

Key performance indicators

Revenue and earnings (€'000)	1 Jan - 31 Mar 2015	1 Jan – 31 Mar 2016	Change
Revenue	33,322	35,673	7%
Gross profit	17,186	18,645	8%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,133	6,603	29%
Earnings before interest and tax (EBIT)	3,825	5,428	42%
EBIT margin (EBIT as a percentage of gross profit)	22.3	29.1	31%
Net income for the year	3,035	4,256	40%
attributable to Hypoport AG shareholders	3,048	4,252	40%
Earnings per share (€)	0.50	0.70	40%

Financial position (€'000)	31 Dec 2015	31 Mar 2016	 Change
Current assets	55,725	51,338	-8%
Non-current assets	40,351	41,558	3%
Equity	52,661	55,914	6%
attributable to Hypoport AG shareholders	52,391	55,640	6%
Equity ratio (%)	54.8	60.2	10%
Total assets	96,076	92,896	-3%

Share performance

Earnings per Share	Q1 / 2016	0.70 €
Market capitalisation	31 March 2016	381.9 million €
High	12 M	80.50 €
Low	12 M	20.55 €

Revenue, Net Revenue and EBIT (€ million)

■ Q1/2016 ■ Q1/2015

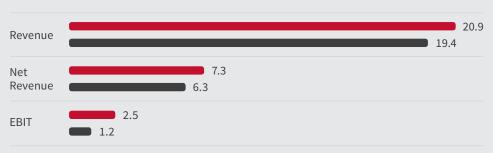
Hypoport Group



Financial Service Providers



Privat Clients



Institutional Clients Business Unit



Contents

Letter to shareholders	6
Management report	7
Business and economic conditions	7
Business performance	7
Earnings	10
Balance sheet	12
Cash flow	13
Capital expenditure	13
Employees	14
Hypoport's shares	14
Outlook	14
Interim consolidated financial statements	16
Notes to the interim consolidated financial statements	20

Letter to shareholders

Dear shareholder,

Following a record-breaking year in 2015, we started this year with the strongest first quarter in the history of our Company. Consolidated revenue rose by 7 per cent to €35.7 million. This increase in revenue resulted in earnings growth that was well into double figures, with EBIT rising by 42 per cent to €5.4 million.

We achieved this good result despite the fact that the implementation of new regulations in the mortgage finance market arising from the Mortgage Credit Directive has tied up resources for us and for banks and partners, and had a negative impact on new business.

Regulation particularly held back growth in our Financial Service Providers business unit. At the same time, EUROPACE successfully completed the development of the new **Baufi**Smart front end – the biggest IT project in its history. Now, all EUROPACE partners are working with an advisory solution that is the most innovative in the market and fully complies with regulatory requirements. The business unit also expanded its sales capability and is thus securing new partners at a faster rate. The second-highest revenue figure ever earned shows how successfully the Financial Service Providers business unit has dealt with the recent challenges.

The Private Clients business unit also incurred additional expense as a result of the Mortgage Credit Directive. Focusing on product suppliers that were not held back by the Mortgage Credit Directive meant that the business unit was still able to further expand its share of the mortgage finance market. The business unit thus generated the highest level of revenue for a quarter since the Dr. Klein Private Clients division came into existence. The full migration to EUROPACE **Bauf**iSmart also led to efficiency

gains for advisors. This, combined with lower losses from the insurance business, enabled the business unit to report a significant jump in EBIT of 117 per cent.

Market conditions were stable for the Corporate Real Estate Clients business unit in the first quarter. The housing industry's government brief to create more housing in the lower price segment is significantly increasing the number of potential new customers in the acquisition pipeline. The volume of new business brokered in the first quarter of 2016 was slightly down on the corresponding period of last year, reflecting the normal pattern of volatility during the year. However, complex, one-off lending transactions generated exceptionally high income. This is the reason behind the increases in both revenue and earnings.

Overall, we enjoyed a good first quarter in a market held back by regulation. We expect the lending market to normalise as the year progresses and we continue to look to the future with confidence. Structural growth in the housing market and the pressure for financial services to go digital will help us to further expand our market share. That is why, following a strong start to 2016 and despite the uncertainty created by regulation, we continue to forecast revenue and earnings growth for 2016 as light double-digit, both at Group level and in the three business units.

Kind regards, Ronald Slabke

Chief Executive Officer

Management report

Business and economic conditions

Macroeconomic environment

The macroeconomic environment has not changed significantly since we reported on it in the 2015 Hypoport AG annual report (pages 8 to 9).

