

Half-Year Report

2016

Becoming Europe's
FinTech
Champion





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Highlights 2016

20/01/2016

FinTech Group AG subsidiary flatex cooperates with Deposit Solutions

03/02/2016

Hauck & Aufhäuser raises FinTech Group target price to EUR 27.00 (old EUR 21.00)

15/02/2016

FinTech Group AG enters strategic partnership for Exchange Traded Products with Morgan Stanley

29/03/2016

FinTech Group AG launches credit business

11/04/2016

FinTech Group AG increases profitability

29/04/2016

FinTech Group AG sells Aktionärsbank to Obotritia Capital KGaA and starts strategic partnership

31/05/2016

FinTech Group AG publishes final compiles numbers for 2015

01/06/2016

FinTech Group AG and Finotek engage in first German-Korean fintech joint venture

27/06/2016

Brexit: flatex-IT executed record of 80.000 trades at full load

07/07/2016

FinTech Group AG raises stake in XCOM AG to more than 75% of voting rights

26/07/2016

FinTech Group AG and Rocket Internet launch strategic technology partnership

27/07/2016

Warburg Research starts FinTech Group AG at buy recommendation and target price of EUR 23.00

Group Key Performance Indicators



Group Key Performance Indicators

Operating business		H1 2016	H1 2015
Transactions executed	Number	4,976,371	4,822,517
Number of retail customers	Number	193,773	163,668
Transactions per customer / year	Number	51.36	58.93
Customer assets under management	MEUR	9,416	5,679
of which: securities account volume	MEUR	8,367	4,416
of which: deposit account volume	MEUR	1,049	1,263

Financials		H1 2016	H1 2015
Revenue	TEUR	48,348	34,634
EBITDA	TEUR	13,780	15,164
EBIT	TEUR	11,356	14,733
Net income for the fiscal half-year	TEUR	2,548	10,001
Equity (as of 31/12/2015)	TEUR	89,576	85,856
Total assets (as of 31/12/2015)	TEUR	1,352,324	1,208,240
Equity ratio (as of 31/12/2015)	in %	6.6%	7.1%
Cash flow	TEUR	-150,768	283,445
Employees (average)	Anzahl	467	485

Segments		H1 2016	H1 2015
Transaction processing & white-label-banking-services	Revenue KEUR	36,505	11,821
	EBITDA KEUR	12,347	2,198
Securities trading & financial services	Revenue KEUR	11,623	21,391
	EBITDA KEUR	7,401	15,681
Consolidation	Revenue KEUR	220	1,422
	EBITDA KEUR	-5,969	-2,715
Total	Revenue KEUR	48,348	34,634
	EBITDA KEUR	13,780	15,164

Half-Year
Group Management
Report



Basis of the presentation

The interim management report of FinTech Group AG (hereinafter either "FinTech Group AG" or "Group") was prepared in accordance with § 315 and § 315a HGB and with the German Accounting Standard (DRS) 20. All report content and data relate to the reporting date 30/06/2016 or the partial fiscal year from 01/01/2016 to 30/06/2016.

Forward-looking statements

This management report may contain forward-looking statements and information which may be identified by formulations using terms such as "expects", "aims", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "will" or similar terms. Such forward-looking statements are based on the current expectations and certain assumptions which may be subject to a variety of risks and uncertainties. The results actually achieved by FinTech Group AG may substantially differ from these forward-looking statements. FinTech Group assumes no obligation to update these forward-looking statements or to correct them in case of developments which differ from those anticipated.



1. Economic report

1.1. Earnings situation

Significant sources of earnings are commission income, interest income, revenue from business with IT service providers and other operating income.

The Group's commission income amounted to KEUR 30,516 from 01/01/2016 to 30/06/2016 (01/01/2015 – 30/06/2015: KEUR 28,304), while net commission income, calculated as the amount of commissions earned that exceeded commission expenses, amounted to KEUR 22,210 (01/01/2015 – 30/06/2015: KEUR 27,298).

