



Interim report of Hypoport AG

for the period ended 30 September 2013

Berlin, 4 November 2013



Key performance indicators

Financial performance (€'000)	1 Jan - 30 Sept 2013	1 Jan - 30 Sept 2012*	Change
Continuing operations			
Revenue	75,717	62,903	20%
Gross profit	37,129	34,249	8%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,209	7,202	0%
Earnings before interest and tax (EBIT)	4,139	3,655	13%
EBIT margin (EBIT as a percentage of gross profit)	11.1	10.7	4%
Earnings per share (€)	0.57	0.34	68%
Hypoport Group			
Net profit (loss) for the year	3,594	1,543	133%
attributable to Hypoport AG shareholders	3,513	1,550	127%
Earnings per share (€)	0.57	0.25	128%
Continuing operations	1 July – 30 Sept 2013	1 July – 30 Sept 2012*	Change
Revenue	27,053	20,973	29%
Gross profit	14,049	11,041	27%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4,442	1,851	140%
Earnings before interest and tax (EBIT)	3,418	629	443%
EBIT margin (EBIT as a percentage of gross profit)	24.3	5.7	327%
Earnings per share (€)	0.34	0.03	1,033%
Hypoport Group			
Net profit (loss) for the year	2,219	26	>1,000%
attributable to Hypoport AG shareholders	2,128	-11	>1,000%
Earnings per share (€)	0.34	0.00	>1,000%
Financial position (€'000)	30 Sep 2013	31 Dec 2012	
Current assets	34,063	35,283	-3%
Non-current assets	36,862	35,464	4%
Equity	33,468	29,844	12%
attributable to Hypoport AG shareholders	33,157	29,614	12%
Equity ratio (%)	47.2	42.2	12%
Total assets	70,925	70,747	0%

* The comparative prior-year tax figures have been adjusted and are explained in section 5 of the notes to the interim consolidated financial statements „Comparative figures for 2012“

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1. Letter to shareholders

Dear shareholder

Since 2008, national economies around the world have been shaken by the actions of financial service providers. The intervening years have seen national, European and international political institutions seeking to tighten the regulation of financial market participants in order to restore the integrity of markets. Since then, banks, insurers and intermediaries have been forced to set aside a growing proportion of the financial resources from their operating activities and to use these funds specifically to meet regulatory requirements. At the same time, political institutions themselves have increasingly been getting into trouble. Scandals surrounding international organisations, communication errors committed by central banks, and the budgetary and debt problems facing a number of national governments are increasingly affecting the stability of the economic system. While many market participants have enhanced their resilience in recent years, governments and regulators themselves are exacerbating market uncertainty. As far as the financial services industry is concerned, this means that not only the players but also the rules of the game are now unpredictable.

Despite operating on this highly uncertain playing field, the Hypoport Group managed to generate double-digit revenue in the first nine months of 2013. Its revenue for the first three quarters of the year rose by 20 per cent to €75.7 million, while its earnings before interest, tax, depreciation and amortisation (EBITDA) located with €7.2 million on previous year's level. Although the start of the year had proved tough, Hypoport achieved its best-ever quarterly results from July to September on the back of record figures in its Financial Service Providers and Institutional Clients business units as well as the rapidly progressing restructuring of its insurance business.

The Private Clients business unit returned to profit in the third quarter. The prevailing low-interest-rate environment boosted growth in the loan brokerage business, which substantially expanded its share of the building finance market. As in previous quarters, the other banking products on offer – such as instant-access deposits and current accounts – continued to compete with the artificially cheap money provided by the European Central Bank. The insurance market has again been shaken in recent weeks by regulatory proposals for life insurance products, which have fuelled huge uncertainty in this already fragile market. This in turn has caused the volume of insurance transactions. Viewed from a cost perspective, the organisational and process-related restructuring of this business yielded the anticipated profitability improvements.

The Financial Service Providers business unit continued to grow across all product segments in the third quarter. The volume of transactions processed on this marketplace for financial products topped €8 billion for the second consecutive quarter. These record results were attributable to the even stronger partner base as well as the economic recovery, attractive interest rates and rising real wages. The systematic expansion of the platform's functionality accelerated the process of winning new partners and integrating existing ones. The growing proportion of interest rates that are fixed for long periods continued to strengthen this business unit's earnings.

The Institutional Clients business unit achieved its best-ever quarterly results since it was set up back in 1954. A large volume of loans was brokered on the back of the modest rise in interest rates. Business was also boosted by the changes made to the KfW development bank loan programme for investing in energy-efficiency measures. The strong performance of this business was underpinned by the broad customer base. This unit managed to significantly increase not just the number of borrowers but also that of lenders in the third quarter.

We expect market conditions in financial services to remain tough and the level of uncertainty to remain high throughout the rest of this year. Despite this challenging environment, however, we are optimistic about the prospects for the Hypoport Group going forward. For 2013 as a whole we therefore plan to achieve double-digit revenue growth and expect our earnings to return to their record levels of previous years. We are forecasting double-digit revenue and earnings growth for next year.



Ronald Slabke
Chief Executive Officer



2. Hypoport's shares

Share price performance

Hypoport's shares delivered a positive overall performance in the third quarter of 2013. Starting the period at €7.22 on 1 July, the share price initially fell to its third-quarter low of €7.03 on 9 July before hitting a high of €8.48 for the period on 30 July. Over the further course of the quarter the share price remained more or less flat, mainly hovering above the €8.00 mark.



Performance of Hypoport's share price, January to September 2013 (daily closing prices on Frankfurt Stock Exchange)

Earnings per share

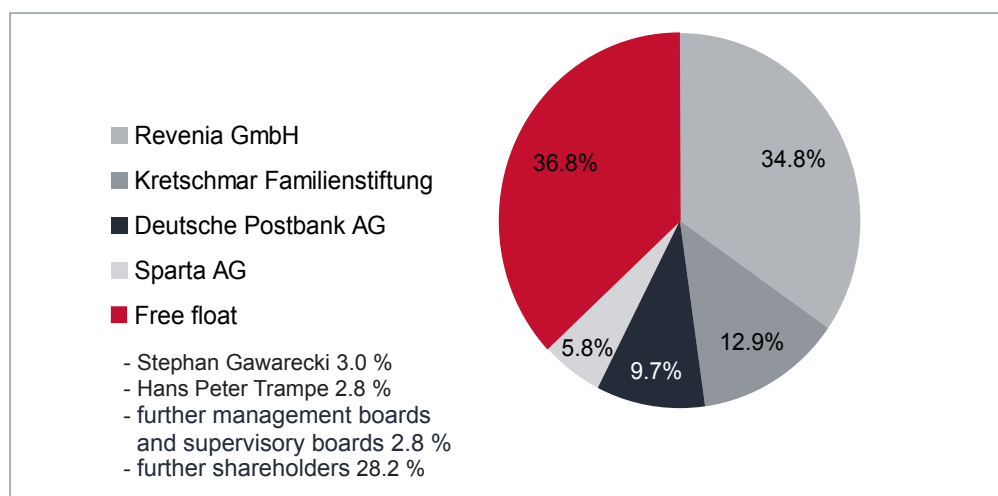
The Company generated earnings of €0.34 per share in the third quarter of 2013, having just managed to break even in the corresponding period of 2012. Its continuing operations achieved earnings of €0.34 per share (Q3 2012: €0.03), while its discontinued operations broke even (Q3 2012: loss of €0.03 per share). The Company therefore achieved earnings of €0.57 per share in the first nine months of 2013, having posted earnings of €0.25 per share in the corresponding period of last year. Its continuing operations contributed earnings of €0.57 per share to this result (Q1-Q3 2012: €0.34), while its discontinued operations broke even (Q1-Q3 2012: loss of €0.09 per share).

Trading volumes

The daily volume of Hypoport shares traded in the third quarter of 2013 averaged €13,909.34. The highest average daily turnover was in July (2,570 shares), followed by August (1,313 shares). The month with the lowest daily turnover was September, when an average of only 1,219 Hypoport shares changed hands.

Shareholder structure

The free float in Hypoport's shares amounts to 36.8 per cent.



Breakdown of shareholders as at 30 September 2013

Research

The table below shows the research studies published on Hypoport's shares in the first nine months of 2013.

Analyst	Recommendation	Target price	Date of recommendation
Montega	Buy	€ 10.50	6 August 2013
CBS Research	Buy	€ 11.00	5 August 2013
Montega	Buy	€ 10.50	7 May 2013
CBS Research	Buy	€ 11.00	6 May 2013
CBS Research	Buy	€ 11.90	12 March 2013
Montega	Hold	€ 9.80	12 March 2013
Montega	Hold	€ 9.80	13 February 2013
Solventis	Buy	€ 12.50	30 January 2013
Montega	Hold	€ 9.80	28 January 2013

Designated sponsor

Designated sponsors enhance a share's liquidity by quoting binding prices at which they will buy and sell the share. The designated sponsor for Hypoport AG is Close Brothers Seydler Bank AG, Frankfurt am Main.

Ad-hoc disclosures

As a publicly traded company we are required to make ad-hoc disclosures of facts that could influence our share price. No ad-hoc disclosures were published in the third quarter of 2013.

Ad-hoc disclosures can be downloaded from our website at www.hypoport.com.

