

ASX RELEASE.

BELL FINANCIAL GROUP

18 April 2013

2013 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

ANNUAL GENERAL MEETING

18 April 2013

BELL FINANCIAL GROUP

ANNUAL GENERAL MEETING

Colin Bell

BELL FINANCIAL GROUP

ANNUAL GENERAL MEETING

Alastair Provan

RESULTS SUMMARY FY2012

	2012	2011	% Change
Equities Execution Revenue	\$74.2m	\$91.5m	(19%)
Equities Capital Markets Revenue	\$18.0m	\$26.9m	(33%)
Futures & FX Revenue	\$9.5m	\$7.3	30%
Margin Lending Revenue	\$13.4m	\$16.0m	(16%)
PAS & Trail Revenue	\$13.3m	\$14.1m	(6%)
Other	\$3.9m	(\$0.3m)	
Total Revenues	\$132.3m	\$155.5m	(15%)
Profit / (Loss) after tax	(\$2.8m)	\$7.6m	
Full Year Dividend	Nil	3c / share	

2012 BUSINESS HIGHLIGHTS

- Profitable every month since July
- A new Wholesale Desk established in Hong Kong
- Margin lending and cash business performed solidly
- Futures and Foreign Exchange business grew strongly
- Bell Direct
- Balance Sheet remains solid with \$49 million NTA

UPDATE – FIRST QUARTER 2013

- Volume and Market Share improvement
- Funds under Advice exceeded \$25 billion in February, nearing all time highs, a 16% increase since year end
- All wholly owned business units trading profitably
- Bell Direct traded profitably for the first time in February

BELL POTTER SECURITIES EQUITY ISSUANCE 2013 YTD

- Bell ranked 2nd in number of deals completed, and 3rd in terms of overall market share of first quarter Equity issuances

Pos.	Deal Bookrunner	No Deals	Deal Value (\$m)	Market Share (%)
1	UBS	4	1,698.4	50.5
2	Macquarie Group	4	448.3	13.3
3	Bell Financial Group Ltd	7	146.0	4.3
4	Patersons Securities Ltd	12	101.9	3.0
5	Hartleys Ltd	5	96.5	2.9
6	Bank of America Merrill Lynch	1	85.0	2.5
7	Credit Suisse	2	84.4	2.5
8	Deutsche Bank	3	75.3	2.2
9	RBS Morgans Ltd	6	75.1	2.2
10	Bailieu Holst Ltd	2	65.0	1.9
11	RBC Capital Markets	1	52.9	1.6
12	Citi	1	38.8	1.2
13	Morgan stanley	1	37.9	1.1
14	Cannacord Genuity	2	28.1	0.8
15	Wilson HTM	4	26.7	0.8
16	JP Morgan	1	25.4	0.8
17	Commonwealth Bank of Australia	1	24.0	0.7
18	Petra Capital Pty Ltd	2	23.0	0.7
19	CPS Securities	4	21.6	0.6
20	Novus Capital Ltd	3	21.4	0.6
	Top 20 Total		3,175.7	94.2
	Industry Total	110	3,362.1	100.0

RESULTS SUMMARY (UNAUDITED) – FIRST QUARTER 2013

	1st Quarter 2013		
	2013	2012	% Change
Equities Execution Revenue	\$24.4m	\$20.0m	22%
Equities Capital Markets Revenue	\$6.2m	\$4.1m	51%
Futures & Foreign Exchange Revenue	\$2.3m	\$2.2m	5%
Other	\$6.5m	\$7.1m	(8%)
Total Revenues	\$39.4m	\$33.4m	18%
Profit before tax	\$4.2m	(\$0.2m)	
Profit after tax	\$2.9m	(\$0.3m)	

ANNUAL GENERAL MEETING

Ordinary Business

BFG reports for year ended 31 December 2012

ANNUAL GENERAL MEETING

Resolution 1

Election of Directors

RESOLUTION 1(a)
ELECTION OF DIRECTORS

Mr Graham Cubbin

RESOLUTION 1(a)
ELECTION OF DIRECTORS

Mr Graham Cubbin

FOR: 143,086,320

AGAINST: 46,646

OPEN: 1,609,968

Open in favour of the Chairman: 590,468

RESOLUTION 1(b)
ELECTION OF DIRECTORS

Mrs Brenda Shanahan

RESOLUTION 1(b)
ELECTION OF DIRECTORS

Mrs Brenda Shanahan

FOR: 142,830,520

AGAINST: 44,946

OPEN: 1,617,468

Open in favour of the Chairman: 597,968

ANNUAL GENERAL MEETING

Resolution 2

Adoption of the Remuneration Report

RESOLUTION 2
REMUNERATION REPORT

Adoption of the Remuneration Report

FOR: 140,158,510

AGAINST: 300,186

OPEN: 670,468

ANNUAL GENERAL MEETING

Charlie Aitken

BELL FINANCIAL GROUP

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BELL FINANCIAL GROUP

CHAIRMAN'S ADDRESS – AGM 18 April 2013

- Last year was a terrible year and Alastair Provan will provide you with all the details. Overall our revenue was down 15% and we lost \$2.8 million after tax. For the first time since our listing 6 years ago BFG was unable to pay a dividend.
- All things considered we were as pleased as anyone could be with a lousy result. Our Balance Sheet is healthy and all our businesses and services are in good shape. Our cost cutting during the year has had no impact on our client services.
- It is worth reminding you that BFG has a very simple business model. It is very transparent. All our revenue is from commission income and from fees on services such as Equity Capital Markets, Portfolio Administration, Superannuation and Margin Lending. The model does not work well in bad markets like the ones we have just had but it performs very well in good markets as we saw in 2007 and have had a glimpse of in recent months.
- Apart from low market turnover there are other business risks that can affect a company like ours. But because we have an excellent team that takes care of the middle and

back end of our business we have been able to navigate all these risks safely during the past year. So I would therefore like to pay tribute to our State Managers, our Administrative team, our Finance & Accounting people, and our Compliance group. They all did a great job to get us through the year in one piece.