Interest income amounted to KEUR 1,886 (01/01/2015 – 30/06/2015: KEUR 1,344). Net interest income amounted to KEUR 1,732 (01/01/2015 – 30/06/2015: KEUR 826) and comprises the net interest income and interest expense in the operating business.

Revenue from business with IT services amounted to KEUR 9,817 (01/01/2015 – 30/06/2015: KEUR 3,307) and resulted from the core business of XCOM AG. Of this, net income amounting to KEUR 7,010 (01/01/2015 – 30/06/2015: KEUR 2,314) remained after deduction of expenses.

Other operating income is mainly driven by proprietary trading and amounted to KEUR 6,129 (01/01/15 – 30/06/2015: KEUR 1,679).

Personnel expenses in the reporting period amounted to KEUR 10,791 (01/01/2015 – 30/06/2015: KEUR 7,894). Other administrative expenses amounted to KEUR 9,930 (01/01/2015 – 30/06/2015: KEUR 6,598) remained after deduction of expenses. Marketing expenses amounted to KEUR 311 (01/01/2015 – 30/06/2015: KEUR 155).

All Group income was earned with customers and products from Europe, mainly in Germany, and was in euros. Inflation and exchange rate movements did not have a significant effect on earnings.

During the reporting period 01/01/2016 – 30/06/2016, EBITDA of KEUR 13,780 (01/01/2015 – 30/06/2015: KEUR 15,164) was achieved.

The forecasts from the previous management report remain unchanged.



1.2. Financial situation

Capital

The Group's capital structure is as follows:

in %	30/06/2016	31/12/2015	Change in %-points
Equity ratio	6.6	7.1	-0.5
Debt ratio	93.4	92.9	+0.5

The minority interests in equity amounting to EUR 14,349,242.38 are attributable to the other shareholders of XCOM AG and correspond to a Group equity share of 16%.

Non-current financial liabilities amount to EUR 8,162,285.97. This mainly includes loans and pension liabilities of XCOM AG, which were recognized as part of the initial consolidation. In addition, deferred tax liabilities amount to EUR 5,121,808.96.

The remaining maturities of the liabilities are structured as follows:

in KEUR	30/06/2016	31/12/2015	Change in %
Fixed-interest loans	4,060	7,208	-43.7
Trading portfolio and customer deposits	1,000,595	947,278	5.6
Trade payables	11,698	13,356	-12.4

Liquidity

An overview of FinTech Group AG's cash flow generated in H1 2016, based on the profit for the period is the cash flow statement, which is part of the consolidated financial statements and which yields the following results:

in KEUR	
Cash flow from operations	-150,768 (2015: 283,445)
Cash flow from investing activities	-3,934 (2015: -44,845)
Cash flow from financing activities	0 (2015: 10,085)
Cash and cash equivalents at the beginning of the periods	541,273 (2015: 61,482)
Cash and cash equivalents at the end of the period	386,572 (2015: 869,604)



Cash flow from operating activities is mainly influenced by the changes in the area of customer deposits of biw AG. The stable internal financing operating activities remain unaffected.

FinTech Group AG was able to meet its financial obligations at all times. No liquidity shortages occurred during H1 2016, nor are any liquidity shortages foreseeable.

1.3. Asset situation

in KEUR	30/06/2016	31/12/2015
Assets	1,352,324	1,208,240
Non-current assets	66,474	64,999
Current assets	1,285,850	1,142,067
Assets from discontinued operations	0	1,174
Liabilities	1,352,324	1,208,240
Equity	89,576	85,856
Non-current liabilities	13,285	16,324
Current liabilities	1,249,463	1,106,060

Total assets recorded an increase of KEUR 1,208,240 to KEUR 1,352,324. The changes resulted primarily from the growth in customer deposits from operations. No inflation or exchange rate effects have a material impact on the asset situation.

