

# 2011

2011  
Annual  
Review.



**Queensland Teachers'  
Credit Union Limited**

ABN 83 087 651 054 AFSL 241195

# Welcome to the 2011 Annual Review of QTCU's operations.

This Annual Review contains extracts from our 2011 Annual Report and comprises Summary Financial Statements for the year ending 30 June 2011, 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 QTCU's operations, a full copy of the 2011 Annual Report can be obtained from all branches, from our website at [www.qtmb.com.au/agm](http://www.qtmb.com.au/agm), or by writing to the Company Secretary, QT Mutual Bank Limited, PO Box 929, Fortitude Valley, Qld. 4006

## Summary Financial Statements.

for the year ended 30 June 2011

### Profit and Loss Summary

#### OUR INCOME WAS:

Interest earned on loans  
Interest earned on investments  
Other interest income  
Other income

#### Total income

#### OUR EXPENSES WERE:

Interest paid  
Loan impairment expense  
Services and administration

#### Total expenses

#### PROFIT BEFORE TAX

Income tax expense

#### PROFIT AFTER TAX

Non-controlling interest

#### Profit attributable to members

### Balance Sheet Summary

#### WHAT WE OWN:

Investments  
Property, plant and equipment  
Other assets

#### WHAT IS OWED TO US:

Loans to members (net)

#### Total assets

#### WHAT WE OWE:

Members' deposits and shares  
Borrowings  
Other liabilities

#### Total liabilities

#### LEAVING WHAT MEMBERS OWN:

Reserves

	2011 \$million	2010 \$million
	69.0	58.8
	10.3	6.8
	1.2	1.8
	13.1	12.1
<b>Total income</b>	<b>93.6</b>	<b>79.5</b>
	46.8	36.3
	0.3	0.3
	34.1	32.7
<b>Total expenses</b>	<b>81.2</b>	<b>69.3</b>
	12.4	10.2
	3.5	2.9
	8.9	7.3
	0.2	0.2
	8.7	7.1
	178.2	172.0
	7.8	7.2
	7.3	6.6
	982.1	937.8
<b>Total assets</b>	<b>1,175.4</b>	<b>1,123.6</b>
	1,038.0	970.1
	25.0	49.6
	9.1	9.1
<b>Total liabilities</b>	<b>1,072.1</b>	<b>1,028.8</b>
	103.3	94.8

Please refer to the Statutory Financial Statements for full details.

# Chairman's Review.



**Peter  
Whitelaw**  
Chairman

“The financial result for 2010/11 financial year was extremely pleasing with a before tax profit of \$12.3M as compared to \$10.2M in 2009/10, representing more than a 20% increase.”



**Innovation Excellence**

## Financial Review

The financial result for 2010/11 financial year was extremely pleasing with a before tax profit of \$12.3M as compared to \$10.2M in 2009/10, representing more than a 20% increase.

Net interest income was a significant contributor to the increase in profit. This can be attributed to the Credit Union realising profits on the back of strong growth in assets from the prior year together with the impact of an increase in returns on the Credit Union's net assets.

Interest margins continued the trend of prior years, decreasing from 2.70% achieved last year to 2.59% for 2010/11. Competition for retail funding was the main reason for this decline.

The growth in the loans portfolio was below forecast expectations growing from \$937M to \$982M, an increase of 4.7%. This compared to national growth in housing credit of 6.0%. Growth in member deposits was also below forecast expectations achieving moderate growth of 7.0% to reach \$1.04bn. Both these results are an indication of the highly competitive environment in which the Credit Union continues to operate.

In an environment of continued margin pressure, careful and prudent management of costs is essential. In a year where the Credit Union began to invest heavily in infrastructure needed for future development, expense growth was limited to 4.4% for the year.

Impairment expense of \$0.3M was consistent with the prior year. This result is reflective of the Credit Union's high quality loan book and is a pleasing result in light of the potential impact from the Queensland natural disasters.

A key indicator of the 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 2011, our capital adequacy ratio was 17.4% which has strengthened for yet another consecutive year.

