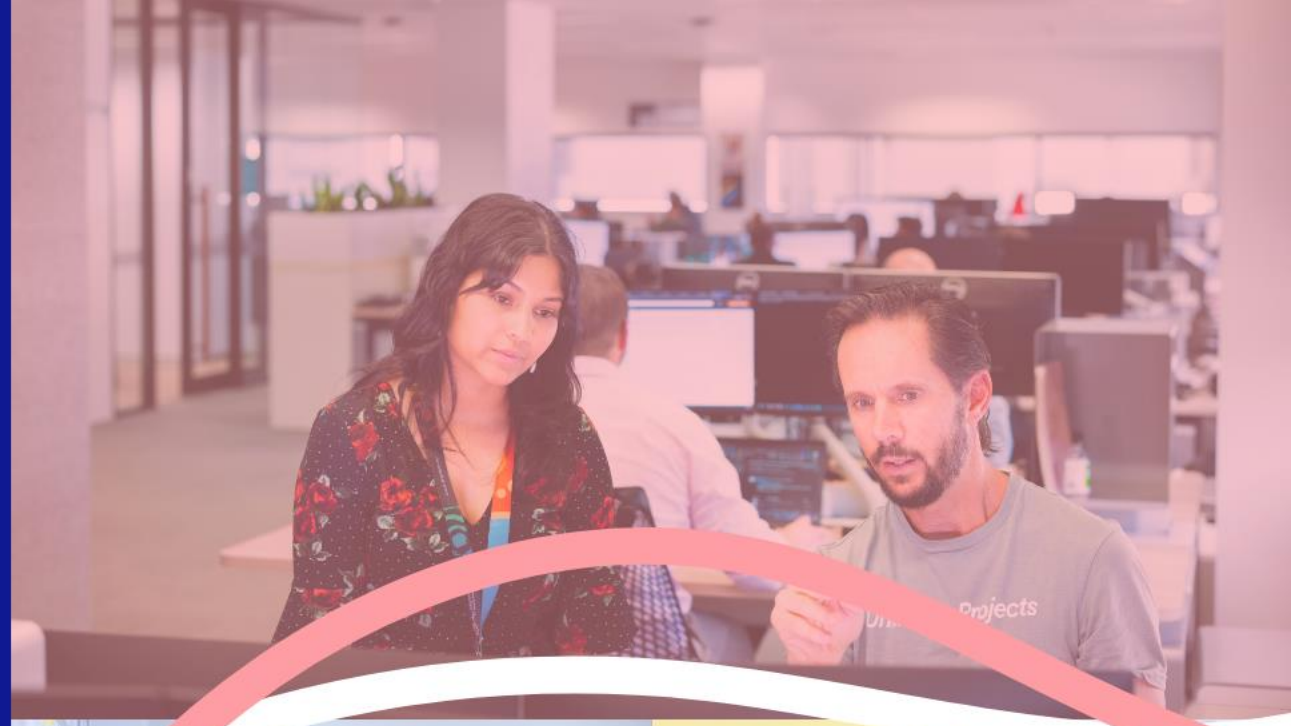
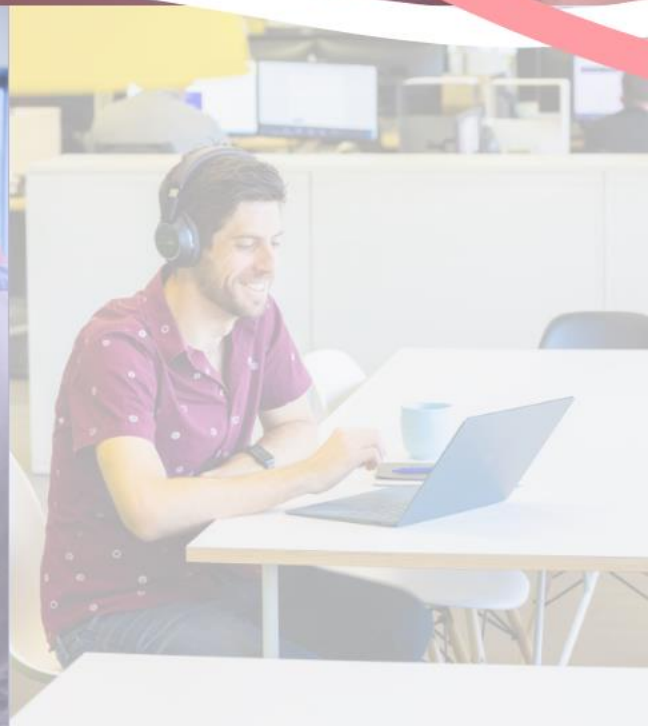
AFG

Half-Year Results Presentation

2022





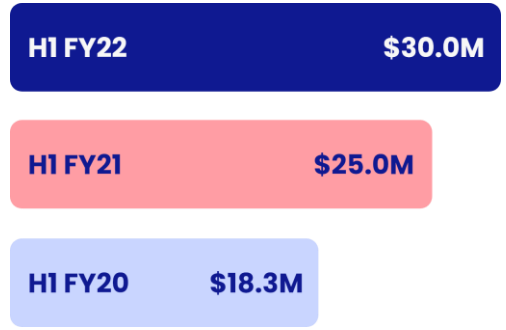
For personal use only

HY22 results

Diversified business model continuing to deliver growth in profitability and excellent shareholder returns

- Strong financial performance for the half with growing confidence for the balance of the financial year
- Excellent growth in our own branded products with a strong trend emerging of an increased proportion of higher margin products
- Acquisition of Fintelligence brings forward our opportunity to drive future margin enhancement in a new asset class
- Diversification strategy will drive organic growth. Acquisition opportunities will continue to be stringently assessed to ensure commensurate returns and the addition of real earnings value
- Mortgage brokers now the dominant channel at 67% market share. Customers value the competition, choice and convenience a broker provides. AFG is well placed to continue to capitalise on this trend
- Strong cash flow generating capability empowering the confidence to enhance historical dividend policy to a record interim dividend of 7.0 cents per share – an increase of 19% on HY21
- Both major political parties supportive of existing broker remuneration model
- AFG's growing digital ecosystem will significantly accelerate value creation, delivering value to our broker network, our lender partners, and our customers
- $630 million market cap and a strong balance sheet. $225m in net cash[1] and other financial assets

Reported NPAT up 20% to $30.0M



Interim dividend up 19% to 7.0 cents per share

1. *Includes $84m unrestricted cash and $52m debt facility*

personal use only

ersonal use only

HIGHLIGHTS

HY22 results

Compared to HY21

Delivering excellent growth across the business

1 in 10

Australian residential mortgages are arranged by an AFG broker

Residential settlements up **47%** to

$30.8B

Trail book up **9%** to

$173.8B

AFG Home Loans settlements up **90%** to

$2.8B

Trail book up **14%** to

$12.18B

AFG Securities settlements up **192%** to

$1.3B

Closing book up **36%** to

$4.03B

Commercial settlements up **83%** to

$1.8B

Trail book up **14%** to

$9.95B

AFG Broker numbers increased to

3,050+

Including Fintelligence and non-Residential brokers

3,525+

For personal use only

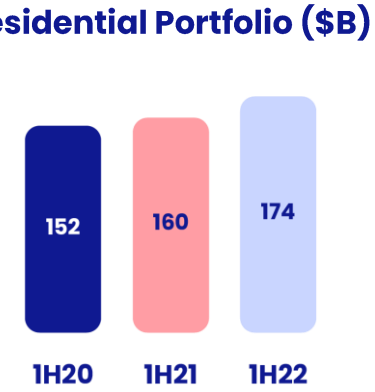
AFG

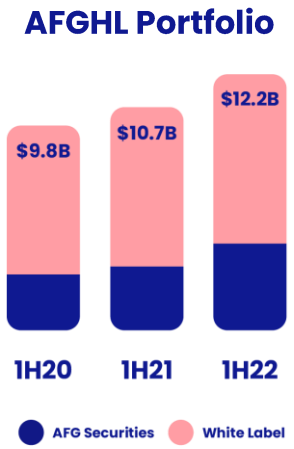
HALF YEAR RESULTS

Operating Update

Settlements / Loan Books

Settlements	1H22 $000's	1H21 $000's	
Residential	30,773,638	20,915,896	47%
AFGHL	2,798,428	1,474,237	90%
White Label[1]	1,496,353	1,028,183	46%
AFG Securities[1]	1,302,176	446,053	192%
Commercial	1,771,327	966,562	83%
AFG Business	145,980	91,838	59%
Thinktank	127,073	65,458	94%
Leasing and Asset finance	420,864	310,962	35%
Fintelligence	513,441	-	
Loan Book	**1H22**	**1H21**	
Residential	173,785,739	160,014,400	9%
AFGHL	12,176,158	10,675,124	14%
White Label[1]	8,147,725	7,710,331	6%
AFG Securities[1]	4,028,433	2,964,794	36%
Commercial	9,952,816	8,721,209	14%





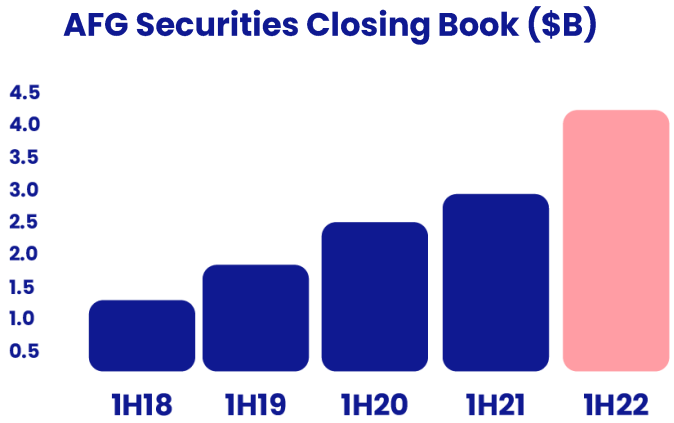
- Residential settlements up 47% to $30.8 billion. Increasing activity in the investor market and customers upgrading or refinancing are supporting this growth
- AFG Securities continues to accelerate, with a loan book of over $4 billion at December 2021, up 36% on December 2020
- AFG Securities settlements increased by 192% to $1.3 billion
- AFG Home Loans white label products up 46%
- Commercial and AFG Business volumes were up 83% and 59% respectively as the confidence in this sector returns
- Thinktank volumes increased 94% to $127 million

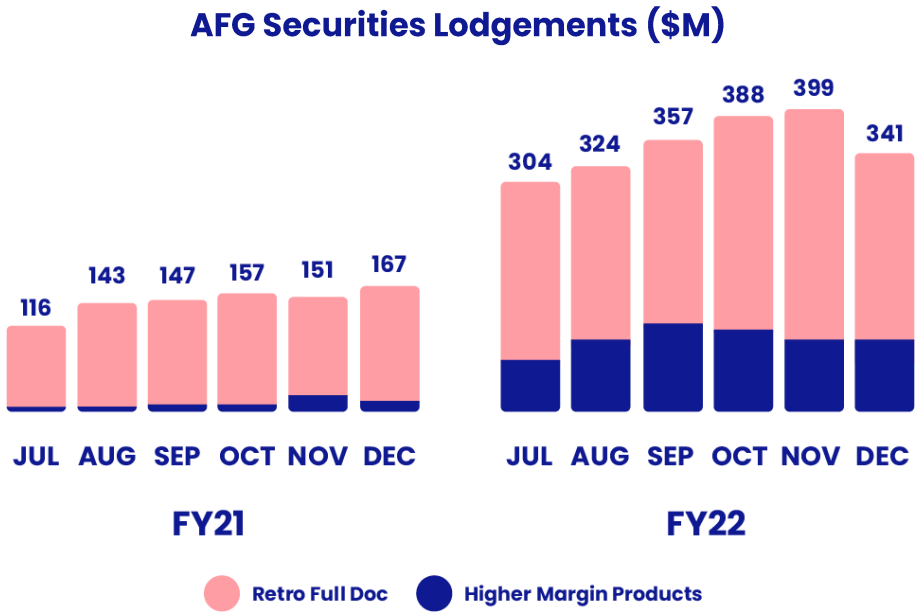
1. Is a subset of AFGHL

personal use only

AFG Securities Update

- Record lodgements in November 2021 of $399 million
- Continued focus on higher margin products (Link, Retro Lite and SMSF) providing some protection for NIM
    - Products have a gross margin approximately 40bps higher than a prime Retro full doc loan
- Notwithstanding higher run-off rates industry wide, growth in AFG Securities well above system
- Recently executed third warehouse with a two-year tenure
- Largest warehouse extended to December 2022, providing certainty of funding
- Recent settlement of our second non-conforming term deal ($450 million) reflects acceptance by the market of our mortgage assets
- Key driver of earnings with ongoing growth being demonstrated



