ASX ANNOUNCEMENT
January 23 2017

DECEMBER 2016 QUARTERLY OPERATIONAL UPDATE: STRONG TAILWINDS INTO THE NEW CALENDAR YEAR

INVESTMENT HIGHLIGHTS

- Achieved record highs across every transactional metric during the quarter
- Added 10,500 new banking customers in December
- Exceeded ChimpChange's September to December acquisition target by more than 22%
- Total Transaction Volume ("TTV") increased by 235% quarter-on-quarter ("QoQ") in 2Q of FY17
- Achieved annualised TTV of US$57 million (A$77 million[1])
- Total funds deposited by ChimpChange customers increased by 231% QoQ to US$5.29 million (A$7.25 million[1])
- Increased Total Customer Purchases by 250% QoQ to US$3.69 million (A$5.06 million[1])
- Increased revenue by 155% QoQ to $69,000 (A$95,000), with net cash of US$6.58 million (A$9.01 million) at 31 December 2016
- Identified additional compelling avenues for further monetising customer base

ChimpChange Limited (ASX: CCA) ("ChimpChange"), Australia's only listed digital banking platform, is pleased to present its December 2016 quarterly report on business progress.

Accelerating transactional growth through securing higher-value customers

ChimpChange continued its recent strong growth in attracting money flows to its platform in the second quarter of FY17.

The table below highlights the rate at which ChimpChange's growth is accelerating across all key transactional metrics.

Metric	Q2 FY17 Total (USD)	QoQ% Growth	December Month Total (USD)	MoM% Growth
Transaction Volume	$10,536,894	235%	$4,713,256	42%
Deposits	$5,294,705	231%	$2,398,633	46%
Purchases	$3,690,271	250%	$1,650,996	41%
Revenue	$69,000	155%	$28,000	32%

Ash Shilkin, Founder and Managing Director of ChimpChange, stated, "We are pleased to have increased our momentum in scaling up the ChimpChange digital banking platform in the first half of financial year 2017.

By all key measures, ChimpChange is progressing well towards enhancing monetisation. By December end, the Company grew Total Transaction Volume (TTV) by 235% quarter-on-quarter (QoQ), with an uptick in month-on-month (MoM) growth to 42% from November to December.

At the same time, ChimpChange's customer base grew deposits by 231% QoQ (46% growth November to December) and purchases by 250% QoQ (41% November to December).

One of the strengths of our business is that we are building an annuity revenue stream on a relatively fixed cost base. ChimpChange employs a customer growth model that complements the revenue growth structure by acquiring customers onto the platform and retaining them for potentially many years, allowing the Company to grow revenue while operating costs remain relatively fixed. This model represents a clear path to long-term, stable and high-growth revenue streams.

With revenue up 153% QoQ in the December quarter, the Company remains on track to bridge the gap between operational expenses and revenue. We continue to expect to see ChimpChange's revenue far exceeding the Company's relatively low operational cost base in the coming years.

I'm thrilled that we are growing so fast, and I'm excited about the opportunity to consolidate this growth into 2017."

KEY METRIC ANALYSIS

Growth in Total Transaction Volume (TTV)

Total Transaction Volume grew by 235% QoQ to US$10.54 million (A$14.43 million[1]). This strong growth has boosted the annualised run rate of ChimpChange's TTV to approximately US$56.56 million (A$77.48 million[1]).

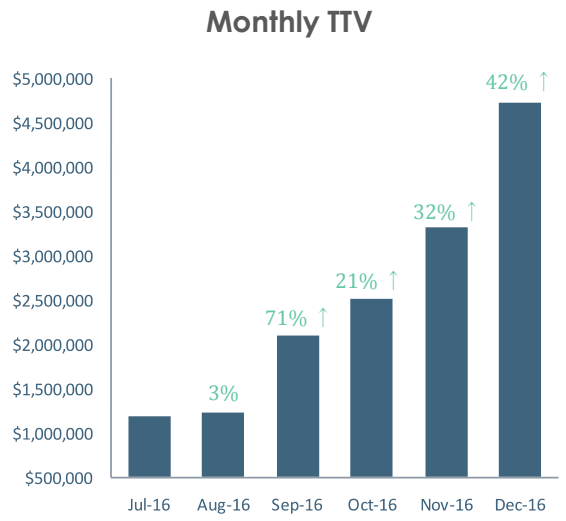
Mr. Shilkin, added, "The importance of Total Transaction Volume is that it represents all money flows on the platform, and provides a comprehensive metric that incorporates all monetisation opportunities for the Company.

