

	2023	2022
	$m	$m
Cash - corporate	7.7	12.8
Cash - statutory*	6.9	-
Receivables - corporate	0.7	3.3
Receivables - statutory*	81.7	-
Other financial assets - corporate	3.9	-
Other financial assets - statutory*	1,020.1	-
Other assets - corporate	0.7	-
Property and equipment - corporate	1.6	2.4
Intangible assets - corporate	-	11.7
Goodwill - corporate	24.7	46.4
Assets held for sale	**1,148.0**	**76.6**
Payables - corporate	0.7	0.7
Payables - statutory*	11.3	-
Other financial liabilities - statutory*	1,081.9	-
Provisions - corporate	-	5.5
Lease liabilities - corporate	-	2.3
Deferred tax liabilities - corporate	0.2	1.7
Deferred tax liabilities - statutory*	11.3	-
Liabilities associated with assets held for sale	**1,105.4**	**10.2**

*Refer to Note 30 *Statutory funds.*

Divestment of IOOF Ltd

On 24 July 2023, the Group executed a share sale agreement with Australian Unity Ltd (AUL) to sell its friendly society investment bond business through the divestment of IOOF Ltd.

The Group will be paid total consideration of up to $40m comprising $36m in cash upon completion, plus an additional contingent amount of up to $4m payable 12 months after completion, subject to the transition of clients and funds under management to AUL.

The Group will provide a number of services to IOOF Ltd under a transitional services agreement for an initial period of 12 months. The Group and AUL will also enter a strategic alliance agreement to support the mutual aim of providing financial wellbeing to all Australians.

Completion of the transaction is subject to relevant regulator approvals.

Australian Executor Trustees Limited and AET PAF Pty Ltd

On 30 November 2022, the Group completed the sale of AET to Equity Trustees. The assets and liabilities held for sale as at 30 June 2022 related to the AET businesses.

Other assets held for sale

Other financial assets held for sale balance at 30 June 2023 includes $3.9m related to the Group's investment in a listed equity investment. The investment was previously presented as financial assets measured at fair value through other comprehensive income. The cumulative income recognised in other comprehensive income relating to this investment is $0.4m.

Property and equipment held for sale balance at 30 June 2023 relates to the planned sale of land and buildings.

Notes to the financial statements

For the year ended 30 June 2023

30 Statutory funds

A subsidiary of the Company, IOOF Ltd, is a friendly society in accordance with the *Life Insurance Act 1995*. Balances below are disclosed inclusive of amounts collected/receivable from or paid/payable to Group entities. Statutory funds are not available to shareholders.

Divestment of IOOF Ltd

On 24 July 2023, the Group executed a share sale agreement with AUL to sell its friendly society investment bond business through the divestment of IOOF Ltd.

The Group will be paid total consideration of up to $40m comprising $36m in cash upon completion, plus an additional contingent amount of up to $4m payable 12 months after completion, subject to the transition of clients and funds under management to AUL.

The Group will provide a number of services to IOOF Ltd under a transitional services agreement for an initial period of 12 months. The Group and AUL will also enter a strategic alliance agreement to support the mutual aim of providing financial wellbeing to all Australians.

Completion of the transaction is subject to relevant regulator approvals.

	Statutory funds	
	2023	2022
	$m	$m
Statutory funds revenue		
Interest income	1.9	0.6
Dividends and distributions received	44.1	71.0
Net fair value gains/(losses) on financial assets measured at fair value through profit or loss	59.5	(128.5)
Investment contracts with DPF		
Contributions received - investment contracts with DPF	2.9	6.6
Decrease in DPF policyholder liability	12.6	17.0
(Decrease)/Increase in non-DPF policyholder liability	(67.7)	38.6
Other fee revenue	2.2	2.3
Total statutory funds revenue	**55.5**	**7.6**
Statutory funds expenses		
Service and marketing fees expense	7.9	8.2
Investment contracts with DPF		
Benefits and withdrawals paid	18.9	22.6
Interest	0.3	-
Total statutory funds expenses	**27.1**	**30.8**
Income tax expense/(benefit)	28.4	(23.2)
Statutory funds contribution to profit or loss, net of tax	-	-