1.4. General statement on the business development and situation of the Group

FinTech Group AG successfully continued its course of profitable growth during the first half of the 2016 fiscal year. The Group was able to realize an operating profit before interest, taxes, depreciation and amortization (EBITDA) of KEUR 13,780 during the first half of the year, confirming the expectations of Management in the previous management report.

The segment-specific transaction and customer numbers in the securities trading & financial services segment increased by 18% and 9.2%, respectively. Encouraging positive business developments were also recorded in the transaction processing & white label banking services segment.



2. Supplementary report

With regard to significant events after the balance sheet date, please refer to Note 14 of the half-year report.

3. Forecast, opportunities, and risk report

3.1. Forecast report

The depicted forecast period for business development refers to the second half of the 2016 fiscal year and covers six months. Only continued operations and business processes of extraordinary significance are taken into consideration in the forecast.

Expected business development of the securities trading & financial services segment

Growth in the securities trading & financial services segment will continue in the second half of the year due to the further growth of business with partner Morgan Segment Securities Trading and the expansion of the loan book, including the business model flatex flex- credit. A roadshow in eight cities in Germany entitled "From Hamburg to Vienna" with trading professionals and investment experts will further increase the brand awareness of flatex GmbH. In addition, a collaborative venture with Zinspilot, for instance, will enable attractive business models in the current low interest rate phase.

Expected business development of the transaction processing & white-label banking services segment

The second half of the 2016 fiscal year will involve two milestones for the Transaction Processing & White Label Banking Services segment:

With the product development kesh, the mobile payment division has been adapted for international areas of application for the first time through the German-Korean FinTech joint venture with Finotek. Significant progress has therefore been made within the context of software development and the operation of this platform.

Furthermore, the managed customer deposits and deposit volumes are expected to pass the EUR 10 billion mark during the second half of 2016 for the first time in the history of FinTech Group AG.



Forecast for key financial performance indicators

The forecasts for the 2016 fiscal year can be confirmed from the previous management report for the Group's performance indicators. These are summarized as follows:

quantity / in KEUR	Group		Securities trading & financial services		Transaction processing & white-label banking services	
	2016e	2015	2016e	2015	2016e	2015
Number of customers	-	-	significant increase	-	-	-
Number of accounts	-	-	significant increase	-	moderate increase	218,285
Number of transactions	-	-	major increase	7,100,000	slight increase	10,143,219
EBITDA continuing operations	major increase	19,738	major increase	19,637	major increase	8,389

Legend

Degree of change

moderate +/- 0.1 to 5%

easy +/- 5.1 to 10 %

significant +/- 10.1 to 20 %

much so +/- > 20.1%

The earnings as of 30/06/2016 confirm the estimates and forecasts of Management regarding the overall Company and the expectation that the 2016 fiscal year will end with an operating profit before interest, taxes, depreciation and amortization (EBITDA) of EUR 30 to 35 million.

3.2. Opportunities and risk report

With regard to the opportunities and risks, the details in the previous management report remain unchanged.



4. Other Information

4.1. Responsibility statement by the Executive Board

We hereby affirm that, in accordance with the applicable accounting principles, the interim financial statements give a true and fair view of the assets, financial and earnings position of the Group and that the consolidated half-year management report includes a fair view of the development and performance of the business and the position of the Group corresponding to the actual situation of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt, 31/08/2016

