

QUEENSLAND AND QTC



QUEENSLAND
TREASURY
CORPORATION

LEGAL NOTICE

This document and the information herein (the 'Information') is distributed by Queensland Treasury Corporation (QTC) as an information source only. The Information should not be construed as an offer, recommendation, invitation, or inducement, to subscribe for or purchase any security of QTC. The Information does not constitute, and is not intended to be, financial or other advice and is not to be relied upon as the basis for any investment or other decision. Investors should seek their own professional advice tailored to their own particular financial circumstances in relation to any investment they may consider making.

QTC expressly excludes any warranties concerning the currency, accuracy, completeness, availability or suitability of the Information. You accept the sole responsibility and risk associated with any use of the Information, irrespective of the purpose for which such Information is applied. To the extent permitted by law, QTC and its directors, employees, agents and consultants disclaim all responsibility and liability (including without limitation, liability in negligence) for any expense, damage, loss or costs that you may incur as a result of use of, or reliance on, the Information. In no circumstances shall QTC be liable for any special, consequential or indirect loss or damage arising from your use of, or reliance on, the Information, even if QTC is aware of the possibility of such loss.

The Information must not be accessed by you in circumstances where access to it could constitute an offer or inducement that would result in a contravention of any laws, rules, directives, regulations or any other restrictions in their local jurisdiction. This document may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the document.

United Kingdom: The Information is intended only for: (i) persons who are outside the United Kingdom; (ii) in the United Kingdom, persons who are 'Qualified Investors' within the meaning of Article 2(1)(e) of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 and 'investment professionals' as defined in Article 19(5) of the Financial Services and Markets 2000 (Financial Promotion) Order 2005 (the FPO); or (iii) persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc) of the FPO. All such persons together being referred to as 'Relevant Persons'. Furthermore, the Information is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

United States: Save for QTC's US MTN program, the securities, borrowing programs and facilities described in this document have not been and will not be registered under the US *Securities Act of 1933, as amended*, and may not be offered, sold or resold within the United States or to 'US Persons' (as defined in Regulation S under the *Securities Act*) unless in accordance with an effective registration statement or an exemption from registration under the *Securities Act*. The Information is intended only for (i) persons resident or located outside the United States and (ii) persons resident or located in the United States that are 'qualified institutional buyers' (QIBs) within the meaning of Rule 144A under the Securities Act, and may not be accessed by or provided to persons resident or located in the United States who are not QIBs.

Europe: The Information is intended only for persons in member states of the European Economic Area who are 'Qualified Investors' within the meaning of Article 2(1)(e) of Regulation (EU) 2017/1129.

Japan: The Information is intended only for (i) persons resident or located outside Japan and (ii) persons resident or located in Japan that are 'qualified institutional investors' (tekikaku-kikan-toshika) (QI) as defined in Article 2 Paragraph 3 Item 1 of the Financial Instruments and Exchange Act of Japan (act No.25 of 1948, as amended) and may not be accessed by or provided to persons resident or located in Japan who are not QIIs.

Queensland Treasury Corporation (QTC)

QTC is committed to protecting and advancing the financial interests of Queensland

QTC is the central financing authority for the Queensland Government and provides financial resources and services for the State.

With a statutory role to advance the financial interests and development of the State, QTC works in partnership with Queensland Treasury and its clients to:

- Deliver sustainable and cost-effective borrowings for its clients – managing the State’s funding program in global capital markets,
- advance the financial interest and development of Queensland – partnering to solve complex commercial, policy and economic issues, and
- protect Queensland’s financial interests and delivering better financial outcomes – helping identify opportunities for clients to minimise costs and risks, working closely with them on their balance sheet management and centralising the management of borrowings, cash investments and foreign exchange.

All data and charts in this book are as dated.

Forecasts and projections:

- 2019–20 is actual as at 30 June 2020
- Queensland Government fiscal forecasts refer to 2020–21
- Queensland Government fiscal projections refer to 2021–22 to 2023–24
- Queensland Government economic forecasts refer to 2020–21 and 2021–22
- Queensland Government economic projections refer to 2022–23 and 2023–24

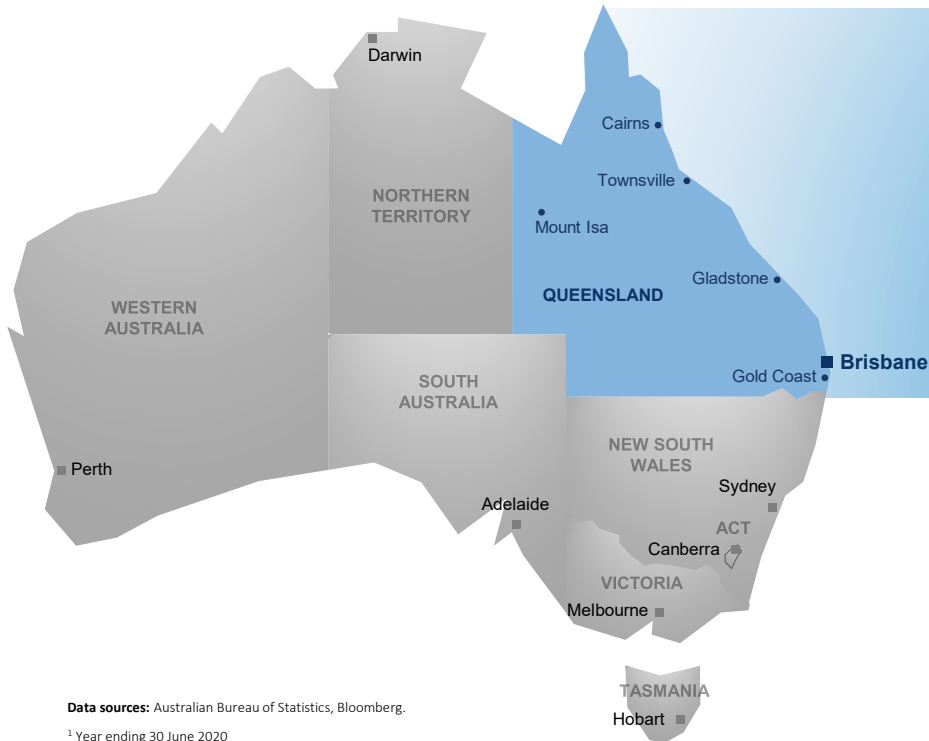
Contents

| | |
|--|-----------|
| QUEENSLAND | 5 |
| OVERVIEW | 6 |
| QUEENSLAND'S ECONOMIC STANDING | 7 |
| QUEENSLAND'S LABOUR MARKET | 8 |
| ECONOMIC DRIVERS | 9 |
| QUEENSLAND'S FISCAL POSITION | 13 |
| QUEENSLAND'S STRONG COMMITMENT TO ESG | 18 |
| SUMMARY OF KEY POINTS | 21 |
| QUEENSLAND TREASURY CORPORATION | 23 |
| OVERVIEW | 24 |
| CREDIT RATINGS | 25 |
| FUNDING | 27 |
| SUMMARY OF KEY POINTS | 35 |
| APPENDICES | 36 |
| QTC'S BORROWING PROGRAM | 43 |



QUEENSLAND
TREASURY
CORPORATION

Queensland



QUEENSLAND

- AUD364 billion Gross State Product (GSP)¹
- 3.8% GSP annual growth rate²
- 5.2 million people³
- Rated AA+/Aa1/AA

AUSTRALIA

- AUD1,984 billion Gross Domestic Product (GDP)¹
- 2.9% GDP annual growth rate²
- 25.7 million people³
- Rated AAA by all major rating agencies

Data sources: Australian Bureau of Statistics, Bloomberg.

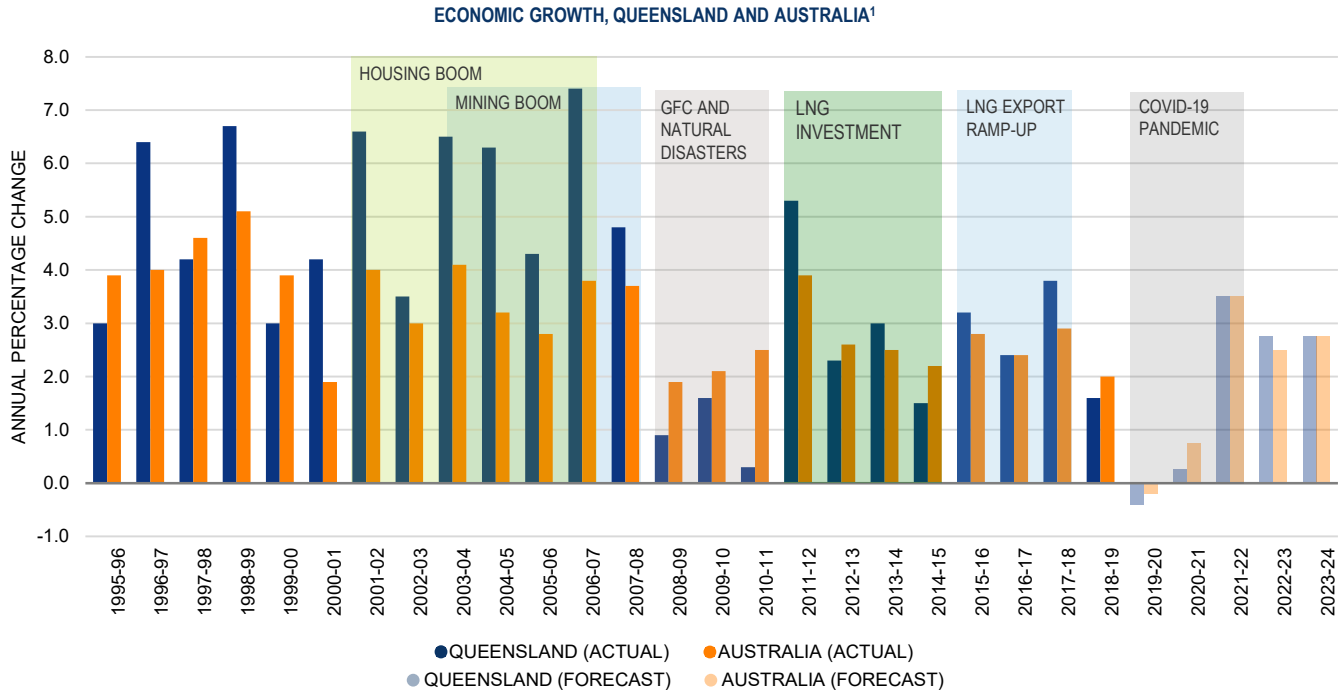
¹ Year ending 30 June 2020

² Long-run trend

³ As at 30 June 2020

Ratings: Queensland and QTC are rated AA+/A-1+/Stable by S&P Global, Aa1/P-1/Stable by Moody's and AA/F1+/Stable by Fitch. Australia is rated AAA/Negative by S&P Global, Aaa/Stable by Moody's and AAA/Negative by Fitch. As at 31 December 2020.

