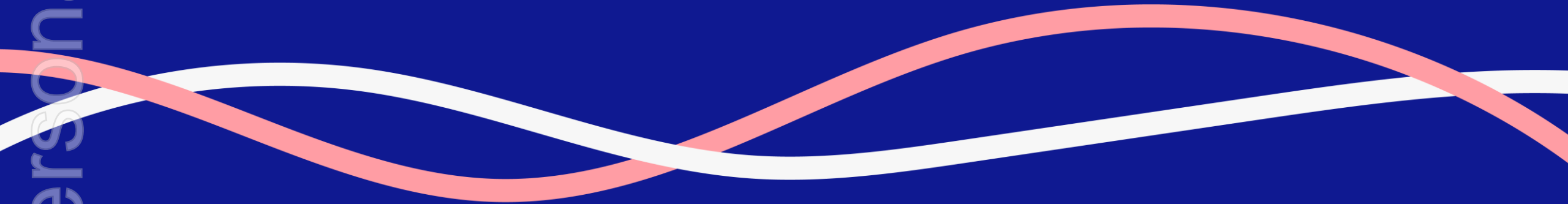


AFG

2021

Half year results presentation

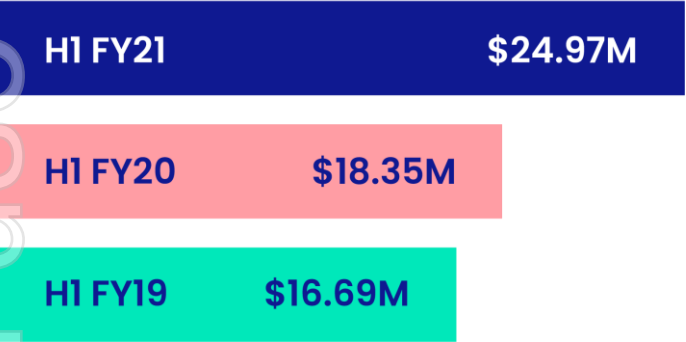
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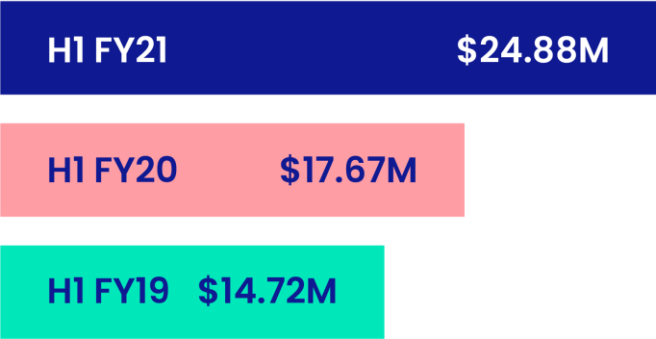
HIGHLIGHTS

HY21 results

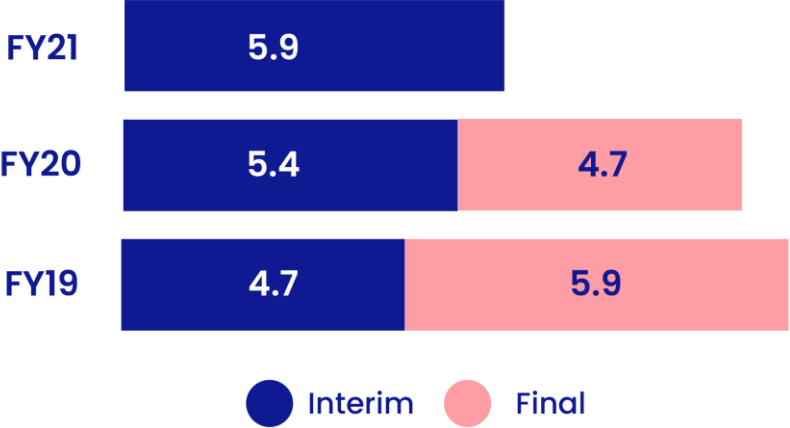
Reported NPAT up **36%** to **\$24.97M**



Underlying NPAT up **41%** to **\$24.88M**



Interim dividend up **9%** to **5.9** cents per share



HIGHLIGHTS

HY21 results



HY21 Residential
settlements up **24%** to
\$20.9B



AFG Home Loans
services over
27,000
retail customers



AFG Securities loan
book up **18%** to
\$2.96B



Residential trail
book up **5%** to
\$160B



AFG Home Loans
trail book up **9%** to
\$10.7B

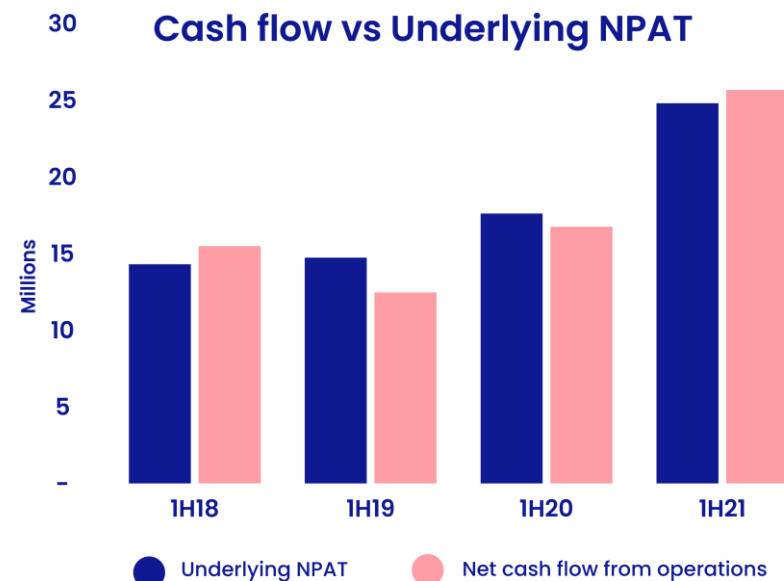
Financial Results

	1H21 \$000's	1H20 \$000's	
Total Revenue	371,065	335,423	11%
Gross Profit	49,686	42,816	16%
NPAT reported	24,967	18,348	36%
NPAT underlying	24,880	17,670	41%
Net cash from operating activities	25,788	16,866	53%
Net Interest	26,096	17,218	52%
Net Interest Margin	179 bps	151 bps	18%
Financial metrics	1H21	1H20	
Reported EPS	9.2 cents	8.4 cents	9%
Number of shares (diluted)	271,578	217,997	25%
Dividends % of underlying profit ¹	70%	70%	-
Reported ROE ²	27%	34%	(7%)
Reported P/E ratio ³	15.0 x	16.7 x	(10%)
Underlying P/E ratio ³	15.1 x	17.4 x	(13%)

¹ Excluding non-cash profit from Thinktank

² Includes additional shares issued in 2020

³ Based on share price at 3/2/2021 and 31/1/2020



Key take outs for the year

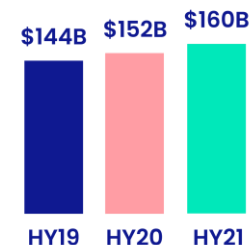
- Revenue increased 11% to \$371M in H1 FY21, with the AFG Securities book growing 18% and Residential settlements up 24%
- Underlying profit up 41% in H1 FY21 to \$24.9 million underpinned by strong NIM
- Strong cash flow generation from trail books continuing
- AFG brokers and broader industry performed well through various COVID-19 lock-downs across the country including support through Government stimulus
- Strong financial result drives an increase of 9% on the half yearly dividend per share

Settlements & Loan Book

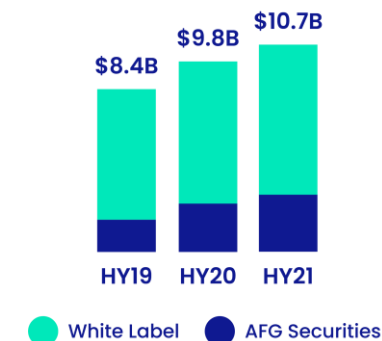
Settlements	1H21 \$000's	1H20 \$000's	
Residential	20,915,896	16,853,147	24%
AFGHL	1,474,237	1,566,962	(6%)
White Label	1,028,183	876,527	17%
AFG Securities ¹	446,053	690,435	(35%)
Commercial	966,562	1,189,741	(19%)
AFG Business	91,838	192,124	(52%)
Thinktank	65,458	86,709	(25%)
Loan Book	1H21	1H20	
Residential	160,014,400	151,730,127	5%
AFGHL	10,675,124	9,834,640	9%
White Label	7,710,331	7,328,349	5%
AFG Securities ¹	2,964,794	2,506,291	18%
Commercial	8,721,209	8,330,533	5%

¹ is a subset of AFGHL

Residential Portfolio



AFGHL Portfolio



- Residential settlements up 24% compared to H1 FY20. Government stimulus supporting increases in first home buyers, as well as upgraders and refinance activity
- AFG Securities settlement volumes decreased 35% with reduced credit appetite during uncertain market conditions although volumes have since returned reflective of a stronger credit appetite
- AFG Home Loans settlements up 17% with mix change towards White Label funders however since July 2020 volumes have steadily increased
- AFG Securities loan book increased by 18% to \$2.96 billion while maintaining strong arrears and continued improved COVID-19 hardship
- AFG Home Loans trail book up 9% to \$10.7 billion
- Commercial loan book up 5% to \$8.7 billion

Strategic and Market Outlook

Market Outlook

Market has adapted but uncertainty remains

- Record residential volumes during H1 FY21 and into H2 FY21 supported by Government initiatives. Whilst the timing and impact of the withdrawal of these initiatives and the extent that demand has been dragged forward is unclear, we remain positive about the outlook for the industry and the willingness of the Government to respond further if necessary
- AFG Securities COVID-19 related hardship continues to improve. There has been a disciplined focus to manage these cases, with payment deferral hardship arrangements now 0.02% and interest only arrangements 0.57% of the book
- RBA have indicated that the cash rate is not expected to increase for at least the next 3 years or until unemployment and the labour market return
- A conducive RMBS funding market has been maintained in the half and cost of funds remain competitive as a result of reductions in the BBSW rate

Connective merger

- Court case and closing arguments are complete. Judge retired to consider decision

Strategic Outlook

Brokers adapting to changing industry

- During the pandemic brokers have grown their market share of the mortgage industry. Many of these customers will not return to bank direct
- Brokers are well placed to adapt to the new ways of assisting customers remotely
- Government initiatives have contributed to greater market share for the four majors during COVID-19 period. Brokers are important to smaller lenders, the competition and choice they bring as they expand their credit appetite

