Annual Report

2026

AFG

Appendix 4E (ASX Listing Rules 4.3A)

Report for the year ended 30 June 2026

Reporting period is the year ended 30 June 2026 with the previous corresponding period the year ended 30 June 2025.

Results for announcement to the market

In millions of AUD	2026	2025	Increase / (Decrease)	% Change
Revenue from operating activities	1,408.5	1,235.5	173.0	14%
Net profit after tax (NPAT) from continuing operations attributable to equity holders of the Company	48.5	35.0	13.5	39%
Underlying NPATA from continuing operations[1]	54.4	40.8	13.6	33%
Net tangible assets backing per ordinary security (NTA) (cents)	(402.5)	(385.5)	(16.9)	4%
Net tangible asset backing per ordinary security (NTA) including trail book contract asset (cents)[2]	50.8	42.3	8.6	20%

1. Underlying NPATA is non-IFRS financial information. Refer to non-IFRS information section for further information.
2. In line with ASIC guidance NTA is shown without the inclusion of the trail book asset (contract asset) but including the associated trail commission payable. However, given the significant value of the trail book and its interrelationship with the trail book liability, a more accurate representation would be to include the trail book asset. Therefore, NTA including the trail book asset has also been calculated and disclosed for both the current period to 30 June 2026 and the prior period to 30 June 2025.

Dividends

On 20 August 2026, the Company declared a fully franked final dividend of 4.8 cents per share with respect to the year ending 30 June 2026.

Record date for determining entitlements to the dividend	5:00 pm (WST) 1 September 2026
Date the final dividend is payable	1 October 2026

The Company paid an interim dividend during the year of 4.7 cents per share:

Record date	Payment date	Type	Cents per share	Total amount ($'m)	Franked (%)
25 February 2026	27 March 2026	Interim	4.7	12.8	100%

Financial results

Statutory net profit after tax for the period attributable to equity holders was $48.5m (2025: $35.0m). Underlying NPATA results from continuing operations excluding significant items was $54.4m for the period (2025: $40.8m).

Non – IFRS financial information

The following table reconciles the underlying earnings to the reported profit after tax for the period in accordance with Australian Accounting Standards:

In millions of AUD	2026		2025	
	Operating income	Profit after tax	Operating income	Profit after tax
Net profit after tax for the period attributable to equity holders	1,408.5	48.5	1,235.5	35.0
Change in the carrying value of trailing commissions contract asset and liability	(71.0)	2.0	(39.1)	2.6
Net change of fair value put/call liability for Fintelligence	-	-	-	(0.3)
Amortisation of acquired intangibles	-	2.4	-	2.4
One-off non-recurring expenses	-	1.5	-	1.1
Underlying NPATA	1,337.5	54.4	1,196.4	40.8

Other disclosure requirements

Additional ASX Appendix 4E (Listing Rule 4.3A) disclosures can be found in the 2026 Annual Report. This document should be read in conjunction with the 2026 Annual Report and any public announcements made in the period by the Company in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

This preliminary financial report under ASX Listing Rule 4.3A covers Australian Finance Group Ltd and its controlled entities and is based on the consolidated financial statements and financial report which have been audited by Ernst & Young.

Cross reference Index for other disclosures included in the 2026 Annual Report

Contents

AFG acknowledges the Traditional Custodians of the lands and waters throughout Australia on which we live and work, and recognises their continuing connection to land, sea, culture, and community. We pay our respects to Elders past and present.

From the Chair

Greg Medcraft
Chair

On behalf of the Board, I am pleased to report that FY26 was a strong year for AFG. The result reflects the strength of our diversified business model, disciplined execution against our strategy, and the continued value of our broker network and lending platform. These factors contributed to record performance across several key operating measures and growth across the Group.

The AFG Group recorded net profit after tax (NPAT) of $48.5m, an increase of 39% on the prior year, with underlying NPATA of $54.4m, up 33%, and underlying return on equity increasing to 23%.

A larger broker network, broader distribution platform, increased scale in AFG Securities and a growing contribution from our strategic investments have strengthened the Group's strategic position.

Market and strategic context

Mortgage brokers have once again reaffirmed their position as the primary distribution channel for residential mortgages in Australia, now facilitating more than 80% of residential mortgages. Their systemically important role as a distribution channel for lenders, particularly those without a branch network, is vital to a competitive lending market. Their role as a trusted advocate for borrowers, particularly as households navigate ongoing cost-of-living pressures remains essential.

Changing market conditions may all influence the pace of growth over the year ahead however AFG enters FY27 with increased scale, a broader earnings base and a clear strategic focus.

On the policy front, AFG supports practical reforms that increase housing supply, strengthen competition and choice for households and businesses. These settings reinforce the importance of the broker channel, with brokers continuing to help Australians navigate a more complex lending market and make informed financial decisions.

We will continue to engage with government and industry on policies that support sustainable housing outcomes, economic stability and long-term consumer confidence.

Board priorities and governance

The Board's focus remains firmly on the factors within our control; disciplined execution against our strategy, sustainable earnings growth from a diversified base, and prudent risk management as the AFG Securities loan book continues to scale and credit conditions evolve.

We will also continue to uphold the standards of conduct and service that support broker and customer outcomes, recognising that the strength of our network remains central to the Group's performance.

During the year, the Board announced AFG's first on-market share buy-back, reflecting our disciplined approach to capital allocation and our assessment that repurchasing shares represented an appropriate use of surplus capital in the circumstances. The buy-back forms part of the broader range of capital management options available to the Group, alongside continued investment in organic growth, strategic opportunities and $27.1m paid in fully franked dividends to shareholders.

The Board will remain disciplined in allocating capital, ensuring investment in technology, people and Group capabilities translates into long-term value for shareholders. These priorities will continue to guide how the Board tests management's plans through FY27.

Sustainability and Board renewal

FY26 marks the first year in which AFG has reported under Australia's new mandatory climate-related financial disclosure regime. The Board has overseen the preparation of the Group's first statutory climate statements, including the governance, strategy, risk management and metrics disclosures required by the new standards. This is the beginning of a multi-year process, with disclosures expected to develop as data quality, methodologies and market practice mature. Further detail is set out in AFG's Sustainability Report, available at page 110 of this report.

Alongside this focus on evolving disclosure obligations, the Board also continued its orderly renewal. We farewelled founding director Malcolm Watkins, recognising his significant contribution to AFG, and subsequent to the end of the 2026 financial year, welcomed David Flynn to the Board.

Outlook

Looking ahead, the Board remains confident in AFG's strategy and encouraged by the progress made against the Group's FY29 aspirations. AFG enters FY27 with greater scale, a broader earnings base and capacity to continue executing with discipline in a dynamic market environment. Our focus will remain on sound governance, prudent capital allocation and long-term value creation for shareholders.

On behalf of the Board, I thank our shareholders for their continued support, our broker and lender partners for their trust, my fellow Directors and our people for their contribution over the year.

From the CEO

David Bailey
CEO

FY26 was an exceptional year for AFG, highlighting the momentum and compounding strength of our business and our people. Growth in our share of the broker channel, greater value from each broker relationship and the continued scale of AFG Securities all contributed to record performance across several key operating measures and earnings growth in both Distribution and Manufacturing.

AFG's footprint on the Australian lending landscape continues to build with one in every nine residential mortgages now being originated by an AFG Broker. I am particularly proud of the way our people executed against our strategy while continuing to continue to deliver choice and competition in a changing market.

Recent structural changes to housing-related tax settings have reinforced the need for clear guidance and support for clients navigating a changing environment while providing critical infrastructure for lenders. This is where the broker channel continues to play an important role, and where AFG's network provides scale and reach.

Distribution

This is the powerhouse of the AFG business model and contributes 68% of our gross profit. Residential mortgage settlements reached a record $75b, an increase of 18%. Both broker numbers and broker services income increased. Economies of scale and cost out initiatives reflect continued growth in the network and our efforts to provide brokers with additional services that support productivity.

The Distribution segment delivered an EBITDA of $70.7m, an increase of 4% on FY25 and an underlying return on equity of 40%. This reflects the capital-efficient nature of Distribution, supported by continued residential settlement growth, improved broker productivity, contributions from AFG's broader range of products and services, and our investments in professional growth-minded brokers through the Broker Investments program.

BrokerEngine users increased by 19% to 4,426, supporting broker productivity and recurring services income. Asset finance settlements, predominantly through Fintelligence, reached $4.3b, an increase of 19% on FY25, demonstrating the scale achieved in AFG's asset finance offering.

Our Broker Investments program continued to broaden the Group's earnings base, with the portfolio performing well.

These Distribution outcomes also strengthen the Manufacturing opportunity by deepening broker engagement and increasing the scale available to AFG Securities and more broadly our white label lending program.

Manufacturing

The strength of our Distribution network does more than generate settlement growth; it also creates the scale, engagement and insights that support our Manufacturing strategy. Our Manufacturing segment delivered a particularly strong result in FY26, with an EBITDA of $33.1m, an increase of 107% on FY25. AFG Securities was the principal driver, with settlements increasing by 47% to $4.0b and the closing loan book reaching a record $7.1b, up 30%. Credit quality remained at a very high standard as the loan book continued to scale.

Consolidated net interest margin increased to 125bps, reflecting improved funding conditions during the year. Our investment in Thinktank contributed $6.2m to segment earnings, an increase of $3.6m on FY25.

Disciplined growth and capital allocation

Earnings growth also reflected operating leverage across the Group, with gross margin increasing faster than the cost base. We will continue to manage costs with discipline, while investing where expected returns justify it, strengthening the capability and scale required to support leverage in future periods.

Earnings translated into healthy cash flow generation during the year, with net cash from operating activities increasing 42% to $51.1m. This supported continued investment in technology, people and capabilities, while preserving capacity for future growth and contributing to the capital flexibility that enabled the Board to announce AFG's on-market share buy-back.

Outlook

Overall, FY26 demonstrated the strength of AFG's increasingly diversified business model and the benefit of our core growth drivers working together. Distribution continued to grow through higher settlements, broker productivity and a broader service offering, while Manufacturing delivered materially stronger earnings through increased scale and improved funding economics. Together, these outcomes mean we enter FY27 from a stronger position.

Early FY27 trading reflects only a short period of post-Federal Budget data, with some indicators remaining mixed as customers assess how a range of factors may influence their home ownership decisions. However, AFG has successfully operated through a number of economic cycles over more than 32 years, and the underlying need for housing remains strong. We see this point in the cycle as an opportunity to deepen broker relationships by supporting greater adoption of our technology and services.

Our focus remains on disciplined execution; deepening broker relationships, scaling our lending platform, allocating capital to opportunities that deliver attractive returns, and maintaining prudent risk management while prioritising sustainable customer outcomes.

AFG's recurring, capital-light Distribution earnings and growing lending platform provide the capacity to reinvest in the business, return capital to shareholders and pursue disciplined growth opportunities.

As we move through FY27, we do so with confidence in the strength of our strategy, the quality of our broker network and the resilience of our diversified business model. I thank our brokers, lender partners, people and shareholders for their continued support, and look forward to sharing AFG's progress in the year ahead.

Who we are

Vision/Heritage

32+ years

Consecutive years of innovation and growth in broker numbers

Culture

96%

FEEL ABLE TO BRING THEIR AUTHENTIC SELF TO WORK

$1m

COMMITTED TO FOYER FOUNDATION SINCE 2021

76%

EMPLOYEE ENGAGEMENT SCORE

46%

WOMEN ACROSS OUR WORKFORCE

Scale

$232b

Residential loan book

4,300+

AFG BROKERS

ASX 300

REFLECTING AFG'S SCALE & MARKET RELEVANCE

Our importance to Australia's Finance System

81%

Broker channel share of Australian residential mortgages (MFAA)

1 in 9

MORTGAGES WRITTEN BY AN AFG BROKER

600k+

CUSTOMERS HELPED BY AN AFG BROKER

Where we are today

Headline financials

REPORTED NPAT

$48.5m

FY26 VS FY25 ↑39%

UNDERLYING ROE

23%

FY26 VS FY25 ↑4pts

$51m
OPERATING CASHFLOWS

6.0%
DIVIDEND YIELD

$185m
CASH AND HIGH PERFORMING INVESTMENTS

Grow our broker network

RESIDENTIAL SETTLEMENTS

DEC '24
$59b

$75b

FY26 VS FY25 ↑18%

FY29 ASPIRATION
$80b

76% OF FY29 ASPIRATION

BROKER INVESTMENTS

DEC '24
2

6

FY26 VS FY25 ↑4

FY29 ASPIRATION
35

18% OF FY29 ASPIRATION

Where we're headed

Market-leading technology proposition

UNDERLYING COST TO INCOME

DEC '24
70%

55%

FY26 VS FY25 ↓4%pts

FY29 ASPIRATION
<50%

75% OF FY29 ASPIRATION

BROKER SERVICE INCOME MIX

DEC '24
20%

23%

FY26 VS FY25 ↑2%

FY29 ASPIRATION
30%

30% OF FY29 ASPIRATION

4,426
BROKERENGINE PLUS USERS

$43k
AVE GROSS PROFIT PER BROKER

Deliver higher margin through our distribution network

AFG SECURITIES BOOK SIZE

DEC '24
$5.1b

$7.1b

FY26 VS FY25 ↑30%

FY29 ASPIRATION
$9.0b

51% OF FY29 ASPIRATION

AFG SECURITIES NET INTEREST MARGIN

DEC '24
114bps

125bps

FY26 VS FY25 ↑9bps

FY29 TARGET
~120bps

104% TO FY29 TARGET

AFG SECURITIES SETTLEMENTS

$4.0b

FY26 VS FY25 ↑47%

$2.2b
RECORD ISSUANCES IN A YEAR

ESG

I am pleased to deliver our report on the Group's Environmental, Social and Governance practices.

Greg Medcraft, Chair

$1m

committed to Foyer Foundation (since 2021)

Starting White Ribbon accreditation

20 years

working with Numero

18,000

trees planted (since 2022)

Participant in the United Nations Global Compact and contributor to Sustainable Development Goals

About AFG

Australian Finance Group Ltd (AFG) is one of Australia's largest mortgage aggregators and a diversified financial services company, listed on the Australian Securities Exchange (ASX: AFG).

AFG operates across two segments. Our Distribution segment supports a national network of over 4,300 brokers, providing access to more than 80 lenders and a broad suite of financial products including home loans, commercial finance, asset finance, and insurance. Our AFG Securities business is a residential mortgage lender, originating and funding home loans through AFG's own branded products, and is the foundation of our Manufacturing segment.

Established in Perth, Western Australia, AFG has been connecting Australians with their financial goals for over 32 years, settling approximately $85 billion in loans annually, across different asset classes. Today, more than 80% of residential mortgages in Australia are written through a mortgage broker and 1 in 9 of those is a broker from within AFG's network — a testament to the genuine competition and choice the broker channel delivers for consumers, and to the central role AFG plays in supporting that outcome.

Our purpose is to create a fairer financial future, for our brokers, their customers, our people, and the communities in which we operate. This purpose is brought to life through our values of Integrity, Accountability, Customer Centric, and Team Player (**iACT**), which guide how we work and the decisions we make across the business.

AFG is a participant in the United Nations Global Compact (**UNGC**), and through this commitment recognises our responsibility to contribute to the United Nations Sustainable Development Goals (**UNSDG**) and its global efforts toward a more equitable, inclusive, and sustainable future.

This report is AFG's sixth ESG report (previously called AFG Sustainability Report), prepared on a voluntary basis, reflecting our long-standing commitment to transparency and accountability beyond our mandatory reporting obligations.

From FY26, this voluntary reporting is complemented by AFG's inaugural mandatory climate-related Sustainability Report under AASB S2, available on page 110 of this Annual Report.

Governance

The AFG Board of Directors provides oversight and strategic guidance as AFG delivers on its purpose and strategy. The majority of Directors, including the Chair, are independent.

Together with Management, the Board is committed to strong governance, transparency, and accountability, and considers sustainability risks across the Group, including climate, human rights, and cyber security. Our approach to governance is underpinned by the ASX Corporate Governance Council's Principles and Recommendations (4th Edition), providing a solid foundation for meeting regulatory and legal obligations.

AFG maintains a comprehensive suite of policies and processes that shape our culture and business practices, which can be found on the AFG Investor Centre at www.afgonline.com.au/investors/.

Tax

AFG maintains a robust tax strategy aligned with our Group Governance Framework to ensure our tax affairs are managed responsibly and in accordance with applicable taxation laws.

We are committed to open, honest and constructive engagement with taxation authorities and meeting our taxation obligations in full and on time.

AASB S2 Climate-related Financial Disclosures

AFG has prepared its first mandatory climate-related Sustainability Report under AASB S2. The report is published on page 110.

The AFG Climate Reporting Working Group, a multifunctional team drawn from across the business, was established to prepare the Sustainability Report, reporting directly to the Board Audit Committee, which oversees the integrity and consistency of AFG's climate-related disclosures. The Sustainability Report is published on page 110.

Board Committees

AFG's Board Committee structure contributes to the oversight of sustainability-related matters. Three Board Committees have responsibilities that extend to sustainability governance: The Risk and Compliance Committee oversees AFG's exposure to climate-related risks and alignment with the Enterprise Risk Management Framework. The Audit Committee reviews the integrity of climate-related financial disclosures. The Remuneration and Nomination Committee oversees people-related matters, including Diversity, Equity and Inclusion (**DEI**). Further details on these Board Committees are available on page 36.

Management Committees

The Management Risk and Compliance Committee monitors climate risks, with a focus on the AFG Securities lending portfolio — a standing item on its quarterly agenda. The Management Sustainability Committee oversees AFG's broader ESG initiatives and reports to the Board at least annually.

Additional groups supporting sustainability include our DEI Committee, Modern Slavery Working Group, and employee-led Green Team.

FY26 Highlights

In addition to producing our first AASB S2 report, in FY26, AFG published its inaugural Human Rights Statement. This statement formalised our commitment to identifying and addressing human rights risks across our operations and value chain, complementing our annual Modern Slavery Statement.

Social

Privacy and security

AFG is committed to safeguarding the sensitive information of our customers.

Privacy

Our Privacy Policy reflects the principles of the *Privacy Act 1988* (Cth) and informs our approach to responsible data handling across the business. The policy outlines the methods and practices we use to collect, hold, use and disclose customers' personal and credit-related information, including the safeguards applied when information is shared with third parties such as funders, credit reporting bodies and service providers involved in managing finance applications. Where third parties are engaged to handle personal information on our behalf, we conduct due diligence to ensure their data protection standards meet our own.

Maintaining full compliance with the Privacy Act remains a priority. With privacy law reform continuing to evolve, AFG is monitoring legislative developments and positioning our practices to meet emerging obligations.

We maintain a Notifiable Data Breach procedure to ensure timely assessment and, where required, notification of eligible data breaches in accordance with the Privacy Act.

Security

Protecting our customers, our people and our business from cyber threats remains a constant priority. AFG continues to invest in the security of our systems and the resilience of our processes, with measures to safeguard sensitive information forming a core pillar of our Digital Strategy. This includes safeguarding the personal and financial information that customers entrust to us as a lender, originated and held through AFG Securities.

Our cyber resilience controls are regularly reviewed and updated in line with recognised threat mitigation strategies and leading industry practice. We also engage external cyber firms and subject matter experts to provide independent review and support of our cyber resilience practices. These controls extend to the systems that store and process customer data across both our aggregation and lending businesses. Cyber resilience is supported by disaster recovery and business continuity planning.

All employees, contractors and brokers complete mandatory cyber education and training at onboarding and on an ongoing basis. Multifactor Authentication (**MFA**) is required across AFG's systems, reinforcing an industry-aligned security framework.

We remain committed to building cyber capability across our network, providing substantial training and awareness resources through dedicated learning systems for our brokers, while applying appropriate access, encryption and data-handling controls to the customer information we hold.

Our people

At AFG, our people are the cornerstone of our purpose-led strategy — to create a fairer financial future for all. Their dedication, expertise and passion drive everything we do.

Our core values, Integrity, Accountability, Customer Centric, and Team Player (**iACT**), underpin every decision and interaction, keeping us true to our purpose and delivering exceptional outcomes for broker partners and customers.

The AFG Code of Conduct sets the standard for how we work together and with our stakeholders. Employees are required to be familiar with the AFG Code of Conduct and adhere to its guidelines, reinforced through annual refresher training on this and other relevant policies.

Highly engaged

Our people remain highly engaged, evidenced by an average employee engagement score of 76% and an employee Net Promoter Score of +26 in FY26. Engagement strengthened steadily across the year, with all 10 measured drivers of engagement finishing the year higher than they began. Relationships with managers (84%) and peers (81%) were our strongest-scoring areas, while wellness and recognition recorded the largest gains of the year, reflecting the impact of our wellbeing initiatives and peer recognition program.

Our bi-monthly employee engagement pulse survey program provides real-time insights into team experiences, highlights our strengths and identifies opportunities for improvement. The pulse tool also enables employees to recognise each other for living our values, reinforcing a culture of continuous feedback and connection.

Diversity, Equity and Inclusion

Building a diverse, equitable and inclusive workplace, where every employee feels a genuine sense of belonging, strengthens our ability to attract and retain talent, drive better decision-making, and deliver stronger outcomes for the brokers and customers we serve.

Our DEI Committee drives this commitment, working alongside the Board to embed Diversity, Equity, Inclusion and Belonging at work (**DEIB**) principles across the business, and our FY26 survey results reflect the strength of that work. Employee sentiment remained consistently strong throughout the year, with 85% of all responses favourable across the survey. Inclusion and diversity were our highest-scoring themes at 86% favourable. Results were particularly pleasing at the team level: 96% of employees feel accepted as a member of their team, with the same result for feeling able to bring their authentic self to work and feeling confident that different points of view are valued. Pleasingly, 93% agree that AFG demonstrates its commitment to diversity through concrete actions.

Each year, the DEI Committee sets and tracks measurable objectives against our commitment. While overall sentiment remains strong, progress against individual FY26 objectives was mixed, as outlined in the table below.

	DEI Objective	Result/Status
1	Achieve a minimum of 45% women in management positions (including Key Management Personnel, Senior Managers and Other Managers) by 2026 with increased year-on-year representation	Achieved but subsequently fallen. Although the 45% level was reached during the year, some changes during the period caused the proportion of women to decline to 40% of our managers as at 30 June 2026. We continue to work toward our goal.
2	Maintain an overall diversity score of 75% of our employee DEIB pulse survey (aggregated score of staff's perception of Diversity, Equity, Inclusion and Belonging in the workplace)	Achieved. Our DEIB pulse survey has achieved an 85% score.
3	Champion under-represented groups (e.g. older employees, people who identify as having disability or neurodiverse, LGBTQIA+) as measured by initiatives undertaken and our inclusion survey	Achieved. This is evidenced by strong favourability in areas such as valuing diverse viewpoints (96%), feeling accepted as a member of the team (96%), and AFG demonstrating diversity through concrete actions (93%).
4	Continue training and awareness programs to ensure employees maintain and uphold AFG's acceptable and expected behaviours and diversity and inclusion values in the workplace	Achieved. The DEI Committee, alongside our Human Resources team, continue to deliver a range of programs and initiatives to meet this objective.
5	Work towards a 40:40:20 (male:female:flexible) gender ratio across AFG's Board of Directors by 2030, aligned to the 40:40 Vision, an investor-led initiative which aims to achieve gender balance (40:40:20) in executive leadership teams of ASX300 companies by 2030	Achieved. Female representation of AFG's Board of Directors at 30 June 2026 is 40%.

Position	Total	Number of Women	% of Women
Board	5	2	40
Senior Executives	5	1*	20*
People Leaders	75	30	40
Total Workforce including directors	**370**	**170**	**46**

'Senior executives' means members of the Executive Committee reporting to the CEO, and 'People Leaders' means business heads and other senior managers. Contractors are excluded and part-time employees are included, for accuracy. The data reflects the AFG group's composition as at 30 June 2026.
*The number of women Senior Executives increased to 2 (33%) post 30 June 2026 with the appointment of the Chief People Officer on 17 August 2026.

DEI celebrations and acknowledgements in FY26 included Wear it Purple Day, Chinese New Year, International Women's Day, Harmony Week, Diwali, Pride Month and NAIDOC Week.

Other initiatives that support this commitment include a designated prayer room at our new head office in Perth, and Ramadan awareness campaigns.

White Ribbon Accreditation

In October 2026, AFG will commence the White Ribbon Australia Workplace Accreditation Program, joining more than 63 Australian organisations formally committed to preventing gendered violence and creating safe, respectful workplaces for all.

The accreditation program requires a whole-of-organisation commitment embedding policies, training and cultural practices that drive meaningful change across 15 criteria and three standards.

This commitment, initiated by AFG's Board, builds on our existing Family and Domestic Violence Support Policy and the work of our dedicated DV Ambassador, who supports employees navigating the impacts of family and domestic violence. White Ribbon accreditation formalises and strengthens this foundation, deepening our people's understanding of gendered violence — how to recognise it, prevent it, and respond.

As a mortgage aggregator and lender, AFG also recognises that financial abuse is a common dimension of domestic violence, from restricted access to finances through to joint debt accumulated under duress. Our customer-facing staff are often well-placed to recognise these patterns, and this accreditation strengthens our capacity to respond with care and knowledge.

AFG is committed to a culture of zero tolerance for family and domestic violence, where every employee feels safe, supported and valued.

Health and wellbeing

The health and safety of our workers is supported by AFG's Workplace Health and Safety (**WHS**) and Mental Health policies.

WHS remains a standing item across our Board Risk and Compliance, and Remuneration and Nomination committees, with updates provided at each major review cycle. Ongoing management of WHS matters is maintained through regular executive meetings, site visits, quarterly review of policies and controls, and organisation-wide induction and annual refresher training.

In February 2026, AFG transitioned its Employee Assistance Program (**EAP**) to a new provider, expanding access to free, short-term, confidential counselling for employees and their families. The enhanced program includes 24/7 support lines for LGBTQIA+ and First Nations employees and those experiencing domestic and family violence, and holistic wellbeing services such as financial coaching, legal referral and dietary advice.

A number of our staff are trained as Mental Health First Aid officers, based across each state office. AFG also runs an annual awareness campaign around R U OK? Day, encouraging open conversations about mental health across our workplace. We also support physical health through free flu vaccinations and fresh fruit in our offices, available to all staff.

Keeping informed

Good communication is central to our collaborative culture. Our fortnightly All Hands meetings, hosted by the CEO or Executives, keep our people informed on the latest business developments. Regular strategy updates ensure all employees understand AFG's direction and their role as part of the team.

Recognition

We celebrate outstanding contributions through monthly and annual Values Champion awards, with monthly nominations put forward by peers under our “Good Vibes” program.

These awards give every AFG employee the opportunity to recognise a colleague who has gone above and beyond — whether helping to deliver a project, supporting a client outcome, or simply embodying AFG's values.

Training and development

AFG is committed to continuous learning and professional development. Each year we complete development and talent planning, proactively identifying high performers with exceptional potential and supporting bespoke learning pathways.

In FY26, AFG began rolling out a leadership development program to strengthen leadership capability across the business. Through the program, participants deepen their understanding of their strengths and development areas, build personalised development plans, improve accountability, decision-making and resilience, and strengthen their ability to lead high-performing teams through trust, coaching, feedback and collaboration. The program also develops strategic thinking, structured problem-solving, communication, change leadership and cross-functional execution. The overall aim is to drive measurable behavioural change in day-to-day leadership practice and equip senior leaders to lead high-performing teams and support the business through growth and change.

This year AFG accelerated its adoption of AI tools to boost productivity, streamline operations and enhance the employee experience. This was supported by a structured AI Foundations training program with company-wide reach. Participants reported significant improvements in AI literacy and confidence, with early applications already generating measurable time savings across teams.

Our Education Assistance Policy supports employees to pursue approved courses aligned to both AFG's objectives and their own career aspirations, with reimbursement available for approved courses and textbooks.

Career and personal skills-based training is offered alongside mandatory annual training which includes AFG's Code of Conduct, compliance, cyber resilience, modern slavery, privacy, and anti-bribery and corruption.

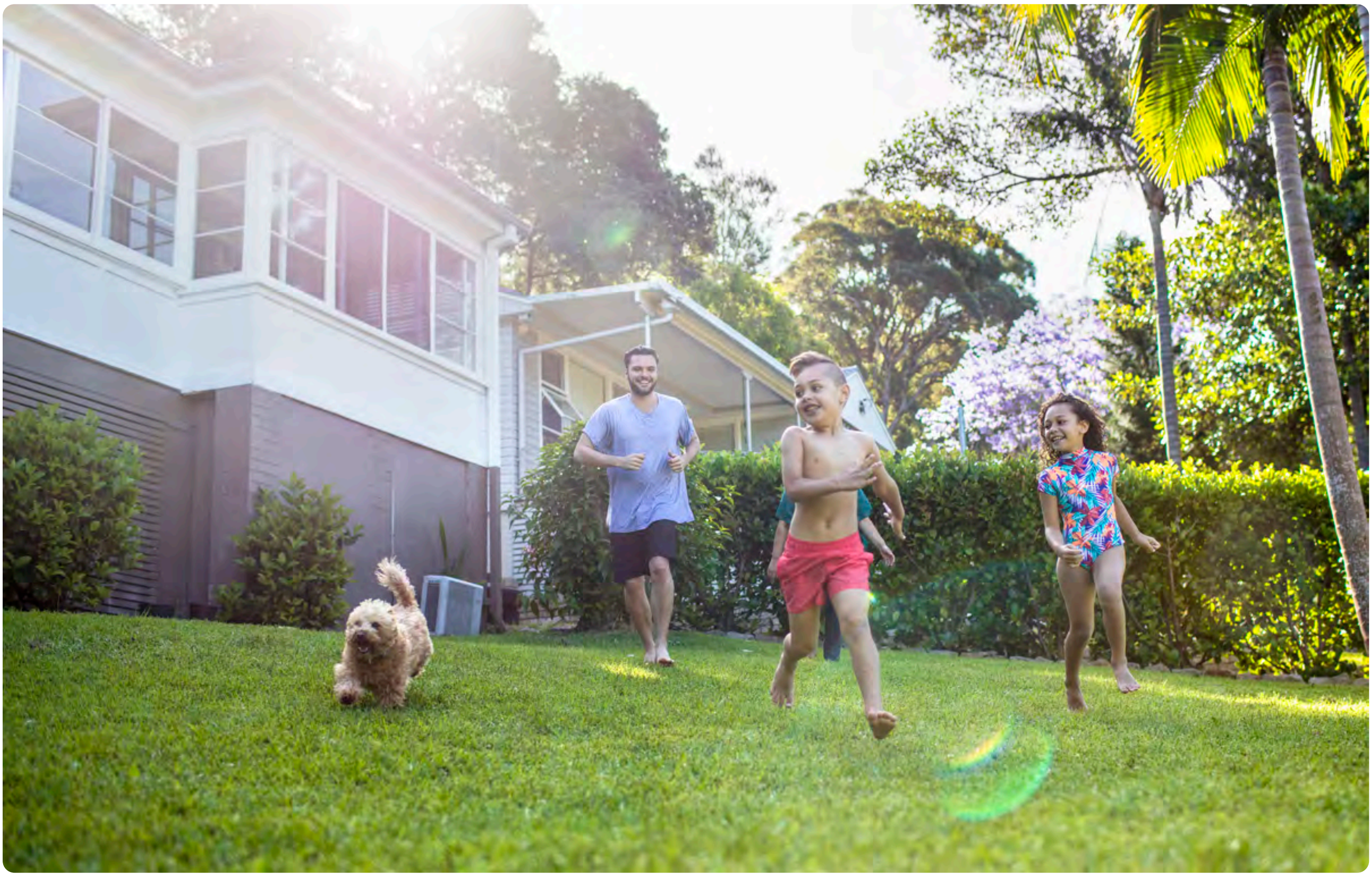
New Perth office

In October 2025, AFG’s Perth office completed its relocation from West Perth to a new, more efficient workplace at Dynons Plaza in the Perth CBD. The move, a direct outcome of AFG's hybrid work policy, almost halved the office space footprint, cutting overhead costs while supporting a more collaborative and agile way of working.

The new office delivers meaningful sustainability benefits. Its central location improves access to public transport for employees. Lower electricity consumption compared to the previous premises is a further environmental benefit of the reduced footprint.

The recycling program continues to operate from the new office, maintaining the everyday sustainability habits our Green Team established at the previous premises.