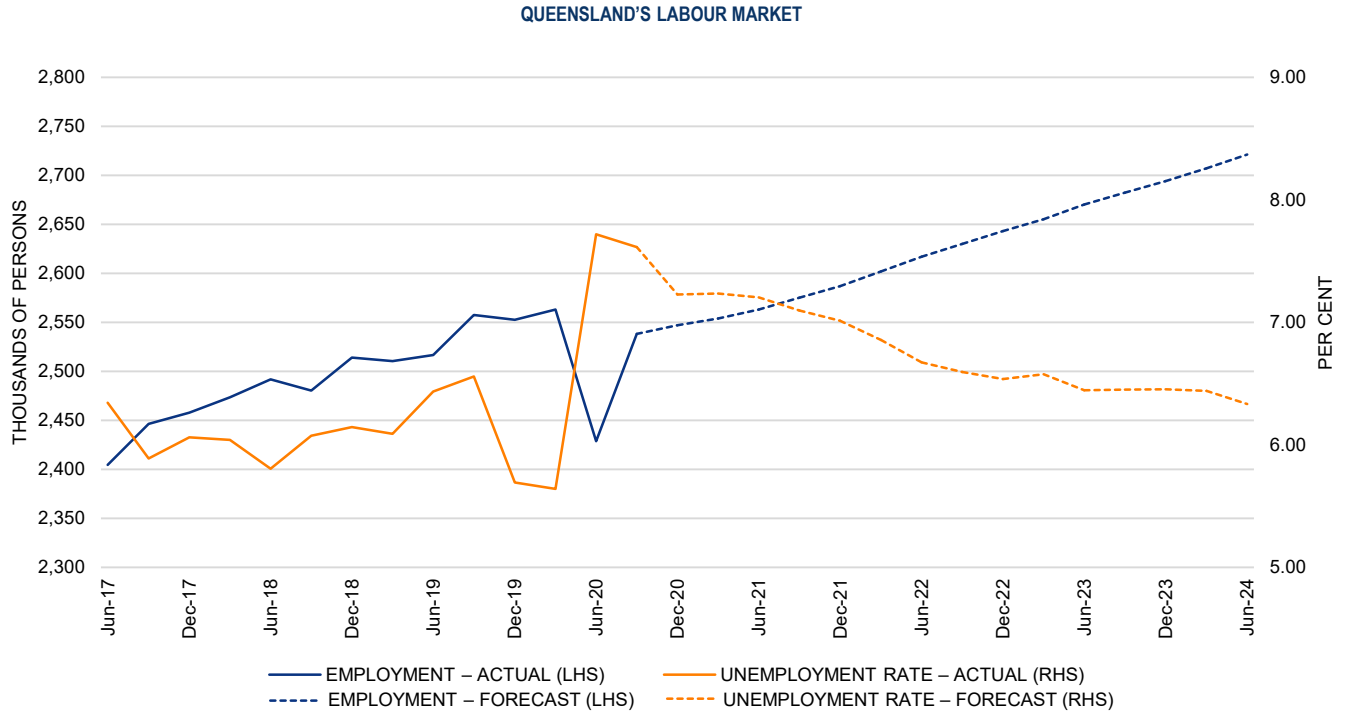
Queensland's economic growth has generally been higher than Australia's



¹ Chain volume measure (CVM), 2017-18 reference year.

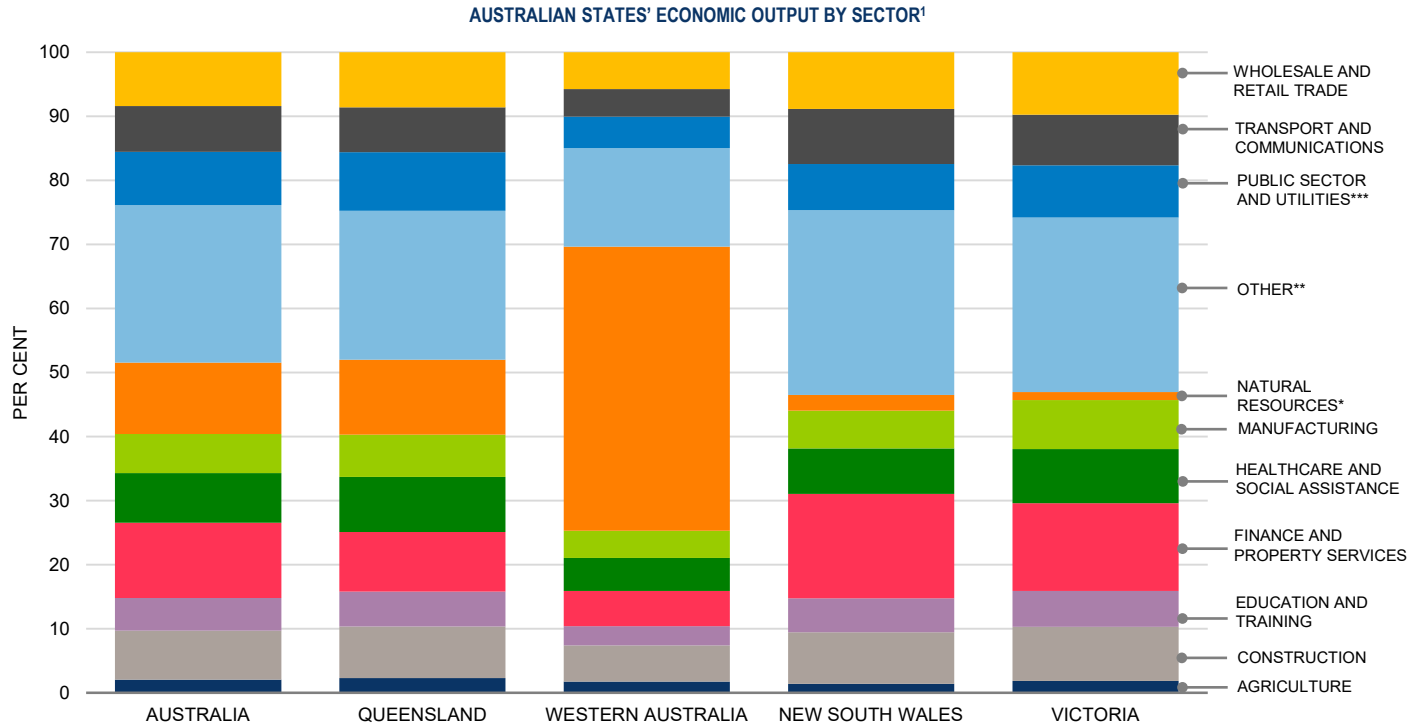
Data sources: ABS National Accounts, Australian Treasury and Queensland Government 2020-21 Budget.

Employment has rebounded quickly



Data source: Queensland Government 2020–21 Budget.

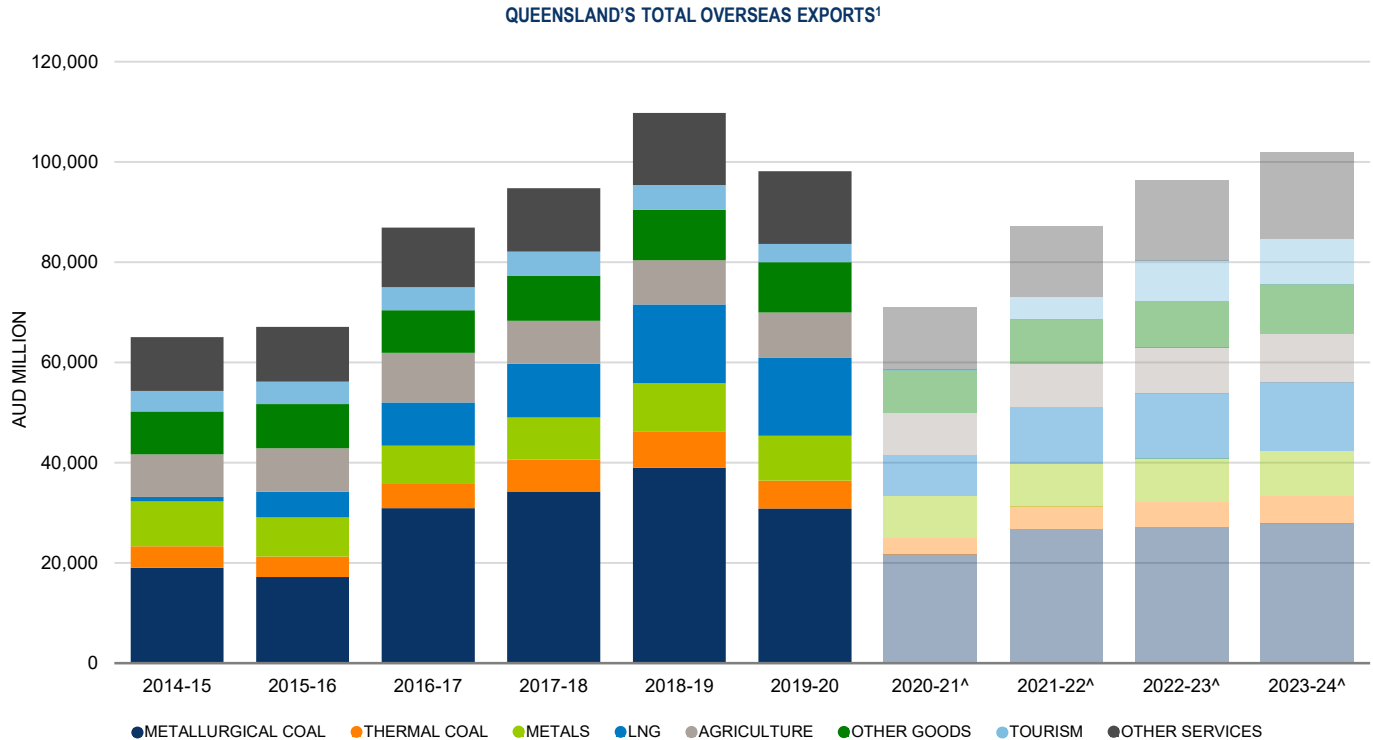
Diverse and resilient economy – output shares similar to Australia



