HYPOPORT
THE FINANCE INTEGRATOR

Interim report of Hypoport AG

for the period ended 31 March 2014

Berlin, 5 May 2014

HYPOPORT
THE FINANCE INTEGRATOR

Key performance indicators

Financial performance (€'000)	1 Jan - 31 Mar 2014	01.01. - 31.03.2013*	Change
Revenue	27,894	21,695	29%
Gross profit	14,574	11,259	29%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4,252	1,133	275%
Earnings before interest and tax (EBIT)	3,127	68	>300%
EBIT margin (EBIT as a percentage of gross profit)	21.5	0.6	>300%
Net income for the year	2,681	452	>300%
attributable to Hypoport AG shareholders	2,605	495	>300%
Earnings per share (€)	0.42	0.08	>300%
Financial position (€'000)	**31 Mar 2014**	**31 Dec 2013***	
Current assets	30,914	36,042	-14%
Non-current assets	38,447	37,605	2%
Equity	35,734	33,053	8%
attributable to Hypoport AG shareholders	35,402	32,797	8%
Equity ratio (%)	51.5	44.9	15%
Total assets	69,361	73,647	-6%

*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 2013"

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1. Letter to shareholders

Dear shareholder,

Here in Germany, 2014 began with plenty of sunshine and little sign of rain or snow. And the year started just as encouragingly for the Hypoport Group. Overall, the Group generated revenue of €27.9 million in the first quarter (Q1 2013: €21.7 million). Earnings before interest and tax (EBIT) amounted to €3.1 million, which was well above EBIT in the first three months of the previous year (Q1 2013: €0.1 million).

These results were underpinned by strong demand for real estate – an unusual situation for the first quarter that can be attributed to the weather. There was also a lull in regulatory activities, enabling the financial services sector to catch its breath. However, there was still a great deal of uncertainty about future interventions in the market by lawmakers.

The Private Clients business unit was buoyed by brisk interest from customers in mortgage finance. Competition in the personal loans business was again fierce in the first quarter. Low interest rates meant that instant-access products remained unattractive. The restructuring of the insurance business is starting to bear fruit.

The Financial Service Providers business unit had a flying start to the new year. The volume of transactions rose by 18 per cent compared with the first quarter of 2013. With its lean processes and flexible third-party brokerage, the marketplace model is continuing to gain importance. This is reflected in the steady growth of the GENOPACE platform for credit cooperatives and mutually owned banks and the FINMAS platform for savings banks. Thanks to our recent partnership with Commerzbank, all of the major nationwide banks in Germany are now represented on EUROPACE. Between January and March 2014, the Institutional Clients business unit signed a number of big-ticket deals on top of its day-to-day business. There was strong demand not only for the lending business but also for insurance business and advisory services.

This positive start confirms that Hypoport was on the right track with its full-year forecast. For 2014 as a whole, the Group continues to predict double-digit revenue growth and earnings above the record levels seen in 2010 and 2011.

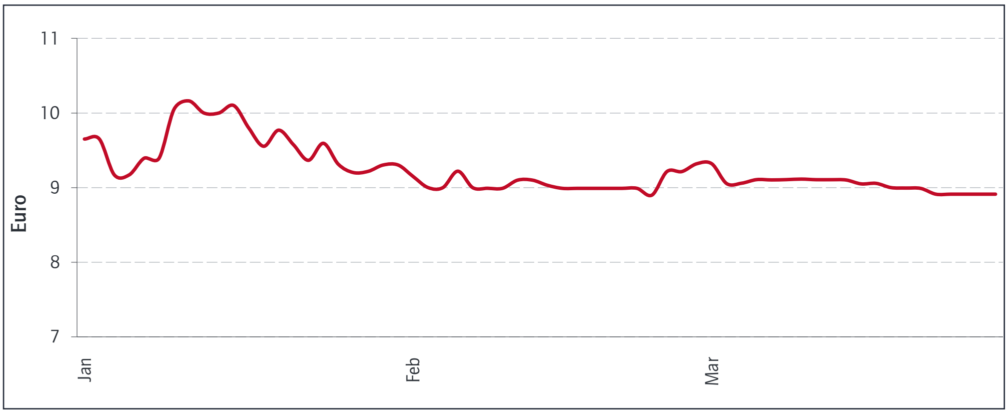
Kind regards,

Ronald Slabke
Chief Executive Officer

2. Hypoport's shares

Share price performance

Hypoport's share price remained more or less flat during the first three months of 2014, commencing the period at €9.65 on 1 January and closing at €8.99 on 31 March. It hit a first-quarter high of €10.16 on 13 January 2014.



Performance of Hypoport's share price, January to March 2014 (daily closing prices on Frankfurt Stock Exchange)

Earnings per share

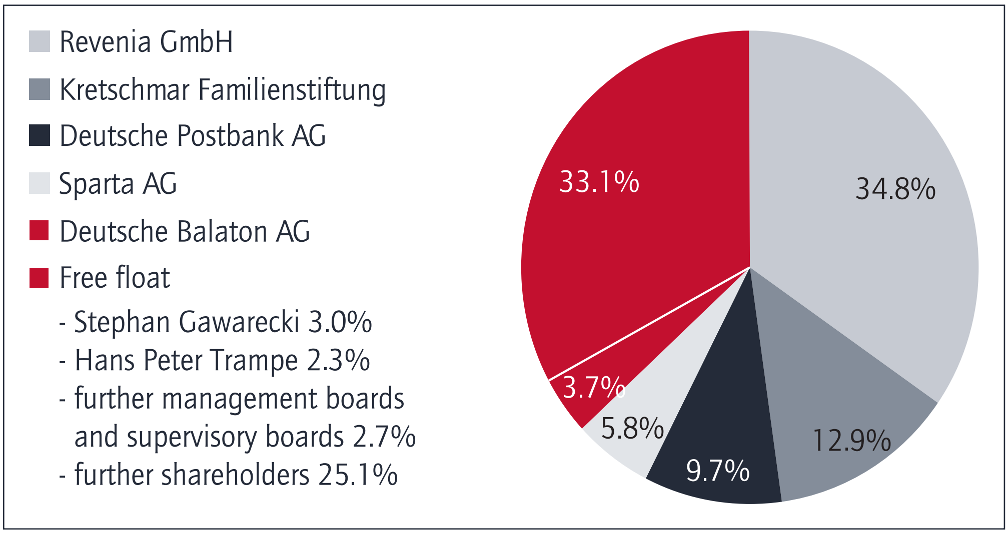
The Company generated earnings of €0.42 per share in the first three months of 2014, having posted earnings of €0.08 per share in the corresponding quarter of 2013.

Trading volumes

The daily volume of Hypoport shares traded in the first quarter of 2014 averaged €16,924.09. The highest average daily turnover was in January, with an average of 3,501 shares, followed by February (1,444 shares). The month with the lowest daily turnover was March, when an average of only 393 Hypoport shares changed hands.

Shareholder structure

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



Breakdown of shareholders as at 31 March 2014

Research

The table below shows the research studies on Hypoport's shares published in the first quarter of 2014.

