HYPOPORT
THE FINANCE INTEGRATOR

Interim report of Hypoport AG
for the period ended 31 March 2015

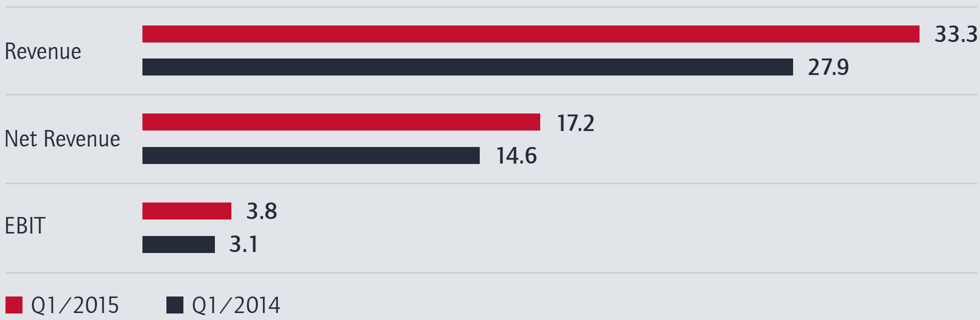
Berlin, 5 May 2015

Key performance indicators

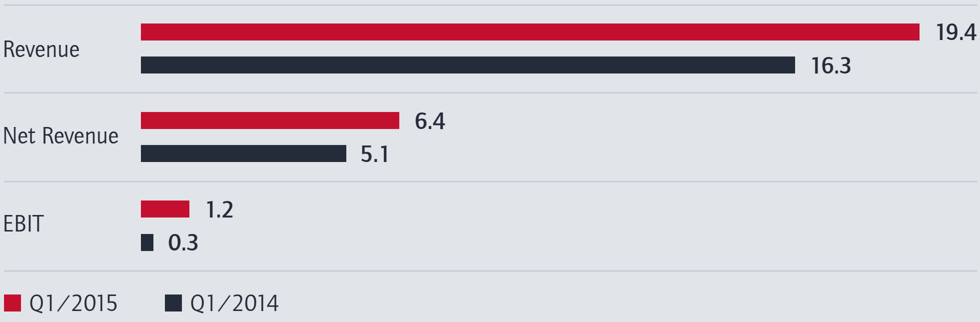
Financial performance (€'000)	1 Jan – 31 Mar 2014	1 Jan – 31 Mar 2015	Change
Revenue	27,894	33,322	19%
Gross profit	14,574	17,186	18%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4,252	5,133	21%
Earnings before interest and tax (EBIT)	3,127	3,825	22%
EBIT margin (EBIT as a percentage of gross profit)	21.5	22.3	4%
Net income for the year	2,681	3,035	13%
attributable to Hypoport AG shareholders	2,605	3,048	17%
Earnings per share (€)	0.42	0.50	19%

Financial position (€'000)	31 Dec 2014	31 Mar 2015	
Current assets	41,025	38,168	-7%
Non-current assets	39,387	39,236	0%
Equity	38,852	41,390	7%
attributable to Hypoport AG shareholders	38,588	41,139	7%
Equity ratio (%)	48.3	53.5	11%
Total assets	80,412	77,404	-4%

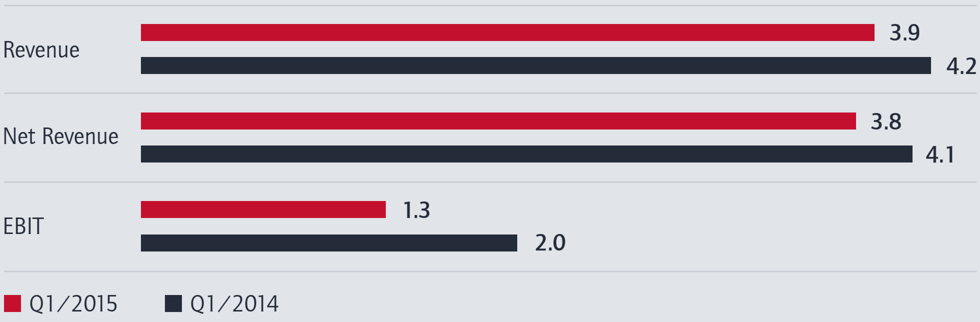
Hypoport Group
Revenue, Net Revenue and EBIT (€ million)



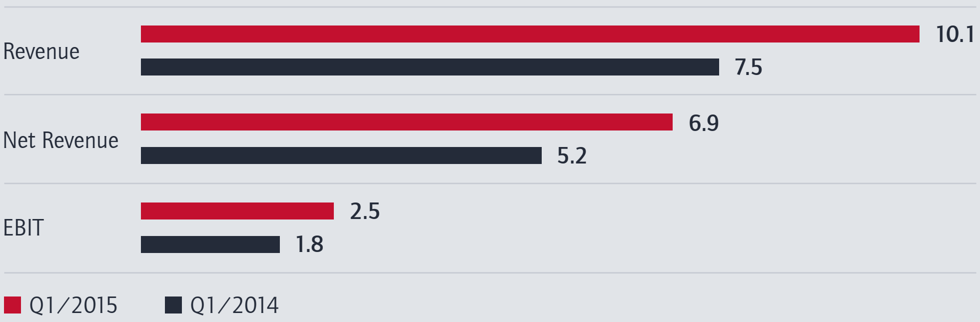
Privat Clients
Revenue, Net Revenue and EBIT (€ million)



Institutional Clients Business Unit
Revenue, Net Revenue and EBIT (€ million)



Financial Service Providers
Revenue, Net Revenue and EBIT (€ million)



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Letter to shareholders

Dear shareholder,

Even in the wake of the best financial year since the establishment of the Group, Hypoport remains on track and has made a strong start to 2015. Our Group continues to win through in the highly competitive mortgage finance market and is performing well in the still volatile insurance market. In the first three months of the year, total revenue from its three business units (Private Clients, Financial Service Providers and Institutional Clients) rose by 19 per cent to €33.3 million, while earnings before interest and tax (EBIT) advanced by 22 per cent to €3.8 million compared with the same quarter in 2014.

