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8 April 2016

Market Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

**AFG MORTGAGE INDEX – MARCH QUARTER 2016**

Please see attached statement regarding AFG's Mortgage Index for the March quarter 2016.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Lisa Bevan'.

Lisa Bevan  
Company Secretary

**CONTACT DETAILS**

**Mark Hewitt**, AFG General Manager Sales and Operations  
**Alison Clarke**, AFG Head of Corporate Communications

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## Fixed Rates in Favour

Australian Finance Group (ASX: AFG) has today released its Mortgage Index for the first three months of 2016.

The quarter saw a greater proportion of home loan customers continue to take advantage of low rates by fixing their home loans. The start of calendar 2016 has seen lending for fixed rate products peak at 17.7% of AFG's total volume for the quarter. By comparison, the percentage of those fixing their rates in the first quarter of the 2016 financial year was as low as 11.4%.

AFG General Manager Sales and Operations Mark Hewitt said "With sections of the money market making the call of a rate cut in the coming months there are some very attractive fixed rates available. With rates being at historical lows the downside risk of fixing is relatively small so many borrowers are choosing to lock in now."

"Despite this month's decision by the Reserve Bank of Australia to leave the cash rate on hold at a record low 2% there are also no guarantees lenders won't make their own moves outside the RBA cycle. Some are talking about increased funding and regulatory costs and locking the low rates in now is a way borrowers can insulate themselves against any out of cycle increases by the banks. This quarter has also seen investor numbers on the rise again, with an increase from 31% of AFG's total volume to 33% as lenders return to the investor market having fallen below the growth cap set by the regulator last year."

AFG's overall volume was up 5.7% on the same quarter in 2015, with Victoria leading the states with an increase of 15.7%, followed by SA up 11.3%, NSW up 10.5% and Qld recording a rise of 7.6%. The resources downturn has hit WA activity with that state recording a drop of 16.7% and NT dropping by 28% on the same time last year.

"In a positive message for the health of the lending market, the average LVR (loan to value ratio) of 68% is the lowest it has been for three years," said Mr Hewitt. "This means homebuyers are continuing to borrow within their capabilities."

More information can be found at [www.afgonline.com.au](http://www.afgonline.com.au) under Media Hub – News and Data.

ENDS

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**TABLE 1 - ALL AUSTRALIA**

**AFG MORTGAGES LODGED**

Fiscal Year	Fiscal Quarter	Lodge #	Lodge Vol	Avg Loan	Inv %	First Home Buyers %	Refinance %	Upgrader %
2013	1	21,572	\$8,416,365,856	\$390,152	36%	15%	34%	28%
2013	2	21,409	\$8,487,498,305	\$396,445	36%	12%	34%	31%
2013	3	21,210	\$8,322,560,369	\$392,389	36%	12%	33%	31%
2013	4	24,446	\$9,799,859,819	\$400,878	37%	11%	33%	30%
2014	1	25,819	\$10,541,359,325	\$408,279	38%	10%	31%	32%
2014	2	25,896	\$10,982,752,324	\$424,110	39%	9%	32%	31%
2014	3	24,232	\$10,302,300,234	\$425,153	39%	9%	32%	31%
2014	4	26,968	\$11,552,225,450	\$428,368	39%	9%	34%	30%
2015	1	28,135	\$12,205,205,091	\$433,809	39%	8%	34%	31%
2015	2	28,667	\$12,893,553,945	\$449,770	39%	7%	36%	30%
2015	3	27,497	\$12,266,216,102	\$446,093	40%	8%	35%	30%
2015	4	31,234	\$14,356,017,704	\$459,628	40%	8%	37%	28%
2016	1	29,932	\$14,079,535,588	\$470,384	33%	9%	36%	34%
2016	2	28,878	\$13,727,621,856	\$475,366	31%	7%	38%	35%
2016	3	27,353	\$12,975,182,572	\$474,360	33%	8%	37%	34%

