

2010 Annual Review.

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Welcome to the 2010 Annual Review of your Credit Union's operations.

This Annual Review contains extracts from our 2010 Annual Report and comprises Summary Financial Statements for the year ending 30 June 2010, the Chairman's Review and highlights of operations over the past five years. We trust you will find the Annual Review concise and informative.

Should you require more details of the Credit Union's operations, a full copy of the 2010 Annual Report can be obtained from all branches, from our website at www.qtcu.com.au/about-us/agm, or by writing to the Company Secretary, Queensland Teachers' Credit Union Limited, PO Box 929, Fortitude Valley, Qld. 4006.

Summary Financial Statements

for the year ended 30 June 2010

Profit and Loss Summary

OUR INCOME WAS:

Interest earned on loans	58.8	59.5
Interest earned on investments	6.8	8.5
Other interest income	1.8	2.5
Other income	12.1	13.3
Total income	79.5	83.8

OUR EXPENSES WERE:

Interest paid	36.3	40.0
Loan impairment expense	0.3	0.4
Services and administration	32.7	34.0
Total expenses	69.3	74.4

PROFIT BEFORE TAX

Income tax expense	2.9	2.5
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PROFIT AFTER TAX

Non-controlling interest	0.2	0.1
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Profit attributable to members

Balance Sheet Summary

WHAT WE OWN:

Investments	172.0	143.8
Property, plant and equipment	7.2	7.0
Other assets	6.6	5.2

WHAT IS OWED TO US:

Loans to members (net)	937.8	847.9
Total assets	1,123.6	1003.9

WHAT WE OWE:

Members' deposits and shares	970.1	898.5
Borrowings	49.6	10.0
Other liabilities	9.1	8.9
Total liabilities	1,028.8	917.4

LEAVING WHAT MEMBERS OWN:

Reserves	94.8	86.5
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2010 \$million	2009 \$million
58.8	59.5
6.8	8.5
1.8	2.5
12.1	13.3
79.5	83.8
36.3	40.0
0.3	0.4
32.7	34.0
69.3	74.4
10.2	9.4
2.9	2.5
7.3	6.9
0.2	0.1
7.1	6.8
172.0	143.8
7.2	7.0
6.6	5.2
937.8	847.9
1,123.6	1003.9
970.1	898.5
49.6	10.0
9.1	8.9
1,028.8	917.4
94.8	86.5

Chairman's Review.



Peter Whitelaw
Chairman

"Our commitment to providing members with innovations and relevant financial solutions continued in the 2009/10 financial year with huge successes and triumphs..."

Financial Review

The financial result for the 2009/10 financial year was a before tax profit of \$10.19M as compared to the \$9.35M achieved in 2008/09. In the face of the ongoing global credit and liquidity crisis, I believe that this result is overall quite pleasing.

Loans growth for the year was strong at 10.6%, while members' deposits also achieved strong growth of 7.7%. Against national growth in housing credit across the financial sector of 8.2%, our lending growth is a significant achievement.

Overall, our assets grew by 11.9% to \$1.12 billion in on-balance sheet assets.

Once again this year interest margins fell, falling from the 2.9% achieved last year to 2.7%. This drop in margin, together with the growth results, saw net interest income increase by \$0.6M for the year. Heavy competition for retail funds was a major contributor to the drop in margins which also saw many members benefit from excellent deposit rates during the year.

With investment values showing a level of recovery for the year, the Financial Planning operation contributed positively to the overall result.

The Credit Union continues to focus on the management of costs with the underlying operating expenses showing a reduction of 0.6% compared to the prior year. Continued reduction in loan impairment expenses to just \$0.3M for the year provides a strong indicator of the considerable strength in the Credit Union's balance sheet.

A key indicator of the overall strength and stability of an Authorised Deposit-taking Institution (ADI) is its capital adequacy. QTCU has established that it should maintain a minimum capital adequacy ratio of 12%. At 30 June 2010 our capital adequacy ratio was 16.5% which has strengthened on the previous year figure of 16.3%.

Member Services

In response to an increase in fees from external service providers, QTCU conducted a fee review that resulted in a change to our fee rebate system and fee adjustments were made on a cost recovery basis.

In February, we closed our Sunnybank branch as a result of the success and popularity of the Garden City branch, which opened its doors in 2008. Located in Westfield Garden City, this branch provides members in the South-East corner of Brisbane with a central hub for all their banking and finance needs. In recognition of outstanding performance and success, the Garden City branch was recently awarded QTCU's Branch of the Year.

Innovation

Our commitment to providing members with innovations and relevant financial solutions continued in the 2009/10 financial year with huge successes and triumphs for the Credit Union in the areas of product innovation and development. In November, we were awarded the ABACUS Innovation Award for our Smart Starter Home Loan Package. The Smart Starter promotional campaign, Grant 09—strategically positioned in a marketplace saturated by first home buyers as a consequence of the Australian Governments' extension of the first home buyers grant in 2009—was another success story of 2009. The Grant 09 campaign was awarded for Marketing Effectiveness by the Australian Direct Marketing Association—a significant achievement for the Credit Union and the mutual industry.