Analyst	Recommendation	Target price	Date
Montega	Buy	€ 11.50	11.03.2014
CBS Research	Buy	€ 12.50	10.03.2014
Montega	Buy	€ 11.50	20.02.2014
CBS Research	Buy	€ 12.50	17.02.2014

Designated Sponsoring

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. The following ad-hoc disclosure was published on 14 February 2014:

Ad-hoc disclosure pursuant to section 15 of the German Securities Trading Act (WpHG)

> **Hypoport generates further double-digit growth; earnings higher year on year but below expectations**
>
> Berlin, 14 February 2014: Hypoport's earnings forecast for the 2013 financial year was revised at today's Management Board meeting on the basis of the fourth-quarter management accounting figures submitted by all Hypoport Group companies.
>
> Although revenue showed impressive double-digit growth, recent market conditions will prevent the Hypoport Group from achieving its original prediction that earnings would return to their record levels of 2010 and 2011. The Company now expects to generate double-digit growth in earnings before interest and tax (EBIT) for 2013 as a whole after reporting EBIT of €3.2 million for 2012. Revenue for 2013 will have topped the €100 million mark for the first time ever (2012: €87.8 million).
>
> The fallout from the financial and sovereign debt crises continues to radically transform the financial services industry. The market for endowment insurance and private health insurance has contracted sharply. This situation continues to act as a significant drag on the Private Clients business unit in particular. A further adverse factor was that the year-end business typical of this sector failed to materialise in 2013. The efficiency measures introduced, the rigorous focus on the management of insurance portfolios, and the ongoing growth of mortgage finance in the Private Clients business unit were unable to fully offset the dramatic decline in new insurance business.
>
> The Financial Service Providers and Institutional Clients business units failed to replicate their exceptionally successful third quarters in the face of persistently sluggish interest rates. These two business units completed 2013 as a whole by delivering robust performances in the final quarter.
>
> Hypoport expects its Financial Service Providers and Institutional Clients business units to continue to grow in 2014. In addition, the restructuring of insurance for private clients should yield tangible benefits in terms of earnings. Consequently, Hypoport is adhering to its previous forecast for 2014 of double-digit revenue growth and earnings above the record levels of previous years 2010 / 2011.

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 first quarter of 2014.

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 January 2014	€ 9.65 (Frankfurt)
Share price as at 31 March 2014	€ 8.99 (Frankfurt)
High in first quarter 2014	€ 10.16 (13 January 2014)
Low in first quarter 2014	€ 8.90 (25 February 2014)
Market capitalisation	€ 55.7 Mio. (31 March 2014)
Trading volume	€ 16,924.09 (daily average for first quarter of 2014)

3. Interim group management report

Economic conditions

Macroeconomic environment

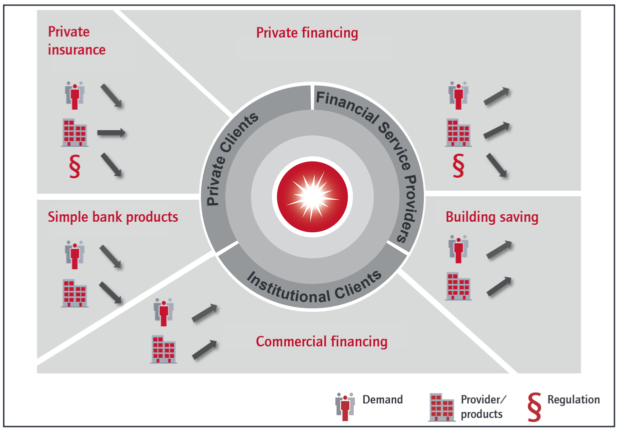
According to the International Monetary Fund (IMF), the upturn experienced by industrialised countries has recently become more broad-based, with more stable public finances and increased investor confidence. There was also greater stability in the banking sector. Despite these positive developments in industrialised countries, there are still downside risks for the global recovery. Longer-term adverse effects were compounded by new geopolitical risks resulting from the crisis in Crimea and eastern Ukraine, which could have a negative impact on economic growth. Lower growth rates in a number of emerging markets, such as Brazil, were among the factors that led to the IMF's small downward adjustment of its annual forecast from 3.7 per cent to 3.6 per cent in April.

The IMF does not rule out the threat of deflation for Europe. It held its growth forecast for European countries at 1.2 per cent for the current year and is stepping up its focus on future changes in the rate of inflation. Based on its latest calculations, the IMF expects inflation in the European Union to remain below the price stability level of 2.0 per cent set by the European Central Bank (ECB) until at least 2016. The ECB has maintained its main refinancing rate at 0.25 per cent since 7 November 2013, although it is keeping other monetary policy options open (such as the purchase of securities) in case the economy slows down.

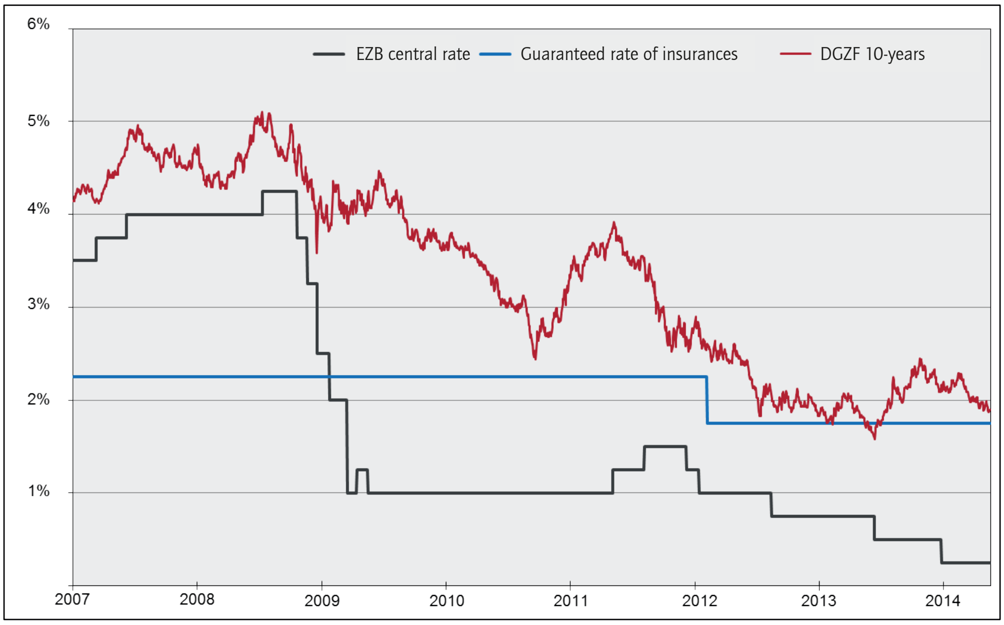
The IMF raised its growth forecast for Germany by 0.2 percentage points to 1.7 per cent – and noted that monetary stimulus, a robust labour market and increased consumer confidence had led to stronger domestic demand in Germany in recent times. The German Institute for Economic Research (DIW Berlin) expects the economy in the first quarter to have grown by 0.7 per cent compared with the fourth quarter of 2013. It has detected a rise in construction investment thanks to mild winter weather coupled with more stable personal consumption. Provided that negative political influences such as the conflict between Ukraine and Russia do not escalate, DIW Berlin anticipates stronger exports and, consequently, an improvement in capital spending.

Conditions in the financial services sector

The Hypoport Group and its segments operate in various individual financial services markets. The Private Clients business unit and the Financial Service Providers unit are both affected by sectoral market conditions in financial services for private clients. The Institutional Clients business unit operates in financial services markets for real-estate and housing companies as well as for their lenders from the banking and insurance industries. The adjacent diagram shows our current general assessment of market conditions in each product segment.

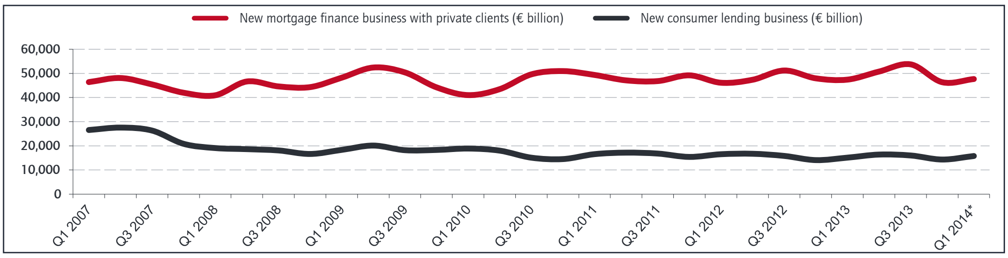


Long-term interest rates fell slightly in the first quarter of 2014 and, at the start of February, dropped back below 2.0 per cent for the first time in almost six months. This led to an even more favourable interest-rate environment for mortgage customers, whereas investment products continued to lose their appeal due to falling average rates of return.



Data from Deutsche Bundesbank showed that the total market volume for mortgage finance in January and February 2014 amounted to €31.8 billion, up on the volume generated in November and December of the previous year. However, the volume was virtually unchanged year on year (total market volume for mortgage finance in January and February 2013: €31.7 billion).