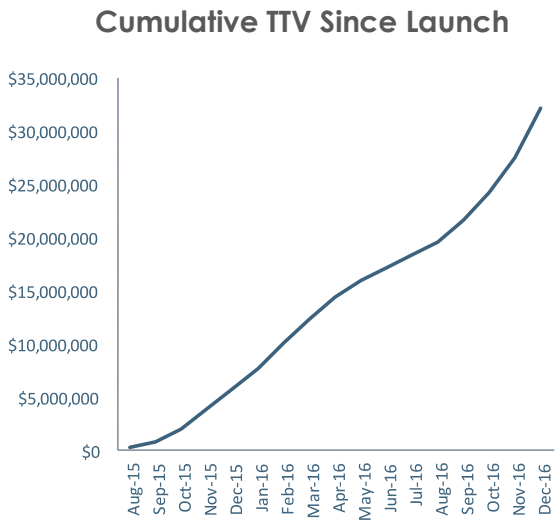
We have identified several additional monetisation channels through the ChimpChange Digital Banking Platform which we will launch in the future.

TTV is a thorough, yet broad, indicator of a digital bank's engagement with its customers. Today, customers are trusting ChimpChange with A$77 million per year (annualised) in transaction value.

Building trust and a solid base of transactional bank account holders is the first step in positioning ourselves for even faster growth when we start to offer higher-margin financial products to our customer base."

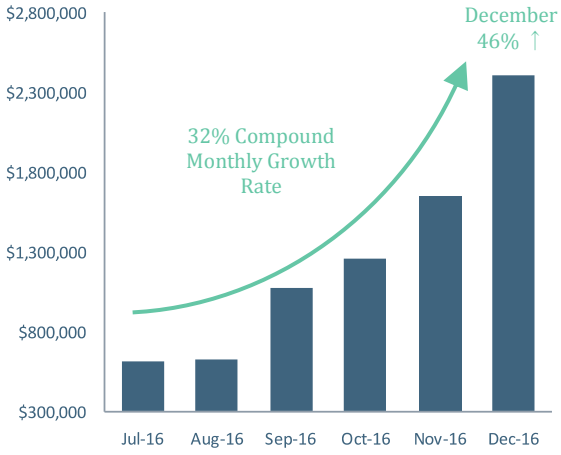
The charts below show ChimpChange's strong recent momentum in building transactional scale.





Growth in Customer Deposits

Customer deposits grew by 231% QoQ to US$5.29 million (A$7.25 million[1]). As the chart below shows, ChimpChange customer deposits continue reaching new highs each successive month.



