24 November 2017

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

Dear Sir/Madam

2017 AGM ADDRESSES TO SHAREHOLDERS

The Company will address shareholders today at its Annual General Meeting to be held at 9:00am Western Standard Time at Level 4, 100 Havelock Street, West Perth WA.

Attached is a copy of the Chairman's address, CEO's address and accompanying presentation.

The live feed of the AGM can be accessed at: http://www.openbriefing.com/OB/2668.aspx

Yours faithfully

LISA BEVAN
Company Secretary

Annual General Meeting

24 November 2017

Chairman's Address

Good morning all and welcome.

I would like to thank you all for attending today and for your continued support of the company.

AFG commenced business in 1994 and is today one of Australia's largest mortgage broking groups and one of the country's leaders in the provision of lending solutions.

2017 has been a year where our focus has been on protecting our core business and delivering growth through earnings diversification. At the forefront of our thinking has been the shaping of our business to contribute to a competitive lending environment and to facilitate great customer outcomes.

The Group has achieved significant growth across a number of key performance measures. Highlights include a reported NPAT of $39.1 million and a normalised NPAT of $30.2 million. Our own branded, higher margin AFG Home Loans business achieved settlements of $2.7 billion, a 38% increase from the prior year. The AFG Home Loans book at 30 June was $5.5 billion, an increase of 44% from the same time in 2016.

AFG's combined residential and commercial loan book is now in excess of $133 billion. AFG's final dividend yield was 7.5c per share based on the closing share price of $1.285 at 30 June 2017.

AFG's strong performance has been achieved in an environment of flat credit growth, significant regulatory changes impacting foreign investment and changing credit appetites of the country's lenders.

2017 has also been a year of significant regulatory scrutiny of the Australian lending market. Following an unprecedented data collection process, the regulator ASIC released a report into mortgage broking remuneration earlier this year. The review affirmed that brokers are good for competition and that consumers have enjoyed the benefits that competitive tension delivers to pricing.

The ASIC report has outlined a number of proposals that aim to strengthen the positive contribution that brokers provide, while enhancing consumer outcomes and competition. This will improve the operation of the home loan market; and the trust and confidence that consumers have in brokers.

AFG supports the aspirations and is playing a key role in a combined industry forum working to provide a response to ASIC's proposals to government. It is our view that the response needs to focus on consumer outcomes – something that has always been an AFG focus.

AFG's overarching philosophy is one of fairness, shared prosperity, and the provision of choice to consumers.

An AFG broker arranges 1 in every 11 Australian mortgage, the provision of choice of lender and product available is central to the decision by homebuyers to seek help from a mortgage broker. To deliver on this commitment AFG has 45 lenders, both big and small on its panel. This choice benefits not just consumers who choose to seek the assistance of a mortgage broker, but all Australian homebuyers due to the competitive tensions created by the broad distribution of home loans beyond the four major banks. In April 2015 more than 1,450 individual products were available for comparison in AFG's software. That number is now sitting at more than 3,400.

2017 also saw a change in stewardship of the company. After more than 23 years at the helm, Chief Executive Officer and Managing Director Brett McKeon stepped back from his full time executive role in March of this year. Brett was one of the co-founders of AFG in 1994 and has led the Company from its beginning through its national expansion and successful IPO in 2015. Brett remains on the AFG board as an executive director with a focus on advocacy and support of AFG's broker network and their customers.

After a period spent as Interim CEO, the board was pleased to appoint our Chief Operating Officer David Bailey as the company's CEO. The smooth transition has ensured the focus on our core business was maintained and I believe is reflected in our pleasing results.

Earlier this year, fellow board member Jim Minto stepped down as a director of AFG. Jim's contribution to AFG over a number of years has been significant and we wish him well in the future.

On behalf of the board I would like to thank AFG management, staff and our loyal brokers for another outstanding year for the Group. Continued strong cash flows, a growing network and powerful balance sheet provide a solid foundation for the Group's growth plans and I look forward to another successful year for AFG in 2018.

CEO's Address

Thank you Tony.

This is my first AGM as AFG CEO and I am very pleased to report that this coincides with such a successful year for the company.

FY17 delivered another year of strong results for shareholders with AFGHL continuing to increase its contribution to the business and validate the Group's earnings diversification.

Regulatory activity continues to impact product mix but overall volumes are steady.

Our recently released AFG Mortgage Index for Q1 2018 showed the impact regulatory activity is having on product mix. The regulator-led tightening of investor lending has led to a marginal decrease in Q1FY18 and they are now sitting at 29% of the market. The biggest impact has been seen in NSW.

