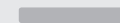
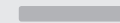
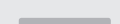
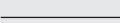
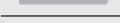

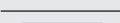
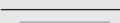


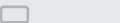
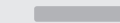

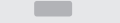
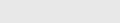
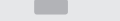
Interim report  
of Hypoport AG for  
the period ended at  
31 March 2017

Berlin, 4 May 2017

The background features a light blue gradient with various geometric shapes, including circles and stylized arrows, in shades of teal, blue, and red.

# Key performance indicators

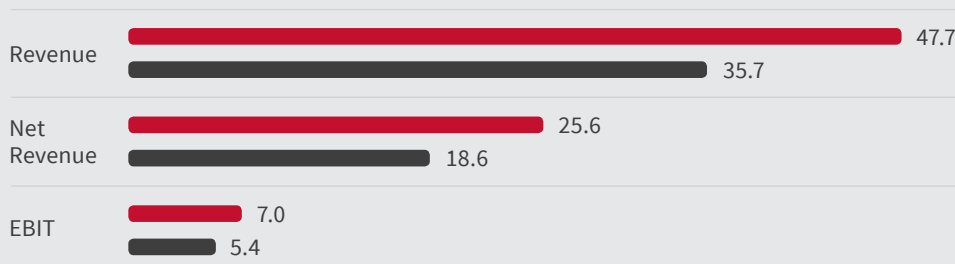
Revenue and earnings (€'000)	Q1 2016	Q1 2017	Change
Revenue	35,673	47,684	 34%
Gross profit	18,645	25,646	 38%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6,603	8,605	 30%
Earnings before interest and tax (EBIT)	5,428	6,994	 29%
EBIT margin (EBIT as a percentage of gross profit)	29,1	27,3	 -6%
Net income for the year	4,256	5,431	 28%
attributable to Hypoport AG shareholders	4,252	5,431	 28%
Earnings per share (€)	0.70	0.91	 30%

Financial position (€'000)	31 Dec 2016	31 Mar 2017	Change
Current assets	57,230	53,360	 -7%
Non-current assets	54,868	67,876	 24%
Equity	64,133	69,577	 8%
attributable to Hypoport AG shareholders	63,830	69,274	 9%
Equity ratio (%)	57.2	57.4	 0%
Total assets	112,098	121,236	 8%

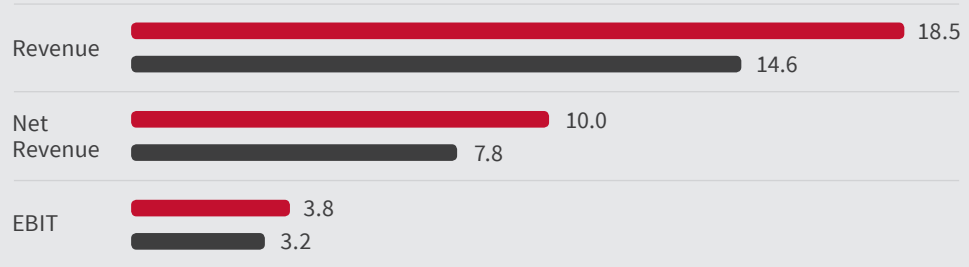
## Revenue, Net Revenue and EBIT (€ million)

● Q1 2017 ● Q1 2016

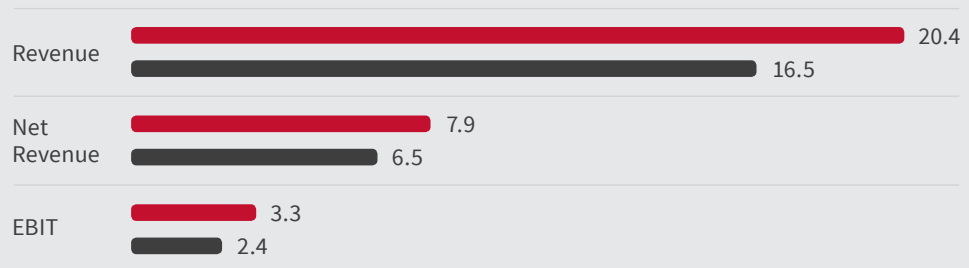
### Hypoport Group



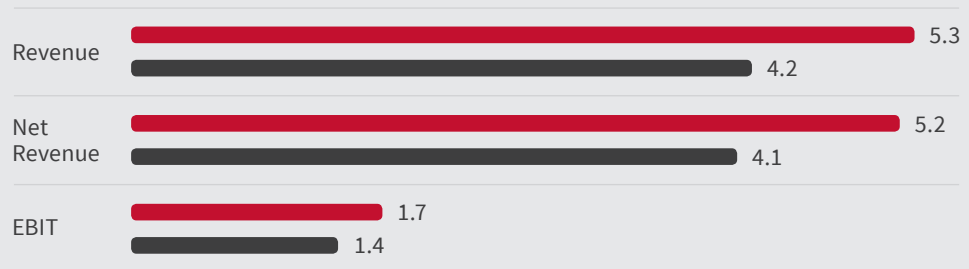
### Credit Platform



### Privat Clients



### Institutional Clients Business Unit



### Insurance Platform





# Contents

<b>Letter to shareholders</b>	<b>6</b>
-------------------------------	----------

<b>Management report</b>	<b>8</b>
--------------------------	----------

---

Business and economic conditions	8
----------------------------------	---

---

Business performance	9
----------------------	---

---

Earnings	13
----------	----

---

Balance sheet	14
---------------	----

---

Cash flow	15
-----------	----

---

Capital expenditure	16
---------------------	----

---

Employees	16
-----------	----

---

Hypoport's shares	16
-------------------	----

---

Outlook	17
---------	----

---

<b>Interim consolidated financial statements</b>	<b>18</b>
--	-----------

---

Notes to the interim consolidated financial statements	22
--	----

---

# Letter to shareholders

Dear shareholder,

The Hypoport Group could not have made a better start to 2017. In the first quarter, we achieved significant double-digit growth compared with the prior-year period for all relevant key performance indicators. The Group’s revenue, for example, rose by 34 per cent to €47.7 million and earnings before interest and tax (EBIT) climbed by 29 per cent to €7.0 million.

