

Interim report of  
Hypoport AG  
first half-year 2016

Berlin, 1 Aug 2016



## Key performance indicators

Interim report of Hypoport AG for the period ended 30 June 2016

# Key performance indicators

Revenue and earnings (€'000)	H1 2015	H1 2016	Change
Revenue	67,549	73,688	 9%
Gross profit	35,020	38,301	 9%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	11,772	13,476	 14%
Earnings before interest and tax (EBIT)	9,097	11,127	 22%
EBIT margin (EBIT as a percentage of gross profit)	26,0	29,1	 12%
Net income for the year	7,347	8,681	 18%
attributable to Hypoport AG shareholders	7,364	8,678	 18%
Earnings per share (€)	1.21	1.44	 19%

Revenue and earnings (€'000)	Q2 2015	Q2 2016	Change
Revenue	34,227	38,015	 11%
Gross profit	17,834	19,656	 10%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6,639	6,873	 4%
Earnings before interest and tax (EBIT)	5,272	5,699	 8%
EBIT margin (EBIT as a percentage of gross profit)	29,6	29,0	 -2%
Net income for the year	4,312	4,425	 3%
attributable to Hypoport AG shareholders	4,316	4,426	 3%
Earnings per share (€)	0.71	0.74	 4%

Financial position (€'000)	31 Dec 2015	30 Jun 2016	Change
Current assets	55,725	50,010	 -10%
Non-current assets	40,351	49,296	 22%
Equity	52,661	59,541	 13%
attributable to Hypoport AG shareholders	52,391	59,268	 13%
Equity ratio (%)	54.8	60.0	 9%
Total assets	96,076	99,306	 3%

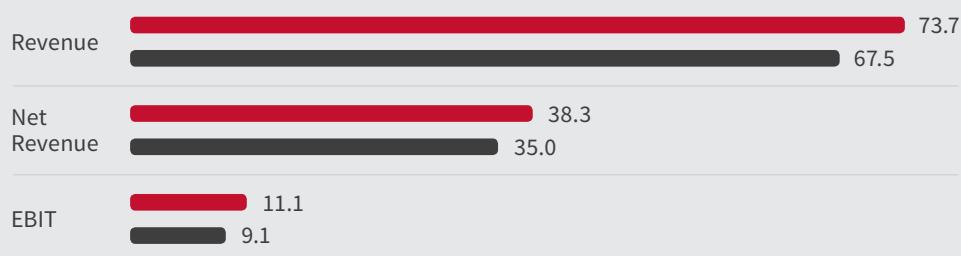
## Share performance

Earnings per Share	H1 2016	1.44 €
Market capitalisation	30 June 2016	530 million €
High	6 M	92.50 €
Low	6 M	53.59 €

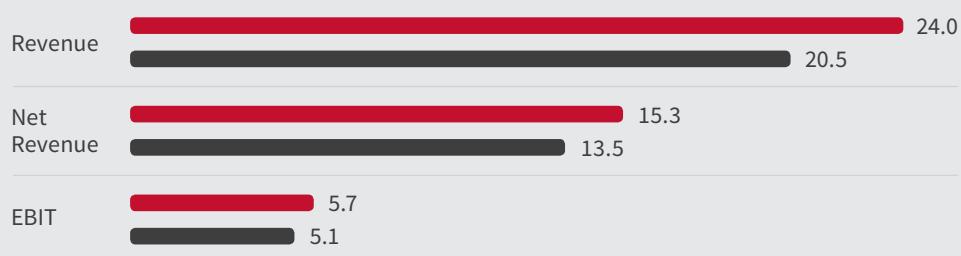
## Revenue, Net Revenue and EBIT (€ million)

■ H1 2016 ■ H1 2015

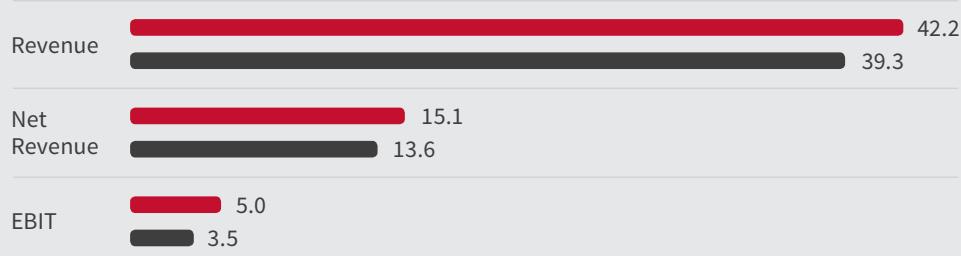
### Hypoport Group



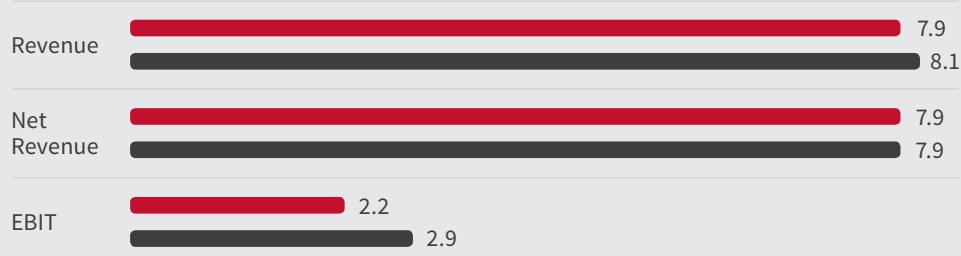
### Financial Service Providers



### Privat Clients



### Institutional Clients Business Unit





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# Letter to shareholders

Dear shareholder,

The first six months of 2016 were the best half year in Hypoport's history so far. We again reported record levels of revenue and earnings. Consolidated revenue rose by 9 per cent to €73.7 million. The growth in earnings before interest and tax (EBIT) was well into double digits, with an increase of 22 per cent to €11.1 million.

