Dnister Ukrainian Credit Co-operative Limited
Annual Report
2023 - 2024

Contents

Origins and Vision

Origins

Dnister is an Australian Member owned Authorised Deposit-taking Institution (ADI) that began in 1951 as a self-help lending group under the name of Self Reliance with the goal to provide financial help to newly arrived migrants.

Over time as the banking industry evolved this resulted in the establishment of the Dnister Ukrainian Credit Co-operative Ltd on September 21, 1959 as a member owned Credit Society.

Since then, Dnister has merged with other credit unions:

- Kalyna Ukrainian Credit Union Society Ltd (Perth, registered 1978) on June 30, 2000.
- Hoverla Ukrainian Credit Co-operative Ltd (Adelaide, registered 1961) on May 1, 2008.
- Latvian Australian Credit Co-operative Society Ltd (Melbourne, registered 1960) on September 1, 2016.

Today Dnister operates across all of Australia, has 8,992 members and total assets of $258m. Dnister is an Authorised Deposit-taking Institution (ADI) regulated by the Australian Prudential Regulation Authority (APRA). Dnister is Australian owned and operated.

Dnister has branches in Melbourne and Adelaide, a service centre in Geelong and agencies in Sydney and Perth.

Dnister provides a full range of retail banking services which gives our members access to their funds 24/7 including online banking and App, Digital Wallet, eftpos & Visa Debit. Our members have free access to over 3,000 ATMs and the Bank@Post service which has over 3,500 Australia Post Outlets. Our Australian based Call-centre operates 6 days a week.

Our product suite includes Home, Personal and Business Loans. Everyday banking, savings and investments.

Vision

Our Vision is to be the financial services provider of choice for our members and their communities.

We achieve this by:

- Ensuring we are a sustainable and well managed financial institution.
- Gaining the confidence and trust of our members.
- Understanding members financial needs and assisting them to achieve their goals.
- Delivering timely and high-quality customer service.
- Continually striving to enhance our members' financial security and welfare by providing competitive products and services.
- Sharing profits among members and their communities.
- Promoting equity and fairness among members, for the benefit of members.

Message from the Chair

On behalf of the Board of Directors, Executive and Staff of Dnister Ukrainian Credit Co-operative Ltd, I am pleased to present our Annual Report for the year ended 30 June 2024.

As of June 30 2024 Dnister has:

- 8,992 Members located across all Australian states and territories.
- Has branches and agencies located in Perth, Adelaide, Melbourne, Geelong and Sydney.
- Manages:

Assets:	$257.6m	+$8.1m
Deposits:	$224.5m	+$8.8m
Loans and Advances:	$192.3m	+$7.2m
Members Equity:	$28.1m	+$1.0m

- Achieved a Profit before Tax for FY24 of $0.85m.

Dnister continues its commitment to providing competitive products and services to our Members and support to their communities.

Community Support provided in the 2024 financial year totaled $635k (2023: $581k), delivered as:

- $532k of fees and charges absorbed by Dnister through our member loyalty fee rebate program.
- $85k in sponsorship of events, schools programs & Praznyks held by community groups.
- $18k provided as Beneficiary Payments to Community Organizations participating in the Dnister Community Benefit Program as nominated by Members operating My Community Saver accounts.

The community support provided by Dnister in the last ten years has now reached $3.6 million!

The Board's intent is to ensure that Dnister maintains itself as a strong and viable provider of services, constantly monitoring a rapidly changing financial services industry. Dnister is committed to adapting itself to a changing world, strengthening itself as an organisation and meeting the needs of both current and future generations.

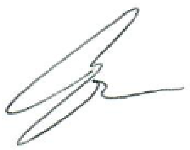
Corporate governance continues to be a priority for your Board of Directors with our strategic plan being continually reviewed and updated. Dnister continues to strive to satisfy its regulatory and compliance obligations.

On behalf of the Board, I thank our staff and Executive team for all their hard work and dedication to serving you our Members and for the achievement of these results. I thank my fellow Directors for their valuable contributions throughout the year.

Most importantly, I thank you, our Members, for your continued loyalty and support. I encourage you to fully utilise the products and services that Dnister offers to continue building the strength of your Co-operative. You can help Dnister grow and prosper by using Dnister as your main financial services provider and encouraging friends and family to do the same.

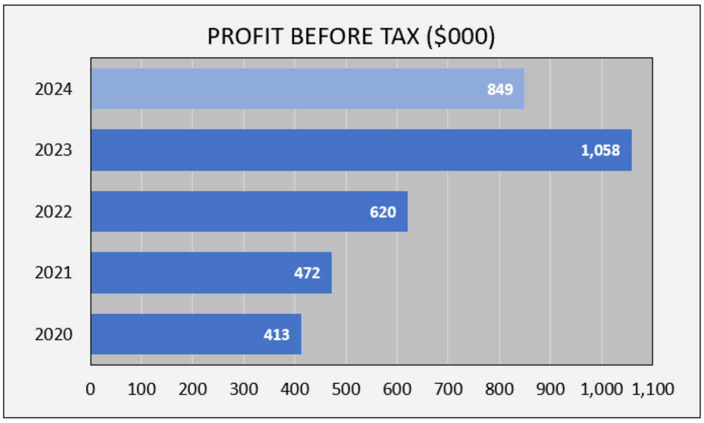
Dnister and its Members will continue to face challenges including cost of living pressures caused by inflation and higher interest rates. Rest assured, the Board of Directors, staff and Executive team are focused on ensuring Dnister continues to deliver products and services that add value to you, our Members.

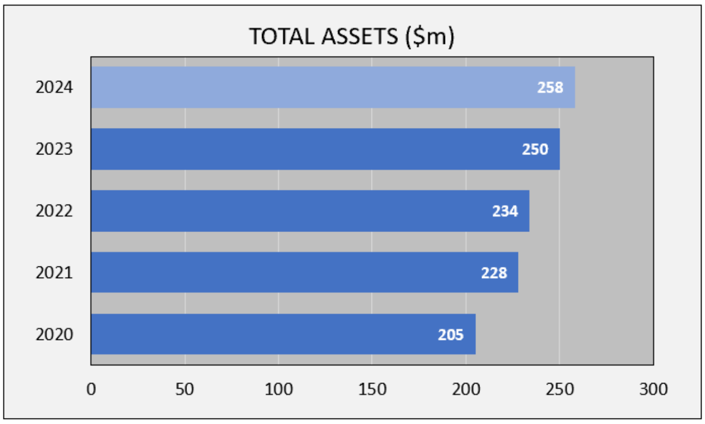
Over the next 12 months Dnister will continue to invest in new products and services including a Loan Origination System (LOS), new Banking App & enhancing fraud monitoring and payment systems technology.

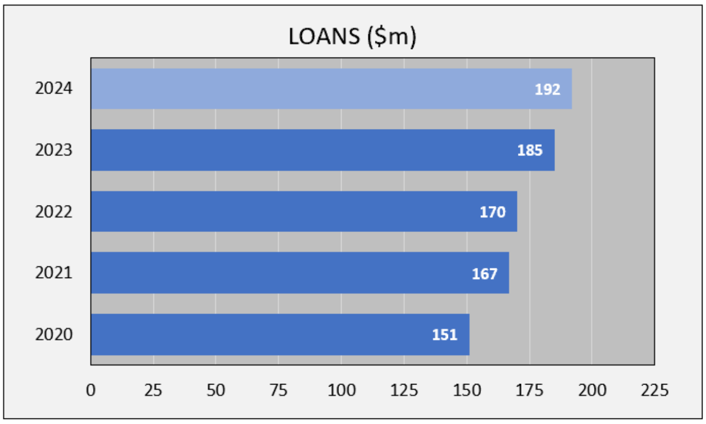


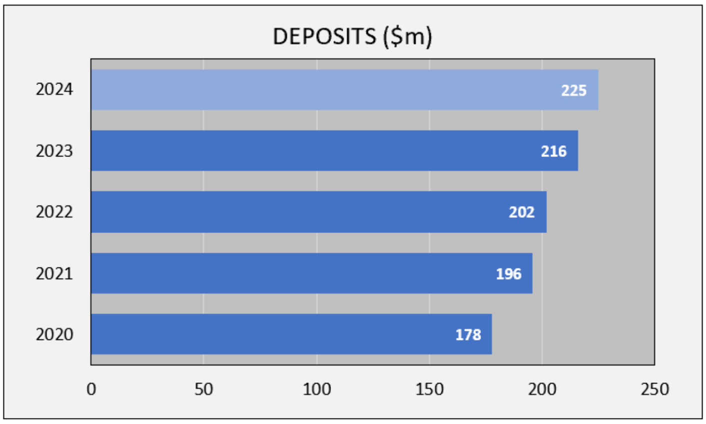
Bohdan Wojewidka
Chair

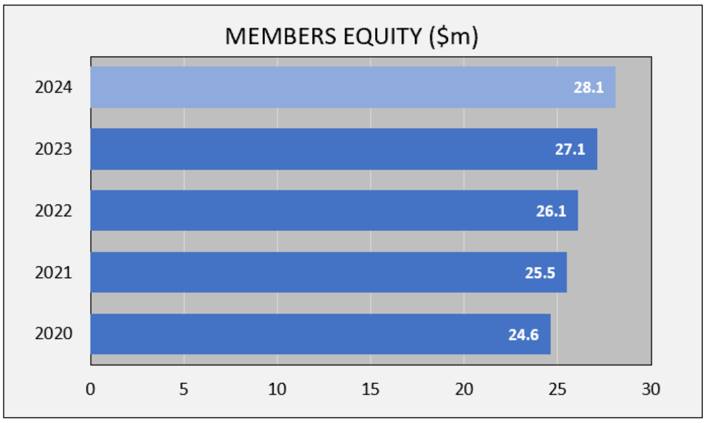
Financial Highlights

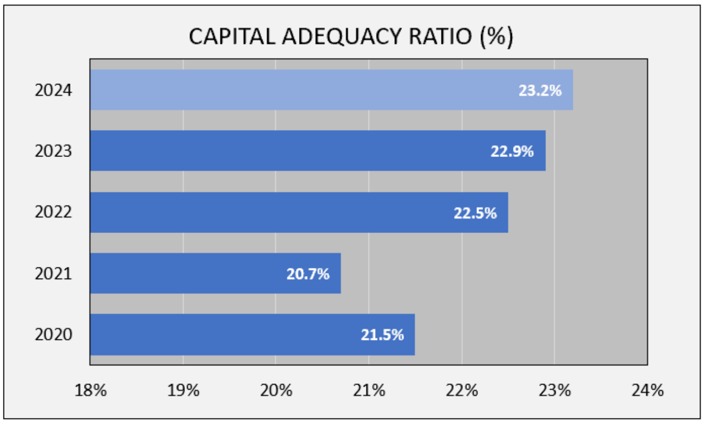












Directors' Report

Your Directors submit their report for the year ended 30 June 2024.