The new office was also designed with inclusion in mind. A former meeting room has been converted into a dedicated prayer room, providing a quiet, private space for employees to observe religious and cultural practices during the working day.



Our Community

Partnering for change: AFG and the Foyer Foundation

As Principal Partner of the Foyer Foundation, AFG has proudly committed $1 million since 2021 because we believe every young Australian deserves a safe place to call home.

Homelessness among young Australians remains one of our nation’s most pressing social challenges. More than 40,000 young people under 25 are homeless or at risk every year.

The Foyer Foundation is a national, for-purpose organisation dedicated to unlocking thriving futures for young people who do not have a stable home.

At the heart of this mission are Youth Foyers: safe, stable housing where young people aged 16-24 years can live for up to two years, with access to wraparound support including education, employment, and life-skills coaching.

Youth Foyers support 80% of their young people into secure housing, employment and education, and 87% develop the confidence to reach their life ambitions and goals.

There are now 18 accredited Youth Foyers across Australia supporting more than 650 young people each year, with another 6 opening or accrediting. The Foundation's bold goal is to grow this to 50 quality Youth Foyers by 2030, supporting some 20,000 young Australians over the subsequent decade, a vision AFG proudly shares.

AFG's contribution supports direct grants to residents through the AFG Independence Fund and the Foyer Foundation's broader advocacy work, helping build the case for government investment in quality Youth Foyers to grow the network and reach more young Australians.

That advocacy is working; over $1 billion in additional Federal Government funding has been unlocked for youth housing solutions.

With over 35 communities seeking to build new Foyers and more than 70 organisations now part of the collaborative consortium FoyerInvest, the Foyer Foundation enters its next chapter with a clear strategy to 2030, reaffirming the commitment to 50 Foyers, with a sharper focus on community embedding, First Nations self-determination, and the systemic change young people need to truly thrive.

The AFG Independence Fund

As part of the Foyer Foundation partnership, AFG established the AFG Independence Fund, providing one-off grants of up to $1,000 to Youth Foyer residents. These grants help young people purchase essential items that support their education (e.g. laptops or tuition fees), transport for access to education and work (e.g. driving lessons), gain employment (e.g. work clothing and equipment), enhance wellbeing (e.g. gym membership, glasses), or transition to independent living (e.g. furniture and appliances).

By the end of FY26, the AFG Independence Fund had helped more than 590 residents to achieve their goals.

Beyond AFG's direct financial commitment, the Independence Fund has been amplified by the generosity of the AFG broker community. Fundraising events, including an annual charity tennis day in Sydney, have attracted generous mortgage broker donations that further extend the AFG Independence Fund's reach.

"I used my AFG funding to secure myself a bed for my new unit in Shepparton. It (new home) helped me to grow as a young person and understand all the opportunities out there within reach. I am now living independently while studying at GOTAFE and working casually."

Zoran

Foyer Warrnambool resident (VIC)

Making it count – Numero

AFG is celebrating its 20-year milestone supporting a popular inter-primary schools numeracy challenge, Numero, a partnership that reflects our deeper commitment to the communities where we live and work, and to building the foundations for long-term financial wellbeing.

Like AFG, Numero originated in WA, and the two organisations have grown together for two decades of the competition's 28-year history. The AFG Primary Interschool Numero® Challenge has become one of the state's most celebrated maths competitions, reaching approximately 1,100 students across 106 schools and 244 teams in 2025 — the highest participation recorded in the competition's history.

AFG supports the challenge by funding cash prizes for winning schools, individual book prizes for first, second and third placed teams across all heats and in the final, and by supplying promotional merchandise. This helps keep participation accessible across metropolitan and regional WA.

The partnership reflects AFG's belief that strong financial futures start with strong foundations. AFG looks forward to continuing this partnership and to seeing the Numero Challenge grow its reach across WA schools in the years ahead.

Our Industry

Advocacy

AFG's leadership actively advocates on behalf of brokers, with Chair Greg Medcraft and Chief Executive David Bailey engaging regularly with government and regulators on issues affecting the broader mortgage broking industry.

A prominent theme this year has been the structural barriers facing non-major lenders and the critical role mortgage brokers play in driving competition and housing affordability. AFG's position centres on supporting the existing Best Interests Duty framework, avoiding regulatory changes that would further entrench major bank dominance, and improving non-major lenders' access to competitively priced funding. With mortgage brokers now facilitating more than 80% of Australian residential mortgages, AFG continues to make the case that a strong broker channel is essential to delivering a competitive lending environment and genuine consumer choice.

More recently, we have been engaging with government to tell our story about the benefits that brokers provide to Australian homebuyers. Recent capital gains tax and negative gearing reforms provide us further reason to continue these conversations. While housing affordability is of course vitally important, the narrative that this is about investors vs homeowners misses the real issue - a lack of supply. Investor confidence supports rental supply, construction and small business lending (via property equity), so weakening it risks flow-on effects for the broader economy. AFG backs reforms that boost supply, strengthen competition, and improve credit access, with brokers central to helping their clients navigate these changes.

Our industry advocacy extends to AFG's Head of Compliance Shirley Elliot serving as President of the Mortgage and Finance Association of Australia's (**MFAA**) National Compliance and Regulatory Forum since 2019. In this role, she collaborates with the MFAA and its members to respond to regulatory change, helping brokers protect their businesses and deliver good consumer outcomes.

Mark Hewitt, AFG's General Manager of Industry and Partnership Development, has served on the MFAA Board of Directors since 2022. With more than 40 years of experience in financial services, his deep industry knowledge helps ensure the MFAA continues to support its members effectively.

AFG Senior Manager – Risk, Richard Brown, has joined the MFAA Cyber Resilience Forum, as of FY26.

AFG Women on the Move

Gender equality across our broker network is a priority for AFG. In FY26, AFG recorded a 16 per cent year-on-year increase in female brokers across our network.

The AFG Women on the Move Program supports female brokers at every stage of their careers, whether entering mortgage broking for the first time or scaling an established business.

In an industry where women remain underrepresented, this program attracts and retains female brokers by fostering a strong, inclusive community built on supportive relationships and professional and personal development. The program includes a national calendar of networking events, a scholarship-based mentoring program, cross-industry guest speakers, and quarterly webinars.

Having grown from a 2012 initiative in NSW into a formalised program that since 2021 has recognised scholarship winners from each state, AFG Women on the Move has been an important catalyst for growing female representation across AFG's broker network.

Broker Wellbeing

AFG recognises that the broking profession can be demanding, and that the wellbeing of the people in our network is integral to a healthy and sustainable industry. AFG offers a Broker Assistance Program to brokers in the AFG network, providing confidential counselling and mental health support services through a professional agency. This initiative reflects AFG's commitment to the long-term wellbeing of the broader AFG community.

Environment

Climate reporting

AFG has in FY26 produced its Australian Accounting Standards Board S2 report, covering climate-related disclosures. This appears as a separate report and includes climate related risks and opportunities, measurement of our carbon emissions (Scope 1 and Scope 2 in FY26) and a target for the voluntary purchase of carbon offsets to match these Scope 1 and Scope 2 emissions. The report can be read on page 110.

AFG Securities Plant-a-Tree

Since July 2022, AFG has partnered with not-for-profit Regenerate Australia (formerly Carbon Positive Australia) to plant one tree for every loan settled by our lending arm, AFG Securities.

Over the past 4 years, this initiative has funded the planting of more than 18,000 trees, predominantly on degraded land in Western Australia, New South Wales and South Australia, supporting Regenerate Australia's large-scale ecosystem restoration work.

Regenerate Australia is dedicated to restoring ecosystems and strengthening the communities connected to them. Through high-integrity, science-led regeneration, these plantings return native species, rebuild habitat and support long-term ecological resilience across rural and remote landscapes and urban micro forests, generating measurable benefits for climate, biodiversity and community wellbeing.

By linking every AFG Securities loan settlement to a tree in the ground, AFG and our customers are contributing to the restoration of degraded landscapes, the creation of wildlife corridors, and the long-term health of Australia's ecosystems.

A summary of our main approach to ESG initiatives across the business is outlined below.

ESG Topic	Category	Approach
Regulatory and compliance	G	Compliant with all applicable laws and regulations, overseen by internal legal and compliance functions
		Annual compulsory training for all employees on the Code of Conduct, reinforcing awareness of key regulatory obligations
		Oversight of all material regulatory risks by the Board Risk and Compliance Committee and Management Risk and Compliance Committee
Business ethics/ conduct	G, S	Oversight of all material risks by the Board Risk and Compliance Committee, supported by the Management Risk and Compliance Committee
		Risk Appetite Statement reviewed at least annually, specifying risks to which AFG has zero tolerance
		Three lines of defence Risk Management Framework
		Code of Conduct underpinning company culture and IACT values
		Comprehensive suite of policies including Anti-Bribery and Corruption, Anti-Money Laundering and Counter Terrorism Financing, Dealing in Securities, Continuous Disclosure, Whistleblower, Supplier Code of Conduct, Risk Management, Work Health and Safety, Diversity Equity and Inclusion, and annual Modern Slavery Statement. In FY26 AFG produced the Company's first Human Rights Statement
		Dedicated complaints contact and resolution process
		Robust whistleblower mechanism with full protection afforded to reporters
Supporting customers and responsible lending practices	G, S	Responsible Lending and Best Interests Duty policies in place for all mortgage and finance brokers
		Dedicated compliance function
		Comprehensive compliance training requirements for mortgage and finance brokers
		Support for customers experiencing financial hardship through deferred payments, reduced or interest only payments, with solutions tailored around the customer's financial and personal circumstances.
		Legal review of all product marketing campaigns
		Suite of products, including low-document mortgages, aimed at underserved borrowers including the self-employed, those seeking later-life lending, part-time and casual workers, and customers with credit impairments
		Use of Comprehensive Credit Reporting to enable more precise credit risk assessment of underserved customers
		Active participation in the **MFAA**, including a position on the Board of Directors, Chair of the Compliance Committee, and representative on the MFAA Aggregator Forum
		Dedicated complaints and resolution process

ESG Topic	Category	Approach
Financial inclusion and housing affordability		Ongoing advocacy to improve non-major lender access to competitive funding, supporting a diverse lending market and better consumer outcomes
	S	AFG representation on the MFAA Board of Directors and Compliance Committee, contributing to industry-wide standards on responsible and inclusive lending
		Suite of products designed for underserved borrowers, including low-document mortgages for the self-employed, later-life lending, and products for customers with credit impairments
Supporting brokers' businesses		AFG Women on the Move program to attract and retain female brokers
		Broker Assistance Program offering confidential, free mental health support
		AFG Pathways methodology, providing tailored learning support for broking businesses at different stages of growth, including the bi-annual Innovators program for scaling brokerages and the Strategic Partners program for large, multi-loan-writer businesses, led in 2026 by Harvard Business School professors
	S	Dedicated and comprehensive training and development platform encompassing a wide range of professional development topics through "Learn" program which help optimise their business management, strategy and processes
		Regular industry advocacy by Chair and Chief Executive on behalf of broker industry
		AFG representation on the MFAA Board of Directors, Compliance Committee and Cyber Resilience Forum, ensuring a strong voice on behalf of the mortgage and finance broking industry
		Broker Awards to recognise high-performing brokers and businesses and their contribution to clients and the industry, including a "Community" category
Climate		Produced first AASB S2 report in FY26, providing transparent disclosure of climate-related risks and opportunities across AFG's operations and lending portfolio
		Board-level oversight of climate risks through the Board Risk and Compliance Committee
	E	Management Sustainability Committee and employee-led Green Team driving environmental initiatives
		AFG Securities' Plant-A-Tree program in partnership with Regenerate Australia — planting a native tree for every securitised loan settled
		Energy efficiency initiatives and recycling program at new Perth office
		Transition to paperless documentation (ongoing)

ESG Topic	Category	Approach
Privacy of data and cyber security	S	Board-level oversight through the Risk and Compliance Committee
		Enterprise Risk function led by the Chief Risk Officer
		Dedicated Cyber and Data Governance Steering Committee meeting monthly
		Third-party obligations for privacy and security, including a Third-Party Supplier Review process
		Privacy and Responsible Use of Technology policies
		Notifiable Data Breach procedure
		Dedicated Cyber Security team with 24/7 monitoring and extended detection and response capability
		Implementation of Least Privilege principles and user access management practices
		Internal and external technical security assessments
		Annual penetration testing and vulnerability analysis
		Simulation exercises to evaluate and strengthen incident response, resilience and decision-making under pressure
		Regular cyber education, training and phishing tests for all employees and contractors
		Escalation process for employees to report suspicious activities, incidents and vulnerabilities
		Multifactor authentication for all employees and brokers
		AFG Broker Cyber Hub and dedicated broker cyber security training via webinars
Technology	S	Board-level oversight through the Risk and Compliance Committee
		Continued investment in robust and resilient technology systems
		Disaster recovery and business continuity plans
		Continuous monitoring of system health, supported by regular testing

ESG Topic	Category	Approach
Human capital / employee wellbeing, diverse and inclusive workplace	S	***Attraction, retention and engagement***
		Code of Conduct promoting company culture and iACT values
		Remuneration practices and people and culture initiatives overseen by the Board and Management
		Competitive remuneration and full suite of employee benefits
		Regular pay equity review to ensure equal remuneration for equivalent roles by gender
		Policies and programs including Flexible Working, Working from Home and Education Assistance
		Staff engagement pulse surveys to monitor satisfaction, employee Net Promoter Score (**eNPS**), wellbeing and Diversity, Equity and Inclusion (**DEI**)
		Combined employee and management committee focused on DEI
		Gender diversity targets at Board and management level
		Program of employee events to drive DEI outcomes
		AFG AI Foundations program, building employee capability in responsible AI use
		Health and Wellbeing
		Commencing White Ribbon accreditation, supporting existing Family and Domestic Violence policy
		Mental Health, Family and Domestic Violence, and Workplace Discrimination, Harassment and Bullying policies
		Mental health first aid officers based in each state
		Employee Assistance Program available to all employees and their immediate families
		Work Health and Safety policy, manual and targets
		Free flu vaccinations, either on-site at Perth office or via reimbursement at other locations
Supporting Community	S	Principal Partner of the Foyer Foundation, supporting young Australians experiencing or at risk of homelessness
		Long-term sponsor of the AFG Primary Interschool Numero® Challenge, a financial literacy program for children
		AFG Securities' Plant-A-Tree program supporting reforestation for every securitised loan settled
		Regular volunteering events for employees, main initiatives include environmental or homelessness focus

Directors' Report

The Directors present their report together with the financial report on the consolidated entity consisting of Australian Finance Group Ltd (AFG or the Company), and its controlled entities (the Group), for the financial year ended 30 June 2026 and the auditor's report thereon.

The Directors and Company Secretary of the Company at any time during or since the end of the financial year are*:

Greg Medcraft
(Independent Non-Executive Chair)

Mr Medcraft was appointed as director of AFG in September 2021, the Deputy Chair in July 2022, and was appointed to the role of Chair on 1 April 2023. Mr Medcraft is also a member of the Remuneration and Nomination Committee, a member of the Audit Committee and a member of the Risk and Compliance Committee.

The first part of Mr Medcraft's career was spent with accounting firm KPMG before spending 26 years with Société Générale in Australia, Asia, Europe and the Americas, and then as CEO of the industry group, the Australian Securitisation Forum. At Société Générale, Mr Medcraft initially worked on corporate finance, then capital markets, structured finance, project finance and funds management before becoming Deputy Global Head of Financial Engineering, and then Managing Director and Global Head of Securitisation.

When based in New York, Mr Medcraft co-founded the industry group, the American Securitization Forum, and was Chairman for a number of years. From 2009, Mr Medcraft served as Commissioner for 2 years and then 7 years as Chairman of ASIC, the Australian corporate and market regulator. In 2017, Mr Medcraft moved to Paris as Director of the OECD's Directorate of Financial and Enterprise Affairs. Mr Medcraft also serves as a director of the Digital Finance Co-operative Research Centre, Thinktank Group Pty Ltd and is Co-Chair of the Advisory Board of London-based industry group Global Digital Finance Ltd. He is a Senior Board Advisor to Washington based Infraclear Inc and Chair of AusEnergy Services Ltd.

Mr Medcraft holds a Bachelor of Commerce from the University of Melbourne and Doctorate (honoris causa) of Business from RMIT University.

Brett McKeon
(Non-Executive Director)

Mr McKeon is a founding Director of AFG and the Group's former Managing Director. Mr McKeon has worked for more than 38 years in the financial services industry.

He has considerable management, capital raising, public company and sales experience and is an experienced Director in both the public and private arenas. In addition to his role as Non-Executive Director of AFG, Mr McKeon is the Chair of Greenlane Group Pty Ltd, a privately-owned company specialising in debt and equity funding solutions for property developers, property development, mortgage fund investments and other opportunities for sophisticated and wholesale investors.

Craig Carter
(Independent Non-Executive Director)

Mr Carter was appointed to the AFG Board in 2015 and for FY26 was the Chair of the Audit Committee, a member of the Risk and Compliance Committee, and a member of the Remuneration and Nomination Committee.

Prior to joining AFG, Mr Carter's career spanned 35 years in stockbroking and investment banking specialising in corporate advice and equity capital markets. He has managed his own corporate finance and broking business before being acquired by Macquarie group where he spent 15 years. Mr Carter now actively manages his own diverse business interests. Mr Carter is a well-known active professional with unique experience across a range of investment and business activities. Mr Carter is also on Bank of America's Australian Advisory Board.

*Directors in order of appointment date (other than the Chair).

Jane Muirsmith

(Independent Non-Executive Director)

Ms Muirsmith was appointed to the AFG Board in March 2016 and for FY26 was Chair of the Risk and Compliance Committee and a member of Remuneration and Nomination Committee.

Ms Muirsmith is an accomplished digital and marketing strategist, having held several executive positions in Sydney, Melbourne, Singapore, and New York. Ms Muirsmith is Managing Director of Lenox Hill, a digital strategy and advisory firm and is a Non-Executive Director of Cedar Woods Properties Ltd (ASX:CWP), the Kids Research Institute Australia and Water Corporation.

She is a Graduate of the Australian Institute of Company Directors, a Fellow of Chartered Accountants Australia and New Zealand, a member of the Ambassadorial Council UWA Business School, and an independent member of the Canberra Institute of Technology – Cloud Campus Program Board.

Annette King

(Independent Non-Executive Director)

Ms King was appointed to the AFG Board in February 2022 and for FY26 was the Chair of the Remuneration and Nomination Committee, a member of the Audit Committee, a member of the Risk and Compliance Committee. Ms King is an experienced company Director, former CEO and actuary, with over 30 years' experience in financial services across Asia-Pacific. Prior to becoming a Non-Executive Director, Ms King had a successful track record as a CEO, CFO and CMO of significant financial institutions, as well as being a founder/entrepreneur.

Ms King's experience includes working with large multi-national companies (Swiss Re, AXA, Manulife, Mercer, MLC Super) and fintech companies (FNZ, Galileo Platforms). Her focus is on business growth through differentiated client experience, organisational culture, and innovation via digital and technology enablement.

Ms King serves on the boards of HCF, TAL, and U Ethical Investors and is a member of the Public Policy Committee of the Actuaries Institute of Australia. She was previously President and Chair of the Actuaries Institute and President of the Life Insurance Association of Singapore. Ms King is a Fellow of the Australian Institute of Company Directors, has a Bachelor of Economics from Macquarie University, is a Fellow of the Actuaries Institute of Australia and a member of Chief Executive Women.

David Flynn

(Independent Non-Executive Director)
Appointed to the AFG Board on 4 August 2026

Mr Flynn was appointed to the AFG Board in August 2026 and is a member of the Audit Committee, Risk and Compliance Committee and Remuneration and Nomination Committee.

Mr Flynn is a senior investment and corporate advisory executive with more than two decades of experience across mergers and acquisitions, capital markets and business leadership. He has spent 17 years as a Partner and Senior Adviser at Azure Capital, one of Australia's leading corporate advisory firms and brings deep capital markets knowledge and experience to the Board. Mr Flynn has advised on transactions in the infrastructure, telecommunications, real estate and financial services sectors. Prior to Azure Capital, Mr Flynn worked as a trader in fixed income, credit and derivative markets at Union Bancaire Privée.

Mr Flynn formerly served as the Deputy Chair of the Perth International Arts Festival and holds a Masters of Finance, Bachelor of Science (Mathematical Sciences), and Bachelor of Commerce (Marketing).

Malcolm Watkins

(Non-Executive Director)
Retired from the AFG Board on 24 February 2026

Mr Watkins was a founding Director of AFG until his retirement from the Board in February 2026. For 30 years he oversaw the delivery of AFG's industry leading technology platform and tools that enable sustained growth and has led the development and evolution of marketing initiatives to enable ongoing profitability for the Group and its network of brokers.

Mr Watkins played a pivotal role in extracting tangible returns on the Group's investments to further expand market share, profitability, and brand awareness. He served for 5 years on the board of one such investment, leading commercial lender Thinktank Group Pty Ltd, overseeing a period of rapid expansion by the company, and significant investment in infrastructure and its people.

Mr Watkins is a former board member of the industry's peak national body representing the sector, the MFAA.

Michelle Palethorpe
(Company Secretary)

Ms Palethorpe joined AFG in 2018 as General Counsel and was appointed to the additional position of Company Secretary in June 2023.

Ms Palethorpe holds a Bachelor of Laws degree and a Bachelor of Business Administration (Economics and Finance) degree and has over 25 years of legal experience as in-house counsel and in top tier law firms in Australia and in the UK.

Ms Palethorpe is responsible for managing AFG's secretariat, governance and ASX requirements in addition to the legal functions of the Company.

Interests in the shares and rights of the Company

The interests of the Directors in the shares of the Company at 30 June 2026, who were Directors at that date:

Director	Number of ordinary shares
Brett McKeon	15,000,000
Craig Carter	1,400,000
Greg Medcraft	150,000
Annette King	130,000
Jane Muirsmith	126,819

As at 30 June 2026, the Directors did not hold any rights over ordinary shares.

Changes in state of affairs

Other than matters dealt with in this report there were no significant changes in the state of affairs of the Group during the financial year.

Dividends

Total dividends paid during the financial year ended 30 June 2026 were $27.1m (2025: $21.2m), which included:

- A final fully franked ordinary dividend of $14.3m (5.3 cents per fully paid share) was declared out of profits of the Company for the financial year ended 30 June 2025 and paid on 8 October 2025.
- An interim fully franked ordinary dividend of $12.8m (4.7 cents per fully paid share) was declared out of profits of the Company for 2026 and paid on 27 March 2026.

A final fully franked ordinary dividend of $13.0m (4.8 cents per fully paid share) has been declared out of profits of the Company for the financial year ended 30 June 2026 and is to be paid on 1 October 2026.

Principal activities

The Group's principal activities in the course of the financial year continued to be:

- the distribution of home loans, consumer asset finance and commercial loans through AFG brokers, together with the provision of associated services to brokers; and
- residential mortgage lending of own branded home loan products, distributed through AFG brokers, funded through warehouse facilities and the Group's residential mortgage-backed securities **(RMBS)** program, together with the distribution of white label products.

Corporate Governance Statement

The Company's Corporate Governance Statement can be found at **https://investors.afgonline.com.au/corporate-governance.**

Review of operations

FY26 was a strong year for AFG, with record performance across several key operating measures and growth across both Distribution and Manufacturing.

For the year ended 30 June 2026, the Group recorded NPAT attributable to equity holders of $48.5m, an increase of 39% on the prior year. Underlying NPATA was $54.4m, up 33%, and underlying return on equity increased to 23%.

Residential mortgage settlements reached a record $75.0b, an increase of 18%. Broker numbers and gross profit per broker also increased, reflecting continued growth in the network and improved broker productivity.

The Group's cash flow and balance sheet remained strong. Net cash flows from operating activities were $51.1m, up 42% representing cash conversion of 94%. At balance date, unrestricted cash was $63m, and the Group remained comfortably within all financing covenants.

The **Distribution** segment delivered earnings before interest, tax, depreciation and amortisation (EBITDA) of $70.7m an increase of 4% on FY25. The result reflected continued residential settlement growth, improved broker productivity and contributions from AFG's broader range of products, services and broker investments.

BrokerEngine users increased by 19% to 4,426, supporting broker productivity and recurring services income, while we continued to see another period of strong growth in asset finance and leasing settlements of 18% to $4.3b, underpinned by the strength of Fintelligence.

Broker Investments continued to broaden the Group's earnings base.

The **Manufacturing** segment delivered a particularly strong result, EBITDA of $33.1m, an increase of 107% on FY25. AFG Securities was the principal driver, with settlements increasing by 47% to $4.0b and the closing loan book reaching a record $7.1b, up 30%. Credit quality remained sound.

Consolidated net interest margin increased to 125bps, reflecting improved funding conditions. Thinktank contributed $6.2m to segment earnings, an increase of $3.6m on FY25.

Central recorded a loss before tax of $30.3m, compared with $28.8m in FY25. The result reflected continued investment in technology, people and Group capabilities, together with additional operational capacity to support growth.

Group operating expenses were $100.8m, an increase of 4.3%. Stronger gross margin growth reduced the underlying cost-to-income ratio to 55%, compared with 59% in FY25, demonstrating improved operating leverage.

Overall, FY26 demonstrated the benefits of AFG's increasingly diversified business model. Distribution continued to grow through higher settlements, broker productivity and a broader service offering, while Manufacturing delivered materially stronger earnings through greater scale and improved funding economics.

Likely developments and expected results

The Group will continue to pursue growth by expanding its broker network, improving broker productivity through technology and services, and increasing earnings across its Distribution and Manufacturing businesses. AFG expects to continue investing in technology, operational capability and funding capacity to support the growth of its broker proposition and AFG Securities.

Further information about likely developments in the operations and the expected results of those operations in future financial years have not been included in this report because disclosure of the information would, in the opinion of the Directors, be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory in respect of its activities.

Subsequent events

On 19 August 2026, the Directors recommended the payment of a dividend of 4.8 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The dividend has a record date of 1 September 2026 and a payment date of 1 October 2026. The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 30 June 2026 is $13.0m. The financial effect of this dividend has not been brought to account in the Financial Statements for the year ended 30 June 2026.

There has not been any matter or circumstance, other than that referred to in the Financial Statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Share options and performance rights

There were no options issued or exercised during the financial year (2025: nil).

The Remuneration Report sets out details of the performance rights issued and vested during the financial year.

Directors' and officers' indemnity and insurance

During the financial year the Group paid a premium in respect of a contract insuring the Directors of the Group (as named above) against a liability incurred as a Director to the extent permitted by the *Corporations Act 2001* (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

Directors’ meetings

The number of Directors’ meetings (excluding circulating resolutions) held during the year and each Director’s attendance at those meetings is set out in the table below.

The Directors met as a Board 7 times during the year, comprising 6 scheduled meetings and 1 special meeting. Special meetings are convened to consider specific matters that cannot reasonably be deferred until the next scheduled meeting and are arranged, where practicable, to maximise Director attendance. Apologies were received in each instance where a Director was unable to attend.

The special meeting held during FY26 was attended by all Directors then in office. Malcolm Watkins had retired from the Board before that meeting.

Directors’ Board Meetings**	Scheduled Meetings Held	Scheduled Meetings Attended
Craig Carter	6	6
Annette King	6	6
Brett McKeon	6	6
Greg Medcraft	6	6
Jane Muirsmith	6	6
Malcolm Watkins*	6	5

* Malcolm Watkins retired from the AFG Board on 24 February 2026.
** Shown in alphabetical order, by surname.

Committee membership

During FY26 the Board operated an Audit Committee, Remuneration and Nomination Committee, and a Risk and Compliance Committee.

Directors acting on the Committees of the Board during the year were*:

Audit	Remuneration and Nomination	Risk and Compliance
Craig Carter (C)	Annette King (C)	Jane Muirsmith (C)
Annette King	Craig Carter	Craig Carter
Greg Medcraft	Greg Medcraft	Annette King
	Jane Muirsmith	Greg Medcraft

Note: (C) designates the Chair of the Committee

* Shown in alphabetical order, by surname other than Chair of Committee.

The following table sets out the number of meetings of the Committees of the Board and the number of meetings attended by each Director who was a member of that Committee during FY26. All Directors may attend Board Committee meetings even if they are not a member of the relevant Committee. The table below includes the attendance of those Directors who attended meetings of Board Committees of which they are not a member, as noted.

Attendance at Committee Meetings

Directors	Audit Committee		Remuneration and Nomination Committee		Risk and Compliance Committee	
	Maximum Possible Meetings	Attended	Maximum Possible Meetings	Attended	Maximum Possible Meetings	Attended
Craig Carter	4	3(C)	5	5	3	3
Annette King	4	4	5	5(C)	3	3
Brett McKeon	4	3(NM)	5	4(NM)	3	3(NM)
Greg Medcraft	4	4	5	5	3	3
Jane Muirsmith	4	3(NM)	5	5	3	3(C)
Malcolm Watkins	4	3(NM)	5	3(NM)	3	3(NM)

Note: (C) designates the Chair of the Committee. (NM) indicates a non-member of the Committee. Malcolm Watkins retired from the AFG Board on 24 February 2026.
* Shown in alphabetical order, by surname.

Rounding

The amounts in this report and the Financial Report have been rounded to the nearest million with one decimal place (where applicable) under the option available to the Company under ASIC Corporations Instrument 2026/183, unless indicated otherwise.

Non–audit services

Non-audit services were provided by the entity's auditor, Ernst & Young as disclosed in Note 31 to the Financial Statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

The Directors are of the opinion that the services as disclosed in Note 31 to the Financial Statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. Amounts paid or payable by the Company for audit and non-audit services are disclosed in Note 31 to the Financial Statements.

Auditor's independence declaration

The auditor's independence declaration is included on page 38 of this financial report for the year ended 30 June 2026. This report is made in accordance with a resolution of the Directors.

Ernst & Young
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Auditor's independence declaration to the directors of Australian Finance Group Ltd

As lead auditor for the audit of the financial report of Australian Finance Group Ltd and for the review of the selective sustainability information in the sustainability report for the financial year ended 30 June 2026, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit and review;

b. No contraventions of any applicable code of professional conduct in relation to the audit and review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit and review.

This declaration is in respect of Australian Finance Group Ltd and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Timothy Dachs
Partner
19 August 2026

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Remuneration Report

Dear Shareholder,

On behalf of the AFG Board, I am pleased to present our FY26 Remuneration Report, covering the financial year ended 30 June 2026.

We delivered a strong result, with FY26 providing another year of NPAT growth and progress against our 3 strategic pillars: growing our broker network, driving higher margin through our distribution business, and providing market-leading technology.

FY26 produced several record results. Our market-leading aggregation offering now supports more than 4,300 brokers, who together settled in excess of $85bn in loans on behalf of their customers. A clear indicator of the strength of our aggregation platform, the resilience of the mortgage market, and our ongoing diversification across products.

In Distribution, earnings growth was supported by continued settlement growth, improving broker productivity through tools such as BrokerEngine and a broader broker proposition through Fintelligence and Partner Connect.

In Manufacturing, AFG Securities continued to scale, with record settlements and a record closing loan book, while maintaining strong arrears performance, improving funding costs and delivering a higher net interest margin.

Thinktank and our Broker Investments portfolio are also contributing more meaningfully to Group earnings.

AFG also continued to progress its FY29 ambition previously communicated to shareholders. These measures provide a clear scorecard for assessing delivery of our strategy and the link between business performance, capital allocation and remuneration.

These results flowed through to strong financial outcomes:

- Underlying NPATA of $54.4 million, up $13.6 million or 33% on FY25
- Operating leverage delivered with an Underlying cost to income ratio of 55%, down from 59% in FY25
- Underlying return on equity of 23%, up from 19% in FY25.

Executive Remuneration Framework

The Board's remuneration approach is designed to keep Executive pay closely aligned with business performance and strategy execution, while balancing the interests of shareholders over both the short and long term, and ensuring AFG can attract, retain and motivate high-calibre talent.

The framework blends competitive, market-aligned fixed remuneration with at-risk rewards spanning both short and long-term incentives, with Executive variable pay tied to Group performance through outcome-based measures that reflect both absolute and relative results, weighted more heavily toward the long term.

For the FY26 short-term incentive (**STI**) grant, AFG introduced a multiplier reflecting individual performance that is applied to the corporate scorecard results. The individual performance rating reflects individual contribution to strategic KPIs.

