

2018

Annual General Meeting

Welcome

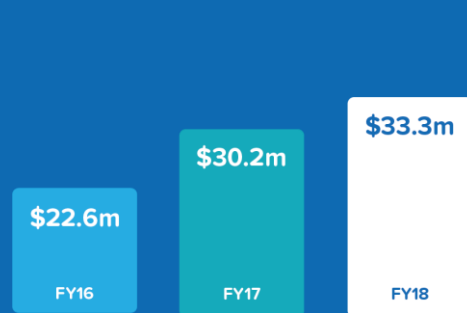
Agenda

1. Introductions and housekeeping
2. Chairman's address
3. CEO's address
4. Formal business
5. Close

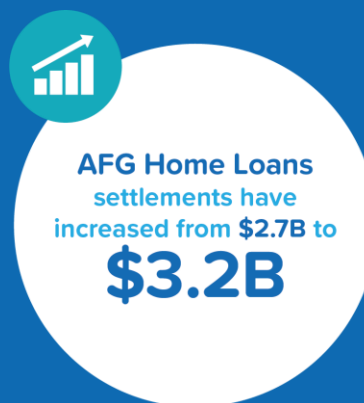
**Chairman
Tony Gill**

FY18 full-year financial results – Highlights

Continuation of AFG's earning diversification strategy and core growth



Normalised NPAT up
10% to \$33.3m

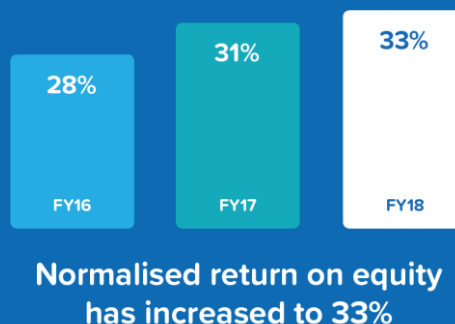
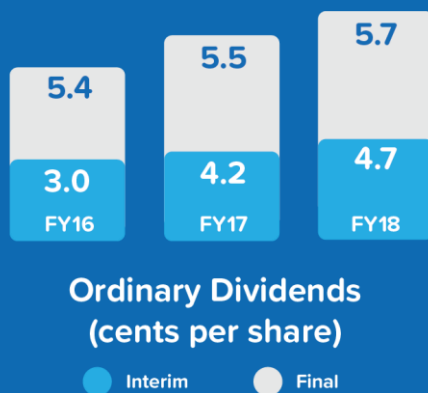


FY18 Residential
settlements up 3% to
\$35.3B

- NPAT increase of 10% driven by strong organic growth
- Resilient core business with residential settlements up 3% in a benign credit environment
- AFG Home Loans continues to deliver results for shareholders

FY18 full-year financial results – Highlights

Delivering strong growth in returns to shareholders and continued cash flow generation



Investment of 30.4% (fully diluted) in Think Tank Group Pty Ltd for \$10.9 million

- AFG's final dividend yield 15.9% per share (including 12c/share special dividend) and 7.4% excluding the special dividend
- Debt free and capital light balance sheet provides significant financial resilience and positions AFG well to take advantage of merger and acquisition opportunities
- AFG's combined residential and commercial loan book is now in excess of \$145.5 billion, driving strong ongoing cash flows

Strategic interest in Thinktank

- Investment of 30.4% (fully diluted) of Think Tank Group Pty Ltd for \$10.9 million
- Operating as a sub \$3m commercial property lender, established in 2005
- Loan book in excess of \$800 million
- Opportunity for AFG to further diversify its earnings base as well as representing white label opportunity



