

Notice of Extraordinary General Meeting

Rye & District Community Financial Services Limited
A.B.N. 67 095 766 895

**To be held at 7.00pm on Wednesday, 24th January 2007
at Rye Community Centre, Napier Street, Rye**

Ordinary Business

1. Consider the following resolution

Under section 34 of the company constitution, the Company in general meeting, may reduce or alter its share capital in any manner provided for by the Corporations Act.

To enable the opening of a new branch of the company's business in Dromana, shareholder approval is sought to issue between 650,000 and 1,000,000 new shares in the company at a par value of \$1.00 to raise additional capital of between \$650,000 and \$1,000,000.

Attending the meeting

All shareholders may attend the Extraordinary General Meeting.

Joint holders: In the case of joint shareholders, all holders may attend the Meeting. If only one holder attends (including by proxy), that shareholder may vote at the Meeting as if that holder were solely entitled to the shares. If more than one joint holder is present (including by proxy), the joint holder whose name appears first in the register may vote.

Corporate shareholder: A corporate shareholder may appoint one or more persons to act as its representative under section 250D of the Corporations Act, but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires written evidence of a representative's appointment to be given to the Company before the Meeting.

Proxy: If you are unable to attend the Meeting, you are entitled to appoint a proxy to attend and vote. See the attached Proxy Form for information on appointing a proxy.

Voting rights

Each shareholder is entitled to **one** vote.

For the purposes of voting at the Meeting, shares will be taken to be held by the persons who are registered as members as at 5.00pm on 15th December 2006.

By order of the board

Eileen Naylor

Company Secretary
15 December 2006

A proxy form accompanies this Notice of Meeting. A member entitled to attend and vote at this meeting is entitled to appoint a proxy. The proxy need not be a member of the Company.

Explanatory Notes

This information has been included to assist you in making an informed decision about the resolutions proposed at the meeting.

The purchase, refurbishment and establishment of operations in the building at 239 Point Nepean Road, Dromana intended to house the Dromana Branch of the Bendigo Bank Community Bank as an additional branch of your company's business, is estimated to cost between \$650,000 and \$1,000,000.

It is proposed that these funds be obtained by issuing between 650,000 and 1,000,000 new shares in the company, Rye & District Community Financial Services Limited. These shares would be issued with a par value of \$1.00.

A Bendigo Bank-approved process has been followed to establish the viability of opening a branch of our business in Dromana. The feasibility study which forms part of this process, has provided a very satisfactory prognosis as to the viability of this new branch.

Based on our company valuation of \$2.1M or \$4 per share, to enable the raising of additional capital at \$1.00 per share par value, we need to maintain parity between the value of the new shares to be offered via prospectus and those already held by shareholders in the company.

In order to protect the value of shares of existing shareholders as a result of this new share offer, your board has recommended that a 3 for 1 bonus offer be made to existing shareholders as at 15 December 2006. (Under this proposal, a shareholder currently holding one share would, if the resolution is approved, then hold four shares in the company). This bonus issue of shares is unconditional and will proceed whether or not shareholder approval is granted for the raising of additional capital. As a bonus issue, it requires no additional capital outlay from shareholders and is not conditional upon any other circumstance or development.

There are currently 530,291 shares on issue in the company. With a 3 for 1 bonus offer, the company will have total shares of 2,121,164 each having a par value of \$1.00.

As at the date of this notice, company shares were trading on the Bendigo Stock Exchange at \$2.00 per share, giving the company a market valuation of \$1,060,582.

Given the issuance of bonus shares (3 for 1) in the company, shareholders should be aware that your board anticipates the possibility of some fluctuation in the market value of shares. It is the intention of your board that existing shareholders are not disadvantaged by the raising of this additional capital and by the issuance of new shares.

Should shareholders approve the raising of new capital, and should the issue be fully subscribed with the issue of 1,000,000 additional shares, there would be 3,121,164 shares on issue at a par value of \$1.00 per share, creating a market valuation of \$3,121,164.

The raising of additional capital to enable the company to fund, open and operate the new branch in Dromana has the full support of the Board.