HYPOPORT

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

Berlin, 31 October 2016

Key performance indicators

Revenue and earnings (€'000)	9M 2015	9M 2016	Change
Revenue	103,099	113,508	10%
Gross profit	53,184	59,757	12%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	18,842	20,607	9%
Earnings before interest and tax (EBIT)	14,702	16,980	15%
EBIT margin (EBIT as a percentage of gross profit)	27.6	28.4	3%
Net income for the year	11,810	13,086	11%
attributable to Hypoport AG shareholders	11,813	13,087	11%
Earnings per share (€)	1.94	2.17	12%

	Q3 2015	Q3 2016	Change
Revenue	35,550	39,820	12%
Gross profit	18,164	21,456	18%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,070	7,131	1%
Earnings before interest and tax (EBIT)	5,605	5,853	4%
EBIT margin (EBIT as a percentage of gross profit)	30.9	27.3	-12%
Net income for the year	4,463	4,405	-1%
attributable to Hypoport AG shareholders	4,449	4,409	-1%
Earnings per share (€)	0.73	0.73	0%

Financial position (€'000)	31 Dec 2015	30 Sep 2016	Change
Current assets	55,725	58,607	5%
Non-current assets	40,351	50,662	26%
Equity	52,661	63,804	21%
attributable to Hypoport AG shareholders	52,391	63,535	21%
Equity ratio (%)	54.8	58.4	7%
Total assets	96,076	109,269	14%

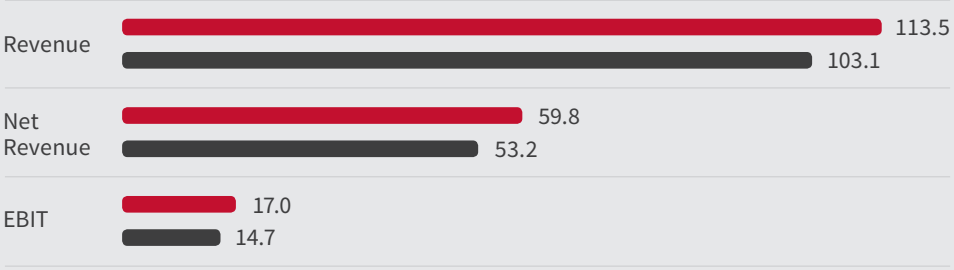
Share performance

Earnings per Share	9M 2016	€2.17
Market capitalisation	30 September 2016	€519 million
High	9M 2016	€97.00
Low	9M 2016	€53.59

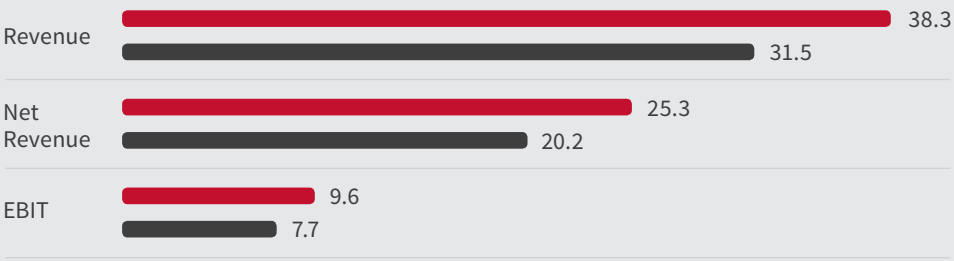
Revenue, Net Revenue and EBIT (€ million)

9M 2016 9M 2015

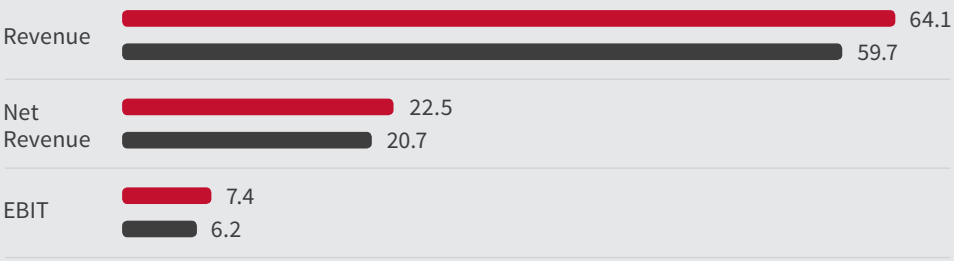
Hypoport Group



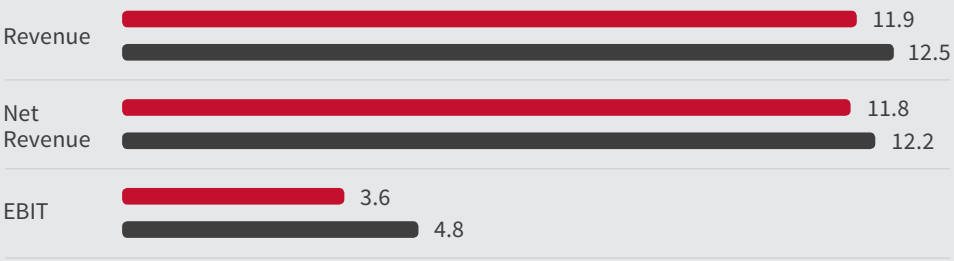
Financial Service Providers



Privat Clients



Institutional Clients Business Unit



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Letter to shareholders

Dear shareholder,

Hypoport was able to maintain its path of steady growth in the third quarter. This is clear from the results for the nine-month period as we can again report record levels of revenue and earnings. We increased our consolidated revenue by 10 per cent to €113.5 million. Moreover, we achieved significant growth in earnings before interest and tax (EBIT), with a rise of 15 per cent to €17 million.

