We got IT

ANNUAL REPORT 2016

fintechgroup

Content

Highlights 2016/2017

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03/01/2017
FinTech Group AG increases efficiency through significantly leaner set-up

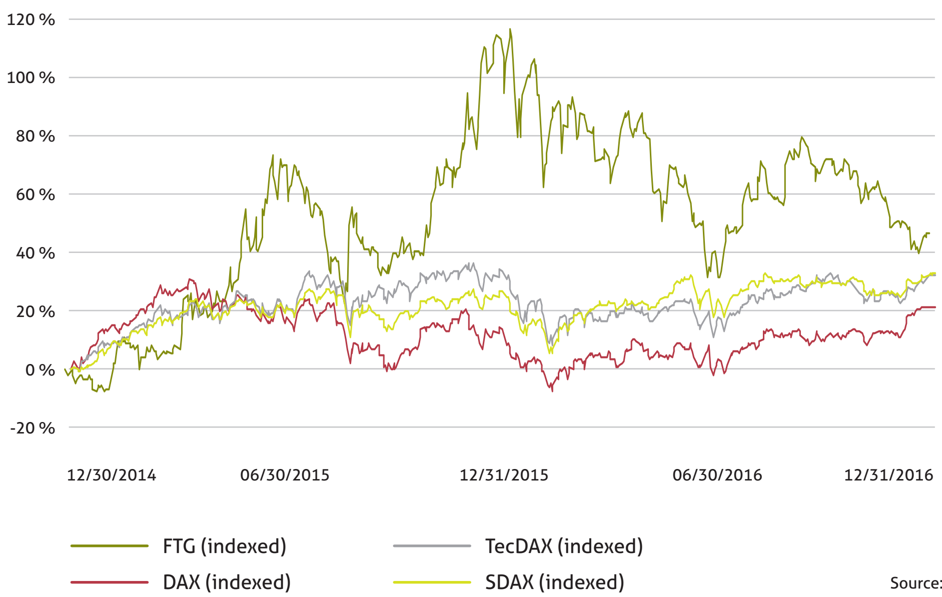
Group Key Performance Indicators

Group Key Performance Indicators

		2016	Change in %	2015
Operating business				
Transactions executed	Number	10,462,477	3.2	10,143,219
Number of retail customers	Number	212,040	20.1	176,600
Transactions per customer / year	Number	49,34	-14.1	57,44
Customer assets under management	MEUR	10,855	88.1	5,770
of which: securities account volume	MEUR	9,512	98.8	4,784
of which: deposit account volume	MEUR	1,343	36.2	986
Financials				
Revenue	KEUR	95,021	26.7	75,024
EBITDA	KEUR	30,624	55.2	19,738
EBIT	KEUR	25,465	47.7	17,239
Net income (continued business)	KEUR	20,283	49.2	13,598
Net income	KEUR	12,316	-	-2,159
Earning per share (undiluted)	EUR	0.73	-	-0.13
Equity	KEUR	90,629	5.6	85,856
Total assets	KEUR	1,533,994	26.7	1,208,240
Equity ratio	in %	5.9	-16.9	7.1
Operating cashflow from non-banking business	KEUR	15,543	178.9	5,573
Operating cashflow from banking business	KEUR	-150,344	-210.4	-48,433
Operating cashflow from discontinued business	KEUR	-9,155	42.2	-15,844
Cost-Income-Ratio	in %	67.8	-8.0	73.7
Employees (avarage)	Number	448	8.2	414
Segments				
Transaction Processing & White-Label Banking Services	Revenue KEUR	70,767	56.5	45,221
	EBITDA KEUR	28,329	237.7	8,389
Securitites Trading & Financial Services	Revenue KEUR	19,381	-31.9	28,478
	EBITDA KEUR	11,891	-39.4	19,637
Other & Consolidation	Revenue KEUR	4,873	267.8	1,325
	EBITDA KEUR	-9,596	-15.8	-8,288
Total	Revenue **KEUR**	**95,021**	**26.7**	**75,024**
	EBITDA KEUR	**30,624**	**55.2**	**19,738**

Key figures for the FinTech Group share

Stock performance



Source: Bloomberg

		2016	Changes in %	2015
Shares outstanding as of 12/31	Number	16,810,876	0.0	16,810,876
Share capital	KEUR	16,811	0.0	16,811
Market capitalization (year-end)	MEUR	229.13	-31.5	334.54
Year-end price	EUR	13.63	-31.5	19.90
Annual high	EUR	20.10	1.0	19.90
Annual low	EUR	12.23	42.2	8.60
EBITDA per share (undiluted)	EUR	1.82	55.2	1.17
Earnings per share	EUR	0.73	-	-0.13
Equity per share (undiluted)	EUR	5.39	5.6	5.11
Dividend per share	EUR	0	0.0	0

Foreword

Foreword

Dear shareholders and friends of FinTech Group AG,

First things first: The figures in this 2016 annual report clearly confirm that our Group is on the right track. For the first time in years, we have realized a net profit, while also increasing our sales, income and profitability. We are now reaping the rewards of the comprehensive realignment of the Group undertaken in recent years and are ideally placed to generate further growth.

As a result of the acquisition of XCOM AG and Bank biw AG, we have been able to provide our online broker flatex with a sound technological backbone and all of the associated processes have now been fully integrated within the Group. The fact that we own 99% of our IT systems and do not need to resort to external service providers means that we are able to operate quickly, at attractive prices and on an independent basis.

This is a position which is rather more the exception than the rule in the financial services industry and one which gives us a sustained edge over our competitors. The market remains characterized by the fact that established financial institutions still have much catching-up to do in technical terms in light of the innovative drive exhibited by young start-ups. We provide all of our customers with modern, digital services while keeping one foot in the more traditional world of banking, taking a highly strategic approach and avoiding placing too much focus on one particular area as a means of lowering our exposure to cluster risks.

The sale in 2016 of Aktionärsbank Kulmbach GmbH to Obotritia represented not only a further step towards the simplification of our Group structure but also the acquisition of a new banking customer. White label banking and business process outsourcing (the BPO business) is on the rise. In 2016, we launched a complete solution for Zinsgold, one of the rocket Internet startups, within a matter of weeks, thereby significantly expediting the incorporation of new business models and setting new standards within the industry.

Thanks to our joint venture with the Korean FinTech company Finotek Inc., which specializes in mobile financial applications, we were also able to gain access to the important Asian market in the past year. This development has enabled us not only to take part in a number of important meetings, but also to broaden our product portfolio to include online signatures, a business sector which, particularly in the financial context, represents a new source of potential as regards mobile financial transactions in light of changes in customer behavior due to the increasingly widespread use of mobile devices. Those who live and work online also want to be able to sign for goods and services online. Providing this service enables us to establish trust between suppliers and their customers in an online market which is rife with uncertainty.

We consider this to be a growth market, in light of the incremental implementation of Regulation (EU) No 910/2014 (the eIDAS Regulation) which is set to take place over the coming year. The legislature will enable proof of origin to be furnished in the future in the form of an electronic seal, which can be used in any situation in which a personal signature is not necessary but proof of authenticity is still desired. By way of example: Online signatures will in the future enable us to securely process even those loan applications which are submitted via mobile devices without having to rely on either the time-consuming „Post-Ident" procedure or the video identification procedure which has been placed under observation by the supervisory authorities.

Our successful online broker flatex is also set to benefit from the multitude of new opportunities which are likely to present themselves in this regard.

Incidentally, I am not aware of the existence of any other FinTech company which enjoys direct access to the consumer while also acting in the capacity of service provider vis-à-vis reputable financial institutions. However, this is an approach which makes excellent sense to us, given that we develop innovative solutions which we are then immediately able to provide to a broad group of customers. This also constitutes our most compelling sales pitch upon the market launch of these innovations as new solutions for our B2B customers – we are setting a technological growth cycle in motion and following in the footsteps of the online giant, Amazon.

For flatex, 2016 was a special year in that it marked the tenth anniversary of its formation. The company's fundamental fee model has not undergone any changes since its launch in 2006. No account or deposit fees are charged and customers pay no more than EUR 5.90 per trade. We owe our ability to actually make money on such reasonably-priced trades to the technology we deploy which, as this annual report once again demonstrates, constitutes the profitable foundation of the FinTech Group AG.

flatex also continued to expand its service and product offering in 2016.

It successfully launched its new partnership with Morgan Stanley in the area of exchange-traded products. This enables us, as the largest independent and trading-oriented „customer pool", to help our partner become one of the leading players in the market for structured products, one which has an estimated sales volume of EUR 70 billion, right out of the gate, with flatex also benefiting from above-average margins per trade on a market comparison. Our competitors have also recently started listing the products sold under our proprietary brand „flatex select", a development which constitutes a supplementary line of business for us.

At the time of the surprising result of the Brexit referendum in June 2016, the „EU Referendum" index certificate issued by Morgan Stanley was already among the top products being traded on a number of stock exchanges.

Incidentally, Friday, June 24, 2016 was a record trading day for flatex with approximately 80,000 trades being concluded. Our systems were able to withstand this deluge, which was three times greater than what is experienced on an average trading day. It subsequently became clear from press reports on the subject that not all of our competitors managed to fare as well, a fact which once more demonstrates the strength of our underlying technical structures.

In addition, we have created an alternative to expensive overdrafts: our „flatex flex-Kredit" (flatex flexible loan), with flatex customers automatically receiving a line of credit in an amount of up to EUR 50,000 which is subject to a guaranteed rate of interest of 3.9% p.a. As in the case of an overdraft, the terms of the line of credit are entirely flexible and the customer is completely free to decide upon the amount of the drawdown and the duration of the arrangement. The line of credit is provided free of charge and in an uncomplicated manner – the way we at FinTech like to do things.

This innovation also represented a step towards improving the investment situation with regard to large cash deposits. As of the end of 2016, we were able to capitalize more than EUR 100 million as a means of generating returns in the low-interest-rate range and thus avoiding the levying by the European Central Bank of penalty interest in the amount of 0.4% on cash deposits.

We believe that further market opportunities are presented by, in particular, the realization of economies of scale in our high-performing securities settlement business, in which we would be able – without this involving any significant cost factors – to double the number of settlement transactions at any time. We are already one of the top players within Europe today, having undertaken the settlement of 10.5 million trades in 2016.

We are considering such measures as the formation of partnerships with other European companies, the conclusion of white label agreements and – even more so – the further strengthening of our flatex brand as a means of expanding our business in this area. We are already actively pursuing projects in all of these contexts.

In Austria, flatex succeeded in divesting itself of its newcomer status to become one of the country's leading online brokers in 2016, a development which clearly demonstrates our the ability to leverage considerable growth potential at the European level.

2016 saw us establish the necessary conditions for achieving a substantial rise in shareholder value and maintaining our successful growth trajectory.

I would like to express my thanks to all of our employees for their dedicated work, and to our customers, shareholders and business partners for their trust and support.

Sincerely,

Frank Niehage
CEO
FinTech Group

Interview with Frank Niehage and Muhamad Chahrour

Interview for the Annual report 2016

with Frank Niehage, CEO
and Muhamad Chahrour, CFO

Mr. Niehage, in 2016 you took a number of important steps towards the further expansion of the Group. Has this process now been completed?

F.N. „As a matter of fact, we did attain our 2016 targets at the operating level: FinTech Group AG and its subsidiaries have grown together to form a cohesive unit. I am very proud of our employees, who in their thought processes and actions take a big-picture view in the best interests of the Group as a whole. A great deal of communication takes place between our eight locations, including our branch office in Vienna. Many of us clocked a huge number of kilometers in 2016, with regular personal exchanges playing a major role in ensuring the success of the integration.

We have also made progress from a corporate law perspective, and now hold more than 98 percent of the shares in XCOM AG. This will enable us to simplify our to date rather complex corporate structure in 2017.

In light of the foregoing, we have decided, after much careful consideration and many intense discussions, to merge our five existing operating companies into two entities. The catchphrase for the next stage in our evolution is „five become two". The end result will be one financial and one technical entity, a constellation which is also entirely true to our name.

We will thus bring together what belongs together: flatex and ViTrade will be merged with biw AG. The newly created full-service bank will be given a new name, most probably FinTech Group Bank AG. The strong flatex and ViTrade brands will be retained. In addition, XCOM AG will be merged with FinTech Group AG, with our technical capabilities in the future being bundled within the new entity.

These mergers are a logical next step in the wake of the successful integration of XCOM AG and biw AG within the Group. In particular, we hope that this approach will enable us to strengthen our presence in the capital markets, where simplicity is a virtue. Also, countless meetings with investors, business partners and members of the press have shown us time and time again that many people simply do not understand our complex corporate structure. We are keen to improve this situation."

Mr. Chahrour, you joined FinTech Group AG in 2015 and have already played a material role in the integration of XCOM AG and Bank biw AG. You have now been appointed the second member of the Executive Board and also Chief Financial Officer. First of all – congratulations! What do you consider to be the benefits of the planned mergers from a financial perspective?

M.C. „We will be able to realize significant savings on material costs, in particular. To name only a few examples: We will be able to lower the costs incurred for auditor services and will have only two financial statements instead of five in the future. In addition, we will be able to lower the extensive costs incurred for external tax consultants and regulatory expenses. Moreover, our costs in connection with the Supervisory Board, Annual General Meetings and D&O liability and other insurance will also be reduced. The list goes on and on, and the individual items on that list can be added together to produce a seven-figure amount representing the savings which could be made on an annual basis. We also expect the planned mergers to additionally result in some tax advantages.

Furthermore, Frank Niehage is right in saying that our structure, as it has developed over time and as it currently exists, has been a difficult one for those outside of the Group to grasp. Our „five become two" concept will make things easier for our investors and the regulatory authorities, in enabling us to present our costs and income in a more transparent manner."

Mr. Niehage, your bottom line is now out of the red and in the black for the first time in years. Is it the B2C business including flatex or the B2B business which is responsible for this development?

F.N. „Both. Our B2B business performed exceptionally well in 2016. We acquired an important new customer in Equatex, which administers option plans for many DAX companies and now processes these through us. In addition, we have acquired banking clients such as Obotritia, the rocket Internet start-up „Zinsgold" and two other customers.

The past year, 2016, was the best year in the history of the Group and its subsidiaries in terms of new business – particularly for XCOM AG and biw AG. Our KPIs have in some cases exceeded our expectations. I am very grateful for this state of affairs, and am proud of our company's excellent performance!

2017 has also started on a high note: We have already acquired two important BPO mandates, from BAWAG and Kommunalkredit. These may well have been the largest mandates up for grabs on the German market, and will additionally bolster us in the implementation of our internationalization strategy."

While flatex is and is set to remain the company's cash cow, the market in Germany, in particular, is a tight one, with numerous larger competitors also having joined forces. How do you intend to hold your own in such a market environment?

F.N. „We continue to have a considerable technological edge. This is also evident from the fact that, thanks to the systems we have in place, we are easily able to process twice as many transactions as was previously the case without any appreciable rise in costs or new hires.

flatex is still experiencing great organic growth, and we have even benefited from migratory movements on the part of many customers in the wake of the market consolidation. However, that is not what really matters when all is said and done – the most important thing is customer satisfaction. Independent studies have repeatedly indicated that our flatex customers are particularly satisfied with our services and that more than half of them would recommend us to others. Thus, we were able to acquire an average of 2,000 new customers every month in 2016, and even more than 5,000 per month in both January and February 2017. We will soon be reaching the threshold of 200,000 flatex customers!

However, we are also considering a number of other options with a view to fully exploiting and even expanding the capacity of our systems, with one such option being the acquisition of other companies. In addition, we are also in the process of entering other European markets, having already established a presence in Austria.

Our fundamental objective is to become Europe's largest provider of settlement services, and we are now quite close to achieving this goal. I believe that we already rank third in Germany, and are hot on the heels of our competitors."

Mr. Chahrour, you have changed the reporting basis for FinTech Group AG to IFRS with a view to making the Group more attractive to international investors. The next logical step would be to progress to the Prime Standard segment of the Deutsche Börse. When will you be taking that step?

M.C. „We have our sights firmly set on doing so and expect to join the Prime Standard segment in the fourth quarter of this year. In the meantime, we intend to wrap up the integration of XCOM and biw AG through the implementation of our „five become two" project. We consider this to be the most sensible approach, as it will also enable us to attain a higher standard of transparency.

This is something which will certainly give our market capitalization an additional boost. I am looking forward to this next stage, and we are working hard to make it a reality."

Mr. Niehage, the investment side of the banking business leaves rather a lot to be desired throughout the sector as a whole, thanks to the rather novel monetary policy of the European Central Bank (ECB). This is also a painful subject for you, is it not?

F.N. „It is. The current monetary policy is a factor which will effectively bring about a real erosion of wealth for German savers, in particular, who I can only encourage to invest in shares, in the absence of any alternatives but also because better returns can probably best be realized with a well-diversified portfolio.

However, the monetary policy is also burdensome for us, as administrators of portfolio assets in the amount of more than EUR 9.5 billion and cash deposits in the amount of EUR 1.3 billion. The ECB's deposit facility has been drawing a negative interest rate since mid-2014. It amounted to -0.4 percent over 2016 as a whole. Our economy needs healthy banking institutions. Otherwise, innovative business models such as ours suffer unnecessarily.

Mind you: We are forced by the regulatory authorities to secure cash deposits through the deposit facility. Even if the amount of our deposits with the ECB does fluctuate, it is not hard to see that this state of affairs could well end up costing us millions of euros every year. However, we already took some measures in 2016 to set up a loan book as a means of lessening this burden.

We have therefore decided to pass the ECB's negative interest rate on to our customers as of March 15, 2017, and at the same time not to increase our fees. Approximately one-tenth of a percent of our more than 180,000 customers have indicated a negative response to these decisions. We are also deliberately using the passing-on of the negative interest rate to purge our customer base of those individuals who use our free deposit and account services to „park" cash and do not issue any securities orders or maintain any savings plans with flatex.

We have implemented a transparent, simple and unaltered fee model since 2006. For example, we charge a flat rate of five euros or EUR 5.90 for on-exchange and over-the-counter trades, and our account and deposit services are free. For this reason, we, unlike other banks, want to avoid having to pass on or compensate for negative interest rates by way of – in the worst case scenario, hidden – fee increases or even the imposition of new fees. Any of our customers wishing to invest the amount of their credit balance can do so easily with our partner Zinspilot, for example. They will then no longer be impacted by the negative interest rate. On the other hand, any increase in our fees would affect all of our customers on a sustained basis."

Report of the Supervisory Board

Report of the Supervisory Board

Dear Shareholders,

FinTech Group can look back on a very successful fiscal year in 2016, not only in terms of its positive business performance but also in terms of the development of strategic cooperation partners.

Cooperation with the Executive Board

In 2016, the FinTech Group Supervisory Board carried out the responsibilities incumbent upon it under the law and its Articles of Incorporation with the utmost care. It advised the Executive Board regularly on corporate management issues and monitored the management of the Executive Board on an ongoing basis. The Supervisory Board was also involved in all decisions that were of material importance to the business development of FinTech Group.

The Executive Board kept the Supervisory Board regularly, promptly and comprehensively informed about corporate planning and strategy, material risks, business progress and risk management. Any discrepancies between actual and planned performance were discussed in detail. All significant business transactions during the reporting period were taken in consultation with the Supervisory Board.

Even outside Supervisory Board meetings, the Chair of the Supervisory Board was in regular contact with the Executive Board to discuss matters concerning the performance of FinTech Group and any key events. During the reporting year, there were no conflicts of interest among Supervisory Board and Executive Board members that would have had to be disclosed to the Supervisory Board immediately and notified to the Annual General Meeting.

Supervisory Board meetings and main focus of activities

During the fiscal year, the Supervisory Board held a total of seven meetings at which it discussed the Company's ongoing business performance, important individual business transactions and Executive Board measures that required approval. All Supervisory Board members attended the respective Supervisory Board meetings in 2016. Both at the individual meetings and outside those meetings, the Supervisory Board granted the requested approvals where necessary, after a thorough examination and extensive discussion with the Executive Board in each case.

The main focus of the Supervisory Board's activities last year concerned key strategic cooperation agreements, the increase in the equity stake in XCOM AG and the current business performance of FinTech Group. The winding down and sale of AKTIONÄRSBANK was another key area of discussion, and the successful sale in April 2016 resulted in a new customer being acquired at the level of XCOM AG/biw AG. As at 31/12/2016, transfer of the company was still subject to the suspensive condition of approval (ownership control procedure) by the Federal Financial Services Supervisory Authority (BaFin).

At all its meetings, the Supervisory Board regularly discussed strategic issues, sales revenue and earnings, and the current performance of FinTech Group and of its main subsidiaries. These discussions focused primarily on the financial position, the quarterly written reports on the risk situation, the consolidated audit reports and the key developments relating to equity investments, cooperation agreements, operational customer business and trading.

The main topics under discussion at Supervisory Board meetings last year are outlined below:

On May 9, 2016, the Supervisory Board first of all had the Executive Board provide it with an update on FinTech Group's current strategic plans, including the cooperation agreement between Morgan Stanley and flatex GmbH in relation to the sale of certain structured products, and the creation of a joint venture with a South Korean partner. The Executive Board and the Supervisory Board then had extensive discussions on the management report for Q1 2016, the risk report and the consolidated audit report for Q4 2015. The Executive Board informed the Supervisory Board about the parameters of the intended sale of AKTIONÄRSBANK, which the Supervisory Board approved subject to the specified terms and conditions. The plan to move the registered office of biw Bank für Investments und Wertpapiere AG and the associated advantages and disadvantages were presented to the Supervisory Board. Dr. Benon Janos and Niklas Helmreich were appointed as fully authorized representatives of FinTech Group AG at that meeting.

At the meeting held on June 15, 2016, the Executive Board gave a presentation to the Supervisory Board on the single-entity and consolidated financial statements as at December 31, 2015 and on the management report. The auditor attending the meeting then reported in detail on the results of his audit. Neither the audit of the of the single-entity and consolidated financial statements and the management reports conducted by the auditor, nor the final review by the Supervisory Board gave rise to any objections. After extensive discussion, the Supervisory Board approved the single-entity and consolidated financial statements prepared by the Executive Board. The Supervisory Board also approved the Executive Board's proposal concerning the appropriation of earnings. The Supervisory Board consequently approved the single-entity and consolidated financial statements which were thereby formally adopted. It also approved the Supervisory Board Report for fiscal year 2015. The agenda for the Company's 2016 ordinary general meeting was then discussed and approved.

At a teleconference meeting on June 17, 2016, the Supervisory Board approved the purchase of a further package of XCOM shares and authorized the Executive Board to take out a loan that required approval.

At the inaugural meeting on July 27, 2016, Martin Korbmacher was elected chair of the Supervisory Board and Bernd Förtsch as deputy chair.

On August 9, 2016, the June 2016 management report and the Guidance for fiscal year 2016 were discussed in depth by the Executive Board and the Supervisory Board. In addition, the Executive Board provided an update on various strategic projects, such as the cooperation agreement with Rocket Internet. At the same meeting, the Supervisory Board authorized the Executive Board to purchase further minority shares in XCOM AG. The 2014 and 2015 stock option plans were adopted by the Supervisory Board with one adjustment.

At the September 27, 2016 meeting, the Executive Board reported on the status of various strategic projects for FinTech Group. The management report of August 2016, the 2016 EBITDA forecast, the risk report and the quarterly report in the consolidated audit were discussed in detail by the Executive Board and the Supervisory Board. The Supervisory Board was also informed of the Group's plans in relation to its capital.

The last meeting in the 2016 fiscal year was held on December 13, 2016. The Executive Board gave an update on the cash flow and risk situation and also reported on the status of various strategic projects and on the budget planning for fiscal year 2017. The Supervisory Board approved the taking out of an intra-group loan. Mr. Muhamad Said Chahrour was appointed as an additional Executive Board member of FinTech Group AG and there was discussion of the amendments of the Executive Board bylaws.

Organization of Supervisory Board work

The Supervisory Board did not form any committees during the reporting period. With the exception of some resolutions that were adopted by way of circulation, all resolutions of the Supervisory Board were adopted at meetings that were attended in person, or in telephone conferences.

Composition of Supervisory Board and Executive Board

The Supervisory Board is composed of three members in accordance with the FinTech Group's articles of incorporation. The current members of the Supervisory Board are Mr. Martin Korbmacher (chair), Mr. Herbert Seuling and Mr. Stefan Müller.

Mr. Achim Lindner stepped down as Supervisory Board member with effect from April 30, 2016. Mr. Herbert Seuling was judicially appointed as a Supervisory Board member of the Company on May 2, 2016. Mr. Bernd Förtsch stepped down as Supervisory Board member with effect from January 30, 2017. Mr. Stefan Müller was judicially appointed as a Supervisory Board member of the Company by a resolution dated February 23, 2017.

Mr. Muhamad Said Chahrour was appointed as an additional member of the Executive Board with effect from January 1, 2017. The Executive Board now consists of Mr. Frank Niehage as chair of the Executive Board and Mr. Muhamad Said Chahrour as Chief Financial Officer.

Audit of single-entity and consolidated financial statements for 2016

BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg audited the single-entity and consolidated financial statements prepared by the Executive Board as at December 31, 2016, and the single-entity and consolidated management reports for the 2016 fiscal year and issued an unqualified opinion for each of them.

The financial statement documentation (single-entity and consolidated financial statements and management reports of the Company) were each delivered to the Supervisory Board promptly for inspection. The Supervisory Board examined the documents produced by the Executive Board, in particular with regard to their legality, regularity and adequacy.

At the meeting held on March 28, 2017 to discuss the single-entity and consolidated financial statements and management reports, the auditor explained in detail the key points of the audit results and was available to provide additional information. The Supervisory Board members subjected them to a critical assessment and discussed them and the audits themselves with the statutory auditor, including questions about the type and extent of the tests conducted and the audit result. The Supervisory Board was satisfied that the tests were in line with proper practice. The Supervisory Board acknowledged and approved the audit results.

The Supervisory Board performed a final review of the single-entity and consolidated financial statements and management report, taking into account the reports of the auditor, and stated no objections according to the findings of the auditor's review. The Supervisory Board approved the single-entity and consolidated financial statements for the 2016 fiscal year prepared by the Executive Board. The single-entity and consolidated financial reports are consequently finally adopted. In its assessment of the situation of the Company and of the Group, the Supervisory Board agrees with the assessment of the Executive Board as stated in its management report.

Review of the Executive Board's report on relationships with affiliated companies

The report prepared by the Executive Board pursuant to section 312 German Stock Corporation Act (Aktiengesetz, AktG) on relationships with affiliated companies (dependency report) for the 2016 fiscal year was presented to the Supervisory Board along with the corresponding audit report prepared by the auditor.

The auditor examined the dependency report pursuant to section 313 AktG and issued the following audit opinion:

"After duly auditing and assessing the report we confirm that

1. The factual details of the report are correct,

2. The Company's consideration with respect to the legal transactions listed in the report was not unreasonably high."

The Supervisory Board examined the dependency report of the Executive Board and the corresponding audit report of the auditor. The Supervisory Board concluded that both the audit report, and the audit conducted by the auditor met the statutory requirements. The Supervisory Board examined the dependency report in particular to ensure that it was complete and accurate and satisfied itself that the group of affiliated companies had been determined with due care and that appropriate measures had been taken to identify reportable transactions and measures. No indications were found in this review of circumstances that might give rise to objections to the dependency report. The Supervisory Board approves the result of the audit of the dependency report by the auditor. According to the final result of the review by the Supervisory Board, no objections are to be made against the declaration made by the Executive Board at the end of the dependency report.

The Supervisory Board would like to thank the members of the Executive Board, and the employees of FinTech Group and its subsidiaries for their service and commitment over the past fiscal year.

Frankfurt/Main, May 11, 2017
On behalf of the Supervisory Board

Martin Korbmacher
Supervisory Board Chair

Group Management Report

Basis of the presentation

The consolidated management report of FinTech Group AG (hereinafter either „FinTech Group AG" or „Group") was prepared in accordance with § 315 HGB and with the German Accounting Standard (DRS) 20. All contents of the report and information relate to the balance sheet date December 31, 2016 or the fiscal year ended on that date.

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 our 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. Fundamentals of the Group

1.1. Business model of the Group

Overview of the FinTech Group

Headquartered in Frankfurt, FinTech Group AG (WKN FTG 111, ISIN: DE000FTG1111, ticker symbol: FTK.GR) is a European supplier of innovative technologies in the financial sector. It reaches more than 210,000 private customers with its services and, in the B2B sector, it is an important technology partner of German and international banks and financial institutions.

FinTech Group AG conducts its business activities within the financial technology sector. As a parent company, it acts as a financial and management holding company that conducts Group consolidation under regulatory law and has central Group departments (finance, legal, compliance, risk management, regulatory reporting, human resources, and purchasing), but it does not itself conduct any operational activities. Its business model can be sketched as follows:

Fintech Group AG business model

In the B2C business segment, the wholly-owned subsidiary flatex GmbH (hereinafter: "flatex") has been one of the market and innovation leaders on the German online brokerage market. Approximately 175,000 private clients in Germany and abroad have already chosen flatex' clear and transparent price-performance model.

As of the end of December 2016, FinTech Group AG had EUR 10.9 billion in assets under administration Group-wide.

XCOM AG, in which FinTech Group AG hold a controlling interest, and biw Bank for Investments und Wertpapiere AG (hereinafter: "biw AG") make up the B2B business segment. XCOM AG has been a software and systems vendor since 1988, and thus is a pioneer in the German financial technology segment. It has been established as a supplier of software and technology for years.

With its full banking license, biw AG has assumed all banking services within FinTech Group AG. It also provides services to private customers behind the scenes as the outsourcing partners of other well-known banks (white-label banking services).

ViTrade GmbH focuses on the "professional trading" active investor client group. It offers customized terms and conditions and fast, innovative, and flexible platforms and custom tools for heavy traders.

The up-and-coming German start-up scene also benefits from the Group, which serves it as an important partner in technology and regulatory matters.

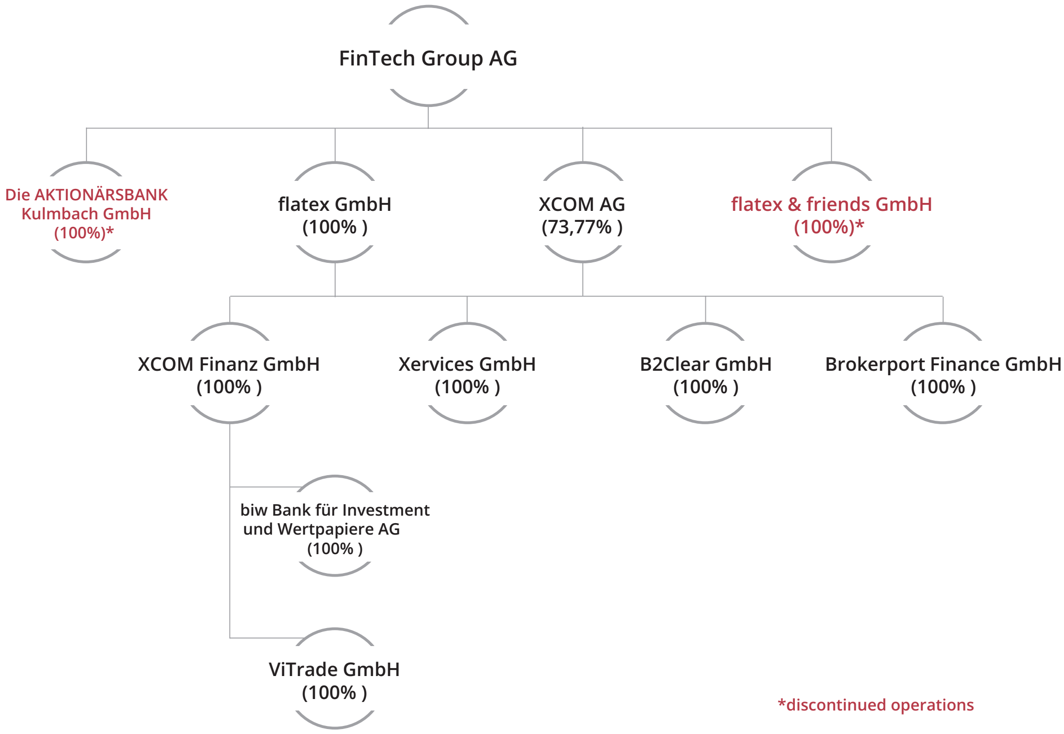
The following companies comprised FinTech Group AG's direct scope of consolidation as of December 31, 2015:

- AKTIONÄRSBANK Kulmbach GmbH, Kulmbach (100%)
- flatex GmbH, Kulmbach (100%)
- flatex & friends GmbH, Kulmbach (100%)
- XCOM AG, Willich (63.65%)

There were no changes in the scope of consolidation in fiscal 2016.

