



26 April 2019

## IOOF update on APRA licence conditions

The Board of IOOF Holdings Ltd (ASX:IFL) today provides an update on the licence conditions imposed by the Australian Prudential Regulation Authority (APRA) in December 2018 and announced to the market at that time.

The licence conditions relate to IOOF's three APRA Regulated Entity subsidiaries (AREs) and cover initiatives which are underway or completed. A summary of the conditions was published in December 2018 and a further update on their status provided as part of the half-year results presentation in February 2019.

The AREs are committed to meeting the licence conditions and have made significant progress toward doing so. An independent reviewer (the Independent Reviewer) engaged by IOOF to review the status and quality of compliance with the licence conditions identified 76 actionable items within the overarching initiatives for the period to 31 March 2019. 72 of the 76 items have been completed or substantially completed, while four items relating to one initiative remain 'in progress'. These items relate to implementing a dedicated business function (Office of the Superannuation Trustee, or "OST"). IOOF's approach to the OST has been to design a function in a considered manner, with member outcomes central to its design and maintenance.

As at 31 March 2019, the Independent Reviewer observed that:

- IOOF is demonstrating genuine commitment to governance uplift within the organisation and fostering a cultural environment that is consistent with this uplift.
- Positive steps towards the implementation of an OST have been taken and the foundations of this dedicated business function established. The head of the OST has been engaging with the ARE Boards and senior management and others to operationalise the function. The ARE Boards and senior management have demonstrated that they are committed to providing the OST with the necessary funding to ensure a well-functioning and sustainable OST.
- The head of the OST has effectively engaged with appropriate governance functions across IOOF and the reviewer expects this to occur in an effective manner going forward for the OST.

In reviewing progress against the various initiatives, the Independent Reviewer found that the OST had not been 'implemented' from 31 March 2019 and remains 'in progress'.

The AREs have subsequently received a 'show cause notice' from APRA which reflects the Independent Reviewer's report and also indicates that APRA has formed the preliminary view that the AREs have breached their license condition relating to the OST. APRA has further informed the AREs that it is considering issuing directions to comply, with a completion date for the implementation and maintenance of the OST of no later than the end of June 2019.

APRA has provided IOOF with an opportunity to respond to APRA's preliminary view. The ARE Boards have resolved not to dispute the notice. IOOF will respond to APRA and continue to take positive and constructive steps to implement and maintain the OST within the operations of the Group and is confident of meeting the required deadlines.

Chairman, Allan Griffiths said, "We have been actively and positively addressing the governance issues raised by APRA in the interests of all stakeholders and made significant progress. We will continue working constructively to complete the remaining initiatives."

-ENDS-

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IOOF has been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become one of the largest groups in the financial services industry.

IOOF provides advisers and their clients with the following services:

- **Financial Advice** services via our extensive network of financial advisers and stockbrokers.
- **Portfolio Management and Administration** for advisers, their clients and hundreds of employers in Australia.
- **Investment Management** products that are designed to suit any investor's needs.

Further information about IOOF can be found at [www.ioof.com.au](http://www.ioof.com.au)