Investment contracts with discretionary participation feature (DPF)

The value of these liabilities change due to the change in unit prices for unit linked contracts, and are reduced by management fee charges. In accordance with the rules of the funds, any remaining surplus is attributed to the policyholders. Adjustments to the liabilities at each reporting date are recorded in profit or loss.

Other investment contracts

The value of these liabilities changes in relation to the change in unit prices for unit linked contracts, and are reduced by management fee charges. In accordance with the rules of the funds, any remaining surplus is attributed to the members of the funds. Amounts distributable to members are recorded in profit or loss as an expense.

Notes to the financial statements

For the year ended 30 June 2023

30 Statutory funds (continued)

Other investment contracts (continued)

There is no claims expense in respect of life investment contracts. Surrenders and withdrawals which relate to life investment contracts are treated as a movement in life investment contract liabilities. Surrenders are recognised when the policyholder formally notifies of their intention to end the policy previously contracted.

Insurance contract liabilities and claims expense

A claims expense is recognised when the liability to the policyholder under the policy contract has been established, or upon notification of the insured event. Withdrawal components of life insurance contracts are not expenses and are treated as movements in life insurance contract liabilities.

Actuarial assumptions and methods

The effective date of the actuarial report on the policy liabilities and capital adequacy reserves is 30 June 2023. The actuarial report for IOOF Ltd was prepared by Mr Andrew Mead, FIAA, dated 10 August 2023. The actuarial report indicates that Mr Mead is satisfied as to the accuracy of the data upon which the policy liabilities have been determined.

Actuarial Methods

Policy liabilities have been calculated in accordance with relevant actuarial guidance issued by the Australian Prudential Regulation Authority under the *Life Insurance Act 1995*. Policy liabilities are based on a systematic release of planned margins as services are provided to policyholders and premiums are received.

Key assumptions

Mortality and morbidity

All mortality and morbidity risk is fully reinsured and the gross risk to the Group is low. The mortality and morbidity assumptions have been taken to be equal to the reinsurer's mortality and morbidity assumptions.

Other assumptions

In adopting the accumulation method to assess the policy liabilities, one material assumption is required. It is assumed that the future overall experience as to expense levels, surrender/lapse rates and discount rates will likely remain within a satisfactory range so that the policies produce future profits for the business. In which case, there is no need to set aside provisions, in addition to the accumulation amounts, for future losses (i.e., there is no loss recognition concerns for the business). This assumption has been adopted on the basis that, based on the current actual experience of the business, the policies are producing satisfactory profits for the business and there is no circumstances known that would indicate that the current position (i.e. general experience levels and ongoing profitability) will not continue into the future.

Sensitivity analysis

The policy liabilities are not sensitive to changes in variables within a moderate range. Increases in mortality and morbidity assumptions will result in an increase in gross policy liabilities for Group, however as the mortality and morbidity risk is fully reinsured any change in these assumptions would be consistent with the reinsurer's assumptions and the net change in policy liabilities would be nil.

Disclosures on asset restrictions, managed assets and trustee activities

Restrictions on assets

Investments held in life statutory funds can only be used in accordance with the relevant regulatory restrictions imposed under the *Life Insurance Act 1995* and associated rules and regulations. The main restrictions are that the assets in a life statutory fund can only be used to meet the liabilities and expenses of that life statutory fund, to acquire investments to further the business of the life statutory fund or as distributions when capital adequacy and other regulatory requirements are met.

Managed funds and other fiduciary duties

Entities in the Group, including the IOOF Ltd statutory funds, hold controlling investments in managed funds. A subsidiary of the Company is the Responsible Entity for these managed funds and has a fiduciary responsibility for managing these trusts. Arrangements are in place to ensure that such activities are managed separately from the other activities of the Group.

