

AFG

Half Year Results Presentation 6 months to 31 December 2024

AFG
30
years

Presentation Outline

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Scale in the finance industry

\$863B

Settlements p.a. in the Australian Finance market¹

75%

of Residential mortgages now through the broker channel²

4,100

AFG Brokers across Australia³

1 in 10

Residential mortgages in Australia written by an AFG Broker⁴

550k

Borrowers supported each year by AFG brokers

Diversified business model

Distribution (82%)⁵

Broker platform that connects lenders to borrowers



Residential Mortgages

\$205B

vH1 FY24
▲ 4% Trail book



Diversified Products

\$13B

vH1 FY24
▲ 4% AFG Home Loans trail book



Broker Services

3.8

vH1 FY24
▲ 8% Number of services per broker



Asset Finance

\$1.8B

vH1 FY24
▲ 12% Settlements

Manufacturing (18%)⁵

Offering financial products for borrowers



AFG Securities

\$5.1B

vH1 FY24
▲ 23% Residential mortgage Loan book



Thinktank⁶

\$6.4B

vH1 FY24
▲ 16% Loan book

Market leading broker technology

Experienced management

Strong balance sheet

1. Source: ABS – Settlement volumes per annum Residential and Commercial
2. Source: MFAA – Broker market share of Australian Residential mortgages
3. Brokers across AFG and Fintelligence (Asset finance) aggregation

4. Source: AFG & ABS – AFG brokers write 1 in 10 Australian Residential mortgages
5. Percentage of Gross profit and Other income excluding trail book accounting adjustment
6. 32% ownership in Thinktank, a Residential & Commercial non-bank lender

HY25 RESULTS

HY25 Highlights

AFG highlights – HY25

Dividend yield
5%

Underlying ROE
16%

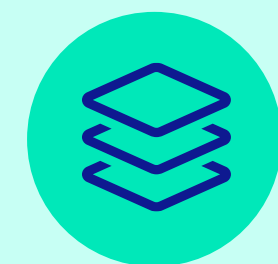
Investments &
liquid assets
\$185m

A broader platform for earnings growth – recent investments add up to \$7m annualised EBITDA from H2 FY25



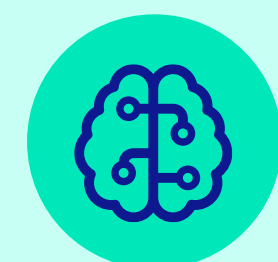
Record number of brokers & volumes

- Record settlements & lodgements in Residential and AFG Securities – a strong start to 2025
- Established correlation between cash rate reductions & credit demand
- Brokers and AFG are well placed to gain share in this growing market



Distribution earnings continue to grow

- 8% growth in Distribution earnings – our lightest capital segment, with ROE of (39%)
- Equity investments in 2 broker groups, new proposition supports broker ambitions and delivers new earnings
- Increased ownership in Fintelligence to 100%, allowing for new growth options




Strategic execution & capital allocation

- Recent strategic investments to deliver \$5m - \$7m annualised EBITDA from H2 FY25 (slide 20)
- Manufacturing well positioned for growth, with record loan book size, improving NIM & no losses
- Strong balance sheet, with history of successful capital allocation

Delivering on our strategic pillars

Strengthening the business through purposeful capital allocation

1 **Grow our broker network** 


+7%
Net increase in broker numbers, 1 in 6 Australian broker is an AFG broker

+13%
Residential settlement growth, with 61% of volume with major banks

2 **Provide market leading broker technology proposition** 

+1.5 hours
BrokerEngine Plus delivering 35% productivity improvement for our brokers and NPS of >50

46%
AFG brokers subscribing to BrokerEngine Plus, up from 34% H1 FY24

3 **Deliver higher margin through our distribution network** 

+\$1b
AFG Securities loan book grew to record \$5.1bn, up 23%

2.5x
AFG Securities settlement growth to \$1.4bn, up from \$0.6bn in H1 FY24

AFG financial highlights – HY25

Distribution earnings up 8% - our largest and highest returning segment

Manufacturing earnings set for growth, with improving NIM and record book size


Revenue
\$626m
+11%

Annuity style earnings
70%
+5%

Gross profit¹
\$69m
+4%

EBITDA
\$24.6m
+3%

NPAT
\$15.3m
+6%

 **Quality cash flow and strong balance sheet**

Investments and liquid assets
\$185m

Cash realisation
80%

Unrestricted cash
\$55m



Profit before tax
\$22.3m

Diversified income streams

Distribution
\$28.9m
+8%

+13% residential settlements
+\$1m broker subscriptions
-\$1m higher amortisation

Manufacturing
\$8.4m
-3%

+\$2m net interest margin
-\$0.9m Thinktank contribution

Central services
\$(15.0)m
-18%

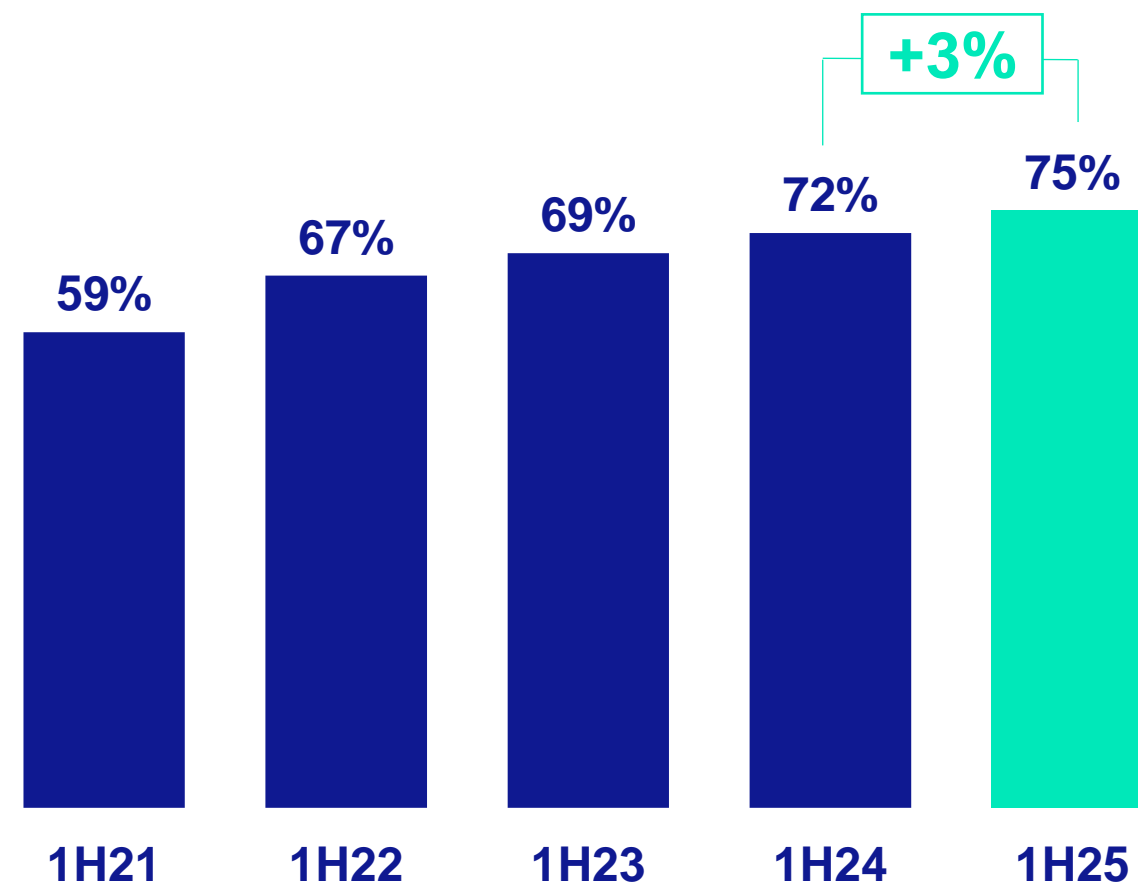
-\$2.2m employee cost for new growth initiatives
+\$0.8m reduction in other opex

HY25 RESULTS

Market & Operations update

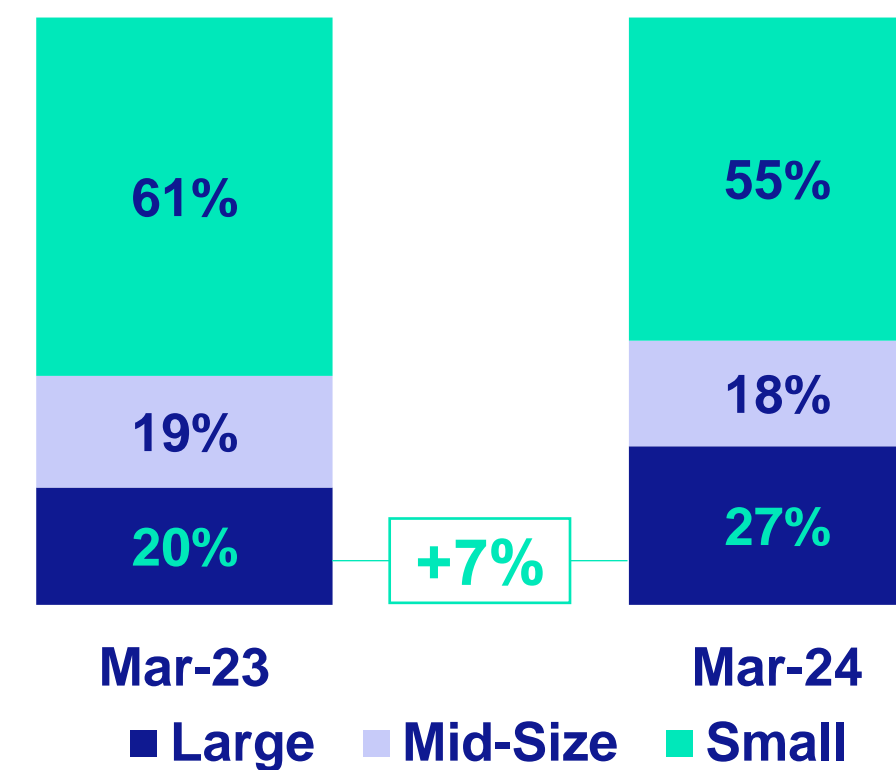
Industry trends supporting AFG broker growth

Brokers are the preferred channel¹
growing towards 80%...



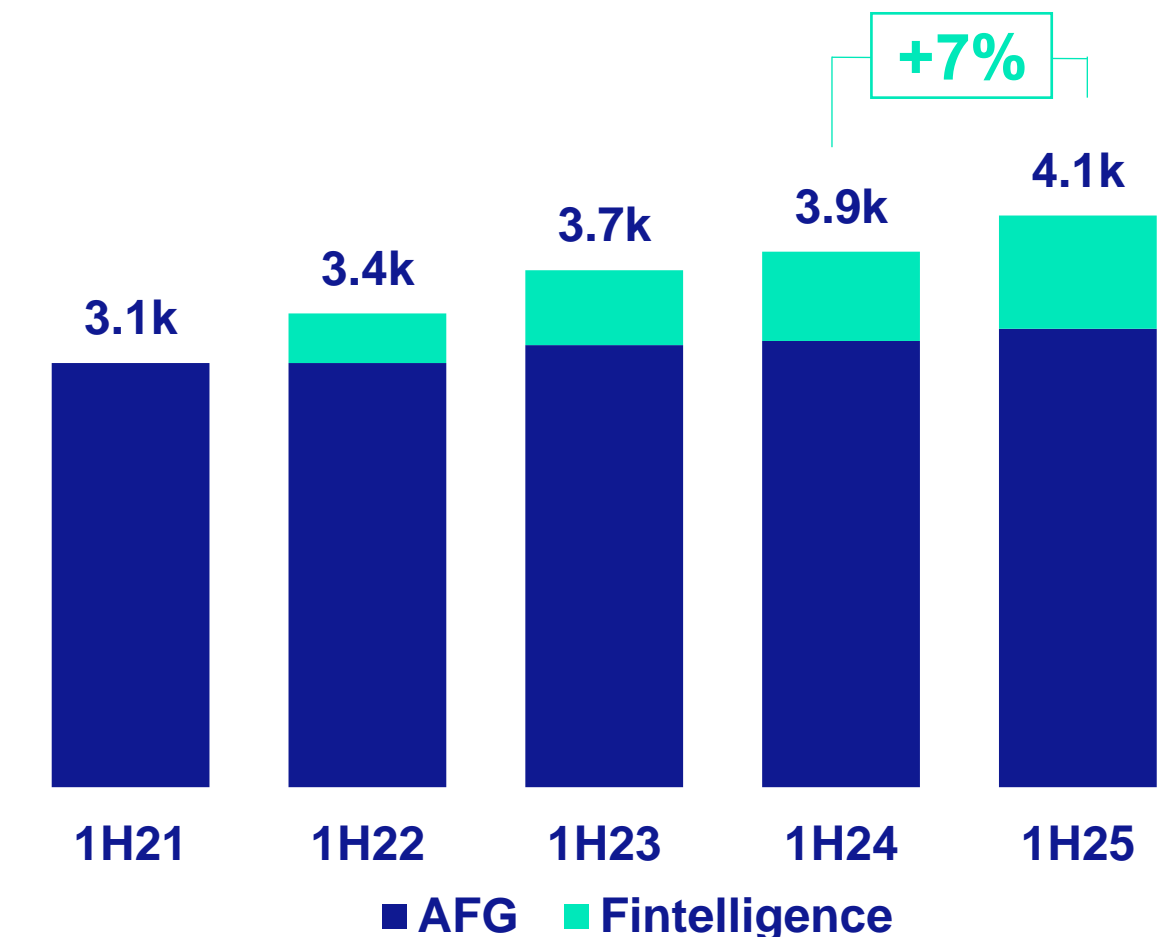
- Customer driven demand, with brokers providing competition and choice
- Efficiently delivering over 100k customers to banks p.a., with over 2,000 branches closed since 2018²

...with consolidation towards large broker groups³...



