23 November 2018

AFG

100 Havelock Street
West Perth WA 6005

PO Box 710
West Perth WA 6872

Phone 08 9420 7888
Fax 08 9420 7856

www.afgonline.com.au

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

Dear Sir/Madam

2018 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/3093.aspx

Yours faithfully

LISA BEVAN
Company Secretary

Chairman

Good morning everyone.

It gives me great pleasure to welcome you here today for the AFG 2018 Annual General Meeting.

The company continues to successfully deliver earnings diversification through the core residential and commercial aggregation business, the higher margin AFG Home Loans business line and has commenced increasing the volume of applications through its AFG Business platform. A highlight of 2018 has been the acquisition of a significant stake in leading commercial SME lender Thinktank.

I am very pleased to report that the company has delivered significant progress across a number of key performance measures.

Strong organic growth and cash flow generation capabilities of the business has resulted in AFG reporting NPAT of $33.3 million for FY18.

This figure represents an increase of 10.4% on last year's normalised profit.

This is reflective of our resilient core business with residential settlements of $35.3 billion representing growth of 3% in a benign credit environment.

The earnings diversification strategy of the AFG Home Loans business continues to deliver results for shareholders with settlements of $3.2 billion up 20% on FY17.

The growth in normalised earnings was achieved whilst retaining a robust balance sheet and generating strong cash flows. This delivered a dividend yield of 15.9% (including a 12 cent per share special dividend) and a healthy 7.4% excluding the special dividend.

In addition, return on equity for shareholders remains a highlight at 33% in FY18, up from 31% in FY17.

The strength of AFG's cash flows and balance sheet provides the company with significant financial resilience. AFG's lack of corporate debt continues to allow the company to take advantage of merger and acquisition opportunities should they present without significant strain on its balance sheet. Alternatively, it provides for a flexible dividend policy to be maintained, while AFG continues to evaluate financially material strategic opportunities.

AFG continues to generate consistent growth in sustainable earnings despite challenging regulatory and economic conditions. This reinforces our strategy of earnings diversification to maintain an extensive footprint across the financial services industry whilst also enjoying the resilience provided by a $145 billion loan book.

A highlight of the past financial year has been our 30% investment in commercial lender, Thinktank. This investment provides an opportunity for AFG to broaden its product offering to the SME sector and to further the reach of Thinktank through AFG's broad distribution network. AFG has appointed two Directors to the Thinktank Board and they are working with Thinktank to deliver value to both businesses.

Looking ahead

For the past three years the financial sector has been the focus of a number of regulatory reviews. At the moment we are in the final stages of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

With the mortgage broking sector being the dominant channel for the country's largest asset class, it is unsurprising the examination of the industry includes brokers. However we are concerned that the balance of this examination has been skewed away from the principal reason for the calling of the Royal Commission in the first place….that of the behaviour of the banks.

The Commission's questioning has concerned the conduct, culture, governance and regulation of the financial services sector. The Commission recently released its Interim Report and AFG has provided a submission addressing the issues raised about mortgage brokers. We continue to stress that all brokers are focussed on ensuring great customer outcomes and throughout this ongoing period of scrutiny they have never swayed from this focus.

It remains our view that some of the more self serving remarks from people who have been called to front the Commission have been driven out of a desire to consolidate the lending position of the banks and thus diminish the proven benefits of competition. We will continue to press our credentials in this area and work to give our customers access to competitive credit.

It is our position that an effectively functioning financial system requires an appropriate balance of regulation and self-regulation. In this environment AFG is focused on acting with integrity to enhance competition and drive positive outcomes for consumers.

AFG has delivered ongoing growth for shareholders since listing despite a constrained credit market, falling property prices and regulatory uncertainty causing lenders to move away from certain customers through lending restrictions.

AFG will continue to work with industry, regulators and government and strive to deliver a market leading value proposition for our brokers within a sound governance framework.

I would like to thank my fellow board members for what has been a very productive and successful year for the company. Each Director has made significant contributions to the development, growth and governance of AFG.

Finally, I have once again been enormously impressed by the effort, dedication and ability of our brokers and AFG staff to ensure the needs of their customers are at the forefront of everything they do. AFG's annual results are a testament to their hard work, and on behalf of the board, I thank them for that commitment.

I will now hand over to the Company's CEO, David Bailey.

CEO

Thank you, Tony.

Good morning all. It is with great pleasure I report on another successful year for AFG, my second as Chief Executive Officer.

Our core residential business performed solidly. Regulatory reviews of the financial sector and tightened lending conditions have impacted product mix with investor and refinance volumes falling, offset by first home buyers and upgraders increasing in H1 FY18. These trends were maintained in the final two quarters of the 2018 financial year. Our Mortgage Index released at the end of the first quarter of the 2019 financial year also indicated the shape of originations set in the last half have continued.

In further evidence that the broker channel delivers a vital distribution base for lenders without the broad branch network possessed by the Big 4 Banks, the flows of business to the non-major lenders on AFG's panel is now at more than 40%.

