

Logan Community Financial Services Limited

Chairman's Address 2015

Good evening ladies & gentlemen it is with pleasure that I welcome you here tonight for the LCFSL Annual General Meeting for 2015.

The past year without doubt has continued to be one of challenges. With the age and maturity that the group has reached we have excellent market coverage but the environment in which we function demonstrates that the market we now operate in is one of financial market rate sensitivities and individual consumer debt control. With a continued focus to put back into our immediate community it has been a team effort from directors, management and staff that has delivered a profit of \$123,500 off the back of a year that offered small opportunities for growth. I am pleased with the recent announcement of a 3.5cent fully franked share dividend due for payment 1 December 2015.

To return a profit of this level in an environment of increasing costs and lower margins speaks well for the team and gives us great cause to be enthusiastic about any change to the record low interest rate market in which we have had to operate. Moving forward, the entire **Community Bank®** network looks at the future and the implementation of "Project Horizon", an initiative that is heralding in a much better era of understanding of the financial aspects of operations. It is of little surprise that in a period of such low interest rates there exists little by way of operating margin, which places such importance in this analytic data.

From an operational perspective board and branch personnel have worked together in an increasingly collaborate manner to ensure that opportunity is never missed and that costs are scrutinised. This collaboration has played a huge part in delivering the results that we have before us. Despite the frugal approach it has still been necessary to expend in areas of branch maintenance on both a security front and simply in areas of keeping the branches with a professional presentation. Ongoing costs will continue to present themselves, however the general impost of large capital expenditure is well within contained levels and budgeted appropriately across our group.

On the community front a number of our longstanding relationships continue to flourish and we close in on some huge milestones.

PCYC- our long term commitment here has seen us partner in many great projects and deliver huge impacts to our community right across Logan. With the help of our customers and the partnership of Bendigo Bank we have seen our cumulative investment in projects and community investment pass the \$300,000 mark, a figure that we can all take pride in.

Best Day Out- again our signature event provided a much needed day of fun and encouragement to a difficult sector of our community. The event turned 9 this year, meaning that next year will celebrate a milestone 10 years.

QMF- Without doubt the feature of our year has been the investment in the Queensland Music Festival's production of "Under This Sky". As the Major Sponsor we were able to assist Logan City Council in its quest to deliver a world class event that involved over 700 locally sourced performers and played host to an audience of around 10,000.

Griffith University- Our ongoing support of the scholarship of some of Logan's deserving talent continues to introduce us to some outstanding young individuals that we expect to see as leaders of the future.

Sporting and community organisation that we continue to enjoy remarkable relationships with include Park Ridge Pirates AFL, Logan Thunder Basketball, Netball (Loganholme and Rochedale, Logan Saints Rugby Union just to name a few.

The board continues to demonstrate great stability, and purely due to geographic constraints moving forward we bid the fondest of farewells to Melissa Hockey from our ranks this year, With Melissa's departure there is some need to fill the void that has been created due to the wonderful work that has been done by her, particularly in the area of education. With this in mind some very specific wants lists from the board were generated in looking at new potential directors and it is with a great degree of certainty that we look at some new life to be breathed into our numbers.

I thank the members of this board that continue to contribute so generously of their time and support. At this time, Michael Wardlaw as the Deputy Chair and Chair of Marketing, Sharon Pullen for her exceptional support in the area of financial control as our Company treasurer, Robert Herriott as an ever vigilant company secretary and Brett Raguse for his contributions across the length and breadth of our commitments.

Furthermore, I extend similar gratitude to the corporate representation on our board from both Russell Jenkins and Mark Lally as the ongoing embodiment of relationship that we enjoy with Bendigo Bank. All of this is continually achieved with the excellent guidance of our ever present Administration Manager, Michelle Todd.

To the Branch managers and their teams, a personal vote of gratitude for the way in which every team member has dug in to produce their very best in a market of difficult times. The team has again been very stable with any real turnover being attributed to promotion throughout the broader Bank network.

To our shareholders I save the final thank you. Please take pride in the investments, and indeed outcomes, that your support has yielded. As always, please do not be strangers to the branches of our network and pop in for a coffee and chat when in the neighbourhood.

Here is to a bigger, better and brighter year ahead.