FINANCIAL STATEMENTS

For the year ended 30 June 2025

Statement of Comprehensive Income

For the year ended 30 June 2025

	Note	2025 $000	2024 $000
CAPITAL MARKETS OPERATIONS			
Net gain on financial instruments at fair value through profit or loss			
Gain on financial assets	3	**10 112 653**	4 967 619
Loss on financial liabilities	3	**(9 982 402)**	(4 797 306)
		130 251	170 313
Other income			
Fee income		**115 214**	102 724
		115 214	102 724
Expenses			
Administration and general expenses	4	**(101 791)**	(83 654)
		(101 791)	(83 654)
Profit from Capital Markets Operations before income tax		**143 674**	189 383
Income tax expense	5	**(17 058)**	(22 572)
Profit from Capital Markets Operations after income tax		**126 616**	166 811
STATE INVESTMENT OPERATIONS			
Net return from investments			
Net change in fair value of unit trusts	14	**6 374 875**	7 155 611
Net change in fair value of fixed rate notes	14	**(3 121 715)**	(4 047 859)
Interest on fixed rate notes	14	**(2 965 690)**	(2 839 209)
Management fees	14	**(287 470)**	(268 543)
Profit from State Investment Operations		**-**	-
Total net profit for the year after tax		**126 616**	166 811
Total comprehensive profit attributable to the owner		**126 616**	166 811
Total comprehensive income derived from:			
Capital Markets Operations		**126 616**	166 811
State Investment Operations		**-**	-
Total comprehensive income		**126 616**	166 811

The accompanying notes form an integral part of these financial statements.

Throughout these financial statements the Capital Markets Operations and the State Investment Operations have been disclosed separately to distinguish between QTC's main central financing authority role and its additional responsibilities following the transfer of portfolios of assets to QTC to support the State's superannuation obligations and other long-term Government initiatives (refer note 1).

Balance Sheet

As at 30 June 2025

	Note	2025 $000	2024 $000
ASSETS - CAPITAL MARKETS OPERATIONS			
Cash and cash equivalents	6	**4 916 948**	7 632 966
Receivables		**31 780**	19 375
Financial assets at fair value through profit or loss	7	**37 253 645**	33 183 554
Derivative financial assets	8	**452 032**	169 892
Onlendings	9	**120 631 170**	98 262 325
Other assets		**23 526**	4 955
Deferred tax asset		**6 559**	3 176
		163 315 660	139 276 243
ASSETS - STATE INVESTMENT OPERATIONS			
Financial assets at fair value through profit or loss	14	**49 169 621**	46 548 219
		49 169 621	46 548 219
Total Assets		**212 485 281**	185 824 462
LIABILITIES - CAPITAL MARKETS OPERATIONS			
Payables		**33 965**	34 977
Derivative financial liabilities	8	**241 540**	273 407
Financial liabilities at fair value through profit or loss			
- Interest-bearing liabilities	10(a)	**149 967 066**	128 044 277
- Deposits	10(b)	**12 564 589**	10 072 212
Other liabilities		**43 265**	12 751
		162 850 425	138 437 624
LIABILITIES – STATE INVESTMENT OPERATIONS			
Financial liabilities at fair value through profit or loss	14	**49 169 621**	46 548 219
		49 169 621	46 548 219
Total Liabilities		**212 020 046**	184 985 843
Net Assets		**465 235**	838 619
EQUITY - CAPITAL MARKETS OPERATIONS			
Retained surplus		**465 235**	838 619
		465 235	838 619
EQUITY – STATE INVESTMENT OPERATIONS			
Retained surplus		**-**	-
		-	-
Total Equity		**465 235**	838 619

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2025

	NOTE	CAPITAL MARKETS OPERATIONS RETAINED SURPLUS $000	STATE INVESTMENT OPERATIONS RETAINED SURPLUS $000	TOTAL EQUITY $000
Balance at 1 July 2023		671 808	-	671 808
Profit for the year		166 811	-	166 811
Balance at 30 June 2024		838 619	-	838 619
Balance at 1 July 2024		**838 619**	**-**	**838 619**
Profit for the year		**126 616**	**-**	**126 616**
Transactions with owners in their capacity as owners:				
Dividend paid	**22**	**(500 000)**	**-**	**(500 000)**
Balance at 30 June 2025		**465 235**	**-**	**465 235**

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2025

	NOTE	2025 $000	2024 $000
Cash flows from operating activities			
Interest received from onlendings		**4 219 799**	3 439 985
Interest received from investments and other sources		**1 800 716**	1 733 738
Fees received		**115 214**	102 724
Net Goods and Services Tax (GST)		**56**	(13)
Interest paid on interest-bearing liabilities		**(7 411 112)**	(6 222 479)
Administration expenses paid		**(101 094)**	(89 130)
Interest paid on deposits		**(680 767)**	(558 671)
Income tax paid		**(22 279)**	(16 923)
Net cash used in operating activities	13(a)	**(2 079 467)**	(1 610 769)
Cash flows from investing activities			
Proceeds from sale of investments		**59 797 235**	50 297 448
Payments for investments		**(63 798 223)**	(52 696 953)
Net client onlendings		**(18 647 171)**	(7 003 047)
Payments for other assets		**(388)**	(868)
Net cash used in investing activities		**(22 648 547)**	(9 403 420)
Cash flows from financing activities			
Proceeds from interest-bearing liabilities		**44 146 007**	34 992 948
Repayment of interest-bearing liabilities		**(24 122 343)**	(23 459 774)
Net client deposits		**2 488 332**	(240 366)
Dividends paid		**(500 000)**	-
Net cash provided by financing activities	13(b)	**22 011 996**	11 292 808
Net increase in cash and cash equivalents held		**(2 716 018)**	278 619
Cash and cash equivalents at 1 July		**7 632 966**	7 354 347
Cash and cash equivalents at 30 June	6	**4 916 948**	7 632 966

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2025

Contents

1 General information

Queensland Treasury Corporation (QTC) is the Queensland Government's central financing authority. It also provides a range of financial services to State public sector entities, local governments and universities. QTC is constituted under the *Queensland Treasury Corporation Act 1988* (the Act), with the Under Treasurer designated as the Corporation Sole under section 5(2) of the Act. QTC is domiciled in Queensland, Australia, with its principal place of business being 111 Eagle Street, Brisbane, Queensland. QTC's ultimate parent is the State of Queensland (the State).

QTC's business operations are made up of two segments, namely Capital Markets Operations and State Investment Operations (SIO).

Capital Markets Operations

The remit of Capital Markets Operations includes debt funding, cash management, financial advisory and risk management services, and the custodian service for Australian Carbon Credit Units (ACCUs) on behalf of the Queensland Government. In addition, QTC provides a dedicated advisory service that works in partnership with government clients to solve complex issues aligned with Queensland Government's priorities and uplift public sector financial and risk management capability. The Capital Markets Operations are overseen by the Capital Markets Board (CMB).

Debt funding is provided to clients at an interest rate based on QTC's cost of funds plus a loan administration fee. The loan administration fee funds the operational expenses associated with the capital markets business. QTC passes on the returns of asset management to its clients and retains the unrealised gains/losses associated with credit spread movements on its balance sheet until the sale of the asset or its maturity.

Capital Markets Operations also generates a net return from financial markets instruments held for capital and liquidity purposes.

In undertaking its capital markets activities, QTC maintains adequate capital to manage its risks having regard to its Capital Policy.

State Investment Operations

SIO consists of portfolios of assets that were transferred to QTC by the State.

The assets of this segment are held in unit trusts managed by QIC Limited (QIC) and overseen by the State Investment Advisory Board (SIAB). These assets are invested in two portfolios, the Long Term Assets (LTA) portfolio and the Queensland Future Fund (QFF) portfolio. Each portfolio has its own investment management agreement. In the case of the Long Term Assets portfolio, a number of sub portfolios exist.

The assets of the State Investment Operations segment have no impact on QTC's Capital Market Operations and there is no cash flow effect for QTC.

Long Term Assets Portfolio

The LTA portfolio consists of assets that were transferred to QTC by the State and invested in several sub-portfolios:

a Endowment Portfolio:
   The assets in this portfolio are held to fund the State's superannuation and other long-term obligations.

b State Initiatives Portfolio:
   This portfolio was established to support state initiatives.

There were no additional non-cash assets transferred to, or from these portfolios during the 2024-25 financial year.

Queensland Future Fund

The QFF and its sub portfolio, the Debt Retirement Fund (DRF) were established as funds under the *Queensland Future Fund Act 2020.* The DRF was set up to support both the State's credit rating and generate returns to reduce the State's debt burden.

Withdrawals from the DRF are limited to amounts to reduce the State's debt, and fees or expenses associated with administering the fund by the *Queensland Future Fund Act 2020.*

Notes to the Financial Statements

For the year ended 30 June 2025

Fixed Rate Notes

A Fixed Rate Note (FRN) has been issued by QTC for each of the SIO portfolios in return for the transfer of assets from the State. The interest rate on both FRNs increased to 7% on 1 July 2024 (2024: 6.5%). Interest accrues on the book value of each FRN.

- The FRN issued to match the LTA portfolio is for the benefit of the State Consolidated Fund.
- The FRN issued to match the QFF portfolio is for the benefit of Queensland Treasury.

Recognising the direct relationship between the FRNs and the assets of SIO, any difference between the return paid by QTC on the FRNs and the return received by QTC on the invested assets is recognised in the financial statements annually as a market value adjustment to the value of the FRNs. Any market value adjustment does not impact QTC's Capital Markets Operations or its ability to meet its obligations.

SIAB members include representatives from Queensland Treasury and external members with experience in investment management and governance. SIAB has been delegated all responsibility for overseeing SIO within a framework provided by the State. This includes determining an appropriate investment strategy, monitoring investment performance and the performance of the investment manager (QIC), and monitoring compliance with relevant internal controls, standards and legislation. The formulation of strategic asset allocation, performance and monitoring of SIO's assets is therefore distinct from QTC's CMB and day-to-day Capital Markets Operations. Specifically, it is the responsibility of SIAB and its appointed investment manager (QIC).

Each year, QTC's CMB receives relevant information about the assets of SIO in order to prepare financial statements in accordance with Australian Accounting Standards and other prescribed requirements. QIC is responsible for assisting SIAB to provide this relevant information to the QTC CMB.

2 Material accounting policies and other explanatory information

The material accounting policies adopted in the preparation of the financial report are set out below and in the relevant notes to the financial statements.

(a) Basis of preparation

These general purpose financial statements for the year ended 30 June 2025 have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB), the *Financial Accountability Act 2009,* the *Financial and Performance Management Standard 2019,* and the Financial Reporting Requirements for Queensland Government Agencies (as applicable to statutory bodies) for reporting periods beginning on or after 1 July 2024.

Compliance with International Financial Reporting Standards

QTC is a not-for-profit entity, however in preparing these financial statements QTC has elected to comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as if it is a for-profit entity.

Changes in material accounting policies, disclosures, standards and interpretations

New accounting standards and interpretations

No new accounting standards became effective for the year ended 30 June 2025. Amendments to current accounting standards and interpretations which are effective for the first time for the year ended 30 June 2025 have had no material impact on the financial statements.

Standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been issued that are not mandatory for the current reporting period. The future adoption of Australian Accounting Standards and Interpretations that have been issued but not yet effective are not expected to have a material impact on QTC's financial statements. However they may result in minor changes to how information is currently disclosed.

Basis of measurement

These financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. Fair value is the amount for which an asset could be exchanged, or liability settled between knowledgeable, willing parties in an arm's length transaction.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is QTC's functional currency.

Classification of assets and liabilities

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

(b) Foreign currency

Foreign currency transactions are initially translated into Australian dollars at the rate of exchange applying at the date of the transaction. At balance date, amounts payable to and by QTC in foreign currencies have been valued using current exchange rates after considering interest rates and accrued interest. Exchange gains/losses are brought to account in the statement of comprehensive income.

(c) Collateral

QTC enters into a range of transactions with counterparties, which require the lodgement of collateral subject to agreed market thresholds. Where these thresholds are exceeded, QTC may be required to either pledge assets to, or be entitled to receive pledged assets from the counterparty to secure these transactions. The assets pledged or received are primarily in the form of cash.

(d) Financial assets and liabilities

Financial assets on initial recognition are classified at fair value through profit or loss and include:

- cash and cash equivalents
- financial assets at fair value through profit or loss
- derivative financial instruments, and
- onlendings

Financial liabilities are measured at fair value through profit or loss and include:

- derivative financial instruments
- interest-bearing liabilities
- deposits, and
- fixed rate notes

Financial assets and liabilities are recognised on the balance sheet when QTC becomes party to the contractual provisions of the financial instrument, which is the settlement date of the transaction. A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by QTC. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and liabilities are measured at fair value through profit or loss by reference to quoted market exit prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

QTC uses mid-market rates as the basis for establishing fair values of quoted financial instruments with offsetting risk positions. In general, the risk characteristics of funds borrowed, together with the financial derivatives used to manage interest rate and foreign currency risks, closely match those of funds on-lent. In all other cases, the bid-offer spread is applied where material.