Our diversified funding partners continue to deliver choice to consumers and we have achieved strong settlement volumes in our own-branded AFG Home Loans business. We have five core prime mortgage funders which will continue to protect the business against individual lender appetite that may vary over time. AFG Home Loans has now grown to service more than 19,000 retail customers.

A highlight for our AFG Securities business was the finalisation and close out of AFG 2013-1 and 2014-1 evidencing AFG's ability over the entire RMBS life cycle. No losses were experienced in either transaction. In addition, we launched our residential mortgage backed securities funded AFG Home Loans Link product in the latter half of FY18. The Link product targets the growing near prime or 'used to be prime' segment whilst maintaining AFG's high quality credit decision making process.

The AFG Securities business grew strongly in the second half of FY18 to produce full year settlements of $509.8 million - up 33%, and lodgements of $1.0 billion - up 59% on FY17.

Commercial lending

As Tony mentioned, our strategic investment in Thinktank represents the next evolutionary step for AFG to diversify its earnings base. Thinktank is a competitive non-major commercial property lender, with a focus on the sub $3 million market and has a loan book in excess of $800 million.

The opportunity to blend Thinktank's commercial property lending expertise with AFG's distribution and securitisation capability will benefit both businesses. In connection with the investment, AFG is now distributing a white label Commercial Property product through our network of brokers.

We aim to bring the same disciplines to this white label proposition that we have successfully demonstrated with our residential white label program. Already we have seen this strategy deliver encouraging results with volumes originated by AFG brokers to Thinktank increasing by 125% over the prior period. I note the recent success of Thinktank's 2018-1 term transaction as evidence of a growing acceptance of this asset class in ABS markets.

The AFG Business platform was rolled out with a soft launch during the first half of FY18. Commercial mortgages were the main offering on the platform as well as unsecured finance product offerings. We have also moved out of pilot mode for the asset finance module and have commenced training brokers on this asset class. Overall, the panel has now expanded to 16 lenders aimed directly at the SME finance market with more currently undergoing development and integration.

The platform allows new-to-commercial brokers to lodge applications in a common format across all lenders and is backed by an accreditation process that is straight forward. We do note that this new initiative will be a slow burn and we have invested ahead of the curve here given the level of change management and support for our brokers this initiative requires. Despite the anticipated slower build, we are encouraged by $27.1m in settlements through the platform – all from brokers who prior to the introduction of AFG Business never had the capacity to serve their SME clients efficiently.

The introduction of the Federal Governments $2.0 billion SME funding initiative is welcomed by AFG as it ties directly into our SME strategy. This strategy encompasses both our strategic investment in Thinktank, as well as the development of our AFG Business platform – a platform which will allow access for smaller lenders to directly distribute product.

Outlook

Our FY2019 Quarter 1 Mortgage Index also reflected a softening in overall sentiment in the market fuelled by tighter credit terms combined with a declining property market. The Australian mortgage market is made up of a number of distinct market segments. Whilst accepting that markets cannot continue to grow at the pace recently experienced by some segments of the market, it should be noted that at a time when some markets such as Western Australia were showing signs of recovery, the additional constraints on lending are unfortunate.

Regulatory intervention and the flow on impact to lender behaviour is impacting overall market activity. This trend has continued in October with national residential lodgements down 10% compared to 2017. AFG Securities continues to provide an alternative for consumers with lodgements in October up 65% compared to 2017.

Economies do not grow without sensible credit growth. History tells us that Australian consumers change their spending patterns when they obtain a mortgage to prioritise their repayments. We would encourage a rational balance to return to a market which has experienced the recent tightening of credit requirements and has the potential to fuel something which has broader implications for the Australian economy.

Irrespective of this potential regulatory over reach, the broker value proposition remains strong, and broker introduced business now represents around 55% of the home lending market. Australian consumers are clearly comfortable with the channel. A mortgage broker's business depends upon delivering a good outcome for their clients– more than 70 per cent of their business is referred from existing customers.

The mortgage broking industry contributes $2.9 billion to the Australian economy each year, supporting more than 27,000 (full-time equivalent) jobs. This is additional to the downward pressure on interest rates (and interest margins earned by all lenders) that mortgage brokers have contributed to over recent decades and the impact this has on Australian consumer spending and savings patterns.

The overwhelming majority of brokers operate small businesses with customer service at their core. Without the delivery of good consumer outcomes, they would not have sustainable businesses. If Australian consumers did not believe this to be the case, broker market share would not have continued to grow to now exceed 1 in 2 home loans.

With competition and consumers at the core of our business AFG will continue to work with industry regulators and industry forums to remove any perceived conflicts within the largest distribution channel in the Australian mortgage market.

AFG will remain a first-choice partner for lenders and broking groups as we deliver a market leading offering whilst maintaining high standards of compliance and governance.