## Innovations

Identifying gaps in our product offerings to improve member benefits is always a focus and this year we launched a new mortgage product which significantly improved our product portfolio.

In September, our Rate Tracker Home Loan was introduced to fill a distinct gap in the home lending market. As a first of its kind in the Australian market, the Rate Tracker interest rate is guaranteed to follow the movements in the RBA's official cash rate. The Rate Tracker was also awarded the Best of the Best Award for Innovation by Money Magazine and also took out the Innovation Excellence award from Canstar Cannex which is a tremendous achievement.

## QTCU Brand

Since our inception, more than 46 years ago, never has there been a more significant change to our brand. In June this year, over 95% of voting members supported the resolution to change our name to QT Mutual Bank Limited. The significance of this decision is immense and the opportunities created by this change will allow us to evolve the current brand into a more relevant and progressive organisation.

## Community Support

In 2009, we commenced a partnership with the Royal Children's Hospital Foundation to fund research into childhood respiratory diseases and this has continued to be a major part of our sponsorship activities throughout 2010/11.

As an organisation originally founded by teachers, our support for the education sector remains strong through both financial support and our Keyway Lifestyle program. Now in its 20th year, the program continues to have a positive impact on thousands of secondary school students across Queensland.

In 2010, we also continued with the highly successful 'Staffroom for Improvement' initiative that awards one Queensland School with a \$30,000 staffroom makeover. Not only does this competition unite Queensland school communities it also rewards some of our most deserving citizens - Teachers.

The education sector and young people in particular have always been seen as an important area for us as an organisation to support and despite changes to the brand these will remain a focus for our future corporate, social and ethical responsibilities.

## Appreciation

As I have noted above in 'QTCU Brand', this year has been particularly momentous with our members voting to change the name of the organisation to QT Mutual Bank Limited. As you can imagine, this, combined with the task of rebranding, required an enormous commitment from both the Board and staff to deliver the necessary outcomes to achieve a positive result. I take this opportunity to commend the dedication of all involved.

To that end, the overwhelming support received from you, our members, to enable this change ultimately translates to a more prosperous future for the organisation which in turn will lead to improved products and services. As members who supported this change you should be extremely proud of what you have enabled to transpire and I thank each and every one of you for securing a stronger future for the organisation.

However, I also reflect on the year with great sadness with the passing of two significant members of the QTCU community.

Noel Ross who served on our board as both a Director and Deputy Chairman for more than 20 years contributed significantly to the strategic direction of the Credit Union during his service.

And Daphne Marsh, QTCU's first paid employee, who made significant contributions to establishing and managing the general operations of the Credit Union in its formative years.

## The Future

QTCU's financial performance continued to improve in 2010/11 and confirms our position as a strong financial institution. It is these foundations that will position us well heading into our rebrand. Becoming QT Mutual Bank will undoubtedly facilitate much needed growth opportunities which will ultimately result in improved member services and products. There will be additional costs in preparing ourselves for this exciting future, however the changes you will see to our brand over the coming months are necessary to ensure that we remain a relevant banking institution well into the future.

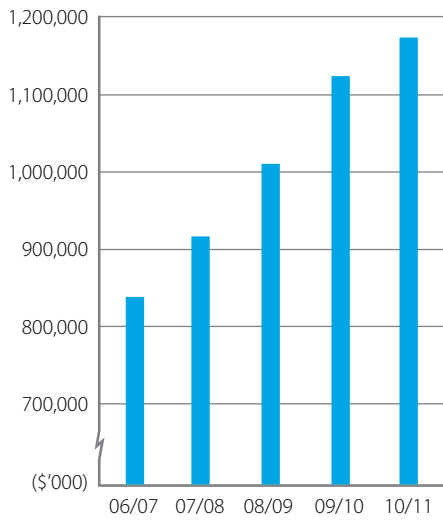
Our commitment to the principles of mutuality will remain unwavering as we strive towards providing innovative and competitive products for all our members. The year ahead is exciting as we explore opportunities previously out of reach and as we commence this journey I am confident QTCU will remain an organisation of which we can all be proud.