Conditions in the financial services sector

Conditions in the financial services sector have changed only slightly since we reported on them in the 2015 Hypoport AG annual report (pages 9 to 10).

There is still huge excess demand in the housing market that will continue to go up due to the many different regulations thwarting the construction of new blocks of flats and due to rising immigration.

Mortgage interest rates fell slightly in January and February, dropping to almost the all-time lows seen in April 2015. Since March, interest rates have remained within a narrow range without any significant fluctuation.

The act implementing the Mortgage Credit Directive in Germany was announced in the Federal Law Gazette on 16 March 2016 before it came into force on 21 March 2016. This is forcing product suppliers and distributors to make major modifications to their processes and systems. From mid-March, many mortgage providers therefore withdrew from the market for a few days, even for a few weeks in some cases. As a result, the volume of home loans in the first quarter remained unchanged year on year according to Deutsche Bundesbank. Now that the Mortgage Credit Directive has come into effect, there is a great deal of uncertainty throughout the market about how to interpret key passages of the directive. The associated implementing regulations had still not been issued by the end of April. This will hamper lending to private clients for an as-yet unforeseeable period.

In the absence of any movement on interest rates, the commercial real-estate finance market continues to stagnate.

Business performance

In the first quarter of 2016, Hypoport increased its revenue by 7 per cent to €35.7 million (Q1 2015: €33.3 million). Earnings before interest and tax (EBIT) rose significantly, climbing by 42 per cent to €5.4 million (Q1 2015: €3.8 million). The figures for revenue and selling expenses stated below include revenue and selling expenses shared with other segments of the Hypoport Group.

Financial Service Providers business unit

In the first three months of 2016, the volume of transactions in the Financial Service Providers business unit was down slightly year on year at €10.4 billion. Regulation of the lending market in the form of the Mortgage Credit Directive, which took effect on 21 March 2016, tied up product suppliers' resources and put a brake on new business.

In numerical terms, the introduction of the new EUROPACE front end, BaufiSmart, depressed the volume of transactions. Better support for enquiries made to different product suppliers about the same lending transaction is reducing the total volume of transactions reported and, at the same time, lowering the proportion of transactions that are cancelled (see section 'Notes' in interim report).

As a result, the volume of home loans and building finance transactions declined slightly year on year. The volume of transactions in the fiercely competitive personal loans market advanced by 33 per cent.

The total number of partners using our EUROPACE, FINMAS and GENOPACE marketplaces increased by 15 to 360. Eighteen of the top 25 savings banks have a FINMAS contract, while GENOPACE numbers 18 of the top 25 credit cooperatives and mutually owned banks among its contractual partners. Our partners' potential for using EUROPACE in the various distribution channels remains high and is a focal point for customer management.

In the first quarter of 2016, the Financial Service Providers business unit generated revenue of €10.8 million (Q1 2015: €10.1 million). EBIT was unchanged year on year at €2.5 million (Q1 2015: €2.5 million).

Financial figures Financial Service Providers	Q1 2015	2015	Q1 2016	Change
Transaction volume (billion €)				
Total	11.1		10.4	-6%
Mortgage finance	8.8		8.1	-8%
Personal loan	0.4		0.6	33%
Building finance	1.8		1.7	-6%
Partners (number) 1)				
Europace (incl. Genopace + Finmas)		345	360	4%
Genopace		141	146	4%
Finmas		114	124	9%
Revenue and earnings (million €)				
Revenue	10.1		10.8	7%
Gross profit	7.0		7.2	3%
EBIT	2.5		2.5	0%

¹⁾ Prior-year figures for 31 December 2015

Private Clients business unit

The Private Clients business unit increased its share of the mortgage finance market in the first quarter, recording a 4 per cent increase in volume to €2.0 billion. To achieve this, distributors focused on product suppliers who were less affected by the Mortgage Credit Directive. The full migration of distributors to the new EUROPACE user interface, **Baufi**Smart, is further enhancing efficiency. To make best use of market opportunities, the Private Clients business unit also concentrated on expanding the network of advisors. The number of loan brokerage advisors rose by 39 to 476 in the first quarter.

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

In the first quarter of 2016, the Private Clients business unit generated revenue of €20.9 million (Q1 2015: €19.4 million), an increase of 8 per cent. Strong productivity gains for advisors and a lower level of losses from the insurance business are pushing up earnings significantly, with EBIT jumping by 117 per cent to €2.5 million in the reporting period (Q1 2015: €1.2 million).

