

**MINUTES OF THE 49TH ANNUAL GENERAL MEETING OF THE
QUEENSLAND POLICE CREDIT UNION LIMITED
HELD IN THE QUAY 2 ROOM, PARK REGIS HOTEL,
293 NORTH QUAY, BRISBANE ON FRIDAY, 8 NOVEMBER 2013**

MEMBERS PRESENT:

There were 50 shareholders of the Queensland Police Credit Union Limited present as per the Attendance Register. Additionally, there were 17 visitors and guests.

OPENING OF MEETING:

The Chairman, Ms Steinkamp, declared the 49th Annual General Meeting open at 6:30pm and asked the Company Secretary to read the Credit Union Prayer.

The Chairman welcomed all members and the following guests on behalf of the Board:

Acting Assistant Commissioner Alan McCarthy
Tim Kendall, BDO
Matthew Hart, BBS
Guy Dunstan, Dunstan Hardcastle
Andrew Rankin, Norton Rose
Anthony Lambert, Lambert O'Donnell

APOLOGIES:

The meeting were advised that apologies had been received from:

Police Commissioner Ian Stewart
Mina Day
Mark Taylor, BDO
Manuel Garcia, Indue
Phillip Hocken.

The Chairman advised that Standing Orders as set out in the QPCU Constitution apply to the conduct of debate in the meeting. A time limit for speakers was also advised.

ITEM 1: CONFIRMATION OF MINUTES OF 2012 ANNUAL GENERAL MEETING

The Chairman advised that the minutes of the 48th Annual General Meeting held at the Park Regis Hotel, North Quay Brisbane on Friday 9 November 2012, had been made available to all members on the QPCU website and also provided to all persons in attendance.

The Chairman declared the Minutes confirmed.

ITEM 2: RECEIVING FINANCIAL STATEMENTS

The Chairman advised that a copy of the financial statements, directors' report and auditor's report had been made available to all members on the QPCU website and is available on request. Questions were invited in relation the financial statements or auditor's report.

Mr Fred Wilson asked a question in relation to capital adequacy and the losses incurred on the building at 231 North Quay, Brisbane.

The Chairman advised that the Chief Executive Officer would be addressing that matter in his report.

The Chairman declared:

THE FINANCIAL STATEMENTS, DIRECTORS' REPORT AND AUDITOR'S REPORT FOR THE YEAR ENDING 30 JUNE 2013 RECEIVED.

ITEM 3: DIRECTORS' ELECTION RESULTS

The Company Secretary advised the meeting that the 2013 voting process had been conducted independently by Link Market Services Limited and that the Returning Officer was Lori Lowther.

The Company Secretary announced to the meeting that the Director's Election for Queensland Police Credit Union Ltd was conducted on Monday, 28th October 2013 at the offices of Link Market Services, Sydney South and advised the results of the election:

Ian Leavers	1,255
Paul Wilson	1,294
Ray Brownhill	1,142
Maree Blake	998
Dan Keating	870

The Company Secretary declared Paul Wilson, Ian Leavers and Ray Brownhill elected as Directors of Queensland Police Credit Union Limited.

ITEM 4: CONFIRMATION OF CASUAL VACANCY

Director John Just spoke in support of the resolution 'That Neville Ide's appointment to the casual vacancy on the Board be confirmed'. Director Just outlined the skills and experience Neville Ide had brought to the QPCU Board. Director Just moved the resolution.

The Chairman informed the meeting that a 50% majority was required for the resolution and that a poll will be conducted.

The Chairman advised the proxies received:

For:	531
Against:	180
Open:	214 (Chair holds 210)

The Chairman advised the meeting that the open proxies held by the Chair will be voted in favour of the resolution.

Mr John Cummins spoke against the motion.

Mr Ian Leavers spoke against the motion.

The Chairman spoke in response to Mr Cummins and Mr Leavers.

The meeting was asked to mark their voting paper.

ITEM 5: SPECIAL RESOLUTIONS TO AMEND THE QPCU CONSTITUTION

The Chairman informed the meeting that there were five resolutions seeking to make amendments to the constitution. The Chairman advised the meeting that a 75% majority was required for each resolution and that a Poll will be conducted.

Vice Chairman Laurie Taylor spoke to and moved resolution 5(1) 'That the Constitution A5-1 and A5-2 be amended by replacing "70 days before the AGM" and "49 days before the AGM" with "78 days before the AGM" and "57 days before the AGM" respectively'.

