

Old-age provision

Standard of living Interest rate

clarified.

Life expectancy

Pension

MLP key figures – multi-year overview

All figures in € million	2013	2012 ¹	2011 ¹	2010 ¹	2009	2008	2007	2006
Continuing operations								
Total revenue	501.1	568.0	545.5	522.6	532.1	595.2	629.8	588.5
Revenue	480.5	544.6	526.7	497.3	503.8	552.3	588.2	554.2
Other revenue	20.6	23.5	18.8	25.3	28.4	42.9	41.6	34.4
Operating EBIT (before one-off exceptional costs)	32.8	73.9	50.7	47.0	42.2	56.2	113.9	95.1
Earnings before interest and tax (EBIT)	32.8	73.9	17.3	47.0	42.2	56.2	113.9	95.1
EBIT-Margin (%)	6.5 %	13.0 %	3.2 %	9.0 %	7.9 %	9.4 %	18.1 %	16.2 %
Earnings from continuing operations	25.5	52.9	11.2	34.1	27.2	30.7	77.5	76.5
Earnings per share (diluted) in €	0.24	0.49	0.10	0.32	0.25	0.30	0.77	0.73
MLP Group								
Net profit (total)	25.5	52.9	11.5	34.1	15.8	24.6	62.1	71.8
Earnings per share (diluted) in €	0.24	0.49	0.11	0.31	0.15	0.24	0.62	0.69 ²
Dividend per share in €	0.16 ³	0.32	0.60	0.30	0.25	0.28	0.50	0.40
Cash flow from operating activities	67.6	22.4	53.8	91.0	72.5	81.0	23.4	87.5
Capital expenditure	22.4	14.5	7.8	3.9	4.0	12.2	16.2	20.0
Shareholders' equity	374.5	384.2	399.6	421.2	410.0	425.9	339.7	324.9
Equity ratio	24.4 %	25.7 %	26.8 %	27.6 %	27.4 %	27.8 %	23.9 %	26.6 %
Balance sheet total	1,536.9	1,493.5	1,489.8	1,524.0	1,498.4	1,534.0	1,270.2	1,270.2
Clients ⁴	830,300	816,200	794,500	774,500	785,500	728,000	701,000	666,000
Consultants ⁴	1,998	2,076	2,132	2,273	2,383	2,413	2,535	2,481
Branch offices ⁴	169	174	178	192	238	241	251	246
Employees	1,559	1,524	1,584	1,672	1,900	1,986	1,819	1,558
Arranged new business⁴								
Old-age provision (premium sum in € billion)	3.6	4.8	5.2	5.0	5.1	6.6	6.8	6.8
Loans and mortgages	1,513.0	1,301.0	1,327.0	1,219.0	1,119.0	919.0	1,162.0	1,195.0
Assets under management in € billion	24.5	21.2	20.2	19.8	17.0	14.0	12.7	–

¹ Previous year's values adjusted. The adjustments are disclosed under Note 3.

² Basic

³ Subject to the approval of the Annual General Meeting on June 5, 2014

⁴ Continuing operations

MLP – The leading independent consulting company

MLP is Germany's leading independent consulting company. Supported by comprehensive research, the Group provides a holistic consulting approach that covers all economic and financial questions for private and corporate clients, as well as institutional investors. The key aspect of the consulting approach is the independence from insurance companies, banks and investment firms. The MLP Group manages total assets of around € 24.5 billion and supports more than 830,000 private and 5,000 corporate clients or employers. The financial services and wealth management consulting company was founded in 1971 and holds a banking licence.

The concept of the founders, which still remains the basis of the current business model, is to provide long-term consulting for academics and other discerning clients in the fields of provision, financial investment, health insurance, non-life insurance, loans and mortgages and banking. Private individuals with assets of over € 5 million and institutional clients benefit from extensive wealth management and consulting services as well as receiving economic forecasts and ratings provided by the subsidiaries of the Feri Group. Supported by its subsidiary TPC, MLP also provides companies within dependent consulting and conceptual services in all issues pertaining to occupational pension schemes and remuneration.

Creating more clarity

The markets presented MLP with major challenges in 2013, particularly in the field of old-age provision. Although many clients throughout the sector have already been displaying reservations about signing long-term contracts since the outbreak of the financial crisis in 2008, the framework conditions became even more difficult in the last financial year – primarily due to the ongoing low interest rate environment and the comprehensive public debates on life insurers and their products. This served to further unsettle clients and ultimately led to a significant decline in sales revenue for MLP in this field of consulting.

In our Annual Report, we are therefore addressing the most important questions and discussions in and around the topic of old-age provision – and creating clarity.

MLP is convinced that private and occupational pension provision has a positive future. Due to demographic developments and the dwindling statutory pension level, there is a massive need for these products and this need is constantly growing. At the same time, the significance of lifelong pension payments, which only insurance solutions can provide, is increasing. The field of old-age provision therefore remains a permanent and key pillar for MLP – and an important growth field for the future.

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Creating more clarity

MLP is convinced that both private and occupational pension provision have a bright future. That's why we address and clarify the major prejudices against old-age provision.

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The Executive Board



Dr. Uwe Schroeder-Wildberg
Chairman and CEO MLP AG

Strategy,
Internal audit,
Communication/Investor relations,
Marketing,
Human resources,
Legal affairs

Appointed until December 31, 2017



Manfred Bauer
Member of the Executive Board of
MLP AG

Product management

Appointed until April 30, 2015

Letter to our shareholders

Dear Shareholders,

MLP experienced a difficult year. For the first time in company history, we recorded significant declines in two core fields of business – old-age provision and health insurance – at the same time. General reservations, coupled with temporary additional burdens in our markets, had a more pronounced negative effect on our sales revenues than anticipated. Set against this background, our total revenue decreased by 11.8% to € 501.1 million in 2013 (€ 568.0 million).

It should, however, be noted that the fields of old-age provision and health insurance together represented around 90% of our commission income up to 2005. If we had maintained the same business structure, the kind of year we encountered in 2013 would have hit us very hard. Yet

in 2013, we were able to successfully compensate for significant portions of the decrease in revenue through other business segments. At the same time, we still managed to record substantial profits on the basis of our successful cost management policy. Although we are not satisfied with this, it does show that we have a tight rein on those things we can directly influence. The one thing we cannot influence is our environment.

The downturns in the fields of old-age provision and health insurance are developments affecting the whole industry, and market conditions took another significant turn for the worse in 2013. Nobody is immune to these effects – and this is also true for MLP. The first half of the year for the insurance segments was largely characterised by the introduction of the new unisex tariffs. This led to rather modest business development, particularly in the first six months, as consultants throughout the sector first had to familiarise themselves with the new product world. In addition to this, the reservations that we have been encountering for years among clients when it comes to signing long-term contracts in the field of old-age provision were made significantly more acute by the ongoing low interest rate environment. An unprecedented level of public discussions on life insurance products also contributed to this. The “wait and see” attitude



Reinhard Loose
Member of the Executive Board of
MLP AG

Controlling,
IT and Purchasing,
Accounting,
Risk management

Appointed until January 31, 2019



Muhyddin Suleiman
Member of the Executive Board of
MLP AG

Sales

Until March 31, 2014

of many clients in the field of health insurance was primarily stimulated by the discussions on potential introduction of a so-called “citizens’ insurance” and thereby the possible end of comprehensive private insurance.

At the same time, MLP witnessed several very positive developments in the reporting year. We recorded new highs in the field of wealth management and also the field of loans and mortgages. At the same time we enjoyed significant gains in the field of non-life insurance. This represents excellent performance on the part of our consultants and employees. It also shows that our strategic further development towards establishing a broader revenue basis was the right decision and offers us key advantages, particularly in this environment.

In terms of cost control, too, we have continued the successful development of the last few years. Having reduced administration costs by around € 60 million between 2008 and 2012, we had anticipated an increase of around € 8 million for 2013 due to one-off capital expenditure of the same amount. However, we actually succeeded in compensating for the additional capital expenditure through a strict system of cost management in other places – and were even able to further reduce costs slightly. Yet despite this, earnings

before interest and tax (EBIT) decreased significantly to € 32.8 million (€ 73.9 million) due to the declines in sales revenue in the fields of old-age provision and health insurance. Net profit decreased to € 25.5million (€ 52.9 million).

In the light of the business development, the Executive Board and Supervisory Board will therefore propose a dividend of € 0.16 per share (€ 0.32) to the Annual General Meeting. With a pay-out ratio of 68%, we are within the announced range of between 60% and 70%. MLP will use the remaining net profit for the period to maintain a good level of capitalisation in order to meet the new regulatory requirements. We are also planning comprehensive investments in technology and are set to become significantly more active in the field of acquisitions. With our proposed dividend, we therefore strike a good balance between allowing our shareholders to participate in our profits and further strengthening our company.

2013 was not just a year of difficult markets – but also a year in which we pushed forward a whole range of targeted initiatives to improve our operating performance. For example, we now offer alternative entry models for new consultants in the form of trainee programmes and combined degree programmes to help young people launch an exciting

career in this segment. For the first time ever, these grant applicants are now given the opportunity to experience MLP first-hand before deciding on a career as a self-employed consultant. Based on experience, we know that most candidates who get to know our company are impressed by our business model and corporate culture. Establishing new offices in the university segment is closely linked to the innovations in the field of recruiting. We are keen to make even more effective use of the massive potential associated with the increased number of students. To further support our consultants, we also established the MLPdialog service centre in 2013. This centre is responsible for handling tasks such as scheduling customer meetings and processing standardised existing business. This improved segregation of duties provides our consultants with even greater freedom. Our new consulting application, which we developed in 2013, also pursues this objective.

As these four examples show, we once again played an active part in shaping our own future in 2013. We will continue along this path in future. Despite the difficult environment, MLP continues to pursue the objective of achieving increases in sales revenues and earnings again in the future. The Executive Board therefore launched a comprehensive initiative with the following four strategic objectives: to further broaden the company's revenue basis, to consistently implement a digitalisation strategy, to build on its technological leadership and to win new consultants.

The concrete measures include the option for MLP consultants to offer – when requested by clients – property to a broad base of clients for their own use or for use by third

parties. Quality assurance is performed by the subsidiary FERI EuroRating Services here. Building on the successful development of the last few years, MLP will also extend its business with corporate clients by a visible expertise in the field of non-life insurance. Further expansion of the real asset portfolio offered is also planned at our subsidiary FERI. Acquisitions are examined both at FERI and in the business with corporate clients. Within the scope of the digitalisation strategy, MLP is planning to expand its Internet presence in future as a way of winning more clients in the university segment. The option to use online approval procedures for basic banking and insurance solutions is also in planning. In the field of recruiting, MLP will consistently continue along the path taken in 2013 to offer new entry models for consultants while opening new offices at selected locations in the university segment. All of these measures will be supported by an ongoing efficiency management.

Dear shareholders, having facilitated significant further development at MLP in the last few years with expansion of wealth management activities and establishment of the occupational pension provision segment, we are now looking to build on this basis – and will further accelerate the transformation. The aim is to shield MLP even more effectively from short-term market influences.

In the financial year 2014, MLP will continue to keep a tight rein on administration costs, although – as was the case in 2013 – it will still accrue temporary expenses of around € 6 million within the scope of the growth initiative. Including this figure, MLP anticipates total administration costs of approximately € 255 million.

On the revenue side, 2013 clearly showed that negative market developments, and the uncertainties regarding further operating developments associated with this, increased significantly. This also increases volatility and makes it very difficult to submit a concrete forecast. In the most likely scenario, MLP expects the framework conditions in the old-age provision and health insurance segments to relax slightly in 2014. Additional revenue potential from the real estate business, as well as the absence of negative impacts caused by the introduction of unisex tariffs will also help in this regard. In this most likely scenario, MLP anticipates generating EBIT of around € 65 million and is therefore at the lower end of the planned corridor of between € 65 and € 78 million.

The ongoing, in some cases highly critical, public discussions regarding potential further reduction of the guaranteed interest rate for life and pension insurance policies represent another risk factor for the further development. Should this motivate clients to react with similar reservations as in 2013, MLP would anticipate generating EBIT of at least € 50 million in a lower scenario. On the other hand, should the environment improve more significantly than currently anticipated, an increase in EBIT to up to € 75 million is conceivable in the upper scenario.

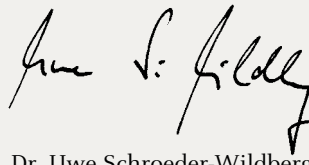
With this outlook, we not only clearly express the increased risks in our environment, but also underline the fact that MLP intends to once again record significant growth in 2014.

We would be delighted if you – our shareholders – would continue to accompany us on this journey. I would like to

express my sincere thanks, also on behalf of my colleagues on the Executive Board, for the trust you showed in our company in the last financial year.

I would also like to take this opportunity to thank all MLP consultants and employees in the Group for their excellent commitment in this difficult environment. They form the basis for the successful further development enjoyed by MLP in the last few years – and for the successes of the future.

Yours sincerely,



Dr. Uwe Schroeder-Wildberg

In the last few months, we have seen intensive discussions as to whether life insurers are stable and capable of meeting their commitments in the long term. The historically low interest rate has provided the background to these discussions.

Fact

Yes! There are no concrete pointers to indicate that guaranteed commitments can no longer be maintained. Due to its solid position and basis, the insurance industry made it through the financial crisis very well. For example, a comprehensive survey performed

»Are life and pension insurance policies safe?«

Advantage

To filter out the best offers, MLP employs an extensive partner and product selection process, which involves thoroughly testing insurers and their products. The strength of a company's balance sheet, for example, plays an important part. As a result, MLP consultants can rely on a well-assured portfolio of providers.



Fact

Yes! There are no concrete pointers to indicate that guaranteed commitments can no longer be maintained. Due to its solid position and basis, the insurance industry made it through the financial crisis very well. For example, a comprehensive survey performed by ratings agency Assekurata, which specialises in assessing the quality of insurance companies, shows that insurers are capable of meeting their commitments, even with a ten year period of low interest rates. The Federal Financial Supervisory Authority also believes that life insurers and pension schemes will be able to meet their service commitments in the short term and mid term. In the current environment, however, we are starting to see greater differences between strong and weak insurance providers. This makes it all the more important to perform an in-depth examination of the companies and their products.



In the last few months, we have seen interest in whether life insurers are stable and capable of meeting their commitments in the long term. The historical low interest rate has provided the background for these discussions.

The Supervisory Board



Dr. Peter Lütke-Bornefeld
Chairman

Elected until 2018



Dr. h. c. Manfred Lautenschläger
Vice Chairman

Elected until 2018



Alexander Beer
Employees' Representative

Elected until 2018

Report by the Supervisory Board

In the financial year 2013, the Supervisory Board invested much time and effort in dealing with the development of the company and performed its duties of supervision in their entirety. It regularly advised and monitored the Executive Board in its management of the company.

During the course of the last financial year, the Supervisory Board paid particular attention to the economic development, financial situation, prospects and further strategy of the company, and supported the Executive Board in this regard. Its work in the financial year 2013 focused in particular on supporting the Executive Board in the strategic development of the company, implementing further measures to increase efficiency, improving the company's opportunity and risk position and representing the company in the context of claims asserted by former shareholders in FERI AG, as well as implementing negative declaratory relief initiated by the company to defend itself against these claims.

The Supervisory and Executive Boards met regularly in the reporting year for discussions and joint consultations regarding business development, strategy and key events within the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Executive Board regularly provided the Supervisory Board with written and oral reports in a timely and comprehensive manner on all relevant issues related to corporate planning, strategic development, the business situation and the position and overall development of the Group as a whole, including the risk situation, risk management, risk-bearing ability and compliance. The Supervisory Board was able to confirm the correctness of the company management by the Executive Board. In 2013, the Executive Board also reported to and advised the Supervisory Board on the content and anticipated effects of legislative or regulatory proposals at national German or EU level, such as Basel III or the Act on Promoting and Regulating Fee-Based Advice on Financial Instruments ("Honoraranlageberatungsgesetz").

The Supervisory Board held five regular meetings and one constitutive meeting in the financial year 2013 which were attended by all members in person. The Supervisory Board was also informed by the Executive Board of particularly important or urgent projects outside of the regular meetings.



Dr. Claus-Michael Dill

Elected until 2018



Johannes Maret

Elected until 2018

Burkhard Schlingermann
Employees' Representative

Elected until 2018

Where necessary, Supervisory Board resolutions were also passed as circular resolutions.

In addition to this, one constitutive meeting of the Personnel Committee, one regular meeting and one constitutive meeting of the Audit Committee and one constitutive meeting of the Nomination Committee were held, which were each attended by all respective committee members.

Furthermore, the Chairman of the Supervisory Board met with the Chairman of the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board regularly informed the other members about the content of these meetings with the Executive Board.

Supervisory Board meetings and important resolutions

Following preparations in the meeting of the Audit Committee, the Supervisory Board meeting on March 21, 2013 focused on the audit and approval of the financial statements and the consolidated financial statements as of December 31, 2012. The auditors participated in the meeting and gave detailed reports on the course and outcome of their audit of the financial statements and the consolidated financial statements. Following in-depth discussion, the

Supervisory Board approved both the financial statements and the consolidated financial statements as of December 31, 2012. In addition to this, the Supervisory Board approved the proposed resolutions for the company's Regular Annual General Meeting. In the March meeting, motions passed included the extension of the employment contract of Mr. Reinhard Loose and his reappointment as member of the Executive Board for five further years – i.e. until January 31, 2019.

The regular Supervisory Board meeting on May 14, 2013 focused primarily on discussing the results and business development from the first quarter of 2013. As required by the German Stock Corporation Act and the German Corporate Governance Code, the Supervisory Board also reviewed the appropriateness of Executive Board remuneration.

Following the appointment of Dr. Peter Lütke-Bornefeld, Dr. h. c. Manfred Lautenschläger, Dr. Claus-Michael Dill and Mr. Johannes Maret, as well as the employees of the MLP Group with voting rights, Mr. Burkhard Schlingermann and Mr. Alexander, as members of the Supervisory Board at the Regular Annual General Meeting of MLP AG on June 6, 2013, the constitutive Supervisory Board meeting was held on the same day. In this meeting, Dr. Peter Lütke-Bornefeld was

elected as Chairman and Dr. h. c. Manfred Lautenschläger was elected as Vice Chairman of the Supervisory Board.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit and risk controlling (including report on the notion of materiality, risk strategy and risk-bearing capacity concept) were all on the agenda of the regular Supervisory Board meeting on August 12, 2013.

The November meeting focused on the business results of the third quarter and the first nine months of the current financial year.

At the meeting on December 12, 2013, discussions focused on the resolution regarding the Declaration of Compliance as per § 161 of the German Stock Corporation Act ("Aktiengesetz"), alongside adherence to the regulations of the German Corporate Governance Code (GCGC). Extensive reporting was provided on the corporate governance process and the current Declaration of Compliance. Furthermore, the Supervisory Board addressed in detail and approved the strategy and budget of both the Group and the company for the financial year 2014.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2013.

The Personnel Committee convened once in the reporting period. The purpose of the meeting was to establish the Personnel Committee, to which Dr. Peter Lütke-Bornefeld (Chairman of the Personnel Committee), Dr. h. c. Manfred Lautenschläger, Mr. Johannes Maret and Mr. Burkhard Schlingermann now belong.

The Audit Committee held one regular meeting in the financial year 2013. Representatives of the audit firm also took part in the meeting, providing the committee with detailed reports. In the presence of the auditors, the Chairman of the Executive Board and the Chief Financial Officer, the Audit Committee discussed the financial statements of MLP AG and the MLP Group as well as the proposed appropriation of earnings. Furthermore, the relationship to the auditor, proposals for selecting the auditor, auditor fees, audit assignment and monitoring of the auditor's independence were the subject of detailed consultations. The Audit Committee received regular reports on the work of the Internal Audit and of the Compliance and Risk Management department and was informed on legal and regulatory risks and risks to reputation. In addition to this, the Audit Committee also held its constitutive meeting. This Committee now

comprises Dr. Claus-Michael Dill (Chairman of the Audit Committee), Dr. h. c. Manfred Lautenschläger, Dr. Peter Lütke-Bornefeld and Mr. Alexander Beer.

The Nomination Committee did not hold any regular meetings in the financial year 2013, as the election nominations for the shareholder representatives to be newly elected to the Supervisory Board had already been drawn up during the plenary meeting of the Supervisory Board in December 2012. However, the Nomination Committee did hold its constitutive meeting in 2013. This Committee now comprises Dr. Peter Lütke-Bornefeld (Chairman of the Nomination Committee), Dr. h. c. Manfred Lautenschläger, Mr. Johannes Maret and Dr. Claus-Michael Dill.

Corporate governance

The Supervisory Board regularly deals with the application of the corporate governance principles.

Last year, the Supervisory Board dedicated its meeting on December 12, 2013 in particular to in-depth discussions on the amendments to the German Corporate Governance Code in the version of May 13, 2013.

In the meeting held on December 12, 2013, the Supervisory Board examined the efficiency of its actions based on an evaluation form made available to the members of the Supervisory Board in good time prior to the meeting. The Supervisory Board also discussed procedures in the Supervisory Board, the information flow between the Committees and the Supervisory Board, and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board on this occasion. Measures aimed at increasing efficiency were analysed.

At the same meeting, MLP AG's Supervisory Board also assured itself that the company had met the recommendations of the German Corporate Governance Code in line with its Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act ("Aktiengesetz") in the last financial year and will in future continue to comply strictly with the recommendations of the Government Commission on the German Corporate Governance Code (version dated May 13, 2013). In December, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act ("Aktiengesetz") for the financial year 2013 and made it permanently available to the shareholders via its website.

No conflicts of interest arose in the reporting period. A summary of corporate governance at MLP, including the Declaration of Compliance from December 12, 2013, can be

found in the Executive and Supervisory Board's corporate governance report. All relevant information is also available on our homepage at www.mlp-ag.com.

Audit of the annual financial statements and consolidated financial statements for 2013

The financial statements and the joint management report of MLP AG as of December 31, 2013 have been compiled by the Executive Board pursuant to the German Commercial Code ("Handelsgesetzbuch"). The consolidated financial statements and the joint management report as of December 31, 2013 were drafted as per § 315a of the German Commercial Code ("Handelsgesetzbuch") in line with international financial reporting standards (IFRS) as applied in the EU. As of December 31, 2013, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin audited the financial statements and joint management report of MLP AG in accordance with the principles of commercial law, as well as the Group financial statements and joint management report in accordance with the principles of IFRS, issuing an unqualified auditor's opinion in each case. The auditor performed the audit in compliance with the basic principles of sound auditing practices determined by the German Institute of Auditors.

The financial statements, together with the joint management report, the auditor's reports and the Executive Board's proposal for use of the unappropriated profit were made available to all Supervisory Board members in good time.

The Audit Committee of the Supervisory Board examined these documents in detail and reported to the Supervisory Board on its audit. The auditor also reported on the key results of the audit and on the fact that there are no significant weaknesses in either the internal monitoring system or the risk management system. The Audit Committee also examined the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management and auditing systems, as well as the relationship to the auditor, the proposals for selection of the auditor, the auditor's remuneration, the audit assignment and monitoring of the auditor's independence, as well as the additional services performed by the auditor. The Supervisory Board also checked and discussed the documentation and reports in detail. In the presence of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, which reported on the key findings of its audit, the audit reports were examined in detail in the Supervisory Board meeting held on March 20, 2014. At this meeting, the Executive Board explained the financial statements of MLP AG and of the Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management system, audit system and of the compliance, as well as giving detailed reports on the scope, focuses and costs of the audit.


The Supervisory Board concurred with the outcome of the auditor's audit and, on the basis of the final outcome of the Audit Committee's audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting on March 20, 2014, the Supervisory Board approved the annual financial statements and the MLP AG joint management report, as well as the consolidated financial statements and the joint management report prepared by the Executive Board in accordance with IFRS. The annual financial statements are therefore adopted.

After performing its own examinations, the Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of € 0.16 per share for the financial year 2013. The equity capital and liquidity situation, future regulatory requirements and the company's budget, as well as the shareholders' interest in an appropriate dividend were included and weighed up against one another in its considerations.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies, as well as all employees and consultants of the MLP Group for their exemplary personal commitment and achievements in the financial year 2013. The Supervisory Board would also like to thank Ms. Maria Bähr and Mr. Norbert Kohler, the two employees' representatives who stood down in June 2013, for their trusting cooperation over the years.

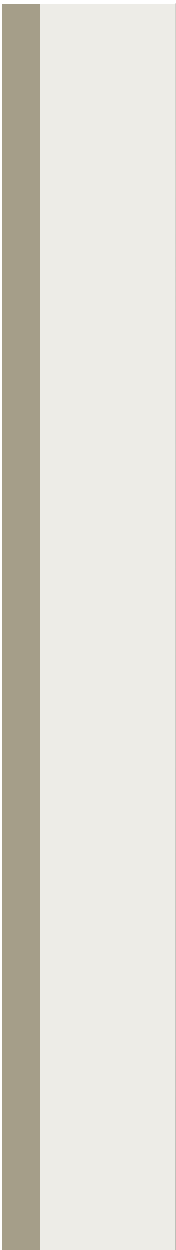
Wiesloch, March 2014

The Supervisory Board

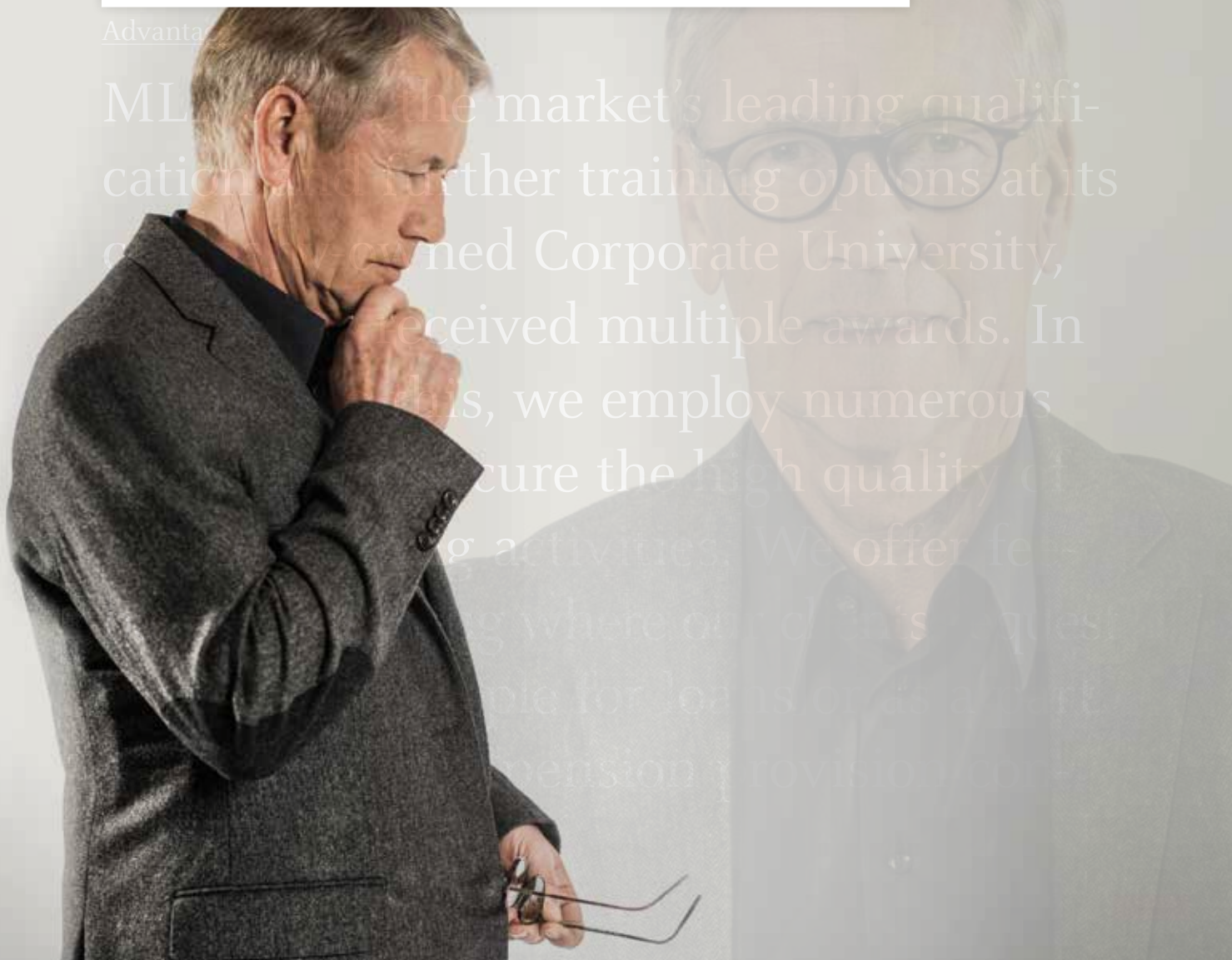


Dr. Peter Lütke-Bornefeld
Chairman

In the course of the discussions concerning a better and stronger investor protection, among others, consumer protection agencies are advocating an increase in fee-based consulting.



»Does fee-based consulting offer clients better solutions?«



Fact

No! The type of remuneration in other words, there are

Advanta

ML the market's leading qualification and further training options at its own in-house Corporate University, received multiple awards. In addition, we employ numerous experts to ensure the high quality of our consulting activities. We offer fee-based consulting where our clients request it, as a partner for loans or as a part of a pension provision contract.

Fact

No! The type of remuneration has little to do with the quality of consulting provided. In other words: Just as there are bad fee-based consultants, unfortunately there are also bad consultants who are paid in commission. The key issues in terms of consulting quality are transparency, consultant training and sound product selection. In addition to this, there has traditionally been a general lack of willingness to pay for fee-based consulting in many fields, especially in the insurance sector.



In the... concerns concerning a better and stronger
in... ers, consumer protection agencies
... based consulting.

Advantage

MLP offers the market's leading qualification and further training options at its company-owned Corporate University, which has received multiple awards. In addition to this, we employ numerous measures to secure the high quality of our consulting activities. We offer fee-based consulting where our clients request this – for example for loans or as a part of occupational pension provision concepts.

Joint Management Report

In addition to the MLP Group, the following joint management report also encompasses MLP AG in accordance with § 315 (3) in connection with § 298 (3) of the German Commercial Code (“Handelsgesetzbuch”). In addition to this, the management report was adapted to the new requirements of the German Accounting Standards (DRS) 20.

The values disclosed in the following have been rounded to one decimal place. As a result, differences to reported total amounts may arise when adding up the individual values.

The Previous year’s values of the consolidated income statement and the consolidated balance sheet have been adapted and are disclosed accordingly in the following tables. Information on this is provided in Note 3.

FUNDAMENTAL PRINCIPLES OF THE GROUP

Business model

MLP – The leading independent consulting firm

Diversified financial and
investment adviser

MLP is Germany’s leading independent consulting firm. Supported by comprehensive research, the Group provides a holistic consulting approach that covers all financial questions for private and corporate clients, as well as institutional investors. The key pillar of the consulting approach is its independence from insurance companies, banks and investment firms.



Diversified business model

Since we were founded in 1971, we have pursued a clear corporate strategy: to provide academics and other discerning clients with long-term, holistic, independent financial and investment consulting services, covering all aspects of old-age provision, wealth management, health insurance, general insurance, financing and banking. MLP has been listed on the stock exchange since 1988.

Our objective when advising clients is to establish long-term relationships and focus primarily on our clients and their individual requirements. Every MLP consultant specialises in a certain academic professional group and therefore has a precise understanding of the individual questions and objectives associated with that particular group. Our clients mainly include economists, physicians, dentists, pharmacists, architects, tax advisers, auditors, solicitors, engineers, IT specialists and scientists.

Focus on discerning clients

FERI caters to private individuals with assets of more than € 5 million and institutional clients, offering services in three business segments: Rating & Research, Investment Management and Institutional & Family Office. FERI offers a broad spectrum of wealth management services in the investment management business segment – from development of tailor-made investment strategies and their implementation through to regular risk management and control. Highly diversified portfolio concepts, systematically utilising alternative asset classes are characteristic. In terms of consulting, FERI also offers asset structuring concepts and asset controlling, as well as the selection of asset managers or special service providers. FERI EuroRating Services AG has been observing and analysing capital markets, investment concepts and asset managers for decades. With its independent ratings and analyses, it provides an important foundation for wealth management throughout the Group. As fund administrator, FERI Trust (Luxembourg) S.A. coordinates the entire fund structuring and fund floating process. A new joint venture, which was newly founded in the reporting year to focus on US real estate, is also set to grant wealthy private clients and institutional investors targeted access to the US real estate market.

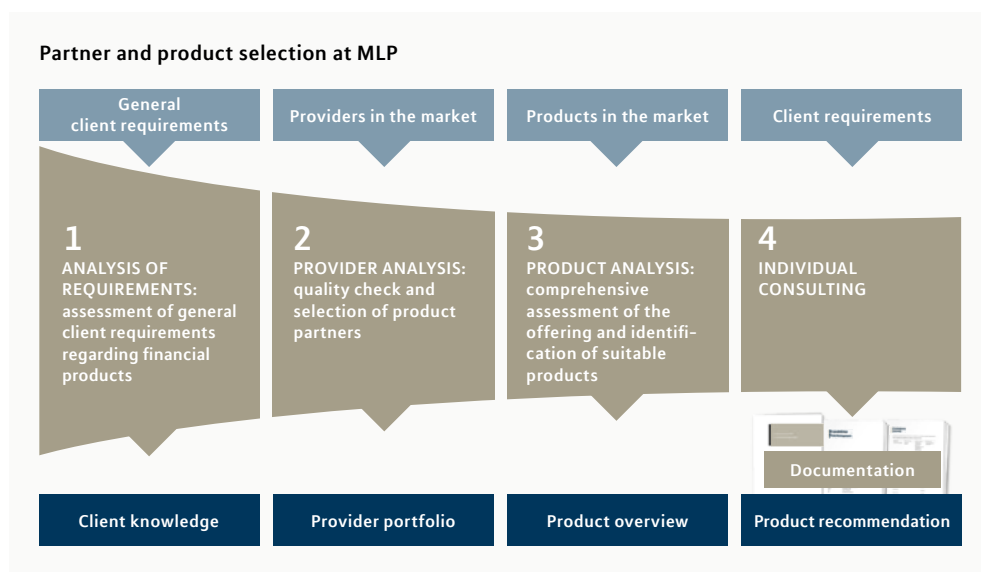
Wealth management with independent research, as well as ratings services through the FERI Group

Supported by its subsidiary TPC GmbH, MLP offers companies, corporate groups and associations independent consulting services, covering all aspects of occupational pension provision and remuneration. Companies benefit from a full portfolio of services – ranging from needs analyses, individual concept development and implementation, right through to continuous inspection and adjustment of existing occupational old-age provision systems. A key focus is on providing consulting services to small and medium-sized companies from various sectors, as well as employer consulting services to tax advisers, auditors, solicitors, physicians and architects.

Industry concepts in the field of occupational pension provision

MLP places great emphasis on the use of objective and transparent criteria when independently selecting partners and products. After analysing general client needs and requirements of specific target groups, we first check the quality of providers in the market. A great deal of information flows into the partner selection process, including external assessments from independent ratings institutes such as Assekurata. MLP evaluates insurance companies with regard to their balance sheet KPIs, the strength of their equity base, the quality of their business relations and their market share. Beside this, the service quality of product partners is another important criterion. In the reporting year, MLP therefore chose to survey more than 1,700 consultants on the service quality of just under 50 insurers within the scope of its Service Awards. This was the eighth year in succession that MLP has done this. The selection of partners is followed by an in-depth product analysis. Face-to-face consulting is then performed on the basis of the individual needs analysis of our clients, which ultimately leads to a product recommendation.

Transparent partner and product selection process



Risk-return profile in the field of old-age provision

Back in 2009, we worked together with the Institute for Financial and Actuarial Sciences (ifa) at the University of Ulm to develop and then implement an innovative method of comparison (risk-return profiles) which allows old-age provision products to be assigned to various risk classes with the aim of increasing transparency in the field of old-age provision. Using this approach, MLP has already started implementing measures that the German government will, among other things, in future require as the basis for the product information sheets to be introduced within the scope of the Old-Age Provision Reform Act (“Altersvorsorge-Verbesserungsgesetz”).

Independent ratings in the field of investment consulting

When selecting high-grade investment opportunities, MLP can rely on the many years of expertise and experience held by FERI EuroRating Services AG. This subsidiary has been observing and analysing capital markets, investment concepts and asset managers for decades. With its independent ratings and analyses, it provides an important foundation for investment consulting in the Group.

Top priority for qualifications and further training

To be able to guarantee sustainably high quality consulting services, the qualifications and further training of MLP consultants take top priority within our business model. You can find further information on qualifications and further training at MLP in the “Goals and strategies” chapter.

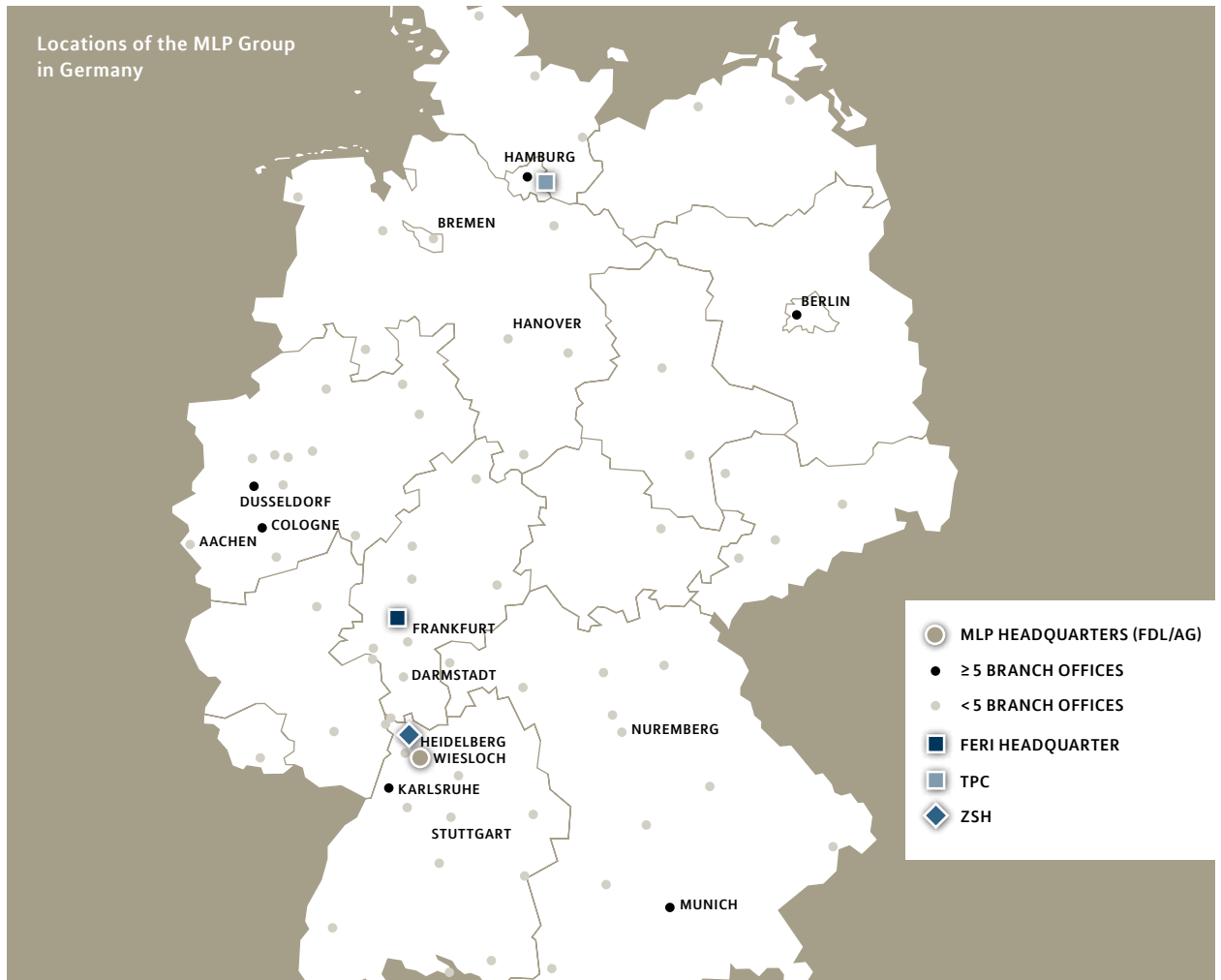
Factors affecting business development

Business development in the MLP Group is significantly affected by the development of the sector environment in the individual business segments of old-age provision, health insurance and wealth management. You can find more detailed information on these in the chapter entitled “Economic report” – “Industry situation and competitive environment”.

Increased presence

The registered office of MLP is in Wiesloch, Baden-Württemberg, Germany, where all internal departments are bundled. In addition to this, we are represented by our consultants and offices in all German urban centres, including all important university locations. To further increase our visibility at our locations and further improve processes for administrative and organizational duties, additional consulting centres were established in the reporting year. We bring together the various independent offices at one physical location here. Further relocations are planned over the course of the next few years. As of December 31, 2013, MLP operated 169 own representative offices (2012: 174) with 1,998 consultants across the Group (2012: 2,076). These consultants operate as self-employed commercial agents.

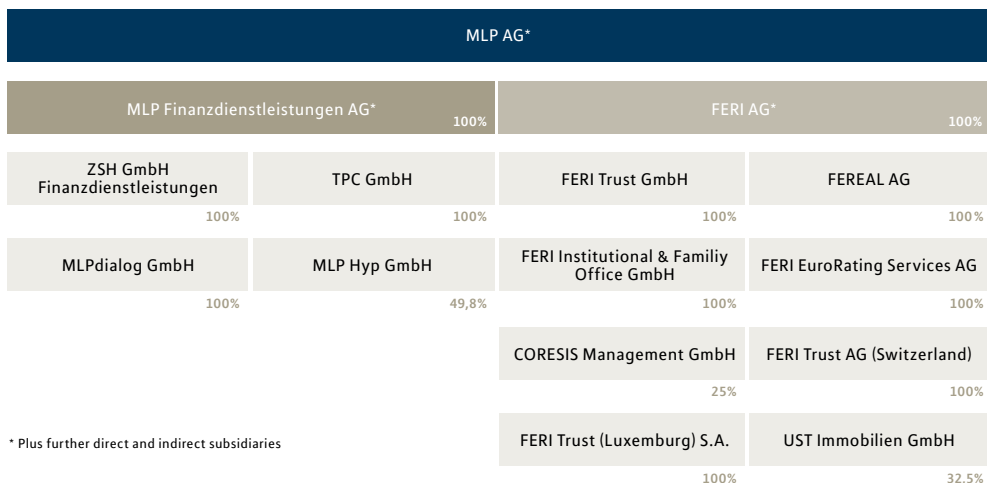
The FERI Group employs around 240 people and, beside its HQ in Bad Homburg vor der Höhe, also operates further locations in Dusseldorf, Munich, St. Gallen, Vienna and Luxembourg.



Legal corporate structure and Executive Bodies

MLP is organised as a holding, in which central management duties are performed by the Group’s parent company, MLP AG. The two subsidiaries MLP Finanzdienstleistungen AG and FERI AG are then positioned directly beneath this (see graphic). This organisation reflects the Group’s strategic goals and client requirements.

Current Group structure of operating companies



* Plus further direct and indirect subsidiaries

MLP holds a banking licence

MLP Finanzdienstleistungen AG holds a banking licence and is registered as an insurance broker for the brokerage of insurance contracts. Acting as the client's administrator, MLP examines the broad scope of offers in the market and selects the most suitable product solutions for each individual client. MLP Finanzdienstleistungen AG includes TPC GmbH (TPC; formerly TPC THE PENSION CONSULTANCY), Hamburg, ZSH GmbH Finanzdienstleistungen (ZSH), Heidelberg, MLPdialog GmbH (MLPdialog; formerly Academic Networks GmbH), Wiesloch and MLP Hyp GmbH (MLP Hyp), Wiesloch, which we operate together with the mortgage financing broker Interhyp AG, Munich.

The main fields of business conducted by FERI AG (FERI), Bad Homburg vor der Höhe, are investment management for institutional and private clients through FERI Trust GmbH, consulting business/family office for institutional and private clients through FERI Institutional & Family Office GmbH, as well as rating & research services through FERI EuroRating Services AG. The fields of investment management (alternative investments) and services, as well as risk management are bundled at FERREAL AG. The main domestic and overseas companies and investments include FERI Trust (Luxembourg) S.A. in the field of fund administration and FERI Trust AG (Switzerland), which acts as the asset manager and consultancy for private and institutional clients in Switzerland, as well as the stakes held in CORESIS Management GmbH, which specialises in German real estate, and UST Immobilien GmbH, which focuses on the US real estate market.

In its business model, MLP is influenced by economic developments in Germany, as the company generates or initiates almost all of its revenue in this country. Particularly important indicators in this regard are economic growth, developments on the employment market, salary levels and the savings rate. In addition to this, the results of operations are significantly affected by market conditions in the business segments of old-age provision, health insurance and wealth management.

Organisation and administration

The Executive Board at MLP AG comprised four members in the financial year 2013. There were no changes in the reporting year. Beside the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, Manfred Bauer (Product Management), Reinhard Loose (Finance) and Muhyddin Suleiman (Sales) also sit on the Executive Board. The Supervisory Board, which is required to monitor the Executive Board under German law, comprised six members. The Annual General Meeting, held on June 6, 2013, reappointed the shareholder representatives for a further five years in office. New employees' representatives Burkhard Schlingermann and Alexander Beer have each held a position on the Supervisory Board since this date.

On March 21, 2013, the Supervisory Board at MLP AG unanimously voted to extend the Executive Board appointment and current employment contract of CFO Reinhard Loose until January 31, 2019. As CFO, Reinhard Loose continues to hold responsibility for the Controlling, Accounting, Risk Management, IT and Purchasing divisions.

The Executive Board at FERI AG was extended in the reporting period to include one more member, increasing its size to four members. Frank W. Straatmann, Head of Private Clients at FERI Trust GmbH, was appointed as the new member of the Executive Board. Beside the Chairman of the Board, Arnd Thorn, Dr. Matthias Klöpffer (Finance) and Dr. Heinz-Werner Rapp (Chief Investment Officer) also sit on the Executive Board at FERI AG.

Goals and strategies

Company objectives

Our goals are to achieve a sustainable increase in company value and to expand on our market position. To this end, MLP is engaged in a system of active value management. We are targeting the sustainable increase in company value through consistent achievement of positive operating results. To achieve this, we intentionally and consistently focus our strategic alignment on particularly lucrative client segments. You can read more about this in the following section.

Strategy

The Executive Board performs a regular business strategy process once a year and unscheduled processes whenever necessary. Unscheduled processes might, for example, become necessary following major acquisitions or when significant changes have occurred in the market environment. MLP's corporate strategy is derived from its corporate mission, which is reviewed and updated by the Executive Board on an annual basis. The current internal and external framework conditions, as well as influential factors are then analysed and summarised using established processes (we have published our corporate mission on our company website at www.mlp-ag.com). Once this is complete, the company's strategic alignment for the coming financial year is formulated. Following formulation of the strategy, strategic courses are set, i.e. the concrete fields of action for strategic implementation. Building on this, individual measures are defined for each strategic course which should contribute to its respective achievement. Implementation and monitoring are performed using standardised processes and documents, as well as regular reports to the Executive Board.

Strategy process

To achieve our paramount objectives of establishing a "sustainable increase in company value" and "expanding our market position," our primary focus here is to be the number one for our clients – i.e. the first contact for all financial questions and concerns. The consistent implementation of the comprehensive consulting approach is a clear USP of MLP and helps us differentiate ourselves from the other players in the market.

Number one among our clients

To further strengthen the comprehensive consulting we provide to our clients for all financial questions and concerns, we have established additional fields of core expertise and extended our business model in the last few years. With the continuous strengthening of the wealth management and occupational pension provision sectors and the expansion of formerly minor fields of consulting, such as non-life insurance and loans and mortgages, MLP has created additional stable pillars that will help secure the company's long-term success while working towards our goals.

Diversification stepped up significantly

In 2013, we were able to further increase the relative share of wealth management in total commission income to 30%. This represents around 7% more than in the previous year and around 27% more than in 2005 – the year in which we began our expansion in the field of wealth management. Strengthening this section even further, something we are driving forward together with the FERI Group, is also of great strategic importance in 2014. Our aim here is to consistently drive forward further diversification of our business model.

The most important strategic goals of the FERI Group for the next few years include growth in all business segments – both in organic terms and by making smaller acquisitions. The expansion of the scope of services provided, for example through innovative investment concepts, sits at the heart of the corporate strategy. In the reporting period, FERI was able to win new clients in all business segments and also expand its ratings activities. Alongside the familiar country and fund ratings, FERI has also been offering ratings for structured securities and mortgage covered bonds ("Pfandbriefe") in the field of credit rating since 2013.

Through the stake it acquired in UST Immobilien GmbH in 2013, FERI now also offers private and institutional clients investment opportunities in the US real estate market. This will allow us to benefit from the promising growth prospects of the US real estate market.

FEREAL AG, which was established by merging the Private Equity subsection at FERI Trust GmbH with FERI Investment Services GmbH, is set to be expanded to a capital management company and to become a provider of issuing, structuring and consulting services in the real and alternative assets sector.

In the field of occupational pension provision, we have continually increased our share of new business, starting at 3% in 2005 up to 12% in the reporting period. Expansion of the growth field of occupational pension provision will remain in focus in 2014.

Further diversification of our business model is also supported by the fact that we will be significantly expanding our quality-assured real-estate portfolio as an additional service alongside property financing from 2014 onwards.

Target group continues
to grow

In the private client target group of MLP Finanzdienstleistungen AG, current forecasts submitted by the Federal Institute for Vocational Training (BIBB) are predicting an increase in the number of academics to around 8.7 million by 2030. This increase will be achieved against a decline in the general working population as a result of the demographic shift. The ever increasing proportion of the population with a university degree, coupled with a greater labour force participation rate of women, will lead to a significant increase in the number of potential new clients for MLP.

An important step in achieving our paramount objectives lies in opening new offices to focus primarily on students and graduates. We established two new offices in 2013 and more are set to follow over the course of the next few years. These new offices will allow us to tap the potential associated with increasing student numbers more effectively.

Important growth stimuli will also result in the long term from demographic developments in Germany. Alongside this, we also believe that there is an increasing need for high-quality consulting in the field of wealth management because the average age of our private clients is currently around 41 – an age above which the demand for wealth management services typically increases within the scope of personal life planning. The need for consulting services among institutional clients also remains high – as the low interest environment is placing massive investment pressure on insurers, pension schemes and foundations. The demand for alternative strategies is also on the rise, as these are some of the few attractive and risk-adjusted investment opportunities. The ever stricter regulation of the financial sector and the far-reaching loss of confidence among investors are also leading to an increased need for independent research and rating services, such as those offered by FERI EuroRating Services AG.

Acquisitions possible,
primarily at FERI

From today's perspective, we will not make any acquisitions in our core business at MLP Finanzdienstleistungen AG, which focuses on providing private clients with consulting services and support. This is because the market is highly fragmented and compared to MLP other market members often have very diversified target client groups, significant disparities in the qualifications of their consultants and inconsistent corporate cultures. These factors would require highly cost-intensive and time-intensive integration for relatively small target companies. However, MLP Finanzdienstleistungen AG could envisage making acquisitions of small companies that possess special technology solutions or which could expand the existing added value chain. Building on

the successful establishment of the occupational pension provision business segment over the last few years, further strengthening of the business with corporate clients is also conceivable.

In addition to this, we could in principle envisage making further minor acquisitions or setting up joint ventures in the market of the FERI Group – both in the business with wealthy private clients and institutional investors. The MLP Group will continue to actively develop the acquisition market in this regard to facilitate profitable inorganic growth.

To ensure that we can meet our company objectives, we continue to place great emphasis on continuous optimisation of our processes and a concomitant controlling system. You can find more detailed information on this in the chapter entitled “Control system”.

Due to the challenging market environment, MLP is supplementing its growth strategy with a consistent efficiency management programme. MLP has been able to further improve its competitive position by lowering its administration costs by € 61 million since 2008. MLP will continue its continuous efficiency management programme over the course of the next few years to ensure that administration costs remain under control. As was already the case in the financial year 2013, however, MLP will still allow higher expenses on a one-off basis – either to make important investments for the company’s future or to relieve expenses in subsequent financial years through non-recurring start-up costs.

Competitiveness
sustainably improved
through cost reductions

The Group’s capital base and liquidity are good. You can find details on this in the chapter entitled “Financial position”. MLP’s goal is to be well capitalised, even under the new bank capital standards (please refer to the chapter “Future industry situation and competitive environment”), while remaining both willing and able to make investments and acquisitions.

Our employees and consultants are our most important capital. With the comprehensive financial advice that it provides, MLP operates in a complex and constantly changing market and competitive environment, in which it needs to repeatedly convince its clientele of the benefits associated with its services. High quality qualifications and further training are an indispensable prerequisite for successful implementation of our strategy of being the number one for our clients. Qualifications and further training – in connection with winning new consultants – therefore represent a very important success factor for MLP.

Qualifications, further
training and winning
consultants

The MLP Corporate University (CU), based in Wiesloch, sits at the very heart of our consultant qualification and training program. Following an extensive certification process, the CU was the first institution of its kind to receive the international “Certified Corporate University” seal of approval from the International Agency for Quality Assurance in the university area. Among other things, this FIBAA certification makes study programmes internationally comparable and simplifies recognition of curricula and degrees among universities. The training offered by the CU therefore complies with the international requirements of the European Credit Transfer and Accumulation System (ECTS).