We achieved these record results partly thanks to – but mostly in spite of – the current market situation. Demand in the housing market remains high, and the financing terms are attractive. Yet, to supply enough housing to meet this demand, the conditions need to be in place that enable new-build projects to be launched and implemented quickly. The government's latest attempts to create more housing, e.g. through tax relief, were not only dragged down by party politics but also fundamentally failed to effectively tackle the essence of the problem. Moreover, many market participants were held back by the implementation of the Mortgage Credit Directive (MCD) in the period March to May. In this environment, Hypoport succeeded in gaining further market share and using these new regulations as an opportunity.

The Financial Service Providers business unit offers legally compliant integration of the MCD into EUROPACE BaufiSmart, thereby providing the ideal solution for new and existing partners to deal with the regulations. Nevertheless, the directive changed the competitive situation and led to shifts in the market. The marketplace model demonstrated its clear superiority here, with EUROPACE again gaining significant market share in the first half of the year. At the same time, the Financial Service Providers business unit generated the best revenue and earnings figures in its history.

Despite the MCD, the Private Clients business unit's mortgage finance business also grew faster than the market as a whole because the differing interpretation of the MCD by various banks has increased the importance of non-captive home loan specialists for customers. The business unit also increased the volume of personal loans. Dr. Klein personal loan experts help partners to advise customers as part of offline alliances. This trend, combined with the expansion of the advisor network and increased productivity, contributed to this business unit also achieving its most successful half year.

The Corporate Real Estate Clients business unit posted solid results in line with normal volatility experienced during the course of a year. Preparations for many new-build projects can be seen, but their actual implementation is being significantly affected by the political environment. Steadily falling interest rates did not provide much in the way of stimulus. Consequently, there was a year-on-year decrease in the volume of new lending brokered. Revenue nevertheless held steady compared with the corresponding prior-year period thanks to interest rates being locked in for long periods and to high-margin business partners. Capital expenditure on developing the new business models meant that EBIT was lower than in the first half of 2015.

Overall, we delivered a strong performance in the first six months of 2016. We expect to further increase our market share in the second half of the year. Despite the various uncertainties in and around our main markets, we are confident that we will be able to convert the challenges that arise into opportunities. For 2016 as a whole, we continue to forecast revenue and earnings growth that is just into double digits, 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 changed significantly since we reported on it in the 2015 Hypoport AG annual report (pages 8 to 9). The British vote to leave the European Union increased general uncertainty about Europe's political stability and economic strength. The International Monetary Fund (IMF) reckons that economic growth in the eurozone will come in at 1.6 per cent in 2016, which is around 0.1 per cent lower than previously assumed. For Germany, the IMF recently raised its growth forecast from 1.6 per cent to 1.7 per cent. However, the IMF expects that, in subsequent years, Brexit will result in an economic slowdown for Germany too, although it has not yet issued a forecast for this.

### 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). Experts believe that Brexit is more likely to have a positive impact on the German property market and thus on the related financing market. For example, it is expected that the existing excess demand in the housing market will continue to increase due to additional migration. Prices may also rise further because of the transfer of capital to Germany.

Mortgage interest rates fell again in the second quarter, having already gone down in the first quarter of the year. However, this did not have any noticeable impact on demand for mortgage finance.

After a solid start to the year, the Mortgage Credit Directive (MCD) held back market participants in March. The system adjustments that they required continued through until May. As a result, the volume of home loans in the second quarter was down year on year according to Deutsche Bundesbank.

The housing industry registered a sharp rise in planned projects as a response to the high level of demand for housing. Unfortunately, the actual completion of projects continues to be blocked by lengthy approval processes.

## Business performance

In the first half of 2016, Hypoport increased its revenue by 9 per cent to €73.7 million (H1 2015: €67.5 million). Earnings before interest and tax (EBIT) rose at an even faster rate, climbing by 22 per cent to €11.1 million (H1 2015: €9.1 million).

The figures for revenue and selling expenses stated below include intersegment charging within the Hypoport Group.

### Financial Service Providers business unit

In the first six months of 2016, the volume of transactions in the Financial Service Providers business unit was down slightly year on year at €21.4 billion (H1 2015: €22.9 billion). Similarly, the volume of building finance was also less than in the first half of last year. However, this is due to a one-off statistical effect resulting from the migration to the new EUROPACE front end, **BaufiSmart**, thus preventing a direct comparison with the figures for the prior-year period. The switch to the new front end increased the proportion of transactions completed but has had a dampening effect in numerical terms on the volume of transactions reported.

As shown by figures from Deutsche Bundesbank, the Mortgage Credit Directive had a considerable impact on the overall market for mortgage finance. EUROPACE was able to gain a significant amount of market share in this area following the introduction of the MCD because of the excellent support it provides for advisors.

The attractive technology of **KreditSmart** drew in new partners in the highly competitive personal loans market. Overall, the volume of personal loan transactions advanced by 22 per cent. A total of 370 partners use our EUROPACE, FINMAS and GENOPACE marketplaces, with 47 new partners being added within the last year. Twenty of the top 25 savings banks use FINMAS, while GENOPACE numbers 18 of the top 25 credit cooperatives and mutually owned banks among its contractual partners.

