

# Results of **1st quarter 2010**

## Summary

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## Key figures

	Q1 2010	Q1 2009
in EUR m		
Mortgage volume	1,339.5	1,115.8
Net revenues	13,59	13,26
in EUR thousand		
Earnings before interest and taxes	212,5	249,1
Net income	250,4	299,0
Earnings per share (diluted)	0,02	0,04

## Preface

### Dear Shareholders,

In the first quarter of 2010 Interhyp successfully brokered 8,958 mortgages with a total volume of EUR 1,340 billion. This volume represents a 20% increase over the comparable prior-year quarter. We thus got off to a good start this year, profiting from continued strong demand from customers but also from a significant expansion of our placement opportunities. Even though many lenders on our platform have set more defensive terms and prices than before the beginning of the financial crisis, we have won numerous new partners for cooperation in the past quarter and thus complemented our platform by the addition of more regional and local institutions and insurance companies. The number of partners on the Interhyp platform has now risen to over 250.

With net revenues of EUR 13.6 million in the first quarter, up slightly over the comparable previous-year quarter, we posted an unchanged EBIT of EUR 0.2 million.

Nevertheless, in the current market environment we see distinct opportunities to leverage our position as the largest mortgage broker for our long-term advantage and have therefore continued to consistently expand our capabilities in Direct Channel business and in our Prohyp Intermediary Channel business in the first quarter as well. We will pursue this course in 2010.

Yours sincerely,



A handwritten signature in black ink, appearing to read 'm. Goris'.

Michiel Goris  
Board Member



A handwritten signature in black ink, appearing to read 'R. Haselsteiner'.

Robert Haselsteiner  
Co-CEO



A handwritten signature in black ink, appearing to read 'Miriam Mohr'.

Miriam Mohr  
Board Member



A handwritten signature in black ink, appearing to read 'Benjamin Papo'.

Benjamin Papo  
Board Member



A handwritten signature in black ink, appearing to read 'Jörg Utecht'.

Jörg Utecht  
Board Member



A handwritten signature in black ink, appearing to read 'Marcus Wolsdorf'.

Marcus Wolsdorf  
Co-CEO

# Interim Group management report

## Significant events and initiatives

ING Direct N.V. revoked the offer of transfer and compensation for the outstanding shares of Interhyp AG at a price of EUR 64 per share according to the German Securities Acquisition and Takeover Act (WpÜG).

## General economic conditions

### Economic development

In the first quarter of 2010, the trend toward recovery of the global economy continued, driven mainly by Asia and other emerging markets. Nevertheless, the Fed in the U.S. and the central banks in Europe have not yet raised the low interest rates and are still providing refinancing opportunities for banks at historically low terms. Against this background, prices have continued to rise in nearly almost all asset classes in recent months and warnings of re-appearing bubbles in certain stock and real estate markets have already appeared, particularly in the rapidly growing emerging markets. Another topic in the past few months was and still is burgeoning national debt. The crisis in Greece has revealed the vulnerability of the euro zone and led to increasing speculation against the euro as a currency. In the meantime, the dramatic rise in financing costs has forced Greece to apply for a European bailout package, and the euro has depreciated against nearly all other currencies. The reverse side is a flight into the best credit quality of the euro represented by federal bonds. Yields for German federal bonds have subsequently reached new record lows, and this naturally has led to increasingly favourable mortgage terms. However, since rescue measures for Greece and possibly thereafter for other weak euro countries will also strain those countries which have been strong up to now, we assume that interest rates at the long end of the market will rise over the course of the year.

## Company development

### Closed mortgage volume up 20% and number of mortgages closed up 12% over comparable prior-year period

In the first quarter of 2010, the Interhyp group closed 8,958 mortgages in a slowly recovering market environment (previous year: 8,015 mortgages). The number of brokered mortgages thus rose by 12%.

The volume of mortgages closed in the same period increased by as much as 20%. Accordingly, a mortgage volume of EUR 1,340 billion (prior year: EUR 1,116 billion) was achieved in the quarter just ended.

