

## **Chairman's Report 2018**

The past few years have seen me commenting each year about the tight nature of margins in banking, and again this year not a lot has changed. What has however, is the way in which the Australian public views the banking sector. Pleasingly for us it is been one that has reinforced the benefits of the **Community Bank®** model and the integrity with which we conduct our business. Our partner, Bendigo Bank has been recognised as one of the most trusted brands in the country in a period when many banks have found their reputations in tatters from the Banking Royal Commission.

There is much to be appreciated in a model noted for engaging and giving back to our community which in turn leads to an incredible platform of stability that then delivers success. We stand at that point now more firmly than ever. This year marks 15 years in the Logan community and I am greatly honored to have many of our former directors and founding shareholders with us tonight to acknowledge and celebrate this successful milestone. Our community is a family of customers that engage with us on so many levels far beyond simply banking, and the essence of this has been captured and shared throughout the year in the raft of "Be the Change" material we have seen across media platforms. We now forge forward by emphasis on the fact that we are a clear alternative to the big 4 banks. Thank you one and all for the parts you have all played.

To the matters of how we operate our business locally, I find myself reporting this year on a major change to our local footprint. This year the board made the decision to not renew the premises at Marsden Park Shopping Centre. We embraced the concept of becoming more mobile and responding to changes in the modern banking system. In many of these changes we lead the way for **Community Banks®** across the country. Early signs based on the flow of new, and repeat business indicate that this is exactly what most people want, and they are responding by using the services we offer very well. With these actions only being taken right at the end of the financial year the benefits are yet to flow through to our bottom line, but we hold great enthusiasm around what the change means to our future and results to come.

So to the year at hand, financially we report a group net profit of \$106,303 after tax, a figure that looks like we have underperformed on profits from the previous year. This is not a complete picture by looking at the bottom line only. Prior to the end of the financial year the board made the decision to pay from existing cash on hand an amount of \$110,000 to the Community Enterprise Foundation. This amount could have been retained as trading profit but would have been subject to the full effect of retained profits for taxation purposes. As paid out funds to the Community Enterprises Foundation we find ourselves not only in a better overall position but with a "warchest" with which we can approach future community projects. All of this and we were able to increase dividends to 4.5 cents per share fully franked.

We now approach nearly \$2 million of reinvested profits in the Logan community thanks to the **Community Bank®** model. Our relationships span across education, sport, events and a wide range of organisations from public to private, religious, charitable or simply

community connected interests. It remains a great source of satisfaction to the Board, management and the branch teams that we can be involved in so many worthy pursuits.

As always, relationships sit at the heart of our charter, with our desire to engage and put back into our community, look after our local connections and provide value to customers and shareholders alike. The bigger picture for us has been in acknowledging that the term community is becoming a more fluid term and consequently how we handle this has also changed.

Whilst we evolve and indeed change we also continue to prove that we are a team of choice with people choosing to be part of our family for such long periods of time:

- James McConachie 10 years
- Joni Carnell 10 years
- Anne Newbegin 15 years
- Wendy Truter 15 years
- Michelle Todd 10 Years Administration Manager (Board EA)
- Paul Crowley 10 Years Financial Planner

We also saw our corporate partners, Bendigo Bank implement operational changes that have brought about new and innovative strategies, and in particular our group welcomes the brilliant addition of Hine Grey as Region Lead. A massive thanks to Hine, who unfortunately cannot join us this evening but we wish to extend our gratitude for the fantastic leadership and vision she has injected to our business.

All in all this 12 months has been an exciting journey of evolution. We have worked hard to ensure that the group is supported by a group of dedicated and like-minded individuals that share the values and passion that we want in our business and community. The time constraints and requirements are not always easy, and this makes it a task to obtain new members. Pleasingly we have been able to attract a number of new people to the board and we have great future plans emanating from their membership to our ranks.

I would like to take this opportunity to introduce:

Elvio Di Zane- Executive manager across retail, franchise and not for profit sectors.

Lachlan Stewart- Educator and Business Owner experienced in IT, Education and the Fitness Industry

This year also sees significant retirement of our last foundation director, Russell Jenkins and long-term director, Michael Wardlaw.

Russell widely regarded as a founding father of the **Community Bank®** model has given much of his time to ensuring the success of not just our community company, but so many of them right across the country. This retirement marks Russell's final role in the **Community Bank®** network and it has been a great honor to have had his support,

guidance and friendship. We wish Russell so much success in the next chapter of his adventure in life.

Michael, a director central in getting us to where we are today, leaves us after so much work in the marketing and community engagement areas of our company. Michael remains a great friend and ally to the board, as well as a strong advocate and shareholder to the group. Personally, I cannot thank him enough for the support he has shown as my Deputy and as an ambassador for Logan Financial Services Ltd.

To all the remaining directors, thank you, Brett Raguse, Rob Herriott, Kate Wakeling, Bridget French, and David Ekert for the continued commitment and passion you always bring, and also thanks to the ever present support of our Administration Manager, Michelle Todd who keeps it all together.

And finally, a thank you to each and every shareholder, customer and believer in the community for the support that makes us “Bigger than a Bank”. We are truly in a position to continue this great legacy that started 15 years ago.

**Jason Luckhardt**

Chairman

Logan Community Financial Services Ltd