FY23 Results Presentation
12 months to 30 June 2023

Presentation Outline

AFG

70%

of residential mortgages written through a broker

$535B

Residential mortgage market

$245B

Commercial finance market

Portfolio of Businesses

Thinktank

fintelligence

BrokerEngine

AFG HOME LOANS

1 in 10

Residential mortgages in Australia written by an AFG broker

500K

Customers helped by an AFG broker

$4.5B

AFGS loan book

$206B

Trail book

$37M

Reported NPAT

24%

Underlying Return on Equity

$52M

Operating cashflow

AFG Business model

Operating in deep markets…

AUSTRALIAN FINANCE MARKET

- Residential Mortgages
- Commercial Mortgages
- Equipment and Asset Finance
- Personal Loans

… with a range of financial services…

Aggregation Services

Broker-originated loans generate annuity-style earnings through commissions, with brokers using product-specific platforms for a fee

Increase competition & choice for customers, providing connectivity & support to brokers accessing finance products from our lender panel

Loan Distribution

White Label loans generate additional margin for AFG from marketing & distribution services

Utilising our broker network, assist with branding & distribution for select lenders to our brokers

Loan Manufacturing

AFG lending products generate a Net Interest Margin on the loan book

Full finance product to customers. Leveraging AFG's insights & experience to develop lending products as well as direct Thinktank investment

… to a broad customer base

AFG CUSTOMERS

1 in 10 — Residential mortgages in Australia written by an AFG broker

↔ **3,800+** — AFG Brokers

↔ **80+** — Lenders on our panel including AFG securities

AFG's proven blueprint

Markets	Aggregation Services	Loan Distribution	Loan Manufacturing	Broker Share	AFG Share
	Provides scale & platform to diversify into new markets	Leverage scale – partner with lenders	Leverage scale – expand into higher margin lending		
Residential Mortgages	AFG $195B Loan book	AFG Home Loans White label $8.7B Loan book	AFG Securities $4.5B loan book	70%	10%
Commercial Mortgages	AFG $12B Loan book	AFG Commercial powered by Thinktank	Investment in Thinktank Planned further growth	20-30%	2%
Asset Finance	AFG + Fintelligence $2.6B FY23 settlements	Planned growth	Planned growth		
Personal Loans/Other (inc new markets)	AFG				
Percentage of profit before tax	35%	65%			

Product Margin

FY23 Highlights

Earnings diversification

Delivers resilience & strong platform for growth

- **65+%** underlying earnings from annuity-style income streams
- **Strong growth** from new markets Strategic Investments contributing **32**% of profit
- **$4.5b** AFG Securities loan book, with NIM of **136bps**

Strong balance sheet & cash flow generation

Well placed to execute new opportunities

- Record **$1b** RMBS[1] issuance No losses incurred on book
- **$202m** of liquid assets & investments
- **3 year TSR[2] of 29%** S&P Small Industrials Index 16%

Investing for growth

Uplift to capability & efficiency to deliver through the cycle

- **Investing in our people –** strong employee engagement
- Ongoing investment improving **broker proposition, efficiency** & digital capabilities
- Strategic Investments **creating new market options**

1. Residential mortgage backed securities
2. 3 year TSR and based on share price as at 30 June 2023 & 1 July 2020

FY23 Financial Summary

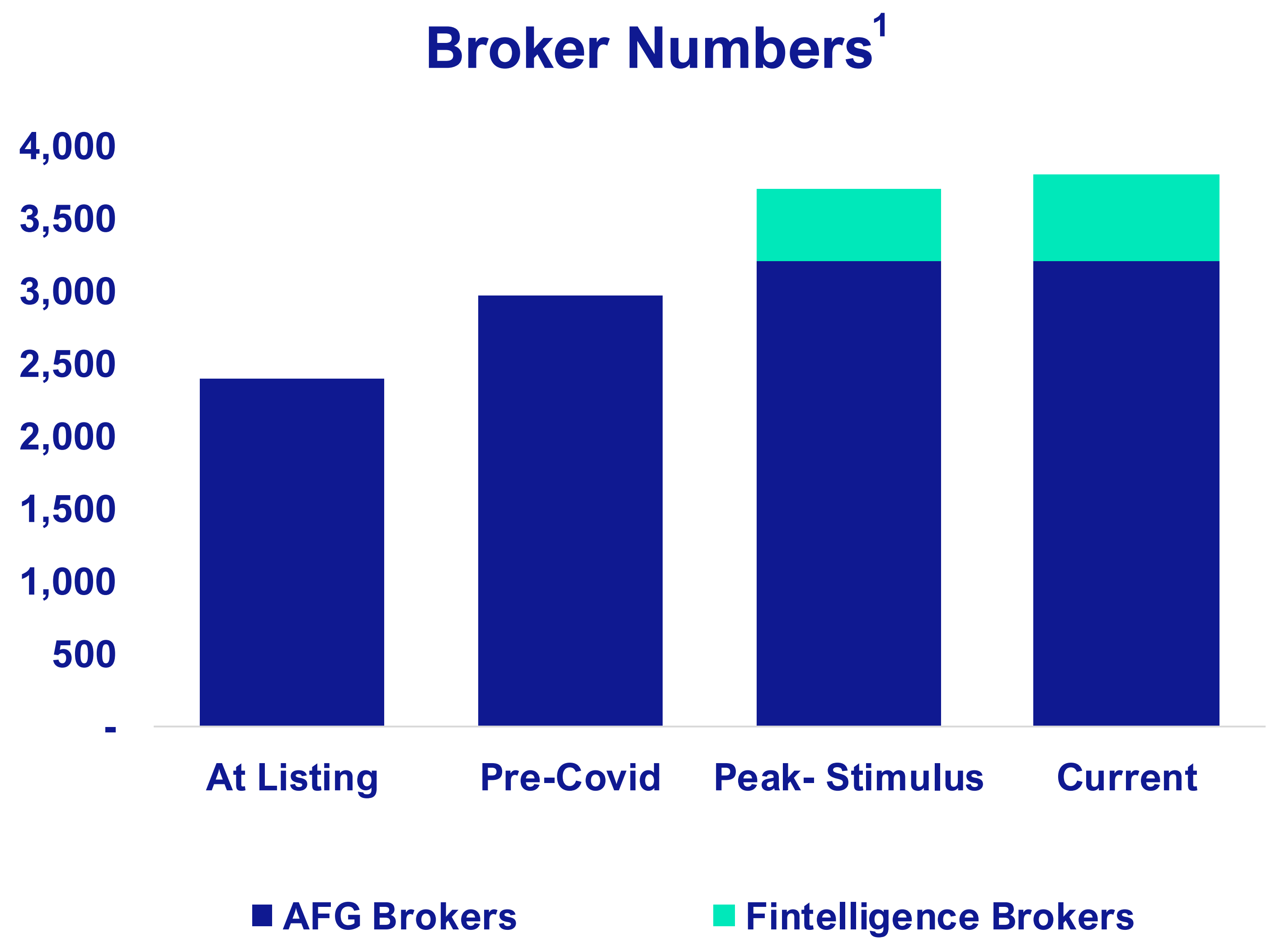
Competitive advantage from being a leading aggregator with significant scale	Quality & diversified earnings underpin earnings	Strong cash flow generation, with trail book delivering annuity-style cash flows	Capital-light business model, with strong balance sheet	Strong history of delivering shareholder value
Underlying[1] Gross Profit **$122.8m**	Underlying NPATA[3] **$48.3m**	Operating Cash Flow **$52.1m**	Underlying ROE **24%**	Total Shareholder Return[6] **29%**
Residential book growth 2% above system **$195b**	Reported NPAT **$37.3m**	Cash realisation **108%**	FY23 loan book losses[5] **$0**	Total Dividends Paid in FY23 **$43.8m**
NIM[2] **136bps**	Contribution[4] from Strategic Investments **$12m**	Unrestricted Cash **$60m**	Investments & liquid assets **$202m**	Dividend payout ratio **60%**

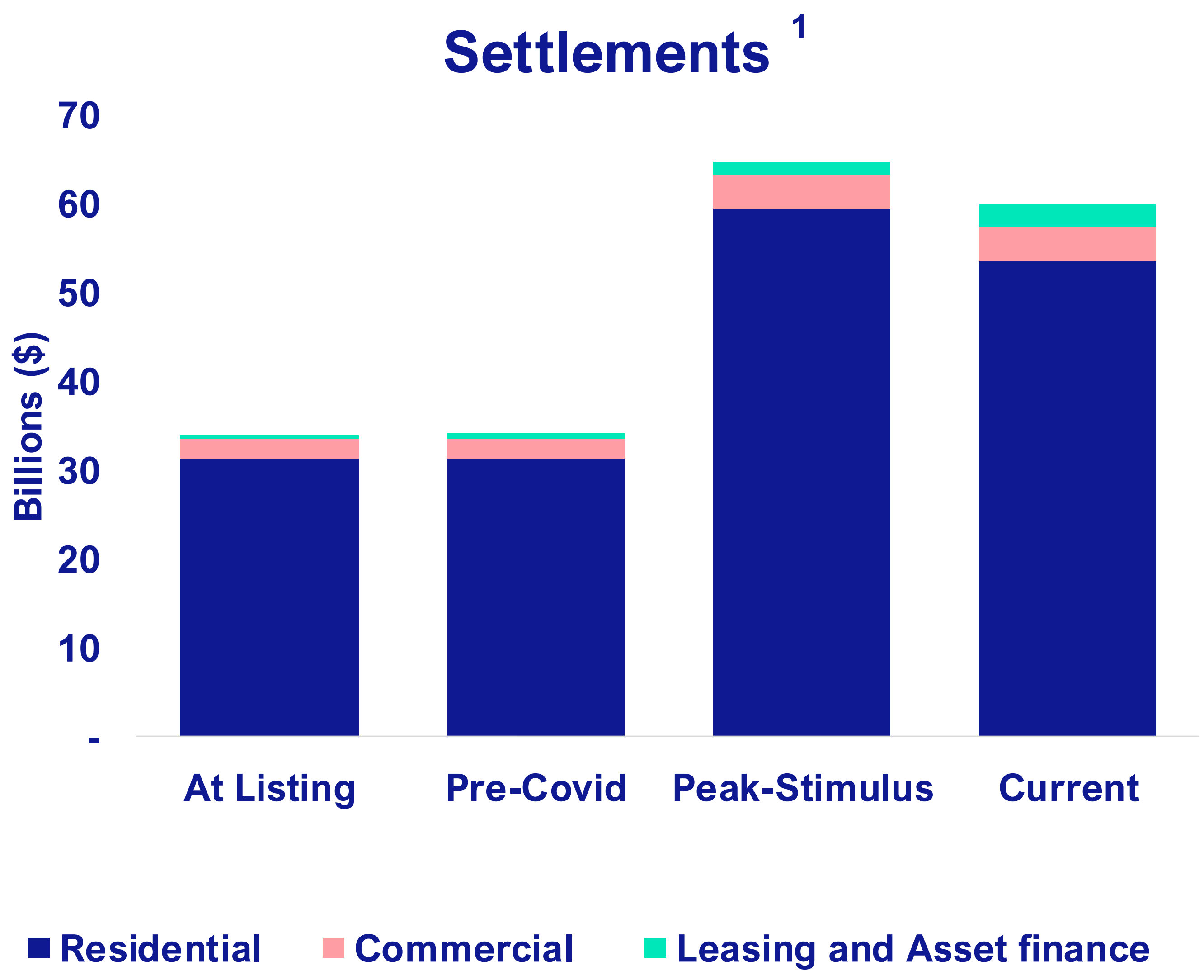
1. *Gross profit excluding trail book accounting adjustment*
2. *Net interest margin for the AFG Securities loan book*
3. *Reconciliation between Reported NPAT & Underlying NPATA detailed on slide 33*
4. *Based on net profit after tax attributable to equity holders*
5. *Refers to losses associated with the AFG Securities loan book*
6. *Total Shareholder Return for the 3 year period ending 30 June 2023*

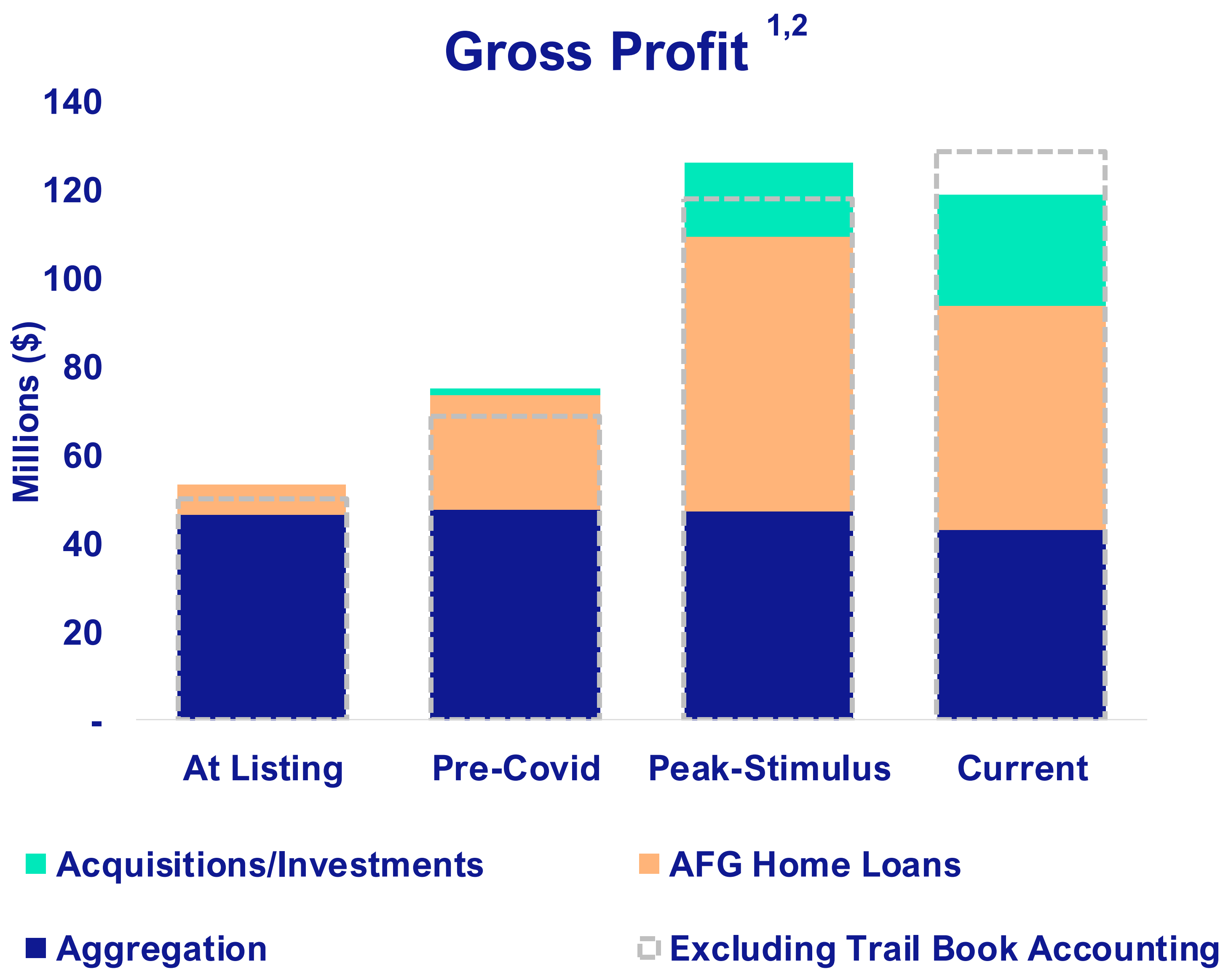
FULL YEAR RESULTS

Market & operations update

The impact of our diversification strategy







Growing broker network with a strong focus on full service offering & platform for diversification

AFG provides a wide range of services including Marketing, Compliance, PI insurance services & opportunities to diversify into new products

Strong growth in Residential as well as a growing contribution from new products

Asset finance has grown 28% since Fintelligence acquisition, providing further earnings diversity & opportunity for margin expansion

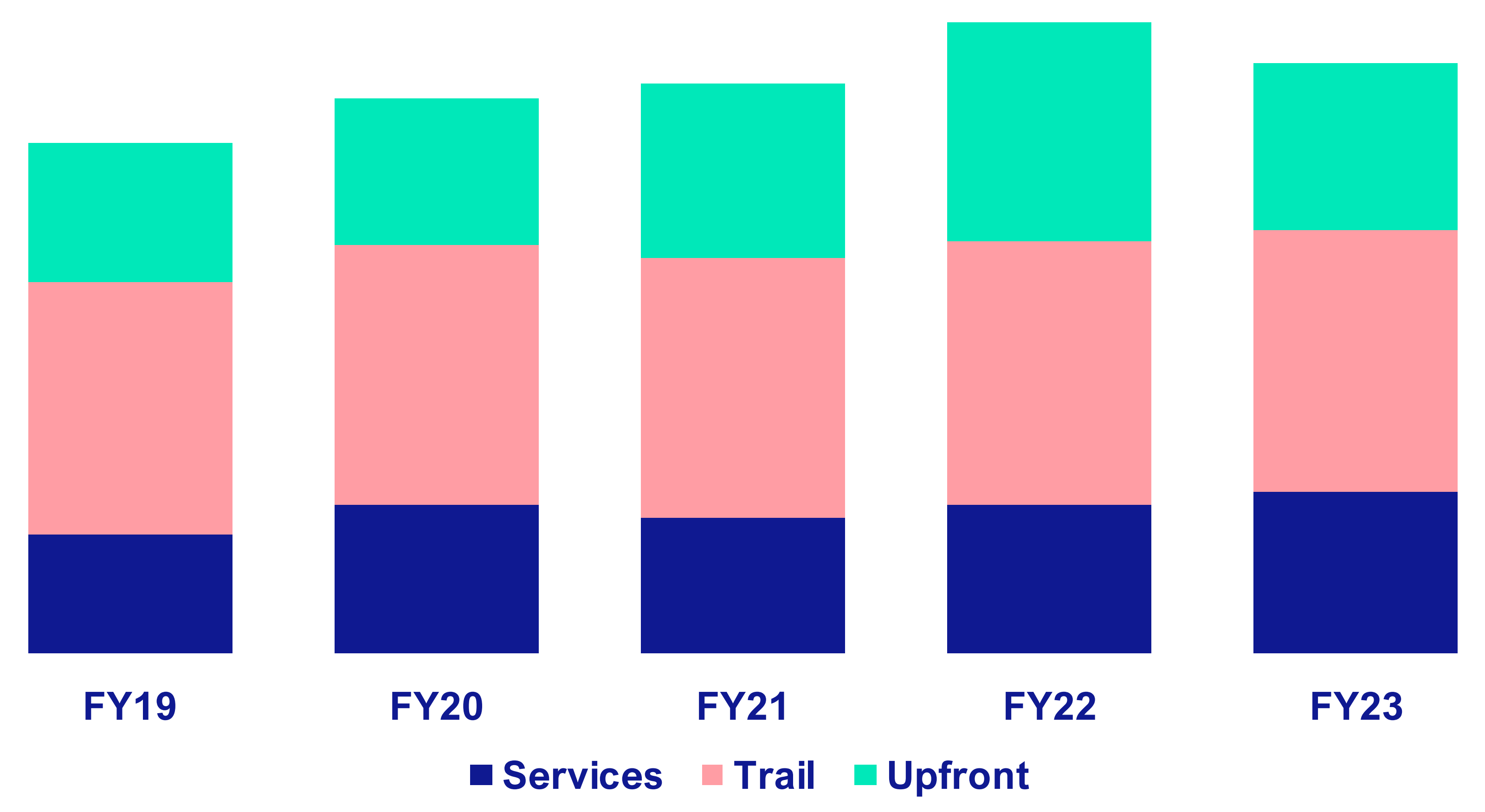
Strong gross profit despite industry headwinds. The result of earnings diversity

