

10 June 2015

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Dear Sir

AFG MORTGAGE INDEX - MAY 2015

Please see attached statement regarding AFG's Mortgage Index for May 2015.

Yours faithfully,



Lisa Bevan
Company Secretary

NATIONAL

RECORD-BREAKING MAY FOR MORTGAGES AS REFINANCES INCREASE: AFG

10 June 2015

Australian Finance Group (ASX: AFG) has today released its monthly mortgage index for May 2015. A surge in the number of borrowers looking to refinance their mortgages saw the total home loans processed last month by AFG rise to a record-breaking May. AFG processed a total of \$5,017 million during May – an increase of 18.9% on May 2014, and of 14.5% on April 2015. This is the second month this year that AFG has broken through the \$5 billion barrier – the first being in March.

AFG's Mortgage Index reveals shifts in the mortgage market, with the proportion of loans processed for investors softening, while those for refinancers increased. Investment loans moderated from 43.1% of all borrowers in April to 40.9% in May in an early indication the APRA driven lender policy and pricing changes may be starting to have an effect. The proportion of existing borrowers arranging new home loans comprised 38.2% of all loans, compared to 33.9% in April. The average proportion of refinancers for the 12 months leading up to May was 35%.

Fixed home loans spiked from 13.6% in April to 15.2% of all loans processed in May as more borrowers chose to fix the rate on all or part of their loans.

Brett McKeon, Managing Director said: 'Interest-rate cuts, like the one we had in April, not only encourage new borrowers - but also prompt existing borrowers to review their arrangements. After the April rate cut, it appears many borrowers came to the view that we are at, or very close to, the bottom of the interest rate cycle. The attractive owner occupier offers available from lenders, along with the changes that are occurring in the investment market, make it a very busy time for brokers.

Non-major lenders fought back to recover some of the ground they lost to major lenders during the first four months of the year, increasing their combined share from 25.3% in April to 28.1% in May.

More information for each state can be found at www.afgonline.com.au under Media Hub – News and Data.

AFG Mortgage Index – Going Forward

Historically AFG has released the AFG Mortgage Index on a monthly basis. AFG will continue to do so for June 2015, however, following AFG's successful listing on the ASX, AFG has determined that the AFG Mortgage Index will then be published on a quarterly basis from July 2015 (ie the first quarter will reflect the 3 months ending 30 September 2015) on the ASX markets announcements platform and on AFG's website. This change follows a review of AFG's market reporting and disclosure activities as a newly ASX listed entity.

ENDS

CONTACT DETAILS

Brett McKeon – AFG Managing Director (08) 94207888

Alison Clarke – AFG Corporate Communications 0402781367

AFG MORTGAGES SOLD

TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
Mar 14	9,264	\$4,048 m	\$436k	39.6%	10.7%	33.9%
Apr 14	8,517	\$3,674 m	\$431k	39.0%	10.1%	34.1%
May 14	9,815	\$4,218 m	\$429k	40.0%	10.2%	34.7%
June 14	8,745	\$3,794 m	\$433k	39.2%	10.8%	36.7%
July 14	9,300	\$4,122 m	\$443k	38.0%	9.8%	36.1%
Aug 14	9,087	\$3,959 m	\$435k	39.0%	9.5%	35.3%
Sep 14	9,839	\$4,365 m	\$443k	40.3%	8.4%	36.0%
Oct 14	10,463	\$4,755 m	\$454k	38.7%	7.2%	34.7%
Nov 14	9,806	\$4,455 m	\$454k	40.7%	7.3%	33.6%
Dec 14	8,510	\$3,778 m	\$443k	39.4%	6.9%	37.3%
Jan 15	6,562	\$2,763 m	\$421k	38.5%	8.3%	32.8%
Feb 15	9,799	\$4,368 m	\$445k	39.6%	8.2%	35.0%
Mar 15	11,235	\$5,236 m	\$466k	41.7%	7.4%	34.9%
Apr 15	9,661	\$4,380 m	\$453k	43.1%	7.5%	33.9%
May 15	10,668	\$5,017 m	\$470k	40.9%	7.6%	38.2%

MAJOR VS NON MAJOR LENDER MARKET SHARE

TABLE 2: BY BUYER TYPE

MONTH	TOTAL MORTGAGES		REFINANCE		FIRST HOME BUYERS		INVESTORS	
	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR
2014 04	75.2%	24.8%	68.9%	31.1%	72.2%	27.8%	76.9%	23.1%
2014 05	74.7%	25.3%	69.2%	30.8%	70.4%	29.6%	77.2%	22.8%
2014 06	74.9%	25.1%	70.3%	29.7%	72.6%	27.4%	76.9%	23.1%
2014 07	74.7%	25.3%	67.9%	32.1%	71.4%	28.6%	77.5%	22.5%
2014 08	73.8%	26.2%	68.0%	32.0%	69.3%	30.7%	76.8%	23.2%
2014 09	73.2%	26.8%	64.9%	35.1%	68.1%	31.9%	75.5%	24.5%
2014 10	71.7%	28.3%	67.5%	32.5%	69.1%	30.9%	73.8%	26.2%
2014 11	70.1%	29.1%	63.0%	37.0%	64.3%	35.7%	75.5%	24.5%
2014 12	67.5%	32.5%	58.6%	41.4%	68.4%	31.6%	73.2%	26.8%
2015 01	74.9%	25.1%	68.6%	31.4%	73.4%	26.6%	78.7%	21.3%
2015 02	73.9%	26.1%	66.4%	33.6%	73.1%	26.9%	77.3%	22.7%
2015 03	72.5%	27.5%	66.2%	33.8%	70.9%	29.1%	76.2%	23.8%
2015 04	74.7%	25.3%	69.2%	30.8%	69.4%	30.6%	77.3%	22.7%
2015 05	71.9%	28.1%	64.1%	35.9%	72.3%	27.7%	75.7%	24.3%