In January and February 2014, the total market volume for personal loans came to €10.5 billion. This represents a small rise of 1.0 per cent compared with the corresponding prior-year period (total market volume for personal loans in January and February 2013: €10.4 billion).



Total volume of private mortgage mortgage finance and personal loans (source: Deutsche Bundesbank); Q1/2014 March interpolated

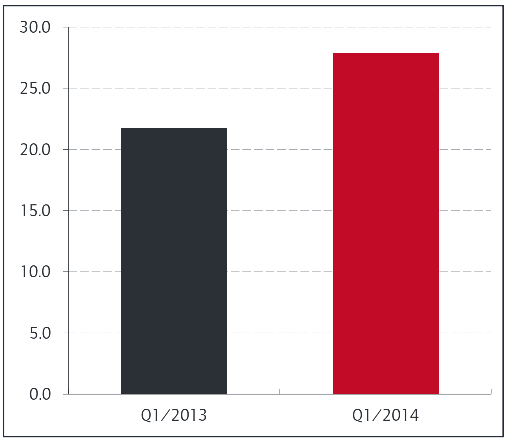
According to statistics published by the Bundesbank, the total volume for building finance products reached €15.2 billion in January and February 2014, which was around 9.8 per cent lower than in the previous year (total market volume for personal loans in January and February 2013: €16.8 billion).

Bundesbank statistics also revealed that the total funds invested in fixed-term, instant-access and savings accounts stood at €1,755.1 billion at the end of February 2014 (31 December 2013: €1,743.0 billion).

In the first quarter of 2014, the insurance market was again hampered by regulatory changes relating to Solvency II, historically low interest rates and the associated negative impact on returns from pension products.

Revenue

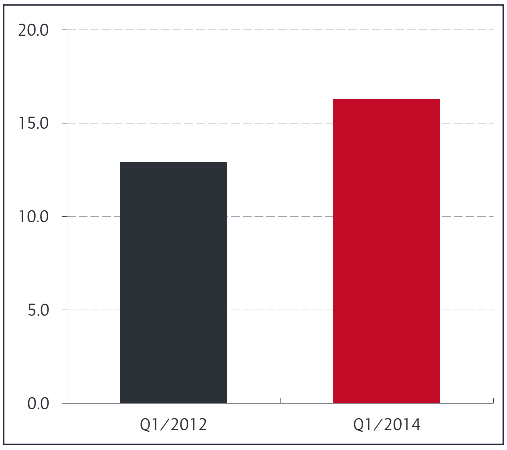
The Hypoport Group enjoyed a flying start to 2014. Consolidated revenue surged by 28.6 per cent from €21.7 million in the first quarter of 2013 to €27.9 million in the first three months of 2014. This revenue growth was consistent with the highly encouraging rise in gross profit, which jumped by 29.4 per cent from €11.3 million to €14.6 million.



Revenue Hypoport Group (€ million)

Private Clients business unit

Revenue in the Private Clients business unit, which specialises in the online distribution of financial products, rose by a substantial 25.8 per cent to €16.27 million (Q1 2013: €12.93 million).



Revenue Private Clients (€ million)

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. While gross profit in the mortgage finance product segment was encouraging, the gross margin earned in this business unit has remained under pressure in 2014 owing to fierce competition in insurance selling as well as to challenging conditions and a tougher competitive environment in the market for basic banking products.

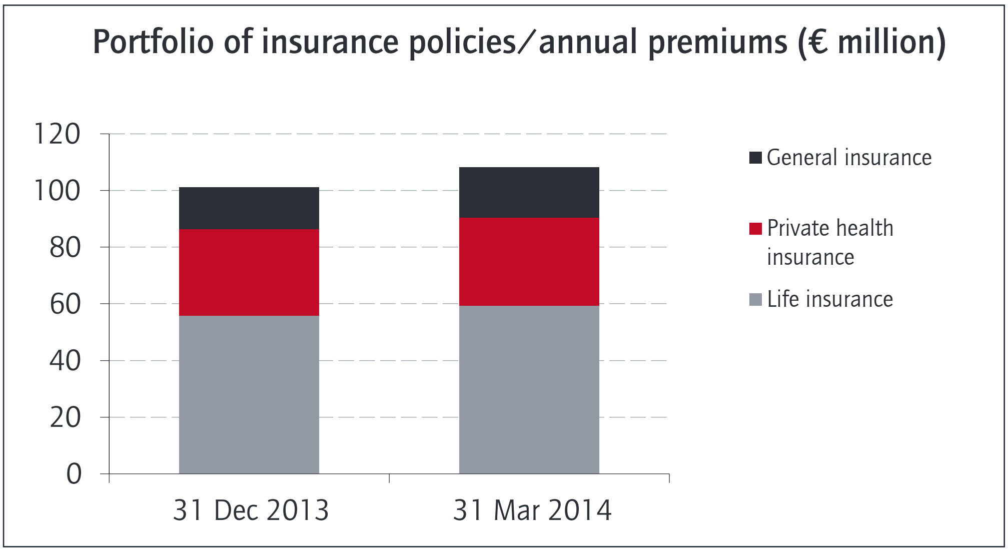
Consequently, the gross profit generated by this business unit grew by 22.1 per cent to €5.13 million (Q1 2013: €4.20 million). Due to higher revenue and cost reductions in the insurance product segment, the business unit's EBIT rose from a loss of €0.9 million to earnings of €0.3 million.

Privat Clients business unit	1 Jan to 31 Mar 2014	1 Jan to 31 Mar 2013
Revenue (€ million)	16.3	12.9
Selling expenses (€ million)	11.2	8.7
Net Revenue (€ million)	5.1	4.2
EBIT (€ million)	0.3	-0.9

The loan brokerage product segment was considerably expanded and reported strong growth in its total volume of lending, which increased by 25.1 per cent from €1.18 billion to €1.48 billion in the first quarter.

Volume of transactions	1 Jan to 31 Mar 2014	1 Jan to 31 Mar 2013
Volume of financing transactions (€ billion)	1.48	1.18
Volume of insurance transactions (€ million)	4.39	4.68
life insurance	2.26	2.59
private health insurance	0.59	0.71
general insurance	1.54	1.38

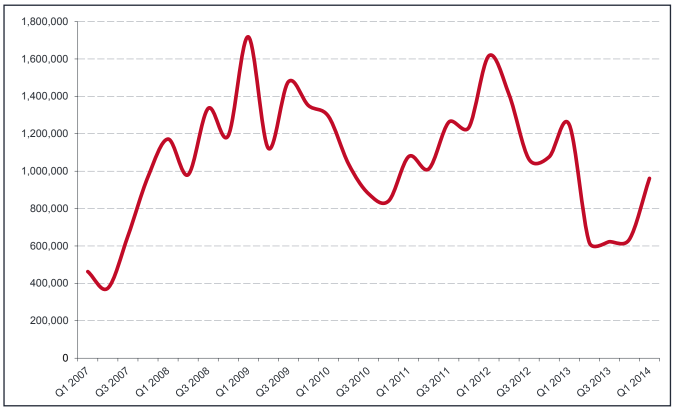
The volume of transactions in insurance products fell by 6.2 per cent, with annual premiums down from €4.68 million to €4.39 million in what was a challenging market environment. The trend observed in previous quarters continued unabated. Low investment returns resulted in a sharp fall in new health and life insurance policies, which offer high upfront sales commissions, while transaction volumes rose in general insurance, in which commission is paid on an ongoing basis.



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.