DIRECTORS

The names and details of the Co-operative's Directors in office during the financial year or until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

BOHDAN WOJEWIDKA Chair

B.App. Sc (Comp. Sci), MBA, GAICD.

Non-Executive Chair, Corporate Governance Committee Chair and Risk Committee Member.

Bohdan has an extensive background as a Chief Information Officer / General Manager for major Australian corporations. His most recent position was General Manager – Technology at People's Choice Credit Union. Bohdan's previous roles were at ABB Grain Ltd as Executive Manager Business Process and Information Systems, South Australian Chamber of Mines and Energy as Assistant Chief Executive and Newmont Australia Executive General Manager Business Information and Communications Technology.

Bohdan has served as President of Plast Ukrainian Scouts in South Australia and is presently Vice-President of the Association of Ukrainians in South Australia and a non-executive Director on the Plast National Board. He served as Chair of the Dnister Community Advisory Committee in South Australia in 2008.

Bohdan was a Non-Executive Director of the Co-operative between 2011 - 2015 and rejoined the Board in November 2017.

ANDREW PAVUK Deputy Chair

B.Arts, Dip of Ed, B Law, Solicitor and Member of the Law Society of NSW MAICD.

Non-Executive Deputy Chair, Risk Committee Chair.

Andrew established Pavuk Legal in 2007 and with over 25 years' experience is a specialist in the areas of Financial Services, Corporate Law, Taxation, Life Insurance, Superannuation, Managed Funds, Estate Planning and Succession. Andrew has acted for Plast K P S Executive, the Ukrainian Catholic Church in Australia, various parishes, priests and Charitable Funds.

Andrew has been a Non-Executive Director of the Co-operative since May 2015.

JOHN LIPKIEWICZ Director

BA (Eco.), MBA, MAICD.

Audit Committee Chair and Corporate Governance Committee Member.

John is an experienced executive having worked with large national and international companies in the Banking and Financial Services Industry. His most recent role was Executive General Manager Professional Services, with Beyond Bank Australia (formerly a Credit Union) and was responsible for Business Banking, Insurance, Wealth and Advice Services. John's areas of strength and expertise include strategy, leadership, corporate governance, risk and compliance, change management, and financial outcomes. He was also responsible for the Bank's wholly owned Wealth Management subsidiary reporting directly to a separate Board. In addition, he was a Responsible Manager on two Australian Financial Services Licences. John was also the founding CEO of a start-up master trust business Personal Choice Pty Ltd. He was previously a Non-Executive Director of the Co-operative from 2009 till 2012 and was Director/Acting Deputy Chair of Hoverla Credit Union from 1998 to 2004.

John has been a Non-Executive director of the Co-operative since November 2019.

MICHAEL KWAS Director until 5 November 2023

B.Bus (Acc), MAICD.

Non-Executive Director, Audit Committee and Corporate Governance Committee Member until 5 November 2023.

Michael is a retired Accountant and has well over forty years' experience in the industry. Michael has been involved in numerous community organisations such as: a Scout Leader for over twenty-seven years for the Plast Ukrainian Scouts Association (State and Federal Executive), a member of the Ukrainian Golf Club, a member of the Association of Ukrainians in Victoria and Sunshine and the Ukrainian Church in Ardeer.

Michael has been a Non-Executive Director of the Co-operative since November 2011.

Directors’ Report

Continued.

NICHOLAS BUGRYN Director

B.Comm (Fin, Eco & Intl Trade),

Non-Executive Director, Audit Committee, Risk Committee until 5 November 2023 and Corporate Governance Committee member from 5 November 2023.

Nichloas is a Financial Services professional with over fifteen years’ experience in the industry. Nicholas is currently investment specialist with AMP. Prior to that Nicholas held roles as Director within the Global Markets division of NAB, Regional Manager of Advice, Portfolio Manager and Investment Analyst with CommSec. Nicholas has been involved in numerous community organisations and has a strong passion for sport and exercise including coaching and a member of the junior committee.

PAVLO SMOLIY Director from 5 November 2023

B.Sc Honours (Eco, Fin & Management), ACA

Non-Executive Director, Audit Committee and Risk Committee Member from 14 November 2023.

Pavlo has over sixteen years’ experience working with the CFOs and other C-suite leaders on all aspects related to organisational strategy, finance and operations. He started his professional career with Deloitte, advising on corporation tax and audit matters, as well as on ways to acquire and carve out businesses in an efficient manner. He obtained his Chartered Accountancy qualification in the UK and later transitioned into the role of a Finance Management Consultant. Pavlo is currently CEO of an ESG technology company based in Adelaide, helping the business scale its operations and capture the market in the carbon accounting and reporting space.

LUKE GALASHCHUK Director from 5 November 2023

B.Bus Systems (Honours), Grad Diploma of Applied Finance, Advanced Diploma of Financial Services, CFP

Non-Executive Director, Audit Committee and Risk Committee Member from 14 November 2023.

Luke has over eighteen years’ experience in the financial planning and superannuation industry. He started his career with the Commonweath Bank and has held roles with Colonial First State, AMP, WHK Crowe Horwath, Mortgage Choice and Aware Super where he is currently Senior Risk and Compliance Manager. Luke provides strategic and operational advice on Risk Management and Compliance to protect and support achievement of business strategy. Luke is involved in numerous community organisations including board member of the Kalyna Ski club.

COMPANY SECRETARY

ANDREW JAMES Chief Executive Officer
MBA (Melb), Post Grad Dip. Bus.

DIRECTORS’ MEETINGS

The number of Directors' meetings held, attended and the number ofmeetings Directors were eligible to attend for the financial year were as shown in the table below:

		Board Committee Meetings Held		
	Board Meetings Held 11	Audit Committee 6	Risk Committee 4	Corporate Governance 4
B Wojewidka	11 (of 11)	-	4 (of 4)	4 (of 4)
M Kwas	4 (of 4)	1 (of 2)	-	0 (of 1)
J Lipkiewicz	11 (of 11)	6 (of 6)	-	4 (of 4)
A Pavuk	11 (of 11)	-	4 (of 4)	3 (of 3)
N Bugryn	11 (of 11)	4 (of 6)	2 (of 2)	3 (of 3)
P Smoliy	8 (of 8)	3 of (4)	2 of (2)	-
L Galashchuk	8 of (8)	4 of (4)	2 of (2)	-

Directors' Report

Continued.

PRINCIPAL ACTIVITIES

During the year there were no significant changes to the principal activities of the Co-operative, these being the provision of retail financial services, which includes receiving funds on deposits, advancing loans, providing insurance products and the leasing of Dnister commercial property.

OPERATING AND FINANCIAL REVIEW

The Co-operative`s net profit before income tax for the year ending 30 June 2024 is $849,000 (2023: $1,058,000).

Total Assets increased by $8.1m to $257.6m with Members' Equity increasing by $1.0m to $28.1m. The loan portfolio increased by $7.2m to $193.3m and the deposit portfolio increased by $8.8m to $224.5m.

There were no significant changes in the operations of the Co-operative.

DIVIDENDS

In accordance with the constitution, no dividend is paid in respect of any shares.

BOARD MONITORING OF PERFORMANCE

Management and the Board monitor the Co-operative's overall performance from the implementation of the mission statement and strategic plan through to the performance of the company against budget. The Board, together with management, have identified key performance indicators (KPIs) that are used to monitor performance. Management monitors KPIs and reviews performance against them monthly. Directors receive KPIs for review prior to each Board meeting allowing all Directors to actively monitor the Co- operative's performance.

LIQUIDITY AND FUNDING

The Co-operative has a short-term overdraft facility of $350,000 (2023: $350,000). The Co-operative has sufficient funds to finance its operations and maintains these facilities primarily to allow the Co- operative to take advantage of favourable short-term funding when required.

RISK MANAGEMENT

The Co-operative takes a pro-active approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Co- operative's objectives are aligned with those risks and opportunities.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks and opportunities identified by the Board. These include the following:

- Board approval of the Strategic Plan, which encompasses the Co- operative's vision, mission and goals, designed to meet Members' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against budget, including the establishment and monitoring of KPIs of both a financial and non- financial nature.
- The establishment of committees to report on specific business risks.

SIGNIFICANT EVENTS AFTER BALANCE DATE

There were no significant events after balance date to be brought to the attention of Members for the financial year ended 30 June 2024.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The operations of the Co-operative are expected to continue in line with current objectives and strategies.

INDEMNITY AND INSURANCE

During the year, a premium was paid in respect of a contract insuring Directors and officers of the company against liability. The officers of the company covered by the insurance contract include the Directors, executive officers, secretary and employees. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract. No insurance cover has been provided for the benefit of the auditors of the company.

Directors’ Report
Continued.

COMMITTEE MEMBERSHIP

As at the date of this report, the Co-operative had an Audit Committee, Risk Committee and Corporate Governance Committee. Members of the Board acting on the committees of the Board at the date of this report are:

AUDIT COMMITTEE

J Lipkiewicz (Chair)
N Bugryn
P Smoliy
L Galashchuk

RISK COMMITTEE

A Pavuk (Chair)
B Wojewidka
P Smoliy
L Galashchuk

CORPORATE GOVERNANCE COMMITTEE

B Wojewidka (Chair)
J Lipkiewicz
A Pavuk
N Bugryn

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor’s independence declaration for the year ended 30 June 2024 has been received and can be found on page 10 of the financial report.

