

**Centrepoint
Alliance**

Annual General Meeting

27 November 2015

Annual General Meeting

Shareholders Address

Chairman's Address

Good morning everyone.

My name is Alan Fisher and I am the chairman of Centrepoint Alliance Limited and, on behalf of the Board of directors, it is a pleasure to welcome you all to our Annual General Meeting of shareholders for 2015.

I would like to introduce you to the directors of the Board, Martin Pretty, John O'Shaughnessy, and our managing director John de Zwart. In addition we have senior management in attendance and David Rodgers, partner from Deloitte Touche Tohmatsu, the Company's auditors.

I would also like to acknowledge the commitment and effort by previous directors Rick Nelson, previous chairman of Centrepoint Alliance and Matthew Kidman and Noel Griffin, previous non-executive directors.

As you would be aware the Board has been undertaking a renewal process over the past 18 months as the company enters the next stage in its strategy. At the 2014 AGM the Board advised that as part of the renewal a new chair would be appointed and one further director would retire in the second half of 2015. As a result, Rick Nelson and Matthew Kidman stepped down effective from 12 November 2015 and I was appointed chairman and non-executive director. The Board will also be looking to appoint an additional new director in due course.

By way of background, I have extensive experience in advising boards, shareholders, financiers and senior executives on mergers and acquisitions and business restructurings as well as strategies for enhancing shareholder value. I am very much looking forward to working with management and the Board to take Centrepoint on its next phase of growth.

As a result of the changes to the Board, there are some amendments to the resolutions that were proposed in the notice of meeting that was issued on 23 October 2015. These details were notified to all security holders on 16 November 2015 with the issue of a new proxy form. Resolution 2 has been withdrawn and replaced with Resolution 7 to re-elect Martin Pretty as a director under rule 58(a) of the company's constitution and retires by rotation. An additional Resolution 8 has also been added for my election as a director under rule 47 of the company's constitution.

Additionally, there was a resolution to change the company name to Centrepoint Financial Services Limited (Resolution 4). This resolution is being withdrawn today as it has come to our attention that there is a registered company with a name similar to our proposed name.

I will now hand over to managing director and CEO John de Zwart to provide a company update.

CEO and Managing Director's Address

Welcome to our shareholders. Centrepoint appreciates the strong support and interest we receive from our shareholders.

It is an exciting time to be in the financial services industry. The world is moving at such a rapid pace as the traditional ways of business are overturned, driven by consumer demands and supported by new regulations, technology and community standards.

We see both the wealth and funding markets as incredibly attractive despite the intense competition, the need for constant investment and renewal. We see this as playing to our strengths as a non-institutional client centric business. We are able to navigate the changes quicker and more effectively

than institutional business models with heavy infrastructure of complex IT environments and highly regulated product manufacture which is difficult to adjust to changing customer needs.

That is not to say we are not without our own legacy which has helped shape the culture and capabilities of Centrepont. Today, Centrepont is a leading and highly respected financial services business working closely with advisers, regulators, technology and product providers to deliver quality advice and solutions to our clients.

This is the beginning of our journey. As a listed company we also need to deliver short term financial results whilst investing for the future.

Overview

Centrepont like others in the wealth and premium funding markets faced headwinds in FY15.

The revenues for licensees continues to decline with the impact of regulatory changes made in 2013 flowing through the sector. The loss of product rebates on new clients will be a drag on revenues for the next few years. Growth in new revenue streams from salaried advice and in-house product manufacture is and will continue to expand.

Premium funding saw a softening in general insurance where premiums on average declined around 15% in FY15 compared to FY14. We hadn't anticipated this and continued to build capacity early in the year, including expanding bank funding lines, in anticipation of growth. It has taken until 1H16 to readjust our expense base to the new market.

Centrepont's strategy has been to invest heavily in building modern businesses and sustainable revenue streams. We launched a new licensee, salaried advice business and created our own managed account solutions in FY15. We also invested in a corporate development capability to identify inorganic opportunities for our businesses. These are significant investments however they are aligned with the demands of the market and are key to the achievement of our strategy and improve the quality and risk profile of Centrepont.