The Chairman advised the proxies received:

For:	703
Against:	55
Open:	218 (Chair holds 212)

The Chairman advised the meeting that the open proxies held by the Chair will be voted in favour of the resolution.

Mr Wilson asked if any of the special resolutions were subject to amendment by the meeting. The Chairman advised that the time period for amending resolutions had passed.

The meeting was asked to mark their voting paper.

Vice Chairman Laurie Taylor spoke to and moved resolution 5(2) 'That the Constitution be amended by deleting "where payroll deduction or whole of pay facilities are available" from Rule A2-1(1)(d)'.

The Chairman advised the proxies received:

For:	681
Against:	51
Open:	223 (Chair holds 217)

The Chairman advised the meeting that the open proxies held by the Chair will be voted in favour of the resolution.

The meeting was asked to mark their voting paper.

Vice Chairman Laurie Taylor spoke to and moved resolution 5(3) 'That the Constitution be amended by deleting Rule A5-2(5), which states "The returning officer must scrutinise nominations immediately upon receipt and reject a nomination where it appears to the returning officer that the candidate is not eligible under Rule 13.2(1) or Section 20 of the Banking Act 1959 Cth. Upon rejecting a nomination, the returning officer is to immediately notify the candidate, the candidate's proposers and the Board".'

The Chairman advised the proxies received:

For:	657
Against:	90
Open:	219 (Chair holds 213)

The Chairman advised the meeting that the open proxies held by the Chair will be voted in favour of the resolution.

The meeting was asked to mark their voting paper.

Vice Chairman Laurie Taylor spoke to and moved resolution 5(4) 'That the Constitution be amended by replacing "Federation of Police Credit Unions" in Rule A2-1(1)(c) with "Federation of Police Mutuals".'

The Chairman advised the proxies received:

For: 683
Against: 71
Open: 220 (Chair holds 214)

The Chairman advised the meeting that the open proxies held by the Chair will be voted in favour of the resolution.

The meeting was asked to mark their voting paper.

Vice Chairman Laurie Taylor spoke to and moved resolution 5(5) 'That the Constitution be amended by deleting "Police Club" from Rule A2-1(1)(b)'.

The Chairman advised the proxies received:

For: 702
Against: 55
Open: 216 (Chair holds 210)

The Chairman advised the meeting that the open proxies held by the Chair will be voted in favour of the resolution.

The meeting was asked to mark their voting paper.

The Returning Officer collected the voting papers.

CHAIRMAN'S ADDRESS:

The Chairman's Address highlighted the following:

- QPCU has been recognised as offering the lowest fixed rate home loans available within the industry, receiving media mention on TV program 'Today Tonight' and in The Courier-Mail 'Your Money' section.
- During the 2012/2013 financial year QPCU increased the annual funding for community groups such as QLD Police Legacy and Community Supporting Police.
- An important partnership was forged during the past financial year, with QPCU entering an agreement to sponsor the United Firefighters Union Queensland.

The Chairman congratulated and welcomed the three new Directors Ray Brownhill, Ian Leavers and Paul Wilson and gave recognition to former directors Greg Early and Michael O'Brien for their active contributions.

The Chairman advised the meeting in regard to the QPCU Board over the past 12 months:

- The QPCU Board has and will always have a majority of Directors with a Queensland Police Service background.
- The Board approved the appointment of two Directors who were identified as having skills and experience which both supplemented and complemented those of current Board members. Mr Neville Ide and Ms Maree Blake were the appointees.
- Former Police Minister, Mr Neil Roberts, aided the Board in the selection process as well as in the candidate approval process for the 2013 Director elections. QPCU acknowledges and thanks him for his invaluable assistance.
- The retirement of long serving Director Phillip Hocken. The Board thanked Phil Hocken for his decade long contribution.
- The Board acknowledged the excellent contributions of Maree Blake during her time on the Board and wished her well in the future.

The Chairman thanked the QPCU members for their ongoing support and loyalty and welcomed new members to the QPCU family.

The Chairman thanked the QPCU Management and staff for their unstinting support and tireless efforts in creating yet another successful year. The Chairman especially thanked the Chief Executive Officer and Company Secretary for the advice, support and assistance provided to the Board throughout a demanding year.

The Chairman thanked Directors for their demonstrated dedication, determination and commitment to the task during the year.