XCOMpetence AG changed its name to Brokerport Finance GmbH as of July 1, 2016, and also modified its corporate purpose. For this reason, Brokerport Finance GmbH's operational business has been classified as a continued activity since July 1, 2016.

The Group structure of FinTech Group AG is as follows as of December 31, 2016 and corresponds to the group of consolidated companies:



Group structure of FinTech Group AG as of December 31, 2016.

In addition, biw AG maintains a reverse holding of 2.25% in XCOM AG and flatex & friends GmbH has a 0.76% holding in XCOM AG.

The following companies are not listed due to their minor significance:

- FinoTek Europe GmbH (51%)
- BrokerPort AG in wind-up (73.77%)
- XCOM Trading Services GmbH in liquidation (73.77%)

AKTIONÄRSBANK Kulmbach GmbH (hereinafter: "Aktionärsbank") has completely discontinued its business operations and was sold on April 28, 2016. The transfer of the company is conditional upon approval (holder control procedure) by the German Federal Financial Supervisory Authority (BaFin). In accordance with IFRS 5, Aktionärsbank will be shown on the FinTech Group AG consolidated financial statements under "Discontinued Operations."

In addition, the business streams of flatex & friends GmbH were shown as "Discontinued Operations" in the FinTech Group AG consolidated financial statements as of December 31, 2016, in accordance with IFRS 5. Its business operations were discontinued in the third quarter of fiscal 2015. The former CeFDex GmbH (a business segment discontinued in 2015) was merged with flatex & friends GmbH as of November 1, 2015.

Management of the Group

The CEO of FinTech Group AG is Frank Niehage, LL.M. He is supported by the standing members of the Executive Committee, which as of December 31, 2016, comprised the following members, all of whom are members of executive bodies of its subsidiaries:

- Sascha Bochartz, Head of IT, Board member of XCOM AG
- Muhamad Said Chahrour, Head of Finance, Board member of XCOM AG
- Niklas Helmreich, Head of B2C, CEO flatex GmbH / CEO ViTrade GmbH, Board member of XCOM AG
- Dr. Benon Janos, Head of B2B, Board member of XCOM AG (since June 8, 2016)
- Bernd Würfel, Board member of biw AG, Board member of XCOM AG
- Kay-Hendrik Eichler, Head B2B, Board member of XCOM AG (until June 8, 2016)
- Stefan Müller, Head Regulatory, Supervisory Board biw AG (until August, 31 2016)

As of December 31, 2016 the Supervisory Board comprised the following members:

- Martin Korbmacher (Chairman)
- Bernd Förtsch (Deputy Chairman)
- Herbert Seuling

In the current fiscal year, there was a change in the composition of the Executive Committee. Mr. Muhamad Said Chahrour was named CFO as from January 1, 2017.

There were also additional changes in the composition of the Supervisory Board. Mr. Achim Lindner resigned as a Supervisor Board member as of April 30, 2016. Mr. Herbert Seuling was appointed as a new Supervisory Board member as of May 1, 2016.

The staff of FinTech Group AG decreased year-on-year by eight employees from 447 to the current 439 employees. This decrease was due mainly to natural fluctuation.

The central accounting, administration, controlling, human resources, legal, marketing, and sales functions are carried out at the headquarters in Frankfurt, and at the locations in Kulmbach, Willich, and Zwickau. The proportion of female employees in the total number of employees at FinTech Group AG is 32.8% (previous year: 33.8%). The six members (previous year: six) of the Executive Committee, which does not include any female employees, comprise the first management level (reporting directly to the Executive Board).

The Group's operations

THE GROUP'S SEGMENTS

FinTech Group AG divides its business operations into the operational segments Securities trading & financial services (ST & FS) and Transaction processing & white-label banking services (TP & WLBS).

Securities trading & financial services

The business segment Securities trading & financial services includes products and services in the front-end of online brokerages and specialist banking services in the B2C business with customers in Germany (flatex.de, vitrade.de) and Austria (flatex.at). The operations are conducted by the consolidated subsidiaries flatex GmbH and ViTrade GmbH (hereinafter: "ViTrade").

flatex GmbH is Europe's fastest-growing online broker. In 2016, it had net new client growth of over 25,000. The boutique trading firm ViTrade, which has been established on the market for a number of years, is now FinTech Group AG's own professional trader specialist.

The online brokers flatex and ViTrade are specialized in securities transactions on which no advice is required and so provide services to active, well-informed traders and investors who act on their own account. Its trading services include all types of financial instruments that are tradable on German and numerous international exchanges, as well as well as over-the-counter direct trading and trading in CFDs (contracts for differences) and foreign currencies (the FX market).

As pure online brokers, flatex and ViTrade have no branches. Instead, they provide various platforms for trading in financial instruments, CFDs, and foreign currencies. In addition, these online brokers represent a transparent and user-friendly online "WebFiliale" that guarantees more reliable and quicker trading.

Transaction processing & white-label banking services

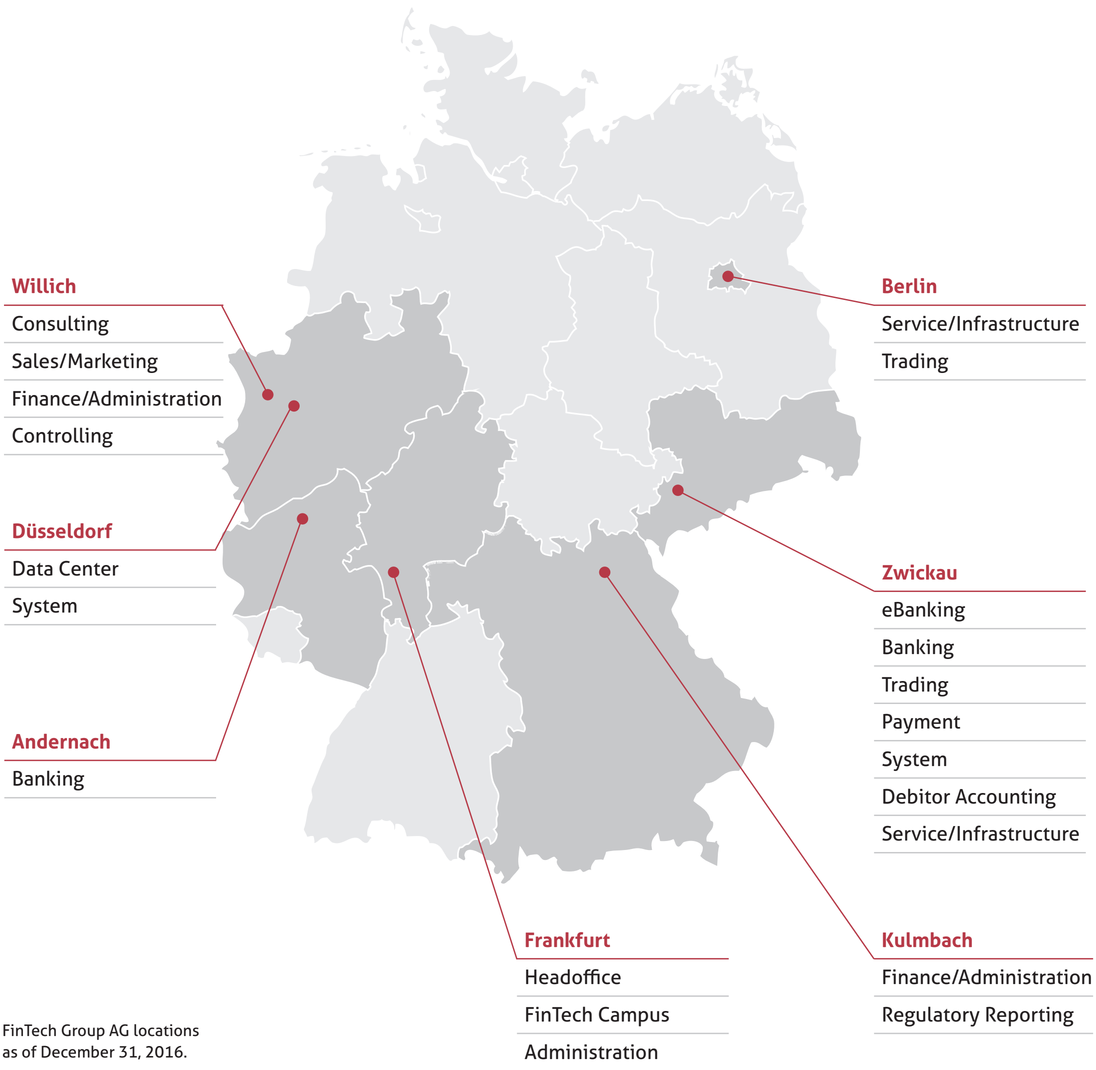
biw AG and XCOM AG have been incorporated into theTransaction processing & white-label banking services segment. In addition to research and development services („R&D") in the area of financial technology, their core business includes the highly efficient and state-of-the-art technological execution of securities transactions (approximately 10.5 million executed transactions in 2016) and their products and services in the area of business processing outsourcing.

biw AG is focused on creating efficient processes for both standard and innovative banking products with targeted application of regulatory requirements and components. It develops customized products and process solutions for its contractual partners and clients. Its skills, combined with XCOM AG's core skill in the creation and operation of IT solutions for financial products, lead to cost leading production of financial products for end clients and the producer market. By splitting the financial services value creation chain into production along with support activities (such as regulatory reporting, risk management, finance, and treasury), on the one hand, and marketing, distribution, and customer support, on the other hand, the strategies of cost leadership and differentiation or focusing on key areas can be combined.

Internal supply and service links exist between the two segments, with XCOM AG and biw AG providing processing and backend services and operations – including securities settlement – for flatex GmbH and ViTrade GmbH.

LOCATIONS

FinTech Group AG now has business operations in seven locations in Germany:



FinTech Group AG locations
as of December 31, 2016.

PRODUCTS, SERVICES, PLATFORMS AND BUSINESS PROCESSES

As an innovative company in the financial sector, Fintech Group AG's group companies provide it with great depth in the area of added-value creation From basic research, to the development of innovative IT technologies and highly efficient transaction processing, to the end-client business in the online brokerage area, FinTech Group AG offers everything from one source – a unique feature in the German market.

Products, services, platforms and business processes in the segment Securities Trading & Financial Services

flatex AG continued to be successful this past fiscal year. In the *Handelsblatt's* 2016 broker poll, flatex was awarded the "Best Online Broker" prize for the fourth year in a row[1]. In its December 2016 *Financial Test* edition, Stiftung Warentest stated that clients realize "dramatic savings" with flatex GmbH's price models and benefit from the advantages of its flat fee. In its August 6, 2016, edition, *Euro am Sonntag* recognized flatex as "the most economical online broker for active traders, savings planners, and direct brokers." flatex also received additional awards in the 2016 broker poll (among others, first place in the "Certificates" category) and in the brokervergleich.de broker poll ("Online Broker of the Year for 2016")[2].

The pricing model, which was established in 2006, does not include the volume-dependent fees that are standard in securities trading, but instead employs a fixed price to which only third-party costs incurred during trading are added. The cost per trade for over-the-counter direct trades is a fixed EUR 5.90. The fixed price per order for trades on German exchanges is EUR 5.00 plus any exchange fees.

Clients of the online brokers flatex and ViTrade may buy and sell shares, certificates, equity warrants, bonds, funds, and ETFs both on exchanges and via over-the-counter direct trading. Exchange trading is possible on all physical trading floors in Germany, as well as on the online exchanges Xetra, Frankfurt Zertificate, and Euwax. It is also possible to trade on a number of international exchanges.

On over-the-counter direct trades, flatex and ViTrade work with numerous direct trading partners to allow clients to trade shares, certificates, equity warrants, funds, and ETFs. In addition to one-time investments in securities, clients can also enter into fund and ETF savings plans. Via partnerships with Comstage and BlackRock, flatex clients are able to invest in over 300 ETF savings plans free of charge.

flatex makes a total of 19 direct trading partners available to its clients. Its select partner Morgan Stanley allows customers to make over-the-counter direct trades in mini-futures, open end products, knock-out warrantees, and constant leverage certificates – and do so free of charge. In addition, flatex offers premium partnerships with Deutsche Bank, BNP Paribas, Vontobel, and UniCredit that allow its clients to trade in a total of over 400,000 securities at a fixed price of EUR 3.90 [per trade].

Furthermore, via the services of the cooperation partner Zinspilot, flatex clients can easily take advantage of the interest rate offers of many European banks and invest in overnight money or time deposits – without the need to open accounts or undergoing PostIdents at third-party banks.

[1] Cf. https://www.flatex.de/wir-ueber-uns/auszeichnungen/

[2] Op cit.

ViTrade has an established pricing model that calls for a percentage commission rate of 0.09% of the market value [of the trade] (plus exchange fees). The maximum fee per order is EUR 40.00, which is especially advantageous for traders and investors with high trading volumes. There is a commission rate of 0.09% for over-the-counter direct trades, and the maximum fee is EUR 25.00. In addition buy-and-hold and crossborder trading is possible on a number of international trading and stock exchanges. ViTrade also offers clients access to the Eurex futures exchange.

In cooperation with biw AG, ViTrade also offers clients the opportunity to execute short sales of all shares and bonds traded in German. In addition, ViTrade allows clients to take advantage of trade lines.

The online brokers flatex and ViTrade also offer securities lending products at attractive terms and conditions. The custodian account's loan value determines the individual credit line, and, at the same time, the custodian account functions as collateral.

Since March 2016, customers of flatex GmbH have been able to make use of flatex flex loans. In a quick and convenient process, with no separate loan application, the customer is automatically provided a credit line of up to EUR 50,000 at an interest rate of 3.9% p.a..

flatex's "WebFiliale" trading platform was programed with a "mobile first approach" that provides it with a responsive design that adapts all its functions to the client's end device. In addition to multi-functional watch lists at various stock exchanges, "WebFiliale" allows flatex clients to keep track of all their custodian and other accounts at any time, to search for securities, examine prices, charts, and custodian account statuses, and to place orders on all available stock exchanges. All the order types and order instructions made available by an exchange can be used.

In addition to "WebFiliale," flatex also offers its clients high-performance trading platforms with direct access to exchanges that are tailored to the needs of heavy traders and day traders. In addition to its extensive functions, "flatex trader 2.0," for example, also offers real-time courses to which clients can subscribe. Its additional features include, for example, a news ticker, a price alarm, an extensive chart tool, and key data. Via partnerships with TraderFox and BörseGo, it also provides further trading platforms such as "Trading-Desk" and "Guidants," with which clients can analyze charts and use extended analysis functions.

ViTrade's proprietary trading platform "HTX" offers its clients a professional trading platform that meets even the highest requirements and is specially designed for heavy traders. HTX's user interface can be fully configured and easily adapted to each user's needs. Its easy-to-use features and highly professional charting allow clients to react quickly to market events, and they are supplemented with useful applications. For example, it makes the following features available: real-time push courses, one-click trading, times and sales, chart orders, RTD and API interfaces, event-driven ordering, news ticker, etc. ViTrade also makes the HTX Mobile App available free-of-charge for the iPad and iPhone. This innovative app includes all of HTX's functions. "HTX API" allows ViTrade customers to easily implement personal trading strategies in HTX on their own PCs and process, distill, and visualize order, trade, and custodian account data as they wish. HTX API allows users to develop and use predefined trading software in all asset categories.

Products, services, platforms and business processes in the transaction processing & white-label banking services segment

Business segment "Technology Solutions (B2B/R&D)"

The core business of XCOM AG aims at diversified technology solutions in connection with financial services that can be aggregated in the following strategic business segments:

Banking – bank IT and banking services as a customized service

Banking	eBanking	Payment	Trading
Banking Suite	Client-to-Bank Interaction	Regulatory	Institutional Trading & Market Making
Business Process Outsourcing	Bank-to-Bank Interaction	Payment	Professional Trading
Fintech Start-up	Corporate-solutions	Payment processing-systems	Market Data & Low Latency Services
Services & Tools	Tools	Mobile Payment	
Consulting	Consulting	Cash logistics	
IT-SERVICES & INFRASTRUCTURE			

The banking market is changing due to regulatory requirements and new technologies, but changing customer behavior is also playing a role. Speed is increasing. Flexible modern IT solutions and highly automated processes are required for market entry and to remain competitive. XCOM has specialized from early on in providing its customers modern banking IT as a customized service. Together with biw AG, which also belongs to the Group, XCOM AG pursues a broad white-label approach in business process outsourcing (BPO) for financial service providers.

Well-known e-commerce companies, banks, and companies in the fintech industry rely on the quality, expertise and experience of the XCOM team, which is equally at home in the world of bank processes and in the most advanced e-commerce technologies. The services of XCOM AG are aimed both at bank customers and at financial service providers themselves. XCOM and its subsidiaries in the Group offer a full range of services, from software deployment to hosting to complete specialized bank processing from a single source. This business segment include deposits and brokerage as well as payment transactions, cards and loans. Mobile payment and a P2P transaction system complete the range of services offered.

e-banking – individual e-banking components

Banking	eBanking	Payment	Trading
Banking Suite	Client-to-Bank Interaction	Regulatory	Institutional Trading & Market Making
Business Process Outsourcing	Bank-to-Bank Interaction	Payment	Professional Trading
Fintech Start-up	Corporate-solutions	Payment processing-systems	Market Data & Low Latency Services
Services & Tools	Tools	Mobile Payment	
Consulting	Consulting	Cash logistics	
IT-SERVICES & INFRASTRUCTURE			

Secure communication between customer and bank, well-protected online areas and easy to use interfaces are now indispensable for any bank. In addition to crossbank standards for protocols and encryption, companies also expect a high degree of flexibility in access to data and systems, and sophisticated integration and automation.

Increasing digitalization at banks and in industry places greater demands on performance, data management and functionality. XCOM AG has many years of experience in providing wellknown banks and companies with its e-banking components, offering a platform that meets these requirements exactly. The framework consists of a multi-channel business server, a flexible frontend for browsers and mobile devices, as well as numerous tools for integration with existing systems. It provides secure and standardized data communication and deployment, bank payment transactions and more for both banks and companies.

Payment – solutions to implement business ideas

Banking	eBanking	Payment	Trading
Banking Suite	Client-to-Bank Interaction	Regulatory	Institutional Trading & Market Making
Business Process Outsourcing	Bank-to-Bank Interaction	Payment	Professional Trading
Fintech Start-up	Corporate-solutions	Payment processing-systems	Market Data & Low Latency Services
Services & Tools	Tools	Mobile Payment	
Consulting	Consulting	Cash logistics	
IT-SERVICES & INFRASTRUCTURE			

The economic potential of online trading and the business ideas of start-ups are very promising. With its technical expertise and years of experience in the professional handling of payment processes, XCOM AG is a reliable provider of payment solutions for innovative companies. XCOM AG already offers its clients a wide range of options, such as mass electronic payments processing and mobile payments via smartphone at retail stores, online shops, and with friends and acquaintances via "kesh." In addition, the "Corporate Payment" product offers a customized palette of solutions for corporate customer payment processing based on standard products and the EBICS communication standard.

The payment business area also includes meeting regulatory requirements. By putting an IT company and bank under one roof, FinTech Group AG allows the implementation of unique business ideas. This gives XCOM AG an understanding of its clients' business processes and, at the same time, allows it to integrate those processes into biw AG's systems. This makes XCOM AG significantly more flexible than the average provider on the market, and enables it to offer implementation from a single source.

The cash supply (exchange checkout) business, which was initiated in 2011 jointly with Prosegur Deutschland GmbH (hereinafter: "Prosegur"), also grew in 2016. The cooperation with partner Prosegur was intensified in some areas, which allowed both the number of clients and the number of coin rolls delivered to be increased.

With the help of its partners in various segments, and by using different operational models, biw AG was able to keep the number of deployed automated teller machines (ATMs) constant in 2016. biw AG's mobile ATMs, which it operates both on its own and in cooperation with partners, continue to be very popular. Large investments are being made to increase the use of ATMs in this field, among other things by combining them with the "kesh" mobile payment solution and by expanding the ATM network.

Trading – efficient securities trading

Banking	eBanking	Payment	Trading
Banking Suite	Client-to-Bank Interaction	Regulatory	Institutional Trading & Market Making
Business Process Outsourcing	Bank-to-Bank Interaction	Payment	Professional Trading
Fintech Start-up	Corporate-solutions	Payment processing-systems	Market Data & Low Latency Services
Services & Tools	Tools	Mobile Payment	
Consulting	Consulting	Cash logistics	
IT-SERVICES & INFRASTRUCTURE			

XCOM AG offers effective solutions for banks and financial service providers in optimizing trading and settlement, because successful electronic trading requires efficient tools. Naturally, the company also offers outstanding performance in selection, acquisition and processing. This includes in particular easy use and a high level of clarity and comprehensibility. This applies both to decision-making and to functional topics such as risk assessment and regulatory requirements (MiFID II, HFT). XCOM AG provides proven, innovative and professional solutions for all areas of the securities business, from increased efficiency in order processing to faster reviews of statutory and contractual investment limits in the back office to complete systems for online brokers. XCOM AG and its subsidiary biw AG today rank as the most efficient order processing partner on the market.

IT services and infrastructure – service center for technology and infrastructure

Today's requirements for IT infrastructure and the jobs of their employees require both cost-consciousness and individual solutions in terms of flexibility, availability and security. These include support in tenders for IT projects, project management, 24-hour services in IT operations, monitoring, certification, building automation, building control and much more. Its competitive advantages on the market include having a data center that guarantees the highest bank security standards and 24/7 operations. High quality standards and the availability of backup solutions round out its portfolio of services.

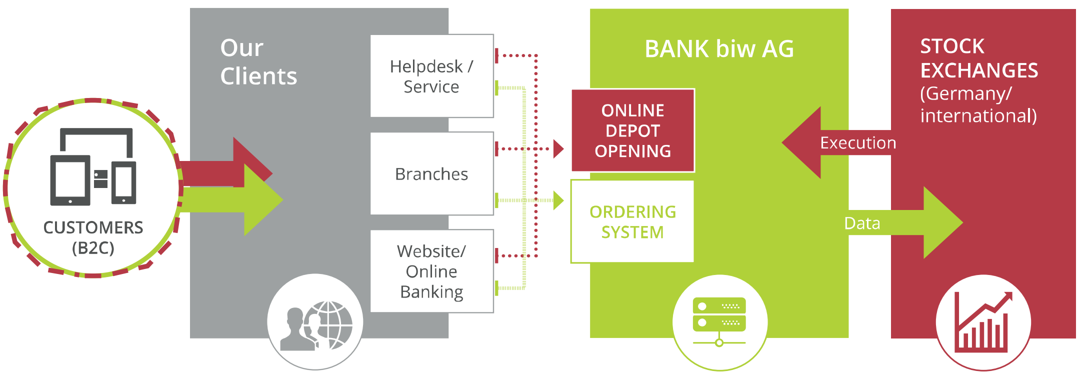
Other platforms and products

Xervices GmbH (hereinafter: "Xervices"), a wholly-owned subsidiary of XCOM AG, operates the over-the-counter trading platform "L.O.X." (Limit Order Xervices). "L.O.X." was developed in cooperation with Deutsche Bank AG and Commerzbank AG and expands the over-the-counter quote-based trading of securities to include the option of setting daily and long-term limits on buy and sell orders. Based on bilateral contractual relationships between brokers and issuers, brokers can place market, limit and stop/stop-limit orders on L.O.X. Each day, approximately 2 billion price feeds (bid-ask price settings) are processed, which result in 20,000 orders on average.

Strategic business segment „Financial services (B2B)"

In the past ten years, biw AG has established itself in the market as one of the leading and most efficient transaction processors. The success of biw AG in the Transaction Processing & White-Label Banking Segment is based on more than a consistently implemented strategy and technological advantage; the unique abilities, motivation and loyalty of employees play a vital role. For example, biw AG offers expertise, the latest technology, an extensive process landscape and a banking license, which is essential for most financial projects, but whose acquisition is costly and involved.

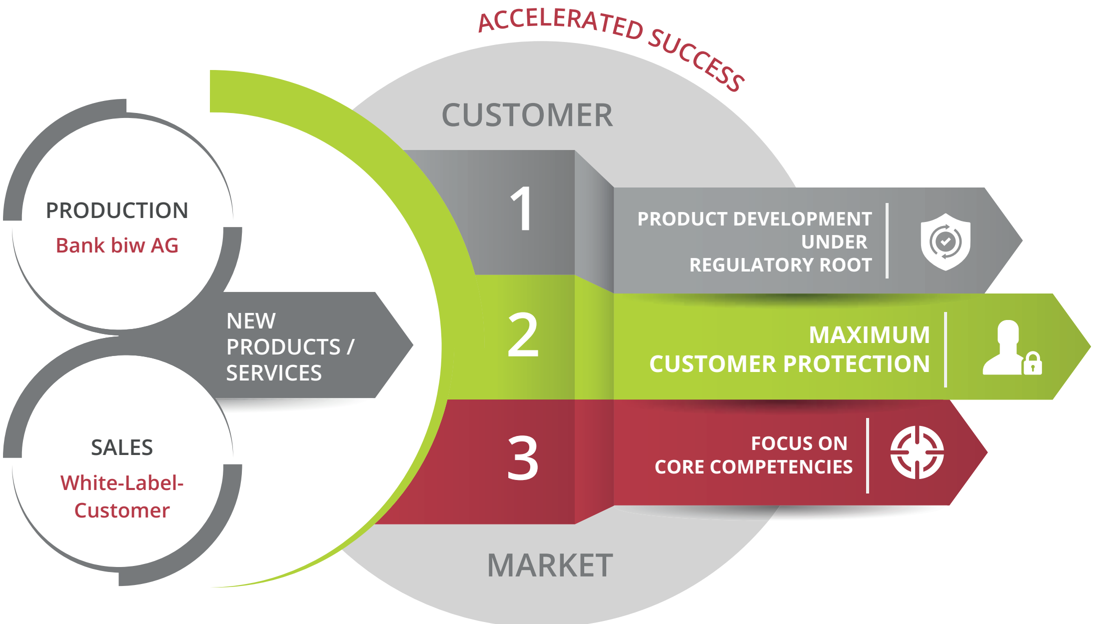
Online brokerage – securities processing as transaction processing



The bank biw AG offers one of the best-performing securities processing systems in Europe. With more than 10.5 million trades processed [in 2016] (previous year: 10.1 million trades), online brokerage is currently the largest business segment within biw AG. biw AG not only processes securities transactions for its partners, who are close to B2C clients, but also provides valuable securities transaction support to professional and heavy traders.

In this business segment, biw AG functions as a settlement bank for the Group companies flatex and ViTrade. Its technology can be easily and inexpensively scaled such that other banks and white-label clients can benefit from it.

White-Label Banking Business segment (expansion of activities in retail banking)

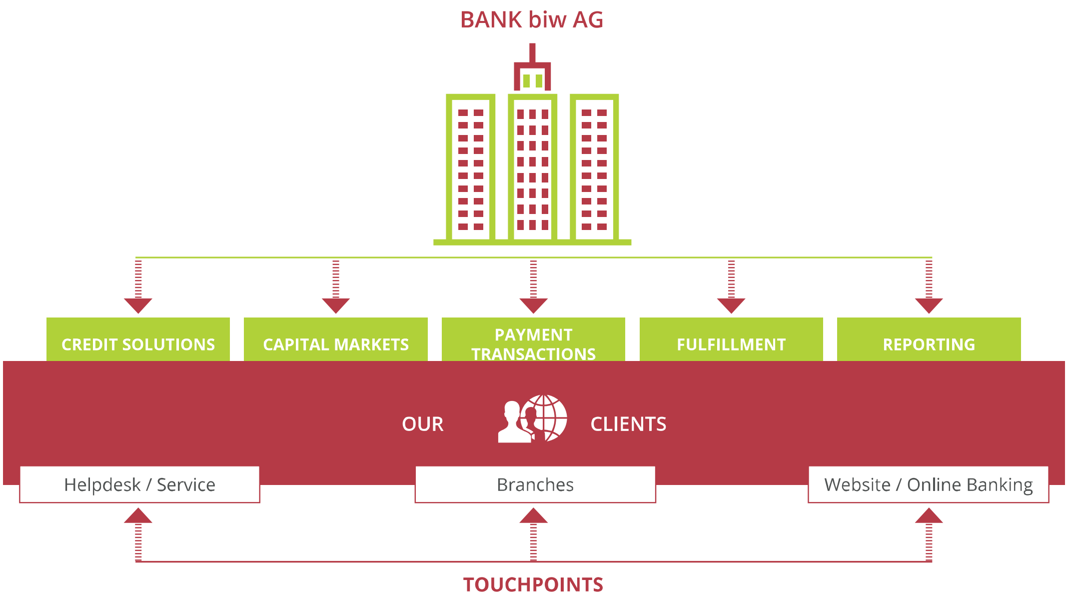


White-label services and products are today standard practice in many segments – from food to software: A specialized producer makes something that is then marketed under another brand. This has many advantages since it allows both producers and marketers to make better use of economies of scale.

A banking license is normally required in order to implement many financial ideas. biw AG makes its banking license available to its partners so that they can realize their ideas, and it supports them with the latest technology and its many years of processing experience in both technological and regulatory areas.

It focuses on joint solutions to implement ideas already during the development process – and in so doing of course meets regulatory and legal requirements. In the end, biw AG supplies banking processes in the background, which allows its partners to focus exclusively on the market launches of their financial products.

Client services business segment (business process outsourcing)



As part of its client services, biw AG uses its banking license to offer its partners the complete range of products of a full-service bank as an outsourcing solution. In so doing, biw AG remains in the background and carries out all processes in the name of its respective partner. The core services biw AG offers are securities settlement and technologically fully-automated transaction processing.

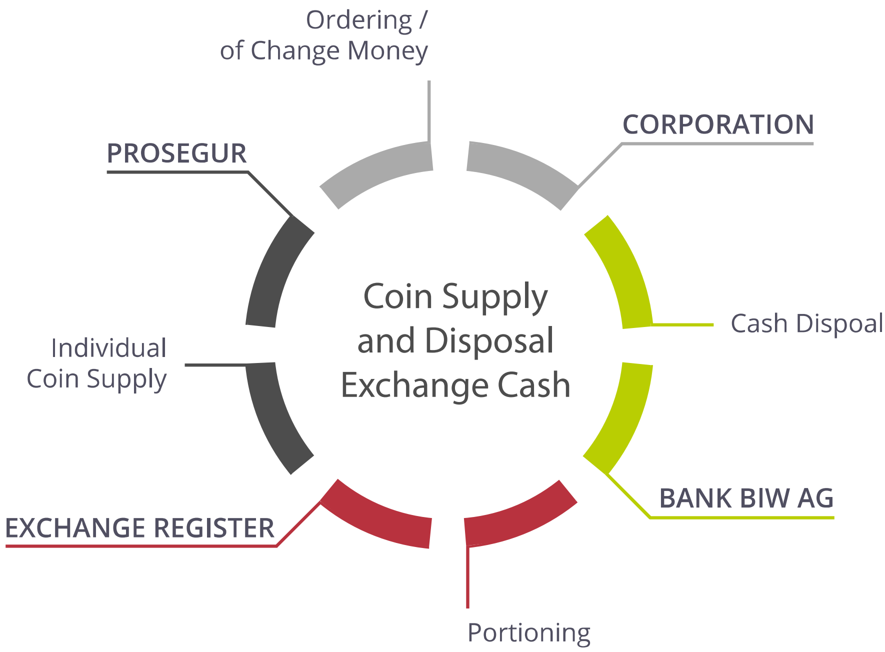
Its partners benefit from excellent services and terms and conditions since it offers the highest possible process efficiency. As part of its client services, it also processes transactions, processes payments and provides fulfillment and regulatory reporting services. Its range of services is rounded off with operation of its own ATMs.