Notes to the financial statements

For the year ended 30 June 2023

30 Statutory funds (continued)

Capital adequacy position

Capital adequacy reserves are required to meet the prudential standards determined in accordance with *Prudential Standard LPS 110 Capital Adequacy* issued by the Australian Prudential Regulation Authority under paragraph 230A(1)(a) of the *Life Insurance Act 1995*. Capital adequacy reserves provide additional protection to policy holders against the impact of fluctuations and unexpected adverse circumstances on the Company

The figures in the table below represent the number of times coverage of the aggregate of all statutory funds in IOOF Ltd over the prescribed capital amount.

	Statutory	
	2023	2022
	$m	$m
(a) Capital base	15.5	15.6
(b) Prescribed capital amount	6.8	7.1
Capital in excess of prescribed capital amount = (a) - (b)	8.7	8.5
Capital adequacy multiple (%) (a) / (b)	228%	220%
Capital Base comprises:		
Net assets	15.5	15.6
Regulatory adjustment applied in calculation of Tier 1 capital	-	-
(A) Common equity tier 1 capital	15.5	15.6
(B) Total additional tier 1 capital	-	-
Tier 2 capital	-	-
Regulatory adjustment applied in calculation of tier 2 capital	-	-
(C) Total tier 2 capital	-	-
Total capital base	**15.5**	**15.6**

For detailed capital adequacy information on the statutory funds, users of this annual financial report should refer to the financial statements prepared by IOOF Ltd.

Notes to the financial statements

For the year ended 30 June 2023

Section 7 - Other disclosures

31 Defined benefit plan

The Group contributes to a post-employment defined benefit plan, the National Wealth Management Superannuation Plan (the plan). The plan entitles employees to receive certain retirement benefits based on a fixed percentage of each employee's annual remuneration and the years of service.

The plan is a sub-plan of the MLC Super Fund. The Trustee of the MLC Super Fund, NULIS Nominees (Australia) Limited, is a subsidiary of the Group. The Trustee of the MLC Super Fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies of the fund.

The defined benefit plan exposes the Group to actuarial risks, such as investment risk, salary growth risk, liquidity risk, sequencing risk (due to the plan being closed to new defined benefit members) and legislative risk.

The amount included in the statement of financial position arising from the Group's obligation in respect of its defined benefit retirement benefit plan is as follow:

	30 June 2023	30 June 2022
	$m	$m
Present value of defined benefit obligation	(22.6)	(24.5)
Fair value of plan assets	43.9	44.6
Net surplus arising from defined benefit obligation	**21.3**	**20.1**

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2023	2022
	$m	$m
Current service cost	(1.1)	(1.4)
Interest cost	0.8	0.2
Contribution tax expense	0.1	(0.2)
	(0.2)	**(1.4)**

Amounts recognised in other comprehensive income are as follows:

	2023	2022
	$m	$m
Actuarial gains arising from experience adjustments	1.4	3.9
Movement in contribution tax adjustment	0.1	0.5
	1.5	**4.4**

Notes to the financial statements

For the year ended 30 June 2023

31 Defined benefit plan (continued)

Funding

The plan is fully funded by MLC Wealth Limited (a subsidiary of the Company). In Australia, superannuation is regulated by the Australian Prudential Regulation Authority (APRA). APRA's Prudential Standard SPS 160 *Defined Benefit Matters* requires the plan's vested benefit index (plan's assets divided by vested benefits) to be no less than 100%. The Trustee of the plan is required to ensure that a formal actuarial investigation is completed at least every 3 years using the projected unit credit method and updated on an annual basis for material movements in the plan position.

Based on the strong financial position of the Plan and the actuary's recommendation, the Group does not expect to pay contributions to its defined benefit plan in 2024.