Approximately 40% of AFG gross profit[2] from AFG Home Loans, with 20% contributed by Strategic Investments (up from 11% last FY)

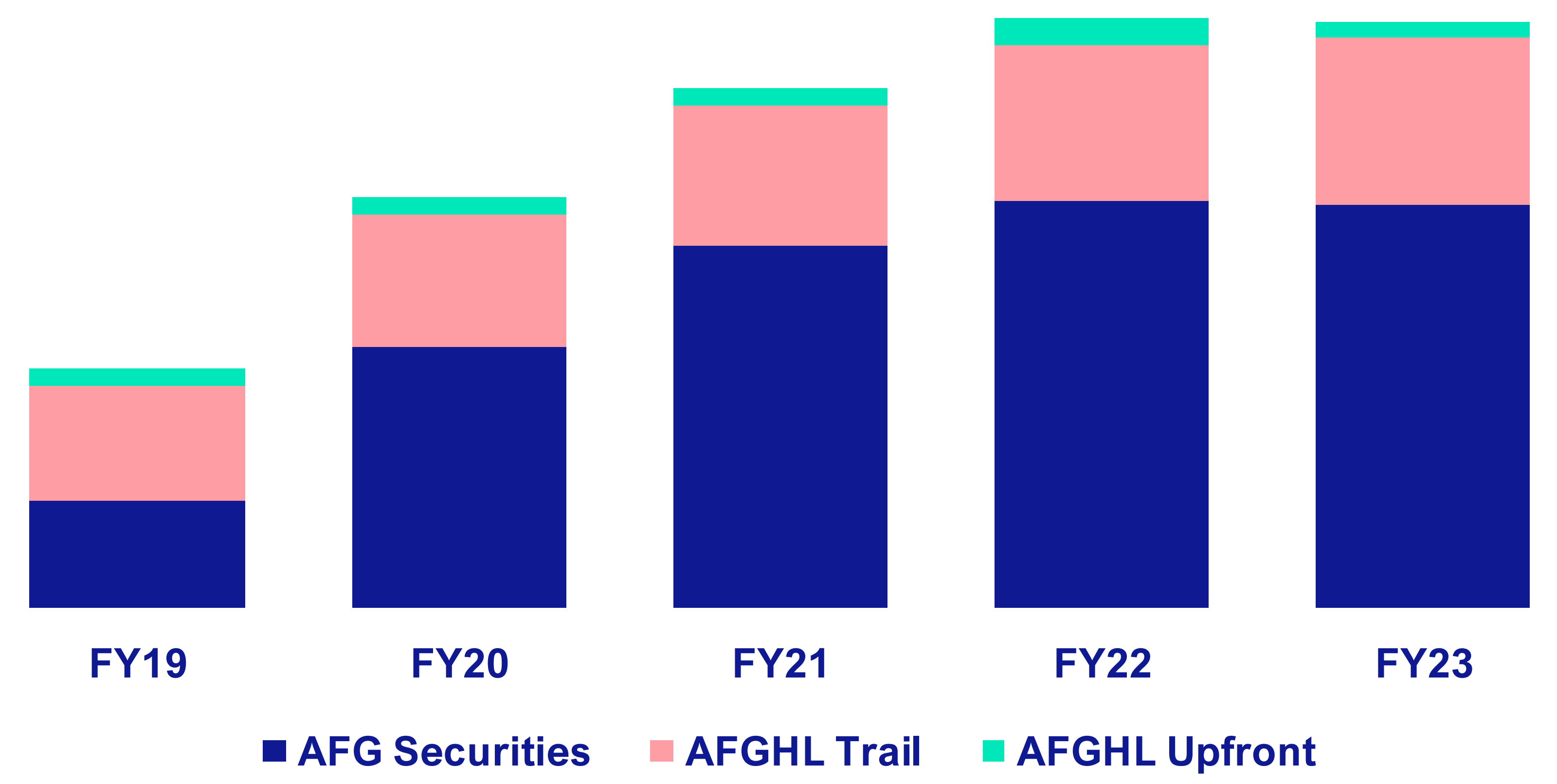
1. *'At listing' refers to FY15 (ASX listing date of 22 May 2015). 'Pre-Covid' refers to FY19. 'Peak-COVID' refers to FY22. 'Current' refers to FY23*
2. *Gross profit including share of profit from investment in Thinktank*

Over 65% of our earnings have a recurring profile

Aggregation Gross Profit[1, 2]



AFG Home Loans Gross Profit[2]



Aggregation includes upfront & trail commission as well as broker fees across a diverse product range including Residential, Commercial, Leasing & Asset finance

Recurring margin is supported by a growing trail book, while upfront margin is linked to settlement volumes. Almost 60% of Aggregation gross profit[1] is from recurring trail or broker service fees

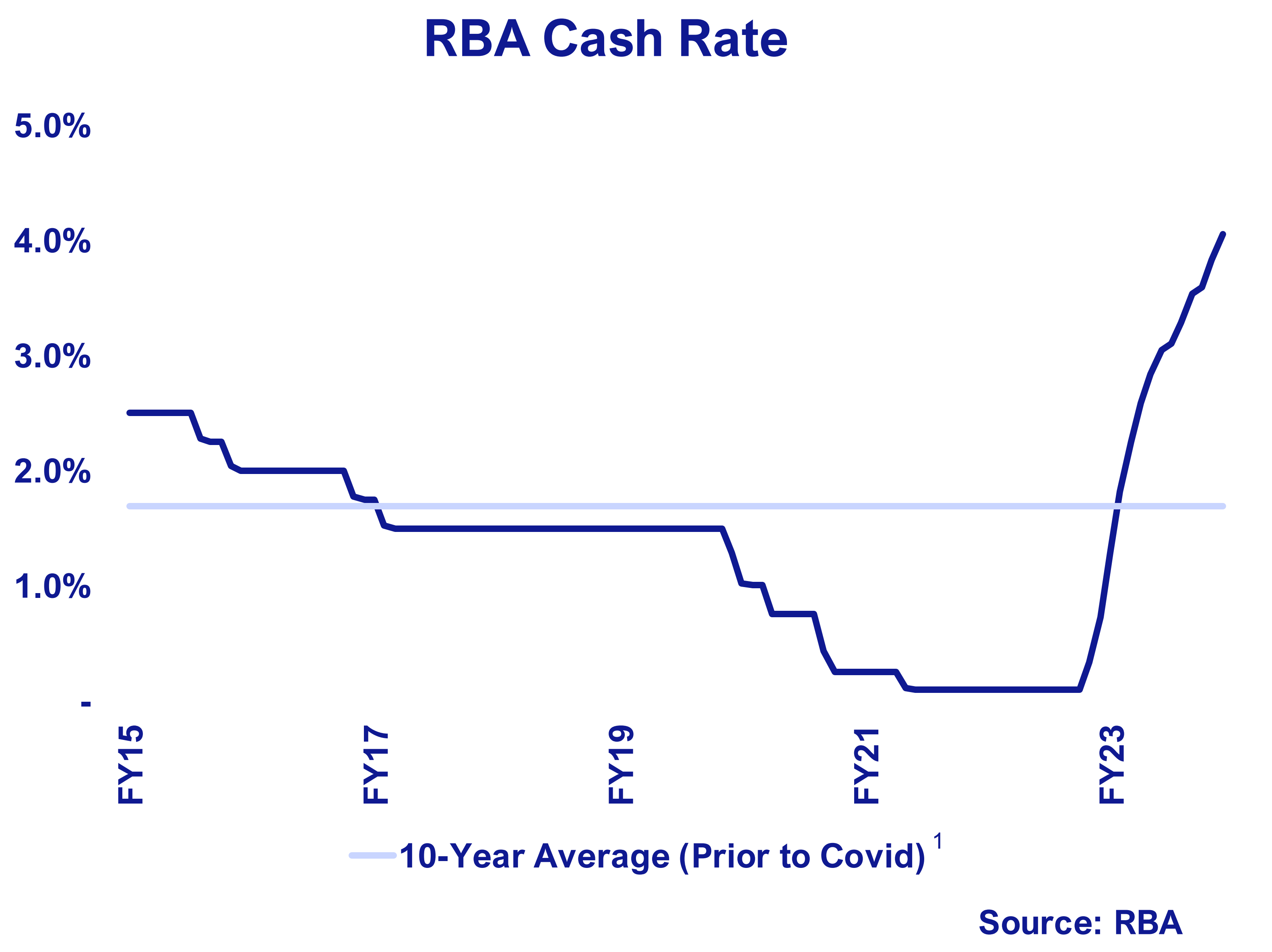
Service fees include technology fees, marketing, compliance & PI services for over 3,800 brokers

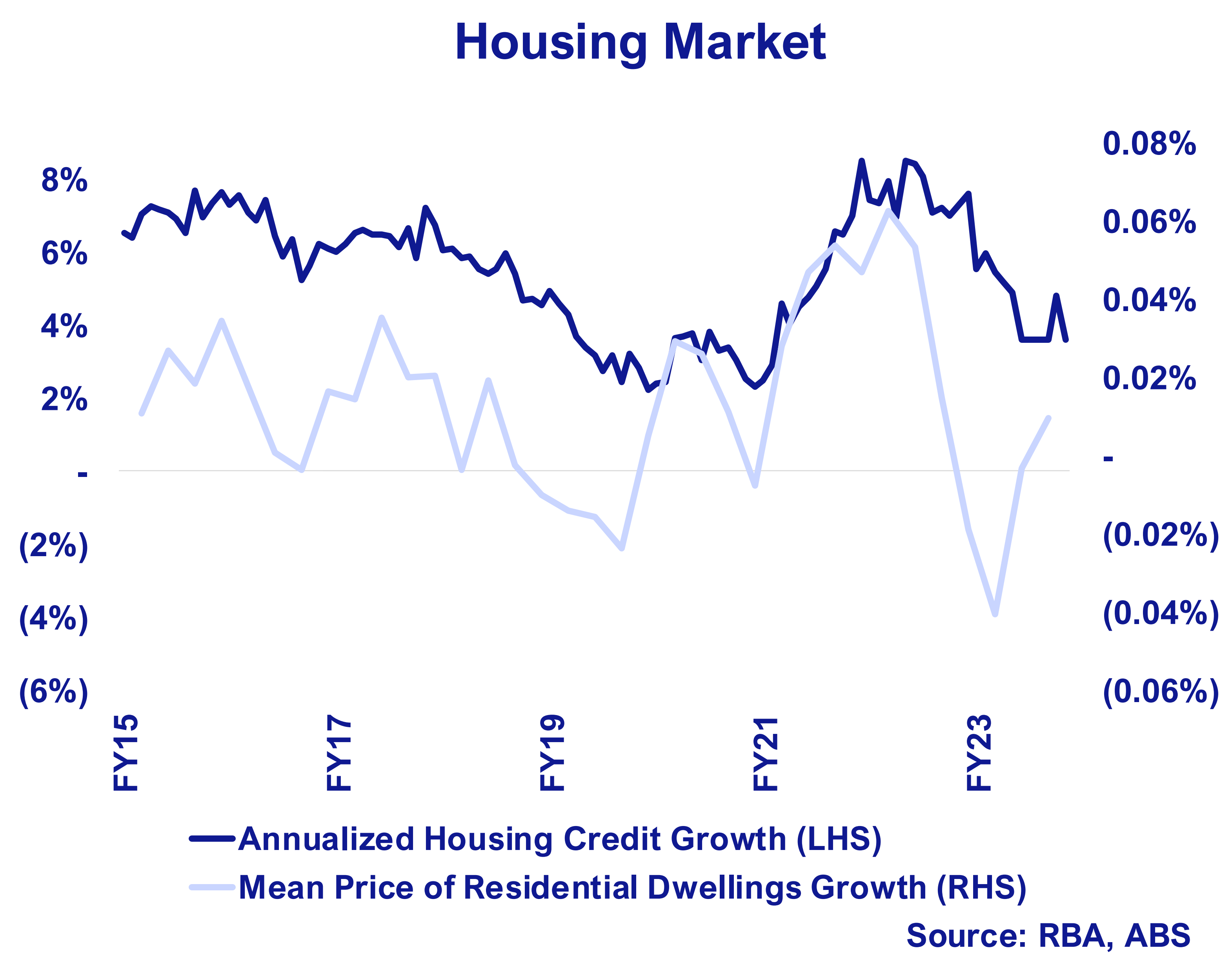
Majority of earnings in AFG Home Loans (AFGHL) are from the ongoing loan book. This includes AFG Securities NIM & White Label trail commission

Higher margin annuity-style trail income is less volatile to lower settlements

1. *Aggregation excluding Strategic Investments*
2. *Gross profit and Other income excluding trail book accounting adjustment*

Challenging conditions are expected to stabilise, with the housing market proving resilient





Historic low cash rate unwound with a record pace of cash rate increases – now at levels last seen in 2012

Forecast[2] to be near the peak providing increased certainty for borrowers

House prices have returned to growth despite the challenging economic environment demonstrating sector resilience

Low unemployment, supply constraints & record migration will provide support for housing prices

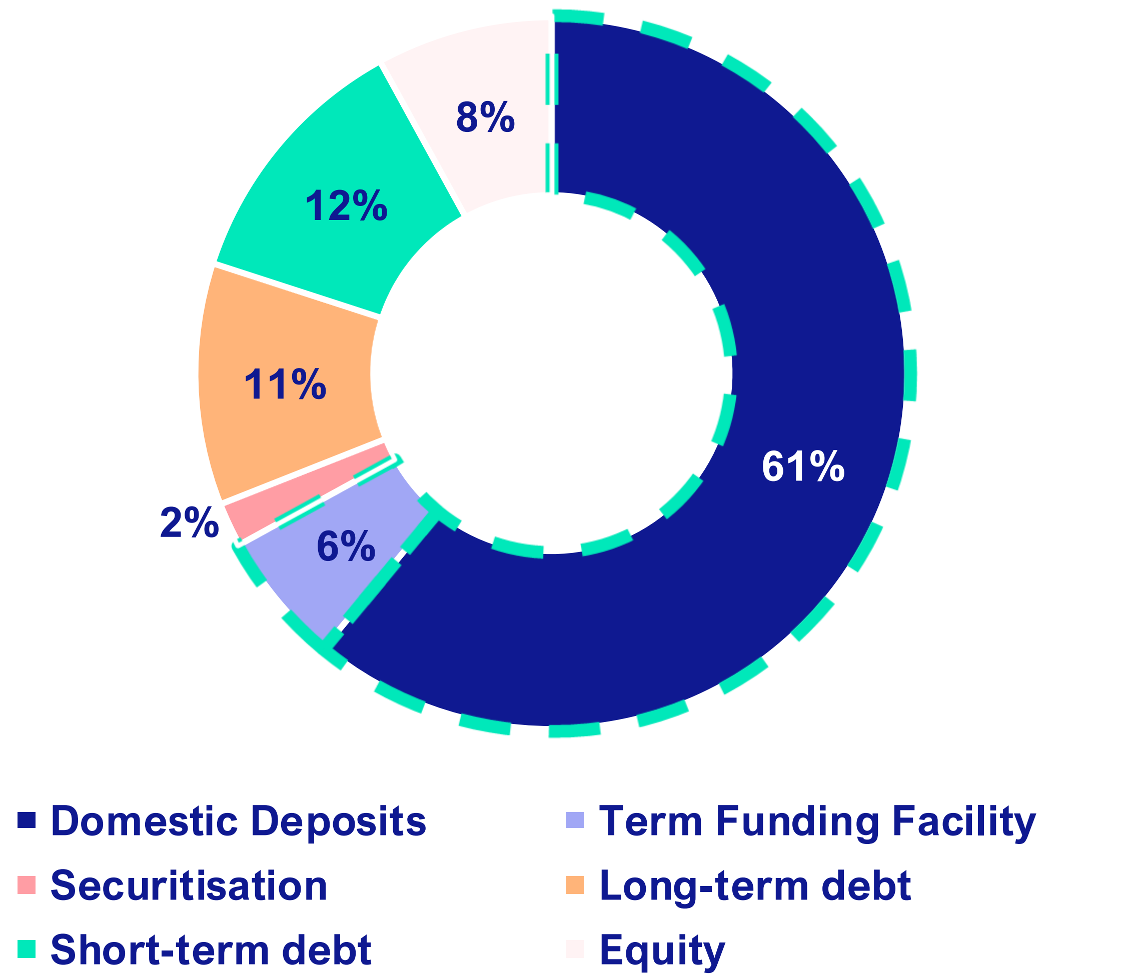
1. *Prior to Covid is up to 31/12/2019*
2. *Three out of the four major bank economists forecasting the cash rate has peaked*