Figures published by Deutsche Bundesbank show that the volume for the market as a whole was unchanged year on year, at least in January and February, but we were able to significantly widen our market share for all business models in the mortgage finance market. We have also substantially expanded our activities in the insurance market: we acquired three further companies and integrated them into our newest business model – the Hypoport InsurTech insurance platform – in the first quarter. The combination of organic growth and acquisitions made a sizeable contribution to the Group’s revenue and resulted in the birth of a new business unit. The ‘Insurance Platform’ business unit brings together all our subsidiaries whose technologies provide solutions for certain aspects of the platform (NKK, INNOSYSTEMS, Maklersoftware.com) or that market the platform as B2B distribution companies (Hypoport InsurTech, Qualitypool).

Following the establishment of the Insurance Platform business unit, there have also been changes to the composition of the former Financial Service Providers business unit, which has been renamed ‘Credit Platform’. By including the mortgage finance business of our subsidiary Qualitypool, we have brought together in this business unit all activities that directly serve to



generate growth for the credit platform. Besides EUROPACE, these include the FINMAS and GENOPACE sub-marketplaces and our B2B distribution companies Qualitypool and Starpool. The focus on expanding our sales capability resulted in a sharp rise in the number of partners and the volume of transactions in the first quarter of 2017. The growth rates for revenue and earnings, which were both comfortably into double figures, underline the strength of the business model.

The Private Clients business unit, made up of Dr. Klein Privatkunden and Vergleich.de, brings together our business models aimed at consumers. A positive, strong brand is extremely important for business with this target group. It is all the more encouraging that Finanztest magazine again bestowed its award for best mortgage broker on Dr. Klein Privatkunden AG. The confidence that our customers have in us and the expansion and efficient use of sales capacity in branch-based sales resulted in revenue growth that was well into double figures. This highlights the scalability of the business model: the business unit generated an above-average increase in EBIT thanks to its successful exploitation of the significant expansion of advisory resources in 2016.

The Institutional Clients business unit is making a strong start to 2017 in what is usually a fairly quiet first quarter. Many financing projects initiated in the previous quarter were converted into deals in the first three months of the year. At the same time, market participants' growing awareness of potential interest-rate rises led to a huge jump in financing enquiries. The results for the quarter were also boosted by high-volume deals. Despite the expansion of support resources, this business unit also reported revenue and earnings growth that was well into double figures.

Overall, we enjoyed a very good first quarter in a stable market environment. We still anticipate slight structural growth in the housing market over the rest of the year. This, combined with the unstoppable drive for digitalisation in the mortgage finance and insurance sectors, will help us to continue steadily widening our market share. We therefore continue to expect revenue and earnings growth for 2017 as a whole to be just into double figures.

Kind regards,



Ronald Slabke

# Management report

## Business and economic conditions

### Macroeconomic environment

The macroeconomic environment has not changed significantly since we reported on it in Hypoport AG's 2016 annual report (page 9). The moderate upturn in the eurozone continued in the first quarter of 2017. In their spring report, the leading economic institutes have predicted growth of 1.8 per cent for the eurozone this year. Germany's economy fared better in the first three months of 2017 than the economic institutes had expected. They forecast that Germany's calendar-adjusted gross domestic product (GDP) will rise by 1.8 per cent in 2017. The institutes have thus slightly raised their forecast compared with the one made in the autumn report.

### Conditions in the financial services sector

Conditions in the financial services sector have changed only slightly since we reported on them in Hypoport AG's 2016 annual report (pages 10 to 12).

Demand continues to outstrip supply in the housing market. However, housing approvals in 2016 and new orders in the primary construction industry show that the supply of properties is being increased.

In Germany, around 375,400 approvals for housing were granted in 2016. This represents a rise of 21.6 per cent compared with 2015. While the number of approved detached houses held steady year on year, there was a particularly strong rise (26.6 per cent) in approvals for blocks of flats. Approvals for residential homes, particularly refugee accommodation, saw the biggest increase. However, even if these building approvals are excluded, housing approvals were up by 15.5 per cent. As a result, the construction industry had a flying start to 2017, with new orders in the primary construction industry climbing by 9.2 per cent year on year.

This positive trend is not enough to close Germany's gap between housing supply and demand in the short term. Net inward migration stood at 750,000 people in 2016 alone, and there is still a housing shortage of more than a million homes.

In January 2017, the volume of mortgage finance in the market as a whole increased by 7 per cent compared with the first month of 2016 according to Deutsche Bundesbank statistics. By contrast, this volume decreased by 5 per cent year on year in February. The overall market figures for March 2017 have not yet been published.

Mortgage interest rates showed little movement in the first quarter. Starting at 1.03 per cent on 3 January 2017, they rose to 1.10 per cent in the days that followed and then held steady until the beginning of March. After that, they advanced to 1.2 per cent for two weeks and ended the quarter at 1.15 per cent.

In February, the European Insurance and Occupational Pensions Authority (EIOPA) published its advice for the insurance industry on implementation of the Insurance Distribution Directive (IDD). The directive, which is expected to pass the final approval stage in the summer, has to be



transposed into German law by next February. It is expected that the new legislation will support Germany's existing model of fee-based advice alongside commission-based sales.

## Business performance

In the first quarter of 2017, Hypoport increased its revenue by 34 per cent to €47.7 million (Q1 2016: €35.7 million). This enabled the Group to generate earnings before interest and tax (EBIT) of €7.0 million (Q1 2016: €5.4 million). Hypoport's EBIT thus climbed by a substantial 29 per cent year on year.

The revenue and selling expenses stated below for the individual business units include a small proportion of revenue with other segments of the Hypoport Group and associated selling expenses.

### **Credit Platform business unit (previously: Financial Service Providers business unit)**

The combined business performance of the platform suppliers, EUROPACE AG and Hypoport Mortgage Market Ltd., and the providers of the sub-marketplaces for the regional banks, FINMAS GmbH and GENOPACE GmbH, is reported in the Credit Platform business unit. The B2B distribution companies Starpool Finanz GmbH and Qualitypool GmbH, which operate in the mortgage finance business, and HypService GmbH, a provider of real estate valuation services, are also assigned to the Credit Platform business unit. The business unit thus brings together all subsidiaries whose direct or indirect purpose is to generate growth for the credit platform.

The total volume of transactions generated on EUROPACE across all product segments rose by 17 per cent to €12.2 billion in the first quarter of 2017 (Q1 2016: €10.4 billion). Of this total, €9.6 billion was attributable to the transaction volume for mortgage finance, which was up by 19 per cent (Q1 2016: €8.1 billion). Building finance products, the transaction volume for which increased by 8 per cent to €1.9 billion (Q1 2016: €1.7 billion), continued to be of little significance to the market in the first quarter of 2017. By contrast, personal loan products saw growth of 13 per cent to €0.7 billion.