The number of people looking to refinance has dropped to 25%, which is likely to be a reflection of the lack of lending options on the table for investors wanting to refinance. Upgraders now represent 41% of the market and first home buyers are enjoying their third consecutive quarter in double digits since the beginning of 2014.

Victoria continues to set the pace with lodgement volumes in that state up 27% on the first quarter of last year whilst every other state has lost momentum to varying degrees. The strength of the Victorian home market is also evidenced in the average loan size for that state, which is 5% higher than it was at the same time last year. Overall, AFG volumes remain steady and are in line with our expectations.

In this environment our own-branded AFG Home Loans business has continued to outperform. Profit before tax for this segment was 142% above FY16 and total settlements were $2.68 billion - an increase of 38% for the financial year.

The AFG Home Loans book now sits at $5.5 billion - representing growth of 44% from FY16.

The introduction this year of a new funder to our AFG Home Loans suite has enabled us to drive further growth in this part of our business. We have four core prime mortgage funders and one near prime alternative in a growing and increasingly important market segment. A strong net interest margin and a well-performing loan book means we have a very positive outlook for this part of our business.

Subsequent to the end of the financial year we completed our fifth term transaction and we were very pleased with the results. In addition we have finalised our APS120 compliant warehouse arrangements which places this business on a solid footing from a funding perspective.

AFG Commercial is experiencing growth in all geographical markets. Asset financing settlements rose 20% to finish the year at $445 million and AFG Commercial mortgage settlements were $2.84 billion. The trail book for this segment of our business now stands at $6.78 billion.

We anticipate significant future growth from the small to medium enterprise (SME) segment of the commercial market. AFG is poised to harness this growth with the impending rollout of an Australian-first SME lending platform, AFG Business. This platform will enable our network of brokers to provide small business borrowers access to a broad range of options, deliver faster access to capital and open up the lending landscape for a sector of the economy which has often struggled to access financing efficiently and at a competitive price.

AFG Business is an industry first; matching lenders' risk appetite and the customer's business risk profile. It will deliver a brand new approach to the traditionally conservative realm of Australian lending by fully digitising the application process and is further evidence of our commitment to improved outcomes for all Australian borrowers. At this time I would also like to recognise the commitment of our lending partners who have embraced this AFG initiative.

AFG's residential settlements were $34.3 billion for the year. As Tony mentioned, increased regulatory intervention this year has driven more complexity in the market and an even greater need for broker expertise.

Regulatory changes are resulting in increased complexity with individual products being split between owner occupied, investment, interest only, LVR and principal & interest categories driving different pricing bands.

Visits to AFG's BrokerHQ knowledge base have increased from 28,000 in March 2015 to over 53,000 currently. AFG brokers have the systems, skill and expertise to help consumers navigate through this increasingly complex area and we believe this will further cement the position of mortgage brokers in the market. Latest MFAA data for the September quarter suggests brokers share is now close to 56% which, whilst acknowledging there has traditionally been some seasonality on a quarter to quarter basis, represents an increase of some 2%on the June quarter.

We have increased our recruitment of high performing brokers to AFG by 8.5% to finish the year with 2,875 active brokers. More than 1,200 of those brokers came together for three days at the AFG National Conference in June in Sydney. Most brokers are small business people working around the clock in their businesses and the opportunity the conference provided for them to hear from lenders, subject experts and the regulator was greatly valued. This type of event also enables them to meet their peers from across the country and share their experiences of running their businesses and of the current conditions affecting their industry.

Throughout its 23 year history, AFG has been vocal in its advocacy for the mortgage broking industry. AFG has conducted an extensive engagement program with regulators and our elected representatives. In the past 12 months alone we have provided multiple submissions to various government inquiries, attended roundtables, met with 13

federal MPs, engaged with regulators, provided input into political engagement activity by our industry bodies and we are currently heavily involved in the combined industry forum providing feedback to government on ASIC's review of mortgage broker remuneration. Our most recent engagement was with a federal MP from Queensland Brett and I initially met with in Canberra. He was very interested in our industry and we took the opportunity to invite a number of our top performing brokers from his state to a follow-up meeting last month in his electorate.

Our overarching aim with this program is to ensure that decision makers understand the value mortgage brokers deliver to both consumers and to the competitive landscape and to recognise the value these small businesses deliver to the broader economy.

As we look forward, AFG's future growth is focused on protecting and growing our share of the mortgage broking market by focusing on our core business, continuing to expand our distribution reach, increasing penetration of own branded product and driving further earnings diversification. This is of course underpinned by our commitment to ensure one of the most important financial decisions Australian consumers make remains diverse, accessible, efficient and safe. We are on track with each of these initiatives.

I would like to thank AFG staff and our brokers for their support to deliver such a strong result and I look forward to another successful year for AFG.