Notification of directors' dealings

No notifications of directors' dealings were published in the third quarter of 2013.

Key data on Hypoport's shares

Security code number (WKN)	549 336
International securities identification number (ISIN)	DE 000 549 3365
Stock exchange symbol	HYQ
Type	No-par-value shares
Notional value	€1.00
Subscribed capital	€6,194,958,00
Stock exchanges	Frankfurt XETRA
Market segment	Regulated market
Transparency level	Prime Standard
Membership of indices	CDAX Classic All Share DAXsector All Financial Services DAXsubsector Diversified Financial GEX Prime All Share
Performance	
Share price as at 1 July 2013	€7.22 (Frankfurt)
Share price as at 30 September 2013	€8.10 (Frankfurt)
High in third quarter 2013	€8.48 (30 July 2013)
Low in third quarter 2013	€7.03 (9 July 2013)
Market capitalisation	€50.2 million (30 September 2013)
Trading volume	€13.909,34 (daily average for third quarter of 2013)

3. Interim group management report

Economic conditions

Macroeconomic environment

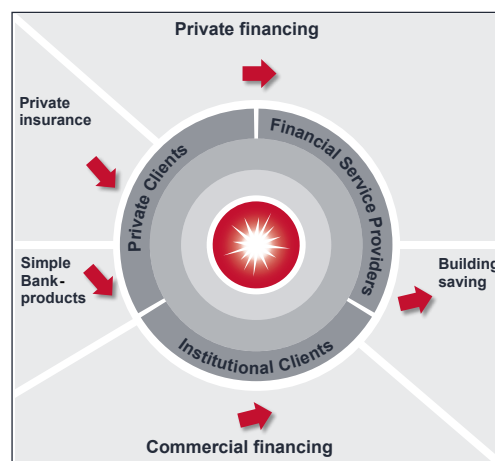
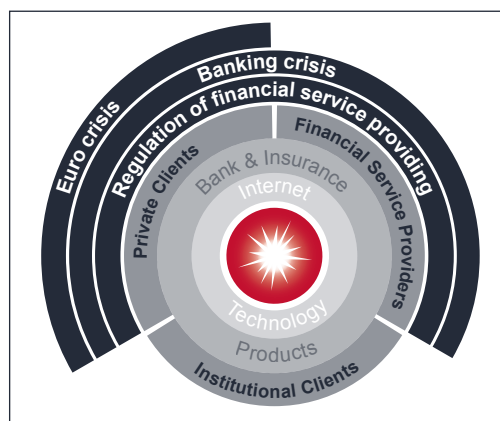
The performance of the European and German economies was cautiously positive. This caution stemmed from the fact that high levels of uncertainty continued to curb growth and shift the growth dynamics prevailing around the globe. In October the International Monetary Fund (IMF) lowered its forecast for global economic growth in 2013 to 2.9 per cent. While growth in the Western nations is gradually recovering from the crisis, growth in the emerging markets has slowed. The US Federal Reserve's mere announcement of its plans to exit its loose monetary policy depressed global economic growth briefly in the third quarter.

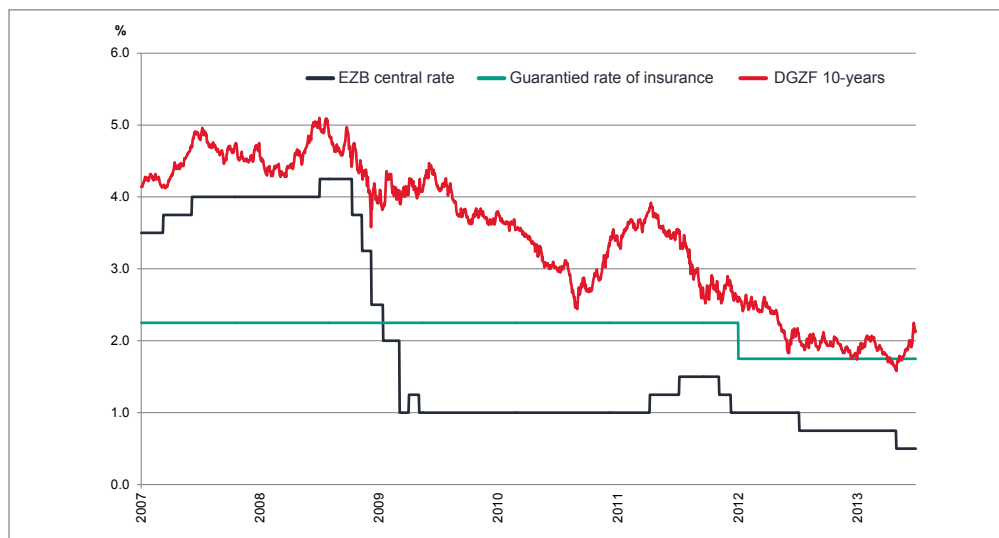
The IMF expects Europe's economic output to contract by 0.4 per cent, which is 0.1 percentage points more optimistic than it was in July of this year. Nonetheless, the European Central Bank (ECB) kept its main refinancing rate for commercial banks on hold at an all-time low of 0.50 per cent. The reasons given for this decision were the sluggish performance of the eurozone economy – especially in southern Europe – and the fact that inflation was around 2 per cent and, therefore, within its target range.

The German Institute for Economic Research (DIW Berlin) expects Germany's gross domestic product (GDP) to have increased by only 0.2 per cent in the third quarter of this year following its strong growth in the second quarter. According to the DIW Economic Barometer, this weaker growth can be attributed to the lower levels of orders currently on hand in German industry. The main driver of growth here has been the strong domestic economy, which has been boosted by consumer spending. Rising real wages, low interest rates and high employment levels have strengthened Germans' personal finances. The country's economic activity has been hampered not only by the uncertainty around the debt situation of the United States and crisis-stricken eurozone countries but also by the unresolved political situation in Germany.

Conditions in the financial services sector

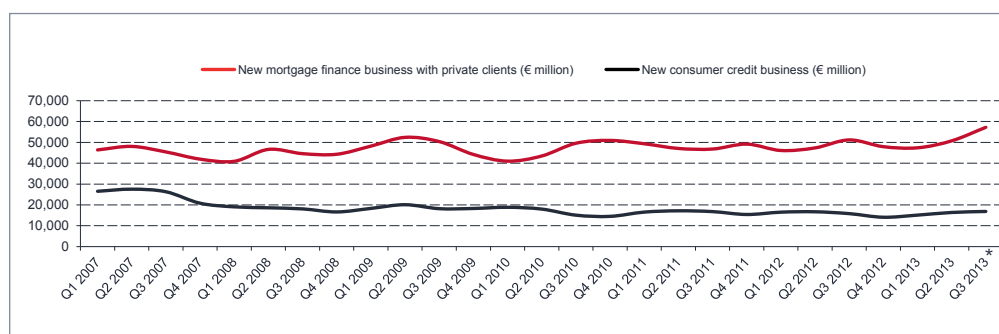
Having risen since May, long-term interest rates stayed at their slightly higher level in the third quarter. Compared with their long-run average of 6.5 per cent, however, they are still historically low. This meant that the rates available to savers remained highly unattractive, while the austerity policies pursued by the ECB continued to assist mortgage customers.





The total volume of mortgage finance made available in the German market grew substantially, especially in July. Bundesbank statistics reveal that the total value of this business in the first eight months of 2013 came to €136.2 billion, which was an increase of 5.2 per cent on the corresponding prior-year figure (total volume of mortgage finance provided from January to August 2012: €129.5 billion).

The total volume of personal loans made available in Germany during the first eight months of this year fell slightly year on year to €42.7 billion (total value of personal loans provided in the German market from January to August 2012: €44.4 billion).



Total volume of private mortgage mortgage finance and personal loans (source: Deutsche Bundesbank);
 *Q3 2013 June interpolated

Building finance products have remained highly attractive this year, generating strong demand. The total volume of building finance made available in the German market during the first eight months of 2013 came to €71.5 billion. This represents an increase of 6.9 per cent on the corresponding prior-year figure (total value of building finance provided in the German market from January to August 2012: €66.8 billion).

According to Bundesbank statistics, the total funds invested in fixed-term, instant-access and savings accounts amounted to €1,711.0 billion at the end of August 2013, which represents a modest year-on-year increase of 2.4 per cent (31 December 2012: €1,671.0 billion). The low-interest-rate environment, tighter regulation and unsettled consumer sentiment continued to hamper the insurance market in the third quarter of 2013.

Revenue

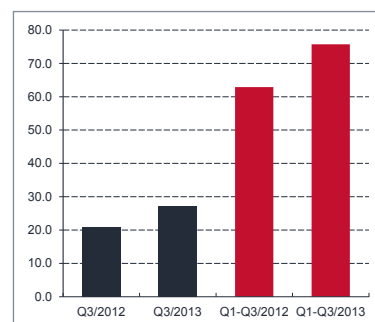
In the first nine months of 2013 the Hypoport Group raised its revenue by 20.4 per cent year on year from €62.9 million to €75.7 million. The revenue generated in the third quarter of 2013 advanced by 29.0 per cent to €27.1 million (Q3 2012: €21.0 million). The method used to calculate sales commissions paid to mortgage finance brokers was amended with effect from 1 April 2013. This increased both the revenue and the agency commissions reported as at 30 September 2013 and for the third quarter of 2013 by €4.0 million and €1.4 million respectively. Excluding this change, year-on-year revenue growth would be 22.0 per cent for the third quarter of 2013 and 13.9 per cent for the first nine months.