CHIEF EXECUTIVE OFFICER'S ADDRESS:

The Chief Executive Officer spoke to QPCU's operations and financial performance for the 2012/2013 financial year. The following points were highlighted:

- QPCU launched new core values - dedication; working together; excellence; ownership and achievement. A breakfast attended by Commissioner Ian Stewart was held as part of the launch.
- The results of QPCU's 2013 member survey showed 91% of QPCU members rated overall service as good or excellent, outperforming the four major banks, who sit at around 80%.
- QPCU is experiencing the highest level of new membership in 16 years with 1,360 new members joining in the last financial year. Total membership is now more than 25,900. 61% of this new membership represents police and families.
- During the 2012/13 year, 486 recruits joined QPCU which is a strike rate of around 60% of graduating recruits.
- Significantly increased presence with over 200 visitations throughout Queensland including regional areas.
- A recent staff survey had a 92% participation rate with 97% of staff rating QPCU as an employer as Good to Above and beyond.
- Last financial year, QPCU committed more than \$150,000 in sponsorships, donations and volunteering.
- QPCU posted a record net profit last financial year of \$5.85M (before abnormal items). This represented an 11.1% increase in profitability compared to the previous year. After abnormal items, the reported before tax profit was \$1.559M.
- An abnormal item adjustment was made during the 2012/13 year which is detailed in note 16 on page 28 of the Annual report. A significant asset of the credit union is the Northpoint building QPCU occupies and a revaluation in June of occupied and investment properties held by QPCU revealed that values of these property holdings had declined 23% since the last valuation done in 2010. This resulted in a material negative valuation adjustment to statement of profit or loss and other comprehensive income of \$4.3M. Property valuations were impacted by increasing vacancies, higher holding costs, and an increasing supply of similar grade properties in the market. Excluding this abnormal adjustment, net profit before tax from ordinary operations was \$5.85m as stated earlier compared to \$5.27M for the previous year.
- During the 2013 financial year, and continuing still, the sectors within QPCU's bond were significantly impacted by workplace restructuring instituted by the Queensland Government as well as declining consumer sentiment within Queensland. This had an effect on loan demand with total loan fundings for the financial year declining 16% from the previous year to \$80.4M. As a result loan balances grew marginally by .06%.
- Retail deposit growth (excluding wholesale deposits) was impacted also with annual growth rate easing to 3.7%. As a result, total assets declined 0.9% and funds under management decreased 0.7% year on year.
- QPCU's net interest margin increased from 2.22% to 2.35% during the financial year.
- Rates for deposit and loan products continue to provide value for the membership as evidenced by the now 15 products that QPCU has that have achieved a 5 star rating from independent rating agency Cannex.
- Capital ratio increased to 20.48%, which is significantly higher than the industry average.

- During the year QPCU repaid \$3M of subordinated debt (a form of capital) with new lower cost sources of funding utilised during the year reducing dependency on wholesale deposits from \$74.2M to \$49.5M.
- QPCU continues to be a prudent lender with credit losses at record lows.
- QPCU continues to manage costs effectively being contained to 2.7% growth during the year.
- The Bonus Saver Account grew from a base of \$6.2M to \$32.4M.
- It is estimated the industry has over \$1.5B in accumulated franking credits. QPCU presently has approximately \$20M of franking credits.

The Chief Executive Officer thanked QPCU management and staff for their unwavering commitment to achieving excellence and also passed on his sincere gratitude to QPCU's members who serve and protect the community.

The Chief Executive Officer and Chairman invited questions.

The Chief Executive Officer responded to Mr Wilson's comment earlier regarding the recognition of the asset revaluation reserve.

Mr John Cummins queried Mr Michael's Hocken's position. The Chairman responded that Mr Michael Hocken was no longer eligible to serve as a Director in accordance with the terms of the QPCU Constitution and had ceased to be a Director on the 26th September 2013. An announcement regarding this had been placed on QPCU's website.

Mr John O'Gorman commented that Mr Chant was a founding member with nearly 50 years on the Board which should be recognised at this meeting and the contribution that he has made.

Mr O'Gorman commented that he would like to see the Board of the Credit Union with a vast majority of Police background people. The Chairman invited Mr O'Gorman to make an appointment with her to raise any concerns.