- Technology, strong governance and access to capital are enablers for successful large brokerages

...underpinning AFG's growth to record high

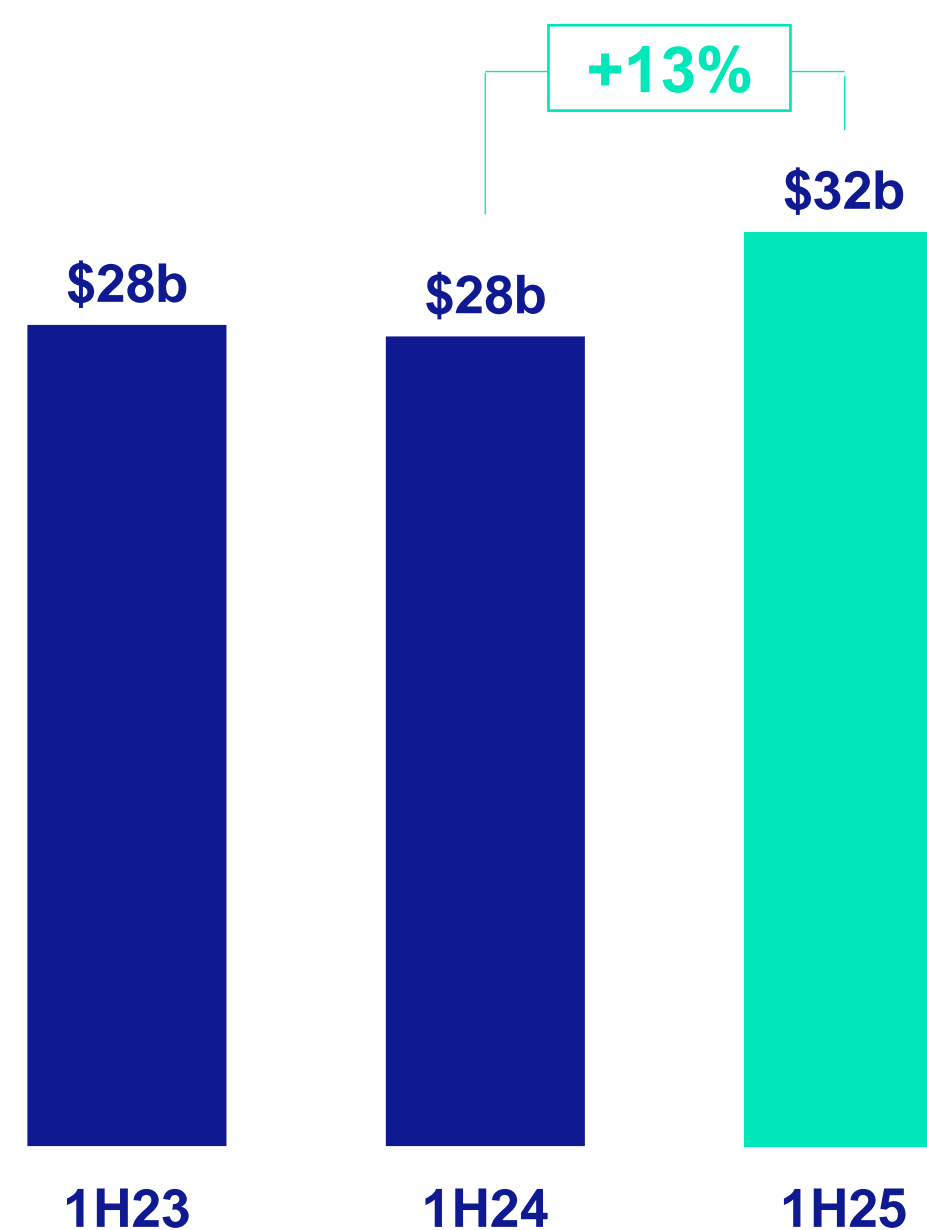


- Recent recruitment including several large organisations will contribute ~\$2bn settlements p.a.
- Our market leading service proposition is a competitive advantage

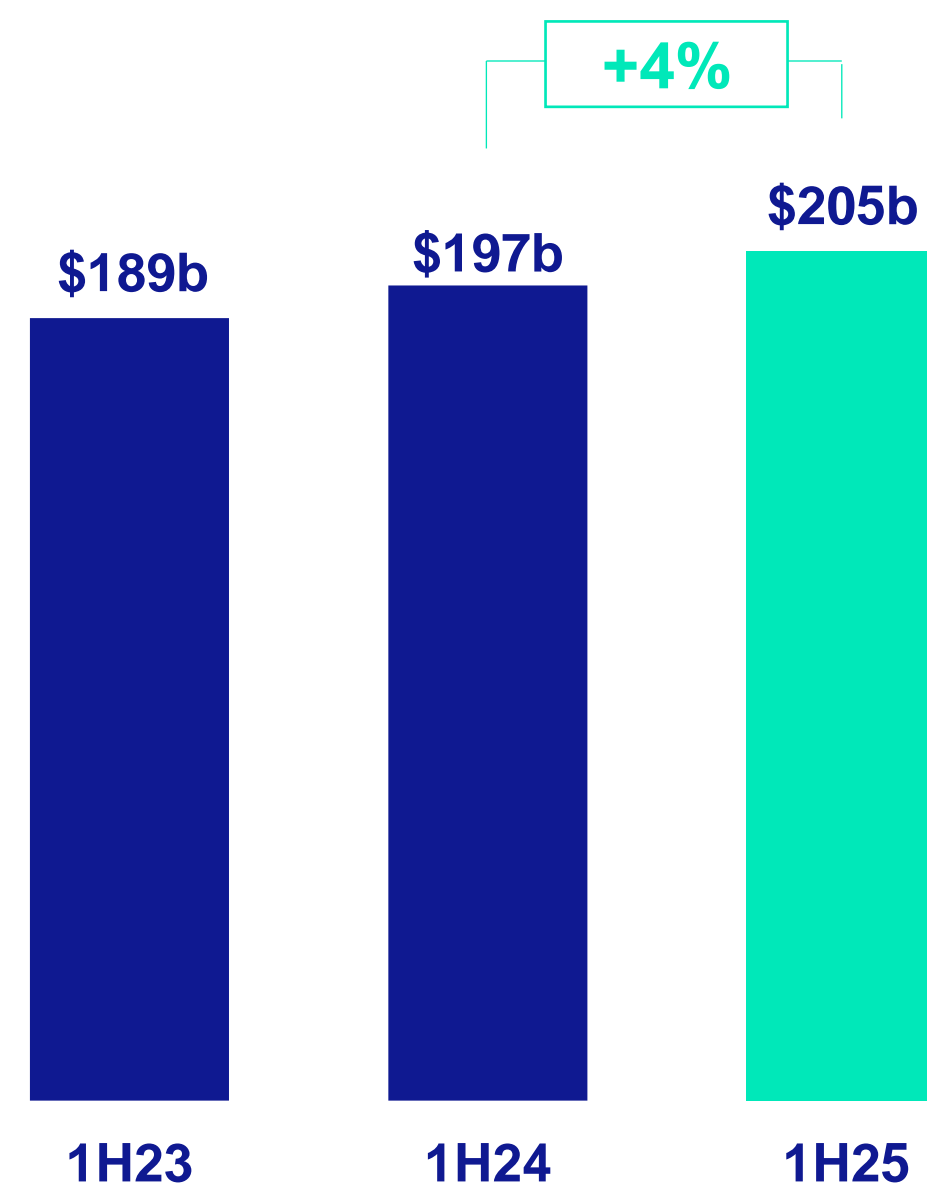
Residential mortgage activity at record level

Backed by sustained growth in customer demand for broker, with our technology enabling more efficient brokers

Record settlements in H1 FY25



20+ years of consistent book growth



Total settlement volume up 13% to \$32 billion

- Growth in broker numbers and improving broker efficiency supported by our investment in technology
- Higher average loan sizes as property prices grow, and mix moves towards new purchase from refinance

Closing trail book up 4% to \$205 billion

- Providing stable & predictable annuity style earnings for future years
- Improving runoff in H1 FY25 (27%), below peak (28% at H1 FY22) but still above the long term average

Broker payout ratio

- Increased 0.3% to 96.3% in H1 FY25 reflecting market trend towards larger broker groups

Business model delivering higher earnings

Product diversification provides value to brokers, and generates annuity style Distribution earnings

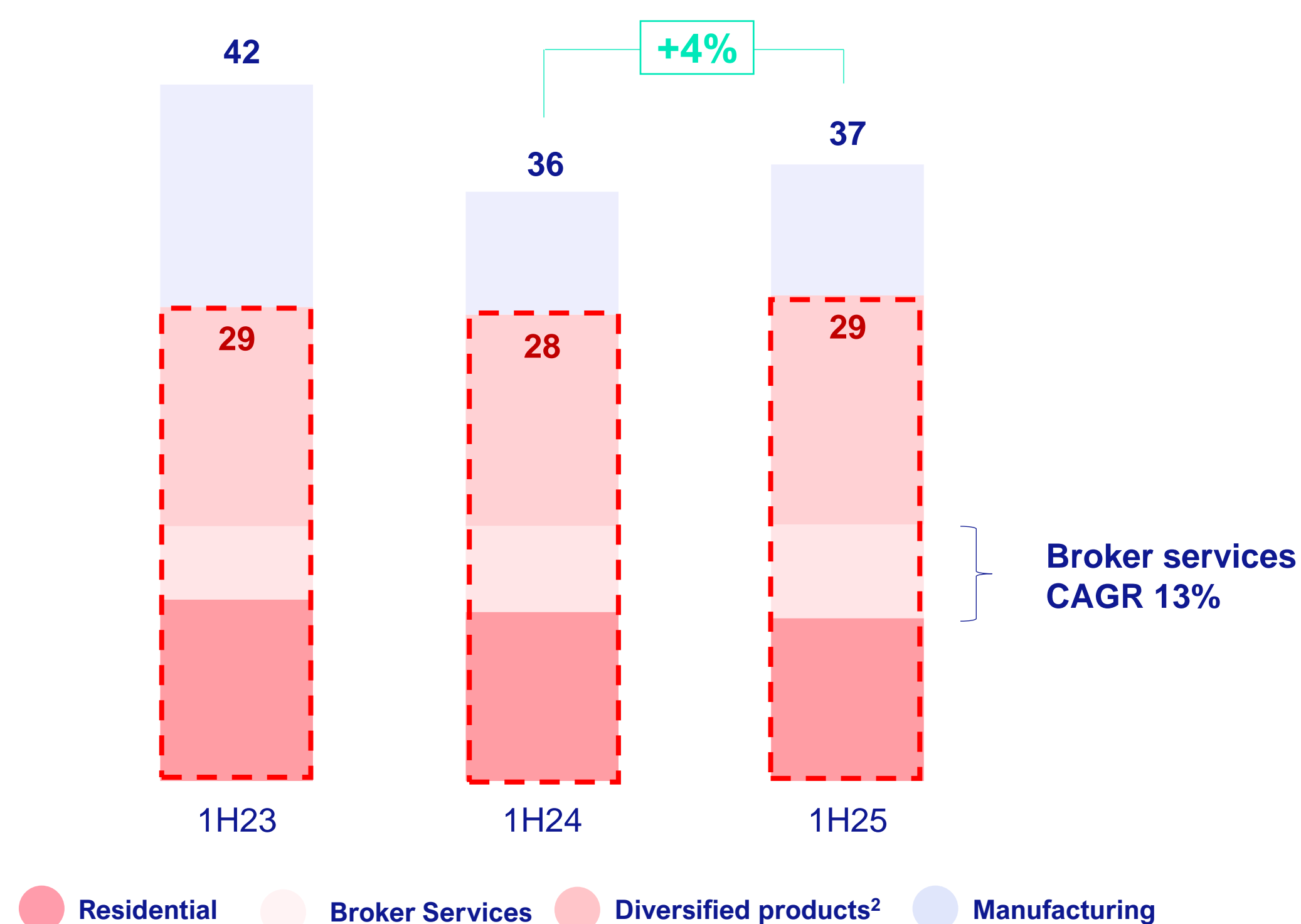
Distribution earnings¹ up 5%
Continued growth through services & diversified products

- **Residential:** Stable earnings supported by annuity style trail income.
- **Diversified products²:** Brokers increasingly adopting wider range of products beyond residential – enabled by technology
- **Broker services:** Higher take up of subscription services. Our capital investment in BrokerEngine Plus platform will boost this in H2

Manufacturing earnings¹ up 9%
Returned to growth with a record \$5.1bn book

- H1 FY24 decrease driven by lower NIM
- Securities book is up 23% compared to December 2023
- Improving NIM with H1 FY25 exit NIM of 114bps (109bps at June 2024)

AFG Underlying Gross Profit (\$k per broker p.a.)



