

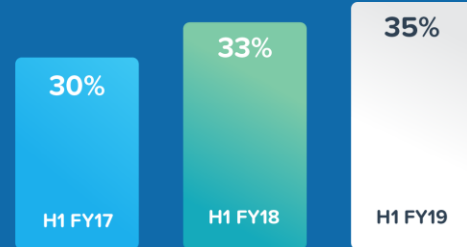


2019 Half-year financial results

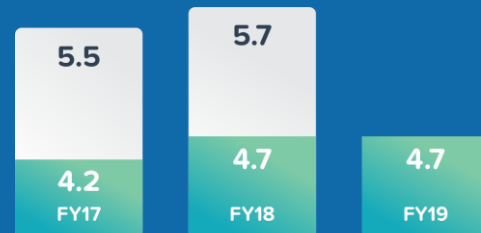
H1 FY19 results – Highlights



Underlying NPAT
up 2% to \$14.7M ▲

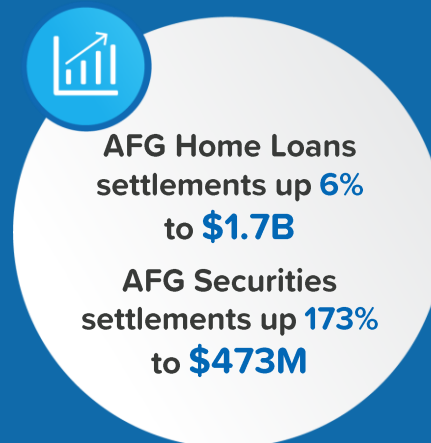


Reported return on equity has
increased to 35%



Ordinary Dividends
(cents per share)

● Interim ● Final




**H1 FY19 Residential
Settlements of \$17.2B**


**with Residential trail book
now up 8% to \$143.9B**

**AFG Home Loans trail book
up 30% to \$8.4B**

**AFG Securities loan book
up 40% to \$1.66B**


**H1 FY19 Commercial
Settlements of \$1.27B**


**Asset Finance up 5%
to \$290M**

**Debt free, capital light
and strong cash flow
generation of \$12.5M
from operating activities**

Keeping choice and competition alive for consumers

AFG provides significant value to consumers and lenders – large and small. Consumers have shown a strong preference for the channel and lenders have clearly found broker a more cost effective customer acquisition channel



keepcompetitionalive.com.au

Market leading advocacy for the overall broker industry. Increasing awareness of the value brokers provide to choice and competition in the market.



Broker & Consumer advocacy

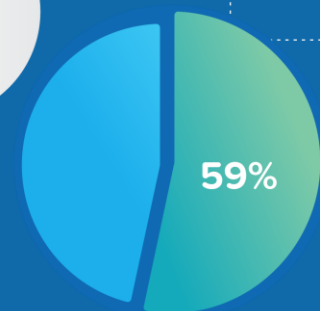
4,000 + individual products



50 + lenders



10,000 customers per month



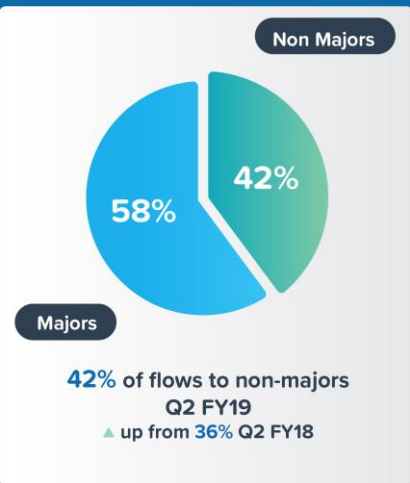
59% of Australian mortgages are written through a broker and growing

Brokers numbers grew to over **2,975 nationally**
Increased from 2,900 at December 2018 ▲

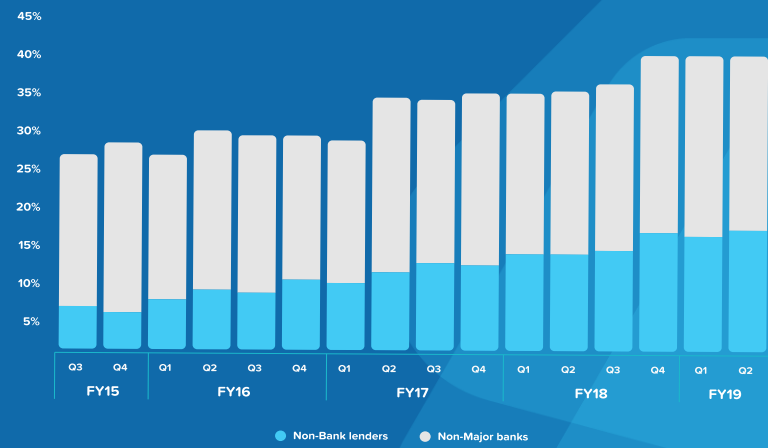
1 in 11



Australian residential mortgages are arranged by an AFG broker



Non-Major Market Share



Royal Commission

Final Report released

Final report outcomes that might impact Brokers

- Following the Royal Commission recommendation, the Government has proposed ending the payment of trail commission from lenders to mortgage brokers and aggregators on any loans taken out from 1 July 2020
- Importantly the Government has not endorsed the recommendation for upfront fees to be paid by the consumer, we are actively involved with industry stakeholders to help shape the outcome
- Existing trail book commissions not impacted
- The Government and regulators recognise the value brokers deliver in lowering borrowing costs and broadening choice for consumers
- Both the Government and Opposition recommended that any change to the broker industry should be introduced in a timely and considered manner

Implications for the market and AFG

- The complexity of the Australian mortgage market is more difficult to navigate than ever. If these changes are not handled properly it could place assistance out of reach for some customers. Those hardest hit would be low income earners and could deliver pricing power and higher margins back to the major banks
- We will continue to work with Government, the Opposition, industry bodies, lenders and our brokers to ensure the mortgage value proposition is loud and clear and that our voices continue to be heard
- Consumers have proven they want to embrace the service brokers offer with broker market share reaching 59%
- Demand for choice and competition is greater than ever. This will ensure that brokers continue to play an important part in the market moving forward
- A user pay model would impact the broker channel and be adverse to customers
- *AFG's earnings diversification strategy and strong balance sheet provides flexibility to adapt to a changing remuneration model*

Royal Commission & regulatory reviews

Extensive reviews by the Productivity Commission, Sedgwick (commissioned by lenders), the Combined Industry Forum and ASIC have been performed. The consensus from all is that fee for service would negatively impact competition in the residential mortgage market.

Remuneration recommendation	Productivity commission	Sedgwick report	CIF report	ASIC report
<i>Prohibiting lenders from paying trail commission to mortgage brokers</i>	Agrees While we propose that up-front commissions remain paid by lenders, we consider that going forward, trail commissions must be abolished We accept that up-front commissions may rise as a consequence of such action. Broking businesses would need to remain commercially viable	Neutral Trailing payments of some kind might continue	Neutral Trailing payments of some kind might continue	Conflicts The lack of trail commissions has been seen by some as a potential driver of churn in the UK home loan market
<i>The borrower, not the lender, should pay the mortgage broker a fee for acting in connection with home lending</i>	Conflicts The Commission has not recommended the adoption of fee-for-service remuneration in mortgage broking The Commission agrees that fees-for-service paid by consumers are unlikely to be pro-competitive Competition in the home loan market would likely be weaker as a result	Conflicts An overarching principle, however, must be that competition and the viability of mortgage broking is preserved. Accordingly, any fees for service must be lender rather than customer funded	Conflicts Will negatively impact competition and customer outcomes; Increasing barriers to entry for new lenders, whilst disadvantage smaller lenders and those without a branch footprint	Conflicts In the Netherlands, home loans are typically fully advised products bundled with life insurance and involve complex tax arrangements. *The ASIC report did not recommend a move to borrowers pays

Brokers Benefit Customers & Competition

- Mortgage brokers play a vital role in delivering competition and creating choice and lower costs for borrowers
- The Royal Commission has triggered a wave of support for the role mortgage brokers play in creating better outcomes for consumers through enhanced competition. Right across the spectrum, we've seen the Media, Government, Opposition, RBA Governor, large and small lenders including 2 majors
- There are similar themes in what they are saying: mortgage brokers are good for competition and good for the consumer
- With market share for the mortgage broking sector at an all-time high, customers clearly trust mortgage brokers. Leaving consumers and the economy worse off, which is a real danger if we don't get this right, would defeat the purpose of the whole Royal Commission process. A consumer paid fee for service may lead to a cost to refinance – consumers may become 'mortgage prisoners'
- It is vital a constructive process be entered into that ensures competition and consumer choice are not at risk. A well-regulated mortgage broking industry is vital to competition. A wrong move will hand the big banks big profits at the expense of brokers, the non-major lenders and every Australian borrower
- A consumer fee-for-service means a new fee any time a customer wants to alter their mortgage or switch lenders, which in effect creates a new exit fee for consumers. These changes will entrench bank power, by forcing customers back into the branch and 'handcuffing' them to their lender
- The 'Netherlands' model would mean a new fee of a number of thousand dollars for all Australian home buyers regardless of whether they use a broker or a branch. The critical difference between our industry and the Netherlands is that all mortgage-related costs (interest, insurance, set-up fees, advice etc) are tax-deductible in the Netherlands

