

**AFG**

# 2016 Annual General Meeting

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Tony Gill, Chairman  
Brett McKeon, Managing Director & CEO

24th November 2016



A background image of a business meeting with three people in suits sitting around a table. On the table are a laptop, a tablet, a smartphone, and some papers. The image is overlaid with a blue gradient and a dark blue diagonal shape on the left side.

# Welcome

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## Agenda

1. Introductions and housekeeping
2. Chairman's Address
3. Managing Director'/CEOs Address
4. Formal Business
5. Close



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Chairman's Address

**Tony Gill**

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# COMPANY OVERVIEW

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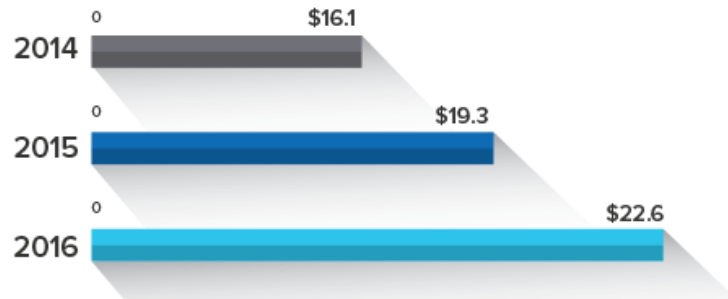
- One of Australia's largest mortgage broking groups, and one of the country's leaders in the provision of financial solutions
- Successfully exceeded all major KPIs with NPAT exceeding Prospectus forecast by 15%
- FY16 growth underpinned by increased sales of AFG branded products, increased residential and commercial settlements and improved securitisation margins
- FY16 results a testament to the Company's focus on its broking business, consumer choice and its ongoing earnings diversification strategy
- 1 in 11 Australian mortgages through AFG

# OUR PERFORMANCE

Increased profit underpinned by increased sales of AFG branded products, increased commercial and residential settlements, improved securitisation margins and other income

