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7 October 2016

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

Dear Sir

**AFG MORTGAGE INDEX – Q1 FY 2017**

Please see attached statement regarding AFG's Mortgage Index for the first quarter of financial year 2017.

Yours faithfully,

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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## Loans lift as new financial year gets underway

Australian Finance Group (ASX: AFG) has today released its Mortgage Index for the first quarter of financial year 2017. AFG's overall loan lodgement volume recorded a lift of 8% from the first quarter of the 2016 financial year to be sitting at a record \$15.19 billion.

AFG General Manager Sales and Operations Mark Hewitt said this result was largely driven by existing homeowners looking to save. First home buyers are still in the single digits and investors are steady, albeit at a lower level than seen across the last three years.

"Refinancers are driving the activity with a lift from 36% at the beginning of the 2016 financial year to peak at 39% in the last quarter and close steady the first quarter of the 2017 financial year at 38%," said Mr Hewitt.

Upgraders were also at historical highs across the last financial year and are sitting at 34% again as we finish the first quarter of FY 2017.

"As these figures show, Australian home buyers are aware that rates are at historical lows and there are savings to be made. If you have a home loan and your interest rate isn't below 4%, it would be wise to get in touch with a mortgage broker to ensure you are maximizing your opportunity to save," he said.

Borrowers choosing to fix their interest rates are down from 18.7% last quarter to 15.9% this latest quarter. "For those borrowers with a fixed rate product, I would encourage them to check in with their mortgage broker once the fixed rate period is over as many fixed rate loans can revert to a significantly higher rate than may be available in the market at the time.

"An AFG broker can provide true choice across lenders and products and is in the best position to be able to provide those alternatives and ensure their customer has the right lending solution," said Mr Hewitt.

Investment lending is down from 34% last quarter to 32%, amid tightening by lenders of investment lending conditions and continued talk of apartment oversupply.

"It is well documented that over the past 12 months regulators have been 'encouraging' lenders to tighten up on their investment lending in some areas and they have responded with policy changes and a reduction in discounts being offered.

"It is important to remember that investment lending is often an area where a borrower can really benefit from the assistance of a mortgage broker who knows which lenders are still in the market and the right way to structure finance to meet the needs of the customer," concluded Mr Hewitt.

ENDS

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Alison Clarke, AFG Head of Corporate Communications

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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	\$8,416,747,858	\$390,170	36%	15%	34%	28%
2013	2	21,409	\$8,487,498,305	\$396,445	36%	12%	34%	31%
2013	3	21,210	\$8,322,602,170	\$392,390	36%	12%	33%	31%
2013	4	24,446	\$9,799,859,819	\$400,878	37%	11%	33%	30%
2014	1	25,819	\$10,541,737,826	\$408,294	38%	10%	31%	32%
2014	2	25,896	\$10,983,112,497	\$424,124	39%	9%	32%	31%
2014	3	24,232	\$10,302,678,052	\$425,168	39%	9%	32%	31%
2014	4	26,966	\$11,551,256,535	\$428,364	39%	9%	34%	30%
2015	1	28,134	\$12,204,892,149	\$433,813	39%	8%	34%	31%
2015	2	28,664	\$12,890,538,175	\$449,712	39%	7%	36%	30%
2015	3	27,497	\$12,268,066,204	\$446,160	40%	8%	35%	30%
2015	4	31,232	\$14,355,663,554	\$459,646	40%	8%	37%	28%
2016	1	29,920	\$14,075,034,915	\$470,422	33%	9%	36%	34%
2016	2	28,856	\$13,710,470,943	\$475,134	31%	7%	38%	35%
2016	3	27,284	\$12,899,497,020	\$472,786	33%	8%	38%	34%
2016	4	30,390	\$14,501,390,485	\$477,176	34%	7%	39%	33%
2017	1	31,649	\$15,194,483,555	\$480,094	32%	8%	38%	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	63.8%	36.2%	66.7%	33.3%	61.1%	38.9%	59.7%	40.3%	66.1%	33.9%
2013	2	66.1%	33.9%	69.4%	30.6%	64.2%	35.8%	61.8%	38.2%	67.5%	32.5%
2013	3	66.4%	33.6%	67.8%	32.2%	68.4%	31.6%	61.0%	39.0%	68.3%	31.7%
2013	4	66.1%	33.9%	67.5%	32.5%	66.9%	33.1%	61.2%	38.8%	68.4%	31.6%
2014	1	63.9%	36.1%	65.4%	34.6%	65.5%	34.5%	57.4%	42.6%	66.8%	33.2%
2014	2	63.4%	36.6%	63.8%	36.2%	65.6%	34.4%	58.1%	41.9%	66.3%	33.7%
2014	3	64.1%	35.9%	66.3%	33.7%	65.0%	35.0%	58.4%	41.6%	66.1%	33.9%
2014	4	65.0%	35.0%	66.7%	33.3%	65.2%	34.8%	59.4%	40.6%	68.6%	31.4%
2015	1	62.8%	37.2%	64.3%	35.7%	63.8%	36.2%	55.6%	44.4%	67.0%	33.0%
2015	2	59.2%	40.8%	61.8%	38.2%	62.0%	38.0%	52.0%	48.0%	62.5%	37.5%
2015	3	61.9%	38.1%	62.7%	37.3%	65.8%	34.2%	55.9%	44.1%	65.2%	34.8%
2015	4	62.4%	37.6%	64.2%	35.8%	64.8%	35.2%	56.5%	43.5%	66.2%	33.8%
2016	1	66.3%	33.7%	63.5%	36.5%	68.8%	31.2%	62.0%	38.0%	71.2%	28.8%
2016	2	61.8%	38.2%	60.8%	39.2%	64.2%	35.8%	54.1%	45.9%	67.7%	32.3%
2016	3	62.3%	37.7%	61.8%	38.2%	63.7%	36.3%	57.8%	42.2%	66.4%	33.6%
2016	4	61.2%	38.8%	61.4%	38.6%	64.6%	35.4%	57.8%	42.2%	64.3%	35.7%
2017	1	62.0%	38.0%	64.0%	36.0%	69.0%	31.0%	56.3%	43.7%	65.0%	35.0%