Value, choice and competition

At a time when the Australian lending environment continues to be challenging for customers and mortgage pricing remains opaque, mortgage brokers continue to win market share by providing value, choice and competition to consumers. Brokers fill vital roles in areas that the banks have vacated; helping vulnerable customers, regional and remote borrowers, first home buyers and those with complex borrowing needs. Providing assistance in these areas takes a lot of time – time that the larger lenders are often not prepared to give.

We are in a period of significant examination of the lending sector in Australia. The government has stated they will consider the findings of the ASIC Broker Remuneration Review, the Royal Commission, the Productivity Commission Inquiry into Competition in the Australian Financial System and advice from Treasury before making any decisions that may affect the sector.

Of note is the fact that the industry regulator ASIC spent considerable time examining significant amounts of data to evaluate broker remuneration and did not recommend wholesale changes to the model. They made a series of proposals for a way forward.

Our industry has come together at an unprecedented level, and positive steps are being taken as we work to address those proposals and constantly improve consumer outcomes and confidence in the finance industry. The true litmus test as to whether brokers are delivering good outcomes for their customers is their increasing levels of acceptance of the value proposition as it currently stands. All Australian businesses know that if customers don't like something they avoid it, not gravitate towards it. Brokers create ongoing relationships with their customers, to suggest they do nothing post settlement of the loan is an insult to the 12,000 small businesses operating in the broking industry.

Treasury, in its submission to the Financial Services Royal Commission recognised the value brokers provide to consumers' understanding and access to lending, particularly in regional areas. They also recognised the importance of brokers to non-major lenders and the downward pressure on home loan pricing more generally that is delivered by the broker channel. They have also expressed their concern as to the impact on competition should the broking industry be marginalised.

The acknowledgement of the important role brokers play in the lending market is positive. AFG will continue to advocate that the investigations and reforms that have recently been completed or are currently in train are extensive and require a reasonable period to become embedded into the processes, procedures and culture of individual broker businesses.

A cornerstone of all strong and stable economies is competition. Brokers deliver competition and recent testimony at the Royal Commission should be seen as an opportunistic attempt to push customers back into branches controlled by just a few financial institutions in this country. This is not a good customer outcome.

Ultimately, the findings of these inquiries should assist the government to promote a competitive and stable financial industry that contributes to Australia's productivity and not create uncertainty.

AFG has always been and will continue to be an active voice for our industry. We will continue to educate and disseminate the facts about the mortgage broking industry. Our brokers meanwhile, who are all small businesses, will continue to do what they do best which is work on behalf of their customers to help them navigate what even the ACCC considers to be an opaque market.

Finally, I would like to thank all those connected with AFG, including our staff and brokers for their support over the past 12 months and their assistance in producing an excellent trading result.

AFG

2018

Annual General Meeting

Welcome

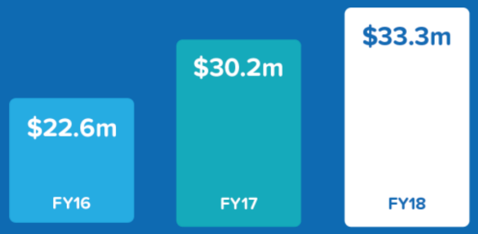
Agenda

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

Chairman
Tony Gill

FY18 full-year financial results – Highlights

Continuation of AFG's earning diversification strategy and core growth



Normalised NPAT up 10% to $33.3m

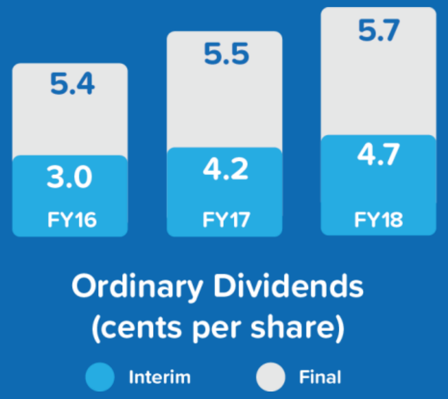
AFG Home Loans settlements have increased from $2.7B to **$3.2B**

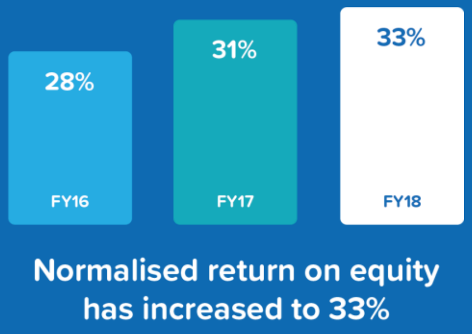
FY18 Residential settlements up 3% to **$35.3B**

- NPAT increase of 10% driven by strong organic growth
- Resilient core business with residential settlements up 3% in a benign credit environment
- AFG Home Loans continues to deliver results for shareholders

FY18 full-year financial results – Highlights

Delivering strong growth in returns to shareholders and continued cash flow generation





Investment of 30.4% (fully diluted) in Think Tank Group Pty Ltd for $10.9 million