¹2019–20, gross value added, current prices. * Natural resources includes the extraction of naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. ** Other includes: dwellings; professional, scientific and technical services; accommodation and food services; other services; administrative and support services; arts and recreation. *** Public sector and utilities includes: public administration and safety; and electricity, gas, water, waste services.

Data source: ABS.

Similar to its diversified domestic economy, Queensland has a well-balanced mix of goods and services exports

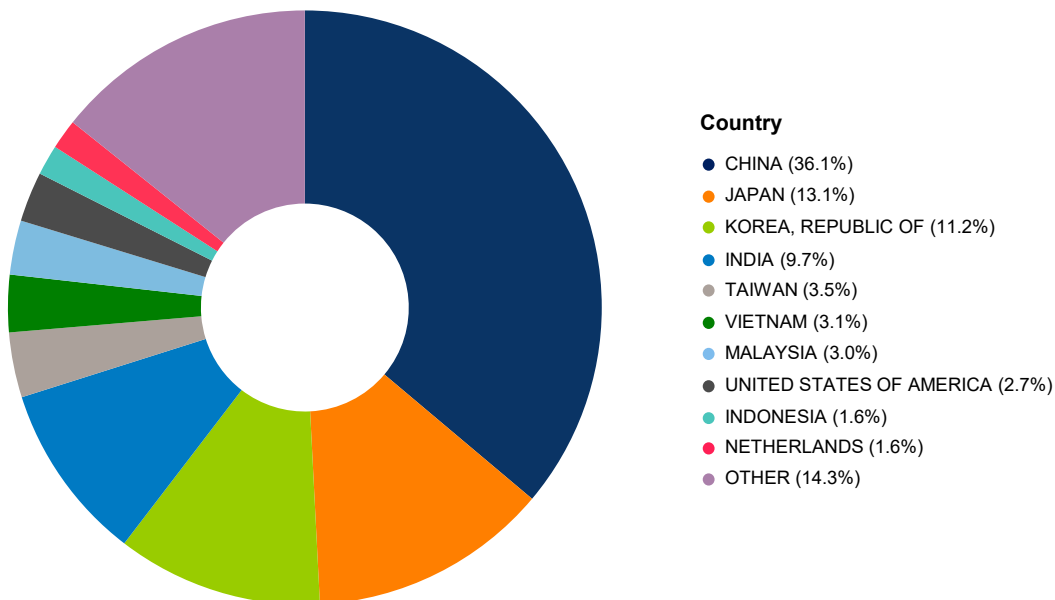


¹ Nominal terms. [^] Shaded areas represent forecasts.

Data sources: Queensland Government 2020-21 Budget.

More than three-quarters of goods exports go to the fast growing Asian region

QUEENSLAND'S GOODS EXPORTS BY COUNTRY¹



¹ Share of total value of goods exports, per cent.

Data sources: ABS unpublished trade data for 2019–20, Queensland Treasury.

Queensland has its own taxation powers and receives federal fiscal support

The states' sources of revenue

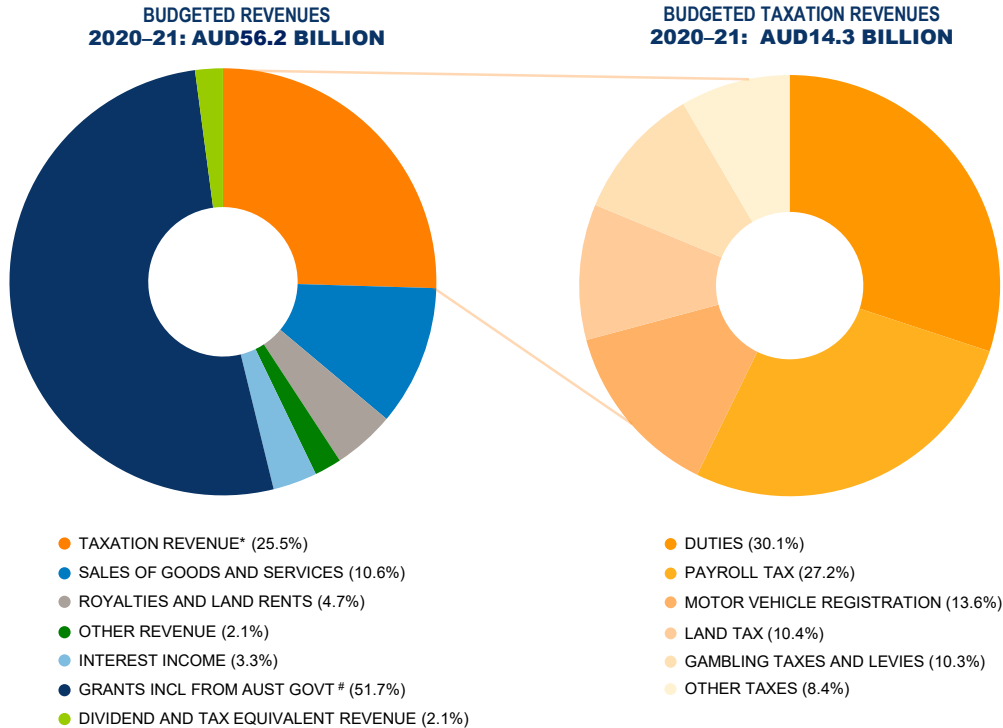
- Australian states and territories (states) impose taxes, duties and charges in areas distinct from those where the Australian Government has authority. Examples of state taxes include payroll taxes, royalties, stamp duties and land taxes.
- The Australian Government provides explicit and predictable financial support to all states in the form of:

General purpose payments – ‘untied’ grants which are funded by the Goods and Services Tax (GST) revenue and are used for both recurrent and capital purposes.

Payments for specific purposes – ‘tied’ grants to fund specific projects or programs in order to support service delivery and facilitate reforms.

The Australian Government’s Disaster Recovery Funding Arrangements, which provide partial (up to 75 per cent) reimbursement for eligible costs incurred as a result of natural disasters, are also classified as a payment for specific purposes.

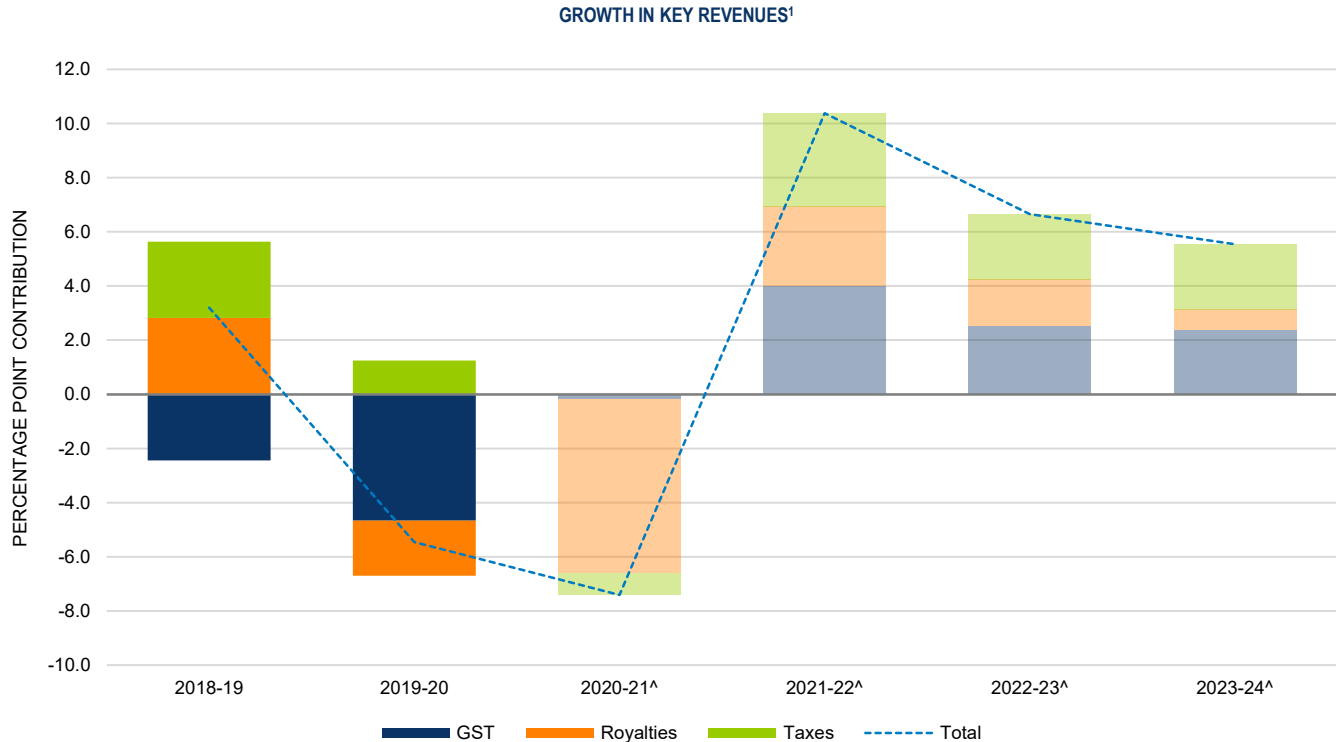
Queensland has a diversified and stable revenue mix



* This comprises the taxes and levies listed in the budgeted taxation revenues chart. #Grants from the Australian Government are almost evenly split between general and specific purpose payments. General purpose payments include GST revenue grants, are 'untied' and used for both recurrent and capital purposes. Specific purpose payments are 'tied' and used to fund specific projects or programs in order to support service delivery and facilitate reforms.