Gains and losses on financial assets and liabilities at fair value through profit or loss are recorded in the statement of comprehensive income.

(e) Offsetting financial instruments

QTC offsets financial assets and liabilities where there is a legally enforceable right to set-off, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously (refer note 11(c)(iv)).

(f) Repurchase agreements

Securities sold under agreements to repurchase at an agreed price are retained within the financial assets at fair value through profit or loss category while the obligation to repurchase is disclosed as a financial liability at fair value through profit or loss.

2 Material accounting policies and other explanatory information continued

(g) Fee income

Fee income includes:

- management fee income, which represents income earned from the management of QTC's onlendings and deposits, and is recognised over time when the service has been provided in accordance with client mandates
- other fees, which are recognised in the period the services are provided to the extent that it is probable that the economic benefits will flow to QTC and can be measured reliably, and
- revenue on financial guarantees, which is recognised on an ongoing basis over the contract term. The probability of default on a financial guarantee is extremely low due to counter indemnities and therefore, revenue receivable is reflective of fair value.

(h) Profits/losses

Unless otherwise determined by the Governor in Council, the Act requires that all profits shall accrue to the benefit of the State Consolidated Fund and all losses shall be the responsibility of the State Consolidated Fund. Return of profits to the State Consolidated Fund is made by way of dividends, which are provided for following approval by the CMB after considering QTC's capital requirements.

(i) Receivables

Receivables are measured at amortised cost, which approximates their fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Other debtors generally arise from transactions outside the usual operating activities of QTC and are recognised at their assessed values with terms and conditions similar to trade debtors.

(j) Impairment

Where an impairment is recognised the following methodology is applied:

Receivables: The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting QTC's debtors and relevant industry data form part of QTC's impairment assessment.

Where there is no reasonable expectation of recovering an amount owed by a debtor, the debt is written off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Non-financial assets: The carrying value of non-financial assets is reviewed at each reporting date for where there is an indication of impairment. If an indication of impairment exists, the asset's recoverable amount is determined. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The asset's recoverable amount is determined as the higher of the asset's fair value less cost of disposal or value in use.

(k) Employee benefits

A liability is recognised for employee benefits including salaries, superannuation, annual leave, long service leave and short-term incentives where there is a present or constructive obligation as a result of past service. The liability is based on the amount expected to be paid provided that the obligation can be measured reliably. These are measured on an undiscounted basis where the amounts are expected to be paid within the next 12 months. For amounts where the payment date is expected to exceed 12 months, such as long service leave, future pay increases are projected and then discounted using Australian Government Bond Generic Yields. As sick leave is non-vesting, this is recognised as and when this leave is taken.

(l) Rounding

Amounts have been rounded to the nearest thousand dollars except as otherwise stated.

(m) Comparative figures

No material adjustments have been made to prior year comparatives.

(n) Judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management evaluates its judgements, estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates may be significant to the financial statements are shown below:

Fair value of financial assets and financial liabilities
Financial assets and financial liabilities (including derivatives) are measured at fair value by reference to quoted market prices where available. The fair value of financial instruments that are not traded in an active market is determined by reference to market quotes for similar instruments or by use of valuation techniques. Valuation techniques may include applying trading margins to the swap curve or counterparty credit spreads for similar instruments, adjusted for changes in the credit worthiness of the counterparty. A margin may be applied based on the original purchase margin where an instrument is not actively traded.

Judgement may be applied in selecting valuation methods or assumptions where an active market quote is not available (refer notes 12 and 16).

Investments in Queensland Treasury Holdings Pty Ltd (QTH)
Queensland Treasury holds a 60% beneficial interest in QTH and 76% of the voting rights. The remaining 40% beneficial interest and 24% voting rights is held by QTC. QTC does not apply the equity method to its investment in QTH as it does not have control or significant influence over the entity, exposure or rights to variable returns or the power to affect those returns. Queensland Treasury controls the significant transactions and bears all the risks and benefits of QTH and accordingly, QTH is consolidated into the financial statements of Queensland Treasury.

Environmental, Social, and Governance (ESG) related impacts
The majority of QTC's assets (onlendings and cash and cash equivalents) are valued daily at fair value and therefore no further adjustment is required as a result of climate change, changes to laws and regulations or other policies adopted by governments or regulatory authorities. Counterparty credit risk and credit risk associated with QTC's clients is separately monitored by QTC (refer note 11(c)). ESG and other sustainability risks are key considerations in determining credit ratings. The majority of QTC's onlendings are guaranteed by the State, including lending to carbon intensive businesses.

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2025

3 Net gain/(loss) on financial instruments at fair value through profit or loss

Summary of material accounting policy

Gain/(loss) on financial assets and financial liabilities at fair value through profit or loss includes:

- net interest income and expense recognised under the accrual basis
- net realised gain/(loss) resulting from market rate movements recognised on settlement date from the sale of investments and the pre-redemption of borrowings, and
- net unrealised gain/(loss) resulting from market rate movements from investments, certain onlendings and borrowings.

	2025 $000	2024 $000
Net gain on financial assets at fair value through profit or loss		
Cash and cash equivalents	**166 534**	125 315
Financial assets at fair value through profit or loss	**1 485 265**	1 327 801
Derivatives	**519 380**	221 854
Onlendings	**7 941 474**	3 292 649
	10 112 653	4 967 619
Net loss on financial liabilities at fair value through profit or loss		
Derivatives	**(218 373)**	(242 755)
Financial liabilities at fair value through profit or loss		
- Short-term	**(303 534)**	(257 823)
- Long-term	**(8 756 197)**	(3 717 447)
Deposits	**(684 746)**	(563 302)
Other	**(19 552)**	(15 979)
	(9 982 402)	(4 797 306)

4 Administration and general expenses

	2025 $000	2024 $000
Salaries and related costs	**53 883**	43 997
Superannuation contributions	**4 755**	3 814
Special payments(1)	**770**	-
Contractors	**4 718**	4 541
Consultants' fees	**7 140**	3 934
Information and registry services	**4 791**	4 237
Depreciation and amortisation of other assets	**3 074**	2 715
Office occupancy	**2 014**	1 167
Information and communication technology	**15 547**	14 660
Other administration expenses	**5 099**	4 589
	101 791	83 654

(1) During 2024-25 ex-gratia payments over $5,000 were made to members of the Executive Leadership Committee on the cessation of their employment. These payments are disclosed within note 19(c).

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2025

5 Income tax expense

Summary of material accounting policy

QTC is exempt from the payment of income tax under section 50-25 of the Income Tax Assessment Act 1997 (as amended). QTC makes a payment in lieu of income tax to the State Consolidated Fund. The calculation of the income tax liability is based on the income of certain activities controlled by QTC's Capital Markets Operations. No income tax is payable on the SIO segment or a large part of the net gain/(loss) on financial instruments.

	2025 $000	2024 $000
Current tax	**20 441**	22 278
Deferred tax (benefit)/expense	**(3 383)**	294
Total income tax expense recognised in the year	**17 058**	22 572
Numerical reconciliation between income tax expense and pre-tax accounting profit		
Profit for the year before tax	**143 674**	189 383
Less profit from non-taxable portfolios:		
- Capital Markets Operations	**86 814**	114 143
Operating profit from taxable portfolios	**56 860**	75 240
Tax at the Australian tax rate of 30% on taxable portfolios	**17 058**	22 572

6 Cash and cash equivalents

Summary of material accounting policy

Cash and cash equivalents include cash on hand and on demand deposits which are highly liquid investments and readily convertible to cash.

	2025 $000	2024 $000
Cash at bank	**4 916 948**	7 632 966

For the year ended 30 June 2025

7 Financial assets at fair value through profit or loss

Summary of material accounting policy

Financial assets are recognised on the balance sheet when QTC becomes party to the contractual provisions of the financial instrument with gains and losses recognised in the statement of comprehensive income.

All financial assets are measured at fair value by reference to quoted market exit prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

	2025 $000	2024 $000
Discount securities	**15 733 409**	12 343 465
Commonwealth and state securities(1)	**1 561 855**	1 769 917
Floating rate notes	**12 326 601**	11 319 941
Term deposits	**6 433 700**	6 482 546
Other investments	**1 198 080**	1 267 685
	37 253 645	33 183 554

(1) QTC maintains holdings of its own securities. These holdings are netted off and therefore excluded from financial assets and financial liabilities at fair value through profit or loss.

As at 30 June 2025, $10.5 billion (2024: $8.7 billion) of financial assets will mature after 12 months.

8 Derivative financial assets and derivative financial liabilities

Summary of material accounting policy

All derivatives are measured at fair value through profit or loss with gains and losses recognised in the statement of comprehensive income. Derivatives are carried on the balance sheet as assets when the fair value is positive and as liabilities when the fair value is negative.

QTC uses derivative financial instruments to hedge its exposure to interest rate, foreign currency and credit risks as part of its asset and liability management activities. In addition, derivatives may be used to deliver long-term floating rate or long-term fixed rate exposure.

QTC may also enter into derivative transactions from time to time where instructed by its clients. When entering a derivative transaction with a client, QTC will concurrently execute a back-to-back principal transaction with a market counterparty resulting in QTC's payment and delivery obligations under the market transaction and the client transaction being on the same economic terms.

	2025 $000	2024 $000
Derivative financial assets		
Interest rate swaps	**261 857**	84 752
Cross currency swaps	**174 543**	75 162
Foreign exchange contracts	**4 990**	7 081
Futures contracts	**10 642**	2 897
	452 032	169 892
Derivative financial liabilities		
Interest rate swaps	**(128 042)**	(160 315)
Cross currency swaps	**(56 399)**	(66 065)
Foreign exchange contracts	**(57 089)**	(11 612)
Futures contracts	**(10)**	(35 415)
	(241 540)	(273 407)
Net derivatives	**210 492**	(103 515)

As at 30 June 2025, derivatives with a net asset position of $224.1 million have maturity dates exceeding 12 months (2024: net liability position of $102.4 million).

As at 30 June 2025, the value of the derivative transactions entered into by QTC on behalf of its clients was $30.1 million (2024: $32.8 million). These arrangements have back-to-back contracts between QTC and the client and QTC and the market, reducing the risk for QTC.

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2025

9 Onlendings

Summary of material accounting policy

QTC borrows from financial markets and lends to its clients at an interest rate based on QTC's cost of funds plus an administration fee to cover the cost of QTC's operations.

Onlendings are initially recognised at the amount drawn-down. Following initial recognition, onlendings are included in the balance sheet at fair value by reference to either the underlying debt portfolio, or in the case of fixed rate loans, on a discounted cash flow basis.

	2025 $000	2024 $000
Government departments and agencies	**60 611 338**	44 844 760
Government owned corporations	**33 047 844**	28 969 503
Statutory bodies	**19 586 085**	17 835 369
Local governments	**6 977 277**	6 301 907
QTC related entities(1)	**96 192**	97 997
Other bodies	**312 434**	212 789
	120 631 170	98 262 325

(1) QTC related entities includes DBCT Holdings Pty Ltd

At 30 June 2025, client deposits of $0.7 billion were placed in redraw facilities and offset the value of onlendings in the balance sheet (2024: $3.5 billion). The gross value of onlendings at 30 June 2025 was $121.3 billion (2024: $101.8 billion).

As at 30 June 2025, $122.7 billion of principal repayments of a total book value of $125.5 billion is expected to be received after 12 months (2024: $104.9 billion of a total book value of $106.6 billion).

10 Financial liabilities at fair value through profit or loss

(a) Interest-bearing liabilities

Interest-bearing liabilities mainly consist of short-term treasury notes, Australian bonds and floating rate notes. Australian bonds include QTC's domestic, capital indexed and public bonds.

	2025 $000	2024 $000
Interest-bearing liabilities		
Short-term		
Treasury notes	**3 877 827**	4 450 110
Commercial paper	**2 000 053**	780 319
	5 877 880	5 230 429
Long-term		
AUD Bonds	**124 821 163**	108 096 683
Floating rate notes	**15 750 955**	13 465 403
Medium-term notes(1)	**3 246 721**	863 685
Other	**270 347**	388 077
	144 089 186	122 813 848
Total interest-bearing liabilities	**149 967 066**	128 044 277

(1) In 2024-25, QTC issued an inaugural 10-year benchmark bond denominated in Euros. The market value of these bonds was $2.3 billion as at 30 June 2025.

72.7% (2024: 70.1%) of QTC borrowings are guaranteed by the State under the Act. As at 30 June 2025, $133.3 billion (2024: $113.8 billion) of debt securities are expected to be settled after more than 12 months.

