



Interim report of Hypoport AG
for the period ended 30 June 2014

Berlin, 4 August 2014

Key performance indicators

Financial performance (€'000)	1 Jan - 30 Jun 2014	1 Jan - 30 Jun 2013*	Change
Revenue	53,329	47,573	12%
Gross profit	27,972	22,746	23%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6,577	2,748	>100%
Earnings before interest and tax (EBIT)	4,270	709	>100%
EBIT margin (EBIT as a percentage of gross profit)	15.3	3.1	>100%
Net income for the year	3,343	1,375	>100%
attributable to Hypoport AG shareholders	3,421	1,385	>100%
Earnings per share (€)	0.56	0.23	>100%
	1 Apr - 30 Jun 2014	1 Apr - 30 Jun 2013*	
Revenue	25,435	25,878	-2%
Gross profit	13,398	11,487	17%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2,325	1,615	44%
Earnings before interest and tax (EBIT)	1,143	641	78%
EBIT margin (EBIT as a percentage of gross profit)	8.5	5.6	53%
Net income for the year	662	923	-28%
attributable to Hypoport AG shareholders	816	890	-8%
Earnings per share (€)	0.14	0.15	-7%
	30 Jun 2014	31 Dec 2013*	
Financial position (€'000)			
Current assets	31,297	36,042	-13%
Non-current assets	38,079	37,605	1%
Equity	36,425	33,053	10%
attributable to Hypoport AG shareholders	36,247	32,797	11%
Equity ratio (%)	52.2	44.5	17%
Total assets	69,376	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,

During the second quarter of 2014, the market for financial services continued to be dominated by historically low interest rates and interventions by legislators.

Despite this challenging environment, we managed to maintain our growth trajectory in the first half of the year and increased our revenue by 12.1 per cent year on year to €53.3 million. Earnings before interest and tax (EBIT) amounted to €4.3 million, which was well above the figure for the first six months of the previous year (H1 2013: €0.7 million).

The key lending rate set by the European Central Bank (ECB) has not exceeded the 1.5 per cent threshold for five years now. Its last peak level was 4.25 per cent, which it reached back in October 2008. On 11 June of this year, the ECB cut the key lending rate to a record low of 0.15 per cent in order to support distressed eurozone countries. Although this may have been welcomed by homeowners, it is resulting in far-reaching market changes for the German insurance industry.

Moreover, a steady stream of new European Union directives and laws enacted by the German government is resulting in a never-ending flood of new regulations in the financial services market. The most recent examples of regulation that has adversely affected both us and our partners are the EU Directive on Consumer Rights and the German Life Insurance Reform Act (LVRG), the latter having been pushed through in something of a hurry. The consequences of this plethora of regulations are the tying up of resources and deep uncertainty among all market participants. It is also having a hugely negative impact on customer demand for financial products.

Only our mortgage-finance business continues to benefit marginally from the persistently low interest rates, enabling our Private Clients business unit to gain market share with 14 per cent growth in the volume of loans brokered. We also managed to continue with the strategic realignment of our insurance business for private clients – despite the aforementioned turbulence in the insurance market. Having reported a loss in the previous year, our Private Clients business unit made a profit in both the first and second quarters of this year. Overall, the Private Clients business unit generated earnings of €1 million in the first six months.

Our Financial Service Providers business unit also continued along its path of growth in the first half of 2014, reporting double-digit growth in the volume of transactions. In the second quarter, it set a new record of €9 billion for its transaction volume. The sharp increase in contractual partners, of which there are now 262, was predominantly attributable to the GENOPACE platform for credit cooperatives and mutually owned banks and the FINMAS platform for savings banks.

The volume of loans brokered by our Institutional Clients business unit grew by 14 per cent in the first half of the year, while the unit's revenue was up by a substantial 33 per cent. This was achieved despite the fact that many business customers adopted a fairly cautious stance – especially in the second quarter – as interest rates failed to provide any stimulus. Not only the lending business but also advisory services and insurance business contributed to the positive results for the Institutional Clients business unit.

The success of the first half of the year 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,



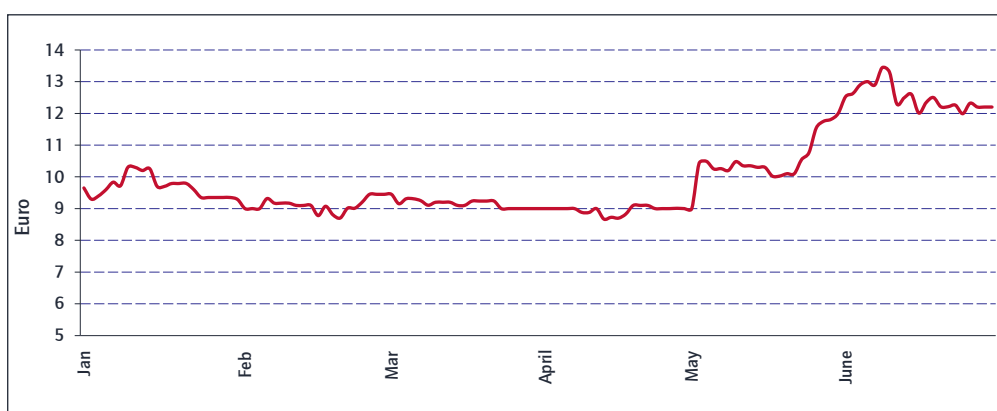
Ronald Slabke
Chief Executive Officer



2. Hypoport's shares

Share price performance

Hypoport's share price initially remained flat in the second quarter of 2014, starting the period at €9.00 on 1 April and then rising over the subsequent course of the quarter. The shares closed the period at €12.20 on 30 June, having hit a second-quarter high of €13.44 on 9 June.



Performance of Hypoport's share price, January to June 2014 (daily closing prices on XETRA)

Earnings per share

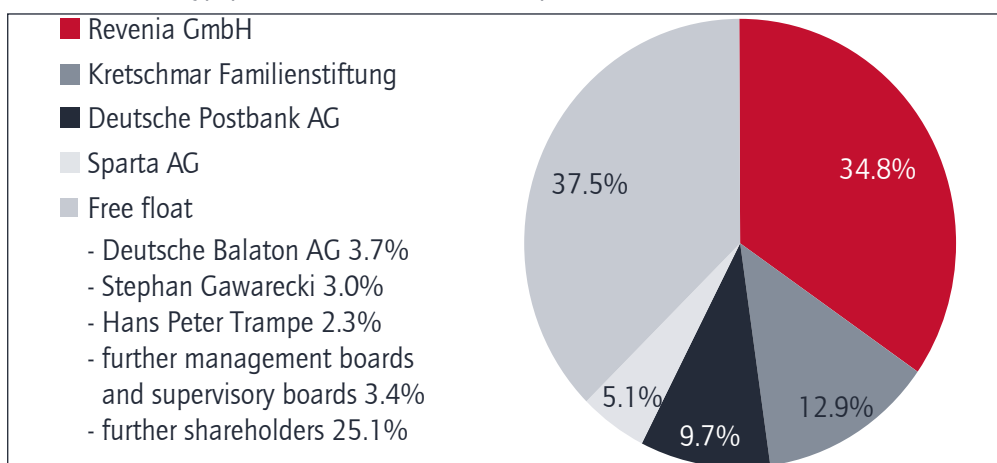
The Company reported earnings of €0.14 per share for the second quarter of 2014 (Q2 2013: €0.15). Earnings per share for the first half of the year came to €0.56 (H1 2013: €0.23).

Trading volumes

A daily average of 2,411 Hypoport shares were traded in the second quarter of 2014. The highest average daily trading volume was in May (3,585 shares), followed by June (2,438 shares). The month with the lowest daily turnover was April, when an average of only 1,150 Hypoport shares changed hands.

Shareholder structure

The free float in Hypoport's shares amounts to 37.5 per cent.