Despite the expansion of its distributor resources and additional expenses incurred by implementing the Mortgage Credit Directive, the business unit can look back on its most successful half year. In the first six months of 2016, the Financial Service Providers business unit generated revenue of €24.0 million (H1 2015: €20.5 million). EBIT was up significantly year on year at €5.7 million (H1 2015: €5.1 million).

Financial figures	Financial Service Providers	Q2 2015	Q2 2016	H1 2015	H1 2016	H1 Change
<b>Transaction volume (billion €)</b>						
Total	11.8	11.0	22.9	21.4		
Mortgage finance	9.4	8.7	18.2	16.7		
Personal loan	0.4	0.6	0.9	1.2		
Building finance	2.0	1.7	3.8	3.4		
<b>Partners (number)</b>						
Europace (incl. Genopace + Finmas)			323	370		15%
Genopace			130	158		22%
Finmas			105	130		24%
<b>Revenue and earnings (million €)</b>						
Revenue	10.3	13.2	20.5	24.0		17%
Gross profit	6.5	8.1	13.5	15.3		13%
EBIT	2.6	3.2	5.1	5.7		13%

1) statistic special effect makes it impossible to draw an exact comparison with the corresponding prior-year period

### Private Clients business unit

The Private Clients business unit also expanded its share of the mortgage finance market in the first half of 2016. The volume of new loans brokered appears to be less than in the corresponding period last year. However, this is due to a one-off statistical effect resulting from the migration to the new EUROPACE front end, BaufiSmart, thus preventing a direct comparison with the figures for the prior-year period.

The considerable scope for interpretation when it comes to implementing the Mortgage Credit Directive resulted in banks taking very different approaches. This unsettled customers, who sought out neutral advice in even greater numbers. Independent distributors therefore became all the more important. Their importance can also be seen from the steady growth in the Dr. Klein franchise network: the number of loan brokerage advisors increased by 11 per cent to 486 in the first half of 2016.

The Private Clients business unit also experienced the most successful half year in its history. In the period January to June 2016, it generated revenue of €42.2 million (H1 2015: €39.3 million). Strong productivity gains for advisors and increased contributions to revenue from the personal loans business resulted in a rise in revenue of 7 per cent. Furthermore, because the negative impact on earnings from the insurance business was no longer included, earnings jumped by 41 per cent to €5.0 million (H1 2015: €3.5 million).

Financial figures Private Clients	Q2 2015	Q2 2016	H1 2015	H1 2016	H1 Change
<b>Transaction volume (billion €)<sup>1)</sup></b>					
Financing	2.6	2.1	4.5	4.1	
Mortgage finance	2.5	2.0	4.3	3.9	
Personal loan	0.047	0.074	0.094	0.144	
Building finance	0.058	0.025	0.113	0.052	
Number of franchise advisors (financing)			433	486	12%
<b>Insurance policies under management</b>					
			<b>31 Dec 2015</b>		
Insurance policies u. m. (total)			122.6	126.6	3%
Insurance policies u. m. (life insurance)*			63.9	65.6	3%
Insurance policies u. m. (private health insurance)			33.7	34.2	2%
Insurance policies u. m. (SHUK)			25.0	26.8	7%
Number of franchise advisors (insurance) <sup>2)</sup>			247	197	-20%
<b>Revenue and earnings (million €)</b>					
			<b>H1 2015</b>		
Revenue	19.9	21.3	39.3	42.2	7%
Gross profit	7.2	7.9	13.6	15.1	12%
EBIT	2.4	2.5	3.5	5.0	41%

1) statistic special effect makes it impossible to draw an exact comparison with the corresponding prior-year period

2) Prior-year figure for 30 June 2015 \* adjusted for simple financial products

### **Institutional Clients business unit**

Falling interest rates without any indications of a rate rise any time soon led to a reluctance to refinance. Against this backdrop and reflecting the pattern of volatility during the year, the Institutional Clients business unit notched up a solid volume of new loans brokered. High demand for housing is resulting in a significant increase in preparations for new-build projects. However, the timeline for implementing these projects is largely determined by the authorities responsible for approving them, which is causing delays.

Interest rates locked in for long periods and relatively high margins on individual transactions led to stable levels of revenue. Revenue in the Institutional Clients business unit amounted to €7.9 million, which was down only slightly on the corresponding prior-year period (H1 2015: €8.1 million). Additional costs for establishing new business models resulted in a lower level of EBIT, but will improve the business unit's market position in the future. Overall, therefore, EBIT came to €2.2 million in the first half of 2016 (H1 2015: €2.9 million).

<b>Financial figures Institutional Clients</b>	<b>Q2 2015</b>	<b>Q2 2016</b>	<b>H1 2015</b>	<b>H1 2016</b>	<b>H1 Change</b>
<b>Transaction volume (million €)</b>					
Brokered loans (total)	545	394	1.038	765	 -26%
New business	465	343	879	651	 -26%
Renewals	80	51	159	114	 -28%
Consulting revenue (million €)	1.1	1.1	2.3	2.4	 6%
<b>Revenue and earnings (million €)</b>					
Revenue	4.2	3.7	8.1	7.9	 -2%
Gross profit	4.1	3.7	7.9	7.9	0%
EBIT	1.5	0.8	2.9	2.2	 -23%

## Earnings

Against the backdrop of the operating performance described above, EBITDA for the first six months of 2016 advanced from €11.8 million to €13.5 million and EBIT from €9.1 million to €11.1 million. In the second quarter of 2016, the Company generated EBITDA of €6.9 million (Q2 2015: €6.6 million) and EBIT of €5.7 million (Q2 2015: €5.3 million).