For the FY26 long-term incentive (**LTI**) grant, AFG transitioned from a fair-value to a face-value approach for issuing rights based on the Total Shareholder Return (**TSR**) metric, in line with market practice and to give shareholders and investors greater transparency.

Consistent with our remuneration principles, transitional arrangements were applied so that the change in methodology did not unintentionally reduce the intended LTI opportunity for our key people.

The review also resulted in the removal of the positive TSR gateway, and relative TSR performance is now measured against a single comparator group — the S&P/ASX Small Ordinaries Index — for both simplicity and closer alignment with the peer set our investors consider.

At all times, the Board retains overriding discretion over any incentive payment.

FY26 Performance and Executive Remuneration Outcomes Summary

AFG's FY26 results, and the Executive remuneration outcomes that flow from them, reflect another year of improved performance and continued execution of our strategy.

FY26 Reported NPAT increased by 38.6% to $48.5m, which was 110% of target, satisfying the FY26 STI gateway.

A key driver was the AFG Securities loan book, which grew by $1.6bn to $7.1bn, equivalent to 163% of target, resulting in a 150% (capped) outcome for this element of the STI. While Broker Services gross profit was $23.8m and awarded at 100% of target.

Combined with other individual KPI results, this saw the CEO and the Executive KMP reporting to the CEO become eligible for STI corporate scorecard results at between 117.5% and 123.4% of target.

Turning to longer-term outcomes, AFG shares closed at $1.59 on 30 June 2026, and a full-year dividend of 10.0 cps was paid in FY26.

A final fully franked ordinary dividend of $13.0m (4.8 cents per fully paid share) has been declared and is to be paid on 1 October 2026.

LTI vesting (for grants made in FY24) is assessed against TSR and Earnings Per Share (**EPS**), with the following results:

- TSR performance ranked at the 50th and 51st percentile against the Diversified Financials and Small Industrials indices, respectively, resulting in vesting of 50.0% and 52.8% for the FY24 grant.
- EPS compound annual growth rate (**CAGR**) was 7.9%, producing 108.0% vesting for this LTI component.
- Combined, 73.9% of the LTI grant vested for the Executive KMP.

In determining the final outcomes, the Board considered the formulaic results alongside AFG's financial performance, strategic execution, risk and conduct, and the shareholder experience over the relevant performance periods.

The Board considered the outcomes appropriately balanced: strong earnings growth was reflected in the STI and EPS outcomes, while the partial vesting of the TSR component reflected relative shareholder returns over the 3 year performance period. The Board applied a discretion to increase the outcome for the CEO and COO STI award by 5% based on achievement of strategic KPIs.

Non-Executive Director remuneration

Non-Executive Director (**NED**) remuneration was also reviewed for FY26.

In line with market practice, a new Committee Chair fee of $25,000 per annum was introduced, while base Non-Executive Director fees remained unchanged.

The Board Chair fee rose by $30,000 to $230,000 per annum. Combined, this lifted the overall Director fee pool by $105,000 per annum (reflecting 3 Board Committees), and remaining within the $1.25 million cap on total Non-Executive Director remuneration previously approved by shareholders.

FY27 and Beyond

AFG enters FY27 with a larger broker network, a broader distribution platform, a materially larger AFG Securities loan book and a growing contribution from strategic investments. The business is better positioned than it was 12 months ago.

At the same time, the Board recognises the operating environment is more uncertain. Higher cash rates, Federal Government tax changes, shifting borrower sentiment and competitive lender behaviour may affect the pace of growth.

In this environment, the Board will continue to focus remuneration settings on the behaviours and outcomes that matter most; disciplined execution, sustainable earnings growth, prudent risk management, broker and customer outcomes, and long-term shareholder value.

The remuneration structure for FY27 will remain broadly in line with the structure adopted following the review in FY26.

Work of this kind takes real time and effort from both the Board and Management, and I want to thank my fellow Remuneration and Nomination Committee members for their continued dedication and support throughout FY26 as we position AFG for the year ahead.

I look forward to working alongside the Board and Management team to carry this year's momentum into FY27.

We encourage shareholders to read the full Remuneration Report and welcome your feedback.

Annette King
Chair, Remuneration and Nomination Committee

01 Introduction

The Remuneration Report outlines AFG's remuneration philosophy, framework and outcomes for all NED and other KMP. The report is written in accordance with the requirements of the *Corporations Act 2001* (Cth) (the Corporations Act) and its regulations. This information has been audited as required by section 308(3C) of the Corporations Act.

02 Key Management Personnel

KMP are those persons who have specific responsibility for planning, directing, and controlling material activities of the AFG Group. In this report, "Executives" refers to the KMP excluding the NED.

The current KMPs of AFG for the entire financial year unless otherwise stated are as follows:

Non-Executive Directors*	Role	Date Appointed	AFG Tenure
Craig Carter[3]	Non-Executive Director	25 March 2015	11 years
Annette King[6]	Non-Executive Director	1 February 2022	4 years
Brett McKeon[1]	Non-Executive Director	19 June 1996	30 years
Greg Medcraft[5]	Non-Executive Chair	15 September 2021	5 years
Jane Muirsmith[4]	Non-Executive Director	31 March 2016	10 years
Malcolm Watkins[2]	Non-Executive Director	8 December 1997	29 years
Executives			
David Bailey[7]	Chief Executive Officer	16 June 2017	22 years
Lisa Bevan[8]	Chief Operating Officer	22 June 2023	28 years
Luca Pietropiccolo	Chief Financial Officer	31 October 2022	4 years

1 Brett McKeon was appointed to the Board 19 June 1996 and transitioned to Non-Executive Director effective 1 July 2019.
2 Malcolm Watkins was appointed to the Board 8 December 1997 and transitioned to Non-Executive Director effective 1 July 2022. Mr Watkins retired from the Board on 24 February 2026.
3 Craig Carter is Chair of the Audit Committee.
4 Jane Muirsmith is Chair of the Risk and Compliance Committee.
5 Greg Medcraft is Chair of the Board.
6 Annette King is Chair of the Remuneration and Nomination Committee.
7 David Bailey started with AFG on 8 March 2004 and transitioned to Chief Executive Officer on 16 June 2017.
8 Lisa Bevan started with AFG on 9 March 1998 and transitioned to Chief Operating Officer on 22 June 2023.
* Shown in alphabetical order, by surname.

Other than Brett McKeon and Malcolm Watkins (who retired from the Board on 24 February 2026), all Non-Executive Directors listed above are Independent Directors. As at 30 June 2026, the average tenure for the AFG Board is 12.0 years, or 7.5 years excluding the founding Director Brett McKeon.

On 4 August 2026, AFG announced the appointment of a new independent non-executive director, David Flynn.

03 Executive remuneration structures

AFG seeks to remunerate Executives at a level that reflects their responsibilities, role within AFG and capacity to contribute to shareholder value creation, while supporting appropriate conduct.

The remuneration framework aligns reward with the Group's strategic objectives and performance and provides a market-competitive mix of fixed remuneration and variable rewards, including short- and long-term incentives. Executive variable, or at-risk, remuneration is tied to AFG Group performance through outcomes-based measures linked to the absolute and relative performance of the business. STI awards may be reduced by up to 20% through a conduct and behaviours modifier where an individual does not demonstrate the Company's values.

Executive remuneration structure for FY26

	Total annual remuneration *Base salary, superannuation contributions and other benefits*	**Short-term Incentive** *Paid in cash*	**Long-term Incentive** *Awards are made in the form of performance rights which vest in FY28*
Strategic objective	To provide competitive fixed remuneration with reference to role, market and experience, in order to attract, retain and motivate key talent	Rewards Executives for their contribution to achievement of AFG Group outcomes and the strategically relevant KPI targets in the given financial year	Ensures Executive remuneration is clearly tied to the long-term creation of shareholder value
Performance measure	Key roles and responsibilities as set out in the individual's employment contract and position description	AFG Group Financial Measures: 50% allocation to Reported NPAT 25% to AFGS Loan Book Growth 25% to Broker Services Gross Profit STI Gate opener is achievement of 80% Reported NPAT* target or greater *excludes associate company NPAT where AFG does not have management control Individual Performance Measure	50% of an Executive's entitlement allocated to a 3-year compound annual growth rate EPS target EPS gateway is a minimum of 15.0%, a target of 20% and stretch goal of 25% 50% of an Executive's entitlement allocated to relative TSR target measured against the ASX Small Ordinaries Index TSR target includes a gateway requirement TSR to be at or above 50th percentile of comparative group

Remuneration components for the CEO and Executive

A substantial proportion of Executive remuneration is at risk and aligned to shareholder value creation. For FY26:

- the CEO is 37% fixed and 63% variable at target (at risk): and
- other Executives are in the range of 47% to 53% fixed and 47% to 53% variable at target (at risk).

The Executives have a stretch, maximum target for over-performance of 150% for both the STI and LTI components of their package. This increases the variable proportion of their maximum package.

3.1 FY26 Executive remuneration outcomes

A 5-year history of AFG's financial performance, as it relates to executive remuneration outcomes, is provided below:

	FY26	FY25	FY24	FY23	FY22
Reported NPAT ($m)	48.5	35.0	29.0	37.3	38.8
Dividends paid (cents per share)	9.5	9.1	8.0	16.2	14.4
Closing share price at 30 June ($)	1.59	2.29	1.38	1.79	1.48
AFGS loan book (closing) ($m)	7,102	5,480	4,442	4,474	4,785
Broker Services Gross Profit ($m)	23.8	21.0	18.7	16.0	14.2

STI award outcomes FY26

The combined cash bonus pool available to be paid to the Executives for on-target performance in FY26 was $761,813, maximum stretch was $1,142,720 and the minimum was nil. For FY26, the Reported NPAT gate opening (80%) was met, resulting in Executives receiving an STI payment.

The FY26 STI outcome was between 117.5% and 123.4% of target for the Executive KMPs. The Reported NPAT gateway was achieved and each of the three financial measures met or exceeded target. The strongest result was AFG Securities loan book growth, which exceeded the stretch hurdle and was therefore capped at 150%. The Board elected to apply a 5% multiplier for the CEO and COO for delivery of strategic KPIs.

The payment amounts based on performance against STI measures are outlined below:

FY26 STI measures

Target	Proportion of STI	FY26 millions	Target achieved (%)	Target achieved (%)
Reported NPAT	50%	$44.0	110%	110%
AFGS Loan Book Growth	25%	$1,000.0	162%	150%
Broker Services Gross Profit	25%	$23.8	100%	100%

FY26 STI outcomes

	Target STI opportunity	Maximum STI opportunity[2]	As a % of fixed remuneration[1]	STI outcome	Target achieved[2]	Payment
D. Bailey (CEO)	$400,000	$600,000	63.8%	$493,500	123.4%	123.4%
L. Bevan (COO)	$183,825	$275,738	52.0%	$226,794	123.4%	123.4%
L. Pietropiccolo (CFO)	$177,988	$266,982	47.9%	$209,136	117.5%	117.5%
Total	**$761,813**	**$1,142,720**		**$929,430**		

1 Excluding Superannuation and non-monetary benefits.
2 Maximum is 150%.

LTI award outcomes FY26 (FY24 grant)

For FY26 the LTI gateway for EPS was met and the TSR gate and TSR gateway of 50th percentile versus comparative group were met resulting in a partial vesting of LTI rights (FY24 grant).

Measure	Gate[1]	Target	Achieved	% Achieved
CAGR EPS	5.0%	7.5%	7.9%	108.0%
TSR Small Industrials	50th Percentile	75th Percentile	51st Percentile	52.8%
TSR Diversified Financials	50th Percentile	75th Percentile	50th Percentile	50.0%

1 For the TSR, there is a further gateway requiring TSR to be positive

The FY24 LTI grant was tested after the three-year performance period ended on 30 June 2026. A total of 73.9% of the grant vested. EPS growth exceeded target, while relative TSR was only slightly above the minimum vesting threshold.

Performance Rights	Target LTI opportunity (FY24 grant) Number of Rights	LTI outcome Number of Rights	% Achieved[1]	% Forfeited
D. Bailey	552,885	408,688	73.9%	26.1%
L. Bevan	174,518	129,002	73.9%	26.1%
L. Pietropiccolo	91,659	67,753	73.9%	26.1%
Total	819,062	605,444	73.9%	26.1%

1 Percentages achieved for performance rights have been rounded to one decimal place

3.2 Fixed annual remuneration

No significant changes to the remuneration structure were required during the financial year, with annual remuneration increases made based on benchmarking to market.

3.3 STI plan

Executives are entitled to participate in AFG's STI plan. The amount of the STI award each participant may become entitled to (if any) will be determined by the Remuneration and Nomination Committee based on AFG's Remuneration Framework and approved by the Board based on achievement against set performance targets.

	STI plan
Objective	The AFG STI plan rewards Executives for the achievement of objectives directly linked to AFG's business strategy that is focused on earnings diversification and providing choice and competition to consumers.
Participation	Executive.
STI opportunity	The STI available to each Executive is set at a level based on role, responsibilities and market data for the achievement of stretch targets against specific KPIs. The target STI opportunity for each Executive in FY26 is listed in Section 3.1 as an absolute dollar amount and as a percentage of the Executive's fixed base.
Performance period	The performance period is the relevant financial year. KPIs and weightings are set and reviewed each year to ensure that the STI targets remain relevant for the current environment and Executives remain focused on clear goals for the period.
Link between performance and reward	The KPI targets are selected based on what needs to be achieved over each financial performance period in order to deliver the business strategy over the long term. For FY26 the STI target was allocated to 100% financial objectives (50% Reported NPAT, 25% AFGS loan book growth and 25% Broker Services Gross Profit). The maximum is 150% of target. The weightings for each KPI is set for each performance period based on the specific business targets set by the Board. A minimum threshold hurdle is set for each KPI included in the scorecard before any payment is made in respect of that KPI measure. For the FY26 year an override (or multiplier) metric was introduced which allowed the Board (for the CEO) and the CEO (for the other Executives) to provide (or include) an overlay across the individual strategic objectives set for the Executives to be achieved. This can be positive or negative. The STI gate opener is achievement of 80% Reported NPAT target or greater. A conduct and behaviours modifier, which can reduce STI awards by up to 20% if culture or conduct which is contrary to the Company's values is evident is also applied to the STI award. The Board retains all discretion on STI awards.
Payment method	STI payments are delivered as cash.
Clawback and preventing inappropriate benefits	The STI Plan rules provide the Board with broad 'clawback' powers if, amongst other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought AFG or its related bodies corporate into disrepute. This would include circumstances where there is a material financial misstatement, or AFG is required or entitled under law or Company policy to reclaim remuneration from the participant, or the participant's entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.

FY27 STI opportunity

Offers to participate in STI awards for FY27 are proposed to be made under the STI plan on the terms set out above.

The amount of the STI award each participant may become entitled to (if any) will be determined by the Remuneration and Nomination Committee and approved by the Board based on achievement against the targeted Reported NPAT (50%), AFGS Loan Book Growth (25%) and Broker Services Gross Profit (25%), with discretion granted to the Board (in relation to the CEO) and the CEO (in relation to other Executives) in relation to individual strategic KPIs and a multiplier in the case of specific individual Executive performance. All Executives have a substantial portion of their STI linked to financial targets.

3.4 The LTI plan

AFG has established the LTI plan to assist in the longer-term motivation, retention and reward of Executive KMP and certain senior employees. The LTI plan is designed to align the interests of Executives and senior management with the interests of shareholders by providing an opportunity for the participants to receive an equity interest in AFG and to ensure a focus on long-term sustainable growth. Details of the LTI grants are provided below.

	LTI plan
Objective	The LTI plan is designed to align the interests of Executives and Shareholders over the longer-term, assisting with motivation and retention of key talent.
Participation	Executive.
Instrument	Performance rights to acquire ordinary AFG shares.
Quantum	For all grants currently on foot (FY25 and FY26), 50% of an Executive's annual LTI entitlement weighted to an EPS target and 50% of an Executive's annual LTI entitlement weighted to a TSR target.
Link between performance and reward	**TSR** TSR encapsulates performance across the underlying key performance measures throughout the business aimed at achieving targeted business outcomes that will result in increased shareholder wealth through share price growth and dividends. For the FY25 grant, the TSR is measured against the ASX Diversified Financials Index (50%) and against the ASX Small Industrials Index (50%). Both TSR targets include a gateway requirement for absolute TSR to be positive. For the testing of the FY26 grants, a single comparator group for TSR will be used (the ASX Small Ordinaries Index) and the positive gateway has been removed however the minimum 50th percentile achievement gateway remains. For all grants, stretch targets are available giving Executives the opportunity to increase the number of performance rights to 150% of target for exceptional performance.
	EPS Long term EPS accretion targets are set at levels that are challenging yet achievable in a sustainable manner. EPS directly links creation of shareholder wealth to the delivery of the business's strategy over a long-term period. There is a minimum 5.0% compound annual growth rate (CAGR) gateway for the FY25 grants and a minimum 15.0% CAGR gateway for the FY26 grant. Stretch targets are available for each of the grants (FY26 and FY27) giving Executives the opportunity to increase the number of performance rights to 150% of target for exceptional performance. The Board has a discretion to apply qualitative factors such as risk (including non-financial risk), reputation, conduct, leadership skills and values to the assessment of performance achievements for an Executive.

	LTI plan	
Key performance measure	**Relative Total Shareholder Return** **FY25 grant** - 50% measured against the ASX Diversified Financials Index, 50% against ASX Small Industrials Index **FY26 grants** - 100% measured against the ASX Small Ordinaries Index **For all grants:** 50th Percentile – 50% vesting 75th Percentile – 100% vesting 85th Percentile – 125% vesting (stretch target) 90th Percentile – 150% vesting (stretch target) (pro-rata vesting between hurdles)	
	EPS accretion (FY25 grant) 5.0% CAGR – 50% vesting 7.5% CAGR – 100% vesting 10.0% CAGR – 150% vesting (stretch target) (pro-rata vesting between hurdles)	**EPS accretion (FY26 grant)** 15.0% CAGR - 50% vesting 20.0% CAGR - 100% vesting 25.0% CAGR - 150% vesting (stretch target) (pro rata vesting between hurdles)
Grant date	July each year	
TSR grant date value	**TSR** Small Industrials Index; (Allocated on Fair Value Methodology)	FY25 grant: $0.882
	TSR Diversified Financials Index; (Allocated on Fair Value Methodology)	FY25 grant: $0.835
	TSR Small Ordinaries Index; (Allocated on Fair Value Methodology)	FY26 grant: $2.207 (Face Value) / $1.590 (Fair Value)
EPS grant date face value	**FY26 EPS $2.207** (being the 20-day Volume Weighted Average Price leading up to **30 June 2025**) **FY25 EPS $1.397** (being the 20-day Volume Weighted Average Price leading up to **30 June 2024**)	
Gateway performance measure	**TSR** – Absolute TSR must be positive for the FY25 grant and this has been removed for the FY26 grant. The minimum 50th percentile achievement gateway remains for all grants. **EPS** – 5.0% CAGR EPS gateway for the FY25 grant and 15.0% CAGR EPS gateway for the FY26 grant.	
Performance & service period	1 July to 30 June for each financial year	

	LTI plan
Performance assessment	30th June
Cessation of employment	If the participant ceases employment for cause or resigns, unless the Board determines otherwise, any unvested performance rights will automatically lapse. Generally, if the participant ceases employment for any other reason, all of their unvested performance rights will remain on foot and subject to the original performance conditions. However, the Board retains discretion to determine that some of their rights (up to a pro-rata portion based on how much of the Performance Period remains) will lapse.
Dividends & voting	The performance rights do not carry dividends or voting rights prior to vesting.
Clawback and preventing inappropriate benefits	The plan rules provide the Board with broad 'clawback' powers if, amongst other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought AFG or its related bodies corporate into disrepute. This would include circumstances where there is a material financial misstatement, or AFG is required or entitled under law or Company policy to reclaim remuneration from the participant, or the participant's entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.
Change of control	In a situation where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the performance rights. Where only some of the performance rights have vested on a change of control, the remainder of the performance rights will immediately lapse. If the change of control occurs before the Board exercises its discretion: • a pro-rata portion of the performance rights equal to the portion of the relevant performance period that has elapsed up to the expected or actual (as appropriate) date of the change of control will immediately vest; and • the Board may, in its absolute discretion, decide whether the balance should vest or lapse.
Restrictions on dealing	The participant must not sell, transfer, encumber, hedge or otherwise deal with performance rights. Unless the Board determines otherwise, the participant will be free to deal with the shares allocated on vesting of the performance rights, subject to the requirements of AFG's Policy for dealing in securities.
Reconstructions, corporate actions, rights issues, bonus issues, etc	The rules of the LTI plan include specific provisions dealing with rights issues, bonus issues, and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their performance rights as a result of such corporate actions.
Deferred exercise of vested performance rights	The LTI offer allows for deferred exercise of vested performance rights at the conclusion of the 3 year performance period. Participants can provide an exercise notice at any time after the performance period ends and performance rights vest, up until the date that is 15 years after the grant of the performance rights. Shares issued on vested but unexercised performance rights will be held in the AFG Employee Share Trust until the participant provides an exercise notice.
FY27 LTI opportunity	Offers to participate in LTI awards for FY27 are proposed to be made under the LTI plan on the terms set out above. As with the FY26 grant, the amount of the LTI award each participant may become entitled to (if any) will be determined by the Remuneration and Nomination Committee and approved by the Board based on achievement of relative shareholder return measured against the Small Ordinaries Index (50%) with a minimum 50th percentile achievement gateway and EPS accretion (50%), with a 7.5% CAGR, EPS gateway.

04 Statutory remuneration tables

		Short-term				Post employment	Long-term	Share-based payments[1]	Total	Proportion of remuneration
Executive	Year	Salary & fees	STI $	Non monetary benefits	Total	Superannuation	Long service leave	Performance Rights		Performance Related
	$	$	$	$	$	$	$			%
D. Bailey	**2026**	**736,698**	**493,500**	**9,726**	**1,239,924**	**30,711**	**27,701**	**872,366**	**2,170,702**	**63%**
	2025	**623,613**	**416,102**	**8,785**	**1,048,499**	**34,081**	**21,495**	**400,836**	**1,504,912**	**54%**
L. Bevan	**2026**	**415,764**	**226,794**	**9,726**	**652,284**	**30,384**	**-786**	**278,874**	**960,756**	**53%**
	2025	**402,666**	**230,078**	**8,785**	**641,528**	**31,822**	**9,310**	**128,499**	**811,159**	**44%**
L. Pietropiccolo	**2026**	**436,481**	**209,136**	**9,726**	**655,343**	**30,437**	**-**	**221,096**	**906,876**	**47%**
	2025	**409,492**	**197,057**	**8,785**	**615,334**	**31,915**	**-**	**90,348**	**737,598**	**39%**
Total	**2026**	**1,588,943**	**929,430**	**29,177**	**2,547,551**	**91,532**	**26,915**	**1,372,337**	**4,038,335**	**57%**
Total	**2025**	**1,435,771**	**843,237**	**26,354**	**2,305,362**	**97,818**	**30,806**	**619,683**	**3,053,668**	**48%**

1 Share-based payments represent the accounting expense recognised during FY26 in respect of current and prior-year LTI grants and do not represent the value of rights vested or received during the year.

05 Non-Executive Director remuneration

5.1 Remuneration policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders and in line with the market. The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies. The Board may consider advice from external consultants when undertaking the annual review process as appropriate.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting of shareholders. The current shareholder approved NED fee pool is $1.25m per annum (set in 2021).

5.2 Structure

The remuneration of NEDs consists of Directors' fees, which is inclusive of statutory superannuation and Committee fees (if any). The below summarises the FY26 NED fees:

- Chair: $230,000 inclusive of superannuation and any Committee Chair fees; and
- Non-Executive Directors: $120,000 NED fee inclusive of superannuation and $25,000 Committee Chair fee inclusive of superannuation.

NEDs do not receive retirement benefits, other than statutory superannuation contributions, nor do they participate in any incentive programs.

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs. The table below outlines the NED* remuneration for the years ended 30 June 2026 and 30 June 2025. No non-monetary short-term benefits were paid during current or prior year.

	Year	Board and Committee Fees	Short-term benefits (non-monetary)	Superannuation	Total
		$	$	$	$
C. Carter	**2026**	**129,464**	-	**15,536**	145,000
	2025	**107,623**	-	**12,377**	120,000
A. King	**2026**	**129,464**	-	**15,536**	145,000
	2025	**107,623**	-	**12,377**	120,000
B. McKeon	**2026**	**107,143**	-	**12,857**	120,000
	2025	**107,623**	-	**12,377**	120,000
G. Medcraft	**2026**	**205,357**	-	**24,643**	230,000
	2025	**179,372**	-	**20,628**	200,000
J. Muirsmith	**2026**	**129,464**	-	**15,536**	145,000
	2025	**107,623**	-	**12,377**	120,000
M. Watkins**	**2026**	**73,635**	-	**8,836**	82,471
	2025	**107,623**	-	**12,377**	120,000
Total	**2026**	**774,527**	-	**92,944**	867,471
Total	**2025**	**717,487**	-	**82,513**	800,000

* Directors listed in alphabetical order by surname.
** Mr Watkins retired from the Board on 24 February 2026.

Additional disclosures relating to rights and shares

5.3 Rights awarded, vested and forfeited during the year

The table below discloses the number of rights granted to Executives as remuneration during FY24, FY25 and FY26 as well as the number of rights that vested or forfeited during the year. Rights do not carry any voting or dividend rights and shares can be allocated once the vesting conditions have been met until their expiry date. EPS vesting above 100% resulted in additional rights vesting for the 2024 T1 tranche.

	Year / Tranches (T)[1]	No. of rights awarded during the year	Grant date	Face value or Fair value per rights at award date[2]	Vesting date	Exercise price	Expiry date	No. forfeited	No. vested
D. Bailey	2026 / T1	248,869	1-Jul-25	$2.21	30-Jun-28	-	30-Jun-28	-	-
	2026/ T2	248,869	1-Jul-25	$1.59	30-Jun-28	-	30-Jun-28	-	-
	2025 / T1	279,647	1-Jul-24	$1.40	30-Jun-27	-	30-Jun-27	-	-
	2025/ T2	233,933	1-Jul-24	$0.84	30-Jun-27	-	30-Jun-27	-	-
	2025 / T3	221,467	1-Jul-24	$0.88	30-Jun-27	-	30-Jun-27	-	-
	2024 / T1	220,082	1-Jul-23	$1.71	30-Jun-26	-	30-Jun-26	nil	237,688
	2024 / T2	168,605	1-Jul-23	$1.12	30-Jun-26	-	30-Jun-26	84,302	84,303
	2024 / T3	164,199	1-Jul-23	$1.15	30-Jun-26	-	30-Jun-26	77,502	86,697
L. Bevan	2026 / T1	83,731	1-Jul-25	$2.21	30-Jun-28	-	30-Jun-28	-	-
	2026/ T2	83,731	1-Jul-25	$1.59	30-Jun-28	-	30-Jun-28	-	-
	2025 / T1	85,183	1-Jul-24	$1.40	30-Jun-27	-	30-Jun-27	-	-
	2025/ T2	71,257	1-Jul-24	$0.84	30-Jun-27	-	30-Jun-27	-	-
	2025 / T3	67,460	1-Jul-24	$0.88	30-Jun-27	-	30-Jun-27	-	-
	2024 / T1	69,469	1-Jul-23	$1.71	30-Jun-26	-	30-Jun-26	nil	75,026
	2024 / T2	53,220	1-Jul-23	$1.12	30-Jun-26	-	30-Jun-26	26,610	26,610
	2024 / T3	51,829	1-Jul-23	$1.15	30-Jun-26	-	30-Jun-26	24,463	27,366
L. Pietropiccolo	2026 / T1	79,787	1-Jul-25	$2.21	30-Jun-28	-	30-Jun-28	-	-
	2026/ T2	79,787	1-Jul-25	$1.59	30-Jun-28	-	30-Jun-28	-	-
	2025 / T1	74,433	1-Jul-24	$1.40	30-Jun-27	-	30-Jun-27	-	-
	2025/ T2	62,265	1-Jul-24	$0.84	30-Jun-27	-	30-Jun-27	-	-
	2025 / T3	58,948	1-Jul-24	$0.88	30-Jun-27	-	30-Jun-27	-	-
	2024 / T1	36,486	1-Jul-23	$1.71	30-Jun-26	-	30-Jun-26	nil	39,405
	2024 / T2	27,952	1-Jul-23	$1.12	30-Jun-26	-	30-Jun-26	13,976	13,976
	2024 / T3	27,221	1-Jul-23	$1.15	30-Jun-26	-	30-Jun-26	12,848	14,373

1 Tranches:
T1 – EPS allocation.
T2 – TSR (Diversified Financials Index) allocation for FY24 and FY25 grants and TSR (Small Ordinaries Index) allocation for FY26 grant.
T3 – TSR (Small Industrials Index) allocation for FY24 and FY25 grants.
2 TSR Value Methodology:
For the FY24 and FY25 grants, the TSR components (T2 and T3) were valued on a Fair Value methodology. The FY26 T2 LTI grant was allocated using a face value of $2.21 per right. The statutory remuneration tables reflect the grant date fair value of the rights in accordance with AASB.

5.4 Shareholdings of KMP

Ordinary shares held in Australian Finance Group Ltd (ASX:AFG)

30 June 2026	Balance 1 July 2025[1]	Shares issued on vesting of rights	Sold during the period	Net change other	Balance 30 June 2026[1]	Held nominally[2]
Directors*						
B. McKeon	16,332,632	-	(1,332,632)	-	15,000,000	15,000,000
M. Watkins[3]	16,139,718	-	(1,300,000)	-	14,839,718[4]	14,839,718
C. Carter	1,400,000	-	-	-	1,400,000	1,400,000
G. Medcraft	110,000	-	-	40,000	150,000	150,000
A. King	100,000	-	-	30,000	130,000	130,000
J. Muirsmith	126,819	-	-	-	126,819	126,819
Executives						
D. Bailey	2,038,922	462,227	-	-	2,501,149	2,501,149
L. Bevan	1,319,848	127,511	(447,359)	-	1,000,000	-
L. Pietropiccolo	-	56,754	-	3,048	59,802	-

1 Includes shares held directly, indirectly and beneficially by the KMP.
2 Relates to shares held within a superannuation fund, trust or externally managed.
3 Malcolm Watkins retired from the Board on 24 February 2026.
4 Balance of shareholding at date of retirement from the Board.
* Arranged by shareholding from largest (held nominally).

06 Executive service agreements

Remuneration and other terms of employment for Executives are formalised in employment agreements. Each of these employment agreements provides for the payment of fixed and performance-based remuneration and employer superannuation contributions. During FY26, the employee notice period for D. Bailey and L. Bevan were increased from 12 weeks to 6 months. The following outlines the details of these agreements:

Name	Agreement expires	Notice of termination by Company	Employee notice
D. Bailey	No expiry, continuous agreement	12 months (or payment in lieu of notice)	6 months
L. Bevan	No expiry, continuous agreement	12 months (or payment in lieu of notice)	6 months
L. Pietropiccolo	No expiry, continuous agreement	6 months (or payment in lieu of notice)	6 months

07 Remuneration governance

7.1 Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for ensuring AFG has remuneration strategies and a framework that fairly and responsibly rewards Executives and Non-Executive Directors with regard to performance, the law and corporate governance. The Committee ensures that AFG remuneration policies are directly aligned to business strategy, financial performance and support increased shareholder wealth over the long term.

As at 30 June 2026, the Remuneration and Nomination Committee comprised independent Non-Executive Director Annette King (Chair), and independent Non-Executive Directors Craig Carter, Greg Medcraft and Jane Muirsmith.

Further information on the role of the Remuneration and Nomination Committee is set out in the Committee's Charter available at https://investors.afgonline.com.au/corporate-governance and in the 2026 Corporate Governance Statement also available on the Company's website.

7.2 Remuneration philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

The Board embodies the following principles in its remuneration framework:

- Remuneration levels for KMP are set to attract and retain appropriately qualified and experienced Directors and Executives;
- Alignment of Executive reward with shareholder interest and strategy; and
- The relationship between performance, conduct and remuneration of Executives is clear and transparent.