Data source: Queensland Government 2020-21 Budget.

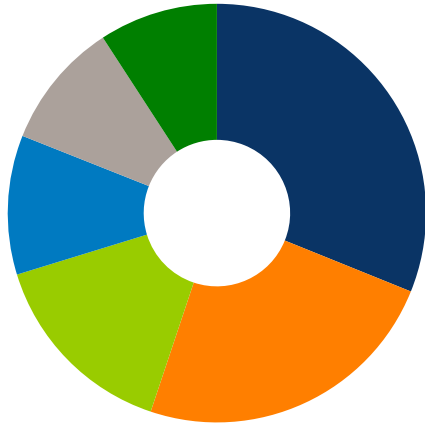
Queensland's budget position has been impacted by a decline in revenues on account of the disruptive economic conditions caused by COVID-19



¹ Annual contribution to growth in key revenues. Total is the annual growth of the sum of the three categories. [^] Shaded areas represent forecasts.
Data source: Queensland Government 2020-21 Budget.

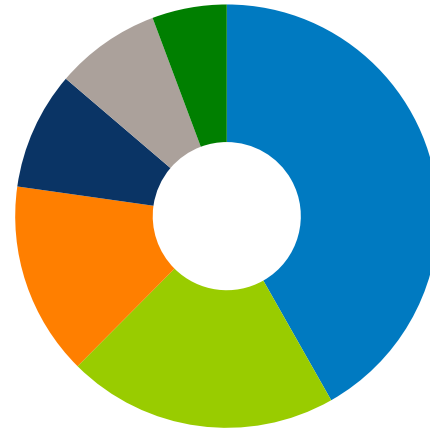
Health and education are the State's major operating expenses, while transport infrastructure is the biggest area of focus in terms of capital spending

**GGS¹ BUDGETED OPERATING EXPENDITURE:
2020-21: AUD64.9 BILLION**



- HEALTH (31.1%)
- EDUCATION (24.0%)
- ECONOMIC AND OTHER SERVICES* (15.1%)
- TRANSPORT (10.8%)
- SOCIAL WELFARE, HOUSING AND OTHER COMMUNITY SERVICES (9.8%)
- PUBLIC ORDER AND SAFETY (9.2%)

**NFPS² BUDGETED CAPITAL EXPENDITURE:
2020-21: AUD11.0 BILLION**



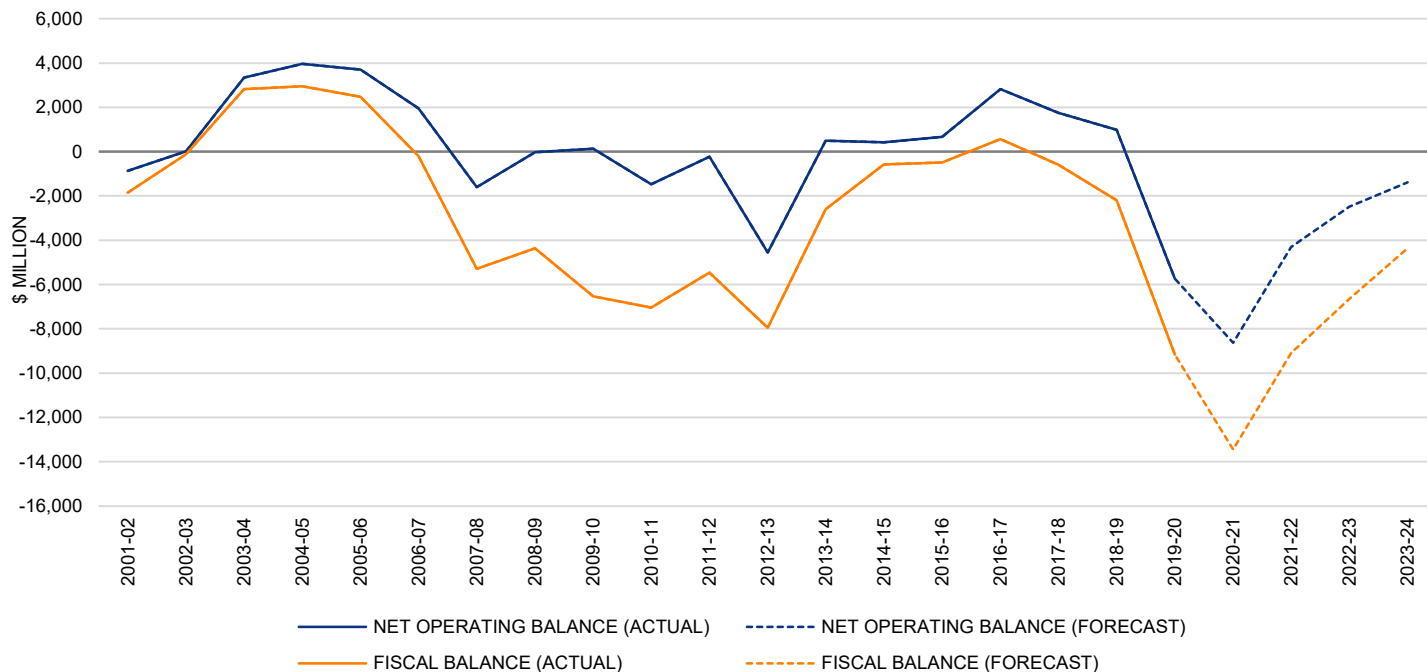
- TRANSPORT (41.8%)
- ECONOMIC AND OTHER SERVICES* (20.7%)
- EDUCATION (14.8%)
- HEALTH (9.0%)
- SOCIAL WELFARE, HOUSING AND OTHER COMMUNITY SERVICES (8.1%)
- PUBLIC ORDER AND SAFETY (5.7%)

¹ GGS – general government sector. ² NFPS - non-financial public sector. * Mainly includes expenditures on economic services and those not classified elsewhere.

Data source: Queensland Government 2020-21 Budget.

Operating and fiscal deficits expected due to COVID-19 impact

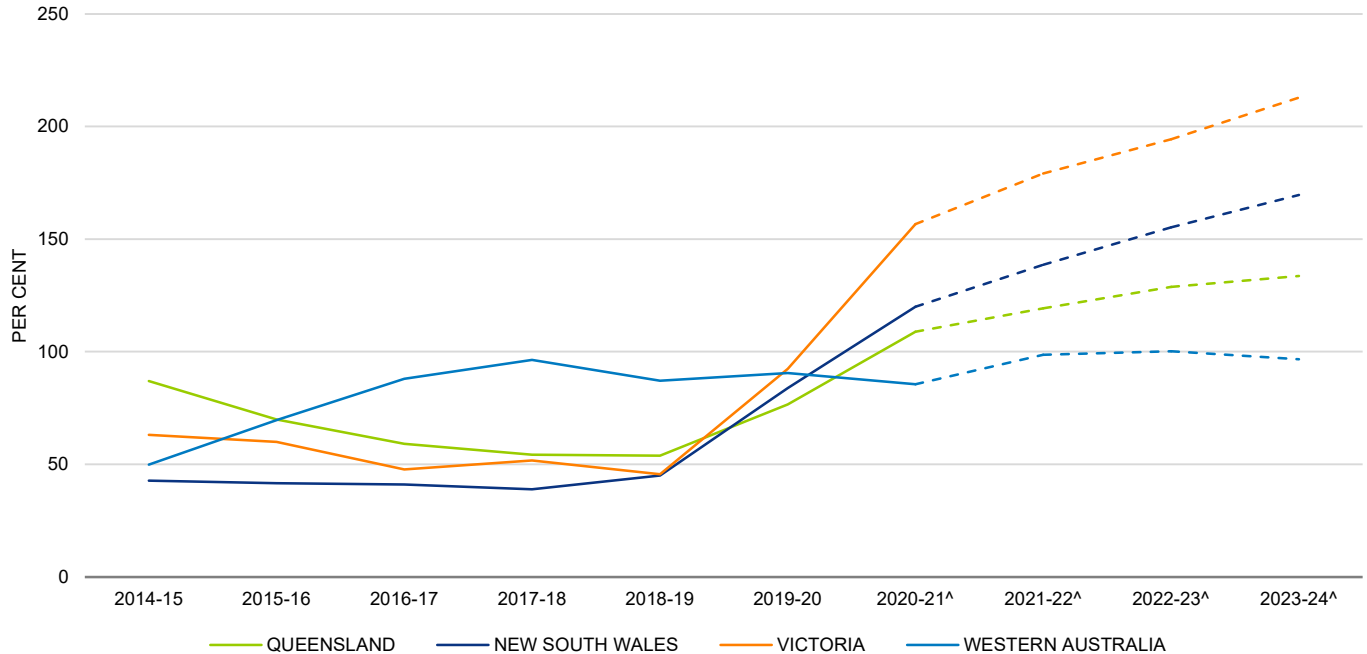
GENERAL GOVERNMENT SECTOR NET OPERATING AND FISCAL BALANCES



Data sources: Actuals data from Queensland Treasury, Forecasts data from Queensland Government 2020-21 Budget.