Instruments denominated in foreign currency are fully hedged resulting in no net exposure to any foreign currency movements. Details of QTC's exposure to foreign currencies and the derivatives used to hedge this exposure are disclosed in note 11(a)(i).

As at 30 June 2025, QTC has issued Green Bonds with a market value of $12.4 billion (2024: $11.5 billion). QTC's Green Bond program supports the State's pathway to an environmentally sustainable economy.

10 Financial liabilities at fair value through profit or loss continued

(a) Interest-bearing liabilities continued

The difference between the carrying amount of financial liabilities and the amount contractually required to be paid at maturity to the holder of the obligation is set out in the following table:

AS AT 30 JUNE 2025	FAIR VALUE $000	REPAYMENT AT MATURITY $000	DIFFERENCE $000
Interest-bearing liabilities			
Short-term			
Treasury notes	**3 877 827**	**3 920 000**	**(42 173)**
Commercial paper	**2 000 053**	**2 025 396**	**(25 343)**
	5 877 880	**5 945 396**	**(67 516)**
Long-term			
AUD Bonds	**124 821 163**	**133 490 525**	**(8 669 362)**
Floating rate notes	**15 750 955**	**15 700 000**	**50 955**
Medium-term notes	**3 246 721**	**3 432 126**	**(185 405)**
Other	**270 347**	**269 630**	**717**
	144 089 186	**152 892 281**	**(8 803 095)**
Total interest-bearing liabilities	**149 967 066**	**158 837 677**	**(8 870 611)**

AS AT 30 JUNE 2024	FAIR VALUE $000	REPAYMENT AT MATURITY $000	DIFFERENCE $000
Interest-bearing liabilities			
Short-term			
Treasury notes	4 450 110	4 500 000	(49 890)
Commercial paper	780 319	791 817	(11 498)
	5 230 429	5 291 817	(61 388)
Long-term			
AUD Bonds	108 096 683	118 414 919	(10 318 236)
Floating rate notes	13 465 403	13 404 000	61 403
Medium-term notes	863 685	1 060 755	(197 070)
Other	388 077	399 645	(11 568)
	122 813 848	133 279 319	(10 465 471)
Total interest-bearing liabilities	128 044 277	138 571 136	(10 526 859)

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10 Financial liabilities at fair value through profit or loss continued

(b) Deposits

Client deposits are accepted to either the QTC Cash Fund or Working Capital Facility. Income derived from the investment of these deposits accrues to depositors daily. The amount shown in the balance sheet represents the market value of deposits held at balance date.

Collateral held is disclosed as deposits.

	2025 $000	2024 $000
Client deposits		
Local governments	**4 670 214**	3 374 968
Statutory bodies	**4 913 588**	3 850 108
Government departments and agencies	**2 136 702**	2 103 624
Government owned corporations	**65 867**	219 350
QTC related entities(1)	**104 591**	92 645
Other depositors	**364 492**	321 623
	12 255 454	9 962 318
Collateral held	**306 420**	109 894
Repurchase agreements	**2 715**	-
Total deposits	**12 564 589**	10 072 212

(1) *QTC related entities include Queensland Treasury Holdings Pty Ltd and its subsidiaries Brisbane Port Holdings Pty Ltd, DBCT Holdings Pty Ltd and Queensland Lottery Corporation Pty Ltd.*

As at 30 June 2025, $12.5 billion (2024: $10.0 billion) of the deposits will mature within 12 months.

11 Financial risk management

QTC's activities expose it to a variety of financial risks including market (such as foreign exchange risk, interest rate risk, and other price risk), funding, liquidity and credit risk. QTC's financial risk management focuses on minimising financial risk exposures and managing volatility and seeks to mitigate potential adverse effects of financial risks on the financial performance of QTC and its clients. To assist in managing financial risk, QTC uses derivative financial instruments such as foreign exchange contracts, interest rate swaps and futures contracts.

Robust systems are in place for managing financial risk and compliance. Adherence to financial risk policies is monitored daily. To ensure independence, measurement and monitoring of financial risks is performed by teams separate to those transacting.

All financial risk management activities are conducted within CMB-approved policies, as set out in the Financial Markets Risk Policy with new financial instruments approved by the Funding and Markets Committee on behalf of the CMB. Any breaches of the Financial Markets Risk Policy are escalated to management, the Chief Executive and the Funding and Markets Committee and presented at the next Board meeting as appropriate.

QTC endeavours to maintain adequate capital to support its business activities, risk profile and risk appetite in accordance with a Board-approved Capital Policy. The Capital position is reported to the Board at each Board meeting. The Capital Policy is reviewed and approved by the Board on an annual basis.

(a) Market risk

Market risk is the risk of incurring losses in positions arising from adverse movements in financial market prices. QTC is exposed to market risk arising from the impact of movements in foreign exchange rates and interest rates. QTC's exposure to market risk is through its borrowing and investment activities. This includes borrowing in advance of requirements to ensure Queensland public sector entities have ready access to funding when required and to reduce the risk associated with refinancing maturing loans.

As a consequence of market price movements, there are residual risk positions that may result in realised and unrealised accounting gains or losses being recorded during the year. Depending on whether these transactions are held to maturity, the unrealised gains or losses may be reversed in subsequent accounting periods.

11 Financial risk management continued

(a) Market risk continued

(i) Foreign exchange risk

QTC has funding facilities that allow for borrowing in foreign currencies. At times, QTC's Cash Fund invests in foreign currency assets. QTC enters into both forward exchange contracts and cross currency swaps to hedge the exposure of foreign currency borrowings and offshore investments from fluctuations in exchange rates. The following table summarises the hedging effect, in Australian dollars, that cross currency swaps and forward exchange contracts have had on the face value of offshore borrowings and investments.

	BORROWINGS		DERIVATIVE CONTRACTS		NET EXPOSURE	
	2025 $000	2024 $000	**2025 $000**	2024 $000	**2025 $000**	2024 $000
USD	**(2 025 396)**	(791 818)	**2 025 396**	791 818	-	-
CHF	**(210 725)**	(184 485)	**210 725**	184 485	-	-
JPY	**(159 277)**	(140 565)	**159 277**	140 565	-	-
EUR	**(3 062 124)**	(735 706)	**3 062 124**	735 706	-	-

(ii) Interest rate risk

QTC lends to clients based on a duration profile specified in the client mandates. QTC then manages any mismatch between the duration profile of client loans and QTC's funding within an Asset and Liability Mismatch Portfolio. Duration is a direct measure of the interest rate sensitivity of a financial instrument or a portfolio of financial instruments and quantifies the change in value of a financial instrument or portfolio due to interest rate movements. All costs or benefits of managing any mismatch between client loans and QTC's funding are passed on to the State, ensuring that QTC is effectively immunised from interest rate risk with respect to these portfolios.

QTC's interest rate risk, which results from borrowing in advance and investing surplus funds in high credit quality, highly liquid assets, is managed with consideration given to duration risk, yield curve risk, basis risk and Value-at-Risk (VaR).

QTC uses a CMB-approved VaR framework to manage QTC's exposure to market risk complemented by other measures such as defined stress tests. The VaR measure estimates the potential mark-to-market loss over a given holding period at a 99% confidence level. QTC uses the historical simulation approach to calculate VaR with a holding period of ten business days.

To manage the risk of non-parallel yield curve movements, QTC manages portfolio cash flows in a series of time periods so that the net interest rate risk in each time period can be measured. QTC enters into interest rate swaps and futures contracts to assist in the management of interest rate risk.

In QTC's Liquidity portfolios, interest rate swaps may be utilised to change the interest rate exposure of medium to long-term fixed rate borrowings into that of a floating rate borrowing. At times, fixed to floating interest rate swaps may be undertaken to generate a floating rate term liability profile or vice versa. QTC is exposed to basis risk when interest rate swaps are used in the Liquidity portfolios. Basis risk represents a mark-to-market exposure due to movements between the swap curve, as well as, bank bill and bond futures contracts and QTC's yield curve.

Client deposits in the QTC Cash Fund are invested on behalf of clients and returns received from these investments are passed onto QTC's clients except for mark-to-market gains or losses from credit spread movements. QTC generally holds these investments to maturity and therefore any mark-to-market impacts from credit spread changes are typically realised over the life of the assets.

(iii) Other price risk

During the year the Capital Markets Operations segment was not directly exposed to equity or commodity price changes.

11 Financial risk management continued

(b) Funding and liquidity risks

QTC has a robust internal framework whereby extensive liquidity scenario analysis and forecasting is undertaken to understand assumption sensitivities to ensure there is appropriate forward looking visibility of the State's liquidity position.

QTC debt is a Level 1 (prudentially required) asset for Australian banks under Basel III reforms with a zero per cent capital risk weighting. Even in difficult market circumstances, this generally ensures QTC debt is in high demand. Demand is further supported by the fact that QTC borrowings are guaranteed by the State (QTC has been rated AA+(negative)/Aa1(stable)/AA+(stable) by ratings agencies Standard & Poors, Moody's and Fitch respectively) and that QTC benchmark bonds are Reserve Bank of Australia (RBA) repurchase agreement eligible (repo eligible). The ability to readily issue debt is considered a potential source of liquidity.

QTC maintains appropriate liquidity to meet minimum requirements as defined by the Funding and Markets Committee of the CMB. Limits are set by the Funding and Markets Committee of the CMB and reviewed annually for the following metrics:

- QTC Liquidity Coverage Ratio – QTC must maintain a minimum liquidity balance sufficient to cover a stressed liquidity requirement over a set horizon.
- Standard & Poor's Liquidity Ratio – QTC must maintain a minimum ratio of liquid assets to debt servicing requirements at all times over a rolling 12 month horizon.
- Cash Flow Waterfall – QTC must maintain positive cash equivalents net of all inflows and outflows over a set horizon.

In addition to adhering to Board-approved metrics, QTC holds contingent liquid assets in the form of public sector entity deposits and investments owned through the SIO segment of QTC.

QTC maintains its AUD benchmark bond facility as its core medium to long-term funding facility and its domestic treasury note facility as its core short-term funding facility. In addition, QTC has in place a Green Bond program, Euro and US medium-term note facilities and Euro and US commercial paper facilities to take advantage of alternative funding opportunities in global markets. These facilities ensure that QTC is readily able to access both the domestic and international financial markets.

Deposits on account of the Cash Fund and Working Capital Facility are repayable at call while deposits held as security for stock lending and repurchase agreements are repayable when the security is lodged with QTC.

Except for deposits and payables, the maturity analysis for liabilities has been calculated based on the contractual cash flows relating to the repayment of the principal (face value) and interest amounts over the contractual terms.

Except for cash and receivables, the maturity analysis for assets has been calculated based on the contractual cash flows relating to repayment of the principal (face value) and interest amounts over the contractual terms.

In relation to client onlendings, certain loans are interest only with no fixed repayment date for the principal component (i.e. loans are made based on the quality of the client's business and its financial strength). For the purposes of completing the maturity analysis, the principal component of these loans has been included in the greater than five-year time band with no interest payment assumed in this time band.

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11 Financial risk management continued

(b) Funding and liquidity risks continued

The following table sets out the contractual cash flows relating to financial assets and financial liabilities held by QTC at balance date.