Besides the neutral financial product distributors, which remain on a solid path of growth thanks to EUROPACE, the own-account distributors of the Germany-wide and regional banks are also increasingly benefiting from EUROPACE. FINMAS expanded the volume of business concluded on the basis of advice provided by the Savings Banks Finance Group by 63 per cent to €0.5 billion in the first quarter of 2017 (Q1 2016: €0.3 billion). GENOPACE increased the volume of business in the cooperative financial network arranged using EUROPACE technology in the same period by 52 per cent to €0.3 billion (Q1 2016: €0.2 billion).

A total of 440 partners are now using the EUROPACE, GENOPACE and FINMAS marketplaces. Within the past twelve months, 80 new contractual partners were added – equating to growth of 22 per cent. The new partners include 64 contractual partners from the cooperative sector (growth of 44 per cent) and 24 savings banks (growth of 19 per cent).\*

\* Numerical differences in the total number occur due to consolidations.

Financial figures Credit Platform	Q1 2016*	Q1 2017	Change
<b>Transaction volume (billion €)</b>			
Total	10.4	12.2	17%
Mortgage finance	8.1	9.6	19%
Personal loan	0.6	0.7	13%
Building finance	1.7	1.9	8%
<b>Partners (number)</b>			
EUROPACE (incl. GENOPACE + FINMAS)	360	440	22%
GENOPACE	146	210	44%
FINMAS	124	148	19%
<b>Revenue and earnings (million €)</b>			
Revenue	14.6	18.5	27%
Gross profit	7.8	10.0	28%
EBIT	3.2	3.8	19%

\* The comparative prior-year tax figures have been adjusted and are explained in section 4 of the notes to the interim consolidated financial statements  
 “Comparative figures for 2016”

The Credit Platform business unit generated significant double-digit revenue growth of 27 per cent in the first quarter of 2017, taking its revenue to €18.5 million (Q1 2016: €14.6 million). EBIT increased by 19 per cent to €3.8 million (Q1 2016: €3.2 million).

### Private Clients business unit

The Private Clients business unit comprises Dr. Klein Privatkunden AG and the comparison platform Vergleich.de Gesellschaft für Verbraucherinformationen mbH, thus bringing together all of the Hypoport Group’s business models that are aimed directly at private clients. Its main product is mortgage finance. Dr. Klein’s growth is largely determined by the number of advisors and their performance. It is therefore encouraging that the number of loan brokerage advisors in branch-based sales (franchise system and flagship stores) rose by 10 per cent to the current level of 524 (Q1 2016: 476 advisors).

This pooled sales capability enabled the business unit to widen its share of the mortgage finance market in the first quarter, with the transaction volume advancing by 23 per cent to €1.2 billion (Q1 2016: €1.0 billion). In the personal loans product segment, the business unit’s transaction volume was up by 24 per cent to €0.068 billion (Q1 2016: €0.055 billion). The smallest product segment, building finance, saw its transaction volume jump by 63 per cent to €0.025 billion (Q1 2016: €0.015 billion).

<b>Financial figures Private Clients</b>	<b>Q1 2016*</b>	<b>2016</b>	<b>Q1 2017</b>	<b>Change</b>
<b>Transaction volume (billion €)</b>				
Financing	1.05		1.30	24%
Mortgage finance	1.0		1.2	23%
Personal loan	0.055		0.068	24%
Building finance	0.015		0.025	63%
Number of franchise advisors (financing)		524	524	0%
<b>Insurance policies under management</b>				
Insurance policies u. m. (total)		68.9	69.4	1%
Insurance policies u. m. (life insurance)		38.6	38.6	0%
Insurance policies u. m. (private health insurance)		14.4	14.6	1%
Insurance policies u. m. (SHUK)		15.8	16.2	2%
Number of franchise advisors (insurance)		171	160	-6%
<b>Revenue and earnings (million €)</b>				
Revenue	16.5		20.4	24%
Gross profit	6.5		7.9	21%
EBIT	2.4		3.3	37%

\* The comparative prior-year tax figures have been adjusted and are explained in section 4 of the notes to the interim consolidated financial statements  
"Comparative figures for 2016"

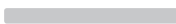

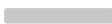




Thanks to the success of business activities in the Private Clients business unit, revenue advanced by 24 per cent to €20.4 million (Q1 2016: €16.5 million). Commission paid to distribution partners (e.g. franchisees) and the cost of acquiring leads are deducted from revenue and passed on to third parties as selling expenses. The business unit's operating performance can thus be seen from the change in gross profit, which went up by 21 per cent to €7.9 million (Q1 2016: €6.5 million). EBIT increased at an even stronger rate, climbing by 37 per cent to €3.3 million (Q1 2016: €2.4 million). The reason for this is optimum utilisation of our advisory resources, which were significantly expanded in 2016.

#### **Institutional Clients business unit**

The Institutional Clients business unit comprises DR. KLEIN Firmenkunden AG and the Amsterdam-based Hypoport B.V. It thus brings together all business models of the Hypoport Group aimed at institutional clients.

At €471.6 million, the total volume of new loans brokered was up by 27 per cent year on year (Q1 2016: €370.7 million). Almost 85 per cent of this amount was attributable to new business, which was with €398.5 million by 29 per cent higher than in the prior-year period (Q1 2016: €308.1 million). The volume of renewal business brokered increased by 17 per cent to €73.1 million (Q1 2016: €62.6 million). The growing need for advice resulted in consulting revenue of €1.4 million (Q1 2016: €1.3 million).

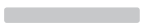

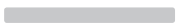
As well as traditional products and services for the housing industry, Dr. Klein provides its customers with solutions for digitalising their financial management. Moreover, the business unit is increasingly offering its expertise to customers outside the housing industry, thereby expanding its customer base.

<b>Financial figures Institutional Clients</b>	<b>Q1 2016</b>	<b>Q1 2017</b>	<b>Change</b>
<b>Transaction volume (million €)</b>			
Brokered loans (total)	371	472	 27%
New business	308	398	 29%
Renewals	63	73	 17%
<b>Consulting revenue (million €)</b>			
Consulting revenue (million €)	1.3	1.4	 9%
<b>Revenue and earnings (million €)</b>			
Revenue	4.2	5.3	 27%
Gross profit	4.1	5.2	 26%
EBIT	1.4	1.7	 25%

Revenue in the Institutional Clients business unit amounted to €5.3 million, a year-on-year increase of 27 per cent (Q1 2016: €4.2 million). There was a corresponding rise in EBIT, which advanced by 25 per cent to €1.7 million (Q1 2016: €1.4 million).