Strategic & market outlook

Consumers are increasingly using brokers – demonstrating the clear value that brokers bring. AFG will work with stakeholders to ensure that the value our core brokers bring to the market is heard as well as continuing to focus on our earnings diversification strategy

AFG

Core Residential

The broker distribution channel has continued to gain market share – highlighting the clear value of choice and competition

Despite potential remuneration changes, overall demand for brokers and choice will remain

Technology will continue to be enhanced. Allowing AFG and our brokers to operate more efficiently

AFG is positioned to take advantage of any consolidation opportunities that a higher compliance and governance environment will drive



Royal Commission Recommendations

Are recommendations at this stage, any legislated change will only come after approval by both houses of Government

AFG will continue to be an industry leader in engagement with Government, regulators, smaller lenders and brokers to ensure that the value brokers is recognised and help shape the outcome

Brokers and aggregators will be required to do more for less, increasing the importance of scale and technology

AFG HOME LOANS

AFG Home Loans

AFG Home Loans trail book increased by 30% to **\$8.4B**

AFGS loan book has increased by 40% to **\$1.7B**

Product offering expanded with the launch of near prime product AFG Link in 2018

AFGS growth provides a strong earnings platform for future years



AFG Business

Continuing to build the lodgement pipeline, with \$56M settlements in H1 FY19 and launched Asset Finance module

Currently 19 Mortgage and 5 Asset Finance lenders

Asset Finance

Settlements up 5% to \$290M

AFG Commercial powered by Thinktank

National roll out complete with 60% increase in settlements compared to H1 FY18

Strategic investment in Thinktank has driven further diversification with earnings of \$921k in H1



Potential impact of Royal Commission underlines the importance of our ongoing diversification strategy.

The commercial lending market is of a similar size to the residential market. It represents a significant growth opportunity for brokers. Our investment in AFG Business will assist in maximising this opportunity.

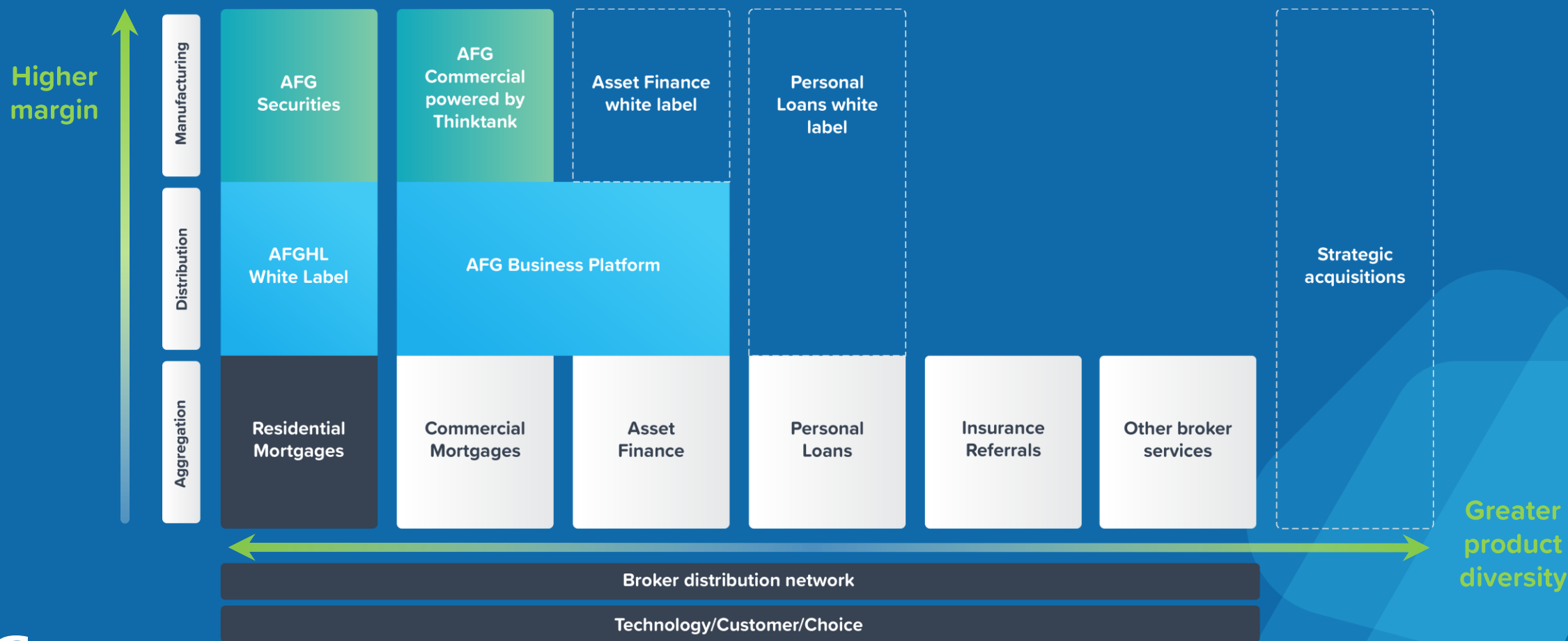
Over 50% of gross profit margin now coming through diversified earnings

Other products Residential

AFG will continue to lead engagement with stakeholders to highlight the importance of brokers to choice and competition
Focus on growing diversification pillars of AFG Home Loans and AFG Business platform

AFG's earnings diversification strategy

Strong culture delivering our long term strategy, focused on great consumer outcomes. AFGS and AFG Commercial powered by Thinktank provide improved margin and a strong platform for future years. Opportunities exist to deliver further growth through higher margin distribution or white label products and strategic acquisitions



H1 FY19 results – actual

	1 H19 \$000's	1 H18 \$000's	
Loan Book	151,753,815	140,846,019	8%
Residential	143,926,829	133,609,138	8%
Commercial	7,826,986	7,236,880	8%
Residential Settlements	17,234,550	18,587,854	(7%)
Commercial Settlements	1,266,786	1,435,600	(12%)
AFGHL Settlements	1,725,192	1,621,407	6%
White Label	1,252,481	1,488,117	(14%)
AFG Securities	472,711	173,290	173%
AFGHL Loan Book	8,433,647	6,471,066	30%
AFG Securities Loan Book ¹	1,658,284	1,182,589	40%
Thinktank Settlements	38,746	24,145	60%
AFG Business Settlements	56,156	-	

¹ Subset of the AFGHL loan book

	1 H19 \$000's	1 H18 \$000's	
NPAT reported	16,686	16,738	0%
NPAT underlying	14,715	14,394	2%
Cash flows from operating activities ²	12,513	15,485	(19%)
Debt	-	-	
Un-restricted net cash ³	49,016	89,656	(45%)
Net Interest	8,536	8,363	2%
Net Interest Margin	113bp	144bp	(22%)
Financial metrics			
Reported EPS	7.7 cents	7.8 cents	(1%)
Number of shares (diluted)	215,522	215,442	
Dividends % of underlying profit	69%	70%	
Reported ROE	35%	33%	
Reported P/E ratio ⁴	8.2 x	10.6 x	
Underlying P/E ratio ⁴	9.3 x	12.3 x	

² Operating cash flow impacted by the timing of sponsorship income and broker commission payments

³ Special dividend of \$25.8M was paid during H2 FY18

⁴ Based on share price at 21/1/2019 and 21/1/2018

AFG Business

Platform continues to build its lodgement pipeline through the half

- Lodgements to the platform have increased 215% in H1 FY19 compared to H2 FY18, with settlements of \$56.2 million in the half completed by 71 brokers
- Commercial mortgage panel of 19 lenders including AFG Commercial powered by Thinktank. Mix of lenders provides a wide variety of finance solutions for SME customers
- Asset finance platform was launched in Q1 FY19 and has a panel of 5 lenders
- Significant headcount and on-ground investment to support growth
- Avenue for future growth of brokers businesses

AFG Business Panel

Commercial



Asset Finance



AFG Commercial powered by Thinktank

- National roll-out of the AFG Commercial product now complete
- Settlements for Thinktank/AFG Commercial up 60% on H1 FY18 to \$38.7 million
- Straight forward, set and forget commercial property solution. Loans available from \$100k up to \$3 million
- Dedicated and consistent service channel that supports the broker and the life of the broker-client relationship



2019

AFG

Operational update

AFG Home Loans

- Continues to provide an alternative to borrowers in a challenging market
- Growth of 6% overall compared to H1 FY18 with strong growth in AFG Securities
- AFG Home Loans' book up 30% to \$8.4 billion
- Three white label funders and an expanded AFG Securities offering continues to protect against varying lender appetite
- AFG Home Loans products now with more than 21,000 customers

