

ASX RELEASE.

BELL FINANCIAL GROUP

2 May 2012

2012 Annual General Meeting

Please find attached the presentation materials that will be addressed by the Chairman and Managing Director of Bell Financial Group Ltd at the Annual General Meeting today.



Paul Vine
Company Secretary

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ANNUAL GENERAL MEETING

2 May 2012

ANNUAL GENERAL MEETING

Colin Bell

ANNUAL GENERAL MEETING

Alastair Provan

BUSINESS HIGHLIGHTS

- Traded profitably throughout the year
- Margin lending and cash business performed solidly
- Bell Direct
- Successful integration of Southern Cross Equities into Bell Potter
- Key internal appointments and recruitment of new advisers in our Futures and Foreign Exchange broking teams
- Balance Sheet remains solid with \$54 million NTA

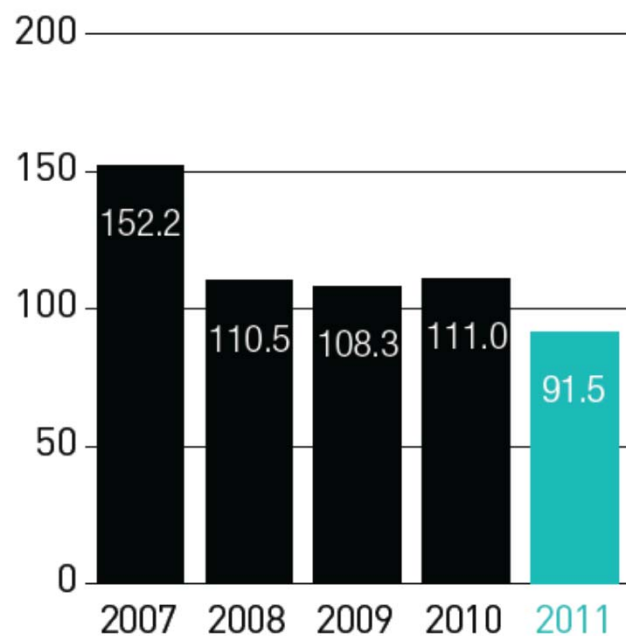
RESULTS SUMMARY FY2011

GROUP	December 2011	December 2010	Change %
Revenue	\$155.5m	\$200.2 m	-22%
Net Profit After Tax	\$7.6m	\$21.6 m	-65%
Overheads	\$65.4m	\$69.6 m	-6%

Total Full Year Dividend 3 cents per share

EQUITIES EXECUTION REVENUE

Equities Execution Revenue
(\$A m) 2007-2011

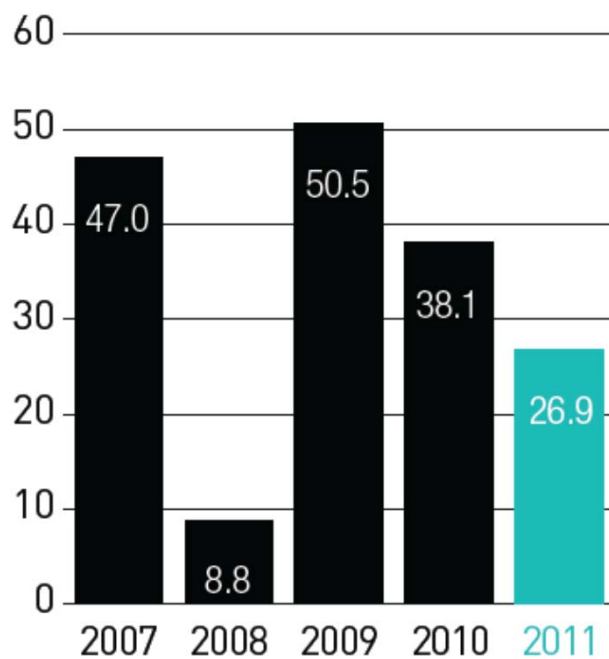


Revenue

- \$91.5 million, down 18% on previous period
- Second half volumes impacted by general lack of investor confidence