Breakdown of shareholders as at 30 June 2014

Research

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

Analyst	Recommendation	Target price	Date
Montega	Hold	€ 13.00	11.06.2014
Montega	Buy	€ 11.50	06.05.2014
CBS Research	Buy	€ 17.00	05.05.2014

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. No ad-hoc disclosures were published in the second quarter of 2014. Ad-hoc disclosures can be downloaded from our website at www.hypoport.com.

Notification of directors' dealings

The table below shows the notifications of directors' dealings published in the second quarter of 2014.

Transaction date	Notifying person/ entity	Trans-action	Stock exchange	Number of shares	Execution price
11.06.14	Christian Schröder	sales	XETRA	300	12.70

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 April 2014	€ 9.00 (XETRA)
Share price as at 30 June 2014	€ 12.20 (XETRA)
High in second quarter 2014	€ 13.44 (9 June 2014)
Low in second quarter 2014	€ 8.67 (11 April 2014)
Market capitalisation	€ 75.6 Mio. (30 June 2014)
Trading volume	€ 27,066.52 (daily average for second quarter of 2014)



3. Interim group management report

Economic conditions

Macroeconomic environment

The latest World Economic Outlook published by the International Monetary Fund (IMF) in April essentially confirmed its forecast from last October that the world economy would grow at a moderate pace in 2014. The IMF expects to see global growth totalling 3.6 per cent this year. The Fund does, however, continue to see downside risks to the economic recovery, such as weaker economic output in some emerging markets over recent months and the current crisis in eastern Ukraine.

The latest calculations by the IMF suggest that Europe will achieve economic growth of 1.2 per cent in 2014. The key factors determining how the economy performs over the coming months are likely to be the rate of inflation going forward, the results of the European Central Bank's stress tests on banks, and how the packages of measures taken by the ECB impact on the EU member states.

The IMF's latest forecast for the German economy is predicting growth of 1.7 per cent for 2014 as a whole. Stronger domestic demand and more upbeat consumer confidence are expected to drive this expansion. The Economic Barometer compiled by the German Institute for Economic Research (DIW Berlin) suggests that the German economy grew by 0.3 per cent in the second quarter of 2014 compared with the first three months of this year. Ferdinand Fichtner, head of forecasting and economic policy at DIW Berlin, also reckons that benign domestic economic conditions are boosting Germany's gross domestic product (GDP).

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

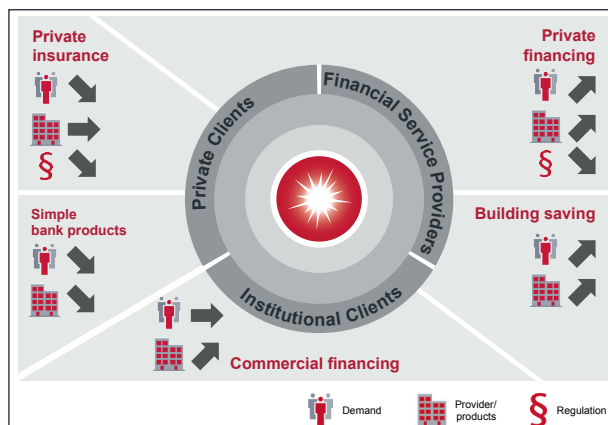
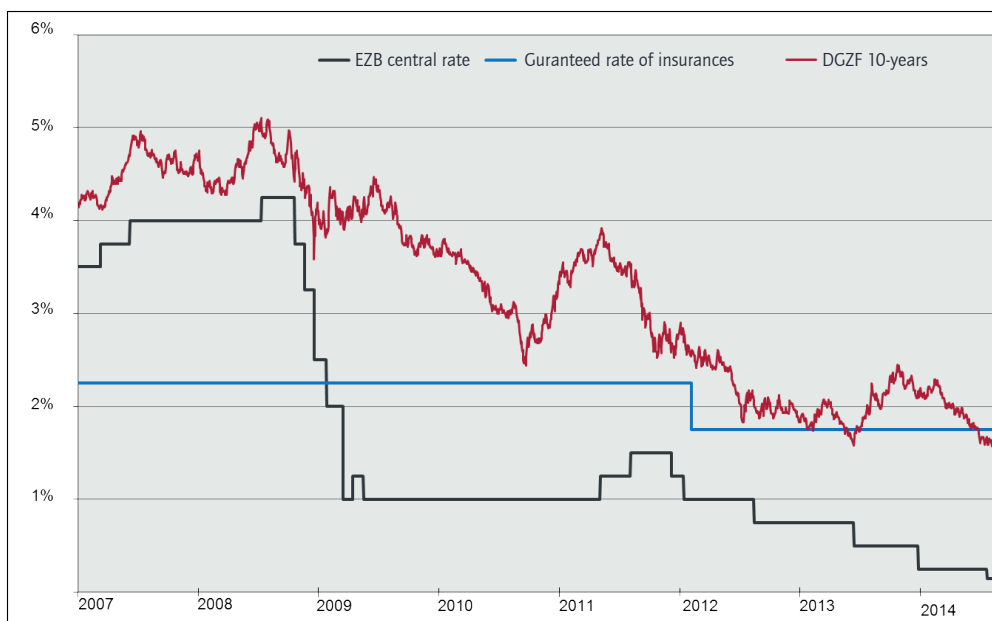


diagram shows our current general assessment of market conditions in each product segment.

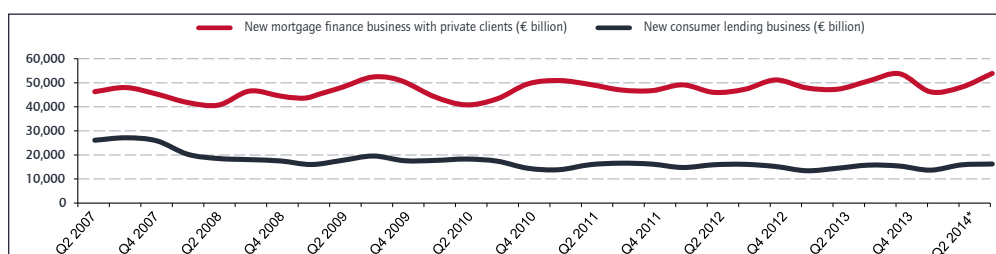
The average interest rates on long-term home loans continued to decline between April and the end of June. This trend is underpinning mortgage finance business with private clients.



According to statistics published by the Bundesbank, the total volume of Germany's mortgage finance market up to and including May 2014 amounted to €82.2 billion, which constituted a modest year-on-year increase (total volume of the German mortgage market up to the end of May 2013: €81.3 billion).

The persistently low interest rates in commercial real-estate finance are causing customers to adopt a cautious stance.

The total volume of personal loans made available in Germany up to the end of May rose slightly more sharply year on year to €27.8 billion (total value of personal loans provided in the German market up to and including May 2013: €26.1 billion).



Total volume of private mortgage mortgage finance and personal loans (source: Deutsche Bundesbank); Q2/2014 June interpolated

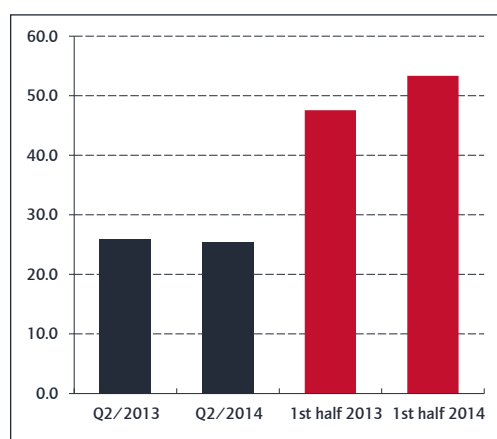
The total volume of building finance products sold in the German market during the first five months of 2014 came to €38.9 billion, which represented a year-on-year decrease (total value of building finance products sold in Germany up to and including May 2013: €46.3 billion).