Remain well positioned in the industry and able to adapt to market changes

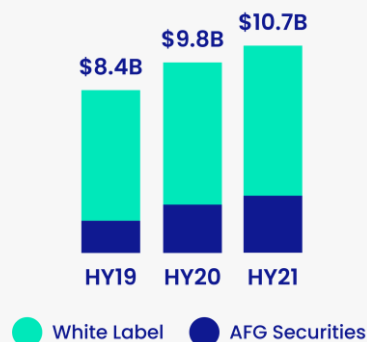
- Well capitalised, with a strong balance sheet with no debt and strong brand. Unrestricted cash, trail book assets, financial assets and sub-ordinated capital totaling \$267 million
- Strong cash flow generation of the business model including annuity style trail revenue from existing trail book
- New technology refresh represents significant focus on improving technology to support brokers and customers as they embrace the new ways of working
- AFG remains committed to our earning diversification strategy and focus on further organic or inorganic growth initiatives
- Invested in growth opportunities including technology for brokers and customers, Thinktank manufacturing, and Mortgage Advice Bureau – a different offering for brokers
- Existing warehouses restructured and rolled over. AOFM already refinanced out of one

AFG Home Loans

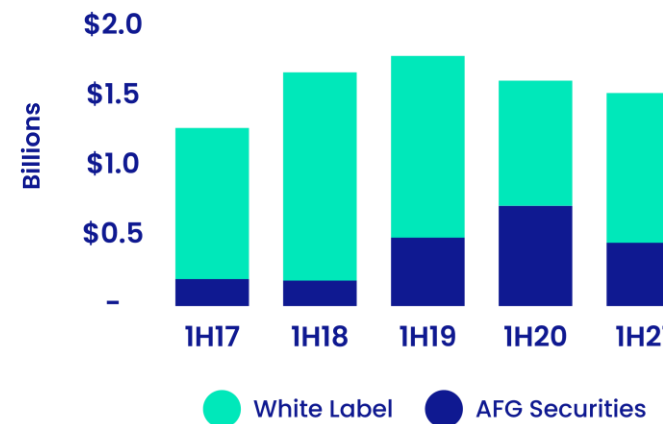


- Trail book increased 9% to \$10.7 billion
- Settlement volumes were down 6% to \$1.47 billion. Changing mix towards White Label funders as AFG Securities reduced its credit appetite during the initial stages of COVID-19
- Since the funding market has stabilised, there has been a measured increase in credit appetite and mix back towards AFG Securities during H1 FY21

AFGHL Portfolio



AFGHL Settlements



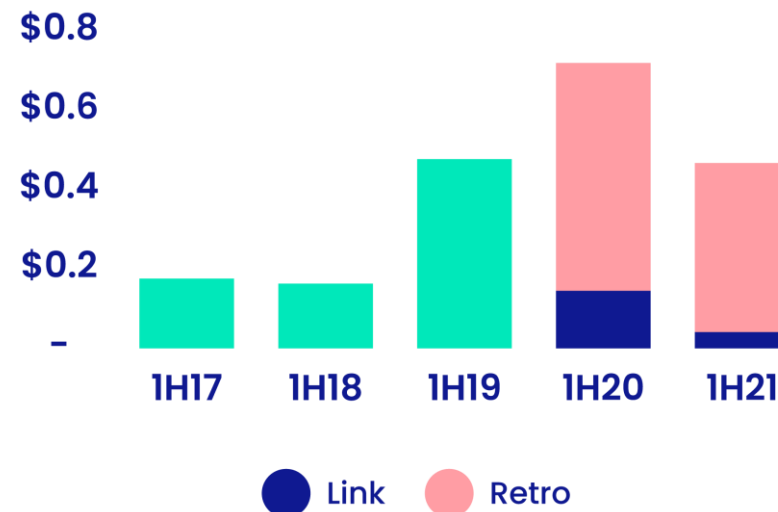
Funding obtained directly by AFG



AFG Securities

- Settlements of \$446 million, a decrease of 35% with the loan book increasing 18% to \$2.96 billion compared to December 2019 and 2% higher than June 2020
- Following measured slow down of activity in April 2020 during COVID-19 pandemic, a re-establishment of credit appetites have been implemented with December and January volumes in line with prior year
- The AFG Securities proposition to brokers and their customers remains with fast turnaround times, consistent credit decisioning and importantly competitive products

Settlements

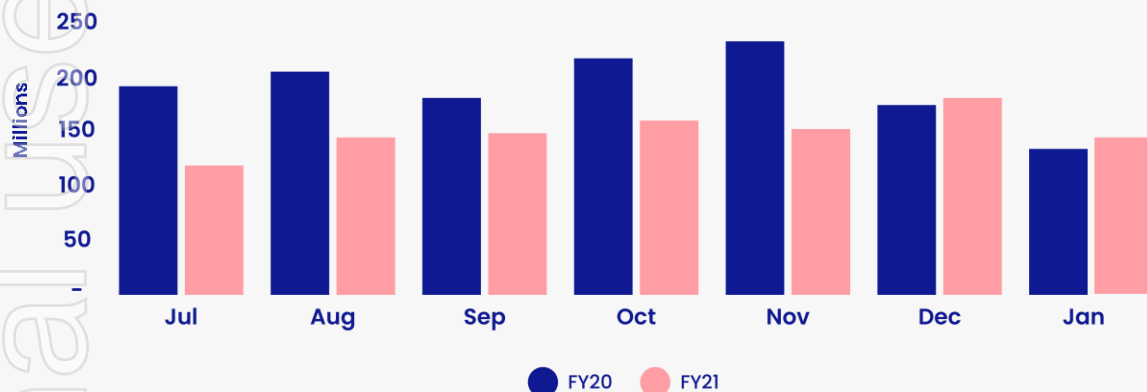


Loan Book



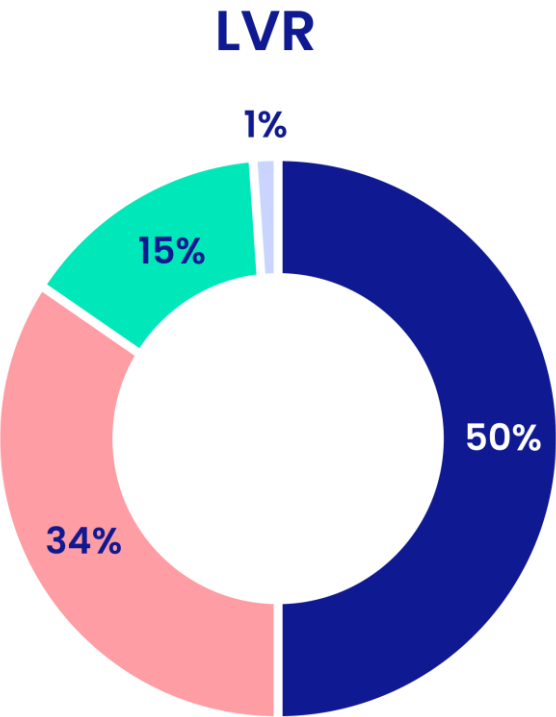
AFG Securities

AFG Securities Lodgements

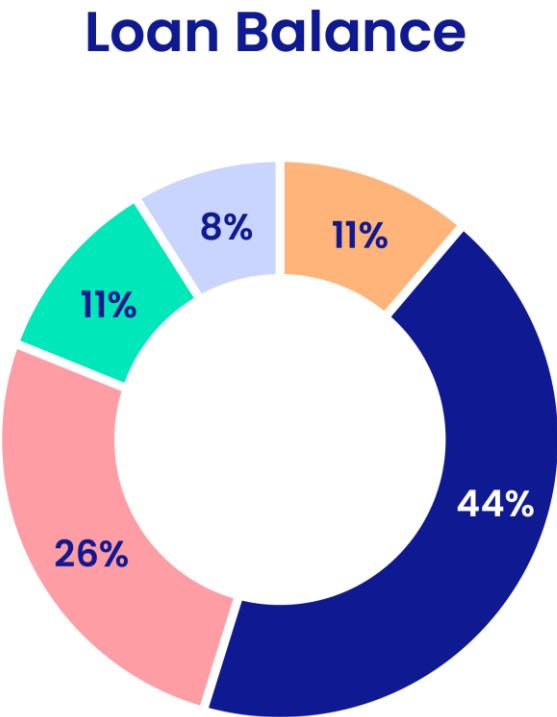


- In H1 FY21 the net interest margin included the benefit of an inverted BBSW rate lowering cost of funds compared to H1 FY20
- Successfully completed \$700 million term transaction in July 2020 as well as our first non-conforming transaction of \$500 million in October 2020
- AFG Securities lodgement volumes have steadily increased to historic volumes. February volumes are on track to be in line with prior year
- Maintaining warehouse capacity to cater for future organic growth
- Total subordination of \$32 million at 31 December 2020. While requirements may increase in the short term with book growth, AFG remains well capitalised
- Arrears performance continues to be excellent
- Borrowers receiving some form of COVID-19 support reduced to 0.59% as at 23 February
- 50% of the book has an LVR <70%, with prime loans greater than 80% LVR covered by LMI
- National house prices remain strong across most markets