Financial figures Private Clients	Q1 2015	2015	Q1 2016	Change
Transaction volume (billion €)				
Financing	1.94		2.03	4%
Mortgage finance	1.8		1.9	5%
Personal loan	0.047		0.070	50%
Building finance	0.054		0.027	-51%
Number of franchise advisors (financing) 1)		437	476	9%
Insurance policies under management 1)				
Insurance policies u. m. (total)		122.6	133.1	8%
Insurance policies u.m. (life insurance)*		63.9	68.9	8%
Insurance policies u.m. (private health insurance)		33.7	36.2	8%
Insurance policies u.m. (SHUK)		25.0	28.0	12%
Number of franchise advisors (insurance)		224	196	-13%
Revenue and earnings (million €)				
Revenue	19.4		20.9	8%
Gross profit	6.3		7.3	14%
EBIT	1.2		2.5	117%

^{*} adjusted for simple financial products

¹⁾ Prior-year figures for 31 December 2015

Institutional Clients business unit

The volume of new loans brokered by the Institutional Clients business unit fell slightly, reflecting the pattern of volatility during the year. Consulting revenue went up by 5 per cent to €1.3 million. The expanded consulting services are also helping to fill the sales pipeline for loan brokerage. The German housing industry's brief from politicians to create social housing is further broadening customer access.

Despite a lower volume of transactions, revenue in the Institutional Clients business unit rose by 7 per cent to €4.2 million (Q1 2015: €3.9 million) as a result of complex, one-off lending transactions that brought in exceptionally high income. The rate of growth for EBIT in the same period was lower at 4 per cent owing to efforts to increase the number of customer advisors. EBIT thus amounted to €1.4 million (Q1 2015: €1.3 million).

Financial figures Institutional Clients	Q1 2015	Q1 2016	Change
Transaction volume (million €)			
Brokered loans (total)	492	371	-25%
New business	414	308	-25%
Renewals	79	63	-21%
Consulting revenue (million €)	1.2	1.3	5%
Revenue and earnings (million €)			
Revenue	3.9	4.2	7%
Gross profit	3.8	4.1	9%
EBIT	1.3	1.4	4%

Earnings

Against the backdrop of the operating performance described above, EBITDA rose significantly from €5.1 million to €6.6 million and EBIT climbed from €3.8 million to €5.4 million.

As a result, the EBIT margin (EBIT as a percentage of gross profit) increased from 22.3 per cent to 29.1 per cent.

Revenue and earnings (million €)	1 Jan – 31 Mar 2015	1 Jan – 31 Mar 2016	Change
Revenue	33.3	35.7	7%
Gross profit	17.2	18.6	8%
EBITDA	5.1	6.6	29%
EBIT	3.8	5.4	42%
EBIT margin (EBIT as percentage of gross profit)	22.3	29.1	31%

Own work capitalised

In the first quarter of 2016, the Company continued to attach considerable importance to investing in the further expansion of the EUROPACE marketplace and the insurance platform. There was also further capital expenditure on new advisory systems for consumers and distributors. This capital expenditure forms the basis for future growth in the three business units, Financial Service Providers, Private Clients and Institutional Clients.

The Company invested a total of €2.0 million in expansion in the first quarter of 2016 (Q1 2015: €1.9 million). Of this total, €1.2 million was capitalised (Q1 2015: €1.0 million) and €0.8 million was expensed as incurred (Q1 2015: €0.9 million). These amounts represent the pro-rata personnel expenses and operating costs attributable to software development.

Other income and expenses

Other operating income mainly comprised income of €0.5 million from other accounting periods (Q1 2015: €0.1 million) and income of €0.3 million from the reversal of provisions (Q1 2015: €0.1 million).

Personnel expenses went up because of salary increases and the rise in the number of employees to 606 from 575 at the end of the first quarter of 2015.

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

Other operating expenses	1 Jan – 31 Mar 2016 € million	1 Jan – 31 Mar 2015 € million
Operating expenses	1.3	1.3
Other selling expenses	0.9	0.7
Administrative expenses	1.5	1.4
Other personnel expenses	0.2	0.1
Other expenses	0.4	0.3
	4.3	3.8

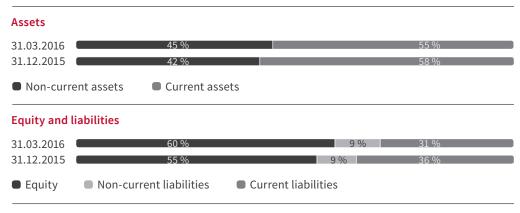
The operating expenses consisted mainly of building rentals of €0.5 million (Q1 2015: €0.5 million) and vehicle-related costs of €0.4 million (Q1 2015: €0.3 million). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €0.8 million (Q1 2015: €0.8 million) and legal and consultancy expenses of €0.2 million (Q1 2015: €0.2 million). The other personnel expenses mainly consisted of training costs of €0.1 million (Q1 2015: €0.1 million).