Crowe Melbourne
ABN 41 009 415 845

Level 42, 600 Bourke Street
Melbourne VIC 3000 Australia

Main 03 9258 6700
Fax 03 9258 6722
www.crowe.com.au

Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of Dnister Ukrainian Credit Co-operative Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2024 there have been no contraventions of:

1) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

2) Any applicable code of professional conduct in relation to the audit.

Crowe

CROWE MELBOURNE

BRADLEY D BOHUN
Partner

26 September 2024
Albury

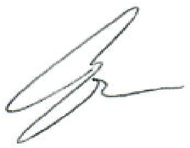
Non-Audit Services

The following non-audit services were provided by the entity`s auditor Crowe Melbourne. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. Crowe Melbourne received or are due to receive the following amounts for the provision of non-audit services:

Tax Compliance Service	$8,463

The report is signed in accordance with a resolution of the Directors of the Co-operative.

On behalf of the Board



Bohdan Wojewidka
Chair of the Board
26 September 2024

John Lipkiewicz
Chair of the Audit Committee
26 September 2024

Corporate Governance Statement

The Board of Directors of Dnister Ukrainian Credit Co-operative Limited are responsible for the corporate governance of the Co-operative. The Board guides and monitors the business and affairs of the Co-operative on behalf of the Members by whom they are elected and to whom they are accountable. An important feature of the Board is to ensure compliance with the prudential and solvency requirements of the Australian Prudential Regulatory Authority (APRA) and the Australian Securities & Investments Commission (ASIC).

The key responsibilities of the Board include:

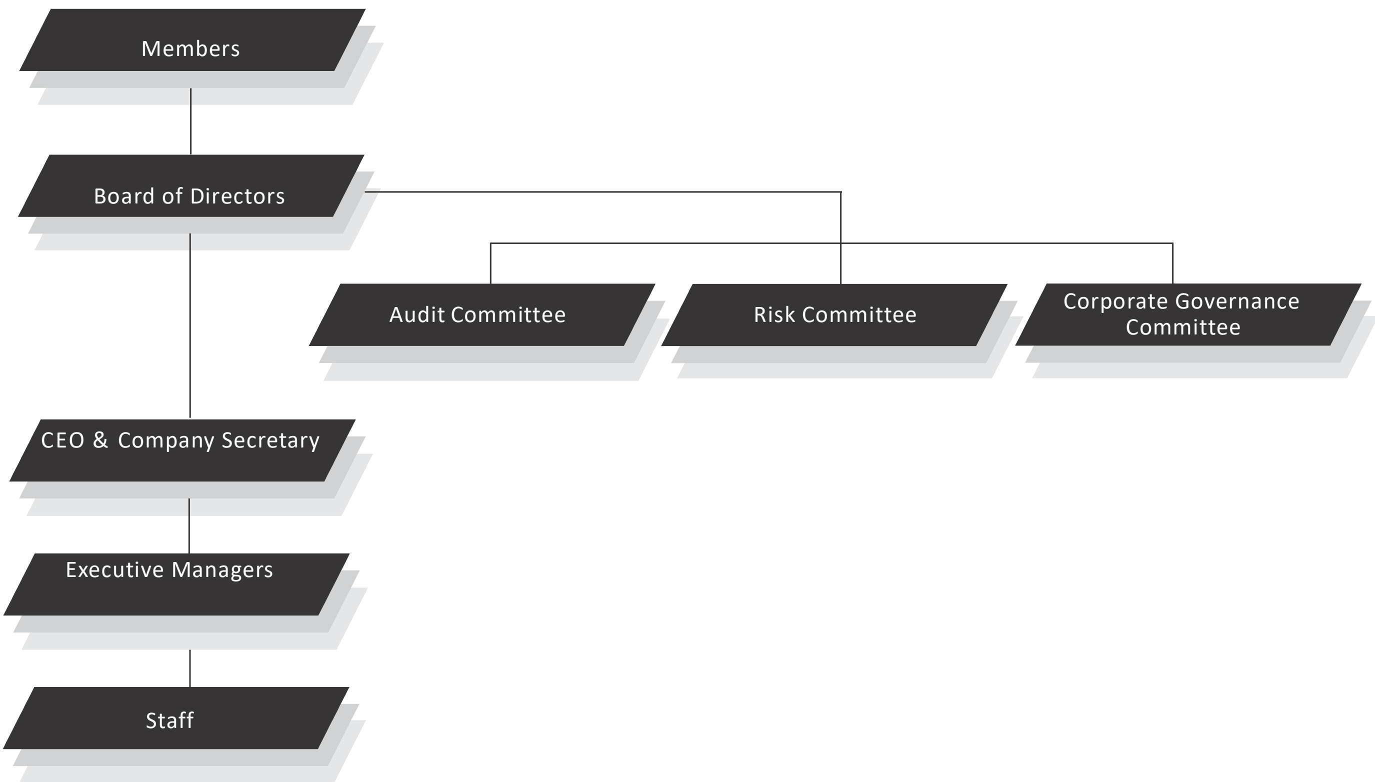
- Approving the strategic direction and related objectives and monitoring management performance in the achievement of these objectives.
- Adopting an annual budget and monitoring the financial performance of the Co-operative.
- Overseeing the establishment and maintenance of internal controls and effective monitoring systems.
- Ensuring all major business risks are identified and effectively managed.
- Ensuring the Co-operative meets its legal and statutory obligations.

The Board of Directors undertook the annual Board performance assessment for the year ended 30 June 2024. The key outcomes of this review are:

- Identification of skill enhancements
- Further training requirements for the Board Members

STRUCTURE OF THE BOARD

Directors of the Co-operative are considered to be independent and free from any business or other relationship that could interfere with, or could be perceived to materially interfere with, the exercise of their unfettered and independent judgement.



Corporate Governance Statement

Continued.

AUDIT COMMITTEE

The Board has an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists in the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information.

The Members of the Audit Committee at the end of the year were:

J Lipkiewicz (Chair)
N Bugryn
P Smoliy
L Galashchuk

RISK COMMITTEE

The Board has a Risk Committee which operates under a charter approved by the Board. The Board has delegated the responsibility for the establishment and maintenance of a risk framework to the Risk Committee.

The Members of the Risk Committee at the end of the year were:

A Pavuk (Chair)
B Wojewidka
P Smoliy
L Galashchuk

CORPORATE GOVERNANCE COMMITTEE

The Board has a Corporate Governance Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that there is sound and prudent management of the Co- operative. The Board has delegated the responsibility for the establishment and maintenance of principles of Good Corporate Governance and Best Practice to the Corporate Governance Committee.

It is the Co-operative's objective to provide maximum stakeholder benefit through the retention of an Executive team by remunerating key executives fairly and appropriately with reference to employment market conditions. The Co-operative does not pay any performance-based bonuses.

The Members of the Corporate Governance Committee at the end of the year were:

B Wojewidka (Chair)
J Lipkiewicz
A Pavuk
N Bugryn

The term in office held by each Director at the date of this report is as follows:

A Pavuk	9 years
B Wojewidka	7 years
J Lipkiewicz	5 years
N Bugryn	2 years
P Smoliy	1 year
L Galashchuk	1 year

Resigned Directors (until 5 November 2023):

M Kwas	12 years

Financial Statements

Notes

NOTES TO THE FINANCIAL STATEMENTS

Directors’ Declaration

for the year ended 30 June 2024

In accordance with a resolution of the Directors of Dnister Ukrainian Credit Co-operative Limited, we state that:

1. In the opinion of the Directors:

   (a) the financial statements and notes of the Co-operative are in accordance with the *Corporations Act 2001* including:

   - giving a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
   - complying with Accounting Standards in Australia and the *Corporations Regulations 2001*;

   (b) there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they become due and payable; and

   (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

   (d) the information disclosed in the attached consolidated entity disclosure statement is true and correct.

2. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ending 30 June 2024.

On behalf of the Board

Bohdan Wojewidka
Chair of the Board
26 September 2024

John Lipkiewicz
Chair of the Audit Committee
26 September 2024

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Dnister Ukrainian Credit Co-operative Limited

Independent Auditor's Report to the Members of Dnister Ukrainian Credit Co-operative Limited

Opinion

We have audited the financial report of Dnister Ukrainian Credit Co-operative Limited (the 'Company'), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including the material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of Dnister Ukrainian Credit Co-operative Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards report and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report information contained in the Company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of

- the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001; and*
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe

CROWE MELBOURNE

BRADLEY D BOHUN
Partner

26 September 2024
Albury

Consolidated Entity Disclosure Statement

for the year ended 30 June 2024

Name of Entity	Type of Entity	Trustee, partner or particpant in joint venture	% Share Capital Held	Country of Incorporation	Australian Resident or foreign resident (for tax purposes)	Foreign tax jurisdiction(s) of foreign residents
Dnister Ukrainian Credit Co-operative Limited	Body Corporate	N/A	N/A	Australia	Australian	N/A

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
INCOME			
Interest income	3	13,509	9,742
Interest expense	4	(7,677)	(3,769)
Net interest income		5,832	5,973
Fees and commission income	5	200	186
Other operating income	6	1,302	1,193
Total operating income		7,334	7,352
Credit loss expense	7	-	(50)
Net operating income		7,334	7,302
Salaries and associated costs		(3,276)	(2,707)
Depreciation and amortisation	14.1 & 14.2	(140)	(121)
Community sponsorships, support and beneficiary contributions	23	(103)	(106)
Other operating expenses	8	(2,966)	(3,310)
Total operating expenses		(6,485)	(6,244)
Profit before tax		849	1,058
Income tax expense	9(a)	(217)	(262)
Net Profit for the period		632	796
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Fair value revaluation of FVOCI investments		443	292
Adjustment to deferred tax due to temporary differences on revalued assets		(108)	(73)
Other comprehensive income for the period, net of tax		335	219
Total comprehensive income available to members		967	1,015

