

ASX RELEASE.

BELL FINANCIAL GROUP

21 April 2016

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Via ASX Online

AGM Presentation Materials

We attach a copy of the presentation materials that will be addressed by the Executive Chairman and the Managing Director at Bell Financial Group Limited's Annual General Meeting today.



Cindy-Jane Lee
General Counsel & Company Secretary

BELL FINANCIAL GROUP ANNUAL GENERAL MEETING 21 APRIL 2016 EXECUTIVE CHAIRMAN'S ADDRESS

2015 was a good year for Bell Financial Group. All our business units traded positively and that resulted in the Group reporting sharply higher earnings.

Our balance sheet is robust and we have no debt – other than the loan funding facility in our margin lending business. We declared a fully franked final dividend of 3 cents a share, making a total payout for the year of 4.5 cents a share – more than double the payout in 2014. That represents a fully franked dividend of about 7.8% and yes, we have no doubt that our share price is too low.

Our Net Profit After Tax was 174% higher to \$15.9 million, struck on a 14% lift in revenue to \$178 million.

This was a particularly strong performance and it reflects the hard work of our team, the ongoing investments we continue to make in our core operations and a variety of normal market opportunities.

The Group's improved earnings were achieved against the backdrop of difficult trading conditions.

Equity markets were under pressure last year, given the concern that weakness in global growth may further deteriorate.

As well, commodity prices remain challenged and emerging markets struggled. Our retail business was particularly affected because for the first time some of the most widely held stocks on the ASX suffered big falls. Conditions this year are about the same except that now there is also growing uncertainty around the upcoming elections.

Despite these forces, the Group's wholesale division, which includes the Sydney institutional desk and the Sydney and Melbourne Equity Capital Markets desks, had a good year, boosting revenue by 50% to \$41 million.

This strong performance reflected consistent demand from corporates for equity capital. That demand has continued into 2016.

Bell Direct, our online broking business, was once again named Best Online Broker by the Australian Financial Review for the third consecutive year. Elsewhere, our recently formed strategic alliance with Citi continues to develop positively.

We continue to manage our costs carefully but at the same time invest in technology that delivers improved operational performance and scale.

These investments allow us to bolt on operations with relative ease and to inject them quickly into our business. Earlier this year, we absorbed the highly successful ten-member Small Cap team led by Hugh Robertson in Melbourne who were previously with Wilson HTM.

Because business has been relatively difficult, the market is going through a rationalization and as a result we have been able to hire advisers from UBS, Morgan Stanley, BBY and Patersons.

We also recruited Richard Coppleson, the highly respected market commentator and author of the insightful daily afternoon 'Coppo Report' – a must read for investors and policy makers alike.

Despite all the challenges we remain optimistic and open to opportunities that arise from time to time. We are well positioned to take advantage of them since we are now the only Australian-owned independent business with a full service offering to institutional clients, corporate clients and retail investors.

On behalf of the Board, I would like to thank our staff and our shareholders for their contribution and support.

I now hand over to our Managing Director Alastair Provan to provide details of the performance of our various divisions.

<ends>

BELL FINANCIAL GROUP ANNUAL GENERAL MEETING 21 APRIL 2016

MANAGING DIRECTOR'S ADDRESS

Thank you Colin. Good morning ladies and gentlemen.

As you know the numbers we are presenting today are historical so rather than go over them in any greater detail than Colin already has, I thought I would run through the first slide quickly then talk about some parts of the business that are perhaps not so well understood but nevertheless deliver consistent earnings for the Group.

[Slide 1]

I think we are regarded as an equities house and most investors and clients have a general understanding of our structure. We have a large private client business covering the entire spectrum from small Retail to High Net Worth portfolio investors. We have a smaller but highly regarded and productive specialist institutional broking business and a professional Equity Capital Markets team.

I think most people get that.

What I think is not so well understood, and certainly not recognized in our share price, are some of the other divisions which contribute to the Group earnings and could in effect operate as standalone businesses.

[Slide 2]

Portfolio Administration Services (PAS) is a comprehensive wealth management service which incorporates investment advice, trading execution, administration and value added reporting.

The platform currently has 1,960 clients holding \$2.5b in sponsored assets. The platform generated \$12.1m in gross revenue and a pre-tax profit of \$4.2m, up 17% on the previous year.