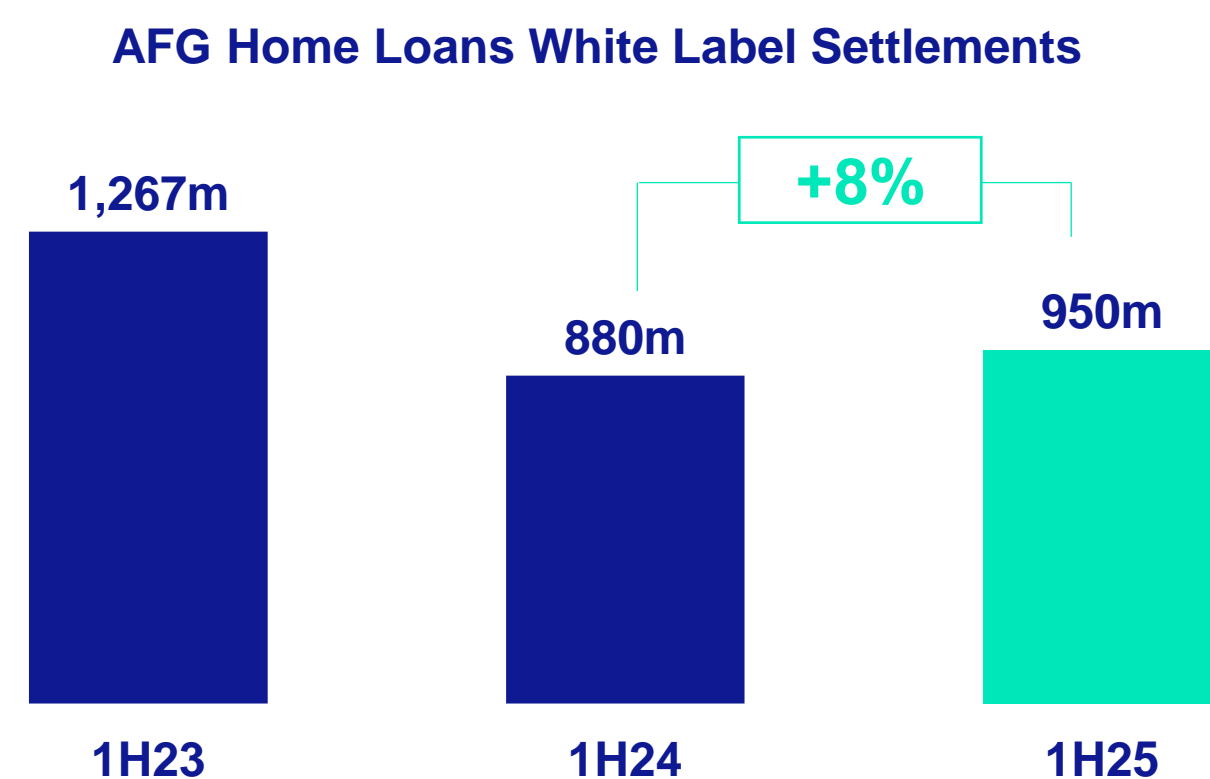
1. Gross profit and Other income excluding trail book accounting adjustment. Manufacturing earnings exclude contribution from investment in Thinktank

2. Diversified products include all products outside of traditional Residential mortgage aggregation margin such as Commercial, White Label, Asset finance, Manufacturing, and fee income

With growing demand for diversified products

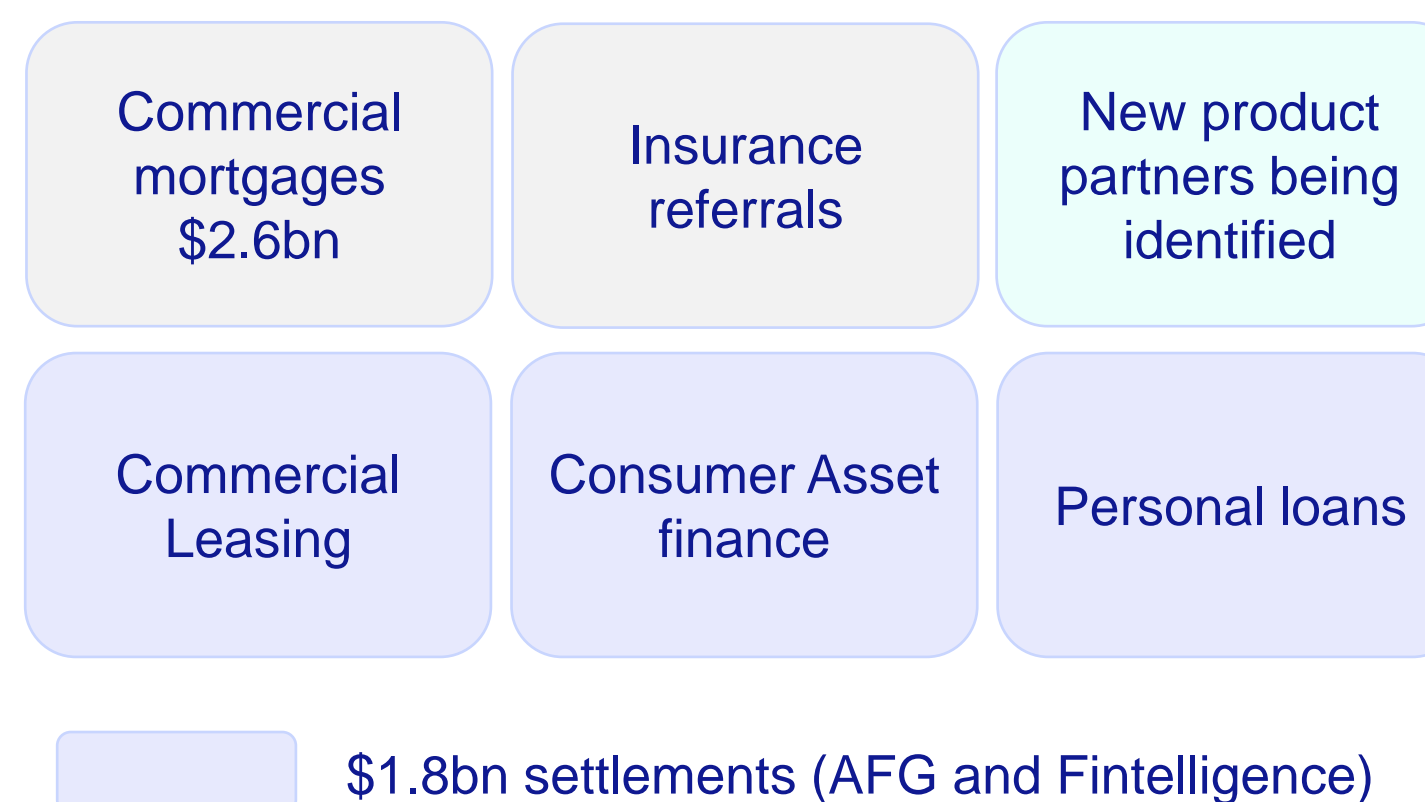
AFG provides platform & services for brokers to diversify into new products to meet customer needs, driving gross profit up 9%

Higher margin white label proposition...



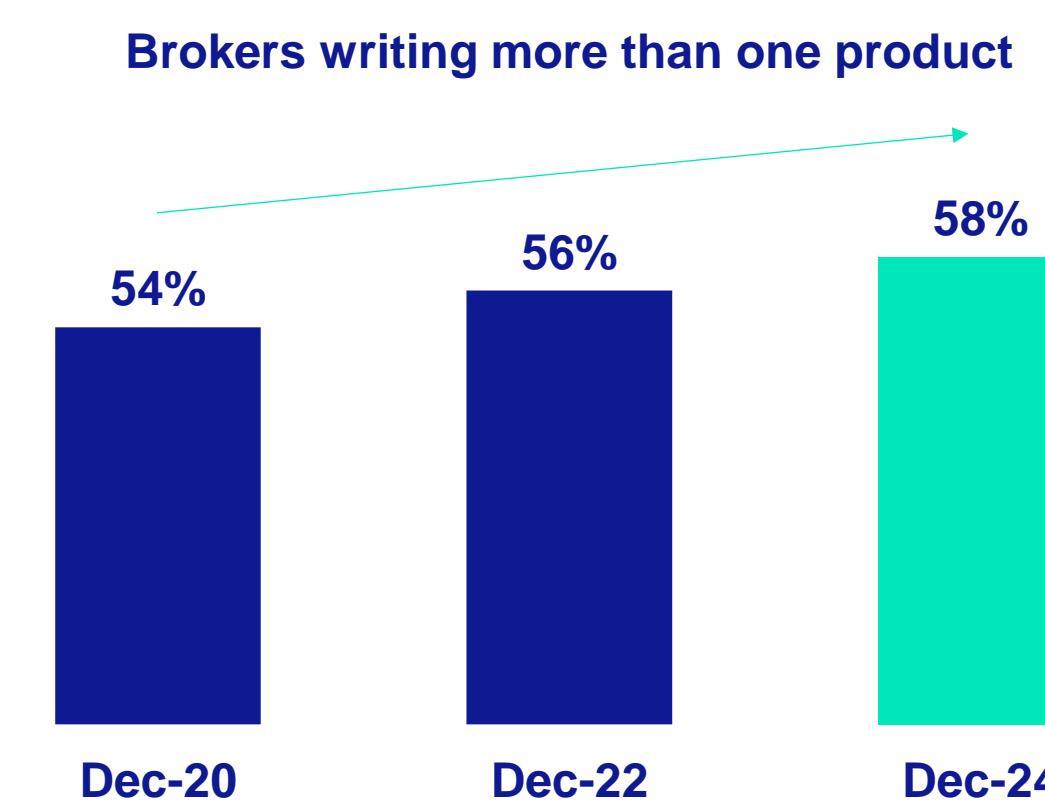
- Supported by 5 white label lenders, including introducing 2 new lenders since Jun 2022
- \$8bn white label loan book delivering annuity style earnings

...as well as a wide range of products...



- Leasing & Asset Finance are key growth areas supported by Fintelligence
- Pipeline of new products for our brokers to cater to evolving customers needs

...resulting in increasing broker utilisation



- More brokers are expanding their offering beyond only Residential specialists – particularly larger groups
- 58% of brokers now write multiple products, enabled by our investment in technology

Increasing adoption of our value add broker services

78% of brokers take up an additional service along with an increasing take up of our BrokerEngine Plus platform

Subscription income¹ per broker up 9% to \$6k p.a.
Driven by increased take-up of services

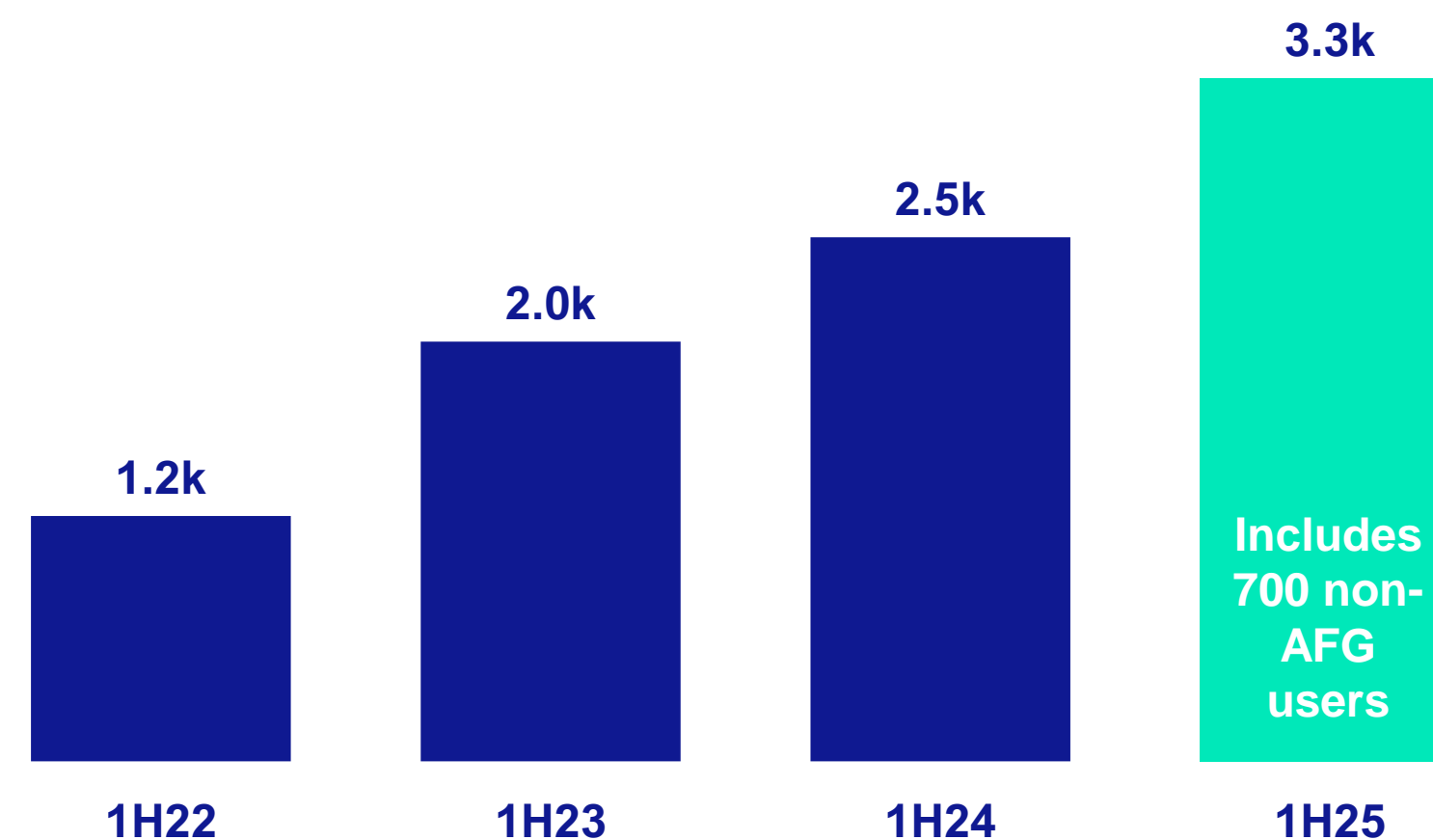
Platform technology fees - BrokerEngine Plus

- BrokerEngine Plus, our recent technology investment to provide direct lodgement (first in market)
- 46% of AFG users are currently using BrokerEngine Plus, up from 34% last year, with higher revenue per user compared to Flex
- Enhanced functionality will contribute an additional \$1m gross profit p.a. from H2 FY25 and will continue to grow the user base