FinTech Group AG

Frank Niehage

CEO, Chairman of the Executive Board

Consolidated
Financial Statement
for the First Half of 2016



Consolidated Balance Sheet as of June 30, 2016

in KEUR	Note	30/06/2016	31/12/2015
Assets		1,352,324	1,208,240
Non-current assets		66,474	64,999
Intangible assets		55,159	54,256
Property, plant and equipment		5,744	5,354
Financial assets and other assets	10	541	440
Deferred taxes		5,030	4,949
Current assets		1,285,850	1,142,067
Inventories and works in progress		941	1,085
Trade receivables		89,097	30,002
Tax receivables		2,801	1,691
Other current financial assets		313,413	131,362
Cash loans and receivables		493,026	436,654
Cash and cash equivalents		386,572	541,273
<i>Assets from discontinued operations</i>	8	0	1,174
Liabilities		1,352,324	1,208,240
Equity		89,576	85,856
Subscribed capital		16,811	16,811
Capital reserves		49,523	49,367
Retained earnings		8,893	6,989
Minority interests		14,349	12,689
Non-current liabilities		13,285	16,324
Long-term borrowings		4,060	7,208
Other non-current liabilities		4,103	4,348
Deferred tax liabilities		5,122	4,768
Current liabilities		1,249,463	1,106,060
Trade payables		11,698	13,356
Liabilities to customers		1,000,595	947,278
Other financial liabilities		224,822	127,421
Tax provisions		10,340	8,533
Other provisions		2,008	9,472



Consolidated Income Statement for the interim period from January 1st, 2016 to June 30, 2016

in KEUR	Note	H1 2016	H1 2015
Revenues		48,348	34,634
Raw materials and consumables used		13,533	4,816
Personnel expenses	4	10,791	7,894
Marketing expenses		311	155
Other administrative expenses		9,930	6,598
Impairment of financial assets		3	7
Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA)		13,780	15,164
Depreciation and amortization		2,424	431
Consolidated earnings before interest and income tax (EBIT)		11,356	14,733
Financial results		-650	-676
Consolidated earnings before income tax (EBT)		10,706	14,057
Income tax expense		1,848	2,166
Consolidated earnings from continuing operations		8,858	11,892
Earnings from discontinued operations	8	-6,310	-1,891
Consolidated earnings		2,548	10,001

Figures not fully comparable with the 2015 half-year results published due to the change in accounting standards from HGB to IFRS (see reconciliation in Note 4)



Consolidated Statement of Profit or Loss
and Other Comprehensive Income
for the interim period from January 1st, 2016 to June 30, 2016

in KEUR	Note	H1 2016	H1 2015
Consolidated earnings		2,548	10,001
Other earnings, items that will not be reclassified to profit or loss in the future:			
Refunds/revaluation of plan assets		0	0
Actuarial gains		0	0
Items that will be reclassified to profit or loss in the future:			
Adjustments to the bond portfolio		1,528	0
Deferred taxes		-512	0
Comprehensive income		3,564	10,001



Consolidated Cash Flow Statement for the interim period from January 1st, 2016 to June 30, 2016

in KEUR	30/06/2016	31/06/2015
Profit for the period (consolidated profit/loss, including profit attributable to other shareholders)	2,548	10,001
Depreciation and amortization/appreciation on fixed assets	2,641	3,717
Increase/decrease in provisions	-5,903	448
Other non-cash expenses/income	155	31
Increase/decrease in inventories, trade receivables and other assets that are not attributable to investment or financing activities	-297,492	-10,798
Increase/decrease in trade liabilities and other liabilities that are not attributable to investment or financing activities	147,283	280,046
Cash flow from operations	-150,768	283,445
Payments for investments in intangible assets	-2,596	-948
Payments for investments in fixed assets	-1,338	-338
Proceeds from the disposal of financial assets	-	-
Payments for investments in financial assets	-	-
Payments for additions to the group of consolidated companies	-	-43,559
Cash flow from investing activities	-3,934	-44,845
Proceeds from equity injections by shareholders of the parent company	-	10,085
Proceeds from equity injections by third parties	-	-
Proceeds from issuing bonds and taking out (financial) loans	-	-
Cash flow from financing activities	-	10,085
Change in cash and cash equivalents	-154,701	248,685
Change in cash and cash equivalents due to a change in the group of consolidated companies	-	559,437
Cash and cash equivalents at the beginning of the periods	541,273	61,482
Cash and cash equivalents at the end of the period	386,572	869,604



