

# Aggregator reporting

This document outlines Australian Finance Group Limited's ('AFG'), Aggregator Reporting recommendations proposed by Combined Industry Forum (CIF). CIF was established to respond to proposals outlined in the Australian Securities and Investments Commission's (ASIC) 2016 Review of Mortgage Broker Remuneration (ASIC Report) and takes into account the third party recommendations of the Australian Bankers' Association (ABA) 2016/2017 Retail Banking Remuneration Review (Sedgwick Review).

Reform 5 of CIF outlines public reporting commitments for all aggregators including lender reporting for AFG Limited.

## 1.1.1 Aggregator/Broker Group report 1

CIF proposals, Aggregators are to publish and provide to ASIC the list of all lenders available on panel and percentage share of business written with each over the previous financial year (1st July – 30th June).

Paid Settlements is the \$ value of settlements actually disbursed by the Lender in relation to business introduced by brokers aligned to the Aggregator/Broker Group in a particular financial year.

| Lender name            | % value of total paid settlements |
|------------------------|-----------------------------------|
| Commonwealth Bank      | 18.71%                            |
| ANZ                    | 11.64%                            |
| Macquarie Bank         | 10.31%                            |
| NAB                    | 8.44%                             |
| Westpac                | 8.28%                             |
| Bankwest               | 6.12%                             |
| ING                    | 3.64%                             |
| St George Bank         | 3.37%                             |
| AFG Home Loans - Edge  | 3.27%                             |
| AFG Home Loans - Retro | 3.04%                             |
| Suncorp                | 2.38%                             |
| AMP Bank               | 2.35%                             |
| Bank of Melbourne      | 2.20%                             |
| ME                     | 1.90%                             |
| Resimac                | 1.52%                             |
| Pepper Money           | 1.32%                             |
| La Trobe Financial     | 1.15%                             |
| AFG Home Loans - Alpha | 1.07%                             |
| Liberty Financial      | 0.99%                             |
| Bank SA                | 0.71%                             |
| AFG Home Loans - Link  | 0.67%                             |
| Citibank               | 0.64%                             |
| Bank Australia         | 0.61%                             |
| Virgin Money           | 0.54%                             |

| Lender name               | % value of total paid settlements |
|---------------------------|-----------------------------------|
| Bank of QLD               | 0.52%                             |
| CUA                       | 0.51%                             |
| AFG Home Loans - Options  | 0.44%                             |
| Heritage Bank             | 0.43%                             |
| MyState                   | 0.41%                             |
| Bank of China             | 0.36%                             |
| Newcastle Permanent       | 0.33%                             |
| Bluestone                 | 0.32%                             |
| Bank of Sydney            | 0.30%                             |
| Beyond Bank               | 0.29%                             |
| Auswide Bank              | 0.27%                             |
| HomeStart Finance         | 0.27%                             |
| Keystart                  | 0.24%                             |
| P&N Bank                  | 0.15%                             |
| Teachers Mutual Bank      | 0.09%                             |
| Adelaide Bank             | 0.07%                             |
| UniBank                   | 0.06%                             |
| Health Professionals Bank | 0.03%                             |
| QBANK                     | 0.03%                             |
| MKM Capital Pty Ltd       | 0.02%                             |
| Firefighters Mutual Bank  | 0.01%                             |
| Granite Home Loans        | 0.01%                             |
| AFG Home Loans - Icon     | 0.00%                             |
| AFG Home Loans - ABL      | 0.00%                             |

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## 1.1.2 Aggregator/Broker Group report 2

Under CIF proposals, Aggregators/Broker Group's to publish and provide to ASIC the spread of the number of lenders<sup>^</sup> being used by brokers in the group/aggregator over the last financial year.

**% of brokers using < than or equal to 3 lenders**

**% of brokers using 4 - 7 lender**

**% of brokers using 8+ lenders**

<sup>^</sup>Lenders to be included where there were paid settlements by the Lender in relation to business introduced by brokers aligned to the Aggregator/ Broker Group in the financial year.

<sup>^^</sup>Reporting includes all brokers that have settled more than 25 loans each financial year.

| FY      | Using less than or equal to 3 lenders | % of brokers using 4-7 lenders | % of brokers using 8+ lenders |
|---------|---------------------------------------|--------------------------------|-------------------------------|
| FY19/20 | 1.23%                                 | 22.40%                         | 76.36%                        |

## 1.1.2 Aggregator/Broker Group report 3

Under CIF proposals, Aggregators/Broker Groups to publish and provide to ASIC the weighted average commission rate percentage earned in the previous financial year (1st July – 30th June) for mortgages.

| FY      | Upfront | Trail |
|---------|---------|-------|
| FY19/20 | 0.65%   | 0.17% |

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## Glossary of terms

|  |   |
|--|---|
| <b>Aggregator</b>                                | The group that holds the direct agreement with a lender i.e. not sub-aggregator. ASIC also further defines an aggregator as: “A business which provides aggregation services to a broker business or broker and with which a lender a direct contractual relationship. It does not include a broker business or broker which does not provide aggregation services, even if there is a direct contractual relationship with the lender. If a lender has a contractual arrangement with an entity for aggregation services and a related party of that entity provides the aggregation services to a broker business or broker, then the two entities are treated as one aggregator. |
| <b>Broker</b>                                    | A registered individual Credit Representative that is active as at 30 June for the completed reporting period and has been operating as a broker for the 12-month reporting period.   |
| <b>Lender</b>                                    | Includes a person who has a servicing agreement with a special purpose funding entity (ASIC definition).  |
| <b>Lenders Available</b>                         | All lenders whom the aggregator has an active agreement in place with at time of publication.   |
| <b>Lenders Used</b>                              | Based on paid settlements to the broker during the reporting period   |
| <b>Paid Settlements for Aggregator Reporting</b> | \$ value of residential mortgage settlements disbursed by the Lender in relation to business introduced by brokers for Aggregator aligned to the aggregator in the reporting period.  |
| <b>Reporting Period</b>                          | 1 July to 30 June of the financial year; data is taken once per annum, not on a rolling annual basis.   |