Bundesbank statistics also revealed that the sum total of funds invested in fixed-term, instant-access and savings accounts up to and including May 2014 reached €1,761.2 billion and had thus grown year on year (total as at 31 December 2013: €1,770.4 billion).

Market interventions by legislators, the low level of interest rates – which tarnished the appeal of insurance products – and the generally critical tone of reporting in the popular press continued to hamper sales of insurance products in the second quarter of 2014.

Revenue

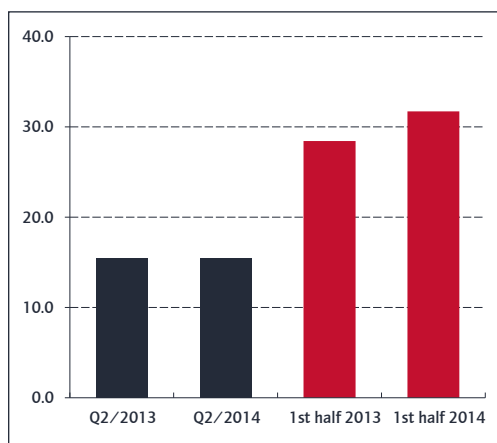
In the first half of 2014 the Hypoport Group raised its revenue by 12.1 per cent year on year from €47.57 million to €53.33 million. The revenue generated in the second quarter of 2014 remained virtually unchanged on the corresponding prior-year period at €25.44 million (Q2 2013: €25.88 million). The levels of revenue earned produced a significant increase in gross profit, which rose by 23.0 per cent from €22.75 million to €27.97 million in the first six months of 2014 and grew by 16.6 per cent from €11.49 million to €13.40 million in the second quarter of this year. The figures for revenue and selling expenses described below include revenue and selling expenses shared with other segments.



Revenue Hypoport Group (€ million)

Private Clients business unit

The revenue generated by the Private Clients business unit, which specialises in the online distribution of financial products, advanced by 11.6 per cent year on year from €28.43 million to €31.72 million in the first half of 2014. The revenue earned in the second quarter of this year remained virtually unchanged on the corresponding prior-year period at €15.45 million (Q2 2013: €15.50 million).



The selling expenses incurred by the Private Clients business unit predominantly comprised fees and commissions paid to distribution partners (e.g. franchisees in the mortgage finance and insurance product segments) and 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.

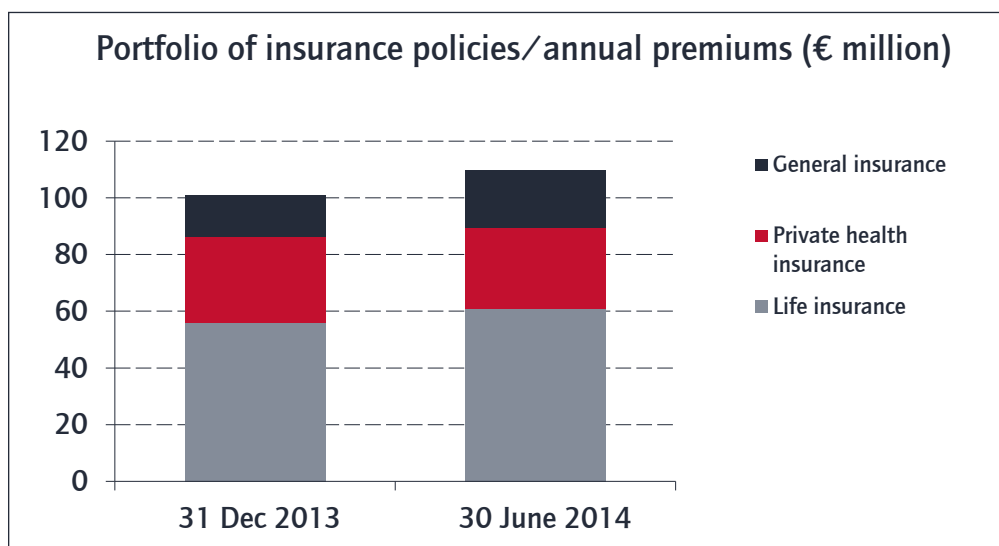
Consequently, the overall gross profit generated by the Private Clients business unit in the first six months of 2014 rose sharply by 29.8 per cent year on year to €11.08 million (H1 2013: €8.54 million), while second-quarter gross profit jumped by 37.1 per cent to €5.95 million (Q2 2013: €4.34 million). The earnings before interest and tax (EBIT) achieved by the Private Clients business unit grew substantially year on year on both a quarterly and half-year comparison, growing by 278.6 per cent to €0.72 million in the second quarter of 2014 (Q2 2013: loss of €0.40 million) and advancing by 180.7 per cent to €1.02 million in the first six months of this year (H1 2013: loss of €1.26 million) on the back of higher revenue and the lower costs incurred by insurance products.

Privat Clients business unit	1 Jan to 30 June 2014	1 Jan to 30 June 2013	1 April to 30 June 2014	1 April to 30 June 2013
Revenue (€ million)	31.7	28.4	15.4	15.5
Selling expenses (€ million)	20.6	19.9	9.4	11.2
Net Revenue (€ million)	11.1	8.5	6.0	4.3
EBIT (€ million)	1.0	-1.3	0.7	-0.4

The loan brokerage product segment grew significantly in the first half of 2014, with its total volume of lending increasing by 9.8 per cent from €2.70 billion to €2.96 billion. The volume of new loans brokered in the second quarter of this year edged slightly lower year on year to €1.48 billion (Q2 2013: €1.51 billion) because some business had been brought forward to the first quarter owing to the weather conditions.

Volume of transactions	1 Jan to 30 June 2014	1 Jan to 30 June 2013	1 April to 30 June 2014	1 April to 30 June 2013
Volume of financing transactions (€ billion)	2.96	2.70	1.48	1.51
Volume of insurance transactions (€ million)	8.57	11.01	4.18	6.33
life insurance	4.83	6.09	2.57	3.50
private health insurance	1.17	1.40	0.58	0.69
general insurance	2.57	3.52	1.03	2.14

The volume of transactions in insurance products fell by 22.2 per cent in the first half of 2014, with annual premiums down from €11.01 million to €8.57 million in what was a challenging market environment. Premiums earned in the second quarter of 2014 declined by 34.0 per cent to €4.18 million (Q2 2013: €6.33 million). The trend observed in previous quarters continued unabated. In particular, new business in high-margin health and life insurance policies will continue to contract owing to its low investment returns.

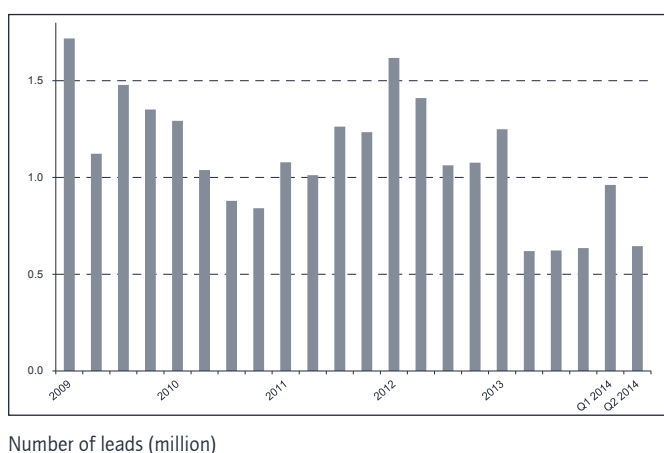


The insurance portfolio managed by Dr. Klein is supplemented by new business and by portfolios obtained from newly acquired distribution partners and insurance customers. On the other hand, policyholders' contract cancellations and the loss of distribution partners cause Dr. Klein's insurance portfolio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