In order to further expand its client business, biw AG applied for status as a general clearing member (GCM) of Eurex Clearing AG for the equity and securities business in 2014. The aim is to allow companies to benefit from the securities settlement services of biw AG on the basis of the lean and efficient processes implemented in the past. For example, biw AG concluded a cooperation agreement with mwb fairtrade Wertpapierhandelsbank AG under which the bank began the settlement of the entire fund business in December 2014 and to over the entire securities settlement in mid-2015.

Payment transactions business segment with intermediary organizations

biw AG offers to completely take over its clients' payment transactions and do so under their bank identification numbers. The bank's portfolio thus includes all types of transfers in the area. Since biw AG uses a highly automated payment transaction process, safe and professional settlement of payment flows is guaranteed. In addition, clients can settle their payments online via a „web branch". All accounts maintained by biw AG are fully SEPA compliant.

Cash logistics business segment (exchange checkout and ATMs)



biw AG offers corporate clients two services that optimize and simplify cash supply and disposal:

biw AG is the only bank in Germany to offer early on-site value dating for retail and catering. Banknotes can be deposited directly on-site in the "biw AG account machine." After entering the bills into the „account machine," the amount is recorded on the online biw AG business customer's account. Thanks to the instant credit entry, the customers profit from interest and liquidity benefits. The cash is then picked up at regular intervals by the partner Prosegur.

In addition, biw AG will operate ATMs for corporate clients, and also mobile ATMs for concerts, fairs, and other events. This allows corporate clients to place ATMs on their premises that provide services to employees and customers. biw AG handles the regulatory registration and operation of the ATMs, from set-up and monitoring to filling and technical maintenance.

In cooperation with Prosegur, biw AG operates Germany's first mobile ATMs. These are converted armored cars that provide organizers with the advantage that they can be driven from event to event.

MARKETS, CUSTOMERS AND DISTRIBUTION POLICIES

With its group of companies, FinTech Group AG develops individual IT solutions that allow its reputable clients to concentrate on their daily core businesses and reduce their dependency on external suppliers. The main market for the products and services of FinTech Group AG is the financial and services sector in Germany, Austria, and Switzerland.

Securities trading & financial services segment

In the securities trading & financial services segment, FinTech Group AG acts as a direct B2C end user contact. Its direct market is the trading of exchange-listed securities, frontend trading of CFDs and foreign currencies, and over-the-counter trading involving 19 issuers. Its products and services for over 175,000 retail customers (previous year: 149,000) are rounded out with offerings in the area of mobile trading and the extensive offerings of the flatex Academy.

In addition, above a certain order volume, and in conjunction with its "premium" direct trading partners, it offers trading in select certificates, warrants, funds, and ETFs, longterm and free of charge. The fees for buying and selling these securities are waived in their entirety. Its current premium partners are Commerzbank AG, the Deutsche Bank db-X-markets team, BNP Paribas S.A., Société Générale, DZ Bank AG, HSBC, Vontobel, and Tradegate AG.

As a pure online broker, flatex GmbH and ViTrade GmbH do not have branches. Instead, they offer trading in securities, CFDs and foreign currencies via „web branches" online. Equities and derivatives traders who are dissatisfied with or do not need expensive advice offered by branch banks find direct banks especially appealing and are switching to them to implement their own investment decisions at a favorable price.

ViTrade also offers special, high-performance tools tailored to professional traders and can be customized to meet traders' individual needs. Customers of ViTrade GmbH are mainly heavy traders (more than 100 trades per month), who place significant demands on the brand, who take a personal approach and who possess the technology.

Transaction processing & white-Label banking services segment

In addition to banks, financial institutions, and SMEs, the clients in the transaction processing & white-label banking services segment now increasingly include start-ups. They all use FinTech Group AG's innovative financial IT solutions and insourcing services.

Via targeted sales and the drive to innovate due to their integration in the structures of FinTech Group AG, a number of cooperations with future partners are about to be operatively relaunched. The potential of companies who partner with all the Group companies, such as Rocket Internet SE and Morgan Stanley, will provide XCOM AG with an outlet for its IT services, and biw AG with an outlet for its banking services, which in the future will lead to enormous growth potential.

Most of XCOM AG's banking business segment clients are in the private banking area. XCOM AG's clients include renowned credit institutions who enter into longterm contracts and value technical operations and banking services. The business segment's sales policy is characterized by gaining new clients and entering into strategic partnerships. Its activity is also focused on using technology to tie new contractual partners to XCOM AG's and biw AG's banking system. Via targeted sales, renowned partners will in the future make significant contributions to the success of the business segment.

The ebanking business segment also serves longterm contractual partners in the private banking area in Germany. The focus is on capturing their business activity on XCOM AG's "WebFiliale." In addition, technologically independent useable modules related to "WebFiliale" will increase the revenue potential of the business segment by enabling clients to increase their efficiency. Access to the European market is to be achieved in this area in the medium term.

The payment business segment includes points where the "kesh" brand has been authorized, the technical inclusion of biw AG's ATMs, and key account cashless payment pilot projects. In this area, there is enormous growth potential on both German and international markets despite the large number of competitors. Sales is focused on start-up company use cases and special application cases in major projects in which a high number of payment transactions take place in a short period of time.

Trading essentially serves German securities trading banks and brokers who need price information and technological access to biw AG's processing. For historical reasons, this market is limited and clientprovider relationships tend to be longterm. There is growth potential, above all as regards the over-the-counter trading platform "L.O.X," if additional brokers can be won over to the technical platform.

biw AG concentrates on contractual partners in the client services area and on brokers under contract who act as interfaces with the market and also serve the various market and product segments in a number of countries.

This will lead to comparatively high production volumes which, in combination with mainly fully automated production processes (securities settlement, payment processing, account openings, management of master data, etc.) make cost leadership possible. This will allow biw AG to realize significant economies of scale. In addition, via the production of similar products – which are, however, sold in different markets – biw AG realizes economies of scope.

The cooperation partners and clients can then essentially focus on market cultivation, on key (product) issues, or on differentiating themselves segmentwide, in order to achieve longterm competitive advantages.

These "hybrid" competitive strategies, which biw AG and its contractual partners use, are supported by an innovation strategy that involves cooperating with XCOM AG. This will lead to economies of speed that will bring market innovations about very quickly.

CONDITIONS

The business model of FinTech Group AG is primarily dependent on the development of the capital and financial markets and on the German macroeconomic situation (especially gross domestic product and consumer price index performance). The conditions for the two operating segments are presented in detail below.

Securities trading & financial services segment

The securities trading & financial services segment is substantially dependent on the number of active trading clients and the transactions they conduct. These conditions are primarily influenced by the current market interest rate and the attractiveness of other investments, and, to a substantial degree, directly by the development of the capital and financial markets and general economic developments. Turbulence on national and international securities markets, a prolonged sideways trend with low volume, and other market risks can lead to increasing or declining interest among investors. The trading activity of the customers of the group companies depends strongly on the general trading volume and market volatility.

Online banks are reforming the traditional banking sector, because they respond significantly faster and more effectively to customer requests and needs than would be possible for typical branch banks. For this reason, branch banks have also increasingly turned their attention to the online business in recent years and founded online subsidiaries that act as additional competitors for companies operating exclusively online. Additionally, many smaller online brokers specialized in only a few or even just one product are meeting the demands of investors. Since there are limits to product diversity, the trend toward an all-in-one solution is increasing price competition.

Topics such as transaction and stamp taxes, the EMIR ordinance, and the finalization of interpretation provisions and technical standards which came into force on January 1, 2014 – CRD IV (Capital Requirements Directive IV) and CRR (Capital Requirements Regulation) – may develop into opportunities or risks for the Group's business model depending on the political/regulatory design.

The many online trading customers are distributed among the four largest direct banks operating in Germany. In an environment of limited growth figures, in addition to a compelling price new customers can only be won over if new standards such as easy-to-use platforms, convincing and efficient service, stable technical infrastructure, and constantly evolving product offerings are fulfilled by the provider.

Transaction processing & white-label banking services segment

The German market for IT services for banks and financial services has diverse structures. Many customers have four or five providers available to them. In this respect, the transaction processing & white-label banking services segment is characterized by a high degree of (process) automation, long-term agreements, stable technologies, and homogeneous customer structures. The number of customers and, consequently, the number of completed transactions, the contractually fixed remuneration and a willingness to take on additional projectrelated services shape the business development of the transaction processing & white-label banking services segment.

Due to internal supply and service relationships, the segment also depends on the performance of the capital and financial markets, but, due to long-term contracts and stable cash flows, it is significantly less affected by volatility than the securities trading & financial services segment. Moreover, market developments also have a direct impact on the segment, as biw AG holds a significant number of financial instruments (mainly shortterm bonds), which in turn can be subject to interest rate effects and market price fluctuations.

In addition, the GDP affects the willingness of existing and new customers to place additional orders (these are mainly IT services), whereas the performance of the consumer price index has a direct influence on the amount of the agreed-upon fees.

1.2. Goals and strategies

Goals

FinTech Group AG's goal is to become the leading European provider of financial services technologies in the medium term, and also to redefine digital financial services in the future. The focus is on business models with sustainable, aboveaverage growth and faster market penetration.

Its organizational structure already follows a strict topdown approach in which the Group leaders of the respective specialty fields also are responsible for the respective subsidiary companies. By integrating XCOM AG into the FinTech Group, sustainable cost savings of several million euro were realized. By making systems, contracts, and cooperation partnerships highly uniform, costs will be reduced and process will be made more efficient.

The EBITDA (earnings before interest, taxes, depreciation and amortization of tangible and intangible assets), a key performance indicator that expresses the increase in profitability, is being used to measure achievement of this objective.

After integrating XCOM AG and restructuring the group during the past two years, the management has shifted the focus on future revenue growth and sustainable profitability.

The goals for the operating segments, which are explained below, are based on this overall objectives:

Securities trading & financial services segment

flatex's transparent pricing model with select premium partners – in particular its partnership with Morgan Stanley – and optimized or new yield components via strategic partnerships with trading and stock exchanges, is expected to lead to a significant increase in new clients. In addition, via further optimization of online brokers' trading frontends, the order flow will be better channeled and the potential for returns increased. Moreover, ViTrade will allow further development of the institutional business, which provides us with significant yield leverage.

In order to quickly and efficiently open custodian and other accounts, the process to open custodian and other accounts, as well as the possibilities to present identification, have been significantly improved. The opening of custodian and other accounts is completely digital for new clients, and identification can be done online via video.

In 2017, FinTech Group AG expects to have 25,000 new brokerage clients, nine million securities transactions, and at least one million trades in structured products from Morgan Stanley.

Furthermore, new services such as "RoBo-Advice" and "Social Trading" will be integrated into the online brokers' product portfolio in order to best take advantage of existing potential and multipliers. In addition to trading services, the product portfolio for investors with long horizons is to be expanded. With this as background, the partnership with BlackRock has been intensified. In the future, with just a click, clients will be able to buy various ETF model portfolios completely via bulk orders. In addition, flatex will become BlackRock's sales partner for ETFs in major trending areas such as digitalization, automation and robotics, population aging, and innovative healthcare products.

flatex's future business development also will include internationalization. Structures are already being set up and partnership options are being examined in various countries. If lucrative takeover and acquisition options present themselves, it will also pursue inorganic growth. Due to client growth abroad and the internationalization strategy, it is also evaluating the idea of an English-speaking customer service area.

Transaction processing & white-label banking services segment

In the digital world, increasing emphasis is being placed on functionality and flexibility, but traditional requirements such as quality, reliability, and economic feasibility also continue to be important. Only modern, modular core banking systems such as those offered by XCOM AG and biw AG can meet these requirements. Closely related products such as modern payment processing and economical brokerage solutions will increasingly be in demand and will round out the solid portfolio of products and services.

Organic growth is thus a core strategy in FinTech Group AG's corporate clients area. The goal in the transaction processing and white-label banking services segment is to generate greater revenues via acquiring new clients. In addition FinTech Group AG plans to continue to position itself as an enabler for young start-up companies and achieve slightly higher-trending revenues in this area.

A further goal is to expand the very successful bank and corporate client business in Germany into Austria and Switzerland as well. The initial focus in 2017 will be on winning over Austrian clients. For this purpose, the core banking system will be expanded to include Austrian regulatory requirements (with regard to taxation, regulatory reporting, etc.).

Moreover, an R&D ratio at the level of last year is of high importance for the Group. At the core of the R&D activities is the development of innovative services and products, which requires increased activities on the part of XCOM AG, which are discussed in detail in Section 1.4, "Research and Development Activities."

The Group's financial goals

Improving the capital position of the Group, and reducing the moderate debt-to-equity ratio[3] in a year-on-year comparison, are among the key financial objectives of FinTech Group AG. In addition, FinTech Group AG will focus on improving operational cash flows and sustainable profitability. At the core of all the goals is profitoriented and sustainable business development with positive effects on the company's value. The Group's financial goals also include ensuring a comfortable liquidity situation. Furthermore, the financial goals for 2017 include revenues of EUR 100 – 105 million, an EBITDA of approximately EUR 32 to 34 million, and annual profits of more than EUR 15 million.

Strategies for achieving these goals

FinTech Group AG's management essentially subdivides its strategic focus into five areas: restructuring of the Group, expansion of the business models, IT strategy, new management orientation, and decision-making processes and investor relations.

The Group restructuring will include transformations under company law in order to concentrate value-creation-chain activities and shift the focus to activities that create value. This will lead to creation of significant potential for synergies at the level of general Group efficiency and materials costs.

The expansion of the business models – including via entering into co-operations and partnerships in the securities trading and financial services segment – will expand the current product portfolio (for

[3] moderate = +/- 10 %.

example, via the cooperation with Morgan Stanley) and the current sales activities (for example, via cross-selling with Zinspilot). By developing new areas of business via contractual partnerships (with end-client activity), dependency on the online brokerage will be reduced. By marketing this business more aggressively, additional partners in existing areas should be acquired, and by expanding end-client activities in new and existing product areas, additional marketing activities will be undertaken. FinTech Group AG is active in this business area as an "enabler," which allows the Group to grow more independently.

The strategy in the transaction processing and white-label banking services segment is based on the insertion of new clients (those who are fully licensed banks) and contractual partners (such as financial services institutions) and on further developing the functionality of the core banking system. In fiscal 2017, further modular development of the core banking system is planned. In the endclient business, this includes above all digitalization of private customer loans. In addition, credit cards will be introduced in 2017. MasterCard has already approved a corresponding license as an affiliate member.

As a leading financial technology company in Germany, IT is one of FinTech Group AG's core areas of expertise. In addition to developing innovative "Made in Germany" software solutions, the efficient operation of proprietary systems is also a central component of the business strategy. The overriding IT goal is to make qualitative IT services available that meet all legal and regulatory requirements and that support efficient operations via their stability and performance.

This is achieved via the high level of innovation of the IT activities and enhancing the business model with new products in the areas of mobile payment, online brokerage, and IT security. The aim is to set new standards through the customer-oriented approach in the area of financial technologies („fintech") and to provide technological support to start-ups in implementing their ideas.

The success of FinTech Group AG is based not just on a consistently implemented strategy and technological advantage but also on the exceptional enthusiasm, motivation and loyalty of its employees.

Strong entrepreneurial thinking and action, keeping sight of what is essential and strategic orientation are essential for the executives of FinTech Group AG. They have an intercultural outlook and include their employees in decision-making processes. This creates a team spirit that strengthens identification with the employer and sparks the potential for innovation. In addition, FinTech Group AG makes it possible for its employees to participate in the success of the company via an employee profit participation program. Furthermore, since this year, individual goals agreements that are tailored to each employee's career course and skills are concluded.

In connection with the existing incentive systems, additional training and development measures will continue to be taken advantage of both internally and externally by a large number of employees. Due to the tight supply situation in the job market, FinTech Group AG has further expanded its activities in employee recruitment by attending job fairs, by holding an „Open Day" event, strengthening contacts with universities and increasing the use of cooperative work/study programs. FinTech Group AG has asked the Frankfurt School of Finance and Management to expand the current course offering. Each year, FinTech Group AG allows 20 students to participate in the program and pays half of their tuition and fees.

The expansion of the workplace health initiative through the offer of physiotherapy and fitness, as well as an employees-recruit-employees incentive program, complement the active human resources policy of FinTech Group AG in the 2016 fiscal year.

FinTech Group AG meets macroeconomic challenges primarily through organic growth, but also monitors opportunities for external growth that arise.

To support the environment, FinTech Group AG largely dispenses with the use of paper-based processes and handles payment processing and customer documents (invoices, bids, etc.) in paperless form. As part of its sustainable corporate management, FinTech Group AG will continue to meet its social obligations to integrate them into its value management system in the future. This also includes the establishment of minimum standards of energy efficiency for the technologies used and the reduction of environmental risks through continuous certification of business processes (e.g. ISO 27001).

1.3. Value-based control system

By consistently emphasizing valuecreation measures focus lies on achieving longterm and sustainable competitive advantages that are the core of FinTech Group AG's strategies and goals. In order to achieve the overall corporate objectives, management has agreed to common target values and key performance indicators that over the long term will increase the enterprise value.

The indicator used to control the earnings situation of the two segments is earnings before interest, taxes, depreciation and amortization of tangible and intangible assets (EBITDA). The calculation of this indicator can be found in the Group annex. It should be noted, the addition of net operating interest income from own trading and interest activities in the interest income and expense before EBITDA.

Due to the integration and restructuring phase the Group has completed, management has decided, from fiscal 2017 forward, to use revenues and annual profits as central guiding values in order to make increasing enterprise value and earnings per share the center of the attention. To achieve better comparability next year, management therefore already shows revenues and annual profits as KPIs in this annual report.

Revenue-related expenses and expenses for staff and other operating expenses are not used for internal control, but only for variance analysis.

For purposes of the variance analysis of the segment Securities Transactions & Financial Services, the number of active customers and the number of transactions carried out are analyzed, although this is not one of the key performance indicators.

The key performance indicators for transaction processing & white-label banking services segment comprise interest income as well as commission income from the settlement of transactions and revenues from IT services.

For purposes of the variance analysis, the number of customers and retained accounts are analyzed, although this is not one of the key performance indicators.

The financial performance indicators are consolidated at Group level and also transferred to the financial results as part of the continuous planning of future business. Monthly reporting and further analysis are central control instruments of Group controlling. The continuous comparison of planned to actual figures makes it possible recognize changes in business trends early on and to introduce countermeasures in good time. As part of a monthly risk reporting and reporting system, the Supervisory Board, the Executive Committee, and the management of FinTech Group AG are continuously informed about the development of the performance indicators.

The corporate planning at the levels of the entire Group, the subsidiaries and the segments is ensured by the analysis of the indicators of past performance and the knowledge gained from previous findings. The modeling of the business plan is continuously adapted to the latest findings of accounting, new product developments and structural changes. The management does the business planning at least once a year, both top-down on the basis of input from management, and bottom-up in order to validate the established values and to make modifications regarding important operational issues that affect the KPIs. The individual business segments and departments make a substantial contribution to this, so that their findings can be combined at Group level and the business planning can be finalized there. Newly added business segments are seamlessly integrated into the planning process.

1.4. Research and development activities

The provision of innovative products and services makes it necessary for FinTech Group AG to increase its activities in the areas of:

- Research into new topics,
- Development of new products and services,
- Further development of existing products and services.

Since the acquisition of XCOM AG in the spring of 2015, all R&D activities are concentrated in the transaction processing & white-label banking segment.

The company does not provide R&D services to third parties or make use of R&D services provided by third parties. Noteworthy R&D activities include the fact that the Group reached a new technological level with the products "WebFiliale," "Trustan," "BlueTAN," and "L.O.X," and also the development of a new and innovative knowledge management solution with an integrated ticket system that significantly increases the process efficiency of future users in the organization and services area. In addition, existing products will be raised to a new level in terms of technology and further developed based on current technological developments and customer needs.

Total expenses for pure development costs amounted to KEUR 4,679 in the fiscal year (previous year: KEUR 2,400).

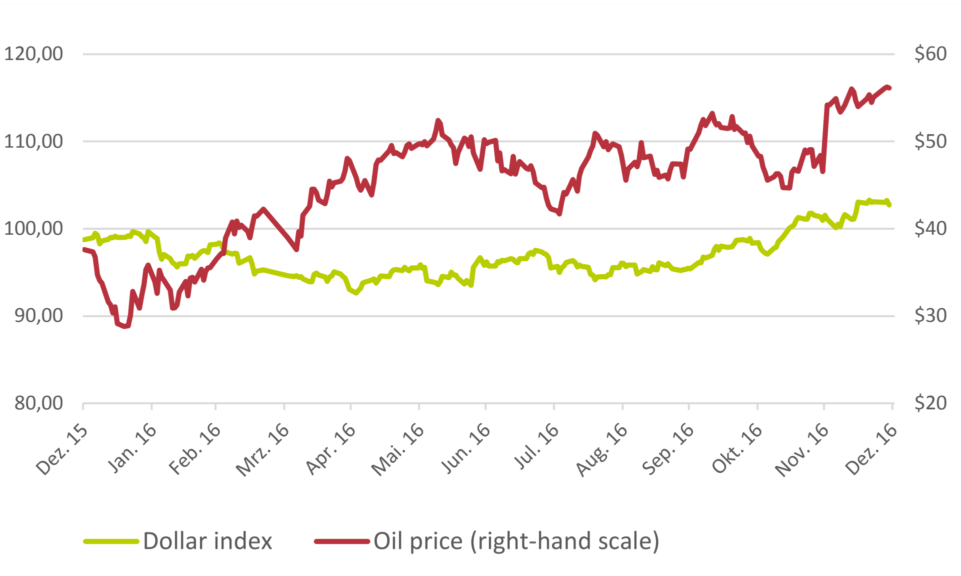
The development cost ratio (in relation to total revenue from continuing operations) amounts to 4.9% (previous year: 3.1%). Research expenses amount to KEUR 1,949 (previous year: KEUR 1,872). In total, around 10.0% (previous year: 8%) of total staff costs are invested in the research area.

2. Economic report

2.1. Macroeconomic and sectorial conditions

Fiscal 2016 was again characterized by market and economic uncertainty. In the major national economies, as in Germany, business activity remained robust. The „DAX", the main German stock exchange index, continued the sustained positive development of the previous years as of the balance sheet date, rising from 10,486 points at the end of last year to 11,481 points as of December 31, 2016 (+9.5%). The MDAX was 7.5% higher for the year, ending 2016 at 22,189. The Dow Jones closed 2016 with significant growth of 13.5%, the S&P 500 rose by 9.8%, and the NASDAQ recorded an increase of 20.3%. The very positive performance of the indices has a direct impact on the number of transactions executed with B2C trading partners that are technically processed in the transaction processing and white-label banking segment.

In the area of foreign exchange markets, fiscal 2016 began with lower prices on the Chinese stock markets and capital flows out of the Chinese economy. Due to the weaker yen, there were high price losses, increasing share price volatility, and higher disparities in returns on bonds on global financial markets. Only when the Chinese intervened in the course of the year were these developments checked.[4] The expected decision of the OPEC countries to reduce delivery volumes allowed oil prices to stabilize at USD 56.82 at the end of the year.[5] The positive effect of the index, which has up to now fallen, on the global economy has therefore not been felt in the current economic cycle.



[4] http://www.boerse-frankfurt.de/nachrichten/devisen/Devisen-Eurokurs-gestiegen-China-interveniert-am-Devisenmarkt-158675, accessed on 01/24/2017.

[5] http://www.sueddeutsche.de/wirtschaft/opec-oelfoerderlaender-setzen-preiserhoehung-durch-1.3345006, accessed on 01/24/2017.

As in the previous year, monetary policy in the industrial countries remained expansionary. For the first time in years, the United States Federal Reserve Bank raised its prime rate to 0.63%, whereas the ECB fixed its key interest rate at 0% and its deposit rate at -0.4%.[6] After again increasing the volume of monthly bond purchases, the ECB also announced that, as from June 2016, it would introduce long-term refinancing transactions with terms of four years.[7] As a result, loans to businesses have shown a tendency to recover that appears to be increasing. Even though loans to businesses in Italy and Spain was still decreasing, the downward trend there has slowed significantly. The tendency in France and Germany was upwards, but, due to continued sluggish investment activity, was restrained there as well. In addition, the majority of German companies' total need for financing could be met with equity capital they generated themselves. Furthermore, companies continued to use alternative financing sources such as the capital market. This continued a tendency that has already been observed for a number of years.

The price of oil, foreign exchange markets, and monetary policies all have direct effects on the trading behavior and willingness to accept risk of clients who execute transactions in the securities trading and financial services sector.

Business activity continued to recover in the Eurozone in fiscal 2016. The economic performance of the 19 countries in the Eurozone rose an average of 1.7%.[8] The German economy also continued the moderate growth path of previous years. German GDP increased by 1.9%[9] over the previous year (previous year's growth: 1.7%). In a multi-year comparison, economic growth can thus be qualified as solid and constant. Significant drivers of this performance are to be found abroad. Private and state consumer spending, at 2% and 4.2%, respectively, were particularly strong growth contributors.[10] During the year the consumer price index rose by 1.8% such that revenues recorded a corresponding performance.

The most important foreign economic event during fiscal 2016 was the vote by British citizens to have Great Britain leave the European Union. The resulting uncertainty on the capital markets lead to great price volatility on June 27, 2016, but also to record trading volumes, such that the IT systems of banks and financial service providers had to work at full capacity. On the Stuttgart Stock Exchange, the "EU Referendum" special centered certificate was the secondmost traded underlying after DAX knock-out products.[11] The surprising result of the 2016 presidential election in the United States had a similar, if slightly lesser effect.

Major sector-specific events during the past fiscal year were multiple IT system failures at major German banks that led to the discovery of massive investment backlogs at operators.[12] Particularly obvious were the long system down times and the lack of fallback solutions, which in turn made obvious the need for functional IT in the banking area and confirmed the reliability of FinTech Group AG's systems.

[6] Cf. the European Central Bank's press release "Monetary Policy Decisions" of 12/08/2016.

[7] https://www.bundesbank.de/Navigation/DE/Aufgaben/Geldpolitik/Offenmarktgeschaefte/Gezielte_laengerfristige_Refinanzierungsgeschaefte/gezielte_laengerfristige_refinanzierungsgeschaefte_ii.html, accessed on 01/24/2017.

[8] http://ec.europa.eu/economy_finance/eu/forecasts/2016_autumn_forecast_en.htm, accessed on 01/24/2017.

[9] https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2017/01/PD17_010_811.html, accessed on 01/24/2017.

[10] ibid.

[11] Cf. http://www.dgap.de/dgap/News/corporate/brexit-flatexit-wickelt-unter-volllast-rekordzahl-von-trades-ab/?newsID=946743, accessed on 01/24/2017.

[12] http://www.faz.net/aktuell/finanzen/meine-finanzen/sparen-und-geld-anlegen/kunden-leiden-unter-it-schwaeche-der-banken-14276587.html, accessed on 01/24/2017.

The increase in the inflation rate due to rising oil prices, the continued low level of total investments in a 10-year comparison, the consequences of the Brexit, uncertainty regarding the United States' trading policy, and destabilizing political events in Germany such as the terrorist attacks are economic risks that can have a great effect on overall economic performance in 2017[13]. An increase in key interest rates to contain expansionary monetary policy can still only be expected to be extremely small due to the continued overly limited growth of European economic performance in 2017[14].

Overall, the developments in the 2016 fiscal year described above had a positive impact on the business performance of FinTech Group AG.

2.2. Business development and position of FinTech Group AG (Group)

Business development of the securities trading & financial services segment

As of December 31, 2016, flatex GmbH managed customer assets (security and cash assets) amounting to EUR 6,496 million (previous year: EUR 5,144 million). The number of flatex customers increased by 17.1% from 149,796 clients as of December 31, 2015 to 175,434 as of December 31, 2016. As of December 31, 2016, ViTrade managed customer assets (security and cash assets) amounting to EUR 287 million (previous year: EUR 276 million). The number of clients was quite stable (2016: 2,470, 2015: 2,357). The number of transactions increased at flatex by approximately 8.5%, from 7.1 million to 7.7 million, whereas, at ViTrade, the number of transactions was slightly lower, at approximately 1.2 million (previous year: 1.3 million).

Already last year fundamental strategic partnerships were entered into with issuers and trading and stock exchange in order to best monetize the online brokers' existing order flow, to continue to increase organic growth, and to give clients more alternatives. Thus, for example, new connections were made with the direct trading partner Baader Bank and the stock exchange gettex, and the direct trading partnerships with Tradegate and Lang & Schwarz were intensified. This led to an increase in OTC trading on those trading and stock exchanges from approximately 1.1 million in 2015 to approximately 1.8 million trades (+63.6%) in 2016.

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

The net profit of the Transaction Processing & White-Label-Banking-Services segment proceeded according to plan. In particular, renowned clients were won over in the white-label banking area. In this case, FinTech Group AG was able to beat out all competitors in Europe-wide requests for proposals.

XCOM AG continued to be one of the most profitable segments of FinTech Group AG. This business segment includes the client business, the overall banking system offerings and the sub-functions middleware, booking core/SAE, scheduling tool, master data management, reporting and archives - basically the insourcing for banks and financial services providers. Activities related to support for the direct platforms of IKB Deutsche Industriebank AG (hereinafter: "IKB") and the Deutsche Pfandbriefbank AG (PBB) were stable in 2016 at the previous year's levels. XCOM AG benefitted from the development of bank products that can be sold to end clients via both platforms in all the relevant areas. The ongoing development of the IT landscape continues to have the desired effects and led to an increase in

[13] http://www.tagesspiegel.de/wirtschaft/konjunkturausblick-was-2017-auf-die-wirtschaft-zukommt/19193488.html, accessed on 01/24/2017.
[14] http://www.handelsblatt.com/politik/konjunktur/nachrichten/geldpolitik-ezb-direktor-sieht-zinswende-naeher-kommen/14856428.html.

efficiency. An externally induced prolongation of the relationship with IKB, after IKB had announced it would terminate the partnership with XCOM AG as of September 30, 2016, also contributed to XCOM AG's positive results in the banking business segment in 2016. At the end of 2016, it was able to win over two new clients who will begin business in the first half of 2017. At the present time, it seems that, in 2017, XCOM AG and biw AG will win over additional BPO clients in addition to the two already named. XCOM AG is currently negotiating with three additional clients, and it is expected that those partnerships will be launched prior to the end of 2017.

Software development in XCOM AG's e-banking business segment, with the HBCI standard it initiated more than 15 years ago, was also a pillar of success for XCOM AG due to its performance in reporting year 2016. The trading business segment, which includes institutional securities trading and the end-client trading system "HTX," is also developing according to plan, as is the payment business segment with its mass payment processing, the mobile payment system "kesh," the ATM business, and the cash logistics business. The number of ATMs serviced, taking additions and subtractions into consideration, remains constant, and the high technical maintenance rate remains the same.

The number of securities, foreign currency, and CFD orders executed in 2016 rose by approximately 4.0%, and were 10.5 million as compared to 10.1 million the previous year. The number of B2B end-clients serviced (including flatex and ViTrade) rose by +20%, from 176,600 in 2015 to 212.040 in 2016. The volume in custodian accounts rose in 2016, in particular due to successful new B2B projects in transaction settling and custodianship, by approximately EUR 4,728 million (approximately +99%) to approximately EUR 9,512 million, while customer deposits rose from EUR 999 million to EUR 1,336 million.