Looking ahead

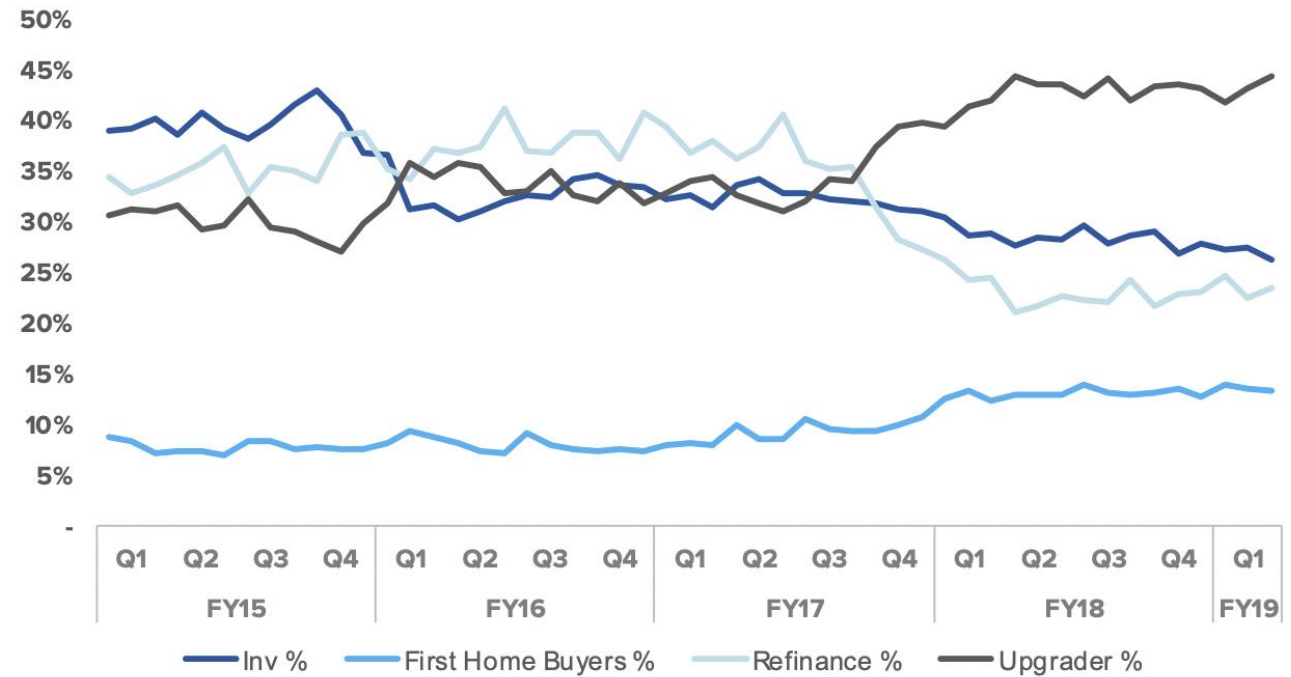
- With the mortgage broking sector being the dominant channel for the country's largest asset class, increased regulatory oversight is expected
- AFG has been a strong advocate for the industry and has provided a submission to the Royal Commission
- An effectively functioning financial system requires an appropriate balance of regulation and self-regulation
- AFG has delivered ongoing growth for shareholders since listing despite a constrained credit market, falling property prices and regulatory uncertainty causing lenders to move away from certain customers through lending restrictions
- AFG will continue to work with industry, regulators and government and strive to deliver a market leading value proposition for our brokers within a sound governance framework

**Chief Executive Officer
David Bailey**

Lodgement Type

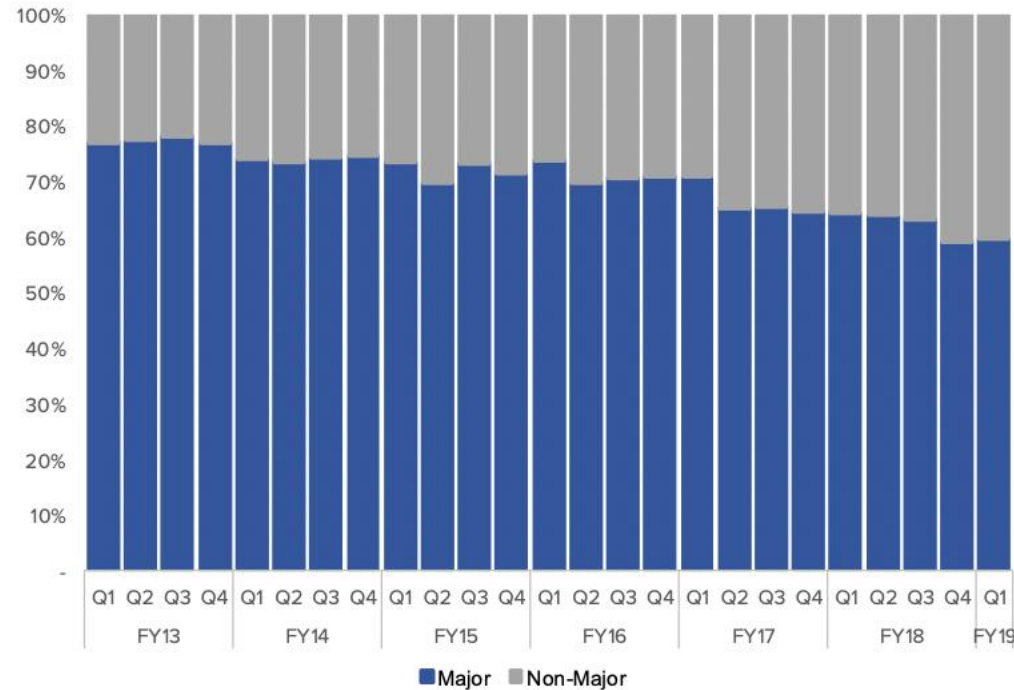
- Core residential business performed solidly in FY18 despite industry headwinds
- Regulatory intervention has continued to impact investor loans which have fallen and remained below 30% nationally
- Increase in first home buyers and the percentage of upgraders continuing to increase into FY19

