



The Queensland Coat of Arms, represented in Queensland Treasury Corporation's logo, was granted by Queen Victoria in 1893 and symbolises her constitutional authority for the State.

At the top, the State badge is surrounded by two stems of sugar cane. Below the badge, the shield features the heads of a bull and a merino ram, a sheaf of wheat, and a column of gold rising from a pile of quartz, over a spade and pick. These elements symbolise Queensland's strong agricultural and mining industries.

In 1977, during her Silver Jubilee year, Queen Elizabeth II granted the Arms two 'supporters', a red deer and Queensland's native brolga.

The State motto, *Audax at Fidelis*, means 'Bold but Faithful'.

QUEENSLAND TREASURY CORPORATION

Queensland Treasury Corporation

ROLE

- Founded in 1988, Queensland Treasury Corporation (QTC) is a corporation sole, constituted by the Under Treasurer in accordance with the Queensland Treasury Corporation Act 1988.
- QTC has responsibility for the State of Queensland's debt funding and financial risk management. In its funding role, QTC borrows funds in the domestic and international markets by issuing a variety of debt instruments.
- QTC's whole-of-State focus means it is able to capture significant economies of scale and scope in the issuance, management and administration of the State's debt.

GUARANTEES

Queensland State Government Guarantee

The Treasurer of Queensland, on behalf of the Queensland State Government, guarantees:

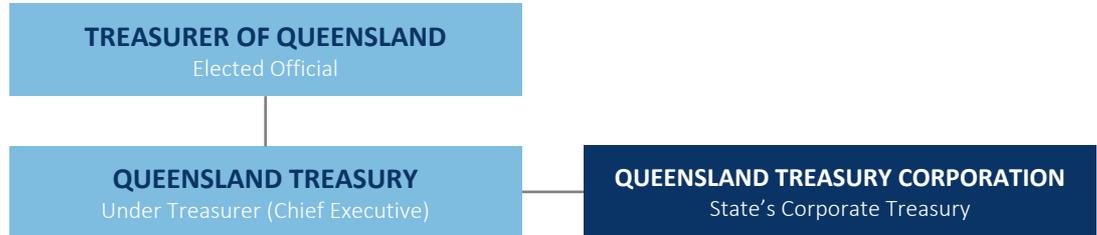
- all of QTC's obligations under all debt securities issued by QTC, and
- QTC's payment obligations to counterparties under derivative transactions governed by ISDA agreements.

All QTC debt obligations carry the same credit rating as the Queensland Government (AA+/Aa1).

See Appendices for further details.

Overview

OPERATIONAL FRAMEWORK



Queensland Treasury's role is to:

- provide core economic and fiscal advice to the State Government of Queensland
- assist Government with the management of its finances
- prepare an annual State Budget
- collect and administer State revenue, and
- conduct economic and statistical research.

Queensland Treasury Corporation's role is to:

- source and manage the debt funding for the State in the most cost effective manner
- provide financial risk management advice, and
- invest the State's short to medium-term cash surpluses to maximise returns to clients.

CONSOLIDATED ASSET BASE (MARKET VALUE – UNAUDITED, AS AT 31 DECEMBER 2017)

	Capital markets operations	Long term assets [#]	QTC consolidated
	AUD bn [^]	AUD bn [^]	AUD bn
Loan to clients	85.9	-	85.9
Liquidity/management reserves*	14.7	-	14.7
Sub-total	100.6	-	100.6
Assets under management-client deposits	8.2	-	8.2
Other managed investments [#]	-	32.1	32.1
Total	108.8	32.1	140.9

Clients

- Principally Queensland’s public sector (also entities guaranteed, supported or approved by the State).
- 140 borrowing clients (government-owned corporations, government departments, local governments and statutory bodies).
- 200 investors in QTC’s Capital Guaranteed Cash Fund (government-owned corporations, government departments, local governments and statutory bodies).

Cost recovery business model

- As the State’s central financing authority, QTC operates on a cost recovery basis.

As at 31 December 2017.

[^]Amounts stated at market value.