AFG

2017

Annual General Meeting

24 November 2017

Welcome

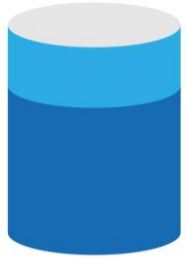
Agenda

1. Introductions and housekeeping
2. Chairman’s address
3. CEO’s address
4. Formal business
5. Close

Chairman
Tony Gill

2017 full-year financial results - highlights

- Delivering strong growth in a challenging market
- AFG's combined residential and commercial loan book is now in excess of $133 billion
- AFG's final dividend yield 7.5% per share based on the closing share price of $1.285 at 30 June 2017



Normalised NPAT relating to FY17 $30.2 million up 33% on FY16

AFG Home Loans represents 36% of normalised group NPAT up from 20% in FY16

Final dividend of 5.5 cents per share, making the FY17 total dividend 9.7 cents – an increase of 15% on FY16

AFG Home Loans settlements up 38% to $2.7B



AFG Home Loans trail book has increased by 44% to $5.5B





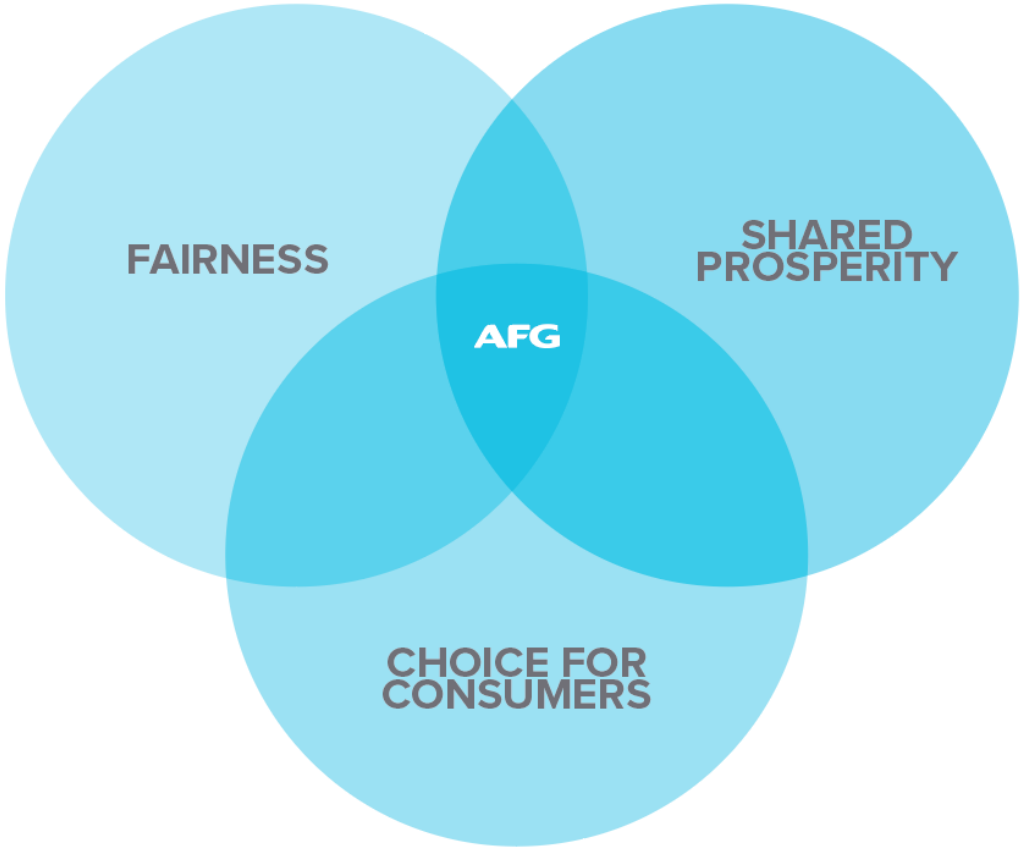
Asset financing settlements up 20% to $445 million

Regulatory environment

- 2017 has also been a year of significant regulatory scrutiny of the Australian lending market
- ASIC Review of mortgage broker remuneration affirmed;
  - brokers are good for competition
  - consumers have benefitted in terms of pricing from that competitive tension
- The proposals aim to strengthen the positive contribution of brokers while enhancing;
  - consumer outcomes and competition
  - the operation of the home loan market
  - the trust and confidence that consumers have in brokers
- AFG supports those aspirations and is playing a key role in a combined industry forum working together to provide a response to ASIC's proposals to government
- Focus on consumer outcomes – AFG has always been focused on positive consumer outcomes

