

ASX Announcement

27 May 2020

Neobank Update

Novatti Group Limited (ASX:NOV) (Novatti or Company), a leader in digital payments processing and banking solutions, provides an update for its digital bank licence application, associated investment and operations plans.

Pre-Licence Operations

Novatti continues to develop its banking unit, Novatti IBA, as it seeks to become a specialist banking services provider. Novatti IBA is preparing to launch its Global Services Hub providing a range of unified payments and account services, including Remittance Services and digital Visa Cards, in market by September 2020. These services will build customers and partnerships for the long-term operations of the bank.

Regulatory

As previously announced, in April 2020 Novatti received guidance from the Australian Prudential Regulation Authority (APRA) noting that it would be placing a temporary hold on issuing new banking licences due to COVID-19. However, APRA also advised that applications will continue to be assessed during this period, minimising any potential delays. Novatti IBA's final Restricted Authorised Deposit Taking Institution (RADI) licence application was submitted in November 2019. Novatti IBA is continuing to work closely with APRA in readiness for its licence once the temporary hold on issuing new banking licences is lifted.

Investment

The investor group for the banking unit as announced to ASX on 6 January 2020 has decided to withdraw from the investment, given uncertainty caused by COVID-19 and the above-mentioned APRA delays rendering the conditions precedent unachievable by the stipulated sunset date. Accordingly, investment funds held in escrow will be released.

Novatti will now actively engage with other prospective investor groups seeking exposure to the neobank sector and will provide an update to the market on these activities in due course.

Novatti invites investors to keep up to date with company news, events and industry research by joining the Novatti mailing list at: <https://www.novattigroup.com/subscribe>

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This ASX release has been approved for release to ASX by Peter Cook, Managing Director.

About Novatti Group Limited (ASX:NOV)

Novatti is a leading digital banking services and payments company. Through innovative technology, Novatti positions its customers to thrive in the growing cashless economy. Novatti's processing services include Flexepin, an open-loop cash voucher service, Flexewallet for remittance and compliance services, Chinapayments.com for bill payment services and Vasco Pay for the issue of reloadable Visa cards. Novatti subsidiary Flexewallet Pty Ltd holds an Australian Financial Services Licence No 448066 and is registered with AUSTRAC as a Remittance Network Provider. Novatti subsidiary Novatti IBA Pty Ltd has applied to APRA for a RADI licence. Novatti's software solutions include Consumer Digital Wallets, Branchless Banking, Mobile Money, Bill Payments, Remittance Services and Voucher Management Systems.