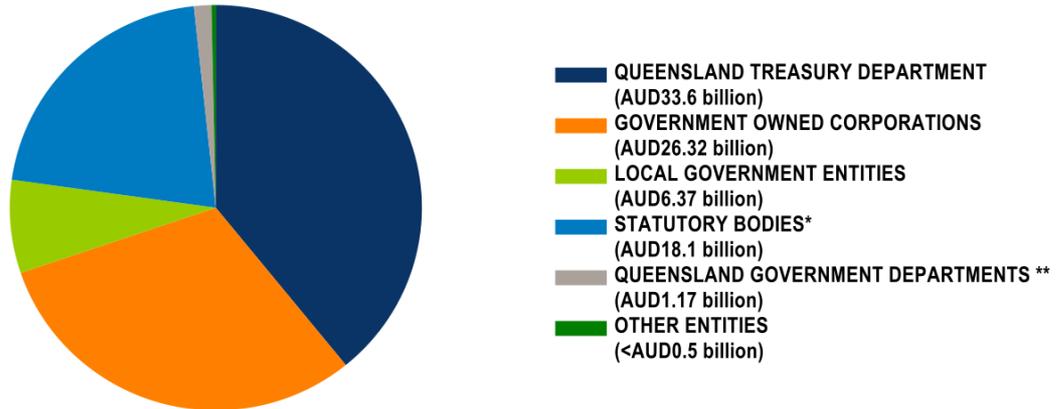
* Excludes any QTC bonds held as assets.

[#] The Queensland Government transferred to QTC the States’ long-term assets which are held to meet the future superannuation and other long-term obligations of the State. These assets are managed by QIC Limited.

LOAN TO CLIENTS (UNAUDITED)

Loans to clients¹ (market value) **AUD85.9 billion**

Since 1988, QTC has funded the State of Queensland's public sector capital works programs.



As at 31 December 2017

¹ Figures are rounded.

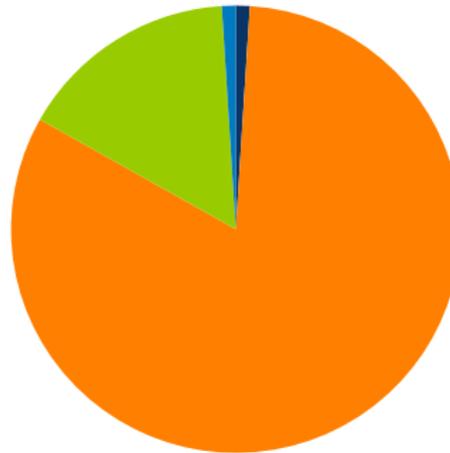
* Includes Queensland water entities, universities, grammar schools and water boards.

** Includes other bodies within the public accounts.

GOVERNANCE AND RISK MANAGEMENT PRACTICES

QTC's credit exposures

84 per cent of QTC's counterparty credit exposures are rated AA- or higher as at 31 December 2017.¹



- All types of financial risk, including interest rate, foreign exchange and counterparty risk, are managed within QTC's Board approved risk parameters.
- Enterprise risk management processes are independent to operational activities.
- Risk provisions are in line with industry best practice and Basel Committee recommendations.
- Diversified funding facilities and regular issuance programs are used to mitigate funding risks.
- A portfolio of diverse, liquid financial securities is held to meet the State's liquidity requirements.
- Market credit exposure is restricted to dealings with counterparties rated BBB+ or higher.

As at 31 December 2017.

¹ Changes in composition are driven by S&P of AMP Bank, Bank of Queensland, Bendigo Bank in May 2017.

Note: May not add to 100 per cent due to rounding.

■ AAA CATEGORY (1%)
■ AA CATEGORY (83%)
■ A CATEGORY (16%)
■ BBB+ CATEGORY (1%)

Credit ratings

Moody's Investor Service rating outlook for Queensland was revised from negative to stable on 20 April 2017.

QTC's credit ratings			
	LONG-TERM	SHORT-TERM	OUTLOOK
Local currency			
Moody's	Aa1	P-1	Stable
Standard & Poor's	AA+	A-1+	Stable
Foreign currency			
Moody's	Aa1	P-1	Stable
Standard & Poor's	AA+	A-1+	Stable

Funding

KEY FUNDING PRINCIPLES

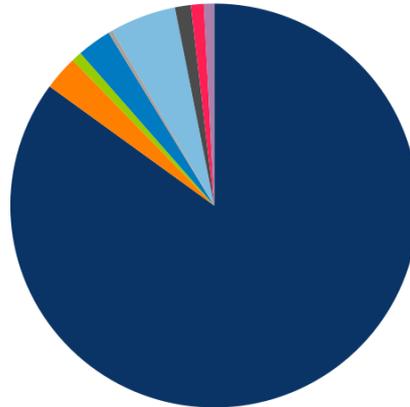
CONSERVATIVE	Balanced debt maturity profile supported by liquid reserves
PRUDENT	Disciplined approach to financial risk management
TRANSPARENT	Comprehensive, regular market updates
COMMITTED	Valued long-term investor and intermediary relationships

FUNDING SOURCES

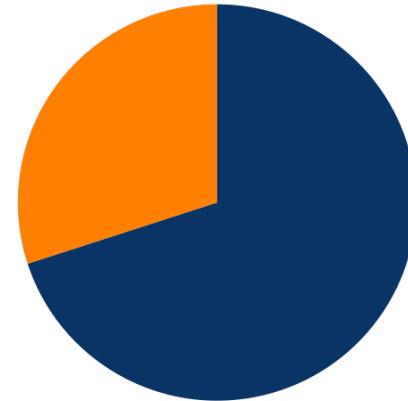
QTC maintains a diversified global focus in meeting its funding requirements.