Additional services

- Investing to improve existing services including our marketing service
- Continuing to develop new value add broker services

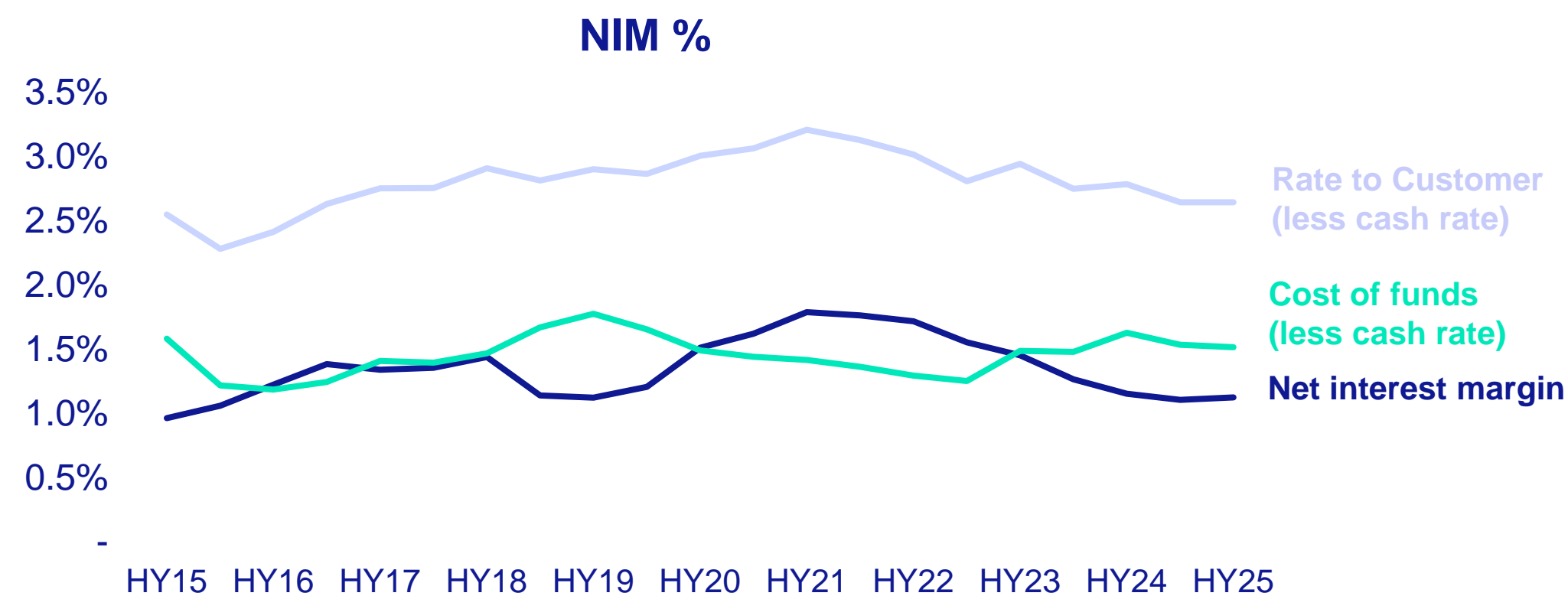
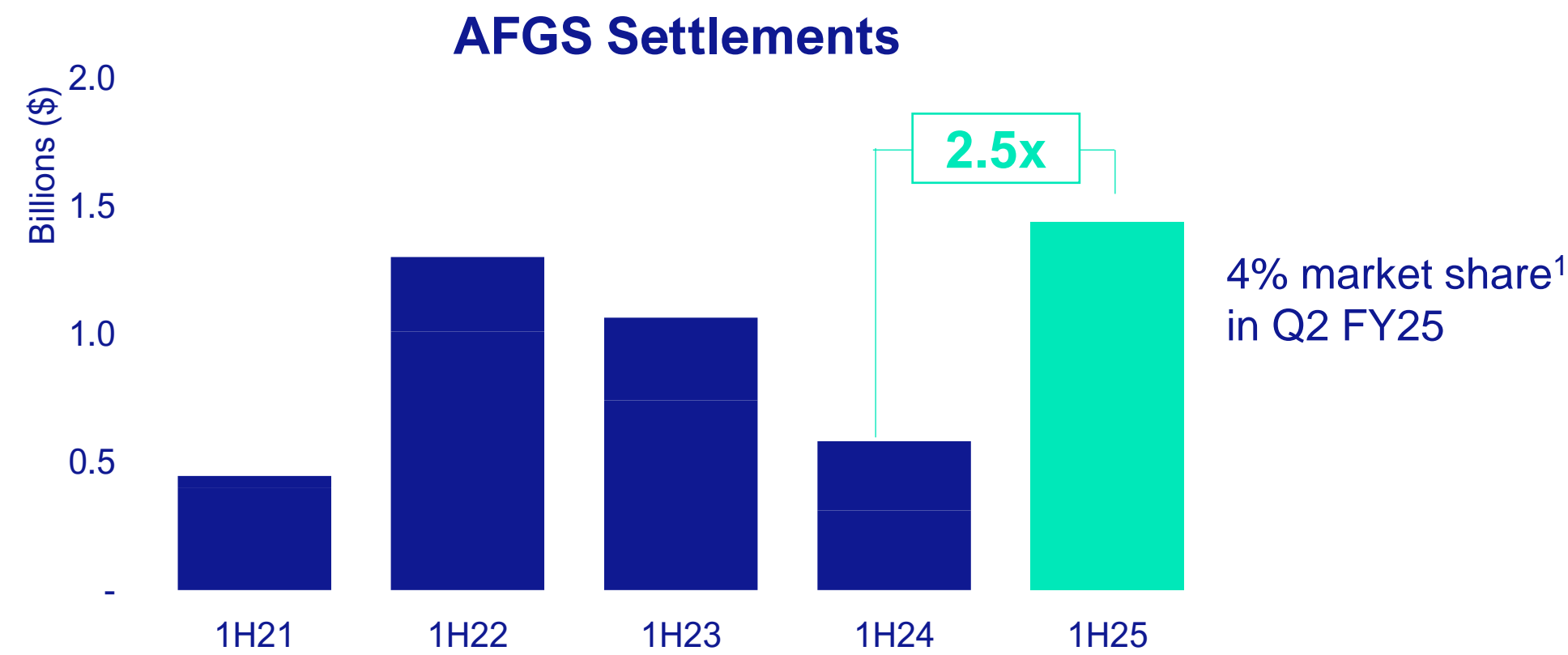
BrokerEngine Subscribers



Broker subscription service take-up	HY23	HY24	HY25
Platform technology			
BrokerEngine Plus		34%	46%
Additional services			
Marketing services	47%	47%	44%
Compliance	61%	63%	64%

1. Total fees include Platform technology, additional services, as well as other one off fees

AFG Securities record settlement growth



Volume growth as non-bank market conditions improve

- Non-bank market share¹ increased to 10.5% up from 8.2% at Dec 2022
- Lodgements in Q2 and early CY25 creates a strong H2 settlement pipeline
- Scale efficiencies of \$2m delivered through investment in process and loan origination platform - maintaining service levels with higher volumes

Net interest margin improving

- **NIM:** H1 FY25 113bps (+2bps on H2 FY24) while improving is expected to remain well below previous historical average of 133bps
- Cost of funds improved, 3 warehouses renewed at a lower cost. 2025 non-conforming term deal upsized and well supported

Investment in Thinktank³ (32%)

- Loan book grew to record \$6.4bn from \$5.8bn at June 2024 and \$0.8bn at time of AFG's original investment in 2018
- Contribution from Thinktank was \$0.4m, 73% below H1 FY24. Result is similarly affected by lower NIM but should benefit from changes in the cash rate cycle

1. Based on market share of AFG brokers Residential volumes
 2. AFG Securities refers to AFG funded products within AFG Home Loans. White Label products with a range of funding partners are also included in AFG Home Loans
 3. 32% ownership of Thinktank, a Commercial and Residential non-bank lender

Growing book, while maintaining credit quality

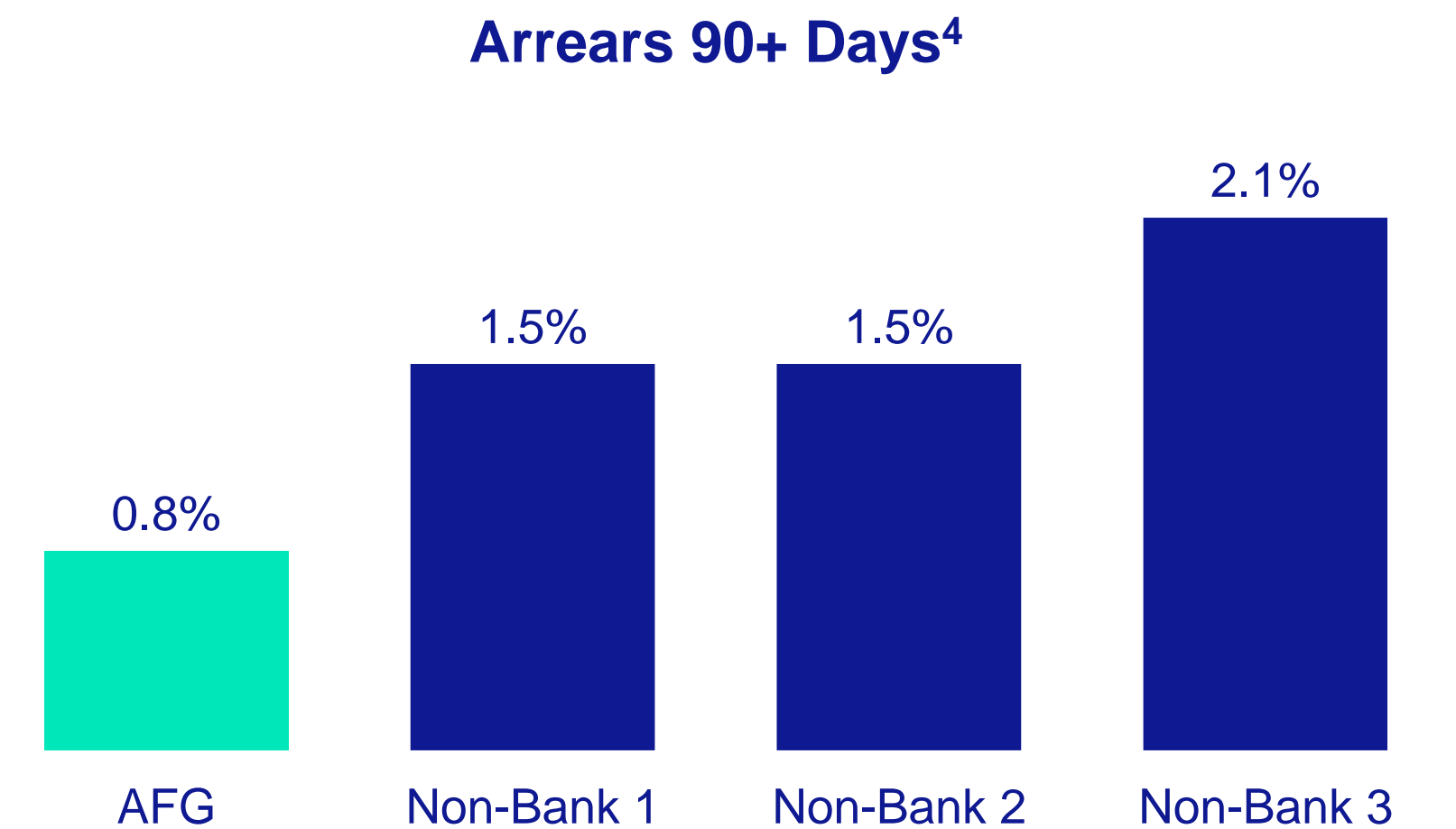
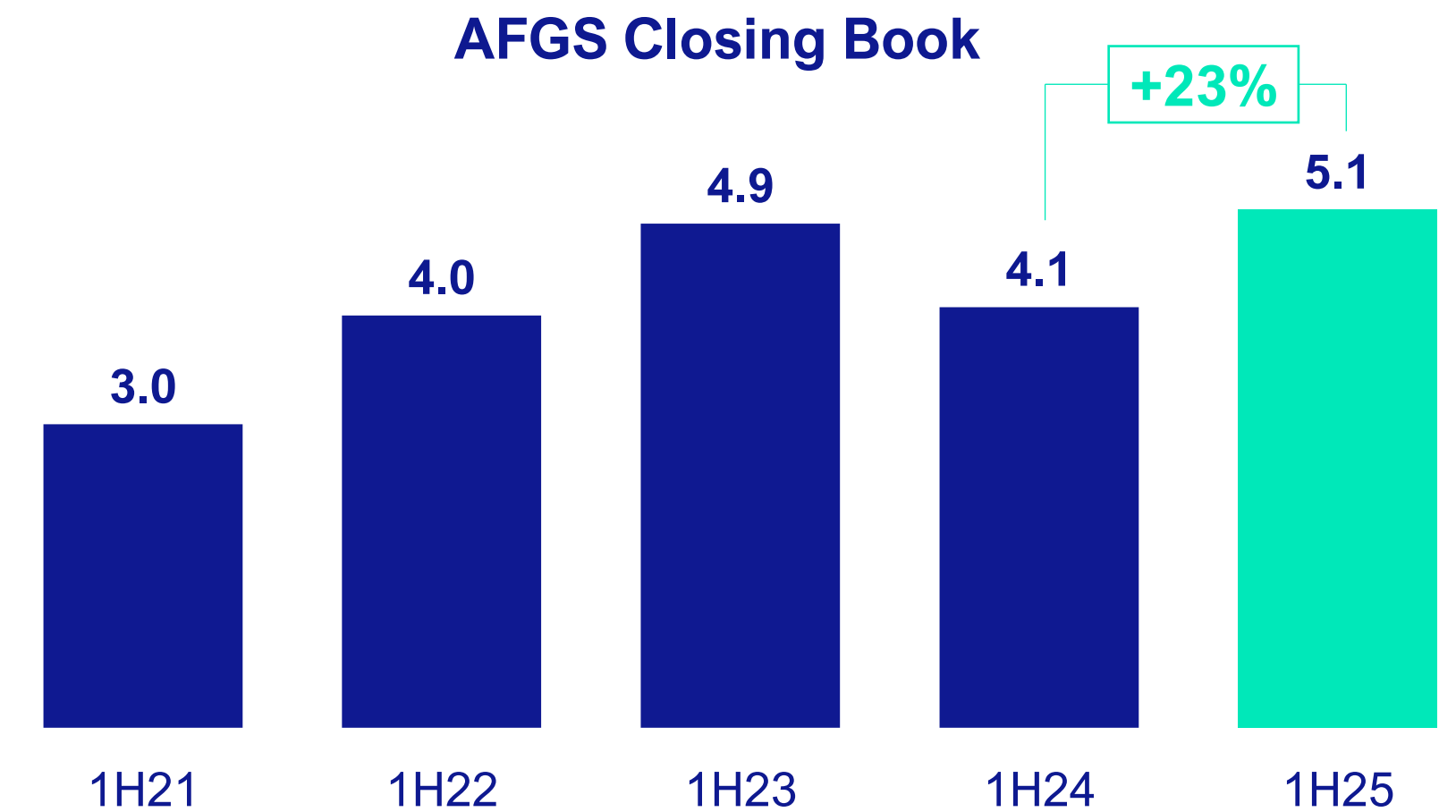
Our deep experience, processes and policies deliver sustained industry leading credit quality