The Board renewal started in 2014 and continued in 2015. Rick, Matthew, Stephen and Noel were all major contributors to the turnaround of this business over the last couple of years. They have been individually very active in helping management with the execution and addressing the legacy issues. They were a strong team and we thank them for their support and contribution.

We have been fortunate to have two new directors join the Board since our last AGM. John O'Shaughnessy is a highly experienced wealth executive, consultant and more recently director in the Australian and global wealth industry. Alan Fisher complements our existing Board members with his corporate advisory expertise and experience in growing businesses in challenging environments. Whilst the new Board has only recently formed, their interaction and guidance for management has been top quality and we look forward to working together on the next stage of value creation at Centrepont.

The business is financially strong, claims have been benign year to date and we are well positioned for organic and inorganic growth.

Turnaround Scorecard

The business has come a long way over the last two and a half years with a change in Wealth strategy, management and Board cascading through the entire organisation.

Both Wealth and Funding are well positioned with strong propositions strengthening brand recognition and a reputation as a business partner that advisers and brokers can trust.

Management effort is now focused on value realisation through organic growth and continual ongoing improvements to our proposition.

In addition, the business now has the capacity to absorb acquisitions.

Turnaround Snapshot

The financial turnaround has progressed quickly against a challenging market backdrop.

Whilst we are now in a strengthened financial position we need to leverage the scale advantage we have, improve our cost to income ratio in our Wealth business and continue to de-risk and close remaining legacy issues.

The Wealth and Funding business platforms are now scalable to support long term sustainable growth.

Wealth – Growth Strategy

We are seeing the strongest organic growth in new advisers in years. We are maintaining our strict compliance standards and this is acting as a strong attraction for quality advisers.

Our independence, client best interest and adviser centric culture, with a strong IT offering and comprehensive services are now unique in the non-institutional advice market.

Our managed account solution has had good take-up amongst advisers and is a significant change for them. This is a long term initiative and is progressing similar to other organisations who have gone before.

Given the market pressures there are a significant number of businesses which are struggling to compete or retain advisers. We are finding our Alliance Wealth and AAP offerings are providing a home for small licensees without the resources to provide their advisers and practices alone.

The industry changes are also forcing a range of partners to align with a leading and trusted industry participant. We see opportunities emerging to partner or acquire high value parts of the value chain to complement our existing advice capability.

Funding – Leading Independent Player

Given the tough market conditions, Premium Funding has been focusing on deepening existing client relationships.

With competitive mortgage and asset finance broking, and wealth offerings now available, our conversations with our brokers is opening a number of cross sell opportunities.

The Steadfast relationship has grown strongly over the past 12 months and continues to hold long term growth potential for the group.

New Zealand is gaining traction. We see this as a business with potential to increase over the next few years.

Funding has been focusing on re-aligning its expense base and has reduced funding costs substantially. In addition, operational efficiencies have allowed a reduction in staff. This has been partially offset by slightly lower margins as we experimented with some alternate pricing strategies during the period.

FY15 Performance Highlights – Transitional Phase

The business revenue and expense is transforming, particularly in the Wealth business. Revenues are growing strongly in new business lines largely offsetting the loss of product rebates. Expenses have been trimmed substantially with efficiencies from technology and process improvements. The significant investment into salaried advice, managed accounts, corporate development, IT and marketing being funded from operational efficiencies and reduced external spend.

Revenue declined largely as a result of Premium Funding driven by the lower commercial general insurance premiums. This ultimately flowed through to the profit result.

Wealth revenues declined by 3% as a result of new regulations impacting product rebates for licensees. Funding revenues declined by 10% in a market estimated down 15%.

Statutory NPAT grew substantially driven by the recognition of a \$4.3m tax asset offset by an increase of \$2.4m in the legacy claims provision.

Legacy claims relate to advice provided prior to 2010. We are now towards the back end of issues with the number of new claims declining significantly compared to last year.