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2024

	Note	2024	2023
ASSETS		$'000	$'000
Cash and Cash Equivalents	10	6,943	8,897
Financial Investments – Term & Negotiable Certificates of Deposits	11.1	9,748	10,248
Financial Investments – Bonds and Shares	11.2	30,986	28,428
Loans and Advances (Net)	12	192,267	185,116
Investment Properties	13	4,046	3,968
Property & Equipment	14.1	12,352	11,631
Intangibles	14.2	102	42
Deferred Tax Asset	9	313	417
Other Financial Investments	15	482	544
Other Assets	16	386	242
Total Assets		257,625	249,533
LIABILITIES			
Deposits	17	224,456	215,636
Current Tax Liability		20	64
Borrowings	18	-	2,737
Other Liabilities	19	3,289	2,353
Provisions	20	546	475
Deferred Tax Liabilities	9	1,217	1,137
Total Liabilities		229,528	222,402
NET ASSETS		28,097	27,130
Retained Earnings	21	14,476	13,844
Credit Loss Reserve	21	631	631
Business Combination Reserve	21	4,436	4,436
Asset Revaluation Reserve	21	8,244	8,126
FVOCI Investments Reserve	21	310	93
TOTAL MEMBERS EQUITY		28,097	27,130

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2024

	Retained Earnings $'000	Other Reserves see (note 21) $'000	Total $'000
TOTAL AT 1 JULY 2023	13,844	13,286	27,130
Net profit attributable to Members	632	-	632
Other comprehensive income	-	335	335
Total comprehensive income	14,476	13,621	28,097
Decrease in general reserve for credit losses	-	-	-
TOTAL AT 30 JUNE 2024	14,476	13,621	28,097

	Retained Earnings $'000	Other Reserves see (note 21) $'000	Total $'000
TOTAL AT 1 JULY 2022	12,851	13,264	26,115
Net profit attributable to Members	796	-	796
Other comprehensive income	-	219	219
Total comprehensive income	13,647	13,483	27,130
Increase in general reserve for credit losses	197	(197)	-
TOTAL AT 30 JUNE 2023	13,844	13,286	27,130

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
OPERATING ACTIVITIES			
Profit before tax		849	1,058
Adjustments for:			
- Changes in operating assets	22	(41)	(57)
- Changes in operating liabilities (including tax payable)	22	941	1,415
- Non-cash items included in profit before tax	22	99	171
- Income tax paid		(224)	(418)
- Net increase in deposits		8,821	13,445
- Net increase in loans and advances		(7,151)	(15,656)
Net cash flows from/(used in) operating activities		3,294	(42)
INVESTING AND FINANCING ACTIVITIES			
Net term & negotiable certificate deposit investments sold		500	2,500
Net purchase of financial investments – bonds and shares		(2,207)	(2,969)
Net (decrease) in wholesale borrowings		(2,737)	-
Purchases of property and equipment and intangible assets		(804)	(89)
Net cash flows used in investing and financing activities		(5,248)	(558)
Net (decrease) in cash and cash equivalents		(1,954)	(600)
Cash and cash equivalents at 1 July		8,897	9,497
Cash and cash equivalents at 30 June		6,943	8 ,897
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS			
Interest received		13,509	9,742
Interest and other costs of finance paid		(7,677)	(3,769)
Dividends received		7	9

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

1. REPORTING ENTITY

Dnister Ukrainian Credit Co-operative Limited is a company incorporated in Australia.

Dnister is a member Authorised Deposit-taking institution (ADI) serving the financial needs of the Australian communities of Ukrainian and Latvian heritage, their families and affinity members introduced to Dnister. The nature of the operations and principal activities of the Co-operative are described in the Directors' Report.

The financial report of the Co-operative for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of Directors on 26 September 2024.

2. MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. It has been prepared as a ‘for profit entity’ as per AASB1054.8. The financial report has also been prepared on a historical cost basis, except for investment properties, land and buildings and FVOCI investments, which have been measured at fair value.

In accordance to *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

2.2 STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

In the process of applying the Co-operative's accounting policies, Management has used its judgements and made estimates in determining amounts recognised in the financial statements. The most significant use of judgements and estimates are as follows:

FAIR VALUE OF FINANCIAL INSTRUMENTS
Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position cannot be derived from active markets they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES
Significant judgements and estimates are applied by management in assessing impairment of loans and advances with regards to the expected credit loss modelling, including:

- Determining criteria for significant increase in credit risk: An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Co-operative takes into account qualitative and quantitative reasonable and supportable forward-looking information;
- Choosing appropriate models and assumptions for the measurement of expected credit loss; and
- Establishing groups of similar financial assets for the purposes of measuring expected credit loss: When expected credit loss is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.

PROPERTY
Some of the Co-operative's property is leased out on a commercial basis. Those buildings that are fully leased are now classified as investment properties. The main 'banking building' is still classified as owner-occupied because a significant section of the property is used by the Co-operative for its banking activities. These judgments are consistent with AASB140 Investment Property classification.
The Directors have used an income capitalisation methodology and cross-checked using the using the Direct Comparison method derived from analysis of comparable sales. A market capitalization rate of between 3.5% to 7.7% has been used to estimate the fair value using current rental yields.

TAXATION
The Co-operative's accounting policy for taxation requires Management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Statement of Financial Position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on Management's estimates of future cash flows. These depend on estimates of future sales volume, operating costs, restoration costs, capital expenditure, dividends and other Capital Management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Other Comprehensive Income

GOING CONCERN
The current economic environment includes a number of risks including prolonged higher inflation and increases in operating costs, cost of living strain on households and weakened consumer spending, interest rates remaining at current levels for an extended time increasing credit risk, higher construction costs and global uncertainty and conflicts.
The impact on the Co-operative's operations has been subject to close consideration in preparing these financial statements. In particular, there has been an increased focus on the budget impacts of operating cost increases and a slowdown in economic activity to provide comfort that there is no material uncertainty in terms of the Co-operative as a "going concern". The budget scenarios produced indicate that key metrics such as Capital Adequacy and Liquidity are able to be maintained at levels above both statutory requirements and internal benchmarks for the forecasting period.

Based on this, the financial statements have therefore been prepared on a going concern basis.

2.4.1 FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

(i) DATE OF RECOGNITION

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date i.e. the date that the Co-operative commits to purchase or sell the asset.

(i) CLASSIFICATION OF FINANCIAL ASSETS

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of loans and receivables, which is presented within other expenses.

Classifications are determined by both:

- the entity’s business model for managing the financial asset and
- the contractual cash flow characteristics of the financial assets.

(ii) SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

Financial assets at amortised costs

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Co-operative’s cash and cash equivalents, trade receivables fall into this category of financial instruments as well as NCDs.

Financial assets at Fair Value through Profit or Loss (FVPL)

Financial assets that are within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised as fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

(iii) FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities – Indue Ltd and Shared Service Partners Pty Ltd. Investments in FRNs are also measured at FVOCI, with subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

2.4.2 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(i) FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Co-operative has transferred its rights to receive cash flows from the asset or has assumed the obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and
- either:
  a) the Co-operative has transferred substantially all the risks and rewards of the asset, or
  b) the Co-operative has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

2.4.3 IMPAIRMENT OF FINANCIAL ASSETS

(i) LOANS AND ADVANCES

AASB 9’s impairment requirements use forward-looking information to recognise expected credit losses – the “expected credit loss model” (ECL).

The Co-operative considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the financial asset. In applying this forward-looking approach, a distinction is made between:

- Financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (performing loans) ('Stage 1'); and
- Financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- Stage 3' would cover financial assets that have objective evidence of impairment (loans in default) at the reporting date.

Measurement of ECL
The Co-operative applies a three-stage approach to measuring expected credit losses (ECLs) for financial assets that are not measured at fair value through profit or loss.

- 12-months ECL (Stage 1) - The portion of lifetime ECL associated with the probability of default events occurring within the next 12 months.
- Lifetime ECL – not impaired (Stage 2) - ECL associated with the probability of default events occurring throughout the life of an instrument.
- Lifetime ECL – impaired (Stage 3) - Lifetime ECL, but interest revenue is measured based on the carrying amount of the instrument net of the associated ECL.

Exposures are assessed on a collective basis in Stage 1, and on individual basis in Stage 2 and Stage 3.

At each reporting date, the Co-operative assesses the credit risk of exposures in comparison to the risk at initial recognition, to determine the stage that applies to the associated ECL measurement. If the credit risk of an exposure has increased significantly since initial recognition, the asset will migrate to Stage 2. If no significant increase in credit risk is observed, the asset will remain in Stage 1. Should an asset become credit-impaired it will be transferred to Stage 3.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Co-operative on terms that the Co-operative would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost of effort at the reporting rate about past events, current conditions and forecasts of future economic conditions.

Critical accounting estimates and judgments in the ECL
A number of significant judgments are required in applying the accounting requirements for measuring ECL, which are detailed below:

Assumptions used for estimating impairment
In assessing the impairment of financial assets under the expected credit loss model, the Co-operative defines default as occurring when a loan obligation is past 30 days due. The definition of default largely aligns with that applied by APRA for regulatory reporting purposes, and the criteria used for internal credit risk management purposes.

Assessment of significant increase in credit risk
In determining whether the risk of default has increased significantly since recognition, the Co-operative considers both quantitative and qualitative factors. These include:

- When a loan reaches 30 days past due;
- Loan with approved hardship or modified terms.

Calculation of expected credit losses
Expected credit losses (ECLs) are calculated using three main parameters i.e. a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD). These parameters are derived from industry standards and historical loss models.

For accounting purposes, the 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date.

The LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral and its expected value when realised. The EAD represents the expected exposure at default.

The 12-months ECL is equal to the sum over the next 12-month PD multiplied by LGD and EAD. Lifetime ECL is calculated using the sum of PD over the full remaining life multiplied by LGD and EAD.