Yet again, the Private Clients business unit increased its share of the mortgage finance market segment, achieving a sharp rise of 31 per cent in the total volume of new loans brokered in the first quarter. In the challenging insurance market, the business unit reported further growth in its portfolio and benefited from the increasing level of automation in transaction processing. As a result of this growth in both product segments, particularly in its strong loans brokerage business, the Private Clients business unit achieved double-digit revenue growth. Earnings before interest and tax (EBIT) grew to €1.2 million in the first three months of the year.

The Financial Service Providers business unit continued to expand its market share in the mortgage finance sub-segment. As a result, the volume of transactions processed via the EUROPACE platform hit a new quarterly record of €11.1 billion. At the same time, the EUROPACE financial marketplace, the GENOPACE online transaction platform for credit cooperatives and mutually owned banks and the FINMAS financial marketplace for the members of the Savings Banks Finance Group all signed up new partners. The business unit's total EBIT of €2.5 million represented a record high.

The Institutional Clients business unit put in a robust performance in the first quarter and increased its volume of new business despite a lack of stimulus from interest rates. At the same time, the unit expanded its product range and invested in establishing new business areas. The lower number of big-ticket deals compared with the very strong first quarter of 2014 was within the volatility range in the business model, but resulted in a dip in revenue and earnings. The business unit contributed €1.3 million to consolidated EBIT.

Based on the strong start to the year in all three business units, the Management Board has revised its earnings forecast for 2015.

Hypoport now anticipates that its revenue for 2015 will grow at a low double-digit rate. The Group also expects to widen its EBIT margin and, consequently, to achieve disproportionately strong earnings growth.

Kind regards,

Ronald Slabke
Chief Executive Officer

Management report

Business and economic conditions

Macroeconomic environment

The macroeconomic environment has not changed significantly since we reported on it in the 2014 Hypoport AG annual report (pages 16 and 17).

Conditions in the financial services sector

Conditions in the financial services sector have not changed significantly since we reported on them in the 2014 Hypoport AG annual report (pages 17 to 21).

The early onset of construction activity owing to the mild weather has provided a further boost for the mortgage finance business. Some banks and insurance companies are planning further growth in mortgage finance and are offering particularly competitive terms and conditions.

Low interest rates make building finance products unattractive in the savings phase. Because consumers do not currently believe that the interest rates payable on loans will rise above the present level offered on home savings, there is little demand for building finance purely as an interest-rate hedging instrument. Building finance agreements are only useful as long-term hedges in conjunction with new, long-term loans.

The market for private insurance products is challenging because it remains under severe regulatory pressure, such as the reduction in guaranteed returns and the cap on commissions earned from life insurance. The impact of low interest rates on endowment insurance returns and health insurance premiums continues to keep demand for endowment life insurance and private health insurance to a minimum.

In the absence of any stimulus from interest rates, the commercial real-estate finance market remains lethargic.

Business performance

In the first quarter of 2015, Hypoport generated double-digit growth in both revenue and earnings before tax and interest (EBIT), with consolidated revenue advancing by 19 per cent to €33.3 million (Q1 2014: €27.9 million and EBIT increasing by 22 per cent to €3.8 million (Q1 2014: €3.1 million).
Chart: Revenue, gross profit and EBIT (Hypoport Group)

The figures for revenue and selling expenses stated below include revenue and selling expenses shared with other segments of the Hypoport Group.

Private Clients business unit

The Private Clients business unit further increased its share of the mortgage finance market in the first quarter, achieving a 39 per cent increase in volume to €1.8 billion. In addition, branch-based sales under the Dr. Klein brand gained access to additional customers as a result of top ratings in product tests and press reports, with a sharp rise in online leads received. The number of loan brokerage advisors also increased by 7 per cent to 424 in the first quarter of 2015 (31 December 2014: 397 advisors).

The Private Clients business unit made good progress in further expanding its insurance portfolios. The unit generated overall portfolio growth of 5 per cent in the first three months of the year, taking the total portfolio to €116.1 million (31 December 2014: €110.7 million). This growth was largely achieved in the long-term and high-margin property, indemnity, accident and vehicle insurance segment. Because the unit focused on insurance advisors who had succeeded in long-term portfolio management, the number of advisors slipped by 6 per cent to 250 (31 December 2014: 266 advisors). Moreover, the increasing level of automation in insurance sales and portfolio processes resulted in further efficiency gains.

Financial figures Private Clients	Q1 2014	2014	Q1 2015	Change
Transaction volume (billion €)				
Financing	1.48		1.94	31%
Mortgage finance	1.4		1.8	39%
Personal loan	0.075		0.047	-37%
Bausparen	0.054		0.054	0%
Number of franchise advisors (financing)		397	424	7%
Insurance policies under management				
Insurance policies u. m. (total)		110.7	116.1	5%
Insurance policies u. m. (life insurance)*		58.1	60.1	3,5%
Insurance policies u. m. (private health insurance)		30.9	32.2	4,4%
Insurance policies u. m. (SHUK)		21.8	23.8	8,8%
Number of franchise advisors (insurance)		266	250	-6%
Revenue and earnings (million €)				
Revenue	16.3		19.4	19%
Gross profit	5.1		6.4	24%
EBIT	0.3		1.2	288%

* adjusted for simple financial products

In the Private Clients business unit, selling expenses are attributable to commission paid to distribution partners (e.g. branch-based advisors) and the cost of acquiring leads. Gross profit comprises the difference between selling expenses and the commission paid by product suppliers.

