

NEWS RELEASE

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Bendigo Bank community model successfully applied to Telco

After delivering multi-million dollar benefits to its community through retaining local capital, Bendigo's locally owned Telco today paid its first dividend to shareholders after its public float on the Bendigo Stock Exchange (BSX) in October 2005.

Bendigo Community Telco (BCT) Chairman Rob Hunt announced that shareholders would receive a payment of 4.5 cents per share, with a total payout of \$251,325. The dividends are fully franked with a payment date of 7th April 2006 and record date of 24th March 2006.

Devised by Bendigo Bank using principles underpinning its Community Bank® model, BCT was launched in February 2001 and is currently broadly owned by 420 shareholders predominantly based in Bendigo.

"The payment of the dividend is a highly significant milestone for the Bendigo community," Mr Hunt said.

"It signals that their own Telco is a viable, sustainable business, that is now returning capital in the form of dividends to the local community that has vigorously supported the concept.

"We are delighted to be in a position to pay this first dividend to our new shareholders, because they had the confidence to join with us in the first float of a local company on the Bendigo Stock Exchange in the past 50 years."

Prior to the float, the company was owned by 37 local shareholders and these foundation shareholders had received dividend payments in March 05 and June 05.

Mr Hunt said the intention had always been to broaden ownership to better reflect the company's growing and wide customer base.

"BCT has succeeded because it is a very different business model – local ownership means money is retained here in the local economy for the benefit of the whole community, and that is a big incentive for customers to support our business.

"As a community, we are in a much stronger position than we were prior to BCT being established," Mr Hunt said.

"We have a competitive edge that most regional centres in Australia would covet."

Commenting on the dividend, BCT Chief Executive Officer, John Warmbrunn said, "In an environment where the major Telcos are noticing the effect BCT is having and responding with aggressive competition, it is particularly pleasing

to see that our customers' commitment to stay with us is strong. The addition of a further 461 Bendigonians as customers during the past six months also demonstrates that our Community proposition remains compelling."

"In effect we're generating a fourfold return. Firstly to our shareholders through dividends. Secondly through the creation of a competitive market for telecommunications in Bendigo that benefits everybody (not just BCT customers). Thirdly, through generating local jobs and capturing some of the region's Telco expenditure – in March 2004 La Trobe University estimated that BCT had effectively created 211 jobs and an additional \$34M of GDP. And finally through creating unique telecommunication solutions for local customers".

An example of the benefits a local Telco can bring to a regional centre is BCT's Business Continuity Centre. It is a world class data centre that provides data backup and the ability to host equipment in a secure environment. With the Bird Flu scare focusing corporate planner's minds, the company says there is significant interest in a non-Metropolitan site.

BCT is also excited to see the communities in Strathfieldsaye and Castlemaine taking advantage of the company's ability to aggregate local demand and help local communities create viable and sustainable income streams to support important local initiatives. "Rather than relying on donations, this model enables local communities to create value for themselves out of services they are buying anyway," Said Mr Warmbrunn. In Strathfieldsaye, the initiative has already succeeded in generating sufficient ongoing income and matching government funding to finance a new sports ground.

The success of the Community Telco in Bendigo has already inspired the establishment of 5 further Community Telco's around Australia with many more communities keen to enjoy the benefits a locally owned Telco can bring.

The company stated it was taking a prudent stance with its plans for investing in infrastructure. "The uncertainties in the current telecommunications regulatory environment have not changed our viewpoint on the local demand in Bendigo for the next generation of products and services and the need for alternative infrastructure. However we need to ensure that the underlying cost structures (such as the pricing of the final connection to customer premises) is fixed before we deploy valuable local capital."

Further information:

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Detailed financial statements are available from the company's website:

www.bendigotelco.com.au