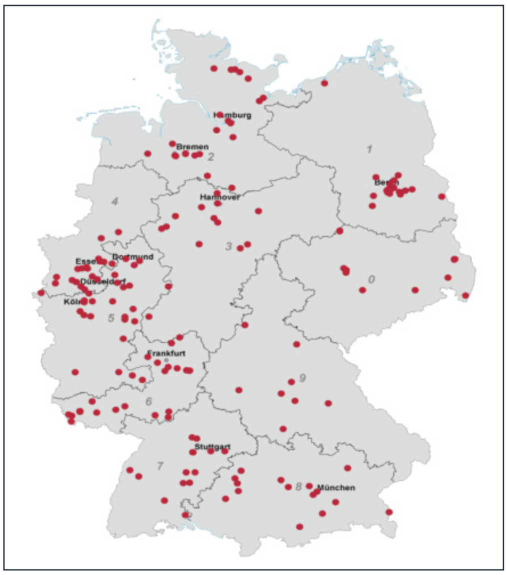
Boosted by strong growth in its network of advisors, Hypoport achieved a significant year-on-year increase in the portfolio of insurance policies that it managed in the first three months of 2014, raising its annual life insurance premiums by 6.2 per cent from €55.83 million to €59.29 million, its annual private health insurance premiums by 2.2 per cent from €30.60 million to €31.26 million and its annual general insurance premiums by 20.7 per cent from €14.71 million to €17.76 million. Consequently, the total portfolio of insurance policies under management had reached a new all-time high of €108.31 million in annual premiums at the end of March 2014, compared with the €101.14 million reported as at 31 December 2013.

The number of leads acquired – which is a key determinant of future unit sales of basic banking products – decreased significantly by 0.3 million year on year in the first three months of 2014 to 0.9 million (Q1 2013: 1.2 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. This has reduced the potential for us to earn revenue from these business lines. We are offsetting this trend by selling additional online products. Our main area of investment here is the online market for personal loans.



Number of leads

The map on the right gives an overview of the extensive network of more than 200 branches established by our franchisees in Germany as well as our flagship stores, which are located in the major German commercial centres and in which a total of 655 active advisors were working as at 31 March 2014 compared with 612 at the end of 2013.



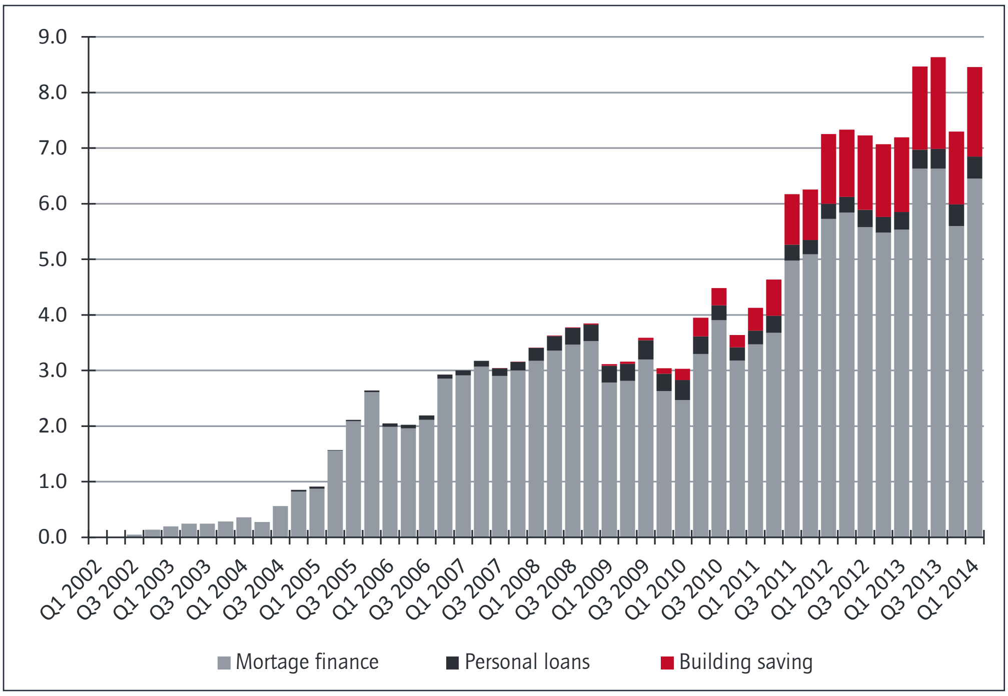
At the same time, the number of active advisors operating within our agent sales network rose to 702. Apart from improving the capacity utilisation of our infrastructure, these partners – who are only loosely associated with us – offer significant potential for expanding our business in future.

Distribution channels	31 Mar 2014	31 Dec 2013
Active advisors in branch-based sales	655	612
Active advisors acting as agents	702	676

Financial Service Providers business unit

In the first quarter of 2014, Financial Service Providers – the second-largest business unit – built on the excellent results achieved in previous quarters.

The volume of transactions completed in the first quarter of 2014 totalled €8.5 billion, which was around 18 per cent higher than in the corresponding period of last year (Q1 2013: €7.2 billion), thereby topping the €8 billion mark for the third time. In addition, the EUROPACE marketplace with its lean processes and ability to offer third-party brokerage to an increasing number of financial institutions is establishing itself as an attractive distribution channel.



Volume of transactions on EUROPACE (€ billion)

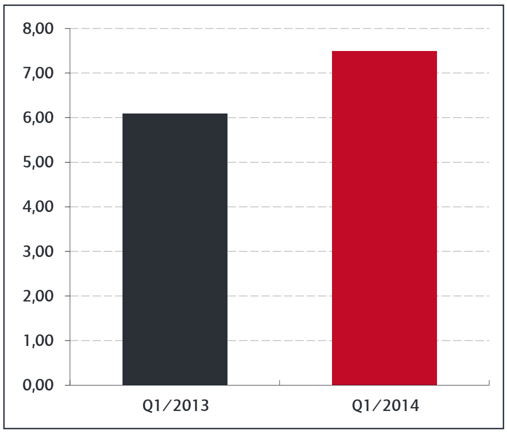
The total volume of mortgage finance transactions processed in the first quarter of 2014 rose by 16.6 per cent to €6.45 billion (Q1 2013: €5.53 billion). As before, the mortgage finance product segment makes up the largest share of the overall volume.

The total value of building finance agreements and loans brokered via EUROPACE rose by 19.6 per cent to €1.61 billion (Q1 2013: €1.35 billion). Building finance products remain in demand. They enable home buyers to secure low interest rates over the long term and eliminate interest-rate risk.

There was also encouraging growth in the volume of transactions in personal loans, with the corresponding figure for the first three months of 2013 being increased by 25.7 per cent to €0.40 billion (Q1 2013: €0.31 billion).

Revenue rose by 23.1 per cent to €7.50 million (Q1 2013: €6.09 million), mainly as a result of the higher volume of transactions. The increase in gross profit almost mirrored the growth in the volume of transactions, advancing by 19.8 per cent to €5.17 million (Q1 2013: €4.31 million).

While other income and expenses virtually offset each other, EBIT generated by the business unit rose by an impressive 63.3 per cent from €1.11 million to €1.81 million.



Revenue Financial Service Providers (€ million)

Financial Service Providers business unit	1 Jan - 31 Mar 2014	1 Jan - 31 Mar 2013*
Volume of transactions (€ billion)	8.5	7.2
thereof mortgage finance	6.5	5.5
thereof personal loans	0.4	0.3
thereof building saving	1.6	1.4
Revenue (€ million)	7.5	6.1
Selling expenses (€ million)	2.3	1.8
Net Revenue (€ million)	5.2	4.3
EBIT (€ million)	1.8	1.1

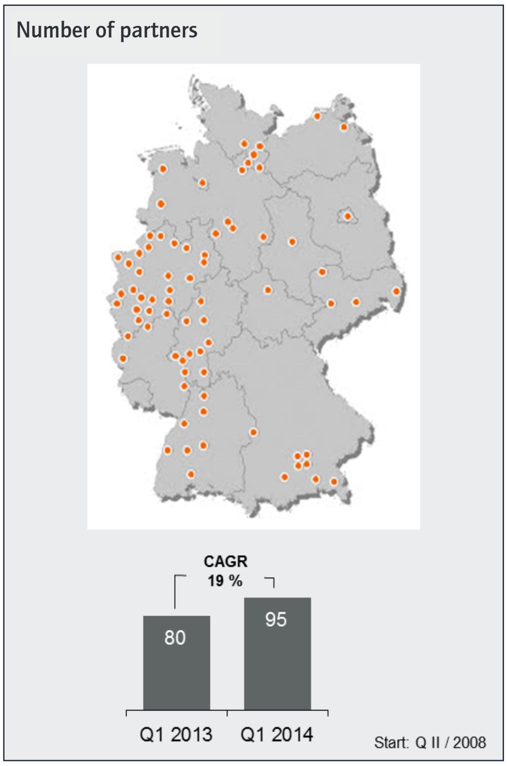
*The comparative prior-year tax figures have been adjusted and are explained in section 5 of the notes to the interim consolidated financial statements „Comparative figures for 2013"

In order to ensure that our EUROPACE marketplace prospers, we need, above all, to attract new distribution partners and product suppliers and to strengthen our business relationships with existing partners and suppliers. The total number of partners using the EUROPACE platform had risen to 248 by 31 March 2014, compared with 211 partners as at 31 March 2013.