### Revenue and net revenues slightly higher

In the first quarter of 2010, Interhyp AG posted an increase of 9% in revenues to EUR 17.1 million (previous year: EUR 15.7 million). Net revenues, meaning revenue after deduction of payments to partners in the Intermediary Channel, came to EUR 13.6 million, up slightly from the comparable figure in the same period of the preceding year (EUR 13.3 million).

### Development of earnings

Although net revenues remained stable compared with the same period last year, our earnings before interest and taxes (EBIT) were lower in the first three months of the financial year than in the same period of the preceding year. This was due primarily to personnel expenses which were 8% higher than in the comparable prior-year period due to the strong growth in the number of employees.

Earnings before interest and taxes (EBIT) at 31 March 2010 were therefore slightly lower than the figure for the comparable prior-year period (EUR 213 thousand compared with EUR 249 thousand in the first quarter of 2009).

Net income also failed to match the previous year's figure due to lower net interest income. Net income fell after minorities to EUR 147 thousand at 31 March 2010 (previous year EUR 270 thousand).

### Financial and assets position

The assets position of Interhyp AG remained marked by a solid financial basis. Cash and cash equivalents came to EUR 11.5 million, plus fixed-term deposits amounting to EUR 36.0 million at 31 March 2010. This corresponds to more than 75% of total assets. Total assets sunk EUR 4.4 million compared with the comparable prior-year figure to EUR 62.8 million.

Net cash from operating activities amounted to EUR 21 thousand in the first three months of the financial year, representing a distinct decrease from the prior-year result of EUR 1.8 million. In the prior-year period, noticeable improvements in receivables management had a positive one-off effect on operative cash flow.

In the first three months of the current financial year, net cash from investing activities, at minus EUR 143 thousand, disregarding shifts into long-term fixed-term deposits, roughly approximated the previous year's figure.

The free cash flow thus comes to a slight minus of EUR 123 thousand compared with the free cash flow of EUR 1.8 million, adjusted for fixed-term deposits, in the first three months of 2009.

Cash and cash equivalents totalled EUR 11.5 million at 31 March 2010 which corresponds roughly to the level at the beginning of the financial year (EUR 11.6 million).

## **Employees**

Since 31 March 2009 our staff has grown by 39 (representing an increase of 8%) to a total of 528 (prior-year quarter: 489)

In the first quarter, Interhyp employed an average of 525 permanent staff members; in the corresponding prior-year period we averaged 489 employees.

## **Forecast report**

### **Business prospects in 2010**

While in view of historically low interest rates and a slightly improved consumption mood customer demand is currently stable, it remains difficult to estimate how sustained our mortgage providers' appetite for financing will be. However, the competitiveness of the providers on our platform is an important factor for the achievable figures for volumes and earnings and the productivity of our employees. In 2010, we will concentrate on acquiring market share and aim at a slight improvement in earnings.

## **Opportunities and risks**

The opportunities and risks outlined in Interhyp's annual report for 2009 have remained the same.

# Interim consolidated financial statements

Consolidated income statement of Interhyp AG as at 31 March 2010 in EUR

	01.01.–31.03.2010	01.01.–31.03.2009	+/-
Revenues	17,071,540	15,701,483	9 %
Cost of services purchased	3,484,557	2,441,494	43 %
<b>Net revenues</b>	<b>13,586,983</b>	<b>13,259,989</b>	<b>2 %</b>
Personnel expenses	8,089,693	7,263,478	11 %
Other operating expenses	4,992,598	5,311,510	(6 %)
thereof marketing	2,668,886	2,984,802	(11 %)
Amortisation and depreciation	292,177	435,863	(33 %)
<b>Earnings before interest and taxes (EBIT)</b>	<b>212,515</b>	<b>249,138</b>	<b>(15 %)</b>
Share of results from investments in associates	0	(23,604)	100 %
Interest income	165,916	317,580	(48 %)
Interest expense	2,240	2,320	(3 %)
<b>Net interest income</b>	<b>163,676</b>	<b>315,260</b>	<b>(48 %)</b>
<b>Net income before income taxes (EBT)</b>	<b>376,190</b>	<b>540,795</b>	<b>(30 %)</b>
Income taxes	(125,749)	(241,822)	(48 %)
<b>Net income</b>	<b>250,442</b>	<b>298,973</b>	<b>(16 %)</b>
thereof: share of third-party associates	103,111	28,543	261 %
<b>Net income in regard to associates of the corporation</b>	<b>147,331</b>	<b>270,430</b>	<b>(46 %)</b>
<b>Earnings per share IAS 33</b>	<b>01.01.–31.03.2010</b>	<b>01.01.–31.03.2009</b>	
Net income in regard to associates of the corporation	147,331	270,430	
Weighted average of shares outstanding	6,593,525	6,593,525	
<b>Earnings per share (undiluted)</b>	<b>0.02</b>	<b>0.04</b>	
Weighted average of potential shares, adjusted for dilution effects	6,599,661	6,599,675	
<b>Earnings per share (diluted)</b>	<b>0.02</b>	<b>0.04</b>	