**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	\$8,416,747,858	\$2,317,367,446	\$112,863,129	\$1,700,649,487	\$539,250,818	\$1,863,981,141	\$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	\$8,322,602,170	\$2,280,623,559	\$101,610,181	\$1,596,742,132	\$557,028,090	\$1,773,185,026	\$2,013,413,182
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	\$10,541,737,826	\$3,363,320,441	\$139,190,621	\$1,839,152,242	\$585,449,797	\$2,298,574,557	\$2,316,050,169
2014	2	\$10,983,112,497	\$3,471,438,991	\$147,198,387	\$1,928,914,555	\$590,007,574	\$2,476,370,779	\$2,369,182,211
2014	3	\$10,302,678,052	\$3,187,327,100	\$131,039,892	\$1,768,288,730	\$546,204,335	\$2,423,864,521	\$2,245,953,475
2014	4	\$11,551,256,535	\$3,628,786,262	\$149,390,595	\$1,966,877,888	\$619,877,859	\$2,703,386,185	\$2,482,937,746
2015	1	\$12,204,892,149	\$3,982,412,392	\$152,960,284	\$2,059,972,740	\$607,398,884	\$2,915,367,284	\$2,486,780,565
2015	2	\$12,890,538,175	\$4,471,451,946	\$149,649,155	\$2,159,902,640	\$688,245,636	\$3,061,337,599	\$2,359,951,199
2015	3	\$12,268,066,204	\$4,278,499,703	\$148,109,278	\$1,994,086,543	\$644,335,811	\$2,931,871,054	\$2,271,163,815
2015	4	\$14,355,663,554	\$5,330,751,083	\$116,485,391	\$2,266,686,500	\$771,411,096	\$3,390,538,033	\$2,479,791,452
2016	1	\$14,075,034,915	\$5,269,685,625	\$113,864,980	\$2,139,112,300	\$760,286,366	\$3,516,475,649	\$2,275,609,994
2016	2	\$13,710,470,943	\$4,988,623,658	\$116,645,325	\$2,130,865,982	\$772,365,814	\$3,574,845,526	\$2,127,124,638
2016	3	\$12,899,497,020	\$4,694,286,963	\$104,974,788	\$2,138,348,832	\$712,675,474	\$3,364,486,418	\$1,884,724,545
2016	4	\$14,501,390,485	\$5,288,480,358	\$116,943,716	\$2,427,133,507	\$793,641,645	\$3,869,354,556	\$2,005,836,704
2017	1	\$15,194,483,555	\$5,490,068,537	\$105,643,288	\$2,599,671,609	\$804,718,513	\$4,253,796,984	\$1,940,584,624