1 in 11

Australian residential mortgages are arranged by an AFG broker



3,400+

individual products

up from 1,450 in April 2015

45+

lenders



Anthony Gill
Chairman



Brett McKeon
Executive Director



Malcolm Watkins
Executive Director



Kevin Matthews
Non-Executive Director



Craig Carter
Non-Executive Director



Melanie Kiely
Non-Executive Director



Jane Muirsmith
Non-Executive Director

Chief Executive Officer
David Bailey

FY17 results - actual

	FY17 $000's	FY16 $000's	
Loan Book	133,322,084	120,402,698	11%
Residential	126,538,191	114,737,484	10%
Commercial	6,783,893	5,665,214	20%
Settlements			
Residential	34,337,401	33,840,648	1%
Commercial	2,842,499	2,755,778	3%
AFGHL Settlements	2,679,754	1,938,286	38%
AFGHL Loan Book	5,502,870	3,816,166	44%
AFG Securities Loan Book[1]	1,149,086	1,043,479	10%

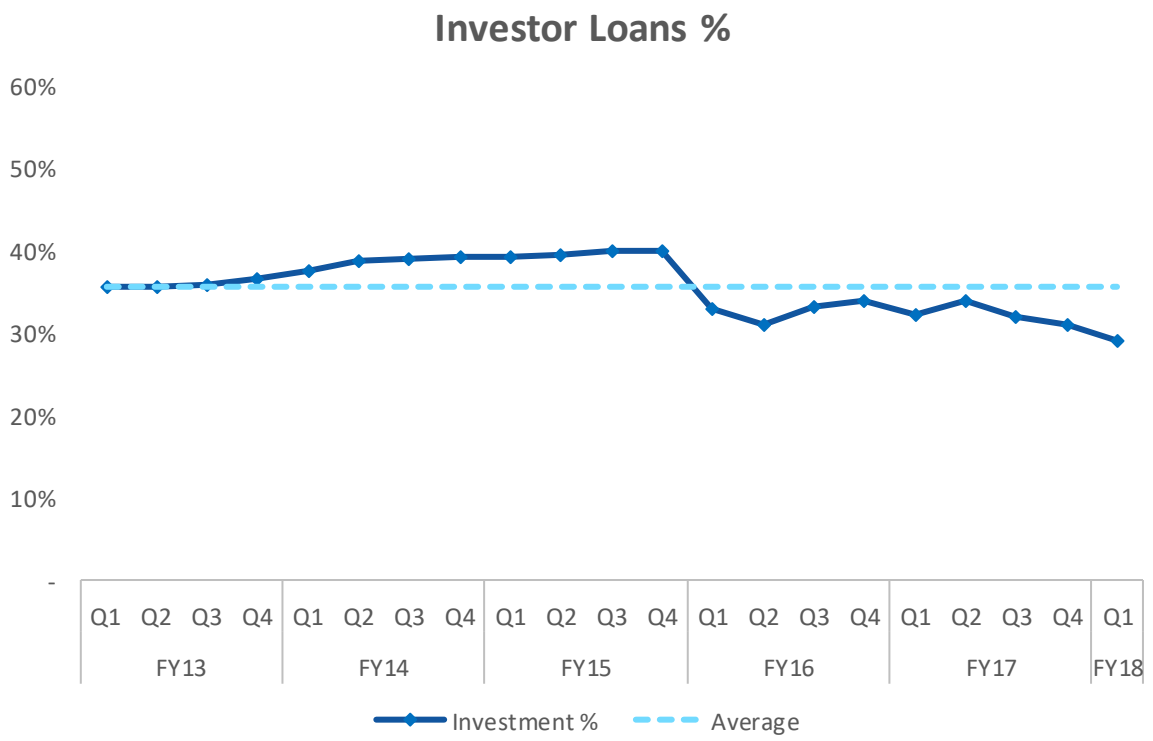
1 Subset of the AFGHL loan book

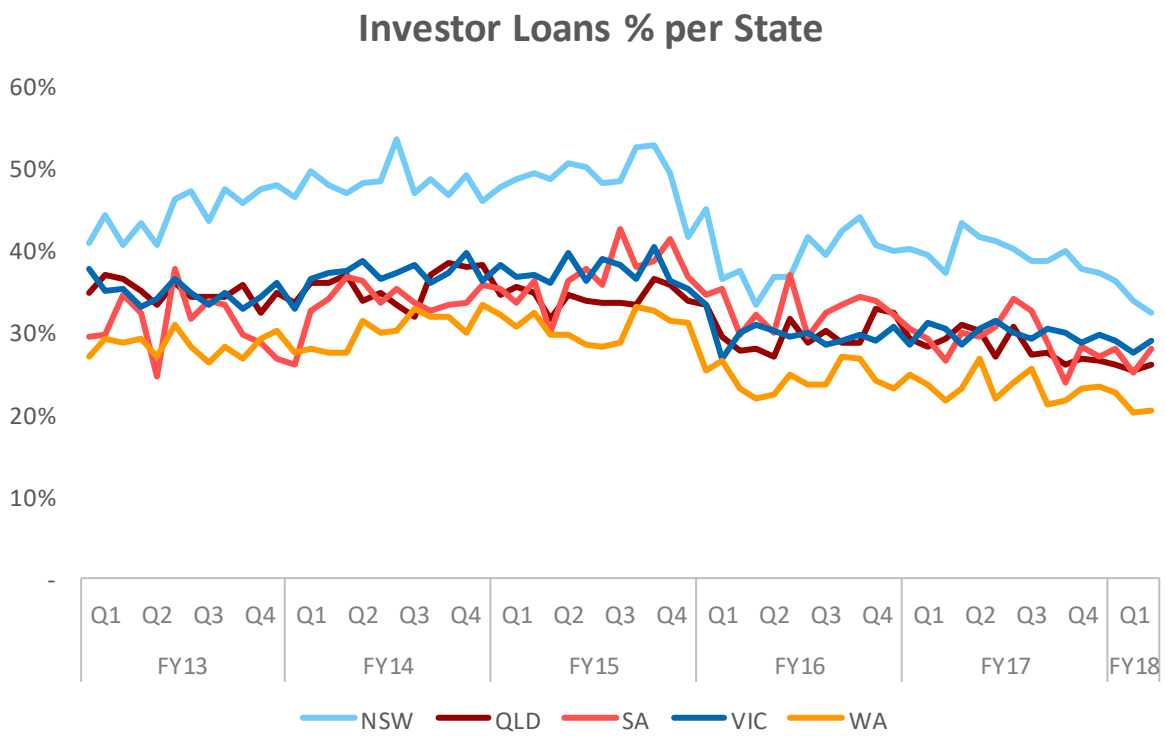
	FY17 $000's	FY16 $000's	
NPAT (normalised)	30,164	22,644	33%
Net Interest	14,630	13,563	8%
Net Interest Margin	135bp	132bp	2%
EPS	18.2 cents	10.5 cents	73%
EPS (normalised)	14.0 cents	10.5 cents	33%
Number of shares	214,813	214,813	
Dividends % of underlying profit	80%	80%	
ROE	31%	28%	
P/E ratio[2]	10.3 x	10.9 x	

2 Based on share price at 14/8/2017 and 12/8/2016

Investor loans

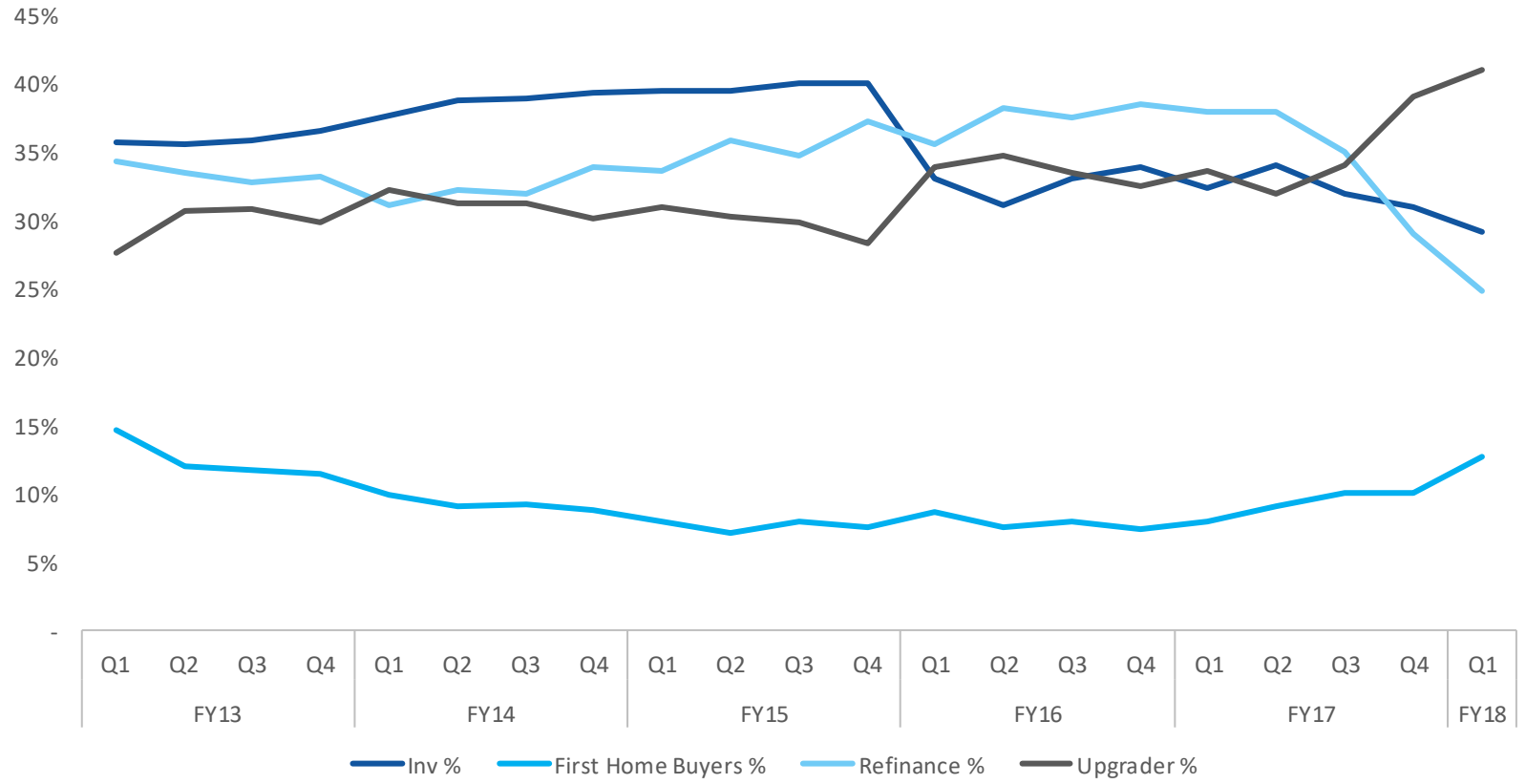
Investor lending has decreased marginally in Q1 FY18 with further regulatory intervention. The biggest impact has been seen in NSW.