Comparison of the forecasts reported in the previous period with actual business

The following table shows a comparison between the forecasts the Group Executive Committee has made for the current reporting period and the actually achieved key figures:

in units / in KEUR	Groups		Securities Trading & Financial Services		Transaction Processing & White-Label-Banking-Services	
	2016e	**2016**	**2016e**	**2016**	**2016e**	**2016**
No. of clients	-	-	>165,000	177,891	>195,000	212,040
No. of accounts	-	-	-	-	> 220,000	255,177
No. of transactions	-	-	>8,500,000	8,863,001	> 10,500,000	10,462,477
EBITDA ongoing activities	> 30,000	30,624	>11,564*	11,891	> 10,075	28,329

* Expected value for 2016 adjusted for one-off effects from 2015

The overall positive deviation of the actual performance of the Group from the forecast reported in the previous year is due mainly to the acquisition of new large clients in the area of transaction processing and white-label banking services, and to the longterm restructuring of the Group.

In addition, via winning over more than 25,000 new clients in the area securities trading and financial services, both revenues and net income could be increased in this segment. Another novelty that should be mentioned is the introduction of flex loans at flatex, which, along with the general increase in utilization of credits against securities, has helped expand the lending business and increase interest earnings.

Earnings situation

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

The commission income of the Group amounted to KEUR 64,031 in 2016 (previous year: KEUR 52,384, +22%), net commission income – calculated as the amount of commissions earned that exceeded commission expenses – increased by 17.5%, from KEUR 40,852 to KEUR 48,019. This significant increase in earnings is attributable to significant expansion in the scope of business, the development of the product portfolio, the new partnership with Morgan Stanley, and the aforementioned change in customer and transaction numbers from the previous year.

Interest income amounted to KEUR 7,799 (previous year: KEUR 2,666, +192.5%) and results mainly from the creation of a sustainable loan portfolio (including flatex flex loans) and income from the sale of various bonds related to the subsidiary biw AG, mainly the settlement of the HETA bond (KEUR 2,091). Net interest income amounted to KEUR 7,561 (previous year: KEUR 2,648, +185,5%) and is made up of the net interest income minus interest expense in the operating business.

In 2016, revenue from business with IT service providers amounted to KEUR 15,583 (previous year: KEUR 13,102, +18.9%) and results from the core business of the subsidiary XCOM AG. After deducting expenses, this results in earnings of KEUR 11,921 (previous year: KEUR 10,183)

In 2016, personnel expenses decreased from KEUR 23,785 in the previous year by 18.0% to KEUR 19,489. Other administrative expenses (including marketing and advertising expenses) rose by 8.3% from KEUR 17,933 in 2015 to KEUR 19,427 during the reporting period.

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.

In fiscal 2016, EBITDA was KEUR 30,624 (previous year: KEUR 19,738, +55.2%), and annual profits were KEUR 12,316 (previous year: KEUR -2,159).

This success is due to the constant development of the product portfolio with attractive and innovative end-client products and to winning over additional B2B clients in the transaction processing & white-label banking services area.

Financial situation

The first priority of financial management is to secure a comfortable level of liquidity and the operational control of financial flows.

Inflation and exchange rate movements did not have a significant effect on the financial situation.

CAPITAL

As of December 31, 2016, FinTech Group AG's share capital was EUR 16,810,876, and was divided into 16,810,876 registered shares. Including the capital reserve of KEUR 49,690, retained earnings of KEUR 9,053 (including annual profits of KEUR 12,316), and minority interests of KEUR 15,063, the Group's equity on the balance sheet as of December 31, 2016, rose by 5.6%, to KEUR 90,629 (previous year: KEUR 85,856).

The minority interests in the equity were KEUR 15,063 (previous year: KEUR 12,689), and are attributable to other shareholders of XCOM AG and corresponded to a share in equity of 16.6%.

The Group's capital structure is as follows:

in %	12/31/2016	12/31/2015	Change in %
Equity ratio	5.9	7.1	-1.2
Debt ratio	94.1	92.9	+1.2

Capital structure of FinTech Group AG as of 12/31/2016.

The decrease in the equity ratio is due to the sharp increase in client deposits and the resulting liabilities to clients.

Non-current financial liabilities amount to KEUR 14,808 (previous year: KEUR 16,324). These include pension liabilities of KEUR 7,541 (previous year: KEUR 4,348) and loan liabilities of XCOM AG, as well as lease liabilities of FinTech Group AG of KEUR 3,929 (previous year: KEUR 7,208).

The increase in current liabilities to KEUR 1,428,557 (previous year: KEUR 1,106,059) results in particular from the increase in liabilities to clients of biw AG. Of these, KEUR 1,293,535 (previous year: KEUR 947,278) are attributable to liabilities to customers of biw AG.

The increase in tax and other provisions to KEUR 18,780 (previous year: KEUR 18,005) is mainly attributable to a rise of provisions for capital gains taxes, and to increased provisions for income taxes.

All liabilities are denominated in euro.

The Group's liabilities have the following maturities:

in KEUR	12/31/2016		12/31/2015	
	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit and loss	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit and loss
Within one year (short term)	1,403,934	0	1,074,699	0
More than one year (long term)	11,470	0	11,556	0
Total	1,415,404	0	1,086,255	0

Liabilities of FinTech Group AG as of 12/31/2016

Other provisions total KEUR 3,165 (previous year: KEUR 9,472), trade payables total KEUR 5,844 (previous year: KEUR 13,355).

Off-balance sheet commitments as of the reporting date result from lease and rental agreements in the amount of KEUR 14,320 (previous year: KEUR 10,623).

Further information regarding financial instruments can be found in the Group annex.

INVESTMENTS

A significant investment in the fiscal year relates to the expansion of FinTech Group AG's direct share in XCOM AG to 73.77%. The total shareholding (including indirect holdings) amounts to 76.81%.

One major investment project is the completion of the new data center that will meet the current requirements and security standards better than ever before. This decision was made during the first half of 2016 due to the growth trend. This investment will continue to be financed through leasing in order to take advantage of favorable market conditions that protect equity.

Management continues to invest in the company's proprietary FinTech Lab, which functions as an innovation hub for start-ups in the FinTech sector, and helps position their business ideas and products on the global market.

At its headquarters in Frankfurt/Main, FinTech Group AG has made a significant investment in its office work stations to give its employees a state-of-the-art working environment that promotes creative and makes innovation possible.

With these investments, FinTech Group AG ensures innovative leadership in the operation of dedicated specialized data centers for banks and financial service providers.

LIQUIDITY

An overview of FinTech Group AG's cash flow generated in the fiscal year, 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	2016	2015
Operating cash flow from ongoing non-financial activity	15,543	5,573
Operating cash flow from ongoing financial activity	-150,344	-48,433
Operating cash flow from discontinued operations	-9,155	-15,844
Operating cash flow from ongoing operations	-143,956	-58,705
Cash flow from investments related to continued operations	-8,018	-47,237
Cash flow from investments related to discontinued operations	-1,174	-
Cash flow from investment activity	-9,192	-47,237
Cash flow from financial activity	1,078	26,296
Cash and cash equivalents at the start of the period	541,273	61,482
Cash and cash equivalents at the end of the period	389,202	541,273

Cash flow from operating activities is mainly influenced by the changes in the area of customer deposits of biw AG. Cash and cash equivalents decreased by KEUR 152,071, in particular due to increased treasury activities.

FinTech Group AG was able to meet its financial obligations at all times. No liquidity shortages occurred in the fiscal year. Nor are any liquidity shortages foreseeable.

Asset situation

in KEUR	12/31/2016	12/31/2015
Assets	**1,533,994**	**1,208,240**
Non-current assets	70,236	64,999
Current assets	1,463,300	1,142,067
Assets from discontinued operations	459	1,174
Liabilities	**1,533,994**	**1,208,240**
Equity	90,629	85,856
Non-current liabilities	14,808	16,324
Current liabilities	1,428,557	1,106,059

Condensed consolidated balance sheet of FinTech Group AG as of 12/31/2016

Total assets recorded an increase of KEUR 1,208,240 to KEUR 1,533,994. The change in total assets was mainly due to the increase in client deposits at biw AG.

in KEUR	12/31/2016	in %	12/31/2015	in %	Change in KEUR	Change in %
Goodwill	28,780	41	28,780	44	0	0
Self-produced intangible assets	20,376	29	17,153	26	3,223	19
Customer relationships	5,603	8	5,944	9	-341	-6
Intangible assets	2,580	4	2,379	4	201	8
Tangible assets	5,590	8	5,354	8	236	4
Financial assets and other assets	790	1	440	1	350	80
Deferred taxes	6,517	9	4,949	8	1,568	32
Non-current assets	**70,236**	**100**	**64,999**	**100**	**5,237**	**8**
Assets from discontinued operations	459	1	1,174	2	-715	-61

Non-current assets of FinTech Group AG as of 12/31/2016

The intangible assets include those generated internally by XCOM before the acquisition, which were acquired for consideration as part of the acquisition. Assets under development include the internally generated assets acquired by the FinTech Group following the acquisition of XCOM AG.

The increase in tangible assets includes the recording of assets due to capital leasing for hardware and office equipment of KEUR 1,054. These leasing relationships have been in place since 2016.

Financial investments and other assets include exclusively the active difference from netting assets of acquired plan assets to cover pension obligations of XCOM AG.

Customer relationships are amortized over a period of 16 to 20 years using the straight-line method. Assets in development are amortized over a period of eight years from the date of completion using the straight-line method. The useful life of the intangible assets is between three and ten years. Depreciation takes place on a straight-line basis. The office equipment is depreciated over its estimated useful life, which is three to five years for computer hardware and generally 13 years for office equipment.

in KEUR	12/31/2016	in %	12/31/2015	in %	Change in KEUR	Change in %
Inventories and works in progress	334	0	1,085	0	-751	-69
Trade receivables	8,538	1	30,002	3	-21,464	-51
Tax receivables	5,033	1	1,691	0	3,342	198
Available-for-sale financial assets	514,335	35	130,572	12	383,763	294
Financial instruments carried at fair value through profit or loss	1,234	0	790	0	444	56
Cash credits at local authorities	401,171	27	381,176	33	19,995	5
Loans to and receivables from clients	131,125	9	53,726	5	77,399	144
Other receivables from credit institutions	12,328	1	1,752	0	10,576	604
Cash reserve-Cash on hand	14,167	1	36,368	3	-22,201	-61
Cash reserve-Balances with central banks	178,122	12	415,523	36	-237,401	-57
Receivables owed by credit institutions maturing daily	196,914	13	89,383	8	107,531	120
Current assets	**1,463,300**	**100**	**1,142,067**	**100**	**321,233**	**28**

Current assets of FinTech Group AG as of 12/31/2016

Changes in current assets mainly relate to the segment transaction processing & white-label banking services.

Trade receivables mainly include the trade receivables of XCOM AG.

Loans and receivables consist mainly of issued cash advances, loans and advances to banking customers and securities lending at biw AG.

The structure of the post cash reserves and central bank deposits consists of deposits at European central banks to improve the liquidity situation. In addition, there are receivables from banks from the settlement business of biw AG.

No inflation or exchange rate effects have a material impact on the asset situation.

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

FinTech Group AG experienced profitable growth in the 2016 fiscal year. The Group closed the year with an operating profit before interest, taxes, depreciation and amortization (EBITDA) of KEUR 30,624 and annual profits of KEUR 12,316. This has further strengthened the Group's solid capital structure.

In a positive development, the customer numbers in the securities trading & financial services segment increased significantly. In the transaction processing & white-label banking services segment, biw AG's own retail activities were expanded and the R&D ratio was increased. The objective of creating a solid equity structure and a consistently comfortable liquidity position at Group level was also achieved.

On the path to becoming Europe's leading provider of innovative technologies in the financial sector, FinTech Group AG has successfully completed the functional integration of the operations in the online brokerage value chain.

3. Forecast, opportunities, and risk report

3.1. Forecast report

The forecast period for business development refers to the 2017 fiscal year and covers 12 months. Only continued operations are taken into account in the forecast.

In 2017, FinTech Group AG intends to continue to pursue earningsoriented growth. Parallel to the reorganization of the Group, the B2B and B2C business models are to be further developed. This affects both flatex's brokerage business as regards the targeted verticalization and internationalization strategy and the attempts to win over additional clients as white-label-solution partners and create a sustainable and profitable biw AG loan portfolio. This will have a positive effect on the key performance indicators EBITDA and annual profits, as well as on the key figures revenues and earnings per share (EPS).

The development of the main (inter)national stock exchange indices (DAX 30, Dow Jones Industrial and S&P 500) and the development of the currency markets and the oil price in the first months of fiscal 2017 confirm the forecasts depicted.

The international financial markets and overall economic development in Germany and Europe continue to offer considerable potential for growth, among other things due to the Brexit and the associated opportunities in Business Process Outsourcing and White-Label Banking Services. As an accumulator for start-ups in the financial center of Frankfurt, FinTech Group AG is able to offer innovative solutions for businesses and consumers that take into account both increasing internationalization and complex issues.

In 2017, FinTech Group AG will leverage further synergies, record significant organic growth and does not rule out further acquisitions.

Expected business development of the securities trading & financial services segment

The key components of the strategy to increase profits in the securities trading & financial services segment are organic online brokerage growth, to increase order and client income, to optimize the order flow value chain, and to internationalize flatex. In addition, the "flatex flex loans" and other securities loans are to be further developed and have a volume of at least EUR 120 million by the end of the year. The expected net margin is 400 basis points such that interest income of approximately EUR 4 million can be achieved.

After Consorsbank's takeover of DAB Bank, the market adjustment and/or consolidation in the online brokerage area continues during the current fiscal year with Comdirect Bank AG's takeover of OnVista AG. This meant the disappearance of the last competitively priced online broker – as compared to flatex GmbH – which is expected to lead FinTech Group AG Group to get more clients. In 2017, a sharp rise in the number of transactions executed is expected due to the increase in new clients and the continual expansion of the product portfolio.

The Executive Board is optimistic for 2017 in terms of the earnings situation. flatex GmbH has successfully established itself in the online brokerage market. In 2017, an increase is expected from commissions and interest which should be generated by growing trading and customer numbers due to increased marketing activities.

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

The businesses of XCOM AG and biw AG are expected to continue to develop positively. Existing projects are being analyzed in the mass payment processing area. The goal is to evaluate the extent to which software will no longer be installed at endclient locations in the future but rather be operated in proprietary data centers. This will make doing updates easier and eliminate any inefficiencies.

In 2017, after development is concluded and the mobile payment system "kesh" has been extensively tested, large corporate accounts will be acquired in order to increase usage numbers. The existing functionality of "kesh" will, among other things, be made available via an interface. The Corporate Payment product will be placed into commercial operation at the beginning of 2017, and will lead to the acquisition of corporate clients in Germanspeaking countries. In addition, the plan is to make the existing products and systems in the securities settlement area available to third-party banks. Efficient settlement within biw AG and the programming capacity of XCOM AG will allow the development of an effective securities interface for which other banks can be acquired.

Modifications of regulatory requirements for banks and financial services providers will also lead to a further need for programming and implementations in trading systems.

The management therefore expects that the positive business growth will continue in 2017. This has also been confirmed in the first month of 2017, when flatex had the highest new client growth in January of any year since the company was founded.

FinTech Group AG is convinced that its core competence, especially with XCOM AG, gives it precisely this potential, and the company considers itself very well equipped to meet future challenges. The FinTech Group AG group of companies will achieve synergies and multiplier effects along the entire value chain and noticeable improvements in earnings. Management is very keen that FinTech Group AG will strengthen its market position in the long term.

In addition, the management plans to expand the loan book and to have volume of approximately EUR 250 million by the end of the year. The expected net margin is 300 to 400 basis points such that interest income of approximately EUR 7 million can be achieved.

Forecast for key financial performance indicators

The forecast for the key performance indicators is based on the following planning assumptions:

MACROECONOMIC CONDITIONS

For the full year 2017, the German Federal Office of Economics forecasts a steady 1.2% increase in GDP,[15] which is largely identical to the forecast provided by the European Commission for the Eurozone in 2017, which foresees an increase of 1.6%[16].

PLANNING ASSUMPTIONS AND FORECASTS FOR KEY PERFORMANCE INDICATORS

The expected earnings situation in the securities trading & financial services segment is based on the assumptions that, based on historical data, the customer base as of December 31, 2016 will be maintained. In addition, increased marketing activities, the expansion of the collaboration with Morgan Stanley, and the acquisition of clients for the "flatex flex loans" and "ZinsPilot" products will result in an increase in trading activities in subsequent years. The expected revenue stream for future years is based on the customer numbers calculated and activities per customer. Specifically, the forecast is based on the assumption that trading and customer figures will rise due to the revival of marketing activities and that customer assets under management will increase (see table below).

The earnings in the transaction processing & white label banking services segment result directly from the planning assumptions for the securities trading & financial services segment (in particular flatex GmbH), as each customer of flatex GmbH also has an account with biw AG. In addition, all fixed-contract revenues and new business expected as of the time of planning, on the basis of past experience and taking pricing and economic developments into account will be taken into consideration.

The expected net interest income is based on the assumption that, due to the realignment of the treasury strategy, and despite the continued conservative interestrate structure, the loan business can be expanded and that this will have a positive effect on interest.

[15] https://de.statista.com/statistik/daten/studie/74644, accessed on 03/11/2017.

[16] Cf. "Winter 2017 Economic Forecast," European Commission, https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2017-economic-forecast_en, accessed on 03/11/2017.

The earnings structure of other business segments is extrapolated based on historical data and taking into account all information available at the time of planning.

The new financial performance indicators are the key figures revenues and annual profits, which have direct effects on earnings per share (EPS), and will lead to greater transparency regarding FinTech Group AG's level of performance. The forecasts for the Group's key performance indicators for the 2017 fiscal year can be summarized as follows:

quantity / in KEUR	Group		Securities Trading & Financial Services		Transaction Processing & White-Label Banking Services	
	2017e	**2016**	**2017e**	**2016**	**2017e**	**2016**
No. of clients	-	-	significant increase	177,891	significant increase	212,040
No. of accounts	-	-			slight increase	255,177
No. of transactions	-	-	significant increase	8,863,001	slight increase	10,462,477
Revenues	slight increase	95,021	-	-	-	-
EBITDA continuing operations	slight increase	30,624	significant increase	11,891	slight increase	28,329
Annual profits	major increase	12,316	-	-	-	-

Forecasts for the 2017 fiscal year.

Legend

Degree of change

moderate	+/- 0.1 to 5 %
slight	+/- 5.1 to 10 %
significant	+/- 10.1 to 20 %
major	+/- > 20.1 %

The Executive Board of FinTech Group AG is optimistic about the business and, in 2017, expects revenues of EUR 100 million to EUR 105 million, EBITDA of approximately EUR 32 to 34 million, and annual profits of more than EUR 15 million. In fiscal 2017, a slight[17] increasing trend is expected. Now that, in the past two years, XCOM AG has been integrated and the Group has been successfully restructured, the indication is that, in the future, growth and sustainable profits will be achieved. This is why a slightly increasing revenue trend and a steeply increasing trend for annual profits is expected.

The course of business in the first months of 2017 confirms these Executive Committee estimates and forecasts regarding the company as a whole.

[17] slight = 5 – 10%, major > 10%.

3.2. Opportunities and risk report

Risk management system

FinTech Group AG operates in a regulated market as a market and innovation leader in the German online brokerage segment. In addition to the continuous changes in the economic environment of the company, therefore, changes in the legal or regulatory framework are of major significance for the company's success. The latest developments are continuously monitored and carefully analyzed. The Executive Board incorporates the emerging opportunities and potential risks in its business and risk strategy and adjusts them accordingly if required. The monitoring and control of risks is a key part of the corporate management tools at FinTech Group AG.

FinTech Group AG promotes a risk culture that ensures high ethical standards and a strong risk awareness in all relevant business processes among both the management and the employees of FinTech Group AG. In addition, the limitation of risks is one of the main objectives for all managers of FinTech Group AG within their areas of responsibility. In this context, every manager develops effective task-specific control processes and ensures that they are continually applied.

To ensure holistic and comprehensive assessment, limitation and control of risks, FinTech Group AG has also set up a separate "Risk Management" department which has assumed the Groupwide tasks of the risk control function in accordance with Minimum Requirements for Risk Management (MaRisk) AT 4.4.1. It will make a significant contribution to inter-departmental and Group-wide risk controlling process tasks of

- identification,
- assessment,
- control,
- monitoring and
- communication.

To accomplish this, it has complete access to all riskrelevant information and data of FinTech Group AG and its subsidiaries.

The head of the risk management department is involved in all major risk policy decisions by the Executive Committee. The Supervisory Board of FinTech AG is informed immediately if there is a change in the head of the risk management department.

EXTENDED RISK PROFILE DUE TO ACQUISITION OF XCOM AG

With the acquisition of a majority interest in XCOM AG by FinTech Group AG in the first half 2015 and the related acquisition of XCOM subsidiary biw AG, the risk profile of FinTech Group AG has significantly expanded.

Beginning in 2016 , FinTech Group AG has undertaken significant steps to align the risk management processes and systems that exist in the Group with the extended risk profile of FinTech Group AG and to make them uniform throughout the Group. In this process components of the existing risk management systems that are no longer needed are discarded in favor of unified and consistent Groupwide processes. According to current planning, the completion of the integration process and the concomitant establishment of consistent Groupwide risk management are expected in 2017.

RISK IDENTIFICATION AND RISK ASSESSMENT

FinTech Group AG conducts a regular risk inventory, which is updated on an ad hoc basis if necessary. The inventory includes risks from the use of financial instruments to which it considers itself exposed as part of its business operations, which are divided into the categories

- Market risks,
- Counterparty credit risks,
- Liquidity risks,
- Operational risks and
- Other risks.

A risk assessment that takes into account riskreducing measures carried out and the existing equity situation is also conducted.

The risk inventory of FinTech Group AG was carried out in the first half of fiscal 2016 in the form of a so-called heat map which shows the risk assessments for all business segments considered to be material in a consistent way, and which was, however, to be viewed only as a precursor to a detailed so-called RiskMap.

The transition to RiskMap was completed in the second half of 2016 as planned. In addition to providing a more detailed risk analysis than the heat map, the risk map also provides an estimate of the probability of losses and the amount of losses, which are summarized in a riskbased overall assessment. The analyses are used mainly to identify emerging risk concentrations early on so that the suitable preventive measures can be introduced early on.

The ongoing risk reporting of FinTech Group AG reports on the risk estimates in accordance with the RiskMap (and previously, the HeatMap). RiskMap and HeatMap are also discussed during regular meetings on the Monthly Risk Reports (MRR) with management and the FinTech Group AG Supervisory Board.

CONTROLLING RISKS

FinTech Group AG performs scenario-based risk-bearing capacity calculations (including stress testing) on a regular basis by taking into account the potential concentration risks and potential extreme developments in the (market) environment of the Group to ensure the capital adequacy of the Group, even in the event of unfavorable developments in the environment.

FinTech Group AG uses the findings from these riskbearing capacity analyses to implement control and risk-limitation requirements for the Group's operational business via an appropriate limit system. Adjustments to the limit system are closely coordinated between the management of the Group and the risk management department.

Ongoing monitoring measures and the implementation of a comprehensive system for the communication of risk („risk reporting") ensure that risk entered into by FinTech Group AG remains within the strategic objectives and its riskbearing capacity. They also allow quick reactions when there are signs that control is needed. The monitoring and control instruments used in this process are shown in more detail below in the form of daily, monthly and quarterly reports.

MONITORING AND COMMUNICATING RISKS

Management receives daily reports with information on the current risk and P&L situation of FinTech Group AG. These regular reports are supplemented and enhanced by regular ad hoc reporting: The so-called "cockpit" is a central (risk) management tool that provides daily information about the necessary measures to control performance indicators, risk indicators and limit utilization levels and the development of appropriate early warning indicators. It also contains comments on control-related issues and to make recommendations for necessary control measures. Furthermore, for each business segment that is material from a risk perspective, it includes a presentation of target achievement on a monthly and annual basis, and a comparison with the previous year's P&L („TargetMap").

The cockpit described above is supplemented by the „Monthly Risk Report" ("MRR"), which includes a detailed report and commentary on the P&L and the risk situation of the Group for the month.

Finally, the „Quarterly Risk Report" („QRR") is created. It summarizes the underlying monthly reports for the reporting period and offers additional analyses on the opportunities and risks of FinTech Group AG.

The monthly risk report and the quarterly risk report are sent to the company's Supervisory Board, among others, and are discussed in detail in regular „finalizing meetings" with the management and the Supervisory Board.

In the company's own assessment, the measures taken to analyze and monitor the risk situation of FinTech Group AG are appropriate. The riskbearing capacity was in order at all times during the reporting period. At the time the present risk report was prepared, no risks – including possible concentration risks – were recognized that could jeopardize the continued existence of the Company.

Opportunity report

Opportunities for the company are analyzed regularly and reported to the Executive Board and the Executive Committee. The detailed focus of company management is on risk management. Management identified significant opportunities arising during this past fiscal year from, among other things, the expanded partnerships with Morgan Stanley and ZinsPilot, and the introduction of new products such as "flatex flex loans." These are likely to lead to high earnings potential in the coming fiscal year.

SECURITIES TRADING & FINANCIAL SERVICES SEGMENT

In the securities trading & financial services segment, there is great opportunity to expand the product portfolio via the strategic, longterm partnership with Morgan Stanley. The first steps promise to be very successful, now the focus is to further intensify this partnership. In addition, management has, while taking the market risks into account, identified opportunities to further diversity the business model. This essentially means expanding the product and sales offering, analyzing additional internationalization strategies, and entering into addition strategic partnerships in the online brokerage area.

By optimizing and intensifying the current marketing activities, opportunities will be created for the company to continue to be perceived as a strong competitor and to gain additional market share. In addition, getting existing clients who are less active to use alternative products will create opportunities to generate additional income.

TRANSACTION PROCESSING & WHITE-LABEL BANKING SERVICES SEGMENT

The transaction processing & white-label banking services segment offers business opportunities via further acquisitions of B2B clients in the areas of securities settlement and white-label banking services.

This results in economies of scale in the cost structure of the development of the relevant software, and in the settlement of transactions. In the ebanking business segment, there are important opportunities through the digitization of financial services. These may give rise to a large volume of software development projects. By extending existing term contracts, additional opportunities will be created to expand the product and service portfolios. It is already evident that long-term partnerships will lead to greater use of FinTech Group services.

Significant potential can also be realized via balanced development of business strategies regarding the Group's loan and credit portfolio. This strategy includes a sustainably diversified portfolio over all risk classes, regions, asset classes, and terms. Client deposits totaling over EUR 1 billion allow us to achieve positive results via interest effects and cost savings realized on the basis of efficient asset management.

Furthermore, the United Kingdom's upcoming exit from the European Union ("Brexit") provides great opportunities. The British banking regulatory authority (the Financial Conduct Authority) announced in 2016 that almost 5,500 British firms use at least one EU passport to pursue regulated business in at least one other EU country.

If these firms want to continue to execute EU transactions governed by banking regulatory law, they must acquire a banking license along with a core banking system and the associated solutions (e.g. payment services) in the EU. Germany is an attractive location in this regard. It possesses the leading financial metropolis on the Continent, which also hosts the headquarters of the European Central Bank. In addition, Germany also has the largest economy in the EU and the strictest practical regulatory requirements. This means that it is much more practical to use a passport from Germany in other EU countries than it would be to use a passport from another EU country in Germany.

The arbitrage trading in the Transaction Processing & White-Label Banking Services segment offers market price opportunities which result from the simultaneous purchase and sale of securities. The opportunities in this area come from exploiting market inefficiencies that result from different buying and selling prices at different stock exchanges. However, overall, this area continues to operate with minimal and manageable risk.

Risk report including risk reporting in relation to the use of financial instruments

The significant risks to which FinTech Group AG is exposed in its operating activities are described in more detail below. An assessment methodology described below is used in assessing the probability of occurrence and magnitude of risk:

Probability of occurrence	Description
< 5%	very low
≥ 5 to 25%	low
> 25 to 50%	medium
> 50%	high

Level of risk	Description
low	Limited negative effects on operations, assets, finances and earnings situation, reputation, < EUR 0.25 million EBITDA individual risk
medium	Some negative effects on operations, assets, finances and earnings situation, reputation, ≥ EUR 0.25 million EBITDA individual risk
high	Significant negative effects on operations, assets, finances and earnings situation, reputation, ≥ EUR 1 million EBITDA individual risk
very high	Damaging negative effects on operations, assets, finances and earnings situation, reputation, ≥ EUR 5 million EBITDA individual risk

Probability of occurrence of risks and extent of risk.

CONTROL AND LIMITING OF MARKET PRICE RISKS

FinTech Group AG considers market price risks to be the risk of loss due to changes in market prices (equity prices, exchange rates, precious metal/commodity prices, interest rates) and to parameters that affect price (e.g. volatilities).

Market price risk arises in FinTech Group AG from arbitrage trading in the „transaction processing & white-label banking services“ segment, in which securities are bought and sold simultaneously and no active positioning is provided for. Unplanned positions due to unforeseen market movements/reactions may lead to overnight positions, which are then fully hedged by offsetting transactions. In order to limit the resulting market risk, FinTech Group AG has a multi-level limit system which establishes value-at-risk limits („VaR“ limits) that limit positions and stop-loss limits on a daily and annual basis. VaR figures are calculated daily based on a historical simulation at a confidence level of 97.5%

with a one-day holding period. It also ensures an arbitrage trading profit and loss statement. The calculated risk ratios and P&L figures are compared with the relevant limits every day. Countermeasures can be taken immediately if limits are exceeded.

FinTech Group AG estimates the remaining market price risks from arbitrage trading as low and their probability of occurrence as very low. The calculated VaR figures were on the order of KEUR 10 in 2016, significantly below the prescribed VaR limit of KEUR 40.

Other market price risks arise in the „transaction processing & white-label banking services“ segment as part of the designated sponsor business segment outsourced to FIB Management AG. The necessary liquidity for the continuous trading of certain stocks is made available by setting of binding buying and selling prices. This exposure may result in market risks to a limited degree. These risks are fully covered by cash collateral deposited in the Group. The corresponding provision of securities is monitored daily. In addition, the VaR is calculated daily (using a historical simulation with a confidence level of 97.5% and 1-day holding period), which serves as the basis for monitoring the potential need for an increase in cash collateral. FinTech Group AG estimates the remaining market risks from this segment to be low and their probability of occurrence to be very low. The calculated VaR figures were on the order of KEUR 50 in 2016, well below the cash collateral available to cover losses of at least KEUR 300.

Finally, VaR-oriented monitoring is also done on the long-term financial investment in 2016 in a special fund that pursues a "Negative Basis" strategy. The corresponding VaR figures from a historical simulation of 97.5% with a 1-day holding period were less than KEUR 150 in 2016. FinTech Group AG estimates that both these marketing risks, which must be assigned to the Transaction Processing & White-Label Banking Services segment, and their likelihood of being realized, are low.

In the transaction processing & white-label banking services segment FinTech Group AG has at all times stable and extensive customer deposits (biw AG). The not precisely simultaneous investment of these deposits in the market and the resulting limited maturity transformation subjects FinTech Group AG to other market risks such as interest rate risks. To counter these risks, the Group exercises fundamentally conservative assetliability management. The ongoing calculation of the modified duration ensures that negative developments in interest rate risk are recognized early on and that countermeasures can be taken. FinTech Group AG estimates the probability of occurrence for risks entered into to be very low and estimates a high risk level. The loss estimate made on the basis of the modified duration is on the order of KEUR 975.

The risk of changes in exchange rates (currency risk) arising from financial instruments is not considered significant at FinTech Group AG.

The information on the market price risks of FinTech Group AG that is relevant to controlling is entered daily in the Group's so-called cockpit and is thus transmitted daily to the Group management. The market price risks are also shown in the Group's MRRs and QRRs, thus ensuring that there are detailed descriptions and comments on the current risk situation and that control measures can be taken if necessary.

In addition to the comprehensive measures regarding the monitoring of the market risks of the Group, adequate measures are taken to manage the remaining risk categories to which FinTech Group AG considers itself to be exposed in its operating business. There is ongoing monitoring of the adequacy of these measures. Changes in the assessment of the underlying risks and the necessary adjustments to their management are reflected in periodic updates of the risk inventory of FinTech Group AG. This is also the basis for a risk-based audit plan of the internal audit division of FinTech Group AG.