Plan assets

Plan assets comprise the following:

	30 June 2023	30 June 2022
	$m	$m
Cash and cash equivalents	1.7	1.3
Equity instruments	27.1	27.7
Debt instruments	9.2	8.9
Real estate investment funds	3.1	3.6
Other	2.8	3.1
Fair value of plan assets	**43.9**	**44.6**

Plan assets are invested into a managed investment portfolio. These investments do not have a quoted market price in an active market.

Movements in the fair value of the plan assets in the year were as follows:

	2023	2022
	$m	$m
Opening fair value of plan assets	44.6	48.0
Return on plan assets	0.9	(1.2)
Interest on plan assets	1.9	0.6
Benefits paid	(3.6)	(3.0)
Plan expenses	(0.1)	(0.2)
Movement in contribution tax adjustment	0.2	0.4
Closing fair value of plan assets	**43.9**	**44.6**

Notes to the financial statements

For the year ended 30 June 2023

31 Defined benefit plan (continued)

Defined benefit obligation

Movements in the present value of the defined benefit obligation in the year were as follows:

	2023	2022
	$m	$m
Opening defined benefit obligation	(24.5)	(30.8)
Current service cost	(1.1)	(1.4)
Interest cost	(1.1)	(0.4)
Actuarial gains arising from experience adjustments	0.5	5.1
Benefits paid	3.6	3.0
Closing defined benefit obligation	**(22.6)**	**(24.5)**

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	30 June 2023	30 June 2022
Discount rate	4.85%	4.85%
Expected rate of salary increase	3.0%	3.0%
Expected future lifetime at the age of 60		
Male	22.6 years	22.6 years
Female	26.0 years	26.0 years

At 30 June 2023, the weighted-average duration of the defined benefit obligation was 5 years (2022: 5 years). Based on the current assumptions, benefit payments of approximately $4.0m are expected in 2024 followed by further benefits of approximately $13.0m over the next 4 years.

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	30 June 2023	30 June 2023	30 June 2022	30 June 2022
	Increase $m	Decrease $m	Increase $m	Decrease $m
Discount rate (1% movement)	(0.9)	0.9	(1.0)	1.0
Compensation rate (1% movement)	0.9	(0.9)	1.0	(1.0)
Mortality rate (10% movement)	0.2	(0.2)	0.2	(0.2)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes to the financial statements

For the year ended 30 June 2023

32 Share-based payments

The Group operates a number of employee share schemes operated by the IOOF Equity Plans Trust (the Trust). The performance rights plans were approved by the Board of Directors.

Executive and employee performance rights plan

The executive and employee performance rights plans are used to deliver equity based incentives to executives and senior employees of the Group.

Each executive or employee receives ordinary shares of the Company on vesting of the performance rights. No amounts are paid or payable by the recipient on receipt of the performance rights or on vesting.

The performance rights carry neither rights to dividends nor voting rights prior to vesting. All plans are equity-settled. On vesting of performance rights, ordinary shares are transferred to the executive or employee's name.

A mandatory deferral period exists relating to Executive STIs awarded in 2019. On vesting of performance rights, ordinary shares are held in trust. The employee receives all dividends on the ordinary shares while held in trust.

Deferred Shares

Deferred shares are shares that have vested under an Executive Performance Rights Plan and are held in holding lock for a period of time before being transferred to participants.