**TABLE 2 - BY BUYER TYPE**

**MAJOR VS NON MAJOR LENDER MARKET SHARE**

Fiscal Year	Fiscal Quarter	Total		Investment		First Home Buyers		Refinance		Upgrader	
		Major	Non-Major	Major	Non-Major	Major	Non-Major	Major	Non-Major	Major	Non-Major
2013	1	77.1%	22.9%	79.4%	20.6%	74.5%	25.5%	72.9%	27.1%	79.5%	20.5%
2013	2	77.6%	22.4%	80.8%	19.2%	74.2%	25.8%	73.6%	26.4%	79.3%	20.7%
2013	3	78.2%	21.8%	80.0%	20.0%	77.1%	22.9%	73.4%	26.6%	80.4%	19.6%
2013	4	77.0%	23.0%	79.3%	20.7%	74.5%	25.5%	72.6%	27.4%	79.3%	20.7%
2014	1	74.1%	25.9%	76.5%	23.5%	72.8%	27.2%	67.3%	32.7%	76.9%	23.1%
2014	2	73.6%	26.4%	75.4%	24.6%	72.3%	27.7%	67.5%	32.5%	76.2%	23.8%
2014	3	74.3%	25.7%	77.1%	22.9%	71.1%	28.9%	68.3%	31.7%	76.7%	23.3%
2014	4	74.8%	25.2%	77.3%	22.7%	71.6%	28.4%	69.3%	30.7%	77.9%	22.1%
2015	1	73.7%	26.3%	76.8%	23.2%	69.7%	30.3%	66.5%	33.5%	77.3%	22.7%
2015	2	69.8%	30.2%	74.2%	25.8%	67.0%	33.0%	62.5%	37.5%	72.6%	27.4%
2015	3	73.4%	26.6%	76.5%	23.5%	72.3%	27.7%	67.1%	32.9%	75.5%	24.5%
2015	4	71.7%	28.3%	74.8%	25.2%	70.7%	29.3%	64.8%	35.2%	75.5%	24.5%
2016	1	73.8%	26.2%	72.7%	27.3%	73.9%	26.1%	68.9%	31.1%	78.1%	21.9%
2016	2	69.9%	30.1%	71.0%	29.0%	70.3%	29.7%	61.2%	38.8%	75.4%	24.6%
2016	3	70.7%	29.3%	72.1%	27.9%	70.0%	30.0%	64.9%	35.1%	74.5%	25.5%

**CONTACT DETAILS**

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**TABLE 3 - BY STATE/TERRITORY**

**TOTAL LODGEMENT VOLUME**

Fiscal Year	Fiscal Quarter	National	NSW	NT	QLD	SA	VIC	WA
2013	1	\$8,416,365,856	\$2,316,697,446	\$112,863,129	\$1,700,937,487	\$539,250,818	\$1,863,981,139	\$1,882,635,836
2013	2	\$8,487,498,305	\$2,398,852,212	\$110,388,955	\$1,624,079,026	\$538,593,521	\$1,900,825,059	\$1,914,759,532
2013	3	\$8,322,560,369	\$2,280,581,759	\$101,610,181	\$1,596,742,132	\$557,028,090	\$1,773,185,026	\$2,013,413,181
2013	4	\$9,799,859,819	\$2,888,883,235	\$122,968,345	\$1,721,114,525	\$548,935,991	\$2,182,800,665	\$2,335,157,058
2014	1	\$10,541,359,325	\$3,363,320,441	\$139,190,621	\$1,839,152,241	\$585,449,797	\$2,298,574,557	\$2,315,671,669
2014	2	\$10,982,752,324	\$3,471,438,991	\$147,198,387	\$1,928,914,555	\$590,007,574	\$2,476,010,606	\$2,369,182,211
2014	3	\$10,302,300,234	\$3,187,327,100	\$131,039,892	\$1,768,250,912	\$546,204,335	\$2,423,999,521	\$2,245,478,475
2014	4	\$11,552,225,450	\$3,628,786,262	\$149,390,595	\$1,967,383,688	\$619,877,859	\$2,703,849,299	\$2,482,937,746
2015	1	\$12,205,205,091	\$3,982,066,392	\$152,960,284	\$2,060,602,810	\$607,398,884	\$2,915,396,156	\$2,486,780,565
2015	2	\$12,893,553,945	\$4,473,709,945	\$149,649,155	\$2,160,904,412	\$688,001,635	\$3,061,337,599	\$2,359,951,199
2015	3	\$12,266,216,102	\$4,278,170,610	\$147,791,319	\$1,994,094,543	\$644,335,811	\$2,930,841,599	\$2,270,982,220
2015	4	\$14,356,017,704	\$5,332,316,068	\$116,487,343	\$2,267,596,500	\$771,501,096	\$3,388,751,341	\$2,479,365,356
2016	1	\$14,079,535,588	\$5,270,460,574	\$113,864,980	\$2,140,287,430	\$760,419,700	\$3,519,554,593	\$2,274,948,310
2016	2	\$13,727,621,856	\$4,996,170,074	\$116,570,455	\$2,132,922,513	\$773,179,530	\$3,579,199,068	\$2,129,580,215
2016	3	\$12,975,182,572	\$4,725,479,494	\$105,435,414	\$2,146,498,936	\$717,236,658	\$3,389,364,106	\$1,891,167,963

