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12 January 2018

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

Dear Sir

AFG MORTGAGE INDEX – Q2 2018

Please see attached statement regarding AFG's Mortgage Index for the second quarter of financial year 2018.

Yours faithfully,

Lisa Bevan
Company Secretary

CONTACT DETAILS

Alison Clarke, AFG Head of Corporate Communications
David Bailey, CEO

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12 January 2018

Victorians paying more

AFG (ASX: AFG) has today released the AFG Mortgage Index figures for the final quarter of 2017.

As the year drew to a close, Victoria stands out as the state to watch with an increase in average loan size over the past 12 months nearly double the size of the increase in New South Wales.

“There has been a lot of focus on Sydney house prices, and therefore mortgage sizes, but homebuyers in Victoria are seeing the biggest increases,” explained AFG CEO David Bailey. “In Victoria, the average mortgage size has jumped 3.2% in the final quarter of 2017 to now be sitting at \$496,815.”

The increase in the last 12 months for Victoria was \$20,385 compared to \$10,662 for NSW. With the average NSW mortgage already substantially higher than in Victoria, the increase over the last 12 months was 4.3% for Victorians compared to 1.8% for those buyers in NSW.

“The average loan size in New South Wales is now \$613,084. Queensland has increased by 3.4% to now be sitting at \$416,921. South Australia is up 3.4% to \$390,706. The Northern Territory is up 22% to \$469,502, albeit from a low volume. Reflecting the challenges being encountered by the WA economy, the state’s average loan size is down 1.1% to \$439,944.

Overall, the national average loan size is up 2.8% over the past 12 months.

“Fixed rate products have dropped back to 21.9% of the market after a high of 26.5% last quarter and First Home Buyers are sitting steady at 13% for the second consecutive quarter.

“What is noticeable is that the majors are continuing to lose ground to the non-majors, as borrowers increasingly look at alternatives to the major bank owned brands. The majors have 64.2% of the market compared to the non-majors sitting at 35.8%,” said Mr Bailey.

“Whilst tightened lending criteria continues to impact the market, particularly with respect to refinancers, our overall volumes compared to prior year remain strong. Refinancers now represent just 22% of the market. Investors have also been caught in the cross-hairs and have dropped to 28%.”

As they turn away from Investors, the majors are proving competitive for First Home Buyers (69.6%). Overall, Upgraders are proving attractive to lenders and now represent 44% of the market.

“Interest rate and lending policy changes have meant many clients are turning to their mortgage broker for help to understand what the changes may mean for them,” said Mr Bailey.

“Individual circumstances are assessed differently by lenders, so having the insight into which lender may be the right fit for your needs is vital to a consumer looking for finance. A mortgage broker is uniquely placed to have that information.

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TABLE 1 - ALL AUSTRALIA

AFG MORTGAGES LODGED

Fiscal Year	Fiscal Quarter	Lodge #	Lodge Volume	Avg Loan	Inv %	First Home Buyers %	Refinance %	Upgrader %	Interest Only %	Principal & Interest %
2013	1	21,572	\$8,416,747,858	\$390,170	36%	15%	34%	28%	53%	47%
2013	2	21,409	\$8,487,498,307	\$396,445	36%	12%	34%	31%	51%	48%
2013	3	21,210	\$8,322,945,106	\$392,407	36%	12%	33%	31%	52%	48%
2013	4	24,446	\$9,799,859,820	\$400,878	37%	11%	33%	30%	54%	46%
2014	1	25,819	\$10,542,068,141	\$408,307	38%	10%	31%	32%	54%	46%
2014	2	25,896	\$10,985,009,498	\$424,197	39%	9%	32%	31%	56%	44%
2014	3	24,232	\$10,303,134,053	\$425,187	39%	9%	32%	31%	57%	43%
2014	4	26,966	\$11,551,679,672	\$428,379	39%	9%	34%	30%	58%	42%
2015	1	28,134	\$12,205,326,350	\$433,828	39%	8%	34%	31%	58%	42%
2015	2	28,664	\$12,890,904,075	\$449,725	39%	7%	36%	30%	59%	41%
2015	3	27,496	\$12,267,611,650	\$446,160	40%	8%	35%	30%	59%	41%
2015	4	31,231	\$14,355,563,133	\$459,657	40%	8%	37%	28%	59%	40%
2016	1	29,920	\$14,074,209,291	\$470,395	33%	9%	36%	34%	54%	46%
2016	2	28,851	\$13,708,380,726	\$475,144	31%	7%	38%	35%	50%	50%
2016	3	27,277	\$12,899,459,205	\$472,906	33%	8%	38%	34%	48%	52%
2016	4	30,359	\$14,490,632,140	\$477,309	34%	7%	39%	33%	47%	53%
2017	1	31,555	\$15,110,133,277	\$478,851	32%	8%	38%	34%	46%	54%
2017	2	30,635	\$14,912,717,220	\$486,787	34%	9%	38%	32%	47%	53%
2017	3	28,944	\$14,088,937,416	\$486,765	32%	10%	35%	34%	44%	55%
2017	4	30,040	\$14,537,091,534	\$483,924	31%	10%	29%	39%	33%	67%
2018	1	30,430	\$14,932,499,414	\$490,716	29%	13%	25%	41%	19%	81%
2018	2	29,721	\$14,873,767,002	\$500,446	28%	13%	22%	44%	19%	81%