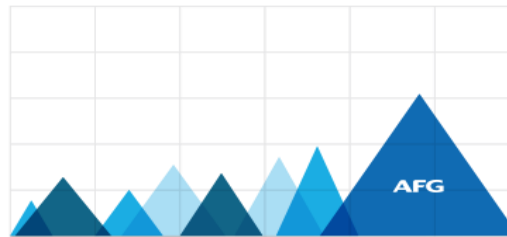
## NPAT

**\$22.6 MILLION** FOR THE 2016 FINANCIAL YEAR



## LOAN BOOK

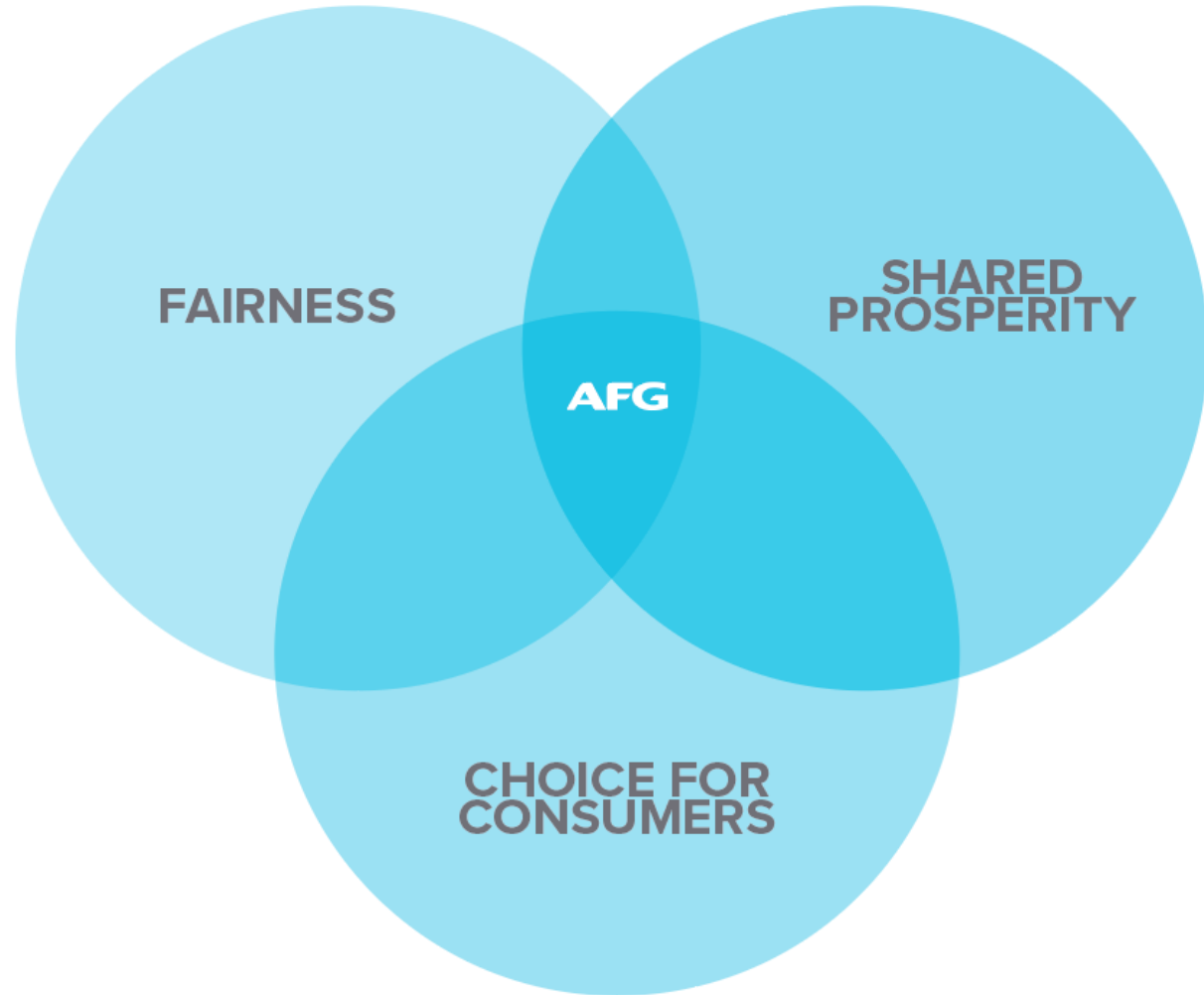
**\$120 BILLION** LOAN BOOK OF OVER  
**↑12%** INCREASE FROM FY2015 (\$107B)



	FY16 \$000's	FY15 \$000's	
Statutory NPAT	22,644	20,374	11%
Represented by Continuing Operations	22,644	15,296	48%
Discontinued Operations (Property Business)	-	5,078	
Loan Book	120,402,698	106,926,558	13%
Settlements			
Residential	33,840,648	31,242,452	8%
Commercial	2,755,778	2,392,418	15%
AFGHL Edge and Icon Settlements	1,441,652	460,000	213%
AFG Securities Loan Book	1,043,479	1,020,294	2%
Net Interest	13,563	10,438	30%
Net Interest Margin	1.32%	1.00%	32%
EPS (Statutory)	10.5 cents	9.5 cents	11%
EPS (Continuing Operations)	10.5 cents	7.1 cents	48%