Whereas the market environment in the prior-year period had been boosted by a jump in interest rates in the early summer of 2015, the introduction of the Mortgage Credit Directive had a dampening effect on the markets in the reporting period, at least during April and May. According to Deutsche Bundesbank, the mortgage finance market contracted by 6 per cent in the first eight months of 2016 as a result of these non-recurring effects – despite structural growth generated by construction activity and rising property prices. The increase in the Hypoport Group's market share is accelerating the growth of technology-based lending advice with a wide choice of products from a variety of mortgage providers.

Our Financial Service Providers business unit delivered its best performance for a nine-month period in the Company's history. Adjusted for the one-off item relating to the switch to BaufiSmart, the volume of home loans brokered (see page 9) saw solid growth. Besides a stronger market position in the mortgage finance market, another reason for the good results was the encouraging performance of KreditSmart in the personal loans market. Despite increased costs, this was achieved by expanding the team of key account employees and integrating the subsidiaries that we had acquired, NKK AG and HypService GmbH.

Our Private Clients business unit also registered its best performance for a nine-month period in the Company's history. Market share increased in both the loan brokerage and the personal loans segments. Expansion of the advisor network and the top marks consistently achieved by Dr. Klein in consumer surveys on service quality and fairness are helping to strengthen our market position.

Our Corporate Real Estate Clients business unit was faced with widespread reticence among market participants during the reporting period due to the lack of stimulus from interest rates. At the same time, new-build housing projects are being planned but the timing of their financing is not yet clear. Revenue nevertheless held steady thanks to interest rates being locked in for long periods under contracts already signed and thanks to attractive loans of insurers.

However, capital expenditure on expanding support resources and on new business models led to a year-on-year decline in EBIT.

Overall, we delivered a strong performance in the first nine months of 2016. We anticipate a further increase in our market share during the fourth quarter of 2016. For 2016 as a whole and for 2017, we continue to expect revenue and earnings growth to be just into double figures.

Kind regards,

Ronald Slabke
Chief Executive Officer

Management report

Business and economic conditions

Macroeconomic environment

The macroeconomic environment has not changed significantly since we reported on it in Hypoport AG's report for the first half of 2016 (page 8). In their autumn report, the leading economic research institutes again predicted growth of 1.6 per cent for the eurozone in 2016. Germany's moderate upturn is continuing. This is mainly due to consumer spending, which has been boosted by high levels of employment and rising wages. The economic research institutes also anticipate strong consumer and government spending in the fourth quarter. That is why they have raised the forecast for economic growth to 1.9 per cent, compared with 1.6 per cent in the spring 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 report for the first half of 2016 (page 8). Whereas mortgage interest rates fell steadily in the first six months of this year, they remained static in the third quarter with minimal fluctuation. This trend did not stimulate demand for home loans.

Implementation of the Mortgage Credit Directive into German law in March altered the balance of competition between individual market participants. According to Deutsche Bundesbank, the total volume of the mortgage finance market up to and including August 2016 came to €157.1 billion, which was around 6 per cent below the figure for the same period of last year (€167.1 billion). Brexit is not expected to have a noticeable impact on the German property market until 2017 at the earliest. Most experts believe Frankfurt will receive a boost as a financial centre, which will push up property prices.

The structural price drivers are having a more significant effect in Germany. According to the latest estimates, the shortfall in the required number of homes being built is up to 150,000 per year in Germany. At the end of 2015, the cumulative excess demand was approximately 830,000 homes. Although some rural regions are seeing people move away, the situation in urban areas is more drastic as these numbers are higher. Rents and purchase prices have been rising continuously for years. Reliable net migration figures for the current year are not yet available from the German Federal Statistical Office. What is certain, however, is that there are many more immigrants than emigrants. This is causing the situation in the housing market to deteriorate even further. Politicians must take concerted and ongoing action to rectify this, as the only way to effectively ease the situation is to increase the availability of land for development and reduce the bureaucracy in approval processes.

Business performance

In the first nine months of 2016, Hypoport increased its revenue by 10 per cent to €113.5 million (Q1–Q3 2015: €103.1 million). Earnings before interest and tax (EBIT) rose by 15 per cent to €17.0 million (Q1–Q3 2015: €14.7 million).