CONTRACTUAL MATURITIES AS AT 30 JUNE 2025	3 MONTHS OR LESS $000	3 - 6 MONTHS $000	6 - 12 MONTHS $000	1 - 5 YEARS $000	MORE THAN 5 YEARS $000	TOTAL $000	FAIR VALUE $000
Financial assets							
Cash and cash equivalents	**4 916 948**	**-**	**-**	**-**	**-**	**4 916 948**	**4 916 948**
Receivables	**31 780**	**-**	**-**	**-**	**-**	**31 780**	**31 780**
Onlendings[1]	**2 360 576**	**2 053 463**	**2 053 977**	**23 825 347**	**120 888 689**	**151 182 052**	**120 631 170**
Financial assets at fair value through profit or loss	**14 225 769**	**11 969 913**	**1 316 961**	**9 010 656**	**3 046 352**	**39 569 651**	**37 253 645**
Total financial assets	**21 535 073**	**14 023 376**	**3 370 938**	**32 836 003**	**123 935 041**	**195 700 431**	**162 833 543**
Financial Liabilities							
Payables	**(33 965)**	**-**	**-**	**-**	**-**	**(33 965)**	**(33 965)**
Deposits	**(10 458 443)**	**(2 012 856)**	**(973)**	**(8 513)**	**(85 792)**	**(12 566 577)**	**(12 564 589)**
Financial liabilities at fair value through profit or loss							
- Short-term	**(2 092 579)**	**(3 752 818)**	**(100 000)**	**-**	**-**	**(5 945 397)**	**(5 877 880)**
- Long-term	**(9 695 484)**	**(265 807)**	**(5 253 822)**	**(63 742 753)**	**(105 171 673)**	**(184 129 539)**	**(144 089 186)**
Total financial liabilities	**(22 280 471)**	**(6 031 481)**	**(5 354 795)**	**(63 751 266)**	**(105 257 465)**	**(202 675 478)**	**(162 565 620)**
Derivatives							
Interest rate swaps	**32 236**	**(6 317)**	**25 111**	**69 865**	**31 354**	**152 249**	**133 815**
Cross currency swaps	**(295)**	**(62 609)**	**(3 685)**	**(266 731)**	**(298 485)**	**(631 805)**	**118 144**
Foreign exchange contracts	**(42 512)**	**(5 346)**	**-**	**-**	**-**	**(47 858)**	**(52 099)**
Futures contracts	**-**	**-**	**-**	**2 032 700**	**681 600**	**2 714 300**	**10 632**
Net derivatives	**(10 571)**	**(74 272)**	**21 426**	**1 835 834**	**414 469**	**2 186 886**	**210 492**
Net (liabilities)/assets	**(755 969)**	**7 917 623**	**(1 962 431)**	**(29 079 429)**	**19 092 045**	**(4 788 161)**	**478 415**
Cumulative	**(755 969)**	**7 161 654**	**5 199 223**	**(23 880 206)**	**(4 788 161)**		

(1) A large proportion of QTC's onlendings are based on the quality of the business and financial strength of the client. Funds are on-lent on the basis of these businesses being going concerns and continuing to meet key credit metric criteria such as debt to capital and interest coverage ratios. Accordingly, a significant portion of the onlendings portfolio has a loan maturity profile that is greater than five years with the interest rate risk of these loans being managed based on the client's business risk such that the funding is structured on the underlying business profile. QTC's liability maturity profile can be shorter or longer than the asset maturity profile depending on investor demand for QTC bonds and client borrowing demand. While interest rate risk mismatches are hedged with swap and futures contracts, this approach requires QTC to undertake periodic refinancing of its liabilities.

11 Financial risk management continued

(b) Funding and liquidity risks continued

CONTRACTUAL MATURITIES AS AT 30 JUNE 2024	3 MONTHS OR LESS $000	3 - 6 MONTHS $000	6 - 12 MONTHS $000	1 - 5 YEARS $000	MORE THAN 5 YEARS $000	TOTAL $000	FAIR VALUE $000
Financial assets							
Cash and cash equivalents	7 632 966	-	-	-	-	7 632 966	7 632 966
Receivables	19 375	-	-	-	-	19 375	19 375
Onlendings[(1)]	1 956 015	1 605 294	1 605 783	18 756 631	102 435 875	126 359 598	98 262 325
Financial assets at fair value through profit or loss	10 754 417	13 032 337	1 323 908	8 290 205	1 392 416	34 793 283	33 183 554
Total financial assets	20 362 773	14 637 631	2 929 691	27 046 836	103 828 291	168 805 222	139 098 220
Financial liabilities							
Payables	(34 977)	-	-	-	-	(34 977)	(34 977)
Deposits	(7 941 096)	(2 030 853)	(929)	(10 400)	(85 792)	(10 069 070)	(10 072 212)
Financial liabilities at fair value through profit or loss							
- Short-term	(1 736 727)	(3 555 090)	-	-	-	(5 291 817)	(5 230 429)
- Long-term	(8 576 829)	(2 396 333)	(2 087 825)	(58 121 622)	(88 817 503)	(160 000 112)	(122 813 848)
Total financial liabilities	(18 289 629)	(7 982 276)	(2 088 754)	(58 132 022)	(88 903 295)	(175 395 976)	(138 151 466)
Derivatives							
Interest rate swaps	(21 544)	12 674	(14 236)	(41 765)	(17 721)	(82 592)	(75 563)
Cross currency swaps	(749)	(6 532)	(20 362)	(110 633)	(351 732)	(490 008)	9 097
Foreign exchange contracts	(88)	(2 554)	-	-	-	(2 642)	(4 531)
Futures contracts	(3 750 000)	(31 000 000)	7 206 000	1 872 300	1 941 500	(23 730 200)	(32 518)
Net derivatives	(3 772 381)	(30 996 412)	7 171 402	1 719 902	1 572 047	(24 305 442)	(103 515)
Net (liabilities)/assets	(1 699 237)	(24 341 057)	8 012 339	(29 365 284)	16 497 043	(30 896 196)	843 239
Cumulative	(1 699 237)	(26 040 294)	(18 027 955)	(47 393 239)	(30 896 196)		

(1) *A large proportion of QTC's onlendings are based on the quality of the business and financial strength of the client. Funds are on-lent on the basis of these businesses being going concerns and continuing to meet key credit metric criteria such as debt to capital and interest coverage ratios. Accordingly, a significant portion of the onlendings portfolio has a loan maturity profile that is greater than five years with the interest rate risk of these loans being managed based on the client's business risk such that the funding is structured on the underlying business profile. QTC's liability maturity profile can be shorter or longer than the asset maturity profile depending on investor demand for QTC bonds and client borrowing demand. While interest rate risk mismatches are hedged with swap and futures contracts, this approach requires QTC to undertake periodic refinancing of its liabilities.*

11 Financial risk management continued

(c) Credit risk

(i) Financial markets counterparties

Financial markets credit exposure is estimated as the potential loss at balance date associated with QTC's investments in the Cash Fund and other direct investments in financial instruments. In addition, QTC has credit exposure in the form of derivative contracts. Credit risk is the risk that these counterparties are not able to meet the payment obligations associated with QTC's investments.

The credit exposure for non-derivative investments is calculated daily based on the higher of the market value or face value of the instrument. In contrast, exposure to derivative contracts is based only on a notional 'add-on' factor applied to the value of the instrument. The 'add-on' factor varies depending on the type of derivative. Derivatives are marked-to-market daily with zero thresholds under all QTC's credit support annexes. QTC uses collateral arrangements to limit its exposure to counterparties with which it trades derivatives (refer note 11(c)(iv) master netting arrangements).

The following tables represent QTC's exposure to credit risk at 30 June:

BY CREDIT RATING(1) 30 JUNE 2025	AAA $000	AA+ $000	AA $000	AA- $000	A+ $000	A $000	OTHER(2) $000	TOTAL $000
Cash & cash equivalents	**-**	**-**	**-**	**4 916 948**	**-**	**-**	**-**	**4 916 948**
Financial assets(3)	**1 457 216**	**971 980**	**619 326**	**28 966 066**	**1 241 064**	**2 452 989**	**128 968**	**35 837 609**
Derivatives	**-**	**-**	**-**	**119 570**	**15 241**	**-**	**-**	**134 811**
	1 457 216	**971 980**	**619 326**	**34 002 584**	**1 256 305**	**2 452 989**	**128 968**	**40 889 368**
	4%	**2%**	**2%**	**83%**	**3%**	**6%**	**0%**	**100%**

BY CREDIT RATING(1) 30 JUNE 2024	AAA $000	AA+ $000	AA $000	AA- $000	A+ $000	A $000	OTHER(2) $000	TOTAL $000
Cash & cash equivalents	-	-	-	7 632 966	-	-	-	7 632 966
Financial assets(3)	860 854	938 000	612 937	24 845 278	3 073 631	1 824 150	226 399	32 381 249
Derivatives	-	-	-	58 053	8 176	-	7 292	73 521
	860 854	938 000	612 937	32 536 297	3 081 807	1 824 150	233 691	40 087 736
	2%	2%	1%	81%	8%	5%	1%	100%

(1) Credit rating as per Standard & Poor's or equivalent agency
(2) Includes long-term ratings of A- and BBB+, or a short term rating of A-1+ & A-2
(3) Financial assets are based on unsettled face value and consist mainly of discount securities, Commonwealth and State securities, floating rate notes and term deposits

QTC has a significant concentration of credit risk to the banking sector and in particular, the domestic banking sector. At 30 June 2025, QTC's exposure to systemically important domestic banks (which are rated AA-) was approximately 70% (2024: 74%). QTC's concentrated investment exposure to domestic banks reflects the structure of the Australian credit markets whereby these markets are dominated by issuance from Australian banks rather than corporations and other entities. Due to this structure, QTC executes a range of risk management processes to deliver a heightened and continuous monitoring of the domestic and global banking sectors and the credit markets they operate within. These measures consist of weekly counterparty exposure reporting, credit reviews of QTC's counterparties, monitoring of ratings agency assessments and market developments relating to the credit quality of counterparties, and thematic reporting on macro and event-driven developments. This credit risk management framework is used to inform decisions on credit limits within Board appetite and to assist decision making in managing these exposures (such as altering investments or duration).

QTC adopts a cautious approach to the management of credit risk with a strong bias to high credit quality counterparties. QTC has a requirement to invest with counterparties rated BBB+ or higher, that have their head offices in politically stable countries with strong legal and regulatory frameworks associated with financial institutions and financial markets.

QTC's Board establishes maximum counterparty dollar value and term limits related to issuer credit ratings. Actual limits for individual counterparties will be within these Board limits and depend on a range of factors including an assessment against key credit risk metrics and characteristics of their Australian dollar funding program.

Ratings agencies are used as the prime source of credit ratings information by QTC's credit team. This information is supported by the credit team's own credit analysis methodology and practice for exposure monitoring and reporting.

11 Financial risk management continued

(c) Credit risk continued

(ii) Onlending counterparties

QTC is also exposed to the credit risk associated with onlendings to clients. Except for some small exposures to private companies, QTC onlends funds to Queensland Government sector entities (including Queensland Treasury, statutory bodies and Government owned corporations) and non-State Government entities (including local governments, universities and grammar schools).

72.7% of QTC's onlendings (2024: 70.1%) are explicitly guaranteed by the State, including all debt held by clients operating in key Environmental, Social and Governance (ESG) impacted areas such as coal-based power generation. QTC is directly exposed to credit default risk to the extent of its non-guaranteed lending of approximately $32.3 billion at 30 June 2025 (2024: $28.7 billion).

QTC's outstanding client onlending exposures are actively monitored in accordance with approved Client Credit Procedures. These procedures include regular Credit Reviews and covenant monitoring to ensure all counterparties maintain adequate debt serviceability and long-term financial stability.

QTC has a robust credit assessment and ratings methodology in place that informs its onlending recommendations to the State. This methodology includes analysis of quantitative and qualitative factors (industry, regional, demographic and economic characteristics) across a number of years. An assessment of a client's performance against key credit metrics is made and borrowing recommendations are appraised by an independent Credit Committee prior to being communicated to the State.

QTC adopts a cautious risk appetite to ensure onlendings are provided to clients with satisfactory credit profiles, or where directed by the State. The majority of QTC's onlending clients maintain an adequate financial buffer to manage short term financial shocks, though longer term financial impacts may adversely affect their performance. Of the non-guaranteed onlending, over 99 per cent has been provided to clients that have been assigned a credit rating of Moderate or above by QTC. QTC's Moderate credit rating approximates to an Investment Grade rating used by the major rating agencies.

(iii) Fair value attributable to credit risk of QTC's liabilities

The majority of QTC's borrowings are guaranteed by the State. As a result, credit risk is not a significant factor in the determination of fair value. Changes in fair value are mainly attributable to the market fluctuations.

(iv) Master netting arrangements

QTC enters into all derivative transactions under International Swaps and Derivatives Association (ISDA) Master Agreements. QTC does not currently have any master netting arrangements where a default event has occurred, and therefore presents all derivative financial instruments on a gross basis in the statement of comprehensive income. QTC also has Credit Support Annexes in place with each ISDA, under which collateral is transferred every business day. This further reduces QTC's credit exposure.

The following table presents the financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset. The column 'net amount' shows the impact on QTC's balance sheet if all set-off rights were exercised.

		RELATED TO AMOUNTS NOT SET OFF IN THE BALANCE SHEET	
	GROSS AND NET AMOUNTS ON THE BALANCE SHEET	CASH COLLATERAL RECEIVED OR GIVEN	NET AMOUNT
	$000	$000	$000
2025			
Derivative assets:			
- subject to master netting arrangements	**452 032**	**(402 100)**	**49 932**
Derivative liabilities:			
- subject to master netting arrangements	**(241 540)**	**222 063**	**(19 477)**
Net exposure	**210 492**	**(180 037)**	**30 455**
2024			
Derivative assets:			
- subject to master netting arrangements	169 892	(158 049)	11 843
Derivative liabilities:			
- subject to master netting arrangements	(273 407)	360 032	86 625
Net exposure	(103 515)	201 983	98 468

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12 Fair value hierarchy

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13 *Fair Value Measurement.* The fair value hierarchy is categorised into three levels based on the observability of the inputs used.