- **AFG's final dividend yield 15.9% per share (including 12c/share special dividend) and 7.4% excluding the special dividend**
- **Debt free and capital light balance sheet provides significant financial resilience and positions AFG well to take advantage of merger and acquisition opportunities**
- **AFG's combined residential and commercial loan book is now in excess of $145.5 billion, driving strong ongoing cash flows**

Strategic interest in Thinktank

- Investment of 30.4% (fully diluted) of Think Tank Group Pty Ltd for $10.9 million
- Operating as a sub $3m commercial property lender, established in 2005
- Loan book in excess of $800 million
- Opportunity for AFG to further diversify its earnings base as well as representing white label opportunity

Thinktank

Leading Commercial Finance

Looking ahead

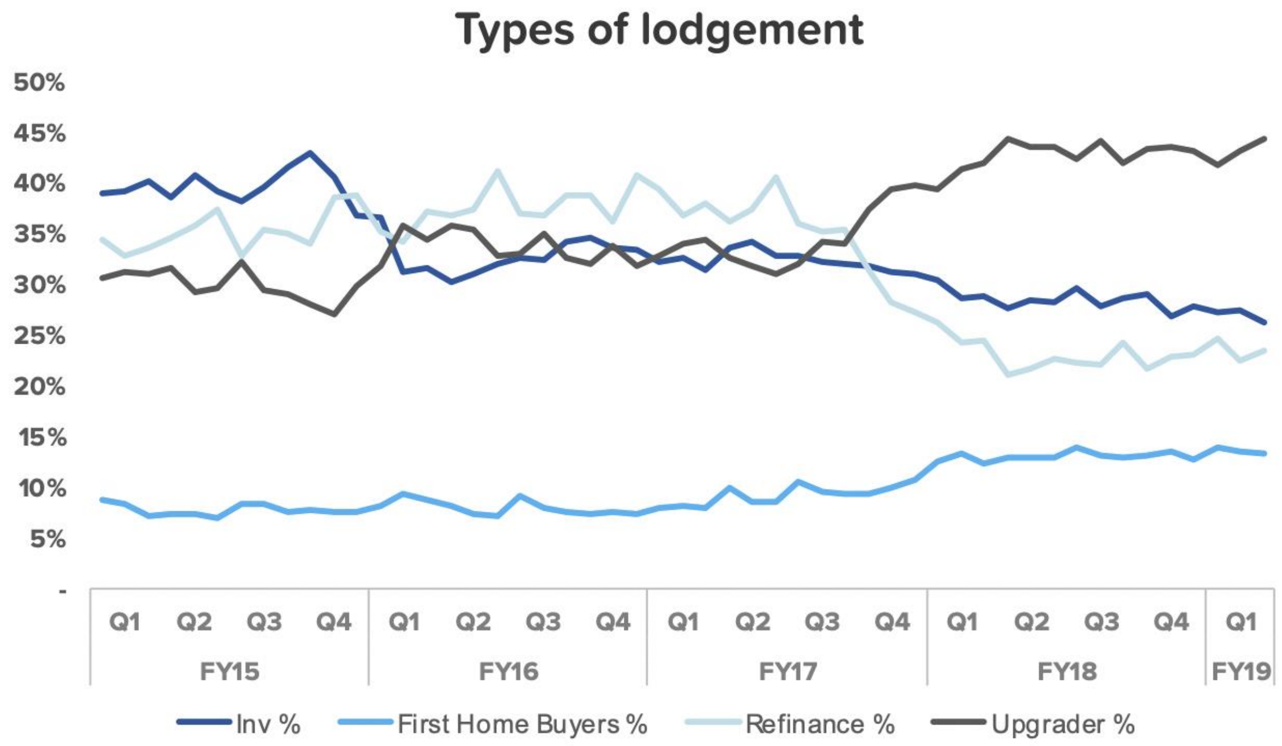
- With the mortgage broking sector being the dominant channel for the country's largest asset class, increased regulatory oversight is expected
- AFG has been a strong advocate for the industry and has provided a submission to the Royal Commission
- An effectively functioning financial system requires an appropriate balance of regulation and self-regulation
- AFG has delivered ongoing growth for shareholders since listing despite a constrained credit market, falling property prices and regulatory uncertainty causing lenders to move away from certain customers through lending restrictions
- AFG will continue to work with industry, regulators and government and strive to deliver a market leading value proposition for our brokers within a sound governance framework