Selling expenses rose at a much higher rate than revenue in the first nine months of 2013 owing to a partial shift from higher-margin to low-margin revenue models. Consequently, the gross profit earned in the first three quarters of 2013 rose by 8.4 per cent from €34.2 million to €37.1 million. The gross profit generated in the third quarter of 2013 grew by 27.2 per cent – almost in line with revenue – from €11.0 million to €14.0 million.

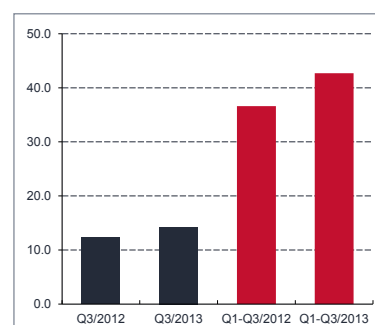
The figures for revenue and selling expenses described below include revenue and selling expenses shared with other segments

Private Clients business unit

The Private Clients business unit, which specialises in sales of financial products, once again managed to raise its revenue against a backdrop of mixed market conditions. Its revenue for the third quarter of 2013 increased by 15.2 per cent to €14.3 million (Q3 2012: €12.4 million), while its revenue for the first nine months of this year grew by 16.6 per cent to €42.7 million (Q1-Q3 2012: €36.6 million).



Revenue Hypoport Group (€ million)



Revenue Private Clients (€ million)

Excluding the change in the method used to calculate sales commissions paid to mortgage finance brokers – which has already been mentioned above in the section on the Hypoport Group's revenue – year-on-year revenue growth would be 3.5 per cent for the third quarter of 2013 and 5.6 per cent for the first nine months of the year.

The selling expenses incurred by the Private Clients business unit stemmed from fees and commissions paid to distribution partners (e.g. franchisees in the mortgage finance and insurance product segments) and from the cost of acquiring leads. Gross profit represents the difference between product suppliers' fee and commission payments and these selling expenses. The gross margin earned in this business unit remained under pressure in the first nine months of 2013 owing to increasingly fierce competition in insurance selling and the challenging conditions prevailing in the market for basic banking products.

Consequently, the gross profit generated in the first nine months of 2013 rose by 2.6 per cent year on year to €13.4 million (Q1-Q3 2012: €13.0 million), while third-quarter gross profit jumped by 22.5 per cent to €4.9 million (Q3 2012: €4.0 million).

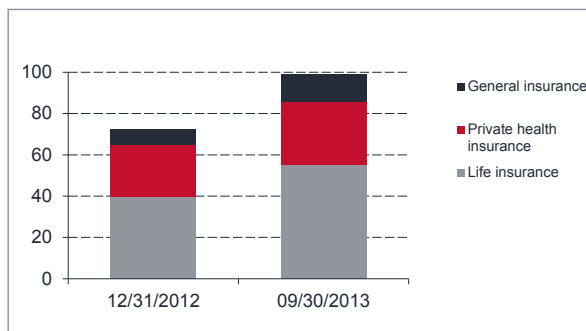
Privat Clients	Jan 1 to 30 Sept 2013	Jan 1 to 30 Sept 2012	July 1 to 30 Sept 2013	July 1 to 30 Sept 2012
Revenue (€ million)	42.7	36.6	14.3	12.4
Selling expenses (€ million)	29.3	23.6	9.4	8.4
Net Revenue (€ million)	13.4	13.0	4.9	4.0

The loan brokerage product segment was considerably expanded in the first nine months of 2013 and reported strong growth in its total volume of loans processed, which increased by 18.9 per cent from €3.41 billion to €4.05 billion.

Volume of transactions	1 Jan to 30 Sep 2013	1 Jan to 30 Sep 2012	1 July to 30 Sep 2013	1 July to 30 Sep 2012
Volume of financing transactions (€ billion)	4.05	3.41	1.36	1.28
Volume of insurance transactions (€ million)	15.85	13.60	4.84	5.35
life insurance	8.45	6.67	2.36	2.57
private health insurance	2.69	4.99	1.29	2.04
general insurance	4.71	1.94	1.19	0.74

The volume of transactions in insurance products during the first nine months of 2013 grew by 16.5 per cent from €13.6 million in annual premiums to €15.8 million. Premiums earned in the third quarter of 2013 decreased by 9.7 per cent to €4.8 million (Q3 2012: €5.4 million), with the strongest growth being generated by general insurance. Our private health insurance operations were adversely affected by the extremely tough market environment and therefore suffered a significant contraction in new business.

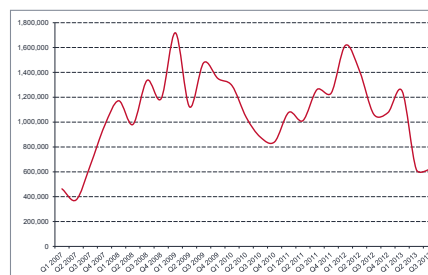
The insurance portfolio managed by Dr. Klein is supplemented by new business and by portfolios obtained from newly acquired distribution partners and insurance customers. On the other hand, policyholders' contract cancellations and the loss of distribution partners cause Dr. Klein's insurance portfolio to shrink.



Portfolio of insurance policies/annual premiums (€ million)

Boosted by strong growth in its network of advisors, Hypoport achieved a significant year-on-year increase in the portfolio of insurance policies that it managed in the first nine months of 2013, raising its annual life insurance premiums by 40.1 per cent from €39.4 million to €55.3 million, its annual private health insurance premiums by 18.3 per cent from €25.8 million to €30.5 million and its annual general insurance premiums by 71.6 per cent from €7.9 million to €13.6 million. Consequently, the total portfolio of insurance policies under management reached a new all-time high of €99.3 million in annual premiums as at 31 December 2013, compared with €73.1 million a year earlier.

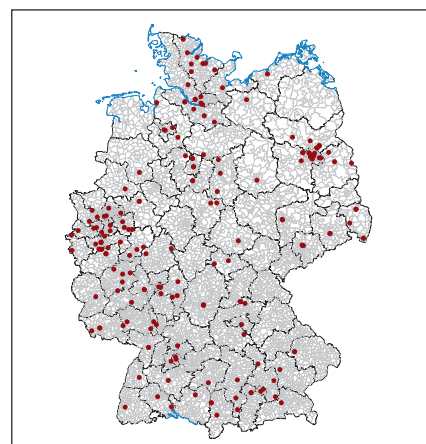
The number of leads acquired – which is a key determinant of future unit sales of basic banking products – decreased significantly by 1.6 million year on year in the first nine months of 2013 to 2.5 million (Q1-Q3 2012: 4.1 million). This reflects consumers' reluctance to put their money into simple investment products such as instant-access and fixed-term deposits because interest rates are extremely low and, consequently, not very appealing for most consumers.



Number of leads

This has reduced the potential for us to earn revenue from these business lines. We are attempting to offset this trend by investing heavily in the online market for personal loans.

The number of advisors working in the various distribution channels of the Private Clients business unit was significantly increased and had reached a new all-time high by 30 September 2013. The map on the right gives an overview of the extensive network of branches established by our franchisees in Germany as well as the Hypoport branches that are located in the major German commercial centres.

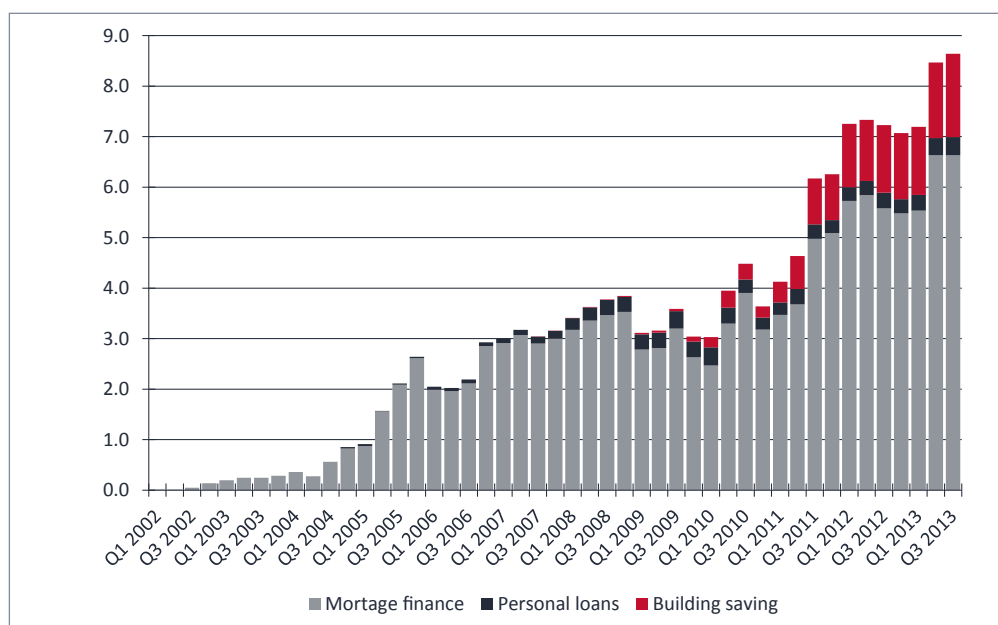


Branches run by Dr. Klein

Distribution channels	30 Sept 2013	31 Dez 2012
Advisers in branch-based sales	883	759
Branches run by franchisees	224	199
Independent financial advisers acting as agents	3.998	3.923

Financial Service Providers business unit

The figures for the third quarter of 2013 reported by Financial Service Providers – the second-largest business unit – were the best quarterly results that it had achieved since the introduction of the EUROPACE financial marketplace. The volume of transactions completed in the third quarter of 2013 totalled €8.6 billion, which was 19.5 per cent higher than in the corresponding period of last year (Q3 2012: €7.2 billion), thereby topping the €8 billion mark for the second consecutive quarter. Having started the year on a robust note, the volume of transactions grew substantially across all product segments, especially in the second and third quarters. The rise in interest rates that started in May continued until mid-September and underpinned demand from prospective mortgage finance customers. These impressive results were attributable to the stronger partner base as well as the economic recovery and rising real wages.