More than 270 participants attended the 23rd EUROPACE Conference, which was held in February. The two main topics of interest at this gathering were mortgage brokerage as a profession and global economic developments in 2014.

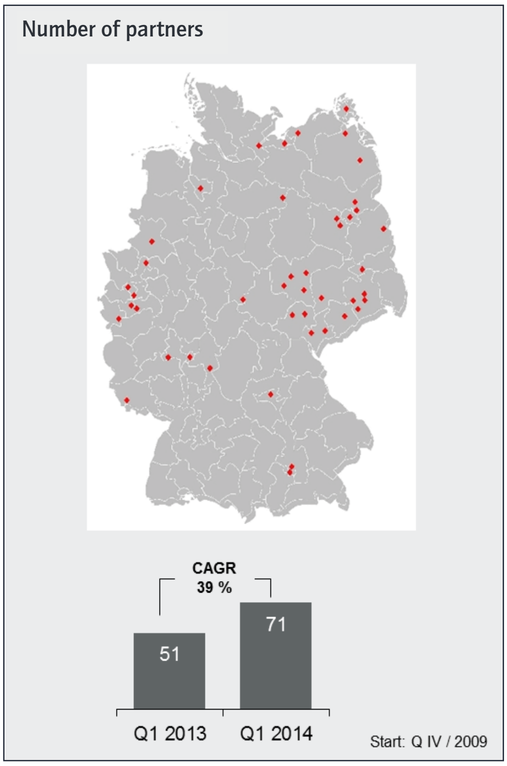
GENOPACE

The cumulative transaction volume on GENOPACE, our financial marketplace for the cooperative financial network, passed the €3 billion threshold at the start of 2014. We have now connected 95 contractual partners (31 March 2013: 80 partners) as a result of continuously enhancing GENOPACE and incorporating new functionality.



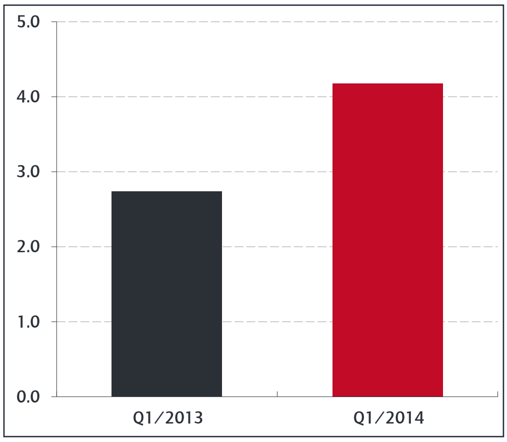
FINMAS

FINMAS is our newest financial marketplace and is aimed at savings banks. It achieved a monthly transaction volume of €100 million for the first time at the start of 2014. The number of contractual partners using FINMAS is continually rising and totalled 71 as at 31 March 2014 (31 March 2013: 51 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 loans for business customers.



Revenue Institutional Clients (€ million)

The volume of new loans brokered in the first quarter of the year rose by a considerable 26.0 per cent year on year. This included big-ticket transactions that had been in the pipeline for some time. The revenue generated in the first quarter of 2014 advanced significantly, by 52.7 per cent, to €4.18 million (Q1 2013: €2.74 million). This increase in revenue was larger than the rise in the value of new loans brokered, largely due to the decline in low-margin local authority loans.

The revenue generated by this unit in the first three months of 2014 comprised €2.6 million from the brokerage of loans and insurance (Q1 2013: €1.5 million) and €1.6 million from consulting services (Q1 2013: €1.2 million).

Although personnel expenses and other operating expenses rose slightly, the business unit's EBIT surged by 146.9 per cent from €0.80 million in the first quarter of 2013 to €1.97 million in the corresponding period of 2014.

Institutional Clients business unit	1 Jan - 31 Mar 2014	1 Jan - 31 Mar 2013*
Loan Brokerage	345	201
Volume of new business (€ million)	91	145
Volume of prolongation (€ million)	4.2	2,7
Revenue (€ million)	0,1	0,1
Selling expenses (€ million)	4,1	2,6
Net Revenue (€ million)	2,0	0,8
EBIT (€ million)	1.8	1.1

*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 2013"

HYPOPORT
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Own work capitalised

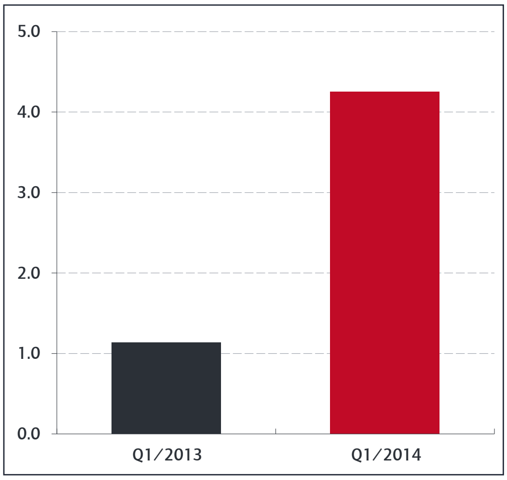
In the first quarter of 2014 the Company continued to attach considerable importance to investing in the further expansion of its B2B financial marketplaces. There was also further investment in new advisory systems for end customers and distributors. This capital expenditure underpins the ongoing growth of its Financial Service Providers and Private Clients business units.

Hypoport invested a total of €1.8 million in the development of its marketplaces and advisory systems in the first three months of 2014 (Q1 2013: €1.8 million). It continues to invest heavily in its forward-looking projects as part of these activities. Of this total, €1.1 million was capitalised (Q1 2013: €1.0 million) and €0.7 million was expensed as incurred (Q1 2013: €0.8 million). These amounts represent the pro-rata personnel expenses and operating costs attributable to software development.

Earnings

The sharp rise in earnings from mortgage finance products across all three business units, coupled with a marked reduction in costs in the Private Clients business unit's insurance business, resulted in a highly positive start to the new financial year.

Against the backdrop of the operating performance described above, EBITDA rose significantly from €1.1 million to €4.3 million and EBIT climbed from €0.1 million to €3.1 million. Consequently, the EBITDA margin (EBITDA as a percentage of gross profit) jumped from 10.1 per cent to 29.5 per cent.



EBITDA (€ million)

Other income and expenses

Other operating income essentially comprised employee contributions of €166 thousand (Q1 2013: €146 thousand) to vehicle purchases.

Personnel expenses rose in line with the increase in salaries and the number of employees to 568 (Q1 2013: 564).