**Peter Whitelaw**  
Chairman

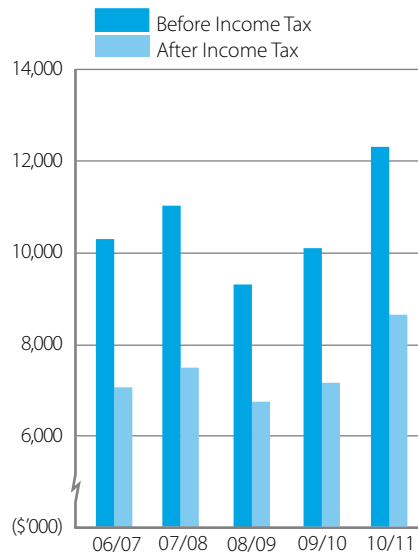
# Five Year Summary.

	2006/07	2007/08	2008/09	2009/10	2010/11
Capital adequacy (%)	15.1	16.1	16.3	16.5	<b>17.4</b>
Group total assets (\$'000)	841,579	917,486	1,003,920	1,123,655	<b>1,175,432</b>
Profit before income tax expense (\$'000)	10,221	11,010	9,352	10,185	<b>12,346</b>
Profit attributable to members of the Credit Union (\$'000)	7,089	7,597	6,771	7,135	<b>8,730</b>
Financial reserves (\$'000)	74,651	81,954	86,485	94,832	<b>103,316</b>
Total loans (\$'000)	698,572	758,927	847,929	937,768	<b>982,135</b>
Loans advanced (\$'000)	200,076	202,288	224,199	233,499	<b>169,526</b>
Total deposits (\$'000)	724,320	818,073	898,530	970,145	<b>1,038,016</b>

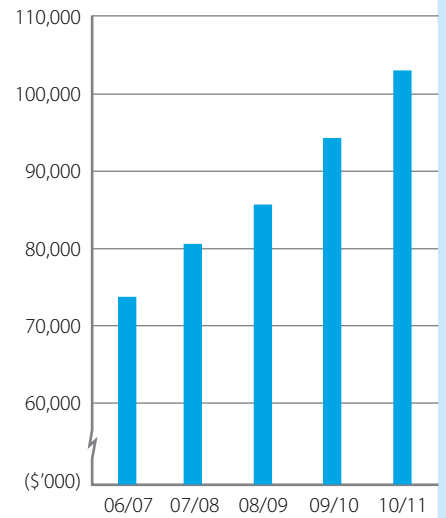
## Group Total Assets.



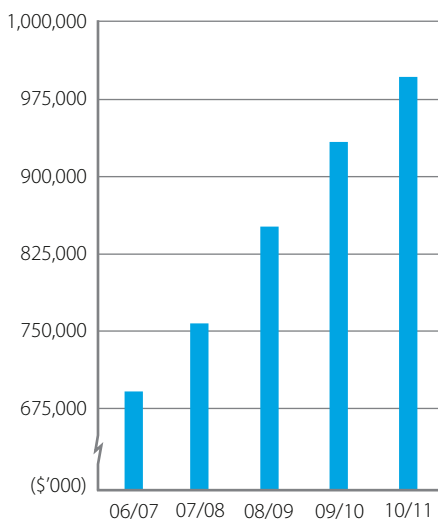
## Profit.



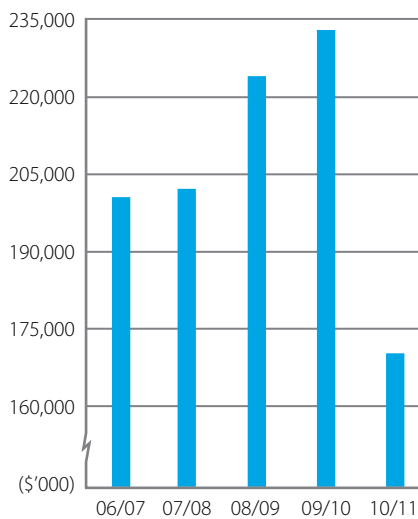
## Financial Reserves.



## Total Loans.



## Loans Advanced.



## Total Deposits.