The net finance costs primarily included interest expense and similar charges of €0.1 million incurred by the drawdown of loans and the use of credit lines (Q1 2015: €0.1 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 31 March 2016 amounted to €92.9 million, which was 3 per cent down on the total as at 31 December 2015 (€96.1 million).

Balance sheet structure



Non-current assets totalled €41.6 million (31 December 2015: €40.4 million). They largely consisted of development costs of €16.2 million for the financial marketplaces (31 December 2015: €15.6 million) and unchanged goodwill of €14.8 million.

Current other assets essentially comprised prepaid expenses of €1.0 million (31 December 2015: €0.5 million) and commission of €0.7 million paid in advance to distribution partners (31 December 2015: €0.6 million).

The equity attributable to Hypoport AG shareholders as at 31 March 2016 had grown by €3.2 million, or 6.2 per cent, to €55.6 million. The equity ratio improved from 54.8 per cent to 60.2 per cent owing to the Hypoport Group's net profit and the contraction in its total assets.

The €0.4 million decrease in non-current liabilities to €8.7 million stemmed primarily from the fall in financial liabilities.

Other current liabilities mainly comprised bonus commitments of €1.7 million (31 December 2015: €4.4 million) and deferred income of €1.0 million (31 December 2015: €0.2 million).

Total financial liabilities fell by €1.2 million to €10.1 million largely as a result of scheduled loan repayments.

Cash flow

Cash flow grew by €1.0 million to €5.4 million during the reporting period. This increase was largely attributable to the substantial year-on-year improvement in the net profit reported for the quarter.

The total net cash generated by operating activities in the three months to 31 March 2016 amounted to €0.7 million (Q1 2015: €3.4 million). The cash used for working capital rose by €3.7 million to €4.7 million (Q1 2015: €1.0 million).

The net cash outflow of €1.6 million for investing activities (Q1 2015: net outflow of €1.6 million) stemmed primarily from capital expenditure of €1.4 million on non-current intangible assets (Q1 2015: €1.2 million).

The net cash of €2.2 million used for financing activities (Q1 2015: €1.7 million) related to scheduled loan repayments of €1.2 million (Q1 2015: €1.2 million) and the purchase of treasury shares for €1.0 million (Q1 2015: €0.6 million).

Cash and cash equivalents as at 31 March 2016 totalled €21.7 million, which was €3.1 million lower than at the beginning of the year.

Capital expenditure

Most of the capital investment was spent on refining the EUROPACE financial marketplaces. There was also capital expenditure on the insurance platform and new advisory systems for consumers and distributors.

Employees

The Hypoport Group employed 606 people as at 31 March 2016 (31 March 2015: 575 people). Total headcount had increased by 29 people compared with the end of 2015 (31 December 2015: 577 employees).

Hypoport's shares

Hypoport shares had closed the year at an all-time high of €80.50 on 30 December 2015. On the first day of trading this year, 4 January 2016, the shares came in at €75.50. In the three months that followed, the price hovered around the €65 mark.

The lowest price during the first quarter was €53.59 on 9 February 2016 and the highest was €78.35 on 5 January 2016. The Company reported earnings of €0.70 per share for the first three months of 2016 (Q1 2015: €0.50).

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



Outlook

Our forecast for the macroeconomic environment has not changed significantly since we presented it in the 2015 Hypoport AG annual report (pages 43 to 45).

In their spring report, the leading German economic research institutes lowered their forecast for GDP growth in 2016 from 1.8 per cent to 1.6 per cent. A growth rate of 1.5 per cent is expected for 2017.

In February, the rate of inflation in the eurozone was minus 0.2 per cent due to the low oil price. This is a long way from the ECB's target of maintaining price stability with an inflation rate of 2 per cent. In consequence, the ECB revised its forecast significantly downwards and now predicts inflation of 0.1 per cent (instead of 1.0 per cent) in 2016 and 1.3 per cent (instead of 1.6 per cent) in 2017. The ECB is therefore set to keep its key interest rate at its record low of 0.00 per cent. The best interest rate for a fixed-interest period of ten years continued to fall in the first three months of 2016, dropping to 1.05 per cent at the start of March. In view of the expansion of the ECB's bond-buying programme and other factors, we expect mortgage interest rates to remain static at their lowest ever level in the medium term.

