

Results of **1st quarter 2011**

Summary

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Key figures

	Q1 2011	Q1 2010
Number of mortgages	11,274	8,958
in EUR m		
Mortgage volume	1,830.1	1,339.5
Net revenues	18.44	13.59
in EUR thousand		
Earnings before interest and taxes	1,852.7	212.5
Net income	1,392.8	250.4
Earnings per share (diluted)	0.17	0.02

Preface

Dear Shareholders,

Interhyp began the year 2011 with a very strong first quarter: 11,274 mortgages correspond to a brokered mortgage volume of EUR 1,830 billion – representing an increase in volume of 37 percent to the same prior-year quarter. Net revenues also increased substantially, namely by 36 percent to EUR 18.44 million, bringing earnings before interest and taxes (EBIT) up to EUR 1.9 million.

The dynamic development of the previous year has thus persisted. Our massive marketing presence, the expansion of existing regional offices, and the addition of sub-offices combined with continued brisk demand for housing have all had a positive influence on our business. On the other hand, however, interest rates are definitely rising and a shortage of appropriate housing in many locations has been noted.

Against this background we are banking on strengthening our presence in order to make Interhyp the preferred partner for residential financing.

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

General economic conditions

Overall economic development

In the first quarter of 2011 as well, growth in the BRIC countries, the debt crisis of some countries in the euro zone and problems with the economy in the U.S. impacted the global economy. All three topics are interdependent and all three contribute to the concern about higher rates of inflation around the world in future. The central banks which have a special responsibility as guardians of monetary stability, are increasingly aware of this and thus also of the ever-growing dilemma in which they find themselves.

A glance at Germany clearly demonstrates this: While Portugal had to resort to a rescue package and is suffering from unemployment of over 10 percent, debt rescheduling is being discussed for Greece and Spain is »wobbling«, Germany is heading in the direction of de-facto full employment. Subsequently the European Central Bank had to adjust its low-interest policy and raised the key interest rate to 1.25 percent. Even if this step appeared much too hesitant for developments in Germany, the ECB thus underpins the upward interest rate trend which has predominated since September 2010 which over the medium- and long-term should ensure an increase in the level of demand for mortgages.

Company development

Volume of closed mortgages increased by 37% and number of closed mortgages by 26% over comparable prior-year period

In the first quarter of 2011 the Interhyp group closed 11,274 mortgages (previous year: 8,958 mortgages). This represents an increase of 25.85%.

The volume of closed mortgages rose in the same period by as much as 36.63%. Accordingly a mortgage volume of EUR 1.83 billion (previous year: EUR 1.34 billion) was achieved in the quarter just ended.

Revenue and net revenues rise sharply

In the first quarter of 2011, Interhyp AG reported a 49.14% increase in revenues to EUR 25.46 million (previous year: EUR 17.07 million). Net revenues, meaning revenue after deduction of payments to partners in the Intermediary Channel, came to 18.44 million, up to 35.70% over net revenues for the comparable period in the previous year (EUR 13.59 million).

Development of earnings

As a result of the large volume of closed mortgages and higher revenues, EBIT also rose compared with the prior-year quarter from EUR 0.21 million to EUR 1.85 million.

The development of net income before shares of minorities showed the same trend. It rose from EUR 0.25 million to EUR 1.39 million for the quarter just ended.

Financial and assets position

The assets position remains marked by a solid financial base.

The stock of instruments of payment came to EUR 18 million EUR, plus fixed-term deposits amounting to EUR 48 million at 31 March 2011; this corresponds to around 79% of total assets. Total assets sunk slightly compared with 31 December 2010 from EUR 86.35 million to EUR 83.64 million.

Cash flow from operating activities amounted in the first three months of the year to EUR 1.6 million, EUR 21 thousand were reported for the comparable prior-year figure.

Cash flow from investing activities amounted to EUR –468 thousand in 2011, compared to EUR –143 thousand in the previous year.

Employees

Since 31 December 2010 our staff has grown by 13 (representing an increase of 2%) to a current total of 608 (prior-year quarter: 528).

In the first three month of the year the Interhyp group employed an average of 604 permanent staff members. In the corresponding prior-year period we averaged 525 employees.

Forecast report

Business outlook in 2011

By expanding our cooperation structure to over 300 banks, we have continued to improve the placement options for the mortgage requests we receive. At the same time, however, interest rates are climbing and in many locations suitable housing is at a premium. We will therefore continue to increase our presence in the market and our visibility in order to acquire further market share.