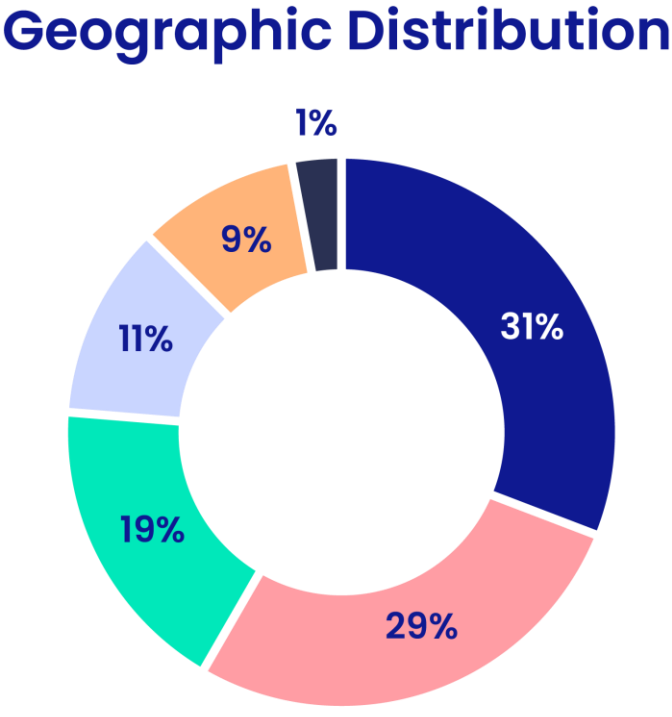
AFG Securities



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



- <\$250K
- \$250-500K
- \$500-750K
- \$750-1M
- >\$1M

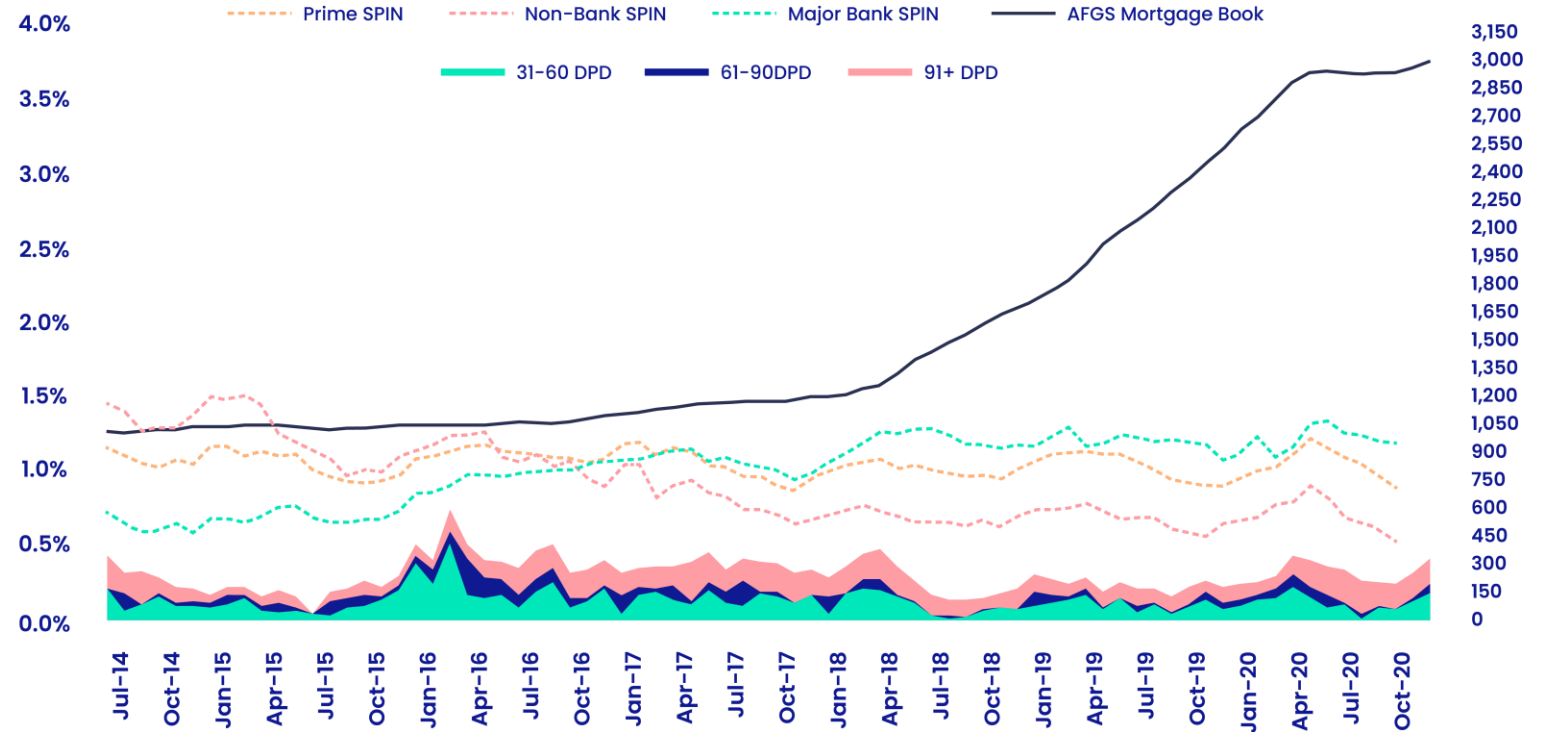


- VIC
- NSW
- QLD
- WA
- SA
- Other

OPERATIONAL

AFG Securities

- At 31 December 2020 in a book of 7,833 loans, there were only 26 loans in arrears greater than 30 days. The low number continues to demonstrate the quality of the book
- No losses incurred on non-LMI insured loans
- Majority of the loans in COVID-19 hardship have now returned to either part or full payments. Loans in COVID-19 hardship has reduced to 0.02% or 2 loans as at 23 February, with a further 37 loans or 0.57% on interest only payments



Package	Description	% loan portfolio as at				23 Feb by Warehouse	
		7 May	31 Jul	31 Dec	23 Feb	1	2
COVID-19 hardship COVID-19 arrangement COVID-19 arrangement other	Deferral of principal and interest	4.98%	2.49%	0.22%	0.02%	0.11%	-
	Change repayment type to interest only for a period	4.30%	3.65%	1.14%	0.57%	0.37%	0.91%
	Reduced payments or arrangement to draw on advance prepayments	0.28%	0.11%	-	-	-	-
	Total	9.56%	6.25%	1.36%	0.59%	0.48%	0.91%

Thinktank



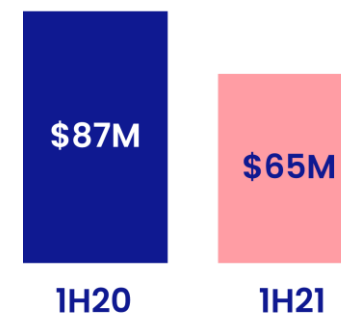
White label - AFG Commercial powered by Thinktank

- Settlements have decreased 25% to \$65 million in H1 FY21 on a softer broader commercial market
- Lending to the SME segment has been impacted by COVID-19 lockdown periods. While there are signs of improvement, some continued short term impact is expected

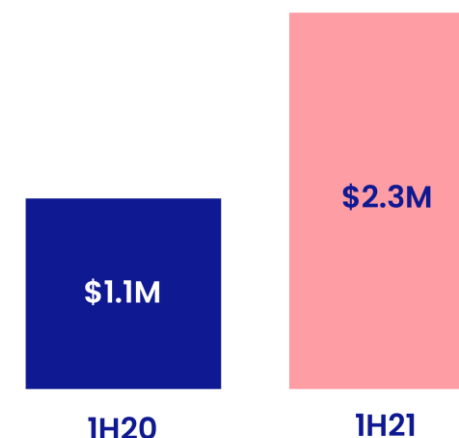
Equity investment in Thinktank (33%)

- Profit contribution from the investment increased 102% to \$2.3 million in H1 FY21
- The continued inverted BBSW results contributing to lower cost of funds

Settlements

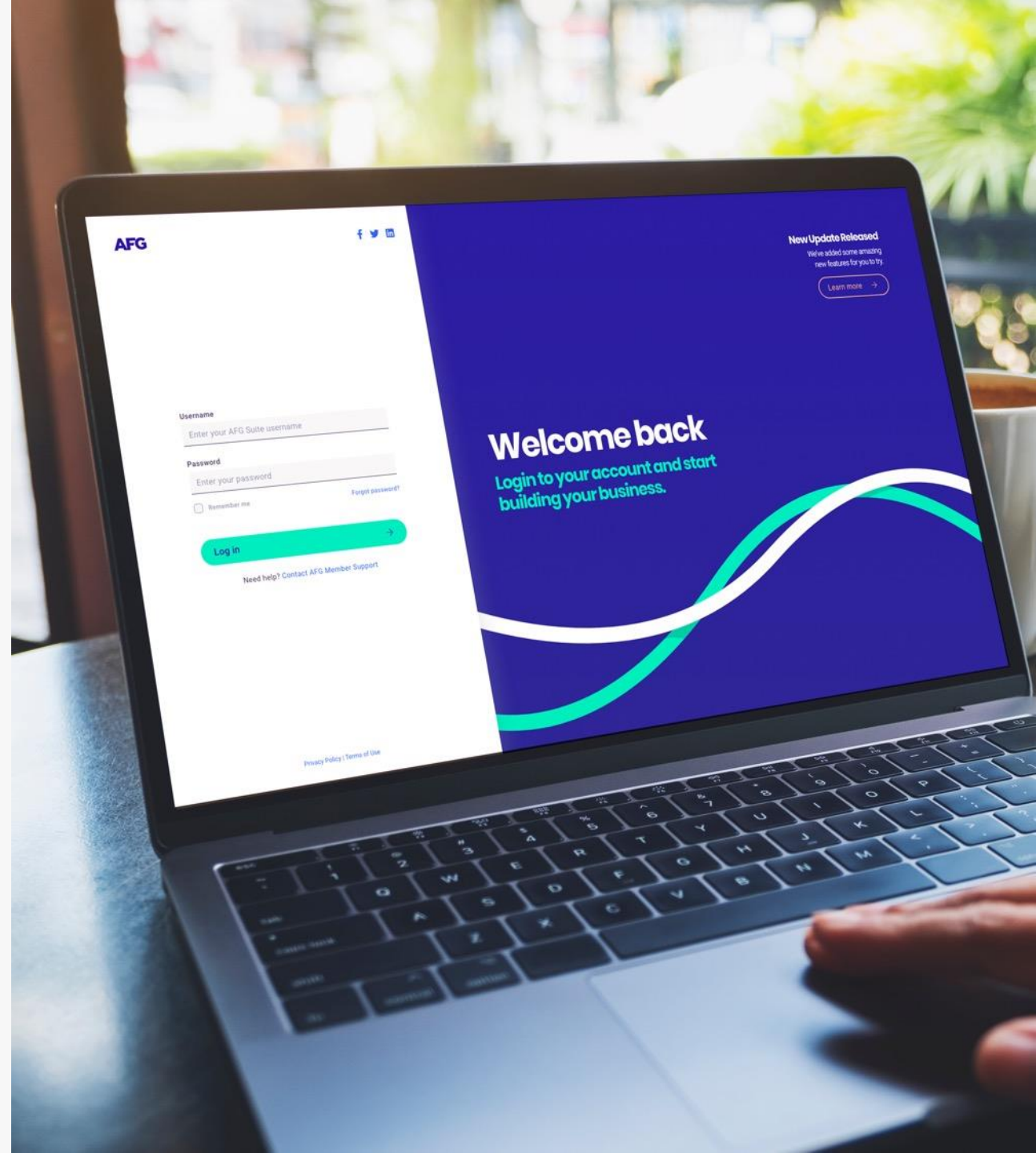


Equity Investment Contribution to Earnings



Continued Investment in Technology

- AFG has completed our underlying customer facing technology refresh and launched Customer360 in Q2 FY21. Customer360 is an industry-leading customer fact-find tool for brokers and customers
- CRM, our new broker portal will be launched as part of the new look Suite360 (our full broker technology suite) and is on-track to onboard the first brokers in Q4 FY21
- A full broker experience program will compliment the rollout including broker training & onboarding and data migration