Record book growth while maintaining strong portfolio mix

- Runoff in H1 FY25 of 36.6%, well below peak of 42.3% in H1 FY24
- 76% of the book are prime mortgages
- 38% of balances are below \$500k and 89% have an LVR¹ below 80%
- All prime loans originated above 80% LVR require individual LMI²

Well provisioned with continued excellent loss performance

- Established credit assessment process and insights from 30 years
- Cumulative losses over 15 years of just \$268k
- Loss provision increased \$0.2m to \$3.5m because of book growth
- Average offset balance of \$38k per customer, in line with June 2024
- Arrears³ improved to 1.6% at December 2024, from 1.9% June 2024



1. LVR = Loan-to-value ratio
 2. LMI = Lenders mortgage insurance
 3. Arrears as greater than 30 days past due

4. Data sourced from most recent publicly disclosed financial reports, as at 31 December 2024;
 Arrears calculated as 90 days past due as a percentage of total credit exposure

HY25 RESULTS

Financial update



Financial results

- Reported NPAT of \$15.3m, up 6%
- Gross profit¹ up \$3m or 4%:
 - Manufacturing +\$1.1m through record book growth
 - Distribution +\$2.6m, services income & diversified products
- Thinktank down \$0.9m to \$0.4m, affected by lower NIM
- Operating expenses \$3.3m higher:
 - Amortisation +\$1.0m relating to technology projects
 - Wages +\$3.5m primarily technology roles converted from consultants, new growth initiatives & sales teams
 - Lower consultancy costs \$0.7m and IT expense \$0.5m
- Change in trail book future value of \$(1.1)m (slide 33)
- Fully franked interim dividend of 3.8cps, record date is 7 March 2025 and payable on 9 April 2025
- Temporary reduction in dividend payout ratio to 50% to 60% expires at end of FY25

\$m	HY25	HY24	Variance
Gross profit ¹	69.2	66.2	4%
Change in trail book future value	(1.1)	(2.0)	(46)%
Operating expenses	(48.5)	(45.2)	7%
Net finance income	2.2	2.2	-
Share of profit from associates	0.5	1.3	(65)%
Profit before tax	22.3	22.6	(1)%
Reported EBITDA	24.6	23.9	3%
Reported NPAT ²	15.3	14.4	6%

Financial metrics	Units	HY25	HY24	Variance
Net cash from operating activities	\$m	13.5	14.3	(6)%
Underlying EPS	cps	6.2	6.6	(6)%
Dividends % of Underlying NPATA	%	60	60	-
Underlying ROE	%	16	18	(2)
Net Interest Margin	bps	113	116	(3)
Average FTE ³	#	325	301	8%
Underlying Cost to Income ⁴	%	64	63	(1)

1. Gross profit and Other income excluding trail book accounting adjustment
 2. Reconciliation between Reported NPAT and Underlying NPATA detailed on slide 31
 3. Average for reporting period

4. Total Operating Expenditure less Depreciation & Amortisation costs / (Gross Profit (adjusted for Trail) + Other Income)

Investments underpin Distribution growth, with AFG Securities book growth and improving NIM

Distribution

Profit before tax (PBT) HY25

\$29^M +8% on HY24

Underlying ROE
39%

- Represents 78%¹ of PBT – in line with FY24
- Growth in broker service fees following investment in platform technology
- Future growth expected from strategic investments & innovation
- Opex increase of \$1.8m reflects amortisation and higher employee expenses

Investments delivering earnings growth in broker service fees

Manufacturing

\$8^M -3% on HY24

Underlying ROE
12%

- Underlying ROE of 12%. Improving NIM is an opportunity to increase this
- Book has grown to a record \$5.1bn – AFG Securities gross profit \$1m higher
- Flat operating expenses including \$2m lower cost through efficiency improvement
- \$0.9m lower Thinktank investment earnings

Strong book growth, improving NIM while maintaining credit quality

Central services

-\$15^M -18% on HY24

- Includes various centralised cost support functions, including Technology, Finance and HR
- \$2m increase employee expenses in additional capability across areas such as technology and supporting new growth initiatives

Investment in capability to deliver new initiatives

Distribution represents 82% of gross profit

Subscription income delivered 12% growth

Distribution: up 5% with growth in volumes and subscriptions

- **Residential margin** down \$0.2m overall with higher settlements and trail book offset by higher payout ratios impacting margin
- **Diversified products** margin up \$1.6m including AFG Home Loans trail book growth, up 4% to \$13.1bn
- **Asset finance aggregation** down \$0.4m with settlement growth offset by higher broker payout
- **Subscription income** increased by 12% as driven by continued increasing take-up of BrokerEngine and additional broker services
- **Other income** affected by timing of sponsorship income which is offset by conference expenses

Manufacturing: Strong book growth, with NIM improving

- Higher average book size of \$5.1bn impact +\$3.0m
- Lower NIM rate at 113bps for H1 FY25, impact -\$0.6m
- Other costs increase attributable to settlement related costs including valuation fees and legal costs

\$m (unless otherwise stated)	HY25	HY24	Var \$	Var %
Gross profit¹	69.2	66.2	2.9	4%
Distribution	56.5	53.9	2.6	5%
Residential upfront	7.1	6.9	0.2	2%
Settlements (\$bn)	31.8	28.2	2.7	13%
Retained ² (%)	3.7%	4.0%	(0.3%)	(7%)
Residential trail	9.0	9.4	(0.4)	(4%)
Average book (\$bn)	202.2	195.5	6.6	3%
Retained ² (%)	5.5%	5.9%	(0.5%)	(8%)
Diversified products³	19.6	18.0	1.6	9%
Asset finance aggregation	6.6	7.0	(0.4)	(5%)
Subscription income⁴	10.1	9.0	1.1	12%
Other income	4.1	3.5	0.6	18%
Manufacturing	13.0	11.9	1.1	9%
AFG Securities NIM	26.8	24.4	2.4	10%
AFG Securities average book (\$bn)	4.8	4.2	0.5	13%
NIM (bps)	113	116	(3.0)	(3%)
AFG Securities commission	(12.2)	(11.7)	(0.5)	4%
AFG Securities settlements (\$bn)	1.4	0.6	0.9	147%
Other fees / costs	(1.7)	(0.9)	(0.8)	94%

1. Gross profit and Other income excluding trail book accounting adjustment.
Central gross profit includes inter-segment commission eliminations

2. Retained % = (1- Payout ratio %)

3. Diversified product commissions includes white label, commercial and personal loans

4. Includes Technology, Marketing, Compliance, Professional Indemnity insurance & Fintelligence Ambition

Purposefully allocating capital to progress strategic priorities

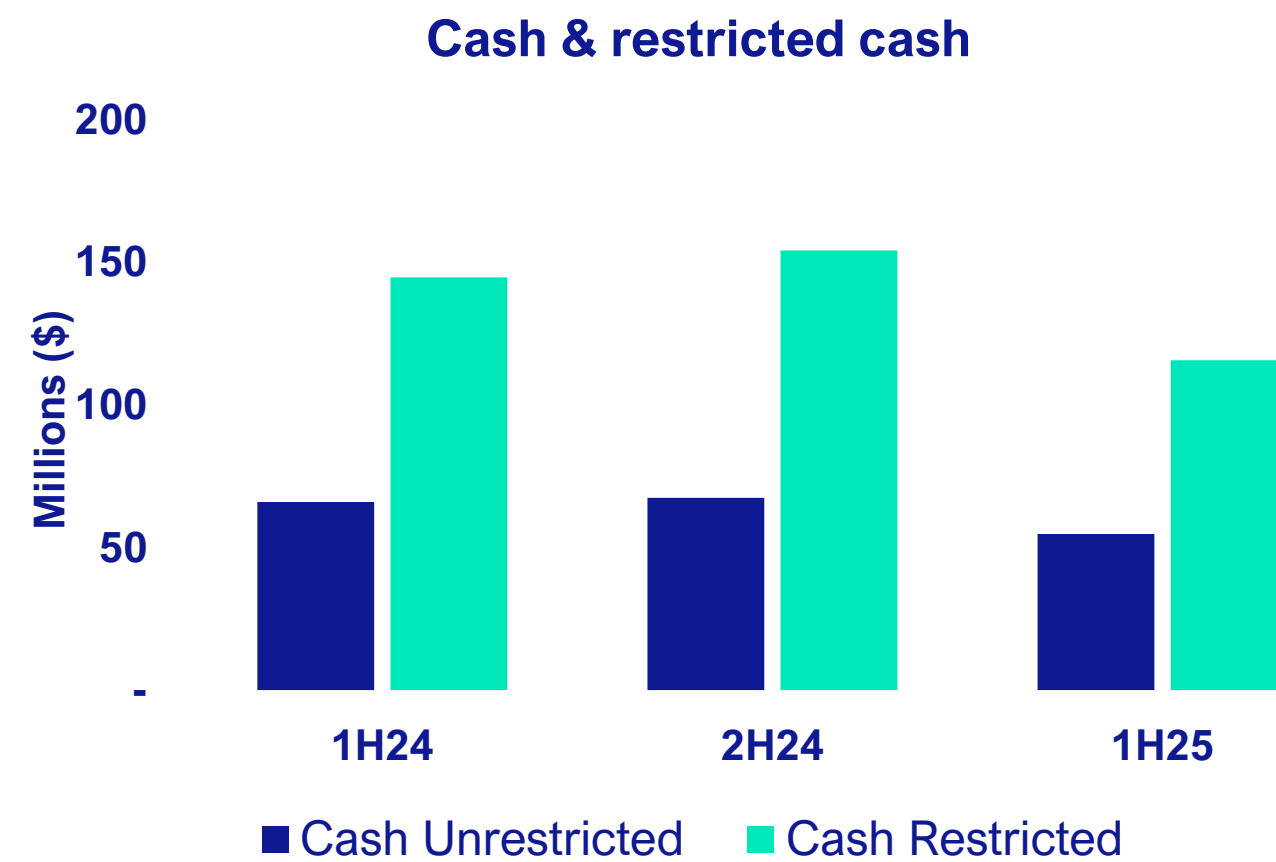
Recent investments and industry outlook support new earnings from H2 FY25 up to \$7m annualised EBITDA

	Current investment	Annualised EBITDA
Distribution	Fintelligence <ul style="list-style-type: none"> \$11m invested - increased ownership to 100% from December 2024 Continued growth in settlements, but margin pressure across the market 	+\$1.0 - 1.5m Increased ownership
	Broker services <ul style="list-style-type: none"> Recent technology investment delivers new functionality, with more coming Increased broker efficiency delivering greater BrokerEngine Plus penetration 	+\$0.8 - 1.0m BrokerEngine Plus new features
	Broker Investments <ul style="list-style-type: none"> \$6m invested – minority equity positions in 2 broker groups in December 2024 Pipeline of opportunities in H2 FY25 & beyond 	+\$0.7 - 1.0m Acquired earnings
Manufacturing	AFG Securities <ul style="list-style-type: none"> \$39m invested in subordinated notes to support book growth Higher book at December at \$5.1bn (H1 FY25 average of \$4.8bn) 	+\$3 - 4m From higher book