In the second quarter of 2016, implementation of the Mortgage Credit Directive will continue to have an adverse impact on some product suppliers and distributors in the mortgage finance market.

Following a strong start to 2016, we continue to forecast revenue and earnings growth for 2016 that is light double-digit, both at Group level and in the three business units. This forecast is based on our assumption that the German economy will perform reasonably well and there will be no significant turbulence in the mortgage finance market.

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

Interim consolidated financial statemets

Consolidated income statement for the period 1 January to 31 March 2016

	1 Jan – 31 Mar 2016 €'000	1 Jan – 31 Mar 2015 €'000
Revenue	35,673	33,322
Selling expenses	-17,028	-16,136
Gross profit	18,645	17,186
Own work capitalised	1,187	964
Other operating income	1,066	422
Personnel expenses	-10,092	-9,606
Other operating expenses	-4,256	-3,849
Income from companies accounted for using the equity method	53	16
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6,603	5,133
Depreciation, amortisation expense and impairment losses	-1,175	-1,308
Earnings before interest and tax (EBIT)	5,428	3,825
Financial income	21	20
Finance costs	-90	-128
Earnings before tax (EBT)	5,359	3,717
Income taxes and deferred taxes	-1,103	-682
Net profit for the year	4,256	3,035
attributable to non-controlling interest	4	-13
attributable to Hypoport AG shareholders	4,252	3,048
Earnings (loss) per share (€)	0.70	0.50

Consolidated statement of comprehensive income for the period 1 January to 31 March 2016

	1 Jan - 31 Mar 2016 €'000	1 Jan – 31 Mar 2015 €'000
Net profit (loss) for the year	4,256	3,035
Total income and expenses recognized in equity*)	0	0
Total comprehensive income	4,256	3,035
attributable to non-controlling interest	4	-13
attributable to Hypoport AG shareholders	4,252	3,048

 $^{^{\}star})$ There was no income or expense to be recognized directly in equity during the reporting period.

Consolidated balance sheet as at 31 March 2016

Assets	31 Mar 2016 €'000	31 Dec 2015 €'000
Non-current assets		
Intangible assets	32,466	31,887
Property, plant and equipment	2,436	2,571
Investments accounted for using the equity method	518	465
Financial assets	31	34
Trade receivables	4,210	3,580
Other assets	1,417	1,418
Deferred tax assets	480	396
	41,558	40,351
Current assets		
Trade receivables	27,208	29,371
Other current items	2,333	1,481
Income tax assets	114	116
Cash and cash equivalents	21,683	24,757
	51,338	55,725
	92,896	96,076
Equity and Liabilities		
Equity		
Subscribed capital	6,195	6,195
Treasury shares	-172	-156
Reserves	49,617	46,352
	55,640	52,391
Non-controlling interest	274	270
	55,914	52,661
Non-current liabilities		
Financial liabilities	5,906	6,920
Provisions	96	97
Other liabilities	10	10
Deferred tax liabilities	2,694	2,033
	8,706	9,060
Current liabilities		
Provisions	120	113
Financial liabilities	4,217	4,342
Trade payables	15,818	20,430
Current income tax liabilities	1,396	1,022
Other liabilities	6,725	8,448
	28,276	34,355
	92,896	96,076

Abridged consolidated statement of changes in equity for the three months ended 31 March 2016

2015 €'000	Subscribed capital	Capital reserves	Retained earnings	Equity attributable to Hypoport AG shareholders	Equity attributable to non-controlling interest	Equity
Balance as at 1 January 2015	6,116	2,209	30,263	38,588	264	38,852
Dissemination of own shares	8	-9	72	71	0	71
Purchase of own shares	-34	0	-534	-568	0	-568
Total comprehensive income	0	0	3,048	3,048	-13	3,035
Balance as at 31 March 2015	6,090	2,200	32,849	41,139	251	41,390
2016 €'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 2016	6,039	2,345	44,007	52,391	270	52,661
Dissemination of own shares	1	18	4	23	0	23
Purchase of own shares	-17	0	-1,009	-1,026	0	-1,026
Total comprehensive income	0	0	4,252	4,252	4	4,256
Balance as at 31 March 2016	6,023	2,363	47,254	55,640	274	55,914