AFG Business



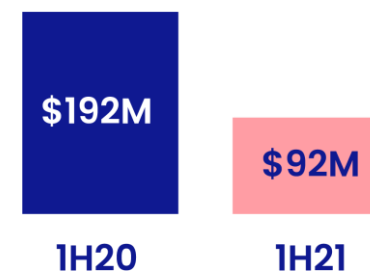
- Investment and lending to the SME segment has softened during the pandemic and likely to continue to be impacted in the short term
- Settlements across the platform down 52% to \$92 million in H1 FY21
- AFG Business targets brokers that focus on residential mortgages, who are currently experiencing record residential volumes leaving less time to concentrate on ancillary services
- AFG Business platform to be further integrated with CRM



32

**lenders on the panel.
Mortgages, short term,
trade receivable and
asset finance products**

Settlements



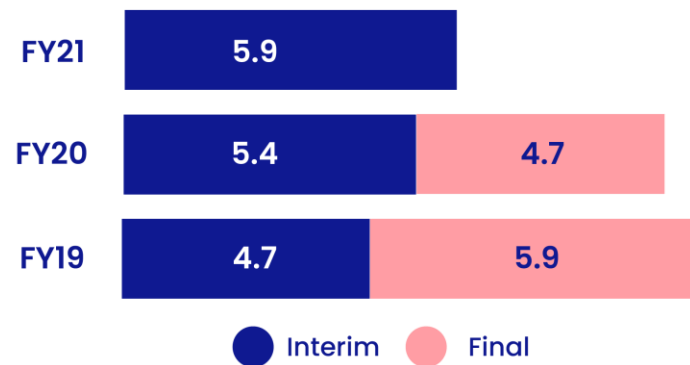
Summary Cash Flow

AFG maintains a capital light business model with strong cash flow generation. Well placed for future organic or inorganic opportunities. This business model has driven an interim dividend of 5.9 cents per share

	1H21 \$000's	1H20 \$000's
Cash flows from Operating activities		
Cash receipts from customers	288,911	253,629
Cash paid to suppliers and employees	(277,324)	(246,794)
Interest received	49,757	44,368
Interest paid	(23,661)	(27,150)
Income taxes paid	(11,895)	(7,187)
Net cash from operating activities	25,788	16,866
Cash flows from investing activities	(58,289)	(441,413)
Net cash from financing activities	62,098	444,365
Net increase in cash and cash equivalents	29,597	19,818
Cash and cash equivalents at the beginning of period	161,528	96,818
Cash and cash equivalents at the end of the period	191,125	116,636
Cash reconciliation	Dec-20	Dec-19
Un-restricted net cash	116,656	50,412
Restricted cash (Securities)	74,469	66,224
Total cash	191,125	116,636

- Net cash flows from operating activities are up 53% on H1 FY20 on the back of annuity style cash flows from historical trail books and positive working capital movement
- AFG Securities loan book of \$2.9 billion, growing 18% and generating ongoing cash flows, representing an established earnings platform for future years
- Lower cash from investing activities with slower AFG Securities book growth in this half compared to H1 FY20
- Cash flow from net interest on the AFG Securities book up 52% to \$26.1 million. This includes lower cost of funds from inverted BBSW
- Includes investment in technology during H1 FY21

Ordinary Dividends (cents per share)



Summary Balance Sheet

		Dec 2020 \$'000's	Dec 2019 \$'000's
Assets	Note		
Cash	1	191,125	116,636
Receivables		4,692	6,668
Contract Assets	2	1,005,824	927,644
Loans and advances	3	2,972,881	2,514,331
Right of use Asset		5,589	7,098
Investment in associate	4	23,046	15,868
Property, plant and equipment		580	659
Intangible assets	5	5,807	2,141
Total assets		4,209,544	3,591,045
Liabilities			
Trade and Other payables	6	994,551	911,732
Interest bearing liabilities	3	2,990,745	2,531,745
Employee benefits		4,575	4,347
Lease liability		5,911	7,223
Provisions		3,032	2,989
Deferred tax liability		19,813	21,992
Total liabilities		4,018,627	3,480,028
Net assets		190,917	111,017
Equity			
Share capital		102,157	43,541
Reserves		2,949	2,100
Retained earnings		85,811	65,376
Total equity		190,917	111,017

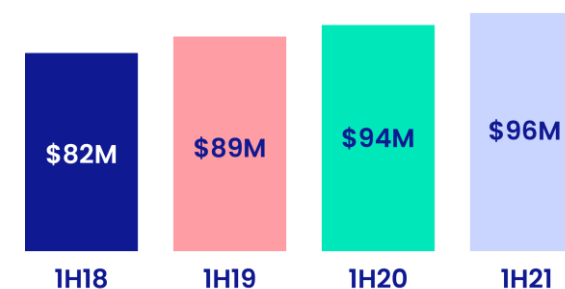
AFG maintains a strong, debt-free balance sheet with unrestricted cash, trail book assets, financial assets and sub-ordinated capital totaling \$267 million

Well positioned to undertake future strategic growth investment for both organic and inorganic opportunities

Notes:

1. Includes restricted cash of \$74.5 million (\$53.4 million at Jun 2020)
2. Trail book accounting including Residential, AFG Home Loans and Commercial trail books. Total net asset is now \$96 million
3. AFG Securities programme
4. Investment in Thinktank and Mortgage Advice Bureau
5. Investment in technology
6. Includes trail book accounting liability and general trade creditors and accruals

NPV of Trail Book (Net Asset)



Impact of Trail Book Accounting

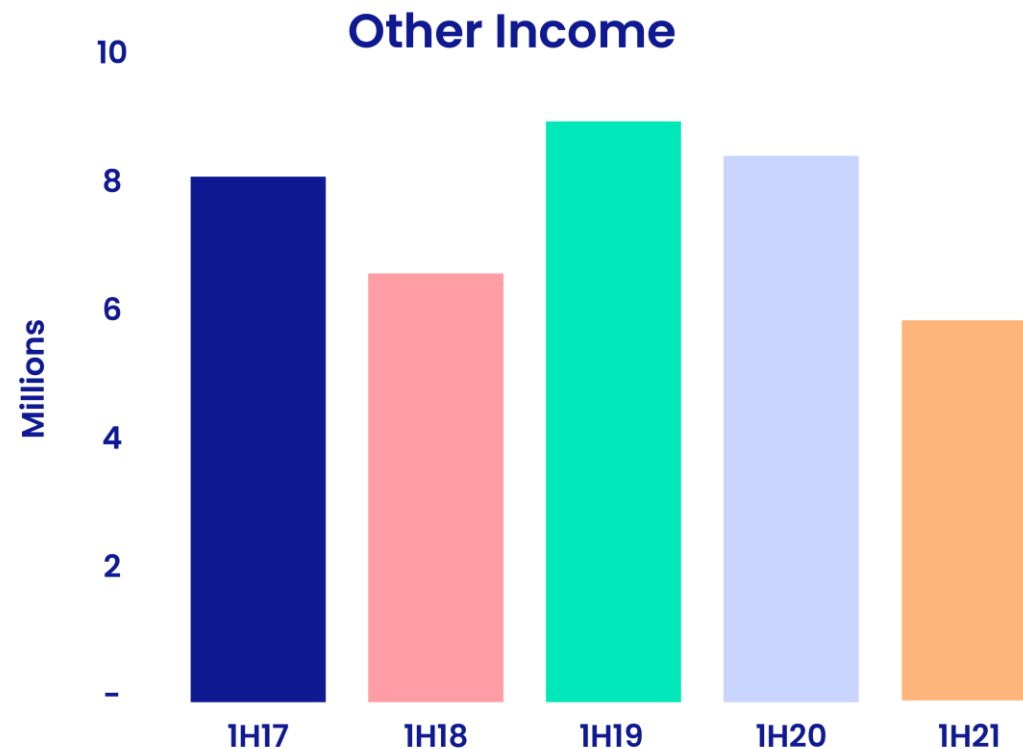
	1H21 \$000's		1H20 \$000's	
Statutory	Operating Income	Profit After Tax	Operating Income	Profit After Tax
Underlying results from continuing operations	330,703	24,880	296,988	17,670
Change in the present value of contract asset and trailing commission payable	31,225	87	27,917	678
Results from continuing operations	361,928	24,967	324,905	18,348
Key assumptions	Dec 2020 \$000's		Dec 2019 \$000's	
Average loan life	Between 3.1 and 5.0 years		Between 3.1 and 5.1 years	
Discount rate per annum ¹	Between 4% and 13.5%		Between 5% and 13.5%	
Percentage paid to members ²	Between 85% and 94%		Between 85% and 94%	

Underlying profit 41% above H1 FY20 excluding change in value of future trailing commissions

1. Discount rates once set are not adjusted during the life of the loan. The spread in discount rate captures loans settled in previous financial years as well as the current financial year
2. The percentage paid to brokers is fixed by the terms of their respective agreement with the Group. As a consequence, management does not expect changes to the percentage paid to brokers to be reasonably possible

Other Income

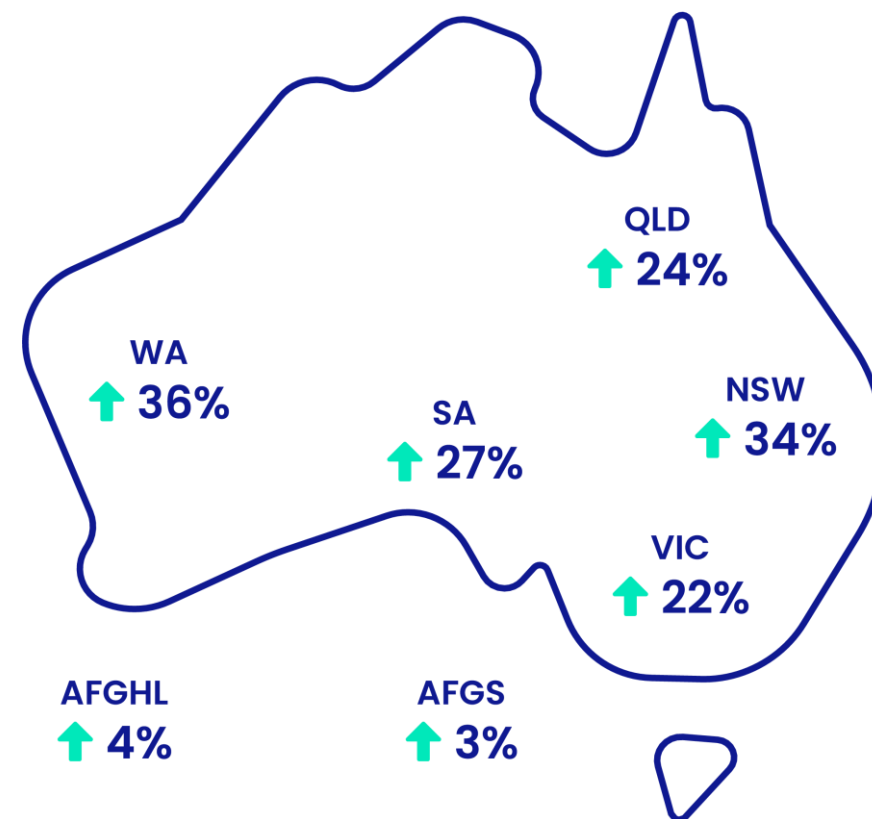
- Service fees have increased 8% in H1 FY21 including broker services such as compliance, PI and marketing services
- Sponsorship and conferencing activity was particularly high in H1 FY19 and H1 FY20 due to timing
- H1 FY17 included Volume Bonus Income of \$1.6 million which have since been removed from the industry