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

Financial Service Providers business unit

The volume of transactions in the Financial Service Providers business unit reached a record high of €11.8 billion in the third quarter of 2016. In addition to the benign market environment, the volume of loans requested was also boosted by the new, user-friendly BaufiSmart front-end system. The overall transaction volume for the year to date is still slightly depressed by the weaker spring months of April and May, which had been adversely affected by the introduction of the Mortgage Credit Directive. At €33.2 billion, the figure for the year to date is slightly below the record figure for the prior-year period, which had been helped by the jump in interest rates in the spring of 2015 (Q1–Q3 2015: €34.4 billion). The reported transaction volume for the current period is more informative than that for the prior-year period, because the migration to BaufiSmart has improved how the figures are captured. This has to be borne in mind when making a direct year-on-year comparison (see page 23).

The low level of interest rates means that building finance products remain unattractive. The volume of building finance transactions was down by around 10 per cent year on year at €5.2 billion (Q1–Q3 2015: €5.8 billion).

Since it was established, KreditSmart's marketplace effect has become stronger and stronger – including in the personal loans segment – and the platform is attracting new partners. Although the market environment remains extremely competitive, the volume of personal loan transactions rose by around 30 per cent to €1.80 billion (Q1–Q3 2015: €1.4 billion).

Financial figures Financial Service Providers	Q3 2015	Q3 2016	9M 2015	9M 2016	9M Change
Transaction volume (billion €) [1]					
Total	11.5	11.8	34.4	33.2	
Mortgage finance	9.0	9.4	27.2	26.2	
Personal loan	0.5	0.6	1.4	1.8	
Building finance	2.0	1.8	5.8	5.2	
Partners (number)					
Europace (incl. Genopace + Finmas)			333	386	16%
Genopace			136	166	22%
Finmas			109	136	25%
Revenue and earnings (million €)					
Revenue	11.0	14.3	31.5	38.3	22%
Gross profit	6.7	10.0	20.2	25.3	26%
EBIT	2.6	3.9	7.7	9.6	24%

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

A total of 386 partners use our EUROPACE, FINMAS and GENOPACE marketplaces. In the year to date, 41 new partners have been signed up. Overall, 19 of the top 25 savings banks use FINMAS, while GENOPACE counts 20 of the top 25 credit cooperatives and mutually owned banks among its contractual partners.

As in previous quarters, costs went up in the third quarter due to increased sales activities. At the same time, the newly acquired subsidiaries, NKK and Hypservice, were successfully integrated into the Group. In the first nine months of 2016, the revenue of the Financial Service Providers business unit grew by 22 per cent to €38.3 million (Q1–Q3 2015: €31.5 million). Moreover, the year-on-year increase in EBIT was again well into double figures, rising to €9.6 million (Q1–Q3 2015: €7.7 million).

Private Clients business unit

The Private Clients business unit strengthened its position in the mortgage finance market during the first nine months of 2016 (adjusted for the BaufiSmart one-off item, see page 23).

The substantial 65 per cent increase in the volume of new personal loans brokered was attributable to successful partnerships in the offline market. Business in the online market remains unprofitable due to strong competition, which is why our activities in this area are on hold.

Financial figures Private Clients	Q3 2015	Q3 2016	9M 2015	9M 2016	9M Change
Transaction volume (billion €) [1]					
Financing	2.3	2.1	6.8	6.3	
Mortgage finance	2.2	2.0	6.5	6.0	
Personal loan	0.048	0.089	0.142	0.233	
Building finance	0.064	0.023	0.176	0.075	
Number of franchise advisors (financing)			432	496	15%
Insurance policies under management			31.12.2015		
Insurance policies u. m. (total)			122.6	128.1	4%
Insurance policies u. m. (life insurance)			63.9	65.8	3%
Insurance policies u. m. (private health insurance)			33.7	34.8	3%
Insurance policies u. m. (SHUK)			25.0	27.5	10%
Number of franchise advisors (insurance) [2]			247	185	-25%
Revenue and earnings (million €)			9M 2015		
Revenue	20.4	21.9	59.7	64.1	7%
Gross profit	7.1	7.3	20.7	22.5	9%
EBIT	2.7	2.4	6.2	7.4	19%

1) statistic special effect makes it impossible to draw an exact comparison with the correxponding prior-year period
2) Prior-year figures for 30 September 2015

The importance of neutral advice has risen steadily over the past few years. To assist consumers, various market research institutes rate the companies in Germany that provide financial advice. In a leading survey by the German Institute for Service Quality (DISQ) and n-tv, more than 40,000 customers gave their opinions on fairness – and Dr. Klein & Co. AG was crowned the overall winner in the financial advice sector for the third year running. Dr. Klein's consistently good survey results not only boost demand from customers but also stimulate growth in the number of franchise partners and advisors. With the number of loan brokerage advisors rising by 15 per cent to 496, Dr. Klein is the largest franchising business in the German mortgage finance market.

Substantial contributions to revenue from the mortgage finance and personal loans businesses, combined with greater advisor productivity, caused revenue to advance by 7 per cent to €64.1 million (Q1–Q3 2015: €59.7 million). Earnings of €7.4 million represented a year-on-year increase of 19 per cent (Q1–Q3 2015: €6.2 million). As in the previous quarter, earnings were influenced by a generally positive business performance and the fact that the negative impact from losses in the insurance business no longer applied.