There are three ASX listed companies with similar platform businesses, but no earnings, yet have market capitalizations between \$130m - \$200m.

Bell Futures and Foreign Exchange is another example of a profitable standalone division. Our 24 hour Futures and FX desk (the original Bell Commodities, started in 1970) deals into all the major domestic and global futures, options and FX markets primarily on behalf of banks, institutions and corporate clients.

While today the division represents a smaller percentage of the Group's overall business than it did several years ago it has been a growth area for us in recent times generating \$13.8m in gross revenue last year with a pre-tax contribution to Group earnings of \$2.1m, up 40% on the previous year.

Bell Potter Capital (BPC), a wholly owned subsidiary with its own AFSL, is the only non-bank margin lender in the Australian market. We built the business from scratch and over the past 10 years it has been a consistent performer in a generally tough environment where lack of investor confidence and margin pressure have been significant factors.

BPC runs a very conservative loan book with an average LVR of 31% and to date has never had a bad debt.

At the end of 2015 BPC had 2,200 margin loan clients and 51,000 cash accounts, 31,000 of which are active.

The loan book at the end of the year stood at \$235m, generating \$6.5m in net revenue and \$1.4m in pre-tax earnings. And while earnings were flat due to margin pressure the loan book actually grew by 37% year on year.

Third Party Platform (TPP) our 57% owned online broking platform is also a business we built from scratch. We believe TPP has the leading technology in the market and is the only fully integrated open architecture online platform in Australia. The platform IP is proprietary to TPP.

TPP has 65 staff across three offices in Sydney, Perth and Kuala Lumpur. It has two brands. Bell Direct provides services and online market access for private client investors, Self-Managed Super Funds and traders. Desktop Broker services the wholesale market for Dealer Groups and Independent Financial Advisers.

TPP has 120,000 registered accounts, 90,000 of which are active and two significant white label clients in Macquarie Bank and HSBC. It also provides a white label solution for Bell Potter Online.

TPP has \$7.8b in client sponsored holdings, \$74m in client cash accounts, it generated \$10.1m in gross revenue in 2015 with pre-tax earnings of \$1.2m, up 200% on last year.

All four of these divisions are growth businesses with strong potential to increase their contribution to Group earnings.

[Slide 3]

FUSION is our proprietary organisational desktop application, designed for the management of client relationships and our compliance and regulatory obligations. FUSION is the consolidator of all our products and services into one streamlined application and is available to all our staff.

The efficiency and productivity benefit that FUSION brings to our advisers and to the services they provide is significant. The ongoing development of this product is part of a continuous programme.

Price Discovery Platform. In conjunction with TPP we have now created a price discovery, research, and order management platform for our private client advisers. This new platform leverages the Bell Direct proprietary technology and incorporates real time streaming prices, charting, research, news and announcements as well as an order management capability. The rollout of this platform has commenced and is expected to be complete by July 2016.

We anticipate cost savings across the group in excess of \$1m p.a. will be achieved once the rollout is complete.

We believe that both the FUSION and Price Discovery Platform products will have commercial applications outside of Bell Potter and that our ongoing commitment to investment in technology gives us a strong competitive advantage.

International Equities. Along with Citi, our strategic alliance partner, we have developed a fully integrated and automated international equities platform that can tap into more than 125 markets 24 hours a day.

The platform has multi-currency, settlement and reporting functions and is another example of BFG exploring technological innovation to better service customers.

This platform is one of the best available for Australian retail equity clients to access global markets, an increasingly important asset class.

Since our go live date with Citi in October last year we have activated 3,000 client accounts, executed nearly 6,000 transactions on 44 global exchanges and hold 1,800 individual stocks with a current market value of US\$375m.

Still small, but huge potential for growth.

In summary, the businesses and initiatives outlined have significant growth potential. They currently deliver combined revenues of \$42.5m with pre-tax earnings of \$8.3m attributable to BFG shareholders¹ plus the added future cost benefit from the technology investment in FUSION and our Price Discovery Platform.

In my opinion none of these initiatives get any recognition in our share price.

Market Update

[Slide 4]

Summary

[Slide 5]

As a Group in 2015 we generated \$178m in gross revenue. We earned 6.2¢ per share and paid out 4.5¢ in fully franked dividends to shareholders. Based on the BFG share price at 31 December 2015 of 57.5¢ we were trading on a price earnings multiple of 9.7x and a fully franked yield of 7.8% which grosses up to 11.2%.