**Consolidated balance sheet** of Interhyp AG as at 31 March 2010 in EUR

**Assets**

	as at 31.03.2010	as at 31.12.2009
<b>Non-current assets</b>		
Intangible assets	161,208	209,352
Fixed assets	1,696,744	1,687,741
Receivables from commissions	895,972	638,549
Other assets	20,738,237	20,658,237
Deferred tax assets	72,423	90,408
	<b>23,564,585</b>	<b>23,284,287</b>
<b>Current assets</b>		
Receivables from commissions	10,102,806	10,019,505
Other assets	17,335,736	22,235,822
Deferred tax assets	398,631	171,287
Cash and cash equivalents	11,447,563	11,570,081
	<b>39,284,735</b>	<b>43,996,695</b>
<b>Total assets</b>	<b>62,849,320</b>	<b>67,280,982</b>

**Equity and liabilities**

	as at 31.03.2010	as at 31.12.2009
<b>Shareholders' equity</b>		
Common stock	6,593,525	6,593,525
Additional paid-in capital	32,057,877	32,053,641
Net accumulated profit	10,147,239	9,999,908
Equity in regard to associates of the corporation	<b>48,798,641</b>	<b>48,647,074</b>
Share of third-party associates	2,650,418	2,547,308
	<b>51,449,059</b>	<b>51,194,383</b>
<b>Long-term liabilities and provisions</b>		
Other provisions	220,439	219,119
Deferred tax liabilities	27,316	27,346
Other liabilities	47,624	60,188
	<b>295,379</b>	<b>306,653</b>
<b>Short-term liabilities and provisions</b>		
Trade accounts payable	1,559,432	1,882,970
Other provisions	135,800	91,900
Tax liabilities	0	636,556
Other liabilities	9,409,650	13,168,521
	<b>11,104,882</b>	<b>15,779,946</b>
<b>Total equity and liabilities</b>	<b>62,849,320</b>	<b>67,280,982</b>

**Consolidated cash flow statement** of Interhyp AG as at 31 March 2010 in EUR

	<b>01.01.–31.03.2010</b>	<b>01.01.–31.03.2009</b>
Consolidated net income in regard to associates of the corporation	147,331	270,430
Share of results of third-party associates	103,111	28,543
Income tax	(125,749)	(241,822)
<b>Earnings before income tax</b>	<b>376,190</b>	<b>540,795</b>
Adjustments:		
Amortisation and depreciation of non-current assets	292,177	435,863
Net interest income	(163,676)	(315,260)
Share of the result of investments in associates	0	23,604
Expense from the issuance of convertible bonds and stock options	4,236	50,766
Increase in receivables and other assets	4,535,704	6,884,895
Increase in provisions	45,220	(245,580)
Increase in liabilities	(4,094,974)	(4,877,671)
Income tax paid	(971,694)	(651,944)
Interest paid	(2,240)	(2,320)
<b>Net cash from operating activities</b>	<b>20,944</b>	<b>1,843,147</b>
Cash paid for investments in non-current assets	(253,036)	(108,137)
Cash paid for investments in associates	0	(23,604)
Interest received	109,574	91,629
Cash paid for fixed-term deposits	0	(5,000,000)
<b>Net cash from investing activities</b>	<b>(143,462)</b>	<b>(5,040,113)</b>
Changes in cash and cash equivalents	(122,518)	(3,196,966)
Cash and cash equivalents at the beginning of the period	11,570,081	18,086,159
<b>Cash and cash equivalents at the end of the period</b>	<b>11,447,563</b>	<b>14,889,193</b>