Volume of transactions on EUROPACE (€ billion)

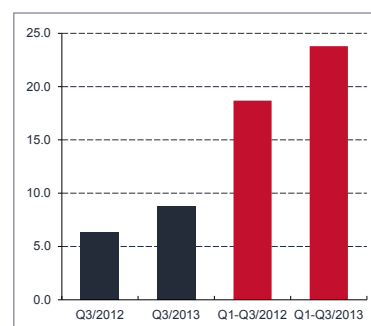
The volume of transactions completed in the first nine months of 2013 totalled €24.3 billion, which was 11.4 per cent higher than in the corresponding period of last year (Q1-Q3 2012: €21.8 billion).

The total volume of mortgage finance transactions processed in the third quarter of 2013 rose by 18.9 per cent to €6.6 billion (Q3 2012: €5.6 billion). The total value of transactions generated in the first nine months of 2013 grew by 9.6 per cent year on year to €18.8 billion (Q1-Q3 2012: €17.1 billion).

The total value of building finance products brokered via EUROPACE rose sharply in both the third quarter of 2013 (up by 23.0 per cent from €1.3 billion in Q3 2012 to €1.7 billion) and in the first nine months of this year (up by 18.1 per cent from €3.8 billion in Q1-Q3 2012 to €4.5 billion). This was largely attributable to the attractive terms and conditions available on building finance products.

The volume of transactions in personal loans also achieved encouraging growth, with the corresponding figure for the third quarter of 2012 being increased by 15.5 per cent to €0.36 billion (Q3 2012: €0.31 billion). The total value of transactions generated in the first nine months of 2013 grew by 16.8 per cent year on year to €1.01 billion (Q1-Q3 2012: €0.87 billion).

Revenue grew substantially year on year on both a quarterly and nine-month comparison, jumping by 39.7 per cent to €8.8 million in the third quarter of 2013 (Q3 2012: €6.3 million) and advancing by 27.3 per cent to €23.8 million in the first nine months of this year (Q1-Q3 2012: €18.7 million) on the back of larger transaction volumes and the growth in collaborations and Packager-related business. Selling expenses rose more strongly than revenue on both a quarterly and nine-month comparison as a result of the increase in these low-margin collaborations and Packager related transactions. Gross profit jumped by 16.8 per cent to €5.1 million in the third quarter of 2013 (Q3 2012: €4.4 million) and rose by 9.2 per cent to €14.3 million in the first nine months of this year (Q1-Q3 2012: €13.1 million).



Revenue Financial Service Providers (€ million)

Financial Service Providers business unit	Jan 1 to 30 Sept 2013	Jan 1 to 30 Sept 2012*	July 1 to 30 Sept 2013	July 1 to 30 Sept 2012*
Volume of transactions (€ billion)	24.3	21.8	8.6	7.2
thereof mortgage finance	18.8	17.1	6.6	5.6
thereof personal loans	1.0	0.9	0.3	0.3
thereof building saving	4.5	3.8	1.7	1.3
Revenue (€ million)	23.8	18.7	8.8	6.3
Selling expenses (€ million)	9.5	5.6	3.7	1.9
Net Revenue (€ million)	14.3	13.1	5.1	4.4

* The comparative prior-year tax figures have been adjusted and are explained in section 5 of the notes to the interim consolidated financial statements „Comparative figures for 2012“

The total number of contractual partners actively using our EUROPACE platform rose from 190 at the end of September 2012 to 231 as at 30 September 2013.

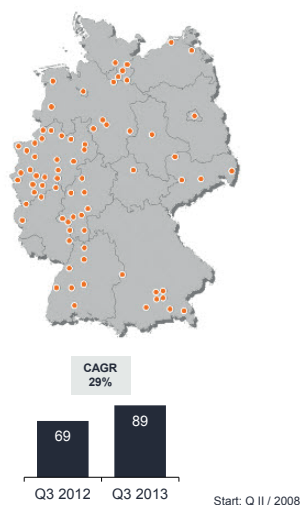
More than 275 participants – a record figure – attended the 22nd EUROPACE Conference that was held in August. The three main topics of interest at this gathering were the German housing market in a low-interest-rate environment, the interest-rate security of mortgages backed by building finance agreements, and the latest technological developments around EUROPACE 2.

GENOPACE

In May, GENOPACE broadened its marketplace offering by adding Schwäbisch Hall building finance products. This enabled all credit cooperatives and mutually owned banks that use GENOPACE to offer the FuchsBau and Fuchs Langzeit home savings products of Germany's largest building society as endowment loans or to lock in low interest rates after its customers' fixed-rate borrowing periods have expired. The integration of these building finance products into its existing offering is opening up new sources of growth for GENOPACE. What's more, its broader product range will encourage further banks to start using GENOPACE.

GENOPACE has so far managed to win 13 of Germany's top 25 credit cooperatives and mutually owned banks as partners. The number of contractual partners using GENOPACE is continually rising and totalled 89 as at 30 September 2013 (30 September 2012: 69 partners).

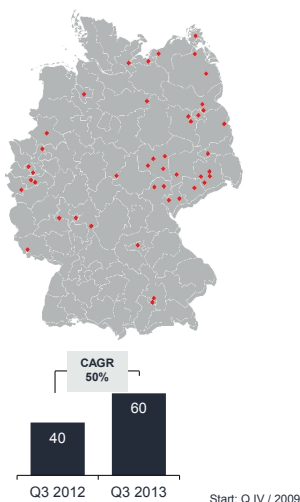
Numbers of partners



FINMAS

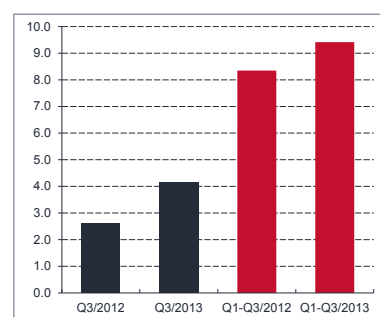
FINMAS, our latest partner-specific financial marketplace, exceeded its first €1 billion worth of cumulative transactions at the beginning of this year. 60 contractual partners are now using FINMAS (30 September 2012: 40), which to date has managed to attract twelve of Germany's top 25 savings banks as partners.

Numbers of partners



Institutional Clients business unit

Arranging big-ticket loans for German housing companies, local authorities and commercial property investors constitutes a key source of revenue for the Institutional Clients business unit. This unit continued to benefit from its exceptionally strong market position as the central intermediary for innovative forms of mortgage finance and from the expert advice that it provides on portfolio management and on loans for business customers. The rise in revenue despite the decrease in the value of new loans brokered was largely attributable to the much higher proportion of low-margin short-term loans brokered in the corresponding period of 2012. The strategically successful development and enhancement of this business unit in the first nine months of 2013 was illustrated by the sharp rise in the numbers of borrowers and product suppliers.



Revenue Institutional Clients (€ million)

€6.0 million of the revenue generated in the first nine months of 2013 came from the brokerage of loans and insurance (Q1-Q3 2012: €5.6 million), and €3.4 million was earned from consulting services (Q1-Q3 2012: €2.8 million). €3.1 million of the revenue generated in the third quarter of 2013 came from the brokerage of loans and insurance (Q3 2012: €1.8 million), while €1.0 million stemmed from consulting services (Q3 2012: €0.9 million).

Institutional Clients business unit	Jan 1 to 30 Sept 2013	Jan 1 to 30 Sept 2012	July 1 to 30 Sept 2013	July 1 to 30 Sept 2012
Loan Brokerage				
Volume of new business (€ million)	901	1,051	479	287
Volume of prolongation (€ million)	258	530	57	111
Revenue (€ million)	9.4	8.4	4.1	2.7
Selling expenses (€ million)	0.3	0.3	0.1	0.0
Net Revenue (€ million)	9.1	8.1	4.0	2.7

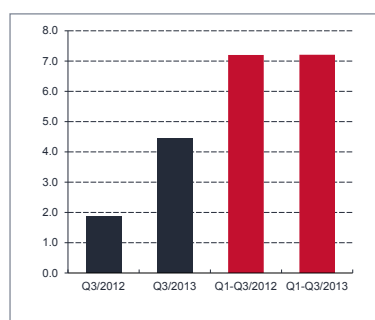
Own work capitalised

In the third quarter of 2013 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 underpins the ongoing growth of its Financial Service Providers and Private Clients business units.