### Insurance Platform business unit

The new Insurance Platform business unit brings together all of the Hypoport Group's activities relating to insurance technology. It thus includes Hypoport InsurTech GmbH and the insurance software firms NKK Programm Service AG, INNOSYSTEMS GmbH and Maklersoftware GmbH. The business unit also incorporates the B2B distribution companies for insurers, INNOFINANCE GmbH and the insurance unit of Qualitypool GmbH. It thus contains all business models aimed at generating growth for the insurance platform.

<b>Insurance Platform</b>	<b>Q1 2016</b>	<b>Q1 2017</b>	<b>Change</b>
<b>Revenue and earnings (million €)</b>			
Revenue	0.6	3.8	 >100%
Gross profit	0.1	2.5	 >100%
EBIT	-0.1	-0.1	 126%

Our smallest and newest business unit reported revenue of €3.8 million in the first quarter of 2017 (Q1 2016: €0.6 million). As only a few activities had existed in what is now the new business unit during the first quarter of 2016, comparisons with the prior-year period are of only limited use. EBIT amounted to a small loss of €0.1 million in the first three months of 2017 (Q1 2016: loss of €0.1 million). Although capital expenditure on establishing the overall platform (distribution and IT development) is high, the acquired entities' activities are becoming increasingly profitable.

## Earnings

Against the backdrop of the operating performance described above, EBITDA rose significantly from €6.6 million to €8.6 million and EBIT advanced from €5.4 million to €7.0 million.

The EBIT margin (EBIT as a percentage of gross profit) declined slightly due to the many new and early-stage business activities, falling from 29.1 per cent to 27.3 per cent.

Revenue and earnings (million €)	Q1 2016	Q1 2017	Change
Revenue	35,7	47,7	34%
Gross profit	18,6	25,6	38%
EBITDA	6,6	8,6	30%
EBIT	5,4	7,0	29%
EBIT margin (EBIT as percentage of gross profit)	29,1%	27,3%	-6%

### Own work capitalised

In the first quarter of 2017, 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 four business units, Credit Platform, Private Clients, Institutional Clients and Insurance Platform.

The Company invested a total of €3.4 million in expansion in the first quarter of 2017 (Q1 2016: €2.0 million). Of this total, €1.7 million was capitalised (Q1 2016: €1.2 million) and €1.7 million was expensed as incurred (Q1 2016: €0.8 million). These amounts represent the pro-rata personnel expenses and operating costs attributable to software development. The rise in development costs was primarily attributable to the newly acquired software companies.

### Other income and expenses

Other operating income mainly comprised income of €0.4 million from other accounting periods (Q1 2016: €0.5 million) and income of €0.2 million from employee contributions to vehicle purchases (Q1 2016: €0.2 million).

Personnel expenses went up because of salary increases and the rise in the number of employees to 851 from 606 at the end of the first quarter of 2016.

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

Other operating expenses	Q1 2017 € million	Q1 2016 € million
Operating expenses	2.0	1.3
Other selling expenses	1.0	0.9
Administrative expenses	2.0	1.5
Other personnel expenses	0.2	0.2
Other expenses	0.3	0.4
	<b>5.5</b>	<b>4.3</b>

The operating expenses consisted mainly of building rentals of €0.6 million (Q1 2016: €0.5 million) and vehicle-related costs of €0.6 million (Q1 2016: €0.4 million). The other selling expenses related to advertising costs and travel expenses. The administrative expenses largely comprised IT-related costs of €0.9 million (Q1 2016: €0.8 million) and legal and consultancy expenses of €0.6 million (Q1 2016: €0.2 million). The other personnel expenses mainly consisted of training costs of €0.1 million (Q1 2016: €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 2016: €0.1 million).

## Balance sheet

The Hypoport Group's consolidated total assets as at 31 March 2017 amounted to €121.2 million, which was an 8 per cent increase on the total as at 31 December 2016 (€112.1 million).

### Balance sheet structure

#### Assets



Non-current assets
  Current assets

#### Equity and liabilities



Equity
  Non-current liabilities
  Current liabilities

Non-current assets totalled €67.9 million (31 December 2016: €54.9 million). They largely consisted of development costs of €21.8 million for the credit and insurance platforms (31 December 2016: €21.1 million) and goodwill of €24.5 million (31 December 2016: €18.6 million).

Current other assets essentially comprised prepaid expenses of €1.3 million (31 December 2016: €0.9 million) and commission of €0.7 million paid in advance to distribution partners (31 December 2016: €0.9 million).

The equity attributable to Hypoport AG shareholders as at 31 March 2017 had grown by €5.4 million, or 8.5 per cent, to €69.3 million. The equity ratio improved only slightly, from 57.2 per cent to 57.4 per cent, owing to the increase in total assets.

The €11.1 million increase in non-current liabilities to €22.2 million stemmed primarily from the €8.7 million rise in non-current financial liabilities.

Other current liabilities mainly comprised bonus commitments of €1.7 million (31 December 2016: €4.7 million) and tax liabilities of €2.4 million (31 December 2016: €1.3 million).

Total financial liabilities rose by €9.7 million to €20.4 million largely because the level of new borrowing was higher than the scheduled loan repayments.

## Cash flow

Cash flow grew by €1.5 million to €7.9 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 used for operating activities in the three months to 31 March 2017 amounted to €0.2 million (Q1 2016: net cash generated of €0.7 million). The cash used for working capital rose by €2.4 million to €8.0 million (Q1 2016: €5.6 million).

The net cash outflow of €12.5 million for investing activities (Q1 2016: €1.6 million) primarily consisted of €9.9 million for the acquisitions of Maklersoftware.com GmbH, INNOSYSTEMS GmbH and INNOFINANCE GmbH and capital expenditure of €1.9 million on non-current intangible assets (Q1 2016: €1.4 million).

The net cash of €8.9 million provided by financing activities (Q1 2016: €2.2 million) related to new borrowing of €10.0 million (Q1 2016: €0.0 million) and scheduled loan repayments of €1.1 million (Q1 2016: €1.2 million).

Cash and cash equivalents as at 31 March 2017 totalled €18.6 million, which was €3.8 million lower than at the beginning of the year.

## Capital expenditure

Most of the capital investment was spent on the acquisitions of Maklersoftware.com GmbH (insurance software), INNOSYSTEMS GmbH (insurance software) and INNOFINANCE GmbH (financial services for insurers) and the refinement of the credit platform. There was also capital expenditure on the insurance platform and new advisory systems for consumers and distributors.

