

NATIONAL

UPGRADERS DRIVE MARKET

12 October 2015

Australian Finance Group (ASX: AFG) Mortgage Index has today reported the total value of home loans processed by AFG brokers for the September 2015 quarter was \$14.161B, an increase of nearly 16% on the same period last year.

Brett McKeon, AFG Managing Director outlined the result: "A key driver of the strong result was activity from upgraders – owner occupiers changing properties. In the June quarter 15% of the loans we processed were for homeowners making a move but lifted this to 23% for the September quarter. This activity is consistent with the traditional spring buying season which is now well underway.

"With continued low interest rates and lender policy changes being made around investment and interest only lending, many borrowers are aware the market is changing and are seeking the help of an informed, professional broker.

A shift in requirements for lenders set down by APRA however is having an impact on total flows with investment lending for the quarter down from a 3 year average of 38% of total loans processed, to 33%.

"We have noticed in the latter part of the quarter that the percentage of our business comprised of investment lending stabilized at 32 – 33% so it appears that the last round of changes have now flowed through the system" Mr McKeon said.

With interest rates low and some commentators predicting there may be further falls, fixed home loans were at their lowest level for more than three years at 11.3% of total loans processed for the quarter.

In a sign that competition is alive and well, the pricing and policy changes made by the majors saw the non-majors regain 1.5% in market share over the quarter. As a further indication that borrowers are seeking a broker's help to navigate the recent changes, most of this lift was for those looking for an investment loan.

More information can be found at www.afgonline.com.au under Media Hub – News and Data.

AFG Mortgage Index – Going Forward

Historically AFG has released the AFG Mortgage Index on a monthly basis. Following AFG's successful listing on the ASX, AFG has determined that the AFG Mortgage Index is now published on a quarterly basis. This change follows a review of AFG's market reporting and disclosure activities as a newly ASX listed entity.

ENDS

CONTACT DETAILS

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AFG MORTGAGES SOLD

TABLE 1: ALL AUSTRALIA

FISCAL YEAR	FISCAL QUARTER	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	REFINANCE %	UPGRADER %
2013	1	21,574	\$8,417 b	\$390 k	36%	15%	34%	28%
2013	2	21,409	\$8,487 b	\$396 k	35%	12%	33%	31%
2013	3	21,210	\$8,322 b	\$392 k	35%	12%	33%	31%
2013	4	24,445	\$9,799 b	\$400 k	36%	11%	33%	30%
2014	1	25,818	\$10,541 b	\$408 k	37%	10%	31%	32%
2014	2	25,896	\$10,982 b	\$424 k	39%	9%	32%	31%
2014	3	24,231	\$10,301 b	\$425 k	39%	9%	32%	31%
2014	4	26,968	\$11,552 b	\$428 k	39%	9%	34%	30%
2015	1	28,132	\$12,207 b	\$433 k	39%	8%	34%	31%
2015	2	28,669	\$12,891 b	\$449 k	39%	7%	36%	30%
2015	3	27,497	\$12,264 b	\$446 k	40%	8%	35%	30%
2015	4	31,251	\$14,361 b	\$459 k	40%	7%	37%	28%
2016	1	30,002	\$14,154 b	\$471 k	33%	9%	35%	34%

MAJOR VS NON MAJOR LENDER MARKET SHARE

TABLE 2: BY BUYER TYPE

FISCAL YEAR	FISCAL QUARTE	TOTAL MORTGAGES		REFINANCE		FIRST HOME BUYERS		INVESTORS		UPGRADER	
		Major	Non-Major	Major	Non-Major	Major	Non-Major	Major	Non-Major	Major	Non-Major
2013	1	77%	23%	73%	27%	74%	25%	79%	20%	79%	21%
2013	2	78%	22%	73%	26%	74%	26%	81%	19%	79%	21%
2013	3	78%	22%	73%	26%	77%	23%	80%	20%	80%	20%
2013	4	77%	23%	73%	27%	74%	25%	79%	21%	79%	21%
2014	1	74%	26%	67%	33%	73%	27%	76%	23%	77%	23%
2014	2	74%	26%	67%	33%	72%	28%	75%	24%	76%	24%
2014	3	74%	26%	68%	32%	71%	29%	77%	23%	77%	23%
2014	4	75%	25%	69%	31%	72%	28%	77%	23%	78%	22%
2015	1	74%	26%	66%	33%	70%	30%	77%	23%	77%	23%
2015	2	70%	30%	62%	37%	67%	33%	74%	26%	73%	27%
2015	3	73%	27%	67%	33%	72%	28%	76%	23%	76%	24%
2015	4	72%	28%	65%	35%	71%	29%	75%	25%	75%	25%
2016	1	74%	26%	69%	31%	74%	26%	73%	27%	78%	22%