- Level 1 – quoted prices (unadjusted) in active markets that QTC can access at measurement date for identical assets and liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All QTC's financial instruments at fair value through profit or loss are valued with reference to either quoted market prices or observable inputs, with no significant adjustments applied to instruments held. QTC holds no Level 3 financial instruments.

Financial assets classified as Level 1 consist primarily of short-term and tradeable bank deposits, Commonwealth and semi-government bonds and futures contracts where an active market has been established.

Financial assets classified as Level 2 include non-actively traded corporate and semi-government bonds, certain money market securities, floating rate notes, term deposits, QTC onlendings and over-the-counter derivatives. The principal inputs in determining fair value include benchmark interest rates such as interbank rates, quoted interest rates in the swap, bond and futures markets, trading margins to the swap curve and counterparty credit spreads for similar instruments adjusted for changes in the credit worthiness of the counterparty. A margin may be applied based on the original purchase margin where the instrument is not actively traded. QTC onlendings are priced based on the underlying liability portfolio.

Financial liabilities classified as Level 1 consist of QTC benchmark bonds.

Financial liabilities classified as Level 2 include commercial paper, treasury notes, medium-term notes, floating rate notes, and client deposits. The principal inputs in determining fair value include benchmark interest rates such as interbank rates and quoted interest rates in the swap and bond markets. Valuations may include a fixed margin to risk free rate (RFR) or swap curve. Client deposits are principally held in the QTC Cash Fund, which is capital guaranteed.

Over-the-counter derivatives are typically valued as Level 2 and include FX forwards, FX swaps, interest rate and cross currency swaps. The principal inputs in determining fair value include quoted interest rates in the swap market, spot FX rates and basis curves.

QTC applies mid-market pricing as a practical and consistent method for fair value measurements within the bid-ask spread.

Classification of instruments into fair value hierarchy levels is reviewed annually and where there has been a significant change to the valuation inputs and a transfer is deemed to occur, this is effected at the end of the relevant reporting period.

12 Fair value hierarchy continued

AS AT 30 JUNE 2025	QUOTED PRICES LEVEL 1 $000	OBSERVABLE INPUTS LEVEL 2 $000	TOTAL $000
Financial assets			
Cash and cash equivalents	**4 916 948**	**-**	**4 916 948**
Financial assets through profit or loss	**23 968 883**	**13 284 762**	**37 253 645**
Derivative financial assets	**10 642**	**441 390**	**452 032**
Onlendings	**-**	**120 631 170**	**120 631 170**
Total financial assets	**28 896 473**	**134 357 322**	**163 253 795**
Financial liabilities			
Derivative financial liabilities	**10**	**241 530**	**241 540**
Financial liabilities through profit or loss			
- Short-term	**-**	**5 877 880**	**5 877 880**
- Long-term	**109 418 380**	**34 670 806**	**144 089 186**
Deposits	**-**	**12 564 589**	**12 564 589**
Total financial liabilities	**109 418 390**	**53 354 805**	**162 773 195**

QTC holds no Level 3 financial instruments.
There were no transfers between levels during the year ended 30 June 2025 and 30 June 2024.

AS AT 30 JUNE 2024	QUOTED PRICES LEVEL 1 $000	OBSERVABLE INPUTS LEVEL 2 $000	TOTAL $000
Financial assets			
Cash and cash equivalents	7 632 966	-	7 632 966
Financial assets through profit or loss	22 199 430	10 984 124	33 183 554
Derivative financial assets	2 897	166 995	169 892
Onlendings	-	98 262 325	98 262 325
Total financial assets	29 835 293	109 413 444	139 248 737
Financial liabilities			
Derivative financial liabilities	35 415	237 992	273 407
Financial liabilities through profit or loss			
- Short-term	-	5 230 429	5 230 429
- Long-term	92 699 172	30 114 676	122 813 848
Deposits	-	10 072 212	10 072 212
Total financial liabilities	92 734 587	45 655 309	138 389 896

QTC holds no Level 3 financial instruments.

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2025

13 Notes to the statement of cash flows

(a) Reconciliation of profit after tax to net cash provided by operating activities

	2025 $000	2024 $000
Profit for the year	**126 616**	166 811
Non-cash flows in operating surplus		
Loss on interest-bearing liabilities	**4 331 222**	246 531
Loss on deposits held	**18**	38
(Gain)/loss on onlendings	**(3 663 651)**	174 509
Gain on financial assets at fair value through profit or loss	**(343 032)**	(139 557)
Depreciation and amortisation	**3 074**	2 715
Changes in assets and liabilities		
(Increase)/decrease in financial assets at fair value through profit or loss	**(8 212)**	198 326
(Increase)/decrease in deferred tax asset	**(3 383)**	322
Increase in onlendings	**(58 024)**	(27 173)
Increase in receivables	**(12 180)**	(8 186)
Decrease in interest-bearing liabilities	**(2 463 964)**	(2 235 006)
Increase in deposits	**4 027**	4 592
Increase in payables and other liabilities	**8 022**	5 309
Net cash used in operating activities	**(2 079 467)**	(1 610 769)

(b) Reconciliation of liabilities arising from financing activities

AS AT 30 JUNE 2025	OPENING BALANCE $000	CASH FLOWS $000	FAIR VALUE MOVEMENT $000	FOREIGN EXCHANGE MOVEMENT $000	OTHER NON-CASH MOVEMENTS $000	CLOSING BALANCE $000
Interest-bearing liabilities(1)	**128 317 684**	**20 023 664**	**4 161 776**	**169 446**	**(2 463 964)**	**150 208 606**
Deposits	**10 072 212**	**2 488 332**	**18**	**-**	**4 027**	**12 564 589**
Dividend paid	**-**	**(500 000)**	**-**	**-**	**500 000**	**-**
	138 389 896	**22 011 996**	**4 161 794**	**169 446**	**(1 959 937)**	**162 773 195**

AS AT 30 JUNE 2024	OPENING BALANCE $000	CASH FLOWS $000	FAIR VALUE MOVEMENT $000	FOREIGN EXCHANGE MOVEMENT $000	OTHER NON-CASH MOVEMENTS $000	CLOSING BALANCE $000
Interest-bearing liabilities(1)	118 772 985	11 533 174	256 378	(9 847)	(2 235 006)	128 317 684
Deposits	10 307 948	(240 366)	38	-	4 592	10 072 212
Dividend paid	-	-	-	-	-	-
	129 080 933	11 292 808	256 416	(9 847)	(2 230 414)	138 389 896

(1) *Includes derivatives*

Notes to the Financial Statements

State Investment Operations

For the year ended 30 June 2025

14 Financial instruments at fair value through profit or loss

Summary of material accounting policy – classification and measurement

Financial instruments on initial recognition are classified into the following categories:

- financial assets at fair value through profit or loss, and
- financial liabilities at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include investments held in unit trusts managed by QIC. These investments include cash, international equities and other diversified products, which are measured at market value based on a hard close unit price quoted by QIC (adjusted for fees outstanding on the account and net of any GST recoverable) for the end of the financial year.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of FRNs issued to the State in exchange for portfolios of assets. The FRNs were initially recognised at a value that equated to the fair value of the financial assets contributed by the State. The FRNs will terminate upon the greater of 50 years from the initial transaction date or the date that the FRNs are repaid in full. The market value of the FRNs is payable by QTC to the State. Interest on the FRNs is capitalised monthly. The FRN interest rate may be varied by the State under the terms of their corresponding agreements.

Recognising the direct relationship between the FRNs and the assets of SIO, financial liabilities at fair value through profit or loss are determined by reflecting the changes (including market value movements) in the value of the invested assets of the portfolio, as equivalent market value movements in the FRNs. That is, any difference between the return paid by QTC on the FRNs and the return received by QTC on the invested assets is recognised as a market value adjustment to the value of the FRNs, eliminating any accounting mismatch between the financial assets and liabilities in this segment.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		2025	
	LTA(1) $000	QFF(2) $000	TOTAL STATE INVESTMENT OPERATIONS $000
Investments in unit trusts and other holdings - QIC:			
Movement during the year:			
Opening balance	**36 775 389**	**9 772 830**	**46 548 219**
Deposits(3)	**636 348**	**553 553**	**1 189 901**
Withdrawals(3)	**(4 655 904)**	**-**	**(4 655 904)**
Fees paid	**(221 342)**	**(66 128)**	**(287 470)**
Net change in fair value of unit trusts	**4 769 853**	**1 605 022**	**6 374 875**
Closing balance	**37 304 344**	**11 865 277**	**49 169 621**

(1) The LTA are assets held to fund the defined benefit superannuation and other long-term obligations of the State as well as assets to support other State initiatives.

(2) At 30 June 2025, the only sub fund of the QFF is the DRF. The DRF was established to support both the State's credit rating and generate returns to reduce the State's debt burden.

(3) For every investment deposited or withdrawn from the LTA or QFF, there is an equivalent increase or decrease to the corresponding FRN.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		2024	
	LTA(1) $000	QFF(2) $000	TOTAL STATE INVESTMENT OPERATIONS $000
Investments in unit trusts and other holdings - QIC:			
Movement during the year:			
Opening balance	35 138 700	8 336 101	43 474 801
Deposits(3)	630 832	-	630 832
Withdrawals(3)	(4 444 482)	-	(4 444 482)
Fees paid	(214 417)	(54 126)	(268 543)
Net change in fair value of unit trusts	5 664 756	1 490 855	7 155 611
Closing balance	36 775 389	9 772 830	46 548 219

(1) The LTA are assets held to fund the defined benefit superannuation and other long-term obligations of the State as well as assets to support other State initiatives.
(2) At 30 June 2024, the only sub fund of the QFF is the DRF. The DRF was established to support both the State's credit rating and generate returns to reduce the State's debt burden.
(3) For every investment deposited or withdrawn from the LTA or QFF, there is an equivalent increase or decrease to the corresponding FRN

Notes to the Financial Statements

State Investment Operations

For the year ended 30 June 2025

14 Financial instruments at fair value through profit or loss continued

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2025		
	LTA[1] $000	QFF[2] $000	TOTAL STATE INVESTMENT OPERATIONS $000
Comprised of the following asset class:			
Defensive assets			
Cash	**5 670 251**	**1 484 738**	**7 154 989**
Fixed interest	**1 139 315**	**332 473**	**1 471 788**
Growth assets			
Equities	**8 173 553**	**3 644 249**	**11 817 802**
Diversified alternatives	**6 858 068**	**1 543 215**	**8 401 283**
Unlisted assets			
Infrastructure	**4 766 132**	**1 505 875**	**6 272 007**
Private equity	**3 140 097**	**984 695**	**4 124 792**
Real estate	**7 199 181**	**2 337 110**	**9 536 291**
Currency overlay	**357 747**	**32 922**	**390 669**
	37 304 344	**11 865 277**	**49 169 621**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2024		
	LTA[1] $000	QFF[2] $000	TOTAL STATE INVESTMENT OPERATIONS $000
Comprised of the following asset class:			
Defensive assets			
Cash	3 584 583	1 240 867	4 825 450
Fixed interest	1 778 373	443 846	2 222 219
Growth assets			
Equities	9 123 743	3 605 133	12 728 876
Diversified alternatives	6 903 237	1 196 452	8 099 689
Unlisted assets			
Infrastructure	4 994 259	896 991	5 891 250
Private equity	3 575 774	381 447	3 957 221
Real estate	6 649 325	1 976 164	8 625 489
Currency overlay	166 095	31 930	198 025
	36 775 389	9 772 830	46 548 219

(1) The LTA are assets held to fund the defined benefit superannuation and other long-term obligations of the State as well as assets to support other State initiatives.
(2) The only sub fund of the QFF is the DRF. The DRF was established to support both the State's credit rating and generate returns to reduce the State's debt burden.

Notes to the Financial Statements

State Investment Operations

For the year ended 30 June 2025

14 Financial instruments at fair value through profit or loss continued

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	2025		
	LTA[1] $000	QFF[2] $000	TOTAL STATE INVESTMENT OPERATIONS $000
Fixed rate notes			
Movement during the year			
Opening balance	**36 775 389**	**9 772 830**	**46 548 219**
Increases[3]	**636 348**	**553 553**	**1 189 901**
Interest	**2 284 992**	**680 698**	**2 965 690**
Decreases[3]	**(4 655 904)**	**-**	**(4 655 904)**
Net change in fair value of the fixed rate note[4]	**2 263 519**	**858 196**	**3 121 715**
Closing balance	**37 304 344**	**11 865 277**	**49 169 621**

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	2024		
	LTA[1] $000	QFF[2] $000	TOTAL STATE INVESTMENT OPERATIONS $000
Fixed rate notes			
Movement during the year			
Opening balance	35 138 700	8 336 101	43 474 801
Increases[3]	630 832	-	630 832
Interest	2 268 304	570 905	2 839 209
Decreases[3]	(4 444 482)	-	(4 444 482)
Net change in fair value of the fixed rate note[4]	3 182 035	865 824	4 047 859
Closing balance	36 775 389	9 772 830	46 548 219

(1) The LTA are assets held to fund the defined benefit superannuation and other long term obligations of the State as well as assets to support other State initiatives.
(2) The only sub fund of the QFF is the DRF. The DRF was established to support both the State's credit rating and generate returns to reduce the State's debt burden.
(3) For every investment deposited or withdrawn from the LTA or QFF, there is an equivalent increase or decrease to the corresponding FRN.
(4) The positive/negative net change in the fair value of the fixed rate notes for 2025, reflects the higher/lower returns achieved on the invested assets when compared to the interest paid by QTC on the FRN of 7%. In the previous year, the return on assets was positive, reflecting higher returns achieved on the invested assets when compared to the interest paid by QTC on the FRN of 6.5%.