The EBIT margin (EBIT as a percentage of gross profit) for the first half of 2016 rose accordingly from 26.0 per cent to 29.1 per cent.

Revenue and earnings (million €)	Q2 2015	Q2 2016	H1 2015	H1 2016	H1 Change
Revenue	34.2	38.0	67.5	73.7	9%
Gross profit	17.8	19.7	35.0	38.3	9%
EBITDA	6.6	6.9	11.8	13.5	14%
EBIT	5.3	5.7	9.1	11.1	22%
EBIT margin (EBIT as percentage of gross profit)	29.6%	29.0%	26.0%	29.1%	12%

### Own work capitalised

In the second quarter of 2016, the Company continued to attach considerable importance to investing in the further expansion of the EUROPACE marketplace and the new 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.

In the second quarter of 2016, the Company invested a total of €2.1 million in expansion (Q2 2015: €2.0 million); in the first six months of this year, it spent €4.1 million (H1 2015: €3.9 million). Of these totals, €1.3 million was capitalised in the second quarter of 2016 (Q2 2015: €1.2 million) and €2.5 million was capitalised in the first half of this year (H1 2015: €2.2 million), while amounts of €0.8 million for the second quarter of 2016 (Q2 2015: €0.8 million) and €1.6 million for the first six months of this year (H1 2015: €1.7 million) were expensed as incurred. 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 €0.7 million from other accounting periods (H1 2015: €0.2 million) and income of €0.3 million from employee contributions to vehicle purchases (H1 2015: €0.3 million).

Personnel expenses for the first half of 2016 rose owing to salary increases and because the average number of employees during the period advanced from 572 to 641.

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

<b>Other operating expenses (million €)</b>	<b>H1 2016</b>	<b>H1 2015</b>	<b>Q2 2016</b>	<b>Q2 2015</b>
Operating expenses	2.8	2.7	1.5	1.4
Other selling expenses	1.6	1.4	0.7	0.7
Administrative expenses	3.2	2.5	1.7	1.1
Other personnel expenses	0.4	0.3	0.2	0.2
Other expenses	0.6	0.4	0.2	0.1
	<b>8.6</b>	<b>7.3</b>	<b>4.3</b>	<b>3.5</b>

The operating expenses consisted mainly of building rentals of €1.0 million (H1 2015: €1.0 million) and vehicle-related costs of €0.8 million (H1 2015: €0.7 million). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €1.8 million (H1 2015: €1.3 million) and legal and consultancy expenses of €0.5 million (H1 2015: €0.4 million). The other personnel expenses mainly consisted of training costs of €0.3 million (H1 2015: €0.2 million).

The net finance costs primarily included interest expense and similar charges of €0.2 million incurred for loans (H1 2015: €0.2 million).

## Balance sheet

The Hypoport Group's consolidated total assets as at 30 June 2016 amounted to €99.3 million, a 3 per cent increase on the total as at 31 December 2015 (€96.1 million).

### Balance sheet structure

#### Assets



#### Equity and liabilities



Non-current assets totalled €49.3 million (31 December 2015: €40.4 million). They largely consisted of development costs of €19.4 million for the financial marketplaces (31 December 2015: €15.6 million) and goodwill of €18.6 million (31 December 2015: €14.8 million).

Current other assets essentially comprised prepaid expenses of €0.9 million (31 December 2015: €0.5 million) and commission of €0.9 million paid in advance to distribution partners (31 December 2015: €0.6 million).

The equity attributable to Hypoport AG shareholders as at 30 June 2016 increased by €6.9 million, or 13.1 per cent, to €59.3 million. The equity ratio improved from 54.8 per cent to 60.0 per cent as a result of the net profit reported for the period.

The rise in deferred tax liabilities was primarily the result of the first-time consolidation of NKK Programm Service AG.

Other current liabilities mainly comprised bonus commitments of €2.6 million (31 December 2015: €4.4 million) and deferred income of €1.6 million (31 December 2015: €0.2 million).

Total financial liabilities fell by €2.3 million to €9.0 million largely as a result of scheduled loan repayments.

## Cash flow

Cash flow grew by €1.3 million to €12.4 million during the reporting period. This increase was largely attributable to the substantial year-on-year improvement in the net profit reported for the period.

The total net cash generated by operating activities in the six months to 30 June 2016 amounted to €5.6 million (H1 2015: €8.0 million). The cash used for working capital rose by €3.6 million to €6.8 million (H1 2015: €3.2 million).

The net cash outflow of €6.7 million for investing activities (H1 2015: net outflow of €3.5 million) consisted primarily of €3.4 million for the acquisition of NKK Programm Service AG and capital expenditure of €2.9 million on non-current intangible assets (H1 2015: €2.6 million).

The net cash of €4.3 million used for financing activities (H1 2015: €2.9 million) related to scheduled loan repayments of €2.3 million (H1 2015: €2.3 million) and the purchase of treasury shares for €2.0 million (H1 2015: €0.6 million).

Cash and cash equivalents as at 30 June 2016 totalled €19.4 million, which was €5.3 million lower than at the beginning of the year.

