

LCU NEWS SPRING 2015



IN THIS

Chairman's Report Financial Year 14-15	1
LCU Car Loan Sale	1
Notice of AGM	1
Xmas Club Funds	2
Thanks for Supporting Daffodil Day	2
Keep your Operating System and Internet Browser Updated	2
MVP Updates	2
Chairman's Report Continued	3
Reasons to Choose an LCU Car Loan	4



Notice of AGM

The 61st Annual General Meeting and Dinner will be held on **5th November 2015** at **6.00pm**. The Venue is the **North Ryde Golf Club**, Twin Road.

Please Register for the AGM by the **30th October 2015**

For more details visit our website



Chairman's Report Financial Year 2014—2015

End of an Era — Start of the New

In the past year, the retirement of our GM Michael Sinclair and long-term board member Ian McDonald marked the end of an era for LCU.

Michael was appointed as Secretary/Manager on 1st September 1986, following the retirement of Joan Ryan (Secretary/Manager). Under Michael's leadership LCU grew from 1341 to 3251 members, with assets increasing from \$3.6 million (July 1986) to \$166 million (June 2015), relocated from CSIRO's RAO office in Sydney to North Ryde, staff increased from 2 to 10, membership opened to CSIRO staff families (1987) and later unrestricted (1989), all in an environment of increased regulation and supervision.

In March 2015, long-term director and "father of the house", Ian Macdonald retired from the board after 34 years of service that included mentoring of staff and new directors on the workings of credit unions. As Executive Officer for the Board Ian oversaw a total rewriting of all the LCU policies. Ian was a Board member when Michael and Leanne were appointed and can share credit for the achievements under Michael's stewardship.

With the exception of the first few months, Michael was ably supported by Leanne Harris as Clerical Assistant. In recent years Leanne has been the Assistant General Manager and with assistance from LCU completed a MBA in 2010. Although the Board's succession plan identified Leanne as a suitable successor, with Michael's retirement announcement in October 2014 the Board took the opportunity to review its plans for senior management. Leanne was offered the position of General Manager to begin in May 2015. Following Leanne's appointment the Board also reviewed the LCU staff structure to begin in May 2015. These changes included the promotion of Eileen Thoms to the position of Operations Manager and AGM, Susanne Tran-Lowder to Finance Manager and to advertise for a new position of Risk and Compliance Officer.

Financial and Operating Performance

LCU remains strong and focused on serving the needs of its customers. In 2015 LCU achieved a modest overall asset growth of 6.29% in a market characterised by a slowing of credit demand and the rapidly increasing savings levels (particularly of our Members). Our total deposits grew by 6.46%.

LCU has continued its long-standing record of strong financial performance over the past year. LCU's net surplus after tax is \$672,714, a return on assets of 0.36%. Because we are owned only by our members, this profit is reinvested into LCU for the benefit of all. The result is particularly pleasing considering the challenging market conditions of the past year.

Increased competition for consumer business sees the Big 4 banks dominating household deposits and lending, with around 80% overall and 90% for new housing finance commitments. LCU continues to offer a viable competitive alternative for all our existing and new members. We invest in the future that will see us adapting to the rapidly changing external environment that is dominated by innovative technology, competitive pressures, regulatory imposts and the changing needs of our customers. The introduction of a mobile banking app for members in 2016 is still on track although you may have read about difficult negotiations between the CBA and Apple on charges. These charges will affect all card providers and we wish the CBA well in their negotiations.

LCU continues to offer competitive term deposit rates, helping our members earn good returns in one of the safest banking environments in the world. Additionally, LCU's low operating costs and minimal impaired loans and fraud costs contributed to a strong capital adequacy of 16.81% as at June 30. Capital adequacy measures LCU's ability to meet its obligations relative to our exposure to risk. LCU's capital adequacy is in excess of prudential requirements and well above that of all the big four banks.

