



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 September 2017 quarter, are those required by APS330:

Capital structure

	as at 30 June 2017	as at 30 September 2017
Tier 1 capital:	\$	\$
• retained earnings, including current year earnings;	42,625,628	42,717,104
• deductions from Tier 1 capital, including goodwill and investments.	(1,363,225)	(1,356,503)
Net Tier 1 Capital	41,262,403	41,360,601
Tier 2 capital (net of deductions):	708,509	680,029
Total capital base:	41,970,912	42,040,630

Capital adequacy

	as at 30 June 2017		as at 30 September 2017	
Capital requirements for:	Gross Value	Risk-Weighted Value	Gross Value	Risk-Weighted Value
	\$	\$	\$	\$
Credit risk:				
- Residential Mortgages	282,023,615	99,002,069	283,527,143	99,673,217
- Other Retail	30,224,551	16,923,075	28,225,052	15,240,865
- Corporate	19,230,840	19,130,226	18,851,163	18,755,549
- Bank/ADI	68,484,443	30,665,453	74,762,806	32,029,104
- Government	-	-	-	-
- All other	3,574,717	3,574,717	3,709,292	3,709,292
- Securitisation	-	-	-	-
Total Credit Risk	403,538,165	169,295,539	409,075,456	169,408,027
Market risk:				
Operational risk:		20,178,279		20,178,279
Total RiskWeighted Assets		189,473,819		189,586,307
Total capital ratio for Queenslanders Credit Union Ltd:		22.15%		22.17%
Tier 1 capital ratio for Queenslanders Credit Union Ltd:		21.78%		21.82%

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

Credit risk - as at 30 June 2017

(a) Total gross credit risk exposures:

	Total Gross	Average Gross
	\$	\$
- Loans	279,891,825	275,448,557
- Commitments and other non-market off-balance sheet exposures	51,601,112	50,822,890
- Debt securities	-	-
- Over-the-counter derivatives	-	-
Total	331,492,937	326,271,447

(b) By portfolio:

	Balances	Impaired	Past Due	Specific Provision	Charges for Specific Provision	Write-offs
	\$	\$	\$	\$	\$	\$
- Residential Mortgages	245,793,413	1,763,530	6,203	-	125,358	-
- Other Retail	15,047,275	76,633	21,473	87,117	21,046	18,607
- Corporate	19,037,206	34	-	-	-	-
- Bank/ADI	68,090,254	-	-	-	-	-
- Government	-	-	-	-	-	-
- Commitments and other non-market off-balance sheet exposures	51,601,112	-	-	-	-	-
- Debt securities	-	-	-	-	-	-
- Over-the-counter derivatives	-	-	-	-	-	-
Total Exposures	399,569,259	1,840,197	27,676	87,117	146,404	18,607

(c) General reserve for credit losses.

\$708,509

Securitisation exposures - as at 30 June 2017

(a) Securitisation activity during this period:
 Nil

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

\$1,375,170
 \$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.