**TABLE 4 - BY STATE/TERRITORY**

**AVERAGE MORTGAGE SIZE IN DOLLARS**

Fiscal Year	Fiscal Quarter	National	NSW	NT	QLD	SA	VIC	WA
2013	1	\$390,152	\$454,076	\$393,251	\$344,598	\$315,721	\$382,905	\$403,048
2013	2	\$396,445	\$471,380	\$379,343	\$343,648	\$314,049	\$385,016	\$411,688
2013	3	\$392,389	\$459,424	\$376,334	\$346,140	\$331,960	\$378,078	\$403,086
2013	4	\$400,878	\$482,929	\$401,857	\$341,559	\$314,037	\$384,431	\$410,180
2014	1	\$408,279	\$496,798	\$397,687	\$347,995	\$318,525	\$389,259	\$408,336
2014	2	\$424,110	\$515,816	\$384,330	\$356,020	\$332,961	\$413,219	\$422,993
2014	3	\$425,153	\$513,092	\$378,728	\$358,599	\$333,255	\$415,852	\$425,683
2014	4	\$428,368	\$522,654	\$410,414	\$364,871	\$330,073	\$412,047	\$425,963
2015	1	\$433,809	\$523,680	\$388,224	\$362,782	\$332,639	\$423,626	\$432,559
2015	2	\$449,770	\$561,107	\$399,064	\$368,441	\$350,485	\$434,540	\$433,337
2015	3	\$446,093	\$550,459	\$392,019	\$370,512	\$338,412	\$429,679	\$433,311
2015	4	\$459,628	\$558,241	\$422,056	\$380,150	\$352,445	\$439,812	\$446,974
2016	1	\$470,384	\$582,114	\$399,526	\$386,333	\$361,932	\$455,488	\$435,397
2016	2	\$475,366	\$582,304	\$422,357	\$393,165	\$371,900	\$464,108	\$443,109
2016	3	\$474,360	\$590,095	\$382,012	\$395,231	\$373,172	\$448,625	\$454,498

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**TABLE 5 - BY STATE/TERRITORY**