The certification will make it easier for further training courses held at the CU to be in recognised in bachelor’s and master’s degree courses at state universities. In cooperation with state universities, MLP is therefore planning to offer degree courses in future. The CU has already been accredited by the Financial Planning Standards Board Deutschland e.V. for training to the Certified Financial Planner (CFP) standard since 2012 – since which time more than 100 consultants have successfully gained the CFP qualification.

The CFP qualification is just one module in MLP's wide-ranging portfolio of training courses, in which all consultants start with the training programme to become a certified insurance expert (IHK Chamber of Commerce) and then gain Senior Financial Consultant status within the next 21 months. In addition to this, the CU offers training in numerous other fields, ranging from finance to personal development, as well as complete subject blocks leading to certificates or licenses. With this approach, we will continue to secure the continuous further development of our office managers, consultants and employees.

Keeping existing consultants loyal to the company and winning new consultants that comply with our high quality standards are closely related to our training and further training activities. To ensure that we have enough consultants to cover our long-term needs, MLP set up three new junior staff programmes in 2013. The new trainee programme is aimed primarily at high-school leavers and university students, who spend between one week and six months working in various departments within the company, depending on the option selected. A financial training programme and a dual study programme, which involves studying and working in sales, are also new. The three new junior staff programmes offer young people an excellent opportunity to get to know MLP before choosing to pursue a career as a consultant. They allow junior staff to get a good feel for the company's business model and corporate culture. A second positive aspect is that MLP can use the entry-level employment models as a highly effective tool to ensure that the company wins the right personalities as consultants. To provide sustainable, long-term support for recruiting, the "Career at MLP" campaign was launched at the end of 2013 as an accompanying measure. We expect these measures to provide positive stimulus for coming financial years. However, the key in winning over consultants to the MLP business model is quality.

Client support

Client satisfaction represents another important success factor. We are committed to the highest quality. We expect this of our own services and those provided by our partners. To continually improve benefits for our clients, we place great emphasis on the constant further development of our services, products and processes.

The launch of the MLP Client Navigator in the reporting year was an important measure for continuous further development and improvement of our client support. Following on from a successful pilot phase, MLP was one of the first financial services providers to successfully launch a feedback system for clients at consultant and office level. Around 200,000 clients were able to submit a web-based rating for the first time in autumn 2013. The newly created indicator of client satisfaction, which is to be used twice a year in future, supports us in sustainably improving the quality of our consulting services. It creates the basis for us to use the level of satisfaction displayed by our clients even more effectively as a control mechanism, both centrally and at the local offices. Further projects that provide our consultants with IT-based support are described in detail in the chapter entitled "Goals and strategies".

In addition to the established services, our newly created MLPdialog GmbH service centre has been supporting our consultants since mid-2013, for example when it comes to scheduling client meetings and taking over standardised existing business, such as insurance policy renewals or issues in the field of motor vehicle insurance. With this step, we have set important conditions that allow our consultants to focus more of their time and efforts on providing their clients with intensive support and consulting services.

In the reporting year, with the completed introduction of so-called MLP consulting centres MLP further significantly improved services for clients and consultants. MLP was merging its individual offices at numerous locations to create centrally located consulting centres with very modern facilities. This step not only offers improvements in terms of administrative and

organisational processes, it will also allow MLP to significantly increase local awareness for its products and services. We are also set to introduce further consulting centres at numerous other locations over the course of the next few years.

MLP supports its consultants with extensive information technology (IT). This secures compliance with all legal and regulatory stipulations in terms of consulting and documentation, and thereby contributes to the most efficient use of resources required in the consulting process. Pioneering projects were initiated in this field for the entire company in the reporting year.

Information technology

One of the most important projects in 2013 was the development of a uniform consulting application, which in future will provide our consultants with even more support for financial and wealth planning services. All previous consulting tools are consolidated in this application, which is scheduled to be introduced in 2014. The uniform surface and an end-to-end consulting process, which also includes the product selection, the documentation and the application, will further simplify the work performed by our consultants. By avoiding duplicate data entry, we will also streamline administrative procedures.

In parallel with this, the virtualisation of the IT workplace for consultants and employees was prepared in 2013. This is set to be rolled out across the board from the first quarter of 2014. The infrastructure required for this has been established and the corresponding quality assurance checks performed.

In terms of client support, the client management program (CRM) has been further optimised to offer our consultants even better options when advising and supporting clients. Thanks to the aforementioned expansion of our new IT solutions, we therefore anticipate a reduced workload for our consultants.

To accompany this, MLP also drove forward the ongoing development of its online strategy concept in the reporting year. The aim here is to further reinforce our presence on the Internet and improve communication options with clients through use of modern applications. This will allow us to cater more effectively to the requirements of our clients, while also optimally combining MLP's strength in providing individual consulting services with the benefits of the Internet.

Overall, we expect the importance of modern IT systems to increase significantly for consulting firms such as MLP over the course of the next few years. Only by automating processes with little added value and expanding our digital presence can we further increase the quality and transparency of our consulting and also keep a tight rein on our costs.

The degree of recognition and trust in the "MLP" brand represents an important success factor. To continuously further develop our degree of recognition, image and social reputation, while at the same time supporting paramount company objectives, MLP performed numerous marketing and sponsoring activities in the reporting year. In addition to this, MLP maintained extensive social commitments as a responsible company. Selected activities are described in further detail in the following. The aim here is to at least maintain our current degree of recognition.

Marketing and communication

In May 2013, MLP launched a new advertising campaign throughout Germany under the heading of "Open dialogue on the topic of wealth management" ("Offene Worte zum Vermögensmanagement"). The aim of this campaign is to strengthen perception of MLP's expertise in the field of wealth management – and thereby drive forward the continuous process of diversifying our business divisions even further. MLP explains its consulting approach here, building on attention-grabbing statements such as "you can often save savings" ("Sparen können Sie sich

oft sparen" or "developments in capital markets are unpredictable" ("Entwicklungen am Kapitalmarkt sind nicht vorhersehbar"). Several different visuals have been printed in wide-coverage magazines and posted on online media to support this. The advertising campaign was also accompanied by a comprehensive series of events. Indeed, MLP organised more than 50 events throughout Germany, which were attended by well-known asset managers and fund managers as guest speakers.

In the reporting period, FERI AG also launched various measures to improve brand positioning on the basis of the new guiding principle "Recognise more. Achieve more" ("Mehr erkennen. Mehr erreichen"). Among other things, the corporate design was revised and a new image brochure produced. FERI is constantly seeking to further improve its reputation through introduction of innovative and, in some cases, unique consulting services – such as an asset protection concept for large family estates in cooperation with the European Business School, Oestrich-Winkel.

Taking 4th place in Germany, FERI was once again successful in the latest Private Banking Market Survey performed by the "Fuchsbriefe" publishing house in the reporting period. FERI is also in 2nd place in the all-time rankings.

With a new marketing package for recruiting, MLP has been positioning itself as a potential employer with an even stronger presence since autumn 2013. The "Careers at MLP" campaign, which was launched in October, comprises comprehensive new advertising materials, such as brochures and flyers on the qualification and further training opportunities at MLP. In this context, a recruiting tour was held at more than 25 university locations. The maxim here was: "How do you want to work and live in the future?" ("Wie willst Du später arbeiten und leben?") The campaign is supported by the accompanying website at www.triff-deine-entscheidung.de.

Within the scope of a new publication strategy, the MLP client magazine "Forum" has been appearing completely in electronic form since 2013. In this electronic version, articles are supplemented by multimedia graphics, videos and service tools. The e-magazine is available at www.forum-mlp.de and as an app for tablets with Apple or Android operating system. Closely networking with the MLP advertising campaign, two of the client magazine's issues in the reporting year addressed the topics of capital accumulation and wealth management. The MLP website at www.mlp.de recorded around 7 million hits in 2013, with users showing particular interest in the calculation tools and videos on offer.

In cooperation with the Allensbach Institute, MLP presented the 7th MLP Health Report back at the start of 2013. This report surveyed both citizens and physicians on the German healthcare system. The study, which provided comprehensive results on issues such as long-term care provision, the situation in the nation's hospitals and the lack of physicians, enjoyed an excellent response. Media throughout Germany addressed the Health Report in more than 200 articles, thereby supporting MLP's reputation as an expert on the healthcare system and consultant for physicians and dentists in the public perception.

In mid-May 2013, MLP presented its eighth annual Service Awards to product partners in the old-age provision, health insurance and non-life insurance segments. In addition to this, the Investment Award in the field of wealth management was presented in five categories. In total, MLP surveyed more than 1,700 consultants on the service quality of just under 50 insurers. Alongside their overall satisfaction, 14 detailed criteria were also rated, including professional competence, response speed and ease of contact.

In the field of sponsoring, MLP concentrated on initiatives in the sporting and cultural arena. The focus of these activities is our commitment to basketball. The “MLP Academics Heidelberg” basketball team, which MLP has been supporting as title sponsor since 2012, started their season 2013/2014 in the Pro-A league in September 2013. In the reporting year, we also once again supported the MLP Golf Journal Trophy as title sponsor.

The 17th international “Heidelberger Frühling” festival of classic music was held early in 2013. MLP is now the main sponsor of this event. The renowned cultural festival encompasses more than 130 events and this year’s event also set a new attendance record.

Student sponsorship plays a key part at MLP – and this year was no different. 30 students of mathematics, engineering, science and IT were selected from around 1,000 applicants for the “MINT Excellence” scholarship programme, which was established in 2012. The successful students will each receive € 750 per semester in sponsorship for two years and will also be included in an exclusive network with many additional benefits, including specialist workshops and lectures.

Commitment in the world of
higher education

Within the scope of “Medical Excellence”, one of the most comprehensive scholarship programmes for physicians and dentists in Germany, 15 students were selected to receive scholarships in the reporting year, each of whom will receive € 500 per semester for three years. In addition to this, four subject-specific special scholarships were awarded, each of which comes with € 500 per month for six months with a view to funding a research semester for example. The application process for the two sponsorship programmes is run by the foundation set up by company founder, Dr. h. c. Manfred Lautenschläger, while MLP is responsible for implementation.

Aside from this, MLP is a sponsor of the “Deutschlandstipendium” initiative of the Federal Ministry of Education and Research. Within this framework, students displaying potential for excellence during their studies and later career receive financial support.

A total of 14 students were selected for the international “Join the Best” trainee programme early in the year. These students fended off 1,600 applications to win the highly coveted places and now have the opportunity to take up high-level internships at internationally renowned overseas corporate groups with the financial support of MLP. MLP has been working with its partners since 2004 to provide support for young academics that are keen to gain experience in foreign countries. The application phase for the tenth round of the international trainee programme closed in December 2013. On the occasion of the tenth anniversary, MLP will also be awarding ten further internships at enterprises with international operations in the coming year.

MLP has been committed to providing university sponsorship for many years. The conferences on higher education politics, which have been offered since 2005, allow participants to attend top level presentations and podium discussions, as well as providing a platform for exchange. On June 17, 2013, MLP was once again co-organiser of the “ZEIT”-conference “Universities and Education”. Within this framework, experts from the fields of politics, science and the economy discussed the status quo and opportunities for improving the standard of education. The event took place at the Free University of Berlin and was very well attended by around 300 participants.

Through our commitment and activities in the areas of marketing and communication, we will continue to respond to our social responsibility and increase the recognition of the MLP brand.

Control system

The MLP Group employs comprehensive planning and control systems. We use benchmark analyses to compare internal quantitative and qualitative data on the performance of our business with key market figures published. Based on these developments, we then derive actions for our corporate management. We also continually monitor developments in the competitive environment.

Corporate management

EBIT and sales revenue as top key performance indicators

Earnings before interest and tax at the Group level (EBIT) and total revenue (sales revenue) represent the central control parameters at MLP for overall business development in the individual business segments. Since our consulting firm operates largely without the need for borrowed capital and has low capital intensity, we are able to concentrate on these control parameters in our forecasts. We require profitable growth and sustainable development of earnings in order to achieve our objective of increasing company value. For the holding segment, we focus exclusively on EBIT as the key controlling figure.

Revenue per consultant (productivity), revenue per client and assets under management represent further KPIs. Added to this is the number of clients and consultants.

High degree of transparency

Through the uniform management of strategic, operating and sales controlling, as well as the concepts of reporting and analysis in one department, we achieve a high degree of transparency and quality of control-specific ratios.

The objective of our corporate management is for all consultants and employees to actively support MLP's strategic goals and pledge to meet our service commitment. Our established central, strategic control instrument is the so-called "ISA" (Integrated Strategic Agenda). Using this tool, Group objectives are broken down to company level and then to individual division level. This ensures end-to-end incorporation of all organisational units and integration into the planning and management process.

The ISA grants all business segments the opportunity to get actively involved in the planning of objectives. This promotes motivation among everyone involved and increases planning quality throughout the organisation. At the end of the obligatory ISA process (applied consistently throughout the Group), the degree of achieving the objectives is measured for each single unit. ISA provides the Executive Board with a high degree of transparency in the value-added process.

Comprehensive sales controlling

Controlling provides daily reporting on the new contracts signed and registered at the branch offices in all fields of business, as well as qualitative KPIs. The current figures are compared both against the projected figures and the actual figures from the previous year. A continuous flow of information is key here. This is achieved by employees working in sales controlling providing management with information in the form of weekly and monthly reports. These reports are then used in decision-making processes and are an important instrument for the continuous monitoring of our business success.

In addition to this, regional developments in the sales regions form the focus of analysis in quarterly meetings. The aim here is to grant everyone involved – from the Executive Board, through divisional board members, all the way down to the individual offices – a uniform presentation of the success achieved in sales.

All other subsidiaries also submit monthly reporting, in which all key value drivers are presented.

To permanently monitor and control costs with the greatest possible accuracy within the scope of our efforts to further increase efficiency, cost centre representatives have been appointed for each business segment.

Risk management is permanently anchored in MLP's corporate management strategy. The members of the Executive Board, general managers of the Group companies and division leaders are responsible for detecting and classifying risks as quickly as possible. Among other things, the focus here is on determining whether our reaction to trends and market changes are appropriate and fast enough. Since the division leaders are responsible for the ISA as well as for the costs, this allows us to establish a practical link between risk management and operating controlling. The Executive Board receives regular risk reports on the Group's risk-bearing ability and risk burden. Our streamlined company organisation and short decision-making chains help the Executive Board to react quickly when necessary. You can find further information on this in the chapter entitled "Risk and disclosure report".

Risk management:
Important management and
control element

Key figures and early indicators used by corporate controlling

We regularly use simulation scenarios to be able to assess the success of our business. Alongside the control parameters already mentioned, an important indicator in this regard is the "brokered new business" KPI in the various business segments. Brokered new business forms the basis of our revenue from commission and fees and, at the same time, shows how well our operating business is performing in the current year.

The relevant key figures for the individual business segments are:

1. Old-age provision: New business with life, pension and occupational disability insurance policies
2. Health insurance: Monthly health insurance premium commitment per client
3. Non-life insurance: Annual insurance premium commitment per client
4. Loans and mortgages: Loan amount

Assets under management are also included under wealth management, representing the sum of cash inflows and outflows, as well as the performance.

Our objective here is first to win over the best consultants in the industry to our business model and then keep them loyal to our company in the long term – for the benefit of our clients. We therefore also continually monitor our turnover rate and aim at an annual staff-turnover among our self-employed consultants of a maximum of between 12% and 15%. Our high-grade qualification and further training programme, as well as the comprehensive support provided to our consultants by Head Office have proven important factors for winning consultants and keeping them loyal to the company. This support was further extended in the reporting year thanks to the new MLPdialog GmbH service centre.

Consultant turnover remains
at a low level

Following a successful pilot phase, MLP was also one of the first financial services providers to successfully launch a feedback system for clients at consultant and office level in 2013 with the so-called Client Navigator.

Indicator of client
satisfaction introduced

You can find detailed information on this in the chapter entitled "Goals and strategies".

Research and development

Since our consulting firm is a service provider, we are not engaged in any research or development in the classic sense.

ECONOMIC REPORT

Overall economic climate

Framework conditions

The MLP Group generates or initiates almost all of its revenue in Germany. The following therefore focuses primarily on the economic development in Germany, as this plays an important part when assessing the success of MLP's business. Particularly important indicators in this regard are economic growth, developments on the employment market, changes to salary levels and the savings rate.

Overall economic situation

The eurozone was unable to secure any improvement to its poor economic environment in 2013 and slipped into recession just as in 2012. According to the International Monetary Fund (IMF), the economy in the eurozone shrank again with negative growth of -0.4% in the reporting year.

Although the expansive monetary policy of the European Central Bank (ECB) served to significantly calm the consequences of the European debt crisis in 2013, the effects of the deflated economy in the eurozone could still be clearly felt in the German economy. After the domestic economy enjoyed growth of 4.0% and 3.3% respectively in the years 2010 and 2011, according to figures from the German Federal Statistical Office the inflation-adjusted gross domestic product (GDP) only rose by 0.4% in 2013 following an increase of 0.7% in 2012.



Consumer confidence reaches highest levels

The German economy was again largely driven by stable domestic demand in 2013. The Consumer Sentiment Index of the German Consumer Research Association (GfK) increased markedly in the course of the reporting year and reached its highest level in six years by the end of the year. This index is considered the most important indicator of behaviour among German consumers and of economic stability. Companies in Germany agreed with this optimistic assessment, and the ifo business climate index rose to its highest level since early 2011 in December 2013.

Despite the economic uncertainties caused by the European debt crisis, the situation in the German employment market displayed largely stable development over the course of the year. According to data published by Germany's Federal Employment Agency, the average number of persons registered as unemployed in 2013 increased slightly to around 2.95 million persons, which represents an unemployment rate of 6.9% (previous year: 6.8%). The employment market continued to especially offer opportunities for skilled employees. According to the Institute for Employment Research at the German Federal Employment Agency (IAB), academics had a significantly lower unemployment rate in 2012 than the average among the population at just 2.5%.

Employment and income levels stable

The stable employment situation also had a positive effect on the income of German citizens in 2013. According to figures published by the German government, disposable incomes increased by 2.1% in 2013 and real net wages and salaries increased by 0.6% per employee. The savings rate in Germany, on the other hand, decreased in the last financial year to a record low of 8.5% – the lowest level in 12 years (2012: 10.3%).

Industry situation and competitive environment

84% of the company's revenue is generated from the following three core fields of business: old-age provision, health insurance and wealth management. The following therefore describes the influential factors with an effect on the results of operations in these areas in 2013.

Old-age provision

The reporting year 2013 was characterised by an even greater sense of uncertainty in Germany's market for old-age provision. The European debt crisis, the ongoing low-interest-rate phase – the ECB reduced the prime rate to a record low of 0.25% in November 2013 – and the intensive public discussion regarding the consequences of this for life insurance policies led to a high degree of reservation among clients throughout the sector when it came to signing long-term old-age provision contracts. The fact that most Germans are fully aware of the fundamental importance and necessity of private and occupational pension provision did little to affect this.

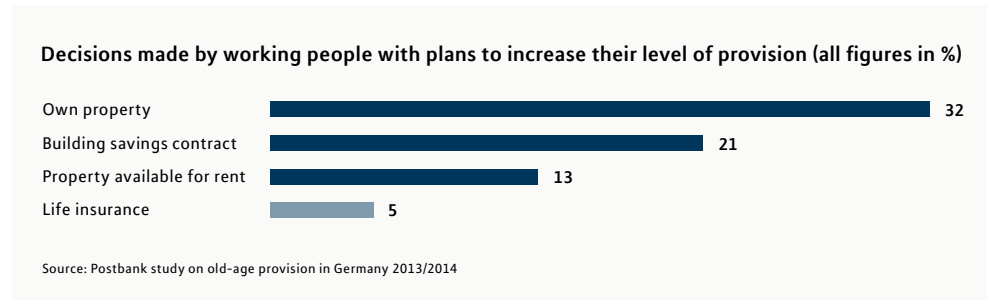
The increasing reservations are, for example, documented in a study performed by the Allensbach Institute. According to the results of this study, almost half of everyone in active employment (47%) is no longer interested in extending their private old-age provision – the highest figure in ten years. Every third person in active employment who is generally willing to invest in additional provision concepts is concerned about the low interest rates. As a result of this, the number of people in active employment requesting advice on old-age provision concepts in the last twelve months reached its lowest level since 2008. The results of a study conducted by Postbank indicate that many young employees are speculating on inheritances over the course of the next few years and integrating these as a fixed component of their old-age provision plans, instead of themselves taking active steps to secure their own old-age provision. Based on this, more than one in four employees aged between 16 and 29 (27%) expects to be able to benefit from some form of inheritance within the scope of their old-age provision plan, while 26% of employees aged between 30 and 49 expect to receive a significant inheritance.

Interest rate level puts a dampener on willingness for provision investments

The aforementioned study conducted by Postbank on "Old-age provision in Germany 2013/2014" also concluded that, due to the low interest rates and uncertain environment, many citizens are currently putting their money into property rather than investing in long-term provision contracts. Based on this, one in three persons in active employment is currently choosing to

Property acquisition in focus

invest in their own home within the scope of their old-age provision planning. Building savings contracts (21%) and rental property (13%) then take 2nd and 3rd place respectively as the next most popular forms of investment. Only 5%, on the other hand, choose life insurance policies with lump-sum payouts (see graphic). Two thirds of all Germans even believe that purchasing their own home is now the ideal form of old-age provision.



Reservations at all three tiers

These generally difficult framework conditions were also reflected in the market trend of the various old-age provision products in 2013. The state is offering citizens various incentives in the form of tax breaks and allowances to encourage them to save for their own old age. This is broken down into three tiers as follows:

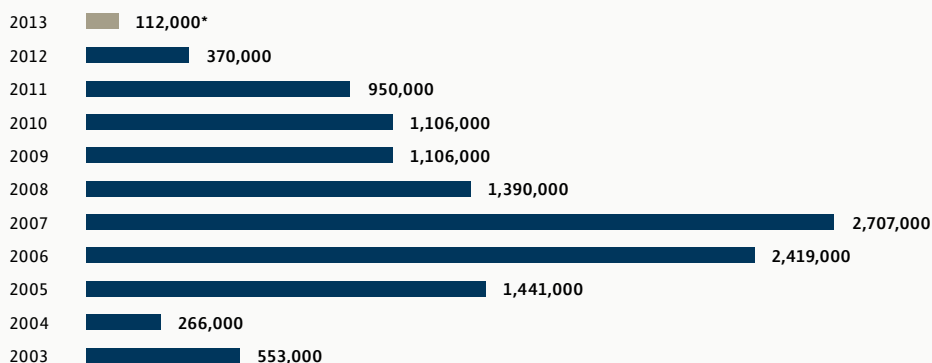
1. Basic provision: Statutory pension and basic pension
2. Supplementary pension provision: Riester pension and occupational pension provision
3. Other supplementary insurance provision: Pension and life insurances, capital market products

Alongside the statutory pension, basic provision (1st tier) also includes the basic pension or Rürup pension, whose premiums can be offset against income tax. The basic pension is also open to freelancers and self-employed people that are not obliged to pay into the statutory pension insurance fund. In 2013, over the course of the year taxpayers were able to offset up to 76% of capital invested into a basic provision policy from a total amount of up to € 20,000, or € 40,000 for married couples. Despite this considerable tax incentive, in 2013 the basic pension failed to win the acceptance hoped for by the legislator among the German population. According to data published by the German Insurance Association (GDV), only 118,700 new basic pension contracts had been signed by the cut-off date on December 31, 2013 (2012: 178,200). This corresponds to a decline of 33.4%.

Number of Riester pension policies declining for the first time

The supplementary pension provision (2nd tier) is essentially made up of occupational pension provision and the Riester pension. Sales figures for new Riester contracts displayed a downward trend across-the-board in the reporting year. According to statistics provided by the German Federal Ministry of Labour and Social Affairs, the total number of all Riester contracts actually fell in the first quarter of 2013 for the first time since state-subsidised old-age provision investment options were introduced. 112,000 new contracts were concluded by the end of the 3rd quarter of 2013 (2012 as a whole: 370,000). The primary focuses here were in the field of "Wohn-Riester" (home-annuity contracts).

New Riester pension contracts (2003 to 2013)



* As of September 30, 2013
Source: German Federal Ministry of Labour and Social Affairs

On the other hand, the importance of occupational pension provision as a key pillar of private old-age provision continued to grow in 2013. According to the study conducted by Postbank, more than half of those in active employment consider occupational pension provision to be the ideal form of insurance cover for their old age. Companies share this opinion: due to demographic developments on the employment market and the battle for specialists and managers that results from this, many employers are extending their offers in this field as a way of winning new employees and keeping existing employees loyal to the company. Yet despite this, there was still a sense that many were adopting a “wait and see” approach with regard to occupational pension provision in the reporting year.

Occupational pension provision increasingly important

The massive reservations being displayed by consumers with regard to signing long-term old-age provision contracts could also be observed in 3rd tier pension and life insurance policies. For example, the number of new contracts concluded in the field of classic life and pension insurance decreased by 19.8% in the reporting year to 1,087,090.

Driven by the growing number of German citizens requiring nursing care, the fields of long-term care provision and, above all, long-term care annuity insurance have become increasingly important in the last two years. You can find more detailed information on the topic of nursing care provision in the following section entitled “Health insurance”.

Long-term care annuity insurances on the rise

Beside the difficult market environment and the ongoing low-interest-rate phase, the switchover to unisex tariffs (which have been in place since December 2012) had a negative impact on business development in the field of old-age provision throughout the industry. This was because many clients had already signed a contract prior to the switchover in 2012 and consultants first had to familiarise themselves with the new products at the start of 2013.

Switchover to unisex tariffs an additional challenge

According to data published by the German Insurance Association (GDV e.V.), the premium sum of new business brokered throughout the sector fell by 11.6% in 2013 to € 144.5 billion.

Health insurance

The market for health insurance was also characterised by difficult framework conditions in 2013. Similarly to the field of old-age provision, the first half of the year was largely defined by the switchover to the new unisex tariff system throughout the industry. After this, the intensive public discussions on the future of private health insurance (PKV) held in the run-up to Germany's Bundestag elections and the lengthy coalition negotiations generated an increasing sense of uncertainty and reservation among German citizens with regard to private health provision.

Reduction in the assumed interest rate for pension accounting reserves

In light of the low interest environment, many private health insurance funds have reduced their assumed interest rate for pension accounting reserves from 3.5% to 2.75% or even 2.5% in the course of the switchover to unisex tariffs. This led to further changes to the premium structure in the market, which in turn generated a further sense of uncertainty among clients.

Emergency tariff for everyone

Introduction of the so-called emergency tariff for holders of statutory and private health insurance policies that have not been able to pay their health insurance premiums represented an important new aspect of the healthcare system in 2013. With the "Act to eliminate social overload owing to health insurance contribution arrears", unpaid premiums and penalties for late payments were reduced for everyone previously not holding any health insurance policy who registered with a health insurance fund by no later than December 31, 2013.

High degree of willingness to switch

Regardless of the short-term challenges, the general population has a very positive attitude towards private health insurance. In contrast with this, however, many Germans remain sceptical regarding the performance and sustainability of the statutory health insurance system. Indeed, in a survey performed by the market research institute TNS-Emnid, one third of all statutory insurance policy holders indicated that they would like to make the switch to private health insurance. This corresponds to 20 million people.

The MLP Health Report 2013, which MLP produced in cooperation with the Allensbach Institute, also indicated a high degree of support for the private health insurance. Based on this report, 83% of private insurance policy holders are happy with the level of coverage their policy offers them, whereas only 60% of statutory insurance policy holders said the same. In addition to this, 34% of statutory insurance policy holders are worried about not receiving necessary treatment due to a lack of available funds.

"Pflege-Bahr" enjoys increasing acceptance

Key topics for the health insurance sector in Germany also included the need for nursing care and long term care provision, which were more on the radar of the general population, not least due to the introduction of a state-supported private long term care insurance with daily cash benefits ("Pflege-Bahr") on January 1, 2013. According to data published by the Association of Private Health Insurers, the sector already brokered 400,000 contracts in the last financial year – yet still sees significant growth potential for the future (please refer to the chapter entitled "Future industry situation and competitive environment").

Many German citizens are aware of the importance of securing additional private provision to cover the risk of needing nursing care. According to a long-term study performed by R+V under the heading of "Fears in Germany for 2013", 55% are worried about requiring nursing care when they get older. At the same time, 70% admit to not knowing whether they actually have adequate coverage in the event of requiring nursing care. 78% of German citizens believe that statutory long-term care insurance is not sufficient to cover the actual costs of care. This is based on a representative survey performed by Süddeutsche Krankenversicherung.

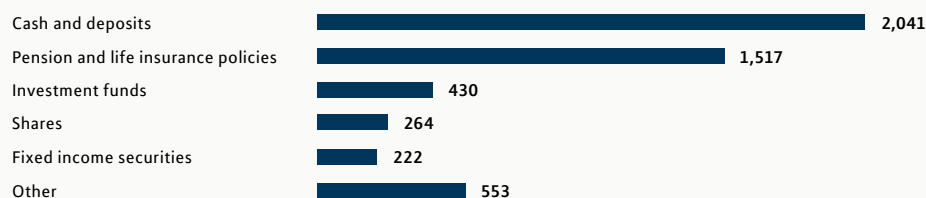
Our impression is that the overall development displayed by the market for private health insurance in 2013 was rather reserved. These reservations can largely be attributed to the political

uncertainties associated with Germany's Bundestag elections. No concrete sector figures were yet available when this report was drafted.

Wealth management

Based on the latest figures of the German Bundesbank, private households in Germany primarily chose to invest in secure accounts with daily access to their funds. Having accumulated € 157 billion in financial assets in 2012, the highest nominal level for 20 years, private households continued to save in 2013. The monetary assets of private households therefore reached a new record level of € 5,070 billion at the end of the 3rd quarter of 2013. Around € 73 billion was deposited in the first nine months of the reporting year. Most of this took the form of demand deposits, including cash.

Private monetary assets of German citizens (all figures in € billion)

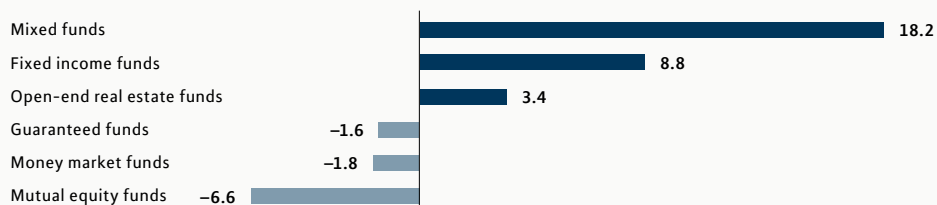


Source: German Bundesbank, dated: October 28, 2013

According to the 2013 Wealth Barometer of the Deutsche Sparkassen- und Giroverband, around one third of investors (32%) have already adapted their savings strategy to the low interest rates or are planning to do so. Above all, households with a large income are changing their investment strategy and shifting funds around. Alongside property, shares and investment funds are enjoying a slight increase in popularity. 11% of respondents currently consider shares to be the best form of investment for capital accumulation, while 9% rate investment funds as the best option and 3% prefer real estate funds.

Investors also preferred low-risk products within investment funds in the reporting year. According to the German Association of Investment and Asset Management e.V. (BVI), mixed funds recorded by far the highest inflows of all mutual funds at € 18.2 billion as of December 31, 2013, followed by fixed income funds at € 8.8 billion. Mutual equity funds, on the other hand, proved less popular and investors withdrew a total of € 6.6 billion from these funds in 2013.

Cash inflows and outflows of investment funds in 2013 (all figures in € billion)



Source: German Association of Investment and Asset Management e. V. (BVI)

Ongoing consolidation in management of large estates

The market for providing consulting and asset management services to high net worth individuals and institutional investors has become more complex and contested since the financial and economic crisis. The competitive environment is characterised by ongoing consolidation in the fields of private banking and wealth management. Germany is considered to be the market with the greatest potential in Europe. But the environment in the capital markets has been characterised by crises and a loss of confidence over the last few years, although it did display slight improvement in 2013, due in part to stabilisation of the financial markets. However, the decision-making cycles of investors remain long and the willingness to sign new contracts remains fairly low. In light of the low interest environment, institutional investors in particular are looking beyond classic liquid assets for a return and increasingly requesting information on alternative investments.

Positive overall development

The assets of institutional investors enjoyed positive overall development, causing investments in special funds to increase by 9.2% from € 982 billion to € 1,071 billion. The total assets under management by the German investment industry at the end of the 2013 were € 2,105 billion (2012: € 2,037 billion).

Desire to invest in real estate continues

Real estate once again proved very popular among German investors looking for fixed asset investments in 2013. According to the results of the 2013 Wealth Barometer study performed by the Deutsche Sparkassen- und Giroverband, property is the clear winner in the low interest rate environment. 50% of respondents consider purchasing their own home to be the ideal form of investment for capital accumulation, compared with just 45% in the previous year's survey. Building savings contract (26%), as well houses and apartments purchased to let (24%) are also popular.

Competition and regulation

The competitive situation in the German market for financial services did not change significantly for the MLP Group in 2013 compared to the previous year. The sector remains very heterogeneous and is characterised by a high level of competitive pressure and a trend towards consolidation. The providers include numerous banks, insurance companies and free finance brokers. However, the quality of consulting provided by these providers can vary quite markedly. The MLP Group remains in an excellent position in this competitive environment. Our independence from product providers and our comprehensive consulting expertise allow us to offer key USPs.

Altered framework conditions

To sustainably increase the degree of transparency and consulting quality in the market, the legislator has already implemented various regulatory changes in the last few years. These changes also had a lasting effect on the framework conditions in the last financial year, and their implementation will continue to drive forward consolidation of the market.

Requirements of the BaFin register implemented

The new employee and complaints register at the German Federal Financial Supervisory Authority (BaFin) was already introduced on November 1, 2012. When clients have received false advice, the Supervisory Authority now has various sanctioning options at its disposal – including temporary professional suspension in the case of serious infringements. The regulations apply to institutes such as MLP Finanzdienstleistungen AG that have authority to act as a credit or financial services institution. The requirements have been implemented in full at MLP.

In the field of investment consulting, MLP has already been using the new industry standard for product information sheets since September 2013. The recommendations, drawn up jointly by the industry, consumer protection organisations, the political arena and BaFin, contain uniform and easily comprehensible terminology which is defined in a dedicated glossary.

Aside from this, stricter professional requirements for investment advisors, compliance officers and sales managers have been in place since May 2013. MLP already complies with these requirements thanks to the established qualifications and further training offered at its Corporate University.

Professional requirements
now even stricter

On the basis of the Act Reforming the Laws on Intermediaries for Financial Investments and on Investment Products, commercial brokers who, unlike MLP Finanzdienstleistungen AG, do not hold a banking licence, have had to comply with extensive provisions since January 2013 when providing consulting services on open-end and closed-end funds. These include professional requirements, as well as duties to inform, advise and document. The changes will make it harder for less quality-driven providers to do business and thereby provide further stimulus for the ongoing consolidation of the market.

Since July 22, 2013, alternative investment fund managers have had to comply with various new legislation on the basis of the AIFM Implementation Act. They are now subject to supervision by the Federal Financial Supervisory Authority (BaFin). Furthermore, private investors can no longer acquire shares in hedge funds. The aim of this legislation is to provide minor investors with better protection from high-risk investments. With this step, an EU Directive has been implemented in German law through introduction of the Capital Investment Code (KAGB).

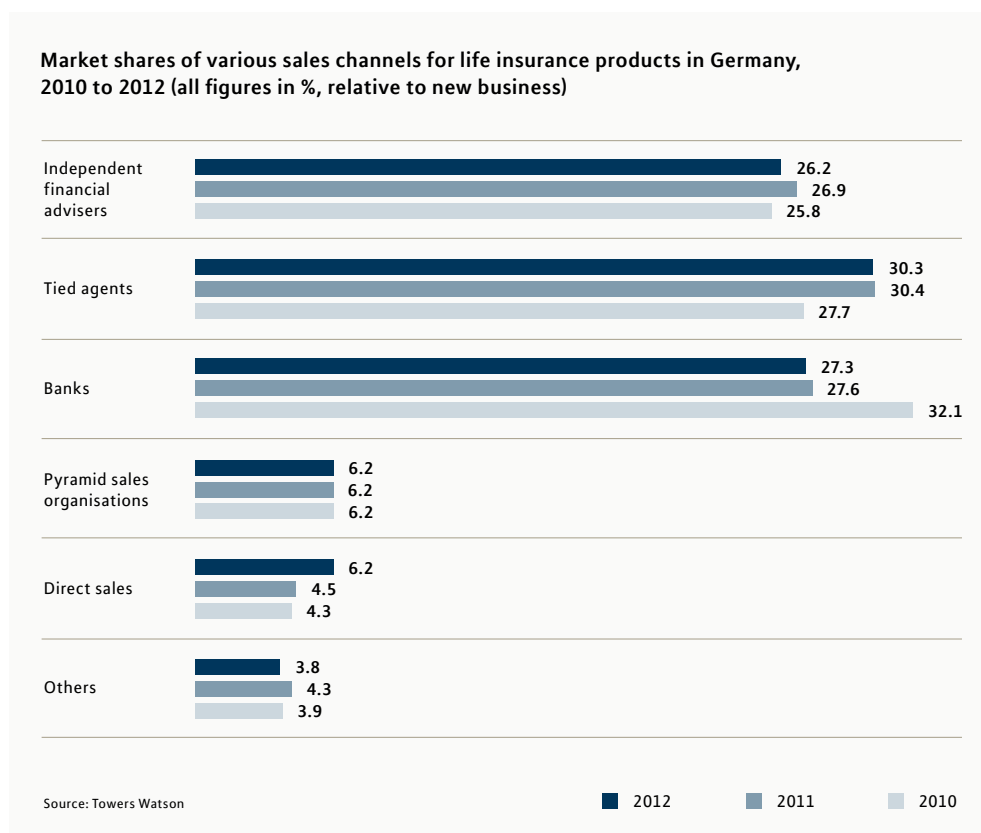
New stipulations based on
the Capital Investment Code
(KAGB)

The MLP Group was an early adopter of numerous requirements that the legislator is now stipulating with new sets of rules and standards. We consider this to provide us with a clear competitive advantage over other market members. FERREAL AG is to be extended to a capital management company that complies with the requirements of the Capital Investment Code (KAGB) introduced in July.

Independent financial consultants, including MLP, continued to play a key part in the brokerage of old-age provision products in Germany in the last financial year. According to the 2013 sales channel survey performed by corporate consultant Towers Watson, independent brokers were the third most important specialist consulting sector in the industry in the sale of life and pension insurance policies. Based on the latest figures, the share of brokered new business was 26.2%. At 27.3%, banks are in second place, while tied agents are still in first place with a share of 30.3% (see graphic).

Demand for independent
consulting services remains
high

The latest figures from Towers Watson indicate that independent consultants such as MLP also play a key role in the brokerage of private health insurance policies. With a market share of 45% in the field of fully comprehensive private health insurance, independent consultants now represent the second most important group of advisers after tied agents, who work for just one single insurance company.



Set against the background of these developments, we can say that we feel confident moving forward into the future and consider ourselves to be very well positioned as a leading independent consulting firm (see the “Forecast” chapter).

Business performance

Due to the worsened market conditions already described, total revenue displayed a clear downward trend in the past financial year. Although we were able to set new records in the fields of wealth management and loans & mortgages, as well as sustainably increase sales revenue in the field of non-life insurance, these pleasing developments were more than compensated by the even tougher market conditions in the fields of health insurance and, in particular, old-age provision.

Changes in corporate structure

The MLPdialog unit was spun off from TPC GmbH in the period under review. To this end, the existing 100% subsidiary of MLP Finanzdienstleistungen AG, Academic Networks GmbH, was reactivated and renamed MLPdialog GmbH. MLPdialog GmbH now provides our consultants with even greater support as a service centre. You can find more detailed information on this in the chapter entitled “Goals and strategies”.

FERI founded a joint venture in the period under review that operates under the name of UST Immobilien GmbH in Darmstadt and in which FERI holds a 32.5% stake. Following acquisition of all shares, the subsidiary Heubeck-FERI Pension Asset Consulting GmbH was merged with FERI Institutional & Family Office GmbH in the period under review. FERREAL AG was estab-

lished by merging the Private Equity subsection at FERI Trust GmbH with FERI Investment Services GmbH and combines the expertise in the real and alternative assets arena. It will apply for a licence to operate as a capital management company in 2014 in order to comply with the requirements of the Capital Investment Code (KAGB), which was introduced in July 2013.

Aside from this, there were no significant changes to the corporate structure of the MLP Group in the reporting year.

Consultants

Qualifications and further training also played a very important role in the financial year 2013. After all, the qualification of our consultants and employees is the essential prerequisite for the long-term success of our company. Numerous seminars and events serve to underline this. For example, our Corporate University held some 780 events on approximately 250 topics in 2013. Training was offered on a total of 25,000 attendance days, as well as in numerous online seminars. This commitment is also reflected by the capital expenditure associated with this. In the last financial year, we spent more than € 7 million on qualifying and training our consultants, which was roughly the same amount as in the previous year.

The loyalty displayed by our existing consultants in the reporting year was also encouraging, as underlined by the turnover rate. This rate was just 9.5% in 2013 - and thereby well below our target range of a maximum of between 12% and 15%. We established new junior staff programmes in the reporting year as a way of winning new consultants. These programmes are likely to have a positive effect in the mid-term. In 2013, our total number of consultants decreased from 2,081 to 1,998.

In the following description of the MLP Group's financial position, net assets and results of operations pursuant to International Financial Reporting Standards (IFRS), the previous year's figures are given in brackets.

Results of operations

Significant events that affect business

Set against the background of the tough market conditions already described, total revenue declined by 11.8% from € 568.0 million to € 501.1 million. The drop in revenue from commission and fees from € 518.0 million to € 457.7 million had a significant influence on this. Due to the low interest rate, revenue from the interest rate business declined 14.3% to € 22.8 million (€ 26.6 million). Other revenue decreased from € 23.5 million to € 20.6 million. Lower income from the reversal of write-downs was the primary reason for this decrease.

Downward trend in total revenue

In the field of old-age provision, framework conditions have been difficult since the outbreak of the financial crisis in 2008 and the subsequent European debt crisis. Many citizens are therefore currently unwilling to sign any long-term contracts. In the last few months, discussions regarding the low interest rate environment, coupled with extensive negative reporting on life insurers and their products, have temporarily led to a further deterioration of the market environment. Set against this background, MLP also recorded a decrease in revenue in this field of consulting from € 287.3 million to € 219.9 million. New business also declined accordingly from € 4.8 billion to € 3.6 billion. A share of 12% is attributable to the field of occupational pension provision here (13%).

Revenue in the field of health insurance also displayed a downward trend. In this field of consulting, political uncertainty and negative press motivated many clients to adopt a “wait and see” attitude. Revenue decreased from € 63.9 million to € 47.8 million as a result of this.

Excellent gains in loans & mortgages and non-life insurance

The non-life insurance segment, on the other hand, enjoyed positive development. Sales revenue rose from € 31.1 million to € 32.5 million, representing an increase of 4.5%. In line with the industry trend, MLP also recorded excellent development in the field of property financing. The relocation of MLP Hyp GmbH from Schwetzingen to the site of the company HQ in Wiesloch allowed us to integrate our expertise in the field of loans and mortgages even more effectively. The volume of brokered loans reached a new record of € 1.5 billion in 2013 (€ 1.3 billion). Revenue from this segment increased by 8.2% to € 14.5 million (€ 13.4 million). This was supplemented by investment income of € 0.9 million for the joint venture MLP Hyp (€ 1.0 million).

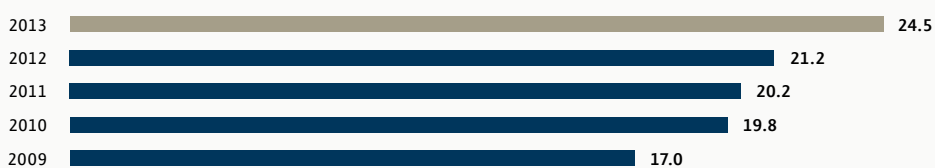
New business

	2013	2012	2011	2010	2009
Old-age provision (premium sum in € billion)	3.6	4.8	5.2	5.0	5.1
Loans and mortgages (volume in € million)	1,513	1,301	1,327	1,219	1,119

Significant increase in wealth management

A clear upwards trend can also be observed in the field of wealth management. With an increase of 17.1% from € 117.9 million to € 138.1 million, revenue in this segment set a new record. Alongside the good development at MLP Finanzdienstleistungen AG, the positive business development at FERI was a significant driver of this success. Our subsidiary benefited from the shift in asset classes towards alternative investments and real assets in the course of the debt crisis, as well as from increased demand for solutions in the field of risk management and asset protection strategies. Demand for fundamental analyses and ratings of investment markets also increased in the course of the financial and economic crisis. In the reporting period, FERI recorded positive business development in all three business segments of Consultancy, Investment Management and Rating&Research. Assets under management rose by 15.6% to € 24.5 billion (€ 21.2 billion).

Development of assets under management (all figures in € billion)



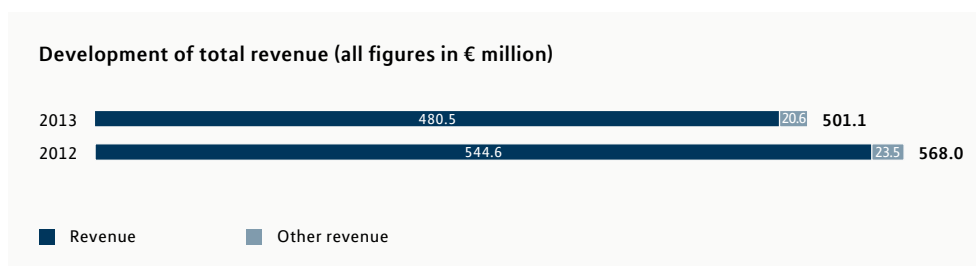
In the financial year 2013, MLP successfully continued its efficiency management programme. Administration costs (defined as the sum of personnel expenses, depreciation and amortisation and other operating expenses) fell in the reporting period from € 251.9 million to € 250.6 million – despite MLP accruing temporary expenses of around € 8 million for future investments, as announced. Administration costs are therefore some € 60 million below their 2008 level – the year in which we started our efficiency programme.

Successful cost management

Due to the decline in revenue, EBIT for 2013 decreased to € 32.8 million (€ 73.9 million). The EBIT margin was 6.5% (13.0%). As a result of a decrease in revenue from commission and fees, productivity (revenue per consultant in the financial services segment) declined to € 192,500 (€ 224,400).

Analysis of the change in revenue

In the past financial year, our revenue decreased by 11.8% to € 480.5 million (€ 544.6 million). Other revenue also displayed a downward trend to € 20.6 million (€ 23.5 million). This was essentially due to lower income from the reversal of provisions. Total revenue decreased from € 568.0 million to € 501.1 million.



Revenue development on the one hand was affected by the drop in commission income from € 518.0 million to € 457.7 million. Due to the lower interest rate, revenue from the interest rate business also declined by 14.3% to € 22.8 million (€ 26.6 million). The field of old-age provision continues to generate the greatest share of commission income, while the field of wealth management recorded the strongest growth. The following table provides a detailed overview.

Breakdown of revenue

All figures in € million	2013	2012	Change in %
Old-age provision	219.9	287.3	-23.5%
Wealth management	138.1	117.9	17.1%
Health insurance	47.8	63.9	-25.2%
Non-life insurance	32.5	31.1	4.5%
Loans and mortgages	14.5	13.4	8.2%
Other commission and fees	4.9	4.6	6.5%
Commission and fees	457.7	518.0	-11.6%
Interest income	22.8	26.6	-14.3%
Total	480.5	544.6	-11.8%

Analysis of expenses

Commission expenses primarily comprise performance-linked commission payments to our consultants. They represent the largest single item under expenses and displayed a downward trend in the last financial year due to the low commission income. Commissions paid in the FERI segment, which increased further in the reporting year, also played an increasingly important role. These result from the successful development of the Luxembourg-based subsidiary that specialises in fund administration. Total commissions paid decreased from € 235.8 million to € 214.2 million. We therefore recorded a commission result of € 243.5 million (€ 282.2 million).

Interest expenses fell from € 7.4 million to € 4.4 million due to the ongoing decline in interest rates. Our total net interest also decreased slightly from € 19.2 million to € 18.4 million.

Gross profit decreased from € 324.8 million to € 282.5 million in the reporting period.

Administration costs
under control

Administration costs displayed a slight downward trend in the reporting year, which serves to confirm successful continuation of our efficiency management programme. Despite temporary expenses for important future investments of around € 8 million, costs were slightly below the previous year's level at € 250.6 million (€ 251.9 million).

On an individual item basis, personnel expenses increased from € 102.5 million to € 106.2 million, essentially due to expansion of the new MLPdialog service centre and general salary increases. Depreciation and amortisation decreased from € 12.6 million to € 11.8 million. At € 132.6 million (€ 136.8 million), other operating expenses also continued to display a downward trend. Among other things, this can be attributed to lower expenses for the IT infrastructure, as well as lower costs for EDP consulting services.

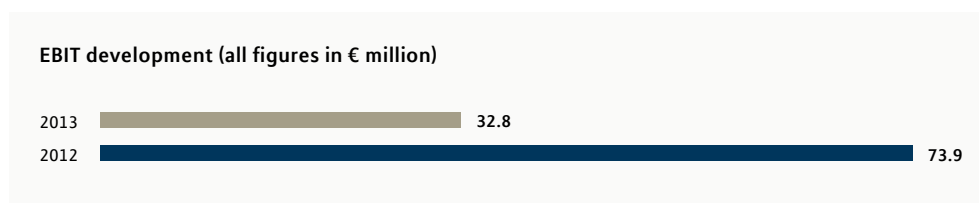
Breakdown of expenses

All figures in € million	2013	In % of total expenses	2012	In % of total expenses	Change in %
Commission expenses	214.2	45.7%	235.8	47.6%	-9.2%
Interest expenses	4.4	0.9%	7.4	1.5%	-40.5%
Personnel expenses	106.2	22.6%	102.5	20.7%	3.6%
Depreciation and amortisation	11.8	2.5%	12.6	2.5%	-6.3%
Other operating expenses	132.6	28.3%	136.8	27.6%	-3.1%
Total	469.2		495.1		-5.2%

MLP Hyp recorded satisfactory business development. We hold a 49.8% stake in this company, which is operated as a joint venture together with the mortgage broker Interhyp. Our allotted earnings from the company decreased slightly from € 1.0 million to € 0.9 million, which is reflected in the earnings from shares accounted for using the equity method.

Under the influence of the downward trend in commission income, EBIT also declined to € 32.8 million (€ 73.9 million) in the financial year. The EBIT margin also decreased to 6.5% (13.0%).

EBIT reaches € 32.8 million



The finance cost was reduced from € 1.0 million to € 0.3 million in the last financial year. This was largely due to the drop in other interest and similar income from € 1.9 million to € 1.4 million. The downward trend in interest rates provides the background for this. Earnings before tax (EBT) decreased to € 33.1 million (€ 74.9 million). The tax rate fell from 29.4% to 23.0%, primarily due to a higher relative proportion of earnings generated by FERF's Luxembourg-based subsidiary. Income tax expenditure was € 7.6 million (€ 22.0 million).

The following table provides an overview of the earnings structure, as well as the development of earnings and margins.

Structure and changes in earnings

All figures in € million	2013	2012	Change in %
Total revenue	501.1	568.0	-11.8%
Gross profit ¹	282.5	324.8	-13.0%
Gross profit margin (%)	56.4%	57.2%	-1.4%
EBIT	32.8	73.9	-55.6%
EBIT margin (%)	6.5%	13.0%	-50.0%
Finance cost	0.3	1.0	-70.0%
EBT	33.1	74.9	-55.8%
EBT margin (%)	6.6%	13.2%	-50.0%
Income taxes	-7.6	-22.0	65.5%
Net profit	25.5	52.9	-51.8%
Net margin (%)	5.1%	9.3%	-45.2%

¹ Definition: Gross profit results from total revenue less commission expenses and interest expenses

Group net profit decreased to € 25.5 million in the period under review (€ 52.9 million). The basic earnings per share are therefore € 0.24 (€ 0.49), while the diluted earnings per share are € 0.24 (€ 0.49).

Group net profit

All figures in € million	2013	2012	Change in %
Continuing operations	25.5	52.9	-51.8%
GROUP	25.5	52.9	-51.8%
Earnings per share in € (basic)	0.24	0.49	-51.0%
Earnings per share in € (diluted)	0.24	0.49	-51.0%
Number of shares in millions (basic)	107.9	107.9	0.0%

Appropriation of profits

We already returned to our long-term dividend policy of paying between 60% and 70% of our net profit to our shareholders for the financial year 2012. We paid our shareholders € 0.32 per share in the form of a regular dividend for the financial year 2012. The total dividend paid was therefore € 34.5 million. We did not purchase any treasury stock during the reporting period.

Proposed dividend of
€ 0.16 per share

The Executive Board and Supervisory Board will therefore propose a dividend of € 0.16 per share to the Annual General Meeting on June 5, 2014. This corresponds to a distribution rate of 68%.

Financial position

Aims of financial management

The financial management of the MLP Group is performed by the central Treasury department in cooperation with the Controlling and Risk Management departments. Our primary objective here is to secure the liquidity of the Group at all times, control the risks involved using the various financial instruments and optimise Group-wide cash management. To this end, we employ a system of rolling liquidity planning with a time frame of 15 to 18 months.