Competition set to return as ADI's cheap funding cost are expected to increase

Banks' Deposit Margin compared to BBSW[1]

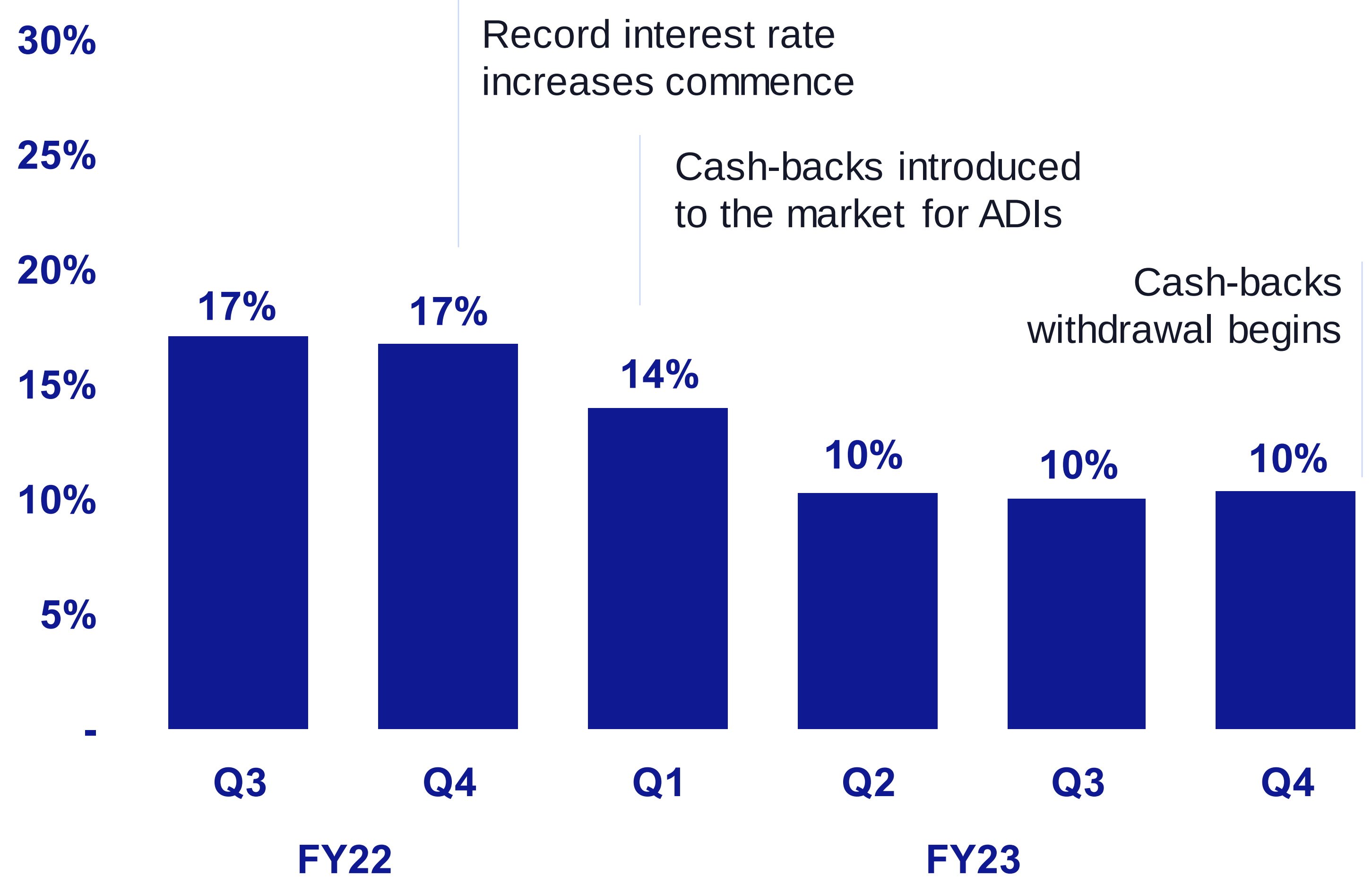
Source: RBA

Major Banks Funding Composition



Source: RBA

Non-Banks Market Share



Source: AFG Mortgage Index

With the TFF[2] due to be repaid by June 2024, bank deposit margins are not sustainable at current levels & will return to long-term levels

ADIs[3] have already begun increasing their front-book pricing, leaving non-banks better placed to compete

As ADIs have grown their balance sheet & prepare for the roll-off of the TFF, deposit rates have increased closer to the cash rate

These current cheap source of funds represent 67% of Major Banks funding

As deposit rates lift, cheap TFF funds are replaced & cash-backs are withdrawn. Competition is expected to slowly re-balance towards non-banks

AFG Home Loans is the number one non-bank on our panel consistently performing well above peers

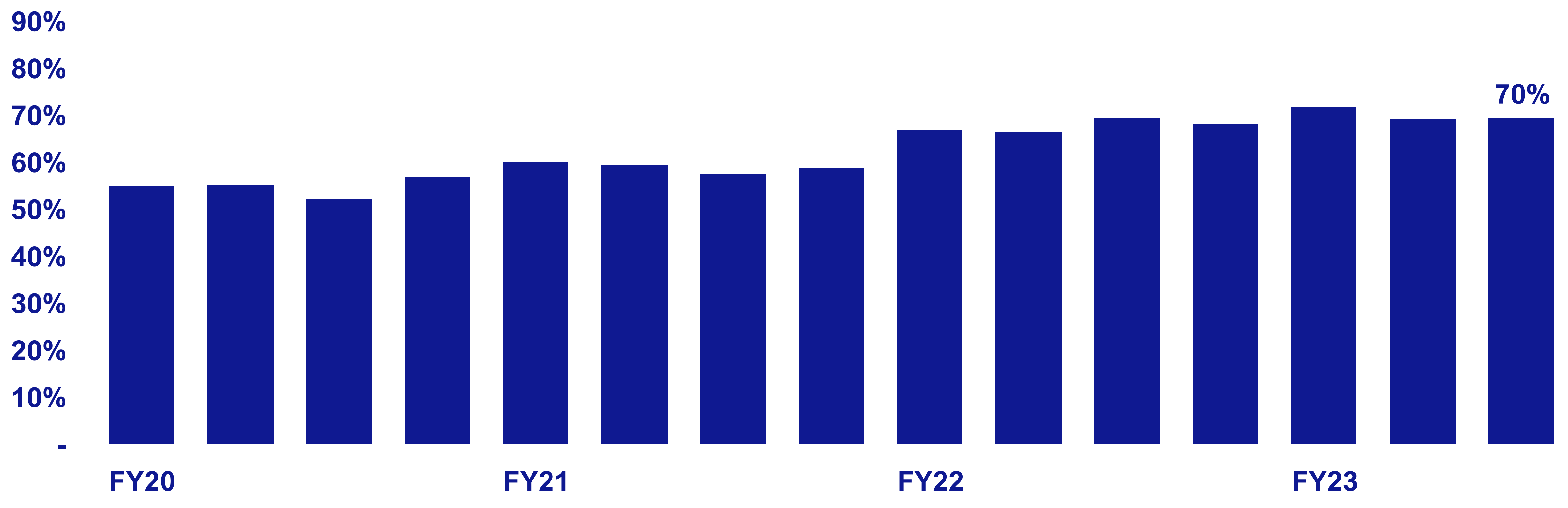
1. *Bank Bill Swap Rate*
2. *Term Funding Facility (TFF) was established by the RBA as part of its policy response to the effects of the pandemic to offer low-cost three-year funding to ADIs*
3. *Authorised deposit-taking institution (ADIs)*

Aggregation

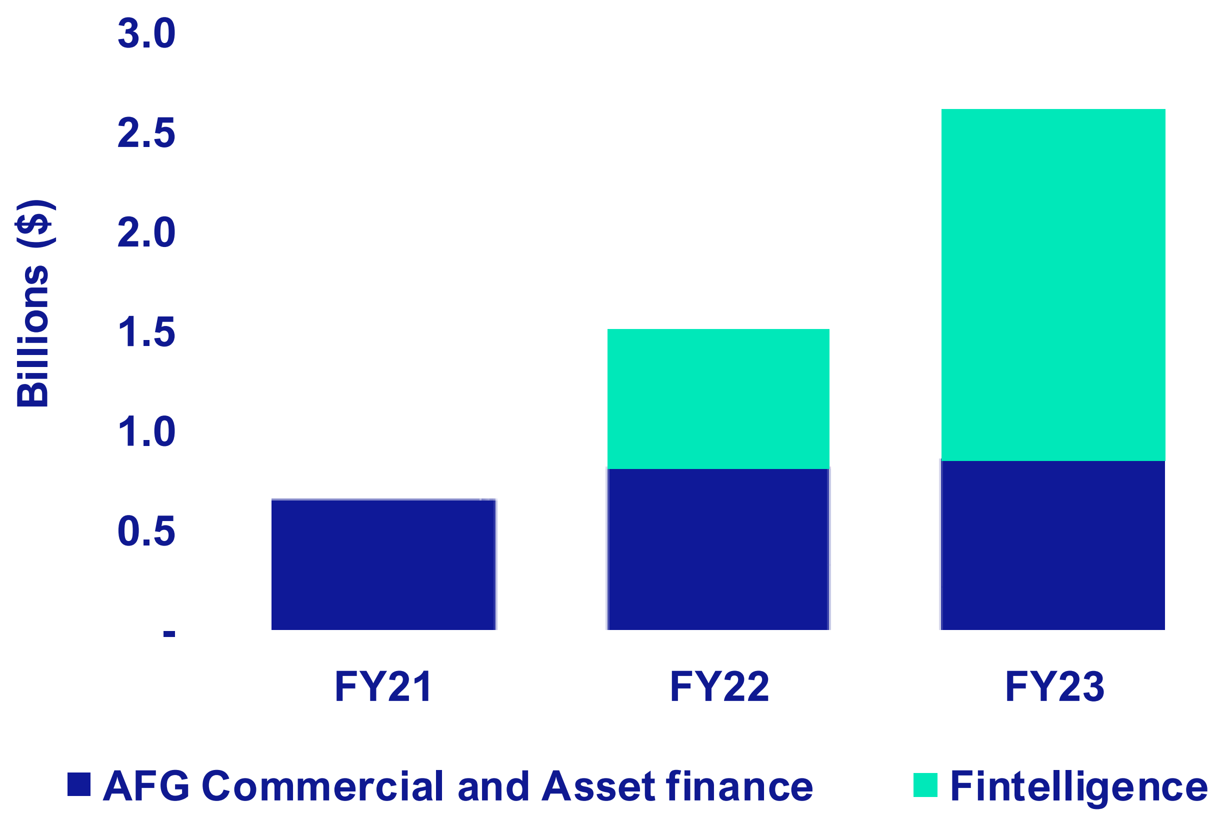
Broker is the dominant residential channel. We are investing & growing the Residential offering, & capturing new opportunities in Commercial

- Residential broker market share at 70% – delivering competition & choice to customers & lenders
- 1 in 10 mortgages in the Australian market written by an AFG broker – significant footprint
- As customers roll off fixed terms[1], AFG brokers are assisting. 61% of these customers are remaining with their lender. Of those that have moved, majority have refinanced using their AFG broker. $17b of fixed settlements are due to expire in FY24
- Ongoing investment to improve AFG broker proposition, with investments in Fintelligence & BrokerEngine delivering new services & delivering efficiencies for AFG brokers
- In the $245b[2] commercial market, broker share is only at ~20% & presents an opportunity for AFG brokers
- Fintelligence is providing a service offering to deliver growth in asset finance, with future margin enhancement to come from establishing a White Label offering

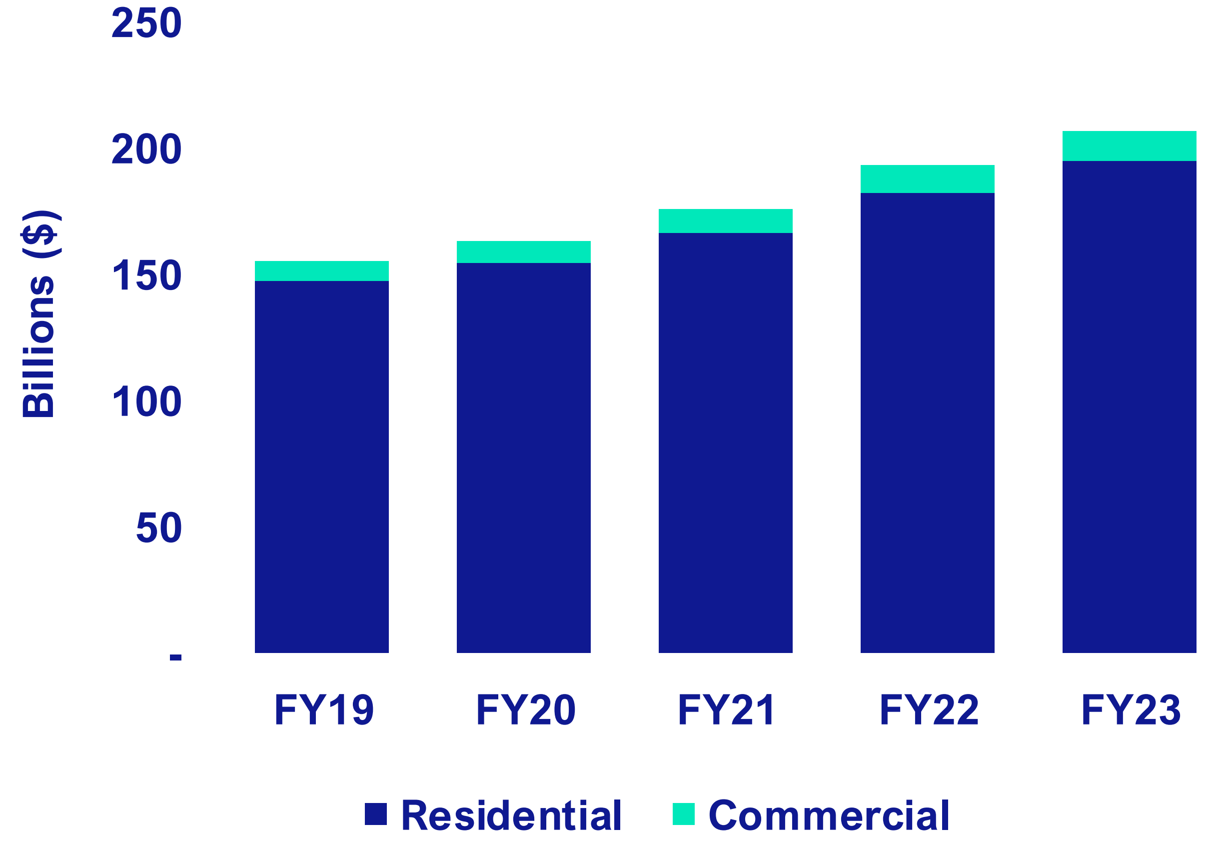
Broker Market Share[3]



AFG Leasing & Asset Finance



AFG Trail Book



1. *Residential settlements with a fixed rate term, written by AFG brokers*
2. *Source: Australian Bureau of Statistics*
3. *Source: MFAA*

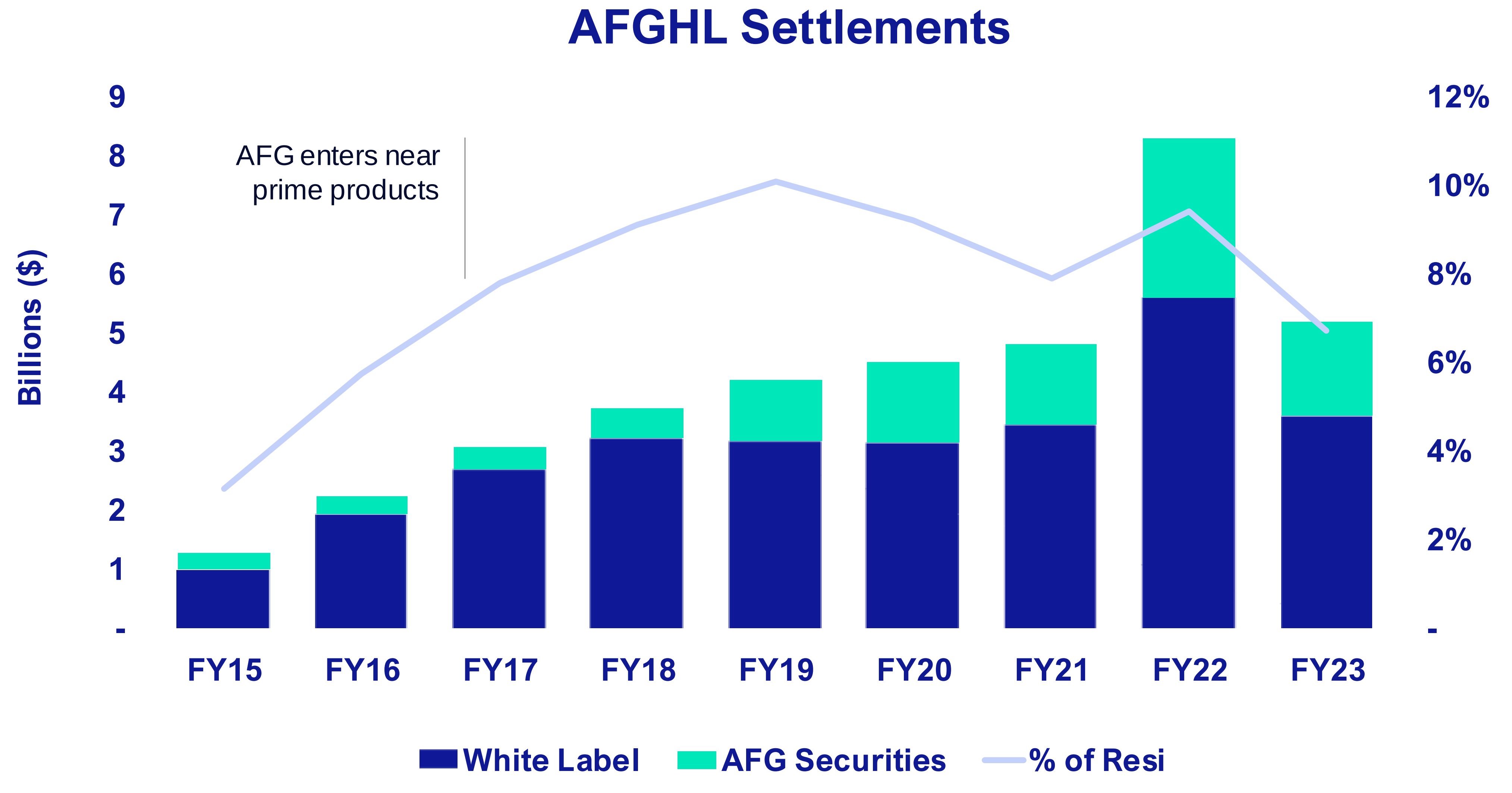
AFG Home Loans[1]