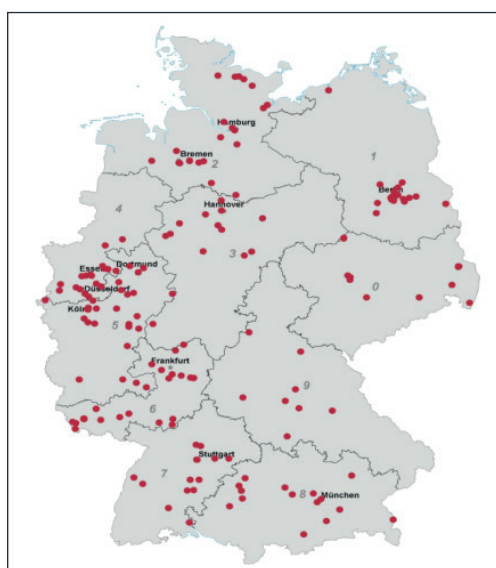
Boosted by strong growth in its network of advisors, Hypoport achieved a significant year-on-year increase in the portfolio of insurance policies that it managed in the first six months of 2014, raising its annual life insurance premiums by 9.3 per cent from €55.83 million to €61.01 million and its annual general insurance premiums by 38.1 per cent from €14.71 million to €20.32 million. As described above, new business in private health insurance also declined at Hypoport – in line with the general market trend. Because new policies were unable to offset the level of cancellations, the

value of the portfolio of policies under our management in this area declined by 7.4 per cent to €28.33 million in annual premiums (31 December 2013: €30.60 million). The total portfolio of insurance policies under management had reached a new all-time high of €109.66 million in annual premiums at the end of June 2014 following 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 by 0.3 million year on year in the first six months of 2014 to 1.6 million (H1 2013: 1.9 million). This reflects consumers' continued 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 stepping up the sale of additional online products.



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 665 active advisors were working as at 30 June 2014 compared with 612 at the end of 2013.



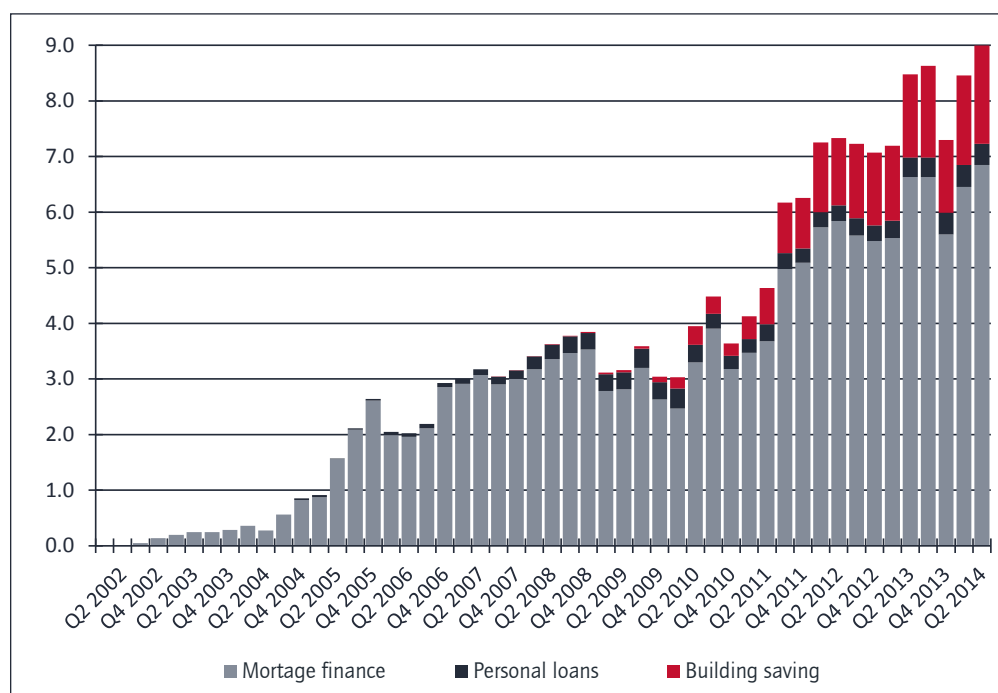
At the same time, the number of active advisors operating within our agent sales network rose to 699. Apart from improving the capacity utilisation of our infrastructure, these partners – who are only loosely associated with us – offer potential for expanding our business in future.

Distribution channels	30 June 2014	31 Dec 2013
Active advisors in branch-based sales	665	612
Active advisors acting as agents	699	676

Financial Service Providers business unit

The figures for the second quarter of 2014 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.

Having started the year on a strong note, the volume of transactions across all product segments rose even more sharply as the summer approached. A new record of €9.0 billion (Q2 2013: €8.4 billion) was set for the quarterly transaction volume. The increase in the volume of transactions processed on the financial marketplace was attributable to the broadening of the product range and to the growing number of partners linked to EUROPACE.



Volume of transactions on EUROPACE (€ billion)

The volume of transactions completed in the first half of 2014 totalled €17.46 billion, which was 11.4 per cent higher than in the corresponding period of last year (H1 2013: €15.67 billion).

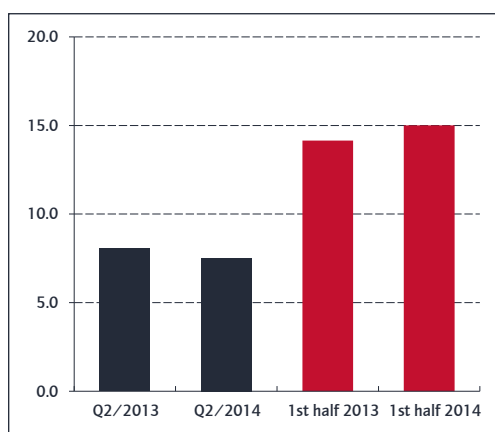
The total value of mortgage finance transactions completed in the second quarter of 2014 rose by 3.3 per cent to €6.85 billion (Q2 2013: €6.63 billion). The total volume of transactions generated in the first six months of 2014 grew by 9.3 per cent year on year to €13.30 billion (H1 2013: €12.17 billion). 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 sharply in both the second quarter of 2014 (up by 18.3 per cent from €1.50 billion in Q2 2013 to €1.77 billion) and in the first half of this year (up by 19.1 per cent from €2.84 billion in H1 2013

to €3.38 billion). Given the low level of interest rates at present, building finance products are increasingly being used to hedge the interest-rate risk of home loans.

The volume of transactions in personal loans also grew encouragingly, with the corresponding figure for the second quarter of 2013 being increased by 9.2 per cent to €0.38 billion (Q2 2013: €0.35 billion). The total value of transactions generated in the first six months of 2014 grew by 17.7 per cent year on year to €0.78 billion (H1 2013: €0.66 billion). In the personal loans business, the EUROPACE marketplace benefited from continued positive sentiment among German consumers and from the fact that personal loans were increasingly being used as a supplementary product for home loans.

Revenue in the first half of 2014 rose by 6.0 per cent to €15.01 million (H1 2013: €14.15 million), mainly as a result of the higher volume of transactions. The gross profit generated almost kept pace with the growth in the transaction volume, rising by 11.0 per cent to €10.07 million (H1 2013: €9.07 million). The 6.9 per cent decline in revenue in the second quarter of 2014 to €7.51 million (Q2 2013: €8.06 million) was largely attributable to a special promotion run by a product partner as part of the Company's collaborations and Packager-related business in the corresponding quarter of last year. This promotion did not have a major impact on gross profit.



Revenue Financial Service Providers (€ million)

The EBIT generated by the Financial Service Providers business unit was especially impaired in the second quarter of 2014 by the substantial cost of making the necessary modifications to the platform in order to meet regulatory requirements (such as implementing the Directive on Consumer Rights with effect from June 2014). Second-quarter EBIT therefore fell accordingly by 27.8 per cent from €1.67 million to €1.21 million. By contrast, EBIT for the first six months of 2014 rose by 8.5 per cent to €3.02 million (H1 2013: €2.78 million).