January 2021 Trading

- Residential lodgements up 28% on January 2020 overall to \$4.8 billion with settlements of \$3.7 billion
- AFG Home Loans lodgements up 4% on January 2020
- AFG Securities lodgements were 3% higher than January 2020 while settlements were 34% below on a comparatively softer pipeline
- Positive growth in Residential volumes in all states
- Despite various state lockdown periods, brokers around the country have maintained high levels of activity and are the preferred channel to access home loans

Comparison of January Lodgements



January 2021 change on January 2020

In Conclusion



Positive result in H1 FY21 with 41% growth in Underlying NPAT demonstrating the ongoing success of the earnings diversification strategy and the broker channel increasingly being the preferred means for Australian consumers to access home loans products



The Residential mortgage sector has performed strongly during the COVID-19 pandemic, with Government initiatives assisting the market including first home buyers to drive record lodgement volumes



Whilst the timing and impact of the withdrawal of these Government initiatives and the extent that demand has been dragged forward is unclear, we remain positive about the outlook for the industry and the willingness of the Government to respond further if necessary



Following initial uncertainty in the funding market, AFG is now well positioned to continue to expand. AFG Securities continues to grow the loan book, representing a stable earnings platform for future years



AFG is delivering a technology refresh to assist brokers effectively and efficiently deliver competition and choice to customers



Industry advocacy remains important as the broker channel is systematically important to competition in residential lending. Continuing to advocate for valuable regulation and compliance to support borrowers and maintain competition



With a well capitalised and strong balance sheet, a considered approach to lending and balance sheet protection will continue. AFG is well positioned in the industry with the ability to adapt to uncertain and changing market conditions

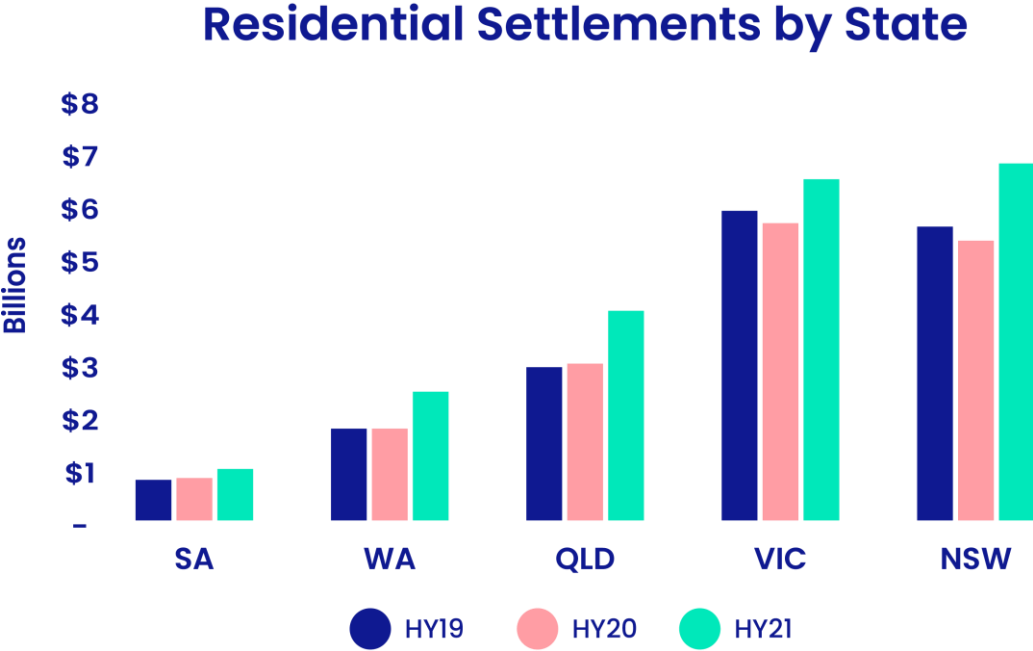
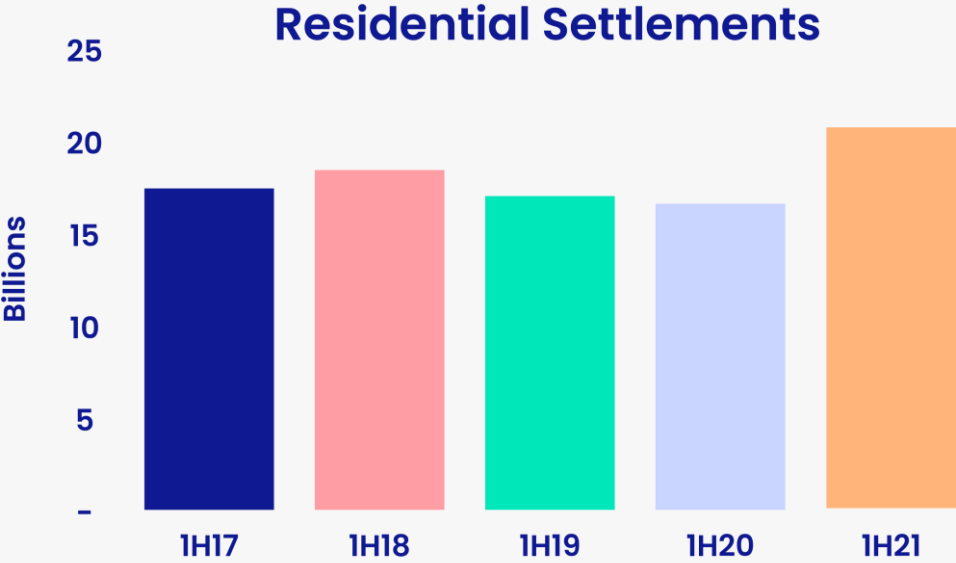
HALF YEAR RESULTS

