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13 July 2017

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
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Dear Sir

AFG MORTGAGE INDEX – Q4 2017

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

Yours faithfully,

Lisa Bevan
Company Secretary

CONTACT DETAILS

Mark Hewitt, AFG General Manager Sales and Operations
Saffron Solomon, AFG National Marketing Manager

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Non-majors and fixed rates in favour

Australian Finance Group (ASX: AFG) has today released the AFG Mortgage Index for the final quarter of the 2016/17 financial year.

AFG CEO David Bailey welcomed the news that the non-major share of the market is now at 35%. “Significant structural change to the lending market brought about by tighter lending rules has seen increased flows of business to the non-major lenders.”

“As the majors re-price their mortgages and change lending policies to meet regulatory caps, consumers are turning to mortgage brokers to get a full picture of the choices on offer in such a competitive market,” he said.

“The non-major lenders are helping fill the void left by some of the majors and consumers are benefiting from the fact that a mortgage broker can offer products from those lenders without a branch network.”

A series of rate rises and policy changes has also had an impact on the investment market. “In what will no doubt be welcome news for the regulator, investment lending has dropped to 31% of our total lending for the quarter as lenders continue to tighten their criteria,” said Mr Bailey.

Refinancing figures are also down from 35% to 29% as refinance options for borrowers with interest only or higher LVR investment loans decrease and others choose to stay put until the market settles. Lender policy restrictions have also seen the average loan size fall in every state apart from Queensland.

“The part of the market that has been virtually untouched by regulators and lenders is the principle and interest owner category. As a result, those opting to upgrade their homes have increased from 34% to 39% in response to some attractive lending offers,” he concluded.

In a sign that homeowners are picking the bottom of the market for interest rates, the number choosing to fix their rate has jumped significantly to finish the quarter at 23.7%.

-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	\$8,416,747,858	\$390,170	36%	15%	34%	28%
2013	2	21,409	\$8,487,498,307	\$396,445	36%	12%	34%	31%
2013	3	21,210	\$8,322,602,170	\$392,390	36%	12%	33%	31%
2013	4	24,446	\$9,799,859,820	\$400,878	37%	11%	33%	30%
2014	1	25,819	\$10,541,737,827	\$408,294	38%	10%	31%	32%
2014	2	25,896	\$10,983,112,498	\$424,124	39%	9%	32%	31%
2014	3	24,232	\$10,303,354,052	\$425,196	39%	9%	32%	31%
2014	4	26,966	\$11,551,289,535	\$428,365	39%	9%	34%	30%
2015	1	28,134	\$12,204,892,149	\$433,813	39%	8%	34%	31%
2015	2	28,664	\$12,890,718,175	\$449,718	39%	7%	36%	30%
2015	3	27,497	\$12,268,066,204	\$446,160	40%	8%	35%	30%
2015	4	31,231	\$14,355,977,655	\$459,671	40%	8%	37%	28%
2016	1	29,920	\$14,074,024,978	\$470,389	33%	9%	36%	34%
2016	2	28,853	\$13,707,580,625	\$475,083	31%	7%	38%	35%
2016	3	27,279	\$12,898,759,815	\$472,846	33%	8%	38%	33%
2016	4	30,371	\$14,493,261,266	\$477,207	34%	7%	39%	32%
2017	1	31,593	\$15,136,246,232	\$479,101	32%	8%	38%	34%
2017	2	30,817	\$15,065,649,900	\$488,875	34%	9%	38%	32%
2017	3	28,637	\$13,940,796,476	\$486,811	32%	10%	35%	34%
2017	4	30,101	\$14,577,771,212	\$484,295	31%	10%	29%	39%