# OUR AIM

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# OUR LENDERS

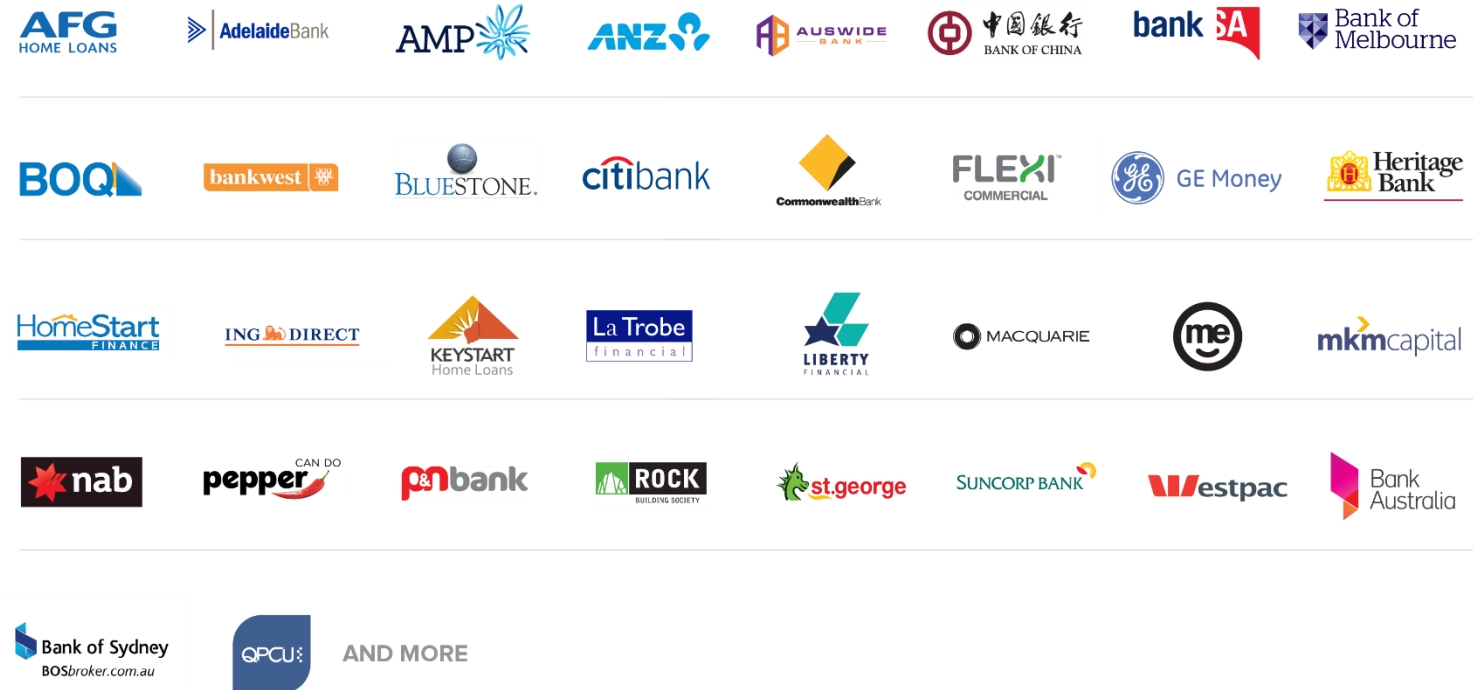
THE NUMBER OF LENDERS ON THE AFG PANEL

45+ 

THE NUMBER OF FINANCIAL PRODUCTS  
AVAILABLE TO AFG BROKERS

1,450+

## OUR LENDER PANEL





**TONY GILL**  
CHAIRMAN



**BRETT MCKEON**  
MANAGING DIRECTOR



**MALCOLM WATKINS**  
EXECUTIVE DIRECTOR



**KEVIN MATTHEWS**  
NON-EXECUTIVE DIRECTOR



**JIM MINTO**  
NON-EXECUTIVE DIRECTOR FCA, FAIM



**CRAIG CARTER**  
NON-EXECUTIVE DIRECTOR



**MELANIE KIELY**  
NON-EXECUTIVE DIRECTOR



**JANE MUIRSMITH**  
NON-EXECUTIVE DIRECTOR



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Managing Director/CEO's Address

**Brett McKeon**

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# THE YEAR

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Combination of market share, recruitment, new AFG branded products, cross sell opportunities and record low interest rates continue to leave us optimistic about the sector

- Outperformed prospectus forecast
- Earnings upgrade April 2016
- Residential loan lodgement volume first quarter FY17 record \$15.19 b
- Broker market penetration of the Australian mortgage market – now more than 52% across the full financial year, up from 51.3% across the FY15 financial year. AFG continues to be systematically important to the Australian banking system