Grouping of loans for losses measured on a collective basis
For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous. The Co-operative has elected to use the following segments when assessing credit risk for Stage 1 of the ECL model:

- Mortgage loans – under 80% LVR or LMI insured
- Mortgage loans – above 80% LVR without LMI
- Loans secured by funds
- Personal loans – secured and unsecured

2.4.4 RECOGNITION OF INCOME AND EXPENSES (AASB 15 disclosures)

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Co-operative and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) INTEREST AND SIMILAR INCOME

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2.4.5 INVESTMENT PROPERTIES

The Co-operative holds certain properties as investments to earn rental income, for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the Statement of Financial Position date. Gains or losses arising from changes in the fair values of investment properties are included in 'other operating income' in the year in which they arise. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Co-operative, and to market-based yields for comparable properties.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in Profit or Loss in the year of retirement.

(i) REVALUATIONS

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value. Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in Other Comprehensive Income.

Any revaluation decrease is recognised in Profit or Loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the Statement of Financial Position date.

2.4.6 TAXES

(i) CURRENT TAX

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Statement of Financial Position date.

(ii) DEFERRED TAX

Deferred income tax is provided on all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from an asset or liability transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the Statement of Financial Position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

2.4.7 NEW OR AMENDED ACCOUNTING STANDARDS ADOPTED

AASB 101 *Presentation of Financial Statements* was amended and applies to annual periods on or after 1 January 2023.

The main requirement of the amendment is for entities to disclose their material accounting policy information rather than their significant accounting policies.

Accounting policy information is material if when considered with other information could reasonably be expected to influence decisions of primary users based on the financial statements.

2.4.8 NEW OR AMENDED ACCOUNTING STANDARDS NOT YET MANDATORY

There are no new accounting standards or interpretations expected to have any significant impact on the Co-operative's financial report that are issued and not yet applicable.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

	2024 $'000	2023 $'000
3. INTEREST INCOME		
Loans and advances	11,303	8,377
Deposits with other financial institutions	2,141	1,319
Regulatory deposits	65	46
	13,509	9,742
4. INTEREST EXPENSE		
Deposits	7,670	3,769
Repurchase facilities	7	-
	7,677	3,769
5. FEES AND COMMISSION INCOME		
Other fees received	200	186
	200	186
6. OTHER OPERATING INCOME		
Dividend income	7	9
Rental income	1,134	1,105
Change in fair value of investment property	59	-
Other	102	79
	1,302	1,193
7. CREDIT LOSS EXPENSE		
Bad debts and impairment allowance	-	50
	-	50
8. OTHER OPERATING EXPENSES		
Marketing, printing & postage	126	101
Other tenancy expenses	481	466
Corporate governance, audit & compliance	425	459
Subsidised transaction expenses	532	475
Data & communications	986	1,270
Other	416	539
	2,966	3,310

	2024 $'000	2023 $'000
9. INCOME TAX		
(a) Income tax expense		
The major components of income tax expense are:		
Statement of Profit or Loss and Other Comprehensive Income		
Current Income Tax		
Current Income tax charge	143	342
Adjustments in respect of current income tax of previous years	(3)	(2)
Deferred Income Tax		
Relating to origination and reversal of temporary differences	77	(78)
Income tax expense reported in the Statement of Profit or Loss and Other Comprehensive Income	217	262
(b) Amounts charged or credited directly to equity		
Deferred income tax related to items charged or credited directly to equity		
Unrealised movement on land and buildings, net of tax	(35)	-
Unrealised movement on FVOCI investments, net of tax	(73)	(73)
Income tax expense reported in equity	(108)	(73)
(c) Reconciliation between aggregate tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income and tax expense calculated per the statutory income tax rate.		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:		
Profit before tax	849	1,058
At the Company's statutory income tax rate of 25% (2023:25%)	212	265
Under/(over) provided in prior years	(3)	(3)
Increase/(decrease) in deferred tax balances	8	-
Income tax expense on pre-tax profit	217	262
(d) Recognised deferred tax assets and liabilities		
Amounts recognised in the Statement of Financial Position:		
Deferred tax asset	313	417
Deferred tax liability	(1,217)	(1,137)
Deferred Net Tax Liabilities	(905)	(719)

9. INCOME TAX
Continued.

	2024	2023
Deferred income tax	$'000	$'000
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Prepayments	(49)	(16)
Investment properties	(326)	(316)
Land and buildings	(739)	(704)
Financial Investments – FVOCI	(103)	(101)
Deferred tax liabilities	(1,217)	(1,137)
Deferred tax assets		
Allowance for Impairment	98	98
Provisions and accruals	215	249
Financial Investments – FVOCI	-	70
Deferred tax assets	313	417

10. CASH AND CASH EQUIVALENTS

	2024	2023
Cash on hand	277	146
Deposits at call	6,666	8,751
	6,943	8,897

11.1. FINANCIAL INVESMENTS – Term and NCDs

	2024	2023
Term and negotiable certificates of deposits with banks (fully redeemable), not longer than 3 months	8,000	10,248
Term and negotiable certificates of deposits with banks (fully redeemable), longer than 3 months and not longer than 12 months	1,748	-
	9,748	10,248

11.2. FINANCIAL INVESTMENTS – Bonds

	2024	2023
Fixed interest bonds and floating rate notes (fully redeemable), longer than 12 months	30,986	28,428
	30,986	28,428

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

12. LOANS AND ADVANCES

	2024	2023
	$'000	$'000
Overdraft and revolving credit	7,521	6,632
Term loans	185,138	178,876
Gross loans and advances*	192,659	185,508
Less: Allowance for impairment losses	(392)	(392)
Net loans and advances	192,267	185,116
(a) BY MATURITY		
Overdrafts	7,521	6,632
Not longer than 3 months	1,572	2,285
Longer than 3 months and less than 12 months	7,374	10,502
Longer than 12 months and less than 5 years	10,370	6,448
Longer than 5 years	165,822	159,641
	192,659	185,508
(b) BY PRODUCT TYPE		
Residential mortgages	171,218	160,550
Consumer lending	3,179	2,534
Corporate & small business lending	18,262	22,424
	192,659	185,508
(c) BY CONCENTRATION		
Loans in Victoria	133,318	131,935
Loans in South Australia	16,260	21,233
Loans in New South Wales	24,146	13,432
In other states	18,935	18,908
	192,659	185,508
(d) BY SECURITY		
Secured by mortgage	191,549	184,816
Secured by other	835	530
Unsecured	275	162
	192,659	185,508
(e) BY LVR		
Less than 80%	163,533	161,726
Greater than 80% with LMI	21,745	21,734
Greater than 80% no LMI	7,381	2,048
	192,659	185,508
IMPAIRMENT ALLOWANCE FOR LOANS AND ADVANCES		
A reconciliation of the allowance for impairment losses for loans and advances is as follows:		
(I) Total Provision	392	392
(II) Movement in total provision		
Balance at the beginning of the year	392	342
Charge for the year (Note 7)	-	50
Balance at the end of the year	392	392

* At 30 June 2024 there were 7 loans totaling $25.3m which each exceeded 10% of the Co-operative's Tier 1 capital (2023: 8 loans totaling $27.6m).

12. LOANS AND ADVANCES

Continued.

	2024	2023
(III) The loans provision consists of:	$'000	$'000
Provision	392	392
	392	392
(Iv) Impaired loans written off:		
Charge / (recovery)	-	-
	392	392

(f) Loans Past Due or Impaired

	2024			2023		
	Past Due	Impaired	Collateral Held	Past Due	Impaired	Collateral Held
	$'000	$'000	$'000	$'000	$'000	$'000
HOUSING LOANS						
30 days and less than 60 days	432	-	609	393	-	530
60 days and less than 90 days	201	-	340	629	-	788
90 days and less than 182 days	375	-	728	151	-	280
182 days and less than 273 days	-	-	-	405	-	875
273 days and less than 365 days	464	-	1,105	127	-	450
365 days and over	144	-	400	696	-	3,085
	1,616	-	3,182	2,401	-	6,008
PERSONAL AND COMMERCIAL LOANS						
30 days and less than 60 days	3	-	-	-	-	-
60 days and less than 90 days	10	-	-	-	-	-
90 days and less than 182 days	-	-	-	-	-	-
182 days and less than 273 days	-	-	-	-	-	-
273 days and less than 365 days	-	-	-	-	-	-
365 days and over	-	-	-	-	-	-
	13	-	-	-	-	-
OVERDRAFTS						
less than 14 days	630	-	880	10	-	-
14 days and less than 90 days	-	-	-	-	-	-
90 days and less than 182 days	-	-	-	-	-	-
182 days and over	-	-	-	-	-	-
	630	-	880	10	-	-
	2,259		4,062	2,411	-	6,008

12. LOANS AND ADVANCES

Continued.

(g) Loans Past Due or Impaired

Reconciliation of allowance for impairment

The reconciliation from the opening to the closing balance of the allowance for impairment by class of financial instrument is shown in the table below:

2024:

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Movement category	$000	$000	$000	$000
Balance as at 1 July 2023	392	-	-	392
Transfers between stages	(7)	7	-	-
Movement due to increase in loans & advances	-	-	-	-
Bad debts written off from provision	-	-	-	-
Changes in model/risk parameters	-	-	-	-
Balance as at 30 June 2024	**385**	**7**	**-**	**392**

2023:

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Movement category	$000	$000	$000	$000
Balance as at 1 July 2022	97	245	-	342
Transfers between stages	245	(245)	-	-
Movement due to increase in loans & advances	-	-	-	-
Bad debts written off from provision	-	-	-	-
Changes in model/risk parameters	50	-	-	50
Balance as at 30 June 2023	**392**	**-**	**-**	**392**

(h) Sensitivity Analysis

Large Exposures:

As part of the assessment of the current economic conditions, the Co-operative has considered the impact on its large borrowing exposures. The Co-operative has observed that none of these facilities are currently past due or impaired or are considered to have experienced a material deterioration in collateral values. As a result, the Co-operative does not consider that any of these exposures have experienced a significant deterioration in credit quality. The Co-operative will continue to monitor these exposures prudently.