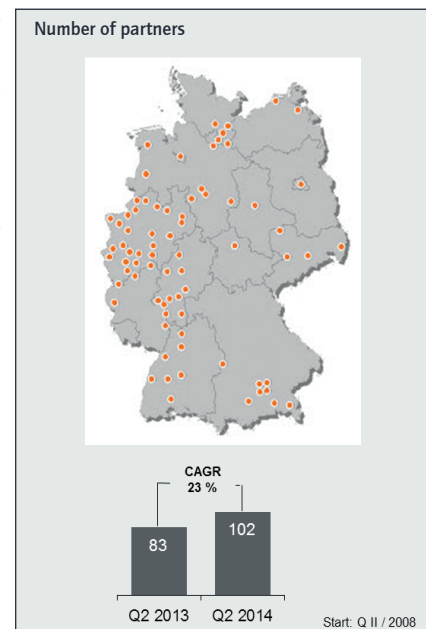
Financial Service Providers business unit	1 Jan to 30 June 2014	1 Jan to 30 June 2013*	1 April to 30 June 2014	1 April to 30 June 2013*
Volume of transactions (€ billion)	17.5	15.7	9.0	8.5
thereof mortgage finance	13.3	12.2	6.8	6.7
thereof personal loans	0.8	0.7	0.4	0.4
thereof building saving	3.4	2.8	1.8	1.4
Revenue (€ million)	15.0	14.2	7.5	8.1
Selling expenses (€ million)	4.9	5.1	2.6	3.3
Net Revenue (€ million)	10.1	9.1	4.9	4.8
EBIT (€ million)	3.0	2.8	1.2	1.7

*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 262 by 30 June 2014 compared with 221 partners as at 30 June 2013.

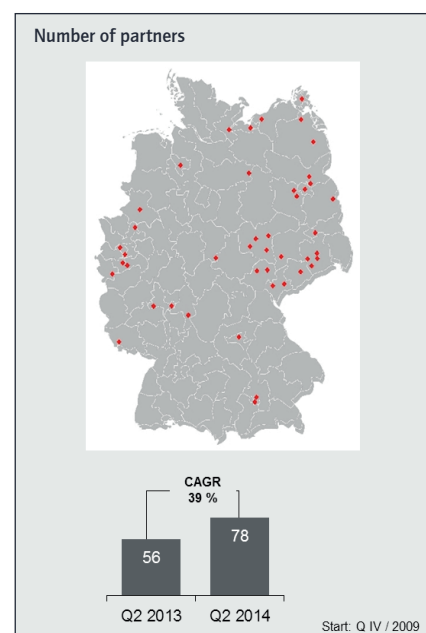
GENOPACE

The cumulative transaction volume on GENOPACE, our financial marketplace for the cooperative financial network, topped the €3 billion mark at the start of 2014. By the end of the second quarter of 2014 we had managed, for the first time, to connect more than 100 contractual partners as a result of continuously refining GENOPACE and incorporating new functionality. The total number of partners using the GENOPACE platform had risen to 102 by 30 June 2014 (30 June 2013: 83 partners).



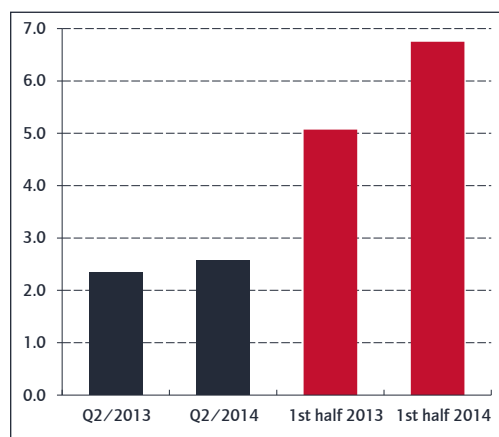
FINMAS

FINMAS – our latest financial marketplace – is aimed at German savings banks. It achieved a monthly transaction volume of €100 million for the first time at the start of 2014 and managed to sustain this volume in the second quarter of this year. The number of contractual partners using FINMAS is continually rising and totalled 78 as at 30 June 2014 (30 June 2013: 56 partners).



Institutional Clients business unit

Arranging big-ticket loans for German housing companies, local authorities and commercial property investors constitutes the main source of revenue for the Institutional Clients business unit. This unit continues 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 volume of new loans brokered in the first half of 2014 grew by a substantial 13.6 per cent year on year to €708 million (H1 2013: €623 million). This included big-ticket transactions that had been in the pipeline for some time. With interest rates still failing to provide any stimulus, the volume of new loans brokered in the second quarter of 2014 dipped by 1.8 per cent to €272 million (Q2 2013: €277 million). The total revenue generated in the first six months of 2014 jumped by 33.1 per cent to €6.75 million (H1 2013: €5.07 million). Second-quarter revenue rose by 10.1 per cent from €2.34 million to €2.57 million. The fact that revenue grew more strongly than the value of new loans brokered was largely attributable to the decline in low-margin local-authority loans.

€4.0 million of the revenue generated in the first half of 2014 came from the brokerage of loans and insurance (H1 2013: €2.9 million), and €2.7 million was earned from consulting services (H1 2013: €2.2 million). €1.4 million of the revenue generated in the second quarter of 2014 came from the brokerage of loans and insurance (Q2 2013: €1.4 million), while €1.1 million stemmed from consulting services (Q2 2013: €1.0 million).

€4.0 million of the revenue generated in the first half of 2014 came from the brokerage of loans and insurance (H1 2013: €2.9 million), and €2.7 million was earned from consulting services (H1 2013: €2.2 million). €1.4 million of the revenue generated in the second quarter of 2014 came from the brokerage of loans and insurance (Q2 2013: €1.4 million), while €1.1 million stemmed from consulting services (Q2 2013: €1.0 million).

The EBIT achieved by this business unit in the second quarter of 2014 fell by 42.2 per cent year on year – from €0.36 million to €0.21 million – owing to higher personnel expenses and other operating expenses. By contrast, EBIT for the first six months of 2014 jumped by 88.2 per cent to €2.18 million (H1 2013: €1.16 million).

Institutional Clients business unit	1 Jan to 30 June 2014	1 Jan to 30 June 2013*	1 April to 30 June 2014	1 April to 30 June 2013*
Loan Brokerage				
Volume of new business (€ million)	591	422	246	221
Volume of prolongation (€ million)	117	201	26	56
Revenue (€ million)	6.7	5.1	2.5	2.4
Selling expenses (€ million)	0.2	0.2	0.1	0.1
Net Revenue (€ million)	6.5	4.9	2.4	2.3
EBIT (€ million)	2.2	1.2	0.2	0.4

*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 2013“

Own work capitalised

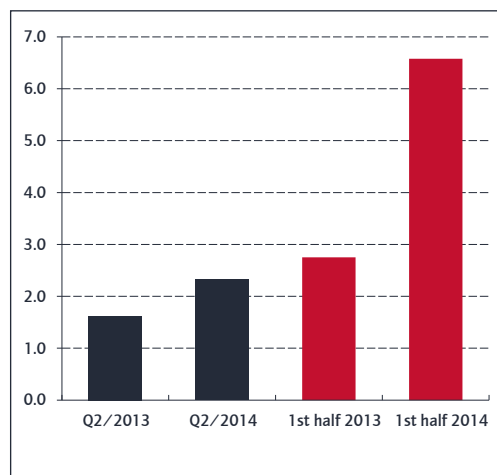
In the second quarter of 2014 the Company continued to attach considerable importance to investing in the further expansion of its B2B financial marketplaces. It also invested further in new advisory systems for end customers and distributors. This capital expenditure underpins the ongoing growth of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

In the second quarter of 2014 the Company invested a total of €1.8 million (Q2 2013: €1.7 million) in the expansion of its marketplaces and advisory systems, while in the first six months of this year it spent €3.6 million (H1 2013: €3.5 million). Hypoport continues to invest heavily in its forward-looking projects as part of these activities. Of these totals, €1.0 million was capitalised in the second quarter of 2014 (Q2 2013: €1.0 million) and €2.1 million was capitalised in the first half of this year (H1 2013: €2.0 million), while amounts of €0.8 million for the second quarter of 2014 (Q2 2013: €0.7 million) and €1.5 million for the first six months of this year (H1 2013: €1.5 million) were expensed as incurred. These amounts represent the pro-rata personnel expenses and operating costs attributable to software development.