Types of lodgement

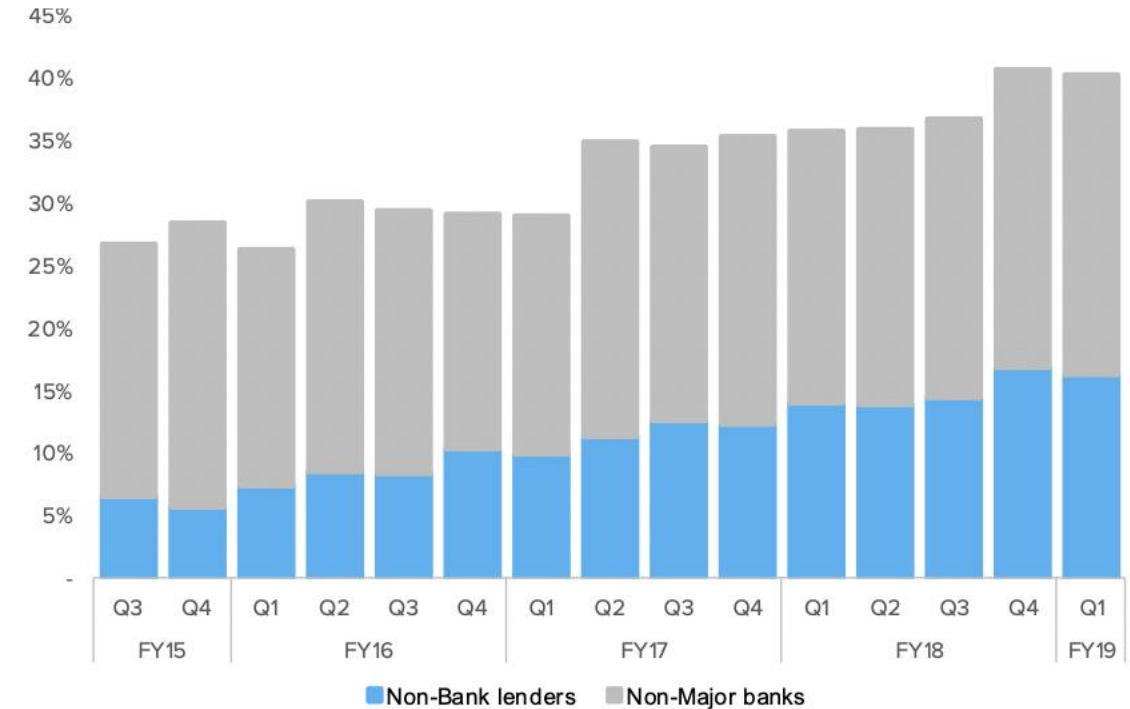


Market share

Major v Non-Major



Non-Major market share



- Brokers continue to drive competition and choice, non-major market share is now above 40%
- Non-bank lenders drove the majority of the increase – demonstrating that the broker channel delivers them a strong distribution base

AFG Home Loans

- Five core prime mortgage funders continues to protect against varying lender appetite and deliver choice to consumers
- AFG Home Loans products now with more than 19,000 customers
- Growth of 20% overall compared to FY17 with strong performance from all funders
- AFG Home Loans' book \$7.4 billion (up 34% compared to June 2017)