	Performance rights	Deferred shares	Total
	No.	No.	No.
Opening balance at 1 July 2022	3,313,991	150,750	3,464,741
Forfeited or lapsed during the year	(434,195)	-	(434,195)
Exercised or transferred during the year	(192,886)	(150,750)	(343,636)
Granted during the year	3,228,882	-	3,228,882
Outstanding at 30 June 2023	**5,915,792**	**-**	**5,915,792**
Exercisable at 30 June 2023	**-**	**-**	**-**

Inputs for measurement of grant date fair values granted during the financial year

The grant date fair values of share-based payment plans granted during the year were measured based on a binomial options pricing model for non-market performance conditions and a monte-carlo simulation model for market performance conditions. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following:

Series	Fair value	Grant date share price	Expected volatility	Expected life (years)	Dividend yield	Risk-free interest rate
2023-01 Other employees	$2.38	$3.37	42%	3	7.00%	3.16%
2023-02 Executives and others	$2.45	$3.45	44%	4	6.84%	3.08%
2023-03 Other employees	$2.71	$3.27	39%	3	7.22%	3.24%

Notes to the financial statements

For the year ended 30 June 2023

32 Share-based payments (continued)

Disclosure of share-based payment plans

Series - recipient	Exercise price	Opening balance 1 July 2022	Granted	Forfeited or lapsed	Exercised	Closing balance 30 June 2023
	$	No.	No.	No.	No.	No.
Performance rights						
2019-01 Executives	nil	87,000	-	(87,000)	-	-
2019-05 Other employees	nil	63,750	-	(63,750)	-	-
2020-02 Executives and others	nil	321,500	-	(155,750)	(165,750)	-
2020-03 Other employees	nil	27,136	-	-	(27,136)	-
2021-01 Other employees	nil	69,517	-	-	-	69,517
2021-02 Other employees	nil	271,043	-	(9,072)	-	261,971
2021-03 Executives and others	nil	840,536	-	-	-	840,536
2022-01 Other employees	nil	64,640	-	(1,870)	-	62,770
2022-02 Other employees	nil	294,470	-	(39,091)	-	255,379
2022-03 Executives and others	nil	1,274,399	-	(45,838)	-	1,228,561
2023-01 Other employees	nil	-	1,035,450	(31,824)	-	1,003,626
2023-02 Executives and others	nil	-	2,098,735	-	-	2,098,735
2023-03 Other employees	nil	-	94,697	-	-	94,697
		3,313,991	**3,228,882**	**(434,195)**	**(192,886)**	**5,915,792**
Deferred shares						
2019-01 Executives	nil	87,000	-	-	(87,000)	-
2019-05 Other employees	nil	63,750	-	-	(63,750)	-
		150,750	**-**	**-**	**(150,750)**	**-**
		3,464,741	**3,228,882**	**(434,195)**	**(343,636)**	**5,915,792**

The following share-based payment arrangements were in existence during the current and comparative reporting years:

Performance rights series - recipient	Exercise price	Earliest vesting date	Last tranche vesting date	Performance related vesting conditions
2019-01 Executives	nil	30-Jun-21	30-Jun-21	TSR
2019-05 Other employees	nil	30-Jun-21	30-Jun-21	TSR
2020-02 Executives and other employees	nil	30-Jun-22	30-Jun-22	TSR
2020-03 Other employees	nil	30-Jun-22	30-Jun-22	n/a
2021-01 Other employees	nil	30-Jun-23	30-Jun-23	n/a
2021-02 Other employees	nil	30-Jun-23	30-Jun-23	TSR
2021-03 Executives and other employees	nil	30-Jun-24	30-Jun-24	TSR
2022-01 Other employees	nil	30-Jun-24	30-Jun-24	n/a
2022-02 Other employees	nil	30-Jun-24	30-Jun-24	TSR
2022-03 Executives and other employees	nil	30-Jun-25	30-Jun-25	TSR
2023-01 Other employees	nil	30-Jun-25	30-Jun-25	TSR
2022-02 Executives and other employees	nil	30-Jun-26	30-Jun-26	TSR
2023-03 Other employees	nil	30-Jun-25	30-Jun-25	n/a

Notes to the financial statements

For the year ended 30 June 2023

32 Share-based payments (continued)

The breakdown of share-based payments expense for the year by recipient is as follows. This represents the expense recorded to date and does not reflect the opportunity to transfer to retained profits the value of those legacy series that will lapse.