QTC's domestic and global investors include central banks and other sovereign investors, multi-national finance, superannuation and investment corporations, and major domestic and international banks. Approximately 30 per cent of QTC's funding is currently sourced from offshore based investors.

Funding sources by facility (face value) AUD91.7 billion



Funding sources by investor location**



As at 31 December 2017.

* AGG - Australian Government Guaranteed.

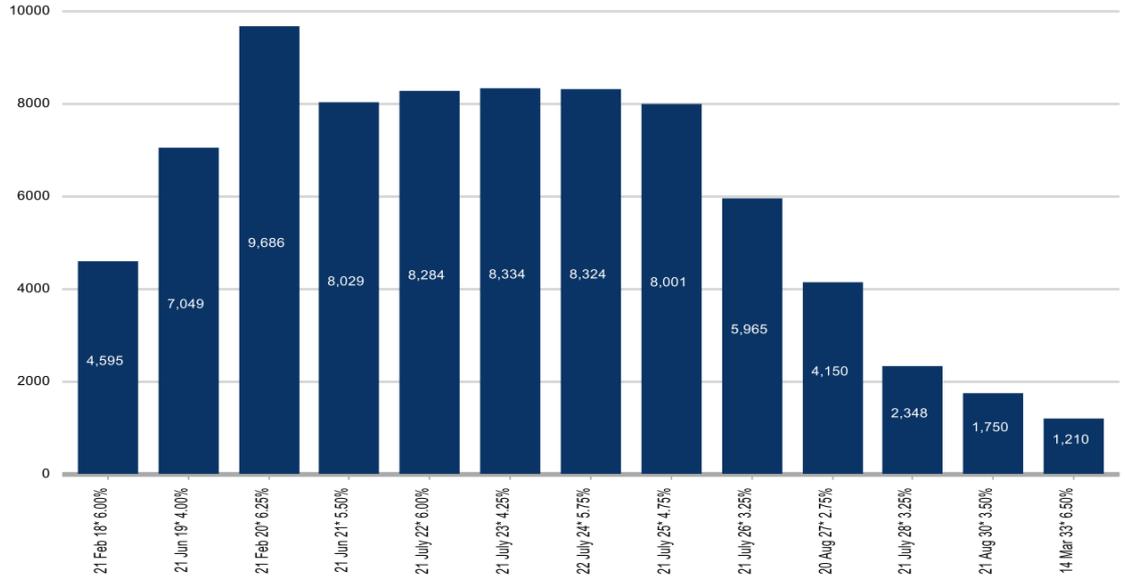
** Estimate based on QTC internal data.

Note: May not add to 100 per cent due to rounding.

AUD BENCHMARK BONDS

QTC AUD benchmark bonds, outstandings by maturity

QTC has 13 benchmark bond lines. New bond lines issued under the domestic program may be offered in the US to 'qualified institutional buyers' pursuant to Rule 144A.



As at 31 December 2017.

*144A capability.

AUD benchmark bonds: Key characteristics

Government Guaranteed	<ul style="list-style-type: none"> All of QTC's obligations under all debt securities are unconditionally guaranteed by the Queensland Government.
Liquidity support	<ul style="list-style-type: none"> All secondary market activity is supported by 12 dedicated distribution group members (see Appendices). Issuance via tap, tender, reverse enquiry and syndication. Well established domestic bond market.
Choice of maturities	<ul style="list-style-type: none"> Principal source of funding. Established lines with choice of 13 benchmark bond maturities ranging from 2018 to 2033.
Acceptability	<ul style="list-style-type: none"> In implementing the Basel Committee¹ global liquidity standard, Australian Prudential Regulation Authority (APRA) has determined QTC's AUD bonds as level 1, highest-quality liquid assets (HQLA1). Eligible asset for outright investment by Reserve Bank of Australia (RBA). Eligible collateral for repurchase agreements with RBA. APRA applies a zero per cent risk weighting to QTC as part of the Basel II standardised approach to assessing credit risk. Australia is an OECD member country. New bond lines under the domestic program may be offered in the US to 'qualified institutional buyers' pursuant to Rule 144A.
Tax status	<ul style="list-style-type: none"> Exempt from Australian interest withholding tax.