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TABLE 2 - BY BUYER TYPE

MAJOR VS NON MAJOR LENDER MARKET SHARE

Fiscal Year	Fiscal Quarter	Lodge Volume		Investment Volume		First Home Buyers Volume		Refinance Volume		Upgrader Volume		Interest Only Volume		Principal & Interest Volume	
		Major	Non-Major	Major	Non-Major	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%	81.3%	18.7%	72.4%	27.6%
2013	2	77.6%	22.4%	80.8%	19.2%	74.2%	25.8%	73.6%	26.4%	79.3%	20.7%	81.6%	18.4%	73.4%	26.6%
2013	3	78.2%	21.8%	80.0%	20.0%	77.1%	22.9%	73.4%	26.6%	80.4%	19.6%	82.2%	17.8%	74.0%	26.0%
2013	4	77.0%	23.0%	79.3%	20.7%	74.5%	25.5%	72.6%	27.4%	79.3%	20.7%	80.4%	19.6%	73.1%	26.9%
2014	1	74.1%	25.9%	76.5%	23.5%	72.8%	27.2%	67.3%	32.7%	76.9%	23.1%	77.0%	23.0%	70.7%	29.3%
2014	2	73.6%	26.4%	75.4%	24.6%	72.2%	27.8%	67.5%	32.5%	76.1%	23.9%	76.5%	23.5%	69.8%	30.2%
2014	3	74.3%	25.7%	77.1%	22.9%	71.1%	28.9%	68.3%	31.7%	76.7%	23.3%	77.3%	22.7%	70.5%	29.5%
2014	4	74.8%	25.2%	77.3%	22.7%	71.6%	28.4%	69.3%	30.7%	77.9%	22.1%	77.8%	22.2%	70.5%	29.5%
2015	1	73.7%	26.3%	76.8%	23.2%	69.7%	30.3%	66.5%	33.5%	77.3%	22.7%	77.0%	23.0%	69.1%	30.9%
2015	2	69.8%	30.2%	74.2%	25.8%	67.0%	33.0%	62.5%	37.5%	72.6%	27.4%	73.9%	26.1%	63.8%	36.2%
2015	3	73.4%	26.6%	76.4%	23.6%	72.3%	27.7%	67.1%	32.9%	75.5%	24.5%	76.9%	23.1%	68.3%	31.7%
2015	4	71.7%	28.3%	74.8%	25.2%	70.7%	29.3%	64.8%	35.2%	75.5%	24.5%	76.5%	23.5%	64.9%	35.1%
2016	1	73.7%	26.3%	72.7%	27.3%	73.8%	26.2%	68.9%	31.1%	78.1%	21.9%	78.2%	21.8%	68.6%	31.4%
2016	2	69.9%	30.1%	71.1%	28.9%	70.4%	29.6%	61.2%	38.8%	75.4%	24.6%	76.6%	23.4%	63.4%	36.6%
2016	3	70.6%	29.4%	72.0%	28.0%	70.0%	30.0%	64.8%	35.2%	74.5%	25.5%	76.2%	23.8%	65.4%	34.6%
2016	4	70.9%	29.1%	73.9%	26.1%	72.2%	27.8%	66.2%	33.8%	73.4%	26.6%	75.0%	25.0%	67.3%	32.7%
2017	1	71.1%	28.9%	74.5%	25.5%	77.0%	23.0%	65.4%	34.6%	73.4%	26.6%	75.6%	24.4%	67.4%	32.6%
2017	2	65.2%	34.8%	68.4%	31.6%	68.3%	31.7%	58.2%	41.8%	69.0%	31.0%	69.8%	30.2%	61.3%	38.7%
2017	3	65.5%	34.5%	67.2%	32.8%	70.2%	29.8%	58.0%	42.0%	69.4%	30.6%	69.0%	31.0%	62.8%	37.2%
2017	4	64.7%	35.3%	68.5%	31.5%	70.1%	29.9%	57.5%	42.5%	66.0%	34.0%	62.7%	37.3%	65.7%	34.3%
2018	1	64.4%	35.6%	69.0%	31.0%	68.0%	32.0%	57.5%	42.5%	64.2%	35.8%	58.3%	41.7%	65.9%	34.1%
2018	2	64.2%	35.8%	66.6%	33.4%	69.6%	30.4%	57.7%	42.3%	64.3%	35.7%	63.7%	36.3%	64.3%	35.7%