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

€'000	1 Jan - 31 Mar 2014	1 Jan - 31 Mar 2013*
Operating expenses	1,396	1,268
Other selling expenses	644	775
Administrative expenses	1,039	1,110
Other personnel expenses	136	156
Other expenses	215	141
	3,430	3,450

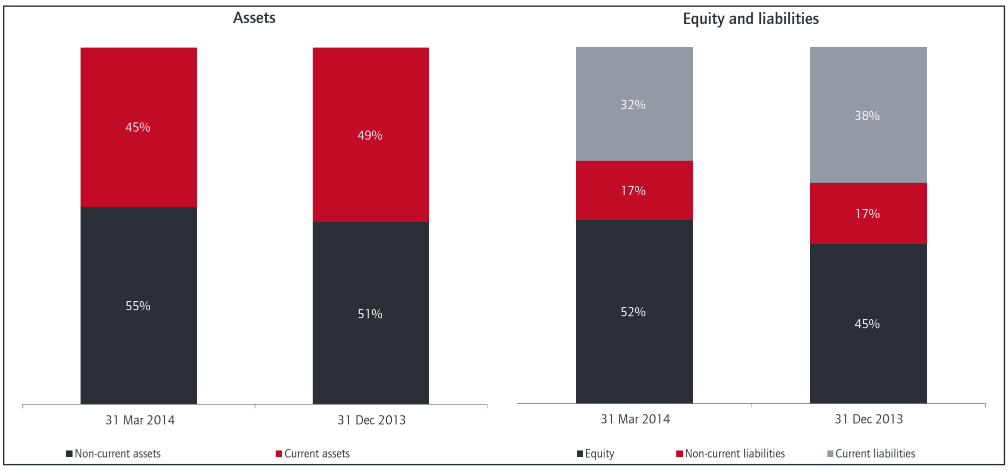
*The comparative prior-year tax figures have been adjusted and are explained in section 5 of the notes to the interim consolidated financial statements „Comparative figures for 2013"

The operating expenses consisted mainly of building rentals of €485 thousand (Q1 2013: €476 thousand) and vehicle-related costs of €344 thousand (Q1 2013: €348 thousand). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €463 thousand (Q1 2013: €419 thousand) and legal and consultancy expenses of €130 thousand (Q1 2013: €143 thousand). The other personnel expenses mainly consisted of training costs of €103 thousand (Q1 2013: €116 thousand).

The net finance costs mainly include interest expenses of €0.1 million incurred by the drawdown of loans and use of credit lines (Q1 2013: €0.2 million) as well as interest expenses of €0.1 million on the discounting of non-current receivables from product suppliers (Q1 2013: interest income of €0.1 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 31 March 2014 amounted to €69.4 million, which was 6 per cent down on the total as at 31 December 2013 (€73.6 million)



Non-current assets totalled €38.4 million (31 December 2013: €37.6 million). This amount included goodwill which, at an unchanged €14.8 million, remained the largest single item.

Current other assets essentially comprised commission paid in advance to distribution partners amounting to €3.569 million (31 December 2013: €3.758 million).

The equity attributable to Hypoport AG shareholders as at 31 March 2014 grew by €2.6 million, or 7.9 per cent, to €35.7 million. The equity ratio improved from 44.9 per cent to 51.5 per cent owing to the Hypoport Group's net profit and the contraction in its total assets.

The €1.1 million decrease in non-current liabilities to €11.5 million stemmed primarily from the fall in financial liabilities.

Other current liabilities mainly comprised commissions received in advance totalling €2.5 million (31 December 2013: €2.8 million) and deferred income of €1.0 million (31 December 2013: €0.3 million).

Total financial liabilities fell by €1.7 million to €15.1 million, largely as a result of scheduled loan repayments.

Cash flow

Cash flow increased by €2.3 million to €3.8 million during the reporting period. This increase was largely attributable to the substantial year-on-year improvement in the net profit reported for the period.

The total net cash outflow used by operating activities as at 31 March 2014 amounted to €1.1 million (31 March 2013: net outflow of €2.5 million). The cash used for working capital went up by €0.9 million to €4.9 million (31 March 2013: €4.0 million).

The net cash outflow of €1.4 million from investing activities (31 March 2013: net outflow of €1.6 million) stemmed primarily from the fact that capital expenditure on non-current intangible assets had risen to €1.3 million (31 March 2013: €1.2 million).

The net cash outflow of €1.7 million used by financing activities (31 March 2013: net outflow of €0.9 million) related solely to scheduled loan repayments (31 March 2013: €3.3 million). In the corresponding period of 2013, there had also been new borrowing of €2.4 million.

Cash and cash equivalents as at 31 March 2014 totalled €6.7 million, which was €4.2 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 refining the EUROPACE financial marketplaces. There was also further investment in new advisory systems for end customers and distributors.

Employees

The Hypoport Group employed 568 people as at 31 March 2014 (31 March 2013: 564 people). Total headcount increased by 15 people compared with the end of 2013 (31 December 2013: 553 employees).

Outlook

The improvement in the global economy is now more broadly based, a trend that is set to continue in 2014 and 2015. Established industrialised countries are expected to contribute much of the upward momentum. The IMF forecasts global growth of 3.6 per cent for 2014 but warns that there are a host of uncertainties and downside risks that could put a brake on economic recovery. Given the conflict between Russia and Ukraine, these risks are also geopolitical in nature at the moment. At a global level, the IMF will increasingly be turning its attention to the performance of the emerging markets over the next few months. Some of them are seeing stagnation compared with the very robust growth that they have generated in previous years.

In Europe, efforts to bring about economic stability are continuing. The spectre of deflation along with high unemployment in southern European countries are restricting the European Central Bank's room for manoeuvre. The IMF forecasts that Europe's economy will grow by 1.2 per cent this year (which is below the global rate of growth) and by 1.5 per cent in 2015.

The IMF paints a more optimistic picture for Germany, with its latest estimate pointing to economic growth of 1.7 per cent in 2014. Next year, growth is likely to be slightly slower at 1.6 per cent. In their Joint Economic Forecast released in spring 2014, Germany's leading economic institutes reported that the German economy remained on an upward trajectory but warned of headwinds from economic policies, such as full pensions from the age of 63. Nonetheless, strong domestic demand, rising employment and favourable lending conditions lead the institutes to predict economic growth of 1.9 per cent in 2014.

The current assumption is that the ECB's key lending rate will remain at the low level of 0.25 per cent for the time being. The reasons behind the low interest rates remain unchanged: stabilisation of the interbank market and the extension of loans on favourable terms by financial institutions to companies and individuals. Although the historically low interest rates are likely to further strengthen the lending business, classic investment products do not promise high returns and therefore lack appeal. In the short term, the Hypoport Group expects mortgage interest rates to fluctuate within a narrow range, with interest rates predicted to rise over the long term. The factors affecting the situation over the coming months will be the continued recovery of crisis-hit EU countries and the results of the stress tests for European banks and their balance sheets in connection with European banking union.

In April, the German Insurance Association (GDV) commented on factors emanating from the political sphere that are affecting the insurance sector. Implementation of Solvency II – as defined by the Omnibus II directive adopted last November – is due to start by the beginning of 2016. The GDV says that the details regarding capital adequacy requirements applicable to investments and the measurement of non-current liabilities need to be worked out by then in order to reach an outcome that is both practical and acceptable. Moreover, pension products are suffering as a result of the ECB's ongoing policy of low interest rates.

Hypoport AG is holding its ground in a permanently challenging market environment thanks to its diversified business model. In addition, it maintains long-term customer relationships as a result of its comprehensive, independent and fair advisory service geared specifically to consumers' changing needs and wishes.

For 2014 as a whole, we anticipate double-digit revenue growth as well as earnings above the record levels seen in 2010 and 2011.

4. Interim consolidated financial statements

IFRS consolidated balance sheet as at 31 March 2014

ASSETS	31 Mar 2014 €'000	31 Dec 2013* €'000
Non-current assets		
Intangible assets	29,952	29,568
Property, plant and equipment	2,136	2,210
Investments accounted for using the equity method	277	289
Financial assets	63	69
Trade receivables	4,913	4,344
Other assets	713	713
Deferred tax assets	393	412
	38,447	**37,605**
Current assets		
Trade receivables	19,073	20,257
Other current items	5,127	4,828
Income tax assets	6	5
Cash and cash equivalents	6,708	10,952
	30,914	**36,042**
	69,361	**73,647**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	6,195	6,195
Treasury shares	-57	-57
Reserves	29,264	26,659
	35,402	**32,797**
Non-controlling interest	332	256
	35,734	**33,053**
Non-current liabilities		
Financial liabilities	11,057	12,061
Provisions	105	105
Other liabilities	10	10
Deferred tax liabilities	336	409
	11,508	**12,585**
Current liabilities		
Provisions	71	59
Financial liabilities	4,008	4,758
Trade payables	10,420	15,208
Current income tax liabilities	613	325
Other liabilities	7,007	7,659
	22,119	**28,009**
	69,361	**73,647**

*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 2013"