**TABLE 4 - BY STATE/TERRITORY**

**AVERAGE MORTGAGE SIZE IN DOLLARS**

Fiscal Year	Fiscal Quarter	National	NSW	NT	QLD	SA	VIC	WA
2013	1	\$390,170	\$454,208	\$393,251	\$344,540	\$315,721	\$382,905	\$403,048
2013	2	\$396,445	\$471,380	\$379,343	\$343,648	\$314,049	\$385,016	\$411,688
2013	3	\$392,390	\$459,433	\$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	\$408,294	\$496,798	\$397,687	\$347,995	\$318,525	\$389,259	\$408,402
2014	2	\$424,124	\$515,816	\$384,330	\$356,020	\$332,961	\$413,280	\$422,993
2014	3	\$425,168	\$513,092	\$378,728	\$358,607	\$333,255	\$415,829	\$425,773
2014	4	\$428,364	\$522,654	\$410,414	\$364,845	\$330,073	\$412,039	\$425,963
2015	1	\$433,813	\$523,657	\$388,224	\$362,799	\$332,639	\$423,622	\$432,559
2015	2	\$449,712	\$560,895	\$399,064	\$368,395	\$350,609	\$434,540	\$433,337
2015	3	\$446,160	\$550,502	\$392,863	\$370,510	\$338,412	\$429,830	\$433,346
2015	4	\$459,646	\$558,135	\$422,049	\$380,061	\$352,403	\$440,044	\$447,051
2016	1	\$470,422	\$582,286	\$399,526	\$386,331	\$361,869	\$455,325	\$435,607
2016	2	\$475,134	\$581,560	\$422,628	\$393,439	\$371,687	\$463,904	\$442,966
2016	3	\$472,786	\$588,625	\$383,120	\$394,238	\$372,349	\$446,278	\$453,277
2016	4	\$477,176	\$590,826	\$407,469	\$399,003	\$378,646	\$455,272	\$448,332
2017	1	\$480,094	\$597,656	\$409,470	\$400,566	\$379,405	\$460,816	\$444,782

**CONTACT DETAILS**

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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%	70.4%	70.1%
2013	2	70.2%	70.5%	67.1%	70.5%	70.3%	71.1%	72.0%
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%	69.0%	70.9%	72.5%	71.2%
2015	2	70.5%	68.7%	69.1%	69.8%	71.7%	73.1%	70.6%
2015	3	69.8%	68.4%	66.0%	69.9%	70.8%	72.9%	70.7%
2015	4	69.7%	66.9%	66.4%	69.6%	71.8%	72.7%	71.0%
2016	1	69.8%	67.4%	68.0%	69.2%	69.6%	73.0%	71.5%
2016	2	69.7%	66.0%	67.8%	70.3%	71.4%	71.7%	71.3%
2016	3	69.2%	66.2%	64.2%	70.1%	71.0%	72.7%	71.2%
2016	4	69.3%	66.1%	66.9%	69.9%	70.2%	72.1%	70.6%
2017	1	69.2%	66.0%	67.1%	69.6%	70.5%	70.8%	71.2%

**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%	69.0%
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%	20.2%	4.4%	64.9%
2014	3	5.6%	5.1%	17.7%	5.8%	65.9%
2014	4	6.0%	5.3%	17.4%	5.2%	66.1%
2015	1	6.4%	4.6%	17.4%	5.6%	66.0%
2015	2	5.8%	4.6%	16.7%	4.5%	68.3%
2015	3	6.3%	4.0%	14.3%	7.0%	68.4%
2015	4	5.8%	3.6%	14.5%	6.3%	69.9%
2016	1	8.5%	3.3%	11.3%	5.4%	71.5%
2016	2	8.3%	3.5%	14.2%	4.1%	69.9%
2016	3	8.5%	2.6%	17.7%	3.0%	68.2%
2016	4	7.2%	2.4%	18.7%	3.6%	68.0%
2017	1	7.2%	2.6%	15.9%	6.3%	68.0%

