



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 March 2018 quarter, are those required by APS330:

**Capital structure**

	as at 31 December 2017	as at 31 March 2018
Tier 1 capital:		
• retained earnings, including current year earnings;	42,792,049	39,929,897
• deductions from Tier 1 capital, including goodwill and investments.	(1,346,745)	(1,343,379)
Net Tier 1 Capital	41,445,304	38,586,518
Tier 2 capital (net of deductions):	667,711	655,270
Total capital base:	42,113,015	39,241,788

**Capital adequacy**

	as at 31 December 2017		as at 31 March 2018	
Capital requirements for:	Gross Value	Risk-Weighted Value	Gross Value	Risk-Weighted Value
	\$	\$	\$	\$
Credit risk:				
- Residential Mortgages	286,107,097	100,258,443	288,544,035	100,883,147
- Other Retail	26,704,050	13,952,778	25,035,571	12,287,589
- Corporate	18,838,457	18,742,843	19,094,840	19,094,840
- Bank/ADI	78,811,967	31,373,688	80,269,057	24,076,067
- Government	-	-	-	-
- All other	2,264,335	2,264,335	1,850,815	1,850,815
- Securitisation	-	-	-	-
Total Credit Risk	412,725,906	166,592,088	414,794,317	158,192,456
Market risk:		-		-
Operational risk:		20,351,955		20,351,955
Total RiskWeighted Assets		186,944,043		178,544,411
Total capital ratio for Queenslanders Credit Union Ltd:		22.53%		21.98%
Tier 1 capital ratio for Queenslanders Credit Union Ltd:		22.17%		21.61%

**Credit risk - as at 31 March 2018**

(a) Total gross credit risk exposures:

	Total Gross	Average Gross
	\$	\$
- Loans	285,523,076	284,384,406
- Commitments and other non-market off-balance sheet exposures	47,198,080	46,538,947
- Debt securities	-	-
- Over-the-counter derivatives	-	-
Total	332,721,156	330,923,353

(b) By portfolio:

	Balances	Impaired	Past Due	Specific Provision	Charges for Specific Provision	Write-offs
	\$	\$	\$	\$	\$	\$
- Residential Mortgages	254,421,464	2,864,455	11,375	-	-	-
- Other Retail	11,960,063	201,283	22,921	142,194	70,846	33,093
- Corporate	19,094,840	-	-	-	-	-
- Bank/ADI	79,875,164	-	-	-	-	-
- Government	-	-	-	-	-	-
- Commitments and other non-market off-balance sheet exposures	47,198,080	-	-	-	-	-
- Debt securities	-	-	-	-	-	-
- Over-the-counter derivatives	-	-	-	-	-	-
Total Exposures	412,549,610	3,065,738	34,296	142,194	70,846	33,093

(c) General reserve for credit losses.

\$655,270

**Securitisation exposures - as at 31 March 2018**

(a) Securitisation activity during this period;  
 Nil

(b) Off-balance sheet securitisation exposures;  
 - Owner-occupied housing loans \$459  
 - Investment housing loans \$0

**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 \$1,145,899  
 - Investment housing loans \$0

Please refer to the APRA website ([www.apra.gov.au](http://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.