The Co-operative also holds a credit loss reserve as an additional allowance for bad debts. Refer to Note 21 for details on this.

13. INVESTMENT PROPERTIES

	2024 $'000	2023 $'000
At 1 July	3,968	3,968
Net change from fair value adjustment	78	-
	4,046	3,968

14.1 PROPERTY AND EQUIPMENT

	Land & Buildings	Computer Hardware	Other Furniture & Equipment	Total
	$'000	$'000	$'000	$'000
Cost or Fair value:				
At 1 July 2023	11,447	473	1,430	13,350
Additions	-	110	586	696
Disposals	-	(100)	(1,313)	(1,413)
Net change from revaluation	707	-	-	707
At 30 June 2024	12,154	483	703	13,340
Accumulated depreciation:				
At 1 July 2023	-	385	1,335	1,720
Disposals	-	(100)	(723)	(823)
Net Change from Revaluation	-	-	-	-
Depreciation charge for the year	-	57	34	91
At 30 June 2024	–	342	646	988
At 30 June 2024				
Cost or fair value	12,154	483	703	13,340
Less: Accumulated depreciation	-	342	646	988
Net carrying amount	12,154	141	57	12,352

	2024 $'000	2023 $'000
If land and buildings were measured using the cost model, the carrying amounts would be:	3,894	3,894

Valuations:
The 2024 revaluations of property were performed by Opteon Property Group and McLean Gladstone Valuers. These valuations have been carried out in accordance with the International Valuation Standards (IVS) published by the International Valuations Standards Council (IVSC) and other applicable Valuation Standards. The valuation basis of land and buildings and investment properties is at fair value, in compliance with AASB 13. The fair value of non-financial assets takes into account a market participants ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The current valuation is based on specific assumptions that appear reasonable based on current local sentiment and forecasts, notwithstanding the market uncertainty resulting from the current economic environment. Valuations have been based on review of both the Income Capitalization Method, supported by direct comparison on a rate per square metre and the Comparable Transactions Method (direct comparison).

14.1 PROPERTY AND EQUIPMENT Continued.	Land & Buildings	Computer Hardware	Other Furniture & Equipment	Total
	$'000	$'000	$'000	$'000
Cost or Fair value:				
At 1 July 2022	11,447	386	1,429	13,262
Additions	-	87	1	88
Disposals	-	-	-	-
Net change from revaluation	-	-	-	-
At 30 June 2023	11,447	473	1,430	13,350
Accumulated depreciation:				
At 1 July 2022	-	356	1,309	1,665
Disposals	-	-	-	-
Net Change from Revaluation	-	-	-	-
Depreciation charge for the year	-	29	26	55
At 30 June 2023	-	385	1,335	1,719
At 30 June 2023				
Cost or fair value	11,447	473	1,430	13,350
Less: Accumulated depreciation	-	385	1,335	1,719
Net carrying amount	11,447	89	96	11,631

	2024 $'000	2023 $'000
14.2 INTANGIBLES		
a. Intangible Assets Comprise:		
Asset at cost	556	842
Amortisation	(454)	(800)
	102	42
b. Movement in the intangible asset balances during the year was:		
Opening balance	42	107
Additions	109	-
Less: Write-downs	-	-
Less: Amortisation charge	(49)	(65)
	102	42

	2024 $'000	2023 $'000
15. OTHER FINANCIAL INVESTMENTS		
Shares – Shared Service Partners Pty Ltd	20	20
Shares – Indue Ltd	462	524
	482	544

16. OTHER ASSETS

Accrued interest receivable	189	175
Prepayments	197	67
	386	242

The maximum exposure to credit risk is the fair value of the receivables. Collateral is not held as security, nor is it policy to transfer (on-sell) receivables to special purpose entities.

17. DEPOSITS

Call deposits	94,533	92,061
Term deposits	129,923	123,575
	224,456	215,636
BY CONCENTRATION		
Deposits in Victoria	145,226	141,231
Deposits in New South Wales	30,560	33,741
Deposits in South Australia	32,504	27,833
In other states	16,166	12,831
	224,456	215,636

18. BORROWINGS

Repurchase agreements	-	2,737
	-	2,737

The Co-operative utilised the RBA Term Funding Facility (TFF). Under the TFF the Reserve Bank of Australia (RBA) provided three year funding to Authorised Deposit Taking Institutions (ADI's) through repurchase transactions at a fixed pricing rate of 10 basis points per annum. This was repaid in Feb-24.

(a) BY MATURITY		
Not longer than 3 months	-	-
Longer than 3 months and less than 12 months	-	2,737
Longer than 12 months and less than 5 years	-	-
Longer than 5 years	-	-
	-	2,737

19. OTHER LIABILITIES

	2024 $'000	2023 $'000
Interest payable on deposits	2,085	1,411
Trade creditors and accruals	1,204	942
	3,289	2,353

20. PROVISIONS

	2024 $'000	2023 $'000
CURRENT PROVISIONS FOR EMPLOYEE ENTITLEMENTS		
Long service leave	198	165
Annual leave	300	270
	498	435
NON-CURRENT PROVISION FOR EMPLOYEE ENTITLEMENTS		
Long service leave	48	40
	48	40

A reconciliation of the provisions is as follows	Annual Leave	Long Service Leave	Total
As at 1 July 23	270	205	475
Payments Made	(161)	(2)	(163)
Additional Provisions	191	43	234
As at 30 June 24	300	246	546
As at 1 July 22	237	181	418
Payments Made	(145)	-	(145)
Additional Provisions	178	24	202
As at 30 June 23	270	205	475

21. RETAINED EARNINGS AND RESERVES

	Retained Earnings	Credit Loss Reserve	Financial Instruments classified as Fair Value through Other Comprehensive Income (FVOCI)	Business Combination Reserve	Asset Revaluation Reserve	Total Reserve
	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 July 2023	13,844	631	93	4,436	8,126	13,286
Decrease in statutory amount set aside for potential losses on loans & advances	-	-	-	-	-	-
Net profit for the period	632	-	-	-	-	-
Net change from revaluation of FVOCI investments, net of tax	-	-	217	-	-	217
Net change from revaluation of asset, net of tax					118	118
As at 30 June 2024	14,476	631	310	4,436	8,244	13,621
As at 1 July 2022	12,851	828	(126)	4,436	8,126	13,264
Increase in statutory amount set aside for potential losses on loans & advances	197	(197)	-	-	-	(197)
Net profit for the period	796	-	-	-	-	-
Net change from revaluation of FVOCI investments, net of tax	-	-	219	-	-	219
Net change from revaluation of asset, net of tax					-	-
As at 30 June 2023	13,844	631	93	4,436	8,126	13,286

CREDIT LOSS RESERVE
The credit loss reserve is used to record the Co-operative's provisions held against non-defaulted exposures that represent a purely forward-looking amount for future losses that are, presently unidentified. It represents 0.6% of total credit risk-weighted assets calculated under the APS 112 Capital Adequacy Standardised Approach to Credit Risk. An appropriation of retained earnings as further Tier 2 capital held against credit losses.

FVOCI RESERVE
The FVOCI reserve is used to record increments and decrements in the fair value of FVOCI investments, bonds & Indue Ltd shares held.

BUSINESS COMBINATION RESERVE
The business combination reserve is used to record increments and decrements in equity as a result of mergers with other businesses.

ASSET REVALUATION RESERVE
The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings, net of tax, to the extent that they offset one another.

	2024 $'000	2023 $'000
22. ADDITIONAL CASH FLOW INFORMATION		
CASH AND CASH EQUIVALENTS		
Cash on hand	277	146
Deposit at call	6,666	8,751
	6,943	8,897
CHANGE IN OPERATING ASSETS		
Net change in interest receivable	(14)	(80)
Net change in prepayments	(131)	38
Net change in future tax receivable	104	(15)
	(41)	(57)
CHANGE IN OPERATING LIABILITIES		
Net change in interest payable	674	1,114
Net change in creditors and accruals	116	233
Net change in future tax payable	81	10
Net change in provisions	70	58
	941	1,415
NON-CASH ITEMS INCLUDED IN PROFIT BEFORE TAX		
Depreciation of property and equipment	140	121
Net impairment losses on financial assets	-	50
Net Revaluation of investment property	(41)	-
	99	171
23. COMMUNITY SPONSORSHIPS, SUPPORT AND BENEFICIARY CONTRIBUTIONS		
Community Sponsorship	77	47
School Support	2	15
Church Praznyk	6	5
Community Access Accounts Beneficiary Contributions	18	39
	103	106

Dnister Ukrainian Credit Co-operative Ltd makes payments to the Ukrainian & Latvian Community via Beneficiary Contributions and sponsorships. In addition, Dnister staff may provide support services to community organisations free of charge.

24. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

	Carrying Value	Fair Value
	$'000	$'000
ASSETS 2024		
Financial Assets		
Cash & and Cash Equivalents	6,943	6,943
Financial investments - Amortised Cost	9,748	9,746
Financial investments - FVOCI	30,986	30,986
Loans and advances	192,267	188,365
Other financial investments	482	482
Accrued interest receivable	189	189
Other receivables and prepayments	197	197
Total 2024	240,812	236,908
LIABILITIES 2024		
Financial Liabilities		
Deposits and wholesale borrowings	224,456	224,528
Borrowings repurchase agreements	-	-
Total 2024	224,456	224,528
ASSETS 2023		
Financial Assets		
Cash & Cash Equivalents	8,897	8,897
Financial investments - Amortised Cost	10,248	10,242
Financial investments - FVOCI	28,428	28,428
Loans and advances	185,116	185,111
Other financial investments	544	544
Accrued interest receivable	175	175
Other receivables and prepayments	66	66
Total 2023	233,474	233,463
LIABILITIES 2023		
Financial Liabilities		
Deposits and wholesale borrowings	215,635	215,392
Borrowings repurchase agreements	2,737	2,737
Total 2023	218,372	218,129

24. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Continued.