7.3 Use of independent consultants

In performing its role, the Remuneration and Nomination Committee can directly commission and receive information and advice from independent external advisors. The Committee has protocols in place to ensure that any advice and recommendations are provided in an appropriate manner and free from undue influence of management.

No remuneration recommendations (as defined in the Corporations Act) from remuneration consultants were received during the financial period ended 30 June 2026. AFG engaged external consultants during FY26 to provide guidance on AFG's remuneration framework in relation to market data on salary benchmarking.

7.4 Policy for dealing in securities

AFG has a policy for dealing in securities to establish best practice procedures that protect AFG, Directors and employees against the misuse of unpublished information that could materially affect the value of AFG securities. Directors, Executives and their connected persons are restricted by trading windows (other than in limited exceptional circumstances).

7.5 Director minimum shareholding policy

AFG has adopted a formal director minimum shareholding policy. All Non-Executive Directors must establish and maintain a minimum level of ownership in AFG shares equal to the base annual Non-Executive Director fees (including superannuation) within the later of 3 years of appointment and the date of adoption of the policy.

All Non-Executive Directors currently meet the minimum shareholding requirements under the policy.

7.6 Remuneration Report approval at 2025 AGM

The 30 June 2025 Remuneration Report was presented to shareholders and was approved at the 2025 Annual General Meeting.

08 Other Transactions and Balances with KMP and their Related Parties

Greenlane Group Pty Ltd (formerly Establish Property Group Ltd) (**Greenlane**) was created as part of the demerger of AFG's property business prior to listing on the ASX on 22 April 2015. Directors of Greenlane include B. McKeon, D. Bailey and L. Bevan.

AFG's head office was located at 100 Havelock Street West Perth during part of FY26. AFG leased these premises at commercial arm's length rates from an investee of Greenlane, Qube Havelock Street Development Pty Ltd (Qube) until October 2025. AFG paid an amount of $1,276k to Qube (2025: $1,312k) for the head office lease during FY26 which includes make good obligations at the termination of the lease. These payments are not considered to be material to the financial results of the Group and therefore did not impact on Mr B. McKeon's duties as a Director of AFG. AFG moved its head office into the Perth CBD in October 2025 with an unrelated landlord.

No other transactions or agreements exist with KMP and their related parties.

End of Audited Remuneration Report

09 Independent Audit of Remuneration Report

The Remuneration Report has been audited by Ernst & Young. Please see page 108 of this Annual Report for Ernst & Young's report on the Remuneration Report.

This Directors' Report, including the Remuneration Report, is signed in accordance with a Resolution of Directors of AFG.

Greg Medcraft
Chair

Perth, Western Australia
19 August 2026

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June

In millions of AUD	Note	2026	2025
Commission revenue and other income	3	1,033.8	911.3
Securitisation interest income		374.7	324.2
Operating income		**1,408.5**	**1,235.5**
Commission and other cost of sales		(955.3)	(832.6)
Securitisation interest expense		(316.4)	(282.9)
Gross profit		**136.8**	**120.0**
Other income	4	19.7	19.2
Employee benefits	5	(58.4)	(56.0)
Administration expenses		(6.5)	(6.8)
Depreciation and amortisation		(11.3)	(10.5)
Impairment loss on loans and advances		(0.8)	(0.5)
Other expenses	5	(23.8)	(22.8)
Results from operating activities		**55.7**	**42.6**
Finance income	6	7.3	7.0
Finance expense	6	(3.8)	(4.1)
Net change in fair value of financial liabilities at fair value through profit or loss		-	0.3
Share of profit of associates	12	7.4	2.9
Profit before tax		**66.6**	**48.7**
Income tax expense	7	(18.1)	(13.3)
Profit for the period		**48.5**	**35.4**
Profit attributable to:			
Equity holders of the Company		48.5	35.0
Non-controlling interests		-	0.4
		48.5	**35.4**
Total comprehensive income for the period attributable to:			
Equity holders of the Company		48.5	35.0
Non-controlling interests		-	0.4
		48.5	**35.4**
Earnings per share			
Basic earnings per share (cents per share)	21	17.86	12.93
Diluted earnings per share (cents per share)	21	17.55	12.69

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

As at 30 June

In millions of AUD	Note	2026	2025
Assets			
Cash unrestricted	8	62.6	63.7
Cash restricted	8	182.8	160.1
Trade and other receivables	9	13.2	15.2
Contract assets	10	1,225.4	1,176.2
Loans and advances	11	7,146.4	5,493.7
Investment in associates	12	61.5	48.6
Property, plant and equipment		1.2	0.8
Right-of-use assets	13	4.9	3.7
Intangible assets	14	40.7	44.4
Goodwill	14	61.1	61.1
Total assets		**8,799.8**	**7,067.5**
Liabilities			
Trade and other payables	15	1,267.4	1,186.3
Current tax payable	7	2.1	2.4
Employee benefits	16	8.0	7.5
Provisions	17	0.8	2.3
Contract liabilities	18	4.8	6.6
Lease liabilities	13	5.5	4.2
Interest-bearing liabilities	19	7,246.3	5,612.9
Deferred tax liability	7	22.6	23.2
Total liabilities		**8,557.5**	**6,845.4**
Net assets		**242.3**	**222.1**
Equity			
Share capital	20	101.1	102.1
Share-based payment reserve		8.7	8.9
Retained earnings		132.5	111.1
Equity		**242.3**	**222.1**

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity

For the Year ended 30 June

In millions of AUD	Share capital	Share-based payment reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity
Balance at 1 July 2025	**102.1**	**8.9**	**-**	**111.1**	**222.1**	**-**	**222.1**
Total comprehensive income for the period							
Profit	-	-	-	48.5	**48.5**	**-**	**48.5**
Total comprehensive income for the period	-	-	-	48.5	**48.5**	**-**	**48.5**
Transactions with owners, recorded directly in equity							
Dividends to equity holders	-	-	-	(27.1)	**(27.1)**	-	**(27.1)**
Share-based payment transactions[1]	-	2.2	-	-	**2.2**	-	**2.2**
Issue of ordinary shares for Employee Share Scheme	2.4	(2.4)	-	-	**-**	-	**-**
Shares bought back and cancelled	(3.4)	-	-	-	**(3.4)**	-	**(3.4)**
Total transactions with owners	(1.0)	(0.2)	-	(27.1)	**(28.3)**	-	**(28.3)**
Balance at 30 June 2026	**101.1**	**8.7**	**-**	**132.5**	**242.3**	**-**	**242.3**
Balance at 1 July 2024	**102.1**	**7.8**	**(12.4)**	**96.9**	**194.4**	**12.7**	**207.1**
Total comprehensive income for the period							
Profit	-	-	-	35.0	**35.0**	0.4	**35.4**
Total comprehensive income for the period	-	-	-	35.0	**35.0**	0.4	**35.4**
Transactions with owners, recorded directly in equity							
Dividends to equity holders	-	-	-	(21.2)	**(21.2)**	(0.3)	**(21.5)**
Share-based payment transactions[1]	-	1.1	-	-	**1.1**	-	**1.1**
Acquisition of non-controlling interest	-	-	12.4	0.4	**12.8**	(12.8)	**-**
Total transactions with owners	-	1.1	12.4	(20.8)	**(7.3)**	(13.1)	**(20.4)**
Balance at 30 June 2025	**102.1**	**8.9**	**-**	**111.1**	**222.1**	**-**	**222.1**

1 The share-based payment expense related to the equity instruments granted, as recognised in the income statement for the period.

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Cash Flows

As at 30 June

In millions of AUD	Note	2026	2025
Cash flows from/(used in) operating activities			
Cash receipts from customers		978.6	881.8
Cash paid to suppliers and employees		(962.4)	(871.6)
Interest received		374.7	324.3
Interest paid		(320.7)	(286.6)
Income taxes paid		(19.1)	(12.0)
Net cash from operating activities	8	**51.1**	**35.9**
Cash flows from/(used in) investing activities			
Net interest received		7.3	7.0
Acquisition of property, plant and equipment		(1.0)	(1.1)
Purchase of intangible assets		(5.5)	(4.7)
Purchase of interest in subsidiaries and associates	12	(6.6)	(17.6)
Dividends received from associates and joint ventures		1.1	0.2
Broker loans and advances		0.2	0.3
Net loans and advances to borrowers		(1,621.8)	(1,037.8)
Net cash used in investing activities		**(1,626.3)**	**(1,053.7)**
Cash flows from/(used in) financing activities			
Proceeds from warehouse facility		3,152.6	1,586.7
Repayments of warehouse facility		(2,437.5)	(1,056.8)
Proceeds from securitised funding facilities		2,200.0	1,200.0
Repayments to securitised funding facilities		(1,298.4)	(690.3)
Proceeds from debt facility		77.0	10.0
Repayments of debt facility		(62.0)	(5.3)
Payment of principal proportion of lease liability		(2.0)	(2.8)
Dividends paid to equity holders of the parent	20	(27.1)	(21.2)
Dividends paid to non-controlling interests		-	(0.3)
Share buy back		(3.4)	-
Employee share issue		(2.4)	-
Net cash from financing activities		**1,596.8**	**1,020.0**
Net increase in cash and cash equivalents		21.6	2.2
Cash and cash equivalents at the beginning of the period		223.8	221.6
Cash and cash equivalents at the end of the period	8	**245.4**	**223.8**

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

1. About this report

The Consolidated Financial Statements for the financial year ended 30 June 2026 comprise Australian Finance Group Ltd (**AFG** or the **Company**), which is a for-profit entity and a Company domiciled in Australia and its subsidiaries (together referred to as **the Group**) and the Group's interest in associates and jointly controlled entities.

The Group's principal activities in the course of the financial year were mortgage origination and lending. The Company's principal place of business is Level 11, Dynons Plaza, 905 Hay Street, Perth, 6000, Western Australia.

a. Basis of preparation

The Financial Report was authorised for issue by the Board of Directors on 19 August 2026. The Directors have the power to amend and reissue the Financial Report.

The Financial Report is a general purpose financial report which:

- has been prepared in accordance with the *Corporations Act 2001* (Cth), Australian Accounting Standards (**AAS**) as issued by the Australian Accounting Standards Board (**AASB**) and other mandatory financial reporting requirements in Australia;
- complies with International Financial Reporting Standards (**IFRS**) as issued by the IASB;
- is presented in Australian dollars with dollar amounts rounded to the nearest million with one decimal place unless specifically stated to be otherwise, in accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2026/183; and
- is prepared on the historical cost basis, except for the following material items:
  - Payables relating to trailing commission are initially measured at fair value and subsequently at amortised cost;
  - Contract assets relating to trailing commission are measured using expected value method; and
  - Financial instruments at fair value through profit or loss are measured at fair value.

The accounting policies have been applied consistently throughout the Group for the purposes of this Financial Report.

b. Summary of material accounting policy information

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of these assets and liabilities recognised in the Financial Statements are described in the following notes:

Note		Underlying estimates and assumptions
3	Revenue	Revenue recognition
7	Taxation	Calculation of provision for income tax and recognition of the deferred tax asset
10	Contract assets	Expected value of trail commission income
14	Intangibles	Impairment of non-financial assets
15	Trail commissions payable	Expected value of trail commission expense
22	Share based payments	Recognition and measurement of share-based payments

c. Changes in accounting policies and disclosures

A number of new and amended accounting standards became mandatorily applicable for the Group for the first time in the current financial year. The adoption of these new and amended standards had no significant impact on the financial position or performance of the Group, or the disclosures included in this Financial Statements.

Accounting standards and interpretations issued but not yet effective

At the date of authorisation of the Financial Statements, the standards and interpretations that were issued but not yet effective, (which have not been early adopted) are listed below. The Group is currently assessing the impact:

Affected Standards and Interpretations	Application date	Application date for Group
AASB 2024-2 Amendments to AASs – Classification and Measurement of Financial Instruments	1-Jan-26	1-Jul-26
AASB 2025-1 Amendments to AASs – Contracts Referencing Nature-dependent Electricity	1-Jan-26	1-Jul-26
AASB 2022-9 Amendments to AAS – Insurance Contracts in the Public Sector	1-Jul-26	1-Jul-26
AASB 18 Presentation and Disclosure in Financial Statements	1-Jan-27	1-Jul-27
AASB 2014-10 Amendments to AAS – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1-Jan-28	1-Jul-28

2. Segment information

AASB 8 Operating Segments (**AASB 8**) requires operating segments to be identified on the basis of internal reports about business activities in which the Group is engaged and that are regularly received by the chief operating decision maker, the Board of Directors, in order to allocate resources to the segment and to assess its performance.

The Group has three segments: Distribution, Manufacturing and Central.

Distribution

The Distribution segment refers to the aggregation services through AFG and Fintelligence in which these entities act as an aggregator that provides its contracted brokers with administrative and infrastructure support as well as access to a panel of lenders. The Group receives fees and various commissions. The primary two types of commission payments on loans originated through its network, as described below:

- Upfront commission or one-off commissions on settled loans – upfront commissions are received from lenders as a percentage of the total amount borrowed. Once a loan settles, the Group receives a one-off payment linked to the total amount borrowed as an upfront commission, a large portion of which is then paid to the originating broker.
- Trail commissions on the loan book – trail commissions are received from the lenders over the life of the loan (if it is in good order and not in default), as a percentage of the particular loan's outstanding balance. The trail book represents the aggregate of the mortgages outstanding that have been originated by AFG brokers and are generating trail income.

This segment also includes commissions earned from AFG Home Loans white label products and the Group's share of earnings from investments in broker businesses.

Manufacturing

The Manufacturing segment comprises residential mortgages originated by AFG Securities Pty Ltd and distributed through the Group's broker network. The segment earns net interest margin and fees from its lending and securitisation activities. It also includes AFG's 31.88% investment in Thinktank Group.

Central

Central includes the cost of various centralised functions which provide services to both the Distribution and Manufacturing segments, including, but not limited to, Information Technology, Finance and Human Resources. Central also includes intercompany transactions between Distribution and Manufacturing segments and predominantly relate to the elimination of broker fees and commissions paid from the Manufacturing business to the Distribution business.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Board of Directors.

Year ended 30 June 2026 **In millions of AUD**	**Distribution**	**Manufacturing**	**Central**	**Total**
Commission revenue and other income	1,074.6	4.2	(45.0)	**1,033.8**
Securitisation interest income	-	374.7	-	**374.7**
Operating income	**1,074.6**	**378.9**	**(45.0)**	**1,408.5**
Commission and other cost of sales	(982.0)	(17.6)	44.3	**(955.3)**
Securitisation interest expense	-	(316.4)	-	**(316.4)**
Gross profit	**92.6**	**44.9**	**(0.7)**	**136.8**
EBITDA	70.7	33.1	(29.4)	**74.4**
Profit before tax	58.5	38.4	(30.3)	**66.6**
Income tax expense				**(18.1)**
Profit after income tax				**48.5**
Assets and liabilities				
Total segment assets	1,459.3	7,332.6	7.9	**8,799.8**
Total segment liabilities	1,345.5	7,203.5	8.5	**8,557.5**
Net assets	**113.8**	**129.1**	**(0.6)**	**242.3**

Year ended 30 June 2025 ***In millions of AUD***	**Distribution**	**Manufacturing**	**Central**	**Total**
Commission revenue and other income	934.5	6.1	(29.3)	**911.3**
Securitisation interest income	-	324.2	**-**	**324.2**
Operating income	**934.5**	**330.3**	**(29.3)**	**1,235.5**
Commission and other cost of sales	(844.0)	(17.9)	29.3	**(832.6)**
Securitisation interest expense	-	(282.9)	**-**	**(282.9)**
Gross profit	**90.5**	**29.5**	**-**	**120.0**
EBITDA	68.0	16.0	(27.8)	**56.2**
Profit before tax	56.8	20.7	(28.8)	**48.7**

Year ended 30 June 2025 *In millions of AUD*	**Distribution**	**Manufacturing**	**Central**	**Total**
Income tax expense				**(13.3)**
Profit after income tax				**35.4**
Assets and liabilities				
Total segment assets	1,376.3	5,684.6	6.6	**7,067.5**
Total segment liabilities	1,254.5	5,581.7	9.2	**6,845.4**
Net assets	**121.8**	**102.9**	**(2.6)**	**222.1**

3. Commissions and other income

In millions of AUD	**2026**	**2025**
Timing of revenue recognition		
At a point in time		
Commission income	944.8	815.0
Securitisation transaction fees	2.5	4.2
Over time		
Interest on commission income receivable	73.9	81.1
Mortgage management services	0.1	0.3
Securitisation transaction fees	1.7	1.6
Subscription income	10.8	8.6
Other income	-	0.5
Total commission and other income	**1,033.8**	**911.3**

Revenue from contracts with customers

The Group recognises commission and other income as revenue from contracts with customers in accordance with AASB 15 Revenue from Contracts with Customers. The standard has introduced a single principle based five-step recognition measurement model for revenue recognition:

- Identifying the contract with a customer
- Identifying the separate performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when (or as) performance obligations are satisfied.

Income is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the Consolidated Statement of Financial Position. Similarly, if the Group performs a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its Consolidated Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due. In relation to the Group the contract asset is recognised to account for the revenue in relation to the satisfaction of a performance obligation.

The Group's significant income streams under AASB 15 include:

- Commissions – origination and trail commissions and associated interest income to account for the time value of money
- Other income – sponsorship income and fees for services

The Group often enters into transactions that will give rise to different streams of income. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Commissions – origination and trail commissions

The Group provides loan origination services and receives origination commission on the settlement of loans. Additionally, the lender normally pays a trailing commission over the life of the loan.

Commission income is recognised as follows:

- Origination commissions: origination commissions on loans other than those originated by the Group are recognised upon the loans being settled and receipt of commission net of clawbacks. Commissions may be clawed back by lenders in accordance with individual contracts. These potential clawbacks are estimated and recognised at the same time as origination commission and included in origination commission revenue.
- Trailing commissions: the Group receives trail commissions from lenders on settled loans over the life of the loan based on the loan balance outstanding. The Group also makes trail commission payments to brokers when trail commission is received from lenders. The future trail commission receivable is recognised upfront as a contract asset. Trailing commissions include revenue on Residential, Commercial and AFG Home Loans (**AFGHL**) white label trail books.
- Interest income: this is the financing component of the trail commission contract asset which brings into consideration the time value of money.

Payment for upfront commissions and fees for services are all typically due within 30 days of satisfying performance obligations.

Under AASB 15, income is recognised when the Group satisfies performance obligations by transferring the promised services to its customers. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The table illustrates a summary of the impact of AASB 15 on the Group's significant income from contracts with customers.

"Point in time" or "Over time"	Types of Service	Nature and timing of satisfaction of performance obligations	Revenue recognition policy under AASB 15
Point in time	Commissions – origination commissions	At the point in time when the loan is settled with the lender.	The Group recognises income at the point in time when the loan is settled with the lender. The transaction price is adjusted for any expected clawbacks.
Point in time	Commissions – trail commissions	At the point in time when the loan is settled with the lender	The Group recognises this income at the point in time, when the loan is settled with the lender. On Initial recognition a contract asset is recognised, representing managements estimate of the variable consideration to be received. The Group uses the "expected value" method of estimating the variable consideration, which includes significant financing component, by recalculating the net present value (**NPV**) of the estimated future cash flows at the original effective interest rate.
Over time	Interest income – discount unwind on the NPV trail commission contract asset	Income arising from the discount rate applied to the trail commission contract asset.	Interest income from the unwinding of the discount rate on the trail commission contract asset is recognised over time.
Over time	Subscription income	The performance obligation is to provide access to the platform for which the subscription is purchased. The income is recognised evenly over the service period, being the subscription period.	Subscription income is recognised evenly over the service period, being the subscription period.

Securitisation interest income and expense

Interest income is the key component of this income stream and it is recognised using the effective interest method in accordance with AASB 9. The effective interest rate is equivalent to the rate that effectively discounts estimated future cash flows throughout the estimated life to the net carrying value of the loan. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument. Where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Acquisition costs relating to trail commission to brokers are spread across the estimated life of the loan using the effective interest method.

Significant judgements and estimates

Trail commissions

The Group applies the AASB 15 variable consideration guidance to the measurement of the contract asset. On initial recognition, the Group recognises a contract asset which represents Management's estimate of the variable consideration to be received from lenders on settled loans. The Group uses the 'expected value' method of estimating variable consideration which requires significant judgement, it is highly probable that there is no significant reversal.

A corresponding expense and payable is also recognised, initially measured at fair value being the net present value of expected future trailing commission payable to brokers and subsequently measured at amortised cost.

The value of trail commission receivable from lenders and the corresponding payable to brokers is determined by using a discounted cash flow valuation to determine the expected value. These calculations require the use of assumptions which are determined by management using a variety of inputs including external actuarial analysis of historical information. Key assumptions underlying the calculation include the average loan life, discount rate and the percentage paid to brokers. Refer to Note 24 for details on these key assumptions.

4. Other income

In millions of AUD	2026	2025
Timing of revenue recognition		
At a point in time		
Sponsorship and incentive income	6.3	6.8
Performance bonus income	0.1	0.4
Over time		
Professional indemnity insurance	2.1	2.0
Fees for services	9.1	8.6
Other	2.1	1.4
Total other income	**19.7**	**19.2**

Sponsorship income is the income received in advance from sponsorship payment arrangements with lenders. Funds are received in advance and initially recognised as contract liability. Revenue is recognised at a point in time when the sponsored event has occurred. Professional indemnity insurance is the income generated from professional indemnity insurance cover. AFG purchases a third-party professional indemnity insurance policy for which it pays a premium and offers AFG's brokers the option to be included under AFG's policy cover. If this offer is taken up, brokers will be charged a fee. This revenue is recognised over time.

Fees for services relates to providing marketing, compliance and administration services to the brokers. This revenue is recognised with reference to the stage of completion for the contract of services.

5. Other expenses and employee costs

a. Employee benefits

In millions of AUD	2026	2025
Wages and salaries	42.0	42.0
Other associated personnel expenses	9.1	8.0
Share-based payment transactions	2.2	1.1
Superannuation	5.1	4.9
Total employee costs	**58.4**	**56.0**

b. Other expenses

In millions of AUD	2026	2025
Information technology	11.0	9.6
Advertising and promotion	4.9	5.8
Consultancy and professional fees	7.9	5.8
Occupancy costs	-	1.6
Total other expenses	**23.8**	**22.8**

6. Finance income and expenses

In millions of AUD	2026	2025
Interest income on cash and cash equivalents	7.3	7.0
Finance income	**7.3**	**7.0**
Interest expense on debt facility	(3.6)	(3.9)
Interest expense on lease liability	(0.2)	(0.2)
Finance expense	**(3.8)**	**(4.1)**

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest payable on borrowings.

7. Income tax

a. Current tax expense

In millions of AUD	2026	2025
Income tax recognised in profit or loss		
Current tax expense		
Current period	19.2	14.7
Adjustments in respect of current income tax of previous year	(0.5)	(0.2)
Deferred tax expense		
Origination and reversal of temporary differences	(1.2)	(1.4)
Adjustments for deferred tax of prior periods	0.6	0.2
Income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	**18.1**	**13.3**

Numerical reconciliation between tax expense and pre-tax accounting profit

In millions of AUD	2026	2025
Profit before tax	**66.6**	**48.7**
Income tax using the Company's domestic tax rate of 30% (2025: 30%)	20.0	14.6
Share of results of associates and joint ventures	(2.2)	(0.9)
Other assessable income	0.1	-
Share based payments	(0.1)	0.4
Adjustments in respect of previous years	0.2	-
Other non-assessable or non-deductible items	0.1	(0.8)
	18.1	**13.3**

b. Current tax assets and liabilities

The current tax payable for the Group of $2.1m (2025: current tax payable $2.4m) represents the amount of income taxes receivable/payable in respect of current and prior financial years.

c. Deferred tax assets and liabilities

Deferred tax (assets) and liabilities are attributable to the following:

In millions of AUD	2026	2025
Property, plant and equipment and intangibles	6.5	6.9
Commissions and other receivables	(1.4)	(1.1)
Contract asset	363.6	343.5
Employee benefits	(1.5)	(1.9)
Trade and other payables	(342.4)	(322.2)
Lease liability	(1.6)	(1.3)
Other items	(0.6)	(0.7)
Tax liabilities	**22.6**	**23.2**
Set off of tax	-	-
Net deferred tax liabilities	**22.6**	**23.2**

Income tax expense

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is generally provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised where Management consider that it is probable that future taxable profits will be available to utilise those temporary differences. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is the Company.

Current tax expenses, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate Financial Statements of the members of the tax-consolidated group using the ‘group allocation’ approach by reference to the carrying amounts of assets and liabilities in the separate Financial Statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable to/(receivable from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payable to/(receivable from) the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an intra-group receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the Financial Statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Significant judgements and estimates

The Group's accounting for taxation requires Management's judgement in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from unutilised tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on Management's estimates of future cash flows. These depend on estimates of future income, operating costs, capital expenditure, dividends and other capital management transactions. Judgements and assumptions are also required about the application of income tax legislation. These judgments and assumptions are subject to risk uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidated Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised.

In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

8. Notes to the cash flow statement

a. Cash and cash equivalents

In millions of AUD	2026	2025
Cash at bank	62.6	63.7
Unrestricted cash	**62.6**	**63.7**
Cash collections accounts [1]	169.6	144.1
Restricted cash [2]	13.2	16.0
Restricted cash	**182.8**	**160.1**
Cash and cash equivalents	**245.4**	**223.8**

1 Discloses amounts held in the special purpose securitised trusts on behalf of the warehouse funder and the bondholders.
2 Discloses cash collateralised standby letter of credit, liquidity reserve account and cash provided in trust by the warehouse providers to fund pending settlements.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23.

Cash and short-term deposits

Cash and short-term deposits comprise of cash at bank, short term deposits with a maturity of three months or less from date of origination, as well as restricted cash such as proceeds and collections in the Special Purpose Entities (**SPE**) accounts which are not available to the shareholders.

b. Reconciliation of cash flows from operating activities

In millions of AUD	2026	2025
Cash flows from operating activities		
Profit for the period	48.5	35.4
Adjustments to reconcile the profit to net cash flows:		
Income tax expense	18.1	13.3
Depreciation and amortisation	11.3	10.5
Interest on leases	0.3	0.3
Term out cost amortisation	2.3	3.1
Net interest income from investing activities	(7.3)	(7.0)
Expense recognised in respect of equity-settled share-based payments	2.2	1.1
Share of profit in associates	(7.4)	(2.9)
Present value of future trail commission income	(71.1)	(38.9)
Present value of future trail commission expense	74.0	42.6
Provision for impairment loss on loans and advances	0.8	0.5
Change in fair value of non-interest-bearing liabilities	-	(0.3)
	71.7	**57.7**
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables and prepayments	(8.2)	(5.3)
Increase/(decrease) in trade and other payables	8.1	(4.7)
(Decrease)/increase in contract liability	(1.9)	0.1
Increase/(decrease) in employee entitlements	0.6	0.6
(Decrease)/increase in provisions	(0.1)	(0.5)
Cash generated from operations	**70.2**	**47.9**
Income tax paid	(19.1)	(12.0)
Net cash generated by operating activities	**51.1**	**35.9**

9. Trade and other receivables

In millions of AUD	2026	2025
Trade and other receivables	2.9	2.2
Other receivables	0.5	2.5
Accrued income	6.1	5.3
Total financial assets classified at amortised cost	**9.5**	**10.0**
Prepayments	3.7	5.2
Trade and other receivables	**13.2**	**15.2**

Trade and other receivables from other customers are rare given the nature of the Group's business. The Group has assessed its history of losses as well as performing a forward-looking assessment, both of which have not resulted in any historical or expected material forward-looking losses.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

10. Contract assets

In millions of AUD	2026	2025
Current		
Net present value of future trail commissions contract asset	295.7	277.2
Non-current		
Net present value of future trail commissions contract asset	929.7	899.0
	1,225.4	**1,176.2**

The Group's contract assets, primarily comprising trail commissions receivable from high credit quality financial institutions within AFG's lender panel, are subject to commercial due diligence prior to panel admission. The Group assumes the risk of non-payment of future trail commissions in the event of a lender's insolvency. The Group is not obligated to disburse future trail commissions to brokers should a lender fail to meet its debtor obligations. Historically, no credit losses have been incurred, including during the global financial crisis, and the ECL remains immaterial based on forward-looking assessments.

The Group's exposure to credit risks and impairment losses related to contract assets are disclosed in Note 23.

For loans originated and funded by the Group, expected future trail commission cash flows form part of the overall yield generated from the loan asset and are incorporated into the effective interest rate calculation of the related loans and advances balance under AASB 9. Accordingly, these trail commissions are not recognised separately as contract assets.

11. Loans and advances

In millions of AUD	2026	2025
Current		
Securitised assets[1]	2,361.0	1,649.0
Other secured loans[2]	-	0.1
Capitalised net transaction costs[3]	20.8	8.0
	2,381.8	**1,657.1**
Non-current		
Securitised assets[1]	4,741.0	3,831.1
Other secured loans[2]	-	0.1
Capitalised net transaction costs[3]	28.2	9.2
Less: Provision for expected credit loss[4]	(4.6)	(3.8)
	4,764.6	**3,836.6**
Total loans and advances	**7,146.4**	**5,493.7**

1 The originated mortgage loans and securitised assets are held as security for the various debt interests in the special purpose securitised trusts and series
2 Other secured loans include loans and advances to brokers secured over future trail commissions payable to the broker and in some cases personal guarantees. Interest is charged on average at 14.33% p.a. (2025: 13.36% p.a.)
3 Capitalised net transaction costs comprise upfront establishment fees, upfront broker commissions and expected future trail commissions, which are accounted for using the effective interest rate (EIR) method.
The current year balance reflects a reclassification recognised during the year. Comparative information has not been restated as the impact of the reclassification is not material.
4 Refer to Note 23 for a reconciliation of opening and closing expected credit losses on loans and advances including movements between credit risk stages

During the financial year, new loans issued in the Group's securitisation programme were $3,971.2m (2025: $2,706.6m). The Group's exposure to credit, currency and interest rate risks related to loans and advances is disclosed in Note 23.

Initial recognition and measurement

The Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of financial assets at amortised cost

A financial asset is measured at amortised cost if it meets the following conditions:

- The amount at which the financial asset is measured at initial recognition
- Less the principal repayments
- Plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount
- Add for any loss allowance.

Interest income, foreign exchange gains and losses, and impairment are recognised in profit and loss.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. When assessing whether or not to derecognise an asset, the entity considers whether there has been a change in counterparty and whether there has been a substantial modification to the terms of the arrangement. If the modification does not result in cashflows that are substantially different, the modification does not result in derecognition however, the modification will result in a gain/loss recognised in profit and loss.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss within impairment expense.

12. Investment in associates

In millions of AUD	2026	2025
Non-current		
Thinktank		
Balance at beginning of financial year[1]	39.0	36.4
Current year share of profit	6.2	2.6
Dividends received	(0.3)	-
	44.9	**39.0**
Other broker related investments		
Balance at beginning of financial year[1]	16.2	9.5
Current year share of profit	1.2	0.3
Dividends received	(0.8)	(0.2)
	16.6	**9.6**
Total investment in associates	**61.5**	**48.6**

1 Includes transaction costs

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method (equity accounted investments) and are initially recognised at cost. The cost of the investment includes transaction costs.

The Consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of the investee, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Thinktank Investment

AFG holds a 31.88% (30 June 2025: 31.97%) investment in Thinktank Group Pty Ltd (**Thinktank**). Principal place of business, Sydney, NSW, Australia. In connection with the investment, AFG distributes an AFGHL white label commercial property product through its network of brokers. The strategic investment in Thinktank represents an opportunity for AFG to diversify its earnings base. The ongoing success of AFGHL are important contributors to the future growth of AFG. The investment in Thinktank allows AFG to participate further in residential and commercial property lending - both directly through the white label opportunity and indirectly through AFG's shareholding to generate further earnings for AFG.

Other broker related investments

During the year ended 30 June 2026, the Group acquired interests in four broker businesses - Loan Path Finance Pty Ltd (**Loan Path**), Network Finance Pty Ltd (**Network Finance**), TS Finance Broking Pty Ltd (**TS Finance**) and The Capita Collective Pty Ltd (**Capita**).

