

ASX ANNOUNCEMENT

21 January 2019

Change Financial Restructures Mobile Banking Consumer Business

Investment Highlights

- Executed a number of cost-saving measures for mobile banking business ChimpChange
- Reached an agreement with banking partner Central Bank of Kansas City to reduce fees
- Granted CBKC the right to license Chimpchange to other programs in CBKC's portfolio
- Agreed to provide services related to ChimpChange to CBKC on a fee for service basis
- Following a strategic review in late 2018, Change Financial has shifted focus to the completion of its enterprise solution

21 January 2019: U.S.-based fintech company Change Financial Limited (ASX:CCA) ("Change Financial" or "the Company") is pleased to announce that it has concluded an important restructuring of its mobile banking business (**ChimpChange**) ahead of the completion of its enterprise solution. The restructure, along with other measures, will result in significant cost-savings.

ChimpChange restructure

Change Financial has reached an agreement with its US banking partner Central Bank of Kansas City (**CBKC**) to eliminate losses that ChimpChange has incurred in the past. Under the agreement, which is the culmination of many months of work, effective 19 January 2019, there will be a reduction of fees payable by the Company to CBKC.

As part of the agreement Change Financial has granted CBKC the right to license ChimpChange to other programs in the CBKC portfolio. In addition, the Company will be able to provide certain engineering and customer support functions to CBKC on a fee for service basis.

As previously announced, the Company successfully renegotiated with its current card processor partner to reduce ChimpChange processing costs, providing a further cost saving (ASX Announcement: 31 October 2018). Over the last eight weeks, the Company has also ceased marketing ChimpChange to new customers to eliminate marketing spend.

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Monetisation of Ivy

Earlier this month, Change Financial monetized its investment in blockchain startup the Ivy Project for cash proceeds of US\$1.5m (ASX Announcement: 11 January 2019).

The restructure of ChimpChange and sell down of Change Financial's stake in the Ivy Project are the result of the Company's strategic review conducted in late 2018. The extra capital will provide the Company with further funding for the development of its enterprise solutions and payments processor business.

Pivot to enterprise solution

The key outcome of the strategic review was that the Company should focus on completing its enterprise solution, which presents a significant and potentially highly lucrative opportunity.

Change Financial has completed all test transaction cases in the final stage of Mastercard's (NYSE:MA) third-party processor testing procedure. Once completed, the Company's payments processing platform will be eligible for registration as a Mastercard third-party processor. There are currently less than 20 Mastercard-certified issuers in the US.

The enterprise solution aims to provide turn-key services targeting 7,000 Federal Deposit Insurance Corporation (FDIC) banks, 6,000 credit unions and 10,000 corporations in the US with innovative, cost-effective mobile banking services.

According to research provided by Edgar Dunn & Company, the external entity which conducted the strategic review, the market size for the enterprise solution will reach approximately \$50bn this year and is projected to grow at a CAGR of over 60% per annum through 2025.

Change Financial Chair Teresa Clarke said: "Following our announcement of October 31, 2018, in which we reported the decision to exit the mobile banking consumer business, we have evaluated a number of scenarios to determine which path would bring the most value to shareholders. Our decision to restructure ChimpChange to a break even financial profile allows us to 1) immediately improve our cash flow by eliminating losses 2) generate modest enterprise level revenue through provision of engineering services; and 3) retain ownership in our core technology, which we may be able to monetise in additional ways at a later date."

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About Change Financial

Change Financial Limited (ASX:CCA) is a US-focused fintech company revolutionising the way traditional currencies and digital assets flow between consumers, businesses and financial institutions through its range of innovative, globally scalable payments' services. Change Financial's solutions include a registered Mastercard enterprise processor, a blockchain-based payments platform and cryptocurrency and an award-winning consumer digital banking platform.

To learn more, please visit: www.changefinancial.com