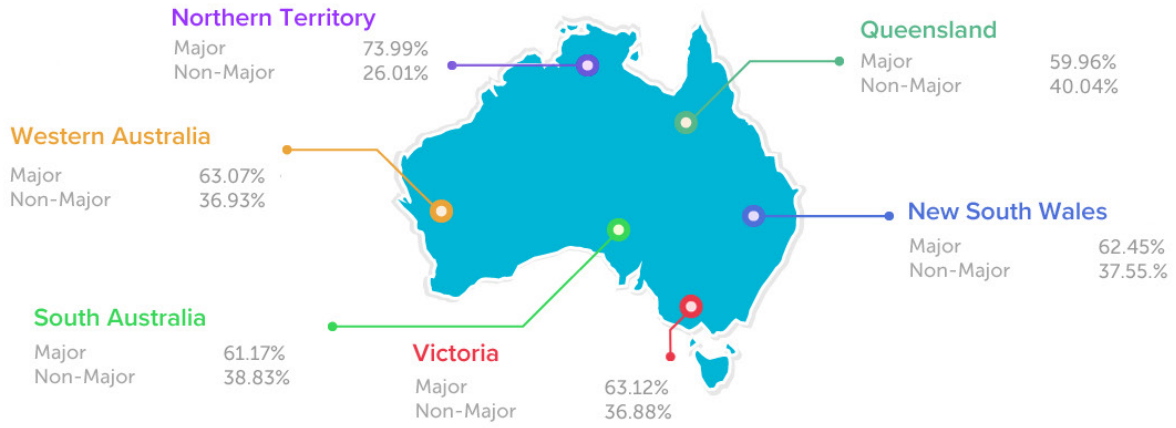
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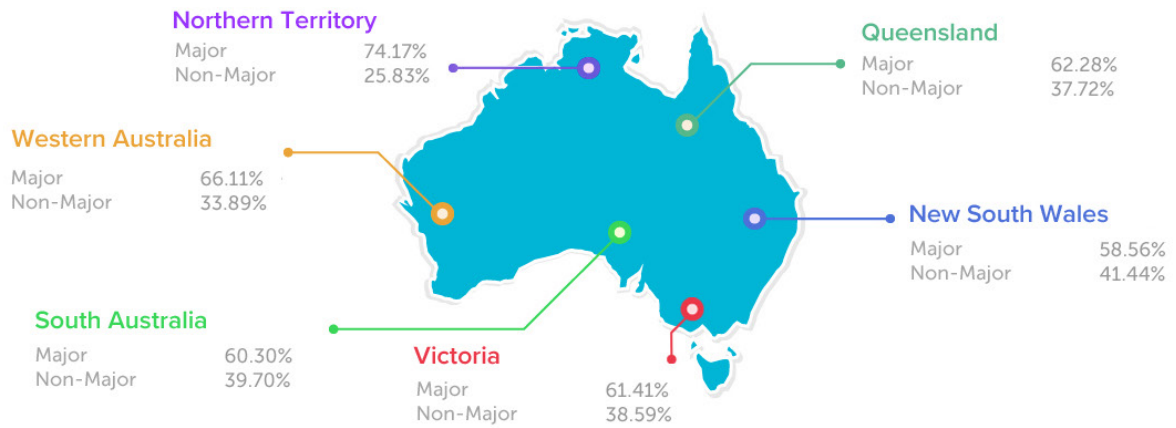
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**MAJOR VS NON-MAJOR BY STATE**

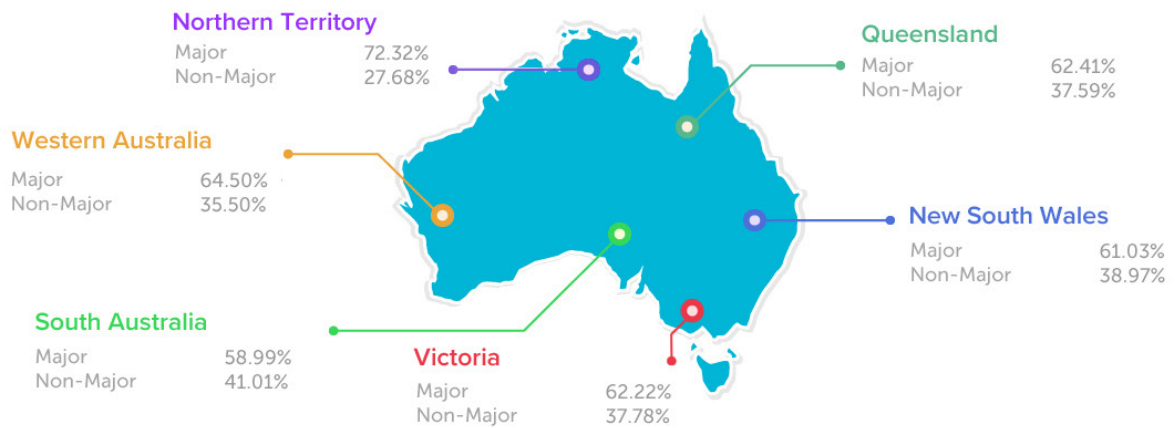
Financial Year: 2016 | Quarter 3



Financial Year: 2016 | Quarter 4



Financial Year: 2017 | Quarter 1



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