Most recently, to meet our key strategic objective of market penetration in the 50 plus age group, our Edvest Program underwent a complete overhaul and as a result the Zest Financial and Lifestyle Program was launched. Not only does Zest include the popular financial benefits that our Edvest Program offered, Zest was designed to recognise



Canstar Cannex CEO Andrew Spicer presents Mike Murphy (CEO) with the ABACUS Innovation Award for the Smart Starter Home Loan Package.



Mike Murphy (CEO) presents \$25,000 to Royal Children's Hospital Foundation, Director - Fundraising and Marketing, Meredith Campbell, Minette and Charlie Whitehead.



Gympie Special School celebrates their win.

the needs of over 50s and provide a number of benefits over and above the 'one-size-fits-all' approach by most mainstream financial institutions.

Community Support

Community support remains an important part of our corporate, social and ethical responsibility. This year we embarked on a charity partnership with the Royal Children's Hospital Foundation to help raise money to fund vital respiratory research aimed at building a healthier future for this and future generations of children.

The Royal Children's Hospital Foundation is the fundraising arm of Queensland's Royal Children's Hospital that funds research into groundbreaking medical research and equipment, to find faster diagnoses, better treatments and ultimately cures for childhood illnesses. QTCU established the 'Kids Breathe Easy' campaign specifically designed to raise funds for children with respiratory diseases. In our first year, we are half way in reaching our fundraising target of \$50,000. The Credit Union is extremely grateful for the generosity of the people of Queensland who dug deep and donated. We look forward to continuing our fundraising efforts in the coming year.

Our support in the community continues to grow each year, with the welcome addition of our Staffroom for Improvement initiative. This initiative was designed to bring communities together all the while raising awareness for

the Credit Union and helping reignite its connection with the school community. By entering the competition, local communities were given the opportunity to rally behind their local teachers and schools to help win a staffroom makeover. The inaugural campaign saw a total of 40,000 people vote for more than 1,000 schools in Queensland—a result of which we are extremely proud. The Credit Union was delighted to provide the winning school, Gympie Special School, whose teachers work tirelessly in teaching and caring for special needs children, with the staffroom makeover.

In addition to these initiatives, QTCU is committed to the delivery of its Keyway Program. The program, now in its 19th year, underwent a content review and as a result a modern approach has been adopted for the website and presentation series alike. The new-look website and communication materials were rolled out to school students across the State. The Keyway Program and Eric Bailey, the Keyway ambassador, continued to have a wide-reaching and positive impact on secondary school students across Queensland through presentations that address personal and financial issues faced by today's youth. More than 12,500 students during the year were able to experience first hand Eric's enlightening presentations. The Keyway Program demonstrates the values of corporate social and ethical responsibility, moral integrity, respect and financial prudence.



Eric Bailey presents the Keyway Lifestyle Program.



Archbishop John Bathersby, Peter Sheehan (Chair QCEC), Mike Byrne (Executive Director QCEC) and Peter Whitelaw celebrate Catholic Education Week 2010.

Appreciation

It has been another busy, yet productive year for the Board and we are pleased with the progress QTCU has made to its strategic objectives including the financial results of 2009/10.

We would not be in the position that we are today without the support and loyalty from our members. Through this support we are able to enhance your financial well-being through the accessibility of financial instruments and personalised solutions that meet your financial needs. I thank you for your loyalty and I look forward to a long-standing and prosperous future with each and everyone one of you.

On reflection of our achievements in the past 12 months I am reminded of the Credit Union's employees who have demonstrated the flexibility, adaptability and willingness to take on a higher workload and responsibilities over the course of the year. We recognise their efforts and thank them for their hard work.

Finally, I would like to thank my fellow Directors for their contribution and dedication. They have continued to provide wise counsel and guided the Credit Union through the challenges of the present times.

The Future

QTCU's performance during the 2009/10 financial year continues to confirm our strength as a financial institution in Queensland, which has the ability to provide a strong and competitive service offering. However, our increasingly complex operating environment continues to challenge the way we create value for our members and deliver competitive products and services.

While the Credit Union has been successful in delivering its mandate, external and internal forces are driving the need for change. Over the next six to 12 months members will begin to see changes in QTCU, which will ultimately improve the way we work with our members and other external stakeholders, and the way we relate internally.