Institutional Clients business unit

Interest rates are still not providing any stimulus, and loan brokerage in the housing industry therefore remains muted. Reflecting the normal pattern of volatility during the year, the volume of new loans brokered by the Institutional Clients business unit was lower than in the prior-year period. At the same time, preparations for numerous new-build projects are under way in the housing sector.

Revenue in the Institutional Clients business unit amounted to €11.9 million, which was down slightly on the corresponding prior-year period (Q1–Q3 2015: €12.5 million). Costs were pushed up by the expansion of support resources and by new business models for strengthening the business unit's future market position. As a result, EBIT came to €3.6 million in the first nine months of 2016 (Q1–Q3 2015: €4.8 million).

Financial figures Institutional Clients	Q3 2015	Q3 2016	9M 2015	9M 2016	9M Change
Transaction volume (million €)					
Brokered loans (total)	461	408	1,499	1,172	-22%
New business	362	345	1,240	995	-20%
Renewals	99	63	259	177	-32%
Consulting revenue (million €)	1.3	1.2	3.6	3.7	1%
Revenue and earnings (million €)					
Revenue	4.4	4.0	12.5	11.9	-5%
Gross profit	4.3	3.9	12.2	11.8	-3%
EBIT	1.9	1.4	4.8	3.6	-25%

Earnings

Against the backdrop of the operating performance described above, EBITDA for the first nine months of 2016 rose from €18.8 million to €20.6 million and EBIT from €14.7 million to €17.0 million. It should be remembered that the second and third quarters of 2015 had been exceptionally strong, with the positive momentum provided by interest rates resulting in extremely high utilisation of our resources, which in turn led to an excellent level of profitability. In the third quarter of 2016, the Company generated EBITDA of €7.1 million (Q3 2015: €7.1 million) and EBIT of €5.9 million (Q3 2015: €5.6 million), thereby exceeding the particularly successful prior-year quarter without any stimulus from interest rates.

The EBIT margin (EBIT as a percentage of gross profit) for the first nine months of 2016 rose from 27.6 per cent to 28.4 per cent.

Revenue and earnings (million €)	Q3 2015	Q3 2016	9M 2015	9M 2016	9M Change
Revenue	35.6	39.8	103.1	113.5	10%
Gross profit	18.2	21.4	53.2	59.8	12%
EBITDA	7.1	7.1	18.8	20.6	9%
EBIT	5.6	5.9	14.7	17.0	15%
EBIT margin (EBIT as a percentage of gross profit)	30.9	27.4	27.6	28.4	3%

Own work capitalised

In the third 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 third quarter of 2016, the Company invested a total of €2.4 million in expansion (Q3 2015: €1.8 million); in the first nine months of this year, it spent €6.5 million (Q1–Q3 2015: €5.7 million). Of these totals, €1.6 million was capitalised in the third quarter of 2016 (Q3 2015: €1.2 million) and €4.1 million was capitalised in the first nine months of this year (Q1–Q3 2015: €3.4 million), while amounts of €0.8 million for the third quarter of 2016 (Q3 2015: €0.6 million) and €2.4 million for the first nine months of this year (Q1–Q3 2015: €2.3 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 (Q1–Q3 2015: €0.4 million) and income of €0.5 million from employee contributions to vehicle purchases (Q1–Q3 2015: €0.5 million).

Personnel expenses for the first nine months of 2016 rose because the average number of employees during the period advanced from 573 to 682 (mainly as a result of acquisitions) and because of salary increases. The breakdown of other operating expenses is shown in the table below.

Other operating expenses (million €)	9M 2016	9M 2015	Q3 2016	Q3 2015
Operating expenses	4.5	4.1	1.7	1.4
Other selling expenses	2.4	1.9	0.8	0.5
Administrative expenses	5.0	4.0	1.8	1.5
Other personnel expenses	0.5	0.4	0.1	0.1
Other expenses	0.8	0.4	0.2	0.0
	13.2	**10.8**	**4.6**	**3.5**

The operating expenses consisted mainly of building rentals of €1.6 million (Q1–Q3 2015: €1.5 million) and vehicle-related costs of €1.3 million (Q1–Q3 2015: €1.1 million). The other selling expenses related to advertising costs and travel expenses. Administrative expenses largely comprised IT-related costs of €2.7 million (Q1–Q3 2015: €2.0 million) and legal and consultancy expenses of €0.8 million (Q1–Q3 2015: €0.7 million). The other personnel expenses mainly consisted of training costs of €0.4 million (Q1–Q3 2015: €0.3 million).

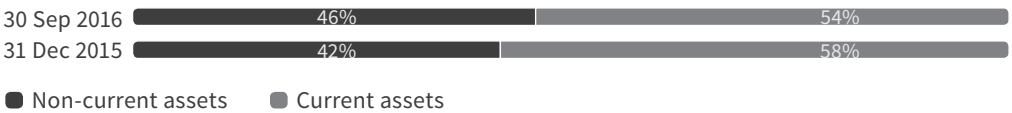
The net finance costs primarily included interest expense and similar charges of €0.3 million incurred by the drawdown of loans (Q1–Q3 2015: €0.4 million).