Earnings

Hypoport's strong performance in the first half of 2014 was characterised by much higher earnings from mortgage finance products across all business units coupled with significantly lower costs in the Private Clients business unit's insurance operations.

Against the backdrop of the operating performance described above, EBITDA for the first six months of 2014 jumped from €2.7 million to €6.6 million and EBIT climbed from €0.7 million to €4.3 million. In the second quarter of 2014 the Company generated EBITDA of €2.3 million (Q2 2013: €1.6 million) and EBIT of €1.2 million (Q2 2013: €0.6 million).



EBITDA from continuing operations (€ million)

Consequently, the EBITDA margin (EBITDA as a percentage of gross profit) rose from 14.1 per cent to 17.4 per cent in the second quarter of 2014. The EBITDA margin for the first six months of this year increased to 23.5 per cent (H1 2013: 12.1 per cent).

Other income and expenses

Other operating income mainly comprises income from employee contributions of €325 thousand (H1 2013: €302 thousand) to vehicle purchases and income of €171 thousand (H1 2013: €237 thousand) from the reversal of provisions.

Personnel expenses for the first half of 2014 rose owing to salary increases and because the average number of employees during the period increased from 567 to 571 people.

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

€'000	1 Jan to 30 June 2014	1 Jan to 30 June 2013*	1 April to 30 June 2014	1 April to 30 June 2013*
Operating expenses	2,658	2,705	1,262	1,437
Other selling expenses	1,268	1,469	624	694
Administrative expenses	2,432	2,101	1,393	991
Other personnel expenses	282	313	146	157
Other expenses	869	638	654	497
	7,509	7,226	4,079	3,776

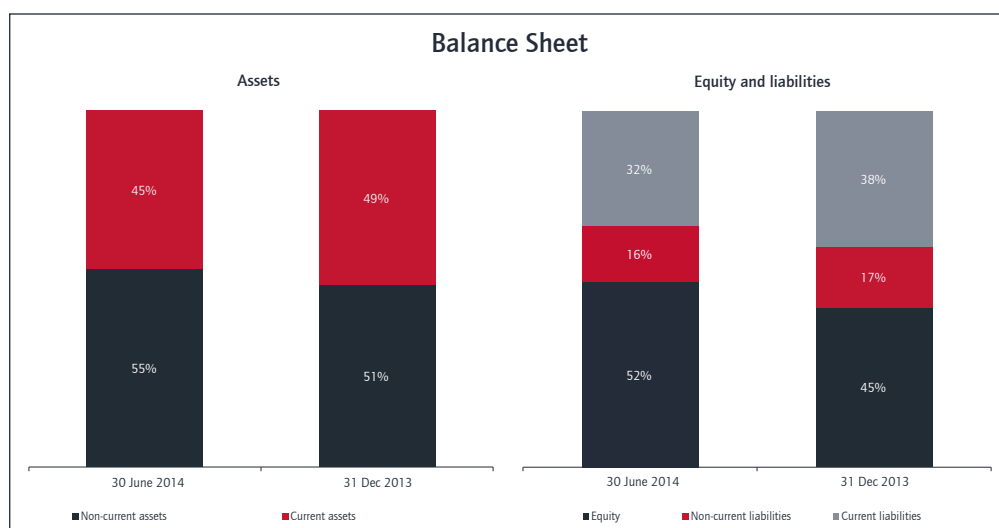
*The comparative prior-year tax figures have been adjusted and are explained in section 5 of the notes to the interim consolidated financial statements „Comparative figures for 2013“

The operating expenses consisted mainly of building rentals of €973 thousand (H1 2013: €960 thousand) and vehicle-related costs of €700 thousand (H1 2013: €736 thousand). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €974 thousand (H1 2013: €854 thousand) and legal and consultancy expenses of €553 thousand (H1 2013: €291 thousand). The other personnel expenses mainly consisted of training costs of €226 thousand (H1 2013: €217 thousand).

The net finance costs mainly include interest expenses of €0.3 million for the drawdown of loans and credit lines (H1 2013: €0.3 million) and interest income of €0.1 million from the unwinding of discounts on non-current receivables from product suppliers (H1 2013: €0.1 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 30 June 2014 amounted to €69.4 million, which was 6 per cent lower than the corresponding total as at 31 December 2013 (€73.6 million).



Non-current assets totalled €38.1 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 of €3.3 million paid in advance to distribution partners (31 December 2013: €3.8 million).

The equity attributable to Hypoport AG shareholders as at 30 June 2014 increased by €3.5 million, or 10.5 per cent, to €36.2 million. The equity ratio improved from 44.9 per cent to 52.5 per cent owing to the Hypoport Group's net profit for the period and the contraction in its total assets.

The €1.8 million decrease in non-current liabilities to €10.8 million stemmed primarily from the fall in financial liabilities on the back of scheduled loan repayments.

Total current and non-current financial liabilities went down by €2.7 million to €14.1 million, also largely as a result of scheduled loan repayments.

Other current liabilities mainly comprised commission received in advance totalling €2.5 million (31 December 2013: €2.8 million) and bonus commitments of €1.4 million (31 December 2013: €2.2 million).

Cash flow

Cash flow grew by €2.2 million to €5.7 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 generated by operating activities as at 30 June 2014 amounted to €0.7 million (30 June 2013: €0.5 million). The cash used for working capital rose by €1.9 million to €4.9 million (30 June 2013: €3.0 million).

The net cash outflow of €3.1 million from investing activities (30 June 2013: net outflow of €2.7 million) stemmed primarily from the fact that capital expenditure on non-current intangible assets had risen to €2.7 million (30 June 2013: €2.3 million).

The net cash of €2.7 million used for financing activities (30 June 2013: net outflow of €1.0 million) related solely to scheduled loan repayments (30 June 2013: €3.4 million). In the corresponding period of 2013 there had also been new borrowing of €2.4 million.

Cash and cash equivalents as at 30 June 2014 totalled €5.9 million, which was €5.1 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 number of employees in the Hypoport Group rose by 3.6 per cent compared with the end of 2013 to 573 people (31 December 2013: 553 employees). The average headcount during the first half of 2014 was 571 (H1 2013: 567 people).

Outlook

The International Monetary Fund (IMF) is forecasting that the global economic recovery – especially in the established industrialised nations – will continue apace in 2014 and 2015. The IMF expects to see the world economy grow by 3.6 per cent this year and 3.7 per cent next year. Given the number of attendant downside risks, however, the Fund believes it is quite possible that the pace of economic recovery could slow in the meantime, citing the performance of the emerging markets going forward and the geopolitical conflict in eastern Ukraine as pertinent examples. The IMF expects Europe's economy to expand by 1.2 per cent this year and to achieve slightly stronger growth of over 1.5 per cent in 2015.

The Fund's latest forecast for Germany includes economic growth of 1.7 per cent for the current year and slightly weaker growth of 1.6 per cent for 2015. Some leading German economic research institutes are now painting a more optimistic picture than they did in their spring forecasts published in April. The ifo Institute of Economic Research reckons that Germany's gross domestic product (GDP) will grow by 2.0 per cent this year and 2.2 per cent in 2015. The German Institute for Economic Research (DIW Berlin) recently predicted that the country's economic output would increase by 1.8 per cent in the current year and by 2.0 per cent in 2015.

Interest rates are currently forecast to remain at historically low levels. Whereas these low interest rates will continue to support our mortgage-finance business, the insurance market is likely to be further impaired by the poor returns available on premiums invested.