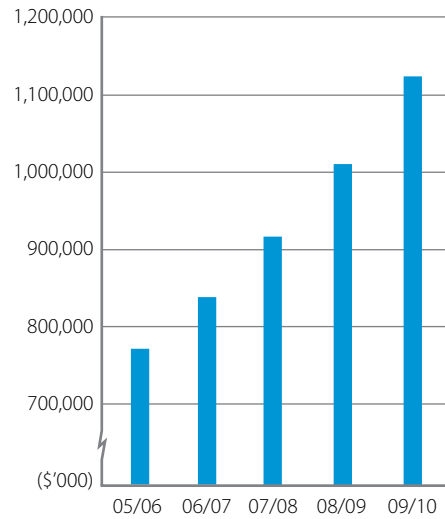
Although these changes are essential for future growth of the organisation, our core values of social and ethical responsibility, integrity, respect and service quality will remain unchanged. We are committed to deliver on those values and strive for innovative and competitive products and services for our members. I have absolute confidence that QTCU will remain an organisation of which we can all be proud.

Peter Whitelaw
Chairman

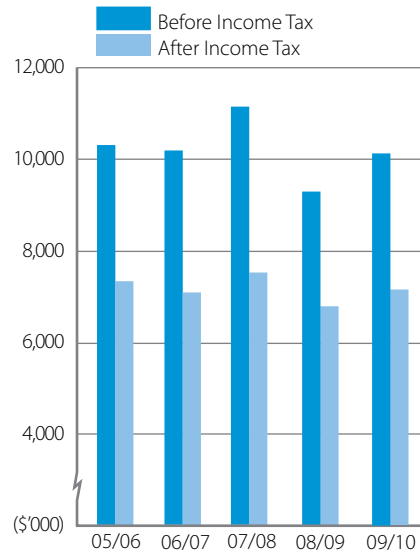
Five Year Summary.

	2005/06	2006/07	2007/08	2008/09	2009/10
Capital adequacy (%)	14.5	15.1	16.1	16.3	16.5
Group total assets (\$'000)	770,227	841,579	917,486	1,003,920	1,123,655
Profit before income tax expense (\$'000)	10,332	10,221	11,010	9,352	10,185
Profit attributable to members of the Credit Union (\$'000)	7,342	7,089	7,597	6,771	7,135
Financial reserves (\$'000)	67,040	74,651	81,954	86,485	94,832
Total loans (\$'000)	648,629	698,572	758,927	847,929	937,768
Loans advanced (\$'000)	171,697	200,076	202,288	224,199	233,499
Total deposits (\$'000)	665,774	724,320	818,073	898,530	970,145

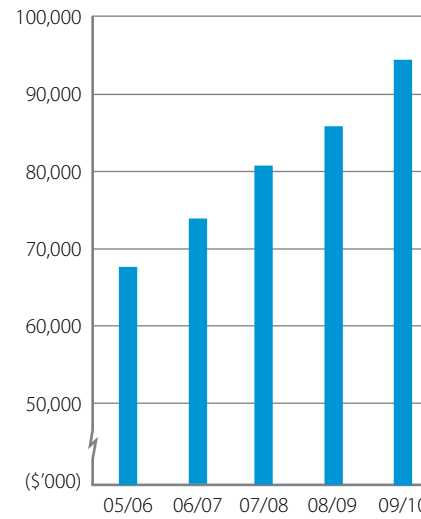
Group Total Assets.



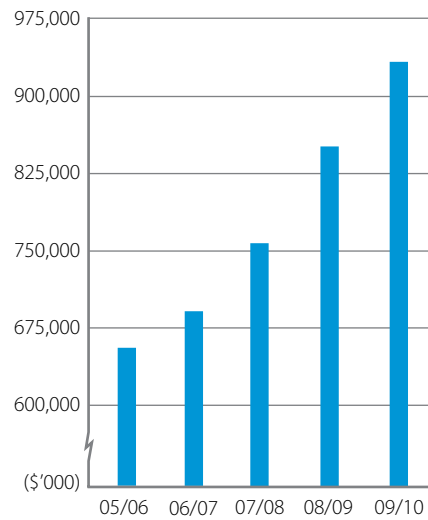
Profit.



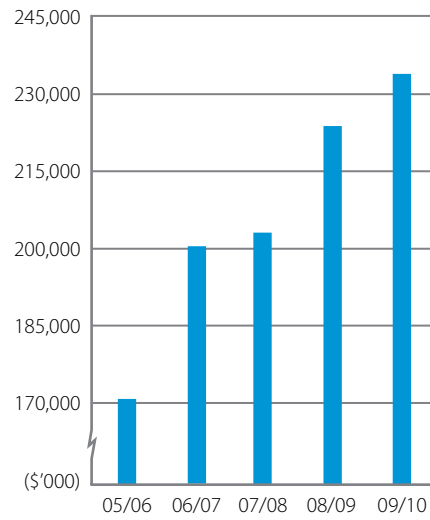
Financial Reserves.



Total Loans.



Loans Advanced.



Total Deposits.