## Employees

The Hypoport Group employed 851 people as at 31 March 2017 (31 March 2016: 606 people). Total headcount had increased by 54 people compared with the end of 2016 (31 December 2016: 797 employees).

## Hypoport's shares

Hypoport shares started the new year at €77.48 on 2 January 2017, which was also their lowest price in the year to date. The share price rose steadily until February, reaching its high for the first quarter of €91.41 on 23 February. With market capitalisation of €543.8 million, the shares are positioned in the bottom third of the SDAX. At 41,989 shares, the average trading volume was again high in the quarter under review. The Company reported earnings of €0.91 per share for the first three months of 2017 (Q1 2016: €0.70).

### Performance of Hypoport shares (daily closing prices, Xetra, €) up to 28 Apr 2017





## Outlook

Our forecast for the macroeconomic environment has not changed significantly since we presented it in Hypoport AG's 2016 annual report (pages 45 to 47).

In their Joint Economic Forecast, the leading economic research institutes are predicting GDP growth for the eurozone of 1.8 per cent in 2017 and 1.7 per cent in 2018. They forecast that Germany's economy will grow by 1.8 per cent in both 2017 and 2018.

The rate of inflation in the eurozone has gone up significantly in recent months and reached the monetary policy target of 2 per cent in February, mainly because of the rising oil price. Only an economic upturn will be able to push up consumer prices on a sustained basis. But core inflation, which has not increased so far, indicates that this will not happen. This, along with the moderate growth in real wages, was the justification given by Mario Draghi, president of the European Central Bank (ECB), for keeping the key interest rate unchanged, continuing with the bond buying programme and leaving the deposit interest rate at a punitive minus 0.4 per cent. In the first quarter of 2017, the best interest rate for a fixed-interest period of ten years rose to around 0.2 per cent, thus remaining at an extremely low level. In the medium term, we anticipate a marginal rise in mortgage interest rates.

The environment of low interest rates is putting not only banks but also insurance companies under huge pressure to cut costs. Digitalisation processes, use of standard software and the optimum management of IT portfolios are strategies that will become vastly more important for the insurance sector in 2017.

Following a strong first quarter, we continue to forecast revenue and earnings growth for the Hypoport Group in 2017 that is just into double digits. 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 statements

## Consolidated income statement for the period 1 January to 31 March 2017

	Q1 2017 €'000	Q1 2016 €'000
Revenue	47,684	35,673
Selling expenses	-22,038	-17,028
<b>Gross profit</b>	<b>25,646</b>	<b>18,645</b>
Own work capitalised	1,647	1,187
Other operating income	737	1,066
Personnel expenses	-13,917	-10,092
Other operating expenses	-5,544	-4,256
Income from companies accounted for using the equity method	36	53
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>8,605</b>	<b>6,603</b>
Depreciation, amortisation expense and impairment losses	-1,611	-1,175
<b>Earnings before interest and tax (EBIT)</b>	<b>6,994</b>	<b>5,428</b>
Financial income	20	21
Finance costs	-101	-90
<b>Earnings before tax (EBT)</b>	<b>6,913</b>	<b>5,359</b>
Income taxes and deferred taxes	-1,482	-1,103
<b>Net profit for the year</b>	<b>5,431</b>	<b>4,256</b>
attributable to non-controlling interest	0	4
<b>attributable to Hypoport AG shareholders</b>	<b>5,431</b>	<b>4,252</b>
<b>Earnings per share (€)</b>	<b>0.91</b>	<b>0.70</b>

## Consolidated statement of comprehensive income for the period 1 January to 31 March 2017

	Q1 2017 €'000	Q1 2016 €'000
<b>Net profit (loss) for the year</b>	<b>5,431</b>	<b>4,256</b>
Total income and expenses recognized in equity*	0	0
<b>Total comprehensive income</b>	<b>5,431</b>	<b>4,256</b>
attributable to non-controlling interest	0	4
<b>attributable to Hypoport AG shareholders</b>	<b>5,431</b>	<b>4,252</b>

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

Consolidated balance sheet as at 31 March 2017

	31 Mar 2017 €'000	31 Dec 2016 €'000
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	52,439	41,660
Property, plant and equipment	3,994	2,631
Investments accounted for using the equity method	612	576
Financial assets	1,112	1,089
Trade receivables	7,043	6,475
Other assets	1,852	1,850
Deferred tax assets	824	587
	<b>67,876</b>	<b>54,868</b>
<b>Current assets</b>		
Trade receivables	30,726	31,686
Other current items	3,942	3,031
Income tax assets	102	102
Cash and cash equivalents	18,590	22,411
	<b>53,360</b>	<b>57,230</b>
	<b>121,236</b>	<b>112,098</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Subscribed capital	6,195	6,195
Treasury shares	-253	-253
Reserves	63,332	57,888
	<b>69,274</b>	<b>63,830</b>
Non-controlling interest	303	303
	<b>69,577</b>	<b>64,133</b>
<b>Non-current liabilities</b>		
Financial liabilities	14,955	6,270
Provisions	87	87
Other liabilities	10	10
Deferred tax liabilities	7,172	4,784
	<b>22,224</b>	<b>11,151</b>
<b>Current liabilities</b>		
Provisions	140	154
Financial liabilities	5,442	4,441
Trade payables	11,587	18,776
Current income tax liabilities	1,636	1,731
Other liabilities	10,630	11,712
	<b>29,435</b>	<b>36,814</b>
	<b>121,236</b>	<b>112,098</b>

Abridged consolidated statement of changes in equity for the three months ended 31 March 2017

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 comprehen- sive income	0	0	4,252	4,252	4	4,256
<b>Balance as at 31 March 2016</b>	<b>6,023</b>	<b>2,363</b>	<b>47,254</b>	<b>55,640</b>	<b>274</b>	<b>55,914</b>
2017 €'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 2017	5,942	2,605	55,283	63,830	303	64,133
Sale of own shares	0	11	2	13	0	13
Total comprehen- sive income	0	0	5,431	5,431	0	5,431
<b>Balance as at 31 March 2017</b>	<b>5,942</b>	<b>2,616</b>	<b>60,716</b>	<b>69,274</b>	<b>303</b>	<b>69,577</b>