Balance sheet

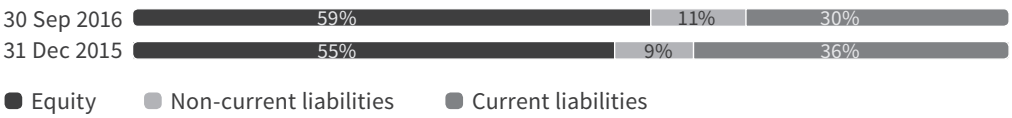
The Hypoport Group's consolidated total assets as at 30 June 2016 amounted to €99.3 million, a 3 per cent increase on the total as at 31 December 2015 (€96.1 million).

Balance sheet structure

Assets



Equity and liabilities



Non-current assets totalled €50.7 million (31 December 2015: €40.4 million). They largely consisted of development costs of €20.4 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 commission of €1.2 million paid in advance to distribution partners (31 December 2015: €0.6 million) and prepaid expenses of €0.7 million (31 December 2015: €0.5 million).

The equity attributable to Hypoport AG shareholders as at 30 September 2016 had grown by €11.1 million, or 21.3 per cent, to €63.5 million. The equity ratio improved from 54.8 per cent to 58.4 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 €3.6 million (31 December 2015: €4.4 million) and deferred income of €0.8 million (31 December 2015: €0.2 million).

Total financial liabilities rose by €0.6 million to €11.8 million largely because the level of new borrowing was higher than the scheduled loan repayments.

Cash flow

Cash flow grew by €2.2 million to €19.5 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 nine months to 30 September 2016 amounted to €11.4 million (Q1–Q3 2015: €17.0 million). The cash used for working capital rose by €7.7 million to €8.1 million (Q1–Q3 2015: €0.3 million).

The net cash outflow of €9.8 million for investing activities (Q1–Q3 2015: net outflow of €5.1 million) consisted primarily of capital expenditure of €5.0 million on non-current intangible assets (Q1–Q3 2015: €4.0 million) and €3.4 million for the acquisition of NKK Programm Service AG.

The net cash of €1.4 million used for financing activities (Q1–Q3 2015: €5.4 million) comprised a total net inflow of €0.6 million relating to new borrowing of €4.0 million (Q1–Q3 2015: €0.0 million) and scheduled loan repayments of €3.4 million (Q1–Q3 2015: €3.5 million) and a total outflow of €2.0 million (Q1–Q3 2015: €2.0 million) resulting from the purchase of treasury shares.

Cash and cash equivalents as at 30 September 2016 totalled €25.1 million, which was €0.3 million higher 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 32.6 per cent compared with the end of 2015 to 765 people (31 December 2015: 577 employees), again caused by the acquisition of NKK AG and HypService GmbH. An average of 682 people were employed in the first nine months of 2016 (Q1–Q3 2015: 573 people).

Hypoport's shares

Hypoport shares reached an all-time high of €97 on 29 July 2016. The shares had closed the first day of trading this year, 4 January 2016, at €75.50. The lowest closing price during the first nine months of 2016 was €53.59 on 9 February 2016. Earnings per share amounted to €2.17 in this period (Q1–Q3 2015: €1.94).

Performance of Hypoport‘s share price (daily closing prices on Frankfurt Stock Exchange, Euro) as of 30 Sep 2016

Outlook

Our forecast for the macroeconomic environment has changed only insignificantly since we reported on it in Hypoport AG's report for the first half of 2016 (page 8).

The UK prime minister, Theresa May, wants to trigger the process for her country's formal exit from the EU by the end of March 2017. The impact on Germany and the rest of Europe depends on the actual terms of the withdrawal. However, most experts believe that the German economy is flexible and strong enough to cope with Brexit without suffering significantly.

Hovering around 0.2 per cent, the rate of inflation in the eurozone remained well below the ECB's target of 2 per cent in the third quarter of 2016. The key interest rate is therefore likely to remain at the rock-bottom level of 0.00 per cent. Towards the end of the quarter, the ECB president Mario Draghi expressed his belief in the measures implemented so far and in the effectiveness of his monetary policy. He anticipates that key interest rates will remain low beyond the term of the bond-buying programme, which is due to end in March 2017. However, he said that the central bank would act, if warranted, by using all the instruments available within its mandate.

The interest-rate trend on ten-year mortgages fell steadily in the first nine months of 2016, with the best interest rate for ten-year mortgages dropping below 0.7 per cent for the first time at the end of September. Mortgage interest rates are likely to remain static at their lowest ever level in the medium term.

