ASX ANNOUNCEMENT
31 October 2017 (Sydney, Australia)

CHANGE FINANCIAL PARTNERS IN BLOCKCHAIN & CRYPTOCURRENCY BUSINESS SOLUTION

INVESTMENT HIGHLIGHTS

- Change Financial to invest in partnership to develop blockchain-based cryptocurrency for business transactions
- Change to acquire 33% interest in the 'Ivy Project'
- Change will hold a portion of the Ivy Project cryptocurrency
- Partnership to involve experts in blockchain and cryptocurrency, security and regulation
- Investment allows Change to partner in new technology while continuing to build its mobile banking operations

Change Financial Limited (ASX: CCA, OTCQX: CNGFF) ("Change Financial" or the "Company"), is pleased to announce it has entered an in-principle agreement to develop an innovative blockchain and cryptocurrency technology to provide solutions for the $1,250 trillion global payments market[1].

Continuing with its vision to create a 'better way of banking by utilising innovative and leading technology', the Company is investing in a partnership to develop a blockchain-based cryptocurrency for business transactions over $10,000. The cryptocurrency will embed critical Know Your Customer ("**KYC**") information and transaction-specific payment identification data.

The partnership is a natural progression for Change Financial, which has already developed an internal blockchain-based ledger system as part of its consumer banking and Enterprise SaaS offering. The Company has identified a unique opportunity to leverage its deep knowledge of payments, banking, regulation and financial technology to benefit shareholders through this innovative project.

Project detail

Change Financial intends to acquire a 33% equity interest in a partnership named the **'Ivy Project'**. The Company will assist the new venture to develop intellectual property regarding banking, payments and compliance.

The project will bring together leading blockchain and cryptocurrency experts, security experts and regulatory experts to develop a cryptocurrency solution and

[1] U.S. Department of the Treasury - Feasibility of a Cross-Border Electronic Funds Transfer Reporting System under the Bank Secrecy Act

bring this innovative technology to banks and businesses. The Ivy Project intends to work with and alongside regulators to achieve both commercial and regulatory goals, and is consistent with Change Financial's vision of using technology to deliver cheaper and innovative banking products.

Change Financial's Managing Director and CEO Ash Shilkin said:

"Involvement in the Ivy Project is a natural investment for our Company as blockchain and cryptocurrency are rapidly evolving as an innovative solution in storing data, moving money and conducting transactions. We have grown to service 130,000 banking customers in the US, and this investment will extend our reach into business-to-consumer (B2C) and business-to-business (B2B) banking.

"After detailed due diligence on the project, the Board and management are excited about its potential for value creation and passing through that value to our shareholders.

"Investing in the Ivy Project will empower us to help develop a solution in this growing market without taking operational resources from Change Financial. This will allow us to continue to scale our direct to consumer business, which has demonstrated strong double-digit quarter-on-quarter growth since IPO, alongside our fast-developing Enterprise SaaS business.

"As well as its equity position from its seed investment, Change Financial will hold a quantity of the cryptocurrency which has potential to increase in value over time, as its utility increases."

The Ivy Project will be owned by a separate limited liability company ("**LLC"**) to Change Financial. Following the initial investment and set-up costs, the venture is intended to be self-managed and self-funding in terms of operational staff, office space and technology. If technology is provided to the new venture, it will be provided at market rates. Change Financial will have representation on the board and manager roles in the LLC.

The Ivy Project

The Ivy Project has been formed to solve one of the big problems preventing mainstream adoption of cryptocurrencies: the anonymity associated with transactions, which provides potential for proceeds of transactions being the result of money laundering. This issue potentially limits millions of businesses from gaining access to benefits including speed, cost and convenience using cryptocurrencies.

The Ivy Project will develop a blockchain-based cryptocurrency which has many of the same characteristics as existing cryptocurrencies (recognisable, transferrable, immutable, limited in supply). However, it can voluntarily be de-anonymised and embed detailed information about the parties in the transaction, but also importantly, the specific purpose of the transaction, made using "**IvyKoin"**.

Banks typically wish to see varying information depending on the purpose of the payment. Currently the data sent through all major payment networks (SWIFT, CHIPS, FEDWIRE, ACH) is very limited. IvyKoin will collect transaction-specific information based on payment type, and make it easily accessible to banks.

IvyKoin is being built to store more than 70 data points into transactions (at the request of the sender), which is up to eight times more than some existing networks.

The primary differentiators of IvyKoin compared to traditional payment networks are:

- IvyKoin transfers allow *both* payment and the associated data points to be sent at the same time,
- IvyKoin embeds *more* transaction-specific information into the transfer than traditional payment methods,
- IvyKoin embeds *more* KYC information into transfers than traditional payment methods,
- IvyKoin stores an immutable record of the transaction forever in the blockchain.

IvyKoin is designed to be highly attractive to traditional banks, as it will provide much more transparency and access to data on a transaction than transfers made via existing networks.

IvyKoin will provide two payment types; one which is anonymous, and one which can be voluntarily de-anonymised. The de-anonymised version is designed to provide banks with comfort to accept deposits from this cryptocurrency.

Demand for blockchain technology and cryptocurrency is high, and IvyKoin will provide a unique and diverse offering to serve the global payments market.



Global cryptocurrency market cap is forecast to be $5 trillion by 2022.

Source: cointelegraph.com

Investment Details

Change Financial is seeding the new venture with US$100,000 for a 33% equity stake in the Ivy Project. The Ivy Project will seek external funding for ongoing business operations, including operational staffing, and has received indication for material funding support. Change Financial will not be leading the capital raise for the Ivy Project and at this stage does not anticipate providing any further capital to the LLC.

Change Financial will continue to focus all energy on driving growth in the Company's existing direct to consumer and enterprise banking software business, which is currently facilitating US$150 million annualised total transaction volume (as at September 2017).

Change Financial now has 130,000+ direct to consumer customers using its award-winning ChimpChange Mobile Banking platform, and received customer deposits of more than US$16 million during the September 2017 quarter.

Change Financial shareholders can stay updated on the progress of the Ivy Project by registering interest at www.IvyKoin.com.

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About Change Financial Limited

Change Financial Limited (ASX: CCA, OTCQX: CNGFF) is an award winning FinTech banking platform, dual trading on the Australian Securities Exchange and in the US on OTCQX.

Via Change Financial's 'ChimpChange Mobile Banking' brand, the Company offers consumers award winning 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.

Change Financial is also developing MasterCard Certified processing capabilities to support Enterprise level banking services to a wide audience of U.S. banks and commercial enterprises. The Enterprise software will be available for public deployment in 2018.

Change Financial Limited (OTCQX: CNGFF) trades on the OTCQX Best Market. Companies meet high financial standards, follow best practice corporate governance, demonstrate compliance with U.S. securities laws, and have a professional third-party sponsor introduction. Investors can find current financial disclosure and Real-Time Level 2 quotes for the Company on www.otcmarkets.com/stock/CNGFF/profile.