Abridged segment reporting for the period 1 January to 31 March 2016

Financial Service Providers	Private Clients	Institutional Clients	Reconciliation	Group
10,594	20,849	4,169	61	35,673
10,012	19,356	3,885	69	33,322
213	17	0	-230	0
123	14	0	-137	0
10,807	20,866	4,169	-169	35,673
10,135	19,370	3,885	-68	33,322
7,172	7,268	4,145	60	18,645
6,965	6,349	3,803	69	17,186
2,946	2,767	1,538	-648	6,603
3,289	1,397	1,479	-1,032	5,133
2,466	2,532	1,394	-964	5,428
2,455	1,169	1,343	-1,142	3,825
43,190	23,277	23,229	3,200	92,896
50,118	20,490	22,346	3,122	96,076
	Service Providers 10,594 10,012 213 123 10,807 10,135 7,172 6,965 2,946 3,289 2,466 2,455 43,190	Service Providers Private Clients 10,594 20,849 10,012 19,356 213 17 123 14 10,807 20,866 10,135 19,370 7,172 7,268 6,965 6,349 2,946 2,767 3,289 1,397 2,466 2,532 2,455 1,169 43,190 23,277	Service Providers Private Clients Institutional Clients 10,594 20,849 4,169 10,012 19,356 3,885 213 17 0 123 14 0 10,807 20,866 4,169 10,135 19,370 3,885 7,172 7,268 4,145 6,965 6,349 3,803 2,946 2,767 1,538 3,289 1,397 1,479 2,466 2,532 1,394 2,455 1,169 1,343 43,190 23,277 23,229	Service Providers Private Clients Institutional Clients Reconciliation 10,594 20,849 4,169 61 10,012 19,356 3,885 69 213 17 0 -230 123 14 0 -137 10,807 20,866 4,169 -169 10,135 19,370 3,885 -68 7,172 7,268 4,145 60 6,965 6,349 3,803 69 2,946 2,767 1,538 -648 3,289 1,397 1,479 -1,032 2,466 2,532 1,394 -964 2,455 1,169 1,343 -1,142 43,190 23,277 23,229 3,200

Consolidated cash flow statement for the period 1 January 2016 to 31 March 2016

	1 Jan – 31 Mar 2016 €'000	1 Jan – 31 Mar 2015 €'000
Earnings before interest and tax (EBIT)	5,428	3,825
Non-cash income / expense	-927	-521
Interest received	21	20
Interest paid	-90	-128
Income tax payments	-153	-90
Depreciation and amortisation expense, impairment losses / reversals of impairment losses on non-current assets	1,175	1,308
Cashflow	5,454	4,414
Increase / decrease in current provisions	7	7
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	547	3,396
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	-5,290	-4,403
Change in working capital	-4,736	-1,000
Cash flows from operating activities	718	3,414
Payments to acquire property, plant and equipment / intangible assets	-1,619	-1,575
Proceeds from the disposal of financial assets	3	18
Cash flows from investing activities	-1,616	-1,557
Purchase of own shares	-1,026	-568
Redemption of bonds and loans	-1,150	-1,150
Cash flows from financing activities	-2,176	-1,718
Net change in cash and cash equivalents	-3,074	139
Cash and cash equivalents at the beginning of the period	24,757	12,024
Cash and cash equivalents at the end of the period	21,683	12,163

Notes to the interim consolidated financial statements

Information about the Company

The Hypoport Group is a technology-based financial service provider. Its parent company is Hypoport AG, which is headquartered in Berlin, Germany. The Group consists of subsidiaries that are divided into three mutually supporting business units: Private Clients, Financial Service Providers, and Institutional Clients. All three units are engaged in the distribution of financial services, facilitated or supported by technology (fintech).

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

Dr. Klein & Co. AG has been a major financial service partner to housing companies, local authorities and commercial property investors since 1954. The Institutional Clients business unit provides its institutional customers in Germany with a fully integrated service comprising expert advice and customised solutions in the areas of financial management, portfolio management, and insurance for business customers. Hypoport B.V., the Group's subsidiary in the Netherlands, helps its customers to analyse and report on securitised or collateralised loan portfolios. The Hypoport Group uses its EUROPACE B2B financial marketplace – the largest transaction platform – to sell financial products through its subsidiaries Hypoport Mortgage Market Ltd. (mortgage loans, building finance) and EUROPACE AG (personal loans, credit insurance). A fully integrated system links a large number of banks and insurers 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 2016 for Hypoport AG have been prepared in accordance with the provisions of IAS 34 (Interim Financial Reporting). They are based on the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union and take into account the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC). The report has been condensed in accordance with IAS 34 compared with the scope of the consolidated financial statements for the year ended 31 December 2015. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended

31 December 2015 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 2015. However, the changes presented below have been introduced due to the adoption of new or revised accounting standards and due to a review of the expected useful life of software.