We also expect the European Union and the German government to impose further regulation on the financial services markets. This will create additional uncertainty for product suppliers, distributors and customers alike.

By building on its diversified business models, Hypoport AG continues to perform well in this constantly challenging market environment.

For 2014 as a whole, Hypoport AG expects to achieve double-digit revenue growth as well as earnings in excess of the record levels seen in 2010 and 2011.

4. Interim consolidated financial statements

IFRS consolidated balance sheet as at 30 June 2014

ASSETS	30 June 2014 €'000	31 Dec 2013* €'000
Non-current assets		
Intangible assets	30,446	29,568
Property, plant and equipment	2,121	2,210
Investments accounted for using the equity method	303	289
Financial assets	60	69
Trade receivables	3,961	4,344
Other assets	713	713
Deferred tax assets	475	412
	38,079	37,605
Current assets		
Trade receivables	20,641	20,257
Other current items	4,765	4,828
Income tax assets	6	5
Cash and cash equivalents	5,885	10,952
	31,297	36,042
	69,376	73,647
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	6,195	6,195
Treasury shares	-53	-57
Reserves	30,105	26,659
	36,247	32,797
Non-controlling interest	178	256
	36,425	33,053
Non-current liabilities		
Financial liabilities	10,072	12,061
Provisions	105	105
Other liabilities	10	10
Deferred tax liabilities	584	409
	10,771	12,585
Current liabilities		
Provisions	54	59
Financial liabilities	4,040	4,758
Trade payables	10,173	15,208
Current income tax liabilities	853	325
Other liabilities	7,060	7,659
	22,180	28,009
	69,376	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 30 June 2014

	1 Jan to 30 June 2014 €'000	1 Jan to 30 June 2013* €'000	1 April to 30 June 2014 €'000	1 April to 30 June 2013* €'000
Revenue	53,329	47,573	25,435	25,878
Selling expenses (Commission and lead costs)	-25,357	-24,827	-12,037	-14,391
Gross profit	27,972	22,746	13,398	11,487
Own work capitalised	2,093	1,978	956	952
Other operating income	1,055	1,367	609	957
Personnel expenses	-17,048	-16,253	-8,585	-8,121
Other operating expenses	-7,509	-7,226	-4,079	-3,776
Income from companies accounted for using the equity method	14	136	26	116
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6,577	2,748	2,325	1,615
Depreciation, amortisation expense and impairment losses	-2,307	-2,039	-1,182	-974
Earnings before interest and tax (EBIT)	4,270	709	1,143	641
Financial income	71	72	50	30
Finance costs	-280	-324	-90	-157
Earnings before tax (EBT)	4,061	457	1,103	514
Income taxes and deferred taxes	-718	918	-441	409
Net income for the year	3,343	1,375	662	923
attributable to non-controlling interest	-78	-10	-154	33
attributable to Hypoport AG shareholders	3,421	1,385	816	890
Earnings per share (€)	0.56	0.23	0.14	0.15

*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 30 June 2014

	1 Jan to 30 June 2014 €'000	1 Jan to 30 June 2013 €'000	1 April to 30 June 2014 €'000	1 April to 30 June 2013 €'000
Net income for the year	3,343	1,375	662	923
Total income and expenses recognized in equity*	0	0	0	0
Total comprehensive income	3,343	1,375	662	923
attributable to non-controlling interest	-78	-10	-154	33
attributable to Hypoport AG shareholders	3,421	1,385	816	890

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

Abridged consolidated statement of changes in equity for the three months ended 30 June 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	4	0	18	27	0	27
Total comprehensive income	0	0	1,385	1,385	-10	1,375
Balance as at 30 June 2013	6,138	2,057	22,831	31,026	220	31,246
€'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	4	0	25	29	0	29
Total comprehensive income	0	0	3,421	3,421	-78	3,343
Balance as at 30 June 2014	6,142	2,057	28,048	36,247	178	36,425

Consolidated cash flows statement

for the period 1 January to 30 June 2014

	30 June 2014 €'000	30 June 2013* €'000
Earnings before interest and tax (EBIT)	4,270	709
Non-cash income (+) / expense (-)	-679	964
Interest received (+)	71	72
Interest paid (-)	-280	-324
Income tax payments (-)	-10	-19
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment losses (-) on non-current assets	2,307	2,039
Cashflow	5,679	3,441
Increase (+) / decrease (-) in current provisions	-5	-22
Increase (-) / decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	-16	1,331
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-4,924	-4,268
Change in working capital	-4,945	-2,959
Cash flows from operating activities	734	482
Payments to acquire property, plant and equipment / intangible assets (-)	-3,096	-2,753
Proceeds from the disposal of financial assets (+)	9	18
Purchase of financial assets (-)	0	-3
Cash flows from investing activities	-3,087	-2,738
Proceeds from the issue of bonds and drawdown of loans under finance facilities (+)	0	2,400
Redemption of bonds and loans (-)	-2,714	-3,408
Cash flows from financing activities	-2,714	-1,008
Net change in cash and cash equivalents	-5,067	-3,264
Cash and cash equivalents at the beginning of the period	10,952	8,175
Cash and cash equivalents at the end of the period	5,885	4,911

*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 30 June 2014

€'000	Institutional clients	Private clients	Financial service providers	Reconciliation	Group
Segment revenue in respect of third parties					
01 Jan to 30 June 2014	6,750	31,666	14,639	274	53,329
01 Jan to 30 June 2013 *	5,072	28,391	13,891	219	47,573
01 April to 30 June 2014	2,573	15,425	7,327	110	25,435
01 April to 30 June 2013 *	2,336	15,479	7,934	129	25,878
Segment revenue in respect of other segments					
01 Jan to 30 June 2014	0	56	366	-422	0
01 Jan to 30 June 2013 *	0	37	259	-296	0
01 April to 30 June 2014	0	26	180	-206	0
01 April to 30 June 2013 *	0	20	126	-146	0
Total segment revenue					
01 Jan to 30 June 2014	6,750	31,722	15,005	-148	53,329
01 Jan to 30 June 2013 *	5,072	28,428	14,150	-77	47,573
01 April to 30 June 2014	2,573	15,451	7,507	-96	25,435
01 April to 30 June 2013 *	2,336	15,499	8,060	-17	25,878
Gross profit					
01 Jan to 30 June 2014	6,552	11,082	10,065	273	27,972
01 Jan to 30 June 2013 *	4,923	8,541	9,068	214	22,746
01 April to 30 June 2014	2,438	5,953	4,897	110	13,398
01 April to 30 June 2013 *	2,265	4,342	4,755	125	11,487
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)					
01 Jan to 30 June 2014	2,491	1,446	4,482	-1,842	6,577
01 Jan to 30 June 2013 *	1,392	-909	3,807	-1,542	2,748
01 April to 30 June 2014	369	937	1,964	-945	2,325
01 April to 30 June 2013 *	481	-229	2,140	-777	1,615
Segment earnings before interest and tax (EBIT)					
01 Jan to 30 June 2014	2,181	1,017	3,016	-1,944	4,270
01 Jan to 30 June 2013 *	1,159	-1,261	2,781	-1,970	709
01 April to 30 June 2014	208	716	1,208	-989	1,143
01 April to 30 June 2013 *	360	-401	1,674	-992	641
Segment assets 30 June 2014	20,863	23,123	22,610	2,780	69,376
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 of Hypoport AG for the six months ended 30 June 2014 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 indepen-

dent 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.