The following table shows the sensitivity of consolidated profit before tax and the equity of the Group to a possible change in market interest rates by +0.5 percentage points and -0.5 percentage points under otherwise constant variables.

in KEUR	Change in market interest rate	Effect on pre-tax profit (new)	Effect on equity (new)
2016	+0.5 percentage points	21,272	94,129
2016	-0.5 percentage points	11,272	87,129
2015	+0.5 percentage points	841	85,206
2015	-0.5 percentage points	-5,159	86,506

The following paragraph shows closer represented the control and limitation of the risk categories:

CONTROL AND LIMITATION OF COUNTERPARTY CREDIT RISKS

FinTech Group AG considers counterparty credit risk to be the risk of losses or forgone profits due to unexpected failures or unforeseeable deterioration in the creditworthiness of counterparties.

Counterparty risks at FinTech Group AG are partly due to the safe investments selected by the Treasury and a conservatively operated credit business in municipal loans in the „transaction processing & white-label banking services" segment. The investment/credit pursued and the resulting structuring of the limits ensure a broad range of open positions, which keeps concentration risks within strict limits. Besides the riskadverse selection of counterparties, risks are also limited by the ongoing monitoring of credit ratings based on publicly available data. This includes in particular the continuous monitoring of suitable credit default swap rates („CDS prices"), although the Group processes provide for a riskbased adjustment in monitoring frequency when required. Currently, the monitoring of counterparty credit risk is based on CDS prices on a daily basis and is transmitted via the Group's "cockpit" report daily to the relevant decisionmakers within the Group. FinTech Group AG estimates the extent of the resulting risks to be high, the associated probability of occurrence, however, to be very low.

FinTech Group AG is also exposed to counterparty credit risk through the granting of Lombard loans in the transaction processing & white-label banking services segment. The company's adequate liquidity requirements for the securities accepted as collateral, its conservatively designed lending rates and its ongoing monitoring of lines and securities ensure that Lombard loans taken out by customers are covered by sufficient securities even in the event that prices fall. The Group estimates the probability of the remaining risks to be very low, and the extent of possible losses to be low.

Following the integration of XCOM AG and biw AG, FinTech Group AG made substantial efforts to capture counterparty credit risks in its subsidiaries uniformly and to make intercompany control accessible. Corresponding presentations and analyses have been integrated into the MMRs and QRRs of FinTech Group AG and are continually enhanced.

The planned reintroduction of a comprehensive credit portfolio model in 2016 will allow the Group to quantify its significant counterparty risk based on VaR and to undertake comprehensive quantification and ongoing risk control. Currently, concentration risks are effectively limited by the diversification of positions subject to counterparty credit risk (primarily by domicile of the counterparty, publicly available ratings and maturities) required by the investment strategy pursued.

CONTROL AND LIMITATION OF LIQUIDITY RISKS

FinTech Group AG defines its liquidity risk as the risk that it cannot fully meet its current or future payment obligations on time from the available financial resources. As a result, any refinancing funds have to be borrowed at higher interest rates or existing assets liquidated at a discount to provide additional (temporary) funding. In addition, FinTech Group AG in principle subsumes the refinancing risk and market liquidity risk under the term liquidity risk, however, both play only a minor role in the current business model of FinTech Group AG and both are thus placed in the lowest risk category in terms of the probability of occurrence („very low") and in terms of extent of loss („low").

To limit the remaining liquidity risk („liquidity risk in the narrow sense"), FinTech Group AG pursues a conservative investment strategy that invests customer funds primarily in shortterm maturity bonds with daily maturity and makes substantial investments in ECB-eligible securities, which can get short-term refinancing via the central bank if necessary. In addition, there is ongoing duration measurement for all relevant assets of the bank, which are within the target range of less than 15 months. Finally, FinTech Group AG has regular liquidity monitoring and appropriate financial planning/liquidity planning in the Group's financial accounting. The measures taken in connection with an appropriate „contingency plan liquidity" ensure comfortable liquidity position that offers safety reserves for the fulfillment of the company's own obligations, especially in the event of unplanned developments, such as unfavorable market developments or payment delays/defaults by business partners.

Given the comfortable liquidity position and the riskmitigating measures taken, FinTech Group AG assesses the likelihood of their remaining liquidity risks (in the narrow sense) as very low and also assesses the associated extent of loss as low.

CONTROL AND LIMITATION OF OPERATIONAL AND OTHER RISKS

FinTech Group AG defines operational risk as the risk of losses due to human error, the inadequacy of internal processes, systems and external events. Legal and reputational risks are also recognized in this category.

OPERATIONAL RISKS

Dependency on software and IT risks

For FinTech Group AG, operational risk arises in particular due to the typical banking dependence of the operating business on the IT infrastructure and the related services. This also includes the dependence on the errorfree delivery of services by non-Group service providers („outsourcing"). The operational risks in IT can be divided into hardware, software and process risks. Throughout the Group, extensive IT and Internet systems are used, which are essential for proper business operations.

The Group is dependent on fault-free operation of these systems to a great extent. Despite extensive measures to secure data and bridge system malfunctions, faults and/or complete failures of computer and Internet systems cannot be excluded. Problems in data availability and defects or functional problems in the software and/or server failures due to hardware or software failure, accident, sabotage, phishing, or other reasons could lead to significant image and market disadvantages and compensation payments for the Group.

Throughout the Group, considerable investments are made in the computer and IT equipment in order to ensure that the significant growth in business volume can be handled appropriately and that there is adequate protection against failures. The probability of occurrence of an event arising from the dependence on software and IT risk is considered very low, the possible extent of loss is considered low.

Personnel risks

The extensive Group restructuring of FinTech Group AG, which continues in 2016, has resulted in changes in the organizational and operational structure and in communication processes that may initially harbor increased potential for errors and loss. FinTech Group AG uses the monitoring and communication processes established to limit these risks, which are mainly personnel-related risks. However, individual errors by individual employees can never be completely ruled out. The management consider the probability of occurrence of an event arising from personnel risks to be very low and the possible extent of loss to be low.

Legal risks

FinTech Group AG is a regulated provider of financial services in an environment with a rapidly changing (supervisory) legal framework. As such, legal violations can result in penalties being imposed or in litigation risk. FinTech Group AG counters these legal risks by continuously monitoring the legal environment, providing internal legal know-how, and by making use of external legal expertise when needed. The management consider the probability of occurrence of an event arising from legal risks to be very low and the possible extent of loss to be low.

Outsourced processes

Outsourcing within the meaning of § 25b para. 1 KWG and the MaRisk (AT 9) exists when another company is charged with the exercise of activities and processes related to the implementation of financial services or other institution-typical services that otherwise would be provided by FinTech Group AG itself.

In these situations, increased requirements apply. The Group has outsourced various activities of its business operations and allows these to be provided by external companies.

FinTech Group AG has established external controlling which covers all relevant outsourcing contracts and necessary control activities are introduced as needed. All outsourcing contracts are also taken into account in the risk management of the Group. Only with regard to the control intensity is insignificant outsourcing not subject to the same high requirements as essential outsourcing.

In the outsourcing agreements concluded, service level agreements were agreed for all substantial outsourcing contracts. In addition, liability arrangements which enable the shifting of damage were agreed.

To limit its operational risks FinTech Group AG promotes a risk culture that ensures high ethical standards and a strong risk awareness in all relevant business processes among both the management and the employees of FinTech Group AG. In addition, the limitation of risks is one of the main objectives for all managers of FinTech Group AG within their areas of responsibility. In this context, every manager develops taskspecific control processes and ensures that they are continually applied. In addition, FinTech Group AG conducts regular risk inventories which are updated as needed on an ad hoc basis and which are used to ensure the ongoing analysis and assessment of the operational risk of existing business processes.

The risk inventory of FinTech Group AG is prepared with RiskMap, which was introduced in 2016 as planned. It replaces the more simply structured HeatMap, which had been used up to that point. RiskMap conducts a detailed estimate of the likelihood and amount of damages, which are then combined into a riskbased overall estimate. The tool also allows incipient risk concentrations to be identified so that suitable action can be taken to counter them early on.

The RiskMap risk estimates are reported on as part of the ongoing risk reporting of FinTech Group AG; they are also discussed with the Supervisory Board of the FinTech Group at the regular "finalization meetings" on the MRRs.

Until the Group restructuring concludes in 2016, FinTech Group AG conservatively classifies its operational risks outlined above as having a low likelihood of occurrence, while cautiously estimating a high level of risk.

Other risks

FinTech Group AG currently includes as other risks general business risks as well as reputational risks.

General business risks due to its dependence on technological developments and customer behavior

General business risks are risks that arise due to changed conditions. These include the market environment, customer behavior and technological progress.

Technical developments and changing customer behavior can significantly influence the situation on the markets for financial services. This can open up opportunities for the financial products offered by FinTech Group AG, but on the other hand it may have a negative impact on demand for Group products and have the effect of reducing the Group's financial success.

FinTech Group AG monitors the changes in the legal and regulatory environment and in the areas of customer behavior and technological progress with particular attention and is also considering the resulting strategic implications on an ongoing basis. The Group considers the probability of occurrence of an event arising from the dependence on technological developments and customer behavior as very low, and the possible extent of loss as low.

Reputational risks

For FinTech Group AG, reputational risk is the risk of negative economic impacts that arise from the company's reputation being damaged.

The Group companies are committed to achieving high customer loyalty through a good reputation so as to gain a competitive advantage over competitors. In addition to direct financial implications, many of the risks mentioned above involve the risk that the Group's reputation is damaged, with decreased customer loyalty leading to negative financial consequences for the Group.

FinTech Group AG takes general business risks and reputational risks into account in its strategic objectives in particular and makes continuous use of its risk control processes to monitor the relevant environment. The associated risk assessments are carried out as part of the assessments of the Group's operational risk, which, until the Group restructuring was concluded in 2016, were conservatively classified as having a low likelihood of occurrence, while a high level of risk was cautiously estimated.

The Executive Board's assessment of the overall risk and opportunities situation

The Group considers the assessment of the overall risk situation as a consolidated view of all significant risk categories and individual risks. The overall risk situation in 2016 is similar to the previous year. FinTech Group AG is convinced that neither any one of these individual risks nor the Group risks pose a threat to the company's continued existence as of the reporting date and the date of the consolidated financial statements.

FinTech Group AG remains convinced that it can seize opportunities in the future without exposing itself to disproportionate risks. The overall aim is to strike a balance between risks and opportunities.

4. Internal control and risk management system in relation to the financial reporting process

The Supervisory Board of FinTech Group AG generally monitors the effectiveness of the internal control and risk management system (ICS) in accordance with § 107 para. 3 sentence 2 AktG. The scope and structure of the ICS are at the discretion of the Executive Board. The functionality and effectiveness of the ICS in the Group and the individual companies is regularly reviewed by the Executive Board. In addition, as part of a riskoriented approach, the auditors review the effectiveness of the financial reporting of the relevant parts of the ICS.

The accountingrelated ICS includes principles, procedures and measures to ensure the accuracy of financial reporting. It is continually being developed and aims to:

The consolidated financial statements of FinTech Group AG were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union, and the commercial regulations to be additionally observed pursuant to § 315a para. 1 HGB. In addition, the accounting-related ICS also aims to ensure that the financial statements of FinTech Group AG are prepared in accordance with commercial regulations.

It is generally true of any ICS that, regardless of how it is specifically designed, it does not provide absolute certainty that its objectives will be achieved. This means that the accounting-related ICS can thus give only a relative, not absolute, assurance that material misstatements are prevented or detected in the accounting.

The newly instituted interdisciplinary "Group Strategy Finance" Division and the accounting and controlling department control the processes for accounting and management reporting. Laws, accounting standards and other pronouncements are continuously analyzed with respect to whether and to what extent they are relevant and how they affect the accounting. Relevant requirements are written down, communicated and, together with the Groupwide financial reporting calendar, serve as the basis of the financial reporting process. This process is supported by standardized reporting formats, IT systems and IT-supported reporting and consolidation processes to achieve uniform and compliant Group accounting. If necessary, FinTech Group AG makes use of external service providers, in particular for the measurement of pension obligations. The companies included in the accounting process receive regular training. FinTech Group AG and the Group companies are responsible for ensuring that they comply with Group policies and procedures. The Group companies ensure their accounting processes and systems function properly and meet deadlines.

Internal controls and the consideration of risk aspects are implemented in the processes in the form of both preventive and detective controls, such as

- IT-supported and manual coordination,
- Separation of functions, in particular of external and internal accounting,
- The principle of dual control
- Regularly monitored access system of the IT systems.

During the past fiscal year, companywide Group accounting guidelines were implemented. They document the required processes in the area of Group accounting and preparation of the Group's consolidated financial statements. Additional tools, such as a keyword index for the allocation of similar business transactions, which is to be available on the intranet, are currently being developed in the "Group Strategy Finance" Division and will be introduced during the course of fiscal 2017.

5. Other information

5.1. Responsibility statement by the Executive Board

We hereby affirm that, in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, financial and earnings position of the Group and that the consolidated 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.

5.2. Declaration acc. to § 312 Section 3 of the AktG (German Stock Corporation Act)

Pursuant to § 312 para. 3 AktG, we declare that in all the legal transactions of our company with affiliated companies our company received an appropriate consideration for all legal transactions based on the circumstances known to us at the time at which the legal transactions were conducted. No measures were taken or omitted at the instigation or in the interests of the parent company or one of its affiliated companies.

Frankfurt, April 24, 2017

FinTech Group AG

Frank Niehage

CEO, Chairman of the Executive Board

Muhamad Said Chahrour

CFO, member of the Executive Board

Consolidated Financial Statement

IFRS Consolidated Balance Sheet as of December 31, 2016

in KEUR	Note	12/31/2016	12/31/2015
Assets		**1,533,994**	**1,208,240**
Non-current assets		**70,236**	**64,999**
Intangible assets	11	57,339	54,256
Goodwill	12	28,780	28,780
Internally-generated intangible assets	11	20,376	17,153
Customer relationships	11	5,603	5,944
Other intangible assets	11	2,580	2,379
Property, plant and equipment	13	5,590	5,354
Financial assets and other assets	14	790	440
Deferred taxes	31	6,517	4,949
Current assets		**1,463,300**	**1,142,067**
Inventories and work in progress	15	334	1,085
Trade receivables		8,538	30,002
Tax receivables		5,033	1,691
Other current financial assets	16	1,060,193	568,016
Financial assets available for sale	33	514,335	130,572
Financial instruments carried at fair value through profit or loss	33	1,234	790
Cash loans to local authorities	16	401,171	381,176*
Loans to customers	16	131,125	53,726*
Other receivables owed by credit institutions	16	12,328	1,752*
Cash and cash equivalents	17	389,202	541,273
Cash reserve - cash on hand	17	14,167	36,368
Cash reserve - balances with central banks	17	178,122	415,523
Receivables owed by credit institutions maturing daily	17	196,914	89,382
Assets from discontinued operations		**459**	**1,174**

*Detailed presentation as compared to 2015 annual report; see Notes 6 & 16

in KEUR	Note	12/31/2016	12/31/2015
Liabilities		**1,533,994**	**1,208,240**
Equity		**90,629**	**85,856**
Subscribed capital	18	16,811	16,811
Capital reserves	18	49,690	49,367
Retained earnings	3, 18	9,064	6,989
Minority interests		15,063	12,689
Liabilities		**1,443,365**	**1,122,383**
Non-current liabilities		**14,808**	**16,324**
Non-current liabilities to banks	19	2,875	4,708**
Non-current liabilities to non-banks	19	1,054	2,500**
Pension obligations	20	7,541	4,348
Deferred tax liabilities	31	3,338	4,768
Current liabilities		**1,428,557**	**1,106,059**
Trade payables		5,844	13,355
Liabilities to customers	21	1,293,535	947,278
Liabilities to banks	22	60,275	63,642***
Other financial liabilities	23	50,123	63,778
Tax provisions		15,615	8,533
Other provisions	24	3,165	9,472

**Detailed presentation as compared to 2015 annual report; see Notes 6 & 19

***Detailed presentation as compared to 2015 annual report; see Notes 22

Income Statement in accordance with IFRS for the fiscal year from January 1 to December 31, 2016

in KEUR	Note	2016	2015
Revenues	25	95,021	75,024*
Raw materials and consumables used		25,481	13,568
Personnel expenses	26, 27	19,489	23,785
Other administrative expenses	28	19,427	17,933**
Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA)		**30,624**	**19,738**
Depreciation and amortization	11-13	5,159	2,499
Consolidated earnings before interest and income tax (EBIT)		**25,465**	**17,239**
Financial results	30	-1,226	-2,671
Consolidated earnings before income tax (EBT)		**24,239**	**14,569**
Income tax expense	31	3,956	971
Consolidated earnings from continuing activities		**20,283**	**13,598**
Earnings from discontinued operations	9	-7,967	-15,756
Consolidated earnings		**12,316**	**-2,159**
Minority shareholders' share of income		3,897	-412
Majority shareholders' share of income		8,419	-1,746

*Impairment of financial assets presented in sales; reported separately in the 2015 annual report. Further information can be found in Note 25.

**Marketing expenses presented in other administrative expenses; reported separately in the 2015 annual report. Further information can be found in Note 28.

Consolidated Statement of Profit or Loss and Other Comprehensive Income in accordance with IFRS for the fiscal year from January 1 to December 31, 2016

in KEUR	Note	2016	2015
Consolidated earnings		12,316	-2,159
Items which will not be reclassified as profit or loss:		-	-
Refunds/revaluation of plan assets	20	305	-184
Actuarial gains	20	-3,628	6,422
Items which will be reclassified as profit or loss:			
Change in value reported in equity		-446	596
Reallocation to the income statement	33	-550	-
Deferred taxes	31	1,517	-2,290
Total other earnings		**-2,801**	**4,544**
Comprehensive income		**9,515**	**2,385**

Consolidated Cash Flow Statement in accordance with IFRS as of December 31, 2016

in KEUR	2016	2015
Net profit from continuing operations	**20,283**	**13,598**
Depreciation and amortization/appreciation on property, plant and equipment and intangible assets	5,159	1,032
Increase/decrease in trade receivables	17,854	-6,637
Increase/decrease in other receivables, deferred tax assets, fund assets	-2,558	-3,234
Increase/decrease in inventories	752	-1,085
Increase/decrease in trade payables	-12,986	1,971
Increase/decrease in other liabilities	-13,489	-
Increase/decrease in provisions, changes in deferred taxes, pension obligations	204	-345
Other non-cash transactions	323	273
Operational cash flow from continuing non-financing activities	***15,543***	***5,573***
Increase/decrease in receivables from customers	-77,399	-53,726
Increase/decrease in receivables from cash loans: local authorities	-19,995	-381,176
Increase/decrease in receivables from credit institutions	-10,576	-1,752
Increase/decrease in liabilities to customers	346,257	947,278
Increase/decrease in liabilities to credit institutions	-3,261	52,320
Increase/decrease in financial instruments available for sale	-384,759	-130,248
Increase/decrease in "held-to-maturity financial instruments (htf)"	-611	17,426
Change due to a change in the scope of consolidation	-	-498,556
Operational cash flow from continuing financing activities	***-150,344***	***-48,433***
Operational cash flow from continuing activities	**-134,801**	**-42,860**
Operational cash flow from discontinued operations	-9,155	-15,844
Cash flow from operations	**-143,956**	**-58,705***
Investments in intangible assets	-6,119	-1,868
Investments in property, plant and equipment	-1,899	-1,809
Change due to a change in the scope of consolidation	-	-43,559
Cash flow from investments in continuing activities	**-8,018**	**-47,237**
Cash flow from investments in discontinued operations	-1,174	-
Net cash flow from investments in operating activities	**-9,192**	**-47,237**
Increase/decrease in non-current liabilities to banks (loans)	-1,833	4,708*
Increase/decrease in non-current liabilities to non-banks	-1,446	2,500*
Proceeds from equity injections by shareholders of the parent company/other shareholders	-	20,085
Proceeds from equity injections by other shareholders	-	74
Incoming payment/disbursements from loss takeover of discontinued operations	9,389	-
Disbursements out of an accrual of shares not involving a change of control	-5,032	-1,071
Cash flow from the financing of continuing activities	**1,078**	**26,296**
Cash flow from the financing of discontinued operations	-	-
Net cash flow from the financing of operations	**1,078**	**26,296**

Consolidated Cash Flow Statement in accordance with IFRS as of December 31, 2016 (continuation)

in KEUR	2016	2015
Change in cash and cash equivalents	**-152,071**	**-79,646**
Change in cash and cash equivalents due to a change in the scope of consolidation	-	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	**389,202**	**541,273**

* Reclassification of the change in non-current liabilities in the amount of KEUR 7,208 as operational cash flow from continuing financing activities; reported as cash flow from operations in the 2015 annual report, see Note 6.

Statement of Changes in Group Equity as of December 31, 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	-	-	-	20,084	-	20,084
Contributions into/withdrawals from reserves	-	225	-	-	-	225	-	225
Changes in the scope of consol-idation	-	-	-	-	-	-	13,102	13,102
Other earnings	-	-	-	4,127	396	4,523		4,523
Consolidated net loss	-	-	-1,746	-	-	-1,746	-413	-2,159
As of 12/31/2015 / 01/01/2016	**16,811**	**49,367**	**2,466**	**4,127**	**396**	**73,167**	**12,689**	**85,856**
Issue of shares	-	-	-	-	-	-	-	
Contributions into/withdrawals from reserves	-	323	-	-	-	323	-	323
Changes not involving a change of control	-	-	-3,520	-	-	-3,520	-1,512	-5,032
Dividend distribution	-	-	-22	-	-	-22	-11	-33
Other earnings	-	-		-2,158	-643	-2,801	-	-2,801
Consolidated net profit	-	-	8,419	-	-	8,419	3,897	12,316
As of 12/31/2016	**16,811**	**49,690**	**7,343**	**1,969**	**-247**	**75,565**	**15,063**	**90,629**

List of Abbreviations

AC/PC	Acquisition cost/production cost
AFE situation	Asset, financial and earnings situation
afs	Financial assets available for sale
AGM	Annual General Meeting
CFD	Contract for Difference
CGU	Cash-generating unit
CODM	Chief Operating Decision Maker
DAX	Deutscher Aktienindex (German stock index)
DCF	Discounted Cash-Flow
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EBT	Earnings before taxes
FTG	FinTech Group AG
hft	Financial instruments carried at fair value through profit or loss (“hold for trading”)
HGB	Handelsgesetzbuch (German Commercial Code)
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IFRS IC	IFRS Interpretations Committee
IS	Income statement
MIR	Market interest rate
M&A	Mergers & Acquisitions
ST & FS	Securities Trading & Financial Services
TecDax	Aktienindex der Technologiewerte (German technology stock index)
TP & WLBS	Transaction Processing & White Label Banking
WACC	Weighted average cost of capital

Notes to the Consolidated Financial Statement as of December 31, 2016

Note 1 Information on the Company

This consolidated financial statement is that of FinTech Group AG and its subsidiaries (jointly referred to as the „Group"). The direct parent company of FinTech Group AG 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/Main.

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 April 24, 2017; the consolidated financial statement will likely be submitted to the Supervisory Board for approval prior to its publication on May 8, 2017. 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 financial statement is in full compliance with the IFRS applicable within the European Union and the supplementary provisions of commercial law applicable pursuant to Section 315a of the HGB. The consolidated financial statement of FinTech Group AG is based on the assumption of its continued existence as a going concern.

Note 3 Scope of consolidation

The consolidated financial statement comprises the financial statements of FinTech Group AG and the subsidiaries controlled by it. No jointly controlled or associated companies exist.

Overview of scope of consolidation for FinTech Group AG as of January 1, 2015:

- AKTIONÄRSBANK Kulmbach GmbH, Kulmbach (100%)
- flatex GmbH, Kulmbach (100%)
- CeFDex AG (since February 11, 2015: CeFDex GmbH), Frankfurt/Main (100%)
- flatex & friends GmbH, Kulmbach (100%)

- MYFONDS.DE GmbH, Kulmbach (100%)

Changes in scope of consolidation in fiscal year 2015:

- XCOM AG was included within the scope of consolidation as of the closing date March 31, 2015.
- CeFDex GmbH (up to February 11, 2015: CeFDex AG) was merged with flatex & friends GmbH with effect as of November 1, 2015.
- MYFONDS.DE GmbH was excluded from the scope of consolidation as of February 12, 2015.

Overview of scope of consolidation for FinTech Group AG as of December 31, 2015 / January 1, 2016

- AKTIONÄRSBANK Kulmbach GmbH, Kulmbach (100%)
- flatex GmbH, Kulmbach (100%)
- flatex & friends GmbH, Kulmbach (100%)
- XCOM AG, Willich (63.65%)

Changes in scope of consolidation in fiscal year 2016:

No changes in the scope of consolidation occurred in 2016.

Overview of scope of consolidation for FinTech Group AG as of December 31, 2016:

- AKTIONÄRSBANK Kulmbach GmbH, Kulmbach (100%)
- flatex GmbH, Kulmbach (100%)
- flatex & friends GmbH, Kulmbach (100%)
- XCOM AG, Willich (73.77%)

XCOM AG, for its part, has indirect and direct equity investments in the following companies:

- XCOM Finanz GmbH, Willich (100%)
- biw Bank für Investments und Wertpapiere AG, Willich (100%)
- ViTrade GmbH, Willich (100%)
- Brokerport Finance GmbH, Willich (100%)

- Xervices GmbH, Willich (100%)
- BrokerPort AG in Abwicklung, Willich (100%)
- XCOM Trading Services GmbH in Liquidation, Willich (100%)
- b2clear GmbH, Willich (100%)

In 2016, FinTech Group AG acquired further shares in XCOM AG and as of December 31, 2016 directly held 73.77% (previous year: 63.65%) of the shares in XCOM AG. flatex & friends GmbH for its part has a direct shareholding in XCOM AG, Willich (0.76%). biw Bank für Investments und Wertpapiere AG for its part has a direct retrospective share-holding in XCOM AG, Willich (2.25%). FinTech Group AG thus directly and indirectly holds a total of 76.8% of the shares in XCOM AG.

Due to the acquisition of XCOM shares from minorities the non-controlling minority interests decreased by KEUR 1,512

XCOMpetence AG changed its name to Brokerport Finance GmbH on July 1, 2016 and also amended its corporate objective.

As was the case as of December 31, 2015, no joint arrangements or associated com-panies existed as of December 31, 2016.

Note 4 Business combinations

No business combinations occurred in the 2016 fiscal year.

In the 2015 fiscal year, FinTech Group AG acquired a majority interest (direct acquisition of 51.12% of the shares carrying voting rights) in XCOM AG, with the date of acquisition or first-time consolidation being March 31, 2015. In December 2015, the direct share-holding of FinTech Group AG was increased to 63.65% through a capital increase.

Taking account of deferred taxes in the amount of KEUR 1,150, the derivative goodwill resulting out of the transaction amounts to KEUR 28,780. The reported amount of goodwill is not of any relevance from an income tax perspective.

The purchase price for the acquisition of XCOM AG amounted to KEUR 43,559. There were no other purchase price components.

Note 5

Explanations with regard to accounting policies

Business combinations and consolidation

Business combinations are recorded in accordance with the provisions of IFRS 3.

In the firsttime consolidation context, identifiable assets and liabilities are measured at their fair value at the time of their acquisition. Shares of minority shareholders are recognized in the amount of the proportion they represent of the fair value of the assets and liabilities. Acquisition cost is directly recorded as an expense. Where offsetting results in a differential amount under assets, this is reported as derivative goodwill. The results of acquired subsidiaries are included on the basis of the duration of their affiliation with the Group, i.e. as of the date of their acquisition (attainment of possibility of ex-ercising control).

Inventories

Inventories are measured at their acquisition or production cost or – where this is lower as of the closing date – at their net realizable value.

Research and development costs

Research costs are recorded as an expense in profit or loss. Development costs are capitalized where they can reliably be ascertained, and the product or process to which they relate is capable of realization in technical and economic terms and is likely to be of economic benefit in the future. The first-time capitalization of these costs will be based on the assumption that such capability of realization in technical and economic terms has been established. This will generally be the case where a project has reached a certain milestone previously defined in the context of the project management model applied by the Group. In addition to the availability of sufficient resources, there must be an intention within the Group to conclude the development stage and use or sell the asset in question. Once projects are completed, development costs are depreciated over a period of time commensurate with the duration of the project in question, from the date of the accrual of the economic benefit. Impairment testing is carried out on an annual basis, with future accruals of economic benefit being substantiated by means of appropriate business cases. Here, the commencement of the product development process may be defined as the outcome of basic research or in the context of a non-exclusive customer order, whereby the corresponding research services are strictly to be recorded under expenses.

Intangible assets acquired for valuable consideration

Acquired software, licenses and industrial property rights are accounted for at their acquisition cost and depreciated on a straight line basis over their expected useful lives.

Various intangible assets were identified and valued in the context of the allocation of the purchase price for the acquisition of XCOM AG in 2015:

- Technology and software: The expected useful life over the course of which these items are depreciated amounts to 8 years.

- Customer relationships: These are depreciated on a straight line basis over a period of between 16 and 20 years.

- Trademarks: These are depreciated on a straight line basis over a period of 10 years.

Where appropriate indications therefor exist, these assets are subjected to impairment testing. However, there were no such indications as of the end of 2016.

Property, plant and equipment

Property, plant and equipment which is subject to wear and tear and is in use for more than one year are measured at their amortized cost. Assets are depreciated on a straight line basis over its useful life (between three and eight years). Properties are depreciated on a straightline basis over its useful life (10-40 years). IT Equipment is depreciated on a straight line basis over its useful life of 3-5 years, office equipment usually over 13 years. Maintenance and repair costs are recorded as expenses for the period. Where there are indications of impairment and the recoverable amount is lower than the amortized acquisition or production cost, the property, plant and equipment is depreciated to the recoverable amount.

Impairments

The book values of the property, plant and equipment and the intangible assets are examined for indications of impairment as of every reporting date. Where any such indications can be discerned, the recoverable amount for the asset in question is calculated with a view to identifying the extent of any possible impairment expense. To the extent that the recoverable amount cannot be calculated at the level of the individual asset, the calculation is carried out at the level of the cashgenerating unit (CGU) to which the as-set in question is allocated, with assets being apportioned to the individual CGUs or the smallest grouping of CGUs, as the case may be, on an appropriate and consistent basis.

In the case of intangible assets with an indefinite useful life or those which have not yet been eligible for use, impairment testing is carried out on at least an annual basis, where indications of impairment (triggering events) exist. However, there were no such indications in the fiscal year under review.

The derivative goodwill is not subject to scheduled depreciation, rather is tested for impairment on the basis of the recoverable amount for the CGU to which it is allocated. To this end, the goodwill acquired in the context of a business combination is allocated to each individual CGU which is likely to benefit from synergies resulting from the merger. In this regard, the maximum size of the CGU in question will be commensurate with the significance of the operational segment in the context of the internal procedures for the reporting to the primary decision-making body, thereby establishing a link to the internal reporting system. Impairment testing will be carried out at least once a year as of the balance sheet date, and also where indications of impairment on the part of the CGU exist. However, there were no such indications in the fiscal year under review.

In the event that the book value of the CGU to which the derivative goodwill has been allocated exceeds the recoverable amount therefor, this allocated derivative goodwill will be depreciated in the amount of the ascertained difference between those two amounts. Any impairments carried out on the derivative goodwill may not be reversed. Where the differential amount ascertained for the CGU exceeds the book value of the derivative goodwill allocated to it, the book values of the assets allocated to the CGU will be subjected to impairments on a pro rata basis in the amount of the remaining impairment amount.

Financial instruments

Financial assets and liabilities are recognized where the Group has a contractual right to receive cash or other financial assets from another party or is subject to a contractual obligation to transfer a financial asset to another party. Financial assets and financial liabilities are recognized as of the point in time at which the Group becomes a contractual party to the financial instrument. Financial assets which are acquired or disposed of on standard market terms are generally accounted for as of the trading day.