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 disclosures on the number and volume of financial products processed are calculated at a cut-off point in the product transaction process that is appropriate for the accrual method of accounting used. The growth of the subsidiaries in the Financial Service Providers and Private Clients business units can be seen from the volume of transactions on the EUROPACE transaction platform.

The volume of transactions is the indicator used by the management to measure the current intensity with which the EUROPACE marketplace is being used. Transactions are initiated at the end of the advisory process. They take place after the advisor/consumer has selected a specific product and include a check against all of the product supplier's lending rules stored in the system. A query is also sent to the product supplier's external decision-making systems.

Transactions are then frequently cancelled, for example because the consumer allows the offering period to expire, the product supplier rejects the transaction following the individual credit check or the consumer exercises his or her right to withdraw. The revenue for a transaction may be recognised up to three months later. This means that it is only possible to draw limited conclusions about revenue for a period from the volume of transactions in that period.

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

Hypoport AG Interim Report 1st Quarter 2016

Accounting policies

The accounting policies applied are those used in 2015, with the following exceptions:

- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27: Separate Financial Statements)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1: Presentation of Financial Statements)
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11: Joint Arrangements)
- IFRS 14: Regulatory Deferral Accounts
- Various: Annual Improvements 2012–2014 Cycle
- Amended estimates of the useful life of software (EUROPACE 2).

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

Upon completion of EUROPACE 2 **Baufi**Smart at the start of the year, the Group reviewed the useful life of the EUROPACE 2 software. In the past, the estimated useful life had been assumed to end on 31 December 2018. It is now expected that the software can be used until 31 December 2025. The resulting lower amortisation expense in the reporting period was €496 thousand. The impact of this change on the actual and expected amortisation expense for this year and future years is as follows:

Amortisation €'000	2016	2017	2018	2019	2020	Later
(Reduction) increase in amortisation expense	(1,985)	(1,985)	(1,985)	889	889	4,444

Basis of consolidation

The consolidation as at 31 March 2016 included all entities controlled by Hypoport AG in addition to Hypoport AG itself.

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

Parent company	Holding in %
Dr. Klein & Co. AG, Lübeck	100.00
Europace AG, Berlin	100.00
GENOPACE GmbH, Berlin	50.025
Hypoport B.V., Amsterdam	100.00
Hypoport Invest GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Irland)	100.00
Hypoport Systems GmbH, Berlin	100.00
Qualitypool GmbH, Lübeck	100.00
Starpool Finanz GmbH, Berlin	50.025
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00
Joint ventures	
FINMAS GmbH, Berlin	50.00
Hypoport on-geo GmbH, Berlin	50.00
LBL Data Services B.V., Amsterdam	50.00

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

Income taxes and deferred taxes

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

Income taxes and deferred taxes	1 Jan – 31 Mar 2016 €'000	1 Jan – 31 Mar 2015 €'000
Income taxes and deferred taxes	1,103	682
current income taxes	527	328
deferred taxes	576	354
in respect of timing differences	265	-134
in respect of tax loss carryforwards	311	488

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

Earnings per share

The figure for earnings per share is determined in accordance with IAS 33. Basic earnings (loss) per share is calculated by dividing the net profit (loss) for the period attributable to the shareholders of Hypoport AG by the weighted average number of outstanding shares. In the first quarter of 2016, there were no share options that would have a dilutive effect on earnings per share.

Earnings Per Share	1 Jan – 31 Mar 2016 €'000	1 Jan – 31 Mar 2015 €'000
Net incomefor the year (€'000)	4,256	3,035
of which attributable to Hypoport AG stockholders	4,252	3,048
Basic weighted number of outstanding shares (€'000)	6,036	6,107
Earnings per share (€)	0.70	0.50

As a result of the purchase and dissemination of treasury shares, the number of shares in issue fell by 16,276, from 6,039,158 as at 31 December 2015 to 6,022,882 as at 31 March 2016.