In the third quarter of 2013 the Company invested a total of €1.7 million (Q3 2012: €2.1 million) in the development of its marketplaces and advisory systems, while in the first nine months of this year it spent €5.2 million on them (Q1-Q3 2012: €5.6 million). It continues to invest heavily in its forward-looking projects as part of these activities. Of these totals, €1.2 million was capitalised in the third quarter of 2013 (Q3 2012: €1.5 million) and €3.2 million was capitalised in the first nine months of this year (Q1-Q3 2012: €3.7 million), while amounts of €0.5 million for the third quarter of 2013 (Q3 2012: €0.6 million) and €2.0 million for the first nine months of this year (Q1-Q3 2012: €1.9 million) were expensed as incurred. These amounts represent the pro-rata personnel expenses and operating costs attributable to software development.

Earnings

The substantially higher earnings generated by the Financial Service Providers and Institutional Clients business units in what was a normal, volatile market environment comfortably compensated for the net loss incurred by the Private Clients business unit. The Private Clients business unit continued to operate under challenging market conditions that impacted on its insurance and basic banking products. The restructuring of its insurance business started to show tangible results.



EBITDA aus fortzuführenden Geschäftsbereichen in Mio. €

Against the backdrop of the operating performance described above, EBITDA from continuing operations rose to €4.4 million in the third quarter of 2013 (Q3 2012: €1.9 million), while EBIT from continuing operations increased to €3.4 million (Q3 2012: €0.6 million). In the first nine months of 2013 the Company generated EBITDA of €7.2 million from continuing operations (Q1-Q3 2012: €7.2 million) and EBIT of €4.1 million from continuing operations (Q1-Q3 2012: €3.7 million).

Consequently, the EBITDA margin (EBITDA as a percentage of gross profit) rose from 16.8 per cent to 31.6 per cent in the third quarter of 2013. The EBITDA margin for the first nine months of this year increased to 21.0 per cent (Q1-Q3 2012: 19.4 per cent).

Other income and expenses

Other operating income essentially comprised income of €466 thousand from employee contributions to vehicle purchases (Q1-Q3 2012: €381 thousand), income of €335 thousand from other accounting periods (Q1-Q3 2012: €240 thousand), and income of €306 thousand from the reversal of provisions (Q1-Q3 2012: €72 thousand).

Personnel expenses for the first nine months of 2013 rose because the average number of employees during the period increased from 521 to 564 people.

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

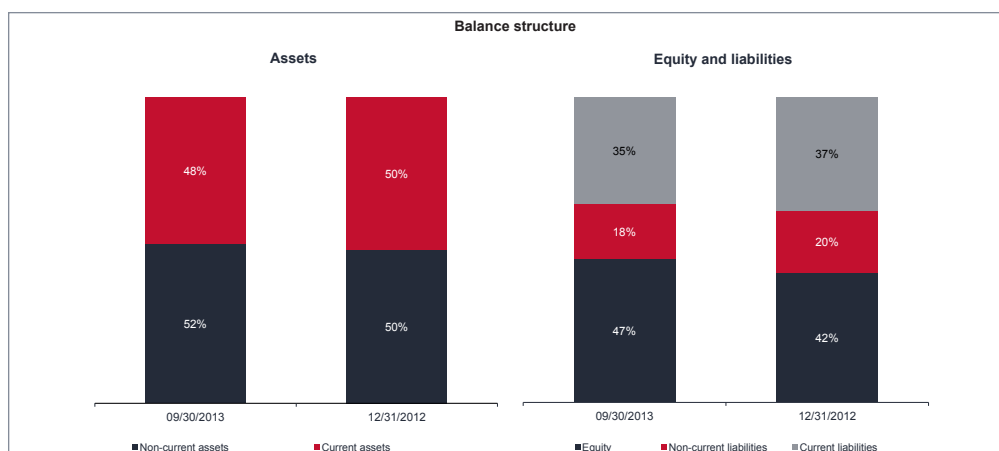
€ '000	1 Jan to 30 Sep 2013	1 Jan to 30 Sep 2012	1 July to 30 Sep 2013	1 July to 30 Sep 2012
Operating expenses	4,178	3,832	1,464	1,349
Other selling expenses	2,011	2,132	532	754
Administrative expenses	3,204	2,691	1,012	1,030
Other personnel expenses	458	580	144	254
Other expenses	746	406	105	193
	10,597	9,641	3,257	3,580

The operating expenses consist mainly of building rentals of €1.437 million (Q1-Q3 2012: €1.411 million) and vehicle-related costs of €1.126 million (Q1-Q3 2012: €1.044 million). The other selling expenses relate to advertising costs and travel expenses. The administrative expenses largely comprise IT-related costs of €1.307 million (Q1-Q3 2012: €1.035 million) as well as telephone charges and other communication costs of €482 thousand (Q1-Q3 2012: €460 thousand). The other personnel expenses mainly consist of training costs of €313 thousand (Q1-Q3 2012: €413 thousand).

The net finance costs mainly include interest expenses of €0.5 million for the drawdown of loans and credit lines (Q1-Q3 2012: €0.6 million) and interest expenses of €0.1 million for the discounting of non-current receivables from product suppliers (Q1-Q3 2012: €0.2 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 30 September 2013 amounted to €70.9 million, which was an increase of 0.3 per cent on the total as at 31 December 2012 (€70.7 million).



Non-current assets totalled €36.9 million (31 December 2012: €35.5 million). This amount included goodwill which, at an unchanged €14.8 million, remained the largest single item.

Current other assets essentially comprise advance commission payments of €4.706 million (31 December 2012: €3.881 million).

The equity attributable to Hypoport AG shareholders as at 30 September 2013 grew by €3.5 million, or 12.0 per cent, to €33.2 million. The equity ratio improved from 42.2 per cent to 47.2 per cent as a result of the net profit reported for the period.

The €2.2 million decrease in non-current liabilities to €12.6 million stemmed primarily from the €1.4 million reduction in financial liabilities.

Other current liabilities mainly comprised commissions received in advance totalling €3.0 million (31 December 2012: €1.8 million) and bonus commitments of €1.8 million (31 December 2012: €1.9 million).

Total financial liabilities declined by €1.9 million to €16.4 million largely because the level of new borrowing was lower than the scheduled loan repayments.

Cash flow

Cash flow increased by €1.2 million to €6.7 million during the reporting period. This increase was largely attributable to the higher net profit reported for the period.

The total net cash generated by operating activities as at 30 September 2013 amounted to €3.6 million (30 September 2012: €4.9 million). The reduction in cash flow compared with the corresponding period of 2012 was mainly attributable to the fact that the cash used for working capital rose by €2.6 million to €3.2 million (30 September 2012: €0.6 million).

The net cash outflow of €4.2 million from investing activities (30 September 2012: net outflow of €4.9 million) stemmed primarily from capital expenditure of €3.6 million on non-current intangible assets (30 September 2012: €4.2 million).

The net cash of €1.9 million used by financing activities (30 September 2012: net cash outflow of €2.1 million) related to scheduled loan repayments of €4.3 million (30 September 2012: €5.4 million) and new borrowing of €2.4 million (30 September 2012: €3.9 million).

Cash and cash equivalents as at 30 September 2013 totalled €6.0 million, which was €2.6 million lower 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 developing and refining the EUROPACE financial marketplaces. There was also further investment in new advisory systems for end customers and distributors.

Employees

The number of employees in the Hypoport Group rose continuously in line with revenue growth and totalled 560 people as at 30 September 2013. This was an increase of 2.6 per cent on the end of 2012 (31 December 2012: 546 people). An average of 564 people were employed in the first nine months of 2013 (Q1-Q3 2012: 521 people).

Outlook

Global growth remains fragile, and individual countries' share of this growth is constantly changing. The ongoing extremely high levels of uncertainty could dent global economic growth. The United States is highly likely to discontinue its loose monetary policy, creating a knock-on effect on the world economy. Europe continues to be bedevilled by a fragmented financial market and a currency union of highly heterogeneous economies. All major economic areas in the Western world have huge debt problems, which provide the potential for further crises. The International Monetary Fund (IMF) expects the global economy to grow by 2.9 per cent in 2013 and by 3.6 per cent in 2014. It has therefore lowered its forecasts for both this year and next. The IMF reckons that eurozone growth will improve by a modest 0.1 percentage points to a contraction of 0.4 per cent for 2013, while it has kept its growth prediction for 2014 unchanged at 1.0 per cent.

For Germany, however, the IMF is more optimistic, forecasting GDP growth of 0.5 per cent for 2013, which is 0.2 percentage points more than it predicted in July. The experts at the IMF expect German economic output to grow by 1.4 per cent in 2014, which means that they have raised their forecast by 0.1 percentage points. The Centre for European Economic Research (ZEW) concurs with these upbeat economic forecasts for Germany. The German Institute for Economic Research (DIW) expects exports to increase, the labour market to remain stable and wages to rise further, all of which could boost business activity.