Strong financial position to grow shareholder returns

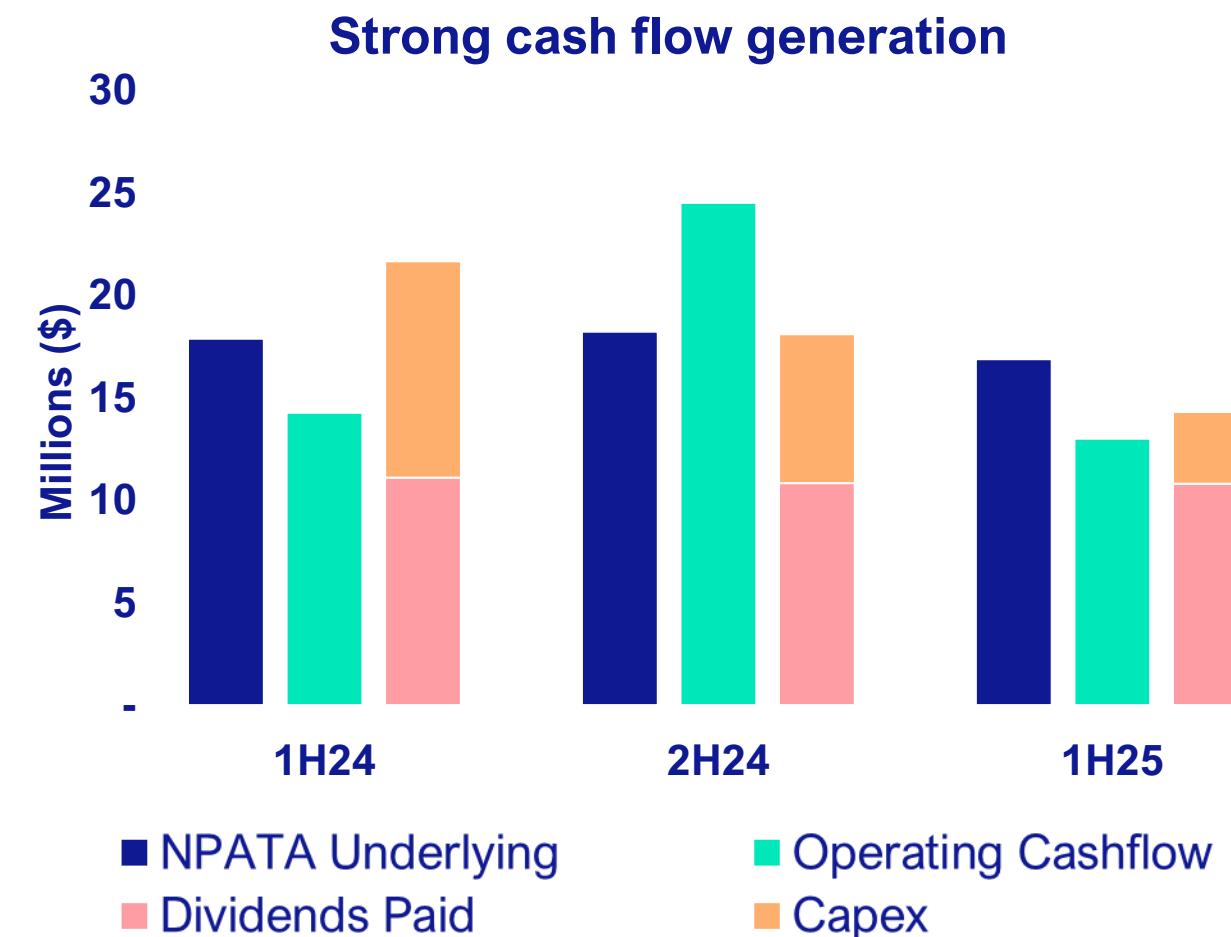
Well capitalised balance sheet and high cash generating assets create the capacity to fund growth

Preserving liquidity



- \$55m unrestricted and \$116m restricted cash (AFGS Trusts). Debt facility of \$54m primarily for Fintelligence acquisition
- Intra-month working capital cycle reduces unrestricted cash by up to c\$30m per month

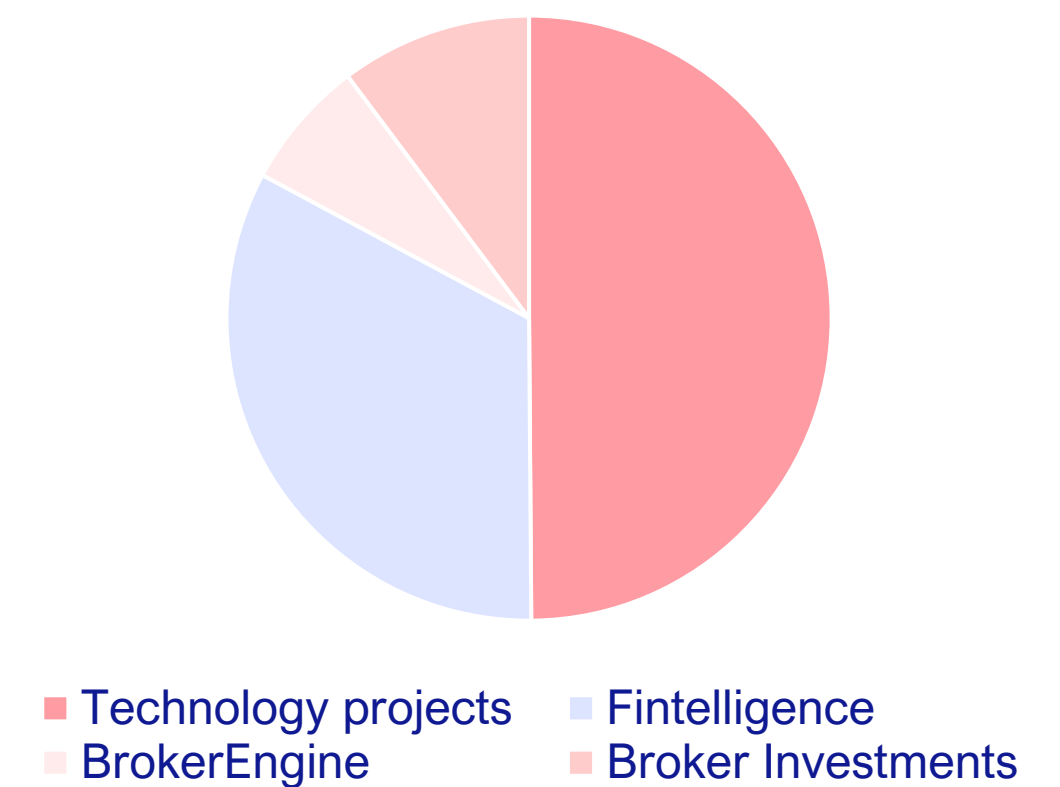
History of consistent cash generation



- 80% cash conversion, impacted by timing of payments. Cash conversion is 99% since Jun 23
- Dividend payout ratio policy of 70-80%. Temporary reduction to 50% to 60%¹

Delivering returns on equity and long term value

\$57m capital invested²



- \$28m technology investment. Includes BrokerEngine Plus, data and digital trust
- \$29m related to acquisitions. HY25 includes \$11m for remaining equity in Fintelligence, as well as \$6m for initial 2 Broker Investments

1. Announced as part of FY23 results, for up to 24 months to support increased investment, which peaked in FY24
 2. From July 2022 to December 2024

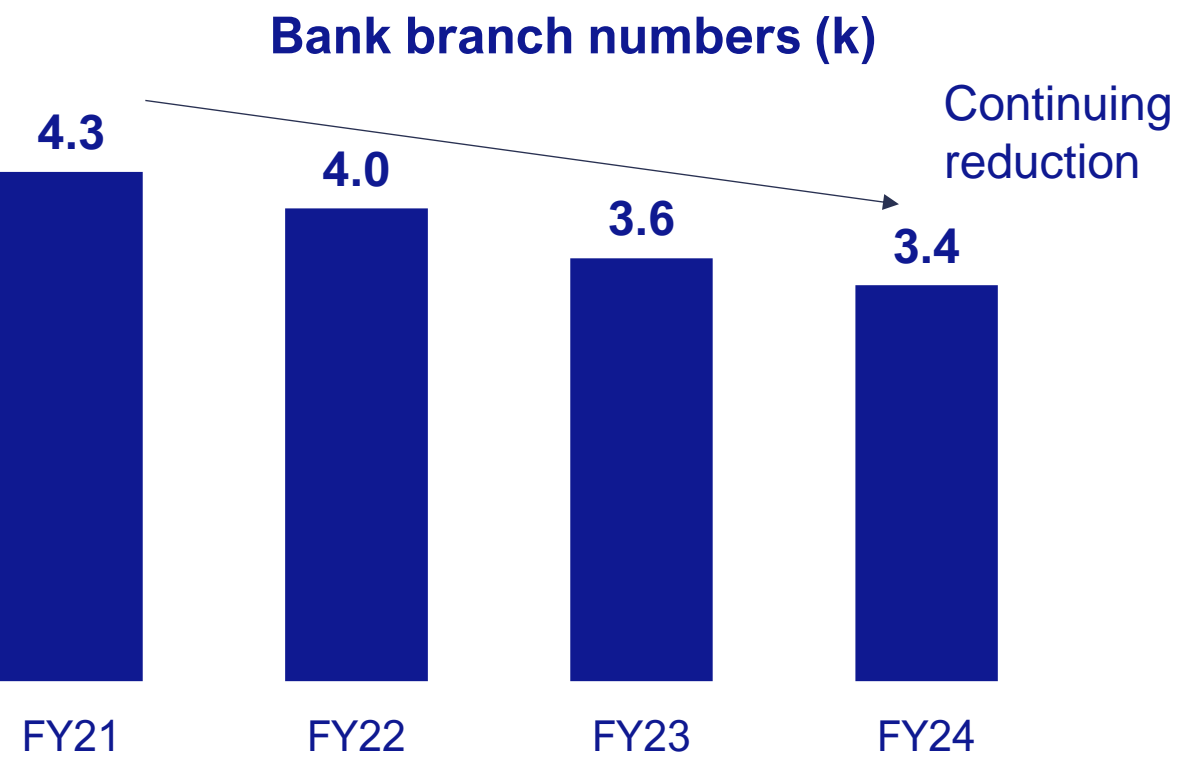
HY25 RESULTS
Outlook



Market conditions supporting our strategy

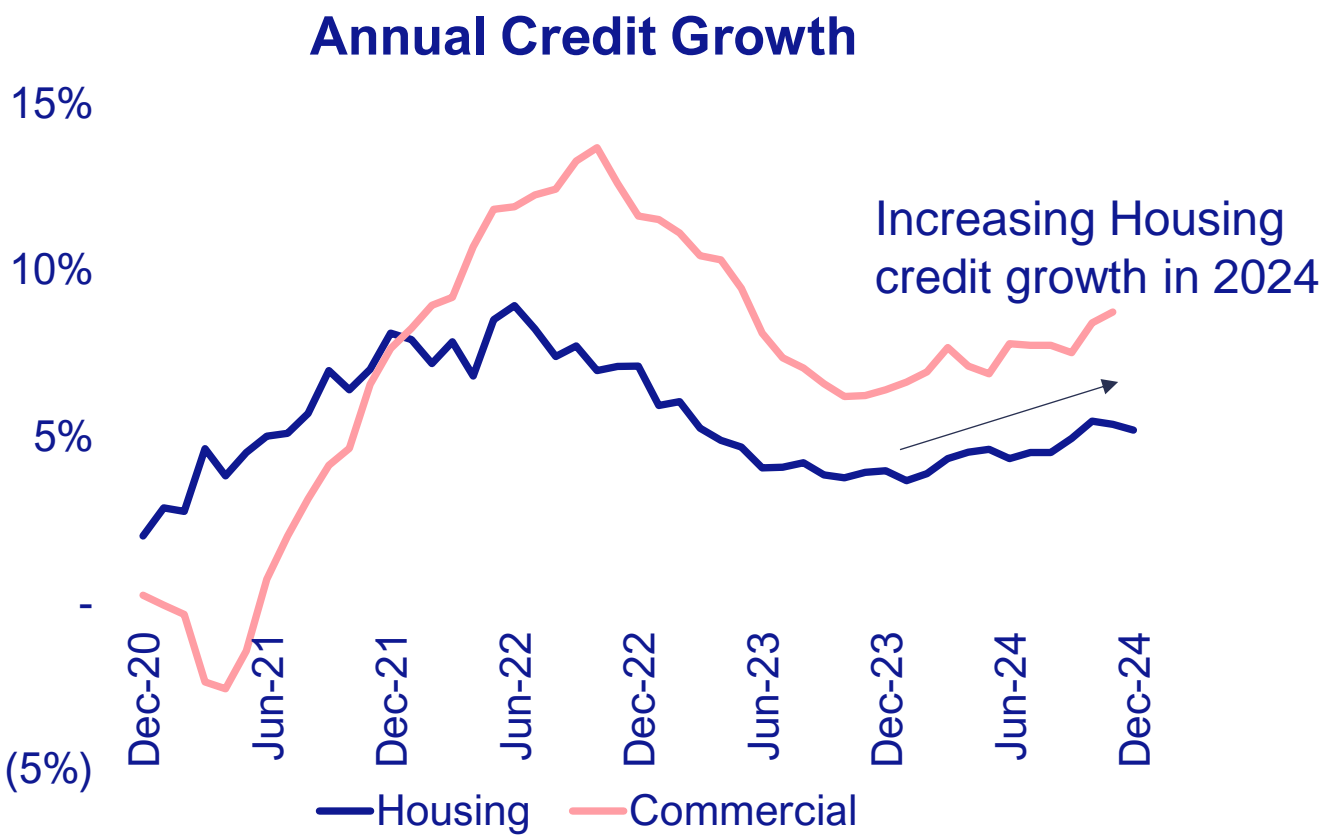
Change in the cash rate cycle has historically supported both Distribution volumes and Manufacturing margin