## Capital expenditure

Most of the capital investment was spent on the acquisition of NKK Programm Service AG and the refinement of the EUROPACE financial marketplaces. There was also capital expenditure on the insurance platform and new advisory systems for consumers and distributors.

## Employees

The number of employees in the Hypoport Group rose by 17.2 per cent compared with the end of 2015 to 676 people (31 December 2015: 577 employees). The average number of people employed in the first half of 2016 was 641 (H1 2015: 572 people).

## Hypoport's shares

Hypoport shares reached an all-time high of €93.50 on 9 June 2016. The shares had closed the first day of trading this year, 4 January 2016, at €75.50. Until April, the shares hovered around the €65 mark. In the two months that followed, the price rose almost continuously to pass €92. The lowest closing price during the first half year was €53.59 on 9 February 2016. The highest closing price in the six-month period was €92.50 on 9 June 2016. Earnings per share amounted to €1.44 in the first half of 2016 (H1 2015: €1.21).

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



## Outlook

Our forecast for the macroeconomic environment has changed slightly since we presented it in the 2015 Hypoport AG annual report (pages 43 to 45).

The consequences of Brexit for Germany are still unclear. The International Monetary Fund announced it would lower its 2016 and 2017 growth forecasts for Germany. However, the ifo Institute of Economic Research continues to predict an increase in gross domestic product of 1.8 per cent in its economic forecast. The institute expects growth of 1.6 per cent in 2017.

The rate of inflation in the euro area ranged from 0.3 per cent to minus 0.2 per cent in the first half of the year. This was a long way off the target set by the European Central Bank (ECB) of 2 per cent. The ECB is therefore set to keep its key interest rate at its record low of 0.00 per cent.

The interest-rate trend on ten-year mortgages fell steadily in the first six months of 2016, with the best interest rate for ten-year mortgages dropping to 0.89 per cent at the end of June. In the medium term, it is assumed that the ECB will continue to pursue its strategy of calming the markets and stimulating economic activity in Europe. Accordingly, mortgage interest rates are likely to remain static at their lowest ever level.

Only a few market participants will continue to be adversely affected by the implementation of the Mortgage Credit Directive in the coming quarter. The directive will no longer have a noticeable impact on the total market volume.

Following the strong first half of this year, we continue to forecast revenue and earnings growth for 2016 that is just into double digits, 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 management report contains statements about economic and political developments as well as the future performance of the Hypoport Group. These statements are assessments that we have reached on the basis of the information available to us at the present time. If the assumptions underlying these assessments do not prove to be correct or if other risks emerge, the actual results could deviate from the outcome we currently expect.*

# Interim consolidated financial statements

Consolidated income statement for the period 1 January to 30 June 2016

	H1 2016 €'000	H1 2015 €'000	Q2 2016 €'000	Q2 2015 €'000
Revenue	73,688	67,549	38,015	34,227
Selling expenses	-35,387	-32,529	-18,359	-16,393
<b>Gross profit</b>	<b>38,301</b>	<b>35,020</b>	<b>19,656</b>	<b>17,834</b>
Own work capitalised	2,480	2,189	1,293	1,225
Other operating income	1,616	1,085	550	663
Personnel expenses	-20,428	-19,273	-10,336	-9,667
Other operating expenses	-8,575	-7,328	-4,319	-3,479
Income from companies accounted for using the equity method	82	79	29	63
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>13,476</b>	<b>11,772</b>	<b>6,873</b>	<b>6,639</b>
Depreciation, amortisation expense and impairment losses	-2,349	-2,675	-1,174	-1,367
<b>Earnings before interest and tax (EBIT)</b>	<b>11,127</b>	<b>9,097</b>	<b>5,699</b>	<b>5,272</b>
Financial income	26	23	5	3
Finance costs	-169	-248	-79	-120
<b>Earnings before tax (EBT)</b>	<b>10,984</b>	<b>8,872</b>	<b>5,625</b>	<b>5,155</b>
Income taxes and deferred taxes	-2,303	-1,525	-1,200	-843
<b>Net profit for the year</b>	<b>8,681</b>	<b>7,347</b>	<b>4,425</b>	<b>4,312</b>
attributable to non-controlling interest	3	-17	-1	-4
attributable to Hypoport AG shareholders	8,678	7,364	4,426	4,316
<b>Earnings per share (€)</b>	<b>1.44</b>	<b>1.21</b>	<b>0.74</b>	<b>0.71</b>

Consolidated statement of comprehensive income for the period 1 January to 30 June 2016

	H1 2016 €'000	H1 2015 €'000	Q2 2016 €'000	Q2 2015 €'000
<b>Net profit for the year</b>	<b>8,681</b>	<b>7,347</b>	<b>4,425</b>	<b>4,312</b>
Total income and expenses recognized in equity*)	0	0	0	0
<b>Total comprehensive income</b>	<b>8,681</b>	<b>7,347</b>	<b>4,425</b>	<b>4,312</b>
attributable to non-controlling interest	3	-17	-1	-4
attributable to Hypoport AG shareholders	8,678	7,364	4,426	4,316

\*) There was no income or expense to be recognized directly in equity during the reporting period.