Recipient	2023	2022
	$m	$m
Chief Executive Officer	0.6	0.5
Executives	1.2	0.8
Other employees	2.1	1.6
	3.9	2.9

Accounting policies

The grant date fair value of share-based payment awards granted to employees is recognised as a share-based payment expense, with a corresponding increase in the share-based payments reserve, over the years that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at vesting date.

The fair value at grant date is independently determined where considered appropriate. The option pricing model used considers the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Shares held by the Trust will contribute to the employee allocation of shares on satisfaction of vesting performance hurdles. The Group has no right to recall placed shares. However, the Group instructs a third party who acts as Trustee of the Trust and can direct the voting rights of shares held.

Shares in the Company held by the Trust are classified and disclosed as treasury shares and deducted from share capital. Dividends received by the Trust are recorded as dividend income in the financial statements of the Trust and are eliminated on consolidation.

33 Key management personnel

	2023	2022
	$	$
Short-term employee benefits	7,327,732	6,882,495
Post-employment benefits	243,842	210,602
Share-based payments	1,753,283	1,289,623
	9,324,857	8,382,720

Key management personnel compensation reconciles to disclosures in the remuneration report as follows:

	2023	2022
	$	$
Executives	7,926,119	6,988,301
Non-executive Directors	1,398,738	1,394,419
	9,324,857	8,382,720

Individual Directors' and executives' compensation

Information regarding individual Directors' and executives' compensation and equity instruments disclosures as required by *Corporations Regulation 2M.3.03* is provided in the Remuneration Report section of the Directors' Report. No Director has entered into a material contract with the Group since the end of the prior financial year and there were no material contracts involving directors' interests existing at year-end.

34 Remuneration of auditor

	2023	2022
	$	$
Audit services		
Financial reports - Group	2,631,420	2,958,720
Financial reports - managed funds and superannuation funds	3,653,151	4,873,164
Total audit services	**6,284,571**	**7,831,884**
Assurance services		
Regulatory assurance services	2,106,119	2,412,524
Other assurance services	230,625	659,162
Total assurance services	**2,336,744**	**3,071,686**
Other services		
Taxation services	29,041	113,997
Advisory services	161,000	159,326
Other services	-	89,688
Total other services	**190,041**	**363,011**
Total auditor's remuneration	**8,811,356**	**11,266,581**

The auditor of the Company is KPMG Australia. All amounts payable to the auditor of the Company were paid by a Group company.

Notes to the financial statements

For the year ended 30 June 2023

35 Subsequent events

Divestment of IOOF Ltd

On 24 July 2023, the Group executed a share sale agreement with AUL to sell its friendly society investment bond business through the divestment of IOOF Ltd.

The Group will be paid total consideration of up to $40m comprising $36m in cash upon completion, plus an additional contingent amount of up to $4m payable 12 months after completion, subject to the transition of clients and funds under management to AUL.

The Group will provide a number of services to IOOF Ltd under a transitional services agreement for an initial period of 12 months. The Group and AUL will also enter a strategic alliance agreement to support the mutual aim of providing financial wellbeing to all Australians.

Completion of the transaction is subject to relevant regulator approvals.

Advice services partnership model

On 27 July 2023, the Group announced its intention to reset its financial advice operating model to competitively leverage opportunities for sustainable growth. The change will provide a new partnership ownership model for the Group's self-employed licensees comprising RI Advice Group Pty Ltd, Consultum Financial Advisers Pty Ltd and TenFifty.

While the new brand name and identity has yet to be established, this new business is being developed under the working name of Advice Services Co, or ASC.

ASC represents the ambition to create Australia's largest adviser-owned licensee group, positioning it to capitalise on the dynamic self-employed advice market with the support of Insignia Financial. ASC will operate with independent management, governance and oversight, with input from both Insignia Financial as well as key advice practice representatives.