Consolidated income statement
for the period 1 January to 31 March 2014

	1 Jan - 31 Mar 2014 €'000	1 Jan - 31 Mar 2013* €'000
Revenue	27,894	21,695
Selling expenses (Commision and lead costs)	-13,320	-10,436
Gross profit	**14,574**	**11,259**
Own work capitalised	1,137	1,026
Other operating income	446	410
Personnel expenses	-8,463	-8,132
Other operating expenses	-3,430	-3,450
Income from companies accounted for using the equity method	-12	20
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**4,252**	**1,133**
Depreciation, amortisation expense and impairment losses	-1,125	-1,065
Earnings before interest and tax (EBIT)	**3,127**	**68**
Financial income	21	42
Finance costs	-190	-167
Earnings before tax (EBT)	**2,958**	**-57**
Income taxes and deferred taxes	-277	509
Net income for the year	**2,681**	**452**
attributable to non-controlling interest	76	-43
attributable to Hypoport AG shareholders	**2,605**	**495**
Earnings per share (€)	**0.42**	**0.08**

*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 2013"

Consolidated statement of comprehensive income

for the period 1 January to 31 March 2014

	1 Jan - 31 Mar 2014 €'000	1 Jan - 31 Mar 2013 €'000
Net income for the year	**2,681**	**452**
Total income and expenses recognized in equity*	**0**	**0**
Total comprehensive income	**2,681**	**452**
attributable to non-controlling interest	76	-43
attributable to Hypoport AG shareholders	**2,605**	**495**

*There was no income or expences to be gecognized in equity during the reporting period.

Abridged consolidated statement of changes in equity for the three months ended 31 March 2014

€'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	0	0	0	0	0	0
Total comprehensive income	0	0	495	495	-43	452
Balance as at 31 March 2013	**6,134**	**2,052**	**21,923**	**30,109**	**187**	**30,296**
€'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
Sale of own shares	0	0	0	0	0	0
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**

Consolidated cash flows statement

for the period 1 January to 31 March 2014

	31 Mar 2014 €'000	31 Mar 2013* €'000
Earnings before interest and tax (EBIT)	3,127	68
Non-cash income (+) / expense (-)	-272	528
Interest received (+)	21	42
Interest paid (-)	-190	-167
Income tax payments (-)	-5	-19
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment losses (-) on non-current assets	1,125	1,065
Cashflow	**3,806**	**1,517**
Increase (+) / decrease (-) in current provisions	12	74
Increase (-) / decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	346	1,612
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-5,246	-5,695
Change in working capital	**-4,888**	**-4,009**
Cash flows from operating activities	**-1,082**	**-2,492**
Payments to acquire property, plant and equipment / intangible assets (-)	-1,435	-1,638
Proceeds from the disposal of financial assets (+)	6	12
Purchase of financial assets (-)	0	-2
Cash flows from investing activities	**-1,429**	**-1,628**
Proceeds from the issue of bonds and drawdown of loans under finance facilities (+)	0	2,400
Redemption of bonds and loans (-)	-1,733	-3,258
Cash flows from financing activities	**-1,733**	**-858**
Net change in cash and cash equivalents	-4,244	-4,978
Cash and cash equivalents at the beginning of the period	10,952	8,175
Cash and cash equivalents at the end of the period	**6,708**	**3,197**

*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 2013"

Abridged segment reporting

for the period 1 January to 31 March 2014

€'000	Institutional clients	Private clients	Financial service providers	Reconciliation	Group
Segment revenue in respect of third parties	**4,177**	**16,241**	**7,312**	**164**	**27,894**
1 Jan - 31 Mar 2013*	2,736	12,912	5,957	90	21,695
Segment revenue in respect of other segments	**0**	**30**	**186**	**-216**	**0**
1 Jan - 31 Mar 2013*	0	17	133	-150	0
Total segment revenue	**4,177**	**16,271**	**7,498**	**-52**	**27,894**
1 Jan - 31 Mar 2013*	2,736	12,929	6,090	-60	21,695
Gross profit	**4,114**	**5,129**	**5,168**	**163**	**14,574**
1 Jan - 31 Mar 2013*	2,658	4,199	4,313	89	11,259
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	**2,122**	**509**	**2,518**	**-897**	**4,252**
1 Jan - 31 Mar 2013*	911	-680	1,667	-765	1,133
Segment earnings before interest and tax (EBIT)	**1,973**	**301**	**1,808**	**-955**	**3,127**
1 Jan - 31 Mar 2013*	799	-860	1,107	-978	68
Segment assets 1 Jan - 31 Mar 2014	**22,818**	**22,111**	**22,046**	**2,386**	**69,361**
Segment assets 1 Jan - 31 Dec 2013*	21,780	20,719	28,917	2,231	73,647

*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 2013"

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 institutional 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 for the period ended 31 March 2014 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 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 2013. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2013 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 2013. 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 2013, with the following exceptions:

- IAS 27: Separate Financial Statements
- IAS 28: Investments in Associates and Joint Ventures
- IAS 32: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IAS 36: Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39: Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- Various: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Various: Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The adoption of IFRS 11 Joint Arrangements with effect from 1 January 2014 has resulted in the following changes to Hypoport's financial reporting in 2014.

Until the end of 2013, Hypoport consolidated entities managed jointly with partners on a pro-rata basis in accordance with IAS 31. Under IFRS 11, which governs the accounting treatment of joint arrangements, a distinction has to be made between joint ventures and joint operations. A joint venture is where the partners have rights to the net assets of a jointly managed, legally independent entity owing to their position as shareholders. A joint operation is where the parties that have joint control have direct rights to the assets and direct obligations for the liabilities relating to the arrangement. This applies, in particular, if almost all of the joint arrangement's output is sold to the partners and there is no access to external sources of funding.

The equity method is now mandatory for the accounting treatment of long-term equity investments in joint ventures. In the case of a joint operation, the pro-rata share of the assets, liabilities, income and expenses must be recognised.

Following adoption of the new standard with effect from 1 January 2014, the following three Hypoport Group companies are now equity-accounted instead of being consolidated on a pro-rata basis: Hypoport on-geo GmbH, FINMAS GmbH and ATC Hypoport B.V. The profit (loss) calculated using the equity method is recognised as part of income from operations (earnings before interest and tax, EBIT), thereby reflecting the operational nature of the long-term equity investments accounted for under the equity method.

The table below shows the effects of the transition from consolidation on a pro-rata basis to the equity method following first-time adoption of IFRS 11 with effect from 1 January 2013.

Effects of initial use of IFRS 11	1 January 2013 €'000
Non-current assets	188
thereof property, plant and equipment	-59
investments accounted for using the equity method	247
Current assets	-626
thereof trade receivables	-224
other current items	-20
income tax assets	-2
cash and cash equivalents	-380
Total assets	**-438**
Current liabilities	-438
thereof trade payables	-369
other current liabilities	-69
Total equity and liabilities	**-438**

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

Comparative figures for 2013

The figures for 2013 have been restated owing to the amendments to IFRS 11. This new recognition method has not affected either the net profit (loss) for the period or the earnings (loss) per share reported by the Hypoport Group.

The table below shows the effects of retrospective first-time adoption of this standard on the main comparative figures reported by the Hypoport Group for 2013.