Statement of Changes in Group Equity as of June 30, 2016

in KEUR	Subscribed capital	Capital reserves	Consolidated retained earnings	Actuarial gains/losses	Gains/losses from financial instruments measured at fair value through profit or loss in other earnings	Total	Minority shares	Total equity
As of 01/01/2015	15,395	30,474	4,212	-	-	50,081	-	50,081
Issue of shares	1,416	18,668	-	-	-	20,085	-	20,085
Purchase/ sale of treasury shares	-	-	-	-	-	-	-	-
Contributions into/withdrawals from capital reserves	-	225	-	-	-	225	-	225
Changes in the group of consolidated companies	-	-	-	-	-	-	13,102	13,102
Comprehensive income	-	-	-	4,127	396	4,523	-	4,523
Consolidated net loss	-	-	-1,746	-	-	-1,746	-413	-2,159
As of 31/12/2015	16,811	49,367	2,466	4,127	396	73,167	12,689	85,856
Issue of shares	-	-	-	-	-	-	-	-
Purchase/ sale of treasury shares	-	-	-	-	-	-	-	-
Contributions into/withdrawals from capital reserves	-	155	-	-	-	155	-	155
Changes in the group of consolidated companies	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	1,016	1,016	-	1,016
Consolidated net income	-	-	888	-	-	888	1,661	2,549
As of 30/06/2016	16,811	49,523	3,354	4,127	1,412	75,226	14,350	89,576



Notes to the Consolidated Financial Statement as of June 30, 2016

Note 1 Information on the Company

This consolidated half-year financial statement is the consolidated financial statement of FinTech Group AG and its subsidiaries (jointly referred to as the "Group"). The direct parent company is GfBk Gesellschaft für Börsenkommunikation mbH, headquartered in Kulmbach, with the ultimate parent company of the corporate group being BFF Holding GmbH, also headquartered in Kulmbach.

FinTech Group AG is a company established in Germany and having its headquarters at Rotfeder-Ring 5, 60327 Frankfurt.

The group's business activities relate to the supply of innovative technologies in the financial sector and the online brokerage market, as well as the provision of financial services.

The preparation of the consolidated financial statement was completed on 31/08/2016 and will likely be submitted to the Supervisory Board for approval prior to its publication on 29/09/2016. Once it has been published, it will no longer be possible to make any changes to the consolidated financial statement.

Note 2 Fundamentals of the preparation of the consolidated financial statement

This consolidated half-year financial statement is in full compliance with the IFRS applicable within the European Union and the supplementary provisions of commercial law applicable pursuant to § 315a of the HGB. The consolidated half-year financial statement of FinTech Group AG is based on the assumption of its continued existence as a going concern.

Note 3 Scope of consolidation

During the reporting period, there were no changes in the group of consolidated companies compared to 31/12/2015.

Note 4 Information on the comparison period 2015 for the income statement

For a better understanding of the comparison period 01/01/2015 – 30/06/2015, it should be noted that a majority share in the XCOM Group was acquired as of 31/03/2015. As a result, only three months (01/04/2015 – 30/06/2015) of the annual transaction figures for the XCOM Group were included in the income statement for the same period.

Furthermore, the 2015 half-year results were positively impacted by a significant one-off effect.

In addition, adjustments were made to the half-year results in accordance with the German Commercial Code (Handelsgesetzbuch). Personnel expenses in the original half-year results amounted to KEUR 11,572 according to the German Commercial Code. This amount was reduced by the capitalization of product development amounting to KEUR 770 and the adjustment of expenses for pensions amounting to KEUR 41. Depreciation and amortization fell by KEUR 4,652, as an impairment was performed rather than an ongoing amortization of goodwill in accordance with IFRS standards. Furthermore, the commercial positions in relation to the bond portfolio were also eliminated, resulting in an effect amounting to KEUR 2,971. Income from the fund for general banking risks at KEUR 1,640 was also eliminated under IFRS. At KEUR 6,794, comprehensive income according to IFRS was therefore higher overall than reported in the HGB financial statement.