**LOAN VALUE RATIOS (LOAN STATED AS % OF PROPERTY VALUE)**

Fiscal Year	Fiscal Quarter	LVR						
		National	NSW	NT	QLD	SA	VIC	WA
2013	1	69.6%	69.8%	68.3%	70.2%	69.0%	70.5%	70.1%
2013	2	70.2%	70.5%	66.9%	70.5%	70.3%	71.1%	71.9%
2013	3	70.3%	70.0%	68.0%	70.2%	70.4%	71.8%	71.2%
2013	4	70.0%	69.7%	68.0%	69.8%	70.3%	72.0%	70.3%
2014	1	69.9%	69.6%	66.3%	70.4%	69.3%	71.9%	71.6%
2014	2	70.4%	69.3%	67.2%	71.3%	71.3%	71.9%	71.6%
2014	3	69.9%	69.0%	66.2%	70.0%	70.8%	72.7%	70.6%
2014	4	69.5%	68.6%	65.1%	69.4%	71.3%	72.8%	70.1%
2015	1	70.1%	68.7%	68.3%	68.9%	70.9%	72.5%	71.3%
2015	2	70.5%	68.8%	69.1%	69.8%	71.7%	73.1%	70.5%
2015	3	69.7%	68.4%	65.9%	69.9%	70.8%	72.8%	70.7%
2015	4	69.7%	66.9%	66.3%	69.6%	71.8%	72.6%	70.9%
2016	1	69.8%	67.3%	68.0%	69.2%	69.6%	72.9%	71.6%
2016	2	69.6%	65.9%	67.5%	70.2%	71.3%	71.5%	71.3%
2016	3	68.8%	65.8%	63.7%	69.5%	70.5%	72.2%	70.9%

**TABLE 6 - ALL AUSTRALIA**

**LOAN TYPE**

Fiscal Year	Fiscal Quarter	Loan Type				
		Basic Variable	Equity	Fixed	Intro	Standard Variable
2013	1	7.6%	6.9%	14.6%	2.5%	68.5%
2013	2	7.6%	6.0%	15.5%	1.9%	68.9%
2013	3	6.6%	5.2%	18.2%	3.1%	66.8%
2013	4	6.1%	5.7%	21.7%	3.8%	62.7%
2014	1	6.5%	5.4%	20.3%	4.6%	63.2%
2014	2	5.4%	5.1%	20.1%	4.4%	65.0%
2014	3	5.6%	5.1%	17.7%	5.8%	65.9%
2014	4	6.0%	5.3%	17.4%	5.2%	66.2%
2015	1	6.4%	4.6%	17.5%	5.6%	65.9%
2015	2	5.8%	4.7%	16.7%	4.5%	68.3%
2015	3	6.3%	4.0%	14.3%	7.0%	68.4%
2015	4	5.9%	3.6%	14.5%	6.3%	69.8%
2016	1	8.6%	3.3%	11.4%	5.4%	71.4%
2016	2	8.4%	3.4%	14.3%	4.1%	69.8%
2016	3	8.6%	2.6%	17.7%	3.0%	68.1%