Debt levels for Queensland relative to revenue are expected to remain below those in New South Wales and Victoria over the forward estimates period

GENERAL GOVERNMENT DEBT TO REVENUE RATIOS



[^] Dotted lines represent forecasts.

Data source: 2020-21 Budgets for Queensland, New South Wales, Victoria and Western Australia.

Queensland's strong commitment to ESG



ENVIRONMENTAL

- State commitment to achieving zero net emissions by 2050
- State signatory to *Under2MOU* global climate change agreement
- Environmental and climate change transition and adaptation strategies



SOCIAL

- Ongoing investment in health services and education
- Subsidies for social housing, public transport, energy and water
- Commitment of more than AUD11 billion in COVID-19 support initiatives*



GOVERNANCE

- Stable system of government and political framework
- *Queensland Human Rights Act 2019* protects the right to education, privacy, freedom of speech and protection of children
- Strong financial management and liquidity

* Queensland Government 2020–21 Budget.

As of July 2020, Queensland received an MSCI ESG Rating of AA. Certain information ©2020 MSCI ESG Research LLC. Reproduced by permission. The use by QTC of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of QTC by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

Queensland is transitioning to a low carbon, climate resilient and environmentally sustainable economy



The Queensland Government has two key climate change strategies:

Queensland Climate Transition Strategy

Queensland Climate Adaptation Strategy

Three key climate commitments are outlined in the *Queensland Climate Transition Strategy*:

1. Powering Queensland with 50% renewable energy by 2030
2. Achieving zero net emissions by 2050
3. Interim target for at least a 30% reduction in emissions on 2005 levels by 2030

The *Queensland Climate Adaptation Strategy* is based around four objectives:

1. Recognise the risks of a changing climate
2. Equip with the best available science
3. Integrate climate adaptation considerations into policies and processes
4. Collaborate to achieve effective climate adaptation through partnerships



Examples of the Queensland Government's sustainability initiatives

Investing in renewable energy

- 44 large-scale renewable energy projects operational, committed or under construction since 2015¹.
- New, publicly-owned, clean energy generation company (CleanCo) established.
- New renewable energy zones and AUD500 million Renewable Energy Fund established².

Low emission fuels and transport

- Queensland is developing sustainable hydrogen and biofuels industries, with the potential to reduce emissions for nations that are traditionally energy importers.
- The *Electric Super Highway* provides fast chargers to support the uptake of electric vehicles.

Land restoration fund to reduce carbon emissions

- First tranche of funding under AUD500 million Land Restoration Fund announced in September 2020³.
- Up to AUD93 million was awarded to 21 projects to reduce carbon emissions, while delivering additional environmental, social and economic co-benefits to Queensland³.

Protecting the Great Barrier Reef

- More than AUD450 million committed by the government since 2015².
- Initiatives to protect marine and island ecosystems, reduce agricultural runoff and improve water quality.

Links to further examples of the Queensland Government's sustainability initiatives are available at www.qtc.qld.gov.au

Data sources: ¹ Queensland Government Media Statement 'Renewable zones to position Queensland into a clean energy powerhouse' 11 December 2020. ² Queensland Budget 2020–21, Budget Paper No. 2.

³ Queensland Government Media Statement 'Land Restoration Fund to create jobs and environmental benefits' 1 September 2020.

Summary of key points

The State of Queensland has:

- a diverse and resilient economy
- a stable revenue stream in the form of grants it receives from the Australian Government
- State-owned assets that generate dividend payments
- a unique position with financial holdings greater than its superannuation obligations
- General Government debt levels relative to revenue that had fallen prior to COVID-19, and
- a strong commitment to ESG, with a number of sustainability initiatives in place
- a rating of AA+/Stable/A-1+ by S&P Global; Aa1/Stable/P-1 by Moody's and AA/F1+/Stable by Fitch.

THIS PAGE IS INTENTIONALLY LEFT BLANK



QUEENSLAND
TREASURY
CORPORATION

Queensland Treasury Corporation

QTC is government-owned and its debt is government guaranteed

QTC is the central financing authority for the Queensland Government and provides financial resources and services for the State



QTC is rated AA+/Aa1/AA

Credit ratings

QTC carries the same credit ratings as the State of Queensland – founded on its diverse economic base, established institutional framework, significant liquidity levels and Federal fiscal support.

Queensland has financial holdings greater than its superannuation obligations.



LOCAL CURRENCY

| S&P Global | Moody's | Fitch |
|------------------------|-----------------------|-----------------------|
| Long-term AA+ | Long-term Aa1 | Long-term AA |
| Short-term A-1+ | Short-term P-1 | Short-term F1+ |
| Outlook Stable | Outlook Stable | Outlook Stable |



FOREIGN CURRENCY

| S&P Global | Moody's | Fitch |
|------------------------|-----------------------|-----------------------|
| Long-term AA+ | Long-term Aa1 | Long-term AA |
| Short-term A-1+ | Short-term P-1 | Short-term F1+ |
| Outlook Stable | Outlook Stable | Outlook Stable |

Consolidated asset base

Clients

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

As the State’s central financing authority, QTC only charges for services on a cost recovery basis.

MARKET VALUE – AS AT 31 DECEMBER 2020

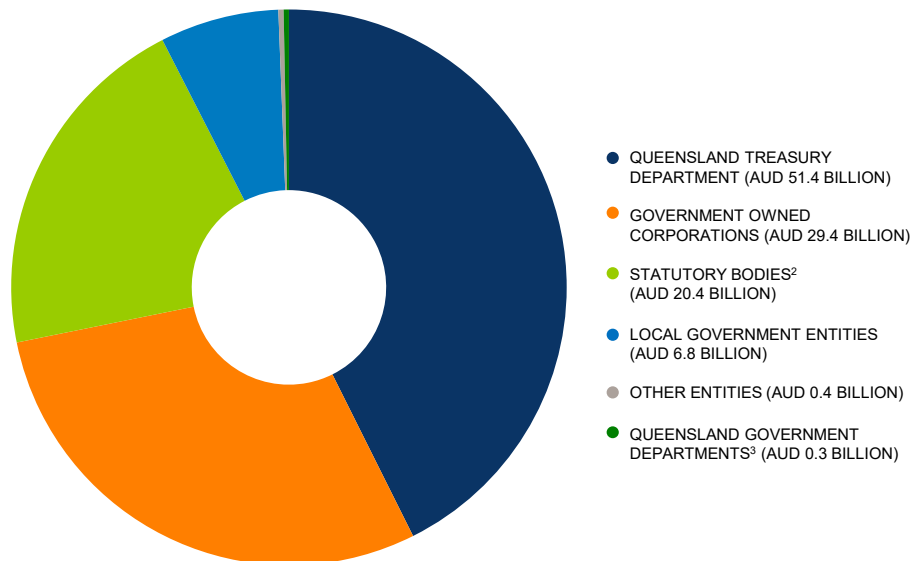
| | Capital markets operations | Long term assets [#] | QTC consolidated |
|---|----------------------------|-------------------------------|------------------|
| | AUD bn | AUD bn | AUD bn |
| Loan to clients | 108.7 | - | 108.7 |
| Liquidity/management reserves* | 12.2 | - | 12.2 |
| Sub-total | 120.9 | - | 120.9 |
| Assets under management-client deposits | 7.2 | - | 7.2 |
| Other managed investments [#] | - | 27.7 | 27.7 |
| Total | 128.1 | 27.7 | 155.8 |

As at 31 December 2020. * Excludes any QTC bonds held as assets. [#] The Queensland Government transferred to QTC the State’s 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.

Since 1988, QTC has funded the State's public sector programs

- Under the Industry Support Package, QTC has extended AUD10.7 billion* in loans to non-State entities to support the State's COVID-19 response. QTC's exposures are guaranteed by the Queensland Government.

LOANS TO CLIENTS¹ (MARKET VALUE) **AUD108.7 BILLION**



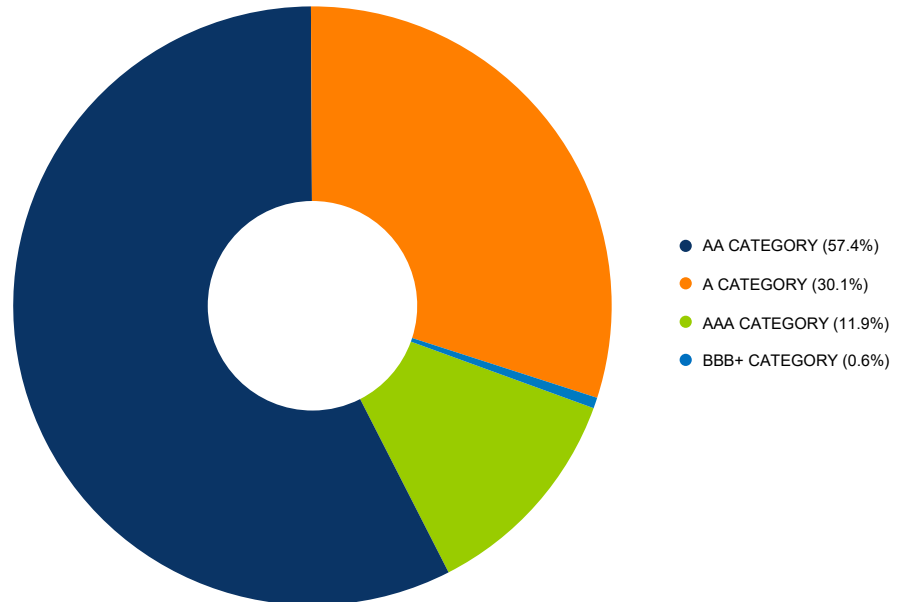
As at 31 December 2020. ¹ Figures are rounded. ² Includes Queensland water entities, universities, grammar schools and water boards.

³ Includes other bodies within the public accounts. * As at end January 2021.