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AVERAGE MORTGAGE SIZE IN DOLLARS

TABLE 3: STATE BY STATE

FISCAL YEAR	FISCAL QUARTER	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
2013	1	\$390,147	\$454,076	\$344,592	\$315,721	\$382,905	\$403,048	\$393,251
2013	2	\$396,445	\$471,380	\$343,648	\$314,049	\$385,016	\$411,688	\$379,343
2013	3	\$392,369	\$459,339	\$346,140	\$331,960	\$378,078	\$403,086	\$376,334
2013	4	\$400,889	\$482,929	\$341,559	\$314,037	\$384,476	\$410,180	\$401,857
2014	1	\$408,302	\$496,864	\$348,021	\$318,525	\$389,256	\$408,336	\$397,687
2014	2	\$424,110	\$515,816	\$356,020	\$332,961	\$413,219	\$422,993	\$384,330
2014	3	\$425,157	\$513,111	\$358,613	\$333,255	\$415,852	\$425,683	\$378,728
2014	4	\$428,396	\$522,782	\$364,871	\$330,073	\$412,025	\$425,963	\$410,414
2015	1	\$433,952	\$523,711	\$363,480	\$332,639	\$423,690	\$432,491	\$388,224
2015	2	\$449,671	\$561,195	\$368,166	\$350,475	\$434,246	\$433,327	\$399,064
2015	3	\$446,022	\$550,150	\$370,708	\$338,617	\$429,428	\$433,424	\$392,293
2015	4	\$459,564	\$558,335	\$380,089	\$352,510	\$439,777	\$446,655	\$422,527
2016	1	\$471,784	\$583,912	\$387,240	\$362,801	\$457,226	\$435,841	\$409,222

LOAN VALUE RATIOS (loan stated as % of property value)

TABLE 4: ALL AUSTRALIA

FISCAL YEAR	FISCAL QUARTER	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
2013	1	69%	69%	69%	69%	70%	71%	71%
2013	2	70%	68%	70%	71%	71%	73%	70%
2013	3	70%	68%	70%	68%	71%	71%	71%
2013	4	69%	67%	69%	70%	71%	71%	68%
2014	1	69%	67%	70%	68%	72%	73%	63%
2014	2	69%	66%	70%	71%	71%	72%	66%
2014	3	69%	66%	70%	70%	73%	71%	64%
2014	4	68%	66%	68%	70%	72%	71%	62%
2015	1	69%	66%	68%	69%	72%	71%	68%
2015	2	69%	66%	69%	70%	73%	70%	70%
2015	3	69%	66%	69%	69%	72%	71%	65%
2015	4	68%	64%	68%	70%	72%	71%	64%
2016	1	68%	64%	68%	69%	72%	72%	65%

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LOAN TYPE

TABLE 5: ALL AUSTRALIA

FISCAL YEAR	FISCAL QUARTER	BASIC VARIABLE	EQUITY	FIXED	INTRO	STANDARD VARIABLE
2013	1	8%	7%	14%	2%	68%
2013	2	8%	6%	15%	3%	69%
2013	3	7%	5%	18%	3%	67%
2013	4	6%	6%	22%	4%	62%
2014	1	6%	5%	20%	5%	63%
2014	2	5%	5%	20%	4%	65%
2014	3	6%	5%	18%	6%	65%
2014	4	6%	5%	17%	5%	66%
2015	1	7%	5%	17%	6%	66%
2015	2	6%	5%	17%	5%	68%
2015	3	6%	4%	14%	7%	68%
2015	4	6%	4%	14%	6%	70%
2016	1	9%	3%	11%	5%	71%

DEFINITIONS

- Standard Variable:** includes the full range of features available.
- Basic Variable:** without some features, lower fees and rates.
- Intro:** also known as 'honeymoon' where the borrower is offered a very cheap initial rate (fixed or variable) before the loan reverts to a Standard Variable.
- Fixed:** interest rate is fixed for a nominated period before it reverts to a Standard Variable.
- Equity:** also known as 'line of credit' allows the borrower to draw out money up to a specified limit. Generally more expensive than Standard Variable loans.

AFG is Australia's largest mortgage broking group and one of the country's largest financial services companies. Established in 1994, the company now provides more than 20% of brokers nationwide with access to Australia's leading lending institutions, and has a mortgage book in excess of \$100 billion.

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