FAIR VALUE HIERARCHY

All Financial Instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted market prices in an active market (that is unadjusted) for identical assets or liabilities
Level 2 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
Level 3 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Co-operative determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 30 June 2024, the Co-operative held the following classes of financial instruments measured at (AASB13) fair value:

	30 June 24	Level 1	Level 2	Level 3
Financial Assets measured at fair value 2024				
Financial investments – FVOCI	30,986	-	30,986	-
Other Financial Investments – Shares Held	482	-	-	482

	30 June 23	Level 1	Level 2	Level 3
Financial Assets measured at fair value 2023				
Financial investments – FVOCI	28,428	-	28,428	-
Other Financial Investments – Shares Held	544	-	-	544

24. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES
Continued.

The net fair value estimates were determined by the following methodologies and assumptions:

CASH AND LIQUID ASSETS
The carrying values of cash and liquid assets approximate their net fair value as they are short term in nature or are receivable on demand.

DEPOSITS WITH FINANCIAL INSTITUTIONS
The carrying values of deposits with financial institutions are categorised within the fair value hierarchy based on net present values.

LOANS AND ADVANCES
The carrying values of loans and advances are net of the total provision for doubtful debts. Interest rates on loans both fixed and variable equate to comparable products in the marketplace. The carrying values of loans and advances are categorised within the fair value hierarchy based on net present values.

DEPOSITS
The carrying values of deposits are categorised within the fair value hierarchy based on net present values.

OTHER INVESTMENTS
The carrying amount of other investments is at fair value as these shares are FVOCI.

ACCRUED INTEREST RECEIVABLE
The net fair value of accrued interest receivables represents the carrying amount. This represents the interest that has accrued to date on deposits with financial institutions.

OTHER RECEIVABLES
The net fair value of other receivables represents the carrying amount. This mainly represented rent owed to the Co-operative from the investment properties.

25. RISK MANAGEMENT

25.1 INTRODUCTION

Risk is inherent in the Co-operative's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Co-operative's continuing profitability and each individual within the Co-operative is accountable for the risk exposure relating to his or her responsibilities. The Co-operative is exposed to credit risk, liquidity risk and market risk. It is also subject to operating risks.

RISK MANAGEMENT STRUCTURE

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there is a Risk Committee. This Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. It is responsible for the fundamental risk issues and manages and monitors relevant risk decisions.

INTERNAL AUDIT

Risk management processes throughout the Co-operative are audited annually by the internal audit function, which examines both the adequacy of procedures and the Co-operative's compliance with the procedures. Internal Audit discusses the results of all assessments with Management, and reports its findings and recommendations to the Audit Committee.

25.2 CREDIT RISK

Credit risk is the risk that the Co-operative will incur a loss because a counterparty failed to discharge their obligations. The Co-operative manages and controls risk by setting limits on the amount it is willing to accept for debtors and loan categories, and by monitoring exposures to such limits.

With respect to credit risk arising from other financial assets of the Co-operative, the Co-operative's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. Future movements in fair value would increase or reduce that exposure.

Credit ratings are those published by Standards and Poor’s, Moody’s and Fitch which aligns with APRA recognised external credit assessment institutions (ECAI APS 112 Attachment F).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

25. RISK MANAGEMENT
Continued.

The table below shows the credit quality by class of asset **ASSETS** Financial Assets	2024 $'000 Total	2024 $'000 High Grade	2024 $'000 Other Grade*	2024 $'000 Past Due or Impaired
Loans and advances	192,267	190,020	-	2,246
	Total	AAA to A-	B to BBB+	Other*
Cash & balances with bank	6,943	2,836	-	4,107
Financial investments - Amortised Cost	9,748	8,000	-	1,748
Financial investments - FVOCI	30,986	24,446	6,540	-
Other financial investments	482	-	-	482
Accrued interest receivable	189	189	-	-
Other receivables and prepayments	196	-	-	196
Total	48,544	35,471	6,540	6,533

ASSETS Financial Assets	2023 $'000 Total	2023 $'000 High Grade	2023 $'000 Other Grade	2023 $'000 Past Due or Impaired
Loans and advances	185,116	182,705	-	2,411
	Total	AAA to A-	B to BBB+	Other*
Cash & balances with bank	8,897	6,914	-	1,983
Financial investments Amortised Cost	10,248	8,500	-	1,748
Financial investments FVOCI	28,428	21,424	7,004	-
Other financial investments	544	-	-	544
Accrued interest receivable	175	175	-	-
Other receivables and prepayments	66	-	-	66
Total	48,358	37,013	7,004	4,341

The Loans and advances are determined to be past due or impaired by the amount of days that they are overdue. As per APRA provisioning, a Housing Loan is determined to be past due at 30 days or greater and impaired after 90 days. Personal and commercial loans are determined to be past due between 30 days or greater and impaired after 90 days. Overdrafts are past due at one day to less than 14 days overdue and impaired if greater than 14 days overdue.

Financial assets that are neither past due or impaired are classified between those assets that are high grade and not high grade (other grade). To define what is a high-grade financial asset, Dnister has referred to the prudential standards issued by the Australian Prudential Regulation Authority (APRA) in particular APS 112 which categorises the risk likelihood of default. APS 112 applies risk-weight percentages to indicate the quality of assets. A risk-weight of 50% or less indicates higher quality assets and this has been applied to define high grade assets for the table provided.

*Other grade also consists of assets or liabilities which have not been rated or are of a non-rated nature.

All interest-bearing securities were issued by Australian entities including Australian branches of overseas ADIs.

25. RISK MANAGEMENT
Continued.

COLLATERAL AND OTHER CREDIT ENHANCEMENTS
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- for mortgage lending, mortgages over residential properties.
- for commercial lending, charges over real estate properties, inventory and trade receivables.

Management monitors the market value of collateral, requests collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

It is the Co-operative's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Co-operative does not occupy repossessed properties for business use.

IMPAIRMENT ASSESSMENT
The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than the specified period or there are any known difficulties in the cash flows of Members, credit rating downgrades, or infringement of the original terms of the contract.

25.3 LIQUIDITY RISK AND FUNDING MANAGEMENT

Liquidity risk is the risk that the Co-operative will be unable to meet its payment obligations when they fall due under normal and stress circumstances. In addition to its deposit base, the Co-operative manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

The Co-operative has a $350,000 overdraft facility which allows for the day to day fluctuations in the settlement account with Indue Ltd. The overdraft allows the settlement account to be overdrawn for one or two business days in the event that the withdrawals are greater than the settlement account balance. The Co-operative will then deposit within one or two business days the required funds to return the account to credit.

The Co-operative maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. In addition, the Co-operative is required by the Australian Prudential Regulatory Authority to hold a minimum level of high-quality liquid assets at any given time. The liquidity position is assessed giving due consideration to stress factors relating to both the market in general and specifically to the Co-operative. Net liquid assets consist of cash, short term bank deposits or negotiable certificate of deposits available for immediate sale.

The total liquidity ratio at the end of the year was:

2024	2023
%	%
18.6	**17.6**

25. RISK MANAGEMENT

Continued.

25.3a MATURITY PROFILE OF FINANCIAL LIABILITIES

The tables below summarises the maturity profile of Dnister financial liabilities at balance date based on contractual undiscounted repayment obligations. Dnister does not expect the majority of Members to request repayment on the earliest date that Dnister could be required to pay and the tables do not reflect the expected cash flows indicated by Dnister deposit retention history.

	Less than 30 days	Less than 3 months	3-12 months	Subtotal less than 12 months	1 -5 years	Over 5 years	Subtotal over 12 months	Total
2024								
Liabilities	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
Deposits	112,943	26,506	81,363	220,812	3,644	-	3,644	224,456
Borrowings repurchase agreements	-	-	-	-	-	-	-	-
Total	112,943	26,506	81,363	220,812	3,644	-	3,644	224,456
2023								
Liabilities	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
Deposits	111,546	23,924	78,940	214,410	1,226	-	1,226	215,636
Borrowings repurchase agreements	-	-	2,737	2,737	-	-	-	2,737
Total	111,546	23,924	81,677	217,147	1,226	-	1,226	218,273

25. RISK MANAGEMENT

Continued.

25.3b MATURITY PROFILE OF COMMITMENTS

The table below shows the contractual expiry of the maturity of Dnister credit commitments and lease expenditure commitments. Dnister expects that not all of the commitments will be drawn before the expiry of the commitments. There were no lease expenditure commitments at year end.

	Within 12 months	More than 1 year	Total
2024			
Liabilities			
	$'000	$'000	$'000
Approved but undrawn loans	2,122	-	2,122
Undrawn line of credit	5,283	-	5,283
Total	7,405	-	7,405
2023			
Liabilities			
	$'000	$'000	$'000
Approved but undrawn loans	4,700	-	4,700
Undrawn line of credit	6,131	-	6,131
Total	10,832	-	10,832

25.4 MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Board has set limits on the level of market risk that may be accepted. The Co-operative has significant interest rate risk, but not excessive given the nature of our business. The level of interest rate risk is managed through maturity repricing analysis and limits the exposure based on a 2% interest rate movement, which is set by the Board and reported monthly to the Board. The Co-operative only deals in Australian Dollars and therefore is not exposed to currency risk. The Co-operative does not hold any investments which are subject to equity movement and therefore is not exposed to equity risk.

25. RISK MANAGEMENT
Continued.

INTEREST RATE RISK

Interest rate risk is the risk that fair value or future cash flow of the Co-operative's financial instruments will fluctuate because of changes in market interest rate.