In 2014, there was significant media attention around poor advice and heavy lawyer advertising. We believe this may have led to the spike in claims received in 2014. We have not seen a similar reaction this year.

Given the strengthening financial performance of the group we felt it appropriate to recognise some of the off balance tax assets resulting in a \$4.3m one off profit impact.

Dividends

The Board declared two fully franked dividends during the period totalling 2.2 cents. The dividend policy is to provide shareholders with a sustainable and fully franked income stream whilst balancing the needs of the business and funding growth.

Executive Long Term Incentive Scheme

The Board has sought to align management interests with shareholders and provide a long term incentive package. This arrangement is offered to key executives.

The 2015 LTI tranche is based on a loan share scheme. This involves the employee entering into an arrangement via a trust to purchase shares in the company at the current market price funded by the company via a limited recourse loan. On vesting the employee must repay the loan and receives the benefit of the capital gain on the shares.

The performance criteria are stringent. The earnings per share must increase by a minimum of 40% over the 3 year performance period for the executive to qualify.

Between 140% and 171% EPS growth the executive receives between 40% and 100% of the share grant pro rata.

For the shares to vest with these stretch targets, shareholders will have received significant value uplift in their shares.

Outlook

The business is in a strong position with an experienced management team, a strategy that is coming to fruition and an increasingly trusted reputation.

Organic growth has returned to Wealth with steady growth in new advisers and practices into Alliance Wealth and AAP, and good inflows onto in-house platforms and funds. Grandfathered pre FOFA revenues will continue to decline offset by organic growth and new initiatives. The downturn in the share market, whilst making a partial recovery in October, has impacted YTD16 revenues.

Premium Funding continues to grow on the East Coast and New Zealand with volumes down in WA on PCP in the 1Q16 however stabilising in October.

The lower expense base will have minimal impact after restructuring costs in 1H16. Funding will see a lower base in 2H16 whilst Wealth continues to invest savings in growth initiatives.

The profit for the Group will be more evenly spread between 1H16 and 2H16 as the organisation exits the turnaround and one off items become less significant.

Centrepont is building momentum in the market and is well placed to create long term shareholder value. We are pleased with the progress and the support we have received from all our stakeholders.

I would like to thank the staff, clients and shareholders for their continued support of Centrepont.

Annual General Meeting Company Update

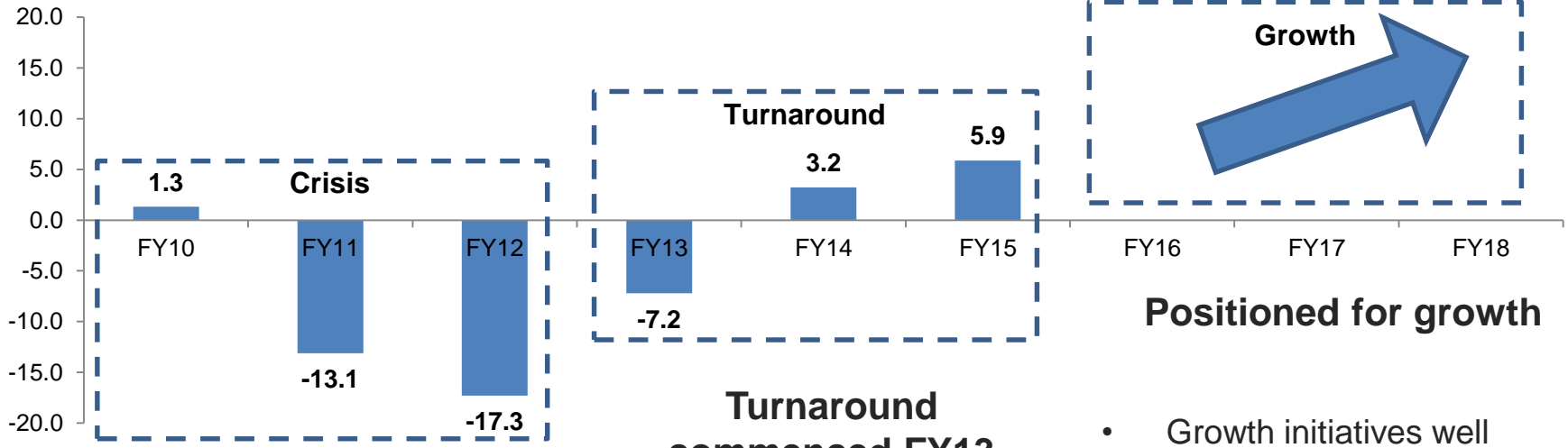
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- Centrepoint holds strong positions in long term growth markets
- Market and Centrepoint evolving rapidly
- Wealth licensee and dealer services revenues declining as a result of 2013 regulatory changes (FOFA)
- Premium funding commercial general insurance premiums have stabilised after declining around 15% in FY15
- Investment in sustainable growth platforms of salaried advice and investment product manufacture progressing well
- Board renewal progressing
- Attractive M&A opportunities to build strategic capabilities and sustainable growth platforms
- Strong balance sheet