Total selling expenses rose by 16 per cent to €13.0 million in the first quarter of 2015 (Q1 2014: €11.2 million). The gross profit generated by the Private Clients business unit improved by 25 per cent to €6.4 million (Q1 2014: €5.1 million).

Financial Service Providers business unit

The volume of transactions in the Financial Service Providers business unit reached a record level in the first three months of 2015, rising to €11.1 billion (Q1 2014: €8.5 billion), a year-on-year jump of 31 per cent.

The sharpest rise in the volume of new loans brokered was in the mortgage finance segment where the volume rose by 37 per cent to €8.9 billion (Q1 2014: €6.5 billion). The volume of building finance grew by 15 per cent to €1.9 billion (Q1 2014: €1.6 billion). The volume of transactions in the highly competitive personal loans market rose by 9 per cent to €434 million (Q1 2014: €400 million), boosted by the wide range of product suppliers on EUROPACE.

The number of EUROPACE partners increased by 5 per cent to 97 (31 December 2014: 92 partners). Thirteen of the top 25 savings banks use FINMAS, while GENOPACE numbers fifteen of the top 25 credit cooperatives and mutually owned banks among its contractual partners.

Financial figures Financial Service Providers	Q1 2014	2014	Q1 2015	Change
Transaction volume (billion €)				
total	8.5		11.1	31%
Mortgage finance	6.5		8.9	37%
Bausparen	1.6		1.9	15%
Personal loan	0.4		434	9%
Partners (number)				
Europace (incl. Genopace + Finmas)		291	301	3%
Genopace		116	119	3%
Finmas		92	97	5%
Revenue and earnings (million €)				
Revenue	7.5		10.1	35%
Gross profit	5.2		6.9	35%
EBIT	1.8		2.5	36%

The Financial Service Providers business unit is making good progress on the continuous expansion of its market share. In the first quarter of 2015 it generated revenue growth of 35 per cent resulting in revenue of €10.1 million (Q1 2014: €7.5 million).

Earnings before interest and tax hit a record high, with EBIT rising by 36 per cent overall to €2.5 million (Q1 2014: €1.8 million). The Financial Service Providers business unit's EBIT margin climbed to 24 per cent.

Institutional Clients business unit

The volume of new loans brokered by the Institutional Clients business unit for German housing companies and commercial property investors in the first quarter of 2015 rose by 14 per cent to €497 million (Q1 2014: € 436 million). Despite the lack of stimulus from interest rates, the volume of new business grew strongly, rising by 21 per cent to €418 million (Q1 2014: €345 million). In the same period, the unit's volume of loan renewals declined by 13 per cent to €79 million (Q1 2014: €91 million). The volume of loan renewals was lower because of the term structure of the loan portfolio under management.

Financial figures Institutional Clients	Q1 2014	Q1 2015	Veränderung
Transaction volume (million €)			
Brokered loans (total)	436	497	14%
New business	345	418	21%
Renewals	91	79	-13%
Consulting revenue (million €)	1.6	1.2	-26%
Revenue and earnings (million €)			
Revenue	4.2	3.9	-7%
Gross profit	4.1	3.8	-8%
EBIT	2	1.3	-32%

The revenue generated by the Institutional Clients business unit edged down by 7 per cent to €3.9 million in the first three months of the year (Q1 2014: €4.2 million), while EBIT was down by 32 per cent to €1.3 million (Q1 2014: €2.0 million). These declines were attributable to increased costs resulting from the establishment of new product segments and the lower number of big-ticket deals compared with the very strong first quarter of 2014.

Earnings

The significant upward trend in the Hypoport Group's earnings that had been evident since the first quarter of 2014 gathered further momentum in the first quarter of 2015.

Against the backdrop of the operating performance described above, EBITDA rose significantly from €4.3 million to €5.1 million and EBIT climbed from €3.1 million to €3.8 million.

Consequently, the EBIT margin (EBIT as a percentage of gross profit) rose from 21.5 per cent to 22.3 per cent.

Revenue and earnings (million €)	1 Jan – 31 Mar 2014	1 Jan – 31 Mar 2015	Change
Revenue	27.9	33.3	19%
Gross profit	14.6	17.2	18%
EBITDA	4.3	5.1	21%
EBIT	3.1	3.8	22%
EBIT margin (EBIT as percentage of gross profit)	21.5	22.3	4%

Own work capitalised

In the first quarter of 2015, the Company continued to attach considerable importance to investing in the further expansion of its B2B financial marketplaces. It also invested further in new advisory systems for end customers and distributors. This capital expenditure forms the basis for future growth in its three business units, Financial Service Providers, Private Clients and Institutional Clients.

Hypoport invested a total of €1.9 million in the development of its marketplaces and advisory systems in the first three months of 2015 (Q1 2014: €1.8 million). Hypoport continues to invest heavily in its forward-looking projects as part of these activities. Of this total, €1.0 million was capitalised (Q1 2014: €1.1 million) and €0.9 million was expensed as incurred (Q1 2014: €0.7 million). These amounts represent the pro-rata personnel expenses and operating costs attributable to software development.

Other income and expenses

Other operating income essentially comprised employee contributions of €0.2 million (Q1 2014: €0.1 million) to vehicle purchases.

Personnel expenses rose in line with salary increases and because the number of employees rose from to 575 from 568 at the end of the first quarter of 2014.

The breakdown of other operating expenses is shown in the table below.