(continued on page 3)

Drive away with LCU's
NEW CAR LOAN SALE!
Offer available until **31 December 2015**
5.99% pa
*Comparison Rate

*Comparison rate based on a secured loan of \$30,000 over 5 years. Warning: This comparison rate is true only for the examples given and may not include all fees and charges. Different terms, fees and other loan amounts might result in a different comparison rate. Eligibility criteria, terms and conditions, fees and charges apply. Rate current at 1/08/2015, subject to change without notice. ABN 77 087 650 217 AFSL / Australian credit licence 240807



Christmas Club funds available from 15th November - 31st January

If you have a Christmas club account remember that you are able to access your Christmas Club online from 15th November to 31st January!

Daffodil Day Donations!

Thank you to all our generous members and people at Riverside Corporate Park that bought Daffodil Day merchandise. We completely sold out this year!



Keep your Operating System and Internet Browser Updated

Due to security reasons **members will not be able to access LCU internet banking services on older operating systems or internet browsers from the 15th January 2016.** This is because new security vulnerabilities are not protected by older operating systems and internet browsers.

The following versions will be supported:

Operating Systems

- Windows 7 with minimum Service Pack 1
- Windows 8
- Windows 8.1
- Windows 10
- Mac OS X 10.9 and above
- Apple IOS version 8 and above
- Android version 4.4 and above

Internet Browsers

- Internet Explorer version 10 and above
- Google Chrome version 43 and above
- Mozilla Firefox version 38 and above
- Opera Browser version 30 and above
- Apple Safari version 7 and above

Potential risks for not updating regularly

It's for your own safety that you update your operating system, internet browsers, anti-virus software and any programs regularly. The reason most of these updates take place is to improve functionality and security of your operating system. If you don't update you may experience the following:

- Slow operating systems
- More viruses and malicious attacks
- More errors
- Less safety features



Refresh your Browser for the Updated Version of My ViewPoint (MVP)

There are two reference sections when transferring money on MVP internet banking, the recent updates shows clearly who sees what reference. The **"Reference"** will appear on **your statement** and the **"To Account Reference"** will appear on **the statement of who you are sending the money to.**

To ensure you are always up to date, log on through the MVP link on our website or regularly do a refresh.

Transfer Money

Transfer From

-- Please Select --

Reference (to Appear on your Statement)

55 Character Limit

To Account Details

☒ Select Account

-- Please Select --

☐ Pay New Account

To Account Reference

18 Character Limit

(continued chairman's report from page 1)**Economic Landscape**

The Reserve Bank of Australia has maintained a low cash rate of 2.5% from August 2013 falling to 2.25% in February 2015 and to 2% in May 2015, where it remains. The financial services marketplace has remained highly competitive over the year and in our primary market Sydney house prices have surged. As a response to APRA's concerns of risk associated with the growing number of interest-only loans to property investors, the Big 4 banks have raised interest rates for investment property loans and are monitoring their growth. LCU has a significant sum available immediately for lending to owner occupiers or for investor mortgages and new motor vehicle loans. LCU's investor mortgages are a small part of our portfolio and we will for now continue to offer the same interest rates as for home-owner mortgages.

Compliance and Regulatory Changes

LCU continued to manage more changes in compliance with the implementation of the reporting requirements of the Financial Claims Scheme and changes required by Anti-Money Laundering and Counter-Terrorist Financing legislation.

Member Services and Marketing

Improvements to member services in 2014/15 included:

Conversion of Internet Banking from NetTeller to My Viewpoint;

Introduction of the Young and Free Student savings account;

Refining E-Newsletters and other forms of electronic communication including a weekly blog; and

Increased use of social media especially Facebook, Twitter and LinkedIn to communicate with members.

Scholarships

As part of its commitment to the community and education, LCU has been awarding Scholarships since 1991, and this year each scholarship is \$1000. Scholarships are awarded to members, or their children and grandchildren, who have completed the HSC and are progressing to a tertiary institution or who have completed a TAFE Associate Diploma or Certificate. In February 2015, LCU hosted the annual luncheon to celebrate the achievements of our 2015 Tertiary Scholarship winners. Our 2015 winners were Thomas Ross, Marlon Randeniya, Tanith King, Tony Sebastian, Hannah Guihot, Anna Richards, Mackenzie Brown and Emily Godden.