Notes to the Financial Statements

State Investment Operations

For the year ended 30 June 2025

15 Financial risk management

QTC also holds a portfolio of assets that was transferred to QTC by the State but is managed by QIC on behalf of SIAB. SIAB members include representatives from Queensland Treasury and four external members with experience in investment management and governance.

The assets of SIO are invested in unlisted unit trusts held with QIC. The trusts hold investments in a variety of financial instruments including derivatives, which expose these assets to market risk, liquidity risk and credit risk. Market risk arises due to changes in interest rates, foreign exchange rates, property prices and equity prices. However, as these investments are long-term in nature, market fluctuations are expected to even out over the term of the investment.

SIAB determines the investment objectives, risk profiles and strategy for the invested assets of the SIO segment within the framework provided by the State. It is responsible for formulating a strategic asset allocation to achieve the objectives of the investments in line with the required risk profile. The invested assets of the SIO segment are therefore distinct from QTC's CMB and day-to-day Capital Markets Operations and are the responsibility of SIAB and its appointed investment manager (QIC).

QIC provides assistance to SIAB in discharging its responsibilities. As the State's investment manager, QIC is responsible for implementing the investment strategy of each portfolio of invested assets of the SIO segment. QIC's role includes recommending investment product objectives, risk profiles and strategic asset allocations to achieve objectives within the targets and risk controls set. SIAB oversees QIC's implementation and monitors adherence to the targets, risk controls and limits under which QIC is approved to manage the invested assets of the SIO segment.

QIC has established risk management policies to identify and analyse risk, and to set risk limits and controls that comply with SIAB's instructions. QIC's risk control framework is confirmed in a GS007 report signed by the Auditor-General of Queensland.

The interest rate applicable on the FRN liabilities of QTC for both the LTA and the QFF portfolios is set at 7% per annum (2024: 6.5%) on the book value of the notes.

(a) Market risk

The assets of SIO expose QTC to market risk, including interest rate risk, foreign currency risk, property price risk and equity price risk, resulting from its investments in unit trusts and the underlying movement in the net asset values through these trusts. While the portfolios do not have direct exposure to interest rate, foreign currency and credit risk, the unit price of the fund in which the assets are invested will change in response to the market's perception of changes in these underlying risks.

Market risk is mitigated through diversified portfolios of investments in unit trusts held with QIC in accordance with the investment strategies approved by SIAB. The investment strategy targets a diversified portfolio across a broad range of asset classes.

QIC adheres to prudential controls contained in the Investment Management Agreement for each portfolio of assets. Under these agreements, derivative products are not permitted to be used for speculative purposes but are used as hedging instruments against existing positions or for efficient trading and asset allocation purposes to assist in achieving the overall investment returns and volatility objectives of the portfolio.

A sensitivity analysis for the key types of market risk that apply to the investments of the funds has been undertaken by QIC. QIC has provided a range of reasonably possible changes in key risk variables including the ASX 200 Index, the MSCI World ex Australia Equities Index, the Reserve Bank of Australia official cash rate, the US Federal Reserve official cash rate and real estate capitalisation rates.

The foreign currency exposure of SIO is managed at a whole of portfolio level rather than at an individual asset class level. For this reason, sensitivity to foreign exchange rate movements has been shown as a currency overlay on the whole portfolios.

Based on changes to key risk variables and applying a range of valuation methodologies, a reasonably possible change in value of applicable investments held at 30 June is as follows:

	2025 CHANGE		2025 PROFIT/EQUITY		2024 CHANGE		2024 PROFIT/EQUITY	
	Low %	High %	Decrease $000	Increase $000	Low %	High %	Decrease $000	Increase $000
Cash and fixed interest(1)	**-16%**	**16%**	**(1 375 971)**	**1 375 971**	-10%	10%	(722 386)	722 386
Equities	**-16%**	**16%**	**(1 884 939)**	**1 884 939**	-10%	10%	(1 304 710)	1 304 710
Diversified alternatives(2)	**-16%**	**16%**	**(1 340 005)**	**1 340 005**	-10%	10%	(830 218)	830 218
Infrastructure	**-16%**	**16%**	**(1 000 385)**	**1 000 385**	-10%	10%	(603 853)	603 853
Private equities	**-16%**	**16%**	**(657 904)**	**657 904**	-10%	10%	(405 615)	405 615
Real estate	**-16%**	**16%**	**(1 521 039)**	**1 521 039**	-10%	10%	(884 113)	884 113
Currency overlay	**-16%**	**16%**	**(62 312)**	**62 312**	-10%	10%	(20 298)	20 298
			(7 842 555)	**7 842 555**			(4 771 193)	4 771 193

(1) Cash and fixed interest include exposure to interest rate and inflation overlays on hedging instruments.
(2) Diversified alternatives include exposure to both price and interest rate risk.

(b) Liquidity risk

No external cash flows are generated by QTC from SIO. Deposits and withdrawals from SIO result in a corresponding change to the value of the FRNs. Interest owing to Treasury on the FRNs is capitalised, as are returns and fees to the SIO. As such, daily movements in these cash flows do not expose QTC to liquidity risk.

(c) Credit risk

QIC is responsible for implementing the investment strategy for SIO. The investment strategy targets a widely diversified portfolio of assets across a broad range of asset classes, helping to minimise credit risk.

16 Fair value hierarchy

Financial instruments have been classified in accordance with the hierarchy described in AASB 13 *Fair Value Measurement*, as per note 12.

AS AT 30 JUNE 2025	OBSERVABLE INPUTS LEVEL 2 $000	UNOBSERVABLE INPUTS LEVEL 3 $000	TOTAL $000
Cash and cash equivalents	**7 154 989**	**-**	**7 154 989**
Fixed interest	**1 471 788**	**-**	**1 471 788**
Equities	**11 817 802**	**-**	**11 817 802**
Diversified alternatives	**-**	**8 401 283**	**8 401 283**
Infrastructure	**393 080**	**5 878 927**	**6 272 007**
Private equities	**-**	**4 124 792**	**4 124 792**
Real estate	**631 334**	**8 904 957**	**9 536 291**
Currency overlay	**390 669**	**-**	**390 669**
Total financial assets	**21 859 662**	**27 309 959**	**49 169 621**
Financial liabilities			
Fixed rate note - LTA	**-**	**37 304 344**	**37 304 344**
Fixed rate note - QFF	**-**	**11 865 277**	**11 865 277**
Total financial liabilities	**-**	**49 169 621**	**49 169 621**

There were no transfers between levels during the year ended 30 June 2025.

AS AT 30 JUNE 2025	OBSERVABLE INPUTS LEVEL 2 $000	UNOBSERVABLE INPUTS LEVEL 3 $000	TOTAL $000
Cash and cash equivalents	4 825 450	-	4 825 450
Fixed interest	2 222 219	-	2 222 219
Equities	12 728 876	-	12 728 876
Diversified alternatives	-	8 099 689	8 099 689
Infrastructure	-	5 891 250	5 891 250
Private equities	-	3 957 221	3 957 221
Real estate	552 471	8 073 018	8 625 489
Currency overlay	198 025	-	198 025
Total financial assets	20 527 041	26 021 178	46 548 219
Financial liabilities			
Fixed rate note- LTA	-	36 775 389	36 775 389
Fixed rate note- QFF	-	9 772 830	9 772 830
Total financial liabilities	-	46 548 219	46 548 219

Assets classified as diversified alternative assets were transferred from level 2 to level 3 during the year ended 30 June 2024.

Investments in unit trusts are valued by QIC using fair value methodologies adjusted for fees outstanding. QIC reports the net asset value based on the unit price at measurement date.

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State Investment Operations

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16 Fair value hierarchy continued

(a) Level 3 financial assets and liabilities - valuation techniques utilising significant unobservable inputs

Valuations of investments in unit trusts that are Level 3 in the fair value hierarchy are based on the prices of the assets underlying these unit trusts. Investments in unlisted externally managed investment schemes are valued by QIC based on the latest available net asset value advised by the fund manager. Where the fund invests in illiquid assets, the investments are priced by independent valuers as there is no readily observable market price.

In some instances, the prices advised by QIC are based on unaudited valuation statements provided by the external managers of underlying investments that relate to a date prior to 30 June 2025. QIC continues to monitor and provide updated advice to QTC on the potential impact on the value of these investments arising from the subsequent receipt of updated valuations from external managers and audited financial statements.

While QTC utilises the unit price of investments provided by QIC at the relevant reporting date to report the fair value of the investments, the table below shows the valuation techniques used to calculate the unit price for the Level 3 fair values and the significant unobservable inputs used.

CLASS	VALUATION TECHNIQUE	UNOBSERVABLE INPUTS
Diversified alternatives	Based on valuations provided by an independent external valuer or external manager in accordance with relevant industry standards	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Infrastructure	Based on valuations provided by an independent external valuer or external manager in accordance with relevant industry standards	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Private equities	Based on valuations provided by an independent external valuer or external manager in accordance with International Private Equity and Venture Capital Valuation Guidelines	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Real estate	Based on valuations provided by an independent external valuer or external manager in accordance with Australian Property Institute's valuation and Property Standards	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Fixed Rate Notes	Based on the value of the corresponding portfolio of assets in the SIO segment	The valuation is based on the fair values of the related assets which are derived using Level 3 inputs

(b) Reconciliation of Level 3 fair value movements

The table below shows the breakdown of gains and losses in respect of Level 3 fair values.

30 JUNE 2025 ASSET CLASS	OPENING BALANCE $000	DISTRIBUTIONS(1) $000	UNREALISED MARKET MOVEMENTS(1) $000	SETTLEMENTS(1) $000	TRANSFERS $000	CLOSING BALANCE $000
Diversified alternatives	8 099 689	(848 698)	114 752	1 035 540	-	8 401 283
Infrastructure	5 891 250	(807 216)	769 205	25 688	-	5 878 927
Private equities	3 957 221	(348 713)	464 331	51 953	-	4 124 792
Real estate	8 073 018	(105 713)	983 922	(46 270)	-	8 904 957

(1) Data in the above table is based on movements in the unit trusts that hold the assets.

30 JUNE 2024 ASSET CLASS	OPENING BALANCE $000	DISTRIBUTIONS(1) $000	UNREALISED MARKET MOVEMENTS(1) $000	SETTLEMENTS(1) $000	TRANSFERS $000	CLOSING BALANCE $000
Diversified alternatives	4 321 352	(7 222)	551 233	(411 108)	3 645 434(2)	8 099 689
Infrastructure	5 205 250	(36 412)	702 160	20 252	-	5 891 250
Private equities	3 987 945	(15 976)	18 977	(33 725)	-	3 957 221
Real estate	6 824 551	(23 790)	1 267 596	4 661	-	8 073 018

(1) Data in the above table is based on movements in the unit trusts that hold the assets.
(2) Diversified alternative assets were transferred from level 2 to level 3 during the year ended 30 June 2024.

FRN movements are disclosed in note 14.

(c) Level 3 – Sensitivity analysis

Note 15 provides the impact to a change in market prices in respect of all asset classes including those categorised as Level 3.

Notes to the Financial Statements

Other Information

For the year ended 30 June 2025

17 Contingent liabilities

The following contingent liabilities existed at balance date:

- QTC has provided guarantees to the value of $2.5 billion (2024: $2.5 billion) to support the commercial activities of various Queensland public sector entities. In each case, a counter indemnity has been obtained by QTC from the appropriate public sector entity.

18 Related party transactions

QTC's related parties are those entities that it controls, is controlled by, shares common control with, or can exert significant influence over. This includes controlled entities of the State, being Queensland Treasury, government departments, statutory bodies (excluding universities) and Government owned corporations, and also includes QTC's key management personnel and their related parties. Along with universities, local governments are not considered as related parties of QTC.

(a) Ultimate controlling entity

The immediate controlling entity is the Under Treasurer of Queensland as the Corporation Sole of QTC and the ultimate controlling entity is the State. No remuneration is payable by QTC to the Under Treasurer in relation to this role.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 19.