Importance of the broker channel to banks continues to increase



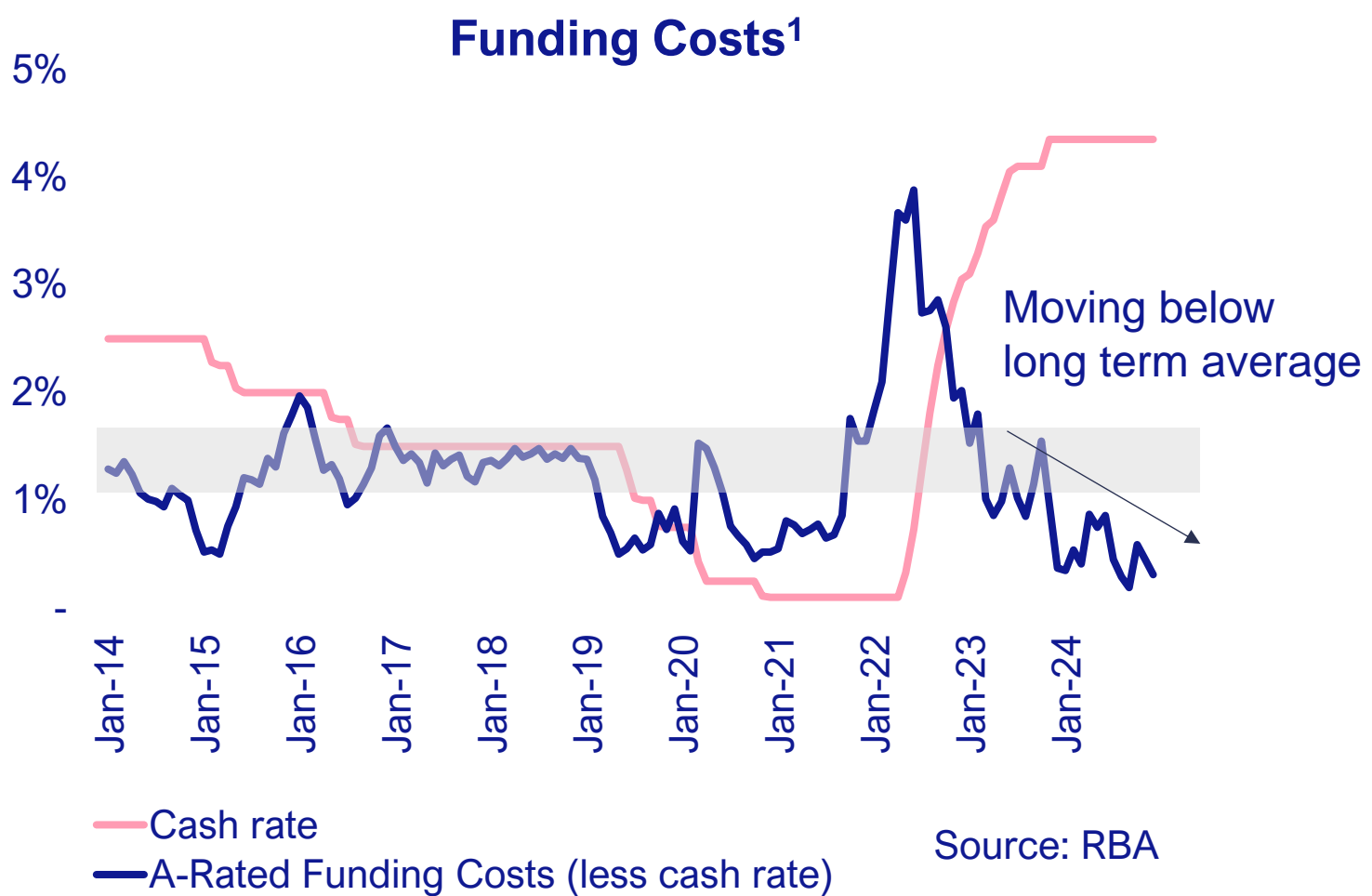
Source: APRA

Mortgage volumes are increasing and benefit from change in the cash rate cycle



Source: ABS

Funding used by non-banks historically lower in a rate reduction cycle






Source: RBA

1. Using A rated funding costs to represent the debt securities market – the main funding source of non-bank lenders

Medium term outlook

Competition & choice for brokers, customers & lenders


Our strong history of innovation and effective capital allocation positions us to deliver earnings growth and shareholder returns

Strategic Pillar	Measure	Current	FY29 Aspiration
 <p>Grow our broker network</p>	Residential settlement growth Number of equity broker investments	13% 2	8% CAGR 35
 <p>Provide market leading technology</p>	Broker service income mix ¹ Underlying cost to income	20% 70%	30% <50%
 <p>Deliver higher margin through our Distribution</p>	AFG Securities book size AFG Securities NIM	\$5.1bn 114bps	\$9bn 120bps

1. As a percentage of Distribution underlying gross profit

Strategically positioned to deliver earnings growth

Growth strategy based on 3 strategic pillars



Grow our broker network



Provide market leading technology



Deliver higher margin through Distribution

Delivering earnings growth, with improving market conditions



Credit market conditions improving

Expected sustained growth in credit activity supporting all segments



Broker is a critical channel, 75% share growing to over 80%

AFG will continue to add brokers, grow share & earnings per broker



Record AFGS loan book, with growth expected to continue

Higher book size contributing between \$3m to \$4m EBITDA p.a.



Continued investment in portfolio, diversifying earnings

Recent investments adding between \$2m to \$3m EBITDA p.a.

To deliver our purpose: Fairer financial future for all

HY25 RESULTS

Appendices



A fairer financial future being delivered by an experienced executive team



David Bailey, CEO

21 years



Lisa Bevan, COO

26 years



Luca Pietropiccolo, CFO

2 years



Sam McCready, CDO

19 years



**Damian Percy,
GM Securitisation**

22 years



**Them Lam,
Head of Sales & Distribution**

23 years

Continuing momentum in H2 FY25

Strong growth in volumes across Residential mortgages, as well as for AFG Securities through growing broker numbers and market conditions

Distribution

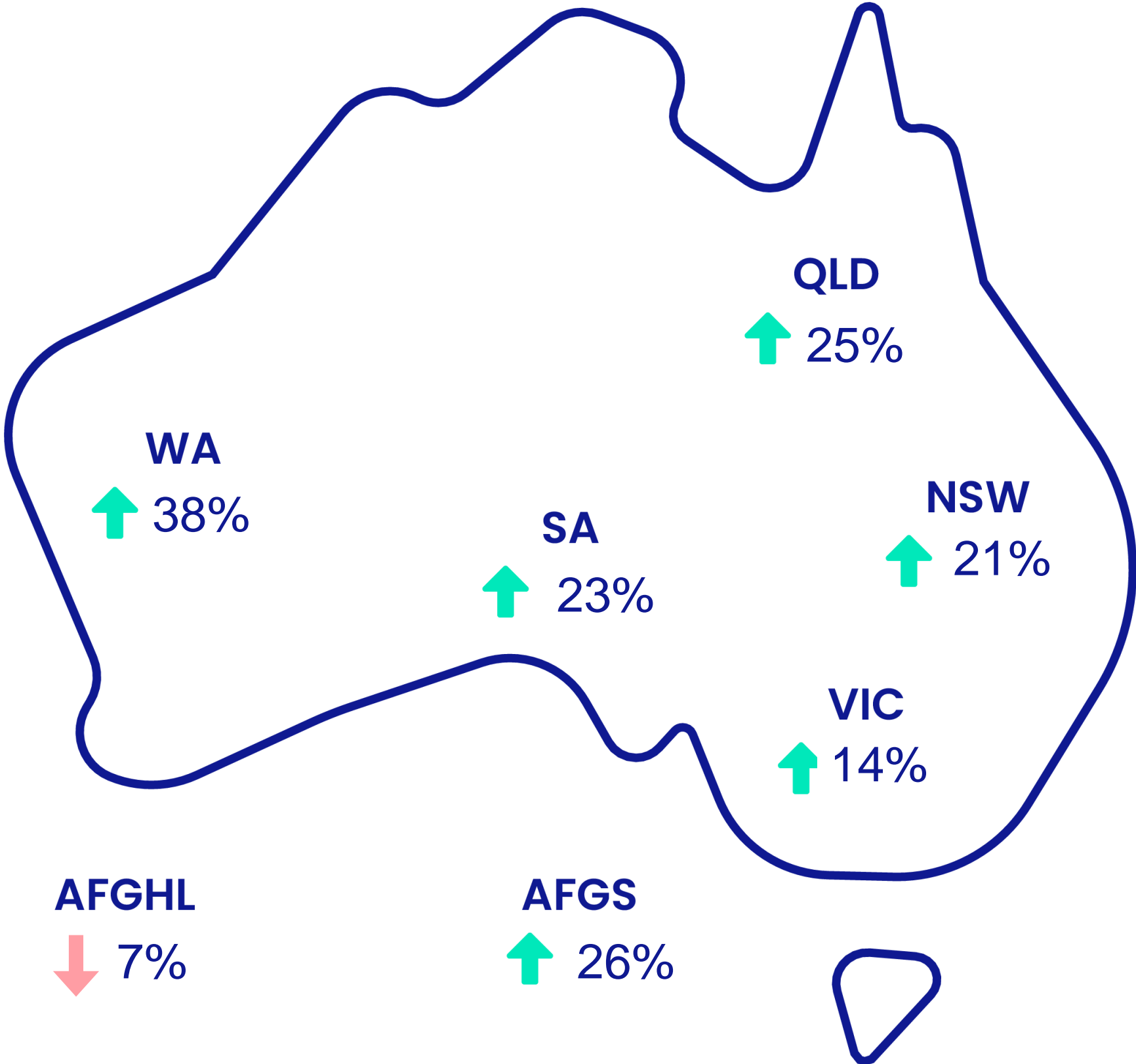
- Residential lodgements up 26% on January 2024 with record high settlements
- Growth across all states
- WA & QLD recording highest growth
- VIC volumes have returned to strong growth
- AFG Home Loans lodgements down 7% on January 2024

Manufacturing

- AFG Securities lodgements up 26% on January 2024 and settlements 31% higher than January 2024

Comparison of January lodgements

January 2025 change on January 2024



Settlements and Loan Book

Settlements (\$m)	1H25	2H24	1H24	1H25 v 2H24	1H25 v 1H24
Residential	31,840	26,981	28,200	18%	13%
AFGHL	2,388	2,102	1,462	14%	63%
White Label ¹	950	1,046	881	(9%)	8%
AFG Securities ¹	1,437	1,055	582	36%	147%
Commercial	2,568	2,064	2,389	24%	7%
Thinktank	96	72	61	34%	57%
Leasing and Asset finance ²	1,758	1,596	1,575	10%	12%
Loan Book					
Residential	204,848	200,478	196,547	2%	4%
AFGHL	13,142	12,808	12,600	3%	4%
White Label ¹	8,082	8,366	8,491	(3%)	(5%)
AFG Securities ¹	5,059	4,442	4,109	14%	23%
Commercial	14,177	13,234	12,778	7%	11%

1. Is a subset of AFG Home Loans (AFGHL)

2. Includes Fintelligence settlements as well as AFG broker settlements

Key metrics

Key movements

- Distribution operating income up 25% on H2 FY24, driven by increased Residential Settlements and loan book size
- Manufacturing operating income up 14% on H1 FY25, due to an increased book size to \$5.1bn
- Total Operating Costs up 8% on H1 FY24, due to increase employee costs for investment in technology and new strategic initiatives, as well as increased amortisation in H1 FY25
- Underlying cost to income (CTI) ratio was 2% higher on H1 FY24 at 64%
- Dividend of 3.8 cents per share represents a yield of 4.9% in H1 FY25

\$m (unless otherwise stated)	Units	1H25	2H24	1H24	1H25 v 2H24	1H25 v 1H24
Operating income						
Distribution		479.6	383.7	429.5	25%	12%
Manufacturing		161.3	142.2	141.6	13%	14%
Central		(15.3)	(11.7)	(8.7)	30%	76%
Total		625.6	514.2	562.4	22%	11%
Profitability						
Trail Book Net Asset		89.5	90.6	94.2	(1%)	(5%)
Residential Upfront Payout Ratio	%	96.3	96.1	96.0	0.2%	0.3%
NIM	bps	113	111	116	2%	(2%)
Operating Costs						
Employee Costs		27.9	24.4	24.3	14%	15%
IT		4.6	6.4	5.0	(28%)	(8%)
Total Operating Costs		48.6	40.9	45.2	19%	8%
Average FTE ¹	#	325	306	301	6%	8%
Underlying Cost to Income Ratio ²	%	64	59	63	8%	2%
Credit Quality						
Total Losses		0.0	0.0	0.0		
Other						
Brokers	#	4,110	4,039	3,850	2%	7%
Underlying ROE	%	15.9	18.1	17.6	(12%)	(10%)
Dividend Yield ³	%	4.7	5.8	4.9	(19%)	(4%)

1. Average for reporting period

2. Total Operating Expenditure less Depreciation & Amortisation costs / (Gross Profit (adjusted for Trail) + Other Income)

3. Based on share price as at 21 February 2025, 30 June 2024, 23 February 2024

Reported NPAT to Underlying NPATA reconciliation

Key movements

- The trail commission adjustment represents the non-cash change in the carrying value of the trailing commissions contract assets and liability. Additional information in relation to trail book accounting and key assumptions are provided on slide 33
- The net change in fair value of the put / call liability for Fintelligence represents the movement following the acquisition of the remaining equity during the half
- Tax adjustment in H1 FY24 related to Fintelligence / BrokerEngine

\$m	HY25	HY24	HY25 v HY24
Reported NPAT	15.3	14.4	0.9
Amortisation of acquired intangible assets	1.2	1.2	-
Trail commission adjustment	0.7	1.4	(0.7)
Net change in fair value put/call option	(0.3)	-	(0.3)
Deferred tax adjustment on put/call revaluation	-	0.9	(0.9)
Underlying NPATA	16.9	17.9	(1.0)

AFG holds \$185m in liquid assets and high performing investments

Key movements

- Net unrestricted cash of \$11m, down from \$17m at December 2023
- Trail book net asset at \$89.5m with the reduction representing recent elevated runoff. Key assumptions are provided on slide 33
- Investments are valued at carrying value as per the balance sheet
- Subordinated notes value relates to the notes held by AFG in the Securities loan book which is \$5.1bn at December 2024