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AVERAGE MORTGAGE SIZE IN DOLLARS

TABLE 3: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
2014 03	436,983	529,763	372,809	339,568	417,604	435,643	367,476
2014 04	431,484	528,674	364,432	334,894	408,827	439,959	423,630
2014 05	429,794	524,009	369,926	323,841	416,521	423,236	391,383
2014 06	433,960	526,954	373,126	335,919	419,893	424,349	425,155
2014 07	443,244	506,696	373,911	335,791	469,672	434,707	397,685
2014 08	435,782	532,105	365,571	338,525	422,125	428,916	401,888
2014 09	443,729	545,048	359,100	325,999	426,979	450,527	379,036
2014 10	454,516	577,439	367,670	352,569	425,011	437,373	408,427
2014 11	454,414	561,445	368,898	352,269	445,458	440,347	409,732
2014 12	443,986	544,281	374,391	349,146	438,934	427,983	374,898
2015 01	421,147	508,347	356,631	327,827	414,585	429,854	346,308
2015 02	445,848	547,256	370,853	336,830	437,473	428,421	396,566
2015 03	466,048	576,992	382,291	349,813	439,090	447,861	437,107
2015 04	453,463	550,749	377,562	337,975	438,013	446,065	400,973
2015 05	470,331	575,286	381,180	368,228	448,525	453,754	440,465

LOAN VALUE RATIOS (loan stated as % of property value)

TABLE 4: ALL AUSTRALIA

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
2014 04	66.7%	64.2%	65.0%	70.3%	72.4%	70.5%	58.1%
2014 05	68.8%	65.7%	68.0%	68.5%	71.4%	70.5%	68.6%
2014 06	66.6%	64.1%	66.7%	68.6%	70.6%	69.8%	59.8%
2014 07	68.2%	63.3%	67.3%	67.3%	71.2%	71.5%	68.4%
2014 08	69.5%	64.3%	67.8%	70.4%	70.9%	71.1%	72.5%
2014 09	66.9%	65.1%	66.3%	67.4%	72.6%	70.3%	60.0%
2014 10	67.9%	65.8%	67.5%	71.7%	72.0%	69.4%	61.1%
2014 11	69.6%	64.9%	67.6%	69.0%	72.3%	72.4%	71.2%
2014 12	68.2%	65.1%	68.1%	68.0%	71.3%	68.4%	68.5%
2015 01	69.0%	65.5%	68.7%	70.7%	72.0%	71.5%	65.6%
2015 02	67.7%	64.6%	68.7%	66.5%	71.5%	71.7%	63.5%
2015 03	67.8%	64.2%	66.8%	67.4%	72.0%	69.3%	67.3%
2015 04	68.0%	63.4%	67.7%	70.4%	71.4%	70.5%	64.5%
2015 05	68.2%	62.3%	66.7%	71.1%	71.7%	71.1%	66.1%

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LOAN TYPE

TABLE 5: ALL AUSTRALIA

MONTH	BASIC	EQUITY	FIXED	INTRO	STANDARD
Mar 14	6.1%	5.1%	17.2%	5.6%	66.0%
Apr 14	5.9%	5.3%	17.5%	5.5%	65.9%
May 14	6.9%	5.1%	17.6%	5.3%	65.1%
June 14	6.2%	5.0%	17.2%	5.1%	66.6%
July 14	6.3%	4.8%	16.8%	6.6%	65.5%
Aug 14	6.5%	4.2%	17.8%	6.3%	65.2%
Sept 14	6.2%	4.3%	18.2%	5.9%	65.3%
Oct 14	5.2%	4.1%	18.2%	5.6%	66.9%
Nov 14	5.3%	4.6%	17.1%	4.9%	68.0%
Dec 14	5.3%	4.5%	14.5%	5.8%	69.8%
Jan 15	6.5%	3.9%	15.4%	7.5%	66.5%
Feb 15	6.6%	3.8%	13.6%	7.9%	68.2%
Mar 15	6.6%	3.7%	14.2%	6.6%	68.8%
Apr 15	6.0%	3.5%	13.6%	6.6%	70.3%
May 15	6.0%	3.6%	15.2%	6.6%	68.6%

DEFINITIONS

1. **Standard Variable:** includes the full range of features available.
2. **Basic Variable:** without some features, lower fees and rates.
3. **Intro:** also known as 'honeymoon' where the borrower is offered a very cheap initial rate (fixed or variable) before the loan reverts to a Standard Variable.
4. **Fixed:** interest rate is fixed for a nominated period before it reverts to a Standard Variable.
5. **Equity:** also known as 'line of credit' allows the borrower to draw out money up to a specified limit. Generally more expensive than Standard Variable loans.

NOTE TO EDITORS

AFG is Australia's largest mortgage broking group and one of the country's largest financial services companies. Established in 1994, the company now provides more than 20% of brokers nationwide with access to Australia's leading lending institutions, and has a mortgage book in excess of \$100 billion.

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