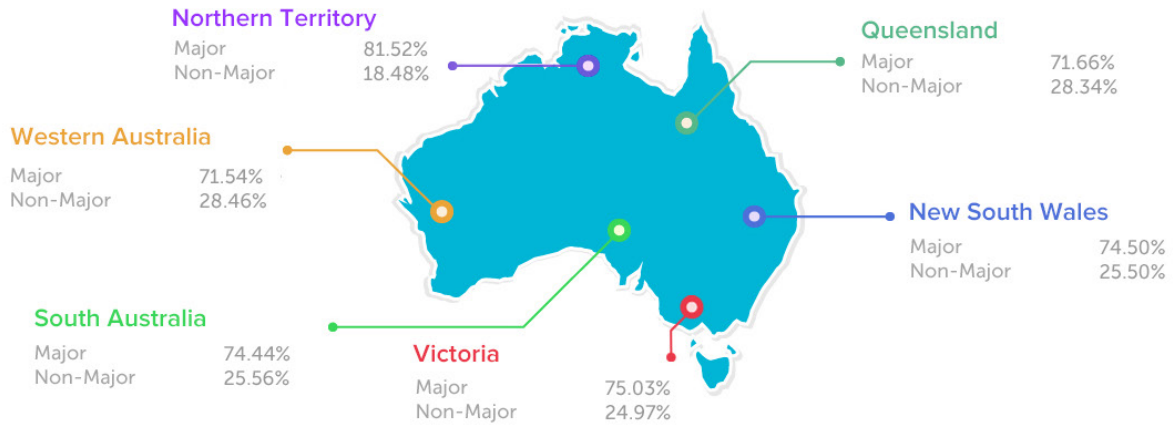
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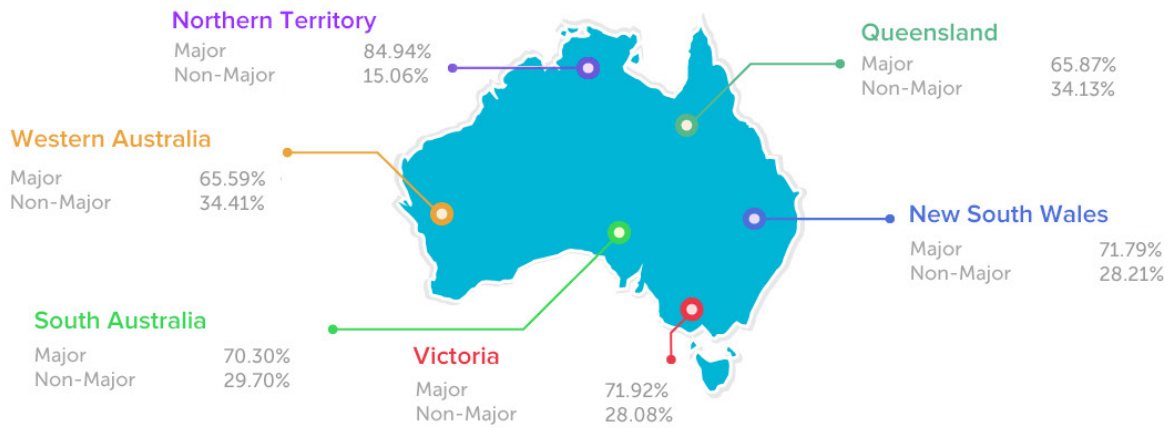
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**MAJOR VS NON-MAJOR BY STATE**

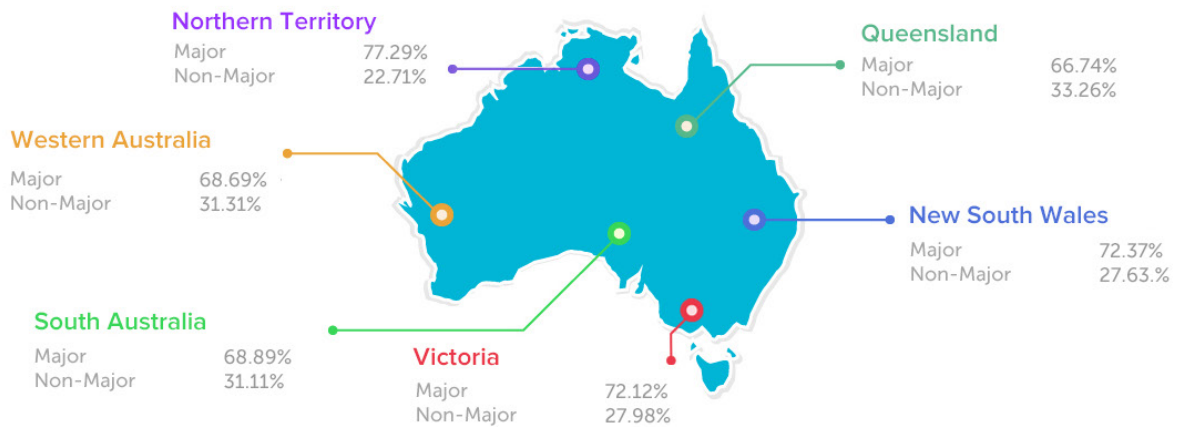
Financial Year: 2016 | Quarter 1



Financial Year: 2016 | Quarter 2



Financial Year: 2016 | Quarter 3



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