EQUITY CAPITAL MARKETS

Equity Capital
Markets Revenue
(\$A m) 2007-2011

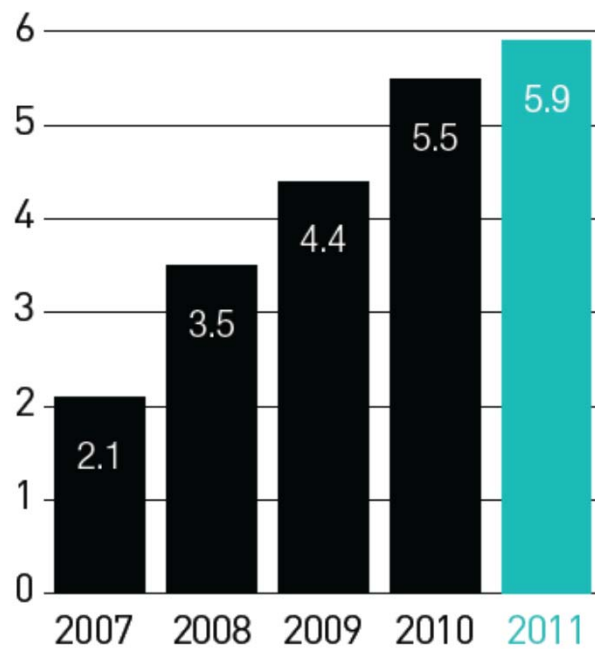


Revenue

- Full year \$26.9 million, down 29% on previous period
- Solid first half, with this market segment all but closed in the second half

MARGIN LENDING

Margin Lending
and Cash Revenue
(\$A m) 2007-2011

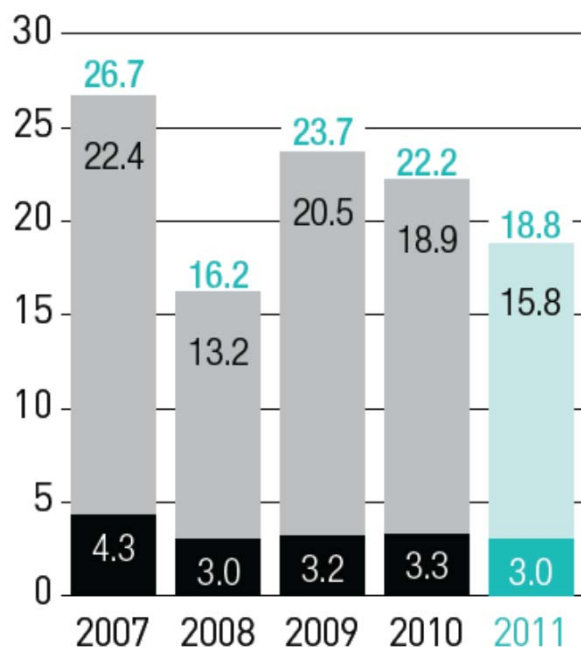


Revenue

- Net Revenue grew 7% to \$5.9m over the 2011 financial year

FUNDS UNDER MANAGEMENT / ADVICE

Funds Under Advice
(\$A b) 2007-2011



- **Funds Under Management (FUM):**

\$3bn

- Internal and external managed products and investment services
- Cash, Margin Lending, PAS, SMSFs

- **Funds Under Advice (FUA):**

\$18.8bn

- FUM + Sponsored Holdings
- Impacted by decline in Australian market indices

CURRENT YEAR

- Challenging start to the year
- First quarter revenue was \$33.5m, \$13m down on the pcp
- The Group recorded a small \$200k pre-tax (unaudited) loss for the quarter

BUSINESS PRIORITIES

- Our clients
- Our staff
- Revenue growth and business growth opportunities
- Managing costs
- Shareholders