AFG
HOME LOANS
RETRO

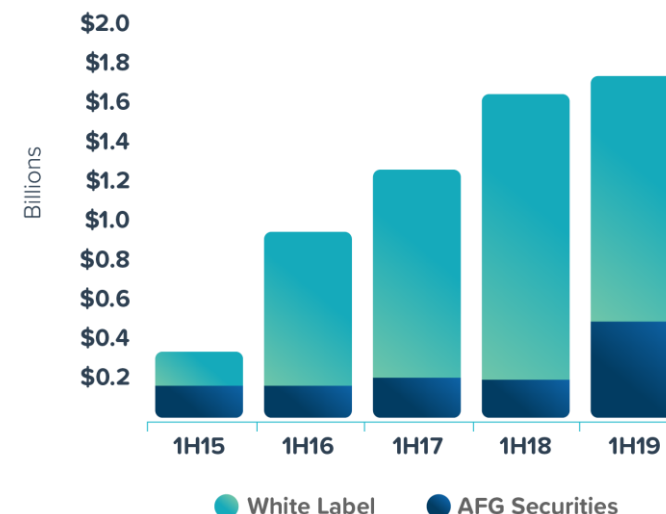
AFG
HOME LOANS
LINK

AFG
HOME LOANS
EDGE™

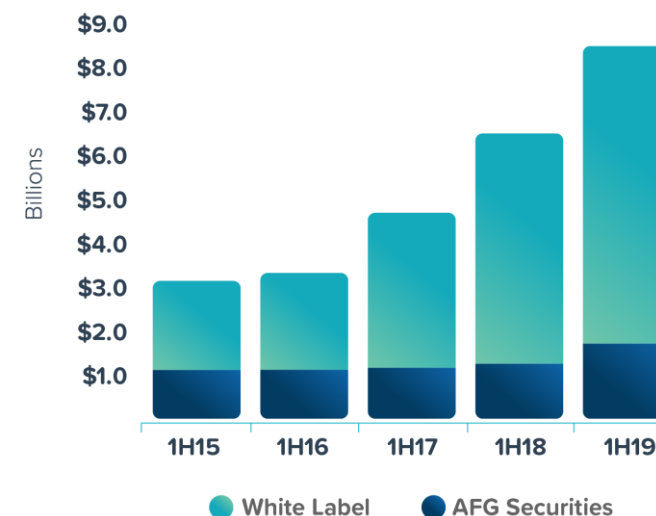
AFG
HOME LOANS
ALPHA

AFG
HOME LOANS
OPTIONS

AFGHL Settlements



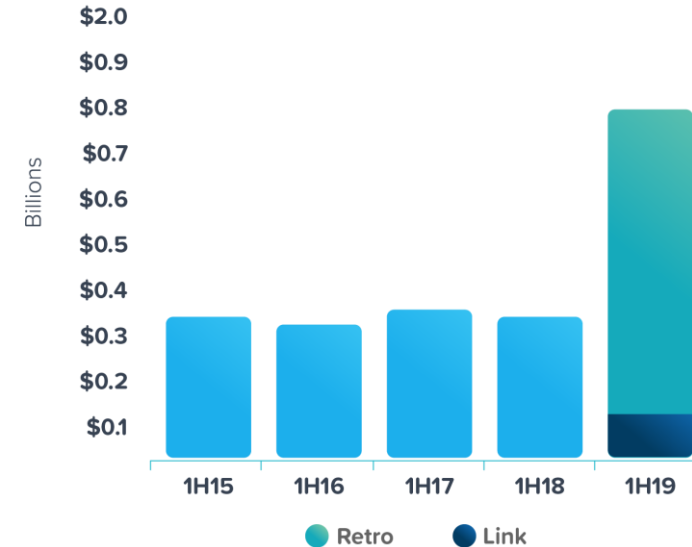
AFGHL Portfolio



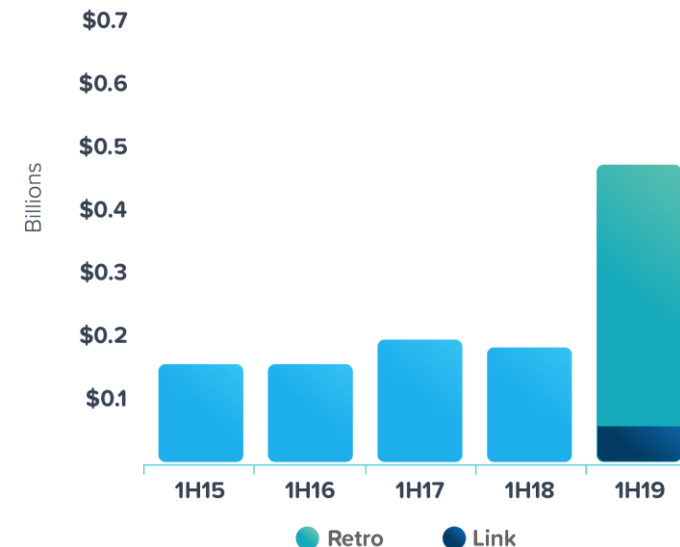
AFG Securities

- Settlements of \$473 million and lodgements of \$795 million were up 173% and 148% on H1 FY18
- Growth driven by considered product improvements, with arrears remaining well below industry averages
- AFG Home Loans Link launched in 2018, with Lodgements and Settlements of \$128 million and \$42 million in H1 FY19
- AFG Securities is providing choice to customers in a complex market, including the near prime sector through the Link product
- Net interest margin in AFG Securities continues to be impacted by BBSW movements during H1 FY19

