

Chairman's Report

For year ending 30 June 2013

With great pleasure, I commend the third Chairman's report on behalf of the Board of Lakeside Pakenham Community Enterprise Limited. Our **Community Bank**® branch in Lakeside Boulevard Pakenham was officially opened more than three years ago on 4 August 2010. Since the branch opening we have been focusing on building awareness of the Branch and telling the community how our banking franchise model works and informing people on how "My banking helps my community".

The model involves shareholders investing funds to open a **Community Bank**® branch. The banking licence, operations and policies are controlled and administered by Bendigo and Adelaide Bank. Revenue is split between BABL Bendigo and Adelaide Bank and the franchise. The franchisee covers all overhead to establish the branch and its daily running expenses. When the franchise becomes profitable, around 20% of the profits will be available to develop the business or pay out as dividends. This leaves 80% of the profits that can be re-invested into the community as sponsorships and grants.

Ultimately, if you can change your banking across to Lakeside Pakenham **Community Bank**® Branch you will be supporting your community. You can bank with confidence that your privacy is paramount. Directors of Lakeside Pakenham are volunteers and will not be made aware of your banking situation. Only branch staff under the direction of Bendigo and Adelaide Bank will deal with your banking needs.

This business is expected to be one of the major financial contributors to this district within the next 10 years. There are a number of other well established **Community Bank**® branches that have been open more than 10 years that have put more than \$1 million into their community.

In order to help people understand how we make profits an explanation on some of our revenue streams is listed below.

Gross Margin	Funds lent out (eg to home buyers, personal loans, overdrafts, ect) Less funds on deposit (eg savings accounts, some term deposits ect)
Upfront Product Commission	Insurance Policies
Trailer Product Commission	The following products earn the branch a trailer commission: Some consumer and business loans, some term deposits, some Sandhurst Trustees products, financial planning ect
Fee Income	Predominantly fees you may pay to use banking services and also includes ATM fees from most non Bendigo and Adelaide Bank customers
Market Development Fund	An allowance that Bendigo and Adelaide Bank provide to be allocated to sponsorship to assist with establishing the brand.

We are extending our banking facilities by installing an additional ATM at Lakeside Square shopping centre, which is adjacent to the new Railway Station at Lakeside. It is an ideal location to attract new business and we have obtained exclusivity which means we are the only ATM at the centre. The installation should be completed in November 2013.

As at 30 June 2013 Lakeside Pakenham **Community Bank**[®] Branch our shareholders and customers have enabled us to sponsor more than \$60,000 of profits in the district.

Thankyou to our shareholders for your ongoing support in firstly helping get the branch established and secondly to spread the message about how our **Community Bank**[®] branch can help you community.

Bernard F Wilson

Chairman