No significant liabilities
or receivables in foreign
currencies

There were no significant liabilities or receivables in foreign currencies during the reporting period, as we generate almost 100% of total income in the eurozone. It is therefore not necessary for us to hedge net items in foreign currencies by means of hedging instruments. You can find details on the financial risks in the notes to the consolidated financial statements in the "Financial risk management" chapter.

Financing analysis

The MLP business model is therefore less capital intensive and generates high cash flows. However, increased capital has been budgeted for the next few years in order to meet the revised definition of equity and stricter requirements of Basel III.

The Group's equity capital backing and liquidity remain good. Shareholders' equity decreased slightly from € 384.2 million to € 374.5 million in the reporting period. The main factor having an impact on this development were dividend payments for the financial year 2012 of € 34.5 million and the net profit for the financial year 2013 of € 25.5 million. As a result of this, the equity ratio decreased from 25.7% to 24.4%. Overall, MLP continues to enjoy a good equity capital backing.

Good equity base

At present, we are not using any borrowed funds in the form of securities or promissory note bond issues to finance the Group long-term. Our non-current assets are partially financed by non-current liabilities. Current liabilities to clients and banks from the banking business also represent further refinancing funds, which are generally available to us in the long term. Total liabilities due to clients and financial institutions from the banking business of € 956.4 million (€ 881.6 million) are essentially made up of client deposits which have no financing function for the Group. These liabilities are offset on the assets side by € 981.7 million in receivables from clients and financial institutions from the banking business (€ 941.9 million).

As provisions only account for 5.5% (5.6%) of the balance sheet total, they have no significant financing function for the Group.

Other liabilities markedly fell from € 130.7 million to € 106.6 million in the reporting period, whereby current liabilities stand at € 103.2 million (€ 125.7 million). These are essentially liabilities from operating activities. Current liabilities are offset on the assets side of the balance sheet by cash and cash equivalents of € 46.4 million (€ 40.7 million), financial investments of € 146.1 million (€ 137.1 million), as well as other current assets of € 92.9 million (€ 121.9 million).

On the balance sheet date, December 31, 2013, financial commitments of € 14.5 million from rental and leasing agreements were in place (€ 15.3 million). These mainly constitute liabilities from the renting of our offices, as well as leasing of motor vehicles and office machines. These can result in potential total liabilities of € 50.6 million by the year 2019 (€ 58.7 million).

Liquidity analysis

Cash flow from operating activities increased to € 67.6 compared to € 22.4 million in the same period of the previous year. Here, significant cash flows result from the deposit business with our clients and from the investment of these funds.

Cash flow from investing activities of continuing operations changed from € 50.2 million to € -32.4 million. In the reporting period, net time deposits of € 30.0 million were reinvested, whereas in the same period of the previous year net time deposits of € 45.0 million with a term of more than three months were not reinvested.

Cash flow from financing activities is affected by dividend payments for the financial year 2012.

Condensed statement of cash flow

All figures in € million	2013	2012
Cash and cash equivalents at beginning of period	60.7	51.4
Cash flow from operating activities	67.6	22.4
Cash flow from investing activities	-32.4	50.2
Cash flow from financing activities	-34.5	-64.7
Change in cash and cash equivalents	0.7	7.9
Change in cash and cash equivalents due to changes to the scope of consolidation	-	1.4
Cash and cash equivalents at end of period	61.4	60.7

As of the balance sheet date of December 31, 2013, the MLP Group had around € 147 million (€ 180 million) in cash holdings. A good level of liquid funds therefore remains available. Thus there are sufficient cash reserves available to the MLP Group. Alongside cash holdings, free lines of credit are also in place. In 2013, the MLP Group was capable of meeting its payment obligations at all times.

Capital expenditure

MLP generally finances capital expenditures from current cash flow. In the last financial year, the total investment volume increased significantly over the previous year to € 22.4 million (€ 14.5 million). The increase essentially results from investments in the future that were made in the last financial year, in particular in IT systems to support sales.

Capital expenditure

All figures in € million	2013	2012	2011	2010	2009
Intangible assets	19.5	7.8	4.3	2.3	2.4
Goodwill	-	-	-	-	-
Software (created internally)	0.4	0.4	0.4	0.5	0.5
Software (purchased)	0.6	0.4	0.2	0.3	0.4
Other intangible assets	0.0	0.0	-	-	-
Payments on account and assets under construction	18.5	7.0	3.6	1.4	1.5
Property, plant and equipment	2.9	6.7	3.5	1.6	1.6
Land, leasehold rights and buildings	0.4	0.4	0.2	0.1	0.2
Other fixtures, fittings and office equipment	1.8	5.4	3.2	1.1	1.2
Payments on account and assets under construction	0.8	0.9	0.0	0.4	0.2
Total capital expenditures	22.4	14.5	7.8	3.9	4.0

The overwhelming majority of investments in the last financial year were made in the Financial Services segment (€ 21.2 million). For the most part these investments were made into IT systems to support sales and also into operating and office equipment. They contribute to the continuous improvement of consulting support and client service (please refer to the chapter entitled “Goals and strategies”). Alongside capitalisable investments we use other resources for these projects, which are recognised as expenses in the income statement. In the FERI segment, we invested € 0.9 million in operating and office equipment as well as intangible assets in the reporting year.

Capital expenditure by segment

	Total capital expenditure		Change in %
	2013	2012	
All figures in € million			
Financial services	21.2	13.5	57.0%
FERI	0.9	0.9	0.0%
Holding	0.4	0.1	>100.0%
Total	22.4	14.5	55.2%

Net Assets

Analysis of the asset and liability structure

As of December 31, 2013, the balance sheet total of the MLP Group rose by € 43.4 million or 2.9% to € 1,536.9 million (€ 1,493.5 million).

Increase in balance sheet total

Intangible assets increased from € 141.7 to € 155.3 million due to higher capital expenditures. Fixed assets were reduced within the scope of depreciation and amortisation from € 68.8 million to € 65.8 million. Non-current assets held for sale and disposal groups decreased from € 10.5 million to € 0.0 million. This is due to the successful sale of a property, as well as reclassification of a second property to the “Investment property” item. This item now has a value of € 7.3 million.

Receivables from clients and from financial institutions in the banking business increased in total by € 39.8 million to € 981.7 million (€ 941.9 million) in the reporting year. These investments are essentially refinanced through the deposits of our clients (liabilities due to clients in the banking business) and thereby reflect the increased level of client deposits. Around 65% (66%) of receivables have a term to maturity of less than one year. We have also increasingly extended the field of mortgage and medical practice financing.

Financial assets rose from € 137.1 million to € 146.1 million in the past financial year. Cash and cash equivalents rose to € 46.4 million (€ 40.7 million). The primary reason behind these two developments is the profit transfer of MLP Finanzdienstleistungen AG for the financial year 2012. However, the dividend distribution to our shareholders had the opposite effect. You can find more detailed information on the change in cash and cash equivalents in the “Financial position” chapter.

Financial investments slightly on the rise

Other receivables and assets decreased from € 139.7 million to € 109.2 million in the reporting year. This item essentially comprises commission receivables from insurance companies resulting from the brokerage of insurance products.

Equity capital backing
remains good

The equity capital backing of the MLP Group remains good. As of December 31, 2013, shareholders' equity decreased slightly from € 384.2 million to € 374.5 million. As a result of this, the equity ratio also decreased from 25.7% to 24.4%. Based on Group net profit of € 25.5 million, we achieved a return on equity of 6.6% (13.3%).

At € 85.1 million (€ 83.7 million), provisions were just above the previous year's level. Greater provisions for client support commission were offset by lower provisions for cancellation risks.

Further increase in client
deposits

In the course of the reporting year, client deposits (liabilities due to clients in the banking business) increased by 8.7% from € 871.1 million to € 946.5 million. This increase is largely attributable to short-term deposits held in bank accounts, credit cards and instant access savings accounts. Liabilities due to banks dropped slightly from € 10.5 million to € 9.9 million.

Other liabilities fell from € 130.7 million to € 106.6 million in the last financial year. This item essentially comprises current liabilities due to our consultants and office managers based on open commission claims (please also refer to the section entitled "Financial position").

General statement on the economic situation

MLP faced challenges due to poor market conditions in the last financial year. For the first time ever, the two core fields of business old-age provision and health insurance both displayed downward developments at the same time. Alongside uncertainty associated with the European debt crisis and a lower savings rate, the ongoing low-interest-rate phase and negative press on life and pension insurance policies in the media in particular led to even stronger reservations in terms of signing long-term contracts in the field of old-age provision. Many clients showed reservations in the field of health insurance. These were largely due to Germany's pending general election and the fact that the final government was not in place until the end of the year, as well as negative market reporting.

However, we were able to significantly absorb this decline in revenue through other business areas. This underlines just how important it was to further develop our business model. At the same time, we benefited from the successful cost management programme we have operated in the last few years, which also enabled MLP to generate substantial profit in 2013.

The corporate management considers the Group's economic situation to be positive, both at the end of the reporting period and at the time of preparing the Group management report. Our financial position also remains positive. Liquidity remains at a good level. The equity capital backing also remains good.

Comparison of the actual and forecast development of business

At the start of 2013, we provided a quantitative forecast for the development of Group EBIT. Based on this, MLP expected to record EBIT in the range from € 65 million to € 78 million for the financial years 2013 to 2015. Due to temporarily increased expenses – which included investments in important future fields of business – we expected from the beginning EBIT to remain at the lower end of this corridor in the financial year 2013.

We also made a qualitative estimate regarding the development of sales revenue. Based on this, MLP anticipates stagnating or slightly decreasing revenue in the field of old-age provision for 2013. In the field of health insurance, we expected revenue to remain at roughly the same level as recorded in 2012. For the field of wealth management, we expected to generate an increase in sales revenues. At the same time, however, we highlighted the risks for the further development associated with the challenging market conditions.

In the field of wealth management, we surpassed our own expectations. In the fields of old-age provision and health insurance, revenue is significantly below the previous year's level and also below plan. This is due to market conditions, which became even more difficult in both of these business segments.

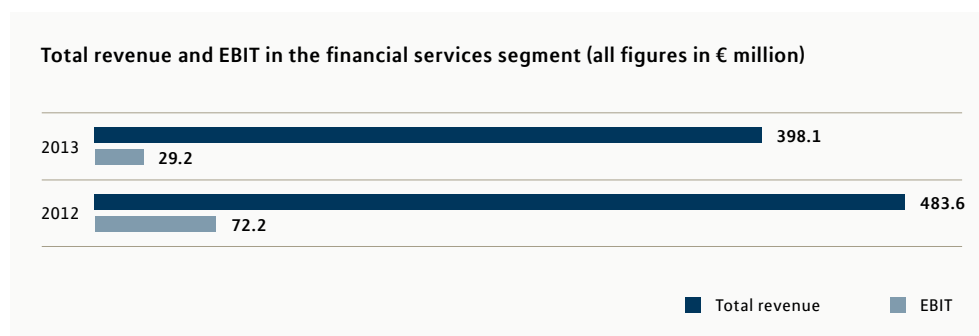
In terms of administration costs, we announced at the beginning of the financial year that increased one-off expenses of around € 8.0 million would be accrued on the basis of the 2012 cost level. Despite these temporary costs, the administration costs for 2013 are slightly below the previous year. The development was therefore more positive than we predicted at the start of year.

Due to the aforementioned worsening of market conditions in the fields of old-age provision and health insurance, we announced back in November 2013 that we would not be able to achieve our targeted year-end EBIT of at least € 65 million and at the year-end are well below the level originally forecasted.

Segment report

Financial services segment

Total revenue in the financial services segment declined from € 483.6 million to € 398.1 million in 2013. This was essentially due to lower commission income in the health insurance and old-age provision segments. Income from the interest rate business was down slightly due to the low interest rate.



Due to the decline in total revenue, commission expenses, which are largely variable, decreased from € 199.4 million to € 162.6 million. At € 4.4 million (€ 7.4 million), interest expenses also decreased due to the low interest rate.

At € 72.2 million, personnel expenses were slightly above the previous year's level (€ 71.3 million). Other operating expenses declined from € 126.2 million to € 123.3 million. Depreciation/amortisation and impairment fell from € 7.3 million compared to € 8.0 million in the previous year.

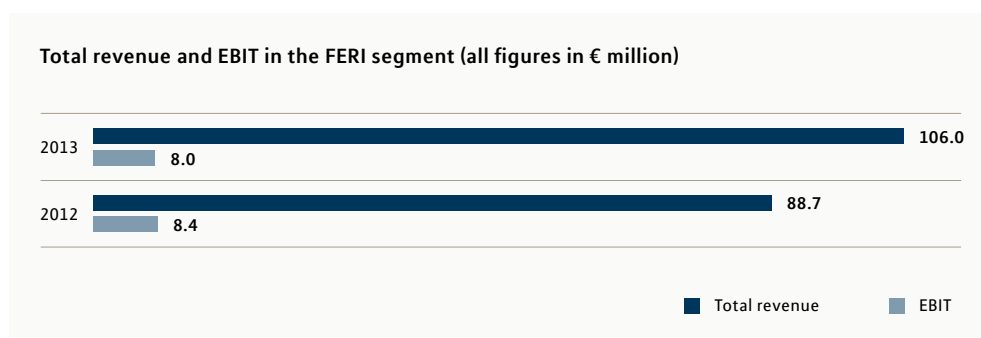
Overall, EBIT decreased significantly from € 72.2 million to € 29.2 million due to the decline in revenue. The EBIT margin was 7.3% (14.9%). At € 0.3 million, the finance cost remained at the previous year's level (€ 0.3 million). EBT therefore reached € 29.5 million (€ 72.5 million).

FERI segment

The FERI segment shows the activities of the FERI Group. Total revenue increased considerably to € 106.0 million in the reporting year (€ 88.7 million). This was essentially the result of the successful development of the Luxembourg-based subsidiary that specialises in fund administration.

Commission expenses increased from € 41.0 million to € 55.9 million due to the rise in revenue in Luxembourg. Administration costs were slightly higher than in the previous year. Personnel expenses increased from € 26.1 million to € 29.0 million, with some of the additional expenses being attributable to one-off costs. At € 2.0 million (€ 2.0 million) and € 11.1 million (€ 11.2 million) respectively, depreciation and amortisation, as well as other operating expenses remained at the previous year's level.

Overall, EBIT declined slightly from € 8.4 million to € 8.0 million.



Holding segment

Total revenue in the Holding segment amounted to € 12.6 million (€ 11.6 million) in the last financial year. This can essentially be attributed to the leasing of buildings to affiliated companies.

At € 5.0 million, personnel expenses were slightly below the previous year's level (€ 5.1 million). At € 2.5 million, depreciation/amortisation and impairment remained unchanged (€ 2.5 million). Other operating expenses decreased to € 9.4 million from € 10.4 million in the previous year.

The finance cost fell from € 0.5 million to € -0.1 million, largely due to lower interest rates on bank balances and time deposits.

We therefore recorded EBT of € -4.4 million in the Holding segment, following € -5.9 million in the previous year.

Personnel and social report

As MLP is a knowledge-based service provider, qualified and motivated employees and consultants represent the most important foundations for sustainable company success and for achieving the company targets described in the chapter entitled "Goals and strategies". As was already the case in the previous year, the focus of our personnel strategy in 2013 therefore remained on continuous further development of our personnel work at both individual and corporate level. This continuity is also an important signal that helps establish trust among employees.

In the 2013 reporting year, an average of 1,559 employees worked in the MLP Group. This figure represents 35 employees or 2.3% more than in 2012. The slight increase can largely be attributed to recruiting staff for the newly established MLPdialog GmbH, which we extended as a service centre for our consultants in 2013. At 4.3%, the natural employee turnover rate at the company HQ was below the market average (2012: 6.2%).

More personnel due to new service centre

The proportion of employees in temporary employment was 1.4% as of December 31, 2013, which is the same level as in previous years. The number of temporary staff and marginal part-time employees was 165, compared to 169 in the previous year. In addition to this, 542 persons also worked on a part-time basis in the Financial Services, FERI and Holding segments. A total of 67 women took maternity leave in 2013, while 136 employees took parental leave.

The following table shows the development of average employee numbers in the individual business units over the last few years:

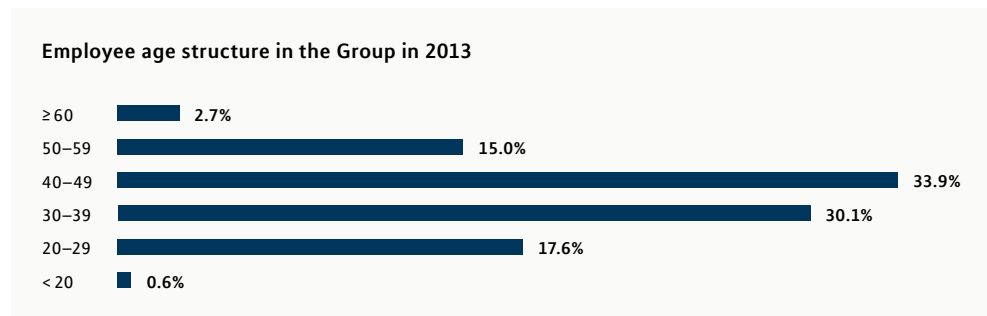
Development of the average number of employees by segment (without MLP consultants)

Segment	2013	2012	2011	2010	2009
Financial services	1,306	1,265	1,324	1,407	1,624
FERI	244	251	249	251	265
Holding	9	8	12	14	11
Total	1,559	1,524	1,584	1,672	1,900

Personnel expenses rose by 3.6% to € 106.2 million in the reporting year. This item comprises € 92.2 million for salaries and wages (previous year: € 88.6 million), € 11.6 million for social security contributions (previous year: € 11.4 million) and employer-based old-age provision allowances of € 2.4 million (previous year: € 2.4 million).

Young workforce

The average age of the employees in the MLP Group is currently just under 40 (previous year: 39).



Personnel work is a strategically important topic for MLP. As an independent financial and investment consulting firm, we can only meet our own strict quality standards when our employees are extremely well trained and highly motivated. This is why we have permanently anchored the process for selection and continuous development of our employees in our corporate mission. We secure a high-quality qualification and further training programme through our own Corporate University (CU) at the site of our HQ in Wiesloch. You can find detailed information on this in the chapter entitled “Goals and strategies”.

Employee survey as the basis for HR projects

In March 2013, MLP performed an employee and consultant survey. A total of 3,257 persons took part in this survey by completing a comprehensive online questionnaire. The results of the survey formed the basis for implementation of numerous HR projects that we successfully initiated in 2013.

New junior staff programme launched

To offer our employees even better development opportunities, the existing junior staff promotion programme was revised in the reporting year and then relaunched as a new programme for junior staff striving for a specialist or management career at MLP. The goal of the “Top Talents Programme” is to systematically identify talented junior staff from within the company and then provide these with targeted and sustainable development opportunities for future specialist and management duties.

The “Top Talents Programme” was launched in September 2013 with 23 employees. The participants each receive intensive training across multiple modules over a total of one and half years to prepare them for future tasks. Among other things, the focus here is on leadership behaviour, as well as project and conflict management. At the same time, the newly established supporting events promote networking within the Group.

Greater transparency of remuneration

To further develop the framework conditions and make them even more attractive for our employees, we intensified our efforts in setting up a new and transparent remuneration system.

In April 2013, a newly concluded company agreement on working hours replaced the previous flexitime system. The objective of this new system was to combine the concerns of employees with reliable service standards for both consultants and clients – while at the same time guaranteeing a high degree of flexibility.

New regulations on working times

We consider it extremely important to support all MLP employees in combining their family life with their career. With our catalogue of fringe benefits, we offer our employees many useful options, including childcare and nursery allowances, a holiday camp, counselling services, consulting and support in looking after loved ones, active return management for young parents preparing to go back to work and a comprehensive range of services from our occupational health provision. In concrete terms, in 2013 we extended the opportunities for paid time off in the event of an employee's child becoming sick and when staff need to look after their own parents requiring nursing care.

Combining family life with a career

We will continue to use the Continuous Improvement Process introduced throughout the company in 2012 to increase awareness for more efficient design of processes and structures in future. In this approach, specially trained employees from many different disciplines identify local improvement potential and then encourage implementation of measures to tap this potential.

MLP works intensively on winning talents and experts and then keeping them loyal to the company. We also received recognition from the outside world for our commitment as an employer in the reporting year, receiving the "Germany's TOP employer" award for the seventh time in succession in 2013. Especially our working conditions and development opportunities received top marks from the independent Corporate Research Foundation Institute (CRF), one of the leading research companies in the field of employer certification and employer branding.

Award as "TOP employer"

Providing our employees and managers with requirements-based support will also remain the task of personnel development in future – especially since the world of work is changing so rapidly. An important step in this field that was already prepared and set up in the reporting year is the change of the IT workplace, which is scheduled for the start of 2014 (please also refer to the chapter entitled "Goals and strategies"). An extensive training concept was implemented to ensure that all employees and consultants are ideally prepared for this change.

State-of-the-art workplaces

In competing for qualified junior staff, in the reporting year we aimed our efforts at winning potential trainees and those attending dual courses of study in the Rhein-Neckar metropolitan region. Through cooperations and information events at local schools, we succeeded in significantly increasing the number of applicants compared to the previous year. In 2013, some 23 trainees and 16 dual-study programme students (previous year: 20 and 16 respectively) began 16 different training and degree courses at MLP. Supporting marketing measures, such as a recruiting initiative with new Internet presence and roadshow provided positive stimulus in this connection. You can find detailed information on this in the chapter entitled "Goals and strategies".

Number of applicants on the rise

The Executive Board would like to take this opportunity to express its sincere thanks to all employees and consultants for the trust, cooperation and excellent commitment they showed in the financial year. You played a key part in helping us record a successful financial year in 2013, despite a market environment that proved challenging in many segments.

A big thank you to our employees

We would also like to thank the works council for its constructive collaboration which, among other things, is documented by the signing of four works agreements. The key now is to maintain this open and responsible dialogue as effectively as possible in future for the benefit of all employees.

EVENTS SUBSEQUENT TO THE REPORTING DATE

There were no appreciable events after the balance sheet date affecting the MLP Group's financial or asset situation.

REMUNERATION REPORT

Principles of Executive Board remuneration

The effective remuneration system provides for a fixed basic annual salary and also variable remuneration (in the form of a bonus) (see Table). The basic figure for the bonus payment is determined based on the income statement of the MLP Group in accordance with the respective (international) accounting standards applied in the Group. The EBIT of the MLP Group in the past financial year for which the bonus is to be paid forms the basis of assessment here. The key figure is therefore the earnings before tax (EBT) that would result without deduction of profit-sharing payments. If continuing operations and discontinued operations were to be recognised in the financial year, the basis of assessment was formed by the total of the EBITs of operations to be continued and discontinued respectively. No costs and income directly related to the discontinuation/sale of business segments are included in the basis of assessment. If the employment contract begins or ends in the course of the financial year, the basic bonus figure is reduced pro rata temporis.

A portion of 45% of the bonus calculated in this way is to be paid as an immediate payment following presentation of the company's adopted financial statements. The remaining 55% is only to be paid as a "deferred payment" after presentation of the financial statements for the financial year two years after the year of the immediate payment. The level of the deferred payment effectively to be paid to the member of the Executive Board is also subject to upwards or downwards adjustment, depending on the ratio of the average EBIT recorded in the three years following the base year to the EBIT in the base year.

In contractually more closely specified boundaries, the immediate payment and the deferred payment are also subject to an adjustment right, which can be used at the discretion of the Supervisory Board. Here, the Supervisory Board is authorised, at its reasonable discretion, to increase or reduce the immediate payment by up to 30% and the deferred payment by up to 10% based on its assessment of the individual performance of the respective member of the Executive Board or extraordinary developments.

In addition to this, the service contract provides for a cap of the immediate payment and the deferred payment in €. For both bonus parts, a maximum of 150% of the basic figure is stipulated as the cap with an assumed EBIT of € 100 million.

Under the remuneration system, the members of the Executive Board are entitled to unrestricted use of a company car and payments from a life and disability insurance policy.

The members of the Executive Board, Dr. Uwe Schroeder-Wildberg and Mr. Muhyddin Suleiman, continue to hold individual occupational benefit plans. An old-age pension upon reaching 62 years of age, a disability pension, a widow's pension and orphan's benefits have been guaranteed. The amount of the agreed benefit is 60% of the last fixed monthly salary received, or is fixed separately on the basis of amendments to the service contracts. However, the members of the Group Executive Board, Manfred Bauer and Reinhard Loose, receive employer-financed, defined contribution benefits in an occupational pension scheme.

The service contracts of all members of the Group Executive Board comprise change-of-control clauses granting the right to termination for cause in the event that

- the company's share of voting rights changes in accordance with §§ 21, 22 of the German Securities Trading Act ("Wertpapierhandelsgesetz").
- the company is reorganised in line with the provisions of the German Reorganisation of Companies Act ("Umwandlungsgesetz"). This does not apply if the company changes its corporate form, outsourcings in line with § 123 (3) of the German Reorganisation of Companies Act or for mergers in accordance with the provisions of the Reorganisation of Companies Act, in which the company is the incorporating legal entity.

Since the amendment of the service contracts of Executive Board members in the financial year 2011, a member of the Executive Board resigning on the basis of the aforementioned conditions is entitled to maximum compensation of two times a year's fixed salary, on the condition that the termination takes place more than two years before the end of the contract. After that, the regulations apply on a pro-rata-temporis basis.

Individualised Executive Board remuneration for the financial year 2013

All figures in €'000	Fixed remuneration component	Variable remuneration component (immediate payment)	Total
Dr. Uwe Schroeder-Wildberg	584	178	762
Manfred Bauer	384	142	526
Reinhard Loose	373	124	497
Muhyddin Suleiman	384	142	526
Total	1,725	586	2,311

Individualised Executive Board remuneration for the financial year 2012

All figures in €'000	Fixed remuneration component	Variable remuneration component/ (immediate payment)	Total
Dr. Uwe Schroeder-Wildberg	528	348	876
Manfred Bauer	385	278	663
Reinhard Loose	334	244	578
Muhyddin Suleiman	379	278	658
Total	1,627	1,148	2,775

The following amounts were also recognised as expenses in connection with deferred payments in the financial year 2013: Dr. Uwe Schroeder-Wildberg € 449 thsd (€ 218 thsd), Manfred Bauer € 206 thsd (€ 314 thsd), Reinhard Loose € 196 thsd (€ 251 thsd), Muhyddin Suleiman € 304 thsd (€ 231 thsd). Adjustments from the previous years are included in the values.

As of December 31, 2013, pension provisions totalling € 13,598 thsd (previous year: € 13,306 thsd) were in place for former members of the Executive Board.

Remuneration of the members of the Supervisory Board

In addition to compensation for their expenses for the financial year, the members of the Supervisory Board receive a fixed annual remuneration of € 40,000 in accordance with the Articles of Association. The Chairman of the Supervisory Board receives twice and his deputy one and a half times this amount. Additional, special remuneration is granted for work on the Audit Committee and the Personnel Committee. This comes to € 25,000 for the Audit Committee and € 15,000 for the Personnel Committee. The chairman of the respective committee receives twice the stated level of remuneration. The fixed portion of remuneration is paid after the end of the financial year. No member of the Supervisory Board receives any variable or share-based remuneration payments.

In the Supervisory Board elections held on April 17, 2013, the following employees' representatives were appointed as members of the Supervisory Board at MLP AG: Mr. Burkhard Schlingermann and Mr. Alexander Beer. They succeed Mrs. Maria Bähr and Mr. Norbert Kohler in this role. Their term in office began at the end of the Annual General Meeting on June 6, 2013 and ends with conclusion of the 2018 Annual General Meeting. Dr. Peter Lütke-Bornefeld, Dr. h. c. Manfred Lautenschläger, Johannes Maret and Dr. Claus-Michael Dill were reappointed for a further five years.

Individualised Supervisory Board remuneration

All figures in €'000 (without tax)	Remuneration 2013	Remuneration 2012
Dr. Peter Lütke-Bornefeld (Chairman)	135	135
Dr. h. c. Manfred Lautenschläger (Vice Chairman)	100	100
Dr. Claus-Michael Dill	96	105
Johannes Maret	66	80
Norbert Kohler	17	40
Maria Bähr	17	40
Burkard Schlingermann	31	–
Alexander Beer	37	–
Total	500	500

In the financial year 2013 € 23 thsd (previous year: € 21 thsd) was paid as compensation for expenses and training measures.

RISK AND OPPORTUNITY REPORT

Risk and disclosure report

Legal foundations and application scope

With the Solvency Ordinance (“Solvabilitätsverordnung”, SolvV), the European minimum capital standards prescribed in the 2006/48/EU Banking Directive, the 2006/49/EU Capital Adequacy Directive – together referred to as the Capital Requirements Directive (CRD) – and the equivalent stipulations of Basel II were all implemented as national legislation in Germany. The Solvency Ordinance (SolvV) substantiates the appropriateness of equity capital backing held by institutes that is required by § 10 of the German Banking Act (“Kreditwesengesetz”, KWG). This Directive has now been revised on the basis of several amendment stages of Basel II and CRD revisions, with which parts of Basel II were implemented as European law and also applied as German law.

Disclosures are made in accordance with § 2a (6) of the German Banking Act (KWG) on a consolidated basis. As the depository institution, MLP Finanzdienstleistungen AG represents the controlling company of the supervisory Financial Holding Group as per § 10a (3) of the German Banking Act (KWG), on the basis of which the supervisory risk reporting is performed in accordance with § 26a of the German Banking Act (KWG) and in connection with §§ 319 to 337 of the Solvency Ordinance (SolvV).

MLP and FERI apply the waiver rule according to § 2a of the German Banking Act (KWG) for the Financial Holding Group in line with § 10 of the German Banking Act (KWG). Both MLP Finanzdienstleistungen AG and FERI Trust GmbH have demonstrated that they have fulfilled the conditions stipulated by § 2a (6) No. 1 and No. 2 of the German Banking Act (KWG) of the Deutsche Bundesbank and the Federal Financial Supervisory Authority (BaFin).

Pursuant to § 10a of the German Banking Act (KWG), the supervisory scope of consolidation of the MLP Financial Holding Group consists of MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, ZSH GmbH Finanzdienstleistungen, Heidelberg, FERI AG, Bad Homburg v. d. Höhe, FERI Trust GmbH, Bad Homburg v. d. Höhe, FERI Institutional & Family Office GmbH, Bad Homburg v. d. Höhe, FERREAL AG, Bad Homburg v. d. Höhe (since September 30, 2013 including FERI Investment Services GmbH, which was merged with FERREAL AG) and FERI Trust (Luxembourg) S.A., Luxembourg.

Within the scope of risk management, FERI EuroRating Services AG, Bad Homburg v. d. Höhe is also incorporated in the scope of consolidation pursuant to § 25a (1a) of the German Banking Act (KWG) (“MaRisk scope of consolidation”).

The disclosures and references made to legislative texts and ordinances within the scope of the risk and disclosure report refer to the versions valid on December 31, 2013 in each case.

Scopes of consolidation – differences between the IFRS, supervisory and MaRisk (minimum risk management requirements) scope of consolidation

Segment	Company	IFRS scope of consolidation	MaRisk scope of consolidation (§ 25a of the German Banking Act (KWG))	Supervisory scope of consolidation (§ 10a of the German Banking Act (KWG))	
Holding segment	MLP AG	X	X	X	
	MLP FDL AG	X	X	X	
	TPC GmbH	X		X ¹	
	ZSH GmbH	X	X	X	
Financial services segment	MLPdialog GmbH	X			
	MLP Hyp GmbH	X			
	FERI AG	X	X	X	
	FERI Trust GmbH	X	X	X	
	FERI Trust (Luxembourg) S.A.	X	X	X	
	AIF Komplementär GmbH			X ¹	
	FEREAL AG	X	X	X	
	FPE Private Equity Beteiligungs-Treuhand GmbH			X ¹	
	FPE Private Equity Koordinations GmbH			X ¹	
	FPE Direct Coordination GmbH			X ¹	
	FERI Private Equity GmbH & Co. KG			X ¹	
	FERI Private Equity Nr. 2 GmbH & Co. KG			X ¹	
	FERI EuroRating Services AG	X	X		
	FERI Trust (Schweiz) AG			X ¹	
	FERI Institutional & Family Office GmbH	X	X	X	
	FERI segment	AIF Register Treuhand GmbH			X ¹

Supervisory scope of consolidation: ¹ Exemption as per § 31 (3) Sentence 2 of the German Banking Act (KWG)

The relevant supervisory disclosures as per § 26a of the German Banking Act (KWG) made within the scope of the risk reporting of the MLP Financial Holding Group are designated as such.

Risk management system

Objective

Entrepreneurial activity invariably involves taking risks. For MLP Financial Holding Group, “risk” means the danger of possible losses or lost profits. This danger can be attributable to internal or external factors. Since it will not be possible to eliminate all risks, a risk that is commensurate with the expected return must be targeted. The aim is to identify risks as early as possible in order to react to them quickly and appropriately. Our risk management system currently records risks in particular. In addition to this, we also focus on business opportunities. Particularly in Product Management and Purchasing, business opportunities in the market are identified in a targeted process for the individual product segments. Implementation is then tested and initiated, taking into account the chances of success and the associated risks. You can find a detailed description of the significant opportunities for the MLP Financial Holding Group in the separate opportunity report.

MLP's group-wide early risk detection and monitoring system is used as the basis for a group-wide active risk management. This system ensures appropriate identification, assessment, controlling, monitoring and communication of the major risks. Risk management is a key component of the value-driven management and planning system in the MLP Financial Holding Group. Moreover, the Group's risk culture is continuously consolidated and efforts are made to communicate information relevant to risk across all business segments.

Risk policies

The Executive Board of the controlling company defines the business strategy, as well as a consistent risk strategy for the MLP Financial Holding Group. The Group-wide risk propensity is derived from the risk strategy, taking into account the risk-bearing ability. On this basis, framework conditions for risk management in the MLP Financial Holding Group are then defined. The readiness to take risks is regularly checked and adjusted as necessary.

The following basic principles are consistent with the business strategy and describe the central framework conditions for the risk management at the MLP Financial Holding Group:

The Executive Board is responsible for proper organisation of the business and its further development:

This responsibility includes defining appropriate strategies and setting up appropriate internal control procedures in particular - thereby assuming responsibility for all significant elements of risk management. The task of defining the business and risk strategy cannot be delegated. It is the responsibility of the Executive Board to implement the strategies, assess the risks associated with them and also put in place and monitor measures to ensure that these risks are limited.

The Executive Board bears responsibility for the risk strategy:

The Executive Board of the controlling company defines the risk strategy for the MLP Financial Holding Group, including the significant elements and assumptions on risk-bearing ability. The risk strategy reflects the risk propensity or "risk tolerance" based on the targeted risk/earnings ratio. The Executive Board ensures that a comprehensive approach, incorporating all key risk types, is incorporated in the companies and that suitable steps are taken to implement the risk strategy.

MLP promotes a strong awareness of risks and lives a pronounced risk culture:

A strong awareness of risks across all divisions and a corresponding risk culture are encouraged through appropriate organisational structures. Risk awareness that goes beyond each department's or person's own field of responsibility is essential. The effectiveness of the risk management system is continuously monitored and any adjustments that become necessary are implemented as quickly as possible. Appropriate data security and quality standards are established and subjected to continuous checks.

MLP pursues a strategy of comprehensive risk communication and risk reporting:

Detected risks are reported to the responsible management level openly and without restriction. The Executive Board is informed in a comprehensive and timely manner (if necessary ad hoc) of the risk profile of the relevant risks, and profit and losses at the MLP Financial Holding Group. The Supervisory Board receives the information required to perform its legal obligations. Internal risk communication and risk reporting is supplemented by comprehensive, external publications that cater to the interests of MLP AG shareholders and the capital market and also comply with the supervisory requirements.

Risk capital management -
risk-bearing ability

Risk capital management and stress tests

Risk capital management is an integral part of the Group management system in the MLP Financial Holding Group. Active control of the economic capital adequacy based on the results of risk assessments and in compliance with the supervisory requirements ensures that risk-taking is always in line with capital backing.

Risks are only accepted within limits derived from aspects of the risk-bearing ability to achieve adequate returns, taking into account risk/earning factors. In particular this prevents risks that could threaten the continuity of the business model.

The Executive Board defines the risk capital based on business policy targets and controls the risk profile in an appropriate ratio to the risk coverage fund. The focus is on the key risks for the MLP Financial Holding Group, which are identified at least once a year within the scope of a risk inventory (risk profile) performed throughout the Group. Here, the key risk indicators determined using standardised procedures are compared against threshold values applied throughout the Group. The Group-wide risk profile represents the basis for both risk capital management and the risk management and controlling processes. With reference to the minimum requirements of risk management systems (MaRisk), we take into account the proportionality principle with regard to implementation of § 25a of the German Banking Act (KWG).

The key risk types of counterparty default, market price, liquidity and operational risks are in particular quantified within the scope of the risk-bearing ability. The strategic and reputation risks (other risks) also represent significant risk types, although these are currently not quantified. All key risk types in all segments (Financial Services, Holding and FERI) are therefore significant.

In accordance with the guideline entitled "Prudential assessment of internal banking risk-bearing capacity concepts" (published on December 7, 2011 by the Federal Financial Supervisory Authority), the internal assessment of the appropriateness of equity capital backing is performed based on the principles of continuation (going-concern approach) in the standard scenario, as well as the principles of liquidation in stress situations.

In the going-concern approach, the focus is on securing continued existence of the bank. In the liquidation approach, the objective is to protect the bank's external providers of equity and owners.

As it has the largest business volume and greatest earning power, MLP Finanzdienstleistungen AG bears the greatest risks within the Financial Holding Group. This is also reflected in the allocation of 80% of the risk coverage fund to the Financial Services segment.

In controlling the financial risk capital, the regulatory requirements of capital adequacy (regulatory capital adequacy in line with the German Banking Act (KWG), Solvency Ordinance and Large Exposure and Million Loans Regulation) are additional conditions that are to be strictly complied with.

Stress tests are also performed on a regular and ad hoc basis for special analysis of the effects of unusual yet still plausible events. Comprehensive analyses have therefore been implemented, both at the level of the individual risk types and across all risk types. The effects of potential concentrations of risks are also taken into account here.

Stress tests

When performing the standardised stress tests, the key risk drivers are scaled in such a way that they reflect disproportionately negative economic situations. The implemented stress tests can then be used to check whether the risk-bearing ability of the MLP Financial Holding Group can still be secured even under unfavourable economic framework conditions. The market value effects on the financial situation, the liquidity situation and the results of operations are also investigated in this connection.

Organisation

In the sense of § 25a (1a) of the German Banking Act (KWG) and in conjunction with AT 4.5 of the Minimum Requirements for Risk Management (MaRisk), the Executive Board at MLP Finanzdienstleistungen AG ensured appropriate control and monitoring of the significant risks at Group level through suitable processes (AT 4.5 Tz. 1 MaRisk). This approach encompasses in particular

Group-wide risk management

- defining Group-wide strategies,
- securing the Group's risk-bearing ability,
- establishing structural and organisational regulations for the Group,
- implementing Group-wide risk management and controlling processes and
- setting up an Internal Audit department, which will operate throughout the Group.

In order to evaluate the risks of the MLP Financial Holding Group, MLP Finanzdienstleistungen AG, acting as a controlling company, obtains an overview of the risks in the Financial Holding Group on a regular and ad hoc basis. Based on the risks identified in the individual companies and their relative weighting, the "MaRisk scope of consolidation" is formed, which defines the scope of the Group-wide risk management system. In principle, all risks identified as significant within the Group by the controlling company are taken into account - regardless of whether the risks are caused by companies subject to mandatory consolidation in the sense of § 10a of the German Banking Act (KWG) or by other companies that do not fall within the scope of the Minimum Requirements for Risk Management (MaRisk). Group-wide regulations and policies for establishing Group-wide risk management at MLP are defined taking into account the type, scope, complexity and risk content, as well as the different application options provided by corporate law on an individual basis.

Our risk management concept follows clearly defined basic principles that are applied as binding throughout the entire Group and whose compliance is continuously checked. A crucial element of these principles is a clear organisational and operational distinction between the individual functions and activities of risk management.

Functional separation

We have defined and documented the organisation of risk management and the associated tasks and responsibilities in accordance with supervisory requirements, both at Group level and at the level of the Group companies. For risk management at Group level, appropriate organisational precautions which also define the framework for risk management design at the level of the individual Group companies are taken by MLP Finanzdienstleistungen AG as a higher-level entity. The operational and organisational structure is regularly checked and assessed through internal audits and adapted to internal and external developments as they happen.

Group Risk Manager The Group Risk Manager is responsible for the risk monitoring and control activities in the MLP Financial Holding Group. He is kept continuously informed of the risk situation in the Financial Holding Group and gives regular reports on this to the entire Executive Board and Supervisory Board.

Risk controlling function To be able to address risk topics early on and sustainably throughout the Group, while also increasing risk awareness, a risk controlling function has been set up at MLP. This function is responsible for independent monitoring and communication of risks. The company management is to involve the head of this function in any and all important risk policy-related decisions.

Compliance function The Executive Board has also set up a compliance function, the duties of which include identification of the key legal provisions and requirements, non-compliance with which can potentially jeopardise the assets of the MLP Financial Holding Group.

Risk management and controlling processes Risk management in the MLP Financial Holding Group and its local operating implementation in the business units is performed on the basis of the risk strategy. The units responsible for risk management reach decisions for conscious acceptance, reduction, transfer or avoidance of risks, observing the framework conditions specified centrally.

Risk controlling is responsible for the identification and assessment of risks, as well as for monitoring upper loss limits. This is accompanied by reporting the risks to the Executive Board and the business units that control the risks. Suitable early detection systems support risk monitoring, identify potential problems early on and thereby enable prompt planning of measures.

Appropriate guidelines and an efficient monitoring process also ensure that the regulatory requirements for risk management and controlling are met by the Group companies.

The methods used at the MLP Financial Holding Group to assess risks are in line with the current level of knowledge and are aligned with practices in the banking sector as well as recommendations of the Federal Financial Supervisory Authority. The results determined on the basis of the risk models are entirely suitable for controlling the risks. The measurement concepts are subject to regular checks by risk controlling, as well as internal and external audits. However, despite careful model development and regular checks, it is conceivable for circumstances to occur that lead to greater losses than those forecast by the risk models.

Controlling monitors earnings trends Controlling is responsible for continuously monitoring trends in earnings. This involves comparing revenue and earnings levels with the corresponding planned figures and thereby creating continuous transparency for the Executive Board.

The analysis time line of strategic controlling covers the next two to four years. In this connection sales and profit trends are analysed (in particular taking into account changes in economic or legal framework conditions) and transformed into target figures for the individual business segments.

Group accounting is the central contact for all accounting questions, both at individual company and Group level. Financial accounting acts as the central processing point for all accounting-related information. Job descriptions, substitution plans and work instructions are all in place to support the correct procedure. Process descriptions and various checklists are also available for further support. All regulations and instructions are published in the organisation manual, which is continuously updated and can be accessed by all employees. Functional separations, as well as ongoing and subsequent checks based on the “four-eyes principle”, are in place to prevent any misuse or fraud. Continuous further training of employees ensures that all accounting is performed in line with current legislation.

Internal controlling system in the accounting process

The internal audit department, which assumes monitoring and control tasks in major Group companies on the basis of outsourcing contracts, as well as MLP FDL AG in the form of a controlling company in accordance with § 10a (3) of the German Banking Act (KWG), constitutes an important element of the internal monitoring system. The internal audit department performs regular, systematic risk-oriented inspections with regard to compliance with legal, supervisory and internal specifications. The department also monitors the functional separation and effectiveness of the risk management system, and performs follow-up procedures on audit recommendations. The minimum requirements for risk management governing the internal audit function are complied with throughout the Group.

Internal audits

The internal audit department operates in an independent capacity throughout the Group on behalf of the Executive Board.

A substantial risk reporting scheme forms the basis for appropriate and successful corporate management. This is complemented by an extensive system of internal reporting, which provides the key decision-makers with prompt information on the current risk situation. Risk reports are generated at fixed intervals or, if necessary, produced ad-hoc. In addition, planning, simulation and control instruments show possible positive and negative developments to the most important value and controlling parameters of the business model and their effect on the net assets, financial position and results of operations.

Risk reporting

Risk reports are submitted to the controlling units, the Executive Board and the Supervisory Board. Those receiving the reports are informed promptly and comprehensively of changes to relevant influential factors.

Statement of risks

The MLP Financial Holding Group is exposed to various financial risks. These in particular comprise counterparty default, market price and liquidity risks.

Important changes to the risks compared to the previous year resulted from the increasing importance of FERI Trust (Luxembourg) S.A. within the MLP Financial Holding Group due to growing volumes of receivables and business it handles, as well as an increasing profit contribution, which is largely achieved from business with one client.

Alongside financial risks, there are also operational and other risks, such as strategic and reputation risks.

Financial risks

Counterparty default risks

The counterparty default risk is the risk of a loss or lost profit due to the defaulting of or deterioration in creditworthiness of a business partner. The credit risk includes the contracting party risk (re-covering risk and advance performance and counterparty settlement risk), as well as the risks related to specific countries which, however, are only of secondary importance to the MLP Financial Holding Group.

As of the balance sheet date of December 31, 2013, gross loans of the MLP Financial Holding Group amounted to € 1,755.1 million (previous year: 1,733.6 million). In this connection, gross loans are defined as the exposure value before the recognition of collateral (in the standardised approach to credit risk incl. allowances for losses on individual accounts) in accordance with the Solvency Ordinance (SolvV).

The counterparty default risks of the MLP Financial Holding Group are essentially made up of the client credit business under the company's own liability, the company's own business and the commission receivables against our product partners. There are no significant risks related to specific countries, as 98.05% of debtors are located in the Federal Republic of Germany (previous year: 97.97%). The other regions (1.95%, previous year: 2.03%) mainly concern Luxembourg and France.

Concentration of risk

The identification of potential concentrations of risks constitutes another key component of credit risk management. Those risks which come about due to an uneven distribution of business partners in credit relations or other business relations or which are caused by sectoral/geographical business focuses and are capable of generating such great losses that the solvency of an institute may be threatened are classed as concentrations of risk in the credit portfolio. To be able to identify concentrations of risk in the lending business early on, the portfolio is analysed using various approaches, such as investigations based on sector, size and risk classes or security categories. Concentrations of risk are also given special consideration in the stress tests specific to the risk types.

To minimise potential concentrations of risk before they can even occur, the MLP Financial Holding Group follows a strategy of diversification and risk avoidance. Thus, investments are diversified into bonds, debentures and other financial instruments across various sectors. We have defined binding investment limits for the individual sectors and issuers via our capital investment directive. These limits were observed at all times over the course of the year.

In the consumer business, potential concentrations in ratings classes with high failure rates should be avoided. This is achieved by focusing on commission-based products and the retail products of credit cards and accounts in connection with the targeted client segments. In addition to this, avoidance of major individual risks is a further central component of the credit policy in place at the MLP Financial Holding Group. Focusing on the target group of academics and other discerning private clients allows an attractive profit margin to be achieved.

The sectors are divided into the following groups in accordance with § 327 (2) No. 3 of the Solvency Ordinance (SolvV):

Main sectors

Main sectors in € million	Loans, commitments and other non-derivative off-balance-sheet assets		Securities		Derivative financial instruments	
	2013	2012	2013	2012	2013	2012
Domestic banks	570.4	556.3	64.2	81.3	0.0	0.0
Deutsche Bundesbank	10.3	13.5	–	–	–	–
Foreign banks	11.4	16.5	–	4.9	–	–
Insurance companies	59.0	19.0	–	16.1	–	–
Other financing institutions	5.0	6.9	–	1.0	–	–
Other companies	618.9	745.5	11.0	–	–	–
Self-employed persons	161.0	134.6	–	–	–	–
Employees	150.3	69.7	–	–	–	–
Other private individuals	57.3	47.0	–	–	–	–
Foreign companies and private individuals	22.8	18.7	13.5	2.6	–	–
Total	1,666.4	1,627.7	88.7	105.9	0.0	0.0

The contractually fixed terms to maturity in accordance with § 327 (2) No. 4 of the Solvency Ordinance (SolvV) are listed in the following overview:

Residual terms

Residual terms in € million	Loans, commitments and other non-derivative off-balance-sheet assets		Securities		Derivative financial instruments	
	2013	2012	2013	2012	2013	2012
< 1 year	912.9	922.9	26.3	31.1	–	–
1 year – 5 years	338.5	317.7	49.2	56.1	0.0	0.0
> 5 years to open-ended	415.0	387.0	13.2	18.7	–	–
Total	1,666.4	1,627.7	88.7	105.9	0.0	0.0

The responsibilities in the credit business, from application, through authorisation, to completion and including regular monitoring with regular creditworthiness analyses, have been defined and documented in the organisational guidelines. Decision-making authority is laid down in the authority regulations, which themselves are based on the risk content of the transactions.

We also monitor and control any potential default risks from advances paid to consultants and office managers via a layered warning system, in which any incidents are quickly detected and active receivables management is guaranteed.

Loan approval, in particular in the client credit business, takes the form of credit limits being granted for the individual borrower or borrower unit. Individual credit decisions are reached by specialised employees that follow clearly defined guidelines based on the size, creditworthiness and collateral of the respective borrower. A special scoring process allows fast decisions to be made, in particular for credit cards and accounts in the retail lending business, while also securing consistently high quality.

The basis of our credit decisions is always the creditworthiness of the borrower. Collateral does not have any influence on the borrower's rating. Depending on the structure of a transaction, collateral can however be of significance for the risk assessment of a commitment.

All forms of traditional loan collateral are essentially used throughout. This specifically includes mortgages on residential and commercial property, warranties, sureties, life insurance policies, financial collateral, as well as assigned receivables. As a rule, privileged mortgages, warranties and financial collateral are used for supervisory recognition under the Solvency Ordinance. Receivables and physical collateral are currently not taken into account.

Eligible financial collateral of the MLP Financial Holding Group within the scope of retail business pursuant to § 336 and in connection with § 154 (1) No. 1 of the Solvency Ordinance (SolvV) is only included in the risk assessment pursuant to the Solvency Ordinance (SolvV) at a negligible level.

As a whole, the potential credit loss risks are continuously determined and evaluated by simulating the allowances for bad debt as a percentage of the credit volume that carries risks. For accounts that are regarded as carrying acute risk, we build up appropriate allowances for bad debt. Loans that are recognised as being problematic are transferred to certain specialist departments and managed by experts.

The non-performing and defaulted receivables in accordance with § 327 (2) No. 5 of the Solvency Ordinance (SolvV) are divided into main industries or groups of debtors. MLP defines the transactions of a client as non-performing if a default incident occurs in accordance with § 125 of the Solvency Ordinance (SolvV), irrespective of whether any allowances for losses have been formed.

Non-performing and defaulted loans

Main sectors in € million (previous year)	Total availability of non-performing and defaulted loans (including impairment)	Specific allowance for doubtful accounts	General allowance for bad debts	General allowance for doubtful accounts	Provision allowance	Net allocation/ reversals for specific and general allowance for doubtful accounts/ provisions	Direct write-offs	Income from receivables which have already been written off	Defaulted loans (excluding impairment)
Self-employed persons	17.1 (18.8)	4.5 (5.3)	0.1 (3.2)	3.3 (0.0)	– (–)	1.5 (–3.6)	1.4 (3.0)	– (0.0)	– (–)
Employees and other individuals	15.3 (18.2)	4.5 (6.0)	5.7 (7.6)	2.4 (1.4)	0.4 (0.4)	0.9 (–2.7)	0.2 (1.3)	0.3 (0.3)	0.3 (0.3)
Total	32.4 (37.0)	9.0 (11.4)	5.8 (10.9)	5.7 (1.4)	0.4 (0.4)	2.3 (–6.3)	1.6 (4.3)	0.3 (0.3)	0.3 (0.3)

The non-performing and defaulted loans are exclusively in the Federal Republic of Germany.

The development of the allowances for losses is as follows in accordance with § 327 (2) No. 6 of the Solvency Ordinance (SolvV):

Development of the allowances for losses

Amount in € million (previous year)	Opening balance	Reclassification	Allocations	Reversals	Utilisation	Other Changes	Closing balance
Specific allowance for doubtful accounts	11.3 (15.5)	– (–)	1.5 (1.1)	0.7 (0.7)	3.2 (4.5)	– (–)	9.0 (11.4)
General allowance for bad debts	10.9 (12.5)	–3.1 (–)	0.4 (0.3)	0.0 (1.4)	2.4 (0.4)	– (–)	5.8 (10.9)
General allowance for doubtful accounts	1.4 (1.2)	3.1 (–)	1.6 (0.3)	0.4 (0.0)	– (–)	– (–)	5.7 (1.4)
Provisions	0.4 (1.1)	– (–)	– (0.0)	0.0 (0.6)	– (0.2)	0.0 (0.1)	0.4 (0.4)
Total	24.0 (30.3)	– (–)	3.6 (1.6)	1.2 (2.8)	5.6 (5.1)	0.0 (0.1)	20.8 (24.0)

In addition to the above-described risks, there is an issuer's risk from the bonds, debentures and other financial instruments acquired. We reduce the risk of default among issuers, whose securities we have acquired within the scope of capital investment management - also in light of current market trends - through the specified creditworthiness requirements of our capital investment directive. Where available, the MLP Financial Holding Group also bases its decisions in the field of financial investments on external ratings. Within the scope of internal risk management, the MLP Financial Holding Group uses the state, bank and company ratings of the agencies Moody's, Fitch and Standard & Poor's for the relevant receivables classes.