Under the new partnership model, Consultum, TenFifty and RI Advice will join together to form a new standalone business ASC, the Godfrey Pembroke licensee will transition to a standalone business operating under their own license, and the process has commenced to sell the Millennium3 business.

Dividends

The Directors have declared the payment of a final dividend of 9.3 cents per share, unfranked, to be paid on 3 October 2023.

Other matters

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, or the accompanying financial statements and notes thereto, that has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Directors' Declaration

For the year ended 30 June 2023

1 In the opinion of the Directors of the Company:

- **a** the consolidated financial statements and notes set out on pages 50 to 108 and the Remuneration Report set out on pages 30 to 48 in the Directors' Report, are in accordance with the *Corporations Act 2001* including:
  - **i** giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the financial year ended on that date; and
  - **ii** complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- **b** there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

3 The Directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Mr Allan Griffiths

Chairman

Melbourne

24 August 2023

Independent Auditor's Report

To the shareholders of Insignia Financial Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Insignia Financial Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards and the Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 30 June 2023
- Consolidated Statement of comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of Goodwill and Indefinite life intangible Assets
- Provision for Client Remediation and related costs
- Information Technology related controls

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Goodwill and Indefinite Life Intangible Assets - $1,779.8 million and $163.6 million

Refer to Note 12 to the Financial Report

The key audit matter	How the matter was addressed in our audit
A Key Audit Matter for us was the Group's annual testing of goodwill and indefinite life intangible assets for impairment, given the size of the balance (being 36% and 3% of total assets respectively) and judgement involved. We focused on the significant forward-looking assumptions the Group applied in their value in use models, including: • Forecast operating cash flows, growth rates and terminal growth rates – the Group operates in a period of broader market volatility. These conditions increase the possibility of goodwill and indefinite life intangible assets being impaired, plus the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. • Discount rate - this is complicated in nature and varies according to the conditions and environment the specific Cash Generating Unit (CGU)/intangible is subject to, from time to time, as well as the approach to incorporating risks into the cash flows or discount rates. The Group uses complex models to perform their annual testing of goodwill and indefinite life intangibles for impairment. The models are largely manually developed, adjusted for historical performance, and use a range of internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions, tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the test of goodwill and indefinite life intangibles impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We compared forecast cash flows contained in value in use models to Board approved forecasts. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. • We used our knowledge of the Group, its past performance, business and customers, and our industry experience to challenge the Group's forecast cash flows. We compared key events to the approved plan and strategy. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations and evaluated differences for the Group's operations. • We assessed the appropriateness of the CGU composition against the requirements of the accounting standards and evaluated the appropriateness of evidence to support the change. • We evaluated the Group's calculation of the carrying amount of each CGU with reference to accounting standards and consistency against the value in use calculation.

used for assumptions, and their consistent application. The carrying amount of the net assets of the Group exceeded the Group's market capitalisation at year end, increasing the possibility of goodwill and intangibles being impaired. This increased our audit effort in this key audit area. We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter.	• We assessed the Group's allocation of corporate assets and costs to CGUs for reasonableness and consistency based on the requirements of the accounting standards. • Working with our valuation specialists, we independently developed a discount rate range using publicly available data for comparable entities, adjusted by risk factors specific to the Group's CGUs and the industry they operate in. • We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range. We considered key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures. • We assessed the Group's analysis of differences between the year-end market capitalisation and the carrying amount of the net assets by comparing the EBITDA multiples from the models to market multiples of comparable entities. This also included consideration of the market capitalisation range implied by recent share price trading ranges and broker 12-month target valuation ranges, to the Group's latest valuation model. • We assessed the disclosures in the Financial Report using our understanding obtained from our testing, discussions with management and the Board and against the requirements of the accounting standards.