ANNUAL GENERAL MEETING

Ordinary Business

BFG reports for year ended 31 December 2011

ANNUAL GENERAL MEETING

Resolution 1 Election of Directors

RESOLUTION 1
ELECTION OF DIRECTORS

Mr Brian Wilson

RESOLUTION 1
ELECTION OF DIRECTORS

Mr Brian Wilson

FOR: 139,852,779

AGAINST: 56,167

OPEN: 1,056,622

Open in favour of the Chairman: 1,038,422

ANNUAL GENERAL MEETING

Resolution 2

Adoption of the Remuneration Report

RESOLUTION 2
REMUNERATION REPORT

Adoption of Remuneration Report

FOR: 137,993,338

AGAINST: 389,457

OPEN: 18,200

ANNUAL GENERAL MEETING

Charlie Aitken

BELL FINANCIAL GROUP

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BELL FINANCIAL GROUP

BFG CHAIRMAN'S REPORT – AGM, 2 MAY 2012

Last year was one of the toughest periods ever experienced by investors. Severe economic conditions undermined investor sentiment and many reallocated their investments away from risk assets and into cash and term deposits. Daily transactional business in equities slumped and equity capital markets were all but closed in the second half of the year.

But despite the terrible market, all the wholly-owned business units of Bell Financial Group traded profitably and the Group itself was profitable in every month of 2011. Given the conditions, this was an excellent performance. Alastair Provan, the Group's Managing Director, will shortly expand on the performance of the group and its business units as well as how we are tracking in the current year.

During 2011 we maintained our focus on strengthening all our business units so each will be well placed when more normal markets return. That, on top of our continued focus on a good company culture and a simple and transparent remuneration structure, means we have been able to keep all our key staff and have also attracted new people.

During the year we completed the integration of the Bell Potter and Southern Cross businesses. Our full service broking business now consists of all the existing businesses – wholesale broking, retail broking, corporate and research – under the Bell Potter brand.

Despite the cautious state of the broader financial markets, we are in an excellent position to continue to grow the business and help our clients increase their wealth. We have a very good leadership team and we are constantly improving our client focus and our product offerings. In getting this right, everyone, including our shareholders, stands to benefit.

Much, of course, will depend on the health of the national and global economy. There have been some encouraging signs. The US economy shows signs of continuing its recovery; China is maintaining its strong growth; and a big effort is being made to deal with the pressures faced by European sovereigns and banks although this is still work in progress.

The bottom line is that conditions still remain tough and investors are understandably cautious.

For the last half we paid a 1c dividend, making the total payout 3c per share for the full year. This was a 100% payout of our full year profit which is slightly more than previous distributions.

Our decision to take the dividend to that level was influenced by us having completed the Southern Cross acquisition and by the fact our regulatory capital requirements are well covered.

Finally, on behalf of the Board, I would like to thank all our staff and our shareholders for their contribution and support throughout the year. Alastair Provan will now present his report.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS – AGM 2 MAY 2012

[Slide 3]

Thank you Colin

Good morning Ladies and Gentlemen.

As Colin noted, 2011 proved to be an extremely challenging year and this was particularly noticeable in the second half. Weak economic conditions in the UK and Europe and ongoing European Sovereign debt problems impacted investor confidence in Australia.

Firstly, I will run through some of the 2011 financial year highlights then I will briefly comment on year to date 2012

[Slide 4]

BUSINESS HIGHLIGHTS

The main highlights of 2011 were:

- The Group traded profitably throughout the year with positive contributions from each of our wholly owned business units.
- Bell Potter Capital, our Margin Lending and Cash business, continued to grow in terms of net revenue and bottom line earnings, which is an excellent performance given such difficult market conditions.
- We now own approximately 45% of the online broking business Bell Direct, which is Australia's fastest growing online broker. Bell Direct was recently ranked number 1 in 14 out of 15 categories in a customer satisfaction report on online brokers produced by financial research company Investment Trends.
- The Southern Cross Equities acquisition was completed, and the business successfully integrated with Bell Potter mid-year. The Group's Equities business now trades under one brand, Bell Potter.
- During the year we made two key appointments from within our existing management structure. Charlie Aitken was appointed Managing Director of our Wholesale business, and Dean Surkitt was appointed Managing Director of the Retail business. Both are outstanding individuals with significant relevant experience, and importantly have the skills, the drive, and the ability to grow and manage the business.