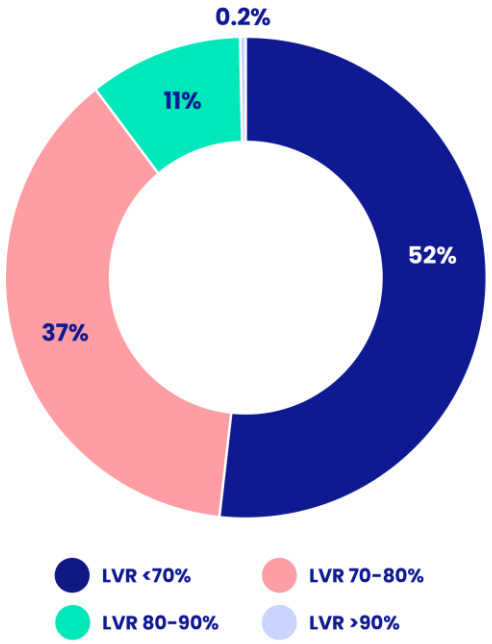


personal use only

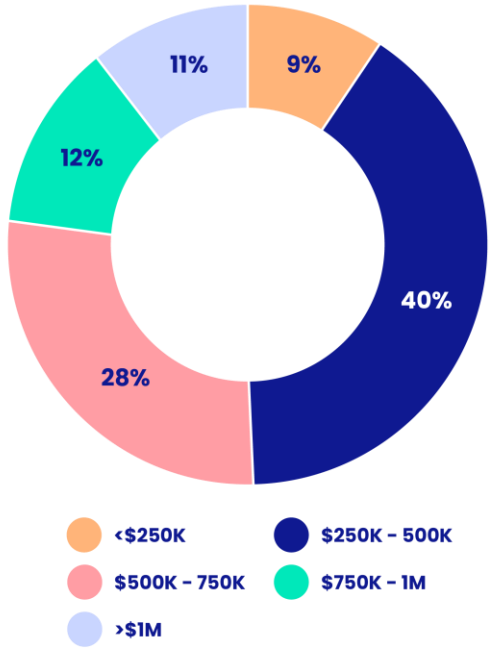
AFG Securities Portfolio

Significant book growth achieved while maintaining overall credit quality

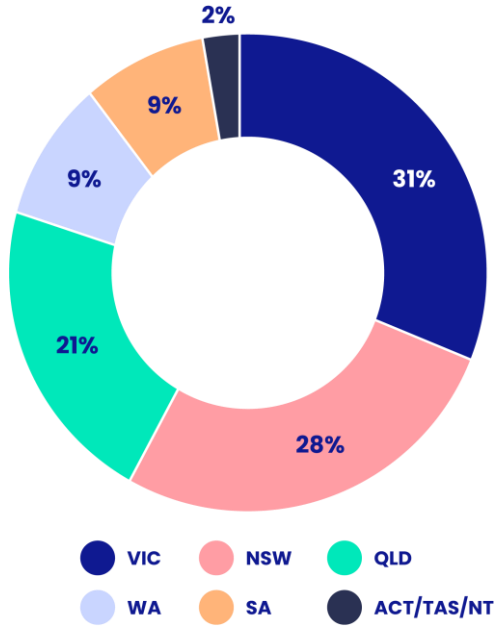
LVR



Loan Balance



Geographic Distribution



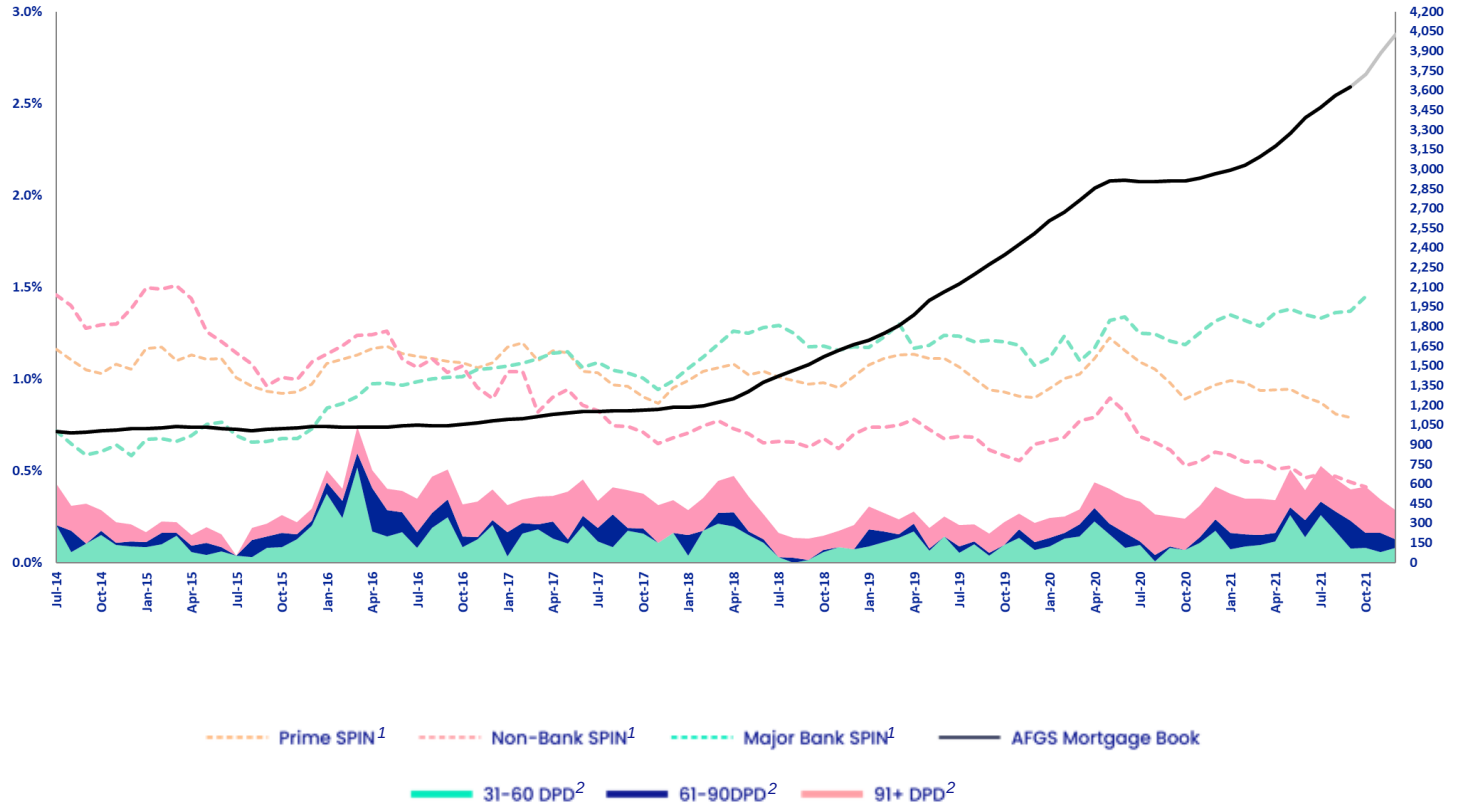
personal use only

personal use only

AFG Securities
Operational

Arrears performance remains excellent

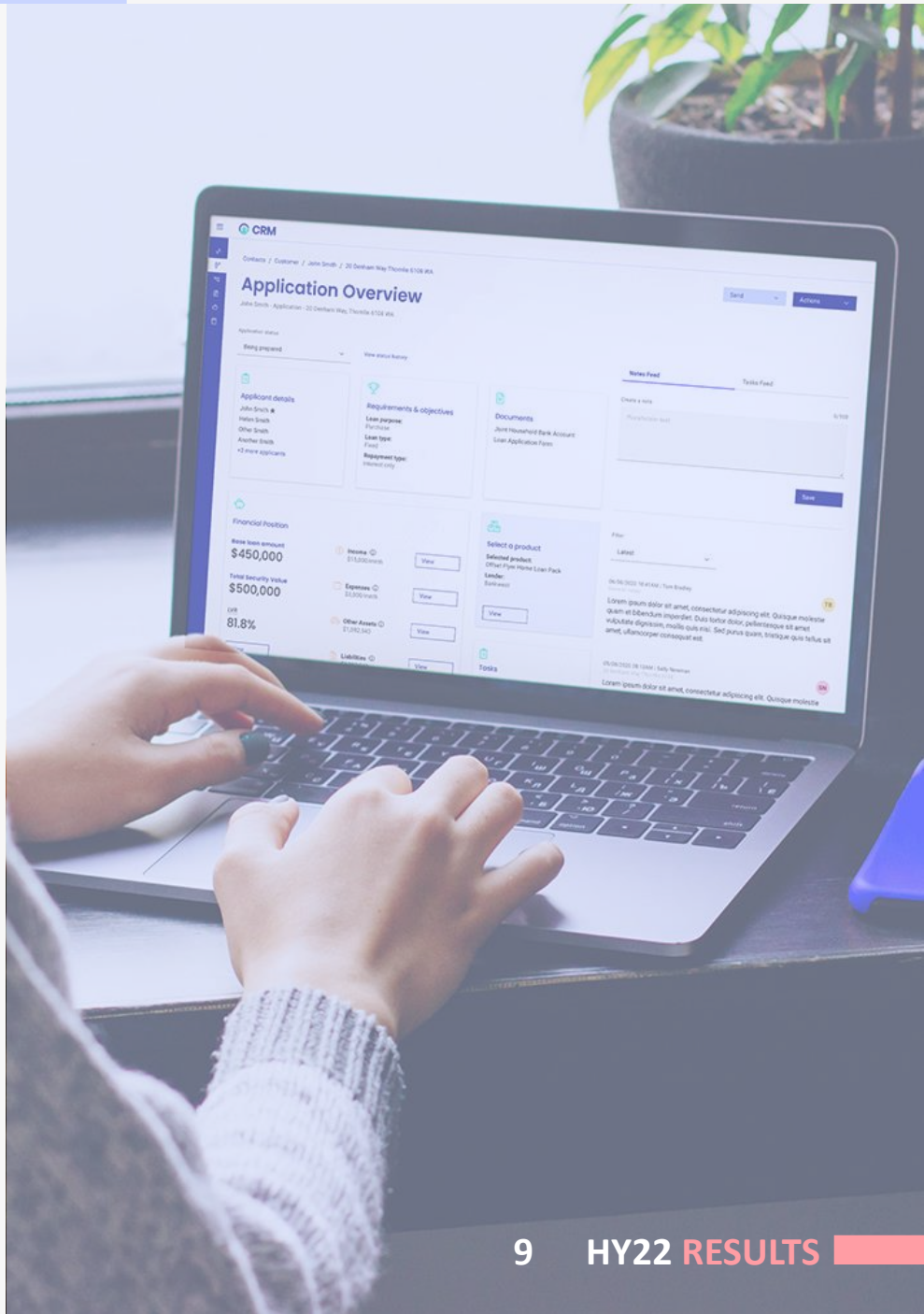
- At 31 December 2021 there were only 25 loans in arrears greater than 30 days out of 9,951 loans in the book. This demonstrates the quality of the book, our robust credit assessment process and extensive industry knowledge
- Loans in hardship sits at 0.16% (or 15 loans) at 25 January 2022
- Underlying provisions reduced by $395k compared to 30 June 2021 as a reflection of overall performance of the book



1. S&P Global Ratings Mortgage Performance Index
2. % of book days passed due

Technology

- Enhanced AFG's broker and customer proposition is central to our strategy. The build continues to progress, and we expect to accelerate the migration of brokers in H2 FY22. We anticipate continued investment in our Technology platform
- BrokerEngine provides an advanced automated workflow and pipeline management tool with the ability to design bespoke customer journeys, for AFG brokers and the broader Australian broker market
- Fintelligence delivers a scalable proprietary tech platform that seamlessly integrates with other business applications and helps streamline workflow with inbuilt API capabilities
- Ongoing enhancement of our Analytics platform will drive insights for brokers to assist building their businesses and to inform our own distribution, manufacturing and lending decisions
- Strategic alliance with Volt will provide access to a digital banking platform and an AFG branded Personal Finance Manager app as well as opportunities to enhance confidence in AFG Securities credit decisions at time of lodgement