Q&A
Thank you

HALF YEAR RESULTS

Appendices

Residential Settlements

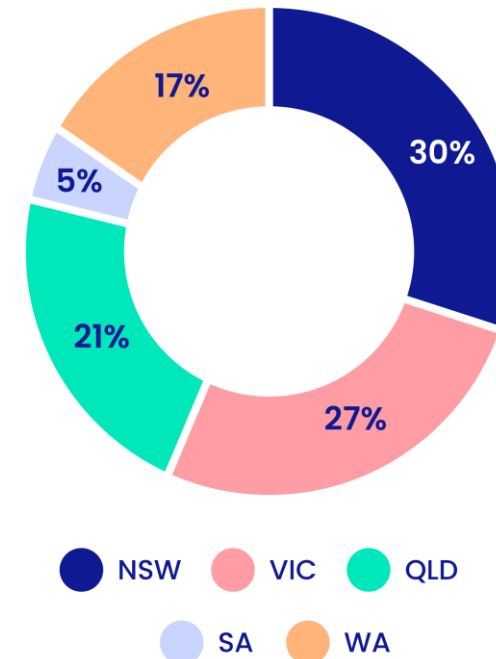


Residential Portfolio – December 2020

Residential Portfolio by State



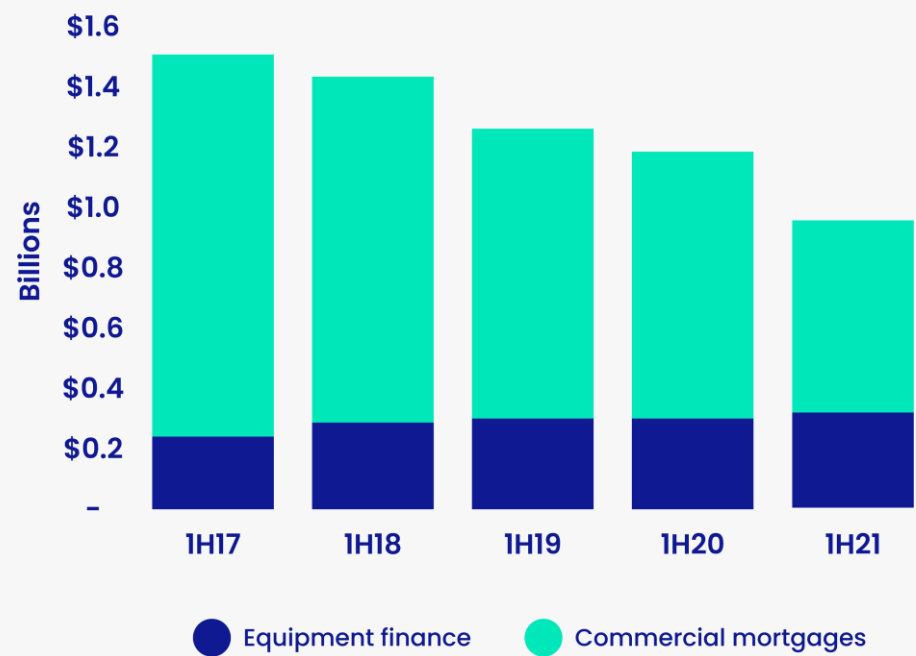
Residential Loan Book Location



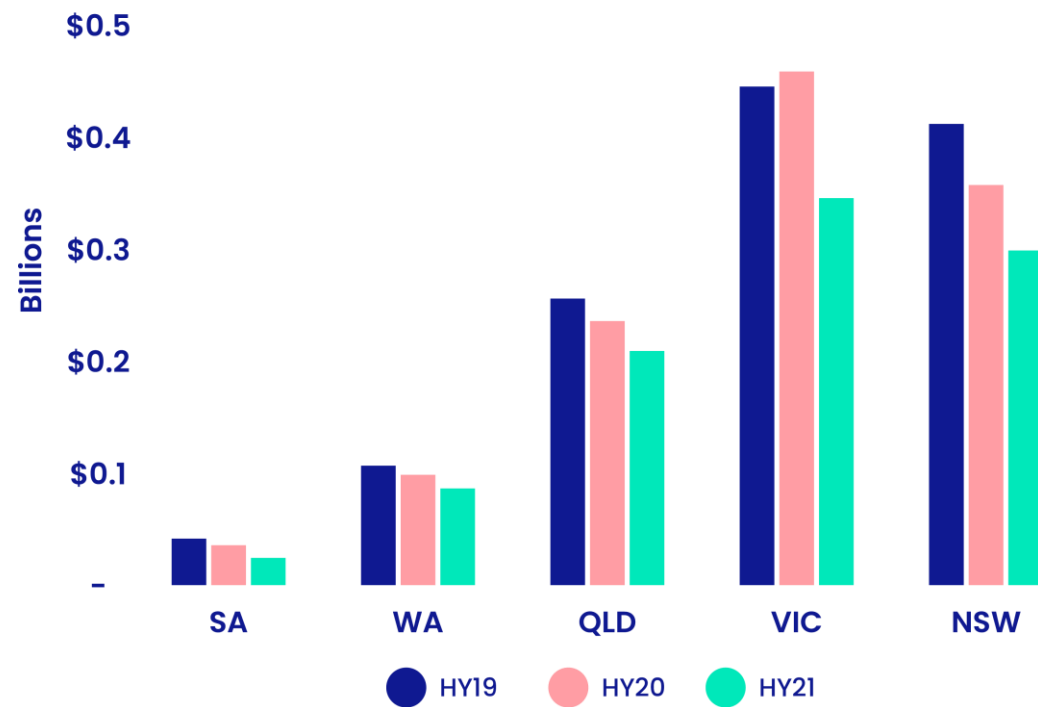
As at 31 December 2020

Commercial and Asset Finance Aggregation Settlements

Commercial and EF Settlements

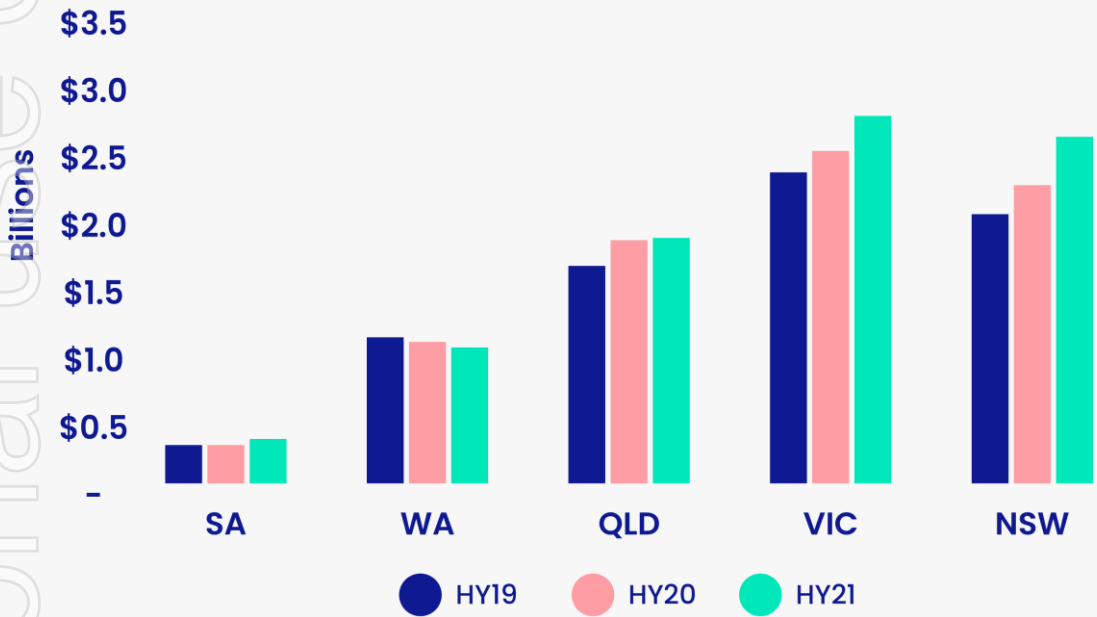


Commercial Settlements by State

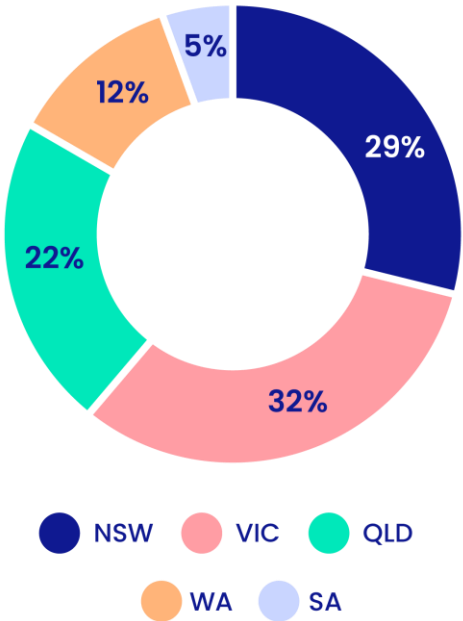


Commercial Portfolio – December 2020

Commercial Portfolio by State

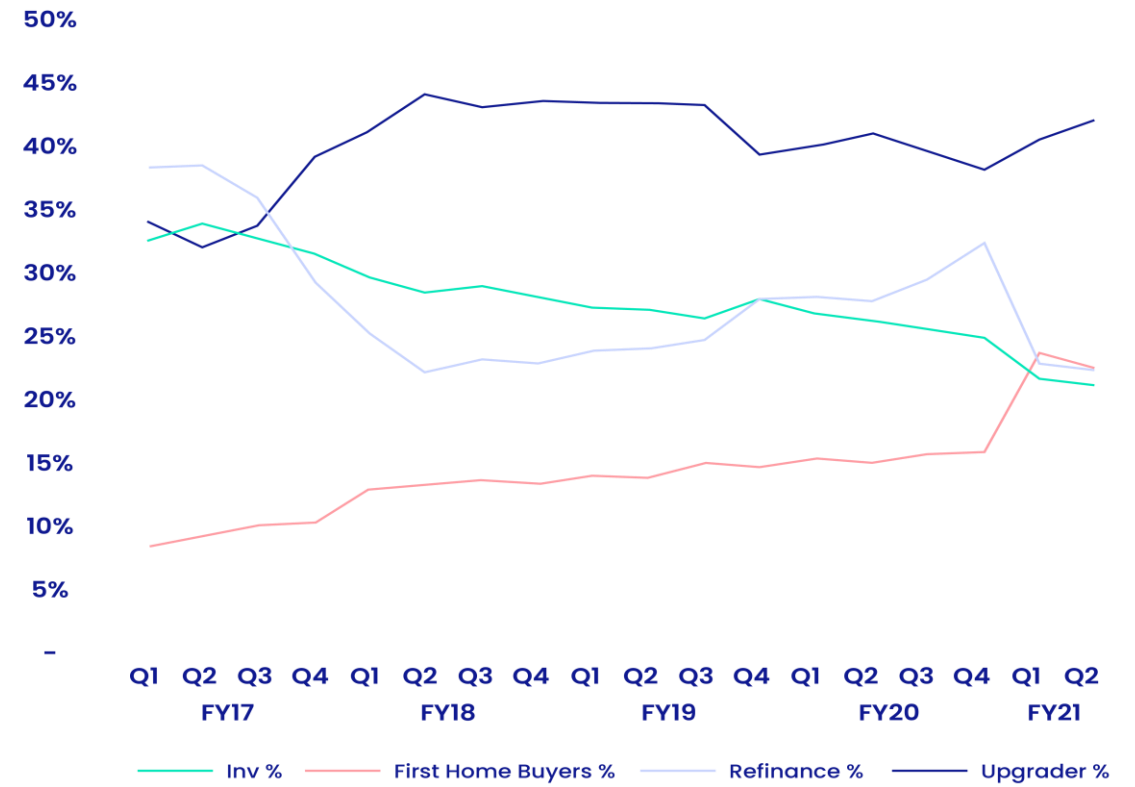


Commercial Loan Book Location



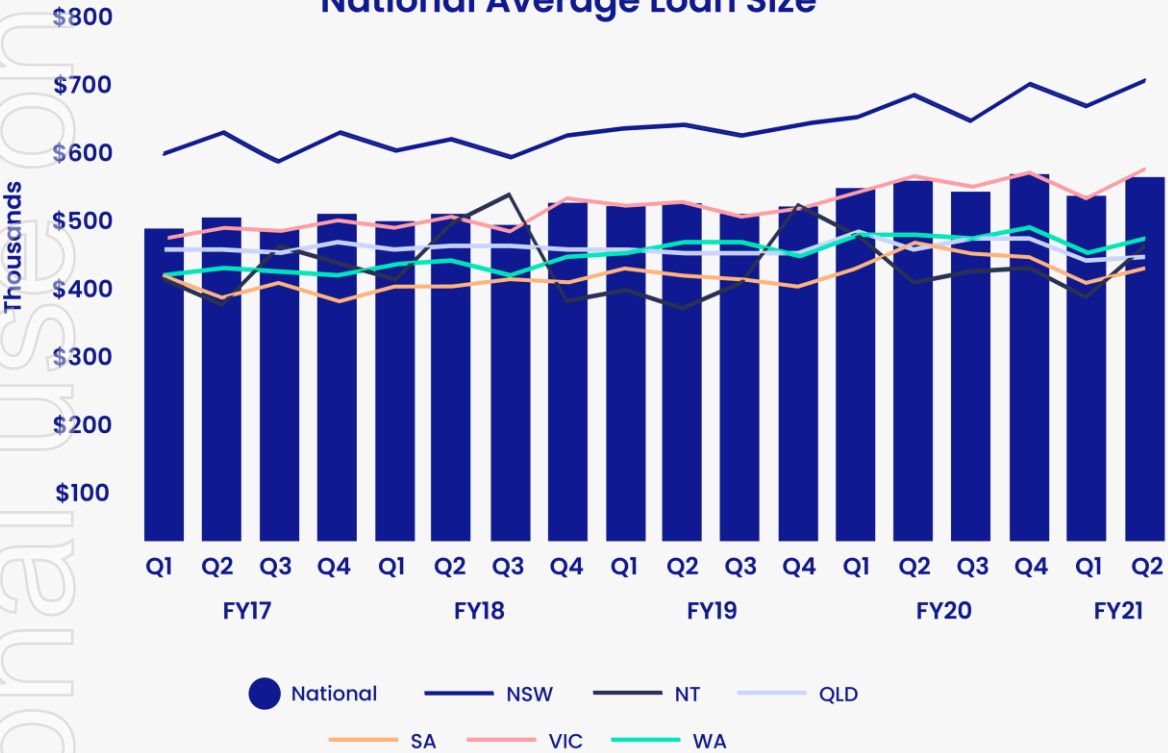
As at 31 December 2020

Types of Lodgements

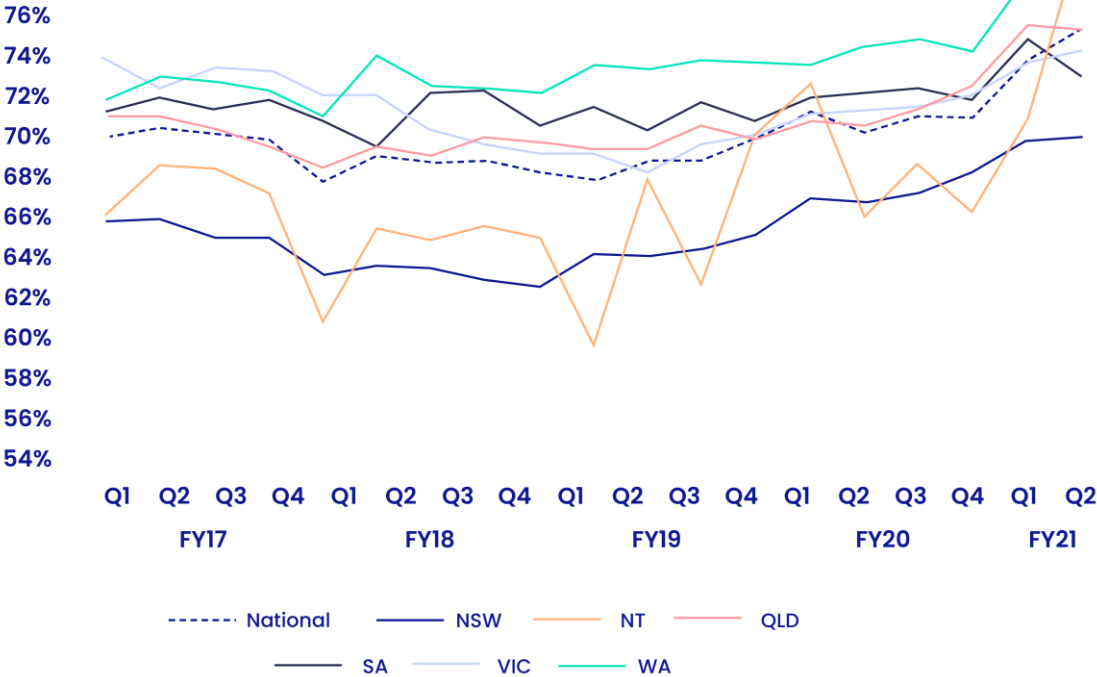


Lending Activity

National Average Loan Size

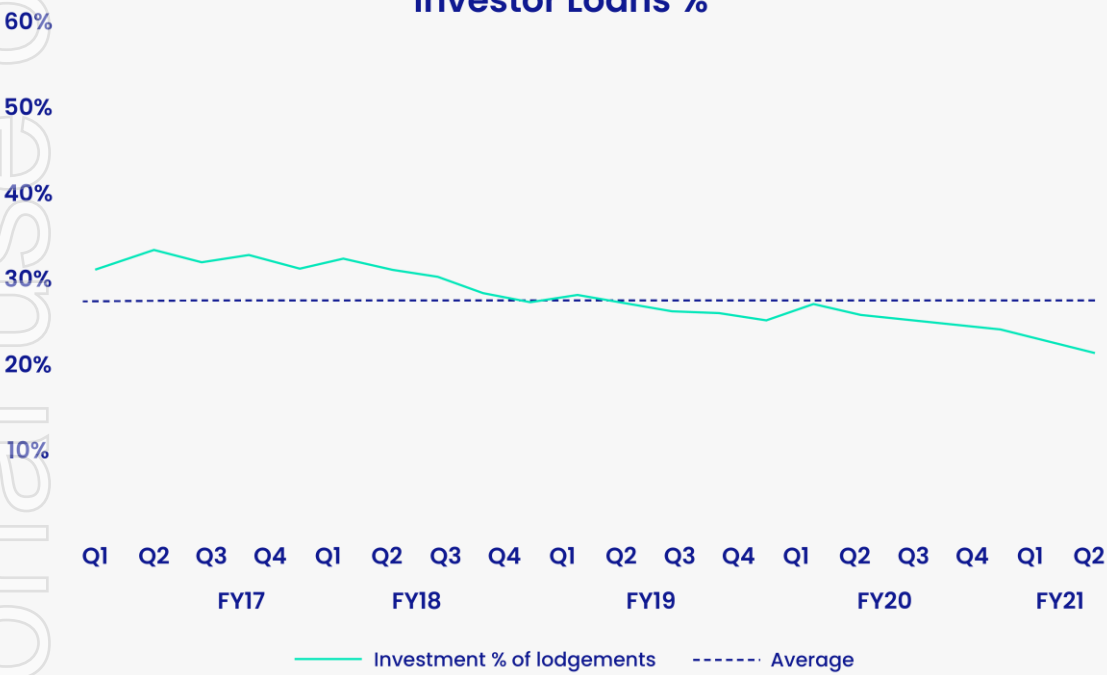


National Loan to Value Ratio

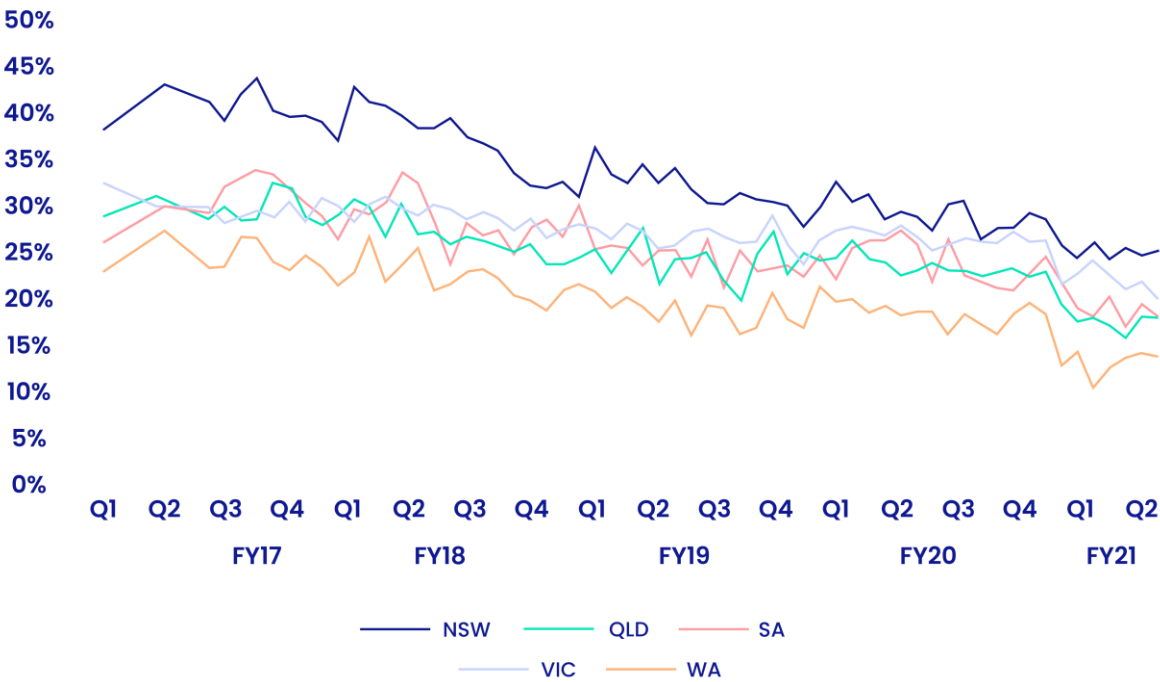


Investor Loans

Investor Loans %

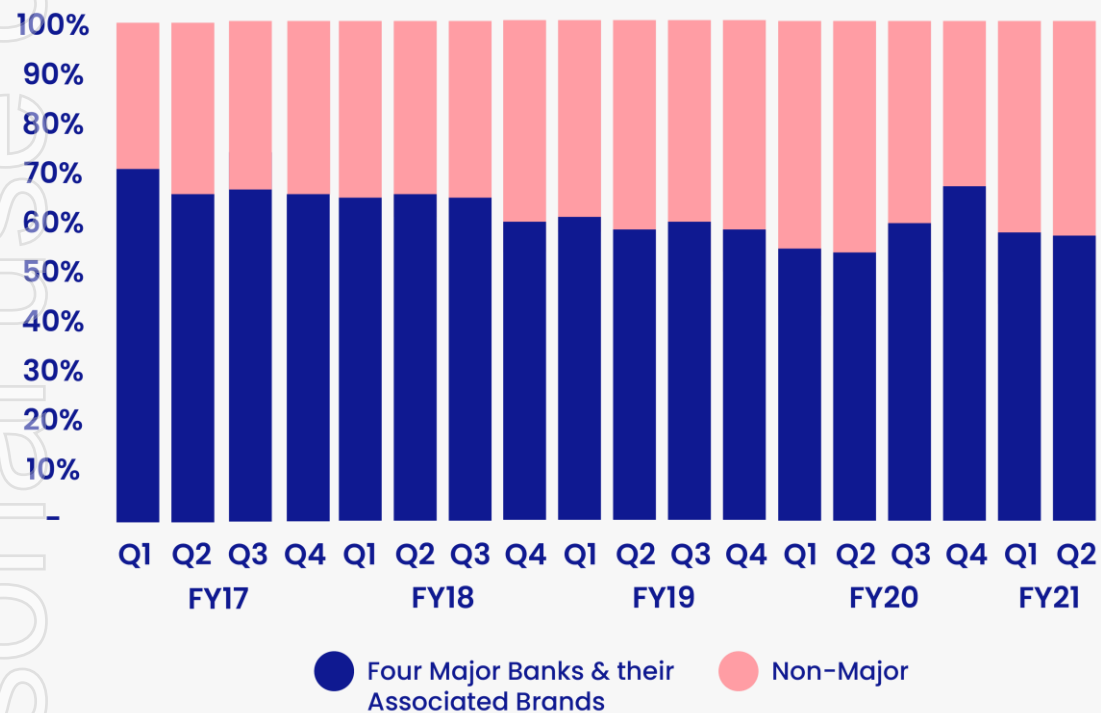


Investor Loans % per State

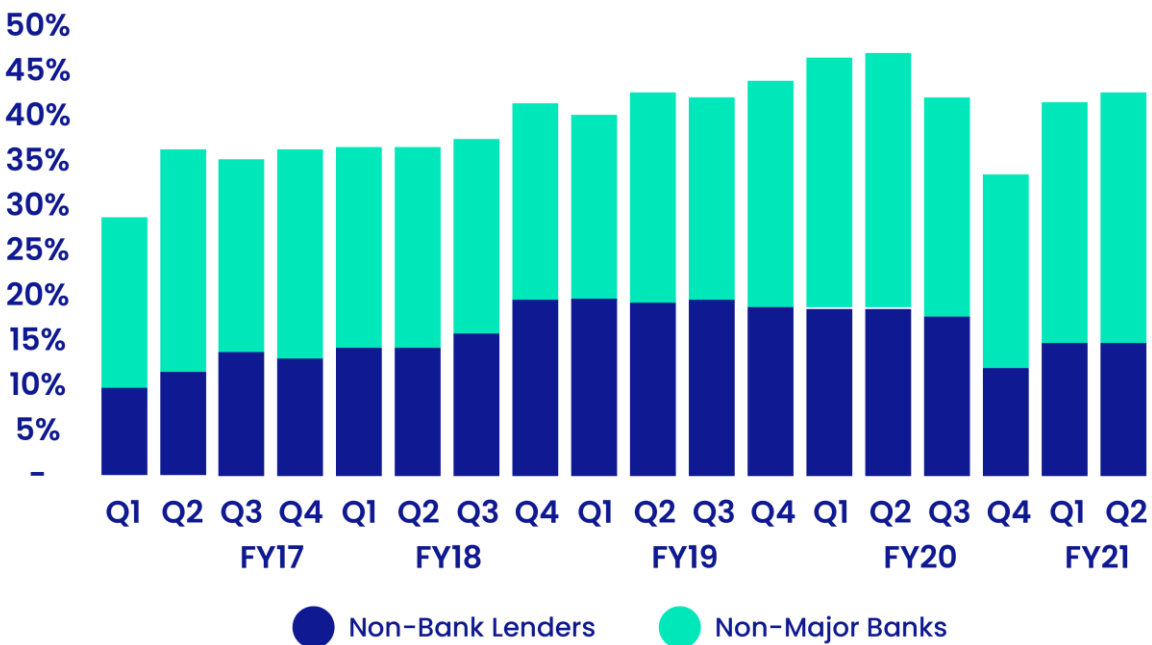


Lending Activity

Four Major Banks & their Associated Brands vs Non-Major

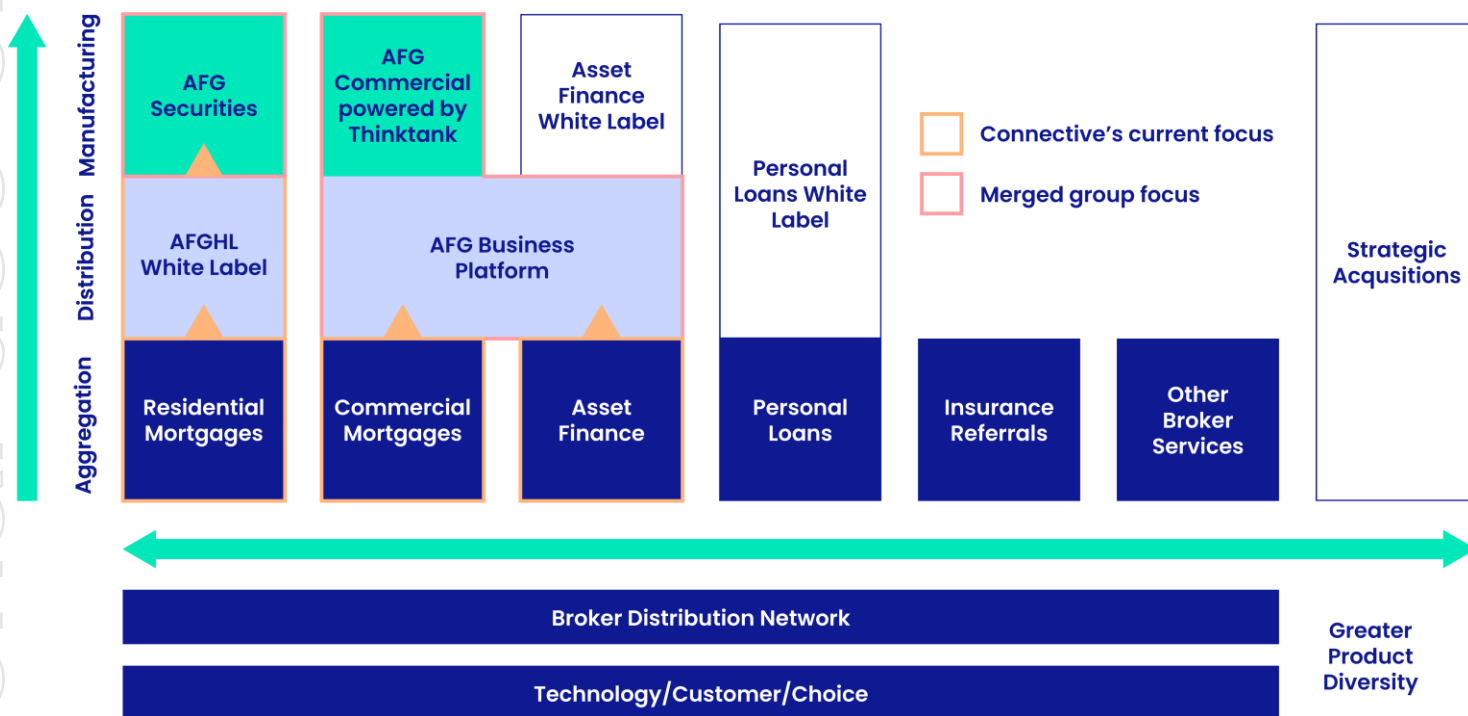


Non-Major market share



Diverse platform continues to support AFG's earnings growth

Majority of profit now generated from outside traditional aggregation
Diverse, stable platform for future growth



Strengths of the business model:

- Strong distribution network: 2,975+ brokers across Australia offering 4,750+ products
- Product diversity through Residential, Commercial and other financial products allowing the ability to adapt to changing market conditions
- Growing earnings capacity by reaching further into Distribution and Manufacturing margins through AFG Home Loans, AFG Securities, AFG Business and investment in Thinktank
- Investing in technology to support brokers and customers
- Continued focus on further strategic organic or inorganic opportunities
- Strong balance sheet, no debt and capital light business model

Summary P&L

	1H21 \$000's	1H20 \$000's
Commissions	281,585	250,971
Interest on trail commission income receivable	29,157	28,156
Mortgage management services	90	140
Customer transaction fees	1,338	1,270
Securitisation interest income	49,758	44,368
