

MARKET RELEASE

AFG Delivers Record HY26 Result, Accelerating Growth and Earnings Quality

| 18 February 2026

Half Year 2026 Results Underscore Scale, Innovation, and Sustainable Value Creation

Australian Finance Group Ltd (ASX: AFG) has announced a record half year result for the six months ended 31 December 2025, reinforcing its position as a leading diversified financials business. This trajectory has continued into the second half of 2026 with record lodgements in January and a \$1.2 billion term transaction priced in February that locks away more longer-term funding at favourable pricing, significantly reducing sensitivity to cash rate movements.

Highlights

- Net Profit After Tax (NPAT) surging 46% year on year to \$22.4 million
- Underlying gross profit rose 16% to \$78.8 million
- EBITDA increased 43% to \$35.6 million
- Ongoing Broker network expansion, AFG brokers now write 1 in 9 home loans nationally
- Record loan book for AFG Securities: \$6.3 billion, up 24%
- Net Interest Margin (NIM) up 11 basis points (bps) to 124 bps, supported by improved funding
- \$4 million in efficiency gains delivered in AFG Securities
- Broker subscription income up 11%, marking 8 consecutive years of growth
- Interim dividend of 4.7 cents per share, fully franked

AFG operates at scale within a large and structurally growing Australian lending market. Mortgage brokers continue to gain share as the preferred channel for consumers and now represent 77% of the new home lending market. The Group's national broker network, technology platform and diversified product offering positions AFG as a critical intermediary between borrowers and lenders, with scale and reach that supports long-term growth.

AFG Chief Executive Officer David Bailey said the result demonstrates the Group's solid foundations and effective execution of its strategy. "This result reflects the strength of AFG's fundamentals, underpinned by our leading broker proposition, the scale and diversity of our business, and a clear strategy executed with discipline through all stages of the cycle."

Strong Financial Results and Continued Earnings Growth

AFG posted a Net Profit After Tax (NPAT) of \$22.4 million, up 46% on the previous corresponding period (HY25). Underlying gross profit rose by 16% to \$79 million, while EBITDA surged by 43% to \$35.6 million. The Group's return on equity increased to 21%, reflecting the quality and resilience of its annuity style earnings base, which now accounts for 74% of income.

"Our continued growth demonstrates the resilience of our model and the quality of our earnings," Mr Bailey said. "We are scaling efficiently, investing with purpose, and seeing those benefits flow through. This has been accomplished while reducing the underlying cost-to-income ratio to 56%.

Distribution Platform Scales Further

AFG's broker network continues to expand, with 1 in 9 residential home loans nationwide now written through an AFG broker. The Group recruited over 90 new broker groups during the half, bringing the total active brokers to 4,300.

Mr Bailey said the broker channel remains central to AFG's strategy and success. "Our strategic priorities remain clear—expanding and enhancing the broker network, offering advanced technology solutions, and delivering higher margin products. Our model is one of shared success."

The Broker Investment program is gaining momentum, with five strategic broker group investments completed to date—all delivering earnings growth and expanding AFG's reach. "Our commitment is to grow sustainably and partner with brokers who share our vision. Pleasingly all investments to date have delivered earnings growth, with several businesses continuing to scale through their own acquisition opportunities," he said. "We look forward to working with them as they build their businesses"

Fintelligence achieved record volumes and record growth, while initiatives such as Partner Connect are unlocking further value from the broader broker network.

Technology Innovation and Adoption

Technology remains a core pillar of AFG's growth. BrokerEngine Plus adoption rose by 23%, with 4,100 users now benefiting from enhanced workflow and efficiency tools. The Group recorded double digit growth in subscription income, up 11% to \$11.2 million, reflecting a continued diversification of the company's income stream.

Manufacturing growth driven by scale and improved funding

AFG Securities, the Group's securitised lending business, delivered a record loan book of \$6.3 billion, up 24% from HY25. NIM expanded by 11 bps to 124 bps, supported by improved funding costs and disciplined customer pricing. We are scaling efficiently and keeping firm control over the allocation of our capital.

Thinktank, in which AFG holds a 32% stake, contributed \$1.3 million in earnings for the half, with its loan book now sitting at \$6.8 billion, an increase of \$0.4 billion.

Strategic Outlook: Positioned for Sustainable, Long Term Value

AFG has progressed into the second half of FY26 impressively, supported by record-breaking January activity on top of the record quarterly lodgements of \$31.6 billion and \$62 billion for the half-year.

AFG's successful funding activity has materially strengthened the Manufacturing business. "We have secured improved terms across most funding sources, significantly reducing near-term cash rate sensitivity and increasing confidence in earnings durability," said Mr Bailey. "Last week's record issuance establishes a new benchmark for the business."

As the broker channel continues to grow in importance as a primary distribution pathway for home lending, AFG is well positioned to benefit. The company remains a reputable, well-governed and compliant business focused on choice and competition to deliver shared success. "Our continued focus on disciplined execution and investment through the cycle positions AFG to deliver enduring value," Mr Bailey said. "Ongoing investment in broker support, technology, and higher margin products, supported by a robust balance sheet and high cash conversion, underpins AFG's long-term growth."

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