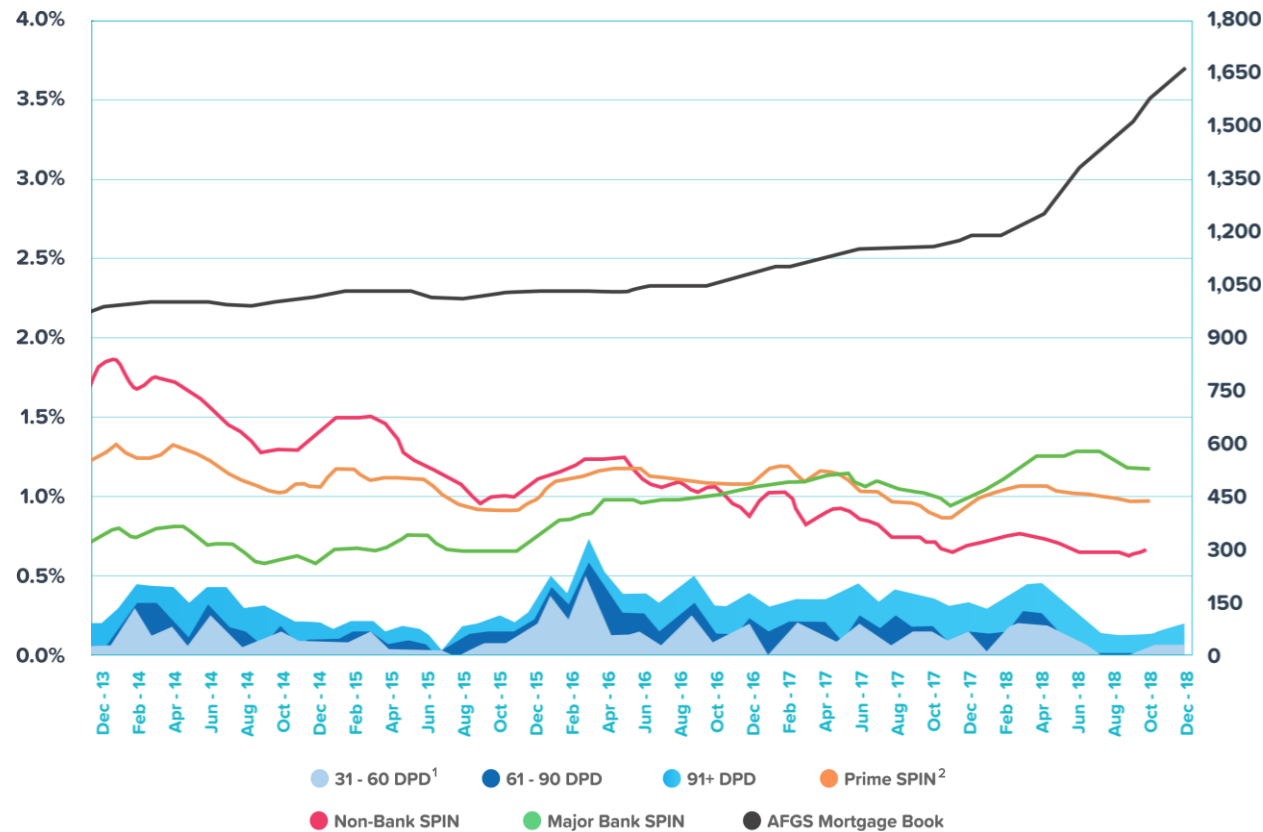
Lodgements



Settlements



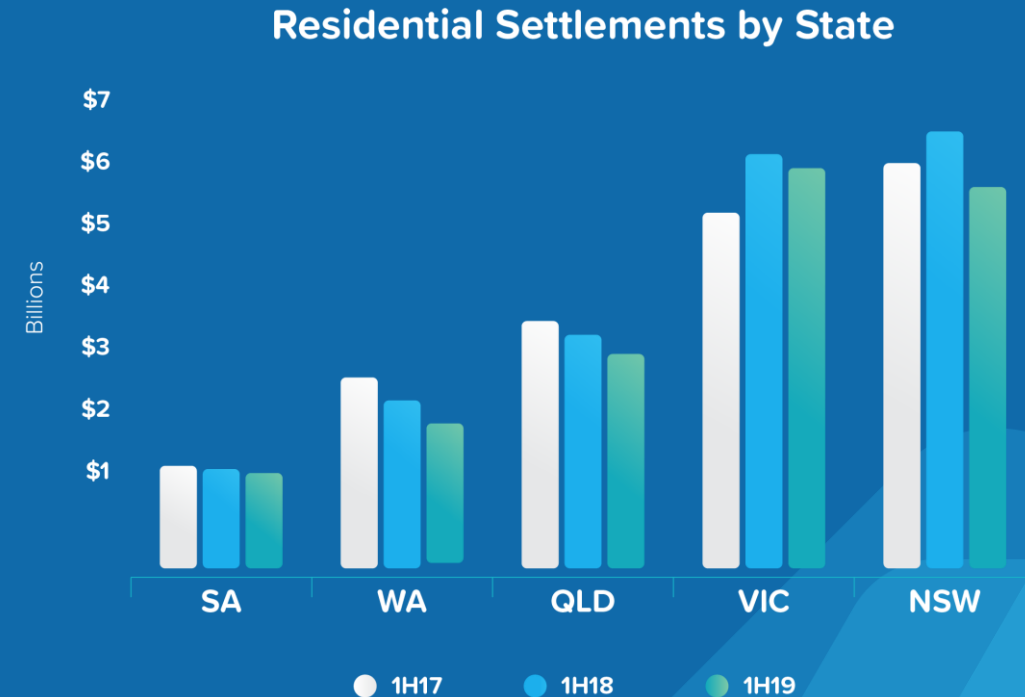
AFG Securities – Arrears and default management



- AFG Securities' total portfolio over \$1.65 billion at December 2018
- At December 2018 there were only 10 loans in arrears greater than 30 days demonstrating a measured approach to expanding product range
- No losses incurred on non-LMI insured loans

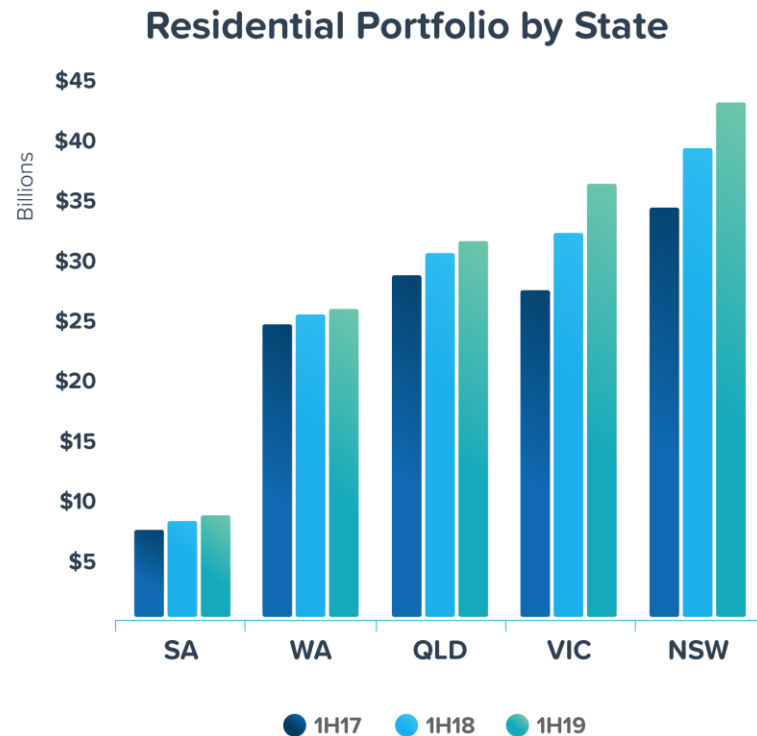
	Dec-16	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
# Loans in arrears (greater than 30 days)	18	16	13	14	15	16	14	14	13	18	19	17	16	10	8	7	7	8	8	10

Residential settlements

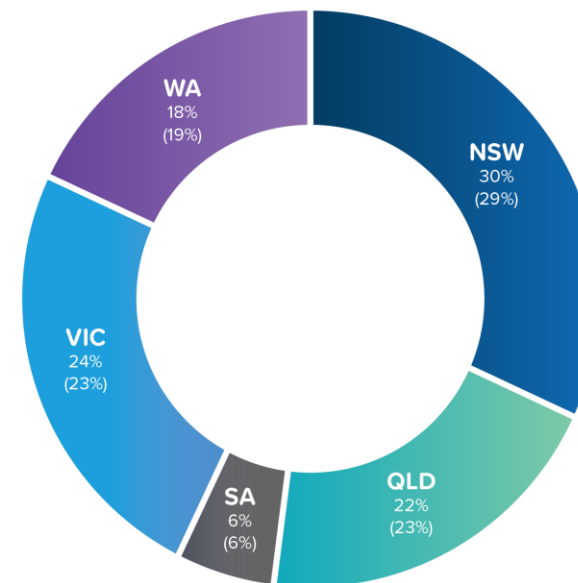


- Tightening credit conditions have impacted settlements, down 7% on H1 FY18
- Victoria and New South Wales both experienced decreases driven by slowing market conditions following strong sustained growth in these states

Residential portfolio – December 2018



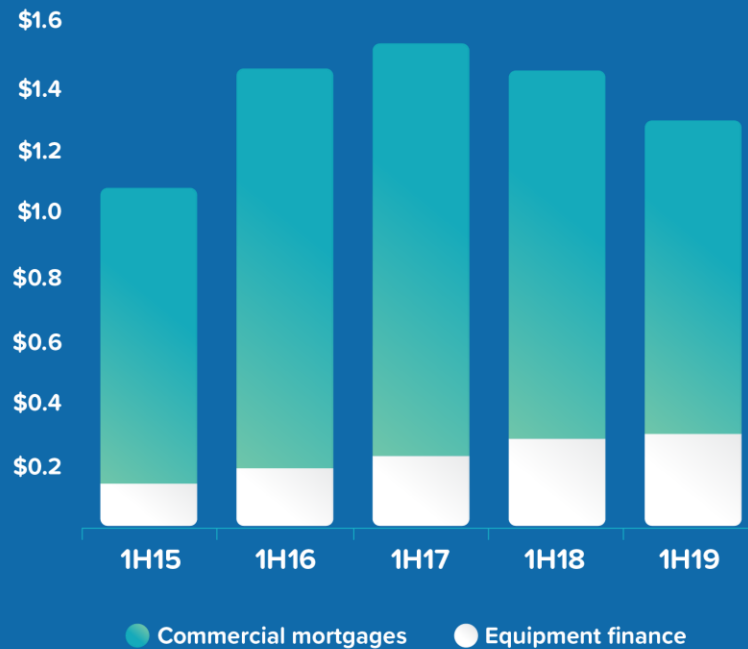
Residential Loan Book Location



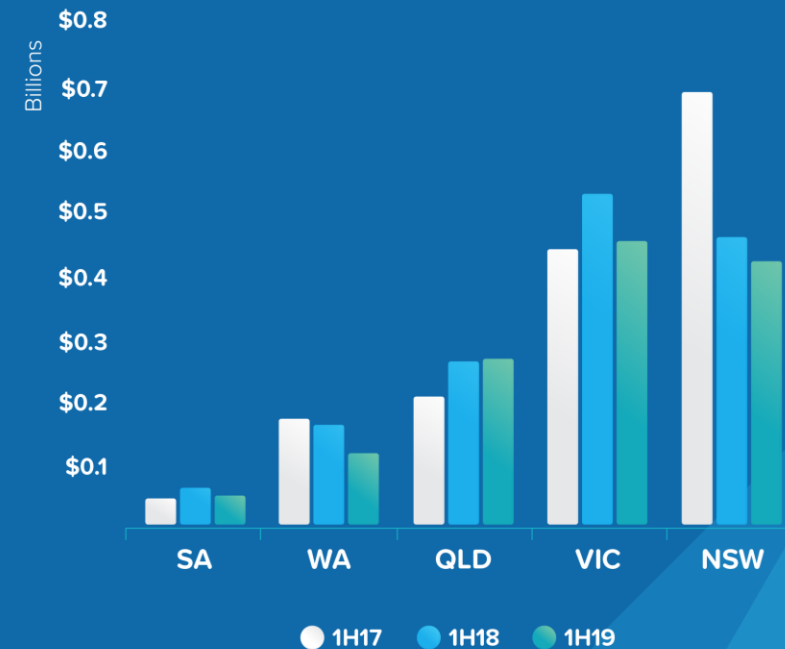
- Despite regulatory intervention and tightening impacting settlements, the residential loan book grew 8% to \$143.9 billion