In view of the strong results for the nine-month period, we continue to expect revenue and earnings growth for 2016 to be just into double figures. For 2017 too, we are confident that the Hypoport Group will again be able to generate revenue and earnings growth that is just into double figures. 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 statemets

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

	9M 2016 €'000	9M 2015 €'000	Q3 2016 €'000	Q3 2015 €'000
Revenue	113,508	103,099	39,820	35,550
Selling expenses (Commision and lead costs)	-53,751	-49,915	-18,364	-17,386
Rohertrag	**59,757**	**53,184**	**21,456**	**18,164**
Own work capitalised	4,108	3,391	1,628	1,202
Other operating income	1,937	1,660	321	575
Personnel expenses	-32,059	-28,642	-11,631	-9,369
Other operating expenses	-13,188	-10,835	-4,613	-3,507
Income from companies accounted for using the equity method	52	84	-30	5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**20,607**	**18,842**	**7,131**	**7,070**
Depreciation, amortisation expense and impairment losses	-3,627	-4,140	-1,278	-1,465
Earnings before interest and tax (EBIT)	**16,980**	**14,702**	**5,853**	**5,605**
Financial income	30	36	4	13
Finance costs	-277	-357	-108	-109
Earnings before tax (EBT)	**16,733**	**14,381**	**5,749**	**5,509**
Income taxes and deferred taxes	-3,647	-2,571	-1,344	-1,046
Net income for the year	**13,086**	**11,810**	**4,405**	**4,463**
attributable to non-controlling interest	-1	-3	-4	14
attributable to Hypoport AG shareholders	**13,087**	**11,813**	**4,409**	**4,449**
Earnings per share (€)	**2.17**	**1.94**	**0.73**	**0.73**

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

	9M 2016 €'000	9M 2015 €'000	Q3 2016 €'000	Q3 2015 €'000
Net profit (loss) for the year	**13,086**	**11,810**	**4,405**	**4,463**
Total income and expenses recognized in equity *	0	0	0	0
Total comprehensive income	**13,086**	**11,810**	**4,405**	**4,463**
attributable to non-controlling interest	-1	-3	-4	14
attributable to Hypoport AG shareholders	**13,087**	**11,813**	**4,409**	**4,449**

* There was no income or expences to be recognized in equity during the reporting priod.

Consolidated balance sheet as at 30 September 2016

Assets	30 Sep 2016 €'000	31 Dec 2015 €'000
Non-current assets		
Intangible assets	40,875	31,887
Property, plant and equipment	2,639	2,571
Investments accounted for using the equity method	548	465
Financial assets	110	34
Trade receivables	4,466	3,580
Other assets	1,459	1,418
Deferred tax assets	565	396
	50,662	**40,351**
Current assets		
Trade receivables	29,696	29,371
Other current items	3,736	1,481
Income tax assets	114	116
Cash and cash equivalents	25,061	24,757
	58,607	55,725
	109,269	**96,076**
Equity and Liabilities		
Equity		
Subscribed capital	6,195	6,195
Treasury shares	-185	-156
Reserves	57,525	46,352
		52,391
Non-controlling interest	269	270
	63,804	**52,661**
Non-current liabilities		
Financial liabilities	7,378	6,920
Provisions	97	97
Other liabilities	10	10
Deferred tax liabilities	4,918	2,033
	12,403	**9,060**
Current liabilities		
Provisions	83	113
Financial liabilities	4,459	4,342
Trade payables	17,959	20,430
Current income tax liabilities	2,031	1,022
Other liabilities	8,530	8,448
	33,062	34,355
	109,269	**96,076**

Abridged consolidated statement of changes in equity for the six months ended 30 September 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	72	81	162	0	162
Purchase of own shares	-78	0	-1,901	-1,979	0	-1,979
Total comprehen-sive income	0	0	11,813	11,813	-3	11,810
Balance as at 30 September 2016	**6,047**	**2,281**	**40,256**	**48,584**	**261**	**48,845**

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	0	35	38	0	38
Purchase of own shares	-32	0	-1,949	-1,981	0	-1,981
Total comprehen-sive income	0	0	13,087	13,087	-1	13,086
Balance as at 30 September 2016	**6,010**	**2,345**	**55,180**	**63,535**	**269**	**63,804**

Abridged segment reporting for the period 1 January to 30 September 2016

€'000	Financial Service Providers	Private Clients	Institutional Clients	Reconciliation	Group
Segment revenue in respect of third parties					
9M 2016	37,410	64,020	11,909	169	113,508
9M 2015	30,841	59,642	12,504	112	103,099
Q3 2016	13,858	21,889	4,010	63	39,820
Q3 2015	10,729	20,355	4,439	27	35,550
Segment revenue in respect of other segments					
9M 2016	909	52	21	-982	0
9M 2015	654	43	7	-704	0
Q3 2016	445	19	3	-467	0
Q3 2015	290	16	7	-313	0
Total segment revenue					
9M 2016	38,319	64,072	11,930	-813	113,508
9M 2015	31,495	59,685	12,511	-592	103,099
Q3 2016	14,303	21,908	4,013	-404	39,820
Q3 2015	11,019	20,371	4,446	-286	35,550
Gross profit					
9M 2016	25,321	22,468	11,829	139	59,757
9M 2015	20,170	20,701	12,213	100	53,184
Q3 2016	10,023	7,349	3,945	37	21,354
Q3 2015	6,671	7,143	4,327	23	18,164
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)					
9M 2016	11,180	8,084	4,006	-2,663	20,607
9M 2015	10,326	6,881	5,179	-3,544	18,842
Q3 2016	4,471	2,602	1,509	-1,451	7,131
Q3 2015	3,540	2,882	2,032	-1,384	7,070
Segment earnings before interest and tax (EBIT)					
9M 2016	9,575	7,373	3,561	-3,529	16,980
9M 2015	7,696	6,196	4,759	-3,949	14,702
Q3 2016	3,861	2,366	1,356	-1,730	5,853
Q3 2015	2,621	2,652	1,888	-1,556	5,605
Segment assets					
1 Jan – 30 Sep 2016	53,960	26,586	25,505	3,218	109,269
1 Jan – 31 Dec 2015	50,118	20,490	22,346	3,122	96,076