- We have added a number of new advisers to our futures and foreign exchange broking teams who we expect will make significant contributions
- Our balance sheet remains solid with \$54m in Net Tangible Assets at 31 December and no operating debt other than in the Margin Lending business.

[Slide5]

RESULTS SUMMARY

Group revenue was \$155.5m for the full year, down 22% on 2010. The decrease was due to a significant decline in both ECM activity and Equities Execution revenue, particularly in the second half of the year.

The reduction in revenues had a flow on effect on profits as you would expect. Net profit after tax was \$7.6m, down 65% on 2010. The other major item impacting profit was non-cash losses we incurred disposing of legacy listed and unlisted options held within the Southern Cross business.

Overheads, excluding commission paid to Advisers, were \$65.4m, down 6% on financial year 2010. The reduction in overheads mainly reflected lower employment costs.

As Colin has said, we paid a 3 cent per share fully franked dividend for the year, which represented a 100% payout of full year profits. While this is within the terms of our dividend policy, it was a higher payout ratio than normal.

[Slide 6]

EQUITIES EXECUTION REVENUE

2011 consolidated Equities Execution revenue was \$91.5m, down 18% on financial year 2010.

Second half volumes in particular were lower on the back of a general lack of investor confidence in markets arising from weak economic conditions in the UK and Europe and the ongoing European sovereign debt crisis.

I should mention our Perth office, perhaps not unsurprisingly, has been a standout performer over the course of the year.

[Slide 7]

EQUITY CAPITAL MARKETS (ECM)

ECM revenue was \$26.9m, down 29% on the prior year.

And while first half ECM activity was solid at around \$20m, this segment of the market was all but closed in the back half of 2011.

[Slide 8]

MARGIN LENDING and CASH REVENUE

Bell Potter Capital Margin Lending and Cash business net revenues grew despite the difficult market conditions.

Net revenue grew 7% to \$5.9m in 2011, and importantly, the business has delivered annual growth since inception in 2006, obviously a pleasing trend.

[Slide 9]

FUNDS UNDER MANAGEMENT (FUM) / FUNDS UNDER ADVICE (FUA)

Funds under Management (FUM) and Funds under Advice (FUA) decreased 9% (to \$3b) and 15% (to \$18.8b) respectively over the course 2011. Funds Under Management include our Portfolio Administration Service (PAS), Margin Lending, Cash, Superannuation and Fixed Income products. FUA represent our FUM plus Chess Sponsored Holdings.

The 15% reduction in FUA to \$18.8b was broadly consistent with the fall in Australian market indices over the same period. The 9% reduction in FUM was similarly affected by market indices, however offset to some degree by an increase in cash and fixed income holdings as clients deleveraged their exposure to risk markets.

[Slide 10]

CURRENT YEAR

Execution volumes across all desks remained flat throughout January and February. ECM activity was almost non-existent. However there was a marked improvement in March and a number of transactions completed.

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Revenue for the quarter was \$33.5m, \$13m lower than the previous corresponding period in 2011 and the Group recorded a small \$200k pre-tax (unaudited) loss for the quarter.

Despite current markets and trading conditions being perhaps the most difficult and challenging in recent memory, the business remains conservatively managed, has excellent staff in all key areas, and is well capitalised.

I am confident we are well positioned to take advantage of any growth opportunities that may present, and to benefit from the upturn when market conditions inevitably return to something more normal.

[Slide 11]

BUSINESS PRIORITIES

Our business priorities remain the same:

- Our clients
- Our staff
- Revenue growth and business growth opportunities
- Managing costs
- Shareholders

Along with our clients, staff remain the most important element of our business. We continue to do everything we can, in an extremely competitive marketplace, to retain existing staff and attract additional high quality members to the team. I think we have been reasonably successful in achieving that so far.

As always, revenue growth, controlling fixed costs and identifying and exploring growth opportunities remain our priorities.

The other key priority is of course you, our shareholders. I acknowledge it has been extremely hard going since we listed in December 2007, but I sincerely believe that given a bit of help from the market, if we continue to do what we have been doing year-in, year-out, our efforts will eventually be reflected in a better share price.

Thank you again for your attendance today ladies and gentlemen, I will now hand you back to Colin.