AFG

Chief Executive Officer
David Bailey

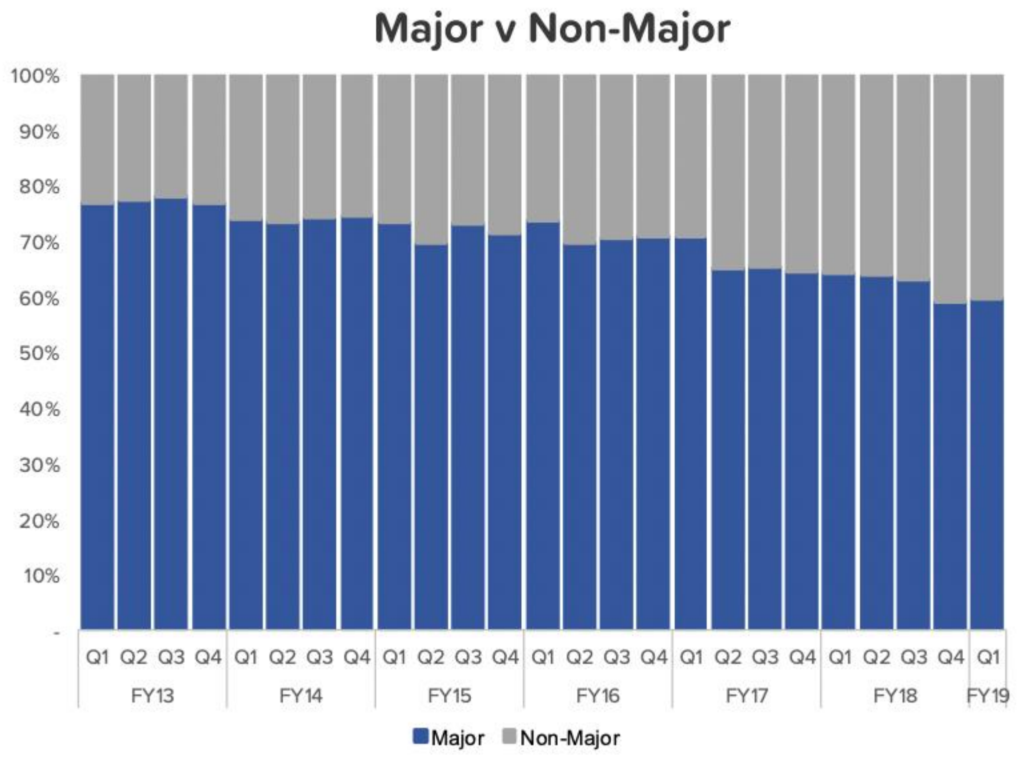
Lodgement Type

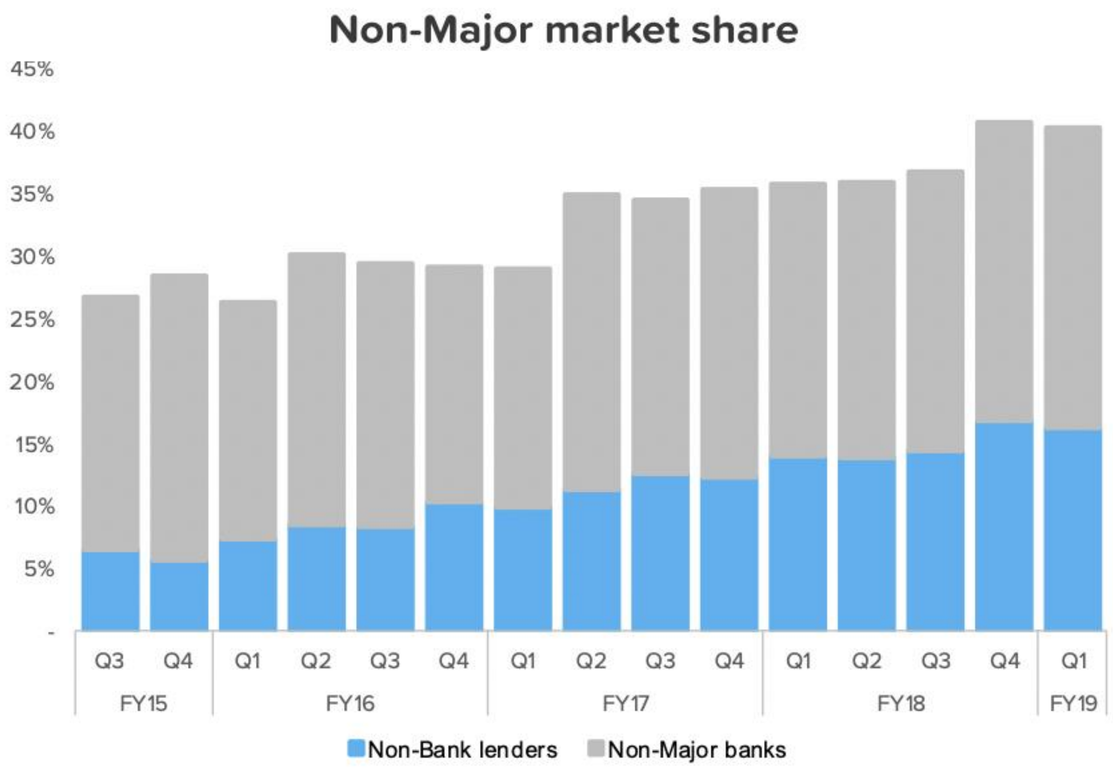
- Core residential business performed solidly in FY18 despite industry headwinds
- Regulatory intervention has continued to impact investor loans which have fallen and remained below 30% nationally
- Increase in first home buyers and the percentage of upgraders continuing to increase into FY19