**Shareholders' equity** of Interhyp AG as at 31 March 2010 in EUR

	<b>Common stock</b>	<b>Additional paid-in capital</b>	<b>Net accumulated profit</b>	<b>Equity in regard to associates of the parent company</b>	<b>Share of other associates</b>	<b>Total</b>
<b>as at 01.01.2009</b>	<b>6,593,525</b>	<b>32,197,999</b>	<b>8,913,879</b>	<b>47,705,403</b>	<b>2,179,224</b>	<b>49,884,628</b>
Group result	0	0	270,430	270,430	28,543	298,973
<b>Total</b>	<b>0</b>	<b>0</b>	<b>270,430</b>	<b>270,430</b>	<b>28,543</b>	<b>298,973</b>
Expense from the issuance of convertible bonds and stock options	0	50,766	0	50,766	0	50,766
<b>as at 31.03.2009</b>	<b>6,593,525</b>	<b>32,248,765</b>	<b>9,184,309</b>	<b>48,026,599</b>	<b>2,207,767</b>	<b>50,234,366</b>
Group result	0	0	1,489,867	1,489,867	339,540	1,829,407
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,489,867</b>	<b>1,489,867</b>	<b>339,540</b>	<b>1,829,407</b>
Dividends	0	0	(674,268)	(674,268)	0	(674,268)
Expense from the issuance of convertible bonds and stock options	0	148,077	0	148,077	0	148,077
Cash settlement for stock options	0	(343,200)	0	(343,200)	0	(343,200)
<b>as at 31.12.2009</b>	<b>6,593,525</b>	<b>32,053,641</b>	<b>9,999,908</b>	<b>48,647,074</b>	<b>2,547,308</b>	<b>51,194,382</b>
Group result	0	0	147,331	147,331	103,111	250,442
<b>Total</b>	<b>0</b>	<b>0</b>	<b>147,331</b>	<b>147,331</b>	<b>103,111</b>	<b>250,442</b>
Expense from the issuance of convertible bonds and stock options	0	4,236	0	4,236	0	4,236
<b>as at 31.03.2010</b>	<b>6,593,525</b>	<b>32,057,877</b>	<b>10,147,239</b>	<b>48,798,641</b>	<b>2,650,418</b>	<b>51,449,059</b>

# Explanations to the interim consolidated financial statements

## General information

The abbreviated interim consolidated financial statements for the period from 1 January to 31 March 2010 were released for publication on 11 May 2010 by resolution of the Management Board.

### General information

The abbreviated interim consolidated financial statements were compiled in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The provisions contained in IAS 34 Interim Reporting were applied. The interim consolidated financial statements at 31 March 2010 are therefore to be read in connection with the consolidated financial statements at 31 December 2009.

### Accounting policies

The accounting and consolidated financial statements at 31 March 2010 are unchanged from the consolidated financial statements at 31 December 2009 with the exception of the amended and new standards and interpretations which are to be applied for the first time for reporting periods beginning on or after 1 January 2010. Application of the amended and new standards and interpretations which must be applied for the first time for reporting periods beginning on or after 1 January 2010 had no effect on the Group's earnings and financial position. The interim consolidated financial statements have been drawn up in euros. The income statement has been prepared in the total expenditure format.

### Group of consolidated companies

There were no changes in the group of consolidated companies in the period under review.

### Estimates and assumptions

Preparation of the interim consolidated financial statements requires estimates and assumptions to be made which affect the amount and disclosure of reported assets and liabilities, earnings and expenses and any contingent liabilities. Actual amounts may differ from these estimates.

No changes occurred compared with the figures at 31 December 2009.

### Seasonal influences on business activity

Due to the nature of the Group's business, the net assets, financial position and operating results of the Group are not subject to seasonal influences except for the rise in proceeds from special commissions over the course of the year upon reaching predefined mortgage volumes.

