AFG

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# AFG delivers 39% profit growth as earnings base broadens

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**Australian Finance Group Ltd (ASX: AFG) today reported FY26 net profit after tax of $49 million, up 39% on FY25, and underlying NPATA of $54 million, up 33%.**

Both Distribution and Manufacturing segments delivered earnings growth, with improved operating efficiency lifting underlying return on equity (ROE) to 23% and reducing the cost-to-income ratio to 55%. Around 90% of AFG's earnings are now supported by existing recurring or diversified income streams, strengthening the Group's resilience and supporting a broader earnings base.

**FY26 results highlights**

- AFG network grew to more than 4,300 brokers, writing 1 in 9 Australian mortgages and providing a vital distribution channel for lenders across the country
- Distribution EBITDA rose to $71 million, residential settlements up 18% to $75 billion
- Manufacturing loan book increased 30% to a record $7.1 billion, with net interest margin (NIM) of 125 basis points
- Broker Services income increased 13% to $24 million, with over eight consecutive years of growth
- Cash flow from operations was $51 million, with a 94% cash conversion
- The Board has declared a final FY26 dividend (fully franked) of 4.8 cents per share, taking the full- year fully franked dividend to 9.5 cents per share.  Record date for the final dividend is 1 September 2026. The dividend will be paid on 1 October 2026.

**A network at scale**

AFG CEO David Bailey said the result demonstrates the benefits of AFG's scaled distribution network, growing lending platform and increasingly recurring earnings base. "AFG's expanding network now spans more than 4,300 brokers serving over 600,000 customers across more than 80 lenders. The broker channel reached 81% of the residential lending market in FY26, with one in nine Australian mortgages written by an AFG broker, positioning the Group strongly as more customers choose brokers.  Our channel provides vital infrastructure for lenders, supports competition across the lending market and helps keep borrowing costs down for Australian borrowers."

AFG's larger broker groups are growing 2.5 times faster than the market. "Scale is our strength. It enables us to invest more in technology, compliance and broker support, attracting high-quality broker groups. With 32 years of proprietary insights and industry experience, we are well placed to develop and distribute a wider range of products through the network. These advantages reinforce each other and are increasingly evident in our results," Mr Bailey said.

Asset and commercial finance settlements increased 19% in FY26 to $4.3 billion, supported by Fintelligence and broader broker demand for diversified finance solutions.

"This year's results reflect a business that is no longer defined by the near-term housing cycle alone and has more ways to grow," Mr Bailey said. "We have expanded our broker network, grown our lending business, increased recurring income through Broker Services and continued to build our Broker Investments program. Together with ongoing investment in technology that supports broker productivity, these initiatives create more opportunities for AFG."

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AFG Investor Hub

Find out more

**Manufacturing drives growth through a larger, higher- returning lending business**

Manufacturing delivered another year of strong growth, with the loan book increasing 30% to a record $7.1 billion, while underlying ROE reached 30%.

“Record term issuance of $2.2 billion, improved warehouse economics and new funding sources lifted NIM to 125 basis points and provide greater near-term visibility over funding costs,” Mr Bailey said. “The performance of our lending business was a real highlight, with substantial book growth and improved returns while maintaining disciplined credit settings.”

AFG’s 32% investment in Thinktank also contributed to earnings growth, with earnings increasing by $3.6 million and Assets Under Management reaching $9.6 billion.

**Strong cash generation and disciplined capital allocation**

AFG delivered 94% cash conversion during FY26 and closed the year with $63 million in unrestricted cash, while underlying ROE increased from 19% to 23%. During the year, AFG purchased $3 million of shares under the ongoing on-market buyback of up to $15 million announced in June 2026.

“Our capital allocation framework is designed to balance investment, flexibility, shareholder returns and optionality for growth in a fast-changing environment,” Mr Bailey said. “In FY26 we continued to deploy capital to opportunities offering attractive returns, including reinvestment in the business, advancing our broker investments initiative and the on-market buyback, while maintaining the financial flexibility to execute our strategy.”

**Outlook**

AFG enters the new financial year with a larger lending book and 10% of earnings directly exposed to short-term residential volume. Distribution remains the Group’s largest earnings contributor and is capital light, delivering an outstanding ROE of 40%. AFG also carries approximately $13 million of annualised EBITDA uplift from FY26 investments into the new year.

“Residential lodgements have softened since June as borrowers respond to changing tax policy settings, interest rate expectations, and household cost pressures,” Mr Bailey said. “While this has led to more considered decision-making, underlying housing demand remains intact. A medium-term structural challenge in housing supply remains, and customers continue to need trusted support to navigate an increasingly complex lending environment.”

Mr Bailey said refinancing, upgraders and client retention are expected to remain important areas of opportunity as borrowers reassess existing loans and compare their options. “In this environment, the broker channel remains structurally well placed,” he said. “Borrowers are increasingly relying on brokers to compare lenders, interpret policy changes and make informed decisions. AFG’s scale, broker relationships, technology and funding capability work together to strengthen the business and support both our earnings growth and our reputation as a market leader.”

“AFG enters FY27 from a stronger position,” Mr Bailey said. “While market conditions remain choppy, AFG’s business model is distinct from traditional banks, with a diversified earnings base, capital-light distribution platform, growing lending business and strong broker relationships providing resilience through the cycle. Ongoing demand for broker support remains clear as borrowers continue to seek choice and guidance in a complex lending environment and we remain optimistic about the opportunities ahead.”

“With discipline, momentum and confidence in our strategy, we will continue investing in brokers, technology and our manufacturing business to strengthen AFG’s growth platform and support long-term shareholder returns.”

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