

Press release

Volume of transactions in 2016

Digital revolution in mortgage finance: volume of transactions on the marketplace grows significantly

Berlin, 20 January 2017: The overall market for mortgage finance was smaller in 2016 than in the previous year. In contrast, the EUROPACE marketplace generated growth and thus significantly increased its market share.

For Germany's private housing market, 2016 was characterised by further price rises and a slight increase in completions. This fundamentally very positive market environment for home loans was overtaken by two major events, however. The Mortgage Credit Directive, which came into force in the spring, caused the overall market volume to contract sharply in April and May. Then in November 2016, the market picked up on the back of the first interest-rate hike in 18 months. Although the figures for December from Deutsche Bundesbank are not out yet, the overall market volume in 2016 is likely to be roughly 5 per cent down on the previous year's record volume (2015: €244 billion). "The declining volume in the mortgage finance market as a whole shows that the necessary framework for increasing the supply of housing is not being put in place, despite the shortfall in Germany now standing at around one million homes," says Ronald Slabke, Chief Executive Officer of Hypoport AG.

EUROPACE generated a transaction volume of €44.7 billion across all product segments in 2016 and thus grew approximately 15 per cent* faster than the market as a whole. Partners from all banking groups benefited once again from this rapid expansion. The Savings Banks Finance Group achieved a transaction volume of €3.6 billion in its role as a product supplier and therefore saw its new digital business grow by about a third. The institutions in the cooperative financial network, which notched up a transaction volume of €2.7 billion, also increased their involvement in technology-based mortgage finance. "Our marketplace's strong growth shows that advisors and product suppliers in the mortgage finance sector can no longer avoid using digitalised processes, especially since the introduction of the Mortgage Credit Directive," comments Slabke.

Alongside the gain in market share attributable to neutral financial product distributors, which again supported the growth of EUROPACE in 2016, the use of EUROPACE by banks' and savings banks' own-account distributors is continuing to gain in importance. In 2016, FINMAS significantly increased the volume of business concluded via EUROPACE on the basis of advice provided by the Savings Banks Finance Group to a total of €1.5 billion (of which Q4: €0.4 billion). GENOPACE made similar gains with the cooperative financial network, with whom the volume of business arranged using EUROPACE technology was increased to €1.0 billion (of which Q4: €0.3 billion).

	Q4 2016	FY 2016
Volume of EUROPACE transactions	€11.5 billion	€44.7 billion
of which: Savings Banks Finance Group	€0.9 billion	€3.6 billion
of which: cooperative financial network	€0.7 billion	€2.7 billion

* The transaction numbers for 2015 are not fully comparable due to the switch to a different recognition method on 21 March 2016. All figures on the volume of financial products processed include cancellations and, consequently, cannot be compared directly with the revenue figures shown, which exclude subsequent cancellations (see pages 9 and 23 of the Q3 2016 interim report).

Neither the revenue nor the earnings generated by Hypoport can be directly extrapolated from the transaction figures given above.

About Hypoport AG

The Hypoport Group is a technology-based financial service provider. The business model is based on its three mutually supporting business units: Private Clients, Financial Service Providers, and Institutional Clients. All three units are engaged in the distribution of financial services, facilitated or supported by finance-technology ('fintech'). As a wholly-owned subsidiary of Hypoport, Europace AG develops and operates the web-based EUROPACE financial marketplace, which is Germany's largest platform for mortgages, building finance products and personal loans. A fully integrated system links more than 350 partners – banks, insurers and financial product distributors. Several thousand users execute some 35.000 transactions worth a total of up to €4 billion on EUROPACE every month.

The Hypoport subsidiary Dr. Klein & Co. AG is an independent online distributor of financial products. This firm's specialists provide private clients with a full range of advisory services around mortgage finance, insurance and retirement planning. DR. KLEIN Firmenkunden AG has been a major financial service partner to housing companies and commercial property investors since 1954. Hypoport AG is headquartered in Berlin, employs about 800 people and is listed in the Prime Standard of the Frankfurt Stock Exchange. At the end of 2015 Hypoport was admitted to the SDAX.

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