Opportunities and risks

The opportunities and risks outlined in Interhyp's annual report for 2010 remain unchanged.

Interim consolidated financial statements

Consolidated income statement of Interhyp AG as at 31 March 2011 in EUR

	01.01.– 31.03.2011	01.01.– 31.03.2010	+/-
Revenues	25,460,644	17,071,540	49 %
Cost of services purchased	7,022,975	3,484,557	>100 %
Net revenues	18,437,668	13,586,983	36 %
Personnel expenses	9,737,680	8,089,693	20 %
Other operating expenses	6,596,980	4,992,598	32 %
thereof marketing	3,639,891	2,668,886	36 %
Amortisation and depreciation	250,324	292,177	(14 %)
Earnings before interest and taxes (EBIT)	1,852,683	212,515	>100 %
Interest income	206,186	165,916	24 %
Interest expense	29,052	2,240	>100 %
Net interest income	177,134	163,676	8 %
Net income before income taxes (EBT)	2,029,818	376,190	>100 %
Income taxes	(636,986)	(125,749)	>100 %
Net income	1,392,832	250,442	>100 %
thereof: share of third-party associates	253,034	103,111	>100 %
Net income in regard to associates of the corporation	1,139,798	147,331	>100 %
Earnings per share IAS 33	01.01.– 31.03.2011	01.01.– 31.03.2010	
Net income in regard to associates of the corporation	1,139,798	147,331	
Weighted average of shares outstanding	6,593,525	6,593,525	
Earnings per share (undiluted)	0.17	0.02	
Weighted average of potential shares, adjusted for dilution effects	6,593,559	6,599,661	
Earnings per share (diluted)	0.17	0.02	

Consolidated balance sheet of Interhyp AG as at 31 March 2011 in EUR

Assets

	as at 31.03.2011	as at 31.03.2010
Non-current assets		
Intangible assets	91,358	104,318
Fixed assets	2,359,866	2,117,902
Receivables from commissions	758,356	750,310
Financial assets	16,000,000	18,000,000
Other assets	894,514	818,464
Deferred tax assets	1,461,770	1,440,831
	21,565,864	23,231,826
Current assets		
Receivables from commissions	10,775,305	15,143,100
Financial assets	32,000,000	30,000,000
Other assets	1,308,311	1,085,865
Deferred tax assets	0	0
Cash and cash equivalents	17,994,399	16,890,172
	62,078,015	63,119,136
Total assets	83,643,879	86,350,962

Equity and liabilities

	as at 31.03.2011	as at 31.03.2010
Shareholders equity		
Common stock	6,593,525	6,593,525
Additional paid-in capital	32,232,673	32,191,153
Net accumulated profit	16,639,830	15,500,032
	55,466,029	54,284,711
Share of third-party associates	3,012,445	2,759,411
	58,478,474	57,044,122
Long-term liabilities and provisions		
Other provisions	224,147	223,657
Deferred tax liabilities	25,466	35,797
Other liabilities	654,593	3,690,585
	904,207	3,950,039
Short-term liabilities and provisions		
Trade accounts payable	3,049,938	3,125,075
Other provisions	153,200	153,200
Tax liabilities	3,647,320	3,208,133
Other liabilities	12,228,302	11,475,561
Other financial liabilities	5,182,439	7,394,831
	24,261,198	25,356,801
Total equity and liabilities	83,643,879	86,350,962

Consolidated cash flow statement of Interhyp AG as at 31 March 2011 in EUR

	01.01– 31.03.2011	01.01– 31.03.2010
Consolidated net income in regard to associates of the corporation	1,139,798	147,331
Share of results of third-party associates	253,034	103,111
Income tax	(636,986)	(125,749)
Earnings before income tax	2,029,818	376,190
Adjustments:		
Amortisation and depreciation of non-current assets	250,324	292,177
Net interest income	(177,134)	(163,676)
Expense from the issuance of convertible bonds and stock options	41,520	4,236
Changes in receivables and other assets	4,255,853	4,535,704
Changes in provisions	490	45,220
Changes in liabilities	(4,599,833)	(4,094,974)
Income tax paid	(229,069)	(971,694)
Interest paid	0	(2,240)
Net cash from operating activities	1,571,969	20,944
Cash paid for investments in non-current assets	(479,327)	(253,036)
Interest received	11,586	109,574
Net cash from investing activities	(467,741)	(143,463)
Changes in cash and cash equivalents	1,104,227	(122,518)
Cash and cash equivalents at the beginning of the period	16,890,172	11,570,081
Cash and cash equivalents at the end of the period	17,994,399	11,447,563