Consolidated cash flows statement for the period 1 January to 30 September 2016

	9M 2016 €'000	9M 2015 €'000
Earnings before interest and tax (EBIT)	16,980	14,702
Non-cash income / expense	-785	-1,114
Interest received	30	36
Interest paid	-277	-357
Income taxes paid	-806	-518
Current tax	-1,009	-777
Change in deferred taxes	1,832	1,276
Income from companies accounted for using the equity method	-53	-84
Depreciation and amortisation expense, impairment losses / reversals of impairment losses on non-current assets	3,627	4,140
Gains / losses on the disposal of non-current assets	-1	8
Cashflow	**19,538**	**17,312**
Increase / decrease in current provisions	-30	-58
Increase / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-2,603	-433
Increase / decrease in trade payables and other liabilities not attributable to investing or financing activities	-5,456	149
Change in working capital	**-8,089**	**-342**
Cash flows from operating activities	**11,449**	**16,970**
Payments to acquire property, plant and equipment / immaterielle Anlagevermögen	-5,863	-5,139
Cash outflows for acquisitions less acquired cash	-3,876	0
Proceeds from the disposal of financial assets	8	51
Purchase of financial assets	-33	-5
Cash flows from investing activities	**-9,764**	**-5,093**
Purchase of own shares	-1,981	-1,979
Proceeds from the drawdown of loans under finance facilities	4,000	0
Redemption of bonds and loans	-3,400	-3,450
Cash flows from financing activities	**-1,381**	**-5,429**
Net change in cash and cash equivalents	304	6,448
Cash and cash equivalents at the beginning of the period	24,757	12,024
Cash and cash equivalents at the end of the period	**25,061**	**18,472**

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).

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.

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 parent company is Hypoport AG, which is headquartered in Berlin, Germany. Hypoport AG is entered in the commercial register of the Berlin-Charlottenburg local court under HRB 74559. The Company's business address is Klosterstrasse 71, 10179 Berlin, Germany.

Basis of presentation

The condensed interim consolidated financial statements of Hypoport AG for the nine months ended 30 September 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 interim consolidated financial statements and the interim group management report have not been audited or reviewed by an auditor.

These condensed interim consolidated financial statements are based on the accounting policies and the consolidation principles applied to the consolidated financial statements for the year ended 31 December 2015. However, the changes presented below have been introduced due to the adoption of new or revised accounting standards and due to a review of the expected useful life of software.

The interim consolidated financial statements and the separate financial statements for the entities included in the IFRS interim consolidated financial statements are prepared in euros.

To improve clarity, all figures in the IFRS interim consolidated financial statements and the interim group management report are presented in thousands or millions of euros unless stated otherwise. We wish to point out that the application and aggregation of rounded amounts and percentages and the use of automated calculation methods may give rise to rounding discrepancies.

All disclosures on the number and volume of financial products processed are calculated at a cut-off point in the product transaction process that is appropriate for the accrual method of accounting used. The growth of the subsidiaries in the Financial Service Providers and Private Clients business units can be seen from the volume of transactions on the EUROPACE transaction platform. The volume of transactions is the indicator used by the management to measure the current intensity with which the EUROPACE marketplace is being used. Transactions are initiated at the end of the advisory process. They take place after the advisor/consumer has selected a specific product and include a check against all of the product supplier's lending rules stored in the system. A query is also sent to the product supplier's external decision-making systems. Transactions are then frequently cancelled, for example because the consumer allows the offering period to expire, the product supplier rejects the transaction following the individual credit check or the consumer exercises his or her right to withdraw. The revenue for a transaction may be recognised up to three months later. This means that it is only possible to draw limited conclusions about revenue for a period from the volume of transactions in that period.

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

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 (BaufiSmart).

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 nine months of 2016 was €1.489 million (Q3 2016: €496 thousand). The impact of this change on the actual and expected amortisation expense for this year and future years is as follows:

Depreciation €'000	2016	2017	2018	2019	2020	later
(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 nine months ended 30 September 2016 in addition to Hypoport AG.

Parent company	Holding in %
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 (Irland)	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

Joint ventures	
FINMAS GmbH, Berlin	50.00
Hypoport on-geo GmbH, Berlin	50.00
LBL Data Services B.V., Amsterdam	50.00

Associated company	
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.

Acquisitions

The Hypoport Group carried out the following acquisitions in the first nine months 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 are maximising 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 was included in the interim consolidated financial statements with effect from 1 July 2016. These activities have been allocated to the Financial Service Providers business unit.

The fair values of the identifiable assets and liabilities at the acquisition date are shown in the table on page 27.

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.