The individual receivables classes are assigned a risk weighting in line with the Solvency Ordinance. This process is illustrated below in accordance with § 328 of the Solvency Ordinance (SolvV):

Risk weighting per receivables class

Risk weighting in %	Total outstanding receivables in accordance with standard approach			
	before credit risk reduction (in € million)		after credit risk reduction (in € million)	
	2013	2012	2013	2012
0	80.2	82.7	80.2	82.7
10	1.2	23.8	1.2	23.8
20	666.6	640.7	666.2	640.3
35	46.2	27.7	45.5	27.1
50	0.3	0.2	0.3	0.2
70	-	-	-	-
75	306.2	276.6	288.9	255.7
90	-	-	-	-
100	504.1	532.7	503.8	532.7
115	-	-	-	-
150	11.3	29.2	8.8	26.9
190	-	-	-	-
250	-	-	-	-
290	-	-	-	-
350	-	-	-	-
370	-	-	-	-
1250	-	-	-	-
Alienation of capital	1,616.1	1,613.6	1,594.9	1,589.4

The MLP Financial Holding Group records investments in the asset ledger in line with § 332 No. 2a - b of the Solvency Ordinance (SolvV). The investments recorded in the asset ledger encompass investment instruments of affiliated companies of € 294 million (previous year: € 289 million), as well as listed securities of € 4.7 million (previous year: € 5.5 million). The investments and the shares in affiliated companies are not listed on the stock exchange. The investments in the asset ledger are therefore disclosed according to the principle of lower of cost or market applicable to fixed assets.

Realised and unrealised gains and losses from investments in line with § 332 No. 2c - d of the Solvency Ordinance (SolvV) break down as follows:

Realised and unrealised gains and losses from investments

in € million	Realised gains/losses from sales/ liquidations		Latent revaluation gains (losses)			
	2013	2012	in total		amounts thereof included in tier 2 capital	
			2013	2012	2013	2012
Total	-0.1	-0.3	-0.2	-1.3	0.0	0.0

The MLP Financial Holding Group has derivative counterparty default risk and netting positions as per § 326 of the Solvency Ordinance (SolvV) (interest rate swap). The face value of these swaps is € 5 million (previous year: € 5 million). The negative replacement value is € 0.2 million (previous year: € 0.3 million).

The credit value at risk is approximated using simplified formulae of capital adequacy requirements in line with the Solvency Ordinance (SolvV) for calculating the economic counterparty default risk and for the purpose of internally controlling the counterparty default risks. In general various methods are available for this in accordance with the Solvency Ordinance (SolvV). In terms of the calculation methods, differentiation is made between the standardised approach to credit risk (KSA) and the approach based on internal ratings (IRBA). Depending on the rating status of the receivables due to the MLP Financial Holding Group, the internal control system is based on the various supervisory calculation methods.

In our view, the counterparty default risks at the MLP Financial Holding Group are being allowed for appropriately.

Market price risks

The MLP Financial Holding Group understands market price risks as the uncertainty regarding changes in market prices and rates (including interest, share prices, exchange rates and raw material prices), the correlations between them and their volatility. The market price risks are made up of the market price risk in the narrow sense and the market liquidity risk.

Interest rate and price risks represent the sub-categories of the market price risk which are important for us.

Interest rate risks essentially come about from incomplete congruency of interest rate agreements between the loans granted and their refinancing. Market price risks are also caused by internal business activities. These maturity transformation risks are continuously monitored and assessed in compliance with supervisory requirements (stress scenarios). There are currently only very minor open risk items in foreign currency.

Interest rate risks

In order to reduce the cash flow-relevant interest risk, we use derivative financial instruments (interest rate swaps) on a small scale. The interest rate swaps do not serve any speculative purposes, but are rather intended to hedge interest risks. They are not subject to hedge accounting.

Possible effects of different interest development scenarios are portrayed via planning and simulation calculations. The risks and their effects are made transparent based on assumptions of multilayer interest scenarios. In this context, cash value changes of all items in the asset ledger are shown in relation to the equity, with the application of the changes in interest rates prescribed by the Federal Financial Supervisory Authority. The simulation is performed by automated means for all the interest-bearing and interest-sensitive items. It is in this manner that the controlling of the interest risk is ensured. The change in value determined in the reporting period always remained significantly below the threshold of 20% of equity - a threshold which, if exceeded, would give us the status of an institute with increased interest risk.

In accordance with § 333 of the Solvency Ordinance (SolvV), the interest risks in the asset ledger of the MLP Financial Holding Group, which are calculated monthly, are as follows:

Interest rate risks

Amount in € million	Interest rate shock/parallel shift			
	Change in value + 200 BP		Change in value – 200 BP	
	2013	2012	2013	2012
Total	1.1	3.5	0.6	-1.0

Price risks

Shares, bonds, promissory note bonds and funds held can be subject to an exchange risk due to fluctuations in the market interest rate or changes in creditworthiness. Through constant monitoring and evaluation of our portfolio, possible effects on results caused by strong exchange rate fluctuations can be addressed early on. We thereby ensure a prompt reaction to market changes. We use a value-at-risk calculation when performing risk measurements. The nominal change in value of share price-based securities is determined for the significant price risks. A holding period of 250 trading days and a confidence level of 97.0% are assumed here.

The recognition of equity requirements for market risks in accordance with § 330 of the Solvency Ordinance (SolvV) is not relevant to the MLP Financial Holding Group.

There are minor risks relating to foreign currency or commodities. In the year under review, no speculative use was made of financial instruments – such as securitisation transactions – with a view to making profits in the short term, nor is this envisaged for the future. The MLP Finanzdienstleistungen AG continues to hold the status of a non-trading book institute.

Liquidity risks

The MLP Financial Holding Group understands liquidity risks to mean uncertainty in terms of the availability of funds to meet payment obligations or reduce risk items which is either insufficient or which can only be secured by accepting unfavourable terms. Liquidity risks can result from both internal and external risk factors.

The fundamental principles of liquidity control and planning are defined in the internal guidelines. In controlling the liquidity risk, we employ two different approaches, operational and structural.

The central instruments and control variables of operational liquidity control at the MLP Financial Holding Group include itemisation of financial assets and refinancing sources in the company's own business as per the balance sheet date within the scope of cash management, but also the liquidity and observation ratios of the liquidity regulation. In addition to this, within the scope of liquidity control the volume of daily net cash inflows and outflows is observed and incorporated into the risk assessment based on the liquidity at risk. The liquidity at risk (LaR) describes the anticipated cash payment surplus (net funding requirement) which will not be exceeded at a defined level of probability within a given period of time. Sufficient funds were available to cover short-term liquidity requirements at any time.

Operational liquidity control

The funding matrix is the central instrument of structural liquidity control at the MLP Financial Holding Group and also a preliminary step towards economic analysis of additional refinancing costs. It indicates for each time frame whether there is a surplus or possible shortfall of financing means and thereby allows open liquidity items to be controlled. The liquidity value at risk, which indicates the additional refinancing costs required to close open liquidity items, is another key instrument of structural liquidity control and is also used in risk capital management. When determining the liquidity value at risk as of December 31, 2013, net cash inflows for the year were in line with forecasts and no additional refinancing costs are thus expected to occur. If, contrary to expectations, net cash outflows should occur, sufficient cash reserves are available. The liquidity risk in the MLP Financial Holding Group results primarily from MLP Finanzdienstleistungen AG as the deposit-taking bank. The refinancing structure is based largely on client deposits. There are no plans to issue any promissory note bonds or securities. Appropriate short and medium-term credit lines have also been agreed to safeguard against a possible short-term liquidity shortfall.

Structural liquidity control

Alongside the assumed development in standard scenarios, we have also defined stress scenarios to simulate potential increases in liquidity requirements as a result of a negative change in the market environment. These enable us to introduce any countermeasures deemed necessary in good time.

Operational risks

Operational risk is the risk of losses caused by inadequacy or failure of internal procedures and systems, people or by external events. This definition includes legal risks.

Operational risks are identified and assessed locally throughout the Group in the individual organisational units. To this end, a risk inventory is performed at least once a year. Within this scope, experts from all specialist departments examine and assess the operational risks on the basis of self-assessments. They are broken down into an assessment of risk potential for identification and evaluation of the main risks and into suggested measures derived from this.

The frequency of occurrence and potential extent of damages presented by the risk scenario being examined are determined when assessing an identified operational risk. Both empirical values and projections for the upcoming period of one year are applied here. The risks identified are managed using corresponding risk control strategies.

In addition to this, any loss/damage occurring at the MLP Financial Holding Group is continuously recorded and analysed. Collecting all loss/damage data allows loss events to be identified and evaluated as a way of detecting trends and any concentration of operational risks. The results are collated and checked for feasibility by risk controlling and then made available to the Executive Board and the controlling units.

Capital charge according to the basic indicator approach

The MLP Financial Holding Group currently uses the basic indicator approach in line with §§ 270 et seq. of the Solvency Ordinance (SolvV). As per § 331 of the Solvency Ordinance (SolvV), the procedure used to determine the equity needed to back operational risks is explained in the following: Within the scope of the basic indicator approach, the supervisory capital charge for the operational risk is determined using a fixed calculation scheme. On this basis the capital charge is 15% of the average gross proceeds of the last three financial years, whereby only positive gross proceeds are taken into account.

Risks from internal procedures

The operational and organisational structure at the MLP Financial Holding Group is comprehensively documented and laid down in our organisation guidelines. Reduction of operational risks from internal procedures along with the reduction in the frequency and level of losses is primarily achieved through continuous improvement of business processes and the expansion of the internal monitoring system. Further safeguarding measures include risk transfer through the conclusion of insurance policies and consciously avoiding risky products. In order to secure the continuation of business operations, comprehensive emergency and business continuity plans are also in place for the most important areas and processes.

Within the scope of business continuity management (BCM), critical company processes are identified, the failure of which could have significant influence on the Group's business operations. To this end, suitable measures are defined in the form of central alternative actions. In the event of an emergency, these measures allow business operations to continue, albeit with reduced performance. The critical processes and the effectiveness of the defined measures are subject to regular monitoring and continuous development. BCM documentation is available to the business segments and employees in the organisation manual.

Human resources risks

The MLP Financial Holding Group places great value on having qualified employees and managers, particularly in the back-office areas. Staff resources and sufficient qualification/training of employees are secured by the responsible specialist departments. We reduce the risk of staff shortages through appropriate personnel planning and targeted personnel marketing measures.

Employees working with confidential information undertake to observe the respective regulations and handle the information responsibly. A clear separation of management and control functions restricts the risk of breaching internal and external regulations. Defined substitute and successor regulations guarantee that the necessary procedures are still securely maintained, even when employees are unexpectedly unavailable for work.

A possible error in client consulting, investment and acquisition brokerage or finance portfolio management and associated claims for damages can present a consulting and liability risk. We minimise potential consulting risks by maintaining consistently high quality consulting which we ensure, for example, through IT-supported consulting tools. Consultations with our clients and the results coming from this are comprehensively documented. A high standard of training is guaranteed by our own Corporate University, at which each of our consultants initially attends extra-occupational training to become a Senior Financial Consultant. Our Corporate University has received the seal of approval with distinction from the European Foundation for Management Development (EFMD) and was also certified by the Foundation for International Business Administration Accreditation (FIBAA) in 2013.

To effectively minimise possible IT risks, the MLP Financial Holding Group pursues appropriate strategies. When selecting our IT systems, we generally opt for industry-specific standard software from reputable providers. If necessary, business-specific proprietary IT applications are developed by qualified specialists. Extensive tests performed at specialist process level and system level followed by the established final acceptance processes before going live ensure that our IT systems operate correctly. Our data processing centre is outsourced to leading service providers with various sites, back-up systems and a defined contingency plan (BCM). This secures our data against possible loss, thereby ensuring availability and consistency. We protect our IT systems against unauthorised access through access and authorisation concepts, extensive virus protection, as well as other comprehensive security measures.

IT risks

As business processes are focused on the brokerage and banking business, on cost optimisation and on scalability, the MLP Financial Holding Group makes use of external partners for standard services. All significant outsourcing activities are closely intertwined with risk management and thereby incorporated in the risk management and controlling processes. Responsibilities for outsourced processes are clearly set out at the MLP Financial Holding Group. This ensures that any potential organisational, structural or process-based risks that may occur due to outsourced business activities are closely controlled.

Risks from external events

In addition to this, corresponding insurance policies have been concluded where appropriate to minimise risks from external events such as fraud, burglary, theft or damage due to force majeure.

Internal security measures are also set up in such a way that any attempts at fraud, burglary or theft are thwarted before they begin.

Risks arising for the MLP Financial Holding Group from fraudulent or other criminal conduct are identified and regularly assessed within the scope of the risk analysis performed to identify potential hazards caused by criminal conduct (both internal and external). Both the risk assessment and the individual measures implemented to avoid criminal conduct are performed by the relevant section at company HQ pursuant to § 25c of the German Banking Act (KWG) and are also incorporated into the operational risk inventory process.

In line with Section 4.4.2 of Germany's "MaRisk" minimum risk management requirements, the significant legal provisions and stipulations for the MLP Financial Holding Group were identified in 2013 within the scope of the requirements of the Compliance function. Failure to comply with these provisions and requirements could pose a considerable threat to the assets of the MLP Group. As per Germany's "MaRisk" minimum risk management requirements, the Compliance function works towards implementation of effective procedures, alongside corresponding control measures by the respectively competent departments, to comply with the significant legal stipulations and internal regulations and provides regular reports, including ad-hoc reports when and where necessary, on its activities to the Executive Board and the Supervisory Board.

To ensure maintenance of critical processes in all cases, the potential consequences of external events are examined within the scope of the Business Continuity Management system and corresponding plans of action drawn up.

Legal risks Our legal department controls legal risks. In addition to consulting on corporate decisions and designing business processes, its tasks include following and assessing current legal disputes. Possible legal risks are routinely detected and possible solutions for minimising, limiting or preventing such risks are shown. The legal department coordinates the commissioning and integration of external lawyers. Within the scope of risk mitigation, the legal department checks and monitors the existing insurance coverage and initiates any adjustments which may be necessary.

According to our review, the pending or threatening legal proceedings against the MLP Financial Holding Group do not represent risks which could endanger the Group's continued existence. The Executive Board at MLP AG is convinced that the legal claims filed since August 2007 with virtually the same wording and originating from a single firm of lawyers will not be successful. These claims have been filed for 32 clients for damages due to the issuing of allegedly erroneous capital market information between 2000 and 2002. Two of them have already been withdrawn.

In addition to this, MLP AG filed a lawsuit against several former shareholders in FERI AG for negative declaratory relief in January 2012. The aim of this lawsuit is to attain judicial assessment confirming that the claims asserted by the former shareholders are not valid. In the meantime the defendants have filed counterclaims within the scope of the case and are seeking to substantiate their alleged claims. It is the opinion of MLP that the claims made following the acquisition of outstanding shares in FERI AG in April 2011 are unfounded and have no legal basis.

Taxation risks Changes that emerge in tax law are continually checked and examined with regard to any effects they may have on the MLP Financial Holding Group. The company's compliance with fiscal requirements is checked by internal and external experts in accordance with the tax regulations and the documents pertaining to these issued by the tax authority.

Other risks

Reputation risks Reputation risks are defined as risks that occur due to a loss of image by the MLP Financial Holding Group, either as a whole or by a single or several operating units, among eligible parties, shareholders, clients, employees, business partners or the general public. We are in particular subjected to the risk that public trust in our Group may be negatively influenced through public reporting of a transaction, a business partner or a business practice in which a client is involved. We minimise potential consulting risks by maintaining consistently high quality consulting which we ensure, for example, through IT-supported consulting tools. Consultations with our clients and the results arising from these are comprehensively documented.

General business risks

Changes in economic and political factors can affect the business model and the development of the MLP Financial Holding Group. We therefore constantly monitor national and international developments in the political, economic and regulatory arenas as well as business developments and requirements on the financial services market. The knowledge bundled at FERI EuroRating Services AG offers us particular support in this regard.

Overall economic risks

The consequences of the European debt crisis have been significantly calmed by the expansive monetary policy of the European Central Bank (ECB). However, the effects of the rather slow improvement to the global economic situation on Germany – where the MLP Financial Holding Group generates a very large percentage of its revenue – were still discernible. According to calculations of the German Federal Statistical Office, the inflation-adjusted increase in gross domestic product (GDP) was just 0.4%, following 0.7% in 2012. This can largely be attributed to stable domestic demand.

Despite the economic uncertainties caused by the European debt crisis, the employment situation on the German employment market proved favourable and stable, especially for well-trained specialists. This also had a positive influence on the net income of households, which increased compared to the previous year.

Due to an improved economic situation in the eurozone, the leading economic research institutes are now predicting growth of 1.6% for Germany in 2014. This is helped by continuing very stable domestic demand. Export prospects are also likely to once again display positive development thanks to the gradual recovery of the eurozone.

For the MLP Financial Holding Group we do not expect any radical changes to the market conditions in the field of old-age provision. This is largely due to the ongoing period of low interest rates and current discussions regarding life insurance products.

Although the population is fully aware of the topic of old age poverty and real income gains are to be expected, our private client target group of academics remains reluctant to sign long-term provision and savings plans.

The financial services sector in Germany remains very heterogeneous and is characterised by a high level of competitive pressure. The battle to win clients, particularly private clients, has intensified. A large number of new or revised regulations, as well as identifiable trends in client behaviour are factors which can have a significant influence on the business of the MLP Financial Holding Group. The ever stricter regulations are increasing pressure, above all on smaller providers, which will lead to further consolidation of the market.

Business environment and sector-related risks

However, we are well prepared for the changes that lie ahead. The quality of our consulting services, our focus on selected client groups, our independence and our early adoption of numerous legal and regulatory requirements put us in a strong market position.

The MLP Financial Holding Group is in a good position thanks to sustainable diversification of its business activities. The uncertainty associated with the European debt crisis and the ongoing period of low interest rates – including the ECB's decision to reduce the prime rate to 0.25% – continue to present significant issues regarding development of the old-age provision segment. Private clients in particular remain very insecure and are therefore continuing to display reservations in signing long-term contracts.

Corporate strategy risks

Corporate strategy risks largely consist in the erroneous assessment of market trends and, in consequence, the erroneous alignment of business activities. Strategic risks also emanate from unexpected changes in market and environmental conditions with negative effects on the results of operations.

Corporate strategy control is primarily the responsibility of the Executive Board. Changes and developments on the national and international markets and the business environment are analysed on the basis of continual observation of the competitive environment and decisions are derived with a view to securing and building on the Group's corporate success in the long term.

Target values are laid down based on a projected assessment of success factors. The achievement of these values is constantly monitored. In this way the Group's strategic positioning regularly undergoes critical scrutiny through comparison of target and actual values.

With its focus on providing independent and holistic advice to academics and other discerning clients, MLP is well positioned in the market. Our mission and goal is to be the number one among our clients – i.e. their first point of contact for all questions regarding holistic financial management.

The strong market position among students and academics guarantees continuous expansion of our client base through the acquisition of new clients. In addition to this, the long-standing and close business relationships we maintain with our clients guarantee further penetration within our existing client base.

To ensure that we can continue providing our clients with qualified, top-level advice, we place great emphasis on selecting and training our consultants. Linking a sufficient number of competent consultants to the company over the long term and ensuring low consultant turnover are important prerequisites for the future growth of the MLP Financial Holding Group.

In light of the ever challenging market environment, above all in the field of old-age provision but also in terms of the rapidly changing regulatory environment, we are underpinning our strategy of profitable growth with a comprehensive efficiency management.

All key value drivers in MLP's business model are subject to continuous analysis and active management via a comprehensive system of central and local controlling. The Group strategy and the measures it involves, all of which are set out by the Executive Board, are reflected within the scope of budget and long-term planning as a way of analysing their effects on the business situation. Continuous reporting is performed to record the anticipated course of business, so that action can be taken quickly in the event of any negative deviations.

No quantification of other risks is currently performed within the scope of internal risk management. However, to adequately accommodate the risks resulting from this, an adequate buffer is included in the risk-bearing ability.

Results of the analysis of risk-bearing ability

The MLP Financial Holding Group pursues a going-concern approach with a confidence level of 97% when controlling risks. This is based on protection of the minimum capital backing required by law and thereby continuation of the business operations of the MLP Financial Holding Group. Free equity capital that is available after meeting the regulatory ratios for minimum capitalisation and a buffer are in place to serve as risk coverage potential.

The Executive Board set up a risk coverage fund of € 120 million available in 2013 in order to cover the risk types which we consider to be significant, namely the counterparty default risk, market price risk, liquidity risk, as well as operational and other risks. At 43% and 41% respectively, counterparty default risks and operational risks take up the majority of the risk coverage fund available. MLP Financial services allocates 80% of the risk capital by segment.

At no point did our limit utilisations reach the threshold of 90%. In fact, we are far from any critical utilisation. The MLP Financial Holding Group thus displayed a solid risk-bearing ability throughout 2013.

Key banking regulatory figures and Solvency Ordinance

The MLP Financial Holding Group is obliged to back its weighted risk assets with at least 8% equity (equity ratio). The backing of risk assets with core capital (tier 1 capital) generally requires a minimum ratio of 4%. These requirements have not changed in the financial year 2013. The same applies for MLP's internal processes, objectives and measures for investment control.

Pursuant to § 31 (3) Sentence 1, 2 of the German Banking Act (KWG), the companies listed in the following were not included in the summary as per §§ 10 a (6) – (12), 12 a (1) Sentence 1 and 13 b (3) and (4) of the German Banking Act (KWG) in the sense of §§ 10 a (1) – (5) and 13 b (2) of the German Banking Act (KWG) or included in the condensed monthly financial statement pursuant to § 25 (2) of the German Banking Act (KWG) (RS 06/2008 BA). The Federal Financial Supervisory Authority (BaFin) was informed accordingly:

- FERI Private Equity GmbH & Co. KG, Germany
- FERI Private Equity Nr. 2 GmbH & Co. KG, Germany
- FERI Trust AG (Switzerland), Switzerland
- FPE Direct Coordination GmbH, Germany
- FPE Private Equity Beteiligungs-Treuhand GmbH, Germany
- FPE Private Equity Koordinations GmbH, Germany
- TPC GmbH, Germany
- AIF Komplementär GmbH, Germany (since 12/2013)
- AIF Register Treuhand GmbH, Germany (since 12/2013)

The equity structure of MLP is as follows in accordance with § 324 of the Solvency Ordinance (SolvV):

Equity components

Equity components (in € million)	2013	2012
Paid-in capital (business capital, share capital, capital stock, endowment capital and business assets) excluding cumulative preference shares	141.2	141.1
General reserves	361.1	347.0
Net accumulated losses from investments	–	–
Unappropriated profit, interim profit	–	–
Investments in accordance with § 10 (6) Sentence 1 No. 1 of the German Banking Act (KWG) (investment carrying amounts)	–287.3	–282.9
Investments of silent partners	–	–
Special items for general bank risks in line with § 340g of the German Commercial Code (HGB)	4.5	2.5
Unblocked assets recognised by the Federal Financial Supervisory Authority (BaFin)	–	–
Deductible items according to § 10 (2a) Sentence 2 of the German Banking Act (KWG)	–25.5	–14.8
Remaining goodwill according to § 10a (6) Sentence 9 of the German Banking Act (KWG)	51.1	73.0
Impairment shortfalls and anticipated losses according to § 10 (6a) No. 1 and 2 of the German Banking Act (KWG)	–	–
Total core capital according to § 10 (2a) of the German Banking Act (KWG)	245.1	265.9
Total tier 2 capital according to § 10 (2b) of the German Banking Act (KWG) after deduction of deductible items in line with § 10 (2b) Sentence 2 of the German Banking Act (KWG) and tier 3 capital in line with § 10 (2c) of the German Banking Act (KWG)	–	–
For informative purposes: Total of deductible items in line with § 10 (2b) Sentence 2 of the German Banking Act (KWG)	–	–
Total modified disposable shareholders' equity according to § 10 (1d) Sentence 1 of the German Banking Act (KWG) and the eligible tier 3 capital in line with § 10 (2c) of the German Banking Act (KWG)	245.1	265.9

On the basis of the Basle II implementation strategy for the calculation of shareholders' equity requirements (Basle Pillar 1), MLP Financial Holding Group employs the standardised approach to credit risk (KSA) for the credit risk and the basis indicator approach (BIA) for the operational risk in accordance with the German Banking Act (KWG) and the Solvency Ordinance.

MLP fulfilled all legal requirements relating to shareholders' equity backing in line with § 325 of the Solvency Ordinance (SolvV) throughout the entire financial year 2013. The capital backing of the most important companies of MLP are as follows:

Capital ratios of principal companies

	Total capital ratio in %		Core capital ratio in %	
	2013	2012	2013	2012
Consolidated group of banks				
MLP AG	93.39	78.13	93.39	78.13
MLP Finanzdienstleistungen AG*	6.44	7.70	6.44	7.70
ZSH GmbH Finanzdienstleistungen	5.35	6.75	5.35	6.75
FERI AG	-94.41	-77.43	-94.41	-77.43
FERI Trust GmbH	9.12	8.82	9.12	8.82
FERI Institutional & Family Office GmbH	0.57	0.48	0.57	0.48
FERI Trust (Luxembourg) S.A.	4.74	7.09	4.74	7.09
FEREAL AG**	0.76	-3.70	0.76	-3.70

* Controlling institution

** Since September 30, 2013 (including FERI Investment Services GmbH, which was merged with FEREAL AG)

The capital adequacy requirements resulting from use of the standard approach to credit risks (KSA) and the basic indicator approach (BIA) to operational risks are structured as follows:

Capital adequacy requirements

	2013	2012
Capital adequacy requirements (in € million)		
Central governments	-	-
Regional governments and local government bodies	-	-
Other authorities	-	-
Multilateral development banks	-	-
International organisations	-	-
Institutions	10.7	10.8
Backed debentures emitted by financial institutions	0.1	0.2
Companies	24.3	24.1
Retail business	17.3	15.3
Items collateralised by property	1.3	0.7
Fund shares	0.2	0.2
Other items	10.8	11.4
Overdue items	1.1	3.2
Risks from book values of investments in companies		
Book values of investments in the standard approach	5.0	6.8
Operational risks		
Operational risks according to the basic indicator approach	49.8	50.7
Total	120.5	123.4

Summary

MLP's business development is essentially influenced by financial, operational and general business risks. We use our risk management system for the identification, assessment, control, monitoring and communication of our key risks in terms of both current and future developments. The information provided ensured prompt introduction and prioritisation of risk management measures without exception.

Both the MLP Financial Holding Group as a whole and the Group companies always acted within the scope of their financial risk-bearing ability in 2013. In addition, the supervisory requirements were met in full at all times. There are currently no discernible risks that could threaten MLP's continued existence. And we do not expect to see any negative development in the coming year.

Our Business Continuity Management also ensures regulated business operations in the event of any disruptions. Our risk monitoring and control systems and the consistent alignment of our business model to our risk-bearing ability enable us to ensure that the risks taken in our business activities are backed with adequate risk capital.

The risk management system is subject to continuous further development, in particular with regard to developing the volume and complexity of our business. The effectiveness of our risk management system and its supervisory implementation are also checked cyclically by both external and internal auditors.

The above-mentioned risks, and such risks which are not yet known to us or are currently considered insignificant, could have a negative impact on our forecasts detailed in the outlook.

No risks are known at MLP which could have a significant influence on the continued existence of the MLP Financial Holding Group.

Opportunity report

Opportunity management

The objective of the integrated opportunity management approach employed by the MLP Group is to secure systematic and early identification of opportunities and their assessment.

This takes place within the scope of a standardised business strategy process, performed by the Executive Board once a year and also whenever necessary. Unscheduled processes might, for example, become necessary following major acquisitions or when significant changes have occurred in the market environment. MLP's corporate strategy, and the opportunities associated with this, are derived from its corporate mission, which is examined and updated by the Executive Board on an annual basis. The current internal and external framework conditions, as well as influential factors are then analysed and summarised using established processes. Once this is complete, the company's strategic alignment for the coming financial year is formulated (please refer to the chapter entitled "Goals and strategies").

A comprehensive analysis of the environment always forms the basis of this process. Among other things, this includes the macroeconomic and regulatory framework conditions, developments in the product area and also the competition. With regard to client and sales potential, we also use available market data alongside our own assessments. The analysis culminates in a comprehensive SWOT analysis (strengths, weaknesses, opportunities, threats).

MLP's system of opportunity management is accompanied by continuous observation of the market and competitive environment from the company's various perspectives. This process is organised locally in the responsible departments, which regularly report their findings to the respective member of the Executive Board. Product Management is a key player here, as it determines opportunities through intensive contact with product providers and industry experts, mostly in the form of product innovations. In addition to this, the Market & Innovation team works continuously on further developing MLP's consulting services, while Marketing engages in comprehensive market research. Other important protagonists in terms of opportunity management are Controlling, which examines the market, to detect potential acquisition opportunities, as well as the organisational units of Communication & Policy, Risk Management and Compliance, which examine potential regulatory changes early on.

Prospects

The opportunities in terms of the corporate strategy can be subject to both external and internal influences. However, our system of opportunity management is based closely on our corporate strategy.

The economic forecasts for the years 2014 to 2015 suggest only limited opportunities for MLP. Although the economy is set to grow further, the aforementioned reservations on the part of clients when it comes to signing long-term savings contracts comes in addition. In the mid to long term, however, the greater need for private and also occupational pension provision should increase demand for these two products significantly again – particularly among MLP's target groups. Should the German economy enjoy better development than assumed in our forecast, this will only have an indirect influence on short-term operating developments. However, should the reservations when it comes to signing long-term contracts disappear altogether (contrary to our expectations), this would have direct positive effects for MLP.

Opportunities from changing
framework conditions

The ever stricter regulation of the financial services sector in Germany, with the objective of increasing investor protection, presents both challenges and opportunities for MLP. Stricter regulatory requirements will initially lead to additional costs and reduced productivity, as administrative costs increase and processes in the company have to be adapted. However, the regulation also tightens the quality standards required of market members. This will accelerate consolidation of the market, as individual brokers will not be able to comply with the stricter requirements. The supply side of the market will reduce in size overall. With our consulting approach, which focuses on clients and their needs, we are able to clearly differentiate ourselves in the marketplace. In addition to this, we were quick to align our operations to the new framework conditions over the last few years, which will enable us to benefit from this development in the mid term.

Corporate strategy
opportunities

We see corporate strategy opportunities primarily in MLP's positioning as an independent, well-established, full-scope consulting firm, a position which has been strengthened over the last few years. Alongside support for private clients, we now also have a strong focus on our business with corporate clients and institutional investors. In cooperation with our Group companies TPC and FERI, we will further expand our portfolio for corporate clients and institutional investors in the areas of investment, risk management and occupational pension provision. If, as has been discussed in the political arena in the last few months, the German state decided to provide greater support, particularly in the field of occupational pension provision, this could certainly generate additional opportunities for MLP.

Interlinking these areas with one another and with the consumer business will furthermore enable us to create corresponding revenue potential. In the consumer business itself, MLP has an important USP thanks to holistic positioning. Further developing these opportunities offers important potential for the next few years. Additional increases are also possible, particularly in the field of wealth management, in which MLP clearly distances itself from the market through its highly transparent price model.

Within the scope of opportunity management, MLP examines the market for potential acquisitions, including at its subsidiary FERI. In the event of an acquisition, opportunities can arise which can increase revenue potential.

Business performance
opportunities

As a pure service provider, our operational tasks comprise sales, product selection and sales support.

In the field of sales, our client potential in the consumer business will increase even further over the course of the next few years. The need for well-trained employees in Germany is increasing, which in turn improves the basic conditions for our client group of academics. At the same time, the number of academics capable of and seeking employment is also set to rise in the mid term, which will lead to greater new client potential for MLP.

We are also keen to use a more targeted penetration of our client base to achieve growth, in particular in the field of wealth management. Since our clients are generally very well-educated and thereby have excellent income prospects, they have a continuous need for sound financial advice and hold corresponding revenue potential.

The consumer business is not the only area in which we see opportunities for winning and supporting new clients. There is also a high demand for independent, professional consulting in the business with institutional clients, which we have now bundled at our subsidiary FERI, as well as with corporate clients. Institutional clients are, in particular, currently seeking to make more investments. Moreover, the increasing regulation of the financial sector means there is a greater demand for research and rating services which we also offer via FERI EuroRating Services AG.

Further business performance opportunities can also arise from the increase in the number of our consultants and a corresponding increase in their productivity. However, winning new consultants remains difficult. Competition to find qualified financial consultants is extremely intensive. At the same time, regulatory requirements and our own quality standard are raising the entry bar for new consultants. Should the number of consultants increase much more than we anticipate, this could lead to a positive deviation from the forecast operating results.

Over the last few years, we have introduced and implemented various measures to increase the productivity of our consultants. These include further development of our consulting programmes, even greater support for our consultants – for example in product selection – and even more effective service from the back-office in Wiesloch. The newly created MLPdialog service centre also makes an important contribution to this. The goal of these measures is to allow our consultants to focus on their core task, namely advising and supporting their clients. This provides important revenue potential for the future.

The counterparty default risk measures are based on assumptions regarding future developments of macroeconomic circumstances, as well as developments on the credit markets. Economic framework conditions of this kind may develop more positively than anticipated, which could lead to lower potential losses than quantified by the risk measures. Any such potentially positive effects would present opportunities for MLP, which could be used to reduce risks.

Opportunities from
financial risks

These opportunities could in particular present themselves if the loss rates of non-performing loans in future are lower than assumed within the scope of risk quantification. In addition to this, positive developments in terms of loss rates might lead to a lower risk value than initially quantified. Downward developments of exposure values in the portfolio can also lead to opportunities in the counterparty default risk. This can, for example, be caused by debtors paying off their loans faster than expected based on the contracts in place.

In terms of market price risks (uncertainty regarding changes in market prices, including interest rates, share prices, exchange rates and raw material prices, as well as the correlations and volatilities that exist between these), opportunities can also arise in the event of market developments that are more favourable than anticipated.

We have not identified any other opportunities which could result in significant positive development of MLP's economic situation in future.

MLP sees several significant opportunities. These affect multiple fields, in particular the framework conditions, the corporate strategy and business performance factors, as well as financial risks. The opportunities described, as well as those which are not yet known to us or are currently considered insignificant, could have a positive effect on our forecast.

Summary

FORECAST

Future overall economic development

The leading economic research institutes expect the German economy to pick up again from 2014 onwards. Set against the background of an improved economic situation in the eurozone, the German Council of Economic Experts is anticipating growth of 1.6% for Germany in its annual report for 2014. The economic experts at the Organisation for Economic Cooperation and Development (OECD) are also optimistic regarding developments in Germany. Based on estimates published by the OECD, gross domestic product is likely to increase by 1.7% in 2014 and as much as 2.2% in 2015. The economy will primarily be driven by domestic demand that remains very stable. The step-by-step recovery in the eurozone is also likely to once again improve export prospects for Germany.

Employment and income levels will rise

In the course of the economic recovery, the Institute for Employment Research of the German Federal Employment Agency (IAB) expects the moderate upward trend in terms of employment to continue. Based on the forecast, the number of employees paying mandatory social security contributions is likely to increase by around 370,000 to 29.73 million in 2014 and thereby set a new record. Following a slight increase in unemployment in 2013, the experts at the IAB expect the number of unemployed to drop again slightly in 2014 by 40,000 to 2.9 million persons. In its annual report, the German Council of Economic Experts is predicting that the disposable income of private households in Germany will increase nominally by 3.4% in 2014. Set against the background of an anticipated price increase rate of less than 2%, this will lead to real income gains. Indeed, the OECD is forecasting an increase in disposable income of 3.1% for 2014 and 3.5% for 2015.

General statement: Low interest environment and reservations continue to dominate

We expect a slight improvement in market conditions in the field of old-age provision for 2014. However, the environment remains primarily characterised by the ongoing low-interest-rate phase and the discussions around life insurance products. This situation will continually lead to a sense of reservation among clients when it comes to signing long-term contracts – despite the fact that there is a massive need for private and occupational pension provision. Market conditions should also start to improve slowly in the private health insurance sector, whereas public discussions could lead to just slight improvements. Based on current framework conditions, however, future developments are accompanied by an even greater sense of uncertainty.

Future industry situation and competitive environment

Old-age provision

The average age of German residents is already higher than every other country in the EU. According to data published by the German Federal Institute for Population Research (BiB) in Wiesbaden, the average age of the population in the country is currently 45. The average age of the residents of all 28 EU member states, on the other hand, is 41.5.

In future, private and occupational pension provision are likely to assume an increasingly important social role in Germany. This is because the statutory pension alone will generally be inadequate for maintaining the attained standard of living during retirement. Indeed, according to a recent study performed by the Ruhr University in Bochum for Fidelity Worldwide, there is a risk that Germans reaching retirement age may actually have to face a much larger income shortfall than previously anticipated. In contrast with previous estimates – as highlighted by the key results of the study – anyone wishing to retire should no longer consider achieving 70% of their income as an acceptable pension, but should instead target 87% of their last net income. Even in the best case scenario, however, the statutory pension in Germany will only be able to

provide just under 60%. Based on provisional figures, the net pension level calculated for 2013 was only around 55% due to interruptions in contribution due to interrupted employment histories. In concrete terms, a “standard pensioner” will in future have a monthly shortfall of around € 650 net – and the requirement in MLP’s target client group is significantly higher even than this.

The risk of old age poverty is now a topic being discussed among the general population. According to a survey performed by the Allensbach Institute, 77% of German citizens now consider the risk of old age poverty to be widespread, while 89% believe it is likely to become even more acute over the course of the next few years. A survey conducted by the German Trade Union Confederation (DGB) also confirms this. According to the results, only around 19% of respondents expect to receive a pension that will allow them to live well or very well when they retire.

The ongoing low-interest-rate phase is the primary cause for concern among Germans seeking to make provisions for their old age. According to the 2013 Wealth Barometer of the Deutsche Sparkassen- und Giroverband, around half of the respondents (53%) are worried that their old-age provision could end up lower than planned in light of the low interest rate phase.

Low interest rates adversely affect old-age provision plans

Despite the widespread awareness of the problem among the German population, people are still failing to make sufficient arrangements for old-age provision. This can primarily be seen in the current reservations being encountered when it comes to signing long-term contracts. As a result of this, high-quality consulting is becoming increasingly important in helping consumers get to grips with this complex topic - a situation from which MLP should greatly benefit in the mid-term. MLP clearly differentiates itself from competitors through its holistic provision concepts and independent product selection process. You can find further information on the systematic partner and product selection process employed by MLP in the chapter entitled “Business model”.

In the short-term, however, the old-age provision market will continue to be characterised by the discussions concerning the low-interest-rate phase, which became even more intensive in 2013, together with the potential consequences for life insurance products. This could be negatively reinforced by the debate that has been raging since the start of the year on the potential further reduction of the maximum technical interest rate for life and pension insurance policies.

MLP primarily sees additional potential for 2014 in the field of old-age provision products with a low capital market component, for example occupational disability insurance or long term care annuity insurances. In 2014 legal amendments result from the scope of the Old-Age Provision Reform Act (“Altersvorsorgeverbesserungsgesetz”, AltvVerbG), which provides for tax incentives for independent occupational disability insurance policies. In future, it will be possible to offset the premiums paid into these insurance policies against income tax as special expenses, if they guarantee a lifelong pension in the event of successful claims. Until now, only combined supplementary pension and occupational disability insurance products have been tax-privileged, whereby more than 50% of the premiums had to be allocated to the old-age provision component. The Old-Age Provision Reform Act (AltvVerbG) also prescribes several new provisions for “Wohn-Riester” (home-annuity contracts) for 2014, which further increase the flexibility and thereby the attractiveness of this product for the consumer.

Amendments to occupational disability insurance and “Wohn-Riester” (home-annuity contracts)

This also applies to the field of occupational pension provision. When competing for skilled and managerial staff, employers are increasingly using occupational pension provision models as a recruiting argument. A European comparison indicates that Germany is still lagging far behind. Although a survey performed by Fidelity Worldwide Investment indicates that in Denmark 17% and in the Netherlands a third of old-age provision contributions come from occupational pension provision plans, the quota in Germany is just 4%. Based on expert estimates of Fidelity, the ratio should actually be 25% to 30% to close the pension provision gap.

Company pension schemes need to catch up

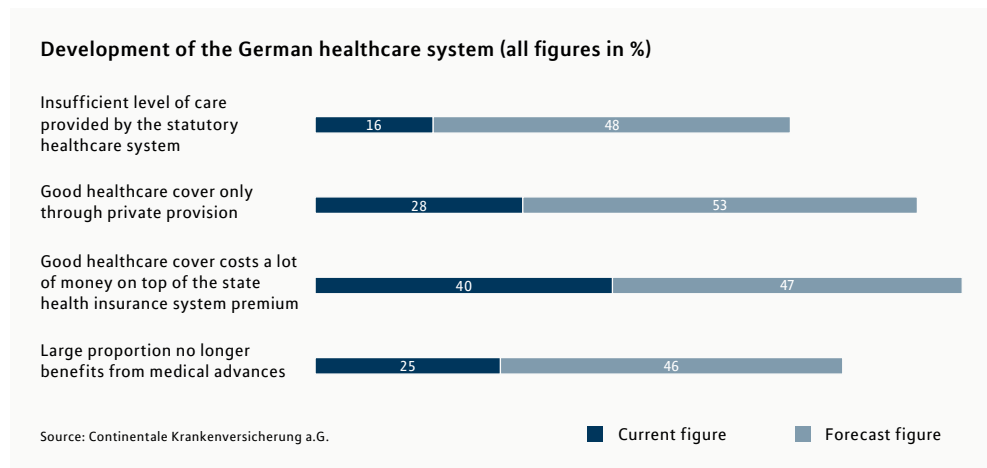
Health insurance

Reforms stimulate demand

Further reforms are to be expected in the German healthcare system over the course of the next few years. The driving force behind these is also the demographic shift, which is set to drive up the costs of statutory health and long-term care insurance. We see great potential in the mid-term here, as we believe that many policy holders will continue to look for sustainable and attractive alternatives, for example by switching to private health insurance or seeking to improve their individual cover with private supplementary insurance policies. The fact that the grand coalition does not provide for any introduction of a “citizens’ insurance” in its coalition agreement could have a positive effect in the short-term. Alongside the negative press, the discussions on this led to a “wait and see” attitude throughout the sector in 2013.

Private supplementary coverage necessary

A study performed by Continentale health insurance comes to similar conclusions. It states that 64% of statutory insurance policy holders believe that at least in future they will no longer have access to adequate medical provision, while 28% believe that private provision is already necessary today in order to be properly covered. More than half of the respondents (53%) believe that this will be the case in future – an increase of 15% over the previous year. Overall, more than 80% therefore consider private insurance coverage to be necessary.

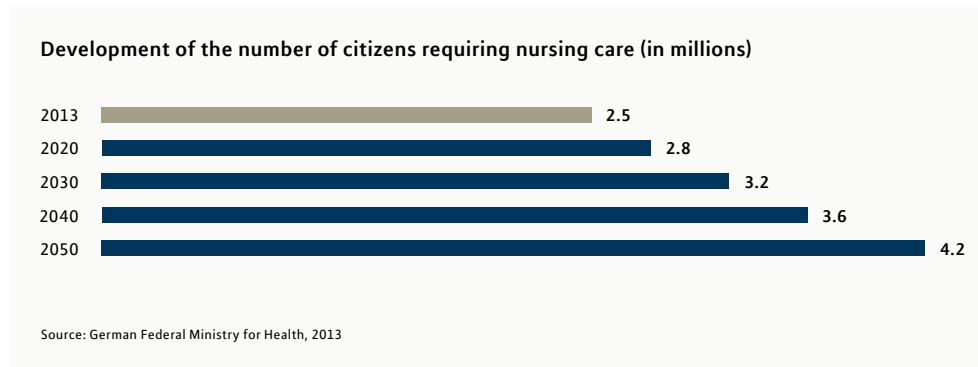


Preventive health care at the workplace is becoming increasingly important

As with occupational pension provision, we also expect the topic of occupational health provision to become increasingly important over the course of the next few years. This is underlined by the Continentale study, which assumes that greater focus is likely to be placed on occupational health management in future if employers wish to maintain a good reputation among potential employees. Indeed, 81% of those employees who have not received any offers of this kind to date would welcome medical and health-promoting measures from their employer. The range of measures stretches from workplace design and preventive healthcare, through sports programmes and stress management, to financing of additional health insurance services such as medical checkups, overseas healthcare coverage or supplementary insurance for inpatient treatment. MLP offers occupational health insurance solutions within the scope of comprehensive consulting and will continue to expand this segment in the coming year.

The debate on proper nursing care provision will continue to gain ground in 2014. Based on current calculations of Germany's Federal Ministry for Health, the number of those requiring nursing care is set to increase continuously to 4.23 million by the year 2050 – an increase of around 67% from today's level (see graphic). Every third German citizen over the age of 80 already requires nursing care.

Long-term care provision offers significant growth potential



We expect this to increase awareness among the population that the costs of long-term care present a poverty risk. Based on the results of the latest Health Monitor, a report published by the Bertelsmann Foundation and Barmer GEK, around 72% of respondents already consider themselves to be very well, well or adequately informed regarding the topic of long-term care. Around ten years ago, this figure was just 48%. Added to this is the fact that many Germans have already come into contact with the topic of nursing care in their personal environment (60%). Every fifth German citizen has in the past or is still personally providing care for a family member. For 2014, the Association of Private Health Insurers therefore expects the number of state-supported supplementary long-term care insurance policies to reach the 600,000 mark. We also expect further products based on private long-term care provision to offer major growth potential in future.

In addition to this, we expect the reduction of the assumed interest rate for pension accounting reserves already performed in large sections of the private health insurance sector for new contracts in 2013 to lead to revised premiums for existing policies. This will lead to a high demand for explanation and consulting among the population.

Wealth management

The need for high-grade wealth management services is set to increase in the long term. In its "Global Wealth 2013" survey, the Boston Consulting Group expects global assets to increase by just under 5% annually and exceed US\$ 170 trillion by 2017. For Western Europe, the survey forecasts annual asset growth of around 2.5%. According to the "Global Wealth Report 2013" published by Allianz, the average German citizen has net assets of € 41,950. This figure is almost 7% more than in 2011 and 18% more than prior to the onset of the financial crisis in 2008. According to a survey performed by corporate consultancy Capgemini, the number of dollar millionaires in Germany increased by 6.7% to 1.015 million in 2012. Based on these figures, German citizens are now wealthier than ever before.

For institutional investors and high net-worth families, the need for professional wealth management and consulting services is on the rise, above all in the field of alternative investments. According to the BAI Investor Survey, 60% of investors surveyed intend to significantly increase the funds they allocate to alternative investments in the next 12 months.

Security remains the top priority

The security of funds invested continues to be the top priority for German investors. According to a survey performed by investment bank Goldman Sachs, security is the most important investment criterion for around three quarters of private investors, followed a long way back by liquidity (12.9%) and ROI (9.4%). Respondents consider inflation to be the greatest risk when investing money, followed by the European debt crisis and other political risks.

Security is also very important for high net-worth families in the field of wealth management. Although this clientele generally used to focus on achieving the best possible return in the past, a sense of heightened risk awareness can today be observed. According to a survey performed by the Centre for Family Office at the EBS Business School, almost half of all family offices surveyed confirmed that asset owners have become more averse to taking risks, while one third places greater emphasis on preservation of assets when examining the risk/opportunity profile of financial products. This increases the need for sustainable and holistic wealth and risk management.

Significant increase in inherited assets

We expect to see major account and fund shifts in the next few years. According to a survey performed by the German Pension Institute (DIA), private households will inherit around € 2.6 trillion by the year 2020 in Germany alone. A study conducted by Postbank came to the conclusion that inheritance in Germany is likely to reach its highest ever level over the course of the next few years. Inheritances of at least € 100,000 are in particular set to increase by 50%. The study also concludes that more than one in five inheritances will involve a value of € 100,000 or higher in future. Property is the key driver behind this increase in inherited assets. Houses, land and apartments will form part of around two thirds of all inheritances in future.

Company successions as a growing market

According to the Institute for Small and Medium Sized Business Research (“Institut für Mittelstandsforschung”), the number of business transfers will increase significantly by the year 2020. In the course of companies being handed down from one generation to the next, more and more family estates are managed separately. While in the past it was perfectly normal for company and private assets to be managed together, today’s generation of business owners is increasingly keen to ensure clear separation here.

Over the course of the next few years, we therefore expect to see an increased need for consulting services in the field of professional wealth management among all of the Group’s target client groups. Since the average age of MLP’s clients is currently around 41, we also expect the topics of wealth management and property financing to become increasingly important for many of our existing clients. We therefore see potential for future growth in both of these segments.

Overall, we expect to see stagnating or slightly positive developments in the wealth management market over the course of the next few years – among other things due to the aforementioned risk aversion on the part of investors.

Competition and regulation

The entire market for financial services and the insurance sector are facing consolidation. According to a recent survey performed by PricewaterhouseCoopers, statutory health insurance funds are likely to face significant cost increases, above all in the fields of out-patient healthcare provision, in-patient care and psychiatric care. These are due to demographic developments in Germany. In order to reduce costs, the statutory health insurance funds consider an increase in the efficiency of the healthcare system and a consolidation of the market to be necessary. Two thirds of respondents believe that 40 to 100 statutory health insurers will be enough in future. There are currently 134 statutory health insurance funds operating in Germany.

Similar consolidation processes are also to be expected throughout the entire insurance market in the long term – set primarily against the background of the Solvency II provisions set out by the EU, which provides for new supervisory and equity regulations for the insurance sector in Europe.

The competitive environment in the wealth management sector is also characterised by ongoing consolidation in the fields of private banking and wealth management. Germany is considered to be the market with the greatest potential in Europe, in which both national and international service providers are competing. The stricter regulations are placing greater pressure on providers, particularly smaller players, so more pronounced consolidation effects should also be expected in future.

At the same time, also among consulting firms in the consumer business there is an increasing focus on large and financially strong providers such as MLP.

In recent years, the legislator has begun to exert greater influence on regulating the market for financial services, and thereby also on MLP's market. This increasing regulation will continue to significantly affect the market in the future at both national and EU level – also due to ever tighter deadlines for complying with new directives.

Germany's Fee-Based Investment Advice Act ("Honoraranlageberatungsgesetz"), which is due to come into force in August 2014 and will change the rules for fee-based investment advisory services, represents another regulatory step for the sector. MLP adapted its compensation structure for investment advisory services as early as the start of 2012. Since then and in contrast to most banks, MLP clients are now credited in new business with all trailer commissions that MLP receives from investment companies for the brokerage of investment assets. MLP therefore already complies with the most important prerequisite for registration as a fee-based investment consultancy. Whether we choose to make use of this option depends on the final version of the act that is drafted in the upcoming ordinance process.

Conditions established for fee-based investment advisory services

MLP is generally open to fee-based consulting. We already offer fee-based services in the fields where our clients show corresponding demand. These include consulting on medical practice and mortgage financing, certain areas of occupational pension provision and the services offered by our subsidiary FERI. However, we remain firmly convinced that the quality of investment advice does not depend on the type of compensation, but rather by the standard of consultant training, the quality of the product selection and transparency for the client. We already consider ourselves to be well-positioned in this regard through our business model, the outstanding qualifications and further training of our consultants and our partner and product selection process.

Fee-based consulting already part of the offer

In addition to this, introduction of the Markets in Financial Instruments II (MiFiD II) and Insurance Mediation (IMD II) European directives is planned in the next few years. Negotiations between parliament, the council and the commission are currently taking place for both new provisions. However, they are unlikely to be implemented as national legislation before 2016.

Stricter bank regulation
comes into force

Multiple rulings were already stipulated in the summer of 2013 which implement the new worldwide bank capital standards (Basel III) as EU law following on from the financial and economic crisis. The regulatory package for implementation of Basel III in the European Union therefore comes into force on January 1, 2014 with the CRD IV Implementation Act. Among other things, the amendments require equity ratios to be increased by 2019, while harmonised EU-wide liquidity requirements are also to be met for the first time. This should provide greater equity for the transactions conducted by the banks, which in turn will allow the banks to cover potential losses more effectively and thereby lend them greater resilience in times of crisis. As an institute with a banking licence, these regulations also apply to MLP Finanzdienstleistungen AG and thereby to the MLP Group.

The planned 4th Anti-Money-Laundering Directive of the European Commission is set to further tighten the regulatory requirements for the entire industry in future, and thereby also for MLP. The draft will tighten the legislation of the current directive in many areas.

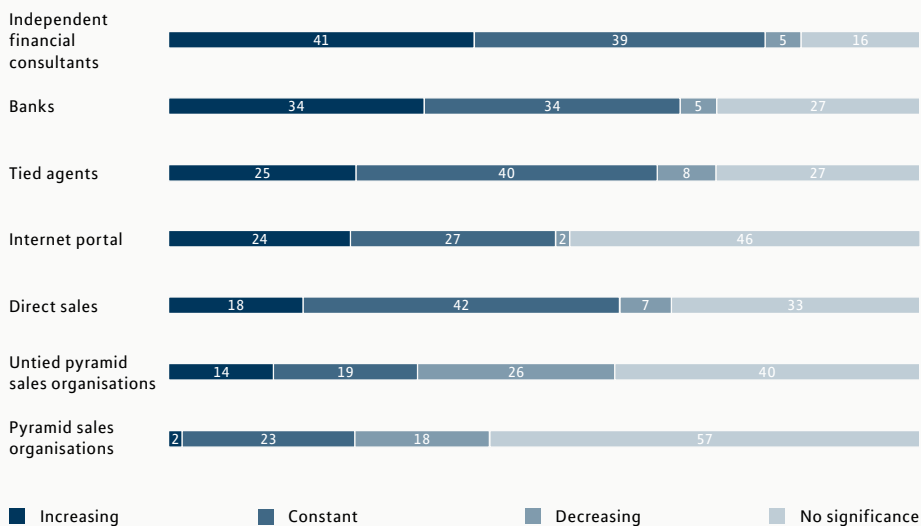
Sales channel survey shows
significant growth potential

In summary, we consider our current competitive situation as good, thanks largely to the sustainable diversification of our business model. We were also early adopters of numerous requirements that will become binding law in future. Thanks to its position as an independent financial and investment consulting firm with banking licence, MLP distances itself clearly from the rest of the market.