In 2014 the NSW Chapter of the CSIRO Alumni established a scholarship fund in honour of the distinguished CSIRO scientists, Drs. John Dunlop, Tony Farmer, Gerry Haddad and Don Price, who died in a helicopter accident on 21 March 2013. Two years after the tragic accident, the inaugural scholarship was awarded to Claire-Elise Green as a travelling award in the field of physics. LCU sponsored the ceremony held in Lindfield and contributes to the fund annually.

Board and Staff

I would like to take this opportunity of publicly thanking my colleagues on the Board, Management and all staff for their dedication and work during the past year.

Thanks to all our staff: Leanne Harris, Eileen Thoms, Lyn Slatter, Kerrie Griffiths, Rhonda Hatton, Susanne Tran-Lowder, Jenny Vote, Nalini Mannie, Deepthi Satheesan, Joanne O'Donnell and Elizabeth Sinclair for continuing to provide a friendly yet efficient banking services alternative.

I would like to thank my fellow Directors, Scott Martin (Deputy Chair; Chair of Audit Committee 2015), Frank Benito de Valle, Kieran Greene, Tony Murphy (Chair of the Board Risk Committee 2015), Allison Smart (Chair of the Board Risk Committee 2014) and Peter Steele (Chair of the Board Audit Committee 2014) for their valuable contribution to the governance of LCU over the past year. I would also like to thank our Associate Directors: Eve Roberts, John Stephens and David Mitchell, who attend Board meetings by invitation and provide invaluable service and views to the Board.

I particularly want to acknowledge our former GM Michael Sinclair and former director Ian McDonald for their combined 63 years of service to LCU.

Looking Forward

Over the last year COBA, our industry body (<http://www.customerownedbanking.asn.au>), has been working with credit unions, building society and mutual bank members, to develop a model for collaboration within the movement to improve our market penetration, service offerings and future financial viability across the sector. The wide-ranging consultation has focussed on development of a shared value proposition and opportunities for shared service provision, key areas for innovation, improved performance measurement and governance. LCU has been closely involved in the consultations and looks forward to the final proposition to be released in late 2015.

Financial services operate in a highly competitive marketplace that is undergoing regulatory and technological change. Management, Staff and the Board, are focused on improving our service to members and continuing to provide financial products that will keep up with market demands in an ethical and sustainable manner. Investment in marketing, service and product innovations will continue as these are seen as vital and importantly set LCU up for the future.

Of course, LCU members are integral to the future success of our credit union – your recommendations to family and friends are important to us. So thank you for your continuing support of LCU and for the trust you place in the Board, Management and Staff.

Anita Andrew

Chairman

16 September 2015



Reasons to choose an LCU Car Loan!

There are plenty of reasons to choose LCU Car loans!

- LCU has no monthly account keeping/service fees. Unlike some other institutions, we do not charge any account keeping or service fees on our loan accounts, saving you money.
- With our Car Loans, you can make lump sum repayments. By contributing any extra income to your loan, in addition to your usual repayments, you are able to pay off your loan sooner and therefore you could save hundreds of dollars in interest costs.
- You can do early payouts on LCU loans without any penalty. The earlier you pay off your loan the more money you save in interest charges. Be aware that some institutions may charge a fee for early payouts.
- As the Credit Union gives you the option of making extra repayments on your loan, this allows you the added flexibility of being able to redraw on these extra repayments.
- Loan repayment insurance is available. Loans are long-term commitments, so it makes sense to protect your repayments.
- We have automatic repayments (salary/account). Your full or partial salary can go straight into your car loan automatically.
- Our preferred payment method is via automatic payroll deduction. However, you can arrange to make your loan repayments by direct debit from your savings or transaction account with LCU or another financial institution.
- You don't have to come in for a loan interview for a car loan. Submitting a loan application couldn't be simpler. You can apply online today and receive fast approval. There is no need to visit us, but we would love to see you if you do want to visit.
- LCU car loans are available to all LCU members, their family and friends. So don't be shy to refer your family and friends!

To find out more about LCU Car Loans visit www.lcu.com.au



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Laboratories Credit Union

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