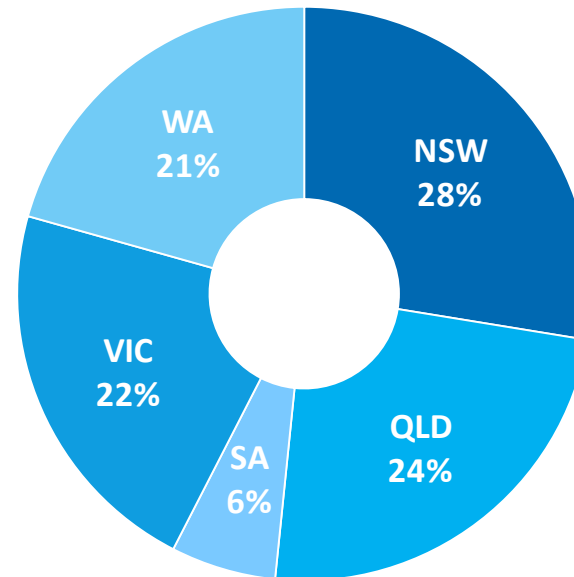
# RESIDENTIAL PORTFOLIO JUNE 2016

The Residential portfolio again grew in all geographical markets, residential loan book of \$114.7 billion generating ongoing trail commission

## OUR RESIDENTIAL SETTLEMENTS

**\$33.84BILLION**  
**↑8% INCREASE FROM FY2015**

## Residential Loan Book Location



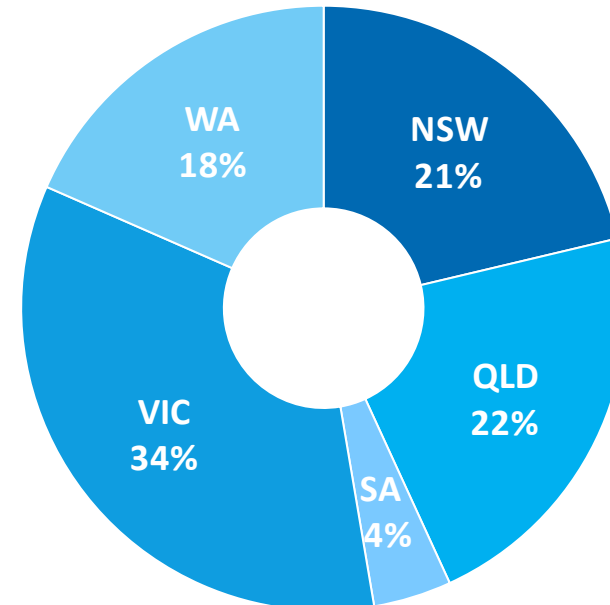
# COMMERCIAL PORTFOLIO JUNE 2016

Growth in all geographical markets, commercial loan book of \$5.7 billion generating ongoing trail commission.