AFG

Market share

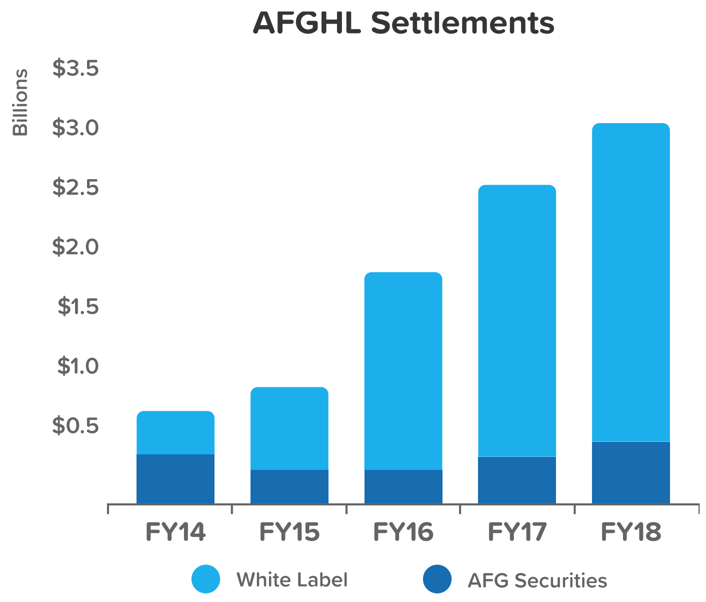


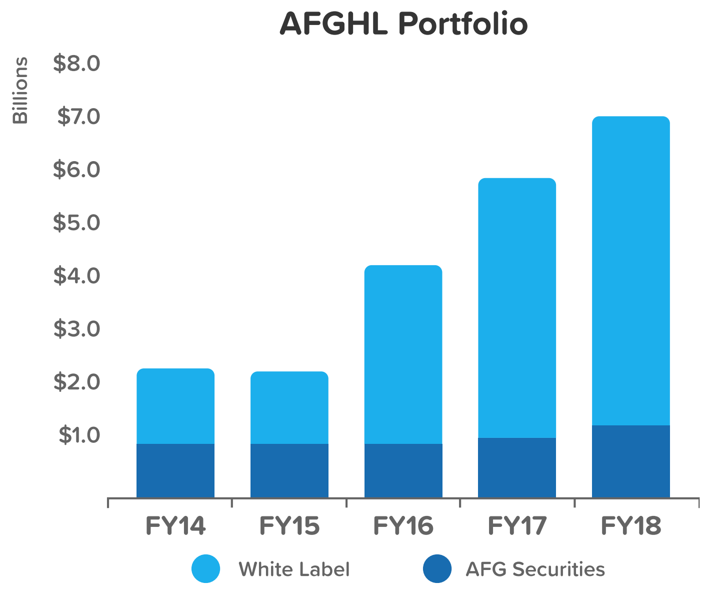


- Brokers continue to drive competition and choice, non-major market share is now above 40%
- Non-bank lenders drove the majority of the increase – demonstrating that the broker channel delivers them a strong distribution base

AFG Home Loans

- Five core prime mortgage funders continues to protect against varying lender appetite and deliver choice to consumers
- AFG Home Loans products now with more than 19,000 customers
- Growth of 20% overall compared to FY17 with strong performance from all funders
- AFG Home Loans' book $7.4 billion (up 34% compared to June 2017)