The 2013 Sales Channel Survey recently published by corporate consultancy Towers Watson confirms the sustainability of this positioning. In this survey, 41% of insurers stated that they expect independent brokers to play a more important role in the field of old-age provision in future (see graphic).

The industry experts at Towers Watson also came to similar conclusions for the sales channels in the field of health insurance. Based on the latest estimates, the market share of independent consultants in this sector is likely to grow significantly over the next few years and actually overtake the tied agent in the field of comprehensive private health insurance for the first time within the next one to two years.

Significance of individual sales channels in the brokerage of life insurance policies over the course of the next five years (all figures in %)



Source: Towers Watson, Vertriebswege-Survey Lebensversicherung 2013

Anticipated business development

MLP is a future-oriented company that expects a significant positive development in the results of operations in the mid-term and long-term. As presented in the “Economic Report”, market burdens in the financial year 2013, as especially seen in the fourth quarter being, again added to the uncertainty being felt in the sector. This makes it more difficult to provide an accurate forecast of business development. Due to the extraordinary adverse market environment in the two fields of consulting, namely old-age provision and health insurance, we have decided to use a scenario-based approach in the forecast. In the following, we first provide a detailed presentation of what we consider to be the most likely scenario, assuming initial improvements to the general conditions:

Based on this, the market environment in the field of old-age provision remains largely characterised by reservations on the part of clients when it comes to signing long-term contracts. These reservations can in turn be attributed to the low-interest-rate phase and intensive discussions on the consequences of this for life insurance products. However, there will still be opportunities, above all for products with a low capital market component. These include occupational disability insurance policies, which are now on the radar of more and more citizens and will be supported by extended tax breaks within the scope of the Old-Age Provision Reform Act (AltvVerbG) in the coming financial year. Furthermore, long term care annuity insurance, i.e. insurance cover against the risk of needing care based on a pension insurance policy, will become increasingly important. Having become a focus for clients over the last two years, we anticipate increasing acceptance of this field of consulting. We also consider the field of occupational pension provision to hold considerable potential, as it is able to decouple in certain areas from the general reservations regarding old-age provision products. The current political discussions regarding

further legislative strengthening of occupational pension provision are also having a positive effect. Although most clients are likely to remain cautious, we expect to see a slight improvement in market conditions in the field of private old-age provision, which will also be supported by new products with alternative guarantee concepts in the current low interest environment.

The private health insurance sector should experience a reduction in the degree of uncertainty, as no further systematic switchover to “citizens’ insurance” is now to be anticipated. Alongside the negative press, the discussions on this led to a “wait and see” attitude among many clients in the financial year 2013. The topic of long-term care is also becoming increasingly important, largely due to the daily long-term care allowance product. Added to this is the fact that the two fields of old-age provision and health insurance were severely affected by the introduction of new unisex tariffs on December 21, 2012. This led to rather modest business development in these two fields in the first half of 2013, as consultants throughout the sector first had to familiarise themselves with the new product world. This negative effect will no longer apply in the coming financial year.

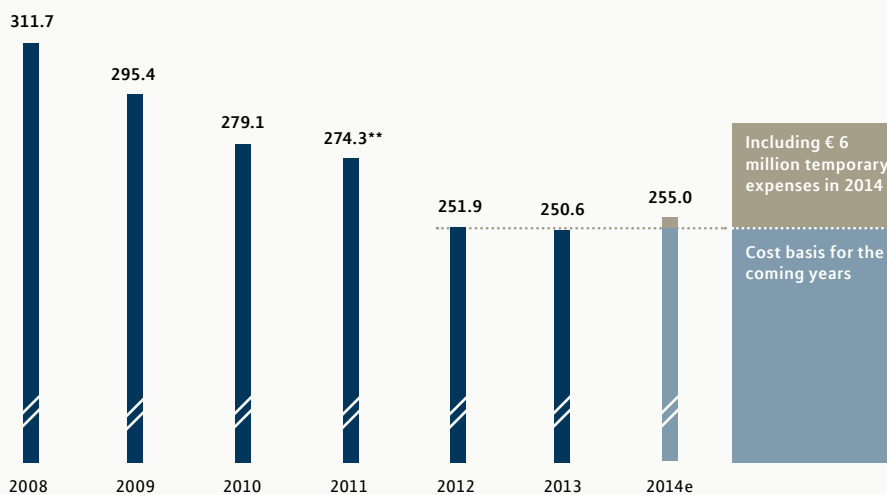
Due to the comparatively low base value in 2013, MLP anticipates a significant increase in sales revenues in the field of old-age provision for 2014 in this scenario and a continuation at the same level in the subsequent year. From today’s perspective and on the basis of the aforementioned effects, MLP also expects to record significant growth for 2014 and slight growth in 2015 in the field of health insurance.

We are also optimistic about business in the field of wealth management. Despite the risk-averse attitude being displayed by many investors, we expect to see stagnating development or possibly modest growth in the market. Further potential is to be found in the future-oriented approach and further strengthening of the portfolio of real assets which has been initiated in the FERI Group. In the consumer business at MLP Finanzdienstleistungen AG, we expect wealth management to become significantly more important for many clients due to the age structure. Following the successful developments of the last few years, we therefore also expect to record a slight increase in sales revenues in the field of wealth management in both 2014 and 2015. This is supplemented by additional potential in the field of real estate. Due to the high level of client demand, we will significantly expand our quality-assured property portfolio as an additional service alongside financing. Based on our planning, this will lead to a significant increase in other commission and fees. The developments stated in this basic scenario for the individual fields of consulting would lead to significantly increased total revenue in 2014 and a further slight increase in total revenue in 2015.

Continuous efficiency
management programme

MLP has significantly reduced its administration costs in the last few years. The baseline achieved by the end of the financial year 2012 provides excellent foundations for us to generate sufficient earning power, even in difficult market conditions. MLP will continue its continuous efficiency management over the course of the next few years to ensure that administration costs remain under control. As was already the case in the financial year 2013, however, MLP will still allow higher expenses on a one-off basis – either to make important investments for the company’s future or to relieve expenses in subsequent financial years through non-recurring start-up costs. Around € 6 million in temporary expenses will be accrued in the financial year 2014, among other things due to the expansion of online offers for clients, comprehensive recruiting programmes and IT projects. Including this amount, we expect administration costs of around € 255 million for 2014 and slightly lower costs for 2015.

Development of administration costs* (all figures in € million)



* Definition: Personnel expenses, depreciation and amortisation and other operating expenses
 ** Adjusted to include one-off expenses

Forecast: EBIT of around € 65 million in the basic scenario

In the last Annual Report, we defined a target corridor for EBIT of between € 65 and € 78 million for the years 2013 to 2015, whereby the 2013 earnings are likely to be more toward the lower of these two figures. Due to even greater market burdens, MLP was unable to reach the levels stated in this forecast in the last financial year.

However, MLP's goal remains to record EBIT in the corridor between € 65 and € 78 million in the two coming financial years. The Group has the necessary structure in place both on the cost side and the revenue side to achieve this level of earnings.

In the basic scenario, which we described in the previous sections, we expect the framework conditions to improve slightly. Assuming this is the case, we expect to record EBIT at the lower end of the corridor of around € 65 million for 2014. On that basis and from today's perspective, we expect a further slight increase in EBIT for 2015.

However, the fourth quarter of 2013 clearly showed that all business developments are subject to a great deal of uncertainty in the current framework conditions. This situation has been made even more acute by the extremely critical public discussions since the start of the year on potentially reducing the guaranteed interest rate for life and pension insurance policies even further. Even if this inclines clients to show similar reservations as in 2013, the market conditions in the fields of old-age provision and health insurance will still change since the negative effect associated with the new unisex policies from the first half of 2013 would no longer be present. As is also the case in the basic scenario, significant additional revenue potential results from an increased property portfolio. Added to this is the slight increase in revenue anticipated in the field of wealth management. In this scenario, MLP would anticipate EBIT of at least € 50 million in 2014.

If the market environment were to improve significantly, on the other hand, MLP would anticipate an increase in EBIT to up to € 75 million in 2014. This third, upper scenario, however, assumes that in addition to the described sales potential, the health insurance market develops extremely positively and that the reservations being displayed by clients when it comes to capital market products in the field of private old-age provision largely dissipate. We applied the same cost development for the upper and lower scenario as for the basic scenario.

With our outlook, we are underlining our claim of once again intending to significantly increase our earnings in all scenarios starting from 2013.

As was also the case in recent financial years, we anticipate a slightly negative finance cost in 2014, followed by a slightly positive figure in subsequent year. On the basis of the forecast EBIT, the tax rate should be around 28% to 29% in the next two financial years.

Acquisitions possible,
primarily at FERI

The market has been characterised by consolidation over the last few years. From today's perspective, we will not make any acquisitions in our core business at MLP Finanzdienstleistungen AG (please refer to the chapter entitled "Goals and strategies"). However, MLP Finanzdienstleistungen AG could envisage making acquisitions of smaller companies that possess special technology solutions or which could expand the existing added value chain. Building on the successful establishment of the occupational pension provision business segment in the last few years, further strengthening of the business with corporate clients is also conceivable, for example a takeover in the field of non-life insurance products for companies. In addition to this, we could generally envisage making acquisitions or entering into joint ventures in the market of our subsidiary FERI AG.

From today's perspective, we are not planning any significant changes to the corporate policy in the next two financial years.

Dividends of € 0.16 per share

As a general rule, our dividend policy is aligned to the respective financial and earnings position, as well as the company's future liquidity requirements. Since MLP employs a non-capital-intensive business model, we intend to maintain an attractive and consistent dividend policy for the future. However, the next two years are likely to require increased capital in order to comply with the revised definition of equity and stricter requirements of Basel III (please refer to the chapter entitled "Future industry situation and competitive environment"), so the Group will use a portion of its earnings for the purpose of accumulation.

Set against this background, we announced in 2011 that we would be returning to our long-standing dividend payout ratio of between 60% and 70% of Group net profit. Based on this dividend payout policy, the Executive Board and Supervisory Board will therefore propose a dividend of € 0.16 per share at the Annual General Meeting on June 5, 2014. This corresponds to a payout ratio of 68% of Group net profit. For the coming financial years, we will continue to aim for a payout ratio of 60% to 70% of Group net profit.

Qualifications and further
training remain in focus

Qualifications and further training will continue to play an important role in the future. The training received by our new consultants will also continue to go beyond the legally prescribed level. In addition to this, we will offer our consultants extensive further training opportunities also in the future. By adopting this approach, we expect the attendance days and online seminars at our CU to either remain at a level comparable to the previous year or increase slightly. This also applies to the total budget for qualifications and further training.

Our target upper limit for consultant turnover remains between 12% and 15%. We also anticipate some initial positive stimuli in 2014 from our intensified activities to win new consultants we initiated in 2013. Our mid-term objective is to increase the number of consultants slightly.

Planned financing activities and investments

The MLP Group held sufficient shareholders' equity and cash holdings as of the balance sheet date. Our business model is not capital-intensive and generates high cash flows. From today's perspective, this provides sufficient internal financing capacity for the forecast period 2014 to 2015. This therefore makes us largely non-reliant on developments in the capital markets. Even increasing interest rates or more restrictive issuing of loans by banks would not have a negative effect on our financing options or liquidity. We will use our cash flow to allow shareholders to participate in the company's success, to strengthen the Group's financial power and for investments.

Our investment volume in the last financial year was € 22.4 million, which is € 8.0 million more than in the previous year. The primary focuses were investments in IT, in particular to prepare our new consulting application and to virtualise the IT workplace. You can find more detailed information on this in the chapter entitled "Goals and strategies". Following the planned roll-out of these innovations at the start of 2014, capital expenditure will be slightly lower in the coming financial year. The financial services segment remains the focus of investments. We will continue to employ funds here to improve the quality of client support and consulting. Within these projects, we will use further funds that will flow directly into our income statement as expenses. We expect to be able to finance all investments from cash flow.

Investment volume significantly increased

Return on equity developed from 13.3% to 6.6% in the financial year 2013. Despite the planned retention of portions of earnings at a payout ratio of 60% to 70%, we anticipate a slight increase in the return on equity for the next two financial years in connection with the forecast trend in earnings.

The Group's liquidity declined from € 180 million to € 147 million in the financial year 2013. However, the overall liquidity situation remains good. Liquidity will be reduced by the intended dividend payment of € 17.3 million for the financial year 2013. It will increase again in the second half of 2014 thanks to the typical year-end business. Acquisitions which we finance with cash holdings would also have a negative effect on the Group's liquidity. We do not expect any liquidity squeezes for the next two financial years.

Good level of liquid funds available

General statement by corporate management on the expected development of the Group

Due to the further worsened market conditions, we were unable to meet our own expectations in the financial year 2013. This adverse environment is also making it difficult to provide a concrete forecast, so we have chosen to present our further business prospects in three scenarios. In our basic scenario, we assume an initial improvement of the framework conditions. Assuming this is the case, we expect to record EBIT at the lower end of the corridor of around € 65 million for 2014.

More difficult market conditions in 2013

We have a good financial strength and, in combination with our positioning as an independent consulting firm, this will enable us to further expand our competitive position. We therefore expect to see a significant positive overall development within the Group.

Positive development of the Group anticipated

SUPPLEMENTARY DATA FOR MLP AG (DISCLOSURES BASED ON HGB)

In contrast with the consolidated financial statements, the financial statements of MLP AG are not prepared to International Financial Reporting Standards (IFRS), but rather to the rules of the German Commercial Code (HGB).

Business and general conditions

General company situation

MLP AG is the holding company for the MLP Group. The company's primary role is to manage the Corporate Group. It defines strategic goals and ensures coordinated and aligned corporate policy within the Group. The subsidiary MLP Finanzdienstleistungen AG is the Group's consulting company for private and corporate clients. It holds a banking licence and, as an insurance broker, is registered for brokering insurance policies. The second subsidiary FERI AG (including its own subsidiaries) primarily looks after wealthy private clients and institutional investors.

The economic framework conditions, the industry situation and the competitive environment are essentially the same as those of the MLP Group and are described in detail in the sections entitled "Overall economic climate" and "Industry situation and competitive environment".

Business development at MLP AG

There were several changes to the corporate structure at the subsidiaries of MLP AG in the reporting period. These are described in the management report of the MLP Group.

Due to the profit and loss transfer agreements in place, business developments at MLP AG are largely determined by the economic development of its investments, the performance of which is also described in the Group report.

Results of operations

In the financial year 2013, MLP AG recorded other operating income of € 12.6 million, following € 11.6 million in the previous year. This essentially includes income from the rental of buildings to affiliated companies.

At € 5.7 million, personnel expenses remained at the previous year's level (€ 5.7 million). Depreciation expenses for fixed assets of € 4.3 million were also at the same level as the previous year (€ 4.3 million)

Other operating expenses declined from € 10.0 million to € 8.9 million in the reporting period. This can be attributed to significantly lower consulting costs, as well as lower fee expenses, which came about last year within the scope of the negative declaratory action case against former shareholders in FERI. You can find detailed notes on this in the chapter entitled "Risk and disclosure report".

The results of operations of MLP AG are influenced to a great extent by the business development of its largest subsidiary MLP Finanzdienstleistungen AG. As is also the case with FERI AG, a profit and loss transfer agreement is in place with this company that is reflected in the finance cost.

The finance cost dropped from € 75.3 million to € 30.9 million in the reporting period. This decline can largely be attributed to the even more difficult market conditions for the business of MLP Finanzdienstleistungen AG in the fields of health insurance and old-age provision and a lower volume from the profit/loss transfer agreement associated with this.

Earnings before tax therefore declined from € 67.0 million to € 24.6 million. At € 5.4 million (€ 18.0 million), the tax expenditure was significantly lower than in the previous financial year. The net profit recorded was therefore € 19.0 million.

Net Assets

As of December 31, 2013, the balance sheet total of MLP AG decreased by € 13.4 million relative to the previous year to € 405.6 million (€ 419.0 million).

On the assets side of the balance sheet, the item “Fixed assets” declined slightly from € 53.0 million to € 49.1 million. This was essentially due to depreciation and amortisation expenses.

Financial investments also decreased slightly in the reporting year to € 229.4 million (€ 239.4 million). While the shares in affiliated companies remained unchanged, long-term securities that reached maturity were allocated to other forms of investment. This item was therefore reduced by € 10.0 million to € 0.0 million, which explains a compensatory effect in the item “Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques”.

Receivables and other assets decreased from € 82.7 million to € 54.6 million in the reporting period. This includes receivables from affiliated companies, which declined from € 75.3 million to € 32.8 million. These largely comprise receivables from MLP Finanzdienstleistungen AG and FERI AG from the profit and loss transfer agreements in place with these companies. Other assets developed in the opposite direction, increasing from € 7.4 million to € 21.7 million in the last financial year. These in particular include advance tax payments, from which we expect refund claims.

The item “Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques” increased significantly from € 43.3 million to € 71.5 million. This can be attributed to redeployment of investments from the item “Long-term securities”, as well as the profit transfers of the subsidiaries for the financial year 2012. The dividend payout to our shareholders had the opposite effect.

On the equity side of the balance sheet, shareholders' equity decreased slightly from € 400.0 million to € 384.5 million. The dividend payout for the financial year 2012 of € 34.5 million and the net profit of € 19.0 million recorded in 2013 had a significant influence on this development.

Provisions increased over the previous year to € 17.3 million (€ 14.5 million), whereby other provisions rose from € 3.3 million to € 4.9 million. Provisions for pensions and similar obligations increased from € 8.2 million to € 9.0 million. Tax provisions increased from € 3.0 million to € 3.4 million.

Financial position and dividends

As of the balance sheet date, December 31, 2013, MLP AG had cash holdings (cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques) of € 71.5 million (€ 43.3 million). This increase is essentially the result of the profit transfer of MLP Finanzdienstleistungen AG of € 68.8 million for the financial year 2012 (€ 34.1 million). Payment of the dividends for the financial year 2012 of € 0.32 per share with a total volume of € 34.5 million had the opposite effect. The equity ratio reduced slightly from 95.5% to 94.8%. MLP AG therefore continues to enjoy a good equity capital backing. In addition to this, MLP AG had open lines of credit of € 50.0 million as of the balance sheet date.

The liabilities of MLP AG decreased in the reporting year from € 4.5 million to € 3.8 million. The drop in other liabilities from € 2.1 million to € 1.2 million made the greatest contribution to this. The liabilities at MLP AG are all current liabilities. Cash and cash equivalents therefore exceed current liabilities several times over.

The dividend payments of MLP AG are made in accordance with the financial and profit situation, as well as future liquidity requirements. As announced, the payout ratio for the financial year 2013 will be between 60% and 70%. At the Annual General Meeting on June 5, 2014, the Executive Board and Supervisory Board will therefore propose a dividend of 16 cent per share. This corresponds to a payout ratio of 68% of the Group net profit for the period.

Comparison of the actual and forecast development of business

Business development at MLP AG is essentially dependent on the business development of the MLP Group. We therefore make reference to the comparison of actual business development with the forecast development of the MLP Group.

Due to the even more difficult framework conditions in 2013, MLP AG was unable to meet its own targets and expectations.

Employees

In the last financial year, MLP AG employed an average of 9 employees, following 8 employees in the previous year.

Remuneration report of MLP AG

The basic structure and design of the compensation system at MLP AG are the same as those of the MLP Group. We therefore make reference to the remuneration report of the MLP Group.

Risks and opportunities at MLP AG

The risks and opportunities at MLP AG are essentially the same as the opportunities and risks of the MLP Group. We therefore make reference to the risk and disclosure report, as well as the opportunity report of the MLP Group.

As the parent company of the MLP Group, MLP AG is incorporated in the Group-wide risk management system. You can find further information on this in the section of the MLP Group's risk and disclosure report entitled "Risk management".

The description of the internal monitoring and risk management system with regard to the accounting process of MLP AG is also the same as that of the MLP Group. We therefore also make reference to the MLP Group's risk and disclosure report here.

For further information with regard to the financial instruments and their deployment, we also make reference to the MLP Group's risk and disclosure report and accompanying notes.

Events subsequent to the reporting date at MLP AG

There were no appreciable events after the balance sheet date affecting the company's financial or asset situation.

Forecast for MLP AG

The development of MLP AG in its role as the holding company is largely dependent on the development and profit transfer of its investments. Set against this background, we make reference to the forecast for the MLP Group.

Explanatory report on the disclosures pursuant to § 176 (1) of the German Stock Corporation Act (AktG) and § 289 (4) of the German Commercial Code (HGB)

The explanatory report on acquisition-relevant disclosures applies equally to MLP AG and the MLP Group. We therefore make reference to the MLP Group's explanatory report on the disclosures pursuant to § 176 (1) of the German Stock Corporation Act (AktG), as well as § 289 (4) and § 315 (4) of the German Commercial Code (HGB).

Declaration on corporate governance pursuant to § 289a of the German Commercial Code (HGB)

The declaration on corporate governance applies equally to MLP AG and the MLP Group. We therefore make reference to the MLP Group's declaration on corporate governance.

EXPLANATORY REPORT ON THE DISCLOSURES PURSUANT TO § 176 (1) OF THE GERMAN STOCK CORPORATION ACT (AKTG), § 289 (4) AND § 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

Composition of capital

As of December 31, 2013, the company's share capital amounts to € 107,877,738 and is divided into 107,877,738 ordinary bearer shares with a nominal value of € 1 per share.

Capital stakes

The German Securities Trading Act ("Wertpapierhandelsgesetz") requires that any investor whose share of voting rights reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise, to notify the company and the German Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold for the duty of notification to apply is 3%. Any stakes that reach or exceed 10% of voting rights must be recorded in this explanatory report. MLP AG has been notified of two shareholders who directly or indirectly exceeded 10% of the voting rights:

	Number of shares*	Shareholding*
Dr. h. c. Manfred Lautenschläger ¹ , Gaiberg	25,383,373 ¹	23.53%
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH	22,796,771	21.13%

* Status known to MLP AG as of December 31, 2013

¹ In accordance with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG), 22,796,771 voting rights (= 21.13% of the share capital of MLP AG) held by Angelika Lautenschläger Beteiligungen Verwaltungs GmbH are attributable to Dr. h. c. Manfred Lautenschläger.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

Where MLP AG has in the past issued shares to employees within the scope of its employee participation programme, these shares were transferred to the employees directly. Said employees can or could then exercise the control rights granted by the shares issued directly in line with the legal requirements and the company's Articles of Association.

Legal stipulations and provisions of the Articles of Association regarding the appointment and replacement of members of the Executive Board

The appointment and replacement of members of the Executive Board are governed by §§ 84 and 85 of the German Stock Corporation Act ("Aktiengesetz"). The company's Articles of Association specify that the Executive Board must comprise at least two people. The members of the Executive Board are appointed for a maximum of five years. A further appointment or extension of the time in office, each for a maximum of five years, is permitted. The Supervisory Board can terminate the appointment of a member of the board before the time in office expires for important reasons. Such reason could be a gross breach of duty, inability to manage the company properly or a vote of no confidence by the Annual General Meeting. The Supervisory Board decides on the number of board members, their appointment and the withdrawal of their appointment as well as the conclusion, alteration and termination of the employment contracts with board members. The Supervisory Board can appoint one Chairman and one or more Vice Chairmen.

Amendments to the company's Articles of Association

In accordance with § 179 (1) of the German Stock Corporation Act ("Aktiengesetz"), each amendment to the Articles of Association requires a resolution by the Annual General Meeting. In deviation from § 179 (2) Sentence 1 of the German Stock Corporation Act ("Aktiengesetz"), § 17 (4) of the company's Articles of Association stipulates that resolutions on amendments to the Articles of Association can be passed by the Annual General Meeting with a simple majority of the share capital votes entitled to vote on the resolution, unless a greater majority is required due to overriding legal requirements. However, the Supervisory Board is authorised, pursuant to § 21 of the company's Articles of Association, to make amendments to the company's Articles of Association that affect the version.

Authority of the Executive Board to issue or buy back shares

A resolution passed by the Annual General Meeting on May 20, 2010 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital by up to € 22 million in total by May 19, 2015 by issuing on one or more occasions new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's approval, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions.

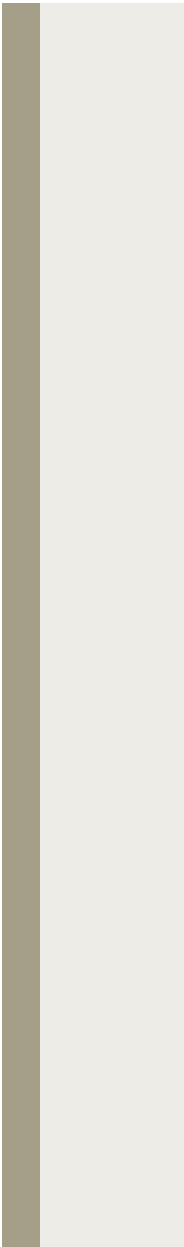
If the share capital is increased in exchange for cash contributions, the shareholders are to be granted a subscription right. However, the Executive Board has been authorised, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the issue price does not fall significantly short of the stock market price of company shares with the same structure. However, this authorisation is subject to the condition that shares issued in exclusion of subscription rights as per § 186 (3) Sentence 4 of the German Stock Corporation Act ("Aktiengesetz") do not exceed 10% of the share capital, either at the time of coming into effect or at the time they are exercised (authorised capital).

A resolution passed at the Annual General Meeting on June 6, 2013 also authorised the company, as per § 71 (1) No. 8 of the German Stock Corporation Act ("Aktiengesetz") to purchase as much as 10% of the share capital during the authorisation period up to June 5, 2018. No shares were bought by the company on the basis of this authorisation up to December 31, 2013.

Settlement agreements between the company and Executive Board or employees in the event of a takeover bid

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, and Executive Board members Mr. Manfred Bauer, Mr. Reinhard Loose and Mr. Muhyddin Suleiman contain a clause stating that said members are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10% at the time at which the contracts were concluded acquires a share of at least 50% of the voting rights. If any of these Executive Board members chooses to exercise this right to terminate, MLP is obliged to pay said member remuneration corresponding to four times (4x) the respective fixed annual salary if the contract has not been terminated as a result of the change in control, provided that the respective contract is terminated more than two years before it reaches its normal termination date. For all members of the Executive Board, the remuneration to be paid in the event of a "change of control" corresponds to no more than twice the average remuneration, based on the total remuneration of the last full financial year prior to termination of their contract and the total anticipated remuneration for the year still in progress when their contract is terminated. The service contract of Dr. Schroeder-Wildberg is set to run until December 31, 2017, the service contract of Mr. Bauer is set to run until April 30, 2015, the service contract of Mr. Reinhard Loose is set to run until January 31, 2019 and the service contract of Mr. Suleiman is set to run until September 3, 2017. In the case of a termination of contract within two years before the scheduled termination date, the severance payment will only be paid pro rata temporis.

More and more citizens now believe that life insurance products are no longer capable of providing adequate old-age provision due to the low interest rate.



Although life and pension insurance policies cannot be decoupled from the general interest rate level, the return they generate also comprises current net profit and final

»Do life and pension insurance policies offer too little return?«

It is important for the provisions put in place for clients to be aligned with their actual requirements – in concrete terms to be based on their risk appetite. To this end, MLP works with so-called risk-return profiles. These allow clients to see at a glance the potential returns offered by various concepts – and the risks associated with these. On this basis, we then work together with our clients to draw up the most suitable provision solution for the given situation.



Fact

Although life and pension insurance policies cannot be decoupled from the general interest rate level, the return they generate also comprises current net profit and final payouts, alongside the guaranteed interest rate. The average overall rate of return among the various insurers in 2013 was 3.61% – which is actually pretty good for a low-risk investment in the current environment. After all, past investments that provided a better return can also be used to partially bridge the current low interest phase. The key advantage of insurance products lies in the fact that everything is equalised across the collective. Alongside classic forms, there are also numerous forms of unit-linked insurance products, sometimes with and sometimes without guarantees. However, a greater proportion is generally invested in the capital markets.



CORPORATE GOVERNANCE REPORT – DECLARATION OF CORPORATE GOVERNANCE (§ 289A OF THE GERMAN COMMERCIAL CODE (“HANDELSGESETZBUCH”))

Corporate governance report – Declaration on corporate governance

Every year, the Executive Board and Supervisory Board report on the company’s corporate governance in the Annual Report as required by the German Corporate Governance Code. The following statements and details are provided as a Declaration on Corporate Governance in the sense of § 289a of the German Commercial Code (“Handelsgesetzbuch”).

Compliance with the Corporate Governance Code

Text of the Declaration of Compliance

Pursuant to § 161 of the German Stock Corporation Act (“Aktiengesetz”), the Executive Board and Supervisory Board of MLP AG hereby declare that the company has complied with the recommendations of the “German Corporate Governance Code” government commission (version dated May 13, 2013) since the last Declaration of Compliance was issued. Only the recommendations specified in Section 4.1.5, Section 4.2.2 (2) Sentence 2, Section 4.2.3 (4) and (5), Section 4.2.3 Sentence 10, Section 5.1.2 Sentences 2 and 7, Section 5.4.1 Sentence 2, and Section 5.4.1 (2) and (3) were not followed.

The reasons for these deviations from the recommendations are as follows:

Section 4.1.5 (compliance with diversity at management level)

Based on the recommendations of the German Corporate Governance Code, the Executive Board must pay attention to diversity when filling management positions and aim for an appropriate consideration of women.

Throughout the current financial year, the Executive Board has strengthened its efforts to secure diversity when filling management positions and in particular aim for an appropriate consideration of women at the management levels within the company. The Executive Board at MLP AG has already implemented measures in the past with the objective of making it easier for staff to combine their career with a family. It also reviewed these measures further in the financial year 2013 to determine their effectiveness and then passed a complete concept in November 2013 to ensure that appropriate consideration is given to women in the company’s management ranks, taking into account the company’s specific situation. Guidelines on diversity-compliant staff promotion also form part of this concept, although these still need to be finalised in 2014. No criteria for specific selection decisions when filling vacant positions have therefore been defined to date.

The measures are therefore not yet fully compliant with every aspect of the requirements of Section 4.1.5 of the Code. As was also the case in the financial year 2013, MLP has taken the prudent approach of declaring not to follow this recommendation in the financial year 2014.

Section 4.2.2 (2) Sentence 2 (vertical remuneration comparison)

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board should also pay attention to the ratio of Executive Board remuneration to the remuneration of the senior management level and the overall workforce over time, whereby the Supervisory Board itself specifies how the senior management level and the relevant workforce are to be defined for the purpose of comparison.

When determining the total remuneration of an individual member of the Executive Board, the Supervisory Board always ensures that this is appropriate based on the performance and duties of the respective member of the Executive Board, as well as the company situation, and does not exceed typical remuneration at this level. The Supervisory Board has regularly reviewed the appropriateness of Executive Board remuneration in the past. Within the scope of these reviews, the Supervisory Board has also taken into account the vertical appropriateness of Executive Board remuneration, namely its relation to the remuneration granted to the company's next management levels. The Supervisory Board has yet to take into consideration the ratio of Executive Board remuneration to remuneration of the senior management level and the entire workforce over time. It has also yet to specify how the senior management level and the relevant workforce are to be defined for the purpose of comparison. However, the Supervisory Board does intend to incorporate these additional aspects in its regular reviews of the appropriateness of Executive Board remuneration in the financial year 2014 and thereby comply in full with the aforementioned recommendation.

The measures are therefore not yet fully compliant with every aspect of the requirements of Section 4.2.2 (2) Sentence 2 of the Code. As was also the case in the financial year 2013, MLP declares not to follow this recommendation in the financial year 2014.

Section 4.2.3 (4) and (5) (severance payment cap)

As per the recommendations of the German Corporate Governance Code, attention must be paid when concluding Executive Board member contracts to ensure that any payments to members of the Executive Board do not exceed the value of two years' remuneration including fringe benefits (severance payment cap) of these Executive Board members, should their position be terminated prematurely without serious cause. If the employment contract is terminated for an important reason, for which the member of the Executive Board in question is responsible, no payments are made to said member of the Executive Board. Calculation of the severance payment cap should be based on the total remuneration of the previous financial year and, if available and appropriate, also the total anticipated remuneration of the current financial year. In the event of premature termination of Executive Board membership due to a change of control, any commitment for payments should not exceed 150% of the severance payment cap.

MLP switched over all service contracts with the members of the Executive Board to a new remuneration system in the course of the financial year 2011. Since this switchover, MLP has complied with the aforementioned recommendations.

There is no entitlement to severance payment in the case of termination of contract by mutual agreement. For contractual reasons, provisions regulating severance payment arrangements concerning the termination of contracts by mutual agreement can in any case only be seen as a guideline. And the parties involved are free to deviate from these provisions at any time with mutual consent. For this reason, any provisions of this nature would be no more than a formality.

As was also the case in 2013, MLP has therefore once again elected not to comply with this recommendation in 2014.

Section 4.2.3 Sentence 10 (specification of the targeted level of benefits)

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board should specify the targeted level of benefits in each case when making benefit obligations – including the total service time on the Executive Board – and then take into account both the annual and long-term costs associated with these benefits for the company.

The new remuneration system introduced by the Supervisory Board within the context of implementing the stipulations of the Appropriateness of Management Board Remuneration Act (“Gesetz zur Angemessenheit der Vorstandsvergütung”) provides for a contribution-based commitment to grant benefits when appointing new members of the Executive Board. The level of specific contributions to be made by the company are specified in financial terms for each respective member of the Executive Board. They do not hold the risk of any unexpected knock-on effects for the company, since the respective member of the Executive Board actually bears the investment risk in relation to the company. In the course of implementing the new remuneration system, a decision was therefore taken to dispense with the notion of switching over any employer’s pension commitments for members of the Executive Board which provide a fixed benefit above a contractually defined age limit to a purely contribution-based system at the time of contract changeover. With specific regard to these employer’s pension commitments, which are to remain in place, the company does not comply in full with this recommendation.

Therefore the Supervisory Board is of the opinion that the implementation progress made to date is not yet sufficient to fulfil the requirements of Section 4.2.3 Sentence 10 of the Code in full. As was also the case in the financial year 2013, MLP declares still not to follow this recommendation in the financial year 2014.

Section 5.1.2 Sentence 2 (diversity in the composition of the Executive Board)

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board should also pay attention to diversity in the composition of the Executive Board and in particular aim for an appropriate consideration of women.

The Supervisory Board at MLP AG aims at increasing its efforts in respecting diversity and, in particular, ensuring appropriate consideration of women in future appointments of Executive Board members. The Supervisory Board gives specific consideration to applications from suitable women in its selection procedures. It continued to address this topic in the financial year 2013 and will implement further measures so that appropriate consideration is also given to women on the company’s Executive Board, following on from the Group-wide overall concept already passed by the Executive Board for implementation of the recommendation in the Code pursuant to Section 4.1.5 (taking into account diversity when filling managerial positions), considering the company’s specific situation. Irrespective of this, the Supervisory Board at MLP AG intends to continue basing its selection decisions primarily on personal and professional qualifications.

The Supervisory Board is of the opinion that the implementation progress made to date is not yet sufficient to fulfil the requirements of Section 5.1.2 Sentence 2 of the Code in full. As was also the case in the financial year 2013, MLP has taken the prudent approach of declaring not to follow this recommendation in the financial year 2014.

Section 5.1.2 Sentence 7 (age limit for members of the Executive Board)

Based on the recommendations of the German Corporate Governance Code, an age limit should be set for members of the Executive Board.

MLP did not follow this recommendation in 2013. No age limit is set for members of the Executive Board at MLP. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience. As was the case in 2013, MLP has therefore also opted not to follow this recommendation in 2014.

Section 5.4.1 Sentence 2 (age limit for members of the Supervisory Board)

Based on the recommendations of the German Corporate Governance Code, an age limit should be set and taken into account when considering proposals for the election of Supervisory Board members.

MLP did not follow this recommendation in 2013. No age limit is set for members of the Supervisory Board at MLP. In light of the knowledge, skills and specialist experience stipulated in Section 5.4.1 Sentence 1 of the Code, it makes little sense to specify an age limit. As was also the case in 2013, MLP has therefore once again elected not to follow this recommendation in 2014.

Section 5.4.1 (2) and (3) (specification of concrete objectives for the composition of the Supervisory Board)

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board is to stipulate concrete objectives regarding its composition. As well as giving consideration to the company's specific situation, these objectives also take into account the company's international operations, any potential conflicts of interest, the number of independent members of the Supervisory Board in the sense of Section 5.4.2, an age limit to be specified for members of the Supervisory Board and diversity. These concrete objectives should, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the respective selection committees should also take these objectives into account. The objectives and present status of implementation are to be published in the corporate governance report.

MLP did not follow this recommendation in 2013. In its meetings during the financial years 2010 and 2012, the Supervisory Board at MLP AG addressed the topic of setting concrete targets for the composition of the Supervisory Board, paying particular attention to diversity. The Nomination Committee for the Supervisory Board has set itself the target of filling at least 25% of Supervisory Board member positions on the shareholder side with suitable female members, assuming the candidates possess equivalent professional and personal suitability. However, largely due to the low number of members that sit on the Supervisory Board as per the company's Articles of Association, the Supervisory Board does not currently consider it prudent to specify a concrete timetable for implementation of this objective. Therefore, it is currently also not possible to report on any concrete measures for the achievement of objectives in the corporate governance report.

As was the case in the financial year 2013, MLP therefore chose not to follow this recommendation in the financial year 2014.

In December 2013, the Executive and Supervisory Boards issued the above Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act ("Aktiengesetz") and made it permanently available to shareholders via the company's website. You can also view the text of the Declaration of Compliance of December 12, 2013 at www.mlp-ag.com.

You can also find more information on the topic of corporate governance at MLP on the aforementioned homepage.

Corporate governance

Responsible and value adding management

By mainly complying with the stipulations of the German Corporate Governance Code in the version of May 13, 2013, MLP continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared toward long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop corporate governance across the Group.

Management and controlling structure

Executive Board

As the management body of an “Aktiengesellschaft” (public limited company), the Executive Board runs the business and is tied to the interests and business principles of the company within the scope of corporation law. The responsibilities and duties of the Executive Board are laid down in the German Stock Corporation Act (“Aktiengesetz”), in MLP AG’s Articles of Association, as well as in a set of rules of procedures and the schedule of responsibilities of the Executive Board attached to it.

The members of the Executive Board hold joint responsibility for the entire management. Decisions made by the Executive Board are reached during Executive Board meetings held at regular intervals. Resolutions are drafted as ordinary resolutions with majority votes and recorded accordingly.

The members of the Executive Board are Dr. Uwe Schroeder-Wildberg (Chairman), Mr. Manfred Bauer, Mr. Reinhard Loose and Mr. Muhyddin Suleiman.

Supervisory Board

The Supervisory Board advises and monitors the Executive Board. The responsibilities and duties of the Supervisory Board are derived from the German Stock Corporation Act (AktG), MLP AG’s Articles of Association and a set of rules of procedures for the Supervisory Board.

Resolutions of the Supervisory Board are made during meetings convened by the Chairman of the Supervisory Board and require a majority vote. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions or be passed via telephone. A transcript of each meeting is drafted.

Supervisory Board composition

The Supervisory Board currently consists of six members. These are four shareholder representatives, elected by the Annual General Meeting in 2013, and two employees’ representatives, elected by employees in 2013. The members of the Supervisory Board are currently Dr. Peter Lütke-Bornefeld (Chairman of the Supervisory Board), Dr. h.c. Manfred Lautenschläger, Dr. Claus-Michael Dill, Mr. Hans Maret, Mr. Burkhard Schlingermann (employees’ representative) and Mr. Alexander Beer (employees’ representative).

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board is to stipulate concrete objectives regarding its composition, which, whilst considering the company’s specific situation, take into account the company’s international operations, any potential conflicts of interest, the number of independent members of the Supervisory Board, an age limit to be specified for members of the Supervisory Board and diversity.

The Supervisory Board has set itself concrete targets for its composition. One item worthy of particular note here is a requirements profile for Supervisory Board candidates, which was already passed in the financial year 2012 and which summarises the knowledge, skills, professional experience and personal aptitude characteristics necessary for candidates to be considered. In addition to this, determinations regarding the number of independent members and taking diversity into account were also made.

The Supervisory Board considers itself as already consisting of a suitable number of independent members who have no business or personal relationship with the company or members of the Executive Board which could form grounds for a conflict of interest. The Supervisory Board has set itself the goal of having at least three shareholder representatives as members of the Supervisory Board who are “independent” in the sense of § 100 (5) of the German Stock Corporation Act (“Aktengesetz”). This goal has already been achieved. The Supervisory Board has also set itself the additional goal of filling at least 25% of Supervisory Board member positions on the shareholder side with suitable female members, in the presence of candidates of equal professional and personal suitability. However, largely due to the low number of members that sit on the Supervisory Board as per the company’s Articles of Association, the Supervisory Board does not currently consider it prudent to specify a concrete timetable for implementation of this objective. The Supervisory Board also examined the knowledge and experience required of the Supervisory Board members and of the Chairman of the Audit Committee under the German Corporate Governance Code with regard to reporting and internal control procedures. The Chairman of the MLP AG Audit Committee fully complies with these requirements.

In the absence of the Executive Board, the Supervisory Board also reviewed the efficiency of its own activities in 2013. Particular attention was paid to the efficiency of the procedures in the Supervisory Board, the information flow between the committees and the Supervisory Board and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. Further measures aimed at increasing efficiency were drafted in the course of intensive discussions.

Efficiency of the Supervisory Board

The Supervisory Board of MLP AG has set up committees in order to improve the effectiveness of its work. The Personnel Committee prepares the resolutions on HR issues concerning Executive Board members with the company. The Audit Committee is responsible for auditing the accounting processes, risk management issues and the auditing system itself, as well as ensuring the independence of the auditors, awarding the audit contract to the auditors, determining the focal points of the audits and agreements on fees. The Committee also discusses the annual financial statements, the consolidated financial statements and the management reports of MLP AG and the MLP Group and submits a recommendation for resolution to the Supervisory Board. The Supervisory Board has also formed a Nomination Committee, composed exclusively of shareholder representatives, that proposes suitable Supervisory Board candidates for recommendation to the Annual General Meeting and addresses the requirements that these candidates must meet. The members of the Personnel Committee are Dr. Peter Lütke-Bornefeld (Chairman of the Personnel Committee), Dr. h.c. Manfred Lautenschläger, Mr. Johannes Maret and Mr. Burkhard Schlingermann. The Audit Committee comprises Dr. Claus-Michael Dill (Chairman of the Audit Committee), Dr. h.c. Manfred Lautenschläger, Dr. Peter Lütke-Bornefeld and Mr. Alexander Beer. The Nomination Committee now comprises Dr. Peter Lütke-Bornefeld (Chairman of the Nomination Committee), Dr. h.c. Manfred Lautenschläger, Mr. Johannes Maret and Dr. Claus-Michael Dill.

Supervisory Board committees

Corporate governance in the
Supervisory Board

In 2013, the Executive and Supervisory Boards of MLP AG again dealt intensively with the German Corporate Governance Code and further new legislation significant to the work performed by the Supervisory Board and its committees. The amendments to the Code passed on May 13, 2013 were the object of intensive discussions by the Supervisory Board. The changes were analysed and corresponding adjustments to the internal regulations and procedures followed by the Supervisory Board were either suggested or submitted for verification.

Cooperation between
Executive Board and
Supervisory Board

Intensive dialogue between the Executive and Supervisory Boards forms the basis of transparent and responsible company management. The Executive Board of MLP AG provides the Supervisory Board with regular, timely and comprehensive information on the Group's position, including information on its risk situation, risk management and compliance. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Furthermore, the Chairman of the Supervisory Board meets with the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informs the other members of the Supervisory Board in detail about the content of his meetings with the Executive Board. The Supervisory Board discussed the Group's corporate planning and plans for strategic growth with the Executive Board.

Significant legal transactions by the Executive Board require the consent of the Supervisory Board. A set of rules of procedures issued by the Supervisory Board in particular governs the distribution of business, powers of approval and co-operation with the Executive Board. Further details on the co-operation between Executive Board and Supervisory Board can be found in the report by the Supervisory Board.

Further disclosures on the Supervisory Board's activities can be found in the report by the Supervisory Board.

Transparency

Shareholdings of members of the Executive and Supervisory Boards as of the balance sheet date

As of December 31, 2013, the shares held by the members of the company's Executive and Supervisory Boards were distributed as follows:

Supervisory Board member	Number of shares as of Dec. 31, 2012	Number of shares as of Dec. 31, 2013
Dr. Peter Lütke-Bornefeld	75,000	100,000
Dr. h. c. Manfred Lautenschläger ¹	25,383,373	25,383,373
Johannes Maret	100,000	100,000
Dr. Claus-Michael Dill	–	–
Burkhard Schlingermann	not relevant ²	50
Alexander Beer	not relevant ²	–

¹ Incl. additional voting rights in line with § 22 of the German Securities Trading Act (WpHG)

² No figures from the previous year are disclosed, as this person was only appointed as a member of the Supervisory Board in 2013

Executive Board member	Number of shares as of Dec. 31, 2012	Number of shares as of Dec. 31, 2013
Dr. Uwe Schroeder-Wildberg	–	–
Manfred Bauer	11,254	11,254
Muhyddin Suleiman	–	–
Reinhard Loose	5,000	5,000

Directors' Dealings

Pursuant to § 15a of the German Securities Trading Act (“Wertpapierhandelsgesetz”), persons discharging managerial responsibilities at an issuer of shares must notify the issuer and the Federal Financial Supervisory Authority (BaFin). This duty also applies to persons with a close relationship to such a person.

Directors' Dealings

Pursuant to § 15a of the German Securities Trading Act (“Wertpapierhandelsgesetz”) one transaction was reported to us in the financial year 2013. This can be viewed on our website www.mlp-ag.com.

Compliance

Acting responsibly in compliance with all relevant laws and codes of conducts for the capital market is an integral part of our corporate culture and forms the basis for the trust that clients, shareholders and business partners show in us. In accordance with the stipulations of the German Corporate Governance Code, the Executive Board at MLP ensures Group-wide compliance with legal provisions and internal company guidelines, while also guaranteeing both a trusting and transparent system of corporate governance.

Compliance guidelines

The basic principles of abidance to laws, integrity and economically successful business practices are firmly anchored in our internal compliance guidelines. Our compliance activities are based on a Group-wide compliance strategy, which is specifically designed with preventive measures to avoid risks that could arise from non-compliance with applicable legislation, internal standards and processes. The primary focus here is on compliance with the applicable legal provisions and internal company guidelines, as well as preventing and combating illegal practices, such as insider trading, money laundering, financing terrorist activities, fraud or any other criminal conduct. In the interests of our clients, shareholders, employees and MLP itself, the Compliance department supports and advises the Executive Board in establishing uniform standards for all Group companies. Taking into account the constantly changing regulatory requirements and market conditions, Compliance steers the continuous further development of our internal behavioural standards and monitors implementation of internal and external requirements.

On the basis of a Group-wide risk analysis, the Compliance department identifies, analyses and evaluates the compliance risks relevant to MLP's business operations and drafts the Compliance Strategy. Any risks detected are regularly assessed. The measures implemented to minimise these risks are then monitored continuously together with their effectiveness in our day-to-day business. The results of the risk analysis are incorporated into the annual inventory of operational risks within the MLP Group.

Regular training sessions, during which all employees of the MLP Group familiarise themselves with the relevant regulations as a way of preventing any accidental infractions while also providing support in applying our corporate guidelines, represent an important element of our risk prevention measures. They include in particular web-based training sessions on the topics of compliance and the prevention of money laundering, financing terrorist activities and criminal conduct. Compliance is also available to all employees as a contact for reporting anything suspicious with regard to criminal activity or violations against compliance regulations. Any violations determined are investigated immediately, comprehensively clarified and then used to eliminate any weaknesses identified. The Executive Board and Supervisory Board are regularly informed of all relevant actions and measures taken by the Compliance department.

An extensive system of compliance rules and standards in the MLP Group explains the legal regulations on insider law both to members of the Executive Bodies and employees, and describes the internal guidelines for performing investment business. In this respect, the compliance guidelines serve to secure responsible handling of sensitive information at MLP and set out defined guidelines for advising and supporting our clients, while also providing our employees with the legal framework for both accepting and issuing invitations and gifts. To prevent any impairment of client interests, we have defined policies regarding the avoidance and monitoring of conflicts of interest and the acceptance and granting of benefits. These policies are regularly reviewed and adapted to changing requirements.

Corporate management practices

Defined company values

MLP redefined its core values a few years ago, a process in which a large number of employees and consultants were involved. "Performance" and "Trust" were identified as values which the corporate mission relies and builds on. You can find details on our corporate mission on our homepage at www.mlp-ag.com. In a third step, the following management principles were then derived from this for MLP.

MLP managers:

- are committed to the interests of MLP clients
- live out the core values of "Performance" and "Trust"
- implement agreed targets and decisions consistently
- are proactive in shaping the future
- work together openly as team players
- ensure systematic development of managers and staff

As a contribution to the discussion on the quality of financial advice in Germany, MLP presented a Consulting Code in the form of guidelines for client consulting in 2009. This code summarises MLP's consulting and client support standards, many of which have already been in use at the company for several years. The aim is to increase transparency for clients, interested parties and the general public. All guidelines are based on MLP's company values, which shape the relationship between employees, consultants and all stakeholders. Our "Guidelines on consulting and supporting private clients" are published on our company website at www.mlp-ag.com.

As per the recommendation in Section 4.1.5. of the Corporate Governance Code, the Executive Board has further intensified its efforts to secure diversity when filling management positions. It will also test the effectiveness of the adopted measures in the financial year 2013 and either make any changes deemed necessary or implement additional measures to ensure that women

are given appropriate consideration at the management levels of the company, taking into account the company's specific situation.

An explanation of the business and risk strategy as well as the risk management system can be found in the chapter "Risk and disclosure report" of the Annual Report.

Information

By law, the shareholders are involved in all fundamentally important decisions at MLP AG, such as decisions on amendments to the Articles of Association and the issue of new shares. In order to help shareholders assert their rights, MLP offers them the option of having their voting rights exercised in writing by non-discretionary proxies appointed by the company or by postal vote. We report on the main content of the Annual General Meeting on our website at www.mlp-ag.com, where the Chairman's speech can also be accessed online.

We also use the internet in order to provide comprehensive and timely information on the company's position and significant changes in a way that ensures all stakeholders are treated equally. We provide access to both German and English versions of annual and quarterly reports, press releases, conference calls and presentations on our homepage at www.mlp-ag.com. Our financial calendar includes important events and dates for investors. Analysts' and media conferences are held at least once a year. In accordance with legal provisions, ad-hoc notices are published on our website, where we also provide comprehensive information on corporate governance at MLP. We provide access to our Declaration of Compliance on our homepage for at least five years.

Information of all target groups

Accounting and audit

Group accounting is performed in line with International Financial Reporting Standards (IFRS). KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor by the Annual General Meeting. This company audited the 2013 Group financial statements and reviewed both the condensed financial statements and the interim management report in 2013 (pursuant to §§ 37w (5), 37y No. 2 of the "WpHG" German Securities Trading Act). The Supervisory Board gave its assurance that the relations existing between the auditors and MLP or its governing bodies give no cause for doubting the independence of the auditor. MLP AG's Supervisory Board not only discusses the annual and Group financial statements, but also examines the semi-annual and quarterly financial reports together with the Executive Board prior to their publication.

Many Germans are fully aware of the growing importance of supplementary old-age provision due to the ongoing demographic shift – particularly the younger generation. Since there are numerous different state-supported options and the multifaceted products are often difficult for individuals to understand, many people simply choose to put off their decision „for another day“.



Age

MLP consultants focus on their clients. They first determine their exact requirements and then create solutions that will allow these to be met most effectively. MLP offers its clients a high degree of traceability here, for example in the form of transparent consulting documentation.

»Why does old-age provision have to be so complex?«

retirement. Of course, finding all the way to selecting a professional co-when advising their clients.



Many Germans are aware of the growing importance of supplementary old-age provision due to the ongoing demographic shift – particularly the younger generation. Since there are numerous different state-subsidized solutions and the multifaceted products are often difficult for individuals to understand, many people simply choose to put off a decision „for another day“.

Fact

The field of old-age provision is indeed complicated – yet also simple. The key here is to start early and save regularly – as a way of building up the best possible cushion for retirement. Of course, finding the right solution to a client’s specific requirements is also critical. This starts with selecting the most suitable state allowances and continues all the way to selecting a product that corresponds to the respective client’s personal risk appetite. Professional consultants translate this complexity into suitable concepts when advising their clients.

Advantage

MLP consultants focus on their clients. They first determine their exact requirements and then create solutions that will allow these to be met most effectively. MLP offers its clients a high degree of traceability here – for example in the form of transparent consulting documentation.

Investor Relations

Stock market year 2013 – Development of the markets

Increasing prices with a high degree of volatility

Stock markets around the world can look back on a highly successful 2013. However, the positive developments were closely linked to a massive range of fluctuation, caused in particular by the European debt crisis and the uncertainty among investors associated with this. It was primarily thanks to the high degree of liquidity on the markets that the share indices around the world reached new record levels in the second half of the year.