Reconciliation of HGB income statement (30/06/2015) with the IFRS income statement (30/06/2015)

in KEUR	IFRS H1 2015	HGB H1 2015	Difference
Amortization of goodwill	0	4,652	4,652
Adjustment of the fund for general bank risks	0	-1,640	-1,640
Deviating revaluation of bonds	0	2,971	2,971
Capitalization of development costs	770	0	770
Adjustment of pension provisions	41	0	41
Total deviations in earnings			6,794
Consolidated earnings after taxes	10,001	3,207	6,794

Note 5 Estimates and assumptions

The preparation of the consolidated half-year financial statement is based on the same assumptions and estimates as the previous consolidated half-year financial statement. Compliance with IFRS calls for the adoption of assumptions and the use of estimates having an impact on the amount and the disclosure of the assets and liabilities and income and expenses on the balance sheet. All available information is taken into account in this regard. The assumptions and estimates in question largely relate to the stipulation of useful lives in a consistent manner throughout the Group, the calculation of the recoverable amounts for impairment testing of individual CGUs and the recognition and measurement of provisions. The estimation uncertainty resulting from the difficult current interest rate situation in the financial markets is of particular significance. This in particular relates to the level of the reported pension provisions. Consequently, actual values may diverge from the estimates made. New information is taken into account as soon as it becomes available. As at the time of the preparation of the consolidated financial statement, it is not expected that the assumptions or estimates will be subject to material changes.

**Note 6 Subsidiaries, including share of minority shareholders**

Significant minority shareholders only exist at the level of XCOM AG (single entity) (headquartered in Willich) . The share of the equity of XCOM AG held by the minority shareholders is equivalent to 33.34% (commensurate with their share of the voting rights).

Note 7 Stock option plan

FinTech Group AG has set up stock option plans to ensure that the total remuneration paid to its managers is competitive. Each subscription right issued pursuant to the share option plan gives the holder the right to acquire one no-par value bearer share of the Company in return for payment of the subscription price stipulated upon issue. The subscription price is determined on the basis of the average closing price for the share over a fixed period of time preceding the adoption of the corresponding resolution by the Annual General Meeting, less a discount.

The first stock option plan was launched in 2014 (Option Plan 1). A second stock option plan (Option Plan 2) was launched in 2015, which issued a total of 104,500 options to employees during the first half of 2016 on 07/04/2016:

Plan	issued on	Quantity	Price at subscription in EUR
Option Plan 3	07/04/2016	104,500	15.45
Total		104,500	

There were no options in circulation at the beginning of the 2016 fiscal year (as was also the case in 2015), nor were there any exercisable options as of 30/06/2016 (as was also the case in 2015). Similarly, there were no options which had been forfeited or had lapsed in the 2015 fiscal year and in the first half-year 2016.

The capital reserves to be recorded amounted to KEUR 155 in the interim period 01/01/2016 – 30/06/2016. This consists of the reserves for options issued before 01/01/2016 (KEUR 141) and the reserves for options from 01/01/2016 onwards (KEUR 13).

Note 8 Discontinued operations

During the first half of 2016, there were three discontinued operations, the Aktionärsbank, CeFDex and XCOMpetence, which did not yet exist in the first half of 2015. The annual values for 2015 have therefore been used as comparative figures. The earnings from discontinued operations can be broken down as follows:

in KEUR	H1 2016	H1 2015
Revenues	438	9,420
Expenses	6,512	10,780
EBITDA	-6,074	-1,360
Depreciation and amortization	217	282
Pre-tax gain/loss on the revaluation of assets and liabilities attributable to discontinued operations	20	249
Earnings from discontinued operations in the current fiscal year according to the profit and loss account	-6,310	-1,891

Impairment tests for discontinued operations are performed once a year. During the reporting period there were no indications resulting in an unscheduled impairment test. The net cash flow for the discontinued operations in the 2016 half-year comprise the following:

in KEUR	AKTIONÄRSBANK	CeFDex	XCOMp	Total
Current operations	-1,182	-295	-123	-1,600
Investment activities	-	-	-	0
Financing activities	-	-	-	0

From current operations, revenues of KEUR 32,229 (2015: KEUR 28,861) are to be allocated to the owners of the parent company and KEUR 16,119 (2015: KEUR 5,774) to minority shareholders. From discontinued operations, revenues of KEUR 292 (2015: KEUR 7,821) are to be allocated to the owners of the parent company and KEUR 146 (2015: KEUR 1,599) to minority shareholders.