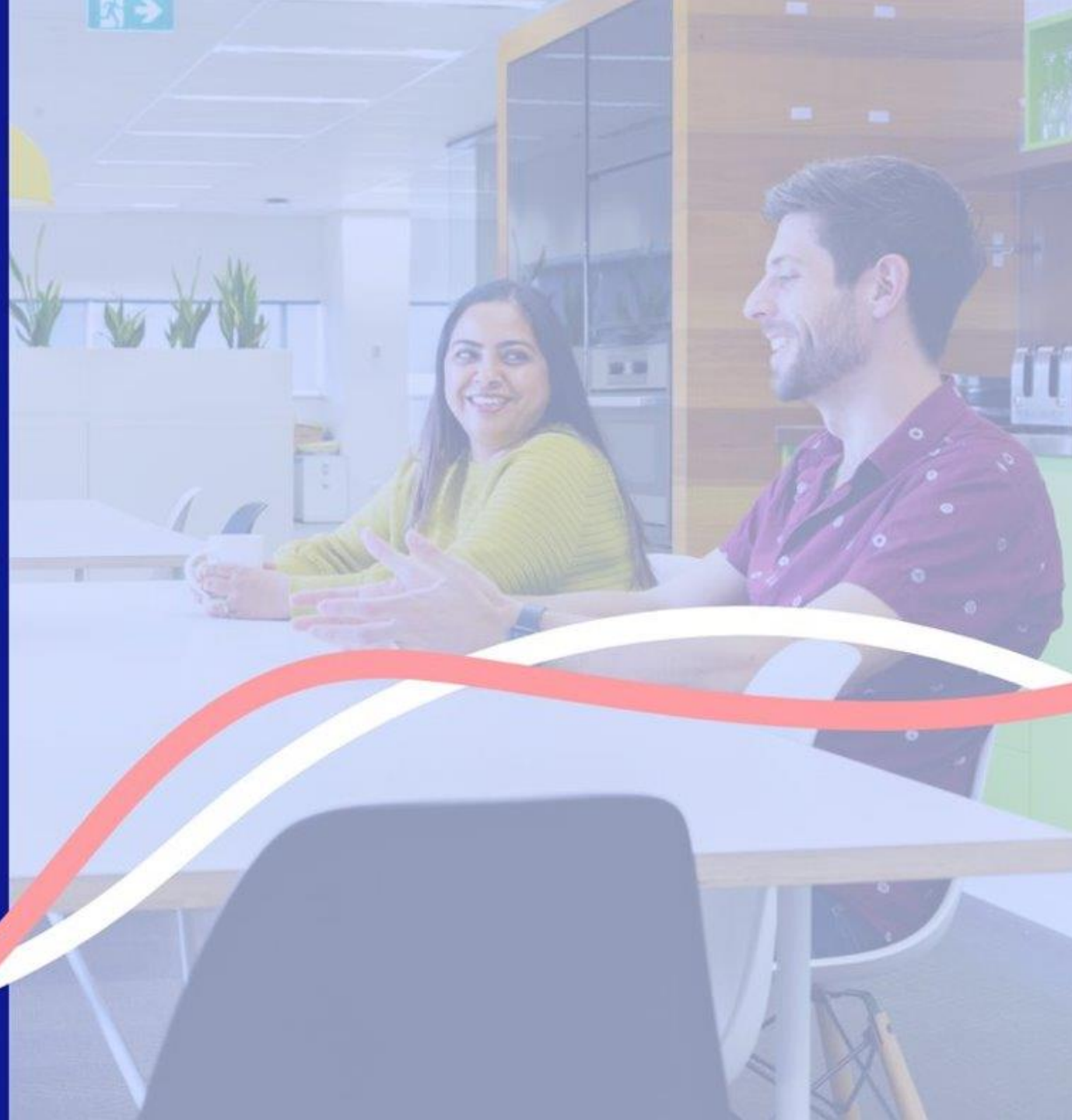
personal use only

For personal use only

AFG

HALF YEAR RESULTS

Financials



Financial Results

	1H22 $000's	1H21 $000's	
Total Revenue	481,233	366,386	31%
Gross Profit	61,298	49,686	23%
NPAT reported	30,033	24,967	20%
NPAT underlying	**25,964**	**24,880**	**4%**
Net cash from operating activities	14,895	25,788	(42%)
Net Interest	25,119	21,416	17%
Net Interest Margin	172 bps	179 bps	(4%)
Financial metrics	**1H22**	**1H21**	
Reported EPS	11.0 cents	9.2 cents	20%
Number of shares (diluted)	**272,821**	**271,578**	**0%**
Dividends % of underlying profit excluding share of profit of associates	81%	70%	11%
Dividends % of underlying profit including share of profit of associates	73%	64%	9%
Reported ROE[1]	29%	27%	3%
Reported P/E ratio[1]	10.8 x	15.0 x	(29%)
EV/EBITDA	7.2 x	9.0 x	(20%)

- Revenue is up 31% in HY22, with higher settlements and growing loan books across product classes
- Reported NPAT $4.1m higher than underlying NPAT as higher run-off is offset by high upfront activity. Cashflows from the trail book are actuarially proven
- Net interest is 17% higher in HY22
- Strong growth in the AFG Securities loan book, up 36% to over $4 billion at December 2021
- NPAT up 20% in HY22
- Operating cash flow is down following a commission timing difference at 30 June 2021
- Total dividend paid at 73% of underlying profit *including* share of profit of associates

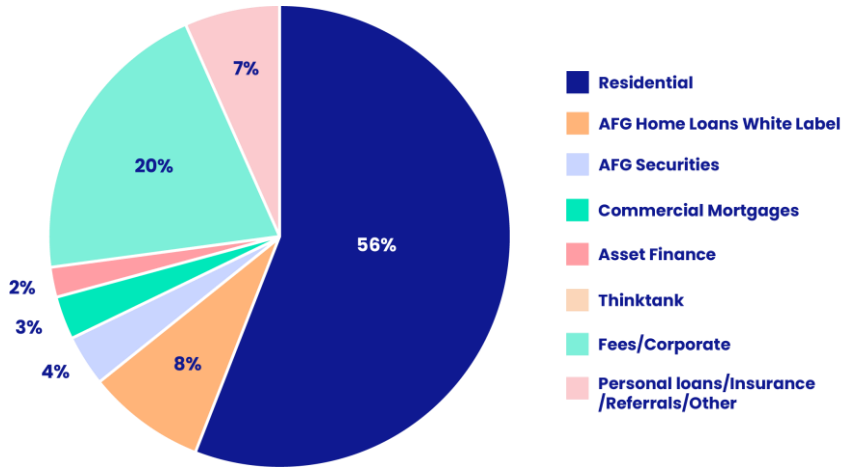
1. Based on share price at 11/2/2022 and 3/2/2021

personal use only

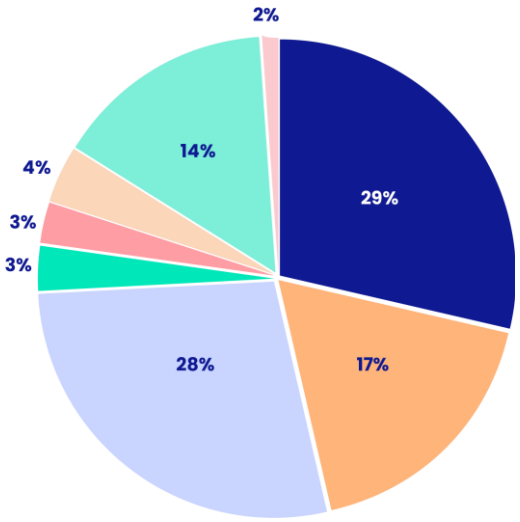
Transformation continues

- Profit mix shift from aggregation to higher-margin lending continues to drive growth. The future development of an Asset Finance lending product will accelerate this
- Aggregation payout ratio is beginning to stabilise however the market remains competitive
- Fees for broker services increasing as technology offering broadens and number of brokers increase

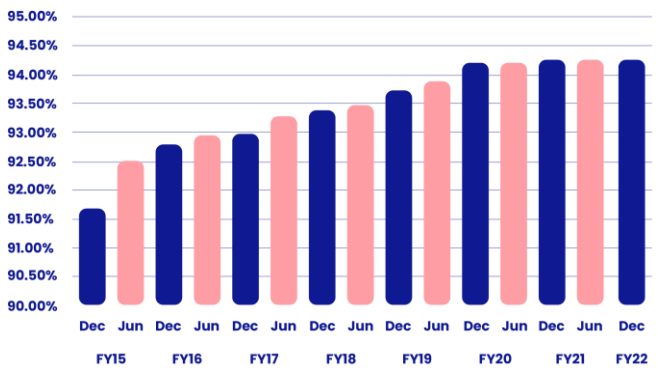
FY15 Gross Profit



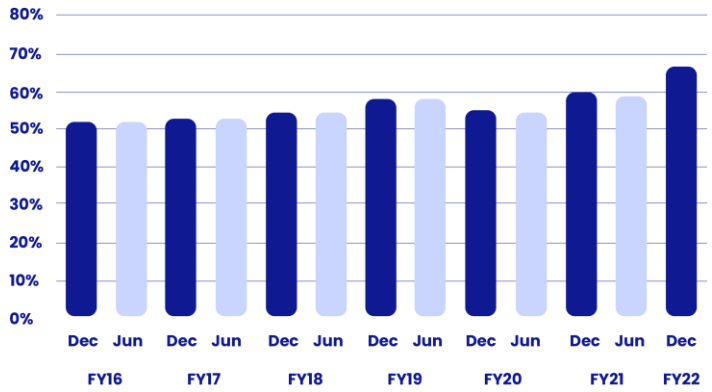
HY22 Gross Profit



Residential Upfront payout ratio



Australian broker market share



personal use only

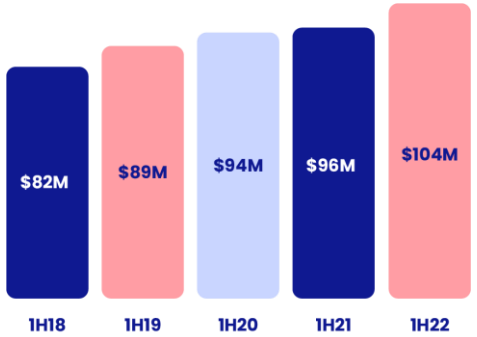
Financial Strength

Low risk/high value annuity style assets, aggregation and white label trail books and AFG Securities loan book providing strong cash flow

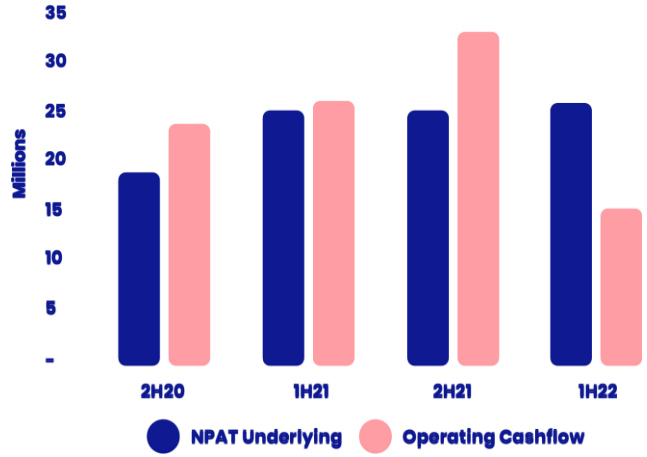
Capital light business model, growth through acquisition with commensurate or measurable returns and a record of the acquisitions adding real earnings value

1. Net unrestricted cash of $31.6m (net of $52 million debt facility)
2. Trail book net asset increased to $104 million
3. High performing, valuable investments in associates with a balance sheet value of $28.4 million, which does not represent fair value, AFG's share of profit for the half was $2.6 million
4. Subordinated notes value has increased as AFG initially funded the mezzanine layer of a third warehouse until the mezzanine funder steps in
5. Net cash and other financial assets of $225 million provide core balance sheet strength

Total Trail Book Net Asset



Cash Flow vs. Underlying NPAT



	Note	Dec 2021 $000's	Dec 2020 $000's
Unrestricted cash		84,094	116,656
Debt facility		(52,500)	-
Net unrestricted cash	1	31,594	116,656
Trail book	2	103,771	95,627
Investments (Thinktank and MAB)	3	28,381	23,046
Other asset (Volt)		15,000	-
Subordinated notes	4	46,338	32,000
Unrestricted cash, net trail book and investments	**5**	**225,084**	**267,329**

personal use only

Summary Cash flow

AFG maintains a capital light business model with strong cash flow generation. Trail book and AFG Securities growth supports the ongoing cash flows generated by the business model

- Net cash from operating activities is down following timing reversal of a large commission receipt and payment
- Net interest is up 17% driven by the growth in the AFG Securities book with the NIM beginning to be supported by a larger proportion of higher margin products
- Includes ongoing investment in technology in HY22 as part of the CRM build
- Acquisition of Fintelligence in the half as well as new debt facility
- Net loans to borrowers and other financing activities increases driven by higher AFG Securities volumes

	1H22 $000's	1H21 $000's
Cash flows from Operating activities		
Cash receipts from customers	353,643	288,911
Cash paid to suppliers and employees	(350,523)	(272,645)
Interest received	50,681	45,078
Interest paid	(25,563)	(23,661)
Income taxes paid	(13,343)	(11,895)
Net cash generated by operating activities	14,895	25,788
Investment in MAB	-	(3,700)
Investment in Fintelligence	(50,509)	-
Purchase of intangible assets	(5,332)	(2,630)
Net loans and advances to borrowers	(634,950)	(52,718)
Other cash flow from investing activities	453	759
Proceeds from debt facility	52,500	-
Dividends paid	(19,916)	(12,614)
Other cash flows from financing activities	661,851	74,712
Net increase in cash and cash equivalents	**18,992**	**29,597**
Cash and cash equivalents at the beginning of the period	**226,048**	**161,528**
Cash and cash equivalents at the end of the period	**245,040**	**191,125**

Cash reconciliation		
Unrestricted cash	84,094	116,656
Restricted cash (Securities)	160,946	74,469
Total cash	**245,040**	**191,125**

personal use only

ersonal use only

Summary Balance Sheet

Well capitalised, net cash balance sheet with unrestricted cash, trail book assets, financial assets and sub-ordinated capital totalling $225 million