## OUR COMMERCIAL SETTLEMENTS

**\$2.76BILLION**  
**↑15%** INCREASE  
 FROM FY2015

## Commercial Loan Book Location



# OUR BROKERS



**OVER  
20%**  
OF AUSTRALIA'S  
MORTGAGE BROKERS  
ARE AFG MEMBERS



**2,650+**  
BROKERS AROUND  
AUSTRALIA

**OVER  
52%**

OF AUSTRALIAN  
MORTGAGES ARE  
WRITTEN THROUGH A  
BROKER AND GROWING



# AFG HOME LOANS

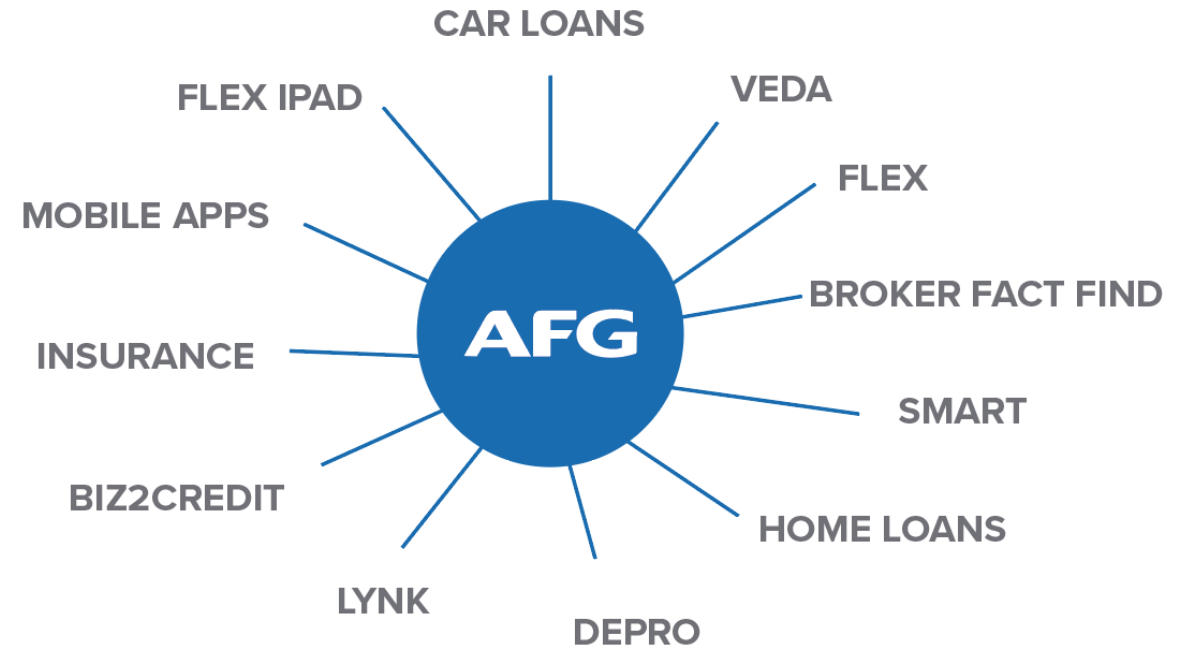
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- Consistent growth in our distribution network together with delivery on cross sell strategy has generated excellent AFG Home Loans results.
- Settlements up 99% to \$1.94 billion across all AFG Home Loans branded products.
- Steadily building a retail footprint. 12,000+ customers across Australia with an AFG branded product



# TECHNOLOGY

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# Biz2Credit

## Alliance Summary

Biz2Credit is the provider of an innovative marketplace lending experience for small businesses that uses patented analytics and financial services technology to process small business loan requests faster and more efficiently. AFG brings to the table its extensive distribution network and its technical support in matching the technical solution to the Australian marketplace, and will take the lead in working with local service providers.

## Marketplace Growth

Originated ~US\$1.4B funded since inception.  
250,000+ customers, with 1.6M reach through partners.  
US Platform growth 131% YoY Compound Average Growth.