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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%	72.2%	27.8%	67.5%	32.5%	76.1%	23.9%
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	73.7%	26.3%	72.7%	27.3%	73.9%	26.1%	68.9%	31.1%	78.1%	21.9%
2016	2	69.9%	30.1%	71.1%	28.9%	70.3%	29.7%	61.2%	38.8%	75.4%	24.6%
2016	3	70.6%	29.4%	72.0%	28.0%	70.0%	30.0%	64.8%	35.2%	74.5%	25.5%
2016	4	70.9%	29.1%	73.9%	26.1%	72.3%	27.7%	66.2%	33.8%	73.4%	26.6%
2017	1	71.2%	28.8%	74.5%	25.5%	76.9%	23.1%	65.5%	34.5%	73.4%	26.6%
2017	2	65.3%	34.7%	68.6%	31.4%	68.3%	31.7%	58.2%	41.8%	69.1%	30.9%
2017	3	65.6%	34.4%	67.5%	32.5%	70.0%	30.0%	57.9%	42.1%	69.4%	30.6%
2017	4	64.8%	35.2%	68.7%	31.3%	70.1%	29.9%	57.6%	42.4%	65.9%	34.1%

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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	\$8,487,498,307	\$2,398,852,212	\$110,388,955	\$1,624,079,026	\$538,593,522	\$1,900,825,060	\$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	\$9,799,859,820	\$2,888,883,235	\$122,968,345	\$1,721,114,526	\$548,935,991	\$2,182,800,665	\$2,335,157,058
2014	1	\$10,541,737,827	\$3,363,320,441	\$139,190,621	\$1,839,152,242	\$585,449,797	\$2,298,574,557	\$2,316,050,170
2014	2	\$10,983,112,498	\$3,471,438,992	\$147,198,387	\$1,928,914,555	\$590,007,574	\$2,476,370,779	\$2,369,182,211
2014	3	\$10,303,354,052	\$3,187,327,100	\$131,039,892	\$1,768,964,730	\$546,204,335	\$2,423,864,521	\$2,245,953,475
2014	4	\$11,551,289,535	\$3,628,819,262	\$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	\$12,890,718,175	\$4,471,631,946	\$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	\$14,355,977,655	\$5,330,767,183	\$116,485,391	\$2,266,686,500	\$771,411,097	\$3,390,725,033	\$2,479,902,452
2016	1	\$14,074,024,978	\$5,269,685,625	\$113,864,980	\$2,139,109,596	\$760,286,366	\$3,516,475,649	\$2,274,602,761
2016	2	\$13,707,580,625	\$4,986,070,556	\$116,645,325	\$2,130,846,756	\$772,308,708	\$3,574,584,643	\$2,127,124,638
2016	3	\$12,898,759,815	\$4,693,055,399	\$104,974,788	\$2,138,500,300	\$712,540,474	\$3,365,240,364	\$1,884,448,490
2016	4	\$14,493,261,266	\$5,286,849,136	\$116,619,716	\$2,423,543,614	\$792,496,525	\$3,869,850,002	\$2,003,902,272
2017	1	\$15,136,246,232	\$5,476,418,504	\$105,881,101	\$2,589,198,923	\$800,973,066	\$4,229,206,771	\$1,934,567,868
2017	2	\$15,065,649,900	\$5,473,541,502	\$95,014,924	\$2,521,004,216	\$778,527,968	\$4,402,841,293	\$1,794,719,997
2017	3	\$13,940,796,476	\$4,851,474,886	\$101,535,850	\$2,367,675,600	\$755,113,266	\$4,246,894,178	\$1,618,102,696
2017	4	\$14,577,771,212	\$5,242,888,001	\$64,135,484	\$2,431,200,758	\$770,160,327	\$4,455,905,151	\$1,613,481,490

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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	\$425,196	\$513,092	\$378,728	\$358,744	\$333,255	\$415,829	\$425,773
2014	4	\$428,365	\$522,659	\$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	\$449,718	\$560,917	\$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	\$459,671	\$558,137	\$422,049	\$380,061	\$352,403	\$440,125	\$447,071
2016	1	\$470,389	\$582,286	\$399,526	\$386,330	\$361,869	\$455,325	\$435,414
2016	2	\$475,083	\$581,398	\$422,628	\$393,436	\$371,660	\$463,931	\$442,966
2016	3	\$472,846	\$588,619	\$383,120	\$394,412	\$372,278	\$446,437	\$453,210
2016	4	\$477,207	\$591,040	\$407,761	\$398,806	\$378,461	\$455,437	\$448,100
2017	1	\$479,101	\$596,950	\$408,807	\$399,876	\$378,711	\$459,048	\$444,014
2017	2	\$488,875	\$604,945	\$384,676	\$405,046	\$379,770	\$477,687	\$445,229
2017	3	\$486,811	\$604,997	\$417,843	\$404,454	\$387,039	\$477,072	\$441,140
2017	4	\$484,295	\$595,106	\$400,847	\$408,537	\$377,160	\$473,629	\$432,569