The Group's investment in associates ownership at balance date is as follows:

Name	Country of residence	Principal place of business	2026 Percentage ownership	2025 Percentage ownership
Thinktank Group Pty Ltd	Australia	Sydney, NSW	31.88	31.97
MAB Broker Services Pty Ltd	Australia	Sydney, NSW	48.05	48.05
Lifespan Pty Ltd	Australia	Perth, WA	30.00	30.00
Empower Wealth Mortgage Advisory Pty Ltd	Australia	Melbourne, VIC	20.00	20.00
Loan Path Finance Pty Ltd	Australia	Sydney, NSW	28.00	-
Network Finance Pty Ltd	Australia	Brisbane, QLD	40.00	-
TS Finance Broking Pty Ltd	Australia	Melbourne, VIC	35.00	-
The Capita Collective Pty Ltd	Australia	Perth, WA	25.00	-

In millions of AUD	2026	2025
Thinktank's summarised financial information		
Balance Sheet		
Current assets	508.3	449.5
Non-current assets	8,862.7	6,936.8
Total assets	**9,371.0**	**7,386.3**
Current liabilities	3,829.8	4,000.8
Non-current liabilities	5,432.6	3,295.5
Total liabilities	**9,262.4**	**7,296.3**
Net assets	**108.6**	**90.0**
Group's share in equity	34.5	28.7
Implied Goodwill	10.4	10.3
Total investment in associate	**44.9**	**39.0**
Income Statement		
Revenue	632.2	550.0
Profit after tax	18.8	8.2
Group's share of profit in Thinktank	**6.2**	**2.6**

13. Leases

The Group leases a number of office facilities under operating leases. The leases run for a period of up to 5 years, with an option to renew the lease after that date. Lease payments are generally increased every year to at least reflect Consumer Price Index movements, with regular adjustments to reflect market rentals.

Right-of-use assets In millions of AUD	2026	2025
At 1 July	3.7	4.7
Additions	2.8	0.7
Depreciation	(1.6)	(1.7)
Carrying amount at 30 June	**4.9**	**3.7**

Lease liability In millions of AUD	2026	2025
At 1 July	4.2	5.1
Additions	2.8	1.3
Repayments	(1.8)	(2.5)
Accretion of interest	0.3	0.3
Carrying amount at 30 June	**5.5**	**4.2**

In millions of AUD	2026	2025
Current	1.3	1.3
Non-current	4.2	2.9
Carrying amount at 30 June	**5.5**	**4.2**

The table below presents the contractual discounted cash flows associated with the Group's lease liabilities, representing principal and interest.

Maturity profile of lease liabilities In millions of AUD	2026	2025
Due for payment in:		
1 year or less	1.3	1.3
1-2 years	1.3	1.0
2-3 years	1.3	0.9
3-4 years	0.5	0.9
4-5 years	0.5	0.1
More than 5 years	0.6	-
	5.5	**4.2**

Recognition and measurement

When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use. The leases recognised by the Group relate to office spaces.

Right-of-use assets (ROU)

The Group recognises ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment testing as part of the Cash Generating Unit (CGU) when indicators of impairment are present.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

14. Intangible assets and goodwill

In millions of AUD	Customer related intangibles	Software - internally generated[1]	Software - acquired	Goodwill	Total
Balance at 1 July 2025	9.1	33.5	1.8	61.1	105.5
Additions	-	4.9	0.6	-	5.5
Amortisation	(2.2)	(6.1)	(0.9)	-	(9.2)
Balance at 30 June 2026	**6.9**	**32.3**	**1.5**	**61.1**	**101.8**
Consolidated					
Balance at 1 July 2024	11.3	32.8	2.7	61.1	107.9
Additions	-	5.5	-	-	**5.5**
Amortisation	(2.2)	(4.8)	(0.9)	-	**(7.9)**
Balance at 30 June 2025	**9.1**	**33.5**	**1.8**	**61.1**	**105.5**
Amortisation policy - straight line over useful life (years)	8	2.5 - 8	3.8 - 8		

1 Additions include the software acquisitions classified as work in progress. At the end of the year, the total value of work in progress was $2.3m (2025: $1.6m).

Customer related intangibles

Customer relationship intangibles acquired as part of a business combination are recognised separately from goodwill. The customer relationships are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses.

Software - internally generated

Software development costs are recognised as an expense when incurred, except to the extent that such costs, together with previous unamortised deferred costs in relation to that project, are expected to provide future economic benefits and to the extent that the Group has control over these assets.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Software - acquired

Software acquired separately, including licences to use externally developed software, is recognised as an intangible asset at cost, comprising the purchase price and any costs directly attributable to preparing the software for its intended use. Following initial recognition, acquired software is carried at cost less accumulated amortisation and any accumulated impairment losses. Costs incurred after the software is available for use, such as maintenance and support, are expensed as incurred.

During the year, the Group acquired Talos software for $0.6m, which has been recognised within Software – acquired and is being amortised over its estimated useful life from the date it was ready for use. There are further milestones as part of the acquisition that may result in further cash outflow.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are arrangements in which the Group does not currently control the underlying software used in the arrangement.

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Company has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are recognised as expenses over the duration of the SaaS contract.

Goodwill

Goodwill arising in a business combination represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed. All business combinations are accounted for by applying the acquisition method. Any contingent consideration is recognised at fair value at the acquisition date. Negative goodwill arising on an acquisition is recognised directly in the income statement. Goodwill is not amortised, and is stated at cost less any accumulated impairment losses. Any impairment losses recognised against goodwill cannot be reversed.

Goodwill relates to the acquisition of Fintelligence and BrokerEngine which occurred in the financial year ended 30 June 2022. Goodwill is calculated as the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed.

Impairment testing

In accordance with the Group's accounting policy, goodwill and indefinite life intangible assets are tested for impairment annually at 30 June each year, or whenever there is an indicator of impairment. At each financial position date, in addition to goodwill, all non-current assets are reviewed for impairment if events or changes in circumstances indicate they may be impaired. When an indicator of impairment exists, the Group makes an assessment of the recoverable amount. An impairment charge is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is determined for an individual asset, unless the asset's recoverable value cannot be estimated as it does not generate cash inflows that are largely independent of those from other assets or group of assets. In this case, the recoverable amount is determined for the CGU, being assets grouped at the lowest levels for which there are separately identifiable cash flows.

Previously impaired assets (excluding goodwill) are reviewed for possible reversal of previous impairment at each reporting date. Impairment reversal cannot exceed the carrying amount that would have been determined (net of depreciation/amortisation) had no impairment charge been recognised for the asset or CGU. Such reversal is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. There were no reversals of impairment in the current or prior year.

The carrying amount has been assessed against the recoverable amount of the Distribution CGU. The acquisition of both Fintelligence and BrokerEngine are critical parts of the AFG Distribution proposition. This is the segment that these businesses align with from an operational point of view.

The recoverable amount has been determined based on a value in use calculation using 5-year financial forecasts. A post tax discount rate of 12.8% (2025: 12.5%) applied to cash flow projections and cash flows beyond the five-year period are extrapolated using a 2.5% growth rate (2025: 2.0%). It was concluded that the carrying value did not exceed the recoverable value and there is large headroom that exists and no reasonably possible change in key assumptions would lead to an impairment. As a result, there was no impairment charge for the year ended 30 June 2026 (2025: nil).

Key assumptions used in the value in use calculations and sensitivity to changes in assumptions:

- Risk-weighted pre-tax discount rate
- Forecast cash flows
- Long term growth rate

15. Trade and other payables

In millions of AUD	2026	2025
Current		
Present value of future trail commissions payable	274.5	255.9
Trade payables	77.4	75.8
Non-trade payables and accrued expenses	26.6	21.1
Other financial liabilities	7.5	-
	386.0	**352.8**
Non-current		
Net present value of future trail commissions payable	866.6	833.5
Other financial liabilities	14.8	-
	881.4	**833.5**
Total trade and other payables	**1,267.4**	**1,186.3**

Trade and other payables are non-interest-bearing and are normally settled on 60-day terms.
The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 23.

Trail commissions payable

The Group pays trail commissions to brokers. This is initially measured at expected value being the net present value of expected future trailing commission payable to brokers.

The trail commissions payable to brokers is determined by using a discounted cash flow valuation. These calculations require the use of assumptions which are determined by management using a variety of inputs including external actuarial analysis of historical runoff information. Refer to Note 24 for details on the key assumptions.

Trade and other payables

All trade and other payables have a remaining life of less than one year and the notional amount is deemed to reflect the fair value.

16. Employee benefits

In millions of AUD	2026	2025
Current		
Salaries and wages	3.5	3.1
Liability for annual leave	1.8	2.0
Liability for long service leave	2.6	2.2
	7.9	**7.3**
Non-current		
Liability for long-service leave	0.1	0.2
	0.1	**0.2**
Total employee benefits	**8.0**	**7.5**

Long-term employee benefits

The Group’s liability in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Consideration is given to the expected future wage and salary levels, and periods of service. The discount rate is the yield at the reporting date on government and high-quality corporate bonds that have maturity dates approximating the terms of the Group’s obligations and that are denominated in the same currency as the Group’s functional currency.

Short-term benefits

A liability is recognised for employee benefits such as wages, salaries and annual leave if the Group has present obligations resulting from employees’ services provided to reporting date. Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term and long-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

17. Provisions

In millions of AUD	2026	2025
Provision for clawbacks[1]	0.4	0.4
Provision for make good	0.4	1.9
	0.8	**2.3**

1 Provision for clawbacks relates to commissions that may be clawed back by lenders in accordance with individual contracts. These potential clawbacks are estimates and a provision raised.

Initial recognition and measurement

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provision for clawbacks on settlements within the period are raised on both commission received and commission payable. Clawbacks will be remeasured each reporting period. Provision for clawbacks relates to commissions that may be clawed back by lenders in accordance with individual contracts. These potential clawbacks are estimated and a provision raised.

18. Contract liabilities

In millions of AUD	2026	2025
Sponsorship income	4.5	6.3
Unearned income	0.3	0.3
	4.8	**6.6**

19. Interest-bearing liabilities

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see Note 23.

In millions of AUD	2026	2025
Current		
Securitisation warehouse facilities	2,625.2	1,910.0
Securitised funding facilities[1]	1,034.5	799.2
Debt facility[2]	-	15.5
	3,659.7	**2,724.7**
Non-current		
Securitisation warehouse facilities	1,462.7	984.0
Securitised funding facilities[1]	2,057.8	1,867.8
Debt facility[2]	66.1	36.4
	3,586.6	**2,888.2**
Total interest-bearing liabilities	**7,246.3**	**5,612.9**

1 Securitised funding facilities include Residential Mortgage-Backed Securities (**RMBS**) and risk retention facilities.
2 Refer to Note 19b below, for changes in debt facility during FY26.

Initial recognition and measurement

Financial liabilities within the scope of AASB 9 are classified as financial liabilities at fair value through profit or loss, or loans and borrowings at amortised cost. The Group determines the classification of its financial liabilities at Initial recognition. All financial liabilities are recognised initially at fair value, in the case of loans and borrowings at amortised cost, net of directly attributable transactions. The Group initially recognises financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group's non-derivative financial liabilities include interest-bearing liabilities and trade and other payables.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset and subsequently amortised over the life of that asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss using the effective interest method.

Subsequent measurement

Subsequent to initial recognition, the interest-bearing loans and borrowings are measured at amortised cost using the effective interest rate method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in respect of the carrying amounts is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In millions of AUD	2026				2025			
	Weighted Average Effective interest rate	Year of maturity	Face value	Carrying amount	Weighted Average Effective interest rate	Year of maturity	Face value	Carrying amount
Warehouse facilities	5.00%	2026-2028	4,087.9	4,087.2	5.49%	2025-2027	2,893.7	2,894.0
Securitised funding facilities	5.00%	2026-2029	3,099.1	3,093.0	5.67%	2025-2028	2,671.0	2,667.0
Debt facility[1]	2.00% + BBSY	2026-2030	66.1	66.1	2.75% + BBSY	2025-2027	51.9	51.9
			7,253.1	**7,246.3**			**5,616.6**	**5,612.9**

1 The Corporate debt facility total is $100.0m, at 30 June 2026, $33.0m is unutilised.

a. Warehouse and Securitised funding facilities

i. Warehouse facilities

The warehouse facilities provide funding for the financing of loans and advances to customers within the SPE and its Series.

The security for advances under these facilities is a combination of fixed and floating charges over all assets of the SPE being loans and advances to customers. If the warehouse facility is not renewed or should there be a default by the trustee under the existing terms and conditions, the warehouse facility funder will not have a right of recourse against the remainder of the Group.

Customer loans and advances are secured against residential properties only. All new Prime loans settled with an LVR of greater than 80% are covered by lenders mortgage insurance. Lenders mortgage insurance contracts are purchased at settlement to cover potential losses on a defaulted loan. Maximum coverage of the Lenders Mortgage Insurance is 100% of the principal of the loan.

As at the reporting date the unutilised securitisation warehouse facility for all Series is $676.0m (2025: $658.4m).

The interest is recognised at an effective rate of 5.00% (2025: 5.49%). As at the reporting date we have six securitisation warehouse facilities, expiring on 12 October 2026, 12 November 2026, 10 December 2026, 12 April 2027, 10 June 2027 and 13 June 2028.

ii. Securitised funding facilities

Secured bond issues

SPE-RMBS were established to provide funding for loans and advances (securitised assets) originated by AFG Securities Pty Ltd. The bond issues have a legal final maturity of 31.5 years from issue, and a weighted average life of up to 5 years based on redemption no later than the Call date defined in each respective issue. The security for loans and advances is a combination of fixed and floating charges over all assets of the SPE-RMBS.

Under the current trust terms, a default by the borrowing customer will not result in the bondholders having a right of recourse against the Group (as Originator, Trust Manager or Servicer). The interest is recognised at a weighted effective rate of 5.00% (2025: 5.67%).

Liquidity facility

Various mechanisms have been put in place to support liquidity within the transaction to support timely payment of interest, including:

- Principal draws (the ability to allocate principal collections to meet interest payments and trust expenses)
- Ability to issue redraw notes for redraws that cannot be covered by normal collections (available principal)
- A liquidity facility being 1%-1.5% of the aggregated invested amount of all notes at that time
- $150k Reserve Account which is an extraordinary expense ledger account
- Available income

Additional credit support includes subordinated credit enhancement held by the Company of $12.8m (2025: $7.4m). During the financial year there were no breaches to the terms of the SPE-RMBS that gave right to the bondholders to demand payment of the outstanding value.

Risk Retention Funding Facilities

In accordance with EU, UK and Japanese Risk Retention Rules, AFG Securities is required to retain a minimum of 5% of all bonds issued under its RMBS programme and S9 Warehouse. To assist with the funding of the purchase of these Bonds, Risk Retention Funding Facilities have been established. As at the reporting date the Group has six Risk Retention Funding Facilities. These facilities are secured by the Bonds held in our RMBS programme and S9 Warehouse, and supported by a guarantee provided by AFG Securities Pty Ltd. Total funding provided in financial year ended 30 June 2026 was $154.9m (2025: $108.6m).

b. Corporate debt facility

On 19 February 2026, the Group entered into a new $100.0 million corporate debt facility agreement with Australia and New Zealand Banking Group Limited and National Australia Bank Limited. The facility has a term of 4 years and bears interest at 2.00% + BBSY. The facility is used to fund ongoing working capital requirements and general corporate purposes of the Group.

The corporate debt facility replaced the Group's previous debt facility with National Australia Bank Limited, entered into on 20 December 2021 and originally used to fund the Fintelligence acquisition, the Group's separate working capital facility. Both of these facilities were repaid and cancelled on completion of the new corporate debt facility.

The balance disclosed in the table above as the debt facility represents the Group's aggregate debt and working capital funding arrangements net of capitalised borrowing costs. The facilities are subject to annual review.

c. Other finance facilities

In millions of AUD	2026	2025
Standby facility	0.3	0.3
Bank guarantee facility	0.9	0.4
Working capital facility	-	20.0
	1.2	**20.7**
Facilities utilised at reporting date		
Standby facility	-	0.1
Bank guarantee facility	0.9	0.4
Working capital facility (included in debt facility above)	-	10.0
	0.9	**10.5**
Facilities not utilised at reporting date		
Standby facility	0.3	0.2
Working capital facility	-	10.0
	0.3	**10.2**

20. Capital and reserves

a. Share capital

The Company	Share capital ($'m)		Number of Ordinary shares (m)	
	2026	2025	2026	2025
On issue at 1 July	102.1	102.1	270.8	270.8
Issue of ordinary shares for Employee Share Scheme	2.4	-	1.0	-
Share cancellation	(3.4)	-	(2.0)	-
On issue at 30 June – fully paid	**101.1**	**102.1**	**269.8**	**270.8**

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity at the time of issuance, net of any related income tax benefit.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid and rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Repurchase of share capital

On 2 June 2026, the Company announced an on-market share buy-back of up to $15.0m by 15 December 2026. Between 18 June 2026 and 30 June 2026, the Company repurchased and cancelled 1,960,260 shares for total consideration of $3.4m at a weighted average price of $1.76.

b. Dividends

	Cents per share	Total Amount ($'m)	Franked	Date of payment
2026				
Final 2025 ordinary	5.3	14.3	100%	8/10/25
1st interim 2026 ordinary	4.7	12.8	100%	27/3/26
		27.1		
2025				
Final 2024 ordinary	4.0	10.9	100%	11/10/24
1st interim 2025 ordinary	3.8	10.3	100%	9/4/25
		21.2		

Declared but not recognised as a liability:

	Cents per share	Total Amount ($'m)	Franked	Date of payment
2026				
Final 2026 ordinary	4.8	13.0	100%	1/10/26
		13.0		

Dividends declared or paid during the year or after 30 June 2026 were franked at the rate of 30%.

Dividends are recognised as a liability in the period in which they are declared.

The ability to utilise the franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation the Company as the head entity in the tax-consolidated group has also assumed the benefit of the franking credits.

21. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of Australian Finance Group Ltd by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of Australian Finance Group Ltd by the weighted average number of ordinary shares during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects in the income and share data used in the basic and dilutive EPS computations:

	2026	2025
Profit attributable to ordinary equity holders of the Company ($m)	48.5	35.0
	Millions	Millions
Weighted average number of ordinary shares for basic EPS	271.6	270.8
Effect of dilution: Performance rights	4.7	5.0
Weighted average number of ordinary shares adjusted for the effect of dilution	**276.3**	**275.8**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these Financial Statements.

22. Share based payments

Executive Rights Plan (Long-Term Incentive Plan)

The Group has in place an Executive Long-Term Incentive Plan (**LTIP**) which grants rights, settled in equity, to certain Executives, subject to the achievement of performance and service requirements. Eligible Executives are granted rights to a value determined by the Board that is benchmarked against direct industry peers and other Australian listed companies of a similar size and complexity. Executives participating in the LTIP will not be required to make any payment for the acquisition of rights.

The LTIP operates in accordance with the terms of the Australian Finance Group Ltd Employee Share Trust Deed, under which the trustee may subscribe for, or acquire, deliver, allocate or hold, shares for the benefit of the participants. Participants will be able to access the relevant taxation concessions available under the Income Tax Assessment Act 1997 (ITAA 1997).

The Board has the full discretion to determine whether some or all of the rights vest or lapse or whether unvested rights remain subject to vesting conditions in the event of a change of control. Refer to section 3.4 of the Remuneration Report for further detail.

Recognition of expense

The grant date fair value of rights is recognised as an employee expense in profit and loss, with a corresponding increase in equity (share-based payment reserve). Rights are subject to a Total Shareholder Return (**TSR**) hurdle (50% of the award) and an Earnings Per Share (**EPS**) hurdle (50% of the award), in addition to continuous service conditions. TSR is a market condition: the likelihood of achieving it is built into the grant date fair value upfront and is not reassessed, the expense is recognised evenly over the three years regardless of TSR outcome. EPS is a non-market condition: the likelihood of achieving it is not built into the grant date fair value, but is instead reassessed each reporting period, with the cumulative expense adjusted accordingly.

Fair value of equity instruments

Performance rights have been independently valued at the date of grant using Monte Carlo simulation methodologies. The weighted average fair value of rights granted during the year was $1.59 (2025: $1.13). The assumptions underlying the share rights valuations are:

Assumptions	2026	2025
Exercise price	nil	nil
Volatility factor	32.5%	35.0%
Risk-free rate	3.4%	4.1%
Dividend yield	4.8%	6.7%

Equity instruments

The following table outlines performance rights that are conditionally issued under the LTIP:

Offer Date	Vesting date	Balance at start of the year	Granted during the year	Vested during the year	Forfeited during the year	Balance at the end of the year
1/7/23	30/6/26	1,305,956	-	893,025	412,931	-
1/7/24	30/6/27	2,153,121	-	-	263,938	1,889,183
1/7/25	30/6/28	-	1,617,128	-	131,500	1,485,628
					Total	**3,374,811**

The July 2023 (FY24) T1, T2 and T3 performance hurdles were met and vested.

23. Financial instruments

a. Financial risk management

Overview

The Group has exposure to credit, liquidity and market risks from the use of financial instruments. This note presents information about the Group's exposure to each of the below risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

b. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Overview

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

Excluding financial institutions on the lender panel, trade and other receivables from other customers are rare given the nature of the Group's business. The Group has assessed its history of losses as well as performing a forward-looking assessment, both of which have not resulted in any historical or expected material forward-looking losses. Group does not require collateral in respect of trade and other receivables. The carrying amount of the Group's financial assets represents the maximum credit exposure.

Contract assets

The Group's contract assets relate mainly to high credit quality financial institutions who are the members of the lender panel. New panel entrants are subject to commercial due diligence prior to joining the panel. The Group bears the risk of non-payment of future trail commissions by lenders (contract assets) should they not maintain solvency. However, should a lender not meet its obligations as a debtor then the Group is under no obligation to pay out any future trail commissions to brokers.

The majority of the Group's net present value of future trail commission receivables is from counterparties that are rated between AA- and A-. The following table provides information on the credit ratings at the reporting date according to the S&P's counterparty credit with AAA and BBB being respectively the highest and the lowest possible ratings. An impairment assessment using forward-looking assumptions has been undertaken.

In millions of AUD	Current	Non-Current	Current	Non-Current
Standard & Poor's Credit rating	**2026**	**2026**	**2025**	**2025**
AA-	197.3	614.7	186.2	603.8
A+	48.8	151.9	29.4	95.4
A-	7.6	23.7	19.1	62.0
BBB+	14.0	43.6	15.7	50.7
BBB	9.0	27.9	5.6	18.3
BBB-	0.3	1.1	-	-
Not rated	18.7	66.8	21.2	68.8
	295.7	**929.7**	**277.2**	**899.0**

Loans and advances

To mitigate exposure to credit risk on loans and advances, the Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate.

The Group's loans and advances relate mainly to loans advanced through its residential mortgage securitisation programme. Credit risk management is linked to the origination conditions externally imposed on the Group by the warehouse facility provider including geographical limitations. As a consequence, the Group has no significant concentrations of credit risk. The Group has established a credit quality review process to provide early identification of possible changes in credit worthiness of counterparties by the use of internal analytics and external credit agencies, which assigns each counterparty a risk rating. Risk ratings are subject to regular review.

The Group's maximum exposure is the carrying amount of the loans, net of any impairment losses. All residential loans with a loan to value ratio of greater than 80% are subject to a lenders mortgage insurance contract.

The Group's maximum exposure to credit risk for loans and advances at the reporting date by customer type are summarised as follows:

	Carrying Amount	
In millions of AUD	**2026**	**2025**
Customer type		
Residential mortgage borrowers	7,102.0	5,480.1
Mortgage brokers	-	0.2
Other	44.4	13.4
	7,146.4	**5,493.7**

Residential mortgage borrowers

The Group minimises credit risk by obtaining security over residential mortgage property for each loan. The estimated value of collateral held at balance date 30 June 2026 was $13,009.1m (2025: $10,249m). During the year ended 30 June 2026 the Group took possession of three residential securities, one of which was sold during the financial year. No shortfall was recorded on the sale, as sales proceeds exceeded the outstanding loan balance.

In monitoring the credit risk, mortgage securitisation customers are grouped according to their credit characteristics using credit risk classification systems. This includes the use of the Loan to Value Ratio (**LVR**) to assess its exposure to credit risk from loans originated through the securitisation programme.

The table below summarises the Group's exposure to Residential mortgage borrowers by current LVR, with the valuation used determined as at the time of settlement of the individual loan. The ECL model considers the different risk profiles across the different loan portfolios. The assumptions applied are the same across the portfolios.

	Carrying Amount	
In millions of AUD	**2026**	**2025**
Loan to value ratio		
Greater than 95%	6.7	-
Between 90%-95%	115.4	53.1
Between 80%-90%	990.1	677.5
80% or less	5,989.8	4,749.5
	7,102.0	**5,480.1**

Expected credit loss (ECL)

The ECL provision was $4.6m for the year ended 30 June 2026 (2025: $3.8m). The ECL model considers interest rates, property price performances and unemployment rates. Proactive management has resulted in arrears remaining low. The loan book is 100% variable interest rate, this allows for a quick response to changing market conditions and no exposure to the rate increase confronting customers as they reach the end of their fixed term loans. All loans originated above 80% LVR require individual Lender's Mortgage Insurance (**LMI**) policies, with LMI underwritten on a per loan basis by the LMI insurer. This results in 100% of the balance being insured. There were no losses incurred in the reporting period.

Given market volatility, changes may arise to the estimates and outcomes that have been applied in the measurement of the Group assets and liabilities in the future. A summary of the Group's ECL provision is as follows:

Year ended 30 June 2026

In millions of AUD	ECL rate	Basis of recognition ECL Provision	Estimated gross carrying amount at default	Carrying amount (net of impairment provision)	Basis for calculation of interest revenue
Performing	0.04%	12 month expected losses	6,816.0	6,812.8	Gross carrying amount
Underperforming	0.12%	Lifetime expected losses	184.9	184.7	Gross carrying amount
Non-performing	1.14%	Lifetime expected losses	101.1	99.9	Amortised cost
Write-off	-	Asset is written-off	-	-	None
Total loans			**7,102.0**	**7,097.4**	

Year ended 30 June 2025

In millions of AUD	ECL rate	Basis of recognition ECL Provision	Estimated gross carrying amount at default	Carrying amount (net of impairment provision)	Basis for calculation of interest revenue
Performing	0.05%	12 month expected losses	5,214.8	5,212.1	Gross carrying amount
Underperforming	0.11%	Lifetime expected losses	159.2	159.0	Gross carrying amount
Non-performing	0.84%	Lifetime expected losses	106.1	105.2	Amortised cost
Write-off	-	Asset is written-off	-	-	None
Total loans			**5,480.1**	**5,476.3**	

In millions of AUD	Performing	Underperforming	Non-performing	Write-offs	Total
Opening loss allowance as at 1 July 2025	2.7	0.2	0.9	-	3.8
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(0.1)	0.1	-	-	-
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(0.3)	-	0.3	-	-
New financial assets originated or purchased, write-offs, recoveries and other changes	0.8	-	-	-	0.8
Closing loss allowance as at 30 June 2026	**3.1**	**0.3**	**1.2**	**-**	**4.6**

In millions of AUD	Performing	Underperforming	Non-performing	Write-offs	Total
Opening loss allowance as at 1 July 2024	2.4	0.2	0.7	-	3.3
Individual financial assets transferred to under-performing (lifetime expected credit losses)	-	-	-	-	-
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(0.2)	-	0.2	-	-
New financial assets originated or purchased, write-offs, recoveries and other changes	0.5	-	-	-	0.5
Closing loss allowance as at 30 June 2025	**2.7**	**0.2**	**0.9**	**-**	**3.8**

In millions of AUD	2026	2025
Performing	6,816.0	5,214.8
Underperforming	184.9	159.2
Non-performing	101.1	106.1
Loans written-off	-	-
Total gross loans and advances	**7,102.0**	**5,480.1**
Less loan loss allowance	(4.6)	(3.8)
Loans and advances net of ECL as at 30 June	**7,097.4**	**5,476.3**

In millions of AUD	2026	2025
Opening loss allowance as at 1 July	3.8	3.3
Stage 1 movement	0.4	0.3
Stage 2 movement	0.1	-
Stage 3 movement	0.3	0.2
Closing loss allowance as at 30 June	**4.6**	**3.8**

The Group applies the model under AASB 9 Financial Instruments. This applies to contract assets and financial assets measured at amortised cost.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). It consists of three components:

- Probability of Default (**PD**): represents the possibility of a default over the next 12 months and remaining lifetime of the financial asset
- A Loss Given Default (**LGD**): expected loss if a default occurs, taking into consideration the mitigating effect of collateral assets and time value of money
- Exposure at Default (**EAD**): the expected loss when a default takes place

The Group has applied the three-stage model based on the change in credit risk since initial recognition to determine the loss allowances of its loans and advances. The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since Initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. If the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group measures the loss allowance for that financial instrument at an amount equal to a 12-month ECL.

The Group has assessed the loans and advances (securitised assets) and recognised the ECL for these assets.

Stage 1: 12-month ECL

At initial recognition, ECL is collectively assessed and measured by classes of financial assets with the same level of credit risk based on the PD within the next 12 months and LGDs with consideration to forward-looking economic indicators. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Stage 2: Lifetime ECL

When the Group determines that there has been a significant increase in credit risk since Initial recognition but not considered to be credit impaired, the Group recognises a lifetime ECL calculated as a product of the PD for the remaining lifetime of the financial asset and LGD, with consideration to forward-looking economic indicators. Similar to Stage 1, loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Stage 3: Lifetime ECL - credit impaired

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For financial assets that have been assessed as credit impaired, a lifetime ECL is recognised as a collective or specific provision, and interest revenue is calculated in subsequent reporting periods by applying the effective interest rate to the amortised cost instead of the carrying amount.

When determining whether the credit risk of a financial asset has increased significantly since Initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment including forward-looking information.

As part of the forward-looking assessment, the Group has considered:

- Actual or expected adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations such as market interest rates, unemployment rates or property growth rates are incorporated in the model
- External (if available) credit ratings
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the quality of the underwriter
- Standard & Poor's (**S&P**) assumptions such as first home buyer, occupancy, employment type, geographical concentration, principal and interest and interest only

In addition to the above, the Group has considered the impact of interest rates, property price performances and unemployment rates in preparing the ECL.

As part of this assessment the Group has considered:

- Increased probability weightings for downside cases
- Staging for borrowers who have asked for a deferral of mortgage payments

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Definition of Category	Basis for recognition of ECL provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses
Doubtful	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
In default	Interest and/or principal repayments are 90 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are past due and there is no reasonable expectation of recovery	Asset is written off

Changes to the estimates and outcomes that have been applied in the measurement of the Group assets and liabilities may arise in the future. Given economic uncertainty in the market and the flow on effect to unemployment rates, interest rates and property prices and therefore probability of default, the final probability of default was calculated as the maximum of:

- The probability of default calculated using S&P methodology
- The probability of default floor based on days past due
- The probability of default floor based on restructuring status, which takes into account any hardship arrangements.

The Group assumes the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have a low credit risk at the reporting date. A financial instrument is determined to have a low credit risk if:

- The financial instrument has a low risk of default
- The debtor has a strong capacity to meets its contractual cash flow obligation in the near term
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Securitisation assets

Loans and advances of SPEs: the Group is required to provide the warehouse facility provider with a level of subordination or credit support. The Group's maximum exposure to credit risk on securitised loans at reporting date is the carrying amount of subordinated notes.

The SPE-RMBS loans and advances: under the current trust terms, a default by the customers will not result in the bond holders having a right of recourse against the Group (as Originator, Trust Manager or Servicer). Importantly, all residential mortgages under SPE-RMBS with an LVR exceeding 80% are insured by a lender's mortgage insurance contract which covers 100% of the principal. No impairment loss was recognised during 2026 relating to securitisation assets (2025: nil).

Other secured loans

The Group has minimal exposure to credit risk for other secured loans made during the year. No impairment loss was recognised during 2026 for other secured loans (2025: nil).

c. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. To limit this risk, the Group manages assets with liquidity in mind, and monitors future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group.

Within the special purpose entities, the Group also maintains sufficient cash reserves to fund redraws and additional advances on existing loans.