Commercial and Asset Finance aggregation settlements

Commercial and EF Settlements

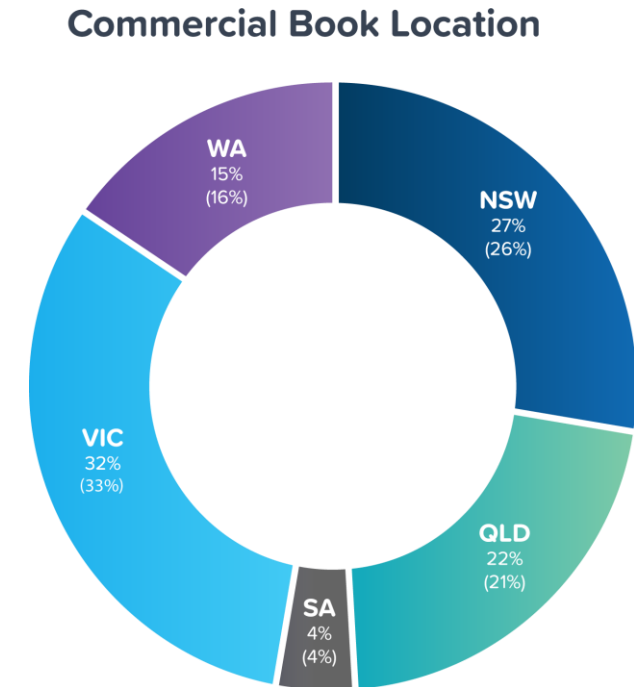
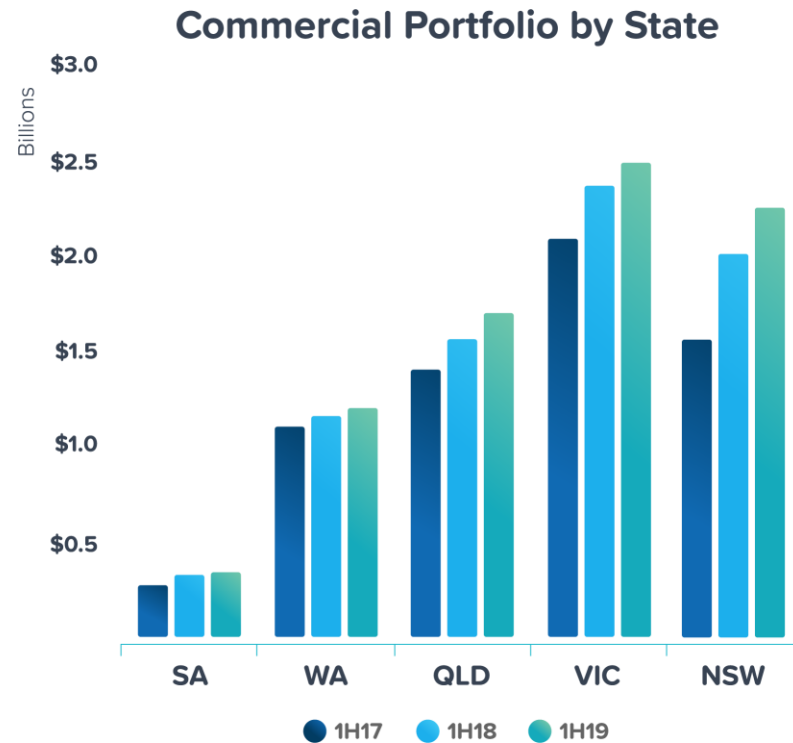


Commercial Settlements by State



- Commercial mortgages down by 12% compared to H1 FY18, reflecting the challenging lending conditions in NSW and VIC
- Equipment finance settlements were up 5% to \$290 million

Commercial aggregation portfolio – December 2018



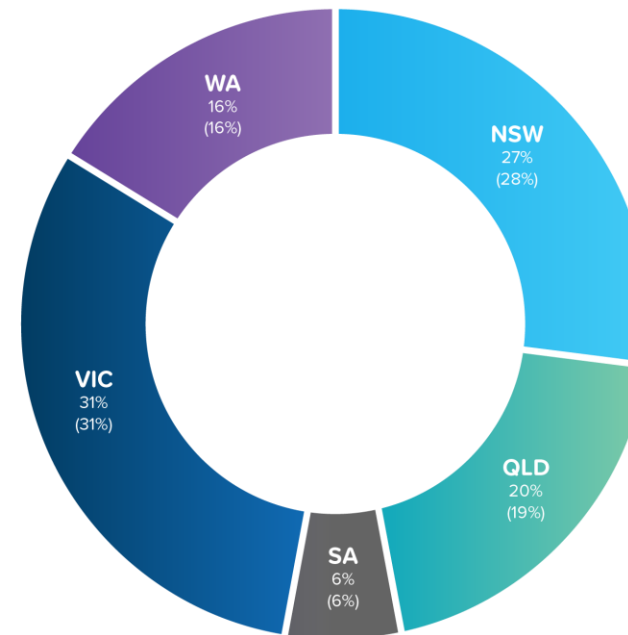
- Commercial portfolio experienced growth in all states in H1 FY19 despite decreased settlements, demonstrating longer loan lives
- The overall book grew by 8% to \$7.8 billion compared to December 2017

Distribution network

Broker Numbers



Broker Location



- AFG's national distribution network at December 2018 now has over 2,975 active brokers
- Growth has slowed in New South Wales and Victoria reflective of the residential property market, while others states have returned to positive growth in the half



Financial information

Summary P&L

- Despite significant headwinds, H1 FY19 Profit after tax of \$16.7 million was in line with H1 FY18 reporting profit
- Change in mix of AFGHL settlements with greater focus on building the AFGS book. AFG's securitisation programme delivered \$300 million increase in settlement volume compared to H1 FY18, underpinning the 6% increase in AFGHL settlements
- Cost of funds for the securitisation programme were impacted by BBSW movements during the half, with a rate increase applied in September in line with the market
- Despite lower residential settlements, the trail book grew by 8% to \$143.9 billion

\$000's	1H19	1H18
Commissions	253,647	254,073
Interest on trail commission income receivable	26,741	24,557
Mortgage management services	103	65
Securitisation transaction fees	687	411
Securitisation interest income	33,395	25,595
Operating income	314,573	304,701
Securitisation interest expense	(24,859)	(17,231)
Interest on trail commission payable	(23,754)	(21,806)
Other cost of sales	(229,277)	(229,071)
Gross profit	36,683	36,593
Other income	9,151	6,755
Administration expenses	(2,434)	(1,771)
Other expenses	(21,090)	(18,271)
Depreciation and amortisation	(526)	(494)
Result from operating activities	21,784	22,812
Finance income	1,042	1,321
Finance expense	-	(3)
Share of profit / (loss) of equity accounted investments	921	-
Net finance income	1,963	1,318
Profit before tax	23,747	24,130
Income tax expense	(7,061)	(7,392)
Net Profit after tax	16,686	16,738

Summary cash flow

- Net cash flows from operating activities were \$12.5 million in H1 FY19. This is predominately impacted by timing of broker education sponsorship receipts and commission receipt and payment
- AFG Securities loan book grew by 173% to \$1.66 billion however net interest cash flow was in line with H1 FY18 as a higher BBSW impacted cost of funding
- The increased AFGS loan book provides a strong opportunity to generate increased cashflow and earnings in future years
- Strong cash flows and capital light business model provides AFG with a platform for the future growth of the business

	Dec 2018 \$000's	Dec 2017 \$000's
Cash receipts from customers	246,824	251,060
Cash paid to suppliers and employees	(235,703)	(235,800)
Interest received	33,395	25,595
Interest paid	(24,859)	(17,231)
Income taxes paid	(7,144)	(8,139)
Net cash from operating activities	12,513	15,485
Cash flows from investing activities	(283,366)	(33,188)
Net cash from /(used in) financing activities	274,310	19,304
Net increase in cash and cash equivalents	3,457	1,601
Cash and cash equivalents at the begining of period	88,710	124,801
Cash and cash equivalents at the end of the period	92,167	126,402

Cash reconciliation	Dec 2018	Dec 2017
Un-restricted net cash	49,016	89,656
Restricted cash (Securities)	43,151	36,746

Summary balance sheet

Points to note:

1. Includes restricted cash of \$43.2 million (\$36.7 million at December 2017)
2. Predominantly related to trail book accounting including AFG Home Loans trail book
3. AFG Securities residential mortgages
4. Investment in Thinktank
5. AFG continues to be capital light which assists in maintaining strong cash flows
6. Includes trail book accounting liability and general trade creditors and accruals

Total subordinated notes subscribed of \$23.7 million as at 31 December 2018 (30 December 2017: \$13.9 million) reflecting the growth in the AFGS loan book