Policy of “cheap money”

Although good economic indicators and quarterly results had a positive influence on stock exchange developments, the sense of uncertainty being felt in the eurozone and, in particular, the support that had to be provided to Cyprus served to counteract these. These issues led to repeated dips at the start of the year and to a generally high degree of volatility. The expansive monetary policy of the US central bank, the FED, and the prospects for the low interest rates in Europe to remain in place long term or dip even lower caused Germany’s leading index, the DAX, to reach its all-time high of 8,530.89 points in May. The subsequent correction of the markets by around 700 points once again served to underline the nervousness being felt among many investors. US companies opened the reporting season for semi-annual operating results with healthy figures. The President of the European Central Bank (ECB), Mario Draghi, was once again keen to stress the importance of low interest rates for the eurozone and also indicated that further reductions in the prime rates may still follow. The good economic data from Germany and the eurozone for the second quarter, as well as the surprise announcement made by the FED that it is to continue its bond purchases unabated helped prices improve further on the stock exchanges. In a sustainable, yet volatile upward movement, the indices continued to hit new record levels. The repeated flare-up of the conflict in Syria led to short-term corrections on the markets, but this did not seem to deter investors, who remained willing to invest.

Year-end rally on the stock exchanges

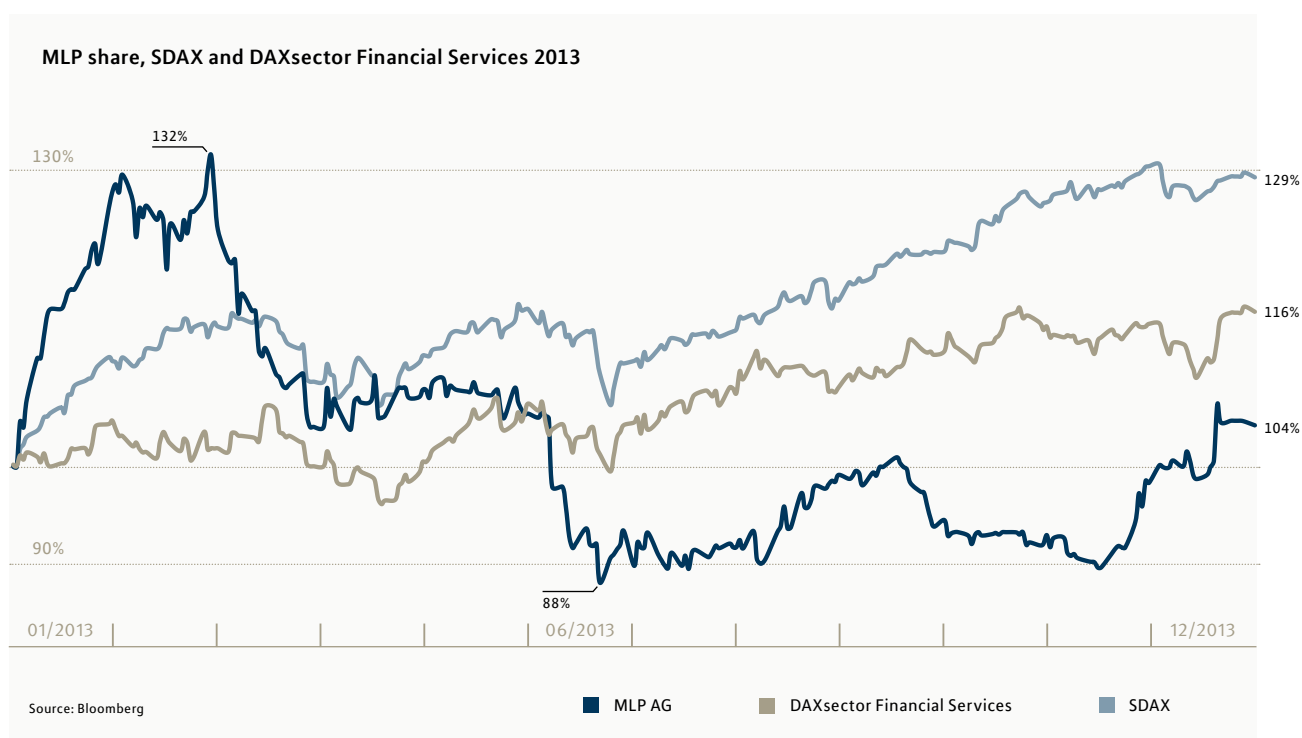
The DAX began a noteworthy rally in mid-October. Within just six weeks, Germany’s leading index gained almost 900 points. The improved economic prospects in the US, China and the eurozone, as well as the surprise lowering of the prime rate by the ECB to 0.25% paved the way for this. The nomination of Jannet Yellen – a supporter of relaxed monetary policy – as the successor to the President of the US central bank, Ben Bernanke, also provided positive stimulus here. The unresolved budget dispute in the US had a negative impact on the markets at the start of December. Following a short and severe correction, however, the year-end rally was equally dynamic. On the year’s second-to-last day of trading, the DAX reached a new all-time high of 9,594 points. It then closed the year slightly lower at 9,552 points, which represents a gain of just under 26% for the year.

Small cap index also successful

The SDAX, Germany’s small cap index, also ended the stock market year 2013 with significant gains. Following development characterised largely by a high degree of volatility, the small cap index already hit its new all-time high of 6,867 points at the start of December and then ended the stock market year with a slight correction to 6,788 points, representing an annual gain of almost 29%.

The MLP share

The stock market year 2013 was also characterised by pronounced price fluctuations for the MLP share. The start of the year displayed extremely dynamic development. By the end of January, the price had risen to € 6.64 and thereby reached its annual high after just a few weeks. Publication of the good results for 2012 and the announcement of the forecast at the end of February led to a phase of profit-taking, which initially caused the share price to dip to a level around € 5.30. A period of renewed interest in selling then followed the dividend payout, which caused the share to decline to its annual low of € 4.40 by June 21. In the subsequent phase of recovery, the price once again exceeded the € 5 mark in mid-September, but then dipped again to a level around the annual low following the revision of our forecast for 2013 business development. From mid-November on, the share price began to increase up to the end of the year and ended the stock market year 2013 at a price of € 5.21, which represents an annual gain of 4.2%. The year-on-year increase in the average volume traded to 47,300 shares per day (31,000) represents another positive aspect from the perspective of investors.



Dividend

MLP will continue its consistent dividend policy in 2013. As announced, the distribution rate will be between 60% and 70%. At the Annual General Meeting on June 5, 2014, the Executive Board and Supervisory Board will therefore propose a dividend of € 0.16 per share. This corresponds to a pay-out ratio of 68% of the net profit for the period.

Key figures compared to previous year

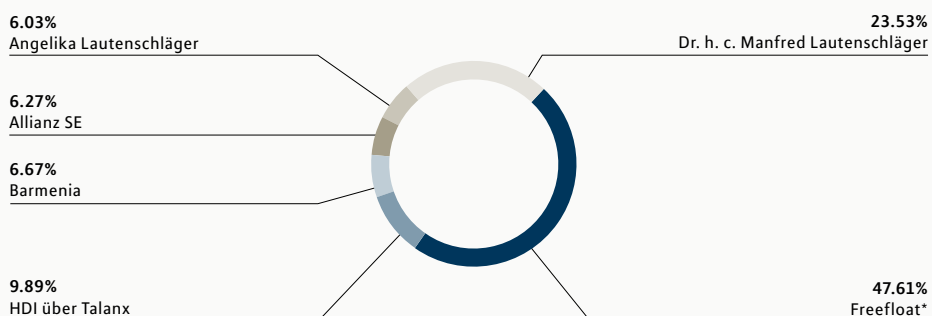
		2013	2012	2011	2010	2009
Shares in circulation at the end of the year	in units	107,877,738	107,877,738	107,877,738	107,877,738	107,877,738
Share price at the beginning of the year	in €	5.08	5.07	7.64	8.27	9.80
Share price at the end of the year	in €	5.21	5.00	5.12	7.60	8.06
Share price high	in €	6.58	6.89	7.85	8.27	10.98
Share price low	in €	4.41	4.17	4.25	6.21	5.25
Market capitalisation at the end of the year	in € million	562.2	539.4	552.3	819.9	869.5
Average daily turnover of shares	in units	47,302	31,011	39,673	87,274	106,927
Dividend per share	in €	0.16*	0.32	0.60	0.30	0.25
Total dividend	in € million	17.3*	34.5	64.7	32.4	27.0
Return on dividend	in %	3.1*	6.4	11.8	4.0	3.1
Earnings per share	in €	0.24	0.49	0.12	0.32	0.22
Diluted earnings per share	in €	0.24	0.49	0.12	0.31	0.22

* Subject to the approval of the Annual General Meeting on June 5, 2014

Changes to the shareholder structure

In December, Swiss Life sold its 9.90% stake in MLP. This stake was being held purely as a financial investment since being reduced to below 10% in 2009. In return, FMR LLC acquired a 7.10% stake in our company, while Fidelity Management & Research Company acquired a 4.99% stake. In line with the German Stock Exchange's definition, these two institutional investors are not taken into consideration when determining the free float. The free float therefore increased from 37.7% to 47.6% in the financial year 2013. The following chart provides an overview of the major shareholders.

MLP shareholder structure

Shareholder structure in 2013
as of December 31, 2013

* Definition of freefloat on the German stock exchange; including additional voting rights pursuant to § 22 of the German Securities Trading Act (WpHG)

Investor relations activities

The goal of our investor relations activities is to establish a continuous and open dialogue with our shareholders, potential investors and the capital market. We are keen to establish and build on trust among investors and support the market in assessing the value potential of our company.

To this end, we provide continuous, timely and transparent information on relevant events and incorporate feedback received from capital market players. We also sought active exchange with both private and institutional investors at regular capital market events, such as roadshows, conferences and our Annual General Meeting. Alongside direct contact, financial reporting is a key basis for our communication. The Annual Report plays a particularly important part here, as it provides comprehensive and transparent information on all aspects of the company.

The “Manager Magazin” publication presented its “Best Annual Report” awards for the 19th time this year. In cooperation with the University of Münster and under the academic leadership of Professor Bätge, two specialist evaluation teams analyse 160 annual and interim reports from the DAX, MDAX, SDAX and TecDAX each year. At the end of the multi-stage process, a four-man jury of capital market experts reviews the four best reports from each segment with regard to conciseness, credibility and reporting efficiency. As was already the case in past years, we ranked among the very best and once again received a 2nd place award in the SDAX segment for our 2012 Annual Report.

Award for the MLP Annual Report 2012

Interesting information on the Group, the share and other relevant notices can be found on our investor relations web pages. We also provide a special investor relations newsletter service, whereby anyone interested can sign up to receive e-mails on important events. Anyone interested can also keep up-to-date with news from the company and the sector via twitter (http://twitter.com/MLP_AG). You can find the investor relations section at: www.mlp-ag.com/investor-relations. Please feel free to contact us if you prefer to talk to someone in person.

Investor relations on the internet

Key figures for business valuation and statement of financial position analysis

		2013	2012
Equity ratio	in %	24.4	25.7
Return on equity*	in %	6.6	13.3
Net liquidity	in € million	147.0	179.7
Market capitalisation at the end of the year	in € million as of Dec. 31	562.2	539.4
Total revenue	in € million	501.1	568.0
EBIT	in € million	32.8	73.9

* Calculation: Net profit in relation to shareholders' equity at the beginning of the financial year.

Following the uncertainties associated with the financial crisis, subsequent debt crisis and the general scepticism towards the financial sector, some citizens prefer to save money on their own.

»Would I not be better advised to simply save money myself rather than signing an insurance policy?«

Age

At MIE, our old-age provision strategy says as part of holistic financial planning, MLP consultants work together with their clients to develop the most suitable mix of provision and financing, having access to all products – from insurance solutions, all the way up to mutual funds.



Fact

Anyone simply saving money on their own has clear disadvantages. If you ask Germans how long they are likely to live, on average they will say around 81 years. According to the German Association of Actuaries (DAV), however, their average life expectancy is 89.6 years. So German citizens who choose to save for their own old-age provision on the basis of a life expectancy that is too low are very likely to encounter bottlenecks or a pension shortfall when retired. Pension insurance, on the other hand – such as a Riester or basic pension and occupational pension provision – guarantees a lifelong payout. It therefore provides a kind of safety net that no other product can offer. Aside from this, insurers can invest the funds on a much broader basis and have significantly more investment options open to them than individuals.



Following the uncertainty caused by the financial crisis, subsequent debt crisis and general scepticism towards the financial sector, some citizens prefer to save money on their own.

Advantage

At MLP, an old-age provision strategy always forms part of holistic financial planning. MLP consultants work together with their clients to develop the most suitable mix of provision and financing, having access to all products – from insurance solutions, all the way up to mutual funds.

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Income statement and statement of comprehensive income

Income statement for the period from January 1 to December 31, 2013

All figures in €'000	Notes	2013	2012*
Revenue	(9)	480,502	544,569
Other revenue	(10)	20,561	23,477
Total revenue		501,063	568,046
Commission expenses	(11)	-214,158	-235,808
Interest expenses	(12)	-4,401	-7,401
Personnel expenses	(13)	-106,203	-102,493
Depreciation	(14)	-11,811	-12,573
Other operating expenses	(15)	-132,632	-136,809
Earnings from investments accounted for using the equity method	(16)	902	956
Earnings before interest and tax (EBIT)		32,760	73,918
Other interest and similar income		1,358	1,928
Other interest and similar expenses		-1,046	-905
Finance cost	(17)	311	1,022
Earnings before tax (EBT)		33,072	74,940
Income taxes	(18)	-7,583	-22,007
Net profit		25,489	52,933
Of which attributable to			
owners of the parent company		25,489	52,933
Earnings per share in €	(19)		
basic/diluted		0.24	0.49

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

Statement of comprehensive income for the period from January 1 to December 31, 2013

All figures in €'000	2013	2012*
Net profit	25,489	52,933
Gains/losses due to the revaluation of defined benefit obligations	-1,552	-3,635
Deferred taxes on non-reclassifiable gains/losses	450	1,053
Non-reclassifiable gains/losses	-1,102	-2,582
Gains/losses from changes in the fair value of available-for-sale securities	509	-99
Deferred taxes on non-reclassifiable gains/losses	-54	57
Reclassifiable gains/losses	455	-42
Other comprehensive income	-647	-2,623
Total comprehensive income	24,842	50,310
Of which attributable to		
owners of the parent company	24,842	50,310

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

Statement of financial position

Assets as of December 31, 2013

All figures in €'000	Notes	Dec. 31, 2013	Dec. 31, 2012*	Jan. 1, 2012*
Intangible assets	(20)	155,267	141,713	140,331
Property, plant and equipment	(21)	65,822	68,782	71,569
Investment property	(22)	7,325	–	7,481
Investments accounted for using the equity method	(23)	2,547	2,601	2,863
Deferred tax assets	(18)	1,974	2,999	5,315
Receivables from clients in the banking business	(24)	491,570	431,396	360,148
Receivables from banks in the banking business	(25)	490,110	510,510	487,557
Financial assets	(26)	146,082	137,118	232,024
Tax refund claims	(18)	20,622	7,428	7,908
Other receivables and assets	(27)	109,164	139,749	143,640
Cash and cash equivalents	(28)	46,383	40,682	31,350
Assets held for sale		–	10,532	–
Total		1,536,865	1,493,509	1,490,186

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

Liabilities and shareholders' equity as of December 31, 2013

All figures in €'000	Notes	Dec. 31, 2013	Dec. 31, 2012*	Jan. 1, 2012*
Shareholders' equity	(29)	374,477	384,157	398,573
Provisions	(30)	85,138	83,704	91,012
Deferred tax liabilities	(18)	8,628	8,465	9,428
Liabilities due to clients in the banking business	(31)	946,484	871,110	827,413
Liabilities due to banks in the banking business	(31)	9,924	10,498	14,540
Tax liabilities	(18)	5,654	4,831	1,585
Other liabilities	(32)	106,560	130,745	147,635
Total		1,536,865	1,493,509	1,490,186

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

Statement of cash flow

Statement of cash flow for the period from January 1 to December 31, 2013

All figures in €'000	2013	2012*
Net profit (total)	25,489	52,933
Income taxes paid	-17,887	-15,883
Interest received	24,110	29,029
Interest paid	-5,105	-8,957
Earnings from investments accounted for using the equity method	-902	-956
Dividends received from investments accounted for using the equity method	956	1,219
Dividends received	1	1
Depreciation/impairments/write-ups of intangible assets and property, plant and equipment	11,811	12,573
Depreciation/impairments/write-ups of financial assets	-23	-418
Allowances for bad debts	2,704	710
Earnings from the disposal of intangible assets and property, plant and equipment	-484	-247
Earnings from the disposal of financial assets	-19	0
Adjustments from income taxes, interest and other non-cash transactions	-3,936	-4,070
Changes in operating assets and liabilities		
Receivables from banks in the banking business	20,400	7,047
Liabilities due to banks in the banking business	-574	-4,042
Receivables from clients in the banking business	-61,238	-72,129
Liabilities due to clients in the banking business	75,375	43,697
Other assets	18,879	5,456
Other liabilities	-23,381	-14,272
Provisions	1,434	-9,261
Cash flow from financing activities	67,610	22,429
Purchase of intangible assets and property, plant and equipment	-22,450	-14,524
Proceeds from disposal of intangible assets and property, plant and equipment	3,736	59
Repayment of/investment in time deposits	-30,000	45,000
Repayment of/investment in held-to-maturity investments	16,184	18,338
Purchase of other financial assets	-522	-984
Proceeds from disposal of other financial assets	645	2,344
Cash flow from financing activities	-32,407	50,233
Dividends paid to shareholders of MLP AG	-34,521	-64,727
Cash flow from financing activities	-34,521	-64,727
Change in cash and cash equivalents	682	7,935
Change in cash and cash equivalents from changes to the scope of consolidation	-	1,397
Cash and cash equivalents at beginning of period	60,682	51,350
Cash and cash equivalents at end of period	61,364	60,682
Composition of cash and cash equivalents		
Cash and cash equivalents	46,383	39,285
Loans ≤ 3 months	15,000	20,000
Liabilities to banks due on demand (excluding the banking business)	-19	-
Change in cash and cash equivalents from changes to the scope of consolidation	-	1,397
Cash and cash equivalents at end of period	61,364	60,682

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

The notes on the consolidated statement of cash flow appear in Note 33.

Statement of changes in equity

Statement of changes in equity for the period from January 1 to December 31, 2013

All figures in €'000	Equity attributable to MLP AG shareholders					
	Share capital	Capital reserves	Gains/losses from changes in the fair value of available-for-sale securities*	Revaluation gains/losses related to defined benefit obligations after taxes	Retained earnings	Total shareholders' equity
As of Jan. 1, 2012	107,878	142,184	424	–	149,154	399,640
Effects due to the retrospective application of IAS 19	–	–	–	–1,066	–	–1,066
As of Jan. 1, 2012 (adjusted)	107,878	142,184	424	–1,066	149,154	398,574
Dividend	–	–	–	–	–64,727	–64,727
Transactions with owners	–	–	–	–	–64,727	–64,727
Net profit	–	–	–	–	52,933	52,933
Other comprehensive income	–	–	–42	–2,582	–	–2,623
Total comprehensive income	–	–	–42	–2,582	52,933	50,310
As of Dec. 31, 2012 (adjusted)	107,878	142,184	382	–3,648	137,361	384,157
As of Jan. 1, 2013 (adjusted)	107,878	142,184	382	–3,648	137,361	384,157
Dividend	–	–	–	–	–34,521	–34,521
Transactions with owners	–	–	–	–	–34,521	–34,521
Net profit	–	–	–	–	25,489	25,489
Other comprehensive income	–	–	455	–1,102	–	–647
Total comprehensive income	–	–	455	–1,102	25,489	24,842
As of Dec. 31, 2013	107,878	142,184	837	–4,750	128,329	374,477

* Reclassifiable gains/losses

The notes on the statement of changes in equity appear in Note 29.

Notes

GENERAL INFORMATION

1 Information about the company

The consolidated financial statements were prepared by MLP AG, Wiesloch, Germany, the ultimate parent company of the MLP Group. MLP AG is listed in the Mannheim Commercial Register under the number HRB 332697 at the address Alte Heerstraße 40, 69168 Wiesloch, Germany.

Since it was founded in 1971, the MLP Group (MLP) has been operating as a broker and adviser for academics and other discerning clients in the fields of old-age provision including occupational pension provision, healthcare provision, non-life insurance, financing, wealth management and banking services.

2 Principles governing the preparation of the financial statements

The consolidated financial statements of MLP AG have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standard Board (IASB), taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they apply in the European Union (EU). In addition, the commercial law regulations to be observed pursuant to § 315a (1) of the German Commercial Code (HGB) were also taken into account. The financial year corresponds to the calendar year.

The consolidated financial statements have been prepared on the basis of the historical cost convention with the exception that certain financial instruments are measured at fair value. MLP prepares its consolidated balance sheet based on liquidity. This form of presentation offers information that is more relevant than if it were based on the time-to-maturity factor.

The income statement is prepared in accordance with the nature of expense method.

The consolidated financial statements are drawn up in euros (€), which is the functional currency of the parent company. Unless otherwise specified, all amounts are stated in thousands of euros (€'000). Both single and cumulative figures are values with the smallest rounding difference. As a result, differences to reported total amounts may arise when adding up the individual values.

3 Amendments to the accounting policies, and new standards and interpretations

The accounting policies applied are the same as those used in the previous year, with the following exceptions:

In the financial year 2013 the following new or amended standards and interpretations were to be applied for the first time.

The IASB published its amendment to **IAS 1 “Presentation of Financial Statements”** in June 2011. The amendments were adopted by the EU in June 2012 (so-called endorsement). The amended version of IAS 1 is to be adopted for the first time for reporting periods beginning on or after July 1, 2012. The amendments affect the presentation of items of total comprehensive income. Based on the option for subsequent reclassification to profit or loss, in future these are to be classified into two categories. In line with the amendments, MLP now divides the individual OCI items into items that allow reclassification to profit or loss (reclassifiable) and into items that do not allow reclassification to profit or loss (non-reclassifiable). The previous year’s values have been adjusted accordingly.

The IASB published its amendment to **IAS 12 “Income Taxes”** in December 2010. In this context, the stipulations of SIC 21 “Income Taxes – Recovery of Revalued Non-Depreciable Assets” were lifted. The amendments were adopted by the EU in December 2012. The amended version of IAS 12 is to be adopted for the first time for reporting periods beginning on or after January 1, 2013. The amendment introduces a rebuttable presumption that the carrying amounts of investment property as per IAS 40 are generally realised through sale. This presumption does not apply to assets where the revaluation method is applied as per IAS 16 or IAS 38. The changes have no effect on the consolidated financial statements.

The IASB published its amendment to **IAS 19 “Employee Benefits”** in June 2011. The amendments were adopted by the EU in June 2012. The amended version of IAS 19 is to be adopted for the first time for reporting periods beginning on or after January 1, 2013. The revised version of IAS 19 “Employee Benefits” contains key amendments with regard to the recognition of pension obligations from defined benefit plans. With the amendment, the option of recording actuarial gains and losses has been removed. In addition there are extended disclosure obligations. With regard to phased retirement, there were no effects for MLP, as all affected persons are in the passive phase.

By removing the aforementioned option, actuarial gains and losses now have a direct effect on the consolidated financial statements. On occurrence, actuarial gains and losses must now be recognized immediately under other comprehensive income and have no effect on the income statement. The past service cost is now also to be disclosed directly as profit or loss in the year in which it occurs. In addition to this, the anticipated income from plan assets has previously been determined at the start of the accounting period, based on the subjective expectations of the management team with regard to the performance of the investment portfolio. Adoption of IAS 19 (revised 2011) means that only a typical return of pension scheme assets at the level of the discount interest rate of the pension obligations at the beginning of the period may now be applied.

The amendments to IAS 19 are to be applied retrospectively. The previous year's values have been adjusted to include the effects of the amendments to IAS 19.

Since the MLP Group has always used the so-called corridor method for recording actuarial gains and losses to date, the retroactive changeover essentially resulted in a higher provision. In addition to this, operating earnings are not affected by amortisation of the amount exceeding the corridor when applying the new method. Instead, the new method leads to a reduction in other comprehensive income. The following tables represent the key effects resulting from the revised regulations of IAS 19 (revised 2011):

Statement of financial position

All figures in €'000	Dec. 31, 2012			Jan. 1, 2012		
	Before adjustment	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment
Deferred tax assets	2,597	402	2,999	4,880	435	5,315
Total assets	1,493,108	402	1,493,509	1,489,751	435	1,490,186
Shareholders' equity	387,554	-3,397	384,157	399,640	-1,066	398,573
Provisions	78,921	4,783	83,704	89,511	1,501	91,012
Pension schemes	11,827	4,783	16,610	12,718	1,501	14,219
Other provisions	67,094	-	67,094	76,793	-	76,793
Deferred tax liabilities	9,449	-984	8,465	9,428	-	9,428
Total liabilities and sharehol- ders' equity	1,493,108	402	1,493,509	1,489,751	435	1,490,186

Income statement

All figures in €'000	2012		
	Before adjustment	Adjustment	After adjustment
Other operating expenses	-136,601	-207	-136,809
Earnings before interest and tax (EBIT)	74,125	-207	73,918
Other interest and similar expenses	-1,465	560	-905
Finance cost	462	560	1,022
Earnings before tax (EBT)	74,587	353	74,940
Income taxes	-21,905	-102	-22,007
Net profit	52,683	251	52,933
Earnings per share in €			
basic/diluted	0.49	0.00	0.49

Statement of comprehensive income

All figures in €'000	2012		
	Before adjustment	Adjustment	After adjustment
Net profit	52,683	251	52,933
Gains/losses due to the revaluation of defined benefit obligations	–	–3,635	–3,635
Deferred taxes on non-reclassifiable gains/losses	–	1,053	1,053
Non-reclassifiable gains/losses	–	–2,582	–2,582
Gains/losses from changes in the fair value of available-for-sale securities	–99	–	–99
Deferred taxes on non-reclassifiable gains/losses	57	–	57
Non-reclassifiable gains/losses	–42	–	–42
Other comprehensive income	–42	–2,582	–2,623
Total comprehensive income	52,641	–2,331	50,310

Statement of cash flow

All figures in €'000	2012		
	Before adjustment	Adjustment	After adjustment
Net profit	52,683	251	52,933
Adjustments from income taxes, interest and other non-cash transactions	–2,198	–1,870	–4,070
Provisions	–10,881	1,620	–9,261

Alongside changes to accounting, the notes to the consolidated financial statements have also been revised, e.g. in the form of sensitivity analyses.

The revised definition of termination benefits did not result in any effects on the accounting practices employed by the MLP Group.

The IASB published **IFRS 13 “Fair Value Measurement”** in May 2011. The new standard was adopted by the EU in December 2012 and is to be applied for the first time in financial years starting on or after January 1, 2013. All fair value measurements required in line with other standards must now comply with the stipulations of IFRS 13. IAS 17 and IFRS 2 are the only standards where dedicated rules apply. The standard replaces and expands the disclosure requirements with regard to measurement at fair value in other IFRS standards.

Pursuant to IFRS 13, fair value is defined as the exit price, i.e. the price that would be achieved when selling an asset or the price that would have to be paid to transfer a debt. As is already the case with fair value measurement of financial assets, a three-tier hierarchy system is to be introduced, which employs steps with regard to the dependence on observable market prices.

In accordance with the transitional provisions of IFRS 13, the MLP Group has prospectively applied the new regulations for measurement at fair value and has not made any comparative information from the previous year available for new disclosures. Irrespective of this, the amendment did not have any significant effects on measurement of the Group’s assets and debts.

With the supplement to **IFRS 7 “Financial Instruments: Disclosures”** regarding offsetting financial assets, the notes on offset and offsetable financial instruments have been extended. The amended version of IFRS 7 is to be adopted for the first time for reporting periods beginning on or after January 1, 2013. The changes have no effect on the consolidated financial statements.

The IASB published its **improvements to IFRS 2009–2011** in May 2012. The majority of the amendments are only compulsory for reporting periods starting on or after January 1, 2013. The amendments eliminate inconsistencies and clarify certain formulations. The standards IAS 1, IAS 16, IAS 32, IAS 34, and IFRS 1 are affected by this. The amended standards have no effect on the consolidated financial statements.

The following standard was adopted early in the financial year:

In May 2013, the IASB published amendments to **IAS 36 “Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets”**. In the course of a subsequent amendment from IFRS 13, a new obligatory disclosure regarding the goodwill impairment test pursuant to IAS 36 was unintentionally introduced. This new amendment now removes this obligatory disclosure. However, this amendment also results in additional disclosures if an impairment has actually been performed and the recoverable amount was determined on the basis of fair value. The amendment is to be applied for the first time for financial years starting on or after January 1, 2014.

Adoption of the following new or revised standards and interpretations was not yet binding for the financial year commencing on January 1, 2013. The standards were not adopted early:

a) EU endorsement has already taken place

The IASB published the standards **IFRS 10 “Consolidated Financial Statements”**, **IFRS 11 “Joint Arrangements”** and **IFRS 12 “Disclosure of Interests in Other Entities”** in May 2011. The new standards were adopted by the EU in December 2012 and are to be applied for the first time to reporting periods beginning on or after January 1, 2014.

IFRS 10 “Consolidated Financial Statements” comprehensively redefines the term “control”. When one company controls another company, the parent company must consolidate its subsidiary. With the new definition, control is deemed to be in place when the potential parent company has decision-making powers over the potential subsidiary due to voting rights or other rights, participates in positive or negative variable returns from the subsidiary and can influence these returns through its decision-making powers.

IFRS 11 “Joint Arrangements” replaces IAS 31 “Interests in Joint Ventures”. Based on the new concept, a decision must be reached as to whether the activities relate to a joint operation or a joint venture. A joint operation is in place when the parties sharing control have direct rights to the assets and obligations for the liabilities. The individual rights and obligations are disclosed in the consolidated financial statements on a pro rata basis. In a joint venture, on the other hand, the parties sharing control have rights to the net assets. This right is presented through application of the equity method in the consolidated financial statements. The option for proportionate consolidation in the consolidated financial statements has therefore been eliminated.

IFRS 12 “Disclosure of Interests in Other Entities” governs the disclosure requirements with regard to stakes held in other companies. The necessary disclosures are significantly more extensive than the former requirements in accordance with IAS 27, IAS 28 and IAS 31.

The IASB published the amendments to the transitional provisions of IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities” in June 2012. The amendments include a clarification and additional simplifications for transitioning to IFRS 10, IFRS 11 and IFRS 12. One such simplification is that adjusted comparative information is now only required for previous comparison periods. In addition to this, the duty to disclose comparative information for periods prior to the initial application of IFRS 12 has been dropped within the context of disclosures for companies with a non-consolidated structure (“structured entities”).

Furthermore, in November 2012, the IASB published amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 27 “Separate Financial Statements”. The amendments were adopted by the EU in November 2013. The amendments affect the way in which investment companies are recognised in the balance sheet. The amendments define investment companies and then generally exclude these from the obligation to consolidate subsidiaries pursuant to IFRS 10. Based on this, investment companies do not consolidate the companies they control in their IFRS consolidated financial statements. However, this exception from the general principles should not be seen as an option. Instead of full consolidation, they measure the investments held for trading at fair value and record periodic changes in fair value as profit or loss. The amendments do not have any effects for consolidated financial statements that include investment companies, insofar as the parent company is not an investment company itself.

As it stands today, MLP does not anticipate any significant effects on the scope or methods of consolidation from the introduction of IFRS 10, 11 and 12.

The IASB also published the amendments to the standards IAS 27 “**Consolidated and Separate Financial Statements**” and IAS 28 “**Shares in Associates**” in May 2011. The amendments were adopted by the EU in December 2012. The revised standards must be applied for the first time to reporting periods beginning on or after January 1, 2014.

Due to the changes in the regulations for consolidation pursuant to IFRS 10, the revised IAS 27 now only contains rulings on accounting for shares in subsidiaries, joint ventures and associates in separate financial statements. In this context, IAS 27 is renamed “Separate Financial Statements”.

Amendments were also made to IAS 28 within the scope of adopting IFRS 11 “Joint Arrangements”. As is already the case, IAS 28 continues to govern use of the equity method. However, the scope of application has been significantly extended with adoption of IFRS 11, since in future not only investments in associated companies, but also in joint ventures must be measured using the equity method. The use of pro rata consolidation for joint ventures has therefore been eliminated. Another change concerns the accounting method as per IFRS 5 when only a portion of a stake in an associated company or joint venture is to be sold. IFRS 5 is applied to the stake to be sold, while the remaining stake must continue to be recorded using the equity method until the stake to be sold has actually been sold.

We anticipate that the amended standards will have no effect on the consolidated financial statements.

The IASB published its amendment to IAS 32 “**Financial Instruments: Presentation**” in December 2011. The amendments were adopted by the EU in December 2012. The amended version of IAS 32 is to be adopted for the first time for reporting periods beginning on or after January 1, 2014. The aim of this amendment is to eliminate practical handling inconsistencies when off-setting financial assets and financial liabilities. We anticipate that the amended standards will have no effect on the consolidated financial statements.

In June 2013, the IASB published the amendment to IAS 39 “**Novation of Derivatives and Continuation of Hedge Accounting**”. IAS 39 was supplemented by a simplification rule, based on which it is not necessary to terminate hedge accounting under certain conditions if the original derivative is no longer in place. The amendment is to be applied for the first time for financial years starting on or after January 1, 2014. MLP does not expect the amendments to have any impact on its consolidated financial statements.

b) EU endorsement still pending

The IASB published its amendment to IFRS 9 (2009) “**Financial Instruments**” in November 2009. The IFRS 9 method for accounting and measurement of financial instruments will replace IAS 39.

In future, financial assets will only be classified and measured in two groups: at “Amortized Costs” and at “Fair Value”. The group of financial assets recognised at amortised costs comprises financial assets which only include the entitlement to interest and principal payments at specified times and which are also held within the scope of a business model whose objective is to hold assets. All other financial assets form the “Fair Value” group. Under certain conditions, financial assets in the first category can – as is currently the case – be assigned to the fair value category (fair value option).

Changes in the value of financial assets in the Fair Value category must in principle be disclosed as profit or loss, although the option to record changes under other comprehensive income may be used for certain equity instruments. However, any dividend claims resulting from these assets must be disclosed as profit or loss.

All regulations for financial liabilities are adopted from IAS 39. The main difference concerns the recognition of changes in value of financial liabilities measured at fair value. In future, these must be recognized separately, whereby the portion attributable to a company's own credit risk is to be recognised under other comprehensive income and the remaining portion of the change in value is to be recognised as profit or loss.

The objective of the new hedge accounting model under IFRS 9 is to secure a closer link between the risk management system and financial reporting. The types of hedging relationships which are still permitted are "Cash Flow Hedge Accounting", "Fair Value Hedge Accounting" and "Hedging a Net Investment in a Foreign Operation".

The scope for qualifying hedged items has also been extended. Groups of hedged items, insofar as the individual hedged items qualify for a designation, as well as net items and net zero items can now be designated. Every financial instrument that is accounted for at fair value is generally suitable for use as a hedging instrument. Exceptions to this include liabilities for which the fair value option has been applied and equity instruments recorded under the fair value through other comprehensive income option based on the provisions of Phase I.

IFRS 9 dispenses with the bandwidths of 80% to 125% required within the scope of measuring effectiveness in line with IAS 39, meaning that no retrospective effectiveness test now has to be performed. As is also the case for disclosure of any ineffectiveness, the prospective effectiveness test is still necessary. The hedging relationship may only be terminated when the defined prerequisites have been met. This means that hedging relationships must be continued if the objective of risk management remains unchanged.

Extended notes to the consolidated financial statements are to be made with regard to the risk management strategy, the effects of risk management on future cash flows and the effects of hedge accounting on the financial statements.

In addition to this, recognition of own default risks for financial liabilities of the fair value option directly in equity under other comprehensive income is now isolated, i.e. possible without application of the other requirements of IFRS 9.

Hedging relationships are not to be terminated due to the transition from IAS 39 to IFRS 9, provided the prerequisites and qualitative features continue to be fulfilled. The other rules pursuant to IAS 39 can continue to be optionally applied under IFRS 9.

One effect of IFRS 9 is that companies are no longer required to provide adjusted figures for the previous year when applying IFRS 9 for the first time. This simplification was originally only permitted when adopting IFRS 9 early and before January 1, 2012. However, the simplification also involves additional notes to consolidated financial statements as per IFRS 7 at the time of transitioning.

As is the case with the provisions of IFRS 9, the timing for initial adoption of these amendments is still open, but is not likely to be before January 1, 2017. MLP expects that the new IFRS 9 will lead to significant changes with regard to the classification and measurement of financial assets.

In January 2014, the IASB published the interim standard **IFRS 14 “Regulatory Deferral Accounts”**. The objective of this standard is to increase the comparability of financial statements from such companies performing rate-regulated activities. If accepted in its current form by the EU, the standard is to be adopted for the first time for reporting periods beginning on or after January 1, 2016. MLP does not expect the amendments to have any impact on its consolidated financial statements.

The IASB published amendments to **IAS 19 “Employee Benefits”** in November 2013. The amendments clarify the regulations addressing the assignment of employee premiums or third party premiums to periods of service if the premiums are linked to years of service. In addition to this, simplifications are provided if the premiums are not dependent on the number of years service. If accepted in its current form by the EU the amendment is to be adopted for the first time for reporting periods beginning on or after July 1, 2014. MLP does not expect the amendments to have any significant impact on its consolidated financial statements.

In May 2013, the IASB published **IFRIC 21 “Levies”**. IFRIC 21 addresses the question of recognising public levies in the balance sheet which are not income taxes in the sense of IAS 12. Clarification is in particular provided as to when obligations to pay levies of this kind are to be recognised as liabilities or provisions in the financial statements. If accepted in its current form by the EU the amendment is to be adopted for the first time for reporting periods beginning on or after January 1, 2014. MLP does not expect the amendments to have any significant impact on its consolidated financial statements.

In December 2013, the IASB published **revisions to IFRS 2010–2012**, as well as **revisions to IFRS 2011–2013**. The amendments affect the standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16/IAS 38, IAS 24 and IAS 38 (revisions 2010–2012), as well as the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40 (revisions 2011–2013). If accepted in their current form by the EU, the amendments are to be adopted for the first time for reporting periods beginning on or after July 1, 2014. The amendments eliminate inconsistencies and clarify certain formulations. The amended standards have no effect on the consolidated financial statements.

With the exception of the amendments to IAS 36, MLP did not adopt any standards or interpretations ahead of time that have already been issued but have not yet come into force. The Group will apply the new/revised standards and interpretations at the latest when their adoption becomes binding following endorsement by the EU.

4 Scope of consolidation and shares in associates

Subsidiaries

Subsidiaries are companies in which MLP AG holds the majority of the voting rights or exerts any other means of control over the financial and operating policy so as to obtain benefits from its activities.

Shares in associates

Associates are companies where MLP AG has significant influence on financial and operating policy, but which are neither subsidiaries nor joint ventures.

Changes in the financial year

By resolution of the Executive Board dated February 26, 2013, the MLPdialog unit was spun off from TPC GmbH. To this end, the existing 100% subsidiary of MLP Finanzdienstleistungen AG, Academic Networks GmbH, was renamed MLPdialog GmbH. Following this, the company acquired the assets of TPC GmbH necessary for business (asset deal). MLPdialog GmbH has been included in the scope of consolidation since June 1, 2013.

On June 25, 2013, FERI AG acquired the remaining (50%) stake in Heubeck-FERI Pension Asset Consulting GmbH from Heubeck AG. The company was then merged with FERI Institutional & Family Office GmbH (FIFO).

With the agreement dated June 27, 2013, FERI AG acquired all shares in Blitz 12-409 AG, Munich, which was renamed FERREAL AG on June 27, 2013. FERI Investment Services GmbH (FIS) was then merged with FERREAL AG. Following this, the "Private Equity Investment Management" division was split off from FERI Trust GmbH (FT) and transferred to FERREAL AG.

Scope of consolidation as of the balance sheet date

Alongside MLP AG as the parent company, nine (previous year: eight) fully consolidated domestic subsidiaries and, as was already the case in the previous year, one fully consolidated foreign subsidiary and one associated company were incorporated in the consolidated financial statements of December 31, 2013.

Listing of shareholdings for the consolidated financial statements as per § 313 of the German Commercial Code (HGB)

As of Dec. 31, 2013	Share of capital in %	Shareholders' equity (€'000)	Net profit (€'000)
<i>Fully consolidated subsidiaries</i>			
MLP Finanzdienstleistungen AG, Wiesloch ¹	100.00	109,548	26,957
TPC GmbH, Hamburg (formerly TPC THE PENSION CONSULTANCY GmbH, Hamburg) ¹	100.00	314	508
ZSH GmbH Finanzdienstleistungen, Heidelberg ¹	100.00	1,190	978
MLPdialoG GmbH, Wiesloch (formerly Academic Networks GmbH, Wiesloch)	100.00	175	781
FERI AG, Bad Homburg v.d. Höhe ¹	100.00	19,862	4,335
FERI Trust GmbH, Bad Homburg v.d. Höhe ¹	100.00	5,114	701
FERI Institutional and Family Office GmbH, Bad Homburg v.d. Höhe ¹	100.00	51	826
FERI EuroRating Services AG, Bad Homburg v.d. Höhe ¹	100.00	958	827
FEREAL AG (formerly Blitz 12–409 AG), Bad Homburg v.d. Höhe ¹	100.00	421	364
FERI Trust (Luxembourg) S.A., Luxemburg	100.00	8,994	12,182
<i>Associates consolidated at equity</i>			
MLP Hyp GmbH, Wiesloch (formerly Schwetzingen)	49.80	4,388	1,388
<i>Companies not consolidated due to immateriality</i>			
MLP Consult GmbH, Wiesloch	100.00	2,415	16
FERI Trust AG (Switzerland), St. Gallen ²	100.00	TCHF –677	TCHF –234
FERI Corp. (USA), New York ³	100.00	TUSD 87	TUSD –24
CORESIS Management GmbH, Bad Homburg v.d. Höhe ²	25.00	184	113
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich ²	100.00	176	151
FPE Private Equity Koordinations GmbH, Munich ²	100.00	83	58
FPE Direct Coordination GmbH, Munich ²	100.00	42	17
FERI Private Equity GmbH & Co. KG, Munich ²	100.00	38	–2
FERI Private Equity Nr. 2 GmbH & Co. KG, Munich ²	100.00	6	–4
UST Immobilien GmbH, Bad Homburg v.d. Höhe ⁴	32.50	–	–
AIF Komplementär GmbH (formerly Blitz 13–424 GmbH), Munich ⁴	41.25	–	–
AAIF Register-Treuhand GmbH (formerly Blitz 13–423 GmbH), Munich ⁴	100.00	–	–

¹ A profit and loss transfer agreement is in place. Figures prior to profit transfer.

² Shareholders' equity and net profit as of December 31, 2012.

³ Shareholders' equity and net profit as of December 31, 2010.

⁴ Founded in 2013, financial statements are not available yet.

5 Principles of consolidating subsidiaries and associates

The consolidated financial statements as of December 31 of the financial year include the financial statements of MLP AG and its consolidated subsidiaries as well as companies accounted for at equity. The financial statements of the parent company and of the subsidiaries are prepared in accordance with uniform accounting policies.

Subsidiaries material to the consolidated financial statements are fully consolidated from the date of acquisition, i.e. from the date on which MLP AG gains control. They are deconsolidated as soon as the parent company loses control. For subsidiaries included in the consolidated financial statements for the first time, equity consolidation is performed using the acquisition method of accounting in line with IFRS 3 “Business Combinations”. Here, the acquisition costs for the shares acquired are offset against the proportionate share of equity in subsidiaries. The assets, debts and contingent liabilities acquired are fully incorporated into the consolidated balance sheet at the time of acquisition, whereby hidden reserves and liabilities are also taken into account. Any remaining positive differences are then disclosed as goodwill. In the event of deconsolidation, this goodwill is released to income. Any negative differences are recognised in the income statement immediately. For business combinations in which fewer than 100% of the shares are acquired, IFRS 3 provides the option of using either the purchased goodwill method or the full goodwill method. This option can be exercised each time a new company is acquired. The consolidated financial statements contain no effects of intra-group transactions. No intra-group income and expenses or receivables and liabilities between consolidated companies are offset against each other. Profits between consolidated companies (inter-company profits) are eliminated. Deferred taxes are recognised by MLP to accommodate any unrecognised differences between the IFRS carrying amounts and the tax values resulting from the consolidation.

Companies over which significant control can be exercised (**associates**) are accounted for using the equity method. This is generally the case when a 20% to 50% share of the voting rights is held. The equity method is also used for joint ventures. The shares in associates accounted for using the equity method are recorded at the date of addition based on their historical costs. The goodwill corresponds to the positive difference between the historical costs of the interest and the pro rata net fair value of the associate’s assets. When applying the equity method, the goodwill is not amortised, but in the case of indications it is tested for an impairment of the shares. Existing goodwill is disclosed under investments accounted for using the equity method.

All other investments, which are not consolidated for reasons of materiality, are recognised in the balance sheet at their acquisition costs, as market values are not available and there is no other reliable way to determine fair values.

6 Significant discretionary decisions, estimates and changes in estimates

On occasions, the preparation of the financial statements included in IFRS consolidated financial statements requires discretionary decisions, assumptions and estimates, which influence the level of the disclosed assets and debts, the disclosures of contingent liabilities and receivables, the income and expenses of the reporting period and the other disclosures in the consolidated financial statements.

The estimates include complex and subjective measurements, as well as assumptions, some of which are uncertain due to their very nature and can be subject to changes. The actual values may deviate from the estimates.

Information on significant discretionary decisions, assumptions and estimation uncertainties that have the greatest impact on the amounts disclosed in the consolidated financial statements when applying the accounting policies is provided in the following notes:

- Notes 7 and 20 – significant assumptions applied in discounted cash flow forecasts
- Notes 7, 24 to 27 and 37 – classification and measurement of financial instruments
- Notes 7, 27, 30 and 36 – provisions and corresponding refund claims as well as contingent assets and liabilities
- Notes 7 and 30 – measurement of defined benefit obligations
- Notes 7 and 35 – classification of leases
- Notes 7 and 22 – valuation of investment property
- Notes 7, 24 and 27 – allowances for bad debts

7 Accounting policies

Revenue recognition

Revenue is generally recognised if it is probable that MLP will derive definable economic benefit from it.

MLP generates **revenue from commission**. This commission is in turn generated in the areas of old-age provision, wealth management, health insurance, non-life insurance, financing and other consulting services.

Commission income from the brokerage of insurance policies is recognised independently of the inflow of funds if the Group is entitled to receive payment. The entitlement to payment automatically arises when the first premium of the policy holder has been collected by the insurance company, but at the earliest upon conclusion of the insurance contract. Obligations to consultants and office managers also arise at this point in time. MLP is entitled to time-limited **trail commissions** for the brokerage of certain contracts (especially pertaining to old-age provision). They are realised according to the same principles as acquisition commissions. MLP receives partially recurrent **trailer fees** for brokered old-age provision and health insurance contracts. The company is usually entitled to these as long as premiums are payable for underlying contracts.

MLP sets up provisions for cancellation risks based on empirical values with regard to its obligation to repay commissions received if brokered insurance policies are cancelled. The change in provisions is disclosed under commission expenses.

In the field of **old-age provision**, only commission income from the brokering of life insurance policies is included. In the areas of **non-life and health insurance**, commission income comes solely from the brokering of corresponding insurance products.

Revenue from **wealth management** includes issuing premiums, custody and account maintenance charges, fund management fees, as well as brokerage and trailer commission from wealth management mandates. Further wealth management revenue comes from research and rating services. Revenue is generated after service provision.

Commission income from the brokering of loans (credit brokering commission) is attributed to the sales revenue from **financing**. MLP realises brokerage commissions for loan brokerage after concluding the respective loan agreement.

Other commission and fees are generated at the level to which consulting services are performed. They are paid in particular for consulting services to companies on setting up occupational pension provision schemes as well as consulting services in connection with medical practice financing and business start-ups.

In addition to this, **revenue is generated from the interest rate business**. Revenue from the interest rate business also includes interest income from the investment of funds of MLP Finanzdienstleistungen AG.

Revenue from the interest rate business is earned by MLP for the duration of the capital investment in line with the effective interest method. Commissions that are part of the effective interest return of a receivable are treated as interest income and recorded in those periods in which they are actually earned. They include commitment interest for giving loan commitments or taking over an existing liability. The company realises fees for other current handling and processing services (for example prematurity compensation) after providing these services.

Interest income from the investment of money from other Group companies is a constituent of the finance cost and is earned for the duration of the capital investment in line with the effective interest method, while dividends are recognised the moment an entitlement to payment arises.

Currency translation

The euro is the functional currency of all companies consolidated in MLP's consolidated financial statements. Therefore, there are no significant effects from currency translation. No subsidiaries of the MLP Group operate in hyper-inflationary economies.

Fair value

A range of accounting policies and Group disclosures require determination of the fair value for financial and non-financial assets and liabilities. For the determination of the fair value of an asset or liability, MLP uses data observed in the market insofar as possible. If there is no active market on the closing date, the fair value is determined using recognised valuation models. Based on the input factors used in the valuation models, the fair values are classified in various tiers within the fair value hierarchy as per IFRS 13:

- (1) Fair values at hierarchy level 1 are determined using prices available in active markets for the identical financial instrument (quoted market prices).
- (2) The fair values at hierarchy level 2 are either determined using prices on active markets for comparable but not identical financial instruments or using valuation techniques based primarily on data from observable markets.
- (3) When using valuation techniques, which incorporate a key parameter that cannot be observed in the market, fair values are assigned to hierarchy level 3.

If the input factors used to calculate the fair value of an asset or liability can be assigned to various tiers in the fair value hierarchy, the entire measurement of fair value is assigned to the tier in the fair value hierarchy that corresponds to the lowest input factor of overriding importance for the valuation.

The Group recognises re-assignments between the various tiers in the fair value hierarchy at the end of the reporting period in which the respective amendment was implemented.

You can find further information on the assumptions made when determining fair values in the following notes:

- Note 22 – investment property
- Note 37 – additional information on financial instruments

Intangible assets

Intangible assets that have been acquired or created by the company itself are recognised as assets in accordance with the requirements of IAS 38 “Intangible Assets”. Alongside other criteria, use of the asset must provide a probable future economic advantage. It must also be possible to reliably determine the costs of the asset.

Intangible assets are disclosed at their acquisition or manufacturing costs minus all accumulated amortisation charges and all accumulated impairments. MLP does not apply the revaluation method. Goodwill is valued at the excess of the business combination’s acquisition cost over the acquired net assets on the date of addition.

Definite-lived intangible assets need to be estimated with regard to the depreciation methods and duration. The respective useful life periods are defined on the basis of empirical values. Due to changed overall economic circumstances, the amortisation period may need to be adjusted, which can have significant effects on the level of amortisation expenses. At MLP this mainly concerns client relations and software. Definite-lived intangible assets are usually written down on a straight-line basis over their economic life. Amortisation begins once the intangible asset becomes ready for use and ends as soon as the asset is derecognised or if the asset is no longer classified as “available for sale”. The residual value, useful life and amortisation method for a definite-lived intangible asset are reviewed at the end of each financial year. If the expected useful life or the expected pattern of an asset’s usage has changed, MLP caters to this by adjusting the amortisation period or selecting a different amortisation method. MLP recognises changes in estimates of this nature prospectively in the balance sheet in accordance with IAS 8. The carrying amount of definite-lived intangible assets is checked whenever there is an indication that their value may have been reduced (impairment).

Goodwill and other **indefinite-lived intangible assets** are not amortised. The indefinite-lived intangible assets are subjected to an impairment test once a year or when there are indications of an impairment. These tests are either performed individually or at the level of a cash generating unit. They are also reviewed once a year to establish whether their classification as an indefinite-lived asset is still justified. If this is not the case, the asset is handled according to the principles for definite-lived intangible assets from then on. The change in useful life from indefinite to finite is recognised prospectively in the balance sheet as a change in estimate in accordance with IAS 8.

Business combinations require estimates of the fair value of the assets acquired, assumed debts and contingent liabilities purchased. Property, plant and equipment are usually valued by independent experts, while marketable securities are shown at their stock market price. If intangible assets are to be valued, MLP either consults an independent external expert or calculates the fair value based on a suitable valuation method, generally discounted cash flows, depending on the type of asset and the complexity involved in calculating the value. Depending on the type of asset and the availability of information, various valuation techniques are applied (market-price-oriented, capital-value-oriented and cost-oriented methods). For instance, when valuing trademarks and licences, the relief-from-royalty method may be appropriate, whereby the value of intangible assets is assessed on the basis of royalties saved for trademarks and licences held by the company itself.

Insofar as cash-generating units are restructured, a re-allocation of the goodwill assigned to these units is performed on the basis of the relative revenue values. Brands are re-allocated on the basis of the sustainable sales revenues.

MLP tests **goodwill** from business combinations for impairment at least once a year. For the purpose of the impairment test, goodwill is allocated to cash-generating units at the acquisition date. The impairment test compares the carrying amount of the cash-generating units with their recoverable amount. The recoverable amount is the higher amount of either the fair value less costs of sale or the value in use of the cash-generating unit. This requires an estimate of the value in use of the cash-generating unit, to which the goodwill is allocated. To this end, corporate management must estimate the likely future cash flow of the cash-generating units. The calculation of the present value of anticipated future cash flows is based on assumptions on the development of funds under management, future sales volumes and expenses. The cash flow estimate is based on detailed planning periods with a planning horizon of four years. In addition to this, an appropriate discount rate must be selected to determine the present value of this cash flow.