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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%	70.1%	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	69.3%	66.3%	64.2%	70.2%	71.0%	72.7%	71.2%
2016	4	69.3%	66.1%	66.9%	69.9%	70.1%	72.1%	70.5%
2017	1	69.5%	66.2%	67.7%	69.9%	70.5%	70.9%	71.5%
2017	2	69.0%	65.2%	67.1%	69.1%	70.0%	71.4%	70.9%
2017	3	68.6%	65.1%	66.0%	68.6%	70.4%	71.1%	70.6%
2017	4	67.7%	63.6%	64.0%	68.0%	70.2%	70.7%	69.7%

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TABLE 6 - ALL AUSTRALIA

LOAN TYPE

Fiscal Year	Fiscal Quarter	Loan Type				
		Basic Variable	Equity	Fixed	Intro	Standard Variable
2013	1	7.6%	7.0%	14.6%	2.5%	68.4%
2013	2	7.6%	6.1%	15.6%	1.9%	68.9%
2013	3	6.7%	5.3%	18.2%	3.1%	66.7%
2013	4	6.1%	5.8%	21.7%	3.8%	62.5%
2014	1	6.5%	5.6%	20.4%	4.6%	63.0%
2014	2	5.4%	5.4%	20.2%	4.4%	64.6%
2014	3	5.6%	5.4%	17.7%	5.8%	65.6%
2014	4	6.0%	5.5%	17.4%	5.2%	65.9%
2015	1	6.4%	4.7%	17.5%	5.6%	65.8%
2015	2	5.8%	4.9%	16.7%	4.5%	68.1%
2015	3	6.3%	4.2%	14.3%	7.0%	68.2%
2015	4	5.8%	3.7%	14.4%	6.3%	69.7%
2016	1	8.5%	3.5%	11.4%	5.4%	71.3%
2016	2	8.3%	3.5%	14.2%	4.1%	69.8%
2016	3	8.5%	2.7%	17.7%	2.9%	68.1%
2016	4	7.3%	2.6%	18.6%	3.6%	68.0%
2017	1	7.2%	2.9%	16.0%	6.2%	67.7%
2017	2	9.6%	2.6%	16.4%	5.1%	66.3%
2017	3	8.8%	2.1%	18.0%	4.8%	66.2%
2017	4	8.0%	1.7%	23.7%	2.3%	64.2%