Shareholders' equity of Interhyp AG in EUR

	Common stock	Additional paid-in capital	Net accumulated profit	Equity in regard to associates of the parent company	Share of other associates	Total
01.01.2010	6,593,525	32,053,641	9,999,908	48,647,074	2,547,308	51,194,382
Group result	0	0	147,331	147,331	103,111	250,442
Total	0	0	147,331	147,331	103,111	250,442
Expense from the issuance of convertible bonds and stock options	0	4,236	0	4,236	0	4,236
31.03.2010	6,593,525	32,057,877	10,147,239	48,798,641	2,650,418	51,449,059
Group result	0	0	4,678,525	4,678,525	1,151,344	5,829,869
Total	0	0	4,678,525	4,678,525	1,151,344	5,829,869
Classification to »dividends to minorities«			674,268	674,268	(674,268)	0
Dividends	0	0	0	0	(368,083)	(368,083)
Expense from the issuance of convertible bonds and stock options	0	133,276	0	133,276	0	133,276
31.12.2010	6,593,525	32,191,153	15,500,032	54,284,711	2,759,411	57,044,122
Group result			1,139,798	1,139,798	253,034	1,392,832
Total	0	0	1,139,798	1,139,798	253,034	1,392,832
Expense from the issuance of convertible bonds and stock options	0	41,520	0	41,520	0	41,520
31.03.2011	6,593,525	32,232,673	16,639,830	55,466,029	3,012,445	58,478,474

Notes to the interim consolidated financial statements

General information

The abridged interim consolidated financial statements for the period from 1 January to 31 March 2011 were released for publication on 4 Mai 2011 by resolution of the Management Board.

General information

The abridged interim financial statements have been prepared in accordance with the International financial Reporting Standards (IFRS) as adopted by the European Union. International Accounting Standard (IAS) 34, »Interim Financial Reporting« has been applied. The interim financial statements at 31 March 2011 should be read in connection with the consolidated financial statements at 31 December 2010.

Accounting policies

The accounting policies contained in the consolidated financial statements at 31 March 2011 are unchanged from the consolidated financial statements at 31 December 2010, with the exception of the amended and new standards and interpretations which are to be applied for the first time beginning on or after 1 January 2011. The interim consolidated financial statements have been drawn up in euros. The income statement has been prepared in the total expenditure format.

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.

The number of shares in circulation did not change in the period from 1 January 2011 to 30 March 2011.

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 opposite.

Other operating expenses in EUR thousand		
	01.01.–31.03.2011	01.01.–31.03.2010
Marketing	3,640	2,669
Office and administrative expenses	1,402	1,235
External programming	168	159
Recruiting costs	385	109
Legal and professional fees	62	147
Other	939	673
Total	6,597	4,993

Net interest income

Net interest income contains income on fixed-term deposits and interest from the current bank account.

Income tax

The Group tax rate sunk slightly compared with the same prior-year period. This was due to higher operating result (EBIT) while the share of non-deductible expenses remained more or less constant.

The tax result is comprised of actual taxes in the amount of EUR 668 thousand (comparable prior-year period: EUR 108 thousand) and from deferred taxes of minus EUR 31 thousand (comparable prior-year period: EUR 18 thousand).

Balance sheet information

Investments

Investments in non-current assets rose from EUR 253 thousand to EUR 479 thousand. Most of the investments were accounted for by IT equipment.

Shares of other shareholders

The share of the minority shareholder »MLP Finanzdienstleistungen AG« in the result of the Group company »MLP Hyp GmbH« came to EUR 253 thousand (previous year: EUR 103 thousand).

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.

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.

Segment reporting in EUR thousand

	Direct Channel 01.01.– 31.03.2011	Intermediary Channel 01.01.– 31.03.2011	Group 01.01.– 31.03.2011
Revenues	13,210	12,250	25,461
Net revenues	12,825	5,613	18,438

	Direct Channel 01.01.– 31.03.2010	Intermediary Channel 01.01.– 31.03.2010	Group 01.01.– 31.03.2010
Revenues	10,109	6,963	17,072
Net revenues	9,990	3,597	13,587

Further disclosures

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		
	3M 2011	3M 2010
Services for related companies and persons of the parent company	10,537	7,697
Interest income of related companies and persons of the parent company	60	102
Liabilities from related companies and persons of the parent company	136	36
Receivables from related companies and persons of the parent company	3,214	4,573