Intangible assets generated internally are only capitalised at their cost of conversion if the conditions required pursuant to IAS 38 are fulfilled. The cost of conversion includes all costs directly attributable to the development process and appropriate portions of development-related overheads. If the capitalisation conditions for internally generated intangible assets are not met, MLP recognises the development costs as expenses in the period in which they were incurred.

Property, plant and equipment

Items of property, plant and equipment are measured at cost and, if applicable, less straight-line depreciation and impairments. MLP does not apply the revaluation method. Depreciation of the property, plant and equipment or components begins when an asset is ready for use. Probable physical wear and tear, technical obsolescence and legal/contractual limitations are taken into account in determining expected useful lives.

The procurement and manufacturing costs for property, plant and equipment contain greater expenses for initial procurements that extend the average useful life or increase the capacity. In the case of assets that have been sold or scrapped, the historic procurement or manufacturing costs and the cumulative depreciation charges are derecognised. The profits or losses resulting from the disposal of the assets are determined as the difference between the net disposal proceeds and the carrying amount and are recognised in the income statement as other revenue or other operating expenses in the period in which the item is derecognised. Maintenance and minor repairs are recognised in the income statement immediately.

Investment property

Investment property pursuant to IAS 40 consists of all property that is held to earn rental income and/or for capital appreciation, rather than for use in the supply of services or for administrative purposes or sale in the company's ordinary course of business. MLP measures investment property at amortised procurement and manufacturing costs, including incidental costs. Investment property is written off in accordance with the principles detailed for property, plant and equipment. Investment property is derecognised if it is sold or no longer used on a permanent basis or if no future economic benefit is expected when selling it. Gains or losses from the closure or the disposal of an investment property are recognised under other revenue or other operating expenses at the time of their closure or sale.

Rental income from investment property is realised by the Group on a straight-line basis over the duration of the tenancy agreement.

Impairment test

The carrying amount of all indefinite-lived intangible assets, intangible assets that are not yet ready for use and goodwill is tested at the end of each financial year. MLP determines whether there are any indications of impairment to other intangible assets, property, plant and equipment and investment property on each balance sheet date. If the recoverable amount for the individual asset cannot be determined, the estimate is made for the smallest cash-generating unit to which the asset belongs. An asset's recoverable amount is the higher of either the fair value of an asset less selling costs or the value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and is written down to its recoverable amount.

For the purposes of determining value in use, estimated future cash flows are discounted to their present value on the basis of a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset. Impairments are shown in the income statement under “Depreciation and impairments”.

Goodwill acquired within the scope of business combinations is tested for impairments at least once a year and also at any time when there is indication of potential impairments on assets. For the purposes of impairment tests, the goodwill must be allocated from the date of acquisition onwards to those of the Group’s cash-generating units or groups of cash-generating units that are to benefit from the synergies from the combination. This applies irrespective of whether other assets or liabilities of the acquired company have been allocated to these units or groups of units. Each unit or group of units to which goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes and is no larger than one business segment in the sense of IFRS 8. The carrying amount is tested by determining the recoverable amount of the cash-generating unit to which the goodwill refers. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. If the Group sells part of a cash-generating unit to which goodwill is allocated, the goodwill is regularly divided in proportion to the values of the sold and retained portion of the unit. The proportional goodwill allocated to the part that has been sold is included in the calculation of the profit from sale of discontinued operations.

At each closing date, MLP checks whether there are any indications that an impairment loss recognised in prior reporting periods no longer exists or may have decreased. If there is any such indication, it measures the recoverable amount. An impairment loss recognised previously is reversed if, since the last impairment loss was recognised and due to a change in the estimates, the recoverable amount is higher than the asset’s carrying amount. The reversal may not exceed what the amortised cost would have been if an impairment had not been recognised in the previous years. Such a reversal must be recognised directly in the net income for the period. Once impairments have been reversed, an adjustment may need to be made in future reporting periods so as to systematically distribute the asset’s adjusted carrying amount less any residual value over its remaining useful life. No reversal of impairments may be made to goodwill.

MLP has defined the following groups of cash-generating units for allocation of goodwill: The reportable Financial Services business segment contains the following groups of cash-generating units: (1) Financial Services, (2) Occupational Pension Provision and (3) ZSH. The reportable FERI business segment contains the following groups of cash-generating units: (1) FERI Asset Management, (2) FERI Consulting, (3) FERI EuroRating Services and (4) FERREAL.

The significant assumptions that are used when calculating the recoverable amount are the discount rates, terminal value growth rates and growth rate of earnings before tax. The discount rate is based on a risk-free basic interest rate plus a company-specific risk premium, which is derived from the systematic market risk (beta factor) and the current market risk premium. The discounted cash flow model is based on future cash flows over a period of four years. Cash flows after this time period are extrapolated using the growth rate stated above, which is based on the management's estimate of the long-term average annual growth rate in earnings before tax. For further details, please refer to Note 20.

Indefinite-lived intangible assets are also to be tested for possible impairment on a yearly basis. This concerns the "FERI" brand, which was acquired in 2006 within the scope of the business combination with the FERI Group. In view of the recognition of this brand, at present no definite end of its useful life can be specified. The brand is fully attributed to the group of cash-generating units of the "FERI" reportable business segment. A fair value minus costs of disposal has been established for the "FERI" brand on the basis of the relief-from-royalty method. Since this value exceeds the carrying amount of the "FERI" brand, no impairment loss had to be recorded, as was the case in the previous year. For further details, please refer to Note 20.

Leasing

MLP operates as both a lessee and lessor to third parties. MLP determines whether a contractual agreement constitutes or contains a lease on the basis of the economic substance of the agreement concluded. This requires an assessment of whether performance of the agreement is dependent upon the use of a particular asset or particular assets and whether the agreement confers the right to use the asset. Leases where all risks and rewards incident to ownership of the leased asset remain substantially with the Group as lessor are classified as operating leases. MLP has not signed any agreements that essentially transfer all risks and rewards associated with the ownership of the leased asset to the lessee (finance leases). The further notes are therefore limited to operating leases.

MLP signed one leasing agreement as **lessor** of a commercial property in Heidelberg. This agreement is classified as an operating lease, as MLP continues to bear the key risks and opportunities associated with ownership of the property. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and expensed over the term of the lease, just as rental income is recognised as expenses over the term of the lease. For further details, please refer to Note 22.

MLP signed multiple leasing agreements as **lessee** of rental properties, motor vehicles and office machines. The agreements are also classified as operating leases, as the lessors bear the key risks and opportunities associated with ownership of the property. Rental payments under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. The same principle applies to benefits received and receivable that serve as an incentive to enter into an operating lease. For further details, please refer to Note 35.

Investments accounted for using the equity method

The acquisition costs are annually updated by taking into account the equity changes of the associates corresponding to MLP's equity share. Unrealised gains and losses from transactions with associates are eliminated based on the percentage of shares held. The changes of the pro rata shareholders' equity are shown in the company's income statement under earnings from investments accounted for using the equity method. Dividends received reduce the carrying amount. For further details, please refer to Note 23.

Financial instruments

A financial instrument is a contract that simultaneously gives rise to a financial asset at one entity and a financial liability or equity instrument at the other entity. In the case of regular-way purchases and sales, financial instruments are recognised or derecognised in the balance sheet on the trade date. Regular-way purchases or sales are purchases or sales of financial assets requiring delivery of the assets within a period dictated by market regulations or conventions. Pursuant to IAS 39, financial instruments are divided into the following categories:

- Financial assets at fair value through profit and loss,
- Held-to-maturity investments,
- Loans and receivables,
- Available-for-sale financial assets,
- Financial liabilities at amortised cost, and
- Financial liabilities at fair value through profit and loss.

MLP defines the classification of its financial assets and liabilities upon initial recognition. They are initially recognised at their fair value. The fair value of a financial instrument is defined as the price paid for the sale of an asset or transfer of a liability in a standard business transaction between market members on the cut-off date for valuation. Financial assets or liabilities that are not measured at fair value through profit and loss within the scope of the subsequent measurement are initially recognised plus transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability.

Financial assets at fair value through profit and loss comprise the subcategories "Held for trading" and "Designated at fair value through profit and loss". MLP's financial instruments are "designated at fair value through profit and loss" when incongruences would otherwise arise in their valuation or recognition. Subsequent to initial recognition, these assets are measured at their fair value. Profits or losses from the change in fair value are recognised through profit or loss.

MLP tests the carrying amounts of the financial instruments that are not measured at fair value through profit and loss individually at each closing date to determine whether there is objective and material evidence of impairment. A financial asset is impaired and impairments are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset than can be reliably estimated.

The following are classed as objective evidence that impairments have occurred to financial assets:

- Default or delay in payments on the part of the debtor,
- Indications that a debtor or issuer is falling into insolvency,
- Adverse changes in the payment status of borrowers or issuers,
- Economic framework conditions that correlate with defaults or
- The disappearance of an active market for a security.

In addition to this, when an equity instrument held suffers a significant or extended decline in fair value to a level below its acquisition costs, this is considered an objective evidence of impairment. MLP classifies a decrease in value of 20% to be “significant” and a time period of nine months as an “extended” decline.

MLP has classified financial assets as **held-to-maturity** investments. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed term that MLP wishes to and is capable of retaining until maturity. So far MLP has not prematurely sold or reclassified any financial assets that were classified as held-to-maturity financial investments. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. If held-to-maturity investments are likely to be subject to an impairment, this will be recognised through profit or loss. An impairment that was previously recognised as an expense is reversed to income if a recovery in value can be attributed objectively to facts that have arisen since the original impairment charge. An increase in value is only recognised to the extent that it does not exceed the value of the amortised costs that would have resulted without impairment. The recoverable amount of securities held to maturity which is required for impairment testing corresponds to the present value of the expected future cash flow, discounted using the original effective interest rate of the financial asset. The fair value of held-to-maturity investments can temporarily drop below their carrying amount. Insofar as this drop is not due to credit risks, no impairment is recognised.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Subsequent to initial recognition, they are valued at amortised cost using the effective interest method. However, this excludes assets that MLP has measured at fair value through profit and loss upon initial recognition. For receivables from banking business and for other receivables and other assets, impairments on portfolio basis are recognised for receivables for which no specific allowances have been made. The allowances are determined based on the dunning level, the age of the receivables and on the basis of past experience.

Any impairments are recognised in profit or loss on the corresponding impairment account. If a receivable is uncollectable i.e. payment is almost certainly impossible, it will be written off. **Allowances for losses in the banking business** are established on the basis of historical loss rates. Specific allowances for bad debts are recognised if receivables are likely to be uncollectable. In addition, MLP forms allowances for bad debts on a portfolio basis for remaining accounts receivable based on the dunning level. The **allowances for other receivables and assets** essentially relate to receivables from branch office managers and consultants. Value adjustments on receivables from active consultants are recognised through the estimation of remaining terms and fluctuation rates, while value adjustments on receivables from former consultants are recognised on the basis of historical loss rates. In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, impairments are recognised on the basis of empirical values. The same applies to receivables which are disputed and where legal action is pending. MLP determines any impairment of receivables from active and former office managers on the basis of historical loss rates. Specific allowances are made for non-performing, disputed and litigation receivables due from office managers. For further details, please refer to Notes 24 and 27.

Available-for-sale financial assets represent non-derivative financial assets which, subsequent to initial recognition, are measured at their fair value. Profits or losses that result from a change in fair value are recognised outside the income statement as other comprehensive income until the respective asset is derecognised. However, allowances for bad debts and profits or losses from currency translations are excluded from this. They are recognised directly in profit or loss. The reversal of profits/losses recorded under other comprehensive income in the income statement is performed either when the respective asset is derecognised or in the event of an impairment.

If a decline in the fair value of an available-for-sale financial asset has been recognised under other comprehensive income and an objective reference to impairment of this asset is in place, this loss recognised previously directly in shareholders' equity is to be transferred from shareholders' equity to the income statement up to the level of the determined impairment.

Impairments of an available-for-sale equity instrument recognised in profit or loss cannot be reversed. MLP records any further increase of the fair value under shareholders' equity with no effect on the operating result.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and this increase can be related objectively to events occurring after the impairment was recognised, the impairment loss is reversed to equity at the appropriate level.

MLP measures equity instruments for which no listed price exists on an active market, and whose fair value cannot be reliably established, at acquisition cost. If objective indicators suggest there is an impairment to a non-listed equity instrument measured at acquisition costs, the amount of impairment is calculated as the difference between the carrying amount and the present value of the estimated future cash flow, which are discounted at the current market rate of return of a comparable asset.

Subsequent to their initial recognition, **financial liabilities** are to be recognised at their amortised costs using the effective interest method. Profits or losses are recognised in the income statement on derecognition, as well as within the scope of amortisation charges. Subsequent to their initial recognition, **financial liabilities at fair value through profit and loss** are measured at their fair value. Profits or losses from the change in fair value are recognised through profit or loss.

MLP recognises **derivative financial instruments** at fair value without transaction costs upon initial recognition and in subsequent periods. Derivatives with positive market values are disclosed under "Other receivables and assets", while derivatives with negative market values are disclosed under "Other liabilities". The MLP Group does not make use of hedge accounting pursuant to IAS 39. Changes in the market value of derivatives are therefore directly recognised in the income statement and included in the income/expenses from the banking business.

Other receivables and assets

Non-financial assets included in other receivable and assets are measured at amortised costs.

Pension provisions

Old-age provision in the Group is performed on the basis of the defined-benefit and defined contribution old-age provision plans.

In the **defined contribution plans**, MLP pays premiums to statutory or private pension insurance institutions based on legal or contractual provisions or on a voluntary basis. After payment of the premiums, MLP has no further benefit obligations.

Commitments to pay premiums into defined contribution schemes are recognised as expenses as soon as the related service has been rendered. Pre-paid premiums are recognised as assets insofar as a right to reimbursement or reduction of future payments arises.

In accordance with IAS 19 "Employee Benefits", the provisions for pension obligations from **defined benefit plans** are measured using the projected-unit credit method.

The benefit obligations are partly covered by reinsurance. Virtually all reinsurance policies fulfil the conditions of pension scheme assets. For this reason the claims from reinsurance policies are netted against corresponding pension provisions in the balance sheet as per IAS 19.

The Group's net obligation with regard to defined benefit plans is calculated separately for each plan by estimating future benefits that the employees have earned in the current period and in earlier periods. This amount is discounted and the fair value of any pension scheme assets subtracted from this.

For the measurement of pension obligations, MLP uses actuarial calculations to estimate future events for the calculation of the expenses, obligations and entitlements in connection with these plans. These calculations are based on assumptions with regard to the discount rate, mortality and future salary, as well as pension increases. The interest rate used to discount post-employment benefit obligations is derived from the interest rates of senior, fixed-rate corporate bonds.

Revaluations of net liabilities from defined benefit plans are recognised directly under other comprehensive income. The revaluation encompasses actuarial gains and losses, income from pension scheme assets (without interest) and the effects of any upper asset limit (without interest). The Group calculates net interest expenses (income) on net liabilities (assets) from defined benefit plans for the reporting period through application of the discount rate used for valuation of the defined benefit obligations at the start of the annual reporting period. This discount rate is applied to net liabilities (assets) from defined benefit plans at this time. Any changes to net liabilities (assets) from defined benefit plans that occur as a result of premium and benefit payments over the course of the reporting period are taken into account. Net interest expenses and other expenses for defined benefit plans are recognised as profit or loss.

If the benefits of a plan are changed or the scope of a plan is reduced, the resulting change to the benefit or profit/loss affecting years of service already earned is recognised directly as profit or loss when reducing the scope of said plan. The Group recognises profit and loss resulting from a defined benefit plan at the time of occurrence.

Further details of pension provisions are given in Note 30.

Other provisions

In accordance with IAS 37 “Provisions, contingent liabilities and contingent assets” other provisions are recognised when the Group has a present obligation (legal or constructive) resulting from a past event, settlement is expected to result in an outflow of resources and the obligation’s amount can be estimated reliably. They represent uncertain obligations that are measured at the amount that represents the best possible estimate of the expenditure required to fulfil the obligations.

Insofar as the level of the provision can only be determined within a range, the most likely value is used. If the probability of occurrence is equal, the weighted average is taken.

Where the effect of the time value of money is material, provisions with a time of more than one year remaining to maturity are discounted at market interest rates that correspond to the risk and the time remaining to maturity.

If the Group expects to receive a reimbursement of at least part of a practically certain provision from an identifiable third party (e.g. in case of an existing insurance policy), MLP recognises the reimbursement as a separate asset. The expenditure required to set up the provision is recognised in the income statement after deduction of the reimbursement.

For the liability arising due to the premature loss of brokered insurance policies whereby commission that has been earned must be refunded in part, MLP sets up **provisions for cancellation risks**. MLP estimates the cancellation rate by product group, tariff and the period of the underlying policy that has already run on the basis of empirical values. The period in which MLP is obliged to refund portions of the commissions due to the premature loss of a policy is determined either by the statutory provisions of the German Insurance Act or the distribution agreements that have been concluded with the product providers. MLP will use the longer of these periods.

Uncertainties exist with regard to the interpretation of complex tax regulations and the amount and the date of incurrence of taxable income. Based on reasonable estimates, MLP establishes **provisions for potential effects of field tax audits**.

Other liabilities

Non-financial liabilities disclosed under “Other liabilities” are recognised in the balance sheet at their settlement value.

Share-based payments

Share-based payments in line with IFRS 2 “Share-Based Payment” comprise remuneration systems paid for in cash.

The proportion of the fair value of share-based payments settled in cash attributable to services provided up to the valuation date is recognised as personnel expenses or as commission expenses and at the same time as a provision. The fair value determined based on the Monte-Carlo simulation or another suitable valuation model is recalculated on each balance sheet date and on the payment date. The recognition of the anticipated expenditure arising from this system demands that assumptions be made about turnover and exercise rates. Any change to the fair value is to be recognised in profit or loss. At the payment date, the fair value of the liability corresponds to the amount which is to be paid to the eligible employee.

You can find further details on the share-based payments in Note 34.

Income taxes

Actual tax refund claims and tax liabilities for both the current period and earlier periods are measured at the amount expected to be refunded by or paid to the tax authorities. The amount is determined on the basis of the tax rates and tax legislation that apply on the respective balance sheet date.

In accordance with IAS 12 “Income taxes”, **deferred taxes** are recognised on the basis of the balance sheet liability method for all taxable unrecognised differences existing on the balance sheet date between the values of the IFRS consolidated balance sheet and the taxable values of the individual companies. The respective national income tax rates expected at the time of implementation due to applicable tax law or tax law amendments deemed to be certain are taken into account when measuring deferred taxes. Deferred taxes are recognised in the income statement as tax income or expenses, unless they relate to items recognised directly in equity. In this case, the deferred taxes are also recorded under shareholders’ equity, but with no effect on the operating result. Deferred taxes are not recognised if the temporary difference results from the initial recognition of goodwill or from the initial recognition of other assets/debts in

a transaction (insofar as this is not a business combination) and their recognition has no effect either on the tax result or on IFRS earnings. Besides tax advantages from deductible temporary differences, deferred tax assets are also recognised for future benefits expected to arise from tax loss carryforwards.

Deferred tax assets are recognised if it is probable that there will be offsettable taxable income available at the time of reversing the deductible temporary differences or that loss carryforwards can be used within a limited timeframe. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that there will be sufficient taxable profit against which the deferred tax assets can be used.

Deferred tax assets that have not been recognised are reviewed at each balance sheet date and recognised to the extent that it has become probable that future taxable profit will make realisation possible. Deferred tax assets and deferred tax liabilities are netted against one another if there is an enforceable right to offset tax refund claims against tax liabilities and if the deferred tax assets and deferred tax liabilities relate to the same income taxes levied by the same taxable entity and the same tax authority.

Contingent liabilities

Contingent liabilities are potential commitments resulting from past events and whose existence depends on the occurrence or non-occurrence of one or multiple uncertain future events that are not completely in the company's control. Contingent liabilities can also arise due to a current commitment that is based on past events but which was not recognised because it is not probable that an outflow of resources will bring economic benefit or a sufficiently reliable estimate of the amount of the obligation cannot be made. Contingent liabilities are not recognised in the balance sheet. If the outflow of resources is unlikely to provide any economic benefit for the company, no contingent liability is disclosed.

8 Reportable business segments

The division of MLP into business segments follows the structure in place for internal reporting. The MLP Group is subdivided into the following reportable business segments:

- Financial services
- FERI
- Holding

In line with IFRS 8.12, MLP merged the business segments of "Financial Services", "Occupational Pension Provision" and "ZSH" to form a single, reportable "Financial Services" business segment in the reporting year.

To form the reportable "FERI" business segment, MLP merged the business segments "FERI Asset Management", "FERI Consulting", "FERI EuroRating Services" and "FEREAL".

The reportable **Financial services** business segment consists of consulting services for academics and other discerning clients, particularly with regard to insurance, investments, occupational pension provision schemes and loans of all kinds, as well as the brokering of contracts concerning these financial services. This segment also includes finance portfolio management, the trustee credit business and the loan and credit card business. The financial services segment incorporates the divisions focused on the brokerage business of MLP Finanzdienstleistungen AG, TPC GmbH, ZSH GmbH Finanzdienstleistungen, MLPdialog GmbH and the associate MLP Hyp GmbH.

The business operations of the **FERI** business segment cover wealth and investment consulting. This segment consists of FERI AG, FERI Trust GmbH, FERI Trust (Luxembourg) S.A., FERI Institutional and Family Office GmbH, FERI EuroRating Services AG and FERREAL AG.

The **Holding** business segment consists of MLP AG. The main internal services and activities are combined in this segment.

Information regarding reportable business segments

	Financial services	
	2013	2012*
All figures in €'000		
Revenue	384,666	466,885
of which total inter-segment revenue	4,688	4,951
Other revenue	13,439	16,741
of which total inter-segment revenue	1,900	1,777
Total revenue	398,106	483,626
Commission expenses	-162,619	-199,448
Interest expenses	-4,403	-7,403
Personnel expenses	-72,163	-71,324
Depreciation	-7,327	-8,047
Other operating expenses	-123,258	-126,205
Earnings from investments accounted for using the equity method	902	956
Segment earnings before interest and tax (EBIT)	29,238	72,154
Other interest and similar income	535	564
Other interest and similar expenses	-242	-244
Finance cost	293	320
Earnings before tax (EBT)	29,530	72,474
Income taxes		
Net profit		
Investments accounted for using the equity method	2,547	2,601
Investments in intangible assets and property, plant and equipment	21,156	13,472
Major non-cash expenses:		
Impairment charges/reversal of impairment charges for receivables and financial assets	2,646	277
Increase/decrease of provisions/acrued liabilities	37,815	26,621

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

Intrasegment supplies and services are settled in principle at normal market prices. In the case of intra-group allocations, an appropriate general overhead surcharge is levied on the direct costs actually incurred.

The management makes decisions on the allocation of resources and determines segment performance on the basis of the income statement for that segment. MLP employs the accounting policies applied in the consolidated financial statements to determine financial information on the segments.

All segments perform their economic activities predominantly in Germany. The FERI Asset Management segment also operates in Luxembourg.

Revenue of € 51,674 thsd is generated in the financial services segment with one product partner. The same business segment generated a revenue of € 86,173 thsd and € 57,535 thsd with two product partners in the previous year.

	FERI		Holding		Consolidation		Total	
	2013	2012	2013	2012*	2013	2012	2013	2012*
	100,943	83,146	–	–	–5,108	–5,462	480,502	544,569
	420	511	–	–	–5,108	–5,462	–	–
	5,102	5,588	12,611	11,566	–10,590	–10,418	20,561	23,477
	9	14	8,681	8,628	–10,590	–10,418	–	–
	106,045	88,734	12,611	11,566	–15,698	–15,880	501,063	568,046
	–55,937	–41,028	–	–	4,398	4,667	–214,158	–235,808
	–	–	–	–	2	2	–4,401	–7,401
	–29,036	–26,109	–5,004	–5,060	–	–	–106,203	–102,493
	–1,974	–1,992	–2,510	–2,534	–	–	–11,811	–12,573
	–11,092	–11,159	–9,354	–10,420	11,072	10,977	–132,632	–136,809
	–	–	–	–	–	–	902	956
	8,005	8,446	–4,257	–6,449	–226	–234	32,760	73,918
	312	196	580	1,261	–70	–94	1,358	1,928
	–397	–307	–702	–715	295	361	–1,046	–905
	–84	–111	–123	547	225	267	311	1,022
	7,921	8,335	–4,380	–5,902	0	33	33,072	74,940
							–7,583	–22,007
							25,489	52,933
	–	–	–	–	–	–	2,547	2,601
	858	916	436	137	–	–	22,450	14,524
	21	42	–	–	–	–	2,668	320
	7,247	7,169	4,232	3,752	–	–	49,294	37,541

NOTES TO THE INCOME STATEMENT

9 Revenue

All figures in €'000	2013	2012
Old-age provision	219,929	287,282
Wealth management	138,092	117,850
Health insurance	47,785	63,875
Non-life insurance	32,542	31,076
Loans and mortgages	14,536	13,356
Other commission and fees	4,850	4,578
Commission and fees	457,734	518,017
Revenue from the interest rate business	22,768	26,552
Total	480,502	544,569

10 Other revenue

All figures in €'000	2013	2012
Income from the reversal of provisions	3,850	5,123
Reversal of impairments/income from written-off receivables	1,481	2,604
Settlement payments	1,465	–
Remuneration of management	1,325	1,475
Cost transfers to commercial agents	1,303	1,760
Rent	1,232	1,268
Own work capitalised	1,151	1,259
Income from the reversal of deferred obligations	1,141	2,163
Income from investments	699	1,113
Income from securities of the participation programme	342	768
Sundry other income	6,574	5,943
Total	20,561	23,477

For more information on income from the reversal of provisions, please refer to Note 30.

The item “Reversal of impairments/income from written-off receivables” relates to the items “Receivables from clients in the banking business” and “Other receivables and assets”. Revenue is offset against allowances for bad debts, which are recorded under “Other operating expenses”.

The item “Remuneration for management” contains pre-allocated profits due to management tasks for private equity companies.

The sub-item “Cost transfers to commercial agents” essentially comprises income from cost transfers of insurance companies, services and material costs.

Rental income essentially results from letting the property.

The item "Income from investments" can primarily be attributed to companies in the FERI Group which are not consolidated for reasons of materiality.

The settlement payments are the result of a comparison performed with a former shareholder during the financial year.

Among other things, income from cost reimbursement claims and income from the disposal of fixed assets, as well as offset remuneration in kind are recognised in sundry other income.

11 Commission expenses

Commission expenses mainly consist of the commission payments and other remuneration components for the self-employed MLP consultants.

12 Interest expenses

All figures in €'000	2013	2012
Interest and similar expenses		
Financial instruments measured at amortised cost	4,373	7,324
Available-for-sale financial instruments	1	2
Change fair value option		
Financial instruments at fair value through profit and loss	27	74
Total	4,401	7,401

Interest expenses of € 4,102 thsd (previous year: € 6,920 thsd) are attributable to interest charges for liabilities due to clients in the banking business.

13 Personnel expenses

All figures in €'000	2013	2012
Salaries and wages	92,208	88,626
Social security contributions	11,602	11,422
Expenses for old-age provisions and benefits	2,393	2,445
Total	106,203	102,493

Personnel expenses essentially include salaries and wages, remuneration and other payments to employees. The social security contributions include the statutory contributions to be borne by the company in the form of social security insurance premiums. Expenses for old-age provisions and benefits mainly include the employer's shares of supplementary occupational pension provision.

14 Depreciation

All figures in €'000	2013	2012
Depreciation		
Intangible assets	5,950	6,458
Property, plant and equipment	5,783	6,037
Investment property	78	78
Total	11,811	12,573

The development of non-current assets is disclosed in Note 20 (intangible assets), Note 21 (property, plant and equipment) and Note 22 (investment property).

15 Other operating expenses

All figures in €'000	2013	2012*
IT operations	44,609	43,561
Rental and leasing	14,282	14,343
Consultancy	11,244	13,630
Administration operations	10,694	12,758
External services – banking business	8,352	7,183
Representation and advertising	8,118	9,130
Premiums and fees	3,808	4,821
Other external services	3,737	3,148
Training and further education	3,630	2,877
Travel expenses	2,972	2,941
Entertainment	2,522	2,513
Expenses for commercial agents	2,490	3,076
Insurance	2,326	2,683
Depreciation and impairments of other receivables and assets	2,067	616
Maintenance	2,001	1,772
Depreciation and impairments of other receivables from clients in the banking business	1,748	2,312
Audit	1,187	875
Other employee-related expenses	1,102	1,244
Supervisory Board remuneration	882	791
Sundry other operating expenses	4,858	6,535
Total	132,632	136,809

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

The costs of IT operations are mainly attributable to IT services and computer centre services that have been outsourced to an external service provider. The consulting costs are made up of tax advice costs, legal advice costs as well as general and IT consulting costs. The expenses for administration operations contain costs relating to building operations, office costs and communication costs. The item "External services - banking business" mainly contains securities settlement and transaction costs in connection with the MLP credit card. Expenses for representation and advertising include costs incurred due to media presence and client information activities. Expenses for commercial agents include costs for former consultants and the training allowance granted for new consultants. Amortisation and impairment on other receivables and other assets comprise allowances for receivables from commercial agents. Sundry other operating expenses essentially comprise the current service cost from the allocations to pension provisions, expenses for other taxes, as well as vehicle costs.

16 Earnings from investments accounted for using the equity method

Earnings from investments accounted for using the equity method were € 902 thsd in the financial year (previous year: € 956 thsd) and resulted from the share of earnings in MLP Hyp GmbH. In line with a company agreement, the profit distribution of MLP Hyp GmbH is disproportionate.

17 Finance cost

All figures in €'000	2013	2012*
Other interest and similar income	1,358	1,928
Interest expenses from financial instruments	-473	-282
Interest expenses from net obligations for defined benefit plans	-574	-623
Other interest and similar expenses	-1,046	-905
Finance cost	311	1,022

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

Other interest and similar income of € 166 thsd (previous year: € 810 thsd) is attributable to interest income from deposits with financial institutions which were not included in the banking business segment and € 664 thsd (previous year: € 517 thsd) is attributable to income from the discounting of provisions.

18 Income taxes

All figures in €'000	2013	2012*
Income taxes	7,583	22,007
of which current taxes on income and on profit	6,165	19,670
of which deferred taxes	1,418	2,336

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

The current taxes on income and profit include expenses of € 434 thsd (previous year: € 1,412 thsd) which relate to previous periods.

The current and deferred tax is calculated using the relevant country-specific income tax rate. The anticipated combined income tax rate for domestic companies is made up of corporation tax at 15.0% (previous year: 15.0%), the solidarity surcharge at 5.5% (previous year: 5.5%) and an average municipal trade tax rate of 13.15% (previous year: 13.15%) and amounts to 28.98% (previous year: 28.98%).

The taxation rates likely to be applicable at their time of implementation should be used to calculate deferred income taxes. The taxation rates used here are those that are valid or have been announced for the periods in question as of the balance sheet date.

The following reconciliation account shows the relationship between the earnings before tax and the taxes on income and profit in the financial year:

All figures in €'000	2013	2012*
Earnings before tax	33,072	74,940
Group income tax rate	28.98%	28.98%
Calculated income tax expenditure in the financial year	9,584	21,718
Tax-exempt earnings and permanent differences	-3,431	-717
Non-deductible expenses	765	802
Divergent trade taxation charge	356	392
Effects of other taxation rates applicable abroad	31	-20
Income tax not relating to the period	330	-134
Tax effects from tax rate changes	-	-52
Other operating expenses	-54	19
Income taxes	7,582	22,007

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

The effective income tax rate applicable to the earnings before tax is 22.9% (previous year: 29.4%).

The item of tax-exempt earnings and permanent differences in earnings include profit contributions from the FERI Group, the tax-free dividends of MLP Hyp GmbH and income from the write-up of book values of investments.

Non-deductible expenses are due to entertainment costs, gifts and other such matters.

The tax deferrals result from the balance sheet items as follows:

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2013	Dec. 31, 2012*	Dec. 31, 2013	Dec. 31, 2012*
All figures in €'000				
Intangible assets	1,395	1,548	11,303	10,472
Property, plant and equipment	–	284	3,070	2,811
Financial assets	44	380	64	49
Investment property	–	–	658	403
Other assets	1,807	2,002	206	252
Provisions	5,122	4,674	128	739
Liabilities	407	372	–	–
Gross value	8,775	9,260	15,429	14,726
Netting of deferred tax assets and liabilities	–6,801	–6,261	–6,801	–6,261
Total	1,974	2,999	8,628	8,465

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

The deferred tax income recognised under other comprehensive income outside the income statement is € 395 thsd (previous year: € 1,111 thsd).

Tax refund claims include € 9,539 thsd (previous year: € 4,747 thsd) of corporation tax and € 11,084 thsd (previous year: € 2,681 thsd) of trade tax. The major portion of € 20,497 thsd (previous year: € 7,136 thsd) is attributable to MLP AG.

Tax liabilities are made up of € 3,661 thsd (previous year: € 3,235 thsd) of corporation tax and € 1,993 thsd (previous year: € 1,596 thsd) of trade tax, of which € 3,390 thsd (previous year: € 2,990 thsd) is attributable to MLP AG.

The tax liabilities are due to taxes on the income and profit of the individual companies based on the corresponding national tax regime. Contingent tax liabilities are shown under deferred tax liabilities.

19 Earnings per share

The calculation for the basic and diluted earnings per share is based on the following data

	2013	2012*
All figures in €'000		
Basis of the basic/diluted net profit per share	25,489	52,933
All figures in number of units		
Weighted average number of shares for the diluted/basic net profit per share	107,877,738	107,877,738

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

The basic and diluted earnings per share are € 0.24 (previous year: € 0.49).

NOTES TO THE STATEMENT OF FINANCIAL POSITION

20 Intangible assets

All figures in €'000	Goodwill	Software (created internally)	Software (purchased)	Advance payments and developments in progress	Other intangible assets	Total
Acquisition costs						
As of Jan. 1, 2012	90,616	7,772	72,101	1,764	46,778	219,030
Additions	–	392	391	7,042	15	7,839
Disposals	–	–	0	–	–	0
Transfers	–	–	1,056	–1,056	–	–
As of Dec. 31, 2012	90,616	8,164	73,548	7,749	46,793	226,869
Additions	–	410	601	18,472	21	19,505
Disposals	–	–	–147	–	–	–147
Transfers	–	–	915	–915	–	0
As of Dec. 31, 2013	90,616	8,575	74,916	25,307	46,814	246,227
Depreciation						
As of Jan. 1, 2012	3	7,137	61,475	–	10,085	78,699
Depreciation	–	422	4,041	–	1,996	6,458
Disposals	–	–	0	–	–	0
As of Dec. 31, 2012	3	7,558	65,515	–	12,080	85,156
Depreciation	–	408	3,559	–	1,983	5,950
Disposals	–	–	–147	–	–	–147
As of Dec. 31, 2013	3	7,966	68,927	–	14,064	90,960
Carrying amount Jan. 1, 2012	90,613	635	10,626	1,764	36,693	140,331
Carrying amount Dec. 31, 2012	90,613	606	8,032	7,749	34,712	141,713
Carrying amount Jan. 1, 2013	90,613	606	8,032	7,749	34,712	141,713
Carrying amount Dec. 31, 2013	90,613	609	5,989	25,307	32,750	155,267

Intangible assets include work performed in-house in connection with the development and implementation of software. They are recorded under Software (purchased), Software (created internally) and advance payments and developments in progress. All development and implementation costs incurred in the financial year 2013 complied in full with the criteria for capitalisation pursuant to IAS 38 “Intangible assets” (2013: € 1,150 thsd; (previous year: € 1,259 thsd)).

Indefinite-lived intangible assets also comprise € 15,829 thsd in trademark rights for the “FERI” brand (previous year: € 15,829 thsd), as well as client relations and contract inventories.

As was already the case in the previous year, there was no need for an impairment of capitalised goodwill in the financial year 2013. The significant assumptions presented in the following were based on the impairment test performed. The assumptions for the respective business segments represent the management’s assessment and are based on both internal and external sources:

Reportable Financial Services business segment**Financial services**

	2013	2012
Weighted average (in %)		
Discount rate (before tax)	10.6	11.6
Growth rate of the terminal value	1.6	1.0
Planned EBT growth rate (average of the next 4 years)	25.4	4.1

Occupational pension provision

	2013	2012
Weighted average (in %)		
Discount rate (before tax)	10.8	11.6
Growth rate of the terminal value	1.6	1.0
Planned EBT growth rate (average of the next 4 years)	14.1	5.2

ZSH

	2013	2012
Weighted average (in %)		
Discount rate (before tax)	10.2	10.9
Growth rate of the terminal value	1.6	1.0
Planned EBT growth rate (average of the next 4 years)	16.4	11.6

Reportable FERI business segment**FERI Assetmanagement**

	2013	2012
Weighted average (in %)		
Discount rate (before tax)	10.3	11.5
Growth rate of the terminal value	1.6	1.0
Planned EBT growth rate (average of the next 4 years)	7.0	9.3

FERI Consulting

	2013	2012
Weighted average (in %)		
Discount rate (before tax)	10.4	11.9
Growth rate of the terminal value	1.6	1.0
Planned EBT growth rate (average of the next 4 years)	36.5	58.2

FERI EuroRating Services

	2013	2012
Weighted average (in %)		
Discount rate (before tax)	10.6	11.4
Growth rate of the terminal value	1.6	1.0
Planned EBT growth rate (average of the next 4 years)	21.7	26.7

FEREAL

	2013	2012
Weighted average (in %)		
Discount rate (before tax)	11.0	–
Growth rate of the terminal value	1.6	–
Planned EBT growth rate (average of the next 4 years)	38.4	–

The impairment test has confirmed the anticipated carrying amounts for goodwill. Within the scope of its impairment testing MLP carried out sensitivity analyses. The effects of a 1% increase in the discount interest rates and the effects of a 25% reduction in planned earnings before tax (EBT) relative to the approved corporate planning were investigated here. The sensitivity analyses showed that, from today's perspective, there are no impairments for recorded goodwill at any cash-generating unit, even under these assumptions.

Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	Dec. 31, 2013	Dec. 31, 2012
Financial services	22,042	22,042
Occupational pension provision	9,955	9,955
ZSH	4,072	4,072
Financial services	36,069	36,069
FERI Asset Management	39,919	44,925
FERI Consulting	2,807	2,807
FERI EuroRating Services	6,812	6,812
FEREAL	5,006	–
FERI	54,544	54,544
Total	90,613	90,613

Depreciation of intangible assets are disclosed in Note 14.

Useful lives of intangible assets

	Useful life as of Dec. 31, 2013	Useful life as of Dec. 31, 2012
Acquired software/licences	3–7 years	3–7 years
Software created internally	3 years	3–6 years
Acquired trademark rights	10–15 years	10–15 years
Client relations/contract inventories	10–25 years	5–25 years
Goodwill/brand names	indefinite	indefinite

There are no restraints on disposal or pledges with regard to intangible assets. Contractual obligations for the purchase of intangible assets have a net total of € 1,124 thsd as of December 31, 2013 (previous year: € 520 thsd).

21 Property, plant and equipment

All figures in €'000	Land, leasehold rights and buildings	Other fixtures, fittings and office equipment	Payments on account and assets under construction	Total
Acquisition costs				
As of Jan. 1, 2012	85,320	64,668	28	150,016
Additions	379	5,445	862	6,685
Disposals	-1,679	-3,550	-26	-5,255
Transfers	753	8	-761	0
Reclassification IFRS 5	-4,102	-	-	-4,102
As of Dec. 31, 2012	80,670	66,571	102	147,344
Additions	351	1,761	833	2,945
Disposals	-871	-3,582	-	-4,452
Transfers	457	139	-596	0
As of Dec. 31, 2013	80,607	64,890	339	145,837
Depreciation				
As of Jan. 1, 2012	27,194	51,252	-	78,447
Depreciation	1,981	4,056	-	6,037
Disposals	-1,678	-3,271	-	-4,949
Reclassification IFRS 5	-973	-	-	-973
As of Dec. 31, 2013	26,524	52,037	-	78,562
Depreciation	1,906	3,877	-	5,783
Write-ups	-	-1	-	-1
Disposals	-871	-3,459	-	-4,329
As of Dec. 31, 2013	27,560	52,455	-	80,015
Carrying amount Jan. 1, 2012	58,125	13,416	28	71,569
Carrying amount Dec. 31, 2012	54,146	14,534	102	68,782
Carrying amount Jan. 1, 2013	54,146	14,534	102	68,782
Carrying amount Dec. 31, 2013	53,047	12,435	339	65,822

Depreciation are disclosed in Note 14.

Useful lives of property, plant and equipment

	Useful life/residual value as of Dec. 31, 2013	Useful life/residual value as of Dec. 31, 2012
Administration buildings	33 years to residual value (30% of original cost)	33 years to residual value (30% of original cost)
Land improvements	15–25 years	15–25 years
Leasehold improvements	Term of the respective lease	Term of the respective lease
Furniture and fittings	10–25 years	10–25 years
IT hardware, IT cabling	3–13 years	3–13 years
Office equipment, office machines	3–13 years	3–13 years
Cars	6 years	6 years
Works of art	13–15 years	13–15 years

There are no restraints or pledges with regard to property, plant and equipment. Contractual obligations for the purchase of property, plant and equipment amount to € 754 thsd net as of December 31, 2013 (previous year: € 19 thsd).

22 Investment property

All figures in €'000	Investment property
Acquisition costs	
As of Jan. 1, 2012	25,047
Reclassification IFRS 5	-25,047
As of Dec. 31, 2012	0
Reclassification IFRS 5	25,047
As of Dec. 31, 2013	25,047
Depreciation	
As of Jan. 1, 2012	17,566
Depreciation and impairments	78
Reclassification IFRS 5	-17,644
As of Dec. 31, 2012	0
Depreciation and impairments	78
Reclassification IFRS 5	17,644
As of Dec. 31, 2013	17,722
Carrying amount Jan. 1, 2012	7,481
Carrying amount Dec. 31, 2012	0
Carrying amount Jan. 1, 2013	0
Carrying amount Dec. 31, 2013	7,325

The property held by MLP AG concerns an office and administration building which is rented out under an operating lease. The minimum term of the rental agreement is 10 years. The agreement will therefore end no earlier than October 6, 2015. The annual rent payments are based on the consumer price index. Please refer to Note 35 for further information.

Due to a lack of disposal within 12 months, the property held for sale as of December 31, 2012 was to be recognised as an investment property again. As of December 31, 2013, the property was valued at its amortised book value. This was lower than the fair value determined as of December 31, 2013.

Fair value hierarchy

The fair value of investment property was determined by MLP within the scope of a gross rental method and was € 7,356 thsd on December 31, 2013 (previous year: € 7,440 thsd).

Based on the input factors of the valuation technique used, the fair value measurement of the € 7,356 thsd in investment property was classed as a level 3 fair value.

Valuation technique and significant, non-observable input factors

The following table shows the valuation technique applied when determining the fair value of the investment property, as well as the significant, non-observable input factors used:

Valuation technique	Significant, non-observable input factors	Relationship between significant, non-observable input factors and measurement at fair value
Discounted cash flows: The measurement model takes into account the present value of net cash flows generated from the property, also incorporating the anticipated rental increase rate, periods of non-occupancy, the occupancy rate and other costs that the tenants do not pay. The anticipated net cash flows are discounted at risk-adjusted discount rates.	<ul style="list-style-type: none"> • Anticipated market rental increase (1.3%) • Occupancy rate (80%) • Risk-adjusted discount rate (6%) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • the anticipated market rental increase was higher (lower) • the occupancy rate was higher (lower) • the risk-adjusted discount rate was lower (higher).

23 Investments accounted for using the equity method

Investments accounted for using the equity method relate only to the 49.8% share in MLP Hyp GmbH, Wiesloch (formerly Schwetzingen), and have developed as follows:

All figures in €'000	2013	2012
Share as of Jan. 1	2,601	2,863
Dividend payouts	-956	-1,219
Pro rata profit after tax	902	956
Share as of Dec. 31	2,547	2,601

The following table contains summarised financial information on MLP Hyp GmbH:

All figures in €'000	Dec. 31, 2013	Dec. 31, 2012
Revenue	8,173	7,497
Net profit/loss	1,388	1,471
Assets	5,110	5,074
Debts	723	603
Shareholders' equity	4,388	4,471
Equity attributable to MLP (49.8%)	2,185	2,227

24 Receivables from clients in the banking business

All figures in €'000	Dec. 31, 2013	Dec. 31, 2012
Originated loan	223,357	181,201
Corporate bond debts	142,500	134,500
Receivables from current accounts	39,346	52,931
Receivables from credit cards	98,181	77,357
Receivables from wealth management	660	355
Total, gross	504,044	446,345
Impairment	-12,474	-14,949
Total, net	491,570	431,396

As of December 31, 2013, receivables (net) with a term of more than one year remaining to maturity are € 301,974 thsd (previous year: € 293,746 thsd).

All figures in €'000	Gross value	Of which financial assets	Financial assets, neither impaired nor overdue	Financial assets, not impaired but overdue within the following time span		
				< 90 days	90–180 days	> 180 days
Receivables from clients (gross) as per Dec. 31, 2013	504,044	504,044	488,409	1,452	226	775
Receivables from clients (gross) as per Dec. 31, 2012	446,345	446,345	425,682	1,468	193	815

At € 2,453 thsd (previous year: € 2,477 thsd), receivables for which no specific allowance has been made but which are overdue as of December 31, 2013 are secured with customary banking collaterals.

Receivables from clients due to originated loans are generally secured by mortgages (December 31, 2013: € 45,779 thsd; December 31, 2012: € 27,259 thsd), assignments (December 31, 2013: € 28,023 thsd, December 31, 2012: € 21,784 thsd) or liens (December 31, 2013: € 22,622 thsd, December 31, 2012: € 21,454 thsd). Receivables from current accounts and credit cards are generally not collateralised. With regard to receivables from the banking business which are neither impaired nor overdue, there were no signs at the closing date that debtors will not meet their payment obligations.

On the closing date, there were no receivables from banking business for which new terms were agreed and which would otherwise have been overdue or impaired (previous year: € 211 thsd).

Due to defaults of debtors, financial and non-financial assets of € 2,069 thsd (previous year: € 1,965 thsd), serving as collateral for originated loans and receivables, were utilised. The assets mainly concern property and receivables from claimed life insurance policies.

The allowances for losses in the lending business cover all identifiable credit risks. Impairments are formed on a portfolio basis for the deferred loans risk. Risks are provided for by an allowance for losses carried under assets, and by the recognition of provisions for credit risks (see Note 30).

The allowances for losses due to receivables from clients in the banking business carried under assets developed as follows:

	Allowances for losses on individual account		Impairment loss on portfolio basis		Total	
	2013	2012	2013	2012	2013	2012
All figures in €'000						
As of Jan. 1	5,869	6,558	9,080	9,520	14,949	16,077
Allocation	277	624	1,384	509	1,661	1,132
Reclassification	-	792	-	-	-	792
Utilisation	-1,092	-1,716	-2,386	-	-3,478	-1,716
Reversal	-613	-388	-44	-948	-657	-1,336
As of Dec. 31	4,441	5,869	8,034	9,080	12,474	14,949
of which allowances for bad debts measured at amortised cost	4,441	5,869	8,034	9,080	12,474	14,949

For reasons of materiality, a decision was taken not to determine the interest income from impaired receivables from clients in accordance with IAS 39.A93 (Unwinding).

Taking into account direct write-offs of € 89 thsd (previous year: € 1,152 thsd) and income from written-off receivables of € 256 thsd (previous year: € 318 thsd), the total direct write-down and reversals performed in the reporting year resulted in a net cost of allowances for losses of € 836 thsd (previous year: € 630 thsd).

Receivables for which specific allowances have been made amount in total to € 5,195 thsd (previous year: € 7,561 thsd). For € 373 thsd of these (previous year: € 1,679 thsd), the impairment was less than 50 % of the gross receivable, while the remaining volume was written down by more than 50 %. The allowance for bad debts comes to € 4,441 thsd (previous year: € 5,869 thsd). This corresponds to a percentage of 86% (previous year: 78%).

Accounts receivable for which a specific allowance has been made are secured as per December 31, 2013 with customary banking collaterals amounting to € 599 thsd (previous year: € 1,091 thsd).

Further information on receivables from clients in the banking business is disclosed in Note 37.

25 Receivables from banks in the banking business

All figures in €'000	Dec. 31, 2013	Dec. 31, 2012
Domestic financial institutions		
Due on demand	194,841	179,578
Other receivables	275,212	320,398
	470,052	499,976
Foreign financial institutions		
Due on demand	50	500
Other receivables	20,008	10,035
	20,058	10,534
Total	490,110	510,510

As of December 31, 2013, receivables with a term of more than one year remaining to maturity are € 29,500 thsd (previous year: € 29,500 thsd). The receivables are not collateralised. MLP only places funds at banks with a first-class credit standing. At the closing date there are no receivables from banks which are overdue or impaired.

Further information on receivables from financial institutions in the banking business is disclosed in Note 37.

26 Financial assets

All figures in €'000	Dec. 31, 2013	Dec. 31, 2012
Debenture and other fixed income securities		
By public-sector issuers	4,999	4,999
By other issuers	74,417	90,582
	79,416	95,582
Shares and other variable yield securities		
Shares and certificates	5,307	5,570
Investment fund shares	3,369	2,962
	8,677	8,532
Fixed and time deposits	55,230	30,248
Investments in non-consolidated subsidiaries	2,759	2,756
Total	146,082	137,118

As of December 31, 2013, MLP has portfolios amounting to € 68,112 thsd (previous year: € 79,458 thsd) that are due in more than 12 months.

As per the measurement categories for financial instruments defined in IAS 39, the financial investment portfolio is structured as follows:

All figures in €'000	Dec. 31, 2013	Dec. 31, 2012
Debenture and other fixed income securities		
Held-to-maturity investments	74,283	90,456
Financial assets at fair value through profit and loss	5,133	5,126
	79,416	95,582
Shares and other variable yield securities		
Available-for-sale financial assets	6,948	6,692
Financial assets at fair value through profit and loss	1,728	1,840
	8,677	8,532
Fixed and time deposits (loans and receivables)	55,230	30,248
Investments in non-consolidated subsidiaries (available-for-sale financial assets)	2,759	2,756
Total	146,082	137,118

Valuation changes of € -347 thsd made to shares and other variable yield securities that are available for sale (previous year: € -278 thsd) were recognised directly in equity under the revaluation reserve. Due to the disposal of financial assets and recording of impairments, € -174 thsd (previous year: € 377 thsd) was withdrawn from the revaluation reserve in the reporting period and recognised under net income for the period.

In the financial year 2013, impairments of € 66 thsd (previous year: € 0 thsd) were formed for available-for-sale financial assets.

In the reporting period, valuation adjustments to financial assets that are measured at fair value through profit and loss of € -33 thsd (previous year: € 390 thsd) were recognised in the net income for the period.

Assets pledged as collateral

On the closing date, no securities were pledged as collateral for liabilities arising from security transactions (previous year: € 1,012 thsd). The availability of liquidity facilities provided by Deutsche Bundesbank is collateralised by marketable securities of € 44,987 thsd (previous year: € 41,122 thsd) with a face value of € 45,000 thsd (previous year: € 42,500 thsd).

For further disclosures regarding financial assets, please refer to Note 37.

27 Other receivables and assets

All figures in €'000	Dec. 31, 2013	Dec. 31, 2012
Trade accounts receivable	56,525	79,659
Receivables from commercial agents	20,703	21,937
Refund receivables from recourse claims	20,704	21,392
Advance payments	6,531	10,039
Purchase price receivables for MLP Finanzdienstleistungen AG, Austria	2,428	3,562
Other assets	10,565	12,895
Total, gross	117,456	149,484
Impairment	-8,292	-9,735
Total, net	109,164	139,749

As of December 31, 2013, receivables (net) with a term of more than one year remaining to maturity are € 16,281 thsd (previous year: € 17,842 thsd).

The main items included in trade accounts receivable are commission receivables from insurance companies. They are generally non-interest-bearing and have an average term of payment of 30 days.

Receivables from sales representatives concern MLP consultants and branch office managers.

Refund receivables from recourse claims are due to MLP consultants and office managers, as well as insurance companies.

The item "Advance payments" comprises trail commissions paid to self-employed commercial agents in advance on commissions for unit-linked life insurance policies.

The purchase price receivable from the sale of the shares in MLP Finanzdienstleistungen AG, Vienna, Austria is due from FINUM.Private Finance Holding GmbH, Vienna, Austria, a subsidiary of Aragon AG, Wiesbaden. As specified in the contract, MLP received the second instalment of € 1,267 thsd in the financial year 2013.

	Gross value	Of which financial assets	Financial assets, neither impaired nor overdue	Financial assets, not impaired but overdue within the following time span		
				< 90 days	90–180 days	> 180 days
All figures in €'000						
Other receivables and assets as of Dec. 31, 2013	117,456	91,443	80,830	2,819	433	1,896
Other receivables and assets as of Dec. 31, 2012	149,484	121,456	108,965	3,286	393	2,033

Other receivables and assets are usually not collateralised. With regard to receivables and other assets which are neither impaired nor overdue, there are no signs at the closing date that debtors will not meet their payment obligations. On the closing date there were no receivables and other assets for which new terms were agreed and which would otherwise have been overdue or written down.