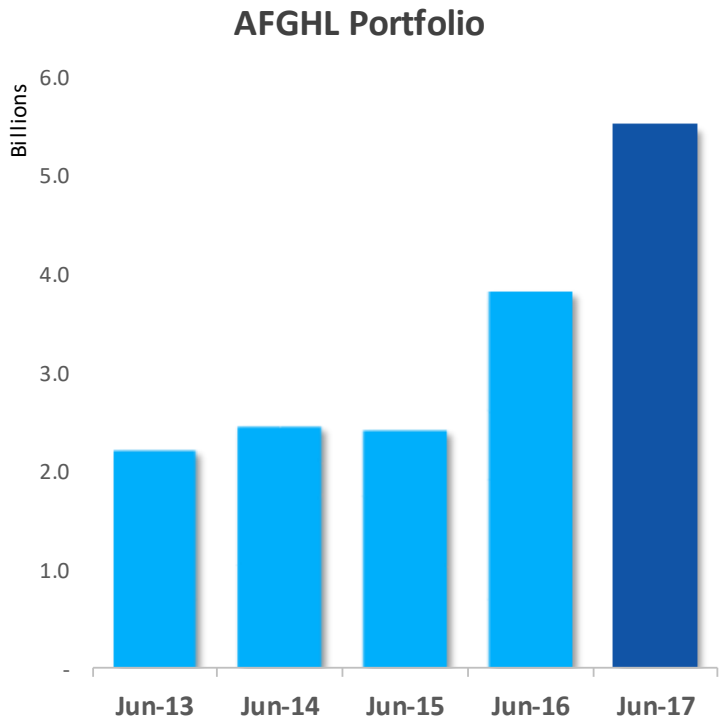
Types of lodgements

Regulatory activity continues to impact product mix with overall volumes steady



AFG Home Loans

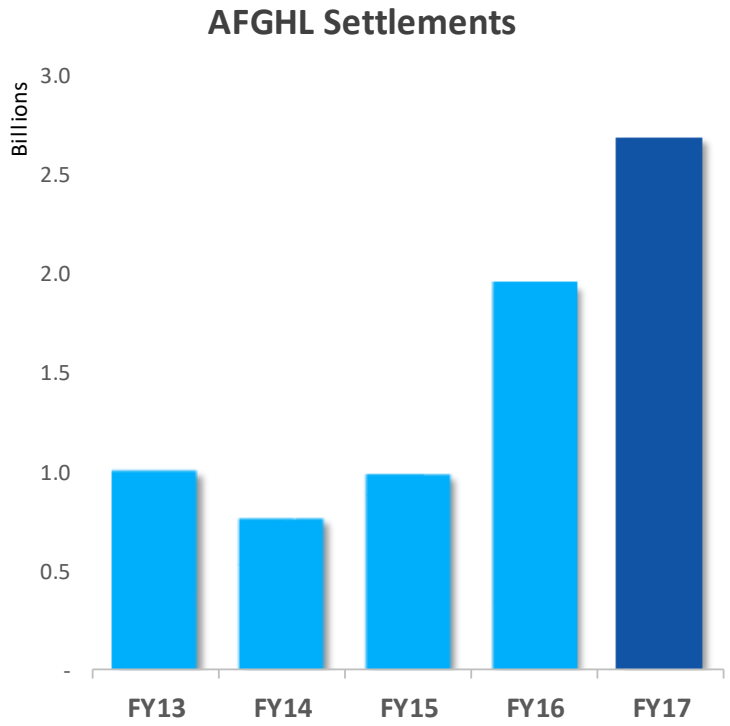
- Strategy continues to deliver positive results with profit before tax 142% above FY16
- Total settlements $2.68 billion up 38% from FY16
- AFG Home Loans book of $5.5 billion up 44% from FY16
- Improved margin within AFG Securities
- Momentum experienced in the last quarter of FY17 being maintained into FY18