Intangible assets and property, plant and equipment

Intangible assets primarily comprised development costs of €16.2 million for the financial marketplaces (31 December 2015: €15.6 million) and unchanged goodwill of €14.8 million.

Property, plant and equipment consisted solely of office furniture and equipment amounting to €2.4 million (31 December 2015: €2.6 million).

Equity-accounted investments

The change in the carrying amounts of equity-accounted investments relates to the pro-rata net profit (loss) for the period of the three joint ventures: FINMAS GmbH, Berlin (Hypoport's interest: 50 per cent), Hypoport on-geo GmbH, Berlin (Hypoport's interest: 50 per cent) and LBL Data Services B.V., Amsterdam (Hypoport's interest: 50 per cent). In the first quarter of 2016, the profit from equity-accounted long-term equity investments amounted to €53 thousand (Q1 2015: €16 thousand).

Subscribed capital

The Company's subscribed capital as at 31 March 2016 was unchanged on 31 December 2015 at €6,194,958.00 and was divided into 6,194,958 (31 December 2015: 6,194,958) fully paid-up registered no-par-value shares.

The Annual Shareholders' Meeting held on 12 June 2015 voted to carry forward Hypoport AG's distributable profit of €24,385,003.31 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.

Treasury shares

Hypoport held 172,076.00 treasury shares as at 31 March 2016 (equivalent to €172,076.00 or 2.78 per cent, of the subscribed capital of Hypoport AG). The change in the balance of treasury shares and the main data relating to transactions in 2016 are shown in the following table.

Change in the balance of treasury shares in 2016	Number of shares	Proportion of subscribed capital (%)	Cost of purchase (€)	Sale price (€)	Gain or loss on sale (€)
Opening balance as at 1 January 2016	155,800	2.515	3,052,562.52		
Dissemination in January 2016	10	0.000	121.04	521.10	400.06
Buy in February 2016	2,466	0.040	149,230.26		
Dissemination in February 2016	95	0.002	1,149.88	5,519.50	4,369.62
Buy in March 2016	14,160	0.229	876,520.28		
Dissemination in March 2016	245	0.004	2,965.48	15,924.25	12,958.77
Balance as at 31 March 2016	172,076	2.778	4,074,076.66		

The release of treasury shares was part of an employee share ownership programme and was recognised directly in equity and offset against retained earnings.

Reserves

The breakdown of reserves can be found in the consolidated statement of changes in equity (page 18).

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 (€432 thousand, of which €18 thousand relates to 2016).

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 2015: €7 thousand) are also reported under this item.

Non-controlling interests

The net profit for the first quarter of 2016 attributable to non-controlling interests was €4 thousand (Q1 2015: net loss of €13 thousand). Total non-controlling interests in the period under review amounted to €274 thousand (31 December 2015: €270 thousand), of which €174 thousand (31 December 2015: €170 thousand) related to the non-controlling interest in the equity of Starpool Finanz GmbH (minority interest of 49.975 per cent) and €100 thousand (31 December 2015: €100 thousand) to GENOPACE GmbH (minority interest of 49.975 per cent).

Share-based payment

No share options were issued in the first quarter of 2016.

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 2016.

	Shares (number) 31 Mar 2016	Shares (number) 31 Dec 2015
Group Management Board		
Ronald Slabke	2,288,381	2,288,381
Thilo Wiegand	30,000	30,000
Stephan Gawarecki	187,800	187,800
Hans Peter Trampe	153,690	153,690
Supervisory Board		
Dr. Ottheinz Jung-Senssfelder	10,500	10,500
Roland Adams	0	0
Christian Schröder	15,700	15,700
·		

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

Revenue of €24 thousand was generated by joint ventures in the first quarter of 2016 (Q1 2015: €15 thousand). As at 31 March 2016, receivables from joint ventures amounted to €6 thousand (31 December 2015: €102 thousand) and liabilities to such companies totalled €48 thousand (31 December 2015: €36 thousand).

Opportunities and risks

Please refer to the opportunities and risks report that forms part of the group management report in our 2015 annual report. It provides a comprehensive presentation of the Hypoport Group's risks and opportunities, which remained largely unchanged in the period currently under review.

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

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

Seasonal influences on business activities

In the mortgage finance sector, the first quarter of 2016 was adversely affected by the implementation of new regulations in the mortgage finance market arising from the Mortgage Credit Directive. 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, 2 May 2016

Hypoport AG - The Management Board

Ronald Slabke

Stephan Gawarecki

Thilo Wiegand

Hans Peter Trampe

