



Queenslanders Credit Union Ltd Limited, as an Authorised Deposit-Taking Institution (ADI), is regulated by the Australian Prudential Regulation Authority (APRA). APRA is the prudential regulator of the Australian financial services industry. The fundamental role of APRA is to ensure the stability of the financial industry, primarily through the establishment and enforcement of prudential standards.

One of APRA's main focus areas in ensuring that member's funds are safe is to ensure that financial institutions hold adequate amounts of capital. This is reflected in Prudential Standard 110: Capital Adequacy, paragraph 6 which provides the following:

"Capital is the cornerstone of an ADI's financial strength. It supports an ADI's operations by providing a buffer to absorb unanticipated losses from its activities and, in the event of problems, enables the ADI to continue to operate in a sound and viable manner while the problems are addressed or resolved. The Board of directors (Board) of an ADI has a duty to ensure that the ADI maintains an appropriate level and quality of capital commensurate with the level and extent of risks to which the ADI is exposed from its activities".

In 2008 Prudential Standard 'APS 330 Capital Adequacy: Public Disclosure of Prudential Information' became effective. The standard requires financial institutions 'to make high quality and timely disclosures of information on its risk management and capital adequacy to contribute to the transparency of financial markets and to enhance market discipline'.

The following disclosures for Queenslanders Credit Union Limited for the December 2017 quarter, are those required by APS330:

Capital structure

	as at 30 September 2017 \$	as at 31 December 2017 \$
Tier 1 capital:		
• retained earnings, including current year earnings;	42,717,104	42,792,049
• deductions from Tier 1 capital, including goodwill and investments.	(1,356,503)	(1,346,745)
Net Tier 1 Capital	41,360,601	41,445,304
Tier 2 capital (net of deductions):	680,029	667,711
Total capital base:	42,040,630	42,113,015

Capital adequacy

	as at 30 September 2017		as at 31 December 2017	
Capital requirements for:	Gross Value \$	Risk-Weighted Value \$	Gross Value \$	Risk-Weighted Value \$
Credit risk:				
- Residential Mortgages	283,527,143	99,673,217	286,107,097	100,258,443
- Other Retail	28,225,052	15,240,865	26,704,050	13,952,778
- Corporate	18,851,163	18,755,549	18,838,457	18,742,843
- Bank/ADI	74,762,806	32,029,104	78,811,967	31,373,688
- Government	-	-	-	-
- All other	3,709,292	3,709,292	2,264,335	2,264,335
- Securitisation	-	-	-	-
Total Credit Risk	409,075,456	169,408,027	412,725,906	166,592,088
Market risk:				
Operational risk:		20,178,279		20,351,955
Total RiskWeighted Assets		189,586,307		186,944,043
Total capital ratio for Queenslanders Credit Union Ltd:		22.17%		22.53%
Tier 1 capital ratio for Queenslanders Credit Union Ltd:		21.82%		22.17%

Credit risk - as at 31 December 2017

(a) Total gross credit risk exposures:

	Total Gross \$	Average Gross \$
- Loans	284,763,227	282,363,115
- Commitments and other non-market off-balance sheet exposures	46,889,028	48,332,063
- Debt securities	-	-
- Over-the-counter derivatives	-	-
Total	331,652,255	330,695,178

(b) By portfolio:

	Balances \$	Impaired \$	Past Due \$	Specific Provision \$	Charges for Specific Provision \$	Write-offs \$
- Residential Mortgages	253,130,482	1,946,953	8,510	-	-	-
- Other Retail	12,975,271	276,537	20,902	104,441	21,985	11,241
- Corporate	18,654,823	-	-	-	-	-
- Bank/ADI	78,450,450	-	-	-	-	-
- Government	-	-	-	-	-	-
- Commitments and other non-market off-balance sheet exposures	46,889,028	-	-	-	-	-
- Debt securities	-	-	-	-	-	-
- Over-the-counter derivatives	-	-	-	-	-	-
Total Exposures	410,100,054	2,223,490	29,412	104,441	21,985	11,241

(c) General reserve for credit losses.

\$667,711

Securitisation exposures - as at 31 December 2017

(a) Securitisation activity during this period;
 Nil

(b) Off-balance sheet securitisation exposures;
 - Owner-occupied housing loans
 - Investment housing loans

\$1,145,899
 \$0

Credit risk - as at 30 September 2017

(a) Total gross credit risk exposures:

	Total Gross \$	Average Gross \$
- Loans	280,470,465	279,873,649
- Commitments and other non-market off-balance sheet exposures	50,141,704	49,519,580
- Debt securities	-	-
- Over-the-counter derivatives	-	-
Total	330,612,170	329,393,229

(b) By portfolio:

	Balances \$	Impaired \$	Past Due \$	Specific Provision \$	Charges for Specific Provision \$	Write-offs \$
- Residential Mortgages	248,248,411	2,010,072	6,918	-	-	-
- Other Retail	13,545,715	230,655	19,965	93,697	13,492	6,912
- Corporate	18,667,529	-	-	-	-	-
- Bank/ADI	74,278,508	-	-	-	-	-
- Government	-	-	-	-	-	-
- Commitments and other non-market off-balance sheet exposures	50,141,704	-	-	-	-	-
- Debt securities	-	-	-	-	-	-
- Over-the-counter derivatives	-	-	-	-	-	-
Total Exposures	404,881,866	2,240,727	26,883	93,697	13,492	6,912

(c) General reserve for credit losses.

\$680,029

Securitisation exposures - as at 30 September 2017

(a) Securitisation activity during this period;
 Nil

(b) Off-balance sheet securitisation exposures;
 - Owner-occupied housing loans
 - Investment housing loans

\$1,189,906
 \$0

Please refer to the APRA website (www.apra.gov.au) for full details of the prudential standard: 'APS 330 Capital Adequacy: Public Disclosure of Prudential Information'.

For further information regarding these disclosures please call John Weier (CEO) or Matthew O'Keefe (CFO) on 3218 7200.