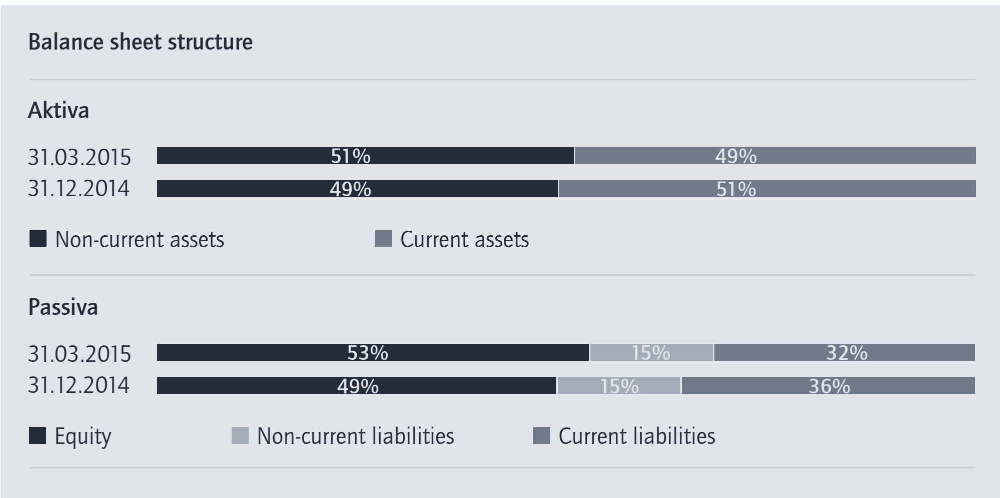
Other operating expenses	1 Jan – 31 Mar 2015 € million	1 Jan – 31 Mar 2014 € million
Operating expenses	1.3	1.4
Other selling expenses	0.7	0.7
Administrative expenses	1.4	1.0
Other personnel expenses	0.1	0.1
Other expenses	0.3	0.2
	3.8	**3.4**

The operating expenses consisted mainly of building rentals of €0.5 million (Q1 2014: €0.5 million) and vehicle-related costs of €0.3 million (Q1 2014: €0.3 million). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €0.8 million (Q1 2014: €0.5 million) and legal and consultancy expenses of €0.2 million (Q1 2014: €0.1 million). The other personnel expenses mainly consisted of training costs of €0.1 million (Q1 2014: €0.1 million).

The net finance costs primarily included interest expense and similar charges of €0.1 million incurred by the drawdown of loans and the use of credit lines (Q1 2014: €0.1 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 31 March 2015 amounted to €77.4 million, which was 4 per cent down on the total as at 31 December 2014 (€80.4 million).



Non-current assets totalled €39.2 million (31 December 2014: €39.4 million). This amount included goodwill which, at an unchanged €14.8 million, remained the largest single item.

Current other assets essentially comprised commission of €2.1 million paid in advance to distribution partners (31 December 2014: €2.2 million).

The equity attributable to Hypoport AG shareholders as at 31 March 2015 grew by €2.6 million, or 6.6 per cent, to €41.1 million. The equity ratio improved from 48.3 per cent to 53.5 per cent owing to the Hypoport Group's net profit and the contraction in its total assets.

Other current liabilities mainly comprised commissions received in advance totalling €1.1 million (31 December 2014: €1.3 million) and deferred income of €1.1 million (31 December 2013: €0.3 million).

Total financial liabilities fell by €1.1 million to €14.8 million largely as a result of scheduled loan repayments.

Cash flow

Cash flow grew by €0.6 million to €4.4 million during the reporting period. This increase was largely attributable to the substantial year-on-year improvement in the net profit reported for the quarter. The total net cash generated by operating activities as at 31 March 2015 amounted to €3.4 million (31 March 2014: net cash outflow of €1.1 million). The cash used for working capital fell by €3.9 million to €1.0 million (31 March 2014: €4.9 million).

The net cash outflow of €1.6 million used by investing activities (31 March 2014: net outflow of €1.4 million) stemmed primarily from capital expenditure of €1.2 million on non-current intangible assets (31 March 2014: €1.3 million).

The net cash outflow of €1.7 million used by financing activities (31 March 2014: net outflow of €1.7 million) largely related to scheduled loan repayments of €1.2 million (31 March 2014: €1.7 million).

Cash and cash equivalents as at 31 March 2015 totalled €12.2 million, which was €0.1 million higher than at the beginning of the year.

Cash and cash equivalents at the end of the period consisted exclusively of cash on hand and at banks.

Capital expenditure

Most of the capital investment was spent on refining the EUROPACE financial marketplaces. There was also further capital expenditure on new advisory systems for end customers and distributors.

Employees

The Hypoport Group employed 575 people as at 31 March 2015 (31 March 2014: 568 people). Total headcount increased by 14 people compared with the end of 2014 (31 December 2014: 561 employees).

Hypoport's shares

In the first three months of 2015, the price of Hypoport's shares moved sharply upwards. After opening at €13.65 on 1 January 2015, the share price fell to €12.23 on 9 January 2015, its lowest level in the first quarter. From mid-February, the shares steadily gained in value until the end of March when they reached their highest price of €19.64 on the last day of the quarter.

Performance of Hypoport's share price (daily closing prices on Frankfurt Stock Exchange, Euro)

The Company reported earnings of €0.50 per share for the first quarter of 2015 (Q1 2014: €0.42).

Analyst	Recommendation	Target price	Date
Oddo Seydler Bank	Buy	21.00 €	17.03.2015
Montega	Buy	23.00 €	10.03.2015
Montega	Buy	18.50 €	24.02.2015
Oddo Seydler Bank AG	Buy	17.00 €	30.01.2015

Outlook

Our forecast for the macroeconomic environment has not changed significantly since we presented it in the 2014 Hypoport AG annual report (pages 16 and 17).