## Earnings per share

Per-share earnings were calculated according to IAS 33. The undiluted result per share is calculated as consolidated profit in relation to the shareholders of the parent company, divided by the average number of ordinary shares in circulation during the reporting period. To calculate the diluted earnings per share, the potential number of ordinary shares is added to the average number of shares in circulation during the reporting period.

There was no change in the number of shares in circulation in the period from 1 January 2010 to 31 March 2010.

## Consolidated income statement

### Revenues

Revenues comprise fees charged to contractual partners for services rendered in conjunction with normal business activities, less reductions in proceeds and cancellation charges.

### Other operating expenses

Other operating expenses are shown in the table below

Other operating expenses in EUR thousand		
	Q1 2010	Q1 2009
Marketing	2,669	2,985
Office and administrative expenses	1,235	1,288
External programming	159	221
Recruiting costs	109	34
Legal and professional fees	147	46
Other	673	738
<b>Total</b>	<b>4,993</b>	<b>5,312</b>

### Net interest income

Interest income contains income on fixed-term deposits and the current bank account.

### Income tax

The tax result is comprised of actual taxes in the amount of EUR 108 thousand (comparable prior-year period: EUR 212 thousand) and deferred taxes of EUR 18 thousand (comparable prior-year period: EUR 30 thousand).

## Balance sheet information

### Investments

Investments more than doubled from EUR 108 thousand to EUR 253 thousand. Most of the investments were accounted for by IT security equipment.

### Shares of other shareholders

In the first three months of the financial year, the share of minority shareholder "MLP Finanzdienstleistungen AG" in the result of the Group company "MLP Hyp GmbH" came to EUR 103 thousand (previous year: EUR 29 thousand).

### Treasury stock

At the Annual General Shareholders' Meeting on 29 May 2009, the company was authorised to acquire proprietary shares amounting to as much as 10% of the share capital of EUR 6,593,520.00 from the day of the Shareholders' Meeting until 28 November 2010. The authorisation has not yet been utilised.

### Other provisions and other liabilities

Other provisions include a calculated deduction for any cancellations of already brokered mortgage contracts.

Other liabilities contain mainly items in respect of outstanding invoices, staff sales commissions, special bonuses for sub-brokers and provision for holidays not taken.

## Cash flow statement information

Cash flow from investment activities (expense of EUR 143 thousand, prior-year period: expense of 5,040 thousand) in the previous year reflected mainly fixed-term deposits with a term of over one year amounting to EUR 5 million.

## Segment reporting

Individual interim financial statement data are broken down according to business segment since the risks and the Group's return on equity are influenced by differences in the services provided. The business segments are structured and managed independently of each other in accordance with the type of service offered. The two main segments of the Interhyp Group are the Direct Channel and the Intermediary Channel.

### Segmentberichterstattung in TEUR

	<b>Direct Channel 01.01.– 31.03.2010</b>	<b>Intermediary Channel 01.01.– 31.03.2010</b>	<b>Group 01.01.– 31.03.2010</b>
Revenues	10,109	6,963	17,072
Net revenues	9,990	3,597	13,587
Earnings before interest and taxes	(639)	851	213

	<b>Direct Channel 01.01.– 31.03.2009</b>	<b>Intermediary Channel 01.01.– 31.03.2009</b>	<b>Group 01.01.– 31.03.2009</b>
Revenues	8,928	6,773	15,701
Net revenues	8,928	4,332	13,260
Earnings before interest and taxes	(616)	865	249

## Further disclosures

### Major changes in risks

No major changes in risks occurred in the period from under review compared with the risks described in the consolidated financial statements at 31 December 2009.

### Transactions with related parties

The controlling parent company is ING Groep N.V. in whose consolidated financial statements Interhyp AG is included.

### in EUR thousand

	<b>Q1 2010</b>	<b>Q1 2009</b>
Services for related companies and persons of the parent company	7,697	6,447
Interest income of related companies and persons of the parent company	102	5
Receivables from related companies and persons of the parent company	4,573	5,141