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	\$8,487,498,307	\$2,398,852,212	\$110,388,955	\$1,624,079,026	\$538,593,522	\$1,900,825,060	\$1,914,759,532
2013	3	\$8,322,945,106	\$2,280,966,495	\$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	\$10,542,068,141	\$3,363,650,441	\$139,190,621	\$1,838,570,242	\$585,449,797	\$2,299,156,557	\$2,316,050,484
2014	2	\$10,985,009,498	\$3,472,344,992	\$147,198,387	\$1,928,422,689	\$590,007,574	\$2,477,238,645	\$2,369,797,211
2014	3	\$10,303,134,053	\$3,187,107,101	\$131,039,892	\$1,767,079,902	\$546,204,335	\$2,425,749,349	\$2,245,953,475
2014	4	\$11,551,679,672	\$3,628,819,262	\$149,390,595	\$1,966,392,889	\$619,877,859	\$2,704,255,935	\$2,482,943,132
2015	1	\$12,205,326,350	\$3,982,906,593	\$152,960,284	\$2,058,793,631	\$607,398,884	\$2,916,486,393	\$2,486,780,565
2015	2	\$12,890,904,075	\$4,471,631,946	\$149,649,155	\$2,158,925,047	\$688,396,536	\$3,062,350,192	\$2,359,951,199
2015	3	\$12,267,611,650	\$4,279,279,704	\$148,109,278	\$1,993,246,499	\$644,051,341	\$2,933,481,013	\$2,269,443,815
2015	4	\$14,355,563,133	\$5,330,395,403	\$116,485,391	\$2,265,378,579	\$771,411,097	\$3,391,670,212	\$2,480,222,452
2016	1	\$14,074,209,291	\$5,270,189,626	\$113,864,980	\$2,137,838,711	\$760,635,526	\$3,517,077,687	\$2,274,602,761
2016	2	\$13,708,380,726	\$4,986,730,658	\$116,645,325	\$2,128,924,246	\$772,308,708	\$3,576,347,152	\$2,127,424,638
2016	3	\$12,899,459,205	\$4,693,704,060	\$104,974,788	\$2,135,145,631	\$712,290,474	\$3,368,895,762	\$1,884,448,490
2016	4	\$14,490,632,140	\$5,288,411,179	\$116,619,716	\$2,411,258,756	\$791,790,063	\$3,878,196,519	\$2,004,355,908
2017	1	\$15,110,133,277	\$5,456,761,452	\$105,881,101	\$2,584,226,902	\$800,951,939	\$4,228,223,897	\$1,934,087,986
2017	2	\$14,912,717,220	\$5,359,144,821	\$95,196,435	\$2,497,162,961	\$773,296,604	\$4,399,351,025	\$1,788,565,374
2017	3	\$14,088,937,416	\$5,027,695,291	\$100,197,613	\$2,357,509,853	\$750,071,201	\$4,241,551,109	\$1,611,912,349
2017	4	\$14,537,091,534	\$5,232,606,372	\$64,301,293	\$2,423,361,837	\$770,924,709	\$4,442,011,587	\$1,603,885,734
2018	1	\$14,932,499,414	\$5,256,855,042	\$83,143,734	\$2,377,423,608	\$761,007,898	\$4,918,093,448	\$1,535,975,684
2018	2	\$14,873,767,002	\$5,156,034,288	\$89,205,364	\$2,377,699,751	\$763,049,742	\$4,926,416,161	\$1,561,361,695