	Dec 2018 \$000's	Dec 2017 \$000's
Assets		
Cash ¹	92,167	126,402
Receivables ²	845,567	773,511
Loans and advances ³	1,664,577	1,186,086
Investment in associate ⁴	13,736	-
Property, plant and equipment ⁵	1,061	1,619
Intangible assets	699	647
Total assets	2,617,807	2,088,265
Liabilities		
Interest bearing liabilities ³	1,668,431	1,195,715
Trade and Other payables ⁶	821,707	753,517
Employee benefits	4,152	4,007
Provisions	2,961	1,591
Deferred tax liability	22,477	20,981
Total liabilities	2,519,728	1,975,811
Net assets	98,079	112,454
Equity		
Share capital	43,541	43,541
Reserves	1,039	551
Retained earnings	53,499	68,330
Non-controlling interest	-	30
Total equity	98,079	112,452

Impact of trail book accounting

- Underlying profit in H1 FY19 is 2% above H1 FY18, excluding change in value of future trailing commissions
- The change in trailing commissions net receivable in H1 FY19 includes the growth of the AFG Home Loans and residential loan books from new settlements

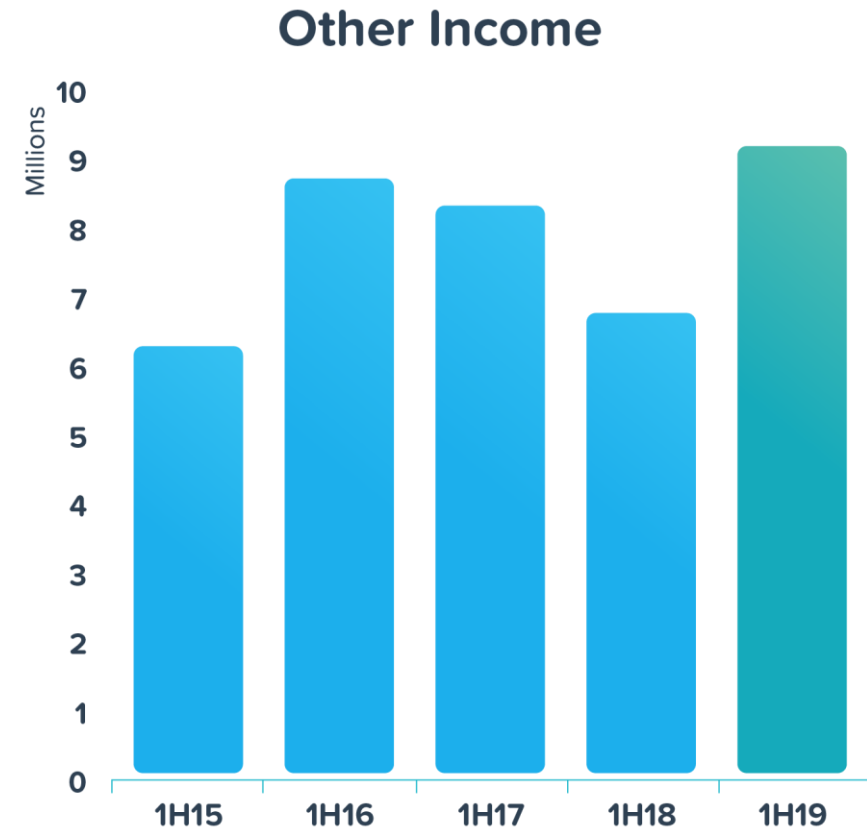
	Dec 2018 \$000's		Dec 2017 \$000's	
Satutory	Operating Income	Profit After Tax	Operating Income	Profit After Tax
Underlying results from continuing operations	279,374	14,715	271,071	14,394
Change in the carrying value of trailing commission receivable and payable	35,199	1,971	33,630	2,344
Results from continuing operations	314,573	16,686	304,701	16,738

Key Assumptions	Dec 2018	Jun 2018
Average loan life	Between 3.2 and 5.0 years	Between 3.2 and 5.0 years
Discount rate per annum ¹	Between 5% and 13.5%	Between 5% and 13.5%
Percentage paid to members ²	Between 85% and 93.6%	Between 85% and 93.4%

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.

Other income

- Service fees and other income increased 11% compared to H1 FY19 driven by organic broker growth as well as increasing take-up of additional services
- AFG's continues to invest to create further value to our broker proposition
- Sponsorship and incentive income in H1 FY19 had increased partially driven by timing of broker education activity in the half



January trading

- Total residential lodgements \$3.01 billion, down 12% on January 2018
- AFG Home Loans slightly below January 2018 although AFG Securities lodgements are 279% above
- Regulatory and lending tightening is evident across all states, particularly impacting NSW and VIC

Comparison of January lodgements

Change on January 2018

NSW	↓	(17%)
QLD	↓	(8%)
SA	↓	(11%)
VIC	↓	(11%)
WA	↓	(9%)
AFGHL	↓	(1%)
AFGS	↑	279%

In conclusion



Scale and earnings diversification have provided resilience in a challenging environment



Our strategic investment in Thinktank is beginning to contribute to earnings and growing the AFGS loan book will provide a strong earnings platform for future years



The cash flow generation abilities of the business and debt free balance sheet positions AFG for future growth through acquisition, AFGS and other growth initiatives



Lending environment is more challenging than ever meaning that brokers will remain the dominant channel for home lending



AFG Business platform is gaining traction and will drive competition in the SME market



Market leading advocacy, investing in awareness of the competition benefits that brokers bring. Regulators and Government understand this value and that without brokers the big banks benefit while consumers and smaller lenders suffer. The consumer demand for competition and choice will remain an important part of the market



The Royal Commission findings will lead to changes in broker remuneration. AFG is in a strong position to navigate these changes due to diversification through AFG Home Loans, AFG Securities and AFG Business together with its strong cash flow generating ability and debt free balance sheet