	Related to FY17	FY16	
Total AFGHL Revenue	79,700	68,327	17%
AFGHL Profit before tax	15,900	6,564	142%

AFG Home Loans

- Suite of 5 products serving different segments
- All funders contributing to growth
- Four core prime mortgage funders
- AFG Options a near prime alternative in a growing and increasingly important market segment
- Scalable business model delivering growing profitability with the white label offering simplifying business processes



AFG HOME LOANS RETRO

AFG HOME LOANS EDGE™

AFG HOME LOANS ICON

AFG HOME LOANS ALPHA

AFG HOME LOANS OPTIONS

AFG Securities

- AFG 2017-1 Trust Residential Mortgage Backed Securities (RMBS) September 2017
- Largest term deal AFG has undertaken
- An important contributor to the company's overall growth strategy
- Success of this issue further validates the AFG Securities business model

Commercial Portfolio June 2017

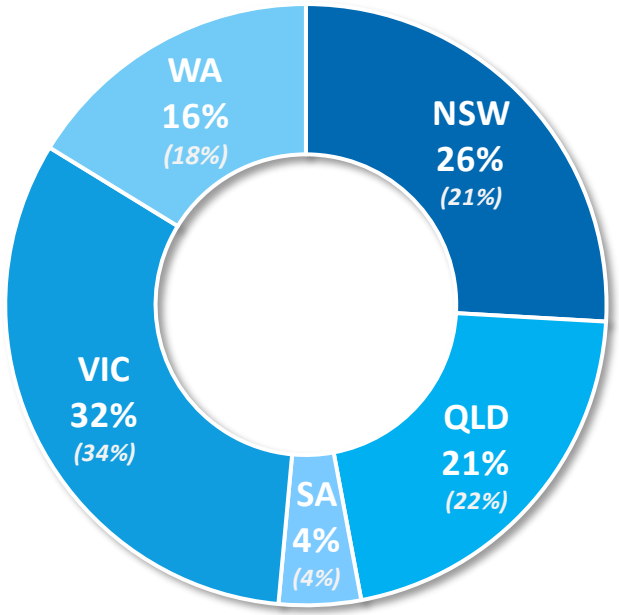
Growth in all geographical markets

Trail book $6.78 billion

FY17 Commercial settlements of **$2.84 billion**

with the Commercial leasing now **$445 million**

Commercial Loan Book Location



AFG Business

Commercial broking platform

- Initially Commercial mortgages and expanding to include asset finance and unsecured finance throughout FY18
- Building initial panel of up to 10 lenders aimed at the core SME finance market
- Simple training and direct accreditation for AFG brokers to help deliver streamlined efficient Business Finance solutions to SME customers across the country





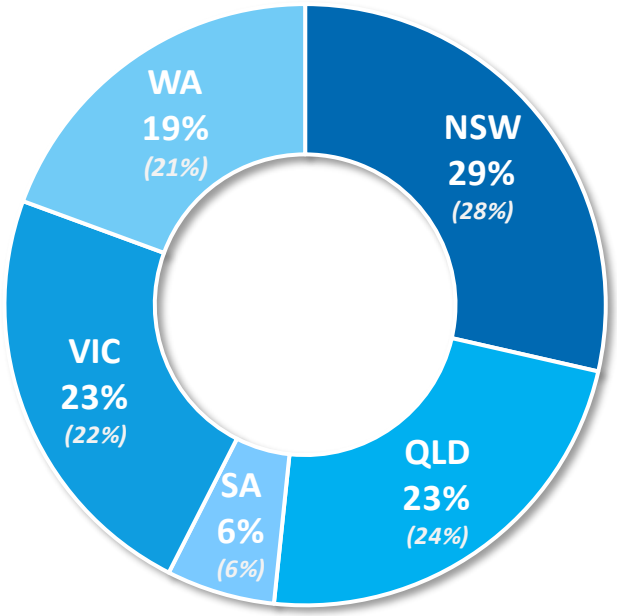
Residential Portfolio June 2017

The Residential portfolio again grew in all geographical markets, residential loan book of $126.5 billion generating ongoing trail commission.