QTC has a conservative approach to risk management

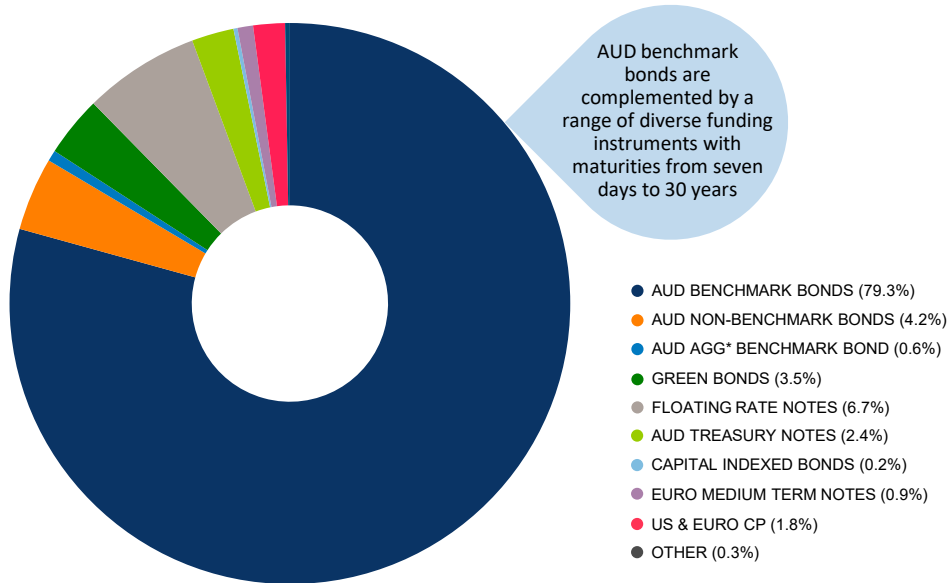
- Approximately 70 per cent of QTC's counterparty credit exposures are rated AA- or higher.
- All types of financial risk, including interest rate, foreign exchange and counterparty risk, are managed within QTC's Board approved risk parameters.
- Enterprise risk management processes are independent to operational activities.
- Risk provisions are in line with industry best practice.
- Diversified funding instruments and regular issuances 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.

COUNTERPARTY CREDIT EXPOSURES



QTC uses a diverse range of funding instruments

FUNDING SOURCES BY INSTRUMENT (FACE VALUE) ~AUD113.92 BILLION



As at 05 February 2021. * AGG - Australian Government Guaranteed. Figures are rounded.

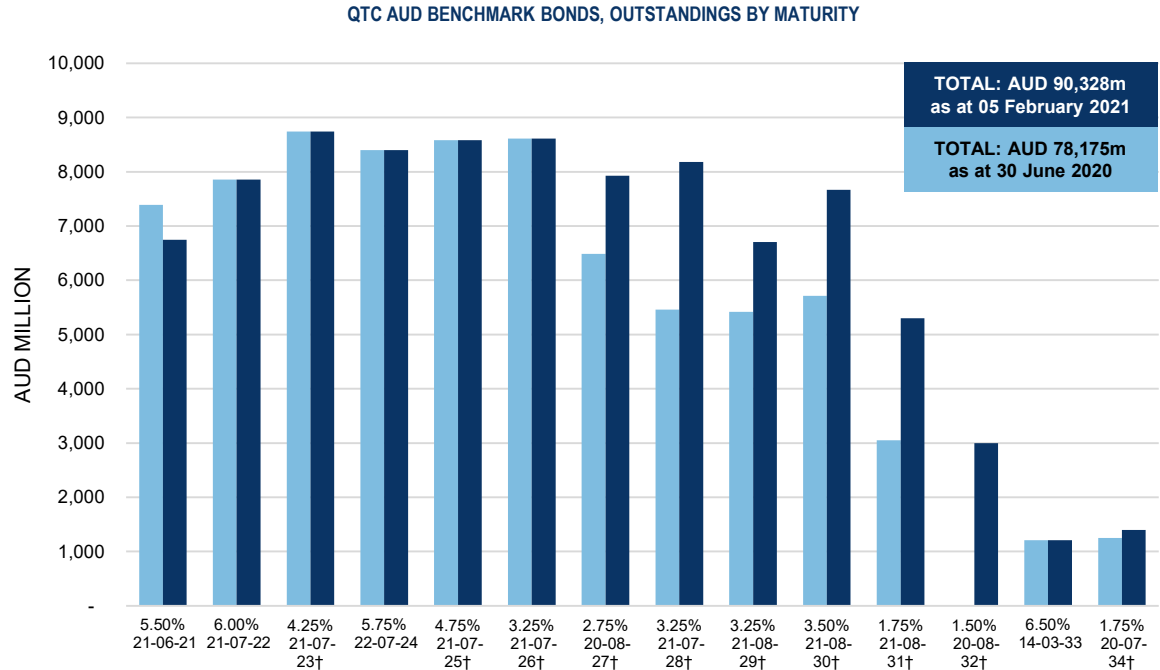
A diverse investor base by geography and type

- 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 25% of Australian semi-issuance is held offshore¹.
- QTC's established issuance program is built on more than 30 years' experience in global capital markets.
- New bond lines may be offered in the US to 'qualified institutional buyers' pursuant to Rule 144A.



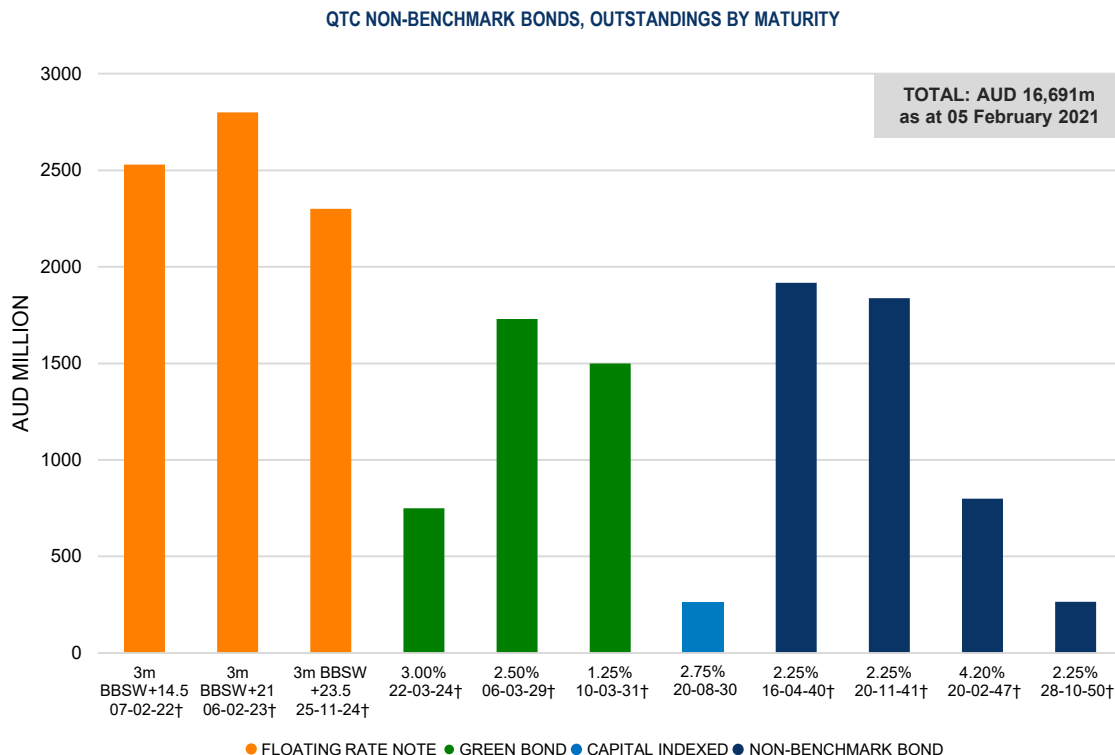
AUD benchmark bond lines are QTC's principal source of funding

- 14 established lines with various maturities across the curve.
- New bond lines issued under the domestic program may be offered in the US to 'qualified institutional buyers' pursuant to Rule 144A.
- In January 2021, QTC issued a new AUD 2032 maturity, further establishing its benchmark curve.



Non-benchmark bonds complement AUD benchmark bonds

- QTC monitors the market to issue other instruments, taking into account investor demand, client funding requirements and market conditions.
- In FY20-21, QTC issued a new AUD 2050 maturity, establishing QTC's longest dated AUD fixed rate line.
- QTC has a total of AUD3.98 billion outstanding across three green bond lines, after establishing a new 2031 green bond in November 2020.



As at 05 February 2021. †144A capability.

Note: The 2.75% 20 Aug 2030 outstandings do not include indexation of AUD99.7 million. QTC trades in its own securities in the open market. Such securities may be held, resold or cancelled at QTC's discretion.