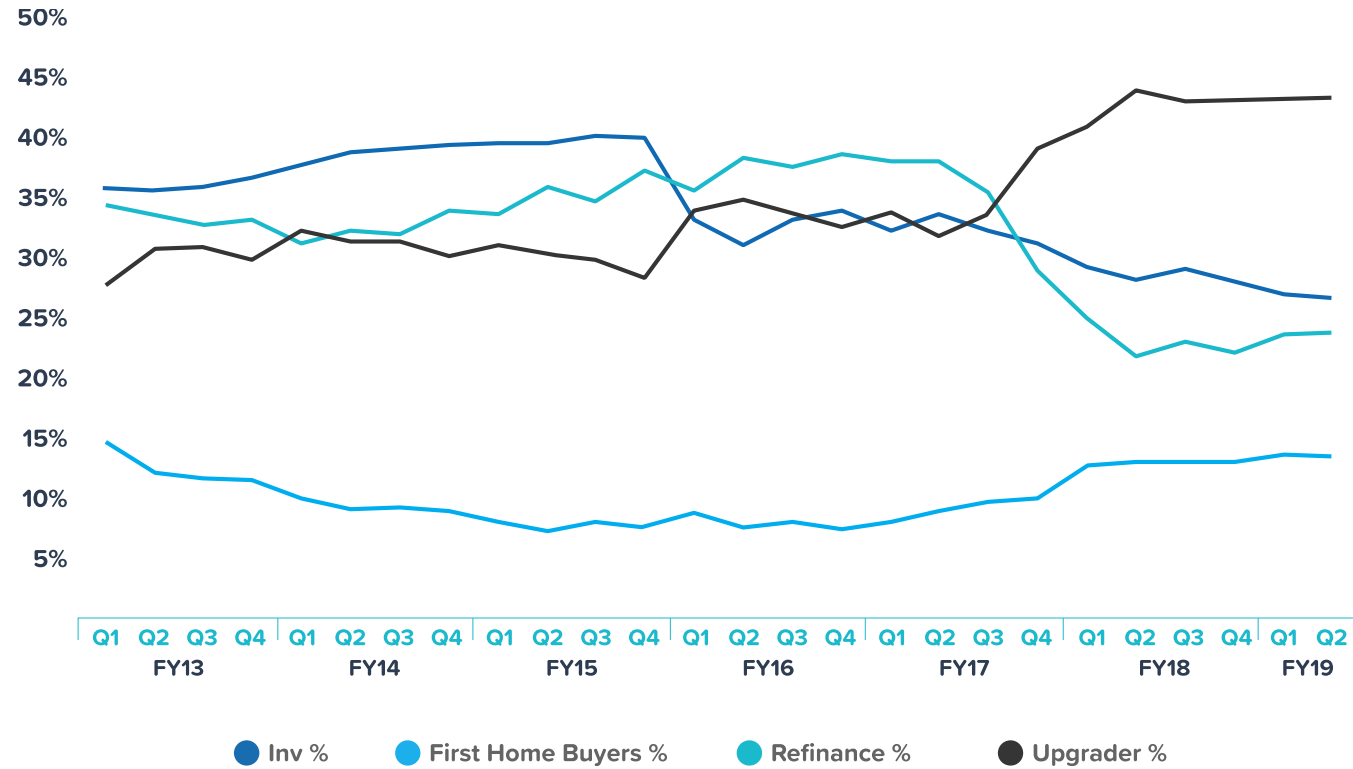
AFG

Q & A
Thank you

AFG

Appendices

Types of lodgements



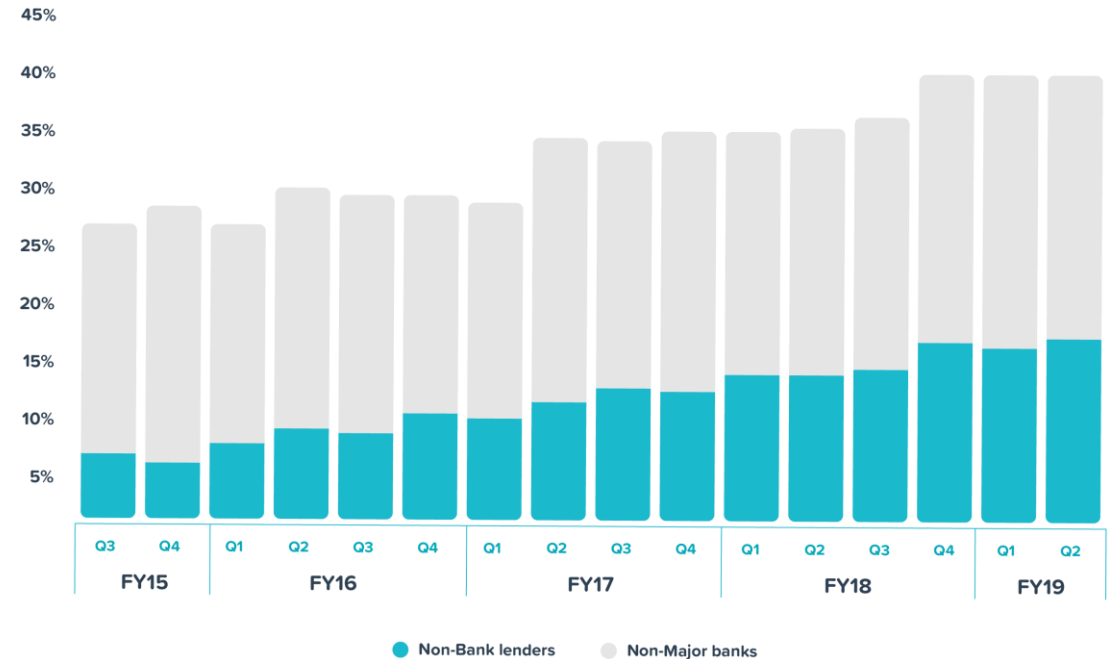
- Refinance volume has stabilised, though remaining well below historical averages
- Increase in first home buyers and the percentage of upgraders increased marginally

Market share

Major vs Non-Major



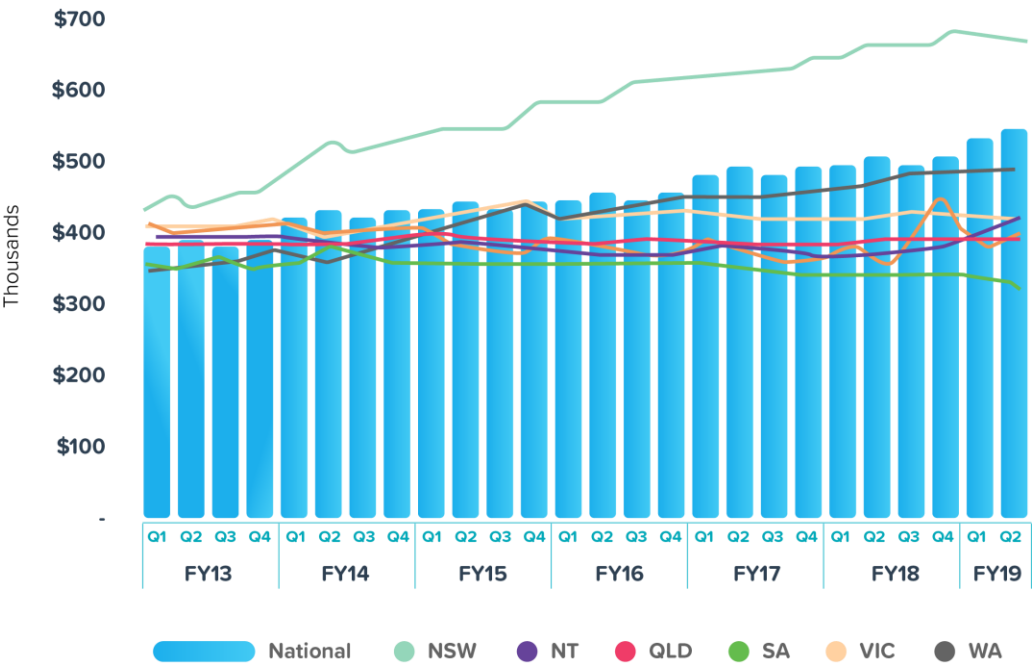
Non-Major Market Share



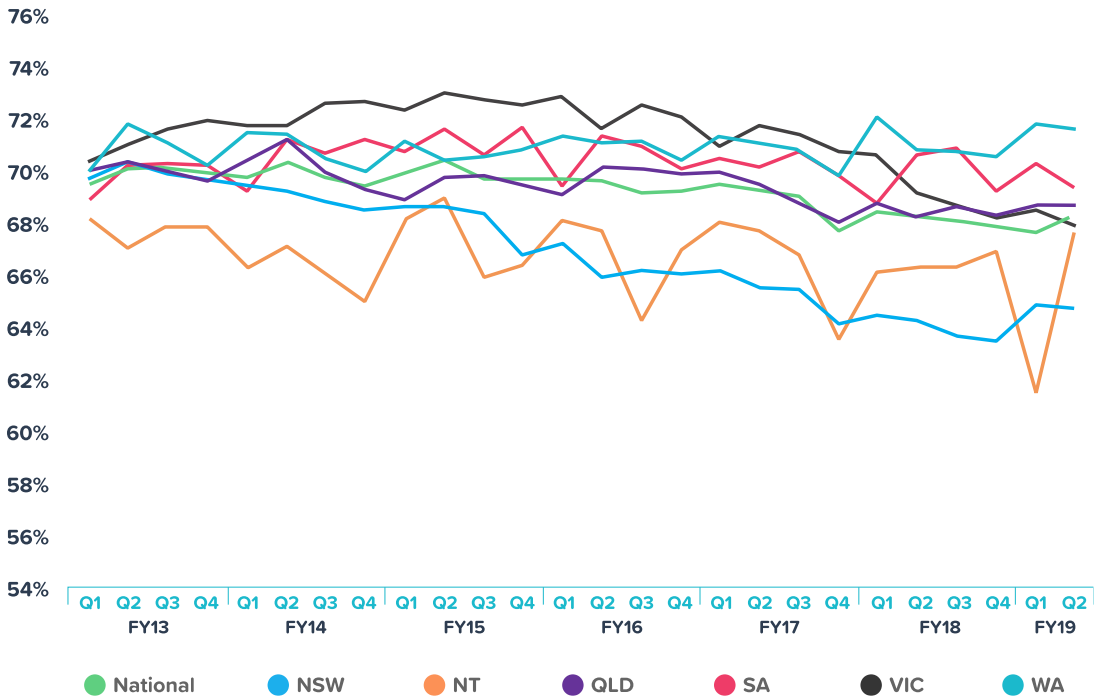
- Non-major market share grew again in H1, with non-major market share reaching 42.1% in Q2. It is the highest level in over 5 years, demonstrating the important role of brokers and smaller lenders of which AFG is one
- Non-bank lenders continue to gain market share through broker networks