## Data Analytics

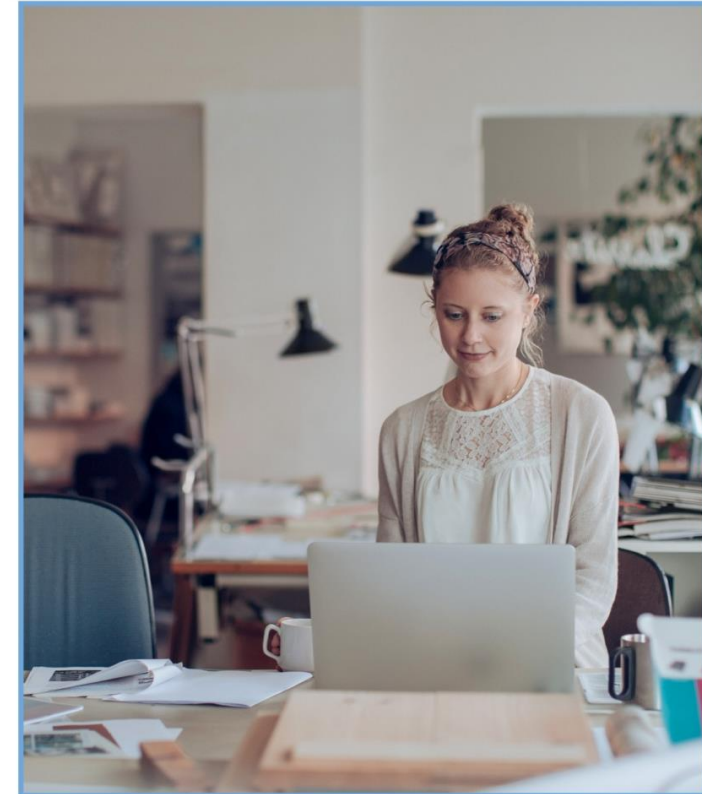
Biz2Credit has created an industry-adopted Small Business Lending index in US.  
Proprietary BizAnalyzer scorecard for SME engagement and automated underwriting.

## Industry Partnerships

Existing and planned data integrations include: Veda, Australian Business Register (ABR), PSMA Australia, Yodlee, Glass's Guide, Twilio, PPSR, Xero, MYOB, Quickbooks, Document Verification Service, Austrac.

## Technology Platform

Existing and planned data integrations include: Veda, Australian Business Register (ABR), PSMA Australia, Yodlee, Glass's Guide, Twilio, PPSR, Xero, MYOB, Quickbooks, Document Verification Service, Austrac.



# OUR STORY IS A GREAT ONE

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- We work at times and places that suit our customers
- We are open for business when the branches are not
- We speak many languages and many of us are a part of many communities that would otherwise not have any understanding of the way lending works in this country
- We are a highly productive variable cost base for lenders
- We provide a vital distribution channel for those lenders without a branch network
- Without the competition we help drive, prices would inevitably rise
- We spend a considerable amount of our time educating potential clients at no cost to them
- For many rural and regional Australians, we are the only ones in their local communities
- We are working in the interests of consumers trying to negotiate one of the biggest decisions they will make, and that decision is one they will only make a couple of times in their lifetime so the likelihood of knowing the options available to them is remote.

# IN CONCLUSION

— Strong first full year as a listed company in 2016 with outperformance of Prospectus forecast results and a positive outlook for the future

## Future growth

- Protecting and growing our share of the mortgage broking market
- Continuing to expand our broker network and distribution reach
- Increasing penetration of own branded product
- Leveraging our technology investment

AFG on track to deliver on these initiatives

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**Q&A**

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# Formal Business

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# Notice of Meeting

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### Item 1:

#### Presentation of Accounts – financial year ended 30 June 2016.

The Financial Report, director's report and auditor's report for the financial year ended 30 June 2016 is tabled for discussion.

## Item 2:

### Re-election and Election of Directors

Item 2(a):

Re-election of Tony Gill as a director of the Company

In accordance with the Notice of Meeting the resolution to be put before the members is:

*“That Tony Gill, who retires as a director of the Company in accordance with rule 8.1(e) of the Company’s constitution, and being eligible, be re-elected as a director of the Company.”*

Summary of proxies received

	11	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	99,076,654	30,000	575,883	2,257,083	99,682,537
% OF ELIGIBLE VOTES	99.39%	0.03%	0.58%		
NO. OF PROXY FORMS	37	1	11	3	49

Item 2(b):

Election of Melanie Kiely as a director of the Company

In accordance with the Notice of Meeting the resolution to be put before the members is:

*“That Melanie Kiely who retires as a director of the Company in accordance with rule 8.1(d) of the Company’s constitution, and being eligible, be elected as a director of the Company.”*

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	99,316,987	43,000	575,883	2,003,750	99,935,870
% OF ELIGIBLE VOTES	99.38%	0.04%	0.58%		
NO. OF PROXY FORMS	34	4	11	2	49

