

Chairman's Address 2019

This year has been our year to shine. Coming from a period where the financial services industry has continued to bear the brunt of intense scrutiny, our business and the model under which it functions has proven to be one that is worth believing in and trusting. In the wash up of the Royal Commission and much of the public scrutiny that has followed we have found ourselves to be the true winners in this passage of time, but in saying that we must thank you, our customers, family and friends for the loyalty and support you demonstrate.

The year has given us some big results, and many of them reflect significant turnarounds in the business. Our decision to make banking services more accessible through our Mobile Relationship managers has been a great success. It was a big decision particularly off the back of our decision to integrate the Marsden business into our broader network. The proof has been in watching our customer numbers grow rather than seeing a runoff of customers as a result of this decision. What has been more telling however is best told in sheer numerical terms:

- 2017-18 business shrank by \$5 million and lending on our books was reduced by \$13.5 Million overall
- 2018-19 business grew by \$41 million and lending increased by \$27 million

Results worthy of a round of applause, but wait there's more.

- In 2017-18 we made a moderate profit (\$119,722), and much of this was driven by sheer fiscal responsibility in the face of trying conditions.
- 2018-19 and we can now report a profit of \$189,204

In delivering the strong result that is here before you we have continued to make the bold decisions. The entire team of LCFSL was involved in the decision to relocate the Browns Plains' premises in yet another critical date event. Not simply a relocation, this move has seen us build new premises that incorporate a Business Hub from which we are able to again better service our community and customers.

In delivering this annual report it is hard not to focus on the business achievements as they have been something long sought for and we are proud of the outcomes. It does inevitably lead back however to why we are all here and that is to deliver the success of these labours into community and shareholders. The story gets told time and again and we often have so many moving parts that it almost becomes too hard to remember them all. With that in mind we have produced this year more collateral around retelling our, and your story. Our affectionately named "barbeque facts" document came to life so that it is easy to leave a visual record with those that wish to understand what it is we put back into the community at large, and a copy is available with the annual report. It is also included in your welcome documents when you take out a financial service with us.

To further tell our story we also joined this year with a number of the local businesses and organisations that we partner with to record a series of vignettes in a localised campaign of telling the "Be the change" story. Aside from showing those here at the AGM, these will be featured on our soon to be released website and landing pages, so please keep an eye out for them as you may see some of your friends and family featured.

With \$2 million of reinvested profits in the Logan community we have been proudly supporting and working alongside

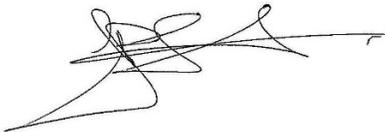
- Logan Basketball, and we have renewed our stadium sponsorship into the coming year

- Logan Together – in funding assistance to Early Learning Scholarships a program that assists not just the children but also ‘educates’ parents on the importance of their child attending kindy in the formative years
- Defibrillators into local schools
- Smart Pups – dogs trained in task-specific skills, Smart Pups improve children’s independence and quality of life.
- Cultural Community investments which have included Diwali, Brisbane -Indian community Bollywood event, Kshatriya Youth soccer club
- Our ongoing commitment to support the numerous smaller NFP groups in our local community that we have been associated with for many years .i.e. Logan Rotary, Brigalow Country Club, Riverlakes Veterans Golf Club, Mt Warren Vets Golf, Neighbourhood Watch along with many other long standing initiatives.

Additionally, we have continued with our commitment to building a future fund that aims at finding that legacy style project that our community needs us to help leverage. To achieve that we have maintained a healthy investment into the Community Enterprise Foundation, and still have a total reserve of around \$100,000.

Bendigo & Adelaide Bank TM our corporate partner leads the way in being an engaged corporate with great social responsibility. The corporate leadership team continues to evolve and with it so does the strategy and vision for the future. It must be said that “culture counts” and we have one of the best in the business.

Your board locally remains positive about how the business greets the current climate, albeit a challenging one with margins being squeezed to record lows. Our leadership team in the field is tight knit and focused. The road ahead is never a predictable one, but a cohesive team makes for a safer journey.

A handwritten signature in black ink, appearing to read 'Jason Luckhardt', with a long horizontal stroke extending to the right.

Jason Luckhardt
Chairman