The spring report published by leading German economic research institutes attributes a much higher rate of economic growth to Germany in 2015, and has revised the forecast for GDP growth upwards from 1.2 per cent to 2.1 per cent. A growth rate of 1.8 per cent is expected for 2016. These optimistic predictions were prompted by factors such as positive consumer spending data, falling unemployment and rising wages.

The ECB's benchmark interest rate is expected to remain at its record low of 0.05 per cent for the time being and to have little effect on economic growth. The market is experiencing a greater impact from the ECB's bond-buying programme, during which it will buy bonds to the value of €60 billion every month until September 2016. The programme is directly affecting government-bond yields and consequently covered-bond yields and mortgage interest rates. As a result, the best interest rate for a fixed-interest period of ten years has fallen to just below 1.0 per cent. In the short term, interest rates are expected to remain static with minor fluctuations but mortgage rates are expected to rise in the long term.

The implementation of the Mortgage Credit Directive into German law (effective from March 2016) is still at the consultation stage but is expected to bring about significant changes in the market for selling mortgage finance.

The low-interest rate environment is also adversely affecting the insurance product segment, particularly life insurance and private health insurance. The industry remains under extreme regulatory pressure, including the requirement to implement the Solvency II Directive by 1 January 2016.
The Hypoport Group made a strong start to 2015. On 21 April 2015, the Group released an ad-hoc disclosure raising its earnings forecast.

Hypoport now anticipates that its revenue for 2015 will grow at a low double-digit rate. It also expects to widen its EBIT margin and, consequently, to achieve disproportionately strong earnings growth.

This management report contains statements about economic and political developments as well as the future performance of the Hypoport Group. These statements are assessments that we have reached on the basis of the information available to us at the present time. If the assumptions underlying these assessments do not prove to be correct or if other risks emerge, the actual results could deviate from the outcome we currently expect.

Interim consolidated financial statements

Consolidated balance sheet as at 31 March 2015

Assets	31 Mar 2015 €'000	31 Dec 2014 €'000
Non-current assets		
Intangible assets	31,079	30,953
Property, plant and equipment	2,368	2,227
Investments accounted for using the equity method	452	436
Financial assets	65	83
Trade receivables	3,739	4,181
Other assets	1,134	1,124
Deferred tax assets	399	383
	39,236	39,387
Current assets		
Trade receivables	22,209	25,544
Other current items	3,783	3,255
Income tax assets	13	202
Cash and cash equivalents	12,163	12,024
	38,168	41,025
	77,404	**80,412**
Equity and liabilities		
Equity		
Subscribed capital	6,195	6,195
Treasury shares	-105	-79
Reserves	35,049	32,472
	41,139	38,588
Non-controlling interest	251	264
	41,390	38,852
Non-current liabilities		
Financial liabilities	10,105	11,261
Provisions	106	96
Other liabilities	10	10
Deferred tax liabilities	1,311	942
	11,532	12,309
Current liabilities		
Provisions	112	105
Financial liabilities	4,683	4,642
Trade payables	11,862	16,521
Current income tax liabilities	544	268
Other liabilities	7,281	7,715
	24,482	29,251
	77,404	**80,412**

Consolidated income statement for the period 1 January to 31 March 2015

	1 Jan – 31 Mar 2015 €'000	1 Jan – 31 Mar 2014 €'000
Revenue	33,322	27,894
Selling expenses (Commision and lead costs)	-16,136	-13,320
Gross profit	**17,186**	**14,574**
Own work capitalised	964	1,137
Other operating income	422	446
Personnel expenses	-9,606	-8,463
Other operating expenses	-3,849	-3,430
Income from companies accounted for using the equity method	16	-12
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**5.133**	**4,252**
Depreciation, amortisation expense and impairment losses	-1,308	-1,125
Earnings before interest and tax (EBIT)	**3,825**	**3,127**
Financial income	20	21
Finance costs	-128	-190
Earnings before tax (EBT)	**3,717**	**2,958**
Income taxes and deferred taxes	-682	-277
Net income for the year	**3,035**	**2,681**
attributable to non-controlling interest	-13	76
attributable to Hypoport AG shareholders	**3,048**	**2,605**
Earnings per share (€)	**0,50**	**0,42**

Consolidated statement of comprehensive income for the period 1 January to 31 March 2015

	1 Jan – 31 Mar 2015 €'000	1 Jan – 31 Mar 2014 €'000
Net income for the year	3,035	2,681
Total income and expenses recognized in equity	0	0
Total comprehensive income	**3,035**	**2,681**
attributable to non-controlling interest	-13	76
attributable to Hypoport AG shareholders	**3,048**	**2,605**

Abridged consolidated statement of changes in equity for the three months ended 31 March 2015

€'000	Subscribed capital	Capital reserves	Retained earnings	Equity attributable to Hypoport AG shareholders	Equity attributable to non-controlling interest	Equity
Balance as at 1 January 2014	6.138	2.057	24.602	32.797	256	33.053
Total comprehensive income	0	0	2.605	2.605	76	2.681
Balance as at 31 March 2014	6.138	2.057	27.207	35.402	332	35.734

€'000	Subscribed capital	Capital reserves	Retained earnings	Equity attributable to Hypoport AG shareholders	Equity attributable to non-controlling interest	Equity
Balance as at 1 January 2015	6.116	2.209	30.263	38.588	264	38.852
Sale of own shares	0	-9	72	71	0	71
Purchase of own shares	-34	0	-534	-568	0	-568
Total comprehensive income	0	0	3.048	3.048	-13	3.035
Balance as at 31 March 2015	6.090	2.200	32.849	41.139	251	41.390