The Group's financial instruments are divided into the following categories, which at the same time may be viewed as classes within the meaning of IFRS 7:

- Loans and receivables
- Financial assets measured at fair value through profit or loss
- Financial assets available for sale
- Financial liabilities measured at amortized cost
- Financial liabilities measured at fair value through profit or loss

There are no financial investments held to maturity.

The categorization of the financial instruments will depend on the type and intended purpose of the financial assets and liabilities and will occur upon accrual. These financial instruments will be measured at their fair value when being reported for the first time.

"Loans and receivables" comprise cash, overdraft facilities granted to customers and issued loans. These are measured at their amortized acquisition cost in accordance with the effective interest rate method. Any impairments are accounted for in profit or loss. Foreign currency holdings are translated as of the reporting date. Foreign currency risks are mainly mitigated by the immediate conversion of foreign currencies simultaneously with each security transaction.

"Financial assets measured at fair value through profit or loss" comprise financial instruments in the trading portfolio. These are measured at their fair value through profit or loss.

"Financial assets available for sale" comprise equity interests, bonds and fixed-income securities. These are measured at their fair value; in the absence of any impairments, any changes in the measurements for the current period will be reported directly in equity.

"Financial liabilities measured at amortized cost" comprise fallen customer deposits and loans pay-able. These are measured at their amortized acquisition cost in accordance with the effective interest rate method.

“Financial liabilities measured at fair value through profit or loss” comprise financial liabilities in the trading portfolio. These are measured at their fair value through profit or loss.

Income taxes

The income tax expense for the period comprises current taxes, on the one hand, and deferred taxes, on the other hand. Taxes are reported in the income statement, except where they relate to line items which are reported under other earnings, in which case the taxes will likewise be reported under other earnings. Current taxes are calculated on the basis of the profit or loss realized in the fiscal year in question, which is calculated in accordance with the applicable tax regulations.

In the case of deferred taxes, deferred items are established which reflect the difference between the values of the existing assets and liabilities taken as a basis for the consolidated financial statements and the values recognized for tax purposes. Deferred tax assets are recognized to the extent that it is probable that these will generate future income against which the deductible temporary differences, any unused tax losses and any unused tax credits may be offset. The capitalization of deferred tax assets relating to loss carryforwards is subject to a special rule: These may only be capitalized where it is highly likely that sufficient taxable profits will be available in the future for offsetting the losses.

Deferred tax assets and liabilities will be offset where a legally enforceable right exists to offset actual tax assets against actual tax liabilities, and where the deferred tax assets and the deferred tax liabilities relate to income tax levied by one and the same tax authority on one and the same taxpayer or on a number of taxpayers, should the balance to be settled on a net basis.

Defined benefit plans

The Group values claims arising out of defined benefit plans using the projected unit credit method. In calculating the net present value of future benefit claims for services already provided, the Group takes future increases in salary and pensions. Actuarial gains and losses arising out of adjustments to the discount rate, for example, are reported under other earnings for the period in which they accrue.

Provisions

A provision will be recognized where the Group is subject to a current de facto or legal obligation arising as a result of a past event, the outflow of resources of economic benefit for the satisfaction of the obligation is likely, and it is possible to reliably estimate the extent of the obligation. Provisions with residual maturities of more than one year are discounted.

Recognition of revenues

Revenues are recognized on the basis of a corresponding agreement once the products in question have been placed, the amount of the remuneration can reliably be ascertained, no material obligations exist vis-à-vis the customer and the collection of the receivable is deemed likely. The net amount after deduction of any discounts, customer incentives and rebates is recorded as revenue.

Interest is recorded on a pro rata temporis basis having regard to any period-end accruals. Operating expenses are recorded in profit or loss upon the availability of the service in question or upon their accrual, as the case may be.

Leasing

A lease is an agreement pursuant to which the lessor assigns a right to use an asset to the lessee for a stipulated period of time in return for a payment or a series of payments of consideration.

Beneficial ownership of leased assets is attributed to the contracting party in the lease to which the substantial risks and rewards incidental to ownership of the asset are transferred.

If substantially all risks and rewards are attributable to the lessor (operating lease), the leased asset is recognized in the statement of financial position by the lessor. Measurement of the leased asset is then based on the accounting policies applicable to that asset. The lease payments are recognized in profit or loss by the lessor.

If substantially all risks and rewards incidental to ownership of the leased asset are attributable to the lessee (finance lease), the lessee must recognize the leased asset in the statement of financial position. At the commencement of the lease term, the leased asset is measured at the lower of fair value or present value of the future minimum lease payments and is depreciated over the shorter of the estimated useful life or the lease term. Depreciation is recognized as expense. The lessee recognizes a lease liability equal to the carrying amount of the leased asset at the commencement of the lease term. In subsequent periods, the lease liability is reduced using the effective interest method and the carrying amount is adjusted accordingly.

The Group has only liabilities from leasing contracts, thus is only lessee.

Earnings per share

The undiluted earnings per share were calculated by dividing the amount of the Group results attributable to the shareholders of the parent company by the weighted average number of the shares of the share capital outstanding during each individual period.

Note 6

Amendments in accordance with IAS 8

Adjustments to the Cash Flow Statement

In the 2015 fiscal year, no distinction was drawn between cash flow from continuing operations and cash flow from discontinued operations in the cash flow statement. This year, such a distinction was drawn in accordance with IFRS 5.33 in the notes to the consolidated financial statement, including with regard to the figures for the previous year, as stipulated in IAS 8. In the interests of improving the presentation of business transactions and events in accordance with IAS 8.14, a distinction was drawn for the first time in the presentation of the operational cash flow from continuing activities between operational cash flow from continuing non-financing activities and operational cash flow from continuing financing activities.

These changes have resulted in an amended presentation of the cash flow statement for both the 2016 fiscal year and the previous year. For the purposes of comparison, the cash flows for 2016 have again been indicated in the presentation of the figures for the previous year.

Reconciliation of cash flow for the period January 1, 2015 until December 31, 2015

in KEUR	As previously reported	Adjustments	As reported
Profit for the period (consolidated profit/loss, including profit attributable to other shareholders)	**-2,159**	**2,159**	**-**
Depreciation and amortization/appreciation on fixed assets	7,483	-7,483	-
Increase/decrease in provisions	2,838	-2,838	-
Other non-cash expenses/income	185		185
Increase/decrease in inventories, trade receivables and other assets that are not attributable to investment or financing activities	15,769	-15,769	-
Increase/decrease in trade liabilities and other liabilities that are not attributable to investment or financing activities	-75,612	75,612	-
Cash flow from operations	**-51,496**	**-51,496**	**-**
Payments for investments in intangible assets	-1,868		-1,868
Payments for investments in fixed assets	-1,809		-1,809
Proceeds from the disposal of financial assets	-	-	-
Payments for investments in financial assets	-1,071	1,071	-
Payments for additions to the group of consolidated companies	-43,559	-	-43,559
Cash flow from investing activities	**-48,307**	**1,071**	**-47,236**
Proceeds from equity injections by shareholders of the parent company	20,084	-	20,084
Proceeds from equity injections by third parties	74	-	74
Proceeds from issuing bonds and taking out (financial) loans	-	-	
Cash flow from financing activities	**20,158**	**20,158**	**-**
Change in cash and cash equivalents	-79,646	-	-79,646
Change in cash and cash equivalents due to a change in the group of consolidated companies	559,437	-	559,437
Cash and cash equivalents at the beginning of the periods	**61,482**	**-**	**61,482**
Cash and cash equivalents at the end of the period	**541,273**	**-**	**541,273**

Presentation of net cash flows from discontinued operations

in KEUR	2015	2014
Net profit from discontinued operations	**-15,757**	**-13,338**
Depreciation and amortization/appreciation on property, plant and equipment and intangible assets	4,979	606
Increase/decrease in trade receivables	390	-390
Increase/decrease in other receivables, deferred tax assets, fund assets	6,571	16,267
Increase/decrease in trading portfolio	10,081	-3,322
Increase/decrease in liabilities to customers	-28,813	28,788
Increase/decrease in liabilities to credit institutions	-255	360
Increase/decrease in other liabilities	761	774
Increase/decrease in provisions, changes in deferred taxes, pension obligations	6,174	1,343
Other non-cash transactions	25	-514
Cash flow from operations in discontinued operations	**-15,844**	**30,575**
Payments for investments in intangible assets	-	-1,111
Payments for investments in fixed assets	-	-
Cash flow from investing activities in discontinued operations	**-**	**-1,111**
Increase/decrease in non-current liabilities to banks (loans)	-	-
Increase/decrease in non-current liabilities to non-banks	-	-
Proceeds from equity injections by shareholders of the parent company/other shareholders	-	3,000
Proceeds from equity injections by other shareholders	-	-
Increase/decrease in non-current liabilities to banks (loans)	-	-
Disbursements out of an accrual of shares not involving a change of control	-	-
Change in cash and cash equivalents due to a change in the scope of consolidation	-	-
Cash flow from financing activities in discontinued operations	**-**	**3,000**
Change in cash and cash equivalents	**-15,844**	**32,464**
Change in cash and cash equivalents due to a change in the scope of consolidation	-	-
Cash and cash equivalents at the beginning of the periods	**43,389**	**10,925**
Cash and cash equivalents at the end of the period	**27,544**	**43,389**

Note 7

Changes in accounting policies – amended standards and interpretations

The following changes in financial reporting standards were applied in 2016 the first time:

Annual improvements to the IFRS (2010–2012 Cycle)

The changes in IFRS, 2010-2012 cycle, is a collection of standards, published December 12, 2013. The EU-Endoresement took place December 17, 2014. The application of these standards is mandatory for fiscal years starting February 01, 2015 or later.

IFRS 2 Share-based Payment

The defined terms „vesting condition" and „market condition" are explained by means of the definition of the terms „performance condition" and „service condition". These two conditions were previously merged together under „vesting condition" rather than being separately defined.

IFRS 3 Business Combinations

The amendment explains that contingent consideration is to be classified as either an equity instrument or a liability on the basis of the stipulations of IAS 32 „Financial Instruments: Presentation". Contingent consideration which is not classified as equity is remeasured at fair value as of every balance sheet date. Changes in the fair value are recognized in the income statement.

IFRS 8 Operating Segments

Where operating segments are aggregated for reporting purposes, additional disclosure obligations will apply. The statements should clarify the discretion decisions reached by the management in its application of the aggregation criteria stipulated in IFRS 8 „Operating Segments" with regard to the reporting of similar economic characteristics of the segments in question.

A further amendment relates to the fact that the allocation of the assets to all of the segments which are subject to reporting requirements will only be necessary where the assets of the segment are regularly reported on an internal basis.

IFRS 13 Fair Value Measurement

The amendment clarifies that the value of current receivables and payables which are not subject to fixed interest rates can still be measured without any discount at the corresponding invoice amount where the discounting effect would be insignificant. A previous amendment gave the impression that an existing practical simplification which had eliminated the discounting requirement had been deleted.

IAS 16 Property, Plant and Equipment

This addresses the calculation of the cumulated amount of depreciation and amortization upon the revaluation of property, plant and equipment and intangible assets. The net book value of an asset is adjusted to reflect the revaluation and:

IAS 24 Related Party Disclosures

The amendment makes clear that a company which provides corporate management services to the reporting entity (or the parent company of the reporting entity) will be deemed to be a related party of the reporting entity. An analysis of the total amounts which are to be allocated to the categories stipulated by IAS 24.17 is not required.

Amendments to IAS 19: Employee contributions to defined benefit plans

The changes were published November 21, 2013 (EU-Endorsement December 17, 2014) and have to be applied for fiscal years starting February 01, 2015 or later. The amendments to IAS 19 have a narrow scope of application which relates to the reporting on the balance sheet of contributions from employees and third parties in connection with defined benefit plans (IAS 19.92 f.). Specifically, this amendment to IAS 19 has resulted in clarifications as to the point in time at which, or the period of time for which, the reduction of reportable service costs or a pension obligation which is to be recognized on the balance sheet arises.

Amendments to IAS 16 and IAS 41: Bearer plants

The changes were published June 30, 2014 (EU-Endorsement November 23, 2015) and have to be applied for fiscal years starting January 01, 2016 or later. The amendments to IAS 16 and IAS 41 relate to the reporting on the balance sheet of any plants which are solely used for the purposes of obtaining agricultural products. As a result of the amendment, such bearer plants were included within the scope of application of IAS 16 and excluded from the scope of application of IAS 41. They are thus subject to the same subsequent measurement stipulations as also apply to property, plant and equipment. The measurement of these assets at their fair value through profit or loss will therefore no longer be an option in the future.

Amendments to IFRS 11:
Accounting for the acquisition of an interest in a joint operation

The changes were published May 06, 2014 (EU-Endorsement November 24, 2015) and have to be applied for fiscal years starting January 01, 2016 or later. The acquiring party must report such shares on the balance sheet in accordance with the principles of IFRS 3 (Business Combinations) and other IFRS, provided that these principles do not conflict with the stipulations of IFRS 11. Management does not expect that changes have an impact on the financial report.

Amendments to IAS 16 and IAS 38: Acceptable methods of depreciation and amortization

The changes were published May 12, 2014 (EU-Endorsement December 02, 2015) and have to be applied for fiscal years starting January 01, 2016 or later. The changes provide standards which methods could be applied for depreciation and amortization of intangible and tangible assets. For IFRS accounting purposes, revenuebased methods of depreciation and amortization are not appropriate, given that depreciation and amortization directed at future expected revenues is not – as required by IAS 16 and IAS 38 – based on the consumption of the underlying assets. Management does not expect that changes have an impact on the financial report.

Annual Improvements to the IFRS – 2012-2014 Cycle

The changes in IFRS, 2012-2014 cycle, is a collection of standards, published September 25, 2014. The EU-Endoresement took place September 15, 2015. The application of these standards is mandatory for fiscal years starting January 01, 2016 or later.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:

The guidelines additionally incorporated into the standard address the relationship between IFRS 5. They explain the procedure to be followed should a company reassign an asset from the category held for sale to the category held for the purposes of distributions to shareholders. The reverse case is also covered by the provisions which have now been incorporated into the standard.

IFRS 7 Financial instruments:

The amendment provides additional guidelines which clarify whether to under what conditions a contract for the administration of a portfolio of sold financial assets will constitute a continuing involvement. The information required by IFRS 7.42E–42H will be provided (or not, as the case may be) by the reporting entity on this basis of this decision. Furthermore, the amendment clarifies that, as a result of the Amendment to IFRS 7, Disclosures - Offsetting Financial Assets and Financial Liabilities, the corresponding disclosure as to the offsetting of financial assets and liabilities does not have to be made in all interim reports published from March 1, 2013.

IAS 19 Employee Benefits:

With regard to the selection of the interest rate to be applied in the calculation of the present value of benefit commitments entered into by the company, the amendment clarifies that there must be consistency in the currency for the interest rate and the pension commitment. In accordance with IAS 19.83, the selection of the interest rate to be used will be governed by the market yields for high-quality longterm corporate bonds at the end of the reporting period. Previously, in the case of countries without any liquid market for corporate bonds, the market yields for government bonds (applicable on at the end of the reporting period) applied. In addition, the amendment draws attention to the observance of the requirement of consistency of currency in the selection context, i.e. reference to the market yields for government bonds denominated in a corresponding currency will only be permissible where no liquid market for top-ranking, fixed-rate corporate bonds is available in the „currency zone" (rather than the „country") in question.

IAS 34 Interim Financial Reporting:

In accordance with IAS 34.16A, further selected information must be included in the notes to the interim report in addition to the information material events and transactions. However, such information must only be included in the notes to the interim report where it is not provided elsewhere in the interim report. The amendment defines „elsewhere" as a document which can be accessed together with and also refers to the interim financial report in question.

Amendments to IAS 1: Disclosure initiative

The changes were published December 18, 2014 (EU-Endorsement December 18, 2015) and have to be applied for fiscal years starting January 01, 2016 or later. The amendment provides the following clarifications in connection with the concept of materiality, above all in relation to information disclosed in the notes in this case:

a) Aggregations may not have the effect of obscuring information.

b) Materiality considerations must be applied with regard to all parts of the financial statement.

c) Regard must be had to the issue of materiality even where a standard stipulates that certain information is to be provided.

Presentation of the asset situation and presentation in the income statement or under other comprehensive income:

a) Lists of line items in the individual parts of a financial statement prepared in accordance with IFRS may, in terms of their presentation, either be further broken down or consolidated according to relevance. The amendment provides more extensive guidelines with regard to additional line items, headings and subtotals.

b) Where a company's share of the other comprehensive income of associated companies or joint ventures is reported on its balance sheet in accordance with the equity method, any resultant line items to be reported under other earnings are, depending on whether they will subsequently be recycled in the income statement, to be reported in aggregate as individual lines items.

The amendment clarifies that the order in which information is disclosed does not necessarily have to be in line with the stipulations of IAS 1.114, rather should be determined in light of considerations of comprehensibility and comparability. As a result of the amendment, new examples have been included in the standard and, at the same time, the stipulations and examples relating to the identification of material accounting policies deleted.

Amendments to IAS 27: Equity method in separate financial statements

The changes were published August 12, 2014 (EU-Endorsement December 18, 2015) and have to be applied for fiscal years starting January 01, 2016 or later. The amendment once more enables the application in the individual financial statement of an investor of the equity method for the reporting on the balance sheet of shares in subsidiaries, joint ventures and associated companies presented in IAS 28 (this possibility was removed in 2003).

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolida-tion Exception

The changes were published December 18, 2014 (EU-Endorsement November 20, 2013) and have to be applied for fiscal years starting January 01, 2016 or later. The amendments relate to various stipulations governing the application of the exception to the consolidation obligation incumbent upon investment entities.

New standards and interpretations, the application of which is not yet mandatory

The IASB or the IFRS IC, as the case may be, have issued the following standards and interpretations and amendments of existing standards, the application of which is not yet mandatory for the FinTech Group. The Group has opted against early application of these standards:

Standard/ Interpretation	Publication date	Amendment/new regulation	Date of application (EU)	EU endorsement
IFRS 9 "Financial instruments"	July 24, 2014	Guidance on accounting for financial instruments	Fiscal years beginning on or after January 1, 2018	Yes
IFRS 14 "Regulatory deferral accounts"	January 30, 2014	Accounting requirements for the formation of regulatory deferral accounts	Open	No
IFRS 15 "Revenue from contracts with customers"	May 28, 2014	Accounting requirements for the timing and amount of revenue recognition	Fiscal years beginning on or after January 1, 2018	No
IFRS 16 Leases	January 13, 2016	Accounting for leases	January 1, 2019	No
Amendment to IFRS 10 and IAS 28	September 11, 2014	Sale or transfer of assets between an investor and an associate or joint venture	Postponed indefinitely	No
Amendments to IAS 12	January 19, 2016	Recognition of deferred tax assets for unrealized losses	January 1, 2017	No
Amendments to IAS 7	January 29, 2016	Disclosure initiative	January 1, 2017	No
Clarification of IFRS 15	April 12, 2016	Revenue from contracts with customers	January 1, 2018	No
Amendments to IFRS 2	June 20, 2016	Classification and measurement of share based payment transactions	January 1, 2018	No
Amendments to IFRS 4 / Application of IFRS 9	September 12, 2016	Financial Instruments together with IFRS 4 Insurance Contracts	January 1, 2018	No
Annual improvements to the IFRS (AIP)	December 8, 2016	2014-2016 Cycle	January 1, 2018 / 2017	No
IFRIC Interpretation 22	December 8, 2016	Foreign Currency Transactions and Advance Consideration	January 1, 2018	No
Amendments to IAS 40	December 8, 2016	Transfer of investment property	January 1, 2018	No

All of the above-mentioned standards, interpretations and amendments of existing standards are – to the extent that they are of substantive relevance – earmarked for application by FinTech Group AG no earlier than the date of their mandatory first-time application.

The implications for the consolidated financial statement of FinTech Group AG of the future application of IFRS 9 involve the adoption of a more principles-oriented approach rather than the observance of individual specifications in the context of financial instruments. It should therefore be examined whether changes in the fair value of financial instruments in subsequent periods are to be recorded under other earnings, provided that these financial instruments are managed within the framework of a mixed business model. No financial instruments from this category were identified in the analyses carried out to date.

At this time, it appears that the future application of IFRS 15 will not have any significant effect on the consolidated financial statement of FinTech Group AG. However, the possibility that the value of revenue from contracts with customers may in the future be measured on a basis diverging from that provided by the realization principle pursuant to Section 252(1)(4) of the HGB cannot be excluded, although any such differential amounts are likely to be insignificant.

At this time, it appears that the future application of IFRS 16 will not have any significant effect on the consolidated financial statement of FinTech Group AG.

The company has chosen not to exercise its option of early application.

Note 8 Estimates and assumptions

The preparation of the consolidated financial statement in accordance 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 uncertainty affecting estimates arising out of the currently strained interest rate situation in the financial markets is also of particular importance; this particularly relates to the amount of the reported pension provisions. Actual values may thus 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 9

Discontinued operations

Three areas of operation were discontinued in the 2016 fiscal year – Aktionärsbank, CeFDex (merged on flatex & friends GmbH) and XCOMpetence. The earnings from discontinued operations can be broken down as follows:

in KEUR	2016	2015
Revenues	562	15,003
Expenses	8,274	21,131
EBITDA	-7,712	-6,128
Depreciation and amortization	255	1,457
Pre-tax gain/loss on the remeasurement of assets and liabilities attributable to discontinued operations	0	-8,171
Earnings from discontinued operations in the current fiscal year according to the profit and loss account	**-7,967**	**-15,756**

In the area of discontinued operations Aktionärsbank, all of the book values are commensurate with the fair values, such that no impairment is necessary in 2016. In the context of the impairment testing of the derivative goodwill, impairment expense in the amount of KEUR 3,671 accrued as of December 31, 2015 with regard to the CeFDex business area. The full amount thereof is attributable to the CGU or the reportable "Trading Activities" segment. The impairments are contained in the consolidated statement of profit or loss and other comprehensive income in the line item "Depreciation of assets" in 2015. In the discontinued business AKTIONÄRSBANK hidden losses in the amount of KEUR 4,500 were disclosed.

In the case of the CeFDex and XCOMpetence AG business segments, the fair value exceeds the corresponding book values of the business segments, with the result that no extraordinary impairment is necessary.

in KEUR	Aktionärsbank	flatex & friends	XCOMp	Total
Operational cash flow from discontinued operations	-8,838	-194	-123	-9,155
Cash flow from investments in discontinued operations	-1,174	-	-	-1,174
Cash flow from financing activities for discontinued operations	-	-	-	-

The net cash flow for the discontinued operations in the 2016 fiscal year comprise the following:

in KEUR	Aktionärsbank	flatex & friends	XCOMp	Total
Operational cash flow from discontinued operations	-7,125	14,180	2,624	23,929
Cash flow from investments in discontinued operations	-1	-1,190	104	-1,087
Cash flow from financing activities for discontinued operations	-	-	-	-

The net cash flow for the discontinued operations in the 2015 fiscal year comprise the following:

in KEUR	2016	2015
From continuing operations	20,283	13,598
From discontinued operations	-7,967	-15,757
Total	**12,316**	**-2,159**

The shares of the consolidated comprehensive earnings attributable to the shareholders of the parent company are as follows:

Revenues from continuing operations in the amount of KEUR 79,216 (previous year: KEUR 63,912) are to be attributed to the owners of the parent company and KEUR 15,805 (previous year: KEUR 11,279) to minority shareholders. Revenues from discontinued operations in the amount of KEUR 469 KEUR (previous year: 12,753) are to be attributed to the owners of the parent company and KEUR 94 (previous year: KEUR 2,250) to minority shareholders

Note 10

Subsidiaries, including share of minority shareholders

Significant minority shareholders exist only at the level of XCOM AG (individual company, headquartered in Willich). The overall share of the equity of XCOM AG held by the minority shareholders was equivalent to 23.19% (commensurate with their share of the voting rights) as of the balance sheet date. A share of the profit in the amount of KEUR 3,897 is thus attributable to the minority shareholders. They received a dividend in the amount of EUR 0.06 (previous year: EUR 0.06) per share for the 2015 fiscal year at the level of XCOM AG.

The following tables show the combined financial information pertaining to assets, liabilities, profit, losses and cash flows of XCOM AG. The information provided relates solely to XCOM AG prior to the carrying out of any intra-group eliminations.

Combined balance sheet

in KEUR	2016	2015
Current		
Assets	11,550	10,690
Liabilities	-4,988	-10,188
Total current net assets	**6,562**	**502**
Non-current		
Assets	42,896	43,215
Liabilities	-4,966	-7,678
Total non-current net assets	**37,930**	**35,537**

Combined income statement

in KEUR	2016	2015
Revenues	31,040	28,896
Earnings before income taxes	11,413	2,487
After-tax earnings from continuing operations	8,486	575
Other earnings	-	-
Total earnings	8,486	575
Attributable to minorities	2,226	192
Dividends paid to minorities	11	11

Presentation of cash flow

in KEUR	2016	2015
Net income for the fiscal year	**8,486**	**575**
Depreciation and amortization on fixed assets	1,313	1,523
Increase (+)/decrease (-) in the active difference from asset allocation	-813	1,268
Increase (+)/decrease (-) in provisions	-140	1,251
Other non-cash expenses (+)/income (-)	-2,582	1
Gain (-)/loss (+) on disposal of assets	-39	-116
Gain (-)/loss (+) on inventories, trade receivables and other assets	1,784	1,371
Trade payables and other liabilities	-13,545	-3,352
Interest expense (+)/income (-)	-	1,457
Income tax expense (+)/income (-)	8,486	1,841
Income tax payments (+/-)	1,740	634
Cash outflow/inflow from operations	**4,690**	**6,453**

in KEUR	2016	2015
Cash outflow/inflow from operations	**4,690**	**6,453**
Proceeds from the disposal of assets (+)	348	1,893
Payments for investments in assets (-)	-1,302	-16,935
Interest received (+)	13	32
Cash outflow/inflow from investing activities	**-941**	**-15,010**
Issue (-)/repayment (+) of loans to executive bodies	-	1,272
Taking out (+)/repayment (+) of loans from third parties	-1,833	-1,792
Interest paid (-)	-63	-232
Dividend distribution	-33	-25
Proceeds from equity injection by the parent company	-	10,404
Cash outflow/inflow from financing activities	**-1,929**	**9,627**
Change in cash and cash equivalents	1,820	1,070
Cash and cash equivalents at the beginning of the period	3,694	2,624
Cash and cash equivalents at the end of the period	**5,514**	**3,694**

Note 11

Intangible assets

Intangible assets with a certain useful life are reported at their acquisition or production cost, less accumulated depreciation and impairments.

Internally-generated intangible assets comprise the following:

- Software (depreciation on a straight line basis over a useful life of 8 years)

The other intangible assets comprise the following:

- Industrial property rights and similar rights (depreciation on a straight line basis over a useful life of 3-10 years)

- Customer relationships (depreciation on a straight line basis over a useful life of 16-20 years)

- Trademarks (depreciation on a straight line basis over a useful life of 10 years)

Other than the derivative goodwill, there are no intangible assets with indefinite useful lives.

The intangible assets comprised the following in the 2016 fiscal year:

in KEUR	Cost as of 01/01/2016	Additions	Disposals	Cost as of 12/31/2016	Accumulated depreciation as of 12/31/2016	Book value as of 12/31/2016	Depreciation in the 2016 fiscal year
Goodwill	28,780	-	-	28,780	-	28,780	-
Capitalized development costs	16,300	625	-	16,925	3,514	13,411	2,122
Current development costs	2,391	4,679	104	6,965	-	6,965	-
Customer relationships	6,200	-	-	6,200	597	5,603	341
Industrial property rights and similar rights	7,849	1,058	94	8,813	6,810	2,003	785
Trademarks	700		-	700	123	577	70
Payments made	44		44	-	-	-	-
Intangible assets	**62,264**	**6,362**	**242**	**68,383**	**11,044**	**57,339**	**3,319**
of which from discontinued operations	-	-	-	-		-	
Intangible assets from continuing activities	-	-	-	-		**57,339**	-

The intangible assets comprised the following in the 2015 fiscal year:

in KEUR	Cost as of 01/01/2015	Additions	Disposals	Cost as of 12/31/2015	Accumulated depreciation as of 12/31/2015	Book value as of 12/31/2015	Depreciation and amortization in the 2015 fiscal year
Goodwill	3,671	-	3,671	-	-	-	-
Capitalized development costs	-	16,300	-	16,300	1,528	14,772	2
Current development costs	-	2,391	-	2,391	9	2,382	9
Customer relationships	-	6,200	-	6,200	256	5,944	256
Industrial property rights and similar rights	3,373	224	108	3,489	1,493	1,996	360
Trademarks	-	700	-	700	53	647	53
Payments made	21	32	9	44	-	44	-
Acquisitions in connection with a business combination							
Industrial property rights and similar rights	-	4,371	11	4,360	3,842	518	1,631
Goodwill	-	28,780	-	28,780	-	28,780	-
Intangible assets	**7,065**	**58,998**	**3,799**	**62,264**	**7,181**	**55,083**	**2,310**
of which from discontinued operations						**827**	
Intangible assets from continuing activities						**54,256**	

Scheduled depreciation of intangible assets is reported in the statement of profit or loss and other comprehensive income under the line item “Depreciation of assets”.

The customer relationship with ViTrade GmbH constitutes an individual material intangible asset. The book value amounted to KEUR 3,376 as of December 31, 2016 (December 31, 2015: KEUR 3,561). The remaining amortization period is 18 years.

The customer relationship with biw AG constitutes an individual material intangible asset. The book value amounted to KEUR 2,227 as of December 31, 2016 (December 31, 2015: KEUR 2,383). The remaining amortization period is 14 years.

The intangible asset “technology and software: XCOM”, as a capitalized development cost, likewise constitutes an individual material intangible asset. This relates to software under development. The book value amounted to KEUR 12,735 as of December 31, 2016 (December 31, 2015: KEUR 14,772). The remaining amortization period is 6 years. In addition, there were further payments in connection with capitalized development costs in the amount of KEUR 676.

Current development costs, as a qualified intangible asset, must be subjected to annual impairment testing.

The recoverable amount for the asset was determined by means of a calculation of its value in use on the basis of payment flow forecasts for a five-year period and a discount rate before taxes of 10.35% p.a. (2015: 14.7%). Payment flows for the period extending beyond five years were extrapolated on the basis of a stable annual growth rate of approximately 1%. The assumptions adopted in the impairment testing context are based on management's past experience with regard to the asset in question.

The Executive Board is of the opinion that there are no reasonably conceivable changes in the fundamental assumptions underlying the calculation of the recoverable amount the materialization of which would result in the book value of the right of distribution exceeding the recoverable amount thereof.

Impairments are exclusively carried out on the derivative goodwill. These amounted to KEUR 0 in the 2016 fiscal year (previous year: KEUR 3,671).

The research costs reported as an expense in the 2016 fiscal year amounted to KEUR 1,949 (previous year: KEUR 1,872).

Note 12 Impairment of derivative goodwill

The derivative goodwill acquired in the context of business combinations was allocated to the existing CGUs for impairment testing purposes. As of December 31, 2016, there were two CGUs, „Securities Trading & Financial Services" and „Transaction Processing & White Label Banking Services". These CGUs constitute the segments of FinTech Group AG which are subject to reporting requirements.

• CGU "Securities Trading & Financial Services": This CGU is responsible for the provision of front-end online brokerage products and services, white label banking services and professional banking services.

• CGU "Transaction Processing & White Label Banking Services": This CGU is responsible for the company's electronic securities settlement and deposit management activities, the provision of IT services, and research and development activities.

The Group subjected the derivative goodwill to impairment testing as of December 31, 2016 and December 31, 2015. In checking for indicators of impairment, the Group takes account of, among other things, rising competitive pressure and changes in its strategic orientation.

No impairment expense arose with regard to the CGUs of the continuing activities as of December 31, 2016 in the context of the impairment testing of the derivative goodwill.