Abridged segment reporting for the period 1 January to 31 March 2017

€'000	Credit Platform	Private Clients	Institutional Clients	Insurance Platform	Reconciliation	Group
Segment revenue in respect of third parties	18,316	20,367	5,282	3,659	60	47,684
1 Jan – 31 Mar 2016*	14,430	16,445	4,169	568	61	35,673
Segment revenue in respect of other segments	183	59	5	148	-395	0
1 Jan – 31 Mar 2016*	174	53	0	0	-227	0
<b>Total segment revenue</b>	<b>18,499</b>	<b>20,426</b>	<b>5,287</b>	<b>3,807</b>	<b>-335</b>	<b>47,684</b>
1 Jan – 31 Mar 2016*	14,604	16,498	4,169	568	-166	35,673
<b>Gross profit</b>	<b>9,997</b>	<b>7,912</b>	<b>5,214</b>	<b>2,475</b>	<b>48</b>	<b>25,646</b>
1 Jan – 31 Mar 2016*	7,802	6,547	4,145	82	69	18,645
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	4,469	3,536	1,901	153	-1,454	8,605
1 Jan – 31 Mar 2016*	3,690	2,613	1,538	-41	-1,197	6,603
Segment earnings before interest and tax (EBIT)	3,813	3,294	1,744	-129	-1,728	6,994
1 Jan – 31 Mar 2016*	3,197	2,399	1,394	-57	-1,505	5,428
<b>Segment assets 31 Mar 2017</b>	<b>44,513</b>	<b>24,600</b>	<b>24,811</b>	<b>24,051</b>	<b>3,261</b>	<b>121,236</b>
Segment assets 31 Dec 2016*	49,203	25,530	23,590	10,526	3,249	112,098

\* The comparative prior-year tax figures have been adjusted and are explained in section 4 of the notes to the interim consolidated financial statements "Comparative figures for 2016"

Consolidated cash flow statement for the period 1 January 2017 to 31 March 2017

	Q1 2017 €'000	Q1 2016 €'000
Earnings before interest and tax (EBIT)	6,994	5,428
Non-cash income / expense	-968	-180
Interest received	20	21
Interest paid	-101	-90
Income taxes paid	-572	-153
Current tax	-24	-372
Change in deferred taxes	886	576
Income from companies accounted for using the equity method	-36	-53
Depreciation and amortisation expense, impairment losses / reversals of impairment losses on non-current assets	1,611	1,175
Gains / losses on the disposal of non-current assets	48	0
<b>Cashflow</b>	<b>7,858</b>	<b>6,352</b>
Increase / decrease in current provisions	-14	7
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	1,018	684
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	-9,045	-6,325
<b>Change in working capital</b>	<b>-8,041</b>	<b>-5,634</b>
<b>Cash flows from operating activities</b>	<b>-183</b>	<b>718</b>
Payments to acquire property, plant and equipment / intangible assets	-2,608	-1,619
Cash outflows for acquisitions less acquired cash	-9,940	0
Proceeds from the disposal of financial assets	10	3
<b>Cash flows from investing activities</b>	<b>-12,538</b>	<b>-1,616</b>
Purchase of own shares	0	-1,026
Proceeds from the drawdown of loans under finance facilities	10,000	0
Redemption of bonds and loans	-1,100	-1,150
<b>Cash flows from financing activities</b>	<b>8,900</b>	<b>-2,176</b>
Net change in cash and cash equivalents	-3,821	-3,074
Cash and cash equivalents at the beginning of the period	22,411	24,757
<b>Cash and cash equivalents at the end of the period</b>	<b>18,590</b>	<b>21,683</b>

## Notes to the interim consolidated financial statements

### Information about the Company

The Hypoport Group is a technology-based financial service provider. It is made up of subsidiaries that are divided into four business units: Credit Platform, Private Clients, Institutional Clients and Insurance Platform. All four units are engaged in the distribution of financial services, facilitated or supported by technology (fintech).

Operating through its subsidiaries Dr. Klein Privatkunden AG and Vergleich.de Gesellschaft für Verbraucherinformationen mbH, 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 Firmenkunden AG has been a major financial service partner to housing companies 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 Hypoport Group operates an insurance platform through its subsidiary Hypoport InsurTech GmbH. The platform's integrated solution enables the efficient administration of insurance portfolios while comprehensive price comparison tools provide optimum support for advisory services.

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 2017 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 2016. These condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2016 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 2016. 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 Credit Platform and Private Clients business units can be seen from the volume of transactions on the EUROPACE 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 essentially the same as those used in 2016.

### **Comparative figures for 2016**

The Hypoport Group restructured its segment reporting with effect from 1 January 2017. Following this restructuring, the Group now has four (previously three) target-group-oriented business units.

The Insurance Platform business unit is new and was created as a result of the acquisitions of Maklersoftware.com GmbH, INNOSYSTEMS GmbH and INNOFINANCE GmbH in the first quarter of 2017 and the foundation of Hypoport InsurTech GmbH and the acquisition of NKK Programm Service AG last year. The new Insurance Platform business unit brings together all of the Hypoport Group's activities relating to insurance technology. It includes firms whose technology provides solutions for certain aspects of the insurance platform or that, as B2B distribution companies, promote business on the insurance platform.

As part of the restructuring, the Financial Service Providers business unit was renamed 'Credit Platform' in order to distinguish it more clearly from the Insurance Platform business unit.

The Private Clients business unit now brings together all business models aimed at end customers.

The Institutional Clients business unit continues to provide financial support for institutional clients.

Administrative expenses in respect of management, administration, accounting and human resources are still reported under the heading 'Reconciliation', which also includes any consolidation effects.

The comparative segment reporting figures for 2016 have been restated as follows as a result of the restructuring.