Abridged segment reporting for the period 1 January to 31 March 2015

€'000	Institutional Clients	Private Clients	Financial Service Providers	Reconciliation	Group
Segment revenue in respect of third parties	**3.885**	**19.356**	**10.012**	**69**	**33.322**
1 Jan – 31 Mar 2014	4.177	16.241	7.312	164	27.894
Segment revenue in respect of other segments	**0**	**14**	**123**	**-137**	**0**
1 Jan – 31 Mar 2014	0	30	186	-216	0
Total segment revenue	**3.885**	**19.370**	**10.135**	**-68**	**33.322**
1 Jan – 31 Mar 2014	4.177	16.271	7.498	-52	27.894
Gross profit	**3.803**	**6.349**	**6.965**	**69**	**17.186**
1 Jan – 31 Mar 2014	4.114	5.129	5.168	163	14.574
Segment earnings before interest, tax, depreciation and armortisation (EBITDA)	**1.479**	**1.397**	**3.289**	**-1.032**	**5.133**
1 Jan – 31 Mar 2014	2.122	509	2.518	-897	4.252
Segment earnings before interest and tax (EBIT)	**1.343**	**1.169**	**2.455**	**-1.142**	**3.825**
1 Jan – 31 Mar 2014	1.973	301	1.808	-955	3.127
Segment assets 1 Jan – 31 Mar 2015	**21.942**	**22.958**	**29.501**	**3.003**	**77.404**
Segment assets 1 Jan – 31 Dec 2014	20.602	22.378	34.509	2.923	80.412

Consolidated cash flows statement for the period 1 January to 31 March 2015

	1 Jan – 31 Mar 2015 €'000	1 Jan – 31 Mar 2014 €'000
Earnings before interest and tax (EBIT)	3,825	3,127
Non-cash income (+) / expense (-)	-521	-272
Interest received (+)	20	21
Interest paid (-)	-128	-190
Income tax payments (-)	-90	-5
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment losses (-) on non-current assets	1,308	1,125
Cashflow	**4,414**	**3,806**
Increase (+) / decrease (-) in current provisions	7	12
Increase (-) / decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	3,396	346
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-4,403	-5,246
Change in working capital	**-1,000**	**-4,888**
Cash flows from operating activities	**3,414**	**-1,082**
Payments to acquire property, plant and equipment / intangible assets (-)	-1,575	-1,435
Proceeds from the disposal of financial assets (+)	18	6
Cash flows from investing activities	**-1,557**	**-1,429**
Purchase of own shares (-)	-568	0
Redemption of bonds and loans (-)	-1,150	-1,733
Cash flows from financing activities	**-1,718**	**-1,733**
Net change in cash and cash equivalents	139	-4,244
Cash and cash equivalents at the beginning of the period	12,024	10,952
Cash and cash equivalents at the end of the period	**12,163**	**6,708**

Notes to the interim consolidated financial statements

Information about the Company

The Hypoport Group is a technology-based financial service provider. The Group's 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 financial technology ('fintech').

Operating through its subsidiaries Dr. Klein & Co. Aktiengesellschaft, Vergleich.de Gesellschaft für Verbraucherinformation mbH and Qualitypool GmbH (referred to jointly below as 'Dr. Klein'), the Hypoport Group offers private clients internet-based banking and financial products (providing advice, if requested, either by telephone or face to face) ranging from current accounts and insurance to mortgage finance.

Dr. Klein & Co. AG has been a major financial service partner to housing companies, local authorities and commercial property investors since 1954. The Institutional Clients business unit provides its institutional customers in Germany with a fully integrated service comprising expert advice and customised solutions in the areas of financial management, portfolio management, and insurance for business customers. In the Netherlands, its subsidiary Hypoport B.V. assists clients with the securitisation of loan portfolios.

The Hypoport Group uses its EUROPACE B2B financial marketplace – the largest online transaction platform – to sell banking products through its subsidiaries Hypoport Mortgage Market Ltd. (mortgage loans, building finance) and EUROPACE AG (personal loans, current accounts, credit insurance). A fully integrated system links a large number of banks with several thousand financial advisors, thereby enabling products to be sold swiftly and directly.

The parent company is Hypoport AG, which is headquartered in Berlin, Germany. Hypoport AG is entered in the commercial register of the Berlin-Charlottenburg local court under HRB 74559. The Company's business address is Klosterstrasse 71, 10179 Berlin, Germany.

Basis of presentation

The condensed interim consolidated financial statements for the period ended 31 March 2015 for Hypoport AG have been prepared in accordance with the provisions of IAS 34 (Interim Financial Reporting). They are based on the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union and take into account the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC). The report has been condensed in accordance with IAS 34 compared with the scope of the consolidated financial statements for the year ended 31 December 2014. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2014 and the disclosures contained in the notes thereto. These condensed interim consolidated financial statements and the interim group management report have not been audited or reviewed by an auditor.

These condensed interim consolidated financial statements are based on the accounting policies and the consolidation principles applied to the consolidated financial statements for the year ended 31 December 2014. However, some changes have been introduced due to the adoption of new or revised accounting standards. The comparative prior-year figures in the financial statements have been restated accordingly.

The interim consolidated financial statements and the separate financial statements for the entities included in the IFRS interim consolidated financial statements are prepared in euros.

To improve clarity, all figures in the IFRS interim consolidated financial statements and the interim group management report are presented in thousands or millions of euros unless stated otherwise. We wish to point out that the application and aggregation of rounded amounts and percentages and the use of automated calculation methods may give rise to rounding discrepancies.