AFG
HOME LOANS
RETRO

AFG
HOME LOANS
LINK

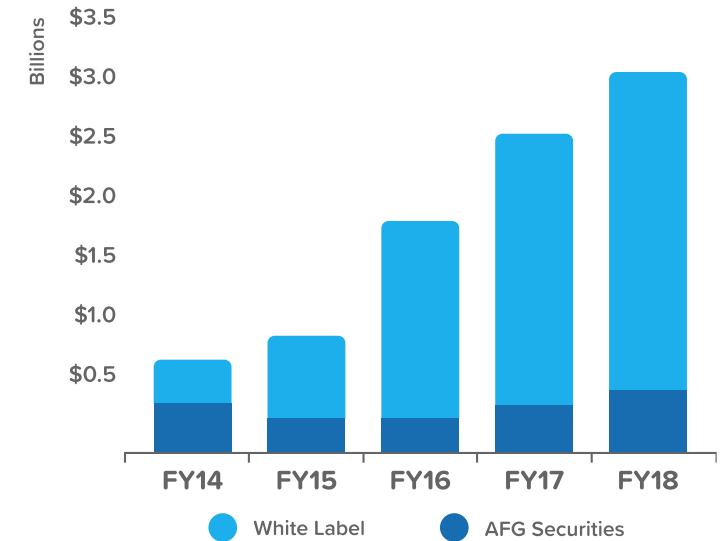
AFG
HOME LOANS
EDGE™

AFG
HOME LOANS
ICON

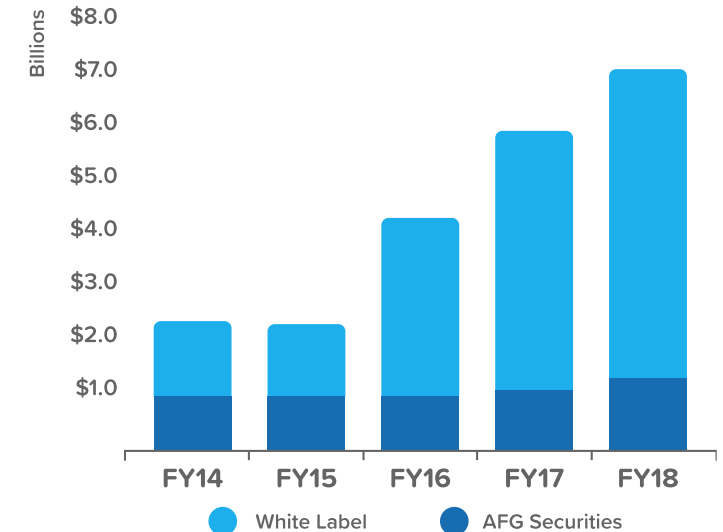
AFG
HOME LOANS
ALPHA

AFG
HOME LOANS
OPTIONS

AFGHL Settlements



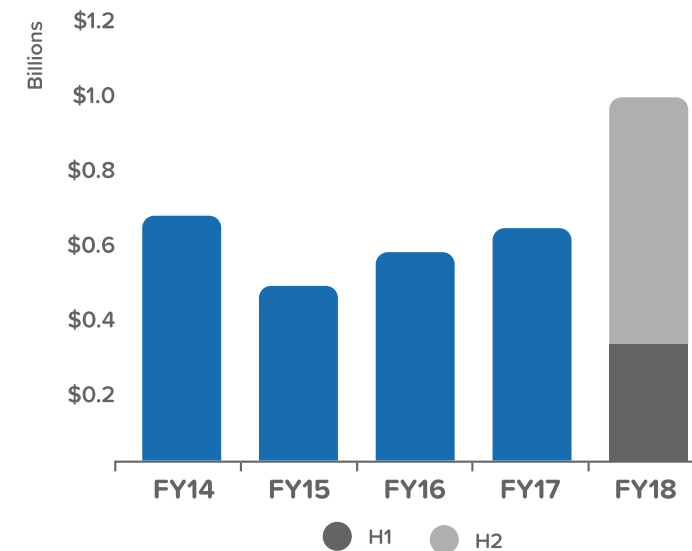
AFGHL Portfolio



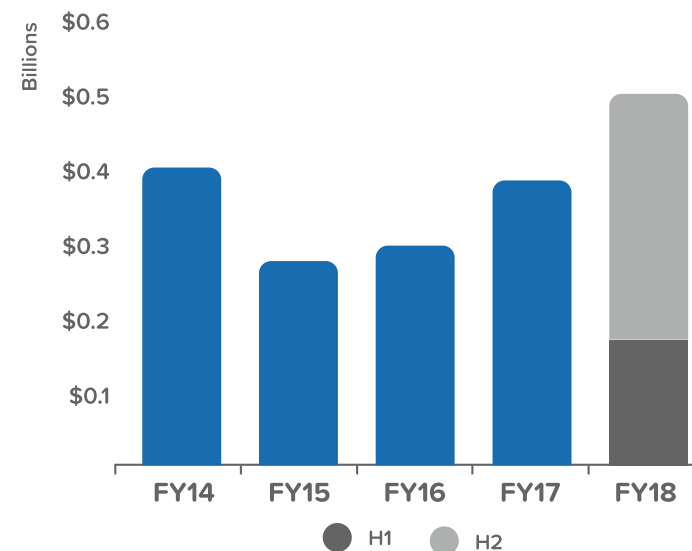
AFG Securities

- AFG 2013-1 and 2014-1 have now been finalised and closed out evidencing AFG's ability over the entire RMBS lifecycle. No losses were experienced in either transaction
- Launched AFG Home Loans – Link product. Offering a range of market leading near-prime products
- Total settlements of \$510 million and lodgements of \$1 billion were up 33% and 59% on FY17. This growth was driven by product improvements in H2 FY18

Lodgements



Settlements



AFG Commercial Powered by Thinktank

- Investment in Thinktank continues to diversify AFGs earnings base
- Straight forward, set and forget commercial property solution. Loans available from \$100k up to \$3 million