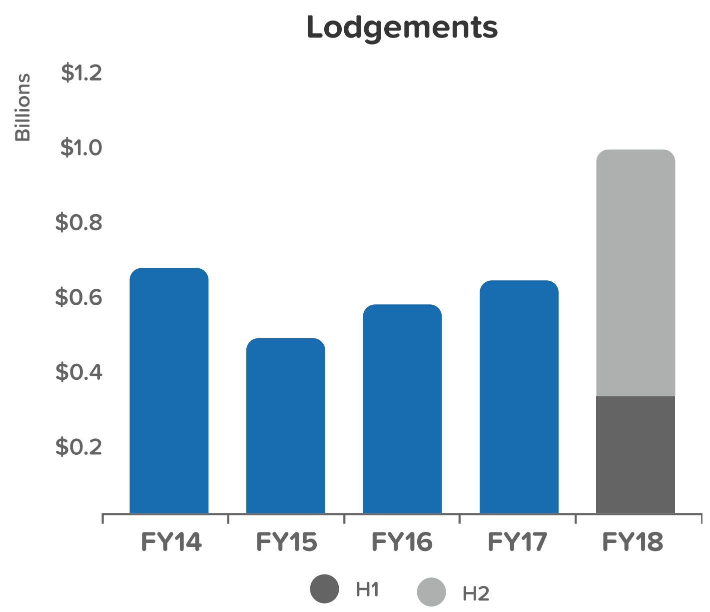


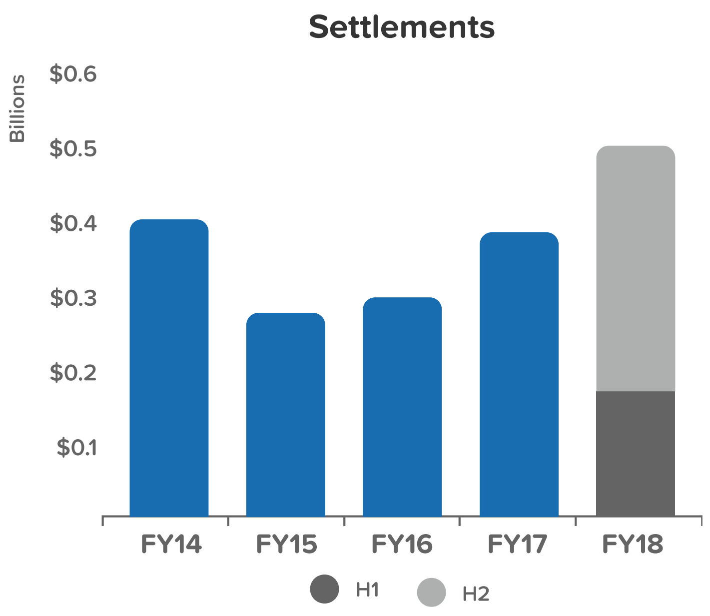


AFG

AFG Securities

- AFG 2013-1 and 2014-1 have now been finalised and closed out evidencing AFG's ability over the entire RMBS lifecycle. No losses were experienced in either transaction
- Launched AFG Home Loans – Link product. Offering a range of market leading near-prime products
- Total settlements of $510 million and lodgements of $1 billion were up 33% and 59% on FY17. This growth was driven by product improvements in H2 FY18





AFG

AFG Commercial
Powered by Thinktank

- Investment in Thinktank continues to diversify AFGs earnings base
- Straight forward, set and forget commercial property solution. Loans available from $100k up to $3 million
- New commercial white label product funded by Thinktank bas been launched nationally
- Delivers further competition and choice to the SME market

AFG COMMERCIAL

Powered by Thinktank

AFG Business

The new AFG Business platform momentum continues to build

- First settlements processed and lodgement pipeline growing following soft launch in H1 FY18
- Asset finance platform has now moved out of pilot mode, with training of brokers commenced
- Expanded Commercial mortgage panel to 16 lenders to provide a wide variety of solutions to service customers’ unique needs
- Continuing development and integration with new lenders to come on to the panel
- Allows new-to-commercial brokers to lodge applications in a common format, significant change management initiative

AFG Business Platform

Commercial

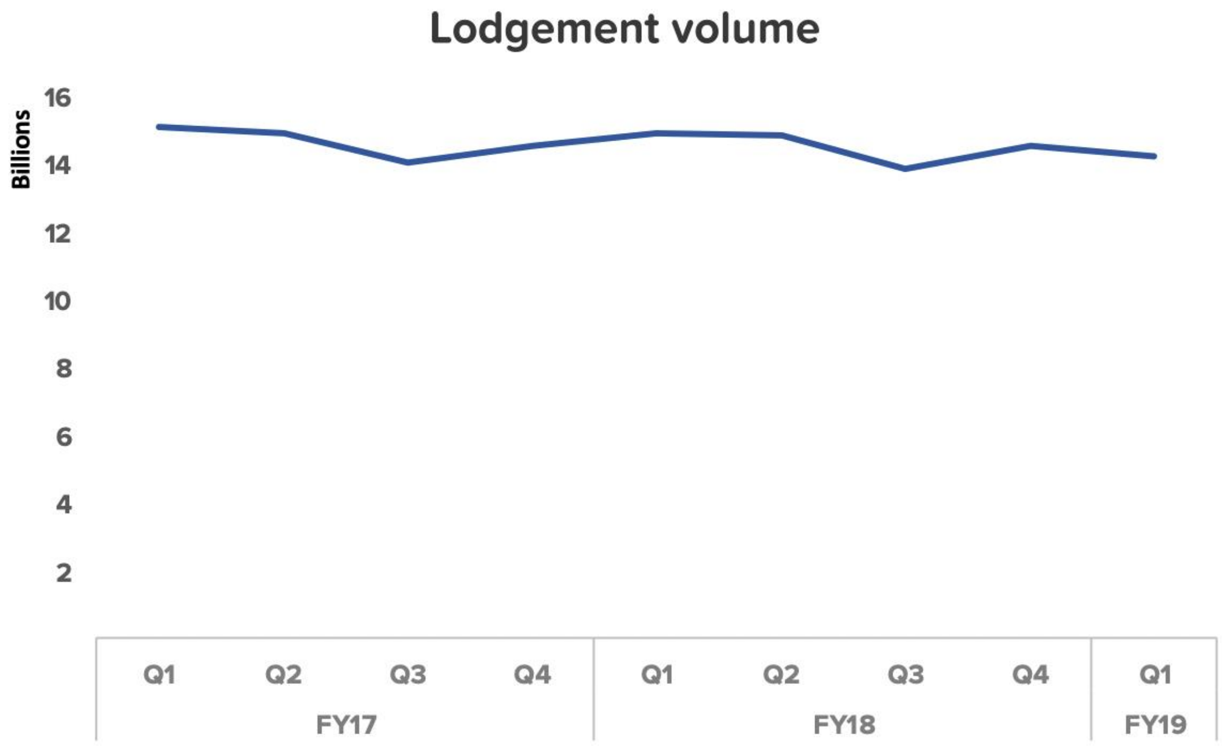
AFG Commercial Powered by Thinktank
AdelaideBank
ANZ
Bank of Melbourne
bankSA
GETCAPITAL
imb BANK
La Trobe financial
Liberty
nab
prospa
scottish pacific BUSINESS FINANCE
Spotcap
st.george
SUNCORP
Thinktank