**Interim consolidated financial statements**

Interim report of Hypoport AG for the period ended 30 June 2016

**Consolidated balance sheet as at 30 June 2016**

	<b>30 June 2016</b> €'000	<b>31 Dec 2015</b> €'000
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	39,723	31,887
Property, plant and equipment	2,495	2,571
Investments accounted for using the equity method	547	465
Financial assets	80	34
Trade receivables	4,426	3,580
Other assets	1,449	1,418
Deferred tax assets	576	396
	<b>49,296</b>	<b>40,351</b>
<b>Current assets</b>		
Trade receivables	27,823	29,371
Other current items	2,644	1,481
Income tax assets	114	116
Cash and cash equivalents	19,429	24,757
	<b>50,010</b>	<b>55,725</b>
	<b>99,306</b>	<b>96,076</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Subscribed capital	6,195	6,195
Treasury shares	-185	-156
Reserves	53,258	46,352
	<b>59,268</b>	<b>52,391</b>
Non-controlling interest	273	270
	<b>59,541</b>	<b>52,661</b>
<b>Non-current liabilities</b>		
Financial liabilities	4,892	6,920
Provisions	97	97
Other liabilities	10	10
Deferred tax liabilities	4,122	2,033
	<b>9,121</b>	<b>9,060</b>
<b>Current liabilities</b>		
Provisions	102	113
Financial liabilities	4,063	4,342
Trade payables	15,777	20,430
Current income tax liabilities	1,496	1,022
Other liabilities	9,206	8,448
	<b>30,644</b>	<b>34,355</b>
	<b>99,306</b>	<b>96,076</b>

**Abridged consolidated statement of changes in equity for the six months ended 30 June 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	9	36	80	125	0	125
Purchase of own shares	-34	0	-534	-568	0	-568
Total comprehen- sive income	0	0	7,364	7,364	-17	7,347
<b>Balance as at 30 June 2015</b>	<b>6,091</b>	<b>2,245</b>	<b>37,173</b>	<b>45,509</b>	<b>247</b>	<b>45,756</b>
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	3	144	33	180	0	180
Purchase of own shares	-32	0	-1,949	-1,981	0	-1,981
Total comprehen- sive income	0	0	8,678	8,678	3	8,681
<b>Balance as at 30 June 2016</b>	<b>6,010</b>	<b>2,489</b>	<b>50,769</b>	<b>59,268</b>	<b>273</b>	<b>59,541</b>

**Interim consolidated financial statements**

Interim report of Hypoport AG for the period ended 30 June 2016

**Abridged segment reporting for the period 1 January to 30 June 2016**

€'000	Financial Service Providers	Private Clients	Institutional Clients	Reconciliation	Group
<b>Segment revenue in respect of third parties</b>					
H1 2016	23,552	42,131	7,899	106	73,688
H1 2015	20,112	39,287	8,065	85	67,549
Q2 2016	12,958	21,282	3,730	45	38,015
Q2 2015	10,100	19,931	4,180	16	34,227
<b>Segment revenue in respect of other segments</b>					
H1 2016	464	33	18	-515	0
H1 2015	364	27	0	-391	0
Q2 2016	251	16	18	-285	0
Q2 2015	241	13	0	-254	0
<b>Total segment revenue</b>					
H1 2016	24,016	42,164	7,917	-409	73,688
H1 2015	20,476	39,314	8,065	-306	67,549
Q2 2016	13,209	21,298	3,748	-240	38,015
Q2 2015	10,341	19,944	4,180	-238	34,227
<b>Gross profit</b>					
H1 2016	15,298	15,119	7,884	0	38,301
H1 2015	13,499	13,558	7,886	77	35,020
Q2 2016	8,126	7,851	3,739	-60	19,656
Q2 2015	6,534	7,209	4,083	8	17,834
<b>Segment earnings before interest, tax, depreciation and amortisation (EBITDA)</b>					
H1 2016	6,709	5,482	2,497	-1,212	13,476
H1 2015	6,786	3,999	3,147	-2,160	11,772
Q2 2016	3,763	2,715	959	-564	6,873
Q2 2015	3,497	2,602	1,668	-1,128	6,639
<b>Segment earnings before interest and tax (EBIT)</b>					
H1 2016	5,714	5,007	2,205	-1,799	11,127
H1 2015	5,075	3,544	2,871	-2,393	9,097
Q2 2016	3,248	2,475	811	-835	5,699
Q2 2015	2,620	2,375	1,528	-1,251	5,272
<b>Segment assets</b>					
30 Jun 2016	47,411	25,193	23,222	3,480	99,306
31 Dec 2015	50,118	20,490	22,346	3,122	96,076

**Consolidated cash flow statement for the period 1 January to 30 June 2016**

	<b>H1 2016</b> €'000	<b>H1 2015</b> €'000
Earnings before interest and tax (EBIT)	11,127	9,097
Non-cash income / expense	-371	-377
Interest received	26	23
Interest paid	-169	-248
Income taxes paid	-803	-476
Current tax	-475	-267
Change in deferred taxes	816	781
Income from companies accounted for using the equity method	-82	-79
Depreciation and amortisation expense, impairment losses / reversals of impairment losses on non-current assets	2,349	2,675
Gains / losses on the disposal of non-current assets	-1	7
<b>Cashflow</b>	<b>12,417</b>	<b>11,136</b>
Increase / decrease in current provisions	-11	-17
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-28	-38
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	-6,734	-3,118
<b>Change in working capital</b>	<b>-6,773</b>	<b>-3,173</b>
<b>Cash flows from operating activities</b>	<b>5,644</b>	<b>7,963</b>
Payments to acquire property, plant and equipment / intangible assets	-3,290	-3,566
Cash outflows for acquisitions less acquired cash	-3,406	0
Proceeds from the disposal of financial assets	5	21
<b>Cash flows from investing activities</b>	<b>-6,691</b>	<b>-3,545</b>
Purchase of own shares	-1,981	-568
Redemption of loans	-2,300	-2,300
<b>Cash flows from financing activities</b>	<b>-4,281</b>	<b>-2,868</b>
Net change in cash and cash equivalents	-5,328	1,550
Cash and cash equivalents at the beginning of the period	24,757	12,024
<b>Cash and cash equivalents at the end of the period</b>	<b>19,429</b>	<b>13,574</b>

## 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.

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 2016 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 inte-

rim 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.