The European Central Bank is set to keep its key interest rate on hold at an all-time low. This policy stance is intended to stabilise the money markets, thereby supporting the gradual recovery of the European economy. Credit market growth remains constrained because banks are lending too little to businesses and individuals. Although they have bolstered their equity capital in response to the pressures of tighter regulation, it is still not sufficient to enable them to increase their risk-weighted assets. What's more, potential borrowers are relatively risk averse given the continued pronounced economic uncertainty. Basic financial products such as instant-access deposits and current accounts remain fairly unappealing for consumers.

The future direction of mortgage interest rates will continue to be largely determined by political decisions and Europe's economic fortunes. We expect interest rates to remain flat in the short term. Rates should then rise once the United States and the southern European countries get their budgets and national debts under control. Irrespective of how high interest rates are, the need to make financial provision for old age and the continued lack of investment alternatives will ensure that demand for real estate remains strong.

The German Insurance Association (GDV) – under the guidance of leading insurance companies – has proposed that the commissions earned from life insurance should be capped. This is just one example that illustrates the considerable degree of uncertainty about market regulation in this sector. We firmly believe that consumers' preference for comprehensive, fair and impartial advice will continue to prevail in future. By using a widely diversified business model that is firmly rooted in these values, the Hypoport Group is excellently placed to exploit future potential.

For 2013 as a whole we expect to achieve double-digit revenue growth and earnings in line with the record levels of previous years. Assuming that market conditions remain stable, we plan to generate double-digit revenue and earnings growth in 2014.

4. Interim consolidated financial statements

Consolidated balance sheet as at 30 September 2013

	30 Sep 2013 € '000	31 Dec 2012 € '000
Assets		
Non-current assets		
Intangible assets	28,997	27,684
Property, plant and equipment	2,432	2,618
Financial assets	96	115
Trade receivables	4,910	4,640
Other assets	22	23
Deferred tax assets	405	384
	36,862	35,464
Current assets		
Trade receivables	22,243	21,082
Other current items	5,735	4,687
Income tax assets	89	959
Cash and cash equivalents	5,996	8,555
	34,063	35,283
	70,925	70,747
Equity and liabilities		
Equity		
Subscribed capital	6,195	6,195
Treasury shares	-57	-61
Reserves	27,019	23,480
	33,157	29,614
Non-controlling interest	311	230
	33,468	29,844
Non-current liabilities		
Financial liabilities	11,571	12,935
Provisions	241	241
Other liabilities	10	10
Deferred tax liabilities	791	1,639
	12,613	14,825
Current liabilities		
Provisions	40	78
Financial liabilities	4,814	5,365
Trade payables	11,992	14,070
Current income tax liabilities	812	116
Other liabilities	7,186	6,449
	24,844	26,078
	70,925	70,747

Consolidated income statement

for the period 1 January to 30 September 2013

	1 Jan to 30 Sep 2013 € '000	1 Jan to 30 Sep 2012* € '000	1 July to 30 Sep 2013 € '000	1 July to 30 Sep 2012* € '000
Revenue	75,717	62,903	27,053	20,973
Selling expenses (Commission and lead costs)	-38,588	-28,654	-13,004	-9,932
Gross profit	37,129	34,249	14,049	11,041
Own work capitalised	3,227	3,467	1,249	1,402
Other operating income	1,843	1,094	473	272
Personnel expenses	-24,393	-21,967	-8,072	-7,284
Other operating expenses	-10,597	-9,641	-3,257	-3,580
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,209	7,202	4,442	1,851
Depreciation, amortisation expense and impairment losses	-3,070	-3,547	-1,024	-1,222
Earnings before interest and tax (EBIT)	4,139	3,655	3,418	629
Financial income	73	56	1	6
Finance costs	-555	-860	-231	-192
Earnings before tax (EBT)	3,657	2,851	3,188	443
Income taxes and deferred taxes	-63	-772	-969	-226
Profit (loss) from continuing operations, net of tax	3,594	2,079	2,219	217
Profit (loss) from discontinued operations, net of tax	0	-536	0	-191
Net profit (loss) for the year	3,594	1,543	2,219	26
attributable to non-controlling interest	81	-7	91	37
from continuing operations	81	-7	91	37
from discontinued operations	0	0	0	0
attributable to Hypoport AG shareholders	3,513	1,550	2,128	-11
from continuing operations	3,513	2,086	2,128	180
from discontinued operations	0	-536	0	-191
Earnings (loss) per share (€)	0.57	0.25	0.34	0.00
from continuing operations	0.57	0.34	0.34	0.03
from discontinued operations	0.00	-0.09	0.00	-0.03

* The comparative prior-year tax figures have been adjusted and are explained in section 5 of the notes to the interim consolidated financial statements „Comparative figures for 2012“

Consolidated statement of comprehensive income

for the period 1 January to 30 September 2013

	1 Jan - 30 Sept 2013 €'000	1 Jan - 30 Sept 2012 €'000	1 Jan - 30 Sept 2013 €'000	1 Jan - 30 Sept 2012 €'000
Net profit (loss) for the year	3.594	1.543	2.219	26
Total income and expenses recognized in equity*	0	0	0	0
Total comprehensive income	3.594	1.543	2.219	26
attributable to non-controlling interest	81	-7	91	37
attributable to Hypoport AG shareholders	3.513	1.550	2.128	-11

* There was no income or expenses to be recognized in equity during the reporting period.

Abridged consolidated statement of changes in equity for the nine months ended 30 September 2013

€'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 2012	6,194	2,052	22,803	31,049	220	31,269
Sale of own shares	0	0	0	0	0	0
Purchase of own shares	-60	0	-551	-611	0	-611
Total comprehensive income	0	0	1,550	1,550	-7	1,543
Balance as at 30 September 2012	6,134	2,052	23,802	31,988	213	32,201

€'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 2013	6,134	2,052	21,428	29,614	230	29,844
Sale of own shares	4	5	21	30	0	30
Total comprehensive income	0	0	3,513	3,513	81	3,594
Balance as at 30 September 2013	6,138	2,057	24,962	33,157	311	33,468

Consolidated cash flow statement

for the period 1 January to 30 September 2013

	30 Sept 2013 €'000	30 Sept 2012 €'000
Earnings before interest and tax (EBIT)	4,139	3,002
from continuing operations	4,139	3,655
from discontinued operations	0	-653
Non-cash income (+) / expense (-)	-14	-231
Interest received (+)	73	56
Interest paid (-)	-555	-923
Income tax payments (-)	-19	-361
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment losses (-) on non-current assets	3,070	3,940
Gains (-) / losses (+) on the disposal of non-current assets	31	0
Cash flow	6,725	5,483
Increase (+) / decrease (-) in current provisions	-38	-206
Increase (-) / decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	-1,629	1,415
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-1,500	-1,842
Change in working capital	-3,167	-633
Cash flows from operating activities	3,558	4,850
from discontinued operations	0	180
Payments to acquire property, plant and equipment / intangible assets (-)	-4,228	-4,719
Proceeds from the disposal of financial assets (+)	21	53
Purchase of financial assets (-)	-2	-259
Cash flows from investing activities	-4,209	-4,925
from discontinued operations	0	-197
Purchase of own shares (-)	0	-611
Proceeds from the issue of bonds and drawdown of loans under finance facilities (+)	2,400	3,900
Redemption of bonds and loans (-)	-4,308	-5,359
Cash flows from financing activities	-1,908	-2,070
from discontinued operations	0	0
Net change in cash and cash equivalents	-2,559	-2,145
Cash and cash equivalents at the beginning of the period	8,555	7,518
Cash and cash equivalents at the end of the period	5,996	5,373
from discontinued operations	0	150

Abridged segment reporting (Page 1 of 3)

for the period 1 January to 30 September 2013

€'000	Institutional Clients	Private Clients	Financial Service Providers	Reconciliation	Group
Segment revenue in respect of third parties					
1 Jan - 30 Sept 2013	9,414	42,635	23,330	338	75,717
1 Jan - 30 Sept 2012	8,349	36,544	17,973	76	62,942
1 July - 30 Sept 2013	4,136	14,244	8,554	119	27,053
1 July - 30 Sept 2012	2,621	12,366	5,977	17	20,981
from continuing operations					
1 Jan - 30 Sept 2013	9,414	42,635	23,330	338	75,717
1 Jan - 30 Sept 2012	8,349	36,544	17,934	76	62,903
1 July - 30 Sept 2013	4,136	14,244	8,554	119	27,053
1 July - 30 Sept 2012	2,621	12,366	5,969	17	20,973
from discontinued operations					
1 Jan - 30 Sept 2013	0	0	0	0	0
1 Jan - 30 Sept 2012	0	0	39	0	39
1 July - 30 Sept 2013	0	0	0	0	0
1 July - 30 Sept 2012	0	0	8	0	8
Segment revenue in respect of other segments					
1 Jan - 30 Sept 2013	0	65	471	-536	0
1 Jan - 30 Sept 2012	0	68	718	-786	0
1 July - 30 Sept 2013	0	28	212	-240	0
1 July - 30 Sept 2012	0	19	303	-322	0
from continuing operations					
1 Jan - 30 Sept 2013	0	65	471	-536	0
1 Jan - 30 Sept 2012	0	68	718	-786	0
1 July - 30 Sept 2013	0	28	212	-240	0
1 July - 30 Sept 2012	0	19	303	-322	0
from discontinued operations					
1 Jan - 30 Sept 2013	0	0	0	0	0
1 Jan - 30 Sept 2012	0	0	0	0	0
1 July - 30 Sept 2013	0	0	0	0	0
1 July - 30 Sept 2012	0	0	0	0	0