The impairment testing in 2015 resulted in an impairment in the amount of KEUR 3,671 with regard to the discontinued CeFDex business segment.

The recoverable amount for all of the CGUs was calculated on the basis of the calculated value in use. The cash flow forecasts are based on the detailed four-year budget approved by management. The discount rate before taxes used for the cash flow forecasts was based on the concept of the average weighted capital costs. Any cash flows accruing after the detailed budget period are extrapolated applying a growth rate (perpetuity). This growth rate is commensurate with the longterm average growth rate for the financial technology industry. It thus reflects the expectations with regard to growth in the sectors serviced by the CGU in question. Both past data and forward-looking data, i.e. expectations as to future market developments, are incorporated in the cash flow forecasts. The growth of the company's business operations continues to be taken into account in the forecasts.

No derivative goodwill was allocated to the CGU "Securities Trading & Financial Services" as of December 31, 2016.

The book value of the CGU "Transaction Processing & White Label Banking Services" amounted to KEUR 105,951 as of December 31, 2016 (previous year: KEUR: 99,154). The recoverable amount for this CGU amounts to KEUR 130,376 (previous year: KEUR: 126,953). The derivative goodwill allocated to this CGU amounted to KEUR 28,780 as of December 31, 2016 (previous year: KEUR: 28,780). The discount rate before taxes used for the cash flow forecasts amounts to 10.35% (previous year: 14.7%). The long-term growth rate amounts to 1.0% (previous year: 1.0%).

Basic assumptions for the calculation of the recoverable amount

The calculation of the value in use for the CGUs is subject to uncertainty affecting estimates with regard to the underlying assumptions, in particular with regard to the:

- Discount factor (interest rate)
- Market shares in the reporting period and
- Growth rate taken as a basis for the extrapolation of the cash flow forecasts for outside of the budget period.

Discount rates – The discount rates reflect the current market estimates with regard to the specific risks allocated to the CGUs. The discount rate was estimated on the basis of the weighted average cost of capital (WACC) customary in the industry. The interest rate was further adjusted in line with market estimates as to all of the specific risks allocated to the CGUs with regard to which no adjustments were made to the estimates of future cash flows.

Assumptions as to market share – The assumptions as to market share correspond to the estimates as to growth rates, and thus reflect management's understanding of the CGUs' positioning as compared to other competitors during the budget period.

Estimated growth rates – The growth rates are based on published industry-specific market research.

Sensitivity of assumptions made

Management is of the opinion that no fundamentally and reasonably conceivable change in any of the basic assumptions adopted for the purposes of the calculation of the value in use for the CGU XCOM could result in the book value of the CGU significantly exceeding its recoverable amount.

Note 13

Property, plant and equipment

Property, plant and equipment is measured at its amortized acquisition cost. Land and build-ings are depreciated on a straight line basis over their expected useful lives of 40 years. Equipment is depreciated on a straight line basis over its expected useful life, which is between three and five years for computer hardware and generally 13 years for office equipment.

The property, plant and equipment comprised the following in the 2016 and 2015 fiscal years:

in KEUR	Cost as of 01/01/2016	Additions	Disposals	Cost as of 12/31/2016	Accumulated depreciation as of 12/31/2016	Book value as of 12/31/2016	Depreciation in the 2016 fiscal year
Land and buildings, including buildings on thirdparty land	4,816	124	92	4,848	2,678	2,169	351
Other plant and equipment	13,912	2,524	657	15,780	11,900	3,880	1,744
Property, plant and equipment	**18,728**	**2,648**	**749**	**20,627**	**14,578**	**6,049**	**2,096**
of which from discontinued operations	-	-	-	-	-	458	255
Property, plant and equipment from continuing activities	-	-	-	-	-	**5,590**	**1,841**

Property, plant and equipment comprised the following in the 2015 fiscal year:

in KEUR	Cost as of 01/01/2015	Additions	Disposals	Cost as of 12/31/2015	Accumulated depreciation as of 12/31/2015	Book value as of 12/31/2015	Depreciation and amortization in the 2015 fiscal year
Land and buildings, including buildings on third-party land	610	-	-	610	250	360	76
Other plant and equipment	1,515	494	6	2,003	1,105	897	197
Acquisitions in connection with a business combination							
Land and buildings, including buildings on third-party land	-	4,208	3	4,205	2,080	2,126	188
Other plant and equipment	-	12,834	924	11,910	9,593	2,317	97
Property, plant and equipment	**2,125**	**17,536**	**933**	**18,728**	**13,028**	**5,701**	**558**
of which from discontinued operations						347	
Property, plant and equipment: continuing activities						**5,354**	

As was also the case in fiscal year 2015, no impairment expense or appreciation in value was recorded in fiscal year 2016. No property, plant and equipment has been pledged by way of collateral.

Note 14

Financial assets and other assets

Financial assets and other assets comprise the following:

in KEUR	12/31/2016	12/31/2015
Active difference from asset allocation	790	440
Total	**790**	**440**

Note 15 Inventories and work in progres

Inventories and work in progress are measured at the lower of their acquisition or production cost and their net realizable value. The goods largely comprise purchased hardware components used in the production context

in KEUR	12/31/2016	12/31/2015
Work in progress	205	977
Goods	129	108
Total	**334**	**1,085**

The book value of the individual inventories and work in progress measured at their net realizable value amounted to KEUR 334 as of December 31, 2016 (December 31, 2015: KEUR 1,085). This decrease was largely the result of the completion of work in progress in the amount of KEUR 679, which is reported on the balance sheet as internally-generated intangible assets and regularly depreciated. In the 2016 fiscal year, depreciation expense in the amount of KEUR 25 (previous year: KEUR 8) was reported with regard to inventories and work in progress recognized at their net realizable value.

Note 16 Other non-current financial assets

Other non-current financial assets comprise the following:

in KEUR	12/31/2016	12/31/2015
Financial assets available for sale	514,335	130,572
Financial instruments carried at fair value through profit or loss	1,234	790
Cash loans: local authorities	401,171	381,176
Loans to customers	131,125	53,726
Other receivables owed by credit institutions	12,328	1,752
Total	**1,060,193**	**568,016**

In the interests of improving the transparency of the presentation of the balance sheet item presented in the 2015 annual report as cash loans and receivables, this has been further broken down into the balance sheet items „cash loans: local authorities", „loans to customers" and „other receivables owed by credit institutions".

Financial assets available for sale comprise the options on 102,315 XCOM shares acquired by FinTech Group AG in 2016.

Note 17

Cash and cash equivalents

The cash and cash equivalents reported on the balance sheet comprise cash on hand, balances with central banks and daily receivables owed to credit institutions:

in KEUR	12/31/2016	12/31/2015
Cash on hand	14,167	36,367
Balances with central banks	178,122	415,523
Receivables owed by credit institutions (falling due on a daily basis)	196,914	89,383
Total	**389,202**	**541,273**

The amounts of cash and cash equivalents contained in the cash flow statement are commensurate with the corresponding items on the balance sheet. There were no material restrictions in place with regard to the disposal of cash and cash equivalents in the 2016 fiscal year.

Note 18

Equity

The subscribed capital amounted to KEUR 16,811 as of December 31, 2016 (December 31, 2015: KEUR 16,811). The Annual General Meeting resolved on July 27, 2016 in favor of the conversion of the shares from bearer shares to registered shares. The share capital of the company was consequently divided into 16,810,876 nopar registered shares as of December 31, 2016 (previous year: 16,810,876 no-par bearer shares).

Shares outstanding on 12/31/2015	16,810,876
Change in 2016	0
Shares outstanding on 12/31/2016	16,810,876

All of the issued shares have been fully paid up. No treasury shares were held by FinTech Group AG or its subsidiaries as of December 31, 2016 or December 31, 2015.

Authorized capital

2015

In 2015, the following resolutions were adopted with regard to the issuance of new shares:

1) Resolution of April 30, 2015: Authorization issued by the Executive Board, with the consent of the Supervisory Board, to increase the share capital by a total of up to EUR 2,099,292.00 by means of the issuance of up to 2,099,292 new, nopar bearer shares in return for cash contributions and/or contributions in kind until April 29, 2020.

2) Resolution of August 28, 2015: Authorization issued by the Executive Board, with the consent of the Supervisory Board, to increase the share capital by a total of up to EUR 2,504,292.00 by means of the issuance of up to 2,504,292 new, nopar bearer shares in return for cash contributions and/or contributions in kind until August 27, 2020.

2016

At the beginning of the 2016 fiscal year, the company had authorized capital in the amount of EUR 7,496,346.00 at its disposal.

1) Resolution of July 27, 2016: The Executive Board was authorized, with the consent of the Supervisory Board, to increase the share capital by a total of up to EUR 2,504,292.00 by means of the issuance of new, nopar bearer shares in return for cash contributions and/or contributions in kind on one or more occasions until August 27, 2020 (Authorized Capital 2015/II). The shareholders must generally be granted subscription rights. However, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude the subscription rights of the shareholders in certain cases. The Authorized Capital 2015/II has partially been expended pursuant to a resolution adopted by the Executive Board, with the consent of the Supervisory Board, on December 14, 2015, and amounted to EUR 1,898,231.00 following the registration of the capital increase. The full amount of the Authorized Capital 2015/II was revoked by way of resolution of the Annual General Meeting held on July 27, 2016 to that effect.

The following share issues were undertaken:

2015

1) The Executive Board resolved on June 2, 2015, with the consent of the Supervisory Board, to increase the share capital, on the basis of the resolution adopted on April 30, 2015, by EUR 810,000 by means of the issuance of new shares in return for a cash contribution. The remaining Authorized Capital 2015 in the amount of EUR 1,289,292 was revoked by way of resolution of August 28, 2015.

2) The Executive Board resolved on December 14, 2015, with the consent of the Supervisory Board, to increase the share capital, on the basis of the resolution adopted on August 28, 2015, by EUR 606,061 by means of the issuance of new shares in return for a cash contribution.

As of December 31, 2016, the company had authorized capital in the amount of EUR 8,405,438.00 (Authorized Capital 2014: EUR 5,598,115.00; Authorized Capital 2016: EUR 2,807,323.00).

in KEUR	**12/31/2016**	**12/31/2015**
Number of approved shares	8,405,438	7,496,346

Conditional capital

1) Resolution of June 27, 2013: Authorization issued by the Executive Board to conditionally increase the share capital by up to EUR 5,425,000 by means of the issuance of up to 5,425,000 new nopar shares until June 26, 2018.

2) Resolution of October 30, 2014: Authorization issued by the Executive Board to conditionally increase the share capital by up to EUR 1,390,000 by means of the issuance of up to 1,390,000 new nopar shares until September 30, 2019. The sole purpose of such capital increase is the securing of subscription rights issued, on the basis of the authorization issued on October 30, 2014, as part of the 2014 stock option plan to the members of the Executive Board, employees of the company, members of management and employees of affiliated companies of the company in the period up to and including October 30, 2019.

3) Resolution of August 28, 2015: Authorization issued by the Executive Board to conditionally increase the share capital by up to EUR 230,000 by means of the issuance of up to 230,000 new nopar shares until August, 27, 2020. The sole purpose of such capital increase is the securing of subscription rights issued, on the basis of the authorization issued on August 28, 2015, as part of the 2015 stock option plan to the members of the Executive Board, employees of the company, members of management and employees of affiliated companies of the company in the period up to and including August 27, 2020.

4) Resolution of July 27, 2016: Authorization of the Executive Board to convert the bearer shares into registered shares so as to adjust the existing amount of conditional capital to reflect the issuance of registered shares.

Capital reserves

The capital reserves in the amount of KEUR 49,690 (previous year: KEUR 49,367) comprise the following components:

- The amount that exceeds the nominal amount in the case of an issuance of shares,
- Additional payments into equity made by shareholders, and
- Additional payments made by shareholders in return for granting precedence to their shares.

The increase in the capital reserves in the amount of KEUR 323 in the 2016 fiscal year (previous year: KEUR 225) can be attributed to the employee stock options (see Note 27).

Retained earnings

The following table depicts the changes in the retained earnings in the relevant reporting periods:

in KEUR	
As of 1/1/2015	**4,212**
Allocations to retained earnings	-1,746
of which: Allocations out of the net loss	-1,746
As of 12/31/2015	**2,466**
Allocations to retained earnings	4,877
of which: Allocations out of the net profit	8,419
of which: Dividend distribution	-22
of which: Changes in the scope of consolidation not involving a change of control	-3,520
As of 12/31/2016	**7,343**

Note 19

Non-current liabilities to banks and non-banks

Non-current financial liabilities comprise the following:

in KEUR	12/31/2016	12/31/2015
Non-current liabilities to banks		
Loans with a total term > 5 years	1,208	4,708
Loans with a total term > 1 year	1,667	-
Total	**2,875**	**4,708**
Non-current liabilities to non-banks		
Loans with a total term > 5 years	-	-
Loans with a total term > 1 year	-	2,500
Liabilities arising out of finance leases 1 - 5 years	1,054	-
Total	**1,054**	**2,500**

In the interests of improving the transparency of the presentation of the balance sheet item presented in the 2015 annual report as „longterm borrowings", this has been further broken down into the items „non-current liabilities to banks" and „non-current liabilities to non-banks".

The capitalized leasing objectives in the context of finance leasing include mainly longterm contracts for office equipment and IT-hardware. The average contract duration is two to five years; the contracts include a buy option. The net book values of the capitalized financial leasing goods are as follows:

in KEUR	12/31/2016	Thereof sale and lease backk	12/31/2015
Hardware	345	-	-
Office Equipment	709	-	-
Total	**1,054**	**-**	**-**

At the date of asset acquisition the group balances a leasing liability which equals the book value of the capitalized asset. The leasing liability is reduced each year – under the application of effective interest method – by the repayments to the lessor. The interest expenses for the leasing liability are considered in the income statement.

Note 20 Pensions and similar obligations

XCOM maintains defined benefit pension plans on the basis of individual commitments in fixed amounts. The pension commitments provide for retirement, disability and surviving dependents' benefits, mostly in the form of lifelong pension payments. Reinsurance was taken out for the employees of XCOM AG with Schweizerische Rentenanstalt Swiss Life AG and MV Versicherungsgruppe for the purposes of financing these pension commitments. Some of the insurance policies were pledged to the beneficiaries and meet the criteria for qualification as plan assets, while others meet the criteria for qualification as reimbursement rights.

The amount of the obligations is calculated on an annual basis by independent actuaries using the projected unit credit method provided for by IAS 19, taking account of both the pensions and acquired vested claims established as of the balance sheet date and any increases in the amounts of the vested claims or pensions expected to occur in the future. A number of the commitments provide for increases in the amount of the vested claims in line with inflation or confirmed adjustment rates. Any future adjustments to pension amounts will be governed by the relevant legislative provisions; minimum guaranteed adjustments apply to some extent. The actuarial interest rate to be applied in connection with the discounting of the pension obligations is calculated as of the balance sheet date on the basis of the rates of return on premium fixed-income corporate bonds.

The income from the plan assets and the expense resulting from the discounting of the obligations are reported in net interest income. The service expense is classified as an operating expense. The full amount of any gains and losses resulting from the adjustment and amendment of actuarial assumptions is directly reported in equity in the period in which they accrue.

The following overview shows the parameters applied for the calculations:

in KEUR	12/31/2016	12/31/2015
Discount rate	1.70%	2.40%
Inflation rate	1.00%	1.00%
Mortality	Heubeck – Tables 2005G	Heubeck – Tables 2005G

The provisions for pensions awarded on the basis of defined benefit plan commitments are calculated as follows:

in KEUR	12/31/2016	12/31/2015
Present value of pension obligations	24,302	20,161
Fair value of plan assets	-16,761	-15,813
Net pension provisions	7,541	4,348

The development of the net pension provisions can be depicted as follows:

in KEUR	2016	2015
Balance sheet value at the beginning of the fiscal year	**4,348**	**10,946**
Service expense	96	495
Net interest expense	97	102
Actuarial gains	3,628	-6.422
- from change in demographic assumptions	-	-
- from changes in financial assumptions	3,481	-5,900
- from adjustments made based on experience	147	-522
- Income from plan assets less the amount recognized in the income statement	47	101
Employer contributions to plan assets	-675	-874
Pension services provided	-	-
Transfers and corporate actions	-	-
Balance sheet value at the end of the fiscal year	**7,541**	**4,348**

The development of the present value of the pension obligations, the fair value of the plan assets and the reimbursement rights is shown in the following tables:

Scope of obligations

in KEUR	2016	2015
Present value of pension obligations at the beginning of the fiscal year	**20,161**	**25,836**
Components recognized in the income statement	**580**	**747**
Service expense	96	495
Calculated interest expense	484	252
Past service expense and gains from plan settlement	-	-
Components recognized in other earnings	**3,628**	**-6,422**
Actuarial gains	3,628	-6,422
- from change in demographic assumptions	-	-
- from changes in financial assumptions	3,481	-5,900
- from adjustments made based on experience	147	-522
Payments and other changes	**-67**	**-**
Employee contributions	-	-
Pension services provided	-67	-
Payments for plan settlements	-	-
Transfers and corporate actions	-	-
Present value of pension obligations at the end of the fiscal year	**24,302**	**20,161**

Plan assets:

in KEUR	2016	2015
Fair value of plan assets at the beginning of the fiscal year	**-15,813**	**-14,891**
Components recognized in the income statement	-387	-149
Calculated interest expense	-387	-149
Components recognized in other earnings	47	101
Income from plan assets less the amount recognized in the income statement	47	101
Payments and other changes	**-608**	**-874**
Employee contributions	-	-
Employer contributions	-675	-874
Payments for plan settlements	-	-
Pension services provided	67	-
Transfers and corporate actions	-	-
Fair value of plan assets at the end of the fiscal year	**-16,761**	**-15,813**

Reimbursement rights:

in KEUR	2016	2015
Fair value of reimbursement rights at the beginning of the fiscal year	**-440**	**-327**
Components recognized in the income statement	-13	-4
Calculated interest expense	-13	-4
Components recognized in other earnings	-146	83
Income from reimbursement rights less the amount recognized in the income statement	-146	83
Payments and other changes	**-191**	**-191**
Employee contributions	-	-
Employer contributions	-191	-191
Fair value of reimbursement rights at the end of the fiscal year	**-790**	**-440**

The following table shows the apportionment of the present value of the pension obligations among the various groups of beneficiaries and the weighted duration of those obligations.

in KEUR	12/31/2016	12/31/2015
Participating employees	581	1,094
Employees with vested claims leaving the company	19,450	19,067
Retirees	4,271	-
Present value of pension obligations	24,302	20,161
Weighted duration of the obligations in years	24	24

The plan assets comprise reinsurance policies for which no active market exists.

The pension commitments are subject to the provisions of the German Company Pensions Act (Betriebsrentengesetz). Given that the commitments provide for the payment of lifelong pension benefits, there will be exposure to biometric risk in the event of rising life expectancy. To the extent that any increases in the amount of the vested claims and pension benefits are linked to inflation, there will also be exposure to inflation risk. The dependence of the actuarial interest rate and the actual income from plan assets and reimbursement rights on future market developments results in exposure to financing risk in this regard.

The sensitivities with regard to changes in the capital markets and the material assumptions are depicted in the table below. These sensitivities were ascertained on the basis of the same portfolio and the same valuation method applied for the measurement of the pension obligations as of the reporting date. Changes in each individual assumption were considered in isolation in the calculation of the sensitivities; thus, no correlations between the individual parameters were taken into account in this regard.

in KEUR	12/31/2016	12/31/2015
Reduction in the pension obligation from increasing the discount rate by 0.25% p.a.	22,978	19,064
Increase in the pension obligation from lowering the discount rate by 0.25% p.a.	25,563	21,340
Increase in the pension obligation from raising the inflation rate by 0.25% p.a.	24,734	21,219
Reduction in the pension obligation from lowering the inflation rate by 0.25% p.a.	23,879	19,172
Increase in the pension obligation from raising the life expectancy of a 65-year-old by 1 year	24,857	20,577

Pension payments in the amount of KEUR 164 are expected in the following year (previous year: KEUR 3). Furthermore, payments are expected in the amount of KEUR 678 (previous year: KEUR 621) by way of contribution to the plan assets and in the amount of KEUR 191 (previous year: KEUR 191) in relation to reimbursement rights.

Note 21 Liabilities to customers

Liabilities to customers comprise the following:

in KEUR	12/31/2016	12/31/2015
Customer deposits		
Liabilities to customers	1,293,535	947,278
Total	**1,293,535**	**947,278**

The liabilities to customers relate to customer deposits of the subsidiary biw AG, which primarily comprise the customer cash credits of flatex GmbH and ViTrade GmbH. The increase in the amount of these deposits can be attributed to the growth in the new customer portfolio of flatex GmbH.

Note 22

Current liabilities to banks

Current liabilities to banks comprise the following:

in KEUR	12/31/2016	12/31/2015
Liabilities to banks	38,954	57,876
Foreign currency portfolio	21,321	5,766
Total	**60,275**	**63,642**

Foreign currency holdings result mainly from entered liabilities against foreign bank institutions on behalf of clients in the context of transaction settlement. The foreign currencies are mainly USD, CAF and CAD.

Note 23

Other financial liabilities

Other financial liabilities comprise the following:

in KEUR	12/31/2016	12/31/2015
Pledged colleterals	25,248	21,375
Accrued and deferred items	3,746	5,748
Other financial liabilities	21,129	36,655
Total	**50,123**	**63,778**

Note 24

Other provisions

The development of the provisions over the course of the fiscal year was as follows:

in KEUR	01/01/2016	Use	Reversal	Contribution	12/31/2016
Short-term provision					
Restructuring expenses	1,000	750	250	-	-
Warranty	248	103	145	65	65
Other provisions	8,224	7,401	50	2,327	3,100
Total	**9,472**	**8,254**	**445**	**2,392**	**3,165**

in KEUR	01/01/2015	Addition	Use	Reversal	Contribu-tion	12/31/2015
		-				
Short-term provision						
Restructuring expenses	-		-	-	1,000	1.000
Warranty	-		-	-	248	248
Other provisions	1,223	634	1,146	711	8,224	8.224
Total	**1,223**	**634**	**1,146**	**711**	**9,472**	**9.472**

Other provisions comprise the risks posed by third parties. They are measured at full cost.

The implementation of the restructuring measures was completed in the current fiscal year. The provision was depleted in the amount of KEUR 750, and the remaining KEUR 250 reversed accordingly. No reasons for establishing a new provision are currently evident.

The calculation of the provision for warranty claims relies on assumptions based on experience, current sales figures and other currently available information. It is expected that the payment obligations with regard to warranty claims will for the most part accrue in the 2017 fiscal year.

The short-term provisions primarily comprise expenses incurred by the Group in connection with performance-based, variable remuneration components and costs in relation to the auditing of the annual financial statement. The accrual in the coming fiscal year of the payment obligation in this regard is to be categorized as probable.

No payment of reimbursements is expected with regard to the aforementioned provisions.

Note 25

Revenues

The revenues for the 2016 and 2015 fiscal years can be broken down as follows:

in KEUR	2016	2015
Commission income	64,031	52,384
Provision of IT services	15,583	13,102
Interest income	7,799	2,666
Other operating income	7,439	7,039
Subtotal	**94,851**	**75,191**
Value adjustments to financial assets	169	-167
Total	**95,021**	**75,024**

The item provision of IT services comprises the sale of goods. The item value adjustments to financial assets is added to the revenues.

Note 26

Personnel expenses

On average, the company had 448 employees in the 2016 fiscal year (previous year: 414). The incurred personnel expenses comprise the following:

in KEUR	2016	2015
Wages and salaries	15,280	20,379
Social security contributions and expenses for voluntary support payments	3,859	2,894
Expenses for pension plans and employee pensions	350	512
Total	**19,489**	**23,785**

Note 27

Stock option plan

FinTech Group AG has set up stock option plans to ensure that the total remuneration paid to its managers is competitive. The first stock option program was launched in 2014, with suscription rights being issued pursuant thereto for the first time in 2015.

Each subscription right issued pursuant to the stock option plan gives the holder the right to acquire one nopar 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 term of the subscription rights is six years from the issue date; they may only be exercised upon the expiration of a waiting period (vesting period) of four years and within predefined time slots. Such exercise will be contingent upon the stock exchange price for the share being exceeded by at least 100 % on any given trading day within two years of issue date for the subscription rights in question.

A second stock option plan was launched in 2015 by means of a resolution of the Annual General Meeting to that effect. The terms applicable to this plan as regards the conditions for the exercise of the subscription rights were modified in light of the performance of the share price in that the closing stock exchange price for the share must now exceed the subscription price in question by at least 50 % on any given trading day within two years of the issue date for the subscription rights in question. The other terms remain the same as those applicable to the first plan.

Overall, options were granted on the basis of both plans on two different occasions in 2016:

Plan	Issued on	Number	Price at subscription in EUR
Option Plan 2 (2015)	04/07/2016	44,500	15.45
Option Plan 2 (2015)	07/01/2016	10,000	13.00
Option Plan 1 (2014)	07/01/2016	60,000	13.00
Total		**114,500**	

In the previous year, 1,088,000 options were granted.

Plan	Issued on	Number	Price at subscription in EUR	Option price	Option price total (KEUR)
Option Plan 1	01/26/2015	924,000	8.60	1.11	1,025
Option Plan 1	07/08/2015	84,000	14.81	2.40	202
Option Plan 1	08/24/2015	55,000	11.40	1.77	97
Option Plan 2	09/28/2015	20,000	12.44	2.60	52
Option Plan 2	10/01/2015	5,000	12.37	2.55	13
Total		**1,088,000**			**1,389**

There were no options in circulation, nor were there any exercisable, forfeited or lapsed options, at either the beginning or the end of the 2016 fiscal year (as was also the case in 2015).

Model

An option valuation was specially simulated for each individual subscription date on the basis of a Monte Carlo model, which in turn was based on one of the most significant papers written on the subject of modeling in the context of options models, "Geometric Brownian Motion, Option Pricing, and Simulation: Some Spreadsheet-Based Exercises in Financial Modeling" by Kevin D. Brewer.

Here, the share performance over a period of 6 years is simulated 100,000 times for each commitment date using a Monte-Carlo simulation. It is examined in the context of each simulation whether the share has exceeded the stipulated threshold (condition 1) and is higher than the strike price at the predefined exercise dates (assumption: June 30 for AGM dates and August 31 for the publication of the half-year financial statement) (condition 2). If this is not the case, the option will be assigned the value 0 upon every exercise date, and thus also the present value of 0 as of the issue date. Should the value of the share be higher than the strike price on one of the predefined exercise dates, the option will have an intrinsic value which is discounted down to the present value as of the commitment date in question using the 5-year (assumed average exercise date) riskfree interest rate (source: Deutsche Bundesbank) – assuming that the option is exercised on the first possible exercise date.

Parameters

The first parameter incorporated in the model was the share price (Xetra closing price) upon allocation. The strike price for the options is EUR 7.30 for the 2014 stock option plan and EUR 12.79 for the 2015 stock option plan. These values are calculated on the basis of the average share price for the periods explained above prior to the adoption of the corresponding resolutions by the AGM in 2014 and 2015, less a discount.

The volatility could not be ascertained on the basis of an implied volatility due to the lack of any derivatives on the share of FinTech Group AG. For this reason, historical volatilities were ascertained for the years 2012, 2013, 2014, 2015 and 2016 (source: Bloomberg).

As a result of the non-attainment of the requisite number of trading days in 2014, Bloomberg was unable to provide annual volatility data. However, it was possible to also ascertain the average annual volatility for 2014 on the basis of the monthly volatilities for that year.

The material restructuring measures implemented within the Group had a significant impact on the volatility of the share in 2014 and 2015, with the result that the annual volatility data for 2014 and 2015 cannot be recognized as projections of sustained volatility of the share. The volatility of the share was approximately 30% in the stable years between 2012 and 2014, with the implied annual DAX and TecDax volatility also falling between 25% and 30% in 2015 and 2016 (source: Comdirect).

Thus, an estimated sustained value of 35% was recognized for the volatility of the share in calculating the option prices, based on historical share and market information while taking account of the persistence of the dynamic performance of the FinTech Group AG share in the future.

The risk-free interest rate for the modeling of the 6-year binomial path is based on the 6-year interest rates for the months of issue in question, derived from the yield curve for listed German Federal bonds (source: Bundesbank). The number of trading days has been set at 250.

The barrier is governed by the stock option plan in question: it is twice the share price upon issue in the case of the 2014 plan, and one-and-a-half times the share price upon issue in the case of the 2015 plan. On the basis of experience gathered in the operating business context, the transaction costs for options are in the very low percentage range, with the result that these were also not taken into account

On the basis of the assumption that no dividend will be paid out over the next 6 years, this parameter was likewise excluded from the model.

Net income

The simulated average values for the commitment dates in question amounted to:

Plan	Issued on	Number	Price at sub-scription	Price per option	Total value of options (KEUR)
Option Plan 2	04/07/2016	44,500	15.45	3.71	165
Option Plan 2	07/01/2016	10,000	13.00	2.55	26
Option Plan 1	07/01/2016	60,000	13.00	1.96	118
Total		**114,500**			**308**

The options accrue to the participants on a pro rata temporis basis, and at the rate of 100% upon the expiration of the 4-year vesting period. Should an employee leave the company 30 months following the allocation of the options, he will be entitled to 62.5% of his confirmed options, by way of example. It may be assumed, due to the low fluctuation rate at the management level and the considerable incentives offered, that approximately 82% of all allocated and accrued options will actually be exercised, resulting in the amount of equity to be reported on the balance sheet being calculated at KEUR 308 x 82% = KEUR 252.

The pro rata amount of the capital reserves to be reported on the balance sheet for 2016 is thus KEUR 39:

Value of options or fair value (KEUR)	Actual allocation	Number of days in 2016	Capital reserves to be booked in 2016 (KEUR)
165	Approx. 82%	268	25
26	Approx. 82%	183	3
118	Approx. 82%	183	12
308			**39**

Furthermore, a pro rata amount of KEUR 284 had to be reported on the balance sheet for the 2016 fiscal year for the options granted in 2015 (1,088,000 units).

Value of options or fair value of options issued in 2015 (KEUR)	Actual allocation	Number of days in 2016	Capital reserves to be booked in 2016 (KEUR)
1.389	rd. 82%	365	284

The total amount of capital reserves to be booked in the 2016 fiscal year is therefore KEUR 323 (previous year: KEUR 225).

Note 28 Other administrative expenses

Other administrative expenses comprise the following:

in KEUR	2016	2015
Travel expenses	734	483
Legal and consulting expenses	3,797	5,259
Bank-specific contributions	2,830	860
Office space costs	3,506	2,219
Vehicle fleet	886	732
Insurance, contributions and expenses	951	1,112
Sales and marketing	4,108	2,878
IT expenses	1,511	893
Representation	186	214
Postage costs & office supplies	523	307
Other expenses	395	2,976
Total	**19,427**	**17,933**

The items „vehicle fleet", „representation" and „postage costs & office supplies" were comprised in the item „other expenses" in the 2015 annual report.

Note 29 Leasing

The Group has concluded commercial lease agreements in relation to motor vehicles in the capacity of lessee. These lease agreements have an average term of between one and five years. The Group was not subject to any restrictions when concluding these lease agreements.

The future minimum payment obligations pursuant to fixedterm lease agreements as of December 31, 2016 and December 31, 2015 are as follows:

in KEUR	up to 1 year	1-5 years	longer than 5 years
Car leases 2016 (2015)	399 (370)	224 (308)	0 (0)

The total leasing expenses for the fiscal years ending as of December 31, 2016 and December 31, 2015 amounted to KEUR 454 and KEUR 345, respectively. These comprised exclusively amounts for minimum lease payments; there were no conditional rental payments or payments pursuant to sub-lease arrangements, nor did any extension or purchase options or price adjustment clauses apply.