All figures on the quantities and volumes of financial products sold (e.g. volume of loans brokered, life insurance premiums, or volume of transactions processed on EUROPACE) include cancellations and, consequently, cannot be compared directly with the revenue figures shown, which exclude cancellations. The relevant figures shown in each case are calculated at a cut-off point in the product transaction process that is appropriate for the accrual method of accounting used. Cancellations that occur later in this process – e.g. as a result of additional credit checks or health checks performed by product suppliers or the exercise of cancellation rights by consumers – are not included in the relevant figures shown.

The consolidated balance sheet is broken down into current and non-current items in accordance with IAS 1.51 et seq.

The consolidated income statement is presented under the nature-of-expense method.

Accounting policies

The accounting policies applied are those used in 2014, with the following exceptions:

- IAS 19: Employee Benefits: Defined Benefit Plans: Employee Contributions
- IFRIC 21: Levies
- Various: Annual Improvements 2010-2012 Cycle.
- Various: Annual Improvements 2011-2013 Cycle.

The first-time adoption of these standards and interpretations has had no impact on the financial position or financial performance of the Hypoport Group.

Basis of consolidation

The consolidation as at 31 March 2015 included all entities controlled by Hypoport AG in addition to Hypoport AG itself.

The table below shows the entities included in the interim consolidated financial statements in addition to Hypoport AG.

Parent company	Holding in %
Dr. Klein & Co. AG, Lübeck	100.000
Europace AG, Berlin	100.000
GENOPACE GmbH, Berlin	50.025
Hypoport B.V., Amsterdam	100.000
Hypoport Invest GmbH, Berlin	100.000
Hypoport Mortgage Market Ltd., Westport (Ireland)	100.000
Hypoport Systems GmbH, Berlin	100.000
Qualitypool GmbH, Lübeck	100.000
Starpool Finanz GmbH, Berlin	50.025
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.000
Joint ventures	
FINMAS GmbH, Berlin	50.000
Hypoport on-geo GmbH, Berlin	50.000
LBL Data Services B.V., Amsterdam (ehemals ATC Hypoport B.V., Amsterdam)	50.000

With the exception of FINMAS GmbH, Hypoport on-geo GmbH, and LBL Data Services B.V. (all joint ventures accounted for under the equity method owing to lack of control), all Hypoport Group companies are fully consolidated.

Income taxes and deferred taxes

This item includes current and deferred tax income and expense in the following amounts:

Income taxes and deferred taxes	1 Jan – 31 Mar 2015 €'000	1 Jan – 31 Mar 2014 €'000
Income taxes and deferred taxes	**682**	**277**
current income taxes	328	329
deferred taxes	354	-52
in respect of timing differences	-134	-13
in respect of tax loss carryforwards	488	-39

The average combined income tax rates computed on the basis of current legislation remain unchanged at just under 30 per cent for Hypoport Group companies in Germany and between 12.5 per cent and 25.5 per cent for subsidiaries outside Germany.

Earnings per share

The figure for earnings per share is determined in accordance with IAS 33. Basic earnings (loss) per share is calculated by dividing the net profit (loss) for the period attributable to the shareholders of Hypoport AG by the weighted average number of outstanding shares. In the first quarter of 2015 there were no share options that would have a dilutive effect on earnings per share.

Earnings Per Share	1 Jan – 31 Mar 2015 €'000	1 Jan – 31 Mar 2014 €'000
Net incomefor the year (€'000)	3,035	2,681
of which attributable to Hypoport AG stockholders	3,048	2,605
Basic weighted number of outstanding shares (€'000)	6,107	6,138
Earnings per share (€)	**0.50**	**0.42**

As a result of the difference between purchases and disposals of treasury shares, the number of shares in issue fell by 26,007, from 6,115,875 as at 31 December 2014 to 6,089,868 as at 31 March 2015.

Intangible assets and property, plant and equipment

Intangible assets primarily comprise unchanged goodwill of €14.8 million and development costs of €14.8 million for the financial marketplaces (31 December 2014: €14.7 million).

Property, plant and equipment consists solely of office furniture and equipment amounting to €2.4 million (31 December 2014: €2.2 million).

Equity-accounted investments

The change in the carrying amounts of equity-accounted investments relates to the pro-rata net profit (loss) for the period of the three joint ventures: FINMAS GmbH, Berlin (Hypoport's interest: 50 per cent), Hypoport on-geo GmbH, Berlin (Hypoport's interest: 50 per cent) and LBL Data Services B.V., Amsterdam (Hypoport's interest: 50 per cent). In the first quarter of 2015, the profit from equity-accounted long-term equity investments amounted to €16 thousand (Q1 2014: loss of €12 thousand).

Subscribed capital

The Company's subscribed capital as at 31 March 2015 was unchanged on 31 December 2014 at €6,194,958.00 and was divided into 6,194,958 (31 December 2014: 6,194,958) fully paid-up registered no-par-value shares.

The Annual Shareholders' Meeting held on 13 June 2014 voted to carry forward Hypoport AG's distributable profit of €21,582,732.04 to the next accounting period.

Authorised capital

The Annual Shareholders' Meeting held on 1 June 2012 voted to set aside the unused authorisation granted on 1 June 2007 and to issue a new authorisation. The Management Board was authorised – subject to the consent of the Supervisory Board – to increase the Company's subscribed capital by up to a total of €3,097,479.00 by issuing new registered no-par-value shares for cash or non-cash capital contribution on one or more occasions on or before 31 May 2017. The Management Board can decide – subject to the consent of the Supervisory Board – to disapply the shareholders' statutory pre-emption rights.

Conditional capital

The conditional capital created by an Annual Shareholders' Meeting resolution adopted on 26 August 2002 no longer exists.