Mr Fred Wilson commended the Board on the process it has adopted in terms of appointing Directors, particularly the interviewing process with Mr Neil Roberts, for potential Directors. He requested the transparency of that process be extended to potential Directors who nominate who are not accepted for reasons of fitness or proprietary or other reasons. The Chairman confirmed that the independent person was part of the panel that assessed all nominees.

Mr Fred Wilson queried if the Board had considered such issues of value at risk and the analysis of that in relation to property management. The Chief Executive Officer confirmed there was a policy in place to complete a full valuation of the property holdings every three years. He further advised:

- the Board have discussed a property holding strategy and engaged Herron Todd White, an independent valuation firm, to do a full review of the building and the strategies in relation to the property holdings
- there is a strategy in place regarding certain lots within Northpoint either to divest or retain
- a check valuation is being taken every 12 months and a desktop valuation even more regularly
- the issue is continually reviewed and the risk is being managed.

Mr Fred Wilson queried what figure the Board might have in mind for how far QPCU will go in accumulating capital adequacy as it is currently at 20.5% which is higher than the APRA Prudential Standard. The Chief Executive Officer advised in relation to capital adequacy:

- when and if there is rapid loan growth, QPCU requires sufficient capital to cater for that growth
- capital instruments are harder to come by under the Basel III regime
- retained profits are now the main form of capital. The Industry Association is working on others but these are still not APRA approved.

Mr Fred Wilson queried if the Board or Chairman would like to comment on the Court Listing with Justice Philip McMurdo on the 26th September 2013. The Chairman advised that the judgement had been received in October 2013 and is currently under consideration of the Board.

The Chairman commented that the QPCU Board is working very well and working in a very collaborative and collegiate manner.

ANNOUNCEMENT OF POLL RESULTS

The Company Secretary advised that the Poll had been completed and declared the following results:

Item 4 That Neville Ide's appointment to the casual vacancy on the Board be confirmed.

For:	760 (represents 79.17% of votes cast)
Against:	200 (represents 20.83% of votes cast)
Abstaining:	80

The Company Secretary informed the meeting that a 50% majority was required to pass the resolution and declared the resolution carried.

Item 5(1) That the Constitution A5-1 and A5-2 be amended by replacing "70 days before the AGM" and "49 days before the AGM" with "78 days before the AGM" and "57 days before the AGM" respectively.

For:	952 (represents 94.07% of votes cast)
Against:	60 (represents 5.93% of votes cast)
Abstaining:	29

The Company Secretary informed the meeting that a 75% majority was required to pass the resolution and declared the resolution carried.

Item 5(2) That the Constitution be amended by deleting "where payroll deduction or whole of pay facilities are available" from Rule A2-1(1)(d).

For:	939 (represents 94.66% of votes cast)
Against:	53 (represents 5.34% of votes cast)
Abstaining:	48

The Company Secretary informed the meeting that a 75% majority was required to pass the resolution and declared the resolution carried.

Item 5(3) That the Constitution be amended by deleting Rule A5-2(5), which states "The returning officer must scrutinise nominations immediately upon receipt and reject a nomination where it appears to the returning officer that the candidate is not eligible under Rule 13.2(1) or Section 20 of the Banking Act 1959 Cth. Upon rejecting a nomination, the returning officer is to immediately notify the candidate, the candidate's proposers and the Board".

For:	910 (represents 90.82% of votes cast)
Against:	92 (represents 9.18% of votes cast)
Abstaining:	39

The Company Secretary informed the meeting that a 75% majority was required to pass the resolution and declared the resolution carried.

Item 5(4) That the Constitution be amended by replacing "Federation of Police Credit Unions" in Rule A2-1(1)(c) with "Federation of Police Mutuals".

For: 935 (represents 92.57% of votes cast)
Against: 75 (represents 7.43% of votes cast)
Abstaining: 31

The Company Secretary informed the meeting that a 75% majority was required to pass the resolution and declared the resolution carried.

Item 5(5) That the Constitution be amended by deleting "Police Club" from Rule A2-1(1)(b)

For: 953 (represents 94.45% of votes cast)
Against: 56 (represents 5.55% of votes cast)
Abstaining: 32


The Company Secretary informed the meeting that a 75% majority was required to pass the resolution and declared the resolution carried.

CLOSURE OF MEETING:

The Chairman advised that no notice of any other business had been provided.

The Chairman then declared the meeting closed at 7:50pm.

The Chairman invited all present to join the Directors and staff for some light refreshments.

CHAIRMAN:  DATED: *5 December 2013*