**Note 9 Other provisions**

The development of the provisions as at 30/06/2016 was as follows:

in KEUR	01/01/2016	Additions	Use	Reversal	Contribution	30/06/2016
Short-term provision						
Restructuring expenses	1,000		750	250	0	0

The restructuring measures were completed in the current fiscal year. The provisions were expended at KEUR 750 and the remaining KEUR 250 dissolved accordingly. There are currently no reasons for new reserves to be created.

Note 10 Financial instruments

With regard to the categorization and valuation of financial instruments, there were no differences compared to the previous financial statement.

Provided collateral

FinTech Group AG has provided collateral for the processing of finance brokering transactions of biw AG which has been deposited with the clearing and depository agents commissioned for that purpose. This deposited collateral largely comprises securities collateral. The book value of the provided collateral amounted to KEUR 161,828 as of 30/06/2016 (31/12/2015: KEUR 38,194).

Held collateral

The FinTech group does not hold any collateral in the form of financial or non-financial assets.

Note 11 Dividends

No payment of dividends to owners was recorded during the reporting period.

Note 12 Presentation of reportable segments in accordance with IFRS 8

FinTech Group AG is obligated to provide segment reporting pursuant to IFRS 8. The manner of the segmentation is dictated by the so-called management approach. Segments are sub-divisions of the company, with regard to which separate financial information is available which is appraised by the Chief Operating Decision Maker (CODM) in the resource allocation and performance evaluation context. The top level of the reporting system will be authoritative in this regard. No consolidation of business segments has been undertaken.

FinTech Group AG reports on the performance of two business segments. The segment "Securities Trading & Financial Services" (ST & FS) is responsible for the provision of front-end online brokerage products and services, white-label banking services and professional banking services. The revenues of this segment originate from the sale of the corresponding products and services.

The segment "Transaction Processing & White-Label Banking Services" (TP & WLBS) is responsible for the company's electronic securities settlement and deposit management activities, the provision of IT services, and research and development activities, with its revenues resulting from the provision of the corresponding services.

Segment report for continuing operations 1st half of 2016

in KEUR	ST & FS	TP & WLBS	Other & consolidation	Total
Revenues	11,623	36,505	220	48,348
Raw materials and consumables used	269	12,821	443	13,533
Personnel expenses	1,458	6,096	3,237	10,791
Marketing expenses	86	197	28	311
Other administrative expenses	2,409	5,043	2,478	9,930
Impairment of financial assets	0	0	3	3
EBITDA	7,401	12,347	-5,969	13,780
Depreciation and amortization				2,424
Consolidated earnings before interest and income tax (EBIT)				11,356
Financial results				-650
Consolidated earnings before income tax (EBT)				10,706
Income tax expense				1,848
Consolidated earnings from continuing operations				8,858
Earnings from discontinued operations				-6,310
Consolidated net profit				2,548

**Segment report for continuing operations 1st half of 2015**

in KEUR	ST & FS	TP & WLBS	Other & consolidation	Total
Revenues	21,391	11,821	1,422	34,634
Raw materials and consumables used	1,244	3,889	-317	4,816
Personnel expenses	2,572	2,053	3,269	7,894
Marketing expenses	155	0	0	155
Other operating expenses	1,732	3,681	1,185	6,598
Impairment of financial assets	7	0	0	7
EBITDA	15,681	2,198	-2,715	15,164
Depreciation and amortization				431
Consolidated earnings before interest and income tax (EBIT)				14,733
Financial results				-676
Consolidated earnings before income tax (EBT)				14,057
Income tax expense				2,165
Consolidated earnings from continuing operations				11,892
Earnings from discontinued operations				-1,891
Consolidated net profit				10,001

The foregoing segment reporting shows the financial figures for the first half of 2015 and 2016 following the restructuring of the segments undertaken during the 2015 fiscal year.