(c) Investments in companies

Details of investments in associates and other companies are set out in note 21.

(d) Transactions with related parties

Transactions undertaken with related parties during the year include:

- loan balances with a book value of $113.2 billion (2024: $95.6 billion) and interest received $3.8 billion (2024: $3.1 billion)
- investment of cash surpluses $5.3 billion (2024: $4.9 billion) and interest paid $405.4 million (2024: $311.3 million)
- fees received $95.0 million (2024: $84.2 million)
- dividends paid to the State Consolidated Fund $500 million (2024: Nil)
- there were no transfers of invested cash or securities from the LTA portfolio of the SIO segment to the State (2024: $411 million).

QTC may from time to time indirectly hold a small amount of investments in QTC Bonds via its investments in unit trusts managed by QIC. QTC does not have direct legal ownership of these assets and therefore, no adjustment has been made in the financial statements. QTC through SIO has paid $291.3 million (2024: $274.2 million) to QIC for management fees and $0.6 million (2024: $0.5 million) to Queensland Treasury for board secretariat services to SIAB.

The nature and amount of any individually significant transactions with principal related parties are disclosed below.

- QTC sometimes acts as an agent to government entities in the procurement of advice from consultants. In these situations, QTC does not bear any significant risks or benefits associated with the advice and is generally reimbursed for the costs of the consultant by the government entity. Any funds received as reimbursement offset consultant costs in the financial statements. The amount of costs reimbursed to QTC during the financial year totalled $3.8 million (2024: $2.4 million).
- QTC may enter into derivative transactions from time to time where instructed by its clients. These derivative arrangements have back-to-back contracts between QTC and the client and QTC and the market (refer note 8).
- QTC has a shareholding in QTH and its associated entities (QTH group). The QTH group holds deposits of $104.6 million (2024: $92.6 million) and loans of $96.2 million (2024: $98.0 million) with QTC, which provided on an arm's length basis and are subject to QTC's normal terms and conditions. QTC also provides company secretariat services to the QTH group on a cost recovery basis and received fees of $0.3 million (2024: $0.4 million) for the provision of these services.

(e) Agency arrangements

QTC undertakes the following agency arrangements on behalf of its clients.

- QTC provides services on behalf of Queensland Treasury under a GOC Cash Management Facility. QTC is not exposed to the risks and benefits of this facility and therefore does not recognise these deposits on its balance sheet. QTC charges a fee for this service. The balance of deposits under this facility at year end was $3.4 billion (2024: $2.9 billion).
- From time to time QTC holds foreign exchange balances in segregated accounts on behalf of its clients to facilitate foreign exchange transactions. QTC is not exposed to the risks and benefits of these balances as it does not own or control these accounts. The balances of the foreign exchange in these segregated accounts at year end was $1.0 million (2024: $67.8 million).
- QTC offers an ACCU custody service to its clients. QTC holds clients' ACCUs in trust as a custodian with the clients retaining all rights to the benefits derived from the ACCUs. As at 30 June 2025, QTC held 107,286 ACCUs (2024: 31,903) on behalf of its clients. The value of these ACCUs was $3.9 million (2024: $1.1 million).

Notes to the Financial Statements

Other Information

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19 Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of QTC, being members of the Board and the Executive Leadership Committee (ELC).

(a) QTC's Boards

QTC has delegated its powers to its two boards, the CMB and SIAB. Both boards are appointed by the Governor in Council, pursuant to section 10(2) of the Act. The CMB has been delegated the governance role over QTC by the Under Treasurer.

(b) Remuneration principles

Capital Markets Board - Directors

Any changes to Board remuneration require consideration by Queensland Treasury and the Department of the Premier and Cabinet to ensure remuneration is commensurate with government policy. Cabinet endorsement of any changes is required prior to approval by the Governor in Council. Remuneration was last increased effective 21 September 2023.

State Investment Advisory Board - Directors

When the Long Term Asset Advisory Board was renamed and reconstituted as SIAB on 4 July 2019, external Board members were appointed who were entitled to remuneration. Remuneration for the external Board members was set by Queensland Treasury in consultation with the Department of the Premier and Cabinet prior to approval by the Governor in Council.

Executives and employees

QTC employees (including the ELC) are employed on individual contracts and are appointed pursuant to the Act. As the majority of QTC's employees are sourced from the financial services industry and other comparable organisations, QTC's employment practices are competitive with these markets. The remuneration framework comprises both fixed and variable remuneration (in the form of an annual short-term incentive (STI) opportunity), which are approved by the QTC Board annually. The fixed remuneration component is market-competitive and the variable remuneration component is linked to individual and corporate performance.

Remuneration governance

The People & Culture Committee of the Board is responsible for governance of remuneration practices and arrangements, with the Board maintaining ultimate responsibility and decision making for remuneration matters. QTC receives annual industry benchmarking data from the Financial Institutions Remuneration Group (FIRG) and Aon Hewitt, where applicable, which captures remuneration data from organisations within the financial services industry and other relevant comparable organisations. Analysis and advice are obtained from external consultants to ensure that QTC continues to align roles to the market.

Total compensation

The total compensation fixed remuneration for QTC employees is reviewed each year and is benchmarked against the FIRG remuneration data and Aon Hewitt, where applicable. Total compensation levels were set around the FIRG market median position of a relevant sub-set of the FIRG database. Role scope and complexity, knowledge, experience, skills and performance were considered when determining the remuneration level of each employee.

Variable remuneration - short-term incentives for employees

QTC's variable remuneration framework provides an annual STI opportunity for eligible employees, aligned to individual and corporate performance for the financial year. This opportunity is designed to differentiate and reward performance. It also aims to ensure market competitiveness, with 'target' STI outcomes aligned to the relevant market position of the FIRG database (i.e. the median incentive potential for FIRG members within QTC's peer group) and approved at Board level each year. For the year ended 30 June 2025, STI payments will be made to eligible staff in September 2025.

Subject to meeting certain criteria, the STI of eligible employees may be deferred.

Variable remuneration – short term incentives for the Executive Leadership Committee

Members of the ELC, excluding members on secondment to QTC, are eligible for an STI if their performance meets or exceeds corporate and individual key performance indicators. STIs are at risk, with additional premiums of up to 30% of the target paid for above expected performance.

STI payments are based on a percentage of individual total fixed remuneration with the STI 'target' range for permanent ELC members of between 40% and 60%. The total STI entitlement for the ELC includes the STI deferral between 25% and 40%, which is to be paid over 24 months comprising two deferral periods:

- 50% of the deferred amount paid out at the conclusion of 12 months after the original STI was determined, and
- 50% of the deferred amount paid out at the conclusion of 24 months after the original STI was determined.

Payment of the deferred STI will be subject to satisfying the criteria outlined in the Risk Gateway, which is defined in the QTC Remuneration Framework. At the end of each deferral period, a report prepared on the criteria in the Risk Gateway will be assessed by the Board to determine whether the deferred STI will vest.

QTC's overall performance for 2024-25, documented in the annual performance assessment reviewed and approved by QTC's Board, was assessed as exceeding the benchmark. This reflects the performance achieved across QTC's whole-of-State, client, funding, and operational activities. This performance assessment led to individual STIs for the ELC of between 30% and 60% of fixed remuneration.

The STI deferral has been fully expensed in 2024-25 and recognised as a long-term employee benefit.

19 Key management personnel continued

(c) Remuneration by category

CAPITAL MARKETS OPERATIONS	2025 $	2024 $
Directors		
Short-term employment benefits(1)	**490 819**	449 624
Post-employment benefits(4)	**54 869**	47 973
Total	**545 688**	497 597
Executive management		
Short-term employment benefits(2)	**3 587 027**	3 320 459
Long-term employment benefits(3)	**219 989**	388 049
Post-employment benefits(4)	**166 958**	123 295
Special payments(5)	**770 137**	-
Termination benefits(6)	**542 588**	-
Total	**5 286 699**	3 831 803

STATE INVESTMENT OPERATIONS	2025 $	2024 $
Directors		
Short-term employment benefits(1)	**230 000**	200 590
Post-employment benefits(4)	**26 448**	22 065
Total	**256 448**	222 655

(1) *Directors' short-term benefits include Board member and committee fees, professional memberships and in relation to the Chair of the Capital Markets Board, it also includes the provision of a car park.*

(2) *Executive management short-term benefits include wages, annual leave taken, short-term incentives and non-monetary benefits such as car parks and motor vehicle benefits (where applicable).*

(3) *Long-term employment benefits relate to long service leave and deferred STI.*

(4) *Post-employment benefits include superannuation contributions made by QTC.*

(5) *During the year ended 30 June 2025, QTC made ex-gratia payments to three executives on cessation of their respective employment with QTC. The payments made were duly considered and authorised by the CMB in accordance with QTC's Remuneration Framework and took account of the nature of the separations. Payments were within the delegations contained in section 14 of the Act.*

(6) *Termination benefits relate to benefits provided as a result of the termination of employment and provided in addition to any entitlements under normal employment conditions. These include payments in lieu of notice in accordance with contractual provisions.*

Notes to the Financial Statements

Other Information

For the year ended 30 June 2025

19 Key management personnel continued

(c) Remuneration by category continued

Capital markets operations

(i) Directors

Details of the nature and amount of each major element of the remuneration are as follows:

	SHORT-TERM EMPLOYMENT BENEFITS		POST-EMPLOYMENT BENEFITS		TOTAL	
	2025 $	2024 $	**2025 $**	2024 $	**2025 $**	2024 $
Damien Frawley – Chair	**142 601**	139 571	**14 928**	13 960	**157 529**	153 531
Paul Williams[(1)(6)]	**-**	-	**-**	-	**-**	-
Michael Carey[(2)(6)]	**-**	-	**-**	-	**-**	-
Rachel Crossland[(3)(6)]	**-**	-	**-**	-	**-**	-
Dennis Molloy[(4)(6)]	**-**	-	**-**	-	**-**	-
Leon Allen[(5)(6)]	**-**	-	**-**	-	**-**	-
Neville Ide	**71 785**	67 052	**8 235**	7 283	**80 020**	74 335
Karen Smith-Pomeroy	**69 036**	60 676	**7 939**	6 674	**76 975**	67 350
Rosemary Vilgan[(7)]	**72 337**	67 626	**8 235**	7 439	**80 572**	75 065
John Wilson	**70 106**	65 610	**8 062**	7 217	**78 168**	72 827
Dr Natalie Smith[(8)]	**64 954**	49 089	**7 470**	5 400	**72 424**	54 489
Total	**490 819**	449 624	**54 869**	47 973	**545 688**	497 597

(1) *Appointed 24 February 2025*
(2) *Appointed 21 September 2023, term ended 31 October 2024*
(3) *Appointed 1 November 2024, term ended 23 February 2025*
(4) *Appointed 25 January 2023, term ended 21 September 2023*
(5) *Term ended 8 December 2023*
(6) *No remuneration is payable to the Queensland Treasury representative*
(7) *Term ended 30 September 2023. Reappointed 1 October 2023*
(8) *Appointed 21 September 2023*

19 Key management personnel continued

(c) Remuneration by category continued

Capital markets operations continued

(ii) Executive Leadership Committee

Details of the nature and amount of each major element of the remuneration of the executive management personnel are as follows:

	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SPECIAL PAYMENTS	TERMINATION BENEFITS	TOTAL
	BASE	SHORT-TERM INCENTIVE	NON-MONETARY					
30 JUNE 2025	$	$	$	$	$		$	$
Chief Executive(1)	**655 155**	**-**	**13 680**	**19 504**	**-**	**480 828**	**415 571**	**1 584 738**
Acting Chief Executive(2)	**214 667**	**104 561**	**5 830**	**10 326**	**41 036**	**-**	**-**	**376 420**
Managing Director, Funding and Markets(3)	**339 206**	**197 505**	**11 444**	**19 504**	**77 512**	**-**	**-**	**645 171**
Acting Managing Director, Funding and Markets(4)	**138 011**	**62 895**	**4 754**	**10 326**	**3 457**	**-**	**-**	**219 443**
Managing Director, Advisory(5)	**180 565**	**75 425**	**9 569**	**13 768**	**30 045**	**-**	**-**	**309 372**
Acting Managing Director, Advisory(6)	**201 146**	**98 119**	**8 256**	**16 062**	**9 818**	**-**	**-**	**333 401**
Managing Director, Risk, and Chief Risk Officer(7)	**303 177**	**-**	**12 084**	**17 210**	**-**	**162 292**	**-**	**494 763**
Acting Managing Director, Risk, and Chief Risk Officer(8)	**158 139**	**52 987**	**7 287**	**12 620**	**4 245**	**-**	**-**	**235 278**
Managing Director, Business Services and Chief Operating Officer(9)	**165 978**	**-**	**4 135**	**15 514**	**-**	**127 017**	**127 017**	**439 661**
Acting Managing Director, Business Services and Chief Operating Officer(10)	**210 659**	**87 996**	**10 087**	**16 062**	**35 052**	**-**	**-**	**359 856**
Chief People Officer(11)	**201 632**	**44 890**	**7 188**	**16 062**	**18 824**	-	**-**	**288 596**
Total	**2 768 335**	**724 378**	**94 314**	**166 958**	**219 989**	**770 137**	**542 588**	**5 286 699**