QTC Green Bonds

Supporting Queensland's transition to a low carbon, climate resilient and environmentally sustainable economy



Total project pool of approximately AUD6.7 billion[^] of eligible projects and assets, of which approximately AUD4.03 billion of green bond proceeds have been allocated



Framework facilitates the issuance of both CBI certified green bonds and green bonds that accord with the ICMA Green Bond Principles



Committed to a high standard of transparency – ongoing reporting and assurance, including annual independent assurance from DNV GL



Programmatic certification from CBI achieved for greater flexibility in issuance

Climate Bonds
AWARDS+2020

Climate Bonds Initiative Annual Green Bond Pioneer Awards: Largest Subnational Deal of 2019

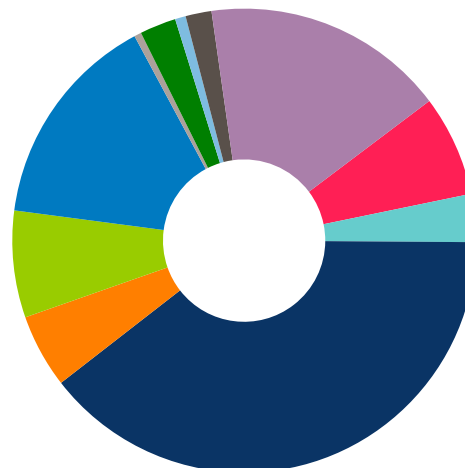
FinanceAsia

Finance Asia Deal Achievement Award for Best Green Bond Deal of 2017

QTC's Green Bond Annual Report is available at:

<https://www.qtc.qld.gov.au/institutional-investors/green-bonds>

ALLOCATION OF GREEN BOND PROCEEDS
APPROXIMATELY AUD4.03 BILLION

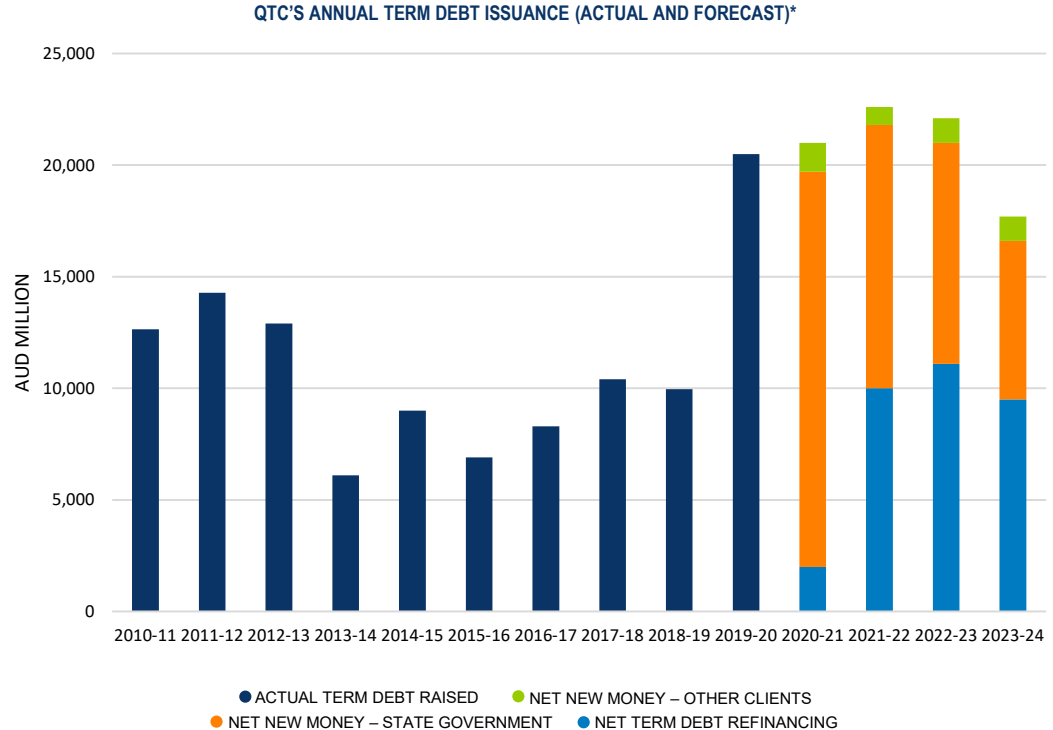


- CITYTRAIN NETWORK (1,587.0M)
- REDCLIFFE PENINSULA LINE (207.3M)
- CITYTRAIN ROLLING STOCK (300.0M)
- NEW GENERATION ROLLING STOCK (607.8M)
- TILT TRAINS ROLLING STOCK (20.0M)
- CYCLEWAYS (102.0M)
- SUNSHINE COAST SOLAR FARM (30.0M)
- UQ WARWICK SOLAR FARM (73.0M)
- SOUTH EAST QLD DESAL PLANT (684.0M)
- GOLD COAST LIGHT RAIL STAGE 1 (283.7M)
- GOLD COAST LIGHT RAIL STAGE 2 (134.8M)

[^] As at 31 December 2020. QTC green bonds on issue are certified by the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative.

QTC's annual term debt issuance

- Since 2020, the State Government has committed more than AUD11 billion in COVID-19 support initiatives.
- An additional AUD56 billion committed to a capital program over four years to 2023–24.
- In addition to the total term debt requirement, QTC expects to maintain a minimum of approximately AUD5 billion of short-term debt.



As at 1 December 2020. *Does not include short-term debt of approximately AUD5 billion each year. Actual debt raised is calculated from Annual Borrowing Program release to the release of the next Annual Borrowing Program, except for 2019–20 due to out of cycle Annual Borrowing Program release.

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 ISDA obligations fully guaranteed by the State of Queensland
- issues debt that carries the following credit rating (identical to the State of Queensland)
 - S&P Global: AA+/Stable/A-1+
 - Moody's: Aa1/Stable/P-1
 - Fitch: AA/Stable/F1+
- has 14 AUD benchmark bond lines on issue
- has an indicative term debt borrowing program of AUD21 billion for 2020–21
- employs a conservative and transparent funding strategy, and
- has more than 30 years' experience in global debt capital markets.



Appendices

Queensland Treasury Corporation



About QTC

- 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.
- Its clients include Queensland Government departments and agencies, local governments, government-owned corporations, and statutory bodies and universities.
- QTC is able to capture significant economies of scale and scope in the issuance, management and administration of the State's debt.

Queensland State Government Guarantee

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

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

In respect to all domestic securities issued by QTC, section 32 of the *Queensland Treasury Corporation Act 1988* provides a statutory guarantee of QTC's obligations to stockholders:

Section 32 The due repayment of principal on inscribed stock issued in accordance with this Act and, where payable, the due payment of interest relating to the inscribed stock are guaranteed by the Treasurer, on behalf of the Government.

Section 33 of the *Queensland Treasury Corporation Act* empowers the Treasurer to guarantee due payment of moneys and due performance of obligations in accordance with financial arrangements or other arrangements entered into by QTC. Such discretionary guarantees have been granted by the Treasurer and continue to operate in support of QTC's offshore debt facilities.

All payments by the State Government under these guarantees are appropriated under section 34 of the *Queensland Treasury Corporation Act*, meaning they can be paid from the State's Consolidated Fund without any further legislative approval.

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 |

Queensland's long-term assets



- Queensland's long-term assets comprises investments set aside primarily to fund the State's defined benefit superannuation obligations.
- These assets were transferred to QTC by the Queensland Government under an administrative arrangement in 2008. In return, QTC issued fixed-rate notes to the State that provide a fixed rate of return.
- The assets are overseen by a separate board, the State Investment Advisory Board (formerly the Long Term Asset Advisory Board) and managed by Queensland Investment Corporation (QIC). They include cash, fixed interest, international equities and other diversified alternative investments.
- Queensland is in a unique position with financial holdings greater than its superannuation obligations, with assets under management of approximately AUD27 billion as at 31 December 2020.
- While QTC reports the fluctuations in the value and returns on the asset portfolio, there is no cash flow effect for QTC. Any losses incurred have no impact on QTC's capital markets activities or its ability to meet its obligations.

Australia's federal and state system

Federalism

The Commonwealth of Australia ('Australian Government' or the 'Commonwealth') was formed as a federal union on 1 January 1901, when the six British colonies of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania were united as states in a federation. In addition to the six states, Australia has two territories — Northern Territory and the Australian Capital Territory — the latter hosting the nation's capital of Canberra.

Powers

Australian Government

The Australian Parliament has power to legislate on specific matters of national interest, such as defence, external affairs, overseas and interstate trade and commerce, currency and banking. The Australian Government also has primary responsibility for overall economic management in Australia. For example, they have responsibility for monetary policy, national budget policy, fiscal policy, exchange rates and external policy.

State Government

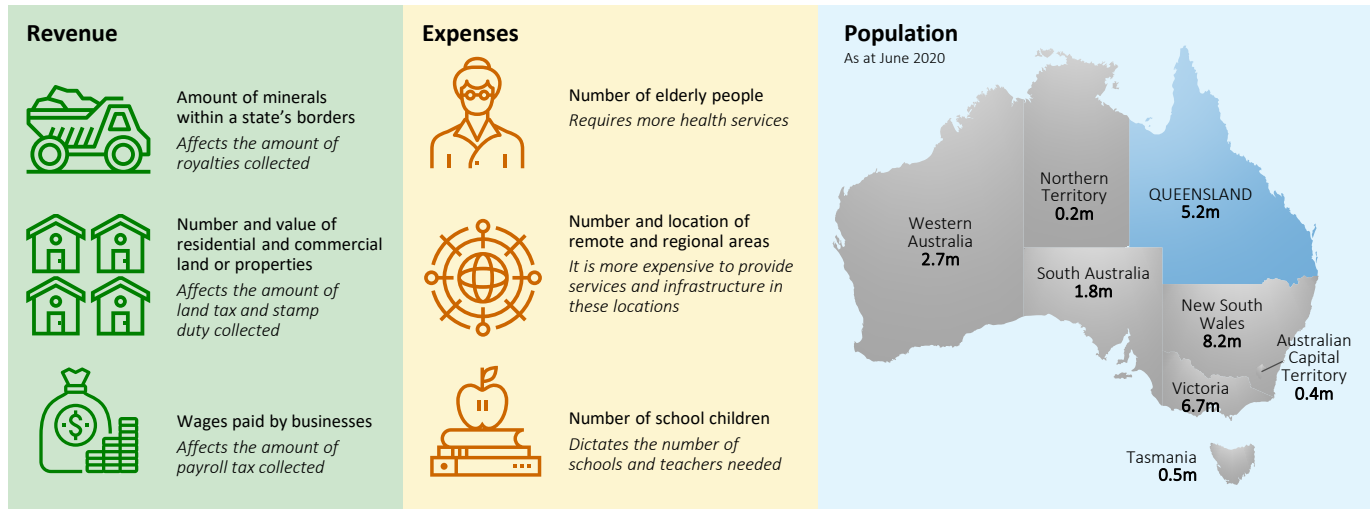
The state parliaments retain powers over all matters other than those granted to the Australian Government under the Constitution.

State powers include control over education, public health, police and justice, transport, roads and railways, industry, mining and agriculture, public works, ports, forestry, electricity, gas, and water supply and irrigation.

