

27 August 2015

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Dear Sir/Madam

**AUSTRALIAN FINANCE GROUP LTD ANNOUNCES FY15 RESULTS**

Please refer to the following information in relation to Australian Finance Group Ltd's (ASX: AFG) results for the year ended 30 June 2015.

- Part 1: FY15 results market release
- Part 2: FY15 Appendix 4E
- Part 3: FY15 results investor presentation

Yours faithfully



**LISA BEVAN**  
Company Secretary

## AUSTRALIAN FINANCE GROUP LTD FINANCIAL RESULTS FOR FY2015

27 August 2015

Australian Finance Group Ltd (ASX: AFG) (AFG or the Company) reports a pro forma net profit after tax (NPAT) result of \$19.3 million for the 2015 financial year (FY2015), approximately 8.4 per cent ahead of Prospectus forecasts of \$17.8 million, and an increase of 19.8 per cent compared with the pro forma \$16.1 million in FY2014.

### Highlights

- Revenue for FY2015 of \$526 million, representing an increase of 16 per cent from the previous corresponding period
- The Company's balance sheet remains strong with net assets of \$72 million, and cash and liquidity ratios within target
- Total combined residential and commercial loan book of \$107 billion

AFG Managing Director Brett McKeon said: "The 2015 result was underpinned by another strong period of settlement growth primarily by our residential mortgage business but also by our commercial mortgage business.

"We have grown our residential settlements year on year by 19 per cent and our commercial settlements increased by 23 per cent, both of which represent record years of settlements.

"AFG enters the new financial year in a strong position with a combined residential and commercial loan book of \$107 billion, which includes better than forecast growth from our white label AFG Home Loans products."

AFG forecast \$150 million in settlements for its AFG Home Loans' Edge product in FY2015 however settlements achieved, owing to both competitive pricing and higher than anticipated broker uptake, were more than \$460 million.

In the last quarter of FY2015 AFG experienced strong growth in its commercial settlements, particularly in Victoria and New South Wales. It also achieved improved underlying cost of funds within its securitisation business.

### Market Outlook

The Australian Prudential Regulation Authority (APRA) has recently implemented a number of measures designed to address perceived risks related to investment lending in the housing market. In addition they have introduced increased capital adequacy requirements for banks.

"This, in our view, has introduced another level of complexity to the Australian mortgage market and this translates into an environment where consumers are even more in need of a broker's assistance to ensure they are making the correct financing decision for their individual circumstances," Mr McKeon said.

Brokers continue to generate a greater share of mortgage sales, with recent market data provided by the Mortgage and Finance Association of Australia (MFAA) indicating overall broker market share sits at just under 52 per cent.

Upfront and trail commission rates should remain steady this financial year, and a forecast increase in settlement volume is expected to produce growth of approximately 10 per cent in AFG's commission income.

### **Company Outlook**

Prospectus forecasts remain unchanged however, in terms of current trading, Mr McKeon commented: "We have experienced a strong residential lodgement month of \$4.7 billion for July 2015, approximately 13 per cent ahead of the previous corresponding period. Remembering there is a seasonality aspect to July, primarily related to school holidays, this result is in line with our forecast. A further aspect of this lodgement activity was the percentage of investment lending, which at 37 per cent is in line with historical averages."

Looking further beyond the month of July the company noted that recruitment activity remains strong despite a continued high level of competition in the market for new brokers and the retention of existing ones.

Mr McKeon also advised that AFG's lender panel was continuing to grow, with the Company having recently added both commercial and residential lenders to the panel and is now in advanced negotiations with a number of new lenders.

"This will continue to position AFG as a market leader by providing a greater level of choice to our brokers and their customers," Mr McKeon concluded.

**ENDS**

### **Further Information**

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