	31 March 2013			31 December 2013		
Overview balance sheet (€'000)	**adjusted**	**previous**	**change**	**adjusted**	**previous**	**change**
Assets						
Non-current assets	2,951	2,741	210	2,499	2,279	220
thereof property, plant and equipment	2,684	2,741	-57	2,210	2,279	-69
investments accounted for using the equity method	267	0	267	289	0	289
Current assets	28,154	28,779	-625	36,042	37,016	-974
thereof trade receivables	19,258	19,620	-362	20,257	20,624	-367
other current items	5,614	5,639	-25	4,828	4,849	-21
income tax assets	85	87	-2	5	5	0
cash and cash equivalents	3,197	3,433	-236	10,952	11,538	-586
Total assets	64,282	64,697	-415	73,647	74,401	-754
Equity and liabilities						
Current liabilities	14,940	15,355	-415	22,867	23,621	-754
thereof trade payables	8,153	8,370	-217	15,208	15,875	-667
other current liabilities	6,787	6,985	-198	7,659	7,746	-87
Total equity and liabilities	64,282	64,697	-415	73,647	74,401	-754

	31 March 2013			31 December 2013		
Overview income statement (€'000)	**adjusted**	**previous**	**change**	**adjusted**	**previous**	**change**
Revenue	21,695	22,059	-364	98,090	101,058	-2,968
Selling expenses (Commision and lead costs)	-10,436	-10,719	283	-49,113	-51,479	2,366
Gross profit	11,259	11,340	-81	48,977	49,579	-602
Other operating income	410	412	-2	2,770	2,776	-6
Personnel expenses	-8,132	-8,166	34	-32,684	-32,831	147
Other operating expenses	-3,450	-3,466	16	-15,230	-15,616	386
Income from companies accounted for using the equity method	20	0	20	43	0	43
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,133	1,146	-13	8,124	8,156	-32
Depreciation, amortisation expense and impairment losses	-1,065	-1,068	3	-4,175	-4,190	15
Earnings before interest and tax (EBIT)	68	78	-10	3,949	3,966	-17
Earnings before tax (EBT)	-57	-47	-10	3,073	3,090	-17
Income taxes and deferred taxes	509	499	10	102	85	17

Overview cash flows statement (€'000)	31 March 2013 adjusted	previous	change	31 December 2013 adjusted	previous	change
Earnings before interest and tax (EBIT)	68	78	-10	3,949	3,966	-17
Non-cash income (+) / expense (-)	528	518	10	-538	-555	17
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment losses (-) on non-current assets	1,065	1,068	-3	4,175	4,190	-15
Cashflow	1,517	1,520	-3	6,163	6,178	-15
Increase (-) / decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	1,612	1,489	123	956	856	100
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-5,695	-5,718	23	2,769	3,085	-316
Change in working capital	-4,009	-4,155	146	3,706	3,922	-216
Cash flows from operating activities	-2,492	-2,635	143	9,869	10,100	-231
Payments to acquire property, plant and equipment / intangible assets (-)	-1,638	-1,639	1	-5,737	-5,762	25
Cash flows from investing activities	-1,628	-1,629	1	-5,701	-5,726	25
Net change in cash and cash equivalents	-4,978	-5,122	144	2,777	2,983	-206
Cash and cash equivalents at the beginning of the period	8,175	8,555	-380	8,175	8,555	-380
Cash and cash equivalents at the end of the period	3,197	3,433	-236	10,952	11,538	-586

Overview segment reporting (€'000)	1 Jan - 31 Mar 2013 Institutional Clients			1 Jan - 31 Mar 2013 Financial Service Providers			1 Jan - 31 Mar 2013 Group		
	adjusted	previous	change	adjusted	previous	change	adjusted	previous	change
Segment revenue in respect of third parties	2,736	2,779	-43	5,957	6,278	-321	21,695	22,059	-364
Total segment revenue	2,736	2,779	-43	6,090	6,411	-321	21,695	22,059	-364
Gross profit	2,658	2,701	-43	4,313	4,351	-38	11,259	11,340	-81
EBITDA	911	921	-10	1,667	1,670	-3	1,133	1,146	-13
EBIT	799	806	-7	1,107	1,110	-3	68	78	-10
Segment assets	21,728	21,946	-218	19,383	19,580	-197	64,282	64,697	-415

HYPOPORT
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Overview segment reporting (€'000)	Full Year 2013 Institutional Clients			Full Year 2013 Financial Service Providers			Full Year 2013 Group		
	adjusted	previous	change	adjusted	previous	change	adjusted	previous	change
Segment revenue in respect of third parties	12,262	12,511	-249	29,669	32,388	-2,719	98,090	101,058	-2,968
Total segment revenue	12,262	12,511	-249	30,344	33,063	-2,719	98,090	101,058	-2,968
Gross profit	11,807	12,056	-249	19,537	19,890	-353	48,977	49,579	-602
EBITDA	4,278	4,302	-24	8,077	8,085	-8	8,124	8,156	-32
EBIT	3,748	3,757	-9	5,991	5,999	-8	3,949	3,966	-17
Segment assets	21,780	21,825	-45	28,917	29,626	-709	73,647	74,401	-754
Segment liabilities	2,411	2,456	-45	11,226	11,935	-709	40,594	41,348	-754
Segment capital expenditure	600	625	-25	3,899	3,899	0	5,737	5,762	-25
Segment depreciation/amortisation expense	530	545	-15	2,086	2,086	0	4,175	4,190	-15

Basis of consolidation

The consolidation as at 31 March 2014 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	100.00
GENOPACE GmbH, Berlin	50.025
FINMAS GmbH, Berlin	50.00
Hypoport B.V., Amsterdam	100.00
Hypoport Mortgage Market Ltd., Westport (Irland)	100.00
Hypoport on-geo GmbH, Berlin	50.00
Hypoport Systems GmbH, Berlin	100.00
Hypoport-Vermögensverwaltungs-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 accounted for under the equity method owing to lack of control), all companies in the Group are fully consolidated.

Income taxes and deferred taxes

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

	1 Jan - 31 Mar 2014 €'000	1 Jan - 31 Mar 2013* €'000
Income taxes and deferred taxes	277	-509
current income taxes	329	232
deferred taxes	-52	-741
in respect of timing differences	-13	-366
in respect of tax loss carryforwards	-39	-375

*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 2013"

A current income tax expense of €0 thousand (Q1 2013: €0 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 the earnings (loss) 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 2014 there were no share options that would have a dilutive effect on earnings per share.

	1 Jan to 31 March 2014	1 Jan to 31 March 2013
Net income for the year (€'000)	2,681	452
of which attributable to Hypoport AG stockholders	2,605	495
Basic weighted number of outstanding shares ('000)	6,138	6,134
Earnings per share (€)	**0,42**	**0,08**

Intangible assets and property, plant and equipment

Intangible assets primarily comprise unchanged goodwill of €14.8 million and development costs of €14.0 million for the financial marketplaces (31 December 2013: €13.6 million).

Property, plant and equipment consists solely of office furniture and equipment amounting to €2.1 million (31 December 2013: €2.2 million).

Interests in equity-accounted long-term equity investments

The change in the carrying amounts of equity-accounted long-term equity investments relates to the pro-rata net profit (loss) for the period of the three joint ventures, ATC Hypoport B.V., FINMAS GmbH and Hypoport on-geo GmbH.

Subscribed capital

The Company's subscribed capital as at 31 March 2014 was unchanged at €6,194,958.00 (31 December 2013: €6,194,958.00) and was divided into 6,194,958 (31 December 2013: 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 56,565 treasury shares as at 31 March 2014 (equivalent to €56,565.00, or 0.91 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 2014 are shown in the following table:

Change in the balance of treasury shares in 2014	Number of shares	Proportion of subscribed capital %	Cost of purchase €	Sale price €	Gain or loss on sale €
Opening balance as at 1 January 2014	56,575	0.913	574,492.08	-	-
Sold in January 2014	10	0.000	106.64	90.00	-16.64
Balance as at 31 March 2014	56,565	0.913	-	-	-

The 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 (€125 thousand, of which €0 thousand relates to 2014).

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 2013: €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 first quarter of 2014.

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 2014.

		Shares (number) 31 Mar 2014	Shares (number) 31 Dec 2013
Group Management Board	Ronald Slabke	2,245,831	2,245,831
	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	814,286	814,286
	Christian Schröder	19,000	19,000

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 €5 thousand was generated by joint ventures in the first quarter of 2014 (Q1 2013: €27 thousand). As at 31 March 2014, receivables from joint ventures amounted to €42 thousand (31 December 2013: €156 thousand) and liabilities to such companies totalled €10 thousand (31 December 2013: €10 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 2013 group management report. There are no identifiable risks to the Hypoport Group as a going concern.

Seasonal influences on business activities

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.

HYPOPORT
THE FINANCE INTEGRATOR

Events after the reporting period

No material events have occurred since the balance sheet date.

Berlin, 5 May 2014

Hypoport AG – The Management Board

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Stephan Gawarecki

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