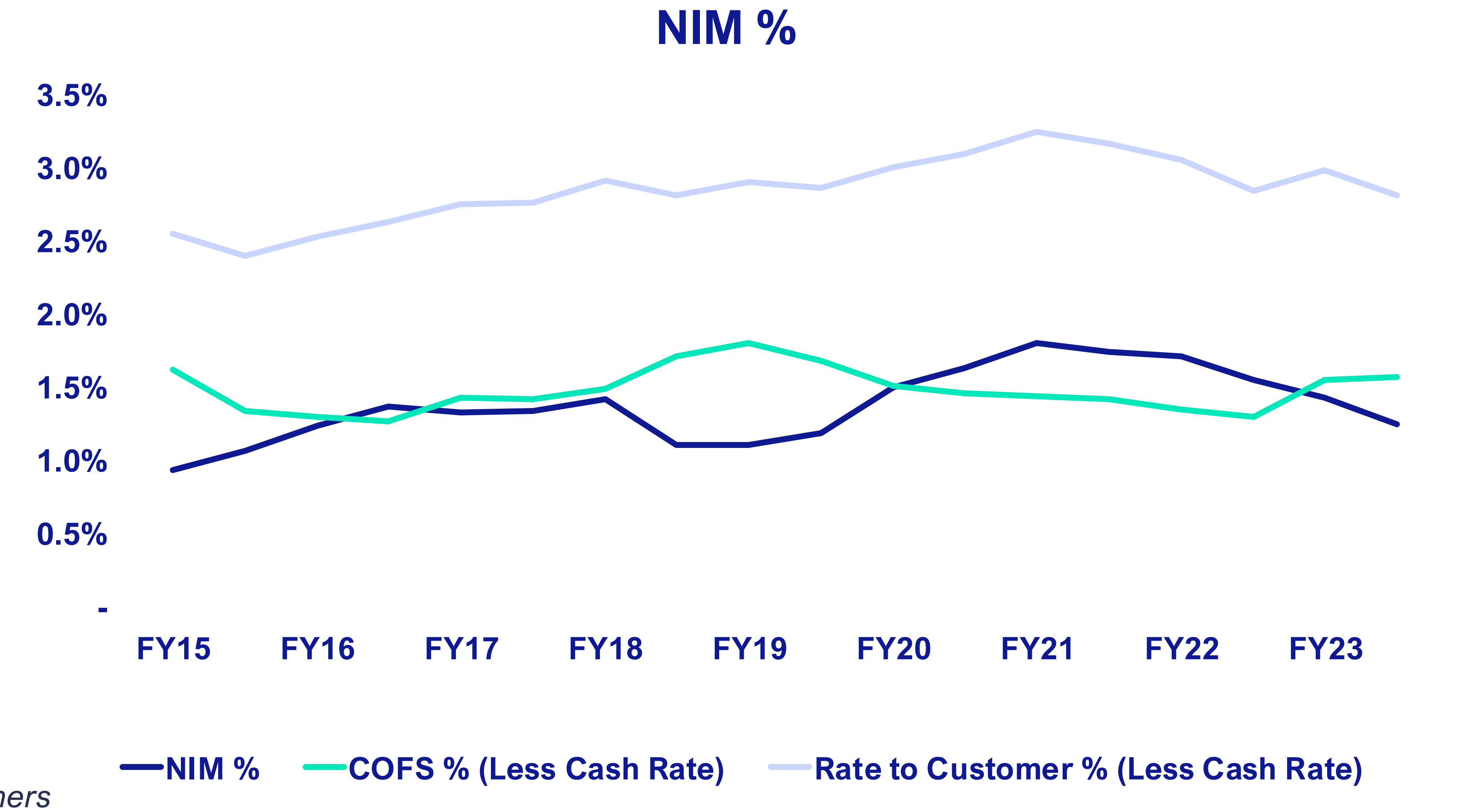
Strong competition from the ADIs funding advantage, however AFG remains the number one non-bank on panel

- AFG Home Loans remains the largest non-bank lender at #6 on AFG's lender panel[2], reflecting the distribution strength of the AFG broker network
- New white label partnership with Brighten – provides solutions for non-residents & expatriates (new markets)

AFG Securities (AFGS)

- AFGS has maintained its pricing discipline, but consequently become less competitive.
- Leveraging AFG's distribution & market insights, AFGS settled $1.6bn
- Pressure on rate to customers as funding costs lift, lowering the NIM from 145bps in H1 FY23 to 127bps in H2
- NIM in June '23 post warehouse renewals was 116bps
- New lending platform in pilot Q1 FY24, delivering efficiency to Credit & Operations functions & reducing approval times
- AFG is well placed for the next phase of the market cycle as the ADI funding advantage subsides



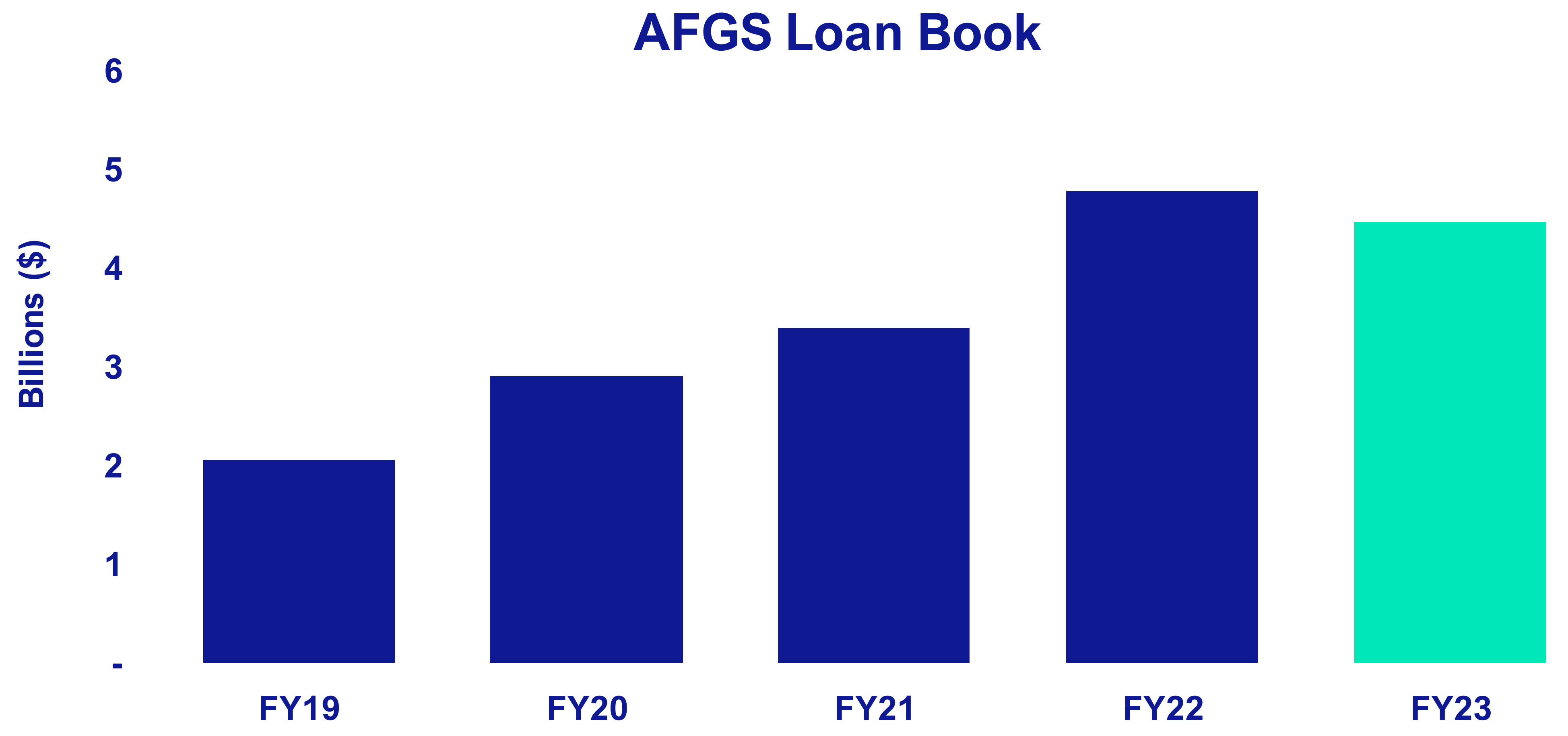


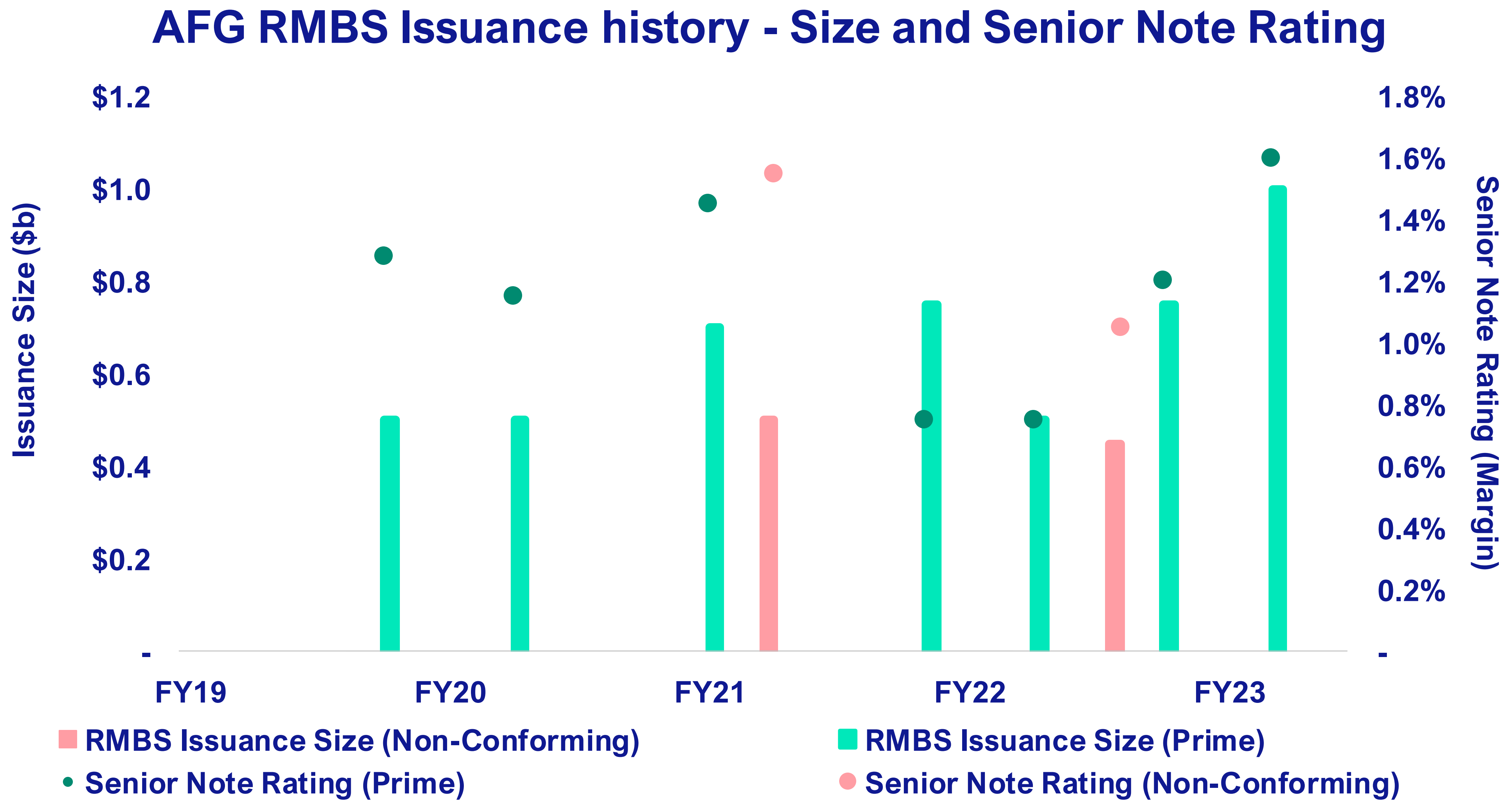
1. *AFG Home Loans includes AFG funded (AFG Securities) and White Label products with a range of funding partners*
2. *Market share of AFG Residential lodgement volumes. Source: AFG Index FY23*

AFG Securities funding

History of issuing through the cycle, with adequate warehouse capacity for growth in FY24

- AFG Securities loan book at $4.5bn reducing in FY23 following higher run-off 40% (FY21: 30%).
- Book growth affected by competition for new business & cash-backs, which are now largely removed
- Total $7.5b RMBS transactions issued since 2013 including $5b in the past 3 years
- AFG issued $1b RMBS Sept '22 which is our largest issuance (see chart below right). This demonstrates the program's strength & global investor support
- Two warehouses extended until May '24
- Warehouse capacity provides opportunity to develop new products & participate in the $25bn fixed to variable refinance activity that will occur over the next 24 months
- Beyond FY24, NIM is expected to return to longer term average of 130-140bps