The FinTech Group has not concluded any lease agreements providing for variable lease payments

Note 30 Financial results

The financial results comprise the following:

in KEUR	2016	2015
Interest income	378	5
Total interest income	**378**	**5**
Interest expense for current liabilities	10	1,269
Interest expense for deposit facilities	965	631
Interest expense for pensions	484	252
Other interest expense	144	524
Total interest expense	**1,603**	**2,676**
Financial results	**-1,226**	**-2,671**

Note 31 Taxes on income

The income tax expense for the fiscal years ending as of December 31, 2016 and December 31, 2015 comprises the following components:

in KEUR	2016	2015
Current income tax		
Current income tax expense	-5,363	-1,568
Income tax reimbursements/expense from previous years	-73	166
Deferred taxes		
Booking of deferred taxes	1,480	431
Income tax according to the income statement	**-3,956**	**-971**
Comprehensive income		
Changes in deferred taxes recognized directly in other comprehensive income	1,517	-2,290
of which actuarial gains/losses from defined benefit plan provisions	*1,186*	*-2,090*
of which gains/losses due to the change in value of financial assets available for sale	*140*	*-200*
Recycling of deferred taxes	*191*	*0*
Income taxes recognized in comprehensive income	**-2,439**	**-3,261**

The balance of the deferred tax income in the amount of KEUR 1,480 (previous year: KEUR 431) comprises deferred tax expense in the amount of KEUR 1,902 (previous year: KEUR -478), which is attributable to the changes in temporary differences.

Deferred tax liabilities (income tax charge) accruing on the actuarial gains from defined benefit plan provisions in the amount of KEUR 904 (previous year: KEUR 2,090) and deferred tax assets (tax relief) accruing on changes in the value of financial assets available for sale in the amount of KEUR 131 (previous year: KEUR -200) were reported under other earnings as of the balance sheet date, December 31, 2016.

In Germany, income taxes are calculated on the basis of a corporation tax rate of 15% and a solidarity surcharge accruing thereon in the amount of 5.5%. Taking account of the commercial tax additionally accruing thereon, the corporate entity for income tax purposes of FinTech Group AG is subject to a combined rate of income tax of 30.21% (previous year: 33.5%). This lower tax rate is due to the allowance made for a divergent weighted commercial tax collection rate.

The following table depicts the allocation of the theoretical amount of tax expense - as a product of earnings before taxes and the applicable tax rate for the Group - and the actual amount of tax expense:

in KEUR	**2016**	**2015**
Earnings before taxes (previous year: incl. discontinued operations) *(previous year: of which attributable to discontinued operations)*	24,239	-1,043 *(- 15,612)*
Expected income tax expense calculated at 30.21% (previous year: 33.5%)	-7,323	349
Reconciliation effects, resulting from:		
Discontinued operations, as a result of their inclusion in the corporate entity for income tax purposes	2,357	
Non-tax deductible expenses/non-taxable income	441	-1,441 *(-1,229)*
(previous year: of which attributable to discontinued operations)	-98	-138
Non-tax deductible expenses from stock-option programs	-73	162
Current income taxes for previous years/withholding taxes	243	-
Deferred taxes for previous years	-304	-
Changes in tax rates	-207	-28
Divergent tax rates	671	-
Use of tax loss carry forwards without recognition of deferred tax assets in previous year	337	-19
Total income tax *(previous year: of which attributable to discontinued operations)* *(previous year: of which attributable to continuing operations)*	**-3,956**	**-1,115** *(-144)* *(-971)*

Any deferred income tax effects arising in connection with the discontinued operations (largely deferred tax assets relating to losses for tax purposes) were allocated to the continuing operations on the balance sheet, to the extent that the discontinued operations in question are part of the corporate entity for tax purposes of FinTech Group AG; the designation as a corporate entity for tax purposes means that the corresponding tax relief effects will in future fiscal years be recognized at the level of the continuing operations.

The tax expenses relating to discontinued operations in 2016 amounted to KEUR 0 (previous year: KEUR 144) on the basis of earnings in the amount of KEUR -7,967 (previous year: KEUR -15,612).

Deferred tax assets in the amount of KEUR 6,517 were reported on the balance sheet for the corporate entity for income tax purposes of FinTech Group AG as of December 31, 2016; the realization of these assets will depend on future taxable results which exceed the effect on results of the dissolution of existing taxable temporary differences. On the basis of the positive outlook of the corporate planning for the corporate entity for income tax purposes, it seems likely that FinTech Group AG will be able to realize the above-mentioned tax assets over the medium term. The corporate planning took account of, among other things, the planned merger of the profitable entity XCOM AG with FinTech Group AG, as well as the discontinuation of loss-making business segments.

The following overview depicts the allocation of the deferred taxes to the underlying balance sheet items:

in KEUR	12/31/2016	12/31/2015
Loss carryforwards	6,540	3,158
Financial instruments	131	-
Other financial obligations	259	-
Pension obligations	4,507	3,598
Provisions	98	1,843
Total deferred tax assets	**11,535**	**8,599**
Offsetting in accordance with IAS 12.74	**-5,018**	**-3,650**
Deferred tax assets according to the balance sheet	**6,517**	**4,949**
Intangible assets	-8,074	-7,955
Property, plant and equipment	-282	-
Financial instruments	-	-412
Provisions	-	-51
Total deferred tax liabilities	**-8,356**	**-8,418**
Offsetting in accordance with IAS 12.74	**-5,018**	**-3,650**
Deferred tax liabilities according to the balance sheet	**-3,338**	**-4,768**

As of the balance sheet date, there were taxable temporary differences in connection with subsidiaries (so-called outside-basis differences according to IAS 12.39) in the amount of KEUR 452 (previous year: KEUR 25), with regard to which no deferred tax liabilities were reported on the balance sheet.

Note 32 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 socalled management approach. Segments are subdivisions of the company, with regard to which separate financial information is available and is regularly evaluated by the Executive Committee 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 activities in 2016

in KEUR	ST & FS	TP & WLBS	Other & consoldation	Total
Revenues	19,381	70,767	4,873	95,021
Raw materials and consumables used	510	22,626	2,345	25,481
Personnel expenses	2,337	9,410	7,743	19,490
Other administrative expenses	4,643	10,402	4,381	19,427
EBITDA	**11,891**	**28,329**	**-9,596**	**30,624**
Depreciation and amortization				5,159
Consolidated earnings before interest and income tax (EBIT)				**25,465**
Financial results				-1,226
Consolidated earnings before income tax (EBT)				**24,239**
Income tax expense				3,956
Consolidated earnings from continuing activities				**20,283**
Earnings from discontinued operations				-7,967
Consolidated net profit				**12,316**

Segment report for continuing activities in 2015

in KEUR	ST & FS	TP & WLBS	Other & consolidation	Total
Revenues	28,478	45,221	1,325*	75,024
Raw materials and consumables used	510	13,694	-636	13,568
Personnel expenses	2,242	15,005	6,538	23,785
Other administrative expenses	6,089	8,133	3,711	17,933
EBITDA	**19,637**	**8,389**	**-8,288**	**19,738**
Depreciation and amortization				2,499
Consolidated earnings before interest and income tax (EBIT)				**17,239**
Financial results				-2,670
Consolidated earnings before income tax (EBT)				**14,569**
Income tax expense				971
Consolidated earnings from continuing activities				**13,598**
Earnings from discontinued operations				-15,756
Consolidated net profit				**-2,159**

*Including impairment of financial assets; reported as a separate item on the income statement in the previous year (2015: KEUR 167)

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. Sales relating to external customers which are reported to the Executive Committee are measured in accordance with the same principles as those which apply to the disclosure in the statement of profit or loss and other comprehensive income.

External revenues are generated only by the Group companies based in Germany. In the 2016 fiscal year, FinTech Group AG did not generate any significant portion (> 10%) of its overall revenues through any one customer.

Note 33

Financial instruments

The following table shows the book values, reported values and fair values of the financial instruments, broken down according to measurement category, as well the underlying valuation levels (see Note 35) for those financial instruments as of December 31, 2016 and December 31, 2015.

in KEUR	Book value 12/31/2016	Fair value 12/31/2016	Book value 12/31/2015	Bair value as of 12/31/2015
Financial assets and other assets	790	790	440	440
Trade receivables	8,538	8,538	30,002	30,002
Cash loans to local authorities*	401,171	401,171	381,176	381,176
Loans to customers*	131,125	131,125	53,726	53,726
Other receivables owed by credit institutions*	12,328	12,328	1,752	1,752
Financial assets measured at fair value through profit or loss	1,234	1,234	790	790
Financial assets available for sale	514,335	514,335	130,572	130,572
Cash and cash equivalents	389,202	389,202	541,273	541,273
Trade payables	5,844	5,844	13,355	13,355
Financial liabilities measured at fair value through profit and loss	-	-	-	-
Financial liabilities measured at amortized cost	1,415,404	1,415,404	1,086,255	1,086,255

* In the interests of improving the transparency of the presentation of the balance sheet item pre-sented in the 2015 annual report as cash loans and receivables, this has been further broken down into the balance sheet items „cash loans: local authorities", „loans to customers" and „other receiv-ables owed by credit institutions".

The financial instruments measured at fair value through profit or loss solely comprise financial assets which are "held for trading".

The extent of the change in the fair value of a financial liability over the course of the reporting period as a result of changes in default risk exposure amounted to KEUR 0 (previous year: KEUR 0). The cumulated amount was KEUR 0 as of December 31, 2016 (previous year: KEUR 0).

Provided collateral

FinTech Group AG has provided collateral for the processing of finance brokering transactions of biw Bank which has been deposited with the clearing and depositary agents commissioned for that purpose. This deposited collateral largely comprises securities collateral. The book value of the provided collateral amounted to KEUR 44,786 as of December 31, 2016 (December 31, 2015: KEUR 38,194). The material transactions and the underlying contractual terms are as follows:

- A significant portion of the total amount is attributable to Eurex securities trading transactions. Two types of collateral, the socalled "clearing fund" and the "margin", are to be deposited in this context. The „clearing fund", which amounted to KEUR 5,000 as of December 31, 2016 (December 31, 2015: KEUR 5,001) represents the minimum amount of collateral which will be available to the Eurex in the event of a default on the part of a clearing member. The amount of the „margin" (December 31, 2016: KEUR 10,000; December 31, 2015: KEUR 10,001) will depend, in particular, on the level of risk involved in the transactions in question. The "margin" to be deposited serves as security for outstanding Eurex transactions, and is also intended to provide security against potential fluctuations in the market price. Eurex calculates the amount of the "margin" on a daily basis

- FinTech Group AG undertakes forward exchange transactions via two of its business partners. Fixed amounts of collateral must be furnished pursuant to contractual arrangements to that effect, as a means of hedging against the default risk arising in this connection. These amounted to KEUR 11,285 as of December 31, 2016 (December 31, 2015: KEUR 9,020).

- FinTech Group AG has obtained a line of credit from one of its business partners for securities transactions processed in foreign currencies in the amount of KEUR 18,501 (December 31, 2015: KEUR 14,172). Securities collateral in the amount of KEUR 18,501 (December 31, 2015: KEUR 14,172) is to be deposited in connection therewith. FinTech Group AG is able to dispose of the securities deposited as collateral at any time, however this would entail a corresponding reduction in the amount of the granted line of credit.

Held collateral

The FinTech Group does not hold any collateral in the form of financial or nonfinancial assets.

Net gains/net losses

The net gains/losses from financial instruments are as follows:

	Net gains		Net losses	
in KEUR	2016	2015	2016	2015
From financial assets or liabilities measured at fair value through profit or loss	3,303	2,666	244	18
From loans and receivables	3,941	-	1,124	1,153
Financial assets available for sale	183	90	15	257
Financial assets available for sale - Reclassification amount from equity to the profit and loss account	550	-	-	-

The net gains/losses from loans and receivables largely relate to changes in valuation adjustments and accruals of previously depreciated amounts.

The net gains/losses from financial assets available for sale, as well as financial assets or liabilities measured at fair value through profit or loss, largely relate to changes in market value, dividends and interest payments received.

Items of income, expense, profit or loss

The valuation adjustment expenses for each category of financial assets are as follows:

in KEUR	2016	2015
Loans and receivables	1,124	1,153
Financial assets available for sale	15	257

Note 34 Financial risk management

The Executive Board takes account of any emerging opportunities and potential risks in formulating its business and risk management strategies, amending these accordingly as necessary. The monitoring and management of risks is a central component of the corporate management tools deployed by FinTech Group AG.

FinTech Group AG continuously maintains a risk inventory – and, where necessary, updates this in line with recent events – which it uses to address risks to which it is exposed in the course of its business activities. These risks comprise the following risk categories with regard to financial instruments:

- Counterparty credit risk (also referred to as: default risk or credit risk): The risk of losses or forgone profits due to unexpected default by or unforeseeable deterioration in the creditworthiness of counterparties, in particular in the case of customers of FinTech Group AG and bond issuers.
- Market price risk: The risk of losses due to changes in market prices, in particular as a result of changes in interest rates.
- Liquidity risk: The risk of losses resulting from liquidity shortfalls.

FinTech Group AG carries out risk assessments with regard to these categories of risk on an ongoing basis, having regard to both measures taken to reduce its risk exposure and the existing equity situation of the Group.

The acquisition of XCOM AG in fiscal year 2015, and the associated acquisition of biw Bank, has had the effect of significantly broadening the risk profile of FinTech Group AG. The company has initiated steps – commencing in fiscal year 2015 – to modify risk management processes and systems in place within the Group in line with the broadened risk profile of Fintech Group AG on a uniform, Groupwide basis. As part of this endeavor, which the company plans to complete by 2017, any obsolete components of the existing risk management system will gradually be replaced with processes which are harmonized and consistent throughout the Group.

FinTech Group AG has designated a separate "Risk Management" department for the assessment, limitation and management of the aforementioned risks on an overall and comprehensive basis, and thereby assumes responsibility for the Groupwide

- Identification,
- Assessment,
- Management and
- Monitoring and communication

of risks. This department supplements the extensive precautionary measures taken by the FinTech Group AG with regard to the organization of its internal structures and procedures, which already ensure the incorporation, on a decentralized basis, of material risk management and control processes in the relevant banking contexts.

Default risk

Default risk generally arises in the context of every transaction entered into FinTech Group AG with one of its business partners, in particular in the case of trade receivables and also bonds in which FinTech Group AG has invested. The maximum extent of the credit and default risk is largely commensurate with the book value of the financial assets concerned. No items of collateral received by way or security or other forms of credit collateralization exist.

The need for valuation adjustments is analyzed on an individual basis where warranted in certain circumstances (where impairment triggers are present) and as of every balance sheet date. Valuation adjustments are carried out, for example, in the event that a business partner unexpectedly finds itself in financial difficulty.

Moreover, a number of receivables are divided into homogeneous groups and jointly examined for indications of a need for valuation adjustments. The calculation is carried out on the basis of historical data.

The maturity analysis with regard to trade receivables as of December 31, 2016 was as follows:

in KEUR	Total	Impaired receivables	Neither overdue nor impaired	Overdue, but not impaired		
				<31 days	31-60 days	>60 days
12/31/2016	**8,538**	**1,057**	**7,481**	**-**	**-**	**-**
12/31/2015	30,002	1,164	28,838	-	-	-

The terms of the value-adjusted receivables are as follows:

in KEUR	12/31/2016	12/31/2015
Up to 3 months	**1,057**	1,164
3-6 months	**-**	-

Cash loans and other receivables are subject to transactionspecific default risk and are analyzed on a daily basis.

Market price risk

FinTech Group AG has extensive customer deposits, which remain relatively stable over time. A not precisely contemporaneous investment of these deposits in the market and the resultant maturity transformation exposes FinTech Group AG to interest rate risk: Changes in market interest rates have a material impact on share prices and the valuation of financial instruments of FinTech Group AG, and may therefore have a positive or a negative effect on the Group's profitability.

An investment of its customer deposits in the market which is conservatively managed in temporal terms ("conservative active/passive management") enables FinTech Group AG to limit its interest rate risk, such that no hedging transactions are currently required. The FinTech Group AG management does, however, reserve the right to take measures should the interest rate situation change to its disadvantage or should the risk situation as whole require this.

The following table depicts the sensitivity of the consolidated profit before taxes and of the Group equity in the face of a possible change in the market interest rate of +0.5 percentage points or -0.5 percentage points, with the other variables remaining constant:

in KEUR	Change in market interest rate	Effect on earnings before taxes	Effect on equity
2016	+0.5 percentage points	21,272	94,129
2016	-0.5 percentage points	11,272	87,129
2015	+0.5 percentage points	841	85,206
2015	-0.5 percentage points	-5,159	86,506

The exposure of FinTech Group AG to the risk arising out of changes in exchange rates (currency risk) in connection with financial instruments is to be considered immaterial.

Liquidity risk

FinTech Group AG regularly monitors its liquidity situation. FinTech Group AG ensures the continuity of its sources of financing through the use of debt financing arrangements and operating lease agreements. FinTech Group AG has implemented measures to secure the financing of its ongoing expansion endeavors. FinTech Group AG has integrated socalled liquidity coverage ratios into its internal reporting structures to ensure regular monitoring of the risk of insufficient funding.

The following table contains a summary of the maturity profile of the financial liabilities:

in KEUR	12/31/2016		12/31/2015	
	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit and loss	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit and loss
Within one year	1,403,934	-	1,074,699	-
More than one year	11,470	-	11,556	-
Total	**1,415,404**	**-**	**1,086,255**	**-**

Risk concentration

Concentrations of risk are of relevance for FinTech Group AG, particularly with regard to possible accumulations of counterparty credit risks in the case of bond issuers or partners in the Group's lending business ("cluster risks"). FinTech Group AG has investment guidelines and a corresponding limit system in place which generally enables the avoidance of concentrations of risks. Furthermore, the credit portfolio model initiated in 2016 and the Group's risk reporting procedures enable countermeasures to be taken should it emerge that there is a possibility of risk concentrations. Possible risk concentration tendencies relating to particular maturities, the location of the headquarters of counterparties and asset classes, but also particularly in view of possible concentrations in the case of individual counterparties (outside of the central banking sector), are also monitored in this connection: No single receivable owed by an individual counterparty was in excess of the nominal amount of EUR 55 million as of the balance sheet date December 31, 2016 (previous year: EUR 20 million).

Capital management

The group's objectives with regard to capital management involve securing the continued operation of the company, with a view to ensuring the satisfaction of the requirements of its shareholders and other stakeholders in relation to the payments owed to them. FinTech Group avails itself of classical forms of equity (for example, by means of the issuance of new shares) and debt financing in this regard. The equity and borrowed capital in its entirety is managed as capital. The control parameter with regard to the strategic capital structure is the equity ratio resulting from the values disclosed on Annual report 2015 Consolidated Financial Statement 128 the consolidated balance sheet. The company's stated goal is to reinforce the equity ratio over the next few years, in order to enable the attainment of the capital management objectives over the long term. There were no material changes in the capital management context as compared to the previous year.

Individual subsidiaries were subject to the minimum capital requirements imposed by banking regulations during the reporting period. The associated requirements are directly taken into account in the capital management planning context at the group level. All existing minimum capital requirements have been satisfied on an ongoing basis.

Note 35

Fair value measurements

FinTech Group AG carries out fair value measurements of selected financial instruments on a regular or recurrent basis. These comprise all financial instruments allocated to the following categories within the meaning of IAS 39:

- Financial assets measured at fair value through profit or loss.
- Financial assets available for sale.
- Financial liabilities measured at fair value through profit or loss.

All financial instruments allocated to one of these categories are to be assigned to Level 1 of the fair value hierarchy.

FinTech Group AG carries out fair value measurements on a one-off basis or in response to the occurrence of certain events in the following accounting scenarios:

- Measurement of the discontinued operations as of December 31, 2016 at their fair value less disposal costs in accordance with IFRS 5: The fair value is a non-observable parameter which is calculated using the DCF method and is in this respect to be assigned to Level 3 of the fair value hierarchy. The fair value of the three discontinued areas of operation is calculated using the capital valueoriented direct cash flow forecasting method, and applying an interest rate of 10.35% (WACC as of December 31, 2016). The following parameters were additionally applied in the case of three of the discontinued areas of operation:
- "Aktionärsbank": The duration of the estimated future payment flows is less than 1 year, with assumed perpetuity thereafter. The amount of the estimated payment flows is KEUR 5,000.
- "XCOMpetence": The duration of the estimated future payment flows is less than 1 year, with assumed perpetuity thereafter. The amount of the estimated payment flows is KEUR 0.
- „flatex&friends": The duration of the estimated future payment flows is 3 years, with assumed perpetuity thereafter. The amount of the estimated payment flows is KEUR -370.

The fair value of the cash loans and receivables and the financial liabilities measured at amor-tized cost is largely commensurate with their book value. The fair value to be disclosed in this context for information purposes is to be allocated to Level 3 of the fair value hierarchy. The input factors for the fair value of the receivables and the financial liabilities are the prices agreed upon for the individual transactions as between FinTech Group AG and its contractual partners.

Note 36
Dividends

FinTech Group AG did not record any payments of dividends to owners during the reporting period.

Note 37
Earnings per share

Earnings per share (undiluted)

The undiluted earnings per share are calculated by ascertaining the ratio in question on the basis of the share of the profit to which the shareholders of the parent company are entitled and the average number of issued shares during the fiscal year. With regard to the reporting of the earnings per share for fiscal 2015 and 2016, it should be noted that, as a result of the issuance of new shares in the context of capital increases over the course of the year, the calculation requires the weighting on a pro rata basis of the number of the outstanding shares.

	2016	**2015**
Number of issued shares as of January 1	**16,810,876**	15,394,815
Treasury shares as of January 1	**-**	-
Number of issued shares outstanding as of January 1	**16,810,876**	15,394,815
Number of shares issued in the fiscal year	**-**	1,416,061
Average weighted number of issued shares outstanding	**16,810,876**	15,862,998

in KEUR/number	**2016**	**2015**
Gains attributable to the parent company	20,283	13,598
Gains from discontinued operations attributable to the parent company	-7,967	-15,756
Total	12,316	-2,159
Average weighted number of issued shares outstanding	16,810,876	15,862,998

The undiluted earnings per share from continuing and discontinued operations which are attributable to the shareholders of the parent company are as follows (in EUR per share):

	12/31/2016	**12/31/2015**
Undiluted earnings per share		
From continuing operations	1.21	0.86
From discontinued operations	-0.47	-0.99

Earnings per share (diluted)

There were no diluted earnings per share in the 2016 fiscal year. The impact of the stock option plan was taken into consideration in calculating the diluted earnings per share for fiscal year 2015 (cf. the terms of the stock option plan under Note 28). The number of shares to be issued is decided at the employer's discretion. Thus, the following potential shares within the meaning of IAS 33 were taken into account in calculating the diluted earnings

	2016	2015
Average weighted number of issued shares outstanding	**16,810,876**	15,862,998
Adjustments in the stock option plan	-	-
Average weighted number of shares for the diluted earnings per share	16,810,876	15,862,998

in KEUR/number	2016	2015
Gains attributable to the parent company	20,283	13,598
Gains from discontinued operations attributable to the parent company	-7,967	-15,756
Total	12,316	-2,159
Average weighted number of issued shares outstanding	16,810,876	15,862,998

The diluted earnings per share from continuing and discontinued operations which are attributable to the shareholders of the parent company are as follows (in EUR per share):

	12/31/2016	12/31/2015
Diluted earnings per share		
From continuing operations	1.21	0.86
From discontinued operations	-0.47	-0.99

Note 38

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 accordingly not described in the disclosure contained in these Notes. Details of business transactions as between the Group and other related companies/persons are given below.

FinTech Group AG for its part is controlled by GfBk Gesellschaft für Börsenkommunikation mbH, which is in turn controlled by the ultimate parent company, BFF Holding GmbH, the sole shareholder of which 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.

Directors and persons related thereto in 2016:

- Frank Niehage and his family

Directors and persons related thereto in 2015:

- Frank Niehage and his family

Members of the Supervisory Board and persons related thereto in 2016:

- Martin Korbmacher (Chairman) and his family
- Bernd Förtsch (Deputy Chairman) and his family
- Herbert Seuling and his family (from May 1, 2016 onwards)
- Achim Lindner and his family (until April 30, 2016)

Members of the Supervisory Board and persons related thereto in 2015:

- Martin Korbmacher (Chairman) and his family
- Bernd Förtsch (Deputy Chairman) and his family
- Achim Lindner and his family

The members of the Supervisory Board of FinTech Group AG receive only fixed remuneration on an ongoing basis. The amounts thereof are as follows:

in EUR	2016	2015
Martin Korbmacher	**35,700**	35,700
Achim Lindner	**8,925**	26,775
Bernd Förtsch	**17,850**	17,850
Herbert Seuling	**17,850**	-

The members of the Executive Board of FinTech Group AG receive fixed and variable remuneration on an ongoing basis. The amounts thereof are as follows:

in EUR	2016	2015
Frank Niehage	**500,000 (fixed) 350,000 (variable)**	500,000 (fixed) 100,423 (variable)

Mr. Frank Niehage also received share-based remuneration in the amount of 0 stock options (previous year: 600,000 stock options).

No payments upon the expiration of their employment contracts have been agreed upon with the members of the Supervisory Board and Executive Board.

Furthermore, the following related persons served on the supervisory boards of subsidiaries of the Group and received the following remuneration therefor:

XCOM AG (in EUR)	2016	2015
Frank Niehage (Chairman)	**48,675**	16,269
Martin Korbmacher	**36,506**	16,336
Bernd Förtsch	**24,338**	8,135

BIW Bank für Investments und Wertpapiere AG (in EUR)	2016	2015
Frank Niehage (Chairman)	**59,500**	40,427
Martin Korbmacher	**3,780**	7,499
Stefan Müller	**-**	6,301

Moreover, further business transactions were entered into with related companies or persons in the fiscal year 2016:

• The company Event Horizon Capital & Advisory GmbH (shareholder: Martin Korbmacher) realized revenues in the amount of KEUR 239 in the 2016 fiscal year (previous year: KEUR 232) in conjunction with the Group (parent company: KEUR 239; subsidiaries: KEUR 0). These were largely the result of M&A activities.

• Förtsch Grundstücksverwaltung GbR (shareholders: Bernd and Michaela Förtsch) has leased office premises in Kulmbach to the Group (parent company: KEUR 0; subsidiaries: KEUR 97). The rental expense in 2016 amounted to KEUR 97 (previous year: KEUR 95).

• designhouse Gesellschaft für Kommunikationskonzepte mbH, Kulmbach (shareholder: Bernd Förtsch) realized revenues in the amount of KEUR 477 in the 2016 fiscal year (previous year: KEUR 234) in conjunction with the Group (parent company: KEUR 64; subsidiaries: KEUR 413). These were largely the result of the onward invoicing of centrally booked TV ads and the development of marketing concepts.

• Börsenmedien AG, Kulmbach (majority shareholder: Bernd Förtsch) realized revenues in the amount of KEUR 533 in the 2016 fiscal year (previous year: KEUR 925) in conjunction with the Group (parent company: KEUR 7; subsidiaries: KEUR 526). These were largely the result of the invoicing of advertising space in diverse print and online media.

• Heliad Equity Partners GmbH & Co. KGaA, Frankfurt (indirectly controlled by Bernd Förtsch), granted FinTech Group AG a loan in 2015 to finance the restructuring of the Group (parent company). Interest expense in the amount of KEUR 10 accrued on this loan in the 2016 fiscal year (2015: KEUR 524). The full amount of the loan was repaid in January 2016.

• The Group (parent company: KEUR 21; subsidiaries: KEUR 0) realized further revenues in the amount of KEUR 21 in conjunction with related companies of Bernd Förtsch in the 2016 fiscal year (2015: KEUR 344). These largely relate to invoices for services with regard to the marketing of share price data.

• Panthera Capital AG, Frankfurt (indirectly controlled by Bernd Förtsch), as an outsourcing partner of CeFDex GmbH, had provided the latter with a banking system for the trading and processing of CfDs from 2008 until 2015. The costs accruing in connection with the provision of development and operational services, plus a lumpsum handling fee, were invoiced to CeFDex GmbH in accordance with the contract between the two companies (2015: KEUR 1,958).

• Applab GmbH, Kulmbach (shareholder: Bernd Förtsch), did not have any revenues in fiscal year 2016 in conjunction with the Group (parent company: KEUR 0, subsidiaries: KEUR 12).

• Finlab AG, Frankfurt (indirectly controlled by Bernd Förtsch), has not leased any office premises in Frankfurt to the Group in 2016 (2015 amounted to KEUR 10)

• Finlab AG, Frankfurt (indirectly controlled by Bernd Förtsch), realized revenues in the amount of KEUR 29 in fiscal year 2015 (2014: KEUR 0) in conjunction with the Group (parent company).

• FinTech Group received an undertaking from Mr. Bernd Förtsch on November 23, 2012 to the effect that the former is at all times financially in a position to meet all of its obligations on time, that the occurrence of insolvency and indebtedness will generally be avoided and that its creditors will under all circumstances definitively retain any amounts paid to them (for example, also in the case of a contesting of the transactions undertaken by the insolvent party, to the detriment of its creditors, prior to the commencement of insolvency proceedings). Mr. Bernd Förtsch has terminated the comfort letter in 2016. Any claims legally accruing up to the date of the receipt of such declaration of revocation will remain covered by this comfort letter even in the case of such revocation.

As of December 31, 2016, the Group had receivables in the amount KEUR 3 (2015: KEUR 0) and no liabilities (2015: KEUR 2) to related companies. Furthermore, a number of related persons/companies maintained accounts and securities deposit accounts with biw AG. All such transactions (securities transactions and those relating to the lending/deposit business) were processed at arm's length.

Note 39 Auditor's fees

The components of the total fee invoiced by the auditor of the consolidated financial statement are as follows:

in KEUR	2016	2015
Audit of the financial statements	**414**	375
Other assurance services	-	-
Tax advisory services	-	-
Other services	-	-

Note 40 Events occurring after the balance sheet

Changes in the Composition of the Executive Board of FinTech Group AG

FinTech Group AG has appointed Muhamad Said Chahrour a member of the Executive Board with effect as of January 1, 2017. He will assume the position of Chief Financial Officer (CFO).

Changes in the Composition of the Supervisory Board of FinTech Group AG

With effect as of January 30, 2017, Mr. Bernd Förtsch resigned as a member of the Supervisory Board of FinTech Group AG. Mr. Stefan Müller was appointed to the Supervisory Board as his replacement

Changes in the Corporate Group pursuant to Corporate Law

A number of changes to the corporate group of FinTech Group AG were made public by way of announcement on February 2, 2017.

In the 2017 fiscal year, FinTech Group AG intends to leverage further synergies by consolidating the current five operating Group companies into two companies: A financial unit and a technology unit. This should enable it to make considerable savings in the singledigit million-euro range on its annual material costs. It also expects to implement changes in the segment allocation context.

No other materially significant events occurred in the run up to the preparation of consolidated financial statement of FinTech Group AG.

Independent Auditor's Report

Note: This is a convenience translation of the German text contained in the Appendix 4a of IDW PS 400. Solely the original text in German language is authoritative.

To the FinTech Group AG

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of FinTech Group AG, Frankfurt/Main and its subsidiaries, which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and notes to the consolidated financial statements for the business year from 1st January 2016 to 31st December 2016.

Management's Responsibility for the Consolidated Financial Statements

The management of FinTech Group AG is responsible for the preparation of these consolidated financial statements. This responsibility includes preparing these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and the supplementary requirements of German law pursuant to § [Article] 315a Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code], to give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The company's management is also responsible for the internal controls that management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) as well as in supplementary compliance with International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

Pursuant to § 322 Abs. 3 Satz1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.
In our opinion, based on the findings of our audit, the consolidated financial statements comply in all material respects with IFRSs as adopted by the EU and the supplementary requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at 31th December 2016 as well as the results of operations for the business year then ended, in accordance with these requirements.

Report on the Group Management Report

We have audited the accompanying group management report of FinTech Group AG for the business year from 1st January 2016 to 31st December 2016. The management of FinTech Group AG is responsible for the preparation of the group management report in compliance with the applicable requirements of German commercial law pursuant to § [Article] 315a Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code]. We are required to conduct our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the group management report promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we state that our audit of the group management report has not led to any reservations.

In our opinion, based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements, complies with legal requirements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, May 11, 2017

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Otte	signed Streicher
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)