CONTACT DETAILS

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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	\$392,407	\$459,502	\$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	\$408,307	\$496,846	\$397,687	\$347,950	\$318,525	\$389,292	\$408,402
2014	2	\$424,197	\$515,950	\$384,330	\$356,060	\$332,961	\$413,286	\$423,103
2014	3	\$425,187	\$513,057	\$378,728	\$358,725	\$333,255	\$415,795	\$425,773
2014	4	\$428,379	\$522,659	\$410,414	\$364,958	\$330,073	\$411,983	\$425,964
2015	1	\$433,828	\$523,722	\$388,224	\$362,783	\$332,639	\$423,600	\$432,559
2015	2	\$449,725	\$560,917	\$399,064	\$368,480	\$350,686	\$434,438	\$433,337
2015	3	\$446,160	\$550,602	\$392,863	\$370,699	\$338,262	\$429,751	\$433,100
2015	4	\$459,657	\$558,098	\$422,049	\$380,033	\$352,403	\$440,077	\$447,129
2016	1	\$470,395	\$582,341	\$399,526	\$386,310	\$362,035	\$455,226	\$435,414
2016	2	\$475,144	\$581,611	\$422,628	\$393,371	\$371,660	\$463,918	\$443,029
2016	3	\$472,906	\$588,700	\$383,120	\$394,521	\$372,342	\$446,389	\$453,210
2016	4	\$477,309	\$591,479	\$407,761	\$398,621	\$378,485	\$455,294	\$448,101
2017	1	\$478,851	\$596,498	\$408,807	\$400,283	\$378,701	\$458,394	\$444,312
2017	2	\$486,787	\$602,422	\$385,411	\$403,354	\$377,955	\$476,430	\$444,806
2017	3	\$486,765	\$601,543	\$414,040	\$404,237	\$385,245	\$476,365	\$440,293
2017	4	\$483,924	\$594,142	\$401,883	\$408,317	\$378,090	\$473,209	\$432,081
2018	1	\$490,716	\$597,302	\$399,729	\$412,103	\$389,063	\$481,599	\$440,866
2018	2	\$500,446	\$613,084	\$469,502	\$416,921	\$390,706	\$496,815	\$439,944

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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	69.6%	68.6%	65.1%	69.4%	71.4%	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%	71.8%	71.2%
2016	3	69.3%	66.2%	64.3%	70.2%	71.1%	72.7%	71.2%
2016	4	69.4%	66.1%	67.1%	70.0%	70.2%	72.2%	70.6%
2017	1	69.6%	66.3%	68.1%	70.1%	70.6%	71.0%	71.5%
2017	2	69.4%	65.6%	67.8%	69.6%	70.3%	71.9%	71.3%
2017	3	69.1%	65.5%	66.9%	68.9%	70.8%	71.6%	70.9%
2017	4	67.8%	64.1%	63.9%	68.1%	69.9%	70.9%	69.9%
2018	1	68.5%	64.5%	66.2%	68.8%	68.9%	70.7%	72.2%
2018	2	68.3%	64.2%	66.5%	68.3%	70.7%	69.2%	70.9%

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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%	68.8%
2013	3	6.6%	5.3%	18.3%	3.1%	66.7%
2013	4	6.1%	5.8%	21.8%	3.8%	62.5%
2014	1	6.5%	5.6%	20.4%	4.6%	62.9%
2014	2	5.4%	5.4%	20.3%	4.4%	64.5%
2014	3	5.6%	5.3%	17.9%	5.8%	65.5%
2014	4	6.0%	5.5%	17.5%	5.2%	65.8%
2015	1	6.4%	4.7%	17.6%	5.6%	65.7%
2015	2	5.8%	4.9%	16.8%	4.6%	68.0%
2015	3	6.3%	4.2%	14.3%	7.0%	68.2%
2015	4	5.8%	3.7%	14.5%	6.3%	69.7%
2016	1	9.1%	3.5%	11.4%	5.3%	70.6%
2016	2	8.4%	3.5%	14.2%	4.0%	69.8%
2016	3	8.9%	2.7%	17.7%	2.9%	67.8%
2016	4	7.6%	2.6%	18.6%	3.6%	67.5%
2017	1	8.0%	2.9%	16.1%	6.1%	66.9%
2017	2	10.3%	2.6%	16.5%	5.0%	65.5%
2017	3	9.1%	2.2%	18.1%	4.7%	65.9%
2017	4	8.5%	1.7%	23.9%	2.3%	63.6%
2018	1	7.9%	1.2%	26.5%	2.5%	61.8%
2018	2	9.0%	1.0%	21.9%	3.6%	64.5%