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

€'000	Credit Platform	Private Clients	Institutional Clients	Insurance Platform	Reconciliation	Group
Segment revenue in respect of third parties adjusted	14,430	16,445	4,169	568	61	35,673
Segment revenue in respect of third parties as reported	10,594	20,849	4,169	0	61	35,673
Change	3,836	-4,404	0	568	0	0
Segment revenue in respect of other segments adjusted	174	53	0	0	-227	0
Segment revenue in respect of other segments as reported	213	17	0	0	-230	0
Change	-39	36	0	0	3	0
<b>Total segment revenue adjusted</b>	<b>14,604</b>	<b>16,498</b>	<b>4,169</b>	<b>568</b>	<b>-166</b>	<b>35,673</b>
Total segment revenue as reported	10,807	20,866	4,169	0	-169	35,673
Change	3,797	-4,368	0	568	3	0
<b>Gross profit adjusted</b>	<b>7,802</b>	<b>6,547</b>	<b>4,145</b>	<b>82</b>	<b>69</b>	<b>18,645</b>
Gross profit as reported	7,172	7,268	4,145	0	60	18,645
Change	630	-721	0	82	9	0
<b>Segment earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted</b>	<b>3,690</b>	<b>2,613</b>	<b>1,538</b>	<b>-41</b>	<b>-1,197</b>	<b>6,603</b>
Segment earnings before interest, tax, depreciation and amortisation (EBITDA) as reported	2,946	2,767	1,538	0	-648	6,603
Change	744	-154	0	-41	-549	0
<b>Segment earnings before interest and tax (EBIT) adjusted</b>	<b>3,197</b>	<b>2,399</b>	<b>1,394</b>	<b>-57</b>	<b>-1,505</b>	<b>5,428</b>
Segment earnings before interest and tax (EBIT) as reported	2,466	2,532	1,394	0	-964	5,428
Change	731	-133	0	-57	-541	0
<b>Segment assets 1 Jan – 31 Mar 2016 adjusted</b>	<b>44,756</b>	<b>20,380</b>	<b>23,229</b>	<b>1,331</b>	<b>3,200</b>	<b>92,896</b>
Segment assets 1 Jan – 31 Mar 2016 as reported	43,190	23,277	23,229	0	3,200	92,896
Change	1,566	-2,897	0	1,331	0	0
<b>Segment assets 1 Jan – 31 Dec 2016 adjusted</b>	<b>49,203</b>	<b>25,530</b>	<b>23,590</b>	<b>10,526</b>	<b>3,249</b>	<b>112,098</b>
Segment assets 1 Jan – 31 Dec 2016 as reported	56,146	29,113	23,590	0	3,249	112,098
Change	-6,943	-3,583	0	10,526	0	0

This restructuring has not affected either the net profit for the period or the earnings per share reported by the Hypoport Group.

**Basis of consolidation**

The consolidation as at 31 March 2017 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.

<b>Parent company</b>	<b>Holding in %</b>
Dr. Klein Privatkunden AG, Lübeck (formerly Dr. Klein & Co. AG, Lübeck)	100.00
Dr. Klein Finance S.L.U., Santa Ponca (Mallorca)	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 (Irland)	100.00
Hypoport Systems GmbH, Berlin	100.00
Hyperservice GmbH, Berlin	100.00
INNOFINANCE GmbH, Wörthsee	100.00
INNOSYSTEMS GmbH, Wörthsee	100.00
Maklersoftware.com GmbH, Winzer	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
<b>Associated company</b>	
IMMO CHECK Gesellschaft für Informationsservice mbH, Bochum	33.33

With the exception of FINMAS GmbH, Hypoport on-geo GmbH, LBL Data Services B.V. and IMMO Check Gesellschaft für Informationsservice mbH (which are accounted for under the equity method owing to lack of control), all of the major Hypoport Group companies are fully consolidated.

#### **Changes to the basis of consolidation; acquisitions**

The Hypoport Group carried out the following acquisitions in the first three months of 2017.

All of the shares in Maklersoftware.com GmbH (insurance software), INNOSYSTEMS GmbH (insurance software) and INNOFINANCE GmbH (financial services for insurers) were acquired on 10 January 2017. By acquiring these two software firms and the financial service provider, the Hypoport Group is significantly bolstering its competitive position in the insurtech market. In addition to the efficient administration of insurance portfolios, the Hypoport Group can now offer market participants proven advisory software and a comprehensive price comparison tool for insurance products.

The consideration transferred for the acquisition of the shares in Maklersoftware.com GmbH amounted to €4.0 million and consisted entirely of the purchase price paid. The purchase consideration was largely attributable to software and goodwill. The acquisition was accounted for using the acquisition method. Maklersoftware.com GmbH was included in the interim consolidated financial statements with effect from 1 January 2017. Its activities were allocated to the Insurance Platform business unit.

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

<b>Maklersoftware.com initial consolidation</b>	<b>Fair value recognises on acquisition €'000</b>
<b>Assets</b>	
Intangible assets	1,996
Property, plant and equipment	1,061
Financial assets	221
Trade receivables	388
Other current items	219
Cash and cash equivalents	17
	<b>3,902</b>
<b>Liabilities</b>	
Financial liabilities	(800)
Trade payables	(114)
Other liabilities	(298)
Deferred tax liabilities	(598)
	<b>(1,810)</b>
Total identifiable net assets at fair value	2,092
Goodwill arising on acquisition (provisional)	1,908
Purchase consideration transferred	<b>4,000</b>
<b>Analysis of cash flows on acquisition:</b>	
Net cash acquired with the subsidiary (included in Cashflow from investing activities)	17
Cash paid	(4,000)
Net cash outflow	<b>3,983</b>

The consideration transferred for the acquisition of the shares in INNOSYSTEMS GmbH amounted to €4.0 million and consisted entirely of the purchase price paid. The purchase consideration was largely attributable to software and goodwill. The acquisition was accounted for using the acquisition method. INNOSYSTEMS GmbH was included in the interim consolidated financial statements with effect from 1 January 2017. Its activities were allocated to the Insurance Platform business unit.

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

<b>INNOSYSTEMS initial consolidation</b>	<b>Fair value recognises on acquisition €'000</b>
<b>Assets</b>	
Intangible assets	1,492
Property, plant and equipment	42
Financial assets	28
Trade receivables	231
Other current items	0
Cash and cash equivalents	2
	<b>1,795</b>
<b>Liabilities</b>	
Financial liabilities	(0)
Trade payables	(38)
Other liabilities	(198)
Deferred tax liabilities	(446)
	<b>(682)</b>
Total identifiable net assets at fair value	1,113
Goodwill arising on acquisition (provisional)	2,887
Purchase consideration transferred	<b>4,000</b>
<b>Analysis of cash flows on acquisition:</b>	
Net cash acquired with the subsidiary (included in Cashflow from investing activities)	2
Cash paid	(4,000)
Net cash outflow	<b>3,998</b>

The consideration transferred for the acquisition of the shares in INNOFINANCE GmbH amounted to €2.0 million and consisted entirely of the purchase price paid. The purchase consideration was largely attributable to insurance portfolios and goodwill. The acquisition was accounted for using the acquisition method. INNOFINANCE GmbH was included in the interim consolidated financial statements with effect from 1 January 2017. Its activities were allocated to the Insurance Platform business unit.