Distribution of GST

- States and territories (states) receive all revenue collected by the Australian Government via the Goods and Services Tax (GST).
- It is allocated using the principles of horizontal fiscal equalisation, which is designed to equalise the states' fiscal capacity to provide public services to the same standard.
- Under this system, some states with below average revenue raising capacity or above average spending requirements receive a larger share of GST (and vice versa).
- The independent Commonwealth Grants Commission determines the annual allocation across the states.

Examples of differences between states to raise revenue and their expenses



QTC's 2020–21 indicative term debt borrowing program

In addition to the total term debt requirement, QTC expects to maintain a minimum of approximately AUD5 billion of short-term debt.

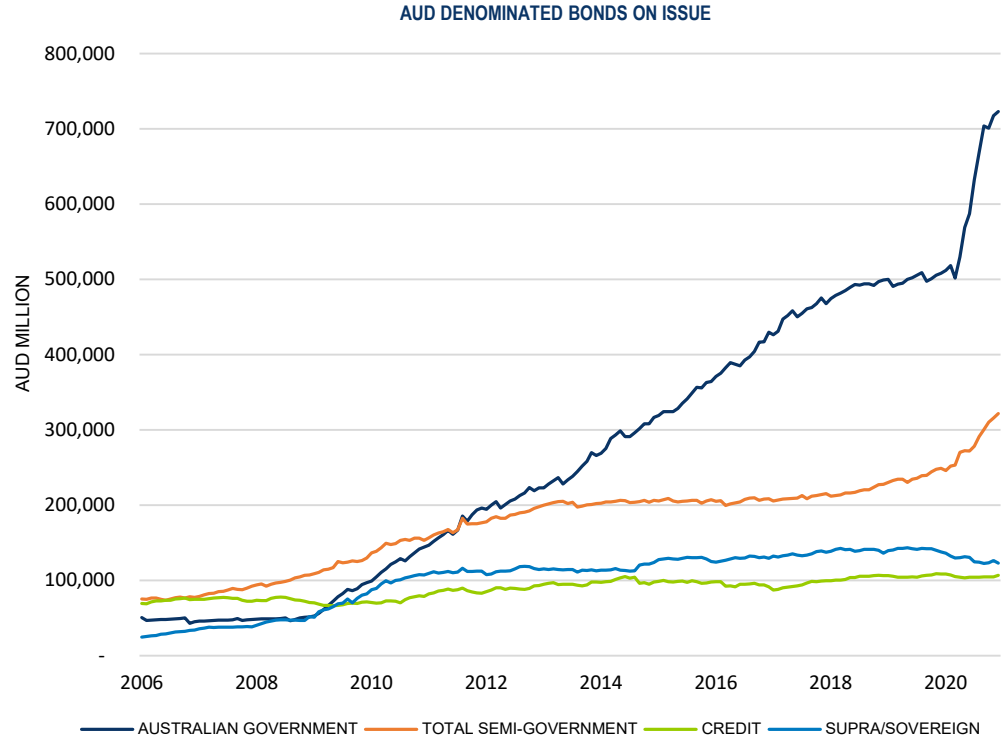
| Requirements | 2020–21 AUD M ¹ | 2021–22 AUD M ¹ | 2022–23 AUD M ¹ | 2023–24 AUD M ¹ |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| State ² | 17,700 | 11,800 | 9,900 | 7,100 |
| Local Government and other entities ³ | 1,300 | 800 | 1,100 | 1,100 |
| Total new money | 19,000 | 12,600 | 11,000 | 8,200 |
| Term debt maturities | 8,200 | 2,600 | 10,700 | 9,600 |
| Net funding in advance ⁴ | (6,200) | 7,400 | 400 | (100) |
| Net term debt refinancing | 2,000 | 10,000 | 11,100 | 9,500 |
| Total term debt requirement | 21,000 | 22,600 | 22,100 | 17,700 |

As at 1 December 2020. ¹ Numbers are rounded to the nearest AUD100 million. ² Includes general government and government-owned corporations. ³ Other entities include: universities, grammar schools, retail water entities and water boards. ⁴ Includes net issuance undertaken in advance of borrowing requirements during 2019–20 as well as scheduled client principal repayments.

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

AUD denominated bonds on issue

It is widely expected that under current fiscal estimates, the volume of Australian semi-government benchmark bonds on issue will continue to increase.



Data source: Bloomberg Composite Bond Index as at 31 December 2020.

Note: The change to Bloomberg Composite Index has resulted in changes to the credit and supra/sovereign data.

Queensland's peers' credit ratings

| Australian | Rating agency | | |
|-------------------------------------|-------------------|---|---------------|
| | S&P Global | Moody's | Fitch |
| Queensland | AA+/Stable/A-1+ | Aa1/Stable/P-1 | AA/F1+/Stable |
| Australian Capital Territory | AAA/Negative/A-1+ | Rating withdrawn 20 August 2005 (from Aaa) | |
| New South Wales | AA+/Stable/A-1+ | Aaa/Stable/P-1 | |
| Northern Territory | Not rated by S&P | Aa3/Stable/-- | |
| South Australia | AA+/Negative/A-1+ | Aa1/Stable/P-1 | AA/F1+/Stable |
| Tasmania | AA+/Stable/A-1+ | Aa2/Stable/P-1 | |
| Victoria | AA/Stable/A-1+ | Aaa/Rating Under Review/P-1 | |
| Western Australia | AA+/Stable/A-1+ | Aa1/Stable/P-1 | |

Funding programs

QTC has a diverse range of funding programs in a variety of markets and currencies.

The majority of QTC's funding is sourced through long-term debt instruments, with QTC's AUD benchmark bonds being the principal source of funding.

| Overview as at 31 January 2021 | | Size \$M | Maturities available | Currencies |
|---------------------------------------|-----------------|-----------------|--|-------------------|
| Short-term | Domestic T-Note | Unlimited | 7–365 days | AUD |
| | Euro CP | USD10,000 | 1–364 days | Multi-currency |
| | US CP | USD10,000 | 1–270 days | USD |
| Long-term | AUD Bond | Unlimited | 14 benchmark lines: 2021–2034 A range of non-benchmark lines (e.g. Green Bonds, FRNs etc) | AUD |
| | Euro MTN | USD10,000 | Any maturity subject to market regulations | Multi-currency |
| | US MTN | USD10,000 | 9 months–30 years | Multi-currency |

AUD Benchmark Bond Distribution Group*



QTC's Fixed Income Distribution Group of 12 banks is committed to providing investors with two way pricing in the secondary market, as well as supporting primary issuance activity.

- ANZ Banking Group Limited
- BofA Securities
- Citi
- Commonwealth Bank of Australia
- Deutsche Bank
- J.P. Morgan
- National Australia Bank
- Nomura International plc
- RBC Capital Markets
- TD Securities
- UBS Investment Bank
- Westpac Banking Corporation



Medium-Term Note (MTN) Programs

- Queensland State Government guaranteed
- Australian interest withholding tax exempt
- Multi-currency
- Euro and US programs
- Structured to meet investor requirements (currency, coupon, maturity etc.)
- Reverse enquiry placement through MTN Distribution Group
- Reverse enquiry placement through non-Distribution Group members ('Dealer for a Day')

MTN Distribution Group*

Euro MTN

- ANZ Banking Group Limited
- BofA Securities
- Citi
- Commonwealth Bank of Australia
- Deutsche Bank
- J.P. Morgan
- National Australia Bank
- Nomura International plc
- RBC Capital Markets
- TD Securities
- UBS Investment Bank
- Westpac Banking Corporation

US MTN

- ANZ Securities
- BofA Securities
- Citi
- Commonwealth Bank of Australia
- Daiwa Capital Markets
- Deutsche Bank Securities
- J.P. Morgan
- NAB Securities, LLC
- RBC Capital Markets
- TD Securities
- UBS Investment Bank

Treasury Note (T-Note) and Commercial Paper (CP) programs



- Queensland State Government Guaranteed
- Australian, Euro and US programs
- AUD and multi-currency
- Reverse enquiry placement through dealer panels
- T-Note, Euro and US CP programs are Australian interest withholding tax exempt

T-Note and CP Dealer Panels*

Domestic T-Note

- ANZ Banking Group Limited
- Commonwealth Bank of Australia
- Deutsche Bank
- National Australia Bank Limited
- Westpac Banking Corporation

Euro CP

- Barclays
- BofA Securities
- Citi
- UBS Investment Bank

US CP

- BofA Securities
- Citi
- UBS Investment Bank

As at 31 December 2020.

* Actual dealer legal entities may vary depending on the facility and location of the dealer.

Glossary

| | | | |
|-------------|--|---------------|---|
| ABS | Australian Bureau of Statistics | ISDA | International Swaps and Derivatives Association |
| AGG | Australian Government Guarantee | IWT | Interest withholding tax |
| APRA | Australian Prudential Regulation Authority | LNG | Liquefied natural gas |
| AUD | Australian dollar | (mv) | Market value |
| CBI | Climate Bonds Initiative | MTN | Medium-term note |
| CGS | Commonwealth Government Securities | MYEFO | Mid-Year Economic and Fiscal Outlook |
| CIB | Capital indexed bond | MYFER | Mid-Year Fiscal and Economic Review |
| CP | Commercial paper | QIC | Queensland Investment Corporation |
| CPI | Consumer price index | QTC | Queensland Treasury Corporation |
| DTC | The Depository Trust Company | RBA | Reserve Bank of Australia |
| (fv) | Face value | RHS | Right hand side |
| GDP | Gross Domestic Product | SGG | State Government Guarantee (Queensland) |
| FRN | Floating rate note | T-Note | Treasury note |
| ICMA | International Capital Market Association | | |



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'.

www.qtc.qld.gov.au
BLOOMBERG TICKER: QTC

T: +61 7 3842 4600
F: +61 7 3221 4122

GPO Box 1096, Brisbane
Queensland Australia 4001