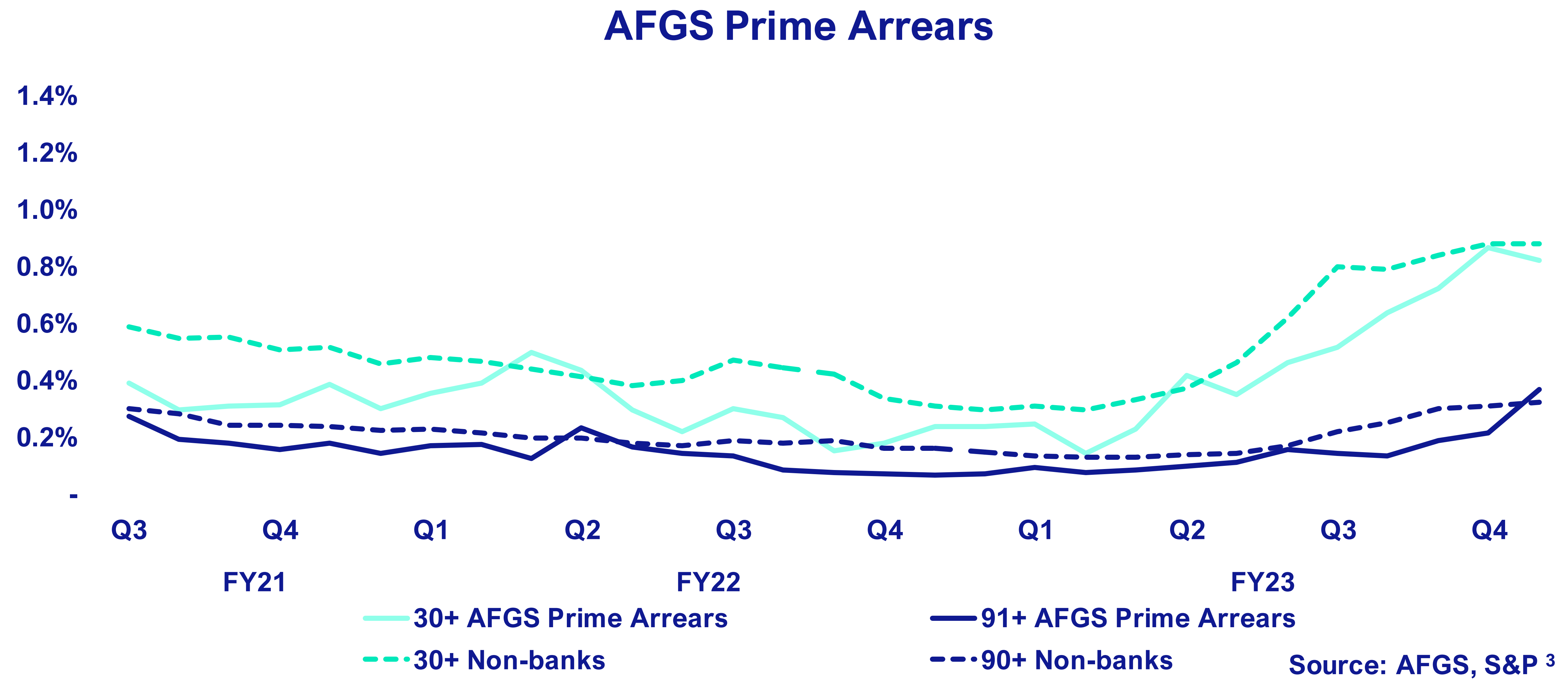


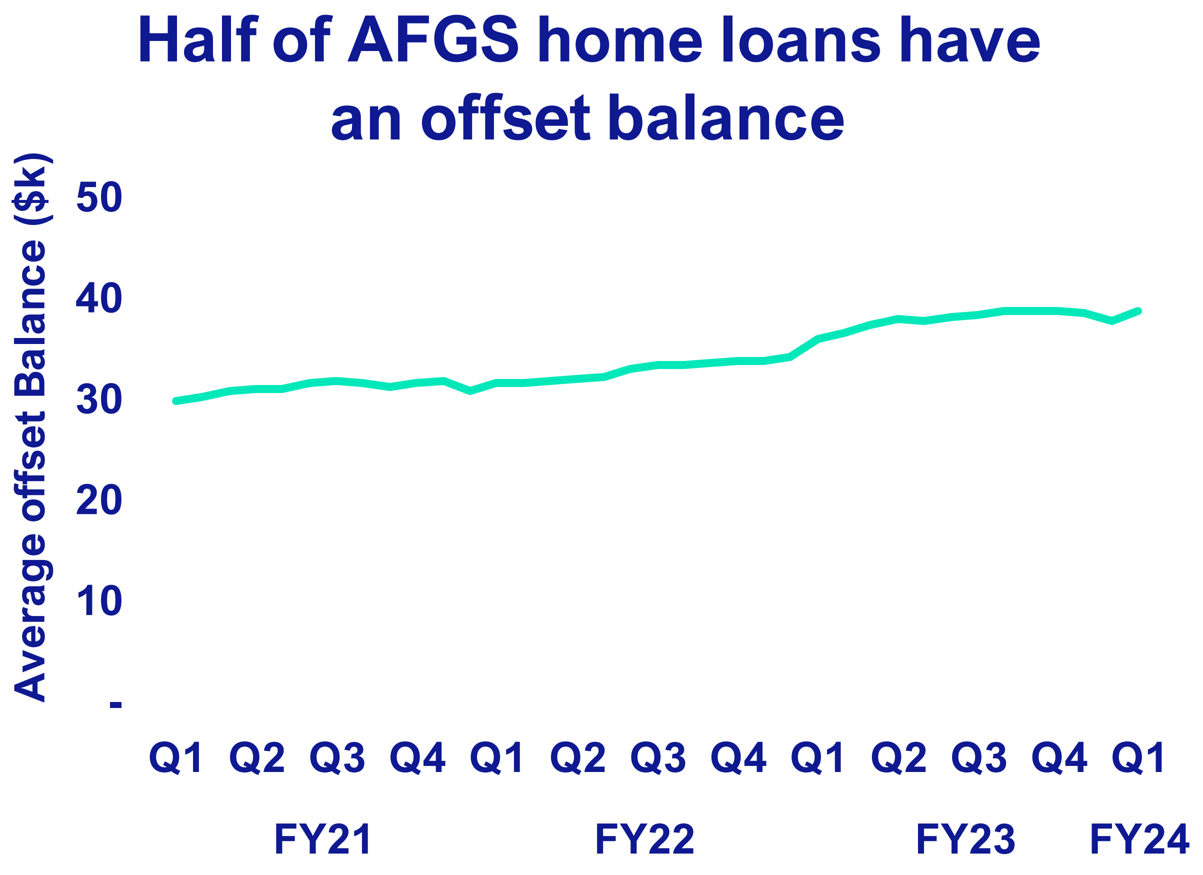


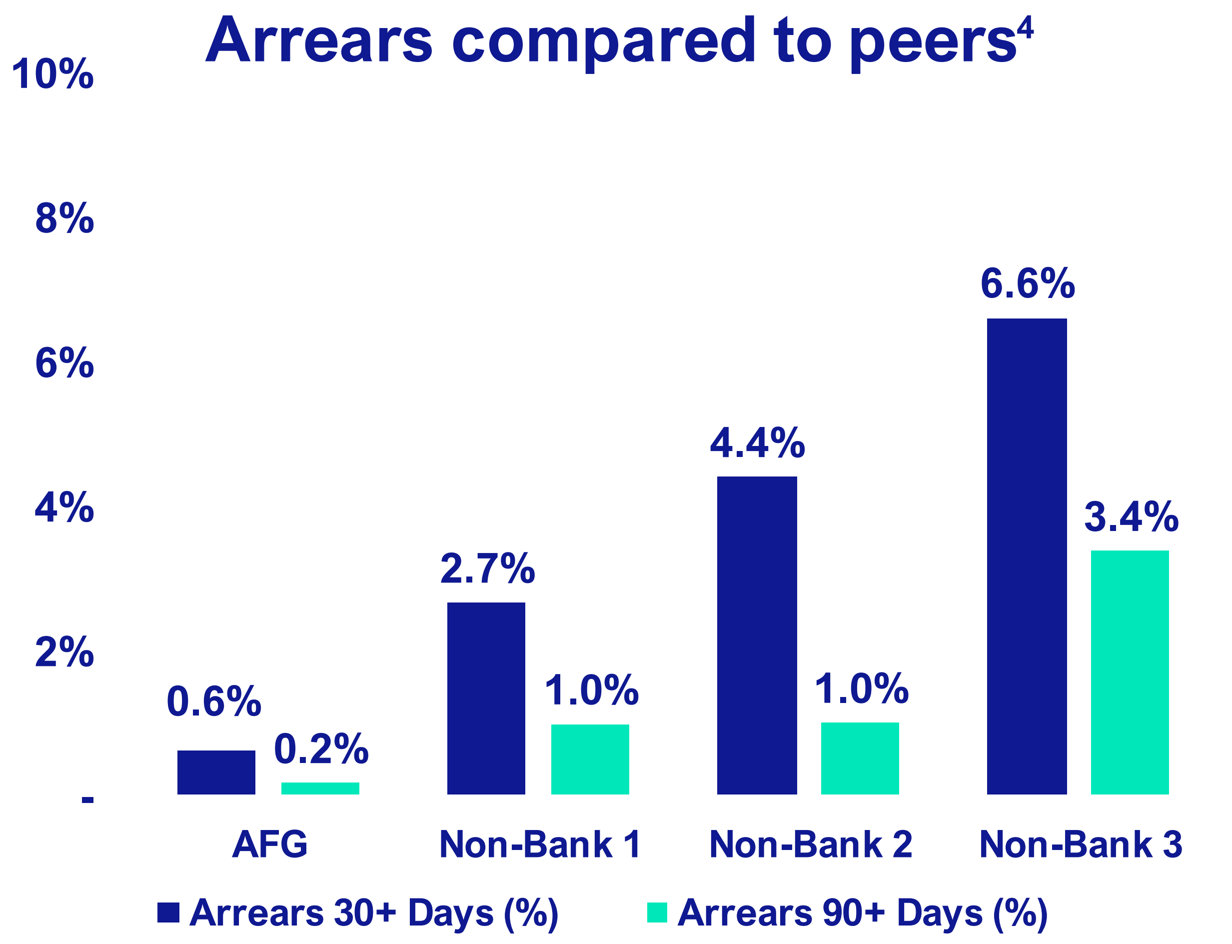
AFG Securities book quality

Well provisioned, with proven history of disciplined risk management

- Established credit assessment process leverages insights from over 25 years of extensive industry experience
- 77% of the book is prime, 42% of the book have a loan balance below $500,000
- Loan book is 100% variable rate, allowing quick responses to market shifts & no exposure to rate increases
- Quality of book maintained (see detail on slide 39) 91% of the book has an LVR[1] below 80%
- All loans originated above 80% LVR require individual LMI[2] policies, with LMI underwritten on a per loan basis
- No FY23 losses. Total loss provision prudently increased by $0.4m to $3.3m given anticipated lift in unemployment & cost of living pressures
- Cumulative loss history across 15 years just $260k







1. *LVR = Loan-to-value ratio*
2. *LMI = Lenders Mortgage Insurance*
3. *Source: Standard & Poor's delinquency index of Australian prime mortgages for non-bank originators*
4. *Data sourced from financial reports as at 31 December 2022; Arrears = Delinquencies that are 30 days past due and 90 days past due as a percentage of total credit exposure*

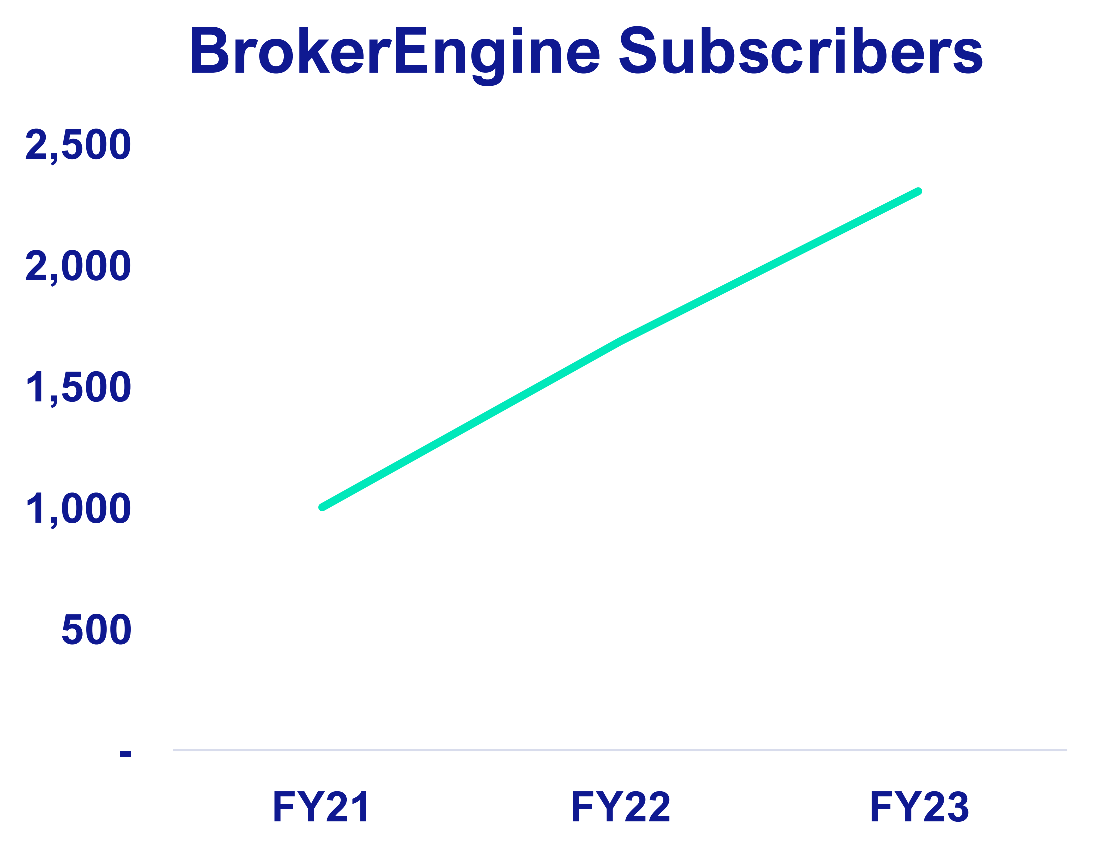
Strategic Investments adding revenue & profit by dovetailing AFG's extensive broker network

Aggregation Services | **Loan Distribution** | **Loan Manufacturing**

BrokerEngine

Mortgage broking software designed for high-growth broker groups

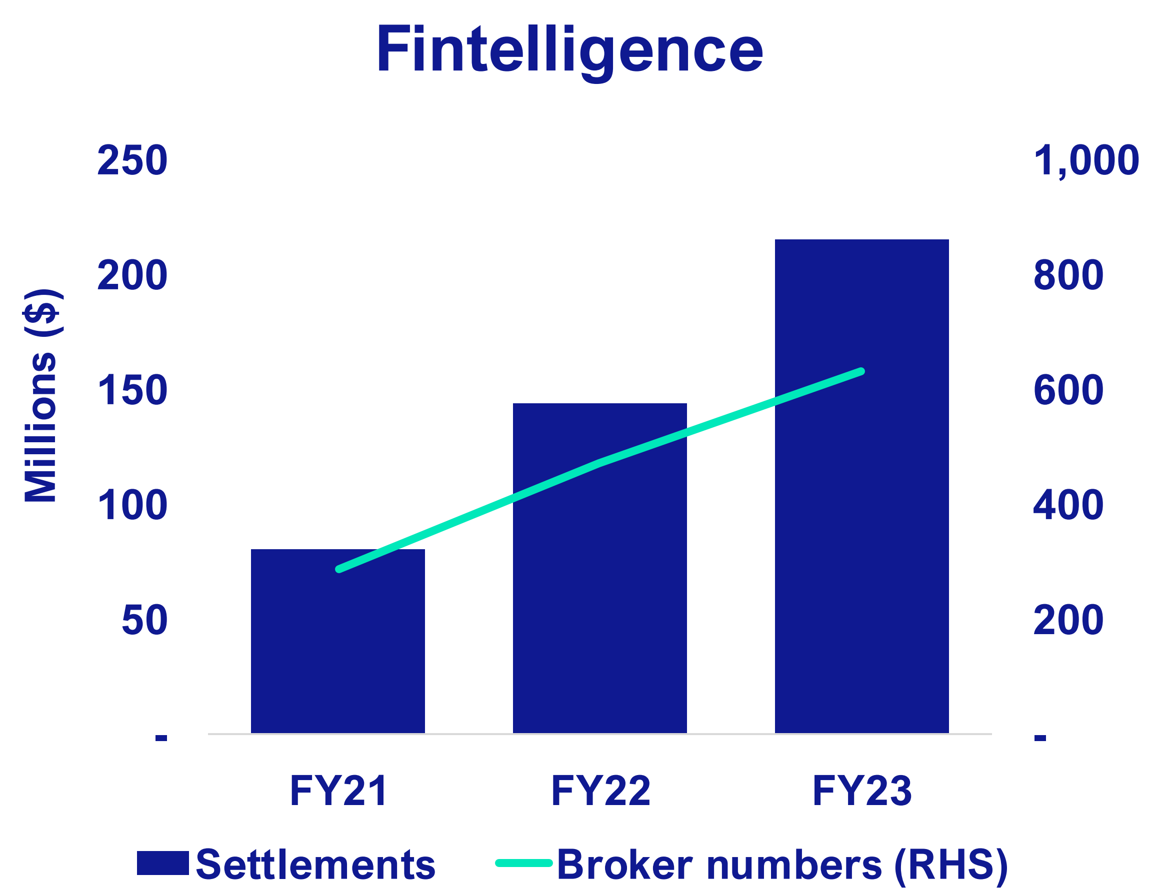
- 2,300+ subscribers, 77% are AFG brokers
- Average subscriber retention of 5 years
- Planned increased investment to create broker efficiencies & new recruitment opportunities



fintelligence

Asset Finance aggregation platform, with white label potential

- FY23 settlement growth of 49%, from 600+ brokers
- Future white label options in technology & product
- Pilot spot & refer model building well & ready to scale



Thinktank

Commercial, residential & SMSF lender, with 17 years' experience

- $5.3b loan book, AFG represents >10% of Thinktank's settlement volumes
- FY23 settlement growth of 3%
- Increasing diversity of product set

FULL YEAR RESULTS

Financial update

Financial Results

- Record revenue of $1,037m, up 9% with higher book growth resulting in increased securitisation income
- Gross profit down 13% affected by non-cash trail book value reduction ($18m) & lower net interest margin (NIM)
- Strategic Investments contribution to NPAT up 33% to $12m, representing 32% of earnings
- NIM reduced to 136bps, reflecting higher funding costs, returning to long term average
- Reported NPAT down 4%, Underlying NPATA down 13%
- Record cash from operating activities at $52m
- Underlying Cost to Income[3] (CTI) increased to 61%, reflecting higher levels of project activity & technology investment. Deterioration in NIM had a 6pp impact to CTI.
- Strong Return on Equity at 24%, reflecting capital-light model
- Full year dividend of 10.7 cents per share representing a payout ratio of 60%. Record date of 5 September 2023. Payment date of 22 September 2023.

	Units	FY23	FY22	FY23 v FY22
Total Revenue	$m	1,036.9	955.5	9%
Gross Profit	$m	113.1	130.2	(13)%
Profit Before Tax	$m	53.6	60.4	(11)%
Reported NPAT[1]	$m	37.3	38.8	(4)%
Underlying NPATA[1]	$m	48.3	55.8	(13)%
Net cash from operating activities	$m	52.1	51.9	0%
Financial Metrics				
Underlying EPS	cps	17.9	20.7	(14)%
Dividends Paid	$m	43.8	38.8	13%
Dividends % of Underlying NPATA	%	60%	80%	(20)%
Underlying ROE	%	24%	30%	(6)%
AFG Securities Average Loan Book	$b	4.8	4.0	20%
Net Interest Margin	bps	136	163	(16)%
Average FTE[2]	#	323	318	2%
Underlying Cost to Income[3]	%	61	45	(16)%

1. *Reconciliation between Reported NPAT & Underlying NPATA detailed on slide 33*
2. *Average for reporting period*
3. *Total Operating Expenditure / (Gross Profit (adjusted for Trail) + Other Income)*

Profit before tax

Our earnings diversity is a key element of our financial strength, supported by annuity style cash flows

Gross profit[1] of $145m

- Strategic Investments $9m above FY22, including annualised impact of acquisitions
- Excluding Strategic Investments $7m below FY22;
    1) Aggregation, with lower Residential settlement volumes & increasing payout ratios ($5m)
    2) AFG Securities, volume growth $9m offset by lower NIM ($13)m

Trail book adjustment is non-cash & includes impact of lower volumes as well as higher run-off reflecting the elevated level of refinance activity in the market.