Turnaround scorecard

- ✓ New strategy, board and management team
- ✓ Reposition Wealth as compelling partner for client focussed advisers
- ✓ Design and build new salaried adviser offering
- ✓ Repair relationships with regulator and other key stakeholders
- ✓ Identify obligations and minimise legacy claim costs
- ✓ Improve Funding's revenue mix by expanding geographic reach
- ✓ Cut corporate overheads - down >50% from FY12 to FY15
- ✓ Standardise financial reporting, business systems and processes
- ✓ Strengthen balance sheet and reinstate dividends
- ✓ Begin to implement growth programs
- ✘ Realise full benefits from turnaround (ongoing)

Statutory NPAT from Continuing Operations (\$m)



Crisis bottomed in FY12

- NPAT collapsed to -\$17.3m
- Wealth division faced major challenges
- Funding WA dominated
- Last dividend paid in 2007
- Legacy claims of \$22m

Turnaround commenced FY13

- NPAT improving
- New management and strategy
- Growing FUM/FUA
- Funding expanded into East Coast market
- Dividends declared
- Legacy claims in run-off

Positioned for growth

- Growth initiatives well underway
- Full benefits of Wealth realignment will take time to be realised
- Significant investment made in capabilities i.e. personnel and IT
- Balance sheet strong
- Inorganic opportunities

Wealth - Growth strategy

- Wealth momentum building steadily with improved operating model
- Organic and inorganic growth opportunities available
- Turnaround initiatives complete. Scale benefits to be realised over coming years

Organic growth

- Recruit additional practices
- Grow salaried advice offering
- Increase FUM/FUA

Inorganic growth

- Acquire bolt on practices
- Acquire additional parts of the value chain to maximise margin

Large addressable market

- ~\$5bn pa Australian premium funding market

Leading independent player

- Largest independent player in industry
- ~30,000 loans, ~\$400m general insurance premiums funded and \$4bn mortgages brokered

National footprint established

- Shift from WA to national platform completed in FY15
- East Coast growth >20% pa for last three years. NZ market launched in FY16

FY15 – Performance highlights

– transitional phase

	FY14	FY15	Change FY15 v FY14	
Total revenue (\$m)	51.7	48.9	↓	(5%)
Underlying PBT(\$m)	8.3	7.0	↓	(15%)
Statutory NPAT (\$m)	3.3	5.9	↑	78%
Statutory EPS (cps)	3.1	4.0	↑	28%
Dividends (cps)	2.2	2.2		-
Net Assets (\$m)	34.5	36.7	↑	6%
Net Tangible Assets (cps)	15.5	14.8	↓	(4%)

- Total revenue and profit impacted by ‘soft’ commercial general insurance premium market reducing revenues by \$4m
- Wealth new business model growing FUA/FUM based revenues and offsetting loss of grandfathered income
- Business simplification continuing to deliver savings and service improvements
- Strong balance sheet with \$12.5m cash and negligible corporate debt (\$0.3m)