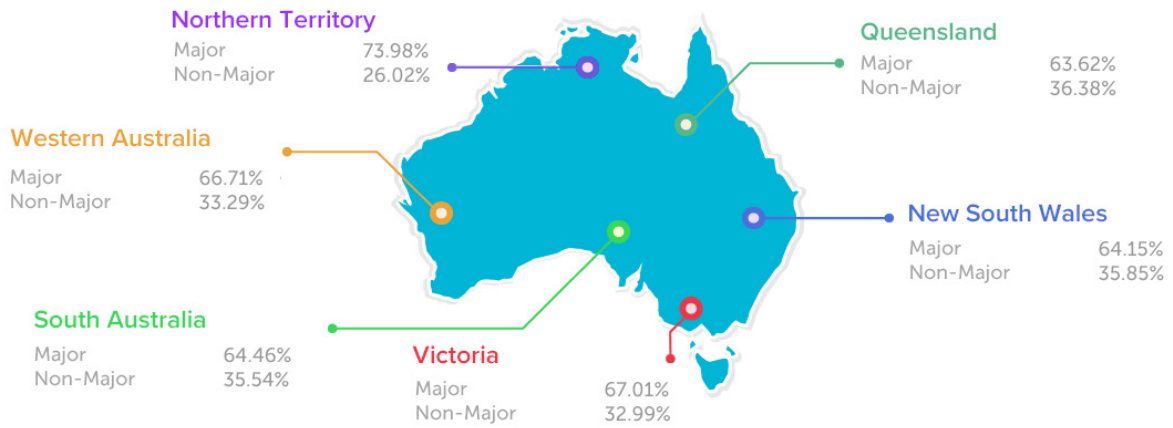
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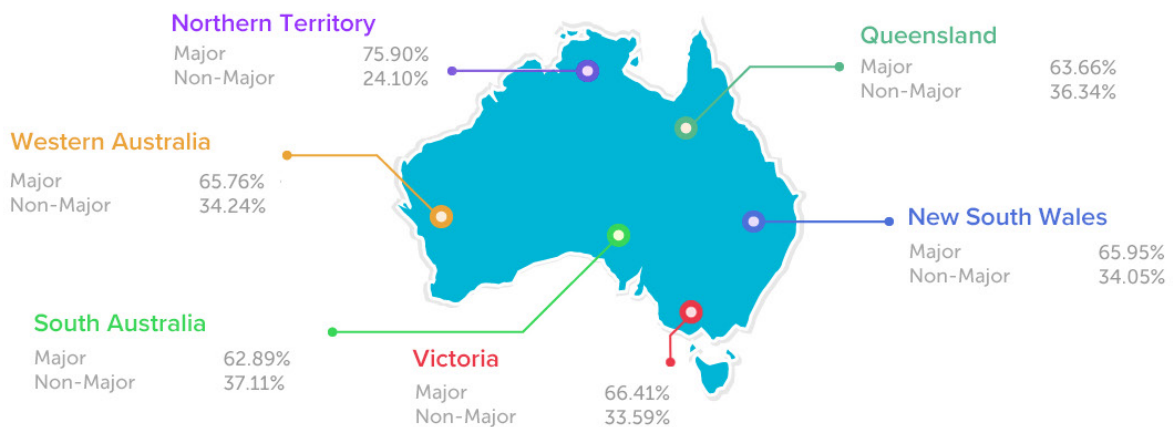
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MAJOR VS NON-MAJOR BY STATE

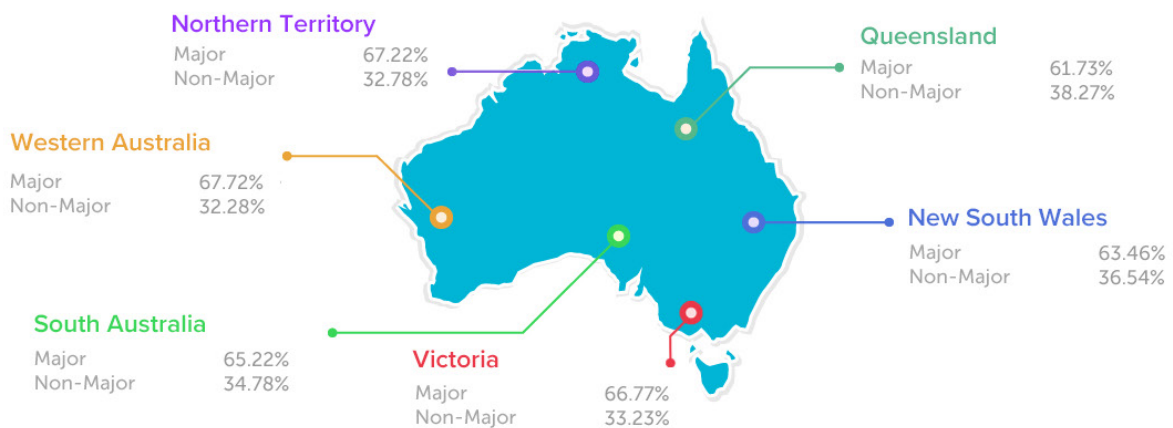
Financial Year: 2017 | Quarter 2



Financial Year: 2017 | Quarter 3



Financial Year: 2017 | Quarter 4



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