Notes:

1. Investment in Volt Bank at 31 December 2021
2. Trail book accounting including Residential, AFG Home Loans and Commercial trail books. Total net asset is now $104 million
3. AFG Securities programme including $46.3 million of subordinated notes
4. Investment in Thinktank and Mortgage Advice Bureau
5. Investment in technology
6. Goodwill recognised for Fintelligence
7. Includes trail book accounting liability and general trade creditors and accruals

	Note	Dec 2021 $000's	Dec 2020 $000's
Assets			
Unrestricted Cash		84,094	116,656
Restricted Cash		160,946	74,469
Receivables and other assets		15,694	10,861
Financial Asset	1	15,000	-
Contract Assets	2	1,121,021	1,005,824
Loans and advances	3	4,042,472	2,972,881
Investment in associates	4	28,381	23,046
Intangible assets	5	34,208	5,807
Goodwill	6	56,950	-
Total assets		**5,558,766**	**4,209, 544**
Liabilities			
Trade and Other payables	7	1,120,799	1,003,494
Interest bearing liabilities	3	4,122,232	2,990,745
Debt facility		51,984	-
Non interest-bearing liabilities		18,200	-
Employee benefits		4,301	4,575
Deferred tax liability		26,705	19,813
Total liabilities		**5,344,221**	**4,018,627**
Net assets		**214,545**	**190,917**
Equity			
Share capital		102,125	102,157
Reserves		(12,210)	2,949
Retained earnings		106,430	85,811
Total equity attributable to equity holders of the Company		**196,345**	**190,917**
Non-controlling interest		18,200	-
Total equity		**214,545**	**190,917**

Impact of Trail Book Accounting

Underlying profit 4% above HY21 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 set at the time of settlement of the loan

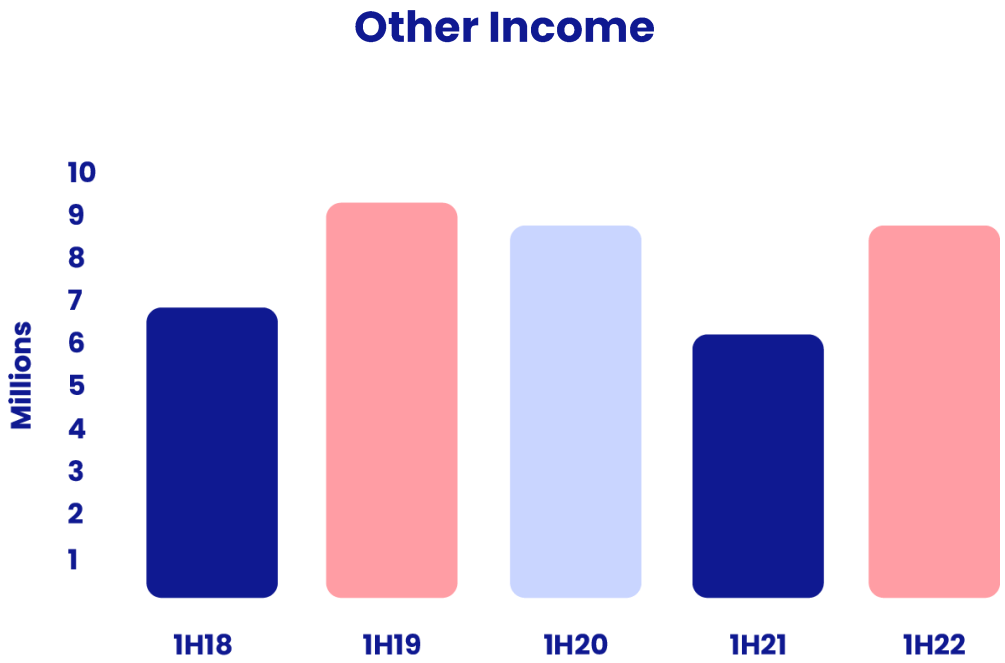
	1H22 $000's		1H21 $000's	
Statutory	**Operating income**	**Profit after tax**	**Operating income**	**Profit after tax**
Underlying results from continuing operations	399,323	25,964	326,024	24,880
Change in the carrying value of trailing commissions contract asset and payable	70,408	4,069	31,225	87
Total results from operating activities	469,731	30,033	357,249	24,967

Key assumptions	**Dec 2021 $000's**	**Jun 2021 $000's**
Average loan life	Between 3.5 and 4.9 years	Between 3.1 and 5.0 years
Discount rate per annum[1]	Between 4% and 13.5%	Between 4% and 13.5%
Percentage paid to members[2]	Between 85.1% and 94.4%	Between 85% and 94.3%

personal use only

Other Income

- Service fees increased 12% compared to HY21 due to broker numbers rising and increased take-up of additional aggregation services. Service fees include compliance, Professional Indemnity insurance and marketing services
- Sponsorship and conferencing activity was higher in HY22 compared to HY21 however still lower than historical average
- HY18 included Volume Bonus Income of $1.3 million, these have since been removed from the industry



personal use only

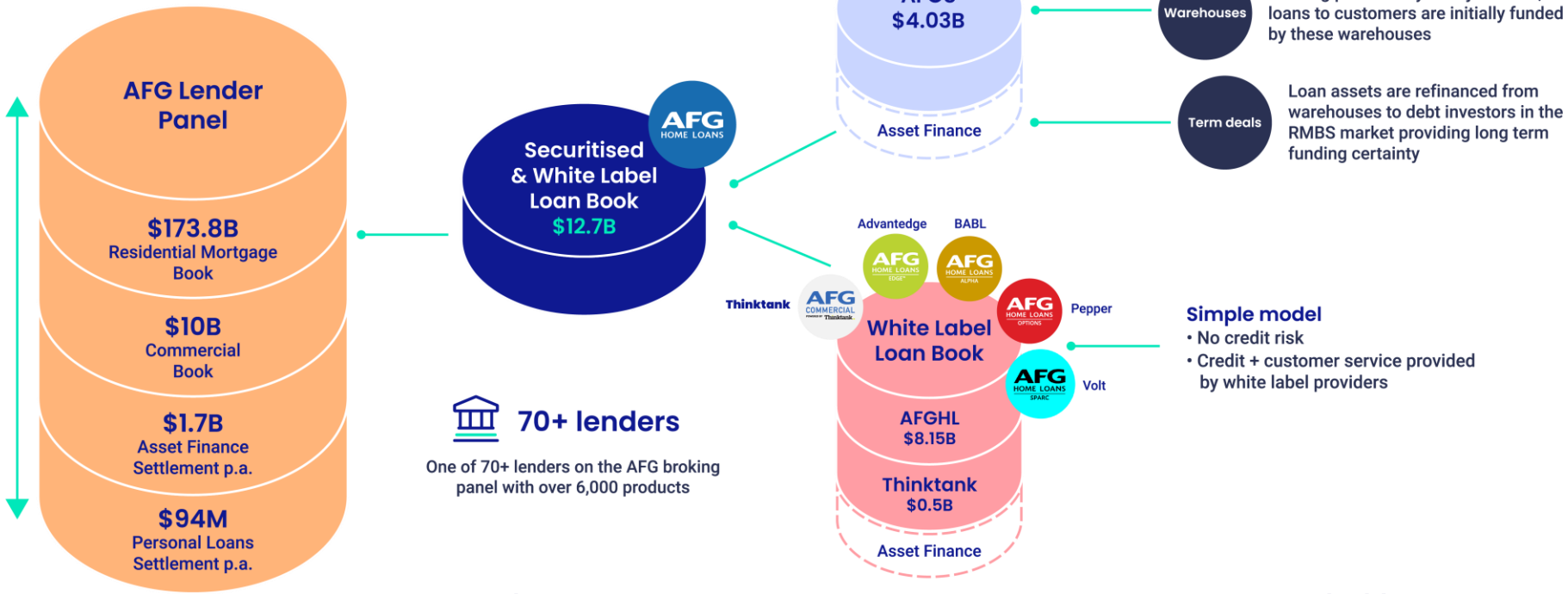
For personal use only

HALF YEAR RESULTS

Business strategy

AFG today

Diversified business model continuing to deliver growth in profitability and shareholder returns



	Income model	Opportunity	Margin driver
Aggregation	Broker originated loans that are funded by lenders generate an upfront and trail commission – majority of which is paid out to brokers	Increase monthly originations by AFG brokers	Average Upfront net of clawbacks of 60bps and Trail 16bps Average payout ratio of 94.4%
Distribution	White label loans generate an additional fee for marketing and distribution	Increase penetration of AFG Home Loans and AFG Commercial (provided by Thinktank) expand into other asset classes such as asset finance (Fintelligence)	
Manufacturing	RMBS AFG Securities loans generate a Net Interest Margin (NIM)	Seek to fund a greater share of AFG Home Loans by AFG Securities and expand into other asset classes such as asset finance (Fintelligence)	NIM of 172bps per annum on the AFG Securities book in HY22

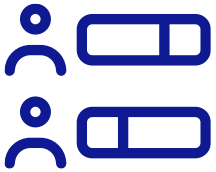
personal use only

AFG's purpose and ambition

Our purpose

Brokering a better future

- We exist to create competition and financial choice for Australians by protecting and supporting our brokers, and championing the industry on behalf of our brokers



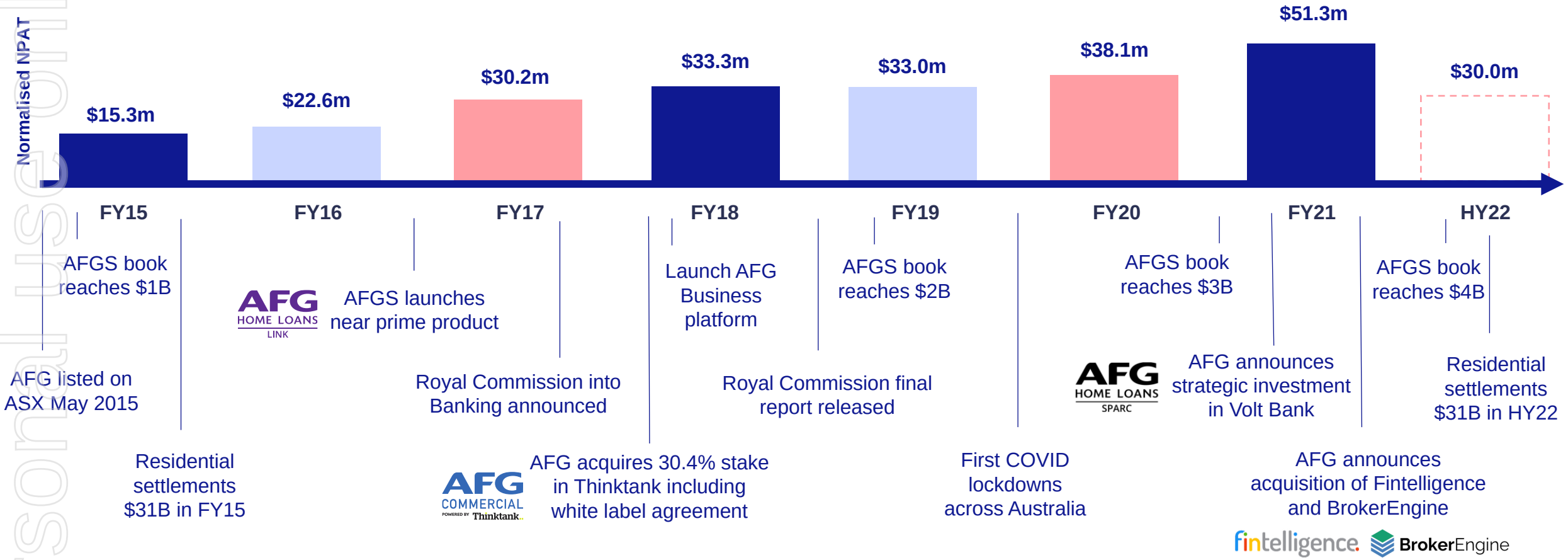
Our ambition

- To be the aggregator of choice for brokers and their customers, and for lenders. To lead the charge and challenge the status quo to create a fairer financial future for all Australians
- We provide a safe and compliant environment for our brokers to build their businesses and to protect their customers and our lender partners
- To drive competition and choice by providing a channel for lenders without branch networks, and by distributing and funding our own financial products for Australian consumers

personal use only

Continuing to deliver growth and value for shareholders

- Key strategy to diversify earnings by building distribution and margin-enhancing activities is delivering results
- Opportunity to grow residential distribution remains strong
- Investment in our own technology and recent fintech acquisitions position us to maximise growth opportunities and continue to improve the broker and customer experience across multiple asset classes
- Asset finance/commercial distribution and lending are 'under-served' markets, and we have taken our first steps to capitalise on this opportunity



Personal Use Only

Our investments

Strategic investments have expanded our aggregation, technology, distribution and lending capabilities, and will continue to drive growth for shareholders

