



Authority to carry on banking business for a limited time

Banking Act 1959

To: IN1Bank Ltd ABN 62 627 541 011 (the body corporate)

Since the body corporate has applied for an authority to carry on banking business in Australia for a limited time,

I, Therese McCarthy Hockey, Executive Director, under subsection 9(3) of the *Banking Act 1959* (Act), grant the body corporate authority to carry on banking business in Australia, subject to the conditions that I impose under subsection 9AA(1) of the Act, as specified in the Schedule.

This authority commences on 12 December 2019 and ceases to have effect on 12 December 2021.

Dated: 12 December 2019

Therese McCarthy Hockey¹
Executive Director
Banking Division

Interpretation

APRA means the Australian Prudential Regulation Authority.
banking business has the meaning given in subsection 5(1) of the Act.

¹ A delegate of APRA.

Schedule of conditions on authority

Unless otherwise approved in writing by APRA, the body corporate must:

1. only accept deposits where:
 - (a) the aggregate balance of all protected accounts held with the body corporate does not exceed \$2 million; and
 - (b) the aggregate balance of all protected accounts held by each account-holder with the body corporate (calculated using a single customer view) does not exceed \$250,000;
2. maintain, at all times, Common Equity Tier 1 Capital equal to the greater of:
 - (a) \$3 million plus the resolution reserve, which is \$1 million unless otherwise determined by APRA; or
 - (b) 20 per cent of adjusted assets of the body corporate;
3. hold, at all times, liquid assets equal to the greater of:
 - (a) 20 per cent of total liabilities; or
 - (b) the aggregate balance of all protected accounts held with the body corporate plus an amount equal to the resolution reserve;
4. limit the value of assets held on its balance sheet to \$100 million, unless otherwise approved in writing by APRA;
5. comply with the individual prudential standard *IN1Bank Ltd – restricted ADI prudential standard* and the conditions on the reporting standard exemption. Should the body corporate breach these requirements, it must promptly enact its exit plan, unless otherwise agreed to in writing by APRA;
6. carry out all actions outlined in its exit plan if it reaches the trigger thresholds in that plan;
7. only offer products included in its business plan for the restricted phase as submitted to APRA in its application for an authority under section 9 of the Act, and must seek prior approval from APRA should it wish to offer any additional products;
8. if it appears to APRA that the body corporate is unlikely to meet the full prudential requirements within the period of this authority. APRA may seek to revoke this authority;
9. disclose to its customers and potential customers that it is operating on a restricted licence in all its dealings;
10. not carry on banking business in any country other than Australia; and
11. not use any derivative without approval from APRA.

Interpretation

In this Schedule:

adjusted assets is the sum of all assets, within the meaning given in the Australian Accounting Standards, minus an amount equal to the value of regulatory adjustments required to be made under *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital*.

Common Equity Tier 1 Capital has the meaning given in *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital*.

derivative has the meaning given in *Prudential Standard CPS 226 Margining and risk mitigation for non-centrally cleared derivatives*.

liabilities for the purpose of this authority, liabilities are defined as total on-balance sheet liabilities and irrevocable commitments, except where approved for a prudential purpose by APRA.

liquid assets are those that meet the requirements of Attachment B of *Prudential Standard APS 210 Liquidity*.

protected account has the meaning given in the Act.

IN1Bank Ltd – restricted ADI prudential standard means a prudential standard determined under paragraph 11AF(1)(e) in relation to prudential matters to be complied with by the body corporate.

full prudential requirements means the prudential requirements that will apply to the body corporate after the *IN1Bank Ltd – restricted ADI prudential standard* and reporting standard exemption are no longer in force. This includes requirements imposed by the Act, prudential standards made under the Act, reporting standards made under the *Financial Sector (Collection of Data) Act 2001*, conditions on the body corporate's authority and any other requirements imposed by APRA in writing.

resolution reserve means the reserve to cover potential APRA costs of resolving the body corporate which may, as a last resort, include administration of the Financial Claims Scheme if activated by the Australian Government.

reporting standard exemption means a notice under subsection 16(1) of the *Financial Sector (Collection of Data) Act 2001* exempting the body corporate from the requirement to comply with requirements in one or more applicable reporting standards.

single customer view has the meaning given in *Prudential Standard APS 910 Financial Claims Scheme*.

This authority ceases to have effect at the start of the day specified in this authority.

A decision to impose conditions on an authority is a decision to which Part VI of the Act applies. You may request APRA reconsider the decision in accordance with subsection 51B(1) of the Act. The request for reconsideration must be made in writing, must state the reasons for the request, and must be given to APRA within 21 days after the day on which you first received notice of this decision, or within such further period as APRA allows. If you are dissatisfied with the outcome of APRA's reconsideration of the decision, you may, subject to the *Administrative Appeals Tribunal Act 1975*, apply to the Administrative Appeals Tribunal for review of the reconsidered decision. The address where written notice may be given to APRA is Level 12, 1 Martin Place, Sydney NSW 2000.

APRA is required to publish this notice in the *Gazette*.