- New commercial white label product funded by Thinktank has been launched nationally
- Delivers further competition and choice to the SME market



AFG Business

The new AFG Business platform momentum continues to build

- First settlements processed and lodgement pipeline growing following soft launch in H1 FY18
- Asset finance platform has now moved out of pilot mode, with training of brokers commenced
- Expanded Commercial mortgage panel to 16 lenders to provide a wide variety of solutions to service customers' unique needs
- Continuing development and integration with new lenders to come on to the panel
- Allows new-to-commercial brokers to lodge applications in a common format, significant change management initiative

AFG Business Platform

Commercial

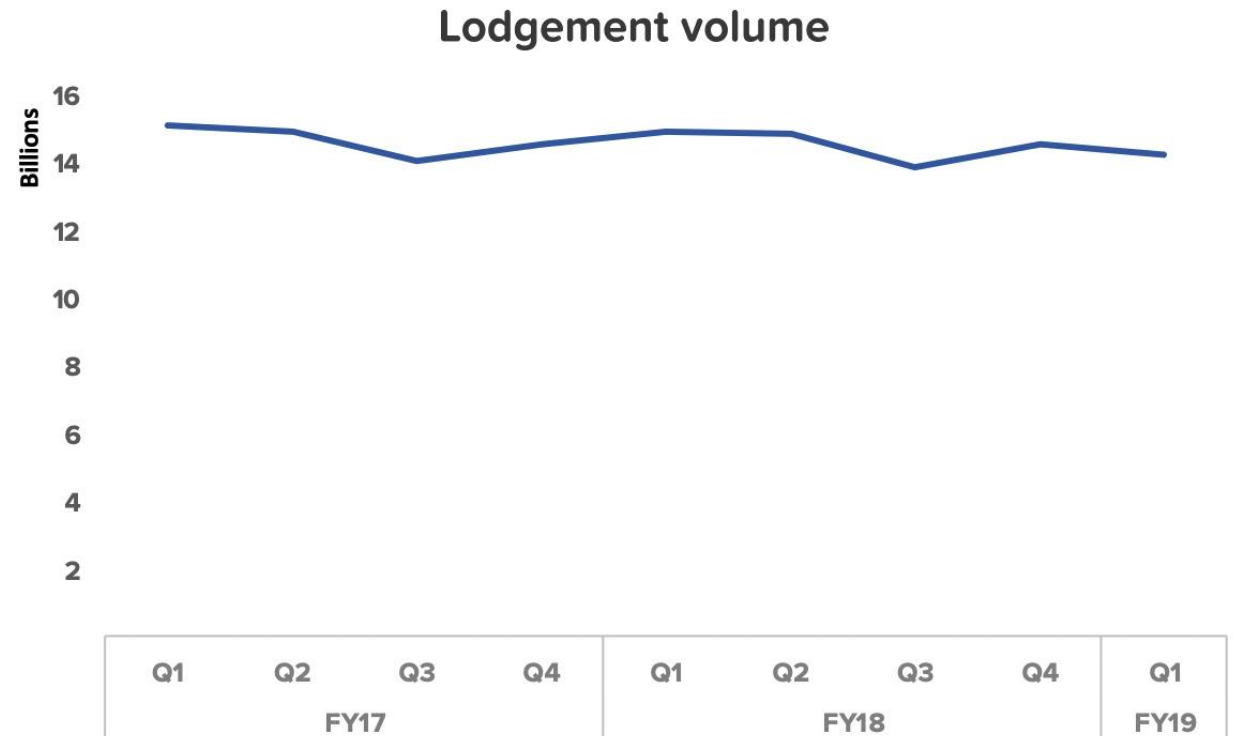


Asset Finance



Lodgement Volume

- Our FY19 Quarter 1 Mortgage Index reflected a softening in overall sentiment in the market fueled by tighter credit terms combined with a softening property market