AFG COMMERCIAL POWERED BY Thinktank

Commercial Mortgage lending products

Mortgage Advice Bureau

Alternative residential aggregation model utilizing best practice from the UK's leading broking model

VOLT

Better customer experience shared with AFG Brokers and AFGS products

White label lending product and digital banking technology

fintelligence

Leading Asset Finance technology

Asset Finance distribution & potential Asset Finance lending products

BrokerEngine

Advanced workflow management software available to all brokers across the industry

personal use only

For personal use only

AFG

HALF YEAR RESULTS

Outlook

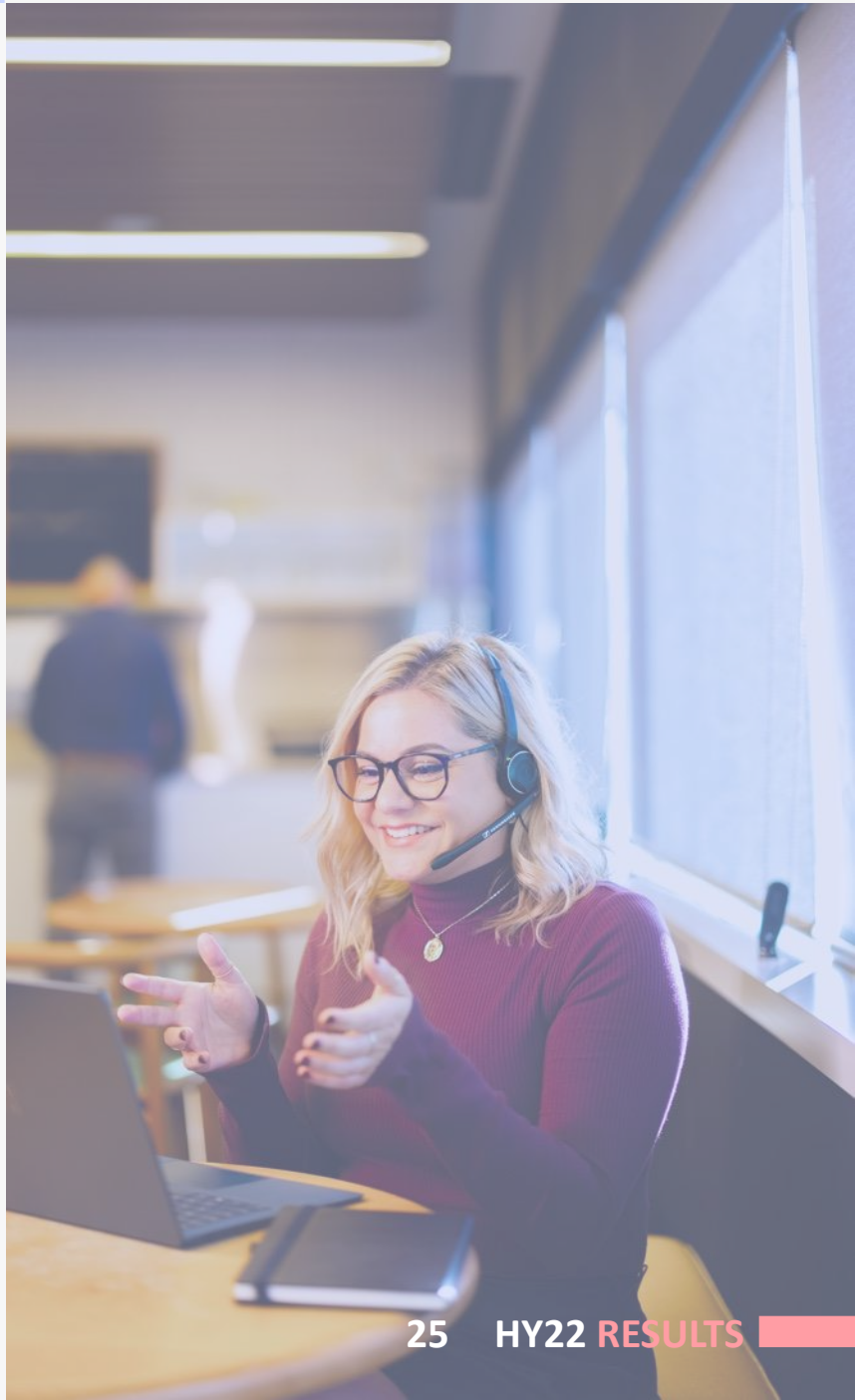
Outlook – Aggregation

- Residential mortgage market remains strong
- Performance of AFG through the residential mortgage cycle is proven
- Both political parties have expressed support for the retention of the existing broker remuneration model
- Competition remains high but AFG's offering is compelling. Our balance sheet strength, industry-leading compliance, advocacy, analytics capability and broader technology considerations - including harnessing Open Banking opportunities position us ahead of our competitors
- The regulatory environment will continue to be a focus and AFG is well-equipped to continue to deliver a safe and compliant framework for our brokers, sound outcomes for borrowers, and competition and choice to the market
- Broking and aggregation in other asset classes provide additional opportunities for growth
- AFG trail book provides a natural hedge during lower levels of activity. Loan lives extend and more cash is collected
- We are positive about the outlook of the mortgage market and the opportunity for AFG to accelerate our growth in other asset classes
- Our ongoing investment and capability to continue to invest in technology associated with the mortgage industry places us in a strong position to take advantage of opportunities in an increasingly fast moving sector

ersonal use only

Outlook –
Manufacturing and Lending

- Funding markets remain open and attractive, we expect they will continue to function normally. Recent term transaction translates into greater warehouse capacity
- AFG products continue to gain traction in the market
- Product development in residential and other asset classes will open more markets to deliver growth
- Lenders have historically responded in rising interest rate environments and adjusted rate to customer to restore NIM
- AFG's home ground advantage of data-driven targeted product development and marketing is a key competitive differentiator in terms of distribution and book performance

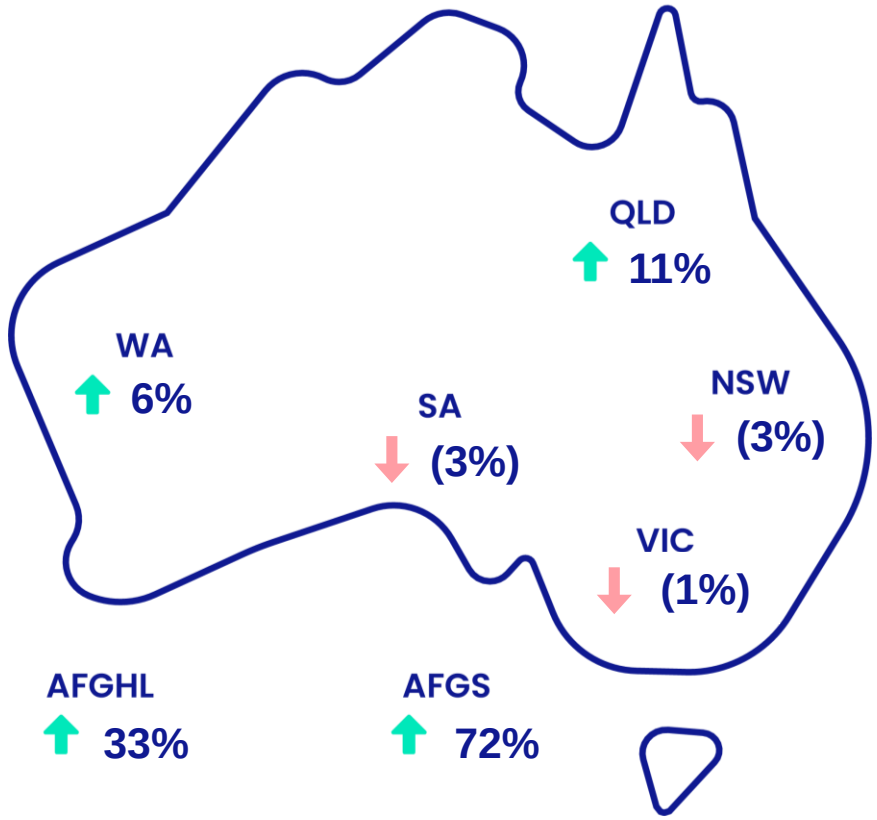


ersonal use only

January 2022
Trading

- Residential lodgements slightly above January 2021 at $4.86 billion
- AFG Home Loans lodgements up 33% compared to January 2021
- AFG Securities lodgements 72% higher than January 2021. Settlements 122% higher
- Further growth in residential volumes in Queensland and Western Australia.

Comparison of January Lodgements



January 2022 change on January 2021

personal use only

AFG investment highlights

TSR
3 Year 135%
5 Year 185%

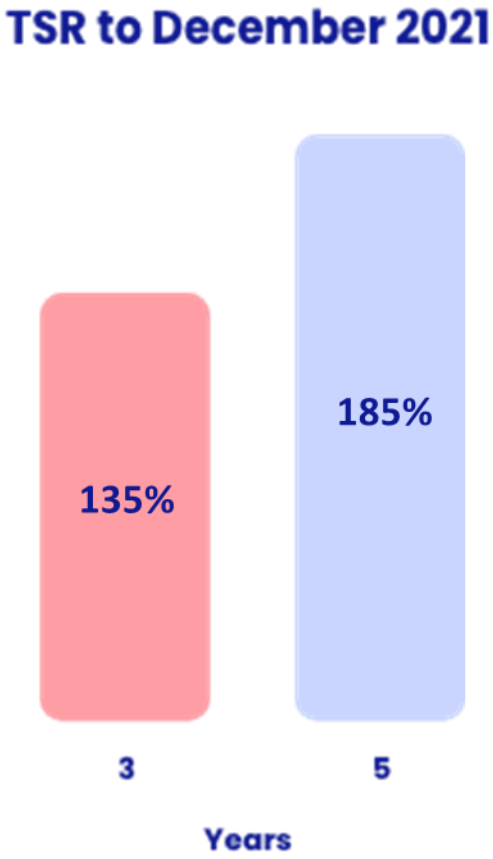
Building distribution
3,525+ Brokers
inc Fintelligence
Up from 2,394 at Jun 2015

HY15-HY22 CAGR growth pa
NPAT 18%
EPS 14%

Dividend yield[1]
6% at HY22
At least 5% over the last 4 years

Capital light with a robust balance sheet supported by strong reliable cash flow

Growing AFG Securities book (the most powerful margin driver of AFG)
Dec 2017 $1.18b
Dec 2019 $2.51B
Dec 2021 $4.03B



1. *Calculated using 11 February 2022 share price*

personal use only

In conclusion

Continued financial growth with HY22 NPAT up 20% on HY21. Settlement growth across the business as well as the success of AFG's earnings diversity strategy underpin the strong cash flow generation of the business

The residential mortgage market has started H2 FY22 strongly. With broker market share at record levels mortgage customers are voting with their feet and embracing the choice, competition and convenience that the channel provides

The acquisition of Fintelligence will bring forward our ambitions to fund an additional asset class (Asset Finance), thus continuing the diversification story

Our business model generates strong cash flows from a capital light balance sheet which further enhances our capability to maintain an excellent dividend policy

AFG Securities volumes are increasing, with the loan book growing to over $4 billion. A successful shift in volume mix towards higher margin products provides some NIM protection. We are well funded and funding markets remain strong, supporting our growth strategy

We remain positive about the outlook of the mortgage market and the opportunity to grow in other asset classes. Our investments are aligned to accelerate this growth.