(1) Ceased 19 February 2025
(2) Commenced 20 February 2025
(3) Ceased 19 February 2025
(4) Commenced 20 February 2025
(5) Ceased 17 December 2024
(6) Commenced 18 December 2024
(7) Ceased 24 January 2025
(8) Commenced 25 January 2025
(9) Ceased 30 September 2024
(10) Commenced 18 December 2024
(11) The position was introduced 18 December 2024

19 Key management personnel continued

(c) Remuneration by category continued

Capital markets operations continued

(ii) Executive Leadership Committee continued

	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TOTAL
	BASE	SHORT-TERM INCENTIVE	NON-MONETARY			
30 JUNE 2024	$	$	$	$	$	$
Chief Executive	770 859	261 927	18 765	27 399	174 618	1 253 568
Managing Director, Funding and Markets(1)	413 041	213 794	18 765	22 657	71 265	739 522
Managing Director, Advisory(2)	370 602	154 742	15 733	27 399	51 581	620 057
Managing Director, Risk, and Chief Risk Officer(3)	405 489	140 086	10 337	24 764	46 695	627 371
Managing Director, Business Services and Chief Operating Officer(4)	379 481	131 669	15 169	21 076	43 890	591 285
Total	2 339 472	902 218	78 769	123 295	388 049	3 831 803

(1) *Commenced 4 September 2023*
(2) *Appointed on 7 July 2023, from Acting Managing Director, Advisory*
(3) *Commenced 7 August 2023*
(4) *Commenced 26 September 2023*

Other Information

For the year ended 30 June 2025

19 Key management personnel continued

(c) Remuneration by category continued

Capital markets operations continued

(ii) Executive Leadership Committee continued

Details regarding the STI paid and deferred of the executive management personnel are as follows:

POSITION	STI CASH AMOUNT 2025 $	DEFERRED PERFORMANCE AMOUNT RELATING TO 2025 $	TOTAL PERFORMANCE RELATED INCENTIVES 2025 $	DEFERRED STI RELATING TO PRIOR YEAR PERFORMANCE VESTING IN 2025 $
Acting Chief Executive	**104 561**	**34 854**	**139 415**	**-**
Managing Director, Funding and Markets	**197 505**	**65 835**	**263 340**	**35 632**
Acting Managing Director, Funding and Markets	**62 895**	**-**	**62 895**	**-**
Managing Director, Advisory	**75 425**	**25 142**	**100 567**	**25 790**
Acting Managing Director, Advisory	**98 119**	**-**	**98 119**	**-**
Acting Managing Director, Risk, and Chief Risk Officer	**52 987**	**-**	**52 987**	**-**
Acting Managing Director, Business Services and Chief Operating Officer	**87 996**	**29 332**	**117 328**	**-**
Chief People Officer	**44 890**	**14 963**	**59 853**	**-**
Total	**724 378**	**170 126**	**894 504**	**61 422**

The STI for some managing directors contained a deferred element in 2024-25.

POSITION	STI CASH AMOUNT 2024 $	DEFERRED PERFORMANCE AMOUNT RELATING TO 2024 $	TOTAL PERFORMANCE RELATED INCENTIVES 2024 $	DEFERRED STI RELATING TO PRIOR YEAR PERFORMANCE VESTING IN 2024 $
Chief Executive	261 927	174 618	436 545	28 530
Managing Director, Funding and Markets	213 794	71 265	285 059	-
Managing Director, Advisory	154 742	51 581	206 323	-
Managing Director, Risk, and Chief Risk Officer	140 086	46 695	186 781	-
Managing Director, Business Services and Chief Operating Officer	131 669	43 890	175 559	-
Total	902 218	388 049	1 290 267	28 530

The STI for all managing directors contained a deferred element in 2023-24.

Notes to the Financial Statements

Other Information

For the year ended 30 June 2025

19 Key management personnel continued

(c) Remuneration by category continued

State Investment Operations

(iii) Directors

Details of the nature and amount of each major element of the remuneration are as follows:

	SHORT-TERM EMPLOYMENT BENEFITS		POST-EMPLOYMENT BENEFITS		TOTAL	
	2025	2024	**2025**	2024	**2025**	2024
	$	$	**$**	$	**$**	$
Michael Carey- Chair(1)(3)	**-**	-	**-**	-	**-**	-
Maryanne Kelly- Chair(2)(3)	**-**	-	**-**	-	**-**	-
Dennis Molloy- Chair(3)(4)	**-**	-	**-**	-	**-**	-
William Ryan(3)	**-**	-	**-**	-	**-**	-
Philip Graham(5)	**57 500**	52 178	**6 612**	5 740	**64 112**	57 918
Cate Wood(6)	**57 500**	52 178	**6 612**	5 740	**64 112**	57 918
Brendan O'Farrell(7)	**57 500**	44 722	**6 612**	4 919	**64 112**	49 641
Wendy Tancred(7)	**57 500**	44 722	**6 612**	4 919	**64 112**	49 641
Maria Wilton(8)	**-**	6 790	**-**	747	**-**	7 537
Total	**230 000**	200 590	**26 448**	22 065	**256 448**	222 655

(1) Appointed 3 October 2023 to 24 April 2024
(2) Term ended 2 October 2023
(3) Queensland Treasury representative. No additional remuneration is paid for this appointment.
(4) Appointed 24 April 2024
(5) Term ended 30 September 2024, reappointed 1 October 2024
(6) Appointed 7 July 2022
(7) Appointed 21 September 2023
(8) Term ended 30 June 2022, reappointed 7 July 2022, term ended 13 September 2023

(d) Other transactions

QTC's CMB members' directorships are disclosed in the corporate governance section of the Annual Report. No remuneration is paid or payable by QTC to the Under Treasurer as QTC's Corporation Sole.
There were no transactions between QTC and entities controlled by key management personnel or loans to/from key management personnel during the financial year.

Notes to the Financial Statements

Other Information

For the year ended 30 June 2025

20 Auditor's remuneration

The external auditor (Auditor-General of Queensland) does not provide any consulting services to QTC. Details of amounts paid or payable to the auditor of QTC (GST exclusive) are shown below:

AUDIT SERVICES	2025 $	2024 $
Audit of QTC financial statements	**507 785**	420 150

21 Investments in companies

Investments in the following companies are held at cost:

NAME	PRINCIPAL ACTIVITIES
Queensland Treasury Holdings Pty Ltd (QTH)	Holding company for several subsidiaries and strategic investments held on behalf of the State of Queensland
Queensland Lottery Corporation Pty Ltd	Holds the Golden Casket lottery licence and trademarks
DBCT Holdings Pty Ltd	Holds the bulk coal terminal tenure and facilities at Dalrymple Bay near Mackay, which it has leased under a long-term lease arrangement
Queensland Airport Holdings (Mackay) Pty Ltd	Owns the Mackay airport land and infrastructure, which it has leased under a 99 year lease arrangement
Queensland Airport Holdings (Cairns) Pty Ltd	Owns the Cairns airport land and infrastructure, which it has leased under a 99 year lease arrangement
Brisbane Port Holdings Pty Ltd	Owns the Port of Brisbane tenure and infrastructure, which it has leased under a 99 year lease arrange-ment

QTH is incorporated and domiciled in Brisbane, Australia. QTH holds a 100% beneficial interest in the companies listed above. QTC does not apply the equity method to its investment in QTH (refer note 2(n) Judgments and assumptions).

22 Dividends

Each year the CMB determines the appropriate level of dividends to be paid to the State Consolidated Fund taking into consideration the financial situation of the Corporation. A dividend of $500 million was paid during the year (2024: Nil).

23 Events subsequent to balance date

In June 2025, the Queensland Government announced two initiatives that will impact the Capital Markets Operations segment in future financial years:

- Queensland Government Consulting Services: a new division will be established within QTC to support the Queensland Government's broader policy objective of more effectively managing expenditure on external consultants and building greater internal capability in the public sector.
- Boost to Buy home ownership scheme: an initiative designed to help make homeownership more accessible by providing an equity contribution to eligible Queenslanders who are saving for their first home.

QTC will monitor developments and assess any implications of these announcements for its operations and financial reporting.

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect either the Capital Markets Operations segment or the State Investment Operations segment of QTC, the results of these operations or the state of affairs of these segments in future years.

Certificate of the Queensland Treasury Corporation

The foregoing general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the FA Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements.

The Directors draw attention to note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

In accordance with section 62(1)(b) of the FA Act we certify that in our opinion:

i the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects, and

ii the foregoing annual financial statements have been drawn up so as to present a true and fair view of Queensland Treasury Corporation's assets and liabilities, financial position and financial performance for the year ended 30 June 2025.

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

The financial statements are authorised for issue on the date of signing this certificate which is signed in accordance with a resolution of the Capital Markets Board.

D J FRAWLEY
Chairman

S LING
Chief Executive Officer

Brisbane

22 August 2025

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INDEPENDENT AUDITOR'S REPORT

To the Capital Markets Board of Queensland Treasury Corporation (QTC)

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Treasury Corporation.

The financial report comprises the balance sheet as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the management certificate given by the Chairman and the Chief Executive Officer.

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2025, and its financial performance and cash flows for the year then ended; and

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, Australian Accounting Standards and International Financial Reporting Standards.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Valuation, presentation and disclosure of financial assets at fair value through profit or loss for State Investment Operations (SIO) ($49.2 billion as at 30 June 2025)

(Refer to Notes 14, 15 and 16)

Key audit matter	How my audit addressed the key audit matter

Financial assets at fair value through profit or loss held by SIO (which incorporates the Long Term Assets (LTA) and the Queensland Future Fund (QFF)) represent investments in unlisted unit trusts ('the trusts') managed by QIC Limited (QIC). The trusts in turn invest in various asset classes, some of which are illiquid in nature ('underlying investments').
The fair value of these underlying investments is based on the pre-distribution exit prices as at 30 June 2025 as advised by QIC to QTC on 11 August 2025.
In some instances, the prices advised by QIC are based on unaudited valuation statements provided by the external managers of the underlying investments that relate to a date prior to 30 June 2025. Significant judgement is required to determine whether the unaudited valuations advised by QIC are materially consistent with the fair value as at 30 June 2025, or if an adjustment is required.
QIC continues to monitor and provide updated advice to QTC on the potential impact on the value of these investments arising from the subsequent receipt of updated valuations from external managers and audited financial statements.
Additionally, there is a high level of subjectivity in classifying the investments in the appropriate level within the fair value hierarchy for the following reasons:
a. some of the underlying assets are considered illiquid in nature (i.e., these are not readily convertible to cash)
b. SIO is the sole investor in some of the trusts, and as a result there are restrictions that may be imposed by QIC on SIO to liquidate the investments.
	My procedures included, but were not limited to:
	• evaluating the audited assurance report on controls over investment management services for the year 1 July 2024 to 30 June 2025 to confirm that the controls at QIC are appropriately designed, implemented, and operated effectively.
	• assessing the representation letter provided by QIC to QTC confirming the following processes were performed by QIC:
	  o checks performed over pricing of the underlying assets at 30 June 2025 and
	  o checks performed post balance date on prices for highly illiquid investments.
	• confirming the value of the investments reported at 30 June 2025 by:
	  o agreeing the reported value in QIC's confirmation to the financial statements
	  o obtaining a confirmation from QIC on any changes to the value initially reported and assessing the impact of changes in value to the financial statements. Where the change in prices is materially different to the prices initially determined at 30 June 2025, we request management to recognise the change in the prices to reflect the correct valuation.
	• obtaining an understanding of the underlying investments in the trusts and the pricing mechanism adopted by QIC. This in turn determines the appropriate fair value hierarchy disclosure in the financial statements of QTC under AASB13 *Fair Value Measurement.*
	• evaluating the fair value hierarchy disclosure in note 16 to ensure the classification is in accordance with my understanding of the underlying investment and pricing mechanism, and in accordance with AASB13 *Fair Value Measurement.*

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Other information

Those charged with governance are responsible for the other information.

The other information comprises the information included in the QTC's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Board for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar6.pdf

This description forms part of my auditor's report.

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Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2025:

a) I received all the information and explanations I required.

b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

25 August 2025

Rachel Vagg
Auditor-General

Queensland Audit Office
Brisbane