



Dnister Ukrainian Credit Co-operative Ltd
ABN 59 087 651 394 | AFSL / Australian Credit Licence 240673

Dear Dnister Member

Member consultation about proposed amendment to constitution at 2025 AGM

I write to you on behalf of your Board of **Dnister** Ukrainian Credit Co-operative Limited ABN 59 087 651 394.

As you know, Dnister is governed by a constitution. This is an important legal document setting out rules about the way Dnister is owned and governed. Our constitution is fundamental to the way that we run the business, and it is crucial that this legal document is fit for purpose.

You may recall that Dnister initially proposed a resolution in its 2023 annual general meeting (**AGM**) notice, to amend the constitution by removing clause 75. Clause 75 of our constitution (referenced below) prevents Dnister from selling its head office building (at Mount Alexander Road, Essendon) and carpark, unless our members approve the sale by special resolution, or **APRA** (Australian Prudential Regulation Authority) directs Dnister to sell.

75. Sale of 902-912 Mount Alexander Road, Essendon

The Directors shall not sell or transfer the property situated at 902-912 Mount Alexander Road, Essendon or the adjoining Willow Street car parking facility unless

approved by a special resolution at a general meeting of Members or directed by APRA.

You may also remember that your Board decided to withdraw the proposed **Clause 75 removal resolution** before the 2023 AGM, out of respect for members who said they wanted to have additional consultation about the resolution before voting on it. At the time of withdrawing the Clause 75 removal resolution, your Board committed to carrying out a proper consultation process with members, before revisiting the resolution at a future general meeting.

Since that time, your Board has carefully re-considered the reasons that the Clause 75 removal resolution was proposed in 2023 in the first place (and whether these reasons still exist), as well as the feedback from members during and since 2023.

For the reasons I describe below, we continue to think that the Clause 75 removal resolution is in the best interests of Dnister and our members. We would like to propose the resolution again at our upcoming AGM on Sunday 23 November 2025. However, this time, we are committed to first undertaking a proper consultation process with our members. During this process we will listen to you, answer your questions, and explain our thinking. We will then regroup as a Board to consider your feedback as a whole, before making a final decision about whether or not to propose the resolution at our 2025 AGM.

At the outset, I want to reassure you that your Board has no present intention to put the Mount Alexander property up for sale. We remain committed to serving your interests, and the purpose of the Clause 75 removal resolution is not to erode your rights. The reasons for the Clause 75 removal resolution are two-fold:

1. *Firstly* and primarily, to meet regulatory expectations from APRA, and to respond to some very direct and real concerns raised by APRA with us.
2. *Secondly*, to ensure that as a growing business, we can remain agile and competitive, and able to respond quickly to market opportunities.
I explain these further below.

Reason 1: APRA's regulatory expectations and risk of adverse consequences

APRA expects institutions like ours to be able to respond quickly and effectively in a range of

financial scenarios. Operational restrictions in a constitution, like Clause 75 in ours, impairs an organisation's ability to act decisively if ever required, even if such action is in the best interests of members. This is not lost on APRA, and they have raised concerns with us about how this could undermine the credibility of our contingency and recovery plan, and our ability to execute that plan, to the level required by APRA's Prudential Standards.

We have to take the regulator's concerns seriously; not least because they have wide powers to take action against us if we fail to be compliant. Your Board is of the unanimous view that removal of Clause 75 from our constitution is the most effective way to address APRA's concerns and regulatory expectations, and minimise the risk that APRA will take enforcement or other action against Dnister.

APRA has a broad range of enforcement powers and tools available at their disposal, if they determine that an entity like Dnister is not meeting their requirements. For example, APRA has the power to impose additional reporting requirements, undertake special purpose engagements where auditors prepare reports on specific aspects of the non-complying entity's operations, or impose licence conditions or enforceable undertakings to bind the entity into a course of action.

If APRA decided to take any such action, this could cause us reputational damage; may result in our operations being adversely impacted (for example where restrictive licence conditions are imposed on us); and/or could increase the compliance burden on our team (for example where we are subjected to additional reporting requirements to APRA).

We think that it is both necessary and appropriate for Dnister to manage these inherent risks as soon as we can, so we can demonstrate to APRA that we are seeking to proactively address their concerns to meet their regulatory expectations.

Reason 2: Operational efficiency

As a financial co-operative, effective capital management is fundamental to our ability to deliver value to members. By raising funds and applying them towards financial accommodation, grants, programs and services, we ensure that our resources are deployed in ways that directly benefit members and strengthen our organisation's long-term viability.

Even though we are not a private enterprise, financial performance, liquidity and capital

management remain central to the success of our business. To remain competitive - and especially in our current economic climate - we must be able to deploy capital effectively, ensuring it is managed in a way that optimises value to members, while also allowing us to capitalise on opportunities quickly as they arise. In these circumstances, time is often of the essence.

Your Board is of the unanimous view that removal of Clause 75 from our constitution will better position us to operate with agility, while maintaining appropriate member oversight, to ensure we are maximising value for the overall benefit of Dnister and our members.

While these regulatory and operational considerations highlight why the amendment is necessary, it is equally important to place this change in the broader context of Dnister's strategy and future direction. Updating our constitution is part of ensuring that we remain strong, competitive, and well-positioned to deliver lasting value to our members.

Our Strategy and Future Direction

As we look ahead, it is important that our constitution, governance, and operations continue to support Dnister's long-term sustainability and growth. Updating our constitution is not just about compliance - it is also about enabling us to deliver on our strategy and the value we create for members.

Our strategy is guided by a refreshed purpose, vision, and mission that reflect both our heritage and the future we want to build. We remain deeply committed to our Ukrainian roots and cultural foundation, but we also recognise the need to broaden our focus to create lasting value for all members and communities we serve.

Over the next few years, we will:-

- Deepen member relationships through personalised service and stronger community presence.
- Leverage technology and data to simplify banking, reduce complexity, and enable smarter decision-making.
- Expand into new geographies and attract a broader, younger membership aligned with our values and purpose.
- Build financial strength and resilience through disciplined growth, strong risk management, and operational efficiency.
- Differentiate through our member-owned model -trusted, valued, and purpose-led.

By making these changes now, we will be better positioned to grow sustainably, remain competitive, and continue delivering benefits for members - financially, culturally, and emotionally.

Town hall session

We know that this issue is important to you as members. We are also committed maintaining trust, transparency, and open dialogue with you. To this end we are inviting all members to attend an online **Town Hall Session**, which will be chaired by me, and held well in advance of our 2025 AGM. This community session is designed to encourage open discussion, provide an opportunity for you to ask questions, and to ensure your voice is heard.

Below are the details for the Town Hall Session:

Date	Location	Venue	Time
19 September 2025	Virtual Session (https://us02web.zoom.us/j/82915983475?pwd=7uK2cPf1VQ8sJ9yfJRdVLvMgS5QAWj.1) Meeting ID: 829 1598 3475 Passcode: 677581		3.00p m to 5.30p m

We strongly encourage all members to participate in the Town Hall Session. Your input as members of Dnister is valued and vital in shaping the future of our co-operative, including by helping us understand the level of member support for the Clause 75 removal resolution. You are welcome to contact us with any queries - either in advance of the Town Hall session or more broadly regarding the resolution - by emailing secretary@dnister.com.au.

As your elected Board we remain committed to maintaining the strength, long-term sustainability, and integrity of Dnister.

Thank you for your continued support and trust in us. We look forward to engaging with you and working together toward a strong and sustainable future

Yours sincerely

On behalf of the Board of Dnister

Andrew Pavuk

Chairman