Operating expenses includes increased employee costs to support growth in AFG Securities, technology investment & broker facing activities

Net finance income includes $1.8m non-cash revaluation of Fintelligence & BrokerEngine put/call options, reflecting increased value of these Strategic Investments

				Variance	
$m	**FY23**	**FY22**	**Variance**	**Strategic investments**	**ex Strat investments**
Gross profit[1]	144.7	142.6	2.1	8.8	(6.8)
Trail book adjustment	(9.7)	7.9	(17.7)	0.0	(17.7)
Operating expenses	(88.6)	(71.2)	(17.3)	(3.8)	(13.5)
Impairment	0.0	(24.1)	24.1	0.0	24.1
Net finance income	1.2	(0.8)	2.0	0.2	1.8
Share of profit from Thinktank	6.1	5.9	0.2	0.0	0.2
Profit before tax	**53.6**	**60.4**	**(6.7)**	**5.2**	**(11.9)**

1. *Gross profit and Other income excluding trail book accounting adjustment*

Gross profit

Gross profit increased in FY23 supported by new earnings streams, with 75% coming from our lower risk Distribution channel

Distribution: Lower capital requirement – without credit risk. Growth in diversified products & supported by recurring trail

- **Residential upfront** margin $4.3m lower with volumes down 10% & increasing average payout ratios
- **Residential trail** book up 8%, growing faster than system offset by increasing average payout ratios
- **Other product commissions** growth are a result of higher volumes & average book size

Loan manufacturing: Higher capital required, includes credit risk

- **AFG Securities NIM** increase with higher average book size (+20%) offset by lower NIM rate at 136bps in FY23, the lower rate impact was $13m
- **AFG Securities commissions** spend higher in FY23 reflecting higher average book size

$m (unless otherwise stated)	FY23	FY22	Var $	Var %
Gross profit[1]	**144.7**	**142.6**	**2.1**	**1%**
Distribution	**108.4**	**101.8**	**6.6**	**6%**
Residential Upfront	**14.1**	**18.4**	**(4.3)**	**(23)%**
Settlements ($b)	53.6	59.4	(5.8)	(10)%
Retained[2] (%)	4.4%	5.1%	(0.7%)	(14)%
Residential Trail	**19.2**	**19.9**	**(0.7)**	**(3)%**
Average book ($b)	188.4	174.4	14.0	8%
Retained[2] (%)	6.2%	6.8%	(0.6%)	(9)%
Other product commissions[3]	**35.4**	**33.0**	**2.4**	**7%**
Fintelligence / Broker Engine	**19.2**	**10.4**	**8.8**	**85%**
Services income	**20.5**	**20.1**	**0.4**	**2%**
Loan Manufacturing	**36.2**	**40.8**	**(4.6)**	**(11)%**
AFG Securities NIM	**65.7**	**65.3**	**0.4**	**1%**
AFG Securities average book ($b)	4.8	4.0	0.8	20%
NIM (bps)	136	163	(27)	(16)%
AFG Securities Commission	**(25.5)**	**(20.8)**	**(4.7)**	**23%**
AFG Securities settlements ($b)	1.6	2.7	(1.1)	(42)%
Other fees / costs	**(4.1)**	**(3.7)**	**(0.3)**	**8%**

1. *Gross profit and Other income excluding trail book accounting adjustment*
2. *Retained % = (1- Payout ratio %)*
3. *Other product commissions includes white label, commercial, asset finance & personal loans*

Opex investment to support key business initiatives

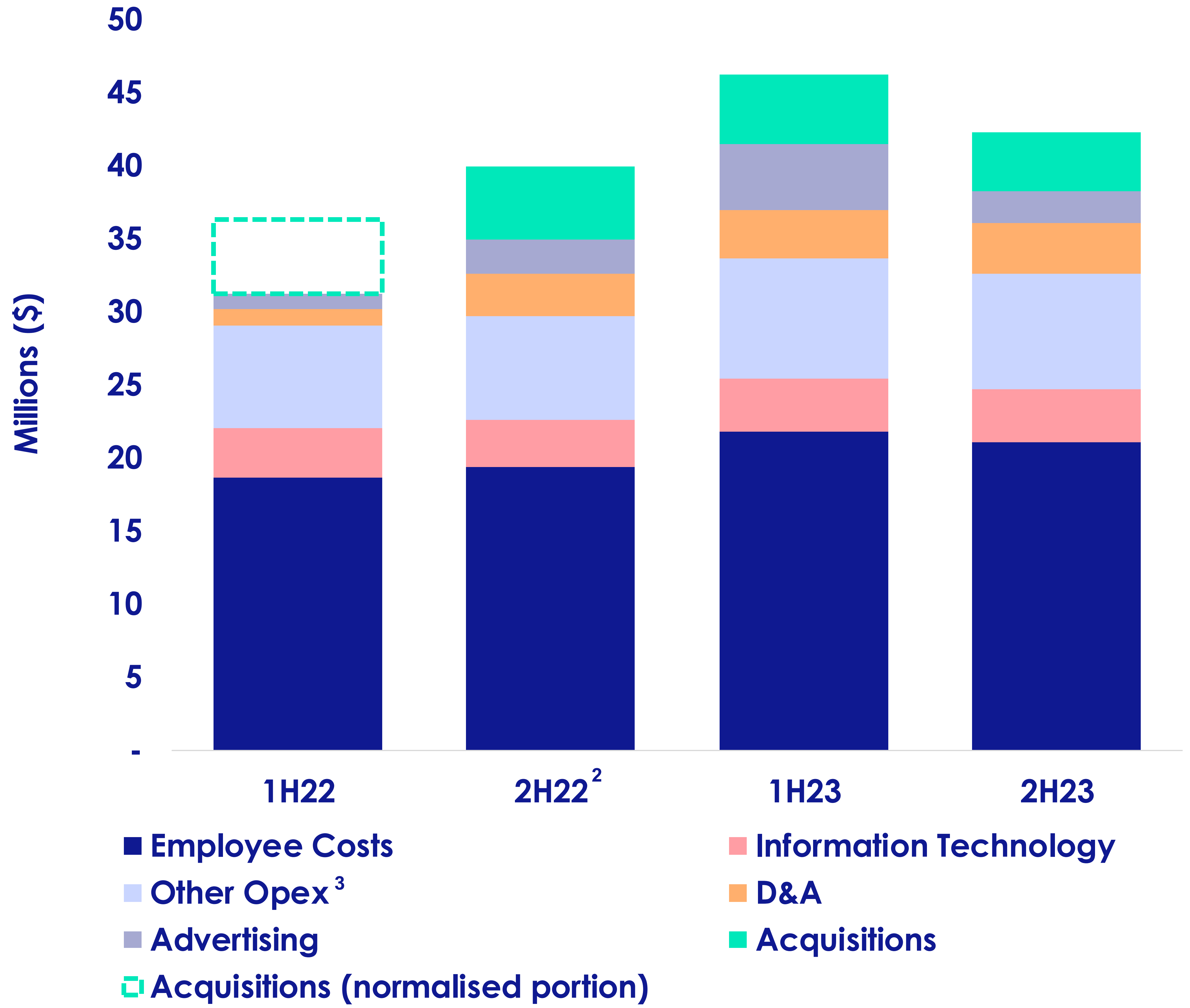
Operating efficiencies delivered in the final quarter, partially offset by ongoing technology investment

Underlying CTI was 61%, normalising for lower NIM was 55%

Operating costs up $13.5m[1] year on year, driven by:

- Employee costs ($5m)
    - Securitisation following higher average book size & activity
    - IT to support higher levels of project activity, expected to continue in FY24
- IT costs ($1m) for continued transition to the cloud, development of new broker-facing technology & further investment in cyber security
- Administration costs ($1m) includes amortised trust set up costs for AFG Securities including record $1b RMBS issuance
- Advertising ($3m), higher broker conference expense with removal of COVID restrictions allowing in person events
- Depreciation & Amortisation ($3m) includes higher software amortisation from IT initiatives & Fintelligence acquisition

45% of total operating costs directly related to Distribution, with approximately 37% for central costs



1. *Excludes operating costs related to acquisitions*
2. *Excludes Impairment Expenses of $24m*
3. *"Other Opex" includes insurances, consultancy, and travel among other things*

AFG

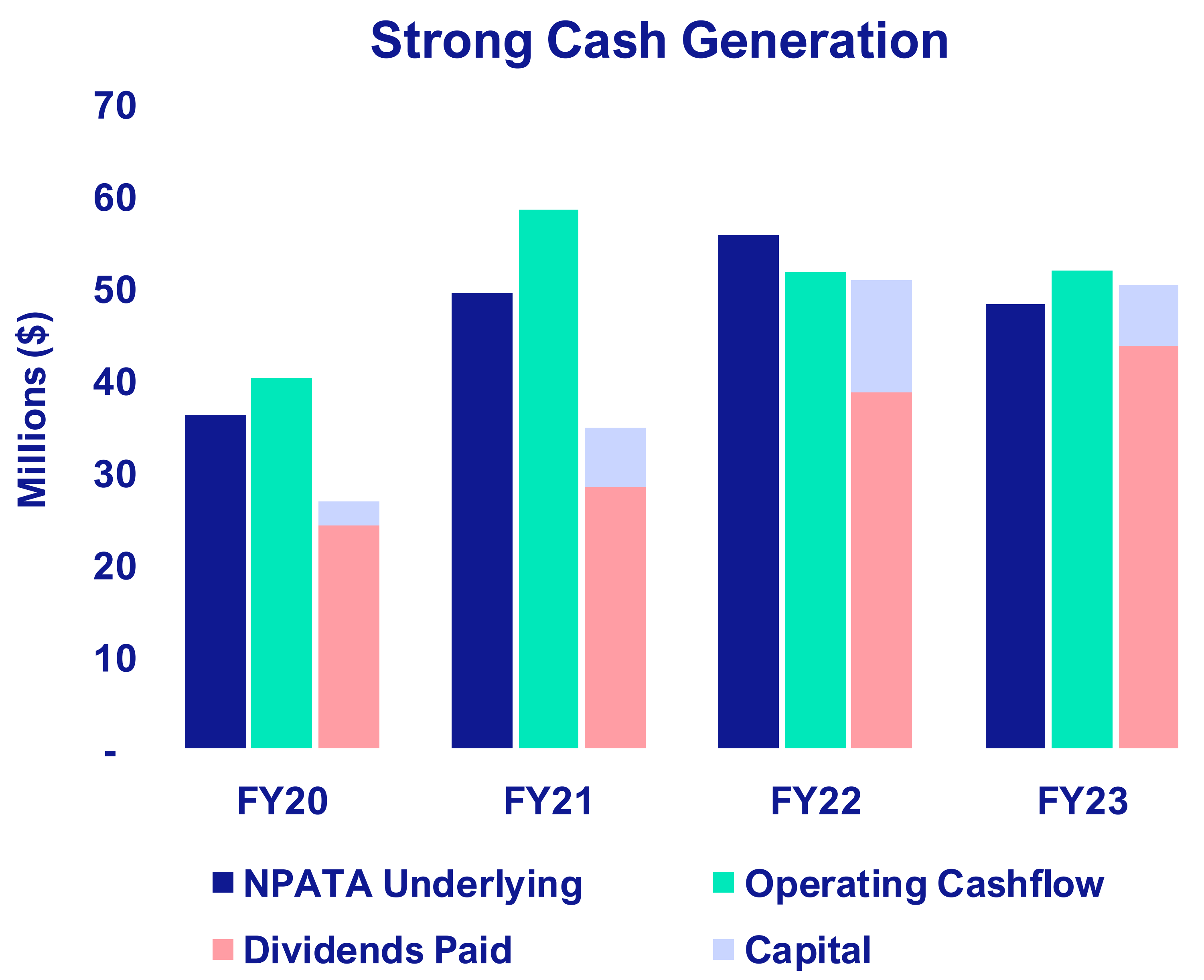
Strategic Investments

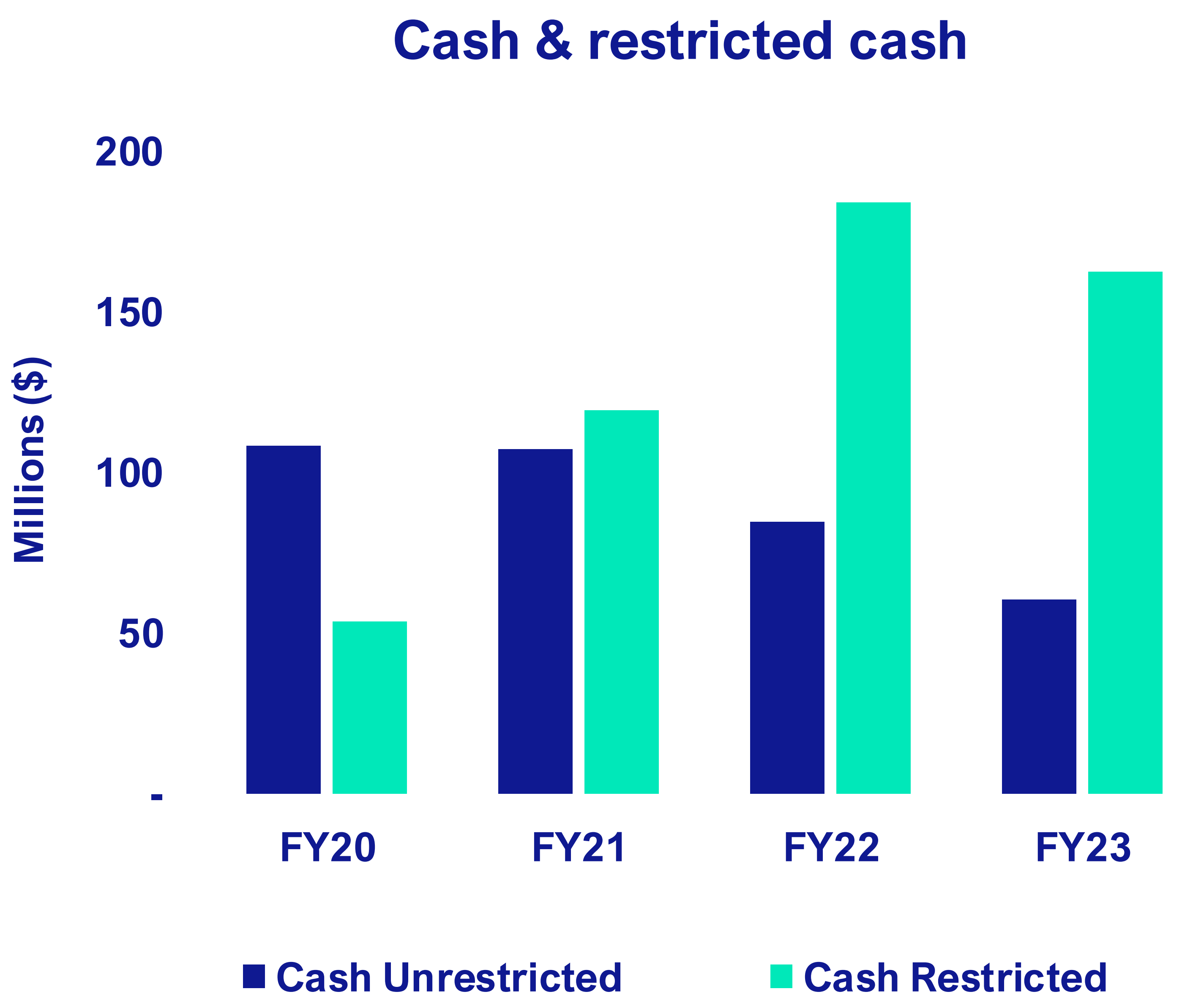
	Thinktank	fintelligence	BrokerEngine
Investment Date	April 2018	December 2021	January 2022
FY23 NPAT contribution	$6.1m	$5.6m	$(0.1)m[1]
Carrying value at 30 June	$34.3m	$54.6m	$4.6m
Current AFG Ownership	32%	75%	70% Agreement to acquire 100% in July 2023
Primary income type	Commercial / Residential Net interest on securitisation	Asset Finance Commission payments	Broker Services Subscription income
Reporting segment	Other	Aggregation	Aggregation

AFG

1. *Includes accounting adjustment for revenue recognition in FY23*

Annuity style earnings provides strong cash conversion & generation





Conservatively leveraged, with 30 June 2023 at 22%

Strong cash generation with 108% cash conversion for FY23

$136m returned to shareholders in dividends in the past five years

$202m of net unrestricted cash & other financial assets[1]

$162m of restricted cash relating to AFG Securities Trusts

Intra-month working capital cycle reduces unrestricted cash by c$30m per month

Cash generation & balance sheet strength provides capacity to fund investments

1. *See breakdown on slide 34*

FULL YEAR RESULTS

Outlook

Investing in key growth initiatives

Digital technology delivering a step change for AFG brokers

Platform Services

Flexible ecosystem for AFG brokers to customise as their requirements evolve

Adaptability for changes in technology trends & broker needs over time

Digital trust

Consumer digital trust as a **priority differentiator** for brokers & their clients

Enterprise data methodology supports **digital maturity & new opportunities**

Continue momentum of our investments & grow our distribution network

Broker Engine

Accelerated ownership, given **strong broker adoption & feedback**

Continued investment in platform innovation, creating **broker recruitment opportunities**

Fintelligence

Capitalise on **rapid Asset Finance growth** & **untapped market** opportunity

Anticipate increasing ownership

Maintain balance sheet strength to diversify income streams & deliver higher margin

Funding loan manufacturing

Thinktank continues to self-fund **strong loan book growth**

Continue to diversify into higher margin products where **capital returns are compelling**

Maintain balance sheet strength

Flexibility to respond to changes as the market evolves

Prudent capital management underpins sustained positive shareholder returns

AFG's reliable & strong cash generating assets used to grow & diversify income streams

Dividend payout ratio temporarily reduced to 50 to 60% for up to 24 months during this investment cycle

Challenging conditions are stabilising, as AFG enters its next growth phase

Brokers provide competition & choice in all rate environments

Industry transition allowing AFG to grow its broker network differentiating by its technology & quality

Record refinance activity & migration underpins broker & settlement activity

Non-banks are better placed to compete as ADIs lift front book pricing, remove cashbacks & transition away from cheap funding

Higher funding costs & competition represent headwinds that will reduce AFG's FY24 NIM

Prudent capital management & annuity style cash flows underpin AFG's investment to strengthen its operations & deliver new growth

