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CUP ASX ANNOUNCEMENT

COUNT FINANCIAL PROVISION FOR REMEDIATION

30 July 2020

CountPlus Limited (ASX: CUP) notes today's announcement by the Commonwealth Bank of Australia (ASX: CBA) of a change to the calculation of provisioning for past conduct remediation.

The CBA's remediation calculation changes are welcomed by CUP. The revised calculation is in line with the intent and terms of the Count Financial Limited (Count Financial) acquisition by CUP.

Importantly, the calculation changes represent no adverse impact on CUP nor its shareholders.

By way of background, CountPlus Limited, together with a special purpose subsidiary of a discretionary trust (Count Member Firm Pty Ltd) established by CUP for the benefit of qualifying Count Member Firms, acquired Count Financial from CBA on 1 October 2019. CUP holds 85%, and Count Member Firm Pty Ltd holds 15%, of Count Financial.

In connection with the acquisition, CBA provided an indemnity to cover remediation of past conduct, up to a maximum of \$200 million. On 31 December 2019, CUP reported, in its consolidated accounts, a provision for remediation of past conduct of \$143.3 million with a corresponding asset due to the CBA indemnity provided.

Based on information provided to Count Financial by CBA, the Count Financial remediation provision is expected to be revised to \$195 million, subject to audit. CountPlus and CBA have entered into an agreement to increase the limit of the indemnity provided to \$300 million.

The potential for further increases to the indemnity limit remains under certain triggers relating to the failure rate for fee for no service and inappropriate advice.

Remediation amounts will not be known until individual cases have been reviewed and compensation offers made.

Authorised for release to ASX by Ray Kellerman, Independent Non-Executive Chair, and Matthew Rowe, Managing Director and CEO.

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