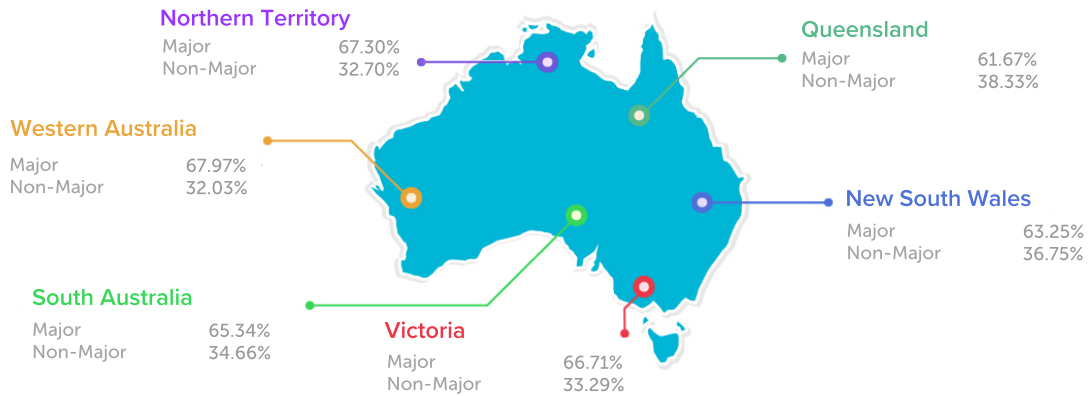
CONTACT DETAILS

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David Bailey, CEO

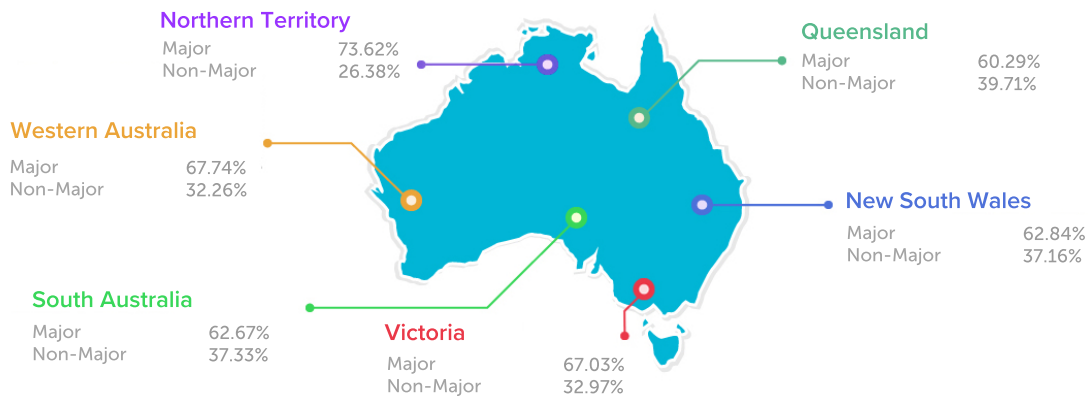
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MAJOR VS NON-MAJOR BY STATE

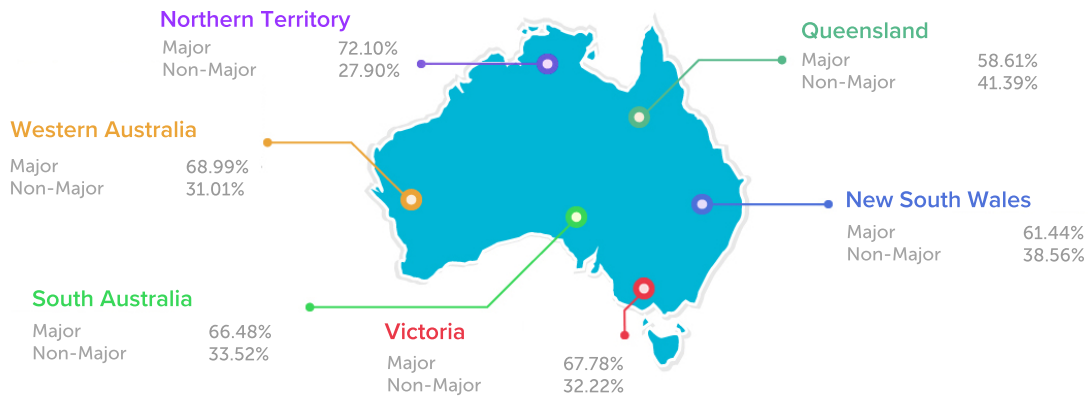
Financial Year: 2017 | Quarter 4



Financial Year: 2018 | Quarter 1



Financial Year: 2018 | Quarter 2



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