

Chairman' Address 2014

Good Evening Ladies & Gentlemen welcome to the LCFSL 2014 Annual General Meeting & welcome to our new state of the art premise.

Now that the Logan community is well into a double-digit age bracket it is obvious that as each year rolls on there will increasingly be much to report upon. It was of little doubt that the tough economic conditions we all had been experiencing were set to continue, but in how we handled them was a primary focus of the year we have just had. As a local company we are very proud of the team that we have and acknowledge the efforts to steer the company to a moderate profit this year of \$127,000.

This profit posting comes after a year in which numerous premises saw leases increased as a result of term expiry, some capital refurbishment costs and beyond all our control the ongoing effect of the continued record low margins in financial products. As part of our constant vigil towards delivering the best possible outcomes we now report on some more major elements of change.

The past year saw us take the step of closing the Greenbank agency which, despite our best efforts, continued to trade at a level that could not warrant its ongoing maintenance. A number of ATM sites also were reviewed and in locations that demonstrated higher levels of alternate free services or extremely low usage we looked at the opportunity to renew leases as more of an opportunity to remove overheads. Our decision to purchase premises to relocate our Loganholme premises sees us now enter the fit out stage towards an end of October opening date. It is anticipated that the relocation of our administration office will follow shortly after the branch opening. This will take another large capital injection, but one for which we are well budgeted for. The projected longer term benefits both in a community sense, and from a financial return, are set to be highly significant.

It is with great confidence that we stride forward into the next few years having made these key decisions over the past few years to ensure that we find ourselves both re-engaged in our local markets, and financially sound through such forward planning.

As the largest **Community Bank**[®] Group In the state, we find ourselves at the centre of many of the new initiatives and perform a strategic leadership role in this area. It is acknowledged that increased spending in a number of marketing and community-based initiatives has been required not just by Logan **Community Bank**[®] group, but across the **Community Bank**[®] network Australia-wide. The entire group's commitment to its shareholders, stakeholders and communities has seen over \$120 million given back to the communities over the last 15 years.

Beyond simply marketing initiatives, Bendigo & Adelaide Bank Limited continues to develop and release a suite of new products and engagement tools that aim to appeal to a wide range of personal and business banking markets.

Continuing from the past few years broad market economic summary, growth in the residential loan market and in the area of deposits demonstrates continued tight conditions with the ever present margin issue still dominating. The forecasts are looking forward to a market that regains some momentum. Business banking continues to strengthen its resolve in our local area and its support through the region is appreciated, with each deal being hard fought for.

Operationally the Board has enjoyed a great year of stability, and welcomes the addition of Robert (Rob) Herriott. Rob joins the Board following a long career in the financial services sector and is already establishing his great value to the Board by taking on the Company Secretary role. In providing this level of support, Rob has enabled Sharon Pullen our Treasurer to drill down into the company's financials and assist in providing us with our most stringent budget guidelines and in depth understanding of performance.

Looking forward, much focus will be given to how we invest and engage in our area, continuing to educate new and existing customers and the public at large to the extensive product and services range in which the bank is so strong. With this we continue to commit our resources investing in important community projects.

In this area, the Marketing Committee is led so strongly by our Deputy Chairman, Michael Wardlaw and in this committee he is well supported by the efforts by a number of our other Directors.

Brett Raguse continues to underpin much of our strategy in the west of our city and works particularly closely with our Browns Plains team, who still preside over the largest portion of our book.

The youth and education elements of our strategy are also highly important factors given our city's demographic profile and for this Melissa Hockey continues to take ownership of initiatives here.

The corporate representation on our Board from both Russell Jenkins and Mark Lally shows the ongoing strength of relationship that we enjoy.

Contributions and involvement continues for us with key profiles around:

Griffith University Scholarships
Logan Rotary Arts Festival

Youth driver Education Programs
PCYC- Across greater Logan
Quota Beenleigh Logan Eisteddfod ,and
Many of our finest sporting organisations both junior and senior.

In the area of branch staffing and management, we have for many years prided ourselves on the family-like environment that has kept staff turnover low. Through a range of factors, the majority of which have been positive, such as corporate advancement, we have seen a considerable amount of new faces join the team this year, along with some exciting promotions across the group. The branches, as a combined group, now meet in a quarterly engagement setting and enjoy a greater degree of understanding across our large and diverse city and portfolio. Our staff continue to reflect on our culture of being community driven, but we have also seen a growing desire to be product aware and sell our message of being Bigger than a bank, and we thank them for their continued support. Behind the scenes fantastic work continues be done by Michelle Todd who steers our administration.

As always, the final thank you must be reserved for those that invest and believe in the company. We thank you one and all and trust we have your ongoing support. Can I encourage those that have not had a recent branch visit to make some time to call in and look at some of the exciting new products that the bank is launching?