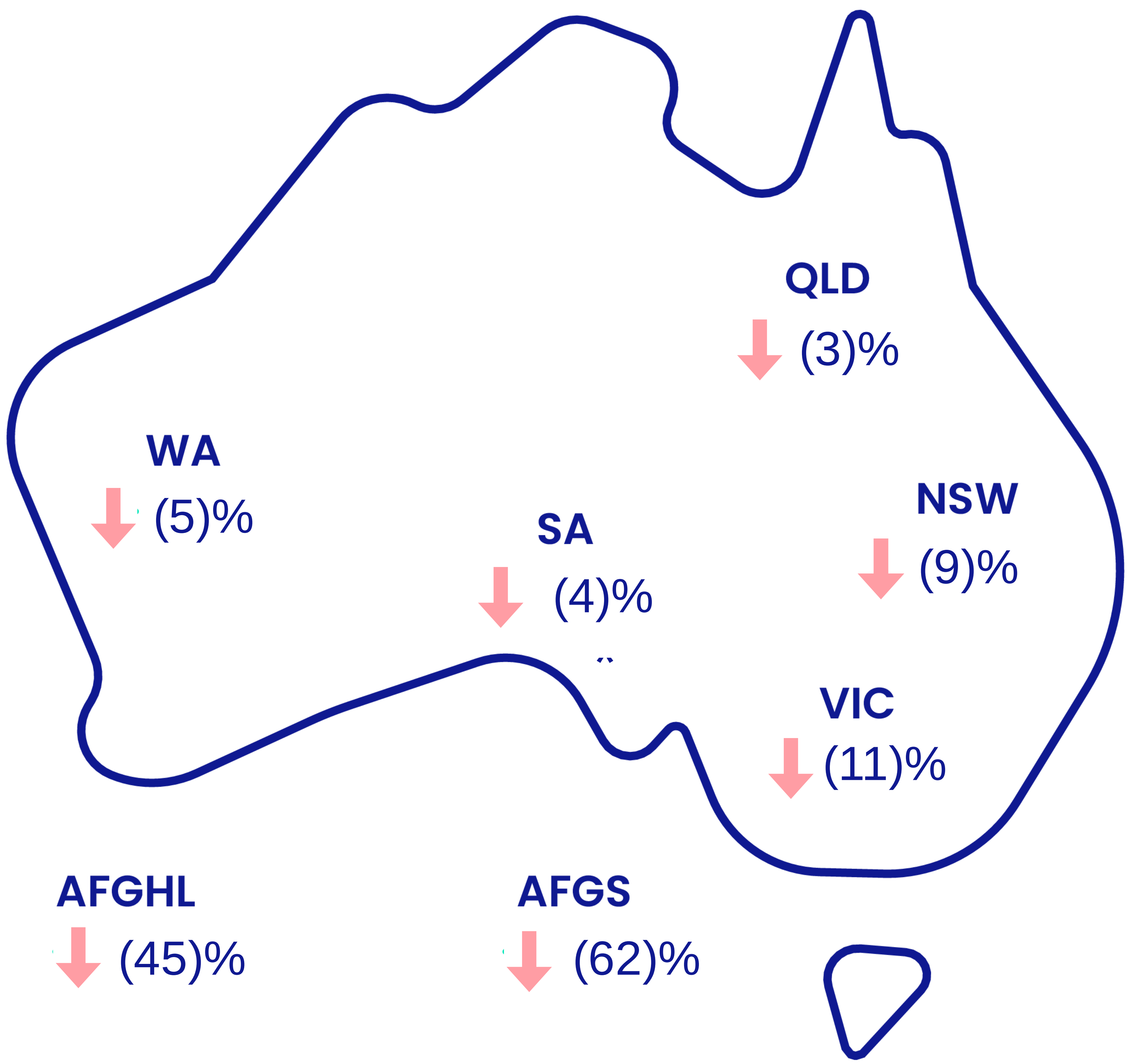
FULL YEAR RESULTS

Appendices

July 2023 Trading

- The end of cash-backs for several lenders brought forward July activity into June 2023.
- The last major bank offering cash-backs appears to now be transitioning away from cash-backs
- Residential lodgements of $6.2b were below July 2022, affected by the pull forward of volumes into June 2023
- Last week of July 2023 saw some recovery, although early August volumes have been inconsistent
- AFG Home Loans lodgements down 45% compared to July 2022
- AFG Securities lodgements 62% lower than July 2022

Comparison of July Lodgements



July 2023 change on July 2022

Settlements & Loan Book

Settlements ($000's)	FY23	FY22	FY21	FY23 v FY22	FY23 v FY21
Residential	53,630	59,393	43,632	(10)%	23%
AFGHL	3,604	5,586	3,450	(35)%	4%
White Label[1]	2,023	2,866	2,105	(29)%	(4)%
AFG Securities[1]	1,581	2,720	1,346	(42)%	17%
Commercial	3,783	3,887	2,322	(3)%	63%
AFG Business	153	251	200	(39)%	(23)%
Thinktank	370	239	130	55%	184%
Leasing and Asset finance[2]	2,611	1,505	647	74%	304%
Commercial Leasing	763	731	611	4%	25%
AFG Business Asset finance	11	10	14	9%	(26)%
Consumer Asset finance	68	64	22	7%	208%
Fintelligence	1,769	700	-	153%	-
Loan Book ($000's)					
Residential	194,546	182,161	166,583	7%	17%
AFGHL	13,150	13,286	11,245	(1)%	17%
White Label[1]	8,675	8,500	7,852	2%	10%
AFG Securities[1]	4,475	4,786	3,393	(7)%	32%
Commercial	11,942	10,873	9,126	10%	31%
Residential + Commercial	206,488	193,034	175,709	7%	18%

1. *Is a subset of AFG Home Loans (AFGHL)*
2. *Includes Fintelligence settlements from acquisition at January 2022*

Key metrics

Key movements

- Aggregation operating income (14)% compared to H2 FY22, driven primarily by lower Residential Settlements, increasing payout ratio & run-off rates all of which affect commissions
- AFGHL operating income +83% to H2 FY22 reflects growth in the average book as well as rising interest rates
- Employee costs +11% to H2 FY22 as a result of further investment in Securitisation service capacity & IT capability

	Units	2H23	1H23	2H22	2H23 v 1H23	2H23 v 2H22
Income						
Operating Income – Aggregation	$m	321.4	383.1	373.3	(16)%	(14)%
Operating Income – AFGHL	$m	155.3	141.2	85.1	10%	83%
Operating Income – Other	$m	1.0	0.9	0.9	n.m	n.m
Total Operating Income	$m	477.7	525.2	459.2	(9)%	4%
Profitability						
Trail Book Net Asset	$m	96.2	103.5	105.9	(7)%	(9)%
Upfront Payout Ratio	%	95.4%	95.0%	94.6%	0.3%	0.8%
NIM	bps	127	145	155	(12)%	(18)%
Operating Costs						
Employee Costs	$m	24.8	24.7	22.3	0%	11%
IT	$m	4.0	4.0	3.5	1%	15%
Total Operating Costs	$m	42.7	45.9	40.3	(7)%	6%
Average FTE [1]	#	328	334	318	(2)%	3%
Underlying Cost to Income Ratio [2]	%	61.2%	60.6%	50.1%	1%	22%
Credit Quality						
Total Losses	$m	0.0	0.0	0.0	-	-
Other						
Contribution from Strategic Investments	$m	5.7	5.9	5.8	(3)%	(3)%
Brokers	#	3,802	3,717	3,711	2%	2%
Underlying ROE	%	24.0%	25.1%	29.6%	(5)%	(19)%
Dividend Yield[3]	%	4.6%	8.3%	10.4%	(44)%	(56)%

1. *Average for reporting period*
2. *Total Operating Expenditure / (Gross Profit (adjusted for Trail) + Other Income)*
3. *Based on share price as at 21 August 2023, 15 February 2023 & 2 August 2022*

Summary P&L

Key movements

- Revenue increased to a record $1b in FY23, with higher AFG Securities average book & inclusion of Strategic Investments for the full FY
- Gross profit was 13% below FY22, with lower NIM and AFG Home Loans volumes. This also includes the impact of trail book accounting adjustment in FY23, which reflected lower volumes as well as higher run-off
- Decrease in Commissions is driven by trail book accounting adjustment in FY23 for higher run-off which is non-cash
- Total opex was $17.3m higher year-on-year, as a result of strategic investments for the full year, as well as higher employee costs & investment in technology and broker-facing events
- Depreciation & amortisation increased primarily associated with the acquisition of Fintelligence, as well as investment in technology
- Net finance income includes higher earnings from cash balances for both unrestricted and restricted balances as the interest rate increased
- Net change in fair value is the increase in AFG's exclusive option to acquire the remaining equity in Fintelligence and BrokerEngine

$m	FY23	FY22	FY23 v FY22
Commissions	650.2	730.1	(79.9)
Interest on trail commission income receivable	82.3	82.2	0.1
Mortgage management services	0.3	0.5	(0.2)
Securitisation transaction fees	4.4	4.7	(0.3)
Securitisation interest income	260.0	108.8	151.2
Subscription income	3.6	1.7	1.9
Other income	1.9	1.0	0.9
Total Revenue	1,002.8	929.0	73.9
Securitisation interest expense	(210.6)	(57.7)	(152.9)
Commission and other cost of sales	(679.1)	(741.0)	61.9
Gross Profit	113.1	130.2	(17.2)
Other income	21.9	20.4	2.7
Administration expenses	(10.8)	(9.0)	(1.8)
Other expenses	(70.8)	(58.1)	(12.6)
Depreciation and amortisation	(7.0)	(4.1)	(2.9)
Impairment expenses	-	(24.1)	24.1
Result from operating activities	46.4	55.3	(8.9)
Net finance income	3.0	(0.8)	3.9
Share of profit of an associate	6.1	5.9	0.1
Net change in fair value of financial liability	(1.8)	-	(1.8)
Profit before tax	53.6	60.4	(6.7)
Income tax expense	(14.5)	(20.7)	6.1
Net Profit after tax	39.1	39.7	(0.6)
Non-controlling interest	1.8	0.9	0.9
Net Profit attributable to equity holders	37.3	38.8	(1.5)

Securitisation interest income & commission expense is net of $16.4m & $14.2m in FY23 & FY22 respectively

Reported NPAT to Underlying NPATA reconciliation

Key movements

- The trail commission adjustment represents the non-cash change in the carrying value of the trailing commissions contract assets & liability. Additional information in relation to trail book accounting & key assumptions is provided on slide 35
- The net change in fair value of the put / call liability for Fintelligence and BrokerEngine represents the increase in the value of AFG's exclusive option to acquire the remaining 25% and 30% respectively of the businesses. The increase in value is driven by an improvement in the performance of the businesses relative to the forecasts at the time of acquisition
- The value of the put / call liabilities for both Fintelligence & BrokerEngine are assessed each reporting period. On 27 July 2023, BrokerEngine and AFG agreed on a variation to buyout the remaining 30% shareholding in BrokerEngine, bringing AFG to 100% ownership

$m	FY23	FY22	FY23 v FY22
Reported NPAT	**37.3**	**38.8**	**(1.5)**
Amortisation of intangibles acquired	2.4	1.2	1.2
Trail Commission Adjustment	6.8	(5.6)	12.4
Net change in Fair value put/call option	1.8	-	1.8
Technology impairment	-	6.4	(6.4)
Volt impairment	-	15.0	(15.0)
Underlying NPATA	**48.3**	**55.8**	**(7.5)**

AFG holds $202m in liquid assets
& high performing investments

Key movements

- Net unrestricted cash of $16m
- Trail book net asset at $96m
- High performing, valuable investments in associates with a balance sheet value of $38m, which does not represent fair value, AFG's share of profit was $6.1m
- Subordinated notes value relates to the AFG Securities loan book which is $4.5b

$m	Jun 2023	Jun 2022	FY23 v FY22
Unrestricted cash	60.0	84.7	(24.6)
Debt facility	(44.3)	(52.5)	8.2
Net unrestricted cash	15.7	32.2	(16.4)
Trail book	96.2	105.9	(9.7)
Investments (Thinktank and MAB)	37.5	31.4	6.1
Subordinated notes	52.8	48.0	4.8
Net unrestricted cash, trail book & investments	202.1	217.4	(15.3)

Cash reconciliation			
Unrestricted cash	60.0	84.7	(24.6)
Restricted cash (Securities)	162.2	183.9	(21.7)
Total cash	222.2	268.6	(46.3)

Trail book asset

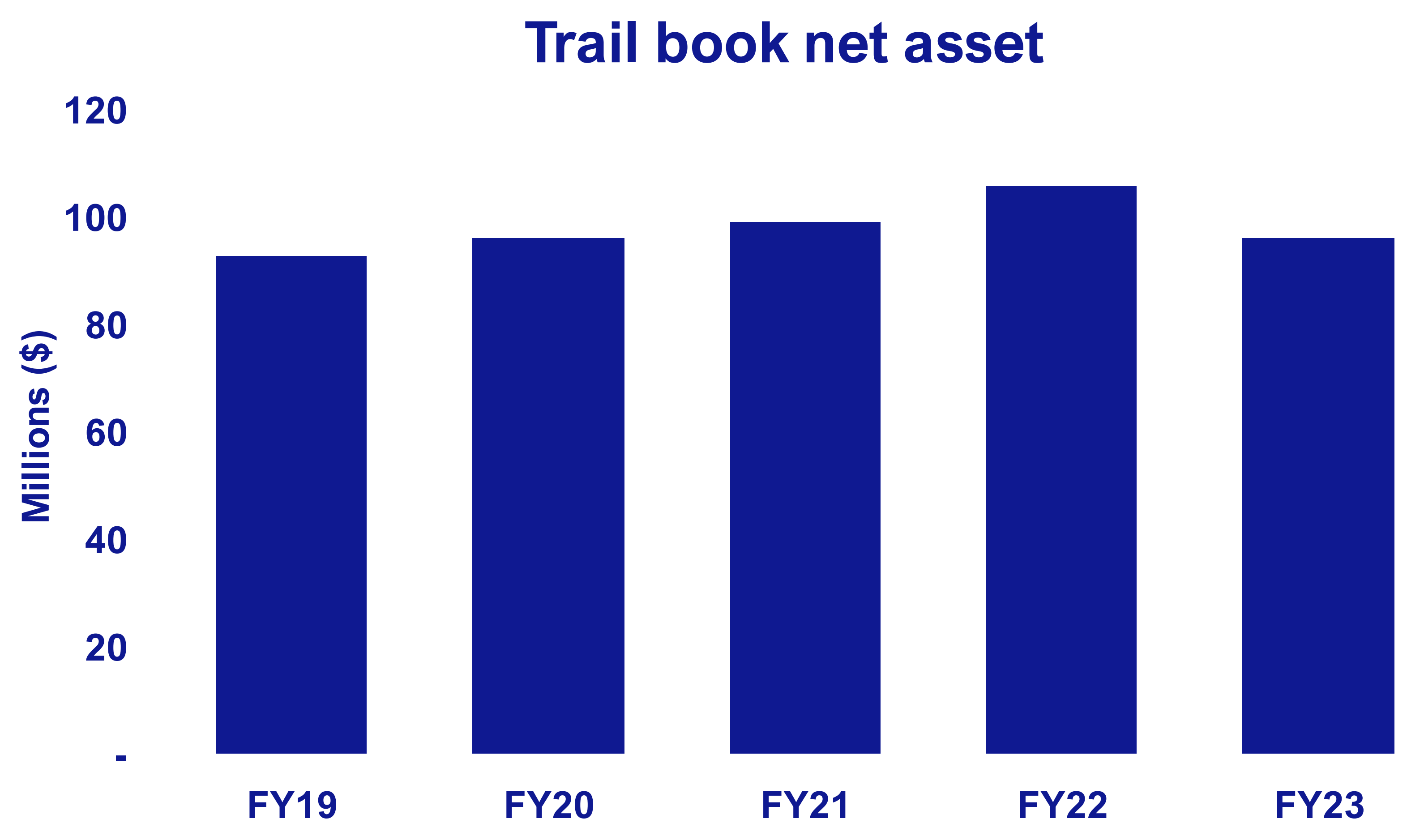
Key movements

- Trailing commissions are received from lenders on settled loans over the life of the loan based on the outstanding loan book balance
- The net present value of our future trail commissions, represent recurring income, without having to perform further services
- Future trail commissions had a NPV of $96m at June 2023
- The valuation is assessed on a six-monthly basis, with movements in valuation recorded in the P&L
- The main valuation drivers are run-off rates & new business
- The discount rate applied to each tranche is applied across the life of the loan. Any current movements in the discount rates will only affect the latest trail commission tranche.
- The discount rate is calculated as the risk-free rate + counterparty risk factor

The table below outlines key assumptions used to value trail commissions

Key Assumptions	Jun 2023	Jun 2022
Average loan life	Between 3.6 and 4.5 years	Between 3.8 and 4.8 years
Discount rate per annum[1]	Between 4.0% and 13.5%	Between 4.0% and 13.5%
Percentage paid to brokers[2]	Between 85% to 95.5%	Between 85% and 94.8%

The chart below shows the change in the net trail book asset over time



1. *Discount rates once set are not adjusted during the life of the loan. The spread in discount rate captures loans settled in previous as well as the current financial year*
2. *The percentage paid to brokers is set at the time of settlement of the loan*

Summary
Balance Sheet

Key movements

- Unrestricted cash, which consists of cash at bank & short term deposits, decreased to $60m
- Restricted cash, which primarily represents amounts held in special purpose securitised trusts & series on behalf of the warehouse funders & the bondholders decreased to $162m in line with the closing AFG Securities' loan book
- Contract Assets primarily represents our trail book commission asset & is partially offset by the trail book commission liability recorded in Trade & Other payables. The net asset was $96m
- Loans & advances represents the AFG Securities program, with the debt facility associated with program represented in Interest bearing liabilities
- Growth in investment in associates represents AFG's share of profit received in the past 12 months from Thinktank
- Increase in Goodwill & Intangible assets reflects investment in technology & other broker enhancements undertaken in the year

$m	Jun 2023	Jun 2022	FY23 v FY22
Assets			
Unrestricted Cash	60.0	84.7	(24.6)
Restricted Cash	162.2	183.9	(21.7)
Trade and other receivables	15.1	13.4	1.7
Other Assets	7.3	6.0	1.3
Contract Assets	1,139.5	1,146.9	(7.4)
Loans and advances	4,488.0	4,802.6	(314.6)
Investment in associates	37.5	31.4	6.1
Goodwill & intangible assets	95.2	92.7	2.6
Total assets	**6,004.9**	**6,361.7**	**(356.8)**
Liabilities			
Trade and Other payables	1,145.2	1,138.2	7.0
Interest bearing liabilities	4,590.9	4,949.3	(358.4)
Employee benefits	6.4	7.2	(0.8)
Non interest bearing liabilities	22.0	20.2	1.8
Deferred tax liability	22.8	26.1	(3.3)
Other Liabilities	17.8	15.2	2.6
Total liabilities	**5,805.1**	**6,156.2**	**(351.1)**
Net assets	**199.8**	**205.4**	**(5.7)**
Equity			
Share capital	102.1	102.1	-
Reserves	(12.9)	(14.1)	1.2
Retained earnings	89.9	96.3	(6.5)
Non controlling interest	20.7	21.1	(0.4)
Total equity	**199.8**	**205.4**	**(5.7)**