Total Revenue	361,928	324,905
Securitisation interest expense	(23,661)	(27,150)
Interest on trail commission payable	(26,327)	(25,195)
Other cost of sales	(262,254)	(229,744)
Gross Profit	49,686	42,816
Other income	6,327	8,595
Administration expenses	(3,309)	(2,708)
Other expenses	(19,658)	(23,028)
Depreciation and amortisation	(992)	(1,320)
Result from operating activities	32,054	24,355
Finance income	498	775
Finance expense	(111)	(191)
Net finance income	387	584
Share of profit of an associate	2,312	1,148
Profit before tax	34,753	26,087
Income tax expense	(9,786)	(7,739)
Net Profit after tax related to HY	24,967	18,348

Consolidated Income Statement

	1H21 \$000's	1H20 \$000's
Continuing Operations		
Commission and other income	312,170	280,537
Securitisation interest income	49,758	44,368
Operating income	361,928	324,905
Commission and other cost of sales	(288,581)	(254,939)
Securitisation interest expense	(23,661)	(27,150)
Gross profit	49,686	42,816
Other income	6,327	8,595
Administration expenses	(3,309)	(2,708)
Other expenses	(20,650)	(24,348)
Results from operating activities	32,054	24,355
Finance income	498	775
Finance expenses	(111)	(191)
Share of profit from associate	2,312	1,148
Net finance income	2,699	1,732
Profit before tax from continuing operations	34,753	26,087
Income tax expense	(9,786)	(7,739)
Profit for the period	24,967	18,348

	1H21 \$000's	1H20 \$000's
Profit attributable to:		
Equity holders of the Company	24,967	18,348
Non-controlling interests	-	-
Profit for the period	24,967	18,348
Total comprehensive income for the period attributable to:		
Equity holders of the Company	24,967	18,348
Non-controlling interests	-	-
Total comprehensive income for the period	24,967	18,348
Earnings per share		
Basic earnings per share (cents per share)	9.30	8.52
Diluted earnings per share (cents per share)	9.19	8.42

Cash Flows

Cash reconciliation	Dec-20	Dec-19
Un-restricted net cash	116,656	50,412
Restricted cash (Securities)	74,469	66,224
Total cash	191,125	116,636

	1H21 \$000's	1H20 \$000's
Cash flows from operating activities		
Cash receipts from customers	288,911	253,629
Cash paid to suppliers and employees	(277,324)	(246,794)
Interest received	49,757	44,368
Interest paid	(23,661)	(27,150)
Income taxes paid	(11,895)	(7,187)
Net cash from operating activities	25,788	16,866