Provisions for Client Remediation and Related Costs - $149.9 million

Refer to Note 16 Provisions to the Financial Report

The key audit matter	**How the matter was addressed in our audit**
The provisions for client remediation and related costs is a Key Audit Matter due to the judgments required by us in assessing the Group's determination of: • The existence of a present legal or constructive obligation as a basis for recognition of a provision against the criteria in the accounting standards. • Reliable estimates of amounts which may be paid arising from the present obligation, including estimates of the number of affected	Working with our regulatory specialists, our procedures included: • We obtained an understanding of the Group's process for identifying and assessing the potential impact of the ongoing assessments into client remediation activities. • We assessed the integrity of the model used, including the accuracy of the underlying calculation formulas. • We inquired with the Group regarding their

customers, expected average remediation payments and related costs. • The potential for legal proceedings and regulatory scrutiny leading to a wider range of estimation outcomes for us to consider. The Group uses a complex model to estimate the amount which may be paid in future periods. The model is manually developed and uses a range of internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions, tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, to address the objectivity of sources used for assumptions, and their consistent application. We involved regulatory specialists to supplement our senior audit team members in assessing this Key Audit Matter.	ongoing assessment into other remediation activities. • We read the minutes and other relevant documentation of the Company's Board of Directors, Board Committees, various management committees, and attended the Company's Audit Committee and Risk and Compliance Committee meetings. • We inspected correspondence with regulatory bodies and reports from management's experts to the Group. • We assessed the scope, objectivity and competency of management's experts engaged by the Group. • We challenged the Group's basis for recognition of a provision and associated costs against the requirements of the accounting standards. We did this by understanding the provisioning methodologies and challenging underlying assumptions including expected average remediation payments and related costs. • We tested a sample of payments to assess the accuracy of the Group's detriment calculations and program cost payments. • We assessed the appropriateness of the Group's conclusions against the requirements of the accounting standards where estimates were unable to be reliably made for a provision to be recognised. • We assessed the disclosures in the Financial Report using our understanding obtained from our testing, discussions with management and the Board and against the requirements of the accounting standards.
Information Technology Related Controls	
The key audit matter	**How the matter was addressed in our audit**
The Information Technology (IT) related controls are a Key Audit Matter as the Group's key financial accounting and reporting processes are highly dependent on the automated controls over the Group's IT systems. There is a risk that gaps in the change management, segregation of duties or user access management controls (in relation to key financial accounting and reporting systems) may undermine our ability to place reliance thereon in our audit. Our audit approach could	Working with our IT specialists we challenged the design of General IT controls and sample tested the operation of key controls (in relation to financial accounting and reporting systems) including: • Change management control operation: inspected the Group's change management policies and for a sample of system changes during the year, checked the consistency of the system changes to the Group's policy • Segregation of duties control operation: sample tested key automated controls designed to

significantly differ depending on the effective operations of the Group's IT controls. We involved IT specialists to supplement our senior audit team members in assessing this Key Audit Matter.	enforce segregation of duties. • User access management controls operation: we assessed the Group's evaluation of the user access rights, including privileged user access rights granted to application systems. We checked for evidence of resolution of exceptions. We also assessed the operating effectiveness of management approval controls over the granting and removal of access rights, including privileged access rights. Where we identified design and/or operating deficiencies in the IT control environment, our procedures included the following: • We assessed the integrity and reliability of the systems and data related to financial reporting; and • Where automated procedures were managed by systems with identified deficiencies, we performed test of details and assessed alternate controls that were not reliant on the IT control environment.

Other Information

Other Information is financial and non-financial information in Insignia Financial Ltd's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and the Remuneration Report. The remaining other information is expected to include: Our Services, Our Diversified Business Model, Chairman's Commentary, CEO Commentary, 2023 Results At A Glance, Environmental, Social & Governance Report, IOOF Foundation and Shareholder Information and is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards and the Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf (Listed entities – Fair presentation framework only).

This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Insignia Financial Ltd for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Chris Wooden

Partner

Melbourne

24 August 2023