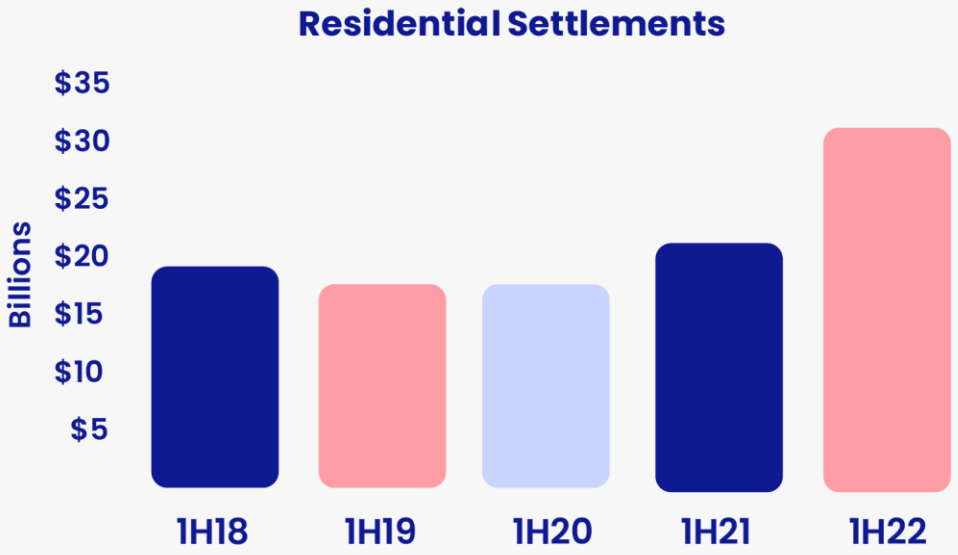
personal use only

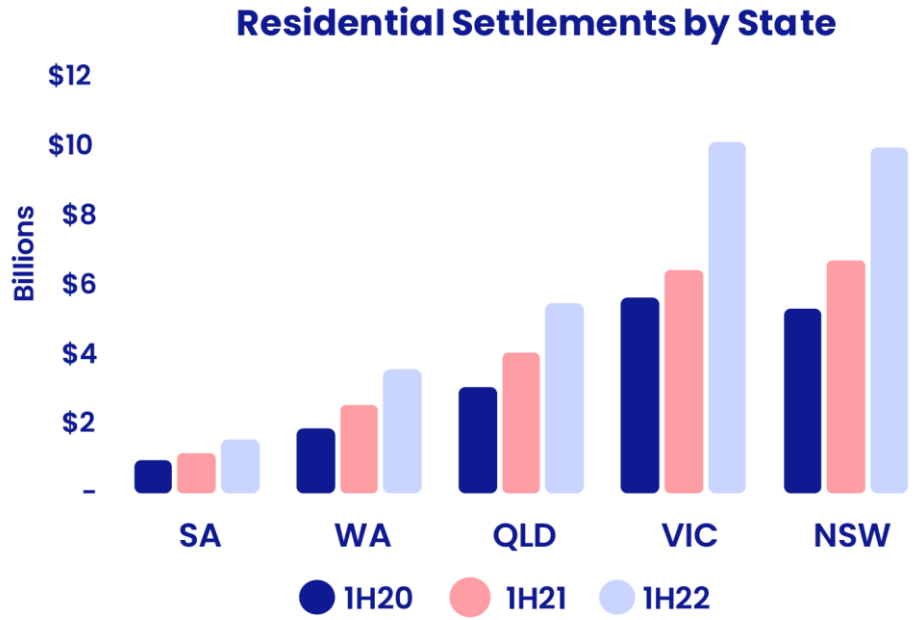
For personal use only

HALF YEAR RESULTS

Appendices

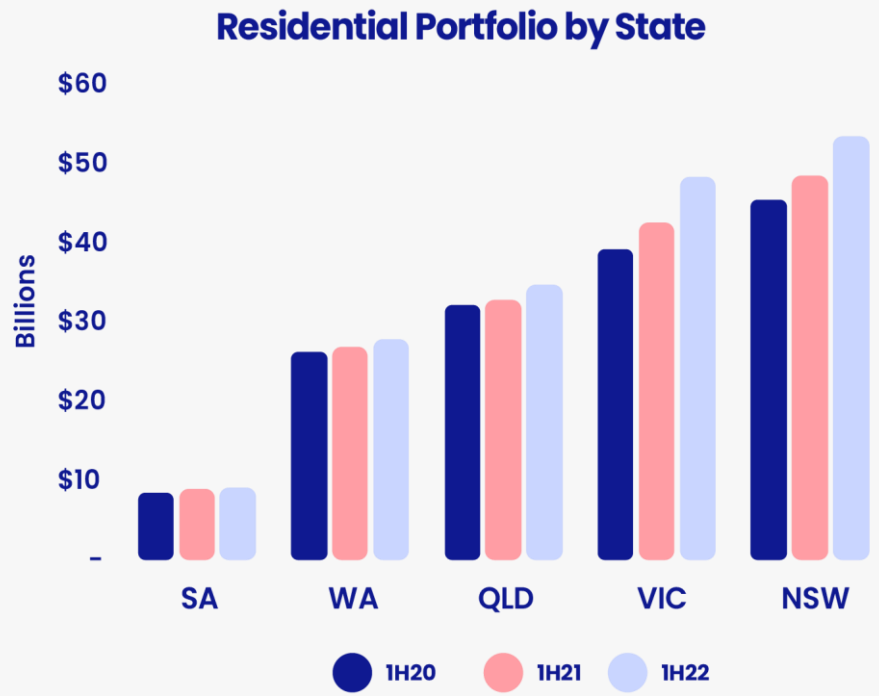
Residential Settlements

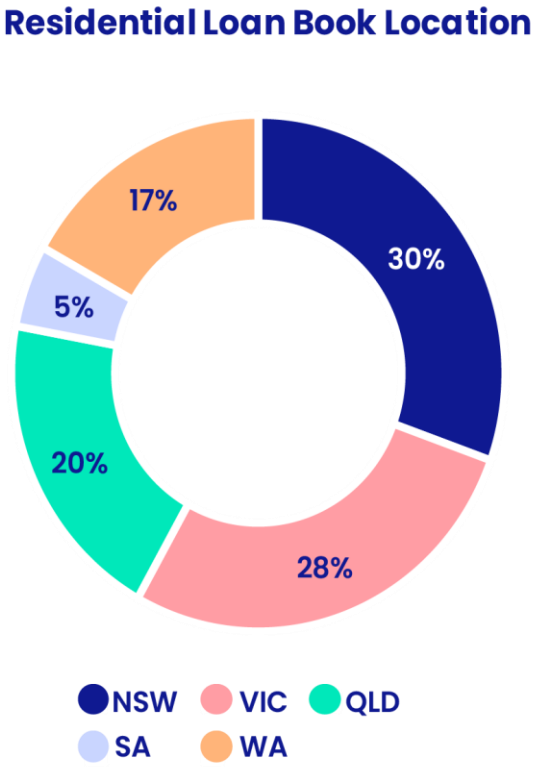




personal use only

Residential Portfolio – December 2021

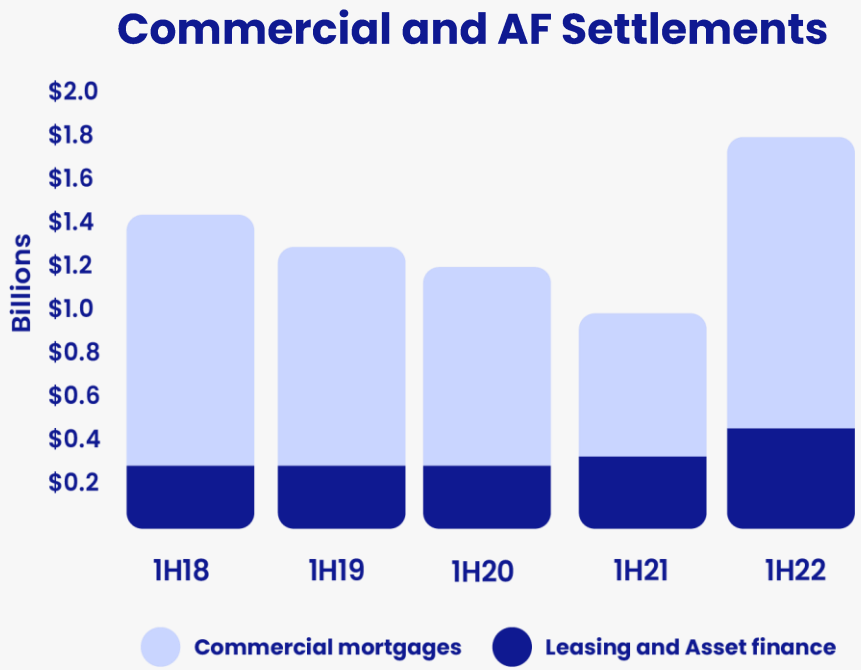


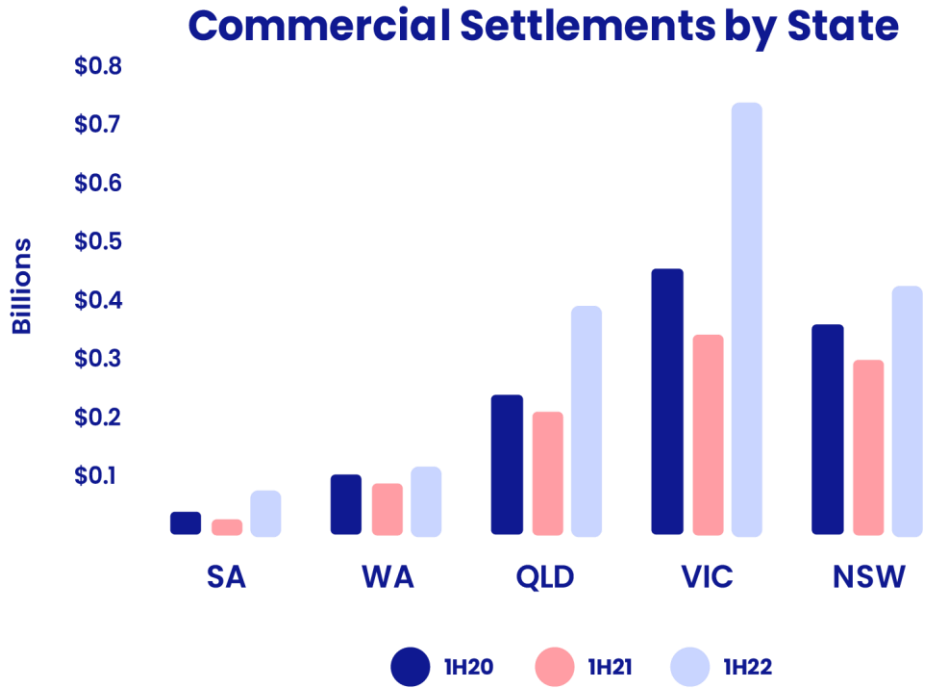


personal use only

Commercial and Asset Finance Aggregation

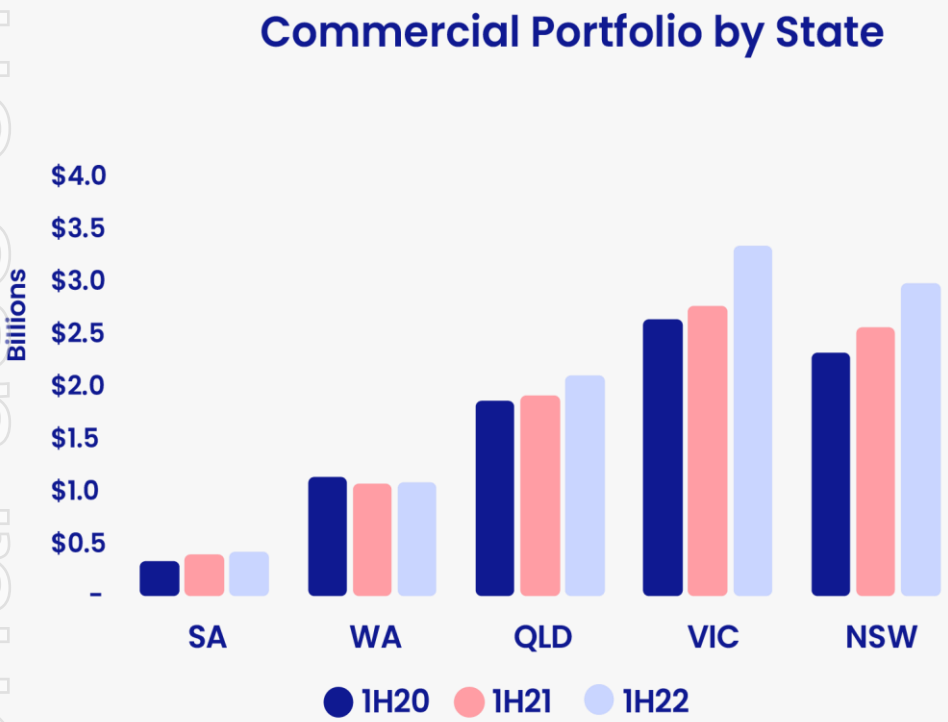
Settlements

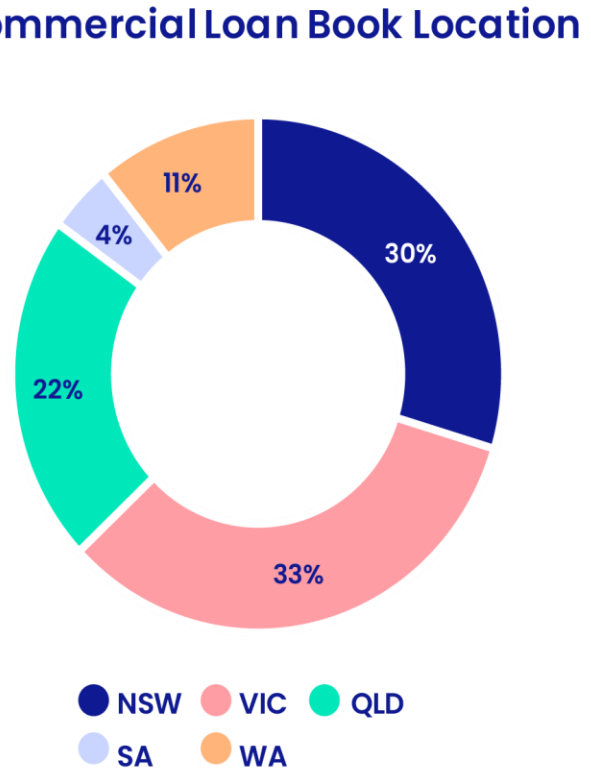




personal use only

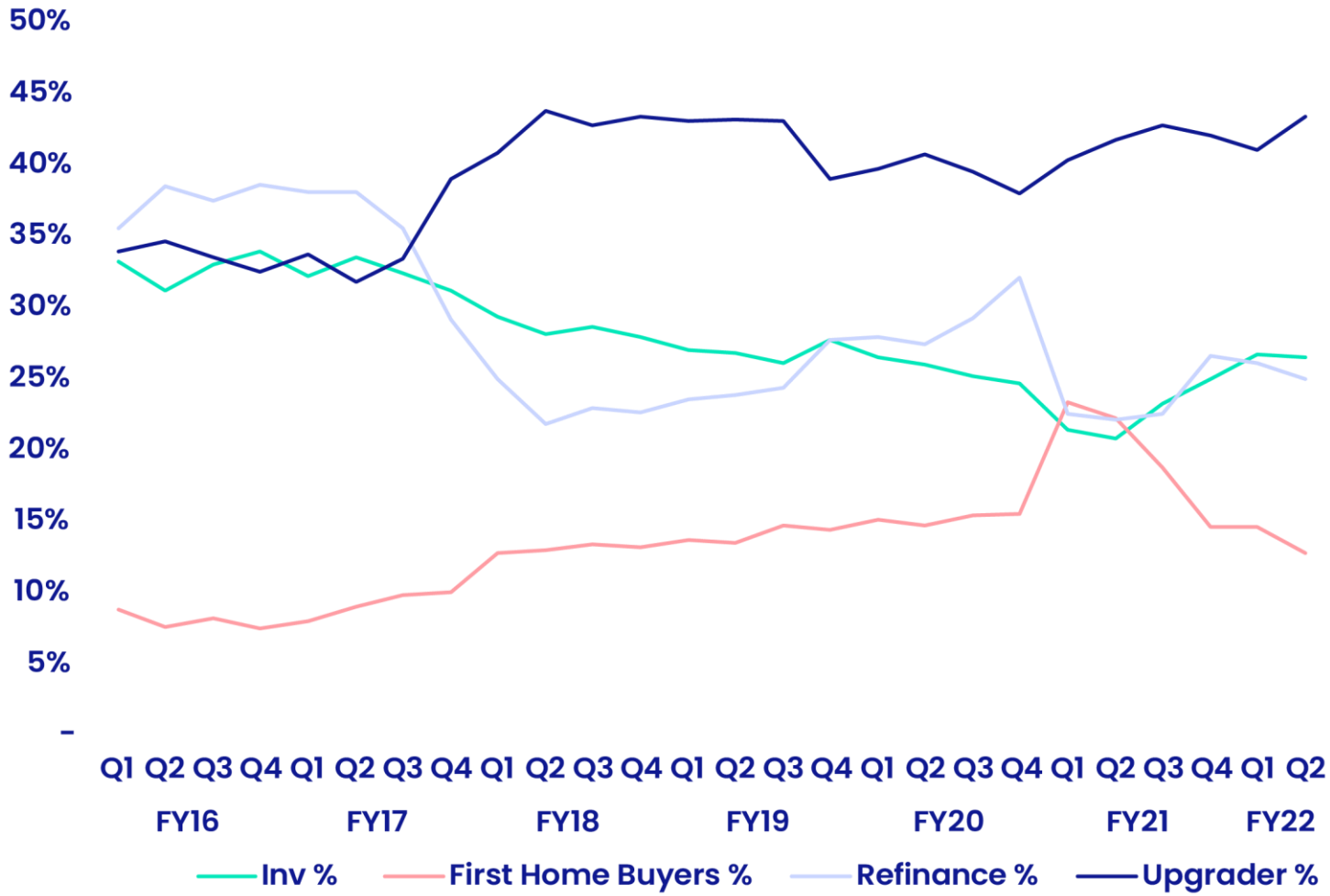
Commercial Portfolio – December 2021





personal use only

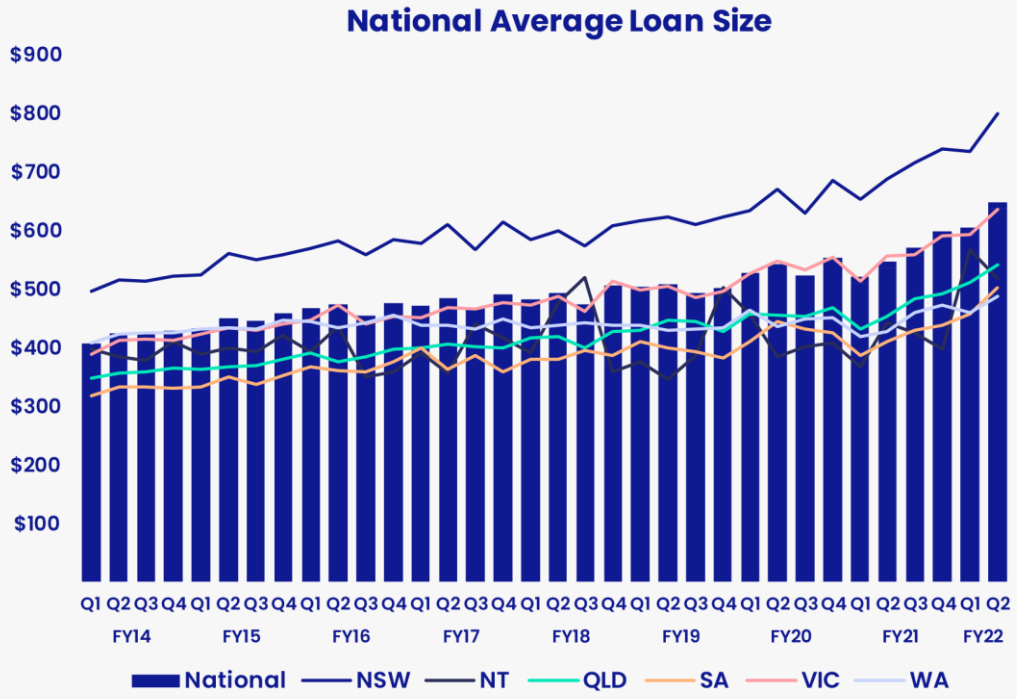
Types of Lodgements

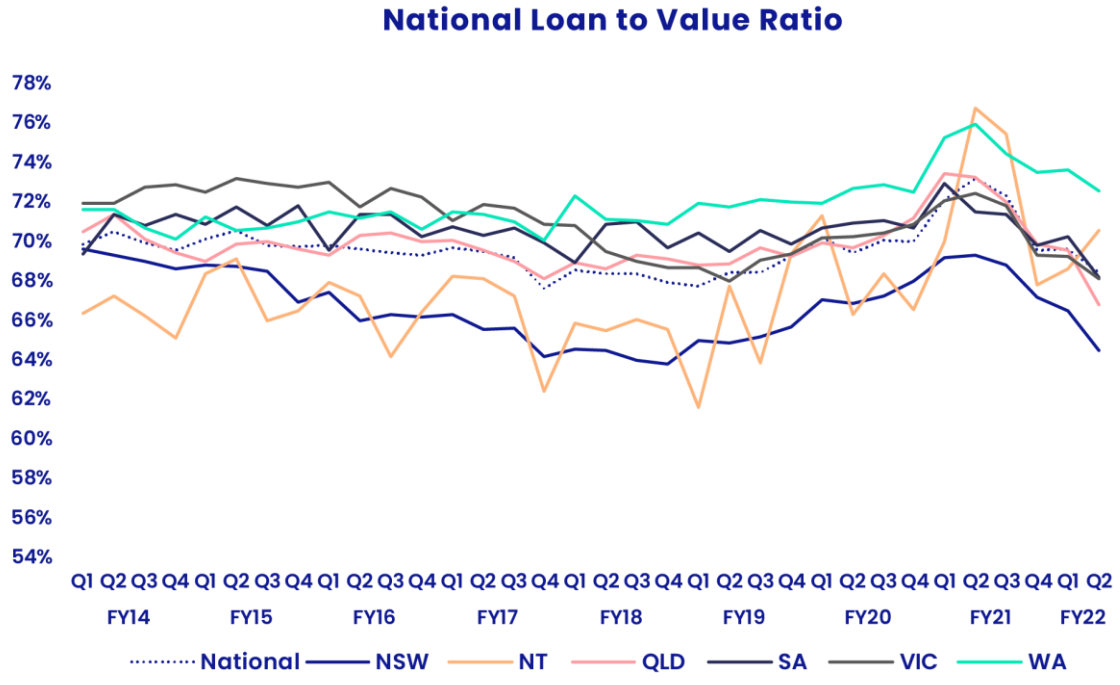


personal use only

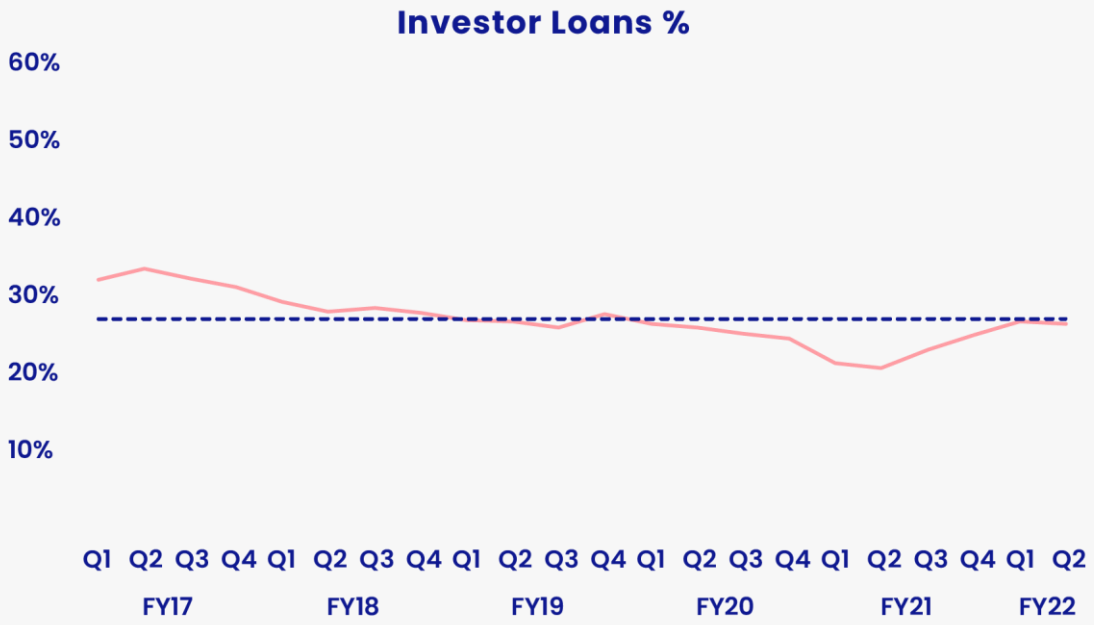
Lending Activity

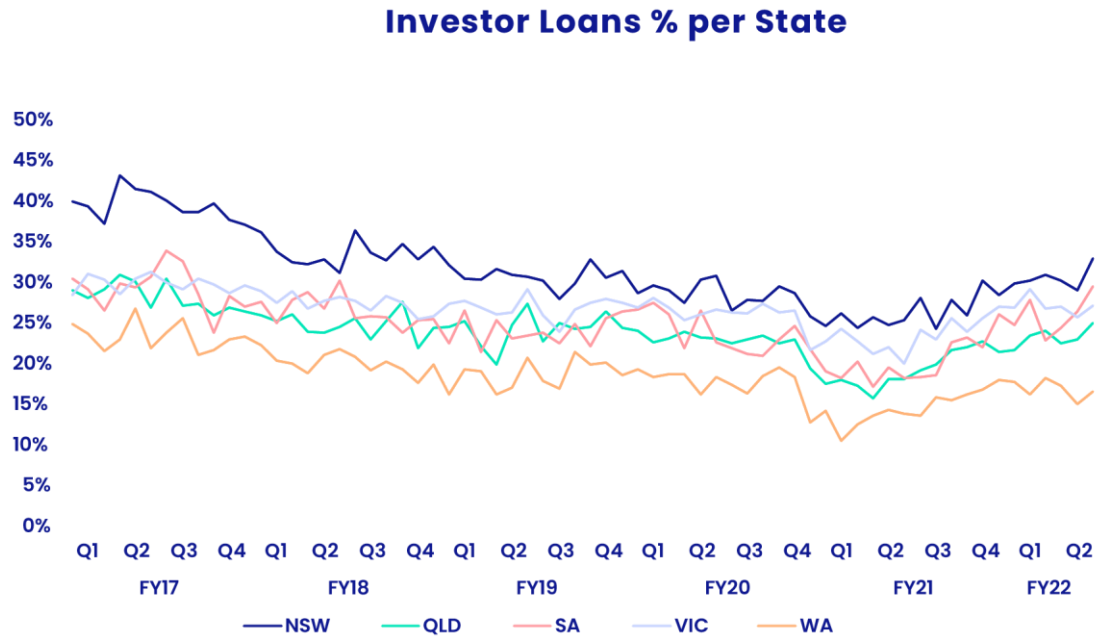
Personal use only





Investor Loans



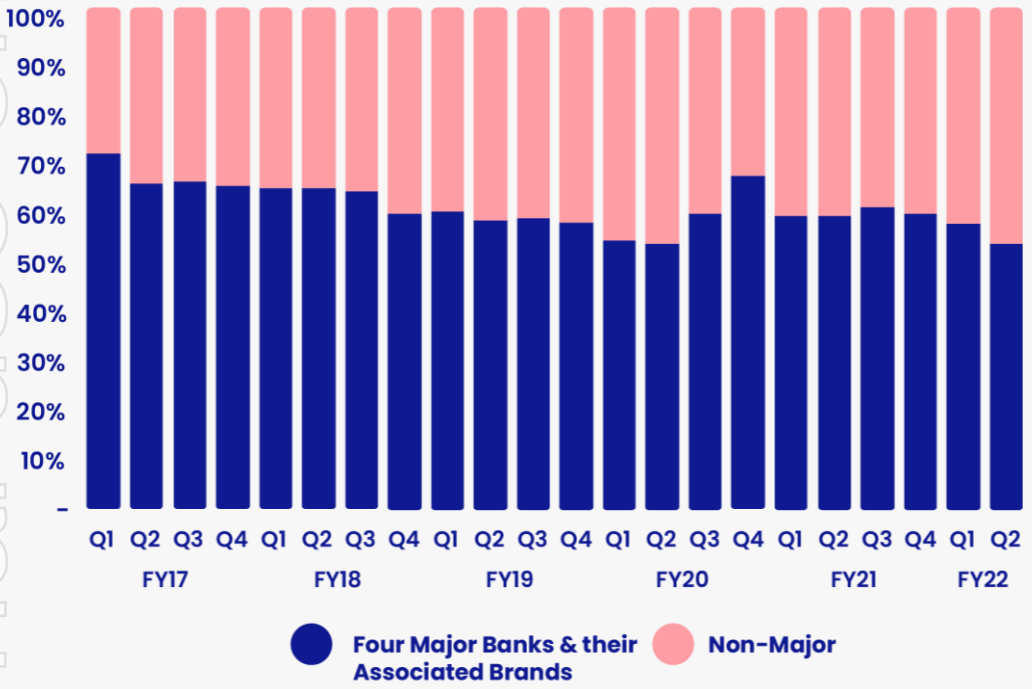


personal use only

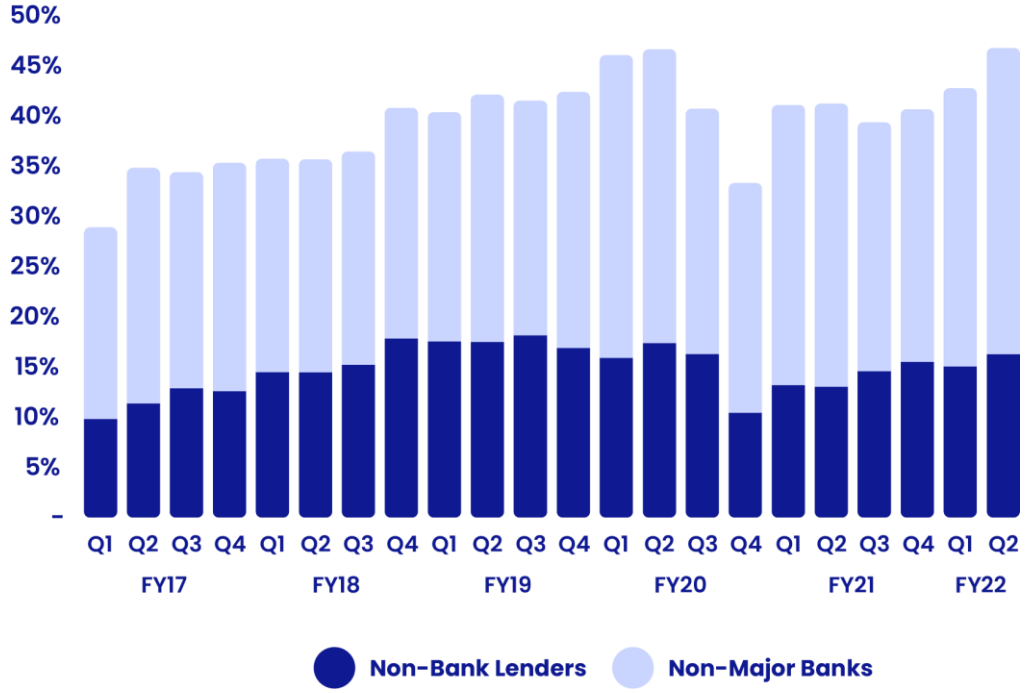
Lending Activity

ersonal use only

Four Major Banks & their Associated Brands vs Non-Major



Non-Major Market Share



Summary P&L

	1H22 $000's	1H21 $000's
Commissions	375,934	281,585
Interest on trail commission income receivable	40,697	29,157
Mortgage management services	194	90
Customer transaction fees	2,223	1,338
Securitisation interest income [1]	50,682	45,079
Total Revenue	**469,731**	**357,249**
Securitisation interest expense	(25,563)	(23,661)
Interest on trail commission income payable	(37,048)	(26,327)
Commission and other cost of sales	(345,822)	(257,575)
Gross Profit	**61,298**	**49,686**
Other income	8,783	6,327
Administration expenses	(3,861)	(3,309)
Other expenses	(26,311)	(19,658)
Depreciation and amortisiation	(1,114)	(992)
Result form operating activities	**38,795**	**32,054**
Net finance income	**(14)**	**387**
Share of profit of an associate	**2,640**	**2,312**
Profit before tax	**41,421**	**34,753**
Income tax expense	**(11,388)**	**(9,786)**
Net Profit after tax	**30,033**	**24,967**

1. Securitisation interest income is net of $6,376 and $4,679 commission expense in 1H22 and 1H21 respectively

personal use only

Consolidated Income Statement

	1H22 $000's	1H21 $000's
Continuing Operations		
Commission and other income	419,049	312,170
Securitisation interest income	50,682	45,079
Operating income	**469,731**	**357,249**
Commission and other cost of sales	(382,870)	(283,902)
Securitisation interest expense	(25,563)	(23,661)
Gross Profit	**61,298**	**49,686**
Other income	8,783	6,327
Administration expenses	(3,861)	(3,309)
Other expenses	(27,425)	(20,650)
Results from operating activities	**38,795**	**32,054**
Finance income	79	498
Finance expenses	(93)	(111)
Share of profit from associate	2,640	2,312
Net finance and investing income	**2,626**	**2,699**
Profit before tax from continuing operations	**41,421**	**34,753**
Income tax expense	**(11,388)**	**(9,786)**
Profit for the period	**30,033**	**24,967**

	1H22 $000's	1H21 $000's
Profit attributable to		
Equity holders of the Company	30,033	24,967
Other comprehensive profit for the year, net of income tax	-	-
Total comprehensive income for the period	30,033	24,967
Earnings per share		