Overview balance sheet (€'000)	30 June 2013			31 December 2013		
	adjusted	previous	change	adjusted	previous	change
Assets						
Non-current assets	2,898	2,575	323	2,499	2,279	220
thereof property, plant and equipment	2,515	2,575	-60	2,210	2,279	-69
investments accounted for using the equity method	383	0	383	289	0	289
Current assets	30,319	31,022	-703	36,042	37,016	-974
thereof trade receivables	19,925	20,283	-358	20,257	20,624	-367
other current items	5,390	5,471	-81	4,828	4,849	-21
income tax assets	93	95	-2	5	5	0
cash and cash equivalents	4,911	5,173	-262	10,952	11,538	-586
Total assets	66,413	66,793	-380	73,647	74,401	-754
Equity and liabilities						
Current liabilities	16,692	17,072	-380	22,867	23,621	-754
thereof trade payables	9,771	10,038	-267	15,208	15,875	-667
other current liabilities	6,921	7,034	-113	7,659	7,746	-87
Total equity and liabilities	66,413	66,793	-380	73,647	74,401	-754

Überblick Konzern-Gewinn- und Verlustrechnung (in TEUR)	1 Jan to 30 June 2013			Full year 2013		
	adjusted	previous	change	adjusted	previous	change
Revenue	47,573	48,664	-1,091	98,090	101,058	-2,968
Selling expenses (Commission and lead costs)	-24,827	-25,584	757	-49,113	-51,479	2,366
Gross profit	22,746	23,080	-334	48,977	49,579	-602
Other operating income	1,367	1,370	-3	2,770	2,776	-6
Personnel expenses	-16,253	-16,321	68	-32,684	-32,831	147
Other operating expenses	-7,226	-7,340	114	-15,230	-15,616	386
Income from companies accounted for using the equity method	136	0	136	43	0	43
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2,748	2,767	-19	8,124	8,156	-32
Depreciation, amortisation expense and impairment losses	-2,039	-2,046	7	-4,175	-4,190	15
Earnings before interest and tax (EBIT)	709	721	-12	3,949	3,966	-17
Earnings before tax (EBT)	457	469	-12	3,073	3,090	-17
Income taxes and deferred taxes	918	906	12	102	85	17

Overview cash flows statement (€'000)	30 June 2013			Full year 2013		
	adjusted	previous	change	adjusted	previous	change
Earnings before interest and tax (EBIT)	709	721	-12	3,949	3,966	-17
Non-cash income (+) / expense (-)	964	952	12	-538	-555	17
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment losses (-) on non-current assets	2,039	2,046	-7	4,175	4,190	-15
Cashflow	3,441	3,448	-7	6,163	6,178	-15
Increase (-) / decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	1,331	1,272	59	956	856	100
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-4,268	-4,326	58	2,769	3,085	-316
Change in working capital	-2,959	-3,076	117	3,706	3,922	-216
Cash flows from operating activities	482	372	110	9,869	10,100	-231
Payments to acquire property, plant and equipment / intangible assets (-)	-2,753	-2,761	8	-5,737	-5,762	25
Cash flows from investing activities	-2,738	-2,746	8	-5,701	-5,726	25
Net change in cash and cash equivalents	-3,264	-3,382	118	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	4,911	5,173	-262	10,952	11,538	-586

Overview segment reporting (€'000)	1 Jan to 30 June 2013 Institutional Clients			1 Jan to 30 June 2013 Financial Service Providers			1 Jan to 30 June 2013 Group		
	adjusted	previous	change	adjusted	previous	change	adjusted	previous	change
Segment revenue in respect of third parties	5,072	5,278	-206	13,891	14,776	-885	47,573	48,664	-1,091
Total segment revenue	5,072	5,278	-206	14,150	15,035	-885	47,573	48,664	-1,091
Gross profit	4,923	5,129	-206	9,068	9,196	-128	22,746	23,080	-334
EBITDA	1,392	1,406	-14	3,807	3,812	-5	2,748	2,767	-19
EBIT	1,159	1,166	-7	2,781	2,786	-5	709	721	-12
Segment assets	20,513	20,516	-3	21,532	21,909	-377	66,413	66,793	-380

Overview segment reporting (€'000)	1 April to 30 June 2013 Institutional Clients			1 April to 30 June 2013 Financial Service Providers			1 April to 30 June 2013 Group		
	adjusted	previous	change	adjusted	previous	change	adjusted	previous	change
Segment revenue in respect of third parties	2,336	2,499	-163	7,934	8,498	-564	25,878	26,605	-727
Total segment revenue	2,336	2,499	-163	8,060	8,624	-564	25,878	26,605	-727
Gross profit	2,265	2,428	-163	4,755	4,845	-90	11,487	11,740	-253
EBITDA	481	485	-4	2,140	2,142	-2	1,615	1,621	-6
EBIT	360	360	0	1,674	1,676	-2	641	643	-2

Overview segment reporting (€'000)	31 Dec 2013 Institutional Clients			31 Dec 2013 Financial Service Providers			31 Dec 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 30 June 2014 includes 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 (Ireland)	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 to 30 June 2014 €'000	1 Jan to 30 June 2013* €'000	1 April to 30 June 2014 €'000	1 April to 30 June 2013* €'000
Income taxes and deferred taxes	718	-918	441	-409
current income taxes	605	611	276	379
deferred taxes	113	-1,529	165	-788
in respect of timing differences	-202	-301	-189	74
in respect of tax loss carryforwards	315	-1,228	354	-862

*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 (H1 2013: €3 thousand) relates to previous years.

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

Earnings per share

The figure for earnings per share is determined in accordance with IAS 33. Basic earnings (loss) per share is calculated by dividing the net profit (loss) for the period attributable to the shareholders of Hypoport AG by the weighted average number of outstanding shares. In the first half of 2014 there were no share options that would have a dilutive effect on earnings per share.

	1 Jan to 30 June 2014	1 Jan to 30 June 2013	1 April to 30 June 2014	1 April to 30 June 2013
Net income for the year (€'000)	3,343	1,375	662	923
of which attributable to Hypoport AG stockholders	3,421	1,385	816	890
Basic weighted number of outstanding shares ('000)	6,140	6,136	6,141	6,137
Earnings per share (€)	0.56	0.23	0.14	0.15

Intangible assets and property, plant and equipment

Intangible assets primarily comprise unchanged goodwill of €14.8 million and development costs of €14.2 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).

Equity-accounted investments

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

Subscribed capital

The Company's subscribed capital as at 30 June 2014 remained 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 13 June 2014 voted to carry forward Hypoport AG's distributable profit of €21,582,732.04 to the next accounting period.

Authorised capital

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

Conditional capital

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

Treasury shares

Hypoport AG held 53,263 treasury shares as at 30 June 2014 (equivalent to €53,263.00, or 0.86 per cent, of the Company's subscribed capital), 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
Sold in April 2014	3,120	0.050	32,429.35	27,456.00	-4,973.35
Sold in May 2014	142	0.002	1,456.92	1,527.21	70.29
Sold in June 2014	40	0.001	410.40	482.40	72.00
Balance as at 30 June 2014	53,263	0.860	-	-	-

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 second 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 30 June 2014.

		Shares (number) 30 June 2014	Shares (number) 31 Dec 2013
Group Management Board	Ronald Slabke	2,288,381	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	18,700	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 generated from joint ventures totalled €7 thousand in the second quarter of 2014 (Q2 2013: €25 thousand) and €12 thousand in the first half of this year (H1 2013: €52 thousand). Receivables from joint ventures amounted to €6 thousand as at 30 June 2014 (31 December 2013: €156 thousand) while liabilities to such companies totalled €7 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

There were no exceptional, positive seasonal influences on the performance of the Hypoport Group's business in the second quarter of 2014. 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.

Responsibility statement

„We assure that, to the best of our knowledge and in accordance with the accounting standards applicable to interim financial reporting, the interim consolidated financial statements give a fair presentation of the Hypoport Group's financial position and financial performance, the interim group management report gives a fair presentation of the Hypoport Group's business, profits and position and that the material opportunities and risks of its expected development during the remainder of the financial year are described.“

Berlin, 4 August 2014

Hypoport AG - The Management Board



Ronald Slabke



Thilo Wiegand



Stephan Gawarecki



Hans Peter Trampe



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