The following are the contractual maturities of financial liabilities based on undiscounted payments, including estimated interest payments and excluding the impact of netting agreements for the Group:

Year ended 30 June 2026

In millions of AUD	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Securitisation warehouse facilities	4,087.9	4,100.8	1,319.0	1,319.1	1,462.7	-	-
Secured funding facilities	3,092.3	3,010.1	500.3	500.3	668.0	942.4	399.1
Net present value of future trail commissions payable	1,163.4	1,308.7	178.5	158.4	260.1	452.7	259.0
Debt facility	66.1	66.1	66.1	-	-	-	-
Trade and other payables	104.0	104.0	104.0	-	-	-	-
Lease liability	5.5	5.0	0.9	0.8	1.7	1.6	-
	8,519.2	**8,594.7**	**2,168.8**	**1,978.6**	**2,392.5**	**1,396.7**	**658.1**

Year ended 30 June 2025							
In millions of AUD	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Securitisation warehouse facilities	2,894.0	2,921.1	1,252.6	684.5	984.0	-	-
Secured funding facilities	2,667.0	2,579.6	388.0	388.1	542.7	830.0	430.8
Net present value of future trail commissions payable	1,089.4	1,228.6	163.2	145.4	240.3	427.4	252.3
Debt facility	51.9	51.6	12.6	2.6	5.3	31.1	-
Trade and other payables	96.9	96.9	96.9	-	-	-	-
Lease liability	4.2	5.0	0.9	0.7	1.3	2.1	-
	6,803.4	**6,882.8**	**1,914.2**	**1,221.3**	**1,773.6**	**1,290.6**	**683.1**

The obligation in respect of the net present value of future trail commission only arises if and when the Group receives the corresponding trail commission revenue from the lenders. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Securitisation warehouse facilities

Secured bond issuances are based on expected cashflows rather than contractual cashflows as each must be repaid to secured bondholders on receipt of funds from underlying mortgage customers. The warehouse facilities are short term funding facilities that are generally renewable bi-annually or annually. If the warehouse facility is not renewed or should there be a default by the trustee under the existing terms and conditions, the warehouse facility funder will not have a right of recourse against the remainder of the Group. Should the warehouse facility not be renewed then the maximum exposure to the Group would be the loss of future income streams from the net interest margin, being the difference between the mortgage rate and the underlying cost of funds and inability to fund new loans.

The expiry dates of the Group's warehouse facilities are disclosed in Note 19.

Securitised funding facilities

The securities are issued by the SPE-RMBS with an expected weighted average life of 3 to 5 years. They are 'pass through' securities that may be repaid early (at the call date) by the issuer (the Group) in certain circumstances. The above maturity assumes that the securities will be paid at the securities call date.

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i. Interest rate risk

Interest rate risk is the risk to the Group's earnings and equity arising from movements in interest rates. Positions are monitored on an ongoing basis to ensure risk levels are maintained within established limits.

The Group's most significant exposure to interest rate risk is on the interest-bearing loans within the SPE which fund the residential mortgage securitisation programme. To minimise its exposure to increases in cost of funding, the Group only lends monies on variable interest rate terms. Should there be changes in pricing the Group has the option to review its position and offset those costs by passing on interest rate changes to the end customer.

The table below summarises the profile of the Group's interest-bearing financial instruments and contract assets at reporting date.

	Carrying Amount	
In millions of AUD	**2026**	**2025**
Fixed rate instruments[1]		
Contract assets	1,225.4	1,176.2
Financial liabilities	(1,141.1)	(1,089.4)
	84.3	**86.8**
Variable rate instruments		
Cash and cash equivalents	245.4	223.8
Other secured loans	-	0.2
Securitised assets	7,146.4	5,493.5
Financial liabilities	(7,246.3)	(5,612.9)
	145.5	**104.6**

1 Discount rate for trail commission receivable and payable is fixed for the life of the loan

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2026 and 2025.

	After tax profit/carrying amount change	
In millions of AUD	**100bp increase**	**100bp decrease**
30 June 2026		
Variable rate financial assets	51.7	(51.7)
Variable rate financial liabilities	(50.7)	50.7
Net cash flow sensitivity	**1.0**	**(1.0)**
30 June 2025		
Variable rate financial assets	40.0	(40.0)
Variable rate financial liabilities	(39.3)	39.3
Net cash flow sensitivity	**0.7**	**(0.7)**

ii. Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected.

Net present value of contract assets and future trail commissions payable

The Group's key exposure relates to the net present value of contracts assets and future trail commissions payable. The Group uses regression models to project the impact of varying levels of prepayment on its net income. The model makes a distinction between the different reasons for repayment and takes into account the effect of any prepayment penalties. The model is back tested against actual outcomes.

For the loans and advances within the SPE and SPE-RMBS, the Group minimises the prepayment risk by passing back all principal repayments to the warehouse facility providers and bondholders.

Sensitivity analysis

Management have engaged the use of actuaries for the purposes of reviewing the run-off rate of the loans under management. Management has used a 48-month rolling average run-off rate in our assumptions. Management does not expect the run-off rate to change in excess of 10% positive or 10% negative of the rates shown in the actuarial analysis performed on AFG's historical loan data. The change estimate is calculated based on historical movements of the prepayment rate.

The effect from changes in prepayment rates, with all other variables held constant, is as follows:

	2026		2025	
In millions of AUD	**+10%**	**-10%**	**+10%**	**-10%**
After tax profit	(5.8)	6.2	(6.1)	6.5

Securitised assets

The warehouse facilities and the securitised funding facilities funding the securitisation operations are 'pass through' funding facilities in nature. all principal amounts prepaid by residential mortgage borrowers are passed through to the warehouse facility provider or the bond holders as part of the monthly payment terms. Consequently, the Group has no material exposure to prepayment risk on its securitised assets.

iii. Other market risks

The Group is exposed to an increase in the level of credit support required within its securitisation programme arising from changes in the credit rating of mortgage insurers used by the SPE, and the composition of the available collateral held. The Group regularly reviews and reports on the credit ratings of those insurers as well as the Company's maximum cash flow requirements should there be any adverse movement in those credit ratings.

iv. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity and net debt and aims to maintain a capital structure that ensures the most appropriate cost of capital available to the Group. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The SPEs are subject to the external requirements imposed by the warehouse facility providers. The terms of the warehouse facilities provide a mechanism for managing the lending activities of the SPE and ensure that all outstanding principal and interest is paid at the end of each reporting period. Similarly, the SPE-RMBS are subject to external requirements imposed by the bondholders and the rating agencies.

The terms of the RMBS transactions provide a mechanism for ensuring that all outstanding principal and interest is paid at the end of each reporting period. There were no breaches of the covenants or funding terms imposed by the warehouse and RMBS transactions in the current period. AFG Securities Pty Ltd is subject to externally imposed minimum capital requirements by the ASIC in accordance with the conditions of their Australian Financial Services Licence.

24. Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. The different levels have been defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

The table below reflects the fair value of the trail commission payable, non-current loans and advances and non-current securitised funding facilities. The carrying amount of all the other financial assets and liabilities recognised in the Consolidated Statement of Financial Position approximate their fair value due to their short-term nature.

	2026		2025	
In millions of AUD	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Non-current loans and advances	4,764.7	4,213.8	3,836.6	3,441.2
Future trailing commission contract asset[1]	1,225.4	778.6	1,176.2	1,170.7
Financial liabilities				
Future trailing commission payable[1]	1,141.1	723.4	1,089.4	1,111.2
Non-current securitised funding facilities	3,520.5	3,195.2	2,831.9	2,539.3
Non-current debt facility	66.1	57.7	36.4	31.1

1 5% discount rate is applied to the fair value calculations. Run off rate and pay out percentage remain consistent with the carrying value calculation assumptions.

Loans and advances

The fair values of loans and advances are estimated using a discounted cash flow analysis, based on current lending rates for similar types of lending arrangements ranging from 5.9% to 10.1% (30 June 2025: 5.0% to 9.8%).

For the purpose of fair value disclosure under AASB 13 Fair value Measurement (**AASB 13**), the loans and advances would be categorised as a level 3 asset where the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Future trailing commission

The trail commission assets and liabilities at 30 June 2026 relate to the Residential, Commercial and the AFGHL white label loan books.

Trailing commissions are received from lenders on settled loans over the life of the loan based on the loan book balance outstanding if the respective loans are in good order and not in default. The Group is entitled to the trailing commissions without having to perform further services. The Group also makes trailing commission payments to members when trailing commission is received from lenders. Trail commissions are actuarially assessed on future cashflow based on a number of assumptions including estimated loan life, discount rate, payout ratio and income rate. The valuation is classified as level 3 in the fair value measurement hierarchy.

The movement in the future trail commission balances for the period are mostly attributable to the growth of the respective trail books over the financial year as opposed to any significant changes in the assumptions applied.

The fair value of trailing commission contract asset from lenders and the corresponding payable to members is determined by using a discounted cash flow valuation. These calculations require the use of assumptions at the Initial recognition of the trail commission on new tranche, which are determined by management, reviewed by external actuaries, by reference to market observable inputs. The valuation is classified as level 3 in the fair value measurement hierarchy.

The key assumptions/inputs underlying the carrying value calculations of trailing commission receivable and the corresponding payable to members at the reporting date is summarised in the following table:

	2026	2025
Average loan life	Between 3.5 and 4.1 years	Between 3.6 and 4.2 years
Discount rate per annum	Between 4.0% and 13.5%	Between 4.0% and 13.5%
Percentage paid to brokers	Between 76.5% and 96.3%	Between 78.3% and 96.1%

Securitised funding facilities

The fair value of securitised funding facilities are estimated using discounted cash flow analysis, based on current borrowing rates for similar types of borrowing arrangements ranging from 5.2% to 6.1% (30 June 2025: 5.3% to 6.8%). For the purposes of fair value disclosure under AASB 13, the subordinated notes would be categorised as a level 3 liability where the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Refer to Note 3 for the amortised cost and effective interest method.
Refer to Note 19 for the initial recognition, measurement and derecognition.

25. Group entities

The ultimate parent entity of the Group is Australian Finance Group Ltd. The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities, that were held in both the current and prior period unless otherwise stated:

			Percentage Ownership	
	Entity type	Country of Incorporation/ Tax Residency	2026	2025
Parent entity				
Australian Finance Group Ltd	Company	Australia	100	100
Significant subsidiaries				
Australian Finance Group (commercial) Pty Ltd	Company	Australia	100	100
Australian Finance Group Securities Pty Ltd	Company	Australia	100	100
AFG Securities Pty Ltd	Company	Australia	100	100
AFG Home Loans Pty Ltd	Company	Australia	100	100
AFG Broker Investments Pty Ltd	Company	Australia	100	100
AFG 2010-1 Trust	Trust	Australia	100	100
AFG 2010-2 Pty Ltd	Company	Australia	100	100
AFG 2010-3 Pty Ltd	Company	Australia	100	100
AFG 2021-2 Trust[1]	Trust	Australia	-	100
AFG 2022-1 NC Trust	Trust	Australia	100	100
AFG 2022-1 Trust[1]	Trust	Australia	-	100
AFG 2022-2 Trust[1]	Trust	Australia	-	100
AFG 2023-1 Trust	Trust	Australia	100	100
AFG 2024-1 Trust	Trust	Australia	100	100
AFG 2025-1 NC Trust	Trust	Australia	100	100
AFG 2025-1P Trust	Trust	Australia	100	100
AFG 2010-4 Pty Ltd	Company	Australia	100	100
AFG 2025-1 Trust[2]	Trust	Australia	100	-
AFG 2010-5 Pty Ltd[2]	Company	Australia	100	-
AFG 2026-1 Trust[2]	Trust	Australia	100	-
AFG 2010-6 Pty Ltd[2]	Company	Australia	100	-
Australian Finance Group Ltd Employee Share Trust	Trust	Australia	100	100
Mortgage Brokers Software Pty Ltd	Company	Australia	100	100
Mortgage Processing Services Pty Ltd	Company	Australia	100	100
National Finance Alliance Pty Ltd	Company	Australia	100	100
Credit Concierge Pty Ltd	Company	Australia	100	100
Broli Finance Pty Ltd	Company	Australia	100	100
Fintelligence Pty Ltd	Company	Australia	100	100
Zebrafi Pty Ltd	Company	Australia	100	100

1 Trust deregistered during the year ended 30 June 2026.
2 Trust or company incorporated during the year ended 30 June 2026.

Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

When the Group has less than a majority of the voting rights or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Right arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair values of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interests. All the amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group has directly disposed of the related assets and liabilities of the subsidiary.

Special purpose entities

Special purpose entities (**SPE**) are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity. The Group holds capital and residual units in these respective special purpose entities.

The Group has established the following special purpose entities to support the specific funding needs of the Group's securitisation programme:

- AFG 2010-1 Trust and its Series to conduct securitisation activities funded by short term warehouse facilities provided by warehouse and related mezzanine facility providers.
- AFG AFG 2022-1NC Trust, AFG 2023-1 Trust, AFG 2024-1 Trust, AFG 2025-1NC Trust, 2025-1P, 2025-1 and AFG 2026-1 Trust to hold securitised assets and issue Residential Mortgage-Backed Securities (**RMBS**).
- AFG 2010-2 Pty Ltd, AFG 2010-3 Pty Ltd, AFG 2010-4 Pty Ltd, AFG 2010-5 Pty Ltd and AFG 2010-6 Pty Ltd to hold and fund investments in RMBS to meet risk retention requirements.
- The special purpose entities meet the criteria of being controlled entities under AASB 10 – Consolidated Financial Statements.

The elements indicating control include, but are not limited to, below:

- The Group has existing rights that gives it the ability to direct relevant activities that significantly affect the special purpose entities' returns.
- The Group is exposed, and has rights, to variable returns from its involvement with the special purpose entities.
- The Group has all the residual interest in the special purpose entities.
- Fees received by the Group from the special purpose entities vary on the performance, or non-performance, of the securitised assets.
- The Group has the ability to direct decision making accompanied by the objective of obtaining benefits from the special purpose entities' activities.

As a result, the Company controls the SPE and on consolidation the underlying loans and notes issued are recognised as assets and liabilities. Interest on loans is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Additional disclosures with respect to Consolidated Structured Entities

Subscription of Subordinated Notes within the Trust Structures

As part of the funding arrangement for the Group's securitisation business the Company has subscribed for the subordinated note in each of the independent funding structures. These notes represent the first loss position for each of the securitisation vehicles. In the event that a loss is incurred in the relevant structure, then the balance of subordinated note is first applied against such losses. A loss would only be incurred within the respective Trust in the event that the Sale of the underlying security was not sufficient to cover the loan balance, there was no mortgage insurance policy in existence and the loss could not be covered out of the excess spread generated by the respective Trust.

The weighted average loan to value ratio of all outstanding loans as at time of settlement was below 70% and as at year end, approximately 10% (2025: 9%) of the loans (in dollar value) have a lenders mortgage insurance policy which have been individually underwritten by a mortgage insurer. With respect to those loans which do not have mortgage insurance, the weighted average loan to value ratio for all of these loans is 65.9% (2025: 65.3%).

At no point since the inception of the securitisation business has the subordinated note been required to be accessed to cover any lending losses within the respective trusts.

In millions of AUD	2026	2025
Subordinated notes held in AFG 2010-1 Trust and Series[1]	30.4	27.5
Subordinated notes held in SPE-RMBS trusts following a term transaction:		
AFG 2022-1 NC	0.8	0.7
AFG 2024-1	2.4	2.4
AFG 2025-1NC	3.3	2.8
AFG 2025-1P	1.5	1.5
AFG 2025-1[2]	2.0	-
AFG 2026-1[2]	2.8	-

1 The level of subordination subscribed by the Company will increase or decrease over time depending upon a number of factors including the size of the warehouse or RMBS term structure as well as the ratings methodology used for these warehouse facilities.
2 Trust or company incorporated during the year ended 30 June 2026.

Other

Holders of RMBS are limited in their recourse to the assets of the Securitisation Vehicle (subject to limited exceptions). AFG Group companies may however incur liabilities in connection with RMBS which are not subject to the limited recourse restrictions (for example where an AFG Group company acts as a trust manager or servicer of a Securitisation Vehicle).

26. Parent entity

In millions of AUD	2026	2025
Results of the parent entity		
Profit for the period	48.5	16.5
Total comprehensive income for the period	**48.5**	**16.5**
Financial Position of parent entity at year end		
Current assets	118.9	139.9
Total assets	**1,809.6**	**1,510.1**
Current liabilities	133.5	191.0
Total liabilities	**1,678.0**	**1,398.4**
Total equity of the parent entity comprising of:		
Share capital	103.8	102.1
Reserves	7.7	8.2
Retained earnings	20.1	1.4
Total equity	**131.6**	**111.7**

Parent entity guarantees in respect of debts of its subsidiaries

Refer to Note 27 for the parent entity capital and other commitments.

Contingent liabilities

Refer to Note 28 for the contingencies information.

27. Capital and other commitments

At 30 June 2026 the consolidated entity had commitments of $0.4m (2025: $0.4m) for capital development.

28. Contingencies

Third Party Guarantees

Bank guarantees have been issued by third party financial institutions on behalf of the Group and its subsidiaries for items in the normal course of business such as lease contracts. The amounts involved are not considered to be material to the Group.

Other than above, no material claims against these warranties have been received by the Group at the date of this report, and the Directors are of the opinion that no material loss will be incurred.

29. Related parties

a. Other related parties

A number of key management personnel held positions in other entities that result in them having control over the financial or operating policies of these entities.

The terms and conditions of the transactions with the other related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. The aggregate amounts recognised during the year relating to other related parties were as follows:

Greenlane Group Pty Ltd (formerly Establish Property Group Ltd) (**Greenlane**) was created as part of the de-merger of AFG's property business prior to listing on the ASX on 22 April 2015. Directors of Greenlane include B. McKeon, D. Bailey and L. Bevan.

Until 3 October 2025, AFG's head office was located at 100 Havelock Street West Perth. AFG leased the premises at commercial arm's length rates from an investee of Greenlane, Qube Havelock Street Development Pty Ltd (**Qube**). AFG paid rent and make good payments of $1.3m to Qube (2025: $1.3m) for the head office lease. These payments are not considered to be material to the financial results of the Group and therefore did not impact Mr B. McKeon's duties as a Director.

b. Compensation of key management personnel of the Group

In thousands of AUD	2026	2025
Short term employment benefits	3,415	3,105
Post-employment pension and medical benefits	92	98
Share-based payment transactions	1,372	620
Other long-term benefits	27	31
Total compensation of key management personnel of the Group	**4,906**	**3,854**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

c. Subsidiaries

Loans are made by the parent entity to wholly owned subsidiaries to fund working capital. Loans outstanding between the Company and its subsidiaries are unsecured, have no fixed date of repayment and are non-interest bearing. Interest-free loans made by the parent entity to all its subsidiaries are payable on demand.

d. Associates

In millions of AUD	2026		2025	
	Commissions from related parties	Commissions to related parties	Commissions from related parties	Commissions to related parties
Associate				
Thinktank	8.0	-	7.0	-
MAB	-	5.6		1.3
Lifespan	-	2.9	-	-
Empower	-	11.0	-	-
Loan Path	-	1.9	-	-
Network Finance	-	1.2	-	-
TS Finance	-	1.0	-	-

The amounts disclosed in the table are the amounts recognised as commission income and commission expense during the reporting period related to associates.

30. Subsequent events

On 19 August 2026, the Directors recommended the payment of a dividend of 4.8 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The dividend has a record date of 1 September 2026 and a payment date of 1 October 2026. The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 30 June 2026 is $13.0m. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2026.

There has not been any matter or circumstance, other than that referred to in the financial statements or notes there to, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

31. Auditors' remuneration

In thousands of AUD	2026	2025
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	498.6	547.6
Fees for assurance services that are required by legislation provided by the auditor	207.5	83.7
Fees for other assurance services where there is discretion as to whether the service is provided by the auditor or another firm - regulatory sustainability report audit service	110.0	-
Fees for other assurance services where there is discretion as to whether the service is provided by the auditor or another firm - agreed upon procedures	-	48.0
Fees for other services - advisory services	465.3	-
Total fees to Ernst & Young (Australia)	**1,281.4**	**679.3**
Fees to other overseas member firms of Ernst & Young (Australia)	-	-
Total fees to Ernst & Young	**1,281.4**	**679.3**

Consolidated Entity Disclosure Statement

The ultimate parent entity of the Group is Australian Finance Group Ltd. The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities, that were held in both the current and prior period unless otherwise stated:

			Percentage Ownership	
	Entity type	Country of Incorporation/ Tax Residency	2026	2025
Parent entity				
Australian Finance Group Ltd	Company	Australia	100	100
Significant subsidiaries				
Australian Finance Group (commercial) Pty Ltd	Company	Australia	100	100
Australian Finance Group Securities Pty Ltd	Company	Australia	100	100
AFG Securities Pty Ltd	Company	Australia	100	100
AFG Home Loans Pty Ltd	Company	Australia	100	100
AFG Broker Investments Pty Ltd	Company	Australia	100	100
AFG 2010-1 Trust	Trust	Australia	100	100
AFG 2010-2 Pty Ltd	Company	Australia	100	100
AFG 2010-3 Pty Ltd	Company	Australia	100	100
AFG 2021-2 Trust[1]	Trust	Australia	-	100
AFG 2022-1 NC Trust	Trust	Australia	100	100
AFG 2022-1 Trust[1]	Trust	Australia	-	100
AFG 2022-2 Trust[1]	Trust	Australia	-	100
AFG 2023-1 Trust	Trust	Australia	100	100
AFG 2024-1 Trust	Trust	Australia	100	100
AFG 2025-1 NC Trust	Trust	Australia	100	100
AFG 2025-1P Trust	Trust	Australia	100	100
AFG 2010-4 Pty Ltd	Company	Australia	100	100
AFG 2025-1 Trust[2]	Trust	Australia	100	-
AFG 2010-5 Pty Ltd[2]	Company	Australia	100	-
AFG 2026-1 Trust[2]	Trust	Australia	100	-
AFG 2010-6 Pty Ltd[2]	Company	Australia	100	-
Australian Finance Group Ltd Employee Share Trust	Trust	Australia	100	100
Mortgage Brokers Software Pty Ltd	Company	Australia	100	100
Mortgage Processing Services Pty Ltd	Company	Australia	100	100
National Finance Alliance Pty Ltd	Company	Australia	100	100
Credit Concierge Pty Ltd	Company	Australia	100	100
Broli Finance Pty Ltd	Company	Australia	100	100
Fintelligence Pty Ltd	Company	Australia	100	100
Zebrafi Pty Ltd	Company	Australia	100	100

1 Trust deregistered during the year ended 30 June 2026.
2 Trust or company incorporated during the year ended 30 June 2026.

Directors' Declaration

For the Year ended 30 June 2026

In accordance with a resolution of the Directors of Australian Finance Group Ltd, I state that:

In the opinion of the Directors:

a. The Financial Statements and Notes to the Financial Statements of Australian Finance Group Ltd are in accordance with the Corporations Act 2001, including:

   (i) Giving a true and fair view of the Consolidated entity's Financial Position as at 30 June 2026 and of its performance for the year ended on that date;

   (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b. The Financial Statements and Notes to the Financial Statements also comply with International Financial Reporting Standards.

c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

d. The consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.

The Directors have been given the declarations by the Chief Executive Officer required by Section 295A of the Corporations Act 2001.

On behalf of the Board

Greg Medcraft
Chair

Perth, Western Australia
19 August 2026

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Independent auditor's report to the members of Australian Finance Group Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Australian Finance Group Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2026 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Provision for expected credit losses on loans and advances

Why significant	How our audit addressed the key audit matter
As disclosed in Notes 11 and 23, the Group recognised an expected credit loss (ECL) allowance of $4.6 million at 30 June 2026 against loans and advances of approximately $7.1 billion. The allowance is determined in accordance with AASB 9 *Financial Instruments* using an expected credit loss model that incorporates probability of default (PD), loss given default (LGD), exposure at default (EAD), impairment staging and forward-looking economic information. The determination of the ECL allowance involved significant judgement, including the assessment of significant increases in credit risk, impairment staging, PD, LGD and EAD assumptions, and the incorporation of forward-looking economic information. Management also considered whether additional provision adjustments were required for risks not otherwise captured by the model, including higher-risk lending segments. These adjustments involved judgement and were not determined through a separate overlay model. This was a key audit matter due to the size of the loan portfolio and the judgement involved in estimating expected credit losses, including the sensitivity of the allowance to changes in credit risk and relevant economic assumptions.	Our audit procedures included the following: We assessed: ▪ The Group's expected credit loss methodology for consistency with the requirements of AASB 9; ▪ The design and implementation of relevant controls over loan data, credit risk monitoring and impairment calculations; ▪ The completeness and accuracy of key loan data used in the expected credit loss calculations, including loan balances, arrears status, staging attributes and other relevant credit risk data; ▪ The appropriateness of the criteria used to identify significant increases in credit risk and classify loans between impairment stages; ▪ The reasonableness of key assumptions used in the expected credit loss model, including PD, LGD and EAD assumptions; ▪ The reasonableness of forward-looking economic assumptions incorporated into the expected credit loss calculations; ▪ The mathematical accuracy of the expected credit loss calculations; ▪ Management's rationale, consistency of application and supporting evidence for additional provision adjustments recognised at year end, including the completeness and accuracy of the higher-risk lending population used to determine those adjustments; and ▪ The adequacy of the related financial statement disclosures.

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Recognition and measurement of trail commission receivable and payable

Why significant	How our audit addressed the key audit matter
As disclosed in Notes 10, 15 and 24, the Group recognised a contract asset representing the expected value of future trail commission receivable in accordance with AASB 15 *Revenue from Contracts with Customers*, and a corresponding trail commission payable recognised under AASB 9 *Financial Instruments*, representing the net present value of future trail commissions payable by the Group. The recognition and measurement of these balances involved significant judgement due to the size of the balances and the assumptions used to estimate future trail commission cash flows. Key assumptions included loan book run-off rates, discount rates and the expected percentage of commission payable to members. These assumptions are sensitive to changes in borrower behaviour, loan repayment patterns, lender commission structures and member remuneration arrangements. This was a key audit matter due to the significance of the balances and the judgement involved in determining assumptions that could affect the carrying value of trail commission receivable and payable recognised by the Group.	Our audit procedures included the following: We assessed: ▪ The Group's accounting policies and methodology for recognising and measuring trail commission receivable and payable for consistency with AASB 15 and AASB 9; ▪ The design and implementation of relevant controls over the approval, preparation and review of the trail commission models; ▪ The completeness and accuracy of key data used in the models, including loan book data and lender commission information; ▪ The reasonableness of key assumptions applied by management, including loan book run-off rates, discount rates and the expected percentage of commission payable to members; ▪ The historical accuracy of management's estimates by comparing previously forecast trail commission income and expense to actual results; ▪ The mathematical accuracy of the trail commission models; ▪ The expected percentage of commission payable to members by recalculating amounts based on loan book data and applicable member remuneration structures; ▪ The reasonableness of certain assumptions, with the assistance of our actuarial specialists where required; and ▪ The adequacy of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2026 Annual Report, but does not include the financial report, our auditor's report thereon and the Company's Sustainability Report.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion. We have issued a separate auditor's report on selective sustainability information included in the Sustainability Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

For such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 42 to 55 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Australian Finance Group Ltd for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Timothy Dachs
Partner
Perth
19 August 2026

Sustainability Report 2026

01 Basis of preparation and scope

The Sustainability Report has been prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards Board (AASB) S2 Climate-related Disclosures for the year ended 30 June 2026. This is AFG's first year of mandatory climate-related reporting.

The Sustainability Report should be read in conjunction with AFG's Consolidated Financial Statements which have been prepared in accordance with Australian Accounting Standards for the financial year ended 30 June 2026. The climate-related financial disclosures cover the same 12-month period and reporting entities as the Consolidated Financial Statements.

In preparing these disclosures, AFG has applied the principles of fair presentation and materiality, having regard to the nature, scale and complexity of the AFG Group's operations.

AFG is a financial services organisation with low direct greenhouse gas (**GHG**) emissions, no emissions-intensive operations and limited direct or indirect exposure to emissions-intensive activities. AFG's indirect exposure to physical climate risks arises through its lending portfolio, where declining property values and reduced insurance availability or affordability could impair borrower repayment capacity and collateral quality, and through its broker aggregation platform, where lender credit tightening in climate-exposed regions could constrain origination volumes.

AFG has applied the year one transitional reliefs available under AASB S2 to not disclose comparative information or Scope 3 greenhouse gas emissions for FY26.

02 Governance

2.1 Board oversight

The AFG Board has ultimate responsibility for setting strategic direction and overseeing climate-related risks and opportunities (**CRROs**), consistent with the AFG Board Charter and Relationship with Management, updated in February 2026 to formally incorporate the Board's responsibility for overseeing climate strategy, risk management approach and progress toward climate-related targets. Climate considerations are integrated into the Board's oversight of strategy, risk management and decision-making, including approval of the annual Risk Appetite Statement and monitoring of the Company's main risks (financial and non-financial).

Oversight of climate-related matters is delegated to Board committees in line with their charters:

- **Board Risk and Compliance Committee**— evaluates the adequacy and effectiveness of AFG's identification and management of climate-related risks within the Enterprise Risk Management Framework (**ERMF**), and reviews and makes recommendations to the Board on the risks disclosed in AFG's annual Sustainability Report. Oversight of climate-related opportunities is embedded within the Executive Committee's broader mandate for strategic and operational decision-making, rather than sitting with a dedicated Board committee. The Committee's Charter was updated in February 2026 to formally incorporate this responsibility for climate risk management and Sustainability Report recommendations.
- **Board Audit Committee** — oversees the integrity and appropriateness of climate-related financial disclosures, including the judgements and assumptions applied by management in identifying, assessing and measuring CRROs. This reflects the Committee's Charter responsibility for overseeing the Company's financial reporting and disclosure processes and the appropriateness of management's judgements. The Charter was updated in February 2026 to reference climate-related financial reporting.

The Board receives climate-related risk updates through the Board Risk and Compliance (**BRAC**) Committee, which meets at least three times a year. As all Board members attend BRAC meetings, climate-related risks and opportunities are considered by the full Board as part of these proceedings.

Effective from November 2025, the BRAC Committee receives reports from the Management Risk and Compliance Committee which include climate impacts on the AFG Securities' lending portfolio.

In addition, broader climate-related risks and opportunities are reviewed by the BRAC Committee at least once per year as part of the Sustainability Reporting program.

The Board takes CRROs into account when overseeing AFG's strategy and risk management processes, consistent with its responsibility under the Board Charter for overseeing the climate strategy, risk management approach and progress toward climate-related targets. Climate-related risks and opportunities are addressed alongside other risks within Board papers and considered as part of AFG's strategic planning discussions, at least once per year.

While there were no major transactions during the reporting period, the Board would also consider CRROs before approving any major capital expenditure or major transactions, consistent with its review of major capital expenditure, acquisitions and divestitures under the Board Charter.

The BRAC Committee supports this oversight by evaluating the adequacy and effectiveness of AFG's climate risk management approach and making recommendations to the Board. Where climate considerations interact with other strategic priorities, the Board considers any relevant trade-offs as part of its broader strategic and risk oversight responsibilities.

AFG's climate-related target is developed by Management (Executive Committee), informed by recommendations from the Climate Reporting Working Group, reviewed by the Board Audit Committee, and approved by the Board, which retains overall responsibility for target-setting oversight under the Board Charter. Progress against the current target is monitored annually through the purchase of carbon offsets calibrated to AFG's reported Scope 1 and Scope 2 emissions, verified as part of Sustainability Report preparation and reviewed by the Audit Committee prior to publication.

Climate-related performance metrics are not currently incorporated into Executive remuneration policies. The Board Remuneration and Nomination Committee will continue to assess the appropriateness of including climate-related measures within the Executive remuneration framework as AFG's climate targets and reporting practices mature.

The Board assesses whether it has appropriate climate-related skills and competencies through regular skills-matrix reviews and director performance evaluations which assess each director's contribution against a defined set of criteria relevant to the AFG group operations. These include skills and competencies relevant to oversight of climate-related risks and opportunities.

As part of the June 2026 skills matrix review, the "Environmental and Social Impacts" competency was updated to "Climate and Sustainability".

Based on the FY26 review, the Board considers it has adequate climate-related skills and competencies to fulfil its current oversight responsibilities, with capability development continuing as AFG's climate-related risks and reporting obligations mature.

The Board has mechanisms in place to support capability development over time, including targeted director education, and, where appropriate, engagement of external expertise.

