QTMB Financial Strengths

About QT Mutual Bank

QT Mutual Bank is an Authorised Deposit Taking Institution (ADI) operating predominantly in the state of Queensland. Until 1 October 2011, QT Mutual Bank (QTMB) was known as Queensland Teachers' Credit Union.

The QTMB group has approximately 75,000 members, branches in 14 locations and approximately 200 staff. The QTMB group's products and services include the following:

- Personal and motor vehicle loan products;
- Mortgage secured loan products;
- Line of credit and Visa debit products;
- Savings and investment products;
- Financial Planning services[1]; and
- Insurance products (General Insurance and Loan Repayment Insurance is issued by CGU Insurance Limited (CGU)[2].

Key Indicators

Total Assets	$1,198M
Total Reserves	$109M
Total Loans Under Management	$1,004M
Total Savings & Deposits	$1,080M
Total Funds Under Advice	$321M

As at 30 June 2012

Ensuring QTMB's Financial Strength

Along with Banks and other financial institutions, as an ADI, QTMB is regulated by the Australian Prudential Regulation Authority (APRA).

Following are some key measures of financial strength.

Capital Adequacy

- QTMB's policy is to maintain a minimum of 12% Capital Adequacy.
- As at 30 June 2012, QTMB's Capital Adequacy position was 17.4%.

Liquidity Management

- APRA requires ADIs to maintain a minimum of 9% of their liability base in High Quality Liquid Assets (HQLA). QTMB's policy is to maintain a minimum liquidity of 12%. QTMB's average liquidity for the 2011/12 financial year was 14.6%.
- QTMB's major funding source is retail deposits, with 97% of funding as at 30 June 2012 being through this avenue. QTMB also has access to various other funding arrangements to assist with funding where necessary. These arrangements include the ability to access funds from the RBA through QTMB's internal securitisation program.
- QTMB is not exposed to any funding through overseas markets.

Capital Management

- As a mutual ADI, QTMB raises capital predominantly through the retention of earnings each year.

Performance

Essential to the Mutual Bank's ongoing strength and growth ambitions is the financial performance of QTMB. Following are some key indicators of QTMB's financial performance:

- For the year ended 30 June 2012, QTMB's after tax profit was $6.4M.
- QTMB has traded profitably in all years since operation began in 1965.
- QTMB's after tax return on assets for the 2011/12 financial year was 0.53%.
- QTMB's after tax return on equity for the 2011/12 financial year was 6.09%.

Strong, Healthy and Conservative Balance Sheet

QTMB has a long history of prudent management. Following is some key data that demonstrates the strength of QTMB's balance sheet:

- The major components of QTMB's total On Balance Sheet assets of $1,198M are loans to its members of $1,004M and liquidity investments of $174M.
- 98% of member loans comprise retail loans to Australian households with 95% of these loans being secured by residential property mortgages, predominantly within the state of Queensland.
- At 30 June 2012, QTMB's provision for bad debts to total loans was 0.01% and bad debt expense to average assets 0.03%. These figures are amongst the lowest in the ADI market and bear testimony to the conservative and prudent nature of QTMB's lending policies.
- QTMB's liquidity investments comprise investment grade deposits with ADIs that hold Australian Banking licences.

More information

QTMB reports to members at its Annual General Meeting each year.

The Annual Report is made available to members and public at least three weeks prior to the Annual General Meeting. For a copy, visit qtmb.com.au, call QTMB's Contact Centre on 13 29 30 (8.30am to 6.00pm Mon to Fri) or email qtmb@qtmb.com.au

This information is based on audited financial reports as at 30 June 2012. Full financial statements are provided in QTMB's Annual Report 2012 which is available at www.qtmb.com.au. QT Mutual Bank Limited ABN 83 087 651 054 AFSL/Australian credit licence 241195. [1]QT Financial Planning Pty Ltd ABN 35 116 361 650 is a Corporate Authorised Representative (ASIC No. 293929) of Outlook Financial Solutions Pty Ltd, ABN 40 083 233 925, AFSL 240959, Level 17, 100 Pacific Highway, North Sydney 2060. [2]For insurance products, QTMB acts under a referral agreement and does not act as underwriter. Insurance policies are issued by CGU Insurance Limited ABN 27 004 478 371 AFSL 238291 (CGU). The insurer of the Life and Trauma cover is National Mutual Life Association of Australasia Ltd ABN 72 004 020 437 AFSL No. 234 649 (NMLA). CGU administers the Life and Trauma cover on behalf of NMLA and CGU's liability under that policy is limited to the administration of that cover including the management of claims. QT Mutual Bank Limited ABN 83 087 651 054 AFSL 241195 acts under its own Australian Financial Services Licence under an agreement with the insurers, CGU Insurance Limited ABN 27 004 478 371. For Accounts, Access Facilities, and Non Cash Payment products, Term Deposits and Insurance you should read the Product Disclosure Statement (PDS) before making any decisions about these products. A PDS for these products is available from QTMB branches, by calling 13 29 30, or online at www.qtmb.com.au. The advice in this information has been prepared without considering your objectives, financial situation or needs, you should, before acting on this advice, consider its appropriateness to your individual circumstances.