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

<b>INNOFINANCE initial consolidation</b>	<b>Fair value recognises on acquisition €'000</b>
<b>Assets</b>	
Intangible assets	739
Property, plant and equipment	0
Financial assets	3
Trade receivables	416
Other current items	0
Cash and cash equivalents	41
	<b>1,199</b>
<b>Liabilities</b>	
Financial liabilities	(0)
Trade payables	(52)
Other liabilities	(60)
Deferred tax liabilities	(222)
	<b>(334)</b>
Total identifiable net assets at fair value	865
Goodwill arising on acquisition (provisional)	1,135
Purchase consideration transferred	<b>2,000</b>
<b>Analysis of cash flows on acquisition:</b>	
Net cash acquired with the subsidiary (included in Cashflow from investing activities)	41
Cash paid	(2,000)
Net cash outflow	<b>1,959</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 acquisitions will be restated.

Since the time of acquisition, Maklersoftware.com GmbH, INNOSYSTEMS GmbH and INNOFINANCE GmbH have contributed a total of €1.8 million to revenue and €0.1 million to net profit for the year.

The goodwill recognised is primarily the result of expected synergies, revenue growth, future market developments and the skills and expertise of the acquired entities' 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 total costs of €108 thousand for legal advice and due diligence in connection with the acquisitions. These costs are shown under administrative expenses in the income statement and under cash flows from operating activities in the cash flow statement.

Dr. Klein Privatkunden AG founded Dr. Klein Finance S.L.U., Santa Ponça, Mallorca, on 23 March 2017. The object of this entity is loan brokerage, investment brokerage, documentation and brokerage activities in connection with purchase agreements and leases for properties of all kinds, brokerage of insurance agreements, management consultancy and business consultancy. The new subsidiary will handle loan brokerage for German customers in Mallorca. This business was allocated to the Private Clients business unit.

#### Income taxes and deferred taxes

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

Income taxes and deferred taxes	Q1 2017 €'000	Q1 2016 €'000
Income taxes and deferred taxes	1,482	1,103
current income taxes	596	527
deferred taxes	886	576
in respect of timing differences	-187	265
in respect of tax loss carryforwards	1,073	311

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 2017, there were no share options that would have a dilutive effect on earnings per share.

Earnings Per Share	Q1 2017 €'000	Q1 2016 €'000
Net income for the year (€'000)	5,431	4,256
of which attributable to Hypoport AG stockholders	5,431	4,252
Basic weighted number of outstanding shares (€'000)	5,942	6,036
Earnings per share (€)	0.91	0.70

As a result of the release of treasury shares, the number of shares in issue rose by 147, from 5,941,843 as at 31 December 2016 to 5,941,990 as at 31 March 2017.

### Intangible assets and property, plant and equipment

Intangible assets primarily comprised development costs of €21.8 million for the financial marketplaces (31 December 2016: €21.1 million) and goodwill of €24.5 million (31 December 2016: €18.6 million). The increase in goodwill resulted from the first-time consolidation of Maklersoftware.com GmbH, INNOSYSTEMS GmbH and INNOFINANCE GmbH.

Property, plant and equipment consisted solely of office furniture and equipment amounting to €4.0 million (31 December 2016: €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) as well as of the associate IMMO Check Gesellschaft für Informationsservice mbH, Bochum (Hypoport's interest: 33.33 per cent). In the first quarter of 2017, the profit from equity-accounted long-term equity investments amounted to €36 thousand (Q1 2016: €53 thousand).

### Subscribed capital

The Company's subscribed capital as at 31 March 2017 was unchanged at €6,194,958.00 (31 December 2016: €6,194,958.00) and was divided into 6,194,958 (31 December 2016: 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.

Change in the balance of treasury shares in 2017	Number of shares	Proportion of subscribed capital (%)	Cost of purchase (€)	Sale price (€)	Gain or loss on sale (€)
Opening balance as at 1 January 2017	253,115	4.086	6,468,713.35		
Dissemination in January 2017	15	0.000	163.50	1,173.44	1,009.94
Dissemination in February 2017	24	0.000	261.60	2,030.40	1,768.80
Dissemination in March 2017	108	0.002	1,177.20	9,523.65	8,346.45
<b>Balance as at 31 March 2017</b>	<b>252,968</b>	<b>4.083</b>	<b>6,467,111.05</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), amounts 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 (€685 thousand, of which €11 thousand relates to 2017). 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 2016: €7 thousand) are also reported under this item.

### Non-controlling interests

The net profit for the first quarter of 2017 attributable to non-controlling interests was €0 thousand (Q1 2016: €4 thousand). Total non-controlling interests amounted to €303 thousand as at 31 March 2017 (31 December 2016: €303 thousand), of which €203 thousand (31 December 2016: €203 thousand) related to the non-controlling interest in the equity of Starpool Finanz GmbH (non-controlling interest of 49.975 per cent) and €100 thousand (31 December 2016: €100 thousand) to GENOPACE GmbH (non-controlling interest of 49.975 per cent).

### Share-based payment

No share options were issued in the first quarter of 2017.

### 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 note.

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 2017.

	Shares (number) 31 Mar 2017	Shares (number) 31 Dec 2016
<b>Group Management Board</b>		
Ronald Slabke	2,248,381	2,248,381
Stephan Gawarecki	142,800	142,800
Hans Peter Trampe	108,690	108,690
<b>Supervisory Board</b>		
Dr. Ottheinz Jung-Senssfelder	9,500	9,500
Roland Adams	0	0
Christian Schröder	14,700	14,700

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 €28 thousand was generated by joint ventures in the first quarter of 2017 (Q1 2016: €24 thousand). As at 31 March 2017, receivables from joint ventures amounted to €29 thousand (31 December 2016: €73 thousand) and liabilities to such companies totalled €69 thousand (31 December 2016: €69 thousand).

#### **Opportunities and risks**

Please refer to the opportunities and risks report that forms part of the group management report in our 2016 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 2017 was characterised by a good level of construction activity. The Company expects to see an encouraging trend in the sale of insurance products to private and institutional clients during the course of the year caused, among other things, by certain industry-wide cancellation deadlines and tax issues.

#### **Events after the reporting period**

No material events have occurred since the balance sheet date.

**Responsibility statement**

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

Berlin, 4 May 2017

Hypoport AG – The Management Board



Ronald Slabke



Stephan Gawarecki



Hans Peter Trampe



**Hypoport AG**

Klosterstraße 71 · 10179 Berlin

Tel.: +49 (0)30 / 420 86-0 · Fax: +49 (0)30 / 420 86-1999

E-Mail: [ir@hypoport.de](mailto:ir@hypoport.de) · [www.hypoport.com](http://www.hypoport.com)