Since the time of acquisition, NKK has contributed €1.1 million to revenue and €0.2 million to net profit for the period. If the business combination had taken place at the start of the year,

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

consolidated revenue would have amounted to €115.4 million and net profit for the period to €13.4 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 ('NKK 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 has not been 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 is recognised at acquisition cost less impairment.

HypService GmbH, Berlin, acquired the inspections business of BF Digital GmbH, Gross Nemerow, with effect from 1 July 2016. The acquisition of this company, which specialises in inspecting properties for the purpose of mortgage valuations, creates strategic added value for the Hypoport Group by extending its range of products and services along the value chain. It will now be able to offer distribution partners a property valuation service, which is a core, and legally required, element of the loan brokerage process. The acquisition was accounted for using the acquisition method. The inspections business was included in the interim consolidated financial statements with effect from 1 July 2016. These activities have been allocated to the Financial Service Providers business unit.

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 of this business will be restated.

Hypoport AG, Berlin, acquired a third of the shares in IMMO-CHECK Gesellschaft für Informationsservice mbH ('IMMO CHECK'), Bochum, with effect from 1 July 2016. The object of the company is services relating to the procurement and provision of market data, electronic data processing, development and sales of software and hardware, management consultancy and business organisation as well as training and end-customer support, development and sales of automated valuation systems for POS and back-office areas, development of marketing and sales systems, marketing services for banks, insurers and the real estate industry, consultancy services relating to credit scoring and asset valuation, as well as all associated activities. This equity investment will also create strategic added value for the Hypoport Group by extending its range of products and services along the value chain. IMMO Check is accounted for under the equity method and was included in the interim consolidated financial statements with effect from 1 July 2016. These activities have been allocated to the Financial Service Providers 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 (€'000)	9M 2016	9M 2015	Q3 2016	Q3 2015
Income taxes and deferred taxes	3,647	2,571	1,344	1,046
current income taxes	1,815	1,295	537	552
deferred taxes	1,832	1,276	807	494
in respect of timing differences	959	1,034	399	174
in respect of tax loss carryforwards	873	242	408	320

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

Earnings Per Share	9M 2016	9M 2015	Q3 2016	Q3 2015
Net incomefor the year (€'000)	13,086	11,810	4,405	4,463
davon den Gesellschaftern der Hypoport AG zustehend	13,087	11,813	4,409	4,449
Basic weighted number of outstanding shares ('000)	6,019	6,087	6,010	6,066
Earnings per share (€)	**2.17**	**1.94**	**0.73**	**0.73**

As a result of the purchase and release of treasury shares, the number of shares in issue fell by 29,137, from 6,039,158 as at 31 December 2015 to 6,010,021 as at 30 September 2016.

Intangible assets and property, plant and equipment

Intangible assets primarily comprised development costs of €20.4 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 €2.6 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) as well as of the associate IMMO Check Gesellschaft für Informationsservice mbH, Bochum (Hypoport's interest: 33.33 per cent). In the first nine months of 2016, the profit from equity-accounted long-term equity investments amounted to €52 thousand (Q1–Q3 2015: €84 thousand).

Subscribed capital

The Company's subscribed capital as at 30 September 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 184,937 treasury shares as at 30 September 2016 (equivalent to €184,937.00, 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 (€)
Opening balance as at 1 January 2016	**155,800**	**2.515**	**3,052,562.52**		
Dissemination in January 2016	10	0.000	121.04	521.10	400.06
Buy in 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
Dissemination in September 2016	178	0.003	2,022.08	14,260.84	12,238.76
Balance as at 30 September 2016	**184,937**	**2.985**	**4,996,471.19**		

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

Reserves

The breakdown of reserves can be found in the consolidated statement of changes in equity at page 19.

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 (€414 thousand, of which €0 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 loss for the first nine months of 2016 attributable to non-controlling interests was €1 thousand (Q1–Q3 2015: net loss of €3 thousand). Total non-controlling interests in the period under review amounted to €269 thousand (31 December 2015: €270 thousand), of which €169 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 third 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 September 2016.

	Shares (number) 30 Sep 2016	Shares (number) 31 Dec 2015
Group Management Board		
Ronald Slabke	2,288,381	2,288,381
Stephan Gawarecki	142,800	187,800
Hans Peter Trampe	108,690	153,690
Supervisory Board		
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 by joint ventures totalled €18 thousand in the third quarter of 2016 (Q3 2015: €13 thousand) and €59 thousand in the first nine months of this year (Q1–Q3 2015: €42 thousand). As at 30 September 2016, receivables from joint ventures amounted to €146 thousand (31 December 2015: €102 thousand) and liabilities to such companies totalled €71 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

There were no exceptional seasonal influences on the performance of the Hypoport Group's business in the third quarter of 2016. In the mortgage finance sector, the first six months of 2016 were adversely affected by the implementation of new regulations in the mortgage finance market arising from the Mortgage Credit Directive. The Company expects to see an encouraging trend in the sale of insurance products to private and institutional clients during the course of the year caused, among other things, by certain industry-wide cancellation deadlines and tax issues.

Events after the reporting period

No material events have occurred since the balance sheet date.

Responsibility statement

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

Berlin, 31 October 2016
Hypoport AG - The Management Board

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