Basic earnings per share (cents per share)	11.16	9.30
Diluted earnings per share (cents per share)	11.01	9.19

personal use only

Cash flows

Cash reconciliation	Dec-21	Dec-20
Unrestricted net cash	84,094	116,656
Restricted cash (securities)	160,946	74,469
Total cash	**245,040**	**191,125**

	1H22 $000's	1H21 $000's
Cash flows from operating activities		
Cash receipts from customers	353,643	288,911
Cash paid to suppliers and employees	(350,523)	(272,645)
Interest received	50,681	45,078
Interest paid	(25,563)	(23,661)
Income taxes paid	(13,343)	(11,895)
Net cash from operating activities	**14,895**	**25,788**
Cash flows from investing activities		
Interest received	72	636
Purchase of property, plant and equipment	(255)	(199)
Purchase of intangible assets	(5,332)	(2,630)
Dividend from Thinktank	257	-
Investment in MAB	-	(3,700)
Investment in Fintelligence	(50,509)	-
Broker loans and advances	379	322
Loans and advances to borrowers	(634,950)	(52,718)
Cash flows from investing activities	**(690,338)**	**(58,289)**
Cash flows from financing activities		
Proceeds from/(Repayments to) warehouse facility	772,107	(592,878)
Proceeds from securitized funding facilities	(108,833)	668,472
Lease rental payment	(907)	(882)
Dividends Paid	(19,916)	(12,614)
Proceeds from debt facility	52,500	-
Payment for acquisition of debt facility	(516)	-
Net cash from/(used in) financing activities	**694,435**	**62,098**
Net increase in cash and cash equivalents	**18,992**	**29,597**
Cash and cash equivalents at the beginning of the period	226,048	161,528
Cash and cash equivalents at the end of the period	245,040	191,125

personal use only

Fintelligence Acquisition
Accountant Summary

1. An intangible asset of $17.3 million was recognised on acquisition representing the existing broker network of Fintelligence. The intangible asset will be amortised over an 8-year useful life
2. Uplift in computer software on acquisition to a fair value of $2.3 million. The intangible asset will be amortised over a remaining useful life of 5 years
3. Goodwill (provisional*) of $56.9 million was recognised on acquisition
4. Put/call liability, being the fair value of the remaining 25% of the business that is subject to the put/call option. Future revaluations of the liability are recgonised in the P&L

*The valuations and transaction were completed close to the date that the interim financial statements were approved for issue by the Board of Directors. These may need to be subsequently adjusted, prior to 31 December 2022 (one year after the transaction as required by the relevant accounting standards).

Fair value recognised on acquisition	Note	$000's
Assets		
Cash and cash equivalents		4,090
Trade and other receivables		1,605
Other current assets		1,443
Property, plant and equipment		27
Right of Use asset		332
Customer related intangibles (broker network)	1	17,299
Computer software	2	2,314
Goodwill (provisional)	3	56,950
Total assets		**84,060**
Liabilities		
Trade and other payables		3,984
Accrued and deferred items		260
Provisions		850
Lease Liabilities		355
Deferred tax liability		5,812
Total liabilities		**11,261**
Total identifiable net assets at fair value		**72,799**
Put/Call liability	4	(18,200)
Purchase consideration transferred		**54,599**

Fair value recognised on acquisition	$000's