Sales as between the segments are carried out at market prices. The accounting basis for all business transactions as between the reportable segments is in line with IFRS Stipulations.

External revenues are generated only by the Group companies based in Germany.

Note 13 Information on relationships with related companies and persons

The balances and business transactions (including any interim profits) as between FinTech Group AG and its subsidiaries, which constitute related companies/persons, have been eliminated in the context of the consolidation and are therefore not described in the disclosure contained in these Notes.

The FinTech Group AG is in turn controlled by GfBk Gesellschaft für Börsenkommunikation mbH. This is in turn controlled by the highest-level parent entity, BFF Holding GmbH. Sole shareholder of BFF Holding GmbH is Mr. Bernd Förtsch.

Thus, in addition to the subsidiaries of FinTech Group AG, GfBk Gesellschaft für Börsenkommunikation mbH and BFF Holding GmbH, as well as the companies controlled by them and those over which they

exercise significant influence, count among the persons/companies related to FinTech Group AG. This is also the case for the companies controlled by Mr. Bernd Förtsch and those over which he exercises significant influence.

In addition, the members of the Executive Board and the Supervisory Board of FinTech Group AG and their immediate family members also qualify as related persons. Companies over which related persons exercise a controlling interest are furthermore classified as related companies.

With respect to the transactions between the Group and other related companies/persons as well as their composition, there are no significant changes compared to the previous reporting date.

Note 14 Events occurring after the balance sheet

Start of the first German-Korean fintech joint venture

The start of the joint venture with Finotek is planned for the second half of 2016. FinTech Group AG will provide its proprietary mobile payment system "kesh" as part of the joint venture. The versatile smartphone wallet "Made in Germany" can be used for peer-to-peer, POS and online payments. It has many advantages, including high flexibility, data security and full regulatory compliance in Europe. The company also plans to offer "kesh" under a white label roof in Asia. The B2B specialist Finotek, with noteworthy public and private customers in Korea, offers a range of fully-digitized mobile identification solutions. These will enhance FinTech Group AG's product portfolio in Europe. Finotek offers premium mobile banking solutions that allow identity checks without media breaks in real time. Finotek's "SmarterSign" is a biometric identification solution for mobile-based electronic signatures and protection against fraud. Finotek also offers a cloud-based, fully-mobile mortgage platform. This can be used to submit a mortgage application in just 30 minutes.

Beginning of Broker Port Finance GmbH's financial operation

Broker Port Finance GmbH also started operations during the second half of the year. Broker Port Finance provides services for biw AG biw relating to the biw product "brokerport" (formerly "benk"). Its core business is the provision and operation of the website and associated client referrals to biw AG. At the same time, the discontinued operation XCOMpetence has been shut down and the corporate structure has been transferred to Broker Port Finance GmbH.

Beginning of strategic cooperation with Rocket Internet

On 26/07/2016 FinTech Group AG reached an agreement with Rocket Internet SE regarding a comprehensive technology partnership. Based on the European-wide banking license of the subsidiary biw AG, FinTech Group AG will provide technology infrastructure, including the core banking system and highly automated processes. In addition, XCOM AG, the IT system company of the FinTech Group, will bring their high-performance server and software development services to the technology partnership. Both companies plan to develop common FinTech business models at an EU level. Rocket Internet SE will also contribute extensive expertise to the project, particularly in the field of online marketing, user experience, frontend design, internationalization and the development of scalable business models.



FinTech Group AG

Rotfeder-Ring 5

D-60327 Frankfurt am Main

Germany

Tel. +49 (0)69 450 001 000

info@fintechgroup.com

www.fintechgroup.com