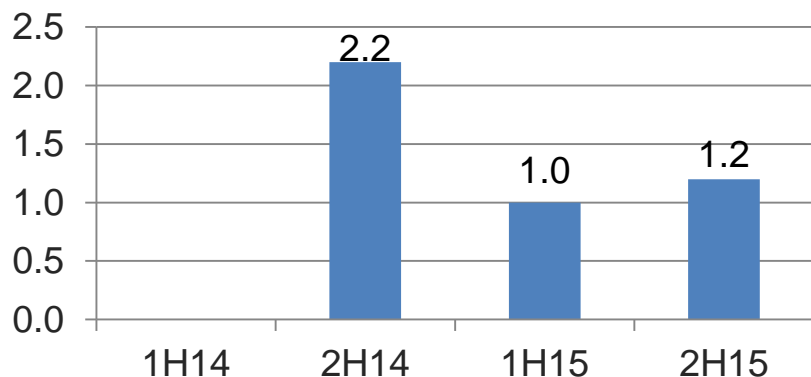
FY15 – Performance highlights

– transitional phase

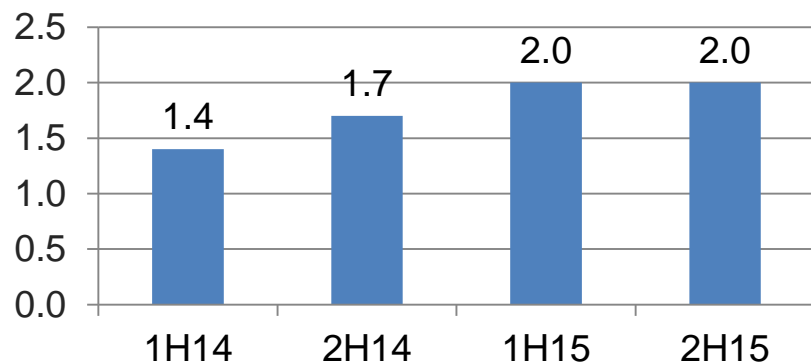
Legacy claims – during FY15, higher than expected legacy claims were received resulting in a claims provision increase of \$2.4m. This was believed to be connected with increased media attention on bank clients and increased lawyer advertising of ‘no win, no fee’ arrangements. Claims YTD have been below expectations

Tax Asset Recognition – in FY15, \$4.3 in tax assets were recognised. This demonstrates a strengthening in the operational performance of the group and expectations of future profits.

Dividends per share (cps)



EPS (diluted) (cps)



The Board declared 2.2 cents of dividends in FY15

A Dividend Reinvestment Plan offered with a discount of 2%

The aim of the dividend policy is to provide shareholders with sustainable and fully franked dividends, whilst balancing the cashflow needs of the business

An \$18m distributable dividend reserve available as at 30 June 2015

- The company has franking credits of \$27m to allow franked dividends to continue to be paid
- The company has \$35m of revenue tax losses off balance sheet

Executive Long Term Incentive Scheme

Alignment of management and shareholders

Historical schemes

Performance Rights (2013)

Loan Fund Share Plan (2014 and proposed for 2015)

Performance period is 3 years

Stretch performance criteria

Based on growth in Underlying Earnings Per Share (EPS)

Performance criteria will not be met if EPS growth is less than 140%

At 140%, 40% will vest and there will be a pro rata allocation to 171%

100% vesting occurs if the EPS is 172% or above

Upon vesting the participant repays the loan

The loan is limited recourse

Wealth revenues steady as grandfathered income runs off replaced by growth in FUM/FUA and salaried advice

Strong growth in new practices

Fund inflows to funds management and platforms continue to grow

General insurance premiums stabilising. Premiums funded growing above market excluding WA which is down on prior year however stabilising

Funding performance expected to improve as expense base re-adjusts to lower general insurance premium market

Cost reductions executed – salaries, property and bank fees (full benefit to be seen in 2H16)

Continuing to pursue acquisition opportunities

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