FY17 Residential settlements of **$34.3 billion**

with the Residential trail book now **$126.5 billion**

Residential Loan Book Location



Our brokers

- Multiple product changes
- Regulatory levers impacting lender appetite
- Brokers equipped to help consumers navigate a complex market

Broker numbers grew to over
2,875 nationally,
up from 2,650 at 30 June 2016



Broker & consumer advocacy



Responsible, strong and active voice for consumers. Participating in industry and regulatory debates and developments.

In conclusion

FY17 delivered strong growth for shareholders. We will continue our momentum.

- The group is well placed to continue to provide positive future growth
- Customers continue to preference brokers as a means of providing choice, competition and great outcomes
- Growth opportunities exist in other asset classes for brokers to gain market share
- AFG Business platform will drive growth in commercial SME
- Strong distribution network and a competitive position underpinned by strong B2B IT capabilities. We expect further channel change and for an agile business like AFG, this is an exciting opportunity
- We see AFG continuing to be a first choice partner for lending and broking groups based on our core capabilities

Q & A

Formal Business

Notice of Meeting

Items of Business

Item 1:

Financial Reports – financial year ended 30 June 2017.

The Financial Report, director's report and auditor's report for the financial year ended 30 June 2017 is tabled for discussion.

Items of Business

Item 2:

Election of Directors

Items of Business

Item 2(a):

Re-election of Brett McKeon as a director of the Company

In accordance with the Notice of Meeting the resolution to be put before the members is:

> *"That Brett McKeon, who retires as a director of the Company in accordance with rule 8.1(e) of the Company's constitution, and being eligible, be re-elected as a director of the Company."*

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	100,082,665	57,825	238,968	1,200	100,379,458
% OF ELIGIBLE VOTES	99.70%	0.06%	0.24%		
NO. OF PROXY FORMS	89	5	20	1	114

Items of Business

Item 2(b):

Re-election of Kevin Matthews as a director of the Company

In accordance with the Notice of Meeting the resolution to be put before the members is:

> *"That Kevin Matthews, who retires as a director of the Company in accordance with rule 8.1(e) of the Company's constitution, and being eligible, be re-elected as a director of the Company."*

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	100,101,465	54,325	223,668	1200	100,379,458
% OF ELIGIBLE VOTES	99.72%	0.05%	0.22%		
NO. OF PROXY FORMS	91	4	19	1	114

Items of Business

Item 3:

Adoption of Remuneration Report

To consider, and if thought fit, to pass the following in accordance with section 250R(2) of the *Corporations Act 2001(Cth)* (**Corporations Act**)

"That the Remuneration Report for the Company for the year ended 30 June 2017 be adopted."

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	77,518,440	224,537	238,968	114,358	77,981,945
% OF ELIGIBLE VOTES	99.41%	0.29%	0.31%		
NO. OF PROXY FORMS	67	18	20	8	113

Items of Business

Item 4:

Grant of 2018 LTI Award to Executive Director – Brett McKeon

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

> *"That approval be given, for the purposes of ASX Listing Rule 10.14 and sections 200B and 200E of the Corporations Act and for all other purposes, to grant 21,260 Performance Rights to Executive Director, Brett McKeon, under the Company's long term incentive plan as set out in the Explanatory Notes accompanying this notice of meeting."*

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	80,102,828	312,415	238,968	123,758	80,654,211
% OF ELIGIBLE VOTES	99.32%	0.39%	0.30%		
NO. OF PROXY FORMS	58	27	20	10	105

Items of Business

Item 5:

Grant of 2018 LTI Award to Executive Director – Malcolm Watkins

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

> *"That approval be given, for the purposes of ASX Listing Rule 10.14 and sections 200B and 200E of the Corporations Act and for all other purposes, to grant 31,889 Performance Rights to Executive Director, Malcolm Watkins, under the Company's long term incentive plan as set out in the Explanatory Notes accompanying this notice of meeting."*

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	80,057,162	295,415	301,634	123,758	80,654,211
% OF ELIGIBLE VOTES	99.26%	0.37%	0.37%		
NO. OF PROXY FORMS	55	26	24	10	105

Poll

Results of Poll

Q&A

Close

Disclaimer

This presentation contains general information which is current as at 24 November 2017. The information is intended to be a summary of Australian Finance Group Limited (AFG) and its activities as at 30 June 2017, 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

Thank you.