Cash flows from investing activities		
Interest received	636	776
Purchase of property, plant and equipment	(199)	(192)
Purchase of intangible assets	(2,630)	(1,445)
Investment in Thinktank	-	(379)
Investment in MAB	(3,700)	-
Decrease in other loans and advances	322	1,533
Loans and advances	(52,718)	(441,706)
Cash flows from investing activities	(58,289)	(441,413)
Cash flows from financing activities		
Proceeds from warehouse facility	(592,878)	119,350
Proceess from/(Repayments to) securitised funding facilities	668,472	338,624
Lease rental payment	(882)	(890)
Dividends Paid	(12,614)	(12,719)
Net cash from/(used in) financing activities	62,098	444,365
Net increase in cash and cash equivalents	29,597	19,818
Cash and cash equivalents at the beginning of the period	161,528	96,818
Cash and cash equivalents at the end of the period	191,125	116,636

Impact of Securitisation on SPVs on Balance Sheet

The proforma balance sheet shows the Group's balance sheet with the 'non-recourse' special purpose vehicles (SPVs) relating to the securitisation business and the balance sheet of the Group separately

Points to note:

1. The AFG business is debt free outside the non-recourse securitisation book within the special purpose vehicles
2. AFG's total subordinated notes subscribed of \$32 million reflects the total cash exposure to the securitisation business at 31 December 2020 (\$37.1 million at 30 June 2020). This includes growth in the loan book

	AFG SPV's	AFG ex SPV's	Re-classification	AFG Limited
Assets				
Cash	72,412	118,713	-	191,125
Receivables	-	4,692	-	4,692
Contract assets	-	1,005,824	-	1,005,824
Loans and advances	2,960,996	11,885	-	2,972,881
Right of use Asset	-	5,589	-	5,589
Investment in associate	-	23,046	-	23,046
Investment in subordinated notes	-	32,035	(32,035)	-
Property, plant and equipment	-	580	-	580
Intangible assets	-	5,807	-	5,807
Total assets	3,033,408	1,208,171	(32,035)	4,209,544
Liabilities				
Interest bearing liabilities	3,026,105	(3,325)	(32,035)	2,990,745
Trade and Other payables	5,786	988,765	-	994,551
Employee benefits	-	4,575	-	4,575
Lease liability	-	5,911	-	5,911
Provisions	-	3,032	-	3,032
Deferred tax liability	-	19,813	-	19,813
Total liabilities	3,031,891	1,018,771	(32,035)	4,018,627
Net assets	1,517	189,400	-	190,917

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