The allowances for other receivables and assets are as follows:

	Allowances for losses on individual account		Impairment loss on portfolio basis		Total	
	2013	2012	2013	2012	2013	2012
All figures in €'000						
As of Jan. 1	6,505	9,984	3,230	4,180	9,735	14,163
Utilisation	-2,784	-2,827	-20	-437	-2,804	-3,264
Allocations	1,252	461	649	1	1,901	462
Reversal	-111	-321	-429	-513	-540	-834
Reclassification of other statement of financial position items	-	-792	-	-	-	-792
As of Dec. 31	4,863	6,505	3,429	3,230	8,292	9,735

In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, receivables are written down based on empirical values. The same applies to receivables which are disputed and where legal action is pending.

As of December 31, 2013, receivables for which specific allowances have been made amount to a total of € 5,466 thsd (previous year: € 7,271 thsd). For € 565 thsd of these (previous year: € 493 thsd) the allowance for bad debts was less than 50 % of the gross receivable, the remaining volume was written down by more than 50 %. The impairment loss comes to a total of € 4,863 thsd (previous year: € 6,505 thsd). This corresponds to an average impairment rate of 89% (previous year: 89%).

Additional disclosures on other receivables and assets can be found in Note 37.

28 Cash and cash equivalents

All figures in €'000	Dec. 31, 2013	Dec. 31, 2012
Bank deposits	35,997	27,064
Deposits at Deutsche Bundesbank	10,299	13,526
Cash on hand	87	93
Total	46,383	40,682

Changes in cash and cash equivalents during the financial year are shown in the statement of cash flow.

29 Shareholders' equity

All figures in €'000	Dec. 31, 2013	Dec. 31, 2012*	Jan. 1, 2012*
Share capital	107,878	107,878	107,878
Capital reserves	142,184	142,184	142,184
Retained earnings			
Statutory reserve	3,117	3,117	3,117
Other retained earnings and net profit	125,212	134,244	146,037
Revaluation reserve	-3,913	-3,266	-642
Total	374,477	384,157	398,574

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

Share capital

The share capital of MLP AG is made up of 107,877,738 (previous year: 107,877,738) no-par-value shares.

Authorised capital

A resolution passed by the Annual General Meeting on May 20, 2010 authorised the Executive Board, with the consent of Supervisory Board, to increase the company's share capital by issuing new ordinary bearer shares on one or more occasions by up to € 22,000,000 in exchange for cash or non-cash contributions. This resolution replaces the resolution approved at the Annual General Meeting on May 31, 2006.

Capital reserves

The capital reserves include increases/decreases in capital stock in MLP AG from previous years. The capital reserves are subject to the restraints on disposal as per § 150 of the German Stock Corporation Act (AktG).

Other retained earnings and net profit

Other equity comprises retained earnings of the MLP Group.

Revaluation reserve

At € 933 thsd (previous year: € 424 thsd), the provision includes unrealised gains and losses from the change in fair value of securities available for sale and deferred taxes attributable to this of € -96 thsd (previous year: € -42 thsd). In addition to this, the provision includes losses from the revaluation of defined benefit obligations of € 6,688 thsd (previous year: € 5,136 thsd) and deferred taxes attributable to this of € 1,938 thsd (previous year: € 1,488 thsd).

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP AG will propose a dividend of € 17,260 thsd (previous year: € 34,521 thsd) for the financial year 2013 at the Annual General Meeting. This corresponds to € 0.16 (previous year: € 0.32) per share.

30 Provisions

Pension provisions

At MLP, executive members of staff have been granted direct pension benefits subject to individual contracts in the form of defined benefit plans which guarantee the beneficiaries the following pension payments:

- Old-age pension upon reaching 60, 62 or 65 years of age,
- Disability pension,
- Widow's and widower's pension of 60% of the pension of the original recipient,
- Orphan's benefit of 10% of the pension of the original recipient.

The benefit obligations are partially financed through reinsurance policies, which essentially fulfil the prerequisites of pension scheme assets.

The defined benefit obligation for retirement income, funded only by means of provisions, amounts to € 15,489 thsd (previous year: € 14,679 thsd). Pension insurance policies are in place for all other pension obligations (defined benefit obligation of € 21,386 thsd; previous year: € 19,436 thsd).

The change in net liability from defined benefit plans is summarized in the following table.

	Defined benefit obligation		Fair value of pension scheme assets		Net liability from defined benefit plans	
	2013	2012*	2013	2012*	2013	2012*
All figures in €'000						
As of Jan. 1	34,115	28,955	-17,505	-14,736	16,610	14,219
<i>Recognised in profit or loss</i>						
Current service cost	821	1,092	-	-	821	1,092
Interest charge	1,286	1,333	-713	-710	574	623
	2,107	2,425	-713	-710	1,394	1,715
<i>Recognised in other comprehensive income</i>						
Losses (gains) from revaluations						
Actuarial losses (gains) from						
financial assumptions	1,230	3,773	-	-	1,230	3,773
experience adjustments	62	-630	-	-	62	-630
Income from pension scheme assets without interest income	-	-	260	493	260	493
	1,291	3,142	260	493	1,552	3,635
<i>Other</i>						
Contributions paid by the employer	-	-	-1,891	-2,635	-1,891	-2,635
Payments made	-638	-408	238	84	-400	-324
	-638	-408	-1,653	-2,551	-2,291	-2,959
As of Dec. 31	36,875	34,115	-19,610	-17,505	17,265	16,610

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

€ 1,102 thsd of the net liabilities recognised in the balance sheet (previous year: € 1,071 thsd) are attributable to Executive Board members active at the end of the reporting period.

In 2014 we anticipate payments with regard to net pension provisions of € 1,963 thsd (of which € 407 thsd is attributable to anticipated pension payments of the company and € 1,557 thsd to expected premiums to reinsurance companies).

Actuarial calculations incorporate the following assumptions:

	2013	2012
Assumed interest rate	3.6%	3.8%
Anticipated annual salary development	1.8%	2.0%
Anticipated annual pension adjustment	1.8%	2.0% or 1.8%

The assumptions made regarding future mortality are based on published statistics and mortality tables.

On December 31, 2013, the weighted average term of defined benefit obligations was 18.0 years (previous year: 16.7 years).

Sensitivity analysis

If the other assumptions all remained the same, changes to one of the key actuarial assumptions which would have been realistically possible on the closing date would have influenced the defined benefit obligations by the following amounts:

All figures in €'000	Change of parameter	Reduction/ increase of defined obligation
Assumed interest rate	0,5%	-2,930
	-0,5%	3,405
Salary trend	0,5%	230
	-0,5%	-288
Pension trend	0,5%	2,604
	-0,5%	-2,285
Mortality	80%	1,853

To lower mortality, all mortality rates stated in the mortality table were reduced to 80%. By extending life expectancy, this leads to an increase in the scope of defined benefit obligations. Although the analysis does not take into account the full distribution of anticipated cash flow based on the plan, it does provide an approximation of the sensitivity of the assumptions presented.

Alongside defined benefit plans, defined contribution plans are also in place. With these types of plans the company pays premiums to state or private pension insurance institutions in line with legal or contractual regulations or on a voluntary basis. The regular premiums are recognised as personnel expenses in the case of employees and as operating expenses in the case of office managers in the respective year. In the financial year 2013 they total € 8,875 thsd (previous year: € 8,906 thsd).

Other provisions are made up as follows:

All figures in €'000	Dec. 31, 2013			Dec. 31, 2012		
	Current	Non-current	Total	Current	Non-current	Total
Cancellation risks	12,856	14,675	27,530	14,111	16,637	30,749
Bonus schemes	20,974	2,425	23,400	16,867	1,214	18,081
Economic loss	5,846	–	5,846	5,149	–	5,149
Share-based payments	1,065	2,267	3,331	1,254	2,361	3,616
Litigation risks/costs	1,966	336	2,302	2,968	578	3,546
Rent	788	1,033	1,821	362	914	1,276
Phased retirement	203	211	414	169	340	509
Lending business	229	138	367	259	138	397
Anniversaries	109	301	410	87	261	348
Other	1,928	523	2,451	2,892	531	3,423
Total	45,964	21,909	67,873	44,119	22,975	67,094

Other provisions have changed as follows:

All figures in €'000	Jan. 1, 2013	Utilisation	Reversal	Compounding/ Discounting	Allocation	Netting	Dec. 31, 2013
Cancellation risks	30,749	–4,222	–	346	658	–	27,530
Bonus schemes	18,081	–17,059	–227	–20	22,625	–	23,400
Economic loss	5,149	–1,253	–302	–	2,252	–	5,846
Share-based payments	3,616	–463	–843	27	995	–	3,331
Litigation risks/costs	3,546	–569	–1,278	38	566	–	2,302
Rent	1,276	–541	–99	–64	1,249	–	1,821
Phased retirement	509	–435	–3	22	149	172	414
Lending business	397	–	–35	5	–	–	367
Anniversaries	348	–70	–8	–1	141	–	410
Other	3,423	–137	–1,197	–11	373	–	2,451
Total	67,094	–24,748	–3,993	341	29,006	172	67,873

The provisions for cancellation risks allow for the risk of having to refund earned commissions due to a premature loss of brokered insurance policies.

The provisions for bonus schemes and share-based payments are recognised for incentive agreements and for profit-sharing schemes for Executive Board members, employees and self-employed commercial agents.

The provisions for economic loss due to liability risks are offset by claims for reimbursement from liability insurance policies with a value of € 5,443 thsd (previous year: € 4,481 thsd).

The provisions classed as short-term are likely to be utilised within the next financial year. The payments for long-term provisions are likely to be incurred within the next two to five years.

31 Liabilities due to banking business

This summary includes the balance sheet items Liabilities due to clients in the banking business and Liabilities due to banks in the banking business.

	Dec. 31, 2013			Dec. 31, 2012		
	Current	Non-current	Total	Current	Non-current	Total
All figures in €'000						
Liabilities due to clients	944,527	1,957	946,484	870,854	256	871,110
Liabilities due to banks	468	9,456	9,924	667	9,831	10,498
Total	944,995	11,413	956,408	871,521	10,087	881,607

The change in liabilities due to banking business from € 881,607 thsd to € 956,408 thsd is essentially attributable to the increase in short-term client deposits in current accounts.

As of December 31, 2013, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 13,537 thsd (previous year: € 12,873 thsd).

The liabilities due to clients or due to other banks do not comprise any large individual items.

Further information on liabilities due to banking business is disclosed in Note 37.

32 Other liabilities

All figures in €'000	Dec. 31, 2013			Dec. 31, 2012		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to commercial agents	37,423	509	37,932	58,560	1,049	59,609
Trade accounts payable	21,952	–	21,952	20,771	–	20,771
Advance payments received	10,487	–	10,487	16,115	–	16,115
Purchase price liability FERI AG	809	–	809	809	–	809
Interest derivatives	179	–	179	164	181	345
Liabilities due to other taxes	3,041	–	3,041	2,956	–	2,956
Liabilities from social security contributions	99	–	99	87	–	87
Other liabilities	29,213	2,847	32,060	26,245	3,807	30,052
Total	103,204	3,356	106,560	125,707	5,037	130,745

Liabilities due to commercial agents represent unsettled commission claims. Usually they are non-interest-bearing and due on the 15th of the month following the settlement with the insurance company.

The item “Advance payments received” concerns paid-in-advance trail commissions from unit-linked life insurance policies.

For more information on purchase price liabilities due to the acquisition of shares in FERI AG, please refer to Note 36.

Other liabilities comprise commissions withheld from MLP consultants due to cancellations amounting to € 4,212 thsd (previous year: € 5,396 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite.

MLP has agreed upon, non-utilised lines of credit amounting to € 65,026 thsd (previous year: € 64,102 thsd).

Further disclosures on other liabilities can be found in Note 37.

NOTES TO THE STATEMENT OF CASH FLOW

33 Notes on the consolidated statement of cash flow

The consolidated statement of cash flow shows how cash and cash equivalents have changed in the course of the year as a result of inflows and outflows of funds. As per IAS 7 “Statement of Cash Flows”, differentiation is made between cash flows from operating activities, from investing activities and from financing activities.

Cash flow from operating activities results from cash flows that cannot be defined as investing or financing activities. It is determined on the basis of net profit. As part of the indirect determination of cash flow, the changes in balance sheet items due to operating activities are adjusted by effects from changes to the scope of consolidation and currency translations. The changes in the respective balance sheet items can therefore only be partially aligned with the corresponding values in the published consolidated balance sheets. For further details, please refer to the “Financial position” section in the management report.

Cash flow from investing activities is essentially influenced by the investments in IT systems to support sales, the investment of cash and cash equivalents in time deposits, and time deposits which have reached maturity.

Cash flow from financing activities includes cash-relevant equity changes and loans used and paid back.

Cash and cash equivalents with a term to maturity of not more than three months are recorded under cash and cash equivalents. Cash equivalents are short-term financial assets which can be converted into cash at any time and which are only subject to minor value fluctuation risks.

Cash and cash equivalents

All figures in €'000	Dec. 31, 2013	Dec. 31, 2012
Cash and cash equivalents	46,383	40,682
Loans ≤ 3 months	15,000	20,000
Liabilities to banks due on demand	-19	-
Cash and cash equivalents	61,364	60,682

Receivables of MLP Finanzdienstleistungen AG due from banks are included in cash and cash equivalents provided they are separable as own-account investing activities. Inseparable elements are allocated to the operating business of the banking business segment and therefore to cash flow from operating activities.

MISCELLANEOUS INFORMATION

34 Share-based payments

Long Term Incentive Programme

In 2005 a Long-Term Incentive Programme (“LTI”) was launched for the first time. It was designed to include the members of the Executive Board and selected managers of the MLP Group. This is a company performance plan based on key figures, which takes into account both the earnings before tax (EBT) and changes to the share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. The payout for the 2005 tranche was made in 2008, the tranches from 2006 to 2010 have expired. For the tranches approved in the financial years from 2007 to 2011, the cash payout is determined on the basis of three times the earnings before interest and tax (EBIT) achieved in the financial year preceding the year of allocation (performance hurdle). For the 2010 and 2011 tranches, an additional minimum amount is set out for the performance hurdle, which will replace a lower EBIT in the base year if applicable. Only when this performance hurdle is reached will the beneficiaries be entitled to receive a cash payout. With the changeover of the contracts of all members of the Executive Board to the new Executive Board remuneration system, effective for 2011, said members are not eligible to participate in the LTI programme for the 2011 tranche. With the 2011 tranche, the LTI programme was granted to managers for the last time and was stopped altogether from 2012 on.

The LTI programme does not provide for settlement by issuance of equity instruments.

The anticipated costs resulting from the LTI programme are valued using the Monte-Carlo simulation based on the fair value of the phantom shares. MLP updates the valuation of the fair value at every balance sheet date and on the basis of the settlement value. The company records the anticipated total cost of the programme pro rata temporis over the time period up to the first possible exercise date of the phantom shares.

Details of the LTI can be found in the following table:

	Tranche 2011
Performance shares at time of allocation (units)	121,480
of which Executive Board (units)	–
of which others (units)	121,480
Performance shares as of Dec. 31, 2012 (units)	121,480
of which Executive Board (units)	–
of which others (units)	121,480
Performance shares expired in 2013	–
Performance shares paid out	–
Performance shares as of Dec. 31, 2013 (units)	121,480
of which Executive Board (units)	–
of which others (units)	121,480
Parameters for fair value as of Dec. 31, 2013	
Dividend yield (%)	–
Expected volatility (%)	–
Risk-free interest rate (%)	–
Anticipated remaining term of option (years)	–
Parameters for fair value as of Dec. 31, 2012	
Dividend yield (%)	8.03
Expected volatility (%)	40.58
Risk-free interest rate (%)	0.33
Anticipated remaining term of option (years)	1

The costs included in the 2013 income statement arising from the Long Term Incentive Programme are € 0 thsd (previous year: € 58 thsd). As of December 31, 2013 a provision of € 0 thsd (previous year: € 173 thsd) was recognised for the Long Term Incentive Programme.

Participation programme

In the financial year 2008, MLP launched a participation programme for office managers, consultants and employees in order to keep them loyal to the company in the long-term. The programme grants a certain number of phantom shares (stock appreciation rights – SARs) for office managers and consultants based on their sales performance in the core fields of old-age provision, health insurance and wealth management, as well as for employees based on their position and gross annual income. The SARs of the 2008–2011 tranches were allocated in 2009–2012. The assessment period for determining the number of SARs allocated was the calendar year prior to the respective allocation. The total term of each tranche is 12 years and is broken down into 3 phases of 4 years each. The first year of phase 1 represents the assessment period, from which the number of phantom shares to be allocated is calculated. At the start of the second year, the phantom shares are then allocated. Payment of the phantom shares is made no earlier than at the end of the first phase, i.e. 3 years after allocation of the SARs. At the end

of the first phase, employees can also choose not to receive payment for the SARs and instead continue to participate in phase 2 (turbo I phase). Only in this case will they receive additional bonus SARs. And anyone who is eligible but chooses not to receive payment at the end of phase 2, but rather continue to phase 3 (turbo II phase), will be granted further bonus SARs. All SARs are paid no later than at the end of phase 3. In the event of termination of employment, all entitlements granted up to this time expire, assuming they have not been vested beforehand. The SARs originally granted become vested at the end of the first phase, the bonus SARs of turbo I phase at the end of phase 2 and those of turbo II at the end of phase 3. Participation in the programme ends with termination of employment or disbursement of SARs.

The level of payment is based on the value of one MLP share at the time payment is requested. A share price guarantee is in place for all previous tranches, although this expires if the eligible participant decides to continue participation in the programme beyond phase 1. If an eligible participant decides to receive the payout to which he or she is entitled from the tranche once phase 1 has expired, the value he or she receives is based on either the share price guarantee or the current MLP share price (whichever is the higher value) multiplied by the number of phantom shares held from phase 1. At all other payout times, eligible participants receive the current share price multiplied by the number of vested phantom shares held.

If the contractual relationship with an eligible participant ends at a time before December 31 of the 12th year, he or she is only entitled to receive payment for vested phantom shares earned up to this time. Phantom shares allocated from vesting periods not yet completed are then forfeited.

With the 2011 tranche, the participation programme was granted for the last time. It was stopped completely from 2012 onwards.

In terms of eligibility, the 3 phases each represent completed vesting periods. Accordingly, the expenses due to the SARs originally granted are distributed over phase 1 (years 1 to 4), the expenses due to the bonus SARs of turbo I phase over years 5 to 8 and the expenses due to the bonus SARs of turbo II phase over years 9 to 12 (no front-loaded recognition of expenses).

	Tranche 2008	Tranche 2009	Tranche 2010	Tranche 2011	Total
Inventory on Jan. 1, 2013 (units)	156,730	167,098	139,306	179,527	642,661
Virtual SARs allocated in 2013 (units)	–	11,958	–	–	11,958
SARs expired in 2013 (units)	–278	–5,314	–4,513	–5,041	–15,146
Paid out in 2013 (units)	–	–62,635	–	–	–62,635
Inventory on Dec. 31, 2013 (units)	156,452	111,107	134,793	174,486	576,838
Guaranteed share price (€)	–	–	7.80	5.36	–
Expenses recognised in 2013 (€'000)	237	231	317	236	1,022
Income recognised in 2013 (€'000)	–15	–611	–37	–7	–670
	222	–380	280	229	352
Expenses recognised in 2012 (€'000)	101	355	305	281	1,042
Income recognised in 2012 (€'000)	–548	–92	–34	–8	–682
	–447	263	271	273	360
Provision as of Dec. 31, 2012 (€'000)	1,005	1,237	769	433	3,442
Provision as of Dec. 31, 2013 (€'000)	1,227	394	1,048	662	3,331
Inventory certificates on Dec. 31, 2012 (units)	470,190	501,294	–	–	971,484
Inventory certificates on Dec. 31, 2013 (units)	469,356	333,321	108,362	–	911,039

MLP has hedged the fair value risk attached to the measurement of the liability of the 2008 and 2009 tranches for the SARs and also the cash flow risk from the SARs allocated.

To hedge the cash flow risk, 925,000 certificates were initially acquired for the 2008 tranche and 600,000 certificates for the 2009 tranche, with the right to return them to the issuer at any time within the term of a tranche (or later) at the MLP share price valid at that time, minus a discount. The certificates have an unlimited term. MLP has therefore classified these certificates as equity instruments, which are recognised at fair value directly in equity. The fair value of the certificates is based directly on the price of the MLP share.

The expense and the provision from the participation programme are recognised pro rata temporis throughout the individual phases (vesting period). The provision is measured at fair value through profit and loss. The provision accrued on the respective closing date depends on the price of the MLP share, the number of SARs issued and the length of the remaining vesting period. To hedge the fair value risk associated with the measurement of the provision, MLP can sell the equity-based certificates listed above to the issuer and in return acquire limited term certificates. These represent debt instruments designated by MLP to be “measured at fair value through profit and loss” (fair value option).

By selling the equity-based certificates, measurement gains so far recognised directly in equity are realised and expenses from the increase in liability for the participation programme are compensated. The same applies to a decrease in expenses due to a drop in the price of the MLP share.

35 Leasing

The Group has concluded operating leases for various motor vehicles, administration buildings and office machines. The average term of the contracts is three years for motor vehicles, seven years for buildings and four years for office machines. Some of the lease contracts also include extension options.

The following future minimum lease payments (face values) due to irredeemable operating leases were in place on the balance sheet date:

	Due 2014	Due 2015–2018	Due from 2019	Total
Rent on buildings	13,382	28,774	6,219	48,375
Other rental/leasing liabilities	1,155	1,093	0	2,248
Total	14,537	29,867	6,219	50,623

The Group entered into a lease agreement as lessor for an administration building. MLP classifies this contract as an operating lease, as the risks and opportunities associated with the ownership of the lease object remain with the lessor. As a lessor, MLP is obliged to maintain the exterior of the building and the technical equipment and facilities.

The rental income generated from the rental of the property in the financial year was € 1,138 thsd (previous year: € 1,154 thsd). The expenses accrued within the context of investment property were € 231 thsd (previous year: € 321 thsd).

The total of minimum leasing payments due to irredeemable operating leases breaks down as follows:

	Due 2014	Due 2015–2018	Due from 2019	Total
Dec. 31, 2013	1,212	909	–	2,122
Dec. 31, 2012	1,199	2,099	–	3,299

36 Contingent assets and liabilities, as well as other liabilities

As it is composed of companies from different business segments, MLP is exposed to a variety of legal risks. These include, in particular, risks in the fields of warranty, taxes and litigation. The outcome of currently pending or future legal actions cannot be forecast with any degree of certainty and it follows that expenditure could be incurred as a result of unexpected decisions, which has not been fully covered by allowances for losses or insurance and which is liable to

have a material impact on the business and its results. In MLP's opinion, decisions producing a major negative effect on the net assets, financial position and results of operations at the Group's expense are not anticipated with regard to the currently pending legal actions.

On April 15, 2011, MLP paid in full the initially provisional purchase price stipulated in the purchase contract plus interest to acquire the outstanding shares in FERI AG. This purchase price payment was deemed provisional at the time, as the contracting parties had not yet reached a final agreement with regard to the level of a potentially arising additional variable purchase price component. MLP has no cause to assume that there are any further obligations over and above the cash price payment already made. In the absence of an agreement with the sellers, the company called upon the contractually stipulated arbitrator on October 7, 2011. The arbitrator's report submitted on October 2, 2012 confirmed MLP's assertion that the contractually prescribed prerequisites for an additional purchase price were not in place. Irrespective of this, several of the sellers asserted € 51,472 thsd in claims due to breach of duty against MLP and demanded payment of this amount. MLP reacted to these claims on January 20, 2012 by submitting a negative declaratory relief at the Frankfurt Regional Court. In the course of the subsequent legal dispute, the accused former shareholders filed counter-claims and thereby formally asserted their purchase price claims. With its judgement from February 18, 2014, the Frankfurt Regional Court dismissed the counter-claims filed against MLP and ordered the claimants to pay the costs. With this decision, MLP's assertion that the claims submitted by the former shareholders in FERI were without any legal basis was confirmed. However, the aforementioned judgement has not yet become legally binding.

On the balance sheet date, actions are pending for potentially considerable damages due to incorrect disclosures in the capital market information published by the company. This predominantly concerns the years 2000 to 2002. However, MLP firmly believes that the actions will not be successful.

On the balance sheet date, there are € 2,677 thsd in contingent liabilities on account of sureties and warranties (face value of the obligation) (previous year: € 4,067 thsd) and irrevocable credit commitments (contingent liabilities) of € 41,099 thsd (previous year: € 39,037 thsd).

Reinsurance has been arranged for benefit obligations for independent commercial agents. Final liability for the benefit obligation lies with MLP in accordance with § 1 (1) Sentence 3 of the German Company Pension Law (BetrAVG). MLP does not currently anticipate any financial consequences as a result of this.

MLP Finanzdienstleistungen AG is a member in the depositors' guarantee fund of the Association of German Banks (BdB e.V.), Berlin, and in the Compensation Scheme of German Banks (EdB GmbH), also in Berlin. Obligations to make additional payments could potentially arise from the allocation obligation here.

37 Additional information on financial instruments

Classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their (hierarchical) tiers, are grouped into financial instrument classes and categories as shown in the following tables.

	Dec. 31, 2013						
	Carrying amount		Fair value			No financial instruments according to IAS32/39	
All figures in €'000		Carrying amount corresponds to fair value	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value	17,091		13,809	3,282		17,091	
Fair Value Option	10,143		6,861	3,282		10,143	
Receivables from banking business – clients	3,282	–	–	3,282	–	3,282	–
Financial investments (share certificates and structured bonds)	6,861	–	6,861	–	–	6,861	–
Available-for-sale financial assets	6,948		6,948			6,948	
Financial investments (share certificates and investment fund shares)	6,948	–	6,948	–	–	6,948	–
Financial assets measured at amortised cost	1,240,270	513,243	29,981	341,634	383,836	1,268,695	
Loans and receivables	1,163,228	510,484		295,594	383,836	1,189,915	
Receivables from banking business – clients	488,288	130,764	–	–	383,836	514,600	–
Receivables from banking business – banks	490,110	194,891	–	295,594	–	490,485	–
Financial investments (fixed and time deposits)	55,230	55,230	–	–	–	55,230	–
Other receivables and assets	83,217	83,217	–	–	–	83,217	25,948
Cash and cash equivalents	46,383	46,383	–	–	–	46,383	–
Held-to-maturity investments	74,283		29,981	46,040		76,021	
Financial assets (bonds)	74,283	–	29,981	46,040	–	76,021	–
Available-for-sale financial assets	2,759	2,759				2,759	
Financial assets (investments)	2,759	2,759	–	–	–	2,759	–
Financial liabilities measured at fair value	179			179		179	
Financial instruments held for trading	179			179		179	
Other liabilities	179	–	–	179	–	179	–
Financial liabilities measured at amortised cost	1,044,282	1,019,123		24,771		1,043,984	
Liabilities due to banking business – clients	946,484	930,991	–	15,318	–	946,309	–
Liabilities due to banking business – banks	9,924	269	–	9,453	–	9,722	–
Other liabilities	87,863	87,863	–	–	–	87,863	18,517
Liabilities due to financial guarantees and credit commitments	43,776	43,776	–	–	–	43,776	–

	Dec. 31, 2012		
All figures in €'000	Carrying amount	Fair value	No financial instruments according to IAS 32/39
Financial assets measured at fair value	17,795	17,795	
Fair Value Option	11,103	11,103	
Receivables from banking business – clients	4,137	4,137	–
Financial investments (share certificates and structured bonds)	6,966	6,966	–
Available-for-sale financial assets	6,692	6,692	
Financial investments (share certificates and investment fund shares)	6,692	6,692	–
Financial assets measured at amortised cost	1,210,876	1,263,886	
Loans and receivables	1,120,420	1,171,331	
Receivables from banking business – clients	427,258	476,195	–
Receivables from banking business – banks	510,510	512,485	–
Financial investments (fixed and time deposits)	30,248	30,248	–
Other receivables and assets	111,721	111,721	28,028
Cash and cash equivalents	40,682	40,682	–
Held-to-maturity investments	90,456	92,555	
Financial assets (bonds)	90,456	92,555	–
Financial assets measured at cost	2,756	2,756	
Available-for-sale financial assets	2,756	2,756	
Financial assets (investments)	2,756	2,756	–
Financial liabilities measured at fair value	345	345	
Financial instruments held for trading	345	345	
Other liabilities	345	345	–
Financial liabilities measured at amortised cost	987,988	985,585	
Liabilities due to banking business – clients	871,110	867,761	–
Liabilities due to banking business – banks	10,498	11,443	–
Other liabilities	106,381	106,381	24,364
Liabilities due to financial guarantees and credit commitments	43,104	43,104	–
All figures in €'000 (as of Dec. 31, 2012)	Level 1	Level 2	Level 3
Assets measured at fair value			
Receivables from clients in the banking business	–	4,137	–
Financial assets	13,658	–	–
Financial liabilities – measured at fair value			
Other liabilities - Interest derivatives	–	345	–

Cash and cash equivalents, receivables and liabilities due to banking business without agreed terms to maturity, trade receivables, receivables from companies in which the Group holds an interest and other assets all predominantly have short terms to maturity. Their carrying amounts on the balance sheet date are therefore almost identical to the fair values. The same applies to the trade accounts payable.

On the reporting date, MLP held financial guarantees in the form of avals of € 870 thsd. Within the scope of initial measurement, these financial guarantees are stated at their fair values and netted against the present values of agreed aval commission in accordance with IAS 39. If subsequent measurement results in a higher figure, this will be recognised as a financial liability in accordance with IAS 37.

Determining fair value

Insofar as there is an active market, which represent the principal market for financial assets and financial liabilities, the respective market prices on the closing date are used as the basis for determining the fair value. With investment shares, the fair value corresponds to the redemption prices published by the capital investment companies. If there is no active market on the closing date, the fair value is determined using recognised valuation models.

For equity instruments of financial investments not listed on an active market, the fair value is generally determined on the basis of the gross rental method using non-observable parameters such as beta factors or risk-equivalent discount interest rates. If it is not possible to reliably determine the fair value, in particular due to a lack of necessary data on earning projections, equity instruments not listed on an active market are recognised at their acquisition costs, minus any impairments. As of the balance sheet date there is no indication of fair values being lower than carrying amounts. There are also no plans to dispose of these investments.

The valuation model for assets and liabilities assigned to level 2 takes into account the present value of the anticipated future cash inflows/outflows throughout the remaining term, which are discounted using a risk-free discount rate. The discount rate is based on the current yield curve. The anticipated cash flows are adjusted for the effects of credit and default risks. When determining the fair value of financial investments, on the other hand, the discount rate is adjusted to include a credit spread. Compensation effects from the hedged item are not taken into account when determining the market value of derivative financial instruments.

The table below shows the valuation techniques that were used to determine level 3 fair values, as well as the significant, non-observable input factors applied:

Type	Valuation technique	Significant, non-observable input factors	Relationship between significant, non-observable input factors and measurement at fair value
Receivables from banking business – clients with agreed maturity	The valuation model takes into account the present value of the anticipated future cash inflows/outflows throughout the remaining term, which are discounted using a risk-free discount rate. The discount rate is based on the current yield curve. Credit and default risks, administration costs and expected return on equity are taken into account when determining future cash flows.	Adjustment of cash flows by: <ul style="list-style-type: none"> • Credit and counterparty default risks • Administration costs • Anticipated return on equity 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> • the credit and default risk were to rise (fall) • the admin costs were to fall (rise) • the anticipated return on equity were to fall (rise)

Net gains and losses from financial instruments are distributed among the categories of IAS 39 for financial assets and financial liabilities at the amounts specified:

All figures in €'000	2013	2012
Fair Value Option	178	1,743
Available-for-sale financial assets	928	2,009
Loans and receivables	21,724	25,942
Held-to-maturity investments	1,544	892
Financial liabilities measured at amortised cost	-4,506	-7,399
Financial instruments held for trading	-199	-219

Net gains or net losses comprise gains and losses on fair value measurement through profit and loss, impairments and reversals of impairments, and gains and losses on the sale of the financial instruments concerned.

These items also include interest income and expenses, as well as dividends and income from financial assets derecognised in their entirety.

For financial instruments that were not measured at fair value through profit and loss, interest income of € 22,768 thsd (previous year: € 24,923 thsd) and interest costs of € 4,506 thsd (previous year: € 7,399 thsd) were incurred in the last financial year.

For impairments we refer to the note for the items “Receivables from the banking business” and “Other receivables and assets”. In the reporting year and the previous year, no impairments were charged for financial instruments held to maturity. For the disposal of available-for-sale financial assets, impairments of € 49 thsd had to be recognised in the reporting year (previous year: € 0 thsd). Commission income and expenses that were not included in the process for determining the effective interest rate can primarily be attributed to early repayment penalties to a negligible extent.

For receivables from the banking business at fair value through profit and loss, the maximum credit risk corresponds to the carrying amount of these financial instruments. The change in the fair value is solely due to the changes in market conditions. For the financial instruments of the other categories, the maximum default risk corresponds to the carrying amount.

Derivative business

As a means of hedging interest rate risks (interest-dependent risk of changes to the fair value of originated fixed interest-bearing loans), MLP Finanzdienstleistungen AG concluded three interest rate swaps with a total value of € 5,000 thsd. The interest rate swaps do not serve any speculative purposes, but are rather intended to hedge interest risks. They are not subject to hedge accounting.

All figures in €'000	Face value	Fair value	Face value	Fair value	Start of term	End of term
	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2012		
Interest rate swap 1	1,000	-28	1,000	-64	Jan. 1, 2005	July 1, 2014
Interest rate swap 2	1,500	-39	1,500	-91	Jan. 1, 2005	July 1, 2014
Interest rate swap 3	2,500	-113	2,500	-190	Aug. 4, 2005	April 1, 2015
Total	5,000	-179	5,000	-345		

The face values of derivative financial instruments stated in the table correspond to the purchasing/selling values or contract values of hedged items which are economically connected with the swaps. They are shown gross (even if offsetting transactions exist).

As of December 31, 2013, the accumulated fair value of the interest derivatives was € -179 thsd (previous year: € -345 thsd). The valuation is based on the market values on the balance sheet date. The instruments with an accumulated negative market value totalling € 179 thsd (previous year: € 345 thsd) are reported under other liabilities. The changes in fair value of derivatives of € 27 thsd (previous year: € -74 thsd) were recorded under earnings from the interest rate business.

If the market interest rate level had been 50 basis points higher (lower) on December 31, 2013, the fair value of the fixed interest-bearing loans and fixed interest-bearing refinancing, which have been designated as “at fair value through profit and loss”, would have been reduced by € 3 thsd (previous year: increased by € 1 thsd) or increased by € 0 thsd (previous year: reduced by € 2 thsd). Accordingly, the net profit would then have reduced by € 3 thsd (previous year: increased by € 1 thsd) or increased by € 0 thsd (previous year: reduced by € 2 thsd).

38 Financial risk management

With the exception of the disclosures in line with IFRS 7.36–39 (b), the disclosures on the type and severity of risks resulting from financial instruments (IFRS 7.31–42) are included in the risk report of the group management report and in Note 36.

In the maturity analysis, contractually agreed cash inflows are shown with a positive sign, while contractually agreed outflows of cash and cash equivalents are shown with a negative sign. For financial guarantees and credit commitments, the potential outflow of cash and cash equivalents is disclosed. The contractually agreed maturities do not correspond to the inflows and outflows of cash and cash equivalents actually expected – in particular in the case of the financial guarantees and credit commitments. Management of the default and liquidity risk is disclosed in the risk report of the group management report.

The tables below show the maturity structure of financial liabilities with contractually fixed terms to maturity:

Total cash flow (principal and interest)

in €'000 as of Dec. 31, 2013	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	968,687	62,356	5,459	4,272	1,040,774
Liabilities due to banking business – clients	930,991	15,503	–	–	946,494
Liabilities due to banking business – banks	269	398	5,039	4,272	9,978
Other liabilities	37,427	46,274	420	–	84,121
of which negative market values from derivative financial instruments	–	181*	–	–	181
Financial guarantees and credit commitments	43,776	–	–	–	43,776
Sureties and warranties	2,677	–	–	–	2,677
Irrevocable credit commitments	41,099	–	–	–	41,099
Total	1,012,463	62,356	5,459	4,272	1,084,550

* Cash flows from derivative financial instruments are assigned to a term to maturity of up to one year since they were sold before maturity in the first quarter of 2014.

Total cash flow (principal and interest)

in €'000 as of Dec. 31, 2012	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	926,616	56,323	8,915	3,243	995,097
Liabilities due to banking business – clients	868,376	12	260	–	868,648
Liabilities due to banking business – banks	33	1,165	7,235	3,243	11,676
Other liabilities	58,207	55,146	1,420	–	114,773
of which negative market values from derivative financial instruments	–	164	185	–	349
Financial guarantees and credit commitments	43,104	–	–	–	43,104
Sureties and warranties	4,067	–	–	–	4,067
Irrevocable credit commitments	39,037	–	–	–	39,037
Total	969,720	56,323	8,915	3,243	1,038,201

39 Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG)

The Executive and Supervisory Boards issued a declaration of compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders via its website, www.mlp.de and in the corporate governance report of this Annual Report.

40 Related parties

Executive Board

Dr. Uwe Schroeder-Wildberg, Heidelberg

Chairman

responsible for Internal Audit, Communication/Investor Relations, Marketing, HR, Legal, Strategy

Reinhard Loose, Berlin

responsible for Controlling, IT and Purchasing, Accounting, Risk Management

Manfred Bauer, Leimen

responsible for Product Management

Muhyddin Suleiman, Walldorf

responsible for Sales

Supervisory Board

Dr. Peter Lütke-Bornefeld, Everswinkel

Chairman

formerly chairman of the Executive Board at General Reinsurance AG, Cologne

Dr. h. c. Manfred Lautenschläger, Gaiberg

Vice Chairman

formerly Chairman of the Executive Board at MLP AG, Wiesloch

Dr. Claus-Michael Dill, Berlin

formerly Chairman of the Executive Board at AXA Konzern AG, Cologne

Johannes Maret, Burgbrohl

Investment Committee Member The Triton Fund, Jersey, GB

Burkhard Schlingermann, Dusseldorf

Employees' representative

Employee of MLP Finanzdienstleistungen AG, Wiesloch

Member of the works council of MLP Finanzdienstleistungen AG, Wiesloch (since June 6, 2013)

Alexander Beer, Karlsruhe

Employees' representative

Employee of MLP Finanzdienstleistungen AG, Wiesloch (since June 6, 2013)

Maria Bähr, Sandhausen

Employees' representative

Employee of MLP Finanzdienstleistungen AG, Wiesloch (until June 5, 2013)

Norbert Kohler, Hockenheim

Employees' representative

Employee of MLP Finanzdienstleistungen AG, Wiesloch (until June 5, 2013)

Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
FERI AG, Bad Homburg v.d.H. (Chairman)	-
-	-
-	MLP Hyp GmbH, Wiesloch (Supervisory Board)
-	-
Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
<ul style="list-style-type: none"> • VPV Lebensversicherungs- AG, Stuttgart • Delvag Rückversicherungs-AG, Cologne (until May 24, 2013) • DB Capital & Asset Management Kapitalanlagegesellschaft mbH, Cologne (until Dec. 31, 2013) • VHV Vereinigte Hannoversche Versicherung a.G., Hanover • VHV Holding AG, Hanover (since July 17, 2013) • VHV Lebensversicherung AG, Hanover (since July 17, 2013) • Hannoversche Lebensversicherung AG, Hanover (since July 17, 2013) • MLP Finanzdienstleistungen AG, Wiesloch (Chairman) 	-
-	<ul style="list-style-type: none"> • University Hospital Heidelberg, Heidelberg (Supervisory Board)
<ul style="list-style-type: none"> • General Reinsurance AG, Cologne (Chairman) • HUK-COBURG AG, Coburg • HUK-COBURG a.G., Coburg • Catlin SE, Cologne (since Sep. 1, 2013) 	<ul style="list-style-type: none"> • Polygon AB, Stockholm, Sweden (Non-executive Member of the Board) • Catlin Re AG, Zurich, Switzerland (Member of the Governing Board) (since July 1, 2013)
-	<ul style="list-style-type: none"> • Gebrüder Rhodius KG, Burgbrohl (Chairman of the Advisory Board) • The Triton Fund, Jersey, GB (Investment Committee Member) • Basler Fashion Holding GmbH, Goldbach (Chairman of the Advisory Board) (until Aug. 14, 2013) • Befesa Holding S.à.r.l., Luxembourg (Member of the Advisory Board) (since July 15, 2013)
-	-
-	-
-	-
-	-

Related persons

Within the scope of the ordinary business, legal transactions were made between individual Group companies and members of the Executive Board and the Supervisory Board as well as related parties. The legal transactions refer to the payment transactions and securities services of € 3,452 thsd (previous year: € 290 thsd). The legal transactions were completed under standard market or employee conditions.

As of December 31, 2013, members of the Executive Bodies had current account credit lines and surety loans totalling € 629 thsd (previous year: € 617 thsd). Surety loans are charged an interest rate of 1.0% (previous year: 1.0%) and the current account debits 6.50% to 8.45% (previous year: 7.25% to 8.45%).

The total remuneration for members of the Executive Board active on the reporting date is € 3,466 thsd (previous year: € 3,789 thsd), of which € 1,725 thsd (previous year: € 1,627 thsd) is attributable to the fixed portion of remuneration and € 1,741 thsd (previous year: € 2,162 thsd) is attributable to the variable portion of remuneration. In the financial year, expenses of € 290 thsd (previous year: € 290 thsd) were accrued for occupational pension provision. As of December 31, 2013, pension provisions of € 13,598 thsd (previous year: € 13,306 thsd).

Variable portions of remuneration comprise long-term remuneration components. The members of the Executive Board participated in the 2005 to 2010 Long-Term Incentive Programmes.

Within the scope of the **Long-Term Incentive Programme**, members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2010. The performance shares of the 2010 tranche expired in the financial year. Participation in the Long Term Incentive programme was terminated with the changeover of contracts for all members of the Executive Board to the new Executive Board remuneration system with effect for 2011.

The costs included in the profit and loss account arising from the Long Term Incentive Programme for Executive Board members during the financial year 2013 are € 0 thsd (previous year: € 0 thsd).

The members of the Supervisory Board received non-performance-related remuneration of € 500 thsd for their activities in 2013 (previous year: € 500 thsd). In addition, € 23 thsd (previous year: € 21 thsd) was paid as compensation for expenses and training measures.

For the detailed structure of the remuneration system and the remuneration of the Executive Board and Supervisory Board, please refer to the remuneration report in the “Corporate governance” chapter. The remuneration report is part of the management report.

Related companies

Alongside the consolidated subsidiaries, MLP AG comes into direct and indirect contact and has relations with a large number of companies within the scope of its ordinary business. This also includes subsidiaries, which are non-consolidated for reasons of materiality, as well as associates. All business dealings are concluded at conditions and terms customary in the industry and which as a matter of principle do not differ from delivery and service relationships with other companies. The services performed for the companies listed in the following essentially concern remuneration for wealth management and consulting, as well as brokerage, sales and trailer commission.

Transactions were carried out with major related companies, which led to the following items in the consolidated financial statements:

Related companies 2013

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Consult GmbH, Wiesloch	–	2,052	–	13
MLP Hyp GmbH, Wiesloch (formerly Schwetzingen)	22	–	4,197	–
FERI Trust AG (Switzerland), St. Gallen	351	–	11	120
Coresis Management GmbH, Bad Homburg v.d. Höhe	8	–	9	761
UST Immobilien GmbH, Bad Homburg v.d. Höhe	21	–	17	–
Total	402	2,052	4,234	894

Related companies 2012

All figures in €'000	Receivables	Liabilities	Income	Expenses
Academic Networks GmbH, Wiesloch*	705	–	–	–
MLP Consult GmbH, Wiesloch	1	2,040	–	13
MLP Hyp GmbH, Wiesloch (formerly Schwetzingen)	18	–	3,803	–
FERI Trust AG (Switzerland), St. Gallen	279	–	12	–
Heubeck-FERI Pension Asset Consulting GmbH, Bad Homburg v.d. Höhe	89	2	678	273
Coresis Management GmbH, Bad Homburg v.d. Höhe	11	–	27	556
Total	1,103	2,042	4,520	843

* Receivable adjusted to € 0.

41 Number of employees

The average number of staff employed increased from 1,524 in 2012 to 1,559 in 2013.

	2013			2012		
		of which executive employees	of which marginal part-time employees		of which executive employees	of which marginal part-time employees
Financial services	1,306	30	103	1,265	32	107
FERI	244	8	62	251	8	62
Holding	9	2	–	8	2	–
Total	1,559	40	165	1,524	42	169

An average of 87 people (previous year: 87) underwent vocational training in the financial year.

42 Auditor's fees

The total fees for services performed by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt in the financial year 2013 (including expenses, but excluding statutory value added tax) are as follows:

All figures in €'000	2013	2012
Audit services	582	508
Other assurance services	223	206
Tax advisory services	19	–
Other services	108	351
Total	931	1,066

The item Audit services contains the fees paid for the audit of the consolidated financial statements and for the audit of the other legally stipulated financial statements of MLP AG and its subsidiaries.

43 Disclosures on equity / capital control

A primary objective of equity control is to ensure that the legal solvency regulations for banking and financial services businesses, which prescribe a minimum capital adequacy, are fulfilled. With regard to the compliance with statutory solvency regulations as per § 2a (6) of the German Banking Act (KWG), MLP evaluates its minimum capital adequacy on a consolidated basis. The following companies belong to the relevant Financial Holding Group pursuant to § 10a (3) Sentence 1 of the German Banking Act (KWG): MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, FERI AG, Bad Homburg v.d. Höhe, FERI Institutional & Family Office GmbH, Bad Homburg v.d. Höhe, FERI Trust GmbH, Bad Homburg v.d. Höhe, FERREAL AG, Bad Homburg v.d. Höhe (since September 30, 2013 including FERI Institutional Services GmbH, which was merged with FERREAL AG), FERI Trust (Luxembourg) S. A., Luxembourg, as well as ZSH GmbH Finanzdienstleistungen, Heidelberg. As a deposit-taking bank, MLP Finanzdienstleistungen AG, Wiesloch is a controlling institution according to § 10a (3) No. 4 of the German Banking Act (KWG).

The following means and measures for controlling and adjusting the equity capital are available to MLP: (I) increasing shareholders' equity, (II) making transfers to the statutory reserve as core capital or as Tier 2 capital, (III) issuing new shares, (IV) buying back and redemption of treasury stock. To strengthen core capital, the revenue reserve was increased by € 14,000 thsd and the contingency reserve was increased by € 2,000 thsd pursuant to § 340g of the German Commercial Code (HGB) in 2013.

As a financial holding group, MLP is obliged to back its capital adequacy requirements for counterparty default risks and capital adequacy requirements for operational risk with at least 8% of eligible own funds (own funds ratio) according to § 2 (6) of the Solvency Ordinance (SolvV - ordinance governing the capital adequacy of institutions, groups of institutions and financial holding groups) of December 14, 2006. MLP applies the standardised approach to credit risk for determining the risk-weighted exposure values (counterparty default risks) in accordance with § 24 et seq. of the Solvency Ordinance (SolvV). The amount eligible for inclusion in the operational risk is determined using the basic indicator approach (§§ 269 (2) and § 270 et seq. of the Solvency Ordinance (SolvV)).

The backing of risk assets with eligible own funds for the core capital (tier 1 capital) generally requires a minimum ratio of 4%. As in the previous year, these requirements have not changed during the financial year 2013. The same also applies for MLP's internal processes, objectives and measures for equity control.

The core capital is made up, inter alia, of the following equity items of the relevant groups of institutions in line with § 10a of the German Banking Act (KWG): share capital, capital reserves, statutory reserve and contingency reserve as per Section 340g of the German Commercial Code (HGB). The following reduce core capital: intangible assets, treasury stock, investment carrying amounts in companies belonging to the relevant groups of institutions, goodwill.

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum shareholders' equity backing during the financial year 2013. The relationship between the risk assets and core capital at year-end closing is illustrated below.

All figures in €'000	2013	2012
Core capital	245,089	265,949
Tier capital	-	-
Tier capital	-	-
Eligible own funds	245,089	265,949
Capital adequacy requirements for counterparty default risks	70,725	72,693
Capital adequacy requirements for operational risk	49,819	50,721
Equity ratio min. 8%	16.27	17.24
Core capital ratio min. 4%	16.27	17.24

44 Events after the balance sheet date

There were no appreciable events after the balance sheet date affecting the MLP Group's financial or asset situation.

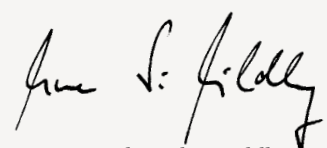
45 Release of consolidated financial statements

The Executive Board prepared the consolidated financial statements on February 24, 2014 and will present them to the Supervisory Board on March 20, 2014 for publication.

Wiesloch, February 24, 2014

MLP AG

Executive Board



Dr. Uwe Schroeder-Wildberg



Manfred Bauer



Reinhard Loose



Muhyiddin Suleiman

Auditor's Report

We have audited the consolidated financial statements prepared by the MLP AG, Wiesloch, comprising the consolidated income statement and statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flow and consolidated statement of changes in equity and the notes to the consolidated financial statements and its joint management report on the position of the Company and the Group for the business year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the joint management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the joint management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with [German] principles of proper accounting and in the joint management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the joint management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and joint management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The joint management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/ Main, February 27, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft



Dr. Hübner
Wirtschaftsprüfer



Fust
Wirtschaftsprüfer

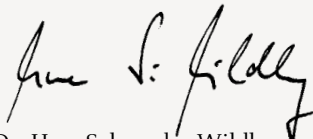
Responsibility statement

“To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the joint management report gives a fair view of the performance of the business including business results and the overall position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.”

Wiesloch, February 24, 2014

MLP AG

Executive Board




Dr. Uwe Schroeder-Wildberg



Reinhard Loose



Manfred Bauer



Muhyddin Suleiman

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Glossary

Amortised cost

Amortised cost is the historical cost less scheduled depreciation and impairments.

Available for sale

Available-for-sale securities are securities that are not to be held to maturity and have not been acquired for sale in the near term. These securities are shown at fair value.

Cash flow statement

The cash flow statement illustrates flows of cash and cash equivalents during a financial year, broken down into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.

Consolidation

Consolidation involves combining the separate financial statements of companies belonging to the Group so as to prepare a set of consolidated financial statements. Transactions between the individual Group companies are eliminated on consolidation.

Contingent liabilities

Contingent liabilities are liabilities whose occurrence is improbable. Although they are not carried in the balance sheet, they must be disclosed in the notes, e. g. as liabilities on account of sureties.

Corporate Governance

Corporate Governance refers to the legal and practical framework for managing and monitoring companies. Corporate Governance regulations serve to offer greater transparency, thereby increasing confidence in responsible company management and supervision oriented toward added value.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are based on limited-time differences in the methods of balancing of accounts according to the International Financial Reporting Standards and the corresponding national tax law (so-called temporary differences). If, in the consolidated financial statements in line with IFRS, assets are stated at a lower (higher) level or liabilities at a higher (lower) level than in the tax balance sheet of the respective Group company, the future tax relief that arises from this must be recorded as deferred tax asset (liability). Deferred tax assets can also be recorded as tax loss carryforwards. Deferred tax assets are value-adjusted if it seems unlikely that the corresponding level of tax receivables will arise.

Derivative financial instruments

Derivative financial instruments are financial instruments whose value depends on the price performance of an underlying asset. Examples of derivative financial instruments include swaps.

Earnings per share

Earnings per share is the ratio of the consolidated profit or loss for the year to the average number of shares issued. For diluted earnings per share, the number of shares and the consolidated profit or loss for the year are adjusted by the dilutive effects of any subscription rights that have been or can still be exercised. Subscription rights arise in connection with issues of convertible debentures and share options.

EBT

Earnings before tax.

EBIT

Earnings before interest and tax.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Fair value usually corresponds to the stock market or market value or to a value derived from this. In some cases, the fair value is calculated as the present value.

Goodwill

Goodwill is recognised by the acquirer as an asset from the acquisition date and is initially assessed as the excess of the cost of the business combination over the acquirer's share of the net fair values of the acquiree's identifiable assets, liabilities and contingent liabilities. Any goodwill resulting from business combinations after March 31, 2004 is not amortised but is subject to an impairment review. If necessary, an impairment loss is recognised (impairment only approach).

Held-to-maturity securities

The company holds held to maturity securities with the intent and ability to hold these securities to maturity.

Interest rate swaps

Interest rate swaps are used to exchange payment obligations that are denominated in the same currency but subject to different interest terms (fixed/ variable).

IAS and IFRS

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) are accounting standards promulgated by the International Accounting Standards Board (IASB), which is responsible for issuing IASs/IFRSs. Since 2002, the standards issued by the IASB are known as "IFRS"; the standards issued previously were called "IAS".

Segment reporting

Segment reporting is financial information based on the consolidated financial statements, reported by business segment and region.

Financial calendar

NOVEMBER

November 13, 2014

Publication of the financial results for the first nine months and the third quarter 2014

AUGUST

August 14, 2014

Publication of the financial results for the first half year and the second quarter 2014

JUNE

June 5, 2014

Annual General Meeting of the MLP AG in Mannheim

MLP AG convenes for the Annual General Meeting at the Rosengarten Mannheim

MAY

May 15, 2014

Publication of the financial results for the first quarter 2014

MARCH

March 27, 2014

Publication of the Annual Report 2013

FEBRUARY

February 27, 2014

Annual press conference and analyst conference in Frankfurt

MLP announces results for the business year 2013



More information at

www.mlp-ag.com, Investor Relations, Calendar

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