Treasury shares

Hypoport held 105,090 treasury shares as at 31 March 2015 (equivalent to €105,090.00, or 1.70 per cent, of the subscribed capital of Hypoport AG), which are intended to be issued to employees. The change in the balance of treasury shares and the main data relating to transactions in 2015 are shown in the following table:

Change in the balance of treasury shares in 2015	Number of shares	Proportion of subscribed capital (%)	Cost of purchase (€)	Sale price (€)	Gain or loss on sale (€)
Opening balance as at 1 January 2015	79,083	1.277	849,515.71		
Sold in January 2015	5,757	0.093	77,651.26		
Dissemination in January 2015	12	0.000	123.12	145.32	22.20
Sold in February 2015	5,198	0.084	71,300.55		
Dissemination in February 2015	5	0.000	51.30	68.55	17.25
Sold in March 2015	22,700	0.366	418,319.13		
Dissemination in March 2015	7,631	0.123	79,192.46	136,511.96	57,319.50
Balance as at 31 March 2015	105,090	1.696			

The disposal of treasury shares was recognised directly in equity and offset against retained earnings.

Reserves

The breakdown of reserves can be found in the above consolidated statement of changes in equity. Capital reserves include the premium from the capital increase carried out in 2001 (€400 thousand), the premium from the issuance of shares under the 2002-2004 employee share ownership programme from 2006 to 2009 (€1.187 million), an amount equivalent to the par value of the treasury shares recalled in 2006 (€99 thousand), an amount equivalent to the imputed share of subscribed capital for the treasury shares recalled in 2007 (€247 thousand) and income from the issuance of shares to employees (€268 thousand, including a loss of €9 thousand relating to 2015). Retained earnings include the profits generated by the entities included in the consolidated financial statements prior to the first-time consolidation on 1 January 2004, the capital gains on the sale of treasury shares, the losses on the recall of treasury shares and three negative goodwill amounts arising from business combinations. These negative goodwill amounts are reported under retained earnings, because profits had been retained after the acquisition but before the date of first-time consolidation.

The cumulative net profits and losses for all periods since the date of first-time consolidation, all the remaining adjustments made under the first-time adoption of IFRS with effect from 1 January 2004 and recognised directly in equity, and a statutory reserve of €7 thousand (31 December 2014: €7 thousand) are also reported under this item.

Non-controlling interests

The net profit for the first quarter of 2015 attributable to non-controlling interests was minus €13 thousand (Q1 2014: plus €76 thousand). Total non-controlling interests in the period under review amounted to €251 thousand (31 December 2014: €264 thousand), of which €151 thousand (31 December 2014: €164 thousand) related to the non-controlling interest in the equity of Starpool Finanz GmbH (minority interest of 49.975 per cent) and €100 thousand (31 December 2014: €100 thousand) to GENOPACE GmbH (minority interest of 49.975 per cent).

Share-based payment

No share options were issued in the first quarter of 2015.

Related parties

IAS 24 requires disclosure of the names of persons or entities that control, or are controlled by, Hypoport AG. Transactions between Hypoport AG and its subsidiaries are eliminated during consolidation and therefore do not have to be reported in this section.

IAS 24 also requires disclosure of the names of persons who can exercise significant influence over the Company.

The parties covered by the requirements also include key management personnel, their close family members and other entities via which a named person exercises control or significant influence over Hypoport AG. The parties covered by this requirement during the reporting period were the members of the Group Management Board and Supervisory Board of Hypoport AG and their close family members.

The table below shows the numbers of shares in Hypoport AG directly or indirectly held by the members of the Group Management Board and Supervisory Board as at 31 March 2015.

Group Management Board	Shares (number) 31 Mar 2015	Shares (number) 31 Mar 2014
Ronald Slabke	2,288,381	2,288,381
Thilo Wiegand	30,000	30,000
Stephan Gawarecki	187,800	187,800
Hans Peter Trampe	144,690	144,690
Supervisory Board		
Dr. Ottheinz Jung-Senssfelder	14,000	14,000
Prof. Dr. Thomas Kretschmar	800,000	800,000
Christian Schröder	18,700	18,700

The companies in the Hypoport Group have not carried out any further disclosable transactions with members of either the Supervisory Board or the Group Management Board or with companies on whose management or supervisory bodies these persons are represented. This also applies to close family members related to these persons.

Revenue of €15 thousand was generated by joint ventures in the first quarter of 2015 (Q1 2014: €5 thousand). As at 31 March 2015, receivables from joint ventures amounted to €13 thousand (31 December 2014: €102 thousand) and liabilities to such companies totalled €28 thousand (31 December 2014: €28 thousand).

Opportunities and risks

Please refer to the opportunities and risks report that forms part of the group management report in our 2014 annual report. It provides a comprehensive presentation of the Hypoport Group's risks and opportunities, which remained largely unchanged in the period currently under review.

The risks to which the Hypoport Group is exposed are limited, both in terms of individual risks and their interactions with other risks, and are not currently believed to jeopardise the existence of individual subsidiaries or the Group as going concerns.

Opportunities and risks, including positive or negative changes to them, are not offset against each other.

Seasonal influences on business activities

In the mortgage finance sector, the first quarter of 2015 was characterised by the unusually early onset of construction activity. The Company expects to see an encouraging trend in the sale of insurance products to private and institutional clients during the course of the year caused, among other things, by certain industry-wide cancellation deadlines and tax issues.

Events after the reporting period

No material events have occurred since the balance sheet date.

Berlin, 4 May 2015
Hypoport AG – The Management Board

Ronald Slabke	Thilo Wiegand
Stephan Gawarecki	Hans Peter Trampe

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