2.2 Management's role

Management is responsible for identifying, assessing and managing CRROs, operating within the governance framework established by the Board. This responsibility is exercised primarily through the Management Risk and Compliance Committee, which is responsible for the identification, assessment, monitoring and management of climate-related risks, and the implementation of controls and compliance processes within AFG's ERMF.

The Executive Committee is responsible for the integration of identified CRROs into business planning and operational decision-making, prior to escalation to the Board.

The Executive Credit Committee, a sub-committee of the Management Risk and Compliance Committee, is responsible for the assessment and monitoring of climate-related physical risk within AFG's lending portfolio. This includes analysis of climate exposure at loan origination through property valuations, incorporating geospatial risk data and insurance affordability considerations. The Committee is also provided portfolio-level insight to support climate risk identification and management within the ERMF.

The Management Sustainability Committee, reporting to the AFG Board, oversees AFG's broader Environmental, Social and Governance (ESG) initiatives, consistent with its Charter. Climate-related risks, targets and AASB S2 reporting sit outside this Committee's remit and are overseen by the Board Risk and Compliance Committee and Board Audit Committee respectively.

Key controls to support Management in identifying, assessing and managing climate-related risks and opportunities include scheduled reporting to Board committees and directly to the AFG Board, integration of climate considerations into the ERMF and risk reporting, and Management-level monitoring of climate risk indicators and disclosure controls.

The Climate Reporting Working Group, comprising multifunctional team members across the business, makes recommendations on climate-related targets, drafts the climate-related disclosures and assesses consistency with AFG's reporting obligations, before escalating material matters and the Sustainability Report directly to the Board Audit Committee for oversight and recommendation to the AFG Board.

Climate governance: roles and responsibilities

Governance body	Position in governance structure	Type of responsibility	Key climate-related responsibilities
AFG Board	Ultimate governing body	Oversight	Approval of the Risk Appetite Statement; overall accountability for climate governance including progress toward climate-related targets, as reflected in Board Charter.
Board Risk and Compliance Committee	Board committee reporting to the AFG Board	Oversight	Reviews the adequacy and effectiveness of AFG's identification and management of climate-related risks within the ERMF; reviews and makes recommendations to the Board on the risks disclosed in AFG's annual Sustainability Report. (Oversight of climate-related opportunities is embedded within the Executive Committee's broader mandate for strategic and operational decision-making, rather than sitting with a dedicated Board committee.)
Board Audit Committee	Board committee reporting to the AFG Board	Oversight	Integrity and appropriateness of climate-related financial disclosures, including the judgements and assumptions applied by management in identifying, assessing and measuring CRROs and their consistency with AFG's financial statements and statutory reporting requirements, and reviews and recommends climate-related targets for Board approval.
Board Remuneration and Nomination Committee	Board committee reporting to the AFG Board	Oversight	Reviews the appropriateness of including climate-related measures within the Executive remuneration framework.
Management Risk and Compliance Committee	Management committee, reporting to Board Risk and Compliance Committee	Execution/operational	Identification, assessment, monitoring and management of climate-related risks; implementation of controls and compliance processes.
Executive Committee	Management Committee, reporting to Chief Executive Officer	Execution/operational	Integration of identified climate-related risks and opportunities into business planning and operational decision-making, prior to escalation to the Board.
Executive Credit Committee	Sub-committee of Management Risk and Compliance Committee	Execution/operational	Assessment and monitoring of climate-related physical risk within AFG's lending portfolio, including analysis of climate exposure at loan origination through property valuations, incorporating geospatial risk data and insurance affordability considerations. This committee is also provided portfolio-level insight to support climate risk identification and management within the ERMF.
Climate Reporting Working Group	Management committee reporting directly to Board Audit Committee and AFG Board	Execution/operational	Drafts AASB S2 climate-related disclosures and engages with Management and the Board on the identification and management of CRROs,and makes recommendations on targets.

03 Strategy

3.1 Business model and value chain

AFG's business model centres on two activities: (1) finance broker aggregation (Distribution segment) — the sourcing and distribution of home, consumer asset finance, personal and commercial loan products which include lender-branded products and AFG Home Loans white labelled products, via a broker network; and (2) the manufacture and distribution of AFG's own branded home loan products through AFG Securities, funded via its residential mortgage backed securities (**RMBS**) program (Manufacturing segment).

The AFG Securities lending portfolio consists of home loans secured by residential properties and is therefore the AFG Group's most climate-sensitive asset. Geographically, climate risk exposure is highest in regions prone to flooding, bushfires and severe weather, with Queensland and NSW representing the greatest geographic concentration. AFG does not operate material physical facilities that concentrate risk.

The geographic distribution of AFG's broker-introduced aggregation portfolio broadly mirrors the AFG Securities lending portfolio and the broader Australian residential mortgage market. Accordingly, physical climate risks affecting collateral quality and insurance availability in the AFG Securities lending portfolio could equally constrain broker origination volumes in affected regions if lenders tighten credit policies or limit product availability in climate-exposed postcodes. Commercial finance broker aggregation and asset finance broker aggregation is not closely correlated with the residential lending portfolio and represents a small proportion of overall volumes, limiting its climate risk relevance. AFG's broker distribution network is comprised of independent business operators.

Climate-related transition risks and opportunities affecting AFG, by contrast, are diffused across the AFG Group and are not concentrated in any particular geography, facility or asset class.

A summary of the AFG Group's value chain is detailed below:

AFG Value Chain

Upstream Value Chain

- Our suppliers
- Wholesale funders and RMBS investors
- Capital providers and financial stakeholders
- Lender panel (banks and non-banks)
- Industry associations (MFAA, FBAA, ASF)

Our Business Activities

- Broker aggregation (Distribution)
- Mortgage manufacturing (AFG Securities)
- Asset finance aggregation (Fintelligence)
- Software services (BrokerEngine)
- Strategic Investments (Thinktank, MAB, Broker Investments)

Downstream value chain

- Brokers
- Customers
- Our employees
- Our community
- Regulators
- Credit rating agencies

3.2 Climate-related risks and opportunities

AFG has identified and assessed CRROs that could reasonably be expected to affect the Company's prospects across short, medium and long-term horizons, consistent with its business model as a diversified financial services organisation.

In identifying CRROs, AFG used all reasonable and supportable information available at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions.

The identification and assessment of CRROs draws upon AFG's ERMF, which evaluates potential impact and consequence across six factors; financial, reputation, compliance, service interruption, health, and new material projects. The assessment integrates quantitative insights, including portfolio stress testing and expected credit loss modelling, with qualitative considerations derived from informed Management judgement.

Risks are considered reasonably likely to affect AFG's prospects where they meet a pre-determined threshold in AFG's ERMF assessment matrix. Management judgement is also applied when determining whether identified CRROs could reasonably be expected to affect AFG's prospects and warrant disclosure under AASB S2.

Climate-related scenario analysis, outlined in section 3.4 also helped inform the risk identification and prioritisation process and draws on Intergovernmental Panel on Climate Change (**IPCC**) Representative Concentration Pathways (**RCP**) and Shared Socio-economic Pathways (**SSP**) consistent with both low and high-warming futures. This analysis was used to stress test the identified CRROs and assess their potential magnitude.

The period over which the effect of each CRRO could reasonably be expected to occur, and potential impact on AFG's business activities and value chain are set out below.

Physical Risk	**Physical climate-related events impacting AFG Securities' residential lending portfolio value and broker origination activity**
Description	Increased frequency and severity of extreme weather events (both acute risks — including extreme rainfall events, flooding and bushfire — and chronic risks including rising sea levels, sustained increases in temperature and humidity, and long-term structural shifts in property values in climate-exposed regions) may reduce borrowers' income, damage or devalue secured assets, and constrain insurance availability — increasing the risk of default and impairing collateral quality across AFG Securities' lending portfolio. These events could also impact AFG brokers' origination activity.
Type of CRRO	Physical risk.
Period in which this risk could reasonably be expected to occur	Long term.
Current and anticipated effects on AFG's business model	There are no current effects. In the long term this risk could impact AFG Securities (Manufacturing segment) as it is the most directly exposed business activity, with loans in high climate-risk postcodes potentially increasing the risk of borrower default due to property values declining and insurance availability contracting. Elevated default rates could impair RMBS collateral quality and place upward pressure on warehouse facility pricing. Credit rating agencies assessing AFG Securities' RMBS program may increasingly factor climate-related collateral concentration and portfolio quality into their ratings methodology over the long term, which could in turn influence funding costs and investor demand for AFG Securities' RMBS issuances. Over the same period broker aggregation (Distribution segment) could face reduced origination volumes in affected geographies as lender credit policies tighten. Asset finance aggregation may also experience reduced demand. In terms of geographical concentration, NSW and Queensland are most vulnerable to climate perils.

Physical Risk	Physical climate-related events impacting AFG Securities' residential lending portfolio value and broker origination activity
Current and anticipated effects on AFG's value chain	There are no current effects. In the long term, upstream, wholesale funders and RMBS investors may tighten collateral eligibility or reprice warehouse facilities as climate-exposed postcodes attract greater scrutiny, reducing the net interest margin on those loans and constraining funding availability and loan volumes. Lender panel participants could apply stricter serviceability criteria in high-risk regions, reducing product availability and the volume of loans originated by AFG brokers. Brokers operating in high-risk regions could experience constrained lender options and reduced deal flow, and customers in those areas could face reduced credit access and potential asset devaluation.
Current mitigation and adaptation efforts	• Regular portfolio stress testing against climate scenarios.
How the risk is considered in strategic and funding-related decision making	This risk is considered as a part of AFG Securities' existing credit risk assessment and portfolio monitoring processes, including consideration of geographic and collateral concentration within risk appetite settings. Potential funding implications — such as changes to warehouse facility eligibility criteria or wholesale funding costs — are monitored through existing treasury and credit risk governance rather than a standalone strategic response, consistent with the long-term nature of this risk. No changes to business model, funding approach or resource allocation have been made or are expected in response to this CRRO.

Transition risk	Rising climate-related regulatory and compliance obligations affecting AFG's brand, aggregation and lending operations
Description	Transition risk could affect AFG across four dimensions: regulatory change, evolving stakeholder expectations, structural market shifts, and compliance obligations with emerging climate regulations.
Type of CRRO	Transition risk.
Period in which this risk could reasonably be expected to occur	Long term.
Current and anticipated effects on AFG's business model	There are no current effects. Risk is presented across the AFG Group as a corporate function rather than being focused on an individual segment. Over the long term, risk could result in increased operational costs associated with climate-related compliance, risk management, stakeholder management and reporting obligations. There could also be legal and reputational risk from regulatory penalties or stakeholder scrutiny for non-compliance.
Current and anticipated effects on AFG's value chain	There are no current effects. Over the long term, wholesale warehouse funders and institutional investors in AFG's RMBS program may increasingly factor climate governance into counterparty assessments. No material impact on brokers, customers or regulators is anticipated beyond baseline disclosure expectations.
Current mitigation and adaptation efforts	• Maintain credible, auditable governance and reporting. • Monitor ASIC/APRA proactively within the ERMF.

Transition risk	Rising climate-related regulatory and compliance obligations affecting AFG's brand, aggregation and lending operations
How the risk is considered in strategic and funding-related decision making	Compliance with emerging climate-related regulatory obligations is managed within AFG's existing governance, risk and compliance functions. No separate capital allocation or funding decisions have been made in response to this risk during the reporting period; associated compliance costs are absorbed within existing operational budgets. No changes to business model, funding approach or resource allocation have been made or are expected in response to this CRRO.

Opportunity	Increased demand for green and climate-resilient financial products
Description	Possible growing consumer demand for green mortgages and sustainable finance products presents an opportunity for AFG to expand its lender and product offering, and position its aggregation platform as a primary distribution channel for climate-aligned lending in Australia.
Type of CRRO	Transition opportunity.
Period in which this opportunity could reasonably be expected to occur	Medium term and long term.
Current and anticipated effects on AFG's business model	There are no current effects. Over the medium to long term AFG is well-positioned as a first-mover distribution partner when scalable products emerge from the lender panel.
Current and anticipated effects on AFG's value chain	There are no current effects. Over the medium and long term, lenders could benefit from increased distribution of climate-aligned products through AFG's aggregation platform. Brokers could benefit from expanded product access, and customers could gain access to a wider range of green or climate-resilient financing options.
Strategy implications	There are no current implications. A possible increase in demand for green mortgage and sustainable finance products could present an opportunity for AFG in the medium and long term to expand its lender product offering, strengthen broker engagement, and position itself as a sustainability-focused aggregator. Any opportunity in this regard is expected to become more pronounced over medium and long-term horizons as consumer awareness of these climate-aligned products increases, lender green product ranges mature, and regulatory settings increasingly favour sustainable finance. Currently the volume of green products available through AFG's lender panel remains limited and the Australian green mortgage market is still at an early stage of development. Current actions to ensure AFG can position itself to capture this opportunity include regular monitoring of green and sustainability-themed products across its lender panel, alongside tracking of market developments and customer and lender appetite for sustainable finance.
How the opportunity is considered in strategic and funding-related decision making	AFG considers this opportunity through its existing lender panel management and product review processes, including ongoing engagement with panel lenders on sustainable finance product offerings. No separate capital commitment or strategic initiative has been undertaken to pursue this opportunity during the reporting period; it continues to be assessed as part of AFG's business-as-usual distribution and panel strategy. No changes to business model, funding approach or resource allocation have been made or are expected in response to this CRRO.

Time horizons used:

Short term: 1–3 years - Reflects the average life of AFG's financial exposures and aligns with how short-term financial and operational risks are assessed and managed.

Medium term: 4–5 years - Aligns with both the average four-year loan life and AFG's five-year strategic planning cycle, ensuring climate risks and opportunities are embedded in business planning and financial decision-making.

Long term: 6–30 years - Represents the outer bound of residential mortgage exposure based on standard maximum loan terms (30 years), over which physical and transition climate risks are expected to become increasingly significant — allowing structural risk consideration without reliance on detailed long-range forecasts.

- *Time horizons are measured from FY27 (Year 1).*
- *A 30-year horizon represents the outer bound of residential mortgage exposure based on standard maximum loan terms and does not imply individual borrowers or lenders maintain positions for that duration.*

3.3 Current and anticipated financial effects

AFG has assessed the financial implications of CRROs set out in the preceding section. Based on this assessment, CRROs have not materially affected AFG's financial position, financial performance or cash flows for the current reporting period, and no significant risk of material adjustment to asset or liability carrying amounts has been identified for the next annual reporting period.

In particular, AFG did not recognise:

- Material changes in carrying values of loans or other financial assets attributable to climate;
- Material impacts on credit provisioning, impairment charges or arrears metrics attributable to climate;
- Material changes in insurance costs, operating expenses or funding costs attributable to climate;
- Material impacts on cash flows from climate-related disruptions; or
- Material changes to capital allocation or funding strategy attributable to climate.

Anticipated financial effects

AFG's financial position, financial performance and cash flows are not expected to change materially as a result of its climate strategy over the short, medium or long term, and any capital and funding implications are likely to be modest.

The anticipated effects of each CRRO are presented primarily on a qualitative basis, supported by selective quantitative analysis as shown in the table on the following page.

CRRO	Anticipated financial effects over short, medium and/or long term
Risk (physical): Physical climate-related events impacting AFG Securities' residential lending portfolio value and broker origination activity **Time horizon:** Long term **Financial statement line items that could be affected:** Securitisation interest income/expense (Consolidated Statement of Profit or Loss and Other Comprehensive Income), Impairment loss on loans and advances (Consolidated Statement of Profit or Loss and Other Comprehensive Income), Loans and advances (Consolidated Statement of Financial Position), Interest bearing liabilities (Consolidated Statement of Financial Position), Cashflows from operating activities (Consolidated Statement of Cash Flows)	AFG's primary exposure to physical climate risk arises through AFG Securities, which holds a portfolio of home loans secured by residential properties. To assess the portfolio's exposure, AFG utilised its proprietary risk matrix which used public data sources including that from the Insurance Council of Australia. This methodology captures a broad range of physical hazards including rainfall, bushfire, flood, rising sea levels, humidity and temperature. The assessment found that 2.2% of mortgaged properties (by outstanding loan value) in the AFG Securities lending portfolio are currently located in postcodes assessed as having elevated climate risk. When assessed using the same methodology, the proportion of properties in AFG Securities' lending portfolio classified as "elevated" (2.2%) is consistent with the equivalent proportion across all Australian residential properties nationally (2%, based on the G-NAF address dataset). While this proportion is expected to grow over time, becoming more pronounced in the longer term as climate impacts intensify, the portfolio's concentration in metropolitan and suburban areas — which generally demonstrate higher climate-disaster resilience — limits the rate at which elevated-risk exposure is expected to increase. To quantify potential financial impacts, AFG applied an Expected Credit Loss (ECL) methodology, stress-testing Loss Given Default (LGD) by up to 30% for properties classified as elevated. This analysis – based on the current portfolio as of 30 June 2026, and current conditions - recognises that over time, properties in high-risk postcodes may face declining insurance availability and constrained access to finance, reducing market liquidity and — in default scenarios — lowering realisable values should repossession be required. On an inherent basis, potential financial impacts are estimated at up to AUD$0.6m – which would be immaterial to AFG. The analysis is based on the current portfolio as at 30 June 2026 and current climate risk conditions, rather than a future scenario pathway. Climate scenarios are used separately to inform the identification and assessment of longer-term climate-related risks. Although AFG has not had need to respond to date, it could respond in the future through operational mitigants including progressive tightening of lending criteria and strategic withdrawal from high-risk postcodes. These responses can be applied dynamically as risk profiles evolve, further minimising the financial impact of the risk.
Risk (transition): Rising climate-related regulatory and compliance costs affecting AFG's brand, aggregation and lending operations **Time horizon:** Long term **Financial statement line items that could be affected:** Operating expenses arising from compliance, climate reporting and risk management activity (Consolidated Statement of Profit or Loss and Other Comprehensive Income) and Cashflows from operating activities (Consolidated Statement of Cash Flows)	Transition risk may affect AFG across four dimensions; regulatory change, evolving stakeholder expectations, structural market shifts, and compliance obligations. These risks are expected to increase over time as regulatory requirements become more prescriptive, stakeholder scrutiny of climate-related disclosures intensifies, and the structural shift toward sustainable finance accelerates across the broader mortgage market. Quantitative information has not been disclosed because measurement uncertainty is so high that a quantitative estimate would not be useful to primary users. Transition risk costs are not separately identifiable from broader business and macroeconomic factors — climate-related compliance costs cannot be isolated from broader regulatory change costs, and climate-driven shifts in broker or borrower behaviour cannot be distinguished from general market conditions.

CRRO	Anticipated financial effects over short, medium and/or long term
Opportunity: Increased demand for green and climate-resilient financial products: **Time horizon:** Medium and long term **Financial statement line items that could be affected:** Securitisation interest income/expense (Consolidated Statement of Profit or Loss and Other Comprehensive Income), Loans and advances (Consolidated Statement of Financial Position), Interest bearing liabilities (Consolidated Statement of Financial Position), Cashflows from operating activities (Consolidated Statement of Cash Flows)	Possible growing demand for green and climate-resilient financial products could present a potential opportunity for AFG to expand its product offering and strengthen broker engagement in the medium to long term. Quantitative information has not been disclosed because measurement uncertainty is so high that a quantitative estimate would not be useful to primary users. The Australian green mortgage market is at an early stage, with future uptake unable to be reliably forecast, and any change in loan volumes or commission income attributable to green product demand cannot be separated from broader drivers such as interest rate movements, refinancing cycles and general housing market conditions. The assumptions this would require — including borrower demand elasticity and broker conversion rates are accordingly too uncertain to support a reliable estimate.

Based on the combined assessment of all identified CRROs, AFG does not consider that there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the financial statements. Management will continue to enhance its measurement capability and reassess the appropriateness of additional quantitative disclosures as methodologies, data availability and market practice mature.

AFG's climate strategy relies on embedding climate considerations within existing governance, risk management and credit assessment frameworks rather than implementing discrete climate-specific investment programs. Accordingly, AFG has not identified a need for material capital expenditure, acquisitions, divestments, joint ventures or asset retirements in response to CRROs across any of the three time horizons assessed.

To the extent that green product distribution opportunities emerge over the medium to long term, AFG expects to capture these through its existing broker network and lender panel relationships, without material incremental capital commitment.

3.4 Climate Scenario Analysis and resilience

AFG, using internal resources, conducted qualitative climate scenario analysis in FY26 to assess the resilience of AFG's strategy and business model – including the AFG Securities' lending portfolio under plausible climate futures, complementing AFG's broader CRROs assessment.

In determining the appropriate level of sophistication AFG considered two factors consistent with AASB S2 paragraph B2; the extent of AFG's exposure to CRROs, and the skills, capabilities and resources available to support the analysis. AFG's low direct emissions profile limits its direct climate exposure, with the primary indirect exposure arising through AFG Securities' lending portfolio — with the potential impact assessed separately using quantitative ECL stress-testing. Given this exposure profile and AFG's internal resourcing, a qualitative approach is considered appropriate and proportionate.

Resilience was assessed under a 'Net Zero 2050' scenario, consistent with limiting global warming to approximately 1.5°C above pre-industrial levels by 2100, and a 'High Emissions' scenario, under which global warming reaches approximately 2.7°C by 2100. These scenarios collectively span transition and physical risk pathways across the two global warming outcomes across short, medium and long-term horizons providing a diverse basis for assessment while satisfying the regulatory requirement under the *Corporations Act 2001* (Cth) for both a Paris Agreement alignment requirement to limit warming to 1.5 degrees Celsius, and for a scenario well exceeding 2°C.

The analysis focuses on the relative direction, timing and magnitude of potential climate-related impacts on AFG's business model.

AFG will review its scenario analysis annually to reflect evolving climate events, climate science, regulatory developments and market conditions, with findings informing risk appetite settings, lending standards and climate-related disclosures on a proportionate basis.

AFG acknowledges that the assumptions and projections underpinning the current analysis are subject to material uncertainty, and that outcomes may differ from those modelled as climate policy, insurance markets, government policy, and property dynamics continue to develop. Scenarios are not predictions of future outcomes and are indicative only. Key areas of uncertainty that could influence this assessment, are set out in the table below.

Scenario Analysis Methodology, Inputs and Assumptions

Scenario 1: Net Zero by 2050 **1.5°C 'Orderly Transition' Low physical – higher transition risk**	Scenario 2: High Emissions **+2.7°C by 2100 (likely range 2.1–3.5°C) — Fragmented World / High physical + disorderly transition risk**
Scenario narrative	
A structured and coordinated global response to climate change, consistent with limiting warming to approximately 1.5°C above pre-industrial levels. This scenario reflects early and progressive policy action, with decarbonisation occurring at a measured pace that allows businesses and markets time to adapt. Transition risks are moderated by the orderly nature of implementation, while physical risks remain more contained than under higher-warming pathways. This scenario is consistent with the Australian Government's Long-Term Emissions Reduction Plan, which commits Australia to net zero emissions by 2050 and underpins Australia's obligations under the Paris Agreement	An uneven and regionally inconsistent global policy response resulting in approximately 2.7°C of warming by 2100 (IPCC AR6 SSP2-4.5 central estimate; likely range 2.1–3.5°C). The NGFS Fragmented World scenario — provides the transition pathway framework, with policy action limited to current policies until 2030, after which countries with net zero commitments introduce further climate policy instruments while others continue on current trajectories — resulting in sharp carbon price increases in some jurisdictions but limited action elsewhere. Physical risks — including substantial increases in the frequency and severity of flooding, bushfire, extreme heat and coastal inundation — intensify progressively over 30 years.
Rationale for selection	
Relevant and decision-useful for AFG as an RCP 2.6 pathway is already incorporated into AFG's portfolio modelling tool, supporting ongoing assessment of AFG Securities' lending portfolio and overall resilience under a low-physical, higher-transition-risk future. Its inclusion satisfies the *Corporations Act 2001* (Cth) requirement to include a scenario consistent with the latest international agreement on climate change.	Relevant and decision-useful for AFG as an RCP 4.5 pathway is already incorporated into AFG's portfolio modelling tool, supporting ongoing assessment of AFG Securities' lending portfolio and overall resilience under a combined elevated transition and physical risk future. Its inclusion satisfies the *Corporations Act 2001* (Cth) requirement for a scenario where global warming well exceeds 2°C above pre-industrial levels.
Key data sources	
NGFS Net Zero 2050 (Phase V) — source of the low-warming transition pathway and policy/macro-financial assumptions	*NGFS Fragmented World (Phase V) — transition pathway and policy assumptions* *IPCC AR6 SSP2-4.5 / WGI Summary for Policymakers Table SPM.1 — physical warming outcome (central estimate 2.7°C, likely range 2.1–3.5°C)*
IPCC AR6 SSP1-1.9 — low-warming physical climate scenario, used as the AR6 physical-climate reference *CSIRO/BOM RCP2.6 national climate projections — used only as supplementary Australian regional physical hazard information; not a direct equivalent to an AR6 SSP pathway or an NGFS scenario*	*CSIRO/BOM RCP4.5 national climate projections (supplementary; used for greater Australian residential property market granularity) — Australian regional physical hazard inputs; not a direct equivalent to an AR6 SSP pathway or NGFS scenario* *NGFS Note on Key Assumptions of Long-term Scenarios, Phase V (November 2025)*
Key scenario characteristics	
Rapid decarbonisation driven by coordinated policy, technology deployment and market transition. Moderate short term adjustment costs offset by long-term clean energy growth. Physical risks contained and manageable. Progressive carbon price escalation.	Short term reliance on fossil fuels followed by uneven policy action from 2030. Policy intervention accelerates from 2030 as net zero commitments drive further climate policy instruments, creating transition cost pressures across AFG's broker and lending markets. Borrower and collateral stress most acute in climate-exposed regions and carbon-intensive sectors. Carbon prices increase from 2030, amplifying household and business cost burdens.
Climate-related policies	
Ambitious and progressive. Net Zero 2050 commitments implemented in an orderly manner. Carbon pricing, and responsible lending standards phased in progressively.	Short term continuation of current policies through the late 2020s. From 2030, further policy instruments — including carbon pricing — are introduced under net zero commitments, creating divergent compliance burdens and transition costs across lending markets.

Macroeconomic trends	
Moderate short term adjustment costs; sustained long-term growth supported by clean energy investment. Borrower serviceability broadly maintained.	Short term growth broadly maintained under current policies, offset from 2030 by rising physical climate costs and transition adjustments as net zero policy instruments are implemented. Borrower serviceability pressured in climate-exposed and carbon-intensive sectors. Fossil fuel trade contraction and supply chain disruption create broader macroeconomic headwinds with flow-through effects on household incomes.
National/regional variables	
Moderate shifts in weather patterns. Demographic growth continues in major urban corridors. Infrastructure and insurance markets broadly resilient.	Pronounced regional climate divergence, with physical risk exposure concentrated in high-risk postcodes — particularly coastal, flood-prone and bushfire-affected areas. Accelerated population movement from high-risk areas. Insurance withdrawal from vulnerable postcodes compounds collateral and credit risk in AFG Securities lending portfolio. Adaptation burdens on households and lenders intensify as physical risks escalate.
Energy usage and mix	
Rapid renewable transition; coal and gas phased out progressively. Energy costs moderate over the medium term, supporting household serviceability.	Continued short term fossil fuel reliance under current policies. From 2030, net zero commitments drive accelerated transition in energy mix, including expanded renewable deployment and progressive fossil fuel phase-down. Abrupt cost adjustments concentrated in a compressed post-2030 window pressure household energy costs and borrower serviceability across AFG's loan book.
Technology developments	
Accelerated clean energy and low-carbon technology deployment. Green building standards mainstream across residential property, supporting collateral values. Climate risk analytics improve progressively.	Technology adoption accelerates from 2030 as net zero policy instruments drive clean energy deployment and green building standards. However, the absence of coordinated global technology diffusion constrains cost reductions that would otherwise lower the transition burden on borrowers. Green retrofit activity lags in lower-income and regional markets, increasing stranded asset and insurance repricing risk in the AFG Securities lending portfolio.

Applicable to all scenarios:

Physical climate impacts — Unpredictability of future frequency and severity of extreme weather events introduces uncertainty around operational continuity, asset valuations, and outcomes for our customers, brokers and other stakeholders.

Policy and regulatory change — The timing, scope, and enforcement of climate-related regulation — including evolving sustainability disclosure requirements — remains uncertain.

Market dynamics and technology adoption — The pace of low-emissions technology development and adoption, alongside shifting client and investor expectations, could influence our product offerings, capital allocation, and competitive positioning.

Macroeconomic and social transitions — Inflationary pressures, labour market disruption, and broader structural economic shifts may alter the operating environment.

NGFS scenarios used have known limitations, including that tipping points, long-term adaptation measures, nature-related risks and geopolitical risks are not modelled.

Glossary: NGFS — Network for Greening the Financial System; IPCC — Intergovernmental Panel on Climate Change; AR6 — Sixth Assessment Report; RCP — Representative Concentration Pathway; SSP — Shared Socioeconomic Pathway; CSIRO — Commonwealth Scientific and Industrial Research Organisation; ABS — Australian Bureau of Statistics; BOM — Bureau of Meteorology; APRA — Australian Prudential Regulation Authority; LMI — Lender's Mortgage Insurance; LVR — Loan-to-Value Ratio; ECL — Expected Credit Loss.

Effects and impacts on AFG under two warming pathways

Scenario 1: Net zero by 2050

Overall physical risk exposure: Low Overall transition risk exposure: Low Moderate

Short term

Key Physical Impacts	Mild increase in localised flooding and bushfire events. Physical impacts limited and within normal seasonal variation. No material financial effects on AFG's lending portfolio are anticipated.
Key Transition Impacts	Early-stage regulatory climate obligations and APRA climate risk guidance begin to come into force. Policy changes gradual and well-signalled, providing AFG time to build reporting infrastructure without material operational disruption.
Key Transition Opportunities	Early market signals for green mortgage products. Lender panel beginning to develop sustainable finance offerings.
Indicative Effects on AFG	No material deterioration in AFG's aggregation volumes or AFG Securities' lending portfolio. No substantial change to home insurance, mortgage impairment insurance or LMI availability. No change to Risk Appetite or operational controls.
AFG Overall Exposure	Physical: Low Transition: Low Opportunity: Low

Medium term

Key Physical Impacts	Gradual increase in acute weather events. Emerging localised pressure on property values in highest-risk areas.
Key Transition Impacts	Stronger building standards and energy efficiency requirements emerge. Lender capital requirements begin to tighten gradually, with some influence on product availability and LVR thresholds.
Key Transition Opportunities	Growing broker and borrower demand for green and resilient lending products. AFG's diversified lender panel provides flexibility to direct volumes toward sustainable finance offerings.
Indicative Effects on AFG	No material portfolio deterioration outside normal seasonal variation. No material changes to insurance availability or affordability. Insignificant change to Risk Appetite or operational controls.
AFG Overall Exposure	Physical: Low Transition: Low Moderate Opportunity: Moderate

Time Horizon **Long term**	
Key Physical Impacts	Manageable chronic changes. Emerging coastal stress in specific locations. Physical risks contained under this scenario given warming limit pathway of ~1.5°C.
Key Transition Impacts	Transition largely complete. Stable regulatory environment. Green building standards and energy efficiency retrofits well-established. Carbon pricing predictable, enabling lenders to price transition risk systematically.
Key Transition Opportunities	Growth in green mortgage market. AFG well-positioned to direct broker activity toward sustainable lending products.
Indicative Effects on AFG	Insignificant portfolio deterioration. Moderate change to availability of home insurance, LMI or reinsurance in highest-risk locations but broadly manageable. Insignificant change to Risk Appetite or operational controls.
AFG Overall Exposure	Physical: Low Transition: Low Opportunity: Moderate

Strategy & business model implications	Business model remains broadly unchanged; growing sustainable finance opportunities.
Capacity to adapt	Diversified lender panel, flexible capital management and climate risk investments support adaptation across time horizons.
Key uncertainties	Policy timing, customer uptake of green finance products and long-term property market outcomes.

