

Australian Licensing Update

Melbourne, 5th July 2019: iSignthis Ltd (ASX: ISX|FRA: TA8) (“The Company”) is pleased to announce that it has recently met with representatives from the Australian Prudential Regulation Authority (APRA) and the Reserve Bank of Australia (RBA), and advises that its applications are progressing well, and likely issued this quarter. Engagement with the Australian Securities and Investment Commission (ASIC) also continues on our Australian Financial Services License (AFSL).

The Purchased Payment Facility (PPF) Authorised Deposit Taking Institution (ADI) license type applied for by iSignthis eMoney (AU) Pty Ltd (“ISEMAU”) has a specific advantage to the Company over a standard ADI, in that the Tier 1 capital requirements are significantly less than that of a standard ADI that offers credit and loans.

The ISEMAU wholesale neobanking model does not require or rely upon retail deposits, nor an ongoing requirement for wholesale capital to fund a loan book. In turn, this removes market pressures and risk experienced by standard ADI’s and retail neobanks in raising and maintaining Tier 1 capital for loan funding.

Conversely, wholesale funds managed under custodial arrangements by ISEMAU can be deposited with standard ADI’s in interest bearing accounts.

ISEMAU does not consider any existing or recently licensed standard ADI, or restricted ADI neobanks as being competitors to the Company.

The PPF class of ADI has only been previously issued only once before by APRA, to Paypal Inc (NYSE:PYPL). However, Paypal does not have account facilities with the RBA, and relies upon other ADI’s to provide it access to the cards and payments networks.

The combined AFSL, ADI license and RBA account facilities are expected to allow ISEMAU to focus on its payment operations, custodial, indirect retail and wholesale electronic money PPF accounts.

iSignthis will finalise its application to be allocated a Bank Sub Branch (BSB) number upon approval from the RBA, such that its Flykk retail and ISXMoney wholesale electronic facilities are accessible to and from the Australian payments network.

The Card Access Regime under which iSignthis is a card scheme principal member is a separate regime to that of the ADI, and is regulated by the RBA independent of APRA.

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Australian Securities and Frankfurt Stock Exchange listed iSignthis Ltd (ASX: ISX | FRA: TA8)

delivers remote identity verification and payment authentication coupled with e-money deposit taking, transactional banking and payment processing capability. iSignthis provides an end-to-end on-boarding service for merchants, with a unified payment and identity service via our Payidentity™ and ISXPay® solutions.

By converging payments and identity, iSignthis delivers regulatory compliance to an enhanced customer due diligence standard, offering global reach to any of the world's 4.2Bn 'bank verified' card or account holders, that can be remotely on-boarded to meet the Customer Due Diligence requirements of AML regulated merchants in as little as 3 to 5 minutes. Payidentity™ has now onboarded and verified more than 1.65m persons to an AML KYC standard.

- **iSignthis Payidentity™** service is the trusted back office solution for regulated entities, allowing merchants to stay ahead of the regulatory curve, and focus on growing their core business. iSignthis' subsidiary, iSignthis eMoney Ltd, trades as ISXPay®, and is an EEA authorised eMoney Monetary Financial Institution, offering card acquiring in the EEA, and Australia.
- **ISXPay®** is a principal member of Visa Inc, Mastercard Inc, Diners, Discover, (China) Union Pay International and JCB International, an American Express aggregator, and provides merchants with access to payments via alternative methods including SEPA, Poli Payments, Sofort, Trustly, WeChat, AliPay and others.
- **UAB Baltic Banking Service, ("BBS")** a wholly owned subsidiary of iSignthis Ltd, provides API based access to SEPA Core, SEPA Instant and SEPA business schemes ("CoreConnect"), for neobanks, banks, credit unions and e-money institutions, and provides a bridge to the Central Bank of Lithuania's CENTROLINK service. Document Management ("DocPlus") and Payment Management Systems ("PayPlus") form part of the product suite, with BBS contracted to deliver these services to a number of regulated entities.
- **Probanx Information Systems Ltd (Probanx®)**, a wholly owned subsidiary of iSignthis Ltd, is an international banking software company which has been serving the banking industry since the year 2000 by developing comprehensive banking software solutions to financial institutions around the globe. Probanx offers web-based banking solutions using the latest technology and international standard business rules. Our customers are located on five continents and supported from our technical centres in Europe and Australia. iSignthis' Probanx delivers core banking software, including a fully comprehensive and versatile banking solution for retail, corporate and private banks, e-money and payment institutions, offering capabilities that up until now were affordable only by large commercial banks.

Read more about the company at our website www.isignthis.com, <https://www.bbsservice.lt/en/> and www.probanx.com