\$m	Dec 2024	Dec 2023	Variance
Unrestricted cash	54.8	65.9	(11.1)
Debt facility	(44.3)	(49.2)	5.9
Net unrestricted cash	10.6	16.7	(6.1)
Trail book	89.5	94.2	(4.7)
Investments	46.2	38.8	7.4
Subordinated notes	38.8	37.5	1.3
Net unrestricted cash, trail book & investments	185.1	187.2	(2.1)

Cash reconciliation

Unrestricted cash	54.8	65.9	(11.1)
Restricted cash (Securities)	115.7	144.7	(29.0)
Total cash	170.5	210.6	(40.2)

Trail book asset

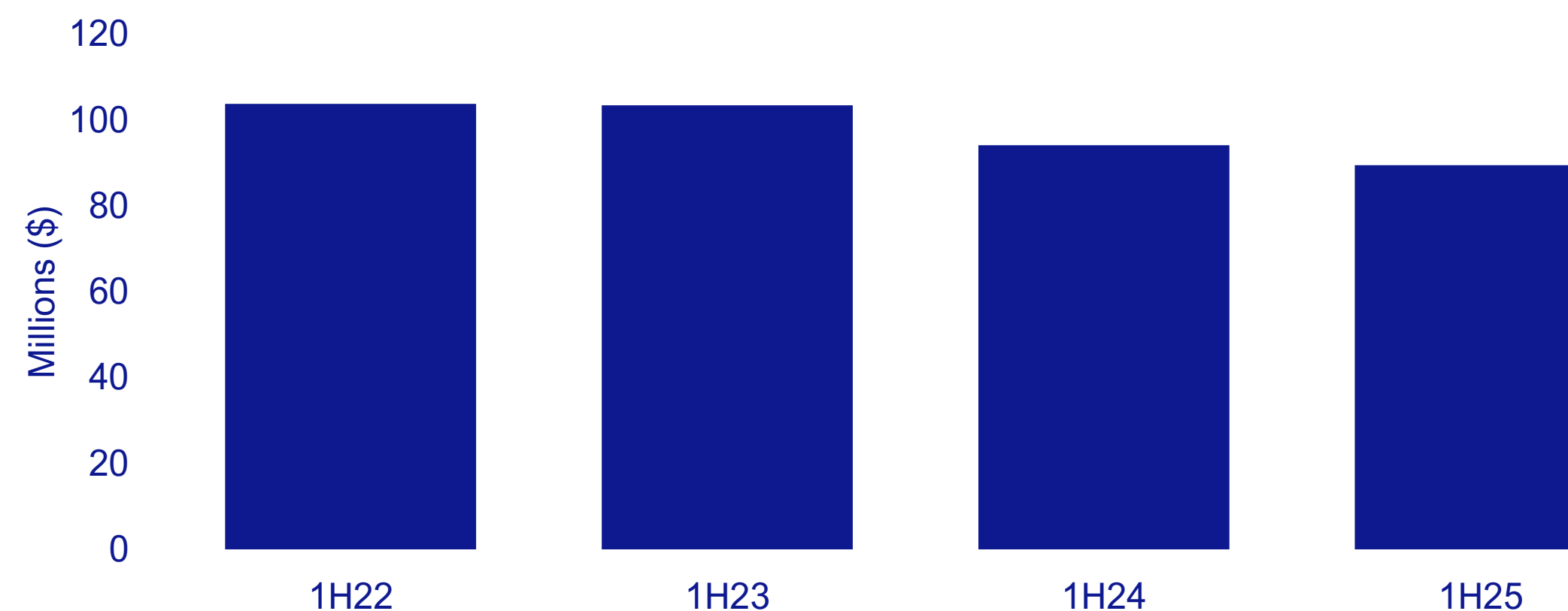
Key movements

- Trailing commissions are received from lenders on settled loans over the life of the loan based on the outstanding loan book balance
- The net present value of our future trail commissions, represent recurring income, without having to perform further services
- Future trail commissions had a NPV of \$89.5m at Dec 2024 (\$90.6m at Jun 2024)
- The valuation is assessed on a six-monthly basis, with movements in valuation recorded in the P&L
- The main valuation drivers are run-off rates and new business. While run-off in H1 FY25 was above the long-term average, it was below the peak levels in FY22 and FY23
- The discount rate applied to each tranche is applied across the life of the loan. Any current movements in the discount rates will only affect the latest trail commission tranche
- The discount rate is calculated as the risk-free rate + counterparty risk factor

The table below outlines key assumptions used to value trail commissions

Key Assumptions	Dec 2024	Dec 2023
Average loan life	Between 3.6 and 4.2 years	Between 3.5 and 4.4 years
Discount rate per annum ¹	Between 4.0% and 13.5%	Between 4.0% and 13.5%
Percentage paid to brokers ²	Between 85% and 96.0%	Between 85% to 95.7%

The chart below shows the change in the net trail book asset over time



1. Discount rates once set are not adjusted during the life of the loan. The spread in discount rate captures loans settled in previous as well as the current financial year
 2. The percentage paid to brokers is set at the time of settlement of the loan

Summary Balance Sheet

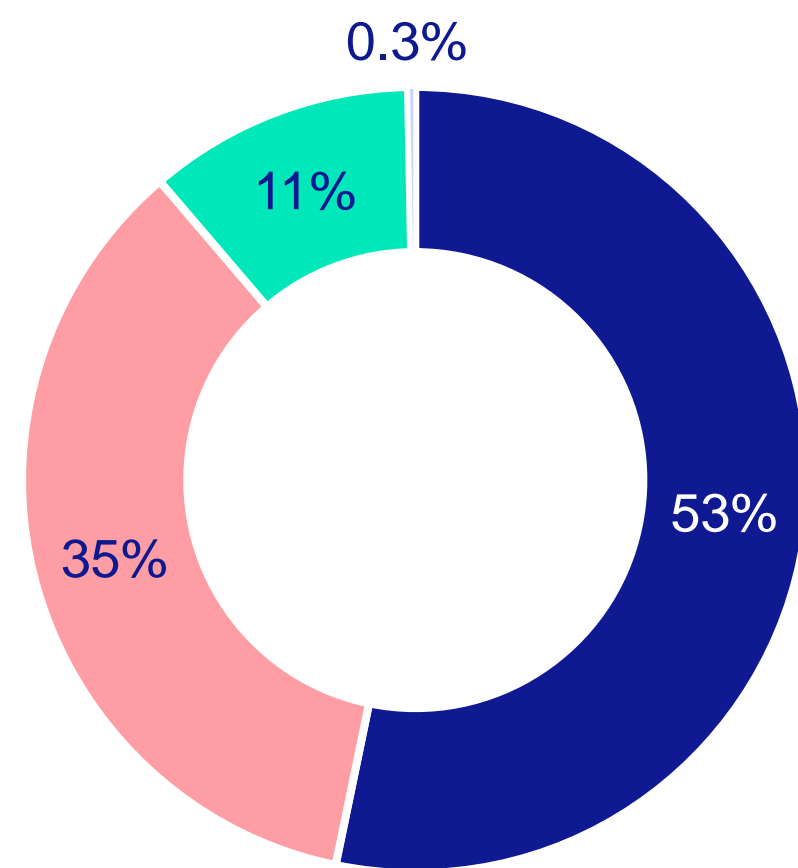
Key movements

- Unrestricted cash, which consists of cash at bank and short term deposits, of \$55m
- Restricted cash, which primarily represents amounts held in special purpose securitised trusts and series on behalf of the warehouse funders and the bondholders decreased to \$116m
- Contract Assets primarily represents our trail book commission asset and is partially offset by the trail book commission liability recorded in Trade and Other payables.
- Loans and advances represents the AFG Securities program, with the debt facility represented in Interest bearing liabilities
- Growth in investment in associates as this includes new minority broker groups investments in HY25
- Non-interest bearing liabilities included the Fintelligence put / call option at Dec 2023

\$m	Dec 2024	Dec 2023	Variance
Assets			
Unrestricted cash	54.8	65.9	(11.1)
Restricted cash	115.7	144.7	(29.0)
Trade and other receivables	13.8	12.9	0.9
Other assets	5.5	9.5	(4.0)
Contract assets	1,170.9	1,158.7	12.2
Loans and advances	5,071.9	4,119.0	953.0
Investment in associates	46.2	38.8	7.4
Goodwill	61.1	61.1	-
Intangible assets	47.0	42.2	4.8
Total assets	6,586.9	5,652.8	934.2
Liabilities			
Trade and other payables	1,181.2	1,165.5	15.7
Interest bearing liabilities	5,147.6	4,229.1	918.6
Employee benefits	5.8	6.3	(0.5)
Non interest bearing liabilities	-	11.8	(11.8)
Deferred tax liability	25.5	26.1	(0.6)
Other liabilities	14.2	11.0	3.2
Total liabilities	6,374.3	5,449.8	924.5
Net assets	212.6	203.0	9.6
Equity			
Share capital	102.1	102.1	-
Reserves	8.7	(10.7)	19.4
Retained earnings	101.8	93.2	8.6
Non controlling interest	-	18.3	(18.3)
Total equity	212.6	203.0	9.6

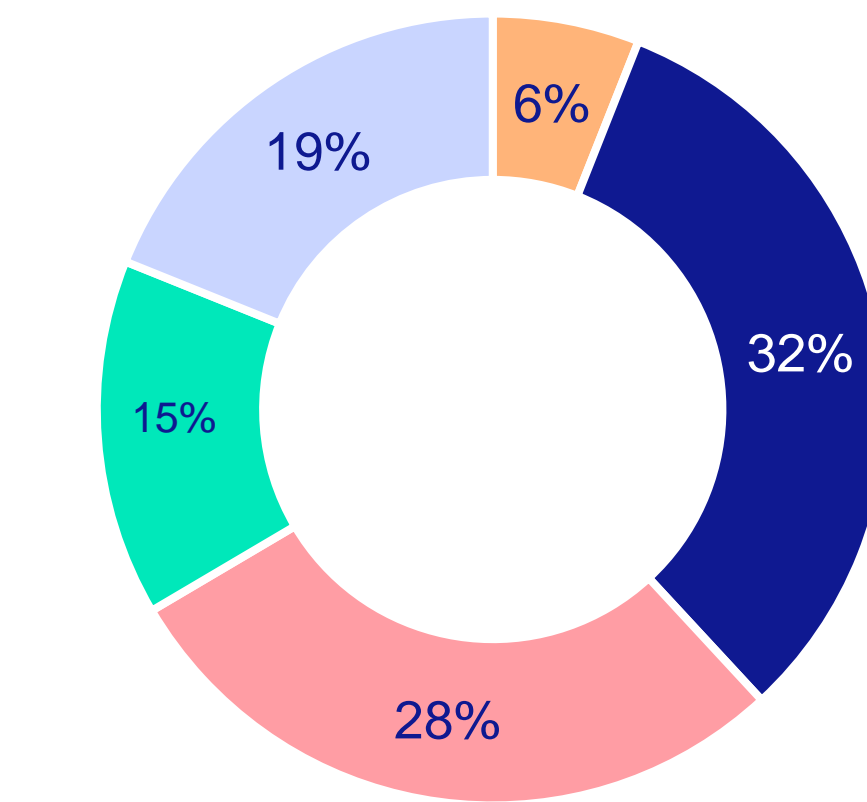
AFG Securities – Loan quality

LVR



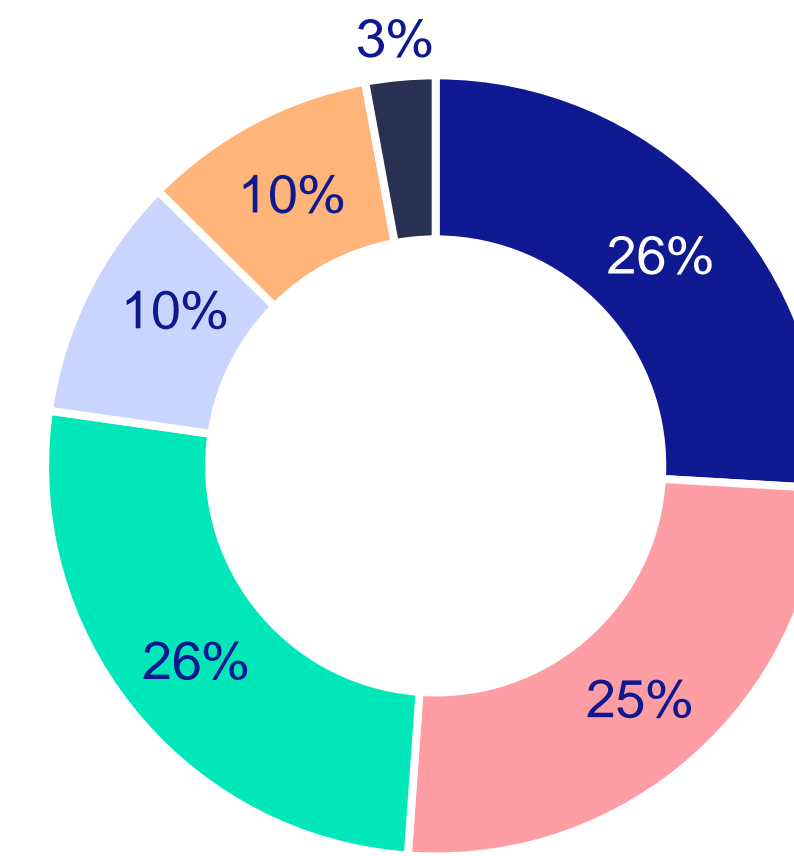
- LVR <70%
- LVR 70%-80%
- LVR 80%-90%
- LVR >90%

Loan Balance



- <\$250k
- \$250k - \$500k
- \$500k - \$750k
- \$750k - \$1m
- >\$1m

Geographic distribution



- VIC
- NSW
- QLD
- WA
- SA
- ACT/TAS/NT

Important Disclaimer

This presentation contains general information which is current as at 27 February 2025.

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