

15 December 2006

Dear

As part of the process of establishing a second branch of your company in Dromana, it has been necessary for your board to obtain a valuation of our existing business.

This valuation has now been received and we are excited at the outcome. It values our company, Rye & District Community Financial Services Limited, at over \$2.1 million or approximately \$4 per share.

As a result of this determination and on behalf of your board of directors, it gives me great pleasure to advise that we will be making a bonus issue of shares to existing shareholders at a rate of three to one.

This means that existing shareholders, as at 15<sup>th</sup> December 2006, will be entitled to three bonus shares for every share they hold. (As an example, a shareholder with 100 shares would receive 300 bonus shares – giving him or her a holding of 400 shares in the company). This is a bonus issue, requiring no additional capital outlay from shareholders and is not conditional upon any other circumstance or development.

However, as part of this communication and in accordance with the provisions of the Corporations Act 2001, you will find enclosed a Notice of Extraordinary General Meeting, called to obtain shareholder support for the raising of between \$650,000 and \$1,000,000 in additional capital to fund the start-up costs associated with the refurbishment and ongoing operations of the new Dromana branch.

This additional capital will, subject to shareholder approval, be raised by issuing between 650,000 and 1,000,000 new shares in the company at a par value of \$1.00 per share – shares which may be purchased by members of the Dromana community, those who have completed pledges as part of the Dromana Feasibility process and by existing shareholders.

Your board has determined that the bonus share issue is a means of ensuring that existing shareholders in the company are not disadvantaged as and when new shareholders are welcomed as a result of the new capital raising.

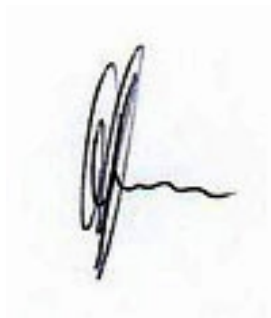
I would urge you to examine closely the Explanatory Notes which form part of the Notice of Extraordinary General Meeting.

I would also urge your participation in the process of approval by attending the Extraordinary General Meeting on Wednesday 24<sup>th</sup> January 2007 at the Rye Community Centre, Napier Street, Rye at 6.30pm for 7.00pm.

In the event that you are unable to attend, I would encourage you to complete the enclosed Proxy Form indicating your voting intentions and returning it using the enclosed reply paid envelope.

May I take this opportunity to congratulate you upon the issue of your bonus shares and to wish you and your families a very happy Christmas and prosperous New Year?

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Peter Van Duren', with a stylized flourish extending to the right.

**Peter Van Duren**  
Chairman