The only conclusion I can reach from these numbers is that at 31 December 2015 our shares were undervalued and at 50 cents today, with the business currently tracking in line with last year, they are even cheaper.

<ends>

¹ Minority interests own 43% of TPP.

ANNUAL GENERAL MEETING

21 April 2016

ANNUAL GENERAL MEETING

Colin Bell

ANNUAL GENERAL MEETING

Alastair Provan

2015 HIGHLIGHTS

- A solid earnings contribution from all our businesses
- A particularly strong contribution by the Institutional Broking and ECM division
- Group revenue \$178m, 14% ahead of 2014
- Profit after tax \$15.9m, 174% ahead of 2014
- Our best result in 5 years

STAND ALONE BUSINESS UNIT CONTRIBUTIONS

	2015 \$m	2014 \$m	% change
Portfolio Administration Services			
Revenue	\$12.1	\$11.4	
PBT	\$4.2	\$3.6	17% ↑
Futures and Foreign Exchange			
Revenue	\$13.8	\$10.6	
PBT	\$2.1	\$1.5	40% ↑
Bell Potter Capital			
Revenue (Net)	\$6.5	\$6.6	
PBT	\$1.4	\$1.4	-
Third Party Platform^δ			
Revenue	\$10.1	\$8.6	
PBT	\$1.2	\$0.4	200% ↑
Total Revenue	\$42.5	\$37.2	14% ↑
Total PBT	\$8.9	\$6.9	29% ↑

^δ 57% owned by BFG

TECHNOLOGY

- We continue to develop in-house proprietary technology:
 - FUSION (CRM/Regulatory/Compliance)
 - Price Discovery Platform
 - International Equities
- Cost savings are anticipated as technology is further developed
- Potential to commercialise the technology down the track

MARKET UPDATE

- A reasonable start to the year. Broadly in line with last year.
- Unaudited first quarter revenue was \$36m, slightly down on the preceding corresponding period (p.c.p.) \$37m
- Unaudited first quarter profit before tax was also slightly lower at \$1.9m down from \$2.6m on a p.c.p. basis.
- Conditions in the Retail business remain challenging but consistent with last year
- We have a strong E.C.M pipeline. As always, successful execution will be dependant on market conditions

2015 SUMMARY

	2015	2014	% change	
Revenue	\$177.8m	\$155.3m	14%	↑
Profit after tax	\$15.9m	\$5.8m	174%	↑
Earnings per share	6.2cps	2.3cps	170%	↑
Dividend per share (fully franked)	4.5cps	2cps	125%	↑
Share Price (31 Dec.)	57.5c	43c	34%	↑
PE Multiple ⁽ⁱ⁾	9.7 times	19.3 times	(50%)	↓
Dividend Yield (fully franked) ⁽ⁱ⁾	7.8%	4.7%	66%	↑
Dividend Yield (Gross) ⁽ⁱ⁾	11.2%	6.6%	70%	↑

⁽ⁱ⁾ Based on 31 December share price

ANNUAL GENERAL MEETING

Item 1: Reports

Financial report, directors' report and auditor's report for the year ended 31 December 2015

ANNUAL GENERAL MEETING

Item 2: Election of Directors

2016 AGM – Election of Directors

Mr Graham Cubbin

2016 AGM – Proxy Votes

Item 2(a): Re-election of Director - Mr Graham Cubbin

	For	Against	Open Usable
Number of proxy votes	191,764,157	122,300	4,290,655
% of proxy vote	97.76%	0.06%	2.18%

2016 AGM – Election of Directors

Ms Brenda Shanahan

2016 AGM – Proxy Votes

Item 2(b): Re-election of Director - Ms Brenda Shanahan

	For	Against	Open Usable
Number of proxy votes	191,771,957	114,500	4,290,655
% of proxy vote	97.76%	0.06%	2.18%

ANNUAL GENERAL MEETING

Item 3: Remuneration report

2016 AGM – Proxy Votes

Item 3: Adoption of the remuneration report

	For	Against	Open Usable
Number of proxy votes	181,352,277	5,292,511	4,230,655
% of proxy vote	95.02%	2.77%	2.21%

BELL FINANCIAL GROUP LIMITED

www.bellfg.com.au

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