**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).

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 **BaufiSmart** at the start of the year, the Group reviewed the useful life of the EUROPACE 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 first half of 2016 was €992 thousand (Q2 2016: €496 thousand). The impact of this change on the actual and expected amortisation expense for this year and future years is as follows:

<b>Depreciation €'000</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>later</b>
(Reduction) increase in depreciation expense	(1,985)	(1,985)	(1,985)	889	889	4,444

**Basis of consolidation**

Hypoport AG and all of its major subsidiaries are included in the consolidated financial statements of the Hypoport Group.

The table below shows the entities included in the interim consolidated financial statements for the six months ended 30 June 2016 in addition to Hypoport AG.

<b>Parent company</b>	<b>Holding in %</b>
Dr. Klein & Co. AG, Lübeck	100.00
DR. KLEIN Firmenkunden AG, Lübeck	100.00
Europace AG, Berlin	100.00
GENOPACE GmbH, Berlin	50.025
Hypoport B.V., Amsterdam	100.00
Hypoport InsurTech GmbH, Berlin	100.00
Hypoport Invest GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Ireland)	100.00
Hypoport Systems GmbH, Berlin	100.00
Hypservice GmbH, Berlin	100.00
NKK Programm Service AG, Regensburg	100.00
Qualitypool GmbH, Lübeck	100.00
Starpool Finanz GmbH, Berlin	50.025
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00
 <b>Joint ventures</b>	
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.

## **Acquisitions**

The Hypoport Group carried out the acquisitions below in the first half of 2016.

On 27 January 2016, Hypoport AG founded DR. KLEIN Firmenkunden AG, Lübeck. The object of the company is to manage its own assets and provide management consultancy services (for which a licence is not required). This business was allocated to the Institutional Clients business unit.

On 25 May 2016, Hypoport AG founded Hypservice GmbH, Berlin. The object of the company is the performance of services for banks, insurers and finance companies, which involves in particular inspecting property and obtaining documents. The company does not carry out any business for which a licence is required. These activities were allocated to the Financial Service Providers business unit.

On 26 May 2016, Hypoport AG acquired a shelf company and renamed it Hypoport InsurTech GmbH, Berlin. The object of this company is the acquisition, administration, remarketing and disposal of equity investments in the insurance technology segment. It carries out these activities in its own name and for its own account, not as a service for third parties. It also operates business models in the insurance technology segment, excluding any activities for which a licence is required. This business was allocated to the Financial Service Providers business unit.

On 7 June 2016, Hypoport InsurTech GmbH acquired 100 per cent of the voting shares in NKK Programm Service AG ('NKK'), an unlisted software company in the insurance sector that is headquartered in Regensburg. Since 1988, NKK has offered its customers software solutions for the administration of insurance policies. OASIS, its core product, provides insurance brokers and financial service providers with a powerful solution for administration, invoicing and financial planning and reporting. As a result of the acquisition, both partners will maximise the potential for synergies from technology transfer and joint market access. A purchase price of €4.166 million was agreed. This includes an amount of €350 thousand that has been retained as security. The purchase consideration was largely attributable to software and goodwill. The acquisition was accounted for using the acquisition method. NKK will be included in the interim consolidated financial statements with effect from 1 July 2016. These activities will be allocated to the Financial Service Providers business unit.

The fair values of the identifiable assets and liabilities were as follows as at the acquisition date:

<b>NKK initial consolidation</b>	<b>Fair value recognises on acquisition</b>	<b>€'000</b>
<b>Assets</b>		
Intangible assets		2,958
Property, plant and equipment		100
Financial assets		51
Trade receivables		258
Other current items		204
Cash and cash equivalents		410
		<b>3,981</b>
<b>Liabilities</b>		
Trade payables		(124)
Other liabilities		(2,567)
Deferred tax liabilities		(884)
		<b>(3,575)</b>
Total identifiable net assets at fair value		406
Goodwill arising on acquisition (provisional)*		3,760
Purchase consideration transferred		<b>4,166</b>
 <b>Analysis of cash flows on acquisition</b>		
Net cash acquired with the subsidiary (included in cash Cashflow aus Investitionstätigkeit) flows from investing activities)		410
Cash paid		(3,816)
Net cash outflow		<b>3,406</b>

If new information comes to light within a year of the acquisition date about facts and circumstances that existed at the time of acquisition and that would have led to adjustments to the amounts above or would have led to additional provisions being recognised, the accounting treatment of the acquisition will be restated.

If the business combination had taken place at the start of the year, consolidated revenue would have amounted to €75.6 million and net profit for the period to €9.0 million.

The goodwill recognised is primarily the result of expected synergies, revenue growth, future market developments and the skills and expertise of NKK's existing employees. These advantages are not recognised separately from goodwill because they do not satisfy the recognition requirements for intangible assets. The goodwill recognised is non-deductible for tax purposes.