Abridged segment reporting (Page 2 of 3)

for the period 1 January to 30 September 2013

€'000	Institutional Clients	Private Clients	Financial Ser- vice Providers	Reconciliation	Group
Total segment revenue					
1 Jan - 30 Sept 2013	9,414	42,700	23,801	-198	75,717
1 Jan - 30 Sept 2012	8,349	36,612	18,691	-710	62,942
1 July - 30 Sept 2013	4,136	14,272	8,766	-121	27,053
1 July - 30 Sept 2012	2,621	12,385	6,280	-305	20,981
from continuing operations					
1 Jan - 30 Sept 2013	9,414	42,700	23,330	-198	75,246
1 Jan - 30 Sept 2012	8,349	36,612	18,652	-710	62,903
1 July - 30 Sept 2013	4,136	14,272	8,766	-121	27,053
1 July - 30 Sept 2012	2,621	12,385	6,272	-305	20,973
from discontinued operations					
1 Jan - 30 Sept 2013	0	0	0	0	0
1 Jan - 30 Sept 2012	0	0	39	0	39
1 July - 30 Sept 2013	0	0	0	0	0
1 July - 30 Sept 2012	0	0	8	0	8
Gross profit					
1 Jan - 30 Sept 2013	9,137	13,392	14,273	327	37,129
1 Jan - 30 Sept 2012	8,115	13,050	13,068	55	34,288
1 July - 30 Sept 2013	4,008	4,851	5,077	113	14,049
1 July - 30 Sept 2012	2,664	4,025	4,345	15	11,049
from continuing operations					
1 Jan - 30 Sept 2013	9,137	13,392	14,273	327	37,129
1 Jan - 30 Sept 2012	8,115	13,050	13,029	55	34,249
1 July - 30 Sept 2013	4,008	4,851	5,077	113	14,049
1 July - 30 Sept 2012	2,664	4,025	4,337	15	11,041
from discontinued operations					
1 Jan - 30 Sept 2013	0	0	0	0	0
1 Jan - 30 Sept 2012	0	0	39	0	39
1 July - 30 Sept 2013	0	0	0	0	0
1 July - 30 Sept 2012	0	0	8	0	8

Abridged segment reporting (Page 3 of 3)

for the period 1 January to 30 September 2013

€'000	Institutional Clients	Private Clients	Financial Ser- vice Providers	Reconciliation	Group
Segment earnings before interest, tax, amortisation (EBITDA)					
1 Jan - 30 Sept 2013	3,601	-419	6,215	-2,188	7,209
1 Jan - 30 Sept 2012	2,986	725	4,950	-1,719	6,942
1 July - 30 Sept 2013	2,195	490	2,403	-646	4,442
1 July - 30 Sept 2012	946	-200	1,536	-524	1,758
from continuing operations					
1 Jan - 30 Sept 2013	3,601	-419	6,215	-2,188	7,209
1 Jan - 30 Sept 2012	2,986	725	5,210	-1,719	7,202
1 July - 30 Sept 2013	2,195	490	2,403	-646	4,442
1 July - 30 Sept 2012	946	-200	1,629	-524	1,851
from discontinued operations					
1 Jan - 30 Sept 2013	0	0	0	0	0
1 Jan - 30 Sept 2012	0	0	-260	0	-260
1 July - 30 Sept 2013	0	0	0	0	0
1 July - 30 Sept 2012	0	0	-93	0	-93
Segment earnings before interest and tax (EBIT)					
1 Jan - 30 Sept 2013	3,234	-944	4,685	-2,836	4,139
1 Jan - 30 Sept 2012	2,660	673	1,991	-2,322	3,002
1 July - 30 Sept 2013	2,068	317	1,899	-866	3,418
1 July - 30 Sept 2012	817	-211	534	-738	402
from continuing operations					
1 Jan - 30 Sept 2013	3,234	-944	4,685	-2,836	4,139
1 Jan - 30 Sept 2012	2,660	673	2,644	-2,322	3,655
1 July - 30 Sept 2013	2,068	317	1,899	-866	3,418
1 July - 30 Sept 2012	817	-211	761	-738	629
from discontinued operations					
1 Jan - 30 Sept 2013	0	0	0	0	0
1 Jan - 30 Sept 2012	0	0	-653	0	-653
1 July - 30 Sept 2013	0	0	0	0	0
1 July - 30 Sept 2012	0	0	-227	0	-227
Segment assets					
30 Sept 2013	22,991	21,925	23,746	2,263	70,925
31 Dec 2012	22,276	20,053	25,434	2,984	70,747



5. Notes to the interim consolidated financial statements

Information about the Company

The Hypoport Group is an internet-based financial service provider. Its business model is based on its three mutually supporting business units: Institutional Clients, Private Clients, and Financial Service Providers. All three of the Hypoport Group's business units are engaged in the distribution of financial products and services, facilitated or supported by internet technology.

Operating through its subsidiaries Dr. Klein & Co. Aktiengesellschaft, Vergleich.de Gesellschaft für Verbraucherinformation mbH and Qualitypool GmbH (hereinafter also referred to jointly 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 clients in Germany and the Netherlands with a fully integrated service comprising expert advice and customised solutions in the areas of financial management, portfolio management, and insurance for business customers.

The Hypoport Group uses its EUROPACE B2B financial marketplace – Germany's 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 of Hypoport AG for the nine months ended 30 September 2013 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 Interpretations Committee (IFRIC). 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 2012. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2012 and the disclosures contained in the notes thereto. These condensed interim consolidated financial statements have not been 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 2012.

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 2012, with the following exceptions:

- IAS 1: Presentation of Items of Other Comprehensive Income
- IAS 12: Deferred Tax: Recovery of Underlying Assets.
- IAS 19: Employee Benefits
- IFRS 1: First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 1: Government Loans
- IFRS 7: Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 13: Fair Value Measurement
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine
- Various: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Various: Annual Improvements 2009–2011 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.

Comparative figures for 2012

Owing to the closure of the operating activities of Hypoport Stater B.V. and the related discontinuation of the 'transaction platform for the Dutch market' business unit, which are required by IFRS 5 to be presented as discontinued operations, Hypoport AG has restated the income statement it reported for 2012. For this purpose, the income and expense from these operations, which essentially relate to Hypoport Stater B.V., have been reclassified as profit (loss) from discontinued operations, net of tax.

The tables below show the prior-year figures that have been restated to reflect the discontinuation of these operations.

Consolidated income Statement €'000	1 Jan to 30 Sept 2012 restated	1 Jan to 30 Sept 2012 as reported	Change	Thereof: IFRS 5
Revenue	62,903	62,942	-39	-39
Selling expenses	-28,654	-28,654	0	0
Gross profit	34,249	34,288	-39	-39
Own work capitalised	3,467	3,664	-197	-197
Other operating income	1,094	1,094	0	0
Personnel expenses	-21,967	-22,096	129	129
Other operating expenses	-9,641	-10,008	367	367
Earnings, before interest, tax, de- preciation and amortisation (EBITDA)	7,202	6,942	260	260
Depreciation, amortisation expense and impairment losses	-3,547	-3,940	393	393
Earnings before interest and tax (EBIT)	3,655	3,002	653	653
Financial income	56	56	0	0
Finance costs	-860	-923	63	63
Earnings before tax (EBT)	2,851	2,135	716	716
Income taxes and deferred taxes	-772	-592	-180	-180
Profit (loss) from continuing operations, net of tax	2,079	1,543	536	536
Profit (loss) from discontinued operations, net of tax	-536	0	-536	-536
Net profit (loss) for the year (total)	1,543	1,543	0	0
attributable to non-controlling interest	-7	-7	0	0
attributable to Hypoport AG shareholders	1,550	1,550	0	0
Earnings (loss) per share from continuing operations (€)	0.34	0.25	0.09	0.09
Earnings (loss) per share from discontinued operations (€)	-0.09	0.00	-0.09	-0.09

Consolidated income Statement €'000	1 July to 30 Sept 2012 restated	1 July to 30 Sept 2012 as reported	Change	Thereof: IFRS 5
Revenue	20,973	20,981	-8	-8
Selling expenses	-9,932	-9,932	0	0
Gross profit	11,041	11,049	-8	-8
Own work capitalised	1,402	1,449	-47	-47
Other operating income	272	272	0	0
Personnel expenses	-7,284	-7,328	44	44
Other operating expenses	-3,580	-3,684	104	104
Earnings, before interest, tax, de- preciation and amortisation (EBITDA)	1,851	1,758	93	93
Depreciation, amortisation expense and impairment losses	-1,222	-1,356	134	134
Earnings before interest and tax (EBIT)	629	402	227	227
Financial income	6	6	0	0
Finance costs	-192	-216	24	24
Earnings before tax (EBT)	443	192	251	251
Income taxes and deferred taxes	-226	-166	-60	-60
Profit (loss) from continuing operations, net of tax	217	26	191	191
Profit (loss) from discontinued operations, net of tax	-191	0	-191	-191
Net profit (loss) for the year (total)	26	26	0	0
attributable to non-controlling interest	37	37	0	0
attributable to Hypoport AG shareholders	-11	-11	0	0
Earnings (loss) per share from continuing operations (€)	0.03	0.00	0.03	0.03
Earnings (loss) per share from discontinued operations (€)	-0.03	0.00	-0.03	-0.03

Furthermore, the method used to calculate sales commissions paid to mortgage finance brokers was amended with effect from 1 April 2013. This increased both the revenue and the agency commissions reported as at 30 September 2013 and for the third quarter of 2013 by €4.0 million and €1.4 million respectively. This recognition method has not affected either the net profit (loss) for the period or the earnings (loss) per share reported by the Hypoport Group.