2024	Floating Interest Rate	Fixed interest maturing in		Non-interest bearing	Total carrying amount as per Statement of Financial Position
	$'000	1 year or less $'000	+1 to 5 years $'000	$'000	$'000
FINANCIAL ASSETS					
Cash & balances with bank	6,666	-	-	277	6,943
Financial investments - Amortised Cost	-	9,748	-	-	9,748
Financial investments - FVOCI Shares	26,776	3,419	791	-	30,986
Shares – Shared Service Partners Pty Ltd	-	-	-	20	20
Shares – Indue Ltd	-	-	-	462	462
Other receivables	-	-	-	386	386
Loans and advances	173,031	13,031	6,205	-	192,267
FINANCIAL LIABILITIES					
Deposits	94,533	126,279	3,644	-	224,456
Borrowings repurchase agreements	-	-	-	-	-

2023	Floating Interest Rate	Fixed interest maturing in		Non-interest bearing	Total carrying amount as per Statement of Financial Position
	$'000	1 year or less $'000	+1 to 5 years $'000	$'000	$'000
FINANCIAL ASSETS					
Cash & balances with bank	7,751	-	-	146	8,897
Financial investments - Amortised Cost	-	10,248	-	-	10,248
Financial investments – FVOCI Shares	22,352	2,003	4,074	-	28,428
Shares – Shared Service Partners Pty Ltd	-	-	-	20	20
Shares – Indue Ltd	-	-	-	524	524
Other receivables	-	-	-	175	175
Loans and advances	165,880	13,031	6,205	-	185,116
FINANCIAL LIABILITIES					
Deposits	92,069	122,341	1,226	-	215,636
Borrowings repurchase agreements	2,737	-	-	-	2,737

25. RISK MANAGEMENT
Continued.

INTEREST RATE SENSITIVITY

The following tables demonstrate the sensitivity to a reasonable possible change in interest rates to post tax profit and equity.

		Post Tax Profit Higher / (Lower)	
2024	2023	2024	2023
		$'000	$'000
+2.00% (200 Basis Points)	+2.00% (200 Basis Points)	4,057	4,144
-1.00% (100 Basis Points)	-1.00% (100 Basis Points)	(2,029)	(2,072)

		Equity Higher / (Lower)	
2024	2023	2024	2023
		$'000	$'000
+0.50% (50 Basis Points)	+0.50% (50 Basis Points)	1,014	1,036
-0.25% (25 Basis Points)	-0.25% (25 Basis Points)	(507)	(518)

The above interest rate risk sensitivity is unrepresentative of the risks inherent in the financial assets and financial liabilities, as the sensitivity analysis does not reflect the maturing of fixed interest financial assets and financial liabilities within the next 12 months.

26. CAPITAL

The Co-operative maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Co-operative's capital is monitored using, among other measures, the rules and ratios established by the Australian Prudential Regulatory Authority (APRA). The capital ratio of 23.2% as at 30 June 2024 exceeds the APRA minimum requirement. The capital ratio is reported to the Board at the monthly Board Meetings and more frequently during periods of volatility or when the capital ratio falls below 18.0%. During the past the year, the Co-operative has complied in full with all its internally and externally imposed capital requirements.

The capital ratio is derived by dividing the capital base by the risk weighted assets. The Co-operative adheres to the regulations set down by APRA in regard to which capital items can or cannot be included and also the different risk weightings put on the various assets. These risk weightings are set by APRA and are based on the risk associated with each different asset class.

CAPITAL MANAGEMENT

The primary objectives of the Co-operative's capital management are to ensure the Co-operative complies with internally and externally imposed capital requirements and that the Co-operative maintains strong credit and healthy capital ratios in order to support its business and maximize member value.

An important component of the of the capital standards is the public disclosure of regulatory information. These requirements are outlined in APRA Prudential Standard APS 330 Public Disclosure. The standard sets minimum requirements for the public disclosure of information on the Co-operative's risk profile, risk management, capital adequacy, capital instruments and remuneration practices. The Co-operative publishes the required information on our website.

REGULATORY CAPITAL	2024	2023
	$'000	$'000
Capital base	27,513	26,544
Risk weighted assets	118,541	115,908
Total Capital Ratio %	23.2%	22.9%

27. RELATED PARTY DISCLOSURES

a. DETAILS OF KEY MANAGEMENT PERSONNEL

The following list of persons includes Directors of the Co-operative holding office during the financial year and the Chief Executive Officer:

B. Wojewidka
J. Lipkiewicz
A Pavuk
M. Kwas until 5 November 2023
N. Bugryn
P. Smoliy from 5 November 2023
L. Galashchuk from 5 November 2023

A. James CEO

b. COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE CO-OPERATIVE

	2024	2023
	$'000	$'000
Short-term employment benefits - salaries	299	279
Post employment - superannuation contributions	41	29
Long term benefits - LSL expense	3	-
	343	308

c. DIRECTORS' REMUNERATION

	2024	2023
	$'000	$'000
Aggregate remuneration of Directors	92	60

27. RELATED PARTY DISCLOSURES

Continued.

d. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE CO-OPERATIVE

The Co-operative enters into transactions, arrangements and agreements involving Directors and the Chief Executive Officer in the ordinary course of business.

The following table provides the aggregate value of loan, investment and deposit products to the Chief Executive Officer, Directors, spouses and related entities:

	2024 $'000	2023 $'000
Loans:		
Opening balance owing	-	513
New loans advanced	1,197	-
Net repayments	(16)	(23)
Net Movement associated with former Key Management Personnel	-	(490)
Balance owing at 30 June	1,181	-
Savings and term deposits:		
Amounts deposited at 30 June	255	267

All loans disbursed are approved on the same terms and conditions applied to Members generally for each class of their loan.
All other transactions between the Key Management Personnel and the Co-operative were conducted on normal commercial terms and there has been no breach of these terms.

28. CONTINGENCIES AND COMMITMENTS

To meet the financial needs of Members, the Co-operative does enter into irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the Statement of Financial Position, they do contain credit risk and are therefore part of the overall risk of the Co-operative.

The total outstanding commitments and contingent liabilities are as follows:	2024	2023
	$'000	$'000
CONTINGENT LIABILITIES		
Financial guarantees	185	291
COMMITMENTS		
Undrawn commitments to lend	2,122	4,700
Unused overdraft facilities	5,283	6,131
Total	7,590	11,122

CONTINGENT LIABILITIES

Letters of credit and guarantees commit the Co-operative to make payments on behalf of Members in the event of a specific act. Guarantees and standby letters of credit carry the same risk as loans.

CREDIT UNION FINANCIAL SUPPORT SCHEME LIMITED

The Co-operative has volunteered to participate in the Credit Union Financial Support Scheme (CUFSS). CUFSS is a company limited by guarantee with each credit union's guarantee being $100.

As a member of CUFSS, the Co-operative may be required to advance funds up to 3% (excluding permanent loans) of total assets to another credit union requiring financial support. The Co-operative agrees, in conjunction with other Members, to fund the operating costs of CUFSS.

UNDRAWN COMMITMENTS TO LEND

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon Members maintaining specific standards.

OPERATING LEASE COMMITMENTS RECEIVABLES - CO-OPERATIVE AS LESSOR

Leases in which the Co-operative retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the lease asset and recognised as an expense over the lease term on the same basis as rental income.

The Co-operative has entered into commercial property leases on its investment portfolio, consisting of the Co-operative's surplus office buildings. These non-cancellable leases have remaining terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis.

OVERDRAFT FACILITY

The Co-operative has a $350,000 overdraft facility which allows for the day to day fluctuations in the settlement account with Indue Ltd. The overdraft allows the settlement account to be overdrawn for one or two business days in the event that the withdrawals are greater than the settlement account balance.

28. CONTINGENT LIABILITIES AND COMMITMENTS

Continued.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	2024 $'000	2023 $'000
Within one year	1,017	949
After one year but not more than three years	577	620
After three years but not more than five years	47	115
Total minimum lease payments	1,641	1,684

LEGAL CLAIMS

The Co-operative had no material unresolved legal claims made against it as at 30 June 2024 (2023: none).

ECONOMIC DEPENDENCY

The Co-operative has service contracts with, and has an economic dependency on, the following organisations:

(a) Indue Ltd supplies the Co-operative with both payment settlement services and fraud monitoring services. This includes the payment channels of NPP, Visa, eftpos, Bpay, ATM, cheques, direct entry and the production of debit cards. Indue also provides member fraud monitoring services and AML monitoring services.

(b) First Data International (Fiserv) operates the electronic switch used to process transactions from the use of Co-operative's debit cards, both digital & physical, through approved payment networks.

(c) Data Action provides and maintains the core banking software utilised by the Co-operative. Data Action is a major supplier of software to financial institutions throughout Australia.

29. REMUNERATION OF EXTERNAL AUDITORS

During the years the auditors of the Co-operative earned the following remuneration:	2024 $'000	2023 $'000
Audit of Financials	63	66
Regulatory Audit	16	13
Taxation Compliance Service	8	7
Total	87	86

30. SUBSEQUENT EVENTS

Directors are not aware of any other matter or circumstances since the end of the financial year which has significantly affected or may significantly affect the operations of the Co-operative.

31. SEGMENT INFORMATION

The principal activities of the Co-operative during the year were the provision of retail financial services to its Members which are comprised of people and entities of Ukrainian and Latvian heritage and affinity members introduced to Dnister.

This takes the form of deposit taking facilities and loan facilities as prescribed by the Constitution. The entity operates primarily in one geographical area, Australia.

Corporate Directory

ESTABLISHED	Dnister was incorporated in Victoria under the Co-operative Act on 21 September 1959
REGISTERED OFFICE	Head Office: 912 Mt Alexander Road, Essendon VIC 3040
BRANCHES & AGENCIES	Adelaide: 62 Orsmond St, Hindmarsh SA 5007 Geelong: 21-23 Milton Street, Bell Park VIC 3215 Perth: 20 Ferguson Street, Maylands WA 6051 Strathfield: 32-34 Parnell Street, Strathfield NSW 2135
EXTERNAL AUDITORS	Crowe Melbourne, Level 42, 600 Bourke Street, Melbourne VIC 3000
INTERNAL AUDITORS	Grant Thornton Australia Ltd, Collins Square, Tower 5 Level 22, 727 Collins Street, Melbourne VIC 3008
LEGAL CORPORATE ADVISORS	Wisewould Mahony Lawyers, 419 Collins Street, Melbourne VIC 3000
BANKERS	Indue Ltd, Level 10, 88 Tribune Street, South Brisbane QLD 4101
INSURERS	Primarily Zurich Insurance Group Ltd, Level 2, 82 Pitt Street, North Sydney NSW 2059