As at 31 December 2017.

¹ On 16 December 2010, the Basel Committee on Banking Supervision (Basel Committee) announced its global framework for promoting stronger liquidity buffers at internationally active banking institutions.

QTC's Borrowing Program

2017-18 indicative term debt borrowing program

In addition to the total term debt requirement, QTC expects to maintain a minimum of approximately \$5 billion of short-term debt outstandings.

Requirements	2017-18 Budget AUD m*	2017-18 MYFER AUD m*
State (includes general government and government-owned corporations)	0	200
Local Government and other entities [#]	600	600
Total new money	600	800
Net term debt refinancing	6,200	6,200
Total term debt requirement	6,800	7,000

As at 31 December 2017.

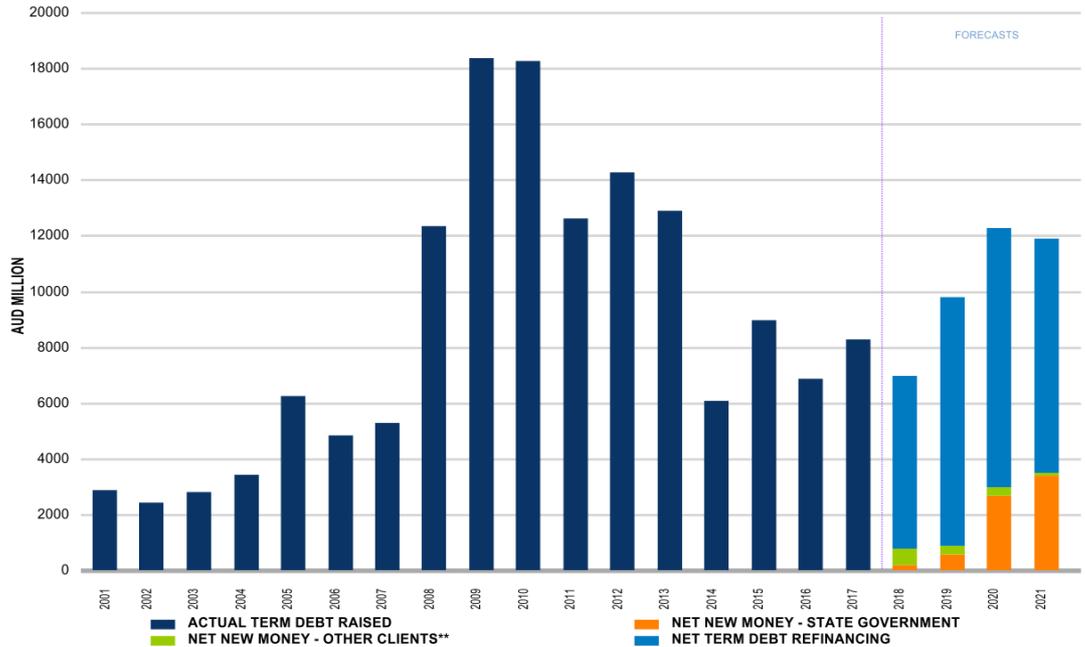
* Numbers are rounded to the nearest \$100 million.

Other entities include: universities, grammar schools, retail water entities and water boards.

Note: Funding activity may vary depending upon actual client requirements, the State's fiscal position and financial market conditions.

QTC's annual term debt borrowing programs (actual and forecast)*

QTC's borrowing requirements over the forward estimates are primarily expected to reflect term debt refinancings.



As at 31 December 2017.

*Does not include short-term debt of approximately \$5 billion each year.

** Other clients include: local governments, retail water entities, universities, grammar schools and water boards.

Summary of key points

Queensland Treasury Corporation:

- funds the Queensland Government public sector
- is 100 per cent government-owned
- has all debt security and derivative obligations fully guaranteed by the State of Queensland
- issues debt that carries the following credit rating (identical to the State of Queensland)
 - Moody's: Aa1/Stable/P-1
 - Standard & Poor's: AA+/Stable/A-1+
- has 13 AUD benchmark bond lines on issue
- has selected AUD domestic bonds that also carry the guarantee of the Australian Government and are rated AAA/Aaa by Standard & Poor's and Moody's respectively
- has a term debt borrowing program of \$7.0 billion for 2017-18
- employs a conservative and transparent funding strategy, and
- has 30 years' experience in global debt capital markets.

See Appendices for further details.