Summary Cashflow

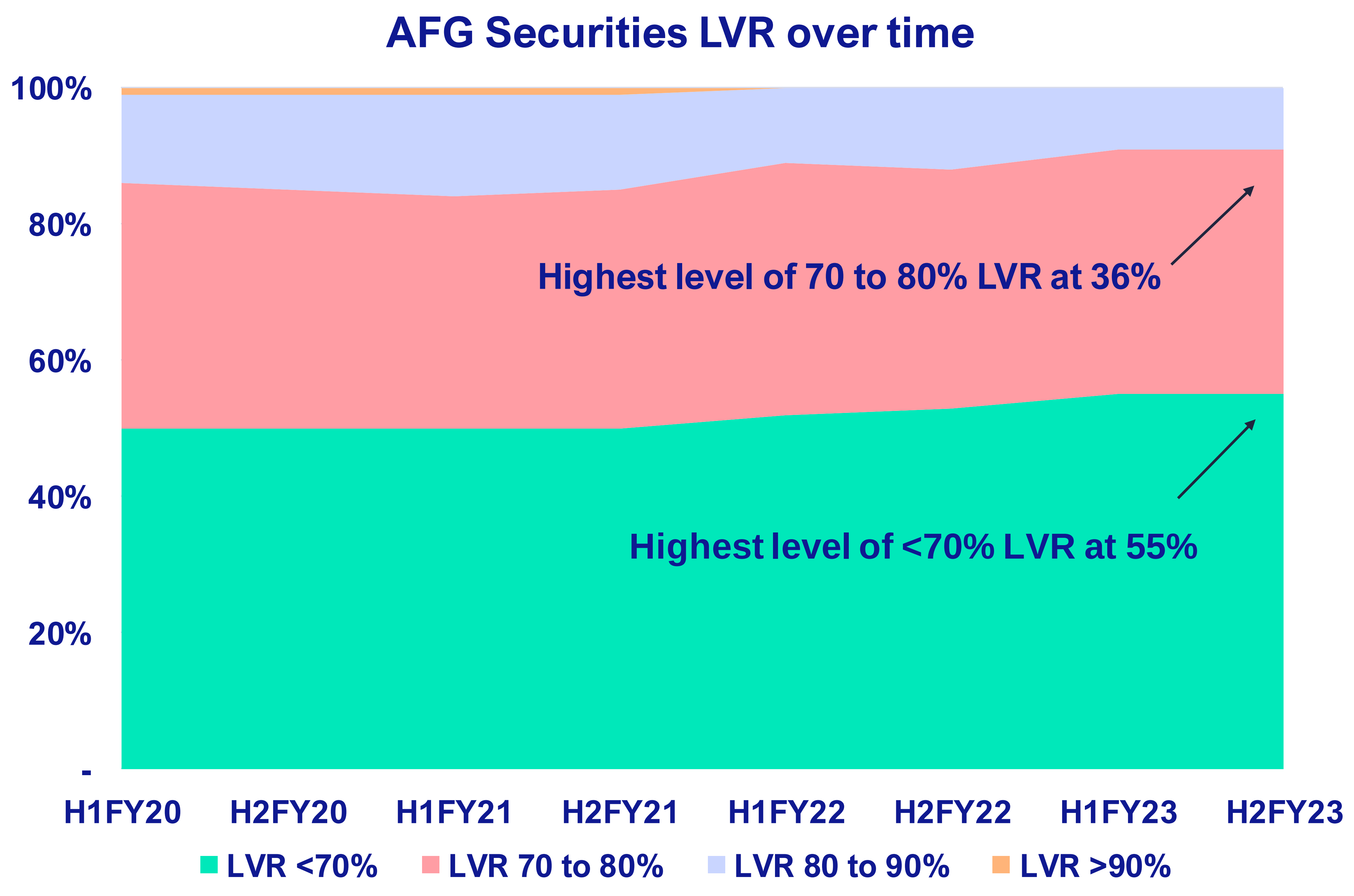
Key movements

- Operating cashflow was $52.1m an increase against FY22 reflecting the strong cash flow generation of the business model
- Income taxes paid were $13m favourable to FY22, as a result of lower profit before tax and an income tax refund received in the period
- Increase in dividends paid in FY23. The FY22 final dividend reflective of record profit achieved was paid in September 2022

$m	FY23	FY22	FY23 v FY22
Cash receipts from customers	767.7	734.0	33.7
Cash paid to suppliers and employees	(749.5)	(707.0)	(42.5)
Net Interest received	46.5	50.2	(3.7)
Income taxes paid	(12.6)	(25.4)	12.8
Net cash generated by operating activities	**52.1**	**51.9**	**0.2**
Net Interest received	6.2	0.3	5.9
Purchases of intangibles and PP&E	(7.0)	(12.7)	5.6
Investment in BrokerEngine	(0.9)	(3.6)	2.7
Strategic and other investments	-	(50.0)	50.0
Net loans and advances to borrowers and brokers	311.4	(1,391.5)	1,702.9
Net cash used in investing activities	**309.6**	**(1,457.5)**	**1,767.1**
Repayments of facilities	(2,416.7)	(2,763.1)	346.3
Proceeds from facilities	2,057.1	4,252.0	(2,194.9)
Payment of principal proportion of lease liability	(2.4)	(2.0)	(0.5)
Dividends Paid	(43.8)	(38.8)	(5.0)
Dividend to non-controlling interest	(2.2)	-	(2.2)
Net cash generated by financing activities	**(408.1)**	**1,448.1**	**(1,856.2)**
Net increase in cash and cash equivalents	**(46.3)**	**42.5**	**(88.9)**
Cash and cash equivalents at the beginning of the period	**268.6**	**226.0**	**42.5**
Cash and cash equivalents at the end of the period	**222.2**	**268.6**	**(46.3)**

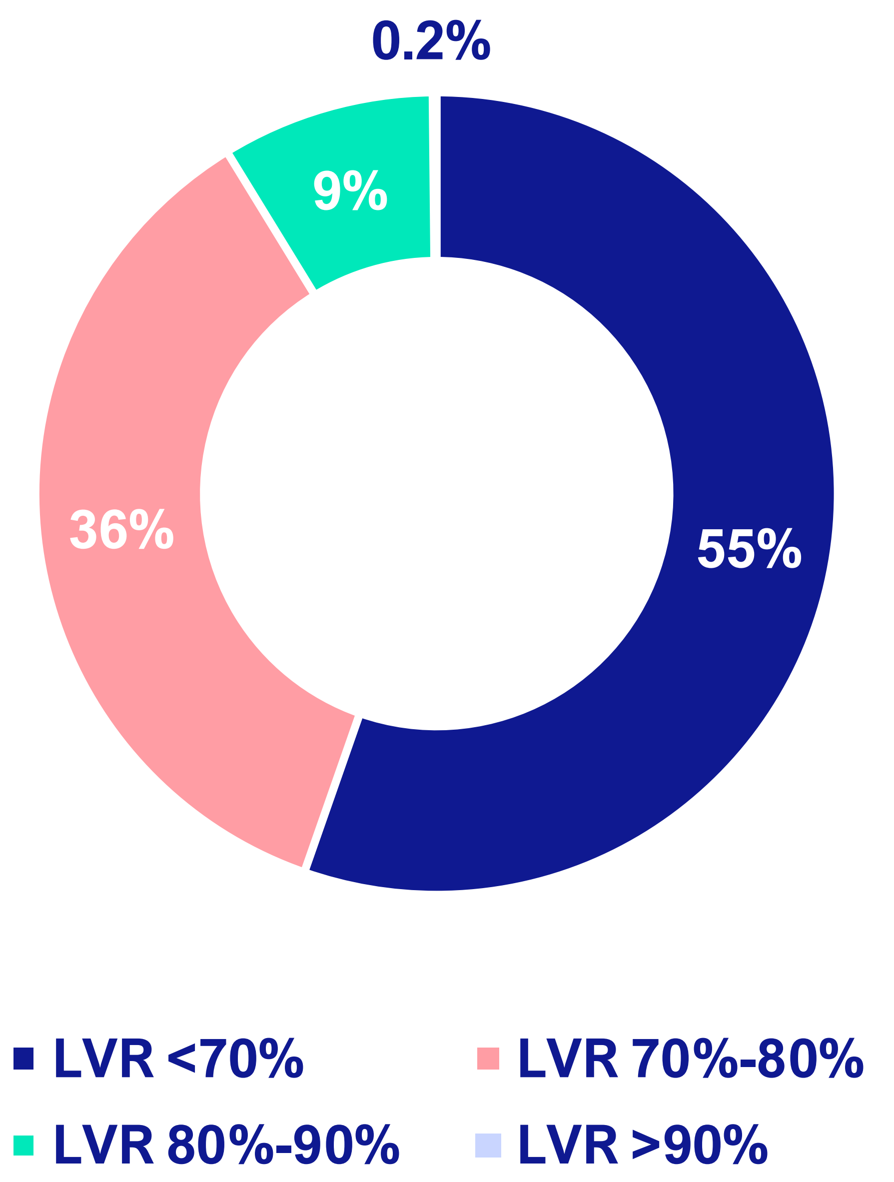
Expected credit loss provisions

- AFG has a strong history of low credit losses, as a result of insights from over 25 years of data & extensive industry experience
- Arrears have historically outperformed the Australian non-bank sector of the S&P Global Ratings Mortgage Performance Index
- The Expected Credit Loss (**ECL**) provision provides an estimate of credit risk associated with AFG's residential mortgages
- The ECL model (**the Model**) considers the different risk profiles across the different loan portfolios, with assumptions the same across the portfolios
- The Model calculates the probability of Default and Loss Given Default at an individual loan level
- The Model uses a probability-weighted loss provision for each loan, with 3 scenarios: a base case, mild deterioration & significant deterioration
- The model utilises a range of macroeconomic inputs, but is most sensitive to assumptions for property price changes, unemployment, delinquency status & interest rates
- The expected credit loss provision at 30 June 2023 was $3.3m (30 June 2022: $2.9m)
- At 30 Jun 2023, there were 105 loans in arrears greater than 30 days of 10,144 loans

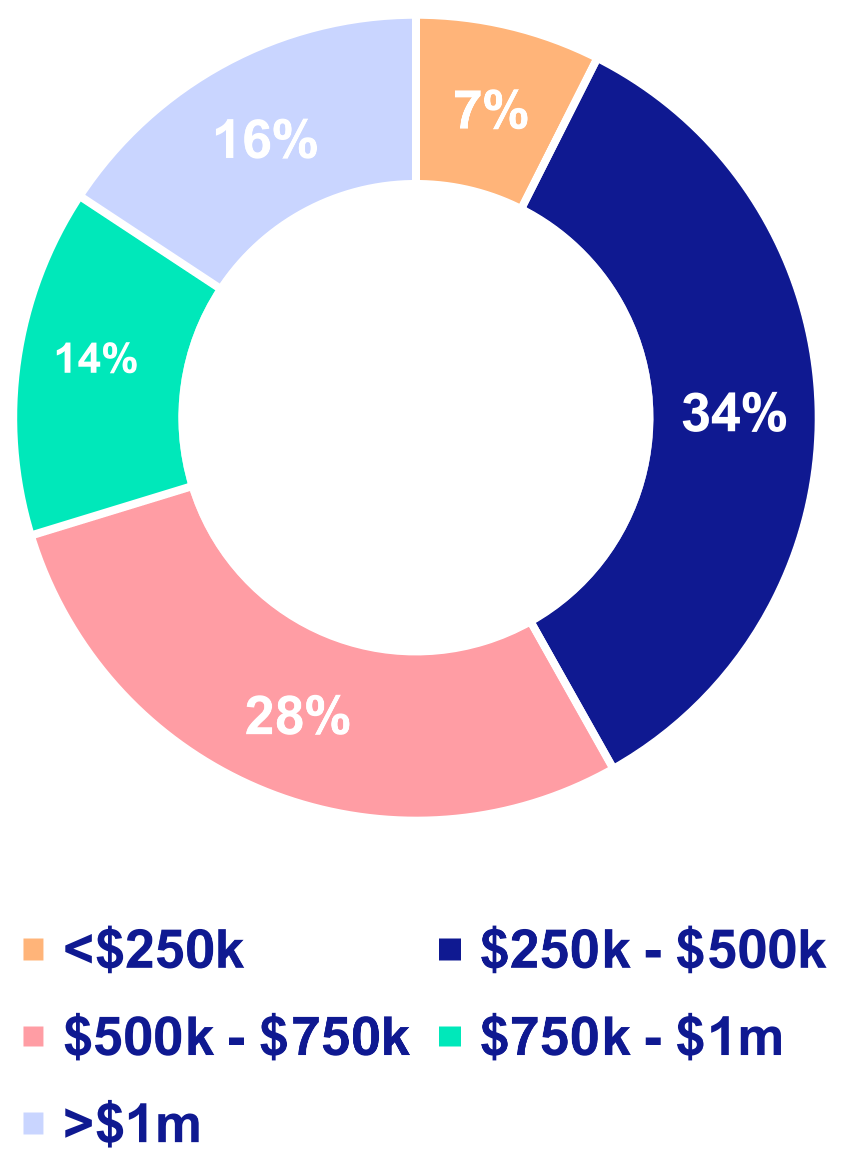


AFG Securities – Loan quality

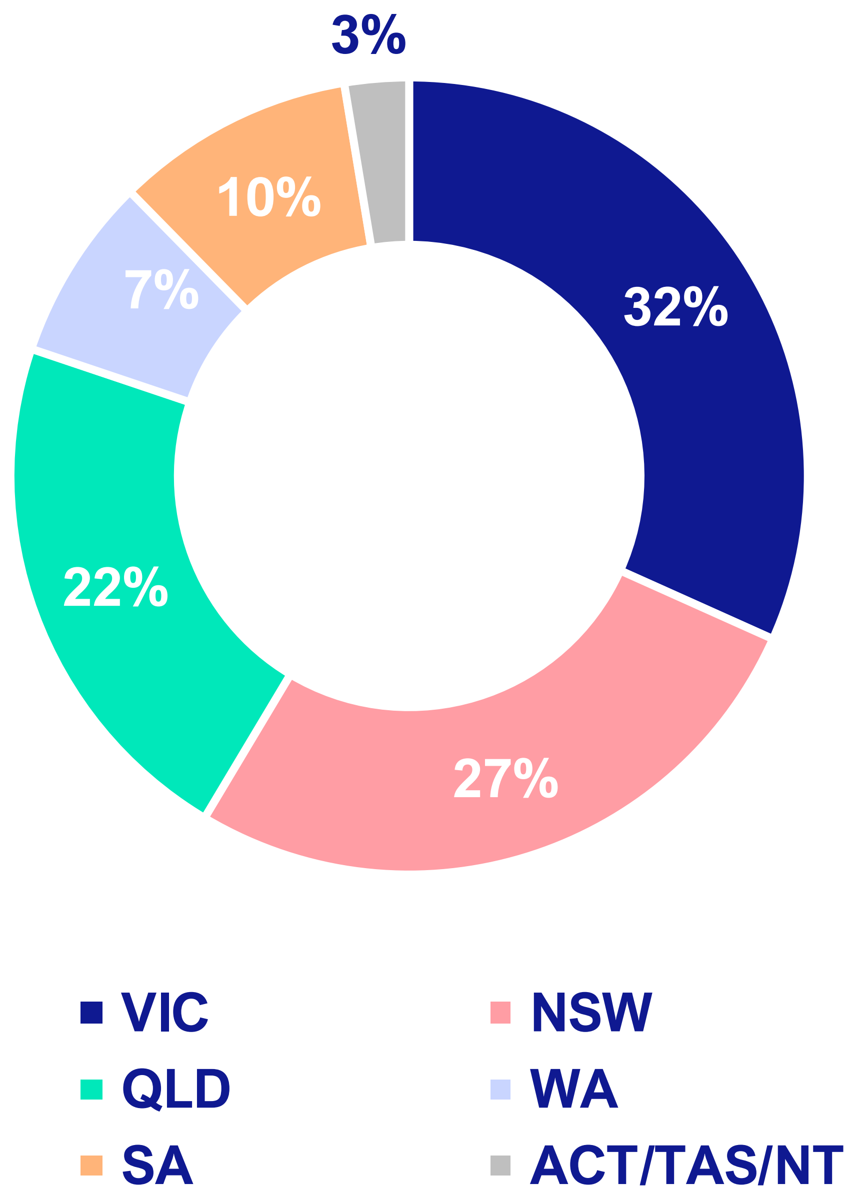
LVR



Loan Balance



Geographic distribution



Driving sustainable outcomes for our stakeholders

Creating a fairer financial future

Environment

FY23 Highlights

- Purchased first voluntary carbon offsets (490t Co2-e), from Greenfleet, to cover unavoidable travel emissions
- Held two volunteer environmental charity days for team members
- Introduced office-wide recycling program
- Launched plant-a-tree program for all securitised mortgages written, in partnership with Carbon Positive Australia

Strategic Objectives

- Measure, report on and reduce carbon emissions
- Support our carbon neutral ambitions with overarching sustainable initiatives
- Whole of business approach to our environmental initiatives by engaging with customers, staff and other stakeholders

Social

FY23 Highlights

- 2nd year as Principal Partner of Foyer Foundation
- Women on the Move program to attract and retain female participants in mortgage broker industry
- Developed new policy to support "mortgage prisoners" in accessing competitive products
- Positive scores in employee engagement survey for workplace diversity and cultural diversity

Strategic Objectives

- Preferred place to work for people who share our passion by promoting personal development, diversity, equity & inclusion
- Improve gender balance across industry & champion & support female staff & brokers
- Offer meaningful support to community by partnering with social organisations aligned to our purpose & vision
- Responsible lending and provider of financial products to underserved groups, such as those who are self-employed

Governance

FY23 Highlights

- Developed supplier code of conduct, sharing our expectations of our suppliers
- Continued investment in cyber security to keep our customers' private data safe
- Board renewal through the appointment of a new Chair

Strategic Objectives

- Highest standard of ethics, integrity, & transparency in all we do. Maintain trust with our customers, staff, suppliers & the community
- Strong governance framework in place to ensure all regulatory obligations and legal requirements are met
- Effective & responsible decision making with robust compliance processes
- A culture that delivers value to our stakeholders & guides our interactions with customers, the industry & community

Important Disclaimer

This presentation contains general information which is current as at 24 August 2023.

The information is intended to be a summary of Australian Finance Group Ltd (AFG) and its activities as at 30 June 2023, 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).

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