The Group incurred costs of €82 thousand for legal advice and due diligence in connection with the acquisition. These costs are shown under administrative expenses in the income statement and under cash flows from operating activities in the cash flow statement.

NKK holds all of the shares in NKK Consulting AG ('NNK Consulting'), which is headquartered in Regensburg. NKK and NKK Consulting have entered into a control and profit-and-loss-transfer agreement. Under this agreement, NKK Consulting has handed over the management of its company to NKK as the controlling company and undertaken to transfer its entire profit to NKK. NKK has undertaken to take on and offset any net loss incurred by NKK Consulting during the term of the agreement. NKK Consulting will not be included in the basis of consolidation because its impact on financial position and financial performance specifically, and on the Hypoport Group generally, is insignificant. In the consolidated financial statements, NKK Consulting will be recognised at acquisition cost less impairment.

### Income taxes and deferred taxes

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

<b>Income taxes and deferred taxes (€'000)</b>	<b>H1 2016</b>	<b>H1 2015</b>	<b>Q2 2016</b>	<b>Q2 2015</b>
Income taxes and deferred taxes	2,303	1,525	1,200	843
current income taxes	1,278	743	751	415
deferred taxes	1,025	782	449	428
in respect of timing differences	560	860	295	372
in respect of tax loss carryforwards	465	-78	154	56

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 2016, there were no share options that would have a dilutive effect on earnings per share.

<b>Earnings Per Share</b>	<b>H1 2016</b>	<b>H1 2015</b>	<b>Q2 2016</b>	<b>Q2 2015</b>
Net income for the year (€'000)	8,681	7,347	4,425	4,312
of which attributable to Hypoport AG stockholders	8,678	7,364	4,426	4,316
Basic weighted number of outstanding shares (€'000)	6,024	6,098	6,012	6,090
<b>Earnings per share (€)</b>	<b>1.44</b>	<b>1.21</b>	<b>0.74</b>	<b>0.71</b>

As a result of the purchase and release of treasury shares, the number of shares in issue fell by 29,315, from 6,039,158 as at 31 December 2015 to 6,009,843 as at 30 June 2016.

#### **Intangible assets and property, plant and equipment**

Intangible assets primarily comprised development costs of €19.4 million for the financial marketplaces (31 December 2015: €15.6 million) and goodwill of €18.6 million (31 December 2015: €14.8 million). The rise in goodwill was the result of the first-time consolidation of NKK Programm Service AG.

Property, plant and equipment consisted solely of office furniture and equipment amounting to €2.5 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 half of 2016, the profit from equity-accounted long-term equity investments amounted to €82 thousand (H1 2015: €79 thousand).

#### **Subscribed capital**

The Company's subscribed capital as at 30 June 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 10 June 2016 voted to carry forward Hypoport AG's distributable profit of €40,057,309.43 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 185,115 treasury shares as at 30 June 2016 (equivalent to €185,115, or 2.99 per cent, of the subscribed capital of Hypoport AG), which are intended to be issued to employees. The change in the balance of treasury shares and the main data relating to transactions in 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 (€)
<b>Opening balance as at 1 January 2016</b>	<b>155,800</b>	<b>2.515</b>	<b>3,052,562.52</b>		
Dissemination in January 2016	10	0.000	121.04	521.10	400.06
Buy in Februar 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
Buy in April 2016	15,736	0.254	955,963.84		
Dissemination in April 2016	2,648	0.043	30,990.59	154,155.21	123,164.62
Dissemination in May 2016	49	0.001	556.64	3,743.30	3,186.66
<b>Balance as at 30 June 2016</b>	<b>185,115</b>	<b>2.988</b>	<b>4,998,493.27</b>		

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 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 (€558 thousand, of which €144 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 half of 2016 attributable to non-controlling interests was €3 thousand (H1 2015: net loss of €17 thousand). Total non-controlling interests in the period under review amounted to €273 thousand (31 December 2015: €270 thousand), of which €173 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 second quarter of 2016.

#### **Changes on the Management Board**

Mr Thilo Wiegand resigned as a member of the Hypoport AG Management Board with effect from 30 June 2016 in order to focus entirely on his extended remit as Chief Executive Officer of Europace AG.

#### **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 2016.

	Shares (number) 30 June 2016	Shares (number) 31 Dec 2015
<b>Group Management Board</b>		
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
<b>Supervisory Board</b>		
Dr. Ottheinz Jung-Senssfelder	9,500	10,500
Roland Adams	0	0
Christian Schröder	14,700	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 generated from joint ventures totalled €17 thousand in the second quarter of 2016 (Q2 2015: €14 thousand) and €41 thousand in the first half of this year (H1 2015: €29 thousand). As at 30 June 2016, receivables from joint ventures amounted to €5 thousand (31 December 2015: €102 thousand) and liabilities to such companies totalled €52 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 half 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**

Hypservice GmbH, Berlin, acquired the inspections business of BF Digital GmbH, Gross Nemerow, with effect from 1 July 2016. Hypoport AG, Berlin, acquired a third of the shares in IMMO-CHECK Gesellschaft für Informationsservice mbH, Bochum, also with effect from 1 July 2016. These two acquisitions should create strategic added value for the Hypoport Group by extending its range of products and services along the value chain.

#### **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, 1 August 2016  
Hypoport AG – The Management Board



Ronald Slabke



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