October trading

- Regulatory intervention has continued to impact market activity
- Total residential lodgements \$4.82 billion, down 10% on October 2017, reflective of the overall market conditions
- AFG Home Loans outperforming market trend
- AFG Securities lodgements performed strong, 65% above October 2017, continuing positive trend from H2 FY18

Comparison of October lodgements

Change on October 2017

NSW	↓	(13%)
QLD	↓	(6%)
SA	↓	(4%)
VIC	↓	(10%)
WA	↓	(6%)
National	↓	(10%)
AFGHL	↓	(7%)
AFGS	↑	65%

Outlook



The broker value proposition is strong and Australian consumers are clearly comfortable with the channel



Industry contributes \$2.9 billion to the Australian economy and supports more than 27,000 jobs



Brokers have contributed to downward pressure on interest rates through increased competition in the market



Overwhelming majority of brokers operate small business with customer service at their core



AFG will remain a first-choice partner for lenders and broking groups



AFG has always been and will continue to be an active voice for our industry. We will continue to educate and disseminate the facts about the mortgage broking industry.

Q & A

Formal Business

Notice of Meeting

Items of Business

Item 1:

Financial Reports – financial year ended 30 June 2018.

The Financial Report, director's report and auditor's report for the financial year ended 30 June 2018 is tabled for discussion.

Items of Business

Item 2:

Election of Directors

Items of Business

Item 2(a):

Re-election of Malcolm Watkins as a director of the Company

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

“That Malcolm Watkins, 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

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	80,011,483	109,791	246,992	56,000	80,368,266
% OF ELIGIBLE VOTES	99.56%	0.14%	0.31%		100%
NO. OF PROXY FORMS	105	9	18	4	132

Items of Business

Item 2(b):

Re-election of Craig Carter as a director of the Company

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

“That Craig Carter, 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

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	80,011,483	109,791	246,992	56,000	80,368,266
% OF ELIGIBLE VOTES	99.56%	0.14%	0.31%		100%
NO. OF PROXY FORMS	105	9	18	4	132

Items of Business

Item 3:

Adoption of Remuneration Report

To consider, and if thought fit, to pass the following in accordance with section 250R(2) of the *Corporations Act 2001(Cth)* (**Corporations Act**)

“That the Remuneration Report for the Company for the year ended 30 June 2018 be adopted.”

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	79,613,591	430,005	251,992	128,678	80,295,588
% OF ELIGIBLE VOTES	99.15%	0.54%	0.31%		100%
NO. OF PROXY FORMS	76	35	19	6	130

Items of Business

Item 4:

Grant of 2019 LTI Award to Executive Director – Brett McKeon

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“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 20,114 Performance Rights to Executive Director, Brett McKeon, under the Company’s long term incentive plan as set out in the Explanatory Notes accompanying this notice of meeting.”

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	79,577,122	524,761	287,983	34,400	80,389,866
% OF ELIGIBLE VOTES	98.99%	0.65%	0.36%		100%
NO. OF PROXY FORMS	65	46	20	5	131

Items of Business

Item 5:

Grant of 2019 LTI Award to Executive Director – Malcolm Watkins

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“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 20,114 Performance Rights to Executive Director, Malcolm Watkins, under the Company’s long term incentive plan as set out in the Explanatory Notes accompanying this notice of meeting.”

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	79,579,122	512,761	282,825	49,558	80,374,708
% OF ELIGIBLE VOTES	99.01%	0.64%	0.35%		100%
NO. OF PROXY FORMS	65	45	20	6	130

Items of Business

Item 6:

Proportional Takeover Approval Provisions

To consider and, if thought fit, pass the following resolution as a special resolution:

“That the proportional takeover provisions contained in rule 6 of the Constitution of the Company (as last approved by shareholders) be reinserted for a further period of three (3) years from the date of the Meeting convened by this notice of meeting.”

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	77,893,983	118,000	295,825	2,116,458	78,307,808
% OF ELIGIBLE VOTES	99.47%	0.15%	0.38%		100%
NO. OF PROXY FORMS	98	10	21	7	129

Poll

Q&A

Close

Disclaimer

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Thank you.