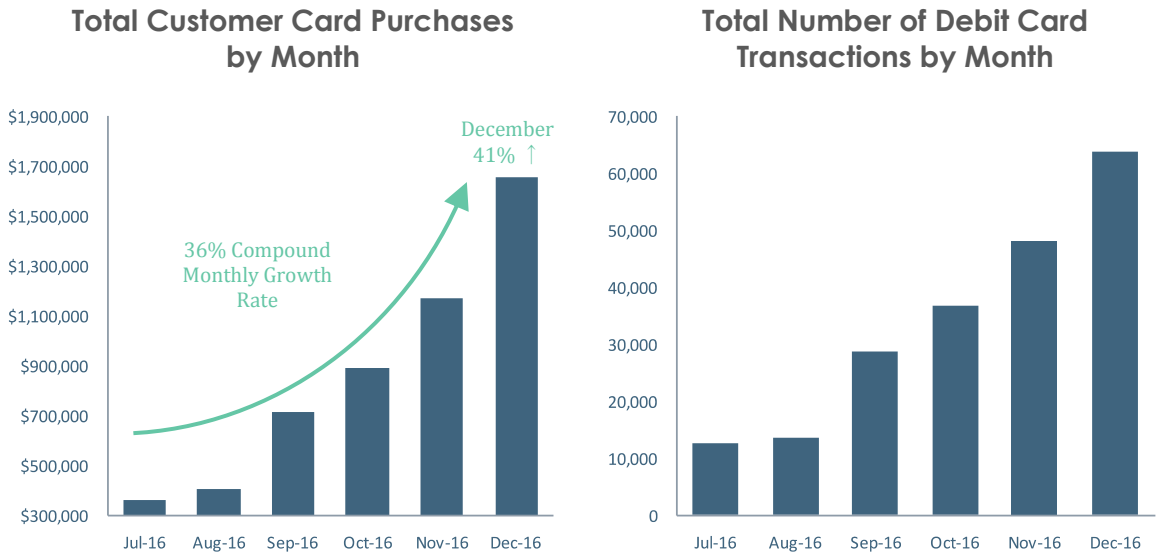
Growth in Customer Card Purchases

Customer Card Purchases increased quarter-on-quarter by 250% to US$3.69 million (A$5.06 million[1]).

The deposit growth has underpinned this growth in purchases, along with customers spending a higher proportion of funds on Debit Card purchases (rather than ATM withdrawals).

The number of transaction swipes (where a ChimpChange debit MasterCard is used to purchase goods and services) increased by 173% QoQ at an average swipe size

of US$24.90. We exited the quarter at an annualised card purchase run rate of approximately US$19.81 million (A$27.14 million[1]) from 765,000 swipes per annum.



Customer acquisition and activity

ChimpChange is pleased to report that in the second quarter of FY17, the Company continued to scale, attracting more than 25,000 new customers.

The Company drove acquisition efficiency more sharply over the period, finishing at an acquisition cost of $21.56 per customer. This represents approximately a 14% reduction in ChimpChange's cost of acquisition relative to the end of the previous quarter.

ChimpChange capitalised on its boost in marketing efficiency, attracting over 10,500 new users in December alone. As the team continues to identify pockets of efficiency, ChimpChange will remain opportunistic in attracting these potential customers.

Mr. Shilkin, commented, "During the December quarter, we focused on acquiring higher quality customers and increasing activity across our customer base. We focused our marketing promotional strategy on increasing adoption and incentivising the activities that generate revenue for the business.

For example, a strategy we employed this past quarter for improved promotional marketing was offering cash back on customer spending. We are pleased to see large gains in user activity and adoption attributed to this and other marketing campaigns.

Each month, ChimpChange consistently achieves new records on multiple metrics, giving confidence that scaling the core business will set a solid foundation underpinning the goal of significantly improving the traditional transactional banking experience through innovative industry disruption, building trust, and offering higher-margin financial products."

Continually expanding monetisation potential

ChimpChange is currently focused on driving growth and trust in the transactional banking business, while exploring the optimal structure for upcoming financial products that will have the strongest impact on ChimpChange shareholder value creation – whether the products come from the Company's own balance sheet, or through new or existing partnerships.

In traditional banking, the customer relationship starts with the transactional account, and subsequently, customers are encouraged to take up higher margin products, such as loans. Loan products generate revenue (and gross margin) per active customer in significant multiples to the revenue (and gross margin) produced by a transactional bank account customer.

It is anticipated that when the Company rolls out other offerings such as loan products to the ChimpChange customer base, the positive financial impact on the business will be dramatic. Each month, the Company is growing its base of transactional banking customers, and continues to build its relationship and trust with customers with this goal in mind.

Cash at the end of the December quarter was **US$6.58 million** (A$9.01 million[1]).

All financial figures in the following Appendix 4C are denominated in U.S. dollars, unless stated otherwise.

[1]Based on a Quarter-end USD/AUD of $0.73

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About ChimpChange

ChimpChange Limited (ASX: CCA) is Australia's only listed digital banking platform. The Company offers consumers secure, low-cost, feature-rich bank accounts. Based in Los Angeles, California, ChimpChange delivers a better way to bank with two key value propositions to customers.

Firstly, it makes free retail banking available to tens of millions of Americans who typically pay monthly fees and overdraft fees to have a bank account. Secondly, the Company provides money management tools to help customers better understand how they spend their money, and save their money. The Company also offers real-time mobile cheque deposit and instant person to person payments.

All funds on deposit are held with a federally regulated FDIC-insured bank in the USA.