Asset Finance

ANZ
GETCAPITAL
FLEXI COMMERCIAL
METRO FINANCE
Westpac

Lodgement Volume

- Our FY19 Quarter 1 Mortgage Index reflected a softening in overall sentiment in the market fueled by tighter credit terms combined with a softening property market



October trading

- Regulatory intervention has continued to impact market activity
- Total residential lodgements $4.82 billion, down 10% on October 2017, reflective of the overall market conditions
- AFG Home Loans outperforming market trend
- AFG Securities lodgements performed strong, 65% above October 2017, continuing positive trend from H2 FY18

Comparison of October lodgements

		Change on October 2017
NSW	↓	(13%)
QLD	↓	(6%)
SA	↓	(4%)
VIC	↓	(10%)
WA	↓	(6%)
National	↓	(10%)
AFGHL	↓	(7%)
AFGS	↑	65%

Outlook

- The broker value proposition is strong and Australian consumers are clearly comfortable with the channel
- Industry contributes $2.9 billion to the Australian economy and supports more than 27,000 jobs
- Brokers have contributed to downward pressure on interest rates through increased competition in the market
- Overwhelming majority of brokers operate small business with customer service at their core
- AFG will remain a first-choice partner for lenders and broking groups
- AFG has always been and will continue to be an active voice for our industry. We will continue to educate and disseminate the facts about the mortgage broking industry.

Q & A

Formal Business

Notice of Meeting

Items of Business

Item 1:

Financial Reports – financial year ended 30 June 2018.

The Financial Report, director’s report and auditor’s report for the financial year ended 30 June 2018 is tabled for discussion.

Items of Business

Item 2:

Election of Directors

Items of Business

Item 2(a):

Re-election of Malcolm Watkins as a director of the Company

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

"That Malcolm Watkins, 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	80,011,483	109,791	246,992	56,000	80,368,266
% OF ELIGIBLE VOTES	99.56%	0.14%	0.31%		100%
NO. OF PROXY FORMS	105	9	18	4	132

Items of Business

Item 2(b):

Re-election of Craig Carter as a director of the Company

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

"That Craig Carter, 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	80,011,483	109,791	246,992	56,000	80,368,266
% OF ELIGIBLE VOTES	99.56%	0.14%	0.31%		100%
NO. OF PROXY FORMS	105	9	18	4	132

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 2018 be adopted."

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	79,613,591	430,005	251,992	128,678	80,295,588
% OF ELIGIBLE VOTES	99.15%	0.54%	0.31%		100%
NO. OF PROXY FORMS	76	35	19	6	130

Items of Business

Item 4:

Grant of 2019 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 20,114 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	79,577,122	524,761	287,983	34,400	80,389,866
% OF ELIGIBLE VOTES	98.99%	0.65%	0.36%		100%
NO. OF PROXY FORMS	65	46	20	5	131

Items of Business

Item 5:

Grant of 2019 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 20,114 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	79,579,122	512,761	282,825	49,558	80,374,708
% OF ELIGIBLE VOTES	99.01%	0.64%	0.35%		100%
NO. OF PROXY FORMS	65	45	20	6	130

Items of Business

Item 6:

Proportional Takeover Approval Provisions

To consider and, if thought fit, pass the following resolution as a special resolution:

"That the proportional takeover provisions contained in rule 6 of the Constitution of the Company (as last approved by shareholders) be reinserted for a further period of three (3) years from the date of the Meeting convened by this notice of meeting."

Summary of proxies received

	FOR	AGAINST	OPEN	ABSTAIN	TOTAL ELIGIBLE
NO. OF SHARES	77,893,983	118,000	295,825	2,116,458	78,307,808
% OF ELIGIBLE VOTES	99.47%	0.15%	0.38%		100%
NO. OF PROXY FORMS	98	10	21	7	129

Poll

Q&A

Close

Disclaimer

This presentation contains general information which is current as at 23 November 2018. The information is intended to be a summary of Australian Finance Group Limited (AFG) and its activities as at 30 June 2018, 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.