Basis of consolidation

The consolidation as at 30 September 2013 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.

	Holding %
ATC Hypoport B.V., Amsterdam	50.00
Dr. Klein & Co. AG, Lübeck	100.00
EUROPACE AG, Berlin (formerly Hypoport Insurance Market GmbH, Berlin)	100.00
GENOPACE GmbH, Berlin	50.025
FINMAS GmbH, Berlin	50.00
Hypoport B.V., Amsterdam	100.00
Hypoport Mortgage Market Ltd., Westport (Ireland)	100.00
Hypoport on-geo GmbH, Berlin	50.00
Hypoport Systems GmbH, Berlin	100.00
Qualitypool GmbH, Lübeck	100.00
Starpool Finanz GmbH, Berlin	50.025
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00

With the exception of Hypoport on-geo GmbH, FINMAS GmbH and ATC Hypoport B.V. (all joint ventures consolidated on a pro-rata basis owing to lack of control), all companies in the Group are fully consolidated.

Intangible assets and property, plant and equipment

Intangible assets primarily comprise unchanged goodwill of €14.8 million and development costs of €13.1 million for the financial marketplaces (31 December 2012: €11.8 million).

Property, plant and equipment consists solely of office furniture and equipment amounting to €2.4 million (31 December 2012: €2.6 million).

Income taxes and deferred taxes

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

€'000	Jan 1 to 30 Sept 2013	Jan 1 to 30 Sept 2012	July 1 to 30 Sept 2013	July 1 to 30 Sept 2012
Income taxes attributable to continuing operations	63	772	969	226
current income taxes	931	662	308	300
deferred taxes	-868	110	661	-74
in respect of timing differences	281	621	582	364
in respect of tax loss carry forwards	-1,149	-511	79	-438
Income taxes attributable to discontinued operations	0	-180	0	-60
current income taxes	0	0	0	0
deferred taxes	0	-180	0	-60
in respect of timing differences	0	0	0	0
in respect of tax loss carry forwards	0	-180	0	-60
	63	592	969	166

A current income tax expense of €3 thousand (Q1-Q3 2012: €34 thousand) relates to previous years.

The average combined 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 nine months of 2013 there were no share options that would have a dilutive effect on earnings per share

	Jan 1 to 30 Sept 2013	Jan 1 to 30 Sept 2012	July 1 to 30 Sept 2013	July 1 to 30 Sept 2012
Net profit (loss) for the year (€'000)	3,594	1,543	2,219	26
of which attributable to Hypoport AG stockholders	3,513	1,550	2,128	-11
from continuing operations	3,513	2,086	2,128	180
from discontinued operations	0	-536	0	-191
Basic weighted number of outstanding shares ('000)	6,137	6,172	6,138	6,138
Earnings per share (€)	0.57	0.25	0.34	0.00
from continuing operations	0.57	0.34	0.34	0.03
from discontinued operations	0.00	-0.09	0.00	-0.03

Discontinued operations

Because the Company decided in 2012 to close down the operating activities of Hypoport Stater B.V. and consequently to discontinue the 'transaction platform for the Dutch market' business unit, which are required by IFRS 5 to be presented as discontinued operations, the income and expense from these operations, which essentially relate to Hypoport Stater B.V., have been reclassified and reported separately on the face of the consolidated income statement as profit (loss) from discontinued operations, net of tax. Comparative items have been restated accordingly as required by IFRS 5.

The tables below show the profits (losses) from discontinued operations, net of tax.

€'000	1 Jan to 30 Sept 2013 Financial Service Providers	Group	1 Jan to 30 Sept 2012 Financial Service Providers	Group
Revenue	0	0	39	39
Selling expenses	0	0	0	0
Gross profit	0	0	39	39
Own work capitalised	0	0	197	197
Other operating income	0	0	0	0
Personnel expenses	0	0	-129	-129
Other operating expenses	0	0	-367	-367
Earnings before interest, tax, de- preciation and amortisation (EBITDA)	0	0	-260	-260
Depreciation, amortisation expense and impairment losses	0	0	-393	-393
Earnings before interest and tax (EBIT)	0	0	-653	-653
Financial income	0	0	0	0
Finance costs	0	0	-63	-63
Earnings before tax (EBT)	0	0	-716	-716
Income taxes and deferred taxes	0	0	180	180
Profit (loss) from discontinued operations, net of tax	0	0	-536	-536
Earnings (loss) from discontinued operations (€)	0.00	0.00	-0.09	-0.09

€'000	1 July to 30 Sept 2013 Financial Service Providers	Group	1 July to 30 Sept 2012 Financial Service Providers	Group
Revenue	0	0	8	8
Selling expenses	0	0	0	0
Gross profit	0	0	8	8
Own work capitalised	0	0	47	47
Other operating income	0	0	0	0
Personnel expenses	0	0	-44	-44
Other operating expenses	0	0	-104	-104
Earnings before interest, tax, de- preciation and amortisation (EBITDA)	0	0	-93	-93
Depreciation, amortisation expense and impairment losses	0	0	-134	-134
Earnings before interest and tax (EBIT)	0	0	-227	-227
Financial income	0	0	0	0
Finance costs	0	0	-24	-24
Earnings before tax (EBT)	0	0	-251	-251
Income taxes and deferred taxes	0	0	60	60
Profit (loss) from discontinued operations, net of tax	0	0	-191	-191
Earnings (loss) from discontinued operations (€)	0.00	0.00	-0.03	-0.03

Subscribed capital

The Company's subscribed capital as at 30 September 2013 was unchanged at €6,194,958.00 (31 December 2012: €6,194,958.00) and was divided into 6,194,958 (31 December 2012: 6,194,958) fully paid-up registered no-par-value shares.

The Annual Shareholders' Meeting held on 7 June 2013 voted to carry forward Hypoport AG's distributable profit of €19,135,440.51 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 56,975 treasury shares as at 30 September 2013 (equivalent to €56,975.00, or 0.92 per cent, of the subscribed capital of Hypoport AG), which are intended to be issued to employees. The changes in the numbers of treasury shares and the main data relating to transactions during the reporting period are shown in the table below.

Change in the balance of treasury shares in 2013	Number of shares	Proportion of subscribed capital %	Cost of purchase €	Sale price €	Gain or loss on sale €
Opening balance as at 1 January 2013	60,656	0.979	611,823.20		
Sold in April 2013	2,928	0.047	24,994.84	23,424.00	-1,570.84
Sold in May 2013	495	0.008	5,306.40	3,950.10	-1,356.30
Sold in July 2013	258	0.004	2,764.36	2,141.40	-622.96
Balance as at 30 Sept 2013	56,975	0.920	578,757.60	29,515.50	-3.550,10

This expense incurred by the purchase and sale 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 (€124 thousand, of which €4 thousand relates to 2013).

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 2012: €7 thousand) are also reported under this item.

Non-controlling interest

This non-controlling interest relates to the minority interests in the equity of Starpool Finanz GmbH and GENOPACE GmbH.

Share-based payment

No share options were issued in the third quarter of 2013.

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 30 September 2013.

	Shares (number) 30 Sept 2013	Shares (number) 31 Dec 2012
Group Management Board		
Ronald Slabke	2,245,831	2,245,831
Thilo Wiegand	30,000	28,000
Stephan Gawarecki	187,800	187,800
Hans Peter Trampe	174,990	174,990
Supervisory Board		
Dr. Ottheinz Jung-Senssfelder	14,000	14,000
Prof. Dr. Thomas Kretschmar	814,286	814,286
Christian Schröder	23,500	23,500

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 generated by joint ventures totalled €15 thousand in the third quarter of 2013 (Q3 2012: €22 thousand) and €67 thousand in the first nine months of this year (Q1-Q3 2012: €306 thousand). Receivables from joint ventures amounted to €16 thousand as at 30 September 2013 (31 December 2012: €56 thousand) while liabilities to such companies totalled €6 thousand (31 December 2012: €0 thousand).

Opportunities and risks

During the reporting period there were no material changes in the Hypoport Group's opportunities and risks as described in the risk report within the 2012 group management report. There are no identifiable risks to the Hypoport Group as a going concern.

Seasonal influences on business activities

There were no exceptional, positive seasonal influences on the performance of the Hypoport Group's business in the third quarter of 2013. The first quarter of every year is notoriously the weakest season in the mortgage finance business. In the past, positive changes in the mortgage market for both private and institutional clients have been noticeable over the course of a year. 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 November 2013

Hypoport AG – The Management Board

Ronald Slabke – Thilo Wiegand – Stephan Gawarecki – Hans Peter Trampe



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