

# Financial Strength



## About QTCU

QTCU is an Authorised Deposit Taking Institution (ADI) operating predominantly in the State of Queensland.

The QTCU group has approximately 82,000 members, branches in 15 locations and approximately 220 staff.

The QTCU group's products and services include the following:

- Personal and motor vehicle loan products;
- Mortgage secured loan products;
- Line of credit and Visa debit products;
- Savings and investment products;
- Financial Planning services<sup>1</sup>; and
- Insurance products (General Insurance and Consumer Credit Insurance supplied by CUNA Mutual)<sup>2</sup>.

## Key Indicators

Total Assets	\$1,004M
Total Reserves	\$86M
Total Loans Under Management	\$871M
Total Savings & Deposits	\$899M
Total Funds Under Advice	\$319M

As at June 2009

## Ensuring QTCU's Financial Strength

Along with banks and other financial institutions, as an ADI, QTCU is regulated by the Australian Prudential Regulation Authority (APRA).

Following are some key measures of financial strength.

### Capital Adequacy

- QTCU's policy is to maintain a minimum of 12% Capital Adequacy. As at 30 June 2009, QTCU's Capital Adequacy position was 16%.

### Liquidity Management

- APRA requires ADI's to maintain a minimum of 9% of their liability base in High Quality Liquid Assets (HQLA). QTCU's policy is to maintain a minimum Liquidity of 12%. QTCU's average liquidity for the 2009 financial year was 15.96%.
- QTCU's major funding source is retail deposits, with 99% of funding as at 30 June 2009 being through this source. QTCU also has access to various other funding arrangements to assist with funding where necessary.
- QTCU is not exposed to any funding through overseas markets.

## Capital Management

- As a mutual ADI, QTCU raises capital predominantly through the retention of earnings each year. QTCU is able to raise additional capital through the issuing of non-redeemable, non-cumulative, preference shares, however QTCU has not needed to raise capital in this form to date.

## Performance

Essential to our ongoing strength and growth ambitions is the financial performance of QTCU. Following are some key indicators of our financial performance:

- For the year ended 30 June 2009, QTCU's after tax profit was \$6.9M.
- QTCU has traded profitably in all years since operation began in 1965.
- QTCU's return on assets for 2009 was 0.71%.
- QTCU's return on equity for the 2009 year, was 8.3%.

## Strong, Healthy and Conservative Balance Sheet

QTCU has a long history of prudent management. Following is some key data that demonstrates the strength of QTCU's balance sheet:

- The major components of QTCU's total On Balance Sheet assets of \$1,004M are loans to its members of \$848M and liquidity investments of \$142M.
- 99% of member loans comprise retail loans to Australian households with 90% of these loans being secured by residential property mortgages, predominantly within the State of Queensland.
- At 30 June 2009, QTCU's provision for bad debts to total loans was under 0.01%, delinquent loans to total loans were 0.58% and bad debt expense to average assets 0.06%, all figures that are amongst the lowest in the ADI market and bear testimony to the conservative and prudent nature of QTCU's lending policies.
- QTCU's liquidity investments comprise investment grade deposits with ADI's that hold Australian banking licences.
- QTCU has a policy to always place its liquidity investments with ADI's that hold Australian banking licences.

## Government Guarantee

The federal government's guarantee for all Australian cash deposits up to \$1M provides further reassurance to QTCU's members as to the security of their deposits.

## More information

QTCU reports to members at its Annual General Meeting each October. The Annual Report is made available to members and public at least three weeks prior to the Annual General Meeting. For a copy, visit [qtcu.com.au](http://qtcu.com.au), call our Contact Centre on 13 29 30 (8.30am to 7.00pm Mon to Fri) or email [qtcu@qtcu.com.au](mailto:qtcu@qtcu.com.au).

This information is based on audited financial reports as at 30 June 2009. Full financial statements are provided in QTCU's Annual Report 2009 which is available at [www.qtcu.com.au](http://www.qtcu.com.au). Queensland Teachers' Credit Union Limited ABN 83 087 651 054 AFSL 241195.

<sup>1</sup>QTCU Financial Planning Pty Ltd ABN 35 116 361 650 is a Corporate Authorised Representative (ASIC No. 293929) of Outlook Financial Solutions Pty Ltd, ABN 40 083 233 925, AFSL 240959, 70 Yarra Street Heidelberg VIC 3084.

<sup>2</sup>Insurance policies are issued by CUMIS Insurance Society Inc. ABN 72 000 562 121 AFSL 245491 (incorporated in the United States) trading as CUNA Mutual General Insurance (the members of the Society have no liability) and/or CUNA Mutual Life Australia Limited ABN 83 089 981 073 AFSL 245492.

A Product Disclosure Statement (PDS) is available from QTCU branches, by calling 13 29 30, or by visiting us online at [www.qtcu.com.au](http://www.qtcu.com.au) for Accounts, Access Facilities, Non Cash Payment products, Term Deposits and Insurance and you should read the PDS before making any decisions about these products. As the advice in this brochure has been prepared without considering your objectives, financial situation or needs, you should, before acting on this advice, consider its appropriateness to your individual circumstances.