Item 2(c):

Election of Jane Muirsmith as a director of the Company

In accordance with the Notice of Meeting the resolution to be put before the members is:

*“That Jane Muirsmith who retires as a director of the Company in accordance with rule 8.1(d) of the Company’s constitution, and being eligible, be elected as a director of the Company.”*

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	99,317,987	42,000	575,883	2,003,750	99,935,870
% OF ELIGIBLE VOTES	99.38%	0.04%	0.58%		
NO. OF PROXY FORMS	35	3	11	2	49

Item 3:

Adoption of Remuneration Report

In accordance with the Notice of Meeting the resolution to be put before the members is to consider, and if thought fit, to pass the following in accordance with section 250R(2) of the *Corporations Act 2001* (Cth):

*“That the Remuneration Report of the Company for the year ended 30 June 2016 be adopted.”*

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	75,785,132	44,666	74,217	2,016,250	75,904,015
% OF ELIGIBLE VOTES	99.84%	0.06%	0.10%		
NO. OF PROXY FORMS	32	5	9	3	46

Item 4:

Grant of 2017 LTI Award to Executive Director – Brett McKeon

In accordance with the Notice of Meeting the resolution to be put before the members is to consider, and if thought fit, to pass the following in accordance with section 250R(2) of the *Corporations Act 2001* (Cth):

*“That approval be given, for the purposes of ASX Listing Rule 10.14 and sections 200B and 200E of the Corporations Act and for all other purposes, to grant 176,452 Performance Rights to the Managing Director, Brett McKeon, under the Company’s long term incentive plan as set out in the Explanatory Notes accompanying the 2016 AGM Notice of Meeting.”*

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	80,171,009	86,705	579,217	0	80,836,931
% OF ELIGIBLE VOTES	99.18%	0.11%	0.72%		
NO. OF PROXY FORMS	30	10	11	0	51

Item 5:

Grant of 2017 LTI Award to Executive Director – Malcolm Watkins

In accordance with the Notice of Meeting the resolution to be put before the members is to consider, and if thought fit, to pass the following in accordance with section 250R(2) of the *Corporations Act 2001* (Cth):

*“That approval be given, for the purposes of ASX Listing Rule 10.14 and sections 200B and 200E of the Corporations Act and for all other purposes, to grant 176,452 Performance Rights to the IT & Marketing Executive Director, Malcolm Watkins, under the Company’s long term incentive plan as set out in the Explanatory Notes accompanying the 2016 AGM Notice of Meeting.”*

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	80,171,009	86,705	579,217	0	80,836,931
% OF ELIGIBLE VOTES	99.18%	0.11%	0.72%		
NO. OF PROXY FORMS	30	10	11	0	51

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# Poll

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# Results of Poll

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**Q&A**

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**Close**

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# Disclaimer

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This presentation contains general information which is current as at 24 November 2016. The information is intended to be a summary of Australian Finance Group Limited (AFG) and its activities as at 30 June 2016, and does not purport to be complete in any respect. The information in this presentation is not a recommendation or advice about shares in AFG (or any other financial product or service). It is not intended to influence, or be relied upon by, any person in making a decision in relation to AFG shares (or any other financial product). This presentation does not take into account the objectives, financial situation or needs of any particular investor. You should consider your own objectives, financial situation and needs when considering this presentation and seek independent investment, legal, tax, accounting or such other advice as you find appropriate before making any financial or investment decision. This presentation contains some forward looking statements. Such statements only reflect views held by AFG as at the date of this presentation and are subject to certain risks, uncertainties and assumptions. Actual events and results may vary from the events or results expressed or implied in these statements. You should not place undue reliance on any of these statements. No representation or warranty is made in respect of the accuracy or completeness of any information in this presentation, or the likelihood of any of the forward looking statements in the presentation being fulfilled. For further information visit: [www.afgonline.com.au](http://www.afgonline.com.au) or contact Alison Clarke Head of Corporate Communications +61 402 781 367



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