Lending activity

National average loan size

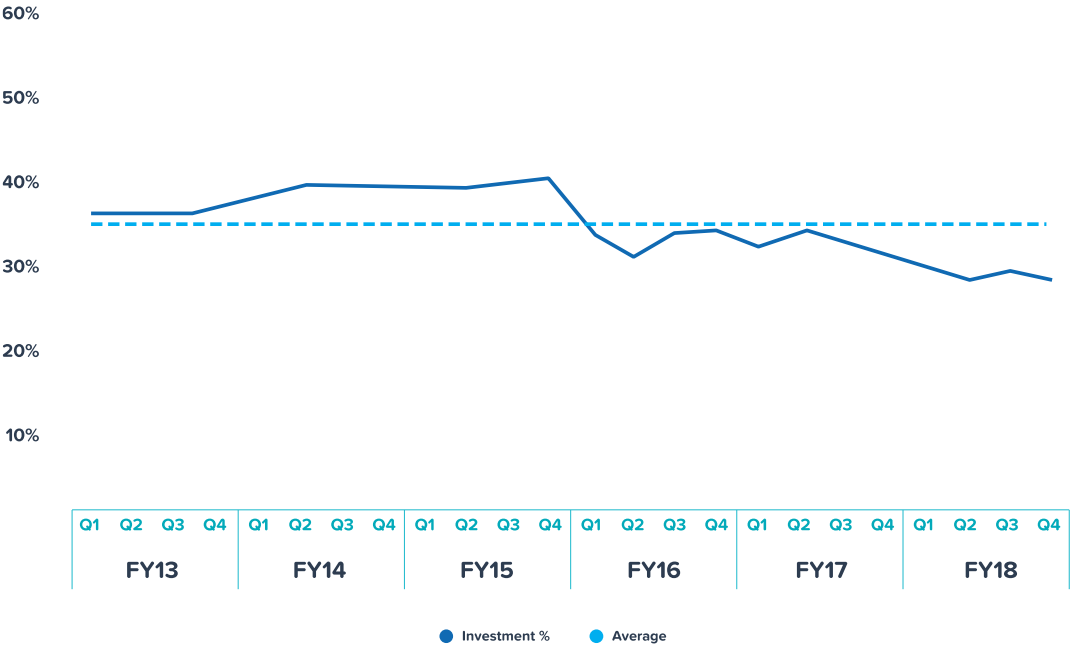


National loan to value ratio

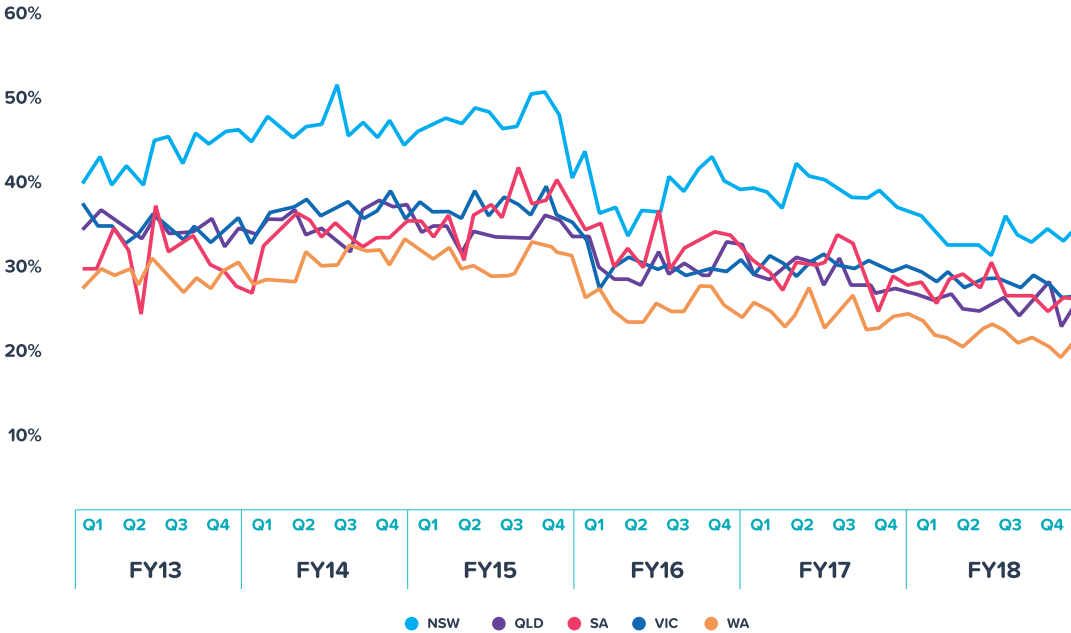


Investor loans

Investor Loans %



Investor Loans % per state



- Investor loans continue to decrease, now below 27% in H1 FY19
- Recent changes to APRA regulations may begin to reverse this trend

Balance sheet

	Dec 2018 \$000's	Dec 2017 \$000's
Assets		
Cash and cash equivalents	92,167	126,402
Trade and other receivables	845,559	772,508
Loans and advances	1,664,577	1,186,086
Investment in associate	13,736	-
Other financial assets	8	1,002
Property, plant and equipment	1,061	1,619
Intangible assets	699	647
Total assets	2,617,807	2,088,265

	Dec 2018 \$000's	Dec 2017 \$000's
Liabilities		
Interest-bearing liabilities	1,668,431	1,195,715
Trade and other payables	819,585	751,118
Employee benefits	4,152	4,007
Current tax payable	567	-
Deferred income	1,555	2,399
Provisions	2,961	1,591
Deferred tax liability	22,477	20,981
Total liabilities	2,519,728	1,975,811

Net assets	98,079	112,454
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Equity		
Share capital	43,541	43,541
Share-based payment reserve	1,133	643
Other capital reserves	(94)	(92)
Retained earnings	53,499	68,330
Total equity attributable to equity holders of the Company	98,079	112,423
Non-controlling interest	-	30
Total equity	98,079	112,452

Consolidated income statement

	Dec 2018 \$000's	Dec 2017 \$000's
Continuing Operations		
Commission and other income	281,178	279,106
Securitisation interest income	33,395	25,595
Operating income	314,573	304,701
Commission and other cost of sales	(253,031)	(250,877)
Securitisation interest expense	(24,859)	(17,231)
Gross profit	36,683	36,593
Other income	9,151	6,755
Administration expenses	(2,434)	(1,771)
Other expenses	(21,616)	(18,765)
Results from operating activities	21,784	22,812
Finance income	1,042	1,321
Finance expenses	-	(3)
Share of profit from associate	921	-
Net finance income	1,963	1,318
Profit before tax from continuing operations	23,747	24,130
Income tax expense	(7,061)	(7,392)
Profit for the period	16,686	16,738

	Dec 2018 \$000's	Dec 2017 \$000's
Profit attributable to:		
Equity holders of the Company	16,686	16,735
Non-controlling interests	-	3
Profit for the period	16,686	16,738
Other comprehensive income Items that may be reclassified subsequently to profit or loss		
Net fair value change on equity investments designated at FVOCI	(7)	
Total comprehensive income for the period	16,679	16,738
Total comprehensive income for the period attributable to:		
Equity holders of the Company	16,686	16,735
Non-controlling interests	-	3
Total comprehensive income for the period	16,686	16,738
Earnings per share		
Basic earnings per share (cents per share)	7.77	7.79
Diluted earnings per share (cents per share)	7.74	7.77

Cash flows

Cash reconciliation	Dec 2018	Dec 2017
Un-restricted net cash	49,016	89,656
Restricted cash (Securities)	43,151	36,746
Total cash	92,167	126,402

	Dec 2018 \$000's	Dec 2017 \$000's
Cashflows from Operating activities		
Cash receipts from customers	246,824	251,060
Cash paid to suppliers and employees	(235,703)	(235,800)
Interest received	33,395	25,595
Interest paid	(24,859)	(17,231)
Income taxes paid	(7,144)	(8,139)
Net cash from operating activities	12,513	15,485
Cashflows from investing activities		
Interest received	1,042	1,318
Purchase of property, plant and equipment	(111)	(115)
Increase in other loans and advances	212	(895)
(Loans advanced to)/ repayments from borrowers	(284,509)	(33,496)
Cash flows from investing activities	(283,366)	(33,188)
Cash flows from financing activities		
(Repayments of)/proceeds from warehouse facility	404,024	(217,922)
(Repayments to)/proceeds from bondholders	(117,455)	249,100
Loans from funders	(15)	(59)
Dividends paid	(12,244)	(11,815)
Net cash from /(used in) financing activities	274,310	19,304
Net increase in cash and cash equivalents	3,457	1,601
Cash and cash equivalents at the beginning of period	88,710	124,801
Cash and cash equivalents at the end of the period	92,167	126,402

Impact of securitisation SPVs on balance sheet

	AFG's SPV's	AFG ex SPV's	Re-classifications	AFG Limited
Assets				
Cash	41,561	50,606	-	92,167
Receivables	-	845,567	-	845,567
Loans and advances	1,657,201	7,376	-	1,664,577
Investment in associate	-	13,736	-	13,736
Investment in subordinated notes	-	23,710	(23,710)	-
Property, plant and equipment	-	1,061	-	1,061
Intangible assets	-	699	-	699
Total assets	1,698,762	942,755	(23,710)	2,617,807
Liabilities				
Interest bearing liabilities	1,693,083	(942)	(23,710)	1,668,431
Trade and Other payables	4,371	817,336	-	821,707
Employee benefits	-	4,152	-	4,152
Provisions	-	2,961	-	2,961
Deferred tax liability	-	22,477	-	22,477
Total liabilities	1,697,455	845,983	(23,710)	2,519,728
Net assets	1,307	96,772	-	98,079

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 largely debt free outside the non-recourse securitisation book within the special purpose vehicles
2. AFG's total subordinated notes subscribed of \$23.71 million reflects the total cash exposure to the securitisation business at 31 December 2018 (\$23.2 million at 30 June 2018). This includes growth in the loan book being largely offset by the introduction of a mezzanine funder into the warehouse during the half

Important disclaimer

This presentation contains general information which is current as at 21 February 2019.

The information is intended to be a summary of Australian Finance Group Limited (AFG) and its activities as at 31 December 2018, and does not purport to be complete in any respect.

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

Or contact:

Alison Clarke
Head of Corporate Communications
+61 402 781 367