Analysis of cashflows on acquisition:	
Net cash acquired with the subsidiary (included in cashflows from investing activities)	4,090
Cash paid	(54,599)
Net cash flow on acquisition	**(50,509)**

personal use only

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 in a net cash position outside the non-recourse securitisation book within the special purpose vehicles

2. AFG's total subordinated notes subscribed of $46.3 million reflects the total cash exposure to the securitisation business at 31 December 2021 ($32.0 million at 31 December 2020). This includes growth in the loan book

	AFG SPV's	AFG ex SPV's	Re-classification	AFG Limited
Assets				
Cash	157,907	87,133	-	245,040
Receivables	-	7,462	-	7,462
Financial asset	-	15,000	-	15,000
Contract assets	-	1,121,021	-	1,121,021
Loan and advances	4,025,200	17,272	-	4,042,472
Right of use asset	-	5,868	-	5,868
Investment in associate	-	28,381	-	28,381
Investment in subordinated notes	-	46,338	(46,338)	-
Property, plant and equipment	-	806	-	806
Intangible assets	-	34,208	-	34,208
Goodwill	-	56,950	-	56,950
Current tax receivable	-	1,558	-	1,558
Total assets	4,183,107	1,421,997	(46,338)	5,558,766
Liabilities				
Interest bearing liabilities	4,131,399	37,171	(46,338)	4,122,232
Trade and other payables	7,352	1,113,447	-	1,120,799
Employee benefits	-	4,301	-	4,301
Debt facility	-	51,984	-	51,984
Non interest-bearing liabilities	-	18,200	-	18,200
Deferred tax liability	-	26,705	-	26,705
Total liabilities	4,138,751	1,251,807	(46,338)	5,344,221
Net assets	**44,355**	**170,190**	**-**	**214,545**

personal use only

Important Disclaimer

This presentation contains general information which is current as at 24 February 2022.

The information is intended to be a summary of Australian Finance Group Ltd (AFG) and its activities as at 31 December 2021, and does not purport to be complete in any respect.

The information in this presentation is not a recommendation or advice about shares in AFG (or any other financial product or service). It is not intended to influence or be relied upon by any person in making a decision in relation to AFG shares (or any other financial product).

This presentation does not take into account the objectives, financial situation or needs of any particular investor. You should consider your own objectives, financial situation and needs when considering this presentation and seek independent investment, legal, tax, accounting or such other advice as you find appropriate before making any financial or investment decision.

This presentation contains some forward-looking statements. Such statements only reflect views held by AFG as at the date of this presentation and are subject to certain risks, uncertainties and assumptions. Actual events and results may vary from the events or results expressed or implied in these statements. You should not place undue reliance on any of these statements.

No representation or warranty is made in respect of the accuracy or completeness of any information in this presentation, or the likelihood of any of the forward-looking statements in the presentation being fulfilled.

For further information visit: www.afgonline.com.au or contact:

Alison Clarke
Head of Corporate Communications
+61 402 781 367

personal use only