- Also we recognise that in a business like ours when times are tough those who suffer most are our clients, our advisers and our shareholders. We want everyone to know that we understand that and we thank them all for their support.
- Despite the very recent hiccups the outlook today is far better than it was this time last year. Nearly every asset manager in the world is bullish on equities because of one very compelling reason; because of monetary policy around the world cash has become an extremely unrewarding asset class. That is very good for our business prospects. The ongoing trend for investors to switch out of cash into riskier asset classes like equities has only just begun in Australia.
- BFG have extraordinary leverage to good market conditions and we are confident that will in time be reflected by much better earnings.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS – AGM 18 April 2013

Thank you Colin

Good morning Ladies and Gentlemen.

It is always difficult to present a dated Business Summary and keep it relevant. It's already the middle of April 2013 and we are presenting the Group's performance for the financial year ended December 2012.

Obviously a lot has happened since the end of the year, thankfully most of it positive, however we will discuss that later. Let's deal with 2012 first.

RESULTS SUMMARY FINANCIAL YEAR 2012

SLIDE 1

2012 – As tough as it gets

- Group revenue was \$132.3 million for the full year, down 15% on 2011.
- Largest revenue declines were experienced in equities execution (primarily retail) down 19% and Equity Capital Markets (ECM) where revenues fell 33%.
- Private client business was adversely affected by lack of market confidence for most of the year with many clients preferring to hold cash or term deposits rather than invest in equities.
- The Equity Capital Markets were virtually closed with the exception of the issuance of hybrid securities, primarily by the banks, which attracted substantial private client funds over the entire course of the year.
- The Group reported an after-tax loss of \$2.8 million for the year, our first full term loss since listing in 2007, which is obviously disappointing.
- No dividend was declared.

A couple of addendums.

- The final result was adversely impacted by one-off and non-recurring costs associated with the collapse of MF Global, our major offshore futures markets clearer, and by lease tails resulting from the final consolidation of our two Sydney offices.
- Excluding these items the performance for the year was about breakeven. Which I think, given the circumstance, would have been a reasonable result.
- In addition, as part of our ongoing cost review process we were able to identify and implement cost savings of approximately \$5 million per year.

2012 BUSINESS HIGHLIGHTS

SLIDE 2

- The Group traded profitably, albeit modestly, every month since July 2012.
- In October we opened a small institutional equities desk in Hong Kong. The office is fully licenced and operational. It is complementary to our existing institutional business and expands our reach in the Asian region.
- Bell Potter Capital, our cash and margin lending business maintained its business levels and margins throughout the year. Revenues were lower than the previous year but margins and profitability were maintained. The book continues to be managed conservatively and there were no bad debts or loans in arrears.
- Futures and FX revenue increased by 30% year on year reflecting the addition of new staff members and greater market coverage from our institutional futures desk.
- Bell Direct, our online broker established its first major white label partnership with HSBC Australia. The business continues to grow in terms of client acquisition, sponsored holdings and active traders.

During the year we increased our equity holding in Bell Direct. It is now just over 50%, giving us effective control.

- Our balance sheet remains solid with \$49 million in net tangible assets as at 31 December with no operating debt other than in the Margin Lending business.

UPDATE – FIRST QUARTER 2013

SLIDE 3

There has been a noticeable improvement in market sentiment and investor confidence, particularly in our core private client business, since the beginning of the year.

With official cash rates already at all-time lows and likely to move lower, private client investors, notably absent for most of last year, are now looking for alternatives to cash and term deposits. As a result, our retail broking business has improved significantly along with our institutional equities desk which is increasingly gaining a reputation for the efficient execution of block trades in mid cap stocks.

The combined effect has been a noticeable increase in our turnover both in terms of volume and market share.

Funds under Advice increased in line with better markets. At the end of March our sponsored holdings had increased by 16% since year end to just under \$26 billion. Very close to an all-time high.

All wholly owned business units have traded profitably during the quarter.

Bell Direct produced its maiden monthly profit in February.

SLIDE 4

Equity Capital Markets have been reactivated in the first quarter with corporates eager to repair damaged balance sheets and clients now more willing to participate. A number of transactions were completed during the quarter and the deal pipeline is encouraging.

In the first quarter we completed seven transactions with a total value of approximately \$150 million and were the third most active broker in this area for the period.

RESULTS SUMMARY (UNAUDITED) – FIRST QUARTER 2013

SLIDE 5

Equities execution up 22% on the previous corresponding period to \$24.4 million.

Equities Capital Markets revenue up 51%, to \$6.2 million, over the same period last year.

Total Group revenues for the quarter up 18% on a pcp basis to \$39.4 million.

Unaudited profit before tax \$4.2 million.

Unaudited profit after tax \$2.9 million, versus an after tax loss of \$280,000 for the same period last year.

It is only the first three months, there is a long way to go, but the early signs are positive and as Colin has already said today and as I wrote in our Annual Report, our leverage to better markets is high.