Scenario 2: High Emissions

Overall physical risk exposure: Moderate Overall transition risk exposure: Low Moderate

Short term

Key Physical Impacts	Some increase in storms and flooding. Short-term physical impacts broadly similar to Scenario 1 but with greater uncertainty about trajectory. Physical risk exposure remains at Low in the near term, with significant portfolio-level financial effects not expected until the long term as cumulative impacts on property values and insurance availability intensify.
Key Transition Impacts	Policy action remains limited in the near term. Transition risk nascent but markets begin pricing in expectation of future regulatory disruption. Compliance cost pressures beginning to emerge but are manageable.
Key Transition Opportunities	Limited short-term green product demand. Some early-mover lenders beginning to develop sustainable finance products.
Indicative Effects on AFG	No material portfolio deterioration outside normal seasonal variation. No material changes to insurance availability or affordability.
AFG Overall Exposure	Physical: Low Transition: Low Opportunity: Low

Medium term

Key Physical Impacts	More frequent severe weather events. Elevated bushfire risk days. Emerging property value pressure in climate-exposed corridors.
Key Transition Impacts	Faster-than-expected regulatory tightening. Increased pressure for green upgrades. Compliance costs for AFG's disclosure obligations increase. Reputational risk elevated if climate action perceived as insufficient.
Key Transition Opportunities	Accelerating demand for green products as regulatory pressure intensifies. AFG's lender panel diversity provides opportunity to redirect volumes toward green products.
Indicative Effects on AFG	Insignificant portfolio deterioration outside normal seasonal variation. Moderate change to availability of home insurance, LMI or reinsurance. Policy limits considered adequate given the contained nature of insurance market disruption under this scenario. Insignificant change to Risk Appetite or operational controls.
AFG Overall Exposure	Physical: Low Moderate Transition: Low Moderate Opportunity: Low Moderate

Long term

Key Physical Impacts	Elevated acute hazards including increased flooding frequency and bushfire risk, alongside emerging chronic pressures including moderate coastal inundation in specific exposed regions.
Key Transition Impacts	Transition nearing completion. Residual stranded asset risk in carbon-exposed and climate-vulnerable property segments. Reputational exposure heightened relative to Scenario 1 if transition management perceived as reactive.
Key Transition Opportunities	Green mortgage market established. AFG's broker network well-positioned to capture demand for resilient and sustainable lending products.
Indicative Effects on AFG	Lender credit tightening and reduced origination availability to AFG brokers in high-risk regions, though this would be partially offset by increased origination in low-risk areas. Minor portfolio deterioration as progressive controls and population shifts to lower-risk areas mitigate credit risk. High change to availability of home insurance, LMI or reinsurance. Policy may be tested under widespread insurance withdrawal in highest-risk regions. Moderate change to Risk Appetite and operational controls.
AFG Overall Exposure	Physical: **Moderate** Transition: **Low** **Moderate** Opportunity: **Low** **Moderate** ** (relative to the scenario's high absolute physical severity, reflecting AFG's asset-light model and geographic diversification)*

Strategy & business model implications	Greater focus on portfolio management, insurance affordability and climate-exposed segments; no fundamental change to business model anticipated.
Capacity to adapt	Ability to adjust lending settings, concentration limits, portfolio monitoring and broker support strategies as climate risks evolve.
Key uncertainties	Insurance affordability and availability, property repricing, lender behaviour and severity of physical climate impacts.

Time horizons – Short: 1-3 years (FY27-FY29); Medium: 4-5 years (FY30-FY31); Long: 6-30 years (FY32-FY56)

Resilience assessment:

Based on its scenario analysis, detailed above, AFG considers its business model to be resilient to climate-related changes, developments and uncertainties taking into consideration the entity's identified CRROs.

Under the **1.5°C Net Zero pathway**, AFG's asset-light operating model, diversified lender panel and low direct emissions profile position the Group in a strong position to manage the transition, given the scenario's orderly, policy-led trajectory, which allows time for coordinated adaptation across the business.

Under the **2.7°C High Emissions pathway**, resilience is supported by the same structural characteristics, though it is dependent on proactive monitoring of climate-exposed geographic concentrations, lender panel responses and insurance market conditions from the late 2020s onwards.

In both cases, AFG's capacity to adapt its strategy and business model is considered adequate to respond to the effects identified, with no substantial threats to financial viability identified across the short, medium or long term under either scenario.

3.5 Strategy and decision-making

Climate considerations are embedded within AFG's governance, risk management (credit risk assessment, portfolio monitoring and risk appetite settings), and strategic planning processes rather than managed through a standalone climate strategy.

AFG considers it has capacity to respond to CRROs through existing governance, risk appetite and credit risk management frameworks. Therefore, there is no change to AFG's strategy or business model during the current reporting period. Consequently, AFG did not implement specific strategic responses, mitigation actions, changes to its business model, or adopt a formal climate transition plan during the reporting period. As no new strategic initiatives or capital commitments are planned, there are no associated financial effects to disclose.

Resourcing is in place through AFG's existing internal functions — including the Climate Reporting Working Group, the Management Risk and Compliance Committee, and the Executive Credit Committee — within existing operational budgets. No additional headcount, capital expenditure or external resourcing is required or planned.

As this is AFG's first reporting period under AASB S2, there are no prior period plans against which to report progress.

Consistent with the CRROs assessment, climate considerations did not lead to changes in the Group's financial planning, capital allocation or access to finance during FY26.

Capacity to adapt AFG's strategy and business model

AFG's diversified aggregation business and low direct emissions profile provide flexibility to adapt its strategy and business model across the short, medium and long term. This flexibility is supported by AFG's broad lender panel, ability to adjust lending and portfolio settings, capital management approach and ongoing investment in lending portfolio climate risk capabilities.

While climate-related risks are not expected to materially affect AFG's strategy and business model in the short term under the scenarios assessed, these capabilities position the Group to respond to evolving climate-related risks, opportunities, regulatory requirements and market conditions over the medium and longer term.

04 Risk management

4.1 Identifying and assessing climate-related risks and opportunities

In identifying and assessing CRROs, AFG has considered those that could reasonably be expected to affect AFG's prospects.

Climate-related risks are assessed through AFG's existing ERMF and are not treated differently from other enterprise risks. Risks are prioritised based on established assessment criteria, including likelihood and potential impact. Management judgement is applied when determining whether identified CRROs could reasonably be expected to affect AFG's prospects and warrant disclosure under AASB S2.

The identification and assessment process of CRROs considers AFG's operations and value chain, covering both physical and transition risks and opportunities. While climate-related risks are assessed using a consistent framework across the Group, AFG Securities' lending portfolio receives more detailed quantitative analysis due to its concentration of climate-related financial exposure.

AFG's assessment process comprises five steps, set out on the following page, each addressing a distinct element of identification, assessment, prioritisation or monitoring required under AASB S2 paragraph 25(a).

Steps taken to identify, assess, prioritise and monitor CRROs — FY26

01	**Identify CRROs**
02	**Scenario-informed assessment and rating**
03	**Quantitative analysis and stress-testing**
04	**Prioritise, review and determine disclosures**
05	**Monitor and reassess**

Identify climate-related risks and opportunities (Step 1)

CRROs are identified through Step 1, which develops a longlist using internal insights, portfolio analysis, peer benchmarking, loan-level portfolio data, property location data, credit assessment outputs and external sources.

Key parameters include geographic concentration of the lending portfolio, loan-to-value ratios in high physical risk areas, and transition risk exposure linked to regulatory change timelines. Key assumptions include a RCP 2.6 warming pathway, no change to responsible lending laws or buffers affecting mortgage lending, and no prolonged major geopolitical events.

This process was performed internally, using AFG's own resources and expertise; no external climate specialists or consultants were engaged for the climate risk assessment, scenario analysis or resilience assessment. External specialist assistance was engaged solely for measurement and verification of Scope 1 and Scope 2 greenhouse gas emissions, as disclosed in the metrics section.

Scenario-informed assessment and rating (Step 2)

Identified risks and opportunities are filtered and rated by internal subject matter experts, who assess likelihood and impact using AFG's internally developed risk matrix framework. Climate-related scenario analysis is used to inform the identification, assessment and prioritisation of CRROs by considering how risk drivers and potential impacts may evolve under two future pathways: Net Zero 2050 (approximately 1.5°C above pre-industrial levels by 2100) and High Emissions (approximately 2.7°C).

Likelihood and consequence are assessed using a five-point scale. Likelihood ranges from "rare" (less than once in 15 years) to "almost certain" (more than once per year), while consequence ranges from "insignificant" to "catastrophic" across six dimensions: financial, reputation, compliance, service interruption, health, and new material projects. The combined assessment produces an inherent risk rating of Low, Moderate, High or Extreme under each scenario.

CRROs assessed as Moderate, High or Extreme under either scenario are subject to further review and consideration for disclosure. Risks assessed as High or Extreme are recorded in AFG's Risk Register and managed through the Group's ERMF, while any opportunities would be escalated to the CEO and considered through Executive Strategy Discussions and Board Strategy Planning forums.

Quantitative analysis and stress-testing (Step 3)

Where appropriate, the Chief Risk Officer applies further quantitative assessment. This entails ECL stress-test outputs for physical risk which anchors the financial impact dimension of the rating. During this step, external data sources, from Insurance Council of Australia and publicly available State and Federal Government sources, are also utilised as an input into the ECL model. Elsewhere, qualitative judgement is applied where quantification is not practicable.

Prioritise, review and determine disclosures (Step 4)

Outcomes are consolidated and reviewed by the Executive Management Committee and Board Risk and Compliance Committee. Risks are published in the annual Sustainability report, as well as being listed on the Risk Register.

Climate-related risk is not considered a top-tier risk category within the ERMF; it is nested within the Market and Investment category of the Risk Appetite Statement, for which AFG maintains a low-to-moderate risk appetite, consistent with its treatment of other risk types disclosed under the same ERMF criteria.

Where risks are reasonably expected to affect AFG's prospects, responses may include policy adjustments, changes to risk appetite, credit assessment practices, capital allocation and enhanced monitoring. Risks not expected to affect prospects but likely to amplify other risks are elevated through existing escalation processes.

Monitor and reassess (Step 5)

CRROs are reassessed annually through the Sustainability Report process, taking into account changes in AFG's risk profile and portfolio composition, evolving regulatory requirements, updated climate science and scenario projections, and changes in market conditions, including insurance availability and pricing.

As part of this process, CRROs are reported to the Board Risk and Compliance Committee at least annually, while climate-related opportunities and strategic implications are considered through Board strategy planning forums, at least once each year.

Within AFG Securities' lending portfolio, monitoring is undertaken through the Executive Credit Committee using valuation analysis at loan origination, insurance affordability indicators, portfolio concentration limits and external geospatial risk data. Climate-related risk exposures and emerging trends are reviewed through the Management and Board Risk and Compliance Committees as part of the annual ERMF cycle and periodic strategy discussions.

4.2 Managing and integrating climate-related risks and opportunities

Climate-related risks and opportunities are managed within AFG's ERMF on a proportionate basis, consistent with all other risk types, and considered alongside credit, market, liquidity, operational and reputation risks. Opportunities are identified, assessed, prioritised and monitored through the same process and ERMF criteria as risks, prioritised by strategic relevance, value creation and comparative returns on capital, and considered in the context of scenario analysis under the Net Zero 2050 and High Emissions scenarios.

AFG's climate-related opportunities, including potential green lending products, were specifically considered by executive management at AFG's Executive Strategy Session (March 2026). Management concluded that while market demand for green and climate-resilient lending products exists, current funding costs and lending margins mean that the financial effects are not expected to be quantitatively material. This position will continue to be reviewed as market conditions evolve.

As this is AFG's first year of mandatory reporting under AASB S2, there is no previous reporting period against which to assess whether this process has changed.

05 Metrics and targets

5.1 Metrics

Greenhouse gas emissions (Scope 1 and 2)

AFG measures absolute gross GHG emissions for Scope 1 and Scope 2, in metric tonnes of carbon dioxide equivalent (tCO_2-e) using the Greenhouse Gas Protocol; A Protocol Corporate Accounting and Reporting Standard (2004).

Emissions reflect office operations in Western Australia, New South Wales, Victoria, Queensland and South Australia.

FY26 emissions scope	T CO_2-e
Scope 1	0
Scope 2 (location based)	67.75
Scope 2 (market based)	80.74

Scope 1 and Scope 2 emissions are reported for the consolidated accounting group only as AFG does not have operational control over any of its Associates and other investees.

AFG does not currently use contractual instruments (e.g. renewable electricity purchasing arrangements). As no contractual instruments are in place, AFG has applied the market-based methodology using residual mix or grid-average emission factors and has separately calculated location-based emissions using grid-average emission factors. The location-based and market-based figures are disclosed in the table above.

AFG has not measured Scope 3 emissions for FY26 in line with transitional relief. This relief extends to financed emissions disclosure, which will be assessed for FY27 reporting. Future Scope 3 reporting will comply with regulatory reporting mandates.

Measurement approach and boundary

Scope 1 and 2 are reported, using an operational control boundary covering activities over which AFG has the full authority to introduce and implement its operating policies. Based on current assessment, the reporting boundary covers Australian Finance Group Ltd and its subsidiaries across Australia, including all leased offices.

AFG does not operate a vehicle fleet, own any combustion equipment, or have natural gas connections in its leased office premises. AFG has not identified any Scope 1 emissions sources within its operations and accordingly reports Scope 1 emissions as nil for FY26. Heating, ventilation and air conditioning systems in AFG's leased facilities are operated and maintained by building managers; AFG does not have operational control over this activity, and any associated refrigerant emissions are therefore treated as Scope 3 and excluded from this disclosure. Short-term hired vehicles are similarly treated as Scope 3.

The measurement considers the seven key greenhouse gases recognised by the Intergovernmental Panel on Climate Change (**IPCC**) (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3).

Activity data (electricity consumption in kWh) is sourced from copies of electricity invoices and statements, which are based on metered readings and provide an accurate measure of actual use. The majority of AFG's activity data for this disclosure is based on actual invoice data for the period 1 July 2025 to 30 June 2026. Where invoice data for a specific site or period is unavailable ahead of reporting deadlines, usage from the most recent representative 12-month billing period is used to fill that gap only, rather than substituting for the full year's dataset.

Scope 1 and 2 emissions for locations occupied for less than the full year are included on a pro-rata basis for the period of AFG's occupancy.

This measurement approach reflects the most accurate and complete information available for AFG's operational GHG emissions. Greenhouse gas emissions are measured in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (2004). This leverages primary activity data where available, and ensures consistency, reliability and comparability of emissions reporting over time. This is AFG's first year of mandatory emissions reporting under AASB S2.

For Greenhouse Gas Emissions measurement the following data was used:

Emission Source	Data Type	Estimation Method (applied only where invoice data is unavailable)	Emissions factor source
Electricity (Scope 2) — location-based	Invoices (kWh) + estimates for missing periods	Pro-rata extrapolation	NGA Factors 2025, DCCEEW
Electricity (Scope 2) — market-based	Invoices (kWh) + estimates for missing periods	Pro-rata extrapolation	NGA Factors 2025, DCCEEW

Risk indicators and other climate metrics

AFG's primary indirect physical risk exposure arises through AFG Securities. AFG has undertaken a comprehensive assessment of the AFG Securities residential lending portfolio's exposure to environmental and climate risk (including rainfall, fire, rising sea levels, humidity and temperature), utilising a proprietary risk matrix that combines two key dimensions: a postcode's historical exposure to natural disasters (measured by insurance claims data and other public sources provided by Federal and State Governments) and its resilience to natural disasters.

The physical climate risk analysis identified an elevated risk zone comprising approximately 24 postcodes nationally, determined through review of third-party geospatial and climate datasets. The financial impact disclosed relates specifically to AFG's exposure within this zone and does not extend across all 24 postcodes, but rather a subset where exposure was identified.

This analysis determined 2.2% of AFG Securities' mortgaged properties with an equivalent loan book value of AUD 208m are classified as elevated and vulnerable to climate-related physical risks as at 30 June 2026. The proportion of properties in AFG Securities' lending portfolio classified as "elevated" (2.2%) is consistent with the equivalent proportion across all Australian residential properties nationally (2%, based on the G-NAF address dataset).

AFG's identified transition risk relates to Group-wide regulatory and compliance cost pressures, rather than direct financing exposure to emissions-intensive industries. As this risk is diffused across the Group rather than concentrated in specific assets or business activities, 100% of AFG's business activities are exposed to transition risk, and no discrete assets have been classified as vulnerable on that basis.

AFG has nil assets and business activities aligned to climate change opportunities. Opportunities are likely to emerge over the medium to long term and, if realised, would be captured within AFG's normal business activities rather than as a distinct climate-aligned category.

AFG has deployed nil capital expenditure or investment specifically designated toward climate-related risks or opportunities during the reporting period.

AFG did not apply an internal carbon price or greenhouse gas emissions price in its decision-making processes, including investment decisions, transfer pricing or scenario analysis.

Executive remuneration arrangements are described in Section 2 (Governance). No Executive remuneration recognised in FY26 was linked to climate-related considerations.

5.2 Targets

AFG has not set a GHG emissions reduction target due to its low direct emissions profile. However, AFG has set a voluntary target to fully offset its annual Scope 1 and Scope 2 greenhouse gas emissions by purchasing an equivalent amount of carbon offsets.

AFG's voluntary offset target was not informed by the Paris Agreement or by any jurisdictional commitments arising from it. The target is an annual voluntary offset commitment for each reporting period, rather than a decarbonisation-aligned emissions reduction target set against a prescribed trajectory.

FY26 is the first reporting period in which the voluntary offset target has been applied. No base period, multi-year trajectory or interim milestones apply, as the target is reset annually against AFG's reported Scope 1 and Scope 2 emissions across the AFG consolidated entity for each reporting period.

AFG's voluntary offset target and the methodology for setting it have not been independently validated by a third party. The target was reviewed and approved by the Board. The target is reviewed annually by the Board, which considers progress against the commitment and whether the target remains appropriate in light of AFG's emissions profile and available offset mechanisms.

This is a target that covers Scope 1 and Scope 2 greenhouse gas emissions only, across all seven greenhouse gases measured and reported in Section 5.1. Scope 3 emissions are not covered by this voluntary target. The metric used to set and monitor progress is absolute gross Scope 1 and Scope 2 GHG emissions, expressed in tCO_2-e, as disclosed in the reporting period.

AFG measures and reports its absolute gross Scope 1 and Scope 2 emissions and purchases an equivalent volume of offsets, without netting carbon credits against reported emissions. The target was not derived using a sectoral decarbonisation approach

In FY26, AFG reported nil Scope 1 emissions and Scope 2 emissions of 80.74 market based and 67.75 tCO_2-e location based. In accordance with its annual commitment, AFG purchased 81 tCO_2-e of offsets equivalent to its market-based Scope 2 emissions. The offsets are provided by a registered Australian environmental charity and are not Australian Carbon Credit Units (ACCUs). The FY26 target has been met in full.

AFG will monitor progress against this voluntary offset target annually by comparing the volume of offsets purchased against its reported gross Scope 1 and Scope 2 emissions for each reporting period.

Revisions to climate-related targets

In AFG's FY22 Annual Report, AFG committed to achieving carbon neutrality across Scope 1 and Scope 2 emissions by 2030.

Following a review of AFG's emissions profile, available offset mechanisms and the introduction of mandatory AASB S2 reporting obligations, AFG revised this target during FY26 to an annual offset commitment aligned to reported emissions as described above.

As such, following approval at a Board meeting in April 2026, the 2030 carbon neutrality commitment has been replaced by the annual commitment to purchase offsets equivalent to AFG's reported Scope 1 and Scope 2 emissions for each reporting period.

This revised approach better reflects AFG's low direct emissions profile and aligns offset activity directly with reported emissions as they occur rather than a fixed future endpoint.

Any future revisions to targets will be disclosed in accordance with AASB S2 and relevant governance approvals.

06 Directors' Declaration

In the opinion of the directors of Australian Finance Group Ltd (the **Company**), I state that the Company has taken reasonable steps to ensure that the substantive provisions of the Sustainability Report of the Company and its subsidiaries (collectively the Group) for the year ended 30 June 2026 as presented on pages 110 to 133, are in accordance with the *Corporations Act 2001* (Cth), including:

(a) Complying with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures and any further requirements determined under section 296C(2) of the *Corporations Act 2001* (Cth); and

(b) Containing the climate statement disclosures required by section 296D of the *Corporations Act 2001*(Cth).

Made in accordance with a resolution of the directors of the Company pursuant to section 296A(6) of the *Corporations Act 2001* (Cth), as modified by section 1707C(2) of the *Corporations Act 2001* (Cth).

On behalf of the Board

Greg Medcraft
Chair

19 August 2026

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Independent auditor's review report to the members of Australian Finance Group Limited

Conclusion

We have conducted a review of the following information in the Sustainability Report of Australian Finance Group Limited (the Company) and its subsidiaries (collectively the Group) for the year ended 30 June 2026 (the 'selective sustainability information') as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Selective sustainability information	Criteria: Reporting requirement of AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Section 02 Governance, pages 115-117
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Section 3.2 Climate-related risks and opportunities, pages 119-121
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Section 5.1 Metrics, pages 134-135

The requirements of AASB S2 identified in the table above form the criteria relevant to the selective sustainability information and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the selective sustainability information specified in the table above does not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the selective sustainability information is free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

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Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the *Summary of the Work performed* section of our report.

Our responsibilities under ASSA 5000 are further described in the *Auditor's responsibilities* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Act and the ethical requirements of *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code) that are relevant to reviews of the selective sustainability information of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

The directors of the Company are responsible for the other information. The other information comprises the Company's Annual Report, but does not include the selective sustainability information and our review report thereon.

Our conclusion on the selective sustainability information does not cover the other information and we do not express any form of assurance conclusion thereon in this review report. We have issued a separate auditor's report on the Financial Report and the Remuneration Report.

In connection with our review of the selective sustainability information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the selective sustainability information, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the selective sustainability information

The directors of the Company are responsible for:

- The preparation of the selective sustainability information in accordance with the Act; and

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- Designing, implementing and maintaining such internal control necessary to enable the preparation of the selective sustainability information, in accordance with the Act that is free from material misstatement, whether due to fraud or error.

Inherent limitations

As discussed on page 144 of the Report, climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. The Report contains forward looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions and estimates and judgements that have not yet occurred and may never occur. We do not provide assurance on the achievability of this prospective information.

Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the selective sustainability information, defined in the *Conclusion* section of our report, is free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the selective sustainability information.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control

- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the selective sustainability information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

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In conducting our review, the procedures we performed included, but were not limited to:

- Considered the completeness of the Group's assessment of climate-related risks and opportunities
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the selective sustainability information during the reporting period
- Read minutes of relevant committees to understand matters discussed and decisions made with respect to climate-related disclosures
- Assessed the appropriateness of the reporting boundaries applied
- Undertook analytical review procedures to support the reasonableness of the selective sustainability information
- Evaluated the appropriateness of emission factors applied in the greenhouse gas emission processes
- Agreed the selective sustainability information disclosures made in the report with the underlying records
- Evaluated the presentation and disclosure of the selective sustainability information against the requirements of AASB S2.

Ernst & Young

Ernst & Young

Timothy Dachs
Partner
Perth
19 August 2026

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Shareholder Information

Additional information required by the Australian Securities Exchange Ltd (ASX) and not disclosed elsewhere in this report is set out below. The information is current as at 3 August 2026 (unless another date is specified).

a. Number of holders of equity securities

Ordinary share capital

269,799,803 fully paid ordinary shares are held by 5,767 individual shareholders. All issued ordinary shares carry one vote per share.

b. Distribution of holders of equity securities

The number of shareholders by size of holding is set out below:

Range	Securities	%	No. of holders	%
100,001 and Over	219,114,364	81.21	102	1.77
10,001 to 100,000	38,855,542	14.40	1,423	24.67
5,001 to 10,000	6,323,100	2.34	817	14.17
1,001 to 5,000	4,663,097	1.73	1,703	29.53
1 to 1,000	843,700	0.31	1,722	29.86
Total	**269,799,803**	**100.00**	**5,767**	**100.00**
Unmarketable Parcels[1]	91,189	0.03	519	9.00

1 An unmarketable parcel is considered to be a shareholding of 314 shares or less, being a value of $500 or less in total, based on the Company's last sale price on the ASX at 3 August 2026 of $1.59.

c. Substantial shareholders

The names and the number of shares held by substantial shareholders as at 31 July 2026 are set out below:

Range	#Shares	% of issued capital
First Sentier Investors RQI (all subsidiaries of Mitsubishi UFJ Financial Group (Japan))	19,874,505	7.37%
Australian Ethical Investment	19,845,648	7.36%
MBM Investments Pty Ltd ATF The Brett McKeon Family Trust	15,000,000	5.56%
Banyard Holdings Pty Ltd ATF The B&K McGougan Trust	14,788,765	5.48%
Pendal Group (all subsidiaries of Perpetual (Australia))	14,471,271	5.43%
MSW Investments Pty Ltd ATF The Malcolm Stephen Watkins A/C	14,362,170	5.36%

d. Twenty largest registered holders of quoted equity securities

The number of shareholders by size of holding is set out below:

Rank	Name	A/C designation	3 August 2026	% of issued capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		57,976,026	21.49
2	CITICORP NOMINEES PTY LIMITED		46,886,396	17.38
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		27,753,712	10.29
4	MBM INVESTMENTS PTY LTD	THE BRETT MCKEON FAMILY	15,000,000	5.56
5	BANYARD HOLDINGS PTY LTD	B & K MCGOUGAN	14,788,765	5.48
6	PERPETUAL CORPORATE TRUST LTD	<983L AC>	12,345,025	4.58
7	BNP PARIBAS NOMS PTY LTD		4,855,582	1.80
8	OCEANCITY INVESTMENTS PTY LTD	<MATTHEWS FAMILY A/C>	2,800,000	1.04
9	BNP PARIBAS NOMINEES PTY LTD	<AGENCY LENDING A/C>	2,718,509	1.01
10	INVIA CUSTODIAN PTY LIMITED	<THE B & K MCGOUGAN NO 2 A/C>	2,124,720	0.79
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	<NT-COMNWLTH SUPER CORP A/C>	2,007,115	0.74
12	WARBONT NOMINEES PTY LTD	<UNPAID ENTREPOT A/C>	1,730,066	0.64
13	NEWECONOMY COM AU NOMINEES PTY LIMITED	<900 ACCOUNT>	1,575,038	0.58
14	EGMONT PTY LTD	<C CARTER SUPER FUND A/C>	1,400,000	0.52
15	PRECISION OPPORTUNITIES FUND LTD	<INVESTMENT A/C>	1,376,529	0.51
16	BNP PARIBAS NOMINEES PTY LTD	<HUB24 CUSTODIAL SERV LTD>	1,239,189	0.46
17	ADRIEN MANN (SOUTH PACIFIC) PTY LTD		1,110,000	0.41
18	SHORTCLAN INVESTMENTS PTY LTD	<SHORT FAMILY SUPER FUND A/C>	1,032,100	0.38
19	MRS LISA DOREEN BEVAN		1,000,000	0.37
19	ANGELA MIDDLETON		1,000,000	0.37
20	MRS LISA MARIE KARABIN	<OXCLIFFE ROAD A/C>	950,000	0.35
		Total	**201,668,772**	**74.75**
		Balance of register	**68,131,031**	**25.25**
		Grand total	**269,799,803**	**100.00**

Company Secretary

Ms M. Palethorpe

Registered office

Level 11, Dynons Plaza, 905 Hay Street, Perth WA 6000

Share registry

MUFG Corporate Markets Liberty Place Level 41, 161 Castlereagh Street, Sydney, NSW 2000

IMPORTANT NOTICE

This Annual Report has been prepared by Australian Finance Group Ltd (ACN 066 385 822) and its controlled entities (**AFG**, the **Group, we, us** or **our**) for the financial year ended 30 June 2026. It should be read together with AFG's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**). Nothing in this Report constitutes financial product advice, taxation advice, or an offer, invitation, or recommendation in relation to any securities.

1. Forward-looking statements

This Report may contain forward-looking statements or opinions, including statements regarding intent, belief, or current expectations with respect to AFG's business operations, market conditions, results of operations and financial condition, capital management, sustainability objectives or targets, and risk management practices. These matters are subject to risks and uncertainties that could cause AFG's actual results and financial position to differ materially from the information presented in this Report.

When used in this Report, the words “forecast”, “estimate”, “goal”, “target”, “indicator”, “plan”, “pathway”, “ambition”, “modelling”, “project”, “intend”, “anticipate”, “believe”, “expect”, “may”, “probability”, “risk”, “will”, “seek”, “would”, “could”, “should”, “outlook”, “guidance”, or “likely”, and similar expressions, as they relate to AFG and its management, are intended to identify forward-looking statements or opinions. There can be no assurance that actual outcomes will not differ materially from any forward-looking statements or opinions contained in this Report.

These forward-looking statements are usually predictive in character and may be affected by inaccurate assumptions, or by known or unknown risks and uncertainties, and may differ materially from results ultimately achieved. These statements should not be relied upon when making investment decisions. They speak only as at the date of publication of this Report, and, except as required by law or the ASX Listing Rules, AFG assumes no obligation to update such information.

No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement, or reasonableness of any forward-looking statement, and undue reliance should not be placed on any such statement.

2. Industry and third-party data

This Report contains industry, market, and competitive position data based on industry publications, third-party studies, and AFG's internal estimates. While AFG believes these publications and third-party studies to be reliable and to have been prepared by reputable sources, AFG has not independently verified the underlying information and cannot guarantee its accuracy, currency, or completeness. Readers should exercise their own judgement and, where the information is material to their purposes, seek independent verification before relying on it.

3. Sustainability information

This Report contains sustainability-related and climate-related information, including information prepared in connection with AFG's obligations (to the extent applicable) under Chapter 2M of the *Corporations Act 2001* (Cth) and the Australian Sustainability Reporting Standards issued by the Australian Accounting Standards Board (including AASB S2 Climate-related Disclosures). Any greenhouse gas emissions data, climate scenario analysis, or transition planning information in this Report are estimates, reflecting inherent uncertainty in measuring or quantifying such matters. Methodologies for measuring or quantifying this information may evolve as market practice and reporting standards continue to develop. Scenario analysis included in this Report does not constitute a definitive outcome and is based on assumptions which may prove to be incorrect and may not reflect AFG's own expectations. These disclosures should be read together with the forward-looking statements notice above and are not, and should not be treated as, guarantees of future outcomes.

4. Non-IFRS financial measures

Certain financial measures referred to in this Report, for example underlying NPATA, are not defined or specified under Australian Accounting Standards or the *Corporations Act 2001* (Cth) and are non-IFRS or non-statutory financial measures. These measures have not been prepared in accordance with Australian Accounting Standards, may not be comparable to similarly titled measures used by other companies, and should not be considered as an alternative to measures prepared in accordance with those standards.

5. General

Numbers in this Report may be subject to rounding. Except where otherwise stated, all financial information relates to the financial year ended 30 June 2026 and all amounts are expressed in Australian dollars. This Report is not intended to constitute legal, financial, taxation, or other professional advice, and should not be relied on as such.

Corporate Directory

Notice of AGM

The Annual General Meeting of Australian Finance Group Ltd will be held on **Friday, 16 October 2026** at **9.00am WST** as a hybrid meeting in person at **Level 16, 240 St Georges Terrace, Perth Western Australia 6000** and through an online platform that allows shareholders to view proceedings of the meeting, submit questions and vote.

Corporate office

Australian Finance Group Ltd
Level 11, Dynons Plaza,
905 Hay Street, Perth WA 6000

Postal address
GPO Box 2730
Cloisters Square PO WA 6850

Phone
08 9420 7888

Email
investors@afgonline.com.au

Website
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Share registry

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Liberty Place
Level 41, 161 Castlereagh Street
Sydney NSW 2000

Postal address
Locked Bag A14
Sydney South NSW 1235

Phone
1300 554 474

Email
support@cm.mpms.mufg.com

Stock listing
Australian Finance Group Ltd's ordinary shares are listed on the Australian Securities Exchange (ASX code: AFG).

Directors

Greg Medcraft
(Non-Executive Chair)

Brett McKeon
(Non-Executive Director)

Craig Carter
(Non-Executive Director)

Jane Muirsmith
(Non-Executive Director)

Annette King
(Non-Executive Director)

David Flynn
(Non-Executive Director)

Company Secretary

Michelle Palethorpe
(General Counsel and Company Secretary)

afgonline.com.au

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905 Hay Street, Perth WA 6000

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Australian Finance Group Ltd.

Australian Credit Licence: 389087

ABN: 11 066 385 822

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